

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**For the Year Ended June 30, 2014**

**LINCOLN COUNTY, OREGON**



**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**For the Year Ended June 30, 2014**

Prepared by:

Janice Riessbeck, Finance Director

*Cover and Section Divider photography by Cat Mair*

**LINCOLN COUNTY, OREGON**  
 Financial Statements and Supplemental Information  
 For the Year Ended June 30, 2014  
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**INTRODUCTORY SECTION**



## County of Lincoln

## Finance Department

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Newport, Oregon 97365  
(541) 265-4167  
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December 31, 2014

To the Board of Commissioners and the  
Citizens of Lincoln County, Oregon

The Finance Department is pleased to submit the Comprehensive Annual Financial Report (CAFR) of Lincoln County for the fiscal year ended June 30, 2014. This report is published to provide the Board of Commissioners, County staff, citizens and other readers with detailed information concerning the financial position and activities of the County. County management is responsible for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures.

### INTRODUCTION

State statutes (ORS 297.465) require that Lincoln County (the County) prepare a complete set of year-end financial statements and have them audited in accordance with generally accepted accounting standards by an independent certified public accounting firm licensed to perform municipal audits in Oregon. Pursuant to this requirement, we hereby issue the 2013-14 Comprehensive Annual Financial Report, which is presented in conformance with generally accepted accounting principles (GAAP). This report incorporates the Government-wide Financial Reporting model as prescribed by the Government Accounting Standards Board.

Responsibility for both the accuracy of the data and the completeness and fairness of the CAFR presentation, including all disclosures, rests with Lincoln County. It is believed that the data, as presented, is accurate in all material respects and is presented in a manner designed to present fairly the financial position and results of operations of Lincoln County as measured by the financial activity of its various funds. All disclosures necessary to enable the reader to gain the maximum understanding of Lincoln County's financial affairs has been included.

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.

As a recipient of federal and state awards, Lincoln County is responsible for ensuring that an adequate internal control structure, reviewed annually, is in place to ensure compliance with applicable State laws (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*. As part of the County's independent annual audit, 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. These reports are included in this document.

GAAP require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. Lincoln County's MD&A can be found immediately following the report of the independent auditors in the financial section of this CAFR.

## **LINCOLN COUNTY PROFILE**

Lincoln County was established by the Oregon Legislature in 1893. The County, an area of 992 square miles, is located on the coast of the Pacific Ocean. It has a population of 46,890 and a true cash value of \$7,894,420,700.

Lincoln County is governed by a Board of Commissioners, consisting of three commissioners, who are elected to four-year terms. The Board of Commissioners conduct all legislative business of the County and are responsible for setting County policy, general administration of the County, and holding public hearings on certain issues required by law.

Lincoln County provides a full range of services including public safety, health and community services, public works, assessment and tax collection for all county taxing districts, juvenile services, corrections and probation, and community development. The Lincoln County Solid Waste District, Lincoln County Extension Service District, Lincoln County Transportation Service District, and Lincoln County Animal Services District are legally separate taxing entities in the County. They are included in these financial statements as "blended component units" of the County and they essentially function as departments of the County.

The Lincoln County Extension Agency inclusion reflects voter approval of an operating tax levy in November 1998, 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.

The Lincoln County Solid Waste District is included because the Board of County Commissioners serves as its 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, recycling education and coordination, illegal dumping cleanup and prevention, as well as enforcement coordination.

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," to all cities within Lincoln County, 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.

The Lincoln County Animal Services District is included because the Board of County Commissioners serves as the governing body, making appointments, hiring, and approving the budget. This agency, newly formed this year (2013-14), is funded by a property tax levy approved by voters in November 2012. The district provides services for animal control throughout the County and for the operations of the County's animal shelter.

The County's budget is prepared on the modified accrual basis of accounting. In accordance with State statutes, the County budgets all funds except trust and agency funds. The annual budget embodies controls to ensure compliance with legal provisions, and is adopted and appropriated by the County's Board of Commissioners. Activities of the general fund, special revenue funds, capital projects funds, enterprise 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. The expenditure appropriations lapse at the end of the fiscal year. Additional resources and corresponding appropriations may be added to the budget during the fiscal year through a supplemental budget process. Original and supplemental budgets may be modified during the fiscal year by the use of appropriation resolutions. The resolutions are considered by the Board of Commissioners in public meetings. During the fiscal year 2013-14, several adjustments to the budget were made by resolution. Budget to actual comparisons are provided in this report for each individual governmental fund for which a budget was appropriated and adopted.

## **ECONOMIC CONDITION AND OUTLOOK**

Lincoln County has shown modest, but steady recovery from the 2008-09 recession. After running in double digits for three years, the county's unemployment rate has been below ten percent for more than a year. Homebuilding activity, which had slumped severely, has picked up slightly. Home values have shown only slight gains. The number of home foreclosures continues to rise, and the number of vacant retail properties in the county remains far above pre-recession levels.

The county's three traditional primary industries, commercial fishing, timber, and tourism have ridden out the recession with varying degrees of success. One bright spot on the horizon is the continued growth of marine education and research, which is emerging as a fourth leg of the local economy. While the arrival of NOAA's Pacific research fleet has been the most visible signpost of this growth, a variety of federal and state agencies have been expanding their presence in the county for decades, to the point where the total infrastructure investment in this area is estimated at \$1 billion. The announcement by Oregon State University that it plans to expand the undergraduate enrollment at the Hatfield Marine Science Center campus to 500 students by the year 2025 is another piece of good news for the county.

The reconstruction of a section of Highway 20 linking Lincoln County to the Willamette Valley has been plagued by numerous cost overruns and delays, but the State of Oregon has reaffirmed its commitment to that project, which now has an estimated completion date of 2016 or 2017. The economic and safety benefits of that project will be felt on the coast for decades to come.

## **LONG TERM FINANCIAL PLANNING**

Uncertainty in timing and extent of the recovery from the economic downturn has led to a continued conservative budgeting and financial planning strategy for both the short and near long term (the next two to five years). No new major initiatives are planned for the general fund based services. Stabilized funding for some activities, e.g. for the animal shelter and animal control services through formation of a separate service district with a permanent tax rate, was approved by voters in the November 2012 election. Similar efforts for other activities may be considered. Changes to control operational cost increases, including new health benefit packages, have been implemented for the County's benefit-eligible employees. Planned expenditures in technology to increase efficiency and productivity are underway. The Board of Commissioners continues to work with all employees to find ways to cut costs while maintaining and providing the highest quality public services.

## **MAJOR INITIATIVES**

Because of the continuing sluggishness of the local economy, new initiatives, programs and spending within the County government were limited during the fiscal year 2013-14. One major economic impact to the County's finances is the elimination of the Secure Rural Schools and Community Self Determination Act (also known as Safety Net or County Payments). No revenue was received from this source in 2013-14. Efforts

continue to be undertaken to restore or replace the federal funding, but the outlook does not look good for federal replacement dollars.

Capital projects completed in the County in 2013-14 included the remodeling of the Public Health services administration building, installation of a public safety simulcast communications system which greatly improved countywide communications for all public safety entities, and the acquisition of a building to house the County Extension Service District's administration and activities. The new County Extension Service District building is currently undergoing a renovation project to be complete in 2015. The county is investigating further capital projects to address service needs, but these will depend on funding availability.

#### **OTHER FINANCIAL INFORMATION**

The County's accounting system supports an adequate internal control structure. This structure provides reasonable assurance that County assets are safeguarded against loss, theft or misuse. The concept of reasonable assurance first recognizes that the cost of a control does not exceed the benefits derived from it. The evaluation of costs and benefits requires estimates and judgment by management. The accounting system provides reliable financial records for preparing financial statements in conformity with generally accepted accounting principles.

The County is required by state law to budget all funds with the exception of trust and agency funds. The budgeting process includes citizen input through various stages of preparation, public hearings, and approval of the original budget by the Board of Commissioners. Additional resources not anticipated in the adopted budget must be added through the use of a supplemental budget process which includes publication, public hearings, and Board of Commissioners' approval. Adopted and supplemental budgets may be modified by Board of Commissioners approval of appropriation resolutions. Budgetary control is maintained through the monitoring of program categories in the County's General Fund, and by expenditure categories in all other funds. The program categories are General Government, Public Safety, and Community Services. Expenditure categories are Personal Services, Materials and Services, Capital Outlay, and Other Requirements. Total expenditures may not legally exceed total appropriations in each of the budgeted categories.

The County periodically issues various types of debt. The County currently has \$3,465,281 in outstanding debt.

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 Local Government Investment Pool. Investments made by the County are subject to 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, a risk management pool, to provide workers compensation coverage, auto, and property and liability insurance.

The County's Insurance Reserve fund is used to provide excess liability insurance, pension related fiduciary expenditures, unemployment insurance on a reimbursement basis to the State, and other related costs.

## **AWARDS**

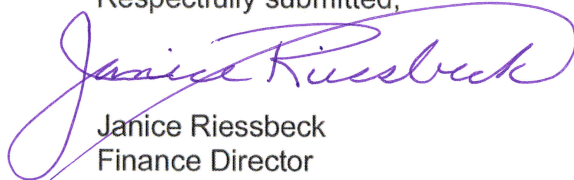
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate for Excellence in Financial Reporting to Lincoln County for its CAFR for the fiscal year ended June 30, 2013. This is the twenty-second consecutive year that the government has achieved this prestigious 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 our current report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

## **ACKNOWLEDGEMENTS**

The preparation of this CAFR is possible through a collaborative effort from all departments, notably the County Treasurer, the County Assessor, and especially the Finance Department. Acknowledgement is also due to the Board of County Commissioners, whose leadership and support made the preparation of this report possible.

Respectfully submitted,



Janice Riessbeck  
Finance Director



Terry Thompson  
Chair, Board of Commissioners



Government Finance Officers Association

**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, 2013**

Executive Director/CEO

**LINCOLN COUNTY**  
**PRINCIPAL OFFICIALS**  
**June 30, 2014**

**BOARD OF COUNTY COMMISSIONERS**

<u>Title</u>	<u>Name</u>
Commissioner, Chair	Terry N. Thompson
Commissioner	Bill Hall
Commissioner	Doug Hunt

**OTHER ELECTED OFFICIALS**

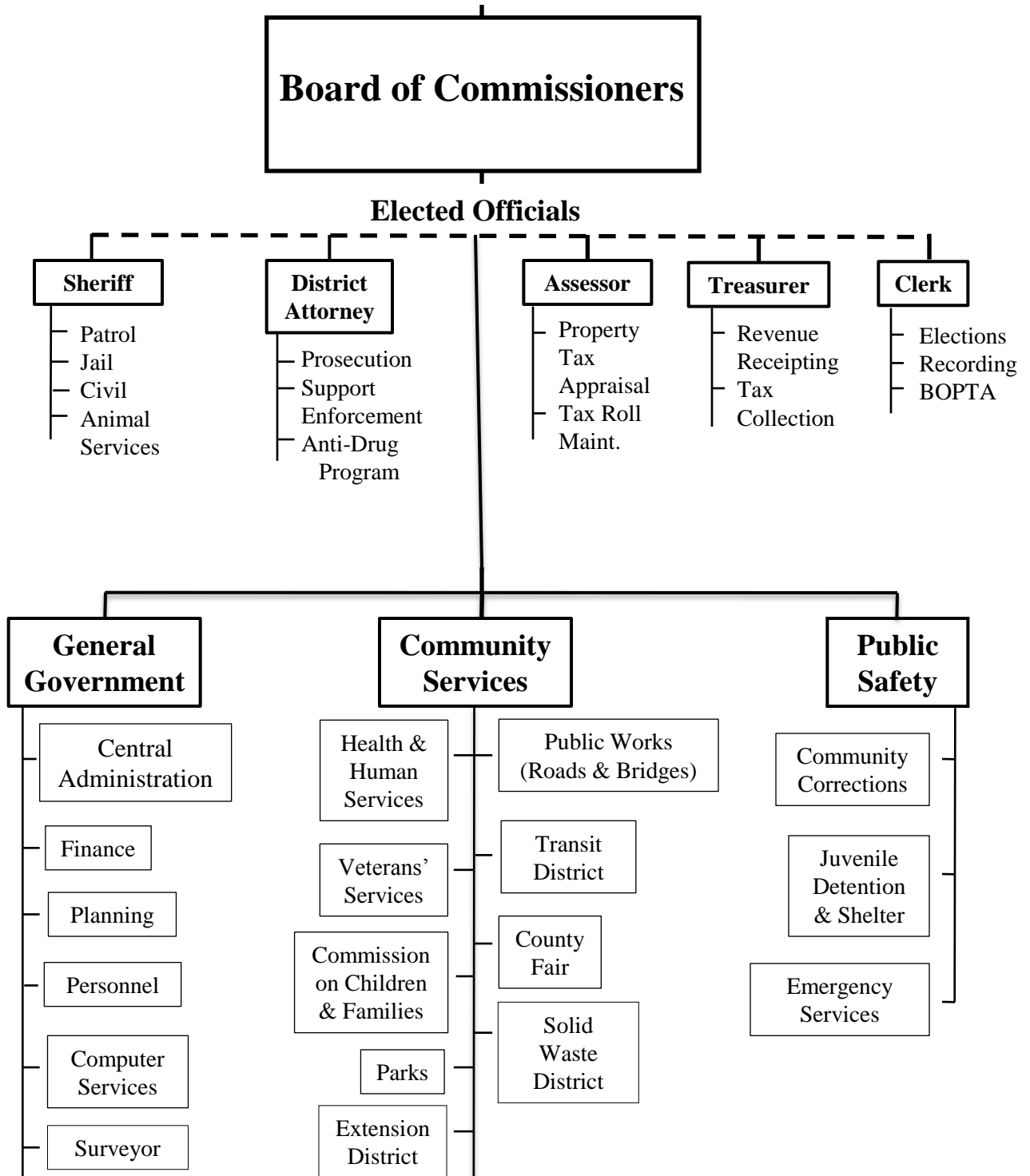
<u>Title</u>	<u>Name</u>
Assessor	Rob Thomas
County Clerk	Dana Jenkins
District Attorney	Michelle Branum
Sheriff	Dennis Dotson
Treasurer	Linda Pilson

**MANAGEMENT OFFICIALS**

<u>Title</u>	<u>Name</u>
County Counsel	Wayne Belmont
Director, Community Justice	Suzanne Gonzales
Director, Finance	Janice Riessbeck
Director, Health and Human Services	Cheryl Connell
Director, Information Technology/County Surveyor	John Waffenschmidt
Director, Personnel	Sheahan Griffitts
Director, Planning and Development	Onno Husing
Director, Public Works	Jim Buisman
Director, Transit	Cynda Bruce

# Lincoln County Organization Chart

Citizens



A scenic photograph of a river flowing through a lush forest. The river is surrounded by large, moss-covered rocks. Sunlight filters through the dense canopy of trees, creating a warm, golden glow. The text "FINANCIAL SECTION" is overlaid in the center of the image.

**FINANCIAL SECTION**



## INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners  
Lincoln County, Oregon  
Newport, Oregon

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lincoln County, Oregon ("County"), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### ***Auditor's Responsibility***

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County as of June 30, 2014, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparisons for the General, General Roads, and Mental Health Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## **Other Matters**

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 9 and the required supplementary schedule of OPEB funding progress be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Other Information**

Our audit was performed 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 nonmajor funds financial statements and schedules, the statistical tables section, and other financial schedules 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 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. The combining and individual nonmajor fund financial statements, the schedule of expenditures of federal awards, the schedule of receipts and disbursements for elected officials, and the schedule of property tax transactions and outstanding balances are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory section and the statistical tables section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2014, on our consideration of County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements. 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* in considering the County's internal control over financial reporting and compliance.

### **Report on Other Legal and Regulatory Requirements**

In accordance with the Minimum Standards of Audits of Oregon Municipal Corporations, we have issued our report dated December 31, 2014 on our consideration of County's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

### **Isler CPA**



By: Paul Nielson, CPA, a member of the firm  
Eugene, Oregon  
December 31, 2014

## MANAGEMENT'S DISCUSSION AND ANALYSIS

## LINCOLN COUNTY, OREGON MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of Lincoln County offers readers of Lincoln County's financial statements this narrative overview and analysis of the financial activities of Lincoln County for the fiscal year ended June 30, 2014. Readers are encouraged to consider the information presented here in conjunction with the additional information furnished in the financial statements that follow.

### FINANCIAL HIGHLIGHTS

- The County's total net position increased by \$3,497,365 or 5.4% due to increases in revenue while maintaining expenses.
- Current liabilities decreased by \$362,633 or 14% due to careful monitoring of expenditures.
- Revenue increased by \$3,351,771 or 6.4%, principally from an increase in charges for services.
- Expense increased by a modest \$497,980, less than 1% from the prior year.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to Lincoln County's basic financial statements. The statements are comprised of three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of Lincoln County's finances in a manner similar to a private-sector business.

The statement of net position presents information on all of Lincoln County's assets and liabilities, with the difference of the two reported as net position. Over time, increases and decreases in net position may serve as an indicator of whether the financial position of Lincoln County is improving or deteriorating.

The statement of activities presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation time). The government activities of Lincoln County include general government, community services, public safety, highways and streets, culture and recreation, health and welfare, and education.

**Fund financial statements.** A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Lincoln County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: *governmental funds*, *proprietary funds*, and *fiduciary funds*.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements.

Because the focus of governmental funds is narrower than that of government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the County's near-term financial decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and change in fund balance provide a reconciliation to facilitate this comparison between the governmental funds and governmental activities.

The County maintains 21 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and change in fund balances for the General, General Road, and Mental Health Funds. These funds are considered to be major funds. Data from the nonmajor governmental funds is combined into a single, aggregated presentation. Individual fund information for each of the nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

Lincoln County adopts an annual appropriation budget for all governmental funds. Budgetary comparison statements are provided to demonstrate budgetary compliance.

**Proprietary funds.** Proprietary funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The intent is that the costs of providing the services be financed primarily through user fees. The County maintains two types of proprietary funds - enterprise funds and internal services funds. The County's only enterprise fund, the Solid Waste District Fund, is a blended component unit, business-type fund that derives its primary revenue from charges to customers of the solid waste haulers in the County. Internal service funds are proprietary funds that are used as an accounting tool to accumulate and allocate costs internally among a government's various functions. The Self Insurance Fund is an internal service fund that Lincoln County uses to self-manage its insurance programs such as workers' compensation, and unemployment insurance. Since the Self Insurance Fund benefits governmental functions, 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 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 Position and a Statement of Changes in Fiduciary Net Position. 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.

**Notes to the basic financial statements.** The notes to the basic financial statements provide additional information that is essential to a full understanding of the information provided in the government-wide and fund financial statements.

**Other supplementary information.** The combining statements for the nonmajor governmental funds and budgetary comparison schedules for both the nonmajor and the internal service proprietary fund are presented immediately following the notes to the basic financial statements. A statistical section containing selected financial, economic, and demographic information is presented immediately following the combining statements.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Changes in Net Position. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The County's combined net position was \$67,792,551 at June 30, 2014, an increase of \$3,497,365 or 5.4% between fiscal years 2013 and 2014. Table 1, below, compares the various components of the County's net position between the two years.

Cash and investments increased by \$4,340,886 or 15% while other current assets decreased 11.2% or \$660,722. The unspent portion of loan proceeds was instrumental in raising cash balances this year, and continued attention to collection of revenue kept other current assets on a downward path. Capital assets increased \$3,183,494, or 8.9%. Overall, total assets increased by \$6,863,658 or 9.7%.

Current liabilities decreased from last year by \$362,633 or 14% because of generally lower spending than the prior year. Long-term obligations increased \$3,728,926 more than double the level for 2013. Two new debt issues, a \$3,100,000 bond and a \$380,000 note, both for capital acquisition and improvements, were the reason for the increased long-term debt.

