

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2007

Lincoln County
Oregon





Lincoln County
OREGON
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COMPREHENSIVE ANNUAL FINANCIAL REPORT
Year Ended June 30, 2007

Prepared by:
Michael Rich, Director, Finance and Administration



Lincoln County

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LINCOLN COUNTY

Year Ended June 30, 2007

Board of Commissioners

<u>Name</u>	<u>Term Expires</u>
Donald Lindly, Chair (2006) 13890 NE 20 th Place Newport, OR 97365	January 1, 2011
Terry N. Thompson 5123 NW Agate Way Newport, OR 97365	January 1, 2011
Bill Hall, Chair (2007) 811 SE 5 th Street, #1A Newport, OR 97365	January 5, 2009

Administrative Staff

Wayne Belmont, County Counsel

Michael Rich, Director, Finance and Administration



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LINCOLN COUNTY

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INTRODUCTORY SECTION





Lincoln County

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To the Board of Commissioners and the Citizens of
LINCOLN COUNTY, OREGON (Continued)

Finance & Accounting



County of Lincoln

210 SW 2nd Street
Newport, Oregon 97365
(541) 265-4141
FAX (541) 265-4101

December 3, 2007

To the Board of Commissioners and the
Citizens of LINCOLN COUNTY, OREGON

FORMAL TRANSMITTAL OF THE CAFR

The Finance Department is pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of Lincoln County for the fiscal year ended June 30, 2007. This report presents the financial position of the County as of June 30, 2007, and the results of its operations and cash flows of its proprietary fund types for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

LEGAL REQUIREMENTS

Under Oregon Revised Statutes (ORS) 297.465 the County's auditor is required to submit a copy of the signed audit report to each member of the governing body at the end of the fiscal year as well as each member of the governing body at the time of the reports release. The County is required to submit a copy of its audit report to the Secretary of State which shall also include the names, addresses and titles of each officer and member of the of the governing board of the County.

RESPONSIBILITY FOR FINANCIAL STATEMENTS

Responsibility for both the accuracy of the data and the completeness and fairness of the CAFR presentation, including all disclosures, rests with the County, not with the outside auditors.

INTERNAL CONTROL

Lincoln County's management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the government are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. The internal control structure is designed to provide reasonable, not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgment by management.

We believe the enclosed data, as presented in the financial statements, is accurate in all material respects and is reported in a manner designed to fairly set forth the financial position, results of operations and cash flows of the various funds of the County.

**To the Board of Commissioners and the Citizens of
LINCOLN COUNTY, OREGON (Continued)**

INDEPENDENT AUDIT

As a recipient of federal and state awards, Lincoln County also is responsible for ensuring that an adequate internal control structure (reviewed annually) is in place to ensure compliance with applicable laws in ORS 297.425 and in conformity with the provisions of the Single Audit Act and OMB Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*, Lincoln County is required to undergo an annual audit. As a part of the County's single audit, described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal award programs, as well as to determine that the County has complied with applicable laws and regulations. The results of the County's single audit for the fiscal year ended June 30, 2006, disclosed no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations.

REPORTING ENTITY – GOVERNMENT PROFILE

This CAFR includes all funds of Lincoln County. Lincoln County provides a full range of services. These services include sheriff patrol and jail services; human services to the elderly and economically disadvantaged; public and mental health services; planning and economic development; the construction and maintenance of highways, streets, and parks. Also included are the activities of the remaining elected officials, including the County Clerk who conducts elections and maintains official records; the County Surveyor who oversees public land corners and reviews proposals for land partitions and subdivisions; the County Assessor, who is responsible for the valuation of property for taxation and the subsequent application of all levies in the County to those properties; the County Treasurer, who is responsible for revenue receipting, trust and agency accounting, property tax collections, and investment of public funds; and the Board of Commissioners, who are responsible for setting policy, general administration of the County and holding public hearings on certain issues required by law.

COMPONENT UNITS

The Lincoln County Extension Agency is included in the County's financial statements, reflecting voter approval of an operating tax levy in November 1988 and the Board of County Commissioners control and approval of the budget and tax levy. This agency, primarily funded through the State of Oregon, Division of Higher Education, as part of Oregon State University, provides a wide variety of services to the residents of Lincoln County. The purpose of the Extension Service is to help people solve problems through education in the areas of home economics, 4-H, agriculture, forestry, marine and community resource development. Areas covered include homemaking and cooking classes, pest identification, crop analysis, the traditional rural functions including information on animal husbandry, as well as fishing, mollusk gathering and preparation, and other related marine life.

The Lincoln County Solid Waste District also is included because the Board of County Commissioners serves as the governing body, making appointments, hiring, and approving the budget. This agency, which became operational during the 1993-94 fiscal year, is funded through intergovernmental agreements with agencies throughout the County and a State Department of Environmental Quality grant. The agency is responsible for countywide solid waste management planning; the recycling education and coordination function; illegal dumping cleanup and prevention, as well as enforcement coordination.

**To the Board of Commissioners and the Citizens of
LINCOLN COUNTY, OREGON (Continued)**

The Lincoln County Transportation District is included because the Board of County Commissioners serves as the governing body, making appointments, hiring, and approving the budget. This district, which was formed in 1996, is funded by a property tax levy, various intergovernmental revenues and grants and transit fees. The district provides a comprehensive transportation program for Lincoln County, including a scheduled stop bus system, the "Central Coast Connection," along the Highway 101 corridor, outlying cities and communities, and ancillary feeder lines available to all residents of the County. The district also provides a "dial-a-ride" service for disadvantaged, and senior and disabled citizens.

BUDGETS

The County maintains budgetary controls to ensure compliance with legal provisions embodied in the annual budget adopted and appropriated by the County's Board of Commissioners.

Activities of the general fund, special revenue funds, debt service fund, capital projects fund, and internal service fund are included in the annual appropriated budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established by program within the General Fund and by expenditure category within the other individual funds.

As demonstrated by the statements and schedules included in the financial section of this report, the County continues to meet its responsibility for sound financial management. All fund balances are carefully monitored and are adequate to meet the needs of the respective funds.

ECONOMIC CONDITION AND OUTLOOK

LOCAL ECONOMY

Lincoln County's unemployment rate decreased from 6.0% to 5.4% during 2006-07. Due to Lincoln County's stronger dependence on the service and tourism industry, rather than its dependence on timber and fishing, the County is finally seeing a return to pre-September 11, 2001 tourist travel levels which will help to reduce the severe impacts on county employment levels. That notwithstanding, the 2006 closure of the commercial ocean salmon fishery has had a negative effect on the county's economy this year.

Since 1990, Oregon and Lincoln County have been experiencing in-migration from other states, which has caused housing prices to rise dramatically in the past year. This rise has dampened the effects of the slower property tax growth imposed by the Property Tax Limitation Measure of 1990, which capped the rate per thousand dollars of value at \$10.00 for general government and phased in a limit of \$5.00 per thousand for schools. However, even though Lincoln County has been minimally affected in most years, the lost revenue due to compression for the current year is approximately \$56,000. For future years, property tax revenue growth per property is limited to 3% per year but may be further reduced by compression. New construction now results in new revenues rather than an adjustment in tax rates.

FINANCIAL PLANNING

Economic issues for fiscal year 2007-08 remain largely the same as in the recent past. Higher than normal unemployment from the lingering economic downturn on the coast in the past few years and current high fuel prices are major concerns. Legislation, placing the marbled murrelet on the Endangered Species List as

**To the Board of Commissioners and the Citizens of
LINCOLN COUNTY, OREGON (Continued)**

a threatened species in 1992, continues to have an additional negative impact on timber receipts and logging activities. At the same time, any long-term effects of the Property Tax Limitation Measure of 1990 also may reduce property tax revenues. Because Ballot Measure 50 passed in May 1997, the impact from the 1990 Property Tax Limitation has been less severe than originally anticipated. Lincoln County officials have been taking steps to consolidate services, eliminate duplications, and reject new mandates from the State, to the extent possible, to meet the demands imposed by declining sources of revenue.

FINANCIAL POLICIES

Lincoln County's financial policies are explained in detail in the Notes to the Basic Financial Statements. To improve our ability to provide services to our citizens in unanticipated, emergency situations or periods of declining revenue sources, we have steadily increased our unreserved fund balance in each fund to equal the minimum suggested level of 15% of budgeted revenues as recommended by the GFOA. As a result of this effort, the General Fund adopted ending fund balance achieved this target for the first time in the FY 2005-2006 budget.

Temporarily idle cash is invested in various instruments including obligations of the United States Government and its agencies, bank repurchase agreements, and the State Treasurer's investment pool. Investments made by the County are made under the provisions of Oregon Law. Investment risk is categorized in the notes to the General Purpose Financial Statements.

The County contracts through City/County Insurance Services to provide workers compensation coverage, and liability and fire insurance. The Insurance Reserve fund is used to provide excess liability insurance over the minimum payments. In addition, this fund is used to cover auto damage claims and repairs, pension related fiduciary expenditures, unemployment insurance on a reimbursement basis to the State, and other related costs.

MAJOR INITIATIVES

In early 2007 the County commissioners approved a major upgrade of our telecommunication system and our financial software. The software conversion will be complete in early 2008. The telecommunication upgrade is expected to be complete in 2010.

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate for Excellence in Financial Reporting to Lincoln County for its CAFR for the fiscal year ended June 30, 2006. This is the fifteenth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

**To the Board of Commissioners and the Citizens of
LINCOLN COUNTY, OREGON (Continued)**

ACKNOWLEDGEMENTS

The preparation of the CAFR on a timely basis was made possible by contributions from the County Treasurer, the County Assessor, and especially the Financial and Accounting department staff.

Acknowledgement is also due to the Board of County Commissioners, whose leadership and support made the preparation of this report possible.

Sincerely,

Michael Rich, Director
Finance and Administration

Don Lindly
Chair, Board of Commissioners

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Lincoln County
Oregon

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2006

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

LINCOLN COUNTY

PRINCIPAL OFFICIALS

June 30, 2007

BOARD OF COUNTY COMMISSIONERS

<i>Title</i>	<i>Name</i>
Commissioner, Chair	Bill Hall
Commissioner	Donald Lindly
Commissioner	Terry N. Thompson

OTHER ELECTED OFFICIALS

<i>Title</i>	<i>Name</i>
Assessor	Rob Thomas
County Clerk	Dana Jenkins
District Attorney	Bernice Barnett
Sheriff	Dennis Dotson
Surveyor	Thomas Hamilton
Treasurer	Linda Pitzer

MANAGEMENT OFFICIALS

<i>Title</i>	<i>Name</i>
County Counsel	Wayne Belmont
Director, Community Corrections	Suzanne Gonzales
Director, Finance and Administration	Michael Rich
Director, Health and Human Services	Jan Kaplan
Director, Human Services	Jane McCollister
Director, Juvenile	Alan Peterson
Director, Planning and Development	Matt Spangler
Director, Road	Jim Buisman
Director, Information Technology	John Waffenschmidt

Lincoln County Organization Chart

Citizens

Board of Commissioners

Bill Hall
Don Lindly
Terry Thompson

Elected Officials

County Sheriff
Dennis Dotson

- Patrol
- Jail
- Civil
- Boat Patrol
- Animal Shelter

District Attorney
Bernice Barnett

- Prosecution
- Support Enforcement
- Victim Assist.
- Anti-Drug Program

County Surveyor
Tom Hamilton

County Assessor
Rob Thomas

- Addressing

County Treasurer
Linda Pitzer

- Tax Collection

County Clerk
Dana Jenkins

- Elections
- Recording
- BOPTA

Community Services

Public Health
Environ. Health

Mental Health
Addiction
MR/DD

Veterans
Services

Senior
Outreach

Children/Family
Commission

Detention
Health

Transportation

Roads

Special
Transportation

Parks

Administration

Finance &
Accounting

Human
Resources

Central
Administration

Information
Technology

Planning

Other
Requirements

Public Safety

Community
Corrections

Juvenile

Emergency
Services

Children's
Advocacy Center

Other Funds

Debt Service
Fund

Self Insurance
Fund

County Fair
Fund

County School
Fund

Law Library
Fund

Miscellaneous
Funds

FINANCIAL SECTION

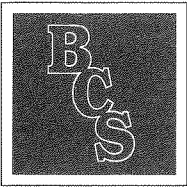




Lincoln County

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BOLDT, CARLISLE & SMITH LLC

CERTIFIED PUBLIC ACCOUNTANTS

PARTNERSHIP ■ ASSURANCE ■ INNOVATION

INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
LINCOLN COUNTY
Newport, Oregon

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of **LINCOLN COUNTY** as of and for the year ended June 30, 2007, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County'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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the 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, each major fund, and the aggregate remaining fund information of **LINCOLN COUNTY**, as of June 30, 2007, the respective changes in financial position, and where applicable, cash flows thereof, and the respective budgetary comparisons for the General, General Road, and Human Services Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 26, 2007 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

A

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Established - 1968

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STAYTON: 408 NORTH THIRD AVENUE ■ STAYTON, OR 97383 ■ PHONE: (503) 769-2186 ■ FAX: (503) 769-4312

ALBANY: 1205 9TH AVENUE S.E. ■ ALBANY, OR 97322 ■ PHONE: (541) 928-6500 ■ FAX: (541) 928-6501

INDEPENDENT AUDITOR'S REPORT (Continued)

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, combining and individual fund statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards as listed in the Grant Compliance – Single Audit section of the table of contents is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of **LINCOLN COUNTY**. The combining and individual fund statements and schedules and the Schedule of Expenditures of Federal Awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Boldt, Carlisle & Smith, LLC
Certified Public Accountants
Salem, Oregon
December 26, 2007

By: 
Douglas C. Parham, Member

MANAGEMENT'S DISCUSSION AND ANALYSIS



Lincoln County

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LINCOLN COUNTY, OREGON MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Lincoln County's annual financial report presents our discussion and analysis of the County's financial performance during the fiscal year that ended on June 30, 2007. Please read it in conjunction with the transmittal letter at the front of this report and the County's Financial Statements, which follow this section. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

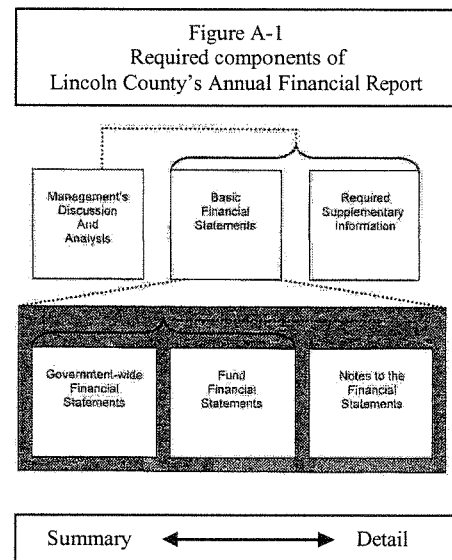
FINANCIAL HIGHLIGHTS

- The County's total net assets increased \$1,616 or 1.1% over the course of this year's operations. Most of this increase was in Cash and Investments, which increased \$1,551 or 4.9% while liabilities were essentially unchanged.
- During the year, the County's total revenues decreased (\$2,756) or 5.3%, due primarily to a one-time grant received last year for Schools and Roads. Expenditures increased \$2,424 or 5.3%. A large part of this increase came from the continued staffing ramp-up of the Federally Qualified Health Clinic which began last year.
- The general fund reported a balance of \$9,592 this year, which is nearly unchanged from last year. This increase reflects \$764 in higher revenue offset by increases in each of the General Fund Programs. The largest change came in the Roads Fund, up \$1,687. Expenses in that fund dropped over \$1 million partially due to staffing reductions.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts – independent auditor's report, management's discussion and analysis (this part), basic financial Statements, and the combining and individual non major fund statements and schedules. The basic financial Statements include two kinds of Statements that present different views of the County:

- Government-wide financial Statements that provide both long-term and short-term information about the County's overall financial status.
- Fund specific financial Statements that focus on individual parts of the County government, reporting the County's operations in more detail than the government-wide Statements.



- The *governmental funds* Statements tell how general government services like administration, public safety and community services were financed in the short-term as well as what remains for future spending.
- *Proprietary fund* Statements offer short and long-term financial information about the activities the government uses to accumulate and allocate costs internally among the County's various functions, such as the Internal Service Fund, which covers self-insurance activities.
- *Fiduciary fund* Statements provide information about assets that are held by the County as a trustee or Agent for the benefit of someone or something other than the county itself, such as the Property Tax and Other Agency Fund.

The financial Statements also include notes that explain some of the information in the financial Statements and provide more detailed data. Figure A-1 shows how the required parts of this annual report are arranged and relate to one another. In addition to these required elements, we have included a section with combining statements that provides details about our non-major governmental funds and internal service fund, which are then added together and presented in a single column labeled Other Governmental Funds in the basic financial Statements.

Figure A-2 summarizes the major features of the County's financial Statements, including the portion of the County government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the Statements.

Figure A-2
Major Features of Lincoln County's Government-wide and Fund Financial Statements

	Fund Statements			
	Government-wide Statements	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire County government (except fiduciary funds) and the County's blended component units	The Activities of the County that are not proprietary or fiduciary, such as the General Fund, the Road Fund and the Health and Human Services Fund	Activities the County operates to accumulate and allocate costs internally among the County's various functions, such as the Insurance Internal Service Fund	Instances in which the County is the trustee or agent for someone else's resources, such as the Property Tax and Other Agency Fund
Required financial Statements	<ul style="list-style-type: none"> • Statement of Net Assets • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures, and Changes in Fund Balances 	<ul style="list-style-type: none"> • Statement of Net Assets • Statement of Revenues, Expenses, and Changes in Net Assets • Statement of Cash Flows 	<ul style="list-style-type: none"> • Statement of Fiduciary Net Assets • Statement of Changes in Fiduciary Net Assets
Accounting Basis and Measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability Information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities both short-term and long-term; the County's funds do not currently contain capital assets, although they can
Type of inflow/outflow Information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

GOVERNMENT-WIDE STATEMENTS

The government-wide Statements report information about the County as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The government-wide Statements report the County's net assets and how they have changed. Net assets represents the difference between the County's assets and liabilities and over time increases or decreases in net assets may serve as a useful indicator of whether the financial position of Lincoln County is improving or deteriorating, respectively. The Statement of Activities presents information showing how Lincoln County's assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Some revenues and expenses reported in this statement may result in cash flows in future periods, e.g. uncollected property taxes and earned but unused vacation leave. To assess the overall health of the County, you also need to consider additional non-financial factors such as changes in the County's property tax base and the condition of the County's infrastructure such as roads.

