

CITY OF LINCOLN CITY
Lincoln City, Oregon

Annual Financial Report

Year Ended June 30, 2010

CITY OF LINCOLN CITY

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CITY OF LINCOLN CITY

BOARD OF DIRECTORS

JUNE 30, 2010

<u>Name</u>	<u>Term Expires</u>
Lori Hollingsworth, Mayor 1640 NE 14th Lincoln City, OR 97367	December 31, 2010
Ed Kuntz PO Box 1119 Lincoln City, OR 97367	December 31, 2012
Rick Brissette 3543 NW Keel Avenue Lincoln City, OR 97367	December 31, 2012
Dick Anderson 960 SW Hwy. 101 #347 Lincoln City, OR 97367	December 31, 2010
Gary Ellingson 3417 SW Anchor Ave. Lincoln City, OR 97367	December 31, 2010
Chester Noreikis 1421 NW 19th Lincoln City, OR 97367	December 31, 2012
Sharon Connor 2725 NE 49th Court Lincoln City, OR 97367	December 31, 2010

City Manager

David Hawker

Finance Director

Debbie Mammone

INDEPENDENT AUDITOR'S REPORT



INDEPENDENT AUDITOR'S REPORT

February 9, 2011

Honorable Mayor and Members of City Council
City of Lincoln City
Lincoln City, Oregon

4800 SW Macadam Ave, Suite 400
Portland, Oregon 97239-3973

P 503.274.2849
F 503.274.2853

www.tkw.com

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 the City of Lincoln City, Oregon (the City), as of and for the year ended June 30, 2010, 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 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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, as of June 30, 2010, and the respective changes in financial position and the cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis as listed in the Table of Contents 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.

INDEPENDENT AUDITOR'S REPORT (Continued)

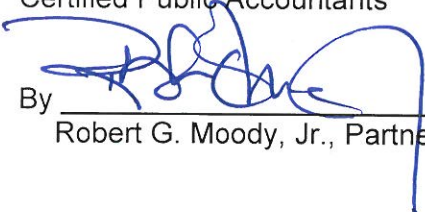
City of Lincoln City
February 9, 2011
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The budgetary comparison information for the General Fund, Transient Room Tax Fund, Public Safety – Police Fund, and the Urban Renewal Tax Increment Fund, listed in the Table of Contents as Required Supplementary Information 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. The budgetary information for these funds has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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 nonmajor fund financial statements and other schedules, listed in the Table of Contents as supplementary information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

TALBOT, KORVOLA & WARWICK, LLP
Certified Public Accountants

By



Robert G. Moody, Jr., Partner

MANAGEMENT'S DISCUSSION AND ANALYSIS

LINCOLN CITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2010. 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 \$115,472,417 at June 30, 2010, an increase of \$1,192,647 (or 1%) over the prior year. The City's General Fund reported an ending fund balance of \$3,012,275, an increase of \$13,368 (or 0.5%) over the prior year.

During the fiscal year, neither the City nor the Agency issued any new debt.

REPORT LAYOUT

This discussion and analysis is intended to serve as an introduction to the 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)

Government-wide financial statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private sector business, and use the accrual basis of accounting.

- The Statement of Net Assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. The net assets amount is separated into amounts restricted for specific purposes and unrestricted amounts. This statement focuses on resources available for future operations.
- The Statement of Activities presents revenue and expense information, showing how the City's net assets changed during the most recent fiscal year. This statement focuses on gross and net costs of City programs and the extent to which such programs rely upon general tax and other revenues.

Fund financial statements

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." This section also includes reconciliations of the fund statements to the government-wide statements.

Statements for the City's proprietary funds include the Statement of Net Assets, the Statement of Revenues, Expenses, and Changes in Net Assets, and the Statement of Cash Flows.

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.

Notes to basic financial statements

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.

Required Supplemental Information

Budget information for the general and major special revenue funds are included in this section. These schedules report revenues, expenditures, changes in fund balances, and related budgetary information.

Supplemental Information

This section includes combining balance sheets, revenues, expenditures, and changes in fund balances, and budgetary information for the non-major governmental funds, which includes non-major special revenue funds, debt service funds, and capital projects funds. Following the governmental fund schedules are revenues, expenditures, and changes in fund balances, budgetary information, and reconciliation of revenues and expenditure to changes in fund net assets for the City's proprietary funds. Also included are revenues, expenditures, and changes in fund balances for the City's internal service fund, and a combining statement of assets and liabilities for the City's agency funds.

Additional Schedules

This section contains property tax information, and 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 \$115,472,417 at June 30, 2010, an increase of \$1,192,647 (or 1%) over the prior year.

Table 1
NET ASSETS

	June 30, 2010			June 30, 2009		
	Governmental Activities	Business-type Activities	Totals	Governmental Activities	Business-type Activities	Totals
Assets:						
Cash and investments	\$ 13,957,850	\$ 6,843,542	\$ 20,801,392	\$ 15,274,669	\$ 9,923,506	\$ 25,198,175
Receivables, net	3,066,968	837,595	3,904,563	2,784,106	785,389	3,569,495
Prepaid Items	2,125	-	2,125	2,125	-	2,125
Deferred charges	-	-	-	-	55,463	55,463
Inventories	-	168,573	168,573	-	85,248	85,248
Capital assets net of depreciation	<u>71,265,030</u>	<u>50,582,316</u>	<u>121,847,346</u>	<u>71,020,106</u>	<u>49,822,274</u>	<u>120,842,380</u>
Total assets	<u>88,291,973</u>	<u>58,432,026</u>	<u>146,723,999</u>	<u>89,081,006</u>	<u>60,671,880</u>	<u>149,752,886</u>
Liabilities:						
Accounts payable and accrued expenses	1,320,111	499,490	1,819,601	1,073,299	994,982	2,068,281
Accrued interest payable	-	67,053	67,053	51,252	58,166	109,418
Landfill closure and postclosure care costs	764,611	-	764,611	802,910	-	802,910
Net other postemployment benefit of	294,860	71,275	366,135	158,734	38,370	197,104
Long-term obligations	<u>8,882,249</u>	<u>19,276,933</u>	<u>28,159,182</u>	<u>11,490,909</u>	<u>20,804,494</u>	<u>32,295,403</u>
Total liabilities	<u>11,261,831</u>	<u>19,914,751</u>	<u>31,176,582</u>	<u>13,577,104</u>	<u>21,896,012</u>	<u>35,473,116</u>
Net assets:						
Invested in capital assets net of related debt	62,382,781	31,305,384	93,688,165	59,967,780	29,163,152	89,130,932
Restricted for:						
Capital projects	1,868,966	4,969,358	6,838,324	2,843,865	7,767,365	10,611,230
Debt service	2,597,980	748,571	3,346,551	1,855,498	788,346	2,643,844
Highways and streets	649,473	-	649,473	816,728	-	816,728
Unrestricted	<u>9,455,942</u>	<u>1,493,962</u>	<u>10,949,904</u>	<u>10,020,031</u>	<u>1,057,005</u>	<u>11,077,036</u>
Total net assets	<u>\$ 76,955,142</u>	<u>\$ 38,517,275</u>	<u>\$ 115,472,417</u>	<u>\$ 75,503,902</u>	<u>\$ 38,775,868</u>	<u>\$ 114,279,770</u>

Approximately 83% of the City's total assets are invested in capital assets. 6% of the City's net assets are restricted for capital projects (\$6,838,324), including proceeds from system development charges and bond proceeds net of associated long-term debt that are restricted for capital projects. The \$3,346,551 represents reserves in the bond funds and can only be spent in repaying outstanding debt. \$10,949,904 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 \$24,049,910, an increase of 7.4% from the prior year. This change was primarily due to an increase in operating grants and contributions. Of the City's total revenue, \$7,660,744 (or 31.9%) is from property taxes, \$4,164,661 (or 17.3%) is from transient room taxes, \$6,718,605 (or 27.9%) is from charges for services and \$5,505,900 (or 22.9%) is from grants, interest earnings and other non-tax sources. More detailed information is presented in table 2 on the next page.

The total cost of all programs and services was \$22,857,263, an increase of \$3,005,971 (or 15.1%) from the prior year. The increase is primarily in the Highway/Streets and Water/Sewer funds. Of the total costs, \$6,833,151 (or 29.9%) was for Business-type Activities, and \$16,024,112 (or 70.1%) was for general government, public safety, highways and streets, cultural and recreation and interest.

CHANGE IN NET ASSETS

	Year Ended June 30, 2010			Year Ended June 30, 2009		
	Governmental Activities	Business-type Activities	Totals	Governmental Activities	Business-type Activities	Totals
Program revenues:						
Charges for services	\$ 1,265,977	\$ 5,452,628	\$ 6,718,605	\$ 1,496,611	\$ 5,414,474	\$ 6,911,085
Operating grants and contributions	1,103,589	-	1,103,589	24,431	-	24,431
Capital grants and contributions	553,359	286,385	839,744	236,747	468,830	705,577
General revenues:						
Property taxes, general purposes	3,833,273	-	3,833,273	3,629,399	-	3,629,399
Property taxes, debt service	3,084,024	743,447	3,827,471	3,061,150	684,029	3,745,179
Franchise taxes	1,347,060	-	1,347,060	960,887	-	960,887
Transient room taxes	4,164,661	-	4,164,661	4,209,286	-	4,209,286
Other	2,081,241	134,266	2,215,507	2,092,562	113,632	2,206,194
Total program and general revenues	<u>17,433,184</u>	<u>6,616,726</u>	<u>24,049,910</u>	<u>15,711,073</u>	<u>6,680,965</u>	<u>22,392,038</u>
Program expenses:						
General government	5,289,489	-	5,289,489	5,003,946	-	5,003,946
Public safety	4,090,003	-	4,090,003	3,829,499	-	3,829,499
Highways and streets	3,395,853	-	3,395,853	2,072,673	-	2,072,673
Cultural and recreation	2,860,924	-	2,860,924	2,738,354	-	2,738,354
Water and sewer	-	6,833,151	6,833,151	-	5,705,264	5,705,264
Interest on long-term debt	387,843	-	387,843	501,556	-	501,556
Total program expenses	<u>16,024,112</u>	<u>6,833,151</u>	<u>22,857,263</u>	<u>14,146,028</u>	<u>5,705,264</u>	<u>19,851,292</u>
Increase (decrease) in net assets						
before transfers	1,409,072	(216,425)	1,192,647	1,565,045	975,701	2,540,746
Transfers	<u>42,168</u>	<u>(42,168)</u>	<u>-</u>	<u>414,782</u>	<u>(414,782)</u>	<u>-</u>
Change in net assets	1,451,240	(258,593)	1,192,647	1,979,827	560,919	2,540,746
Net assets - beginning	<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>
Net assets - ending	<u>\$ 76,955,142</u>	<u>\$ 38,517,275</u>	<u>\$ 115,472,417</u>	<u>\$ 75,503,902</u>	<u>\$ 38,775,868</u>	<u>\$ 114,279,770</u>

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental Funds

The City's General fund reported an ending fund balance of \$3,012,275, an increase of \$13,368 (or 0.5%) over the prior year. Revenues and expenditures have remained stable in the general fund, resulting in no material change to the fund balance.

Transient room taxes are a significant source of revenue for Governmental funds. Revenues in this fund decreased by \$44,625 (-1.1%) from the previous fiscal year. This decrease is reflective of a tight economy where people are spending less on travel.

The City began utilizing a new capital fund in the current fiscal year to track capital expenditures for streets. Previously the street capital expenditures were recorded in the same fund as the street operational expenses.

Business-type Activities

The City's Water funds reported an ending net asset total of \$18,126,658, an increase of \$23,842 (0.1%) over the previous fiscal year. There were no significant changes to the Water operating revenues and expenses. System development charges, which are generated from new building activity, were 42% lower than in the previous fiscal year. This is reflective of the general economic environment which has seen a significant decrease in new construction.

The City's Sewer funds reported an ending net asset total of \$20,390,617, a decrease of \$282,435 (-1.4%) over the previous fiscal year. There were no significant changes to the Sewer operating revenues and expenses. Depreciation expense for the Sewer funds increased significantly (62%) in the current fiscal year, due to a new treatment plant being put into operation. System development charges, which are generated from new building activity, were 38% lower than in the previous fiscal year. This is reflective of the general economic environment which has seen a significant decrease in new construction.

BUDGETARY HIGHLIGHTS

City Council approved one change to the FY2009-2010 general fund adopted budget. This change moved amounts from contingency into operating expenditure categories to reflect actual spending patterns and did not result in a material change to the general fund budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

At the end of fiscal year 2010, the City had a net investment of \$121,847,346 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 \$1,004,966 (or 0.8%). More detailed information is presented in note 4 of the notes to basic financial statements.

CHANGE IN CAPITAL ASSETS

	June 30, 2010			June 30, 2009		
	Governmental Activities	Business-type Activities	Totals	Governmental Activities	Business-type Activities	Totals
Beginning balance	\$ 71,020,106	\$ 49,822,274	\$ 120,842,380	\$ 69,190,297	\$ 44,359,435	\$ 113,549,732
Additions	5,448,585	5,942,094	11,390,679	4,588,072	20,454,423	25,042,495
Retirements	(2,944,011)	(3,080,095)	(6,024,106)	(944,652)	(14,199,431)	(15,144,083)
Depreciation, net	(2,259,650)	(2,101,957)	(4,361,607)	(1,813,611)	(792,153)	(2,605,764)
Ending balance	\$ 71,265,030	\$ 50,582,316	\$ 121,847,346	\$ 71,020,106	\$ 49,822,274	\$ 120,842,380

Governmental Funds

Capital assets from governmental activities increased \$5,448,585 before depreciation. These additions included (1) Driftwood Library remodel, (2) Community Center roof replacement, (3) Community Center spa and slide additions, (4) Urban Renewal's Taft District Renovation project, and (5) Urban Renewal's Wallace Reef Access project.

Business-type Activities

Capital assets from business-type activities increased \$5,942,094 before depreciation. These additions included (1) Drift Creek Intake project, (2) Engineering for the Wastewater Treatment Plant phase 1B plan, (3) construction of a pump station in Roads End, and (4) Drift and Gordy Creek pipeline and pump station.

Long-term Obligations

At the end of fiscal year 2010, the City had \$28,159,182 in outstanding debt, a decrease of \$3,552,267. During this fiscal year the City and the City's Urban Renewal Agency made principal bond repayments in the amount of \$3,552,266. Neither the City nor the Urban Renewal Agency issued any new debt during the fiscal year.

LONG-TERM OBLIGATIONS

	<u>June 30, 2010</u>	<u>June 30, 2009</u>
Governmental:		
General Obligation		
Open Space, Series 1999	\$ 830,000	\$ 1,055,000
Full Faith and Credit Note Series 2008	779,708	1,000,000
Urban Renewal Bonds		
Series 2003	1,184,642	1,494,584
Series 2004	2,241,222	2,747,954
Series 2007	3,096,672	3,789,785
Contract payable	<u>750,005</u>	<u>965,003</u>
Total governmental activities	<u>8,882,249</u>	<u>11,052,326</u>
Business-type:		
General Obligation Bonds		
Sewer Bonds - Series 2005	13,295,000	13,690,000
Water Bonds - Series 2007	3,109,754	3,414,439
Full Faith and Credit Revenue Refunding - 2006	1,319,439	1,554,683
Full Faith and Credit Note Series 2008	<u>1,552,740</u>	<u>2,000,000</u>
Total business-type activities	<u>19,276,933</u>	<u>20,659,122</u>
Total long-term obligations	<u>\$ 28,159,182</u>	<u>\$ 31,711,448</u>

Governmental Funds

The City's Series 1999 Open Space bonds carry a Moody's A1 rating and are insured by MBIA Insurance Corp. See additional schedules for the annual disclosure statement in conformance with SEC Rule 15c2-12.

The City of Lincoln City's fiscal year 2010-11 budget includes \$7,000,000 of bond sales to provide funding for budgeted capital projects in the Wastewater Funds. The City's Urban Renewal Agency fiscal year 2009-10 provides \$2,000,000 of bond sales to provide fund budgeted capital projects.

Business-type Activities

The City's Series 2005 Sewer Bonds carry a Moody's A1 rating and are insured by Financial Guarantee Insurance Company. See additional schedules for the annual disclosure statement in conformance with SEC Rule 15c2-12. Both insurance companies were upgraded to A1 on May 3, 2010.

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 2011.

For additional information on the City's long-term outstanding obligations, see note 5 of the notes to basic financial statements.

ECONOMIC FACTORS, NEXT YEAR'S BUDGET AND RATES

Governmental Activities

The City's general fund revenue is 50% dependent upon property taxes. Since 1997 increases in taxable assessed values 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 2010-2011 is \$7,817,069 and expenditures are budgeted at \$8,207,313, with the difference to be funded by reserves. The projected general fund reserves for fiscal year 2010-2011 total \$2,541,481 (or 31% of budgeted expenditures).

