

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

For the Year Ended June 30, 2011

**Lincoln County
Oregon**





COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2011

Prepared by:
Janice Riessbeck, Finance Director

LINCOLN COUNTY, OREGON
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 For the Year Ended June 30, 2011
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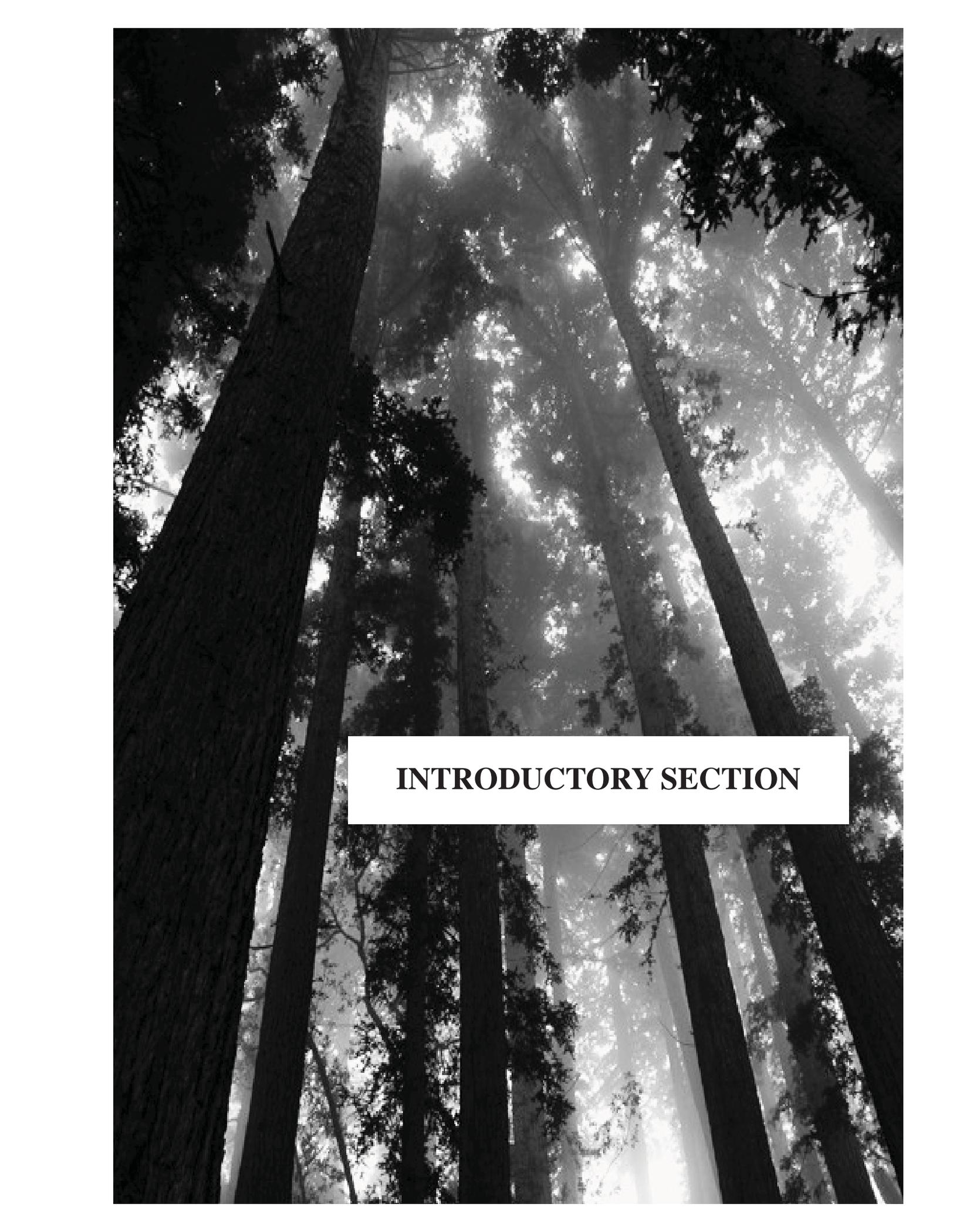
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A black and white photograph of a forest. The view is from a low angle looking up at several tall, slender tree trunks that reach towards the sky. Sunlight filters through the dense canopy of leaves, creating a dappled light effect. The overall mood is serene and natural.

INTRODUCTORY SECTION



County of Lincoln

Finance Department

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Newport, Oregon 97365
(541) 265-4167
FAX (541) 265-4101

December 30, 2011

To the Board of Commissioners and the
Citizens of Lincoln County, Oregon

The Finance Department is pleased to submit the Comprehensive Annual Financial Report (CAFR) of Lincoln County for the fiscal year ended June 30, 2011. This report is published to provide the Board of Commissioners, County staff, citizens and other readers with detailed information concerning the financial position and activities of the County. County management is responsible for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures.

INTRODUCTION

State statutes (ORS 297.465) require that Lincoln County (the County) prepare a complete set of year-end financial statements and have them audited in accordance with generally accepted accounting standards by an independent certified public accounting firm licensed to perform municipal audits in Oregon. Pursuant to this requirement, we hereby issue the 2010-11 Comprehensive Annual Financial Report, which is presented in conformance with generally accepted accounting principles (GAAP). This report incorporates the Government-wide Financial Reporting model as prescribed by the Government Accounting Standards Board.

Responsibility for both the accuracy of the data and the completeness and fairness of the CAFR presentation, including all disclosures, rests with Lincoln County. It is believed that the data, as presented, is accurate in all material respects and is presented in a manner designed to present fairly the financial position and results of operations of Lincoln County as measured by the financial activity of its various funds. All disclosures necessary to enable the reader to gain the maximum understanding of Lincoln County's financial affairs has been included.

Lincoln County's management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the government are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. The internal control structure is designed to provide reasonable, not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that:

(1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgment by management.

As a recipient of federal and state awards, Lincoln County is responsible for ensuring that an adequate internal control structure, reviewed annually, is in place to ensure compliance with applicable State laws (ORS 297.425), and in conformity with the provisions of the Single Audit Act and OMB Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*. As part of the County's independent annual audit, tests are made to determine the adequacy of the internal control structure, including that portion related to federal award programs, as well as to determine that the County has complied with applicable laws and regulations. These reports are compiled in a separate document, available upon request to the Finance Director.

GAAP require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. Lincoln County's MD&A can be found immediately following the report of the independent auditors in the financial section of this CAFR.

LINCOLN COUNTY PROFILE

Lincoln County was established by the Oregon Legislature in 1893. The County, an area of 992 square miles, is located on the coast of the Pacific Ocean. It has a population of 46,135 and a true cash value of \$9,694,409,489.

Lincoln County is governed by a Board of Commissioners, consisting of three commissioners, who are elected to four-year terms. The Board of Commissioners conduct all legislative business of the County and are responsible for setting County policy, general administration of the County and holding public hearings on certain issues required by law.

Lincoln County provides a full range of services including public safety, health and community services, public works, assessment and tax collection for all county taxing districts, juvenile services, corrections and probation, and community development. The Lincoln County Solid Waste District, Lincoln County Extension Service District, and Lincoln County Transportation Service District are legally separate taxing entities in the County. They are included in these financial statements as "blended component units" of the County and they essentially function as departments of the County.

The Lincoln County Extension Agency inclusion reflects voter approval of an operating tax levy in November 1998, and the Board of County Commissioners control and approval of the budget and tax levy. This agency, primarily funded through the State of Oregon, Division of Higher Education, as part of Oregon State University, provides a wide variety of services to the residents of Lincoln County. The purpose of the Extension Service is to help people solve problems through education in the areas of home economics, 4-H, agriculture, forestry, marine and community resource development.

The Lincoln County Solid Waste District is included because the Board of County Commissioners serves as its governing body, making appointments, hiring, and approving the budget. This agency, which became operational during the 1993-94 fiscal year, is funded through intergovernmental agreements with agencies throughout the County and a State Department of Environmental Quality grant. The agency is responsible for countywide solid waste management planning, recycling education and coordination, illegal dumping cleanup and prevention, as well as enforcement coordination.

The Lincoln County Transportation District is included because the Board of County Commissioners serves as the governing body, making appointments, hiring, and approving the budget. This district, which was formed in 1996, is funded by a property tax levy, various intergovernmental revenues and grants, and transit fees. The district provides a comprehensive transportation program for Lincoln County, including a scheduled stop bus system, the “Central Coast Connection,” to all cities within Lincoln County, and ancillary feeder lines available to all residents of the County. The district also provides a “dial-a-ride” service for disadvantaged, and senior and disabled citizens.

The County’s budget is prepared on the modified accrual basis of accounting. In accordance with State statutes, the County budgets all funds except trust and agency funds. The annual budget embodies controls to ensure compliance with legal provisions, and is adopted and appropriated by the County’s Board of Commissioners. Activities of the general fund, special revenue funds, debt service fund, capital projects fund, enterprise fund, and internal service fund are included in the annual appropriated budget. The level of budgetary control, that is, the level at which expenditures cannot legally exceed the appropriated amount, is established by program within the General Fund and by expenditure category within the other individual funds. The expenditure appropriations lapse at the end of the fiscal year. Additional resources and corresponding appropriations may be added to the budget during the fiscal year through a supplemental budget process. Original and supplemental budgets may be modified during the fiscal year by the use of appropriation resolutions. The resolutions are considered by the Board of Commissioners in public meetings. During the fiscal year 2010-11, several adjustments to the budget were made by resolution. Budget to actual comparisons are provided in this report for each individual governmental fund for which a budget was appropriated and adopted.

ECONOMIC CONDITION AND OUTLOOK

Lincoln County has not been immune to the national economic downturn that began in mid-2008. Due in large part to the decreased availability of credit, construction of new homes in the county has slowed dramatically, and sales of new and existing homes have dropped by two-thirds from peak levels. At the same time, unemployment in the county has almost doubled, keeping pace with the growth in the statewide jobless rate.

Like other local governments in Oregon, Lincoln County continues to struggle with the impacts of the Property Tax Limitation Measures of 1990 and 1996. The 1990 measure capped the tax rate per thousand dollars of value at \$10.00 for general government and phased in a limit of \$5.00 per thousand for schools. The 1996 measure limited the growth of property tax revenues to

3% per year, except for new construction, which now provides the only new revenues, rather than an adjustment in the tax rate.

The abrupt downturn in new construction and home sales is not the only financial challenge facing Lincoln County government. Revenues have declined across the board - federal and state support (except for one-time Recovery Act funds); timber sales on state forest lands (also driven by the downturn in housing); fees for services; interest income; and a moderate decrease in the transient room tax. Property tax collections are showing only a slight decline, but this continues to be an area of concern. Overall cash value of property in Lincoln County has declined in the last two years.

In response, the county's Management Team has moved aggressively to reduce operating costs, including program and staff reductions, salary freezes and furloughs, and the cancellation or postponement of many capital projects.

The county's primary industries - commercial fishing, tourism and timber - have ridden through the economic downturn with varying degrees of success. The decline in home construction and its impact on the timber industry has been noted previously. The diversity of the local fishing industry has allowed it to weather restrictions on some fisheries, with the crab and shrimp fisheries and sports fishing being particular bright spots. A decline in out-of-state tourist traffic has been compensated for, at least in part, by increased visits from in-state tourists. One bright spot has been the move of NOAA's Pacific research fleet to Newport. A local economic development study indicates that the location of the NOAA fleet to Newport will generate around \$19,000,000 in personal income over the first five years. The "Ocean Observing Initiative" goes hand in hand with the NOAA fleet coming to the county. This initiative to make Yaquina Bay a hub for ocean related science and research was encouraged by a large investment by the National Science Foundation and has huge economic potential for the region for years to come.

Another boost in Lincoln County's near economic future is the anticipated completion of the Highway 20 realignment project. Although there have been numerous setbacks, the State remains committed to finishing this work. The highway project will improve safety for travelers, make the county more accessible to commercial centers in the Willamette Valley, and cut down on travel time for visitors to Lincoln County.

MAJOR INITIATIVES

Because of the economic downturn, new initiatives, programs and spending were limited during the Fiscal Year 2010-11. One area of major economic impact to the County's finances is the continuation, but eventual elimination, of federal funding through the Secure Rural Schools and Community Self Determination Act (also known as Safety Net or County Payments). The Act was reauthorized by Public Law 110-343, but at significantly reduced revenues for the county. For the 2010-11 fiscal year, the County Road Fund received \$2,464,682 which is 10% less than the previous fiscal year. This amount will be reduced to a projected \$1,077,375 in fiscal year 2011-12. That constitutes a major reduction in Road Fund revenues of 44% compared to the prior year. The County General fund will also see a reduction from a history of approximately

\$350,000 annually to a projected \$112,000 in fiscal year 2011-12 when the Act expires. Efforts are being undertaken to restore or replace the federal funding, but the outlook does not look good for federal replacement dollars for these funding sources.

Capital projects completed in the County in 2011 included \$1.27 million in improvements to the Fleet Services Maintenance Shop, \$1.9 million in bridge replacement and repairs, and \$619,000 in improvements to County Parks, including the opening of the new Ichwit Park on the Siletz River. At the close of the 2010-11 year, agreements were finalized with the National Historic Covered Bridge Program through the Oregon Department of Transportation (ODOT) to restore two covered bridges within the County; one on the north fork of the Yachats River, and the Chitwood Bridge on the Yaquina River. The cost estimate for these projects is approximately \$2 million. An agreement with the federal Highway and Bridge Program and ODOT to replace the Trapp Creek Road Bridge over the Yaquina River, estimated at \$1.7 million, was also reached. This work is planned for the 2011-12 fiscal year.

OTHER FINANCIAL INFORMATION

The County's accounting system supports an adequate internal control structure. This structure provides reasonable assurance that County assets are safeguarded against loss, theft or misuse. The concept of reasonable assurance first recognizes that the cost of a control does not exceed the benefits derived from it. The evaluation of costs and benefits requires estimates and judgment by management. The accounting system provides reliable financial records for preparing financial statements in conformity with generally accepted accounting principles.

The County is required by state law to budget all funds with the exception of trust and agency funds. The budgeting process includes citizen input through various stages of preparation, public hearings, and approval of the original budget by the Board of Commissioners. Additional resources not anticipated in the adopted budget must be added through the use of a supplemental budget process which includes publication, public hearings, and Board of Commissioners' approval. Adopted and supplemental budgets may be modified by Board of Commissioners approval of appropriation resolutions. Budgetary control is maintained through the monitoring of program categories in the County's General Fund, and by expenditure categories in all other funds. The program categories are General Government, Public Safety, and Community Services. Expenditure categories are Personal Services, Materials and Services, Capital Outlay, and Other Requirements. Total expenditures may not legally exceed total appropriations in each of the budgeted categories.

The County issues various types of debt. The County currently has \$908,000 of long-term debt in the form of a loan for the replacement of the County's telephone system.

Temporarily idle cash is invested in various instruments including obligations of the United States Government and its agencies, bank repurchase agreements, and the State Treasurer's Local Government Investment Pool. Investments made by the County are subject to the provisions of Oregon Law. Investment risk is categorized in the notes to the General Purpose Financial Statements.

The County contracts through City/County Insurance Services, a risk management pool, to provide workers compensation coverage, auto, and property and liability insurance. The County's Insurance Reserve fund is used to provide excess liability insurance, pension related fiduciary expenditures, unemployment insurance on a reimbursement basis to the State, and other related costs.

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate for Excellence in Financial Reporting to Lincoln County for its CAFR for the fiscal year ended June 30, 2010. This is the nineteenth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to Certificate of Achievement Program requirements, and we are submitting it to GFOA to determine its eligibility for a certificate.

ACKNOWLEDGEMENTS

The preparation of this CAFR is possible through a collaborative effort from all departments, notably the County Treasurer, the County Assessor, and especially the Finance Department. Acknowledgement is also due to the Board of County Commissioners, whose leadership and support made the preparation of this report possible.

Respectfully submitted,


Janice Riessbeck
Finance Director


Terry Thompson
Chair, Board of Commissioners

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Lincoln County
Oregon

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Linda C. Davison

President

Jeffrey R. Emer

Executive Director

LINCOLN COUNTY
PRINCIPAL OFFICIALS
June 30, 2011

BOARD OF COUNTY COMMISSIONERS

<u>Title</u>	<u>Name</u>
Commissioner	Don Lindly
Commissioner , Chair	Terry N. Thompson
Commissioner	Bill Hall

OTHER ELECTED OFFICIALS

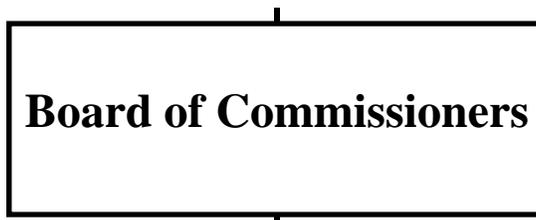
<u>Title</u>	<u>Name</u>
Assessor	Rob Thomas
County Clerk	Dana Jenkins
District Attorney	Rob Bovett
Sheriff	Dennis Dotson
Surveyor	Tom Hamilton
Treasurer	Linda Pilson

MANAGEMENT OFFICIALS

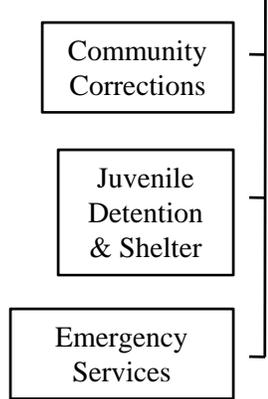
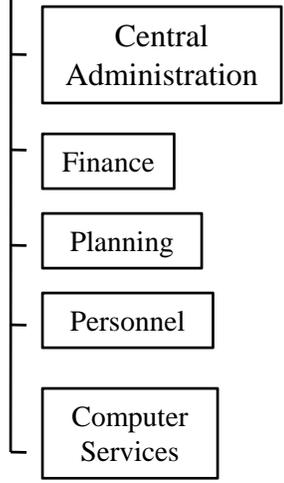
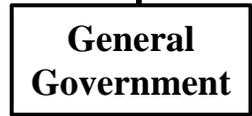
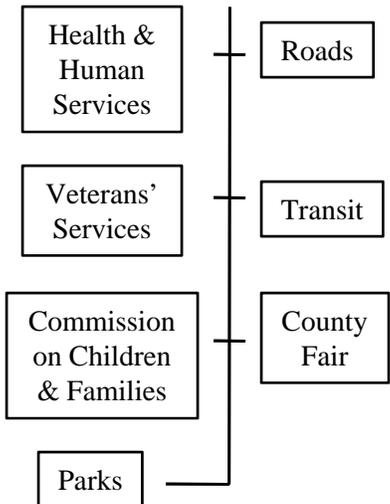
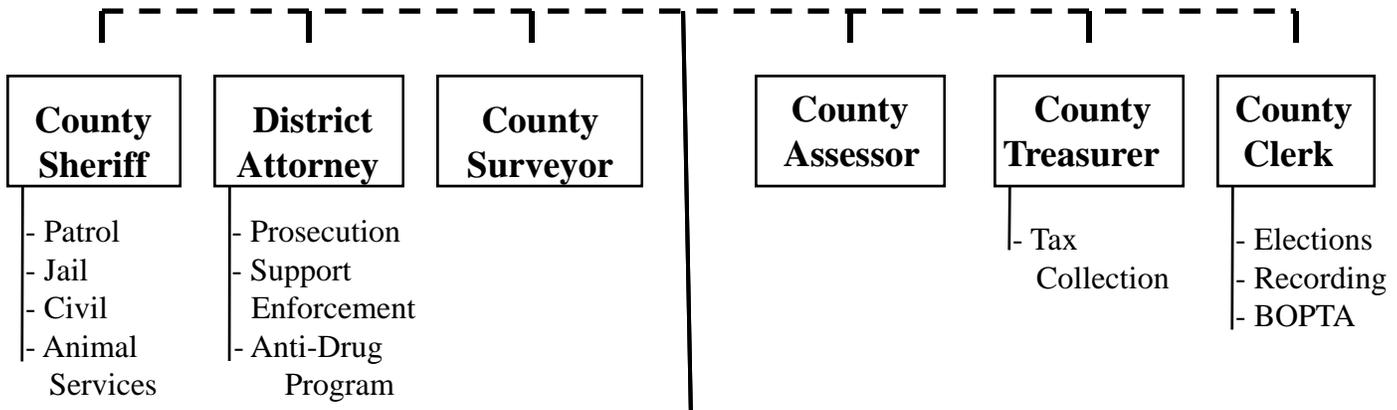
<u>Title</u>	<u>Name</u>
County Counsel	Wayne Belmont
Director, Community Justice	Suzanne Gonzales
Director, Finance	Janice Riessbeck
Director, Health and Human Services	Paula Sampson
Director, Information Technology	John Waffenschmidt
Director, Personnel	Gina Tapp
Director, Planning and Development	Valerie Soilihi
Director, Public Works	Jim Buisman
Director, Transit	Cynda Bruce

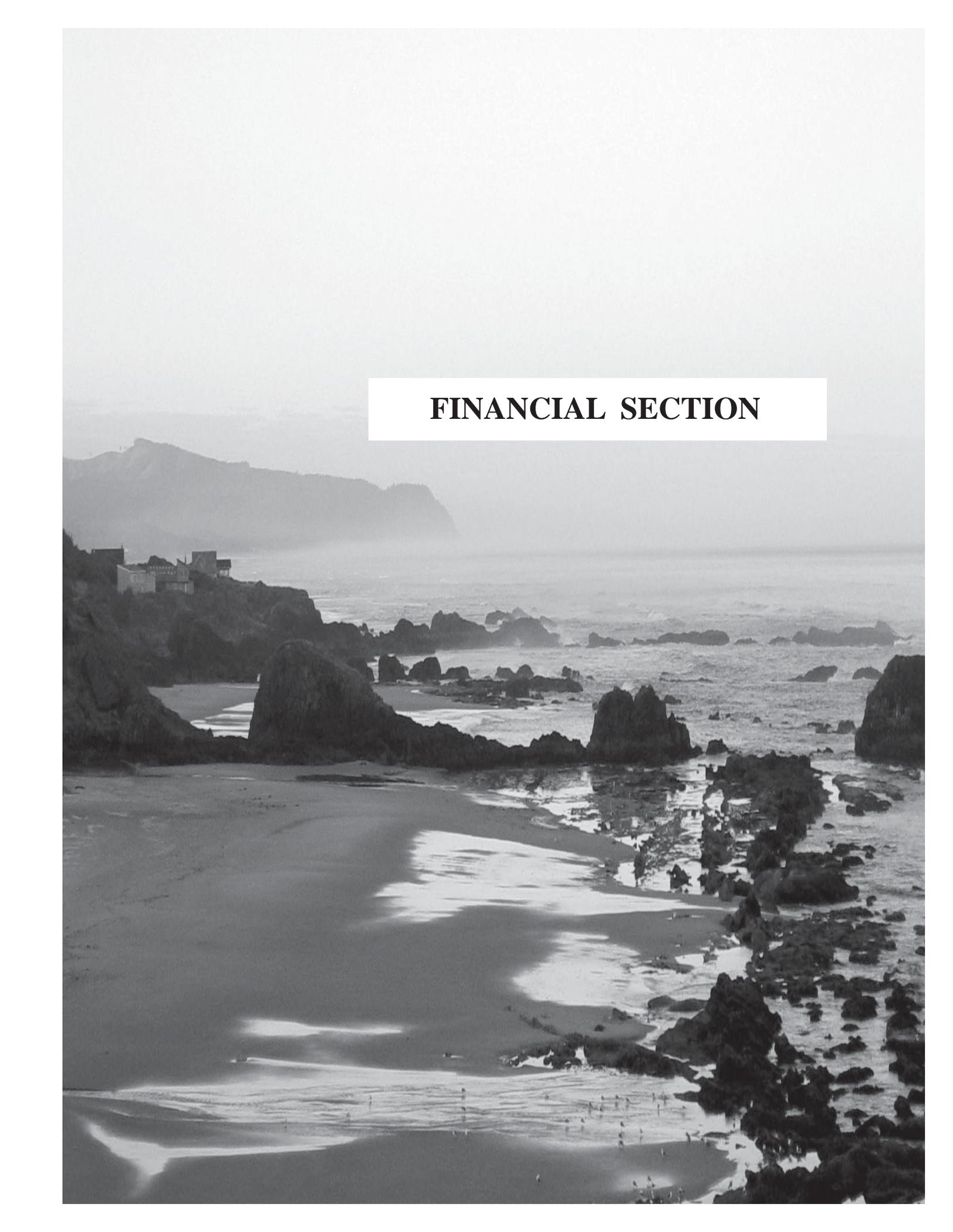
Lincoln County Organization Chart

Citizens

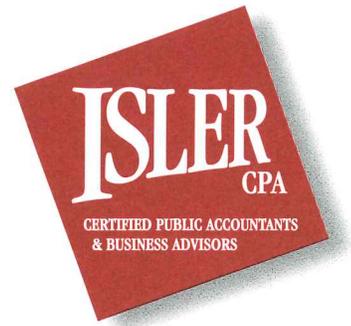


Elected Officials





FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Lincoln County, Oregon
Newport, Oregon

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lincoln County, Oregon ("County") as of and for the year ended June 30, 2011, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amount and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County as of June 30, 2011, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparisons for the General, General Roads, and Mental Health Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2011, on our consideration of County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit and other matters.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 9 and the required supplementary schedule of OPEB funding progress be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, the combining and individual nonmajor fund financial statements, other supplementary information and the statistical tables section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and other supplementary schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole. The introductory section and the statistical tables section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them..