The County's net investment in capital assets increased by \$2,012,747 or 5.6%, as the County's long-term debt proceeds were unspent while capital assets increased from grants and other funding. Restricted net position, mainly in the form of Road Fund reserves, decreased \$476,767 or 3.8%. Unrestricted net position increased \$1,961,385 or 12.3% at the end of this year.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**  
**SUMMARY OF NET POSITION**  
 Table 1

	Governmental Activities		Business-type Activities		Total Government	
	2014	2013	2014	2013	2014	2013
<b>Assets:</b>						
Cash and investments	\$ 33,217,411	\$ 28,886,062	\$ 9,537	\$ -	\$ 33,226,948	\$ 28,886,062
Other current assets	5,200,822	5,858,677	60,205	63,072	5,261,027	5,921,749
Capital assets, net of accumulated depreciation	38,927,923	35,744,429	-	-	38,927,923	35,744,429
<b>Total assets</b>	<b>\$ 77,346,156</b>	<b>\$ 70,489,168</b>	<b>\$ 69,742</b>	<b>\$ 63,072</b>	<b>\$ 77,415,898</b>	<b>\$ 70,552,240</b>
<b>Liabilities:</b>						
Current liabilities	\$ 2,170,564	\$ 2,523,281	\$ 11,319	\$ 21,235	\$ 2,181,883	\$ 2,544,516
Long-term debt outstanding	7,441,464	3,712,538	-	-	7,441,464	3,712,538
<b>Total liabilities</b>	<b>\$ 9,612,028</b>	<b>\$ 6,235,819</b>	<b>\$ 11,319</b>	<b>\$ 21,235</b>	<b>\$ 9,623,347</b>	<b>\$ 6,257,054</b>
<b>Net position:</b>						
Net investment in capital assets	37,757,176	35,744,429	-	-	37,757,176	35,744,429
Restricted	12,116,392	12,593,159	-	-	12,116,392	12,593,159
Unrestricted	17,860,560	15,915,761	58,423	41,837	17,918,983	15,957,598
<b>Total net position</b>	<b>\$ 67,734,128</b>	<b>\$ 64,253,349</b>	<b>\$ 58,423</b>	<b>\$ 41,837</b>	<b>\$ 67,792,551</b>	<b>\$ 64,295,186</b>

**Governmental Activities.** Revenues for the County's governmental activities increased 6.4% or \$3,347,344 while total expenses increased 1% or \$500,211. Refer to Table 2 for a comparison of governmental activities for the years 2014 and 2013.

An increase of 26.3%, or \$3,098,220 in charges for services revenue led to the increase in overall revenue. The Health and Human Services funds were the principal drivers of this upward trend. With the implementation of the Affordable Care Act and changes to statewide methods of healthcare delivery, Lincoln County Health and Human Services programs have seen a dramatic upswing in activity. Most other revenue remained relatively stable during 2014 with operating grants increasing a slight 3.67% (\$663,357), and unrestricted investment earnings increasing by 10.8% (\$16,914). All other revenue categories either showed very small increases or decreases for 2014.

General government expenses experienced a small decrease of 1.2% or \$112,655, as did expenses for community services with a 1.6% or \$67,865 decline. Public safety expenses increased by \$469,179 or 2.5%. Highways and streets decreased by \$445,527 or 7.3%, as funding for road and bridge improvement diminishes. Culture and recreation expenses increased by \$40,405 or 18.5%, education decreased expenses by \$232,819 or 25%, and debt service interest saw an increase of \$71,350, which represented a 12-fold increase from 2013's \$5,825. Health and welfare expenses increased by 6.1% or \$778,143.

**Business-type Activities.** The County maintains an enterprise fund, the Solid Waste District, as a business type activity community service function. The fund derives its revenue principally from charges for services and an operating grant. This fund, through prudent spending improved its net position for the year by \$16,586 or 39.6%.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**  
**SUMMARY OF STATEMENT OF ACTIVITIES**  
**Table 2**

	Governmental Activities		Business-type Activities		Total Government	
	2014	2013	2014	2013	2014	2013
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 14,890,759	\$ 11,792,539	\$ 204,054	\$ 199,686	\$ 15,094,813	\$ 11,992,225
Operating grants and contributions	18,239,651	18,076,294	30,000	30,000	18,269,651	18,106,294
Capital grants and contributions	557,052	382,871	-	-	557,052	382,871
General revenues:						
Property taxes	19,417,190	19,389,276	-	-	19,417,190	19,389,276
Transient room taxes	1,775,001	1,800,470	-	-	1,775,001	1,800,470
Unrestricted investment earnings	173,997	157,083	59	-	174,056	157,083
Timber and land sales	206,321	365,131	-	-	206,321	365,131
Gain (loss) on sale of capital assets	51,037	-	-	-	51,037	-
<b>Total Revenues</b>	<b>\$ 55,311,008</b>	<b>\$ 51,963,664</b>	<b>\$ 234,113</b>	<b>\$ 229,686</b>	<b>\$ 55,545,121</b>	<b>\$ 52,193,350</b>
<b>Expenses:</b>						
General government	8,665,403	8,778,058	-	-	8,665,403	8,778,058
Community Services	4,142,696	4,210,561	217,527	219,758	4,360,223	4,430,319
Public Safety	18,877,945	18,408,766	-	-	18,877,945	18,408,766
Highways and streets	5,656,225	6,101,752	-	-	5,656,225	6,101,752
Culture and recreation	258,490	218,085	-	-	258,490	218,085
Health and welfare	13,464,734	12,686,591	-	-	13,464,734	12,686,591
Education	687,561	920,380	-	-	687,561	920,380
Debt service interest	77,175	5,825	-	-	77,175	5,825
<b>Total Expenses</b>	<b>51,830,229</b>	<b>51,330,018</b>	<b>217,527</b>	<b>219,758</b>	<b>52,047,756</b>	<b>51,549,776</b>
Excess (deficiency) of revenues over (under) expenses	3,480,779	633,646	16,586	9,928	3,497,365	643,574
Net position at beginning of year	64,253,349	63,619,703	41,837	31,909	64,295,186	63,651,612
<b>Net position at end of year</b>	<b>\$ 67,734,128</b>	<b>\$ 64,253,349</b>	<b>\$ 58,423</b>	<b>\$ 41,837</b>	<b>\$ 67,792,551</b>	<b>\$ 64,295,186</b>

## 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 \$31,739,569, an increase of \$3,401,500 or 12% from the previous year.

- The County's General Fund balance increased \$89,904 (1.5%) from last year. Decreased revenues, mainly intergovernmental and charges for services kept this increase low. Expenditures in this fund were stable between the years.
- The Road Fund balance showed a decrease of \$476,767 (3.8%) over last year. Planned utilization of reserves to rebuild roads and bridges within the County contributed to this decrease.
- Mental Health Fund balance showed a fund balance increase of \$1,476,915 (114%). This large increase was driven by a large increase in charges for services.
- The Nonmajor Governmental fund balances increased a total of \$2,311,448 (27.9%). Increases in both grant revenue and charges for services served to increase fund balances from 2013 levels.

## BUDGETARY HIGHLIGHTS

Several changes were made during the fiscal year to adjust the County's originally adopted General Fund budget. The general government appropriation was increased by \$320,354, public safety appropriations increased by \$501,123, the community services appropriation increased by \$159,976, and transfers to other funds decreased by \$36,137. \$123,164 of the contingency reserves were used along with \$822,152 of additional revenue to offset these increased appropriations.

## CAPITAL ASSET AND DEBT ADMINISTRATION

**Capital assets.** As of June 30, 2014, the County had \$38,927,923 invested in capital assets net of accumulated depreciation of \$66,464,034. This amount represents a net increase of \$3,183,494 (9%) over last year. All capital assets are contained in the governmental activities. The county's business type activity holds no capital assets. Table 3 depicts the status of capital assets at June 30, 2014 and June 30, 2013.

**TABLE 3**  
**Capital Assets at Year-End**  
(net of depreciation)

	<b>Governmental Activities</b>	
	<b>2014</b>	<b>2013</b>
Land, easements and improvements	\$ 2,034,928	\$ 1,141,053
Infrastructure	65,940,446	63,261,019
Buildings and improvements	24,229,210	22,960,496
Equipment	12,353,697	11,653,431
Construction in progress	833,676	895,942
Less accumulated depreciation	(66,464,034)	(64,167,512)
<b>Total</b>	<b>\$ 38,927,923</b>	<b>\$ 35,744,429</b>

Table 4 shows a comparison in the changes in capital assets for the years 2014 and 2013. Additional information regarding capital assets can be found in Note 6 of the Notes to the Financial Statements.

**TABLE 4**  
**Change in Capital Assets**

	<b>Governmental Activities</b>	
	<b>2014</b>	<b>2013</b>
Beginning Balance	\$ 35,744,429	\$ 35,269,428
Additions	5,861,895	3,180,453
Depreciation expense	(2,678,401)	(2,704,338)
Deletions, net book value	-	(1,114)
<b>Ending Balance</b>	<b>\$ 38,927,923</b>	<b>\$ 35,744,429</b>

**Long-term Debt.** At year end, the County had outstanding debt of \$3,560,545, including a premium net of amortization. This represented two new debt issues in 2014. The first was a bond issue for the face value of \$3,100,000 that sold with a premium of \$95,264. The second was a promissory note for \$380,000. Both issues were for the purpose of capital acquisition and improvement. Additional information regarding long term debt can be found in Note 8 of the Notes to the Financial Statements.

**TABLE 5  
Outstanding Debt at Year-End**

	<b>Governmental Activities</b>	
	<b>2014</b>	<b>2013</b>
Bonds, including premium net of amortization	\$ 3,195,264	\$ -
Notes payable	\$ 365,281	\$ -

**ECONOMIC FACTORS AND NEXT YEAR’S BUDGET**

Lincoln County continues to face challenges posed by the slow recovery of the local, state, national and global economy. Fiscal year 2014-15 continues to be one of austere budgets and cost cutting measures. Traditional revenue sources are stagnant at best, diminishing in the worst case. The 2014-15 budget is the result of management taking a careful look at current conditions and making appropriate adjustments, while striving to provide the essential services that the County’s citizens expect.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of Lincoln County’s financial condition. Questions concerning any of the information provided in this report, or requests for additional financial information, should be addressed to the Finance Director, Lincoln County, 210 SW 2nd St., Newport, OR 97365.

## BASIC FINANCIAL STATEMENTS

**LINCOLN COUNTY, OREGON**

Statement of Net Position

June 30, 2014

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and investments	\$ 33,217,411	\$ 9,537	\$ 33,226,948
Receivables	4,737,406	60,205	4,797,611
Inventories	463,416	-	463,416
Total current assets	38,418,233	69,742	38,487,975
Noncurrent assets:			
Capital assets:			
Land and construction in progress	2,868,604	-	2,868,604
Other capital assets (net of accumulated depreciation)	36,059,319	-	36,059,319
Total noncurrent assets	38,927,923	-	38,927,923
Total assets	\$ 77,346,156	\$ 69,742	\$ 77,415,898
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and other current liabilities	\$ 1,199,106	\$ 3,383	\$ 1,202,489
Accrued payroll and related liabilities	950,471	-	950,471
Claims payable	20,987	-	20,987
Bonds payable	265,000	-	265,000
Notes payable	18,456	-	18,456
Compensated absences payable	1,793,000	7,936	1,800,936
Total current liabilities	4,247,020	11,319	4,258,339
Noncurrent liabilities:			
Bonds payable	2,930,264	-	2,930,264
Notes payable	346,825	-	346,825
Compensated absences payable	354,230	-	354,230
Net other postemployment benefit obligation	1,733,689	-	1,733,689
Total noncurrent liabilities	5,365,008	-	5,365,008
Total liabilities	9,612,028	11,319	9,623,347
<b>NET POSITION</b>			
Net investment in capital assets	37,757,176	-	37,757,176
Restricted for:			
Highway and streets	12,116,392	-	12,116,392
Unrestricted	17,860,560	58,423	17,918,983
Total net position	\$ 67,734,128	\$ 58,423	\$ 67,792,551

The notes to the financial statements are an integral part of this statement

LINCOLN COUNTY, OREGON

Statement of Activities

For the Year Ended June 30, 2014

Functions/Programs	Program Revenues			Net Revenue (Expense) and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government							
Governmental activities:							
General government	\$ 8,665,403	\$ 2,295,729	\$ 7,877,695	\$ -	\$ 1,508,021	\$ -	\$ 1,508,021
Community services	4,142,696	797,195	556,801	20,161	(2,768,539)	-	(2,768,539)
Public safety	18,877,945	2,641,490	2,709,438	36,891	(13,490,126)	-	(13,490,126)
Highway and streets	5,656,225	674,997	754,526	-	(4,226,702)	-	(4,226,702)
Culture and recreation	258,490	-	267	-	(258,223)	-	(258,223)
Health and welfare	13,464,734	8,481,348	6,330,524	500,000	1,847,138	-	1,847,138
Education	687,561	-	10,400	-	(677,161)	-	(677,161)
Interest on long-term debt	77,175	-	-	-	(77,175)	-	(77,175)
Total governmental activities	\$ 51,830,229	\$ 14,890,759	\$ 18,239,651	\$ 557,052	\$ (18,142,767)	\$ -	\$ (18,142,767)
Business-type activities:							
Solid waste	217,527	204,054	30,000	-	-	16,527	16,527
Total primary government	\$ 52,047,756	\$ 15,094,813	\$ 18,269,651	\$ 557,052	\$ (18,142,767)	\$ 16,527	\$ (18,126,240)
General revenues:							
Property taxes					19,417,190	-	19,417,190
Transient room taxes					1,775,001	-	1,775,001
Timber and land sales					206,321	-	206,321
Unrestricted investment earnings					173,997	59	174,056
Gain on disposal of assets					51,037	-	51,037
Total general revenues					21,623,546	59	21,623,605
Change in net position					3,480,779	16,586	3,497,365
Net position, beginning					64,253,349	41,837	64,295,186
Net position, ending					\$ 67,734,128	\$ 58,423	\$ 67,792,551

The notes to the financial statements are an integral part of this statement

**LINCOLN COUNTY, OREGON**

**GOVERNMENTAL FUNDS**

Balance Sheet

June 30, 2014

	101 General Fund	201 General Roads Fund	209 Mental Health Fund	Nonmajor Governmental Funds	Total
<b>ASSETS</b>					
Cash and investments	\$ 5,934,152	\$ 11,278,734	\$ 3,074,098	\$ 10,208,954	\$ 30,495,938
Receivables - net	2,942,820	619,459	129,112	1,046,015	4,737,406
Inventories	-	463,416	-	-	463,416
Total assets	<u>\$ 8,876,972</u>	<u>\$ 12,361,609</u>	<u>\$ 3,203,210</u>	<u>\$ 11,254,969</u>	<u>\$ 35,696,760</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 518,670	\$ 157,232	\$ 239,697	\$ 165,452	\$ 1,081,051
Accrued payroll and related expenses	572,484	76,224	103,604	198,159	950,471
Total liabilities	<u>1,091,154</u>	<u>233,456</u>	<u>343,301</u>	<u>363,611</u>	<u>2,031,522</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue - accounts receivable	-	-	93,077	189,681	282,758
Unavailable revenue - property taxes	1,499,183	11,761	-	131,967	1,642,911
<b>FUND BALANCES</b>					
Nonspendable	-	463,416	-	-	463,416
Restricted	-	11,652,976	2,766,832	4,506,112	18,925,920
Committed	-	-	-	5,996,562	5,996,562
Assigned	-	-	-	67,036	67,036
Unassigned	6,286,635	-	-	-	6,286,635
Total fund balances	<u>6,286,635</u>	<u>12,116,392</u>	<u>2,766,832</u>	<u>10,569,710</u>	<u>31,739,569</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 8,876,972</u>	<u>\$ 12,361,609</u>	<u>\$ 3,203,210</u>	<u>\$ 11,254,969</u>	<u>\$ 35,696,760</u>

The notes to the financial statements are an integral part of this statement

**LINCOLN COUNTY, OREGON**

Reconciliation of the Balance Sheet of Governmental  
Funds to the Statement of Net Position

June 30, 2014

Amounts reported for governmental activities in the statement of net position are different because:

Fund balances - governmental funds	\$	31,739,569
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds		
Governmental capital assets, cost	\$	105,391,957
Less accumulated depreciation		<u>(66,464,034)</u>
		38,927,923
A portion of the County's property taxes and assessments receivable are collected after year-end, but are not available soon enough to pay for current year's operations, and therefore are not reported as revenues in the governmental funds.		
		1,642,911
A portion of the County Health Center's receivables are collected after year-end, but are not available soon enough to pay for current year's operations, and therefore are not reported as revenues in the governmental funds.		
		282,758
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds. Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due. These liabilities consist of:		
Bonds and notes payable	\$	(3,560,545)
Compensated absences		(2,147,230)
Net other postemployment benefit obligation		<u>(1,733,689)</u>
		(7,441,464)
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 Position		
		<u>2,582,431</u>
Net position of governmental activities	\$	<u><u>67,734,128</u></u>

**LINCOLN COUNTY, OREGON**

**GOVERNMENTAL FUNDS**

Statement of Revenues, Expenditures, and Changes in Fund Balances

For the Year Ended June 30, 2014

	101 General Fund	201 General Roads Fund	209 Mental Health Fund	Nonmajor Governmental Funds	Total
<b>REVENUES:</b>					
Taxes and land sales	\$ 19,430,831	\$ -	\$ -	\$ 1,849,472	\$ 21,280,303
Licenses and permits	1,004,169	-	-	198,724	1,202,893
Charges for services	1,054,171	1,125,878	4,453,927	4,774,980	11,408,956
Intergovernmental revenues	6,986,841	5,969,546	2,793,029	4,888,258	20,637,674
Fines and penalties	60,854	-	-	39,833	100,687
Investment earnings	66,038	49,521	7,574	39,784	162,917
Donations	-	-	-	61,685	61,685
Other revenue	199,885	86,169	335,231	119,411	740,696
Total revenues	<u>28,802,789</u>	<u>7,231,114</u>	<u>7,589,761</u>	<u>11,972,147</u>	<u>55,595,811</u>
<b>EXPENDITURES:</b>					
Current:					
General government	8,580,835	-	-	311,984	8,892,819
Community services	1,717,395	-	-	2,179,894	3,897,289
Public safety	17,188,014	-	-	856,260	18,044,274
Highway and streets	-	7,592,112	-	-	7,592,112
Culture and recreation	-	-	-	144,140	144,140
Health and welfare	-	-	6,065,891	7,315,953	13,381,844
Education	-	-	-	687,561	687,561
Debt service:					
Principal	14,719	-	-	-	14,719
Interest	75,930	1,245	-	-	77,175
Bond issuance costs	69,000	-	-	-	69,000
Capital Outlay	1,320,736	114,524	46,955	1,486,427	2,968,642
Total expenditures	<u>28,966,629</u>	<u>7,707,881</u>	<u>6,112,846</u>	<u>12,982,219</u>	<u>55,769,575</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(163,840)</u>	<u>(476,767)</u>	<u>1,476,915</u>	<u>(1,010,072)</u>	<u>(173,764)</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Issuance of bonds	330,000	-	-	2,770,000	3,100,000
Premium on issuance of bonds	95,264	-	-	-	95,264
Promissory note	380,000	-	-	-	380,000
Transfers in	192	-	-	797,411	797,603
Transfers out	<u>(551,712)</u>	<u>-</u>	<u>-</u>	<u>(245,891)</u>	<u>(797,603)</u>
Total other financing sources (uses)	<u>253,744</u>	<u>-</u>	<u>-</u>	<u>3,321,520</u>	<u>3,575,264</u>
Net change in fund balances	89,904	(476,767)	1,476,915	2,311,448	3,401,500
Beginning fund balances	6,196,731	12,593,159	1,289,917	8,258,262	28,338,069
Ending fund balances	<u>\$ 6,286,635</u>	<u>\$ 12,116,392</u>	<u>\$ 2,766,832</u>	<u>\$ 10,569,710</u>	<u>\$ 31,739,569</u>

The notes to the financial statements are an integral part of this statement

**LINCOLN COUNTY, OREGON**

Reconciliation of the Statement of Revenues, Expenditures, and Changes  
in the Fund Balances of Governmental Funds to the Statement of Activities

For the Year Ended June 30, 2014

Amounts reported for governmental activities in the statement of activities are different because of the following:

Net change in fund balances - governmental funds	\$	3,401,500
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Governmental funds report capital outlay as expenditures. However in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The amount by which depreciation exceeds capital outlay in the current period is:

Capital outlay	\$ 5,861,895		
Less current year depreciation	<u>(2,678,401)</u>		3,183,494

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds

Change in deferred inflows of resources			(295,883)
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The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on the net position. This amount is the net effect of those differences in the treatment of long-term debt and related items:

Issuance of bonds and notes, net of premium	\$ (3,575,264)		
Principal payments	14,719		
Change in accrual of other postemployment benefits	<u>(119,221)</u>		(3,679,766)

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 the governmental funds

Change in compensated absences			50,840
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Internal service funds are used by management to charge costs of management of certain insurance activities to individual funds. The net revenue of activities of internal service funds is reported with the governmental activities

			<u>820,594</u>
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Change in net position of governmental activities

	\$		<u>3,480,779</u>
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**LINCOLN COUNTY, OREGON**

101 GENERAL FUND

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Taxes and land sales	\$ 19,727,216	\$ 19,727,216	\$ 19,430,831	\$ (296,385)
Licenses and permits	1,107,725	1,107,725	1,004,169	(103,556)
Intergovernmental revenues	6,576,631	7,258,916	6,986,841	(272,075)
Charges for services	1,067,094	1,082,294	1,054,171	(28,123)
Fines and penalties	55,000	55,000	60,854	5,854
Investment earnings	30,000	30,000	66,038	36,038
Other revenue	<u>129,757</u>	<u>137,257</u>	<u>199,885</u>	<u>62,628</u>
Total revenues	<u>28,693,423</u>	<u>29,398,408</u>	<u>28,802,789</u>	<u>(595,619)</u>
Expenditures:				
Personal services	21,402,408	21,751,041	20,309,196	1,441,845
Materials and services	7,092,424	7,309,897	7,177,048	132,849
Capital outlay	941,388	1,356,735	940,736	415,999
Contingency	991,422	868,258	-	868,258
Debt service:				
Principal	280,000	280,000	14,719	265,281
Interest	<u>170,000</u>	<u>170,000</u>	<u>75,930</u>	<u>94,070</u>
Total expenditures	<u>30,877,642</u>	<u>31,735,931</u>	<u>28,517,629</u>	<u>3,218,302</u>
Excess revenues over (under) expenditures	<u>(2,184,219)</u>	<u>(2,337,523)</u>	<u>285,160</u>	<u>2,622,683</u>
Other financing sources (uses):				
Issuance of bonds *	355,000	355,000	356,264	1,264
Transfers in	500	500	192	(308)
Transfers out	<u>(587,849)</u>	<u>(551,712)</u>	<u>(551,712)</u>	<u>-</u>
Total other financing sources (uses)	<u>(232,349)</u>	<u>(196,212)</u>	<u>(195,256)</u>	<u>956</u>
Net change in fund balances	(2,416,568)	(2,533,735)	89,904	2,623,639
Fund Balance:				
Beginning of year	<u>5,199,506</u>	<u>5,316,673</u>	<u>6,196,731</u>	<u>880,058</u>
End of year	<u>\$ 2,782,938</u>	<u>\$ 2,782,938</u>	<u>\$ 6,286,635</u>	<u>\$ 3,503,697</u>

\* The County issued bonds with a face value of \$3,100,000 (\$2,770,000 is reported in Capital Projects fund) and a premium of \$95,264 with issuance costs of \$69,000.

