

CITY OF LINCOLN CITY
Lincoln City, Oregon
Annual Financial Report
Year Ended June 30, 2012

CITY OF LINCOLN CITY

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTORY SECTION:	
Board of Directors	i
FINANCIAL SECTION:	
INDEPENDENT AUDITOR’S REPORT	1
MANAGEMENT’S DISCUSSION AND ANALYSIS	3
BASIC FINANCIAL STATEMENTS:	
Government-Wide Financial Statements:	
Statement of Net Assets	11
Statement of Activities	12
Fund Financial Statements:	
Balance Sheet – Governmental Funds	13
Reconciliation of Governmental Funds Balance Sheet to Statement of Net Assets	14
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds	15
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	16
Statement of Net Assets – Proprietary Funds	17
Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds	18
Statements of Cash Flows – Proprietary Funds	19
Statement of Assets and Liabilities – Agency Fund	20
Notes to Basic Financial Statements	21
REQUIRED SUPPLEMENTARY INFORMATION:	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual:	
General Fund	42
Urban Renewal Fund	43
Notes to Required Supplemental Information	44
OTHER SUPPLEMENTARY INFORMATION:	
Combining Balance Sheet – Nonmajor Governmental Funds	45
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Governmental Funds	46
Combining Balance Sheet – Nonmajor Special Revenue Funds	47
Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Nonmajor Special Revenue Funds	48

CITY OF LINCOLN CITY

TABLE OF CONTENTS (Continued)

	<u>Page</u>
FINANCIAL SECTION (Continued):	
OTHER SUPPLEMENTARY INFORMATION (Continued):	
Schedules of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual:	
Affordable Housing Fund	49
Lincoln Square Operations Fund	50
Public Education and Government Access Fund	51
Street Fund	52
Urban Renewal Property Rehabilitation Program Fund	53
Visitor and Convention Bureau Fund	54
Parks Maintenance Fund	55
Percent for Art Fund	56
Transient Room Tax Fund	57
Combining Balance Sheet – Nonmajor Debt Service Funds	58
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Debt Service Funds	59
Schedules of Revenues, Expenditures and Changes in Fund Balance Budget and Actual:	
Urban Renewal Tax Increment Fund	60
Open Space Bonds Fund	61
2008 Bond Redemption Fund	62
Combining Balance Sheet - Nonmajor Capital Projects Funds	63
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Capital Project Funds	64
Schedules of Revenues, Expenditures and Change in Fund Balance – Budget and Actual:	
Transportation Development Fund	65
Storm Drainage Development Fund	66
Parks Development Fund	67
Parks System Development Charge Improvement Fund	68
Open Space Acquisition Fund	69
Facilities Capital Fund	70
Street Capital Fund	71
Water Fund	72
Water Capital Fund	73
2006 Water Refunding Bond Fund	74
2007 Water Refunding Bond Fund	75
Sewer Fund	76
Sewer Capital Fund	77
2005 Sewer Bond Fund	78
2005 Sewer Construction Fund	79

CITY OF LINCOLN CITY

TABLE OF CONTENTS (Continued)

	<u>Page</u>
FINANCIAL SECTION (Continued):	
OTHER SUPPLEMENTARY INFORMATION (Continued):	
Reconciliation of Revenues and Expenditures to Changes in Fund Net Assets	
Water Fund	80
Sewer Fund	81
Schedule of Revenues, Expenditures, and Change	
In Fund Balance – Budget and Actual - Internal Service Fund	82
Combining Balance Sheet – General Fund	83
Combining Schedule of Revenues, Expenditures, and Changes in	
Fund Balance – General Fund	84
Schedules of Revenues, Expenditures and Changes in Fund Balance –	
Budget and Actual:	
Public Safety – Police Fund	85
D.A.R.E. Program Fund	86
Agate Beach Closure Fund	87
Unbonded Assessments Fund	88
Public Safety Dispatch Fund	89
Combining Statement of Assets and Liabilities – Agency Funds	90
Statement of Changes in Assets and Liabilities – Agency Fund	91
ADDITIONAL SCHEDULES	
Annual Disclosure Information	92
Long-Term Borrowing Outstanding General Obligation Bonds	93
2011-2012 Representative Consolidated Tax Rates for Code Area 402	94
Historical Property Values	95
Tax Collection Record	96
Total Taxable Assessed Value	97
SDC Activity	
Transportation, Storm Drainage and Parks Improvement	98
Water	99
Sewer	100
INDEPENDENT AUDITOR’S REPORT REQUIRED BY OREGON	
STATE REGULATIONS	101

INTRODUCTORY SECTION

CITY OF LINCOLN CITY

CITY COUNCIL

JUNE 30, 2012

	<u>Term Expires</u>
Dick Anderson (Mayor) 960 SW Hwy. 101, #347 Lincoln City, Oregon 97367	December 31, 2014
Henry Quandt 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

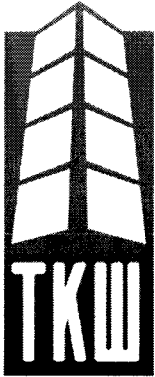
David Hawker

Finance Director

Debbie Mammone

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT



**Talbot, Korvola
& Warwick, LLP**

Certified Public Accountants
& Consultants

4800 Meadows Road, Suite 200
Lake Oswego, Oregon 97035-4293

P 503.274.2849
F 503.274.2853

www.tkw.com

INDEPENDENT AUDITOR'S REPORT

December 6, 2012

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, 2012, 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, 2012, 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.

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, as listed in the Table of Contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the

INDEPENDENT AUDITOR'S REPORT (Continued)

City of Lincoln City
December 6, 2012

required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying budgetary comparison information for the General Fund and Property Rehabilitation Fund, listed in the Table of Contents as Required Supplementary Information, is not a required part of the basic financial statements and is presented for purposes of additional analysis as required by the Governmental Accounting Standards Board, who considers it to be an essential part of basic financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other procedures in accordance with auditing procedures generally accepted in the United States of America. In our opinion, the information 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 Other Supplementary Information and Additional Schedules, as listed in the Table of Contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The Other Supplementary Information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing procedures generally accepted in the United States of America. In our opinion, the Other Supplementary Information and Additional Schedule are 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

CITY OF LINCOLN CITY, OREGON

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, 2012. 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 \$117,583,258 at June 30, 2012, an increase of \$693,217 (or ½%) over the prior year. The City's General Fund reported an ending fund balance of \$4,371,666, an increase of \$130,184 (or 3.1%) over the prior year.

During the fiscal year ending June 30, 2012, neither the City nor the Agency issued any new debt. The City's Urban Renewal Agency has budgeted to issue \$2,500,000 in bonds during the fiscal year ending June 30, 2013.

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.

CITY OF LINCOLN CITY, OREGON

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

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 Supplementary 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 Supplementary 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.

CITY OF LINCOLN CITY, OREGON

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Statement of Net Assets. The City's combined net assets (total assets less total liabilities) were \$117,583,258 at June 30, 2012, an increase of \$693,217 (or ½ %) over the prior year.

Table 1
NET ASSETS

	June 30, 2012			June 30, 2011		
	Governmental Activities	Business-type Activities	Totals	Governmental Activities	Business-type Activities	Totals
Assets:						
Cash and investments	\$ 12,044,407	\$ 5,660,428	\$ 17,704,835	\$ 12,057,769	\$ 11,976,110	\$ 24,033,879
Receivables, net	2,911,344	1,041,124	3,952,468	2,992,254	868,559	3,860,813
Prepaid Items	-	-	-	4,250	-	4,250
Inventories	-	230,380	230,380	-	297,360	297,360
Capital assets net of depreciation	<u>69,434,728</u>	<u>56,135,311</u>	<u>125,570,039</u>	<u>71,148,764</u>	<u>51,869,477</u>	<u>123,018,241</u>
Total assets	<u>84,390,479</u>	<u>63,067,243</u>	<u>147,457,722</u>	<u>86,203,037</u>	<u>65,011,506</u>	<u>151,214,543</u>
Liabilities:						
Accounts payable and accrued expenses	1,265,323	885,488	2,150,811	1,426,293	688,158	2,114,451
Accrued interest payable	-	80,320	80,320	-	83,064	83,064
Landfill closure and postclosure care costs	661,790	-	661,790	749,183	-	749,183
Net other postemployment benefit	501,219	117,497	618,716	429,520	101,875	531,395
Long-term obligations	<u>3,442,666</u>	<u>22,920,161</u>	<u>26,362,827</u>	<u>6,093,430</u>	<u>24,752,979</u>	<u>30,846,409</u>
Total liabilities	<u>5,870,998</u>	<u>24,003,466</u>	<u>29,874,464</u>	<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	64,439,200	33,215,150	97,654,350	65,055,334	27,116,498	92,171,832
Restricted for:						
Capital projects	1,814,220	4,899,928	6,714,148	1,769,052	4,280,873	6,049,925
Debt service	2,400,601	323,653	2,724,254	2,616,539	405,951	3,022,490
Highways and streets	516,416	-	516,416	695,277	-	695,277
Unrestricted	<u>9,349,044</u>	<u>625,046</u>	<u>9,974,090</u>	<u>7,368,409</u>	<u>7,582,108</u>	<u>14,950,517</u>
Total net assets	<u>\$ 78,519,481</u>	<u>\$ 39,063,777</u>	<u>\$ 117,583,258</u>	<u>\$ 77,504,611</u>	<u>\$ 39,385,430</u>	<u>\$ 116,890,041</u>

Approximately 85% of the City's total assets are invested in capital assets. 5.7% of the City's net assets are restricted for capital projects (\$6,714,148), including proceeds from system development charges and bond proceeds net of associated long-term debt that are restricted for capital projects. The \$2,724,254 represents reserves in the bond funds and can only be spent in repaying outstanding debt. \$9,974,090 of the City's net assets is unrestricted and represents resources available to fund the programs of the City.

CITY OF LINCOLN CITY, OREGON

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Changes in Net Assets. The City's total revenues were \$23,448,016, a decrease of 5.0% from the prior year. Of the City's total revenue, \$8,422,868 (or 35.9%) is from property taxes, \$4,233,669 (or 18.1%) is from transient room taxes, \$7,344,856 (or 31.3%) is from charges for services and \$3,446,623 (or 14.7%) 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 \$22,754,799, a decrease of \$503,419 (or 2.2%) from the prior year. Expenditures for Governmental Activities decreased by 5.9% while expenditures for Business-Type Activities increased by 6.3%. Of the total costs, \$7,625,320 (or 33.5%) was for Business-type Activities, and \$15,129,479 (or 66.5%) was for general government, public safety, highways and streets, cultural and recreation and interest.

Table 2
CHANGE IN NET ASSETS

	Year Ended June 30, 2012			Year Ended June 30, 2011		
	Governmental Activities	Business-type Activities	Totals	Governmental Activities	Business-type Activities	Totals
Program revenues:						
Charges for services	\$ 1,421,924	\$ 5,922,932	\$ 7,344,856	\$ 1,715,306	\$ 5,572,633	\$ 7,287,939
Operating grants and contributions	921,769	86,713	1,008,482	1,571,638	71,201	1,642,839
Capital grants and contributions	106,585	183,455	290,040	226,709	1,159,474	1,386,183
General revenues:						
Property taxes, general purposes	4,114,503	-	4,114,503	3,972,851	-	3,972,851
Property taxes, debt service	3,283,892	1,024,473	4,308,365	3,197,064	757,385	3,954,449
Franchise taxes	933,977	-	933,977	901,908	-	901,908
Transient room taxes	4,233,669	-	4,233,669	4,260,154	-	4,260,154
Other	1,088,936	125,188	1,214,124	1,159,590	109,929	1,269,519
Total program and general revenues	<u>16,105,255</u>	<u>7,342,761</u>	<u>23,448,016</u>	<u>17,005,220</u>	<u>7,670,622</u>	<u>24,675,842</u>
Program expenses:						
General government	5,504,541	-	5,504,541	6,142,297	-	6,142,297
Public safety	4,133,715	-	4,133,715	4,226,757	-	4,226,757
Highways and streets	2,346,118	-	2,346,118	2,295,508	-	2,295,508
Cultural and recreation	2,934,645	-	2,934,645	3,089,918	-	3,089,918
Water and sewer	-	7,625,320	7,625,320	-	7,175,597	7,175,597
Interest on long-term debt	210,460	-	210,460	328,141	-	328,141
Total program expenses	<u>15,129,479</u>	<u>7,625,320</u>	<u>22,754,799</u>	<u>16,082,621</u>	<u>7,175,597</u>	<u>23,258,218</u>
Increase (decrease) in net assets before transfers	975,776	(282,559)	693,217	922,599	495,025	1,417,624
Transfers	<u>39,094</u>	<u>(39,094)</u>	<u>-</u>	<u>(373,130)</u>	<u>373,130</u>	<u>-</u>
Change in net assets	1,014,870	(321,653)	693,217	549,469	868,155	1,417,624
Net assets - beginning	<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>
Net assets - ending	<u>\$ 78,519,481</u>	<u>\$ 39,063,777</u>	<u>\$ 117,583,258</u>	<u>\$ 77,504,611</u>	<u>\$ 39,385,430</u>	<u>\$ 116,890,041</u>

CITY OF LINCOLN CITY, OREGON

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental Funds

The City's General fund reported an ending fund balance of \$4,371,666, an increase of \$130,184 (or 3.1%) over the prior year. Total General fund revenues decreased by 1.2% from the prior fiscal year, while General fund expenditures decreased by 5.6%, primarily in General Government expenditures and Culture and Recreation expenditures.

Transient Room Taxes (TRT) are a significant source of revenue for governmental funds. TRT revenues decreased slightly, by \$26,485 (0.6%) 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 \$19,410,647, a slight decrease of \$7,847 (0.04%) over the previous fiscal year. There were no significant changes to the Water operating revenues and expenses.

The City's Sewer funds reported an ending net asset total of \$19,653,130, a decrease of \$313,806 (1.6%) over the previous fiscal year. There are no significant changes to the Sewer operating revenues and expenses. Interest expense in the Sewer funds is \$177,659 higher than in the previous fiscal year, due to having a full year of interest on the bonds issued in March 2011. System development charges, which are generated from new building activity, continue to be very low and are \$23,932 lower than the previous fiscal year, reflective of the continued economic environment which sees little new construction.

BUDGETARY HIGHLIGHTS

City Council approved three changes to the FY2011-2012 General Fund adopted budget. These changes moved amounts from contingency into operating expenditure categories to reflect actual spending patterns. The supplemental budget also closed the DARE Fund and moved budgeted amounts into the Police Fund. The Police Fund was closed and budgeted amounts were moved to the Police department in the General Fund. The Parks Playground Fund was also closed and budgeted amounts were moved into the Parks SDC Improvement Fund.

CITY OF LINCOLN CITY, OREGON

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

CAPITAL ASSETS AND DEBT ADMINISTRATION

At the end of fiscal year 2012, the City had a net investment of \$125,570,039 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 \$2,551,798 (or 2.1%). More detailed information is presented in note 4 of the notes to basic financial statements.

