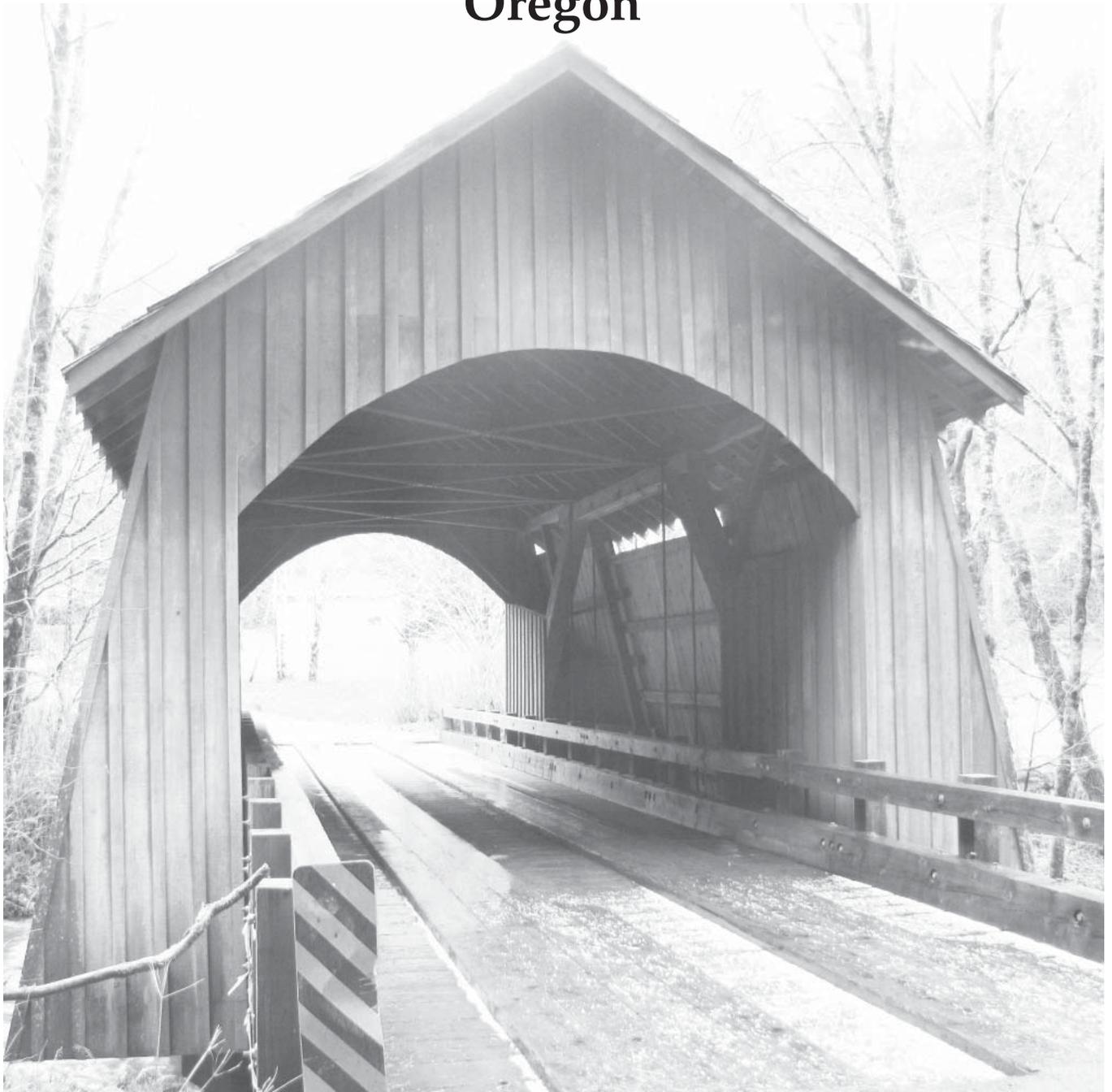


COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2010
**Lincoln County
Oregon**



North Fork Yachats River 1938



COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2010

Prepared by:
Janice Riessbeck, Finance Director

LINCOLN COUNTY, OREGON
 Financial Statements and Supplemental Information
 For the Year Ended June 30, 2010
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Fisher School Bridge (Five Rivers) - 1919



Introductory Section



County of Lincoln

Finance Department

210 SW 2nd Street
Newport, Oregon 97365
(541) 265-4167
FAX (541) 265-4101

February 15, 2011

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

The Finance Department is pleased to submit the Comprehensive Annual Financial Report (CAFR) of Lincoln County for the fiscal year ended June 30, 2010. 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 2009-10 Comprehensive Annual Financial Report, which is presented in conformance with generally accepted accounting principles (GAAP). This report incorporates the Government-wide Financial Reporting model as prescribed by the Government Accounting Standards Board.

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

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

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

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

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

LINCOLN COUNTY PROFILE

Lincoln County was established by the Oregon Legislature in 1893. The County, an area of 992 square miles, is located on the coast of the Pacific Ocean. It has a population of 46,293 and a true cash value of \$10,601,034,205.

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

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

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

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

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

The County’s budget is prepared on the modified accrual basis of accounting. In accordance with State statutes, the County budgets all funds except trust and agency funds. The annual budget embodies controls to ensure compliance with legal provisions, and is adopted and appropriated by the County’s Board of Commissioners. Activities of the general fund, special revenue funds, debt service fund, capital projects fund, enterprise fund, and internal service fund are included in the annual appropriated budget. The level of budgetary control, that is, the level at which expenditures cannot legally exceed the appropriated amount, is established by program within the General Fund and by expenditure category within the other individual funds. The expenditure appropriations lapse at the end of the fiscal year. Additional resources and corresponding appropriations may be added to the budget during the fiscal year through a supplemental budget process. Original and supplemental budgets may be modified during the fiscal year by the use of appropriation resolutions. The resolutions are considered by the Board of Commissioners in public meetings. During the fiscal year 2009-10, several adjustments to the budget were made by resolution. Budget to actual comparisons are provided in this report for each individual governmental fund for which a budget was appropriated and adopted.

ECONOMIC CONDITION AND OUTLOOK

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

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

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

The abrupt downturn in new construction and home sales is not the only financial challenge facing Lincoln County government. Revenues have declined across the board-federal and state support (except for one-time Recovery Act funds); timber sales on state forest lands (also driven by the downturn in housing); fees for services; 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 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 downturn with varying degrees of success. The decline in home construction and its impact on the timber industry has been noted previously. The diversity of the local fishing industry has allowed it to weather restrictions on some fisheries, with the crab 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 in-state tourists. One bright spot for the immediate future is the planned move of NOAA's Pacific research fleet to Newport in July 2011. A local economic development study indicates that the location of the NOAA fleet to Newport will generate around \$19,000,000 in personal income over the first five years. Another boost in Lincoln County's near economic future is the anticipated completion of the Highway 20 realignment project in 2012. The highway project will make the county more accessible to commercial centers in the Willamette Valley, and cut down on travel time for visitors to Lincoln County.

MAJOR INITIATIVES

Because of the economic downturn, new initiatives, programs and spending were very limited during the Fiscal Year 2009-10. 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 2009-10 fiscal year, the County Road Fund received \$2,734,892, which is over 10% less than the previous fiscal year. This amount will be reduced to a projected \$178,710 in fiscal year 2011-12. 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 2011-12 when the Act expires. Efforts are being undertaken to restore or replace the federal funding, but the outlook does not look good for federal replacement dollars for these funding sources.

Capital projects completed in the County in 2010 included the \$4.7 million dollar Siletz River Bridge Project, a Courthouse Security Project of approximately \$1,000,000, and the continuation of several other projects to replace or repair many bridges in the County, plus 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 resolutions. Budgetary control is maintained through the monitoring of program categories in the County's General Fund, and by expenditure categories in all other funds. The program categories are General Government, Public Safety, and Community Services. Expenditure categories are Personal Services, Materials and Services, Capital Outlay, and Other Requirements. Total expenditures may not legally exceed total appropriations in each of the budgeted categories.

The County issues various types of debt. The County currently has \$1,337,000 of long-term debt in the form of a loan for the replacement of the County's telephone system.

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

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

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate for Excellence in Financial Reporting to Lincoln County for its CAFR for the fiscal year ended June 30, 2009. This is the eighteenth consecutive year that the government

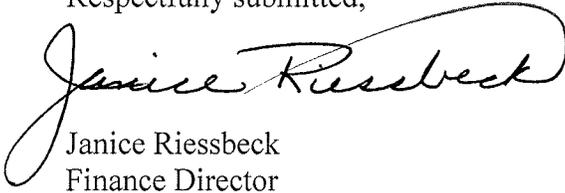
has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

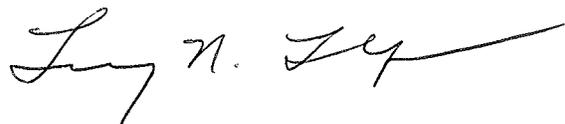
A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to Certificate of Achievement Program requirements, and we are submitting it to GFOA to determine its eligibility for a certificate.

ACKNOWLEDGEMENTS

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

Respectfully submitted,


Janice Riessbeck
Finance Director


Terry Thompson
Chair, Board of Commissioners

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Lincoln County
Oregon

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2009

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 stylized handwritten signature in black ink, appearing to read "Jeffrey R. Emmer".

President

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

Executive Director

LINCOLN COUNTY
PRINCIPAL OFFICIALS
June 30, 2010

BOARD OF COUNTY COMMISSIONERS

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

All Commissioners receive mail at the address listed below

OTHER ELECTED OFFICIALS

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

MANAGEMENT OFFICIALS

<u>Title</u>	<u>Name</u>
County Counsel	Wayne Belmont
Director, Community Justice	Suzanne Gonzales
Director, Finance	Janice Riessbeck
Director, Health and Human Services	Paula Sampson
Director, Personnel	Gina Tapp
Director, Planning and Development	Valerie Soilihi
Director, Roads	Jim Buisman

COUNTY ADDRESS

210 SW Second Street
Newport, Oregon 97365

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

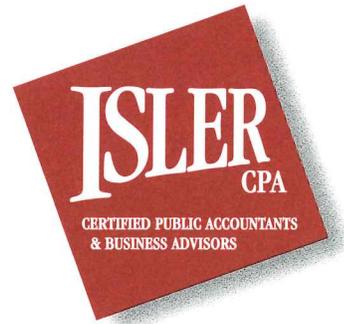
Law Library
Fund

Miscellaneous
Funds

Ben Jones Bridge - (Offer Crest) 1927



Financial Section



INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lincoln County, Oregon ("County") as of and for the year ended June 30, 2010, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County as of June 30, 2010, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparisons for the General, General Roads, Health and Human Services and Community Health Center 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 15, 2011, on our consideration of County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit and other matters.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 2 through 8 and the required supplementary schedule of OPEB funding progress be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, the combining and individual nonmajor fund financial statements, other supplementary information and the statistical tables section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and other supplementary schedules 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 section and the statistical tables section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Isler CPA

By: Julie Arendt, CPA, a member of the firm
Eugene, Oregon
February 15, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

LINCOLN COUNTY, OREGON MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of Lincoln County offers readers of Lincoln County's financial statements this narrative overview and analysis of the financial activities of Lincoln County for the fiscal year ended June 30, 2010. 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 \$1,041,344 or 0.7% over the course of this year's operations through decreases in liabilities and additions to the County's capital assets.
- During the year, the County's total revenues decreased \$3,904,517 or 7.2%, mainly as a result of decreases in charges for services, investment earnings, miscellaneous revenues and unrestricted grants and contributions.
- The General Fund reported an unreserved fund balance of \$4,134,924 this year, a 7.8% decrease from last year. Decreasing or stagnant revenues are contributing to the decrease with costs that outpace current revenue.
- The Solid Waste District Fund has been re-classified with this report from a governmental activity fund to a business-type activity fund.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Changes in Net Assets. As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The County's combined net assets were \$152,180,408 at June 30, 2010, an increase of \$1,041,344, or 0.7% between fiscal years 2009 and 2010. Table 1, on the next page, compares the various components of the County's net assets between the two years. This change is modest but positive. Management attributes it primarily to the decreases recognized in current and long-term liabilities from the prior year.

Cash and investments suffered a \$1,915,665 (6.4%) decrease due to the use of cash to pay current liabilities and increase capital assets, and other current assets showed a 5.3% (\$419,811) decrease. The net result was a \$2,335,476 (6.2%) decrease in current assets. In other current assets, receivables accounted for about half of the decrease, inventory remained fairly stable, and prepaids decreased dramatically between the years. Capital assets increased \$2,553,938, or 2.1% from the prior year. This figure is consistent with the prior year's increase in capital assets of 2.3%. Overall, total assets increased by a modest \$218,462 or 0.1%. In comparison to the prior year's decrease of 0.1%, an increase of 0.1% appears to indicate the County's total assets are holding quite stable year over year.

Current liabilities decreased from last year by \$361,133 (10.8%) because of a general reduction in spending. Long-term obligations decreased \$461,749 or 10.0%. This result stems from no new borrowing in the current year and the retirement of a general obligation bond that was paid off during the fiscal year. Additions included an increase of \$384,326 (82%) in the County's net postemployment benefit obligation that kept long-term liabilities higher. All other long-term liability categories decreased from the prior year.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS
SUMMARY OF NET ASSETS
Table 1**

	Governmental Activities				Business-type Activities				Total Government			
	2010	2009	Change Amount	% Change	2010	2009	Change Amount	% Change	2010	2009	Change Amount	% Change
Assets:												
Cash and investments	\$ 27,768,943	\$ 29,799,216	\$ (2,030,273)	-6.8%	\$ 114,608	\$ -	\$ 114,608		\$ 27,883,551	\$ 29,799,216	\$ (1,915,665)	-6.4%
Other current assets	7,412,818	7,855,967	(443,149)	-5.6%	23,338	-	23,338		7,436,156	7,855,967	(419,811)	-5.3%
Capital assets, net of depreciation	123,995,770	121,441,832	2,553,938	2.1%	-	-	-		123,995,770	121,441,832	2,553,938	2.1%
Total assets	\$ 159,177,531	\$ 159,097,015	\$ 80,516	0.1%	\$ 137,946	\$ -	\$ 137,946	100%	\$ 159,315,477	\$ 159,097,015	\$ 218,462	0.1%
Liabilities:												
Current liabilities	\$ 2,972,821	\$ 3,345,966	\$ (373,145)	-11.2%	\$ 12,012	\$ -	\$ 12,012		\$ 2,984,833	\$ 3,345,966	\$ (361,133)	-10.8%
Long-term debt outstanding	4,150,236	4,611,985	(461,749)	-10.0%	-	-	-		4,150,236	4,611,985	(461,749)	-10.0%
Total liabilities	\$ 7,123,057	\$ 7,957,951	\$ (834,894)	-10.5%	\$ 12,012	\$ -	\$ 12,012	100%	\$ 7,135,069	\$ 7,957,951	\$ (822,882)	-10.3%
Net Assets:												
Invested in capital assets, net of related debt	\$ 122,658,770	\$ 119,305,832	\$ 3,352,938	2.8%	\$ -	\$ -	\$ -		\$ 122,658,770	\$ 119,305,832	\$ 3,352,938	2.8%
Restricted	17,921,182	20,237,671	(2,316,489)	-11.4%	-	-	-		17,921,182	20,237,671	(2,316,489)	-11.4%
Unrestricted	11,474,522	11,595,561	(121,039)	-1.0%	125,934	-	125,934		11,600,456	11,595,561	4,895	0.0%
Total net assets	\$ 152,054,474	\$ 151,139,064	\$ 915,410	0.6%	\$ 125,934	\$ -	\$ 125,934	100%	\$ 152,180,408	\$ 151,139,064	\$ 1,041,344	0.7%

The County's investment in capital assets, net of related debt increased by \$3,352,938 (2.8%), restricted assets decreased \$2,316,489 (11.4%), and unrestricted net assets decreased a negligible \$4,895. The restricted assets decreased as those funds were used for highway and street maintenance and improvements which then helped boost the investment in capital assets.

