

CITY OF LINCOLN CITY
Lincoln City, Oregon

Annual Financial Report

Year Ended June 30, 2011

CITY OF LINCOLN CITY

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INTRODUCTORY SECTION

LINCOLN CITY URBAN RENEWAL AGENCY
(A Component Unit of the City of Lincoln City, Oregon)

BOARD OF DIRECTORS

JUNE 30, 2011

	<u>Term Expires</u>
Dick Anderson (Mayor) 960 SW Hwy. 101, #347 Lincoln City, Oregon 97367	December 31, 2014
Henry Quandt (Chair) 2717 NW Jetty Ave Lincoln City, Oregon 97367	December 31, 2014
Gordon Eggleton 1225 NW 16 th St. Lincoln City, Oregon 97367	December 31, 2014
Roger Sprague PO Box 286 Lincoln City, Oregon 97367	December 31, 2012
Gary Ellingson 3417 SW Anchor Ave. Lincoln City, Oregon 97367	December 31, 2014
Chester Noreikis 1421 NW 19 th Lincoln City, Oregon 97367	December 31, 2012
Alex Ward 1287 NW 14th Street Lincoln City, OR 97367	December 31, 2012

City Manager

David Hawker

Finance Director

Debbie Mammone

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT



**Talbot, Korvola
& Warwick, LLP**

Certified Public Accountants
& Consultants

4800 SW Macadam Ave, Suite 400
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INDEPENDENT AUDITOR'S REPORT

December 23, 2011

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lincoln City, Oregon (the City), as of and for the year ended June 30, 2011, 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2011, 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.

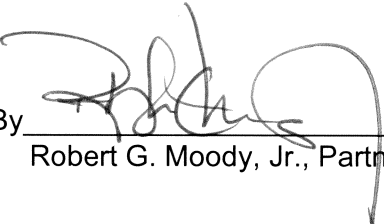
INDEPENDENT AUDITOR'S REPORT (Continued)

City of Lincoln City
December 23, 2011
Page 2

The budgetary comparison information for the General Fund and Urban Renewal Fund, as 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. 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.

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 Other Supplemental 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, 2011. 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 \$116,890,041 at June 30, 2011, an increase of \$1,417,624 (or 1%) over the prior year. The City's General Fund reported an ending fund balance of \$4,241,482, a decrease of \$533,182 (or 11.2%) over the prior year.

During the fiscal year, the City of Lincoln City issued \$7,000,000 in General Obligation (GO) bonds to provide funding for budgeted capital projects in the Wastewater Funds. The City's Urban Renewal Agency issued \$2,000,000 in bonds during the fiscal year. There are no bond issuances budgeted for in the fiscal year ending June 30, 2012.

REPORT LAYOUT

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

Independent auditor's report

Management's discussion and analysis (this report)

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.

Other 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 \$116,890,041 at June 30, 2011, an increase of \$1,417,624 (or 1%) over the prior year.

Table 1
NET ASSETS

	June 30, 2011			June 30, 2010		
	Governmental Activities	Business-type Activities	Totals	Governmental Activities	Business-type Activities	Totals
Assets:						
Cash and investments	\$ 12,057,769	\$ 11,976,110	\$ 24,033,879	\$ 13,957,850	\$ 6,843,542	\$ 20,801,392
Receivables, net	2,992,254	868,559	3,860,813	3,066,968	837,595	3,904,563
Prepaid Items	4,250	-	4,250	2,125	-	2,125
Inventories	-	297,360	297,360	-	168,573	168,573
Capital assets net of depreciation	<u>71,148,764</u>	<u>51,869,477</u>	<u>123,018,241</u>	<u>71,265,030</u>	<u>50,582,316</u>	<u>121,847,346</u>
Total assets	<u>86,203,037</u>	<u>65,011,506</u>	<u>151,214,543</u>	<u>88,291,973</u>	<u>58,432,026</u>	<u>146,723,999</u>
Liabilities:						
Accounts payable and accrued expenses	1,426,293	688,158	2,114,451	1,320,111	499,490	1,819,601
Accrued interest payable	-	83,064	83,064	-	67,053	67,053
Landfill closure and postclosure care costs	749,183	-	749,183	764,611	-	764,611
Net other postemployment benefit oblig	429,520	101,875	531,395	294,860	71,275	366,135
Long-term obligations	<u>6,093,430</u>	<u>24,752,979</u>	<u>30,846,409</u>	<u>8,882,249</u>	<u>19,276,933</u>	<u>28,159,182</u>
Total liabilities	<u>8,698,426</u>	<u>25,626,076</u>	<u>34,324,502</u>	<u>11,261,831</u>	<u>19,914,751</u>	<u>31,176,582</u>
Net assets:						
Invested in capital assets net of related debt	65,055,334	27,116,498	92,171,832	62,382,781	31,305,384	93,688,165
Restricted for:						
Capital projects	1,769,052	4,280,873	6,049,925	1,868,966	4,969,358	6,838,324
Debt service	2,616,539	405,951	3,022,490	2,597,980	748,571	3,346,551
Highways and streets	695,277	-	695,277	649,473	-	649,473
Unrestricted	<u>7,368,409</u>	<u>7,582,108</u>	<u>14,950,517</u>	<u>9,455,942</u>	<u>1,493,962</u>	<u>10,949,904</u>
Total net assets	<u>\$ 77,504,611</u>	<u>\$ 39,385,430</u>	<u>\$ 116,890,041</u>	<u>\$ 76,955,142</u>	<u>\$ 38,517,275</u>	<u>\$ 115,472,417</u>

Approximately 81% of the City's total assets are invested in capital assets. 5% of the City's net assets are restricted for capital projects (\$6,049,925), including proceeds from system development charges and bond proceeds net of associated long-term debt that are restricted for capital projects. The \$3,022,490 represents reserves in the bond funds and can only be spent in repaying outstanding debt. \$14,950,517 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 \$24,675,842, an increase of 2.6% from the prior year. Of the City's total revenue, \$7,927,300 (or 32.1%) is from property taxes, \$4,260,154 (or 17.3%) is from transient room taxes, \$7,287,939 (or 29.5%) is from charges for services and \$5,200,449 (or 21.1%) is from grants, interest earnings and other non-tax sources. More detailed information is presented in table 2 below.

The total cost of all programs and services was \$23,258,218, an increase of \$400,955 (or 1.75%) from the prior year. The increase is primarily in the General Government category. Of the total costs, \$7,175,597 (or 30.9%) was for Business-type Activities, and \$16,082,621 (or 69.1%) was for general government, public safety, highways and streets, cultural and recreation and interest.

Table 2
CHANGE IN NET ASSETS

	Year Ended June 30, 2011			Year Ended June 30, 2010		
	Governmental Activities	Business-type Activities	Totals	Governmental Activities	Business-type Activities	Totals
Program revenues:						
Charges for services	\$ 1,715,306	\$ 5,572,633	\$ 7,287,939	\$ 1,265,977	\$ 5,452,628	\$ 6,718,605
Operating grants and contributions	1,571,638	71,201	1,642,839	1,103,589	-	1,103,589
Capital grants and contributions	226,709	1,159,474	1,386,183	553,359	286,385	839,744
General revenues:						
Property taxes, general purposes	3,972,851	-	3,972,851	3,833,273	-	3,833,273
Property taxes, debt service	3,197,064	757,385	3,954,449	3,084,024	743,447	3,827,471
Franchise taxes	901,908	-	901,908	1,347,060	-	1,347,060
Transient room taxes	4,260,154	-	4,260,154	4,164,661	-	4,164,661
Other	1,159,590	109,929	1,269,519	2,081,241	134,266	2,215,507
Total program and general revenues	<u>17,005,220</u>	<u>7,670,622</u>	<u>24,675,842</u>	<u>17,433,184</u>	<u>6,616,726</u>	<u>24,049,910</u>
Program expenses:						
General government	6,142,297	-	6,142,297	5,289,489	-	5,289,489
Public safety	4,226,757	-	4,226,757	4,090,003	-	4,090,003
Highways and streets	2,295,508	-	2,295,508	3,395,853	-	3,395,853
Cultural and recreation	3,089,918	-	3,089,918	2,860,924	-	2,860,924
Water and sewer	-	7,175,597	7,175,597	-	6,833,151	6,833,151
Interest on long-term debt	328,141	-	328,141	387,843	-	387,843
Total program expenses	<u>16,082,621</u>	<u>7,175,597</u>	<u>23,258,218</u>	<u>16,024,112</u>	<u>6,833,151</u>	<u>22,857,263</u>
Increase (decrease) in net assets						
before transfers	922,599	495,025	1,417,624	1,409,072	(216,425)	1,192,647
Transfers	(373,130)	373,130	-	42,168	(42,168)	-
Change in net assets	549,469	868,155	1,417,624	1,451,240	(258,593)	1,192,647
Net assets - beginning	<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>
Net assets - ending	<u>\$ 77,504,611</u>	<u>\$ 39,385,430</u>	<u>\$ 116,890,041</u>	<u>\$ 76,955,142</u>	<u>\$ 38,517,275</u>	<u>\$ 115,472,417</u>

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental Funds

The City's General fund reported an ending fund balance of \$4,241,482, a decrease of \$533,182 (or 11.2%) over the prior year. The prior year ending fund balance has been restated from \$3,012,275 to \$4,774,664; in compliance with GASB Statement No. 54, the City's General fund now includes amounts that in prior years were reported in separate funds. This includes amounts previously reported in the Agate Beach Closure Fund, Unbonded Assessment Fund, Public Safety Police Fund, Public Safety Dispatch Fund, and the D.A.R.E. Fund.

The \$533,182 decrease in the City's General fund balance is largely due to a transfer out of \$410,000 from what was previously reported as the Unbonded Assessment Fund into the Facilities Capital Fund.

This transfer is intended to be temporary and the Facilities Capital Fund will repay the \$410,000 back to the General Fund in 5 annual payments beginning July 1, 2012; the repayments will include interest. Other General Fund revenues and expenditures have remained stable, resulting in a small decrease to fund balance of \$123,182 (-2.9%), when excluding the \$410,000 transfer out.

Transient Room Taxes (TRT) are a significant source of revenue for governmental funds. TRT revenues increased slightly, by \$95,493 (2.3%) from the previous fiscal year, showing a continued tight economy where people are spending less on travel.

Business-type Activities

The City's water funds reported an ending net asset total of \$19,418,494, an increase of \$1,291,836 (7.1%) over the previous fiscal year. There were no significant changes to the Water operating revenues and expenses; the increase in net assets is primarily due to developer capital contributions of two water pump stations, valued at \$450,000 and \$470,000.

The City's Sewer funds reported an ending net asset total of \$19,966,936, a decrease of \$423,681 (-2.1%) over the previous fiscal year. There are no significant changes to the Sewer operating revenues and expenses. Interest expense is the Sewer funds is \$86,539 higher than in the previous fiscal year, due to additional debt being issued during the fiscal year. System development charges, which are generated from new building activity, continue to be very low and are \$45,562 lower than the previous fiscal year, reflective of the continued economic environment which sees little new construction.

BUDGETARY HIGHLIGHTS

City Council approved two changes to the FY2010-2011 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 2011, the City had a net investment of \$123,018,241 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 \$1,170,895 (or 1.0%). More detailed information is presented in note 4 of the notes to basic financial statements.

Table 3
CHANGE IN CAPITAL ASSETS

	June 30, 2011			June 30, 2010		
	Governmental Activities	Business-type Activities	Totals	Governmental Activities	Business-type Activities	Totals
Beginning balance	\$ 71,265,030	\$ 50,582,316	\$ 121,847,346	\$ 71,020,106	\$ 49,822,274	\$ 120,842,380
Additions	2,658,539	3,739,592	6,398,131	5,448,585	5,942,094	11,390,679
Retirements	(320,929)	(284,417)	(605,346)	(2,944,011)	(3,080,095)	(6,024,106)
Depreciation, net	(2,453,876)	(2,168,014)	(4,621,890)	(2,259,650)	(2,101,957)	(4,361,607)
Ending balance	<u>\$ 71,148,764</u>	<u>\$ 51,869,477</u>	<u>\$ 123,018,241</u>	<u>\$ 71,265,030</u>	<u>\$ 50,582,316</u>	<u>\$ 121,847,346</u>

Governmental Funds

Capital assets from governmental activities increased \$2,658,539 before depreciation. These additions included (1) Head to Bay Trail addition of \$1,098,336, (2) Cutler City Wetlands Park, (3) Police building roof replacement, (4) SW 50th Stormwater and Sidewalk, (5) NW 22nd St Open Space, (6) Urban Renewal's Festive 15th Street Project, (7) SE 3rd building and site improvements, and (8) several public art pieces.

Business-type Activities

Capital assets from business-type activities increased \$3,739,592 before depreciation. These additions included (1) Lockshire pump station, (2) Engineering and construction for the Wastewater Treatment Plant phase 1B, (3) Port Drive water line improvement, (4) Hunters Highland and Bayview water pump stations (developer contributed), and (5) Drift Creek Road water line additions.

Long-term Obligations

At the end of fiscal year 2011, the City had \$30,846,409 in outstanding debt, an increase of \$2,687,227. During this fiscal year the City and the City's Urban Renewal Agency made principal bond repayments in the amount of \$6,312,773. During the fiscal year, the City of Lincoln City issued \$7,000,000 in general obligation bonds, and the City's Urban Renewal Agency issued \$2,000,000 in bonds.

Table 4
LONG-TERM OBLIGATIONS

	June 30, 2011	June 30, 2010
Governmental:		
General Obligation		
Open Space, Series 1999	\$ 595,000	\$ 830,000
Full Faith and Credit Note Series 2008	549,528	779,708
Urban Renewal Bonds		
Series 2003	862,433	1,184,642
Series 2004	1,713,914	2,241,222
Series 2007	2,372,555	3,096,672
Contract payable	-	750,005
Total governmental activities	6,093,430	8,882,249
Business-type:		
General Obligation Bonds		
Sewer Bonds - Series 2005	12,890,000	13,295,000
Water Bonds - Series 2007	2,792,972	3,109,754
Sewer Bonds - Series 2011	6,902,502	-
Full Faith and Credit Revenue Refunding - 2006	1,075,125	1,319,439
Full Faith and Credit Note Series 2008	1,092,380	1,552,740
Total business-type activities	24,752,979	19,276,933
Total long-term obligations	\$ 30,846,409	\$ 28,159,182

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 2011-12 budget does not include any new bond sales.

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 were sold during this fiscal year.

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 almost 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 2011-2012 is \$7,853,425 and expenditures are budgeted at \$8,111,661, with the difference to be funded by reserves. The projected ending general fund reserves for fiscal year 2011-2012 total \$2,435,132 (or 30% of budgeted expenditures).

Another major source of revenue for governmental activities is the Transient Room Tax (TRT). These revenues are up slightly from the previous fiscal year (an increase of \$95,493, or 2.3%). It is anticipated that the TRT revenues will continue to remain flat in the near future.

Transient Room Taxes in previous years were recorded in a separate fund; transfers were made out of that fund to the General, Police, Parks, and VCB funds. In the current fiscal year, TRT revenues have been booked directly to the General, Police, Parks, and VCB funds. Also, in previous fiscal years, TRT receivables were left in the TRT fund; as this fund no longer exists, the TRT receivables have been moved to the respective General, Police, Parks, and VCB funds.

For the fiscal year ending June 30, 2012, the City's Urban Renewal Agency has budgeted \$350,000 for property acquisition, and \$1,334,511 for capital projects, related primarily to:

- OceanLake Streetscape
- Sidewalk Construction
- South Bay Park / Bay Area Sidewalk
- Cutler City Renovation Project
- 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 8% and sewer rates were budgeted to increase by 4% for fiscal year 2012. 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 2011-2012, the City's Water Capital funds have budgeted \$280,375 in capital outlay for the system telemetry and Schooner Creek service main, equipment for water leak detection, and other water line replacements as needed.