Table 3
CHANGE IN CAPITAL ASSETS

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Totals</u>	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Totals</u>
Beginning balance	\$ 71,148,764	\$ 51,869,477	\$ 123,018,241	\$ 71,265,030	\$ 50,582,316	\$ 121,847,346
Additions	1,701,048	7,848,610	9,549,658	2,658,539	3,739,592	6,398,131
Retirements	(1,204,574)	(1,373,372)	(2,577,946)	(320,929)	(284,417)	(605,346)
Depreciation, net	<u>(2,210,510)</u>	<u>(2,209,404)</u>	<u>(4,419,914)</u>	<u>(2,453,876)</u>	<u>(2,168,014)</u>	<u>(4,621,890)</u>
Ending balance	<u>\$ 69,434,728</u>	<u>\$ 56,135,311</u>	<u>\$ 125,570,039</u>	<u>\$ 71,148,764</u>	<u>\$ 51,869,477</u>	<u>\$ 123,018,241</u>

Governmental Funds

Capital assets from governmental activities increased by \$1,701,048. These additions included (1) Completion of Urban Renewal's Festive 15th Street Project \$739,912, (2) Manufactured House & lot improvements \$197,633, (3) Trillium Sidewalk and Wall \$86,086, (4) two Police vehicles \$63,366, (5) Head to Bay Trail addition of \$50,354, and (6) John Deer Compact Excavator \$47,281.

Business-type Activities

Capital assets from business-type activities increased \$7,848,610 before depreciation. These additions included (1) Engineering and construction for the Wastewater Treatment Plant phase 1B \$5,659,109, (2) New Wastewater Collection Building \$599,697, (3) Completion of Wastewater Treatment Plant Road Access Improvement \$161,959, (4) Canyon Drive Pump Station \$98,211, and (5) Sewer Telemetry \$67,785.

CITY OF LINCOLN CITY, OREGON

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Long-term Obligations

At the end of fiscal year 2012, the City had \$26,362,827 in outstanding debt, a decrease of \$4,483,582 resulting from principal payments. During the fiscal year, neither the City of Lincoln City nor the City's Urban Renewal Agency issued any bonds.

Table 4
LONG-TERM OBLIGATIONS

	<u>June 30, 2012</u>	<u>June 30, 2011</u>
Governmental:		
General Obligation		
Open Space, Series 1999	\$ 350,000	\$ 595,000
Full Faith and Credit Note Series 2008	311,422	549,528
Urban Renewal Bonds		
Series 2003	-	862,433
Series 2004	1,165,196	1,713,914
Series 2007	<u>1,616,048</u>	<u>2,372,555</u>
Total governmental activities	<u>3,442,666</u>	<u>6,093,430</u>
Business-type:		
General Obligation Bonds		
Sewer Bonds - Series 2005	12,465,000	12,890,000
Water Bonds - Series 2007	2,463,370	2,792,972
Sewer Bonds - Series 2011	6,554,229	6,902,502
Full Faith and Credit Revenue Refunding - 2006	821,395	1,075,125
Full Faith and Credit Note Series 2008	<u>616,167</u>	<u>1,092,380</u>
Total business-type activities	<u>22,920,161</u>	<u>24,752,979</u>
Total long-term obligations	<u>\$ 26,362,827</u>	<u>\$ 30,846,409</u>

Governmental Funds

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

The City of Lincoln City's fiscal year 2012-13 budget does not include any new bond sales. The City's Urban Renewal Agency fiscal year 2012-13 budget includes \$2,500,000 of 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.

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

CITY OF LINCOLN CITY, OREGON

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

ECONOMIC FACTORS, NEXT YEAR'S BUDGET AND RATES

Governmental Activities

Property taxes comprise almost 50% of the City's General Fund revenue (excluding beginning fund balances). 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 2012-2013 is \$8,727,931 and expenditures are budgeted at \$9,145,314, with the difference to be funded by reserves. The projected ending General Fund reserves for fiscal year 2012-2013 total \$2,757,241 (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 (a decrease of \$26,485, or 0.6%). It is anticipated that with an improving economy, TRT revenues will improve in the next fiscal year.

During the fiscal year ending June 30, 2012, three funds were closed. The remaining balance in the DARE fund was moved into the Police budget; the Police fund was moved into the General fund, and the remaining balance in the Parks Playground fund was moved into the Parks SDC fund. The Police fund was moved into the General Fund because over 80% of its funding was from the General Fund. The other two funds were closed due to little to no future activity expected.

For the fiscal year ending June 30, 2013, the City's Urban Renewal Agency has budgeted \$500,000 for property acquisition, \$1,491,704 for capital reserves, and \$1,412,627 for capital projects including Sidewalk Construction, Nelscott Renovation Projects, DeLake Renovation Projects, Cutler City Renovation Projects, and 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 5% and sewer rates were budgeted to increase by 4% for fiscal year 2012-2013. This continues the City's program to increase rates in increments each year, and to encourage water conservation.

For fiscal year 2012-2013, the City's Water Capital funds have budgeted \$181,866 in capital outlay for the water system maintenance and replacements as needed.

For fiscal year 2012-2013, the City's Wastewater Capital funds have budgeted \$3,188,695 in capital outlay for: continued construction on phase 1-B of the sewer treatment plant upgrade, access road to the Wastewater Treatment Plant, Canyon Drive pump station upgrade, Telemetry for pump stations, Land acquisition for biosolids application, SW Coast lift station upgrade, 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, and on the City's website at www.lincolncity.org.

BASIC FINANCIAL STATEMENTS

CITY OF LINCOLN CITY

Lincoln City, Oregon

STATEMENT OF NET ASSETS

JUNE 30, 2012

	<u>Government Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS:			
Cash and investments	\$ 12,044,407	\$ 5,660,428	\$ 17,704,835
Cash with County Treasurer	79,743	9,789	89,532
Receivables, net	2,831,601	1,031,335	3,862,936
Inventories	-	230,380	230,380
Capital assets:			
Land, improvements and construction in progress	36,131,333	7,051,349	43,182,682
Other capital assets, net	33,303,395	49,083,962	82,387,357
TOTAL ASSETS	<u>84,390,479</u>	<u>63,067,243</u>	<u>147,457,722</u>
LIABILITIES:			
Accounts payable and accrued expenses	305,842	710,553	1,016,395
Other accrued liabilities	452,257	-	452,257
Accrued interest payable	-	80,320	80,320
Accrued compensated absences	507,224	174,935	682,159
Landfill closure and postclosure care costs	661,790	-	661,790
Net other postemployment benefit obligation	501,219	117,497	618,716
Long-term obligations:			
Due with in one year	1,862,653	1,899,424	3,762,077
Due in more than one year	1,580,013	21,020,737	22,600,750
TOTAL LIABILITIES	<u>5,870,998</u>	<u>24,003,466</u>	<u>29,874,464</u>
NET ASSETS:			
Invested in capital assets, net of related debt	64,439,200	33,215,150	97,654,350
Restricted for:			
Capital improvements	1,814,220	4,899,928	6,714,148
Debt service	2,400,601	323,653	2,724,254
Highways and streets	516,416	-	516,416
Unrestricted	9,349,044	625,046	9,974,090
TOTAL NET ASSETS	<u>\$ 78,519,481</u>	<u>\$ 39,063,777</u>	<u>\$ 117,583,258</u>

See notes to basic financial statements.

CITY OF LINCOLN CITY
Lincoln City, Oregon

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2012

ACTIVITIES	Program Revenues				Net Revenue (Expense) and Change in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Totals
Primary government:							
Governmental activities:							
General government	\$ 5,504,541	\$ 1,357,133	\$ 441,834	\$ 19,945	\$ (3,685,629)	\$ -	\$ (3,685,629)
Public safety	4,133,715	19,096	38,854	-	(4,075,765)	-	(4,075,765)
Highways and streets	2,346,118	3,329	428,552	86,640	(1,827,597)	-	(1,827,597)
Culture and recreation	2,934,645	42,366	12,529	-	(2,879,750)	-	(2,879,750)
Interest on long-term obligations	210,460	-	-	-	(210,460)	-	(210,460)
Total governmental activities	15,129,479	1,421,924	921,769	106,585	(12,679,201)	-	(12,679,201)
Business-type activities:							
Water	3,287,897	3,167,180	86,713	57,650	-	23,646	23,646
Sewer	4,337,423	2,755,752	-	125,805	-	(1,455,866)	(1,455,866)
Total business-type activities	7,625,320	5,922,932	86,713	183,455	-	(1,432,220)	(1,432,220)
Total	\$ 22,754,799	\$ 7,344,856	\$ 1,008,482	\$ 290,040	(12,679,201)	(1,432,220)	(14,111,421)
GENERAL REVENUES							
Property taxes levied for:							
General purposes					4,114,503	-	4,114,503
Debt service					3,283,892	1,024,473	4,308,365
Franchise taxes and fees					933,977	-	933,977
Transient room taxes					4,233,669	-	4,233,669
Unrestricted investment earnings					57,002	41,092	98,094
Miscellaneous					1,031,934	84,096	1,116,030
TRANSFERS					39,094	(39,094)	-
Total general revenues and transfers					13,694,071	1,110,567	14,804,638
CHANGE IN NET ASSETS					1,014,870	(321,653)	693,217
NET ASSETS, June 30, 2011					77,504,611	39,385,430	116,890,041
NET ASSETS, June 30, 2012					\$ 78,519,481	\$ 39,063,777	\$ 117,583,258

See notes to basic financial statements.

CITY OF LINCOLN CITY
Lincoln City, Oregon

BALANCE SHEET GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2012

	General Fund	Urban Renewal	Urban Renewal Tax Increment	Other Governmental Funds	Totals
ASSETS:					
Cash and investments	\$ 4,588,702	\$ 814,744	\$ 2,288,374	\$ 4,244,124	\$ 11,935,944
Cash with County Treasurer	43,999	-	32,475	3,269	79,743
Receivables	896,145	-	312,684	1,622,772	2,831,601
TOTAL ASSETS	\$ 5,528,846	\$ 814,744	\$ 2,633,533	\$ 5,870,165	\$ 14,847,288
LIABILITIES:					
Accounts payable and accrued expenses	\$ 149,387	\$ 4,559	\$ -	\$ 78,799	\$ 232,745
Other accrued liabilities	452,257	-	-	-	452,257
Deferred revenue	555,536	-	312,684	23,156	891,376
TOTAL LIABILITIES	1,157,180	4,559	312,684	101,955	1,576,378
FUND BALANCES:					
Nonspendable in form	-	-	-	704,104	704,104
Restricted for:					
Capital projects	-	810,185	-	2,144,046	2,954,231
Post closure landfill costs	776,383	-	-	-	776,383
Debt service	-	-	2,320,849	79,752	2,400,601
Road construction/maintenance	-	-	-	516,416	516,416
Tourism promotion	-	-	-	724,818	724,818
Parks maintenance	-	-	-	454,489	454,489
Committed to:					
Capital projects	81,385	-	-	-	81,385
Affordable housing	-	-	-	680,855	680,855
Maintenance services	-	-	-	19,380	19,380
Arts and education	-	-	-	31,336	31,336
Assigned to:					
Capital projects	-	-	-	413,014	413,014
Public safety	44,318	-	-	-	44,318
Unassigned	3,469,580	-	-	-	3,469,580
TOTAL FUND BALANCES	4,371,666	810,185	2,320,849	5,768,210	13,270,910
TOTAL LIABILITIES AND FUND BALANCE	\$ 5,528,846	\$ 814,744	\$ 2,633,533	\$ 5,870,165	\$ 14,847,288

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, 2012

TOTAL FUND BALANCE			\$ 13,270,910
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.			69,365,956
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.			891,376
Compensated absences not payable in the current year are not recorded as governmental fund liabilities.			(507,224)
Other post-employment benefits are not recognized as a governmental fund liability.			(501,219)
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		\$ (3,442,666)	
Landfill closure and post closure costs		(661,790)	
Total		<u> </u>	(4,104,456)
The internal service fund is used by management to charge the cost of services to individual funds. The assets and liabilities are included in the Statement of Net Assets.			<u>104,138</u>
TOTAL NET ASSETS			<u>\$ 78,519,481</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, 2012

	General	Urban Renewal	Urban Renewal Tax Increment	Other Governmental Funds	Totals
REVENUES:					
Property Taxes	\$ 4,062,447	\$ -	\$ 2,990,055	\$ 293,837	\$ 7,346,339
Franchises and fees	920,967	-	-	13,010	933,977
Transient room tax	992,744	-	-	3,240,925	4,233,669
Fines and forfeitures	188,035	-	-	-	188,035
Fees, licenses and permits	499,820	-	-	-	499,820
Rents	-	5,901	-	203,674	209,575
Charges for services	444,900	-	-	57,694	502,594
Intergovernmental	478,230	-	-	530,179	1,008,409
Reimbursement from other funds	-	-	-	21,900	21,900
Interest on investments	19,997	5,055	10,824	21,126	57,002
Miscellaneous	899,870	-	-	115,401	1,015,271
TOTAL REVENUES	8,507,010	10,956	3,000,879	4,497,746	16,016,591
EXPENDITURES:					
Current:					
General government	2,527,865	396,665	-	1,718,985	4,643,515
Public safety	3,991,726	-	-	-	3,991,726
Highways and streets	-	-	-	1,002,129	1,002,129
Culture and recreation	1,761,377	-	-	684,429	2,445,806
Debt service	-	-	2,336,090	525,134	2,861,224
Capital outlay	122,088	272,935	-	710,518	1,105,541
TOTAL EXPENDITURES	8,403,056	669,600	2,336,090	4,641,195	16,049,941
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	103,954	(658,644)	664,789	(143,449)	(33,350)
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of capital assets	4,914	-	-	11,749	16,663
Transfers in	1,281,587	-	-	795,676	2,077,263
Transfers out	(1,260,271)	-	-	(777,898)	(2,038,169)
TOTAL OTHER FINANCING SOURCES (USES)	26,230	-	-	29,527	55,757
NET CHANGE IN FUND BALANCES	130,184	(658,644)	664,789	(113,922)	22,407
FUND BALANCES, beginning of year	4,241,482	1,468,829	1,656,060	5,882,132	13,248,503
FUND BALANCES, end of year	\$ 4,371,666	\$ 810,185	\$ 2,320,849	\$ 5,768,210	\$ 13,270,910

CITY OF LINCOLN CITY

Lincoln City, Oregon

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

FOR THE YEAR ENDED JUNE 30, 2012

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS		\$	22,407
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	\$	654,731	
Depreciation		<u>(2,457,483)</u>	(1,802,752)
The net effect of transactions involving capital assets, i.e, gain/loss on sales, donations. These transactions are not reported in the governmental funds.			
			19,945
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.			
			52,056
OPEB expense not recognized on the governmental statement			
			(71,699)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.			
			2,650,764
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.			
			87,392
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.			
			104,138
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>(47,381)</u>
CHANGES IN NET ASSETS OF GOVERNMENTAL ACTIVITIES		\$	<u>1,014,870</u>

See notes to basic financial statements.