Governmental Activities. Revenues and expenses for the County's governmental activities decreased by 7.6% or \$4,138,528, and 8.8% or \$4,786,624, respectively. Refer to Table 2 for a comparison of governmental activities for the years 2009 and 2010.

Charges for services decreased in all function/program revenue for an overall decrease in the category of 31.7% or \$3,611,547. Operating grants increased by 7.2% (\$1,425,964) over the prior year with several ARRA grants being utilized throughout the year. Capital grants experienced a dramatic increase from the prior year, changing from \$12,431 in 2009 to \$2,136,127 in 2010. Many capital grant projects were undertaken in 2010, and, because the grant revenue is received on a reimbursement basis, the revenue from that source increased correspondingly. Tax revenue of all types experienced a very small net increase of 1.3% or \$228,758. Due to reclassification of revenues in 2010, there were no revenues categorized in the "grants and contributions not restricted to specific programs" category, nor in the "miscellaneous" category. In 2009 these two categories showed \$3,334,872 and \$543,397 respectively. The County continues to be affected by the economic downturn with a 66.9% (442,139) downturn in investment earnings in 2010 following a 57.1%, (\$879,849) decrease in 2009. Low interest rates and lowered cash reserves combine to make this a diminishing resource.

An 8.83% (\$4,786,624) decrease in County governmental activities' expenses demonstrated a generally prudent spending policy for the County in light of current financial conditions. All function/program categories experienced a reduction in expenses, except for culture and recreation and highways and streets where special maintenance projects increased expenses by 33.4% and 1.0%, respectively, from 2009 spending levels. Overall, excess revenues over expenses increased by \$1,085,568 in 2010, a 148.2% increase over 2009.

Business-type Activities. Beginning with this fiscal year the County has reclassified one of its special revenue funds, the Solid Waste District Fund, as a business-type activity community service function (previously reported as part of governmental activities). 2010 is a base year for data collection for this fund and there is no prior year comparator information presented. The fund derives its revenue principally from charges for services and an operating grant. Investment earnings were negligible at less than \$1,000. The Solid Waste expenses exceeded revenues, decreasing net assets by \$44,224 during 2010. Net assets at the end of the fiscal year were \$125,934. Please refer to Table 2 for a complete summary of business-type activities.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

At the end of the fiscal year, the County's governmental funds reported a combined fund balance of \$29,446,131, a decrease of \$896,891 or 3.0% from the previous year. The enterprise fund had an ending balance of \$125,934.

- The County's General Fund balance decreased \$351,337 (7.83%) from last year as expenditures outpaced revenue. Overall General Fund revenue decreased by 1.2% from 2009. Expenditures declined by 11.6%, although they exceeded revenue and other financing sources by the decrease in fund balance.
- The Road Fund balance showed a decrease of \$2,054,451 (10.3%) over last year. A 24.8% reduction in revenue combined with a 5.7% increase in fund expenditures contributed to this decline.
- The Health and Human Services fund balance showed a fund balance increase of \$1,242,178 (1,540%). Strict expenditure control and aggressive revenue collection enabled this fund to build up its reserves dramatically in 2010. Revenue increased by 9.1%, and expenditures decreased by 10.8% from the prior year.
- The Community Health Centers Fund increased its fund balance in 2010 by \$449,310 (277%). Again, strict expenditure control and aggressive revenue collection aided this fund to increase its revenue by 9.6% and decrease its expenditures by 20.9%.
- The Nonmajor Governmental fund balances decreased a total of \$12,433 (0.02%). Revenue in these funds increased by 26.6%. Expenditures decreased by 18.0%.

GOVERNMENT-WIDE FINANCIAL ANALYSIS
SUMMARY OF STATEMENT OF ACTIVITIES
Table 2

	Governmental Activities				Business-type Activities				Total Government			
	2010	2009	Change Amount	% Change	2010	2009	Change Amount	% Change	2010	2009	Change Amount	% Change
Revenues												
Program												
Charges for services	\$ 7,784,045	\$ 11,395,592	\$ (3,611,547)	-31.69%	\$ 213,320	\$ -	\$ 213,320	100.00%	\$ 7,997,365	\$ 11,395,592	\$ (3,398,227)	-29.82%
Operating grants and contributions	21,191,619	19,765,655	1,425,964	7.21%	20,000	-	20,000	100.00%	21,211,619	19,765,655	1,445,964	7.32%
Capital grants and contributions	2,136,127	12,431	2,123,696	17083.87%	-	-	-	-	2,136,127	12,431	2,123,696	17083.87%
General revenues												
Property taxes	16,941,894	16,704,570	237,324	1.42%	-	-	-	-	16,941,894	16,704,570	237,324	1.42%
Other taxes	1,631,380	1,639,946	(8,566)	-0.52%	-	-	-	-	1,631,380	1,639,946	(8,566)	-0.52%
Grants and contributions not restricted to specific programs	-	3,334,872	(3,334,872)	-100.00%	-	-	-	-	-	3,334,872	(3,334,872)	-100.00%
Unrestricted investment earnings	218,996	661,135	(442,139)	-66.88%	691	-	691	100.00%	219,687	661,135	(441,448)	-66.77%
Timber and land sales	564,129	555,855	8,274	1.49%	-	-	-	-	564,129	555,855	8,274	1.49%
Gain (loss) on sale of capital assets	22,834	16,099	6,735	41.83%	-	-	-	-	22,834	16,099	6,735	41.83%
Miscellaneous	-	543,397	(543,397)	-100.00%	-	-	-	-	-	543,397	(543,397)	-100.00%
Total Revenues	\$ 50,491,024	\$ 54,629,552	\$ (4,138,528)	-7.58%	\$ 234,011	\$ -	\$ 234,011	100.00%	\$ 50,725,035	\$ 54,629,552	\$ (3,904,517)	-7.15%
Expenses												
General government	\$ 9,426,847	\$ 11,229,229	\$ (1,802,382)	-16.05%	\$ -	\$ -	\$ -	-	\$ 9,426,847	\$ 11,229,229	\$ (1,802,382)	-16.05%
Community services	4,029,613	4,204,828	(175,215)	-4.17%	278,235	-	278,235	100.00%	4,307,848	4,204,828	103,020	2.45%
Public safety	16,484,089	17,321,795	(837,706)	-4.84%	-	-	-	-	16,484,089	17,321,795	(837,706)	-4.84%
Highways and streets	7,614,504	7,543,302	71,202	0.94%	-	-	-	-	7,614,504	7,543,302	71,202	0.94%
Culture and recreation	264,982	197,910	67,072	33.89%	-	-	-	-	264,982	197,910	67,072	33.89%
Health and welfare	10,101,480	12,033,068	(1,931,588)	-16.05%	-	-	-	-	10,101,480	12,033,068	(1,931,588)	-16.05%
Education	1,420,950	1,568,878	(147,928)	-9.43%	-	-	-	-	1,420,950	1,568,878	(147,928)	-9.43%
Debt service - interest	62,991	93,070	(30,079)	-32.32%	-	-	-	-	62,991	93,070	(30,079)	-32.32%
Total Expenses	\$ 49,405,456	\$ 54,192,080	(4,786,624)	-8.83%	\$ 278,235	\$ -	\$ 278,235	100.00%	\$ 49,683,691	\$ 54,192,080	\$ (4,508,389)	-8.32%
Excess (deficiency) of revenues over (under) expenditures	\$ 1,085,568	\$ 437,472	\$ 648,096	148.15%	\$ (44,224)	\$ -	\$ (44,224)	-100.00%	\$ 1,041,344	\$ 437,472	\$ 603,872	138.04%
Net assets, beginning of year	\$ 150,968,906	\$ 149,951,990	\$ 1,016,916	0.68%	\$ 170,158	\$ -	\$ 170,158	100.00%	\$ 151,139,064	\$ 149,951,990	\$ 1,187,074	0.79%
Prior Period Adjustment	\$ -	\$ 749,602	(749,602)	-100.00%	\$ -	\$ -	\$ -	-	\$ -	\$ 749,602	(749,602)	-100.00%
Net assets, end of year	\$ 152,054,474	\$ 151,139,064	\$ 915,410	0.61%	\$ 125,934	\$ -	\$ 125,934	100.00%	\$ 152,180,408	\$ 151,139,064	\$ 1,041,344	0.69%

- The Solid Waste District Fund's net assets decreased from the prior year by \$44,224 (25.9%), including its conversion to GAAP in its reclassification from a governmental fund type to its status this year as an enterprise fund. This fund experienced a 10.2% decline in revenue in 2010 with a 15.4% increase in expenditures for the year that accounts for the decline in net assets.

BUDGETARY HIGHLIGHTS

Several small changes were made during the fiscal year to adjust the County's originally adopted budget. This resulted in an overall net increase of \$124,945 to the annual budget for fiscal year 2009-10. The adjustments were as follows:

- The General Fund increased its General Government activity category by \$47,929 and decreased its Public Safety and Community Services categories by \$129,550 and \$47,929 respectively. This resulted in a net reduction of \$129,550 for the fund, a less than 1% change.
- In the Health and Human Services Fund, \$149,728 of additional appropriation was added to personal services, and \$60,310 was added to the materials and services category of the fund. The total appropriations for the fund increased by \$210,038 or 2.5%.
- The Animal Services Fund did a supplemental budget process to increase its overall appropriations by \$41,457. Personal services was reduced by \$31,745, materials and services was increased by \$97,488, and the contingency appropriation was reduced by \$24,286. This accomplished a net increase in the fund of 10.4%.
- The Transit District Fund adjusted its appropriations by shifting \$200,000 from its contingency to the capital outlay appropriation and adding \$3,000 to its materials and services appropriation. The net increase of \$3,000 was a negligible fraction of this fund's total budget appropriation.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. As of June 30, 2010, the County had \$184,614,381 invested in capital assets. Accumulated depreciation was \$60,618,611, which brought the County's net capital assets to \$123,995,770. This amount represents a net increase of \$2,553,938 (2.1%) over last year. All capital assets are contained in the governmental activities. The business-type activity of the County holds no capital assets. Table 3 depicts the status of capital assets at June 30, 2010 and June 30, 2009.

**Table 3
Capital Assets at Year End
(net of depreciation)**

	Governmental Activities		Business-type Activities		Total Government	
	2010	2009	2010	2009	2010	2009
Land, easements and improvements	\$ 844,825	\$ 844,825	\$ -	\$ -	\$ 844,825	\$ 844,825
Infrastructure	149,519,664	144,741,295	-	-	149,519,664	144,741,295
Buildings and improvements	20,368,496	19,014,517	-	-	20,368,496	19,014,517
Equipment	11,067,545	10,746,623	-	-	11,067,545	10,746,623
Construction in progress	2,813,851	5,581,116	-	-	2,813,851	5,581,116
Less accumulated depreciation	(60,618,611)	(59,486,544)	-	-	(60,618,611)	(59,486,544)
Total	\$123,995,770	\$121,441,832	\$ -	\$ -	\$123,995,770	\$121,441,832

Table 4 shows a comparison in the changes in capital assets for the years 2009 and 2010. Additional information regarding capital assets can be found in Note 6 of the Notes to the Financial Statements.

Table 4
CHANGE IN CAPITAL ASSETS

	Governmental Activities		Business-type Activities		Total Government	
	2010	2009	2010	2009	2010	2009
Beginning balance	\$180,928,376	\$176,145,368	\$ -	\$ -	\$180,928,376	\$176,145,368
Additions	9,504,180	6,732,017	-	-	9,504,180	6,732,017
Accumulated depreciation	(60,618,611)	(59,486,544)	-	-	(60,618,611)	(59,486,544)
Deletions	(5,818,175)	(1,949,009)	-	-	(5,818,175)	(1,949,009)
Ending Balance	\$123,995,770	\$121,441,832	\$ -	\$ -	\$123,995,770	\$121,441,832

Long-term Debt. At year end, the County had no general obligation bonds outstanding. The final payment of \$385,000 occurred 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, 2010.

Table 5
OUTSTANDING DEBT AT YEAR-END

	2010	2009
Governmental Activities		
General Obligation Refunding Bonds	\$ -	\$ 385,000
Tax-exempt Loan	1,337,000	1,751,000
Total Governmental Activities	\$ 1,337,000	\$2,136,000
Business-type Activities	\$ -	\$ -
Total Government	\$ 1,337,000	\$2,136,000

The State limits the amount of general obligation debt the County can issue to two percent of the assessed value of all taxable property within the County's corporate limits. Lincoln County's 2010 bonded debt limitation is \$221,021,000. For more detailed information on the County's long-term debt please refer to Note 9 of the Notes to the Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Lincoln County continues to face challenges posed by the current local, state, national and global economy. Fiscal year 2010-11 continues to be one of austere budgets and cost-cutting measures. Traditional revenue sources are stagnant at best, diminishing in the worst case. The 2010-11 budget is the result of management taking a hard look at current conditions and making appropriate adjustments, while striving to provide the essential services that the County's citizens expect.

