

BOLDT, CARLISLE & SMITH LLC

CERTIFIED PUBLIC ACCOUNTANTS

PARTNERSHIP ■ ASSURANCE ■ INNOVATION



ANNUAL FINANCIAL REPORT

Year Ended June 30, 2009

www.bcsllc.com

Established - 1968

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CITY OF LINCOLN CITY

CITY OFFICIALS

For the Year Ended June 30, 2009

MAYOR

Lori Hollingsworth
1640 NE 14th
Lincoln City, OR 97367

Term Expires/Expired

December 31, 2010

CITY COUNCIL

Rick Brissette
3543 NW Keel Avenue
Lincoln City, OR 97367

December 31, 2012

Dick Anderson
1205 NW Harbor Ave #7
Mailing: 960 SW Hwy 101 #347
Lincoln City, OR 97367

December 31, 2010

Randy Butts
2148 NE 29th Drive
Lincoln City, OR 97367

June 8, 2009

Doug Holbrook
1051 SW 8th Street
Lincoln City, OR 97367

December 31, 2008

Ed Kuntz
PO Box 1119
Lincoln City, OR 97367

December 31, 2008

Gary Ellingson
3417 SW Anchor Ave
Lincoln City, OR 97367

December 31, 2010

Tim Crenshaw
3452 SE 35th Court
Lincoln City, OR 97367

December 31, 2012

Chester Noreikis
1421 NW 19th
Lincoln City, OR 97367

December 31, 2012

CITY MANAGER

David Hawker

FINANCE DIRECTOR

Debbie Mammone

CITY OF LINCOLN CITY

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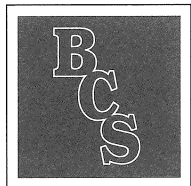
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BOLDT, CARLISLE & SMITH LLC
CERTIFIED PUBLIC ACCOUNTANTS
PARTNERSHIP ■ ASSURANCE ■ INNOVATION

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of the City Council
CITY OF LINCOLN CITY
Lincoln City, Oregon

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of **CITY OF LINCOLN CITY**, as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these basic financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **CITY OF LINCOLN CITY**, as of June 30, 2009, the respective changes in financial position, and cash flows, where applicable, thereof and the respective budgetary comparisons for the General, Transient Room Tax, Urban Renewal and Public Safety-Police Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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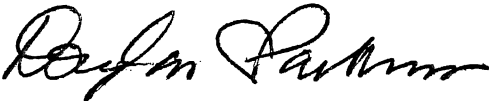
**Honorable Mayor and Members of the City Council
CITY OF LINCOLN CITY
Lincoln City, Oregon**

INDEPENDENT AUDITOR'S REPORT (Continued)

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund statements and schedules and other financial information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The other financial information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Boldt, Carlisle & Smith, LLC
Certified Public Accountants
Salem, Oregon
January 29, 2010

By: 

Douglas C. Parham, Member

MANAGEMENT'S DISCUSSION AND ANALYSIS

LINCOLN CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2009

This discussion and analysis presents the highlights of financial activities and financial position for the City of Lincoln City (City) and the Lincoln City Urban Renewal Agency (Agency), a component unit of the City, for the fiscal year ended June 30, 2009. The analysis focuses on significant financial issues, major financial activities and resulting changes in financial position, budget changes and variances from the budget. Please read this analysis in conjunction with the City's financial statements, which follow:

FINANCIAL HIGHLIGHTS

The City's combined net assets (total assets less total liabilities) were \$114,279,770 at June 30, 2009, an increase of \$2,540,746 (or 2%) over the prior year. The City's General Fund reported an ending fund balance of \$2,998,907, an increase of \$58,027 (or 2%) over the prior year.

During the fiscal year, the City of Lincoln City entered into a \$3,000,000 full faith and credit financing agreement for the expansion of the Library, a generator for Lincoln Square, and water improvements to replace a water tank and add a pump-station. The City's Urban Renewal Agency issued \$2,000,000 in short-term bonds during the fiscal year.

REPORT LAYOUT

This discussion and analysis is intended to serve as an introduction to the City of Lincoln City's basic financial statements. The City's annual financial report consists of several sections. Taken together they provide a comprehensive financial look at the City. The components of the report include the following:

Independent auditor's report

Management's discussion and analysis (this report)

Basic Financial Statements. Includes Statement of Net Assets, Statements of Activities, fund financial statements and the notes to the financial statements. Statements of Net Assets and Activities focus on an entity-wide presentation using the accrual basis of accounting. They are designed to be more corporate-like in that all activities are consolidated into a total for the City.

The Statement of Net Assets focuses on resources available for future operations. In simple terms, this statement presents a snapshot view of the assets the community owns, the liabilities it owes and the net difference. The net difference is further separated into amounts restricted for specific purposes and unrestricted amounts.

The Statement of Activities focuses on gross and net costs of City programs and the extent to which such programs rely upon general tax and other revenues. This statement summarizes and simplifies the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by general revenues.

Fund financial statements focus separately on major governmental funds and proprietary funds (water/sewer). Governmental fund statements follow the more traditional presentation of financial statements. The City's major governmental funds are presented in their own column and the remaining funds are combined into a column titled "Other Governmental funds." Budgetary comparison statements are presented for all of the major governmental funds. Statements for the City's proprietary funds follow the governmental funds and include net assets, revenues, expenses, changes in net assets and cash flow.

The notes to the financial statements provide additional disclosures required by governmental accounting standards and provide information to assist the reader in understanding the City's financial condition.

Combining and individual fund statements and schedules. This section includes details of amounts reported in other governmental and other enterprise fund columns of the basic financial statements and budget to actual comparisons for all funds not presented as part of the basic financial statements.

The City is the trustee, or fiduciary, for certain funds. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the City's fiduciary activities are reported in a separate statement of fiduciary net assets. These activities are excluded from the City's government-wide financial statements because the City cannot use these assets to finance its operations.

Other financial information. This section contains annual disclosure information in conformance with SEC Rule 15c2-12 and System Development Charges in accordance with ORS 223.311.

Disclosures and independent auditor's comments. Supplemental communication on City compliance and internal controls as required by Oregon statutes.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Statement of Net Assets. The City's combined net assets (total assets less total liabilities) were \$114,279,770 at June 30, 2009, an increase of \$2,540,746 (or 2%) over the prior year.

Table 1
NET ASSETS

	June 30, 2009			June 30, 2008		
	Governmental Activities	Business-type Activities	Totals	Governmental Activities	Business-type Activities	Totals
Assets:						
Cash and investments	\$ 15,274,669	\$ 9,923,506	\$ 25,198,175	\$ 16,443,532	\$ 13,742,589	\$ 30,186,121
Receivables, net	2,784,106	785,389	3,569,495	2,598,986	460,601	3,059,587
Prepaid Items	2,125					
Deferred charges		55,463	55,463	-	65,250	65,250
Inventories	-	85,248	85,248	-	102,407	102,407
Capital assets net of depreciation	<u>71,020,106</u>	<u>49,822,274</u>	<u>120,842,380</u>	<u>69,190,297</u>	<u>44,359,435</u>	<u>113,549,732</u>
Total assets	<u>89,081,006</u>	<u>60,671,880</u>	<u>149,750,761</u>	<u>88,232,815</u>	<u>58,730,282</u>	<u>146,963,097</u>
Liabilities:						
Accounts payable and accrued expenses	1,073,299	994,982	2,068,281	972,923	782,937	1,755,860
Accrued interest payable	51,252	58,166	109,418	52,650	54,477	107,127
Unearned revenue			-	7,500	-	7,500
Landfill closure and postclosure care costs	802,910	-	802,910	867,745	-	867,745
Net other postemployment benefit obligat	158,734	38,370				
Long-term obligations	<u>11,490,909</u>	<u>20,804,494</u>	<u>32,295,403</u>	<u>12,807,922</u>	<u>19,677,919</u>	<u>32,485,841</u>
Total liabilities	<u>13,577,104</u>	<u>21,896,012</u>	<u>35,276,012</u>	<u>14,708,740</u>	<u>20,515,333</u>	<u>35,224,073</u>
Net assets:						
Invested in capital assets net of related debt	59,967,780	29,163,152	89,130,932	56,815,433	24,801,446	81,616,879
Restricted for:						
Capital projects	2,843,865	7,767,365	10,611,230	3,170,221	11,384,440	14,554,661
Debt service	1,855,498	788,346	2,643,844	3,056,289	651,601	3,707,890
Highways and streets	<u>816,728</u>	<u>-</u>	<u>816,728</u>	<u>958,481</u>	<u>-</u>	<u>958,481</u>
Total net assets	<u>\$ 75,503,902</u>	<u>\$ 38,775,868</u>	<u>\$ 114,279,770</u>	<u>\$ 73,524,075</u>	<u>\$ 38,214,949</u>	<u>\$ 111,739,024</u>

Approximately 78% of the City's net assets are invested in capital assets. 9% of the City's net assets are restricted for capital projects (\$10,611,230) including proceeds from system development charges and bond proceeds net of associated long-term debt that are restricted for capital projects. The \$2,643,844 represents reserves in the bond funds and can only be spent in repaying outstanding debt. \$11,077,036 of the City's net assets is unrestricted and represents resources available to fund the programs of the City.

Changes in Net Assets. The City's total revenues were \$22,392,038, a decrease of 8.1% from the prior year. This change was primarily due to decreases in systems development charges and other building related activities. Of the City's total revenue, \$7,374,578 (or 32.9%) is from property taxes, \$4,209,286 (or 18.8%) is from transient room taxes, \$6,911,085 (or 30.9%) is from charges for services and \$3,897,089 (or 17.49%) is from grants, interest earnings and other non-tax sources. More detailed information is presented in table 2 below.

The total cost of all programs and services was \$19,851,292, an increase of \$4,103 (or 0.02%) from the prior year. Of the total costs, \$5,705,264 (or 28.7%) was for Business-type Activities \$14,146,028 (or 71.3%) was for general government, public safety, highways and streets, cultural and recreation and interest.

Table 2
CHANGE IN NET ASSETS

	Year Ended June 30, 2009			Year Ended June 30, 2008		
	Governmental Activities	Business-type Activities	Totals	Governmental Activities	Business-type Activities	Totals
Program revenues:						
Charges for services	\$ 1,323,459	\$ 5,414,474	\$ 6,737,933	\$ 2,002,937	\$ 6,103,396	\$ 8,106,333
Operating grants and contributions	24,431	-	24,431	13,798	-	13,798
Capital grants and contributions	236,747	468,830	705,577	795,314	31,834	827,148
General revenues:						
Property taxes, general purposes	3,629,399	-	3,629,399	3,498,922	-	3,498,922
Property taxes, debt service	3,061,150	684,029	3,745,179	2,838,497	603,802	3,442,299
Franchise taxes	1,134,039	-	1,134,039	1,140,921	-	1,140,921
Transient room taxes	4,209,286	-	4,209,286	3,739,199	-	3,739,199
Other	2,092,562	113,632	2,206,194	2,726,272	872,399	3,598,671
Total program and general revenues	15,711,073	6,680,965	22,392,038	16,755,860	7,611,431	24,367,291
Program expenses:						
General government	5,003,946	-	5,003,946	4,755,136	-	4,755,136
Public safety	3,829,499	-	3,829,499	4,235,410	-	4,235,410
Highways and streets	2,072,673	-	2,072,673	2,392,938	-	2,392,938
Cultural and recreation	2,738,354	-	2,738,354	2,573,035	-	2,573,035
Water and sewer		5,705,264	5,705,264	-	5,292,392	5,292,392
Interest on long-term debt	501,556	-	501,556	598,278	-	598,278
Total program expenses	14,146,028	5,705,264	19,851,292	14,554,797	5,292,392	19,847,189
Increase (decrease) in net assets						
before transfers	1,565,045	975,701	2,540,746	2,201,063	2,319,039	4,520,102
Transfers	414,782	(414,782)	-	(78,626)	78,626	-
Change in net assets	1,979,827	560,919	2,540,746	2,122,437	2,397,665	4,520,102
Net assets - beginning	73,524,075	38,214,949	111,739,024	71,401,638	35,817,284	107,218,922
Prior Period Adjustment	-	-	-	35,752,357	-	-
Net assets - ending	\$ 75,503,902	\$ 38,775,868	\$ 114,279,770	\$ 73,524,075	\$ 38,214,949	\$ 111,739,024

BUDGETARY HIGHLIGHTS

City Council approved three changes to the adopted budget. These changes (1) accommodated increased personnel expenditures resulting from labor negotiations, and provided expenditure authorization for purchase of water rights and storm drainage construction, (2) increased revenues and expenditures to reflect a planned sale of bonds to help fund the Water Reservoir project and Library expansion, and (3) moved amounts from contingency into operating expenditure categories to reflect actual spending patterns. These changes were less than 4 % of total appropriations for the year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

At the end of fiscal year 2009, the City had a net investment of \$120,842,380 in a broad range of capital assets, including land, infrastructure, equipment, buildings and vehicles. This amount represents a net increase (including additions and deductions) of \$7,292,648 (or 6.4%). More detailed information is presented in the notes to the financial statements.

Table 3
CHANGE IN CAPITAL ASSETS

	June 30, 2009			June 30, 2008		
	Governmental Activities	Business-type Activities	Totals	Governmental Activities	Business-type Activities	Totals
Beginning balance	\$ 69,190,297	\$ 44,359,435	\$ 113,549,732	\$ 69,976,911	\$ 35,416,531	\$ 105,393,442
Additions	4,138,326	7,151,687	11,290,013	1,546,112	10,398,408	11,944,520
Retirements	(494,906)	(896,695)	(1,391,601)	(344,698)	(82,370)	(427,068)
Depreciation, net	(1,813,611)	(792,153)	(2,605,764)	(1,988,028)	(1,373,134)	(3,361,162)
Ending balance	<u>\$ 71,020,106</u>	<u>\$ 49,822,274</u>	<u>\$ 120,842,380</u>	<u>\$ 69,190,297</u>	<u>\$ 44,359,435</u>	<u>\$ 113,549,732</u>

Governmental Activities

Capital assets from governmental activities increased \$3,643,420 before depreciation. These additions included (1) Library renovations, (2) purchase of land by the City, (3) Urban Renewal's OceanLake Gateway project, (4) Urban Renewal's Wallace Reef Access project, (5) construction of the Cutler City storm-water pump station, and (6) purchase of a generator for Lincoln Square.

Business-type Activities

Capital assets from business-type activities increased \$6,254,992 before depreciation. This addition was primarily for continued construction of the Waste Water Treatment Plant. Other major projects included (1) completion of a new Water Reservoir, (2) the Drift Creek Water Intake Project, and (3) construction of the Cutler City Sewer Pump Station.

Long-term Obligations

At the end of fiscal year 2009, the City had \$32,295,403 in outstanding debt, a decrease of \$190,438. During this fiscal year the City and the City's Urban Renewal Agency made principal bond repayments in the amount of \$3,221,405. The City issued \$3,000,000 of new Full Faith and Credit Notes.

Table 4
LONG-TERM OBLIGATIONS

	<u>June 30, 2009</u>	<u>June 30, 2008</u>
Governmental:		
General Obligation		
Civic Center, Series 2003	\$ -	\$ 299,000
Open Space, Series 1999	1,055,000	1,445,000
Full Faith and Credit Note Series 2008	1,000,000	-
Urban Renewal Bonds		
Series 2003	1,494,584	1,792,727
Series 2004	2,747,954	3,234,913
Series 2007	3,789,785	4,453,221
Contract payable	965,003	1,150,003
Accumulated vacation	<u>438,583</u>	<u>433,058</u>
Total governmental activities	<u>11,490,909</u>	<u>12,807,922</u>
Business-type:		
General Obligation Bonds		
Sewer Bonds - Series 2005	13,690,000	14,070,000
Water Bonds - Series 2007	3,414,439	3,706,791
Full Faith and Credit Revenue Refunding - 2006	1,554,683	1,781,198
Full Faith and Credit Note Series 2008	2,000,000	-
Accumulated vacation	<u>145,372</u>	<u>119,930</u>
Total business-type activities	<u>20,804,494</u>	<u>19,677,919</u>
Total long-term obligations	<u>\$ 32,295,403</u>	<u>\$ 32,485,841</u>

Governmental Activities

The City's Series 1999 Open Space bonds carry a Moody's A3 rating and are insured by MBIA Insurance Corp. See Other Financial Information for the annual disclosure statement in conformance with SEC Rule 15c2-12. During the year, \$175,000 of the 2013-2014 bonds was repaid, in addition to the \$215,000 principal payment that was due on June 1, 2009. The General Obligation Civic Center bonds were repaid in full.

Business-type Activities

The City's Series 1997 Water Treatment Plant Bonds were defeased in February 2006 and Full Faith and Credit Refunding Bonds were issued. The City's Series 2005 Sewer Bonds carry a Moody's A3

for the annual disclosure statement in conformance with SEC Rule 15c2-12. Both insurance companies were downgraded by Moody's in 2008.

The City's voters approved a general obligation bond in November 2004 in an amount not to exceed \$22,000,000 to replace and expand the sewer treatment plant and for upgrades to the collection system. \$15,000,000 of bonds were sold in April 2005. The remaining \$7,000,000 is anticipated to be sold in calendar year 2010.

ECONOMIC FACTORS, NEXT YEAR'S BUDGET AND RATES

Governmental Activities

The City's general fund revenue is 48% dependent upon property taxes. Since 1997 property taxes have been limited by state statute to an increase of 3% a year plus the value of new construction. The City's projected general fund revenue for fiscal year 2009-2010 is \$7,475,653 and expenditures are budgeted at \$7,758,650, with the difference to be funded by reserves. The projected general fund reserves for fiscal year 2009-2010 total \$2,505,492 (or 32% of budgeted expenditures). The other major source of revenue for governmental activities is the Transient Room Tax (TRT). In the past this revenue source has increased 5% a year; however, given the economic climate it is anticipated the TRT revenues will decline slightly in the near future.

The City's Urban Renewal Agency has budgeted \$494,348 for property acquisition and \$1,469,000 for capital projects, related primarily to:

Wecoma Beach: N. 32nd Street/Highway 101 Pedestrian Crossing
OceanLake: NW15th Street Improvement Project / Streetscape
Nelscott: SW Anchor Avenue Improvement Project
Taft: SE Inlet Avenue Public Parking Lot
Cutler City: Two Bay Access Projects & Cutler Trails Project

Business-type Activities

All of the revenue for business-type activities is from user charges and system development charges. Water rates have been increased 6% and Sewer rates have been increased 4% for fiscal year 2010. This continues the City's program to increase rates in increments each year.

For fiscal year 2009-2010, the City's Water Capital funds have budgeted \$2,972,952 in capital for: completion of the Drift Creek Project, including installation of 1.25 miles of 16" pipe from Drift Creek to the Water Plant, installation of an additional 12" water supply main, replacement of the Schooner Creek water line, and the design / construction of the Port Drive water line.

For fiscal year 2009-2010, the City's Wastewater Capital funds have budgeted \$12,428,680 in capital for: Lockshire pump station upgrades, Canyon Drive pump station upgrade, repair of slide area on the Treatment Plant access road, design and initiate construction on phase 1-B of the sewer treatment plant upgrade, and a new maintenance building at City Shop site.