Isler CPA



By: Julie Arendt, CPA, a member of the firm
Eugene, Oregon
December 30, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

LINCOLN COUNTY, OREGON MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of Lincoln County offers readers of Lincoln County's financial statements this narrative overview and analysis of the financial activities of Lincoln County for the fiscal year ended June 30, 2011. Readers are encouraged to consider the information presented here in conjunction with the additional information furnished in the financial statements that follow.

FINANCIAL HIGHLIGHTS

- The County's total net assets decreased \$1,168,947 or 0.8% over the course of this year's operations through decreases in revenues combined with an increase in expenditures.
- During the year, the County's total revenues decreased \$737,647 or 1.45%, mainly as a result of decreases in grant revenue, investment earnings, and timber and land sales.
- The General Fund reported a total fund balance of \$5,139,977 this year, a 24% increase from last year. Tight expenditure control is cited as the reason for this positive outcome.
- This year, the Mental Health Services Fund has been categorized as a major fund and the Public Health Services and Community Health Centers funds have been reclassified as non-major funds.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to Lincoln County's basic financial statements. The County's basic financial statements are comprised of three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of Lincoln County's finances in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of Lincoln County's assets and liabilities, with the difference of the two reported as net assets. Over time, increases and decreases in net assets may serve as an indicator of whether the financial position of Lincoln County is improving or deteriorating.

The *statement of activities* presents information showing how the County's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation time). The government activities of Lincoln County include general government, community services, public safety, highways and streets, culture and recreation, health and welfare, and education.

Fund financial statements. A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Lincoln County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: *governmental funds*, *proprietary funds*, and *fiduciary funds*.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements.

Because the focus of governmental funds is narrower than that of government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the County's near-term financial decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and change in fund balance provide a reconciliation to facilitate this comparison between the governmental funds and governmental activities.

The County maintains 21 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and change in fund balances for the General, General Road, Health and Human Services, and Community Health Centers Funds. These funds are considered to be major funds. Data from the other (nonmajor) governmental funds is combined into a single, aggregated presentation. Individual fund information for each of the nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

Lincoln County adopts an annual appropriation budget for all governmental funds. Budgetary comparison statements are provided to demonstrate budgetary compliance.

Proprietary funds. Proprietary funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The intent is that the costs of providing the services be financed primarily through user fees. The County maintains two different types of proprietary funds – enterprise funds and internal service funds. The County's only enterprise fund, the Solid Waste District Fund, is a blended component unit, business-type fund that derives its primary revenue from charges to customers of the solid waste haulers in the County. Internal service funds are used as an accounting tool to accumulate and allocate costs internally among a government's various functions. The Self Insurance Fund is an internal service fund that Lincoln County uses to self-manage and account for its insurance programs such as workers' compensation, property, fire, auto and liability insurance. Since the Self Insurance Fund benefits governmental functions, it is included in governmental activities in the government-wide financial statements.

Fiduciary funds. Fiduciary (or agency) funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not included in the government-wide financial statements because the resources are not available to support the operations of Lincoln County. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the County's fiduciary activities are reported in a separate Statement of Fiduciary Net Assets and a Statement of Changes in Fiduciary Net Assets. An example is the Property Tax fund, which the Lincoln County Treasurer collects for many different entities within Lincoln County and then redistributes in accordance with tax rates certified by the County Assessor.

Notes to the basic financial statements. The notes to the basic financial statements provide additional information that is essential to a full understanding of the information provided in the government-wide and fund financial statements. They are an integral part of the financial statements and should be read in conjunction with them.

Other supplementary information. The combining statements for the nonmajor governmental funds and budgetary comparison schedules for both the nonmajor governmental funds and the non-major proprietary funds are presented immediately following the notes to the basic financial statements. A statistical section containing selected financial, economic and demographic information is presented immediately following the combining statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Changes in Net Assets. As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The County's combined net assets were \$151,011,461 at June 30, 2011, a decrease of \$1,168,947 or 0.77% between fiscal years 2010 and 2011. Table 1 compares the various components of the County's net assets between the two years. This change reverses the prior year's nearly identical gain. Management attributes it primarily to the current stagnation of revenue in general, with expenses continuing to increase.

Cash and investments decreased by \$40,186 (0.1%), a negligible change overall. Other current assets decreased more dramatically with a 24.6% (\$1,825,903) decrease. Capital assets, net of depreciation increased by a modest 0.3% (\$350,978). The net result was a \$1,515,111 (1%) decrease in current assets. In other current assets, receivables accounted for most of the decrease, inventory also decreased, and prepaids were eliminated. The slight increase in capital assets marks a slowdown in capital acquisition from prior years' increases in the 2% range. Overall, the modest total asset decrease of 1% appears to indicate the County's total assets are remaining stable year over year.

Current liabilities increased from last year by \$209,018 (7%). Long-term obligations decreased \$563,817 or 13.6%. This result stems from no new borrowing in the current year. Additions included an increase of \$377,734 (44%) in the County's net postemployment benefit obligation that kept long-term liabilities higher. All other long-term liability categories decreased from the prior year.

GOVERNMENT-WIDE FINANCIAL ANALYSIS
SUMMARY OF NET ASSETS
 Table 1

	Governmental Activities				Business-type Activities				Total Government			
	2011	2010	Change Amount	% Change	2011	2010	Change Amount	% Change	2011	2010	Change Amount	% Change
Assets:												
Cash and investments	\$ 27,816,418	\$ 27,768,943	\$ 47,475	0.2%	\$ 26,947	\$ 114,608	\$ (87,661)	-76.5%	\$ 27,843,365	\$ 27,883,551	\$ (40,186)	-0.1%
Other current assets	5,571,489	7,412,818	(1,841,329)	-24.8%	38,764	23,338	15,426	66.1%	5,610,253	7,436,156	(1,825,903)	-24.6%
Capital assets, net of depreciation	124,346,748	123,995,770	350,978	0.3%	-	-	-	0.0%	124,346,748	123,995,770	350,978	0.3%
Total assets	\$ 157,734,655	\$ 159,177,531	\$ (1,442,876)	-0.9%	\$ 65,711	\$ 137,946	\$ (72,235)	-52.4%	\$ 157,800,366	\$ 159,315,477	\$ (1,515,111)	-1.0%
Liabilities:												
Current liabilities	\$ 3,187,311	\$ 2,972,821	\$ 214,490	7.2%	\$ 6,540	\$ 12,012	\$ (5,472)	-45.6%	\$ 3,193,851	\$ 2,984,833	\$ 209,018	7.0%
Long-term debt outstanding	3,586,419	4,150,236	(563,817)	-13.6%	8,635	-	8,635	0.0%	3,595,054	4,150,236	(555,182)	-13.4%
Total liabilities	\$ 6,773,730	\$ 7,123,057	\$ (349,327)	-4.9%	\$ 15,175	\$ 12,012	\$ 3,163	26.3%	\$ 6,788,905	\$ 7,135,069	\$ (346,164)	-4.9%
Net Assets:												
Invested in capital assets, net of related debt	\$ 123,438,748	\$ 122,658,770	\$ 779,978	0.6%	\$ -	\$ -	\$ -	0.0%	\$ 123,438,748	\$ 122,658,770	\$ 779,978	0.6%
Restricted	15,036,489	17,921,182	(2,884,693)	-16.1%	-	-	-	0.0%	15,036,489	17,921,182	(2,884,693)	-16.1%
Unrestricted	12,485,688	11,474,522	1,011,166	8.8%	50,536	125,934	(75,398)	-59.9%	12,536,224	11,600,456	935,768	8.1%
Total net assets	\$ 150,960,925	\$ 152,064,474	\$ (1,093,549)	-0.7%	\$ 50,536	\$ 125,934	\$ (75,398)	-59.9%	\$ 151,011,461	\$ 152,180,408	\$ (1,168,947)	-0.8%

The County's investment in capital assets, net of related debt increased by \$779,978 (0.6%), restricted assets decreased \$2,884,693 (16.1%), and unrestricted net assets increased \$935,768 (8.1%). The restricted assets decreased as those funds were used for highway and street maintenance and improvements, which then helped boost the investment in capital assets.

Governmental Activities. Revenues for the County's governmental activities decreased by 1.4% or \$705,843, while expenses increased 2.98% or \$1,473,275. Refer to Table 2 for a comparison of governmental activities for the years 2010 and 2011.

Charges for services increased in the general government and health and welfare function/program revenue to more than offset decreases in the community services and public safety functions for an overall increase in the category of 18.98% or \$1,477,714. Operating grants decreased by 7.89% (\$1,671,271) as prior year ARRA grants expired. Capital grants experienced a dramatic decrease from the prior year, changing from \$2,136,127 in 2010 to \$561,690 in 2011. There were fewer capital grant projects undertaken in 2011. Property tax revenue experienced an increase of 7.36% or \$1,246,400. About half of this increase was due to a newly implemented 5-year operating tax levy for the County's Animal Services Fund. Other taxes, primarily the transient room tax, increased in 2011 by 18.35% or \$299,395 for the year. The County continues to be affected by the economic downturn with a 25.43% (\$55,684) downturn in investment earnings in 2011, following even more dramatic decreases of 66.9% in 2010 and 57.1% in 2009. Low interest rates and lowered cash reserves combine to make this a diminishing resource.

A modest increase of 2.98% (\$1,473,275) in County governmental activities' expenses demonstrated a generally prudent spending policy for the County in light of current financial conditions. Most function/program categories experienced a reduction in expenses, except for public safety, health and welfare, and highways and streets, due to increased activity in those areas. Overall, expenses outpaced revenues by \$1,093,550 in 2011, a 200.74% decrease over 2010.

Business-type Activities. The County maintains one of its special revenue funds, the Solid Waste District Fund, as a business-type activity community service function. The fund derives its revenue principally from charges for services and an operating grant. Investment earnings were negligible at less than \$1,000. The Solid Waste fund's expenses exceeded revenues, decreasing net assets by \$75,398 during 2011. Net assets at the end of the fiscal year were \$50,536. Please refer to Table 2 for a complete summary of business-type activities.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

At the end of the fiscal year, the County's governmental funds reported a combined fund balance of \$28,128,527, a decrease of \$1,317,604 or 4.5% from the previous year. The enterprise fund had an ending balance of \$50,536, a \$75,398 or 59.9% decrease from 2010.

- The County's General Fund balance increased \$1,005,053 (2.4%) from last year as revenue stayed ahead of expenditures. Overall General Fund revenue increased by 5.5% from 2010. Expenditures declined by 0.77%, to make a positive contribution to fund balance for the year.
- The Road Fund balance showed a decrease of \$2,884,693 (16%) over last year. A 4.6% reduction in revenue combined with a 6.3% increase in fund expenditures contributed to this decline.
- The Mental Health Services fund, newly classified as a major fund this year showed an increase in fund balance of \$181,171 (37%). A reorganization between the Health and Human Services fund and the Mental Health Fund provided a fund balance transfer that boosted this fund's ending fund balance.
- The Nonmajor Governmental fund balances increased a total of \$380,865 (5.5%). Revenue in these funds increased by 16.7%. Expenditures decreased by 13.5%.
- The Solid Waste District Fund's net assets decreased from the prior year by \$75,398 (59.9%). This fund experienced a 13.59% decline in revenue in 2011 and a 0.23% increase in expenditures for the year that accounts for the decline in net assets.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS
SUMMARY OF STATEMENT OF ACTIVITIES**

Table 2

	Governmental Activities			Business-type Activities			Total Government			
	2011	2010	Change Amount	2011	2010	Change Amount	2011	2010	Change Amount	% Change
Revenues										
Program										
Charges for services	\$ 9,261,759	\$ 7,784,045	\$ 1,477,714	\$ 181,832	\$ 213,320	\$ (31,488)	\$ 9,443,591	\$ 7,997,365	\$ 1,446,226	18.08%
Operating grants and contributions	19,520,348	21,191,619	(1,671,271)	20,000	20,000	-	19,540,348	21,211,619	(1,671,271)	-7.88%
Capital grants and contributions	561,690	2,136,127	(1,574,437)	-	-	-	561,690	2,136,127	(1,574,437)	-73.71%
General revenues										
Property taxes	18,188,294	16,941,894	1,246,400	-	-	-	18,188,294	16,941,894	1,246,400	7.36%
Other taxes	1,930,775	1,631,380	299,395	-	-	-	1,930,775	1,631,380	299,395	18.35%
Grants and contributions not restricted to specific programs	163,312	218,996	(55,684)	375	691	(316)	163,687	219,687	(56,000)	-25.49%
Unrestricted investment earnings	161,211	564,129	(402,918)	-	-	-	161,211	564,129	(402,918)	-71.42%
Timber and land sales	(12,208)	22,834	(25,042)	-	-	-	(12,208)	22,834	(35,042)	-109.67%
Gain (loss) on sale of capital assets	49,785,181	50,497,024	(705,843)	202,207	234,011	(31,804)	49,987,388	50,725,035	(737,647)	-1.45%
Total Revenues	\$ 9,344,220	\$ 9,426,847	\$ (82,627)	\$ -	\$ -	\$ -	\$ 9,344,220	\$ 9,426,847	\$ (82,627)	-0.88%
Expenses										
General government	3,782,982	4,028,613	(245,631)	277,605	278,235	(630)	4,060,587	4,307,848	(247,261)	-5.74%
Community services	16,972,243	16,484,089	488,154	-	-	-	16,972,243	16,484,089	488,154	2.96%
Public safety	8,365,646	7,614,504	751,142	-	-	-	8,365,646	7,614,504	751,142	9.86%
Highways and streets	142,226	264,982	(122,756)	-	-	-	142,226	264,982	(122,756)	-46.33%
Culture and recreation	10,984,448	10,101,480	882,968	-	-	-	10,984,448	10,101,480	882,968	8.84%
Health and welfare	1,236,257	1,420,950	(184,693)	-	-	-	1,236,257	1,420,950	(184,693)	-13.00%
Education	40,709	62,991	(22,282)	-	-	-	40,709	62,991	(22,282)	-35.37%
Debt service - interest	50,878,731	49,405,456	1,473,275	277,605	278,235	(630)	51,156,336	49,683,691	1,472,645	2.96%
Total Expenses	\$ (1,093,550)	\$ 1,085,568	\$ (2,179,118)	\$ (75,398)	\$ (44,224)	\$ (31,174)	\$ (1,168,948)	\$ 1,041,344	\$ (2,210,292)	-212.25%
Excess (deficiency) of revenues over (under) expenditures	\$ 152,054,475	\$ 150,968,906	\$ 1,085,569	\$ 125,934	\$ 170,158	\$ (44,224)	\$ 152,180,409	\$ 151,139,064	\$ 1,041,345	0.69%
Net assets, beginning of year	-	-	-	-	-	-	-	-	-	-
Prior Period Adjustment	-	-	-	-	-	-	-	-	-	-
Net assets, end of year	\$ 150,960,925	\$ 152,054,474	\$ (1,093,549)	\$ 50,536	\$ 125,934	\$ (75,398)	\$ 151,011,461	\$ 152,180,408	\$ (1,168,947)	-0.77%

BUDGETARY HIGHLIGHTS

Several small changes were made during the fiscal year to adjust the County's originally adopted budget. This resulted in an overall net increase of \$500,964 to the annual budget for fiscal year 2010-11. The adjustments were as follows:

- The General Fund increased its General Government, Public Safety, and Community Services activities categories by \$36,770, \$565,324, and \$17,315, respectively, while the fund's contingency appropriation was decreased by \$126,513. This resulted in a net increase of \$489,896 for the fund.
- The Road fund shifted \$395,000 in appropriation from its contingency to the materials and services expenditure category for no net increase in fund appropriations.
- In the Health and Human Services Fund, \$26,475 of additional appropriation was added to personal services, and \$6,025 was added to the materials and services category of the fund. The total appropriations for the fund increased by \$32,500.
- The Self Insurance fund shifted \$778,075 of appropriation from its personal services category to its materials and services category for no net increase to the fund's appropriations.
- The Community Health Centers fund decreased appropriations in the personal services category by \$255,220, and increased its materials and services appropriation by \$281,760, for a net increase to the fund of \$26,590.
- The Solid Waste Disposal District fund moved appropriations of \$18,014 from the materials and services category to the personal services category for no net increase in the fund appropriations.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. As of June 30, 2011, the County had \$183,178,546 invested in capital assets. Accumulated depreciation was \$60,831,798, which brought the County's net capital assets to \$124,346,748. This amount represents a net increase of \$350,978 (0.3%) over last year. All capital assets are contained in the governmental activities. The business-type activity of the County holds no capital assets. Table 3 depicts the status of capital assets at June 30, 2011 and June 30, 2010.

Table 3
CAPITAL ASSETS AT YEAR-END
(net of depreciation)

	Governmental Activities		Business-type Activities		Total Government	
	2011	2010	2011	2010	2011	2010
Land, easements and improvements	\$ 844,825	\$ 844,825	\$ -	\$ -	\$ 844,825	\$ 844,825
Infrastructure	151,432,061	149,519,664	-	-	151,432,061	149,519,664
Buildings and improvements	22,272,519	20,368,496	-	-	22,272,519	20,368,496
Equipment	9,953,693	11,067,545	-	-	9,953,693	11,067,545
Construction in progress	675,448	2,813,851	-	-	675,448	2,813,851
Less accumulated depreciation	(60,831,798)	(60,618,611)	-	-	(60,831,798)	(60,618,611)
Totals	<u>\$ 124,346,748</u>	<u>\$ 123,995,770</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 124,346,748</u>	<u>\$ 123,995,770</u>

Table 4 shows a comparison in the changes in capital assets for the years 2010 and 2011. Additional information regarding capital assets can be found in Note 6 of the Notes to the Financial Statements.

**Table 4
CHANGE IN CAPITAL ASSETS**

	Governmental Activities		Business-type Activities		Total Government	
	2011	2010	2011	2010	2011	2010
Beginning balance	\$ 184,614,381	\$ 180,928,376	\$ -	\$ -	\$ 184,614,381	\$ 180,928,376
Additions	5,107,749	9,504,180	-	-	5,107,749	9,504,180
Accumulated depreciation	(60,831,798)	(60,618,611)	-	-	(60,831,798)	(60,618,611)
Deletions	(4,543,584)	(5,818,175)	-	-	(4,543,584)	(5,818,175)
Ending Balance	\$ 124,346,748	\$ 123,995,770	\$ -	\$ -	\$ 124,346,748	\$ 123,995,770

Long-term Debt. At year end, the County had no general obligation bonds outstanding. A long-term loan for new telecommunications and accounting software systems was made in 2008. Table 5 lists the County's outstanding debt at June 30, 2011.

**Table 5
OUTSTANDING DEBT AT YEAR-END**

	2011	2010
Governmental Activities		
General Obligation Refunding Bonds	\$ -	\$ -
Tax-exempt Loan	908,000	1,337,000
Total Governmental Activities	\$ 908,000	\$1,337,000
Business-type Activities		
	\$ -	\$ -
Total Government	\$ 908,000	\$1,337,000

The State limits the amount of general obligation debt the County can issue to two percent of the assessed value of all taxable property within the County's corporate limits. Lincoln County's 2011 bonded debt limitation is \$193,888,000. For more detailed information on the County's long-term debt please refer to Note 9 of the Notes to the Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Lincoln County continues to face challenges posed by the current local, state, national and global economy. Fiscal year 2011-12 continues to be one of austere budgets and cost-cutting measures. Traditional revenue sources are stagnant at best, diminishing in the worst case. The 2011-12 budget is the result of management taking a hard look at current conditions and making appropriate adjustments, while striving to provide the essential services that the County's citizens expect.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Lincoln County's financial condition. Questions concerning any of the information provided in this report, or requests for additional financial information, should be addressed to the Finance Director, Lincoln County, 210 SW 2nd St., Newport, OR 97365.