Another major source of revenue for governmental activities is the Transient Room Tax (TRT). Due to the economic climate, the current year TRT revenues were down slightly from the previous fiscal year (-0.2%). It is anticipated that the TRT revenues will continue to remain flat in the near future.

For the fiscal year ending June 30, 2011, the City's Urban Renewal Agency has budgeted \$200,000 for property acquisition and \$1,996,716 for capital projects, related primarily to:

- OceanLake: NW15th Street Improvement Project / Streetscape
- Taft: SW 50th Storm Drain Construction, Sidewalks
- Cutler City: Beach Access Design, Trail Construction
- Property Rehab and Economic Development Programs

Business-type Activities

All of the revenue for business-type activities is from user charges and system development charges. Water rates were budgeted to increase by 6% and sewer rates were budgeted to increase by 4% for fiscal year 2011. In addition, a new peak rate usage charge was implemented in August 2010 to encourage water conservation during the highest water usage months of July, August, and September. This continues the City's program to increase rates in increments each year, and to encourage water conservation.

For fiscal year 2010-2011, the City's Water Capital funds have budgeted \$1,031,164 in capital outlay for the construction of the Port Drive water line and system telemetry, and other water line replacements as needed.

For fiscal year 2010-2011, the City's Wastewater Capital funds have budgeted \$12,689,518 in capital outlay for Lockshire pump station upgrades, Telemetry upgrades for: 3rd St pump station, Nelscott pump station, Wecoma pump station, MW40th pump station, and 48th & Jetty pump station; Canyon Drive pump station upgrade, Bio-solids tree farm, construction on phase 1-B of the sewer treatment plant upgrade, other sewer line replacements and projects as needed.

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
Lincoln City, Oregon

STATEMENT OF NET ASSETS

JUNE 30, 2010

	Government Activities	Business-type Activities	Total
ASSETS:			
Cash and investments	\$ 13,957,850	\$ 6,843,542	\$ 20,801,392
Receivables, net	3,066,968	837,595	3,904,563
Prepaid items	2,125	-	2,125
Inventories	-	168,573	168,573
Capital assets:			-
Land, improvements and construction in progress	36,262,502	766,485	37,028,987
Other capital assets, net	35,002,528	49,815,831	84,818,359
TOTAL ASSETS	88,291,973	58,432,026	146,723,999
LIABILITIES:			
Accounts payable and accrued expenses	397,723	344,141	741,864
Other accrued liabilities	479,531	-	479,531
Accrued interest payable	-	67,053	67,053
Accrued compensated absences	442,857	155,349	598,206
Landfill closure and postclosure care costs	764,611	-	764,611
Net other postemployment benefit obligation	294,860	71,275	366,135
Long-term obligations:			
Due with in one year	2,416,829	1,424,459	3,841,288
Due in more than one year	6,465,420	17,852,474	24,317,894
TOTAL LIABILITIES	11,261,831	19,914,751	31,176,582
NET ASSETS:			
Invested in capital assets, net of related debt	62,382,781	31,305,384	93,688,165
Restricted for:			
Capital improvements	1,868,966	4,969,358	6,838,324
Debt service	2,597,980	748,571	3,346,551
Highways and streets	649,473	-	649,473
Unrestricted	9,455,942	1,493,962	10,949,904
TOTAL NET ASSETS	\$ 76,955,142	\$ 38,517,275	\$ 115,472,417

See notes to basic financial statements.

CITY OF LINCOLN CITY
Lincoln City, Oregon

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2010

ACTIVITIES	Program Revenues				Net Revenue (Expense) and Change in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Totals
Primary government:							
Governmental activities:							
General government	\$ 5,289,489	\$ 907,345	\$ 493,383	\$ -	\$ (3,888,761)	\$ -	\$ (3,888,761)
Public safety	4,090,003	264,385	60,115	111,538	(3,653,965)	-	(3,653,965)
Highways and streets	3,395,853	33,002	325,241	438,536	(2,599,074)	-	(2,599,074)
Culture and recreation	2,860,924	61,245	224,850	3,285	(2,571,544)	-	(2,571,544)
Interest on long-term obligations	387,843	-	-	-	(387,843)	-	(387,843)
Total governmental activities	16,024,112	1,265,977	1,103,589	553,359	(13,101,187)	-	(13,101,187)
Business-type activities:							
Water	2,922,659	2,861,367	-	91,086	-	29,794	29,794
Sewer	3,910,492	2,591,261	-	195,299	-	(1,123,932)	(1,123,932)
Total business type activities	6,833,151	5,452,628	-	286,385	-	(1,094,138)	(1,094,138)
Total	<u>\$ 22,857,263</u>	<u>\$ 6,718,605</u>	<u>\$ 1,103,589</u>	<u>\$ 839,744</u>	<u>(13,101,187)</u>	<u>(1,094,138)</u>	<u>(14,195,325)</u>
GENERAL REVENUES							
Property taxes levied for:							
General purposes					3,833,273	-	3,833,273
Debt service					3,084,024	743,447	3,827,471
Franchise taxes and fees					1,347,060	-	1,347,060
Transient room taxes					4,164,661	-	4,164,661
Unrestricted investment earnings					90,260	54,012	144,272
Miscellaneous					1,132,970	80,254	1,213,224
Gain on sale of capital assets					858,011	-	858,011
TRANSFERS					42,168	(42,168)	-
Total general revenues and transfers					<u>14,552,427</u>	<u>835,545</u>	<u>15,387,972</u>
CHANGE IN NET ASSETS					1,451,240	(258,593)	1,192,647
NET ASSETS, June 30, 2009					<u>75,503,902</u>	<u>38,775,868</u>	<u>114,279,770</u>
NET ASSETS, June 30, 2010					<u>\$ 76,955,142</u>	<u>\$ 38,517,275</u>	<u>\$ 115,472,417</u>

See notes to basic financial statements.

CITY OF LINCOLN CITY
Lincoln City, Oregon

BALANCE SHEET GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2010

	General Fund	Transient Room Tax	Public Safety Police	Urban Renewal Tax Increment	Other Governmental Funds	Totals
ASSETS:						
Cash and investments	\$ 3,462,923	\$ -	\$ 288,936	\$ 2,532,628	\$ 7,663,376	\$ 13,947,863
Receivables	680,965	965,050	3,139	293,115	1,124,699	3,066,968
Prepaid items	-	-	-	-	2,125	2,125
TOTAL ASSETS	<u>\$ 4,143,888</u>	<u>\$ 965,050</u>	<u>\$ 292,075</u>	<u>\$ 2,825,743</u>	<u>\$ 8,790,200</u>	<u>\$ 17,016,956</u>
LIABILITIES:						
Accounts payable and accrued expenses	\$ 131,859	\$ -	\$ 49,101	\$ -	\$ 213,076	\$ 394,036
Other accrued liabilities	479,531	-	-	-	-	479,531
Deferred revenue	520,223	-	-	263,721	972,626	1,756,570
TOTAL LIABILITIES	<u>1,131,613</u>	<u>-</u>	<u>49,101</u>	<u>263,721</u>	<u>1,185,702</u>	<u>2,630,137</u>
FUND BALANCES:						
Reserved for prepaid expenses	-	-	-	-	2,125	2,125
Reserved for debt service	-	-	-	2,562,022	33,833	2,595,855
Reserved for landfill postclosure	-	-	-	-	804,675	804,675
Unreserved reported in:						
General fund	3,012,275	-	-	-	-	3,012,275
Special revenue funds	-	965,050	242,974	-	4,894,899	6,102,923
Capital project funds	-	-	-	-	1,868,966	1,868,966
TOTAL FUND BALANCES	<u>3,012,275</u>	<u>965,050</u>	<u>242,974</u>	<u>2,562,022</u>	<u>7,604,498</u>	<u>14,386,819</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 4,143,888</u>	<u>\$ 965,050</u>	<u>\$ 292,075</u>	<u>\$ 2,825,743</u>	<u>\$ 8,790,200</u>	<u>\$ 17,016,956</u>

See notes to basic financial statements.

CITY OF LINCOLN CITY
Lincoln City, Oregon

**RECONCILIATION OF STATEMENT OF GOVERNMENTAL FUNDS
BALANCE SHEET TO STATEMENT OF ASSETS**

FOR THE YEAR ENDED JUNE 30, 2010

TOTAL FUND BALANCE	\$ 14,386,819
Total net assets shown in the Statement of Net Assets are different because:	
Capital assets are not financial resources for budgetary purposes and therefore are not reported in the governmental funds.	71,265,030
A portion of the County's receivables are collected after year-end but they are not collected soon enough to be available as financial resources for the current year. The revenues related to these receivables are deferred and not reported in the governmental funds.	1,681,570
Compensated absences not payable in the current year are not recorded as governmental fund liabilities.	(442,857)
Other post-employment benefits are not recognized as a governmental fund liability.	(294,860)
Long-term assets, such as bond discount and issuance costs, are not reported as governmental fund assets and liabilities not payable in the current year are not reported as governmental fund liabilities. Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expense when it is due. These long-term assets and liabilities consist of:	
Bonds and note payable	\$ (8,882,249)
Landfill closure and post closure costs	(764,611)
Total	<u>(9,646,860)</u>
The internal service fund is used by management to charge the cost of services to individual funds. The assets and liabilities are included in the Statement of Net Assets.	<u>6,300</u>
TOTAL NET ASSETS	<u>\$ 76,955,142</u>

See notes to basic financial statements.

CITY OF LINCOLN CITY
Lincoln City, Oregon

GOVERNMENTAL FUNDS

**STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE**

FOR THE YEAR ENDED JUNE 30, 2010

	General	Transient Room Tax	Public Safety Police	Urban Renewal Tax Increment	Other Governmental Funds	Totals
REVENUES:						
Property Taxes	\$ 3,785,374	\$ -	\$ -	\$ 2,793,590	\$ 290,434	\$ 6,869,398
Franchises and fees	1,335,025	-	-	-	12,035	1,347,060
Transient room tax	-	4,164,661	-	-	-	4,164,661
Fines and forfeitures	229,041	-	-	-	-	229,041
Rents	-	-	-	-	229,825	229,825
Loan repayments	-	-	-	-	150,777	150,777
Charges for services	869,046	-	13,844	-	123,039	1,005,929
Intergovernmental	451,417	-	131,761	-	1,081,770	1,664,948
Reimbursement from other funds	-	-	-	-	19,328	19,328
Interest on investments	23,482	-	2,280	14,952	49,546	90,260
Miscellaneous	851,248	-	2,186	-	121,982	975,416
TOTAL REVENUES	7,544,633	4,164,661	150,071	2,808,542	2,078,736	16,746,643
EXPENDITURES:						
Current:						
General government	2,460,645	376,917	-	-	2,037,018	4,874,580
Public safety	-	-	3,284,253	-	640,602	3,924,855
Highways and streets	-	-	-	-	903,408	903,408
Culture and recreation	1,783,662	-	-	-	701,099	2,484,761
Debt service	-	-	-	1,821,377	787,795	2,609,172
Capital outlay	50,211	-	102,614	-	3,568,118	3,720,943
Special payments	-	-	-	-	27,600	27,600
TOTAL EXPENDITURES	4,294,518	376,917	3,386,867	1,821,377	8,665,640	18,545,319
Excess (deficiency) of revenues over expenditures	3,250,115	3,787,744	(3,236,796)	987,165	(6,586,904)	(1,798,676)
OTHER FINANCING SOURCES (USES)						
Proceeds from sale of capital assets	-	-	6,148	-	794,996	801,144
Transfers in	-	-	3,146,966	-	4,905,534	8,052,500
Transfers out	(3,236,747)	(3,743,502)	-	-	(1,041,830)	(8,022,079)
TOTAL OTHER FINANCING SOURCES (USES)	(3,236,747)	(3,743,502)	3,153,114	-	4,658,700	831,565
NET CHANGE IN FUND BALANCES	13,368	44,242	(83,682)	987,165	(1,928,204)	(967,111)
FUND BALANCES, beginning of year	2,998,907	920,808	326,656	1,574,857	9,532,702	15,353,930
FUND BALANCES, end of year	\$ 3,012,275	\$ 965,050	\$ 242,974	\$ 2,562,022	\$ 7,604,498	\$ 14,386,819

See notes to basic financial statements.

CITY OF LINCOLN CITY
Lincoln City, Oregon

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENT FUNDS TO THE STATEMENT OF ACTIVITIES**

FOR THE YEAR ENDED JUNE 30, 2010

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS		\$ (967,111)
Amounts reported for governmental activities in the Statement of Activities are different because of the following:		
Governmental funds report capital assets additions 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	\$ 2,838,572	
Depreciation	<u>(2,316,517)</u>	522,055
Disposals of capital assets are not recorded in the governmental funds		(277,131)
Receivables that do not meet the measurable and available criteria are not recognized as revenue in the current year in governmental funds. In the Statement of Activities they are recognized as revenue when levied or earned.		47,899
OPEB expense not recognized on the governmental statement		(136,126)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.		2,170,077
Payments for landfill post closure costs are reported as expenditures in the governmental fund statements, but reduce the liability in the Statement of Net Assets.		38,299
Internal service fund is used by management to charge the costs of services to individual governmental funds. The net income of the internal service fund is reported as a governmental activity.		6,300
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	\$ 51,252	
Compensation absences	<u>(4,274)</u>	<u>46,978</u>
CHANGES IN NET ASSETS OF GOVERNMENTAL ACTIVITIES		<u>\$ 1,451,240</u>

See notes to basic financial statements.

CITY OF LINCOLN CITY
Lincoln City, Oregon

PROPRIETARY FUNDS

STATEMENT OF NET ASSETS

JUNE 30, 2010

	Enterprise Funds			Internal Service Fund
	Water	Sewer	Totals	
ASSETS:				
Current assets:				
Cash and cash equivalents	\$ 1,093,640	\$ 5,749,902	\$ 6,843,542	\$ 9,987
Receivables, net	385,555	452,040	837,595	-
Inventories	147,019	21,554	168,573	-
Total current assets	<u>1,626,214</u>	<u>6,223,496</u>	<u>7,849,710</u>	<u>9,987</u>
Capital assets:				
Land, improvements and construction in progress	240,494	525,991	766,485	-
Other capital assets, net	22,574,789	27,241,042	49,815,831	-
Total capital assets	<u>22,815,283</u>	<u>27,767,033</u>	<u>50,582,316</u>	<u>-</u>
TOTAL ASSETS	<u>24,441,497</u>	<u>33,990,529</u>	<u>58,432,026</u>	<u>9,987</u>
LIABILITIES:				
Current liabilities:				
Accounts payable and accrued expenses	192,882	151,260	344,142	3,687
Accrued interest payable	18,819	48,234	67,053	-
Accrued compensated absences	87,313	68,036	155,349	-
Current portion of long-term obligations	1,019,459	405,000	1,424,459	-
Total current liabilities	<u>1,318,473</u>	<u>672,530</u>	<u>1,991,003</u>	<u>3,687</u>
Long-term liabilities	4,962,474	12,890,000	17,852,474	-
Net other postemployment benefit obligation	33,893	37,382	71,275	-
TOTAL LIABILITIES	<u>6,314,840</u>	<u>13,599,912</u>	<u>19,914,752</u>	<u>3,687</u>
NET ASSETS:				
Invested in capital assets, net of related debt restricted for:	16,833,351	14,472,033	31,305,384	-
Capital improvement	1,000,059	3,969,299	4,969,358	-
Debt service	61,669	686,902	748,571	-
Unrestricted	231,579	1,262,383	1,493,962	6,300
TOTAL NET ASSETS	<u>\$ 18,126,658</u>	<u>\$ 20,390,617</u>	<u>\$ 38,517,275</u>	<u>\$ 6,300</u>

See notes to basic financial statements.