Fund Financial Statements

The fund financial Statements provide more detailed information about the County's most significant funds – not the County as a whole. A fund is an accounting device that the County uses to keep track of specific sources of funding and spending for specific objectives or purposes.

- Some funds are required by State law and by bond covenants (such as the General Fund and the Jail Debt Service Fund, respectively).
- The County Board of Commissioners establishes other funds to control and manage money for particular purposes (like the Law Library Fund) or to show that it is properly using certain State and federal grants (like the grants that support the Health and Human Services Fund).

The County has three kinds of funds:

- **Governmental funds** – Most of the County's basic services are included in governmental funds, which focus on:
 - (1) how *cash and other financial assets*, that can readily be converted to cash, flow in and out and,
 - (2) the balances left at year-end that are available for spending. Consequently, the governmental funds Statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future for the County's programs. Because this information does not encompass the additional long-term focus of the government-wide Statements, we provide reconciliation at the bottom of the governmental funds Statement, or on the subsequent page, to facilitate the comparison between governmental funds and governmental activities.
- **Proprietary funds** – Lincoln County has an Internal Service fund to accumulate and allocate costs among the County's various departments and funds. Lincoln County uses its Internal Service fund to self-manage its insurance programs such as retrospective workers compensation, property, fire, auto and liability insurance. Since this is Lincoln County's only Internal Service fund, it has been included in governmental activities in the government-wide financial statements.
- **Fiduciary funds** – Fiduciary (or agency) funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not included in the government-wide financial statements because the resources are not fully available to support the operations of Lincoln County. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the County's fiduciary activities are reported in a separate Statement of Fiduciary Net Assets and a Statement of Changes in Fiduciary Net Assets. An example is the Property Tax fund, which the Lincoln County Treasurer collects for many different entities within Lincoln County and then redistributes in accordance with tax rates certified by the County Assessor.

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

Net Assets. The County's combined net assets were \$153,259 which is an increase of \$1,616 or 1.1% between fiscal years 2006 and 2007 (See Table A-1). Looking at the main categories of assets and liabilities shows the varying reasons for this net change.

Net Assets (in thousands of dollars) June 30, 2007				
	Governmental Activities		Increase (Decrease)	Total Percentage Change
	2006	2007	2007-06	2007-06
Assets				
Current and other assets	\$ 35,845	\$ 37,387	\$ 1,542	4.3%
Capital assets	123,129	122,482	(647)	-0.5%
Total assets	158,974	159,869	895	0.6%
Liabilities				
Long-term debt outstanding	3,914	3,458	(456)	-11.7%
Other liabilities	3,417	3,152	(265)	-7.8%
Total liabilities	7,331	6,610	(721)	-9.8%
Net Assets				
Invested in capital assets, net of related debt	120,699	120,717	18	0.0%
Restricted	18,742	18,763	21	0.1%
Unrestricted	12,202	13,779	1,577	12.9%
Total net assets	\$ 151,643	\$ 153,259	\$ 1,616	1.1%

Current and other assets increased \$1,542 or 4.3% due mainly to an increase in cash from higher tax collections and from a decision to establish reserves to offset potential reductions in Forestry revenue sharing payments to the county road fund. Capital assets decreased (\$647) or .5%. Long-term obligations declined (\$456) due to normal debt payments on our General Obligation Refunding Bonds issued to fund our jail facilities. Other liabilities decreased (\$265). As a result of these changes, the County's restricted assets were nearly unchanged while the County's unrestricted net assets showed an increase of \$1,577 at the end of this year.

Changes in Net Assets. The County's total revenue decreased by 5.3% or (\$2,756). (See Table A-2). Of this amount, Program revenues decreased \$1,148 while general revenues decreased \$1,608. The decrease in program revenue is due to a one-time grant received last year for schools and roads.

The most significant increases in County expenditures were in Health and Welfare due to the sharp increase in staffing levels of the new health clinic. This increase was partially offset by a decrease of \$1,018 in Highways and Streets due to staffing reductions in the Road Fund.

Higher expenses of \$2,424 was more than offset by the (\$2,756) decrease in revenues, which helped provide a \$1,616 overall increase in net assets this year. Table A-2 and the narrative that follows shows the impact of governmental type activities and the other revenues that generated the net increase in assets.

Governmental Activities

Revenues for the County's governmental activities decreased 5.3% or (\$3,483) while total expenses increased 3.3% or \$2,167. The increase in carryover from last year more than offset the net deficit of revenue less expenses resulting in an increase in end-of-year Net Assets of \$1,617.

Changes in Net Assets (in thousands of dollars) June 30, 2007

	Governmental		Increase	Total
	2006	2007	(Decrease)	Percentage
				Change
	2006	2007	2007-06	2007-08
Revenues				
Program				
Charges for services	\$ 8,194	\$ 7,576	\$ (618)	-7.5%
Operating grants and contributions	14,997	19,614	4,617	30.8%
Capital grants and contributions	5,165	18	(5,147)	-99.7%
General				
Property taxes	14,654	15,287	633	4.3%
Other taxes	3,589	932	(2,657)	-74.0%
Grants and contributions not restricted to specific programs	3,032	3,310	278	9.2%
Unrestricted investment earnings	1,213	1,685	472	38.9%
Timber and land sales	992	517	(475)	-47.9%
Gain on sale of asset	11	(24)	(35)	-318.2%
Miscellaneous	479	655	176	-36.7%
Total revenues	<u>52,326</u>	<u>49,570</u>	<u>(2,756)</u>	-5.3%
Expenses				
General government	8,277	9,320	1,043	12.6%
Community services	3,239	3,246	7	0.2%
Public safety	14,273	15,390	1,117	7.8%
Highways and streets	6,702	5,684	(1,018)	-15.2%
Culture and recreation	112	(126)	(238)	-212.5%
Health and welfare	10,968	12,622	1,654	15.1%
Education	1,877	1,764	(113)	-6.0%
Debt service - interest	81	54	(27)	-33.3%
Total expenses	<u>45,529</u>	<u>47,954</u>	<u>2,425</u>	5.3%
Excess (deficiency) of revenues over (under) expenditures	6,797	1,616	(5,181)	-76.2%
Net assets - beginning of year	<u>144,846</u>	<u>151,643</u>	<u>6,797</u>	-4.7%
Net assets - end of year	<u>\$ 151,643</u>	<u>\$ 153,259</u>	<u>\$ 1,616</u>	1.1%

General Government increased \$1,043 or 12.6% due to higher labor, capital and insurance costs. Highways and Streets decreased \$1,018 or 15.2% due to lower labor costs. Health and Welfare increased \$1,654 or 15.1% mainly from new hires in the Health Clinic.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

At the end of the fiscal year, the County's governmental funds reported a combined fund balance of \$32,744, which was an increase of \$1,793 or 5.8% over the previous year.

- The County's General Fund increased \$75 over last year.
- The Road Fund showed an increase of \$1,687 over last year.
- Health and Human Services showed a fund balance decrease of (\$444).
- The Other Governmental non-major funds increased a total of \$476.

General Fund Budgetary Highlights

The General Fund is appropriated at a program level: General Government; Public Safety; and Community Services. As is normal, over the course of the year the Board of Commissioners made minor program appropriation revisions to the County's General Fund budget.

The County continues to increase reserves in the General Fund. General Fund expenditures were \$8,610 less than final budget amounts. Of this amount \$1,758 was the unused portion of the contingency. Public Safety had a favorable variance in the amount of \$1,147. General Government was \$4,812 below final budget amounts. Community Services was \$893 below final budget amounts.

In addition to the expenditure decreases discussed above, there were (\$1,118) lower revenues than in the final budget. Property taxes, which include forest sales, were (\$216) lower than budget. Licenses, permits and fees were \$149 higher. Grant receipts were (\$954) less than budget.

The County's General Fund balance of \$9,592 at the end of the year is just slightly higher than the beginning balance of \$9,517 by \$75.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2007, the County had \$92,674 invested in assets not being depreciated and \$81,119 invested in assets being depreciated for a total of \$173,793. Accumulated depreciation was \$51,312, which brought the County's net capital assets to \$122,482. This amount represents a net decrease of (\$647) from last year.

Long-term Debt

At year-end, the County had \$1.8 million in bonds outstanding. The bonds will be fully paid off in December 2010. More detailed information about the County's long-term obligations is presented in Note 9 to the financial Statements.

Since 1993 the County's general obligation bonds have been rated A2 (the sixth highest investment rating possible).

The State limits the amount of general obligation debt the County can issue to 2 percent of the assessed value of all taxable property within the County's corporate limits. Our outstanding bonded debt of \$1.8 million is significantly below this limit.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

Lincoln County is challenged by continued financial restrictions in the 2007-08 year. The federal "In lieu" payments are again, due to expire at the end of the year. The 1 year agreement passed this year did not provide for an "ultimate" solution. These monies, \$3,400 for the Road Fund and \$1,700 for county schools are essential. Operations for the County in FY 2007-08 are not expected to be materially different than what was budgeted for FY 2006-2007. Separate financial statement pages are also included in this report for the County's three blended component units.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Lincoln County Finance Office, 210 SW 2nd St., Lincoln County, OR 97365.



Lincoln County

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BASIC FINANCIAL STATEMENTS



Lincoln County

OREGON

ESTABLISHED 1893

LINCOLN COUNTY

STATEMENT OF NET ASSETS
June 30, 2007

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Cash and investments	\$ 33,161,319
Receivables	3,793,481
Inventories	386,125
Prepaid items	46,600
Capital assets:	
Land and construction in progress	92,674,665
Other capital assets, net of depreciation	<u>29,807,020</u>
 TOTAL ASSETS	 <u>159,869,210</u>
<u>LIABILITIES</u>	
Accounts payable and accrued items	2,065,083
Unearned revenues	39,973
Payroll taxes and withholdings payable	1,027,973
Accrued interest payable	18,842
Long-term obligations:	
Due within one year	2,368,400
Due in more than one year	<u>1,090,000</u>
 TOTAL LIABILITIES	 <u>6,610,271</u>
<u>NET ASSETS</u>	
Investment in capital assets, net of related debt	120,716,685
Restricted for:	
Debt service	245,597
Highways and streets	17,171,269
Unrestricted	<u>15,125,388</u>
 TOTAL NET ASSETS	 <u>\$ 153,258,939</u>

See notes to basic financial statements

LINCOLN COUNTY

STATEMENT OF ACTIVITIES
Year Ended June 30, 2007

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<i>Governmental activities:</i>					
General government	\$ 9,320,303	\$ 2,260,993	\$ 803,378	--	\$ (6,255,932)
Community services	3,246,065	493,605	3,062,418	18,412	328,370
Public safety	15,390,188	501,504	1,653,306	--	(13,235,378)
Highways and streets	5,683,641	618,526	5,859,077	--	793,962
Culture and recreation	(126,564)	--	--	--	126,564
Health and welfare	12,622,397	3,700,251	7,106,977	--	(1,815,169)
Education	1,764,294	1,233	1,129,144	--	(633,917)
Interest	54,092	--	--	--	(54,092)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 47,954,416	\$ 7,576,112	\$ 19,614,300	18,412	(20,745,592)

General revenues:

Taxes:

Property taxes levied for:

General purposes	13,867,312
Debt service	722,763
Transit	476,095
Extension agency	220,627
Transient room tax	932,186
Grants and contributions not restricted to specific programs	3,309,867
Unrestricted investment earnings	1,684,652
Timber and land sales	517,343
(Loss) on sale of capital assets	(24,293)
Miscellaneous	654,917

TOTAL GENERAL REVENUES

22,361,469

CHANGE IN NET ASSETS

1,615,877

NET ASSETS - BEGINNING

151,643,062

NET ASSETS - ENDING

\$ 153,258,939

See notes to basic financial statements

LINCOLN COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2007

	General	General Road	Human Services	Other Governmental Funds	Totals
ASSETS					
Cash and investments	\$ 9,628,410	\$ 16,966,205	\$ 452,165	\$ 5,397,047	\$ 32,443,827
Receivables	2,269,941	207,773	464,456	781,847	3,724,017
Interfund loan receivable	--	--	170,000	--	170,000
Due from other funds	1,018,044	--	--	--	1,018,044
Inventories	4,458	381,667	--	--	386,125
Prepaid items	22,040	3,444	8,732	11,187	45,403
TOTAL ASSETS	\$ 12,942,893	\$ 17,559,089	\$ 1,095,353	\$ 6,190,081	\$ 37,787,416
LIABILITIES					
Accounts payable and accrued items	\$ 941,053	\$ 314,817	\$ 459,081	\$ 277,296	\$ 1,992,247
Payroll, taxes, and withholding payable	1,027,973	--	--	--	1,027,973
Interfund loan payable	--	--	--	170,000	170,000
Due to other funds	649,288	73,003	174,136	106,001	1,002,428
Deferred revenue	732,527	--	18,995	99,071	850,593
TOTAL LIABILITIES	3,350,841	387,820	652,212	652,368	5,043,241
FUND BALANCES					
Reserved for:					
Debt service	--	--	--	245,597	245,597
Unreserved reported in:					
General fund	9,592,052	--	--	--	9,592,052
Special revenue funds	--	17,171,269	443,141	5,292,116	22,906,526
TOTAL FUND BALANCES	9,592,052	17,171,269	443,141	5,537,713	32,744,175
TOTAL LIABILITIES AND FUND BALANCES	\$ 12,942,893	\$ 17,559,089	\$ 1,095,353	\$ 6,190,081	\$ 37,787,416

See notes to basic financial statements

LINCOLN COUNTY

RECONCILIATION OF THE BALANCE SHEET,
GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
June 30, 2007

GOVERNMENTAL FUND BALANCES \$ 32,744,175

*Amounts reported for governmental activities in the
Statement of Net Assets are different because of the following:*

Capital assets used in governmental activities are not financial resources
and therefore are not reported in the governmental funds 122,481,685

Other long-term assets are not available to pay for current-period expenditures
and therefore are not reported in the governmental funds 810,620

Some liabilities, including bonds payable, are not due and payable in the
current period and therefore are not reported in the governmental funds (3,477,242)

An internal service fund is used by management to charge the costs of certain
insurance activities to individual funds. The assets and liabilities of the
internal service fund are included in governmental activities in the
Statement of Net Assets 699,701

NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ 153,258,939

LINCOLN COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS Year Ended June 30, 2007

	General	General Road	Human Services	Other Governmental Funds	Totals
REVENUES					
Taxes and land sales	\$ 15,510,240	\$ --	\$ --	\$ 1,621,451	\$ 17,131,691
Licenses and fees	1,934,009	--	--	318,976	2,252,985
Charges for services	1,115,671	147,578	3,097,299	1,116,114	5,476,662
Intergovernmental	6,581,744	6,356,706	3,959,564	5,485,196	22,383,210
Court fines and fees	60,725	--	--	86,500	147,225
Interest	583,386	860,536	31,353	243,798	1,719,073
Donations	--	--	--	100,081	100,081
Miscellaneous	371,267	251,190	(4,379)	298,263	916,341
TOTAL REVENUES	26,157,042	7,616,010	7,083,837	9,270,379	50,127,268
EXPENDITURES					
Current:					
General government	8,138,101	--	--	227,848	8,365,949
Community services	1,725,877	--	--	1,429,865	3,155,742
Public safety	14,237,939	--	--	521,167	14,759,106
Highways and streets	--	5,607,097	--	--	5,607,097
Culture and recreation	--	--	--	244,844	244,844
Health and welfare	--	--	7,897,506	4,290,502	12,188,008
Education	--	--	--	1,668,413	1,668,413
Debt service:					
Principal	--	--	--	665,000	665,000
Interest	--	--	--	59,908	59,908
Capital outlay	1,220,370	322,216	49,110	28,865	1,620,561
TOTAL EXPENDITURES	25,322,287	5,929,313	7,946,616	9,136,412	48,334,628
Excess (deficiency) of revenues over expenditures	834,755	1,686,697	(862,779)	133,967	1,792,640
OTHER FINANCING SOURCES (USES)					
Transfers in	17,232	--	668,307	358,840	1,044,379
Transfers out	(777,147)	--	(250,000)	(17,232)	(1,044,379)
TOTAL OTHER FINANCING SOURCES (USES)	(759,915)	--	418,307	341,608	--
Net change in fund balances	74,840	1,686,697	(444,472)	475,575	1,792,640
Fund balances at beginning of year	9,517,212	15,484,572	887,613	5,062,138	30,951,535
Fund balances at end of year	\$ 9,592,052	\$ 17,171,269	\$ 443,141	\$ 5,537,713	\$ 32,744,175

See notes to basic financial statements

LINCOLN COUNTY

RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2007

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 1,792,640

*Amounts reported for governmental activities in the
Statement of Activities are different because of the following:*

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

Capitalized expenditures	\$ 1,752,795	
Depreciation	<u>(2,322,406)</u>	(569,611)

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

Change in deferred revenue	45,592
----------------------------	--------

Repayment of long-term obligations principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Assets.

665,000

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	(209,398)
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The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets

(77,912)

The reduction in accrued interest in the Statement of Activities does not provide a source of current financial resources and therefore is not reported as a revenue in governmental funds.

5,816

An internal service fund is used by management to charge the costs of certain insurance activities to individual funds. The net change in fund balance of the internal service fund is reported with governmental activities.