REQUESTS FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS

LINCOLN COUNTY, OREGON

Statement of Net Assets

June 30, 2010

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and investments	\$ 27,768,943	\$ 114,608	\$ 27,883,551
Receivables	7,039,030	23,338	7,062,368
Inventories	369,265	-	369,265
Prepays	4,523	-	4,523
Noncurrent assets:			
Capital assets:			
Land and construction in progress	94,350,519	-	94,350,519
Other capital assets (net of accumulated depreciation)	29,645,251	-	29,645,251
Total assets	\$ 159,177,531	\$ 137,946	\$ 159,315,477
LIABILITIES			
Current liabilities:			
Accounts payable and other current liabilities	\$ 2,166,829	\$ 3,743	\$ 2,170,572
Accrued payroll and related liabilities	801,814	2,908	804,722
Accrued interest payable	4,178	-	4,178
Bond payable	429,000	-	429,000
Noncurrent liabilities:			
Bond payable	908,000	-	908,000
Compensated absences payable	1,960,544	5,361	1,965,905
Net other postemployment benefit obligation	852,692	-	852,692
Total liabilities	7,123,057	12,012	7,135,069
NET ASSETS			
Invested in capital assets, net of related debt	122,658,770	-	122,658,770
Restricted for:			
Highway and streets	17,921,182	-	17,921,182
Unrestricted	11,474,522	125,934	11,600,456
Total net assets	\$ 152,054,474	\$ 125,934	\$ 152,180,408
Total liabilities and net assets	\$ 159,177,531	\$ 137,946	\$ 159,315,477

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

LINCOLN COUNTY, OREGON

Statement of Activities

For the Year Ended June 30, 2010

Functions/Programs	<u>Program Revenues</u>				<u>Net Revenue (Expense) and Changes in Net Assets</u>		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government							
Governmental activities:							
General government	\$ 9,426,847	\$ 1,967,369	\$ 7,635,562	\$ -	\$ 176,084	\$ -	\$ 176,084
Community services	4,029,613	406,050	1,757,757	1,874,878	9,072	-	9,072
Public safety	16,484,089	1,266,618	4,259,874	-	(10,957,597)	-	(10,957,597)
Highway and streets	7,614,504	-	-	-	(7,614,504)	-	(7,614,504)
Culture and recreation	264,982	-	-	-	(264,982)	-	(264,982)
Health and welfare	10,101,480	4,141,891	7,427,105	261,249	1,728,765	-	1,728,765
Education	1,420,950	2,117	111,321	-	(1,307,512)	-	(1,307,512)
Interest on long-term debt	62,991	-	-	-	(62,991)	-	(62,991)
Total governmental activities	<u>\$ 49,405,456</u>	<u>\$ 7,784,045</u>	<u>\$ 21,191,619</u>	<u>\$ 2,136,127</u>	<u>(18,293,665)</u>	<u>-</u>	<u>(18,293,665)</u>
Business-type activities:							
Solid waste	278,235	213,320	20,000	-	-	(44,915)	(44,915)
Total primary government	<u>\$ 49,683,691</u>	<u>\$ 7,997,365</u>	<u>\$ 21,211,619</u>	<u>\$ 2,136,127</u>	<u>\$ (18,293,665)</u>	<u>\$ (44,915)</u>	<u>\$ (18,338,580)</u>
General revenues:							
Property taxes					16,941,894	-	16,941,894
Other taxes					1,631,380	-	1,631,380
Timber and land sales					564,129	-	564,129
Unrestricted investment earnings					218,996	691	219,687
Gain on sale of assets					22,834	-	22,834
Total general revenues					<u>19,379,233</u>	<u>691</u>	<u>19,379,924</u>
Change in net assets					1,085,568	(44,224)	1,041,344
Net assets, beginning					<u>150,968,906</u>	<u>170,158</u>	<u>151,139,064</u>
Net assets, ending					<u>\$ 152,054,474</u>	<u>\$ 125,934</u>	<u>\$ 152,180,408</u>

LINCOLN COUNTY, OREGON

GOVERNMENTAL FUNDS

Balance Sheet

June 30, 2010

	<u>General Fund</u>	<u>General Roads Fund</u>	<u>Health and Human Services Fund</u>	<u>Community Health Centers Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
ASSETS						
Cash and investments	\$ 2,517,758	\$ 18,296,906	\$ 1,233,349	\$ 135,697	\$ 4,497,085	\$ 26,680,795
Receivables - net	3,206,862	257,142	724,267	621,733	2,212,834	7,022,838
Inventories	4,096	365,169	-	-	-	369,265
Interfund receivables	857,850	-	-	-	-	857,850
Prepays	-	-	-	-	4,523	4,523
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 6,586,566</u>	<u>\$ 18,919,217</u>	<u>\$ 1,957,616</u>	<u>\$ 757,430</u>	<u>\$ 6,714,442</u>	<u>\$ 34,935,271</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 601,775	\$ 934,938	\$ 188,267	\$ 28,779	\$ 104,509	\$ 1,858,268
Accrued payroll and related expenses	526,828	63,097	129,961	29,388	40,234	789,508
Interfund payables	-	-	-	225,000	632,850	857,850
Deferred revenue	<u>1,323,039</u>	<u>-</u>	<u>316,601</u>	<u>278,127</u>	<u>65,747</u>	<u>1,983,514</u>
Total liabilities	<u>2,451,642</u>	<u>998,035</u>	<u>634,829</u>	<u>561,294</u>	<u>843,340</u>	<u>5,489,140</u>
Fund balances:						
Reserved for:						
Outpatient services	-	-	-	-	50,000	50,000
Unreserved reported in:						
General fund	4,134,924	-	-	-	-	4,134,924
Special revenue funds	<u>-</u>	<u>17,921,182</u>	<u>1,322,787</u>	<u>196,136</u>	<u>5,821,102</u>	<u>25,261,207</u>
Total fund balances	<u>4,134,924</u>	<u>17,921,182</u>	<u>1,322,787</u>	<u>196,136</u>	<u>5,871,102</u>	<u>29,446,131</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>\$ 6,586,566</u>	<u>\$ 18,919,217</u>	<u>\$ 1,957,616</u>	<u>\$ 757,430</u>	<u>\$ 6,714,442</u>	<u>\$ 34,935,271</u>

LINCOLN COUNTY, OREGON

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

For the Year Ended June 30, 2010

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

Fund balances - governmental funds		\$	29,446,131
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds			
Governmental capital assets, cost	\$	184,614,381	
Less accumulated depreciation		<u>(60,618,611)</u>	123,995,770
Certain accounts receivable are not considered to be fully collectible and a reserve is established for this allowance			1,983,514
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds. Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due. These liabilities consist of:			
Accrued interest payable	\$	(4,178)	
Bonds payable		(1,337,000)	
Compensated absences		(1,867,364)	
Net other postemployment benefit obligation		<u>(852,692)</u>	(4,061,234)
An internal service fund is used by management to charge the costs of certain insurance activities to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the Statement of Net Assets			<u>690,293</u>
Net assets of governmental activities		\$	<u>152,054,474</u>

LINCOLN COUNTY, OREGON

GOVERNMENTAL FUNDS

Statement of Revenues, Expenditures, and Changes in Fund Balances

For the Year Ended June 30, 2010

	<u>General Fund</u>	<u>General Roads Fund</u>	<u>Health and Human Services Fund</u>	<u>Community Health Centers Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
REVENUES:						
Taxes and land sales	\$ 17,521,552	\$ -	\$ -	\$ -	\$ 1,487,044	\$ 19,008,596
Licenses and permits	1,048,583	-	-	-	382,802	1,431,385
Intergovernmental revenues	7,026,170	5,782,431	3,217,903	1,116,367	189,674	17,332,545
Charges for services	1,102,186	149,224	3,892,760	936,386	6,180,667	12,261,223
Fines and penalties	66,829	-	-	-	71,624	138,453
Investment earnings	35,994	146,952	3,586	57	28,119	214,708
Other revenue	156,927	330,393	145,307	192,693	287,935	1,113,255
Total revenue	<u>26,958,241</u>	<u>6,409,000</u>	<u>7,259,556</u>	<u>2,245,503</u>	<u>8,627,865</u>	<u>51,500,165</u>
EXPENDITURES:						
Current:						
General government	8,247,356	-	-	-	158,338	8,405,694
Community services	2,105,994	-	-	-	1,804,111	3,910,105
Public safety	15,361,663	-	-	-	595,615	15,957,278
Highway and streets	-	6,593,539	-	-	-	6,593,539
Culture and recreation	-	-	-	-	50,587	50,587
Health and welfare	-	-	6,208,602	1,912,469	1,944,101	10,065,172
Education	-	-	-	-	1,420,950	1,420,950
Debt service:						
Principal	414,000	-	-	-	385,000	799,000
Interest	57,900	-	-	-	10,395	68,295
Capital Outlay	1,146,384	1,869,912	-	-	1,939,982	4,956,278
Total expenditures	<u>27,333,297</u>	<u>8,463,451</u>	<u>6,208,602</u>	<u>1,912,469</u>	<u>8,309,079</u>	<u>52,226,898</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(375,056)</u>	<u>(2,054,451)</u>	<u>1,050,954</u>	<u>333,034</u>	<u>318,786</u>	<u>(726,733)</u>
OTHER FINANCING SOURCES (USES):						
Transfers in	331,219	-	191,224	116,276	-	638,719
Transfers out	(307,500)	-	-	-	(331,219)	(638,719)
Total other financing sources (uses)	<u>23,719</u>	<u>-</u>	<u>191,224</u>	<u>116,276</u>	<u>(331,219)</u>	<u>-</u>
Net change in fund balances	<u>(351,337)</u>	<u>(2,054,451)</u>	<u>1,242,178</u>	<u>449,310</u>	<u>(12,433)</u>	<u>(726,733)</u>
Beginning fund balances	4,486,261	19,975,633	80,609	(253,174)	5,883,535	30,172,864
Ending fund balances	<u>\$ 4,134,924</u>	<u>\$ 17,921,182</u>	<u>\$ 1,322,787</u>	<u>\$ 196,136</u>	<u>\$ 5,871,102</u>	<u>\$ 29,446,131</u>

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

LINCOLN COUNTY, OREGON

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

For the Year Ended June 30, 2010

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

Net change in fund balances - governmental funds	\$	(726,733)
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Governmental funds report capital outlay as expenditures. However in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The amount by which depreciation exceeds capital outlay in the current period is:

Capital outlay	\$ 4,726,305		
Less current year depreciation	<u>(2,123,489)</u>		2,602,816

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

Change in deferred revenue		(964,551)
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The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on the net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of those differences in the treatment of long-term debt and related items:

Change in accrued interest	\$ 5,304		
Principal payments	799,000		
Accrual of other postemployment benefits	<u>(384,326)</u>		419,978

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

Change in compensated absences		140,255
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Contributed capital assets are reported as contributions in the statement of activities, but do not appear in the governmental funds because they are not financial resources. In addition, the statement of activities reports gains and losses arising from the disposal of existing capital assets while the governmental funds do not

Net book value of assets disposed of		(48,878)
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Internal service funds are used by management to charge costs of management of certain insurance activities to individual funds. The net revenue of activities of internal service funds is reported with the governmental activities

		<u>(337,319)</u>
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Change in net assets of governmental activities	\$	<u>1,085,568</u>
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LINCOLN COUNTY, OREGON

GENERAL FUND

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Taxes and land sales	\$ 17,360,439	\$ 17,360,439	\$ 17,521,552	\$ 161,113
Licenses and permits	1,163,675	1,163,675	1,048,583	(115,092)
Intergovernmental revenues	10,180,578	10,063,740	7,026,170	(3,037,570)
Charges for services	1,000,883	1,000,883	1,102,186	101,303
Fines and penalties	55,000	55,000	66,829	11,829
Investment earnings	53,000	53,000	35,994	(17,006)
Other revenue	613,607	613,607	156,927	(456,680)
Total revenues	30,427,182	30,310,344	26,958,241	(3,352,103)
Expenditures:				
General government	8,798,168	8,846,097	8,247,356	598,741
Community services	2,621,097	2,573,168	2,105,994	467,174
Public safety	18,769,617	18,640,067	15,361,663	3,278,404
Capital outlay	1,537,000	1,537,000	1,146,384	390,616
Contingency	549,448	549,448	-	549,448
Debt Service	471,900	471,900	471,900	-
Total expenditures	32,747,230	32,617,680	27,333,297	5,284,383
Excess revenues under expenditures	(2,320,048)	(2,307,336)	(375,056)	1,932,280
Other financing sources (uses):				
Transfers in	224,020	224,020	331,219	107,199
Transfers out	(307,500)	(307,500)	(307,500)	-
Total other financing sources (uses)	(83,480)	(83,480)	23,719	107,199
Net change in fund balances	(2,403,528)	(2,390,816)	(351,337)	(2,039,479)
Fund Balance:				
Beginning of year	4,045,600	4,032,888	4,486,261	453,373
End of year	\$ 1,642,072	\$ 1,642,072	\$ 4,134,924	\$ 2,492,852

LINCOLN COUNTY, OREGON

GENERAL ROADS FUND

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Charges for services	\$ 294,108	\$ 294,108	\$ 149,224	\$ (144,884)
Intergovernmental revenues	6,006,109	6,006,109	5,782,431	(223,678)
Investment earnings	262,500	262,500	146,952	(115,548)
Other revenue	<u>806,562</u>	<u>806,562</u>	<u>330,393</u>	<u>(476,169)</u>
Total revenues	<u>7,369,279</u>	<u>7,369,279</u>	<u>6,409,000</u>	<u>(960,279)</u>
Expenditures:				
Personal services	2,506,230	2,506,230	2,201,517	304,713
Materials and services	5,775,052	5,775,052	4,392,022	1,383,030
Capital outlay	5,179,110	5,179,110	1,869,912	3,309,198
Contingency	<u>1,000,000</u>	<u>1,000,000</u>	<u>-</u>	<u>1,000,000</u>
Total expenditures	<u>14,460,392</u>	<u>14,460,392</u>	<u>8,463,451</u>	<u>5,996,941</u>
Excess revenues under expenditures	<u>(7,091,113)</u>	<u>(7,091,113)</u>	<u>(2,054,451)</u>	<u>5,036,662</u>
Net change in fund balances	(7,091,113)	(7,091,113)	(2,054,451)	5,036,662
Fund Balance:				
Beginning of year	<u>20,500,000</u>	<u>20,500,000</u>	<u>19,975,633</u>	<u>(524,367)</u>
End of year	<u>\$ 13,408,887</u>	<u>\$ 13,408,887</u>	<u>\$ 17,921,182</u>	<u>\$ 4,512,295</u>

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

LINCOLN COUNTY, OREGON
HEALTH AND HUMAN SERVICES FUND
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Intergovernmental revenues	\$ 3,621,095	\$ 3,458,510	\$ 3,217,903	\$ (240,607)
Charges for services	3,785,442	4,112,742	3,892,760	(219,982)
Investment earnings	2,000	2,000	3,586	1,586
Other revenue	<u>230,286</u>	<u>275,609</u>	<u>145,307</u>	<u>(130,302)</u>
Total revenues	<u>7,638,823</u>	<u>7,848,861</u>	<u>7,259,556</u>	<u>(589,305)</u>
Expenditures:				
Personal services	5,299,048	5,448,776	4,621,574	827,202
Materials and services	2,540,622	2,600,932	1,587,028	1,013,904
Debt service	250,000	250,000	-	250,000
Contingency	<u>195,716</u>	<u>195,716</u>	<u>-</u>	<u>195,716</u>
Total expenditures	<u>8,285,386</u>	<u>8,495,424</u>	<u>6,208,602</u>	<u>2,286,822</u>
Excess revenues over (under) expenditures	<u>(646,563)</u>	<u>(646,563)</u>	<u>1,050,954</u>	<u>1,697,517</u>
Other financing sources (uses):				
Transfers in	<u>200,847</u>	<u>200,847</u>	<u>191,224</u>	<u>(9,623)</u>
Total other financing sources (uses)	<u>200,847</u>	<u>200,847</u>	<u>191,224</u>	<u>(9,623)</u>
Net change in fund balances	(445,716)	(445,716)	1,242,178	1,687,894
Fund Balance:				
Beginning of year	<u>445,716</u>	<u>445,716</u>	<u>80,609</u>	<u>365,107</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,322,787</u>	<u>\$ 1,322,787</u>