BASIC FINANCIAL STATEMENTS

LINCOLN COUNTY, OREGON

Statement of Net Assets

June 30, 2011

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and investments	\$ 27,816,418	\$ 26,947	\$ 27,843,365
Receivables	5,238,590	38,764	5,277,354
Inventories	<u>332,899</u>	-	<u>332,899</u>
Total current assets	<u>33,387,907</u>	<u>65,711</u>	<u>33,453,618</u>
Noncurrent assets:			
Capital assets:			
Land and construction in progress	92,212,116	-	92,212,116
Other capital assets (net of accumulated depreciation)	<u>32,134,632</u>	-	<u>32,134,632</u>
Total noncurrent assets	<u>124,346,748</u>	<u>-</u>	<u>124,346,748</u>
Total assets	<u>\$ 157,734,655</u>	<u>\$ 65,711</u>	<u>\$ 157,800,366</u>
LIABILITIES			
Current liabilities:			
Accounts payable and other current liabilities	\$ 1,754,104	\$ 3,794	\$ 1,757,898
Accrued payroll and related liabilities	850,849	2,746	853,595
Accrued interest payable	2,838	-	2,838
Due to other governments	8,520	-	8,520
Compensated absences payable	125,000	-	125,000
Bond payable	<u>446,000</u>	-	<u>446,000</u>
Total current liabilities	<u>3,187,311</u>	<u>6,540</u>	<u>3,193,851</u>
Noncurrent liabilities:			
Bond payable	462,000	-	462,000
Compensated absences payable	1,893,983	8,635	1,902,618
Net other postemployment benefit obligation	<u>1,230,436</u>	-	<u>1,230,436</u>
Total noncurrent liabilities	<u>3,586,419</u>	<u>8,635</u>	<u>3,595,054</u>
Total liabilities	<u>6,773,730</u>	<u>15,175</u>	<u>6,788,905</u>
NET ASSETS			
Invested in capital assets, net of related debt	123,438,748	-	123,438,748
Restricted for:			
Highway and streets	15,036,489	-	15,036,489
Unrestricted	<u>12,485,688</u>	<u>50,536</u>	<u>12,536,224</u>
Total net assets	<u>\$ 150,960,925</u>	<u>\$ 50,536</u>	<u>\$ 151,011,461</u>
Total liabilities and net assets	<u>\$ 157,734,655</u>	<u>\$ 65,711</u>	<u>\$ 157,800,366</u>

The notes to the financial statements are an integral part of this statement

LINCOLN COUNTY, OREGON

Statement of Activities

For the Year Ended June 30, 2011

Functions/Programs	Program Revenues			Net Revenue (Expense) and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government							
Governmental activities:							
General government	\$ 9,344,220	\$ 2,364,586	\$ 7,449,875	\$ -	\$ 470,241	\$ -	\$ 470,241
Community services	3,782,982	397,175	1,886,254	385,571	(1,113,982)	-	(1,113,982)
Public safety	16,972,243	1,060,555	4,316,323	28,631	(11,566,734)	-	(11,566,734)
Highway and streets	8,365,646	-	-	-	(8,365,646)	-	(8,365,646)
Culture and recreation	142,226	-	-	-	(142,226)	-	(142,226)
Health and welfare	10,994,448	5,429,696	5,822,896	147,488	405,632	-	405,632
Education	1,236,257	9,747	45,000	-	(1,181,510)	-	(1,181,510)
Interest on long-term debt	40,709	-	-	-	(40,709)	-	(40,709)
Total governmental activities	\$ 50,878,731	\$ 9,261,759	\$ 19,520,348	\$ 561,690	\$ (21,534,934)	\$ -	\$ (21,534,934)
Business-type activities:							
Solid waste	277,605	181,832	20,000	-	-	(75,773)	(75,773)
Total primary government	\$ 51,156,336	\$ 9,443,591	\$ 19,540,348	\$ 561,690	\$ (21,534,934)	\$ (75,773)	\$ (21,610,707)
General revenues:							
Property taxes					18,188,294	-	18,188,294
Transient room taxes					1,666,219	-	1,666,219
Timber and land sales					161,211	-	161,211
Other taxes					264,556	-	264,556
Unrestricted investment earnings					163,312	375	163,687
Loss on disposal of assets					(2,207)	-	(2,207)
Total general revenues					20,441,385	375	20,441,760
Change in net assets					(1,093,549)	(75,398)	(1,168,947)
Net assets, beginning					152,054,474	125,934	152,180,408
Net assets, ending					\$ 150,960,925	\$ 50,536	\$ 151,011,461

LINCOLN COUNTY, OREGON

GOVERNMENTAL FUNDS

Balance Sheet

June 30, 2011

	<u>General Fund</u>	<u>General Roads Fund</u>	<u>Mental Health Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
ASSETS					
Cash and investments	\$ 4,804,675	\$ 14,663,191	\$ 524,306	\$ 6,884,611	\$ 26,876,783
Receivables - net	3,008,707	349,576	501,630	1,378,337	5,238,250
Inventories	3,173	329,726	-	-	332,899
Total assets	<u>\$ 7,816,555</u>	<u>\$ 15,342,493</u>	<u>\$ 1,025,936</u>	<u>\$ 8,262,948</u>	<u>\$ 32,447,932</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 598,889	\$ 234,637	\$ 84,472	\$ 509,540	\$ 1,427,538
Accrued payroll and related expenses	545,721	71,367	85,253	148,508	850,849
Deferred revenue	1,523,448	-	187,791	321,259	2,032,498
Due to other government entities	8,520	-	-	-	8,520
Total liabilities	<u>2,676,578</u>	<u>306,004</u>	<u>357,516</u>	<u>979,307</u>	<u>4,319,405</u>
Fund balances:					
Nonspendable	3,173	329,726	-	-	332,899
Restricted	672,807	14,706,763	-	4,821,609	20,201,179
Committed	-	-	618,420	2,507,938	3,126,358
Assigned	-	-	50,000	5	50,005
Unassigned	4,463,997	-	-	(45,911)	4,418,086
Total fund balances	<u>5,139,977</u>	<u>15,036,489</u>	<u>668,420</u>	<u>7,283,641</u>	<u>28,128,527</u>
Total liabilities and fund balances	<u>\$ 7,816,555</u>	<u>\$ 15,342,493</u>	<u>\$ 1,025,936</u>	<u>\$ 8,262,948</u>	<u>\$ 32,447,932</u>

The notes to the financial statements are an integral part of this statement

LINCOLN COUNTY, OREGON

Reconciliation of the Balance Sheet of Governmental
Funds to the Statement of Net Assets

For the Year Ended June 30, 2011

Amounts reported for governmental activities in the statement of net assets are different because:

Fund balances - governmental funds	\$	28,128,527
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds		
Governmental capital assets, cost	\$ 185,178,546	
Less accumulated depreciation	<u>(60,831,798)</u>	124,346,748
A portion of the City's property taxes and assessments receivable are collected after year-end, but are not available soon enough to pay for current year's operations, and therefore are not reported as revenues in the governmental funds.		
		2,032,498
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds. Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due. These liabilities consist of:		
Accrued interest payable	\$ (2,838)	
Bonds payable	(908,000)	
Compensated absences	(2,018,983)	
Net other postemployment benefit obligation	<u>(1,230,436)</u>	(4,160,257)
An internal service fund is used by management to charge the costs of certain insurance activities to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the Statement of Net Assets		
		<u>613,409</u>
Net assets of governmental activities	\$	<u><u>150,960,925</u></u>

LINCOLN COUNTY, OREGON

GOVERNMENTAL FUNDS

Statement of Revenues, Expenditures, and Changes in Fund Balances

For the Year Ended June 30, 2011

	General Fund	General Roads Fund	Mental Health Fund	Nonmajor Governmental Funds	Total
REVENUES:					
Taxes and land sales	\$ 18,186,123	\$ -	\$ -	\$ 1,729,313	\$ 19,915,436
Licenses and permits	1,057,995	-	-	357,872	1,415,867
Intergovernmental revenues	7,591,426	5,509,423	2,751,272	3,235,972	19,088,093
Charges for services	1,220,505	335,787	2,318,060	4,376,112	8,250,464
Fines and penalties	55,216	-	-	78,129	133,345
Investment earnings	36,302	90,347	4,101	31,037	161,787
Other revenue	286,638	175,927	42,977	266,350	771,892
Total revenue	<u>28,434,205</u>	<u>6,111,484</u>	<u>5,116,410</u>	<u>10,074,785</u>	<u>49,736,884</u>
EXPENDITURES:					
Current:					
General government	8,193,430	-	-	135,825	8,329,255
Community services	2,124,243	-	-	1,509,498	3,633,741
Public safety	15,717,700	-	-	725,128	16,442,828
Highway and streets	-	7,177,593	-	-	7,177,593
Culture and recreation	-	-	-	60,246	60,246
Health and welfare	-	-	5,505,270	5,450,518	10,955,788
Education	-	-	-	1,236,257	1,236,257
Debt service:					
Principal	429,000	-	-	-	429,000
Interest	42,049	-	-	-	42,049
Capital Outlay	615,230	1,818,584	-	313,917	2,747,731
Total expenditures	<u>27,121,652</u>	<u>8,996,177</u>	<u>5,505,270</u>	<u>9,431,389</u>	<u>51,054,488</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,312,553</u>	<u>(2,884,693)</u>	<u>(388,860)</u>	<u>643,396</u>	<u>(1,317,604)</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	570,031	307,500	877,531
Transfers out	(307,500)	-	-	(570,031)	(877,531)
Total other financing sources (uses)	<u>(307,500)</u>	<u>-</u>	<u>570,031</u>	<u>(262,531)</u>	<u>-</u>
Net change in fund balances	1,005,053	(2,884,693)	181,171	380,865	(1,317,604)
Beginning fund balances	4,134,924	17,921,182	487,249	6,902,776	29,446,131
Ending fund balances	<u>\$ 5,139,977</u>	<u>\$ 15,036,489</u>	<u>\$ 668,420</u>	<u>\$ 7,283,641</u>	<u>\$ 28,128,527</u>

The notes to the financial statements are an integral part of this statement

LINCOLN COUNTY, OREGON

Reconciliation of the Statement of Revenues, Expenditures, and Changes
in the Fund Balances of Governmental Funds to the Statement of Activities

For the Year Ended June 30, 2011

Amounts reported for governmental activities in the statement of activities are different because of the following:

Net change in fund balances - governmental funds	\$	(1,317,604)
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Governmental funds report capital outlay as expenditures. However in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The amount by which depreciation exceeds capital outlay in the current period is:

Capital outlay	\$ 2,707,701		
Less current year depreciation	<u>(2,236,121)</u>		471,580

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds

Change in deferred revenue			48,984
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The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on the net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of those differences in the treatment of long-term debt and related items:

Change in accrued interest	\$ 1,340		
Principal payments	429,000		
Accrual of other postemployment benefits	<u>(377,744)</u>		52,596

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds

Change in compensated absences			(151,619)
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Contributed capital assets are reported as contributions in the statement of activities, but do not appear in the governmental funds because they are not financial resources. In addition, the statement of activities reports gains and losses arising from the disposal of existing capital assets while the governmental funds do not

Net book value of assets disposed of			(120,602)
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Internal service funds are used by management to charge costs of management of certain insurance activities to individual funds. The net revenue of activities of internal service funds is reported with the governmental activities

			<u>(76,884)</u>
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Change in net assets of governmental activities	\$		<u>(1,093,549)</u>
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LINCOLN COUNTY, OREGON

GENERAL FUND

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Taxes and land sales	\$ 17,821,720	\$ 17,821,720	\$ 18,186,123	\$ 364,403
Licenses and permits	1,050,250	1,050,250	1,057,995	7,745
Intergovernmental revenues	10,086,183	10,566,314	7,591,426	(2,974,888)
Charges for services	1,256,155	1,256,155	1,220,505	(35,650)
Fines and penalties	55,000	55,000	55,216	216
Investment earnings	20,000	20,000	36,302	16,302
Other revenue	<u>438,219</u>	<u>440,619</u>	<u>286,638</u>	<u>(153,981)</u>
Total revenues	<u>30,727,527</u>	<u>31,210,058</u>	<u>28,434,205</u>	<u>(2,775,853)</u>
Expenditures:				
General government	8,679,656	8,716,426	8,193,430	522,996
Community services	2,882,426	2,899,741	2,124,243	775,498
Public safety	17,638,993	18,131,317	15,717,700	2,413,617
Capital outlay	1,273,000	1,346,000	615,230	730,770
Contingency	1,024,244	891,731	-	891,731
Debt Service:				
Principal	429,000	429,000	429,000	-
Interest	<u>42,094</u>	<u>42,094</u>	<u>42,049</u>	<u>45</u>
Total expenditures	<u>31,969,413</u>	<u>32,456,309</u>	<u>27,121,652</u>	<u>5,334,657</u>
Excess revenues over (under) expenditures	<u>(1,241,886)</u>	<u>(1,246,251)</u>	<u>1,312,553</u>	<u>2,558,804</u>
Other financing sources (uses):				
Transfers out	<u>(307,500)</u>	<u>(307,500)</u>	<u>(307,500)</u>	<u>-</u>
Total other financing sources (uses)	<u>(307,500)</u>	<u>(307,500)</u>	<u>(307,500)</u>	<u>-</u>
Net change in fund balances	(1,549,386)	(1,553,751)	1,005,053	2,558,804
Fund Balance:				
Beginning of year	<u>3,191,458</u>	<u>3,187,093</u>	<u>4,134,924</u>	<u>947,831</u>
End of year	<u>\$ 1,642,072</u>	<u>\$ 1,633,342</u>	<u>\$ 5,139,977</u>	<u>\$ 3,506,635</u>

The notes to the financial statements are an integral part of this statement

LINCOLN COUNTY, OREGON

GENERAL ROADS FUND

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Charges for services	\$ 207,113	\$ 207,113	\$ 335,787	\$ 128,674
Intergovernmental revenues	6,290,616	6,290,616	5,509,423	(781,193)
Investment earnings	168,856	168,856	90,347	(78,509)
Other revenue	<u>234,628</u>	<u>234,628</u>	<u>175,927</u>	<u>(58,701)</u>
Total revenues	<u>6,901,213</u>	<u>6,901,213</u>	<u>6,111,484</u>	<u>(789,729)</u>
Expenditures:				
Personal services	2,722,682	2,747,720	2,525,015	222,705
Materials and services	4,890,592	5,285,592	4,652,578	633,014
Capital outlay	3,944,523	3,944,523	1,818,584	2,125,939
Contingency	<u>1,000,000</u>	<u>579,962</u>	<u>-</u>	<u>579,962</u>
Total expenditures	<u>12,557,797</u>	<u>12,557,797</u>	<u>8,996,177</u>	<u>3,561,620</u>
Excess revenues under expenditures	<u>(5,656,584)</u>	<u>(5,656,584)</u>	<u>(2,884,693)</u>	<u>2,771,891</u>
Net change in fund balances	(5,656,584)	(5,656,584)	(2,884,693)	2,771,891
Fund Balance:				
Beginning of year	<u>16,151,803</u>	<u>16,151,803</u>	<u>17,921,182</u>	<u>1,769,379</u>
End of year	<u>\$ 10,495,219</u>	<u>\$ 10,495,219</u>	<u>\$ 15,036,489</u>	<u>\$ 4,541,270</u>

The notes to the financial statements are an integral part of this statement

LINCOLN COUNTY, OREGON

MENTAL HEALTH FUND

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Intergovernmental revenues	\$ 4,438,241	\$ 4,438,241	\$ 2,751,272	\$ (1,686,969)
Charges for services	3,579,119	3,579,119	2,318,060	(1,261,059)
Investment earnings	5,000	5,000	4,101	(899)
Other revenue	32,200	32,200	42,977	10,777
Total revenues	8,054,560	8,054,560	5,116,410	(2,938,150)
Expenditures:				
Personal services	3,417,216	3,417,216	2,907,251	509,965
Materials and services	5,174,472	5,174,472	2,598,019	2,576,453
Contingency	142,553	142,553	-	142,553
Total expenditures	8,734,241	8,734,241	5,505,270	3,228,971
Excess revenues under expenditures	(679,681)	(679,681)	(388,860)	290,821
Other financing sources (uses):				
Net change in fund balances	(679,681)	(679,681)	(388,860)	290,821
Fund Balance:				
Beginning of year	679,681	679,681	487,249	(192,432)
End of year	\$ -	\$ -	98,389	\$ 98,389
Reconciliation to GAAP Basis:				
Transfer of departments from Health and Human Services Fund			570,031	
GAAP Fund Balance - end of year			\$ 668,420	

LINCOLN COUNTY, OREGON

PROPRIETARY FUNDS

Balance Sheet

June 30, 2011

	Business-type Activities - Nonmajor <u>Enterprise Fund</u>	Governmental Activities - Internal Service Fund <u>Self Insurance Fund</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 26,947	\$ 939,635
Receivables - net	<u>38,764</u>	<u>340</u>
Total assets	<u>\$ 65,711</u>	<u>\$ 939,975</u>
LIABILITIES		
Current liabilities:		
Accounts payable and other current liabilities	\$ 3,794	\$ 326,566
Payroll and related accruals	2,746	-
Compensated absences	<u>8,635</u>	<u>-</u>
Total liabilities	<u>15,175</u>	<u>326,566</u>
NET ASSETS		
Unrestricted	<u>50,536</u>	<u>613,409</u>
Total liabilities and net assets	<u>\$ 65,711</u>	<u>\$ 939,975</u>

LINCOLN COUNTY, OREGON

PROPRIETARY FUNDS

Statement of Revenues, Expenses, and Changes in Fund Net Assets

For the Year Ended June 30, 2011

	Business-type Activities - Nonmajor Enterprise Fund	Governmental Activities - Internal Service Fund
	Solid Waste District Fund	Self Insurance Fund
Operating revenues:		
Charges for services	\$ 180,626	\$ 786,413
Other revenue	1,206	43,769
Intergovernmental revenues	20,000	-
Total Operating Revenues	201,832	830,182
Operating expenses:		
General and administrative costs	97,041	78,394
Operations and maintenance	180,564	830,193
Total Operating Expenses	277,605	908,587
Operating Income (Loss)	(75,773)	(78,405)
Nonoperating revenues (expenses):		
Investment earnings	375	1,521
Change in Net Assets	(75,398)	(76,884)
Beginning Net Assets	125,934	690,293
Ending Net Assets	\$ 50,536	\$ 613,409

The notes to the financial statements are an integral part of this statement

LINCOLN COUNTY, OREGON
PROPRIETARY FUNDS
Statement of Cash Flows
For the Year Ended June 30, 2011

	Business-type Activities - Nonmajor Enterprise Fund Solid Waste District Fund	Governmental Activities - Internal Service Fund Self Insurance Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from services provided	\$ 186,406	\$ -
Cash received from interfund services provided	-	846,034
Cash payments to employees for services	(94,568)	(183,880)
Cash payments to other suppliers for good and services	(179,874)	-
Cash paid for interfund services used	-	(812,188)
	<u>(88,036)</u>	<u>(150,034)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest	<u>375</u>	<u>1,521</u>
Net change in cash and investments	(87,661)	(148,513)
Cash and investments:		
Beginning of year	<u>114,608</u>	<u>1,088,148</u>
End of year	<u>\$ 26,947</u>	<u>\$ 939,635</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$ (75,773)	\$ (78,405)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
(Increase) decrease in assets:		
Receivables - net	(15,426)	15,852
Increase (decrease) in liabilities:		
Accounts payable and other current liabilities	690	18,005
Payroll and related accruals	(801)	(12,306)
Compensated absences liability	<u>3,274</u>	<u>(93,180)</u>
Net cash provided (used) by operating activities	<u>\$ (88,036)</u>	<u>\$ (150,034)</u>

The notes to the financial statements are an integral part of this statement

LINCOLN COUNTY, OREGON
FIDUCIARY FUNDS
Statement of Fiduciary Net Assets
June 30, 2011

	<u>Agency Fund</u>
ASSETS	
Cash and cash equivalents	\$ 2,275,081
Receivables - net	<u>6,857,952</u>
Total assets	<u>\$ 9,133,033</u>
LIABILITIES	
Due to other governmental agencies	\$ 589,979
Amounts held for others	<u>8,543,054</u>
Total liabilities	<u>\$ 9,133,033</u>

NOTES TO BASIC FINANCIAL STATEMENTS

LINCOLN COUNTY, OREGON

Notes to Financial Statements

June 30, 2011

Note 1 - The Financial Reporting Entity

A. Reporting entity

Lincoln County, Oregon (the "County"), a general law county exercising the authority of a county under ORS Chapter 203.035, was established by an Act of the State Legislature on February 20, 1893, as a legal subdivision of the State of Oregon charged with governmental powers. The County's powers are exercised through a Board of Commissioners (the "Board"), which is the governing body of the County. The Board is responsible for the legislative and executive control of the County. The County provides various services on a county-wide basis including law and justice, detention, social, health, road construction, road maintenance, transportation, park and recreation facilities, elections and records, communications, planning, zoning, and tax collection.

The governmental reporting entity consists of the County (Primary Government) and its component units. Component units are legally separate organizations for which the Board is financially accountable or other organizations whose nature and significant relationships with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and (i) either the County's ability to impose its will on the organization or (ii) there is potential for the organization to provide a financial benefit to or impose a financial burden on the County.

The basic financial statements include three blended component units. The blended component units, although legally separate entities are, in substance, part of the County's operations and data from these units is combined with data of the primary government.

For financial reporting purposes, the County's basic financial statements include all financial activities that are controlled by or are dependent upon actions taken by the County's Board. The financial statements of the individual units may be obtained by writing to Lincoln County, Finance and Accounting, 210 SW 2nd Street, Newport, OR 97365.

