

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

*For the Year Ended June 30, 2009*

**Lincoln County  
Oregon**





**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**For the Year Ended June 30, 2009**

Prepared by:  
Janice Riessbeck, Director of Finance

**LINCOLN COUNTY**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**For the Year Ended June 30, 2009**

**Board of Commissioners**

<b><u>Name</u></b>	<b><u>Term Expiration</u></b>
Donald Lindly, Chair (2009) 13890 NE 20 <sup>th</sup> Place Newport, OR 97365	January 1,2011
Terry N. Thompson, Chair (2008) 5123 NW Agate Way Newport, OR 97365	January 1, 2011
Bill Hall, Chair (2010) 811 SE Fifth Street, #1A Newport, OR 97365	January 5, 2013

**Administrative Staff**

Wayne Belmont, County Counsel  
Janice Riessbeck, Director of Finance

**LINCOLN COUNTY**

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# INTRODUCTORY SECTION



**County of Lincoln**



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February 25, 2010

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, 2009. 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 2008-09 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. The results of the County's single audit for the fiscal year ended June 30, 2009, disclosed no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations. These reports are included in the back of this CAFR.

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 45,946 and a true cash value of \$11,030,893,083.

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, community development and internal administrative support. The Lincoln County Extension Service District, Lincoln County Solid Waste 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, 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 transfers between categories. Appropriations transfers must be approved by the Board of commissioners in public meetings. During the fiscal year 2008-09, one adjustment to the budget was made through appropriations transfer. 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 Measure of 1990, which capped the rate per thousand dollars of value at \$10.00 for general government and phased in a limit of \$5.00 per thousand for schools. Growth of property tax revenues is limited to 3% per year, except for new construction, which now results in 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; and the Transient Room Tax. Property tax collections are showing only a slight decline, but this continues to be an area of concern.

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

The county's primary industries-commercial fishing, tourism and timber-have ridden through the economic storm 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 fishery 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 other Oregonians. One bright spot for the immediate future is the planned move of NOAA's Pacific research fleet to Newport in 2011; another is the anticipated completion of the Highway 20 realignment project that same year.

## **MAJOR INITIATIVES**

Because of the economic downturn, new initiatives, programs and spending were very limited during the Fiscal Year 2008-09. 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 08-09 fiscal year, the County Road Fund received \$3,040,355, which is over 10% less than the previous fiscal year. This amount will be reduced to a projected \$178,710 in fiscal year 2011-2012. That constitutes a major reduction in Road Fund revenues, of over 50% of annual revenues compared to recent fiscal years. The County General fund will also see a reduction from approximately \$350,000 annually to a projected \$51,202 in fiscal year 2011-2012 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.

The County continued its project for a new telephone system in 2009, including the replacement and consolidation of seven separate telephone systems used in county facilities. This will entail the re-wiring of all major county buildings, plus the purchase and implementation of all new telephone hardware and software, with eventual integration with the County's computer network system. A loan was procured in fiscal 2008 to do the work which has a projected completion date of June, 2010.

Capital projects completed in the County in 2009 included the construction of a building to house the Headstart Program for Lincoln County for which the County obtained a grant on behalf of the Community Services Consortium, a video surveillance and security system for the jail, remodeling and renovation to the Health and Human Services building and the Juvenile Detention facility. Also begun but not completed are projects to replace or repair many bridges in the County, and improvements through ARRA funding to the Transit district's bus barn.

## **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 transfers between categories. 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 \$3,230,000 of long-term liabilities in the form of a loan for the replacement of the County's telephone system, and the final payment on a general obligation that built the County Jail 20 years ago.

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, 2008. This is the seventeenth 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

Bill Hall  
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, 2008

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.



A handwritten signature in black ink, appearing to read "M. L. Post".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director

**LINCOLN COUNTY**  
**PRINCIPAL OFFICIALS**  
**June 30, 2009**

**BOARD OF COUNTY COMMISSIONERS**

<u>Title</u>	<u>Name</u>
Commissioner, Chair	Don Lindly
Commissioner	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 Corrections	Suzanne Gonzales
Director, Finance	Janice Riessbeck
Director, Health and Human Services	Paula Sampson
Director, Personnel	Gina Tapp
Director, Juvenile	Alan Peterson
Director, Planning and Development	Matt Spangler
Director, Roads	Jim Buisman

# Lincoln County Organization Chart

## Citizens

### Board of Commissioners

Don Lindly  
Terry N. Thompson  
Bill Hall

## Elected Officials

**County Sheriff**  
Dennis Dotson

- Patrol
- Jail
- Civil
- Boat Patrol
- Animal Shelter

**District Attorney**  
Rob Bovett

- Prosecution
- Support Enforcement
- Victim Assist.
- Anti-Drug Program

**County Surveyor**  
Tom Hamilton

**County Assessor**  
Rob Thomas

- Addressing

**County Treasurer**  
Linda Pilson

- Tax Collection

**County Clerk**  
Dana Jenkins

- Elections
- Recording
- BOPTA

### Community Services

Public Health  
Environ. Health

Mental Health  
Addiction  
MR/DD

Veterans  
Services

Senior  
Outreach

Children/Family  
Commission

Detention  
Health

### Transportation

Roads

Special  
Transportation

Parks

### Administration

Finance &  
Accounting

Human  
Resources

Central  
Administration

Computer  
Services

Planning

Other  
Requirements

### Public Safety

Community  
Corrections

Juvenile

Emergency  
Services

Children's  
Advocacy Center

### Other Funds

Debt Service  
Fund

Self Insurance  
Fund

County Fair  
Fund

County School  
Fund

Law Library  
Fund

Miscellaneous  
Funds

# FINANCIAL SECTION





**BOLDT, CARLISLE & SMITH LLC**

CERTIFIED PUBLIC ACCOUNTANTS

PARTNERSHIP ■ ASSURANCE ■ INNOVATION

## INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners  
**LINCOLN COUNTY**  
Newport, Oregon

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of **LINCOLN COUNTY** as of and for the year ended June 30, 2009, 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 amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the 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, each major fund, and the aggregate remaining fund information of **LINCOLN COUNTY**, as of June 30, 2009, the respective changes in financial position, and cash flows, where applicable, thereof, and the respective budgetary comparisons for the General, General Road and Human Services 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 February 25, 2010, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. 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 important for assessing the results of our audit.

A

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Established - 1968

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## **INDEPENDENT AUDITOR'S REPORT (Continued)**

The management's discussion and analysis on pages a through i is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, combining and individual non-major fund statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards as listed in the Grant Compliance – Single Audit section of the table of contents is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of **LINCOLN COUNTY**. The combining and individual non-major fund statements and schedules and the Schedule of Expenditures of Federal Awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

**Boldt, Carlisle & Smith, LLC**

Certified Public Accountants

Salem, Oregon

February 25, 2010

By: 

Douglas C. Parham, Member

## **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, 2009. 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 increased \$437,472 or 0.3% over the course of this year's operations.
- During the year, the County's total revenues increased \$3,621,175, or 7%, due primarily to an increase in Charges for Services.
- The General Fund reported a balance of \$4,486,261 this year, a decrease from last year. Stagnant revenues and increased expenditures contributed to the decrease.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to Lincoln County's basic financial statements. The statements are comprised of three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. The report also contains other supplementary information in addition to the basic 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, public safety, public works, health services, justice services, community services, cultural and educational services, animal control and parks and natural resources.

**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 twenty-three 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, and Human Services Funds. These funds are considered to be major funds. Data from the other 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. Internal service funds are proprietary funds that are used as an accounting tool to accumulate and allocate costs internally among a government's various functions. Lincoln County has only one proprietary fund. It is an internal service fund that Lincoln County uses to self-manage its insurance programs such as workers' compensation, property, fire, auto and liability insurance. Because the internal service fund benefits governmental functions, it has been 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.

**Other supplementary information.** The combining statements for the nonmajor governmental funds and budgetary comparison schedules for both the nonmajor and the internal service proprietary fund are presented immediately following the notes to the basic financial 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 \$151,139,064 at June 30, 2009, an increase of \$437,472, or 0.3% between fiscal years 2008 and 2009. Table 1, below, compares the various components of the County's net assets between the two years.

		<b>Table 1</b>	
		<b>SUMMARY OF NET ASSETS</b>	
		<b>Governmental Activities</b>	
		<b>2008</b>	<b>2009</b>
Cash and investments		\$ 34,942,590	\$ 29,799,216
Other assets (including restricted cash and investments)		5,659,921	7,855,967
Capital assets, net of depreciation		118,723,437	121,441,832
	Total assets	<u>159,325,948</u>	<u>159,097,015</u>
Other liabilities		4,409,573	3,814,332
Long-term debt outstanding		4,964,386	4,143,619
	Total liabilities	<u>9,373,959</u>	<u>7,957,951</u>
Net Assets:			
Invested in capital assets, net of related debt		115,493,437	119,305,832
Restricted		19,760,152	20,237,671
Unrestricted		14,698,400	11,595,561
	Total net assets	<u>\$ 149,951,989</u>	<u>\$ 151,139,064</u>

Cash and investments suffered a \$5,143,374 (14.7%) decrease due to the use of cash to pay current liabilities and increase capital assets, while other assets showed a 38.8% (\$2,196,046) increase with an additional receivable added in Health and Human Services for patient services. The net result was a \$2,947,328 (7.2%) decrease in current assets. Capital assets increased \$2,718,395, or 2.3%. Overall, total assets decreased by a modest \$228,933 or 0.1%.

Other liabilities decreased from last year by \$595,241 (13.5%) because of a general reduction in spending. Long-term obligations decreased \$820,767 or 16.5%. This result stems from no new

borrowing in the current year and the continued diminishment of a general obligation bond that will be paid off in the 2009-10 fiscal year.

As a result of the changes listed above, the County's investment in capital assets, net of debt increased by \$3,812,395 (3.3%), restricted assets increased \$477,519 (2.4%), and unrestricted net assets decreased \$3,102,839 (21.1%) at the end of this year.

**Governmental Activities.** Revenues for the County's governmental activities increased 7.1% or \$3,621,173 while total expenses decreased 0.23% or \$123,249. Refer to Table 2 for a comparison of governmental activities for the years 2008 and 2009.

An increase (48.6%, \$3,726,838) in charges for services in program revenue, and an increase (51.2%, \$555,494) in the County's transient room tax revenue included in general revenue, led the increase in overall revenue. Miscellaneous revenue (including gains and losses on sales of capital assets) also posted a combined increase of 52.8% or \$193,285 for general revenue. The charges for services increase can be attributed to across-the-board increases in all programs' charges for services, particularly in the area of health and welfare. Approval by voters to increase the County's transient room tax for specific purposes was responsible for the uptick in that resource. Miscellaneous revenue increased in 2009 because there were no losses on sale of capital assets in 2009 as there was in 2008. A notable decrease (57.1%, \$879,849) in investment earnings was a result of the current global economy downturn and low interest rates, as well as diminished cash reserves.

The slight decrease in County expenditures demonstrated a general prudent spending policy for the County in light of global economic issues and current County financial conditions. Notably, a 20.5% (\$50,949) reduction in spending for the culture and recreation programs of the County, manifested in a much smaller County Fair than prior years, was the largest percentage reduction of program expenditure. The highways and streets program posted an expenditure reduction of 11.4% (\$965,707) based on a fluctuation in capital projects activities.

**Table 2**  
**SUMMARY OF ACTIVITIES**

	<b>Governmental Activities</b>	
	<b>2008</b>	<b>2009</b>
<b>Revenues</b>		
Program		
Charges for services	\$ 7,668,754	\$ 11,395,592
Operating grants and contributions	19,229,691	19,765,655
Capital grants and contributions	1,232,435	12,431
General revenues		
Property taxes	15,954,221	16,704,570
Other taxes	1,084,452	1,639,946
Grants and contributions not restricted to specific programs	3,448,157	3,334,872
Unrestricted investment earnings	1,540,984	661,135
Timber and land sales	483,474	555,855
Gain (loss) on sale of capital assets	(161,982)	16,099
Miscellaneous	528,193	543,397
<b>Total Revenues</b>	<b>\$ 51,008,379</b>	<b>\$ 54,629,552</b>
<b>Expenses</b>		
General government	11,081,619	11,229,229
Community services	4,064,622	4,204,828
Public safety	16,766,255	17,321,795
Highways and streets	8,509,009	7,543,302
Culture and recreation	248,859	197,910
Health and welfare	11,881,326	12,033,068
Education	1,668,503	1,568,878
Debt service - interest	95,136	93,070
<b>Total Expenses</b>	<b>54,315,329</b>	<b>54,192,080</b>
Excess (deficiency) of revenues over (under) expenditures	(3,306,950)	437,472
Net assets, beginning of year	153,258,939	149,951,990
Prior Period Adjustment	-	749,602
<b>Net assets, end of year</b>	<b>\$ 149,951,989</b>	<b>\$151,139,064</b>

## 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 \$30,343,022, a decrease of \$3,896,840 or 11.3% from the previous year.

- The County’s General Fund balance decreased \$3,859,673 (46.2%) from last year.
- The Road Fund balance showed an increase of \$520,522 (2.7%) over last year.
- Human Services fund balance showed a fund balance decrease of \$52,228 (39.3%).
- The Other Governmental non-major fund balances decreased a total of \$505,461 (8%).

## BUDGETARY HIGHLIGHTS

Several small changes were made during the fiscal year to adjust the County’s originally adopted budget. They included the following:

- In the Meth Initiative Fund, the materials and services appropriation was decreased by \$30,000, and the capital outlay appropriation was increased by \$30,000. This change had no effect on the total of appropriations for the fund.
- In the Human Services Fund, \$37,681 of additional appropriation was added to the materials and services category of the fund. The total appropriations for the fund went from \$7,625,530 to \$7,663,211.
- In the County Fair Fund, the personal services category was decreased by \$7,000, and the materials and services category was increased by \$7,000. This change had no effect on the total of appropriations for the fund.

## CAPITAL ASSET AND DEBT ADMINISTRATION

**Capital assets.** As of June 30, 2009, the County had \$180,928,376 invested in capital assets. Accumulated depreciation was \$59,486,544, which brought the County’s net capital assets to \$121,441,832. This amount represents a net increase of \$2,718,395 (2.3%) over last year. Table 3 depicts the status of capital assets at June 30, 2008 and June 30, 2009.

<b>Table 3</b>		
<b>CAPITAL ASSETS AT YEAR-END</b>		
<b>(net of depreciation)</b>		
	<b>Governmental Activities</b>	
	<b>2008</b>	<b>2009</b>
Land, easements and improvements	\$ 832,325	\$ 844,825
Infrastructure	144,398,939	144,741,295
Buildings and improvements	18,014,850	19,014,517
Equipment	10,357,906	10,746,623
Construction in progress	2,541,348	5,581,116
Less accumulated depreciation	(57,421,931)	(59,486,544)
Total	\$118,723,437	\$ 121,441,832

Table 4 shows a comparison in the changes in capital assets for the years 2008 and 2009.

<b>Table 4</b>		
<b>CHANGE IN CAPITAL ASSETS</b>		
	<b>Governmental Activities</b>	
	<b>2008</b>	<b>2009</b>
Beginning balance	\$173,793,520	\$176,145,368
Additions	3,101,605	6,732,017
Accumulated depreciation	(57,421,931)	-59486544
Deletions	(749,657)	(1,949,009)
Ending Balance	\$118,723,537	\$121,441,832

**Long-term Debt.** At year-end, the County had \$385,000 in general obligation bonds outstanding. The bonds will be fully paid off in February 2010. 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, 2009.

<b>Table 5</b>		
<b>OUTSTANDING DEBT AT YEAR-END</b>		
	<b>2008</b>	<b>2009</b>
<b>Governmental Activities</b>		
General Obligation Refunding Bonds	\$ 1,090,000	\$ 385,000
Tax-exempt Loan	2,140,000	1,751,000
<b>Total</b>	<b>\$ 3,230,000</b>	<b>\$2,136,000</b>

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 2009 bonded debt limitation is \$220,495,000. The County's current outstanding bonded debt is significantly below this limit.