REQUESTS FOR INFORMATION

The City's financial statements are designed to present users (citizens, taxpayers, customers, investors and creditors) with a general overview of the City's finances and to demonstrate the City's accountability. If you have questions about the report or need additional information, please contact the City's Finance Director at City Hall, 801 SW Highway 101, Lincoln City, Oregon 97367. Copies of this report are also available at the Driftwood Library.

BASIC FINANCIAL STATEMENTS

CITY OF LINCOLN CITY
STATEMENT OF NET ASSETS
June 30, 2009

	Government Activities	Business-type Activities	Totals
<u>ASSETS</u>			
Cash and investments	\$ 15,274,669	\$ 9,923,506	\$ 25,198,175
Receivables, net	2,784,106	785,389	3,569,495
Prepaid items	2,125	-	2,125
Inventories	-	85,248	85,248
Deferred charges, net	-	55,463	55,463
Capital assets:			
Land, improvements and construction in progress	37,137,043	2,479,153	39,616,196
Other capital assets, net	33,883,063	47,343,121	81,226,184
TOTAL ASSETS	89,081,006	60,671,880	149,752,886
<u>LIABILITIES</u>			
Accounts payable and accrued expenses	580,189	994,982	1,575,171
Other accrued liabilities	493,110	-	493,110
Accrued interest payable	51,252	58,166	109,418
Landfill closure and postclosure care costs	802,910	-	802,910
Net other postemployment benefit obligation	158,734	38,370	197,104
Long-term obligations:			
Due within one year	2,610,886	1,523,305	4,134,191
Due in more than one year	8,880,023	19,281,189	28,161,212
TOTAL LIABILITIES	13,577,104	21,896,012	35,473,116
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	59,967,780	29,163,152	89,130,932
Restricted for:			
Capital outlay	2,843,865	7,767,365	10,611,230
Debt service	1,855,498	788,346	2,643,844
Highways and streets	816,728	-	816,728
Unrestricted	10,020,031	1,057,005	11,077,036
TOTAL NET ASSETS	\$ 75,503,902	\$ 38,775,868	\$ 114,279,770

See notes to basic financial statements

CITY OF LINCOLN CITY

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2009

<u>Functions/Programs</u>	Program Revenues				Net (Expenses) Revenue and Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- type Activities
Governmental activities						
General government	\$ 5,003,946	\$ 557,635	\$ -	\$ 133,007	\$ (4,313,304)	\$ (4,313,304)
Public safety	3,829,499	210,585	12,466	-	(3,606,448)	(3,606,448)
Highways and streets	2,072,673	32,321	-	89,174	(1,951,178)	(1,951,178)
Culture and recreation	2,738,354	522,918	11,965	14,566	(2,188,905)	(2,188,905)
Interest on long-term obligations	501,556	-	-	-	(501,556)	(501,556)
TOTAL GOVERNMENTAL ACTIVITIES	14,146,028	1,323,459	24,431	236,747	(12,561,391)	(12,561,391)
Business-type activities						
Water	2,439,772	2,824,968	-	155,865		\$ 541,061
Sewer	3,265,492	2,589,506	-	312,965		(363,021)
TOTAL BUSINESS-TYPE ACTIVITIES	5,705,264	5,414,474	-	468,830		178,040
Totals	\$ 19,851,292	\$ 6,737,933	\$ 24,431	\$ 705,577	(12,561,391)	178,040
General revenues						
Property taxes levied for:						
General puposes						3,629,399
Debt service						3,061,150
Franchise taxes						1,134,039
Transient room taxes						4,209,286
Unrestricted investment earnings						337,498
Miscellaneous						1,605,058
Gain (loss) on sale of capital assets						150,006
Transfers						414,782
TOTAL GENERAL REVENUES AND TRANSFERS						14,541,218
CHANGE IN NET ASSETS						1,979,827
NET ASSETS - BEGINNING						73,524,075
NET ASSETS - ENDING						\$ 75,503,902
						\$ 38,775,868
						\$ 114,279,770

CITY OF LINCOLN CITY

**BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2009**

	General	Transient Room Tax
<u>ASSETS</u>		
Cash and investments	\$ 3,466,270	\$ -
Receivables	505,043	920,808
Prepaid items	-	-
TOTAL ASSETS	<u>\$ 3,971,313</u>	<u>\$ 920,808</u>
<u>LIABILITIES</u>		
Accounts payable and accrued expenses	\$ 103,256	\$ -
Other accrued liabilities	493,110	-
Deferred revenue	376,040	-
TOTAL LIABILITIES	<u>972,406</u>	<u>-</u>
<u>FUND BALANCES</u>		
Reserved for debt service	-	-
Unreserved reported in:		
General fund	2,998,907	-
Special revenue funds	-	920,808
Capital projects funds	-	-
TOTAL FUND BALANCES	<u>2,998,907</u>	<u>920,808</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 3,971,313</u>	<u>\$ 920,808</u>

See notes to basic financial statements

Urban Renewal	Public Safety Police	Urban Renewal Tax Increment	Other Governmental Funds	Totals
\$ 2,800,798	\$ 360,035	\$ 1,574,857	\$ 7,072,709	\$ 15,274,669
-	1,680	237,764	1,118,811	2,784,106
-	-	-	2,125	2,125
<u>\$ 2,800,798</u>	<u>\$ 361,715</u>	<u>\$ 1,812,621</u>	<u>\$ 8,193,645</u>	<u>\$ 18,060,900</u>
\$ 102,633	\$ 35,059	\$ -	\$ 339,241	\$ 580,189
-	-	-	-	493,110
-	-	237,764	1,019,867	1,633,671
<u>102,633</u>	<u>35,059</u>	<u>237,764</u>	<u>1,359,108</u>	<u>2,706,970</u>
-	-	1,574,857	14,303	1,589,160
-	-	-	-	2,998,907
2,698,165	326,656	-	3,976,369	7,921,998
-	-	-	2,843,865	2,843,865
<u>2,698,165</u>	<u>326,656</u>	<u>1,574,857</u>	<u>6,834,537</u>	<u>15,353,930</u>
<u>\$ 2,800,798</u>	<u>\$ 361,715</u>	<u>\$ 1,812,621</u>	<u>\$ 8,193,645</u>	

Amounts reported for governmental activities in the Statement of Net

Assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds net of accumulated depreciation of \$29,374,411	\$ 71,020,106
Other long-term assets are not available for current-period expenditures and therefore are deferred in the funds:	
Property taxes earned but not available	598,474
Assessments earned but not available	5,659
Fines earned but not available	43,904
Notes receivable earned but not available	985,634
Accrued compensated absences are not due and payable in the current period and therefore are not reported in the funds.	(438,583)
The net post-employment benefits obligation is reported in the statement of net assets but is not reported in the funds.	(158,734)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(11,906,488)
NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 75,503,902</u>

CITY OF LINCOLN CITY
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2009

	General	Transient Room Tax
REVENUES		
Property taxes	\$ 3,599,549	\$ -
Franchises and fees	1,434,538	-
Transient room tax	-	4,209,286
Fines and forfeitures	206,192	-
Rents	-	-
Loan repayments	-	-
Charges for services	-	-
Intergovernmental	476,455	-
Reimbursement from other funds	-	-
Interest on investments	75,782	-
Miscellaneous	802,422	-
TOTAL REVENUES	<u>6,594,938</u>	<u>4,209,286</u>
EXPENDITURES		
Current:		
General government	2,709,444	8
Public safety	-	-
Highways and streets	-	-
Culture and recreation	1,700,658	-
Debt service	-	-
Capital outlay	54,302	-
TOTAL EXPENDITURES	<u>4,464,404</u>	<u>8</u>
Excess (deficiency) of revenues over expenditures	<u>2,130,534</u>	<u>4,209,278</u>
OTHER FINANCING SOURCES (USES)		
Proceeds from sale of capital assets	275,046	-
Proceeds from short-term obligations	-	-
Transfers in	855,447	-
Repayment of short-term obligations	-	-
Transfers out	(3,203,000)	(4,158,899)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,072,507)</u>	<u>(4,158,899)</u>
Net change in fund balances	58,027	50,379
Fund balances at beginning of year	<u>2,940,880</u>	<u>870,429</u>
Fund balances at end of year	<u><u>\$ 2,998,907</u></u>	<u><u>\$ 920,808</u></u>

See notes to basic financial statements

Urban Renewal	Public Safety Police	Urban Renewal Tax Increment	Other Governmental Funds	Totals
\$ -	\$ -	\$ 2,703,566	\$ 291,830	\$ 6,594,945
-	-	-	11,294	1,445,832
-	-	-	-	4,209,286
-	-	-	-	206,192
31,553	-	-	183,792	215,345
-	-	-	133,089	133,089
-	27,414	-	137,922	165,336
-	15,257	-	801,540	1,293,252
-	-	-	22,669	22,669
42,753	7,526	67,217	144,220	337,498
-	8,040	-	141,636	952,098
74,306	58,237	2,770,783	1,867,992	15,575,542
431,425	-	-	1,493,692	4,634,569
-	2,966,868	-	652,999	3,619,867
-	-	-	958,599	958,599
4,286	-	-	620,181	2,325,125
218,304	-	1,821,558	831,152	2,871,014
1,463,992	137,051	-	2,309,623	3,964,968
2,118,007	3,103,919	1,821,558	6,866,246	18,374,142
(2,043,701)	(3,045,682)	949,225	(4,998,254)	(2,798,600)
-	3,231	-	-	278,277
2,000,000	-	-	1,000,000	3,000,000
-	3,175,717	-	3,996,743	8,027,907
-	-	(2,000,000)	-	(2,000,000)
-	-	-	(205,704)	(7,567,603)
2,000,000	3,178,948	(2,000,000)	4,791,039	1,738,581
(43,701)	133,266	(1,050,775)	(207,215)	(1,060,019)
2,741,866	193,390	2,625,632	7,041,752	16,413,949
\$ 2,698,165	\$ 326,656	\$ 1,574,857	\$ 6,834,537	\$ 15,353,930

CITY OF LINCOLN CITY

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

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$	(1,060,019)
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*Amounts reported for governmental activities in the
Statement of Activities are different because of the following:*

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

Capital outlay	\$ 4,138,326	
Depreciation	<u>(2,180,245)</u>	1,958,081

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

Taxes	95,604	
Special assessments	(7,954)	
Loan repayments	(102,125)	
Decrease in landfill closure costs	<u>64,835</u>	50,360

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

(158,734)

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. This is the amount by which proceeds exceeded repayments:

Bond proceeds	(1,000,000)	
Principal payments	<u>2,322,539</u>	1,322,539

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Accrued interest	1,397	
Compensated absences	(5,525)	
Adjusted basis of assets disposed of during the year	<u>(128,272)</u>	<u>(132,400)</u>

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$	<u><u>1,979,827</u></u>
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CITY OF LINCOLN CITY

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

	Budget			
	Original	Final	Actual	Variance
REVENUES				
Property taxes	\$ 3,535,928	\$ 3,535,928	\$ 3,599,549	\$ 63,621
Franchises and fees	1,466,567	1,466,567	1,434,538	(32,029)
Fines and forfeitures	213,027	213,027	206,192	(6,835)
Intergovernmental	500,826	500,826	476,455	(24,371)
Interest	126,000	126,000	75,782	(50,218)
Miscellaneous	792,587	792,587	802,422	9,835
TOTAL REVENUES	<u>6,634,935</u>	<u>6,634,935</u>	<u>6,594,938</u>	<u>(39,997)</u>
EXPENDITURES				
City council	26,550	26,550	16,763	9,787
City administration	436,628	436,628	407,337	29,291
Finance	750,814	766,814	761,048	5,766
Library	867,642	867,642	736,288	131,354
Municipal court	88,456	88,456	87,752	704
City attorney	152,200	164,200	134,436	29,764
Community development	737,128	737,128	615,090	122,038
Recreation	964,894	1,014,894	989,026	25,868
Vehicle maintenance	157,580	157,580	58,110	99,470
City hall operations	707,000	741,000	658,554	82,446
Contingencies	1,200,000	1,088,000	-	1,088,000
TOTAL EXPENDITURES	<u>6,088,892</u>	<u>6,088,892</u>	<u>4,464,404</u>	<u>1,624,488</u>
Excess (deficiency) of revenues over expenditures	<u>546,043</u>	<u>546,043</u>	<u>2,130,534</u>	<u>1,584,491</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	879,525	879,525	855,447	(24,078)
Proceeds from sale of capital assets	275,000	275,000	275,046	46
Transfers out	(3,150,000)	(3,150,000)	(3,203,000)	(53,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,995,475)</u>	<u>(1,995,475)</u>	<u>(2,072,507)</u>	<u>(77,032)</u>
Net change in fund balance	(1,449,432)	(1,449,432)	58,027	1,507,459
Fund balance at beginning of year	<u>2,820,791</u>	<u>2,820,791</u>	<u>2,940,880</u>	<u>120,089</u>
Fund balance at end of year	<u><u>\$ 1,371,359</u></u>	<u><u>\$ 1,371,359</u></u>	<u><u>\$ 2,998,907</u></u>	<u><u>\$ 1,627,548</u></u>

See notes to basic financial statements

CITY OF LINCOLN CITY

**TRANSIENT ROOM TAX - SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2009**

	Original and Final Budget	Actual	Variance
REVENUES			
Transient room tax	\$ 3,621,557	\$ 4,209,286	\$ 587,729
Interest	250	-	(250)
TOTAL REVENUES	3,621,807	4,209,286	587,479
EXPENDITURES			
Materials and services	30,000	8	29,992
Excess (deficiency) of revenues over expenditures	3,591,807	4,209,278	617,471
OTHER FINANCING SOURCES (USES)			
Transfers out	(3,591,807)	(4,158,899)	(567,092)
Net change in fund balance	-	50,379	50,379
Fund balance at beginning of year	-	870,429	870,429
Fund balance at end of year	\$ -	\$ 920,808	\$ 920,808

See notes to basic financial statements

CITY OF LINCOLN CITY

**URBAN RENEWAL - SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2009**

	Original and Final Budget	Actual	Variance
REVENUES			
Rents	\$ 27,000	\$ 31,553	\$ 4,553
Interest on investments	110,000	42,753	(67,247)
TOTAL REVENUES	<u>137,000</u>	<u>74,306</u>	<u>(62,694)</u>
EXPENDITURES			
Personal services	187,427	183,307	4,120
Material and services	290,220	252,404	37,816
Capital outlay	6,787,654	1,463,992	5,323,662
Debt service	218,304	218,304	-
TOTAL EXPENDITURES	<u>7,483,605</u>	<u>2,118,007</u>	<u>5,365,598</u>
Excess (deficiency) of revenues over expenditures	(7,346,605)	(2,043,701)	5,302,904
OTHER FINANCING SOURCES (USES)			
Proceeds from short-term debt	<u>5,000,000</u>	<u>2,000,000</u>	<u>(3,000,000)</u>
Net change in fund balance	(2,346,605)	(43,701)	2,302,904
Fund balance at beginning of year	<u>2,616,388</u>	<u>2,741,866</u>	<u>125,478</u>
Fund balance at end of year	<u>\$ 269,783</u>	<u>\$ 2,698,165</u>	<u>\$ 2,428,382</u>

See notes to basic financial statements

CITY OF LINCOLN CITY

**PUBLIC SAFETY-POLICE - SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2009**

	Budget			
	Original	Final	Actual	Variance
REVENUES				
Charges for services	\$ 18,000	\$ 18,000	\$ 27,414	\$ 9,414
Intergovernmental	-	-	15,257	15,257
Interest on investments	15,000	15,000	7,526	(7,474)
Miscellaneous	2,250	2,250	8,040	5,790
TOTAL REVENUES	<u>35,250</u>	<u>35,250</u>	<u>58,237</u>	<u>22,987</u>
EXPENDITURES				
Personal services	2,607,784	2,680,632	2,553,269	127,363
Material and services	452,357	457,107	413,599	43,508
Capital outlay	131,500	136,500	137,051	(551)
Contingencies	48,296	110,803	-	110,803
TOTAL EXPENDITURES	<u>3,239,937</u>	<u>3,385,042</u>	<u>3,103,919</u>	<u>281,123</u>
Excess (deficiency) of revenues over expenditures	<u>(3,204,687)</u>	<u>(3,349,792)</u>	<u>(3,045,682)</u>	<u>304,110</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	3,026,527	3,171,632	3,175,717	4,085
Proceeds from sale of capital assets	-	-	3,231	3,231
TOTAL OTHER FINANCING SOURCES (USES)	<u>3,026,527</u>	<u>3,171,632</u>	<u>3,178,948</u>	<u>7,316</u>
Net change in fund balance	(178,160)	(178,160)	133,266	311,426
Fund balance at beginning of year	<u>178,160</u>	<u>178,160</u>	<u>193,390</u>	<u>15,230</u>
Fund balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 326,656</u></u>	<u><u>\$ 326,656</u></u>

See notes to basic financial statements

CITY OF LINCOLN CITY

**STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2009**

	Enterprise		Other Enterprise Funds	Totals
	Water	Sewer		
<u>ASSETS</u>				
CURRENT ASSETS				
Cash and investments	\$ (66,621)	\$ 671,641	\$ 9,318,486	\$ 9,923,506
Receivables, net	370,767	369,273	45,349	785,389
Inventories	69,183	16,065	-	85,248
Deferred charges, net	55,463	-	-	55,463
Total current assets	428,792	1,056,979	9,363,835	10,849,606
CAPITAL ASSETS				
Land, improvements and construction in progress	2,331,726	147,427	-	2,479,153
Other capital assets, net	19,269,085	28,074,036	-	47,343,121
Total capital assets	21,600,811	28,221,463	-	49,822,274
TOTAL ASSETS	22,029,603	29,278,442	9,363,835	60,671,880
<u>LIABILITIES</u>				
CURRENT LIABILITIES				
Accounts payable and accrued expenses	24,510	162,348	808,124	994,982
Accrued interest payable	11,053	47,113	-	58,166
Compensated absences payable	80,727	64,645	-	145,372
Current portion of long-term obligations	982,933	395,000	-	1,377,933
Total current liabilities	1,099,223	669,106	808,124	2,576,453
LONG-TERM OBLIGATIONS	6,004,435	13,315,124	-	19,319,559
TOTAL LIABILITIES	7,103,658	13,984,230	808,124	21,896,012
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	14,631,689	14,531,463	-	29,163,152
Restricted for				
Capital outlay	-	-	7,767,365	7,767,365
Debt service	-	-	788,346	788,346
Unrestricted	294,256	762,749	-	1,057,005
TOTAL NET ASSETS	\$ 14,925,945	\$ 15,294,212	\$ 8,555,711	\$ 38,775,868

