

**CITY OF NEWPORT  
LINCOLN COUNTY, OREGON**

**FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2010**



12700 SW 72<sup>nd</sup> Ave.  
Tigard, OR 97223

**CITY OF NEWPORT  
LINCOLN COUNTY, OREGON**

**FINANCIAL REPORT**

Year Ended June 30, 2010

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**CITY OF NEWPORT**  
LINCOLN COUNTY, OREGON

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**LINCOLN COUNTY, OREGON**

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**CITY OF NEWPORT**  
**LINCOLN COUNTY, OREGON**

ELECTED OFFICIALS

June 30, 2010

<u>NAME</u>	<u>TERM EXPIRES</u>
Bill Bain, Mayor	December 31, 2010
Jeff Bertuleit, Council President	December 31, 2012
Richard Kilbride, Councilmember	December 31, 2010
Mark McConnell, Councilmember	December 31, 2012
Patricia Patrick-Joling, Councilmember	December 31, 2010
Lon Brusselback, Councilmember	December 31, 2012
Terry Obteshka, Councilmember	December 31, 2010

All council members receive mail at the address listed below.

CITY MANAGER

Jim Voetberg

City of Newport  
169 SW Coast Hwy  
Newport, Oregon 97365



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**PAULY, ROGERS AND CO., P.C.**

**CERTIFIED PUBLIC ACCOUNTANTS**

- 
- 12700 SW 72ND AVENUE • TIGARD, OREGON 97223
  - (503) 620-2632 • FAX (503) 684-7523

January 15, 2011

To the Honorable Mayor and  
Members of the City Council  
City of Newport, Oregon

### **INDEPENDENT AUDITORS' REPORT**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Newport, Lincoln County, Oregon, as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Newport, Lincoln County, Oregon, at June 30, 2010 and the results of its operations and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The Management Discussion and Analysis and the required supplementary information, as listed on the table of contents, are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Newport's basic financial statements. Supplementary information is presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information, as listed in the table of contents have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Pauly, Rogers and Co., P.C.*  
PAULY, ROGERS AND CO., P.C.

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## Management's Discussion and Analysis

The City of Newport ("City") offers its public a discussion of its financial statements for the fiscal year ended 30 June 2010. We encourage readers to consider the information presented here in conjunction with the additional information furnished in the financial statements that follow.

### Financial Highlights

**Net Assets** – At the close of the most recent fiscal year, the assets of the City exceeded its liabilities by **\$73.17 million**. Of this amount, **\$32.58 million** may be used to meet the City's ongoing obligations to citizens and creditors.

**Change in Net Assets** - The City's total net assets increased by **\$2.38 million**; long term debt decreased by **\$4.46 million**, while other liabilities increased **\$348 million**. Total assets decreased by **\$1.72 million** due to the payoff of a large loan for the North Side Urban Renewal Agency (NSURA).

**Governmental Funds** - As of the close of the fiscal year, the City's governmental funds reported combined ending fund balances of **\$9.72**, down **\$3.49 million** from last year's **\$13.22 million**; **\$2.9 million** of this decrease was due to the pay down of the North Side Urban Renewal Bond Redemption Fund.

At the end of the fiscal year, unreserved fund balance for the general fund was **\$867 million**, up **\$92,245**, or **10.6%**, from last year.

The City's total debt decreased by **\$4.45 million** during the fiscal year, again due primarily to the payoff of the NSURA's outstanding debt obligation and, additionally, annual payments on the City's other outstanding debt.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City'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. In addition to these statements, the report also contains other supplementary information.

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

The Statement of Net Assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows only in future fiscal periods (for example, uncollected taxes, and earned but unused vacation leave). The **governmental activities** of the City include general government, public safety, streets, economic development, culture and recreation, airport operations, and interest paid on long term debt. The **business type** activities include those funds dealing with water treatment and distribution and wastewater collection and treatment.

**Fund financial statements.** A fund is a group of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. As do other state and local governments, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The City has two types of funds: Governmental and Proprietary 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 the 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 City's near-term financial decisions. Both the Governmental Fund Balance Sheet and Governmental Fund Statement of Revenues, Expenditures, and Change in Fund Balances provide a reconciliation to facilitate this comparison.

The City maintains 25 individual governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for these "major" funds:

1. General fund
2. Airport Fund
3. Agate Beach Closure Fund
4. Room Tax Fund
5. Street Fund
6. North Side Urban Renewal District Debt Service Fund
7. South Beach Debt Service Fund.