## **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 2009-10 continues to be one of austere budgets and cost-cutting measures. Traditional revenue sources are stagnant at best, diminishing in the worst case. The 2009-10 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

STATEMENT OF NET ASSETS

June 30, 2009

	<u>Governmental Activities</u>
<b><u>ASSETS</u></b>	
Cash and investments	\$ 29,799,216
Receivables	7,286,780
Inventories	374,958
Prepaid items	194,229
Capital assets:	
Land and construction in progress	97,117,784
Other capital assets, net	<u>24,324,048</u>
 TOTAL ASSETS	 <u>159,097,015</u>
 <b><u>LIABILITIES</u></b>	
Accounts payable and accrued items	2,386,676
Unearned revenues	60,039
Payroll taxes and withholdings payable	889,769
Accrued interest payable	9,482
Net other postemployment benefit obligation	468,366
Long-term obligations:	
Due within one year	2,806,619
Due in more than one year	<u>1,337,000</u>
 TOTAL LIABILITIES	 <u>7,957,951</u>
 <b><u>NET ASSETS</u></b>	
Invested in capital assets, net of related debt	119,305,832
Restricted for:	
Debt service	262,038
Highways and streets	19,975,633
Unrestricted	<u>11,595,561</u>
 TOTAL NET ASSETS	 <u>\$ 151,139,064</u>

*See notes to basic financial statements*

LINCOLN COUNTY

STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2009

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<i>Governmental Activities</i>					
General government	\$ 11,229,229	\$ 2,475,992	\$ 718,788	\$ -	\$ (8,034,449)
Community services	4,204,828	670,349	3,151,769	12,431	(370,279)
Public safety	17,321,795	911,076	1,958,973	-	(14,451,746)
Highways and streets	7,543,302	1,143,835	6,965,352	-	565,885
Culture and recreation	197,910	-	-	-	(197,910)
Health and welfare	12,033,068	6,187,818	5,800,132	-	(45,118)
Education	1,568,878	6,522	1,170,641	-	(391,715)
Interest on long-term obligations	93,070	-	-	-	(93,070)
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>\$ 54,192,080</b>	<b>\$ 11,395,592</b>	<b>\$ 19,765,655</b>	<b>\$ 12,431</b>	<b>(23,018,402)</b>

*General revenues:*

Taxes:

Property taxes levied for:

General purposes	15,202,811
Debt service	730,863
Transit	523,389
Extension agency	247,507
Transient room tax	1,639,946
Grants and contributions not restricted to specific programs	3,334,872
Unrestricted investment earnings	661,135
Timber and land sales	555,855
Gain (loss) on sale of capital assets	16,099
Miscellaneous	543,397

TOTAL GENERAL REVENUES 23,455,874

CHANGE IN NET ASSETS 437,472

NET ASSETS - BEGINNING 149,951,990

PRIOR PERIOD ADJUSTMENT 749,602

NET ASSETS - ENDING \$ 151,139,064

See notes to basic financial statements

LINCOLN COUNTY

BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2009

	General	General Road	Human Services	Other Governmental Funds	Totals
<b>ASSETS</b>					
Cash and investments	\$ 2,796,799	\$ 19,817,584	\$ 52,622	\$ 6,057,627	\$ 28,724,632
Receivables	3,705,893	453,339	1,823,296	1,224,066	7,206,594
Inventories	3,992	370,966	-	-	374,958
Prepaid items	165,447	4,523	11,753	11,035	192,758
Due from other funds	450,000	-	-	-	450,000
<b>TOTAL ASSETS</b>	<b>\$ 7,122,131</b>	<b>\$ 20,646,412</b>	<b>\$ 1,887,671</b>	<b>\$ 7,292,728</b>	<b>\$ 36,948,942</b>
<b>LIABILITIES</b>					
Accounts payable and accrued items	\$ 898,885	\$ 643,051	\$ 198,518	\$ 520,523	\$ 2,260,977
Payroll, taxes, and withholding payable	590,484	27,728	146,389	122,238	886,839
Due to other funds	-	-	225,000	225,000	450,000
Deferred revenue	1,146,501	-	1,237,155	624,448	3,008,104
<b>TOTAL LIABILITIES</b>	<b>2,635,870</b>	<b>670,779</b>	<b>1,807,062</b>	<b>1,492,209</b>	<b>6,605,920</b>
<b>FUND BALANCES</b>					
Reserved for:					
Outpatient services	-	-	-	50,000	50,000
Debt service	-	-	-	262,038	262,038
Unreserved reported in:					
General fund	4,486,261	-	-	-	4,486,261
Special revenue funds	-	19,975,633	80,609	5,488,481	25,544,723
<b>TOTAL FUND BALANCES</b>	<b>4,486,261</b>	<b>19,975,633</b>	<b>80,609</b>	<b>5,800,519</b>	<b>30,343,022</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 7,122,131</b>	<b>\$ 20,646,412</b>	<b>\$ 1,887,671</b>	<b>\$ 7,292,728</b>	<b>\$ 36,948,942</b>

See notes to basic financial statements

LINCOLN COUNTY

RECONCILIATION OF THE BALANCE SHEET,  
GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET ASSETS  
June 30, 2009

TOTAL GOVERNMENTAL FUND BALANCES \$ 30,343,022

*Amounts reported for governmental activities in the  
Statement of Net Assets are different because:*

Capital assets used in governmental activities are not financial resources  
and therefore are not reported in the governmental funds 121,441,832

Other long-term assets are not available to pay for current-period  
expenditures and therefore are not reported in the governmental funds 3,856,582

Certain accounts receivable are not considered to be fully collectible and  
a reserve is established for this allowance. (908,517)

The net post-employment benefits obligation is reported in the statement of net assets  
but is not reported in the funds (468,366)

Some liabilities, including bonds payable, are not due and payable in the  
current period and therefore are not reported in the governmental funds (4,153,101)

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 1,027,612

Net Assets of Governmental Activities in the Statement of Net Assets \$ 151,139,064

**LINCOLN COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2009**

	General	General Road	Human Services	Other Governmental Funds	Totals
<b>REVENUES</b>					
Taxes and land sales	\$ 16,920,408	\$ -	\$ -	\$ 1,933,666	\$ 18,854,074
Licenses, permits and fees	1,270,361	-	-	282,405	1,552,766
Charges for services	930,108	487,337	3,539,302	1,628,592	6,585,339
Intergovernmental	7,358,838	5,857,500	3,044,508	5,399,615	21,660,461
Court fines	59,675	-	-	68,918	128,593
Interest	128,317	405,129	(8,944)	112,986	637,488
Donations	87,868	-	-	10,353	98,221
Miscellaneous	540,107	1,776,823	76,399	225,997	2,619,326
<b>TOTAL REVENUES</b>	<u>27,295,682</u>	<u>8,526,789</u>	<u>6,651,265</u>	<u>9,662,532</u>	<u>52,136,268</u>
<b>EXPENDITURES</b>					
Current:					
General government	10,120,590	-	-	274,401	10,394,991
Community services	2,235,016	-	-	1,815,457	4,050,473
Public safety	16,113,075	-	-	633,225	16,746,300
Highways and streets	-	4,563,844	-	-	4,563,844
Culture and recreation	-	-	-	191,687	191,687
Health and welfare	-	-	6,963,099	4,532,055	11,495,154
Education	-	-	-	1,565,769	1,565,769
Debt service:					
Principal	-	-	-	705,000	705,000
Interest	-	-	-	28,901	28,901
Capital outlay	2,461,250	3,442,423	-	387,316	6,290,989
<b>TOTAL EXPENDITURES</b>	<u>30,929,931</u>	<u>8,006,267</u>	<u>6,963,099</u>	<u>10,133,811</u>	<u>56,033,108</u>
Excess (deficiency) of revenues over expenditures	<u>(3,634,249)</u>	<u>520,522</u>	<u>(311,834)</u>	<u>(471,279)</u>	<u>(3,896,840)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	4,448	-	259,606	229,872	493,926
Transfers out	(229,872)	-	-	(264,054)	(493,926)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(225,424)</u>	<u>-</u>	<u>259,606</u>	<u>(34,182)</u>	<u>-</u>
Net change in fund balances	(3,859,673)	520,522	(52,228)	(505,461)	(3,896,840)
Fund balances at beginning of year	8,345,934	19,455,111	132,837	6,305,980	34,239,862
Fund balances at end of year	<u>\$ 4,486,261</u>	<u>\$ 19,975,633</u>	<u>\$ 80,609</u>	<u>\$ 5,800,519</u>	<u>\$ 30,343,022</u>

*See notes to basic financial statements*

LINCOLN COUNTY  
**RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES OF  
GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2009**

NET CHANGE IN FUND BALANCES -TOTAL GOVERNMENTAL FUNDS \$ (3,896,840)

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

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. The difference between these two amounts is:

Capitalized expenditures	\$ 4,888,967	
Depreciation	<u>(2,169,097)</u>	2,719,870

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds as follows:

Change in deferred revenue	1,551,534
----------------------------	-----------

An allowance has been established in the Statement of Activities to reserve for certain receivables that may not be fully collectable.

(322,983)

For the year ended June 30, 2009, the County has implemented the requirements of GASB Statement 45 which requires the reporting of an obligation for net other post-employment benefits.

(468,366)

Repayment of long-term obligations principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Assets.

1,094,000

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 governmental funds

Compensated absences	(273,233)
----------------------	-----------

The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.

(1,485)

The reduction in accrued interest in the Statement of Activities does not provide a source of current financial resources and therefore is not reported as a revenue in governmental funds.

8,787

An internal service fund is used by management to charge the costs of certain insurance activities to individual funds. The net change in fund balance of the internal service fund is reported with governmental activities.

26,188

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES

\$ 437,472

*See notes to basic financial statements*

LINCOLN COUNTY

GENERAL FUND  
 STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 For the Year Ended June 30, 2009

	Original and Final Budget	Actual	Variance
<b>REVENUES</b>			
Taxes and land sales	\$ 17,692,426	\$ 16,920,408	\$ (772,018)
Licenses and fees	1,576,675	1,270,361	(306,314)
Charges for services	1,048,032	930,108	(117,924)
Intergovernmental	7,730,840	7,358,838	(372,002)
Court fines	55,000	59,675	4,675
Interest	350,000	128,317	(221,683)
Miscellaneous	437,560	627,975	190,415
TOTAL REVENUES	<u>28,890,533</u>	<u>27,295,682</u>	<u>(1,594,851)</u>
<b>EXPENDITURES</b>			
General government	14,150,282	11,148,417	3,001,865
Community services	3,543,836	3,306,560	237,276
Public safety	18,355,822	16,474,954	1,880,868
Contingency	1,061,830	-	1,061,830
TOTAL EXPENDITURES	<u>37,111,770</u>	<u>30,929,931</u>	<u>6,181,839</u>
Excess (deficiency) of revenues over expenditures	<u>(8,221,237)</u>	<u>(3,634,249)</u>	<u>4,586,988</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	20,878	4,448	16,430
Transfers out	(229,872)	(229,872)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(208,994)</u>	<u>(225,424)</u>	<u>16,430</u>
Net change in fund balances	(8,430,231)	(3,859,673)	4,570,558
Fund balances at beginning of year	<u>12,246,233</u>	<u>8,345,934</u>	<u>(3,900,299)</u>
Fund balances at end of year	<u>\$ 3,816,002</u>	<u>\$ 4,486,261</u>	<u>\$ 670,259</u>

*See notes to basic financial statements*

**LINCOLN COUNTY**  
**GENERAL ROAD FUND**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Year Ended June 30, 2009**

	Original and Final Budget	Actual	Variance
<b>REVENUES</b>			
Charges for services	\$ 353,304	\$ 487,337	\$ 134,033
Intergovernmental	3,665,765	5,857,500	2,191,735
Interest	321,885	405,129	83,244
Miscellaneous	<u>1,716,763</u>	<u>1,776,823</u>	<u>60,060</u>
<b>TOTAL REVENUES</b>	<u>6,057,717</u>	<u>8,526,789</u>	<u>2,469,072</u>
<b>EXPENDITURES</b>			
Personal services	2,416,251	2,170,252	245,999
Material and services	2,914,582	2,393,592	520,990
Capital outlay	6,488,251	3,442,423	3,045,828
Contingency	<u>1,000,000</u>	<u>-</u>	<u>1,000,000</u>
<b>TOTAL EXPENDITURES</b>	<u>12,819,084</u>	<u>8,006,267</u>	<u>4,812,817</u>
Net change in fund balances	(6,761,367)	520,522	7,281,889
Fund balances at beginning of year	<u>18,306,679</u>	<u>19,455,111</u>	<u>(1,148,432)</u>
Fund balances at end of year	<u>\$ 11,545,312</u>	<u>\$ 19,975,633</u>	<u>\$ 6,133,457</u>

*See notes to basic financial statements*

LINCOLN COUNTY

HUMAN SERVICES FUND  
 SCHEDULE OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCE (BUDGETARY BASIS) - BUDGET AND ACTUAL  
 For the Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance
<b>REVENUES</b>				
Intergovernmental	\$ 3,024,010	\$ 3,060,939	\$ 3,044,508	\$ (16,431)
Charges for services	4,229,714	4,230,466	3,539,302	(691,164)
Interest	31,000	31,000	(8,944)	(39,944)
Miscellaneous	81,200	81,200	76,399	(4,801)
<b>TOTAL REVENUES</b>	<u>7,365,924</u>	<u>7,403,605</u>	<u>6,651,265</u>	<u>(752,340)</u>
<b>EXPENDITURES</b>				
Personal services	5,959,762	5,959,762	5,348,799	610,963
Material and services	1,611,768	1,649,449	1,614,300	35,149
Contingency	25,000	25,000	-	25,000
<b>TOTAL EXPENDITURES</b>	<u>7,596,530</u>	<u>7,634,211</u>	<u>6,963,099</u>	<u>671,112</u>
Excess (deficiency) of revenues over expenditures	(230,606)	(230,606)	(311,834)	(81,228)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	259,606	259,606	259,606	-
Net change in fund balances	29,000	29,000	(52,228)	(81,228)
Fund balances - beginning	-	-	132,837	132,837
Fund balances - ending	<u>\$ 29,000</u>	<u>\$ 29,000</u>	<u>\$ 80,609</u>	<u>\$ 51,609</u>

See notes to basic financial statements

LINCOLN COUNTY  
 STATEMENT OF NET ASSETS  
 PROPRIETARY FUND  
 June 30, 2009

		<u>Governmental Activities</u>
		<u>Internal Service</u>
<b>ASSETS</b>		
Cash and investments	\$ 1,074,584	
Receivables	80,186	
Prepaid items	<u>1,471</u>	
<b>TOTAL ASSETS</b>		<u>1,156,241</u>
<b>LIABILITIES</b>		
Accounts payable and accrued items		125,699
Payroll, taxes, and withholding payable		<u>2,930</u>
<b>TOTAL LIABILITIES</b>		<u>128,629</u>
<b>NET ASSETS - Unrestricted</b>		<u>\$ 1,027,612</u>

The Net Assets of the Internal Service Fund are included in governmental activities in the Statement of Net Assets

*See notes to basic financial statements*

LINCOLN COUNTY

STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUND

For the Year Ended June 30, 2009

	Governmental Activities
	<u>Internal Service</u>
<b>OPERATING REVENUES</b>	
Charges for services	\$ 871,823
Miscellaneous	<u>22,287</u>
Total operating revenues	<u>894,110</u>
<b>OPERATING EXPENSES</b>	
Personal services	760,528
Materials and services	<u>127,338</u>
Total operating expenses	<u>887,866</u>
Operating income	6,244
Nonoperating revenues (expense) - Interest	<u>19,944</u>
Change in net assets	26,188
Total net assets - beginning	<u>1,001,424</u>
Total net assets - ending	<u>\$ 1,027,612</u>

*See notes to basic financial statements*

**LINCOLN COUNTY**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND**  
**For the Year Ended June 30, 2009**

	<u>Governmental</u> <u>Activities</u> <u>Internal Service</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash receipts from interfund services provided	\$ 894,945
Other operating cash receipts	22,287
Cash payments to employees for services	(757,598)
Cash payments to other suppliers of goods and services	<u>(122,937)</u>
Net cash provided by operating activities	36,697
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest	<u>19,944</u>
Net increase in cash and cash equivalents	56,641
Cash and cash equivalents, beginning of year	<u>1,017,943</u>
Cash and cash equivalents, end of year	<u><u>\$ 1,074,584</u></u>
<b>Reconciliation of operating income to net cash provided by operating activities</b>	
Operating income	\$ 6,244
Adjustments to reconcile operating income to net cash provided by operating activities	
(Increase) decrease in assets	
Receivables	22,212
Prepaid items	(1,471)
Increase (decrease) in liabilities	
Accounts payable and accrued items	6,782
Payroll, taxes, and withholding payable	<u>2,930</u>
Net cash provided by operating activities	<u><u>\$ 36,697</u></u>

*See notes to basic financial statements*

LINCOLN COUNTY

STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS

June 30, 2009

	<u>Agency</u>
<b>ASSETS</b>	
Cash and investments	\$ 2,495,649
Receivables	<u>5,973,786</u>
 TOTAL ASSETS	 \$ <u>8,469,435</u>
 <b>LIABILITIES</b>	
Accounts payable	\$ 667,709
Amounts held in trust	<u>7,801,726</u>
 TOTAL LIABILITIES	 \$ <u>8,469,435</u>

*See notes to basic financial statements*

## **NOTES TO BASIC FINANCIAL STATEMENTS**

# LINCOLN COUNTY

## NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2009

### 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 is 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 2<sup>nd</sup> Street, Newport, OR 97365.