CITY OF LINCOLN CITY
Lincoln City, Oregon

PROPRIETARY FUNDS

STATEMENT OF NET ASSETS

JUNE 30, 2012

	Enterprise Funds			Internal Service Fund
	Water	Sewer	Totals	
ASSETS:				
Current assets:				
Cash and cash equivalents	\$ 38,663	\$ 5,621,765	\$ 5,660,428	\$ 108,463
Cash with County Treasurer	-	9,789	9,789	-
Receivables, net	519,630	511,705	1,031,335	-
Inventories	214,727	15,653	230,380	-
Total current assets	773,020	6,158,912	6,931,932	108,463
Capital assets:				
Land, improvements and construction in progress	191,571	6,859,778	7,051,349	-
Other capital assets, net	22,555,208	26,528,754	49,083,962	68,772
Total capital assets	22,746,779	33,388,532	56,135,311	68,772
TOTAL ASSETS	23,519,799	39,547,444	63,067,243	177,235
LIABILITIES:				
Current liabilities:				
Accounts payable and accrued expenses	41,838	668,715	710,553	73,097
Accrued interest payable	12,460	67,860	80,320	-
Accrued compensated absences	95,945	78,990	174,935	-
Current portion of long-term obligations	1,096,651	802,773	1,899,424	-
Total current liabilities	1,246,894	1,618,338	2,865,232	73,097
Long-term liabilities	2,804,281	18,216,456	21,020,737	-
Net other postemployment benefit obligation	57,977	59,520	117,497	-
TOTAL LIABILITIES	4,109,152	19,894,314	24,003,466	73,097
NET ASSETS:				
Invested in capital assets, net of related debt	18,845,847	14,369,303	33,215,150	68,772
Restricted for:				
Capital improvement	195,097	4,704,831	4,899,928	-
Debt service	33,545	290,108	323,653	-
Unrestricted	336,158	288,888	625,046	35,366
TOTAL NET ASSETS	\$ 19,410,647	\$ 19,653,130	\$ 39,063,777	\$ 104,138

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, 2012**

	Enterprise Funds			Internal Service Fund
	Water	Sewer	Totals	
OPERATING REVENUES:				
Charges for services	\$ 3,167,180	\$ 2,755,752	\$ 5,922,932	\$ 771,218
Intergovernmental	86,713	-	86,713	-
Miscellaneous	(232)	84,328	84,096	-
TOTAL OPERATING REVENUES	3,253,661	2,840,080	6,093,741	771,218
OPERATING EXPENSES:				
Personal services	1,110,580	1,052,580	2,163,160	421,088
Materials and services	732,339	1,045,029	1,777,368	280,559
Support services	185,291	136,038	321,329	-
Depreciation	1,069,560	1,267,078	2,336,638	682
TOTAL OPERATING EXPENSES	3,097,770	3,500,725	6,598,495	702,329
OPERATING INCOME (LOSS)	155,891	(660,645)	(504,754)	68,889
NONOPERATING INCOME (EXPENSE):				
System development charges	57,650	125,805	183,455	-
Interest earned on investments	645	40,447	41,092	-
Gain (loss) from sale of asset	(13,913)	987	(12,926)	317
Property taxes	-	1,024,473	1,024,473	-
Interest	(176,214)	(837,685)	(1,013,899)	-
TOTAL NONOPERATING INCOME (EXPENSE)	(131,832)	354,027	222,195	317
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	24,059	(306,618)	(282,559)	69,206
TRANSFERS AND CONTRIBUTIONS:				
Transfers in	-	13,517	13,517	34,932
Transfers out	(31,906)	(20,705)	(52,611)	-
TOTAL TRANSFERS AND CONTRIBUTIONS	(31,906)	(7,188)	(39,094)	34,932
CHANGE IN NET ASSETS	(7,847)	(313,806)	(321,653)	104,138
NET ASSETS, June 30, 2011	19,418,494	19,966,936	39,385,430	-
NET ASSETS, June 30, 2012	\$ 19,410,647	\$ 19,653,130	\$ 39,063,777	\$ 104,138

See notes to basic financial statements.

CITY OF LINCOLN CITY
Lincoln City, Oregon

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS

JUNE 30, 2012

	Enterprise Funds			Internal Service Fund
	Water	Sewer	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers	\$ 3,148,628	\$ 2,772,548	\$ 5,921,176	\$ 771,218
Payments to suppliers	(683,900)	(840,173)	(1,524,073)	(210,749)
Payments to employees	(1,090,918)	(1,045,605)	(2,136,523)	(421,088)
Support services	(185,291)	(136,038)	(321,329)	-
NET CASH FROM OPERATING ACTIVITIES	1,188,519	750,732	1,939,251	139,381
CASH FLOWS FROM NON FINANCING ACTIVITIES:				
Property taxes	-	1,024,473	1,024,473	-
Transfers out	(18,389)	(20,705)	(39,094)	-
NET CASH FROM NON FINANCING ACTIVITIES	(18,389)	1,003,768	985,379	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition of capital assets	(72,618)	(6,544,339)	(6,616,957)	(34,522)
Proceeds received from sale of capital assets	572	987	1,559	317
System development charges	57,650	125,805	183,455	-
Proceeds received from long-term obligations	-	-	-	-
Principal paid on long-term obligations	(1,059,545)	(773,273)	(1,832,818)	-
Interest paid on long-term obligations	(176,351)	(840,292)	(1,016,643)	-
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES	(1,250,292)	(8,031,112)	(9,281,404)	(34,205)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest on investments	645	40,447	41,092	-
NET DECREASE IN CASH	(79,517)	(6,236,165)	(6,315,682)	105,176
CASH, beginning of year	118,180	11,857,930	11,976,110	3,287
CASH, end of year	\$ 38,663	\$ 5,621,765	\$ 5,660,428	\$ 108,463
RECONCILIATION TO THE STATEMENT OF NET ASSETS				
Operating income (loss)	\$ 155,891	\$ (660,645)	\$ (504,754)	\$ 68,889
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	1,069,560	1,267,078	2,336,638	682
Decrease (increase) in assets				
Receivables, net	(105,033)	(64,633)	(169,666)	-
Inventories	68,965	(1,985)	66,980	-
Cash with County Treasurer	-	(2,899)	(2,899)	-
Increase (decrease) in liabilities				
Accounts payable and accrued expenses	(20,526)	206,841	186,315	69,810
Compensated absences payable	11,296	(281)	11,015	-
Net other postemployment benefit obligation	8,366	7,256	15,622	-
NET CASH FROM OPERATING ACTIVITIES	\$ 1,188,519	\$ 750,732	\$ 1,939,251	\$ 139,381
NON CASH TRANSACTIONS				
Transfer of capital assets	\$ (13,517)	\$ 13,517	\$ -	\$ -

See notes to basic financial statements.

CITY OF LINCOLN CITY

Lincoln City, Oregon

AGENCY FUND

STATEMENT OF ASSETS AND LIABILITIES

JUNE 30, 2012

ASSETS:

Cash and investments	\$	15,174
Receivables		4,492
		<hr/>

TOTAL ASSETS

\$ 19,666

LIABILITIES:

Accounts payable	\$	8,535
Funds held in trust		11,131
		<hr/>

TOTAL LIABILITIES

\$ 19,666

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, 2012

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 viewed on the City's website.

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, 2012

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) guidance issued on or before November 30, 1989, unless that guidance conflicts with or contradicts GASB guidance. 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, 2012

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 Other Supplementary Information section of this report.

The City reports the following major governmental funds:

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

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 district, 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, 2012

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 cost, on a first-in, first-out basis.

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, 2012

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 2011-12.

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, 2012

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 Balance

The City reports fund balances within the governmental funds based on the hierarchy of constraints to which those balances are subject. Fund balances in the governmental funds are reported within the following categories:

- 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, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance (Continued)

- 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.

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 public funds. 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, 2012

2. DEPOSITS AND INVESTMENTS (Continued)

At June 30, 2012, the City's cash and investments were comprised of the following:

Cash on hand	\$ 1,299
Deposits with financial institutions	260,120
Oregon State Treasurer's Local Government Investment Pool	<u>17,458,590</u>
Total pooled cash and investments	<u>\$ 17,720,009</u>

Reported as:

Governmental activities	\$ 12,044,407
Business-type activities	<u>5,660,428</u>
Total per Statement of Net Assets	17,704,835
Agency Fund	<u>15,174</u>
	<u>\$ 17,720,009</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 insured by the Federal Depository Insurance Corporation (FDIC). The City's bank balance as of June 30, 2012, was \$343,859 and was fully covered by the FDIC. As required by Oregon Revised Statutes, deposits 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, 2012

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, 2012, the City's investments consisted solely of deposits in the Oregon State Local Government Investment Pool.

3. ACCOUNTS RECEIVABLE

Receivables as of June 30, 2012, 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	\$ 459,461	\$ 312,684	\$ 23,156	\$ 795,301
Intergovernmental	23,398	-	37,666	61,064
Fines and warrants	98,664	-	-	98,664
Transient room taxes	207,015	-	854,595	1,061,610
Notes-housing rehabilitation	-	-	704,104	704,104
Miscellaneous other	107,607	-	3,251	110,858
	<u>\$ 896,145</u>	<u>\$ 312,684</u>	<u>\$ 1,622,772</u>	<u>\$ 2,831,601</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%	\$ 463,226
Affordable Housing Fund:			
Habitat and Housing Rehabilitation	15 years	0%	\$ 240,878

Receivables as of June 30, 2012, for the City's business-type activities/funds are as follows:

	<u>Water</u>	<u>Sewer</u>	<u>Totals</u>
User charges	\$ 519,630	\$ 436,888	\$ 956,518
Property taxes	-	70,554	70,554
Miscellaneous	-	4,263	4,263
	<u>\$ 519,630</u>	<u>\$ 511,705</u>	<u>\$ 1,031,335</u>

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2012

4. CAPITAL ASSETS

Transactions for the year ended June 30, 2012 of the governmental activities, were as follows:

	Balance July 1, 2011	Increases	Decreases	Balance June 30, 2012
Capital assets not being depreciated:				
Land	\$ 13,717,268	\$ 22,808	\$ -	\$ 13,740,076
Public right-of-way	22,328,786	-	-	22,328,786
Construction in progress	745,832	274,184	(957,545)	62,471
Total capital assets not being depreciated	<u>36,791,886</u>	<u>296,992</u>	<u>(957,545)</u>	<u>36,131,333</u>
Capital assets being depreciated:				
Buildings	14,357,102	253,879	-	14,610,981
Heavy equipment	599,756	47,281	(78,749)	568,288
Urban renewal projects	1,457,537	-	-	1,457,537
System improvements	46,714,714	909,196	-	47,623,910
Vehicles	841,456	81,709	(154,758)	768,407
Equipment and furnitures	3,311,417	87,910	(13,522)	3,385,805
Books and art	1,162,833	24,081	-	1,186,914
Total capital assets being depreciated	<u>68,444,815</u>	<u>1,404,056</u>	<u>(247,029)</u>	<u>69,601,842</u>
Accumulated depreciation	<u>(34,087,937)</u>	<u>(2,457,483)</u>	<u>246,973</u>	<u>(36,298,447)</u>
Total capital assets being depreciated, net	<u>34,356,878</u>	<u>(1,053,427)</u>	<u>(56)</u>	<u>33,303,395</u>
Total capital assets, net	<u>\$ 71,148,764</u>	<u>\$ (756,435)</u>	<u>\$ (957,601)</u>	<u>\$ 69,434,728</u>

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

General government	\$ 482,666
Public safety	141,989
Highway and streets	1,343,989
Culture and recreation	488,839
Total	<u>\$ 2,457,483</u>

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2012

4. CAPITAL ASSETS (Continued)

Transactions for the year ended June 30, 2012 of the business-type activities, were as follows:

	Balance July 1, 2011	Increases	Decreases	Balance June 30, 2012
Capital assets not being depreciated:				
Land and improvements	\$ 186,798	\$ -	\$ -	\$ 186,798
Construction in progress	1,654,549	6,441,658	(1,231,656)	6,864,551
Total capital assets not being depreciated	1,841,347	6,441,658	(1,231,656)	7,051,349
Capital assets being depreciated:				
Buildings	484,281	599,697	-	1,083,978
Facilities	79,022,902	664,588	(33,436)	79,654,054
Equipment	2,009,076	142,667	(108,280)	2,043,463
Intangibles	120,868	-	-	120,868
Total capital assets being depreciated	81,637,127	1,406,952	(141,716)	82,902,363
Accumulated depreciation	(31,608,997)	(2,336,638)	127,234	(33,818,401)
Total capital assets being depreciated, net	50,028,130	(929,686)	(14,482)	49,083,962
Total capital assets, net	<u>\$ 51,869,477</u>	<u>\$ 5,511,972</u>	<u>\$ (1,246,138)</u>	<u>\$ 56,135,311</u>

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

Water	\$ 1,069,560
Sewer	<u>1,267,078</u>
Total	<u>\$ 2,336,638</u>

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2012

5. LONG-TERM OBLIGATIONS

Transactions for the year ended June 30, 2012 of the governmental activities, were as follows:

<u>Note</u>	<u>Balance</u> <u>June 30, 2011</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balances</u> <u>June 30, 2012</u>	<u>Due w within</u> <u>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	\$ 549,528	\$ -	\$ 238,106	\$ 311,422	\$ 246,306
 <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	595,000	-	245,000	350,000	255,000
 <u>Tax Increment Bonds</u>					
Urban Renewal Bonds, Series 2003 Original issue amount \$3 million, paid off during 2012, interest at 3.9 percent					
Principal	862,433	-	862,433	-	-
Urban Renewal Bonds, Series 2004 Original issue amount \$5 million, final maturity June 2014, interest at 4.0 percent					
Principal	1,713,914	-	548,718	1,165,196	570,999
Urban Renewal Bonds, Series 2007 Original issue amount \$5 million, final maturity June 2014, interest at 4.40 percent					
Principal	2,372,555	-	756,507	1,616,048	790,348
	<u>\$ 6,093,430</u>	<u>\$ -</u>	<u>\$ 2,650,764</u>	<u>\$ 3,442,666</u>	<u>\$ 1,862,653</u>
Compensated absences	<u>\$ 459,843</u>	<u>\$ 507,224</u>	<u>\$ 459,843</u>	<u>\$ 507,224</u>	<u>\$ 507,224</u>

The future maturities for governmental activity long-term obligations outstanding as of June 30, 2012, are as follows:

Fiscal Year	Full Faith and Credit Note, Series 2008		General Obligation Open Space Bonds, Series 1999		Urban Renewal Series 2004	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 246,306	\$ 7,394	\$ 255,000	\$ 17,150	\$ 570,999	\$ 38,113
2014	65,116	535	95,000	4,655	594,197	14,928
	<u>\$ 311,422</u>	<u>\$ 7,929</u>	<u>\$ 350,000</u>	<u>\$ 21,805</u>	<u>\$ 1,165,196</u>	<u>\$ 53,041</u>