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

LINCOLN COUNTY, OREGON
COMMUNITY HEALTH CENTERS FUND
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Intergovernmental revenues	\$ 1,136,633	\$ 1,136,633	\$ 1,116,367	\$ (20,266)
Charges for services	1,305,590	1,305,590	936,386	(369,204)
Investment earnings	-	-	57	57
Contributions and donations	-	-	1,500	1,500
Other revenue	<u>20,602</u>	<u>20,602</u>	<u>191,193</u>	<u>170,591</u>
Total revenues	<u>2,462,825</u>	<u>2,462,825</u>	<u>2,245,503</u>	<u>(217,322)</u>
Expenditures:				
Personal services	1,788,692	1,788,692	1,274,342	514,350
Materials and services	780,786	780,786	638,127	142,659
Contingency	<u>1,000,000</u>	<u>1,000,000</u>	<u>-</u>	<u>1,000,000</u>
Total expenditures	<u>3,569,478</u>	<u>3,569,478</u>	<u>1,912,469</u>	<u>1,657,009</u>
Excess revenues over (under) expenditures	<u>(1,106,653)</u>	<u>(1,106,653)</u>	<u>333,034</u>	<u>1,439,687</u>
Other financing sources (uses):				
Transfers in	<u>106,653</u>	<u>106,653</u>	<u>116,276</u>	<u>9,623</u>
Total other financing sources (uses)	<u>106,653</u>	<u>106,653</u>	<u>116,276</u>	<u>9,623</u>
Net change in fund balances	(1,000,000)	(1,000,000)	449,310	1,449,310
Fund Balance:				
Beginning of year	<u>1,000,000</u>	<u>1,000,000</u>	<u>(253,174)</u>	<u>(1,253,174)</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 196,136</u>	<u>\$ 196,136</u>

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

LINCOLN COUNTY, OREGON

PROPRIETARY FUNDS

Balance Sheet

June 30, 2010

	Business-type Activities - Nonmajor Enterprise Fund	Governmental Activities - Internal Service Fund
	Solid Waste District Fund	Self Insurance Fund
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 114,608	\$ 1,088,148
Receivables - net	23,338	16,192
Total assets	\$ 137,946	\$ 1,104,340
LIABILITIES		
Current liabilities:		
Accounts payable and other current liabilities	\$ 3,743	\$ 308,561
Payroll and related accruals	2,908	12,306
Compensated absences	5,361	93,180
Total liabilities	12,012	414,047
NET ASSETS		
Unrestricted	125,934	690,293
Total liabilities and net assets	\$ 137,946	\$ 1,104,340

LINCOLN COUNTY, OREGON

PROPRIETARY FUNDS

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

For the Year Ended June 30, 2010

	Business-type Activities - Nonmajor Enterprise Fund	Governmental Activities - Internal Service Fund
	Solid Waste District Fund	Self Insurance Fund
Operating revenues:		
Charges for services	\$ 206,712	\$ 947,789
Other revenue	5,249	87,031
Intergovernmental revenues	20,000	-
Fines and penalties	1,359	-
Total Operating Revenues	233,320	1,034,820
Operating expenses:		
General and administrative costs	102,266	1,177,478
Operations and maintenance	175,969	198,949
Total Operating Expenses	278,235	1,376,427
Operating Income (Loss)	(44,915)	(341,607)
Nonoperating revenues (expenses):		
Investment earnings	691	4,288
Change in Net Assets	(44,224)	(337,319)
Beginning Net Assets	170,158	1,027,612
Ending Net Assets	\$ 125,934	\$ 690,293

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

LINCOLN COUNTY, OREGON
PROPRIETARY FUNDS
Statement of Cash Flows
For the Year Ended June 30, 2010

	Business-type Activities - Nonmajor Enterprise Fund Solid Waste District Fund	Governmental Activities - Internal Service Fund Self Insurance Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from services provided	\$ 234,600	\$ -
Cash received from interfund services provided	-	1,098,814
Cash payments to employees for services	(97,049)	(1,074,922)
Cash payments to other suppliers for good and services	(180,903)	-
Cash paid for interfund services used	-	(14,616)
	<u>(43,352)</u>	<u>9,276</u>
Net cash provided (used) by operating activities	<u>(43,352)</u>	<u>9,276</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest	<u>691</u>	<u>4,288</u>
Net change in cash and investments	(42,661)	13,564
Cash and investments:		
Beginning of year	<u>157,269</u>	<u>1,074,584</u>
End of year	<u>\$ 114,608</u>	<u>\$ 1,088,148</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$ (44,915)	\$ (341,607)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
(Increase) decrease in assets:		
Receivables - net	1,280	63,994
Prepays	-	1,471
Increase (decrease) in liabilities:		
Accounts payable and other current liabilities	(4,934)	182,862
Payroll and related accruals	(144)	9,376
Compensated absences liability	<u>5,361</u>	<u>93,180</u>
Net cash provided (used) by operating activities	<u>\$ (43,352)</u>	<u>\$ 9,276</u>

LINCOLN COUNTY, OREGON
FIDUCIARY FUNDS
Statement of Fiduciary Net Assets
June 30, 2010

	<u>Agency Fund</u>
ASSETS	
Cash and cash equivalents	\$ 2,388,400
Receivables - net	<u>6,284,643</u>
Total assets	<u>\$ 8,673,043</u>
LIABILITIES	
Due to other governmental agencies	\$ 586,806
Amount held for others	<u>8,086,237</u>
Total liabilities	<u>\$ 8,673,043</u>

NOTES TO BASIC FINANCIAL STATEMENTS

LINCOLN COUNTY, OREGON

Notes to Financial Statements

June 30, 2010

Note 1 - The Financial Reporting Entity

A. Reporting entity

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

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

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

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

B. Blended component units

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

Lincoln County Transportation Service District

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

Lincoln County Solid Waste Disposal Service District

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

Lincoln County Extension Agency

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

LINCOLN COUNTY, OREGON

Notes to Financial Statements, continued

June 30, 2010

Note 2 - Summary of Significant Accounting Policies

A. Government-wide Financial Statements

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

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

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

Fund Financial Statements

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

The County reports the following major governmental funds:

- *General* - accounts for all revenues and expenditures necessary to carry out basic governmental activities of the County that are not accounted for through other funds. For the County, the General Fund includes such activities as general government, public safety, corrections, assessment and taxation.
- *General Road* - accounts for the operations of the County Road Department. Significant sources of revenue are federal forest fees and state motor vehicle fees. Expenditures are primarily for maintenance and construction of County roads.
- *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.
- *Community Health Center* - accounts for the operations of federally funded community health centers in various locations throughout the County.

The County also includes the following other fund types:

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

LINCOLN COUNTY, OREGON

Notes to Financial Statements, continued

June 30, 2010

Note 2 - Summary of Significant Accounting Policies, continued

B. Basis of Accounting

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

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

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

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

C. Cash and Cash Equivalents

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

D. Inventories and prepaid items

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

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

LINCOLN COUNTY, OREGON

Notes to Financial Statements, continued

June 30, 2010

Note 2 - Summary of Significant Accounting Policies, continued

E. Receivables

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

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

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

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

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

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

F. Capital Assets

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

The estimated useful lives are as follows:

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

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

G. Compensated absences

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

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.

LINCOLN COUNTY, OREGON

Notes to Financial Statements, continued

June 30, 2010

Note 2 - Summary of Significant Accounting Policies, continued

G. Compensated absences, continued

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

H. Interfund Transactions

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

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

I. 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.

Noncompliance with Oregon Budget Law for the year ended June 30, 2010 are as follows:

The following funds reported expenditures over budgeted amounts for the year ended June 30, 2010.

Transit District Fund: Materials and services,	\$23,125
Self Insurance Fund: Personal services,	\$125,336

LINCOLN COUNTY, OREGON

Notes to Financial Statements, continued

June 30, 2010

Note 3 - Deposits and Investments

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

A. The County's deposits and investments at June 30, 2010 are as follows:

Total investments	\$ 17,964,138
Deposits with financial institutions	12,307,813
Total deposits and investments	<u>\$ 30,271,951</u>

B. Cash and cash investments are reported as follows:

Governmental Activities/Funds	
General Fund	\$ 2,517,758
General Roads Fund	18,296,906
Health and Human Services Fund	1,233,349
Community Health Centers Fund	135,697
Nonmajor governmental funds	<u>4,497,085</u>
Total governmental funds	26,680,795
Internal Service Fund	<u>1,088,148</u>
Total governmental activities	27,768,943
Business-type activities	114,608
Fiduciary funds	<u>2,388,400</u>
Total cash and investments	<u>\$ 30,271,951</u>

Deposits:

At June 30, 2010, the County's deposits with various financial institutions had a bank value of \$12,083,064. All deposits not covered by FDIC insurance are covered by the Public Funds Collateralization Program (PFCP) of the State of Oregon. The PFCP is a shared liability structure for participating bank depositories. Barring any exceptions, a bank depository is required to pledge collateral valued at least 10% of their quarter-end public fund deposits if they are well capitalized, 25% of their quarter-end public fund deposits if they are adequately capitalized, or 110% of their quarter-end public fund deposits if they are undercapitalized or assigned to pledge 110% by the Office of State Treasurer. In the event of a bank failure, the entire pool of collateral pledged by all qualified Oregon public funds bank depositories is available to repay deposits of public funds of government entities.

Custodial Credit Risk: Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. At June 30, 2010, the County's deposits were fully insured.

Investments:

As of June 30, 2010, the County held the following investments and maturities:

Investment type	Carrying Value	Weighted Average Maturity in Years	% of Investment Portfolio
U.S. agency securities	\$ 1,001,654	0.066	6 %
Local government investment pool	16,962,484	N/A	94 %
Total	<u>\$ 17,964,138</u>		<u>100 %</u>

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

Interest Rate Risk: in accordance with its investment policy, the government manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than eighteen months.

LINCOLN COUNTY, OREGON

Notes to Financial Statements, continued

June 30, 2010

Note 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>
US Treasury Obligation	100%
US Government Agency	75
Banker's Acceptances (BA)	50
Certificates of Deposit (CD)	25
State of Oregon Investment Pool	100

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

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

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

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

At June 30, 2010, the County's investments were rated as follows:

<u>Investment type</u>	<u>Highest Rating From</u>		
	<u>Moody's Investors Total</u>	<u>Service or Standard & Poor's Corporation Aaa/AAA</u>	<u>Not Rated</u>
U.S. agency securities	\$ 1,001,654	\$ 1,001,654	\$ -
Local government investment pool	16,962,484	-	16,962,484
Total	\$ 17,964,138	\$ 1,001,654	\$ 16,962,484

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.

The LGIP's portfolio concentration of credit risk at June 30, 2010 included: U.S. Agency Bonds (21%), Corporate Notes (26.6%), Commercial Paper (20.9%), U.S. Agency Discount Notes (19.2%), Government Guaranteed Corporate Securities (9.5%), U.S. Treasury Bill (2.3%), and Certificates of Deposits (.5%). The credit risk associated with the investments was: AAA rating (48.7%), AA rating (15%), A rating (34.9%), BBB rating (0.5%), ratings withdrawn (0.4%), and not rated (.5%).

Custodial Credit Risk: This is the risk that, in the event of the failure of a counterparty, the County will not be able to recover the value of its investments that are in the possession of an outside party. Investments amounting to \$1,001,654 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.

LINCOLN COUNTY, OREGON

Notes to Financial Statements, continued

June 30, 2010

Note 4 - Receivables

Receivables at June 30, 2010 were as follows:

<u>Governmental Funds</u>						
	<u>General</u>	<u>General Roads</u>	<u>Health and Human Services</u>	<u>Community Health Centers</u>	<u>Nonmajor</u>	<u>Totals</u>
Property taxes	\$ 1,534,362	\$ -	\$ -	\$ -	\$ 75,552	\$ 1,609,914
Accounts	1,672,500	257,142	1,168,094	1,020,918	2,137,282	6,255,936
Less: allowance for doubtful accounts	<u>-</u>	<u>-</u>	<u>(443,827)</u>	<u>(399,185)</u>	<u>-</u>	<u>(843,012)</u>
	<u>\$ 3,206,862</u>	<u>\$ 257,142</u>	<u>\$ 724,267</u>	<u>\$ 621,733</u>	<u>\$ 2,212,834</u>	<u>\$ 7,022,838</u>

Note 5 - Interfund Transactions

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

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

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>
General	Human Services	\$ 191,224
General	Community Health Centers	116,276
Nonmajor Special Revenue	General	224,020
Nonmajor Debt Service	General	107,199
Total		<u>\$ 638,719</u>

The following schedule summarizes the County's interfund due-to/due-from balances within the governmental activities at year-end:

<u>Due From</u>	<u>Due To</u>	<u>Amount</u>
Community Health Centers	General	\$ 225,000
Nonmajor Special Revenue	General	632,850
Total		<u>\$ 857,850</u>

LINCOLN COUNTY, OREGON

Notes to Financial Statements, continued

June 30, 2010

Note 6 - Capital Assets

A. Capital asset activity for the year ended June 30, 2010 was as follows:

Governmental Activities	<u>Balances July 1, 2009</u>	<u>Additions and Reclassifications</u>	<u>Deletions and Reclassifications</u>	<u>Balances June 30, 2010</u>
<i>Capital assets, not being depreciated:</i>				
Land and easements	\$ 837,125	\$ -	\$ -	\$ 837,125
Land Improvements	7,700	-	-	7,700
Infrastructure	90,691,843	-	-	90,691,843
Construction in progress	<u>5,581,116</u>	<u>2,010,609</u>	<u>4,777,874</u>	<u>2,813,851</u>
Total capital assets, not being depreciated	<u>\$ 97,117,784</u>	<u>\$ 2,010,609</u>	<u>\$ 4,777,874</u>	<u>\$ 94,350,519</u>
<i>Capital assets being depreciated:</i>				
Infrastructure	\$ 54,049,452	\$ 4,778,369	\$ -	\$ 58,827,821
Buildings	15,643,037	20,623	-	15,663,660
Improvements	3,371,480	1,333,356	-	4,704,836
Equipment	<u>10,746,623</u>	<u>1,361,223</u>	<u>1,040,301</u>	<u>11,067,545</u>
Total capital assets being depreciated	<u>83,810,592</u>	<u>7,493,571</u>	<u>1,040,301</u>	<u>90,263,862</u>
<i>Less accumulated depreciation for:</i>				
Infrastructure	43,408,742	675,407	-	44,084,149
Buildings	6,655,890	461,749	-	7,117,639
Improvements	1,057,335	222,662	-	1,279,997
Equipment	<u>8,364,577</u>	<u>763,671</u>	<u>991,422</u>	<u>8,136,826</u>
Total accumulated depreciation	<u>59,486,544</u>	<u>2,123,489</u>	<u>991,422</u>	<u>60,618,611</u>
Total capital assets being depreciated, net	<u>\$ 24,324,048</u>	<u>\$ 5,370,082</u>	<u>\$ 48,879</u>	<u>\$ 29,645,251</u>
Total capital assets net of depreciation	<u>\$ 121,441,832</u>	<u>\$ 7,380,691</u>	<u>\$ 4,826,753</u>	<u>\$ 123,995,770</u>

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

General government	\$ 447,501
Community services	119,508
Public safety	444,484
Highways and streets	951,952
Culture and recreation	123,736
Health and welfare	<u>36,308</u>
Total depreciation expense - governmental activities	<u>\$ 2,123,489</u>