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 1. The Financial Reporting Entity (continued)

#### (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. 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.

### 2. Summary of Significant Accounting Policies

#### (a) Basis of Presentation

##### *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 are supported by taxes and intergovernmental revenues.

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 2. Summary of Significant Accounting Policies (continued)

#### (a) Basis of Presentation (continued)

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 and fiduciary*—are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are separately 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.
- *Human Services* - accounts for the delivery of community mental health and health services and education programs funded by federal and state financial assistance and transfers from the General Fund.

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.

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 2. Summary of Significant Accounting Policies (continued)

#### (a) Basis of Presentation (continued)

- *Debt Service* - accounts for the resources accumulated and payments made for principal and interest on long-term debt of governmental funds.
- *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.

#### (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.

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 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.

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 2. Summary of Significant Accounting Policies (continued)

#### (c) Cash and Cash Equivalents

For purposes of the accompanying statement of cash flows, the internal service 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.

#### (d) Inventories

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

#### (e) Receivables

Property taxes receivable 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. 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.

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.

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 2. Summary of Significant Accounting Policies (continued)

#### (f) Capital Assets (continued)

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 Other 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 Communications Workers of America Union 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.

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.

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 2. Summary of Significant Accounting Policies (continued)

#### (h) Interfund Transactions

Interfund transactions are reflected as loans, services provided, reimbursements or transfers. Loans are reported as receivables and payables as appropriate, 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) 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.

#### (j) 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.

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 2. Summary of Significant Accounting Policies (continued)

#### (k) Net Assets/Fund Balances

The government-wide financial statements utilize a net assets presentation. Net assets are categorized as invested capital assets (net of related debt), restricted and unrestricted.

- *Invested in Capital Assets, Net of Related Debt* – This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- *Restricted Net Assets* – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted Net Assets* – This category represents net assets of the County, not restricted for any project or other purpose.

In the fund financial statements, reserves and designations segregate portions of fund balance that are either not available or have been earmarked for specific purposes. The various reserves and designations are established by actions of the Board and can be increased, reduced or eliminated by similar actions.

### 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.

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 3. Deposits and Investments (continued)

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.

The Oregon State Treasury administers the LGIP. The LGIP is an unrated, open-ended, no-load, diversified portfolio offered to any agency, political subdivision or public corporation of the state who by law is made the custodian of, or has control of, any fund. The LGIP is commingled with the State's Short-Term Fund. To provide regulatory oversight, the Oregon Legislature established the Oregon Short-Term Fund Board and LGIP investments are approved by the Oregon Investment Council. The fair value of the County's position in the LGIP is the same as the value of the pool shares.

*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 pool.

As of June 30, 2009, the County had the following investments:

	Moody's Rating	Maturities	Carrying Value
State Treasurer's Investment Pool	N/A	(1)	\$ 14,510,587
Certificates of Deposit	N/A	9/7/2009	1,017,610
Federal Home Loan Bank	AAA	12/3/2010	498,208
			<u>\$ 16,026,405</u>

(1) *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.

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 3. Deposits and Investments (continued)

*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>
U.S. Treasury Obligation	100%
U.S. Government Agency	75
Banker's Acceptances (BA)	50
Certificates of Deposit (CD)	25

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.

*Custodial Credit Risk – Investments:* 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. Investments amounting to \$1,515,818 have custodial credit risk because the related securities are uninsured, unregistered and held by the County's brokerage firm, which is the counterparty to those securities. The County does not have a policy which limits the amount of investments that can be held by counterparties.

*Custodial credit risk – Deposits:* This is the risk that in the event of a bank failure, the County's deposits may not be returned. The Federal Depository Insurance Corporation (FDIC) provides insurance for the County's deposits with financial institutions up to \$250,000 each for the aggregate of all non-interest bearing accounts and the aggregate of all interest bearing accounts at each institution. Deposits in excess of FDIC coverage with institutions participating in the Oregon Public Funds Collateralization Program are considered fully collateralized. As of June 30, 2009, none of the County's bank balances were exposed to custodial risk.

A. The County's deposits and investments at June 30, 2009 are as follows:

Total investments	\$ 16,026,405
Deposits with financial institutions	<u>16,268,460</u>
Total deposits and investments	<u>\$ 32,294,865</u>

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**3. Deposits and Investments (continued)**

B. Cash and cash investments are reported as follows:

Governmental Activities/Funds	
General	\$ 2,796,799
General Road	19,817,584
Human Services	52,622
Other Governmental	<u>6,057,627</u>
Total governmental funds	28,724,632
Internal Service	<u>1,074,584</u>
Total governmental activities	29,799,216
Fiduciary Fund	
Agency	<u>2,495,649</u>
Total cash and investments	<u><u>\$ 32,294,865</u></u>

**4. Receivables**

A. Receivables at June 30, 2009 were as follows:

	Governmental Activities						Totals
	Governmental Funds				Internal Service	Agency	
	General	General Road	Human Services	Other			
Property taxes	\$1,365,022	\$ -	\$ -	\$ 133,293	\$ -	\$ 5,664,725	\$ 7,163,040
Accounts	1,203,921	292,460	2,276,589	753,291	80,186	-	4,606,447
Less: allowance for doubtful accounts	-	-	(685,062)	(223,455)	-	-	(908,517)
Intergovernmental	<u>1,136,950</u>	<u>160,879</u>	<u>231,769</u>	<u>560,937</u>	<u>-</u>	<u>309,061</u>	<u>2,399,596</u>
	<u><u>\$3,705,893</u></u>	<u><u>\$ 453,339</u></u>	<u><u>\$1,823,296</u></u>	<u><u>\$ 1,224,066</u></u>	<u><u>\$ 80,186</u></u>	<u><u>\$ 5,973,786</u></u>	<u><u>\$ 13,260,566</u></u>

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**4. Receivables (continued)**

B. Property taxes

i. Collection procedures

The County levies, collects and distributes property taxes for all taxing jurisdictions within its boundaries. Uncollected taxes, including delinquent amounts, are deemed to be substantially collectible or recoverable through liens.

ii. Transactions

	Balances July 1, 2008	2008-09 Levies	Adjustments	Net Interest Discounts	Collections	Balances June 30, 2009
Current	\$ -	\$ 83,243,776	\$ (55,567)	\$ (1,930,477)	\$ 76,886,372	\$ 4,371,360
Prior	5,418,534	-	(47,000)	326,719	2,906,573	2,791,680
	<u>\$ 5,418,534</u>	<u>\$ 83,243,776</u>	<u>\$ (102,567)</u>	<u>\$ (1,603,758)</u>	<u>\$ 79,792,945</u>	<u>\$ 7,163,040</u>

iii. Ensuing year's levies

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.

In addition, the county will levy \$215,673 for the retirement of long-term debt principal and interest due in 2009-10.

Also, 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

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**5. Interfund Transactions**

*Transfers:*

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 briefly summarizes the County's transfer activity:

Between Funds within the Governmental Activities:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>
General	Other Governmental Funds	<u>\$ 229,872</u>
Other Governmental	General	4,448
	Human Services	<u>259,606</u>
		<u>264,054</u>
		<u><u>\$ 493,926</u></u>

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 6. Capital Assets

A. Capital asset activity for the year ended June 30, 2009 was as follows:

	Balances July 1, 2008	Additions and Reclassifications	Deletions and Reclassifications	Balances June 30, 2009
<i>Capital assets not being depreciated</i>				
Land and easements	\$ 824,625	\$ 12,500	\$ -	\$ 837,125
Land Improvements	7,700	-	-	7,700
Infrastructure	90,408,345	283,498	-	90,691,843
Construction in progress	<u>2,541,348</u>	<u>4,882,818</u>	<u>1,843,050</u>	<u>5,581,116</u>
Total capital assets not being depreciated	<u>\$ 93,782,018</u>	<u>\$ 5,178,816</u>	<u>\$ 1,843,050.00</u>	<u>97,117,784</u>
<i>Capital assets being depreciated</i>				
Infrastructure	\$ 53,990,594	\$ 58,858	\$ -	54,049,452
Buildings	15,643,037	-	-	15,643,037
Improvements	2,371,813	999,667	-	3,371,480
Equipment	<u>10,357,906</u>	<u>494,676</u>	<u>105,959</u>	<u>10,746,623</u>
Total capital assets being depreciated	<u>82,363,350</u>	<u>1,553,201</u>	<u>105,959</u>	<u>83,810,592</u>
Less accumulated depreciation for:				
Infrastructure	42,718,483	690,259	-	43,408,742
Buildings	6,245,696	410,194	-	6,655,890
Improvements	915,944	141,391	-	1,057,335
Equipment	<u>7,541,808</u>	<u>927,253</u>	<u>104,484</u>	<u>8,364,577</u>
Total accumulated depreciation	<u>57,421,931</u>	<u>2,169,097</u>	<u>104,484</u>	<u>59,486,544</u>
Total capital assets being depreciated, net	<u>\$ 24,941,419</u>	<u>\$ (615,896)</u>	<u>\$ 1,475</u>	<u>24,324,048</u>
Total capital assets net of depreciation	<u>\$ 118,723,437</u>	<u>\$ 4,562,920</u>	<u>\$ 1,844,525</u>	<u>\$ 121,441,832</u>

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**6. Capital Assets (continued)**

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

General government	\$ 238,469
Community services	119,896
Public safety	262,900
Highways and streets	1,527,121
Culture and recreation	5,404
Health and welfare	<u>15,307</u>
Total depreciation expense – governmental functions	<u>\$ 2,169,097</u>

**7. Construction Commitments**

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

	Project Authorization	Expended to Date	Commitment	Required Further Financing
Siletz River Bridge	\$ 4,001,192	\$ 3,601,676	\$ 399,516	\$ -

**8. Deferred Revenue**

Deferred revenue at June 30, 2009 consists of:

	Governmental Funds			Totals
	General	Human Services	Other Governmental Funds	
Property taxes	\$ 1,146,501	\$ -	\$ 112,343	\$ 1,258,844
Accounts receivable	-	1,237,155	452,066	1,689,221
Unearned revenue	<u>-</u>	<u>-</u>	<u>60,039</u>	<u>60,039</u>
Deferred revenue reported in the funds	<u>\$ 1,146,501</u>	<u>\$ 1,237,155</u>	<u>\$ 624,448</u>	<u>\$ 3,008,104</u>

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**9. Long-Term Obligations**

Transactions for the year ended June 30, 2009 are as follows:

	Outstanding July 1, 2008	Additions	Reductions	Outstanding June 30, 2009	Balances Due Within One Year
General Obligation Refunding Bonds, \$3,700,000; interest rates of 2.0 percent to 2.7 percent					
Principal	\$ 1,090,000	\$ -	\$ 705,000	\$ 385,000	\$ 385,000
Interest	<u>11,910</u>	<u>21,270</u>	<u>28,901</u>	<u>4,279</u>	
	<u>1,101,910</u>	<u>21,270</u>	<u>733,901</u>	<u>389,279</u>	
Tax-Exempt Loan, \$2,140,000; interest rate of 3.75 percent					
Principal	2,140,000	-	389,000	1,751,000	414,000
Interest	<u>6,359</u>	<u>78,159</u>	<u>72,956</u>	<u>5,203</u>	
	<u>2,146,359</u>	<u>78,159</u>	<u>461,956</u>	<u>1,756,203</u>	
Vested Compensated Absences	<u>1,734,386</u>	<u>2,007,619</u>	<u>1,734,386</u>	<u>2,007,619</u>	<u>2,007,619</u>
Total long-term obligations	4,982,655	2,107,048	2,930,243	4,153,101	<u>\$ 2,806,619</u>
Interest	<u>18,269</u>	<u>99,429</u>	<u>101,857</u>	<u>9,482</u>	
Principal	<u>\$ 4,964,386</u>	<u>\$ 2,007,619</u>	<u>\$ 2,828,386</u>	<u>\$ 4,143,619</u>	

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**9. Long-Term Obligations (continued)**

Fiscal Year	General Obligation Refunding Bonds, Series 2003		Bank of America Tax-Exempt Loan		Vested Compensated	Totals	
	Principal	Interest	Principal	Interest	Absences	Principal	Interest
2010	\$ 385,000	\$ 10,395	\$ 414,000	\$ 57,900	\$ 2,007,619	\$ 2,806,619	\$ 68,295
2011	-	-	429,000	42,094	-	429,000	42,094
2012	-	-	446,000	25,688	-	446,000	25,688
2013	-	-	462,000	8,663	-	462,000	8,663
	<u>\$ 385,000</u>	<u>\$ 10,395</u>	<u>\$ 1,751,000</u>	<u>\$ 134,345</u>	<u>\$ 2,007,619</u>	<u>\$ 4,143,619</u>	<u>\$ 144,740</u>

**10. Operating Leases**

The County leases office equipment and office facilities under operating leases expiring at various times through 2101. Minimum future rental payments under non-cancelable operating leases having remaining terms in excess of one year as of June 30, 2009 for each of the next four years are:

Year Ended June 30,	Amount
2010	\$ 543,974
2011	449,735
2012	308,531
2013	26,132
2014	6,496
Thereafter	<u>40,176</u>
Total	<u>\$ 1,375,044</u>

Rent expenditures for the year ended June 30, 2009 amounted to \$581,403.

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 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, 2009, there were 312 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 \$1,896,525 for the year ended June 30, 2009. 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, 2009, amounted to \$541,659.

### 12. 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](http://www.oregon.gov/PERS).

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**12. Defined Benefit Pension Plan (continued)**

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 8.98 percent of covered compensation. For employees hired on or after August 29, 2003, the County’s contribution rate is 7.62 percent of covered compensation.

The County’s contribution to the plan for the years ending June 30, 2009, 2008 and 2007, were equal to the County’s required contributions for each year as follows:

<u>Year Ended June 30,</u>	<u>Employer County Contribution</u>	<u>Employer Paid Member Contribution</u>	<u>Totals</u>
2009	\$ 382,914	\$ 255,382	\$ 638,296
2008	344,122	248,763	592,885
2007	375,936	229,253	605,189

**13. Other Post-Employment Benefits**

For the year ended June 30, 2009, Yamhill County has implemented the provisions of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions* (GASB 45). This pronouncement requires the County to report a *net other post-employment benefit obligation* (NOPEBO) as of June 30, 2009. 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

The County provides *other post-employment benefits* (OPEB) for employees, retirees, spouses and dependents through a single employer defined contribution plan in the form of group health insurance benefits. For employees hired before July 1, 2003 the County will pay the group health insurance for retired employees. As required by ORS 243.303(2) retirees who were hired after July 1, 2003 are allowed to continue, at the retirees’ expense, coverage under the group health insurance plan until age 65. The difference between the premium actually paid by retirees under the group insurance plan and the premium that they would pay if they were not included in the plan is considered to be an implicit subsidy under the provisions of GASB 45. The plan does not issue a separate stand-alone financial report.

