



COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2013

LINCOLN COUNTY, OREGON



COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2013

Prepared by:

Janice Riessbeck, Finance Director

Cover and Section Divider photography by Terry Thompson

LINCOLN COUNTY, OREGON
 Financial Statements and Supplemental Information
 For the Year Ended June 30, 2013
 Table of Contents

INTRODUCTORY SECTION

Transmittal Letter	i - vi
GFOA Certificate of Achievement for Excellence in Financial Reporting for the Year Ended June 30, 2012	vii
Principal County Officials	viii
Organizational Chart	ix

FINANCIAL SECTION

Independent Auditors' Report	1 - 2
Management's Discussion and Analysis	3 - 9
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	10
Statement of Activities	11
Fund Financial Statements:	
Governmental Funds	
Balance Sheet	12
Reconciliation of the Balance Sheet to the Statement of Net Position	13
Statement of Revenues, Expenditures, and Changes in Fund Balances	14
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	15
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual:	
-General Fund	16
-General Roads Fund	17
-Mental Health Fund	18
Proprietary Funds	
Balance Sheet	19
Statement of Revenues, Expenses, and Changes in Net Position	20
Statement of Cash Flows	21
Fiduciary Funds	
Statement of Fiduciary Net Position	22
Notes to the Basic Financial Statements	23 - 39
Required Supplementary Information:	
Schedule of Funding Progress - OPEB	40

LINCOLN COUNTY, OREGON
 Financial Statements and Supplemental Information
 For the Year Ended June 30, 2013
 Table of Contents, continued

FINANCIAL SECTION, continued

Combining and Individual Nonmajor Funds Statements and Schedules:

Special Revenue Funds

Combining Balance Sheet	41 - 42
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	43 - 44
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual:	
-Economic Development Fund	45
-Transit District Fund	46
-County School Fund	47
-County Fair Fund	48
-Law Library Fund	49
-Clerk Records Fund	50
-Health and Human Services Fund	51
-Community Health Centers Fund	52
-Enforcement Fund	53
-Animal Services Fund	54
-Title III / Safety Net Fund	55
-Corner Preservation Fund	56
-Meth Grant Fund	57
-Extension Agency	58
-Agate Beach Disposal Site Closure Fund	59
-DUII Fund	60
-Capital Projects Fund	61
-Building Reserve Fund	62
-Fair Facilities Fund	63

Nonmajor Proprietary Funds:

Enterprise Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual:	
-Solid Waste District Fund	64

Internal Service Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual:	
-Self Insurance Fund	65

Nonmajor Fiduciary Funds:

Agency Fund

Schedule of Changes in Assets and Liabilities	66
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LINCOLN COUNTY, OREGON
 Financial Statements and Supplemental Information
 For the Year Ended June 30, 2013
 Table of Contents, continued

STATISTICAL SECTION

Financial Trends:

Net Position by Component	67
Changes in Net Position	68
Fund Balances of Governmental Funds	69
Changes in Fund Balances of Governmental Funds	70

Revenue Capacity:

Assessed Value and Estimated Actual Value of Taxable Property	71
Direct and Overlapping Property Tax Rates	72
Principal Property Taxpayers	73
Property Tax Levies and Collections	74

Debt Capacity:

Ratios of Outstanding Debt by Type	75
Ratios of General Bonded Debt Outstanding	76
Direct and Overlapping Debt	77
Legal Debt Margin Information	78

Demographic and Economic Information:

Demographic and Economic Statistics	79
Principal Employers	80

Operating Information:

Full Time Equivalent Employees by Function	81
Operating Indicators by Function	82
Capital Asset Statistics by Function	83

OTHER FINANCIAL SCHEDULES

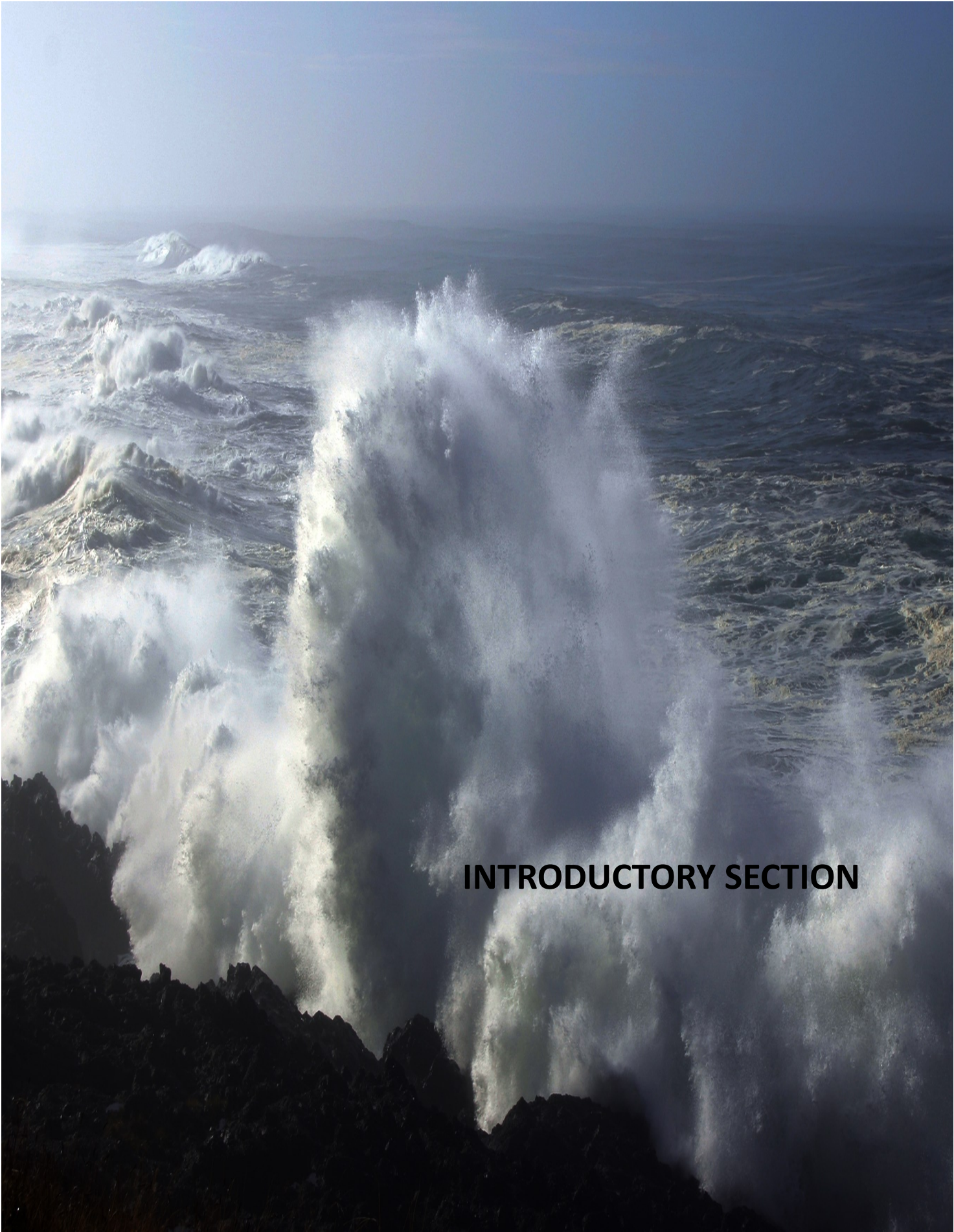
Schedule of Receipts and Disbursements for Elected Officials	84
Schedule of Property Tax Transactions and Outstanding Balances	85

COMPLIANCE SECTION

Comments and Disclosures of Independent Auditors' Required by State Statute	86 - 87
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Reports of Single Audit:

Report on Compliance and on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	88 - 89
Independent Auditors' Report on Compliance for Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	90 - 91
Schedule of Findings and Questioned Costs	92 - 93
Schedule of Expenditures of Federal Awards	94 - 98
Note to Schedule of Expenditures of Federal Awards	99



INTRODUCTORY SECTION



County of Lincoln

Finance Department

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

December 21, 2013

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, 2013. 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 2012-13 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 included in this document.

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 46,295 and a true cash value of \$8,301,862,151.

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 2012-13, 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 shown modest recovery from the 2008-09 recession. After running in double digits for three years, the county’s unemployment rate has dropped below ten percent, reaching a recent low of 8.4 percent in August 2013. Homebuilding activity, which had slumped severely, has picked up slightly. Home values have shown only slight gains. The number of home foreclosures continues to rise, and the number of vacant retail properties in the county remains far above pre-recession levels.

The county's three traditional primary industries, commercial fishing, timber and tourism have ridden out the recession with varying degrees of success. One bright spot on the horizon is the continued growth of marine education and research, which is emerging as a fourth leg of the local economy. While the arrival of NOAA's Pacific research fleet has been the most visible signpost of this growth, a variety of federal and state agencies have been expanding their presence in the county for decades, to the point where the total infrastructure investment in this area is estimated at \$1 billion. The recent announcement from Oregon State University that it plans to expand the undergraduate enrollment at the Hatfield Marine Science Center campus to 500 students by the year 2025 is another piece of good news for the county.

The reconstruction of a section of Highway 20 linking Lincoln County to the Willamette Valley has been plagued by numerous cost overruns and delays, but the State of Oregon has reaffirmed its commitment to that project, which now has an estimated completion date of 2016 or 2017. The economic and safety benefits of that project will be felt on the coast for decades to come.

LONG TERM FINANCIAL PLANNING

Uncertainty in timing and extent of the recovery from the economic downturn has led to a continued conservative budgeting and financial planning strategy for both the short and near long term (the next two to five years). No new major initiatives are planned for the general fund based services. Stabilized funding for some activities, e.g. for the animal shelter and animal control services through formation of a separate service district with a permanent tax rate, was approved by voters in the November 2012 election. Similar efforts for other activities may be considered. Changes to control operational cost increases, including new health benefit packages, are being implemented for most of the County's benefit-eligible employees. Planned expenditures in technology to increase efficiency and productivity are underway. The Board of Commissioners continues to work with all employees to find ways to cut costs while maintaining and providing the highest quality public services.

MAJOR INITIATIVES

Because of the continuing sluggishness of the local economy, new initiatives, programs and spending within the County government were limited during the fiscal year 2012-13. One major economic impact to the County's finances is the near-elimination of 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 in 2011-12, but at significantly reduced revenues for the county. Likelihood of any further extension is minimal. For the 2012-13 fiscal year, the County Road Fund received about \$130,000, a 94% reduction from years when the Act was in full force. The County General fund received no revenue from this source in 2012-13. No revenue is expected for either fund in 2013-14. Efforts continue to be undertaken to restore or replace the federal funding, but the outlook does not look good for federal replacement dollars.

Capital projects completed in the County in 2012-13 included \$1.5 million in road and bridge rebuilding, a courthouse security upgrade project, and a property purchase for more courthouse parking space. Several other projects were in progress including the remodeling of the building that houses many Public Health services and the acquisition and renovation of a building to house the County Extension Service District's administration and activities.

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 periodically issues various types of debt. The County currently has no long-term debt.

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

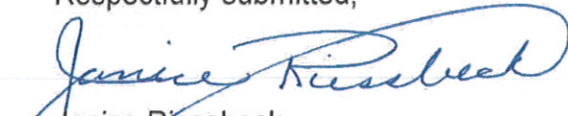
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate for Excellence in Financial Reporting to Lincoln County for its CAFR for the fiscal year ended June 30, 2012. This is the twenty-first consecutive year that the government has achieved this prestigious 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 meet the Certificate of Achievement Program's requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

ACKNOWLEDGEMENTS

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

Respectfully submitted,


Janice Riessbeck
Finance Director


Bill Hall
Chair, Board of Commissioners



Government Finance Officers Association

**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, 2012

Executive Director/CEO

LINCOLN COUNTY
PRINCIPAL OFFICIALS
June 30, 2013

BOARD OF COUNTY COMMISSIONERS

<u>Title</u>	<u>Name</u>
Commissioner	Terry N. Thompson
Commissioner, Chair	Bill Hall
Commissioner	Doug Hunt

OTHER ELECTED OFFICIALS

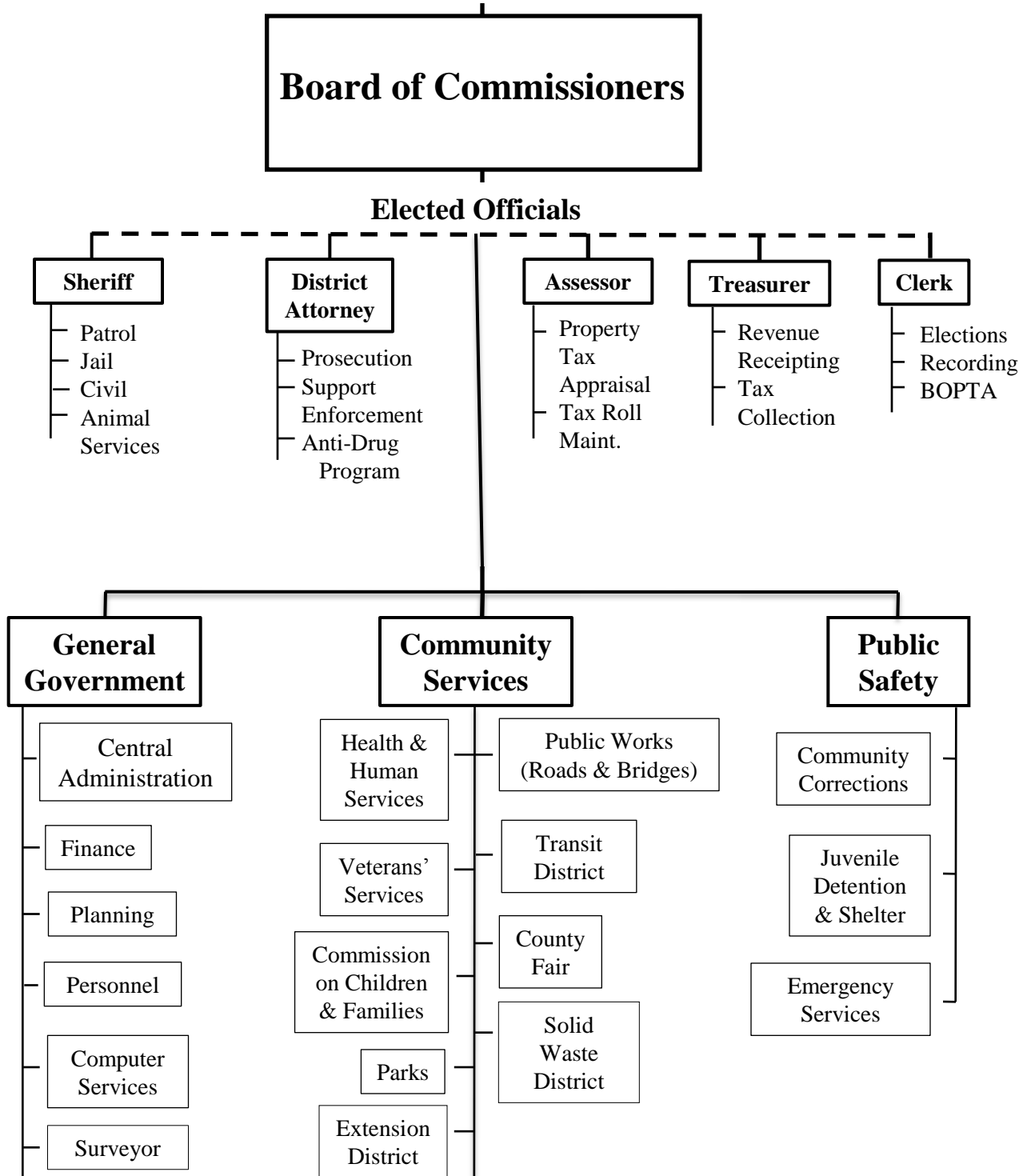
<u>Title</u>	<u>Name</u>
Assessor	Rob Thomas
County Clerk	Dana Jenkins
District Attorney	Rob Bovett
Sheriff	Dennis Dotson
Treasurer	Linda Pilson

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	Cheryl Connell
Director, Information Technology/County Surveyor	John Waffenschmidt
Director, Personnel	Sheahan Griffitts
Director, Planning and Development	Onno Husing
Director, Public Works	Jim Buisman
Director, Transit	Cynda Bruce

Lincoln County Organization Chart

Citizens





FINANCIAL SECTION



An Independently Owned Member
McGLADREY ALLIANCE



INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

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, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, 2013, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparisons for the General, General Roads, and Mental Health Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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, combining and individual nonmajor funds financial statements and schedules, the statistical tables section, and other financial schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, the schedule of expenditures of federal awards, the schedule of receipts and disbursements for elected officials, and the schedule of property tax transactions and outstanding balances are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory section and the statistical tables section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2013, 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* in considering the County's internal control over financial reporting and compliance.

Isler CPA



By: Paul Nielson, CPA, a member of the firm
Eugene, Oregon
December 21, 2013

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, 2013. 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 position increased by \$643,574 or 1% due to continued expenditure monitoring a reduction in overall liabilities.
- During the year the County's revenues decreased by \$2,482,568 because of decreases in Capital Grant revenues.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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 position presents information on all of Lincoln County's assets and liabilities, with the difference of the two reported as net position. Over time, increases and decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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, and Mental Health Funds. These funds are considered to be major funds. Data from the 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 types of proprietary funds - enterprise funds and internal services 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 proprietary funds that 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 its insurance programs such as workers' compensation, and unemployment insurance. Since the Self Insurance Fund benefits governmental functions, it has been included in governmental activities in the government-wide financial statements.

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

Notes to the basic financial statements. The notes to the basic financial statements provide additional information that is essential to a full understanding of the information provided in the government-wide and fund financial statements.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Changes in Net Position. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The County's combined net position was \$64,295,186 at June 30, 2013, an increase of \$643,574, or 1% between fiscal years 2012 and 2013. Table 1, below, compares the various components of the County's net position between the two years.

Cash and investments increased by \$1,505,662 or 5.5% while other current assets decreased 23.9% or \$1,858,406. Closer attention was paid to collections of receivables this year that contributed to higher cash balances and lower receivables. Capital assets increased \$475,001, or 1.35%. Overall, total assets increased by \$122,257 or 0.17%.

Current liabilities decreased from last year by \$227,457 or 8.21% because of generally lower spending than the prior year. Long-term obligations decreased \$293,860 or 3.83% as a result of the payoff of a general obligation bond and no new borrowing activity in the current year.

The County's investment in capital assets, net of debt increased by \$937,001 or 2.69%, as the County's overall debt decreased and new capital investment was completed or begun. Restricted assets, mainly in the form of Road Fund reserves, decreased \$1,240,389 or 8.97%. Unrestricted net position increased \$946,962 or 6.31% at the end of this year.