For fiscal year 2011-2012, the City's Wastewater Capital funds have budgeted \$10,117,762 in capital outlay for: continued construction on phase 1-B of the sewer treatment plant upgrade, access road to the Wastewater Treatment Plant, new maintenance building at City shop site, building improvements / HVAC replacement, Telemetry upgrades for five pump stations, Canyon Drive pump station upgrade, Bio-solids tree farm, and 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, 2011

	<u>Government Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS:			
Cash and investments	\$ 12,057,769	\$ 11,976,110	\$ 24,033,879
Cash with County Treasurer	64,844	6,890	71,734
Receivables, net	2,927,410	861,669	3,789,079
Prepaid items	4,250	-	4,250
Inventories	-	297,360	297,360
Capital assets:			
Land, improvements and construction in progress	36,791,886	1,841,347	38,633,233
Other capital assets, net	<u>34,356,878</u>	<u>50,028,130</u>	<u>84,385,008</u>
TOTAL ASSETS	<u>86,203,037</u>	<u>65,011,506</u>	<u>151,214,543</u>
LIABILITIES:			
Accounts payable and accrued expenses	491,439	524,238	1,015,677
Other accrued liabilities	475,011	-	475,011
Accrued interest payable	-	83,064	83,064
Accrued compensated absences	459,843	163,920	623,763
Landfill closure and postclosure care costs	749,183	-	749,183
Net other postemployment benefit obligation	429,520	101,875	531,395
Long-term obligations:			
Due with in one year	2,123,292	1,830,622	3,953,914
Due in more than one year	<u>3,970,138</u>	<u>22,922,357</u>	<u>26,892,495</u>
TOTAL LIABILITIES	<u>8,698,426</u>	<u>25,626,076</u>	<u>34,324,502</u>
NET ASSETS:			
Invested in capital assets, net of related debt	65,055,334	27,116,498	92,171,832
Restricted for:			
Capital improvements	1,769,052	4,280,873	6,049,925
Debt service	2,616,539	405,951	3,022,490
Highways and streets	695,277	-	695,277
Unrestricted	<u>7,368,409</u>	<u>7,582,108</u>	<u>14,950,517</u>
TOTAL NET ASSETS	<u>\$ 77,504,611</u>	<u>\$ 39,385,430</u>	<u>\$ 116,890,041</u>

See notes to basic financial statements.

CITY OF LINCOLN CITY
Lincoln City, Oregon

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2011

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	\$ 6,142,297	\$ 1,635,691	\$ 712,819	\$ 149,586	\$ (3,644,201)	\$ -	\$ (3,644,201)
Public safety	4,226,757	26,840	62,303	711	(4,136,903)	-	(4,136,903)
Highways and streets	2,295,508	4,366	384,433	76,412	(1,830,297)	-	(1,830,297)
Culture and recreation	3,089,918	48,409	412,083	-	(2,629,426)	-	(2,629,426)
Interest on long-term obligations	328,141	-	-	-	(328,141)	-	(328,141)
Total governmental activities	<u>16,082,621</u>	<u>1,715,306</u>	<u>1,571,638</u>	<u>226,709</u>	<u>(12,568,968)</u>	<u>-</u>	<u>(12,568,968)</u>
Business-type activities:							
Water	3,083,960	2,901,351	71,201	1,009,737	-	898,329	898,329
Sewer	4,091,637	2,671,282	-	149,737	-	(1,270,618)	(1,270,618)
Total business-type activities	<u>7,175,597</u>	<u>5,572,633</u>	<u>71,201</u>	<u>1,159,474</u>	<u>-</u>	<u>(372,289)</u>	<u>(372,289)</u>
Total	<u>\$ 23,258,218</u>	<u>\$ 7,287,939</u>	<u>\$ 1,642,839</u>	<u>\$ 1,386,183</u>	<u>(12,568,968)</u>	<u>(372,289)</u>	<u>(12,941,257)</u>
GENERAL REVENUES							
Property taxes levied for:							
General purposes					3,972,851	-	3,972,851
Debt service					3,197,064	757,385	3,954,449
Franchise taxes and fees					901,908	-	901,908
Transient room taxes					4,260,154	-	4,260,154
Unrestricted investment earnings					64,123	38,550	102,673
Miscellaneous					1,095,467	71,379	1,166,846
TRANSFERS					(373,130)	373,130	-
Total general revenues and transfers					<u>13,118,437</u>	<u>1,240,444</u>	<u>14,358,881</u>
CHANGE IN NET ASSETS					549,469	868,155	1,417,624
NET ASSETS, June 30, 2010					<u>76,955,142</u>	<u>38,517,275</u>	<u>115,472,417</u>
NET ASSETS, June 30, 2011					<u>\$ 77,504,611</u>	<u>\$ 39,385,430</u>	<u>\$ 116,890,041</u>

See notes to basic financial statements.

CITY OF LINCOLN CITY
Lincoln City, Oregon

BALANCE SHEET GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2011

	General Fund	Urban Renewal	Urban Renewal Tax Increment	Other Governmental Funds	Totals
ASSETS:					
Cash and investments	\$ 4,493,874	\$ 1,693,377	\$ 1,629,673	\$ 4,237,558	\$ 12,054,482
Cash with County Treasurer	35,723	-	26,387	2,734	64,844
Receivables	883,418	-	290,308	1,753,684	2,927,410
Prepays	-	-	-	4,250	4,250
TOTAL ASSETS	<u>\$ 5,413,015</u>	<u>\$ 1,693,377</u>	<u>\$ 1,946,368</u>	<u>\$ 5,998,226</u>	<u>\$ 15,050,986</u>
LIABILITIES:					
Accounts payable and accrued expenses	\$ 168,598	\$ 224,548	\$ -	\$ 95,006	\$ 488,152
Other accrued liabilities	475,011	-	-	-	475,011
Deferred revenue	527,924	-	290,308	21,088	839,320
TOTAL LIABILITIES	<u>1,171,533</u>	<u>224,548</u>	<u>290,308</u>	<u>116,094</u>	<u>1,802,483</u>
FUND BALANCES:					
Nonspendable in form	-	-	-	837,344	837,344
Restricted for:					
Public safety	6,997	-	-	-	6,997
Capital projects	-	1,468,829	-	2,048,886	3,517,715
Post closure landfill costs	789,247	-	-	-	789,247
Debt service	-	-	1,656,060	54,763	1,710,823
Road construction/maintenance	-	-	-	695,277	695,277
Tourism promotion	-	-	-	676,070	676,070
Parks maintenance	-	-	-	456,104	456,104
Committed to:					
Public safety	531,122	-	-	-	531,122
Capital projects	23,444	-	-	9,852	33,296
Affordable housing	-	-	-	622,136	622,136
Maintenance services	-	-	-	21,649	21,649
Arts and education	-	-	-	43,463	43,463
Assigned to:					
Capital projects	-	-	-	416,588	416,588
Public safety	79,222	-	-	-	79,222
Unassigned	2,811,450	-	-	-	2,811,450
TOTAL FUND BALANCES	<u>4,241,482</u>	<u>1,468,829</u>	<u>1,656,060</u>	<u>5,882,132</u>	<u>13,248,503</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 5,413,015</u>	<u>\$ 1,693,377</u>	<u>\$ 1,946,368</u>	<u>\$ 5,998,226</u>	<u>\$ 15,050,986</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, 2011

TOTAL FUND BALANCE	\$ 13,248,503
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.	71,148,764
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.	839,320
Compensated absences not payable in the current year are not recorded as governmental fund liabilities.	(459,843)
Other post-employment benefits are not recognized as a governmental fund liability.	(429,520)
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	\$ (6,093,430)
Landfill closure and post closure costs	<u>(749,183)</u>
Total	<u>(6,842,613)</u>
TOTAL NET ASSETS	<u>\$ 77,504,611</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, 2011

	General	Urban Renewal	Urban Renewal Tax Increment	Other Governmental Funds	Totals
REVENUES:					
Property Taxes	\$ 3,950,429	\$ -	\$ 2,905,702	\$ 291,362	\$ 7,147,493
Franchises and fees	889,097	-	-	12,811	901,908
Transient room tax	980,155	-	-	3,279,999	4,260,154
Fines and forfeitures	213,758	-	-	-	213,758
Fees, licenses and permits	519,259	-	-	-	519,259
Rents	-	14,670	-	205,883	220,553
Charges for services	591,023	-	-	150,805	741,828
Intergovernmental	542,449	-	-	1,106,312	1,648,761
Reimbursement from other funds	-	-	-	19,908	19,908
Interest on investments	26,181	7,180	10,076	20,686	64,123
Miscellaneous	894,274	-	-	193,700	1,087,974
TOTAL REVENUES	8,606,625	21,850	2,915,778	5,281,466	16,825,719
EXPENDITURES:					
Current:					
General government	2,826,356	426,396	-	1,768,155	5,020,907
Public safety	4,050,238	-	-	-	4,050,238
Highways and streets	-	-	-	970,801	970,801
Culture and recreation	1,869,908	2,383	-	750,019	2,622,310
Debt service	-	768,806	3,821,740	526,414	5,116,960
Capital outlay	152,845	768,855	-	1,526,140	2,447,840
Other payments	-	-	-	234,014	234,014
TOTAL EXPENDITURES	8,899,347	1,966,440	3,821,740	5,775,543	20,463,070
Excess (deficiency) of revenues over (under) expenditures	(292,722)	(1,944,590)	(905,962)	(494,077)	(3,637,351)
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of capital assets	7,493	-	-	-	7,493
Proceeds from bond issuance	-	2,000,000	-	-	2,000,000
Transfers in	3,787,047	-	-	1,301,670	5,088,717
Transfers out	(4,035,000)	-	-	(1,426,847)	(5,461,847)
TOTAL OTHER FINANCING SOURCES (USES)	(240,460)	2,000,000	-	(125,177)	1,634,363
NET CHANGE IN FUND BALANCES	(533,182)	55,410	(905,962)	(619,254)	(2,002,988)
FUND BALANCES, beginning of year, as previously reported	3,012,275	1,413,419	2,562,022	7,399,103	14,386,819
Restatements - See Note 14	1,762,389	-	-	(897,717)	864,672
FUND BALANCES, beginning of year, as restated	4,774,664	1,413,419	2,562,022	6,501,386	15,251,491
FUND BALANCES, end of year	\$ 4,241,482	\$ 1,468,829	\$ 1,656,060	\$ 5,882,132	\$ 13,248,503

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, 2011

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ (2,002,988)

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	\$ 2,203,912	
Depreciation	<u>(2,469,764)</u>	(265,852)

The net effect of transactions involving capital assets, i.e, gain/loss on sales, donations. These transactions are not reported in the governmental funds.	149,586
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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.	22,422
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OPEB expense not recognized on the governmental statement	(134,660)
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Bond proceeds provide current financial resources to governmental funds,
but issuing debt increases long-term liabilities in the Statement of Net Assets.
Repayment of bond principal is an expenditure in the governmental funds,
but the repayment reduces long-term liabilities in the Statement of Net Assets.
The difference between these two amounts is:

Bond proceeds	\$ (2,000,000)	
Principal payments	<u>4,788,819</u>	2,788,819

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.	15,428
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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)
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Some expenses reported in the statement of Activities do not require the
use of current financial resources and therefore are not reported as
expenditures in governmental funds.

Compensated absences	<u>(16,986)</u>
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CHANGES IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 549,469</u></u>
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CITY OF LINCOLN CITY
Lincoln City, Oregon

PROPRIETARY FUNDS

STATEMENT OF NET ASSETS

JUNE 30, 2011

	Enterprise Funds			Internal Service Fund
	Water	Sewer	Totals	
ASSETS:				
Current assets:				
Cash and cash equivalents	\$ 118,180	\$ 11,857,930	\$ 11,976,110	\$ 3,287
Cash with County Treasurer	-	6,890	6,890	-
Receivables, net	414,597	447,072	861,669	-
Inventories	283,692	13,668	297,360	-
Total current assets	<u>816,469</u>	<u>12,325,560</u>	<u>13,142,029</u>	<u>3,287</u>
Capital assets:				
Land, improvements and construction in progress	675,088	1,166,259	1,841,347	-
Other capital assets, net	23,096,635	26,931,495	50,028,130	-
Total capital assets	<u>23,771,723</u>	<u>28,097,754</u>	<u>51,869,477</u>	<u>-</u>
TOTAL ASSETS	<u>24,588,192</u>	<u>40,423,314</u>	<u>65,011,506</u>	<u>3,287</u>
LIABILITIES:				
Current liabilities:				
Accounts payable and accrued expenses	62,364	461,874	524,238	3,287
Accrued interest payable	12,597	70,467	83,064	-
Accrued compensated absences	84,649	79,271	163,920	-
Current portion of long-term obligations	1,057,348	773,274	1,830,622	-
Total current liabilities	<u>1,216,958</u>	<u>1,384,886</u>	<u>2,601,844</u>	<u>3,287</u>
Long-term liabilities	3,903,129	19,019,228	22,922,357	-
Net other postemployment benefit obligation	49,611	52,264	101,875	-
TOTAL LIABILITIES	<u>5,169,698</u>	<u>20,456,378</u>	<u>25,626,076</u>	<u>3,287</u>
NET ASSETS:				
Invested in capital assets, net of related debt	18,811,246	8,305,252	27,116,498	-
restricted for:				
Capital improvement	222,374	4,058,499	4,280,873	-
Debt service	30,072	375,879	405,951	-
Unrestricted	354,802	7,227,306	7,582,108	-
TOTAL NET ASSETS	<u>\$ 19,418,494</u>	<u>\$ 19,966,936</u>	<u>\$ 39,385,430</u>	<u>\$ -</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, 2011

	Enterprise Funds			Internal Service Fund
	Water	Sewer	Totals	
OPERATING REVENUES:				
Charges for services	\$ 2,901,351	\$ 2,671,282	\$ 5,572,633	\$ 186,219
Intergovernmental	71,201	-	71,201	-
Miscellaneous	882	70,497	71,379	-
TOTAL OPERATING REVENUES	2,973,434	2,741,779	5,715,213	186,219
OPERATING EXPENSES:				
Personal services	1,091,992	1,108,824	2,200,816	119,110
Materials and services	548,062	929,888	1,477,950	73,671
Support services	207,821	162,622	370,443	-
Depreciation	1,003,391	1,230,375	2,233,766	-
TOTAL OPERATING EXPENSES	2,851,266	3,431,709	6,282,975	192,781
OPERATING INCOME (LOSS)	122,168	(689,930)	(567,762)	(6,562)
NONOPERATING INCOME (EXPENSE):				
System development charges	89,737	149,737	239,474	-
Interest earned on investments	2,778	35,772	38,550	-
Gain (loss) from sale of asset	(24,478)	98	(24,380)	262
Property taxes	-	757,385	757,385	-
Interest	(208,216)	(660,026)	(868,242)	-
TOTAL NONOPERATING INCOME (EXPENSE)	(140,179)	282,966	142,787	262
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(18,011)	(406,964)	(424,975)	(6,300)
TRANSFERS AND CONTRIBUTIONS:				
Capital contributions	920,000	-	920,000	-
Transfers in	410,000	-	410,000	-
Transfers out	(20,153)	(16,717)	(36,870)	-
TOTAL TRANSFERS AND CONTRIBUTIONS	1,309,847	(16,717)	1,293,130	-
CHANGE IN NET ASSETS	1,291,836	(423,681)	868,155	(6,300)
NET ASSETS, June 30, 2010	18,126,658	20,390,617	38,517,275	6,300
NET ASSETS, June 30, 2011	\$ 19,418,494	\$ 19,966,936	\$ 39,385,430	\$ -

See notes to basic financial statements.