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 13. Other Post-Employment Benefits (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, spouses or dependents	<u>4</u>
Total	<u><u>414</u></u>

#### Funding policy and contributions

The County funds the plan only to the extent of current year insurance premium requirements on a pay-as-you-go basis. The premium requirements 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.

#### 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 is equal to the ARC as follows:

Normal cost	\$ 335,722
Amortization of UAAL	<u>214,498</u>
Annual required contribution	<u><u>\$ 550,220</u></u>

The net OPEB obligation as of June 30, 2009 was calculated as follows:

Annual required contribution	\$ 550,220
Contributions made	<u>(81,854)</u>
Increase in net OPEB obligation	468,366
Net OPEB obligation at beginning of year	<u>--</u>
Net OPEB obligation at end of year	<u><u>\$ 468,366</u></u>

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**13. Other Post-Employment Benefits (continued)**

The County’s annual OPEB cost, percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of June 30, 2009 is as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2009	\$ 550,220	\$ 14.88%	\$ 468,366

In future years the above information will be accumulated until 3 years of information is presented.

Funded status and funding progress

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 presents information about the actuarial value of plan assets and the unfunded actuarial liability.

<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%

Actuarial methods and assumptions

Actuarial valuations will be performed every two 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 percent rate for discounting future liabilities, a payroll growth rate of 3.75 percent per year, annual premium rate increases from 8 percent in 2009 to 5 percent in 2024, and participation rate of 70 percent of future retirees electing coverage under the plan. The unfunded actuarial liability is being amortized using a level percent of payroll over a period of 15 years. As of August 1, 2008 the remaining amortization period is 14 years.

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**14. 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.

**15. Net Assets Restricted Through Enabling 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	\$ 19,975,633
---	---------------

**16. 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.

*B. Sick Leave*

Portions of sick leave accumulated at any point in time can be expected to be redeemed before termination of employment; however, such redemptions cannot be reasonably estimated. As of June 30, 2009, County employees had accumulated 10,944 days of sick leave.

**17. Fund Deficits**

The financial statements include the following fund with a cumulative fund deficit at June 30, 2009:

<u>Fund</u>	<u>Amount</u>
Community Health Center	\$ (253,176)

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

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 18. Prior Period Adjustment

Management has determined that accounts receivable due for services provided in the Human Services and the Community Health Center departments represent assets from prior years that should be included in the Net Assets of the County. Accordingly a prior period adjustment has been made to record the accounts receivable in the amount of \$1,335,136 and an associated reserve for uncollectible accounts in the amount of \$585,534 for a net prior period adjustment of \$749,602 to increase net assets of the County.

**COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES**

**LINCOLN COUNTY**  
**COMBINING BALANCE SHEET**  
**OTHER GOVERNMENTAL FUNDS**  
**June 30, 2009**

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Totals</u>
<b>ASSETS</b>			
Cash and investments	\$ 5,806,083	\$ 251,544	\$ 6,057,627
Receivables	1,157,776	66,290	1,224,066
Prepaid items	<u>11,035</u>	<u>-</u>	<u>11,035</u>
<b>TOTAL ASSETS</b>	<u>\$ 6,974,894</u>	<u>\$ 317,834</u>	<u>\$ 7,292,728</u>
<b>LIABILITIES</b>			
Accounts payable	520,523	-	520,523
Payroll, taxes, and withholding payable	122,238	-	122,238
Due to other funds	225,000	-	225,000
Deferred revenue	<u>568,652</u>	<u>55,796</u>	<u>624,448</u>
<b>TOTAL LIABILITIES</b>	<u>1,436,413</u>	<u>55,796</u>	<u>1,492,209</u>
<b>FUND BALANCES</b>			
Reserved for:			
Outpatient services	50,000	-	50,000
Debt service	-	262,038	262,038
Unreserved	<u>5,488,481</u>	<u>-</u>	<u>5,488,481</u>
<b>TOTAL FUND BALANCES</b>	<u>5,538,481</u>	<u>262,038</u>	<u>5,800,519</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 6,974,894</u>	<u>\$ 317,834</u>	<u>\$ 7,292,728</u>

**LINCOLN COUNTY**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
OTHER GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2009**

	Special Revenue	Debt Service	Totals
<b>REVENUES</b>			
Taxes and land sales	\$ 1,209,114	\$ 724,552	\$ 1,933,666
Licenses, Permits and fees	261,196	-	261,196
Charges for services	1,561,261	-	1,561,261
Intergovernmental	5,486,922	-	5,486,922
Court fines	70,151	-	70,151
Interest	105,405	7,581	112,986
Donations	10,353	-	10,353
Miscellaneous	224,584	1,413	225,997
	8,928,986	733,546	9,662,532
<b>TOTAL REVENUES</b>			
<b>EXPENDITURES</b>			
Current:			
General government	274,401	-	274,401
Community services	1,815,457	-	1,815,457
Public Safety	633,225	-	633,225
Culture and recreation	191,687	-	191,687
Health and welfare	4,532,055	-	4,532,055
Education	1,565,769	-	1,565,769
Debt service			
Principal	-	705,000	705,000
Interest	-	28,901	28,901
Capital outlay	387,316	-	387,316
	9,399,910	733,901	10,133,811
<b>TOTAL EXPENDITURES</b>			
Excess (deficiency) of revenues over expenditures	(470,924)	(355)	(471,279)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	229,872	-	229,872
Transfers out	(264,054)	-	(264,054)
	(34,182)	-	(34,182)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>			
Net change in fund balances	(505,106)	(355)	(505,461)
Fund balances at beginning of year	6,043,587	262,393	6,305,980
	\$ 5,538,481	\$ 262,038	\$ 5,800,519
<b>Fund balances at end of year</b>			

## OTHER GOVERNMENTAL FUNDS

### Special Revenue

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.
- *OHP Mental Health* – This fund accounts for mental health services for enrollees of the Oregon Health Plan as part of a multi-county consortium.
- *Solid Waste District (a component unit)* – This fund is responsible for county-wide solid waste management planning and enforcement. The principal revenue sources are assessments levied against various municipalities within 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.
- *Dog License* – 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* – 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.

## Special Revenue Funds, continued

- *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.
- *DUII M3 Forfeiture* – 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.
- *Community Health Center* – This fund operates federally funded community health centers in various locations in the County.
- *Fair Facilities* – This fund accounts for the upgrade and improvement to the County Fairgrounds and its buildings and infrastructure through a dedicated property tax.

**LINCOLN COUNTY**  
**COMBINING BALANCE SHEET**  
**SPECIAL REVENUE FUNDS**  
June 30, 2009

	Transit District	County Fair	Law Library	Clerk Records	OHP Metal Health	Solid Waste District	Enforcement	Dog License
<b>ASSETS</b>								
Cash and investments	\$ 995,737	\$ 47,317	\$ 22,627	\$ 4,965	\$ 333,517	\$ 157,269	\$ 21,822	\$ 130,438
Receivables	550,957	-	4,143	1,085	2,243	24,618	1,741	982
Prepaid expenses	35	48	620	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 1,546,729</b>	<b>\$ 47,365</b>	<b>\$ 27,390</b>	<b>\$ 6,050</b>	<b>\$ 335,760</b>	<b>\$ 181,887</b>	<b>\$ 23,563</b>	<b>\$ 131,420</b>
<b>LIABILITIES</b>								
Accounts payable and accrued items	\$ 176,780	\$ 29,155	\$ 19,638	\$ 97	\$ 192,394	\$ 8,677	\$ 450	\$ 9,023
Payroll, taxes and withholding payable	57,623	-	-	-	4,622	3,052	468	8,542
Due to other funds	-	-	-	-	-	-	-	-
Deferred revenue	38,569	-	-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>272,972</b>	<b>29,155</b>	<b>19,638</b>	<b>97</b>	<b>197,016</b>	<b>11,729</b>	<b>918</b>	<b>17,565</b>
<b>FUND BALANCES</b>								
Reserved for other purposes					50,000	-	-	-
Unreserved	1,273,757	18,210	7,752	5,953	88,744	170,158	22,645	113,855
<b>TOTAL FUND BALANCES</b>	<b>1,273,757</b>	<b>18,210</b>	<b>7,752</b>	<b>5,953</b>	<b>138,744</b>	<b>170,158</b>	<b>22,645</b>	<b>113,855</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 1,546,729</b>	<b>\$ 47,365</b>	<b>\$ 27,390</b>	<b>\$ 6,050</b>	<b>\$ 335,760</b>	<b>\$ 181,887</b>	<b>\$ 23,563</b>	<b>\$ 131,420</b>

Title III Safety Net	Corner Preservation	Meth Grant	Extension Agency	Agate Beach Closure	DUII	Building Reserve	Community Health Center	Fair Facilities	Totals
\$ 2,334,068	\$ 239,995	\$ 7,011	\$ 328,081	\$ 760,454	\$ 1,024	\$ 204,021	\$ 34,903	\$ 182,834	\$ 5,806,083
-	2,126	32,548	26,304	-	-	-	511,029	-	1,157,776
-	-	1,400	702	-	-	-	8,230	-	11,035
<u>\$ 2,334,068</u>	<u>\$ 242,121</u>	<u>\$ 40,959</u>	<u>\$ 355,087</u>	<u>\$ 760,454</u>	<u>\$ 1,024</u>	<u>\$ 204,021</u>	<u>\$ 554,162</u>	<u>\$ 182,834</u>	<u>\$ 6,974,894</u>
\$ 2,697	\$ 8,745	\$ 26,740	\$ 2,449	\$ 4,685	\$ -	\$ -	\$ 38,993	\$ -	\$ 520,523
-	16,693	-	-	-	-	-	31,238	-	122,238
-	-	-	-	-	-	-	225,000	-	225,000
-	-	-	17,978	-	-	-	512,105	-	568,652
<u>2,697</u>	<u>25,438</u>	<u>26,740</u>	<u>20,427</u>	<u>4,685</u>	<u>-</u>	<u>-</u>	<u>807,336</u>	<u>-</u>	<u>1,436,413</u>
-	-	-	-	-	-	-	-	-	50,000
<u>2,331,371</u>	<u>216,683</u>	<u>14,219</u>	<u>334,660</u>	<u>755,769</u>	<u>1,024</u>	<u>204,021</u>	<u>(253,174)</u>	<u>182,834</u>	<u>5,488,481</u>
<u>2,331,371</u>	<u>216,683</u>	<u>14,219</u>	<u>334,660</u>	<u>755,769</u>	<u>1,024</u>	<u>204,021</u>	<u>(253,174)</u>	<u>182,834</u>	<u>5,538,481</u>
<u>\$ 2,334,068</u>	<u>\$ 242,121</u>	<u>\$ 40,959</u>	<u>\$ 355,087</u>	<u>\$ 760,454</u>	<u>\$ 1,024</u>	<u>\$ 204,021</u>	<u>\$ 554,162</u>	<u>\$ 182,834</u>	<u>\$ 6,974,894</u>

**LINCOLN COUNTY**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE**  
**SPECIAL REVENUE FUNDS**  
**For the Year Ended June 30, 2009**

	Transit District	County School	County Fair	Law Library	Clerk Records	OHP Mental Health	Solid Waste District	Enforcement	Dog License
<b>REVENUES</b>									
Taxes and land sales	\$ 518,682	\$ 203,175	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, Permits and fees	90,000	-	-	-	43,757	-	-	-	21,209
Charges for services	165,791	-	-	-	-	6,724	236,621	-	88,540
Intergovernmental	688,812	1,013,452	62,204	-	-	2,060,184	20,000	-	40,130
Court fines	-	-	-	45,043	-	-	70	23,805	-
Interest	20,958	387	634	394	180	4,570	3,097	403	-
Donations	-	-	1,390	-	-	-	-	-	7,335
Miscellaneous	35,422	230	126,858	2,423	-	2,445	988	-	3,839
<b>TOTAL REVENUES</b>	<b>1,519,665</b>	<b>1,217,244</b>	<b>191,086</b>	<b>47,860</b>	<b>43,937</b>	<b>2,073,923</b>	<b>260,776</b>	<b>24,208</b>	<b>161,053</b>
<b>EXPENDITURES</b>									
Current:									
General government	-	-	-	-	48,552	-	-	-	-
Community services	1,436,344	-	-	-	-	-	241,126	-	-
Public safety	-	-	-	55,114	-	-	-	15,131	365,957
Culture and recreation	-	-	191,687	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	2,113,177	-	-	-
Education	-	1,217,256	-	-	-	-	-	-	-
Capital outlay	135,655	-	-	-	15,000	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>1,571,999</b>	<b>1,217,256</b>	<b>191,687</b>	<b>55,114</b>	<b>63,552</b>	<b>2,113,177</b>	<b>241,126</b>	<b>15,131</b>	<b>365,957</b>
Excess (deficiency) of revenues over expenditures	(52,334)	(12)	(601)	(7,254)	(19,615)	(39,254)	19,650	9,077	(204,904)
<b>OTHER FINANCING SOURCES (USES)</b>									
Transfers in	-	-	-	-	-	-	-	-	229,872
Transfers out	-	-	-	-	-	-	-	(4,448)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(4,448)</b>	<b>229,872</b>
Net change in fund balances	(52,334)	(12)	(601)	(7,254)	(19,615)	(39,254)	19,650	4,629	24,968
Fund balances at beginning of year	1,326,091	12	18,811	15,006	25,368	177,998	150,508	18,016	88,887
Fund balances at end of year	\$ 1,273,757	\$ -	\$ 18,210	\$ 7,752	\$ 5,953	\$ 138,744	\$ 170,158	\$ 22,645	\$ 113,855

Title III Safety Net	Corner Preservation	Meth Grant	Extension Agency	Agate Beach Closure	DUII	DUII, M3 Forfeiture	Building Reserve	Community Health Center	Fair Facilities	Totals
\$ -	\$ -	\$ -	\$ 237,986	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 249,271	\$ 1,209,114
-	117,515	-	2,305	6,590	1,029	-	-	-	-	282,405
-	-	-	6,522	-	-	-	-	1,124,394	-	1,628,592
154,360	6,534	330,393	154,884	-	-	-	-	868,662	-	5,399,615
-	-	-	-	-	-	-	-	-	-	68,918
44,991	6,124	-	4,757	15,269	18	471	-	369	2,783	105,405
-	-	-	-	-	-	-	-	1,628	-	10,353
-	-	-	-	-	-	-	-	52,379	-	224,584
<u>199,351</u>	<u>130,173</u>	<u>330,393</u>	<u>406,454</u>	<u>21,859</u>	<u>1,047</u>	<u>471</u>	<u>-</u>	<u>2,047,432</u>	<u>252,054</u>	<u>8,928,986</u>
-	225,849	-	-	-	-	-	-	-	-	274,401
108,932	-	-	-	29,055	-	-	-	-	-	1,815,457
-	-	195,622	-	-	1,152	249	-	-	-	633,225
-	-	-	-	-	-	-	-	-	-	191,687
-	-	-	348,513	-	-	-	-	2,418,878	-	4,532,055
-	-	-	-	-	-	-	-	-	-	1,565,769
-	33,575	133,866	-	-	-	-	-	-	69,220	387,316
<u>108,932</u>	<u>259,424</u>	<u>329,488</u>	<u>348,513</u>	<u>29,055</u>	<u>1,152</u>	<u>249</u>	<u>-</u>	<u>2,418,878</u>	<u>69,220</u>	<u>9,399,910</u>
90,419	(129,251)	905	57,941	(7,196)	(105)	222	-	(371,446)	182,834	(470,924)
-	-	-	-	-	-	-	-	-	-	229,872
-	-	-	-	-	-	-	-	(259,606)	-	(264,054)
-	-	-	-	-	-	-	-	(259,606)	-	(34,182)
90,419	(129,251)	905	57,941	(7,196)	(105)	222	-	(631,052)	182,834	(505,106)
<u>2,240,952</u>	<u>345,934</u>	<u>13,314</u>	<u>276,719</u>	<u>762,965</u>	<u>1,129</u>	<u>(222)</u>	<u>204,021</u>	<u>377,878</u>	<u>-</u>	<u>6,043,587</u>
<u>\$ 2,331,371</u>	<u>\$ 216,683</u>	<u>\$ 14,219</u>	<u>\$ 334,660</u>	<u>\$ 755,769</u>	<u>\$ 1,024</u>	<u>\$ -</u>	<u>\$ 204,021</u>	<u>\$ (253,174)</u>	<u>\$ 182,834</u>	<u>\$ 5,538,481</u>