See notes to basic financial statements

CITY OF LINCOLN CITY

**COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For the Year Ended June 30, 2009**

	Enterprise		Other Enterprise Funds	Totals
	Water	Sewer		
OPERATING REVENUES				
Charges for services	\$ 2,824,968	\$ 2,589,506	\$ -	\$ 5,414,474
OPERATING EXPENSES				
Personal services	940,414	1,053,419	-	1,993,833
Materials and services	502,276	852,697	-	1,354,973
Amortization	9,787	-	-	9,787
Depreciation	730,143	754,278	-	1,484,421
TOTAL OPERATING EXPENSES	2,182,620	2,660,394	-	4,843,014
OPERATING INCOME (LOSS)	642,348	(70,888)	-	571,460
NONOPERATING REVENUES (EXPENSES)				
System development charges	-	-	468,830	468,830
Interest earned on investments	5,597	12,448	228,788	246,833
Miscellaneous	6,950	60,711	-	67,661
Property taxes	-	-	684,029	684,029
Interest	(50,114)	903	(813,039)	(862,250)
(Loss) on disposal of capital assets	(186,443)	(14,419)	-	(200,862)
TOTAL NONOPERATING REVENUES (EXPENSES)	(224,010)	59,643	568,608	404,241
Income before transfers	418,338	(11,245)	568,608	975,701
TRANSFERS				
Transfers in	4,683,286	1,280,174	2,544,000	8,507,460
Transfers out	(1,785,261)	(544,043)	(6,592,938)	(8,922,242)
TOTAL TRANSFERS	2,898,025	736,131	(4,048,938)	(414,782)
Change in net assets	3,316,363	724,886	(3,480,330)	560,919
Net assets at beginning of year	11,609,582	14,569,326	12,036,041	38,214,949
Net assets at end of year	\$14,925,945	\$ 15,294,212	\$ 8,555,711	\$ 38,775,868

CITY OF LINCOLN CITY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2009

	Enterprise Funds			
	Water	Sewer	Other	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 2,679,650	\$ 2,488,355	\$ -	\$ 5,168,005
Payments to suppliers	(483,038)	(734,004)	-	(1,217,042)
Payments to employees	(912,436)	(1,017,585)	-	(1,930,021)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>1,284,176</u>	<u>736,766</u>	<u>-</u>	<u>2,020,942</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Property taxes	-	-	673,371	673,371
Transfers in	-	-	2,544,000	2,544,000
Transfers out	(1,785,261)	(544,043)	(675,000)	(3,004,304)
NET CASH PROVIDED BY (USED IN) NONCAPITAL FINANCING ACTIVITIES	<u>(1,785,261)</u>	<u>(544,043)</u>	<u>2,542,371</u>	<u>213,067</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from sale of capital assets	-	3,565	-	3,565
Acquisition of capital assets	(12,236)	(120,380)	(6,927,798)	(7,060,414)
System Development Charges	-	-	468,830	468,830
Proceeds from long term debt obligations	-	-	2,000,000	2,000,000
Principal paid on long-term obligations	-	-	(898,867)	(898,867)
Interest paid on long-term obligations	-	-	(813,039)	(813,039)
NET CASH (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(12,236)</u>	<u>(116,815)</u>	<u>(6,170,874)</u>	<u>(6,299,925)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	<u>5,597</u>	<u>12,448</u>	<u>228,788</u>	<u>246,833</u>
Net increase (decrease) in cash	(507,724)	88,356	(3,399,715)	(3,819,083)
Cash - beginning of year	<u>441,103</u>	<u>583,285</u>	<u>12,718,201</u>	<u>13,742,589</u>
Cash - end of year	<u>\$ (66,621)</u>	<u>\$ 671,641</u>	<u>\$ 9,318,486</u>	<u>\$ 9,923,506</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income (loss)	\$ 642,348	\$ (70,888)	\$ -	\$ 571,460
Adjustments to reconcile operating income (loss) to net cash provided by operating activities				
Depreciation and amortization	739,930	754,278	-	1,494,208
Other	6,950	60,711	-	67,661
Decrease (increase) in assets				
Receivables, net	(152,268)	(161,862)	-	(314,130)
Inventories	22,318	(5,159)	-	17,159
Increase (decrease) in liabilities				
Accounts payable and accrued expenses	(3,080)	123,852	-	120,772
Compensated absences payable	9,732	15,710	-	25,442
Net other postemployment benefit obligation	18,246	20,124	-	38,370
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 1,284,176</u>	<u>\$ 736,766</u>	<u>\$ -</u>	<u>\$ 2,020,942</u>

See notes to basic financial statements

CITY OF LINCOLN CITY

**STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
June 30, 2009**

	<u>Agency</u>
<u>ASSETS</u>	
Cash and investments	\$ 36,648
Receivables	<u> 4,354</u>
 TOTAL ASSETS	 <u><u>\$ 41,002</u></u>
 <u>LIABILITIES</u>	
Accounts payable	\$ 22,153
Funds held in trust	<u> 18,849</u>
 TOTAL LIABILITIES	 <u><u>\$ 41,002</u></u>

See notes to basic financial statements

CITY OF LINCOLN CITY

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2009

1. Summary of significant accounting policies

The financial statements of **CITY OF LINCOLN CITY** have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting entity for establishing governmental accounting and financial reporting standards.

A. Organization

The City was incorporated as a home-rule city on March 3, 1965, consolidating the incorporated cities of Taft, Delake and Oceanlake, and the unincorporated communities of Cutler City and Nelscott.

Control of the City is vested in its mayor and council members who are elected to office by voters within the City. Administrative functions are delegated to individuals who report to and are responsible to the council. The chief administrative officer is the city manager.

B. Reporting entity

The accompanying financial statements present the government and component units for which the City is considered to be financially accountable. The criteria used in making this determination includes appointment of a voting majority, imposition of will, financial benefit or burden on the primary government, and fiscal dependency on the primary government.

The city council serves as the governing board of the **LINCOLN CITY URBAN RENEWAL AGENCY**. Therefore, the accounts of the agency are included in the financial statements of the City.

Complete financial statements for the **LINCOLN CITY URBAN RENEWAL AGENCY** may be obtained from the City's finance department.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of significant accounting policies (continued)

C. Basis of Presentation, Measurement Focus, and Basis of Accounting

The basic financial statements include both government-wide and fund based financial statements. Both levels of statements categorize primary activities as either governmental or business-type. Governmental activities, which are normally financed through taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

Government-wide Financial Statements

The government-wide financial statements display information about all of the nonfiduciary activities of the City, and its component unit.

The statement of activities presents a comparison between direct expenses and program revenues for the City's programs. Direct expenses are those that are clearly allocable with a specific function or segment. The City does not allocate indirect expenses. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

When both restricted and unrestricted resources are available for use it is the City's policy to use restricted resources first, then unrestricted resources, as they are needed.

Measurement Focus and Basis of Accounting

The government-wide financial statements and the proprietary funds financial statements are reported using the economic resources measurement focus and 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 City receives value without giving equal value in exchange, include property taxes, grants, entitlements and donations. On the accrual basis of accounting, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The government-wide statements and proprietary funds have applied all Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedure issued on or before November 30, 1989, unless those pronouncements conflict with or contradict Governmental Accounting Standards Board (GASB) pronouncements.

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 City, the elimination of which would distort the direct costs and program revenues reported for the various functions concerned.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of significant accounting policies (continued)

C. Basis of Presentation, Measurement Focus, and Basis of Accounting (continued)

Measurement Focus and Basis of Accounting (continued)

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Governmental fund financial statements are reported using the current financial resources measurement focus and modified accrual basis of accounting. Revenues are recognized when measurable and available. The City considers all revenues reported in the governmental funds to be available if they are collected within thirty days after year end. Property taxes and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for claims and judgments, which are recognized as expenditures to the extent they have been incurred. Capital asset acquisitions are reported as expenditures in the governmental funds and proceeds from general long-term debt are reported as other financing sources.

The bases of accounting described above are in accordance with accounting principles generally accepted in the United States of America.

Fund Financial Statements

The fund financial statements display information at the individual fund level. Each fund is considered to be a separate accounting entity. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds are consolidated into a single column within each fund type in the financial section of the basic financial statements and are detailed in the supplemental information.

The City reports the following major governmental funds:

General – accounts for the financial operations of the City except those required to be accounted for in another fund. Principal sources of revenue are property taxes, fees, licenses and state apportionments.

Transient Room Tax – accounts for room taxes collected which are transferred to other funds.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of significant accounting policies (continued)

C. Basis of Presentation, Measurement Focus, and Basis of Accounting (continued)

Fund Financial Statements (continued)

Urban Renewal – accounts for the general administration of the City's urban renewal areas. Resources are primarily provided from bond sales.

Public Safety-Police – accounts for the operation of the police department. Resources are primarily provided from transfers from other funds.

Urban Renewal Tax Increment – accounts for the payment of principal and interest on Urban Renewal Bonds. Resources are provided from tax increment proceeds and interest earnings.

The City reports the following major proprietary funds:

Water – accounts for the water system operations. This fund is predominantly self-supported through user charges to customers.

Sewer – accounts for the sewer system operations. This fund is predominantly self-supported through user charges to customers.

Additionally, the City reports the following fiduciary fund:

Agency – account for assets held in a purely custodial capacity for others (assets equal liabilities).

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of significant accounting policies (continued)

D. 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 City 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 City 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 City establishes levels of budgetary control at personal services, materials and services, capital outlay, operating contingencies, and debt service for all funds, except the General Fund, where budgetary control is established at the department level.

Budget amounts shown in the basic financial statements have been revised since the original budget amounts were adopted. The City must authorize all appropriation transfers and supplementary budgetary appropriations.

E. Inventories

Inventories consisting of water and sewer system supplies and materials are stated at cost, on a first-in, first-out basis.

F. Use of estimates

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of significant accounting policies (continued)

G. Capital assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are charged to expenditures as purchased in the governmental fund statements, and capitalized in the proprietary fund statements. Capital assets are recorded at historical cost or estimated historical cost. Donated assets are recorded at estimated fair value as of the date of the donation.

Capital assets are defined by the City as assets with an initial, individual cost of \$1,000 or more, and an estimated useful life of greater than five years. 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 for repairs and maintenance are expensed as incurred.

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

<u>Asset</u>	<u>Years</u>
Buildings and improvements	25–40
Improvements other than buildings	10–20
Machinery and equipment	5–10
Vehicles	5–10
Utility systems	25–40
Infrastructure	20–40

Depreciation is taken in the year the assets are acquired or retired based upon the number of months held. Gains or losses from sales or retirements of capital assets are included in operations of the current period.

H. Long-term obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are treated as period costs in the year of issue and are shown as other financing uses.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of significant accounting policies (continued)

I. Compensated absences

1. *Sick leave*

The City has a policy which permits full-time employees to accumulate unused sick leave at the rate of one day per month over their working careers. The City does not compensate the employees for unused accumulations upon termination of employment.

Sick leave, which does not vest, is recognized in funds when leave is taken.

2. *Vacation leave*

Each employee earns vacation at rates determined by their length of employment. An employee can accumulate a maximum of 320 hours.

Accumulated vested vacation leave is accrued as it is earned. For governmental funds, the non-current portion (the amount estimated to be used in subsequent fiscal years) is maintained separately and represents a reconciling item between the fund-level and government-wide presentations. Only the current portion is reported in the governmental funds, and is calculated based on historical trends. In business-type/enterprise funds, both the current and long-term liabilities are recorded

J. User charges

User charges receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to user charges receivable. Changes in the valuation allowance have not been material to the financial statements.

2. Deposits and investments

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

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

2. Deposits and investments (continued)

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

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

For purposes of reporting cash flows, cash and cash equivalents include cash on hand, checking, savings and money market accounts, and any highly-liquid debt instruments purchased with a maturity of three months or less.

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

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

	<u>Carrying Value</u>	<u>Fair Value</u>
Oregon State Local Government Investment Pool	<u>\$ 24,800,569</u>	<u>\$ 24,800,569</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

2. Deposits and investments (continued)

Interest Rate Risk: The City does not have a formal policy that limits investment maturities as a means of managing its exposure to fair-value losses arising from increases in interest rates.

Concentration of Credit Risk: The City does not have a formal policy that places a limit on the amount that may be invested in any one insurer. 100 percent of the City's investments are in the State Treasurer's Investment Pool.

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

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

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

Deposits	\$ 433,229
Cash on hand	1,025
Investments	<u>24,800,569</u>
Total deposits and investments	<u>\$ 25,234,823</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

2. Deposits and investments (continued)

B. Cash and investments by activity/fund are as follows:

Governmental activities/funds	
General	\$ 3,466,270
Urban Renewal	2,800,798
Public Safety-Police	360,035
Urban Renewal Tax Increment	1,574,857
Other governmental	<u>7,072,709</u>
 Total governmental activities/funds	 <u>15,274,669</u>
 Business-type activities/proprietary funds	
Water	(66,621)
Sewer	671,641
Other business-type	<u>9,318,486</u>
 Total business-type activities/proprietary funds	 <u>9,923,506</u>
 Fiduciary	
Agency	<u>36,648</u>
 Total ending cash by fund	 <u><u>\$ 25,234,823</u></u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

3. Receivables

Receivables as of June 30, 2009, for the City's governmental activities/funds are as follows:

	General	Transient Room Tax	Public Safety Police	Urban Renewal Tax Increment	Other Governmental Funds	Totals
Property taxes	\$ 332,136	\$ -	\$ -	\$ 237,764	\$ 28,574	\$ 598,474
Intergovernmental	27,403	-	1,680	-	99,757	128,840
Fines and warrants	47,804	-	-	-	-	47,804
Franchise fees	89,115	-	-	-	-	89,115
Room taxes	-	920,808	-	-	-	920,808
Notes-housing rehabilitation	-	-	-	-	985,634	985,634
Other	8,585	-	-	-	4,846	13,431
	<u>\$ 505,043</u>	<u>\$ 920,808</u>	<u>\$ 1,680</u>	<u>\$ 237,764</u>	<u>\$ 1,118,811</u>	<u>\$ 2,784,106</u>

Receivables as of June 30, 2009, for the City's business-type activities/proprietary funds are as follows:

	Water	Sewer	Other Enterprise Funds	Totals
User charges	\$ 369,650	\$ 366,792	\$ -	\$ 736,442
Allowance for doubtful accounts	(2,644)	(2,293)	-	(4,937)
Property taxes	-	-	45,349	45,349
Miscellaneous	3,761	4,774	-	8,535
	<u>\$ 370,767</u>	<u>\$ 369,273</u>	<u>\$ 45,349</u>	<u>\$ 785,389</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

3. Receivables (continued)

Property taxes

i. Collection procedures

Taxes are levied on July 1 and are payable in three installments due November 15, February 15 and May 15. Lincoln County bills and collects property taxes for the City.

ii. Transactions

	Balances July 1, 2008	2008-09 Levy	Adjust- ments	Net Interest (Dis- counts)	Collec- tions	Balances June 30, 2009
Current	\$ --	\$ 7,525,951	\$ (14,340)	\$(174,538)	\$ 6,941,871	\$ 395,202
Prior	<u>483,641</u>	<u>--</u>	<u>(4,183)</u>	<u>28,962</u>	<u>259,799</u>	<u>248,621</u>
Totals	<u>\$ 483,641</u>	<u>\$ 7,525,951</u>	<u>\$ (18,523)</u>	<u>\$(145,576)</u>	7,201,670	<u>\$ 643,823</u>
Tax offsets and adjustments					<u>77,304</u>	
Total property tax revenue					<u>\$ 7,278,974</u>	

	General	Urban Renewal Tax Increment	Other Govern- mental Funds	Other Enterprise Funds	Totals
<u>Analysis of property tax revenue</u>					
Current	\$ 3,463,907	\$ 2,601,783	\$ 279,499	\$ 661,297	\$ 7,006,486
Prior	<u>135,642</u>	<u>101,783</u>	<u>12,331</u>	<u>22,732</u>	<u>272,488</u>
	<u>\$ 3,599,549</u>	<u>\$ 2,703,566</u>	<u>\$ 291,830</u>	<u>\$ 684,029</u>	<u>\$ 7,278,974</u>

iii. Ensuing year's levy

The permanent tax rate is 4.0996 per \$1,000 assessed value as limited by the Constitution of the State of Oregon.

The Lincoln City Urban Renewal Agency will levy 100 percent of the amount of its authority under option one of ORS 457.435(2)(a) for the retirement of long-term obligations principal and interest without making a special levy in 2009-10.

The tax rate limit of \$10.00 per thousand of assessed value imposed by the Oregon Constitution is not expected to affect these levies.