(36,250)

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ 1,615,877

See notes to basic financial statements

LINCOLN COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL GENERAL FUND Year Ended June 30, 2007

	Budget		Actual	Variance
	Original	Final		
REVENUES				
Property taxes	\$ 15,726,842	\$ 15,726,842	\$ 15,510,240	\$ (216,602)
Licenses and fees	1,784,552	1,784,552	1,934,009	149,457
Charges for services	1,381,166	1,381,166	1,115,671	(265,495)
Intergovernmental	7,136,085	7,535,859	6,581,744	(954,115)
Fines and forfeitures	55,000	55,000	60,725	5,725
Interest	350,000	350,000	583,386	233,386
Miscellaneous	445,727	441,177	371,267	(69,910)
TOTAL REVENUES	<u>26,879,372</u>	<u>27,274,596</u>	<u>26,157,042</u>	<u>(1,117,554)</u>
EXPENDITURES				
General government	13,458,789	13,653,789	8,841,338	4,812,451
Community services	3,136,006	3,136,006	2,243,010	892,996
Public safety	15,184,282	15,384,506	14,237,939	1,146,567
Contingency	1,757,937	1,757,937	--	1,757,937
TOTAL EXPENDITURES	<u>33,537,014</u>	<u>33,932,238</u>	<u>25,322,287</u>	<u>8,609,951</u>
Excess (deficiency) of revenues over expenditures	<u>(6,657,642)</u>	<u>(6,657,642)</u>	<u>834,755</u>	<u>7,492,397</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	22,901	22,901	17,232	(5,669)
Proceeds from long-term debt	3,250,000	3,250,000	--	(3,250,000)
Transfers out	(777,147)	(777,147)	(777,147)	--
TOTAL OTHER FINANCING SOURCES (USES)	<u>2,495,754</u>	<u>2,495,754</u>	<u>(759,915)</u>	<u>(3,255,669)</u>
Net change in fund balance	(4,161,888)	(4,161,888)	74,840	4,236,728
Fund balance at beginning of year	<u>7,946,292</u>	<u>7,946,292</u>	<u>9,517,212</u>	<u>1,570,920</u>
Fund balance at end of year	<u>\$ 3,784,404</u>	<u>\$ 3,784,404</u>	<u>\$ 9,592,052</u>	<u>\$ 5,807,648</u>

See notes to basic financial statements

LINCOLN COUNTY

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL ROAD
Year Ended June 30, 2007**

	Original and Final Budget	Actual	Variance
REVENUES			
Charges for services	\$ 237,893	\$ 147,578	\$ (90,315)
Intergovernmental	6,071,898	6,356,706	284,808
Interest	410,000	860,536	450,536
Miscellaneous	35,901	251,190	215,289
TOTAL REVENUES	6,755,692	7,616,010	860,318
EXPENDITURES			
Personal services	3,376,475	2,918,591	457,884
Materials and services	3,744,919	2,688,506	1,056,413
Capital outlay	6,583,350	322,216	6,261,134
Contingency	1,000,000	--	1,000,000
TOTAL EXPENDITURES	14,704,744	5,929,313	8,775,431
Net change in fund balance	(7,949,052)	1,686,697	9,635,749
Fund balance at beginning of year	15,776,053	15,484,572	(291,481)
 Fund balance at end of year	 \$ 7,827,001	 \$ 17,171,269	 \$ 9,344,268

See notes to basic financial statements

LINCOLN COUNTY

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
HUMAN SERVICES
Year Ended June 30, 2007**

	Budget		Actual	Variance
	Original	Final		
REVENUES				
Charges for services	\$ 3,073,932	\$ 3,066,511	\$ 3,097,299	\$ 30,788
Intergovernmental	4,155,827	4,159,154	3,959,564	(199,590)
Interest	20,000	20,000	31,353	11,353
Miscellaneous	39,000	42,618	(4,379)	(46,997)
TOTAL REVENUES	<u>7,288,759</u>	<u>7,288,283</u>	<u>7,083,837</u>	<u>(204,446)</u>
EXPENDITURES				
Personal services	5,272,234	5,272,234	4,891,137	381,097
Materials and services	3,102,587	3,052,111	3,006,369	45,742
Capital outlay	5,000	55,000	49,110	5,890
Operating contingency	194,468	194,468	--	194,468
TOTAL EXPENDITURES	<u>8,574,289</u>	<u>8,573,813</u>	<u>7,946,616</u>	<u>627,197</u>
Excess (deficiency) of revenues over expenditures	<u>(1,285,530)</u>	<u>(1,285,530)</u>	<u>(862,779)</u>	<u>422,751</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	668,307	668,307	668,307	--
Transfers out	(250,000)	(250,000)	(250,000)	--
TOTAL OTHER FINANCING SOURCES (USES)	<u>418,307</u>	<u>418,307</u>	<u>418,307</u>	<u>--</u>
Net change in fund balance	(867,223)	(867,223)	(444,472)	422,751
Fund balance at beginning of year	900,000	900,000	887,613	(12,387)
Fund balance at end of year	<u>\$ 32,777</u>	<u>\$ 32,777</u>	<u>\$ 443,141</u>	<u>\$ 410,364</u>

See notes to basic financial statements

LINCOLN COUNTY
STATEMENT OF NET ASSETS
PROPRIETARY FUND
June 30, 2007

	<u>Governmental Activities</u> <u>Internal Service</u>
ASSETS	
Cash and investments	\$ 717,492
Receivables	69,464
Prepaid items	<u>1,197</u>
TOTAL ASSETS	<u>788,153</u>
LIABILITIES	
Accounts payable and accrued items	72,836
Due to other funds	<u>15,616</u>
TOTAL LIABILITIES	<u>88,452</u>
NET ASSETS - Unrestricted	<u>\$ 699,701</u>

The Net Assets of the Internal Service Fund are included in governmental activities in the Statement of Net Assets

LINCOLN COUNTY

**STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND
Year Ended June 30, 2007**

	Governmental Activities
	Internal Service
OPERATING REVENUES	
Charges for services	\$ 612,085
Intergovernmental	1,700
Miscellaneous	31,669
Total operating revenues	645,454
OPERATING EXPENSES	
Personal services	530,970
Materials and services	181,034
Total operating expenses	712,004
Operating (loss)	(66,550)
Nonoperating revenues (expense) - Interest	30,300
Changes in net assets	(36,250)
Net assets - beginning	735,951
Net assets - ending	\$ 699,701

The change in Net Assets of the Internal Service Fund is included in governmental activities in the Statement of Activities

LINCOLN COUNTY

**STATEMENT OF CASH FLOWS
PROPRIETARY FUND
Year Ended June 30, 2007**

	<u>Governmental Activities</u> <u>Internal Service</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash receipts from interfund services provided	\$ 603,225
Other operating cash receipts	33,369
Cash payments to employees for services	(530,970)
Cash payments to other suppliers of goods or services	<u>186,225</u>
Net cash provided by operating activities	291,849
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest	<u>30,300</u>
Net increase in cash and cash equivalents	322,149
Cash and cash equivalents, beginning of year	<u>395,343</u>
Cash and cash equivalents, end of year	<u><u>\$ 717,492</u></u>
Reconciliation of operating (loss) to net cash provided by operating activities	
Operating (loss)	\$ (66,550)
Adjustments to reconcile operating (loss) to net cash provided by operating activities	
(Increase) decrease in assets	
Receivables	(20,034)
Prepaid items	413,489
Increase (decrease) in liabilities	
Accounts payable and accrued items	(46,230)
Due to other funds	<u>11,174</u>
Net cash provided by operating activities	<u><u>\$ 291,849</u></u>

See notes to basic financial statements

LINCOLN COUNTY
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUND
June 30, 2007

	<u>Agency</u>
ASSETS	
Cash and investments	\$ 2,215,163
Receivables	3,519,421
Prepaid items	<u>48,702</u>
TOTAL ASSETS	<u>\$ 5,783,286</u>
LIABILITIES	
Accounts payable	\$ 618,249
Fiduciary liabilities	<u>5,165,037</u>
TOTAL LIABILITIES	<u>\$ 5,783,286</u>

See notes to basic financial statements



Lincoln County

OREGON

ESTABLISHED 1893

LINCOLN COUNTY

NOTES TO BASIC FINANCIAL STATEMENTS Year Ended June 30, 2007

1. The Financial Reporting Entity

(a) Reporting Entity

LINCOLN COUNTY, Oregon (the "County"), a Home Rule County established by an Act of the State Legislature on February 20, 1893 is a legal subdivision of the State of Oregon charged with governmental powers. The County's powers are exercised through a Board of Commissioners (the "Board"), which is the governing body of the County. The Board is responsible for the legislative and executive control of the County. The County provides various services on a county-wide basis including law and justice, detention, social, health, road construction, road maintenance, transportation, park and recreation facilities, elections and records, communications, planning, zoning, and tax collection.

The governmental reporting entity consists of the County (Primary Government) and its component units. Component units are legally separate organizations for which the Board is financially accountable or other organizations whose nature and significant relationships with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and (i) either the County's ability to impose its will on the organization or (ii) there is potential for the organization to provide a financial benefit to or impose a financial burden on the County.

The basic financial statements include three blended component units. The blended component units, although legally separate entities are, in substance, part of the County's operations and data from these units is combined with data of the primary government.

For financial reporting purposes, the County's basic financial statements include all financial activities that are controlled by or are dependent upon actions taken by the County's Board. The financial statements of the individual units may be obtained by writing to LINCOLN COUNTY, Finance and Accounting, 210 SW 2nd Street, Newport, OR 97365.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. The Financial Reporting Entity (continued)

(b) Blended Component Units

The three blended component units included because the County Board of Commissioners serves as their respective governing bodies are as follows:

Lincoln County Transportation Service District

The District was formed in May 1996 at a General Election and was funded in November 1996. The District provides a comprehensive transportation program. Services include a scheduled stop bus system, the “Central Coast Connection,” along the Highway 101 corridor, outlying cities and communities, and ancillary feeder lines available to all residents of the County. A “dial-a-ride” service is also provided for the transit disadvantaged and senior and disabled members of the County, enabling them to obtain medical and other services.

Lincoln County Solid Waste Disposal Service District

The District was formed under Chapter 451 of the Oregon Revised Statutes. The District is a county-wide service district. The primary functions are to coordinate solid waste management planning throughout the County, to implement recycling and waste reduction education programs; and, to coordinate illegal dumping enforcement, prevention, and clean-up activities.

Lincoln County Extension Agency

The District accounts for the operations of the Oregon State University – Lincoln County Extension Agency, which provides educational programs to citizens in Lincoln County. The primary source of revenue is property taxes, and expenditure purposes include seminar costs, educational programs and materials, and labor and facility costs.

2. Summary of Significant Accounting Policies

(a) Basis of Presentation

Government-wide Financial Statements

The statement of net assets and statement of activities display information about the primary government (the County) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the functions of the County, the elimination of which would distort the direct costs and program revenues reported for the various functions. Governmental activities are supported by taxes and intergovernmental revenues.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

2. Summary of Significant Accounting Policies (continued)

(a) Basis of Presentation (continued)

The statement of activities presents a comparison between direct expenses and program revenues for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and; therefore, are clearly identifiable to a particular function. Program revenues include 1) charges paid by the recipients of goods or services offered by the programs and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

When both restricted and unrestricted net assets are available, unrestricted resources are used only after the restricted resources are depleted.

Fund Financial Statements

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

The County reports the following major governmental funds:

- *General* - accounts for all revenues and expenditures necessary to carry out basic governmental activities of the County that are not accounted for through other funds. For the County, the General Fund includes such activities as general government, public safety, corrections, assessment and taxation.
- *General Road* - accounts for the operations of the County Road Department. Significant sources of revenue are federal forest fees and state motor vehicle fees. Expenditures are primarily for maintenance and construction of County roads.
- *Human Services* - accounts for the delivery of community mental health and health services and education programs funded by federal and state financial assistance and transfers from the General Fund.

The County also includes the following other fund types:

- *Special Revenue* - accounts for revenue derived from specific taxes or other revenue sources, which are legally restricted to finance particular functions or activities.
- *Debt Service* - accounts for the resources accumulated and payments made for principal and interest on long-term debt of governmental funds.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

2. Summary of Significant Accounting Policies (continued)

(a) Basis of Presentation (continued)

- *Internal Service* - accounts for the County's self-insurance programs. Charges to other funds and refunds from insurance policies support this activity.
- *Agency* - used for tracking various activities including the accumulation and distribution of property taxes; resources of taxing districts, inter-governmental law enforcement activities, justice court; and various other collection and escrow agent activities.

(b) Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting.

Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligible requirements have been satisfied.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Significant revenues, which are susceptible to accrual under the modified accrual basis of accounting, include property taxes and federal and state grants. Other revenue items are considered to be measurable and available when received by the County. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due. General capital assets acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and capital leases are reported as other financing sources.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

2. Summary of Significant Accounting Policies (continued)

(c) Cash and Cash Equivalents

For purposes of the accompanying statement of cash flows, the internal service funds consider all highly liquid investments with a maturity of three months or less when purchased, and their equity in the County Treasurer's investment pool, to be cash equivalents.

(d) Inventories

Inventories purchased are stated at cost (first-in, first-out method). Inventories are recorded as expenditures when purchased or donated.

(e) Receivables

Property taxes receivable in the governmental fund types, which have been collected within sixty days following year end, are considered measurable and available and are recognized as revenues. Property taxes receivable in the agency funds are offset by amounts held in trust and, accordingly, have not been recorded as revenue. All other property taxes receivable are offset by deferred revenues and accordingly, have not been recognized as revenue. Real and personal property are assessed and property taxes become a lien against the property as of July 1 each year. Property taxes are payable in three installments, following the lien date, on November 15, February 15, and May 15. Taxes unpaid and outstanding on May 16 are considered delinquent.

All property taxes receivable are due from owners of property within the County.

Receivables for state shared revenue are recorded as revenue in all fund types as earned.

(f) Capital Assets

Capital assets (including infrastructure) are recorded at historical cost or at estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair market value on the date contributed. Capital assets include public domain (infrastructure, including infrastructure acquired prior to fiscal years ended after June 30, 1980) assets consisting of certain improvements including roads, bridges, lighting system, drainage systems, and flood control. The County defines capital assets as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of one year. Capital assets used in operations are depreciated or amortized (assets under capital leases) using the straight-line method over the lesser of the capital lease period or their estimated useful lives in the government-wide statements.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

2. Summary of Significant Accounting Policies (continued)

(f) Capital Assets (continued)

The estimated useful lives are as follows:

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

The County has four networks of infrastructure assets: road, lighting, drainage and flood control.

(g) Compensated Absences

Compensated absences and related taxes are not recorded as expenditures in the governmental funds until paid. The expenditures are recorded in the General, General Road, Human Services, and Other Governmental Funds. Sick leave does not vest, except in the following two cases: employees who reach the age of 55 or older and employees who are represented by the Communications Workers of America Union and have been a member of the union for at least five years. In both of these circumstances, the sick leave is vested to 50 percent upon their retirement.

Full time employees (after six months of continuous service) earn vacation leave. The amount earned per pay period is determined based upon length of service. Accumulation is limited also based upon length of service.

<u>Length of Service Through</u>	<u>Earned Hours Per Pay Period</u>	<u>Maximum Accumulation</u>
5 Years	4.33	192
10 Years	5.33	240
15 Years	6.33	288
20 Years	7.33	336
Over 20 Years	8.33	384
Directors	11.00	528

Employees can also earn paid leave for personal holidays with a maximum accumulation of 8 hours and for compensatory time with a maximum accumulation of 80 hours for most employees with the exception of employees who work 24 hour shifts, in which the maximum accumulation is 120 hours.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

2. Summary of Significant Accounting Policies (continued)

(h) Interfund Transactions

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

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

(i) Estimates

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

(j) Budget policies and budgetary control

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

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

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

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

2. Summary of Significant Accounting Policies (continued)

(k) Net Assets/Fund Balances

The government-wide financial statements utilize a net assets presentation. Net assets are categorized as invested capital assets (net of related debt), restricted and unrestricted.

- *Invested in Capital Assets, Net of Related Debt* – This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- *Restricted Net Assets* – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted Net Assets* – This category represents net assets of the County, not restricted for any project or other purpose.

In the fund financial statements, reserves and designations segregate portions of fund balance that are either not available or have been earmarked for specific purposes. The various reserves and designations are established by actions of the Board and can be increased, reduced or eliminated by similar actions.

3. Deposits and Investments

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

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

3. Deposits and Investments (continued)

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

The Oregon State Treasury administers the LGIP. The LGIP is an unrated, open-ended, no-load, diversified portfolio offered to any agency, political subdivision or public corporation of the state who by law is made the custodian of, or has control of, any fund. The LGIP is commingled with the State's Short-Term Fund. 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 County's position in the LGIP is the same as the value of the pool shares.

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

As of June 30, 2007, the County had the following investments:

	Moody's Rating	Maturities	Carrying Value
State Treasurer's Investment Pool	N/A	(1)	\$ 9,132,344
Federal Home Loan Bank	AAA	11/1/2007	500,000
Federal Home Loan Bank	AAA	11/7/2007	298,283
Federal Home Loan Mortgage Corporation	AAA	9/5/2007	505,128
Federal Home Loan Bank	AAA	11/9/2007	498,089
Federal Home Loan Bank	AAA	1/30/2008	<u>495,562</u>
			<u>\$ 11,429,406</u>

- (1) *Interest Rate Risk:* Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Oregon Short-Term Fund manages this risk by limiting the maturity of the investments held by the fund. Weighted average maturities of investments in the Oregon Short-Term Fund at June 30, 2007 were: 78% mature within 93 days, 9% mature from 94 days to one year, and 13% mature from one to three years.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

3. Deposits and Investments (continued)

Concentration of Credit Risk: The County has implemented the following limitations on specific instruments and individual financial institutions:

<u>Instrument</u>	<u>Maximum Percent of Portfolio</u>
U.S. Treasury Obligation	100%
U.S. Government Agency	75
Banker's Acceptances (BA)	50
Certificates of Deposit (CD)	25

The County will not invest in Commercial Paper at this time.