Additionally, the County signed a promissory note in exchange for property in the amount of \$380,000.

**LINCOLN COUNTY, OREGON**

**201 GENERAL ROADS FUND**

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Intergovernmental revenues	\$ 7,853,430	\$ 7,853,430	\$ 5,969,546	\$ (1,883,884)
Charges for services	792,527	792,527	1,125,878	333,351
Investment earnings	66,100	66,100	49,521	(16,579)
Other revenue	<u>120,000</u>	<u>120,000</u>	<u>86,169</u>	<u>(33,831)</u>
Total revenues	<u>8,832,057</u>	<u>8,832,057</u>	<u>7,231,114</u>	<u>(1,600,943)</u>
Expenditures:				
Personal services	3,003,929	3,003,929	2,696,806	307,123
Materials and services	7,519,107	7,519,107	4,895,306	2,623,801
Capital outlay	315,000	315,000	114,524	200,476
Debt service	20,000	20,000	1,245	18,755
Contingency	<u>1,000,000</u>	<u>1,000,000</u>	<u>-</u>	<u>1,000,000</u>
Total expenditures	<u>11,858,036</u>	<u>11,858,036</u>	<u>7,707,881</u>	<u>4,150,155</u>
Net change in fund balances	(3,025,979)	(3,025,979)	(476,767)	2,549,212
Fund Balance:				
Beginning of year	<u>11,813,940</u>	<u>11,813,940</u>	<u>12,593,159</u>	<u>779,219</u>
End of year	<u>\$ 8,787,961</u>	<u>\$ 8,787,961</u>	<u>\$ 12,116,392</u>	<u>\$ 3,328,431</u>

**LINCOLN COUNTY, OREGON**

**209 MENTAL HEALTH FUND**

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Intergovernmental revenues	\$ 2,957,448	\$ 3,121,033	\$ 2,793,029	\$ (328,004)
Charges for services	2,717,615	3,397,615	4,453,927	1,056,312
Investment earnings	5,000	5,000	7,574	2,574
Other revenue	<u>27,200</u>	<u>27,200</u>	<u>335,231</u>	<u>308,031</u>
Total revenues	<u>5,707,263</u>	<u>6,550,848</u>	<u>7,589,761</u>	<u>1,038,913</u>
Expenditures:				
Personal services	3,856,872	4,654,646	3,627,073	1,027,573
Materials and services	2,454,797	2,832,863	2,438,818	394,045
Capital outlay	<u>48,000</u>	<u>46,955</u>	<u>46,955</u>	<u>-</u>
Total expenditures	<u>6,359,669</u>	<u>7,534,464</u>	<u>6,112,846</u>	<u>1,421,618</u>
Excess revenues over (under) expenditures	<u>(652,406)</u>	<u>(983,616)</u>	<u>1,476,915</u>	<u>2,460,531</u>
Net change in fund balances	(652,406)	(983,616)	1,476,915	2,460,531
Fund Balance:				
Beginning of year	<u>652,406</u>	<u>1,122,612</u>	<u>1,289,917</u>	<u>167,305</u>
End of year	<u>\$ -</u>	<u>\$ 138,996</u>	<u>\$ 2,766,832</u>	<u>\$ 2,627,836</u>

The notes to the financial statements are an integral part of this statement

**LINCOLN COUNTY, OREGON**

**PROPRIETARY FUNDS**

Balance Sheet

June 30, 2014

	Business-type Activities - Nonmajor Enterprise Fund 210 Solid Waste District Fund	Governmental Activities - Internal Service Fund 215 Self Insurance Fund
<b>ASSETS</b>		
Current assets:		
Cash and investments	\$ 9,537	\$ 2,721,473
Receivables	60,205	-
Total assets	\$ 69,742	\$ 2,721,473
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable and other current liabilities	\$ 3,383	\$ 118,055
Compensated absences	7,936	-
Claims payable	-	20,987
Total liabilities	11,319	139,042
<b>NET POSITION</b>		
Unrestricted	58,423	2,582,431
Total liabilities and net position	\$ 69,742	\$ 2,721,473

**LINCOLN COUNTY, OREGON**

**PROPRIETARY FUNDS**

Statement of Revenues, Expenses, and Changes in Net Position

For the Year Ended June 30, 2014

	Business-type Activities - Nonmajor Enterprise Fund 210 Solid Waste District Fund	Governmental Activities - Internal Service Fund 215 Self Insurance Fund
<b>Operating revenues:</b>		
Charges for services	\$ 202,650	\$ 1,179,557
Other revenue	1,322	8,442
Fines and penalties	82	-
Total operating revenues	204,054	1,187,999
<b>Operating expenses:</b>		
General and administrative costs	101,852	-
Operations and maintenance	115,675	378,485
Total operating expenses	217,527	378,485
Operating income (loss)	(13,473)	809,514
<b>Nonoperating revenues (expenses):</b>		
Operating grant	30,000	-
Investment earnings	59	11,080
Change in net position	16,586	820,594
Beginning net position	41,837	1,761,837
Ending net position	\$ 58,423	\$ 2,582,431

The notes to the financial statements are an integral part of this statement

**LINCOLN COUNTY, OREGON**  
**PROPRIETARY FUNDS**  
Statement of Cash Flows  
For the Year Ended June 30, 2014

	Business-type Activities - Nonmajor Enterprise Fund 210 Solid Waste District Fund	Governmental Activities - Internal Service Fund 215 Self Insurance Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipts from services provided	\$ 206,921	\$ -
Cash received from interfund services provided	-	1,189,581
Cash payments to employees for services	(103,696)	-
Cash payments to other suppliers for goods and services	(123,747)	-
Cash paid for interfund services used	-	(365,418)
Net cash provided (used) by operating activities	(20,522)	824,163
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Cash received from operating grant	30,000	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	59	11,080
Net change in cash and investments	9,537	835,243
Cash and investments:		
Beginning of year	-	1,886,230
End of year	\$ 9,537	\$ 2,721,473
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ (13,473)	\$ 809,514
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
(Increase) decrease in assets:		
Receivables	2,867	1,582
Increase (decrease) in liabilities:		
Accounts payable and other current liabilities	(8,057)	18,592
Payroll and related accruals	(15)	-
Claims payable	-	(5,525)
Compensated absences	(1,844)	-
Net cash provided (used) by operating activities	\$ (20,522)	\$ 824,163

The notes to the financial statements are an integral part of this statement

**LINCOLN COUNTY, OREGON**  
**FIDUCIARY FUNDS**  
Statement of Fiduciary Net Position  
June 30, 2014

	<u>Agency Fund</u>
<b>ASSETS</b>	
Cash and investments	\$ 2,380,737
Receivables - net	<u>6,911,262</u>
Total assets	<u>\$ 9,291,999</u>
<b>LIABILITIES</b>	
Due to other governmental agencies	\$ 1,680,493
Amounts held for others	<u>7,611,506</u>
Total liabilities	<u>\$ 9,291,999</u>

## NOTES TO BASIC FINANCIAL STATEMENTS

## LINCOLN COUNTY, OREGON

### Notes to Financial Statements

#### **Note 1 - The Financial Reporting Entity**

##### A. Reporting entity

Lincoln County, Oregon (the "County"), a general law county exercising the authority of a county under ORS Chapter 203.035, was established by an Act of the State Legislature on February 20, 1893, as 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 four 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.

##### B. Blended component units

The four blended component units are included because the County Board of Commissioners, the governing board of the Primary Government, also serves as their respective governing bodies 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 to the county. 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.

###### *Lincoln County Animal Services District*

The District accounts for the operations of a shelter and animal control services county-wide. The primary source of revenue is property taxes and the sale of dog licenses and fees charged by the County Animal Shelter.

## LINCOLN COUNTY, OREGON

### Notes to Financial Statements

#### **Note 2 - Summary of Significant Accounting Policies**

##### A. Government-wide financial statements

The statement of net position 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, which are primarily supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely primarily upon fees charged to external parties.

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.

##### *Fund Financial Statements*

The fund financial statements provide information about the County's funds, including fiduciary funds. Separate statements for each fund category—governmental, proprietary, and fiduciary—are presented. The emphasis of fund financial statements is on major governmental and proprietary funds, whereby each major fund is displayed discretely in a separate column. All remaining governmental funds are 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.
- *Mental Health* - accounts for mental health services which are funded in part by the Oregon Health Plan, participation in the Inter-community Health Network (IHN) Coordinated Care Organization (CCO), State of Oregon Department of Human Services contracts for Mental Health Services, as well as private insurances and self-pay funds.

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.
- *Enterprise* - accounts for the operations services rendered to the surrounding governmental entities on a user charge basis, a predominantly self-supporting activity.
- *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.

## LINCOLN COUNTY, OREGON

### Notes to Financial Statements

#### **Note 2 - Summary of Significant Accounting Policies, continued**

##### **B. Basis of accounting**

The government-wide financial statements and proprietary fund 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.

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, generally, 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.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing goods and services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's enterprise fund, the Solid Waste District, and its internal service fund are charges for services. Operating expenses for the aforementioned funds are personal services and materials and services. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

##### **C. Cash and investments**

For purposes of the accompanying statement of cash flows, the proprietary 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. Investments, including amounts held in pooled cash and investments, are stated at fair value.

##### **D. Inventories and prepaid items**

Inventories purchased are stated at cost (average costing method). Inventories are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

LINCOLN COUNTY, OREGON

Notes to Financial Statements

**Note 2 - Summary of Significant Accounting Policies, continued**

E. Receivables

In general, receivables 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. Deviations from this collection time period arise in medical receivables, and certain grant or intergovernmental receivables. The collection period for medical receivables is based on the time required for the medical billing system to process the services provided prior to year end. Certain grant or intergovernmental receivables will be recognized as revenue in the current period if it is material, measurable, and the related expenditures have been incurred.

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 inflows of resources if received more than sixty days following year end 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.

For the year ended June 30, 2014, the County's tax levy did not exceed the Oregon constitutional limitation. All other districts' property taxes receivable are reported in the Agency Fund.

F. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, street lights, etc.) are reported in the governmental activities column in the governmental-wide financial statements. Capital assets are charged to expenditures as purchased in the governmental fund statements. Capital assets are recorded at historical cost, or estimated historical cost if actual cost is not available. Infrastructure acquired prior to July 1, 1980 is not reported in capital assets. Donated capital assets are recorded at their estimated fair market value at the time received.

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

Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

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

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

Monthly depreciation is taken from the month of the fiscal year the assets are acquired. Gains or losses from sales or retirements of capital assets are included in operations of the current period.

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, Mental Health, and Nonmajor 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 Lincoln County Employee's Association - Roads, or the Lincoln County Employee's Association - Transit, 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. Sick leave accumulates at the rate of 8 hours per month for the employees who qualify for vested sick leave.

## LINCOLN COUNTY, OREGON

### Notes to Financial Statements

#### **Note 2 - Summary of Significant Accounting Policies, continued**

##### G. Compensated absences, continued

All benefit-eligible employees (after six months of continuous service) earn vacation leave. The amount earned per pay period is determined based upon length of service and representation. Accumulation limits of vacation leave differ by length of service.

Certain employees earn paid leave for personal holidays with a maximum accumulation of 8 hours. All non-exempt benefit-eligible employees are eligible 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.

##### H. Interfund transactions

Interfund transactions are reflected as loans, services provided, reimbursements or transfers. Loans are reported as receivables and payables as appropriate, and 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. Fund balance

In the fund financial statements, the fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The fund balance classifications are:

*Nonspendable* - resources cannot be spent because they are either in a nonspendable form or legally or contractually required to be maintained intact. Resources in nonspendable form include inventories, prepaids and deposits, and assets held for sale.

*Restricted* - constraints placed on the use of resources are either: (a) externally imposed by creditors (such as through debt covenants), grants, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

*Committed* - the County Commissioners pass an ordinance that places specific constraints on how the resources may be used. The County Commissioners can modify or rescind the ordinance at any time through passage of an additional ordinance.

*Assigned* - resources that are constrained by the County's intent to use them for a specific purpose, but are neither restricted nor committed. Intent is expressed when the County Commissioners approve which resources should be "reserved" during the adoption of the annual budget.

*Unassigned* - resources that have not been restricted, committed, or assigned within the General Fund. This classification is also used to report any negative fund balance amounts in other governmental funds.

**LINCOLN COUNTY, OREGON**

Notes to Financial Statements

I. Fund balance, continued

Fund balances by classification for the year ended June 30, 2014 are as follows:

	<u>General Fund</u>	<u>General Roads Fund</u>	<u>Mental Health Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Nonspendable</b>					
Inventories	\$ -	\$ 463,416	\$ -	\$ -	\$ 463,416
<b>Restricted for:</b>					
Road maintenance	-	11,652,976	-	-	11,652,976
Economic development	-	-	-	241,073	241,073
County Fair	-	-	-	16,702	16,702
Outpatient services	-	-	2,766,832	725,908	3,492,740
Title III	-	-	-	1,828,265	1,828,265
Capital Outlay	-	-	-	1,122,060	1,122,060
Maintenance of government surveys	-	-	-	196,156	196,156
Public education	-	-	-	375,948	375,948
<b>Committed to:</b>					
Transit services	-	-	-	2,160,040	2,160,040
Law library	-	-	-	67,398	67,398
County records	-	-	-	131,292	131,292
Animal control services	-	-	-	262,168	262,168
Post-closure obligations	-	-	-	702,248	702,248
DUII administration	-	-	-	9,574	9,574
Capital outlay	-	-	-	2,663,842	2,663,842
<b>Assigned to:</b>					
County schools	-	-	-	67,031	67,031
Capital outlay	-	-	-	5	5
<b>Unassigned:</b>	<u>6,286,635</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,286,635</u>
Total fund balances	<u>\$ 6,286,635</u>	<u>\$ 12,116,392</u>	<u>\$ 2,766,832</u>	<u>\$ 10,569,710</u>	<u>\$ 31,739,569</u>

When both restricted and unrestricted (committed, assigned, or unassigned) resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources, as they are needed. When an expenditure is incurred, where an unrestricted fund balance classification could be used, it is the County's policy to use committed resources first, assigned resources second, and then unassigned amounts as they are needed.

J. 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.

LINCOLN COUNTY, OREGON

Notes to Financial Statements

**Note 2 - Summary of Significant Accounting Policies, continued**

K. Budget policies and budgetary control

Generally, Oregon Local Budget Law requires annual budgets be adopted for all funds except agency funds. The annual budgets are adopted on a basis consistent with Oregon Revised Statutes (ORS 294 - Local Budget Law).

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.

Noncompliance with Oregon Budget Law for the year ended June 30, 2014 is as follows:

The following funds reported expenditures over budgeted amounts for the year ended June 30, 2014.

County Fair Fund: Materials and services	\$2,380
Community Health Centers Fund: Materials and services	\$33,303

**Note 3 - Cash 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 investments balances.

A. The County's deposits and investments at June 30, 2014 are as follows:

Total investments	\$ 31,556,293
Deposits with financial institutions	4,051,392
Total deposits and investments	<u>\$ 35,607,685</u>

B. Cash and investments are reported as follows:

Governmental Activities/Funds	
General Fund	\$ 5,934,152
General Roads Fund	11,278,734
Mental Health Fund	3,074,098
Nonmajor governmental funds	<u>10,208,954</u>
Total governmental funds	30,495,938
Internal Service Fund	<u>2,721,473</u>
Total governmental activities	33,217,411
Business-type activities	9,537
Fiduciary funds	<u>2,380,737</u>
Total cash and investments	<u>\$ 35,607,685</u>

**LINCOLN COUNTY, OREGON**

Notes to Financial Statements

**Note 3 - Cash and Investments, continued**

***Deposits:***

At June 30, 2014, the County's deposits with various financial institutions had a bank value of \$4,975,918. All deposits not covered by FDIC insurance are covered by the Public Funds Collateralization Program (PFCP) of the State of Oregon. The PFCP is a shared liability structure for participating bank depositories. Barring any exceptions, a bank depository is required to pledge collateral valued at least 10% of their quarter-end public fund deposits if they are well capitalized, 25% of their quarter-end public fund deposits if they are adequately capitalized, or 110% of their quarter-end public fund deposits if they are undercapitalized or assigned to pledge 110% by the Office of State Treasurer. In the event of a bank failure, the entire pool of collateral pledged by all qualified Oregon public funds bank depositories is available to repay deposits of public funds of government entities.

*Custodial Credit Risk:* Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. Deposits with financial institutions include bank demand deposits. Cash, except for cash held at the County, is covered by federal depository insurance (FDIC) or by collateral held in a multiple financial institution collateral pool called the Public Funds Collateralization Program (PFCP) administered by the Office of the State Treasurer for the State of Oregon.

***Investments:***

As of June 30, 2014, the County held the following investments and maturities:

<u>Investment type</u>	<u>Carrying Value</u>	<u>Weighted Average Maturity in Years</u>	<u>Credit Rating</u>	<u>% of Investment Portfolio</u>
JP Morgan Chase corporate debt securities	\$ 521,588	0.550	Aa3/A+/AA-	1.700 %
Local government investment pool	<u>\$ 31,034,705</u>	N/A	N/A	<u>98.300 %</u>
Total	<u>\$ 31,556,293</u>			<u>100.000 %</u>

The "weighted average maturity in years" calculation assumes that all investments are held until maturity.

*Interest Rate Risk:* In accordance with its investment policy, the government manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than eighteen months.

*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>
US Treasury Obligation	100%
US Government Agency	75
Banker's Acceptances (BA)	50
Certificates of Deposit (CD)	25
State of Oregon Investment Pool	100

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.

The Oregon Local Government Investment Pool (LGIP) is an open-ended, no-load diversified portfolio offered to any municipality, political subdivision or public corporation of the State that by law is made the custodian of, or has control of, any public funds. The Office of the State Treasurer (OST) manages the LGIP. The LGIP is commingled with other State funds in the Oregon Short-Term Fund (OSTF). The OSTF is not managed as a stable net asset value fund; therefore, the preservation of principal is not assured. The LGIP is not rated by a national rating service. Additional information about the OSTF can be obtained at [www.ost.state.or.us](http://www.ost.state.or.us) and [www.oregon.gov/treasury](http://www.oregon.gov/treasury). The weighted-average maturity of LGIP is less than one year. County's investment in LGIP is stated at fair value.

Investments, including amounts held in pooled cash and investments are stated at fair value.

**LINCOLN COUNTY, OREGON**

Notes to Financial Statements

**Note 3 - Cash and Investments, continued**

*Custodial Credit Risk:* 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. The County does not have a policy which limits the amount of investments that can be held by counterparties.