B. Blended component units

The three blended component units included because the County Board of Commissioners serves as their respective governing bodies are as follows:

Lincoln County Transportation Service District

The District was formed in May 1996 at a General Election and was funded in November 1996. The District provides a comprehensive transportation program to the county. Services include a scheduled stop bus system, the "Central Coast Connection," along the Highway 101 corridor, outlying cities and communities, and ancillary feeder lines available to all residents of the County. A "dial-a-ride" service is also provided for the transit disadvantaged and senior and disabled members of the County, enabling them to obtain medical and other services.

Lincoln County Solid Waste Disposal Service District

The District was formed under Chapter 451 of the Oregon Revised Statutes. The District is a county-wide service district. The primary functions are to coordinate solid waste management planning throughout the County, to implement recycling and waste reduction education programs and to coordinate illegal dumping enforcement, prevention, and clean-up activities.

Lincoln County Extension Agency

The District accounts for the operations of the Oregon State University – Lincoln County Extension Agency, which provides educational programs to citizens in Lincoln County. The primary source of revenue is property taxes, and expenditure purposes include seminar costs, educational programs and materials, and labor and facility costs.

LINCOLN COUNTY, OREGON

Notes to Financial Statements, continued

June 30, 2011

Note 2 - Summary of Significant Accounting Policies

A. Government-wide Financial Statements

The statement of net assets and statement of activities display information about the primary government (the County) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the functions of the County, the elimination of which would distort the direct costs and program revenues reported for the various functions. Governmental activities, which are primarily supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely primarily upon fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and therefore, are clearly identifiable to a particular function. Program revenues include 1) charges paid by the recipients of goods or services offered by the programs and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

When both restricted and unrestricted net assets are available, unrestricted resources are used only after the restricted resources are depleted.

Fund Financial Statements

The fund financial statements provide information about the County's funds, including fiduciary funds. Separate statements for each fund category—governmental, proprietary, and fiduciary—are presented. The emphasis of fund financial statements is on major governmental and proprietary funds, whereby each major fund is displayed discretely in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The County reports the following major governmental funds:

- *General* - accounts for all revenues and expenditures necessary to carry out basic governmental activities of the County that are not accounted for through other funds. For the County, the General Fund includes such activities as general government, public safety, corrections, assessment and taxation.
- *General Road* - accounts for the operations of the County Road Department. Significant sources of revenue are federal forest fees and state motor vehicle fees. Expenditures are primarily for maintenance and construction of County roads.
- *Mental Health* - accounts for mental health services for enrollees of the Oregon Health Plan as part of a multi-county consortium.

The County also includes the following other fund types:

- *Special Revenue* - accounts for revenue derived from specific taxes or other revenue sources, which are legally restricted to finance particular functions or activities.
- *Debt Service* - accounts for the resources accumulated and payments made for principal and interest on long-term debt of governmental funds.
- *Enterprise* - accounts for the operations services rendered to the surrounding governmental entities on a user charge basis, a predominantly self-supporting activity.
- *Internal Service* - accounts for the County's self-insurance programs. Charges to other funds and refunds from insurance policies support this activity.
- *Agency* - used for tracking various activities including the accumulation and distribution of property taxes; resources of taxing districts, inter-governmental law enforcement activities, justice court; and various other collection and escrow agent activities.

LINCOLN COUNTY, OREGON

Notes to Financial Statements, continued

June 30, 2011

Note 2 - Summary of Significant Accounting Policies, continued

B. Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting.

Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligible requirements have been satisfied.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. FASB Statements and Interpretations issued after November 30, 1989, have not been applied as allowed by GASB Statement No. 20.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County, generally, considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Significant revenues, which are susceptible to accrual under the modified accrual basis of accounting, include property taxes and federal and state grants. Other revenue items are considered to be measurable and available when received by the County. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due. General capital assets acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and capital leases are reported as other financing sources.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing goods and services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's enterprise fund, the Solid Waste District, and its internal service fund are charges for services. Operating expenses for the aforementioned funds is personal services and materials and services. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

C. Cash and Cash Equivalents

For purposes of the accompanying statement of cash flows, the proprietary funds consider all highly liquid investments with a maturity of three months or less when purchased, and their equity in the County Treasurer's investment pool, to be cash equivalents. Investments, including amounts held in pooled cash and investments are stated at fair value.

D. Inventories and prepaid items

Inventories purchased are stated at cost (first-in, first-out method). Inventories are recorded as expenditures when purchased or donated.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

LINCOLN COUNTY, OREGON

Notes to Financial Statements, continued

June 30, 2011

Note 2 - Summary of Significant Accounting Policies, continued

E. Receivables

In general, receivables in the governmental fund types, which have been collected within sixty days following year end, are considered measurable and available and are recognized as revenues. Deviations from this collection time period arise in medical receivables, and certain grant or intergovernmental receivables. The collection period for medical receivables is based on the time required for the medical billing system to process the services provided prior to year end. Certain grant or intergovernmental receivables will be recognized as revenue in the current period if it is material, measurable, and the related expenditures have been incurred.

Property taxes receivable in the agency funds are offset by amounts held in trust and, accordingly, have not been recorded as revenue. All other property taxes receivable are offset by deferred revenues and accordingly, have not been recognized as revenue. Real and personal property are assessed and property taxes become a lien against the property as of July 1 each year. Property taxes are payable in three installments, following the lien date, on November 15, February 15, and May 15. Taxes unpaid and outstanding on May 16 are considered delinquent.

The permanent tax rate is \$2.8202 per \$1,000 assessed value as limited by the Constitution of the State of Oregon. The tax rate limit of \$10.00 per thousand of assessed value imposed by the Oregon Constitution is expected to affect these levies. Two of the blended component units will levy using their permanent tax rates as follows:

Lincoln County Transportation Service District	\$ 0.0974
Lincoln County Extension Service District	\$ 0.0451

During November of 2010, a special five-year levy was approved by the taxpayers of the County for Animal Services (control and shelter). The five-year tax rate of \$0.11 per \$1,000 assessed value began in fiscal year ended June 30, 2011.

All property taxes receivable are due from owners of property within the County.

Receivables for state shared revenue are recorded as revenue in all fund types as earned.

F. Capital Assets

Capital assets (including infrastructure) are recorded at historical cost or at estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair market value on the date contributed. Capital assets include public domain (infrastructure, including infrastructure acquired prior to fiscal years ended after June 30, 1980) assets consisting of certain improvements including roads, bridges, lighting system, drainage systems, and flood control. The County defines capital assets as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of one year. Capital assets used in operations are depreciated or amortized (assets under capital leases) using the straight-line method over the lesser of the capital lease period or their estimated useful lives in the government-wide statements.

The estimated useful lives are as follows:

Infrastructure	20 to 50 years
Structures and improvements	50 years
Equipment	3 to 15 years

The County has four networks of infrastructure assets: road, lighting, drainage and flood control.

G. Compensated absences

Compensated absences and related taxes are not recorded as expenditures in the governmental funds until paid. The expenditures are recorded in the General, General Road, Human Services, and Nonmajor Governmental Funds. Sick leave does not vest, except in the following two cases: employees who reach the age of 55 or older; and employees who are represented by the Lincoln County Employee's Association - Roads, or the Lincoln County Employee's Association - Transit, and have been a member of the union for at least five years. In both of these circumstances, the sick leave is vested to 50 percent upon their retirement. Sick leave accumulates at the rate of 8 hours per month for the employees who qualify for vested sick leave.

LINCOLN COUNTY, OREGON

Notes to Financial Statements, continued

June 30, 2011

Note 2 - Summary of Significant Accounting Policies, continued

G. Compensated absences, continued

All benefit-eligible employees (after six months of continuous service) earn vacation leave. The amount earned per pay period is determined based upon length of service and representation. Accumulation limits of vacation leave differ by length of service.

Certain employees earn paid leave for personal holidays with a maximum accumulation of 8 hours. All non-exempt benefit-eligible employees are eligible for compensatory time with a maximum accumulation of 80 hours for most employees with the exception of employees who work 24 hour shifts, in which the maximum accumulation is 120 hours.

H. Interfund Transactions

Interfund transactions are reflected as loans, services provided, reimbursements or transfers. Loans are reported as receivables and payables as appropriate, and are subject to elimination upon consolidation and are referred to as either "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. the noncurrent portion of interfund loans).

Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

I. Fund Balance

In the fund financial statements, the fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The fund balance classifications are:

Nonspendable - resources cannot be spent because they are either in a nonspendable form or legally or contractually required to be maintained intact. Resources in nonspendable form include inventories, prepaids and deposits, and assets held for sale.

Restricted - constraints placed on the use of resources are either: (a) externally imposed by creditors (such as through debt covenants), grants, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed - the County Commissioners pass an ordinance that places specific constraints on how the resources may be used. The County Commissioners can modify or rescind the ordinance at any time through passage of an additional ordinance.

Assigned - resources that are constrained by the County's intent to use them for a specific purpose, but are neither restricted nor committed. Intent is expressed when the County Commissioners approve which resources should be "reserved" during the adoption of the annual budget.

Unassigned - resources that have not been restricted, committed, or assigned within the General Fund. This classification is also used to report any negative fund balance amounts in other governmental funds.

LINCOLN COUNTY, OREGON

Notes to Financial Statements, continued

June 30, 2011

Note 2 - Summary of Significant Accounting Policies, continued

I. Fund balance, continued

Fund balances by classification for the year ended June 30, 2011 are as follows:

	<u>General Fund</u>	<u>General Roads Fund</u>	<u>Mental Health Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Nonspendable					
Inventories	\$ 3,173	\$ 329,726	\$ -	\$ -	\$ 332,899
Restricted for:					
Road maintenance	-	14,706,763	-	-	14,706,763
Economic development	248,587	-	-	-	248,587
Public safety	424,220	-	-	-	424,220
County Fair	-	-	-	35,734	35,734
Outpatient services	-	-	-	1,376,891	1,376,891
Enforcement of liquor and drug laws	-	-	-	14,815	14,815
Title III	-	-	-	2,257,318	2,257,318
Capital Outlay	-	-	-	566,397	566,397
Review and policy development	-	-	-	11,166	11,166
Maintenance of government surveys	-	-	-	187,352	187,352
Public education	-	-	-	371,936	371,936
Committed to:					
Outpatient services	-	-	618,420	-	618,420
Transit services	-	-	-	1,422,810	1,422,810
Law library	-	-	-	47,915	47,915
County records	-	-	-	91,573	91,573
Animal control services	-	-	-	212,124	212,124
Post-closure obligations	-	-	-	732,131	732,131
DUII administration	-	-	-	1,385	1,385
Assigned to:					
Outpatient services	-	-	50,000	-	50,000
Capital outlay	-	-	-	5	5
Unassigned:	<u>4,463,997</u>	<u>-</u>	<u>-</u>	<u>(45,911)</u>	<u>4,418,086</u>
Total fund balances	<u>\$ 5,139,977</u>	<u>\$ 15,036,489</u>	<u>\$ 668,420</u>	<u>\$ 7,283,641</u>	<u>\$ 28,128,527</u>

When both restricted and unrestricted (committed, assigned, or unassigned) resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources, as they are needed. When an expenditure is incurred, where an unrestricted fund balance classification could be used, it is the County's policy to use committed resources first, assigned resources second, and then unassigned amounts as they are needed.

J. Estimates

The preparation of basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

LINCOLN COUNTY, OREGON

Notes to Financial Statements, continued

June 30, 2011

Note 2 - Summary of Significant Accounting Policies, continued

K. Budget policies and Budgetary control

Generally, Oregon Local Budget Law requires annual budgets be adopted for all funds except agency funds. The modified accrual basis of accounting is used for all budgets. All annual appropriations lapse at fiscal year end.

The County begins its budgeting process by appointing Budget Committee members in the fall of each year. Budget recommendations are developed by management through early spring, with the Budget Committee meeting and approving the budget document in late spring. Public notices of the budget hearing are generally published in May or June and the hearing is held in June. The Board of County Commissioners adopts the budget, makes appropriations, and declares the tax levy no later than June 30. Expenditure appropriations may not be legally over-expended, except in the case of grant receipts and bond sale proceeds which could not be reasonably estimated at the time the budget was adopted.

The resolution authorizing appropriations for each fund sets the level at which expenditures cannot legally exceed appropriations. The County established the levels of budgetary control at the personal services, materials and services, capital outlay, operating contingencies, debt service, and all other requirement levels for all funds, except the General Fund in which budgetary control is established at the program level.

Noncompliance with Oregon Budget Law for the year ended June 30, 2011 is as follows:

The following funds reported expenditures over budgeted amounts for the year ended June 30, 2011.

Health and Human Services Fund: Capital outlay, \$14,887

Note 3 - Deposits and Investments

The County maintains a pool of cash and investments that are available for use by all funds. Each fund's portion of this pool is displayed on the financial statements as cash and investments. Additionally, several funds hold separate cash and investment accounts. Interest earned on pooled cash and investments is allocated to participating funds based upon their combined cash and investment balances.

A. The County's deposits and investments at June 30, 2011 are as follows:

Total investments	\$ 19,823,912
Deposits with financial institutions	<u>10,294,534</u>
Total deposits and investments	<u>\$ 30,118,446</u>

B. Cash and cash investments are reported as follows:

Governmental Activities/Funds	
General Fund	\$ 4,804,675
General Roads Fund	14,663,191
Mental Health Fund	524,306
Nonmajor governmental funds	<u>6,884,611</u>
Total governmental funds	26,876,783
Internal Service Fund	<u>939,635</u>
Total governmental activities	27,816,418
Business-type activities	26,947
Fiduciary funds	<u>2,275,081</u>
Total cash and investments	<u>\$ 30,118,446</u>

LINCOLN COUNTY, OREGON

Notes to Financial Statements, continued

June 30, 2011

Note 3 - Deposits and Investments, continued

Deposits:

At June 30, 2011, the County's deposits with various financial institutions had a bank value of \$10,606,545. All deposits not covered by FDIC insurance are covered by the Public Funds Collateralization Program (PFCP) of the State of Oregon. The PFCP is a shared liability structure for participating bank depositories. Barring any exceptions, a bank depository is required to pledge collateral valued at least 10% of their quarter-end public fund deposits if they are well capitalized, 25% of their quarter-end public fund deposits if they are adequately capitalized, or 110% of their quarter-end public fund deposits if they are undercapitalized or assigned to pledge 110% by the Office of State Treasurer. In the event of a bank failure, the entire pool of collateral pledged by all qualified Oregon public funds bank depositories is available to repay deposits of public funds of government entities.

Custodial Credit Risk: Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. At June 30, 2011, the County's deposits were fully insured.

Investments:

As of June 30, 2011, the County held the following investments and maturities:

<u>Investment type</u>	<u>Carrying Value</u>	<u>Weighted Average Maturity in Years</u>	<u>% of Investment Portfolio</u>
Local government investment pool	\$ 19,823,912	N/A	100 %

The "weighted average maturity in years" calculation assumes that all investments are held until maturity.

Interest Rate Risk: in accordance with its investment policy, the government manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than eighteen months. As of June 30, 2011, 54.94% of the investments in the LGIP mature within 93 days, 22.62% mature from 94 days to one year, 21.94% mature from one year to three years, and 0.5% are in defaulted securities.

Concentration of Credit Risk: The County has implemented the following limitations on specific instruments and individual financial institutions:

<u>Instrument</u>	<u>Maximum Percent of Portfolio</u>
US Treasury Obligation	100%
US Government Agency	75
Banker's Acceptances (BA)	50
Certificates of Deposit (CD)	25
State of Oregon Investment Pool	100

The County will not invest in Commercial Paper at this time.

The combination of CD's and BA's with one financial institution will not exceed 30% of the total portfolio.

Credit Risk: Oregon statutes authorize the County to invest in obligations of the U.S. Treasury and U.S. agencies, bankers' acceptances, repurchase agreements, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, and the state treasurer's investment.

Investments, including amounts held in pooled cash and investments are stated at fair value. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, investments with a remaining maturity of more than one year, at the time of purchase are stated at fair value. Fair value is determined at the quoted market price, if available; otherwise the fair value is estimated based on the amount at which the investment could be exchanged in a current transaction between willing parties, other than a forced liquidation sale. Investments in the State of Oregon Local Government Investment Pool (LGIP) are stated at fair value.

At June 30, 2011, the County's investments were rated as follows:

<u>Investment type</u>	<u>Total</u>	<u>Not Rated</u>
Local government investment pool	\$ 19,823,912	\$ 16,962,484

LINCOLN COUNTY, OREGON

Notes to Financial Statements, continued

June 30, 2011

Note 3 - Deposits and Investments, continued

The Oregon State Treasurer maintains the Oregon Short Term Fund (OSTF), of which the Local Government Investment Pool (LGIP) is a part. Participation by local governments is voluntary. The State of Oregon investment policies are governed by statute and the Oregon Investment Council. In accordance with Oregon Statutes, funds are invested as a prudent investor would do, exercising reasonable care, skill and caution. LGIP was created to offer a short-term investment alternative to Oregon local governments and it is not registered with the U.S. Securities and Exchange Commission. The investments are regulated by the OSTF and approved by the Oregon Investment Council (ORS 294.805 to 294.895). At June 30, 2011, the fair value of the City's deposits with the LGIP approximates cost. The OSTF financial statements are available at <http://www.ost.state.or.us/>.

The LGIP's portfolio concentration of credit risk at June 30, 2011 included: Corporate Notes (45.8%), U.S. Treasury and Agency Securities (38.5%), Government Guaranteed Corporate Securities (10.6%), Commercial Paper (2.7%), Bank Notes (1.2%), Certificates of Deposits (.6%) and Municipal Bonds (0.6%). The credit risk associated with the investments was: AAA rating (48.0%), AA rating (18.2%), A rating (32.5%), BBB rating (0.2%), not rated (.6%), and ratings withdrawn (0.5%).

Custodial Credit Risk: This is the risk that, in the event of the failure of a counterparty, the County will not be able to recover the value of its investments that are in the possession of an outside party. The County does not have a policy which limits the amount of investments that can be held by counterparties.

Note 4 - Receivables

Receivables at June 30, 2011 were as follows:

	Governmental Funds				Totals
	General	General Roads	Mental Health	Nonmajor	
Property taxes	\$ 1,684,227	\$ -	\$ -	\$ 119,860	\$ 1,804,087
Accounts	1,324,480	349,576	551,780	1,339,781	3,565,617
Less: allowance for doubtful accounts	-	-	(50,150)	(81,304)	(131,454)
	<u>\$ 3,008,707</u>	<u>\$ 349,576</u>	<u>\$ 501,630</u>	<u>\$ 1,378,337</u>	<u>\$ 5,238,250</u>

Note 5 - Interfund Transactions

Transfers are indicative of funding for capital projects, lease payments or debt service, subsidies of various County operations and re-allocations of special revenues.

The following schedule summarizes the County's transfer activity between funds within the governmental activities:

Transfer From	Transfer To	Amount
General	Human Services	\$ 153,039
General	Community Health Centers	154,461
Nonmajor Special Revenue	Mental Health	570,031
Total		<u>\$ 877,531</u>

LINCOLN COUNTY, OREGON

Notes to Financial Statements, continued

June 30, 2011

Note 6 - Capital Assets

A. Capital asset activity for the year ended June 30, 2011 was as follows:

Governmental Activities	<u>Balances July 1, 2010</u>	<u>Additions and Reclassifications</u>	<u>Deletions and Reclassifications</u>	<u>Balances June 30, 2011</u>
<i>Capital assets, not being depreciated:</i>				
Land and easements	\$ 837,125	\$ 7,700	\$ -	\$ 844,825
Land improvements	7,700	-	7,700	-
Infrastructure	90,691,843	-	-	90,691,843
Construction in progress	<u>2,813,851</u>	<u>372,340</u>	<u>2,510,743</u>	<u>675,448</u>
Total capital assets, not being depreciated	<u>\$ 94,350,519</u>	<u>\$ 380,040</u>	<u>\$ 2,518,443</u>	<u>\$ 92,212,116</u>
<i>Capital assets being depreciated:</i>				
Infrastructure	\$ 58,827,821	\$ 1,912,397	\$ -	\$ 60,740,218
Buildings	15,663,660	-	-	15,663,660
Improvements	4,704,836	1,904,023	-	6,608,859
Equipment	<u>11,067,545</u>	<u>911,289</u>	<u>2,025,141</u>	<u>9,953,693</u>
Total capital assets being depreciated	<u>90,263,862</u>	<u>4,727,709</u>	<u>2,025,141</u>	<u>92,966,430</u>
<i>Less accumulated depreciation for:</i>				
Infrastructure	44,084,149	747,087	-	44,831,236
Buildings	7,117,639	409,120	-	7,526,759
Improvements	1,279,997	352,980	-	1,632,977
Equipment	<u>8,136,826</u>	<u>726,934</u>	<u>2,022,934</u>	<u>6,840,826</u>
Total accumulated depreciation	<u>60,618,611</u>	<u>2,236,121</u>	<u>2,022,934</u>	<u>60,831,798</u>
Total capital assets being depreciated, net	<u>\$ 29,645,251</u>	<u>\$ 2,491,588</u>	<u>\$ 2,207</u>	<u>\$ 32,134,632</u>
	<u>\$ 123,995,770</u>	<u>\$ 2,871,628</u>	<u>\$ 2,520,650</u>	<u>\$ 124,346,748</u>

B. Depreciation expense was charged to governmental functions as follows:

General government	\$ 390,152
Community services	144,806
Public safety	529,415
Highways and streets	1,051,108
Culture and recreation	81,980
Health and welfare	<u>38,660</u>
Total depreciation expense - governmental activities	<u>\$ 2,236,121</u>

LINCOLN COUNTY, OREGON

Notes to Financial Statements, continued

June 30, 2011

Note 7 - Construction Commitments

The government has entered into contracts for construction, as follows:

	Project Authorization	Expended to Date	Commitment
Oceanview Drive	\$ 379,995	\$ 252,413	\$ 127,582
Deer Creek / Salmon Creek Bridges	523,473	214,246	309,227
Trapp Creek Road Bridge	<u>1,727,000</u>	<u>-</u>	<u>1,727,000</u>
Totals	<u>\$ 2,630,468</u>	<u>\$ 466,659</u>	<u>\$ 2,163,809</u>

Note 8 - Deferred Revenue

Deferred revenue for the governmental funds at June 30, 2011 consists of:

	Governmental Funds			Total
	General Fund	Mental Health Fund	Nonmajor Governmental Funds	
Property taxes	\$ 1,523,448	\$ -	\$ 105,497	\$ 1,628,945
Accounts receivable	-	187,791	215,762	403,553
Other Revenue	-	-	-	-
Totals	<u>\$ 1,523,448</u>	<u>\$ 187,791</u>	<u>\$ 321,259</u>	<u>\$ 2,032,498</u>

LINCOLN COUNTY, OREGON

Notes to Financial Statements, continued

June 30, 2011

Note 9 - Long-Term Obligations

General obligation bonds are direct obligations and pledge the full faith and credit of the government. General obligation bonds currently outstanding are as follows:

Purpose	Interest Rates	Amount
Governmental Activities - Tax-Exempt Loan		
Original loan issued on October 17, 2007 for \$2,140,000 to be repaid over a period of 5 years with an annual principal payment and semi-annual interest payments. Used to finance upgrades to the County's telecommunication system and financial reporting system.	3.75%	<u>908,000</u>
Total general obligation bonds outstanding		<u>\$ 908,000</u>

Long-term liability activity for the year ended June 30, 2011, was as follows:

	Outstanding July 1, 2010	Additions	Reductions	Outstanding June 30, 2011	Balances Due Within One Year
Governmental activities:					
Bonds payable					
Tax exempt loan	\$ 1,337,000	\$ -	\$ (429,000)	\$ 908,000	\$ 446,000
Total bonds payable	1,337,000	-	(429,000)	908,000	446,000
Vested compensated absences	<u>1,960,544</u>	<u>182,716</u>	<u>(124,277)</u>	<u>2,018,983</u>	<u>125,000</u>
Total Governmental activities long-term liabilities	<u>\$ 3,297,544</u>	<u>\$ 182,716</u>	<u>\$ (553,277)</u>	<u>\$ 2,926,983</u>	<u>\$ 571,000</u>
Business-type activities:					
Vested compensated absences	<u>\$ 5,361</u>	<u>\$ -</u>	<u>\$ (5,361)</u>	<u>\$ -</u>	<u>\$ -</u>

Annual debt service requirements to maturity for long-term obligations are as follows:

Fiscal Year	Governmental Activities	
	Principal	Interest
2012	446,000	25,688
2013	<u>462,000</u>	<u>8,663</u>
	<u>\$ 908,000</u>	<u>\$ 34,351</u>

LINCOLN COUNTY, OREGON

Notes to Financial Statements, continued

June 30, 2011

Note 10 - Operating Leases

The County leases office equipment and office facilities under operating leases expiring at various times through 2020. Total cost for such leases for the year ended June 30, 2011 was \$480,500. Minimum future rental payments under non-cancelable operating leases having remaining terms in excess of one year as of June 30, 2011 for each of the next five years are:

<u>Year Ended June 30,</u>	<u>Amount</u>
2012	\$ 464,106
2013	259,648
2014	208,934
2015	141,320
2016	121,932
Thereafter	<u>34,368</u>
Total	<u>\$ 1,230,308</u>

Note 11 - Defined Contribution Plan

The Lincoln County Retirement Plan is a defined contribution pension plan (401(k)) established by the County to provide benefits to substantially all employees, except for certain employees of the Sheriff's office. At June 30, 2011, there were 472 plan members. Required contributions are made semi-monthly at the rate of 11 percent of eligible employees' salaries. The County's contribution for each employee and interest allocated to the employee's account are fully vested after four years of membership. County contributions for, and interest forfeited by, employees who leave employment before four years of service are placed in a forfeiture account. This account is used to pay current charges for administration of the plan and may be used to reduce the County's contribution requirement. The County made the required contributions of \$1,685,181 for the year ended June 30, 2011. Investments are self-directed by the employees between a fixed income account and a number of equity funds. Plan provisions and contribution requirements are established and may be amended by the Board of Commissioners.

Under the plan, employees also have the option of participating in a deferred salary arrangement pursuant to a salary reduction agreement. The deferred salary cannot exceed the amount allowable by Internal Revenue Code Section 415. Contributions to the deferred salary option during the year ended June 30, 2011, amounted to \$416,005.

Note 12 - Deferred Compensation Plan

The County's employees can contribute to the Lincoln County deferred compensation plan created in accordance with the Internal Revenue Code Section 457(g) ("457 Plan"). The 457 Plan is administered by independent plan administrators through administrative service agreements. The 457 Plan is available to substantially all employees of the County. Employees may defer a portion of their salary until future years. Deferred compensation is not available to employees until termination, retirement, death, or financial hardship. The 457 Plan's assets are held in a custodial account for the exclusive benefit of participants and beneficiaries, and are not subject to claims of the County's creditors, nor can they be used by the County for any purpose other than the payment of benefits to the plan participants. Accordingly, these plan assets and related liability are not recorded on the accompanying statement of net assets. Employee contributions to the 457 Plan for the year ended June 30, 2011, were \$190,729.

LINCOLN COUNTY, OREGON

Notes to Financial Statements, continued

June 30, 2011

Note 13- Defined Benefit Pension Plan

Retirement plan

The County contributes to the Oregon Public Employees' Retirement System (PERS), a cost sharing multiple-employer defined benefit pension plan and the Oregon Public Service Retirement Plan (OPSRP), a cost sharing multiple-employer hybrid pension plan. Both PERS and OPSRP are governed by the Public Employees' Retirement Board (PERB) under the provisions of Oregon Revised Statutes 238. PERS provides retirement benefits under a variety of benefit options, as selected by retiring employees, and provides death and disability benefits. OPSRP provides a combination of retirement benefits under a defined benefit plan and an individual account program (IAP), the balance of which will be paid out in either a lump sum or over a 5, 10, 15 or 20 year period. Employees hired on or after August 29, 2003 participate only in OPSRP. Beginning January 1, 2004, active PERS members hired before August 29, 2003 became members of the IAP of OPSRP. These members retain their existing PERS account, however any future member contributions will be placed in the IAP. A copy of the Oregon Public Employees Retirement System annual financial report may be obtained by writing to Public Employees' Retirement System, P.O. Box 23700, Tigard, OR 97281-3700, by calling (503) 598-7377 or at www.oregon.gov/PERS.

Certain employees are eligible to participate after completing six months of service. Covered employees are required by state statute to contribute 6 percent of their compensation to the plan. Current law permits the County to pay this amount on behalf of the employees. The County's contribution rate is set by PERB and is periodically adjusted based upon actuarial computations of the amount needed to provide retirement benefits. For employees hired before August 29, 2003, the County's contribution rate is 7.73 percent of covered compensation. For employees hired on or after August 29, 2003, the County's contribution rate is 3.1 percent of covered compensation.

The County's contribution to the plan for the years ending June 30, 2011, 2010 and 2009, were equal to the County's required contributions for each year as follows:

<u>Years Ended June 30,</u>	<u>Employer County Contribution</u>	<u>Employer Paid Member Contribution</u>	<u>Totals</u>
2011	\$ 253,325	\$ 249,212	\$ 502,537
2010	\$ 240,278	\$ 249,654	\$ 489,932
2009	\$ 382,914	\$ 255,382	\$ 638,296

Note 14 - Other Postemployment Benefits (OPEB)

During the year ended June 30, 2009, Lincoln County implemented the provisions of GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions (GASB 45). This pronouncement requires the County to report a net other postemployment benefit obligation (NOPEBO) as of June 30, 2011. The County has implemented the requirements of GASB 45 on a prospective basis. The NOPEBO is, in general, the cumulative difference between the actuarial required contributions and actual contributions since July 1, 2008.

Plan description and benefits provided

Retirees and their dependents, under age 65, are allowed to receive the same medical coverage at the same premium rates as offered to active employees. As required by ORS 243.303(2) retirees and their dependents are allowed to continue, at the retirees' expense, coverage under the group health insurance plan until age 65. The difference between retiree claims costs, which because of the effect of age is generally higher in comparison to all plan members, and the amount of retiree healthcare premiums represents the County's implicit contribution.

LINCOLN COUNTY, OREGON

Notes to Financial Statements, continued

June 30, 2011

Note 14 - Other Postemployment Benefits (OPEB), continued

Membership

The County's membership in the plan at August 1, 2008 (the date of the first actuarial valuation) consisted of the following:

Active employees	410
Retirees, spouse or dependents	<u>4</u>
Total	<u><u>414</u></u>

Funding policy and contributions

The required contribution is based on projected pay-as-you-go financing requirements. For the fiscal year ending June 30, 2011, the County's combined plan contributions were \$50,453. Implicit employer subsidies generally represent the increase in premiums the County must pay on behalf of its active employees as a consequence of providing retirees access to OPEB. The implicit premium requirements, as of August 1, 2010, for the County are as follows:

For retirees	\$	484
For spouses of retirees		520

The County has not established an irrevocable trust to accumulate assets to fund the cost of the net OPEB obligation that arises from the implicit subsidy.

LINCOLN COUNTY, OREGON

Notes to Financial Statements, continued

June 30, 2011

Note 14 - Other Postemployment Benefits (OPEB), continued

Annual OPEB cost and net OPEB Obligation

The County had its first actuarial valuation performed as of August 1, 2008 to determine the unfunded accrued actuarial liability (UAAL), annual required contribution (ARC) and NOPEBO as of that date. The ARC represents a level funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The annual OPEB cost as of June 30, 2011 is equal to the ARC as follows:

Normal cost	\$	291,225
Amortization of UAAL		199,447
Annual required contribution (ARC)	\$	490,672

The net OPEB obligation as of June 30, 2011 was calculated as follows:

Annual required contribution	\$	490,672
Interest on prior year Net OPEB obligation		38,371
Less: Adjustment to ARC		(60,189)
Annual OPEB Cost	\$	468,854
Less: Explicit Benefit Payments		-
Less: Implicit Benefit Payments		(91,110)
Increase in Net OPEB Obligation	\$	377,744
Net OPEB Obligation - beginning of year		852,692
Net OPEB Obligation - end of year		1,230,436

The County's annual OPEB cost, percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of June 30, 2011 is as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2009	\$ 550,220	15%	\$ 468,366
June 30, 2010	\$ 438,799	12%	\$ 852,692
June 30, 2011	\$ 468,854	19%	\$ 1,230,436

Funded status and funding progress

As of August 1, 2008, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$2,274,467, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability of \$2,274,467. The covered payroll amount (annual payroll of active employees covered by the plans) was \$20,226,728. and the ratio of the UAAL to the covered payroll was 11.2%. For the fiscal year ending June 30, 2011, the County has set aside \$0 to pay for future post-employment benefits for retired employees.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amount determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress included in the Notes to the Required Supplementary Information presents multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time, relative to the actuarial accrued liabilities for benefits.

LINCOLN COUNTY, OREGON

Notes to Financial Statements, continued

June 30, 2011

Note 14 - Other Postemployment Benefits (OPEB), continued

Actuarial methods and assumptions

Actuarial valuations will be performed every three years for the County's OPEB plan. Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and plan members and include the types of benefits provided at the time of each valuation and historical patterns of sharing of benefit costs between the employer and the plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets consistent with the long-term perspective of the calculations.

In the August 1, 2008 actuarial valuation, the projected unit credit actuarial cost method was used to determine contribution levels comprised of normal cost and amortization payments. The actuarial assumptions included a 4.5% rate for discounting future liabilities; a payroll growth rate of 3.75% per year; healthcare cost inflation trend rate of 8.0% in the first year, 7.0% in the second year, 6.5% in the third year, 6.0% for the 4th through 14th year, 5.5% for the 15th through 29th year, and 5.0% thereafter; and participation rate of 70% of future retirees electing coverage under the plan. The unfunded actuarially accrued liability is being amortized using a level percent of payroll over a open period of 15 years.

Note 15 - Risk Management

The County is exposed to various risks of loss related to theft of, damage to, and destruction of assets; torts; errors and omissions; injuries to employees; and natural disasters. The County purchases commercial insurance for such risks of loss. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

Effective July 1, 2010 the County became self-insured for worker's compensation and unemployment insurance. Premiums are paid into the Risk Management internal service fund by County departments based on each department's operating budget, claim activity, and vehicle usage. The County carries a supplemental liability policy with a \$10 million limit per occurrence or wrongful act, and a \$500,000 deductible. The annual aggregate limit of the policy is \$10 million. The policy renews July 1 of each year.

Note 16 - Net Assets Restricted Through Legislation

Net assets which are restricted through enabling legislation are as follows:

Oregon and federal laws restrict the usage of state gas tax and federal forest fees for road repairs and improvements	\$ 15,036,489
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Note 17 - Contingencies

A. General

The County is a defendant in several currently pending legal actions. Although their outcome cannot be determined, it is the opinion of management that settlement of these matters will not have a material effect on the basic financial statements.

Note 18 - Fund Deficits

The financial statements include the following fund with a cumulative fund deficit at June 30, 2011:

<u>Fund</u>	<u>Amount</u>
County School Fund	\$ 45,911

This deficit will be resolved through normal operating activity in the ensuing fiscal year.

REQUIRED SUPPLEMENTARY INFORMATION

LINCOLN COUNTY, OREGON
Notes to Required Supplementary Information
June 30, 2011

Schedule of Funding Progress - OPEB

Other Postemployment benefits (OPEB) schedule of funding progress:

<u>Valuation Date</u>	<u>Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Accrued Liability</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAL/ Payroll</u>
August 1, 2008	-	\$ 2,274,467	\$ 2,274,467	0%	\$ 22,311,273	10.19%

The County's OPEB benefits include an implicit benefit for retiree paid healthcare participation in the County's health insurance plan. The actuarial cost method is entry age normal.

**COMBINING AND INDIVIDUAL NONMAJOR FUNDS
STATEMENTS AND SCHEDULES**

Nonmajor Special Revenue Funds

Special revenue fund account for revenue derived from specific tax or other earmarked revenue sources, including federal and state grant awards, which are restricted to finance particular functions or activities.

- **Transit District** (a component unit) - The district provides a comprehensive transportation program for the County. It is funded by property tax and federal and state transportation grant programs.
- **County School** – Revenue of this fund is derived primarily from forest fees. The entire proceeds of the fund are distributed to the Lincoln County School District.
- **County Fair** – The operation of the Fair are accounted for in this fund. Major sources of revenue include state apportionments, annual fair proceeds, and grounds and building rentals.
- **Law Library** – This fund is used to maintain the County law library with revenues derived from court fees.
- **Clerk Records** – This fund accounts for expenditures incurred by the County Clerk to improve record storage and to acquire systems that facilitate records retrieval.
- **Health & Human Services** – This fund accounts for public health services through a variety of programs funded from grants and other resources.
- **Community Health Center** – This fund accounts for the operations of federally funded community health centers in various locations throughout the County.
- **Enforcement** – Fines for certain liquor and drug violations are earmarked by statute for this fund to be utilized for the enforcement of liquor and drug laws.
- **Animal Services** – A special 5-year property tax levy and the sale of dog licenses and fees charged by the County Animal Shelter provide the revenue for this fund to operate the shelter and provide animal control services county-wide.
- **Title III Safety Net** – Under Public Law 106-393, “The Secure Rural Schools and Community Self-Determination Act of 2000,” this fund accrues revenue to be set aside for projects authorized by the law.
- **Corner Preservation** – This fund accounts for expenditures incurred by the County Surveyor in the establishment, re-establishment, and maintenance of corners of government surveys.
- **Meth Grant Fund** – This fund is used to assure compliance with ORS Chapter 209 and 672 through review and policy development.
- **Extension Agency** (a component unit) – This fund accounts for the operations of the OSU/Lincoln County Extension Agency which provides educational programs to county citizens. The District is funded mainly from property tax.
- **Agate Beach Closure** – This fund accounts for the County's share of the post-closure obligations for the closed Agate Beach Landfill.
- **DUII** – This fund is used to comply with the legal provisions concerning the collection and expenditure of funds obtained through civil forfeiture proceedings.
- **Building Reserve** – This fund is used to accumulate funds for bringing County buildings up to code and for repairs and renovations to prevent losses due to earthquakes or other natural disasters.
- **Fair Facilities** – This fund accounts for the upgrade and improvement to the County Fairgrounds and its buildings and infrastructure through a dedicated transient room tax.

LINCOLN COUNTY, OREGON
NONMAJOR SPECIAL REVENUE FUNDS
Combining Balance Sheet
June 30, 2011

	<u>Transit District Fund</u>	<u>County School Fund</u>	<u>County Fair Fund</u>	<u>Law Library Fund</u>	<u>Clerk Records Fund</u>	<u>Health and Human Services Fund</u>	<u>Community Health Centers Fund</u>	<u>Enforcement Fund</u>
ASSETS								
Cash and investments	\$ 1,239,651	\$ 80	\$ 36,058	\$ 60,947	\$ 91,573	\$ 818,801	\$ 306,891	\$ 13,974
Receivables - net	<u>509,503</u>	<u>46</u>	<u>-</u>	<u>6,392</u>	<u>-</u>	<u>195,035</u>	<u>518,913</u>	<u>1,205</u>
Total assets	<u>\$ 1,749,154</u>	<u>\$ 126</u>	<u>\$ 36,058</u>	<u>\$ 67,339</u>	<u>\$ 91,573</u>	<u>\$ 1,013,836</u>	<u>\$ 825,804</u>	<u>\$ 15,179</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ 245,800	\$ 46,037	\$ 324	\$ 19,424	\$ -	\$ 87,830	\$ 58,236	\$ 25
Deferred revenue	51,176	-	-	-	-	12,015	203,747	-
Accrued payroll and related expenses	<u>29,368</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>59,945</u>	<u>40,976</u>	<u>339</u>
Total liabilities	<u>326,344</u>	<u>46,037</u>	<u>324</u>	<u>19,424</u>	<u>-</u>	<u>159,790</u>	<u>302,959</u>	<u>364</u>
Fund balances:								
Restricted	-	-	35,734	-	-	854,046	522,845	14,815
Committed	1,422,810	-	-	47,915	91,573	-	-	-
Assigned	-	-	-	-	-	-	-	-
Unassigned	<u>-</u>	<u>(45,911)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>1,422,810</u>	<u>(45,911)</u>	<u>35,734</u>	<u>47,915</u>	<u>91,573</u>	<u>854,046</u>	<u>522,845</u>	<u>14,815</u>
Total liabilities and fund balances	<u>\$ 1,749,154</u>	<u>\$ 126</u>	<u>\$ 36,058</u>	<u>\$ 67,339</u>	<u>\$ 91,573</u>	<u>\$ 1,013,836</u>	<u>\$ 825,804</u>	<u>\$ 15,179</u>

LINCOLN COUNTY, OREGON
NONMAJOR SPECIAL REVENUE FUNDS
 Combining Balance Sheet
 June 30, 2011

<u>Animal Services Fund</u>	<u>Title III/Safety Net Fund</u>	<u>Corner Preservation Fund</u>	<u>Meth Grant Fund</u>	<u>Extension Agency</u>	<u>Agate Beach Disposal Site Closure Fund</u>	<u>DUII Fund</u>	<u>Building Reserve Fund</u>	<u>Fair Facilities Fund</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 224,817	\$ 2,282,418	\$ 190,916	\$ (112)	\$ 368,137	\$ 731,600	\$ 1,587	\$ 5	\$ 517,268	\$ 6,884,611
<u>43,608</u>	<u>5,000</u>	<u>485</u>	<u>18,198</u>	<u>30,292</u>	<u>531</u>	<u>-</u>	<u>-</u>	<u>49,129</u>	<u>1,378,337</u>
<u>\$ 268,425</u>	<u>\$ 2,287,418</u>	<u>\$ 191,401</u>	<u>\$ 18,086</u>	<u>\$ 398,429</u>	<u>\$ 732,131</u>	<u>\$ 1,587</u>	<u>\$ 5</u>	<u>\$ 566,397</u>	<u>\$ 8,262,948</u>
\$ 11,190	\$ 30,100	\$ 669	\$ 6,920	\$ 2,783	\$ -	\$ 202	\$ -	\$ -	\$ 509,540
<u>30,611</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,710</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>321,259</u>
<u>14,500</u>	<u>-</u>	<u>3,380</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>148,508</u>
<u>56,301</u>	<u>30,100</u>	<u>4,049</u>	<u>6,920</u>	<u>26,493</u>	<u>-</u>	<u>202</u>	<u>-</u>	<u>-</u>	<u>979,307</u>
-	2,257,318	187,352	11,166	371,936	-	-	-	566,397	4,821,609
<u>212,124</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>732,131</u>	<u>1,385</u>	<u>-</u>	<u>-</u>	<u>2,507,938</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5</u>	<u>-</u>	<u>5</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(45,911)</u>
<u>212,124</u>	<u>2,257,318</u>	<u>187,352</u>	<u>11,166</u>	<u>371,936</u>	<u>732,131</u>	<u>1,385</u>	<u>5</u>	<u>566,397</u>	<u>7,283,641</u>
<u>\$ 268,425</u>	<u>\$ 2,287,418</u>	<u>\$ 191,401</u>	<u>\$ 18,086</u>	<u>\$ 398,429</u>	<u>\$ 732,131</u>	<u>\$ 1,587</u>	<u>\$ 5</u>	<u>\$ 566,397</u>	<u>\$ 8,262,948</u>