The combination of CD's and BA's with one financial institution will not exceed 30% of the total portfolio.

Custodial Credit Risk – Investments: This is the risk that, in the event of the failure of a counterparty, the County will not be able to recover the value of its investments that are in the possession of an outside party. Investments amounting to \$2,297,062 have custodial credit risk because the related securities are uninsured, unregistered and held by the County's brokerage firm, which is the counterparty to those securities. The County does not have a policy which limits the amount of investments that can be held by counterparties.

Custodial Credit Risk – Deposits: This is the risk that, in the event of a bank failure, the County's deposits may not be returned. Oregon statute requires collateralization of deposits in excess of amounts insured by the Federal Depository Insurance Corporation. As of June 30, 2007, \$17,963,587 of the County's bank balance of \$24,324,386 was exposed to custodial credit risk because it was uninsured and uncollateralized.

A. The County's deposits and investments at June 30, 2007 are as follows:

Total investments	\$ 11,429,406
Deposits with financial institutions	<u>23,947,076</u>
Total deposits and investments	<u>\$ 35,376,482</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

3. Deposits and Investments (continued)

B. Cash and cash investments are reported as follows:

Governmental Activities/Funds		
General		\$ 9,628,410
General Road		16,966,205
Human Services		452,165
Other Governmental		5,397,047
Internal Service		<u>717,492</u>
Total governmental activities/funds		33,161,319
Fiduciary Fund		
Agency		<u>2,215,163</u>
Total cash and investments		<u>\$ 35,376,482</u>

4. Receivables

A. Receivables at year-end were as follows:

	General	General Road	Human Services	Other Governmental Funds	Internal Service	Agency	Totals
Property taxes	\$ 841,976	\$ -	\$ -	\$ 85,748	\$ -	\$ 3,452,218	\$ 4,379,942
Accounts	328,117	61,751	376,622	261,310	69,464	67,203	1,164,467
Intergovernmental	1,099,848	33,517	87,834	434,789	-	-	1,655,988
Interest	-	96,170	-	-	-	-	96,170
Assessments	-	16,335	-	-	-	-	16,335
	<u>\$ 2,269,941</u>	<u>\$ 207,773</u>	<u>\$ 464,456</u>	<u>\$ 781,847</u>	<u>\$ 69,464</u>	<u>\$ 3,519,421</u>	<u>\$ 7,312,902</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

4. Receivables (continued)

B. Property taxes

i. Collection procedures

The County levies, collects and distributes property taxes for all taxing jurisdictions within its boundaries. Uncollected taxes, including delinquent amounts, are deemed to be substantially collectible or recoverable through liens.

ii. Transactions

	Balances July 1, 2006	2006-07 Levies	Adjustments	Net Interest Discounts	Collections	Balances June 30, 2007
Current	\$ -	\$74,358,586	\$ (6,288)	\$(1,819,426)	\$69,973,871	\$2,559,001
Prior	<u>4,395,435</u>	<u>-</u>	<u>259,889</u>	<u>358</u>	<u>2,834,741</u>	<u>1,820,941</u>
	<u>\$4,395,435</u>	<u>\$74,358,586</u>	<u>\$ 253,601</u>	<u>\$(1,819,068)</u>	<u>\$72,808,612</u>	<u>\$4,379,942</u>

iii. Ensuing year's levies

The permanent tax rate is \$2.8202 per \$1,000 assessed value as limited by the Constitution of the State of Oregon.

Also, the Lincoln County Transportation District (a blended component unit) will levy using their permanent rate of \$0.0974 per \$1,000 of assessed value and the Lincoln County Extension Service District (a blended component unit) will levy using their permanent rate of \$0.0451 per \$1,000 of assessed value.

The tax rate limit of \$10.00 per thousand of assessed value imposed by the Oregon Constitution is expected to affect these levies.

In addition, the county will levy \$720,776 for the retirement of long-term debt principal and interest due in 2007-08.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

5. Interfund Transactions

Interfund Receivables/Payables

The composition of interfund balances as of June 30, 2007 is as follows:

Due from other funds:

<u>Fund</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General	<u>\$ 1,018,044</u>	\$ 649,288
General Road		73,003
Human Services		174,136
Other Governmental Funds		106,001
Internal Service		<u>15,616</u>
		<u>\$ 1,018,044</u>

These interfund balances exist temporarily for payroll allocation purposes.

Transfers:

Transfers are indicative of funding for capital projects, lease payments or debt service, subsidies of various County operations and re-allocations of special revenues. The following schedule briefly summarizes the County's transfer activity:

A. Between Funds within the Governmental Activities:

<u>Transfer From</u>	<u>Transfer to</u>	<u>Amount</u>
General	Human Services	\$ 668,307
	Other Governmental Funds	<u>108,840</u>
		777,147
Human Services	Other Governmental Funds	250,000
Other Governmental Funds	General	<u>17,232</u>
Total		<u>\$ 1,044,379</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

5. Interfund Transactions

Advances from/to other funds:

<u>Advances From</u>	<u>Advances to</u>	<u>Amount</u>
Human Services	Other Governmental Funds	\$ 170,000

The amount payable to the Human Services fund relates to working capital loans made to the Community Health Center fund. The balance is scheduled to be collected over the next fiscal year.

6. Capital Assets

A. Capital asset activity for the year ended June 30, 2007 was as follows:

	<u>Balances July 1, 2006</u>	<u>Additions and Reclassifications</u>	<u>Deletions and Reclassifications</u>	<u>Balances June 30, 2007</u>
<i>Capital assets not being depreciated</i>				
Land and easements	\$ 776,724	\$ 3,500	\$ -	\$ 780,224
Land improvements	7,700		-	7,700
Permanent land improvements and right-of-way	90,298,680	109,665	-	90,408,345
Construction in progress	<u>544,955</u>	<u>1,070,781</u>	<u>137,340</u>	<u>1,478,396</u>
Total capital assets not being depreciated	<u>\$ 91,628,059</u>	<u>\$ 1,183,946</u>	<u>\$ 137,340</u>	<u>\$ 92,674,665</u>
<i>Capital assets being depreciated</i>				
Infrastructure	\$ 53,350,259		\$ -	\$ 53,350,259
Buildings	15,528,036	115,001		15,643,037
Improvements	1,960,817	217,631	64,705	2,113,743
Equipment	<u>9,865,771</u>	<u>443,343</u>	<u>297,398</u>	<u>10,011,716</u>
Total capital assets being depreciated	<u>80,704,883</u>	<u>775,975</u>	<u>362,103</u>	<u>81,118,755</u>
	<u>172,332,942</u>	<u>1,959,921</u>	<u>499,443</u>	<u>173,793,420</u>
Less accumulated depreciation for:				
Infrastructure	35,508,732	1,138,190	-	36,646,922
Buildings	6,130,290	381,205	-	6,511,495
Improvements	732,823	86,523	-	819,346
Equipment	<u>6,831,889</u>	<u>716,488</u>	<u>214,405</u>	<u>7,333,972</u>
Total accumulated depreciation	<u>49,203,734</u>	<u>2,322,406</u>	<u>214,405</u>	<u>51,311,735</u>
Total capital assets being depreciated, net	<u>\$ 31,501,149</u>	<u>\$ (1,546,431)</u>	<u>\$ 147,698</u>	<u>\$ 29,807,020</u>
Total capital assets net of depreciation	<u>\$ 123,129,208</u>	<u>\$ (362,485)</u>	<u>\$ 285,038</u>	<u>\$ 122,481,685</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

6. Capital Assets (continued)

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

General government	\$ 422,820
Community services	165,465
Public safety	729,908
Highways and streets	342,341
Culture and recreation	5,746
Health and welfare	560,245
Education	<u>95,881</u>
 Total depreciation expense – governmental functions	 <u>\$ 2,322,406</u>

7. Construction Commitments

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

	Project Authorization	Expended to Date	Commitment	Required Further Financing
Logsdan Bridge	<u>\$ 3,157,000</u>	<u>\$ 357,297</u>	<u>\$ 2,799,703</u>	<u>\$ -</u>

8. Deferred Revenue

Deferred revenue at June 30, 2007 consists of:

	General	Human Services	Other Governmental Funds	Totals
Property taxes	\$ 713,704	\$ -	\$ 72,768	\$ 786,472
Unearned revenue	18,823	-	21,150	39,973
Other	<u>-</u>	<u>18,995</u>	<u>5,153</u>	<u>24,148</u>
 Deferred revenue reported in the funds	 <u>\$ 732,527</u>	 <u>\$ 18,995</u>	 <u>\$ 99,071</u>	 <u>\$ 850,593</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

9. Long-term Obligations

Transactions for the year ended June 30, 2007 are as follows:

	Outstanding July 1, 2006	Additions	Reductions	Outstanding June 30, 2007	Balances Due Within One Year
General Obligation Refunding Bonds, Series 2003 - original amount \$3,700,000; interest rates of 2.0 percent to 2.7 percent					
Principal	\$ 2,430,000	\$ -	\$ 665,000	\$ 1,765,000	\$ 675,000
Interest	24,658	54,092	59,908	18,842	-
	<u>2,454,658</u>	<u>54,092</u>	<u>724,908</u>	<u>1,783,842</u>	<u>675,000</u>
Vested Compensated Absences	<u>1,484,002</u>	<u>1,693,400</u>	<u>1,484,002</u>	<u>1,693,400</u>	<u>1,693,400</u>
Total long-term obligations	3,938,660	1,747,492	2,208,910	3,477,242	<u>\$ 2,368,400</u>
Interest	<u>24,658</u>	<u>54,092</u>	<u>59,908</u>	<u>18,842</u>	
Principal	<u>\$ 3,914,002</u>	<u>\$ 1,693,400</u>	<u>\$ 2,149,002</u>	<u>\$ 3,458,400</u>	

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

9. Long-term Obligations (continued)

Fiscal Year	General Obligation Refunding Bonds, Series 2003		Vested	Totals	
	Principal	Interest	Compensated Absences	Principal	Interest
2008	\$ 675,000	\$ 45,776	\$ 1,693,400	\$ 2,368,400	\$ 45,776
2009	705,000	28,901	-	705,000	28,901
2010	<u>385,000</u>	<u>10,395</u>	<u>-</u>	<u>385,000</u>	<u>10,395</u>
	<u>\$ 1,765,000</u>	<u>\$ 85,073</u>	<u>\$ 1,693,400</u>	<u>\$ 3,458,400</u>	<u>\$ 144,980</u>

10. Operating Leases

The County leases copy machines and office facilities under operating leases expiring in various years through 2011. Minimum future rental payments under non-cancelable operating leases having remaining terms in excess of 1 year as of June 30, 2007 for each of the next 4 years are:

Year Ended June 30,	Amount
2008	\$ 418,314
2009	333,575
2010	310,704
2011	<u>165,458</u>
Total	<u>\$ 1,228,051</u>

Rent expenditures for the year ended June 30, 2007 amounted to \$356,065.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

11. Defined Contribution Plan

The Lincoln County Retirement Plan is a defined contribution pension plan (401(k)) established by the County to provide benefits to substantially all employees, except for certain employees of the Sheriff's office. At June 30, 2007, there were 338 plan members. Required contributions are made semi-monthly at the rate of 11 percent of eligible employees' salaries. The County's contribution for each employee and interest allocated to the employee's account are fully vested after four years of membership. County contributions for, and interest forfeited by, employees who leave employment before four years of service are placed in a forfeiture account. This account is used to pay current charges for administration of the plan and may be used to reduce the County's contribution requirement. The County made the required contributions of \$1,666,296 for the year ended June 30, 2007. Investments are self-directed by the employees between a fixed income account and a number of equity funds. Plan provisions and contribution requirements are established and may be amended by the Board of Commissioners.

Under the plan, employees also have the option of participating in a deferred salary arrangement pursuant to a salary reduction agreement. The deferred salary cannot exceed the amount allowable by Internal Revenue Code Section 415. Contributions to the deferred salary option during the year ended June 30, 2007, amounted to \$630,132.

12. Defined Benefit Pension Plan

Retirement plan

The County contributes to the Oregon Public Employees' Retirement System (PERS), a cost sharing multiple-employer defined benefit pension plan and the Oregon Public Service Retirement Plan (OPSRP), a cost sharing multiple-employer hybrid pension plan. Both PERS and OPSRP are governed by the Public Employees' Retirement Board (PERB) under the provisions of Oregon Revised Statutes 238. PERS provides retirement benefits under a variety of benefit options, as selected by retiring employees, and provides death and disability benefits. OPSRP provides a combination of retirement benefits under a defined benefit plan and an individual account program (IAP), the balance of which will be paid out in either a lump sum or over a 5, 10, 15 or 20 year period. Employees hired on or after August 29, 2003 participate only in OPSRP. Beginning January 1, 2004, active PERS members hired before August 29, 2003 became members of the IAP of OPSRP. These members retain their existing PERS account, however any future member contributions will be placed in the IAP. A copy of the Oregon Public Employees Retirement System annual financial report may be obtained by writing to Public Employees' Retirement System, P.O. Box 23700, Tigard, OR 97281-3700, by calling (503) 598-7377 or at www.oregon.gov/PERS.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

12. Defined Benefit Pension Plan (continued)

Certain employees are eligible to participate after completing six months of service. Covered employees are required by state statute to contribute 6 percent of their compensation to the plan. Current law permits the County to pay this amount on behalf of the employees. The County's contribution rate is set by PERB and is periodically adjusted based upon actuarial computations of the amount needed to provide retirement benefits. For employees hired before August 29, 2003, the County's contribution rate is 11.18 percent of covered compensation. For employees hired on or after August 29, 2003, the County's contribution rate is 5.30 percent of covered compensation. Effective July 1, 2007, the County contribution rates will be 8.98 percent of covered compensation for employees hired before August 29, 2003 and 4.35 percent for employees hired after August 29, 2003.

The County's contribution to the plan for the years ending June 30, 2007, 2006 and 2005, were equal to the County's required contributions for each year as follows:

Year Ended June 30,	Employer County Contribution	Employer Paid Member Contribution	Totals
2007	\$ 375,936	\$ 229,253	\$ 605,189
2006	367,458	205,735	573,193
2005	275,971	209,108	485,079

13. Risk Management

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

14. Net Assets Restricted through Enabling Legislation

Net assets which are restricted through enabling legislation are as follows:

Oregon Transportation Improvement Act (OTIA) was enacted by the State of Oregon to provide funding to the County for the repair or replacement of bridges	\$ 2,799,703
Oregon and federal laws restrict the usage of state gas tax and federal forest fees for road repairs and improvements	14,371,566

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

15. Contingencies

A. General

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

B. Sick Leave

Portions of sick leave accumulated at any point in time can be expected to be redeemed before termination of employment; however, such redemptions cannot be reasonably estimated. As of June 30, 2007, County employees had accumulated 11,475 days of sick leave.

16. Fund Deficits

The financial statements include the following funds with a cumulative fund deficit at June 30, 2007:

<u>Fund</u>	<u>Amount</u>
Meth Grant	\$ 4,600
Community Health Center	21,120

These deficits will be resolved through normal operating activity in the ensuing fiscal year.

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**



Lincoln County

OREGON

ESTABLISHED 1893

LINCOLN COUNTY

**COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
June 30, 2007**

	Special Revenue	Debt Service	Totals
ASSETS			
Cash and investments	\$ 5,158,180	\$ 238,867	\$ 5,397,047
Receivables	737,318	44,529	781,847
Prepaid items	11,187	--	11,187
TOTAL ASSETS	<u>\$ 5,906,685</u>	<u>\$ 283,396</u>	<u>\$ 6,190,081</u>
LIABILITIES			
Accounts payable and accrued items	\$ 277,296	\$ --	\$ 277,296
Interfund loan payable	170,000	--	170,000
Due to other funds	106,001	--	106,001
Deferred revenue	61,272	37,799	99,071
TOTAL LIABILITIES	<u>614,569</u>	<u>37,799</u>	<u>652,368</u>
FUND BALANCES			
Reserved for debt service	--	245,597	245,597
Unreserved	5,292,116	--	5,292,116
TOTAL FUND BALANCES	<u>5,292,116</u>	<u>245,597</u>	<u>5,537,713</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 5,906,685</u>	<u>\$ 283,396</u>	<u>\$ 6,190,081</u>

LINCOLN COUNTY

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL FUNDS
Year Ended June 30, 2007**

	Special Revenue	Debt Service	Totals
REVENUES			
Taxes and land sales	\$ 890,473	\$ 730,978	\$ 1,621,451
Licenses and fees	318,976	--	318,976
Charges for services	1,116,114	--	1,116,114
Intergovernmental	5,485,196	--	5,485,196
Court fines and fees	86,500	--	86,500
Interest	228,198	15,600	243,798
Donations	100,081	--	100,081
Miscellaneous	298,263	--	298,263
	<u>8,523,801</u>	<u>746,578</u>	<u>9,270,379</u>
TOTAL REVENUES			
EXPENDITURES			
Current:			
General government	227,848	--	227,848
Community services	1,429,865	--	1,429,865
Public safety	521,167	--	521,167
Culture and recreation	244,844	--	244,844
Health and welfare	4,290,502	--	4,290,502
Education	1,668,413	--	1,668,413
Debt service:			
Principal	--	665,000	665,000
Interest	--	59,908	59,908
Capital outlay	28,865	--	28,865
	<u>8,411,504</u>	<u>724,908</u>	<u>9,136,412</u>
TOTAL EXPENDITURES			
Excess (deficiency) of revenues over expenditures	<u>112,297</u>	<u>21,670</u>	<u>133,967</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	358,840	--	358,840
Transfers out	(17,232)	--	(17,232)
	<u>341,608</u>	<u>--</u>	<u>341,608</u>
TOTAL OTHER FINANCING SOURCES (USES)			
Net change in fund balances	453,905	21,670	475,575
Fund balances at beginning of year	4,838,211	223,927	5,062,138
	<u>5,292,116</u>	<u>245,597</u>	<u>5,537,713</u>
Fund balances at end of year			

OTHER GOVERNMENTAL FUNDS

Special Revenue

Special revenue funds account for revenue derived from specific tax or other earmarked revenue sources, including federal and state grant awards, which are restricted to finance particular functions or activities.