**Note 4 - Receivables**

Receivables at June 30, 2014 were as follows:

	Governmental Funds				Totals
	General	General Roads	Mental Health	Nonmajor	
Property taxes	\$ 1,684,138	\$ -	\$ -	\$ 148,157	\$ 1,832,295
Accounts	1,258,682	619,459	153,589	932,727	2,964,457
Less: allowance for doubtful accounts	-	-	(24,477)	(34,869)	(59,346)
	<u>\$ 2,942,820</u>	<u>\$ 619,459</u>	<u>\$ 129,112</u>	<u>\$ 1,046,015</u>	<u>\$ 4,737,406</u>

**Note 5 - Interfund Transactions**

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 summarizes the County's transfer activity between funds within the governmental activities:

Transfer From	Transfer To	Amount
General	Health and Human Services	\$ 346,712
General	Vehicle Replacement	200,000
General	Capital Projects	5,000
Health and Human Services	Capital Projects	245,699
Nonmajor Special Revenue	General	192
Total		<u>\$ 797,603</u>

**LINCOLN COUNTY, OREGON**

Notes to Financial Statements

**Note 6 - Capital Assets**

A. Capital asset activity for the year ended June 30, 2014 was as follows:

<b>Governmental Activities</b>	Balances July 1, 2013,	Additions and Reclassifications	Deletions and Reclassifications	Balances June 30, 2014
<i>Capital assets, not being depreciated:</i>				
Land and easements	\$ 1,141,053	\$ 893,875	\$ -	\$ 2,034,928
Construction in progress	895,942	4,059,099	4,121,365	833,676
Total capital assets, not being depreciated	2,036,995	4,952,974	4,121,365	2,868,604
<i>Capital assets being depreciated:</i>				
Infrastructure	63,261,019	2,679,427	-	65,940,446
Buildings	16,074,082	100,415	-	16,174,497
Improvements	6,886,414	1,168,299	-	8,054,713
Equipment	11,653,431	1,082,145	381,879	12,353,697
Total capital assets being depreciated	97,874,946	5,030,286	381,879	102,523,353
<i>Less accumulated depreciation for:</i>				
Infrastructure	46,336,454	775,214	-	47,111,668
Buildings	8,373,028	432,322	-	8,805,350
Improvements	2,501,274	488,796	-	2,990,070
Equipment	6,956,756	982,069	381,879	7,556,946
Total accumulated depreciation	64,167,512	2,678,401	381,879	66,464,034
Total capital assets being depreciated, net	33,707,434	2,351,885	-	36,059,319
Total Capital Assets, Net	\$ 35,744,429	\$ 7,304,859	\$ 4,121,365	\$ 38,927,923

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

General government	\$ 411,911
Community services	218,214
Public safety	835,604
Highways and streets	1,031,668
Culture and recreation	114,350
Health and welfare	66,654
Total depreciation expense - governmental activities	\$ 2,678,401

**Note 7 - Construction Commitments**

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

	Project Authorization	Expended to Date	Commitment
Chitwood Covered Bridge	\$ 1,200,000	\$ 24,872	\$ 1,175,128
Yachats Covered Bridge	665,000	32,243	632,757
Trapp Creek Road Bridge	1,727,000	20,921	1,706,079
Totals	\$ 3,592,000	\$ 78,036	\$ 3,513,964

**LINCOLN COUNTY, OREGON**

Notes to Financial Statements

**Note 8 - Noncurrent liabilities**

Revenue Bonds

Revenue bonds at year end are as follows:

Purpose	Amount
Local Oregon Capital Asset Program (LOCAP) certificates of participation	
The County issued certificates of participation, series 2013C, on July 30, 2013 in the amount of \$3.1 million through the Local Oregon Capital Assets Program with an average coupon rate of 4.27%. Proceeds are to be used to purchase new assessment and taxation software and hardware replacement; simulcast communications installation; Health and Human Services Building and Extension District Buildings improvements; the purchase and improvement of property for Courthouse parking; and additional property acquisition and improvements for County purposes if funds remain and the Board and Special Counsel approve. Principal amounts are due on August 1 and semi annual interest payments are due on August 1 and February 1.	\$ 3,100,000

Notes payable

The County signed a 15 year promissory note on August 31, 2013 with the Trustees under the Curry Living Trust to purchase property. The original amount of the note was \$380,000 with monthly installments due of \$2,966 at 4.8% interest annum.

Noncurrent liability activity for the year ended June 30, 2014, was as follows:

	Outstanding July 1, 2013	Additions	Reductions	Outstanding June 30, 2014	Balances Due Within One Year
<b>Governmental activities:</b>					
<b>Bonds</b>					
LOCAP Series 2013C	\$ -	\$ 3,100,000	\$ -	\$ 3,100,000	\$ 265,000
<b>Notes payable</b>					
Curry property note	-	380,000	(14,719)	365,281	18,456
Vested compensated absences	2,198,070	1,784,415	(1,835,255)	2,147,230	1,793,000
Total Governmental activities noncurrent liabilities	\$ 2,198,070	\$ 5,264,415	\$ (1,849,974)	\$ 5,612,511	\$ 2,076,456
<b>Business-type activities:</b>					
	Outstanding July 1, 2013	Additions	Reductions	Outstanding June 30, 2014	Balances Due Within One Year
Vested compensated absences	\$ 9,780	\$ 4,584	\$ (6,428)	\$ 7,936	\$ 7,936

The General Fund has been used to liquidate compensated absences in prior years.

**LINCOLN COUNTY, OREGON**

Notes to Financial Statements

**Note 8 - Noncurrent liabilities, continued**

Annual debt service requirements to maturity for long-term obligations are as follows:

Fiscal Year	LOCAP Series 2013C		Curry property note		Governmental Activities Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 265,000	\$ 121,138	\$ 18,456	\$ 17,131	\$ 283,456	\$ 138,269
2016	270,000	113,088	19,361	16,225	289,361	129,313
2017	280,000	102,088	20,311	15,275	300,311	117,363
2018	290,000	90,688	21,308	14,279	311,308	104,967
2019	305,000	78,788	22,354	13,233	327,354	92,021
2020-2024	455,000	318,577	129,340	48,594	584,340	367,171
2025-2029	550,000	212,907	134,151	14,128	684,151	227,035
2030-2034	685,000	79,989	-	-	685,000	79,989
	<u>\$ 3,100,000</u>	<u>\$ 1,117,263</u>	<u>\$ 365,281</u>	<u>\$ 138,865</u>	<u>\$ 3,465,281</u>	<u>\$ 1,256,128</u>

Bonds payable are reported in the Statement of Net Position as follows:

Bonds payable ending balance	\$ 3,100,000
Less: current portion	(265,000)
Add: unamortized premium	<u>95,264</u>
Bonds payable, due in more than one year	<u>\$ 2,930,264</u>

**Note 9 - Operating Leases**

The County leases office equipment and office facilities under operating leases expiring at various times through 2019. Total cost for such leases for the year ended June 30, 2014 was \$571,879. Minimum future rental payments under non-cancelable operating leases having remaining terms in excess of one year as of June 30, 2014 for each of the next five years are:

Year Ended June 30,	Amount
2015	\$ 582,093
2016	580,313
2017	572,232
2018	574,179
2019	<u>569,129</u>
Total	<u>\$ 2,877,946</u>

## LINCOLN COUNTY, OREGON

### Notes to Financial Statements

#### **Note 10 - 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, 2014, there were 466 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. 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.

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 \$1,898,972 and employees contributed \$377,748 for the year ended June 30, 2014. 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.

#### **Note 11 - Deferred Compensation Plan**

The County's employees can contribute to the Lincoln County deferred compensation plan created in accordance with the Internal Revenue Code Section 457(g) ("457 Plan"). The 457 Plan is administered by independent plan administrators through administrative service agreements. The 457 Plan is available to substantially all employees of the County. Employees may defer a portion of their salary until future years. Deferred compensation is not available to employees until termination, retirement, death, or financial hardship. The 457 Plan's assets are held in a custodial account for the exclusive benefit of participants and beneficiaries, and are not subject to claims of the County's creditors, nor can they be used by the County for any purpose other than the payment of benefits to the plan participants. Accordingly, these plan assets and related liabilities are not recorded on the accompanying statement of net position. Employee contributions to the 457 Plan for the year ended June 30, 2014, were \$267,534.

#### **Note 12- Defined Benefit Pension Plan**

##### Retirement plan

For certain employees of the Sheriff's office, 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](http://www.oregon.gov/PERS).

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 10.95 percent of covered compensation. For employees hired on or after August 29, 2003, the County's contribution rate is 4.24 percent of covered compensation.

**LINCOLN COUNTY, OREGON**

Notes to Financial Statements

**Note 12 - Defined Benefit Pension Plan, continued**

The County's contribution to the plan for the years ending June 30, 2014, 2013 and 2012, were equal to the County's required contributions for each year as follows:

<u>Years Ended June 30,</u>	<u>Employer County Contribution</u>	<u>Employer Paid Member Contribution</u>	<u>Totals</u>
2014	\$ 390,012	\$ 267,847	\$ 657,859
2013	\$ 337,988	\$ 247,208	\$ 585,196
2012	\$ 356,884	\$ 256,849	\$ 613,733

**Note 13 - Other Postemployment Benefits (OPEB)**

The County administers a single-employer defined benefit healthcare plan. The healthcare plan provides for post-retirement medical, dental, and vision coverage for eligible retirees, their spouses, domestic partners, and dependents on a self-pay basis. The level of benefits provided by the plans are the same as those afforded to active employees. Coverage is provided to retirees, spouses, and domestic partners until they become eligible for Medicare, typically age 65, and to eligible dependents until age 26. The County's post-retirement healthcare plan was established in accordance with Oregon Revised Statutes (ORS) 243.303. ORS stipulate that for the purpose of establishing healthcare premiums, the rate must be based on all plan members, including both active employees and retirees. Due to the effect of age, retiree claim costs are generally higher than claim costs for all members as a whole. The difference between retiree claims costs and the amount of retiree healthcare premiums represents the County's implicit employer contribution.

Membership

The County's membership in the plan at August 1, 2012 (the date of the most recent actuarial valuation) consisted of the following:

Active employees	354
Retirees, spouse or dependents	9
Spouses of Ineligible Retirees	<u>1</u>
 Total	 <u>364</u>

Funding policy and contributions

The required contribution is based on projected pay-as-you-go financing requirements. For the fiscal year ending June 30, 2014, the County's combined plan contributions were \$46,530. Implicit employer subsidies generally represent the increase in premiums the County must pay on behalf of its active employees as a consequence of providing retirees access to OPEB. The implicit premium requirements, as of August 1, 2012, for the County are as follows:

<u>Union</u>	<u>Male Retirees</u>	<u>Female Retirees</u>	<u>Male Spouses</u>	<u>Female Spouses</u>
Age 50	\$ 865	\$ 933	\$ 616	\$ 697
Age 55	918	918	732	773
Age 60	1,115	1,036	891	887
Age 64	1,378	1,235	1,098	1,053
<u>Non-Union</u>	<u>Male Retirees</u>	<u>Female Retirees</u>	<u>Male Spouses</u>	<u>Female Spouses</u>
Age 50	\$ 557	\$ 600	\$ 397	\$ 449
Age 55	591	591	471	498
Age 60	718	667	574	571
Age 64	887	795	707	678

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

**LINCOLN COUNTY, OREGON**

Notes to Financial Statements

**Note 13 - Other Postemployment Benefits (OPEB), continued**

Annual OPEB cost and net OPEB Obligation

The County had an actuarial valuation performed as of August 1, 2012 to determine the unfunded accrued actuarial liability (UAAL), annual required contribution (ARC) and net other postemployment benefit obligation (NOPEBO) as of that date. The ARC represents a level funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The annual OPEB cost for the year ended June 30, 2014 was equal to the ARC as follows:

Normal cost	\$ 140,846
Amortization of UAAL	<u>179,840</u>
Annual required contribution (ARC)	<u>\$ 320,686</u>

The net OPEB obligation as of June 30, 2014 was calculated as follows:

Annual required contribution	\$ 320,686
Interest on prior year Net OPEB obligation	56,506
Less: Adjustment to ARC	<u>(194,126)</u>
Annual OPEB Cost	183,066
Less: Explicit Benefit Payments	-
Less: Implicit Benefit Payments	<u>(63,845)</u>
Increase in Net OPEB Obligation	119,221
Net OPEB Obligation - beginning of year	<u>1,614,468</u>
Net OPEB Obligation - end of year	<u>\$ 1,733,689</u>

The County's annual OPEB cost, percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of June 30, 2014 is as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2012	\$ 311,011	37%	\$ 1,427,053
June 30, 2013	\$ 330,661	43%	\$ 1,614,468
June 30, 2014	\$ 183,066	35%	\$ 1,733,689

Funded status and funding progress

As of August 1, 2012, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$1,449,232, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability of \$1,449,232. The covered payroll amount (annual payroll of active employees covered by the plans) was \$21,862,462, and the ratio of the UAAL to the covered payroll was 6.63%. For the fiscal year ending June 30, 2014, the County has set aside \$0 to pay for future post-employment benefits for retired employees.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amount determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress included in the Notes to the Required Supplementary Information presents multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time, relative to the actuarial accrued liabilities for benefits.

**LINCOLN COUNTY, OREGON**

Notes to Financial Statements

**Note 13 - Other Postemployment Benefits (OPEB), continued**

Actuarial methods and assumptions

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

In the August 1, 2012 actuarial valuation, the projected unit credit actuarial cost method was used to determine contribution levels comprised of normal cost and amortization payments. The actuarial assumptions included a 3.5% rate for discounting future liabilities; healthcare cost inflation trend rate of 7.25% in the first year with a variable rate of 5.75% to 6.75% in future years depending on the timing of the excise tax scheduled to affect health care benefits beginning in 2018; general inflation of 2.75% per year; and participation rate of 55% of future retirees electing coverage under the plan. Demographic assumptions regarding retirement, mortality, and turnover are based on Oregon PERS valuation assumptions as of December 31, 2011. The unfunded actuarially accrued liability is being amortized using a level percent of payroll over an open period of 10 years.

**Note 14 - 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; 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.

Effective July 1, 2010 the County became self-insured for worker's compensation and unemployment insurance. Premiums are paid into the Risk Management internal service fund by County departments based on each department's operating budget, claim activity, and vehicle usage. The County carries a supplemental liability policy with a \$10 million limit per occurrence or wrongful act, and a \$500,000 deductible. The annual aggregate limit of the policy is \$10 million. The policy renews July 1 of each year.

Changes in the balances of claims liabilities are as follows:

	Year Ended June 30,		
	2012	2013	2014
<u>Workers' compensation</u>			
Upaid claims, beginning of year	\$ 5,791	\$ 16,961	\$ 10,710
Incurred claims (including IBNR)	142,631	12,138	67,352
Claim payments	(131,461)	(18,389)	(62,095)
Upaid claims, end of year	<u>\$ 16,961</u>	<u>\$ 10,710</u>	<u>\$ 15,967</u>
<u>State unemployment</u>			
Upaid claims, beginning of year	\$ 54,975	\$ 26,648	\$ 15,802
Incurred claims (including IBNR)	116,862	81,600	64,655
Claim payments	(145,189)	(92,446)	(75,437)
Upaid claims, end of year	<u>\$ 26,648</u>	<u>\$ 15,802</u>	<u>\$ 5,020</u>

**Note 15 - Net Position Restricted Through Legislation**

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

Oregon and federal laws restrict the usage of state gas tax and federal forest fees for road repairs and improvements	\$ 12,116,392
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**Note 16 - Contingencies**

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.

## REQUIRED SUPPLEMENTARY INFORMATION

**LINCOLN COUNTY, OREGON**  
 Schedule of Funding Progress - OPEB  
 June 30, 2014

Schedule of Funding Progress - OPEB

Other postemployment benefits (OPEB) schedule of funding progress:

<u>Valuation Date</u>	<u>Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Accrued Liability</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAL/ Payroll</u>
August 1, 2008	\$ -	\$ 2,274,467	\$ 2,274,467	0%	\$ 22,311,273	10.19%
August 1, 2010	\$ -	\$ 2,102,563	\$ 2,102,563	0%	\$ 21,144,030	9.95%
August 1, 2012	\$ -	\$ 1,449,232	\$ 1,449,232	0%	\$ 21,862,462	6.63%

The County's OPEB benefits include an implicit benefit for retiree paid healthcare participation in the County's health insurance plan. The actuarial cost method is entry age normal.

COMBINING AND INDIVIDUAL NONMAJOR FUNDS  
STATEMENTS AND SCHEDULES

**LINCOLN COUNTY, OREGON**  
**NONMAJOR GOVERNMENTAL FUNDS**

Combining Balance Sheet

June 30, 2014

	<u>Special Revenue Funds</u>	<u>219 Capital Projects Fund</u>	<u>103 Vehicle Replacement</u>	<u>Total Nonmajor Governmental Funds</u>
<b>ASSETS</b>				
Cash and investments	\$ 7,531,905	\$ 2,403,005	\$ 274,044	\$ 10,208,954
Receivables - net	<u>1,046,015</u>	<u>-</u>	<u>-</u>	<u>1,046,015</u>
Total assets	<u>\$ 8,577,920</u>	<u>\$ 2,403,005</u>	<u>\$ 274,044</u>	<u>\$ 11,254,969</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 152,245	\$ 13,207	\$ -	\$ 165,452
Accrued payroll and related expenses	<u>198,159</u>	<u>-</u>	<u>-</u>	<u>198,159</u>
Total liabilities	<u>350,404</u>	<u>13,207</u>	<u>-</u>	<u>363,611</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - accounts receivable	189,681	-	-	189,681
Unavailable revenue - property taxes	<u>131,967</u>	<u>-</u>	<u>-</u>	<u>131,967</u>
Total deferred inflows of resources	321,648	-	-	321,648
<b>FUND BALANCES</b>				
Restricted	4,506,112	-	-	4,506,112
Committed	3,332,720	2,389,798	274,044	5,996,562
Assigned	<u>67,036</u>	<u>-</u>	<u>-</u>	<u>67,036</u>
Total fund balances	<u>7,905,868</u>	<u>2,389,798</u>	<u>274,044</u>	<u>10,569,710</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 8,577,920</u>	<u>\$ 2,403,005</u>	<u>\$ 274,044</u>	<u>\$ 11,254,969</u>

**LINCOLN COUNTY, OREGON**  
NONMAJOR GOVERNMENTAL FUNDS

Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
For the Year Ended June 30, 2014

	Special Revenue	219 Capital Projects Fund	103 Vehicle Replacement	Total Nonmajor Governmental Funds
<b>REVENUES:</b>				
Taxes and land sales	\$ 1,849,472	\$ -	\$ -	\$ 1,849,472
Licenses and permits	198,724	-	-	198,724
Charges for services	4,503,018	-	271,962	4,774,980
Intergovernmental revenues	4,388,258	500,000	-	4,888,258
Fines and penalties	39,833	-	-	39,833
Investment earnings	39,784	-	-	39,784
Donations	61,685	-	-	61,685
Other revenue	68,373	-	51,038	119,411
Total revenues	11,149,147	500,000	323,000	11,972,147
<b>EXPENDITURES:</b>				
Current:				
General government	98,540	211,944	1,500	311,984
Community services	2,179,894	-	-	2,179,894
Public safety	856,260	-	-	856,260
Culture and recreation	144,140	-	-	144,140
Public service	7,315,953	-	-	7,315,953
Education	687,561	-	-	687,561
Capital Outlay	320,014	918,957	247,456	1,486,427
Total expenditures	11,602,362	1,130,901	248,956	12,982,219
Excess (deficiency) of revenues over expenditures	(453,215)	(630,901)	74,044	(1,010,072)
<b>OTHER FINANCING SOURCES (USES):</b>				
Issuance of bonds	-	2,770,000	-	2,770,000
Transfers in	346,712	250,699	200,000	797,411
Transfers out	(245,891)	-	-	(245,891)
Net change in fund balances	(352,394)	2,389,798	274,044	2,311,448
Fund balances at beginning of year	8,258,262	-	-	8,258,262
Fund balances at end of year	\$ 7,905,868	\$ 2,389,798	\$ 274,044	\$ 10,569,710

## Nonmajor Special Revenue Funds

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.