CITY OF LINCOLN CITY
Lincoln City, Oregon

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS

JUNE 30, 2011

	Enterprise Funds			Internal Service Fund
	Water	Sewer	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers	\$ 2,944,392	\$ 2,747,673	\$ 5,692,065	\$ 186,219
Payments to suppliers	(815,253)	(611,388)	(1,426,641)	(74,071)
Payments to employees	(1,078,938)	(1,082,707)	(2,161,645)	(119,110)
Support services	(207,821)	(162,622)	(370,443)	-
NET CASH FROM OPERATING ACTIVITIES	842,380	890,956	1,733,336	(6,962)
CASH FLOWS FROM NON FINANCING ACTIVITIES:				
Property taxes	-	771,804	771,804	262
Transfers in	410,000	-	410,000	-
Transfers out	(22,753)	(16,717)	(39,470)	-
NET CASH FROM NON FINANCING ACTIVITIES	387,247	755,087	1,142,334	262
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition of capital assets	(1,064,309)	(1,560,998)	(2,625,307)	-
System development charges	89,737	149,737	239,474	-
Proceeds received from long-term obligations	-	7,000,000	7,000,000	-
Principal paid on long-term obligations	(1,021,455)	(502,498)	(1,523,953)	-
Interest paid on long-term obligations	(211,838)	(660,028)	(871,866)	-
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES	(2,207,865)	4,426,213	2,218,348	-
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest on investments	2,778	35,772	38,550	-
NET INCREASE (DECREASE) IN CASH	(975,460)	6,108,028	5,132,568	(6,700)
CASH, beginning of year	1,093,640	5,749,902	6,843,542	9,987
CASH, end of year	\$ 118,180	\$ 11,857,930	\$ 11,976,110	\$ 3,287
RECONCILIATION TO THE STATEMENT OF NET ASSETS				
Operating income (loss)	\$ 122,168	\$ (689,930)	\$ (567,762)	\$ (6,562)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	1,003,391	1,230,375	2,233,766	-
Decrease (increase) in assets				
Receivables, net	(29,042)	5,894	(23,148)	-
Inventories	(136,673)	7,886	(128,787)	-
Increase (decrease) in liabilities				
Accounts payable and accrued expenses	(130,518)	310,614	180,096	(400)
Compensated absences payable	(2,664)	11,235	8,571	-
Net other postemployment benefit obligation	15,718	14,882	30,600	-
NET CASH FROM OPERATING ACTIVITIES	\$ 842,380	\$ 890,956	\$ 1,733,336	\$ (6,962)

NON CASH TRANSACTIONS

During the year ended June 30, 2011, the Water fund received \$920,000 of capital contributions.

CITY OF LINCOLN CITY

Lincoln City, Oregon

AGENCY FUND

STATEMENT OF AGENCY NET ASSETS

JUNE 30, 2011

ASSETS:

Cash and investments	\$	18,503
Receivables		<u>4,279</u>

TOTAL ASSETS

\$ 22,782

LIABILITIES:

Accounts payable	\$	13,122
Funds held in trust		<u>9,660</u>

TOTAL LIABILITIES

\$ 22,782

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, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-wide Financial Statements (Continued)

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

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

Measurement Focus and Basis of Accounting

The government-wide financial statements and the proprietary funds financial statements are reported using the economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. 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.

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting (Continued)

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

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

Fund Financial Statements

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 Fund – 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.

Urban Renewal Fund – accounts for the general administration of the Urban Renewal Agency and for the acquisition and rehabilitation of blighted and deteriorated areas within the designated urban renewal areas as well as debt service related to the Agency's operations.

Urban Renewal Tax Increment Fund – accounts for the payment of principal and interest on Urban Renewal Bonds. Resources are provided from tax increment proceeds which are restricted for payment of debt service 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.

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements (Continued)

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

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

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

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.

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.

Receivables

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.

The City's 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, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Receivables (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.

The City makes loans to third parties for rehabilitation of properties consistent with the establishment of the City's Urban Renewal Agency. Loans receivable are recorded when the borrower has signed a promissory note and disbursements are made in accordance with the loan agreement. As the City obtains liens against the affected properties, no allowance is deemed necessary.

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.

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 50
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.

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 as well as bond issue costs are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount.

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.

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. Compensated absences are considered a current liability in the entity-wide and proprietary fund statements as they are susceptible to liquidation at any time.

Fund Equity

Governmental Accounting Standards Board (GASB) Statement No. 54 requires analysis and presentation of fund balance within the governmental funds in five categories. The new fund balance categories are:

- Non-Spendable – Includes items not in spendable form, such as prepaid items and inventory
- Restricted – Includes items that are restricted by external creditors, grantors or contributors, or restricted by constitutional provisions or enabling legislation.
- Committed – Includes items committed by the City Council, by formal board action.

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Equity

- Assigned – Includes items assigned for specific uses, authorized by the City's Finance Director or City Manager.
- Unassigned – This is the residual classification used in the General Fund for those balances not assigned to another category.

The City has adopted the following order of spending regarding fund balance categories: Restricted resources are spent first when both restricted and unrestricted (committed, assigned or unassigned) resources are available for expenditures. When unrestricted resources are spent, the order of spending is committed (if applicable), assigned (if applicable) and lastly, unassigned fund balance.

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.

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

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

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

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2011

2. DEPOSITS AND INVESTMENTS (Continued)

At June 30, 2011, the City's cash and investments were comprised of the following:

Cash on hand	\$ 1,152
Deposits with financial institutions	(31,775)
Oregon State Treasurer's Local Government Investment Pool	<u>24,083,005</u>
Total pooled cash and investments	<u><u>\$ 24,052,382</u></u>

Reported as:

Governmental activities	\$ 12,057,769
Business-type activities	<u>11,976,110</u>
Total per Statement of Net Assets	24,033,879
Agency Fund	<u>18,503</u>
	<u><u>\$ 24,052,382</u></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 changes 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 institution. 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, 2011, was \$348,539. Of this amount, \$301,768 was covered by the FDIC. As required by Oregon Revised Statutes, deposits in the amount of \$46,771 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, 2011

2. DEPOSITS AND INVESTMENTS (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, 2011, the City's investments consisted solely of deposits in the Oregon State Local Government Investment Pool.

3. ACCOUNTS RECEIVABLE

Receivables as of June 30, 2011, for the City's governmental activities/funds are as follows:

	<u>General</u>	<u>Urban Renewal Tax Increment</u>	<u>Other Governmental</u>	<u>Totals</u>
Property taxes	\$ 426,992	\$ 290,308	\$ 21,088	\$ 738,388
Intergovernmental	66,465	-	37,582	104,047
Fines and warrants	101,665	-	-	101,665
Transient room taxes	194,623	-	803,439	998,062
Notes-housing rehabilitation	-	-	888,340	888,340
Miscellaneous other	93,673	-	3,235	96,908
	<u>\$ 883,418</u>	<u>\$ 290,308</u>	<u>\$1,753,684</u>	<u>\$2,927,410</u>

Rehabilitation loans receivable are comprised of loans to qualified borrowers for the rehabilitation and restoration of single family and multi-family residences, and commercial loans to small business to promote economic development. Both are collateralized by real property. Net loans receivable are as follows:

<u>Fund and Program</u>	<u>Maximum Term</u>	<u>Interest Rate</u>	<u>Loans Receivable</u>
Property Rehabilitation Fund:			
Urban development:			
Rehabilitation loans	10 years	0%	\$ 552,462
Affordable Housing Fund:			
Habitat and Housing Rehabilitation	15 years	0%	\$ 335,878

Receivables as of June 30, 2011, for the City's business-type activities/funds are as follows:

	<u>Water</u>	<u>Sewer</u>	<u>Totals</u>
User charges	\$ 414,597	\$ 387,518	\$ 802,115
Property taxes	-	53,736	53,736
Miscellaneous	-	5,818	5,818
	<u>\$ 414,597</u>	<u>\$ 447,072</u>	<u>\$ 861,669</u>

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2011

4. CAPITAL ASSETS

Transactions for the year ended June 30, 2011 of the governmental activities, were as follows:

	Balance July 1, 2010	Increases	Decreases	Balance June 30, 2011
Capital assets not being depreciated:				
Land	\$ 13,563,651	\$ 153,617	\$ -	\$ 13,717,268
Public right-of-way	22,328,786	-	-	22,328,786
Construction in progress	370,065	680,273	(304,506)	745,832
Total capital assets not being depreciated	<u>36,262,502</u>	<u>833,890</u>	<u>(304,506)</u>	<u>36,791,886</u>
Capital assets being depreciated:				
Buildings	14,246,067	111,035	-	14,357,102
Heavy equipment	592,556	7,200	-	599,756
Urban renewal projects	1,457,537	-	-	1,457,537
System improvements	45,223,995	1,490,719	-	46,714,714
Vehicles	797,241	48,015	(3,800)	841,456
Equipment and furnitures	3,201,559	122,481	(12,623)	3,311,417
Books and art	1,117,634	45,199	-	1,162,833
Total capital assets being depreciated	<u>66,636,589</u>	<u>1,824,649</u>	<u>(16,423)</u>	<u>68,444,815</u>
Accumulated depreciation	<u>(31,634,061)</u>	<u>(2,469,764)</u>	<u>15,888</u>	<u>(34,087,937)</u>
Total capital assets being depreciated, net	<u>35,002,528</u>	<u>(645,115)</u>	<u>(535)</u>	<u>34,356,878</u>
Total capital assets, net	<u>\$ 71,265,030</u>	<u>\$ 188,775</u>	<u>\$ (305,041)</u>	<u>\$ 71,148,764</u>

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

General government	\$ 500,930
Public safety	176,519
Highway and streets	1,324,707
Culture and recreation	467,608
Total	<u>\$ 2,469,764</u>

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2011

4. CAPITAL ASSETS (Continued)

Transactions for the year ended June 30, 2011 of the business-type activities, were as follows:

	Balance July 1, 2010	Increases	Decreases	Balance June 30, 2011
Capital assets not being depreciated:				
Land and improvements	\$ 186,798	\$ -	\$ -	\$ 186,798
Construction in progress	579,687	1,269,147	(194,285)	1,654,549
Total capital assets not being depreciated	766,485	1,269,147	(194,285)	1,841,347
Capital assets being depreciated:				
Buildings	484,281	-	-	484,281
Facilities	76,648,489	2,454,413	(80,000)	79,022,902
Equipment	2,003,176	16,032	(10,132)	2,009,076
Intangibles	120,868	-	-	120,868
Total capital assets being depreciated	79,256,814	2,470,445	(90,132)	81,637,127
Accumulated depreciation	(29,440,983)	(2,233,766)	65,752	(31,608,997)
Total capital assets being depreciated, net	49,815,831	236,679	(24,380)	50,028,130
Total capital assets, net	\$ 50,582,316	\$ 1,505,826	\$ (218,665)	\$ 51,869,477

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

Water	\$ 1,003,391
Sewer	1,230,375
Total	<u>\$ 2,233,766</u>

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2011

5. LONG-TERM OBLIGATIONS

Transactions for the year ended June 30, 2011 of the governmental activities, were as follows:

<u>Note</u>	<u>Balance June 30, 2010</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balances June 30, 2011</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	\$ 779,708	\$ -	\$ 230,180	\$ 549,528	\$ 238,106
<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	830,000	-	235,000	595,000	245,000
<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	1,184,642	-	322,209	862,433	334,960
Urban Renewal Bonds, Series 2004 Original issue amount \$5 million, final maturity June 2014, interest at 4.0 percent Principal	2,241,222	-	527,308	1,713,914	548,718
Urban Renewal Bonds, Series 2007 Original issue amount \$5 million, final maturity June 2014, interest at 4.40 percent Principal	3,096,672	-	724,117	2,372,555	756,508
Urban Renewal Bonds, Series 2010 Short-Term Subordinate Bond Original issue amount \$2 million, final maturity December 2010, interest at 3.25 percent	-	2,000,000	2,000,000	-	-
2005 Contract payable - Lincoln County School Original contract amount \$1.6 million, paid off during fiscal year 2011, District interest from 3.0 to 5.0 percent Principal	750,005	-	750,005	-	-
	<u>\$ 8,882,249</u>	<u>\$ 2,000,000</u>	<u>\$ 4,788,819</u>	<u>\$ 6,093,430</u>	<u>\$ 2,123,292</u>
Compensated absences	<u>\$ 442,857</u>	<u>\$ 459,843</u>	<u>\$ 442,857</u>	<u>\$ 459,843</u>	<u>\$ 459,843</u>

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2011

5. LONG-TERM OBLIGATIONS (Continued)

Transactions for the year ended June 30, 2011 of the business-type activities, were as follows:

	Balance June 30, 2010	Additions	Reductions	Balances June 30, 2011	Due within one year
Revenue Bonds					
Full Faith and Credit Revenue Refunding Bond, Series 2006 Original issue amount \$ 2.4 million, final maturity October 2014, interest at 3.80 percent					
Principal	\$ 1,319,438	\$ -	\$ 244,313	\$ 1,075,125	\$ 253,730
Full Faith and Credit Note Series 2008, Original issue amount \$2 million, final maturity September 2013, interest at 3.40 percent					
Principal	1,552,740	-	460,360	1,092,380	476,213
General Obligation Bonds					
Sewer Bonds, Series 2005, Original issue amount \$15 million, final maturity June 2030, interest from 3 to 4.625 percent					
Principal	13,295,000	-	405,000	12,890,000	425,000
Sewer Bonds, Series 2011, Original issue amount \$7 million, final maturity March 2026, interest at 4.1 percent					
Principal	-	7,000,000	97,498	6,902,502	348,274
Water Bonds, Series 2007, Original issue amount \$4 million, final maturity December 2018, interest at 3.95 percent					
Principal	3,109,754	-	316,782	2,792,972	327,405
	<u>\$ 19,276,932</u>	<u>\$ 7,000,000</u>	<u>\$ 1,523,953</u>	<u>\$ 24,752,979</u>	<u>\$ 1,830,622</u>
Compensated absences	\$ 155,349	\$ 163,920	\$ 155,349	\$ 163,920	\$ 163,920

Voters approved \$22 million in general obligation bond issues to fund sewer improvements, all of which have been issued.

The future maturities for governmental activity long-term obligations outstanding as of June 30, 2011, 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
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	179,258	2,626	594,197	14,928
	<u>\$ 549,528</u>	<u>\$ 23,523</u>	<u>\$ 595,000</u>	<u>\$ 50,837</u>	<u>\$ 862,433</u>	<u>\$ 46,920</u>	<u>\$ 1,713,914</u>	<u>\$ 113,434</u>

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2011

5. LONG-TERM OBLIGATIONS (Continued)

Fiscal Year	Urban Renewal Series 2007		Totals	
	Principal	Interest	Principal	Interest
2012	\$ 756,508	\$ 92,024	\$ 2,123,292	\$ 225,818
2013	790,347	58,184	2,210,867	136,360
2014	825,700	22,831	1,759,271	45,575
	<u>\$ 2,372,555</u>	<u>\$ 173,039</u>	<u>\$ 6,093,430</u>	<u>\$ 407,753</u>

The future maturities for business-type activity long-term obligations outstanding as of June 30, 2011, are as follows:

Fiscal Year	Full Faith and Credit Revenue Refunding Bond Series 2006		Full Faith and Credit Note Series 2008		General Obligation Water Bonds, Series 2007	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 253,730	\$ 37,268	\$ 476,213	\$ 31,188	\$ 327,405	\$ 105,793
2013	263,510	27,488	492,611	14,789	340,530	92,667
2014	273,667	17,331	123,556	1,069	354,182	79,016
2015	284,218	6,782	-	-	368,380	64,817
2016	-	-	-	-	383,148	50,049
2017-21	-	-	-	-	1,019,327	56,569
2022-26	-	-	-	-	-	-
2027-30	-	-	-	-	-	-
	<u>\$ 1,075,125</u>	<u>\$ 88,869</u>	<u>\$ 1,092,380</u>	<u>\$ 47,046</u>	<u>\$ 2,792,972</u>	<u>\$ 448,911</u>

Fiscal Year	General Obligation Sewer Bonds, Series 2005		General Obligation Sewer Bond Series 2011		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 425,000	\$ 562,601	\$ 348,274	\$ 277,694	\$ 1,830,622	\$ 1,014,544
2013	440,000	545,601	362,773	263,193	1,899,424	943,738
2014	465,000	528,001	377,877	248,089	1,594,282	873,506
2015	490,000	509,401	393,610	232,357	1,536,208	813,357
2016	510,000	489,801	409,999	215,969	1,303,147	755,819
2017-21	2,975,000	2,112,491	2,320,708	809,426	6,315,035	2,978,486
2022-26	3,790,000	1,404,214	2,689,261	284,075	6,479,261	1,688,289
2027-30	3,795,000	451,350	-	-	3,795,000	451,350
	<u>\$ 12,890,000</u>	<u>\$ 6,603,460</u>	<u>\$ 6,902,502</u>	<u>\$ 2,330,803</u>	<u>\$ 24,752,979</u>	<u>\$ 9,519,089</u>

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

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2011

6. DEFERRED REVENUE

Resources to the City, which are measurable but not available, are deferred in the governmental funds. As of June 30, 2011, deferred revenue consists of the following:

	General Fund	Urban Renewal Tax Increment Fund	Other Governmental Funds	Totals
Property taxes	\$ 426,992	\$ 290,308	\$ 21,088	\$ 738,388
Fines and warrants	99,328	-	-	99,328
Other	1,604	-	-	1,604
	<u>\$ 527,924</u>	<u>\$ 290,308</u>	<u>\$ 21,088</u>	<u>\$ 839,320</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 City is responsible for a 25.3% share of Consortium's estimated unfunded costs, which 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 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, 2011, the City reports a restricted fund balance amount related to these post-closure requirements of \$789,247.