CITY OF LINCOLN CITY

Lincoln City, Oregon

PROPRIETARY FUNDS

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

YEAR ENDED JUNE 30, 2010

	Enterprise Funds			Internal Service Fund
	Water	Sewer	Totals	
OPERATING REVENUES:				
Charges for services	\$ 2,861,367	\$ 2,591,261	\$ 5,452,628	\$ 197,515
Miscellaneous	2,009	78,245	80,254	-
TOTAL OPERATING REVENUES	2,863,376	2,669,506	5,532,882	197,515
OPERATING EXPENSES:				
Personal services	1,023,870	1,082,775	2,106,645	112,956
Materials and services	564,300	848,480	1,412,780	90,006
Support services	201,768	157,885	359,653	-
Depreciation	876,312	1,225,630	2,101,942	-
TOTAL OPERATING EXPENSES	2,666,250	3,314,770	5,981,020	202,962
OPERATING INCOME (LOSS)	197,126	(645,264)	(448,138)	(5,447)
NONOPERATING INCOME (EXPENSE):				
System development charges	91,086	195,299	286,385	-
Interest earned on investments	14,811	39,201	54,012	-
Property taxes	-	743,447	743,447	-
Interest	(256,409)	(595,722)	(852,131)	-
TOTAL NONOPERATING INCOME (EXPENSE)	(150,512)	382,225	231,713	-
INCOME (LOSS) BEFORE TRANSFERS	46,614	(263,039)	(216,425)	(5,447)
TRANSFERS				
Transfers in	-	-	-	11,747
Transfers out	(22,772)	(19,396)	(42,168)	-
TOTAL TRANSFERS	(22,772)	(19,396)	(42,168)	11,747
CHANGE IN NET ASSETS	23,842	(282,435)	(258,593)	6,300
NET ASSETS, June 30, 2009	18,102,816	20,673,052	38,775,868	-
NET ASSETS, June 30, 2010	\$ 18,126,658	\$ 20,390,617	\$ 38,517,275	\$ 6,300

See notes to basic financial statements.

CITY OF LINCOLN CITY
Lincoln City, Oregon

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS

JUNE 30, 2010

	Enterprise Funds			Internal Service Fund
	Water	Sewer	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers	\$ 2,848,588	\$ 2,632,088	\$ 5,480,676	\$ 197,515
Payments to suppliers	(1,014,051)	(1,077,433)	(2,091,484)	(86,319)
Payments to employees	(1,001,637)	(1,062,126)	(2,063,763)	(112,956)
Support services	(201,768)	(157,885)	(359,653)	-
NET CASH FROM OPERATING ACTIVITIES	631,132	334,644	965,776	(1,760)
CASH FLOWS FROM NON FINANCING ACTIVITIES:				
Property taxes	-	743,447	743,447	-
Transfers in	-	-	-	11,747
Transfers out	(22,772)	(19,396)	(42,168)	-
NET CASH FROM NON FINANCING ACTIVITIES	(22,772)	724,051	701,279	11,747
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition of capital assets	(2,090,785)	(771,200)	(2,861,985)	-
System development charges	91,086	195,299	286,385	-
Principal paid on long-term obligations	(987,190)	(395,000)	(1,382,190)	-
Interest paid on long-term obligations	(248,640)	(594,601)	(843,241)	-
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES	(3,235,529)	(1,565,502)	(4,801,031)	-
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest on investments	14,811	39,201	54,012	-
NET INCREASE (DECREASE) IN CASH	(2,612,358)	(467,606)	(3,079,964)	9,987
CASH, beginning of year	3,705,998	6,217,508	9,923,506	-
CASH, end of year	\$ 1,093,640	\$ 5,749,902	\$ 6,843,542	\$ 9,987
RECONCILIATION TO THE STATEMENT OF NET ASSETS				
Operating income (loss)	\$ 197,126	\$ (645,264)	\$ (448,138)	\$ (5,447)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	876,312	1,225,630	2,101,942	-
Decrease (increase) in assets				
Receivables, net	(14,788)	(37,418)	(52,206)	-
Inventories	(77,838)	(5,489)	(83,327)	-
Deferred charges	55,463	-	55,463	-
Increase (decrease) in liabilities				
Accounts payable and accrued expenses	(427,376)	(223,464)	(650,840)	3,687
Compensated absences payable	6,586	3,391	9,977	-
Net other postemployment benefit obligation	15,647	17,258	32,905	-
NET CASH FROM OPERATING ACTIVITIES	\$ 631,132	\$ 334,644	\$ 965,776	\$ (1,760)

See notes to basic financial statements.

CITY OF LINCOLN CITY
Lincoln City, Oregon

AGENCY FUND

STATEMENT OF AGENCY NET ASSETS

JUNE 30, 2010

ASSETS:

Cash and investments	\$	23,474
Receivables		<u>4,087</u>

TOTAL ASSETS

\$ 27,561

LIABILITIES:

Accounts payable	\$	12,373
Funds held in trust		<u>15,188</u>

TOTAL LIABILITIES

\$ 27,561

See notes to basic financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Lincoln City, Oregon (the City) have been prepared in conformity with generally accepted accounting principles in the United States of America (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.

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.

Reporting Entity

The accompanying financial statements present the government and component unit 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 (the Agency). Therefore, the accounts of the Agency are included in the financial statements of the City as a blended component unit.

Complete financial statements for the Lincoln City Urban Renewal Agency may be obtained from the City's finance department, at 801 SW Highway 101, Lincoln City, Oregon 97367.

Basis of Presentation

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,

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-wide Financial Statements (Continued)

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. Non-exchange 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 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 GASB pronouncements. The City has chosen not to apply subsequent FASB guidance.

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.

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

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting (Continued)

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

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. Each fund is considered to be a separate accounting entity. 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 for 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.

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

Sewer Fund – 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 – accounts for assets held in a purely custodial capacity for others (assets equal liabilities).

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements (Continued)

The City also reports activity within the following nonmajor governmental funds types:

- Special revenue funds
- Debt service funds
- Capital projects funds

Inventories

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

Use of Estimates

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

Capital Assets

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

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

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 calculated on the straight-line basis over the following estimated useful lives:

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

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

Long-term obligations

In the government-wide financial statements, and proprietary 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 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 as well as any premium 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.

Compensated Absences

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.

Each employee earns vacation at rates determined by their length of employment. An employee can accumulate a maximum of 320 hours, except for utilities personnel, which may accrue 340 hours.

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences (Continued)

Accumulated vested vacation leave is accrued as it is earned. In the government-wide and proprietary fund financial statements, all vacation and compensatory time is accrued when incurred. In the governmental funds, a liability for compensated absences is reported only if they have matured, and thus become due.

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.

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.

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2010

2. DEPOSITS AND INVESTMENTS (Continued)

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.

At June 30, 2010, the City's cash and investments were comprised of the following:

Cash on hand	\$ 1,125
Deposits with financial institutions	345,747
Oregon State Treasurer's Local Government Investment Pool	20,477,994
Total pooled cash and investments	<u>\$ 20,824,866</u>

Reported as:

Governmental activities	\$ 13,957,850
Business-type activities	<u>6,843,542</u>
Total per Statement of Net Assets	20,801,392
Agency Fund	23,474
	<u>\$ 20,824,866</u>

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.

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.

The City does not have a policy which limits the amount of investments that can be held with counterparties.

The City's deposits with financial institutions are insured up to \$250,000 per institution by the Federal Depository Insurance Corporation (FDIC). The City's bank balance as of June 30, 2010, was \$553,086. Of this amount, \$504,667 was covered by the FDIC. As required by Oregon Revised Statutes, deposits in excess of federal depository insurance were held at a qualified depository of public funds. All qualified depositories for public funds are included in the multiple financial institution collateral pool that is maintained by, and in the name of, the Office of the State Treasurer.

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2010

2. DEPOSITS AND INVESTMENTS (Continued)

Credit Risk (Continued)

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, 2010, the City's investments consisted solely of deposits in the Oregon State Local Government Investment Pool.

3. ACCOUNTS RECEIVABLE

Receivables as of June 30, 2010, for the City's governmental activities/funds are as follows:

	<u>General</u>	<u>Transient Room Tax</u>	<u>Public Safety Police</u>	<u>Urban Renewal Tax Increment</u>	<u>Other Governmental Funds</u>	<u>Totals</u>
Property taxes	\$ 397,301	\$ -	\$ -	\$ 293,115	\$ 30,436	\$ 720,852
Intergovernmental	36,816	-	3,139	-	151,481	191,436
Fines and warrants	162,540	-	-	-	-	162,540
Room taxes	-	965,050	-	-	-	965,050
Notes-housing rehabilitation	-	-	-	-	939,672	939,672
Other	84,308	-	-	-	3,110	87,418
	<u>\$ 680,965</u>	<u>\$ 965,050</u>	<u>\$ 3,139</u>	<u>\$ 293,115</u>	<u>\$ 1,124,699</u>	<u>\$ 3,066,968</u>

Receivables as of June 30, 2010, for the City's business-type activities/funds are as follows:

	<u>Water</u>	<u>Sewer</u>	<u>Totals</u>
User charges	\$ 381,421	\$ 370,104	\$ 751,525
Property taxes	-	75,646	75,646
Miscellaneous	4,134	6,290	10,424
	<u>\$ 385,555</u>	<u>\$ 452,040</u>	<u>\$ 837,595</u>

Property Taxes

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.

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

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2010

3. ACCOUNTS RECEIVABLE (Continued)

Property Taxes (Continued)

The Lincoln City Urban Renewal Agency levied 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 2010-11.

In addition, the City levied \$1,050,000 for retirement of long-term debt principal and interest due in 2010-11.

4. CAPITAL ASSETS

Transactions for the year ended June 30, 2010 of the governmental activities, were as follows:

	Balance July 1, 2009	Increases	Decreases	Balance June 30, 2010
Capital assets not being depreciated:				
Land	\$ 13,483,019	\$ 356,145	\$ (275,513)	\$ 13,563,651
Public right-of-way	22,328,786	-	-	22,328,786
Construction in progress	1,325,238	1,654,840	(2,610,013)	370,065
Total capital assets not being depreciated	<u>37,137,043</u>	<u>2,010,985</u>	<u>(2,885,526)</u>	<u>36,262,502</u>
Capital assets being depreciated:				
Buildings	12,709,060	1,537,007	-	14,246,067
Heavy equipment	596,775	-	(4,219)	592,556
Urban renewal projects	1,401,475	56,062	-	1,457,537
System improvements	44,021,259	1,202,736	-	45,223,995
Vehicles	764,794	46,691	(14,244)	797,241
Equipment and furnitures	2,670,437	571,144	(40,022)	3,201,559
Books and art	1,093,674	23,960	-	1,117,634
Total capital assets being depreciated	<u>63,257,474</u>	<u>3,437,600</u>	<u>(58,485)</u>	<u>66,636,589</u>
Accumulated depreciation	<u>(29,374,411)</u>	<u>(2,316,517)</u>	<u>56,867</u>	<u>(31,634,061)</u>
Total capital assets being depreciated, net	<u>33,883,063</u>	<u>1,121,083</u>	<u>(1,618)</u>	<u>35,002,528</u>
Total capital assets, net	<u>\$ 71,020,106</u>	<u>\$ 3,132,068</u>	<u>\$ (2,887,144)</u>	<u>\$ 71,265,030</u>

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

General government	\$ 472,419
Public safety	165,148
Highway and streets	1,302,632
Culture and recreation	376,318
Total	<u>\$ 2,316,517</u>

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2010

4. CAPITAL ASSETS (Continued)

Transactions for the year ended June 30, 2010 of the business-type activities, were as follows:

	Balance July 1, 2009	Increases	Decreases	Balance June 30, 2010
Capital assets not being depreciated:				
Land and improvements	\$ 186,788	\$ 10	\$ -	\$ 186,798
Construction in progress	2,292,365	1,367,417	(3,080,095)	579,687
Total capital assets not being depreciated	<u>2,479,153</u>	<u>1,367,427</u>	<u>(3,080,095)</u>	<u>766,485</u>
Capital assets being depreciated:				
Buildings	484,281	-	-	484,281
Facilities	72,281,757	4,366,732	-	76,648,489
Equipment	1,916,109	87,067	-	2,003,176
Intangibles	-	120,868	-	120,868
Total capital assets being depreciated	<u>74,682,147</u>	<u>4,574,667</u>	<u>-</u>	<u>79,256,814</u>
Accumulated depreciation	<u>(27,339,026)</u>	<u>(2,101,957)</u>	<u>-</u>	<u>(29,440,983)</u>
Total capital assets being depreciated, net	<u>47,343,121</u>	<u>2,472,710</u>	<u>-</u>	<u>49,815,831</u>
Total capital assets, net	<u>\$ 49,822,274</u>	<u>\$ 3,840,137</u>	<u>\$ (3,080,095)</u>	<u>\$ 50,582,316</u>

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

Water	\$ 876,312
Sewer	<u>1,225,645</u>
Total	<u>\$ 2,101,957</u>

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2010

5. LONG-TERM OBLIGATIONS

Transactions for the year ended June 30, 2010 of the governmental activities, were as follows:

<u>Note</u>	<u>Balance June 30, 2009</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balances June 30, 2010</u>	<u>Due within one year</u>
Full Faith and Credit Note, Series 2008, Original issue amount \$1 million, final maturity September 2013, interest at 3.4 percent Principal	\$ 1,000,000	\$ -	\$ 220,292	\$ 779,708	\$ 230,180
<u>General Obligation Bonds</u>					
Open Space Bonds, Series 1999, Original issue amount \$3 million, final maturity June 2014, interest from 4.0 to 5.0 percent Principal	1,055,000	-	225,000	830,000	235,000
<u>Tax Increment Bonds</u>					
Urban Renewal Bonds, Series 2003 Original issue amount \$3 million, final maturity December 2013, interest at 3.9 percent Principal	1,494,584	-	309,942	1,184,642	322,209
Urban Renewal Bonds, Series 2004 Original issue amount \$5 million, final maturity June 2014, interest at 4.0 percent Principal	2,747,954	-	506,732	2,241,222	527,308
Urban Renewal Bonds, Series 2007 Original issue amount \$5 million, final maturity June 2014, interest at 4.40 percent Principal	3,789,784	-	693,112	3,096,672	724,117
2005 Contract payable - Lincoln County School Original contract amount \$1.6 million, final maturity October 2012, District interest from 3.0 to 5.0 percent Principal	965,003	-	214,998	750,005	378,015
	<u>\$ 11,052,325</u>	<u>\$ -</u>	<u>\$ 2,170,076</u>	<u>\$ 8,882,249</u>	<u>\$ 2,416,829</u>
Compensated absences	<u>\$ 438,583</u>	<u>\$ 442,857</u>	<u>\$ (438,583)</u>	<u>\$ 442,857</u>	<u>\$ 442,857</u>

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2010

5. LONG-TERM OBLIGATIONS (Continued)

Transactions for the year ended June 30, 2010 of the business-type activities, were as follows:

	<u>Balance June 30, 2009</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balances June 30, 2010</u>	<u>Due within one year</u>
Revenue Bonds					
Full Faith and Credit Revenue Refunding Bond, Series 2006					
Original issue amount \$ 2.4 million, final maturity October 2017, interest at 3.80 percent					
Principal	\$ 1,554,684	\$ -	\$ 235,246	\$ 1,319,438	\$ 244,313
Full Faith and Credit Note Series 2008,					
Original issue amount \$2 million, final maturity September 2013, interest at 3.40 percent					
Principal	2,000,000	-	447,260	1,552,740	460,360
General Obligation Bonds					
Sewer Bonds, Series 2005,					
Original issue amount \$15 million, final maturity June 2030, interest from 3 to 4.625 percent					
Principal	13,690,000	-	395,000	13,295,000	405,000
Water Refunding Bonds, Series 2007,					
Original issue amount \$4 million, final maturity December 2018, interest at 3.95 percent					
Principal	3,414,438	-	304,684	3,109,754	314,785
	<u>\$ 20,659,122</u>	<u>\$ -</u>	<u>\$ 1,382,190</u>	<u>\$ 19,276,932</u>	<u>\$ 1,424,458</u>
Compensated absences	<u>\$ 145,372</u>	<u>\$ 155,349</u>	<u>\$ (145,372)</u>	<u>\$ 155,349</u>	<u>\$ 155,349</u>

Voters approved \$22 million general obligation bond issues to fund sewer improvements. To date, \$15 million of these bonds have been issued.