- **Economic Development** – Revenue received from the distribution of State Lottery monies is accounted for in this fund. All revenue is earmarked for local economic development.
- **Transit District** (a component unit) - The district provides a comprehensive transportation program for the County. It is funded by property tax and federal and state transportation grant programs.
- **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 are accounted for in this fund. Major sources of revenue include state apportionments, annual fair proceeds, and grounds and building rentals.
- **Law Library** – This fund is used to maintain the County law library with revenues derived from court fees.
- **Clerk Records** – This fund accounts for expenditures incurred by the County Clerk to improve record storage and to acquire systems that facilitate records retrieval.
- **Health & Human Services** – This fund accounts for public health services through a variety of programs funded from grants and other resources.
- **Community Health Center** – This fund operates federally funded community health centers in various locations in the County.
- **Enforcement** – Fines for certain liquor and drug violations are earmarked by statute for this fund to be utilized for the enforcement of liquor and drug laws.
- **Animal Services** – A special 5-year property tax levy and the sale of dog licenses and fees charged by the County Animal Shelter provide the revenue for this fund to operate the shelter and provide animal control services county-wide.
- **Title III Safety Net** – Under Public Law 106-393, “The Secure Rural Schools and Community Self-Determination Act of 2000,” this fund accrues revenue to be set aside for projects authorized by the law.
- **Corner Preservation** – This fund accounts for expenditures incurred by the County Surveyor in the establishment, re-establishment, and maintenance of corners of government surveys.
- **Extension Agency** (a component unit) – This fund accounts for the operations of the OSU/Lincoln County Extension Agency which provides educational programs to county citizens. The District is funded mainly from property tax.
- **Agate Beach Disposal Site Closure** – This fund accounts for the County’s share of the post-closure obligations for the closed Agate Beach Landfill.
- **DUII** – This fund is used to comply with the legal provisions concerning the collection and expenditure of funds obtained through civil forfeiture proceedings.
- **Building Reserve** – This fund is used to accumulate funds for bringing County buildings up to code and for repairs and renovations to prevent losses due to earthquakes or other natural disasters.
- **Fair Facilities** – This fund accounts for the upgrade and improvement to the County Fairgrounds and its buildings and infrastructure through a dedicated transient room tax.

**LINCOLN COUNTY, OREGON**  
**NONMAJOR SPECIAL REVENUE FUNDS**

Combining Balance Sheet

June 30, 2014

	102 Economic Development Fund	204 Transit District Fund	202 County School Fund	203 County Fair Fund	205 Law Library Fund	207 Clerk Records Fund	208 Health and Human Services Fund	216 Community Health Centers Fund	211 Enforcement Fund
<b>ASSETS</b>									
Cash and investments	\$ 187,110	\$ 2,039,494	\$ 51	\$ 18,947	\$ 78,556	\$ 131,552	\$ 188,862	\$ 391,401	\$ -
Receivables - net	<u>53,963</u>	<u>217,232</u>	<u>66,980</u>	<u>-</u>	<u>-</u>	<u>170</u>	<u>192,723</u>	<u>364,438</u>	<u>-</u>
Total assets	<u>\$ 241,073</u>	<u>\$ 2,256,726</u>	<u>\$ 67,031</u>	<u>\$ 18,947</u>	<u>\$ 78,556</u>	<u>\$ 131,722</u>	<u>\$ 381,585</u>	<u>\$ 755,839</u>	<u>\$ -</u>
<b>LIABILITIES</b>									
Accounts payable	\$ -	\$ 12,063	\$ -	\$ 2,245	\$ 11,158	\$ 264	\$ 42,928	\$ 32,626	\$ -
Accrued payroll and related expenses	<u>-</u>	<u>32,964</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>166</u>	<u>98,828</u>	<u>47,740</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>45,027</u>	<u>-</u>	<u>2,245</u>	<u>11,158</u>	<u>430</u>	<u>141,756</u>	<u>80,366</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>									
Unavailable revenue - accounts receivable	-	287	-	-	-	-	12,179	177,215	-
Unavailable revenue - property taxes	<u>-</u>	<u>51,372</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>-</u>	<u>51,659</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,179</u>	<u>177,215</u>	<u>-</u>
<b>FUND BALANCES</b>									
Restricted	241,073	-	-	16,702	-	-	227,650	498,258	-
Committed	-	2,160,040	-	-	67,398	131,292	-	-	-
Assigned	<u>-</u>	<u>-</u>	<u>67,031</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>241,073</u>	<u>2,160,040</u>	<u>67,031</u>	<u>16,702</u>	<u>67,398</u>	<u>131,292</u>	<u>227,650</u>	<u>498,258</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 241,073</u>	<u>\$ 2,256,726</u>	<u>\$ 67,031</u>	<u>\$ 18,947</u>	<u>\$ 78,556</u>	<u>\$ 131,722</u>	<u>\$ 381,585</u>	<u>\$ 755,839</u>	<u>\$ -</u>

212 Animal Services Fund	213 Title III/Safety Net Fund	217 Corner Preservation Fund	859 Extension Agency	603 Agate Beach Disposal Site Closure Fund	601 DUUI Fund	214 Building Reserve Fund	607 Fair Facilities Fund	Total
\$ 275,104	\$ 1,843,939	\$ 195,518	\$ 372,324	\$ 708,053	\$ 9,574	\$ 5	\$ 1,091,415	\$ 7,531,905
<u>70,386</u>	<u>-</u>	<u>638</u>	<u>27,575</u>	<u>504</u>	<u>-</u>	<u>-</u>	<u>51,406</u>	<u>1,046,015</u>
<u>\$ 345,490</u>	<u>\$ 1,843,939</u>	<u>\$ 196,156</u>	<u>\$ 399,899</u>	<u>\$ 708,557</u>	<u>\$ 9,574</u>	<u>\$ 5</u>	<u>\$ 1,142,821</u>	<u>\$ 8,577,920</u>
\$ 8,059	\$ 15,674	\$ -	\$ 158	\$ 6,309	\$ -	\$ -	\$ 20,761	\$ 152,245
<u>18,461</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>198,159</u>
<u>26,520</u>	<u>15,674</u>	<u>-</u>	<u>158</u>	<u>6,309</u>	<u>-</u>	<u>-</u>	<u>20,761</u>	<u>350,404</u>
-	-	-	-	-	-	-	-	189,681
<u>56,802</u>	<u>-</u>	<u>-</u>	<u>23,793</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>131,967</u>
<u>56,802</u>	<u>-</u>	<u>-</u>	<u>23,793</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>321,648</u>
-	1,828,265	196,156	375,948	-	-	-	1,122,060	4,506,112
<u>262,168</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>702,248</u>	<u>9,574</u>	<u>-</u>	<u>-</u>	<u>3,332,720</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5</u>	<u>-</u>	<u>67,036</u>
<u>262,168</u>	<u>1,828,265</u>	<u>196,156</u>	<u>375,948</u>	<u>702,248</u>	<u>9,574</u>	<u>5</u>	<u>1,122,060</u>	<u>7,905,868</u>
<u>\$ 345,490</u>	<u>\$ 1,843,939</u>	<u>\$ 196,156</u>	<u>\$ 399,899</u>	<u>\$ 708,557</u>	<u>\$ 9,574</u>	<u>\$ 5</u>	<u>\$ 1,142,821</u>	<u>\$ 8,577,920</u>

**LINCOLN COUNTY, OREGON**

**NONMAJOR SPECIAL REVENUE FUNDS**

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance

For the Year Ended June 30, 2014

	102 Economic Development Fund	204 Transit District Fund	202 County School Fund	203 County Fair Fund	205 Law Library Fund	207 Clerk Records Fund	208 Health and Human Services Fund	216 Community Health Centers Fund	211 Enforcement Fund
<b>REVENUES:</b>									
Taxes and land sales	\$ -	\$ 607,850	\$ 35,150	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	34,492	-	-	-
Charges for services	-	656,988	-	26,520	-	-	2,779,789	1,039,721	-
Intergovernmental revenues	216,808	755,737	444,429	50,964	-	-	1,472,720	1,433,001	-
Fines and penalties	-	-	-	-	38,915	-	-	-	-
Investment earnings	1,155	10,442	295	114	368	660	-	2,679	1
Donations	-	-	-	-	-	-	-	-	-
Other revenue	-	16,689	-	-	-	-	46,377	5,307	-
<b>Total revenues</b>	<b>217,963</b>	<b>2,047,706</b>	<b>479,874</b>	<b>77,598</b>	<b>39,283</b>	<b>35,152</b>	<b>4,298,886</b>	<b>2,480,708</b>	<b>1</b>
<b>EXPENDITURES:</b>									
Current:									
General government	-	-	-	-	-	31,440	-	-	-
Community services	230,783	1,836,386	-	-	-	-	-	-	-
Public safety	-	-	-	-	34,275	-	-	-	-
Culture and recreation	-	-	-	73,188	-	-	-	-	-
Public service	-	-	-	-	-	-	4,659,085	2,656,868	-
Education	-	-	412,843	-	-	-	-	-	-
Capital outlay	-	108,139	-	-	-	-	46,955	-	-
<b>Total   expenditures</b>	<b>230,783</b>	<b>1,944,525</b>	<b>412,843</b>	<b>73,188</b>	<b>34,275</b>	<b>31,440</b>	<b>4,706,040</b>	<b>2,656,868</b>	<b>-</b>
Excess (deficiency) of revenues over (under) expenditures	(12,820)	103,181	67,031	4,410	5,008	3,712	(407,154)	(176,160)	1
<b>OTHER FINANCING SOURCES (USES):</b>									
Transfers in	-	-	-	-	-	-	346,712	-	-
Transfers out	-	-	-	-	-	-	(245,699)	-	(192)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>101,013</b>	<b>-</b>	<b>(192)</b>
Net change in fund balance	(12,820)	103,181	67,031	4,410	5,008	3,712	(306,141)	(176,160)	(191)
Beginning fund balance	253,893	2,056,859	-	12,292	62,390	127,580	533,791	674,418	191
Ending fund balance	\$ 241,073	\$ 2,160,040	\$ 67,031	\$ 16,702	\$ 67,398	\$ 131,292	\$ 227,650	\$ 498,258	\$ -

212 Animal Services Fund	213 Title III/Safety Net Fund	217 Corner Preservation Fund	859 Extension Agency	603 Agate Beach Disposal Site Closure Fund	601 DUII Fund	214 Building Reserve Fund	607 Fair Facilities Fund	Total
\$ 688,206	\$ -	\$ -	\$ 281,590	\$ -	\$ -	\$ -	\$ 236,676	\$ 1,849,472
61,300	-	91,238	-	6,388	5,306	-	-	198,724
-	-	-	-	-	-	-	-	4,503,018
2,978	-	-	11,621	-	-	-	-	4,388,258
918	-	-	-	-	-	-	-	39,833
1,731	10,005	1,074	2,107	3,654	28	-	5,471	39,784
61,685	-	-	-	-	-	-	-	61,685
-	-	-	-	-	-	-	-	68,373
<u>816,818</u>	<u>10,005</u>	<u>92,312</u>	<u>295,318</u>	<u>10,042</u>	<u>5,334</u>	<u>-</u>	<u>242,147</u>	<u>11,149,147</u>
-	-	67,100	-	-	-	-	-	98,540
-	93,147	-	-	19,578	-	-	-	2,179,894
821,442	-	-	-	-	543	-	-	856,260
-	-	-	-	-	-	-	70,952	144,140
-	-	-	-	-	-	-	-	7,315,953
-	-	-	274,718	-	-	-	-	687,561
<u>9,350</u>	<u>136,842</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,728</u>	<u>320,014</u>
<u>830,792</u>	<u>229,989</u>	<u>67,100</u>	<u>274,718</u>	<u>19,578</u>	<u>543</u>	<u>-</u>	<u>89,680</u>	<u>11,602,362</u>
<u>(13,974)</u>	<u>(219,984)</u>	<u>25,212</u>	<u>20,600</u>	<u>(9,536)</u>	<u>4,791</u>	<u>-</u>	<u>152,467</u>	<u>(453,215)</u>
-	-	-	-	-	-	-	-	346,712
-	-	-	-	-	-	-	-	(245,891)
-	-	-	-	-	-	-	-	100,821
(13,974)	(219,984)	25,212	20,600	(9,536)	4,791	-	152,467	(352,394)
<u>276,142</u>	<u>2,048,249</u>	<u>170,944</u>	<u>355,348</u>	<u>711,784</u>	<u>4,783</u>	<u>5</u>	<u>969,593</u>	<u>8,258,262</u>
<u>\$ 262,168</u>	<u>\$ 1,828,265</u>	<u>\$ 196,156</u>	<u>\$ 375,948</u>	<u>\$ 702,248</u>	<u>\$ 9,574</u>	<u>\$ 5</u>	<u>\$ 1,122,060</u>	<u>\$ 7,905,868</u>

**LINCOLN COUNTY, OREGON**  
**102 ECONOMIC DEVELOPMENT FUND**  
Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Intergovernmental revenues	\$ 235,000	\$ 235,000	\$ 216,808	\$ (18,192)
Investment earnings	<u>1,500</u>	<u>1,500</u>	<u>1,155</u>	<u>(345)</u>
Total revenues	<u>236,500</u>	<u>236,500</u>	<u>217,963</u>	<u>(18,537)</u>
Expenditures:				
Materials and services	290,000	290,000	230,783	59,217
Contingency	<u>195,446</u>	<u>195,446</u>	<u>-</u>	<u>195,446</u>
Total expenditures	<u>485,446</u>	<u>485,446</u>	<u>230,783</u>	<u>254,663</u>
Net change in fund balances	(248,946)	(248,946)	(12,820)	236,126
Fund Balance:				
Beginning of year	<u>248,946</u>	<u>248,946</u>	<u>253,893</u>	<u>4,947</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 241,073</u>	<u>\$ 241,073</u>

**LINCOLN COUNTY, OREGON**

**204 TRANSIT DISTRICT FUND**

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Taxes and land sales	\$ 592,000	\$ 592,000	\$ 607,850	\$ 15,850
Intergovernmental revenues	903,333	903,333	755,737	(147,596)
Charges for services	562,000	562,000	656,988	94,988
Investment earnings	8,000	8,000	10,442	2,442
Other revenue	<u>25,500</u>	<u>25,500</u>	<u>16,689</u>	<u>(8,811)</u>
Total revenues	<u>2,090,833</u>	<u>2,090,833</u>	<u>2,047,706</u>	<u>(43,127)</u>
Expenditures:				
Personal services	1,443,510	1,443,510	1,206,679	236,831
Materials and services	716,596	716,596	629,707	86,889
Capital outlay	590,000	590,000	108,139	481,861
Contingency	<u>348,000</u>	<u>348,000</u>	<u>-</u>	<u>348,000</u>
Total expenditures	<u>3,098,106</u>	<u>3,098,106</u>	<u>1,944,525</u>	<u>1,153,581</u>
Net change in fund balances	(1,007,273)	(1,007,273)	103,181	1,110,454
Fund Balance:				
Beginning of year	<u>1,920,371</u>	<u>1,920,371</u>	<u>2,056,859</u>	<u>136,488</u>
End of year	<u>\$ 913,098</u>	<u>\$ 913,098</u>	<u>\$ 2,160,040</u>	<u>\$ 1,246,942</u>

**LINCOLN COUNTY, OREGON**

**202 COUNTY SCHOOL FUND**

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Taxes and land sales	\$ 35,520	\$ 35,520	\$ 35,150	\$ (370)
Intergovernmental revenues	725,000	725,000	444,429	(280,571)
Investment earnings	75	75	295	220
Other revenue	<u>100</u>	<u>100</u>	<u>-</u>	<u>(100)</u>
Total revenues	<u>760,695</u>	<u>760,695</u>	<u>479,874</u>	<u>(280,821)</u>
Expenditures:				
Materials and services	<u>760,695</u>	<u>760,695</u>	<u>412,843</u>	<u>347,852</u>
Net change in fund balances	-	-	67,031	67,031
Fund Balance:				
Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 67,031</u>	<u>\$ 67,031</u>

**LINCOLN COUNTY, OREGON**

**203 COUNTY FAIR FUND**

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Intergovernmental revenues	\$ 48,000	\$ 48,000	\$ 50,964	\$ 2,964
Charges for services	22,500	22,500	26,520	4,020
Investment earnings	-	-	114	114
Total revenues	<u>70,500</u>	<u>70,500</u>	<u>77,598</u>	<u>7,098</u>
Expenditures:				
Materials and services	70,350	70,350	73,188	(2,838)
Contingency	<u>13,889</u>	<u>13,889</u>	-	<u>13,889</u>
Total expenditures	<u>84,239</u>	<u>84,239</u>	<u>73,188</u>	<u>11,051</u>
Net change in fund balances	(13,739)	(13,739)	4,410	18,149
Fund Balance:				
Beginning of year	<u>13,739</u>	<u>13,739</u>	<u>12,292</u>	<u>(1,447)</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,702</u>	<u>\$ 16,702</u>

**LINCOLN COUNTY, OREGON**

**205 LAW LIBRARY FUND**

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Fines and penalties	\$ 34,000	\$ 34,000	\$ 38,915	\$ 4,915
Investment earnings	250	250	368	118
Total revenues	<u>34,250</u>	<u>34,250</u>	<u>39,283</u>	<u>5,033</u>
Expenditures:				
Materials and services	49,250	49,250	34,275	14,975
Contingency	<u>33,065</u>	<u>33,065</u>	-	<u>33,065</u>
Total expenditures	<u>82,315</u>	<u>82,315</u>	<u>34,275</u>	<u>48,040</u>
Net change in fund balances	(48,065)	(48,065)	5,008	53,073
Fund Balance:				
Beginning of year	<u>48,065</u>	<u>48,065</u>	<u>62,390</u>	<u>14,325</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 67,398</u>	<u>\$ 67,398</u>

**LINCOLN COUNTY, OREGON**

**207 CLERK RECORDS FUND**

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Licenses and permits	\$ 42,000	\$ 42,000	\$ 34,492	\$ (7,508)
Investment earnings	700	700	660	(40)
Total revenues	<u>42,700</u>	<u>42,700</u>	<u>35,152</u>	<u>(7,548)</u>
Expenditures:				
Personal services	33,295	33,295	22,212	11,083
Materials and services	<u>146,760</u>	<u>146,760</u>	<u>9,228</u>	<u>137,532</u>
Total expenditures	<u>180,055</u>	<u>180,055</u>	<u>31,440</u>	<u>148,615</u>
Net change in fund balances	(137,355)	(137,355)	3,712	141,067
Fund Balance:				
Beginning of year	<u>137,355</u>	<u>137,355</u>	<u>127,580</u>	<u>(9,775)</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 131,292</u>	<u>\$ 131,292</u>

**LINCOLN COUNTY, OREGON**  
**208 HEALTH AND HUMAN SERVICES FUND**  
Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues:</b>				
Intergovernmental revenues	\$ 1,610,290	\$ 1,617,838	\$ 1,472,720	\$ (145,118)
Charges for services	2,418,627	2,891,867	2,779,789	(112,078)
Investment earnings	1,646	1,646	-	(1,646)
Other revenue	<u>54,127</u>	<u>56,190</u>	<u>46,377</u>	<u>(9,813)</u>
Total revenues	<u>4,084,690</u>	<u>4,567,541</u>	<u>4,298,886</u>	<u>(268,655)</u>
<b>Expenditures:</b>				
Personal services	3,624,594	3,508,398	3,229,840	278,558
Materials and services	1,261,963	1,663,281	1,429,245	234,036
Capital outlay	<u>48,000</u>	<u>46,955</u>	<u>46,955</u>	<u>-</u>
Total expenditures	<u>4,934,557</u>	<u>5,218,634</u>	<u>4,706,040</u>	<u>512,594</u>
<b>Other financing sources (uses):</b>				
Transfers in	387,849	346,712	346,712	-
Transfers out	<u>-</u>	<u>(245,699)</u>	<u>(245,699)</u>	<u>-</u>
Net change in fund balances	(462,018)	(550,080)	(306,141)	243,939
<b>Fund Balance:</b>				
Beginning of year	<u>462,018</u>	<u>550,080</u>	<u>533,791</u>	<u>(16,289)</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 227,650</u>	<u>\$ 227,650</u>

**LINCOLN COUNTY, OREGON**  
**216 COMMUNITY HEALTH CENTERS FUND**  
Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues:</b>				
Intergovernmental revenues	\$ 1,460,387	\$ 1,706,006	\$ 1,433,001	\$ (273,005)
Charges for services	1,190,210	1,190,210	1,039,721	(150,489)
Investment earnings	1,548	1,548	2,679	1,131
Contributions and donations	300	300	-	(300)
Other revenue	<u>6,500</u>	<u>6,500</u>	<u>5,307</u>	<u>(1,193)</u>
Total revenues	<u>2,658,945</u>	<u>2,904,564</u>	<u>2,480,708</u>	<u>(423,856)</u>
<b>Expenditures:</b>				
Personal services	2,087,483	2,303,593	1,711,382	592,211
Materials and services	974,908	912,183	945,486	(33,303)
Contingency	<u>-</u>	<u>92,234</u>	<u>-</u>	<u>92,234</u>
Total expenditures	<u>3,062,391</u>	<u>3,308,010</u>	<u>2,656,868</u>	<u>651,142</u>
Net change in fund balances	(403,446)	(403,446)	(176,160)	227,286
<b>Fund Balance:</b>				
Beginning of year	<u>403,446</u>	<u>403,446</u>	<u>674,418</u>	<u>270,972</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 498,258</u>	<u>\$ 498,258</u>