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

	Governmental Activities		Business-type Activities		Total Government	
	2013	2012	2013	2012	2013	2012
Assets:						
Cash and investments	\$ 28,886,062	\$ 27,380,400	\$ -	\$ -	\$ 28,886,062	\$ 27,380,400
Other current assets	5,858,677	7,707,797	63,072	72,358	5,921,749	7,780,155
Capital assets, net of accumulated depreciation	35,744,429	35,269,428	-	-	35,744,429	35,269,428
Total assets	\$ 70,489,168	\$ 70,357,625	\$ 63,072	\$ 72,358	\$ 70,552,240	\$ 70,429,983
Liabilities:						
Current liabilities	\$ 2,523,281	\$ 2,741,624	\$ 21,235	\$ 30,349	\$ 2,544,516	\$ 2,771,973
Long-term debt outstanding	3,712,538	3,996,298	-	10,100	3,712,538	4,006,398
Total liabilities	\$ 6,235,819	\$ 6,737,922	\$ 21,235	\$ 40,449	\$ 6,257,054	\$ 6,778,371
Net position:						
Invested in capital assets, net of related debt	35,744,429	34,807,428	-	-	35,744,429	34,807,428
Restricted	12,593,159	13,833,548	-	-	12,593,159	13,833,548
Unrestricted	15,915,761	14,978,727	41,837	31,909	15,957,598	15,010,636
Total net position	\$ 64,253,349	\$ 63,619,703	\$ 41,837	\$ 31,909	\$ 64,295,186	\$ 63,651,612

Governmental Activities. Revenues for the County's governmental activities decreased 4.54% or \$2,473,281 while total expenses increased 0.1% or \$53,134. Refer to Table 2 for a comparison of governmental activities for the years 2013 and 2012.

A decrease of 9.43%, or \$1,881,282 in operating grants and contributions revenue led to the decrease in overall revenue. Several federal American Recovery and Reinvestment Act grants reached their end, and an operating agency within the County, the Commission on Children and Families was dissolved and de-funded at the State level. Capital grants decreased by \$912,275, a 70.44% decrease from 2012, as a result of the completion in the prior year of several grant-funded capital projects. In the general revenue category, property taxes increased by 2.13% or \$403,752, and other taxes increased \$63,780 or 3.67%, while distributions from federal and state timber and land sales decreased by \$135,269 or 27.03%.

General government expenses increased by \$1,142,969 or 14.97% with the cautious return of strategic capital investments. Public safety expenses decreased by \$963,808 or 4.98%, partially due to a capital grant-funded public safety communication infrastructure project completed in the prior year, bringing public safety expenses back to a operational focus. Highways and streets decreased by \$2,088,999 or 25.5%. As funding for road and bridge improvement diminishes, activity in the highways and streets category faces a slowdown.

Business-type Activities. The County maintains one of its special revenue funds, the Solid Waste District, as a business-type activity community service function. The fund derives its revenue principally from charges for services and an operating grant. This fund, through prudent spending and an increased operating grant revenue improved its net position for the year by \$9,928 or 31%.

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

	Governmental Activities		Business-type Activities		Total Government	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Charges for services	\$ 11,792,539	\$ 11,810,657	\$ 199,686	\$ 218,898	\$ 11,992,225	\$ 12,029,555
Operating grants and contributions	18,076,294	19,957,576	30,000	20,000	18,106,294	19,977,576
Capital grants and contributions	382,871	1,295,146	-	-	382,871	1,295,146
General revenues:						
Property taxes	19,389,276	18,985,524	-	-	19,389,276	18,985,524
Transient room taxes	1,800,470	1,736,690	-	-	1,800,470	1,736,690
Unrestricted investment earnings	157,083	150,952	-	75	157,083	151,027
Timber and land sales	365,131	500,400	-	-	365,131	500,400
Total Revenues	\$ 51,963,664	\$ 54,436,945	\$ 229,686	\$ 238,973	\$ 52,193,350	\$ 54,675,918
Expenses:						
General government	8,778,058	7,635,089	-	-	8,778,058	7,635,089
Community Services	4,210,561	3,971,637	219,758	257,600	4,430,319	4,229,237
Public Safety	18,408,766	19,372,574	-	-	18,408,766	19,372,574
Highways and streets	6,101,752	8,190,751	-	-	6,101,752	8,190,751
Culture and recreation	218,085	235,219	-	-	218,085	235,219
Health and welfare	12,686,591	10,889,334	-	-	12,686,591	10,889,334
Education	920,380	956,592	-	-	920,380	956,592
Debt service interest	5,825	25,688	-	-	5,825	25,688
Total Expenses	51,330,018	51,276,884	219,758	257,600	51,549,776	51,534,484
Excess (deficiency) of revenues over (under) expenditures	633,646	3,160,061	9,928	(18,627)	643,574	3,141,434
Net position at beginning of year	63,619,703	60,459,642	31,909	50,536	63,651,612	60,510,178
Net position at end of year	\$ 64,253,349	\$ 63,619,703	\$ 41,837	\$ 31,909	\$ 64,295,186	\$ 63,651,612

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

At the end of the fiscal year, the County's governmental funds reported a combined fund balance of \$28,338,069, an increase of \$719,382 or 2.54% from the previous year.

- The County's General Fund balance increased \$621,163 (10.02%) from last year. Continued conservative spending was a factor in this increase to the General Fund reserves.
- The Road Fund balance showed a decrease of \$1,240,389 (9.85%) over last year. Planned utilization of reserves to rebuild bridges within the County contributed to this decrease.
- Mental Health Fund balance showed a fund balance decrease of \$325,239 (25.21%). Reduced revenue from the last year coupled with an increase in operating expenses accounts for the decrease.
- The Nonmajor Governmental fund balances increased a total of \$225,083 (2.73%). Increases in both grant revenue and charges for services served to increase fund balances from 2012 levels.

BUDGETARY HIGHLIGHTS

Several small changes were made during the fiscal year to adjust the County's originally adopted General Fund budget. The general government appropriation was increased by \$50,000, public safety appropriations increased by \$112,000, and the community services appropriation increased by \$20,000. \$168,640 of the contingency reserves were used along with \$28,360 of additional revenue to offset these increased appropriations.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. As of June 30, 2013, the County had \$35,744,429 invested in capital assets net of accumulated depreciation of \$64,167,512. This amount represents a net increase of \$475,001 (1.35%) over last year. All capital assets are contained in the governmental activities. The county's business-type activity holds no capital assets. Table 3 depicts the status of capital assets at June 30, 2013 and June 30, 2012.

TABLE 3
Capital Assets at Year-End
(net of depreciation)

	Governmental Activities	
	2013	2012
Land, easements and improvements	\$ 1,141,053	\$ 844,825
Infrastructure	63,261,019	61,973,084
Buildings and improvements	22,960,496	22,694,118
Equipment	11,653,431	11,291,798
Construction in progress	895,942	440,947
Less accumulated depreciation	(64,167,512)	(61,975,344)
Total	\$ 35,744,429	\$ 35,269,428

Table 4 shows a comparison in the changes in capital assets for the years 2013 and 2012. 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	
	2013	2012
Beginning Balance	\$ 35,269,428	\$ 34,048,068
Additions	3,180,453	3,571,113
Accumulated depreciation	(2,704,338)	(2,349,495)
Deletions, net book value	(1,114)	(258)
Ending Balance	\$ 35,744,429	\$ 35,269,428

Long-term Debt. At year end, the County had no outstanding debt. A tax-exempt loan was fully paid off in December of 2012. Additional information regarding long-term debt can be found in 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 slow recovery of the local, state, national and global economy. Fiscal year 2013-14 continues to be one of austere budgets and cost-cutting measures. Traditional revenue sources are stagnant at best, diminishing in the worst case. The 2013-14 budget is the result of management taking a careful 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 Position

June 30, 2013

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and investments	\$ 28,886,062	\$ -	\$ 28,886,062
Receivables	5,422,678	63,072	5,485,750
Inventories	435,999	-	435,999
Total current assets	34,744,739	63,072	34,807,811
Noncurrent assets:			
Capital assets:			
Land and construction in progress	2,036,996	-	2,036,996
Other capital assets (net of accumulated depreciation)	33,707,433	-	33,707,433
Total noncurrent assets	35,744,429	-	35,744,429
Total assets	\$ 70,489,168	\$ 63,072	\$ 70,552,240
LIABILITIES			
Current liabilities:			
Accounts payable and other current liabilities	\$ 1,268,192	\$ 11,455	\$ 1,279,647
Accrued payroll and related liabilities	1,128,577	-	1,128,577
Compensated absences payable	100,000	9,780	109,780
Claims payable	26,512	-	26,512
Total current liabilities	2,523,281	21,235	2,544,516
Noncurrent liabilities:			
Compensated absences payable	2,098,070	-	2,098,070
Net other postemployment benefit obligation	1,614,468	-	1,614,468
Total noncurrent liabilities	3,712,538	-	3,712,538
Total liabilities	6,235,819	21,235	6,257,054
NET POSITION			
Net investment in capital assets	35,744,429	-	35,744,429
Restricted for:			
Highway and streets	18,465,796	-	18,465,796
Unrestricted	10,043,124	41,837	10,084,961
Total net position	\$ 64,253,349	\$ 41,837	\$ 64,295,186

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, 2013

Functions/Programs	Expenses	Program Revenues			Net Revenue (Expense) and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government							
Governmental activities:							
General government	\$ 8,778,058	\$ 2,576,169	\$ 7,696,386	\$ 90,000	\$ 1,584,497	\$ -	\$ 1,584,497
Community services	4,210,561	662,944	1,101,804	289,281	(2,156,532)	-	(2,156,532)
Public safety	18,408,766	2,336,394	2,685,552	3,590	(13,383,230)	-	(13,383,230)
Highway and streets	6,101,752	-	663,148	-	(5,438,604)	-	(5,438,604)
Culture and recreation	218,085	-	-	-	(218,085)	-	(218,085)
Health and welfare	12,686,591	6,217,032	5,929,404	-	(540,155)	-	(540,155)
Education	920,380	-	-	-	(920,380)	-	(920,380)
Interest on long-term debt	5,825	-	-	-	(5,825)	-	(5,825)
Total governmental activities	<u>\$ 51,330,018</u>	<u>\$ 11,792,539</u>	<u>\$ 18,076,294</u>	<u>\$ 382,871</u>	<u>\$ (21,078,314)</u>	<u>-</u>	<u>\$ (21,078,314)</u>
Business-type activities:							
Solid waste	219,758	199,686	30,000	-	-	9,928	9,928
Total primary government	<u>\$ 51,549,776</u>	<u>\$ 11,992,225</u>	<u>\$ 18,106,294</u>	<u>\$ 382,871</u>	<u>\$ (21,078,314)</u>	<u>\$ 9,928</u>	<u>\$ (21,068,386)</u>
General revenues:							
Property taxes					19,389,276	-	19,389,276
Transient room taxes					1,800,470	-	1,800,470
Timber and land sales					365,131	-	365,131
Unrestricted investment earnings					157,083	-	157,083
Total general revenues					<u>21,711,960</u>	<u>-</u>	<u>21,711,960</u>
Change in net position					633,646	9,928	643,574
Net position, beginning					<u>63,619,703</u>	<u>31,909</u>	<u>63,651,612</u>
Net position, ending					<u>\$ 64,253,349</u>	<u>\$ 41,837</u>	<u>\$ 64,295,186</u>

LINCOLN COUNTY, OREGON

GOVERNMENTAL FUNDS

Balance Sheet

June 30, 2013

	101 General Fund	201 General Roads Fund	209 Mental Health Fund	Nonmajor Governmental Funds	Total
ASSETS					
Cash and investments	\$ 5,804,275	\$ 12,006,967	\$ 1,436,910	\$ 7,751,679	\$ 26,999,831
Receivables - net	3,238,722	300,977	427,421	1,453,977	5,421,097
Inventories	-	435,999	-	-	435,999
Total assets	<u>\$ 9,042,997</u>	<u>\$ 12,743,943</u>	<u>\$ 1,864,331</u>	<u>\$ 9,205,656</u>	<u>\$ 32,856,927</u>
LIABILITIES					
Accounts payable	\$ 416,161	\$ 58,161	\$ 269,149	\$ 402,000	\$ 1,145,471
Accrued payroll and related expenses	721,038	92,623	126,392	211,782	1,151,835
Unearned revenue	117,800	-	178,873	193,856	490,529
Total liabilities	<u>1,254,999</u>	<u>150,784</u>	<u>574,414</u>	<u>807,638</u>	<u>2,787,835</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	<u>1,591,267</u>	-	-	139,756	1,731,023
FUND BALANCES					
Nonspendable	-	435,999	-	-	435,999
Restricted	-	12,157,160	1,289,917	5,018,719	18,465,796
Committed	-	-	-	3,239,538	3,239,538
Assigned	-	-	-	5	5
Unassigned	6,196,731	-	-	-	6,196,731
Total fund balances	<u>6,196,731</u>	<u>12,593,159</u>	<u>1,289,917</u>	<u>8,258,262</u>	<u>28,338,069</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 9,042,997</u>	<u>\$ 12,743,943</u>	<u>\$ 1,864,331</u>	<u>\$ 9,205,656</u>	<u>\$ 32,856,927</u>

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

LINCOLN COUNTY, OREGON

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

For the Year Ended June 30, 2013

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

Fund balances - governmental funds	\$	28,338,069
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds		
Governmental capital assets, cost	\$	99,911,942
Less accumulated depreciation	<u>(64,167,513)</u>	35,744,429
A portion of the County's property taxes and assessments receivable are collected after year-end, but are not available soon enough to pay for current year's operations, and therefore are not reported as revenues in the governmental funds.		
		1,731,023
A portion of the County Health Center's receivables are collected after year-end, but are not available soon enough to pay for current year's operations, and therefore are not reported as revenues in the governmental funds.		
		490,529
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:		
Compensated absences	\$	(2,198,070)
Net other postemployment benefit obligation	<u>(1,614,468)</u>	(3,812,538)
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 Position		
		<u>1,761,837</u>
Net position of governmental activities	<u>\$</u>	<u>64,253,349</u>

LINCOLN COUNTY, OREGON

GOVERNMENTAL FUNDS

Statement of Revenues, Expenditures, and Changes in Fund Balances

For the Year Ended June 30, 2013

	101 General Fund	201 General Roads Fund	209 Mental Health Fund	Nonmajor Governmental Funds	Total
REVENUES:					
Taxes and land sales	\$ 19,358,863	\$ -	\$ -	\$ 1,868,849	\$ 21,227,712
Licenses and permits	1,122,535	-	-	205,606	1,328,141
Intergovernmental revenues	7,222,905	5,324,620	2,504,734	4,039,502	19,091,761
Charges for services	1,429,267	312,896	2,491,576	5,193,072	9,426,811
Fines and penalties	52,750	-	-	37,944	90,694
Investment earnings	39,041	61,132	9,872	39,904	149,949
Other revenue	180,030	177,545	58,059	164,633	580,267
Total revenues	<u>29,405,391</u>	<u>5,876,193</u>	<u>5,064,241</u>	<u>11,549,510</u>	<u>51,895,335</u>
EXPENDITURES:					
Current:					
General government	8,537,132	-	-	132,331	8,669,463
Community services	1,955,673	-	-	2,107,824	4,063,497
Public safety	16,765,238	-	-	845,739	17,610,977
Highway and streets	-	6,148,775	-	-	6,148,775
Culture and recreation	-	-	-	95,940	95,940
Health and welfare	-	-	5,462,980	7,118,905	12,581,885
Education	-	-	-	920,379	920,379
Debt service:					
Principal	462,000	-	-	-	462,000
Interest	8,663	-	-	-	8,663
Capital Outlay	749,376	967,807	-	335,955	2,053,138
Total expenditures	<u>28,478,082</u>	<u>7,116,582</u>	<u>5,462,980</u>	<u>11,557,073</u>	<u>52,614,717</u>
Excess (deficiency) of revenues over (under) expenditures	<u>927,309</u>	<u>(1,240,389)</u>	<u>(398,739)</u>	<u>(7,563)</u>	<u>(719,382)</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	16,354	-	73,500	249,000	338,854
Transfers out	(322,500)	-	-	(16,354)	(338,854)
Total other financing sources (uses)	<u>(306,146)</u>	<u>-</u>	<u>73,500</u>	<u>232,646</u>	<u>-</u>
Net change in fund balances	621,163	(1,240,389)	(325,239)	225,083	(719,382)
Beginning fund balances	5,575,568	13,833,548	1,615,156	8,033,179	29,057,451
Ending fund balances	<u>\$ 6,196,731</u>	<u>\$ 12,593,159</u>	<u>\$ 1,289,917</u>	<u>\$ 8,258,262</u>	<u>\$ 28,338,069</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, 2013

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

Net change in fund balances - governmental funds	\$	(719,382)
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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	\$ 3,180,453		
Less current year depreciation	<u>(2,704,338)</u>		476,115

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 inflows of resources		61,197
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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 position. This amount is the net effect of those differences in the treatment of long-term debt and related items:

Change in accrued interest	\$ 2,838		
Principal payments	462,000		
Change in accrual of other postemployment benefits	<u>(187,415)</u>		277,423

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		(90,825)
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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		(1,115)
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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>630,233</u>
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Change in net position of governmental activities	\$	<u>633,646</u>
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LINCOLN COUNTY, OREGON

101 GENERAL FUND

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Taxes and land sales	\$ 19,300,035	\$ 19,300,035	\$ 19,358,863	\$ 58,828
Licenses and permits	1,138,500	1,138,500	1,122,535	(15,965)
Intergovernmental revenues	7,536,141	7,550,641	7,222,905	(327,736)
Charges for services	1,634,054	1,634,054	1,429,267	(204,787)
Fines and penalties	55,000	55,000	52,750	(2,250)
Investment earnings	30,000	30,000	39,041	9,041
Other revenue	<u>1,867,568</u>	<u>1,867,568</u>	<u>180,030</u>	<u>(1,687,538)</u>
Total revenues	<u>31,561,298</u>	<u>31,575,798</u>	<u>29,405,391</u>	<u>(2,170,407)</u>
Expenditures:				
Personal services	20,872,864	20,894,864	20,105,831	789,033
Materials and services	7,890,591	8,026,491	7,152,212	874,279
Capital outlay	2,751,488	2,775,588	749,376	2,026,212
Contingency	1,000,000	831,360	-	831,360
Debt service:				
Principal	462,000	462,000	462,000	-
Interest	<u>8,663</u>	<u>8,663</u>	<u>8,663</u>	<u>-</u>
Total expenditures	<u>32,985,606</u>	<u>32,998,966</u>	<u>28,478,082</u>	<u>4,520,884</u>
Excess revenues over (under) expenditures	<u>(1,424,308)</u>	<u>(1,423,168)</u>	<u>927,309</u>	<u>2,350,477</u>
Other financing sources (uses):				
Transfers in	17,106	23,466	16,354	(7,112)
Transfers out	<u>(307,500)</u>	<u>(322,500)</u>	<u>(322,500)</u>	<u>-</u>
Total other financing sources (uses)	<u>(290,394)</u>	<u>(299,034)</u>	<u>(306,146)</u>	<u>(7,112)</u>
Net change in fund balances	(1,714,702)	(1,722,202)	621,163	2,343,365
Fund Balance:				
Beginning of year	<u>4,493,779</u>	<u>4,501,279</u>	<u>5,575,568</u>	<u>1,074,289</u>
End of year	<u>\$ 2,779,077</u>	<u>\$ 2,779,077</u>	<u>\$ 6,196,731</u>	<u>\$ 3,417,654</u>