In addition, the City will levy \$1,050,000 for retirement of long-term debt principal and interest due in 2009-10.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

4. Capital assets

A. Transactions for the year ended June 30, 2009 of the governmental activities, were as follows:

Description	Beginning Balances	Increases	Decreases	Ending Balances
Non-depreciable capital assets				
Land	\$ 12,769,731	\$ 840,191	\$ (126,903)	\$ 13,483,019
Public right-of-way	22,328,786	-	-	22,328,786
Construction in progress	<u>544,589</u>	<u>1,230,395</u>	<u>(449,746)</u>	<u>1,325,238</u>
Total non-depreciable capital assets	<u>35,643,106</u>	<u>2,070,586</u>	<u>(576,649)</u>	<u>37,137,043</u>
Depreciable capital assets				
Buildings	11,973,575	735,485	-	12,709,060
Heavy equipment	660,275	-	(63,500)	596,775
Urban renewal projects	519,928	881,547	-	1,401,475
System improvements	43,355,491	665,768	-	44,021,259
Vehicles	688,228	99,050	(22,484)	764,794
Equipment and furnitures	2,821,820	130,636	(282,019)	2,670,437
Books and art	<u>1,088,674</u>	<u>5,000</u>	<u>-</u>	<u>1,093,674</u>
Total depreciable capital assets	61,107,991	2,517,486	(368,003)	63,257,474
Accumulated depreciation	<u>(27,560,800)</u>	<u>(2,180,245)</u>	<u>366,634</u>	<u>(29,374,411)</u>
Total depreciable capital assets, net	<u>33,547,191</u>	<u>337,241</u>	<u>(1,369)</u>	<u>33,883,063</u>
Governmental activities capital assets, net				
	<u>\$ 69,190,297</u>	<u>\$ 2,407,827</u>	<u>\$ (578,018)</u>	<u>\$ 71,020,106</u>

B. Depreciation expense for governmental activities is charged to functions as follows:

General government	\$ 370,003
Public safety	146,705
Highways and streets	1,278,022
Culture and recreation	<u>385,515</u>
Total depreciation expense for governmental activities	<u>\$ 2,180,245</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

4. Capital assets (continued)

C. Transactions for the year ended June 30, 2009 of the business-type activities, were as follows:

Description	Beginning Balances	Increases	Decreases	Ending Balances
Non-depreciable capital assets				
Land and improvements	\$ 186,788	\$ -	\$ -	\$ 186,788
Construction in progress	<u>14,037,298</u>	<u>1,557,803</u>	<u>(13,302,736)</u>	<u>2,292,365</u>
Total non-depreciable capital assets	<u>14,224,086</u>	<u>1,557,803</u>	<u>(13,302,736)</u>	<u>2,479,153</u>
Depreciable capital assets				
Buildings	484,281	-	-	484,281
Facilities	54,408,052	18,753,813	(880,108)	72,281,757
Equipment	<u>1,789,889</u>	<u>142,807</u>	<u>(16,587)</u>	<u>1,916,109</u>
Total depreciable capital assets	56,682,222	18,896,620	(896,695)	74,682,147
Accumulated depreciation capital assets	<u>(26,546,873)</u>	<u>(1,484,421)</u>	<u>692,268</u>	<u>(27,339,026)</u>
Total depreciable capital assets, net	<u>30,135,349</u>	<u>17,412,199</u>	<u>(204,427)</u>	<u>47,343,121</u>
Business-type activities capital assets, net	<u>\$ 44,359,435</u>	<u>\$ 18,970,002</u>	<u>\$ (13,507,163)</u>	<u>\$ 49,822,274</u>

D. Depreciation expense for business-type activities is charged to functions as follows:

Water	\$ 730,143
Sewer	<u>754,278</u>
Total depreciation expense for business-type activities	<u>\$ 1,484,421</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

5. Long-term obligations

A. Transactions for the year ended June 30, 2009 of the governmental activities, were as follows:

	Balances July 1, 2008	Additions	Reductions	Balances June 30, 2009	Balances Due Within One year
<u>Note</u>					
Full Faith and Credit Note, Series 2008, interest at 3.4 percent					
Principal	\$ -	\$ 1,000,000	\$ -	\$ 1,000,000	\$ 222,517
Interest	-	25,440	22,761	2,679	
	-	1,025,440	22,761	1,002,679	
<u>General Obligation Bonds</u>					
Civic Center, Series 2003, interest at 4.1 percent					
Principal	299,000	-	299,000	-	
Interest	965	3,331	4,296	-	
	299,965	3,331	303,296	-	
Open Space Bonds, Series 1999, interest from 4.0 to 5.0 percent					
Principal	1,445,000	-	390,000	1,055,000	225,000
Interest	5,513	68,780	69,573	4,720	
	1,450,513	68,780	459,573	1,059,720	
<u>Tax Increment Bonds</u>					
Urban Renewal Bonds, Series 2003, interest at 3.90 percent					
Principal	1,792,727	-	298,143	1,494,584	309,943
Interest	1,900	65,275	65,591	1,584	
	1,794,627	65,275	363,734	1,496,168	
Urban Renewal Bonds, Series 2004, interest at 4 percent					
Principal	3,234,913	-	486,959	2,747,954	506,732
Interest	3,516	121,624	122,153	2,987	
	3,238,429	121,624	609,112	2,750,941	
Urban Renewal Bonds, Series 2007, interest at 4.4 percent					
Principal	4,453,221	-	663,436	3,789,785	693,113
Interest	32,249	180,231	185,095	27,385	
	4,485,470	180,231	848,531	3,817,170	

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

5. Long-term obligations (continued)

A. Transactions for the year ended June 30, 2009 of the governmental activities, were as follows (continued):

	Balances July 1, 2008	Additions	Reductions	Balances June 30, 2009	Balances Due Within One year
<u>Tax Increment Bonds (continued)</u>					
2005 Contract payable - Lincoln County School District, interest from 3.0 to 5.0 percent beginning October 2007					
Principal	\$ 1,150,003	\$ -	\$ 185,000	\$ 965,003	\$ 214,998
Interest	8,507	36,694	33,304	11,897	
	<u>1,158,510</u>	<u>36,694</u>	<u>218,304</u>	<u>976,900</u>	
<u>Accumulated vacation</u>	<u>433,058</u>	<u>5,525</u>	<u>-</u>	<u>438,583</u>	<u>438,583</u>
	12,860,572	<u>\$ 1,506,900</u>	<u>\$ 2,825,311</u>	11,542,161	<u>\$ 2,610,886</u>
Less accrued interest payable	<u>52,650</u>			<u>51,252</u>	
Total long-term obligations	<u>\$ 12,807,922</u>			<u>\$ 11,490,909</u>	

B. Transactions for the year ended June 30, 2009 of the business-type activities, were as follows:

	Balances July 1, 2008	Additions	Reduction	Balances June 30, 2009	Balances Due Within One year
<u>Revenue Bonds</u>					
Full Faith and Credit Revenue Refunding Bond, Series 2006 interest at 3.80 percent					
Principal	\$ 1,781,198	\$ -	\$ 226,515	\$ 1,554,683	\$ 235,246
Interest	5,334	63,805	64,483	4,656	
	<u>1,786,532</u>	<u>63,805</u>	<u>290,998</u>	<u>1,559,339</u>	
Full Faith and Credit Note Series 2008 interest at 3.4 percent					
Principal	-	2,000,000	-	2,000,000	445,035
Interest	-	50,881	45,522	5,359	
	<u>-</u>	<u>2,050,881</u>	<u>45,522</u>	<u>2,005,359</u>	

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

5. Long-term obligations (continued)

B. (Continued)

	Balances July 1, 2008	Additions	Reduction	Balances June 30, 2009	Balances Due Within One year
<u>General Obligation Bonds</u>					
Sewer Bonds, Series 2005, interest from 3 to 4.625 percent					
Principal	\$14,070,000	\$ -	\$ 380,000	\$ 13,690,000	\$ 395,000
Interest	48,016	605,098	606,001	47,113	
	<u>14,118,016</u>	<u>605,098</u>	<u>986,001</u>	<u>13,737,113</u>	
Water Refunding Bonds, Series 2007, interest at 3.95 percent					
Principal	3,706,791	-	292,352	3,414,439	302,652
Interest	1,127	142,466	142,555	1,038	
	<u>3,707,918</u>	<u>142,466</u>	<u>434,907</u>	<u>3,415,477</u>	
<u>Accumulated vacation</u>	<u>119,930</u>	<u>25,442</u>	<u>-</u>	<u>145,372</u>	<u>145,372</u>
	19,732,396	<u>\$ 2,887,692</u>	<u>\$ 1,757,428</u>	20,862,660	<u>\$ 1,523,305</u>
Less accrued interest payable	<u>54,477</u>			<u>58,166</u>	
Total long-term obligations	<u>\$19,677,919</u>			<u>\$ 20,804,494</u>	

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

5. Long-term obligations (continued)

C. The future maturities for governmental activity long-term obligations outstanding as of June 30, 2009, are as follows:

Fiscal Year	Full Faith and Credit Note		General Obligation Open Space Bonds		Urban Renewal			
	Series 2008		Series 1999		Series 2003		Series 2004	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ 222,517	\$ 31,183	\$ 225,000	\$ 59,575	\$ 309,943	\$ 53,792	\$ 506,732	\$ 102,380
2011	230,180	23,520	235,000	48,887	322,209	41,526	527,308	81,804
2012	238,106	15,594	245,000	37,608	334,960	28,775	548,718	60,393
2013	246,306	7,394	255,000	25,725	348,215	15,519	570,999	38,113
2014	62,891	535	95,000	13,227	179,257	2,626	594,197	14,929
	<u>\$ 1,000,000</u>	<u>\$ 78,226</u>	<u>\$ 1,055,000</u>	<u>\$ 185,022</u>	<u>\$ 1,494,584</u>	<u>\$ 142,238</u>	<u>\$ 2,747,954</u>	<u>\$ 297,619</u>

Fiscal Year	Urban Renewal		2005 Contract Payable Lincoln County		Accumu- lated Vacation	Totals	
	Series 2007		School District			Principal	Interest
	Principal	Interest	Principal	Interest			
2010	\$ 693,113	\$ 155,418	\$ 214,998	\$ 45,634	\$ 438,583	\$ 2,610,886	\$ 447,982
2011	724,117	124,415	378,015	31,985	-	2,416,829	352,137
2012	756,507	92,024	244,409	15,591	-	2,367,700	249,985
2013	790,347	58,184	127,581	3,198	-	2,338,448	148,133
2014	825,701	22,831	-	-	-	1,757,046	54,148
	\$ 3,789,785	\$ 452,872	\$ 965,003	\$ 96,408	\$ 438,583	\$ 11,490,909	\$ 1,252,385

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

5. Long-term obligations (continued)

D. The future maturities of business-type activity long-term obligations outstanding as of June 30, 2009, are as follows:

Fiscal Year	Full Faith and Credit Revenue Refunding Bond Series 2006		Full Faith and Credit Note Series 2008		General Obligation Sewer Bonds Series 2005		General Obligation Water Refunding Bonds Series 2007	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ 235,246	\$ 55,752	\$ 445,035	\$ 62,366	\$ 395,000	\$ 594,601	\$ 302,652	\$ 130,545
2011	244,313	46,685	460,360	47,041	405,000	578,801	314,785	118,412
2012	253,730	37,268	476,213	31,188	425,000	562,601	327,405	105,793
2013	263,511	27,487	492,611	14,789	440,000	545,601	340,530	92,667
2014	273,667	17,331	125,781	1,069	465,000	528,001	354,182	79,016
2015-19	284,216	6,782	-	-	2,700,000	2,340,475	1,776,250	171,436
2020-24	-	-	-	-	3,435,000	1,712,407	-	-
2025-29	-	-	-	-	4,425,000	868,125	-	-
2030-34	-	-	-	-	1,000,000	46,250	-	-
	<u>\$ 1,554,683</u>	<u>\$ 191,305</u>	<u>\$ 2,000,000</u>	<u>\$ 156,453</u>	<u>\$ 13,690,000</u>	<u>\$ 7,776,862</u>	<u>\$ 3,415,804</u>	<u>\$ 697,869</u>

Fiscal Year	Accumu- lated Vacation	Totals	
		Principal	Interest
2010	\$ 145,372	\$ 1,523,305	\$ 843,264
2011	-	1,424,458	790,939
2012	-	1,482,348	736,850
2013	-	1,536,652	680,544
2014	-	1,218,630	625,417
2015-19	-	4,759,101	2,518,693
2020-24	-	3,435,000	1,712,407
2025-29	-	4,425,000	868,125
2030-34	-	1,000,000	46,250
	<u>\$ 145,372</u>	<u>\$ 20,804,494</u>	<u>\$ 8,822,489</u>

E. Revenue bond covenants

The City is in compliance with the covenants of the Full Faith and Credit Revenue Refunding Bond, Series 2006.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

6. Landfill closure and postclosure care costs

The City is a member of the Lincoln County Consortium for Solid Waste Management, which was organized in 1984 to assume responsibility for the management and closure of the Agate Beach Landfill site.

State and federal laws and regulations require the Consortium to place a final cover on its Agate Beach Landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The \$802,910 reported as landfill closure and postclosure care costs liability at June 30, 2009, represents the City's 25.3 percent share of the Consortium's estimated unfunded costs and is based on submissions of engineering estimates, construction bids and projected monitoring costs over the next 30 years. The estimated liability is based on the assumption that the least expensive leachate disposal alternative will be used.

During 1993-94, the City began charging a surcharge to its solid waste franchisee in order to fund its share of closure and postclosure care costs. This surcharge was discontinued July 1, 2005. At June 30, 2009, the City's Agate Beach Closure Fund had a fund balance of \$833,875.

7. Deferred revenue

Resources owned by the City, which are measurable but not available, are deferred in the governmental funds. As of June 30, 2009, deferred revenue consists of the following:

	General	Urban Renewal Tax Increment	Other Governmental Funds	Totals
Property taxes	\$ 332,136	\$ 237,764	\$ 28,574	\$ 598,474
Fines and warrants	43,904	-	-	43,904
Assessments	-	-	5,659	5,659
Notes - housing rehabilitation	-	-	985,634	985,634
Totals	<u>\$ 376,040</u>	<u>\$ 237,764</u>	<u>\$ 1,019,867</u>	<u>\$ 1,633,671</u>

8. Lease obligations

The City has entered into a number of operating leases for office equipment and land. The minimum future requirements of the leases are as follows:

Year Ended June 30,

2010	\$ 32,002
2011	22,295
2012	13,219
2013	4,102

Current year expenditures under lease agreements were \$30,155.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

9. Segment information for Enterprise Funds

The City has issued revenue bonds to finance its water department and general obligation bonds to finance its sewer department. The water department is comprised of the water fund, water capital fund, water treatment plant construction fund, water treatment plant bond fund and the water refunding bond fund. The sewer department is comprised of the sewer fund, the sewer construction fund, the sewer bond fund, and sewer capital fund. Summary financial information for the water and sewer departments is as follows:

	Water	Sewer
CONDENSED STATEMENT OF NET ASSETS		
Assets		
Current assets	\$ 4,201,411	\$ 6,648,195
Capital assets, net	<u>21,600,811</u>	<u>28,221,463</u>
Total assets	<u>25,802,222</u>	<u>34,869,658</u>
Liabilities		
Current liabilities	1,694,971	881,482
Long-term debt	<u>6,004,435</u>	<u>13,315,124</u>
Total liabilities	<u>7,699,406</u>	<u>14,196,606</u>
Net assets		
Invested in capital assets, net of related debt	14,631,689	14,531,463
Restricted	3,158,625	5,358,716
Unrestricted	<u>312,502</u>	<u>782,873</u>
Total net assets	<u>\$ 18,102,816</u>	<u>\$ 20,673,052</u>
CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS		
Operating revenues	\$ 2,824,968	\$ 2,589,506
Depreciation and amortization expense	739,930	754,278
Other operating expenses	<u>1,442,690</u>	<u>1,906,116</u>
Operating income (loss)	642,348	(70,888)
Nonoperating revenues (expenses)	(167,039)	571,280
Transfers in	6,627,286	1,880,174
Transfers out	<u>(6,873,025)</u>	<u>(2,049,217)</u>
Change in net assets	229,570	331,349
Net assets - beginning of year	<u>17,873,246</u>	<u>20,341,703</u>
Net assets - end of year	<u>\$ 18,102,816</u>	<u>\$ 20,673,052</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

9. Segment information for Enterprise Funds (continued)

	Water	Sewer	Totals
CONDENSED STATEMENT OF CASH FLOWS			
Net cash provided by/(used in):			
Operating activities	\$ 1,284,176	\$ 736,766	2,020,942
Noncapital financing activities	(291,261)	504,328	213,067
Capital and related financing activities	(4,169,656)	(2,130,269)	(6,299,925)
Investing activities	113,741	133,092	246,833
Net (decrease) in cash	(3,063,000)	(756,083)	(3,819,083)
Cash - beginning of year	6,768,998	6,973,591	13,742,589
Cash - end of year	\$ 3,705,998	\$ 6,217,508	9,923,506

10. Defined benefit pension plan

Retirement plan

The City 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, PO Box 23700, Tigard, OR 97281-3700, by calling (503) 598-7377 or at www.oregon.gov/PERS.

City 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 City to pay this amount on behalf of the employees. The City'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 City's contribution rate is 6.59 percent of covered compensation. For employees hired on or after August 29, 2003, the City's contribution rate is 6.93 percent of covered compensation, with the exception of police employees in which the contribution rate is 10.20 percent of covered compensation.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

10. Defined benefit pension plan (continued)

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

Year Ended June 30,	City Contribution	City paid Member Contribution	Member Paid Contributions	Totals
2009	\$ 367,064	\$ 429,785	\$ 621	\$ 797,470
2008	370,915	321,537	633	693,005
2007	391,668	289,999	693	682,360

11. Other Post-Employment Benefits

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

Plan description and benefits provided

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

Membership

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

Active employees	116
Retirees, spouses or dependents	<u>13</u>
Total	<u><u>129</u></u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

11. Other Post-Employment Benefits (continued)

Funding policy and contributions

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

For retirees	\$ 534
For spouses of retirees	546

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

Annual OPEB cost and net OPEB Obligation

The City had its first actuarial valuation performed as of August 1, 2008 to determine the *unfunded accrued actuarial liability* (UAAL), *annual required contribution* (ARC) and NOPEBO as of that date. The ARC represents a level of 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 fifteen years. The annual OPEB cost is equal to the ARC as follows:

Normal cost	\$ 121,648
Amortization of UAAL	<u>110,685</u>
Annual required contribution	<u>\$ 232,333</u>

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

Annual required contribution	\$ 232,333
Contributions made	<u>35,229</u>
Increase in net OPEB obligation	197,104
Net OPEB obligation at beginning of year	<u>--</u>
Net OPEB obligation at end of year	<u>\$ 197,104</u>

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

<u>Fiscal</u> <u>Year Ended</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Percentage of</u> <u>Annual OPEB</u> <u>Cost Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
June 30, 2009	\$ 232,333	15%	\$ 197,104

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

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

11. Other Post-Employment Benefits (continued)

Funded status and funding progress

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

<u>Valuation Date</u>	<u>Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Accrued Liability</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAL/ Payroll</u>
August 1, 2008	\$ --	\$1,173,201	\$1,173,201	\$ 0%	\$6,729,672	17.4%

Actuarial methods and assumptions

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

In the August 1, 2008 actuarial valuation, the projected unit credit actuarial cost method was used to determine contribution levels comprised of normal cost and amortization payments. The actuarial assumptions included a 4.5 percent rate for discounting future liabilities, a payroll growth rate of 3.75 percent per year, annual premium rate increases from 8 percent in 2009 to 5 percent in 2024, and participation rate of 75 percent of future retirees electing coverage under the plan. The unfunded actuarial accrued liability is being amortized using a level percent of payroll over a period of 15 years. As of August 1, 2008 the remaining amortization period is 14years.

12. Contingency – sick leave

Portions of amounts accumulated at any point in time can be expected to be redeemed before termination of employment; however, such redemptions cannot be reasonably estimated. As of June 30, 2009, employees of the City had accumulated 3,513 days of sick leave.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

13. Risk management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. In 1981, the League of Oregon Cities joined together with the Association of Oregon Cities to form City County Insurance Services (CCIS), a public entity risk pool currently operating as a common risk management and insurance program for approximately 265 municipal corporations and associated entities in the State of Oregon. CCIS is self-sustaining through member premiums and reinsures through commercial companies for claims in excess of \$2 million for each insured event.

The City continues to carry commercial insurance for other risks of loss, including workers' compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

14. Lease income

The City leases a building for \$159,751 annually plus management fees. The lease will expire April 16, 2010. Rental revenue for the year ended June 30, 2009 was \$251,609. Future minimum rentals are as follows:

2008-09	\$	159,751
2009-10		133,126

15. Short-term debt

Transactions for the year ended June 30, 2009 of the governmental activities were as follows:

	Balances July 1, 2008	Additions	Reductions	Balances June 30, 2009
Short-Term Subordinate Urban Renewal Bond, Series 2009				
Principal	\$ -	\$ 2,000,000	\$ 2,000,000	\$ -
Interest	-	181	181	-
	<u>\$ -</u>	<u>\$ 2,000,181</u>	<u>\$ 2,000,181</u>	<u>\$ -</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

16. Interfund Transfers

Cash transfers are indicative of funding for capital projects, debt service, subsidies of various city operations and re-allocations of special revenues. The non-cash transfers occur when a fund purchases a capital asset which will be used in the operation of a different fund's activities, or when a fund receives proceeds from or pays principal on long-term obligations reported in a different fund. The following schedule briefly summarizes the City's transfer activity:

<u>Funds</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental		
General	\$ 855,446	\$ 3,150,000
Transient Room Tax	-	4,158,899
Public Safety - Police	3,175,717	-
Other governmental	3,996,743	205,704
Governmental activities - non-cash	-	52,999
Proprietary		
Water	-	1,785,261
Water - non-cash	4,637,764	-
Sewer	-	544,043
Sewer - non-cash	1,280,174	-
Other enterprise	2,544,000	675,000
Other enterprise - non-cash	-	5,917,938
	<u>\$ 16,489,844</u>	<u>\$ 16,489,844</u>

17. Net assets restricted through enabling legislation

The amount of net assets restricted by enabling legislation is as follows:

Governmental Activities

Capital Projects – Ordinances imposing System Development Charges (SDC) restrict the use to capital improvements which expand the capacity of the system for which the charge was made	\$ 1,292,071
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Highways and streets – Article IX, Section 3a of the Oregon State Constitution restricts the use of revenue from taxes on motor vehicle fuel use	816,728
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Business-type Activities

Capital Projects – Ordinances imposing System Development Charges (SDC) restrict the use to capital improvements which expand the capacity of the system for which the charge was made	4,971,843
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NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

18. Expenditures in excess of appropriations

Oregon law prohibits expenditures of a fund in excess of city approved appropriations. The city council approves appropriations by department, if applicable, and by major function class (personal services, materials and services, capital outlay) for each fund.