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2012

5. LONG-TERM OBLIGATIONS (Continued)

Fiscal Year	Urban Renewal Series 2007		Totals	
	Principal	Interest	Principal	Interest
2013	\$ 790,348	\$ 58,184	\$ 1,862,653	\$ 120,841
2014	825,700	22,831	1,580,013	42,949
	<u>\$ 1,616,048</u>	<u>\$ 81,015</u>	<u>\$ 3,442,666</u>	<u>\$ 163,790</u>

Transactions for the year ended June 30, 2012 of the business-type activities, were as follows:

	Balance June 30, 2011	Additions	Reductions	Balances June 30, 2012	Due within one year
<u>Revenue Bonds</u>					
Full Faith and Credit Revenue Refunding Bond, Series 2006, Original issue amount \$2.4 million, final maturity June 2015, interest at 3.80 percent					
Principal	\$ 1,075,125	\$ -	\$ 253,730	\$ 821,395	\$ 263,510
Full Faith and Credit Note, Series 2008, Original issue amount \$2 million, final maturity September 2013, interest at 3.40 percent					
Principal	1,092,380	-	476,213	616,167	492,611
<u>General Obligation Bonds</u>					
Sewer Bonds, Series 2005, Original issue amount \$15 million, final maturity June 2030, interest from 3 to 4.625 percent					
Principal	12,890,000	-	425,000	12,465,000	440,000
Sewer Bonds, Series 2011, Original issue amount \$7 million, final maturity March 2026, interest at 4.1 percent					
Principal	6,902,502	-	348,273	6,554,229	362,773
Water Bonds, Series 2007 Original issue amount \$4 million, final maturity December 2018, interest at 3.95 percent					
Principal	2,792,972	-	329,602	2,463,370	340,530
	<u>\$ 24,752,979</u>	<u>\$ -</u>	<u>\$ 1,832,818</u>	<u>\$ 22,920,161</u>	<u>\$ 1,899,424</u>
Compensated absences	<u>\$ 163,920</u>	<u>\$ 174,935</u>	<u>\$ 163,920</u>	<u>\$ 174,935</u>	<u>\$ 174,935</u>

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2012

5. LONG-TERM OBLIGATIONS (Continued)

The future maturities for business-type activity long-term obligations outstanding as of June 30, 2012, are as follows:

Fiscal Year	Full Faith and Credit Revenue Refunding Bond Series 2006		Full Faith and Credit Note Series 2008		General Obligation Sewer Bonds Series 2005	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 263,510	\$ 27,488	\$ 492,611	\$ 14,789	\$ 440,000	\$ 545,601
2014	273,667	17,331	123,556	1,069	465,000	528,001
2015	284,218	6,782	-	-	490,000	509,401
2016	-	-	-	-	510,000	489,801
2017	-	-	-	-	540,000	469,401
2018-22	-	-	-	-	3,120,000	1,987,359
2023-27	-	-	-	-	3,980,000	1,235,995
2028-30	-	-	-	-	2,920,000	275,300
	<u>\$ 821,395</u>	<u>\$ 51,601</u>	<u>\$ 616,167</u>	<u>\$ 15,858</u>	<u>\$ 12,465,000</u>	<u>\$ 6,040,859</u>

Fiscal Year	General Obligation Water Bonds Series 2007		General Obligation Sewer Bonds Series 2011		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 340,530	\$ 92,667	\$ 362,773	\$ 263,193	\$ 1,899,424	\$ 943,738
2014	354,182	79,016	377,877	248,089	1,594,282	873,506
2015	368,380	64,817	393,610	232,357	1,536,208	813,357
2016	383,148	50,049	409,999	215,969	1,303,147	755,819
2017	398,508	34,689	427,068	199,199	1,365,576	703,289
2018-22	618,622	21,880	2,417,330	712,503	6,155,952	2,721,742
2023-27	-	-	2,165,572	181,800	6,145,572	1,417,795
2028-30	-	-	-	-	2,920,000	275,300
	<u>\$ 2,463,370</u>	<u>\$ 343,118</u>	<u>\$ 6,554,229</u>	<u>\$ 2,053,110</u>	<u>\$ 22,920,161</u>	<u>\$ 8,504,546</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, 2012

6. DEFERRED REVENUE

Resources to the City, which are measurable but not available, are deferred in the governmental funds. As of June 30, 2012, deferred revenue consists of the following:

	General Fund	Urban Renewal Tax Increment Fund	Other Governmental Funds	Totals
Property taxes	\$ 459,461	\$ 312,684	\$ 23,156	\$ 795,301
Fines and warrants	94,471	-	-	94,471
Other	1,604	-	-	1,604
	<u>\$ 555,536</u>	<u>\$ 312,684</u>	<u>\$ 23,156</u>	<u>\$ 891,376</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, 2012, the City reports a restricted fund balance amount related to these post-closure requirements of \$776,383.

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, 2012

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 2012 was 10.02 percent for PERS, and 6.37 percent for general OPSRP and 9.08 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, 2012, 2011 and 2010 were equal to the City's required contributions for each year as follows:

<u>Year Ended</u> <u>June 30,</u>	<u>City</u> <u>Contribution</u>	<u>City paid Member</u> <u>Contribution</u>	<u>Member paid</u> <u>Contributions</u>	<u>Totals</u>
2012	\$ 622,049	\$ 407,400	\$ 522	\$ 1,029,971
2011	332,376	428,541	596	761,513
2010	293,649	403,611	596	697,856

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2012

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	\$ 73,810
Amortization of UAAL	59,782
	<hr/>
Annual required contribution	\$ 133,592
	<hr/> <hr/>

The net OPEB obligation as of June 30, 2012 was calculated as follows:

Annual required contribution	\$ 133,592
Interest on prior year net OPEB Obligation	21,334
Adjustment to ARC	(36,246)
Implicit benefit payments	(33,310)
	<hr/>
Increase in net OPEB Obligation	85,370
OPEB Obligation at beginning of year	533,346
	<hr/>
OPEB obligation at end of year	\$ 618,716
	<hr/> <hr/>

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2012

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, 2012 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, 2012	\$ 118,680	28%	\$ 618,716
June 30, 2011	213,631	22%	531,395
June 30, 2010	201,597	16%	366,135

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	0%	6,729,672	17.4%
August 1, 2006	-	1,309,621	1,309,621	0%	-	-

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, 2012

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 0.59 percent of annual covered payroll for Tier1/Tier 2 and .50 percent for OPSRP. The OPERS Board of Trustees sets the employer contribution rate based on the annual requires contributions (ARC) of the employers, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of plan over a period not to exceed thirty years. The City's contributions to RHIA for the year ended June 30, 2012, 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, 2012

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	\$ 1,281,587	\$ 1,260,271
Other governmental	795,676	777,898
Proprietary		
Water	-	31,906
Sewer	13,517	20,705
	<u>\$ 2,090,780</u>	<u>\$ 2,090,780</u>

12. CONSTRUCTION COMMITMENTS

<u>Project</u>	<u>Contract Amount</u>	<u>FY 10/11 Amount Paid</u>	<u>FY 12 Amount Paid/Accrued</u>	<u>Amount Remaining</u>
WWTP				
Engineering Design/Construction	\$ 1,197,646	\$ 714,675	\$ 438,388	\$ 44,583
General Contractor	6,729,200	316,922	5,192,395	1,219,883
	<u>\$ 7,926,846</u>	<u>\$ 1,031,597</u>	<u>\$ 5,630,783</u>	<u>\$ 1,264,466</u>

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2012

13. SUBSEQUENT EVENTS

Subsequent to June 30, 2012, the City entered into a new construction project totaling approximately \$937,000, to replace and upgrade the Canyon Park Sewer Pump Station.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF LINCOLN CITY

Lincoln City, Oregon

GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2012

	Budget		Actual	Variance
	Original	Final		
REVENUES:				
Property taxes	\$ 4,094,098	\$ 4,094,098	\$ 4,062,447	\$ (31,651)
Franchise fees	885,100	885,100	920,967	35,867
Transient room tax	-	1,079,533	992,744	(86,789)
Fees, licenses and permits	510,150	510,150	499,820	(10,330)
Fines, and forfeitures	223,713	223,713	188,035	(35,678)
Intergovernmental	410,012	420,012	439,376	19,364
Interest	15,600	17,600	19,301	1,701
Miscellaneous	907,054	914,254	899,870	(14,384)
TOTAL REVENUES	7,045,727	8,144,460	8,022,560	(121,900)
EXPENDITURES:				
City council	83,142	83,142	44,778	38,364
City administration	500,420	500,420	469,675	30,745
Finance	682,442	717,442	700,929	16,513
Library	866,291	866,291	801,710	64,581
Municipal court	69,895	69,895	58,106	11,789
City attorney	173,521	173,521	162,026	11,495
Planning	447,835	447,835	424,238	23,597
Building inspection	225,935	230,935	229,232	1,703
Police	-	3,794,462	3,419,851	374,611
Recreation department	1,062,941	1,072,741	1,032,731	40,010
Non-departmental	284,087	284,087	267,839	16,248
Contingencies	1,332,755	1,553,475	-	1,553,475
TOTAL EXPENDITURES	5,729,264	9,794,246	7,611,115	2,183,131
EXCESS OF REVENUES OVER EXPENDITURES	1,316,463	(1,649,786)	411,445	2,061,231
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of capital assets	-	6,000	4,914	(1,086)
Transfers in	807,698	963,923	963,923	-
Transfers out	(3,715,152)	(722,152)	(722,152)	-
TOTAL OTHER FINANCING SOURCES (USES)	(2,907,454)	247,771	246,685	(1,086)
NET CHANGE IN FUND BALANCE	(1,590,991)	(1,402,015)	658,130	2,060,145
FUND BALANCE, beginning of year	2,693,368	2,693,368	2,811,450	118,082
FUND BALANCE, end of year	\$ 1,102,377	\$ 1,291,353	\$ 3,469,580	\$ 2,178,227

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, 2012

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES:			
Rents	\$ 3,600	\$ 5,901	\$ 2,301
Interest on investments	5,000	5,055	55
TOTAL REVENUES	<u>8,600</u>	<u>10,956</u>	<u>2,356</u>
EXPENDITURES:			
Personal services	244,599	218,816	25,783
Materials and services	314,766	177,849	136,917
Capital outlay	909,983	272,935	637,048
TOTAL EXPENDITURES	<u>1,469,348</u>	<u>669,600</u>	<u>799,748</u>
NET CHANGE IN FUND BALANCE	(1,460,748)	(658,644)	802,104
FUND BALANCE, beginning of year	<u>1,460,748</u>	<u>1,468,829</u>	<u>8,081</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ 810,185</u>	<u>\$ 810,185</u>

CITY OF LINCOLN CITY, OREGON

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2012

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 and transfers 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 SUPPLEMENTARY INFORMATION

CITY OF LINCOLN CITY
Lincoln City, Oregon

NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2012

	<u>Special Revenue Funds</u>	<u>Debt Service Funds</u>	<u>Capital Project Funds</u>	<u>Totals</u>
ASSETS:				
Cash and investments	\$ 2,438,353	\$ 76,483	\$ 1,729,288	\$ 4,244,124
Cash with County Treasurer	-	3,269	-	3,269
Receivables	<u>1,493,079</u>	<u>23,156</u>	<u>106,537</u>	<u>1,622,772</u>
TOTAL ASSETS	<u>\$ 3,931,432</u>	<u>\$ 102,908</u>	<u>\$ 1,835,825</u>	<u>\$ 5,870,165</u>
LIABILITIES:				
Accounts payable	\$ 57,194	\$ -	\$ 21,605	\$ 78,799
Deferred revenue	-	23,156	-	23,156
TOTAL LIABILITIES	<u>57,194</u>	<u>23,156</u>	<u>21,605</u>	<u>101,955</u>
FUND BALANCES:				
Nonspendable in form	704,104	-	-	704,104
Restricted for:				
Capital projects	742,840	-	1,401,206	2,144,046
Road construction/maintenance	516,416	-	-	516,416
Tourism promotion	724,818	-	-	724,818
Parks maintenance	454,489	-	-	454,489
Debt service	-	79,752	-	79,752
Committed to:				
Capital projects	-	-	-	-
Affordable housing	680,855	-	-	680,855
Maintenance	19,380	-	-	19,380
Art & Education	31,336	-	-	31,336
Assigned to:				
Capital projects	-	-	413,014	413,014
TOTAL FUND BALANCES	<u>3,874,238</u>	<u>79,752</u>	<u>1,814,220</u>	<u>5,768,210</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 3,931,432</u>	<u>\$ 102,908</u>	<u>\$ 1,835,825</u>	<u>\$ 5,870,165</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, 2012

	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Totals
REVENUES:				
Property taxes	\$ -	\$ 293,837	\$ -	\$ 293,837
Franchise fees	13,010	-	-	13,010
Transient room tax	2,818,791	-	422,134	3,240,925
Rents	203,674	-	-	203,674
Charges for services	3,329	-	54,365	57,694
Intergovernmental	439,210	-	90,969	530,179
Reimbursement from other funds	21,900	-	-	21,900
Interest on investments	11,361	1,286	8,479	21,126
Miscellaneous	114,704	-	697	115,401
TOTAL REVENUES	3,625,979	295,123	576,644	4,497,746
EXPENDITURES:				
Current:				
General government	1,718,985	-	-	1,718,985
Highways and streets	1,002,129	-	-	1,002,129
Culture and recreation	684,429	-	-	684,429
Debt service	-	525,134	-	525,134
Capital outlay	105,359	-	605,159	710,518
TOTAL EXPENDITURES	3,510,902	525,134	605,159	4,641,195
DEFICIENCY OF REVENUES UNDER EXPENDITURES	115,077	(230,011)	(28,515)	(143,449)
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of equipment	11,749	-	-	11,749
Transfers in	130,825	255,000	409,851	795,676
Transfers out	(441,730)	-	(336,168)	(777,898)
TOTAL OTHER FINANCING SOURCES (USES)	(299,156)	255,000	73,683	29,527
NET CHANGE IN FUND BALANCE	(184,079)	24,989	45,168	(113,922)
FUND BALANCE, beginning of year	4,058,317	54,763	1,769,052	5,882,132
FUND BALANCE, end of year	\$ 3,874,238	\$ 79,752	\$ 1,814,220	\$ 5,768,210