The future maturities for governmental activity long-term obligations outstanding as of June 30, 2010, are as follows:

Fiscal Year	Full Faith and Credit Note, Series 2008		General Obligation Open Space Bonds, Series 1999		Urban Renewal			
	Principal	Interest	Principal	Interest	Series 2003		Series 2004	
					Principal	Interest	Principal	Interest
2011	\$ 230,180	\$ 23,520	\$ 235,000	\$ 40,312	\$ 322,209	\$ 41,526	\$ 527,308	\$ 81,804
2012	238,106	15,594	245,000	29,032	334,960	28,775	548,718	60,393
2013	246,306	7,394	255,000	17,150	348,215	15,519	570,999	38,113
2014	65,116	535	95,000	4,655	179,257	2,626	594,197	14,929
	<u>\$ 779,708</u>	<u>\$ 47,043</u>	<u>\$ 830,000</u>	<u>\$ 91,149</u>	<u>\$ 1,184,641</u>	<u>\$ 88,446</u>	<u>\$ 2,241,222</u>	<u>\$ 195,239</u>

Fiscal Year	Urban Renewal Series 2007		2005 Contract Payable Lincoln County School District	
	Principal	Interest	Principal	Interest
2011	\$ 724,117	\$ 124,415	\$ 378,015	\$ 31,985
2012	756,507	92,024	244,409	15,591
2013	790,347	58,184	127,581	3,198
2014	825,702	22,831	-	-
	<u>\$ 3,096,673</u>	<u>\$ 297,454</u>	<u>\$ 750,005</u>	<u>\$ 50,774</u>

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2010

5. LONG-TERM OBLIGATIONS (Continued)

The future maturities for business-type activity long-term obligations outstanding as of June 30, 2010, 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 Bonds, Series 2007	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
	2011	\$ 244,313	\$ 46,685	\$ 460,360	\$ 47,041	\$ 405,000	\$ 578,801	\$ 314,785
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	123,556	1,069	465,000	528,001	354,182	79,016
2015	284,217	6,782	-	-	490,000	509,401	368,380	64,817
2016-20	-	-	-	-	2,830,000	2,229,858	1,404,472	106,618
2021-25	-	-	-	-	3,610,000	1,563,022	-	-
2026-30	-	-	-	-	4,630,000	664,975	-	-
	<u>\$ 1,319,438</u>	<u>\$ 135,553</u>	<u>\$ 1,552,740</u>	<u>\$ 94,087</u>	<u>\$ 13,295,000</u>	<u>\$ 7,182,260</u>	<u>\$ 3,109,754</u>	<u>\$ 567,323</u>

The City is in compliance with all covenants relating to outstanding debt and obligations.

6. DEFERRED REVENUE

Resources owned by the City, which are measurable but not available, are deferred in the governmental funds. As of June 30, 2010, deferred revenue consists of the following:

	General Fund	Urban Renewal Tax Increment Fund	Other Governmental Funds	Totals
Property taxes	\$ 357,683	\$ 263,721	\$ 27,296	\$ 648,700
Fines and warrants	162,540	-	5,658	168,198
Notes-housing rehabilitation	-	-	939,672	939,672
	<u>\$ 520,223</u>	<u>\$ 263,721</u>	<u>\$ 972,626</u>	<u>\$ 1,756,570</u>

7. LANDFILL CLOSURE AND POST CLOSURE 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 the Agate Beach Landfill site when it stops accepting waste, and to perform certain maintenance and monitoring functions at the site for thirty (30) years subsequent to closure. The \$764,611 reported as landfill closure and post closure care costs liability at June 30, 2010 represents the

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2010

7. LANDFILL CLOSURE AND POST CLOSURE COSTS (Continued)

City's 25.3% share of Consortium's estimated unfunded costs, and is based on submissions of engineering estimates, construction bids, and projected monitoring costs over the next thirty (30) years. The estimated liability is based on the assumption that the least expensive leachate disposal alternative will be used.

During 1993-1994, the City began charging a surcharge to its solid waste franchisee in order to fund its share of costs. This surcharge was discontinued July 1, 2005. At June 30, 2010, the City's Agate Beach Closure Fund (a nonmajor governmental fund) had a fund balance of \$806,354.

8. DEFINED BENEFIT PENSION PLAN

Pension Plan Description

The City contributes to the Oregon Public Employees Retirement System (OPERS) and to the Oregon Public Service Retirement Plan (OPSRP). OPERS is a cost sharing multi-employer defined benefit public employee retirement system. OPSRP is a hybrid retirement plan with two components: the Pension Program (defined benefit; established and maintained as a tax-qualified governmental defined benefit plan) and the Individual Account Program (defined contribution; established and maintained as a tax-qualified governmental defined contribution plan). A defined benefit plan is benefit-based and uses predictable criteria such as a pension determined by salary multiplied by length of service multiplied by a factor. A defined contribution plan has no guarantee. OPSRP is administered by PERS. PERS acts as a common investment and administrative agent for political subdivisions in the State of Oregon.

The 2003 Oregon Legislature established OPSRP. Public employees hired on or after August 29, 2003, become part of OPSRP, unless membership was previously established in OPERS. The 1995 Oregon Legislature established a different level of benefits for employees who began their six-month waiting period on or after January 1, 1996. This level is called Tier Two.

Benefits generally vest after five years of continuous service. Retirement is allowed at age fifty-eight with unreduced benefits, but retirement is generally available after age fifty-five with reduced benefits. Retirement benefits based on salary and length of service are calculated using a formula and are payable in a lump sum or monthly using several payment options. OPERS also provides death and disability benefits. These benefit provisions and other requirements are established by state statutes.

The OPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, P.O. Box 23700, Tigard, Oregon 97281-3700 or by calling 1-888-320-7377.

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2010

8. DEFINED BENEFIT PENSION PLAN (Continued)

Funding Policy

Members of OPERS are required to contribute 6 percent of their salary covered under the plan. The City is required by ORS 238.225 to contribute at an actuarially determined rate. The City's annual required contribution rate for fiscal 2010 was 4.80 percent for PERS, and 3.40 percent for general OPSRP and 6.11 percent for OPSRP police and fire. The contribution requirements for plan members and the City are established by ORS Chapter 238 and may be amended by an act of the Oregon Legislature.

Annual Pension Cost

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

<u>Year Ended June 30,</u>	<u>City Contribution</u>	<u>City paid Member Contribution</u>	<u>Member paid Contributions</u>	<u>Totals</u>
2010	\$ 293,649	\$ 403,611	\$ 596	\$ 697,856
2009	429,785	367,064	621	797,470
2008	370,915	321,537	633	693,085

9. OTHER POSTEMPLOYMENT BENEFITS

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.

Annual OPEB Cost and Net OPEB Obligation

The City's contributions for these benefits are funded on a "pay-as-you-go" basis. 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.

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 net other post-employment benefit obligation (OPEB) 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	\$ 117,185
Amortization of UAAL	89,455
Annual required contribution	<u>\$ 206,640</u>

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2010

9. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Annual OPEB Cost and Net OPEB Obligation (Continued)

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

Annual required contribution	\$ 206,640
Interest on prior year net OPEB Obligation	8,870
Adjustment to ARC	(13,913)
Implicit benefit payments	<u>(32,566)</u>
 Increase in net OPEB Obligation	 169,031
OPEB Obligation at beginning of year	<u>197,104</u>
 OPEB obligation at end of year	 <u>\$ 366,135</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, 2010 is as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2010	\$ 201,597	16%	\$ 366,135
June 30, 2009	232,333	15%	197,104

Funded Status and Funding Process

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts 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 OTHER POST-EMPLOYMENT BENEFITS (Continued)

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%

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2010

9. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Retirement Health Insurance Account (RHIA)

Plan Description – As a member of Oregon Public Employees Retirement System (OPERS) the City contributes to the Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit other postemployment benefit plan administered by OPERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible retirees. Oregon Revised Statute (ORS) 238.420 established this trust fund. Authority to establish and amend the benefit provisions of RHIA reside with the Oregon Legislature. The plan is closed to new entrants after January 1, 2004. OPERS issues a publically available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, PO Box 23700, Tigard, OR 97281-3700.

Funding Policy – Because RHIA was created by enabling legislation (ORS 238.420), contribution requirements of the plan member and the participating employers were established and may be monthly cost of Medicare companion health insurance premiums coverage, whichever is less, shall monthly cost in excess of \$60 shall be paid by the eligible retired member in the manner provided member must: (1) have eight years or more of qualifying service in PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service PERS, (2) receive both Medicare parts A and B coverage, and (3) enroll in a PERS – sponsored health plan. An eligible surviving spouse or dependent of a deceased PERS retiree may receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from PERS or (2) was insured at the time the member died and the member retired before May1, 1991.

Participating cities are contractually required to contribute to RHIA at a rate assessed each year by OPERS, currently 0.59 percent of annual covered payroll for Tier1/Tier 2 and .50 percent for OPSRP. The OPERS Board of Trustees sets the employer contribution rate based on the annual requires contributions (ARC) of the employers, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of plan over a period not to exceed thirty years. The City's contributions to RHIA for the year ended June 30, 2010 and 2009, were included in contributions made to PERS.

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 perspective of the calculations.

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2010

9. OTHER POST-EMPLOYMENT BENEFITS (Continued)

Actuarial methods and assumptions (Continued)

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 ranging from 8 percent decreasing to 5 percent, 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 closed period of 15 years.

10. OTHER INFORMATION

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.

11. 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	\$ -	\$ 3,236,747
Transient Room Tax	-	3,743,502
Public Safety - Police	3,146,966	-
Other governmental	4,905,534	1,041,830
Proprietary		
Water	-	22,772
Sewer	-	19,396
Internal Service Fund	11,747	-
	<u>\$ 8,064,247</u>	<u>\$ 8,064,247</u>

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2010

12. CONSTRUCTION COMMITMENTS

<u>Project</u>	<u>Original Contract</u>	<u>Amount Paid/Accrued</u>	<u>Amount Remaining</u>
Head to Bay Regional Trial System LDS Church Frontage	\$ 59,804	\$ -	\$ 59,804
WWTP - Phase 1B - Design	1,186,727	338,386	848,341
Lockshire Sewer Pump Station Engineering	257,883	183,557	74,326
	<u>\$ 1,504,414</u>	<u>\$ 521,943</u>	<u>\$ 982,471</u>

13. SUBSEQUENT EVENTS

Subsequent to June 30, 2010, the City entered into seven new construction projects totaling approximately \$2.3 million.

The City prepaid the remaining contract to the Lincoln County School District outstanding at June 30, 2010, plus accrued interest, in October 2010. The total amount paid was \$768,806.

REQUIRED SUPPLEMENTAL INFORMATION

CITY OF LINCOLN CITY
Lincoln City, Oregon

GENERAL FUND

**SCHEDULE OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCES (USES)
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL**

FOR THE YEAR ENDED JUNE 30, 2010

	Budget		Actual	Variance
	Original	Final		
REVENUES:				
Property taxes	\$ 3,724,182	\$ 3,918,053	\$ 3,785,374	\$ (132,679)
Franchise fees	1,341,292	1,147,421	1,335,025	187,604
Fines, and forfeitures	190,113	190,113	229,041	38,928
Intergovernmental	441,163	441,163	451,417	10,254
Interest	73,000	73,000	23,482	(49,518)
Miscellaneous	845,315	845,315	851,248	5,933
TOTAL REVENUES	6,615,065	6,615,065	6,675,587	60,522
EXPENDITURES:				
City council	25,200	25,200	10,188	15,012
City administration	458,031	458,031	415,794	42,237
Finance	794,153	629,781	628,650	1,131
Information technology	-	296,897	328,110	(31,213)
Library	829,477	829,477	768,700	60,777
Municipal court	97,318	97,318	90,710	6,608
City attorney	164,084	164,084	134,393	29,691
Planning	410,749	410,749	379,506	31,243
Building inspection	253,005	253,005	182,647	70,358
Recreation department	1,016,624	1,054,624	1,046,525	8,099
Non-departmental	473,262	365,237	309,295	55,942
Contingencies	1,200,000	1,122,500	-	1,122,500
TOTAL EXPENDITURES	5,721,903	5,706,903	4,294,518	1,412,385
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	893,162	908,162	2,381,069	1,472,907
OTHER FINANCING SOURCES (USES):				
Transfers in	860,588	860,588	869,046	8,458
Transfers out	(3,236,747)	(3,251,747)	(3,236,747)	15,000
TOTAL OTHER FINANCING SOURCES (USES)	(2,376,159)	(2,391,159)	(2,367,701)	23,458
NET CHANGE IN FUND BALANCE	(1,482,997)	(1,482,997)	13,368	1,496,365
FUND BALANCE, beginning of year	2,788,489	2,788,489	2,998,907	210,418
FUND BALANCE, end of year	\$ 1,305,492	\$ 1,305,492	\$ 3,012,275	\$ 1,706,783

CITY OF LINCOLN CITY
Lincoln City, Oregon

TRANSIENT ROOM TAX FUND

**SCHEDULE OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCES (USES)
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL**

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES:			
Transient room tax	\$ 3,981,000	\$ 4,164,661	\$ 183,661
EXPENDITURES:			
Materials and services	<u>35,000</u>	<u>5,259</u>	<u>29,741</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	3,946,000	4,159,402	213,402
OTHER FINANCING SOURCES (USES):			
Transfers out	<u>(3,946,000)</u>	<u>(4,115,160)</u>	<u>(169,160)</u>
NET CHANGE IN FUND BALANCE	-	44,242	44,242
FUND BALANCE, beginning of year	<u>-</u>	<u>920,808</u>	<u>920,808</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ 965,050</u>	<u>\$ 965,050</u>

CITY OF LINCOLN CITY
Lincoln City, Oregon

PUBLIC SAFETY - POLICE FUND

**SCHEDULE OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCES (USES)
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL**

FOR THE YEAR ENDED JUNE 30, 2010

	Budget		Actual	Variance
	Original	Final		
REVENUES:				
Charges for services	\$ 19,000	\$ 19,000	\$ 13,844	\$ (5,156)
Intergovernmental	104,720	139,275	131,761	(7,514)
Interest on investments	8,000	8,000	2,280	(5,720)
Miscellaneous	4,000	4,000	2,186	(1,814)
TOTAL REVENUES	135,720	170,275	150,071	(20,204)
EXPENDITURES:				
Personal services	2,810,689	2,810,689	2,769,722	40,967
Materials and services	469,668	559,388	514,531	44,857
Capital outlay	85,200	119,755	102,614	17,141
Contingencies	154,211	64,491	-	64,491
TOTAL EXPENDITURES	3,519,768	3,554,323	3,386,867	167,456
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(3,384,048)	(3,384,048)	(3,236,796)	147,252
OTHER FINANCING SOURCES (USES):				
Transfers in	3,123,092	3,123,092	3,146,966	23,874
Proceeds from sale of capital assets	-	-	6,148	6,148
TOTAL OTHER FINANCING SOURCES (USES)	3,123,092	3,123,092	3,153,114	30,022
NET CHANGE IN FUND BALANCE	(260,956)	(260,956)	(83,682)	177,274
FUND BALANCE, beginning of year	260,956	260,956	326,656	65,700
FUND BALANCE, end of year	\$ -	\$ -	\$ 242,974	\$ 242,974

CITY OF LINCOLN CITY, OREGON

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2010

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 the 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 services 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.