LINCOLN COUNTY, OREGON

Notes to Financial Statements, continued

June 30, 2010

Note 7 - Construction Commitments

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

	Project Authorization	Expended to Date	Commitment
Oceanview Drive	\$ 379,995	\$ 252,413	\$ 127,582
Feagles Creek / Little Elk Creek Bridges	378,732	201,036	177,696
Deer Creek Bridge	136,633	50,694	85,939
Canal Creek Bridge	540,774	50,571	490,203
South Bay Bridges	783,774	360,476	423,298
Fruitvale Road Bridge	54,800	1,472	53,328
Siletz Boat Ramp	436,989	129,773	307,216
Totals	<u>\$ 2,711,697</u>	<u>\$ 1,046,435</u>	<u>\$ 1,665,262</u>

Note 8 - Deferred Revenue

Deferred revenue for the governmental funds at June 30, 2010 consists of:

	Governmental Funds				Total
	General Fund	Health and Human Services Fund	Community Health Centers Fund	Nonmajor Governmental Funds	
Property taxes	\$ 1,319,361	\$ -	\$ -	\$ 65,747	\$ 1,385,108
Accounts receivable	-	316,601	278,127	-	594,728
Other Revenue	3,678	-	-	-	3,678
Totals	<u>\$ 1,323,039</u>	<u>\$ 316,601</u>	<u>\$ 278,127</u>	<u>\$ 65,747</u>	<u>\$ 1,983,514</u>

LINCOLN COUNTY, OREGON

Notes to Financial Statements, continued

June 30, 2010

Note 9 - Long-Term Obligations

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

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental Activities - General Obligation Refunding Bonds		
Original bond issued for \$3,700,000. Paid off during fiscal year 2010	2.00% to 2.70%	\$ -
Governmental Activities - Tax-Exempt Loan		
Original loan issued on October 17, 2007 for \$2,140,000 to be repaid over a period of 5 years with an annual principle payment and semi-annual interest payments. Used to finance upgrades to the County's telecommunication system and financial reporting system.	3.75%	<u>1,337,000</u>
Total general obligation bonds outstanding		<u>\$ 1,337,000</u>

Long-term liability activity for the year ended June 30, 2010, was as follows:

<u>Governmental activities:</u>	<u>Outstanding July 1, 2009</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding June 30, 2010</u>	<u>Balances Due Within One Year</u>
Bonds payable					
General obligation refunding bonds	\$ 385,000	\$ -	\$ (385,000)	\$ -	\$ -
Tax exempt loan	<u>1,751,000</u>	-	<u>(414,000)</u>	<u>1,337,000</u>	<u>429,000</u>
Total bonds payable	2,136,000	-	(799,000)	1,337,000	429,000
Vested compensated absences	<u>2,007,619</u>	<u>1,965,905</u>	<u>(2,012,980)</u>	<u>1,960,544</u>	-
Total Governmental activities long-term liabilities	<u>\$ 4,143,619</u>	<u>\$ 1,965,905</u>	<u>\$ (2,811,980)</u>	<u>\$ 3,297,544</u>	<u>\$ 429,000</u>
Business-type activities:					
Vested compensated absences	<u>\$ -</u>	<u>\$ 5,361</u>	<u>\$ -</u>	<u>\$ 5,361</u>	<u>\$ -</u>

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year end \$93,180 of internal service funds compensated absences are included in the above amounts. Also, for the governmental activities, claims and judgments and compensated absences are generally liquidated by the general fund.

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

<u>Fiscal Year</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2011	\$ 429,000	\$ 42,094
2012	446,000	25,688
2013	<u>462,000</u>	<u>8,663</u>
	<u>\$ 1,337,000</u>	<u>\$ 76,445</u>

LINCOLN COUNTY, OREGON

Notes to Financial Statements, continued

June 30, 2010

Note 10 - Operating Leases

The County leases office equipment and office facilities under operating leases expiring at various times through 2020. Total cost for such leases for the year ended June 30, 2010 was \$533,072. Minimum future rental payments under non-cancelable operating leases having remaining terms in excess of one year as of June 30, 2010 for each of the next five years are:

<u>Year Ended June 30,</u>	<u>Amount</u>
2011	\$ 394,188
2012	360,906
2013	79,248
2014	63,109
2015	17,347
Thereafter	<u>38,500</u>
Total	<u>\$ 953,298</u>

Note 11 - Defined Contribution Plan

The Lincoln County Retirement Plan is a defined contribution pension plan (401(k)) established by the County to provide benefits to substantially all employees, except for certain employees of the Sheriff's office. At June 30, 2010, 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, 2010. 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, 2010, amounted to \$541,659.

Note 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.

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.

LINCOLN COUNTY, OREGON

Notes to Financial Statements, continued

June 30, 2010

Note 12 - Defined Benefit Pension Plan, continued

The County's contribution to the plan for the years ending June 30, 2010, 2009 and 2008, were equal to the County's required contributions for each year as follows:

<u>Years Ended June 30,</u>	<u>Employer County Contribution</u>	<u>Employer Paid Member Contribution</u>	<u>Totals</u>
2010	\$ 240,278	\$ 249,654	\$ 489,932
2009	\$ 382,914	\$ 255,382	\$ 638,296
2008	\$ 344,122	\$ 248,763	\$ 592,885

Note 13 - Other Postemployment Benefits (OPEB)

During the year ended June 30, 2009, Lincoln County implemented the provisions of GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions (GASB 45). This pronouncement requires the County to report a net other postemployment benefit obligation (NOPEBO) as of June 30, 2010. The County has implemented the requirements of GASB 45 on a prospective basis. The NOPEBO is, in general, the cumulative difference between the actuarial required contributions and actual contributions since July 1, 2008.

Plan description and benefits provided

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

Membership

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

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

Funding policy and contributions

The required contribution is based on projected pay-as-you-go financing requirements. For the fiscal year ending June 30, 2010, the County's combined plan contributions were \$54,473. Implicit employer subsidies generally represent the increase in premiums the County must pay on behalf of its active employees as a consequence of providing retirees access to OPEB. The implicit premium requirements, as of August 1, 2008, for the County are as follows:

For retirees	\$ 484
For spouses of retirees	520

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

LINCOLN COUNTY, OREGON

Notes to Financial Statements, continued

June 30, 2010

Note 13 - Other Postemployment Benefits (OPEB), continued

Annual OPEB cost and net OPEB Obligation

The County had its first actuarial valuation performed as of August 1, 2008 to determine the unfunded accrued actuarial liability (UAAL), annual required contribution (ARC) and NOPEBO as of that date. The ARC represents a level funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The annual OPEB cost as of June 30, 2010 is equal to the ARC as follows:

Normal cost		\$	277,357
Amortization of UAAL			173,426
Annual required contribution (ARC)		\$	450,783

The net OPEB obligation as of June 30, 2010 was calculated as follows:

Annual required contribution		\$	450,783
Interest on prior year Net OPEB obligation			21,076
Less: Adjustment to ARC			(33,060)
Annual OPEB Cost		\$	438,799
Less: Explicit Benefit Payments			-
Less: Implicit Benefit Payments			(54,473)
Increase in Net OPEB Obligation		\$	384,326
Net OPEB Obligation - beginning of year			468,366
Net OPEB Obligation - end of year			852,692

The County's annual OPEB cost, percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of June 30, 2010 is as follows:

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

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

Funded status and funding progress

As of August 1, 2008, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$2,274,467, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability of \$2,274,467. For the fiscal year ending June 30, 2010, the County has set aside \$0 to pay for future post-employment benefits for retired employees.

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

LINCOLN COUNTY, OREGON

Notes to Financial Statements, continued

June 30, 2010

Note 13 - Other Postemployment Benefits (OPEB), continued

Actuarial methods and assumptions

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

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

Note 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.

Note 15 - Net Assets Restricted Through Legislation

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

Oregon and federal laws restrict the usage of state gas tax and federal forest fees for road repairs and improvements	\$ 17,921,182
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Note 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.

REQUIRED SUPPLEMENTARY INFORMATION

LINCOLN COUNTY, OREGON
Notes to Required Supplementary Information
June 30, 2010

Schedule of Funding Progress - OPEB

Other Postemployment benefits (OPEB) schedule of funding progress:

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

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

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

LINCOLN COUNTY, OREGON
NONMAJOR GOVERNMENTAL FUNDS

Combining Balance Sheet

June 30, 2010

	<u>Special Revenue Funds</u>	<u>Jail Debt Service Fund</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 4,497,085	\$ -	\$ 4,497,085
Receivables - net	2,212,834	-	2,212,834
Prepays	<u>4,523</u>	<u>-</u>	<u>4,523</u>
Total assets	<u>6,714,442</u>	<u>-</u>	<u>6,714,442</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 104,509	\$ -	\$ 104,509
Payroll and related accruals	40,234	-	40,234
Due to other government entities	632,850	-	632,850
Deferred revenue	<u>65,747</u>	<u>-</u>	<u>65,747</u>
Total liabilities	<u>843,340</u>	<u>-</u>	<u>843,340</u>
Fund Balances			
Reserved for:			
Outpatient services	50,000	-	50,000
Unreserved	<u>5,821,102</u>	<u>-</u>	<u>5,821,102</u>
Total fund balances	<u>5,871,102</u>	<u>-</u>	<u>5,871,102</u>
Total liabilities and fund balances	<u>\$ 6,714,442</u>	<u>\$ -</u>	<u>\$ 6,714,442</u>

LINCOLN COUNTY, OREGON
NONMAJOR GOVERNMENTAL FUNDS

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

For the Year Ended June 30, 2010

	<u>Special Revenue</u>	<u>Jail Debt Service Fund</u>	<u>Total Nonmajor Governmental Funds</u>
REVENUES:			
Taxes and land sales	\$ 1,247,856	\$ 239,188	\$ 1,487,044
Licenses and permits	382,802	-	382,802
Charges for services	189,674	-	189,674
Intergovernmental revenues	6,180,667	-	6,180,667
Fines and penalties	71,624	-	71,624
Investment earnings	26,751	1,368	28,119
Donations	70,490	-	70,490
Other revenue	217,445	-	217,445
Total revenues	<u>8,387,309</u>	<u>240,556</u>	<u>8,627,865</u>
EXPENDITURES:			
Current:			
General government	158,338	-	158,338
Community services	1,804,111	-	1,804,111
Public safety	595,615	-	595,615
Culture and recreation	50,587	-	50,587
Public service	1,944,101	-	1,944,101
Education	1,420,950	-	1,420,950
Debt service			
Principal	-	385,000	385,000
Interest	-	10,395	10,395
Capital Outlay	<u>1,939,982</u>	<u>-</u>	<u>1,939,982</u>
Total expenditures	<u>7,913,684</u>	<u>395,395</u>	<u>8,309,079</u>
Excess (deficiency) of revenues over expenditures	<u>473,625</u>	<u>(154,839)</u>	<u>318,786</u>
OTHER FINANCING SOURCES (USES):			
Transfers out	<u>(224,020)</u>	<u>(107,199)</u>	<u>(331,219)</u>
Net change in fund balances	249,605	(262,038)	(12,433)
Fund balances at beginning of year	<u>5,621,497</u>	<u>262,038</u>	<u>5,883,535</u>
Fund balances at end of year	<u>\$ 5,871,102</u>	<u>\$ -</u>	<u>\$ 5,871,102</u>

Nonmajor Special Revenue Funds

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

- **Transit District** (a component unit) - The district provides a comprehensive transportation program for the County. It is funded by property tax and federal and state transportation grant programs.
- **County School** – Revenue of this fund is derived primarily from forest fees. The entire proceeds of the fund are distributed to the Lincoln County School District.
- **County Fair** – The operation of the Fair are accounted for in this fund. Major sources of revenue include state apportionments, annual fair proceeds, and grounds and building rentals.
- **Law Library** – This fund is used to maintain the County law library with revenues derived from court fees.
- **Clerk Records** – This fund accounts for expenditures incurred by the County Clerk to improve record storage and to acquire systems that facilitate records retrieval.
- **OHP Mental Health** – This fund accounts for mental health services for enrollees of the Oregon Health Plan as part of a multi-county consortium.
- **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 Fund** – This fund is used to assure compliance with ORS Chapter 209 and 672 through review and policy development.
- **Extension Agency** (a component unit) – This fund accounts for the operations of the OSU/Lincoln County Extension Agency which provides educational programs to county citizens. The District is funded mainly from property tax.
- **Agate Beach Closure** – This fund accounts for the County's share of the post-closure obligations for the closed Agate Beach Landfill.
- **DUII** – This fund is used to comply with the legal provisions concerning the collection and expenditure of funds obtained through civil forfeiture proceedings.
- **Building Reserve** – This fund is used to accumulate funds for bringing County buildings up to code and for repairs and renovations to prevent losses due to earthquakes or other natural disasters.
- **Fair Facilities** – This fund accounts for the upgrade and improvement to the County Fairgrounds and its buildings and infrastructure through a dedicated property tax.

LINCOLN COUNTY, OREGON
NONMAJOR SPECIAL REVENUE FUNDS
Combining Balance Sheet
June 30, 2010

	<u>Transit District Fund</u>	<u>County School Fund</u>	<u>County Fair Fund</u>	<u>Law Library Fund</u>	<u>Clerk Records Fund</u>	<u>Mental Health Fund</u>	<u>Enforcement Fund</u>	<u>Animal Services Fund</u>
ASSETS								
Cash and investments	\$ -	\$ 421	\$ 44,787	\$ 31,125	\$ 50,441	\$ 471,202	\$ 8,805	\$ 37,306
Receivables - net	2,038,399	52,281	-	-	185	20,742	867	3,986
Prepays	-	-	-	-	-	-	-	-
Total assets	<u>\$ 2,038,399</u>	<u>\$ 52,702</u>	<u>\$ 44,787</u>	<u>\$ 31,125</u>	<u>\$ 50,626</u>	<u>\$ 491,944</u>	<u>\$ 9,672</u>	<u>\$ 41,292</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ 16,193	\$ 52,702	\$ 4,736	\$ 1,639	\$ -	\$ 1,593	\$ 34	\$ 4,577
Deferred revenue	44,244	-	-	-	-	-	-	-
Accrued payroll and related expenses	25,555	-	-	-	-	3,102	435	6,720
Due to other funds	632,241	-	-	-	-	-	-	-
Total liabilities	<u>718,233</u>	<u>52,702</u>	<u>4,736</u>	<u>1,639</u>	<u>-</u>	<u>4,695</u>	<u>469</u>	<u>11,297</u>
Fund balances:								
Reserved for:								
Other purposes	-	-	-	-	-	50,000	-	-
Unrestricted	1,320,166	-	40,051	29,486	50,626	437,249	9,203	29,995
Total fund balances	<u>1,320,166</u>	<u>-</u>	<u>40,051</u>	<u>29,486</u>	<u>50,626</u>	<u>487,249</u>	<u>9,203</u>	<u>29,995</u>
Total liabilities and fund balances	<u>\$ 2,038,399</u>	<u>\$ 52,702</u>	<u>\$ 44,787</u>	<u>\$ 31,125</u>	<u>\$ 50,626</u>	<u>\$ 491,944</u>	<u>\$ 9,672</u>	<u>\$ 41,292</u>

LINCOLN COUNTY, OREGON
NONMAJOR SPECIAL REVENUE FUNDS
Combining Balance Sheet
June 30, 2010