CITY OF LINCOLN CITY
Lincoln City, Oregon

NONMAJOR SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2012

	<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	\$ 681,919	\$ 27,130	\$ 24,755	\$ 271,469	\$ 742,840	\$ 431,040
Receivables	240,878	-	3,251	249,610	463,226	323,793
TOTAL ASSETS	<u>\$ 922,797</u>	<u>\$ 27,130</u>	<u>\$ 28,006</u>	<u>\$ 521,079</u>	<u>\$ 1,206,066</u>	<u>\$ 754,833</u>
LIABILITIES:						
Accounts payable	\$ 1,064	\$ 7,750	\$ -	\$ 4,663	\$ -	\$ 30,015
FUND BALANCES:						
Nonspendable in form	240,878	-	-	-	463,226	-
Restricted for:						
Capital projects	-	-	-	-	742,840	-
Road construction/maintenance	-	-	-	516,416	-	-
Tourism promotion	-	-	-	-	-	724,818
Parks maintenance	-	-	-	-	-	-
Committed to:						
Affordable housing	680,855	-	-	-	-	-
Maintenance	-	19,380	-	-	-	-
Art and education	-	-	28,006	-	-	-
TOTAL FUND BALANCES	<u>921,733</u>	<u>19,380</u>	<u>28,006</u>	<u>516,416</u>	<u>1,206,066</u>	<u>724,818</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 922,797</u>	<u>\$ 27,130</u>	<u>\$ 28,006</u>	<u>\$ 521,079</u>	<u>\$ 1,206,066</u>	<u>\$ 754,833</u>

<u>Parks Maintenance</u>	<u>Percent for Art</u>	<u>Totals</u>
\$ 255,870	\$ 3,330	\$ 2,438,353
212,321	-	1,493,079
-	-	-
<u>\$ 468,191</u>	<u>\$ 3,330</u>	<u>\$ 3,931,432</u>
\$ 13,702	\$ -	\$ 57,194
-	-	704,104
-	-	742,840
-	-	516,416
-	-	724,818
454,489	-	454,489
-	-	680,855
-	-	19,380
-	3,330	31,336
<u>454,489</u>	<u>3,330</u>	<u>3,874,238</u>
<u>\$ 468,191</u>	<u>\$ 3,330</u>	<u>\$ 3,931,432</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, 2012

	Affordable Housing	Lincoln Square Operations	Public Education and Government Access	Street	Urban Renewal Property Rehabilitation Program	Visitor and Convention Bureau
REVENUES:						
Franchise fees	\$ -	\$ -	\$ 13,010	\$ -	\$ -	\$ -
Transient room tax	-	-	-	844,269	-	1,287,509
Rents	16,625	187,049	-	-	-	-
Charges for services	-	-	-	3,329	-	-
Intergovernmental	-	1,907	551	428,552	-	-
Reimbursement from other funds	-	21,900	-	-	-	-
Interest on investments	3,027	126	138	1,399	2,576	2,693
Miscellaneous	-	28,465	-	41	-	82,249
TOTAL REVENUES	19,652	239,447	13,699	1,277,590	2,576	1,372,451
EXPENDITURES:						
Current						
General government	27,609	370,226	21,866	-	-	1,299,284
Highways and streets	-	-	-	1,002,129	-	-
Culture and recreation	-	-	-	-	-	-
Capital outlay	28,324	-	-	47,281	-	5,329
TOTAL EXPENDITURES	55,933	370,226	21,866	1,049,410	-	1,304,613
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(36,281)	(130,779)	(8,167)	228,180	2,576	67,838
OTHER FINANCING SOURCES (USES):						
Proceeds from sale of capital assets	-	-	-	11,349	-	-
Transfers in	-	128,510	-	-	-	-
Transfers out	-	-	-	(418,390)	-	(23,340)
TOTAL OTHER FINANCING SOURCES (USES)	-	128,510	-	(407,041)	-	(23,340)
NET CHANGE IN FUND BALANCE	(36,281)	(2,269)	(8,167)	(178,861)	2,576	44,498
FUND BALANCE, beginning of year	958,014	21,649	36,173	695,277	1,203,490	680,320
FUND BALANCE, end of year	\$ 921,733	\$ 19,380	\$ 28,006	\$ 516,416	\$ 1,206,066	\$ 724,818

Parks Maintenance	Percent for Art	Totals
\$ -	\$ -	\$ 13,010
687,013	-	2,818,791
-	-	203,674
-	-	3,329
8,200	-	439,210
-	-	21,900
1,381	21	11,361
3,949	-	114,704
<u>700,543</u>	<u>21</u>	<u>3,625,979</u>
-	-	1,718,985
-	-	1,002,129
684,214	215	684,429
18,344	6,081	105,359
<u>702,558</u>	<u>6,296</u>	<u>3,510,902</u>
<u>(2,015)</u>	<u>(6,275)</u>	<u>115,077</u>
400	-	11,749
-	2,315	130,825
-	-	(441,730)
<u>400</u>	<u>2,315</u>	<u>(299,156)</u>
(1,615)	(3,960)	(184,079)
<u>456,104</u>	<u>7,290</u>	<u>4,058,317</u>
<u>\$ 454,489</u>	<u>\$ 3,330</u>	<u>\$ 3,874,238</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, 2012

	Original/Final Budget	Actual	Variance
REVENUES:			
Rents	\$ 15,000	\$ 16,625	\$ 1,625
Intergovernmental	400,000	-	(400,000)
Interest on investments	3,025	3,027	2
Loan repayments	-	75,000	75,000
TOTAL REVENUES	418,025	94,652	(323,373)
EXPENDITURES:			
Materials and services	11,261	7,609	3,652
Capital outlay	679,151	28,324	650,827
Other payments	400,000	-	400,000
TOTAL EXPENDITURES	1,090,412	35,933	1,054,479
NET CHANGE IN FUND BALANCE	(672,387)	58,719	731,106
FUND BALANCE , beginning of year	672,387	622,136	(50,251)
FUND BALANCE , end of year	\$ -	\$ 680,855	\$ 680,855
Fund balance - budgetary basis		\$ 680,855	
Balance of loans receivable		240,878	
Fund balance - GAAP basis		<u>\$ 921,733</u>	
Change in fund balance - budgetary basis		\$ 58,719	
Loan repayments reported as reduction in receivable		(75,000)	
Receivable written off		(20,000)	
Change in fund balance - GAAP basis		<u>\$ (36,281)</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, 2012

	Budget		Actual	Variance
	Original	Final		
REVENUES:				
Rents	\$ 200,000	\$ 200,000	\$ 187,049	\$ (12,951)
Reimbursement from other funds	21,900	21,900	21,900	-
Intergovernmental	-	1,750	1,907	157
Interest on investments	200	200	126	(74)
Miscellaneous	28,000	28,000	28,465	465
TOTAL REVENUES	250,100	251,850	239,447	(12,403)
EXPENDITURES:				
Personal services	159,061	165,061	166,046	(985)
Materials and services	224,119	224,119	204,180	19,939
Contingency	14,136	9,886	-	9,886
TOTAL EXPENDITURES	397,316	399,066	370,226	28,840
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(147,216)	(147,216)	(130,779)	16,437
OTHER FINANCING SOURCES:				
Transfers in	128,510	128,510	128,510	-
NET CHANGE IN FUND BALANCE	(18,706)	(18,706)	(2,269)	16,437
FUND BALANCE, beginning of year	18,706	18,706	21,649	2,943
FUND BALANCE, end of year	\$ -	\$ -	\$ 19,380	\$ 19,380

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, 2012

	Budget		Actual	Variance
	Original	Final		
REVENUES:				
Franchise fees	\$ 13,159	\$ 13,159	\$ 13,010	\$ (149)
Intergovernmental	-	-	551	551
Interest on investments	120	120	138	18
TOTAL REVENUES	13,279	13,279	13,699	420
EXPENDITURES:				
Personal services	6,648	6,648	3,192	3,456
Materials and services	15,583	17,983	18,674	(691)
Capital outlay	8,500	8,500	-	8,500
Contingency	11,770	9,370	-	9,370
TOTAL EXPENDITURES	42,501	42,501	21,866	20,635
DEFICIENCY OF REVENUES UNDER EXPENDITURES AND NET CHANGE IN FUND BALANCE	(29,222)	(29,222)	(8,167)	21,055
FUND BALANCE , beginning of year	29,222	29,222	36,173	6,951
FUND BALANCE , end of year	\$ -	\$ -	\$ 28,006	\$ 28,006

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, 2012

	Budget		Actual	Variance
	Original	Final		
REVENUES:				
Transient room tax	\$ -	\$ 896,864	\$ 844,269	\$ (52,595)
Charges for services	4,000	4,000	3,329	(671)
Intergovernmental	444,175	444,175	428,552	(15,623)
Interest on investments	2,000	2,000	1,399	(601)
Miscellaneous	-	-	41	41
TOTAL REVENUES	450,175	1,347,039	1,277,590	(69,449)
EXPENDITURES:				
Personal services	557,144	557,144	525,507	31,637
Materials and services	385,552	412,552	420,732	(8,180)
Capital outlay	55,000	55,000	47,281	7,719
Contingency	386,795	359,795	-	359,795
TOTAL EXPENDITURES	1,384,491	1,384,491	993,520	390,971
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(934,316)	(37,452)	284,070	321,522
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of equipment	-	-	11,349	11,349
Transfers in	896,864	-	-	-
Transfers out	(474,280)	(474,280)	(474,280)	-
TOTAL OTHER FINANCING SOURCES (USES)	422,584	(474,280)	(462,931)	11,349
NET CHANGE IN FUND BALANCE	(511,732)	(511,732)	(178,861)	332,871
FUND BALANCE, beginning of year	511,732	511,732	695,277	183,545
FUND BALANCE, end of year	\$ -	\$ -	\$ 516,416	\$ 516,416

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, 2012

	Original/Final Budget	Actual	Variance
REVENUES:			
Loan repayments	\$ 130,000	\$ 119,736	\$ (10,264)
Interest on investments	2,700	2,576	(124)
TOTAL REVENUES	<u>132,700</u>	<u>122,312</u>	<u>(10,388)</u>
EXPENDITURES:			
Capital outlay	<u>774,528</u>	<u>30,500</u>	<u>744,028</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND NET CHANGE IN FUND BALANCE	(641,828)	91,812	733,640
FUND BALANCE, beginning of year	<u>641,828</u>	<u>651,028</u>	<u>9,200</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ 742,840</u>	<u>\$ 742,840</u>
Fund balance - budgetary basis		\$ 742,840	
Balance of loans receivable		<u>463,226</u>	
Fund balance - GAAP basis		<u>\$ 1,206,066</u>	
Change in fund balance - budgetary basis		\$ 91,812	
Loan repayments reported as reduction in receivable		(119,736)	
Capital outlay reported as increases in receivable		<u>30,500</u>	
Changes in fund balance - GAAP basis		<u>\$ 2,576</u>	

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, 2012

	Budget		Actual	Variance
	Original	Final		
REVENUES:				
Transient room tax	\$ -	\$ 1,373,348	\$ 1,287,509	\$ (85,839)
Interest on investments	1,700	1,700	2,693	993
Miscellaneous	68,400	68,400	82,249	13,849
TOTAL REVENUES	<u>70,100</u>	<u>1,443,448</u>	<u>1,372,451</u>	<u>(70,997)</u>
EXPENDITURES:				
Personal services	535,094	535,094	493,167	41,927
Materials and services	974,032	974,032	775,761	198,271
Capital outlay	31,000	31,000	5,329	25,671
Contingency	222,749	222,749	-	222,749
TOTAL EXPENDITURES	<u>1,762,875</u>	<u>1,762,875</u>	<u>1,274,257</u>	<u>488,618</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,692,775)</u>	<u>(319,427)</u>	<u>98,194</u>	<u>417,621</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	1,373,348	-	-	-
Transfers out	(53,696)	(53,696)	(53,696)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,319,652</u>	<u>(53,696)</u>	<u>(53,696)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(373,123)</u>	<u>(373,123)</u>	<u>44,498</u>	<u>417,621</u>
FUND BALANCE, beginning of year	<u>373,123</u>	<u>373,123</u>	<u>680,320</u>	<u>307,197</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 724,818</u>	<u>\$ 724,818</u>

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, 2012

	Budget		Actual	Variance
	Original	Final		
REVENUES:				
Transient room tax	\$ -	\$ 739,609	\$ 687,013	\$ (52,596)
Intergovernmental	8,200	8,200	8,200	-
Interest on investments	1,500	1,500	1,381	(119)
Miscellaneous	23,500	23,500	3,949	(19,551)
TOTAL REVENUES	33,200	772,809	700,543	(72,266)
EXPENDITURES:				
Personal services	512,468	512,468	483,699	28,769
Materials and services	234,374	234,374	182,286	52,088
Capital outlay	20,000	20,000	18,344	1,656
Other expenditures	840	840	-	840
Contingency	272,213	272,213	-	272,213
TOTAL EXPENDITURES	1,039,895	1,039,895	684,329	355,566
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,006,695)	(267,086)	16,214	283,300
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of equipment	-	-	400	400
Transfers in	739,609	-	-	-
Transfers out	(18,229)	(18,229)	(18,229)	-
TOTAL OTHER FINANCING SOURCES (USES)	721,380	(18,229)	(17,829)	400
NET CHANGE IN FUND BALANCE	(285,315)	(285,315)	(1,615)	283,700
FUND BALANCE, beginning of year	285,315	285,315	456,104	170,789
FUND BALANCE, end of year	\$ -	\$ -	\$ 454,489	\$ 454,489

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, 2012

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES:			
Charges for services	\$ 1,500	\$ -	\$ (1,500)
Interest on investments	500	21	(479)
TOTAL REVENUES	<u>2,000</u>	<u>21</u>	<u>(1,979)</u>
EXPENDITURES:			
Materials and services	1,000	215	785
Capital outlay	20,115	6,081	14,034
TOTAL EXPENDITURES	<u>21,115</u>	<u>6,296</u>	<u>14,819</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(19,115)	(6,275)	12,840
OTHER FINANCING SOURCES:			
Transfers in	5,000	2,315	(2,685)
NET CHANGE IN FUND BALANCE	(14,115)	(3,960)	10,155
FUND BALANCE, beginning of year	<u>14,115</u>	<u>7,290</u>	<u>(6,825)</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ 3,330</u>	<u>\$ 3,330</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, 2012

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES:			
Transient room tax	<u>\$ 4,537,786</u>	<u>\$ -</u>	<u>\$ (4,537,786)</u>
EXPENDITURES:			
Materials and services	<u>45,000</u>	<u>-</u>	<u>45,000</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>4,492,786</u>	<u>-</u>	<u>(4,492,786)</u>
OTHER FINANCING USES:			
Transfers out	<u>4,492,786</u>	<u>-</u>	<u>4,492,786</u>
NET CHANGE IN FUND BALANCE	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF LINCOLN CITY

Lincoln City, Oregon

NONMAJOR DEBT SERVICE FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2012

	<u>Open Space Bonds</u>	<u>2008 Bond Redemption</u>	<u>Totals</u>
ASSETS:			
Cash and investments	\$ 56,465	\$ 20,018	\$ 76,483
Cash with County Treasurer	3,269	-	3,269
Receivables	23,156	-	23,156
TOTAL ASSETS	<u>\$ 82,890</u>	<u>\$ 20,018</u>	<u>\$ 102,908</u>
LIABILITIES:			
Deferred revenue	\$ 23,156	\$ -	\$ 23,156
TOTAL LIABILITIES	<u>23,156</u>	<u>-</u>	<u>23,156</u>
FUND BALANCES:			
Restricted for debt service	59,734	20,018	79,752
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 82,890</u>	<u>\$ 20,018</u>	<u>\$ 102,908</u>