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

LINCOLN COUNTY, OREGON

201 GENERAL ROADS FUND

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Intergovernmental revenues	\$ 8,623,060	\$ 8,623,060	\$ 5,324,620	\$ (3,298,440)
Charges for services	220,175	220,175	312,896	92,721
Investment earnings	68,000	68,000	61,132	(6,868)
Other revenue	<u>98,000</u>	<u>98,000</u>	<u>177,545</u>	<u>79,545</u>
Total revenues	<u>9,009,235</u>	<u>9,009,235</u>	<u>5,876,193</u>	<u>(3,133,042)</u>
Expenditures:				
Personal services	2,814,391	2,814,391	2,680,758	133,633
Materials and services	8,419,821	8,419,821	3,468,017	4,951,804
Capital outlay	1,622,000	1,622,000	967,807	654,193
Contingency	<u>1,000,000</u>	<u>1,000,000</u>	<u>-</u>	<u>1,000,000</u>
Total expenditures	13,856,212	13,856,212	7,116,582	6,739,630
Net change in fund balances	(4,846,977)	(4,846,977)	(1,240,389)	3,606,588
Fund Balance:				
Beginning of year	<u>14,419,343</u>	<u>14,419,343</u>	<u>13,833,548</u>	<u>(585,795)</u>
End of year	<u>\$ 9,572,366</u>	<u>\$ 9,572,366</u>	<u>\$ 12,593,159</u>	<u>\$ 3,020,793</u>

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

LINCOLN COUNTY, OREGON

209 MENTAL HEALTH FUND

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Intergovernmental revenues	\$ 2,912,689	\$ 2,386,172	\$ 2,504,734	\$ 118,562
Charges for services	2,717,615	2,712,615	2,491,576	(221,039)
Investment earnings	5,000	5,000	9,872	4,872
Other revenue	<u>27,200</u>	<u>80,423</u>	<u>58,059</u>	<u>(22,364)</u>
Total revenues	<u>5,662,504</u>	<u>5,184,210</u>	<u>5,064,241</u>	<u>(119,969)</u>
Expenditures:				
Personal services	3,623,252	3,645,501	3,407,765	237,736
Materials and services	<u>2,869,060</u>	<u>2,919,794</u>	<u>2,055,215</u>	<u>864,579</u>
Total expenditures	<u>6,492,312</u>	<u>6,565,295</u>	<u>5,462,980</u>	<u>1,102,315</u>
Excess revenues under expenditures	<u>(829,808)</u>	<u>(1,381,085)</u>	<u>(398,739)</u>	<u>982,346</u>
Other financing sources (uses):				
Transfers in	<u>153,750</u>	<u>73,750</u>	<u>73,500</u>	<u>(250)</u>
Net change in fund balances	(676,058)	(1,307,335)	(325,239)	982,096
Fund Balance:				
Beginning of year	<u>676,058</u>	<u>1,307,335</u>	<u>1,615,156</u>	<u>307,821</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,289,917</u>	<u>\$ 1,289,917</u>

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

LINCOLN COUNTY, OREGON

PROPRIETARY FUNDS

Balance Sheet

June 30, 2013

	Business-type Activities - Nonmajor Enterprise Fund 210 Solid Waste District Fund	Governmental Activities - Internal Service Fund 215 Self Insurance Fund
ASSETS		
Current assets:		
Cash and investments	\$ -	\$ 1,886,230
Receivables	63,072	1,582
Total assets	\$ 63,072	\$ 1,887,812
LIABILITIES		
Current liabilities:		
Accounts payable and other current liabilities	\$ 11,455	\$ 99,463
Compensated absences	9,780	-
Claims payable	-	26,512
Total liabilities	21,235	125,975
NET POSITION		
Unrestricted	41,837	1,761,837
Total liabilities and net position	\$ 63,072	\$ 1,887,812

LINCOLN COUNTY, OREGON

PROPRIETARY FUNDS

Statement of Revenues, Expenses, and Changes in Net Position

For the Year Ended June 30, 2013

	Business-type Activities - Nonmajor Enterprise Fund 210 Solid Waste District Fund	Governmental Activities - Internal Service Fund 215 Self Insurance Fund
Operating revenues:		
Charges for services	\$ 197,470	\$ 1,071,063
Other revenue	2,216	45,317
Total operating revenues	199,686	1,116,380
Operating expenses:		
General and administrative costs	100,957	86,956
Operations and maintenance	118,801	406,323
Total operating expenses	219,758	493,279
Operating income (loss)	(20,072)	623,101
Nonoperating revenues (expenses):		
Operating grant	30,000	-
Investment earnings	-	7,132
Change in net position	9,928	630,233
Beginning net position	31,909	1,131,604
Ending net position	\$ 41,837	\$ 1,761,837

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, 2013

	Business-type Activities - Nonmajor Enterprise Fund 210 Solid Waste District Fund	Governmental Activities - Internal Service Fund 215 Self Insurance Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from services provided	\$ 208,972	\$ -
Cash received from interfund services provided	-	1,116,600
Cash payments to employees for services	(101,277)	-
Cash payments to other suppliers for goods and services	(137,695)	-
Cash paid for interfund services used	-	(742,474)
	<u>(30,000)</u>	<u>374,126</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Cash received from operating grant	<u>30,000</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	<u>-</u>	<u>7,132</u>
Net change in cash and investments	-	381,258
Cash and investments:		
Beginning of year	<u>-</u>	<u>1,504,972</u>
End of year	<u>\$ -</u>	<u>\$ 1,886,230</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$ (20,072)	\$ 623,101
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
(Increase) decrease in assets:		
Receivables	9,286	220
Increase (decrease) in liabilities:		
Accounts payable and other current liabilities	(19,030)	(229,059)
Payroll and related accruals	136	-
Claims payable	-	(20,136)
Compensated absences	(320)	-
	<u>(30,000)</u>	<u>-</u>
Net cash provided (used) by operating activities	<u>\$ (30,000)</u>	<u>\$ 374,126</u>

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

LINCOLN COUNTY, OREGON
FIDUCIARY FUNDS
Statement of Fiduciary Net Position
June 30, 2013

	<u>Agency Fund</u>
ASSETS	
Cash and investments	\$ 2,084,631
Receivables - net	<u>7,138,554</u>
Total assets	<u>\$ 9,223,185</u>
LIABILITIES	
Due to other governmental agencies	\$ 659,197
Amounts held for others	<u>8,563,988</u>
Total liabilities	<u>\$ 9,223,185</u>

NOTES TO BASIC FINANCIAL STATEMENTS

LINCOLN COUNTY, OREGON

Notes to Financial Statements

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

Note 2 - Summary of Significant Accounting Policies

A. Government-wide financial statements

The statement of net position 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.

Fund Financial Statements

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

The County reports the following major governmental funds:

- *General* - accounts for all revenues and expenditures necessary to carry out basic governmental activities of the County that are not accounted for through other funds. For the County, the General Fund includes such activities as general government, public safety, corrections, assessment and taxation.
- *General Road* - accounts for the operations of the County Road Department. Significant sources of revenue are federal forest fees and state motor vehicle fees. Expenditures are primarily for maintenance and construction of County roads.
- *Mental Health* - accounts for mental health services which are funded in part by the Oregon Health Plan, participation in the Inter-community Health Network (IHN) Coordinated Care Organization (CCO), State of Oregon Department of Human Services contracts for Mental Health Services as well as private insurances and self-pay funds.

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.
- *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

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.

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 are personal services and materials and services. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

C. Cash and investments

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 consumed rather than when purchased.

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

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 inflows of resources if received more than sixty days following year end 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.

For the year ended June 30, 2013, the County's tax levy did not exceed the Oregon constitutional limitation. All other districts' property taxes receivable are reported in the Agency Fund.

F. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, street lights, etc.) are reported in the governmental activities column in the governmental-wide financial statements. Capital assets are charged to expenditures as purchased in the governmental fund statements. Capital assets are recorded at historical cost, or estimated historical cost if actual cost is not available. Infrastructure acquired prior to July 1, 1980 is not reported in capital assets. Donated capital assets are recorded at their estimated fair market value at the time received.

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. Additions or improvements and other capital outlays that significantly extend the useful life of an asset, or that significantly increase the capacity of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Depreciation on exhaustible assets is recorded as an allocated expense in the statement of activities with accumulated depreciation reflected in the statement of net position and is provided on the straight-line basis over the following estimated useful lives:

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

Monthly depreciation is taken from the month of the fiscal year the assets are acquired. Gains or losses from sales or retirements of capital assets are included in operations of the current period.

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, Mental Health, and Nonmajor Governmental Funds. Sick leave does not vest, except in the following two cases: employees who reach the age of 55 or older; and employees who are represented by the Lincoln County Employee's Association - Roads, or the Lincoln County Employee's Association - Transit, and have been a member of the union for at least five years. In both of these circumstances, the sick leave is vested to 50 percent upon their retirement. Sick leave accumulates at the rate of 8 hours per month for the employees who qualify for vested sick leave.

LINCOLN COUNTY, OREGON

Notes to Financial Statements

Note 2 - Summary of Significant Accounting Policies, continued

G. Compensated absences, continued

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

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

H. Interfund transactions

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

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

I. Fund balance

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

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

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

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

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

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

LINCOLN COUNTY, OREGON

Notes to Financial Statements

Note 2 - Summary of Significant Accounting Policies, continued

I. Fund balance, continued

Fund balances by classification for the year ended June 30, 2013 are as follows:

	General Fund	General Roads Fund	Mental Health Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable					
Inventories	\$ -	\$ 435,999	\$ -	\$ -	\$ 435,999
Restricted for:					
Road maintenance	-	12,157,160	-	-	12,157,160
Economic development	-	-	-	253,893	253,893
County Fair	-	-	-	12,292	12,292
Outpatient services	-	-	1,289,917	1,208,209	2,498,126
Enforcement of liquor and drug laws	-	-	-	191	191
Title III	-	-	-	2,048,249	2,048,249
Capital Outlay	-	-	-	969,593	969,593
Maintenance of government surveys	-	-	-	170,944	170,944
Public education	-	-	-	355,348	355,348
Committed to:					
Transit services	-	-	-	2,056,859	2,056,859
Law library	-	-	-	62,390	62,390
County records	-	-	-	127,580	127,580
Animal control services	-	-	-	276,142	276,142
Post-closure obligations	-	-	-	711,784	711,784
DUII administration	-	-	-	4,783	4,783
Assigned to:					
Capital outlay	-	-	-	5	5
Unassigned:	<u>6,196,731</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,196,731</u>
Total fund balances	<u>\$ 6,196,731</u>	<u>\$ 12,593,159</u>	<u>\$ 1,289,917</u>	<u>\$ 8,258,262</u>	<u>\$ 28,338,069</u>

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

J. Estimates

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

LINCOLN COUNTY, OREGON

Notes to Financial Statements

Note 2 - Summary of Significant Accounting Policies, continued

K. Budget policies and budgetary control

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

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

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

Noncompliance with Oregon Budget Law for the year ended June 30, 2013 is as follows:

The following fund reported expenditures over budgeted amounts for the year ended June 30, 2013.

County Fair Fund: Materials and services, \$2,380

L. Recently issued accounting standards

Management implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This Statement amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. Implementation of GASB 63 had no effect on reported amounts in the current or prior periods.

Management implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. The objective of this Statement is to either (a) properly classify certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or (b) recognize certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues). These determinations are based on the definitions of those elements in Concepts Statement No. 4, *Elements of Financial Statements*. The statement requires that debt issuance costs, except any portion related to prepaid insurance costs, be recognized as an expense in the period incurred. Previous GAAP required issue costs be reported as a deferred charge in the statement of net position. Implementation of GASB 65 had no effect on reported amounts in the current or prior periods.

LINCOLN COUNTY, OREGON

Notes to Financial Statements

Note 3 - Cash 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 investments balances.

A. The County's deposits and investments at June 30, 2013 are as follows:

Total investments	\$ 26,285,460
Deposits with financial institutions	<u>4,685,232</u>
Total deposits and investments	<u>\$ 30,970,692</u>

B. Cash and investments are reported as follows:

Governmental Activities/Funds	
General Fund	\$ 5,804,275
General Roads Fund	12,006,967
Mental Health Fund	1,436,910
Nonmajor governmental funds	<u>7,751,679</u>
Total governmental funds	26,999,831
Internal Service Fund	<u>1,886,230</u>
Total governmental activities	28,886,061
Fiduciary funds	<u>2,084,631</u>
Total cash and investments	<u>\$ 30,970,692</u>

Deposits:

At June 30, 2013, the County's deposits with various financial institutions had a bank value of \$5,207,751. 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.

Investments:

As of June 30, 2013, the County held the following investments and maturities:

Investment type	Carrying Value	% of Investment Portfolio
Local government investment pool	\$ 26,285,460	100 %

Interest Rate Risk: In accordance with its investment policy, the government manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than eighteen months. As of June 30, 2013, 70.99% of the investments in the LGIP mature within 93 days, 9.07% mature from 94 days to one year, and 19.94% mature from one year to three years.

LINCOLN COUNTY, OREGON

Notes to Financial Statements

Note 3 - Cash 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 LGIP. The LGIP was not rated.

Investments, including amounts held in pooled cash and investments are stated at fair value.

The Oregon State Treasurer maintains the Oregon Short Term Fund (OSTF), of which the Local Government Investment Pool (LGIP) is a part. Participation by local governments is voluntary. The State of Oregon investment policies are governed by statute and the Oregon Investment Council. In accordance with Oregon Statutes, funds are invested as a prudent investor would do, exercising reasonable care, skill and caution. LGIP was created to offer a short-term investment alternative for Oregon local governments and it is not registered with the U.S. Securities and Exchange Commission. The investments are regulated by the OSTF and approved by the Oregon Investment Council (ORS 294.805 to 294.895). At June 30, 2013, the fair value of the County's deposits with the LGIP approximates cost. The OSTF financial statements are available at <http://www.ost.state.or.us/>.

The LGIP's portfolio concentration of credit risk at June 30, 2013 included: Corporate Notes (47.7%), U.S. Treasury and Agency Securities (42.1%), Non-US Governmental Debt (5.2%), Commercial Paper (.1%), Certificates of Deposits (.7%), Municipal Bonds (4.2%). The credit risk associated with the investments was: AA rating (29%), A rating (34%), BBB rating (8%), and not rated (29%).

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

LINCOLN COUNTY, OREGON

Notes to Financial Statements

Note 4 - Receivables

Receivables at June 30, 2013 were as follows:

	Governmental Funds				Totals
	General	General Roads	Mental Health	Nonmajor	
Property taxes	\$ 1,756,556	\$ -	\$ -	\$ 152,694	\$ 1,909,250
Accounts	1,482,166	300,977	483,351	1,347,334	3,613,828
Less: allowance for doubtful accounts	-	-	(55,930)	(46,051)	(101,981)
	<u>\$ 3,238,722</u>	<u>\$ 300,977</u>	<u>\$ 427,421</u>	<u>\$ 1,453,977</u>	<u>\$ 5,421,097</u>

Note 5 - Interfund Transactions

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

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

Transfer From	Transfer To	Amount
General	Health and Human Services	\$ 249,000
General	Mental Health	73,500
Nonmajor Special Revenue	General	16,354
Total		<u>\$ 338,854</u>

LINCOLN COUNTY, OREGON

Notes to Financial Statements

Note 6 - Capital Assets

A. Capital asset activity for the year ended June 30, 2013 was as follows:

Governmental Activities	<u>Balances July 1, 2012,</u>	<u>Additions and Reclassifications</u>	<u>Deletions and Reclassifications</u>	<u>Balances June 30, 2013</u>
<i>Capital assets, not being depreciated:</i>				
Land and easements	\$ 844,825	\$ 296,228	\$ -	\$ 1,141,053
Construction in progress	<u>440,947</u>	<u>1,033,828</u>	<u>578,833</u>	<u>895,942</u>
Total capital assets, not being depreciated	<u>1,285,772</u>	<u>1,330,056</u>	<u>578,833</u>	<u>2,036,995</u>
<i>Capital assets being depreciated:</i>				
Infrastructure	61,973,084	1,287,935	-	63,261,019
Buildings	16,074,082	-	-	16,074,082
Improvements	6,620,036	266,378	-	6,886,414
Equipment	<u>11,291,798</u>	<u>874,917</u>	<u>513,284</u>	<u>11,653,431</u>
Total capital assets being depreciated	<u>95,959,000</u>	<u>2,429,230</u>	<u>513,284</u>	<u>97,874,946</u>
<i>Less accumulated depreciation for:</i>				
Infrastructure	45,584,066	752,388	-	46,336,454
Buildings	7,942,778	430,250	-	8,373,028
Improvements	2,039,420	461,854	-	2,501,274
Equipment	<u>6,409,080</u>	<u>1,059,846</u>	<u>512,170</u>	<u>6,956,756</u>
Total accumulated depreciation	<u>61,975,344</u>	<u>2,704,338</u>	<u>512,170</u>	<u>64,167,512</u>
Total capital assets being depreciated, net	<u>33,983,656</u>	<u>(275,108)</u>	<u>1,114</u>	<u>33,707,434</u>
	<u>\$ 35,269,428</u>	<u>\$ 1,054,948</u>	<u>\$ 579,947</u>	<u>\$ 35,744,429</u>

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

General government	\$ 567,907
Community services	138,390
Public safety	789,132
Highways and streets	1,034,841
Culture and recreation	122,145
Health and welfare	<u>51,923</u>
Total depreciation expense - governmental activities	<u>\$ 2,704,338</u>

Note 7 - Construction Commitments

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

	<u>Project Authorization</u>	<u>Expended to Date</u>	<u>Commitment</u>
Chitwood Covered Bridge	\$ 1,200,000	\$ 9,324	\$ 1,190,676
Yachats Covered Bridge	665,000	6,329	658,671
Trapp Creek Road Bridge	<u>1,727,000</u>	<u>1,060</u>	<u>1,725,940</u>
Totals	<u>\$ 3,592,000</u>	<u>\$ 16,713</u>	<u>\$ 3,575,287</u>

LINCOLN COUNTY, OREGON

Notes to Financial Statements

Note 8 - Unearned Revenue

Unearned revenue for the governmental funds at June 30, 2013 consists of:

	Governmental Funds			
	General Fund	Mental Health Fund	Nonmajor Governmental Funds	Total
Accounts receivable	\$ -	\$ 178,873	\$ 193,856	\$ 372,729
Other revenue	117,800	-	-	117,800
Totals	\$ 117,800	\$ 178,873	\$ 193,856	\$ 490,529

Note 9 - Noncurrent liabilities

Noncurrent liability activity for the year ended June 30, 2013, was as follows:

	Outstanding July 1, 2012	Additions	Reductions	Outstanding June 30, 2013	Balances Due Within One Year
Governmental activities:					
Tax-exempt loans payable					
Tax exempt loan	\$ 462,000	\$ -	\$ (462,000)	\$ -	\$ -
Vested compensated absences	2,107,245	155,899	(65,074)	2,198,070	100,000
Total Governmental activities noncurrent liabilities	\$ 2,569,245	\$ 155,899	\$ (527,074)	\$ 2,198,070	\$ 100,000
Business-type activities:					
Vested compensated absences	\$ 10,100	\$ 9,780	\$ (10,100)	\$ 9,780	\$ 9,780

Note 10 - Operating Leases

The County leases office equipment and office facilities under operating leases expiring at various times through 2018. Total cost for such leases for the year ended June 30, 2013 was \$557,083. Minimum future rental payments under non-cancelable operating leases having remaining terms in excess of one year as of June 30, 2013 for each of the next five years are:

Year Ended June 30,	Amount
2014	\$ 571,651
2015	490,960
2016	488,989
2017	480,096
2018	464,637
 Total	 \$ 2,496,333

LINCOLN COUNTY, OREGON

Notes to Financial Statements

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, 2013, there were 466 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. 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.