<u>Title III/Safety Net Fund</u>	<u>Corner Preservation Fund</u>	<u>Meth Grant Fund</u>	<u>Extension Agency</u>	<u>Agate Beach Disposal Site Closure Fund</u>	<u>DUII Fund</u>	<u>Building Reserve Fund</u>	<u>Fair Facilities Fund</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 2,240,521	\$ 176,217	\$ -	\$ 386,322	\$ 742,702	\$ 994	\$ 5	\$ 306,237	\$ 4,497,085
-	551	24,439	30,894	-	-	-	40,490	2,212,834
-	-	-	4,523	-	-	-	-	4,523
<u>\$ 2,240,521</u>	<u>\$ 176,768</u>	<u>\$ 24,439</u>	<u>\$ 421,739</u>	<u>\$ 742,702</u>	<u>\$ 994</u>	<u>\$ 5</u>	<u>\$ 346,727</u>	<u>\$ 6,714,442</u>
\$ 5,000	\$ 621	\$ 9,338	\$ 1,443	\$ 4,787	\$ -	\$ -	\$ 1,846	\$ 104,509
-	-	-	21,503	-	-	-	-	65,747
-	3,747	675	-	-	-	-	-	40,234
-	-	609	-	-	-	-	-	632,850
<u>5,000</u>	<u>4,368</u>	<u>10,622</u>	<u>22,946</u>	<u>4,787</u>	<u>-</u>	<u>-</u>	<u>1,846</u>	<u>843,340</u>
-	-	-	-	-	-	-	-	50,000
<u>2,235,521</u>	<u>172,400</u>	<u>13,817</u>	<u>398,793</u>	<u>737,915</u>	<u>994</u>	<u>5</u>	<u>344,881</u>	<u>5,821,102</u>
<u>2,235,521</u>	<u>172,400</u>	<u>13,817</u>	<u>398,793</u>	<u>737,915</u>	<u>994</u>	<u>5</u>	<u>344,881</u>	<u>5,871,102</u>
<u>\$ 2,240,521</u>	<u>\$ 176,768</u>	<u>\$ 24,439</u>	<u>\$ 421,739</u>	<u>\$ 742,702</u>	<u>\$ 994</u>	<u>\$ 5</u>	<u>\$ 346,727</u>	<u>\$ 6,714,442</u>

LINCOLN COUNTY, OREGON

NONMAJOR SPECIAL REVENUE FUNDS

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

For the Year Ended June 30, 2010

	<u>Transit District Fund</u>	<u>County School Fund</u>	<u>County Fair Fund</u>	<u>Law Library Fund</u>	<u>Clerk Records Fund</u>	<u>Mental Health Fund</u>	<u>Enforcement Fund</u>	<u>Animal Services Fund</u>
REVENUES:								
Taxes and land sales	\$ 540,735	\$ 207,601	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	110,000	-	-	-	44,692	-	-	108,425
Charges for services	169,803	-	-	-	-	2,240	-	16,501
Intergovernmental revenues	2,549,462	911,631	41,963	-	-	2,257,425	-	37,160
Fines and penalties	-	-	-	52,644	-	-	15,513	3,467
Investment earnings	2,013	93	114	125	166	2,311	129	102
Donations	-	-	-	-	-	-	-	70,490
Other revenue	51,187	327	30,351	1,348	-	30,630	-	100,073
Total revenues	3,423,200	1,119,652	72,428	54,117	44,858	2,292,606	15,642	336,218
EXPENDITURES:								
Current:								
General government	-	-	-	-	185	-	-	-
Community services	1,527,799	-	-	-	-	-	-	-
Public safety	-	-	-	32,383	-	-	9,080	420,078
Culture and recreation	-	-	50,587	-	-	-	-	-
Public service	-	-	-	-	-	1,944,101	-	-
Education	-	1,119,652	-	-	-	-	-	-
Capital outlay	1,848,992	-	-	-	-	-	-	-
Total expenditures	3,376,791	1,119,652	50,587	32,383	185	1,944,101	9,080	420,078
Excess (deficiency) of revenues over (under) expenditures	46,409	-	21,841	21,734	44,673	348,505	6,562	(83,860)
OTHER FINANCING SOURCES (USES):								
Transfers out	-	-	-	-	-	-	(20,004)	-
Net change in fund balance	46,409	-	21,841	21,734	44,673	348,505	(13,442)	(83,860)
Beginning fund balance	1,273,757	-	18,210	7,752	5,953	138,744	22,645	113,855
Ending fund balance	\$ 1,320,166	\$ -	\$ 40,051	\$ 29,486	\$ 50,626	\$ 487,249	\$ 9,203	\$ 29,995

LINCOLN COUNTY, OREGON

NONMAJOR SPECIAL REVENUE FUNDS

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

For the Year Ended June 30, 2010

<u>Title III/Safety Net Fund</u>	<u>Corner Preservation Fund</u>	<u>Meth Grant Fund</u>	<u>Extension Agency</u>	<u>Agate Beach Disposal Site Closure Fund</u>	<u>DUII Fund</u>	<u>Building Reserve Fund</u>	<u>Fair Facilities Fund</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ 248,003	\$ -	\$ -	\$ -	\$ 251,517	\$ 1,247,856
-	112,680	-	-	6,218	787	-	-	382,802
-	-	-	1,130	-	-	-	-	189,674
138,857	-	132,848	111,321	-	-	-	-	6,180,667
-	-	-	-	-	-	-	-	71,624
13,214	1,190	-	1,448	4,319	7	-	1,520	26,751
-	-	-	-	-	-	-	-	70,490
-	-	-	3,529	-	-	-	-	217,445
<u>152,071</u>	<u>113,870</u>	<u>132,848</u>	<u>365,431</u>	<u>10,537</u>	<u>794</u>	<u>-</u>	<u>253,037</u>	<u>8,387,309</u>
-	158,153	-	-	-	-	-	-	158,338
247,921	-	-	-	28,391	-	-	-	1,804,111
-	-	133,250	-	-	824	-	-	595,615
-	-	-	-	-	-	-	-	50,587
-	-	-	301,298	-	-	-	-	1,944,101
-	-	-	-	-	-	-	-	1,420,950
-	-	-	-	-	-	-	90,990	1,939,982
<u>247,921</u>	<u>158,153</u>	<u>133,250</u>	<u>301,298</u>	<u>28,391</u>	<u>824</u>	<u>-</u>	<u>90,990</u>	<u>7,913,684</u>
<u>(95,850)</u>	<u>(44,283)</u>	<u>(402)</u>	<u>64,133</u>	<u>(17,854)</u>	<u>(30)</u>	<u>-</u>	<u>162,047</u>	<u>473,625</u>
-	-	-	-	-	-	(204,016)	-	(224,020)
(95,850)	(44,283)	(402)	64,133	(17,854)	(30)	(204,016)	162,047	249,605
<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>182,834</u>	<u>5,621,497</u>
<u>\$ 2,235,521</u>	<u>\$ 172,400</u>	<u>\$ 13,817</u>	<u>\$ 398,793</u>	<u>\$ 737,915</u>	<u>\$ 994</u>	<u>\$ 5</u>	<u>\$ 344,881</u>	<u>\$ 5,871,102</u>

LINCOLN COUNTY, OREGON

TRANSIT DISTRICT FUND

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Taxes and land sales	\$ 480,000	\$ 480,000	\$ 540,735	\$ 60,735
Licenses and permits	128,000	128,000	110,000	(18,000)
Intergovernmental revenues	2,421,785	2,424,785	2,549,462	124,677
Charges for services	139,000	139,000	169,803	30,803
Investment earnings	15,000	15,000	2,013	(12,987)
Other revenue	<u>20,200</u>	<u>20,200</u>	<u>51,187</u>	<u>30,987</u>
Total revenues	<u>3,203,985</u>	<u>3,206,985</u>	<u>3,423,200</u>	<u>216,215</u>
Expenditures:				
Personal services	1,099,606	1,099,606	932,590	167,016
Materials and services	569,084	572,084	595,209	(23,125)
Capital outlay	2,081,075	2,281,075	1,848,992	432,083
Contingency	<u>279,910</u>	<u>79,910</u>	<u>-</u>	<u>79,910</u>
Total expenditures	<u>4,029,675</u>	<u>4,032,675</u>	<u>3,376,791</u>	<u>655,884</u>
Net change in fund balances	(825,690)	(825,690)	46,409	872,099
Fund Balance:				
Beginning of year	<u>1,347,857</u>	<u>1,347,857</u>	<u>1,273,757</u>	<u>(74,100)</u>
End of year	<u>\$ 522,167</u>	<u>\$ 522,167</u>	<u>\$ 1,320,166</u>	<u>\$ 797,999</u>

LINCOLN COUNTY, OREGON

COUNTY SCHOOL FUND

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Taxes and land sales	\$ 221,750	\$ 221,750	\$ 207,601	\$ (14,149)
Intergovernmental revenues	1,500,000	1,500,000	911,631	(588,369)
Investment earnings	700	700	93	(607)
Other revenue	<u>1,300</u>	<u>1,300</u>	<u>327</u>	<u>(973)</u>
Total revenues	<u>1,723,750</u>	<u>1,723,750</u>	<u>1,119,652</u>	<u>(604,098)</u>
Expenditures:				
Materials and services	<u>1,723,750</u>	<u>1,723,750</u>	<u>1,119,652</u>	<u>604,098</u>
Total expenditures	<u>1,723,750</u>	<u>1,723,750</u>	<u>1,119,652</u>	<u>604,098</u>
Fund Balance:				
Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

LINCOLN COUNTY, OREGON

COUNTY FAIR FUND

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Intergovernmental revenues	\$ 41,702	\$ 41,702	\$ 41,963	\$ 261
Investment earnings	98	98	114	16
Other revenue	<u>30,000</u>	<u>30,000</u>	<u>30,351</u>	<u>351</u>
Total revenues	<u>71,800</u>	<u>71,800</u>	<u>72,428</u>	<u>628</u>
Expenditures:				
Personal services	13,000	13,000	-	13,000
Materials and services	77,950	77,950	50,587	27,363
Contingency	<u>1,350</u>	<u>1,350</u>	<u>-</u>	<u>1,350</u>
Total expenditures	<u>92,300</u>	<u>92,300</u>	<u>50,587</u>	<u>41,713</u>
Net change in fund balances	(20,500)	(20,500)	21,841	42,341
Fund Balance:				
Beginning of year	<u>20,500</u>	<u>20,500</u>	<u>18,210</u>	<u>(2,290)</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40,051</u>	<u>\$ 40,051</u>

LINCOLN COUNTY, OREGON

LAW LIBRARY FUND

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Fines and penalties	\$ 24,000	\$ 24,000	\$ 52,644	\$ 28,644
Investment earnings	200	200	125	(75)
Other revenue	<u>-</u>	<u>-</u>	<u>1,348</u>	<u>1,348</u>
Total revenues	<u>24,200</u>	<u>24,200</u>	<u>54,117</u>	<u>29,917</u>
Expenditures:				
Materials and services	<u>37,500</u>	<u>37,500</u>	<u>32,383</u>	<u>5,117</u>
Net change in fund balances	(13,300)	(13,300)	21,734	35,034
Fund Balance:				
Beginning of year	<u>13,300</u>	<u>13,300</u>	<u>7,752</u>	<u>(5,548)</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,486</u>	<u>\$ 29,486</u>

LINCOLN COUNTY, OREGON

CLERK RECORDS FUND

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Licenses and permits	\$ 39,000	\$ 39,000	\$ 44,692	\$ 5,692
Investment earnings	100	100	166	66
Total revenues	<u>39,100</u>	<u>39,100</u>	<u>44,858</u>	<u>5,758</u>
Expenditures:				
Personal services	8,813	8,813	-	8,813
Materials and services	<u>33,675</u>	<u>33,675</u>	<u>185</u>	<u>33,490</u>
Total expenditures	<u>42,488</u>	<u>42,488</u>	<u>185</u>	<u>42,303</u>
Net change in fund balances	(3,388)	(3,388)	44,673	48,061
Fund Balance:				
Beginning of year	<u>3,388</u>	<u>3,388</u>	<u>5,953</u>	<u>2,565</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50,626</u>	<u>\$ 50,626</u>

LINCOLN COUNTY, OREGON

MENTAL HEALTH FUND

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Intergovernmental revenues	\$ 2,225,914	\$ 2,225,914	\$ 2,257,425	\$ 31,511
Charges for services	6,500	6,500	2,240	(4,260)
Investment earnings	5,835	5,835	2,311	(3,524)
Other revenue	<u>1,000</u>	<u>1,000</u>	<u>30,630</u>	<u>29,630</u>
Total revenues	<u>2,239,249</u>	<u>2,239,249</u>	<u>2,292,606</u>	<u>53,357</u>
Expenditures:				
Personal services	199,587	199,587	154,510	45,077
Materials and services	<u>2,206,474</u>	<u>2,206,474</u>	<u>1,789,591</u>	<u>416,883</u>
Total expenditures	<u>2,406,061</u>	<u>2,406,061</u>	<u>1,944,101</u>	<u>461,960</u>
Net change in fund balances	(166,812)	(166,812)	348,505	515,317
Fund Balance:				
Beginning of year	<u>166,812</u>	<u>166,812</u>	<u>138,744</u>	<u>(28,068)</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 487,249</u>	<u>\$ 487,249</u>

LINCOLN COUNTY, OREGON

ENFORCEMENT FUND

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Fines and penalties	\$ 40,000	\$ 40,000	\$ 15,513	\$ (24,487)
Investment earnings	500	500	129	(371)
Total revenues	<u>40,500</u>	<u>40,500</u>	<u>15,642</u>	<u>(24,858)</u>
Expenditures:				
Personal services	14,096	14,096	9,080	5,016
Materials and services	25,000	25,000	-	25,000
Total expenditures	<u>39,096</u>	<u>39,096</u>	<u>9,080</u>	<u>30,016</u>
Excess revenues over expenditures	<u>1,404</u>	<u>1,404</u>	<u>6,562</u>	<u>5,158</u>
Other financing sources (uses):				
Transfers out	<u>(20,004)</u>	<u>(20,004)</u>	<u>(20,004)</u>	<u>-</u>
Net change in fund balances	(18,600)	(18,600)	(13,442)	5,158
Fund Balance:				
Beginning of year	<u>18,600</u>	<u>18,600</u>	<u>22,645</u>	<u>4,045</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,203</u>	<u>\$ 9,203</u>

LINCOLN COUNTY, OREGON

ANIMAL SERVICES FUND

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Licenses and permits	\$ 76,250	\$ 76,250	\$ 108,425	\$ 32,175
Intergovernmental revenues	40,130	40,130	37,160	(2,970)
Charges for services	10,089	10,089	16,501	6,412
Fines and penalties	800	800	3,467	2,667
Investment earnings	1,500	1,500	102	(1,398)
Contributions and donations	95,750	95,750	70,490	(25,260)
Other revenue	<u>100,000</u>	<u>100,000</u>	<u>100,073</u>	<u>73</u>
Total revenues	<u>324,519</u>	<u>324,519</u>	<u>336,218</u>	<u>11,699</u>
Expenditures:				
Personal services	321,339	289,594	281,525	8,069
Materials and services	51,292	148,780	138,553	10,227
Contingency	<u>24,286</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>396,917</u>	<u>438,374</u>	<u>420,078</u>	<u>18,296</u>
Net change in fund balances	(72,398)	(113,855)	(83,860)	29,995
Fund Balance:				
Beginning of year	<u>72,398</u>	<u>113,855</u>	<u>113,855</u>	<u>-</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,995</u>	<u>\$ 29,995</u>