Data from the other 18 non-major governmental funds are combined into a single aggregated presentation. Individual fund data for each of the non-major governmental funds is provided in the form of combining statements in the other supplementary information described below.

**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 to the general public on a continuing basis be financed primarily through user charges. These funds represent two significant segments of the City's operations: Water and Wastewater – facilities, distribution systems, and customer service.

**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 non-major governmental funds and budgetary comparison schedules for both the non-major governmental funds and the proprietary funds are presented immediately following the notes to the basic financial statements.

## Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. As of 30 June 2010, the City's assets exceeded liabilities by **\$73.17 million**.

The largest portion of the City's net assets (49.6%) is its investment in capital assets (land, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The following summary is a comparison between the City's net assets at the end of the fiscal year as compared to the end of last fiscal year.

**Table 1**

### SUMMARY OF NET ASSETS

	Governmental Activities		Business-type Activities		Total Government	
	2009	2010	2009	2010	2009	2010
Cash and investments	\$12,848,319	\$9,720,349	\$17,939,367	\$16,306,509	\$30,827,614	\$26,026,858
Other Assets	3,317,068	4,599,891	(486,629)	(1,896,784)	2,790,511	2,703,107
Capital assets	41,897,724	43,058,097	46,054,813	48,059,239	87,952,537	91,117,336
<b>Total Assets</b>	<b>\$58,063,111</b>	<b>\$57,378,337</b>	<b>\$63,507,551</b>	<b>\$62,468,964</b>	<b>\$121,570,662</b>	<b>\$119,847,301</b>
Other Liabilities	\$1,424,104	\$1,547,343	\$1,009,771	\$1,234,896	\$2,433,875	\$2,782,239
Long term debt outstanding	8,914,207	6,501,921	39,436,020	37,393,508	48,350,227	43,895,429
<b>Total Liabilities</b>	<b>\$10,338,311</b>	<b>\$8,049,264</b>	<b>\$40,445,791</b>	<b>\$38,628,404</b>	<b>\$50,784,102</b>	<b>\$46,677,668</b>
Net assets:						
Invested in capital assets, net of debt	\$32,983,517	\$25,710,830	\$6,508,792	\$10,561,229	\$39,492,309	\$36,272,059
Restricted:						
Debt Service	6,207,709	3,016,657	430,158	226,544	6,637,867	3,243,201
Systems Development	479,976	567,149	537,704	508,271	1,017,680	1,075,420
Unrestricted	8,053,598	20,034,437	15,585,106	12,544,516	23,638,704	32,578,953
<b>Total net assets</b>	<b>\$47,724,800</b>	<b>\$49,329,073</b>	<b>\$23,061,760</b>	<b>\$23,840,560</b>	<b>\$70,786,560</b>	<b>\$73,169,633</b>

The City's net assets represent resources that are invested in capital assets, net of related debt. Of the remaining balance in net assets, **\$3.25 million** is restricted for future debt service, **\$1.075 million**, is restricted for projects paid for by System Development Charges (SDCs), and **\$32.58** is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors.

**Governmental activities.** Governmental net assets increased by **\$1.6 million** in FY10, the largest change in governmental activities being a decrease in long-term debt of about **\$2.042 million**.

**Business-type activities.** Net assets for Business-type activities increased by about **\$.779 million**.

A portion of the year-end net assets is restricted for specific purposes. The restrictions represent legal or contractual limitations on how the assets may be expended. Within the governmental activities category are system development charges, assessments, taxes and other collections limited to repayment of debt. Within the business-type activities are bond proceeds and debt service reserves.