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 \$1,858,215 and employees contributed \$412,221 for the year ended June 30, 2013. 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.

Note 12 - Deferred Compensation Plan

The County's employees can contribute to the Lincoln County deferred compensation plan created in accordance with the Internal Revenue Code Section 457(g) ("457 Plan"). The 457 Plan is administered by independent plan administrators through administrative service agreements. The 457 Plan is available to substantially all employees of the County. Employees may defer a portion of their salary until future years. Deferred compensation is not available to employees until termination, retirement, death, or financial hardship. The 457 Plan's assets are held in a custodial account for the exclusive benefit of participants and beneficiaries, and are not subject to claims of the County's creditors, nor can they be used by the County for any purpose other than the payment of benefits to the plan participants. Accordingly, these plan assets and related liabilities are not recorded on the accompanying statement of net position. Employee contributions to the 457 Plan for the year ended June 30, 2013, were \$229,659.

Note 13- Defined Benefit Pension Plan

Retirement plan

For certain employees of the Sheriff's office, 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.

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 10.95 percent of covered compensation. For employees hired on or after August 29, 2003, the County's contribution rate is 4.24 percent of covered compensation.

LINCOLN COUNTY, OREGON

Notes to Financial Statements

Note 13 - Defined Benefit Pension Plan, continued

The County's contribution to the plan for the years ending June 30, 2013, 2012 and 2011, 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>
2013	\$ 337,988	\$ 247,208	\$ 585,196
2012	\$ 356,884	\$ 256,849	\$ 613,733
2011	\$ 253,325	\$ 249,212	\$ 502,537

Note 14 - Other Postemployment Benefits (OPEB)

The County administers a single-employer defined benefit healthcare plan. The healthcare plan provides for post-retirement medical, dental, and vision coverage for eligible retirees, their spouses, domestic partners, and dependents on a self-pay basis. The level of benefits provided by the plans are the same as those afforded to active employees. Coverage is provided to retirees, spouses, and domestic partners until they become eligible for Medicare, typically age 65, and to eligible dependents until age 26. The County's post-retirement healthcare plan was established in accordance with Oregon Revised Statutes (ORS) 243.303. ORS stipulate that for the purpose of establishing healthcare premiums, the rate must be based on all plan members, including both active employees and retirees. Due to the effect of age, retiree claim costs are generally higher than claim costs for all members as a whole. The difference between retiree claims costs and the amount of retiree healthcare premiums represents the County's implicit employer contribution.

Membership

The County's membership in the plan at August 1, 2012 (the date of the most recent actuarial valuation) consisted of the following:

Active employees	354
Retirees, spouse or dependents	9
Spouses of Ineligible Retirees	<u>1</u>
 Total	 <u>364</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, 2013, the County's combined plan contributions were \$46,530. 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, 2012, for the County are as follows:

<u>Union</u>	<u>Male Retirees</u>	<u>Female Retirees</u>	<u>Male Spouses</u>	<u>Female Spouses</u>
Age 50	\$ 865	\$ 933	\$ 616	\$ 697
Age 55	918	918	732	773
Age 60	1,115	1,036	891	887
Age 64	1,378	1,235	1,098	1,053
<u>Non-Union</u>	<u>Male Retirees</u>	<u>Female Retirees</u>	<u>Male Spouses</u>	<u>Female Spouses</u>
Age 50	\$ 557	\$ 600	\$ 397	\$ 449
Age 55	591	591	471	498
Age 60	718	667	574	571
Age 64	887	795	707	678

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

Note 14 - Other Postemployment Benefits (OPEB), continued

Annual OPEB cost and net OPEB Obligation

The County had an actuarial valuation performed as of August 1, 2012 to determine the unfunded accrued actuarial liability (UAAL), annual required contribution (ARC) and net other postemployment benefit obligation (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 for the year ended June 30, 2012 was equal to the ARC as follows:

Normal cost	\$ 203,052
Amortization of UAAL	<u>167,508</u>
Annual required contribution (ARC)	<u>\$ 370,560</u>

The net OPEB obligation as of June 30, 2013 was calculated as follows:

Annual required contribution	\$ 370,560
Interest on prior year Net OPEB obligation	57,082
Less: Adjustment to ARC	<u>(96,981)</u>
Annual OPEB Cost	330,661
Less: Explicit Benefit Payments	-
Less: Implicit Benefit Payments	<u>(143,246)</u>
Increase in Net OPEB Obligation	187,415
Net OPEB Obligation - beginning of year	<u>1,427,053</u>
Net OPEB Obligation - end of year	<u>\$ 1,614,468</u>

The County's annual OPEB cost, percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of June 30, 2013 is as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2011	\$ 468,854	19%	\$ 1,230,436
June 30, 2012	\$ 311,011	37%	\$ 1,427,053
June 30, 2013	\$ 330,661	43%	\$ 1,614,468

Funded status and funding progress

As of August 1, 2012, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$1,449,232, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability of \$1,449,232. The covered payroll amount (annual payroll of active employees covered by the plans) was \$21,862,462, and the ratio of the UAAL to the covered payroll was 6.63%. For the fiscal year ending June 30, 2013, the County has set aside \$0 to pay for future post-employment benefits for retired employees.

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

LINCOLN COUNTY, OREGON

Notes to Financial Statements

Note 14 - Other Postemployment Benefits (OPEB), continued

Actuarial methods and assumptions

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

In the August 1, 2012 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 3.5% rate for discounting future liabilities; healthcare cost inflation trend rate of 7.25% in the first year with a variable rate of 5.75% to 6.75% in future years depending on the timing of the excise tax scheduled to affect health care benefits beginning in 2018; general inflation of 2.75% per year; and participation rate of 55% of future retirees electing coverage under the plan. Demographic assumptions regarding retirement, mortality, and turnover are based on Oregon PERS valuation assumptions as of December 31, 2011. The unfunded actuarially accrued liability is being amortized using a level percent of payroll over a open period of 10 years.

Note 15 - Risk Management

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

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

Changes in the balances of claims liabilities are as follows:

	Year Ended June 30,		
	2011	2012	2013
Workers' compensation			
Upaid claims, beginning of year	\$ 92,623	\$ 5,791	\$ 16,961
Incurred claims (including IBNR)	30,639	142,631	12,138
Claim payments	(117,471)	(131,461)	(18,389)
Upaid claims, end of year	<u>\$ 5,791</u>	<u>\$ 16,961</u>	<u>\$ 10,710</u>
State unemployment			
Upaid claims, beginning of year	\$ 49,386	\$ 54,975	\$ 26,648
Incurred claims (including IBNR)	411,596	116,862	81,600
Claim payments	(406,007)	(145,189)	(92,446)
Upaid claims, end of year	<u>\$ 54,975</u>	<u>\$ 26,648</u>	<u>\$ 15,802</u>

Note 16 - Net Position Restricted Through Legislation

Net position 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	\$ 12,593,159
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LINCOLN COUNTY, OREGON

Notes to Financial Statements

Note 17 - Contingencies

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

Note 18 - Subsequent events

The County issued certificates of participation, series 2013C, on July 30, 2013 in the amount of \$3.1 million through the Local Oregon Capital Assets Program with an average coupon rate of 4.27%. Proceeds are to be used to purchase new assessment and taxation software and hardware replacement; simulcast communications installation; Health and Human Services Building and Extension District Buildings improvements; the purchase and improvement of property for Courthouse parking; and additional property acquisition and improvements for County purposes if funds remain and the Board and Special Counsel approve.

Principal amounts are due on August 1 and semi annual interest payments are due on August 1 and February 1. Debt service payments for the fiscal year ended June 30, are scheduled as follows:

<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ -	\$ 62,238	2025	100,000	51,450
2015	265,000	121,138	2026	105,000	47,222
2016	270,000	113,088	2027	110,000	42,787
2017	280,000	102,088	2028	115,000	38,146
2018	290,000	90,688	2029	120,000	33,300
2019	305,000	78,788	2030	125,000	28,012
2020	85,000	70,988	2031	130,000	22,275
2021	85,000	67,588	2032	135,000	16,312
2022	90,000	64,087	2033	145,000	10,012
2023	95,000	60,150	2034	<u>150,000</u>	<u>3,375</u>
2024	100,000	55,762	Total	<u>\$ 3,100,000</u>	<u>\$ 1,179,494</u>

REQUIRED SUPPLEMENTARY INFORMATION

LINCOLN COUNTY, OREGON
Schedule of Funding Progress - OPEB
June 30, 2013

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%
August 1, 2010	\$ -	\$ 2,102,563	\$ 2,102,563	0%	\$ 21,144,030	9.95%
August 1, 2012	\$ -	\$ 1,449,232	\$ 1,449,232	0%	\$ 21,862,462	6.63%

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

COMBINING AND INDIVIDUAL NONMAJOR FUNDS
STATEMENTS AND SCHEDULES

Nonmajor Special Revenue Funds

Special revenue funds 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.

- **Economic Development** – Revenue received from the distribution of State Lottery monies is accounted for in this fund. All revenue is earmarked for local economic development.
- **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 operations of the Fair are accounted for in this fund. Major sources of revenue include state apportionments, annual fair proceeds, and grounds and building rentals.
- **Law Library** – This fund is used to maintain the County law library with revenues derived from court fees.
- **Clerk Records** – This fund accounts for expenditures incurred by the County Clerk to improve record storage and to acquire systems that facilitate records retrieval.
- **Health & Human Services** – This fund accounts for public health services through a variety of programs funded from grants and other resources.
- **Community Health Center** – This fund operates federally funded community health centers in various locations in the County.
- **Enforcement** – Fines for certain liquor and drug violations are earmarked by statute for this fund to be utilized for the enforcement of liquor and drug laws.
- **Animal Services** – A special 5-year property tax levy and the sale of dog licenses and fees charged by the County Animal Shelter provide the revenue for this fund to operate the shelter and provide animal control services county-wide.
- **Title III Safety Net** – Under Public Law 106-393, “The Secure Rural Schools and Community Self-Determination Act of 2000,” this fund accrues revenue to be set aside for projects authorized by the law.
- **Corner Preservation** – This fund accounts for expenditures incurred by the County Surveyor in the establishment, re-establishment, and maintenance of corners of government surveys.
- **Meth Grant** – 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 Disposal Site Closure** – This fund accounts for the County’s share of the post-closure obligations for the closed Agate Beach Landfill.
- **DUII** – This fund is used to comply with the legal provisions concerning the collection and expenditure of funds obtained through civil forfeiture proceedings.
- **Building Reserve** – This fund is used to accumulate funds for bringing County buildings up to code and for repairs and renovations to prevent losses due to earthquakes or other natural disasters.
- **Fair Facilities** – This fund accounts for the upgrade and improvement to the County Fairgrounds and its buildings and infrastructure through a dedicated transient room tax.

LINCOLN COUNTY, OREGON
NONMAJOR SPECIAL REVENUE FUNDS

Combining Balance Sheet

June 30, 2013

	102 Economic Development Fund	204 Transit District Fund	202 County School Fund	203 County Fair Fund	205 Law Library Fund	207 Clerk Records Fund	208 Health and Human Services Fund	216 Community Health Centers Fund
ASSETS								
Cash and investments	\$ 202,997	\$ 1,991,890	\$ 136	\$ 14,208	\$ 72,893	\$ 128,406	\$ 567,263	\$ 266,908
Receivables - net	<u>51,895</u>	<u>473,751</u>	<u>4,106</u>	<u>-</u>	<u>-</u>	<u>373</u>	<u>111,854</u>	<u>660,838</u>
Total assets	<u>\$ 254,892</u>	<u>\$ 2,465,641</u>	<u>\$ 4,242</u>	<u>\$ 14,208</u>	<u>\$ 72,893</u>	<u>\$ 128,779</u>	<u>\$ 679,117</u>	<u>\$ 927,746</u>
LIABILITIES								
Accounts payable	\$ 999	\$ 314,659	\$ 4,242	\$ 1,916	\$ 10,503	\$ -	\$ 30,638	\$ 26,489
Accrued payroll and related expenses	-	39,868	-	-	-	1,199	96,505	51,331
Unearned revenue - other	<u>-</u>	<u>165</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,183</u>	<u>175,508</u>
Total liabilities	<u>999</u>	<u>354,692</u>	<u>4,242</u>	<u>1,916</u>	<u>10,503</u>	<u>1,199</u>	<u>145,326</u>	<u>253,328</u>
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue - property taxes	-	54,090	-	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>54,090</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES								
Restricted	253,893	-	-	12,292	-	-	533,791	674,418
Committed	-	2,056,859	-	-	62,390	127,580	-	-
Assigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>253,893</u>	<u>2,056,859</u>	<u>-</u>	<u>12,292</u>	<u>62,390</u>	<u>127,580</u>	<u>533,791</u>	<u>674,418</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 254,892</u>	<u>\$ 2,465,641</u>	<u>\$ 4,242</u>	<u>\$ 14,208</u>	<u>\$ 72,893</u>	<u>\$ 128,779</u>	<u>\$ 679,117</u>	<u>\$ 927,746</u>

211 Enforcement Fund	212 Animal Services Fund	213 Title III/Safety Net Fund	217 Corner Preservation Fund	859 Extension Agency	603 Agate Beach Disposal Site Closure Fund	601 DUUI Fund	214 Building Reserve Fund	607 Fair Facilities Fund	Total Nonmajor Governmental Funds
\$ 191	\$ 293,581	\$ 2,054,749	\$ 170,259	\$ 352,721	\$ 713,196	\$ 4,783	\$ 5	\$ 917,493	\$ 7,751,679
-	70,696	-	685	27,679	-	-	-	52,100	1,453,977
<u>\$ 191</u>	<u>\$ 364,277</u>	<u>\$ 2,054,749</u>	<u>\$ 170,944</u>	<u>\$ 380,400</u>	<u>\$ 713,196</u>	<u>\$ 4,783</u>	<u>\$ 5</u>	<u>\$ 969,593</u>	<u>\$ 9,205,656</u>
\$ -	\$ 4,642	\$ 6,500	\$ -	\$ -	\$ 1,412	\$ -	\$ -	\$ -	\$ 402,000
-	22,879	-	-	-	-	-	-	-	211,782
-	-	-	-	-	-	-	-	-	193,856
-	27,521	6,500	-	-	1,412	-	-	-	807,638
-	60,614	-	-	25,052	-	-	-	-	139,756
-	60,614	-	-	25,052	-	-	-	-	139,756
191	-	2,048,249	170,944	355,348	-	-	-	969,593	5,018,719
-	276,142	-	-	-	711,784	4,783	-	-	3,239,538
-	-	-	-	-	-	-	5	-	5
<u>191</u>	<u>276,142</u>	<u>2,048,249</u>	<u>170,944</u>	<u>355,348</u>	<u>711,784</u>	<u>4,783</u>	<u>5</u>	<u>969,593</u>	<u>8,258,262</u>
<u>\$ 191</u>	<u>\$ 364,277</u>	<u>\$ 2,054,749</u>	<u>\$ 170,944</u>	<u>\$ 380,400</u>	<u>\$ 713,196</u>	<u>\$ 4,783</u>	<u>\$ 5</u>	<u>\$ 969,593</u>	<u>\$ 9,205,656</u>

LINCOLN COUNTY, OREGON

NONMAJOR SPECIAL REVENUE FUNDS

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

For the Year Ended June 30, 2013

	102 Economic Development Fund	204 Transit District Fund	202 County School Fund	203 County Fair Fund	205 Law Library Fund	207 Clerk Records Fund	208 Health and Human Services Fund	216 Community Health Centers Fund	211 Enforcement Fund
REVENUES:									
Taxes and land sales	\$ -	\$ 604,882	\$ 34,455	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	41,050	-	-	-
Charges for services	-	497,458	-	25,891	-	-	2,553,629	948,514	-
Intergovernmental revenues	218,436	1,226,858	621,789	48,110	-	-	1,127,686	1,946,905	-
Fines and penalties	-	-	-	-	34,508	-	-	-	1,267
Investment earnings	1,314	9,444	137	127	357	713	157	2,613	31
Donations	-	-	-	-	-	-	-	-	-
Other revenue	-	33,796	50	-	-	-	78,198	1,144	-
Total revenues	219,750	2,372,438	656,431	74,128	34,865	41,763	3,759,670	2,899,176	1,298
EXPENDITURES:									
Current:									
General government	-	-	-	-	-	31,227	-	-	-
Community services	246,925	1,717,893	-	-	-	-	-	-	-
Public safety	-	-	-	-	33,746	-	-	-	10,720
Culture and recreation	-	-	-	78,730	-	-	-	-	-
Public service	-	-	-	-	-	-	4,157,716	2,961,189	-
Education	-	-	656,640	-	-	-	-	-	-
Capital outlay	-	292,378	-	-	-	-	-	-	-
Total expenditures	246,925	2,010,271	656,640	78,730	33,746	31,227	4,157,716	2,961,189	10,720
Excess (deficiency) of revenues over (under) expenditures	(27,175)	362,167	(209)	(4,602)	1,119	10,536	(398,046)	(62,013)	(9,422)
OTHER FINANCING SOURCES (USES):									
Transfers in	-	-	-	-	-	-	249,000	-	-
Transfers out	-	-	-	(9,994)	-	-	-	-	-
Total other financing sources (uses)	-	-	-	(9,994)	-	-	249,000	-	-
Net change in fund balance	(27,175)	362,167	(209)	(14,596)	1,119	10,536	(149,046)	(62,013)	(9,422)
Beginning fund balance	281,068	1,694,692	209	26,888	61,271	117,044	682,837	736,431	9,613
Ending fund balance	\$ 253,893	\$ 2,056,859	\$ -	\$ 12,292	\$ 62,390	\$ 127,580	\$ 533,791	\$ 674,418	\$ 191