CITY OF LINCOLN CITY
Lincoln City, Oregon

NONMAJOR DEBT SERVICE FUNDS

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

FOR THE YEAR ENDED JUNE 30, 2012

	<u>Open Space Bonds</u>	<u>2008 Bond Redemption</u>	<u>Totals</u>
REVENUES:			
Property taxes	\$ 293,837	\$ -	\$ 293,837
Interest on investments	912	374	1,286
	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	294,749	374	295,123
	<hr/>	<hr/>	<hr/>
EXPENDITURES:			
Debt service	274,033	251,101	525,134
	<hr/>	<hr/>	<hr/>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	20,716	(250,727)	(230,011)
	<hr/>	<hr/>	<hr/>
OTHER FINANCING SOURCES:			
Transfers in	-	255,000	255,000
	<hr/>	<hr/>	<hr/>
NET CHANGE IN FUND BALANCE	20,716	4,273	24,989
	<hr/>	<hr/>	<hr/>
FUND BALANCE, beginning of year	39,018	15,745	54,763
	<hr/>	<hr/>	<hr/>
FUND BALANCE, end of year	\$ 59,734	\$ 20,018	\$ 79,752
	<hr/>	<hr/>	<hr/>

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, 2012

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES:			
Property taxes	\$ 2,982,168	\$ 2,990,055	\$ 7,887
Interest on investments	15,500	10,824	(4,676)
TOTAL REVENUES	<u>2,997,668</u>	<u>3,000,879</u>	<u>3,211</u>
EXPENDITURES:			
Debt service	<u>3,332,844</u>	<u>2,336,090</u>	<u>996,754</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(335,176)	664,789	999,965
OTHER FINANCING USES:			
Bond reserves	<u>(1,300,000)</u>	<u>-</u>	<u>(1,300,000)</u>
NET CHANGE IN FUND BALANCE	(1,635,176)	664,789	2,299,965
FUND BALANCE, beginning of year	<u>1,635,176</u>	<u>1,656,060</u>	<u>20,884</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ 2,320,849</u>	<u>\$ 2,320,849</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, 2012

	Original/Final Budget	Actual	Variance
REVENUES:			
Property taxes	\$ 290,000	\$ 293,837	\$ 3,837
Interest on investments	550	912	362
TOTAL REVENUES	<u>290,550</u>	<u>294,749</u>	<u>4,199</u>
EXPENDITURES:			
Debt Service	<u>327,026</u>	<u>274,033</u>	<u>52,993</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND NET CHANGE IN FUND BALANCE	(36,476)	20,716	57,192
FUND BALANCE, beginning of year	<u>36,476</u>	<u>39,018</u>	<u>2,542</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ 59,734</u>	<u>\$ 59,734</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, 2012

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES:			
Interest on investments	<u>\$ 400</u>	<u>\$ 374</u>	<u>\$ (26)</u>
EXPENDITURES:			
Debt Service	<u>781,206</u>	<u>761,101</u>	<u>20,105</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(780,806)</u>	<u>(760,727)</u>	<u>20,079</u>
OTHER FINANCING SOURCES:			
Transfers in	<u>765,000</u>	<u>765,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(15,806)</u>	<u>4,273</u>	<u>20,079</u>
FUND BALANCE , beginning of year	<u>15,806</u>	<u>15,745</u>	<u>(61)</u>
FUND BALANCE , end of year	<u>\$ -</u>	<u>\$ 20,018</u>	<u>\$ 20,018</u>
Debt services - budget basis		\$ 761,101	
Payments reported in Water Fund		<u>(510,000)</u>	
Debt service - GAAP basis		<u>\$ 251,101</u>	
Transfer in - budget basis		\$ 765,000	
Payments reported in Water Fund		<u>(510,000)</u>	
Transfers in - GAAP basis		<u>\$ 255,000</u>	

CITY OF LINCOLN CITY

Lincoln City, Oregon

NONMAJOR CAPITAL PROJECTS FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2012

	<u>Transportation Development</u>	<u>Storm Drainage Development</u>	<u>Park System Development Charge Improvement</u>	<u>Open Space Acquisition</u>
ASSETS:				
Cash and investments	\$ 485,915	\$ 80,621	\$ 66,751	\$ 552,862
Receivables	-	-	377	-
TOTAL ASSETS	<u>\$ 485,915</u>	<u>\$ 80,621</u>	<u>\$ 67,128</u>	<u>\$ 552,862</u>
LIABILITIES:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
FUND BALANCES:				
Restricted for:				
Capital projects	485,915	80,621	67,128	552,862
Assigned to:				
Capital projects	-	-	-	-
TOTAL LIABILITY AND FUND BALANCES	<u>\$ 485,915</u>	<u>\$ 80,621</u>	<u>\$ 67,128</u>	<u>\$ 552,862</u>

<u>Facilities Capital</u>	<u>Street Capital</u>	<u>Total</u>
\$ 125,467	\$ 417,672	\$ 1,729,288
106,160	-	106,537
<u>\$ 231,627</u>	<u>\$ 417,672</u>	<u>\$ 1,835,825</u>
<u>\$ 16,947</u>	<u>\$ 4,658</u>	<u>\$ 21,605</u>
214,680	-	1,401,206
<u>-</u>	<u>413,014</u>	<u>413,014</u>
<u>\$ 231,627</u>	<u>\$ 417,672</u>	<u>\$ 1,835,825</u>

CITY OF LINCOLN CITY
Lincoln City, Oregon

NONMAJOR CAPITAL PROJECTS FUNDS

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

FOR THE YEAR ENDED JUNE 30, 2012

	Transportation Development	Storm Drainage Development	Parks Development	Parks System Development Charge Improvement
REVENUES:				
Transient room tax	\$ -	\$ -	\$ -	\$ -
Charges for services	11,146	853	-	42,366
Intergovernmental	-	-	-	4,329
Interest on investments	2,207	368	-	326
Miscellaneous	-	-	-	697
TOTAL REVENUES	<u>13,353</u>	<u>1,221</u>	<u>-</u>	<u>47,718</u>
EXPENDITURES:				
Materials and services	-	-	-	-
Capital outlay	2,808	-	-	60,354
TOTAL EXPENDITURES	<u>2,808</u>	<u>-</u>	<u>-</u>	<u>60,354</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>10,545</u>	<u>1,221</u>	<u>-</u>	<u>(12,636)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	9,851
Transfers out	-	-	(9,852)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>(9,852)</u>	<u>9,851</u>
NET CHANGE IN FUND BALANCE	10,545	1,221	(9,852)	(2,785)
FUND BALANCE, beginning of year	<u>475,370</u>	<u>79,400</u>	<u>9,852</u>	<u>69,913</u>
FUND BALANCE, end of year	<u>\$ 485,915</u>	<u>\$ 80,621</u>	<u>\$ -</u>	<u>\$ 67,128</u>

<u>Open Space Acquisition</u>	<u>Facilities Capital</u>	<u>Street Capital</u>	<u>Totals</u>
\$ -	\$ 422,134	\$ -	\$ 422,134
-	-	-	54,365
-	-	86,640	90,969
2,531	616	2,431	8,479
-	-	-	697
<u>2,531</u>	<u>422,750</u>	<u>89,071</u>	<u>576,644</u>
-	-	406,558	406,558
-	49,352	86,087	198,601
-	49,352	492,645	605,159
<u>2,531</u>	<u>373,398</u>	<u>(403,574)</u>	<u>(28,515)</u>
-	-	400,000	409,851
-	(326,316)	-	(336,168)
-	(326,316)	400,000	73,683
2,531	47,082	(3,574)	45,168
<u>550,331</u>	<u>167,598</u>	<u>416,588</u>	<u>1,769,052</u>
<u>\$ 552,862</u>	<u>\$ 214,680</u>	<u>\$ 413,014</u>	<u>\$ 1,814,220</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, 2012

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES:			
Improvement fee	\$ 18,900	\$ 11,146	\$ (7,754)
Interest on investments	2,300	2,207	(93)
TOTAL REVENUES	<u>21,200</u>	<u>13,353</u>	<u>(7,847)</u>
EXPENDITURES:			
Capital outlay	<u>482,351</u>	<u>2,808</u>	<u>479,543</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND NET CHANGE IN FUND BALANCE	(461,151)	10,545	471,696
FUND BALANCE, beginning of year	<u>461,151</u>	<u>475,370</u>	<u>14,219</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ 485,915</u>	<u>\$ 485,915</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, 2012

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES:			
Improvement fee	\$ 1,500	\$ 853	\$ (647)
Interest on investments	400	368	(32)
TOTAL REVENUES	<u>1,900</u>	<u>1,221</u>	<u>(679)</u>
EXPENDITURES:			
Capital outlay	<u>81,223</u>	<u>-</u>	<u>81,223</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND NET CHANGE IN FUND BALANCE	(79,323)	1,221	80,544
FUND BALANCE, beginning of year	<u>79,323</u>	<u>79,400</u>	<u>77</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ 80,621</u>	<u>\$ 80,621</u>

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, 2012

	Budget		Actual	Variance
	Original	Final		
REVENUES:				
Interest on investments	\$ 50	\$ -	\$ -	\$ -
Miscellaneous	1,500	-	-	-
TOTAL REVENUES	<u>1,550</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES:				
Capital Outlay	<u>11,755</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(10,205)	-	-	-
OTHER FINANCING USES:				
Transfers out	<u>-</u>	<u>9,852</u>	<u>9,852</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(10,205)	(9,852)	(9,852)	-
FUND BALANCE, beginning of year	<u>10,205</u>	<u>9,852</u>	<u>9,852</u>	<u>-</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2012

	Budget		Actual	Variance
	Original	Final		
REVENUES:				
Improvement fee	\$ 54,180	\$ 54,180	\$ 42,366	\$ (11,814)
Intergovernmental	649,500	649,500	4,329	(645,171)
Interest on investments	500	500	326	(174)
Miscellaneous	-	-	697	697
TOTAL REVENUES	<u>704,180</u>	<u>704,180</u>	<u>47,718</u>	<u>(656,462)</u>
EXPENDITURES:				
Capital outlay	<u>780,550</u>	<u>790,402</u>	<u>60,354</u>	<u>730,048</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(76,370)	(86,222)	(12,636)	73,586
OTHER FINANCING SOURCES:				
Transfers in	<u>-</u>	<u>9,852</u>	<u>9,851</u>	<u>(1)</u>
NET CHANGE IN FUND BALANCE	(76,370)	(76,370)	(2,785)	73,585
FUND BALANCE, beginning of year	<u>76,370</u>	<u>76,370</u>	<u>69,913</u>	<u>(6,457)</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 67,128</u>	<u>\$ 67,128</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, 2012

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES:			
Interest on investments	\$ 2,500	\$ 2,531	\$ 31
EXPENDITURES:			
Capital outlay	552,932	-	552,932
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND NET CHANGE IN FUND BALANCE	(550,432)	2,531	552,963
FUND BALANCE , beginning of year	550,432	550,331	(101)
FUND BALANCE , end of year	<u>\$ -</u>	<u>\$ 552,862</u>	<u>\$ 552,862</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, 2012

	Budget		Actual	Variance
	Original	Final		
REVENUES:				
Transient room tax	\$ -	\$ 448,432	\$ 422,134	\$ (26,298)
Interest on investments	500	500	616	116
TOTAL REVENUES	<u>500</u>	<u>448,932</u>	<u>422,750</u>	<u>(26,182)</u>
EXPENDITURES:				
Capital outlay	<u>177,044</u>	<u>177,044</u>	<u>49,352</u>	<u>127,692</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(176,544)</u>	<u>271,888</u>	<u>373,398</u>	<u>101,510</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	448,432	-	-	-
Transfers out	<u>(326,316)</u>	<u>(326,316)</u>	<u>(326,316)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>122,116</u>	<u>(326,316)</u>	<u>(326,316)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(54,428)	(54,428)	47,082	101,510
FUND BALANCE, beginning of year	<u>54,428</u>	<u>54,428</u>	<u>167,598</u>	<u>113,170</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 214,680</u>	<u>\$ 214,680</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, 2012

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES:			
Intergovernmental	\$ 86,639	\$ 86,640	\$ 1
Interest on investments	2,000	2,431	431
TOTAL REVENUES	<u>88,639</u>	<u>89,071</u>	<u>432</u>
EXPENDITURES:			
Materials & services	407,000	406,558	442
Capital outlay	433,592	86,087	347,505
TOTAL EXPENDITURES	<u>840,592</u>	<u>492,645</u>	<u>347,947</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(751,953)	(403,574)	348,379
OTHER FINANCING SOURCES:			
Transfers in	400,000	400,000	-
NET CHANGE IN FUND BALANCE	(351,953)	(3,574)	348,379
FUND BALANCE, beginning of year	<u>351,953</u>	<u>416,588</u>	<u>64,635</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ 413,014</u>	<u>\$ 413,014</u>

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, 2012

	Budget		Actual	Variance
	Original	Final		
REVENUES:				
Charges for services	\$ 3,108,706	\$ 3,108,706	\$ 3,167,180	\$ 58,474
Intergovernmental	156,000	156,000	86,713	(69,287)
Interest on investments	500	500	(530)	(1,030)
Miscellaneous	1,000	1,000	(232)	(1,232)
TOTAL REVENUES	3,266,206	3,266,206	3,253,131	(13,075)
EXPENDITURES:				
Personal services	1,052,277	1,082,277	1,090,918	(8,641)
Materials and services	841,407	851,407	732,339	119,068
Capital outlay	51,000	51,000	56,880	(5,880)
Contingency	305,016	265,016	-	265,016
TOTAL EXPENDITURES	2,249,700	2,249,700	1,880,137	369,563
EXCESS OF REVENUES OVER EXPENDITURES	1,016,506	1,016,506	1,372,994	356,488
OTHER FINANCING SOURCES (USES):				
Transfers out	(1,372,681)	(1,372,681)	(1,372,681)	-
Proceeds from sale of equipment	-	-	570	570
TOTAL OTHER FINANCING SOURCES (USES)	(1,372,681)	(1,372,681)	(1,372,111)	570
NET CHANGE IN FUND BALANCE	(356,175)	(356,175)	883	357,058
FUND BALANCE, beginning of year	356,175	356,175	501,656	145,481
FUND BALANCE, end of year	\$ -	\$ -	\$ 502,539	\$ 502,539