SUPPLEMENTARY INFORMATION

CITY OF LINCOLN CITY
Lincoln City, Oregon

NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2010

	<u>Special Revenue Funds</u>	<u>Debt Service Funds</u>	<u>Capital Project Funds</u>	<u>Totals</u>
ASSETS:				
Cash and investments	\$ 5,750,452	\$ 30,693	\$ 1,882,231	\$ 7,663,376
Receivables	1,093,986	30,436	277	1,124,699
Prepaid items	2,125	-	-	2,125
TOTAL ASSETS	<u>\$ 6,846,563</u>	<u>\$ 61,129</u>	<u>\$ 1,882,508</u>	<u>\$ 8,790,200</u>
LIABILITIES:				
Accounts payable	\$ 199,534	\$ -	\$ 13,542	\$ 213,076
Deferred revenue	945,330	27,296	-	972,626
TOTAL LIABILITIES	<u>1,144,864</u>	<u>27,296</u>	<u>13,542</u>	<u>1,185,702</u>
FUND BALANCES:				
Reserved for prepaid items	2,125	-	-	2,125
Reserved for landfill postclosure	804,675	-	-	804,675
Reserved for debt service	-	33,833	-	33,833
Unreserved	4,894,899	-	1,868,966	6,763,865
TOTAL FUND BALANCES	<u>5,701,699</u>	<u>33,833</u>	<u>1,868,966</u>	<u>7,604,498</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 6,846,563</u>	<u>\$ 61,129</u>	<u>\$ 1,882,508</u>	<u>\$ 8,790,200</u>

CITY OF LINCOLN CITY
Lincoln City, Oregon

NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, OTHER
FINANCING SOURCES (USES) AND CHANGE IN FUND BALANCE

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Special Revenue Funds</u>	<u>Debt Service Funds</u>	<u>Capital Project Funds</u>	<u>Totals</u>
REVENUES:				
Property taxes	\$ -	\$ 290,434	\$ -	\$ 290,434
Franchise fees	12,035	-	-	12,035
Rents	229,825	-	-	229,825
Loan repayments	150,777	-	-	150,777
Charges for services	32,729	-	90,310	123,039
Intergovernmental	639,949	-	441,821	1,081,770
Reimbursement from other funds	19,328	-	-	19,328
Interest on investments	33,493	1,197	14,856	49,546
Miscellaneous	120,524	-	1,458	121,982
TOTAL REVENUES	<u>1,238,660</u>	<u>291,631</u>	<u>548,445</u>	<u>2,078,736</u>
EXPENDITURES:				
Current:				
General government	2,037,018	-	-	2,037,018
Public safety	640,602	-	-	640,602
Highways and streets	903,408	-	-	903,408
Culture and recreation	701,099	-	-	701,099
Debt service	260,632	527,163	-	787,795
Capital outlay	1,138,114	-	2,430,004	3,568,118
Special payments	27,600	-	-	27,600
TOTAL EXPENDITURES	<u>5,708,473</u>	<u>527,163</u>	<u>2,430,004</u>	<u>8,665,640</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(4,469,813)</u>	<u>(235,532)</u>	<u>(1,881,559)</u>	<u>(6,586,904)</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from long-term obligations	794,996	-	-	794,996
Transfers in	3,488,812	255,062	1,161,660	4,905,534
Transfers out	(786,830)	-	(255,000)	(1,041,830)
TOTAL OTHER FINANCING SOURCES (USES)	<u>3,496,978</u>	<u>255,062</u>	<u>906,660</u>	<u>4,658,700</u>
NET CHANGE IN FUND BALANCE	(972,835)	19,530	(974,899)	(1,928,204)
FUND BALANCE, beginning of year	<u>6,674,534</u>	<u>14,303</u>	<u>2,843,865</u>	<u>9,532,702</u>
FUND BALANCE, end of year	<u>\$ 5,701,699</u>	<u>\$ 33,833</u>	<u>\$ 1,868,966</u>	<u>\$ 7,604,498</u>

CITY OF LINCOLN CITY
Lincoln City, Oregon

NONMAJOR SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2010

	<u>Affordable Housing</u>	<u>Lincoln Square Operations</u>	<u>D.A.R.E Program</u>	<u>Public Education Government Access</u>	<u>Agate Beach Closure</u>	<u>Street</u>
ASSETS:						
Cash and investments	\$ 708,015	\$ 53,563	\$ 7,217	\$ 23,547	\$ 806,354	\$ 629,687
Receivables	450,451	-	-	3,110	-	27,410
Prepaid items	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 1,158,466</u>	<u>\$ 53,563</u>	<u>\$ 7,217</u>	<u>\$ 26,657</u>	<u>\$ 806,354</u>	<u>\$ 657,097</u>
LIABILITIES:						
Accounts payable	\$ 114,573	\$ 7,232	\$ 52	\$ -	\$ 1,679	\$ 7,624
Deferred revenue	335,878	-	-	-	-	-
TOTAL LIABILITIES	<u>450,451</u>	<u>7,232</u>	<u>52</u>	<u>-</u>	<u>1,679</u>	<u>7,624</u>
FUND BALANCES:						
Reserved for prepaid items	-	-	-	-	-	-
Unreserved	708,015	46,331	7,165	26,657	804,675	649,473
TOTAL FUND BALANCES	<u>708,015</u>	<u>46,331</u>	<u>7,165</u>	<u>26,657</u>	<u>804,675</u>	<u>649,473</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 1,158,466</u>	<u>\$ 53,563</u>	<u>\$ 7,217</u>	<u>\$ 26,657</u>	<u>\$ 806,354</u>	<u>\$ 657,097</u>

Unbonded Assessments	Urban Renewal Property Rehabilitation Program	Visitor and Convention Bureau	Public Safety Dispatch	Parks Maintenance	Percent for Art	Urban Renewal	Totals
\$ 666,270	\$ 597,905	\$ 379,010	\$ 57,646	\$ 321,123	\$ 64,552	\$ 1,435,563	\$ 5,750,452
-	603,794	-	9,221	-	-	-	1,093,986
-	-	2,125	-	-	-	-	2,125
<u>\$ 666,270</u>	<u>\$ 1,201,699</u>	<u>\$ 381,135</u>	<u>\$ 66,867</u>	<u>\$ 321,123</u>	<u>\$ 64,552</u>	<u>\$ 1,435,563</u>	<u>\$ 6,846,563</u>
\$ -	\$ 397	\$ 20,282	\$ 19,904	\$ 5,596	\$ 51	\$ 22,144	\$ 199,534
5,658	603,794	-	-	-	-	-	945,330
<u>5,658</u>	<u>604,191</u>	<u>20,282</u>	<u>19,904</u>	<u>5,596</u>	<u>51</u>	<u>22,144</u>	<u>1,144,864</u>
-	-	2,125	-	-	-	-	2,125
660,612	597,508	358,728	46,963	315,527	64,501	1,413,419	5,699,574
<u>660,612</u>	<u>597,508</u>	<u>360,853</u>	<u>46,963</u>	<u>315,527</u>	<u>64,501</u>	<u>1,413,419</u>	<u>5,701,699</u>
<u>\$ 666,270</u>	<u>\$ 1,201,699</u>	<u>\$ 381,135</u>	<u>\$ 66,867</u>	<u>\$ 321,123</u>	<u>\$ 64,552</u>	<u>\$ 1,435,563</u>	<u>\$ 6,846,563</u>

CITY OF LINCOLN CITY
Lincoln City, Oregon

NONMAJOR SPECIAL REVENUE FUNDS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, OTHER FINANCING
SOURCES (USES) AND CHANGES IN FUND BALANCE**

FOR THE YEAR ENDED JUNE 30, 2010

	Affordable Housing	Lincoln Square Operations	D.A.R.E. Program	Public Education and Government Access	Agate Beach Closure	Street
REVENUES:						
Franchise fees	\$ -	\$ -	\$ -	\$ 12,035	\$ -	\$ -
Rents	10,250	186,466	-	-	-	-
Loan repayments	-	-	-	-	-	-
Charges for services	-	-	-	-	-	3,937
Intergovernmental	266,616	-	-	-	-	325,241
Reimbursement from other funds	-	19,328	-	-	-	-
Interest on investments	3,428	242	46	139	-	3,983
Miscellaneous	1,000	25,954	450	-	-	188
TOTAL REVENUES	281,294	231,990	496	12,174	-	333,349
EXPENDITURES:						
Current						
General government	10,089	342,765	-	1,671	29,200	-
Public safety	-	-	1,527	-	-	-
Highways and streets	-	-	-	-	-	903,408
Culture and recreation	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Capital outlay	266,616	-	-	4,156	-	3,895
Other payments	-	-	-	-	-	-
TOTAL EXPENDITURES	276,705	342,765	1,527	5,827	29,200	907,303
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	4,589	(110,775)	(1,031)	6,347	(29,200)	(573,954)
OTHER FINANCING SOURCES (USES):						
Proceeds from sale of capital assets	297,498	-	-	-	-	-
Transfers in	-	119,290	-	-	-	822,929
Transfers out	-	-	-	-	-	(416,230)
TOTAL OTHER FINANCING SOURCES (USES)	297,498	119,290	-	-	-	406,699
NET CHANGE IN FUND BALANCE	302,087	8,515	(1,031)	6,347	(29,200)	(167,255)
FUND BALANCE, beginning of year	405,928	37,816	8,196	20,310	833,875	816,728
FUND BALANCE, end of year	\$ 708,015	\$ 46,331	\$ 7,165	\$ 26,657	\$ 804,675	\$ 649,473

Unbonded Assessments	Urban Renewal Property Rehabilitation Program	Visitor and Convention Bureau	Public Safety Dispatch	Parks Maintenance	Percent for Art	Urban Renewal	Totals
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,035
-	-	-	-	-	-	33,109	229,825
-	150,777	-	-	-	-	-	150,777
-	-	-	21,500	6,777	515	-	32,729
-	-	-	39,892	8,200	-	-	639,949
-	-	-	-	-	-	-	19,328
2,742	3,915	3,383	114	2,235	480	12,786	33,493
-	-	80,962	-	11,970	-	-	120,524
<u>2,742</u>	<u>154,692</u>	<u>84,345</u>	<u>61,506</u>	<u>29,182</u>	<u>995</u>	<u>45,895</u>	<u>1,238,660</u>
-	-	1,264,445	-	-	-	388,848	2,037,018
-	-	-	639,075	-	-	-	640,602
-	-	-	-	-	-	-	903,408
-	-	-	-	700,423	161	515	701,099
-	-	-	-	-	-	260,632	260,632
50,000	-	52,251	11,902	44,688	23,960	680,646	1,138,114
-	27,600	-	-	-	-	-	27,600
<u>50,000</u>	<u>27,600</u>	<u>1,316,696</u>	<u>650,977</u>	<u>745,111</u>	<u>24,121</u>	<u>1,330,641</u>	<u>5,708,473</u>
<u>(47,258)</u>	<u>127,092</u>	<u>(1,232,351)</u>	<u>(589,471)</u>	<u>(715,929)</u>	<u>(23,126)</u>	<u>(1,284,746)</u>	<u>(4,469,813)</u>
497,498	-	-	-	-	-	-	794,996
-	-	1,254,918	625,000	657,029	9,646	-	3,488,812
<u>(350,000)</u>	<u>-</u>	<u>(20,600)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(786,830)</u>
<u>147,498</u>	<u>-</u>	<u>1,234,318</u>	<u>625,000</u>	<u>657,029</u>	<u>9,646</u>	<u>-</u>	<u>3,496,978</u>
100,240	127,092	1,967	35,529	(58,900)	(13,480)	(1,284,746)	(972,835)
<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>2,698,165</u>	<u>6,674,534</u>
<u>\$ 660,612</u>	<u>\$ 597,508</u>	<u>\$ 360,853</u>	<u>\$ 46,963</u>	<u>\$ 315,527</u>	<u>\$ 64,501</u>	<u>\$ 1,413,419</u>	<u>\$ 5,701,699</u>

CITY OF LINCOLN CITY
Lincoln City, Oregon

AFFORDABLE HOUSING FUND

**SCHEDULE OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCES
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL**

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES:			
Rents	\$ 6,000	\$ 10,250	\$ 4,250
Intergovernmental	500,000	266,616	(233,384)
Interest on investments	11,100	3,428	(7,672)
Miscellaneous	<u>24,000</u>	<u>1,000</u>	<u>(23,000)</u>
TOTAL REVENUES	<u>541,100</u>	<u>281,294</u>	<u>(259,806)</u>
EXPENDITURES:			
Materials and services	11,100	10,089	1,011
Capital outlay	733,315	-	733,315
Other payments	<u>500,000</u>	<u>266,616</u>	<u>233,384</u>
TOTAL EXPENDITURES	<u>1,244,415</u>	<u>276,705</u>	<u>967,710</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(703,315)</u>	<u>4,589</u>	<u>707,904</u>
OTHER FINANCING SOURCES (USES):			
Proceeds from sale on capital assets	297,500	297,498	(2)
Transfers in	6,000	5,984	(16)
Transfers out	<u>(6,000)</u>	<u>(5,984)</u>	<u>16</u>
TOTAL OTHER FINANCING SOURCES (USES):	<u>297,500</u>	<u>297,498</u>	<u>(2)</u>
NET CHANGE IN FUND BALANCE	(405,815)	302,087	707,902
FUND BALANCE, beginning of year	<u>405,815</u>	<u>405,928</u>	<u>113</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ 708,015</u>	<u>\$ 708,015</u>

CITY OF LINCOLN CITY
Lincoln City, Oregon

LINCOLN SQUARE OPERATIONS FUND

SCHEDULE OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCE
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES:			
Rents	\$ 190,000	\$ 186,466	\$ (3,534)
Reimbursement from other funds	19,328	19,328	-
Interest on investments	1,000	242	(758)
Miscellaneous	26,000	25,954	(46)
	<u>236,328</u>	<u>231,990</u>	<u>(4,338)</u>
TOTAL REVENUES			
EXPENDITURES:			
Personal services	148,334	145,174	3,160
Materials and services	197,652	197,591	61
Capital outlay	44,000	-	44,000
Contingency	3,416	-	3,416
	<u>393,402</u>	<u>342,765</u>	<u>50,637</u>
TOTAL EXPENDITURES			
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(157,074)	(110,775)	46,299
OTHER FINANCING SOURCE:			
Transfers in	119,290	119,290	-
	<u>119,290</u>	<u>119,290</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(37,784)	8,515	46,299
FUND BALANCE, beginning of year	37,784	37,816	32
	<u>37,784</u>	<u>37,816</u>	<u>32</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ 46,331</u>	<u>\$ 46,331</u>

CITY OF LINCOLN CITY
Lincoln City, Oregon

D.A.R.E. PROGRAM FUND

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

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES:			
Interest on investments	\$ 200	\$ 46	\$ (154)
Miscellaneous	-	450	450
TOTAL REVENUES	<u>200</u>	<u>496</u>	<u>296</u>
EXPENDITURES:			
Materials and services	5,000	1,527	3,473
Contingency	2,679	-	2,679
TOTAL EXPENDITURES	<u>7,679</u>	<u>1,527</u>	<u>6,152</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND NET CHANGE IN FUND BALANCE	(7,479)	(1,031)	6,448
FUND BALANCE, beginning of year	<u>7,479</u>	<u>8,196</u>	<u>717</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ 7,165</u>	<u>\$ 7,165</u>

CITY OF LINCOLN CITY
Lincoln City, Oregon

PUBLIC EDUCATION AND GOVERNMENT ACCESS FUND

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

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES:			
Franchise fees	\$ 10,939	\$ 12,035	\$ 1,096
Interest on investments	200	139	(61)
TOTAL REVENUES	<u>11,139</u>	<u>12,174</u>	<u>1,035</u>
EXPENDITURES:			
Personal services	4,112	1,671	2,441
Materials and services	4,000	-	4,000
Capital outlay	10,000	4,156	5,844
Contingency	11,877	-	11,877
TOTAL EXPENDITURES	<u>29,989</u>	<u>5,827</u>	<u>24,162</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND NET CHANGE IN FUND BALANCE	(18,850)	6,347	25,197
FUND BALANCE, beginning of year	<u>18,850</u>	<u>20,310</u>	<u>1,460</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ 26,657</u>	<u>\$ 26,657</u>

CITY OF LINCOLN CITY
Lincoln City, Oregon

AGATE BEACH CLOSURE FUND

SCHEDULE OF EXPENDITURES AND
CHANGE IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Materials and services	\$ 40,000	\$ 29,200	\$ 10,800
Contingency	10,000	-	10,000
TOTAL EXPENDITURES	<u>50,000</u>	<u>29,200</u>	<u>20,800</u>
NET CHANGE IN FUND BALANCE	(50,000)	(29,200)	20,800
FUND BALANCE, beginning of year	<u>834,587</u>	<u>833,875</u>	<u>(712)</u>
FUND BALANCE, end of year	<u>\$ 784,587</u>	<u>\$ 804,675</u>	<u>\$ 20,088</u>

CITY OF LINCOLN CITY
Lincoln City, Oregon

STREET FUND

**SCHEDULE OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCES (USES)
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL**

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES:			
Charges for services	\$ 6,000	\$ 3,937	\$ (2,063)
Intergovernmental	313,767	325,241	11,474
Interest on investments	10,000	3,983	(6,017)
Miscellaneous	-	188	188
	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	329,767	333,349	3,582
	<hr/>	<hr/>	<hr/>
EXPENDITURES:			
Personal services	538,942	535,927	3,015
Materials and services	370,415	301,525	68,890
Capital outlay	4,000	3,895	105
Contingency	429,704	-	429,704
	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES	1,343,061	841,347	501,714
	<hr/>	<hr/>	<hr/>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,013,294)	(507,998)	505,296
	<hr/>	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES):			
Transfers in	787,883	822,929	35,046
Transfers out	(484,686)	(482,186)	2,500
	<hr/>	<hr/>	<hr/>
TOTAL OTHER FINANCING SOURCES (USES)	303,197	340,743	37,546
	<hr/>	<hr/>	<hr/>
NET CHANGE IN FUND BALANCE	(710,097)	(167,255)	542,842
	<hr/>	<hr/>	<hr/>
FUND BALANCE, beginning of year	710,097	816,728	106,631
	<hr/>	<hr/>	<hr/>
FUND BALANCE, end of year	\$ -	\$ 649,473	\$ 649,473
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

CITY OF LINCOLN CITY
Lincoln City, Oregon

UNBONDED ASSESSMENTS FUND

**SCHEDULE OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCES (USES)
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL**

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES:			
Interest on investments	\$ 8,000	\$ 2,742	\$ (5,258)
Miscellaneous	20,000	-	(20,000)
TOTAL REVENUES	<u>28,000</u>	<u>2,742</u>	<u>(25,258)</u>
EXPENDITURES:			
Materials and services	367,500	-	367,500
Capital outlay	371,487	50,000	321,487
TOTAL EXPENDITURES	<u>738,987</u>	<u>50,000</u>	<u>688,987</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(710,987)</u>	<u>(47,258)</u>	<u>663,729</u>
OTHER FINANCING SOURCES (USES):			
Proceeds from sale of capital assets	497,500	497,498	(2)
Transfers out	(350,000)	(350,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>147,500</u>	<u>147,498</u>	<u>(2)</u>
NET CHANGE IN FUND BALANCE	<u>(563,487)</u>	<u>100,240</u>	<u>663,727</u>
FUND BALANCE, beginning of year	<u>563,487</u>	<u>560,372</u>	<u>(3,115)</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ 660,612</u>	<u>\$ 660,612</u>