Expenditures in excess of appropriations in individual funds for the year ended June 30, 2009, occurred as follows:

<u>Fund</u>	<u>Appropriation</u>	<u>Expenditure</u>	<u>Variance</u>
Public safety – Police			
Capital outlay	\$ 136,500	\$ 137,051	\$ (551)

19. Construction commitments

<u>Awarded</u>	<u>Project</u>	<u>Contract</u>	<u>Amount Paid</u>	<u>Amount Accrued</u>	<u>Balance</u>
<u>City of Lincoln City</u>					
10/19/06	Sewer Treatment Plant - Stellar J	\$12,514,361	\$12,474,361	\$ 40,000	\$ -
6/23/2008	Water Reservoir - Big River Construction	4,590,191	4,054,858	261,729	273,604
7/13/2009	Drift Creek Water Line - Alpine Construction	768,582	-	-	768,582
3/9/2009	Library - First Cascade Corp.	898,458	231,502	114,812	552,144
5/15/2009	Community Center Pool & Spa - Quade	196,814		17,612	179,202
<u>Lincoln City Urban Renewal Agency</u>					
2/9/2009	Taft Parking Lot Inlet - Dan Kauffman	290,927		45,884	245,043
1/26/2009	Ocean Lake Gateway - Clean River Erosion Controls	100,416	88,716	11,700	-
10/13/2008	Wallace Reef - Jeff Carter Construction	<u>323,970</u>	<u>293,715</u>	<u>15,459</u>	<u>14,796</u>
		<u>\$19,683,719</u>	<u>\$17,143,152</u>	<u>\$ 507,196</u>	<u>\$ 2,033,371</u>

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

CITY OF LINCOLN CITY

URBAN RENEWAL TAX INCREMENT - DEBT SERVICE FUND (A MAJOR FUND)
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2009

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Property taxes	\$ 2,649,516	\$ 2,703,566	\$ 54,050
Interest	<u>101,000</u>	<u>67,217</u>	<u>(33,783)</u>
TOTAL REVENUES	2,750,516	2,770,783	20,267
EXPENDITURES			
Debt service	<u>4,125,615</u>	<u>1,821,558</u>	<u>2,304,057</u>
Excess (deficiency) of revenues over expenditures	(1,375,099)	949,225	2,324,324
OTHER FINANCING SOURCES (USES)			
Short-term debt repayment	<u>-</u>	<u>(2,000,000)</u>	<u>(2,000,000)</u>
Net change in fund balance	(1,375,099)	(1,050,775)	324,324
Fund balance at beginning of year	<u>2,675,099</u>	<u>2,625,632</u>	<u>(49,467)</u>
Fund balance at end of year	<u><u>\$ 1,300,000</u></u>	<u><u>\$ 1,574,857</u></u>	<u><u>\$ 274,857</u></u>

CITY OF LINCOLN CITY

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

	Other Special Revenue Funds	Other Debt Service Funds Open Space Bonds	2008 Bond Redemption	Other Capital Projects Funds	Totals
<u>ASSETS</u>					
Cash and investments	\$ 4,050,613	\$ 7,143	\$ 7,160	\$ 3,007,793	\$ 7,072,709
Receivables	1,089,979	28,574	-	258	1,118,811
Prepays	2,125	-	-	-	2,125
TOTAL ASSETS	\$ 5,142,717	\$ 35,717	\$ 7,160	\$ 3,008,051	\$ 8,193,645
<u>LIABILITIES</u>					
Accounts payable	\$ 175,055	\$ -	\$ -	\$ 164,186	\$ 339,241
Deferred revenue	991,293	28,574	-	-	1,019,867
TOTAL LIABILITIES	1,166,348	28,574	-	164,186	1,359,108
<u>FUND BALANCES</u>					
Reserved for debt service	-	7,143	7,160	-	14,303
Unreserved	3,976,369	-	-	2,843,865	6,820,234
TOTAL FUND BALANCES	3,976,369	7,143	7,160	2,843,865	6,834,537
TOTAL LIABILITIES AND FUND BALANCES	\$ 5,142,717	\$ 35,717	\$ 7,160	\$ 3,008,051	\$ 8,193,645

CITY OF LINCOLN CITY

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

	Other Special Revenue Funds	Lincoln Square Bond	Other Debt Service Funds Open Space Bonds	2008 Bond Redemption	Other Capital Projects Funds	Totals
REVENUES						
Property taxes	\$ -	\$ -	\$ 291,830	\$ -	\$ -	\$ 291,830
Franchise fees	11,294	-	-	-	-	11,294
Rents	183,792	-	-	-	-	183,792
Loan repayments	133,089	-	-	-	-	133,089
Charges for services	19,705	-	-	-	118,217	137,922
Intergovernmental	678,987	-	-	-	122,553	801,540
Reimbursement from other funds	22,669	-	-	-	-	22,669
Interest on investments	75,805	1,234	5,391	443	61,347	144,220
Miscellaneous	139,772	-	-	-	1,864	141,636
TOTAL REVENUES	1,265,113	1,234	297,221	443	303,981	1,867,992
EXPENDITURES						
Current						
General government	1,493,692	-	-	-	-	1,493,692
Public safety	652,999	-	-	-	-	652,999
Highways and streets	958,599	-	-	-	-	958,599
Culture and recreation	620,181	-	-	-	-	620,181
Debt service	-	303,296	459,573	68,283	-	831,152
Capital outlay	1,001,750	-	-	-	1,307,873	2,309,623
TOTAL EXPENDITURES	4,727,221	303,296	459,573	68,283	1,307,873	6,866,246
Excess (deficiency) of revenues over expenditures	(3,462,108)	(302,062)	(162,352)	(67,840)	(1,003,892)	(4,998,254)
OTHER FINANCING SOURCES (USES)						
Proceeds from long-term obligations	-	-	-	-	1,000,000	1,000,000
Transfers in	3,423,926	241,484	-	75,000	256,333	3,996,743
Transfers out	(180,704)	-	-	-	(25,000)	(205,704)
TOTAL OTHER FINANCING SOURCES (USES)	3,243,222	241,484	-	75,000	1,231,333	4,791,039
Net change in fund balance	(218,886)	(60,578)	(162,352)	7,160	227,441	(207,215)
Fund balance at beginning of year	4,195,255	60,578	169,495	-	2,616,424	7,041,752
Fund balance at end of year	<u>\$ 3,976,369</u>	<u>\$ -</u>	<u>\$ 7,143</u>	<u>\$ 7,160</u>	<u>\$ 2,843,865</u>	<u>\$ 6,834,537</u>

CITY OF LINCOLN CITY
COMBINING BALANCE SHEET
OTHER SPECIAL REVENUE FUNDS
June 30, 2009

	Affordable Housing	Lincoln Square Operations	D.A.R.E. Program	Public Education and Government Access	Agate Beach Closure
<u>ASSETS</u>					
Cash and investments	\$ 406,443	\$ 58,649	\$ 8,196	\$ 17,875	\$ 836,803
Receivables	260,878	-	-	2,871	-
Prepays	-	-	-	-	-
TOTAL ASSETS	\$ 667,321	\$ 58,649	\$ 8,196	\$ 20,746	\$ 836,803
<u>LIABILITIES</u>					
Accounts payable	\$ 515	\$ 20,833	\$ -	\$ 436	\$ 2,928
Deferred revenue	260,878	-	-	-	-
TOTAL LIABILITIES	261,393	20,833	-	436	2,928
<u>FUND BALANCES</u>					
Unreserved	405,928	37,816	8,196	20,310	833,875
TOTAL LIABILITIES AND FUND BALANCES	\$ 667,321	\$ 58,649	\$ 8,196	\$ 20,746	\$ 836,803

Street	Unbonded Assessments	Urban Renewal Property Rehabilitation Program	Visitor and Convention Bureau	Public Safety Dispatch	Parks Maintenance	Percent for Art	Totals
\$ 736,698	\$ 566,031	\$ 470,416	\$ 383,322	\$ 31,542	\$ 456,657	\$ 77,981	\$ 4,050,613
89,648	-	724,756	1,975	9,851	-	-	1,089,979
-	-	-	2,125	-	-	-	2,125
<u>\$ 826,346</u>	<u>\$ 566,031</u>	<u>\$ 1,195,172</u>	<u>\$ 387,422</u>	<u>\$ 41,393</u>	<u>\$ 456,657</u>	<u>\$ 77,981</u>	<u>\$ 5,142,717</u>
\$ 9,618	\$ -	\$ -	\$ 28,536	\$ 29,959	\$ 82,230	\$ -	\$ 175,055
-	5,659	724,756	-	-	-	-	991,293
9,618	5,659	724,756	28,536	29,959	82,230	-	1,166,348
<u>816,728</u>	<u>560,372</u>	<u>470,416</u>	<u>358,886</u>	<u>11,434</u>	<u>374,427</u>	<u>77,981</u>	<u>3,976,369</u>
<u>\$ 826,346</u>	<u>\$ 566,031</u>	<u>\$ 1,195,172</u>	<u>\$ 387,422</u>	<u>\$ 41,393</u>	<u>\$ 456,657</u>	<u>\$ 77,981</u>	<u>\$ 5,142,717</u>

CITY OF LINCOLN CITY

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

	Affordable Housing	Lincoln Square Operations	D.A.R.E. Program	Public Education and Government Access	Agate Beach Closure
REVENUES					
Franchise fees	\$ -	\$ -	\$ -	\$ 11,294	\$ -
Rents	2,800	180,638	-	-	-
Loan repayments	-	-	-	-	-
Charges for services	-	-	-	-	-
Intergovernmental	-	28,007	-	-	-
Reimbursement from other funds	-	18,383	-	-	-
Interest on investments	11,182	1,279	214	233	-
Miscellaneous	23,853	25,376	-	-	-
TOTAL REVENUES	<u>37,835</u>	<u>253,683</u>	<u>214</u>	<u>11,527</u>	<u>-</u>
EXPENDITURES					
Current					
General government	6,999	347,896	-	4,495	32,467
Public safety	-	-	4,788	-	-
Highways and streets	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Capital outlay	185,241	-	-	-	-
TOTAL EXPENDITURES	<u>192,240</u>	<u>347,896</u>	<u>4,788</u>	<u>4,495</u>	<u>32,467</u>
Excess (deficiency) of revenues over expenditures	<u>(154,405)</u>	<u>(94,213)</u>	<u>(4,574)</u>	<u>7,032</u>	<u>(32,467)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	112,271	-	5,000	-
Transfers out	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>112,271</u>	<u>-</u>	<u>5,000</u>	<u>-</u>
Net change in fund balance	(154,405)	18,058	(4,574)	12,032	(32,467)
Fund balance at beginning of year	560,333	19,758	12,770	8,278	866,342
Fund balance at end of year	<u>\$ 405,928</u>	<u>\$ 37,816</u>	<u>\$ 8,196</u>	<u>\$ 20,310</u>	<u>\$ 833,875</u>

Street	Footpaths and Trails	Unbonded Assessments	Urban Renewal Property Rehabilitation Program	Visitor and Convention Bureau	Public Safety Dispatch	Parks Maintenance	Percent for Art	Totals
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,294
-	-	-	-	354	-	-	-	183,792
-	-	-	133,089	-	-	-	-	133,089
4,705	-	-	-	-	15,000	-	-	19,705
601,839	-	-	-	-	40,941	8,200	-	678,987
-	-	-	-	-	-	-	4,286	22,669
21,077	46	11,487	7,825	10,094	1,352	9,647	1,369	75,805
290	-	10,692	-	68,933	-	10,628	-	139,772
627,911	46	22,179	140,914	79,381	57,293	28,475	5,655	1,265,113
-	-	13,294	-	1,088,541	-	-	-	1,493,692
-	-	-	-	-	648,211	-	-	652,999
958,599	-	-	-	-	-	-	-	958,599
-	-	-	-	-	-	618,754	1,427	620,181
600,231	-	-	50,000	34,397	6,061	120,820	5,000	1,001,750
1,558,830	-	13,294	50,000	1,122,938	654,272	739,574	6,427	4,727,221
(930,919)	46	8,885	90,914	(1,043,557)	(596,979)	(711,099)	(772)	(3,462,108)
871,024	-	-	-	1,197,528	500,000	706,424	31,679	3,423,926
(81,858)	(9,157)	-	-	(63,409)	-	(26,280)	-	(180,704)
789,166	(9,157)	-	-	1,134,119	500,000	680,144	31,679	3,243,222
(141,753)	(9,111)	8,885	90,914	90,562	(96,979)	(30,955)	30,907	(218,886)
958,481	9,111	551,487	379,502	268,324	108,413	405,382	47,074	4,195,255
\$ 816,728	\$ -	\$ 560,372	\$ 470,416	\$ 358,886	\$ 11,434	\$ 374,427	\$ 77,981	\$ 3,976,369

CITY OF LINCOLN CITY

COMBINING BALANCE SHEET

OTHER CAPITAL PROJECTS FUNDS

June 30, 2009

	Transportation Development	Storm Drainage Development	Parks Development
<u>ASSETS</u>			
Cash and investments	\$ 419,730	\$ 74,441	\$ 7,149
Receivables	-	-	-
TOTAL ASSETS	<u>\$ 419,730</u>	<u>\$ 74,441</u>	<u>\$ 7,149</u>
<u>LIABILITIES</u>			
Accounts payable	\$ -	\$ -	\$ -
<u>FUND BALANCES</u>			
Unreserved	<u>419,730</u>	<u>74,441</u>	<u>7,149</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 419,730</u>	<u>\$ 74,441</u>	<u>\$ 7,149</u>

Parks System Development Charge Improvement	Open Space Acquisition	Facilities Capital	Totals
\$ 819,109 258	\$ 1,001,475 -	\$ 685,889 -	\$ 3,007,793 258
<u>\$ 819,367</u>	<u>\$ 1,001,475</u>	<u>\$ 685,889</u>	<u>\$ 3,008,051</u>
 \$ 28,616	 \$ -	 \$ 135,570	 \$ 164,186
 790,751	 1,001,475	 550,319	 2,843,865
<u>\$ 819,367</u>	<u>\$ 1,001,475</u>	<u>\$ 685,889</u>	<u>\$ 3,008,051</u>

CITY OF LINCOLN CITY

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

	<u>Transportation Development</u>	<u>Storm Drainage Development</u>	<u>Parks Development</u>
REVENUES			
Charges for services	\$ 33,955	\$ 1,768	\$ -
Intergovernmental	-	-	-
Interest on investments	8,056	1,479	150
Miscellaneous	<u>-</u>	<u>-</u>	<u>1,864</u>
TOTAL REVENUES	42,011	3,247	2,014
EXPENDITURES			
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>42,011</u>	<u>3,247</u>	<u>2,014</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from long-term obligations	-	-	-
Transfers in	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	42,011	3,247	2,014
Fund balance at beginning of year	<u>377,719</u>	<u>71,194</u>	<u>5,135</u>
Fund balance at end of year	<u><u>\$ 419,730</u></u>	<u><u>\$ 74,441</u></u>	<u><u>\$ 7,149</u></u>

Parks System Development Charge Improvement	Open Space Acquisition	Facilities Capital	Totals
\$ 82,494	\$ -	\$ -	\$ 118,217
17,553	105,000	-	122,553
18,930	19,981	12,751	61,347
-	-	-	1,864
118,977	124,981	12,751	303,981
388,863	234,402	684,608	1,307,873
(269,886)	(109,421)	(671,857)	(1,003,892)
-	-	1,000,000	1,000,000
9,157	-	247,176	256,333
-	-	(25,000)	(25,000)
9,157	-	1,222,176	1,231,333
(260,729)	(109,421)	550,319	227,441
1,051,480	1,110,896	-	2,616,424
<u>\$ 790,751</u>	<u>\$ 1,001,475</u>	<u>\$ 550,319</u>	<u>\$ 2,843,865</u>

CITY OF LINCOLN CITY

**AFFORDABLE HOUSING - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2009**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Rents	\$ -	\$ 2,800	\$ 2,800
Interest on investments	15,200	11,182	(4,018)
Miscellaneous	<u>-</u>	<u>23,853</u>	<u>23,853</u>
 TOTAL REVENUES	 <u>15,200</u>	 <u>37,835</u>	 <u>22,635</u>
 EXPENDITURES			
Materials and services	15,000	6,999	8,001
Capital outlay	<u>1,131,950</u>	<u>185,241</u>	<u>946,709</u>
 TOTAL EXPENDITURES	 <u>1,146,950</u>	 <u>192,240</u>	 <u>954,710</u>
 Excess (deficiency) of revenues over expenditures	 (1,131,750)	 (154,405)	 977,345
 OTHER FINANCING SOURCES (USES)			
Proceeds from sale of capital assets	<u>580,000</u>	<u>-</u>	<u>(580,000)</u>
 Net change in fund balance	 (551,750)	 (154,405)	 397,345
Fund balance at beginning of year	<u>551,750</u>	<u>560,333</u>	<u>8,583</u>
 Fund balance at end of year	 <u><u>\$ -</u></u>	 <u><u>\$ 405,928</u></u>	 <u><u>\$ 405,928</u></u>

CITY OF LINCOLN CITY

LINCOLN SQUARE OPERATIONS - SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND

CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Year Ended June 30, 2009

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Rents	\$ 184,000	\$ 180,638	\$ (3,362)
Intergovernmental	-	28,007	28,007
Reimbursement from other funds	18,383	18,383	-
Interest on investments	100	1,279	1,179
Miscellaneous	<u>25,000</u>	<u>25,376</u>	<u>376</u>
 TOTAL REVENUES	 <u>227,483</u>	 <u>253,683</u>	 <u>26,200</u>
 EXPENDITURES			
Personal services	136,777	136,765	12
Materials and services	181,900	211,131	(29,231)
Capital outlay	50,000	-	50,000
Contingency	<u>14,712</u>	<u>-</u>	<u>14,712</u>
 TOTAL EXPENDITURES	 <u>383,389</u>	 <u>347,896</u>	 <u>35,493</u>
 Excess (deficiency) of revenues over expenditures	 (155,906)	 (94,213)	 61,693
 OTHER FINANCING SOURCES (USES)			
Transfers in	<u>112,271</u>	<u>112,271</u>	<u>-</u>
 Net change in fund balance	 (43,635)	 18,058	 61,693
Fund balance at beginning of year	<u>43,635</u>	<u>19,758</u>	<u>(23,877)</u>
 Fund balance at end of year	 <u><u>\$ -</u></u>	 <u><u>\$ 37,816</u></u>	 <u><u>\$ 37,816</u></u>

CITY OF LINCOLN CITY

**D.A.R.E. PROGRAM - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2009**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Interest	\$ 400	\$ 214	\$ (186)
EXPENDITURES			
Materials and services	5,750	4,788	962
Contingency	<u>5,155</u>	<u>-</u>	<u>5,155</u>
TOTAL EXPENDITURES	<u>10,905</u>	<u>4,788</u>	<u>6,117</u>
Net change in fund balance	(10,505)	(4,574)	5,931
Fund balance at beginning of year	<u>10,505</u>	<u>12,770</u>	<u>2,265</u>
Fund balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ 8,196</u></u>	<u><u>\$ 8,196</u></u>

CITY OF LINCOLN CITY

PUBLIC EDUCATION AND GOVERNMENT ACCESS - SPECIAL REVENUE FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

For the Year Ended June 30, 2009

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Charter Telecable franchise	\$ 10,500	\$ 11,294	\$ 794
Interest	<u>3,000</u>	<u>233</u>	<u>(2,767)</u>
 TOTAL REVENUES	 <u>13,500</u>	 <u>11,527</u>	 <u>(1,973)</u>
 EXPENDITURES			
Personal services	3,768	2,262	1,506
Materials and services	2,250	2,233	17
Capital outlay	3,000	-	3,000
Contingency	<u>10,675</u>	<u>-</u>	<u>10,675</u>
 TOTAL EXPENDITURES	 <u>19,693</u>	 <u>4,495</u>	 <u>15,198</u>
 Excess (deficiency) of revenues over expenditures	 (6,193)	 7,032	 13,225
 OTHER FINANCING SOURCES (USES)			
Transfers in	<u>5,000</u>	<u>5,000</u>	<u>-</u>
 Net change in fund balance	 (1,193)	 12,032	 13,225
Fund balance at beginning of year	<u>1,193</u>	<u>8,278</u>	<u>7,085</u>
 Fund balance at end of year	 <u><u>\$ -</u></u>	 <u><u>\$ 20,310</u></u>	 <u><u>\$ 20,310</u></u>

CITY OF LINCOLN CITY

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES			
Materials and services	\$ 40,000	\$ 32,467	\$ 7,533
Contingency	10,000	-	10,000
Net change in fund balance	(50,000)	(32,467)	17,533
Fund balance at beginning of year	862,445	866,342	3,897
Fund balance at end of year	<u>\$ 812,445</u>	<u>\$ 833,875</u>	<u>\$ 21,430</u>

CITY OF LINCOLN CITY

**STREET - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2009**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Charges for services	\$ 12,000	\$ 4,705	\$ (7,295)
State allocations	761,824	601,839	(159,985)
Interest on investments	25,000	21,077	(3,923)
Miscellaneous	<u>-</u>	<u>290</u>	<u>290</u>
TOTAL REVENUES	<u>798,824</u>	<u>627,911</u>	<u>(170,913)</u>
EXPENDITURES			
Personal services	501,945	484,950	16,995
Materials and services	919,033	473,649	445,384
Capital Outlay	874,000	600,231	273,769
Contingency	<u>269,980</u>	<u>-</u>	<u>269,980</u>
TOTAL EXPENDITURES	<u>2,564,958</u>	<u>1,558,830</u>	<u>1,006,128</u>
Excess (deficiency) of revenues over expenditures	<u>(1,766,134)</u>	<u>(930,919)</u>	<u>835,215</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	853,054	871,024	17,970
Transfers out	<u>(98,645)</u>	<u>(81,858)</u>	<u>16,787</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>754,409</u>	<u>789,166</u>	<u>34,757</u>
Net change in fund balance	(1,011,725)	(141,753)	869,972
Fund balance at beginning of year	<u>1,011,725</u>	<u>958,481</u>	<u>(53,244)</u>
Fund balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ 816,728</u></u>	<u><u>\$ 816,728</u></u>

CITY OF LINCOLN CITY

**FOOTPATHS AND TRAILS - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2009**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Interest on investments	\$ -	\$ 46	\$ 46
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>-</u>	<u>(9,157)</u>	<u>(9,157)</u>
Net change in fund balance	-	(9,111)	(9,111)
Fund balance at beginning of year	<u>-</u>	<u>9,111</u>	<u>9,111</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF LINCOLN CITY

**UNBONDED ASSESSMENTS - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2009**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Interest on investments	\$ 18,000	\$ 11,487	\$ (6,513)
Miscellaneous	<u>60,000</u>	<u>10,692</u>	<u>(49,308)</u>
 TOTAL REVENUES	 <u>78,000</u>	 <u>22,179</u>	 <u>(55,821)</u>
 EXPENDITURES			
Materials and services	60,000	13,294	46,706
Capital outlay	20,000	-	20,000
Contingency	<u>715,263</u>	<u>-</u>	<u>715,263</u>
 TOTAL EXPENDITURES	 <u>795,263</u>	 <u>13,294</u>	 <u>781,969</u>
 Excess (deficiency) of revenues over expenditures	 (717,263)	 8,885	 726,148
 OTHER FINANCING SOURCES (USES)			
Proceeds from sale of capital assets	<u>175,000</u>	<u>-</u>	<u>(175,000)</u>
 Net change in fund balance	 (542,263)	 8,885	 551,148
Fund balance at beginning of year	<u>542,263</u>	<u>551,487</u>	<u>9,224</u>
 Fund balance at end of year	 <u><u>\$ -</u></u>	 <u><u>\$ 560,372</u></u>	 <u><u>\$ 560,372</u></u>

CITY OF LINCOLN CITY

**URBAN RENEWAL PROPERTY REHABILITATION PROGRAM
- SPECIAL REVENUE FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

For the Year Ended June 30, 2009

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Loan repayments	\$ 125,000	\$ 133,089	\$ 8,089
Interest	14,000	7,825	(6,175)
TOTAL REVENUES	139,000	140,914	1,914
EXPENDITURES			
Capital outlay	459,801	50,000	409,801
Net change in fund balance	(320,801)	90,914	411,715
Fund balance at beginning of year	320,801	379,502	58,701
	<u>\$ -</u>	<u>\$ 470,416</u>	<u>\$ 470,416</u>

CITY OF LINCOLN CITY

**VISITOR AND CONVENTION BUREAU - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2009**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Intergovernmental	\$ -	\$ 354	\$ 354
Interest on investments	15,000	10,094	(4,906)
Miscellaneous	<u>95,500</u>	<u>68,933</u>	<u>(26,567)</u>
 TOTAL REVENUES	 <u>110,500</u>	 <u>79,381</u>	 <u>(31,119)</u>
 EXPENDITURES			
Personal services	450,399	456,993	(6,594)
Materials and services	884,029	631,548	252,481
Capital outlay	42,000	34,397	7,603
Contingency	<u>96,904</u>	<u>-</u>	<u>96,904</u>
 TOTAL EXPENDITURES	 <u>1,473,332</u>	 <u>1,122,938</u>	 <u>350,394</u>
 Excess (deficiency) of revenues over expenditures	 <u>(1,362,832)</u>	 <u>(1,043,557)</u>	 <u>319,275</u>
 OTHER FINANCING SOURCES (USES)			
Transfers in	1,191,633	1,197,528	5,895
Transfers out	<u>(63,409)</u>	<u>(63,409)</u>	<u>-</u>
 TOTAL OTHER FINANCING SOURCES (USES)	 <u>1,128,224</u>	 <u>1,134,119</u>	 <u>5,895</u>
 Net change in fund balance	 (234,608)	 90,562	 325,170
Fund balance at beginning of year	<u>234,608</u>	<u>268,324</u>	<u>33,716</u>
 Fund balance at end of year	 <u><u>\$ -</u></u>	 <u><u>\$ 358,886</u></u>	 <u><u>\$ 358,886</u></u>

CITY OF LINCOLN CITY

**PUBLIC SAFETY DISPATCH - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2009**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Charges for services	\$ 15,000	\$ 15,000	\$ -
State allocations	40,512	40,941	429
Interest on investments	<u>2,000</u>	<u>1,352</u>	<u>(648)</u>
TOTAL REVENUES	<u>57,512</u>	<u>57,293</u>	<u>(219)</u>
EXPENDITURES			
Personal services	591,563	586,893	4,670
Materials and services	70,760	61,318	9,442
Capital outlay	6,750	6,061	689
Contingency	<u>14,939</u>	<u>-</u>	<u>14,939</u>
TOTAL EXPENDITURES	<u>684,012</u>	<u>654,272</u>	<u>29,740</u>
Excess (deficiency) of revenues over expenditures	(626,500)	(596,979)	29,521
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>500,000</u>	<u>500,000</u>	<u>-</u>
Net change in fund balance	(126,500)	(96,979)	29,521
Fund balance at beginning of year	<u>126,500</u>	<u>108,413</u>	<u>(18,087)</u>
Fund balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ 11,434</u></u>	<u><u>\$ 11,434</u></u>

CITY OF LINCOLN CITY

**PARKS MAINTENANCE - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2009**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Charges for services	\$ 2,000	\$ -	\$ (2,000)
State allocations	8,200	8,200	-
Interest on investments	15,000	9,647	(5,353)
Miscellaneous	<u>5,000</u>	<u>10,628</u>	<u>5,628</u>
TOTAL REVENUES	<u>30,200</u>	<u>28,475</u>	<u>(1,725)</u>
EXPENDITURES			
Personal services	479,532	473,544	5,988
Materials and services	144,850	144,370	480
Capital outlay	248,500	120,820	127,680
Other expenditures	840	840	-
Contingency	<u>170,483</u>	<u>-</u>	<u>170,483</u>
TOTAL EXPENDITURES	<u>1,044,205</u>	<u>739,574</u>	<u>304,631</u>
Excess (deficiency) of revenues over expenditures	<u>(1,014,005)</u>	<u>(711,099)</u>	<u>302,906</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	688,455	706,424	17,969
Transfers out	<u>(38,792)</u>	<u>(26,280)</u>	<u>12,512</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>649,663</u>	<u>680,144</u>	<u>30,481</u>
Net change in fund balance	(364,342)	(30,955)	333,387
Fund balance at beginning of year	<u>364,342</u>	<u>405,382</u>	<u>41,040</u>
Fund balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ 374,427</u></u>	<u><u>\$ 374,427</u></u>

CITY OF LINCOLN CITY

**PERCENT FOR ART - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2009**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Fees and fines	\$ 5,000	\$ 4,286	\$ (714)
Interest	<u>2,000</u>	<u>1,369</u>	<u>(631)</u>
 TOTAL REVENUES	 <u>7,000</u>	 <u>5,655</u>	 <u>(1,345)</u>
 EXPENDITURES			
Materials and services	1,000	1,427	(427)
Capital outlay	<u>113,863</u>	<u>5,000</u>	<u>108,863</u>
 TOTAL EXPENDITURES	 <u>114,863</u>	 <u>6,427</u>	 <u>108,436</u>
 Excess (deficiency) of revenues over expenditures	 (107,863)	 (772)	 107,091
 OTHER FINANCING SOURCES (USES)			
Transfers in	<u>59,000</u>	<u>31,679</u>	<u>(27,321)</u>
 Net change in fund balance	 (48,863)	 30,907	 79,770
Fund balance at beginning of year	<u>48,863</u>	<u>47,074</u>	<u>(1,789)</u>
 Fund balance at end of year	 <u><u>\$ -</u></u>	 <u><u>\$ 77,981</u></u>	 <u><u>\$ 77,981</u></u>

CITY OF LINCOLN CITY

**LINCOLN SQUARE BOND - DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2009**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Interest	\$ 1,000	\$ 1,234	\$ 234
EXPENDITURES			
Debt service	<u>305,500</u>	<u>303,296</u>	<u>2,204</u>
Excess (deficiency) of revenues over expenditures	(304,500)	(302,062)	2,438
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>252,298</u>	<u>241,484</u>	<u>(10,814)</u>
Net change in fund balance	(52,202)	(60,578)	(8,376)
Fund balance at beginning of year	<u>52,202</u>	<u>60,578</u>	<u>8,376</u>
Fund balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

CITY OF LINCOLN CITY

**OPEN SPACE BONDS - DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2009**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Property taxes	\$ 290,000	\$ 291,830	\$ 1,830
Interest on investments	<u>10,000</u>	<u>5,391</u>	<u>(4,609)</u>
TOTAL REVENUES	<u>300,000</u>	<u>297,221</u>	<u>(2,779)</u>
EXPENDITURES			
Debt service	459,573	459,573	-
Contingency	<u>15,559</u>	<u>-</u>	<u>15,559</u>
TOTAL EXPENDITURES	<u>475,132</u>	<u>459,573</u>	<u>15,559</u>
Net change in fund balance	(175,132)	(162,352)	12,780
Fund balance at beginning of year	<u>175,132</u>	<u>169,495</u>	<u>(5,637)</u>
Fund balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ 7,143</u></u>	<u><u>\$ 7,143</u></u>

CITY OF LINCOLN CITY

**2008 BOND REDEMPTION - DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2009**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Interest	\$ -	\$ 443	\$ 443
EXPENDITURES			
Debt service	<u>75,000</u>	<u>68,283</u>	<u>6,717</u>
Excess (deficiency) of revenues over expenditures	(75,000)	(67,840)	7,160
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>75,000</u>	<u>75,000</u>	<u>-</u>
Net change in fund balance	-	7,160	7,160
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 7,160</u>	<u>\$ 7,160</u>

CITY OF LINCOLN CITY

**TRANSPORTATION DEVELOPMENT - CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2009**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Improvement fee	\$ 65,640	\$ 33,955	\$ (31,685)
Interest	<u>10,000</u>	<u>8,056</u>	<u>(1,944)</u>
 TOTAL REVENUES	 75,640	 42,011	 (33,629)
 EXPENDITURES			
Contingency	<u>423,218</u>	<u>-</u>	<u>423,218</u>
 Net change in fund balance	 (347,578)	 42,011	 389,589
Fund balance at beginning of year	<u>347,578</u>	<u>377,719</u>	<u>30,141</u>
 Fund balance at end of year	 <u>\$ -</u>	 <u>\$ 419,730</u>	 <u>\$ 419,730</u>

CITY OF LINCOLN CITY

**STORM DRAINAGE DEVELOPMENT - CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2009**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Improvement fee	\$ 6,000	\$ 1,768	\$ (4,232)
Interest	<u>2,000</u>	<u>1,479</u>	<u>(521)</u>
 TOTAL REVENUES	 8,000	 3,247	 (4,753)
 EXPENDITURES			
Capital outlay	75,000	-	75,000
Contingency	<u>4,290</u>	<u>-</u>	<u>4,290</u>
 TOTAL EXPENDITURES	 <u>79,290</u>	 <u>-</u>	 <u>79,290</u>
 Net change in fund balance	 (71,290)	 3,247	 74,537
Fund balance at beginning of year	<u>71,290</u>	<u>71,194</u>	<u>(96)</u>
 Fund balance at end of year	 <u><u>\$ -</u></u>	 <u><u>\$ 74,441</u></u>	 <u><u>\$ 74,441</u></u>

CITY OF LINCOLN CITY

**PARKS DEVELOPMENT - CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2009**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Interest on investments	\$ 200	\$ 150	\$ (50)
Miscellaneous	<u>2,000</u>	<u>1,864</u>	<u>(136)</u>
 TOTAL REVENUES	 2,200	 2,014	 (186)
 EXPENDITURES			
Contingency	<u>7,686</u>	<u>-</u>	<u>7,686</u>
 Net change in fund balance	 (5,486)	 2,014	 7,500
Fund balance at beginning of year	<u>5,486</u>	<u>5,135</u>	<u>(351)</u>
 Fund balance at end of year	 <u><u>\$ -</u></u>	 <u><u>\$ 7,149</u></u>	 <u><u>\$ 7,149</u></u>

CITY OF LINCOLN CITY

PARKS SYSTEM DEVELOPMENT CHARGE IMPROVEMENT

- CAPITAL PROJECTS FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

For the Year Ended June 30, 2009

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Improvement fee	\$ 150,000	\$ 82,494	\$ (67,506)
Intergovernmental	429,982	17,553	(412,429)
Interest on investments	<u>35,000</u>	<u>18,930</u>	<u>(16,070)</u>
 TOTAL REVENUES	 614,982	 118,977	 (496,005)
 EXPENDITURES			
Capital outlay	<u>1,636,766</u>	<u>388,863</u>	<u>1,247,903</u>
 Excess (deficiency) of revenues over expenditures	 (1,021,784)	 (269,886)	 751,898
 OTHER FINANCING SOURCES (USES)			
Transfers in	<u>-</u>	<u>9,157</u>	<u>9,157</u>
 Net change in fund balance	 (1,021,784)	 (260,729)	 761,055
Fund balance at beginning of year	<u>1,021,784</u>	<u>1,051,480</u>	<u>29,696</u>
 Fund balance at end of year	 <u><u>\$ -</u></u>	 <u><u>\$ 790,751</u></u>	 <u><u>\$ 790,751</u></u>

CITY OF LINCOLN CITY

**OPEN SPACE ACQUISITION - CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2009**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Intergovernmental	\$ -	\$ 105,000	\$ 105,000
Interest on investments	40,000	19,981	(20,019)
TOTAL REVENUES	40,000	124,981	84,981
EXPENDITURES			
Capital outlay	1,144,841	234,402	910,439
Net change in fund balance	(1,104,841)	(109,421)	995,420
Fund balance at beginning of year	1,104,841	1,110,896	6,055
Fund balance at end of year	<u>\$ -</u>	<u>\$ 1,001,475</u>	<u>\$ 1,001,475</u>

CITY OF LINCOLN CITY

**FACILITIES CAPITAL - CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2009**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Interest on investments	\$ 3,000	\$ 12,751	\$ 9,751
Miscellaneous	<u>5,000</u>	<u>-</u>	<u>(5,000)</u>
TOTAL REVENUES	<u>8,000</u>	<u>12,751</u>	<u>4,751</u>
EXPENDITURES			
Capital outlay	1,122,000	684,608	437,392
Contingency	<u>60,229</u>	<u>-</u>	<u>60,229</u>
TOTAL EXPENDITURES	<u>1,182,229</u>	<u>684,608</u>	<u>497,621</u>
Excess (deficiency) of revenues over expenditures	<u>(1,174,229)</u>	<u>(671,857)</u>	<u>502,372</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from long-term obligations	1,000,000	1,000,000	-
Transfers in	174,229	247,176	72,947
Transfers out	<u>-</u>	<u>(25,000)</u>	<u>(25,000)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,174,229</u>	<u>1,222,176</u>	<u>47,947</u>
Net change in fund balance	-	550,319	550,319
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ 550,319</u></u>	<u><u>\$ 550,319</u></u>