- *County School* – Revenue of this fund is derived primarily from forest fees. The entire proceeds of the fund are distributed to the Lincoln County School District.
- *County Fair* – The operations of the Fair Board are accounted for in this fund. Major sources of revenue include state apportionments, operation of the annual fair and ground and building rentals. Expenditures are primarily for the administration and operation of the fair and maintenance and improvement of fair buildings and grounds.
- *Transit District (a component unit)* – This fund accounts for expenditures associated with the operations of a comprehensive county transportation program. Services are aimed at providing transportation to disadvantaged, senior and disabled members of the County, enabling them to obtain medical and other services.
- *Law Library* – This fund is used to maintain the County law library. Revenue is derived from various court fees. Expenditures are for books and other materials.
- *DA's Criminal Forfeiture Law Enforcement* – To account for money collected and distributed by the District Attorney's office for criminal forfeiture cases.
- *Clerk Records* – This fund accounts for expenditures incurred by the County Clerk to improve record storage and to acquire systems which facilitate records retrieval.
- *OHP Mental Health* – This fund accounts for mental health services for enrollee's of the Oregon Health Plan as part of a county consortium.
- *Solid Waste District (a component unit)* – This fund is responsible for accounting for solid waste management planning, recycling, education and coordination functions, illegal dumping, cleanup and prevention and enforcement coordination. The principal revenue sources are assessments levied against various municipalities with the County.
- *Enforcement* – Fines for certain liquor and drug violations are earmarked by law for this fund. Expenditures are restricted for the enforcement of liquor and drug laws.
- *Dog License* – The sale of dog licenses and animal shelter fees constitute the primary revenue for this fund.
- *Title III Safety Net* – This fund accounts for revenues required by law to be set aside for use as a "safety-net" for authorized projects under Public Law 106-393, "The Secure Rural Schools and Community Self-Determination Act of 2000."
- *Corner Preservation* – This fund accounts for expenditures incurred by the County Surveyor in the establishment, re-establishment, and maintenance of corners of government surveys.
- *Meth Grant* – This fund is used to insure compliance ORS Chapters 209 and 672, through review and policy development.
- *Extension Agency (a component unit)* – This fund accounts for the operations of the OSU-County Extension Agency which provides educational programs to Lincoln County citizens. The principal source of revenue is from County property taxes.
- *Agate Beach Closure* – This fund accounts for the County's share of the post-closure obligations at the closed Agate Beach Landfill.
- *DUII* – This fund is used to comply with the legal provisions concerning the expenditure of funds through civil forfeiture proceedings.
- *DUII M3 Forfeiture* – This fund is used to comply with the legal provisions concerning the expenditure of funds through civil forfeiture proceedings.
- *Community Health Center* – This fund is to construct and operate a federally funded community health center.

LINCOLN COUNTY

**COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
June 30, 2007**

	County School	County Fair	Transit District	Law Library	DA's Criminal Forfeiture Law Enforcement	Clerk Records	OHP Mental Health	Solid Waste District	Enforce- ment
ASSETS									
Cash and investments	\$ 8	\$ 46,575	\$ 1,433,604	\$ 25,123	\$ 19	\$ 45,351	\$ 346,418	\$ 165,914	\$ 25,371
Receivables	--	--	40,003	4,331	--	8	131,118	9,790	2,947
Prepaid items	--	500	1,000	620	--	--	1,403	69	--
TOTAL ASSETS	\$ 8	\$ 47,075	\$ 1,474,607	\$ 30,074	\$ 19	\$ 45,359	\$ 478,939	\$ 175,773	\$ 28,318
LIABILITIES									
Accounts payable and accrued items	\$ --	\$ 6,244	\$ 40,155	\$ 2,855	\$ 19	\$ 22	\$ 7,315	\$ 24,845	\$ 11
Interfund loan payable	--	--	--	--	--	--	--	--	--
Due to other funds	--	3,095	23,616	--	--	690	346	2,753	340
Deferred revenue	--	5,153	23,822	--	--	--	--	--	--
TOTAL LIABILITIES	--	14,492	87,593	2,855	19	712	7,661	27,598	351
FUND BALANCES -									
Unreserved	8	32,583	1,387,014	27,219	--	44,647	471,278	148,175	27,967
TOTAL LIABILITIES AND FUND BALANCES	\$ 8	\$ 47,075	\$ 1,474,607	\$ 30,074	\$ 19	\$ 45,359	\$ 478,939	\$ 175,773	\$ 28,318

Dog License	Title III Safety Net	Corner Preservation	Meth Grant	Extension Agency	Agate Beach Closure	DUII	DUII M3 Forfeiture	Community Health Center	Totals
\$ (11,623)	\$ 1,761,670	\$ 387,739	\$ (41,941)	\$ 277,397	\$ 754,895	\$ 5,466	\$ 485	\$ (64,291)	\$ 5,158,180
108,969	--	--	53,982	13,126	979	--	--	372,065	737,318
167	--	67	--	6,051	--	350	--	960	11,187
<u>\$ 97,513</u>	<u>\$ 1,761,670</u>	<u>\$ 387,806</u>	<u>\$ 12,041</u>	<u>\$ 296,574</u>	<u>\$ 755,874</u>	<u>\$ 5,816</u>	<u>\$ 485</u>	<u>\$ 308,734</u>	<u>\$ 5,906,685</u>
\$ 1,813	\$ 84,648	\$ 3,855	\$ 15,575	\$ 12,170	--	\$ 1,620	--	\$ 76,149	\$ 277,296
--	--	--	--	--	--	--	--	170,000	170,000
6,453	--	5,087	1,066	--	--	--	--	62,555	106,001
--	--	--	--	11,147	--	--	--	21,150	61,272
8,266	84,648	8,942	16,641	23,317	--	1,620	--	329,854	614,569
<u>89,247</u>	<u>1,677,022</u>	<u>378,864</u>	<u>(4,600)</u>	<u>273,257</u>	<u>755,874</u>	<u>4,196</u>	<u>485</u>	<u>(21,120)</u>	<u>5,292,116</u>
<u>\$ 97,513</u>	<u>\$ 1,761,670</u>	<u>\$ 387,806</u>	<u>\$ 12,041</u>	<u>\$ 296,574</u>	<u>\$ 755,874</u>	<u>\$ 5,816</u>	<u>\$ 485</u>	<u>\$ 308,734</u>	<u>\$ 5,906,685</u>

LINCOLN COUNTY

**COMBINING STATEMENT OF REVENUES, EXPEDITURES
AND CHANGES IN FUND BALANCE
SPECIAL REVENUE FUNDS
Year Ended June 30, 2007**

	County School	County Fair	Transit District	Law Library	DA's Criminal Forfeiture Law Enforcement	Clerk Records	OHP Mental Health	Solid Waste District
REVENUES								
Taxes and land sales	\$ 186,517	\$ --	\$ 481,046	\$ --	\$ --	\$ --	\$ --	\$ --
Licenses and fees	--	--	--	--	--	65,353	--	--
Charges for services	--	--	121,123	--	--	--	--	255,248
Intergovernmental	1,127,015	46,456	508,922	--	--	--	1,573,969	18,000
Court fines and fees	--	--	--	49,630	--	--	--	--
Interest	1,992	2,113	62,026	1,147	19	1,771	30,561	7,617
Donations	--	--	--	--	--	--	--	--
Miscellaneous	--	182,792	6,220	5	--	--	2,465	150
TOTAL REVENUES	1,315,524	231,361	1,179,337	50,782	19	67,124	1,606,995	281,015
EXPENDITURES								
Current:								
General government	--	--	--	--	--	57,714	--	--
Community service	--	--	1,050,337	--	--	--	--	265,008
Public safety	--	--	--	51,208	19	--	--	--
Culture and recreation	--	244,844	--	--	--	--	--	--
Health and welfare	--	--	--	--	--	--	1,832,402	--
Education	1,315,721	--	--	--	--	--	--	--
Capital outlay	--	--	--	--	--	--	--	200
TOTAL EXPENDITURES	1,315,721	244,844	1,050,337	51,208	19	57,714	1,832,402	265,208
Excess (deficiency of revenues over expenditures)	(197)	(13,483)	129,000	(426)	--	9,410	(225,407)	15,807
OTHER FINANCING SOURCES (USES)								
Transfers in	--	--	--	--	--	--	--	--
Transfers out	--	--	--	--	(2,311)	--	--	--
TOTAL OTHER FINANCING SOURCES (USES)	--	--	--	--	(2,311)	--	--	--
Net change in fund balances	(197)	(13,483)	129,000	(426)	(2,311)	9,410	(225,407)	15,807
Fund balances at beginning of year	205	46,066	1,258,014	27,645	2,311	35,237	696,685	132,368
Fund balances at end of year	\$ 8	\$ 32,583	\$ 1,387,014	\$ 27,219	\$ --	\$ 44,647	\$ 471,278	\$ 148,175

Enforce- ment	Dog License	Title III Safety Net	Corner Preservation	Meth Grant	Extension Agency	Agate Beach Closure	DUII	DUII M3 Forfeiture	Community Health Center	Totals
\$ --	\$ --	\$ --	\$ --	\$ --	\$ 222,910	\$ --	\$ --	\$ --	\$ --	\$ 890,473
--	71,099	--	163,460	--	--	5,554	2,965	10,545	--	318,976
--	16,551	--	--	--	1,233	--	--	--	721,959	1,116,114
--	42,456	514,937	22,380	192,340	165,860	--	--	--	1,272,861	5,485,196
34,320	2,550	--	--	--	--	--	--	--	--	86,500
1,259	2,052	65,360	18,399	--	6,570	33,752	422	247	(7,109)	228,198
--	--	--	--	--	--	--	--	--	100,081	100,081
--	4,838	--	--	--	2,605	--	--	--	99,188	298,263
<u>35,579</u>	<u>139,546</u>	<u>580,297</u>	<u>204,239</u>	<u>192,340</u>	<u>399,178</u>	<u>39,306</u>	<u>3,387</u>	<u>10,792</u>	<u>2,186,980</u>	<u>8,523,801</u>
--	--	--	170,134	--	--	--	--	--	--	227,848
--	--	103,435	--	--	--	11,085	--	--	--	1,429,865
11,291	239,143	--	--	195,375	--	--	9,308	14,823	--	521,167
--	--	--	--	--	--	--	--	--	--	244,844
--	--	--	--	--	--	--	--	--	2,458,100	4,290,502
--	--	--	--	--	352,692	--	--	--	--	1,668,413
--	--	--	28,665	--	--	--	--	--	--	28,865
<u>11,291</u>	<u>239,143</u>	<u>103,435</u>	<u>198,799</u>	<u>195,375</u>	<u>352,692</u>	<u>11,085</u>	<u>9,308</u>	<u>14,823</u>	<u>2,458,100</u>	<u>8,411,504</u>
<u>24,288</u>	<u>(99,597)</u>	<u>476,862</u>	<u>5,440</u>	<u>(3,035)</u>	<u>46,486</u>	<u>28,221</u>	<u>(5,921)</u>	<u>(4,031)</u>	<u>(271,120)</u>	<u>112,297</u>
--	108,840	--	--	--	--	--	--	--	250,000	358,840
(14,921)	--	--	--	--	--	--	--	--	--	(17,232)
<u>(14,921)</u>	<u>108,840</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>250,000</u>	<u>341,608</u>
9,367	9,243	476,862	5,440	(3,035)	46,486	28,221	(5,921)	(4,031)	(21,120)	453,905
<u>18,600</u>	<u>80,004</u>	<u>1,200,160</u>	<u>373,424</u>	<u>(1,565)</u>	<u>226,771</u>	<u>727,653</u>	<u>10,117</u>	<u>4,516</u>	<u>--</u>	<u>4,838,211</u>
<u>\$ 27,967</u>	<u>\$ 89,247</u>	<u>\$ 1,677,022</u>	<u>\$ 378,864</u>	<u>\$ (4,600)</u>	<u>\$ 273,257</u>	<u>\$ 755,874</u>	<u>\$ 4,196</u>	<u>\$ 485</u>	<u>\$ (21,120)</u>	<u>\$ 5,292,116</u>

LINCOLN COUNTY

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE (BUDGETARY BASIS) - BUDGET AND ACTUAL
COUNTY SCHOOL - SPECIAL REVENUE FUND
Year Ended June 30, 2007**

	Budget	Actual	Variance
REVENUES			
Taxes and land sales	\$ 221,750	\$ 186,517	\$ (35,233)
Intergovernmental	1,500,000	1,127,015	(372,985)
Interest	700	1,992	1,292
Miscellaneous	1,300	--	(1,300)
TOTAL REVENUES	1,723,750	1,315,524	(408,226)
EXPENDITURES			
Materials and services	1,723,750	1,315,721	408,029
Net change in fund balance	--	(197)	(197)
Fund balance at beginning of year	--	205	205
Fund balance at end of year	\$ --	\$ 8	\$ 8

LINCOLN COUNTY

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE (BUDGETARY BASIS) - BUDGET AND ACTUAL
COUNTY FAIR - SPECIAL REVENUE FUND
Year Ended June 30, 2007**

	Budget	Actual	Variance
REVENUES			
Intergovernmental	\$ 46,456	\$ 46,456	\$ --
Interest	1,500	2,113	613
Miscellaneous	213,150	182,792	(30,358)
	261,106	231,361	(29,745)
TOTAL REVENUES			
EXPENDITURES			
Personal services	112,646	101,232	11,414
Materials and services	175,545	143,612	31,933
Capital outlay	10,000	--	10,000
Operating contingency	25,615	--	25,615
	323,806	244,844	78,962
TOTAL EXPENDITURES			
Net change in fund balance	(62,700)	(13,483)	49,217
Fund balance at beginning of year	62,700	46,066	(16,634)
	\$ --	\$ 32,583	\$ 32,583
Fund balance at end of year			

LINCOLN COUNTY

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE (BUDGETARY BASIS) - BUDGET AND ACTUAL
TRANSIT DISTRICT - SPECIAL REVENUE FUND
Year Ended June 30, 2007**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Taxes and land sales	\$ 479,273	\$ 481,046	\$ 1,773
Charges for services	110,000	121,123	11,123
Intergovernmental	927,064	508,922	(418,142)
Interest	32,812	62,026	29,214
Miscellaneous	20,000	6,220	(13,780)
TOTAL REVENUES	<u>1,569,149</u>	<u>1,179,337</u>	<u>(389,812)</u>
EXPENDITURES			
Personal services	875,400	747,842	127,558
Materials and services	364,891	302,495	62,396
Capital outlay	502,300	--	502,300
Operating contingency	436,418	--	436,418
TOTAL EXPENDITURES	<u>2,179,009</u>	<u>1,050,337</u>	<u>1,128,672</u>
Net change in fund balance	(609,860)	129,000	738,860
Fund balance at beginning of year	<u>1,185,600</u>	<u>1,258,014</u>	<u>72,414</u>
Fund balance at end of year	<u>\$ 575,740</u>	<u>\$ 1,387,014</u>	<u>\$ 811,274</u>

LINCOLN COUNTY

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE (BUDGETARY BASIS) - BUDGET AND ACTUAL
LAW LIBRARY - SPECIAL REVENUE FUND
Year Ended June 30, 2007**

	Budget	Actual	Variance
REVENUES			
Fines and forfeitures	\$ 45,000	\$ 49,630	\$ 4,630
Interest	600	1,147	547
Miscellaneous	--	5	5
TOTAL REVENUES	<u>45,600</u>	<u>50,782</u>	<u>5,182</u>
EXPENDITURES			
Materials and services	54,600	51,208	3,392
Capital outlay	2,400	--	2,400
TOTAL EXPENDITURES	<u>57,000</u>	<u>51,208</u>	<u>5,792</u>
Net change in fund balance	(11,400)	(426)	10,974
Fund balance at beginning of year	<u>11,400</u>	<u>27,645</u>	<u>16,245</u>
Fund balance at end of year	<u>\$ --</u>	<u>\$ 27,219</u>	<u>\$ 27,219</u>

LINCOLN COUNTY

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE (BUDGETARY BASIS) - BUDGET AND ACTUAL
DA'S CRIMINAL FORFEITURE LAW ENFORCEMENT - SPECIAL REVENUE FUND
Year Ended June 30, 2007**

	Budget	Actual	Variance
REVENUES			
Interest	\$ --	\$ 19	\$ 19
EXPENDITURES			
Materials and services	--	19	(19)
Excess (deficiency) of revenues over expenditures	--	--	--
OTHER FINANCING SOURCES (USES)			
Transfers out	--	2,311	2,311
Net change in fund balance	--	(2,311)	(2,311)
Fund balance at beginning of year	--	2,311	2,311
Fund balance at end of year	\$ --	\$ --	\$ --

LINCOLN COUNTY

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE (BUDGETARY BASIS) - BUDGET AND ACTUAL
CLERK RECORDS - SPECIAL REVENUE FUND
Year Ended June 30, 2007**

	Budget	Actual	Variance
REVENUES			
Licenses and fees	\$ 56,000	\$ 65,353	\$ 9,353
Interest	700	1,771	1,071
	56,700	67,124	10,424
TOTAL REVENUES			
EXPENDITURES			
Personal services	54,059	42,945	11,114
Materials and services	16,635	14,769	1,866
Capital outlay	8,000	--	8,000
	78,694	57,714	20,980
TOTAL EXPENDITURES			
Net change in fund balance	(21,994)	9,410	31,404
Fund balance at beginning of year	21,994	35,237	13,243
Fund balance at end of year	\$ --	\$ 44,647	\$ 44,647