LINCOLN COUNTY, OREGON

NONMAJOR SPECIAL REVENUE FUNDS

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance

For the Year Ended June 30, 2011

	<u>Transit District Fund</u>	<u>County School Fund</u>	<u>County Fair Fund</u>	<u>Law Library Fund</u>	<u>Clerk Records Fund</u>	<u>Health and Human Services Fund</u>	<u>Community Health Centers Fund</u>	<u>Enforcement Fund</u>
REVENUES:								
Taxes and land sales	\$ 566,934	\$ 28,319	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	110,000	-	-	-	41,987	-	-	-
Charges for services	165,135	-	-	-	-	2,162,546	881,301	-
Intergovernmental revenues	945,123	852,280	36,031	-	-	1,090,414	1,263,182	-
Fines and penalties	-	-	-	58,644	-	-	-	14,680
Investment earnings	4,519	156	183	221	344	3,898	1,675	55
Donations	-	-	-	-	-	-	-	-
Other revenue	26,274	908	16,052	-	-	160,742	22,146	-
Total revenues	<u>1,817,985</u>	<u>881,663</u>	<u>52,266</u>	<u>58,865</u>	<u>42,331</u>	<u>3,417,600</u>	<u>2,168,304</u>	<u>14,735</u>
EXPENDITURES:								
Current:								
General government	-	-	-	-	1,384	-	-	-
Community services	1,416,311	-	-	-	-	-	-	-
Public safety	-	-	-	40,436	-	-	-	9,123
Culture and recreation	-	-	56,583	-	-	-	-	-
Public service	-	-	-	-	-	3,454,462	1,996,056	-
Education	-	927,574	-	-	-	-	-	-
Capital outlay	299,030	-	-	-	-	14,887	-	-
Total expenditures	<u>1,715,341</u>	<u>927,574</u>	<u>56,583</u>	<u>40,436</u>	<u>1,384</u>	<u>3,469,349</u>	<u>1,996,056</u>	<u>9,123</u>
Excess (deficiency) of revenues over (under) expenditures	<u>102,644</u>	<u>(45,911)</u>	<u>(4,317)</u>	<u>18,429</u>	<u>40,947</u>	<u>(51,749)</u>	<u>172,248</u>	<u>5,612</u>
OTHER FINANCING SOURCES (USES):								
Transfers in	-	-	-	-	-	153,039	154,461	-
Transfers out	-	-	-	-	-	(570,031)	-	-
Net change in fund balance	102,644	(45,911)	(4,317)	18,429	40,947	(468,741)	326,709	5,612
Beginning fund balance	1,320,166	-	40,051	29,486	50,626	1,322,787	196,136	9,203
Ending fund balance	<u>\$ 1,422,810</u>	<u>\$ (45,911)</u>	<u>\$ 35,734</u>	<u>\$ 47,915</u>	<u>\$ 91,573</u>	<u>\$ 854,046</u>	<u>\$ 522,845</u>	<u>\$ 14,815</u>

LINCOLN COUNTY, OREGON

NONMAJOR SPECIAL REVENUE FUNDS

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance

For the Year Ended June 30, 2011

<u>Animal Services Fund</u>	<u>Title III/Safety Net Fund</u>	<u>Corner Preservation Fund</u>	<u>Meth Grant Fund</u>	<u>Extension Agency</u>	<u>Agate Beach Disposal Site Closure Fund</u>	<u>DUII Fund</u>	<u>Building Reserve Fund</u>	<u>Fair Facilities Fund</u>	<u>Total</u>
\$ 648,428	\$ -	\$ -	\$ -	\$ 262,555	\$ -	\$ -	\$ -	\$ 223,077	\$ 1,729,313
91,746	-	107,008	-	-	6,292	839	-	-	357,872
17,243	-	-	-	9,747	-	-	-	-	3,235,972
-	88,425	41,424	59,233	-	-	-	-	-	4,376,112
4,805	-	-	-	-	-	-	-	-	78,129
1,007	10,927	961	-	1,427	3,556	6	-	2,102	31,037
31,209	-	-	-	-	-	-	-	-	31,209
-	-	-	-	8,097	-	922	-	-	235,141
<u>794,438</u>	<u>99,352</u>	<u>149,393</u>	<u>59,233</u>	<u>281,826</u>	<u>9,848</u>	<u>1,767</u>	<u>-</u>	<u>225,179</u>	<u>10,074,785</u>
-	-	134,441	-	-	-	-	-	-	135,825
-	77,555	-	-	-	15,632	-	-	-	1,509,498
612,309	-	-	61,884	-	-	1,376	-	-	725,128
-	-	-	-	-	-	-	-	3,663	60,246
-	-	-	-	-	-	-	-	-	5,450,518
-	-	-	-	308,683	-	-	-	-	1,236,257
-	-	-	-	-	-	-	-	-	313,917
<u>612,309</u>	<u>77,555</u>	<u>134,441</u>	<u>61,884</u>	<u>308,683</u>	<u>15,632</u>	<u>1,376</u>	<u>-</u>	<u>3,663</u>	<u>9,431,389</u>
<u>182,129</u>	<u>21,797</u>	<u>14,952</u>	<u>(2,651)</u>	<u>(26,857)</u>	<u>(5,784)</u>	<u>391</u>	<u>-</u>	<u>221,516</u>	<u>643,396</u>
-	-	-	-	-	-	-	-	-	307,500
-	-	-	-	-	-	-	-	-	(570,031)
182,129	21,797	14,952	(2,651)	(26,857)	(5,784)	391	-	221,516	380,865
29,995	2,235,521	172,400	13,817	398,793	737,915	994	5	344,881	6,902,776
<u>\$ 212,124</u>	<u>\$ 2,257,318</u>	<u>\$ 187,352</u>	<u>\$ 11,166</u>	<u>\$ 371,936</u>	<u>\$ 732,131</u>	<u>\$ 1,385</u>	<u>\$ 5</u>	<u>\$ 566,397</u>	<u>\$ 7,283,641</u>

LINCOLN COUNTY, OREGON

TRANSIT DISTRICT FUND

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Taxes and land sales	\$ 515,000	\$ 515,000	\$ 566,934	\$ 51,934
Licenses and permits	128,000	128,000	110,000	(18,000)
Intergovernmental revenues	1,156,140	1,156,140	945,123	(211,017)
Charges for services	161,000	161,000	165,135	4,135
Investment earnings	5,000	5,000	4,519	(481)
Other revenue	<u>27,200</u>	<u>27,200</u>	<u>26,274</u>	<u>(926)</u>
Total revenues	<u>1,992,340</u>	<u>1,992,340</u>	<u>1,817,985</u>	<u>(174,355)</u>
Expenditures:				
Personal services	1,137,037	1,137,037	945,009	192,028
Materials and services	507,230	507,230	471,302	35,928
Capital outlay	434,679	434,679	299,030	135,649
Contingency	<u>250,000</u>	<u>250,000</u>	<u>-</u>	<u>250,000</u>
Total expenditures	<u>2,328,946</u>	<u>2,328,946</u>	<u>1,715,341</u>	<u>613,605</u>
Net change in fund balances	(336,606)	(336,606)	102,644	439,250
Fund Balance:				
Beginning of year	<u>667,403</u>	<u>667,403</u>	<u>1,320,166</u>	<u>652,763</u>
End of year	<u>\$ 330,797</u>	<u>\$ 330,797</u>	<u>\$ 1,422,810</u>	<u>\$ 1,092,013</u>

LINCOLN COUNTY, OREGON

COUNTY SCHOOL FUND

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Taxes and land sales	\$ 33,500	\$ 33,500	\$ 28,319	\$ (5,181)
Intergovernmental revenues	1,428,000	1,428,000	852,280	(575,720)
Investment earnings	250	250	156	(94)
Other revenue	<u>500</u>	<u>500</u>	<u>908</u>	<u>408</u>
Total revenues	<u>1,462,250</u>	<u>1,462,250</u>	<u>881,663</u>	<u>(580,587)</u>
Expenditures:				
Materials and services	<u>1,462,250</u>	<u>1,462,250</u>	<u>927,574</u>	<u>534,676</u>
Total expenditures	<u>1,462,250</u>	<u>1,462,250</u>	<u>927,574</u>	<u>534,676</u>
Net change in fund balances	-	-	(45,911)	(45,911)
Fund Balance:				
Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (45,911)</u>	<u>\$ (45,911)</u>

LINCOLN COUNTY, OREGON

COUNTY FAIR FUND

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Intergovernmental revenues	\$ 41,702	\$ 41,702	\$ 36,031	\$ (5,671)
Investment earnings	98	98	183	85
Other revenue	<u>15,500</u>	<u>15,500</u>	<u>16,052</u>	<u>552</u>
Total revenues	<u>57,300</u>	<u>57,300</u>	<u>52,266</u>	<u>(5,034)</u>
Expenditures:				
Materials and services	58,050	58,050	56,583	1,467
Contingency	<u>28,421</u>	<u>28,421</u>	<u>-</u>	<u>28,421</u>
Total expenditures	<u>86,471</u>	<u>86,471</u>	<u>56,583</u>	<u>29,888</u>
Net change in fund balances	(29,171)	(29,171)	(4,317)	24,854
Fund Balance:				
Beginning of year	<u>29,171</u>	<u>29,171</u>	<u>40,051</u>	<u>10,880</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,734</u>	<u>\$ 35,734</u>

LINCOLN COUNTY, OREGON

LAW LIBRARY FUND

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Fines and penalties	\$ 48,000	\$ 48,000	\$ 58,644	\$ 10,644
Investment earnings	100	100	221	121
Total revenues	<u>48,100</u>	<u>48,100</u>	<u>58,865</u>	<u>10,765</u>
Expenditures:				
Materials and services	<u>64,083</u>	<u>64,083</u>	<u>40,436</u>	<u>23,647</u>
Net change in fund balances	(15,983)	(15,983)	18,429	34,412
Fund Balance:				
Beginning of year	<u>15,983</u>	<u>15,983</u>	<u>29,486</u>	<u>13,503</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 47,915</u>	<u>\$ 47,915</u>

LINCOLN COUNTY, OREGON

CLERK RECORDS FUND

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Licenses and permits	\$ 46,000	\$ 46,000	\$ 41,987	\$ (4,013)
Investment earnings	100	100	344	244
Total revenues	<u>46,100</u>	<u>46,100</u>	<u>42,331</u>	<u>(3,769)</u>
Expenditures:				
Personal services	8,793	8,793	-	8,793
Materials and services	<u>83,595</u>	<u>83,595</u>	<u>1,384</u>	<u>82,211</u>
Total expenditures	<u>92,388</u>	<u>92,388</u>	<u>1,384</u>	<u>91,004</u>
Net change in fund balances	(46,288)	(46,288)	40,947	87,235
Fund Balance:				
Beginning of year	<u>46,288</u>	<u>46,288</u>	<u>50,626</u>	<u>4,338</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 91,573</u>	<u>\$ 91,573</u>

LINCOLN COUNTY, OREGON
HEALTH AND HUMAN SERVICES FUND
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Intergovernmental revenues	\$ 1,374,612	\$ 1,407,112	\$ 1,090,414	\$ (316,698)
Charges for services	2,286,616	2,286,616	2,162,546	(124,070)
Investment earnings	1,500	1,500	3,898	2,398
Other revenue	<u>70,600</u>	<u>70,600</u>	<u>160,742</u>	<u>90,142</u>
Total revenues	<u>3,733,328</u>	<u>3,765,828</u>	<u>3,417,600</u>	<u>(348,228)</u>
Expenditures:				
Personal services	2,347,828	2,374,303	2,156,988	217,315
Materials and services	1,600,226	1,606,251	1,297,474	308,777
Capital outlay	-	-	14,887	(14,887)
Contingency	<u>257,342</u>	<u>257,342</u>	<u>-</u>	<u>257,342</u>
Total expenditures	<u>4,205,396</u>	<u>4,237,896</u>	<u>3,469,349</u>	<u>768,547</u>
Other financing sources (uses):				
Transfers in	<u>183,611</u>	<u>153,039</u>	<u>153,039</u>	<u>-</u>
Total other financing sources (uses)	<u>183,611</u>	<u>153,039</u>	<u>153,039</u>	<u>-</u>
Net change in fund balances	(288,457)	(319,029)	101,290	420,319
Fund Balance:				
Beginning of year	<u>565,586</u>	<u>565,586</u>	<u>1,322,787</u>	<u>757,201</u>
End of year	<u>\$ 277,129</u>	<u>\$ 246,557</u>	<u>1,424,077</u>	<u>\$ 1,177,520</u>
Reconciliation to GAAP Basis:				
Transfer of departments to Mental Health Fund			<u>(570,031)</u>	
GAAP Fund Balance - end of year			<u>\$ 854,046</u>	

LINCOLN COUNTY, OREGON
COMMUNITY HEALTH CENTERS FUND
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Intergovernmental revenues	\$ 1,195,694	\$ 1,222,234	\$ 1,263,182	\$ 40,948
Charges for services	846,900	846,900	881,301	34,401
Investment earnings	-	-	1,675	1,675
Other revenue	<u>7,000</u>	<u>7,000</u>	<u>22,146</u>	<u>15,146</u>
Total revenues	<u>2,049,594</u>	<u>2,076,134</u>	<u>2,168,304</u>	<u>92,170</u>
Expenditures:				
Personal services	1,718,404	1,463,184	1,392,930	70,254
Materials and services	<u>433,327</u>	<u>715,087</u>	<u>603,126</u>	<u>111,961</u>
Total expenditures	<u>2,151,731</u>	<u>2,178,271</u>	<u>1,996,056</u>	<u>182,215</u>
Excess revenues over (under) expenditures	<u>(102,137)</u>	<u>(102,137)</u>	<u>172,248</u>	<u>274,385</u>
Other financing sources (uses):				
Transfers in	<u>123,889</u>	<u>154,461</u>	<u>154,461</u>	<u>-</u>
Total other financing sources (uses)	<u>123,889</u>	<u>154,461</u>	<u>154,461</u>	<u>-</u>
Net change in fund balances	21,752	52,324	326,709	274,385
Fund Balance:				
Beginning of year	<u>-</u>	<u>-</u>	<u>196,136</u>	<u>196,136</u>
End of year	<u>\$ 21,752</u>	<u>\$ 52,324</u>	<u>\$ 522,845</u>	<u>\$ 470,521</u>

LINCOLN COUNTY, OREGON

ENFORCEMENT FUND

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Fines and penalties	\$ 33,000	\$ 33,000	\$ 14,680	\$ (18,320)
Investment earnings	200	200	55	(145)
Total revenues	<u>33,200</u>	<u>33,200</u>	<u>14,735</u>	<u>(18,465)</u>
Expenditures:				
Personal services	14,096	14,096	9,123	4,973
Materials and services	<u>23,385</u>	<u>23,385</u>	-	<u>23,385</u>
Total expenditures	<u>37,481</u>	<u>37,481</u>	<u>9,123</u>	<u>28,358</u>
Net change in fund balances	(4,281)	(4,281)	5,612	9,893
Fund Balance:				
Beginning of year	<u>4,281</u>	<u>4,281</u>	<u>9,203</u>	<u>4,922</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,815</u>	<u>\$ 14,815</u>

LINCOLN COUNTY, OREGON

ANIMAL SERVICES FUND

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Property taxes	\$ 653,765	\$ 653,765	\$ 648,428	\$ (5,337)
Licenses and permits	64,500	64,500	91,746	27,246
Charges for services	10,100	10,100	17,243	7,143
Fines and penalties	1,000	1,000	4,805	3,805
Investment earnings	1,500	1,500	1,007	(493)
Contributions and donations	<u>15,000</u>	<u>15,000</u>	<u>31,209</u>	<u>16,209</u>
Total revenues	<u>745,865</u>	<u>745,865</u>	<u>794,438</u>	<u>48,573</u>
Expenditures:				
Personal services	536,556	536,556	454,392	82,164
Materials and services	222,950	222,950	157,917	65,033
Contingency	<u>10,372</u>	<u>10,372</u>	<u>-</u>	<u>10,372</u>
Total expenditures	<u>769,878</u>	<u>769,878</u>	<u>612,309</u>	<u>157,569</u>
Net change in fund balances	(24,013)	(24,013)	182,129	206,142
Fund Balance:				
Beginning of year	<u>24,013</u>	<u>24,013</u>	<u>29,995</u>	<u>5,982</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 212,124</u>	<u>\$ 212,124</u>

LINCOLN COUNTY, OREGON

TITLE III/SAFETY NET FUND

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Intergovernmental revenues	\$ 69,075	\$ 69,075	\$ 88,425	\$ 19,350
Investment earnings	<u>16,000</u>	<u>16,000</u>	<u>10,927</u>	<u>(5,073)</u>
Total revenues	<u>85,075</u>	<u>85,075</u>	<u>99,352</u>	<u>14,277</u>
Expenditures:				
Materials and services	1,138,999	1,138,999	77,555	1,061,444
Capital outlay	<u>1,242,548</u>	<u>1,242,548</u>	<u>-</u>	<u>1,242,548</u>
Total expenditures	<u>2,381,547</u>	<u>2,381,547</u>	<u>77,555</u>	<u>2,303,992</u>
Net change in fund balances	(2,296,472)	(2,296,472)	21,797	2,318,269
Fund Balance:				
Beginning of year	<u>2,296,472</u>	<u>2,296,472</u>	<u>2,235,521</u>	<u>(60,951)</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,257,318</u>	<u>\$ (2,257,318)</u>

LINCOLN COUNTY, OREGON
CORNER PRESERVATION FUND
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Licenses and permits	\$ 120,000	\$ 120,000	\$ 107,008	\$ (12,992)
Intergovernmental revenues	21,700	21,700	41,424	19,724
Investment earnings	<u>2,000</u>	<u>2,000</u>	<u>961</u>	<u>(1,039)</u>
Total revenues	<u>143,700</u>	<u>143,700</u>	<u>149,393</u>	<u>5,693</u>
Expenditures:				
Personal services	172,924	172,924	123,099	49,825
Materials and services	35,600	35,600	11,342	24,258
Capital outlay	55,000	55,000	-	55,000
Contingency	<u>135,647</u>	<u>135,647</u>	<u>-</u>	<u>135,647</u>
Total expenditures	<u>399,171</u>	<u>399,171</u>	<u>134,441</u>	<u>264,730</u>
Net change in fund balances	(255,471)	(255,471)	14,952	270,423
Fund Balance:				
Beginning of year	<u>255,471</u>	<u>255,471</u>	<u>172,400</u>	<u>(83,071)</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 187,352</u>	<u>\$ 187,352</u>

LINCOLN COUNTY, OREGON

METH GRANT FUND

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Intergovernmental revenues	\$ <u>200,000</u>	\$ <u>200,000</u>	\$ <u>59,233</u>	\$ <u>(140,767)</u>
Expenditures:				
Personal services	13,918	13,918	-	13,918
Materials and services	246,500	246,500	61,884	184,616
Contingency	<u>44,972</u>	<u>44,972</u>	<u>-</u>	<u>44,972</u>
Total expenditures	<u>305,390</u>	<u>305,390</u>	<u>61,884</u>	<u>243,506</u>
Net change in fund balances	(105,390)	(105,390)	(2,651)	102,739
Fund Balance:				
Beginning of year	<u>105,390</u>	<u>105,390</u>	<u>13,817</u>	<u>(91,573)</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,166</u>	<u>\$ 11,166</u>

LINCOLN COUNTY, OREGON

EXTENSION AGENCY

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Property taxes	\$ 231,290	\$ 231,290	\$ 262,555	\$ 31,265
Intergovernmental revenues	136,000	136,000	-	(136,000)
Charges for services	10,515	10,515	9,747	(768)
Investment earnings	500	500	1,427	927
Other revenue	<u>750</u>	<u>750</u>	<u>8,097</u>	<u>7,347</u>
Total revenues	<u>379,055</u>	<u>379,055</u>	<u>281,826</u>	<u>(97,229)</u>
Expenditures:				
Personal services	275,393	275,393	188,728	86,665
Materials and services	173,605	173,605	119,955	53,650
Capital outlay	10,000	10,000	-	10,000
Contingency	<u>53,380</u>	<u>53,380</u>	<u>-</u>	<u>53,380</u>
Total expenditures	<u>512,378</u>	<u>512,378</u>	<u>308,683</u>	<u>203,695</u>
Net change in fund balances	(133,323)	(133,323)	(26,857)	106,466
Fund Balance:				
Beginning of year	<u>133,323</u>	<u>133,323</u>	<u>398,793</u>	<u>265,470</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 371,936</u>	<u>\$ 371,936</u>

LINCOLN COUNTY, OREGON
AGATE BEACH DISPOSAL SITE CLOSURE FUND
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Licenses and permits	\$ 4,000	\$ 4,000	\$ 6,292	\$ 2,292
Investment earnings	<u>5,000</u>	<u>5,000</u>	<u>3,556</u>	<u>(1,444)</u>
Total revenues	<u>9,000</u>	<u>9,000</u>	<u>9,848</u>	<u>848</u>
Expenditures:				
Materials and services	704,000	704,000	15,632	688,368
Capital outlay	5,000	5,000	-	5,000
Contingency	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>50,000</u>
Total expenditures	<u>759,000</u>	<u>759,000</u>	<u>15,632</u>	<u>743,368</u>
Net change in fund balances	(750,000)	(750,000)	(5,784)	744,216
Fund Balance:				
Beginning of year	<u>750,000</u>	<u>750,000</u>	<u>737,915</u>	<u>(12,085)</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 732,131</u>	<u>\$ 732,131</u>

LINCOLN COUNTY, OREGON

DUII FUND

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Licenses and permits	\$ 6,000	\$ 6,000	\$ 839	\$ (5,161)
Investment earnings	-	-	6	6
Other revenue	<u>-</u>	<u>-</u>	<u>922</u>	<u>922</u>
Total revenues	<u>6,000</u>	<u>6,000</u>	<u>1,767</u>	<u>(4,233)</u>
Expenditures:				
Materials and services	<u>7,000</u>	<u>7,000</u>	<u>1,376</u>	<u>5,624</u>
Net change in fund balances	(1,000)	(1,000)	391	1,391
Fund Balance:				
Beginning of year	<u>1,000</u>	<u>1,000</u>	<u>994</u>	<u>(6)</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,385</u>	<u>\$ 1,385</u>

LINCOLN COUNTY, OREGON

BUILDING RESERVE FUND

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance
Expenditures:				
Capital outlay	<u>\$ 5</u>	<u>\$ 5</u>	<u>\$ -</u>	<u>\$ 5</u>
Net change in fund balances	(5)	(5)	-	5
Fund Balance:				
Beginning of year	<u> 5</u>	<u> 5</u>	<u> 5</u>	<u> -</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5</u>	<u>\$ 5</u>

LINCOLN COUNTY, OREGON

FAIR FACILITIES FUND

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Taxes and land sales	\$ 270,000	\$ 270,000	\$ 223,077	\$ (46,923)
Investment earnings	1,175	1,175	2,102	927
Total revenues	<u>271,175</u>	<u>271,175</u>	<u>225,179</u>	<u>(45,996)</u>
Expenditures:				
Materials and services	106,175	106,175	3,663	102,512
Capital outlay	500,000	500,000	-	500,000
Total expenditures	<u>606,175</u>	<u>606,175</u>	<u>3,663</u>	<u>602,512</u>
Net change in fund balances	(335,000)	(335,000)	221,516	556,516
Fund Balance:				
Beginning of year	<u>335,000</u>	<u>335,000</u>	<u>344,881</u>	<u>9,881</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 566,397</u>	<u>\$ 566,397</u>

NONMAJOR ENTERPRISE FUND

- **Solid Waste District** (a component unit) – This fund is responsible for county-wide solid waste management planning and enforcement. The principal revenue source are charges against various municipalities within the County for tons of waste dumped.