**LINCOLN COUNTY**

**TRANSIT DISTRICT - SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE (BUDGETARY BASIS) - BUDGET AND ACTUAL  
For the Year Ended June 30, 2009**

	Budget	Actual	Variance
<b>REVENUES</b>			
Property taxes	\$ 487,750	\$ 518,682	\$ 30,932
Charges for services	162,500	165,791	3,291
Licenses, permits and fees	-	90,000	90,000
Intergovernmental	1,617,644	688,812	(928,832)
Interest	50,000	20,958	(29,042)
Miscellaneous	30,000	35,422	5,422
	<u>2,347,894</u>	<u>1,519,665</u>	<u>(828,229)</u>
<b>EXPENDITURES</b>			
Personal services	1,000,911	899,398	101,513
Material and services	559,988	536,946	23,042
Capital outlay	1,221,327	135,655	1,085,672
Contingency	180,371	-	180,371
	<u>2,962,597</u>	<u>1,571,999</u>	<u>1,390,598</u>
Net change in fund balances	(614,703)	(52,334)	562,369
Fund balances at beginning of year	1,242,247	1,326,091	83,844
Fund balances at end of year	<u>\$ 627,544</u>	<u>\$ 1,273,757</u>	<u>\$ 646,213</u>

**LINCOLN COUNTY**

**COUNTY SCHOOL - SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE (BUDGETARY BASIS) - BUDGET AND ACTUAL  
For the Year Ended June 30, 2009**

	Budget	Actual	Variance
<b>REVENUES</b>			
Property taxes	\$ 221,750	\$ 203,175	\$ (18,575)
Intergovernmental	1,500,000	1,013,452	(486,548)
Interest	700	387	(313)
Miscellaneous	1,300	230	(1,070)
 TOTAL REVENUES	 1,723,750	 1,217,244	 (506,506)
<b>EXPENDITURES</b>			
Material and services	1,723,750	1,217,256	506,494
 Net change in fund balances	 -	 (12)	 (12)
Fund balances at beginning of year	-	12	12
 Fund balances at end of year	 \$ -	 \$ -	 \$ -

**LINCOLN COUNTY**

**COUNTY FAIR - SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE (BUDGETARY BASIS) - BUDGET AND ACTUAL  
For the Year Ended June 30, 2009**

	Budget	Actual	Variance
<b>REVENUES</b>			
Intergovernmental	\$ 49,404	\$ 62,204	\$ 12,800
Interest	750	634	(116)
Miscellaneous	160,450	128,248	(32,202)
<b>TOTAL REVENUES</b>	<b>210,604</b>	<b>191,086</b>	<b>(19,518)</b>
<b>EXPENDITURES</b>			
Personal services	47,280	35,347	11,933
Material and services	146,534	156,340	(9,806)
Capital outlay	18,490	-	18,490
Contingency	8,300	-	8,300
<b>TOTAL EXPENDITURES</b>	<b>220,604</b>	<b>191,687</b>	<b>28,917</b>
Net change in fund balances	(10,000)	(601)	9,399
Fund balances at beginning of year	10,000	18,811	8,811
Fund balances at end of year	\$ -	\$ 18,210	\$ 18,210

**LINCOLN COUNTY**

**LAW LIBRARY - SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE (BUDGETARY BASIS) - BUDGET AND ACTUAL  
For the Year Ended June 30, 2009**

	Budget	Actual	Variance
<b>REVENUES</b>			
Fees and fines	\$ 48,000	\$ 45,043	\$ (2,957)
Interest	800	394	(406)
Miscellaneous	-	2,423	2,423
<b>TOTAL REVENUES</b>	48,800	47,860	(940)
<b>EXPENDITURES</b>			
Material and services	69,080	55,114	13,966
Net change in fund balances	(20,280)	(7,254)	13,026
Fund balances at beginning of year	20,280	15,006	(5,274)
Fund balances at end of year	\$ -	\$ 7,752	\$ 7,752

**LINCOLN COUNTY**

**CLERK RECORDS - SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE (BUDGETARY BASIS) - BUDGET AND ACTUAL  
For the Year Ended June 30, 2009**

	Budget	Actual	Variance
<b>REVENUES</b>			
Licenses, permits and fees	\$ 58,000	\$ 43,757	\$ (14,243)
Interest	2,000	180	(1,820)
<b>TOTAL REVENUES</b>	<b>60,000</b>	<b>43,937</b>	<b>(16,063)</b>
<b>EXPENDITURES</b>			
Personal services	57,688	35,475	22,213
Material and services	27,449	13,077	14,372
Capital outlay	15,000	15,000	-
<b>TOTAL EXPENDITURES</b>	<b>100,137</b>	<b>63,552</b>	<b>36,585</b>
Net change in fund balances	(40,137)	(19,615)	20,522
Fund balances at beginning of year	40,137	25,568	(14,569)
Fund balances at end of year	\$ -	\$ 5,953	\$ 5,953

**LINCOLN COUNTY**

**OHP MENTAL HEALTH - SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE (BUDGETARY BASIS) - BUDGET AND ACTUAL  
For the Year Ended June 30, 2009**

	Budget	Actual	Variance
<b>REVENUES</b>			
Charges for services	\$ -	\$ 6,724	\$ 6,724
Intergovernmental	1,909,965	2,060,184	150,219
Interest	18,200	4,570	(13,630)
Miscellaneous	2,500	2,445	(55)
<b>TOTAL REVENUES</b>	<b>1,930,665</b>	<b>2,073,923</b>	<b>143,258</b>
<b>EXPENDITURES</b>			
Personal services	138,393	131,395	6,998
Material and services	1,889,514	1,981,782	(92,268)
Contingency	228,888	-	228,888
<b>TOTAL EXPENDITURES</b>	<b>2,256,795</b>	<b>2,113,177</b>	<b>143,618</b>
Net change in fund balances	(326,130)	(39,254)	286,876
Fund balances at beginning of year	326,130	177,998	(148,132)
Fund balances at end of year	<b>\$ -</b>	<b>\$ 138,744</b>	<b>\$ 138,744</b>

**LINCOLN COUNTY**

**SOLID WASTE DISTRICT - SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE (BUDGETARY BASIS) - BUDGET AND ACTUAL  
For the Year Ended June 30, 2009**

	Budget	Actual	Variance
<b>REVENUES</b>			
Charges for services	\$ 282,727	\$ 236,621	\$ (46,106)
Intergovernmental	18,000	20,000	2,000
Licenses , permits and fees	-	70	70
Interest	5,000	3,097	(1,903)
Miscellaneous	-	988	988
	<u>305,727</u>	<u>260,776</u>	<u>(44,951)</u>
<b>TOTAL REVENUES</b>			
<b>EXPENDITURES</b>			
Personal services	107,324	100,573	6,751
Material and services	216,007	140,553	75,454
Contingency	39,448	-	39,448
	<u>362,779</u>	<u>241,126</u>	<u>121,653</u>
<b>TOTAL EXPENDITURES</b>			
Net change in fund balances	(57,052)	19,650	76,702
Fund balances at beginning of year	57,052	150,508	93,456
	<u>57,052</u>	<u>150,508</u>	<u>93,456</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ 170,158</u>	<u>\$ 170,158</u>

**LINCOLN COUNTY**

**ENFORCEMENT - SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE (BUDGETARY BASIS) - BUDGET AND ACTUAL  
For the Year Ended June 30, 2009**

	Budget	Actual	Variance
<b>REVENUES</b>			
Licenses , permits and fees	\$ 40,000	\$ 23,805	\$ (16,195)
Interest	500	403	(97)
<b>TOTAL REVENUES</b>	<b>40,500</b>	<b>24,208</b>	<b>(16,292)</b>
<b>EXPENDITURES</b>			
Personal services	13,222	12,731	491
Material and services	25,000	2,400	22,600
<b>TOTAL EXPENDITURES</b>	<b>38,222</b>	<b>15,131</b>	<b>23,091</b>
Excess (deficiency) of revenues over expenditures	2,278	9,077	6,799
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	(20,878)	(4,448)	(16,430)
Net change in fund balances	(18,600)	4,629	23,229
Fund balances at beginning of year	18,600	18,016	(584)
Fund balances at end of year	<b>\$ -</b>	<b>\$ 22,645</b>	<b>\$ 22,645</b>

**LINCOLN COUNTY**

**DOG LICENSE - SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE (BUDGETARY BASIS) - BUDGET AND ACTUAL  
For the Year Ended June 30, 2009**

	Budget	Actual	Variance
<b>REVENUES</b>			
Charges for services	\$ 20,889	\$ 21,209	\$ 320
Intergovernmental	40,130	40,130	-
Licences, Permits and Fees	76,425	88,540	12,115
Miscellaneous	12,250	11,174	(1,076)
<b>TOTAL REVENUES</b>	<u>149,694</u>	<u>161,053</u>	<u>11,359</u>
<b>EXPENDITURES</b>			
Personal services	370,030	322,666	47,364
Material and services	58,432	43,291	15,141
<b>TOTAL EXPENDITURES</b>	<u>428,462</u>	<u>365,957</u>	<u>62,505</u>
Excess (deficiency) of revenues over expenditures	(278,768)	(204,904)	73,864
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	229,872	229,872	-
Net change in fund balances	(48,896)	24,968	73,864
Fund balances at beginning of year	48,896	88,887	39,991
Fund balances at end of year	<u>\$ -</u>	<u>\$ 113,855</u>	<u>\$ 113,855</u>

**LINCOLN COUNTY**

**TITLE III SAFETY NET - SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE (BUDGETARY BASIS) - BUDGET AND ACTUAL  
For the Year Ended June 30, 2009**

	Budget	Actual	Variance
<b>REVENUES</b>			
Intergovernmental	\$ -	\$ 154,360	\$ 154,360
Interest	50,000	44,991	(5,009)
	50,000	199,351	149,351
<b>TOTAL REVENUES</b>	50,000	199,351	149,351
<b>EXPENDITURES</b>			
Material and services	500,000	108,932	391,068
Capital outlay	1,750,000	-	1,750,000
	2,250,000	108,932	2,141,068
<b>TOTAL EXPENDITURES</b>	2,250,000	108,932	2,141,068
Net change in fund balances	(2,200,000)	90,419	2,290,419
Fund balances at beginning of year	2,200,000	2,240,952	40,952
	2,200,000	2,240,952	40,952
Fund balances at end of year	\$ -	\$ 2,331,371	\$ 2,331,371

**LINCOLN COUNTY**

**CORNER PRESERVATION - SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE (BUDGETARY BASIS) - BUDGET AND ACTUAL  
For the Year Ended June 30, 2009**

	Budget	Actual	Variance
<b>REVENUES</b>			
Licenses and permits	\$ 160,000	\$ 117,515	\$ (42,485)
Intergovernmental	-	6,534	6,534
Interest	12,000	6,124	(5,876)
<b>TOTAL REVENUES</b>	<b>172,000</b>	<b>130,173</b>	<b>(41,827)</b>
<b>EXPENDITURES</b>			
Personal services	228,154	213,460	14,694
Material and services	37,600	12,389	25,211
Capital outlay	60,000	33,575	26,425
Contingency	327,796	-	327,796
<b>TOTAL EXPENDITURES</b>	<b>653,550</b>	<b>259,424</b>	<b>394,126</b>
Net change in fund balances	(481,550)	(129,251)	352,299
Fund balances at beginning of year	481,550	345,934	(135,616)
Fund balances at end of year	\$ -	\$ 216,683	\$ 216,683

**LINCOLN COUNTY**

**METH GRANT - SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE (BUDGETARY BASIS) - BUDGET AND ACTUAL  
For the Year Ended June 30, 2009**

	Budget	Actual	Variance
<b>REVENUES</b>			
Intergovernmental	\$ 540,000	\$ 330,393	\$ (209,607)
<b>TOTAL REVENUES</b>	<b>540,000</b>	<b>330,393</b>	<b>(209,607)</b>
<b>EXPENDITURES</b>			
Personal services	40,000	-	40,000
Material and services	350,000	195,622	154,378
Capital outlay	150,000	133,866	16,134
<b>TOTAL EXPENDITURES</b>	<b>540,000</b>	<b>329,488</b>	<b>210,512</b>
Net change in fund balances	-	905	905
Fund balances at beginning of year	-	13,314	13,314
Fund balances at end of year	<u>\$ -</u>	<u>\$ 14,219</u>	<u>\$ 14,219</u>

**LINCOLN COUNTY**

**EXTENSION AGENCY - SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE (BUDGETARY BASIS) - BUDGET AND ACTUAL  
For the Year Ended June 30, 2009**

	Budget	Actual	Variance
<b>REVENUES</b>			
Property taxes	\$ 229,814	\$ 237,986	\$ 8,172
Fees and fines	1,500	2,305	805
Intergovernmental	257,000	154,884	(102,116)
Charges for services	10,200	6,522	(3,678)
Interest	5,652	4,757	(895)
<b>TOTAL REVENUES</b>	<b>504,166</b>	<b>406,454</b>	<b>(97,712)</b>
<b>EXPENDITURES</b>			
Personal services	382,000	212,369	169,631
Material and services	223,850	136,144	87,706
Capital outlay	10,000	-	10,000
Contingency	55,395	-	55,395
<b>TOTAL EXPENDITURES</b>	<b>671,245</b>	<b>348,513</b>	<b>322,732</b>
Net change in fund balances	(167,079)	57,941	225,020
Fund balances at beginning of year	167,079	276,719	109,640
Fund balances at end of year	\$ -	\$ 334,660	\$ 334,660

LINCOLN COUNTY

AGATE BEACH CLOSURE - SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE (BUDGETARY BASIS) - BUDGET AND ACTUAL  
For the Year Ended June 30, 2009

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Licenses and permits	\$ 4,000	\$ 6,590	\$ 2,590
Interest	<u>15,000</u>	<u>15,269</u>	<u>269</u>
<b>TOTAL REVENUES</b>	<u>19,000</u>	<u>21,859</u>	<u>2,859</u>
<b>EXPENDITURES</b>			
Material and services	657,147	29,055	628,092
Capital outlay	5,000	-	5,000
Contingency	<u>50,000</u>	<u>-</u>	<u>50,000</u>
<b>TOTAL EXPENDITURES</b>	<u>712,147</u>	<u>29,055</u>	<u>683,092</u>
Net change in fund balances	(693,147)	(7,196)	685,951
Fund balances at beginning of year	<u>693,147</u>	<u>762,965</u>	<u>69,818</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ 755,769</u>	<u>\$ 755,769</u>

**LINCOLN COUNTY**

**DUII - SPECIAL REVENUE FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE (BUDGETARY BASIS) - BUDGET AND ACTUAL  
 For the Year Ended June 30, 2009**

	Budget	Actual	Variance
<b>REVENUES</b>			
Licenses and permits	\$ 6,000	\$ 1,029	\$ (4,971)
Interest	-	18	18
 TOTAL REVENUES	 6,000	 1,047	 (4,953)
 <b>EXPENDITURES</b>			
Material and services	7,000	1,152	5,848
 Net change in fund balances	 (1,000)	 (105)	 895
Fund balances at beginning of year	1,000	1,129	129
 Fund balances at end of year	 -	 \$ 1,024	 \$ 1,024

**LINCOLN COUNTY**

**DUII, M3 FORFEITURE - SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE (BUDGETARY BASIS) - BUDGET AND ACTUAL  
For the Year Ended June 30, 2009**

	Budget	Actual	Variance
<b>REVENUES</b>			
Licenses and permits	\$ 15,000	\$ -	\$ (15,000)
Interest	500	471	(29)
Total revenues	15,500	471	(15,029)
<b>EXPENDITURES</b>			
Material and services	16,500	249	16,251
Net change in fund balances	(1,000)	222	1,222
Fund balances at beginning of year	1,000	(222)	(1,222)
Fund balances at end of year	\$ -	\$ -	\$ -

**LINCOLN COUNTY**

**BUILDING RESERVE - SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE (BUDGETARY BASIS) - BUDGET AND ACTUAL  
For the Year Ended June 30, 2009**