CITY OF LINCOLN CITY
Lincoln City, Oregon

URBAN RENEWAL PROPERTY REHABILITATION PROGRAM FUND

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

FOR THE YEAR ENDED JUNE 30, 2010

	Budget	Actual	Variance
REVENUES:			
Loan repayments	\$ 140,000	\$ 150,777	\$ 10,777
Interest on investments	7,000	3,915	(3,085)
TOTAL REVENUES	147,000	154,692	7,692
EXPENDITURES:			
Capital outlay	618,252	27,600	590,652
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND NET CHANGE IN FUND BALANCE	(471,252)	127,092	598,344
FUND BALANCE, beginning of year	471,252	470,416	(836)
FUND BALANCE, end of year	\$ -	\$ 597,508	\$ 597,508

CITY OF LINCOLN CITY
Lincoln City, Oregon

VISITOR AND CONVENTION BUREAU FUND

**SCHEDULE OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCES (USES)
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL**

FOR THE YEAR ENDED JUNE 30, 2010

	Budget	Actual	Variance
REVENUES:			
Interest on investments	\$ 10,000	\$ 3,383	\$ (6,617)
Miscellaneous	68,400	80,962	12,562
TOTAL REVENUES	78,400	84,345	5,945
EXPENDITURES:			
Personal services	498,657	487,312	11,345
Materials and services	829,030	732,422	96,608
Capital outlay	41,000	52,251	(11,251)
Contingency	95,090	-	95,090
TOTAL EXPENDITURES	1,463,777	1,271,985	191,792
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,385,377)	(1,187,640)	197,737
OTHER FINANCING SOURCES (USES):			
Transfers in	1,205,902	1,254,918	49,016
Transfers out	(65,311)	(65,311)	-
TOTAL OTHER FINANCING SOURCES (USES)	1,140,591	1,189,607	49,016
NET CHANGE IN FUND BALANCE	(244,786)	1,967	246,753
FUND BALANCE, beginning of year	244,786	358,886	114,100
FUND BALANCE, end of year	\$ -	\$ 360,853	\$ 360,853

CITY OF LINCOLN CITY
Lincoln City, Oregon

PUBLIC SAFETY DISPATCH FUND

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

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES:			
Charges for services	\$ 18,350	\$ 21,500	\$ 3,150
Intergovernmental	40,950	39,892	(1,058)
Interest on investments	<u>2,000</u>	<u>114</u>	<u>(1,886)</u>
TOTAL REVENUES	<u>61,300</u>	<u>61,506</u>	<u>206</u>
EXPENDITURES:			
Personal services	614,556	591,710	22,846
Materials and services	59,190	47,365	11,825
Capital outlay	18,000	11,902	6,098
Contingency	<u>28,575</u>	<u>-</u>	<u>28,575</u>
TOTAL EXPENDITURES	<u>720,321</u>	<u>650,977</u>	<u>69,344</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(659,021)	(589,471)	69,550
OTHER FINANCING SOURCE:			
Transfers in	<u>625,000</u>	<u>625,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(34,021)	35,529	69,550
FUND BALANCE, beginning of year	<u>34,021</u>	<u>11,434</u>	<u>(22,587)</u>
FUND BALANCE, end of year	<u><u>\$ -</u></u>	<u><u>\$ 46,963</u></u>	<u><u>\$ 46,963</u></u>

CITY OF LINCOLN CITY
Lincoln City, Oregon

PARKS MAINTENANCE FUND

**SCHEDULE OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCES (USES)
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL**

FOR THE YEAR ENDED JUNE 30, 2010

	Budget	Actual	Variance
REVENUES:			
Charges for services	\$ 6,000	\$ 6,777	\$ 777
Intergovernmental	8,200	8,200	-
Interest on investments	8,000	2,235	(5,765)
Miscellaneous	7,000	11,970	4,970
	TOTAL REVENUES	29,182	(18)
EXPENDITURES:			
Personal services	541,745	525,722	16,023
Materials and services	157,551	146,933	10,618
Capital outlay	51,000	44,688	6,312
Other expenditures	840	700	140
Contingency	263,117	-	263,117
	TOTAL EXPENDITURES	718,043	296,210
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(985,053)	(688,861)	296,192
OTHER FINANCING SOURCES (USES):			
Transfers in	621,983	657,029	35,046
Transfers out	(27,068)	(27,068)	-
	TOTAL OTHER FINANCING SOURCES (USES)	629,961	35,046
NET CHANGE IN FUND BALANCE	(390,138)	(58,900)	331,238
FUND BALANCE, beginning of year	390,138	374,427	(15,711)
FUND BALANCE, end of year	\$ -	\$ 315,527	\$ 315,527

CITY OF LINCOLN CITY
Lincoln City, Oregon

PERCENT FOR ART FUND

**SCHEDULE OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCE
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL**

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES:			
Fees and fines	\$ 8,000	\$ 515	\$ (7,485)
Interest on investments	1,400	480	(920)
TOTAL REVENUES	<u>9,400</u>	<u>995</u>	<u>(8,405)</u>
EXPENDITURES:			
Materials and services	1,000	161	839
Capital outlay	123,728	23,960	99,768
TOTAL EXPENDITURES	<u>124,728</u>	<u>24,121</u>	<u>100,607</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(115,328)	(23,126)	92,202
OTHER FINANCING SOURCE:			
Transfers in	32,500	9,646	(22,854)
NET CHANGE IN FUND BALANCE	(82,828)	(13,480)	69,348
FUND BALANCE, beginning of year	82,828	77,981	(4,847)
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ 64,501</u>	<u>\$ 64,501</u>

CITY OF LINCOLN CITY
Lincoln City, Oregon

URBAN RENEWAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES:			
Rents	\$ 27,000	\$ 33,109	\$ 6,109
Interest on investments	50,000	12,786	(37,214)
TOTAL REVENUES	<u>77,000</u>	<u>45,895</u>	<u>(31,105)</u>
EXPENDITURES:			
Personal services	213,862	190,391	23,471
Materials and services	262,080	198,972	63,108
Capital outlay	1,963,348	680,646	1,282,702
Debt service	260,632	260,632	-
TOTAL EXPENDITURES	<u>2,699,922</u>	<u>1,330,641</u>	<u>1,369,281</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND NET CHANGE IN FUND BALANCE	<u>(2,622,922)</u>	<u>(1,284,746)</u>	<u>1,338,176</u>
FUND BALANCE, beginning of year	<u>2,622,922</u>	<u>2,698,165</u>	<u>75,243</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ 1,413,419</u>	<u>\$ 1,413,419</u>

CITY OF LINCOLN CITY
Lincoln City, Oregon

NONMAJOR DEBT SERVICE FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2010

	<u>Open Space Bonds</u>	<u>2008 Bond Redemption</u>	<u>Totals</u>
ASSETS:			
Cash and investments	\$ 19,186	\$ 11,507	\$ 30,693
Receivables	30,436	-	30,436
TOTAL ASSETS	<u>\$ 49,622</u>	<u>\$ 11,507</u>	<u>\$ 61,129</u>
LIABILITIES:			
Deferred revenue	\$ 27,296	\$ -	\$ 27,296
TOTAL LIABILITIES	<u>27,296</u>	<u>-</u>	<u>27,296</u>
FUND BALANCES:			
Reserved for debt service	<u>22,326</u>	<u>11,507</u>	<u>33,833</u>
TOTAL FUND BALANCES	<u>22,326</u>	<u>11,507</u>	<u>33,833</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 49,622</u>	<u>\$ 11,507</u>	<u>\$ 61,129</u>

CITY OF LINCOLN CITY
Lincoln City, Oregon

NONMAJOR DEBT SERVICE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, OTHER
FINANCING SOURCES (USES) AND CHANGE IN FUND BALANCE

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Open Space Bonds</u>	<u>2008 Bond Redemption</u>	<u>Totals</u>
REVENUES:			
Property taxes	\$ 290,434	\$ -	\$ 290,434
Interest on investments	749	448	1,197
TOTAL REVENUES	<u>291,183</u>	<u>448</u>	<u>291,631</u>
EXPENDITURES:			
Debt service	<u>276,000</u>	<u>761,101</u>	<u>1,037,101</u>
TOTAL EXPENDITURES	<u>276,000</u>	<u>761,101</u>	<u>1,037,101</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>15,183</u>	<u>(760,653)</u>	<u>(745,470)</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	<u>-</u>	<u>765,000</u>	<u>765,000</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>765,000</u>	<u>765,000</u>
NET CHANGE IN FUND BALANCE	15,183	4,347	19,530
FUND BALANCE, beginning of year	<u>7,143</u>	<u>7,160</u>	<u>14,303</u>
FUND BALANCE, end of year	<u>\$ 22,326</u>	<u>\$ 11,507</u>	<u>\$ 33,833</u>

CITY OF LINCOLN CITY
Lincoln City, Oregon

URBAN RENEWAL TAX INCREMENT FUND

SCHEDULE OF REVENUES, EXPENDITURES, OTHER FINANCING USES
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2010

	Budget Original and Final	Actual	Variance
REVENUES:			
Property taxes	\$ 2,793,288	\$ 2,793,590	\$ 302
Interest on investments	37,000	14,952	(22,048)
TOTAL REVENUES	2,830,288	2,808,542	(21,746)
EXPENDITURES:			
Debt service	3,100,379	1,821,377	1,279,002
TOTAL EXPENDITURES	3,100,379	1,821,377	1,279,002
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(270,091)	987,165	1,257,256
OTHER FINANCING USES:			
Bond reserves	(1,300,000)	-	1,300,000
NET CHANGE IN FUND BALANCE	(1,570,091)	987,165	2,557,256
FUND BALANCE, beginning of year	1,570,091	1,574,857	4,766
FUND BALANCE, end of year	\$ -	\$ 2,562,022	\$ 2,562,022

CITY OF LINCOLN CITY
Lincoln City, Oregon

OPEN SPACE BONDS FUND

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

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES:			
Property taxes	\$ 291,000	\$ 290,434	\$ (566)
Interest on investments	3,300	749	(2,551)
TOTAL REVENUES	<u>294,300</u>	<u>291,183</u>	<u>(3,117)</u>
EXPENDITURES:			
Debt Service	<u>302,722</u>	<u>276,000</u>	<u>26,722</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND NET CHANGE IN FUND BALANCE	(8,422)	15,183	23,605
FUND BALANCE, beginning of year	<u>8,422</u>	<u>7,143</u>	<u>(1,279)</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ 22,326</u>	<u>\$ 22,326</u>

CITY OF LINCOLN CITY
Lincoln City, Oregon

2008 BOND REDEMPTION FUND

SCHEDULE OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCE
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES:			
Interest on investments	<u>\$ 500</u>	<u>\$ 448</u>	<u>\$ (52)</u>
EXPENDITURES:			
Debt Service	<u>772,517</u>	<u>761,101</u>	<u>11,416</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(772,017)</u>	<u>(760,653)</u>	<u>11,364</u>
OTHER FINANCING SOURCE:			
Transfers in	<u>765,000</u>	<u>765,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(7,017)</u>	<u>4,347</u>	<u>11,364</u>
FUND BALANCE, beginning of year	<u>7,017</u>	<u>7,160</u>	<u>143</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ 11,507</u>	<u>\$ 11,507</u>

CITY OF LINCOLN CITY
Lincoln City, Oregon

NONMAJOR CAPITAL PROJECTS FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2010

	<u>Transportation Development</u>	<u>Storm Drainage Development</u>	<u>Parks Development</u>	<u>Park System Development Charge Improvement</u>
ASSETS:				
Cash and investments	\$ 409,577	\$ 75,922	\$ 8,656	\$ 455,540
Receivables	-	-	-	277
TOTAL ASSETS	<u>\$ 409,577</u>	<u>\$ 75,922</u>	<u>\$ 8,656</u>	<u>\$ 455,817</u>
LIABILITY:				
Accounts payable	\$ 5,527	\$ -	\$ -	\$ 1,751
FUND BALANCES:				
Unreserved	<u>404,050</u>	<u>75,922</u>	<u>8,656</u>	<u>454,066</u>
TOTAL LIABILITY AND FUND BALANCES	<u>\$ 409,577</u>	<u>\$ 75,922</u>	<u>\$ 8,656</u>	<u>\$ 455,817</u>

<u>Open Space Acquisition</u>	<u>Facilities Capital</u>	<u>Street Capital</u>	<u>Total</u>
\$ 701,250	\$ 27,130	\$ 204,156	\$ 1,882,231
-	-	-	277
<u>\$ 701,250</u>	<u>\$ 27,130</u>	<u>\$ 204,156</u>	<u>\$ 1,882,508</u>
\$ -	\$ -	\$ 6,264	\$ 13,542
<u>701,250</u>	<u>27,130</u>	<u>197,892</u>	<u>1,868,966</u>
<u>\$ 701,250</u>	<u>\$ 27,130</u>	<u>\$ 204,156</u>	<u>\$ 1,882,508</u>

CITY OF LINCOLN CITY
Lincoln City, Oregon

NONMAJOR CAPITAL PROJECTS FUNDS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, OTHER
FINANCING SOURCES (USES) AND CHANGES IN FUND BALANCE**

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Transportation Development</u>	<u>Storm Drainage Development</u>	<u>Parks Development</u>	<u>Parks System Development Charge Improvement</u>
REVENUES:				
Charges for services	\$ 28,050	\$ 1,015	\$ -	\$ 61,245
Intergovernmental	-	-	-	3,285
Interest on investments	2,597	466	49	3,690
Miscellaneous	-	-	1,458	-
TOTAL REVENUES	<u>30,647</u>	<u>1,481</u>	<u>1,507</u>	<u>68,220</u>
EXPENDITURES:				
Materials and services	-	-	-	-
Capital outlay	46,327	-	-	404,905
TOTAL EXPENDITURES	<u>46,327</u>	<u>-</u>	<u>-</u>	<u>404,905</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(15,680)</u>	<u>1,481</u>	<u>1,507</u>	<u>(336,685)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(15,680)</u>	<u>1,481</u>	<u>1,507</u>	<u>(336,685)</u>
FUND BALANCE, beginning of year	<u>419,730</u>	<u>74,441</u>	<u>7,149</u>	<u>790,751</u>
FUND BALANCE, end of year	<u>\$ 404,050</u>	<u>\$ 75,922</u>	<u>\$ 8,656</u>	<u>\$ 454,066</u>

Open Space Acquisition	Facilities Capital	Street Capital	Totals
\$ -	\$ -	\$ -	\$ 90,310
-	-	438,536	441,821
4,708	2,682	664	14,856
-	-	-	1,458
<u>4,708</u>	<u>2,682</u>	<u>439,200</u>	<u>548,445</u>
-	-	615,744	615,744
<u>304,933</u>	<u>1,032,531</u>	<u>25,564</u>	<u>1,814,260</u>
<u>304,933</u>	<u>1,032,531</u>	<u>641,308</u>	<u>2,430,004</u>
<u>(300,225)</u>	<u>(1,029,849)</u>	<u>(202,108)</u>	<u>(1,881,559)</u>
-	761,660	400,000	1,161,660
-	(255,000)	-	(255,000)
-	<u>506,660</u>	<u>400,000</u>	<u>906,660</u>
(300,225)	(523,189)	197,892	(974,899)
<u>1,001,475</u>	<u>550,319</u>	<u>-</u>	<u>2,843,865</u>
<u>\$ 701,250</u>	<u>\$ 27,130</u>	<u>\$ 197,892</u>	<u>\$ 1,868,966</u>

CITY OF LINCOLN CITY
Lincoln City, Oregon

TRANSPORTATION DEVELOPMENT FUND

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

FOR THE YEAR ENDED JUNE 30, 2010

	Budget	Actual	Variance
REVENUES:			
Improvement fee	\$ 40,000	\$ 28,050	\$ (11,950)
Interest on investments	8,000	2,597	(5,403)
TOTAL REVENUES	48,000	30,647	(17,353)
EXPENDITURE:			
Capital outlay	478,563	46,327	432,236
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND NET CHANGE IN FUND BALANCE	(430,563)	(15,680)	414,883
FUND BALANCE, beginning of year	430,563	419,730	(10,833)
FUND BALANCE, end of year	\$ -	\$ 404,050	\$ 404,050