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

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2011

8. DEFINED BENEFIT PENSION PLAN (Continued)

Pension Plan Description (Continued)

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.

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 2011 was 4.51 percent for PERS, and 3.21 percent for general OPSRP and 5.92 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, 2011, 2010 and 2009 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>
2011	\$ 332,376	\$ 428,541	\$ 596	\$ 761,513
2010	293,649	403,611	596	697,856
2009	429,785	367,064	621	797,470

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2011

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 actuarial valuation performed as of August 1, 2010 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	\$ 123,044
Amortization of UAAL	99,955
	<hr/>
Annual required contribution	\$ 222,999
	<hr/> <hr/>

The net OPEB obligation as of June 30, 2011 was calculated as follows:

Annual required contribution	\$ 222,999
Interest on prior year net OPEB Obligation	16,476
Adjustment to ARC	(25,844)
Implicit benefit payments	(48,371)
	<hr/>
Increase in net OPEB Obligation	165,260
OPEB Obligation at beginning of year	366,135
	<hr/>
OPEB obligation at end of year	\$ 531,395
	<hr/> <hr/>

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2011

9. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Annual OPEB Cost and Net OPEB Obligation (Continued)

The City's annual OPEB cost, percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of June 30, 2011 is as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2011	\$ 213,631	22%	\$ 531,395
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 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, 2010	\$ -	\$ 817,937	\$ 817,937	0%	\$ 7,640,752	10.7%
August 1, 2008	-	1,173,201	1,173,201	8%	6,729,672	17.4%
August 1, 2006	-	1,309,621	1,309,621	8%	-	-

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the August 1, 2010 actuarial valuation, the projected unit cost method was used. The actuarial assumptions included a 4.0 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 8.5 percent, reduced incrementally to an ultimate rate of 5 percent. The UAAL is being amortized using the level percentage of payroll over an open period of fifteen years.

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2011

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 – Given that RHIA was created by enabling legislation (ORS 238.420), contribution requirements of the plan members and the participating employers were established and may be amended only by the Oregon Legislature. ORS require that an amount equal to \$60 shall be paid by the eligible retired member in the manner provided in ORS 238.410. To be eligible to receive this monthly payment toward the premium cost the member must: (1) have eight years or more of qualifying service in PERS at the time of retirement or received disability allowance as if the member had eight years or more of credible service in PERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in a PERS-sponsored health plan. A surviving spouse or dependent of a deceased PERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she (1) is receive a retirement benefit or allowance from PERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

Participating cities are contractually required to contribute to RHIA at a rate assessed each year by OPERS, currently 0.29 percent of annual covered payroll for Tier1/Tier 2 and .19 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, 2011 and 2010, were included in contributions made to PERS.

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

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2011

10. OTHER INFORMATION (Continued)

Risk Management (Continued)

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	\$ 3,787,047	\$ 4,035,000
Other governmental	1,301,670	1,426,847
Proprietary		
Water	410,000	20,153
Sewer	-	16,717
	<u>\$ 5,498,717</u>	<u>\$ 5,498,717</u>

12. CONSTRUCTION COMMITMENTS

<u>Project</u>	<u>Original Contract</u>	<u>FY 10 Amount Paid</u>	<u>FY 11 Amount Paid/Accrued</u>	<u>Amount Remaining</u>
WWTP				
Engineering Design/Construction	\$ 1,186,727	\$ 338,386	\$ 376,289	\$ 472,052
General Contractor	6,729,200	-	316,922	6,412,278
Oceanlake NW 15th Streetscape	476,563	-	345,034	131,529
	<u>\$ 8,392,490</u>	<u>\$ 338,386</u>	<u>\$ 1,038,245</u>	<u>\$ 7,015,859</u>

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2011

13. IMPLEMENTATION OF GASB STATEMENT No. 54

As a result of the implementation of GASB Statement No. 54 the City has reclassified its July 1, 2010, fund balances to reflect the retrospective classification of fund balance to the categories introduced by the Statement. The following reclassification of fund balances as of the beginning the year. Amounts as presented for the General Fund reflect the aggregation of other funds for reporting purposes. Refer to Note 14.

	General Fund	Urban Renewal Fund	Urban Renewal Tax Increment Fund	Other Government Funds	Totals
Fund balances, July 1, 2010 as previously stated:					
Reserved for prepaids	\$ -	\$ -	\$ -	\$ 2,125	\$ 2,125
Reserved for debt service	-	-	2,562,022	33,833	2,595,855
Reserved for landfill post closure	804,675	-	-	-	804,675
Unreserved, reported in:					
General Fund	3,969,989	-	-	-	3,969,989
Special Revenue Funds	-	1,413,419	-	3,731,790	5,145,209
Capital Projects Funds	-	-	-	1,868,966	1,868,966
	<u>\$ 4,774,664</u>	<u>\$ 1,413,419</u>	<u>\$ 2,562,022</u>	<u>\$ 5,636,714</u>	<u>\$ 14,386,819</u>
Fund balances, July 1, 2010 as reclassified:					
Nonspendable in form	\$ -	\$ -	\$ -	\$ 948,820	\$ 948,820
Restricted for:					
Capital projects	-	1,413,419	-	1,716,512	3,129,931
Public safety	7,165	-	-	-	7,165
Post-closure landfill costs	804,675	-	-	-	804,675
Debt service	-	-	2,562,022	33,833	2,595,855
Road construction/maintenance	-	-	-	649,473	649,473
Tourism promotion	-	-	-	1,325,903	1,325,903
Parks maintenance	-	-	-	315,527	315,527
Committed to:					
Public safety	242,974	-	-	-	242,974
Capital projects	660,612	-	-	8,656	669,268
Affordable housing	-	-	-	302,609	302,609
Maintenance services	-	-	-	46,331	46,331
Arts and education	-	-	-	91,158	91,158
Assigned to:					
Public safety	46,963	-	-	-	46,963
Capital projects	-	-	-	197,892	197,892
Unassigned	3,012,275	-	-	-	3,012,275
	<u>4,774,664</u>	<u>1,413,419</u>	<u>2,562,022</u>	<u>5,636,714</u>	<u>14,386,819</u>
Restatement - See Note 14					
Impacts of deferred revenue				864,672	864,672
Fund balances, July 1, 2010 as restated	<u>\$ 4,774,664</u>	<u>\$ 1,413,419</u>	<u>\$ 2,562,022</u>	<u>\$ 6,501,386</u>	<u>\$ 15,251,491</u>

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2011

14. RESTATEMENT

The City has restated its July 1, 2010, fund balance to reflect the retrospective classification of fund balance categories that resulted by implementation of GASB Statement No. 54. Additionally, fund balances in the non-major governmental funds were restated to eliminate deferred revenue previously reported in relation to the City's loans to outside parties. The City implemented the change in policy as a best practice for reporting loans and related transactions.

The following discloses the restatement of fund balance as of the beginning of the fiscal year resulting from the aggregation into the General Fund of several funds not meeting the criteria for separate reporting under GASB 54, and the impacts of the change in reporting related to the loans.

	<u>General Fund</u>	<u>Other Government Funds</u>
Fund balances, beginning of year as previously stated	\$ 3,012,275	\$ 7,399,103
Restatement - aggregate funds	1,762,389	(1,762,389)
Restatement - loan reporting	-	864,672
	<u>\$ 4,774,664</u>	<u>\$ 6,501,386</u>

15. SUBSEQUENT EVENTS

Subsequent to June 30, 2011, the City entered into four new construction projects totaling approximately \$1 million. Additionally, the Series 2002 Urban Renewal Bond outstanding principal balance in the amount of \$862,433 was paid off on December 20, 2011.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF LINCOLN CITY
Lincoln City, Oregon

GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2011

	Budget		Actual	Variance
	Original	Final		
REVENUES:				
Property taxes	\$ 3,948,566	\$ 3,948,566	\$ 3,950,429	\$ 1,863
Franchise fees	899,847	899,847	889,097	(10,750)
Transient room tax	-	-	365,627	365,627
Fees, licenses and permits	485,059	485,059	519,259	34,200
Fines, and forfeitures	256,811	256,811	213,758	(43,053)
Intergovernmental	460,014	470,014	479,435	9,421
Interest	22,900	22,900	21,197	(1,703)
Miscellaneous	869,046	906,734	881,951	(24,783)
TOTAL REVENUES	6,942,243	6,989,931	7,320,753	330,822
EXPENDITURES:				
City council	26,726	26,726	10,144	16,582
City administration	484,652	484,652	442,364	42,288
Finance	617,677	624,927	617,003	7,924
Information technology	333,566	379,566	363,616	15,950
Library	871,081	871,081	776,772	94,309
Municipal court	92,947	101,447	101,173	274
City attorney	146,798	171,798	173,074	(1,276)
Planning	417,435	417,435	391,637	25,798
Building inspection	206,396	218,396	221,443	(3,047)
Recreation department	1,098,574	1,132,422	1,128,964	3,458
Non-departmental	286,461	327,551	234,571	92,980
Contingencies	1,400,000	1,274,000	-	1,274,000
TOTAL EXPENDITURES	5,982,313	6,030,001	4,460,761	1,569,240
EXCESS OF REVENUES OVER EXPENDITURES	959,930	959,930	2,859,992	1,900,062
OTHER FINANCING SOURCES (USES):				
Transfers in	874,826	874,826	564,183	(310,643)
Transfers out	(3,625,000)	(3,625,000)	(3,625,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	(2,750,174)	(2,750,174)	(3,060,817)	(310,643)
NET CHANGE IN FUND BALANCE	(1,790,244)	(1,790,244)	(200,825)	1,589,419
FUND BALANCE, beginning of year	2,931,725	2,931,725	3,012,275	80,550
FUND BALANCE, end of year	\$ 1,141,481	\$ 1,141,481	\$ 2,811,450	\$ 1,669,969

CITY OF LINCOLN CITY
Lincoln City, Oregon

URBAN RENEWAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2011

	Budget		Actual	Variance
	Original	Final		
REVENUES:				
Rents	\$ 33,600	\$ 33,600	\$ 14,670	\$ (18,930)
Interest on investments	16,000	16,000	7,180	(8,820)
TOTAL REVENUES	49,600	49,600	21,850	(27,750)
EXPENDITURES:				
Personal services	236,462	236,462	214,486	21,976
Materials and services	279,503	279,503	214,293	65,210
Capital outlay	2,488,516	2,116,526	768,855	1,347,671
Debt service	410,000	781,990	768,806	13,184
TOTAL EXPENDITURES	3,414,481	3,414,481	1,966,440	1,448,041
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(3,364,881)	(3,364,881)	(1,944,590)	1,420,291
OTHER FINANCING SOURCE:				
Bond proceeds	2,000,000	2,000,000	2,000,000	-
NET CHANGE IN FUND BALANCE	(1,364,881)	(1,364,881)	55,410	1,420,291
FUND BALANCE, beginning of year	1,364,881	1,364,881	1,413,419	48,538
FUND BALANCE, end of year	\$ -	\$ -	\$ 1,468,829	\$ 1,468,829

CITY OF LINCOLN CITY, OREGON

NOTES TO REQUIRED SUPPLEMENTAL INFORMATION

YEAR ENDED JUNE 30, 2011

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 Council must authorize all appropriation transfers and supplementary budgetary appropriations.

OTHER SUPPLEMENTAL INFORMATION

CITY OF LINCOLN CITY
Lincoln City, Oregon

NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2011

	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Totals
ASSETS:				
Cash and investments	\$ 2,515,705	\$ 52,029	\$ 1,669,824	\$ 4,237,558
Receivables	1,632,414	23,822	100,182	1,756,418
Prepaid items	4,250	-	-	4,250
TOTAL ASSETS	<u>\$ 4,152,369</u>	<u>\$ 75,851</u>	<u>\$ 1,770,006</u>	<u>\$ 5,998,226</u>
LIABILITIES:				
Accounts payable	\$ 94,052	\$ -	\$ 954	\$ 95,006
Deferred revenue	-	21,088	-	21,088
TOTAL LIABILITIES	<u>94,052</u>	<u>21,088</u>	<u>954</u>	<u>116,094</u>
FUND BALANCES:				
Nonspendable in form	837,344	-	-	837,344
Restricted for:				-
Capital projects	706,274	-	1,342,612	2,048,886
Road construction/maintenance	695,277	-	-	695,277
Tourism promotion	676,070	-	-	676,070
Parks maintenance	456,104	-	-	456,104
Debt service	-	54,763	-	54,763
Committed to:				-
Capital projects	-	-	9,852	9,852
Affordable housing	622,136	-	-	622,136
Maintenance	21,649	-	-	21,649
Art & Education	43,463	-	-	43,463
Assigned to:				-
Capital projects	-	-	416,588	416,588
TOTAL FUND BALANCES	<u>4,058,317</u>	<u>54,763</u>	<u>1,769,052</u>	<u>5,882,132</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 4,152,369</u>	<u>\$ 75,851</u>	<u>\$ 1,770,006</u>	<u>\$ 5,998,226</u>

CITY OF LINCOLN CITY
Lincoln City, Oregon

NONMAJOR GOVERNMENTAL FUNDS

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

FOR THE YEAR ENDED JUNE 30, 2011

	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Totals
REVENUES:				
Property taxes	\$ -	\$ 291,362	\$ -	\$ 291,362
Franchise fees	12,811	-	-	12,811
Transient room tax	2,856,228	-	423,771	3,279,999
Rents	205,883	-	-	205,883
Charges for services	8,174	-	142,631	150,805
Intergovernmental	626,017	-	480,295	1,106,312
Reimbursement from other funds	19,908	-	-	19,908
Interest on investments	12,223	982	7,481	20,686
Miscellaneous	116,658	-	77,042	193,700
TOTAL REVENUES	3,857,902	292,344	1,131,220	5,281,466
EXPENDITURES:				
Current:				
General government	1,768,155	-	-	1,768,155
Public safety	-	-	-	-
Highways and streets	970,801	-	-	970,801
Culture and recreation	750,019	-	-	750,019
Debt service	-	526,414	-	526,414
Capital outlay	125,616	-	1,400,524	1,526,140
Other payments	234,014	-	-	234,014
TOTAL EXPENDITURES	3,848,605	526,414	1,400,524	5,775,543
EXCESS (DEFICIENCY) OF REVENUES UNDER EXPENDITURES	9,297	(234,070)	(269,304)	(494,077)
OTHER FINANCING SOURCES (USES):				
Transfers in	805,166	-	496,504	1,301,670
Transfers out	(1,354,733)	255,000	(327,114)	(1,426,847)
TOTAL OTHER FINANCING SOURCES (USES)	(549,567)	255,000	169,390	(125,177)
NET CHANGE IN FUND BALANCE	(540,270)	20,930	(99,914)	(619,254)
FUND BALANCE , beginning of year, as reported	3,733,915	33,833	1,868,966	5,636,714
Restatements*	864,672	-	-	864,672
FUND BALANCE , beginning of year, as restated	4,598,587	33,833	1,868,966	6,501,386
FUND BALANCE , end of year	\$ 4,058,317	\$ 54,763	\$ 1,769,052	\$ 5,882,132

** The City has restated its beginning fund balance related to the aggregation of funds in the implementation of GASB 54, and to eliminate the previous recording of deferred revenues related to loans to outside parties. Refer also to combining Schedule of Revenues, Expenditures and Changes in Fund Balance - General Fund at page 85.