212 Animal Services Fund	213 Title III/Safety Net Fund	217 Corner Preservation Fund	218 Meth Grant Fund	859 Extension Agency	603 Agate Beach Disposal Site Closure Fund	601 DUII Fund	214 Building Reserve Fund	607 Fair Facilities Fund	Total
\$ 709,464	\$ -	\$ -	\$ -	\$ 280,055	\$ -	\$ -	\$ -	\$ 239,993	\$ 1,868,849
52,573	-	105,142	-	-	5,415	1,426	-	-	205,606
14,010	-	-	-	-	-	-	-	-	4,039,502
-	-	-	-	3,288	-	-	-	-	5,193,072
2,169	-	-	-	-	-	-	-	-	37,944
1,922	11,531	951	-	2,064	3,912	24	-	4,607	39,904
51,372	-	-	-	-	-	-	-	-	51,372
-	-	-	-	73	-	-	-	-	113,261
<u>831,510</u>	<u>11,531</u>	<u>106,093</u>	<u>-</u>	<u>285,480</u>	<u>9,327</u>	<u>1,450</u>	<u>-</u>	<u>244,600</u>	<u>11,549,510</u>
-	-	101,104	-	-	-	-	-	-	132,331
-	117,418	-	-	-	25,588	-	-	-	2,107,824
800,987	-	-	-	-	-	286	-	-	845,739
-	-	-	-	-	-	-	-	17,210	95,940
-	-	-	-	-	-	-	-	-	7,118,905
-	-	-	-	263,739	-	-	-	-	920,379
<u>35,087</u>	<u>1,226</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,264</u>	<u>335,955</u>
<u>836,074</u>	<u>118,644</u>	<u>101,104</u>	<u>-</u>	<u>263,739</u>	<u>25,588</u>	<u>286</u>	<u>-</u>	<u>24,474</u>	<u>11,557,073</u>
<u>(4,564)</u>	<u>(107,113)</u>	<u>4,989</u>	<u>-</u>	<u>21,741</u>	<u>(16,261)</u>	<u>1,164</u>	<u>-</u>	<u>220,126</u>	<u>(7,563)</u>
-	-	-	-	-	-	-	-	-	249,000
-	-	-	(6,360)	-	-	-	-	-	(16,354)
-	-	-	(6,360)	-	-	-	-	-	232,646
(4,564)	(107,113)	4,989	(6,360)	21,741	(16,261)	1,164	-	220,126	225,083
<u>280,706</u>	<u>2,155,362</u>	<u>165,955</u>	<u>6,360</u>	<u>333,607</u>	<u>728,045</u>	<u>3,619</u>	<u>5</u>	<u>749,467</u>	<u>8,033,179</u>
<u>\$ 276,142</u>	<u>\$ 2,048,249</u>	<u>\$ 170,944</u>	<u>\$ -</u>	<u>\$ 355,348</u>	<u>\$ 711,784</u>	<u>\$ 4,783</u>	<u>\$ 5</u>	<u>\$ 969,593</u>	<u>\$ 8,258,262</u>

LINCOLN COUNTY, OREGON
102 ECONOMIC DEVELOPMENT FUND
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Intergovernmental revenues	\$ 190,000	\$ 190,000	\$ 218,436	\$ 28,436
Investment earnings	-	-	1,314	1,314
Total revenues	<u>190,000</u>	<u>190,000</u>	<u>219,750</u>	<u>29,750</u>
Expenditures:				
Materials and services	266,000	266,000	246,925	19,075
Contingency	<u>121,587</u>	<u>121,587</u>	-	<u>121,587</u>
Total expenditures	<u>387,587</u>	<u>387,587</u>	<u>246,925</u>	<u>140,662</u>
Net change in fund balances	(197,587)	(197,587)	(27,175)	170,412
Fund Balance:				
Beginning of year	<u>197,587</u>	<u>197,587</u>	<u>281,068</u>	<u>83,481</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 253,893</u>	<u>\$ 253,893</u>

LINCOLN COUNTY, OREGON

204 TRANSIT DISTRICT FUND

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Taxes and land sales	\$ 570,000	\$ 570,000	\$ 604,882	\$ 34,882
Intergovernmental revenues	1,737,764	1,737,764	1,226,858	(510,906)
Charges for services	551,000	551,000	497,458	(53,542)
Investment earnings	6,000	6,000	9,444	3,444
Other revenue	<u>35,000</u>	<u>35,000</u>	<u>33,796</u>	<u>(1,204)</u>
Total revenues	<u>2,899,764</u>	<u>2,899,764</u>	<u>2,372,438</u>	<u>(527,326)</u>
Expenditures:				
Personal services	1,404,329	1,404,329	1,178,307	226,022
Materials and services	828,419	828,419	539,586	288,833
Capital outlay	864,795	864,795	292,378	572,417
Contingency	<u>347,796</u>	<u>347,796</u>	<u>-</u>	<u>347,796</u>
Total expenditures	<u>3,445,339</u>	<u>3,445,339</u>	<u>2,010,271</u>	<u>1,435,068</u>
Net change in fund balances	(545,575)	(545,575)	362,167	907,742
Fund Balance:				
Beginning of year	<u>1,521,070</u>	<u>1,521,070</u>	<u>1,694,692</u>	<u>173,622</u>
End of year	<u>\$ 975,495</u>	<u>\$ 975,495</u>	<u>\$ 2,056,859</u>	<u>\$ 1,081,364</u>

LINCOLN COUNTY, OREGON

202 COUNTY SCHOOL FUND

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Taxes and land sales	\$ 32,000	\$ 32,000	\$ 34,455	\$ 2,455
Intergovernmental revenues	288,000	628,000	621,789	(6,211)
Investment earnings	25	25	137	112
Other revenue	<u>-</u>	<u>-</u>	<u>50</u>	<u>50</u>
Total revenues	<u>320,025</u>	<u>660,025</u>	<u>656,431</u>	<u>(3,594)</u>
Expenditures:				
Materials and services	<u>320,025</u>	<u>660,025</u>	<u>656,640</u>	<u>3,385</u>
Net change in fund balances	-	-	(209)	(209)
Fund Balance:				
Beginning of year	<u>-</u>	<u>-</u>	<u>209</u>	<u>(209)</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

LINCOLN COUNTY, OREGON

203 County Fair Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Intergovernmental revenues	\$ 49,500	\$ 49,500	\$ 48,110	\$ (1,390)
Charges for services	19,500	19,500	25,891	6,391
Investment earnings	<u>-</u>	<u>-</u>	<u>127</u>	<u>127</u>
Total revenues	<u>69,000</u>	<u>69,000</u>	<u>74,128</u>	<u>5,128</u>
Expenditures:				
Materials and services	76,350	76,350	78,730	(2,380)
Other financing sources (uses):				
Transfers	<u>(9,994)</u>	<u>(9,994)</u>	<u>(9,994)</u>	<u>-</u>
Net change in fund balances	(17,344)	(17,344)	(14,596)	2,748
Fund Balance:				
Beginning of year	<u>36,224</u>	<u>36,224</u>	<u>26,888</u>	<u>(9,336)</u>
End of year	<u>\$ 18,880</u>	<u>\$ 18,880</u>	<u>\$ 12,292</u>	<u>\$ (6,588)</u>

LINCOLN COUNTY, OREGON

205 LAW LIBRARY FUND

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Fines and penalties	\$ 24,000	\$ 24,000	\$ 34,508	\$ 10,508
Investment earnings	50	50	357	307
Total revenues	<u>24,050</u>	<u>24,050</u>	<u>34,865</u>	<u>10,815</u>
Expenditures:				
Materials and services	50,250	50,250	33,746	16,504
Contingency	12,000	12,000	-	12,000
Total expenditures	<u>62,250</u>	<u>62,250</u>	<u>33,746</u>	<u>28,504</u>
Net change in fund balances	(38,200)	(38,200)	1,119	39,319
Fund Balance:				
Beginning of year	<u>38,200</u>	<u>38,200</u>	<u>61,271</u>	<u>23,071</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 62,390</u>	<u>\$ 62,390</u>

LINCOLN COUNTY, OREGON

207 CLERK RECORDS FUND

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Licenses and permits	\$ 40,000	\$ 40,000	\$ 41,050	\$ 1,050
Investment earnings	400	400	713	313
Total revenues	<u>40,400</u>	<u>40,400</u>	<u>41,763</u>	<u>1,363</u>
Expenditures:				
Personal services	24,399	24,399	11,009	13,390
Materials and services	<u>124,709</u>	<u>124,709</u>	<u>20,218</u>	<u>104,491</u>
Total expenditures	<u>149,108</u>	<u>149,108</u>	<u>31,227</u>	<u>117,881</u>
Net change in fund balances	(108,708)	(108,708)	10,536	119,244
Fund Balance:				
Beginning of year	<u>108,708</u>	<u>108,708</u>	<u>117,044</u>	<u>8,336</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 127,580</u>	<u>\$ 127,580</u>

LINCOLN COUNTY, OREGON
208 HEALTH AND HUMAN SERVICES FUND
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Intergovernmental revenues	\$ 1,425,235	\$ 1,572,534	\$ 1,127,686	\$ (444,848)
Charges for services	3,053,797	2,499,393	2,553,629	54,236
Investment earnings	-	1,646	157	(1,489)
Other revenue	<u>40,500</u>	<u>42,600</u>	<u>78,198</u>	<u>35,598</u>
Total revenues	<u>4,519,532</u>	<u>4,116,173</u>	<u>3,759,670</u>	<u>(356,503)</u>
Expenditures:				
Personal services	3,398,598	3,226,533	2,747,265	479,268
Materials and services	<u>1,681,444</u>	<u>1,512,765</u>	<u>1,410,451</u>	<u>102,314</u>
Total expenditures	<u>5,080,042</u>	<u>4,739,298</u>	<u>4,157,716</u>	<u>581,582</u>
Other financing sources (uses):				
Transfers in	<u>153,750</u>	<u>247,590</u>	<u>249,000</u>	<u>1,410</u>
Net change in fund balances	(406,760)	(375,535)	(149,046)	226,489
Fund Balance:				
Beginning of year	<u>406,760</u>	<u>375,535</u>	<u>682,837</u>	<u>307,302</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 533,791</u>	<u>\$ 533,791</u>

LINCOLN COUNTY, OREGON
216 COMMUNITY HEALTH CENTERS FUND
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Intergovernmental revenues	\$ 1,836,100	\$ 1,939,947	\$ 1,946,905	\$ 6,958
Charges for services	1,128,066	1,157,829	948,514	(209,315)
Investment earnings	1,548	1,548	2,613	1,065
Contributions and donations	300	300	-	(300)
Other revenue	<u>6,500</u>	<u>6,500</u>	<u>1,144</u>	<u>(5,356)</u>
Total revenues	<u>2,972,514</u>	<u>3,106,124</u>	<u>2,899,176</u>	<u>(206,948)</u>
Expenditures:				
Personal services	1,759,852	1,864,860	1,632,178	232,682
Materials and services	1,468,455	1,620,854	1,329,011	291,843
Contingency	<u>313,862</u>	<u>239,071</u>	<u>-</u>	<u>239,071</u>
Total expenditures	<u>3,542,169</u>	<u>3,724,785</u>	<u>2,961,189</u>	<u>763,596</u>
Net change in fund balances	(569,655)	(618,661)	(62,013)	556,648
Fund Balance:				
Beginning of year	<u>569,655</u>	<u>618,661</u>	<u>736,431</u>	<u>117,770</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 674,418</u>	<u>\$ 674,418</u>

LINCOLN COUNTY, OREGON

211 ENFORCEMENT FUND

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Fines and penalties	\$ 15,000	\$ 15,000	\$ 1,267	\$ (13,733)
Investment earnings	150	150	31	(119)
Total revenues	<u>15,150</u>	<u>15,150</u>	<u>1,298</u>	<u>(13,852)</u>
Expenditures:				
Personal services	11,600	11,600	10,720	880
Materials and services	<u>3,550</u>	<u>3,550</u>	-	<u>3,550</u>
Total expenditures	<u>15,150</u>	<u>15,150</u>	<u>10,720</u>	<u>4,430</u>
Other financing sources (uses):				
Transfers out	<u>(7,112)</u>	<u>(7,112)</u>	-	<u>7,112</u>
Net change in fund balances	(7,112)	(7,112)	(9,422)	(2,310)
Fund Balance:				
Beginning of year	<u>7,112</u>	<u>7,112</u>	<u>9,613</u>	<u>2,501</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 191</u>	<u>\$ 191</u>

LINCOLN COUNTY, OREGON

212 ANIMAL SERVICES FUND

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Property taxes	\$ 701,360	\$ 701,360	\$ 709,464	\$ 8,104
Licenses and permits	65,000	65,000	52,573	(12,427)
Charges for services	15,000	15,000	14,010	(990)
Fines and penalties	1,000	1,000	2,169	1,169
Investment earnings	1,000	1,000	1,922	922
Contributions and donations	<u>50,000</u>	<u>50,000</u>	<u>51,372</u>	<u>1,372</u>
Total revenues	<u>833,360</u>	<u>833,360</u>	<u>831,510</u>	<u>(1,850)</u>
Expenditures:				
Personal services	605,473	605,473	597,614	7,859
Materials and services	221,450	241,450	203,373	38,077
Capital outlay	54,000	35,087	35,087	-
Contingency	<u>251,695</u>	<u>250,608</u>	<u>-</u>	<u>250,608</u>
Total expenditures	<u>1,132,618</u>	<u>1,132,618</u>	<u>836,074</u>	<u>296,544</u>
Net change in fund balances	(299,258)	(299,258)	(4,564)	294,694
Fund Balance:				
Beginning of year	<u>302,616</u>	<u>302,616</u>	<u>280,706</u>	<u>(21,910)</u>
End of year	<u>\$ 3,358</u>	<u>\$ 3,358</u>	<u>\$ 276,142</u>	<u>\$ 272,784</u>

LINCOLN COUNTY, OREGON
213 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, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Investment earnings	\$ 11,000	\$ 11,000	\$ 11,531	\$ 531
Expenditures:				
Materials and services	1,185,939	1,185,939	117,418	1,068,521
Capital outlay	952,407	952,407	1,226	951,181
Total expenditures	<u>2,138,346</u>	<u>2,138,346</u>	<u>118,644</u>	<u>2,019,702</u>
Net change in fund balances	(2,127,346)	(2,127,346)	(107,113)	2,020,233
Fund Balance:				
Beginning of year	<u>2,127,346</u>	<u>2,127,346</u>	<u>2,155,362</u>	<u>28,016</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,048,249</u>	<u>\$ (2,048,249)</u>

LINCOLN COUNTY, OREGON

217 CORNER PRESERVATION FUND

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Licenses and permits	\$ 100,000	\$ 100,000	\$ 105,142	\$ 5,142
Investment earnings	1,000	1,000	951	(49)
Total revenues	<u>101,000</u>	<u>101,000</u>	<u>106,093</u>	<u>5,093</u>
Expenditures:				
Personal services	33,748	33,748	2	33,746
Materials and services	182,154	182,154	101,102	81,052
Capital outlay	35,000	35,000	-	35,000
Contingency	<u>37,450</u>	<u>37,450</u>	<u>-</u>	<u>37,450</u>
Total expenditures	<u>288,352</u>	<u>288,352</u>	<u>101,104</u>	<u>187,248</u>
Net change in fund balances	(187,352)	(187,352)	4,989	192,341
Fund Balance:				
Beginning of year	<u>187,352</u>	<u>187,352</u>	<u>165,955</u>	<u>(21,397)</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 170,944</u>	<u>\$ 170,944</u>

LINCOLN COUNTY, OREGON

218 METH GRANT FUND

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Transfers out	\$ -	\$ (6,360)	\$ (6,360)	\$ -
Fund Balance:				
Beginning of year	-	6,360	6,360	-
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

LINCOLN COUNTY, OREGON

859 EXTENSION AGENCY

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Property taxes	\$ 234,000	\$ 234,000	\$ 280,055	\$ 46,055
Intergovernmental revenues	-	-	3,288	3,288
Investment earnings	-	-	2,064	2,064
Other revenue	<u>750,000</u>	<u>750,000</u>	<u>73</u>	<u>(749,927)</u>
Total revenues	<u>984,000</u>	<u>984,000</u>	<u>285,480</u>	<u>(698,520)</u>
Expenditures:				
Materials and services	424,000	424,000	263,739	160,261
Capital outlay	<u>750,000</u>	<u>750,000</u>	-	<u>750,000</u>
Total expenditures	<u>1,174,000</u>	<u>1,174,000</u>	<u>263,739</u>	<u>910,261</u>
Other financing sources (uses):				
Net change in fund balances	(190,000)	(190,000)	21,741	211,741
Fund Balance:				
Beginning of year	<u>190,000</u>	<u>190,000</u>	<u>333,607</u>	<u>143,607</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 355,348</u>	<u>\$ 355,348</u>

LINCOLN COUNTY, OREGON
603 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, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Licenses and permits	\$ 6,000	\$ 6,000	\$ 5,415	\$ (585)
Investment earnings	<u>3,500</u>	<u>3,500</u>	<u>3,912</u>	<u>412</u>
Total revenues	<u>9,500</u>	<u>9,500</u>	<u>9,327</u>	<u>(173)</u>
Expenditures:				
Materials and services	730,129	730,129	25,588	704,541
Capital outlay	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>5,000</u>
Total expenditures	<u>735,129</u>	<u>735,129</u>	<u>25,588</u>	<u>709,541</u>
Net change in fund balances	(725,629)	(725,629)	(16,261)	709,368
Fund Balance:				
Beginning of year	<u>725,629</u>	<u>725,629</u>	<u>728,045</u>	<u>2,416</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 711,784</u>	<u>\$ 711,784</u>

LINCOLN COUNTY, OREGON

601 DUII FUND

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Licenses and permits	\$ 1,500	\$ 1,500	\$ 1,426	\$ (74)
Investment earnings	-	-	24	24
Total revenues	<u>1,500</u>	<u>1,500</u>	<u>1,450</u>	<u>(50)</u>
Expenditures:				
Materials and services	2,900	2,900	286	2,614
Contingency	<u>1,500</u>	<u>1,500</u>	-	<u>1,500</u>
Total expenditures	<u>4,400</u>	<u>4,400</u>	<u>286</u>	<u>4,114</u>
Net change in fund balances	(2,900)	(2,900)	1,164	4,064
Fund Balance:				
Beginning of year	<u>2,900</u>	<u>2,900</u>	<u>3,619</u>	<u>719</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,783</u>	<u>\$ 4,783</u>

LINCOLN COUNTY, OREGON

219 CAPITAL PROJECTS FUND

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Intergovernmental revenues	\$ 5,500,000	\$ 5,500,000	\$ -	\$ (5,500,000)
Charges for services	1,460,000	460,000	-	(460,000)
Other revenue	<u>105,805</u>	<u>1,105,805</u>	<u>-</u>	<u>(1,105,805)</u>
Total revenues	<u>7,065,805</u>	<u>7,065,805</u>	<u>-</u>	<u>(7,065,805)</u>
Expenditures:				
Materials and services	1,291,115	1,291,115	-	\$ 1,291,115
Capital outlay	5,503,850	5,503,850	-	5,503,850
Contingency	<u>270,840</u>	<u>270,840</u>	<u>-</u>	<u>270,840</u>
Total expenditures	<u>7,065,805</u>	<u>7,065,805</u>	<u>-</u>	<u>7,065,805</u>
Net change in fund balances	-	-	-	-
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

214 BUILDING RESERVE FUND

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Expenditures:	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance:				
Beginning of year	<u>-</u>	<u>-</u>	<u>5</u>	<u>(5)</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5</u>	<u>\$ 5</u>

LINCOLN COUNTY, OREGON

607 FAIR FACILITIES FUND

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Taxes and land sales	\$ 255,000	\$ 255,000	\$ 239,993	\$ (15,007)
Investment earnings	2,200	2,200	4,607	2,407
Total revenues	<u>257,200</u>	<u>257,200</u>	<u>244,600</u>	<u>(12,600)</u>
Expenditures:				
Materials and services	225,797	225,797	17,210	208,587
Capital outlay	750,000	750,000	7,264	742,736
Total expenditures	<u>975,797</u>	<u>975,797</u>	<u>24,474</u>	<u>951,323</u>
Net change in fund balances	(718,597)	(718,597)	220,126	938,723
Fund Balance:				
Beginning of year	<u>718,597</u>	<u>718,597</u>	<u>749,467</u>	<u>30,870</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 969,593</u>	<u>\$ 969,593</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 to waste haulers within the County for tons of waste hauled.