LINCOLN COUNTY

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE (BUDGETARY BASIS) - BUDGET AND ACTUAL
OHP MENTAL HEALTH - SPECIAL REVENUE FUND
Year Ended June 30, 2007**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Charges for services	\$ 9,500	\$ --	\$ (9,500)
Intergovernmental	1,674,595	1,573,969	(100,626)
Interest	15,000	30,561	15,561
Miscellaneous	1,000	2,465	1,465
TOTAL REVENUES	<u>1,700,095</u>	<u>1,606,995</u>	<u>(93,100)</u>
EXPENDITURES			
Personal services	94,917	61,748	33,169
Materials and services	2,076,664	1,770,654	306,010
Capital outlay	5,000	--	5,000
Operating contingency	104,655	--	104,655
TOTAL EXPENDITURES	<u>2,281,236</u>	<u>1,832,402</u>	<u>448,834</u>
Net change in fund balance	(581,141)	(225,407)	355,734
Fund balance at beginning of year	581,141	696,685	115,544
Fund balance at end of year	<u>\$ --</u>	<u>\$ 471,278</u>	<u>\$ 471,278</u>

LINCOLN COUNTY

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE (BUDGETARY BASIS) - BUDGET AND ACTUAL
SOLID WASTE DISTRICT - SPECIAL REVENUE FUND**

Year Ended June 30, 2007

	Budget	Actual	Variance
REVENUES			
Charges for services	\$ 225,540	\$ 255,248	\$ 29,708
Intergovernmental	20,000	18,000	(2,000)
Interest	800	7,617	6,817
Miscellaneous	--	150	150
TOTAL REVENUES	<u>246,340</u>	<u>281,015</u>	<u>34,675</u>
EXPENDITURES			
Personal services	92,875	81,344	11,531
Materials and services	206,752	183,664	23,088
Capital outlay	5,000	200	4,800
Operating contingency	46,144	--	46,144
TOTAL EXPENDITURES	<u>350,771</u>	<u>265,208</u>	<u>85,563</u>
Net change in fund balance	(104,431)	15,807	120,238
Fund balances at beginning of year	<u>104,431</u>	<u>132,368</u>	<u>27,937</u>
Fund balance at end of year	<u>\$ --</u>	<u>\$ 148,175</u>	<u>\$ 148,175</u>

LINCOLN COUNTY

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE (BUDGETARY BASIS) - BUDGET AND ACTUAL
ENFORCEMENT - SPECIAL REVENUE FUND
Year Ended June 30, 2007**

	Budget	Actual	Variance
REVENUES			
Fines and forfeitures	\$ 35,000	\$ 34,320	\$ (680)
Interest	120	1,259	1,139
TOTAL REVENUES	35,120	35,579	459
 EXPENDITURES			
Personal services	11,222	4,858	6,364
Materials and services	15,000	6,433	8,567
Capital outlay	5,000	--	5,000
TOTAL EXPENDITURES	31,222	11,291	19,931
 Excess (deficiency) of revenues over expenditures	3,898	24,288	20,390
 OTHER FINANCING SOURCES (USES)			
Transfers out	(22,901)	(14,921)	7,980
Net change in fund balance	(19,003)	9,367	28,370
Fund balance at beginning of year	19,003	18,600	(403)
 Fund balance at end of year	\$ --	\$ 27,967	\$ 27,967

LINCOLN COUNTY

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE (BUDGETARY BASIS) - BUDGET AND ACTUAL
DOG LICENSE - SPECIAL REVENUE FUND**

Year Ended June 30, 2007

	Budget	Actual	Variance
REVENUES			
Licenses and fees	\$ 63,500	\$ 71,099	\$ 7,599
Charges for services	20,889	16,551	(4,338)
Intergovernmental	34,410	42,456	8,046
State court fines	1,000	2,550	1,550
Interest	1,000	2,052	1,052
Miscellaneous	17,550	4,838	(12,712)
TOTAL REVENUES	138,349	139,546	1,197
EXPENDITURES			
Personal services	244,667	209,598	35,069
Materials and services	33,630	29,545	4,085
TOTAL EXPENDITURES	278,297	239,143	39,154
Excess (deficiency) of revenues over expenditures	(139,948)	(99,597)	40,351
OTHER FINANCING SOURCES (USES)			
Transfers in	108,840	108,840	--
Net change in fund balance	(31,108)	9,243	40,351
Fund balance at beginning of year	31,108	80,004	48,896
Fund balance at end of year	\$ --	\$ 89,247	\$ 89,247

LINCOLN COUNTY

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE (BUDGETARY BASIS) - BUDGET AND ACTUAL
TITLE III SAFETY NET - SPECIAL REVENUE FUND
Year Ended June 30, 2007**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Intergovernmental	\$ 517,879	\$ 514,937	\$ (2,942)
Interest	20,000	65,360	45,360
TOTAL REVENUES	<u>537,879</u>	<u>580,297</u>	<u>42,418</u>
EXPENDITURES			
Materials and services	350,000	103,435	246,565
Capital outlay	350,000	--	350,000
TOTAL EXPENDITURES	<u>700,000</u>	<u>103,435</u>	<u>596,565</u>
Net change in fund balance	(162,121)	476,862	638,983
Fund balance at beginning of year	<u>162,121</u>	<u>1,200,160</u>	<u>1,038,039</u>
Fund balance at end of year	<u>\$ --</u>	<u>\$ 1,677,022</u>	<u>\$ 1,677,022</u>

LINCOLN COUNTY

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE (BUDGETARY BASIS) - BUDGET AND ACTUAL
CORNER PRESERVATION - SPECIAL REVENUE FUND**

Year Ended June 30, 2007

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Licenses and fees	\$ 150,000	\$ 163,460	\$ 13,460
Intergovernmental	--	22,380	22,380
Interest	8,000	18,399	10,399
TOTAL REVENUES	<u>158,000</u>	<u>204,239</u>	<u>46,239</u>
EXPENDITURES			
Personal services	188,975	152,817	36,158
Materials and services	64,220	17,317	46,903
Capital outlay	65,000	28,665	36,335
Operating contingency	175,583	--	175,583
TOTAL EXPENDITURES	<u>493,778</u>	<u>198,799</u>	<u>294,979</u>
Net change in fund balance	(335,778)	5,440	341,218
Fund balance at beginning of year	<u>335,778</u>	<u>373,424</u>	<u>37,646</u>
Fund balance at end of year	<u>\$ --</u>	<u>\$ 378,864</u>	<u>\$ 378,864</u>

LINCOLN COUNTY

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE (BUDGETARY BASIS) - BUDGET AND ACTUAL
METH GRANT - SPECIAL REVENUE FUND
Year Ended June 30, 2007**

	Budget	Actual	Variance
REVENUES			
Intergovernmental	\$ 272,920	\$ 192,340	\$ (80,580)
EXPENDITURES			
Personal services	29,320	28,205	1,115
Materials and services	243,600	167,170	76,430
TOTAL EXPENDITURES	272,920	195,375	77,545
Net change in fund balance	--	(3,035)	(3,035)
Fund balance at beginning of year	--	(1,565)	(1,565)
Fund balance at end of year	\$ --	\$ (4,600)	\$ (4,600)

LINCOLN COUNTY

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE (BUDGETARY BASIS) - BUDGET AND ACTUAL
EXTENSION AGENCY - SPECIAL REVENUE FUND**

Year Ended June 30, 2007

	Budget	Actual	Variance
REVENUES			
Property taxes	\$ 220,500	\$ 222,910	\$ 2,410
Charges for services	12,900	1,233	(11,667)
Intergovernmental	254,000	165,860	(88,140)
Interest	1,500	6,570	5,070
Miscellaneous	7,500	2,605	(4,895)
TOTAL REVENUES	496,400	399,178	(97,222)
EXPENDITURES			
Personal services	354,800	225,910	128,890
Materials and services	214,950	126,782	88,168
Capital outlay	10,000	--	10,000
Operating contingency	53,678	--	53,678
TOTAL EXPENDITURES	633,428	352,692	280,736
Net change in fund balance	(137,028)	46,486	183,514
Fund balance at beginning of year	189,000	226,771	37,771
Fund balance at end of year	\$ 51,972	\$ 273,257	\$ 221,285

LINCOLN COUNTY

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE (BUDGETARY BASIS) - BUDGET AND ACTUAL
AGATE BEACH CLOSURE - SPECIAL REVENUE FUND**

Year Ended June 30, 2007

	Budget	Actual	Variance
REVENUES			
Licences and fees	\$ 4,000	\$ 5,554	\$ 1,554
Interest	15,000	33,752	18,752
TOTAL REVENUES	19,000	39,306	20,306
EXPENDITURES			
Materials and services	657,147	11,085	646,062
Capital outlay	5,000	--	5,000
Operating contingency	50,000	--	50,000
TOTAL EXPENDITURES	712,147	11,085	701,062
Net change in fund balance	(693,147)	28,221	721,368
Fund balance at beginning of year	693,147	727,653	34,506
Fund balance at end of year	\$ --	\$ 755,874	\$ 755,874

LINCOLN COUNTY

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE (BUDGETARY BASIS) - BUDGET AND ACTUAL
DUII - SPECIAL REVENUE FUND
Year Ended June 30, 2007**

	Budget	Actual	Variance
REVENUES			
Licences and fees	\$ 6,000	\$ 2,965	\$ (3,035)
Interest	500	422	(78)
TOTAL REVENUES	6,500	3,387	(3,113)
EXPENDITURES			
Materials and services	11,500	9,308	2,192
Net change in fund balance	(5,000)	(5,921)	(921)
Fund balance at beginning of year	5,000	10,117	5,117
Fund balance at end of year	\$ --	\$ 4,196	\$ 4,196

LINCOLN COUNTY

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE (BUDGETARY BASIS) - BUDGET AND ACTUAL
DUI M3 FORFEITURE - SPECIAL REVENUE FUND
Year Ended June 30, 2007**

	Budget	Actual	Variance
REVENUES			
Licences and fees	\$ 15,000	\$ 10,545	\$ (4,455)
Interest	60	247	187
TOTAL REVENUES	15,060	10,792	(4,268)
EXPENDITURES			
Materials and services	21,260	14,823	6,437
Net change in fund balance	(6,200)	(4,031)	2,169
Fund balance at beginning of year	6,200	4,516	(1,684)
Fund balance at end of year	\$ --	\$ 485	\$ 485

LINCOLN COUNTY

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE (BUDGETARY BASIS) - BUDGET AND ACTUAL
COMMUNITY HEALTH CENTER - SPECIAL REVENUE FUND
Year Ended June 30, 2007**

	Budget	Actual	Variance
REVENUES			
Charges for services	\$ 1,004,603	\$ 721,959	\$ (282,644)
Intergovernmental	2,158,276	1,272,861	(885,415)
Interest	20,000	(7,109)	(27,109)
Donations	--	100,081	100,081
Miscellaneous	--	99,188	99,188
TOTAL REVENUES	3,182,879	2,186,980	(995,899)
EXPENDITURES			
Personal services	1,919,576	1,535,380	384,196
Materials and services	1,243,303	735,434	507,869
Capital outlay	270,000	187,286	82,714
TOTAL EXPENDITURES	3,432,879	2,458,100	974,779
Excess (deficiency) of revenues over expenditures	(250,000)	(271,120)	(21,120)
OTHER FINANCING SOURCES (USES)			
Transfers in	250,000	250,000	--
Net change in fund balance	--	(21,120)	(21,120)
Fund balance at beginning of year	--	--	--
Fund balance at end of year	\$ --	\$ (21,120)	\$ (21,120)



Lincoln County

OREGON

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OTHER GOVERNMENTAL FUNDS

Debt Service

The Debt Service Fund accounts for payments of principal and interest on general obligation bonds. The principal source of revenue is property taxes.

LINCOLN COUNTY

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE (BUDGETARY BASIS) - BUDGET AND ACTUAL
DEBT SERVICE FUND
Year Ended June 30, 2007**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Property taxes	\$ 698,935	\$ 730,978	\$ 32,043
Interest	<u>20,000</u>	<u>15,600</u>	<u>(4,400)</u>
TOTAL REVENUES	<u>718,935</u>	<u>746,578</u>	<u>27,643</u>
EXPENDITURES			
Debt service			
Principal	665,000	665,000	--
Interest	<u>59,908</u>	<u>59,908</u>	<u>--</u>
TOTAL EXPENDITURES	<u>724,908</u>	<u>724,908</u>	<u>--</u>
Net change in fund balance	(5,973)	21,670	27,643
Fund balance at beginning of year	<u>205,973</u>	<u>223,927</u>	<u>17,954</u>
Fund balance at end of year	<u>\$ 200,000</u>	<u>\$ 245,597</u>	<u>\$ 45,597</u>

PROPRIETARY FUND

Internal Service

The Insurance Reserve Fund accounts for costs of the County's self-insurance programs. Charges to other organizational units and refunds from insurance policies support these activities.

LINCOLN COUNTY

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE (BUDGETARY BASIS) - BUDGET AND ACTUAL
INSURANCE RESERVE - INTERNAL SERVICE FUND
Year Ended June 30, 2007**

	Budget	Actual	Variance
REVENUES			
Charges for services	\$ 580,000	\$ 612,085	\$ 32,085
Intergovernmental	--	1,700	1,700
Interest	30,000	30,300	300
Miscellaneous	17,623	31,669	14,046
TOTAL REVENUES	<u>627,623</u>	<u>675,754</u>	<u>48,131</u>
EXPENDITURES			
Personal services	647,279	530,970	116,309
Materials and services	560,481	145,235	415,246
Capital outlay	150,000	35,799	114,201
Contingency	226,212	--	226,212
TOTAL EXPENDITURES	<u>1,583,972</u>	<u>712,004</u>	<u>871,968</u>
Net change in fund balance	(956,349)	(36,250)	(920,099)
Fund balance at beginning of year	<u>956,349</u>	<u>735,951</u>	<u>(220,398)</u>
Fund balance at end of year	<u>\$ --</u>	<u>\$ 699,701</u>	<u>\$ 699,701</u>

FIDUCIARY FUND

Agency

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

- The *Agency Funds* account for resources received and held by the County in a fiduciary capacity. Disbursements from these funds are made in accordance with the trust agreement or applicable legislative enactment for each particular fund.

LINCOLN COUNTY

**SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
Year Ended June 30, 2007**

	<u>Balances</u> July 1, 2006	<u>Additions</u>	<u>Deductions</u>	<u>Balances</u> June 30, 2007
<u>ASSETS</u>				
Cash and investments	\$ 2,307,410	\$ 168,444,053	\$ 168,536,300	\$ 2,215,163
Accounts receivable	-	67,203	-	67,203
Property taxes receivable	3,468,312	58,530,472	58,546,566	3,452,218
Prepaid items	-	48,702	-	48,702
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 5,775,722</u>	<u>\$ 227,090,430</u>	<u>\$ 227,082,866</u>	<u>\$ 5,783,286</u>
<u>LIABILITIES</u>				
Accounts payable	\$ 752,842	\$ 618,249	\$ 752,842	\$ 618,249
Fiduciary liabilities	5,022,880	226,472,181	226,330,024	5,165,037
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	<u>\$ 5,775,722</u>	<u>\$ 227,090,430</u>	<u>\$ 227,082,866</u>	<u>\$ 5,783,286</u>

OTHER FINANCIAL SCHEDULES

LINCOLN COUNTY

SCHEDULE OF RECEIPTS AND DISBURSEMENTS FOR ELECTED OFFICIALS
Year Ended June 30, 2007

	Cash and Investment Balances July 1, 2006	Receipts	Disbursements	Cash and Investment Balances June 30, 2007
Treasurer	\$ 33,712,554	\$ 283,954,419	\$ 282,460,661	35,206,312
District Attorney	<u>184</u>	<u>18</u>	<u>-</u>	<u>202</u>
Totals	<u>\$ 33,712,738</u>	<u>\$ 283,954,437</u>	<u>\$ 282,460,661</u>	<u>\$ 35,206,514</u>

The County Sheriff, Surveyor, Assessor and Clerk do not maintain any funds at financial institutions.

STATISTICAL SECTION





Lincoln County
OREGON
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STATISTICAL SECTION

This part of the County's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and other supplementary information says about the government's overall financial health.

Contents	Pages
Financial Trends <i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	62-65
Revenue Capacity <i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	66-69
Debt Capacity <i>These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</i>	70-73
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</i>	74,75
Operating Information <i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i>	76-78

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

LINCOLN COUNTY

NET ASSETS BY COMPONENT
(Accrual Basis of Accounting)
(\$000's)

	As of June 30,				
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Invested in capital assets, net of related debt	26,159	116,325	115,587	120,699	120,717
Restricted	145	200	3,383	3,257	17,417
Unrestricted	23,546	24,087	25,876	27,687	15,125
Total Net Assets	<u>49,850</u>	<u>140,612</u>	<u>144,846</u>	<u>151,643</u>	<u>153,259</u>

Note: Accrual-based financial information for the county government as a whole is available back to 2002 only, the year GASB Statement 34 was implemented.