**LINCOLN COUNTY, OREGON**

**211 ENFORCEMENT FUND**

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Fines and penalties	\$ 500	\$ 500	\$ -	\$ (500)
Investment earnings	-	-	1	1
Total revenues	<u>500</u>	<u>500</u>	<u>1</u>	<u>(499)</u>
Expenditures:				
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):				
Transfers out	<u>(500)</u>	<u>(500)</u>	<u>(192)</u>	<u>308</u>
Net change in fund balances	-	-	(191)	(191)
Fund Balance:				
Beginning of year	<u>-</u>	<u>-</u>	<u>191</u>	<u>191</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**LINCOLN COUNTY, OREGON**

**212 ANIMAL SERVICES FUND**

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Property taxes	\$ 717,387	\$ 717,387	\$ 688,206	\$ (29,181)
Licenses and permits	70,250	70,250	61,300	(8,950)
Intergovernmental revenues	-	-	2,978	2,978
Fines and penalties	1,000	1,000	918	(82)
Investment earnings	1,000	1,000	1,731	731
Contributions and donations	<u>50,000</u>	<u>50,000</u>	<u>61,685</u>	<u>11,685</u>
Total revenues	<u>839,637</u>	<u>839,637</u>	<u>816,818</u>	<u>(22,819)</u>
Expenditures:				
Personal services	600,688	618,688	608,459	10,229
Materials and services	241,100	241,100	212,983	28,117
Capital outlay	-	20,000	9,350	10,650
Contingency	<u>229,234</u>	<u>191,234</u>	<u>-</u>	<u>191,234</u>
Total expenditures	<u>1,071,022</u>	<u>1,071,022</u>	<u>830,792</u>	<u>240,230</u>
Net change in fund balances	(231,385)	(231,385)	(13,974)	217,411
Fund Balance:				
Beginning of year	<u>243,385</u>	<u>243,385</u>	<u>276,142</u>	<u>32,757</u>
End of year	<u>\$ 12,000</u>	<u>\$ 12,000</u>	<u>\$ 262,168</u>	<u>\$ 250,168</u>

**LINCOLN COUNTY, OREGON**  
**213 TITLE III/SAFETY NET FUND**  
Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Investment earnings	\$ 9,500	\$ 9,500	\$ 10,005	\$ 505
Expenditures:				
Materials and services	1,067,349	1,067,349	93,147	974,202
Capital outlay	936,514	936,514	136,842	799,672
Total expenditures	<u>2,003,863</u>	<u>2,003,863</u>	<u>229,989</u>	<u>1,773,874</u>
Net change in fund balances	(1,994,363)	(1,994,363)	(219,984)	1,774,379
Fund Balance:				
Beginning of year	<u>1,994,363</u>	<u>1,994,363</u>	<u>2,048,249</u>	<u>53,886</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,828,265</u>	<u>\$ (1,828,265)</u>

**LINCOLN COUNTY, OREGON**

**217 CORNER PRESERVATION FUND**

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Licenses and permits	\$ 100,000	\$ 100,000	\$ 91,238	\$ (8,762)
Investment earnings	1,000	1,000	1,074	74
Total revenues	<u>101,000</u>	<u>101,000</u>	<u>92,312</u>	<u>(8,688)</u>
Expenditures:				
Personal services	33,783	33,783	-	33,783
Materials and services	131,222	131,222	67,100	64,122
Capital outlay	35,000	35,000	-	35,000
Contingency	<u>27,350</u>	<u>27,350</u>	<u>-</u>	<u>27,350</u>
Total expenditures	<u>227,355</u>	<u>227,355</u>	<u>67,100</u>	<u>160,255</u>
Net change in fund balances	(126,355)	(126,355)	25,212	151,567
Fund Balance:				
Beginning of year	<u>126,355</u>	<u>126,355</u>	<u>170,944</u>	<u>44,589</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 196,156</u>	<u>\$ 196,156</u>

**LINCOLN COUNTY, OREGON**

**859 EXTENSION AGENCY**

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Property taxes	\$ 255,500	\$ 255,500	\$ 281,590	\$ 26,090
Intergovernmental revenues	53,500	53,500	11,621	(41,879)
Investment earnings	<u>1,500</u>	<u>1,500</u>	<u>2,107</u>	<u>607</u>
Total revenues	<u>310,500</u>	<u>310,500</u>	<u>295,318</u>	<u>(15,182)</u>
Expenditures:				
Materials and services	<u>430,500</u>	<u>430,500</u>	<u>274,718</u>	<u>155,782</u>
Total expenditures	<u>430,500</u>	<u>430,500</u>	<u>274,718</u>	<u>155,782</u>
Other financing sources (uses):				
Net change in fund balances	(120,000)	(120,000)	20,600	140,600
Fund Balance:				
Beginning of year	<u>310,000</u>	<u>310,000</u>	<u>355,348</u>	<u>45,348</u>
End of year	<u>\$ 190,000</u>	<u>\$ 190,000</u>	<u>\$ 375,948</u>	<u>\$ 185,948</u>

**LINCOLN COUNTY, OREGON**  
**603 AGATE BEACH DISPOSAL SITE CLOSURE FUND**  
Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Licenses and permits	\$ 6,400	\$ 6,400	\$ 6,388	\$ (12)
Investment earnings	<u>3,600</u>	<u>3,600</u>	<u>3,654</u>	<u>54</u>
Total revenues	<u>10,000</u>	<u>10,000</u>	<u>10,042</u>	<u>42</u>
Expenditures:				
Materials and services	716,792	716,792	19,578	697,214
Capital outlay	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>5,000</u>
Total expenditures	<u>721,792</u>	<u>721,792</u>	<u>19,578</u>	<u>702,214</u>
Net change in fund balances	(711,792)	(711,792)	(9,536)	702,256
Fund Balance:				
Beginning of year	<u>711,792</u>	<u>711,792</u>	<u>711,784</u>	<u>(8)</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 702,248</u>	<u>\$ 702,248</u>

**LINCOLN COUNTY, OREGON**

**601 DUII FUND**

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Licenses and permits	\$ 1,500	\$ 1,500	\$ 5,306	\$ 3,806
Investment earnings	15	15	28	13
Total revenues	<u>1,515</u>	<u>1,515</u>	<u>5,334</u>	<u>3,819</u>
Expenditures:				
Materials and services	4,045	4,045	543	3,502
Contingency	1,600	1,600	-	1,600
Total expenditures	<u>5,645</u>	<u>5,645</u>	<u>543</u>	<u>5,102</u>
Net change in fund balances	(4,130)	(4,130)	4,791	8,921
Fund Balance:				
Beginning of year	<u>4,130</u>	<u>4,130</u>	<u>4,783</u>	<u>653</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,574</u>	<u>\$ 9,574</u>

**LINCOLN COUNTY, OREGON**

**607 FAIR FACILITIES FUND**

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Taxes and land sales	\$ 225,000	\$ 225,000	\$ 236,676	\$ 11,676
Investment earnings	-	-	5,471	5,471
Total revenues	<u>225,000</u>	<u>225,000</u>	<u>242,147</u>	<u>17,147</u>
Expenditures:				
Materials and services	175,000	175,000	70,952	104,048
Capital outlay	500,000	500,000	18,728	481,272
Contingency	<u>445,167</u>	<u>445,167</u>	-	<u>445,167</u>
Total expenditures	<u>1,120,167</u>	<u>1,120,167</u>	<u>89,680</u>	<u>1,030,487</u>
Net change in fund balances	(895,167)	(895,167)	152,467	1,047,634
Fund Balance:				
Beginning of year	<u>895,167</u>	<u>895,167</u>	<u>969,593</u>	<u>74,426</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,122,060</u>	<u>\$ 1,122,060</u>

## NONMAJOR CAPITAL PROJECTS FUNDS

- **Capital Projects** – This fund handles the expenses incurred for selected capital projects. Revenue sources include debt proceeds, grants, and transfers from other funds.
- **Vehicle Replacement** – This fund is responsible for the purchase of vehicles for the County's fleet. The principal revenue sources are charges to departments utilizing fleet vehicles and a transfer from the General Fund.

**LINCOLN COUNTY, OREGON**

219 CAPITAL PROJECTS FUND

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Intergovernmental revenues	\$ 500,000	\$ 500,000	\$ 500,000	\$ -
Other revenue	1,000	1,000	-	(1,000)
Total revenues	<u>501,000</u>	<u>501,000</u>	<u>500,000</u>	<u>(1,000)</u>
Expenditures:				
Materials and services	594,665	626,139	211,944	414,195
Capital outlay	2,333,140	2,548,396	918,957	1,629,439
Contingency	448,000	347,164	-	347,164
Total expenditures	<u>3,375,805</u>	<u>3,521,699</u>	<u>1,130,901</u>	<u>2,390,798</u>
Excess revenues under expenditures	<u>(2,874,805)</u>	<u>(3,020,699)</u>	<u>(630,901)</u>	<u>2,389,798</u>
Other financing sources (uses):				
Issuance of bonds	2,770,000	2,770,000	2,770,000	-
Transfers in	104,805	250,699	250,699	-
Total other financing sources (uses)	<u>2,874,805</u>	<u>3,020,699</u>	<u>3,020,699</u>	<u>-</u>
Net change in fund balances	-	-	2,389,798	2,389,798
Fund Balance:				
Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,389,798</u>	<u>\$ 2,389,798</u>

**LINCOLN COUNTY, OREGON**

**103 VEHICLE REPLACEMENT**

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Charges for services	\$ 257,700	\$ 257,700	\$ 271,962	\$ 14,262
Investment earnings	500	500	-	(500)
Other revenue	-	-	51,038	51,038
Total revenues	<u>258,200</u>	<u>258,200</u>	<u>323,000</u>	<u>64,800</u>
Expenditures:				
Materials and services	5,000	5,000	1,500	3,500
Capital outlay	250,000	250,000	247,456	2,544
Contingency	<u>203,200</u>	<u>203,200</u>	-	203,200
Total expenditures	<u>458,200</u>	<u>458,200</u>	<u>248,956</u>	<u>209,244</u>
Excess revenues over (under) expenditures	<u>(200,000)</u>	<u>(200,000)</u>	<u>74,044</u>	<u>274,044</u>
Other financing sources (uses):				
Transfers in	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	-
Total other financing sources (uses)	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	-
Net change in fund balances	-	-	274,044	274,044
Fund Balance:				
Beginning of year	-	-	-	-
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 274,044</u>	<u>\$ 274,044</u>

## NONMAJOR ENTERPRISE FUND

- **Solid Waste District** (a component unit) – This fund is responsible for county-wide solid waste management planning and enforcement. The principal revenue source are charges to waste haulers within the County for tons of waste hauled.

**LINCOLN COUNTY, OREGON**  
**210 SOLID WASTE DISTRICT FUND**  
Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues:</b>				
Intergovernmental revenues	\$ 30,000	\$ 30,000	\$ 30,000	\$ -
Charges for services	197,500	197,500	202,650	5,150
Fines and penalties	1,000	1,000	82	(918)
Investment earnings	30	30	59	29
Other revenue	<u>1,000</u>	<u>1,000</u>	<u>1,322</u>	<u>322</u>
Total revenues	<u>229,530</u>	<u>229,530</u>	<u>234,113</u>	<u>4,583</u>
<b>Expenditures:</b>				
Personal services	104,589	104,589	103,696	893
Materials and services	132,735	132,735	115,675	17,060
Contingency	<u>16,706</u>	<u>16,706</u>	<u>-</u>	<u>16,706</u>
Total expenditures	<u>254,030</u>	<u>254,030</u>	<u>219,371</u>	<u>34,659</u>
Net change in fund balances	(24,500)	(24,500)	14,742	39,242
<b>Fund Balance:</b>				
Beginning of year	<u>30,000</u>	<u>30,000</u>	<u>51,617</u>	<u>21,617</u>
End of year	<u>\$ 5,500</u>	<u>\$ 5,500</u>	<u>66,359</u>	<u>\$ 60,859</u>
<b>Reconciliation to GAAP Basis:</b>				
Compensated absences			<u>(7,936)</u>	
GAAP Fund Balance - end of year			<u>\$ 58,423</u>	

## NONMAJOR INTERNAL SERVICE FUND

- **Self Insurance Fund** – This fund accounts for costs of the County’s self-insurance programs. Charges to other County departments support these activities.

**LINCOLN COUNTY, OREGON****215 SELF INSURANCE FUND**

## Schedule of Revenues, Expenditures, and Changes in Fund Balance

## Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Charges for services	\$ 1,370,000	\$ 1,370,000	\$ 1,179,557	\$ (190,443)
Investment earnings	5,000	5,000	11,080	6,080
Other revenue	<u>15,000</u>	<u>15,000</u>	<u>8,442</u>	<u>(6,558)</u>
Total revenues	<u>1,390,000</u>	<u>1,390,000</u>	<u>1,199,079</u>	<u>(190,921)</u>
Expenditures:				
Personal services	60,968	60,968	-	60,968
Materials and services	699,500	699,500	363,809	335,691
Capital outlay	125,000	125,000	20,201	104,799
Contingency	<u>2,199,635</u>	<u>2,199,635</u>	<u>-</u>	<u>2,199,635</u>
Total expenditures	<u>3,085,103</u>	<u>3,085,103</u>	<u>384,010</u>	<u>2,701,093</u>
Net change in fund balances	(1,695,103)	(1,695,103)	815,069	2,510,172
Fund Balance:				
Beginning of year	<u>1,695,103</u>	<u>1,695,103</u>	<u>1,788,349</u>	<u>93,246</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>2,603,418</u>	<u>\$ 2,603,418</u>
Reconciliation to GAAP Basis:				
Claims payable			<u>(20,987)</u>	
GAAP Fund Balance - end of year			<u>\$ 2,582,431</u>	

## NONMAJOR FIDUCIARY FUNDS

### **Agency Funds**

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 agency agreement or applicable legislative enactment for each particular fund.

**LINCOLN COUNTY, OREGON**  
**AGENCY FUND**  
Schedule of Changes in Assets and Liabilities  
For the Year Ended June 30, 2014

	<u>Balances</u> <u>July 01, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balances</u> <u>June 30, 2014</u>
<b>ASSETS</b>				
Cash and investments	\$ 2,084,631	\$ 358,173,610	\$ 357,877,504	\$ 2,380,737
Receivables	<u>7,138,554</u>	<u>75,209,120</u>	<u>75,436,412</u>	<u>6,911,262</u>
Total assets	<u>\$ 9,223,185</u>	<u>\$ 433,382,730</u>	<u>\$ 433,313,916</u>	<u>\$ 9,291,999</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 659,197	\$ 1,680,493	\$ 659,197	\$ 1,680,493
Amounts held for others	<u>8,563,988</u>	<u>431,702,237</u>	<u>432,654,719</u>	<u>7,611,506</u>
Total liabilities	<u>\$ 9,223,185</u>	<u>\$ 433,382,730</u>	<u>\$ 433,313,916</u>	<u>\$ 9,291,999</u>



**STATISTICAL SECTION**

## STATISTICAL SECTION

Contents	Page
<b>Financial Trends</b>	<b>67-70</b>
These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	
<b>Revenue Capacity</b>	<b>71-74</b>
These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	
<b>Debt Capacity</b>	<b>75-78</b>
These schedules present information to help the reader assess the affordability of the government's current levels of debt outstanding and the government's ability to issue additional debt in the future.	
<b>Demographic and Economic Information</b>	<b>79-80</b>
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	
<b>Operating Information</b>	<b>81-83</b>
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.	

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

**LINCOLN COUNTY**

**NET POSITION BY COMPONENT  
( Accrual Basis of Accounting)  
(in thousands of dollars)**

	Governmental Activities									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Net investment in capital assets	\$ 115,587	\$ 120,699	\$ 120,717	\$ 115,493	\$ 119,306	\$ 122,659	\$ 123,439	\$ 34,807	\$ 35,744	\$ 37,757
Restricted	3,383	3,257	3,278	19,717	20,238	17,921	15,036	13,834	18,466	12,117
Unrestricted	25,876	27,687	29,264	14,741	11,595	11,600	12,536	15,057	10,085	17,919
Total Net Position	<u>\$ 144,846</u>	<u>\$ 151,643</u>	<u>\$ 153,259</u>	<u>\$ 149,951</u>	<u>\$ 151,139</u>	<u>\$ 152,180</u>	<u>\$ 151,011</u>	<u>\$ 63,698</u>	<u>\$ 64,295</u>	<u>\$ 67,793</u>

LINCOLN COUNTY

CHANGES IN NET POSITION  
( Accrual Basis of Accounting)  
(in thousands of dollars)

EXPENSES	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Governmental Activities</b>										
General Government	\$ 7,026	\$ 8,277	\$ 9,320	\$ 11,082	\$ 11,229	\$ 9,427	\$ 9,344	\$ 7,693	\$ 8,778	\$ 8,665
Community Services	2,962	3,239	3,246	4,065	4,205	4,030	3,783	3,972	4,211	4,143
Public Safety	14,962	14,273	15,390	16,766	17,322	16,484	16,972	19,373	18,409	18,878
Highways and Streets	5,556	6,702	5,684	8,509	7,543	7,614	8,366	8,191	6,102	5,656
Culture and Recreation	256	112	(127)	249	198	265	142	235	218	258
Health and Welfare	10,053	10,968	12,622	11,881	12,033	10,101	10,994	10,889	12,686	13,465
Education	1,741	1,877	1,764	1,668	1,569	1,421	1,236	956	920	688
Interest	92	81	54	95	93	63	41	26	6	77
<b>Total Governmental Activities Expense</b>	<b>\$ 42,648</b>	<b>\$ 45,529</b>	<b>\$ 47,953</b>	<b>\$ 54,315</b>	<b>\$ 54,192</b>	<b>\$ 49,405</b>	<b>\$ 50,878</b>	<b>\$ 51,335</b>	<b>\$ 51,330</b>	<b>\$ 51,830</b>
<b>Business-type Activities</b>										
Solid waste	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 278	\$ 278	\$ 257	\$ 220	\$ 217
<b>Total Business-type Activities</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 278</b>	<b>\$ 278</b>	<b>\$ 257</b>	<b>\$ 220</b>	<b>\$ 217</b>
<b>Total Primary Government Expenses</b>	<b>\$ 42,648</b>	<b>\$ 45,529</b>	<b>\$ 47,953</b>	<b>\$ 54,315</b>	<b>\$ 54,192</b>	<b>\$ 49,683</b>	<b>\$ 51,156</b>	<b>\$ 51,592</b>	<b>\$ 51,550</b>	<b>\$ 52,047</b>
<b>PROGRAM REVENUES</b>										
<b>Governmental Activities</b>										
<b>Charges for Services</b>										
General Government	\$ 2,272	\$ 2,175	\$ 2,261	\$ 1,842	\$ 2,476	\$ 1,967	\$ 2,365	\$ 2,558	\$ 2,576	\$ 2,296
Community Services	422	437	494	559	670	406	397	706	663	797
Public Safety	303	367	502	447	911	1,266	1,061	1,916	2,336	2,641
Highways and Streets	523	701	619	1,365	1,144	-	-	-	-	675
Culture and Recreation	-	-	-	-	-	-	-	-	-	-
Health and Welfare	3,959	4,509	3,700	3,454	6,188	4,142	5,430	6,630	6,217	8,481
Education	5	6	1	1	6	2	9	-	-	-
Operating Grants and Contributions	17,542	14,997	17,279	18,962	19,766	21,192	19,520	19,958	18,076	18,740
Capital Grants and Contributions	22	5,165	18	1,500	12	2,136	562	1,295	383	57
<b>Total Governmental Activities Program Revenues</b>	<b>\$ 25,048</b>	<b>\$ 28,357</b>	<b>\$ 24,874</b>	<b>\$ 28,130</b>	<b>\$ 31,173</b>	<b>\$ 31,111</b>	<b>\$ 29,344</b>	<b>\$ 33,063</b>	<b>\$ 30,251</b>	<b>\$ 33,687</b>
<b>Business-type Activities - Solid waste</b>										
Charges for Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 213	\$ 182	\$ 219	\$ 200	\$ 204
Operating Grants and Contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20	\$ 20	\$ 20	\$ 30	\$ 30
<b>Total Business-type Activities</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 233</b>	<b>\$ 202</b>	<b>\$ 239</b>	<b>\$ 230</b>	<b>\$ 234</b>
<b>Total Primary Government Program Revenues</b>	<b>\$ 25,048</b>	<b>\$ 28,357</b>	<b>\$ 24,874</b>	<b>\$ 28,130</b>	<b>\$ 31,173</b>	<b>\$ 31,344</b>	<b>\$ 29,546</b>	<b>\$ 33,302</b>	<b>\$ 30,481</b>	<b>\$ 33,921</b>
<b>Net (Expense)/Revenue</b>										
Governmental Activities	\$ (17,600)	\$ (17,172)	\$ (23,079)	\$ (26,185)	\$ (23,019)	\$ (18,294)	\$ (21,534)	\$ (18,272)	\$ (21,079)	\$ (18,143)
Business-type Activities	-	-	-	-	-	(45)	(76)	(18)	10	17
<b>Total Primary Government Net Expense</b>	<b>\$ (17,600)</b>	<b>\$ (17,172)</b>	<b>\$ (23,079)</b>	<b>\$ (26,185)</b>	<b>\$ (23,019)</b>	<b>\$ (18,339)</b>	<b>\$ (21,610)</b>	<b>\$ (18,290)</b>	<b>\$ (21,069)</b>	<b>\$ (18,126)</b>
<b>GENERAL REVENUES AND OTHER</b>										
<b>Taxes</b>										
Property Taxes	\$ 13,974	\$ 14,653	\$ 15,287	\$ 15,954	\$ 16,705	\$ 16,942	\$ 18,188	\$ 18,986	\$ 19,389	\$ 19,417
Transient Room Taxes	-	-	-	-	-	-	1,666	1,502	1,800	1,775
Other Taxes	1,115	1,237	1,285	1,086	1,640	1,631	265	235	-	-
Unrestricted Grants and Contributions	2,949	3,032	2,957	3,448	3,335	-	-	-	-	-
Investment Earnings	613	1,213	1,685	1,541	661	219	163	151	157	174
State Motor Vehicle Fees	2,272	2,352	2,335	-	-	-	-	-	-	-
Timber and Land Sales	574	992	517	483	556	564	161	500	365	206
Gain (Loss) on Sale of Capital Assets	18	11	(24)	(162)	16	23	(2)	-	-	51
Miscellaneous	319	479	655	528	543	-	-	-	-	-
<b>Total Governmental Activities</b>	<b>\$ 21,834</b>	<b>\$ 23,969</b>	<b>\$ 24,697</b>	<b>\$ 22,878</b>	<b>\$ 23,456</b>	<b>\$ 19,379</b>	<b>\$ 20,441</b>	<b>\$ 21,374</b>	<b>\$ 21,711</b>	<b>\$ 21,623</b>
<b>Business-type Activities</b>										
Investment Earnings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1	\$ -	\$ -	\$ -	\$ -
<b>Total Business-type Activities</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Primary Government</b>	<b>\$ 21,834</b>	<b>\$ 23,969</b>	<b>\$ 24,697</b>	<b>\$ 22,878</b>	<b>\$ 23,456</b>	<b>\$ 19,380</b>	<b>\$ 20,441</b>	<b>\$ 21,374</b>	<b>\$ 21,711</b>	<b>\$ 21,623</b>
<b>CHANGE IN NET POSITION</b>										
Governmental Activities	\$ 4,234	\$ 6,797	\$ 1,618	\$ (3,307)	\$ 437	\$ 1,085	\$ (1,093)	\$ 3,102	\$ 632	\$ 3,480
Business-type Activities	-	-	-	-	-	(44)	(76)	(18)	10	17
<b>Total Primary Government Change in Net Position</b>	<b>\$ 4,234</b>	<b>\$ 6,797</b>	<b>\$ 1,618</b>	<b>\$ (3,307)</b>	<b>\$ 437</b>	<b>\$ 1,041</b>	<b>\$ (1,169)</b>	<b>\$ 3,084</b>	<b>\$ 642</b>	<b>\$ 3,497</b>