LINCOLN COUNTY, OREGON
210 SOLID WASTE DISTRICT FUND
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Intergovernmental revenues	\$ 30,000	\$ 30,000	\$ 30,000	\$ -
Charges for services	197,500	197,500	197,470	(30)
Fines and penalties	1,000	1,000	-	(1,000)
Investment earnings	150	150	-	(150)
Other revenue	400	400	2,216	1,816
Total revenues	<u>229,050</u>	<u>229,050</u>	<u>229,686</u>	<u>636</u>
Expenditures:				
Personal services	105,820	105,820	101,277	4,543
Materials and services	136,785	136,785	118,801	17,984
Contingency	5,445	5,445	-	5,445
Total expenditures	<u>248,050</u>	<u>248,050</u>	<u>220,078</u>	<u>27,972</u>
Net change in fund balances	(19,000)	(19,000)	9,608	28,608
Fund Balance:				
Beginning of year	<u>24,500</u>	<u>24,500</u>	<u>42,009</u>	<u>17,509</u>
End of year	<u>\$ 5,500</u>	<u>\$ 5,500</u>	51,617	<u>\$ 46,117</u>
Reconciliation to GAAP Basis:				
Compensated absences			<u>(9,780)</u>	
GAAP Fund Balance - end of year			<u>\$ 41,837</u>	

NONMAJOR INTERNAL SERVICE FUND

- **Self Insurance Fund** – This fund accounts for costs of the County’s self-insurance programs. Charges to other County departments support these activities.

LINCOLN COUNTY, OREGON

215 SELF INSURANCE FUND

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Charges for services	\$ 910,000	\$ 910,000	\$ 1,071,063	\$ 161,063
Investment earnings	2,500	2,500	7,132	4,632
Other revenue	<u>15,000</u>	<u>15,000</u>	<u>45,317</u>	<u>30,317</u>
Total revenues	<u>927,500</u>	<u>927,500</u>	<u>1,123,512</u>	<u>196,012</u>
Expenditures:				
Personal services	60,950	60,950	10,027	50,923
Materials and services	733,000	733,000	376,196	356,804
Capital outlay	100,000	150,000	127,192	22,808
Contingency	<u>987,148</u>	<u>937,148</u>	<u>-</u>	<u>937,148</u>
Total expenditures	<u>1,881,098</u>	<u>1,881,098</u>	<u>513,415</u>	<u>1,367,683</u>
Net change in fund balances	(953,598)	(953,598)	610,097	1,563,695
Fund Balance:				
Beginning of year	<u>953,598</u>	<u>953,598</u>	<u>1,178,252</u>	<u>224,654</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>1,788,349</u>	<u>\$ 1,788,349</u>
Reconciliation to GAAP Basis:				
Claims payable			<u>(26,512)</u>	
GAAP Fund Balance - end of year			<u>\$ 1,761,837</u>	

NONMAJOR FIDUCIARY FUNDS

Agency Funds

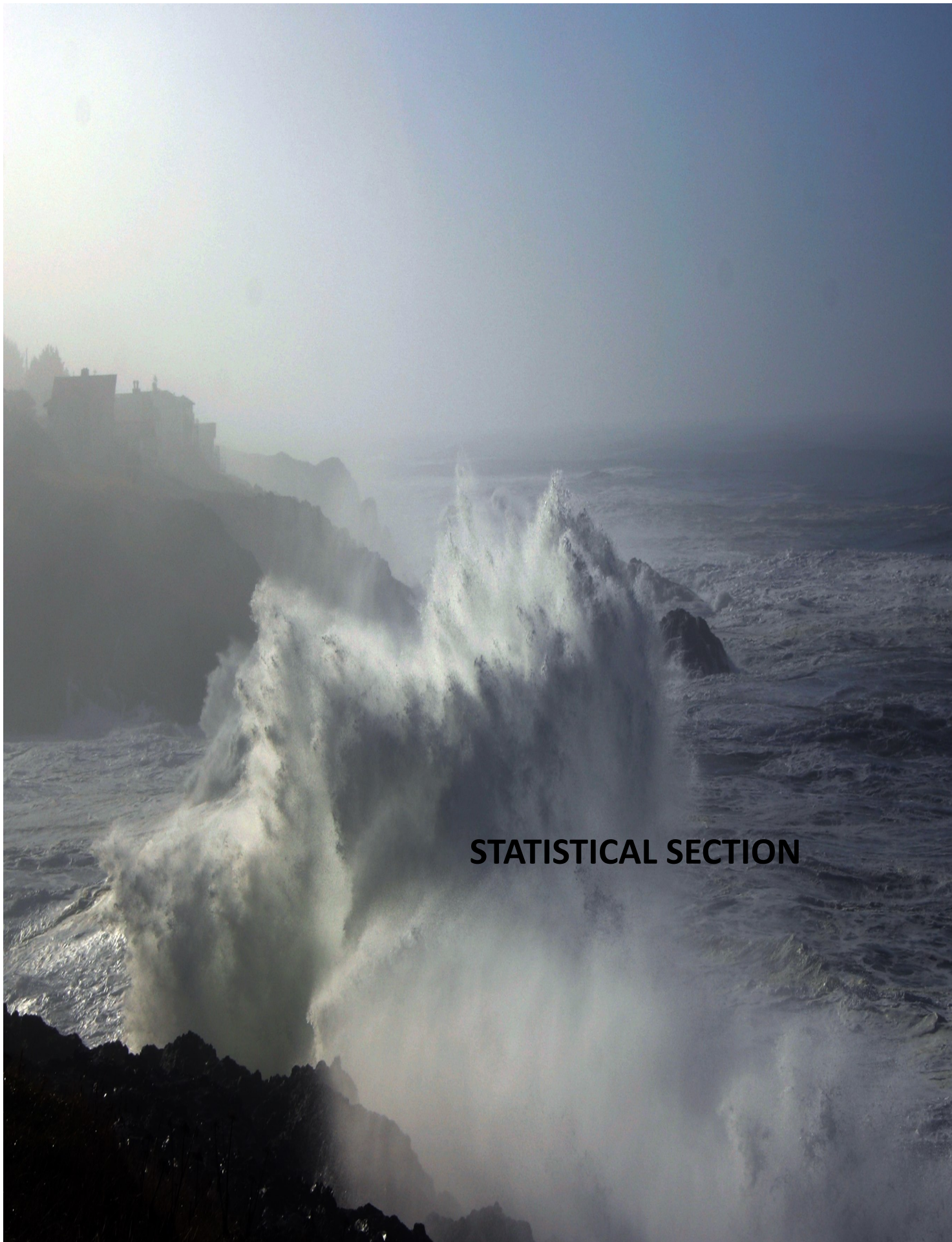
These funds account for resources received and held by the County in a fiduciary capacity.

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 Assets and Liabilities
For the Year Ended June 30, 2013

	<u>Balances</u> <u>July 01, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balances</u> <u>June 30, 2013</u>
ASSETS				
Cash and investments	\$ 2,221,403	\$ 354,323,721	\$ 354,460,493	\$ 2,084,631
Receivables	<u>7,345,327</u>	<u>75,115,291</u>	<u>75,322,064</u>	<u>7,138,554</u>
Total assets	<u>\$ 9,566,730</u>	<u>\$ 429,439,012</u>	<u>\$ 429,782,557</u>	<u>\$ 9,223,185</u>
LIABILITIES				
Accounts payable	\$ 588,794	\$ 659,197	\$ 588,794	\$ 659,197
Amounts held for others	<u>8,977,936</u>	<u>428,779,815</u>	<u>429,193,763</u>	<u>8,563,988</u>
Total liabilities	<u>\$ 9,566,730</u>	<u>\$ 429,439,012</u>	<u>\$ 429,782,557</u>	<u>\$ 9,223,185</u>



STATISTICAL SECTION

STATISTICAL SECTION

Contents	Page
Financial Trends	67-70
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	71-74
These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	
Debt Capacity	75-78
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	79-80
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	
Operating Information	81-83
These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	

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

LINCOLN COUNTY

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

	Year ended June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Net Invested in capital assets	\$ 116,325	\$ 115,587	\$ 120,699	\$ 120,717	\$ 115,493	\$ 119,306	\$ 122,659	\$ 123,439	\$ 34,807	\$ 35,744
Restricted	200	3,383	3,257	3,278	19,717	20,238	17,921	15,036	13,834	12,593
Unrestricted	24,087	25,876	27,687	29,264	14,741	11,595	11,600	12,536	15,011	15,958
Total Net Position	<u>\$ 140,612</u>	<u>\$ 144,846</u>	<u>\$ 151,643</u>	<u>\$ 153,259</u>	<u>\$ 149,951</u>	<u>\$ 151,139</u>	<u>\$ 152,180</u>	<u>\$ 151,011</u>	<u>\$ 63,652</u>	<u>\$ 64,295</u>

LINCOLN COUNTY

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

EXPENSES	Year ended June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental Activities										
General Government	\$ 5,652	\$ 7,026	\$ 8,277	\$ 9,320	\$ 11,082	\$ 11,229	\$ 9,427	\$ 9,344	\$ 7,693	\$ 8,778
Community Services	2,677	2,962	3,239	3,246	4,065	4,205	4,030	3,783	3,972	4,211
Public Safety	13,157	14,962	14,273	15,390	16,766	17,322	16,484	16,972	19,373	18,409
Highways and Streets	6,404	5,556	6,702	5,684	8,509	7,543	7,614	8,366	8,191	6,102
Culture and Recreation	239	256	112	(127)	249	198	265	142	235	218
Health and Welfare	9,502	10,053	10,968	12,622	11,881	12,033	10,101	10,994	10,889	12,686
Education	1,618	1,741	1,877	1,764	1,668	1,569	1,421	1,236	956	920
Interest	259	92	81	54	95	93	63	41	26	6
Total Governmental Activities Expense	\$ 39,508	\$ 42,648	\$ 45,529	\$ 47,953	\$ 54,315	\$ 54,192	\$ 49,405	\$ 50,878	\$ 51,335	\$ 51,330
Business-type Activities										
Solid waste	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 278	\$ 278	\$ 257	\$ 220
Total Business-type Activities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 278	\$ 278	\$ 257	\$ 220
Total Primary Government Expenses	\$ 39,508	\$ 42,648	\$ 45,529	\$ 47,953	\$ 54,315	\$ 54,192	\$ 49,683	\$ 51,156	\$ 51,592	\$ 51,550
PROGRAM REVENUES										
Governmental Activities										
Charges for Services										
General Government	\$ 1,997	\$ 2,272	\$ 2,175	\$ 2,261	\$ 1,842	\$ 2,476	\$ 1,967	\$ 2,365	\$ 2,558	\$ 2,576
Community Services	384	422	437	494	559	670	406	397	706	663
Public Safety	255	303	367	502	447	911	1,266	1,061	1,916	2,336
Highways and Streets	305	523	701	619	1,365	1,144	-	-	-	-
Culture and Recreation	-	-	-	-	-	-	-	-	-	-
Health and Welfare	3,665	3,959	4,509	3,700	3,454	6,188	4,142	5,430	6,630	6,217
Education	6	5	6	1	1	6	2	9	-	-
Operating Grants and Contributions	13,021	17,542	14,997	17,279	18,962	19,766	21,192	19,520	19,958	18,076
Capital Grants and Contributions	630	22	5,165	18	1,500	12	2,136	562	1,295	383
Total Governmental Activities Program Revenues	\$ 20,263	\$ 25,048	\$ 28,357	\$ 24,874	\$ 28,130	\$ 31,173	\$ 31,111	\$ 29,344	\$ 33,063	\$ 30,251
Business-type Activities - Solid waste										
Charges for Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 213	\$ 182	\$ 219	\$ 200
Operating Grants and Contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20	\$ 20	\$ 20	\$ 30
Total Business-type Activities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 233	\$ 202	\$ 239	\$ 230
Total Primary Government Program Revenues	\$ 20,263	\$ 25,048	\$ 28,357	\$ 24,874	\$ 28,130	\$ 31,173	\$ 31,344	\$ 29,546	\$ 33,302	\$ 30,481
Net (Expense)/Revenue										
Governmental Activities	\$ (19,245)	\$ (17,600)	\$ (17,172)	\$ (23,079)	\$ (26,185)	\$ (23,019)	\$ (18,294)	\$ (21,534)	\$ (18,272)	\$ (21,079)
Business-type Activities	-	-	-	-	-	-	(45)	(76)	(18)	10
Total Primary Government Net Expense	\$ (19,245)	\$ (17,600)	\$ (17,172)	\$ (23,079)	\$ (26,185)	\$ (23,019)	\$ (18,339)	\$ (21,610)	\$ (18,290)	\$ (21,069)
GENERAL REVENUES AND OTHER										
Taxes										
Property Taxes	\$ 13,477	\$ 13,974	\$ 14,653	\$ 15,287	\$ 15,954	\$ 16,705	\$ 16,942	\$ 18,188	\$ 18,986	\$ 19,389
Transient Room Taxes	-	-	-	-	-	-	-	1,666	1,502	1,801
Other Taxes	1,030	1,115	1,237	1,285	1,086	1,640	1,631	265	235	-
Unrestricted Grants and Contributions	2,895	2,949	3,032	2,957	3,448	3,335	-	-	-	-
Investment Earnings	293	613	1,213	1,685	1,541	661	219	163	151	157
State Motor Vehicle Fees	2,061	2,272	2,352	2,335	-	-	-	-	-	-
Federal and State Forest Fees	-	-	-	-	-	-	-	-	-	-
Timber and Land Sales	583	574	992	517	483	556	564	161	500	365
Gain (Loss) on Sale of Capital Assets	25	18	11	(24)	(162)	16	23	(2)	-	-
Miscellaneous	488	319	479	655	528	543	-	-	-	-
Total Governmental Activities	\$ 20,852	\$ 21,834	\$ 23,969	\$ 24,697	\$ 22,878	\$ 23,456	\$ 19,379	\$ 20,441	\$ 21,374	\$ 21,712
Business-type Activities										
Investment Earnings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1	\$ -	\$ -	\$ -
Total Business-type Activities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1	\$ -	\$ -	\$ -
Total Primary Government	\$ 20,852	\$ 21,834	\$ 23,969	\$ 24,697	\$ 22,878	\$ 23,456	\$ 19,380	\$ 20,441	\$ 21,374	\$ 21,712
CHANGE IN NET POSITION										
Governmental Activities	\$ 1,607	\$ 4,234	\$ 6,797	\$ 1,618	\$ (3,307)	\$ 437	\$ 1,085	\$ (1,093)	\$ 3,102	\$ 633
Business-type Activities	-	-	-	-	-	-	(44)	(76)	(18)	10
Total Primary Government Change in Net Position	\$ 1,607	\$ 4,234	\$ 6,797	\$ 1,618	\$ (3,307)	\$ 437	\$ 1,041	\$ (1,169)	\$ 3,084	\$ 643

Notes

1. The Solid Waste fund was categorized as a business-type fund for the first time in FY 2010. Therefore, no historical data separate from the governmental activities is available before this year.

2. Data for transient room taxes is included with "Other Taxes" category for years prior to 2011

LINCOLN COUNTY

FUND BALANCES OF GOVERNMENTAL FUNDS

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

	Year ended June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
GENERAL FUND										
Reserved	\$ 5	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	7,511	8,012	9,517	9,592	8,346	4,486	4,135	-	-	-
Nonspendable	-	-	-	-	-	-	-	3	2	-
Restricted	-	-	-	-	-	-	-	673	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	4,464	5,573	6,196
Total General Fund	\$ 7,516	\$ 8,012	\$ 9,517	\$ 9,592	\$ 8,346	\$ 4,486	\$ 4,135	\$ 5,140	\$ 5,575	\$ 6,196
ALL OTHER GOVERNMENTAL FUNDS										
Reserved For:										
Debt Service	\$ 200	\$ 236	\$ 223	\$ 246	\$ 262	\$ 262	\$ -	\$ -	\$ -	\$ -
Outpatient Services	-	-	-	-	50	50	50	-	-	-
Inventories	332	-	-	-	-	-	-	-	-	-
Unreserved, reported in Special Revenue Funds	15,084	20,401	21,210	22,907	25,582	25,545	25,261	-	-	-
Nonspendable	-	-	-	-	-	-	-	330	404	436
Restricted	-	-	-	-	-	-	-	19,528	20,192	18,466
Committed	-	-	-	-	-	-	-	3,127	2,886	3,240
Assigned	-	-	-	-	-	-	-	50	-	-
Unassigned	-	-	-	-	-	-	-	(46)	-	-
Total All Other Governmental Funds	\$ 15,616	\$ 20,637	\$ 21,433	\$ 23,153	\$ 25,894	\$ 25,857	\$ 25,311	\$ 22,989	\$ 23,482	\$ 22,142

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

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

	Year Ended June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
REVENUES										
Taxes and Land Sales	\$ 15,452	\$ 16,069	\$ 17,063	\$ 17,132	\$ 17,737	\$ 18,854	\$ 19,009	\$ 19,915	\$ 20,673	\$ 21,228
Licenses, Fees, and Permits	1,957	2,248	2,554	2,253	1,908	1,532	1,431	1,416	1,328	1,328
Intergovernmental	18,474	23,407	21,478	22,383	22,682	21,748	17,333	19,088	21,991	19,091
Charges for Services	3,733	4,077	4,696	5,477	5,707	6,518	12,261	8,250	9,312	9,427
Fines and Penalties	114	128	132	147	160	130	138	133	118	91
Investment Earnings	299	627	1,240	1,719	1,544	637	215	162	143	150
Miscellaneous	875	921	720	1,016	885	2,717	1,113	772	740	580
Total Revenues	\$ 40,904	\$ 47,477	\$ 47,883	\$ 50,127	\$ 50,623	\$ 52,136	\$ 51,500	\$ 49,736	\$ 54,305	\$ 51,895
EXPENDITURES										
General Government	\$ 6,472	\$ 6,592	\$ 7,276	\$ 8,366	\$ 9,402	\$ 10,395	\$ 8,406	\$ 8,329	\$ 8,326	\$ 8,669
Community Services	2,522	2,805	3,159	3,156	4,187	4,050	3,910	3,633	3,803	4,063
Public Safety	12,332	14,146	14,162	14,759	16,133	16,746	15,957	16,443	18,789	17,611
Highways and Streets	4,901	4,808	6,681	5,607	4,336	4,564	6,594	7,177	6,426	6,149
Culture and Recreation	223	242	244	245	233	192	51	60	118	96
Health and Welfare	8,894	9,473	10,432	12,188	11,822	11,495	10,065	10,956	10,817	12,582
Education	1,516	1,635	1,795	1,668	1,669	1,566	1,421	1,236	956	920
Capital Outlay	1,893	1,092	1,226	1,620	2,715	6,291	4,956	2,748	3,571	2,053
Debt Service										
Principal	838	892	645	665	675	705	799	429	446	462
Interest	254	114	73	60	96	28	68	42	26	9
Total Expenditures	\$ 39,845	\$ 41,799	\$ 45,693	\$ 48,334	\$ 51,268	\$ 56,032	\$ 52,227	\$ 51,053	\$ 53,278	\$ 52,614
Excess of Revenues Over (Under) Expenditures	\$ 1,059	\$ 5,678	\$ 2,190	\$ 1,793	\$ (645)	\$ (3,896)	\$ (727)	\$ (1,317)	\$ 1,027	\$ (719)
OTHER FINANCING SOURCES (USES)										
Proceeds from Long-Term Debt	\$ -	\$ -	\$ -	\$ -	\$ 2,140	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers in	898	902	851	1,044	2,631	494	639	878	606	339
Transfers out	(748)	(727)	(738)	(1,044)	(2,631)	(494)	(639)	(878)	(606)	(339)
Net Change in Fund Balances	\$ 1,209	\$ 5,853	\$ 2,303	\$ 1,793	\$ 1,495	\$ (3,896)	\$ (727)	\$ (1,317)	\$ 1,027	\$ (719)
Debt Service as a % of Noncapital Expenditures	3.0%	2.5%	1.6%	1.6%	1.6%	1.5%	1.9%	1.0%	1.0%	0.9%