LINCOLN COUNTY

CHANGES IN NET ASSETS
(Accrual Basis of Accounting)
(\$000's)

	Year Ended June 30,				
	2003	2004	2005	2006	2007
EXPENSES					
General Government	5,662	5,652	7,026	8,277	9,320
Community Services	2,569	2,677	2,962	3,239	3,246
Public Safety	12,887	13,157	14,962	14,273	15,390
Highways and Streets	6,637	6,404	5,556	6,702	5,684
Culture and Recreation	263	239	256	112	(126)
Health and Welfare	9,939	9,502	10,053	10,968	12,622
Education	1,786	1,618	1,741	1,877	1,764
Interest	278	259	92	81	54
Total Expenses	<u>40,021</u>	<u>39,508</u>	<u>42,648</u>	<u>45,529</u>	<u>47,954</u>
PROGRAM REVENUES					
Charges for services					
General Government	1,944	1,997	2,272	2,175	2,261
Community Services	74	384	422	437	494
Public Safety	227	255	303	367	502
Highways and Streets	320	305	523	701	619
Health and Welfare	3,339	3,665	3,959	4,509	3,700
Education	9	6	5	6	1
Operating Grants and Contributions	12,628	15,082	19,814	17,349	19,614
Capital Grants and Contributions	24	630	22	5,165	18
Total Program Revenues	<u>18,565</u>	<u>22,324</u>	<u>27,320</u>	<u>30,709</u>	<u>27,209</u>
Net (Expense) Revenue	<u>(21,456)</u>	<u>(17,184)</u>	<u>(15,328)</u>	<u>(14,820)</u>	<u>(20,745)</u>
GENERAL REVENUES					
Taxes					
Property Taxes	13,371	13,477	13,974	14,653	15,287
Other Taxes	1,028	1,030	1,115	1,237	932
Unrestricted Grants and Contributions	3,063	2,895	2,949	3,032	3,310
Investment Earnings	409	293	613	1,213	1,684
Timber and Land Sales	5,537	583	574	992	517
Gain on Sale of Capital Assets	87	25	18	11	(24)
Miscellaneous	518	488	319	479	655
Total General Revenues	<u>24,013</u>	<u>18,791</u>	<u>19,562</u>	<u>21,617</u>	<u>22,361</u>
CHANGE IN NET ASSETS	<u>2,557</u>	<u>1,607</u>	<u>4,234</u>	<u>6,797</u>	<u>1,616</u>

Note: Accrual-based financial information for the county government as a whole is available back to 2002 only, the year GASB Statement 34 was implemented.

LINCOLN COUNTY

FUND BALANCES OF GOVERNMENTAL FUNDS
(Modified Accrual Basis of Accounting)
(\$000's)

	As of June 30,				
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
GENERAL FUND					
Reserved	9	5	0	0	0
Unreserved	6,735	7,511	8,012	9,517	9,592
Total General Fund	<u>6,744</u>	<u>7,516</u>	<u>8,012</u>	<u>9,517</u>	<u>9,592</u>

ALL OTHER GOVERNMENTAL FUNDS

Reserved for:					
Debt Service	145	200	236	223	246
Inventories	375	332	0	0	0
Unreserved, reported in Special Revenue Funds	14,706	15,084	20,401	21,210	22,907
Total All Other Governmental Funds	<u>15,226</u>	<u>15,616</u>	<u>20,637</u>	<u>21,433</u>	<u>23,153</u>

Note: Due to changes in the county's fund structure connected with the implementation of GASB Statement 34, fund balance information is available back to June 30, 2003 only.

LINCOLN COUNTY
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
(Modified Accrual Basis of Accounting)
(\$000's)

	Year Ended June 30,									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
REVENUES										
Taxes and Land Sales	13,421	13,830	15,118	13,361	14,582	15,450	15,452	16,069	17,063	17,132
Licenses and Fees	1,463	1,420	1,199	1,362	1,348	1,751	1,957	2,248	2,554	2,253
Charges for Services	1,154	1,210	2,488	2,667	2,974	3,500	3,733	4,077	4,696	5,477
Intergovernmental	14,402	14,947	15,049	16,539	19,616	19,896	18,474	23,407	21,478	22,383
Court Fines and Fees	109	120	136	131	112	101	114	128	132	147
Interest	1,096	1,067	1,193	1,236	521	395	299	627	1,240	1,719
Miscellaneous	577	373	760	686	1,142	1,455	875	921	720	1,016
Total Revenues	32,222	32,967	35,943	35,982	40,295	42,548	40,904	47,477	47,883	50,127
EXPENDITURES										
General Government	6,361	6,393	6,462	7,078	7,289	6,250	6,472	6,592	7,276	8,366
Community Services	1,136	1,243	1,527	1,781	2,062	2,647	2,522	2,805	3,159	3,156
Public Safety	9,522	10,131	10,492	11,086	11,646	11,865	12,332	14,146	14,162	14,759
Highways and Streets	4,798	4,825	4,752	4,908	4,654	4,830	4,901	4,808	6,681	5,607
Culture and Recreation	233	178	166	194	241	241	223	242	244	245
Health and Welfare	4,525	5,791	6,515	7,364	8,357	9,039	8,894	9,473	10,432	12,188
Education	1,757	1,531	1,676	964	1,475	1,643	1,516	1,635	1,795	1,668
Capital Outlay	1,254	2,890	4,134	3,435	2,702	2,070	1,893	1,092	1,226	1,620
Debt Service										
Principal	492	420	480	623	754	793	838	892	645	665
Interest	363	337	318	332	330	294	254	114	73	60
Total Expenditures	30,441	33,739	36,522	37,765	39,510	39,672	39,845	41,799	45,693	48,334
Excess of Revenues Over / (Under) Expenditures	1,781	(772)	(579)	(1,783)	785	2,876	1,059	5,678	2,190	1,793
OTHER FINANCING SOURCES (USES)										
Proceeds from Long-Term Obligations			276	1,092						
Transfers in	751	660	542	497	750	755	898	902	851	1,044
Transfers out	(751)	(660)	(542)	(497)	(750)	(755)	(748)	(727)	(738)	(1,044)
Total other financing sources	-	-	276	1,092	-	-	150	175	113	-
Net Change in Fund Balances	1,781	(772)	(303)	(691)	785	2,876	1,209	5,853	2,303	1,793
Debt Service as a % of Noncapital Expenditures	2.9%	2.3%	2.2%	2.6%	2.8%	2.8%	2.8%	2.5%	1.6%	1.5%

LINCOLN COUNTY

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
(in thousands of dollars)

Fiscal Year Ended June 30	Real Property		Personal Property		Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Manufactured Structures	Other Real Property	Manufactured Structures	Business Personal Property					
2002	66,108	5,015,090	28,143	127,845	719,097	4,518,089	2.7705	5,266,053	85.8%
2003	64,020	5,185,919	26,571	130,571	738,749	4,668,332	2.7946	5,334,777	87.5%
2004	64,795	5,325,031	25,621	125,806	767,543	4,773,710	2.7938	5,460,252	87.4%
2005	63,394	5,508,536	24,624	120,493	796,541	4,920,506	2.8122	5,770,292	85.3%
2006	62,089	5,798,733	27,479	119,134	865,119	5,142,316	2.8149	6,465,344	79.5%
2007	61,755	6,318,965	31,174	121,979	1,124,856	5,409,018	2.8170	8,607,856	62.8%

Source: Lincoln County Assessor's Office

LINCOLN COUNTY

PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS

Fiscal Year Ended June 30,	Lincoln County			School District			Total Direct and Overlapping Rates	
	Operating Millage	Debt Service Millage	Total Millage	Operating Millage	Debt Service Millage	Total Millage		Special Districts
2002	2.7705	0.1696	2.9401	4.9092	0.7918	5.7010	0.1425	8.7836
2003	2.7946	0.1582	2.9528	4.9092	1.0229	5.9321	0.1425	9.0274
2004	2.7938	0.1879	2.9817	4.9092	0.9010	5.8102	0.1425	8.9344
2005	2.8122	0.1625	2.9747	4.9092	0.8487	5.7579	0.1425	8.8751
2006	2.8149	0.1421	2.9570	4.9092	0.8801	5.7893	0.1425	8.8888
2007	2.8170	0.1450	2.9620	4.9092	0.7623	5.6715	0.1425	8.7760

Source: Lincoln County Assessor's Office

LINCOLN COUNTY

PRINCIPAL PROPERTY TAXPAYERS
(in thousands of dollars)

	2007				1997			
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value		
Georgia Pacific West	\$ 145,640	1	1.7%	\$ 138,059	1	3.3%		
Central Lincoln PUD	55,127	2	0.6%	39,926	3	1.0%		
Plum Creek Timberlands	47,305	3	0.5%					
Northwest Natural Gas	35,830	4	0.4%	13,478	6	0.3%		
COROC/Lincoln City LLC	28,877	5	0.3%					
The Worldmark Club	34,394	6	0.4%					
Green Diamond Resource	23,271	7	0.3%					
Meriwether NW OR Land & Timber Co	20,484	8	0.2%					
Pioneer Telephone Coop.	20,296	9	0.2%					
Shilo Inn Newport LLC	10,583	10	0.1%					
Mark S. Hemstreet				35,305	2	0.9%		
R.R. Lincoln City				21,291	4	0.5%		
Salishan Lodge				19,156	5	0.5%		
Pacificorp				12,885	7	0.3%		
South Shores Development				9,026	9	0.2%		
Hallmark Inns				8,926	9	0.2%		
Double E Northwest				7,644	10	0.2%		
Total Taxable Assessed Value	\$ 8,607,855		4.7%	\$ 4,138,971		7.4%		

Source : County Assessor's Office

LINCOLN COUNTY

PROPERTY TAX LEVIES AND COLLECTIONS
(in thousands of dollars)

Fiscal Year ended June 30	Original Levy	Adjustments	Total Tax Levy for		Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Fiscal Year	Fiscal Year	Amount	% of Levy		Amount	% of Levy
1997	10,788	(727)	10,061	9,254	92.0%	623	9,877	98.2%	
1998	9,821	(103)	9,718	9,064	93.3%	619	9,683	99.6%	
1999	10,538	(250)	10,288	9,606	93.4%	593	10,199	99.1%	
2000	11,039	(269)	10,770	10,112	93.9%	687	10,799	100.3%	
2001	11,819	(299)	11,520	10,783	93.6%	615	11,398	98.9%	
2002	12,406	(306)	12,100	11,335	93.7%	687	12,022	99.4%	
2003	12,705	(322)	12,383	11,673	94.3%	719	12,392	100.1%	
2004	13,181	(476)	12,705	12,117	95.4%	689	12,806	100.8%	
2005	13,561	(356)	13,205	12,722	96.3%	716	13,438	101.8%	
2006	14,231	(384)	13,847	13,367	96.5%	520	13,887	100.3%	
2007	14,865	(376)	14,489	13,989	96.5%	494	14,483	99.96%	

Source: Lincoln County Treasurer's Office

LINCOLN COUNTY

RATIOS OF OUTSTANDING DEBT BY TYPE
 (amounts expressed in thousands except per capita amounts)

<u>Fiscal</u> <u>Year</u>	General Obligation <u>Bonds</u>	Capital <u>Leases</u>	<u>Total</u>	Per <u>Capita</u>
1996	\$ 7,710	\$ 266	\$ 7,976	\$ 191
1997	6,975	94	7,069	168
1998	6,575	2,040	8,615	203
1999	6,155	-	6,155	142
2000	5,700	251	5,951	133
2001	5,425	995	6,420	144
2002	4,971	795	5,766	129
2003	4,200	583	4,783	106
2004	3,700	359	4,059	91
2005	3,075	123	3,198	72
2006	2,430	-	2,430	55
2007	1,765	-	1,765	40

Source: Oregon Employment Department OLMIS

LINCOLN COUNTY

RATIOS OF GENERAL BONDED DEBT OUTSTANDING

(amounts expressed in thousands, except per capita amount)

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt		Total	Percentage of Estimated Actual Taxable Value of Property (a)	Per Capita (b)
		Service Fund				
1996	\$7,710	\$	930	\$6,780	0.18%	\$ 162
1997	6,975		561	6,414	0.15%	152
1998	6,575		487	6,088	0.13%	143
1999	6,155		501	5,654	0.12%	130
2000	5,700		547	5,153	0.11%	116
2001	5,425		480	4,945	0.10%	111
2002	4,971		469	4,502	0.09%	101
2003	4,200		145	4,055	0.08%	90
2004	3,700		200	3,500	0.06%	79
2005	3,075		236	2,839	0.05%	64
2006	2,430		224	2,206	0.03%	50
2007	1,765		246	1,519	0.02%	34

(a) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property.

(b) Population data can be found in the Schedule of Demographic and Economic Statistics.

LINCOLN COUNTY

DIRECT AND OVERLAPPING DEBT

As of June 30, 2007

(amounts expensed in thousands)

Municipality	Net General Obligation Bonded Debt Outstanding	Percent within County	Amount Applicable to County
Direct:			
Lincoln County	\$ 1,765	100.0000%	\$ 1,765
Overlapping:			
City of Depoe Bay	906	100.0000%	906
City of Lincoln City	16,090	100.0000%	16,090
City of Newport	9,810	100.0000%	9,810
City of Siletz	33	100.0000%	33
City of Toledo	1,960	100.0000%	1,960
City of Waldport	90	100.0000%	90
City of Yachats	933	100.0000%	933
Kernville, Gleneden, Lincoln Beach Water District	919	100.0000%	919
Lincoln County Unified School District	18,919	99.2099%	18,770
Lower Siletz Water District	78	100.0000%	78
North Lincoln Fire and Rescue District #1	7,028	98.5660%	6,927
Oregon Coast Community College	22,245	100.0000%	22,245
Panther Creek Water District	78	100.0000%	78
Port of Newport	5,281	100.0000%	5,281
Roads End Sanitary District	113	100.0000%	113
Seal Rock Water District	32	100.0000%	32
Siletz Keys Sanitary District	881	100.0000%	881
Total Overlapping	85,396		85,146
Total	\$ 87,161		\$ 86,911

(1) Includes general obligation bonds minus any that are fully self-supporting.

Source: Municipal Debt Advisory Commission, State of Oregon

LINCOLN COUNTY

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

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Assessed Value of Property	4,556,192	4,675,201	4,885,463	5,153,879	5,266,053	5,334,777	5,460,252	5,770,292	6,465,344	8,607,856
Debt Limit	91,124	93,504	97,709	103,078	105,321	106,696	109,205	115,406	129,307	172,157
Total Net Debt Applicable to Limit	<u>6,032</u>	<u>5,586</u>	<u>4,558</u>	<u>4,938</u>	<u>4,259</u>	<u>3,508</u>	<u>2,869</u>	<u>2,318</u>	<u>1,725</u>	<u>1,520</u>
Legal Debt Margin	<u>85,092</u>	<u>87,918</u>	<u>93,151</u>	<u>98,140</u>	<u>101,062</u>	<u>103,188</u>	<u>106,336</u>	<u>113,088</u>	<u>127,582</u>	<u>170,637</u>
Total Net Debt Applicable to Limit As a Percentage of Debt Limit	<u>6.62%</u>	<u>5.97%</u>	<u>4.66%</u>	<u>4.79%</u>	<u>4.04%</u>	<u>3.29%</u>	<u>2.63%</u>	<u>2.01%</u>	<u>1.33%</u>	<u>0.88%</u>

Legal Debt Margin for Fiscal Year 2007

Assessed Value	<u>8,607,856</u>
Debt Limit per ORS 287.054 is 2% of Assessed Value	<u>172,157</u>
General Obligation Bonds	1,765
Less: Amount set aside for repayment of G.O. debt	<u>245</u>
Total Net Debt Applicable to Limit	<u>1,520</u>
Legal Debt Margin	<u>170,637</u>

LINCOLN COUNTY

DEMOGRAPHIC AND ECONOMIC STATISTICS

Fiscal Year Ended June 30	Population	Personal Income (\$'000's)	Per Capita Personal Income	Unemployment Rate
1998	42,500	960,118	22,591	7.0%
1999	43,350	1,008,191	23,257	7.2%
2000	44,600	1,090,024	24,440	7.1%
2001	44,650	1,141,477	25,565	5.6%
2002	44,700	1,177,532	26,343	7.1%
2003	45,000	1,181,160	26,248	8.1%
2004	44,400	1,225,662	27,605	8.4%
2005	44,405	1,352,897	29,445	6.9%
2006	44,520	NA	NA	6.0%
2007	NA	NA	NA	5.4%

Source: Oregon Employment Department
 NA: Information not yet available

LINCOLN COUNTY

PRINCIPAL EMPLOYERS
CURRENT YEAR AND SEVEN YEARS AGO

Employer	2007		2000	
	Employees	Percentage of Total County Employment	Employees	Percentage of Total County Employment
Confederated Tribes of the Siletz	953	4.4%	904	4.7%
Lincoln County School District	516	2.4%	613	3.2%
Samaritan Health Services	570	2.6%	572	3.0%
Georgia-Pacific	453	2.1%	500	2.6%
Lincoln County	403	1.8%	385	2.0%
Hatfield Marine Science Center	325	1.5%	295	1.5%
Salishan Lodge	235	1.1%	215	1.1%
Pacific Shrimp	146	0.7%	150	0.8%
Central Lincoln PUD	150	0.7%	142	0.7%
Shilo Inns	136	0.6%	142	0.7%
Total	3,887	17.8%	3,918	20.3%
Total Employment-Lincoln County:	21,850		19,263	

Source: Central Coast Economic Development Alliance for FY2000 data.
Poll of individual employers for 2007 data.