LINCOLN COUNTY, OREGON

TITLE III/SAFETY NET FUND

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Intergovernmental revenues	\$ 151,000	\$ 151,000	\$ 138,857	\$ (12,143)
Investment earnings	40,000	40,000	13,214	(26,786)
Total revenues	<u>191,000</u>	<u>191,000</u>	<u>152,071</u>	<u>(38,929)</u>
Expenditures:				
Materials and services	501,500	501,500	247,921	253,579
Capital outlay	1,889,500	1,889,500	-	1,889,500
Total expenditures	<u>2,391,000</u>	<u>2,391,000</u>	<u>247,921</u>	<u>2,143,079</u>
Net change in fund balances	(2,200,000)	(2,200,000)	(95,850)	2,104,150
Fund Balance:				
Beginning of year	<u>2,200,000</u>	<u>2,200,000</u>	<u>2,331,371</u>	<u>131,371</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,235,521</u>	<u>\$ 2,235,521</u>

LINCOLN COUNTY, OREGON
CORNER PRESERVATION FUND
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Licenses and permits	\$ 120,000	\$ 120,000	\$ 112,680	\$ (7,320)
Intergovernmental revenues	68,500	68,500	-	(68,500)
Investment earnings	<u>10,000</u>	<u>10,000</u>	<u>1,190</u>	<u>(8,810)</u>
Total revenues	<u>198,500</u>	<u>198,500</u>	<u>113,870</u>	<u>(84,630)</u>
Expenditures:				
Personal services	223,250	223,250	145,212	78,038
Materials and services	35,600	35,600	12,941	22,659
Capital outlay	45,000	45,000	-	45,000
Contingency	<u>174,207</u>	<u>174,207</u>	<u>-</u>	<u>174,207</u>
Total expenditures	<u>478,057</u>	<u>478,057</u>	<u>158,153</u>	<u>319,904</u>
Net change in fund balances	(279,557)	(279,557)	(44,283)	235,274
Fund Balance:				
Beginning of year	<u>279,557</u>	<u>279,557</u>	<u>216,683</u>	<u>(62,874)</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 172,400</u>	<u>\$ 172,400</u>

LINCOLN COUNTY, OREGON

METH GRANT FUND

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Intergovernmental revenues	\$ <u>260,418</u>	\$ <u>260,418</u>	\$ <u>132,848</u>	\$ <u>(127,570)</u>
Expenditures:				
Personal services	13,918	13,918	9,666	4,252
Materials and services	<u>246,500</u>	<u>246,500</u>	<u>123,584</u>	<u>122,916</u>
Total expenditures	260,418	260,418	133,250	127,168
Net change in fund balances	-	-	(402)	(402)
Fund Balance:				
Beginning of year	<u>-</u>	<u>-</u>	<u>14,219</u>	<u>14,219</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,817</u>	<u>\$ 13,817</u>

LINCOLN COUNTY, OREGON

EXTENSION AGENCY

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Property taxes	\$ 230,316	\$ 230,316	\$ 248,003	\$ 17,687
Intergovernmental revenues	105,500	105,500	111,321	5,821
Charges for services	8,500	8,500	1,130	(7,370)
Investment earnings	1,200	1,200	1,448	248
Other revenue	<u>750</u>	<u>750</u>	<u>3,529</u>	<u>2,779</u>
Total revenues	<u>346,266</u>	<u>346,266</u>	<u>365,431</u>	<u>19,165</u>
Expenditures:				
Personal services	259,213	259,213	173,756	85,457
Materials and services	144,850	144,850	127,542	17,308
Capital outlay	10,000	10,000	-	10,000
Contingency	<u>80,203</u>	<u>80,203</u>	<u>-</u>	<u>80,203</u>
Total expenditures	<u>494,266</u>	<u>494,266</u>	<u>301,298</u>	<u>192,968</u>
Net change in fund balances	(148,000)	(148,000)	64,133	212,133
Fund Balance:				
Beginning of year	<u>148,000</u>	<u>148,000</u>	<u>334,660</u>	<u>186,660</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 398,793</u>	<u>\$ 398,793</u>

LINCOLN COUNTY, OREGON
AGATE BEACH DISPOSAL SITE CLOSURE FUND
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Licenses and permits	\$ 4,000	\$ 4,000	\$ 6,218	\$ 2,218
Investment earnings	10,000	10,000	4,319	(5,681)
Total revenues	<u>14,000</u>	<u>14,000</u>	<u>10,537</u>	<u>(3,463)</u>
Expenditures:				
Materials and services	721,000	721,000	28,391	692,609
Capital outlay	5,000	5,000	-	5,000
Contingency	50,000	50,000	-	50,000
Total expenditures	<u>776,000</u>	<u>776,000</u>	<u>28,391</u>	<u>747,609</u>
Net change in fund balances	(762,000)	(762,000)	(17,854)	744,146
Fund Balance:				
Beginning of year	<u>762,000</u>	<u>762,000</u>	<u>755,769</u>	<u>(6,231)</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 737,915</u>	<u>\$ 737,915</u>

LINCOLN COUNTY, OREGON

DUII FUND

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Licenses and permits	\$ 6,000	\$ 6,000	\$ 787	\$ (5,213)
Investment earnings	-	-	7	7
Total revenues	<u>6,000</u>	<u>6,000</u>	<u>794</u>	<u>(5,206)</u>
Expenditures:				
Materials and services	<u>7,000</u>	<u>7,000</u>	<u>824</u>	<u>6,176</u>
Net change in fund balances	(1,000)	(1,000)	(30)	970
Fund Balance:				
Beginning of year	<u>1,000</u>	<u>1,000</u>	<u>1,024</u>	<u>24</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 994</u>	<u>\$ 994</u>

LINCOLN COUNTY, OREGON

BUILDING RESERVE FUND

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenditures:				
Capital outlay	<u>5</u>	<u>5</u>	<u>-</u>	<u>5</u>
Excess revenues over (under) expenditures	<u>(5)</u>	<u>(5)</u>	<u>-</u>	<u>5</u>
Other financing sources (uses):				
Transfers out	<u>(204,016)</u>	<u>(204,016)</u>	<u>(204,016)</u>	<u>-</u>
Net change in fund balances	<u>(204,021)</u>	<u>(204,021)</u>	<u>(204,016)</u>	<u>5</u>
Fund Balance:				
Beginning of year	<u>204,021</u>	<u>204,021</u>	<u>204,021</u>	<u>-</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5</u>	<u>\$ 5</u>

LINCOLN COUNTY, OREGON

FAIR FACILITIES FUND

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Taxes and land sales	\$ 285,000	\$ 285,000	\$ 251,517	\$ (33,483)
Investment earnings	-	-	1,520	1,520
Total revenues	<u>285,000</u>	<u>285,000</u>	<u>253,037</u>	<u>(31,963)</u>
Expenditures:				
Capital outlay	<u>285,000</u>	<u>285,000</u>	<u>90,990</u>	<u>194,010</u>
Net change in fund balances	-	-	162,047	162,047
Fund Balance:				
Beginning of year	-	-	182,834	182,834
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 344,881</u>	<u>\$ 344,881</u>

NONMAJOR DEBT SERVICE FUND

- **Jail Debt Service Fund** - this fund accounts for payments of principal and interest on general obligation bonds. The principal source of revenue is property taxes. The Jail Debt Service Fund was closed by County resolution after final principal payment had been made. The residual fund balance was transferred to the General Fund.

LINCOLN COUNTY, OREGON

JAIL DEBT SERVICE FUND

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Taxes and land sales	\$ 222,733	\$ 222,733	\$ 239,188	\$ 16,455
Investment earnings	8,000	8,000	1,368	(6,632)
Total revenues	<u>230,733</u>	<u>230,733</u>	<u>240,556</u>	<u>9,823</u>
Expenditures:				
Interest	10,395	10,395	10,395	-
Principal payments	385,000	385,000	385,000	-
Total expenditures	<u>395,395</u>	<u>395,395</u>	<u>395,395</u>	<u>-</u>
Excess revenues under expenditures	<u>(164,662)</u>	<u>(164,662)</u>	<u>(154,839)</u>	<u>9,823</u>
Other financing sources (uses):				
Transfers out	<u>-</u>	<u>-</u>	<u>(107,199)</u>	<u>(107,199)</u>
Net change in fund balances	(164,662)	(164,662)	(262,038)	(97,376)
Fund Balance:				
Beginning of year	<u>164,662</u>	<u>164,662</u>	<u>262,038</u>	<u>97,376</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NONMAJOR ENTERPRISE FUND

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

LINCOLN COUNTY, OREGON
SOLID WASTE DISTRICT FUND
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Intergovernmental revenues	\$ 20,000	\$ 20,000	\$ 20,000	\$ -
Charges for services	305,120	305,120	206,712	(98,408)
Fines and penalties	-	-	1,359	1,359
Investment earnings	5,500	5,500	691	(4,809)
Other revenue	-	-	5,249	5,249
Total revenues	<u>330,620</u>	<u>330,620</u>	<u>234,011</u>	<u>(96,609)</u>
Expenditures:				
Personal services	110,425	110,425	96,905	13,520
Materials and services	287,747	287,747	175,969	111,778
Capital outlay	12,000	12,000	-	12,000
Contingency	<u>39,448</u>	<u>39,448</u>	<u>-</u>	<u>39,448</u>
Total expenditures	<u>449,620</u>	<u>449,620</u>	<u>272,874</u>	<u>176,746</u>
Net change in fund balances	(119,000)	(119,000)	(38,863)	80,137
Fund Balance:				
Beginning of year	<u>119,000</u>	<u>119,000</u>	<u>170,158</u>	<u>51,158</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 131,295</u>	<u>\$ 131,295</u>
Reconciliation to GAAP Basis:				
Compensated absences			<u>(5,361)</u>	
GAAP Fund Balance - end of year			<u>\$ 125,934</u>	

NONMAJOR INTERNAL SERVICE FUND

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

LINCOLN COUNTY, OREGON

SELF INSURANCE FUND

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Charges for services	\$ 705,000	\$ 705,000	\$ 947,789	\$ 242,789
Investment earnings	25,000	25,000	4,288	(20,712)
Other revenue	<u>13,987</u>	<u>13,987</u>	<u>87,031</u>	<u>73,044</u>
Total revenues	<u>743,987</u>	<u>743,987</u>	<u>1,039,108</u>	<u>295,121</u>
Expenditures:				
Personal services	958,962	958,962	1,084,298	(125,336)
Materials and services	459,025	459,025	168,912	290,113
Capital outlay	100,000	100,000	30,037	69,963
Contingency	<u>241,000</u>	<u>241,000</u>	<u>-</u>	<u>241,000</u>
Total expenditures	<u>1,758,987</u>	<u>1,758,987</u>	<u>1,283,247</u>	<u>475,740</u>
Net change in fund balances	(1,015,000)	(1,015,000)	(244,139)	770,861
Fund Balance:				
Beginning of year	<u>1,015,000</u>	<u>1,015,000</u>	<u>1,027,612</u>	<u>12,612</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 783,473</u>	<u>\$ 783,473</u>
Reconciliation to GAAP Basis:				
Compensated absences			<u>(93,180)</u>	
GAAP Fund Balance - end of year			<u>\$ 690,293</u>	

NONMAJOR FIDUCIARY FUNDS

Agency Funds

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

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

LINCOLN COUNTY, OREGON
AGENCY FUND
Schedule of Changes in in Assets and Liabilities
For the Year Ended June 30, 2010

	<u>Balances</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balances</u> <u>June 30, 2010</u>
ASSETS				
Cash and investments	\$ 2,495,649	\$ 263,918,068	\$ 264,025,317	\$ 2,388,400
Receivables	<u>5,973,786</u>	<u>69,160,245</u>	<u>68,849,388</u>	<u>6,284,643</u>
Total assets	<u>\$ 8,469,435</u>	<u>\$ 333,078,313</u>	<u>\$ 332,874,705</u>	<u>\$ 8,673,043</u>
LIABILITIES				
Accounts payable	\$ 667,709	\$ 586,806	\$ 667,709	\$ 586,806
Amounts held for others	<u>7,801,726</u>	<u>332,491,507</u>	<u>332,206,996</u>	<u>8,086,237</u>
Total liabilities	<u>\$ 8,469,435</u>	<u>\$ 333,078,313</u>	<u>\$ 332,874,705</u>	<u>\$ 8,673,043</u>

STATISTICAL SECTION

Contents Page

Financial Trends **65-68**

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

Revenue Capacity **69-72**

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

Debt Capacity **73-76**

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

Demographic and Economic Information **77-78**

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

Operating Information **79-81**

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

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

LINCOLN COUNTY

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

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

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)¹
(in thousands of dollars)

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

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

2. The Solid Waste fund has been categorized as a business-type fund for the first time with the 2009-10 financial statements. Therefore, there is no historical data separate from the governmental activities before this year.

LINCOLN COUNTY

FUND BALANCES OF GOVERNMENTAL FUNDS

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

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

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)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
REVENUES										
Taxes and Land Sales	\$ 13,361	\$ 14,582	\$ 15,450	\$ 15,452	\$ 16,069	\$ 17,063	\$ 17,132	\$ 17,737	\$ 18,854	\$ 19,009
Licenses, Fees, and Permits	1,362	1,348	1,751	1,957	2,248	2,554	2,253	1,908	1,532	1,431
Charges for Services	2,667	2,974	3,500	3,733	4,077	4,696	5,477	5,707	6,518	12,261
Intergovernmental	16,539	19,616	19,896	18,474	23,407	21,478	22,383	22,682	21,748	17,333
Court Fines	131	112	101	114	128	132	147	160	130	138
Interest	1,236	521	395	299	627	1,240	1,719	1,544	637	215
Miscellaneous	686	1,142	1,455	875	921	720	1,016	885	2,717	1,113
Total Revenues	\$ 35,982	\$ 40,295	\$ 42,548	\$ 40,904	\$ 47,477	\$ 47,883	\$ 50,127	\$ 50,623	\$ 52,136	\$ 51,500
EXPENDITURES										
General Government	\$ 7,078	\$ 7,289	\$ 6,250	\$ 6,472	\$ 6,592	\$ 7,276	\$ 8,366	\$ 9,402	\$ 10,395	\$ 8,406
Community Services	1,781	2,062	2,647	2,522	2,805	3,159	3,156	4,187	4,050	3,910
Public Safety	11,086	11,646	11,865	12,332	14,146	14,162	14,759	16,133	16,746	15,957
Highways and Streets	4,908	4,654	4,830	4,901	4,808	6,681	5,607	4,336	4,564	6,594
Culture and Recreation	194	241	241	223	242	244	245	233	192	51
Health and Welfare	7,364	8,357	9,039	8,894	9,473	10,432	12,188	11,822	11,495	10,065
Education	964	1,475	1,643	1,516	1,635	1,795	1,668	1,669	1,566	1,421
Capital Outlay	3,435	2,702	2,070	1,893	1,092	1,226	1,620	2,715	6,291	4,956
Debt Service										
Principal	623	754	793	838	892	645	665	675	705	799
Interest	332	330	294	254	114	73	60	96	28	68
Total Expenditures	\$ 37,765	\$ 39,510	\$ 39,672	\$ 39,845	\$ 41,799	\$ 45,693	\$ 48,334	\$ 51,268	\$ 56,032	\$ 52,227
Excess of Revenues Over (Under) Expenditures	\$ (1,783)	\$ 785	\$ 2,876	\$ 1,059	\$ 5,678	\$ 2,190	\$ 1,793	\$ (645)	\$ (3,896)	\$ (727)
OTHER FINANCING SOURCES (USES)										
Proceeds from Long-Term Debt	\$ 1,092	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,140	\$ -	\$ -
Transfers in	497	750	755	898	902	851	1,044	2,631	494	639
Transfers out	(497)	(750)	(755)	(748)	(727)	(738)	(1,044)	(2,631)	(494)	(639)
Net Change in Fund Balances	\$ (691)	\$ 785	\$ 2,876	\$ 1,209	\$ 5,853	\$ 2,303	\$ 1,793	\$ 1,495	\$ (3,896)	\$ (727)
Debt Service as a % of Noncapital Expenditures	2.9%	3.0%	3.0%	3.0%	2.5%	1.6%	1.6%	1.6%	1.5%	1.9%