Notes

1. The Solid Waste fund was categorized as a business-type fund for the first time in FY 2010. Therefore, no historical data separate from the governmental activities is available before this year.

2. Data for transient room taxes is included with "Other Taxes" category for years prior to 2011

LINCOLN COUNTY

FUND BALANCES OF GOVERNMENTAL FUNDS

(Modified Accrual Basis of Accounting)  
(in thousands of dollars)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>GENERAL FUND</b>										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	8,012	9,517	9,592	8,346	4,486	4,135	-	-	-	-
Nonspendable	-	-	-	-	-	-	3	2	-	-
Restricted	-	-	-	-	-	-	673	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	4,464	5,573	6,196	6,286
<b>Total General Fund</b>	<b>\$ 8,012</b>	<b>\$ 9,517</b>	<b>\$ 9,592</b>	<b>\$ 8,346</b>	<b>\$ 4,486</b>	<b>\$ 4,135</b>	<b>\$ 5,140</b>	<b>\$ 5,575</b>	<b>\$ 6,196</b>	<b>\$ 6,286</b>
<b>ALL OTHER GOVERNMENTAL FUNDS</b>										
Reserved For:										
Debt Service	\$ 236	\$ 223	\$ 246	\$ 262	\$ 262	\$ -	\$ -	\$ -	\$ -	\$ -
Outpatient Services	-	-	-	50	50	50	-	-	-	-
Inventories	-	-	-	-	-	-	-	-	-	-
Unreserved, reported in Special Revenue Funds	20,401	21,210	22,907	25,582	25,545	25,261	-	-	-	-
Nonspendable	-	-	-	-	-	-	330	404	436	463
Restricted	-	-	-	-	-	-	19,528	20,192	18,466	18,926
Committed	-	-	-	-	-	-	3,127	2,886	3,240	5,997
Assigned	-	-	-	-	-	-	50	-	-	67
Unassigned	-	-	-	-	-	-	(46)	-	-	-
<b>Total All Other Governmental Funds</b>	<b>\$ 20,637</b>	<b>\$ 21,433</b>	<b>\$ 23,153</b>	<b>\$ 25,894</b>	<b>\$ 25,857</b>	<b>\$ 25,311</b>	<b>\$ 22,989</b>	<b>\$ 23,482</b>	<b>\$ 22,142</b>	<b>\$ 25,453</b>

This schedule has been modified with the implementation of GASB 54, effective FY 2011.

**LINCOLN COUNTY**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**(Modified Accrual Basis of Accounting)**  
**(in thousands of dollars)**

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>REVENUES</b>										
Taxes and Land Sales	\$ 16,069	\$ 17,063	\$ 17,132	\$ 17,737	\$ 18,854	\$ 19,009	\$ 19,915	\$ 20,673	\$ 21,228	\$ 21,280
Licenses, Fees, and Permits	2,248	2,554	2,253	1,908	1,532	1,431	1,416	1,328	1,328	1,203
Charges for Services	4,077	4,696	5,477	5,707	6,518	12,261	8,250	9,312	9,427	11,409
Intergovernmental	23,407	21,478	22,383	22,682	21,748	17,333	19,088	21,991	19,091	20,638
Fines and Penalties	128	132	147	160	130	138	133	118	91	100
Investment Earnings	627	1,240	1,719	1,544	637	215	162	143	150	163
Donations	-	-	-	-	-	-	-	-	-	62
Miscellaneous	921	720	1,016	885	2,717	1,113	772	740	580	740
<b>Total Revenues</b>	<b>\$ 47,477</b>	<b>\$ 47,883</b>	<b>\$ 50,127</b>	<b>\$ 50,623</b>	<b>\$ 52,136</b>	<b>\$ 51,500</b>	<b>\$ 49,736</b>	<b>\$ 54,305</b>	<b>\$ 51,895</b>	<b>\$ 55,595</b>
<b>EXPENDITURES</b>										
General Government	\$ 6,592	\$ 7,276	\$ 8,366	\$ 9,402	\$ 10,395	\$ 8,406	\$ 8,329	\$ 8,326	\$ 8,669	\$ 8,893
Community Services	2,805	3,159	3,156	4,187	4,050	3,910	3,633	3,803	4,063	3,897
Public Safety	14,146	14,162	14,759	16,133	16,746	15,957	16,443	18,789	17,611	18,044
Highways and Streets	4,808	6,681	5,607	4,336	4,564	6,594	7,177	6,426	6,149	7,592
Culture and Recreation	242	244	245	233	192	51	60	118	96	144
Health and Welfare	9,473	10,432	12,188	11,822	11,495	10,065	10,956	10,817	12,582	13,382
Education	1,635	1,795	1,668	1,669	1,566	1,421	1,236	956	920	687
Capital Outlay	1,092	1,226	1,620	2,715	6,291	4,956	2,748	3,571	2,053	2,969
Debt Service										
Principal	892	645	665	675	705	799	429	446	462	15
Interest	114	73	60	96	28	68	42	26	9	77
Bond Issuance Costs	-	-	-	-	-	-	-	-	-	69
<b>Total Expenditures</b>	<b>\$ 41,799</b>	<b>\$ 45,693</b>	<b>\$ 48,334</b>	<b>\$ 51,268</b>	<b>\$ 56,032</b>	<b>\$ 52,227</b>	<b>\$ 51,053</b>	<b>\$ 53,278</b>	<b>\$ 52,614</b>	<b>\$ 55,769</b>
Excess of Revenues Over (Under) Expenditures	\$ 5,678	\$ 2,190	\$ 1,793	\$ (645)	\$ (3,896)	\$ (727)	\$ (1,317)	\$ 1,027	\$ (719)	\$ (174)
<b>OTHER FINANCING SOURCES (USES)</b>										
Proceeds from Long-Term Debt	\$ -	\$ -	\$ -	\$ 2,140	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,575
Transfers in	902	851	1,044	2,631	494	639	878	606	339	797
Transfers out	(727)	(738)	(1,044)	(2,631)	(494)	(639)	(878)	(606)	(339)	(797)
<b>Net Change in Fund Balances</b>	<b>\$ 5,853</b>	<b>\$ 2,303</b>	<b>\$ 1,793</b>	<b>\$ 1,495</b>	<b>\$ (3,896)</b>	<b>\$ (727)</b>	<b>\$ (1,317)</b>	<b>\$ 1,027</b>	<b>\$ (719)</b>	<b>\$ 3,401</b>
Debt Service as a % of Noncapital Expenditures	2.5%	1.6%	1.6%	1.6%	1.5%	1.9%	1.0%	1.0%	0.9%	0.3%

**LINCOLN COUNTY**

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

Year Ended June 30,	Real Property		Personal Property		Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Value	Assessed Value as a Percentage of Actual Value
	Manufactured Structures	Other Real Property	Manufactured Structures	Business Personal Property				
2005	\$ 63,394	\$ 4,726,647	\$ 24,624	\$ 105,841	\$ 4,920,506	3.1172	\$ 5,770,292	85.3%
2006	62,089	4,947,378	27,479	105,371	5,142,317	3.0995	6,465,344	79.5%
2007	61,755	5,207,848	31,174	108,241	5,409,018	3.1045	8,607,856	62.8%
2008	60,927	5,495,187	32,745	114,225	5,703,084	3.1001	10,235,611	55.7%
2009	59,014	5,790,741	35,604	111,987	5,997,347	3.0963	11,030,893	54.4%
2010	54,519	6,042,207	37,950	121,456	6,256,132	3.0004	10,601,034	59.0%
2011	52,030	6,223,137	38,672	117,886	6,431,725	3.0727	9,694,409	66.3%
2012	49,867	6,390,364	36,818	101,617	6,578,666	3.0727	9,001,860	73.1%
2013	47,680	6,300,488	34,204	97,171	6,479,543	3.0727	8,301,862	78.0%
2014	46,847	6,596,883	33,966	104,232	6,781,928	3.0727	7,894,421	85.9%

Source: Lincoln County Assessor's Office

**LINCOLN COUNTY**  
**PROPERTY TAX RATES**  
**DIRECT AND OVERLAPPING GOVERNMENTS**  
Rate per \$1,000 of assessed value

Fiscal Year Ended	Lincoln County			Overlapping Rates			Total Direct and Overlapping Rates
	Operating	Debt Service	Total	Cities	Schools	Other Districts	
June 30,							
2005	2.9547	0.1625	3.1172	4.5736	6.5602	0.2942	14.5452
2006	2.9574	0.1421	3.0995	4.8349	6.5933	0.2824	14.8101
2007	2.9595	0.1450	3.1045	4.8198	6.4924	0.2834	14.7001
2008	2.9627	0.1374	3.1001	4.8744	6.4353	0.3075	14.7173
2009	2.9627	0.1336	3.0963	4.7598	6.4416	0.3211	14.6188
2010	2.9627	0.0377	3.0004	4.6874	6.4898	0.3252	14.5028
2011	3.0727	-	3.0727	4.8526	6.4401	0.3191	14.6845
2012	3.0727	-	3.0727	4.9789	6.4220	0.3141	14.7877
2013	3.0727	-	3.0727	4.9061	6.4128	0.3618	14.7534
2014	3.0727	-	3.0727	4.7727	6.2984	0.5547	14.6985

Note: Overlapping rates are those of other governments that apply to property owners within Lincoln County. Not all overlapping rates apply to all property owners within the County as rates for cities, schools and other districts apply only to the proportion of the County's property owners whose property is located within the geographic boundaries of those governments.

Source: Lincoln County Assessor's Office

**LINCOLN COUNTY**

**PRINCIPAL PROPERTY TAXPAYERS  
(in thousands of dollars)  
Current and Ten Years Ago**

<u>Taxpayer</u>	2013-14			2004-05		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of County Total Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of County Total Assessed Value</u>
Georgia Pacific West Inc	\$ 165,455	1	2.4%	\$ 138,370	1	2.8%
Central Lincoln PUD	71,842	2	1.1%	51,849	2	1.1%
Plum Creek Timberlands	54,151	3	0.8%	44,347	3	0.9%
Northwest Natural Gas	39,971	4	0.6%	35,593	4	0.7%
COROC/Lincoln City LLC	33,225	5	0.5%	27,202	6	0.6%
The Worldmark Club	36,364	6	0.5%	32,959	5	0.7%
Nestucca Forests LLC	29,633	7	0.4%			
Charter Communications	27,207	8	0.4%			
Centurylink	20,705	9	0.3%			
Tristar NW Oregon Timberlands LLC	22,241	10	0.3%			
Green Diamond Resource Co				22,064	7	0.4%
Confederated Tribes of Siletz Indians				20,317	8	0.4%
Boise Cascade Corp				19,939	9	0.4%
Pioneer Telephone Coop.				19,186	10	0.4%
<b>Total Taxable Assessed Value</b>	<b>\$ 6,781,928</b>			<b>\$ 4,920,505</b>		

Source : Lincoln County Assessor's Office

**LINCOLN COUNTY**

**PROPERTY TAX LEVIES AND COLLECTIONS**  
(in thousands of dollars)

Year Ended June 30,	Tax Levy for Fiscal Year	Collected Within the Fiscal Year of the Levy			Collections in Subsequent Years	Total Collections to Date	
		Amount	% of Levy	Amount		% of Levy	
2005	\$ 13,205	\$ 12,722	96.3%	\$ 483	\$ 13,205	100.00%	
2006	13,847	13,367	96.5%	480	13,847	100.00%	
2007	14,489	13,989	96.5%	500	14,489	100.00%	
2008	15,153	14,508	95.7%	330	14,838	97.92%	
2009	15,859	15,005	94.6%	574	15,579	98.23%	
2010	15,942	15,092	94.7%	450	15,542	97.49%	
2011	17,234	16,538	96.0%	606	17,144	99.48%	
2012	18,248	16,869	92.4%	650	16,869	92.44%	
2013	18,075	17,227	95.3%	890	17,227	95.31%	
2014	19,669	18,370	93.4%	-	18,370	93.40%	

Source: Lincoln County Treasurer's Office

## LINCOLN COUNTY

### RATIOS OF OUTSTANDING DEBT BY TYPE

(amounts expressed in thousands except debt per capita amounts shown as actual)

#### Governmental Activities

Year Ended June 30	General Obligation Bonds	Notes and Capital Leases	Total	Debt Per Personal Income Per Capita
2005	\$ 3,075	\$ 123	\$ 3,198	\$ 109
2006	2,430	-	2,430	80
2007	1,765	-	1,765	56
2008	1,090	2,140	3,230	96
2009	385	1,751	2,136	63
2010	-	1,337	1,337	40
2011	-	929	929	27
2012	-	462	462	13
2013	-	-	-	-
2014	-	3,465	3,465	NA

*Note: Per Bureau of Economic Analysis (Regional Economic Accounts) (www.bea.gov). The latest personal income & per capita personal income available by BEA economic area is 2013.*

*Sources: Lincoln County Finance Department  
Bureau of Economic Analysis*

## LINCOLN COUNTY

### RATIOS OF GENERAL BONDED DEBT OUTSTANDING (amounts expressed in thousands except per capita amounts shown as actual)

Year Ended June 30	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property <sup>a</sup>	Outstanding Debt Per Capita <sup>b</sup>
2005	\$3,075	\$236	\$2,839	0.052%	\$64
2006	2,430	224	2,206	0.038%	50
2007	1,765	246	1,519	0.023%	34
2008	1,090	262	828	0.010%	19
2009	385	262	123	0.001%	3
2010	0	0	0	0.000%	0
2011	0	0	0	0.000%	0
2012	0	0	0	0.000%	0
2013	0	0	0	0.000%	0
2014	0	0	0	0.000%	0

*(a) Property values can be found on 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, 2014

Municipality	Net General Obligation Bonded Debt Outstanding	Percent within County	Amount Applicable to County
<b>Direct:</b>			
Lincoln County	\$ -	100.0000%	\$ -
<b>Overlapping:</b>			
City of Depoe Bay	\$ 3,905,000	100.0000%	\$ 3,905,000
City of Lincoln City	16,493,579	100.0000%	16,493,579
City of Newport	37,980,541	100.0000%	37,980,541
City of Toledo	1,435,000	100.0000%	1,435,000
City of Yachats	566,427	100.0000%	566,427
Kernville, Gleneden, Lincoln Beach Water District	612,414	100.0000%	612,414
Lincoln County Unified School District	94,741,778	99.4300%	94,201,750
Lower Siletz Water District	42,480	100.0000%	42,480
Newport South Beach Urban Renewal	1,145,000	100.0000%	1,145,000
North Lincoln Fire and Rescue District #1	4,892,907	98.8500%	4,836,639
Oregon Coast Community College	17,275,000	100.0000%	17,275,000
Panther Creek Water District	50,813	100.0000%	50,813
Port of Newport	17,475,000	100.0000%	17,475,000
Seal Rock Water District	2,025,000	100.0000%	2,025,000
Silver Sands Special Road District	<u>35,000</u>	100.0000%	<u>35,000</u>
 Total Overlapping	 <u>\$ 198,675,939</u>		 <u>\$ 198,079,642</u>
 Total	 <u><u>\$ 198,675,939</u></u>		 <u><u>\$ 198,079,642</u></u>

*Includes general obligation bonds less any that are fully self-supporting.*

*Source: Municipal Debt Advisory Commission, State of Oregon*

*Overlapping debt percentage is calculated by determining the percentage of real market value the issuer shares between itself and another issuer. This data is provided to the Oregon Treasury annually by the Oregon*

**LINCOLN COUNTY**

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

**Calculation of Legal Debt Margin for Fiscal Year 2014**

True Cash Value	\$ 7,894,421
Debt Limit - 2% of true cash value per ORS 287.054	\$ 157,888
General Obligation Bonds	\$ -
Less: Amount set aside for repayment of G.O. debt	\$ -
Total Net Debt Applicable to Limit	-
Legal Debt Margin	\$ 157,888

**Legal Debt Margin History**

Year ended June 30	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
True Cash Value of Property	\$ 5,770,292	\$ 6,465,344	\$ 8,607,856	\$10,235,611	\$ 11,030,893	\$10,601,034	\$ 9,694,409	\$ 9,001,860	\$ 8,301,862	\$ 7,894,421
Debt Limit	\$ 115,406	\$ 129,307	\$ 172,157	\$ 204,712	\$ 220,618	\$ 212,021	\$ 193,888	\$ 180,037	\$ 166,037	\$ 157,888
Total Net Debt Applicable to Limit	\$ 2,318	\$ 1,725	\$ 1,520	\$ 828	\$ 123	\$ -	\$ -	\$ -	\$ -	\$ -
Legal Debt Margin	\$ 113,088	\$ 127,582	\$ 170,637	\$ 203,884	\$ 220,495	\$ 212,021	\$ 193,888	\$ 180,037	\$ 166,037	\$ 157,888
Total Net Debt Applicable to Limit as a Percentage of Debt Limit	2.01%	1.33%	0.88%	0.40%	0.06%	0.00%	0.00%	0.00%	0.00%	0.00%

## LINCOLN COUNTY

### DEMOGRAPHIC AND ECONOMIC STATISTICS

Year Ended June 30	Population <sup>a</sup>	Personal Income (\$000's) <sup>b</sup>	Per Capita Personal Income <sup>b</sup>	Unemployment Rate <sup>c</sup>
2005	44,405	1,307,505	29,445	6.9%
2006	44,520	1,355,011	30,436	6.0%
2007	44,360	1,410,471	31,796	5.0%
2008	44,715	1,497,282	33,485	5.5%
2009	45,946	1,553,434	33,810	10.4%
2010	46,293	1,559,195	33,681	11.0%
2011	46,135	1,572,179	34,228	10.1%
2012	46,155	1,679,689	36,377	9.5%
2013	46,560	1,718,619	37,079	8.4%
2014	46,890	NA	NA	7.6%