LINCOLN COUNTY, OREGON

SOLID WASTE DISTRICT FUND

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Intergovernmental revenues	\$ 85,500	\$ 85,500	\$ 20,000	\$ (65,500)
Charges for services	205,620	205,620	180,626	(24,994)
Investment earnings	700	700	375	(325)
Other revenue	<u>7,040</u>	<u>7,040</u>	<u>1,206</u>	<u>(5,834)</u>
Total revenues	<u>298,860</u>	<u>298,860</u>	<u>202,207</u>	<u>(96,653)</u>
Expenditures:				
Personal services	118,350	100,336	93,767	6,569
Materials and services	245,353	263,367	180,564	82,803
Capital outlay	12,000	12,000	-	12,000
Contingency	<u>42,605</u>	<u>42,605</u>	<u>-</u>	<u>42,605</u>
Total expenditures	<u>418,308</u>	<u>418,308</u>	<u>274,331</u>	<u>143,977</u>
Net change in fund balances	(119,448)	(119,448)	(72,124)	47,324
Fund Balance:				
Beginning of year	<u>119,448</u>	<u>119,448</u>	<u>131,295</u>	<u>11,847</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	59,171	<u>\$ 59,171</u>
Reconciliation to GAAP Basis:				
Compensated absences			<u>(8,635)</u>	
GAAP Fund Balance - end of year			<u>\$ 50,536</u>	

NONMAJOR INTERNAL SERVICE FUND

- **Self Insurance Fund** - This fund accounts for costs of the County's self-insurance programs. Charges to other organizational units and refunds from insurance policies support these activities.

LINCOLN COUNTY, OREGON

SELF INSURANCE FUND

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Charges for services	\$ 965,000	\$ 965,000	\$ 786,413	\$ (178,587)
Investment earnings	5,000	5,000	1,521	(3,479)
Other revenue	<u>13,500</u>	<u>13,500</u>	<u>43,769</u>	<u>30,269</u>
Total revenues	<u>983,500</u>	<u>983,500</u>	<u>831,703</u>	<u>(151,797)</u>
Expenditures:				
Personal services	958,962	180,887	171,574	9,313
Materials and services	459,025	1,237,100	830,193	406,907
Capital outlay	100,000	100,000	-	100,000
Contingency	<u>423,031</u>	<u>423,031</u>	<u>-</u>	<u>423,031</u>
Total expenditures	<u>1,941,018</u>	<u>1,941,018</u>	<u>1,001,767</u>	<u>939,251</u>
Net change in fund balances	(957,518)	(957,518)	(170,064)	787,454
Fund Balance:				
Beginning of year	<u>957,518</u>	<u>957,518</u>	<u>783,473</u>	<u>(174,045)</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 613,409</u>	<u>\$ 613,409</u>

NONMAJOR FIDUCIARY FUNDS

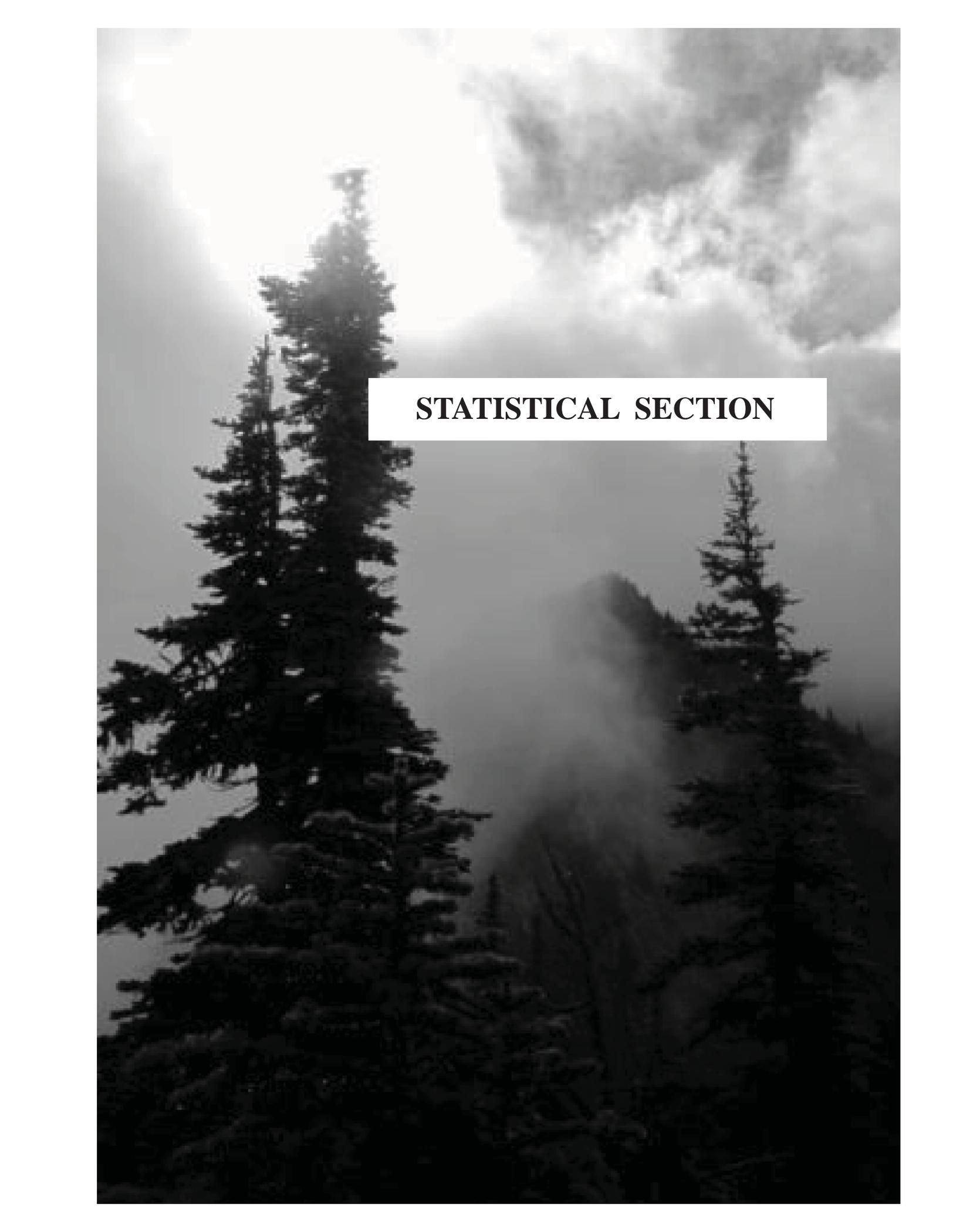
Agency Funds

These funds account for resources received and held by the County in a fiduciary capacity. Funds included are:

- The Agency Funds account for resources received and held by the County in a fiduciary capacity. Disbursements from these funds are made in accordance with the agency agreement or applicable legislative enactment for each particular fund.

LINCOLN COUNTY, OREGON
AGENCY FUND
Schedule of Changes in in Assets and Liabilities
For the Year Ended June 30, 2011

	<u>Balances</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balances</u> <u>June 30, 2011</u>
ASSETS				
Cash and investments	\$ 2,388,400	\$ 264,697,884	\$ 264,811,203	\$ 2,275,081
Receivables	<u>6,284,643</u>	<u>70,449,618</u>	<u>69,876,309</u>	<u>6,857,952</u>
Total assets	<u>\$ 8,673,043</u>	<u>\$ 335,147,502</u>	<u>\$ 334,687,512</u>	<u>\$ 9,133,033</u>
LIABILITIES				
Accounts payable	\$ 586,806	\$ 589,979	\$ 586,806	\$ 589,979
Amounts held for others	<u>8,086,237</u>	<u>334,557,523</u>	<u>334,100,706</u>	<u>8,543,054</u>
Total liabilities	<u>\$ 8,673,043</u>	<u>\$ 335,147,502</u>	<u>\$ 334,687,512</u>	<u>\$ 9,133,033</u>



STATISTICAL SECTION

STATISTICAL SECTION

Contents Page

Financial Trends **65-68**

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity **69-72**

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

Debt Capacity **73-76**

These schedules present information to help the reader assess the affordability of the government's current levels of debt outstanding and the government's ability to issue additional debt in the future.

Demographic and Economic Information **77-78**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Operating Information **79-81**

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

LINCOLN COUNTY

**NET ASSETS BY COMPONENT
(Accrual Basis of Accounting)
(in thousands of dollars)**

	Year ended June 30,								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Invested in capital assets, net of related debt	\$ 115,313	\$ 116,325	\$ 115,587	\$ 120,699	\$ 120,717	\$ 115,493	\$ 119,306	\$ 122,659	\$ 123,439
Restricted	145	200	3,383	3,257	3,278	19,717	20,238	17,921	15,036
Unrestricted	23,546	24,087	25,876	27,687	29,264	14,741	11,595	11,600	12,536
Total Net Assets	<u>\$ 139,004</u>	<u>\$ 140,612</u>	<u>\$ 144,846</u>	<u>\$ 151,643</u>	<u>\$ 153,259</u>	<u>\$ 149,951</u>	<u>\$ 151,139</u>	<u>\$ 152,180</u>	<u>\$ 151,011</u>

Accrual-based financial information for the county government as a whole is available from 2003 forward, the year GASB Statement 34 was implemented.

LINCOLN COUNTY

**CHANGES IN NET ASSETS
(Accrual Basis of Accounting)
(in thousands of dollars)**

	Year ended June 30,								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
EXPENSES									
Governmental Activities									
General Government	\$ 5,662	\$ 5,652	\$ 7,026	\$ 8,277	\$ 9,320	\$ 11,082	\$ 11,229	\$ 9,427	\$ 9,344
Community Services	2,569	2,677	2,962	3,239	3,246	4,065	4,205	4,030	3,783
Public Safety	12,887	13,157	14,962	14,273	15,390	16,766	17,322	16,484	16,972
Highways and Streets	6,637	6,404	5,556	6,702	5,684	8,509	7,543	7,614	8,366
Culture and Recreation	264	239	256	112	(127)	249	198	265	142
Health and Welfare	9,939	9,502	10,053	10,968	12,622	11,881	12,033	10,101	10,994
Education	1,786	1,618	1,741	1,877	1,764	1,668	1,569	1,421	1,236
Interest	278	259	92	81	54	95	93	63	41
Total Governmental Activities Expense	\$ 40,022	\$ 39,508	\$ 42,648	\$ 45,529	\$ 47,953	\$ 54,315	\$ 54,192	\$ 49,405	\$ 50,878
Business-type Activities									
Solid waste	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 278	\$ 278
Total Business-type Activities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 278	\$ 278
Total Primary Government Expenses	\$ 40,022	\$ 39,508	\$ 42,648	\$ 45,529	\$ 47,953	\$ 54,315	\$ 54,192	\$ 49,683	\$ 51,156
PROGRAM REVENUES									
Governmental Activities									
Charges for Services									
General Government	\$ 1,944	\$ 1,997	\$ 2,272	\$ 2,175	\$ 2,261	\$ 1,842	\$ 2,476	\$ 1,967	\$ 2,365
Community Services	74	384	422	437	494	559	670	406	397
Public Safety	227	255	303	367	502	447	911	1,266	1,061
Highways and Streets	320	305	523	701	619	1,365	1,144	-	-
Culture and Recreation	-	-	-	-	-	-	-	-	-
Health and Welfare	3,339	3,665	3,959	4,509	3,700	3,454	6,188	4,142	5,430
Education	9	6	5	6	1	1	6	2	10
Operating Grants and Contributions	10,603	13,021	17,542	14,997	17,279	18,962	19,766	21,192	19,520
Capital Grants and Contributions	24	630	22	5,165	18	1,500	12	2,136	562
Total Governmental Activities Program Revenues	\$ 16,540	\$ 20,263	\$ 25,048	\$ 28,357	\$ 24,874	\$ 28,130	\$ 31,173	\$ 31,111	\$ 29,345
Business-type Activities - Solid waste									
Charges for Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 213	\$ 182
Operating Grants and Contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20	\$ 20
Total Business-type Activities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 233	\$ 202
Total Primary Government Program Revenues	\$ 16,540	\$ 20,263	\$ 25,048	\$ 28,357	\$ 24,874	\$ 28,130	\$ 31,173	\$ 31,344	\$ 29,547
Net (Expense)/Revenue									
Governmental Activities	\$ (23,482)	\$ (19,245)	\$ (17,600)	\$ (17,172)	\$ (23,079)	\$ (26,185)	\$ (23,019)	\$ (18,294)	\$ (21,533)
Business-type Activities	-	-	-	-	-	-	-	(45)	(76)
Total Primary Government Net Expense	\$ (23,482)	\$ (19,245)	\$ (17,600)	\$ (17,172)	\$ (23,079)	\$ (26,185)	\$ (23,019)	\$ (18,339)	\$ (21,609)
GENERAL REVENUES AND OTHER									
Taxes									
Property Taxes	\$ 13,371	\$ 13,477	\$ 13,974	\$ 14,653	\$ 15,287	\$ 15,954	\$ 16,705	\$ 16,942	\$ 18,188
Transient Room Taxes	-	-	-	-	-	-	-	-	1,666
Other Taxes	1,028	1,030	1,115	1,237	1,285	1,086	1,640	1,631	265
Unrestricted Grants and Contributions	3,063	2,895	2,949	3,032	2,957	3,448	3,335	-	-
Investment Earnings	409	293	613	1,213	1,685	1,541	661	219	163
State Motor Vehicle Fees	2,025	2,061	2,272	2,352	2,335	-	-	-	-
Federal and State Forest Fees	5,537	-	-	-	-	-	-	-	-
Timber and Land Sales	-	583	574	992	517	483	556	564	161
Gain (Loss) on Sale of Capital Assets	86	25	18	11	(24)	(162)	16	23	(2)
Miscellaneous	518	488	319	479	655	528	543	-	-
Total Governmental Activities	\$ 26,037	\$ 20,852	\$ 21,834	\$ 23,969	\$ 24,697	\$ 22,878	\$ 23,456	\$ 19,379	\$ 20,441
Business-type Activities									
Investment Earnings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1	\$ -
Total Business-type Activities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1	\$ -
Total Primary Government	\$ 26,037	\$ 20,852	\$ 21,834	\$ 23,969	\$ 24,697	\$ 22,878	\$ 23,456	\$ 19,380	\$ 20,441
CHANGE IN NET ASSETS									
Governmental Activities	\$ 2,555	\$ 1,607	\$ 4,234	\$ 6,797	\$ 1,618	\$ (3,307)	\$ 437	\$ 1,085	\$ (1,092)
Business-type Activities	-	-	-	-	-	-	-	(44)	(76)
Total Primary Government Change in Net Assets	\$ 2,555	\$ 1,607	\$ 4,234	\$ 6,797	\$ 1,618	\$ (3,307)	\$ 437	\$ 1,041	\$ (1,168)

Notes

1. Accrual-based financial information for the county government as a whole is available from 2003 forward, the year GASB Statement 34 was implemented.
2. The Solid Waste fund was categorized as a business-type fund for the first time in FY 2010. Therefore, no historical data separate from the governmental activities is available before this year.
3. Data for transient room taxes is included with "Other Taxes" category for years prior to 2011

LINCOLN COUNTY

FUND BALANCES OF GOVERNMENTAL FUNDS

(Modified Accrual Basis of Accounting)
(in thousands of dollars)

	Year ended June 30,								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
GENERAL FUND									
Reserved	\$ 9	\$ 5	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	6,735	7,511	8,012	9,517	9,592	8,346	4,486	4,135	-
Nonspendable	-	-	-	-	-	-	-	-	3
Restricted	-	-	-	-	-	-	-	-	673
Assigned	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	4,464
Total General Fund	\$ 6,744	\$ 7,516	\$ 8,012	\$ 9,517	\$ 9,592	\$ 8,346	\$ 4,486	\$ 4,135	\$ 5,140
ALL OTHER GOVERNMENTAL FUNDS									
Reserved For:									
Debt Service	\$ 145	\$ 200	\$ 236	\$ 223	\$ 246	\$ 262	\$ 262	\$ -	\$ -
Outpatient Services	-	-	-	-	-	50	50	50	-
Inventories	375	332	-	-	-	-	-	-	-
Unreserved, reported in Special Revenue Funds	14,706	15,084	20,401	21,210	22,907	25,582	25,545	25,261	-
Nonspendable	-	-	-	-	-	-	-	-	330
Restricted	-	-	-	-	-	-	-	-	19,528
Committed	-	-	-	-	-	-	-	-	3,127
Assigned	-	-	-	-	-	-	-	-	50
Unassigned	-	-	-	-	-	-	-	-	(46)
Total All Other Governmental Funds	\$ 15,226	\$ 15,616	\$ 20,637	\$ 21,433	\$ 23,153	\$ 25,894	\$ 25,857	\$ 25,311	\$ 22,989

Notes:

1. Due to changes in the county's fund structure connected with the implementation of GASB Statement 34, fund balance information is available from 2003 forward.

2. This schedule has been modified with the implementation of GASB 54, effective FY 2011.

LINCOLN COUNTY
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
(Modified Accrual Basis of Accounting)
(in thousands of dollars)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
REVENUES										
Taxes and Land Sales	\$ 14,582	\$ 15,450	\$ 15,452	\$ 16,069	\$ 17,063	\$ 17,132	\$ 17,737	\$ 18,854	\$ 19,009	\$ 19,983
Licenses, Fees, and Permits	1,348	1,751	1,957	2,248	2,554	2,253	1,908	1,532	1,431	1,416
Charges for Services	2,974	3,500	3,733	4,077	4,696	5,477	5,707	6,518	12,261	8,250
Intergovernmental	19,616	19,896	18,474	23,407	21,478	22,383	22,682	21,748	17,333	19,020
Court Fines	112	101	114	128	132	147	160	130	138	133
Interest	521	395	299	627	1,240	1,719	1,544	637	215	162
Miscellaneous	1,142	1,455	875	921	720	1,016	885	2,717	1,113	772
Total Revenues	\$ 40,295	\$ 42,548	\$ 40,904	\$ 47,477	\$ 47,883	\$ 50,127	\$ 50,623	\$ 52,136	\$ 51,500	\$ 49,736
EXPENDITURES										
General Government	\$ 7,289	\$ 6,250	\$ 6,472	\$ 6,592	\$ 7,276	\$ 8,366	\$ 9,402	\$ 10,395	\$ 8,406	\$ 8,329
Community Services	2,062	2,647	2,522	2,805	3,159	3,156	4,187	4,050	3,910	3,633
Public Safety	11,646	11,865	12,332	14,146	14,162	14,759	16,133	16,746	15,957	16,443
Highways and Streets	4,654	4,830	4,901	4,808	6,681	5,607	4,336	4,564	6,594	7,177
Culture and Recreation	241	241	223	242	244	245	233	192	51	60
Health and Welfare	8,357	9,039	8,894	9,473	10,432	12,188	11,822	11,495	10,065	10,956
Education	1,475	1,643	1,516	1,635	1,795	1,668	1,669	1,566	1,421	1,236
Capital Outlay	2,702	2,070	1,893	1,092	1,226	1,620	2,715	6,291	4,956	2,748
Debt Service										
Principal	754	793	838	892	645	665	675	705	799	429
Interest	330	294	254	114	73	60	96	28	68	42
Total Expenditures	\$ 39,510	\$ 39,672	\$ 39,845	\$ 41,799	\$ 45,693	\$ 48,334	\$ 51,268	\$ 56,032	\$ 52,227	\$ 51,053
Excess of Revenues Over (Under) Expenditures	\$ 785	\$ 2,876	\$ 1,059	\$ 5,678	\$ 2,190	\$ 1,793	\$ (645)	\$ (3,896)	\$ (727)	\$ (1,317)
OTHER FINANCING SOURCES (USES)										
Proceeds from Long-Term Debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,140	\$ -	\$ -	\$ -
Transfers in	750	755	898	902	851	1,044	2,631	494	639	878
Transfers out	(750)	(755)	(748)	(727)	(738)	(1,044)	(2,631)	(494)	(639)	(878)
Net Change in Fund Balances	\$ 785	\$ 2,876	\$ 1,209	\$ 5,853	\$ 2,303	\$ 1,793	\$ 1,495	\$ (3,896)	\$ (727)	\$ (1,317)
Debt Service as a % of Noncapital Expenditures	3.0%	3.0%	3.0%	2.5%	1.6%	1.6%	1.6%	1.5%	1.9%	1.0%

LINCOLN COUNTY

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
(in thousands of dollars)

Year Ended June 30,	Real Property		Personal Property		Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Value	Assessed Value as a Percentage of Actual Value
	Manufactured Structures	Other Real Property	Manufactured Structures	Business Personal Property				
2002	\$ 66,108	\$ 4,307,443	\$ 28,143	\$ 116,396	\$ 4,518,090	\$ 2.9401	\$ 5,266,053	85.8%
2003	64,020	4,460,924	26,571	116,817	4,668,332	2.9528	5,334,777	87.5%
2004	64,795	4,572,000	25,621	111,294	4,773,710	2.9817	5,460,252	87.4%
2005	63,394	4,726,647	24,624	105,841	4,920,506	2.9747	5,770,292	85.3%
2006	62,089	4,947,378	27,479	105,371	5,142,317	2.9570	6,465,344	79.5%
2007	61,755	5,207,848	31,174	108,241	5,409,018	2.9620	8,607,856	62.8%
2008	60,927	5,495,187	32,745	114,225	5,703,084	2.9576	10,235,611	55.7%
2009	59,014	5,790,741	35,604	111,987	5,997,347	2.9538	11,030,893	54.4%
2010	54,519	6,042,207	37,950	121,456	6,256,132	2.8579	10,601,034	59.0%
2011	52,030	6,223,137	38,672	117,886	6,431,725	2.8202	9,694,409	66.3%

Source: Lincoln County Assessor's Office

**LINCOLN COUNTY
PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS**
Rate per \$1,000 of assessed value

Fiscal Year Ended	Lincoln County			Overlapping Rates			Total Direct and Overlapping Rates
	Operating	Debt Service	Total	Cities	Schools	Other Districts	
June 30,							
2002	\$ 2.7705	\$ 0.1696	\$ 2.9401	\$ 5.1765	\$ 6.1177	\$ 0.3880	\$ 14.6223
2003	2.7946	0.1582	2.9528	4.7074	6.3682	0.3753	14.4037
2004	2.7938	0.1879	2.9817	4.6352	6.2546	0.3756	14.2471
2005	2.8122	0.1625	2.9747	4.5736	6.5602	0.3597	14.4682
2006	2.8149	0.1421	2.9570	4.8349	6.5933	0.3451	14.7303
2007	2.8170	0.1450	2.9620	4.8198	6.4924	0.3463	14.6205
2008	2.8202	0.1374	2.9576	4.8744	6.4353	0.3756	14.6429
2009	2.8202	0.1336	2.9538	4.7598	6.4416	0.3922	14.5474
2010	2.8202	0.0377	2.8579	4.6874	6.4898	0.3972	14.4323
2011	2.8202	-	2.8202	4.8526	6.4401	0.3901	14.5030

Note: Overlapping rates are those of other governments that apply to property owners within Lincoln County. Not all overlapping rates apply to all property owners within the County as rates for cities, schools and other districts apply only to the proportion of the County's property owners whose property is located within the geographic boundaries of those governments.