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, 2012

	Original/Final Budget	Actual	Variance
REVENUES:			
System development charges	\$ 84,735	\$ 57,650	\$ (27,085)
Interest on investments	1,700	807	(893)
TOTAL REVENUES	<u>86,435</u>	<u>58,457</u>	<u>(27,978)</u>
EXPENDITURES:			
Capital outlay	<u>229,375</u>	<u>15,734</u>	<u>213,641</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(142,940)</u>	<u>42,723</u>	<u>185,663</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	50,000	-	(50,000)
Transfers out	<u>(70,000)</u>	<u>(70,000)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(20,000)</u>	<u>(70,000)</u>	<u>(50,000)</u>
NET CHANGE IN FUND BALANCE	(162,940)	(27,277)	135,663
FUND BALANCE, beginning of year	<u>162,940</u>	<u>222,374</u>	<u>59,434</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ 195,097</u>	<u>\$ 195,097</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, 2012

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES:			
Interest on investments	<u>\$ 200</u>	<u>\$ 195</u>	<u>\$ (5)</u>
EXPENDITURES:			
Debt service	<u>307,216</u>	<u>290,998</u>	<u>16,218</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(307,016)</u>	<u>(290,803)</u>	<u>16,213</u>
OTHER FINANCING SOURCES:			
Transfers in	<u>294,000</u>	<u>294,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(13,016)</u>	<u>3,197</u>	<u>16,213</u>
FUND BALANCE, beginning of year	<u>13,016</u>	<u>17,082</u>	<u>4,066</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ 20,279</u>	<u>\$ 20,279</u>

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, 2012

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES:			
Interest on investments	<u>\$ 200</u>	<u>\$ 173</u>	<u>\$ (27)</u>
EXPENDITURES:			
Debt service	<u>439,730</u>	<u>434,897</u>	<u>4,833</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(439,530)</u>	<u>(434,724)</u>	<u>4,806</u>
OTHER FINANCING SOURCES:			
Transfers in	<u>435,000</u>	<u>435,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(4,530)</u>	<u>276</u>	<u>4,806</u>
FUND BALANCE, beginning of year	<u>4,530</u>	<u>12,990</u>	<u>8,460</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ 13,266</u>	<u>\$ 13,266</u>

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, 2012

	Budget		Actual	Variance
	Original	Final		
REVENUES:				
Charges for services	\$ 2,802,139	\$ 2,802,139	\$ 2,755,752	\$ (46,387)
Interest on investments	2,000	2,000	782	(1,218)
Miscellaneous	85,155	85,155	84,328	(827)
TOTAL REVENUES	2,889,294	2,889,294	2,840,862	(48,432)
EXPENDITURES:				
Personal services	1,076,439	1,076,439	1,045,605	30,834
Materials and services	1,068,867	1,137,867	1,045,029	92,838
Capital outlay	62,000	62,000	34,896	27,104
Contingency	412,219	343,219	-	343,219
TOTAL EXPENDITURES	2,619,525	2,619,525	2,125,530	493,995
EXCESS OF REVENUES OVER EXPENDITURES	269,769	269,769	715,332	445,563
OTHER FINANCING SOURCES (USES):				
Transfers out	(759,428)	(759,428)	(756,743)	2,685
Proceeds from sale of equipment	-	-	987	987
TOTAL OTHER FINANCING SOURCES (USES)	(759,428)	(759,428)	(755,756)	3,672
NET CHANGE IN FUND BALANCE	(489,659)	(489,659)	(40,424)	449,235
FUND BALANCE, beginning of year	489,659	489,659	535,682	46,023
FUND BALANCE, end of year	\$ -	\$ -	\$ 495,258	\$ 495,258

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, 2012

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES:			
System development charges	\$ 169,050	\$ 125,805	\$ (43,245)
Interest on investments	11,000	17,557	6,557
TOTAL REVENUES	<u>180,050</u>	<u>143,362</u>	<u>(36,688)</u>
EXPENDITURES:			
Capital outlay	1,974,505	728,441	1,246,064
Debt service	1,223,266	-	1,223,266
TOTAL EXPENDITURES	<u>3,197,771</u>	<u>728,441</u>	<u>2,469,330</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(3,017,721)</u>	<u>(585,079)</u>	<u>2,432,642</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	400,000	400,000	-
Transfers out	(1,300,000)	(300,000)	1,000,000
TOTAL OTHER FINANCING SOURCE	<u>(900,000)</u>	<u>100,000</u>	<u>1,000,000</u>
NET CHANGE IN FUND BALANCE	<u>(3,917,721)</u>	<u>(485,079)</u>	<u>3,432,642</u>
FUND BALANCE, beginning of year	<u>3,917,721</u>	<u>4,058,499</u>	<u>140,778</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ 3,573,420</u>	<u>\$ 3,573,420</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, 2012

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES:			
Property taxes	\$ 1,006,000	\$ 1,024,473	\$ 18,473
Interest on investments	3,000	3,321	321
TOTAL REVENUES	<u>1,009,000</u>	<u>1,027,794</u>	<u>18,794</u>
EXPENDITURES:			
Debt service	<u>1,782,958</u>	<u>1,613,565</u>	<u>169,393</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES AND NET CHANGE IN FUND BALANCE	<u>(773,958)</u>	<u>(585,771)</u>	<u>188,187</u>
OTHER FINANCING SOURCES:			
Transfers in	<u>500,000</u>	<u>500,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(273,958)</u>	<u>(85,771)</u>	<u>188,187</u>
FUND BALANCE, beginning of year	<u>273,958</u>	<u>375,879</u>	<u>101,921</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ 290,108</u>	<u>\$ 290,108</u>

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, 2012

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES:			
Interest on investments	<u>\$ 25,000</u>	<u>\$ 18,787</u>	<u>\$ (6,213)</u>
EXPENDITURES:			
Capital outlay	<u>8,081,257</u>	<u>5,781,002</u>	<u>2,300,255</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(8,056,257)</u>	<u>(5,762,215)</u>	<u>2,294,042</u>
OTHER FINANCING SOURCES:			
Transfers in	<u>1,000,000</u>	<u>-</u>	<u>(1,000,000)</u>
NET CHANGE IN FUND BALANCE	<u>(7,056,257)</u>	<u>(5,762,215)</u>	<u>1,294,042</u>
FUND BALANCE, beginning of year	<u>7,056,257</u>	<u>6,893,626</u>	<u>(162,631)</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ 1,131,411</u>	<u>\$ 1,131,411</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, 2012

	<u>Revenues</u>	<u>Expenditures</u>	<u>Revenues Over (Under) Expenditures</u>
BUDGETARY BASIS REVENUES AND EXPENDITURES:			
Water Fund	\$ 3,253,131	\$ 1,880,137	\$ 1,372,994
Water Capital Fund	58,457	15,734	42,723
2006 Water Refunding Bond Fund	195	290,998	(290,803)
2007 Water Refunding Bond Fund	173	434,897	(434,724)
TOTAL	<u>\$ 3,311,956</u>	<u>\$ 2,621,766</u>	690,190
ADD (DEDUCT) ITEMS TO RECONCILE TO AN ENTERPRISE FUND REPORTING BASIS:			
Depreciation			(1,069,560)
Capital asset additions			72,614
Loss on sale of assets			(13,913)
Change in accrued interest payable			137
Interest expense reported as transfers on budget basis			(33,788)
Change in accrued compensated absences			(11,296)
Change in other postemployment benefit obligation			(8,366)
Principal payments			583,332
Support services			(185,291)
Transfers out			(18,389)
Transfer of capital assets to Sewer Fund			(13,517)
CHANGES IN FUND NET ASSETS - GAAP			<u>\$ (7,847)</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, 2012

	<u>Revenues</u>	<u>Expenditures</u>	<u>Revenues Over (Under) Expenditures</u>
BUDGETARY BASIS REVENUES AND EXPENDITURES:			
Sewer Fund	\$ 2,840,862	\$ 2,125,530	\$ 715,332
Sewer Capital Fund	143,362	728,441	(585,079)
2005 Sewer Bond Fund	1,027,794	1,613,565	(585,771)
2005 Sewer Construction Fund	18,787	5,781,002	(5,762,215)
TOTAL	<u>\$ 4,030,805</u>	<u>\$ 10,248,538</u>	(6,217,733)
ADD (DEDUCT) ITEMS TO RECONCILE TO AN ENTERPRISE FUND REPORTING BASIS:			
Depreciation			(1,267,078)
Capital asset additions			6,544,339
Gain on sale of assets			987
Change in accrued interest payable			2,607
Change in accrued compensated absences			281
Change in other postemployment benefit obligation			(7,256)
Principal payments			773,273
Support services			(136,038)
Transfers of capital assets from Water Fund			13,517
Transfers out			(20,705)
CHANGES IN FUND NET ASSETS - GAAP			<u>\$ (313,806)</u>

CITY OF LINCOLN CITY

Lincoln City, Oregon

INTERNAL SERVICE FUND

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

FOR THE YEAR ENDED JUNE 30, 2012

	Original/Final Budget	Actual	Variance
REVENUES:			
Charges for services	\$ 797,863	\$ 771,218	\$ (26,645)
EXPENDITURES:			
Vehicle maintenance	245,111	227,515	17,596
Information tech	447,730	412,673	35,057
Geographical info systems	105,022	95,981	9,041
TOTAL EXPENDITURES	797,863	736,169	61,694
EXCESS OF REVENUES OVER EXPENDITURES	-	35,049	35,049
OTHER FINANCING SOURCES:			
Gain from sale of equipment	-	317	317
NET CHANGE IN FUND BALANCE	-	35,366	35,366
FUND BALANCE , beginning of year	-	-	-
FUND BALANCE , end of year	\$ -	\$ 35,366	\$ 35,366
Fund balance - budgetary basis		\$ 35,366	
Depreciation		(682)	
Capital assets purchased		34,522	
Capital assets transferred		34,932	
Fund balance - GAAP basis		<u>\$ 104,138</u>	

CITY OF LINCOLN CITY
Lincoln City, Oregon

COMBINING BALANCE SHEET

GENERAL FUND

JUNE 30, 2012

	<u>General</u>	<u>Agate Beach Closure</u>	<u>Unbonded Assessments</u>	<u>Public Safety Dispatch</u>	<u>Totals</u>
ASSETS:					
Cash and investments	\$ 3,692,153	\$ 776,383	\$ 83,377	\$ 36,789	\$ 4,588,702
Cash with County Treasurer	43,999	-	-	-	43,999
Receivables	886,370	-	-	9,775	896,145
TOTAL ASSETS	<u>\$ 4,622,522</u>	<u>\$ 776,383</u>	<u>\$ 83,377</u>	<u>\$ 46,564</u>	<u>\$ 5,528,846</u>
LIABILITIES:					
Accounts payable	\$ 146,753	\$ -	\$ 388	\$ 2,246	\$ 149,387
Other accrued liabilities	452,257	-	-	-	452,257
Deferred revenue	553,932	-	1,604	-	555,536
TOTAL LIABILITIES	<u>1,152,942</u>	<u>-</u>	<u>1,992</u>	<u>2,246</u>	<u>1,157,180</u>
FUND BALANCES:					
Restricted for:					
Post-closure landfill costs	-	776,383	-	-	776,383
Committed to:					
Capital projects	-	-	81,385	-	81,385
Assigned to:					
Public safety	-	-	-	44,318	44,318
Unassigned	3,469,580	-	-	-	3,469,580
TOTAL FUND BALANCES	<u>3,469,580</u>	<u>776,383</u>	<u>81,385</u>	<u>44,318</u>	<u>4,371,666</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 4,622,522</u>	<u>\$ 776,383</u>	<u>\$ 83,377</u>	<u>\$ 46,564</u>	<u>\$ 5,528,846</u>

CITY OF LINCOLN CITY
Lincoln City, Oregon

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

GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2012

	General	Public Safety Police	D.A.R.E Program	Agate Beach Closure	Unbonded Assessments	Public Safety Dispatch	Totals
REVENUES:							
Property taxes	\$ 4,062,447	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,062,447
Franchise fees	920,967	-	-	-	-	-	920,967
Transient room tax	992,744	-	-	-	-	-	992,744
Fees, licenses and permits	499,820	-	-	-	-	-	499,820
Fines and forfeitures	188,035	-	-	-	-	-	188,035
Charges for services	425,804	-	-	-	-	19,096	444,900
Intergovernmental	439,376	-	-	-	-	38,854	478,230
Interest on investments	19,301	-	-	-	404	292	19,997
Miscellaneous	899,870	-	-	-	-	-	899,870
TOTAL REVENUES	8,448,364	-	-	-	404	58,242	8,507,010
EXPENDITURES:							
Current							
General government	2,501,222	-	-	12,864	13,779	-	2,527,865
Public safety	3,244,118	-	-	-	-	747,608	3,991,726
Culture and recreation	1,761,377	-	-	-	-	-	1,761,377
Capital outlay	104,398	-	-	-	-	17,690	122,088
TOTAL EXPENDITURES	7,611,115	-	-	12,864	13,779	765,298	8,403,056
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	837,249	-	-	(12,864)	(13,375)	(707,056)	103,954
OTHER FINANCING SOURCES (USES):							
Proceeds from sale of capital assets	4,914	-	-	-	-	-	4,914
Transfers in	538,119	-	-	-	71,316	672,152	1,281,587
Transfers out	(722,152)	(531,122)	(6,997)	-	-	-	(1,260,271)
TOTAL OTHER FINANCING SOURCES (USES)	(179,119)	(531,122)	(6,997)	-	71,316	672,152	26,230
NET CHANGE IN FUND BALANCE	658,130	(531,122)	(6,997)	(12,864)	57,941	(34,904)	130,184
FUND BALANCE, beginning of year	2,811,450	531,122	6,997	789,247	23,444	79,222	4,241,482
FUND BALANCE, end of year	\$ 3,469,580	\$ -	\$ -	\$ 776,383	\$ 81,385	\$ 44,318	\$ 4,371,666

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, 2012

	Budget		Actual	Variance
	Original	Final		
REVENUES:				
Charges for services	\$ 6,800	\$ -	\$ -	\$ -
Intergovernmental	10,000	-	-	-
Interest on investments	2,000	-	-	-
Miscellaneous	400	-	-	-
TOTAL REVENUES	19,200	-	-	-
EXPENDITURES:				
Personal services	3,151,155	-	-	-
Materials and services	570,307	-	-	-
Capital outlay	73,000	-	-	-
Contingencies	243,523	-	-	-
TOTAL EXPENDITURES	4,037,985	-	-	-
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(4,018,785)	-	-	-
OTHER FINANCING SOURCES (USES):				
Transfers in	3,645,639	-	-	-
Transfers out	-	(531,122)	(531,122)	-
Proceeds from sale of capital assets	6,000	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	3,651,639	(531,122)	(531,122)	-
NET CHANGE IN FUND BALANCE	(367,146)	(531,122)	(531,122)	-
FUND BALANCE, beginning of year	367,146	531,122	531,122	-
FUND BALANCE, end of year	\$ -	\$ -	\$ -	\$ -