CITY OF LINCOLN CITY
Lincoln City, Oregon

STORM DRAINAGE DEVELOPMENT FUND

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

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES:			
Improvement fee	\$ 2,100	\$ 1,015	\$ (1,085)
Interest on investments	1,500	466	(1,034)
	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	3,600	1,481	(2,119)
	<hr/>	<hr/>	<hr/>
EXPENDITURE:			
Capital outlay	78,594	-	78,594
	<hr/>	<hr/>	<hr/>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND NET CHANGE IN FUND BALANCE	(74,994)	1,481	76,475
	<hr/>	<hr/>	<hr/>
FUND BALANCE, beginning of year	74,994	74,441	(553)
	<hr/>	<hr/>	<hr/>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ 75,922</u>	<u>\$ 75,922</u>

CITY OF LINCOLN CITY
Lincoln City, Oregon

PARKS DEVELOPMENT FUND

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

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES:			
Interest on investments	\$ 200	\$ 49	\$ (151)
Miscellaneous	<u>2,000</u>	<u>1,458</u>	<u>(542)</u>
TOTAL REVENUES	<u>2,200</u>	<u>1,507</u>	<u>(693)</u>
EXPENDITURE:			
Capital Outlay	<u>9,535</u>	<u>-</u>	<u>9,535</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND NET CHANGE IN FUND BALANCE	<u>(7,335)</u>	<u>1,507</u>	<u>8,842</u>
FUND BALANCE, beginning of year	<u>7,335</u>	<u>7,149</u>	<u>(186)</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ 8,656</u>	<u>\$ 8,656</u>

CITY OF LINCOLN CITY
Lincoln City, Oregon

PARKS SYSTEM DEVELOPMENT CHARGE IMPROVEMENT FUND

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

FOR THE YEAR ENDED JUNE 30, 2010

	Budget	Actual	Variance
REVENUES:			
Improvement fee	\$ 129,150	\$ 61,245	\$ (67,905)
Intergovernmental	1,938,995	3,285	(1,935,710)
Interest on investments	20,000	3,690	(16,310)
	<u>2,088,145</u>	<u>68,220</u>	<u>(2,019,925)</u>
TOTAL REVENUES			
EXPENDITURES:			
Capital outlay	2,909,535	404,905	2,504,630
	<u>2,909,535</u>	<u>404,905</u>	<u>2,504,630</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND NET CHANGE IN FUND BALANCE	(821,390)	(336,685)	484,705
FUND BALANCE, beginning of year	821,390	790,751	(30,639)
	<u>821,390</u>	<u>790,751</u>	<u>(30,639)</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ 454,066</u>	<u>\$ 454,066</u>

CITY OF LINCOLN CITY
Lincoln City, Oregon

OPEN SPACE ACQUISITION FUND

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

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUE:			
Interest on investments	<u>\$ 28,000</u>	<u>\$ 4,708</u>	<u>\$ (23,292)</u>
EXPENDITURE:			
Capital outlay	<u>1,010,896</u>	<u>304,933</u>	<u>705,963</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND NET CHANGE IN FUND BALANCE	<u>(982,896)</u>	<u>(300,225)</u>	<u>682,671</u>
FUND BALANCE, beginning of year	<u>982,896</u>	<u>1,001,475</u>	<u>18,579</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ 701,250</u>	<u>\$ 701,250</u>

CITY OF LINCOLN CITY
Lincoln City, Oregon

FACILITIES CAPITAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCES (USES)
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2010

	Budget	Actual	Variance
REVENUES:			
Interest on investments	\$ 10,000	\$ 2,682	\$ (7,318)
Miscellaneous	5,500	-	(5,500)
	15,500	2,682	(12,818)
TOTAL REVENUES			
EXPENDITURES:			
Capital outlay	1,052,977	1,032,531	20,446
Contingency	1,782	-	1,782
	1,054,759	1,032,531	22,228
TOTAL EXPENDITURES			
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,039,259)	(1,029,849)	9,410
OTHER FINANCING SOURCES (USES):			
Transfers in	743,940	761,660	17,720
Transfers out	(255,000)	(255,000)	-
	488,940	506,660	17,720
TOTAL OTHER FINANCING SOURCES (USES)			
NET CHANGE IN FUND BALANCE	(550,319)	(523,189)	27,130
FUND BALANCE, beginning of year	550,319	550,319	-
FUND BALANCE, end of year	\$ -	\$ 27,130	\$ 27,130

CITY OF LINCOLN CITY
Lincoln City, Oregon

STREET CAPITAL FUND

**SCHEDULE OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCE (USE)
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL**

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES:			
Intergovernmental	\$ 637,993	\$ 438,536	\$ (199,457)
Interest on investments	10,000	664	(9,336)
TOTAL REVENUES	<u>647,993</u>	<u>439,200</u>	<u>(208,793)</u>
EXPENDITURES:			
Materials & services	620,000	615,744	4,256
Capital outlay	427,993	25,564	402,429
TOTAL EXPENDITURES	<u>1,047,993</u>	<u>641,308</u>	<u>406,685</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(400,000)	(202,108)	197,892
OTHER FINANCING SOURCE (USE):			
Transfers in	400,000	400,000	-
NET CHANGE IN FUND BALANCE	-	197,892	197,892
FUND BALANCE, beginning of year	-	-	-
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ 197,892</u>	<u>\$ 197,892</u>

CITY OF LINCOLN CITY
Lincoln City, Oregon

WATER FUND

**SCHEDULE OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCE (USE)
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL**

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES:			
Charges for services	\$ 3,001,663	\$ 2,861,367	\$ (140,296)
Interest on investments	5,000	(436)	(5,436)
Miscellaneous	6,500	2,009	(4,491)
	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	3,013,163	2,862,940	(150,223)
	<hr/>	<hr/>	<hr/>
EXPENDITURES:			
Personal services	1,001,080	1,023,870	(22,790)
Materials and services	641,727	508,841	132,886
Capital outlay	1,500	1,200	300
Contingency	325,235	-	325,235
	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES	1,969,542	1,533,911	435,631
	<hr/>	<hr/>	<hr/>
EXCESS OF REVENUES OVER EXPENDITURES	1,043,621	1,329,029	285,408
	<hr/>	<hr/>	<hr/>
OTHER FINANCING SOURCE (USE):			
Transfers out	(1,333,498)	(1,328,478)	5,020
	<hr/>	<hr/>	<hr/>
NET CHANGE IN FUND BALANCE	(289,877)	551	290,428
	<hr/>	<hr/>	<hr/>
FUND BALANCE, beginning of year	289,877	268,092	(21,785)
	<hr/>	<hr/>	<hr/>
FUND BALANCE, end of year	\$ -	\$ 268,643	\$ 268,643
	<hr/>	<hr/>	<hr/>

CITY OF LINCOLN CITY
Lincoln City, Oregon

WATER CAPITAL FUND

**SCHEDULE OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCES (USES)
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL**

FOR THE YEAR ENDED JUNE 30, 2010

	Budget	Actual	Variance
REVENUES:			
System development charges	\$ 185,600	\$ 91,086	\$ (94,514)
Interest on investments	17,000	7,355	(9,645)
	202,600	98,441	(104,159)
TOTAL REVENUES			
EXPENDITURE:			
Capital outlay	1,626,373	599,433	1,026,940
	(1,423,773)	(500,992)	922,781
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			
OTHER FINANCING SOURCES (USES):			
Transfers in	835,000	597,098	(237,902)
Transfers out	(450,000)	(450,000)	-
	385,000	147,098	(237,902)
TOTAL OTHER FINANCING SOURCES (USES)			
NET CHANGE IN FUND BALANCE	(1,038,773)	(353,894)	684,879
FUND BALANCE, beginning of year	1,038,773	1,353,953	315,180
FUND BALANCE, end of year	\$ -	\$ 1,000,059	\$ 1,000,059

CITY OF LINCOLN CITY
Lincoln City, Oregon

WATER TREATMENT PLANT CONSTRUCTION FUND

SCHEDULE OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCE (USE)
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2010

	Budget	Actual	Variance
REVENUES:			
Intergovernmental	\$ 62,700	\$ -	\$ (62,700)
Interest on investments	10,000	7,413	(2,587)
TOTAL REVENUES	72,700	7,413	(65,287)
EXPENDITURES:			
Capital outlay	1,556,579	1,490,148	66,431
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,483,879)	(1,482,735)	1,144
OTHER FINANCING SOURCE (USE):			
Transfers out	(225,000)	(297,098)	(72,098)
NET CHANGE IN FUND BALANCE	(1,708,879)	(1,779,833)	(70,954)
FUND BALANCE, beginning of year	1,708,879	1,779,833	70,954
FUND BALANCE, end of year	\$ -	\$ -	\$ -

CITY OF LINCOLN CITY
Lincoln City, Oregon

2006 WATER REFUNDING BOND FUND

SCHEDULE OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCE (USE)
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2010

	Budget	Actual	Variance
REVENUE:			
Interest on investments	\$ 500	\$ 225	\$ (275)
EXPENDITURES:			
Debt service	305,096	295,176	9,920
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	(304,596)	(294,951)	9,645
OTHER FINANCING SOURCE (USE):			
Transfers in	294,000	294,000	-
NET CHANGE IN FUND BALANCE	(10,596)	(951)	9,645
FUND BALANCE, beginning of year	10,596	10,680	84
FUND BALANCE, end of year	\$ -	\$ 9,729	\$ 9,729

CITY OF LINCOLN CITY
Lincoln City, Oregon

2007 WATER REFUNDING BOND FUND

SCHEDULE OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCE (USE)
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUE:			
Interest on investments	<u>\$ 500</u>	<u>\$ 254</u>	<u>\$ (246)</u>
EXPENDITURES:			
Debt service	<u>484,614</u>	<u>445,131</u>	<u>39,483</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	<u>(484,114)</u>	<u>(444,877)</u>	<u>39,237</u>
OTHER FINANCING SOURCE (USE):			
Transfers in	<u>450,000</u>	<u>450,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(34,114)</u>	<u>5,123</u>	<u>39,237</u>
FUND BALANCE, beginning of year	<u>34,114</u>	<u>32,405</u>	<u>(1,709)</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ 37,528</u>	<u>\$ 37,528</u>

CITY OF LINCOLN CITY
Lincoln City, Oregon

SEWER FUND

**SCHEDULE OF REVENUES, EXPENDITURES, OTHER FINANCING USE
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL**

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES:			
Charges for services	\$ 2,702,463	\$ 2,591,261	\$ (111,202)
Interest on investments	12,000	2,500	(9,500)
Miscellaneous	60,000	78,245	18,245
	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	2,774,463	2,672,006	(102,457)
	<hr/>	<hr/>	<hr/>
EXPENDITURES:			
Personal services	1,065,727	1,082,775	(17,048)
Materials and services	904,865	848,480	56,385
Capital outlay	335,000	37,527	297,473
Contingency	357,127	-	357,127
	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES	2,662,719	1,968,782	693,937
	<hr/>	<hr/>	<hr/>
EXCESS OF REVENUES OVER EXPENDITURES	111,744	703,224	591,480
	<hr/>	<hr/>	<hr/>
OTHER FINANCING USE:			
Transfers out	(944,115)	(927,281)	16,834
	<hr/>	<hr/>	<hr/>
NET CHANGE IN FUND BALANCE	(832,371)	(224,057)	608,314
	<hr/>	<hr/>	<hr/>
FUND BALANCE, beginning of year	832,371	829,986	(2,385)
	<hr/>	<hr/>	<hr/>
FUND BALANCE, end of year	\$ -	\$ 605,929	\$ 605,929
	<hr/>	<hr/>	<hr/>

CITY OF LINCOLN CITY
Lincoln City, Oregon

SEWER CAPITAL FUND

**SCHEDULE OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCES (USES)
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL**

FOR THE YEAR ENDED JUNE 30, 2010

	Budget	Actual	Variance
REVENUES:			
System development charges	\$ 357,400	\$ 195,299	\$ (162,101)
Interest on investments	69,000	24,013	(44,987)
	426,400	219,312	(207,088)
TOTAL REVENUES			
EXPENDITURES:			
Capital outlay	4,354,042	367,903	3,986,139
	(3,927,642)	(148,591)	3,779,051
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			
OTHER FINANCING SOURCES (USES):			
Transfers in	500,000	500,000	-
Transfers out	(225,000)	-	225,000
	275,000	500,000	225,000
TOTAL OTHER FINANCING SOURCES (USES)			
NET CHANGE IN FUND BALANCE	(3,652,642)	351,409	4,004,051
FUND BALANCE, beginning of year	3,652,642	3,617,890	(34,752)
FUND BALANCE, end of year	\$ -	\$ 3,969,299	\$ 3,969,299

CITY OF LINCOLN CITY
Lincoln City, Oregon

2005 SEWER BOND FUND

SCHEDULE OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCE
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES:			
Property taxes	\$ 722,500	\$ 720,641	\$ (1,859)
Interest on investments	16,400	5,950	(10,450)
TOTAL REVENUES	<u>738,900</u>	<u>726,591</u>	<u>(12,309)</u>
EXPENDITURE:			
Debt service	<u>1,911,253</u>	<u>1,037,835</u>	<u>873,418</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURE	(1,172,353)	(311,244)	861,109
OTHER FINANCING SOURCE:			
Transfers in	<u>475,000</u>	<u>250,000</u>	<u>(225,000)</u>
NET CHANGE IN FUND BALANCE	(697,353)	(61,244)	636,109
FUND BALANCE, beginning of year	<u>697,353</u>	<u>699,912</u>	<u>2,559</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ 638,668</u>	<u>\$ 638,668</u>

CITY OF LINCOLN CITY
Lincoln City, Oregon

2005 SEWER CONSTRUCTION FUND

**SCHEDULE OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCES
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL**

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUE:			
Interest on investments	<u>\$ 100,000</u>	<u>\$ 6,738</u>	<u>\$ (93,262)</u>
EXPENDITURE:			
Capital outlay	<u>8,074,638</u>	<u>365,770</u>	<u>7,708,868</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURE	<u>(7,974,638)</u>	<u>(359,032)</u>	<u>7,615,606</u>
OTHER FINANCING SOURCE:			
Proceeds from long-term obligations	<u>7,000,000</u>	<u>-</u>	<u>(7,000,000)</u>
NET CHANGE IN FUND BALANCE	<u>(974,638)</u>	<u>(359,032)</u>	<u>615,606</u>
FUND BALANCE, beginning of year	<u>974,638</u>	<u>1,015,689</u>	<u>41,051</u>
FUND BALANCE, end of year	<u><u>\$ -</u></u>	<u><u>\$ 656,657</u></u>	<u><u>\$ 656,657</u></u>

CITY OF LINCOLN CITY

Lincoln City, Oregon

**RECONCILIATION OF REVENUES AND
EXPENDITURES TO CHANGES IN FUND NET ASSETS - WATER FUND**

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Revenues</u>	<u>Expenditures</u>	<u>Revenues Over (Under) Expenditures</u>
BUDGETARY BASIS REVENUES AND EXPENDITURES:			
Water Fund	\$ 2,862,940	\$ 1,533,911	\$ 1,329,029
Water Capital Fund	98,441	599,433	(500,992)
Water Treatment Plant Construction Fund	7,413	1,490,148	(1,482,735)
2006 Water Refunding Bond Fund	225	295,176	(294,951)
2007 Water Refunding Bond Fund	254	445,131	(444,877)
TOTAL	<u>\$ 2,969,273</u>	<u>\$ 4,363,799</u>	(1,394,526)
ADD (DEDUCT) ITEMS TO RECONCILE TO AN ENTERPRISE FUND REPORTING BASIS:			
Depreciation			(876,312)
Capital asset additions			2,090,781
Change in accrued interest payable			(56,030)
Principal payments			539,930
Support services			(201,768)
Expense deferred charges			(55,461)
Transfers out			(22,772)
CHANGES IN FUND NET ASSETS - GAAP			<u>\$ 23,842</u>

CITY OF LINCOLN CITY

Lincoln City, Oregon

RECONCILIATION OF REVENUES AND
EXPENDITURES TO CHANGES IN FUND NET ASSETS - SEWER FUND

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Revenues</u>	<u>Expenditures</u>	<u>Revenues Over (Under) Expenditures</u>
BUDGETARY BASIS REVENUES AND EXPENDITURES:			
Sewer Fund	\$ 2,672,006	\$ 1,968,782	\$ 703,224
Sewer Capital Fund	219,312	367,903	(148,591)
2005 Sewer Bond Fund	726,591	1,037,835	(311,244)
2005 Sewer Construction Fund	<u>6,738</u>	<u>365,770</u>	<u>(359,032)</u>
TOTAL	<u>\$ 3,624,647</u>	<u>\$ 3,740,290</u>	(115,643)
 ADD (DEDUCT) ITEMS TO RECONCILE TO AN ENTERPRISE FUND REPORTING BASIS:			
Depreciation			(1,225,630)
Capital asset additions			771,200
Change in deferred revenue			22,806
Change in accrued interest payable			47,113
Principal payments			395,000
Support services			(157,885)
Transfers out			<u>(19,396)</u>
 CHANGES IN FUND NET ASSETS - GAAP			<u>\$ (282,435)</u>