	Budget	Actual	Variance
<b>EXPENDITURES</b>			
Material and services	\$ 263,200	\$ -	\$ 263,200
Excess (deficiency) of revenues over expenditures	(263,200)	-	263,200
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	263,200	-	263,200
Net change in fund balances	-	-	-
Fund balances at beginning of year	-	204,021	204,021
Fund balances at end of year	\$ -	\$ 204,021	\$ 204,021

LINCOLN COUNTY

**COMMUNITY HEALTH CENTER - SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE (BUDGETARY BASIS) - BUDGET AND ACTUAL  
For the Year Ended June 30, 2009**

	Budget	Actual	Variance
<b>REVENUES</b>			
Charges for services	2,196,061	1,124,394	(1,071,667)
Intergovernmental	\$ 985,023	\$ 868,662	\$ (116,361)
Interest	10,000	369	(9,631)
Donations	-	1,628	1,628
Miscellaneous	236,500	52,379	(184,121)
<b>TOTAL REVENUES</b>	<b>3,427,584</b>	<b>2,047,432</b>	<b>(1,380,152)</b>
<b>EXPENDITURES</b>			
Personal services	2,364,725	1,871,546	493,179
Material and services	803,753	547,332	256,421
<b>TOTAL EXPENDITURES</b>	<b>3,168,478</b>	<b>2,418,878</b>	<b>749,600</b>
Excess (deficiency) of revenues over expenditures	259,106	(371,446)	(630,552)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	(259,606)	(259,606)	-
Net change in fund balances	(500)	(631,052)	(630,552)
Fund balances at beginning of year	500	377,878	377,378
Fund balances at end of year	\$ -	\$ (253,174)	\$ (253,174)

**LINCOLN COUNTY**

**FAIR FACILITIES - SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE (BUDGETARY BASIS) - BUDGET AND ACTUAL  
For the Year Ended June 30, 2009**

	Budget	Actual	Variance
<b>REVENUES</b>			
Property taxes	\$ 285,000	\$ 249,271	\$ (35,729)
Interest	-	2,783	2,783
 TOTAL REVENUES	 285,000	 252,054	 (32,946)
<b>EXPENDITURES</b>			
Capital outlay	285,000	69,220	215,780
Net change in fund balances	-	182,834	182,834
Fund balances at beginning of year	-	-	-
 Fund balances at end of year	 \$ -	 \$ 182,834	 \$ 182,834

## **OTHER GOVERNMENTAL FUNDS**

### **Debt Service**

The Debt Service Fund accounts for payments of principal and interest on general obligation bonds. The principal source of revenue is property taxes.

**LINCOLN COUNTY**

**DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE (BUDGETARY BASIS) - BUDGET AND ACTUAL  
For the Year Ended June 30, 2009**

	Budget	Actual	Variance
<b>REVENUES</b>			
Property taxes	\$ 693,338	\$ 724,552	\$ 31,214
Interest	20,000	7,581	(12,419)
Miscellaneous	-	1,413	1,413
<b>TOTAL REVENUES</b>	<b>713,338</b>	<b>733,546</b>	<b>20,208</b>
<b>EXPENDITURES</b>			
Principal	705,000	705,000	-
Interest	28,901	28,901	-
<b>TOTAL EXPENDITURES</b>	<b>733,901</b>	<b>733,901</b>	<b>-</b>
Net change in fund balances	(20,563)	(355)	20,208
Fund balances at beginning of year	220,563	262,393	41,830
Fund balances at end of year	<b>\$ 200,000</b>	<b>\$ 262,038</b>	<b>\$ 62,038</b>

## **PROPRIETARY FUND**

### **Internal Service**

The Insurance Reserve 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**

**INSURANCE RESERVE - INTERNAL SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE (BUDGETARY BASIS) - BUDGET AND ACTUAL  
For the Year Ended June 30, 2009**

	Budget	Actual	Variance
<b>REVENUES</b>			
Charges for services	\$ 705,000	\$ 871,823	\$ 166,823
Interest	25,000	19,944	(5,056)
Miscellaneous	15,161	22,287	7,126
<b>TOTAL REVENUES</b>	<u>745,161</u>	<u>914,054</u>	<u>168,893</u>
<b>EXPENDITURES</b>			
Personal services	858,962	760,528	98,434
Material and services	458,142	114,838	343,304
Contingency	140,057	-	140,057
Capital Outlay	100,000	12,500	87,500
<b>TOTAL EXPENDITURES</b>	<u>1,557,161</u>	<u>887,866</u>	<u>669,295</u>
Net change in fund balances	(812,000)	26,188	838,188
Fund balances at beginning of year	<u>812,000</u>	<u>1,001,424</u>	<u>189,424</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ 1,027,612</u>	<u>\$ 1,027,612</u>

## **FIDUCIARY FUND**

### **Agency**

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**

**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUND**

**For the Year Ended June 30, 2009**

	Balances July 1, 2008	Additions	Deductions	Balances June 30, 2009
<b><u>ASSETS</u></b>				
Cash and investments	\$ 2,295,660	\$ 279,269,024	\$ 279,069,035	\$ 2,495,649
Receivables	5,090,481	66,262,889	65,379,584	5,973,786
Due from other governments				
Total assets	\$ 7,386,141	\$ 345,531,913	\$ 344,448,619	\$ 8,469,435
<b><u>LIABILITIES</u></b>				
Accounts payable	\$ 1,109,898	\$ 667,709	\$ 1,109,898	\$ 667,709
Amounts held in trust	6,276,243	344,864,204	343,338,721	7,801,726
Total liabilities	\$ 7,386,141	\$ 345,531,913	\$ 344,448,619	\$ 8,469,435

## **OTHER FINANCIAL SCHEDULES**

LINCOLN COUNTY

SCHEDULE OF RECEIPTS AND DISBURSEMENTS FOR ELECTED OFFICIALS

For the Year Ended June 30, 2009

	Cash and Investment Balances July 1, 2008	Receipts	Disbursements	Cash and Investment Balances June 30 ,2009
Treasurer	\$ 37,133,792	\$ 372,911,558	\$ 377,912,594	\$ 32,132,756
District Attorney	<u>202</u>	<u>-</u>	<u>-</u>	<u>202</u>
Totals	<u>\$ 37,133,994</u>	<u>\$ 372,911,558</u>	<u>\$ 377,912,594</u>	<u>\$ 32,132,958</u>

The County Sheriff, Surveyor, Assessor and Clerk do not maintain and fund at financial institutions.

# STATISTICAL SECTION



# STATISTICAL SECTION

Contents Page

**Financial Trends** **66-69**

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** **70-73**

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

**Debt Capacity** **74-78**

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

**Demographic and Economic Information** **79-80**

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** **81-83**

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
Invested in capital assets, net of related debt	\$ 115,313	\$ 116,325	\$ 115,587	\$ 120,699	\$ 120,717	\$ 115,493	\$ 119,306
Restricted	145	200	3,383	3,257	3,278	19,717	20,238
Unrestricted	23,546	24,087	25,876	27,687	29,264	14,741	11,595
Total Net Assets	\$ 139,004	\$ 140,612	\$ 144,846	\$ 151,643	\$ 153,259	\$ 149,951	\$ 151,139

*Note: 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)**

<b>EXPENSES</b>	Year ended June 30,						
	2003	2004	2005	2006	2007	2008	2009
Governmental Activities							
General Government	\$ 5,662	\$ 5,652	\$ 7,026	\$ 8,277	\$ 9,320	\$ 11,082	\$ 11,229
Community Services	2,569	2,677	2,962	3,239	3,246	4,065	4,205
Public Safety	12,887	13,157	14,962	14,273	15,390	16,766	17,322
Highways and Streets	6,637	6,404	5,556	6,702	5,684	8,509	7,543
Culture and Recreation	264	239	256	112	(127)	249	198
Health and Welfare	9,939	9,502	10,053	10,968	12,622	11,881	12,033
Education	1,786	1,618	1,741	1,877	1,764	1,668	1,569
Interest	278	259	92	81	54	95	93
Total Governmental Activities Expense	40,022	39,508	42,648	45,529	47,953	54,315	54,192
Business-type Activities							
None	-	-	-	-	-	-	-
Total Business-type Activities	-	-	-	-	-	-	-
Total Primary Government Expenses	40,022	39,508	42,648	45,529	47,953	54,315	54,192
<b>PROGRAM REVENUES</b>							
Governmental Activities							
Charges for Services							
General Government	1,944	1,997	2,272	2,175	2,261	1,842	2,476
Community Services	74	384	422	437	494	559	670
Public Safety	227	255	303	367	502	447	911
Highways and Streets	320	305	523	701	619	1,365	1,144
Health and Welfare	3,339	3,665	3,959	4,509	3,700	3,454	6,188
Education	9	6	5	6	1	1	6
Operating Grants and Contributions	10,603	13,021	17,542	14,997	17,279	18,962	19,766
Capital Grants and Contributions	24	630	22	5,165	18	1,500	12
Total Governmental Activities Program Revenues	16,540	20,263	25,048	28,357	24,874	28,130	31,173
Business-type Activities							
None	-	-	-	-	-	-	-
Total Business-type Activities	-	-	-	-	-	-	-
Total Primary Government Program Revenues	16,540	20,263	25,048	28,357	24,874	28,130	31,173
Net (Expense)/Revenue							
Governmental Activities	(23,482)	(19,245)	(17,600)	(17,172)	(23,079)	(26,185)	(23,019)
Business-type Activities	-	-	-	-	-	-	-
Total Primary Government Net Expense	(23,482)	(19,245)	(17,600)	(17,172)	(23,079)	(26,185)	(23,019)
<b>GENERAL REVENUES AND OTHER</b>							
Taxes							
Property Taxes	13,371	13,477	13,974	14,653	15,287	15,954	16,705
Other Taxes	1,028	1,030	1,115	1,237	1,285	1,086	1,640
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
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
Gain on Sale of Capital Assets	86	25	18	11	(24)	(162)	16
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
Business-type Activities							
None	-	-	-	-	-	-	-
Total Business-type Activities	-	-	-	-	-	-	-
Total Primary Government	26,037	20,852	21,834	23,969	24,697	22,878	23,456
<b>CHANGE IN NET ASSETS</b>							
Governmental Activities	\$ 2,555	\$ 1,607	\$ 4,234	\$ 6,797	\$ 1,618	\$ (3,307)	\$ 437

*Note: 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**

**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
<b>GENERAL FUND</b>							
Reserved	\$ 9	\$ 5	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	6,735	7,511	8,012	9,517	9,592	8,346	4,486
<b>Total General Fund</b>	6,744	7,516	8,012	9,517	9,592	8,346	4,486
<b>ALL OTHER GOVERNMENTAL FUNDS</b>							
Reserved For:							
Debt Service	145	200	236	223	246	262	262
Outpatient Services	-	-	-	-	-	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
<b>Total All Other Governmental Funds</b>	\$ 15,226	\$ 15,616	\$ 20,637	\$ 21,433	\$ 23,153	\$ 25,894	\$ 25,857

*Note: 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.*

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

	Year ended June 30,									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>REVENUES</b>										
Taxes and Land Sales	\$ 15,118	\$ 13,361	\$ 14,582	\$ 15,450	\$ 15,452	\$ 16,069	\$ 17,063	\$ 17,132	\$ 17,737	\$ 18,854
Licenses, Fees, and Permits	1,199	1,362	1,348	1,751	1,957	2,248	2,554	2,253	1,908	1,532
Charges for Services	2,488	2,667	2,974	3,500	3,733	4,077	4,696	5,477	5,707	6,518
Intergovernmental	15,049	16,539	19,616	19,896	18,474	23,407	21,478	22,383	22,682	21,748
Court Fines	136	131	112	101	114	128	132	147	160	130
Interest	1,193	1,236	521	395	299	627	1,240	1,719	1,544	637
Miscellaneous	760	686	1,142	1,455	875	921	720	1,016	885	2,717
<b>Total Revenues</b>	<b>\$ 35,943</b>	<b>\$ 35,982</b>	<b>\$ 40,295</b>	<b>\$ 42,548</b>	<b>\$ 40,904</b>	<b>\$ 47,477</b>	<b>\$ 47,883</b>	<b>\$ 50,127</b>	<b>\$ 50,623</b>	<b>\$ 52,136</b>
<b>EXPENDITURES</b>										
General Government	\$ 6,462	\$ 7,078	\$ 7,289	\$ 6,250	\$ 6,472	\$ 6,592	\$ 7,276	\$ 8,366	\$ 9,402	\$ 10,395
Community Services	1,527	1,781	2,062	2,647	2,522	2,805	3,159	3,156	4,187	4,050
Public Safety	10,492	11,086	11,646	11,865	12,332	14,146	14,162	14,759	16,133	16,746
Highways and Streets	4,752	4,908	4,654	4,830	4,901	4,808	6,681	5,607	4,336	4,564
Culture and Recreation	166	194	241	241	223	242	244	245	233	192
Health and Welfare	6,515	7,364	8,357	9,039	8,894	9,473	10,432	12,188	11,822	11,495
Education	1,676	964	1,475	1,643	1,516	1,635	1,795	1,668	1,669	1,566
Capital Outlay	4,134	3,435	2,702	2,070	1,893	1,092	1,226	1,620	2,715	6,291
Debt Service										
Principal	480	623	754	793	838	892	645	665	675	705
Interest	318	332	330	294	254	114	73	60	96	28
<b>Total Expenditures</b>	<b>\$ 36,522</b>	<b>\$ 37,765</b>	<b>\$ 39,510</b>	<b>\$ 39,672</b>	<b>\$ 39,845</b>	<b>\$ 41,799</b>	<b>\$ 45,693</b>	<b>\$ 48,334</b>	<b>\$ 51,268</b>	<b>\$ 56,032</b>
Excess of Revenues Over (Under) Expenditures	(579)	(1,783)	785	2,876	1,059	5,678	2,190	1,793	(645)	(3,896)
<b>OTHER FINANCING SOURCES (USES)</b>										
Proceeds from Long-Term Debt	276	1,092	-	-	-	-	-	-	2,140	-
Transfers in	542	497	750	755	898	902	851	1,044	2,631	494
Transfers out	(542)	(497)	(750)	(755)	(748)	(727)	(738)	(1,044)	(2,631)	(494)
<b>Net Change in Fund Balances</b>	<b>(303)</b>	<b>(691)</b>	<b>785</b>	<b>2,876</b>	<b>1,209</b>	<b>5,853</b>	<b>2,303</b>	<b>1,793</b>	<b>1,495</b>	<b>(3,896)</b>
Debt Service as a % of Noncapital Expenditures	2.5%	2.9%	3.0%	3.0%	3.0%	2.5%	1.6%	1.6%	1.6%	1.5%

**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				
2000	\$ 67,224	\$ 3,860,957	\$ 29,055	\$ 114,893	\$ 4,072,129	2.7048	\$ 4,885,463	83.4%
2001	67,428	4,130,612	28,818	119,373	4,346,231	2.7947	5,153,879	84.3%
2002	66,108	4,307,443	28,143	116,396	4,518,090	2.7705	5,266,053	85.8%
2003	64,020	4,460,924	26,571	116,817	4,668,332	2.7946	5,334,777	87.5%
2004	64,795	4,572,000	25,621	111,294	4,773,710	2.7938	5,460,252	87.4%
2005	63,394	4,726,647	24,624	105,841	4,920,506	2.8122	5,770,292	85.3%
2006	62,089	4,947,378	27,479	105,371	5,142,317	2.8149	6,465,344	79.5%
2007	61,755	5,207,848	31,174	108,241	5,409,018	2.8170	8,607,856	62.8%
2008	60,927	5,495,187	32,745	114,225	5,703,084	2.8202	10,235,611	55.7%
2009	59,014	5,790,741	35,604	111,987	5,703,084	2.8202	11,030,893	51.7%

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,							
2000	\$ 2.7048	\$ 0.1958	\$ 2.9006	\$ 5.3171	\$ 6.1697	\$ 0.4001	\$ 14.7875
2001	2.7947	0.1131	2.9078	5.2934	6.1558	0.3943	14.7513
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