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, 2012

	Budget		Actual	Variance
	Original	Final		
REVENUES:				
Interest on investments	\$ 25	\$ -	\$ -	\$ -
EXPENDITURES:				
Materials and services	5,150	-	-	-
Contingency	1,758	-	-	-
TOTAL EXPENDITURES	<u>6,908</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES AND NET CHANGE IN FUND BALANCE	(6,883)	-	-	-
OTHER FINANCING USES:				
Transfers out	-	6,997	6,997	-
NET CHANGE IN FUND BALANCE	(6,883)	(6,997)	(6,997)	-
FUND BALANCE, beginning of year	<u>6,883</u>	<u>6,997</u>	<u>6,997</u>	<u>-</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF LINCOLN CITY
Lincoln City, Oregon

AGATE BEACH CLOSURE FUND

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

FOR THE YEAR ENDED JUNE 30, 2012

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Materials and services	\$ 40,000	\$ 12,864	\$ 27,136
Contingency	10,000	-	10,000
TOTAL EXPENDITURES	<u>50,000</u>	<u>12,864</u>	<u>37,136</u>
NET CHANGE IN FUND BALANCE	(50,000)	(12,864)	37,136
FUND BALANCE , beginning of year	<u>794,674</u>	<u>789,247</u>	<u>(5,427)</u>
FUND BALANCE , end of year	<u>\$ 744,674</u>	<u>\$ 776,383</u>	<u>\$ 31,709</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, 2012

	Original/Final Budget	Actual	Variance
REVENUES:			
Intergovernmental	\$ 150,370	\$ -	\$ (150,370)
Interest	2,000	404	(1,596)
TOTAL REVENUES	<u>152,370</u>	<u>404</u>	<u>(151,966)</u>
EXPENDITURES:			
Materials and services	150,370	13,779	136,591
Capital outlay	30,041	-	30,041
TOTAL EXPENDITURES	<u>180,411</u>	<u>13,779</u>	<u>166,632</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(28,041)</u>	<u>(13,375)</u>	<u>14,666</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	71,316	71,316	-
Transfers out	(50,000)	-	50,000
TOTAL OTHER FINANCING SOURCES (USES)	<u>21,316</u>	<u>71,316</u>	<u>50,000</u>
NET CHANGE IN FUND BALANCE	<u>(6,725)</u>	<u>57,941</u>	<u>64,666</u>
FUND BALANCE, beginning of year	<u>6,725</u>	<u>23,444</u>	<u>16,719</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ 81,385</u>	<u>\$ 81,385</u>

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, 2012

	Budget		Actual	Variance
	Original	Final		
REVENUES:				
Charges for services	\$ 22,810	\$ 22,810	\$ 19,096	\$ (3,714)
Intergovernmental	39,218	39,218	38,854	(364)
Interest on investments	60	60	292	232
TOTAL REVENUES	<u>62,088</u>	<u>62,088</u>	<u>58,242</u>	<u>(3,846)</u>
EXPENDITURES:				
Personal services	679,256	679,256	666,868	12,388
Materials and services	93,671	92,749	80,740	12,009
Capital outlay	-	18,000	17,690	310
Contingency	17,078	-	-	-
TOTAL EXPENDITURES	<u>790,005</u>	<u>790,005</u>	<u>765,298</u>	<u>24,707</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(727,917)</u>	<u>(727,917)</u>	<u>(707,056)</u>	<u>20,861</u>
OTHER FINANCING SOURCES:				
Transfers in	<u>672,152</u>	<u>672,152</u>	<u>672,152</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(55,765)</u>	<u>(55,765)</u>	<u>(34,904)</u>	<u>20,861</u>
FUND BALANCE, beginning of year	<u>55,765</u>	<u>55,765</u>	<u>79,222</u>	<u>23,457</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 44,318</u>	<u>\$ 44,318</u>

CITY OF LINCOLN CITY
Lincoln City, Oregon

AGENCY FUNDS

COMBINING STATEMENT OF ASSETS AND LIABILITIES

JUNE 30, 2012

	<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	\$ 1,737	\$ 1,473	\$ 10,957	\$ 1,007	\$ 15,174
Receivables	-	-	4,492	-	4,492
TOTAL ASSETS	<u>\$ 1,737</u>	<u>\$ 1,473</u>	<u>\$ 15,449</u>	<u>\$ 1,007</u>	<u>\$ 19,666</u>
LIABILITIES:					
Accounts payable	\$ -	\$ 213	\$ 8,322	\$ -	\$ 8,535
Funds held in trust	1,737	1,260	7,127	1,007	11,131
TOTAL LIABILITIES	<u>\$ 1,737</u>	<u>\$ 1,473</u>	<u>\$ 15,449</u>	<u>\$ 1,007</u>	<u>\$ 19,666</u>

CITY OF LINCOLN CITY
Lincoln City, Oregon

AGENCY FUNDS

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

FOR THE YEAR ENDED JUNE 30, 2012

	<u>Balances</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balances</u> <u>June 30, 2012</u>
RECREATION SCHOLARSHIP:				
Assets				
Cash and investments	\$ 805	\$ 932	\$ -	\$ 1,737
Liabilities				
Funds held in trust	\$ 805	\$ 932	\$ -	\$ 1,737
MISCELLANEOUS TRUST:				
Assets				
Cash and investments	\$ 2,473	\$ -	\$ 1,000	\$ 1,473
Liabilities				
Accounts payable	\$ 122	\$ 91	\$ -	\$ 213
Funds held in trust	2,351	-	1,091	1,260
Total liabilities	\$ 2,473	\$ 91	\$ 1,091	\$ 1,473
ROADS END SANITARY DISTRICT:				
Assets				
Cash and investments	\$ 14,542	\$ -	\$ 3,585	\$ 10,957
Receivables	4,279	213	-	4,492
Total assets	\$ 18,821	\$ 213	\$ 3,585	\$ 15,449
Liabilities				
Accounts payable	\$ 13,000	\$ -	\$ 4,678	\$ 8,322
Funds held in trust	5,821	1,306	-	7,127
Total liabilities	\$ 18,821	\$ 1,306	\$ 4,678	\$ 15,449
RECREATION TRUST:				
Assets				
Cash and investments	\$ 683	\$ 324	\$ -	\$ 1,007
Liabilities				
Funds held in trust	\$ 683	\$ 324	\$ -	\$ 1,007

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 audits for 2009-10 to 2011-12 were 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, 2012)

General Obligation Bond <i>Supported in Whole or in Part by Taxes</i>	Dated Date	Maturity Date	Principal Issued As of 6/30/12	Outstanding As of 6/30/12
Series 2005 Sewer	4/12/2005	6/1/2030	15,000,000	12,465,000
Series 1999 Open Space	7/1/1999	6/1/2014	3,000,000	350,000
Series 2011 Sewer	3/17/2011	3/1/2026	7,000,000	6,554,230
Total			25,000,000	19,369,230
Net Direct Debt				19,369,230
<i>Self Supporting</i>				
Series 2007 Water Bonds	6/28/2007	12/1/2018	4,000,000	2,463,371
Total				
Total general obligation bonds			29,000,000	21,832,601
Gross Direct Debt				<u>\$ 21,832,601</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 - 2011-12 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.	\$ 4.0856	\$ 0.6221	\$ 4.7077
Linn-Benton-Lincoln ESD	0.2538	-	0.2538
Oregon Coast Community College	0.1463	0.2585	0.4048
Total Schools	4.4857	.8806	5.3663
Local Government			
Lincoln County	2.4571		2.4571
Lincoln County Extension	0.0376	-	0.0376
Lincoln County Transportation	0.0811	-	0.0811
City of Lincoln City	3.4118	1.1015	4.5133
Lincoln City Urban Renewal Agency	2.5163	-	2.5163
North Lincoln Fire and Rescue	0.5645	0.3033	0.8678
Devils Lake Water District	0.1006	-	0.1006
North Lincoln Hospital District	0.4315	-	0.4315
Total Local Government	9.6005	1.4048	11.0053
Totals	\$ 14.0862	\$ 2.2854	\$ 16.3716

(1) The total Assessed Value to compute tax rate of tax code area 402 is \$698,220,180 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
2011-12	1,019,912,885	2.33	5,532,944	1,738,085,538	-7.40

(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 6/30/2012
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	99.99
2001-02	638,947,588	3.14	3,529,705	4.0996	91.32	99.98
2002-03	661,582,167	3.54	3,012,187	4.0996	91.61	99.97
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	99.98
2005-06	763,874,965	3.50	4,032,389	4.0996	94.06	99.98
2006-07	800,823,341	4.84	4,183,043	4.0996	94.46	99.95
2007-08	857,181,131	7.04	4,475,295	4.0996	94.45	99.92
2008-09	908,968,555	6.04	4,726,304	4.0996	93.00	99.41
2009-10	959,653,655	5.58	4,984,515	4.0996	91.66	98.36
2010-11	996,712,565	3.86	5,186,115	4.0996	92.10	97.20
2011-12	1,019,912,885	2.33	5,532,944	4.0996	92.00	94.87

(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	Adjustments (1)	Taxable Assessed Value with Adjustments(2)	Percent Change
1999-00	\$ 708,077,818	\$ 112,716,355	\$595,361,463	5.30
2000-01	745,516,106	126,040,885	619,475,221	4.05
2001-02	769,009,560	130,061,972	638,947,588	3.14
2002-03	797,739,809	136,157,642	661,582,167	3.54
2003-04	855,730,360	143,272,517	712,457,843	7.69
2004-05	885,860,792	147,844,684	738,016,108	3.59
2005-06	916,413,070	152,538,105	763,874,965	3.50
2006-07	964,318,686	163,495,345	800,823,341	4.84
2007-08	1,030,249,106	173,067,975	857,181,131	7.04
2008-09	1,093,993,410	185,024,855	908,968,555	6.04
2009-10	1,152,078,610	192,424,955	959,653,655	5.58
2010-11	1,197,246,890	200,534,325	996,712,565	3.86
2011-12	1,225,532,150	205,619,265	1,019,912,885	2.33

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

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

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

CITY OF LINCOLN CITY
SDC FUNDS IN ACCORDANCE WITH
ORS 223.311
YEAR ENDED JUNE 30, 2012

	TRANSPORTATION DEVELOPMENT <u>FUND</u>	STORM DRAINAGE DEVELOPMENT <u>FUND</u>	PARKS IMPROVEMENT <u>FUND</u>
REVENUES:			
SYSTEM DEVELOPMENT			
CHARGE - IMPROVEMENT	\$ 11,146	\$ 853	\$ 42,366
MOTOR VEHICLE GAS TAX	\$ -		\$ 4,329
STATE PARKS GRANT			\$ -
REIMBURSEMENT-DEVELOPER			\$ -
INTEREST	<u>\$ 1,133</u>	<u>\$ 368</u>	<u>\$ 324</u>
 TOTAL REVENUE	 \$ 12,279	 \$ 1,221	 \$ 47,019
EXPENDITURES:			
MASTER PLANS	\$ 2,808	\$ -	\$ -
HEAD TO BAY TRAIL			\$ 50,354
PARK IMPROVEMENTS			\$ -
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 TOTAL EXPENDITURES	 \$ 2,808	 \$ -	 \$ 50,354
 EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	 \$ 9,471	 \$ 1,221	 \$ (3,335)
 BEGINNING FUND BALANCE	 <u>\$ 241,927</u>	 <u>\$ 79,401</u>	 <u>\$ 69,912</u>
 ENDING FUND BALANCE	 \$ 251,398	 \$ 80,622	 \$ 66,577

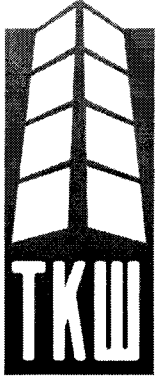
CITY OF LINCOLN CITY
WATER SDC FUNDS
YEAR ENDED JUNE 30, 2012

	WATER REPLACEMENT FUND	WATER SDC REIMBURSEMENT FUND	WATER SDC IMPROVEMENT FUND
REVENUES:			
SYSTEM DEVELOPMENT CHARGE	\$ -	\$ 17,126	\$ 40,524
TRF WATER OPERATING FUND	\$ -		
INTERFUND LOAN		\$ -	
INTEREST	\$ 594	\$ 63	\$ 151
	<u>594</u>	<u>63</u>	<u>151</u>
TOTAL REVENUE	\$ 594	\$ 17,189	\$ 40,675
EXPENDITURES:			
WATER SYSTEM TELEMTRY	\$ 15,734	\$ -	\$ -
DEBT SERVICE 2006 WATER BONDS	\$ -		\$ 70,000
PORT DRIVE WATER LINE	\$ -	\$ -	
DRIFT CREEK RD WATER LINE REPLACE	\$ -	\$ -	
	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	\$ 15,734	\$ -	\$ 70,000
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (15,140)	\$ 17,189	\$ (29,325)
BEGINNING FUND BALANCE	<u>\$ 139,250</u>	<u>\$ 3,825</u>	<u>\$ 79,300</u>
ENDING FUND BALANCE	\$ 124,110	\$ 21,014	\$ 49,975

CITY OF LINCOLN CITY
 SEWER SDC FUNDS
 YEAR ENDED JUNE 30, 2012

	SEWER REPLACEMENT <u>FUND</u>	SEWER SDC REIMBURSEMENT <u>FUND</u>	SEWER SDC IMPROVEMENT <u>FUND</u>
REVENUES:			
SYSTEM DEVELOPMENT CHARGE	\$ -	\$ 16,504	\$ 109,302
TRANSFER FROM SEWER OPERATING FUND	\$ 400,000		
INTEREST	<u>\$ 4,577</u>	<u>\$ 2,593</u>	<u>\$ 10,387</u>
TOTAL REVENUE	\$ 404,577	\$ 19,097	\$ 119,689
EXPENDITURES:			
BUILDING - SEWER SHOP	\$ 528,242		\$ -
SEWER SYSTEM TELEMTRY	\$ 67,785		
PUMP STATION UPGRADES-CANYON DR	\$ 98,212	\$ -	
DEBT SERVICE - SEWER BONDS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 300,000</u>
TOTAL EXPENDITURES	\$ 694,239	\$ -	\$ 300,000
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (289,662)	\$ 19,097	\$ (180,311)
BEGINNING FUND BALANCE	<u>\$ 1,143,176</u>	<u>\$ 553,762</u>	<u>\$ 2,361,561</u>
ENDING FUND BALANCE	\$ 853,514	\$ 572,859	\$ 2,181,250

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



Talbot, Korvola
& Warwick, LLP

Certified Public Accountants
& Consultants

4800 Meadows Road, Suite 200
Lake Oswego, Oregon 97035-4293

P 503.274.2849
F 503.274.2853

www.tkw.com

INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

December 6, 2012

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, 2012, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 6, 2012. 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>
Lincoln Square Operations Fund	Personal Services	985
Public Education and Government Access Fund	Materials and Services	691
Water Fund	Personal Services	8,641
Street Fund	Materials and Services	7,876

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 opinions 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.

In a separate report dated December 6, 2012, we have issued a Letter of Recommendations based on an audit of the basic financial statements.

* * * * *

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