CITY OF LINCOLN CITY
Lincoln City, Oregon

NONMAJOR SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2011

	<u>Affordable Housing</u>	<u>Lincoln Square Operations</u>	<u>Public Education Government Access</u>	<u>Street</u>	<u>Urban Renewal Property Rehabilitation Program</u>	<u>Visitor and Convention Bureau</u>
ASSETS:						
Cash and investments	\$ 634,865	\$ 39,316	\$ 32,938	\$ 466,249	\$ 651,028	\$ 404,892
Receivables	335,878	-	3,235	236,817	552,462	304,411
Prepaid items	-	-	-	-	-	4,250
TOTAL ASSETS	<u>\$ 970,743</u>	<u>\$ 39,316</u>	<u>\$ 36,173</u>	<u>\$ 703,066</u>	<u>\$ 1,203,490</u>	<u>\$ 713,553</u>
LIABILITY:						
Accounts payable	\$ 12,729	\$ 17,667	\$ -	\$ 7,789	\$ -	\$ 33,233
FUND BALANCES:						
Nonspendable in form	335,878	-	-	-	497,216	4,250
Restricted for:						
Capital projects	-	-	-	-	706,274	-
Road construction/maintenance	-	-	-	695,277	-	-
Tourism promotion	-	-	-	-	-	676,070
Parks maintenance	-	-	-	-	-	-
Committed to:						
Affordable housing	622,136	-	-	-	-	-
Maintenance	-	21,649	-	-	-	-
Art and education	-	-	36,173	-	-	-
TOTAL FUND BALANCES	<u>958,014</u>	<u>21,649</u>	<u>36,173</u>	<u>695,277</u>	<u>1,203,490</u>	<u>680,320</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 970,743</u>	<u>\$ 39,316</u>	<u>\$ 36,173</u>	<u>\$ 703,066</u>	<u>\$ 1,203,490</u>	<u>\$ 713,553</u>

<u>Parks Maintenance</u>	<u>Percent for Art</u>	<u>Totals</u>
\$ 271,004	\$ 15,413	\$ 2,515,705
199,611	-	1,632,414
-	-	4,250
-	-	-
<u>\$ 470,615</u>	<u>\$ 15,413</u>	<u>\$ 4,152,369</u>
<u>\$ 14,511</u>	<u>\$ 8,123</u>	<u>\$ 94,052</u>
-	-	837,344
-	-	706,274
-	-	695,277
-	-	676,070
456,104	-	456,104
-	-	622,136
-	-	21,649
-	7,290	43,463
<u>456,104</u>	<u>7,290</u>	<u>4,058,317</u>
<u>\$ 470,615</u>	<u>\$ 15,413</u>	<u>\$ 4,152,369</u>

CITY OF LINCOLN CITY
Lincoln City, Oregon

NONMAJOR SPECIAL REVENUE FUNDS

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

FOR THE YEAR ENDED JUNE 30, 2011

	Affordable Housing	Lincoln Square Operations	Public Education and Government Access	Street	Urban Renewal Property Rehabilitation Program	Visitor and Convention Bureau
REVENUES:						
Franchise fees	\$ -	\$ -	\$ 12,811	\$ -	\$ -	\$ -
Transient room tax	-	-	-	847,144	-	1,291,845
Rents	9,000	196,883	-	-	-	-
Charges for services	-	-	-	4,366	-	-
Intergovernmental	233,384	-	-	384,433	-	-
Reimbursement from other funds	-	19,908	-	-	-	-
Interest on investments	2,818	199	131	1,984	2,967	2,459
Miscellaneous	100	27,203	-	2,386	-	80,478
TOTAL REVENUES	245,302	244,193	12,942	1,240,313	2,967	1,374,782
EXPENDITURES:						
Current						
General government	4,608	359,519	3,426	-	-	1,328,440
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	970,801	-	-
Culture and recreation	-	-	-	-	-	-
Capital outlay	18,189	30,725	-	-	779	-
Other payments	233,384	-	-	-	-	-
TOTAL EXPENDITURES	256,181	390,244	3,426	970,801	779	1,328,440
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(10,879)	(146,051)	9,516	269,512	2,188	46,342
OTHER FINANCING SOURCES (USES):						
Transfers in	-	121,369	-	193,009	-	294,343
Transfers out	-	-	-	(416,717)	-	(21,218)
TOTAL OTHER FINANCING SOURCES (USES)	-	121,369	-	(223,708)	-	273,125
NET CHANGE IN FUND BALANCE	(10,879)	(24,682)	9,516	45,804	2,188	319,467
FUND BALANCE , beginning of year, as previously reported	708,015	46,331	26,657	649,473	597,508	360,853
Restatements (1)	260,878	-	-	-	603,794	-
FUND BALANCE , beginning of year, as restated	968,893	46,331	26,657	649,473	1,201,302	360,853
FUND BALANCE , end of year	\$ 958,014	\$ 21,649	\$ 36,173	\$ 695,277	\$ 1,203,490	\$ 680,320

(1) The City has restated its beginning fund balance to eliminate deferred revenue previously recorded on the fund statements, in relation to outstanding loans receivable.

<u>Parks Maintenance</u>	<u>Percent for Art</u>	<u>Transient Room Tax</u>	<u>Totals</u>
\$ -	\$ -	\$ -	\$ 12,811
693,329	-	23,910	2,856,228
-	-	-	205,883
1,425	2,383	-	8,174
8,200	-	-	626,017
-	-	-	19,908
1,476	189	-	12,223
6,491	-	-	116,658
<u>710,921</u>	<u>2,572</u>	<u>23,910</u>	<u>3,857,902</u>
-	-	72,162	1,768,155
-	-	-	-
-	-	-	970,801
749,999	20	-	750,019
12,724	63,199	-	125,616
630	-	-	234,014
<u>763,353</u>	<u>63,219</u>	<u>72,162</u>	<u>3,848,605</u>
<u>(52,432)</u>	<u>(60,647)</u>	<u>(48,252)</u>	<u>9,297</u>
193,009	3,436	-	805,166
-	-	(916,798)	(1,354,733)
<u>193,009</u>	<u>3,436</u>	<u>(916,798)</u>	<u>(549,567)</u>
<u>140,577</u>	<u>(57,211)</u>	<u>(965,050)</u>	<u>(540,270)</u>
-	-	-	-
315,527	64,501	965,050	3,733,915
-	-	-	864,672
<u>315,527</u>	<u>64,501</u>	<u>965,050</u>	<u>4,598,587</u>
<u>\$ 456,104</u>	<u>\$ 7,290</u>	<u>\$ -</u>	<u>\$ 4,058,317</u>

CITY OF LINCOLN CITY
Lincoln City, Oregon

AFFORDABLE HOUSING FUND

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

FOR THE YEAR ENDED JUNE 30, 2011

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES:			
Rents	\$ 10,000	\$ 9,000	\$ (1,000)
Intergovernmental	375,000	233,384	(141,616)
Interest on investments	5,025	2,818	(2,207)
Miscellaneous	<u>24,000</u>	<u>100</u>	<u>(23,900)</u>
TOTAL REVENUES	<u>414,025</u>	<u>245,302</u>	<u>(168,723)</u>
EXPENDITURES:			
Materials and services	12,661	4,608	8,053
Capital outlay	732,326	18,189	714,137
Other payments	<u>300,000</u>	<u>233,384</u>	<u>66,616</u>
TOTAL EXPENDITURES	<u>1,044,987</u>	<u>256,181</u>	<u>788,806</u>
NET CHANGE IN FUND BALANCE	<u>(630,962)</u>	<u>(10,879)</u>	<u>620,083</u>
FUND BALANCE , beginning of year, as reported	630,962	708,015	77,053
Restatement (1)	<u>-</u>	<u>(75,000)</u>	<u>(75,000)</u>
FUND BALANCE , beginning of year, as restated	<u>630,962</u>	<u>633,015</u>	<u>2,053</u>
FUND BALANCE , end of year	<u>\$ -</u>	<u>\$ 622,136</u>	<u>\$ 622,136</u>

(1) The City has restated its beginning fund balance to correct for deferred revenue that was originally recorded on the budgetary statements, resulting in an understatement of expenditures.

Fund balance - budgetary basis	\$ 622,136
Balance of loans receivable	<u>335,878</u>
Fund balance - GAAP basis	<u>\$ 958,014</u>

CITY OF LINCOLN CITY
Lincoln City, Oregon

LINCOLN SQUARE OPERATIONS FUND

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

FOR THE YEAR ENDED JUNE 30, 2011

	Budget		Actual	Variance
	Original	Final		
REVENUES:				
Rents	\$ 200,000	\$ 200,000	\$ 196,883	\$ (3,117)
Reimbursement from other funds	19,908	19,908	19,908	-
Interest on investments	500	500	199	(301)
Miscellaneous	27,000	27,000	27,203	203
TOTAL REVENUES	247,408	247,408	244,193	(3,215)
EXPENDITURES:				
Personal services	153,093	153,093	152,021	1,072
Materials and services	198,664	215,664	207,498	8,166
Capital outlay	43,060	43,060	30,725	12,335
Contingency	21,177	4,177	-	4,177
TOTAL EXPENDITURES	415,994	415,994	390,244	25,750
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(168,586)	(168,586)	(146,051)	22,535
OTHER FINANCING SOURCE:				
Transfers in	121,369	121,369	121,369	-
NET CHANGE IN FUND BALANCE	(47,217)	(47,217)	(24,682)	22,535
FUND BALANCE, beginning of year	47,217	47,217	46,331	(886)
FUND BALANCE, end of year	\$ -	\$ -	\$ 21,649	\$ 21,649

CITY OF LINCOLN CITY
Lincoln City, Oregon

PUBLIC EDUCATION AND GOVERNMENT ACCESS FUND

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

FOR THE YEAR ENDED JUNE 30, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES:			
Franchise fees	\$ 11,398	\$ 12,811	\$ 1,413
Interest on investments	150	131	(19)
TOTAL REVENUES	<u>11,548</u>	<u>12,942</u>	<u>1,394</u>
EXPENDITURES:			
Personal services	5,774	2,251	3,523
Materials and services	4,000	1,175	2,825
Contingency	28,076	-	28,076
TOTAL EXPENDITURES	<u>37,850</u>	<u>3,426</u>	<u>34,424</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND NET CHANGE IN FUND BALANCE	(26,302)	9,516	35,818
FUND BALANCE, beginning of year	<u>26,302</u>	<u>26,657</u>	<u>355</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ 36,173</u>	<u>\$ 36,173</u>

CITY OF LINCOLN CITY
Lincoln City, Oregon

STREET FUND

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

FOR THE YEAR ENDED JUNE 30, 2011

	Budget		Actual	Variance
	Original	Final		
REVENUES:				
Transient room tax	\$ -	\$ -	\$ 847,144	\$ 847,144
Charges for services	5,000	5,000	4,366	(634)
Intergovernmental	386,000	386,000	384,433	(1,567)
Interest on investments	4,000	4,000	1,984	(2,016)
Miscellaneous	-	-	2,386	2,386
TOTAL REVENUES	395,000	395,000	1,240,313	845,313
EXPENDITURES:				
Personal services	558,982	566,482	566,414	68
Materials and services	337,476	337,476	336,452	1,024
Contingency	464,931	457,431	-	457,431
TOTAL EXPENDITURES	1,361,389	1,361,389	902,866	458,523
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(966,389)	(966,389)	337,447	1,303,836
OTHER FINANCING SOURCES (USES):				
Transfers in	833,295	833,295	193,009	(640,286)
Transfers out	(486,152)	(486,152)	(484,652)	1,500
TOTAL OTHER FINANCING SOURCES (USES)	347,143	347,143	(291,643)	(638,786)
NET CHANGE IN FUND BALANCE	(619,246)	(619,246)	45,804	665,050
FUND BALANCE, beginning of year	619,246	619,246	649,473	30,227
FUND BALANCE, end of year	\$ -	\$ -	\$ 695,277	\$ 695,277

CITY OF LINCOLN CITY
Lincoln City, Oregon

URBAN RENEWAL PROPERTY REHABILITATION PROGRAM FUND

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

FOR THE YEAR ENDED JUNE 30, 2011

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES:			
Loan repayments	\$ 120,000	\$ 151,332	\$ 31,332
Interest on investments	4,500	2,967	(1,533)
	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	124,500	154,299	29,799
	<hr/>	<hr/>	<hr/>
EXPENDITURES:			
Capital outlay	727,416	100,779	626,637
	<hr/>	<hr/>	<hr/>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND NET CHANGE IN FUND BALANCE	(602,916)	53,520	656,436
	<hr/>	<hr/>	<hr/>
FUND BALANCE , beginning of year	602,916	597,508	(5,408)
	<hr/>	<hr/>	<hr/>
FUND BALANCE , end of year	\$ -	\$ 651,028	\$ 651,028
	<hr/>	<hr/>	<hr/>
Fund balance - budgetary basis		\$ 651,028	
Balance of loans receivable		552,462	
		<hr/>	
Fund balance - GAAP basis		\$ 1,203,490	
		<hr/>	

CITY OF LINCOLN CITY
Lincoln City, Oregon

VISITOR AND CONVENTION BUREAU FUND

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

FOR THE YEAR ENDED JUNE 30, 2011

	Budget		Actual	Variance
	Original	Final		
REVENUES:				
Transient room tax	\$ -	\$ -	\$ 1,291,845	\$ 1,291,845
Interest on investments	3,000	3,000	2,459	(541)
Miscellaneous	66,400	66,400	80,478	14,078
TOTAL REVENUES	69,400	69,400	1,374,782	1,305,382
EXPENDITURES:				
Personal services	528,979	537,479	533,517	3,962
Materials and services	895,950	895,950	748,870	147,080
Capital outlay	89,000	89,000	-	89,000
Contingency	51,136	42,636	-	42,636
TOTAL EXPENDITURES	1,565,065	1,565,065	1,282,387	282,678
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,495,665)	(1,495,665)	92,395	1,588,060
OTHER FINANCING SOURCES (USES):				
Transfers in	1,275,780	1,275,780	294,343	(981,437)
Transfers out	(67,271)	(67,271)	(67,271)	-
TOTAL OTHER FINANCING SOURCES (USES)	1,208,509	1,208,509	227,072	(981,437)
NET CHANGE IN FUND BALANCE	(287,156)	(287,156)	319,467	606,623
FUND BALANCE, beginning of year	287,156	287,156	360,853	73,697
FUND BALANCE, end of year	\$ -	\$ -	\$ 680,320	\$ 680,320