Source: Lincoln County Assessor's Office

LINCOLN COUNTY

PRINCIPAL PROPERTY TAXPAYERS

(in thousands of dollars)

Current and Ten Years Ago

<u>Taxpayer</u>	2011			2001		
	Taxable Assessed Value	Rank	Percentage of County Total Assessed Value	Taxable Assessed Value	Rank	Percentage of County Total Assessed Value
	Value	Rank	Value	Value	Rank	Value
Georgia Pacific West Inc	\$ 148,970	1	32.1%	\$ 197,562	1	42.2%
Central Lincoln PUD	67,326	2	14.5%	48,176	3	10.3%
Plum Creek Timberlands	53,206	3	11.5%			
Northwest Natural Gas	39,017	4	8.4%	31,993	4	6.8%
COROC/Lincoln City LLC	32,521	5	7.0%			
The Worldmark Club	37,567	6	8.1%	19,498	8	4.2%
Nestucca Forests LLC	27,094	7	5.8%			
Charter Communications	18,490	8	4.0%			
Meriwether NW OR Land & Timber	20,809	9	4.5%			
Pacificorp	18,609	10	4.0%			
GPW Timber Inc				57,276	2	12.2%
Simpson Timber Co.				26,720	5	5.7%
R. R. Lincoln City Inc				24,860	6	5.3%
Boise Cascade Corp				24,130	7	5.2%
YCP Salishan LP				21,721	9	4.6%
Pioneer Telephone Coop.				16,580	10	3.5%

LINCOLN COUNTY

PROPERTY TAX LEVIES AND COLLECTIONS
(in thousands of dollars)

Year Ended June 30,	Tax Levy for Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	% of Levy		Amount	% of Levy
2002	\$12,100	\$11,335	93.7%	\$739	\$12,074	99.79%
2003	12,383	11,673	94.3%	558	12,231	98.77%
2004	12,702	12,117	95.4%	517	12,634	99.46%
2005	13,205	12,722	96.3%	473	13,195	99.92%
2006	13,847	13,367	96.5%	450	13,817	99.78%
2007	14,489	13,989	96.5%	434	14,423	99.54%
2008	15,153	14,508	95.7%	311	14,819	97.80%
2009	15,859	15,005	94.6%	466	15,471	97.55%
2010	15,942	15,092	94.7%	224	15,316	96.07%
2011	17,262	16,538	95.8%	-	16,538	95.81%

Source: Lincoln County Treasurer's Office

LINCOLN COUNTY

RATIOS OF OUTSTANDING DEBT BY TYPE

(amounts expressed in thousands except per capita amounts shown as actual)

Governmental Activities

Year Ended June 30	General Obligation Bonds	Notes and Capital Leases	Total	Debt Per Personal Income Per Capita
2002	\$ 4,971	\$ 795	\$ 5,766	\$ 219
2003	4,200	583	4,783	182
2004	3,700	359	4,059	147
2005	3,075	123	3,198	109
2006	2,430	-	2,430	80
2007	1,765	-	1,765	56
2008	1,090	2,140	3,230	96
2009	385	1,751	2,136	63
2010	-	1,337	1,337	40
2011	-	929	929	27

Note: Per Bureau of Economic Analysis (Regional Economic Accounts) (www.bea.gov). The latest personal income & per capita personal income available by BEA economic area is 2009.

*Sources: Lincoln County Finance Department
Bureau of Economic Analysis*

LINCOLN COUNTY

RATIOS OF GENERAL BONDED DEBT OUTSTANDING

(amounts expressed in thousands except per capita amounts shown as actual)

Year Ended June 30	General Obligation Bonds	Less: Amounts Available in Debt		Percentage of Estimated Actual Taxable Value of Property ^a	Outstanding Debt Per Capita ^b
		Service Fund	Total		
2001	\$5,425	\$480	\$4,945	0.096%	\$111
2002	4,971	469	4,502	0.085%	101
2003	4,200	145	4,055	0.076%	90
2004	3,700	200	3,500	0.064%	79
2005	3,075	236	2,839	0.049%	64
2006	2,430	224	2,206	0.034%	50
2007	1,765	246	1,519	0.018%	34
2008	1,090	262	828	0.008%	19
2009	385	262	123	0.001%	3
2010	0	0	0	0.000%	0
2011	0	0	0	0.000%	0

(a) Property values can be found on the Schedule of Assessed Value and Estimated Actual Value of Taxable Property.

(b) Population data can be found in the Schedule of Demographic and Economic Statistics.

LINCOLN COUNTY

DIRECT AND OVERLAPPING DEBT

As of June 30, 2011

Municipality	Net General Obligation Bonded Debt Outstanding	Percent within County	Amount Applicable to County
Direct:			
Lincoln County	\$ -	100.0000%	\$ -
Overlapping:			
City of Depoe Bay	\$ 804,892	100.0000%	\$ 804,892
City of Lincoln City	20,562,503	100.0000%	20,562,503
City of Newport	37,990,541	100.0000%	37,990,541
City of Toledo	1,690,000	100.0000%	1,690,000
City of Yachats	679,097	100.0000%	679,097
Kernville, Gleneden, Lincoln Beach Water District	758,161	100.0000%	758,161
Lincoln County Unified School District	46,437,244	99.4300%	46,172,552
Lower Siletz Water District	59,457	100.0000%	59,457
Newport South Beach Urban Renewal	1,880,000	100.0000%	1,880,000
North Lincoln Fire and Rescue District #1	6,015,000	98.9200%	5,950,038
Oregon Coast Community College	19,810,000	100.0000%	19,810,000
Panther Creek Water District	63,385	100.0000%	63,385
Port of Newport	14,817,000	100.0000%	14,817,000
Seal Rock Water District	1,415,000	100.0000%	1,415,000
Siletz Keys Sanitary District	73,582	100.0000%	73,582
Silver Sands Special Road District	35,000	100.0000%	35,000
Total Overlapping	\$ 153,090,862		\$ 152,761,208
Total	\$ 153,090,862		\$ 152,761,208

Includes general obligation bonds less any that are fully self-supporting.

Source: Municipal Debt Advisory Commission, State of Oregon

Overlapping debt percentage is calculated by determining the percentage of real market value the issuer shares between itself and another issuer. This data is provided to the Oregon Treasury annually by the Oregon

LINCOLN COUNTY

**LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(amounts expressed in thousands)**

Calculation of Legal Debt Margin for Fiscal Year 2011

True Cash Value	\$ 9,694,409
Debt Limit - 2% of true cash value per ORS 287.054	\$ 193,888
General Obligation Bonds	\$ -
Less: Amount set aside for repayment of G.O. debt	\$ -
Total Net Debt Applicable to Limit	\$ -
Legal Debt Margin	\$ 193,888

Legal Debt Margin History

Year ended June 30	2,002	2,003	2,004	2,005	2,006	2,007	2,008	2,009	2,010	2,011
True Cash Value of Property	\$ 5,266,053	\$ 5,334,777	\$ 5,460,252	\$ 5,770,292	\$ 6,465,344	\$ 8,607,856	\$ 10,235,611	\$ 11,030,893	\$ 10,601,034	\$ 9,694,409
Debt Limit	\$ 105,321	\$ 106,696	\$ 109,205	\$ 115,406	\$ 129,307	\$ 172,157	\$ 204,712	\$ 220,618	\$ 212,021	\$ 193,888
Total Net Debt Applicable to Limit	\$ 4,259	\$ 3,508	\$ 2,869	\$ 2,318	\$ 1,725	\$ 1,520	\$ 828	\$ 123	\$ -	\$ -
Legal Debt Margin	\$ 101,062	\$ 103,188	\$ 106,336	\$ 113,088	\$ 127,582	\$ 170,637	\$ 203,884	\$ 220,495	\$ 212,021	\$ 193,888
Total Net Debt Applicable to Limit As a Percentage of Debt Limit	4.04%	3.29%	2.63%	2.01%	1.33%	0.88%	0.40%	0.06%	0.00%	0.00%

LINCOLN COUNTY

DEMOGRAPHIC AND ECONOMIC STATISTICS

Year Ended June 30	Population ^a	Personal Income (\$000's) ^b	Per Capita Personal Income ^c	Unemployment Rate ^c
2001	44,650	1,141,477	25,565	5.6%
2002	44,700	1,177,532	26,343	7.1%
2003	45,000	1,181,160	26,248	8.1%
2004	44,400	1,225,662	27,605	8.4%
2005	44,405	1,352,897	29,445	6.9%
2006	44,520	1,388,580	30,436	6.0%
2007	44,360	1,455,639	31,796	5.0%
2008	44,715	1,544,924	33,485	5.5%
2009	45,946	156,174	33,810	10.4%
2010	46,293	NA	NA	11.0%
2011	46,135	NA	NA	10.1%

Sources: (a) US Census Bureau
 (b) Bureau of Economic Analysis
 (c) Oregon Employment Department

LINCOLN COUNTY

PRINCIPAL EMPLOYERS Current and Ten Years Ago

Employer	FY 2011			FY 2001		
	Employees	Rank	% of Total County Employment	Employees	Rank	% of Total County Employment
Confederated Tribes of the Siletz	1,127	1	5.6%	904	1	4.7%
Samaritan Health Services	853	2	4.2%	572	3	3.0%
Lincoln County School District	514	3	2.5%	613	2	3.2%
Georgia-Pacific	390	4	1.9%	500	4	2.6%
Lincoln County	382	5	1.9%	385	5	2.0%
Fred Meyer	221	6	1.1%	NA	-	NA
Trident Seafoods	180	7	0.9%	NA	-	NA
City of Newport	154	8	0.8%	NA	-	NA
Walmart	150	9	0.7%	NA	-	NA
City of Lincoln City	134	10	0.7%	NA	-	NA
Salishan Lodge	132	11	0.7%	215	7	1.1%
Inn at Spanish Head	85	12	0.4%	NA	-	NA
Oregon Coast Community College	80	13	0.4%	NA	-	NA
Total	4,402		21.7%	3,189		16.6%
 Total Employment - Lincoln County:	 20,279			 19,263		

Source: Central Coast Economic Development Alliance

LINCOLN COUNTY

FULL TIME EQUIVALENT EMPLOYEES BY FUNCTION
Last Ten Fiscal Years

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
FUNCTION										
General Government										
Highways and Streets	53	53	52	52	48	48	30	30	31	30
Other	84	84	84	83	83	89	91	81	71	72
Community Services										
Health and Welfare	85	84	82	87	97	95	118	90	90	98
Other	9	9	9	9	59	7	12	9	7	6.5
Public Safety										
Sheriff's Department	96	94	95	94	90	91	82	91	91	91
Other	68	66	63	64	16	73	71	65	61	59.5
Total	395	390	385	389	393	403	404	366	351	357
General Government	137	137	136	135	131	137	121	111	102	102
Community Services	94	93	91	96	156	102	130	99	97	104.5
Public Safety	164	160	158	158	106	164	153	156	152	150.5

Source : Lincoln County Finance Department

LINCOLN COUNTY

**OPERATING INDICATORS BY FUNCTION
Last Ten Fiscal Years**

FUNCTION	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Public Safety										
Physical Arrests	NA	867	997	1,122	1,199	1,195	1,134	1,224	817	708
Traffic Citations	NA	754	770	778	758	923	862	782	687	599
Highways and Streets										
Miles of Road Pavement Overlays	1.3	2.5	5.6	6.4	8.5	7.4	2.4	1.9	20.2	10.9
Miles of Road Shoulder Widening	2.3	3.1	3.8	4.6	2.9	2.3	0.7	1.9	1.5	0.0
# of Road Patches Performed	34	49	30	NA	NA	NA	18	26	40	24
Sanitation										
Pounds of Waste Generated Per Capita	2,417	2,498	2,496	2,774	NA	3,080	3,254	3,099	2,587	2,503
Pounds of Waste Recovered Per Capita	678	678	694	825	NA	810	898	957	761	815
Total Recovery Rate Average Per Person	NA	NA	NA	NA	NA	28.3%	29.6%	30.9%	29.4%	32.6%
Transportation										
Hours of Service	16,289	16,437	17,971	19,147	19,995	22,870	22,492	25,375	23,525	26,238
Number of Passengers	66,576	71,926	88,131	88,380	89,258	98,159	104,655	140,598	125,452	141,124
Miles Traveled	265,614	278,684	290,515	304,087	322,046	341,980	346,166	379,089	366,887	407,103

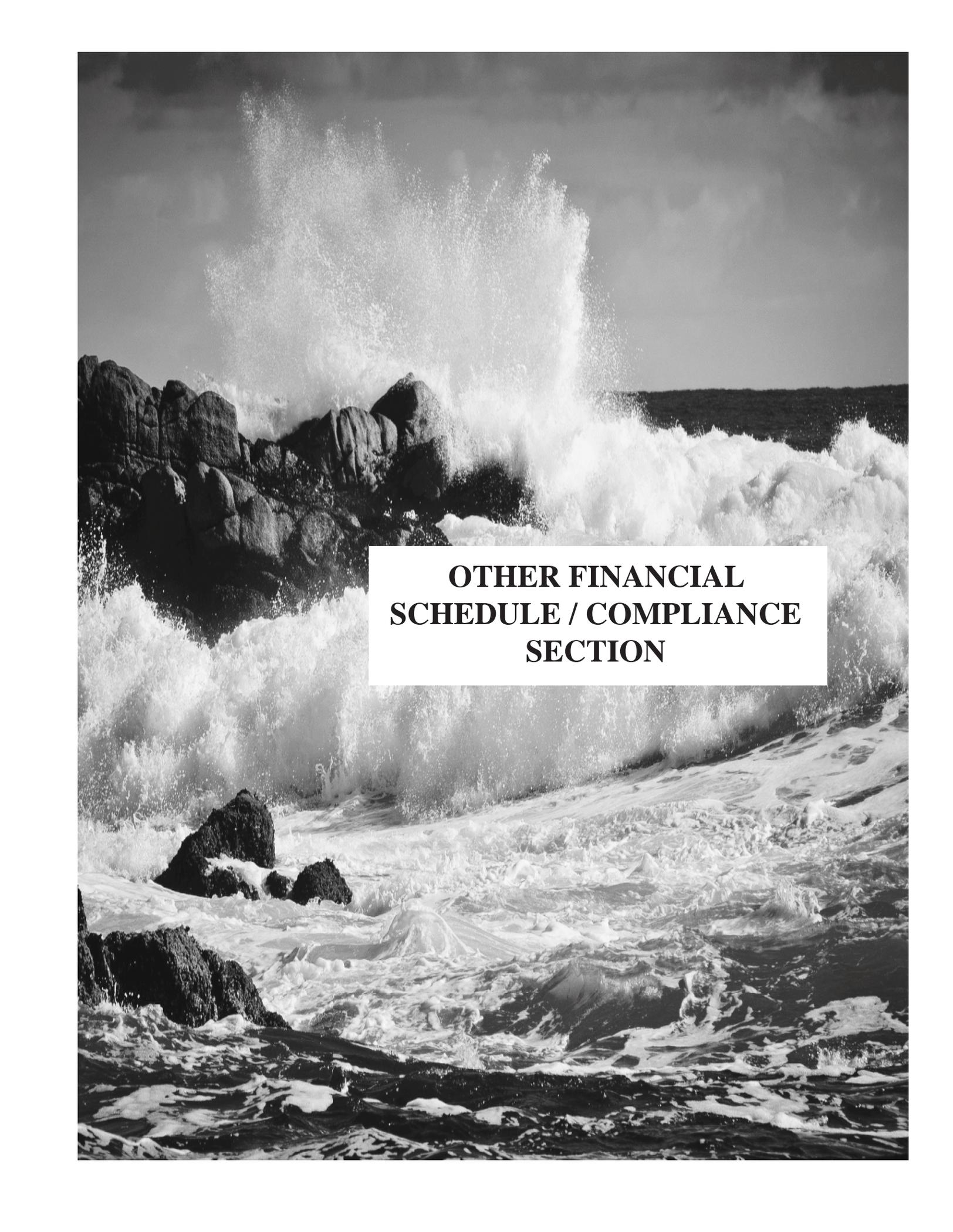
Source: Individual County Departments

LINCOLN COUNTY

**CAPITAL ASSET STATISTICS BY FUNCTION
Last Ten Fiscal Years**

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
FUNCTION										
Public Safety										
Patrol Units	21	21	24	25	25	24	29	28	28	28
Highways and Streets										
Streets (Miles)	329	329	330	330	335	335	335	332	332	332
Bridges	82	82	82	82	84	85	85	84	84	84
Parks	12	12	12	12	13	12	14	14	15	15
Transportation										
Number of Buses	10	10	17	17	16	16	16	19	19	19

Source : Individual County Departments

A black and white photograph capturing a powerful wave crashing against a rugged, rocky coastline. The water is turbulent, with a large plume of white foam and spray rising high into the air from the point of impact. The rocks are dark and jagged, contrasting sharply with the bright, frothy water. The sky is a uniform, dark grey, suggesting an overcast day. In the center of the image, a white rectangular box contains the text "OTHER FINANCIAL SCHEDULE / COMPLIANCE SECTION" in a bold, black, serif font.

**OTHER FINANCIAL
SCHEDULE / COMPLIANCE
SECTION**

OTHER FINANCIAL SCHEDULES

LINCOLN COUNTY, OREGON

Schedule of Receipts and Disbursements for Elected Officials

For the Year Ended June 30, 2011

	Cash and Investment Balances July 01, 2010	Receipts	Disbursements	Cash and Investment Balances June 30, 2011
Treasurer	\$ 30,109,509	\$ 332,491,421	\$ 332,580,118	\$ 30,020,812
District Attorney	184	-	-	184
Totals	<u>\$ 30,109,693</u>	<u>\$ 332,491,421</u>	<u>\$ 332,580,118</u>	<u>\$ 30,020,996</u>

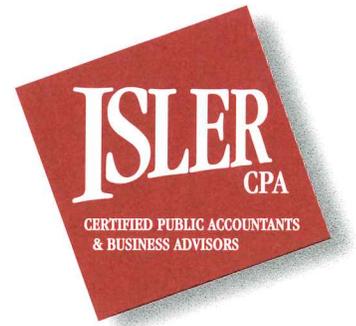
LINCOLN COUNTY, OREGON
 Schedule of Property Tax Transactions and Outstanding Balances
 For the Year Ended June 30, 2011

Fiscal Year Ended June 30,	Taxes Receivable June 30, 2010	2009-2010 Levy Extension	Additions	Discounts and Adjustments	Net Taxes for Collection	Total Cash Collection	Taxes Receivable June 30, 2011
2011	\$ -	\$ 88,800,319	\$ 13,028	\$ (2,311,125)	\$ 86,502,222	\$ 81,776,986	\$ 4,725,236
2010	4,476,260	-	-	(73,727)	4,402,533	2,244,176	2,158,357
2009	2,005,698	-	-	(6,887)	1,998,811	818,935	1,179,876
2008	901,620	-	-	(3,609)	898,011	563,491	334,520
2007	269,441	-	-	(3,095)	266,346	200,245	66,101
2006	55,123	-	-	(135,380)	(80,257)	(110,950)	30,693
2005	22,089	-	-	(4,491)	17,598	5,556	12,042
2004 and prior	164,326	-	-	(4,195)	160,131	4,917	155,214
Subtotal	7,894,557	-	-	(231,384)	7,663,173	3,726,370	3,936,803
Total	\$ 7,894,557	\$ 88,800,319	\$ 13,028	\$ (2,542,509)	\$ 94,165,395	\$ 85,503,356	\$ 8,662,039

Summary by fund types

General fund	\$ 1,684,227
Transportation district fund	56,567
Extension district fund	26,207
Animal services fund	37,086
Agency fund	6,857,952
Total	\$ 8,662,039

COMPLIANCE SECTION



COMMENTS AND DISCLOSURES OF INDEPENDENT AUDITORS' REQUIRED BY STATE STATUTE

To the Board of Commissioners
Lincoln County, Oregon
Newport, Oregon

We have audited the basic financial statements of Lincoln County, Oregon, Oregon (County) as of and for the year ended June 30, 2011, and have issued our report thereon dated December 30, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement.

Report on Internal Control

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

Compliance

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

We performed procedures to the extent we considered necessary to address the required comments and disclosures which included, but were not limited to the following:

- Accounting records and related internal control structure.
- The use of various depositories to secure the deposit of public funds. (ORS Chapter 295)
- The requirements relating to debt.
- The requirements relating to the preparation, adoption and execution of the City's budget for the year ending June 30, 2012. (ORS Chapter 294)
- The requirements relating to insurance and fidelity bond coverage.
- The appropriate laws, rules and regulations pertaining to programs funded wholly or partially by other governmental agencies.
- The requirements pertaining to the use of revenue from taxes on motor vehicle use fuel funds.
- Authorized investment of surplus funds. (ORS Chapter 294)
- The requirements pertaining to the awarding of public contracts and the construction of public improvements. (ORS Chapters 279A, 279B, 279C)
- Schedule of Accountability for Independently Elected Officials.

In connection with our testing nothing came to our attention that caused us to believe the County was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations except for violations of Oregon Budget Law as described in Note 2. K.

This report is intended solely for the information and use of the board of commissioners and management of the County and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

A handwritten signature in black ink that reads "Julie Arendt". The signature is written in a cursive, flowing style.

Julie Arendt, CPA, a member of the firm
for Isler CPA
December 30, 2011
Eugene, Oregon