CITY OF LINCOLN CITY

**WATER - ENTERPRISE FUND (A MAJOR FUND)
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2009**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Charges for services	\$ 2,795,550	\$ 2,824,968	\$ 29,418
Interest on investments	20,000	5,597	(14,403)
Miscellaneous	<u>6,000</u>	<u>6,950</u>	<u>950</u>
TOTAL REVENUES	<u>2,821,550</u>	<u>2,837,515</u>	<u>15,965</u>
EXPENDITURES			
Personal services	921,543	922,168	(625)
Materials and services	526,350	493,748	32,602
Capital outlay	23,000	20,764	2,236
Contingency	<u>193,427</u>	<u>-</u>	<u>193,427</u>
TOTAL EXPENDITURES	<u>1,664,320</u>	<u>1,436,680</u>	<u>227,640</u>
Excess (deficiency) of revenues over expenditures	1,157,230	1,400,835	243,605
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(1,748,379)</u>	<u>(1,785,261)</u>	<u>(36,882)</u>
Net change in fund balance	(591,149)	(384,426)	206,723
Fund balance at beginning of year	<u>591,149</u>	<u>652,518</u>	<u>61,369</u>
Fund balance at end of year	<u>\$ -</u>	<u>268,092</u>	<u>\$ 268,092</u>
Adjustments to reconcile to general accepted accounting principles:			
Capital assets, net		21,600,811	
Deferred charges, net		55,463	
Accrued interest payable		(11,053)	
Long-term obligations		<u>(6,987,368)</u>	
Net assets at end of year		<u>\$ 14,925,945</u>	

CITY OF LINCOLN CITY

SEWER - ENTERPRISE FUND (A MAJOR FUND) SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL For the Year Ended June 30, 2009

	Budget	Actual	Variance
REVENUES			
Charges for services	\$ 2,498,617	\$ 2,589,506	\$ 90,889
Interest on investments	20,000	12,448	(7,552)
Miscellaneous	55,000	60,711	5,711
TOTAL REVENUES	<u>2,573,617</u>	<u>2,662,665</u>	<u>89,048</u>
EXPENDITURES			
Personal services	1,020,967	1,033,295	(12,328)
Materials and services	857,300	852,697	4,603
Capital outlay	402,000	120,380	281,620
Contingency	377,534	-	377,534
TOTAL EXPENDITURES	<u>2,657,801</u>	<u>2,006,372</u>	<u>651,429</u>
Excess (deficiency) of revenues over expenditures	<u>(84,184)</u>	<u>656,293</u>	<u>740,477</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from sale of capital assets	-	3,565	3,565
Transfers out	(581,381)	(544,043)	37,338
TOTAL OTHER FINANCING SOURCES (USES)	<u>(581,381)</u>	<u>(540,478)</u>	<u>40,903</u>
Net change in fund balance	(665,565)	115,815	781,380
Fund balance at beginning of year	<u>665,565</u>	<u>714,171</u>	<u>48,606</u>
Fund balance at end of year	<u>\$ -</u>	<u>829,986</u>	<u>\$ 829,986</u>
Adjustments to reconcile to general accepted accounting principles:			
Capital assets, net		28,221,463	
Accrued interest payable		(47,113)	
Long-term obligations		<u>(13,710,124)</u>	
Net assets at end of year		<u>\$ 15,294,212</u>	

CITY OF LINCOLN CITY

**COMBINING STATEMENT OF NET ASSETS
OTHER ENTERPRISE FUNDS
June 30, 2009**

	<u>Water Capital</u>	<u>Sewer Capital</u>	<u>Water Treatment Plant Construction</u>
<u>ASSETS</u>			
CURRENT ASSETS			
Cash and investments	\$ 1,770,052	\$ 3,633,279	\$ 1,959,482
Receivables	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	1,770,052	3,633,279	1,959,482
<u>LIABILITIES</u>			
CURRENT LIABILITIES			
Accounts payable and accrued expenses	<u>416,099</u>	<u>15,389</u>	<u>179,649</u>
<u>NET ASSETS</u>			
Restricted	<u>\$ 1,353,953</u>	<u>\$ 3,617,890</u>	<u>\$ 1,779,833</u>

<u>2007 Water Refunding Bonds</u>	<u>2006 Water Refunding Bonds</u>	<u>2005 Sewer Bonds</u>	<u>2005 Sewer Construction</u>	<u>Totals</u>
\$ 32,405	\$ 10,680	\$ 699,912	\$ 1,212,676	\$ 9,318,486
-	-	45,349	-	45,349
32,405	10,680	745,261	1,212,676	9,363,835
-	-	-	196,987	808,124
<u>\$ 32,405</u>	<u>\$ 10,680</u>	<u>\$ 745,261</u>	<u>\$ 1,015,689</u>	<u>\$ 8,555,711</u>

CITY OF LINCOLN CITY

**COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
OTHER ENTERPRISE FUNDS
For the Year Ended June 30, 2009**

	<u>Water Capital</u>	<u>Sewer Capital</u>	<u>Water Treatment Plant Construction</u>
NONOPERATING REVENUES (EXPENSES)			
System development charges	\$ 155,865	\$ 312,965	\$ -
Interest on investments	63,033	68,859	43,927
Property taxes	-	-	-
Interest	-	-	-
Income before transfers	218,898	381,824	43,927
TRANSFERS			
Transfers in	1,200,000	200,000	-
Transfers out	(3,062,449)	(253,878)	(1,506,448)
TOTAL TRANSFERS	(1,862,449)	(53,878)	(1,506,448)
Net change in net assets	(1,643,551)	327,946	(1,462,521)
Net assets at beginning of year	2,997,504	3,289,944	3,242,354
Net assets at end of year	<u>\$ 1,353,953</u>	<u>\$ 3,617,890</u>	<u>\$ 1,779,833</u>

2007 Water Refunding Bonds	2006 Water Refunding Bonds	2005 Sewer Bonds	2005 Sewer Construction	Totals
\$ -	\$ -	\$ -	\$ -	\$ 468,830
500	684	19,438	32,347	228,788
-	-	684,029	-	684,029
(142,555)	(64,483)	(606,001)	-	(813,039)
(142,055)	(63,799)	97,466	32,347	568,608
450,000	294,000	400,000	-	2,544,000
(292,352)	(226,515)	(380,000)	(871,296)	(6,592,938)
157,648	67,485	20,000	(871,296)	(4,048,938)
15,593	3,686	117,466	(838,949)	(3,480,330)
16,812	6,994	627,795	1,854,638	12,036,041
\$ 32,405	\$ 10,680	\$ 745,261	\$ 1,015,689	\$ 8,555,711

CITY OF LINCOLN CITY
COMBINING STATEMENT OF CASH FLOWS
OTHER ENTERPRISE FUNDS
For the Year Ended June 30, 2009

	Water Capital	Sewer Capital
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Property taxes	\$ -	\$ -
Transfers in	1,200,000	200,000
Transfers out	<u>(450,000)</u>	<u>(225,000)</u>
NET CASH PROVIDED BY (USED IN) NONCAPITAL FINANCING ACTIVITIES	<u>750,000</u>	<u>(25,000)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	(4,258,376)	(13,489)
System development charges	155,865	312,965
Proceeds from long term debt obligations	2,000,000	-
Principal paid on long-term obligations	-	-
Interest paid on long-term obligations	<u>-</u>	<u>-</u>
NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(2,102,511)</u>	<u>299,476</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	<u>63,033</u>	<u>68,859</u>
Net increase (decrease) in cash	(1,289,478)	343,335
Cash - beginning of year	<u>3,059,530</u>	<u>3,289,944</u>
Cash - end of year	<u><u>\$ 1,770,052</u></u>	<u><u>\$ 3,633,279</u></u>

Water Treatment Plant Construction	2007 Water Refunding Bonds	2006 Water Refunding Bonds	2005 Sewer Bonds	2005 Sewer Construction	Totals
\$ -	\$ -	\$ -	\$ 673,371	\$ -	\$ 673,371
-	450,000	294,000	400,000	-	2,544,000
-	-	-	-	-	(675,000)
-	450,000	294,000	1,073,371	-	2,542,371
(1,329,004)	-	-	-	(1,326,929)	(6,927,798)
-	-	-	-	-	468,830
-	-	-	-	-	2,000,000
-	(292,352)	(226,515)	(380,000)	-	(898,867)
-	(142,555)	(64,483)	(606,001)	-	(813,039)
(1,329,004)	(434,907)	(290,998)	(986,001)	(1,326,929)	(6,170,874)
43,927	500	684	19,438	32,347	228,788
(1,285,077)	15,593	3,686	106,808	(1,294,582)	(3,399,715)
3,244,559	16,812	6,994	593,104	2,507,258	12,718,201
<u>\$ 1,959,482</u>	<u>\$ 32,405</u>	<u>\$ 10,680</u>	<u>\$ 699,912</u>	<u>\$ 1,212,676</u>	<u>\$ 9,318,486</u>

CITY OF LINCOLN CITY

**WATER CAPITAL - ENTERPRISE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2009**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
System development charges	\$ 279,960	\$ 155,865	\$ (124,095)
Interest on investments	<u>82,000</u>	<u>63,033</u>	<u>(18,967)</u>
TOTAL REVENUES	<u>361,960</u>	<u>218,898</u>	<u>(143,062)</u>
EXPENDITURES			
Capital outlay	5,425,000	4,612,449	812,551
Contingency	<u>699,982</u>	<u>-</u>	<u>699,982</u>
TOTAL EXPENDITURES	<u>6,124,982</u>	<u>4,612,449</u>	<u>1,512,533</u>
Excess (deficiency) of revenues over expenditures	<u>(5,763,022)</u>	<u>(4,393,551)</u>	<u>1,369,471</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from long-term obligations	2,000,000	2,000,000	-
Transfers in	1,200,000	1,200,000	-
Transfers out	<u>(450,000)</u>	<u>(450,000)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>2,750,000</u>	<u>2,750,000</u>	<u>-</u>
Net change in fund balance	(3,013,022)	(1,643,551)	1,369,471
Fund balance at beginning of year	<u>3,013,022</u>	<u>2,997,504</u>	<u>(15,518)</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 1,353,953</u>	<u>\$ 1,353,953</u>
Reconciliation to generally accepted accounting principles			
Net assets - end of year		<u>\$ 1,353,953</u>	

CITY OF LINCOLN CITY

**SEWER CAPITAL - ENTERPRISE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2009**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
System development charges	\$ 584,520	\$ 312,965	\$ (271,555)
Interest	<u>103,000</u>	<u>68,859</u>	<u>(34,141)</u>
TOTAL REVENUES	<u>687,520</u>	<u>381,824</u>	<u>(305,696)</u>
EXPENDITURES			
Capital outlay	500,000	28,878	471,122
Contingency	<u>3,181,819</u>	<u>-</u>	<u>3,181,819</u>
TOTAL EXPENDITURES	<u>3,681,819</u>	<u>28,878</u>	<u>3,652,941</u>
Excess (deficiency) of revenues over expenditures	<u>(2,994,299)</u>	<u>352,946</u>	<u>3,347,245</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	200,000	200,000	-
Transfers out	<u>(450,000)</u>	<u>(225,000)</u>	<u>225,000</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(250,000)</u>	<u>(25,000)</u>	<u>225,000</u>
Net change in fund balance	(3,244,299)	327,946	3,572,245
Fund balance at beginning of year	<u>3,244,299</u>	<u>3,289,944</u>	<u>45,645</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 3,617,890</u>	<u>\$ 3,617,890</u>
Reconciliation to generally accepted accounting principles			
Net assets - end of year		<u>\$ 3,617,890</u>	

CITY OF LINCOLN CITY

WATER TREATMENT PLANT CONSTRUCTION - ENTERPRISE FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

For the Year Ended June 30, 2009

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Interest on investments	\$ 50,000	\$ 43,927	\$ (6,073)
EXPENDITURES			
Capital outlay	<u>3,300,176</u>	<u>1,506,448</u>	<u>1,793,728</u>
Net change in fund balance	(3,250,176)	(1,462,521)	1,787,655
Fund balance at beginning of year	<u>3,250,176</u>	<u>3,242,354</u>	<u>(7,822)</u>
Fund balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ 1,779,833</u></u>	<u><u>\$ 1,779,833</u></u>
Reconciliation to generally accepted accounting principles			
Net assets - end of year		<u><u>\$ 1,779,833</u></u>	

CITY OF LINCOLN CITY

**2007 WATER REFUNDING BONDS - ENTERPRISE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2009**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Interest on investments	\$ 1,000	\$ 500	\$ (500)
EXPENDITURES			
Debt service	433,198	434,907	(1,709)
Contingency	<u>36,105</u>	<u>-</u>	<u>36,105</u>
TOTAL EXPENDITURES	<u>469,303</u>	<u>434,907</u>	<u>34,396</u>
Excess (deficiency) of revenues over expenditures	(468,303)	(434,407)	(34,896)
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>450,000</u>	<u>450,000</u>	<u>-</u>
Net change in fund balance	(18,303)	15,593	33,896
Fund balance at beginning of year	<u>18,303</u>	<u>16,812</u>	<u>(1,491)</u>
Fund balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ 32,405</u></u>	<u><u>\$ 32,405</u></u>
Reconciliation to generally accepted accounting principles			
Net assets - end of year		<u><u>\$ 32,405</u></u>	

CITY OF LINCOLN CITY

**2006 WATER REFUNDING BONDS - ENTERPRISE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2009**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Interest	\$ 1,000	\$ 684	\$ (316)
EXPENDITURES			
Debt service	290,998	290,998	-
Contingency	<u>10,869</u>	<u>-</u>	<u>10,869</u>
TOTAL EXPENDITURES	<u>301,867</u>	<u>290,998</u>	<u>10,869</u>
Excess (deficiency) of revenues over expenditures	(300,867)	(290,314)	(11,185)
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>294,000</u>	<u>294,000</u>	<u>-</u>
Net change in fund balance	(6,867)	3,686	10,553
Fund balance at beginning of year	<u>6,867</u>	<u>6,994</u>	<u>127</u>
Fund balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ 10,680</u></u>	<u><u>\$ 10,680</u></u>
Reconciliation to generally accepted accounting principles			
Net assets - end of year		<u><u>\$ 10,680</u></u>	

CITY OF LINCOLN CITY

**2005 SEWER BONDS - ENTERPRISE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2009**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Interest on investments	\$ 27,000	\$ 19,438	\$ (7,562)
Property taxes	<u>676,000</u>	<u>673,371</u>	<u>(2,629)</u>
TOTAL REVENUES	703,000	692,809	(10,191)
EXPENDITURES			
Debt service	1,303,948	986,001	317,947
Contingency	<u>649,993</u>	<u>-</u>	<u>649,993</u>
TOTAL EXPENDITURES	<u>1,953,941</u>	<u>986,001</u>	<u>967,940</u>
Excess (deficiency) of revenues over expenditures	(1,250,941)	(293,192)	(978,131)
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>625,000</u>	<u>400,000</u>	<u>(225,000)</u>
Net change in fund balance	(625,941)	106,808	732,749
Fund balance at beginning of year	<u>625,941</u>	<u>593,104</u>	<u>(32,837)</u>
Fund balance at end of year	<u><u>\$ -</u></u>	699,912	<u><u>\$ 699,912</u></u>

Reconciliation to generally accepted accounting principles

Elimination of deferred revenue	<u>45,349</u>
Net assets at end of year	<u><u>\$ 745,261</u></u>

CITY OF LINCOLN CITY

2005 SEWER CONSTRUCTION - ENTERPRISE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL For the Year Ended June 30, 2009

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Interest	\$ 120,000	\$ 32,347	\$ (87,653)
EXPENDITURES			
Capital outlay	<u>9,541,825</u>	<u>871,296</u>	<u>8,670,529</u>
Excess (deficiency) of revenues over expenditures	(9,421,825)	(838,949)	8,582,876
OTHER FINANCING SOURCES (USES)			
Proceeds from long-term obligations	<u>7,000,000</u>	<u>-</u>	<u>(7,000,000)</u>
Net change in fund balance	(2,421,825)	(838,949)	1,582,876
Fund balance at beginning of year	<u>2,421,825</u>	<u>1,854,638</u>	<u>(567,187)</u>
Fund balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ 1,015,689</u></u>	<u><u>\$ 1,015,689</u></u>
Reconciliation to generally accepted accounting principles			
Net assets - end of year		<u><u>\$ 1,015,689</u></u>	

CITY OF LINCOLN CITY

COMBINING STATEMENT OF ASSETS AND LIABILITIES

AGENCY FUNDS

June 30, 2009

	<u>Bail</u>	<u>Recreation Scholarship</u>	<u>Miscellaneous Trust</u>	<u>Municipal Court</u>
<u>ASSETS</u>				
Cash and investments	\$ 2,796	\$ 8,447	\$ 8,001	\$ 8,121
Receivables	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 2,796</u>	<u>\$ 8,447</u>	<u>\$ 8,001</u>	<u>\$ 8,121</u>
<u>LIABILITIES</u>				
Accounts payable	\$ 2,239	\$ -	\$ 219	\$ 10,405
Funds hed in trust	<u>557</u>	<u>8,447</u>	<u>7,782</u>	<u>(2,284)</u>
TOTAL LIABILITIES	<u>\$ 2,796</u>	<u>\$ 8,447</u>	<u>\$ 8,001</u>	<u>\$ 8,121</u>

Roads End Sanitary District	Totals
\$ 9,283	\$ 36,648
4,354	4,354
<u>\$ 13,637</u>	<u>\$ 41,002</u>
\$ 9,290	\$ 22,153
4,347	18,849
<u>\$ 13,637</u>	<u>\$ 41,002</u>

CITY OF LINCOLN CITY

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

For the Year Ended June 30, 2009

	<u>Balances</u> <u>July 1, 2008</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balances</u> <u>June 30, 2009</u>
<u>Bail</u>				
Assets				
Cash and investments	\$ 796	\$ 11,881	\$ 9,881	\$ 2,796
Liabilities				
Accounts payable	\$ 239	\$ 11,881	\$ 9,881	\$ 2,239
Funds held in trust	557	-	-	557
Total liabilities	\$ 796	\$ 11,881	\$ 9,881	\$ 2,796
<u>Recreation Scholarship</u>				
Assets				
Cash and investments	\$ 8,329	\$ 4,796	\$ 4,678	\$ 8,447
Liabilities				
Funds held in trust	\$ 8,329	\$ 4,796	\$ 4,678	\$ 8,447
<u>Miscellaneous Trust</u>				
Assets				
Cash and investments	\$ 4,532	\$ 6,863	\$ 3,394	\$ 8,001
Liabilities				
Accounts payable	\$ -	\$ 3,613	\$ 3,394	\$ 219
Funds held in trust	4,532	3,250	-	7,782
Total liabilities	\$ 4,532	\$ 6,863	\$ 3,394	\$ 8,001
<u>Municipal Court</u>				
Assets				
Cash and investments	\$ 3,198	\$ 56,111	\$ 51,188	\$ 8,121
Liabilities				
Accounts payable	\$ 3,198	\$ 56,111	\$ 48,904	\$ 10,405
Funds held in trust	-	-	2,284	(2,284)
Total liabilities	\$ 3,198	\$ 56,111	\$ 51,188	\$ 8,121

Continued on page 95

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS (Continued)

	Balances July 1, 2008	Additions	Deductions	Balances June 30, 2009
<u>Roads End Sanitary District</u>				
Assets				
Cash and investments	\$ 16,222	\$ 30,340	\$ 37,279	\$ 9,283
Receivables	2,491	1,863	-	4,354
Total assets	<u>\$ 18,713</u>	<u>\$ 32,203</u>	<u>\$ 37,279</u>	<u>\$ 13,637</u>
Liabilities				
Accounts payable	\$ 16,222	\$ 30,347	\$ 37,279	\$ 9,290
Funds held in trust	2,491	1,856	-	4,347
Total liabilities	<u>\$ 18,713</u>	<u>\$ 32,203</u>	<u>\$ 37,279</u>	<u>\$ 13,637</u>
<u>All Agency Funds</u>				
Assets				
Cash and investments	\$ 33,077	\$ 109,991	\$ 106,420	\$ 36,648
Receivables	2,491	1,863	-	4,354
Total assets	<u>\$ 35,568</u>	<u>\$ 111,854</u>	<u>\$ 106,420</u>	<u>\$ 41,002</u>
Liabilities				
Accounts payable	\$ 19,659	\$ 101,952	\$ 99,458	\$ 22,153
Funds held in trust	15,909	9,902	6,962	18,849
Total liabilities	<u>\$ 35,568</u>	<u>\$ 111,854</u>	<u>\$ 106,420</u>	<u>\$ 41,002</u>

OTHER FINANCIAL INFORMATION

ANNUAL DISCLOSURE INFORMATION

\$3,000,000	\$15,000,000
City of Lincoln City	City of Lincoln City
General Obligation Bonds	General Obligation Bonds
Series 1999	Series 2005

In conformance with SEC Rule 15c2-12, as amended (17 CFR Part 240, ~240.15c212), the City is providing annually the information presented in this section to all NRMSIRs and SIDs, if any.