CITY OF LINCOLN CITY
Lincoln City, Oregon

PARKS MAINTENANCE FUND

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

FOR THE YEAR ENDED JUNE 30, 2011

	Budget		Actual	Variance
	Original	Final		
REVENUES:				
Transient room tax	\$ -	\$ -	\$ 693,329	\$ 693,329
Charges for services	3,500	3,500	1,425	(2,075)
Intergovernmental	8,200	8,200	8,200	-
Interest on investments	2,000	2,000	1,476	(524)
Miscellaneous	7,000	7,000	6,491	(509)
TOTAL REVENUES	20,700	20,700	710,921	690,221
EXPENDITURES:				
Personal services	551,716	551,716	541,080	10,636
Materials and services	166,962	182,212	181,039	1,173
Capital outlay	49,300	34,050	12,724	21,326
Other expenditures	840	840	630	210
Contingency	221,407	221,407	-	221,407
TOTAL EXPENDITURES	990,225	990,225	735,473	254,752
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(969,525)	(969,525)	(24,552)	944,973
OTHER FINANCING SOURCES (USES):				
Transfers in	679,480	679,480	193,009	(486,471)
Transfers out	(27,880)	(27,880)	(27,880)	-
TOTAL OTHER FINANCING SOURCES (USES)	651,600	651,600	165,129	(486,471)
NET CHANGE IN FUND BALANCE	(317,925)	(317,925)	140,577	458,502
FUND BALANCE, beginning of year	317,925	317,925	315,527	(2,398)
FUND BALANCE, end of year	\$ -	\$ -	\$ 456,104	\$ 456,104

CITY OF LINCOLN CITY
Lincoln City, Oregon

PERCENT FOR ART FUND

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

FOR THE YEAR ENDED JUNE 30, 2011

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES:			
Charges for services	\$ 6,000	\$ 2,383	\$ (3,617)
Interest on investments	500	189	(311)
TOTAL REVENUES	<u>6,500</u>	<u>2,572</u>	<u>(3,928)</u>
EXPENDITURES:			
Materials and services	1,000	20	980
Capital outlay	99,593	63,199	36,394
TOTAL EXPENDITURES	<u>100,593</u>	<u>63,219</u>	<u>37,374</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(94,093)	(60,647)	33,446
OTHER FINANCING SOURCE:			
Transfers in	26,500	3,436	(23,064)
NET CHANGE IN FUND BALANCE	(67,593)	(57,211)	10,382
FUND BALANCE, beginning of year	<u>67,593</u>	<u>64,501</u>	<u>(3,092)</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ 7,290</u>	<u>\$ 7,290</u>

CITY OF LINCOLN CITY
Lincoln City, Oregon

TRANSIENT ROOM TAX FUND

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

FOR THE YEAR ENDED JUNE 30, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES:			
Transient room tax	<u>\$ 4,214,000</u>	<u>\$ 23,910</u>	<u>\$ (4,190,090)</u>
EXPENDITURES:			
Materials and services	<u>40,000</u>	<u>23,910</u>	<u>16,090</u>
EXCESS OF REVENUES OVER EXPENDITURES	4,174,000	-	(4,174,000)
OTHER FINANCING USE:			
Transfers out	<u>4,174,000</u>	<u>965,050</u>	<u>3,208,950</u>
NET CHANGE IN FUND BALANCE	-	(965,050)	(965,050)
FUND BALANCE, beginning of year	<u>-</u>	<u>965,050</u>	<u>965,050</u>
FUND BALANCE, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

CITY OF LINCOLN CITY
Lincoln City, Oregon

NONMAJOR DEBT SERVICE FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2011

	<u>Open Space Bonds</u>	<u>2008 Bond Redemption</u>	<u>Totals</u>
ASSETS:			
Cash and investments	\$ 36,284	\$ 15,745	\$ 52,029
Receivables	23,822	-	23,822
TOTAL ASSETS	<u>\$ 60,106</u>	<u>\$ 15,745</u>	<u>\$ 75,851</u>
LIABILITIES:			
Deferred revenue	\$ 21,088	\$ -	\$ 21,088
TOTAL LIABILITIES	<u>21,088</u>	<u>-</u>	<u>21,088</u>
FUND BALANCES:			
Restricted for debt service	39,018	15,745	54,763
TOTAL FUND BALANCES	<u>39,018</u>	<u>15,745</u>	<u>54,763</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 60,106</u>	<u>\$ 15,745</u>	<u>\$ 75,851</u>

CITY OF LINCOLN CITY
Lincoln City, Oregon

NONMAJOR DEBT SERVICE FUNDS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,
OTHER FINANCING SOURCE AND CHANGES IN FUND BALANCE**

FOR THE YEAR ENDED JUNE 30, 2011

	<u>Open Space Bonds</u>	<u>2008 Bond Redemption</u>	<u>Totals</u>
REVENUES:			
Property taxes	\$ 291,362	\$ -	\$ 291,362
Interest on investments	643	339	982
TOTAL REVENUES	<u>292,005</u>	<u>339</u>	<u>292,344</u>
EXPENDITURES:			
Debt service	<u>275,313</u>	<u>251,101</u>	<u>526,414</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>16,692</u>	<u>(250,762)</u>	<u>(234,070)</u>
OTHER FINANCING SOURCE:			
Transfers in	<u>-</u>	<u>255,000</u>	<u>255,000</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>255,000</u>	<u>255,000</u>
NET CHANGE IN FUND BALANCE	16,692	4,238	20,930
FUND BALANCE, beginning of year	<u>22,326</u>	<u>11,507</u>	<u>33,833</u>
FUND BALANCE, end of year	<u>\$ 39,018</u>	<u>\$ 15,745</u>	<u>\$ 54,763</u>

CITY OF LINCOLN CITY
Lincoln City, Oregon

URBAN RENEWAL TAX INCREMENT FUND

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

FOR THE YEAR ENDED JUNE 30, 2011

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES:			
Property taxes	\$ 2,868,405	\$ 2,905,702	\$ 37,297
Interest on investments	15,600	10,076	(5,524)
TOTAL REVENUES	<u>2,884,005</u>	<u>2,915,778</u>	<u>31,773</u>
EXPENDITURES:			
Debt service	<u>4,170,234</u>	<u>3,821,740</u>	<u>348,494</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(1,286,229)	(905,962)	380,267
OTHER FINANCING USE:			
Bond reserves	<u>1,300,000</u>	<u>-</u>	<u>1,300,000</u>
NET CHANGE IN FUND BALANCE	(2,586,229)	(905,962)	1,680,267
FUND BALANCE, beginning of year	<u>2,586,229</u>	<u>2,562,022</u>	<u>(24,207)</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ 1,656,060</u>	<u>\$ 1,656,060</u>

CITY OF LINCOLN CITY
Lincoln City, Oregon

OPEN SPACE BONDS FUND

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

FOR THE YEAR ENDED JUNE 30, 2011

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES:			
Property taxes	\$ 293,000	\$ 291,362	\$ (1,638)
Interest on investments	520	643	123
TOTAL REVENUES	<u>293,520</u>	<u>292,005</u>	<u>(1,515)</u>
EXPENDITURES:			
Debt Service	<u>316,982</u>	<u>275,313</u>	<u>41,669</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND NET CHANGE IN FUND BALANCE	(23,462)	16,692	40,154
FUND BALANCE, beginning of year	<u>23,462</u>	<u>22,326</u>	<u>(1,136)</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ 39,018</u>	<u>\$ 39,018</u>

CITY OF LINCOLN CITY
Lincoln City, Oregon

2008 BOND REDEMPTION FUND

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

FOR THE YEAR ENDED JUNE 30, 2011

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES:			
Interest on investments	<u>\$ 500</u>	<u>\$ 339</u>	<u>\$ (161)</u>
EXPENDITURES:			
Debt Service	<u> 777,059</u>	<u> 761,101</u>	<u> 15,958</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u> (776,559)</u>	<u> (760,762)</u>	<u> 15,797</u>
OTHER FINANCING SOURCE:			
Transfers in	<u> 765,000</u>	<u> 765,000</u>	<u> -</u>
NET CHANGE IN FUND BALANCE	<u> (11,559)</u>	<u> 4,238</u>	<u> 15,797</u>
FUND BALANCE, beginning of year	<u> 11,559</u>	<u> 11,507</u>	<u> (52)</u>
FUND BALANCE, end of year	<u><u> -</u></u>	<u><u> 15,745</u></u>	<u><u> 15,745</u></u>

CITY OF LINCOLN CITY
Lincoln City, Oregon

NONMAJOR CAPITAL PROJECTS FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2011

	<u>Transportation Development</u>	<u>Storm Drainage Development</u>	<u>Parks Development</u>	<u>Park System Development Charge Improvement</u>
ASSETS:				
Cash and investments	\$ 476,324	\$ 79,400	\$ 9,852	\$ 69,537
Receivables	-	-	-	376
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u><u>\$ 476,324</u></u>	<u><u>\$ 79,400</u></u>	<u><u>\$ 9,852</u></u>	<u><u>\$ 69,913</u></u>
LIABILITY:				
Accounts payable	\$ 954	\$ -	\$ -	\$ -
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
FUND BALANCES:				
Restricted for:				
Capital projects	475,370	79,400	-	69,913
Committed to:				
Capital projects	-	-	9,852	-
Assigned to:				
Capital projects	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITY AND FUND BALANCES	<u><u>\$ 476,324</u></u>	<u><u>\$ 79,400</u></u>	<u><u>\$ 9,852</u></u>	<u><u>\$ 69,913</u></u>

<u>Open Space Acquisition</u>	<u>Facilities Capital</u>	<u>Street Capital</u>	<u>Total</u>
\$ 550,331	\$ 67,792	\$ 416,588	\$ 1,669,824
-	99,806	-	100,182
<u>\$ 550,331</u>	<u>\$ 167,598</u>	<u>\$ 416,588</u>	<u>\$ 1,770,006</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 954</u>
550,331	167,598	-	1,342,612
-	-	-	9,852
-	-	416,588	416,588
<u>\$ 550,331</u>	<u>\$ 167,598</u>	<u>\$ 416,588</u>	<u>\$ 1,770,006</u>

CITY OF LINCOLN CITY
Lincoln City, Oregon

NONMAJOR CAPITAL PROJECTS FUNDS

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

FOR THE YEAR ENDED JUNE 30, 2011

	<u>Transportation Development</u>	<u>Storm Drainage Development</u>	<u>Parks Development</u>	<u>Parks System Development Charge Improvement</u>
REVENUES:				
Transient room tax	\$ -	\$ -	\$ -	\$ -
Charges for services	94,896	3,134	-	44,601
Intergovernmental	-	-	-	403,883
Interest on investments	1,871	344	42	65
Miscellaneous	-	-	1,154	70,638
TOTAL REVENUES	<u>96,767</u>	<u>3,478</u>	<u>1,196</u>	<u>519,187</u>
EXPENDITURES:				
Materials and services	-	-	-	-
Capital outlay	25,447	-	-	903,340
TOTAL EXPENDITURES	<u>25,447</u>	<u>-</u>	<u>-</u>	<u>903,340</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>71,320</u>	<u>3,478</u>	<u>1,196</u>	<u>(384,153)</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	71,320	3,478	1,196	(384,153)
FUND BALANCE, beginning of year	<u>404,050</u>	<u>75,922</u>	<u>8,656</u>	<u>454,066</u>
FUND BALANCE, end of year	<u>\$ 475,370</u>	<u>\$ 79,400</u>	<u>\$ 9,852</u>	<u>\$ 69,913</u>

Open Space Acquisition	Facilities Capital	Street Capital	Totals
\$ -	\$ 423,771	\$ -	\$ 423,771
-	-	-	142,631
-	-	76,412	480,295
2,698	303	2,158	7,481
-	5,000	250	77,042
<u>2,698</u>	<u>429,074</u>	<u>78,820</u>	<u>1,131,220</u>
-	-	253,250	253,250
<u>153,617</u>	<u>57,996</u>	<u>6,874</u>	<u>1,147,274</u>
<u>153,617</u>	<u>57,996</u>	<u>260,124</u>	<u>1,400,524</u>
<u>(150,919)</u>	<u>371,078</u>	<u>(181,304)</u>	<u>(269,304)</u>
-	96,504	400,000	496,504
-	(327,114)	-	(327,114)
-	(230,610)	400,000	169,390
(150,919)	140,468	218,696	(99,914)
<u>701,250</u>	<u>27,130</u>	<u>197,892</u>	<u>1,868,966</u>
<u>\$ 550,331</u>	<u>\$ 167,598</u>	<u>\$ 416,588</u>	<u>\$ 1,769,052</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, 2011

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES:			
Improvement fee	\$ 22,000	\$ 94,896	\$ 72,896
Interest on investments	3,000	1,871	(1,129)
	<u>25,000</u>	<u>96,767</u>	<u>71,767</u>
TOTAL REVENUES			
EXPENDITURES:			
Capital outlay	417,792	25,447	392,345
	<u>417,792</u>	<u>25,447</u>	<u>392,345</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND NET CHANGE IN FUND BALANCE	(392,792)	71,320	464,112
FUND BALANCE, beginning of year	392,792	404,050	11,258
	<u>392,792</u>	<u>404,050</u>	<u>11,258</u>
FUND BALANCE, end of year	\$ -	\$ 475,370	\$ 475,370
	<u>\$ -</u>	<u>\$ 475,370</u>	<u>\$ 475,370</u>

CITY OF LINCOLN CITY
Lincoln City, Oregon

STORM DRAINAGE DEVELOPMENT FUND

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

FOR THE YEAR ENDED JUNE 30, 2011

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES:			
Improvement fee	\$ 1,200	\$ 3,134	\$ 1,934
Interest on investments	500	344	(156)
	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	1,700	3,478	1,778
	<hr/>	<hr/>	<hr/>
EXPENDITURES:			
Capital outlay	77,766	-	77,766
	<hr/>	<hr/>	<hr/>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND NET CHANGE IN FUND BALANCE	(76,066)	3,478	79,544
	<hr/>	<hr/>	<hr/>
FUND BALANCE, beginning of year	76,066	75,922	(144)
	<hr/>	<hr/>	<hr/>
FUND BALANCE, end of year	\$ -	\$ 79,400	\$ 79,400
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

CITY OF LINCOLN CITY
Lincoln City, Oregon

PARKS DEVELOPMENT FUND

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

FOR THE YEAR ENDED JUNE 30, 2011

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES:			
Interest on investments	\$ 50	\$ 42	\$ (8)
Miscellaneous	<u>2,000</u>	<u>1,154</u>	<u>(846)</u>
TOTAL REVENUES	<u>2,050</u>	<u>1,196</u>	<u>(854)</u>
EXPENDITURES:			
Capital Outlay	<u>11,248</u>	<u>-</u>	<u>11,248</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND NET CHANGE IN FUND BALANCE	(9,198)	1,196	10,394
FUND BALANCE, beginning of year	<u>9,198</u>	<u>8,656</u>	<u>(542)</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ 9,852</u>	<u>\$ 9,852</u>

CITY OF LINCOLN CITY
Lincoln City, Oregon

PARKS SYSTEM DEVELOPMENT CHARGE IMPROVEMENT FUND

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

FOR THE YEAR ENDED JUNE 30, 2011

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES:			
Improvement fee	\$ 70,000	\$ 44,601	\$ (25,399)
Intergovernmental	403,900	403,883	(17)
Interest on investments	5,000	65	(4,935)
Miscellaneous	<u>-</u>	<u>70,638</u>	<u>70,638</u>
TOTAL REVENUES	<u>478,900</u>	<u>519,187</u>	<u>40,287</u>
EXPENDITURES:			
Capital outlay	<u>962,971</u>	<u>903,340</u>	<u>59,631</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES AND NET CHANGE IN FUND BALANCE	(484,071)	(384,153)	99,918
FUND BALANCE, beginning of year	<u>484,071</u>	<u>454,066</u>	<u>(30,005)</u>
FUND BALANCE, end of year	<u><u>\$ -</u></u>	<u><u>\$ 69,913</u></u>	<u><u>\$ 69,913</u></u>

CITY OF LINCOLN CITY
Lincoln City, Oregon

OPEN SPACE ACQUISITION FUND

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

FOR THE YEAR ENDED JUNE 30, 2011

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUE:			
Intergovernmental	\$ 263,000	\$ -	\$ (263,000)
Interest on investments	6,000	2,698	(3,302)
TOTAL REVENUES	<u>269,000</u>	<u>2,698</u>	<u>(266,302)</u>
EXPENDITURE:			
Capital outlay	972,042	153,617	818,425
TOTAL EXPENDITURES	<u>972,042</u>	<u>153,617</u>	<u>818,425</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES AND NET CHANGE IN FUND BALANCE	(703,042)	(150,919)	552,123
FUND BALANCE , beginning of year	<u>703,042</u>	<u>701,250</u>	<u>(1,792)</u>
FUND BALANCE , end of year	<u>\$ -</u>	<u>\$ 550,331</u>	<u>\$ 550,331</u>