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				
2004	\$ 64,795	\$ 4,572,000	\$ 25,621	\$ 111,294	\$ 4,773,710	2.9817	\$ 5,460,252	87.4%
2005	63,394	4,726,647	24,624	105,841	4,920,506	2.9747	5,770,292	85.3%
2006	62,089	4,947,378	27,479	105,371	5,142,317	2.9570	6,465,344	79.5%
2007	61,755	5,207,848	31,174	108,241	5,409,018	2.9620	8,607,856	62.8%
2008	60,927	5,495,187	32,745	114,225	5,703,084	2.9576	10,235,611	55.7%
2009	59,014	5,790,741	35,604	111,987	5,997,347	2.9538	11,030,893	54.4%
2010	54,519	6,042,207	37,950	121,456	6,256,132	2.8579	10,601,034	59.0%
2011	52,030	6,223,137	38,672	117,886	6,431,725	2.8202	9,694,409	66.3%
2012	49,867	6,390,364	36,818	101,617	6,578,666	2.8202	9,001,860	73.1%
2013	47,680	6,300,488	34,204	97,171	6,479,543	2.8202	8,301,862	78.0%

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,							
2004	2.7938	0.1879	2.9817	4.6352	6.2546	0.3069	14.1784
2005	2.8122	0.1625	2.9747	4.5736	6.5602	0.2942	14.4027
2006	2.8149	0.1421	2.9570	4.8349	6.5933	0.2824	14.6676
2007	2.8170	0.1450	2.9620	4.8198	6.4924	0.2834	14.5576
2008	2.8202	0.1374	2.9576	4.8744	6.4353	0.3075	14.5748
2009	2.8202	0.1336	2.9538	4.7598	6.4416	0.3211	14.4763
2010	2.8202	0.0377	2.8579	4.6874	6.4898	0.3252	14.3603
2011	2.8202	-	2.8202	4.8526	6.4401	0.3191	14.4320
2012	2.8202	-	2.8202	4.9789	6.4220	0.3141	14.5352
2013	2.8202	-	2.8202	4.9061	6.4128	0.3618	14.5009

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

Source: Lincoln County Assessor's Office

LINCOLN COUNTY

**PRINCIPAL PROPERTY TAXPAYERS
(in thousands of dollars)
Current and Nine Years Ago**

<u>Taxpayer</u>	2012-13			2003-04		
	Taxable Assessed Value	Rank	Percentage of County Total Assessed Value	Taxable Assessed Value	Rank	Percentage of County Total Assessed Value
Georgia Pacific West Inc	\$ 156,065	1	32.0%	\$ 188,140	1	41.2%
Central Lincoln PUD	72,254	2	14.8%	43,514	2	9.5%
Plum Creek Timberlands	56,110	3	11.5%	58,504	3	
Northwest Natural Gas	40,665	4	8.3%	32,605	5	7.1%
COROC/Lincoln City LLC	34,466	5	7.1%			
The Worldmark Club	37,737	6	7.7%	32,689	4	7.2%
Nestucca Forests LLC	28,666	7	5.9%			
Charter Communications	22,871	8	4.7%			
Pacificorp	19,938	9	4.1%			
Centurylink	19,681	10	4.0%			
R. R. Lincoln City Inc				26,374	6	5.8%
Simpson Timber Co.				20,235	7	4.4%
Pioneer Telephone Coop.				19,561	8	4.3%
Boise Cascade Corp				19,419	9	4.3%
Shilo Inn Lincoln City LLC				15,576	10	3.4%

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
2004	12,702	12,117	95.4%	585	12,702	100.00%
2005	13,205	12,722	96.3%	483	13,205	100.00%
2006	13,847	13,367	96.5%	480	13,847	100.00%
2007	14,489	13,989	96.5%	438	14,427	99.57%
2008	15,153	14,508	95.7%	317	14,825	97.84%
2009	15,859	15,005	94.6%	547	15,552	98.06%
2010	15,942	15,092	94.7%	389	15,481	97.11%
2011	17,234	16,538	96.0%	411	16,949	98.35%
2012	18,248	16,869	92.4%	457	16,869	92.44%
2013	18,075	17,227	95.3%	-	17,227	95.31%

Source: Lincoln County Treasurer's Office

LINCOLN COUNTY

RATIOS OF OUTSTANDING DEBT BY TYPE

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

Governmental Activities

Year Ended June 30	General Obligation Bonds	Notes and Capital Leases	Total	Debt Per Personal Income Per Capita
2004	3,700	359	4,059	147
2005	3,075	123	3,198	109
2006	2,430	-	2,430	80
2007	1,765	-	1,765	56
2008	1,090	2,140	3,230	96
2009	385	1,751	2,136	63
2010	-	1,337	1,337	40
2011	-	929	929	27
2012	-	462	462	NA
2013	-	-	-	NA

Note: Per Bureau of Economic Analysis (Regional Economic Accounts) (www.bea.gov/regional/bearfacts). The latest personal income & per capita personal income available by BEA economic area is 2011.

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

LINCOLN COUNTY

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

Year Ended June 30	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property ^a	Outstanding Debt Per Capita ^b
2004	\$3,700	\$200	\$3,500	0.066%	78
2005	3,075	236	2,839	0.052%	64
2006	2,430	224	2,206	0.038%	50
2007	1,765	246	1,519	0.023%	34
2008	1,090	262	828	0.010%	19
2009	385	262	123	0.001%	3
2010	0	0	0	0.000%	0
2011	0	0	0	0.000%	0
2012	0	0	0	0.000%	0
2013	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, 2013

Municipality	Net General Obligation Bonded Debt Outstanding	Percent within County	Amount Applicable to County
Direct:			
Lincoln County	\$ -	100.0000%	\$ -
Overlapping:			
City of Depoe Bay	\$ 4,175,000	100.0000%	\$ 4,175,000
City of Lincoln City	9,431,456	100.0000%	9,431,456
City of Newport	32,785,541	100.0000%	32,785,541
City of Toledo	1,525,000	100.0000%	1,525,000
City of Yachats	582,749	100.0000%	582,749
Kernville, Gleneden, Lincoln Beach Water District	663,678	100.0000%	663,678
Lincoln County Unified School District	98,677,514	99.4500%	98,134,788
Lower Siletz Water District	48,471	100.0000%	48,471
Newport South Beach Urban Renewal	1,400,000	100.0000%	1,400,000
North Lincoln Fire and Rescue District #1	5,270,560	98.9100%	5,213,111
Oregon Coast Community College	18,335,000	100.0000%	18,335,000
Panther Creek Water District	55,210	100.0000%	55,210
Port of Newport	17,750,000	100.0000%	17,750,000
Seal Rock Water District	2,075,000	100.0000%	2,075,000
Siletz Keys Sanitary District	65,112	100.0000%	65,112
Silver Sands Special Road District	<u>35,000</u>	100.0000%	<u>35,000</u>
 Total Overlapping	 <u>\$ 192,875,291</u>		 <u>\$ 192,275,116</u>
 Total	 <u>\$ 192,875,291</u>		 <u>\$ 192,275,116</u>

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

Source: Municipal Debt Advisory Commission, State of Oregon

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

LINCOLN COUNTY

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

Calculation of Legal Debt Margin for Fiscal Year 2013

True Cash Value	\$ 8,301,862
Debt Limit - 2% of true cash value per ORS 287.054	\$ 166,037
General Obligation Bonds	\$ -
Less: Amount set aside for repayment of G.O. debt	\$ -
Total Net Debt Applicable to Limit	-
Legal Debt Margin	\$ 166,037

Legal Debt Margin History

Year ended June 30	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
True Cash Value of Property	\$ 5,460,252	\$ 5,770,292	\$ 6,465,344	\$ 8,607,856	\$ 10,235,611	\$ 11,030,893	\$ 10,601,034	\$ 9,694,409	\$ 9,001,860	\$ 8,301,862
Debt Limit	\$ 109,205	\$ 115,406	\$ 129,307	\$ 172,157	\$ 204,712	\$ 220,618	\$ 212,021	\$ 193,888	\$ 180,037	\$ 166,037
Total Net Debt Applicable to Limit	\$ 2,869	\$ 2,318	\$ 1,725	\$ 1,520	\$ 828	\$ 123	\$ -	\$ -	\$ -	\$ -
Legal Debt Margin	\$ 106,336	\$ 113,088	\$ 127,582	\$ 170,637	\$ 203,884	\$ 220,495	\$ 212,021	\$ 193,888	\$ 180,037	\$ 166,037
Total Net Debt Applicable to Limit As a Percentage of Debt Limit	2.63%	2.01%	1.33%	0.88%	0.40%	0.06%	0.00%	0.00%	0.00%	0.00%

LINCOLN COUNTY

DEMOGRAPHIC AND ECONOMIC STATISTICS

Year Ended June 30	Population ^a	Personal Income (\$000's) ^b	Per Capita Personal Income ^b	Unemployment Rate ^c
2004	44,400	1,225,662	27,605	8.4%
2005	44,405	1,307,505	29,445	6.9%
2006	44,520	1,355,011	30,436	6.0%
2007	44,360	1,410,471	31,796	5.0%
2008	44,715	1,497,282	33,485	5.5%
2009	45,946	1,553,434	33,810	10.4%
2010	46,293	1,559,195	33,681	11.0%
2011	46,135	1,572,179	34,228	10.1%
2012	46,155	NA	NA	9.5%
2013	46,295	NA	NA	8.4%

*Sources: (a) Portland State University, College of Urban Affairs,
Population Research Center
(b) Bureau of Economic Analysis
(c) Oregon Employment Department*

LINCOLN COUNTY

PRINCIPAL EMPLOYERS Current and Nine Years Ago

Employer	FY 2012-13			FY 2003-04		
	Employees	Rank	% of Total County Employment	Employees	Rank	% of Total County Employment
Confederated Tribes of the Siletz	1,266	1	7.0%	904	1	4.7%
Samaritan Health Services	817	2	4.5%	572	3	3.0%
Lincoln County School District	487	3	2.7%	613	2	3.2%
Georgia-Pacific/Koch	390	4	2.2%	500	4	2.6%
Lincoln County	377	5	2.1%	385	5	2.0%
OHSU/Hatfield Marine Science Center	320	6	1.8%			
Fred Meyer	220	7	1.2%	NA	-	NA
Walmart	212	8	1.2%	NA	-	NA
Safeways	179	9	1.0%			
City of Newport	155	10	0.9%	NA	-	NA
City of Lincoln City	133	11	0.7%	NA	-	NA
Central Lincoln PUD	128	12	0.7%	215	7	1.1%
NOAA	128	13	0.7%			
Inn at Spanish Head	100	14	0.6%	NA	-	NA
Oregon Coast Community College	80	15	0.4%	NA	-	NA
Total	4,992		27.6%	3,189		16.6%
Total Employment - Lincoln County:	18,090			19,263		

Source: Central Coast Economic Development Alliance and Employers

LINCOLN COUNTY

FULL TIME EQUIVALENT EMPLOYEES BY FUNCTION
Last Ten Fiscal Years

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
FUNCTION										
General Government										
Highways and Streets	52	52	48	48	30	30	31	30	30	30
Other	84	83	83	89	91	81	71	72	72	72
Community Services										
Health and Welfare	82	87	97	95	118	90	90	98	98	101
Other	9	9	59	7	12	9	7	6.5	6.5	8
Public Safety										
Sheriff's Department	95	94	90	91	82	91	91	91	91	88
Other	63	64	16	73	71	65	61	59.5	59.5	57.5
Total	385	389	393	403	404	366	351	357	357	356.5
General Government	136	135	131	137	121	111	102	102	102	102
Community Services	91	96	156	102	130	99	97	104.5	104.5	109
Public Safety	158	158	106	164	153	156	152	150.5	150.5	145.5

Source : Lincoln County Finance Department

LINCOLN COUNTY

OPERATING INDICATORS BY FUNCTION
Last Ten Fiscal Years

FUNCTION	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Public Safety										
Physical Arrests	997	1,122	1,199	1,195	1,134	1,224	817	708	704	958
Traffic Citations	770	778	758	923	862	782	687	599	555	787
Concealed Handgun Licensing										
Issued	NA	NA	NA	NA	NA	NA	NA	NA	NA	675
Denied	NA	NA	NA	NA	NA	NA	NA	NA	NA	7
Revoked	NA	NA	NA	NA	NA	NA	NA	NA	NA	13
Sex Offender Registrations	NA	NA	NA	NA	NA	NA	NA	NA	NA	204
Fingerprints (not for CHL, sex offender or juvenile)	NA	NA	NA	NA	NA	NA	NA	NA	NA	765
Civil Papers	NA	NA	NA	NA	NA	NA	NA	NA	NA	1,493
Criminal Subpoenas	NA	NA	NA	NA	NA	NA	NA	NA	NA	1,258
Sheriff's Sales	NA	NA	NA	NA	NA	NA	NA	NA	NA	33
Jail Bookings	NA	NA	NA	NA	NA	NA	NA	NA	NA	3,108
Jail Releases	NA	NA	NA	NA	NA	NA	NA	NA	NA	3,113
Released early (pre-trial or sentenced)	NA	NA	NA	NA	NA	NA	NA	NA	NA	554
Highways and Streets										
Miles of Road Pavement Overlays	5.6	6.4	8.5	7.4	2.4	1.9	20.2	10.9	3.0	4
Miles of Road Shoulder Widening	3.8	4.6	2.9	2.3	0.7	1.9	1.5	0.0	0.0	0
# of Road Patches Performed	30	NA	NA	NA	18	26	40	24	70	21
Sanitation										
Pounds of Waste Generated Per Capita	2,496	2,774	NA	3,080	3,254	3,099	2,587	2,503	2,487	NA
Pounds of Waste Recovered Per Capita	694	825	NA	810	898	957	761	815	805	NA
Total Recovery Rate Average Per Person	NA	NA	NA	28.3%	29.6%	30.9%	29.4%	34.6%	34.4%	37.4%
Transportation										
Hours of Service	17,971	19,147	19,995	22,870	22,492	25,375	23,525	26,238	28,576	30,851
Number of Passengers	88,131	88,380	89,258	98,159	104,655	140,598	125,452	141,124	139,986	147,485
Miles Traveled	290,515	304,087	322,046	341,980	346,166	379,089	366,887	407,103	479,799	553,533
Number of Trips	NA	NA	NA	NA	NA	NA	NA	NA	312,211	328,892
County Clerk										
Marriage Licenses	NA	NA	NA	NA	NA	NA	NA	NA	NA	370
Voter registrations	NA	NA	NA	NA	NA	NA	NA	NA	NA	6,774
Documents Filed	NA	NA	NA	NA	NA	NA	NA	NA	NA	12,796
Passports	NA	NA	NA	NA	NA	NA	NA	NA	NA	565

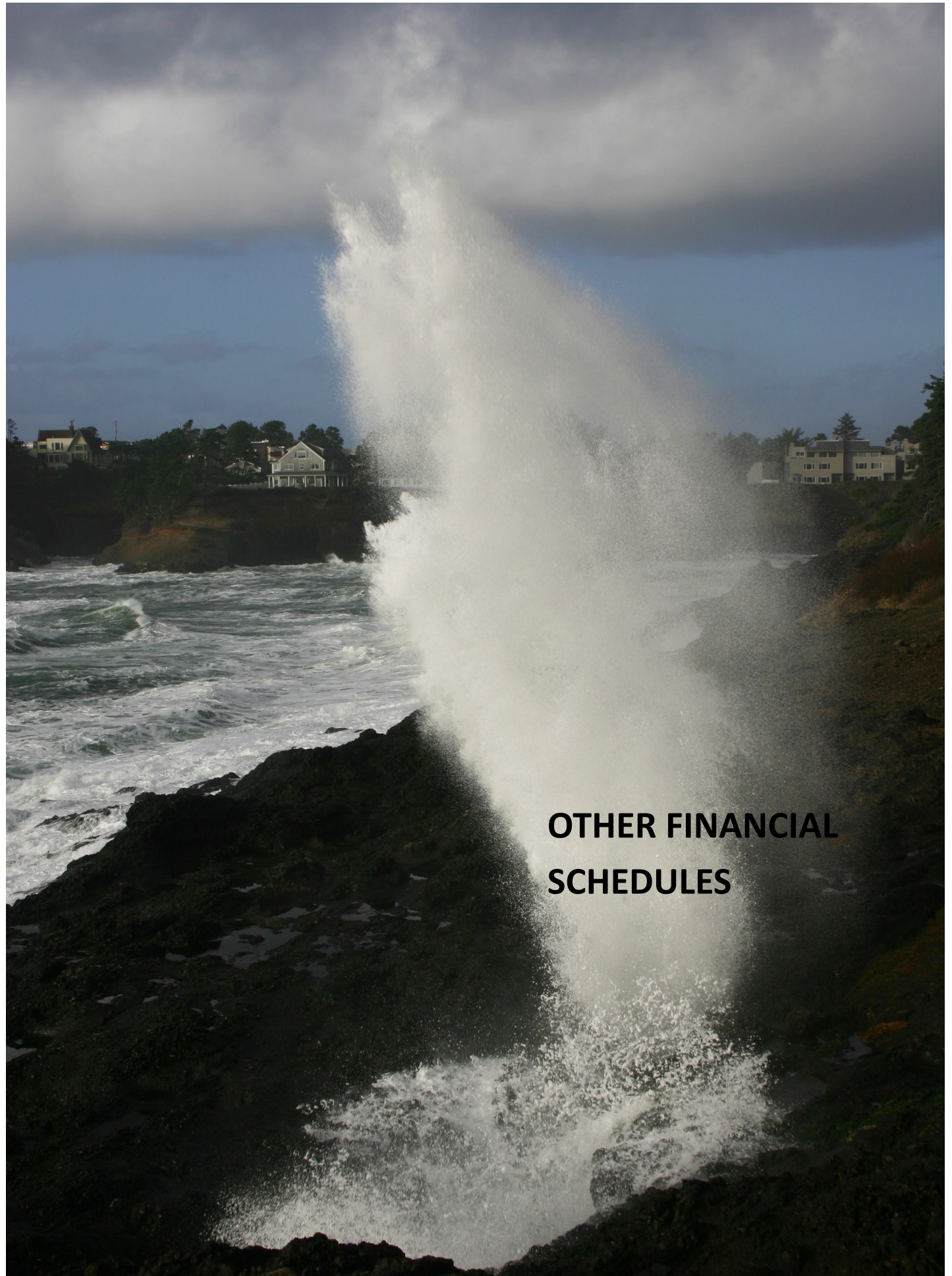
Source: Individual County Departments

LINCOLN COUNTY

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

FUNCTION	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Public Safety										
Patrol Units	24	25	25	24	29	28	28	28	30	30
Highways and Streets										
Streets (Miles)	330	330	335	335	335	332	332	332	332	332
Bridges	82	82	84	85	85	84	84	84	84	85
Parks	12	12	13	12	14	14	15	15	15	16
Transportation										
Number of Buses	17	17	16	16	16	19	19	19	19	19