LINCOLN COUNTY

FULL TIME EQUIVALENT EMPLOYEES BY FUNCTION
Last Ten Fiscal Years

FUNCTION	Full Time Equivalent Employees as of June 30									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General Government										
Highways and Streets	51	53	53	56	53	53	52	52	48	48
Other	83	82	81	81	84	84	84	83	83	89
Community Services										
Health and Welfare	55	65	69	77	85	84	82	87	97	95
Other	9	9	9	10	9	9	9	9	59	7
Public Safety										
Sheriff's Department	88	91	88	89	96	94	95	94	90	91
Other	59	61	63	65	68	66	63	64	16	73
Total	345	361	363	378	395	390	385	389	393	403

Source : Lincoln County Finance Department

LINCOLN COUNTY

OPERATING INDICATORS BY FUNCTION
Last Ten Fiscal Years

FUNCTION	Year Ended June 30,									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Police										
Physical Arrests	NA	NA	NA	NA	NA	867	997	1,122	1,199	1,195
Traffic Citations	NA	NA	NA	NA	NA	754	770	778	758	923
Highways and Streets										
Miles of Road Pavement Overlays	NA	0.7	2.7	1.5	1.3	2.5	5.6	6.4	8.5	7.4
Miles of Road Shoulder Widening	1.0	3.4	1.8	3.4	2.3	3.1	3.8	4.6	2.9	2.3
# of Road Patches Performed	25	27	27	39	34	49	30	-NA	NA	NA
Sanitation										
Pounds of Waste Generated Per Capita	2,273	2,299	2,287	2,359	2,417	2,498	2,496	2,774	NA	3,080
Pounds of Waste Recovered Per Capita	437	465	445	547	678	678	694	825	NA	810
Transportation										
Hours of Service	12,842	14,871	15,575	15,900	16,289	16,437	17,971	19,147	19,995	22,870
Number of Passengers	40,383	49,253	57,262	65,538	66,576	71,926	88,131	88,380	89,258	98,159
Miles Traveled	218,652	243,726	267,549	264,506	265,614	278,684	290,515	304,087	322,046	341,980

Source: Individual County Departments
NA : Information not available

LINCOLN COUNTY

CAPITAL ASSET STATISTICS BY FUNCTION
Last Ten Fiscal Years

FUNCTION	Year Ended June 30,									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Police	NA	NA	NA	NA	21	21	24	25	25	24
Patrol Units										
Highways and Streets										
Streets (Miles)	331	331	331	331	329	329	330	330	335	335
Bridges	82	82	82	82	82	82	82	82	84	85
Parks	12	12	12	12	12	12	12	12	13	12
Transportation										
Number of Buses	9	9	10	10	10	10	17	17	16	16

Source : Individual County Departments

NA : Information not available

AUDIT COMMENTS AND DISCLOSURES REQUIRED BY STATE REGULATIONS





Lincoln County
OREGON
ESTABLISHED 1893

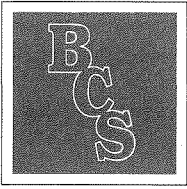


Lincoln County
OREGON
ESTABLISHED 1893

DISCLOSURES AND INDEPENDENT AUDITOR'S COMMENTS REQUIRED BY THE MINIMUM STANDARDS FOR AUDITS OF OREGON MUNICIPAL CORPORATIONS

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

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



LINCOLN COUNTY

**DISCLOSURES AND INDEPENDENT AUDITOR'S COMMENTS REQUIRED BY THE
MINIMUM STANDARDS FOR AUDITS OF OREGON MUNICIPAL CORPORATIONS
Year Ended June 30, 2007**

Accounting and Internal Controls

The broad objectives of internal accounting control are to provide management with reasonable, but not absolute, assurance that assets are safeguarded from unauthorized use or disposition and that financial records are reliable to permit the preparation of financial statements. The following operating objectives are necessary to achieve the broad objectives:

- a. Transactions are executed in accordance with management's general or specific authorization.
- b. Transactions are recorded as necessary (1) to permit preparation of financial statements in conformity with generally accepted accounting principles or any other criteria applicable to such statements and (2) to maintain accountability for assets.
- c. Access to assets is permitted only in accordance with management's authorization.
- d. The recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

There are inherent limitations that should be recognized in considering the potential effectiveness of any system of internal accounting control. Any projection of a current evaluation of internal accounting control to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions and that the degree of compliance with prescribed procedures may deteriorate.

The accounting records and internal controls and adequate considering the size and complexity of the municipal corporation's financial activities.

DISCLOSURES AND INDEPENDENT AUDITOR'S COMMENTS REQUIRED BY THE MINIMUM STANDARDS FOR AUDITS OF OREGON MUNICIPAL CORPORATIONS (Continued)

Collateral

ORS 295.015 requires collateral pool certificates of participation to be obtained from the pool manager of the depository in an amount equal to the funds on deposit in excess of the amount insured by the Federal Deposit Insurance Corporation. Collateral pool certificates warrant that the pool manager holds custodian's receipts for eligible securities pledged by the depository bank to secure deposits of public funds of a value as the last calculation date of not less than 25 percent of the aggregate amount of certificates outstanding. At June 30, 2007, the deposits of the county were covered by the following collateral pool certificates:

<u>Depository Bank</u>	<u>Pool Manager</u>	<u>Amount</u>
Bank of America	Oregon State Treasurer	\$ 500,000
West Coast Bank	US Bank	15,000,000
US Bank	Federal Home Loan Bank	20,000,000
Bank of the West	US Bank	15,000,000
Umpqua Bank	Federal Home Loan Bank	9,000,000

Deposits of the County were secured in accordance with ORS 295.015.

Indebtedness

The legal debt limit has not been exceeded.

Budget

1. Preparation and adoption

The budgets for the years ended June 30, 2008 and 2007 were prepared and adopted in compliance with legal requirements, except as follows:

A. For the year ended June 30, 2007, excess of actual revenues over actual expenditures in the second preceding year did not equal the beginning balance in the first preceding year.

B. For the year ended June 30, 2008, items listed on the LB-1 did not agree with amounts on the LB-2 and LB-3.

C. For the year ended June 30, 2008 and 2007, items listed on the LB-2 and LB-3 did not agree with amounts on the budget detail sheets.

D. For the year ended June 30, 2007, the estimated beginning fund balances in the General Road, Community Health Center, and Title III Safety Net funds did not appear reasonable compared to actual June 30, 2007 ending fund balances.

DISCLOSURES AND INDEPENDENT AUDITOR'S COMMENTS REQUIRED BY THE MINIMUM STANDARDS FOR AUDITS OF OREGON MUNICIPAL CORPORATIONS (Continued)

Budget (continued)

1. Preparation and adoption (continued)

E. For the year ended June 30, 2008, the County's publication of budget summary, financial summary, statement of accounting basis, and notices of meeting and availability of budget document (ORS 294.416) was in compliance with legal requirements, except as follows:

General Road	
Amount Approved by Budget Committee	Amount Published
\$ 20,097,950	\$ 22,904,950

2. Execution

The budget for the year ended June 30, 2007 was executed in compliance with legal requirements.

Insurance and Fidelity Bonds

The County's insurance agent confirmed that insurance coverage was adequate at June 30, 2007. Insurance coverage appears to comply with legal requirements.

ORS 210.120 to 220.150 establishes bonding requirements for County officials and employees. The County's Board of Commissioners has established the following bonds:

Treasurer, Linda Pitzer	\$ 100,000
Assistant Tax Collector	50,000
Accounting Clerk	25,000
Public Employee Dishonesty	10,000

Programs Funded From Outside Sources

The County operated various programs funded wholly or partially by governmental agencies. Our report on compliance with laws and regulations and on internal controls used in administering federal financial assistance programs appear on pages 83 through 86 of this report. In addition to our audit, these grants and projects are subject to further review by federal audit agencies.

DISCLOSURES AND INDEPENDENT AUDITOR'S COMMENTS REQUIRED BY THE MINIMUM STANDARDS FOR AUDITS OF OREGON MUNICIPAL CORPORATIONS (Continued)

Highway Funds

The County used revenue from taxes on motor vehicle use in compliance with ORS 373.240 to 373.250.

Investments

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

Public Contracts and Purchasing

1. Awarding of public contracts:

The County awarded public contracts in accordance with ORS 279.

2. Construction of public improvements:

The County constructed public improvements in accordance with ORS 279.

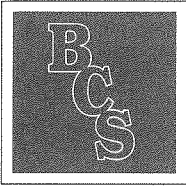
Boldt, Carlisle & Smith, LLC
Certified Public Accountants
Salem, Oregon
December 26 , 2007

GRANT COMPLIANCE - SINGLE AUDIT





Lincoln County
OREGON
ESTABLISHED 1893



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

**Board of County Commissioners
LINCOLN COUNTY
Newport, Oregon**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of **LINCOLN COUNTY**, as of and for the year ended June 30, 2007, which collectively comprise the County's basic financial statements and have issued our report thereon dated December 26, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

**Board of County Commissioners
LINCOLN COUNTY
Newport, Oregon**

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

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

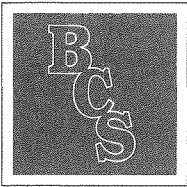
Compliance and Other Matters

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

This report is intended solely for the information and use of the Board of Commissioners, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Boldt, Carlisle & Smith, LLC

Certified Public Accountants
Salem, Oregon
December 26, 2007



BOLDT, CARLISLE & SMITH LLC

CERTIFIED PUBLIC ACCOUNTANTS

PARTNERSHIP ■ ASSURANCE ■ INNOVATION

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

**Board of County Commissioners
LINCOLN COUNTY
Newport, Oregon**

Compliance

We have audited the compliance of **LINCOLN COUNTY** with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2007. The County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County's compliance with those requirements.

In our opinion, **LINCOLN COUNTY**, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

**Board of County Commissioners
LINCOLN COUNTY
Newport, Oregon**

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 (Continued)**

Internal Control Over Compliance

The management of **LINCOLN COUNTY** is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

This report is intended solely for the information and use of the Board of Commissioners, management, others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Boldt, Carlisle & Smith, LLC

Certified Public Accountants
Salem, Oregon
December 26, 2007

LINCOLN COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2007

Section I Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	<i>Unqualified</i>
Internal control over financial reporting:	
◆ Material weakness identified?	NO
◆ Significant deficiencies identified that are not considered to be material weaknesses?	None Reported
Noncompliance material to financial statements noted?	NO

Federal Awards

Internal control over major programs:	
◆ Material weakness identified?	NO
◆ Significant deficiencies identified that are not considered to be material weakness?	None Reported
Type of auditor's report issued on compliance for major programs:	<i>Unqualified</i>
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	NO
Identification of major programs:	

<u>C DFA Numbers</u>	<u>Name of Federal Program or Cluster</u>
10.665	Schools and Roads Grants to States
15.227	Distribution of Receipts to State and Local Governments
15.605	Sport Fish Restoration
97.036	Disaster Grants – Public Assistance

Dollar threshold used to distinguish between type A and type B programs:	\$300,000
Auditee qualified as low-risk auditee:	YES

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None

LINCOLN COUNTY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year Ended June 30, 2007

<u>Federal Grantor / Pass-through Grantor / Program Title</u>	<u>CFDA Number</u>	<u>Pass-through Grantor Number</u>	<u>Expenditures</u>
<i>Department of Agriculture</i>			
Food and Nutrition Service			
Oregon Department of Education National School Lunch Program	10.555		\$ 9,942
Oregon Department of Human Services - Health Division Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	280559	178,400
Forest Service			
Oregon Department of Administrative Services Schools and Roads - Grants to States	10.665		4,603,937
<i>Total Department of Agriculture</i>			<u>4,792,279</u>
<i>Department of Commerce</i>			
National Oceanic and Atmospheric Administration			
Oregon Department of Land Conservation and Development Coastal Zone Management Administration Awards	11.419		
		CZM-06-021	15,000
		CZM-07-021	15,000
<i>Total Department of Commerce</i>			<u>30,000</u>
<i>Department of Housing and Urban Development</i>			
Office of Community Planning and Development			
Community Development Block Grants/State's Program	14.228		
Oregon Department Economic and Community Development Microenterprise		M05035	80,000
Newport Headstart Facility		C06007	250,000
Oregon Housing and Community Services Department Regional Housing and Rehabilitation Program		HR407	101,172
<i>Total Department of Housing and Urban Development</i>			<u>431,172</u>
<i>Department of Interior</i>			
Bureau of Land Management			
Distribution of Receipts to State and Local Governments	15.227		362,798
Fish and Wildlife			
Sport Fish Restoration	15.605	BR354	107,631
<i>Total Department of Interior</i>			<u>470,429</u>
<i>Department of Justice</i>			
Drug Enforcement Administration			
Supervised Visitation, Safe Havens for Children	16.527		29,214
Office of Juvenile Justice and Delinquency Prevention			
Oregon Office of Homeland Security, Criminal Justice Services Division Juvenile Accountability Incentive Block Grants	16.523	05-620	10,000
Lincoln County Children's Advocacy Center Missing Children's Assistance	16.543		10,000
Oregon Commission on Children and Families Part E - State Challenge Activities	16.549		1,744
Oregon Department of Human Services Enforcing Underage Drinking Laws Program	16.727		
Enforcing Underage Drinking Program Rural		242500	72,781

<u>Federal Grantor / Pass-through Grantor / Program Title</u>	<u>CFDA Number</u>	<u>Pass-through Grantor Number</u>	<u>Expenditures</u>
Bureau of Justice Assistance			
Byrne Formula Grant Program	16.579		
Tillamook County			\$ 24,500
Oregon State Police		04-025	22,091
Oregon Department of Justice			
Edward Byrne Memorial State and Local Law Enforcement Assistance			
Discretionary Grants Programs	16.580		
Marijuana Eradication Project			8,000
Office of Victims of Crime			
Crime Victim Assistance	16.575		
Oregon Department of Justice			
Basic Program Grant		05-2432	2,633
Basic Program Grant		06-2635	7,897
Basic Program Grant		06-2636	15,345
Project Grant		04-2325	10,000
Project Grant		06-2702	30,000
Project Grant		05-2566	42,590
Violence Against Women Office			
Oregon Office of Homeland Security, Criminal Justice Services Division			
Violence Against Women Formula Grants	16.588		
Domestic Violence Victim Safety and Advocacy Project		06-757	24,964
Grants to Encourage Arrest Policies and Enforcement of Protection Orders	16.590	2006-WE-AX-0052	118,924
Office of Community Oriented Policing Services			
Public Safety Partnership and Community Policing Grants	16.710		192,340
<i>Total Department of Justice</i>			<u>623,023</u>
<hr/> <i>Department of Transportation</i> <hr/>			
Federal Highway Administration			
Oregon Department of Transportation			
Highway Planning and Construction	20.205	19674	32,653
Federal Transit Administration			
Oregon Department of Transportation			
Formula Grants for Other Than Urbanized Areas	20.509	22792	310,885
Capital Assistance Program for Elderly Persons and Persons With Disabilities	20.513		
Vehicle Enhancement		21759	4,614
Vehicle Preventative Maintenance		22628	28,682
National Highway Traffic Safety Administration			
Oregon State Sheriff's Association			
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601		4,198
Occupant Protection	20.602		12,461
<i>Total Department of Transportation</i>			<u>393,493</u>
<hr/> <i>Environmental Protection Agency</i> <hr/>			
Office of Water			
Oregon Department of Human Services			
State Public Water System Supervision	66.432	280557	6,300

<u>Federal Grantor / Pass-through Grantor / Program Title</u>	<u>CFDA Number</u>	<u>Pass-through Grantor Number</u>	<u>Expenditures</u>
<i>Department of Education</i>			
Office of Elementary and Secondary Education			
Oregon Department of Human Services			
Safe and Drug-free Schools and Communities - State Grants	84.186	236501	\$ 50,000
<i>Department of Health and Human Services</i>			
Office of Population Affairs			
Oregon Department of Human Services			
Family Planning Services	93.217	280558	41,242
Administration for Children and Families			
Oregon Commission on Children and Families			
Promoting Safe and Stable Families	93.556		23,226
Oregon Department of Human Services			
Temporary Assistance for Needy Families	93.558	137000	17,379
Oregon Department of Justice			
Child Support Enforcement	93.563	610006	154,061
Oregon Commission on Children and Families			
Child Care and Development Block Grant	93.575		19,382
Social Services Block Grant	93.667		31,342
Centers for Medicare and Medicaid Services			
Oregon Commission on Children and Families			
Medical Assistance Programs	93.778		6,177
Centers for Disease Control			
Oregon Department of Human Services			
Immunization Grants	93.268		
Immunization Program		280540	14,328
Noncash Assistance - Immunizations			152,550
Centers for Disease Control and Prevention - Investigations and			
Technical Assistance	93.283		
HAN		280618	882
Pandemic Flu Phase I		280618	8,247
Pandemic Flu Phase II		280618	24,323
Bioterrorism - Preparedness and Response		280618	102,261
HIV Prevention Activities - Health Department Based	93.940	280646	16,955
Cooperative Agreements for State-Based Diabetes Control Programs			
and Evaluation of Surveillance Systems	93.988	280567	60,000
Health Resources and Services Administration			
Consolidated Health Centers	93.224		945,016
Oregon Department of Human Services			
Abstinence Education Program	93.235	254000	5,785
HIV Care Formula Grants	93.917		
Ryan White: Case Management		280544	46,999
Ryan White: Support		280544	8,366
Maternal and Child Health Services Block Grant to the State	93.994		
Child Health Consultant Program		180514	7,345
Oregon Mothers Care		180514	10,576
MCH Title V Flexible Funds and CAH		180514	27,466

<u>Federal Grantor / Pass-through Grantor / Program Title</u>	<u>CFDA Number</u>	<u>Pass-through Grantor Number</u>	<u>Expenditures</u>
Substance Abuse and Mental Health Services Administration			
Oregon Department of Human Services			
Block Grants for Community Mental Health Services	93.958	112001	\$ 47,416
Block Grants for Prevention and Treatment of Substance Abuse	93.959	135001	160,745
National Institutes of Health			
Oregon Social Learning Center			
Drug Abuse and Addiction Research Programs	93.279		
07/01/2006 to 02/28/2007			151,042
02/28/2007 to 06/30/2007			88,737
			<u>2,171,848</u>
<i>Total Department of Health and Human Services</i>			
<hr/> Department of Homeland Security <hr/>			
Oregon State Police			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036		114,328
Emergency Management Performance Grants	97.042		79,519
Oregon Office of Homeland Security - Criminal Justice Services Division			
State Homeland Security Program	97.073		44,533
			<u>238,380</u>
<i>Total Department of Homeland Security</i>			
Total Expenditures of Federal Awards			<u>\$ 9,206,924</u>

LINCOLN COUNTY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2007

Note 1. Basis of Presentation

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

Note 2. Non-cash Disbursements of Federal Awards

Non-monetary assistance is reported in the schedule at the fair value of the immunizations received and disbursed. During 2006-07, the County received childhood immunization vaccine in the amount of \$152,550.



Lincoln County
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