CITY OF LINCOLN CITY
Lincoln City, Oregon

FACILITIES CAPITAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2011

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES:			
Transient room tax	\$ -	\$ 423,771	\$ 423,771
Interest on investments	3,000	303	(2,697)
Miscellaneous	<u>17,325</u>	<u>5,000</u>	<u>(12,325)</u>
TOTAL REVENUES	<u>20,325</u>	<u>429,074</u>	<u>408,749</u>
EXPENDITURES:			
Capital outlay	<u>137,355</u>	<u>57,996</u>	<u>79,359</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(117,030)</u>	<u>371,078</u>	<u>488,108</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	416,647	96,504	(320,143)
Transfers out	<u>(327,114)</u>	<u>(327,114)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>89,533</u>	<u>(230,610)</u>	<u>(320,143)</u>
NET CHANGE IN FUND BALANCE	(27,497)	140,468	167,965
FUND BALANCE, beginning of year	<u>27,497</u>	<u>27,130</u>	<u>(367)</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ 167,598</u>	<u>\$ 167,598</u>

CITY OF LINCOLN CITY
Lincoln City, Oregon

STREET CAPITAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2011

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES:			
Intergovernmental	\$ 176,000	\$ 76,412	\$ (99,588)
Interest on investments	500	2,158	1,658
Miscellaneous	-	250	250
	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	176,500	78,820	(97,680)
	<hr/>	<hr/>	<hr/>
EXPENDITURES:			
Materials & services	525,000	253,250	271,750
Capital outlay	349,993	6,874	343,119
	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES	874,993	260,124	614,869
	<hr/>	<hr/>	<hr/>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(698,493)	(181,304)	517,189
OTHER FINANCING SOURCE:			
Transfers in	400,000	400,000	-
	<hr/>	<hr/>	<hr/>
NET CHANGE IN FUND BALANCE	(298,493)	218,696	517,189
FUND BALANCE, beginning of year	298,493	197,892	(100,601)
	<hr/>	<hr/>	<hr/>
FUND BALANCE, end of year	\$ -	\$ 416,588	\$ 416,588
	<hr/>	<hr/>	<hr/>

CITY OF LINCOLN CITY
Lincoln City, Oregon

WATER FUND

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

FOR THE YEAR ENDED JUNE 30, 2011

	Budget		Actual	Variance
	Original	Final		
REVENUES:				
Charges for services	\$ 3,045,984	\$ 3,045,984	\$ 2,901,351	\$ (144,633)
Intergovernmental	-	71,200	71,201	1
Interest on investments	500	500	(358)	(858)
Miscellaneous	2,000	2,000	882	(1,118)
TOTAL REVENUES	3,048,484	3,119,684	2,973,076	(146,608)
EXPENDITURES:				
Personal services	1,007,091	1,081,341	1,078,938	2,403
Materials and services	615,083	696,803	548,062	148,741
Capital outlay	26,000	26,000	9,049	16,951
Contingency	315,245	230,475	-	230,475
TOTAL EXPENDITURES	1,963,419	2,034,619	1,636,049	398,570
EXCESS OF REVENUES OVER EXPENDITURES	1,085,065	1,085,065	1,337,027	251,962
OTHER FINANCING USE:				
Transfers out	(1,283,538)	(1,283,538)	(1,206,974)	76,564
NET CHANGE IN FUND BALANCE	(198,473)	(198,473)	130,053	328,526
FUND BALANCE , beginning of year, as previously reported	198,473	198,473	268,643	70,170
Restatements (1)	-	-	102,960	102,960
FUND BALANCE , beginning of year, as restated	198,473	198,473	371,603	173,130
FUND BALANCE , end of year	\$ -	\$ -	\$ 501,656	\$ 501,656

(1) The City has restated its beginning fund balance to correct for vacation and OPEB liabilities that were originally recorded as expenditures on the budgetary statements.

CITY OF LINCOLN CITY
Lincoln City, Oregon

WATER CAPITAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2011

	Budget		Actual	Variance
	Original	Final		
REVENUES:				
System development charges	\$ 110,000	\$ 110,000	\$ 89,737	\$ (20,263)
Interest on investments	6,000	6,000	2,838	(3,162)
TOTAL REVENUES	<u>116,000</u>	<u>116,000</u>	<u>92,575</u>	<u>(23,425)</u>
EXPENDITURE:				
Capital outlay	<u>1,031,164</u>	<u>1,491,164</u>	<u>1,055,260</u>	<u>435,904</u>
TOTAL EXPENDITURES	<u>1,031,164</u>	<u>1,491,164</u>	<u>1,055,260</u>	<u>435,904</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(915,164)</u>	<u>(1,375,164)</u>	<u>(962,685)</u>	<u>412,479</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	250,000	710,000	585,000	(125,000)
Transfers out	<u>(400,000)</u>	<u>(400,000)</u>	<u>(400,000)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(150,000)</u>	<u>310,000</u>	<u>185,000</u>	<u>(125,000)</u>
NET CHANGE IN FUND BALANCE	<u>(1,065,164)</u>	<u>(1,065,164)</u>	<u>(777,685)</u>	<u>287,479</u>
FUND BALANCE, beginning of year	<u>1,065,164</u>	<u>1,065,164</u>	<u>1,000,059</u>	<u>(65,105)</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 222,374</u>	<u>\$ 222,374</u>

CITY OF LINCOLN CITY
Lincoln City, Oregon

2006 WATER REFUNDING BOND FUND

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

FOR THE YEAR ENDED JUNE 30, 2011

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES:			
Interest on investments	<u>\$ 250</u>	<u>\$ 173</u>	<u>\$ (77)</u>
EXPENDITURES:			
Debt service	<u>308,182</u>	<u>290,998</u>	<u>17,184</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(307,932)</u>	<u>(290,825)</u>	<u>17,107</u>
OTHER FINANCING SOURCE:			
Transfers in	<u>294,000</u>	<u>294,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(13,932)</u>	<u>3,175</u>	<u>17,107</u>
FUND BALANCE , beginning of year, as previously reported	13,932	9,729	(4,203)
Restatement (1)	<u>-</u>	<u>4,178</u>	<u>4,178</u>
FUND BALANCE , beginning of year, as restated	<u>13,932</u>	<u>13,907</u>	<u>(25)</u>
FUND BALANCE , end of year	<u>\$ -</u>	<u>\$ 17,082</u>	<u>\$ 17,082</u>

(1) The City has restated its beginning fund balance to correct for accrued interest that was originally recorded as expenditures on the budgetary statements.

CITY OF LINCOLN CITY
Lincoln City, Oregon

2007 WATER REFUNDING BOND FUND

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

FOR THE YEAR ENDED JUNE 30, 2011

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES:			
Interest on investments	<u>\$ 300</u>	<u>\$ 125</u>	<u>\$ (175)</u>
EXPENDITURES:			
Debt service	<u>449,808</u>	<u>434,897</u>	<u>14,911</u>
REVENUES UNDER EXPENDITURES	<u>(449,508)</u>	<u>(434,772)</u>	<u>14,736</u>
OTHER FINANCING SOURCE:			
Transfers in	<u>400,000</u>	<u>400,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(49,508)</u>	<u>(34,772)</u>	<u>14,736</u>
FUND BALANCE , beginning of year, as previously reported	49,508	37,528	(11,980)
Restatement (1)	<u>-</u>	<u>10,234</u>	<u>10,234</u>
FUND BALANCE , beginning of year, as restated	<u>49,508</u>	<u>47,762</u>	<u>(1,746)</u>
FUND BALANCE , end of year	<u><u>\$ -</u></u>	<u><u>\$ 12,990</u></u>	<u><u>\$ 12,990</u></u>

(1) The City has restated its beginning fund balance to correct for accrued interest that was originally recorded as expenditures on the budgetary statements.

CITY OF LINCOLN CITY
Lincoln City, Oregon

SEWER FUND

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

FOR THE YEAR ENDED JUNE 30, 2011

	Budget		Actual	Variance
	Original	Final		
REVENUES:				
Charges for services	\$ 2,705,078	\$ 2,705,078	\$ 2,671,282	\$ (33,796)
Interest on investments	3,000	3,000	1,596	(1,404)
Miscellaneous	70,000	70,000	70,497	497
TOTAL REVENUES	2,778,078	2,778,078	2,743,375	(34,703)
EXPENDITURES:				
Personal services	1,102,793	1,102,793	1,082,707	20,086
Materials and services	903,998	953,998	929,888	24,110
Capital outlay	14,000	14,000	6,982	7,018
Contingency	435,062	385,062	-	385,062
TOTAL EXPENDITURES	2,455,853	2,455,853	2,019,577	436,276
EXCESS OF REVENUES OVER EXPENDITURES	322,225	322,225	723,798	401,573
OTHER FINANCING USE:				
Transfers out	899,339	899,339	879,339	(20,000)
NET CHANGE IN FUND BALANCE	(577,114)	(577,114)	(155,541)	421,573
FUND BALANCE , beginning of year, as previously reported	577,114	577,114	605,929	28,815
Restatements (1)	-	-	85,294	85,294
FUND BALANCE , beginning of year, as restated	577,114	577,114	691,223	114,109
FUND BALANCE , end of year	\$ -	\$ -	\$ 535,682	\$ 535,682

(1) The City has restated its beginning fund balance to correct for vacation and OPEB liabilities that were originally recorded as expenditures on the budgetary statements.

CITY OF LINCOLN CITY
Lincoln City, Oregon

SEWER CAPITAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2011

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES:			
System development charges	\$ 231,000	\$ 149,737	\$ (81,263)
Interest on investments	23,000	18,111	(4,889)
TOTAL REVENUES	<u>254,000</u>	<u>167,848</u>	<u>(86,152)</u>
EXPENDITURES:			
Capital outlay	<u>4,853,214</u>	<u>778,648</u>	<u>4,074,566</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(4,599,214)</u>	<u>(610,800)</u>	<u>3,988,414</u>
OTHER FINANCING SOURCES:			
Transfers in	<u>700,000</u>	<u>700,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(3,899,214)	89,200	3,988,414
FUND BALANCE, beginning of year	<u>3,899,214</u>	<u>3,969,299</u>	<u>70,085</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ 4,058,499</u>	<u>\$ 4,058,499</u>

CITY OF LINCOLN CITY
Lincoln City, Oregon

2005 SEWER BOND FUND

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

FOR THE YEAR ENDED JUNE 30, 2011

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES:			
Property taxes	\$ 779,000	\$ 825,540	\$ 46,540
Interest on investments	6,200	3,728	(2,472)
TOTAL REVENUES	<u>785,200</u>	<u>829,268</u>	<u>44,068</u>
EXPENDITURE:			
Debt service	<u>1,476,711</u>	<u>1,140,291</u>	<u>336,420</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES AND NET CHANGE IN FUND BALANCE	<u>(691,511)</u>	<u>(311,023)</u>	<u>380,488</u>
FUND BALANCE , beginning of year, as previously reported	691,511	638,668	(52,843)
Restatement (1)	<u>-</u>	<u>48,234</u>	<u>48,234</u>
FUND BALANCE , beginning of year, as restated	<u>691,511</u>	<u>686,902</u>	<u>(4,609)</u>
FUND BALANCE , end of year	<u>\$ -</u>	<u>\$ 375,879</u>	<u>\$ 375,879</u>

(1) The City has restated its beginning fund balance to correct for GAAP basis accrued interest that was originally recorded as expenditures on the budgetary statements.

CITY OF LINCOLN CITY
Lincoln City, Oregon

2005 SEWER CONSTRUCTION FUND

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

FOR THE YEAR ENDED JUNE 30, 2011

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUE:			
Interest on investments	\$ 40,000	\$ 12,337	\$ (27,663)
EXPENDITURE:			
Capital outlay	<u>7,836,304</u>	<u>775,368</u>	<u>7,060,936</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(7,796,304)	(763,031)	7,033,273
OTHER FINANCING SOURCE:			
Proceeds from long-term obligations	<u>7,000,000</u>	<u>7,000,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(796,304)	6,236,969	7,033,273
FUND BALANCE , beginning of year	<u>796,304</u>	<u>656,657</u>	<u>(139,647)</u>
FUND BALANCE , end of year	<u>\$ -</u>	<u>\$ 6,893,626</u>	<u>\$ 6,893,626</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, 2011

	<u>Revenues</u>	<u>Expenditures</u>	<u>Revenues Over (Under) Expenditures</u>
BUDGETARY BASIS REVENUES AND EXPENDITURES:			
Water Fund	\$ 2,973,076	\$ 1,636,049	\$ 1,337,027
Water Capital Fund	92,575	1,055,260	(962,685)
2006 Water Refunding Bond Fund	173	290,998	(290,825)
2007 Water Refunding Bond Fund	125	434,897	(434,772)
TOTAL	<u>\$ 3,065,949</u>	<u>\$ 3,417,204</u>	(351,255)
 ADD (DEDUCT) ITEMS TO RECONCILE TO AN ENTERPRISE FUND REPORTING BASIS:			
Depreciation			(1,003,391)
Capital asset additions			1,064,309
Capital contributions			920,000
Loss on sale of assets			(24,478)
Change in accrued interest payable			1,815
Interest expense reported as transfers on budget basis			(45,231)
Change in accrued vacation			2,664
Change in other postemployment benefit obligation			(15,718)
Principal payments			561,095
Support services			(207,821)
Transfers in			410,000
Transfers out			(20,153)
 CHANGES IN FUND NET ASSETS - GAAP			<u>\$ 1,291,836</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, 2011

	<u>Revenues</u>	<u>Expenditures</u>	Revenues Over (Under) <u>Expenditures</u>
BUDGETARY BASIS REVENUES AND EXPENDITURES:			
Sewer Fund	\$ 2,743,375	\$ 2,019,577	\$ 723,798
Sewer Capital Fund	167,848	778,648	(610,800)
2005 Sewer Bond Fund	829,268	1,140,291	(311,023)
2005 Sewer Construction Fund	<u>12,337</u>	<u>775,368</u>	<u>(763,031)</u>
TOTAL	<u>\$ 3,752,828</u>	<u>\$ 4,713,884</u>	(961,056)
 ADD (DEDUCT) ITEMS TO RECONCILE TO AN ENTERPRISE FUND REPORTING BASIS:			
Depreciation			(1,230,375)
Capital asset additions			1,560,998
Gain on sale of assets			98
Change in property taxes receivable			(68,155)
Change in accrued interest payable			(22,233)
Change in accrued vacation			(11,235)
Change in other postemployment benefit obligation			(14,882)
Principal payments			502,498
Support services			(162,622)
Transfers out			<u>(16,717)</u>
 CHANGES IN FUND NET ASSETS - GAAP			<u>\$ (423,681)</u>

CITY OF LINCOLN CITY
Lincoln City, Oregon

INTERNAL SERVICE FUND

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

FOR THE YEAR ENDED JUNE 30, 2011

	Budget		Actual	Variance
	Original	Final		
REVENUES:				
Charges for services	\$ 228,482	\$ 228,482	\$ 186,219	\$ (42,263)
EXPENDITURES:				
Personal services	115,454	119,454	119,110	344
Materials and services	113,028	109,028	73,671	35,357
TOTAL EXPENDITURES	228,482	228,482	192,781	35,701
DEFICIENCY OF REVENUES UNDER EXPENDITURES	-	-	(6,562)	(6,562)
OTHER FINANCING SOURCE:				
Gain from sale of equipment	-	-	262	262
NET CHANGE IN FUND BALANCE	-	-	(6,300)	(6,300)
FUND BALANCE, beginning of year	-	-	6,300	6,300
FUND BALANCE, end of year	\$ -	\$ -	\$ -	\$ -