CITY OF LINCOLN CITY
Lincoln City, Oregon

INTERNAL SERVICE FUND

**SCHEDULE OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCES
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL**

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES:			
Charges for services	\$ 195,372	\$ 197,515	\$ 2,143
EXPENDITURES:			
Personal services	115,468	112,956	2,512
Materials and services	106,651	90,006	16,645
TOTAL EXPENDITURES	<u>222,119</u>	<u>202,962</u>	<u>19,157</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(26,747)	(5,447)	21,300
OTHER FINANCING SOURCE:			
Transfers in	<u>26,747</u>	<u>11,747</u>	<u>(15,000)</u>
NET CHANGE IN FUND BALANCE	-	6,300	6,300
FUND BALANCE, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, end of year	<u><u>\$ -</u></u>	<u><u>\$ 6,300</u></u>	<u><u>\$ 6,300</u></u>

CITY OF LINCOLN CITY
Lincoln City, Oregon

AGENCY FUNDS

COMBINING STATEMENT OF ASSETS AND LIABILITIES

JUNE 30, 2010

	<u>Bail</u>	<u>Recreation Scholarship</u>	<u>Miscellaneous Trust</u>	<u>Municipal Court</u>	<u>Road End Sanitary District</u>	<u>Recreation Trust</u>	<u>Total</u>
ASSETS:							
Cash and investments	\$ 876	\$ 4,226	\$ 2,851	\$ 2,745	\$ 12,527	\$ 249	\$ 23,474
Receivables	-	-	-	-	4,087	-	4,087
TOTAL ASSETS	<u>\$ 876</u>	<u>\$ 4,226</u>	<u>\$ 2,851</u>	<u>\$ 2,745</u>	<u>\$ 16,614</u>	<u>\$ 249</u>	<u>\$ 27,561</u>
LIABILITIES:							
Accounts payable	\$ -	\$ -	\$ 378	\$ -	\$ 11,995	\$ -	\$ 12,373
Funds held in trust	876	4,226	2,473	2,745	4,619	249	15,188
TOTAL LIABILITIES	<u>\$ 876</u>	<u>\$ 4,226</u>	<u>\$ 2,851</u>	<u>\$ 2,745</u>	<u>\$ 16,614</u>	<u>\$ 249</u>	<u>\$ 27,561</u>

CITY OF LINCOLN CITY
Lincoln City, Oregon

AGENCY FUNDS

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

JUNE 30, 2010

	<u>Balances</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balances</u> <u>July 1, 2010</u>
BAIL:				
Asset				
Cash and investments	\$ 2,796	\$ -	\$ 1,920	\$ 876
Liabilities				
Accounts payable	\$ 2,239	\$ -	\$ 2,239	\$ -
Funds held in trust	557	319	-	876
Total liabilities	\$ 2,796	\$ 319	\$ 2,239	\$ 876
RECREATION SCHOLARSHIP:				
Asset				
Cash and investments	\$ 8,447	\$ -	\$ 4,221	\$ 4,226
Liability				
Funds held in trust	\$ 8,447	\$ -	\$ 4,221	\$ 4,226
MISCELLANEOUS TRUST:				
Asset				
Cash and investments	\$ 2,719	\$ 132	\$ -	\$ 2,851
Liabilities				
Accounts payable	\$ 219	\$ 159	\$ -	\$ 378
Funds held in trust	2,500	-	27	2,473
Total liabilities	\$ 2,719	\$ 159	\$ 27	\$ 2,851
MUNICIPAL COURT:				
Asset				
Cash and investments	\$ 8,121	\$ -	\$ 5,376	\$ 2,745
Liabilities				
Accounts payable	\$ 10,405	\$ -	\$ 10,405	\$ -
Funds held in trust	(2,284)	5,029	-	2,745
Total liabilities	\$ 8,121	\$ 5,029	\$ 10,405	\$ 2,745
ROADS END SANITARY DISTRICT:				
Assets				
Cash and investments	\$ 9,283	\$ 3,244	\$ -	\$ 12,527
Receivables	4,354	-	267	4,087
Total assets	\$ 13,637	\$ 3,244	\$ 267	\$ 16,614
Liabilities				
Accounts payable	\$ 9,290	\$ 2,705	\$ -	\$ 11,995
Funds held in trust	4,347	272	-	4,619
Total liabilities	\$ 13,637	\$ 2,977	\$ -	\$ 16,614
RECREATION TRUST:				
Asset				
Cash and investments	\$ 5,282	\$ -	\$ 5,033	\$ 249
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Funds held in trust	5,282	-	5,033	249
Total liabilities	\$ 5,282	\$ -	\$ 5,033	\$ 249

ADDITIONAL SCHEDULES

CITY OF LINCOLN CITY

Lincoln City, Oregon

PROPERTY TAX SCHEDULES

JUNE 30, 2010

	<u>Balances July 1, 2009</u>	<u>2009-10 Levy</u>	<u>Net Adjust- ments</u>	<u>Interest (Discounts)</u>	<u>Collections</u>	<u>Balance June 30, 2010</u>
Current	\$ -	\$ 7,885,216	\$ (16,619)	\$ (183,769)	\$ 7,275,218	\$ 409,610
Prior	643,823	-	(79,888)	42,759	295,453	311,241
Totals	<u>\$ 643,823</u>	<u>\$ 7,885,216</u>	<u>\$ (96,507)</u>	<u>\$ (141,010)</u>	7,570,671	<u>\$ 720,851</u>
Tax offsets and adjustments					<u>(19,368)</u>	
Total property tax revenue					<u>\$ 7,551,303</u>	
	<u>General</u>	<u>Urban Renewal Tax Increment</u>	<u>Other Govern- mental Funds</u>	<u>Other Enterprise Funds</u>	<u>Totals</u>	
	<u>\$ 3,785,374</u>	<u>\$ 2,793,590</u>	<u>\$ 290,434</u>	<u>\$ 720,641</u>	<u>\$ 7,590,039</u>	

ANNUAL DISCLOSURE INFORMATION

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

\$15,000,000
City of Lincoln City
General Obligation Bonds
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 City's audit for 2009-10 was performed by Talbot, Korvola & Warwick, Portland, Oregon. The auditors did not review the statistical tables and offer no opinion regarding the statistical tables.

CITY OF LINCOLN CITY

LONG-TERM BORROWING

OUTSTANDING GENERAL OBLIGATION BONDS

JUNE 30, 2010

<u>General Obligation Bond</u> <u>Supported in Whole or in Part by Taxes</u>	<u>Dated</u> <u>Date</u>	<u>Maturity</u> <u>Date</u>	<u>Principal</u> <u>Issued</u> <u>As of 6/30/10</u>	<u>Outstanding</u> <u>As of 6/30/10</u>
Series 2005 Sewer	4/12/2005	6/1/2030	15,000,000	13,295,000
Series 1999 Open Space	7/1/1999	6/1/2014	<u>3,000,000</u>	<u>830,000</u>
Total			18,000,000	14,125,000
Net Direct Debt				14,125,000
<i>Self Supporting</i>				
Series 2007 Water Bonds	6/28/2007	12/1/2018	<u>4,000,000</u>	<u>3,109,754</u>
Total				
Total general obligation bonds			<u>22,000,000</u>	<u>17,234,754</u>
Gross Direct Debt				<u>\$ 17,234,754</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 are anticipated to be sold in calendar year 2011.

CITY OF LINCOLN CITY

2009-10 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.	\$ 4.0893	\$ 0.6576	\$ 4.7469
Linn-Benton-Lincoln ESD	0.2540	-	0.2540
Oregon Coast Community College	0.1464	0.2622	0.4086
Total Schools	4.4897	0.9198	5.4095
Local Government			
Lincoln County	2.3492	0.0315	2.3807
Lincoln County Extension	0.0376	-	0.0376
Lincoln County Transportation	0.0812	-	0.0812
City of Lincoln City	3.4149	0.9113	4.3262
Lincoln City Urban Renewal Agency	2.5236	-	2.5236
North Lincoln Fire and Rescue	0.5651	0.3179	0.8830
Devils Lake Water District	0.1007	-	0.1007
North Lincoln Hospital District	0.4319	-	0.4319
Total Local Government	9.5042	1.2607	10.7649
Totals	\$ 13.9939	\$ 2.1805	\$ 16.1744

(1) The total Assessed Value to compute tax rate of tax code area 402 is \$653,667,030 which is equal to approximately 57 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

CITY OF LINCOLN CITY
HISTORICAL PROPERTY VALUES

Fiscal Year	Assessed Value (1,2)	Percent Change	Total Levy (3)	Total Real Market Value	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
2009-10	959,653,655	5.58	4,984,515	2,091,318,252	-5.69

- (1) Includes Lincoln City values with all adjustments to the tax rolls. Does not include urban renewal values.
- (2) The Taxable Assessed Value for 1997-98 and thereafter is not comparable to prior years because in previous years properties were assessed at Real Market Value. From 1997-98 on, the Taxable Assessed Value is not the real market value but a generally lower Assessed Value for tax purposes. Currently Taxable Assessed Value is limited to a 3% maximum increase plus new growth before tax rates are applied because of Measure 50.
- (3) The levy used in this table has been adjusted by certain offsets before calculation of the tax rate.
- (4) Real market value includes urban renewal values.

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

CITY OF LINCOLN CITY
TAX COLLECTION RECORD

<u>Fiscal Year</u>	<u>Lincoln City Assessed Value (1, 2)</u>	<u>Percent Change</u>	<u>Total Levy (3)</u>	<u>Tax Rate Per \$1000 (4)</u>	<u>Percent Collected Year of Levy</u>	<u>Percent Collected as Of 6/30/10</u>
1999-00	\$ 595,361,463	5.30%	\$ 3,430,413	\$ 4.0991	91.33	99.99%
2000-01	619,475,221	4.05	3,530,185	4.0996	91.34	99.98
2001-02	638,947,588	3.14	3,529,705	4.0996	91.32	99.97
2002-03	661,582,167	3.54	3,012,187	4.0996	91.61	99.94
2003-04	712,457,843	7.69	3,220,807	4.0996	91.78	98.98
2004-05	738,016,108	3.59	3,325,570	4.0996	93.73	99.82
2005-06	763,874,965	3.50	4,032,389	4.0996	94.06	99.13
2006-07	800,823,341	4.84	4,183,043	4.0996	94.46	95.91
2007-08	857,181,131	7.04	4,475,295	4.0996	94.45	94.06
2008-09	908,968,555	6.04	4,726,304	4.0996	93.00	94.46
2009-10	959,653,655	5.58	4,984,515	4.0996	91.66	

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

(2) The Taxable Assessed Value for 1997-98 and thereafter is not comparable to prior years because in previous years properties were assessed at Real Market Value. From 1997-98 on, the Taxable Assessed Value is not the real market value but a generally lower Assessed Value for tax purposes. Currently Taxable Assessed Value is limited to a 3% maximum increase plus new growth before tax rates are applied because of Measure 50.

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

(4) 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.

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
2009-10	1,152,078,610	192,424,955	959,653,655	5.58

(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

Lincoln City, Oregon

SDC FUNDS IN ACCORDANCE WITH ORS 223.311

YEAR ENDED JUNE 30, 2010

	<u>Transportation Development Fund</u>	<u>Storm Drainage Development Fund</u>	<u>Parks Improvement Fund</u>
REVENUES:			
System development charge - improvement	\$ 16,929	\$ 1,015	\$ 61,245
Motorcycle vehicle gas tax	-	-	3,285
State parks grant	-	-	-
Interest	1,209	466	3,690
	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	18,138	1,481	68,220
	<hr/>	<hr/>	<hr/>
EXPENDITURES:			
Master plans	46,325	-	-
Head to Bay Trail	-	-	54,244
Park improvements	-	-	-
Community center improvements	-	-	350,663
	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES	46,325	-	404,907
	<hr/>	<hr/>	<hr/>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(28,187)	1,481	(336,687)
BEGINNING FUND BALANCE	199,834	74,467	790,752
	<hr/>	<hr/>	<hr/>
ENDING FUND BALANCE	<u>\$ 171,647</u>	<u>\$ 75,948</u>	<u>\$ 454,065</u>

CITY OF LINCOLN CITY

Lincoln City, Oregon

WATER SDC FUNDS

YEAR ENDED JUNE 30, 2010

	<u>Water Replacement Fund</u>	<u>Water SDC Reimbursement Fund</u>	<u>Water SDC Improvement Fund</u>
REVENUES:			
System development charge	\$ -	\$ 27,053	\$ 64,033
Reimbursement Drift Creek project	-	-	297,098
TRF Water Operating Funds	300,000	-	-
Interest	2,956	2,398	2,001
TOTAL REVENUE	<u>302,956</u>	<u>29,451</u>	<u>363,132</u>
EXPENDITURES:			
Water system telemetry	48,333	-	-
Debt service 2006 water bonds	-	-	450,000
Schooner Creek replacement line	29,999	-	-
Port Drive water line	-	120,868	-
Water treatment plant	-	-	-
Reservoir	400,233	-	-
TOTAL EXPENDITURES	<u>478,565</u>	<u>120,868</u>	<u>450,000</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(175,609)	(91,417)	(86,868)
BEGINNING FUND BALANCE	<u>446,274</u>	<u>405,668</u>	<u>502,012</u>
ENDING FUND BALANCE	<u>\$ 270,665</u>	<u>\$ 314,251</u>	<u>\$ 415,144</u>

CITY OF LINCOLN CITY

Lincoln City, Oregon

SEWER SDC FUNDS

YEAR ENDED JUNE 30, 2010

	Sewer Replacement Fund	Sewer SDC Reimbursement Fund	Sewer SDC Improvement Fund
REVENUES:			
System development charge	\$ -	\$ 25,641	\$ 169,658
Transfer from sewer Operating Fund	500,000	-	-
Interest	6,544	4,185	13,284
TOTAL REVENUE	506,544	29,826	182,942
EXPENDITURES:			
Building - Sewer shop	34,200	-	-
Pump station upgrades - Lochshire	183,557	-	-
NW 20th Line replacement line	-	150,147	-
Debt service - 2005 Sewer Bond	-	-	-
TOTAL EXPENDITURES	217,757	150,147	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	288,787	(120,321)	182,942
BEGINNING FUND BALANCE	882,016	697,547	2,038,324
ENDING FUND BALANCE	\$ 1,170,803	\$ 577,226	\$ 2,221,266

**INDEPENDENT AUDITOR'S REPORT
REQUIRED BY OREGON STATE REGULATIONS**



INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

February 9, 2011

Honorable Mayor and Members of City Council
City of Lincoln City
Lincoln City, Oregon

4800 SW Macadam Ave, Suite 400
Portland, Oregon 97239-3973

P 503.274.2849
F 503.274.2853

www.tkw.com

We have audited the basic financial statements of the City of Lincoln City, Oregon (the City), as of and for the year ended June 30, 2010, and have issued our report thereon dated February 9, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

COMPLIANCE

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

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

- Deposit of public funds with financial institutions (ORS Chapter 295).
- Indebtedness limitations, restrictions and repayment.
- Budgets legally required (ORS Chapter 294).
- Insurance and fidelity bonds in force or required by law.
- Programs funded from outside sources.
- Highway revenues used for public highways, roads, and streets.
- Authorized investment of surplus funds (ORS Chapter 294).
- Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).

In connection with our testing, nothing came to our attention that caused us to believe the City was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised

**INDEPENDENT AUDITOR'S REPORT REQUIRED
BY OREGON STATE REGULATIONS (Continued)**

COMPLIANCE (Continued)

Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the *Minimum Standards for Audits of Oregon Municipal Corporations*, except as follows:

The following over expenditures of budget appropriation were noted:

<u>Fund</u>	<u>Category/Dept</u>	<u>Amount</u>
General Fund	Information Technology	\$ (31,213)
Transient Room Tax Fund	Transfers out	(169,160)
Visitor and Convention Bureau Fund	Capital Outlay	(11,251)
Water Fund	Personal Services	(22,790)
Sewer Fund	Personal Services	(17,048)

OAR 162-10-230 INTERNAL CONTROL

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

We have communicated to the Mayor and City Council, in a separate letter dated February 9, 2011, the material weakness in internal control over financial reporting identified during our audit of the financial statements.

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This report is intended solely for the information and use of the City Council, management, and the Oregon Secretary of State, Audits Division, and is not intended to be and should not be used by anyone other than these specified parties.



Certified Public Accountants