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 Nine Years Ago

<u>Taxpayer</u>	2009			2000		
	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	\$ 167,607	1	1.5%	\$ 220,110	1	4.5%
Central Lincoln PUD	59,235	2	0.5%	44,810	2	0.9%
Plum Creek Timberlands	50,252	3	0.5%	-		-
Northwest Natural Gas	38,089	4	0.3%	25,275	3	0.5%
The Worldmark Club	35,644	5	0.3%	16,594	6	0.3%
COROC/Lincoln City LLC	30,634	6	0.3%	-		-
Green Diamond Resource	24,441	7	0.2%	-		-
Meriwether NW OR Land & Timber	19,912	8	0.2%	-		-
Pioneer Telephone Coop.	17,795	9	0.2%	15,643	7	0.3%
Shilo Inn Newport LLC	11,264	10	0.1%	13,705	9	0.3%
R.R. Lincoln City				23,223	4	0.5%
YPC Salishan LP				21,721	5	0.4%
Pacificorp				14,852	8	0.3%
Hallmark Inns				8,984	10	0.2%

**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
2000	\$10,770	\$10,112	93.9%	\$687	\$10,799	100.3%
2001	11,520	10,783	93.6%	615	11,398	98.9%
2002	12,100	11,335	93.7%	687	12,022	99.4%
2003	12,383	11,673	94.3%	719	12,392	100.1%
2004	12,705	12,117	95.4%	689	12,806	100.8%
2005	13,205	12,722	96.3%	716	13,438	101.8%
2006	13,847	13,367	96.5%	520	13,887	100.3%
2007	14,489	13,989	96.5%	494	14,483	99.96%
2008	15,153	14,508	95.7%	444	14,952	98.67%
2009	15,859	15,005	94.6%	-	15,005	94.62%

Source: Lincoln County Treasurer's Office

# LINCOLN COUNTY

## RATIOS OF OUTSTANDING DEBT BY TYPE (amounts expressed in thousands except per capita amounts)

### Governmental Activities

Year Ended June 30	General Obligation Bonds	Notes and Capital Leases	Total	Debt Per Capita
2000	\$ 5,700	\$ 251	\$ 5,951	\$ 133
2001	5,425	995	6,420	144
2002	4,971	795	5,766	129
2003	4,200	583	4,783	106
2004	3,700	359	4,059	91
2005	3,075	123	3,198	72
2006	2,430	-	2,430	55
2007	1,765	-	1,765	40
2008	1,090	2,140	3,230	72
2009	385	1,751	2,136	46

*Source: Lincoln County Finance Department  
US Census Bureau*

## LINCOLN COUNTY

### RATIOS OF GENERAL BONDED DEBT OUTSTANDING (amounts expressed in thousands except per capita amounts)

Year Ended June 30	General Obligation Bonds	Less: Amounts Available in Debt		Percentage of Estimated Actual Taxable Value of Property <sup>a</sup>	Outstanding Debt Per Capita <sup>b</sup>
		Service Fund	Total		
2000	\$5,700	\$547	\$5,153	0.105%	\$116
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

*(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, 2009

Municipality	Net General Obligation Bonded Debt Outstanding	Percent within County	Amount Applicable to County
<b>Direct:</b>			
Lincoln County	\$ 385,000	100.0000%	385,000
<b>Overlapping:</b>			
City of Depoe Bay	836,261	100.0000%	836,261
City of Lincoln City	20,161,191	100.0000%	20,161,191
City of Newport	25,015,541	100.0000%	25,015,541
City of Siletz	14,916	100.0000%	14,916
City of Toledo	1,835,000	100.0000%	1,835,000
City of Waldport	2,400,693	100.0000%	2,400,693
City of Yachats	767,624	100.0000%	767,624
Kernville, Gleneden, Lincoln Beach Water District	842,849	100.0000%	842,849
Lincoln County Unified School District	69,114,272	99.2888%	68,622,731
Lower Siletz Water District	69,233	100.0000%	69,233
Newport South Beach Urban Renewal	2,325,000	100.0000%	2,325,000
North Lincoln Fire and Rescue District #1	6,615,000	98.6000%	6,522,390
Oregon Coast Community College	23,445,000	100.0000%	23,445,000
Panther Creek Water District	70,800	100.0000%	70,800
Port of Newport	9,820,000	100.0000%	9,820,000
Roads End Sanitary District	52,860	100.0000%	52,860
Seal Rock Water District	2,244,980	100.0000%	2,244,980
Siletz Keys Sanitary District	81,245	100.0000%	81,245
Silver Sands Special Road District	<u>35,000</u>	100.0000%	<u>35,000</u>
 Total Overlapping	 <u>165,747,465</u>		 <u>165,128,314</u>
 Total	 <u>\$ 166,132,465</u>		 <u>\$ 165,513,314</u>

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

*Source: Municipal Debt Advisory Commission, State of Oregon*

## LINCOLN COUNTY

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

#### Calculation of Legal Debt Margin for Fiscal Year 2009

True Cash Value	\$ 11,030,893
Debt Limit - 2% of true cash value per ORS 287.054	220,618
General Obligation Bonds	385
Less: Amount set aside for repayment of G.O. debt	(262)
Total Net Debt Applicable to Limit	123
Legal Debt Margin	\$ 220,495

#### Legal Debt Margin History

Year ended June 30	2000	2001	2002
True Cash Value of Property	4,885,463	5,153,879	5,266,053
Debt Limit	97,709	103,078	105,321
Total Net Debt Applicable to Limit	4,558	4,938	4,259
Legal Debt Margin	93,151	98,140	101,062
Total Net Debt Applicable to Limit As a Percentage of Debt Limit	4.66%	4.79%	4.04%

# LINCOLN COUNTY

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

2003	2004	2005	2006	2007	2008	2009
5,334,777	5,460,252	5,770,292	6,465,344	8,607,856	10,235,611	11,030,893
106,696	109,205	115,406	129,307	172,157	204,712	220,618
3,508	2,869	2,318	1,725	1,520	828	123
103,188	106,336	113,088	127,582	170,637	203,884	220,495
3.29%	2.63%	2.01%	1.33%	0.88%	0.40%	0.06%

# LINCOLN COUNTY

## DEMOGRAPHIC AND ECONOMIC STATISTICS

Year Ended June 30	Population <sup>a</sup>	Personal Income (\$000's) <sup>b</sup>	Per Capita Personal Income <sup>c</sup>	Unemployment Rate <sup>c</sup>
2000	44,600	1,090,024	24,440	7.1%
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	NA	NA	5.4%
2009	45,946	NA	NA	10.4%

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

## LINCOLN COUNTY

### PRINCIPAL EMPLOYERS Current and Nine Years Ago

Employer	FY 2009			FY 2000		
	Employees	Rank	% of Total County Employment	Employees	Rank	% of Total County Employment
Confederated Tribes of the Siletz	1,127	1	5.5%	904	1	4.7%
Samaritan Health Services	800	2	3.9%	572	3	3.0%
Lincoln County School District	500	3	2.4%	613	2	3.2%
Lincoln County	425	4	2.1%	385	5	2.0%
Georgia-Pacific	420	5	2.0%	500	4	2.6%
Hatfield Marine Science Center	401	6	2.0%	295	6	1.5%
Pacific Seafood	200	7	1.0%	150	8	0.8%
Fred Meyer	200	8	1.0%	NA	-	NA
City of Lincoln City	160	9	0.8%	NA	-	NA
Walmart	157	10	0.8%	NA	-	NA
Central Lincoln PUD	136	11	0.7%	142	9	0.7%
Salishan Lodge	130	12	0.6%	215	7	1.1%
Shilo Inns	100	16	0.5%	142	10	0.7%
<b>Total</b>	<b>4,756</b>		<b>23.2%</b>	<b>3,918</b>		<b>20.3%</b>
 Total Employment - Lincoln County:	 20,500			 19,263		

Source: Central Coast Economic Development Alliance

**LINCOLN COUNTY**

**FULL TIME EQUIVALENT EMPLOYEES BY FUNCTION**  
**Last Ten Fiscal Years**

FUNCTION	Year ended June 30									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>General Government</b>										
Highways and Streets	53	56	53	53	52	52	48	48	30	31
Other	81	81	84	84	84	83	83	89	91	89
<b>Community Services</b>										
Health and Welfare	69	77	85	84	82	87	97	95	118	118
Other	7	10	9	9	9	9	59	7	12	12
<b>Public Safety</b>										
Sheriff's Department	91	89	96	94	95	94	90	91	82	84
Other	61	65	68	66	63	64	16	73	71	73
<b>Total</b>	<b>362</b>	<b>378</b>	<b>395</b>	<b>390</b>	<b>385</b>	<b>389</b>	<b>393</b>	<b>403</b>	<b>404</b>	<b>407</b>
General Government	134	137	137	137	136	135	131	137	121	120
Community Services	76	87	94	93	91	96	156	102	130	130
Public Safety	152	154	164	160	158	158	106	164	153	157

*Source : Lincoln County Finance Department*

**LINCOLN COUNTY**

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

FUNCTION	Year ended June 30									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Public Safety</b>										
Physical Arrests	NA	NA	NA	867	997	1,122	1,199	1,195	1,134	1,224
Traffic Citations	NA	NA	NA	754	770	778	758	923	862	782
<b>Highways and Streets</b>										
Miles of Road Pavement Overlays	2.7	1.5	1.3	2.5	5.6	6.4	8.5	7.4	2.4	18.7
Miles of Road Shoulder Widening	1.8	3.4	2.3	3.1	3.8	4.6	2.9	2.3	0.7	1.0
# of Road Patches Performed	27	39	34	49	30	NA	NA	NA	18	26
<b>Sanitation</b>										
Pounds of Waste Generated Per Capita	2,287	2,359	2,417	2,498	2,496	2,774	NA	3,080	3,254	3,099
Pounds of Waste Recovered Per Capita	445	547	678	678	694	825	NA	810	898	957
Total Recovery Rate Average Per Person	NA	NA	NA	NA	NA	NA	NA	28.3%	29.6%	30.9%
<b>Transportation</b>										
Hours of Service	15,575	15,900	16,289	16,437	17,971	19,147	19,995	22,870	22,492	25,375
Number of Passengers	57,262	65,538	66,576	71,926	88,131	88,380	89,258	98,159	104,655	140,598
Miles Traveled	267,549	264,506	265,614	278,684	290,515	304,087	322,046	341,980	346,166	379,089

Source: Individual County Departments

**LINCOLN COUNTY**

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

	Year ended June 30									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>FUNCTION</b>										
Public Safety										
Patrol Units	NA	NA	21	21	24	25	25	24	29	28
Highways and Streets										
Streets (Miles)	331	331	329	329	330	330	335	335	335	332
Bridges	82	82	82	82	82	82	84	85	85	84
Parks	12	12	12	12	12	12	13	12	14	14
Transportation										
Number of Buses	10	10	10	10	17	17	16	16	16	19

*Source : Individual County Departments*

**AUDIT COMMENTS AND DISCLOSURES  
REQUIRED BY STATE REGULATIONS**

# **DISCLOSURES AND INDEPENDENT AUDITOR'S COMMENTS REQUIRED BY THE MINIMUM STANDARDS FOR AUDITS OF OREGON MUNICIPAL CORPORATIONS**

Oregon Administrative Rules 162-10-050 through 162-10-320 incorporated in the Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State in cooperation with the Oregon State Board of Accountancy, enumerate the financial statements, schedules, and comments and disclosures required in audit reports. The required statements and schedules are set forth in preceding sections of this report. Required comments and disclosures related to our audit of such statements and schedules are set forth in the following pages.

- *Accounting Records and Internal Controls*
- *Collateral*
- *Indebtedness*
- *Budget*
- *Insurance and Fidelity Bonds*
- *Programs Funded from Outside Sources*
- *Highway Funds*
- *Investments*
- *Public Contracts and Purchasing*



# BOLDT, CARLISLE & SMITH LLC

CERTIFIED PUBLIC ACCOUNTANTS

PARTNERSHIP ■ ASSURANCE ■ INNOVATION

LINCOLN COUNTY

**REQUIRED DISCLOSURES AND INDEPENDENT AUDITOR'S COMMENTS  
AS OUTLINED IN OREGON ADMINISTRATIVE RULES CHAPTER 162 [SECRETARY OF STATE,  
AUDITS DIVISION], DIVISION 10 [MINIMUM STANDARDS FOR AUDITS OF OREGON  
MUNICIPAL CORPORATIONS]  
For the Year Ended June 30, 2009**

## 162-010-0230 – ACCOUNTING RECORDS AND INTERNAL CONTROLS

### 1. Accounting records

The entity's accounting records were reasonably maintained and adequate to support our audit of the basic financial statements.

Through other reports and communications to management and those charged with governance, we have identified situations or practices that could be improved.

### 2. Internal control

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

**REQUIRED DISCLOSURES AND INDEPENDENT AUDITOR'S COMMENTS AS OUTLINED IN OREGON ADMINISTRATIVE RULES CHAPTER 162 [SECRETARY OF STATE, AUDITS DIVISION], DIVISION 10 [MINIMUM STANDARDS FOR AUDITS OF OREGON MUNICIPAL CORPORATIONS] (Continued)**

**162-010-0230 – ACCOUNTING RECORDS AND INTERNAL CONTROLS**

2. Internal control (continued)

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

**162-010-0240 – COLLATERAL**

ORS 295 requires deposits with financial institutions in excess of the amount insured by the Federal Deposit Insurance Corporation be held at qualifying institutions under the Public Funds Collateralization Program and that public officials provide the Office of the Oregon State Treasurer with the names of all bank depositories in which the County currently deposits public funds.

The County has complied with the provisions of ORS 295 as it pertains to the collateralization of public funds.

**162-010-0250 – INDEBTEDNESS**

1. Limitations on the amount incurred

The general obligation bonded debt of the entity is in compliance with the limitation imposed by ORS.

2. Liquidation provisions, debt agreement provisions, and restricted assets

We noted no defaults in principal, interest, sinking fund, or redemption provisions with respect to any of the entity's short-term and long-term debt issues, and no breach of the debt agreements at June 30, 2009.

**162-010-0260 – BUDGET**

1. Current year

a. Preparation and adoption

The budget was prepared and adopted in compliance with legal requirements, except as follows:

- In the detailed budget document, excess of actual revenues over actual expenditures in the second preceding year did not equal the beginning balance in the first preceding year.
- Certain items listed on the LB-1 did not agree with certain amounts on the LB-2 and LB-3.

**REQUIRED DISCLOSURES AND INDEPENDENT AUDITOR'S COMMENTS AS OUTLINED IN OREGON ADMINISTRATIVE RULES CHAPTER 162 [SECRETARY OF STATE, AUDITS DIVISION], DIVISION 10 [MINIMUM STANDARDS FOR AUDITS OF OREGON MUNICIPAL CORPORATIONS] (Continued)**

**162-010-0260 – BUDGET (continued)**

1. Current year (continued)

a. Preparation and adoption (continued)

- Certain items listed on the LB-2 and LB-3 did not agree with amounts on the budget detail sheets.
- The estimated beginning fund balances in the General, OHP Mental Health, Community Health Center and Building Reserve funds did not appear reasonable compared to actual June 30, 2008 ending fund balances.

b. Execution

The budget was executed in compliance with legal requirements, except that expenditures in excess of appropriations, which is prohibited by ORS 294.435, occurred in the following appropriations category:

<u>Fund/Category</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Variance</u>
County Fair			
Materials and services	\$ 146,534	\$ 156,340	\$ (9,806)
OHP Mental Health			
Materials and services	1,889,514	1,981,782	(92,268)

Prior to overexpending an appropriation category, the County may, by resolution (ORS 294.450), transfer amounts between appropriation categories.

2. Subsequent year

a. Preparation and adoption

The budget was prepared and adopted in compliance with legal requirements, except as follows:

- In the detailed budget document, excess of actual revenues over actual expenditures in the second preceding year did not equal the beginning balance in the first preceding year.
- Certain items listed on the LB-2 and LB-3 did not agree with certain amounts on the budget detail sheets.
- The estimated beginning fund balances in the Human Services, Community Health Center, Jail Debt Service, and Extension Agency funds did not appear reasonable compared to actual June 30, 2009 ending fund balances.