CITY OF LINCOLN CITY
Lincoln City, Oregon

COMBINING BALANCE SHEET

GENERAL FUND

JUNE 30, 2011

	General	Public Safety Police	D.A.R.E Program	Agate Beach Closure	Unbonded Assessments	Public Safety Dispatch	Totals
ASSETS:							
Cash and investments	\$ 3,191,421	\$ 408,735	\$ 6,997	\$ 791,797	\$ 25,534	\$ 69,390	\$ 4,493,874
Receivables	763,072	146,060	-	-	-	10,009	919,141
TOTAL ASSETS	\$ 3,954,493	\$ 554,795	\$ 6,997	\$ 791,797	\$ 25,534	\$ 79,399	\$ 5,413,015
LIABILITIES:							
Accounts payable	\$ 141,712	\$ 23,673	\$ -	\$ 2,550	\$ 486	\$ 177	\$ 168,598
Other accrued liabilities	475,011	-	-	-	-	-	475,011
Deferred revenue	526,320	-	-	-	1,604	-	527,924
TOTAL LIABILITIES	1,143,043	23,673	-	2,550	2,090	177	1,171,533
FUND BALANCES:							
Restricted for:							
Public safety	-	-	6,997	-	-	-	6,997
Post-closure landfill costs	-	-	-	789,247	-	-	789,247
Committed to:							
Public safety	-	531,122	-	-	-	-	531,122
Capital projects	-	-	-	-	23,444	-	23,444
Assigned to:							
Public safety	-	-	-	-	-	79,222	79,222
Unassigned	2,811,450	-	-	-	-	-	2,811,450
TOTAL FUND BALANCES	2,811,450	531,122	6,997	789,247	23,444	79,222	4,241,482
TOTAL LIABILITIES AND FUND BALANCE	\$ 3,954,493	\$ 554,795	\$ 6,997	\$ 791,797	\$ 25,534	\$ 79,399	\$ 5,413,015

CITY OF LINCOLN CITY
Lincoln City, Oregon

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

GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2011

	General	Public Safety Police	D.A.R.E Program	Agate Beach Closure	Unbonded Assessments	Public Safety Dispatch	Totals
REVENUES:							
Property taxes	\$ 3,950,429	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,950,429
Franchise fees	889,097	-	-	-	-	-	889,097
Transient room tax	365,627	614,528	-	-	-	-	980,155
Fees, licenses and permits	519,259	-	-	-	-	-	519,259
Fines and forfeitures	213,758	-	-	-	-	-	213,758
Charges for services	564,183	8,300	-	-	-	18,540	591,023
Intergovernmental	479,435	23,144	-	-	-	39,870	542,449
Interest on investments	21,197	1,967	32	-	2,727	258	26,181
Miscellaneous	881,951	12,323	-	-	-	-	894,274
TOTAL REVENUES	7,884,936	660,262	32	-	2,727	58,668	8,606,625
EXPENDITURES:							
Current							
General government	2,510,928	-	-	15,428	300,000	-	2,826,356
Public safety	-	3,363,629	200	-	-	686,409	4,050,238
Culture and recreation	1,869,908	-	-	-	-	-	1,869,908
Capital outlay	79,925	70,911	-	-	2,009	-	152,845
TOTAL EXPENDITURES	4,460,761	3,434,540	200	15,428	302,009	686,409	8,899,347
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	3,424,175	(2,774,278)	(168)	(15,428)	(299,282)	(627,741)	(292,722)
OTHER FINANCING SOURCES (USES):							
Proceeds from sale of capital assets	-	7,493	-	-	-	-	7,493
Transfers in	-	3,054,933	-	-	72,114	660,000	3,787,047
Transfers out	(3,625,000)	-	-	-	(410,000)	-	(4,035,000)
TOTAL OTHER FINANCING SOURCES (USES)	(3,625,000)	3,062,426	-	-	(337,886)	660,000	(240,460)
NET CHANGE IN FUND BALANCE	(200,825)	288,148	(168)	(15,428)	(637,168)	32,259	(533,182)
FUND BALANCE, beginning of year	3,012,275	242,974	7,165	804,675	660,612	46,963	4,774,664
FUND BALANCE, end of year	\$ 2,811,450	\$ 531,122	\$ 6,997	\$ 789,247	\$ 23,444	\$ 79,222	\$ 4,241,482

CITY OF LINCOLN CITY
Lincoln City, Oregon

PUBLIC SAFETY - POLICE FUND

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

FOR THE YEAR ENDED JUNE 30, 2011

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES:			
Transient room tax	\$ -	\$ 614,528	\$ 614,528
Charges for services	13,500	8,300	(5,200)
Intergovernmental	10,500	23,144	12,644
Interest on investments	2,000	1,967	(33)
Miscellaneous	400	12,323	11,923
	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	26,400	660,262	633,862
	<hr/>	<hr/>	<hr/>
EXPENDITURES:			
Personal services	2,990,033	2,975,452	14,581
Materials and services	474,783	388,177	86,606
Capital outlay	86,000	70,911	15,089
Contingencies	214,366	-	214,366
	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES	3,765,182	3,434,540	330,642
	<hr/>	<hr/>	<hr/>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(3,738,782)	(2,774,278)	964,504
	<hr/>	<hr/>	<hr/>
OTHER FINANCING SOURCES:			
Transfers in	3,521,283	3,054,933	(466,350)
Proceeds from sale of capital assets	6,000	7,493	1,493
	<hr/>	<hr/>	<hr/>
TOTAL OTHER FINANCING SOURCES	3,527,283	3,062,426	(464,857)
	<hr/>	<hr/>	<hr/>
NET CHANGE IN FUND BALANCE	(211,499)	288,148	499,647
	<hr/>	<hr/>	<hr/>
FUND BALANCE, beginning of year	211,499	242,974	31,475
	<hr/>	<hr/>	<hr/>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ 531,122</u>	<u>\$ 531,122</u>

CITY OF LINCOLN CITY
 Lincoln City, Oregon

D.A.R.E. PROGRAM FUND

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

FOR THE YEAR ENDED JUNE 30, 2011

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES:			
Interest on investments	\$ -	\$ 32	\$ 32
EXPENDITURES:			
Materials and services	5,300	200	5,100
Contingency	<u>595</u>	<u>-</u>	<u>595</u>
TOTAL EXPENDITURES	<u>5,895</u>	<u>200</u>	<u>5,695</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES AND NET CHANGE IN FUND BALANCE	(5,895)	(168)	5,727
FUND BALANCE, beginning of year	<u>5,895</u>	<u>7,165</u>	<u>1,270</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ 6,997</u>	<u>\$ 6,997</u>

CITY OF LINCOLN CITY
 Lincoln City, Oregon

AGATE BEACH CLOSURE FUND

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

FOR THE YEAR ENDED JUNE 30, 2011

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Materials and services	\$ 40,000	\$ 15,428	\$ 24,572
Contingency	10,000	-	10,000
	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES	50,000	15,428	34,572
	<hr/>	<hr/>	<hr/>
NET CHANGE IN FUND BALANCE	(50,000)	(15,428)	34,572
	<hr/>	<hr/>	<hr/>
FUND BALANCE, beginning of year	803,874	804,675	801
	<hr/>	<hr/>	<hr/>
FUND BALANCE, end of year	<u>\$ 753,874</u>	<u>\$ 789,247</u>	<u>\$ 35,373</u>

CITY OF LINCOLN CITY
Lincoln City, Oregon

UNBONDED ASSESSMENTS FUND

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

FOR THE YEAR ENDED JUNE 30, 2011

	Budget		Actual	Variance
	Original	Final		
REVENUES:				
Interest on investments	\$ 5,000	\$ 5,000	\$ 2,727	\$ (2,273)
EXPENDITURES:				
Materials and services	300,000	300,000	300,000	-
Capital outlay	437,484	27,484	2,009	25,475
TOTAL EXPENDITURES	737,484	327,484	302,009	25,475
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(732,484)	(322,484)	(299,282)	23,202
OTHER FINANCING SOURCES (USES):				
Transfers in	72,114	72,114	72,114	-
Transfers out	-	(410,000)	(410,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	72,114	(337,886)	(337,886)	-
NET CHANGE IN FUND BALANCE	(660,370)	(660,370)	(637,168)	23,202
FUND BALANCE, beginning of year	660,370	660,370	660,612	242
FUND BALANCE, end of year	\$ -	\$ -	\$ 23,444	\$ 23,444

CITY OF LINCOLN CITY
Lincoln City, Oregon

PUBLIC SAFETY DISPATCH FUND

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

FOR THE YEAR ENDED JUNE 30, 2011

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES:			
Charges for services	\$ 22,145	\$ 18,540	\$ (3,605)
Intergovernmental	39,571	39,870	299
Interest on investments	60	258	198
	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	61,776	58,668	(3,108)
	<hr/>	<hr/>	<hr/>
EXPENDITURES:			
Personal services	648,979	636,438	12,541
Materials and services	63,220	49,971	13,249
Contingency	44,755	-	44,755
	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES	756,954	686,409	70,545
	<hr/>	<hr/>	<hr/>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(695,178)	(627,741)	67,437
	<hr/>	<hr/>	<hr/>
OTHER FINANCING SOURCE:			
Transfers in	660,000	660,000	-
	<hr/>	<hr/>	<hr/>
NET CHANGE IN FUND BALANCE	(35,178)	32,259	67,437
	<hr/>	<hr/>	<hr/>
FUND BALANCE, beginning of year	35,178	46,963	11,785
	<hr/>	<hr/>	<hr/>
FUND BALANCE, end of year	\$ -	\$ 79,222	\$ 79,222
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

CITY OF LINCOLN CITY
Lincoln City, Oregon

AGENCY FUNDS

COMBINING STATEMENT OF ASSETS AND LIABILITIES

JUNE 30, 2011

	<u>Recreation Scholarship</u>	<u>Miscellaneous Trust</u>	<u>Roads End Sanitary District</u>	<u>Recreation Trust</u>	<u>Total</u>
ASSETS:					
Cash and investments	\$ 805	\$ 2,473	\$ 14,542	\$ 683	\$ 18,503
Receivables	-	-	4,279	-	4,279
TOTAL ASSETS	<u>\$ 805</u>	<u>\$ 2,473</u>	<u>\$ 18,821</u>	<u>\$ 683</u>	<u>\$ 22,782</u>
LIABILITIES:					
Accounts payable	\$ -	\$ 122	\$ 13,000	\$ -	\$ 13,122
Funds held in trust	805	2,351	5,821	683	9,660
TOTAL LIABILITIES	<u>\$ 805</u>	<u>\$ 2,473</u>	<u>\$ 18,821</u>	<u>\$ 683</u>	<u>\$ 22,782</u>

CITY OF LINCOLN CITY
Lincoln City, Oregon

AGENCY FUNDS

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

JUNE 30, 2011

	<u>Balances</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balances</u> <u>June 30, 2011</u>
BAIL:				
Asset				
Cash and investments	\$ 876	\$ -	\$ 876	\$ -
Liability				
Funds held in trust	\$ 876	\$ -	\$ 876	\$ -
RECREATION SCHOLARSHIP:				
Asset				
Cash and investments	\$ 4,226	\$ -	\$ 3,421	\$ 805
Liability				
Funds held in trust	\$ 4,226	\$ -	\$ 3,421	\$ 805
MISCELLANEOUS TRUST:				
Asset				
Cash and investments	\$ 2,851	\$ -	\$ 378	\$ 2,473
Liabilities				
Accounts payable	\$ 378	\$ -	\$ 256	\$ 122
Funds held in trust	2,473	-	122	2,351
Total liabilities	\$ 2,851	\$ -	\$ 378	\$ 2,473
MUNICIPAL COURT:				
Asset				
Cash and investments	\$ 2,745	\$ -	\$ 2,745	\$ -
Liability				
Funds held in trust	\$ 2,745	\$ -	\$ 2,745	\$ -
ROADS END SANITARY DISTRICT:				
Assets				
Cash and investments	\$ 12,527	\$ 2,015	\$ -	\$ 14,542
Receivables	4,087	192	-	4,279
Total assets	\$ 16,614	\$ 2,207	\$ -	\$ 18,821
Liabilities				
Accounts payable	\$ 11,995	\$ 1,005	\$ -	\$ 13,000
Funds held in trust	4,619	1,202	-	5,821
Total liabilities	\$ 16,614	\$ 2,207	\$ -	\$ 18,821
RECREATION TRUST:				
Asset				
Cash and investments	\$ 249	\$ 434	\$ -	\$ 683
Liability				
Funds held in trust	\$ 249	\$ 434	\$ -	\$ 683

ADDITIONAL SCHEDULES

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 2009-11 was performed by Talbot, Korvola & Warwick, Portland, Oregon. The auditors did not review the statistical tables and offer no opinion regarding the statistical tables.

LONG-TERM BORROWING

Table 11 - City of Lincoln City - Outstanding General Obligation Bonds (as of June 30, 2011)

General Obligation Bond <i>Supported in Whole or in Part by Taxes</i>	Dated Date	Maturity Date	Principal Issued As of 6/30/11	Outstanding As of 6/30/11
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	3,000,000	830,000
Series 2011 Sewer	3/17/2011	3/1/2026	7,000,000	6,902,503
Total			25,000,000	21,027,503
Net Direct Debt				21,027,503
<i>Self Supporting</i>				
Series 2007 Water Bonds	6/28/2007	12/1/2018	4,000,000	2,792,972
Total				
Total general obligation bonds			29,000,000	<u>23,820,475</u>
Gross Direct Debt				<u>\$ 23,820,475</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

None.

Table 15 - 2010-11 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.	\$ 4.0870	\$ 0.6245	\$ 4.7115
Linn-Benton-Lincoln ESD	0.2539	-	0.2539
Oregon Coast Community College	0.1463	0.2585	0.4048
Total Schools	4.4872	.8830	5.3702
Local Government			
Lincoln County	2.4579		2.4579
Lincoln County Extension	0.0376	-	0.0376
Lincoln County Transportation	0.0811	-	0.0811
City of Lincoln City	3.4130	0.9187	4.3317
Lincoln City Urban Renewal Agency	2.5150	-	2.5150
North Lincoln Fire and Rescue	0.5647	0.3070	0.8717
Devils Lake Water District	0.1006	-	0.1006
North Lincoln Hospital District	0.4316	-	0.4316
Total Local Government	9.6015	1.2257	10.8272
Totals	\$ 14.0887	\$ 2.1087	\$ 16.1974

(1) The total Assessed Value to compute tax rate of tax code area 402 is \$681,358,850 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

Table 16 - 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
2010-11	996,712,565	3.86	5,186,115	1,877,069,647	-10.24

(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.

Table 17 - City of Lincoln City - Tax Collection Record

Fiscal Year	Lincoln City Assessed Value (1,2)	Percent Change	Total Levy (3)	Tax Rate Per \$1000(4)	Percent Collected Year of Levy	Percent Collected as of 6/30/2011
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	
2010-11	996,712,565	3.86	5,186,115	4.0996	92.10	

(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.

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

Fiscal Year	Taxable Assessed Value without Adjustments		Taxable Assessed Value with Adjustments(2)	Percent Change
		Adjustments (1)		
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
2010-11	1,197,246,890	200,534,325	996,712,565	3.86

(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.

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



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& Warwick, LLP

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& Consultants

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INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

December 23, 2011

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

We have audited the 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, 2011, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 23, 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).

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

COMPLIANCE (Continued)

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 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:

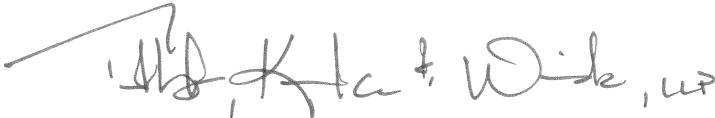
<u>Fund</u>	<u>Category/Dept</u>	<u>Amount</u>
General Fund	Building inspection	\$ 3,047
General Fund	City Attorney	1,276
Park Maintenance Fund	Other expenditures	630

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.

* * * * *

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