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				
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	5,997,347	2.8202	11,030,893	54.4%
2010	54,519	6,042,207	37,950	121,456	6,256,132	2.8202	10,601,034	59.0%

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,							
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
2010	2.8202	0.0377	2.8579	4.6874	6.4898	0.3972	14.4323

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

Source: Lincoln County Assessor's Office

LINCOLN COUNTY

PRINCIPAL PROPERTY TAXPAYERS

(in thousands of dollars)
Current and Ten Years Ago

<u>Taxpayer</u>	2010			2000		
	Taxable Assessed Value	Rank	Percentage of County Total Assessed Value	Taxable Assessed Value	Rank	Percentage of County Total Assessed Value
	Georgia Pacific West Inc	\$ 164,516	1	2.6%	\$ 220,110	1
Central Lincoln PUD	64,038	2	1.0%	44,810	2	0.9%
Northwest Natural Gas	40,807	3	0.7%	25,275	3	0.5%
Plum Creek Timberlands	51,761	4	0.8%	-	-	-
COROC/Lincoln City LLC	31,579	5	0.5%	-	-	-
The Worldmark Club	36,649	6	0.6%	16,594	6	0.3%
Nestucca Forests LLC	26,338	7	0.4%	-	-	-
Meriwether NW OR Land & Timber	20,465	8	0.3%	-	-	-
Pacificorp	16,785	9	0.3%	14,852	8	0.3%
Charter Communications	14,271	10	0.2%	-	-	-
R.R. Lincoln City				23,223	4	0.5%
YPC Salishan LP				21,721	5	0.4%
Pioneer Telephone Coop.				15,643	7	0.3%
Shilo Inn Newport LLC				13,705	9	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
2001	\$11,520	\$10,783	93.6%	615	\$11,398	98.94%
2002	12,100	11,335	93.7%	687	12,022	99.36%
2003	12,383	11,673	94.3%	507	12,180	98.36%
2004	12,702	12,117	95.4%	554	12,671	99.76%
2005	13,205	12,722	96.3%	468	13,190	99.89%
2006	13,847	13,367	96.5%	448	13,815	99.77%
2007	14,489	13,989	96.5%	429	14,418	99.51%
2008	15,153	14,508	95.7%	444	14,952	98.67%
2009	15,859	15,005	94.6%	452	15,457	97.47%
2010	15,942	15,092	94.7%	-	15,092	94.67%

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 Personal Income Per Capita
2001	\$ 5,425	\$ 995	\$ 6,420	\$ 251
2002	4,971	795	5,766	219
2003	4,200	583	4,783	182
2004	3,700	359	4,059	147
2005	3,075	123	3,198	109
2006	2,430	-	2,430	80
2007	1,765	-	1,765	56
2008	1,090	2,140	3,230	96
2009	385	1,751	2,136	64
2010	-	1,337	1,337	40

Note: Per Bureau of Economic Analysis (Regional Economic Accounts) (www.bea.gov). The latest personal income & per capita personal income available by BEA economic area was 2008.

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

LINCOLN COUNTY

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

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

(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, 2010

Municipality	Net General Obligation Bonded Debt Outstanding	Percent within County	Amount Applicable to County
Direct:			
Lincoln County	\$ -	100.0000%	\$ -
Overlapping:			
City of Depoe Bay	\$ 820,959	100.0000%	\$ 820,959
City of Lincoln City	18,734,293	100.0000%	18,734,293
City of Newport	26,335,541	100.0000%	26,335,541
City of Siletz	4,994	100.0000%	4,994
City of Toledo	1,765,000	100.0000%	1,765,000
City of Waldport	2,131,051	100.0000%	2,131,051
City of Yachats	724,196	100.0000%	724,196
Kernville, Gleneden, Lincoln Beach Water District	801,663	100.0000%	801,663
Lincoln County Unified School District	51,706,969	99.2888%	51,339,229
Lower Siletz Water District	64,487	100.0000%	64,487
Newport South Beach Urban Renewal	2,105,000	100.0000%	2,105,000
North Lincoln Fire and Rescue District #1	6,330,000	98.6000%	6,241,380
Oregon Coast Community College	22,775,000	100.0000%	22,775,000
Panther Creek Water District	67,183	100.0000%	67,183
Port of Newport	9,560,000	100.0000%	9,560,000
Roads End Sanitary District	18,099	100.0000%	18,099
Seal Rock Water District	2,200,885	100.0000%	2,200,885
Siletz Keys Sanitary District	77,509	100.0000%	77,509
Silver Sands Special Road District	<u>35,000</u>	100.0000%	<u>35,000</u>
 Total Overlapping	 <u>\$ 146,257,829</u>		 <u>\$ 145,801,469</u>
 Total	 <u><u>\$ 146,257,829</u></u>		 <u><u>\$ 145,801,469</u></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 2010

True Cash Value	\$ 10,601,034
Debt Limit - 2% of true cash value per ORS 287.054	\$ 212,021
General Obligation Bonds	\$ -
Less: Amount set aside for repayment of G.O. debt	\$ -
Total Net Debt Applicable to Limit	-
Legal Debt Margin	\$ 212,021

Legal Debt Margin History

Year ended June 30	2001	2,002	2,003	2,004	2,005	2,006	2,007	2,008	2,009	2,010
True Cash Value of Property	\$ 5,153,879	\$ 5,266,053	\$ 5,334,777	\$ 5,460,252	\$ 5,770,292	\$ 6,465,344	\$ 8,607,856	\$ 10,235,611	\$ 11,030,893	\$ 10,601,034
Debt Limit	\$ 103,078	\$ 105,321	\$ 106,696	\$ 109,205	\$ 115,406	\$ 129,307	\$ 172,157	\$ 204,712	\$ 220,618	\$ 212,021
Total Net Debt Applicable to Limit	\$ 4,938	\$ 4,259	\$ 3,508	\$ 2,869	\$ 2,318	\$ 1,725	\$ 1,520	\$ 828	\$ 123	\$ -
Legal Debt Margin	\$ 98,140	\$ 101,062	\$ 103,188	\$ 106,336	\$ 113,088	\$ 127,582	\$ 170,637	\$ 203,884	\$ 220,495	\$ 212,021
Total Net Debt Applicable to Limit As a Percentage of Debt Limit	4.79%	4.04%	3.29%	2.63%	2.01%	1.33%	0.88%	0.40%	0.06%	0.00%

LINCOLN COUNTY

DEMOGRAPHIC AND ECONOMIC STATISTICS

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

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

LINCOLN COUNTY

PRINCIPAL EMPLOYERS Current and Ten Years Ago

Employer	FY 2010			FY 2000		
	Employees	Rank	% of Total County Employment	Employees	Rank	% of Total County Employment
Confederated Tribes of the Siletz	1,127	1	5.6%	904	1	4.7%
Samaritan Health Services	800	2	3.9%	572	3	3.0%
Lincoln County School District	500	3	2.5%	613	2	3.2%
Georgia-Pacific	420	4	2.1%	500	4	2.6%
Hatfield Marine Science Center	401	5	2.0%	295	6	1.5%
Lincoln County	351	6	1.7%	385	5	2.0%
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%
City of Newport	125	13	0.6%	NA	-	NA
Safeway Stores	125	14	0.6%	NA	-	NA
Trident Seafoods	120	15	0.6%	NA	-	NA
Shilo Inns	100	16	0.5%	142	10	0.7%
Inn at Spanish Head	100	17	0.5%	NA	-	NA
Total	5,152		25.4%	3,918		20.3%
 Total Employment - Lincoln County:	 20,279			 19,263		

Source: Central Coast Economic Development Alliance

LINCOLN COUNTY

FULL TIME EQUIVALENT EMPLOYEES BY FUNCTION
Last Ten Fiscal Years

FUNCTION	Year Ended June 30,									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Government										
Highways and Streets	56	53	53	52	52	48	48	30	30	31
Other	81	84	84	84	83	83	89	91	81	71
Community Services										
Health and Welfare	77	85	84	82	87	97	95	118	90	90
Other	10	9	9	9	9	59	7	12	9	7
Public Safety										
Sheriff's Department	89	96	94	95	94	90	91	82	91	91
Other	65	68	66	63	64	16	73	71	65	61
Total	378	395	390	385	389	393	403	404	366	351
General Government	137	137	137	136	135	131	137	121	111	102
Community Services	87	94	93	91	96	156	102	130	99	97
Public Safety	154	164	160	158	158	106	164	153	156	152

Source : Lincoln County Finance Department

LINCOLN COUNTY

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

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
FUNCTION										
Public Safety										
Physical Arrests	NA	NA	867	997	1,122	1,199	1,195	1,134	1,224	817
Traffic Citations	NA	NA	754	770	778	758	923	862	782	687
Highways and Streets										
Miles of Road Pavement Overlays	1.5	1.3	2.5	5.6	6.4	8.5	7.4	2.4	1.9	20.2
Miles of Road Shoulder Widening	3.4	2.3	3.1	3.8	4.6	2.9	2.3	0.7	1.9	1.5
# of Road Patches Performed	39	34	49	30	NA	NA	NA	18	26	40
Sanitation										
Pounds of Waste Generated Per Capita	2,359	2,417	2,498	2,496	2,774	NA	3,080	3,254	3,099	2,587
Pounds of Waste Recovered Per Capita	547	678	678	694	825	NA	810	898	957	761
Total Recovery Rate Average Per Person	NA	NA	NA	NA	NA	NA	28.3%	29.6%	30.9%	29.4%
Transportation										
Hours of Service	15,900	16,289	16,437	17,971	19,147	19,995	22,870	22,492	25,375	23,525
Number of Passengers	65,538	66,576	71,926	88,131	88,380	89,258	98,159	104,655	140,598	125,452
Miles Traveled	264,506	265,614	278,684	290,515	304,087	322,046	341,980	346,166	379,089	366,887

Source: Individual County Departments

LINCOLN COUNTY

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

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
FUNCTION										
Public Safety										
Patrol Units	NA	21	21	24	25	25	24	29	28	28
Highways and Streets										
Streets (Miles)	331	329	329	330	330	335	335	335	332	332
Bridges	82	82	82	82	82	84	85	85	84	84
Parks	12	12	12	12	12	13	12	14	14	15
Transportation										
Number of Buses	10	10	10	17	17	16	16	16	19	19

Source : Individual County Departments

OTHER FINANCIAL SCHEDULES

LINCOLN COUNTY, OREGON
Schedule of Property Tax Transactions and Outstanding Balances
For the Year Ended June 30, 2010

<u>Fiscal Year Ended June 30,</u>	<u>Taxes Receivable June 30, 2009</u>	<u>2009-2010 Levy Extension</u>	<u>Additions</u>	<u>Discounts and Adjustments</u>	<u>Net Taxes for Collection</u>	<u>Total Cash Collection</u>	<u>Taxes Receivable June 30, 2010</u>
2010	\$ -	\$ 86,170,334	\$ 1,043	\$ (2,190,896)	\$ 83,980,481	\$ 79,504,221	\$ 4,476,260
2009	4,371,293	-	393	(51,118)	4,320,568	2,314,870	2,005,698
2008	1,639,765	-	349	(91,087)	1,549,027	647,407	901,620
2007	727,028	-	342	(65,176)	662,194	392,753	269,441
2006	195,147	-	-	(65,778)	129,369	74,246	55,123
2005	39,193	-	-	(58,699)	(19,506)	(41,595)	22,089
2004	30,282	-	-	(53,187)	(22,905)	(40,404)	17,499
2003 and prior	160,262	-	-	(73,598)	86,664	(60,163)	146,827
Subtotal	7,162,970	-	1,084	(458,643)	6,705,411	3,287,114	3,418,297
Total	\$ 7,162,970	\$ 86,170,334	\$ 2,127	\$ (2,649,539)	\$ 90,685,892	\$ 82,791,335	\$ 7,894,557

Summary by fund types

General fund	\$ 1,534,362
Transportation district fund	50,945
Extension district fund	24,607
Agency fund	<u>6,284,643</u>
Total	<u>\$ 7,894,557</u>

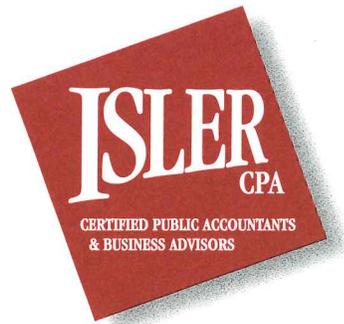
LINCOLN COUNTY, OREGON

Schedule of Receipts and Disbursements for Elected Officials

For the Year Ended June 30, 2010

	Cash and Investment Balances July 01, 2009	Receipts	Disbursements	Cash and Investment Balances June 30, 2010
Treasurer	\$ 32,132,756	\$ 351,696,760	\$ 353,720,007	\$ 30,109,509
District Attorney	202	-	18	184
Totals	<u>\$ 32,132,958</u>	<u>\$ 351,696,760</u>	<u>\$ 353,720,025</u>	<u>\$ 30,109,693</u>

COMPLIANCE SECTION



**COMMENTS AND DISCLOSURES OF INDEPENDENT AUDITORS'
REQUIRED BY STATE STATUTE**

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

We have audited the basic financial statements of Lincoln County, Oregon, Oregon (County) as of and for the year ended June 30, 2010, and have issued our report thereon dated February 15, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement.

Report on Internal Control

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

A deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We identified significant deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above., which we have communicated to management in a separate report dated February 15, 2011.

Compliance

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

Compliance, continued

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

- Accounting records and related internal control structure.
- The use of various depositories to secure the deposit of public funds. (ORS Chapter 295)
- The requirements relating to debt.
- The requirements relating to the preparation, adoption and execution of the City's budget for the year ending June 30, 2011. (ORS Chapter 294)
- The requirements relating to insurance and fidelity bond coverage.
- The appropriate laws, rules and regulations pertaining to programs funded wholly or partially by other governmental agencies.
- The requirements pertaining to the use of revenue from taxes on motor vehicle use fuel funds.
- Authorized investment of surplus funds. (ORS Chapter 294)
- The requirements pertaining to the awarding of public contracts and the construction of public improvements. (ORS Chapters 279A, 279B, 279C)
- Schedule of Accountability for Independently Elected Officials.

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

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



Julie Arendt, CPA, a member of the firm
for Isler CPA
February 15, 2011
Eugene, Oregon



Chitwood Bridge - 1904