**REQUIRED DISCLOSURES AND INDEPENDENT AUDITOR’S COMMENTS AS OUTLINED IN OREGON ADMINISTRATIVE RULES CHAPTER 162 [SECRETARY OF STATE, AUDITS DIVISION], DIVISION 10 [MINIMUM STANDARDS FOR AUDITS OF OREGON MUNICIPAL CORPORATIONS] (Continued)**

**162-010-0260 – BUDGET (continued)**

2. Subsequent year (continued)

a. Preparation and adoption (continued)

- Each debt issuance was not properly identified for principal and interest payments.

**162-010-0270 – INSURANCE AND FIDELITY BONDS**

1. Insurance

The County’s insurance agent confirmed that insurance coverage was adequate at June 30, 2009. Insurance coverage appears to comply with legal requirements.

2. Fidelity bonds

ORS 210.120 to 220.150 establishes bonding requirements for County officials and employees. The County’s Board of Commissioners has established the following bonds:

Treasurer, Linda Pilson	\$	100,000
Accounting Clerk		25,000
Public Employee Dishonesty		10,000

**162-010-0280 – PROGRAMS FUNDED FROM OUTSIDE SOURCES**

The County operated various programs funded wholly or partially by governmental agencies. Our report on compliance with laws and regulations and on internal controls used in administering federal financial assistance programs appear on pages 88 through 91 of this report. In addition to our audit, these grants and projects are subject to further review by federal audit agencies.

**162-010-0295 – HIGHWAY FUNDS**

The County used revenue from taxes on motor vehicle use in compliance with ORS 373.240 to 373.250.

**REQUIRED DISCLOSURES AND INDEPENDENT AUDITOR'S COMMENTS AS OUTLINED IN OREGON ADMINISTRATIVE RULES CHAPTER 162 [SECRETARY OF STATE, AUDITS DIVISION], DIVISION 10 [MINIMUM STANDARDS FOR AUDITS OF OREGON MUNICIPAL CORPORATIONS] (Continued)**

**162-010-0300 – INVESTMENTS**

Funds of the County were invested in compliance with ORS 294.035.

**162-010-0310 – PUBLIC CONTRACTS AND PURCHASING**

1. Awarding of public contracts:

The County awarded public contracts in accordance with ORS 279.

2. Construction of public improvements:

The County constructed public improvements in accordance with ORS 279.

Boldt, Carlisle & Smith, LLC  
Certified Public Accountants  
Salem, Oregon  
February 25, 2010

# GRANT COMPLIANCE SINGLE AUDIT





# BOLDT, CARLISLE & SMITH LLC

CERTIFIED PUBLIC ACCOUNTANTS

PARTNERSHIP ■ ASSURANCE ■ INNOVATION

## REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

**Board of County Commissioners  
LINCOLN COUNTY  
Newport, Oregon**

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of **LINCOLN COUNTY**, as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements and have issued our report thereon dated February 25, 2010. 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.

### *Internal Control Over Financial Reporting*

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 opinions 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.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the County's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the County's internal control.

**Board of County Commissioners  
LINCOLN COUNTY  
Newport, Oregon**

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS* (Continued)**

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

**Compliance and Other Matters**

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 grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement 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. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of management, the Board of Commissioners, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Boldt, Carlisle & Smith, LLC  
Certified Public Accountants  
Salem, Oregon  
February 25, 2010



**BOLDT, CARLISLE & SMITH LLC**  
CERTIFIED PUBLIC ACCOUNTANTS  
PARTNERSHIP ■ ASSURANCE ■ INNOVATION

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE  
TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

**Board of County Commissioners  
LINCOLN COUNTY  
Newport, Oregon**

**Compliance**

We have audited the compliance of **LINCOLN COUNTY** with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. The County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County's compliance with those requirements.

In our opinion, **LINCOLN COUNTY**, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Board of County Commissioners  
LINCOLN COUNTY  
Newport, Oregon

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE  
TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 (Continued)

Internal Control Over Compliance

The management of LINCOLN COUNTY is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Board of Commissioners, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Boldt, Carlisle & Smith, LLC*

Certified Public Accountants  
Salem, Oregon  
February 25, 2010

LINCOLN COUNTY  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2009**

Section I Summary of Auditor's Results

**Financial Statements**

Type of auditor's report issued:	<i>Unqualified</i>
Internal control over financial reporting:	
◆ Material weakness identified?	Yes
◆ Significant deficiencies identified that are not considered to be material weaknesses?	Yes
Noncompliance material to financial statements noted?	NO

**Federal Awards**

Internal control over major programs:	
◆ Material weakness identified?	NO
◆ Significant deficiencies identified that are not considered to be material weakness?	None Reported
Type of auditor's report issued on compliance for major programs:	<i>Unqualified</i>
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	NO

Identification of major programs:

<u>CDFA Numbers</u>	<u>Name of Federal Program or Cluster</u>
14.228	Community Development Block Grant
16.590	Grants to Encourage Arrest Policies and Protection Orders
16.710	Public Safety Community Policing Grant
20.509	Formula grant for other than urbanized areas
93.224	Consolidated Health Centers

Dollar threshold used to distinguish between type A and type B programs:	\$300,000
Auditee qualified as low-risk auditee:	YES

LINCOLN COUNTY  
SCHEDULE OF FINDINGS AND RESPONSES

For the Year Ended June 30, 2009

Section II – Financial Statement Findings

2009-1

*Criteria:* Timely and accurate recording of reconciling items from the monthly cash reconciling procedure ensures general ledger reporting will have accurate cash balances.

*Condition:* Monthly reconciliations of cash accounts are being prepared. Material reconciling items were identified, but not timely recorded to the general ledger and therefore not reflected in the fund cash balance.

*Cause:* The County financial records did not accurately report proper cash balances on internal generated financial reports.

*Effect:* Timely and accurate cash balances are critical information necessary for evaluation and planning to satisfy liabilities and future expenditures of the County.

*Recommendation:* Establish policies to ensure that reconciling items that require adjustment to the general ledger are timely communicated the finance department or recorded to the proper cash accounts on the general ledger.

2009-2

*Criteria:* Many County programs are funded based on requested reimbursement from outside source for qualified expenditures.

*Condition:* Requests for reimbursement were not timely submitted and reimbursement of qualified expenditures was delayed.

*Cause:* Responsible employees must file specific requests in order to receive reimbursements. The reimbursement of funds is dependent on employee action.

*Effect:* County resources are stretched thin and potential losses of investment income can result if there is significant time delay from the time of expenditure and the time of reimbursement.

*Recommendation:* Procedures should be added to document the existence of all material reimbursement based funding sources. Monitoring procedures should be placed over responsible employees to ensure that timely requests are completed and requested funds are received by the County.

## SCHEDULE OF FINDINGS AND RESPONSES (Continued)

### Section II – Financial Statement Findings (continued)

#### 2009-3

*Criteria:* The County reports financial information on the modified accrual basis of accounting.

*Condition:* Modified accrual accounting requires the County to identify all monies owed the County as of June 30<sup>th</sup> year end. Additionally subsequent receipts received within 60 days after June 30 that satisfy outstanding receivable must be accounted for as revenues.

*Cause:* Material accounts receivable were not accurately identified by the County.

*Effect:* The County financial records are not complete without identification of material accounts receivable.

*Recommendation:* The County should establish procedures in each department that will identify amounts that are due to the County as of June 30<sup>th</sup>, and the subsequent satisfaction of those receivables whether with-in the 60 day window or not.

#### 2009-4

*Criteria:* Transaction that occurs between departments with-in the County should be accounted for in the same period.

*Condition:* Payments were noted for services provided between departments. Payment for services was handled by a request for accounts payable check. The check was timely issued but not timely deposited.

*Cause:* The expenditure for the service was not recorded in the same fiscal year as the revenue for the service and check was carried as an outstanding check for six months on the bank reconciliation.

*Effect:* Revenues and cash were understated for the period of time that the check was held un-deposited by the department that performed the services.

*Recommendation:* Inter-County payments for services should be billed and recorded manually to ensure that the revenue and expenditure are recorded in the same period.

**SCHEDULE OF FINDINGS AND RESPONSES (Continued)**

Section II – Financial Statement Findings (continued)

2009-5

*Criteria:* Proper recording of journal entry activity is essential to provide accurate reporting of year end balances.

*Condition:* Journal entries to record accounts payable were improperly recorded to pre-paid expenses on the general ledger.

*Cause:* Account balances were not reconciled to supporting information subsequent to the recording of closing journal entries.

*Effect:* Expenditures and liabilities were understated and assets were overstated.

*Recommendation:* Monitoring of journal entries should be established to ensure that documentation supports the journal entry posted. Additionally year end procedures should provide for reconciliation of all balance sheet account to supporting records to ensure that final balances are supported by appropriate documentation.

Section III – Federal Award Findings and Questioned Costs

None

LINCOLN COUNTY  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the Year Ended June 30, 2009

<u>Federal Grantor / Pass-through Grantor / Program Title</u>	<u>CFDA Number</u>	<u>Pass-through Grantor Number</u>	<u>Expenditures</u>
<i>Department of Agriculture</i>			
<b>Food and Nutrition Service</b>			
Oregon Department of Education			
School Breakfast Program	10.553		\$ 4,348
National School Lunch Program	10.555		7,451
Oregon Department of Human Services - Health Division			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	280559	219,194
<b>Forest Service</b>			
Oregon Department of Administrative Services			
Schools and Roads - Grants to States	10.665		4,103,371
<i>Total Department of Agriculture</i>			<u>4,334,364</u>
<i>Department of Commerce</i>			
<b>National Oceanic and Atmospheric Administration</b>			
Oregon Department of Land Conservation and Development			
Coastal Zone Management Administration Awards	11.419		
Coastal Zone Management 08-09		CZM-09-020	<u>30,000</u>
<i>Department of Housing and Urban Development</i>			
<b>Office of Community Planning and Development</b>			
Community Development Block Grants/State's Program	14.228		
Oregon Department Economic and Community Development			
Microenterprise		M08015	80,000
Newport Headstart Facility		C06007	544,913
Oregon Housing and Community Services Department			
Regional Housing and Rehabilitation Program		HR606	<u>19,049</u>
<i>Total Department of Housing and Urban Development</i>			<u>643,962</u>
<i>Department of Interior</i>			
<b>Bureau of Land Management</b>			
Payments in lieu of taxes	15.226		101,314
Distribution of Receipts to State and Local Governments	15.227		<u>384,621</u>
<i>Total Department of Interior</i>			<u>485,935</u>
<i>Department of Justice</i>			
<b>Office of Juvenile Justice and Delinquency Prevention</b>			
Oregon Office of Homeland Security, Criminal Justice Services Division			
Juvenile Accountability Incentive Block Grants	16.523	2007-6357	10,000
Oregon Department of Human Services			
Enforcing Underage Drinking Laws Program	16.727	242500	25,214

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)

<u>Federal Grantor / Pass-through Grantor / Program Title</u>	<u>CFDA Number</u>	<u>Pass-through Grantor Number</u>	<u>Expenditures</u>
<i>Department of Justice (continued)</i>			
<b>Bureau of Justice Assistance</b>			
Oregon State Police			
Byrne Formula Grant Program	16.579		
Lincoln County Adult Drug Court		05-048	\$ 46,437
Oregon Department of Justice			
Edward Byrne Memorial State and Local Law Enforcement Assistance			
Discretionary Grants Programs	16.580		
Marijuana Eradication Project			10,000
Bulletproof Vest Partnership Program	16.607		4,661
<b>Office of Victims of Crime</b>			
Crime Victim Assistance	16.575		
Oregon Department of Justice			
Basic Program Grant		2906	12,430
Basic Program Grant		3200	29,923
Project Grant		2965	52,843
<b>Violence Against Women Office</b>			
Grants to Encourage Arrest Policies and Enforcement of Protection Orders	16.590	2006-WE-AX-0052	211,529
<b>Office of Community Oriented Policing Services</b>			
Public Safety Partnership and Community Policing Grants	16.710		
Methamphetamine Initiative, Lincoln County Sheriff's Office (Innovative)		2008CKWX0014	201,726
Methamphetamine Initiative, Lincoln Interagency Narcotics Team (Innovative)		2008CKWX0624	128,461
			<u>733,224</u>
<i>Total Department of Justice</i>			
<b>Department of Transportation</b>			
<b>Federal Transit Administration</b>			
Federal Transit Capital Investment Grants	20.500		
Bus Facility Renovation		OR-03-0099-01	126,561
Oregon Department of Transportation			
Formula Grants for Other Than Urbanized Areas	20.509		
		24830	340,444
		RTAP	396
Capital Assistance Program for Elderly Persons and Persons With Disabilities	20.513		
Computers and Shop Equipment		24279	12,431
<b>National Highway Traffic Safety Administration</b>			
Oregon State Sheriff's Association			
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601		4,476
Occupant Protection	20.602		5,986
			<u>490,294</u>
<i>Total Department of Transportation</i>			
<b>Environmental Protection Agency</b>			
<b>Office of Water</b>			
Oregon Department of Human Services			
State Public Water System Supervision	66.432	280557	12,024
<b>Department of Education</b>			
<b>Office of Elementary and Secondary Education</b>			
Oregon Department of Human Services			
Safe and Drug-free Schools and Communities - State Grants	84.186	236501	40,000

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)

<u>Federal Grantor / Pass-through Grantor / Program Title</u>	<u>CFDA Number</u>	<u>Pass-through Grantor Number</u>	<u>Expenditures</u>
<i>Department of Health and Human Services</i>			
<b>Office of Population Affairs</b>			
Oregon Department of Human Services			
Family Planning Services	93.217		
Family Planning		280558	\$ 49,767
High Cost Contraceptive		280558	1,899
<b>Administration for Children and Families</b>			
Oregon Department of Justice			
Child Support Enforcement	93.563	610008	150,615
Oregon Commission on Children and Families			
Promoting Safe and Stable Families	93.556		18,997
Child Care and Development Block Grant	93.575	480215	29,602
Social Services Block Grant	93.667		53,399
<b>Centers for Medicare and Medicaid Services</b>			
Oregon Commission on Children and Families			
Medical Assistance Programs	93.778		22,129
<b>Centers for Disease Control</b>			
Oregon Department of Human Services			
Immunization Grants	93.268		
Immunization Program		280540	9,763
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.069		
Pandemic Flu Phase I		280618	3,476
Bioterrorism - Preparedness and Response		280618	98,263
HIV Prevention Activities - Health Department Based	93.940	280646	8,402
Cooperative Agreements for State-Based Diabetes Control Programs and Evaluation of Surveillance Systems	93.988	280567	21,576
<b>Health Resources and Services Administration</b>			
Consolidated Health Centers	93.224		550,388
Oregon Department of Human Services			
Abstinence Education Program	93.235	254000	8,578
ARRA - Health Center Integrated Services Development Initiative	93.703		25,123
HIV Care Formula Grants	93.917		
Ryan White: Case Management		280544	44,148
Ryan White: Support		280544	14,502
Maternal and Child Health Services Block Grant to the State	93.994		
Oregon Mothers Care		180514	8,103
MCH Title V Flexible Funds and CAH		180514	25,464
<b>Substance Abuse and Mental Health Services Administration</b>			
Oregon Department of Human Services			
Block Grants for Community Mental Health Services	93.958	112001	21,929
Block Grants for Prevention and Treatment of Substance Abuse	93.959	135001	107,324
<b>National Institutes of Health</b>			
Oregon Social Learning Center			
Drug Abuse and Addiction Research Programs	93.279		
07/01/2008 to 02/28/2009			62,091
03/01/2009 to 06/30/2009			15,307
<i>Total Department of Health and Human Services</i>			<u>1,350,845</u>

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)

<u>Federal Grantor / Pass-through Grantor / Program Title</u>	<u>CFDA Number</u>	<u>Pass-through Grantor Number</u>	<u>Expenditures</u>
<i>Department of Homeland Security</i>			
Oregon State Police			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036		\$ 1,530
Emergency Management Performance Grants	97.042		116,940
Citizen Corps	97.053	07-110	<u>6,759</u>
<i>Total Department of Homeland Security</i>			<u>125,229</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 8,245,877</u>

LINCOLN COUNTY

NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2008

*1. Basis of Presentation*

The accompanying schedule of expenditures of federal awards is a summary of the County's federal award programs presented on the modified accrual basis of accounting in accordance with generally accepted accounting principles.