BASIS OF ACCOUNTING

The City's governmental fund types are maintained on the modified accrual basis of accounting. The enterprise fund types are accounted for using the accrual basis of accounting. The City's accounting practices conform to generally accepted accounting principles.

FISCAL YEAR: July 1 to June 30

BASIS OF ACCOUNTING

The Oregon Municipal Audit Law (ORS 297.405 – 297.555) requires an audit and examination to be made of the accounts and financial affairs of every municipal corporation at least once a year. Unless the municipality elects to have the audit performed by the State Division of Audits, the audit shall be made by accountants whose names are included on the roster prepared by the State Board of Accountancy.

The City's audits for fiscal years 1995-96 to 2008-09 were performed by Boldt, Carlisle & Smith, LLC, Salem, Oregon. The auditors did not review the statistical tables and offer no opinion regarding the statistical tables.

LONG-TERM BORROWING

Table 11 - City of Lincoln City - Outstanding General Obligation Bonds (as of June 30, 2009)

General Obligation Bond <i>Supported in Whole or in Part by Taxes</i>	Dated Date	Maturity Date	Principal Issued As of 6/30/09	Outstanding As of 6/30/09
Series 2007 Water	6/28/2007	12/1/2018	\$4,000,000	\$3,414,438
Series 2005 Sewer	4/12/2005	6/1/2030	15,000,000	13,690,000
Series 1999 Open Space	7/1/1999	6/1/2014	3,000,000	1,055,000
Total			22,000,000	18,159,438
Net Direct Debt				18,159,438
<i>Self Supporting</i>				
Series 2003 Lincoln Square Bonds A (tax-exempt)	4/30/2003	6/1/2011	1,617,000	-0 -
Total			1,617,000	-0 -
Total general obligation bonds			23,617,000	18,159,438
Gross Direct Debt				<u>\$ 18,159,438</u>

The Series 1993 Lincoln Square Bonds were refunded 4/2003.

The Series 2003 Lincoln Square Bonds were repaid 10/2008

Source: City of Lincoln City

SHORT-TERM BORROWING

None.

FUTURE DEBT PLANS

Long-Term

The City's voters approved a general obligation bond in November 2004 in an amount not to exceed \$22,000,000 to replace and expand the sewer treatment plant and for upgrades to the collection system. \$15,000,000 of bonds were sold in April 2005. The remaining \$7,000,000 is anticipated to be sold in calendar year 2010.

Table 15 - 2008-09 Representative Consolidated Tax Rates for Code Area 402 (1)

District	Tax Rate for Operations(2)	Tax Rate for Bonds	Total
Schools			
Lincoln County Unified School District No.	\$ 4.0790	\$ 0.6029	\$ 4.6819
Linn-Benton-Lincoln ESD	0.2534	-	0.2534
Oregon Coast Community College	0.1460	0.2753	0.4213
Total Schools	4.4784	.8782	5.3566
Local Government			
Lincoln County	2.3433	0.1111	2.4544
Lincoln County Extension	0.0375	-	0.0375
Lincoln County Transportation	0.0810	-	0.0810
City of Lincoln City	3.4063	0.9140	4.3203
Lincoln City Urban Renewal Agency	2.5645	-	2.5645
North Lincoln Fire and Rescue	0.5636	0.3201	0.8837
Devils Lake Water District	0.1003	-	0.1003
North Lincoln Hospital District	0.4308	-	0.4308
Total Local Government	9.5273	1.3452	10.8725
Totals	\$ 14.0057	\$ 2.2234	\$ 16.2291

(1) The total Assessed Value to compute tax rate of tax code area 402 is \$614,322,150 which is equal to approximately 56 percent of the City's total Taxable Assessed Value without adjustments.

(2) The Tax Rates for Operations are the combined Measure 50 permanent tax rates and local option levies (if any) which are then applied to the Assessed Value net of urban renewal valuation to obtain the amount of taxes to be collected. These are not the Measure 5 tax rates which determine if there is "compression" and which are calculated using Real Market Value; Measure 5 tax rates cannot exceed \$5 for schools and \$10 for local governments.

Source: Lincoln County Assessor's Office

Table 16 - City of Lincoln City - Historical Property Values

Fiscal Year	Assessed Value (1)	Percent Change	Total Levy (2)	Total Real Market Value (3)	Percent Change
1999-00	595,361,463	5.30	3,430,413	905,223,504	5.88
2000-01	619,475,221	4.05	3,530,185	928,439,148	2.56
2001-02	638,947,588	3.14	3,529,705	938,953,191	1.13
2002-03	661,582,167	3.54	3,012,187	943,616,369	0.50
2003-04	712,457,843	7.69	3,220,807	1,001,857,980	6.17
2004-05	738,016,108	3.59	3,325,570	1,067,743,042	6.58
2005-06	763,874,965	3.50	4,032,389	1,206,108,750	12.96
2006-07	800,823,341	4.84	4,183,043	1,682,610,403	39.51
2007-08	857,181,131	7.04	4,475,295	2,050,417,570	21.86
2008-09	908,968,555	6.04	4,726,304	2,217,401,456	8.14

(1) Includes Lincoln City values with all adjustments to the tax rolls. Does not include urban renewal values.

(2) The levy used in this table has been adjusted by certain offsets before calculation of the tax rate.

(3) Real market value includes urban renewal values.

Sources: Lincoln County Department of Assessment and Taxation and City of Lincoln City.

Table 17 - City of Lincoln City - Tax Collection Record

Fiscal Year	Lincoln City Assessed Value (1)	Percent Change	Total Levy (2)	Tax Rate Per \$1000(3)	Percent Collected Year of Levy	Percent Collected as of 6/30/2009
1999-00	595,361,463	5.30	3,430,413	4.0991	91.33	99.97
2000-01	619,475,221	4.05	3,530,185	4.0996	91.34	99.94
2001-02	638,947,588	3.14	3,529,705	4.0996	91.32	98.98
2002-03	661,582,167	3.54	3,012,187	4.0996	91.61	99.99
2003-04	712,457,843	7.69	3,220,807	4.0996	91.78	99.95
2004-05	738,016,108	3.59	3,325,570	4.0996	93.73	99.94
2005-06	763,874,965	3.50	4,032,389	4.0996	94.06	99.72
2006-07	800,823,341	4.84	4,183,043	4.0996	94.46	99.02
2007-08	857,181,131	7.04	4,475,295	4.0996	94.45	97.92
2008-09	908,968,555	6.04	4,726,304	4.0996	93.00	

(1) Includes Lincoln City values with all adjustments to the tax rolls. Does not include urban renewal values.

(2) The levy used in this table has been adjusted by certain offsets before calculation of the tax rate.

(3) Tax rate is for operations only and does not include bonds or adjustments for the urban renewal values.

Sources: Lincoln County Department of Assessment and Taxation and City of Lincoln City.

Table 18 - City of Lincoln City - Total Taxable Assessed Value

Fiscal Year	Taxable Assessed Value without Adjustments	Adjustments (1)	Taxable Assessed Value with Adjustments(2)	Percent Change
1999-00	708,077,818	112,716,355	595,361,463	5.30
2000-01	745,516,106	126,040,885	619,475,221	4.05
2001-02	769,009,560	130,061,972	638,947,588	3.14
2002-03	797,739,809	136,157,642	661,582,167	3.54
2003-04	855,730,360	143,272,517	712,457,843	7.69
2004-05	885,860,792	147,844,684	738,016,108	3.59
2005-06	916,413,070	152,538,105	763,874,965	3.50
2006-07	964,318,686	163,495,345	800,823,341	4.84
2007-08	1,030,249,106	173,067,975	857,181,131	7.04
2008-09	1,093,993,410	185,024,855	908,968,555	6.04

(1) Adjustments include Urban Renewal Values for the City.

(2) This value is used to calculate tax rates.

Sources: Lincoln County Department of Assessment and Taxation and City of Lincoln City.

CITY OF LINCOLN CITY

SDC FUNDS IN ACCORDANCE WITH ORS 223.311

For the Year Ended June 30, 2009

	TRANSPORTATION DEVELOPMENT FUND	STORM DRAINAGE DEVELOPMENT FUND	PARKS IMPROVEMENT FUND
REVENUES:			
SYSTEM DEVELOPMENT			
CHARGE - IMPROVEMENT	\$ 25,848	\$ 1,768	\$ 82,494
TRANSFER-FOOTPATH & TRAIL FUND	-	-	9,157
MOTOR VEHICLE GAS TAX	-	-	2,987
STATE PARKS GRANT	-	-	14,566
INTEREST	3,744	1,479	18,931
TOTAL REVENUE	29,592	3,247	128,135
EXPENDITURES:			
MASTER PLANS	-	-	10,352
HEAD TO BAY TRAIL	-	-	175,892
PARK IMPROVEMENTS	-	-	31,577
COMMUNITY CENTER IMPROVEMENTS	-	-	71,041
SCHOOL DISTRICT SOCCER FIELD	-	-	100,000
TOTAL EXPENDITURES	-	-	388,862
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	29,592	3,247	(260,727)
BEGINNING FUND BALANCE	170,242	71,220	1,051,479
ENDING FUND BALANCE	\$ 199,834	\$ 74,467	\$ 790,752

CITY OF LINCOLN CITY

WATER SDC FUNDS
For the Year Ended June 30, 2009

	<u>WATER REPLACEMENT FUND</u>	<u>WATER SDC REIMBURSEMENT FUND</u>	<u>WATER SDC IMPROVEMENT FUND</u>
REVENUES:			
SYSTEM DEVELOPMENT CHARGE	\$ -	\$ 46,285	\$ 109,580
BOND SALE	2,000,000	-	-
TRF WATER OPERATING FUND	1,200,000	-	-
INTEREST	<u>41,276</u>	<u>7,726</u>	<u>14,032</u>
 TOTAL REVENUE	 <u>3,241,276</u>	 <u>54,011</u>	 <u>123,612</u>
EXPENDITURES:			
DEBT SERVICE 2006 WATER BONDS	-	-	450,000
CUTLER CITY WATER MAIN	13,696	-	-
PORT LANE WATER MAIN		8,781	-
WATER TREATMENT PLANT	19,537	-	-
RESERVOIR	<u>4,570,435</u>	<u>-</u>	<u>-</u>
 TOTAL EXPENDITURES	 <u>4,603,668</u>	 <u>8,781</u>	 <u>450,000</u>
 EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	 (1,362,392)	 45,230	 (326,388)
BEGINNING FUND BALANCE	<u>1,808,666</u>	<u>360,438</u>	<u>828,400</u>
 ENDING FUND BALANCE	 <u>\$ 446,274</u>	 <u>\$ 405,668</u>	 <u>\$ 502,012</u>

CITY OF LINCOLN CITY

SEWER SDC FUNDS

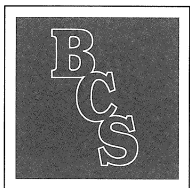
For the Year Ended June 30, 2009

	<u>SEWER REPLACEMENT FUND</u>	<u>SEWER SDC REIMBURSEMENT FUND</u>	<u>SEWER SDC IMPROVEMENT FUND</u>
REVENUES:			
SYSTEM DEVELOPMENT CHARGE	\$ -	\$ 41,145	\$ 271,820
TRANSFER FROM SEWER OPERATING FUND	200,000	-	-
INTEREST	<u>16,007</u>	<u>13,567</u>	<u>39,285</u>
 TOTAL REVENUE	 <u>216,007</u>	 <u>54,712</u>	 <u>311,105</u>
 EXPENDITURES:			
PUMP STATION UPGRADES-LOCHSHIRE	28,878	-	-
DEBT SERVICE - 2005 SEWER BONDS	<u>-</u>	<u>-</u>	<u>225,000</u>
 TOTAL EXPENDITURES	 28,878	 -	 225,000
 EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	 187,129	 54,712	 86,105
BEGINNING FUND BALANCE	<u>694,888</u>	<u>642,835</u>	<u>1,952,219</u>
 ENDING FUND BALANCE	 <u>\$ 882,017</u>	 <u>\$ 697,547</u>	 <u>\$ 2,038,324</u>

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

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

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



BOLDT, CARLISLE & SMITH LLC

CERTIFIED PUBLIC ACCOUNTANTS

PARTNERSHIP ■ ASSURANCE ■ INNOVATION

CITY OF LINCOLN CITY

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

For the Year Ended June 30, 2009

162 10-0230 – ACCOUNTING RECORDS AND INTERNAL CONTROLS

1. Accounting records

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

2. Internal control

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

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

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

162-10-0230 – ACCOUNTING RECORDS AND INTERNAL CONTROLS (Continued)

1. Internal control (continued)

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

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

162-010-0240 – COLLATERAL

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

The City has complied with the provisions of ORS 295 as it pertains to the collateralization of public funds except the City did not notify the Office of the Oregon State Treasurer of the financial institutions in which it deposits public funds.

162-010-0250 – INDEBTEDNESS

1. Limitations on the amount incurred

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

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

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

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

162-010-0260 – BUDGET

1. Current year

A. Preparation and adoption

The budget was prepared and adopted in compliance with legal requirements.

B. Execution

The budget was executed in compliance with legal requirements except that expenditures in excess of appropriations, which is prohibited by ORS 294.35 occurred in the following categories:

<u>Fund/Appropriation</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Variance</u>
Public Safety – Police			
Capital outlay	\$ 136,500	\$ 137,051	\$ (551)
Lincoln Square Operations			
Materials and services	181,900	211,131	(29,231)
Visitor and Convention Bureau			
Personal services	450,399	456,993	(6,594)
Percent for Art			
Materials and services	1,000	1,427	(427)
Water			
Personal services	921,543	922,168	(625)
Sewer			
Personal services	1,020,967	1,033,295	(12,328)
2007 Water Refunding Bonds			
Debt service	433,198	434,907	(1,709)

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

162-010-0260 – BUDGET (continued)

2. Subsequent year

A. Preparation and adoption

The budget was prepared and adopted in compliance with legal requirements.

3. Financial or organizational level of appropriations

The City establishes levels of budgetary control at personal services, materials and services, capital outlay, operating contingencies, and debt service for all funds, except the General Fund, where budgetary control is established at the department level.

162-010-0270 – INSURANCE AND FIDELITY BONDS

1. Insurance

The City's insurance agent has indicated that the following insurance coverage was in place at June 30, 2009:

Policy Number	Company	Type of Coverage	Expiration Date	Amount of Coverage
07LLNC	City County Insurance	General and Auto Liability	6/30/09	\$5,000,000 CSL
07APDLNC	City County Insurance	Auto Physical Damage	6/30/09	Various
07PLNC	City County Insurance	Property/Mobile Equipment	6/30/09	\$63,338,003
07BLNC	City County Insurance	Boiler & Machinery	6/30/09	Various
07EQLNC	RSUI Indemnity	Excess Earthquake	6/30/09	\$5,000,000
07WLNC	City County Insurance	Workers' Compensation	6/30/09	\$3,000,000

Our audit did not include a determination as to the adequacy of insurance coverage, since we are not professionally trained to make that determination. However, insurance coverage appears to comply with legal requirements.

**REQUIRED DISCLOSURES AND INDEPENDENT AUDITOR’S COMMENTS
AS OUTLINED IN OREGON ADMINISTRATIVE RULES CHAPTER 162
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(Continued)**

162-010-0270 – INSURANCE AND FIDELITY BONDS (continued)

2. Fidelity bonds

The City’s insurance agent has indicated that the following bonds are in force in accordance with amounts required by the council:

City Manager	\$ 50,000
Finance Director	50,000
City Recorder	50,000
Notary	25,000
All employees	50,000

162-010-0280 – PROGRAMS FUNDED FROM OUTSIDE SOURCES

1. General compliance:

The City operates various programs funded wholly or partially by governmental agencies. Financial transactions of the various programs were examined to the extent deemed appropriate and were in compliance with applicable rules and regulations. In addition to our audit, these programs are subject to further review by federal and state audit agencies.

162-010-0295 – HIGHWAY FUNDS

The City has complied with the legal requirements contained in Article IX, section 3a of the Oregon Constitution pertaining to the use of revenue from taxes on motor vehicle use and fuel.

**REQUIRED DISCLOSURES AND INDEPENDENT AUDITOR'S COMMENTS
AS OUTLINED IN OREGON ADMINISTRATIVE RULES CHAPTER 162
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STANDARDS FOR AUDITS OF OREGON MUNICIPAL CORPORATIONS
(Continued)**

162-010-0300 – INVESTMENTS

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

162-010-0310 – PUBLIC CONTRACTS AND PURCHASING

Public Contracts and Purchasing

1. Awarding of public contracts

The City awarded public contracts in accordance with ORS 279.

2. Construction of public improvements

The City did not construct any public improvements subject to the requirements of ORS 279.

Boldt, Carlisle & Smith, LLC

Certified Public Accountants

Salem, Oregon

January 29, 2010