*Sources: (a) Portland State University, College of Urban Affairs,  
Population Research Center  
(b) Bureau of Economic Analysis  
(c) Oregon Employment Department*

## LINCOLN COUNTY

### PRINCIPAL EMPLOYERS Current and Ten Years Ago

Employer	FY 2013-14			FY 2004-05		
	Employees	Rank	% of Total County Employment	Employees	Rank	% of Total County Employment
Confederated Tribes of the Siletz	1,266	1	7.2%	904	1	4.7%
Samaritan Health Services	816	2	4.7%	572	3	3.0%
Lincoln County School District	500	3	2.9%	613	2	3.2%
Georgia-Pacific/Koch	390	4	2.2%	500	4	2.6%
Lincoln County	382	5	2.2%	385	5	2.0%
OHSU/Hatfield Marine Science Center	320	6	1.8%	NA	-	NA
Walmart	213	7	1.2%	NA	-	NA
Fred Meyer	200	8	1.1%	NA	-	NA
Safeway	179	9	1.0%	NA	-	NA
City of Newport	159	10	0.9%	NA	-	NA
City of Lincoln City	157	11	0.9%	NA	-	NA
Central Lincoln PUD	136	12	0.8%	215	7	1.1%
NOAA	128	13	0.7%			
Oregon Coast Community College	105	14	0.6%	NA	-	NA
The Inn at Spanish Head	100	15	0.6%	NA	-	NA
<b>Total</b>	<b>5,051</b>		<b>28.9%</b>	<b>3,189</b>		<b>16.6%</b>
Total Employment - Lincoln County:	17,490			19,263		

Source: Central Coast Economic Development Alliance and Employers

**LINCOLN COUNTY**

**FULL TIME EQUIVALENT EMPLOYEES BY FUNCTION**  
Last Ten Fiscal Years

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>FUNCTION</b>											
General Government											
Highways and Streets	52	52	48	48	30	30	31	30	30	30	31.25
Other	84	83	83	89	91	81	71	72	72	72	74
Community Services											
Health and Welfare	82	87	97	95	118	90	90	98	98	101	127
Other	9	9	59	7	12	9	7	6.5	6.5	8	6
Public Safety											
Sheriff's Department	95	94	90	91	82	91	91	91	91	88	82
Other	63	64	16	73	71	65	61	59.5	59.5	57.5	61.75
<b>Total</b>	<b>385</b>	<b>389</b>	<b>393</b>	<b>403</b>	<b>404</b>	<b>366</b>	<b>351</b>	<b>357</b>	<b>357</b>	<b>356.5</b>	<b>382</b>
General Government	136	135	131	137	121	111	102	102	102	102	105.25
Community Services	91	96	156	102	130	99	97	104.5	104.5	109	133
Public Safety	158	158	106	164	153	156	152	150.5	150.5	145.5	143.75

Source : Lincoln County Finance Department

LINCOLN COUNTY

OPERATING INDICATORS BY FUNCTION  
Last Ten Fiscal Years

FUNCTION	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Public Safety</b>										
Physical Arrests	1,122	1,199	1,195	1,134	1,224	817	708	704	958	760
Traffic Citations	778	758	923	862	782	687	599	555	787	754
Concealed Handgun Licensing										
Issued	NA	NA	NA	NA	NA	NA	NA	NA	675	811
Denied	NA	NA	NA	NA	NA	NA	NA	NA	7	14
Revoked	NA	NA	NA	NA	NA	NA	NA	NA	13	9
Sex Offender Registrations	NA	NA	NA	NA	NA	NA	NA	NA	204	232
Fingerprints (not for CHL, sex offender or juvenile)	NA	NA	NA	NA	NA	NA	NA	NA	765	352
Civil Papers	NA	NA	NA	NA	NA	NA	NA	NA	1,493	1,497
Criminal Subpoenas	NA	NA	NA	NA	NA	NA	NA	NA	1,258	1,491
Sheriff's Sales	NA	NA	NA	NA	NA	NA	NA	NA	33	115
Jail Bookings	NA	NA	NA	NA	NA	NA	NA	NA	3,108	NA
Jail Releases	NA	NA	NA	NA	NA	NA	NA	NA	3,113	NA
Released early (pre-trial or sentenced)	NA	NA	NA	NA	NA	NA	NA	NA	554	NA
<b>Highways and Streets</b>										
Miles of Road Pavement Overlays	6.4	8.5	7.4	2.4	1.9	20.2	10.9	3.0	4	1
Miles of Road Shoulder Widening	4.6	2.9	2.3	0.7	1.9	1.5	0	0	0	0
# of Road Patches Performed	NA	NA	NA	18	26	40	24	70	21	67
<b>Sanitation</b>										
Pounds of Waste Generated Per Capita	2,774	NA	3,080	3,254	3,099	2,587	2,503	2,487	2,657	NA
Pounds of Waste Recovered Per Capita	825	NA	810	898	957	761	815	805	956	NA
Total Recovery Rate Average Per Person	NA	NA	28.3%	29.6%	30.9%	29.4%	34.6%	34.4%	38.0%	NA
<b>Transportation</b>										
Hours of Service	19,147	19,995	22,870	22,492	25,375	23,525	26,238	28,576	30,851	31,134
Number of Passengers	88,380	89,258	98,159	104,655	140,598	125,452	141,124	139,986	147,485	141,297
Miles Traveled	304,087	322,046	341,980	346,166	379,089	366,887	407,103	479,799	553,533	563,181
Number of Trips	NA	NA	NA	NA	NA	NA	NA	312,211	328,892	319,418
<b>County Clerk</b>										
Marriage Licenses	NA	NA	NA	NA	NA	NA	NA	NA	370	406
Voter registrations	NA	NA	NA	NA	NA	NA	NA	NA	6,774	4,934
Documents Filed	NA	NA	NA	NA	NA	NA	NA	NA	12,796	11,421
Passports	NA	NA	NA	NA	NA	NA	NA	NA	565	561

Source: Individual County Departments

## LINCOLN COUNTY

### CAPITAL ASSET STATISTICS BY FUNCTION Last Ten Fiscal Years

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>FUNCTION</b>										
Public Safety										
Patrol Units	25	25	24	29	28	28	28	30	30	31
Highways and Streets										
Streets (Miles)	330	335	335	335	332	332	332	332	332	330
Bridges	82	84	85	85	84	84	84	84	85	85
Culture and Recreation										
Parks	12	13	12	14	14	15	15	15	16	18
Transportation										
Number of Buses	17	16	16	16	19	19	19	19	19	19

Source : Individual County Departments



**OTHER FINANCIAL SCHEDULES**

**LINCOLN COUNTY, OREGON**  
 Schedule of Property Tax Transactions and Outstanding Balances  
 For the Year Ended June 30, 2014

Fiscal Year Ended June 30,	Taxes Receivable July 01, 2013	Levy Extension	Additions	Discounts and Adjustments	Net Taxes for Collection	Total Cash Collection	Taxes Receivable June 30, 2014
2014	\$ -	\$ 94,869,777	\$ -	\$ (2,488,852)	\$ 92,380,925	\$ 88,380,401	\$ 4,000,524
2013	4,391,311	-	-	(11,776)	4,379,535	2,108,100	2,271,435
2012	2,377,101	-	-	(6,424)	2,370,677	907,116	1,463,561
2011	1,520,052	-	-	(5,001)	1,515,051	920,390	594,661
2010	535,266	-	-	(4,546)	530,720	299,133	231,587
2009	65,653	-	-	(5,062)	60,591	13,279	47,312
2008	27,045	-	-	(2,426)	24,619	6,515	18,104
2007 and prior	131,376	-	-	(240)	131,136	14,767	116,369
Subtotal	9,047,804	-	-	(35,475)	9,012,329	4,269,300	4,743,029
<b>Total</b>	<b>\$ 9,047,804</b>	<b>\$ 94,869,777</b>	<b>\$ -</b>	<b>\$ (2,524,327)</b>	<b>\$ 101,393,254</b>	<b>\$ 92,649,701</b>	<b>\$ 8,743,553</b>

**Summary by fund types**

General fund	\$ 1,684,137
Transportation district fund	57,577
Extension district fund	26,667
Animal services fund	63,910
Agency fund	6,911,262
<b>Total</b>	<b>\$ 8,743,553</b>

**LINCOLN COUNTY, OREGON**

Schedule of Receipts and Disbursements for Elected Officials

For the Year Ended June 30, 2014

	<b>Cash and Investment Balances July 01, 2013</b>	<b>Receipts</b>	<b>Disbursements</b>	<b>Cash and Investment Balances June 30, 2014</b>
Treasurer	<u>\$ 30,597,622</u>	<u>\$ 166,288,442</u>	<u>\$ 137,663,974</u>	<u>\$ 59,222,090</u>



**COMPLIANCE SECTION**



## COMMENTS AND DISCLOSURES OF INDEPENDENT AUDITORS' REQUIRED BY STATE STATUTE

To the Board of Commissioners  
Lincoln County, Oregon  
Newport, Oregon

An Independently Owned Member  
MCGLADREY ALLIANCE |  McGladrey

We have audited the basic financial statements of Lincoln County, Oregon, ("County") as of and for the year ended June 30, 2014, and have issued our report thereon dated December 31, 2014. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*.

### **Compliance**

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 grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

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

In connection with our testing nothing came to our attention that caused us to believe the County was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, except for expenditures in the County Fair fund and Community Health Centers fund in excess of budget, as disclosed in Note 2.K.

### **OAR 162-10-0230 Internal Control**

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 our opinion 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 County's internal control.

A *deficiency in internal control* 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 and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses, or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report is intended solely for the information and use of the board of commissioners and management of the County and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

*Paul R Nielson*

By: Paul Nielson, CPA, a member of the firm  
Eugene, Oregon  
December 31, 2014  
Eugene, Oregon

A scenic photograph of a forest stream. The water is calm and reflects the surrounding dense green foliage and tall trees. The scene is bright and lush, with sunlight filtering through the leaves. The text "FEDERAL SINGLE AUDIT" is overlaid in the center of the image.

**FEDERAL SINGLE AUDIT**

**INDEPENDENT AUDITORS' 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**



An Independently Owned Member  
McGLADREY ALLIANCE |  McGladrey

To the Board of Commissioners  
Lincoln County, Oregon

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lincoln County, Oregon ("County") as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated December 31, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of County's internal control.

A *deficiency in internal control* 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 and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**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*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Isler CPA

A handwritten signature in black ink that reads "Paul R. Nielson". The signature is written in a cursive style with a prominent initial "P".

By: Paul Nielson, CPA, a member of the firm  
Eugene, Oregon  
December 31, 2014

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
FOR EACH MAJOR PROGRAM; REPORT ON INTERNAL  
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH  
OMB CIRCULAR A-133**



To the Board of Commissioners  
Lincoln County, Oregon

An Independently Owned Member  
MCGLADREY ALLIANCE |  McGladrey

**Report on Compliance for Each Major Federal Program**

We have audited Lincoln County, Oregon ("County")'s compliance with the types of compliance requirements described in *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2014. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

## Report on Internal Control Over Compliance

Management of the County, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose..

Isler CPA



By: Paul Nielson, CPA, a member of the firm  
Eugene, Oregon  
December 31, 2014

**LINCOLN COUNTY, OREGON**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
For the Year Ended June 30, 2014

Section I - Summary of Auditors' Results

Financial Statements:

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiencies(s) identified that are not considered material weakness?	No
Non compliance material to financial statements noted?	No

Federal Awards:

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiencies(s) identified that are not considered to be material weaknesses?	No
Type of auditors' report issued on compliance for major programs:	Unmodified
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:

CFDA Numbers Name of Federal Program or Cluster

10.557	Special Supplement Nutrition Program for Women, Infants, and Children
64.009	Primary Care, Outpatient Services
93.224	Consolidated Health Centers
93.505	Nurse Family Partnership
97.012	Boating Safety Financial Assistance
97.036	Disaster Grants-Public Assistance (Presidentially Declared Disasters)

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

**LINCOLN COUNTY, OREGON**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
For the Year Ended June 30, 2014

Section II - Financial Statement Findings

None noted.

Section III - Federal Award Findings and Questioned Costs

None noted.

Section IV - Summary Schedule of Prior Audit Findings

None noted.

**LINCOLN COUNTY, OREGON**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Year Ended June 30, 2014

Federal Grantor / Pass-Through Grantor / Program Title	CFDA Number	Grant / Contract / Pass- Through Number	Expenditures (Revenue Recognized)
<b><i>Department of Agriculture</i></b>			
<b>Food and Nutrition Service</b>			
Oregon Department of Human Services - Health Division Special Supplement Nutrition Program for Women, Infants, and Children	10.557	280559	\$ 233,663
<b>Forest Service</b>			
Oregon Department of Administrative Services Schools and Roads - Grants to States	10.665	ORS 293.560 12-RO-	1,479,385
Cooperative Forestry Assistance	10.664	11061200-021	47,108
Oregon Department of Agriculture Forest-Health-Butterfly Bush Control	10.680	ODA3118 IGA	-
<i>Total Department of Agriculture</i>			<u>1,760,156</u>
<b><i>Department of Commerce</i></b>			
<b>National Oceanic and Atmospheric Administration</b>			
Oregon Department of Land Conservation and Development Coastal Zone Management Awards	11.419	CZM-13-021	<u>27,000</u>
<i>Total Department of Commerce</i>			<u>27,000</u>
<b><i>Department of Housing and Urban Development</i></b>			
<b>Oregon Economic Development Program</b>			
Community Development Block Grant - Microenterprise	14.228	M12024	<u>50,000</u>
<i>Total Department of Housing and Urban Development</i>			<u>50,000</u>
<b><i>Department of Interior</i></b>			
<b>Department of Interior</b>			
Payment in Lieu of Taxes and Distribution of Receipts of State and Local Governments	15.227	FY14	69,638
Oregon and California Land Grant	15.227	FY14	108,368
Refuge Revenue Sharing Act	15.659	FY14 12-PA-	2,807
Noxious Weed Control	15.230	11061200-015	2,369
Coast Range Stewardship-Cascade Pacific Restoration Planting	15.230	USFS-12-SA- 11061200-015	<u>4,542</u>
<i>Total Department of Interior</i>			<u>187,724</u>

**LINCOLN COUNTY, OREGON**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, continued

For the Year Ended June 30, 2014

Federal Grantor / Pass-Through Grantor / Program Title	CFDA Number	Grant / Contract / Pass- Through Number	Expenditures (Revenue Recognized)
<b><i>Department of Justice</i></b>			
<b>Department of Justice</b>			
Bulletproof Vest Partnership	16.607	09-251	4,875
Grants to Encourage Arrest Policies and Enforcement of Protection Orders	16.590	2012-WE-AX-0045	145,170
Oregon Commission on Children and Families			
Juvenile Accountability Incentive Block Grants	16.523	2012-6321	4,625
Juvenile Community Service	16.523	27894	6,493
Crime Victim Assistance	16.575	2012-00050	28,559
Marijuana Eradication Program	16.580	2013-112	726
JAG Program Cluster			
Oregon Department of Justice			
Department of Justice - Tillamook			
Byrne JAG Grant - Narcotics Overtime	16.738	LE0019-10 JAG-LCSO	1,300
Oregon Criminal Justice Division			
Byrne JAG Grant	16.803	BJ/DC-2011- LincolnCo- 00012	14,884
Lincoln County Adult Drug Court			
Implement and Enhance	16.738	BJ-13-012	138,292
Sexually Violent Deviant Offender	16.738	IGA 4198	993
Hope Court Measure 57	16.738	IGA 4198	72,410
<i>Total JAG Program Cluster</i>			<u>227,879</u>
<i>Total Department of Justice</i>			<u>418,327</u>

**LINCOLN COUNTY, OREGON**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, continued

For the Year Ended June 30, 2014

Federal Grantor / Pass-Through Grantor / Program Title	CFDA Number	Grant / Contract / Pass- Through Number	Expenditures (Revenue Recognized)
<b><i>Department of Transportation</i></b>			
National Historic Covered Bridge Preservation Project	20.205	27094	15,548
National Historic Covered Bridge Preservation Project	20.205	27095	11,590
Highway Bridge Program - Trapp Creek	20.205	27292/28239	19,860
Highway Bridge Program-Rocky Creek Ben Jones	20.205	22095	652
Oregon Department of Transportation			
Agreement with Confederated Tribes of Siletz	20.509	29274	320,922
5310 Preventative Maintenance	20.513	29318	20,161
5311 Operating Funds	20.509	29274	444,416
E-Citation and E-Crash Project	20.610	K9-13-54-03 LCS	<u>51,347</u>
<i>Total Department of Transportation</i>			<u>884,496</u>
<b><i>General Services Administration</i></b>			
State of Oregon			
Department of Administrative Services-Surplus Program	39.002	13-521	<u>3,384</u>
<i>Total General Services Administration</i>			<u>3,384</u>
<b><i>Department of Health and Human Services</i></b>			
Consolidated Health Centers	93.224	FY 14	846,008
Affordable Care Act-Immedicate Facility Improvement	93.501	C12CS21888	500,000
<b>Oregon Health and Human Services Department</b>			
Family Planning Services			
Family Planning	93.217	280558	41,164
Immunization Program	93.712	280540	15,171
Bioterrorism - Preparedness and Response	93.069	280618	80,123
Emergency Procedures	93.069	142019	10,000
Tuberculosis	93.116	280549	1,824
Nurse Family Partnership	93.505	CDC 280641-11	544,820

**LINCOLN COUNTY, OREGON**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, continued

For the Year Ended June 30, 2014

Federal Grantor / Pass-Through Grantor / Program Title	CFDA Number	Grant / Contract / Pass- Through Number	Expenditures (Revenue Recognized)
<b><i>Department of Health and Human Services, continued</i></b>			
HIV Care Formula Grants			
Oregon Mothers Care	93.940	280646	5,102
MCH Title V Flexible Funds and CAH	93.940	280646	25,091
MCH Title V Child Adolescent Health	93.940	280646	7,483
Babies First	93.940	280646	8,395
Adult Services - SE20	93.958	112001	411,569
Child Services - SE22	93.958	112001	84,802
Continuum of Care - SE66	93.959	135001	285,029
Juvenile Shelter Home	93.778	IGA 125630	77,996
Juvenile Crime Prevention - Basic Diversion	93.667	12665	32,107
Juvenile Crime Prevention - Basic Diversion	93.667	12596	36,490
Oregon Health Authority			
EMS Health Care Preparedness	93.889	144068	8,894
Oregon Department of Justice - Child Support Division			
Child Support Enforcement	93.563	610008	183,149
Oregon Commission on Children and Families			
Family Support Services	93.556	FY14	8,694
Federal Youth Investment	93.667	FY14	32,083
Youth Investment Basic Capacity	93.667	FY14	22,346
Oregon Health Sciences University			
Coastal Families	93.994	4BO4MCO660 4-01-044	8,067
OHSU Cocoon	93.994	4BO4MCO660 4-01-044	<u>7,550</u>
<i>Total Department Health and Human Services</i>			<u>3,283,957</u>

**LINCOLN COUNTY, OREGON**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, continued

For the Year Ended June 30, 2014

Federal Grantor / Pass-Through Grantor / Program Title	CFDA Number	Grant / Contract / Pass- Through Number	Expenditures (Revenue Recognized)
<b><i>Department of Homeland Security</i></b>			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FY14	1,771,772
Oregon Military Department - Emergency Management			
Emergency Management Performance Grants	97.042	13-521	109,161
Emergency Preparedness Grant	97.042	144068	26,975
2011 Homeland Security Grant	97.073	11-260	11,280
Hazard Mitigation-Planning	97.039	FEMA-DR- 4055-OR	32,016
Oregon State Marine Board			
Boating Safety Financial Assistance	97.012	3312FAS12014 1	<u>271,892</u>
<i>Total Department of Homeland Security</i>			<u>2,223,096</u>
<b><i>Department of Veterans Administration</i></b>			
Primary Care, Outpatient Services	64.009	VA648-C31768	314,080
Oregon Department of Military Affairs			
Veterans Services	64.111	VA260-P-0781	<u>40,389</u>
Extended Outreach	64.111		<u>12,300</u>
<i>Total Department of Veterans Administration</i>			<u>366,769</u>
<b><i>Environmental Health Protection Agency</i></b>			
Oregon Department of Human Services			
State Public Water System Supervision	66.432	280557	<u>16,000</u>
<i>Total Environmental Health Agency</i>			<u>16,000</u>
<b>Total Expenditures of Federal Awards</b>			<b>\$ <u>9,220,909</u></b>

**LINCOLN COUNTY, OREGON**

**NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

For the Year Ended June 30, 2014

**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.