Source : Individual County Departments



**OTHER FINANCIAL
SCHEDULES**

LINCOLN COUNTY, OREGON

Schedule of Receipts and Disbursements for Elected Officials

For the Year Ended June 30, 2013

	Cash and Investment Balances July 01, 2012	Receipts	Disbursements	Cash and Investment Balances June 30, 2013
Treasurer	<u>\$ 29,204,968</u>	<u>\$ 422,049,965</u>	<u>\$ 420,657,311</u>	<u>\$ 30,597,622</u>

LINCOLN COUNTY, OREGON
Schedule of Property Tax Transactions and Outstanding Balances
For the Year Ended June 30, 2013

<u>Fiscal Year Ended June 30,</u>	<u>Taxes Receivable July 01, 2012</u>	<u>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, 2013</u>
2013	\$ -	\$ 93,487,353	\$ -	\$ (2,404,591)	\$ 91,082,762	\$ 86,691,451	\$ 4,391,311
2012	4,663,994	-	-	(14,273)	4,649,721	2,272,620	2,377,101
2011	2,488,558	-	-	(7,909)	2,480,649	960,597	1,520,052
2010	1,414,685	-	-	(8,139)	1,406,546	871,280	535,266
2009	488,644	-	-	(7,904)	480,740	415,087	65,653
2008	65,054	-	-	(8,630)	56,424	29,379	27,045
2007	39,012	-	-	(4,168)	34,844	19,898	14,946
2006 and prior	146,453	-	-	(15,912)	130,541	14,111	116,430
Subtotal	9,306,400	-	-	(66,935)	9,239,465	4,582,972	4,656,493
Total	\$ 9,306,400	\$ 93,487,353	\$ -	\$ (2,471,526)	\$ 100,322,227	\$ 91,274,423	\$ 9,047,804

Summary by fund types

General fund	\$ 1,756,556
Transportation district fund	59,643
Extension district fund	27,623
Animal services fund	65,428
Agency fund	<u>7,138,554</u>
Total	\$ <u>9,047,804</u>



COMPLIANCE SECTION



COMMENTS AND DISCLOSURES OF INDEPENDENT AUDITORS' REQUIRED BY STATE STATUTE

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

An Independently Owned Member
McGLADREY ALLIANCE



We have audited the basic financial statements of Lincoln County, Oregon, ("County") as of and for the year ended June 30, 2013, and have issued our report thereon dated December 21, 2013. 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.

Compliance

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

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

- Accounting records and related internal control structure.
- The use of various depositories to secure the deposit of public funds. (ORS Chapter 295)
- The requirements relating to debt.
- The requirements relating to the preparation, adoption and execution of the County's budget for the year ending June 30, 2014. (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 expenditures in the County Fair fund in excess of budget, as disclosed in Note 2.K.

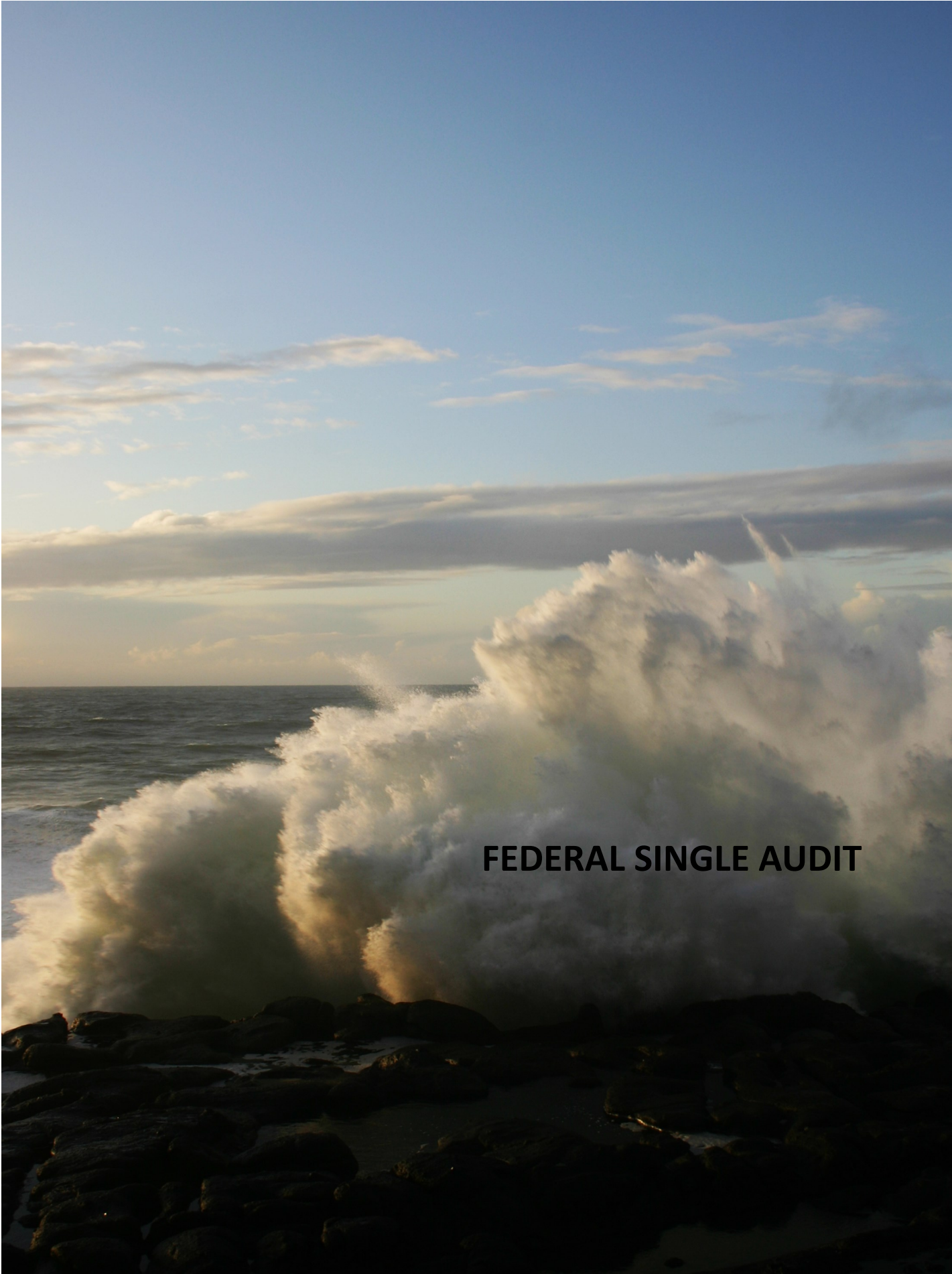
Internal Control

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.

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.

Paul R. Nielson

By: Paul Nielson, CPA, a member of the firm
Eugene, Oregon
December 21, 2013
Eugene, Oregon



FEDERAL SINGLE AUDIT

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



An Independently Owned Member
McGLADREY ALLIANCE



To the Board of Commissioners
Lincoln County, Oregon

We have audited, 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, the 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, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated December 21, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of County's internal control.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control 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 material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Isler CPA

A handwritten signature in black ink that reads "Paul R. Nielson". The signature is written in a cursive style with a prominent initial "P".

By: Paul Nielson, CPA, a member of the firm
Eugene, Oregon
December 21, 2013

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH
OMB CIRCULAR A-133**



To the Board of Commissioners
Lincoln County, Oregon

An Independently Owned Member
McGLADREY ALLIANCE



Report on Compliance for Each Major Federal Program

We have audited Lincoln County, Oregon ("County")'s compliance with the types of compliance requirements described in *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2013. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of the County, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance 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 compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose..

Isler CPA



By: Paul Nielson, CPA, a member of the firm
Eugene, Oregon
December 21, 2013

LINCOLN COUNTY, OREGON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2013

Section I - Summary of Auditors' Results

Financial Statements:

Type of auditors' report issued:	Unqualified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiencies(s) identified that are not considered material weakness?	No
Non compliance material to financial statements noted?	No

Federal Awards:

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiencies(s) identified that are not considered to be material weaknesses?	No
Type of auditors' report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	No

Identification of Major Programs:

CFDA Numbers Name of Federal Program or Cluster

10.665	Schools and Roads - Grants to States
20.509	Formula Grants for Other Than Urbanized Areas
93.224	Consolidated Health Centers
93.501	Affordable Care Act (ACA) School-Based Health Center Capital Expenditures
93.958	Block Grants for Community Mental Health
93.959	Block Grants for Prevention and Treatment of Substance Abuse
97.036	Disaster Grants-Public Assistance (Presidentially Declared Disasters)

Dollar threshold used to distinguish between type A and type B programs:	\$300,000
Auditee qualified as low-risk auditee?	No

LINCOLN COUNTY, OREGON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2013

Section II - Financial Statement Findings

None noted.

Section III - Federal Award Findings and Questioned Costs

None noted.

Section IV - Summary Schedule of Prior Audit Findings

None noted.

LINCOLN COUNTY, OREGON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2013

Federal Grantor / Pass-Through Grantor / Program Title	CFDA Number	Grant / Contract / Pass- Through Number	Expenditures (Revenue Recognized)
<i>Department of Agriculture</i>			
Food and Nutrition Service			
Oregon Department of Human Services - Health Division			
Special Supplement Nutrition Program for Women, Infants, and Children	10.557	280559	\$ 234,560
Forest Service			
Oregon Department of Administrative Services			
Schools and Roads - Grants to States	10.665	ORS 293.560 12-RO-	1,545,853
Cooperative Forestry Assistance	10.664	11061200-020	5,406
Oregon Department of Agriculture			
Forest-Health-Butterfly Bush Control	10.680	ODA3118 IGA	<u>858</u>
<i>Total Department of Agriculture</i>			<u>1,786,677</u>
<i>Department of Commerce</i>			
National Oceanic and Atmospheric Administration			
Oregon Department of Land Conservation and Development			
Coastal Zone Management Awards	11.419	CPA-12-021	27,000
Bayshore Foredune Mgt Plan	11.419	TA-306-11-010	<u>2,000</u>
<i>Total Department of Commerce</i>			<u>29,000</u>
<i>Department of Housing and Urban Development</i>			
Oregon Economic Development Program			
Community Development Block Grant - Microenterprise	14.228	M11015	<u>45,409</u>
<i>Total Department of Housing and Urban Development</i>			<u>45,409</u>
<i>Department of Interior</i>			
Department of Interior			
Payment in Lieu of Taxes and Distribution of Receipts of State and Local Governments	15.227	FY13	69,672
Oregon and California Land Grant	15.227	FY13	108,759
Refuge Revenue Sharing Act	15.659	FY13 2007-CA-	2,392
Siuslaw National Forest - Clematis	15.230	11061200-015 12-PA-	1,850
Noxious Weed Control	15.230	11061200-012	28,096
Coast Range Stewardship-Cascade Pacific			
Restoration Planting	15.230	USFS-11-SA- 11061200-018	<u>1,551</u>
<i>Total Department of Interior</i>			<u>212,320</u>

LINCOLN COUNTY, OREGON

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, continued

For the Year Ended June 30, 2013

Federal Grantor / Pass-Through Grantor / Program Title	CFDA Number	Grant / Contract / Pass- Through Number	Expenditures (Revenue Recognized)
<i>Department of Justice</i>			
Department of Justice			
Bulletproof Vest Partnership	16.607	09-251	2,940
Secure Our Schools	16.710	2010-CK-WX- 0688	10,938
Grants to Encourage Arrest Policies and Enforcement of Protection Orders	16.590	2006-WE-AX- 0052/2012-WE- AX-0045	160,327
Oregon Commission on Children and Families			
Juvenile Accountability Incentive Block Grants	16.523	2011-6357	7,090
Juvenile Community Service	16.523	27894	22,126
Byrne-Rural Law Enforcement - ARRA	16.810	2009-SD-B9- 0187	1,446
Byrne-Rural Law Enforcement - ARRA	16.810	2009-SD-B9- 0202	60,317
BJA Alien Assistance	16.606	2009-AP-BX- 0534	6,581
Crime Victim Assistance	16.575	VOCA-NC- 2012-00050	32,441
Oregon Department of Human Services			
Enforcing Underage Drinking Laws Program	16.727	242500	12,000
JAG Program Cluster			
Oregon Department of Justice			
Department of Justice - Tillamook			
Byrne JAG Grant - Narcotics Overtime	16.738	DC021-13	3,787
Marijuana Eradication Program	16.580	2012-104	873
Oregon Criminal Justice Division			
Byrne JAG Grant - ARRA	16.803	BJ/DC-2011- LincolnCo- 00012	94,134
Lincoln County Adult Drug Court			
Implement and Enhance	16.738	DC021-13	89,037
Sexually Violent Deviant Offender	16.738	IGA 4198	1,910
Hope Court Measure 57	16.738	IGA 4198	72,765
<i>Total JAG Program Cluster</i>			<u>262,506</u>
<i>Total Department of Justice</i>			<u>578,712</u>

LINCOLN COUNTY, OREGON

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, continued

For the Year Ended June 30, 2013

Federal Grantor / Pass-Through Grantor / Program Title	CFDA Number	Grant / Contract / Pass- Through Number	Expenditures (Revenue Recognized)
<i>Department of Transportation</i>			
National Historic Covered Bridge Preservation Project - Trapp	20.205	27094	448
National Historic Covered Bridge Preservation Project - NF Yachats	20.205	27095	5,604
Highway Bridge Program - Chitwood	20.205	27292	8,771
Salmon River Highway Corridor	20.205	27458	10,000
Oregon State Police			
Hazardous Materials Emergency Preparedness Program	20.703	OSP IGA-255- 2001	36,962
Oregon Department of Transportation			
Agreement with Confederated Tribes of Siletz	20.509	D2010-TRTR- 046	180,750
5310 Preventative Maintenance	20.513	27692	289,281
5311 Operating Funds	20.509	27408	386,449
Oregon State Sheriff's Association			
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601	K8-12-12-21	<u>3,277</u>
<i>Total Department of Transportation</i>			<u>921,542</u>
<i>Department of Health and Human Services</i>			
Consolidated Health Centers	93.224	FY13	896,631
Affordable Care Act -School Based Center Capital Expenditures	93.501	FY13	500,000
Meaningful Use - ARRA	93.729	FY13	51,000
Oregon Health and Human Services Department			
Family Planning Services			
Family Planning	93.217	280558	58,076
High Cost Contraceptive	93.217	280558	4,371
Immunization Program	93.712	280540	13,592
Adult Mini-Grant Immunization Program	93.712	280540	31,720
Bioterrorism - Preparedness and Response	93.069	280618	92,071
Tuberculosis	93.116	280549	3,206
Nurse Family Partnership	93.505	5H79SP01471 9-04	83,237

LINCOLN COUNTY, OREGON

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, continued

For the Year Ended June 30, 2013

Federal Grantor / Pass-Through Grantor / Program Title	CFDA Number	Grant / Contract / Pass- Through Number	Expenditures (Revenue Recognized)
<i>Department of Health and Human Services, continued</i>			
HIV Care Formula Grants			
Oregon Mothers Care	93.940	280646 5H79SP01471	4,492
MCH Title V Flexible Funds and CAH	93.940	9-04 5H79SP01471	34,310
Babies First	93.940	9-04 5H79SP01471	8,990
Adult Services - SE20	93.958	9-04 5H79SP01471	234,525
Child Services - SE22	93.958	9-04 5H79SP01471	99,911
Continuum of Care - SE66	93.959	9-04 5H79SP01471	348,414
Partnership Against Alcohol and Drug Abuse	93.276	9-04	149,809
Juvenile Shelter Home	93.778	IGA 125630	59,825
Juvenile Crime Prevention - Basic Diversion	93.667	12665	46,204
Juvenile Crime Prevention - Basic Diversion	93.667	12596	35,912
Oregon Health Authority			
National Bioterrorism Hospital Preparedness Program	93.889	140151	4,963
Oregon Department of Justice - Child Support Division			
Child Support Enforcement	93.563	610008	163,800
Oregon Commission on Children and Families			
Promoting Safe and Stable Families	93.556	13041	4,347
Social Services Block Grant			
Youth Basic Capacity	93.667	186868	166,018
Youth Investment - Runaway Homeless Youth	93.667	136878	39,143
Oregon Department of Health and Human Services - Klamath County			
Community Based Intergenerational Oral Health	93.121	FY13	<u>16,705</u>
<i>Total Department Health and Human Services</i>			<u>3,151,272</u>

LINCOLN COUNTY, OREGON

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, continued

For the Year Ended June 30, 2013

Federal Grantor / Pass-Through Grantor / Program Title	CFDA Number	Grant / Contract / Pass- Through Number	Expenditures (Revenue Recognized)
<i>Department of Homeland Security</i>			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FY13	759,518
Oregon Military Department - Emergency Management			
Emergency Management Performance Grants	97.042	12-522	88,578
2010 Homeland Security Grant	97.073	10-279	18,243
PSIC Grant	97.012	3312FAS12014 1	<u>222,291</u>
Oregon State Marine Board			
Boating Safety Financial Assistance	97.012	3312FAS12014 1	<u>222,291</u>
<i>Total Department of Homeland Security</i>			<u>1,088,630</u>
<i>Department of Veterans Administration</i>			
Primary Care, Outpatient Services	64.009	VA648-C31768	235,559
Oregon Department of Military Affairs			
Veterans Services	64.111	VA260-P-0781	<u>42,914</u>
<i>Total Department of Veterans Administration</i>			<u>278,473</u>
<i>Environmental Health Protection Agency</i>			
Oregon Department of Human Services			
State Public Water System Supervision	66.432	280557	<u>8,026</u>
<i>Total Environmental Health Agency</i>			<u>8,026</u>
Total Expenditures of Federal Awards			\$ <u>8,100,061</u>

LINCOLN COUNTY, OREGON

NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2013

1. Basis of Presentation

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