**Table 2**

**GOVERNMENTAL AND PROPRIETARY ACTIVITIES**

	Governmental Activities		Business-type Activities		Total Government	
	2009	2010	2009	2010	2009	2010
<b>REVENUES</b>						
<b>Program Services</b>						
Charges for Services	\$ 1,463,927	\$ 1,627,093	\$ 4,841,845	\$ 4,854,875	\$ 6,305,772	\$ 6,481,968
Grants and Contributions	954,380	-	8,000	-	962,380	-
<b>General Revenue</b>						
Taxes	10,902,258	12,112,878	1,203,796	1,225,852	12,106,054	13,338,730
Licenses, Permits and Fees	750,076	856,283	-	71,000	750,076	927,283
Intergovernmental	696,564	770,990	-	-	696,564	770,990
Special Assessments	-	-	-	-	-	-
Investment Earnings	315,667	104,501	152,801	182,078	468,468	286,579
Other Revenue	929,734	592,484	69,443	-	999,177	592,484
Capital Grants/Contributions	-	2,204,481	-	2,000	-	2,206,481
Transfers	(111,491)	(125,318)	111,491	125,318	-	-
<b>Total Revenues</b>	<b>\$ 15,901,115</b>	<b>\$ 18,143,392</b>	<b>\$ 6,387,376</b>	<b>\$ 6,461,123</b>	<b>\$ 22,288,491</b>	<b>\$ 24,604,515</b>
<b>EXPENSES</b>						
<b>Programs</b>	<b>\$ 15,786,875</b>	<b>\$ 16,539,119</b>	<b>\$ 5,865,226</b>	<b>\$ 5,682,323</b>	<b>\$ 21,652,101</b>	<b>\$ 22,221,442</b>
Change in Net Assets	114,240	1,604,273	522,150	778,800	636,390	2,383,073
Prior Period Adjustment	-	-	-	-	-	-
Beginning Net Assets	47,610,560	47,724,800	22,539,610	23,061,760	70,150,170	70,786,560
Ending Net Assets	\$ 47,724,800	\$ 49,329,073	\$ 23,061,760	\$ 23,840,560	\$ 70,786,560	\$ 73,169,633

**Financial Analysis of the City's funds**

**Governmental funds.** The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the fiscal year, the City's governmental funds reported combined ending fund balances of **\$9.72 million**, all of which is unreserved fund balance and, therefore, available for new spending..

A summary of all fund balances is shown here:

**TABLE 3  
ENDING FUND BALANCES  
GOVERNMENTAL FUNDS**

	FY09	FY10	Delta	FY10 Unreserve
General Fund	775,168	867,413	92,245	867,41
Airport Fund	(274,375)	(20,503)	253,872	(20,50
Agate Beach Closure Fund	1,525,644	1,500,583	(25,061)	1,500,58
Room Tax Fund	2,050,313	1,360,712	(689,601)	1,360,71
Street Fund	(153,838)	(648,064)	(494,226)	(648,06
Building Inspection Fund	617,110	524,164	(92,946)	524,16
Debt Service Fund	(16,420)	(335,948)	(319,528)	(335,94
Airport FBO Fund	(188,737)	(157,157)	31,580	(157,15
Library Reserve Fund	1,202		(1,202)	-
Parks and Recreation Reserve Fund	87,025	48,401	(38,624)	48,40
W/C Reserve Fund	3,360		(3,360)	-
Retirement Reserve Fund	57		(57)	-
Combined Arts Fund	654		(654)	-
Capital Improvement Fund	63,020		(63,020)	-
Fire Reserve Fund	339,239	1,119,445	780,206	1,119,44
Line Undergrounding Fund	589,999	454,882	(135,117)	454,88
Public Parking Fund	314,029	339,257	25,228	339,25
Recreation Fund	25,995	(45,675)	(71,670)	(45,67
Housing Fund	3,299		(3,299)	-
Street SDC Fund	286,430	357,642	71,212	357,64
Parks SDC Fund	151,951	163,883	11,932	163,88
Storm Drain Fund	41,595	45,624	4,029	45,62
South Beach (Urban Renewal Fund)	766,768	795,689	28,921	795,68
(North Side) Urban Renewal Bond Redemption Fund	4,124,950	1,227,834	(2,897,116)	1,227,83
South Urban Renewal Bond Redemption Fund (Debt Service Fund)	2,082,759	2,124,771	42,012	2,124,77
				-
<b>TOTALS</b>	<b>13,217,197</b>	<b>9,722,953</b>	<b>(3,494,244)</b>	<b>9,722,95</b>

**Proprietary funds.** The Wastewater fund had a net increase in its fund balance of **\$0.416 million**; the Water fund had a net decrease in its fund balance of **\$1.934 million**, due to expenses incurred in the engineering and construction of the City's new Water Treatment Plant.

**Capital assets.** As of 30 June 2010, the City's investment in capital assets for its governmental and business type activities was **\$91.117 million**, net of accumulated depreciation (see Table 4 on the next page). This investment in capital assets includes land and improvements, buildings and structures, infrastructure and improvements, utility systems, equipment and vehicles, and construction in process.



**Table 4**

**Capital Assets at year-end  
(net of depreciation)**

	Governmental Activities		Business-Type Activities		Total	
	2009	2010	2009	2010	2009	2010
Land	\$8,796,155	\$ 8,796,155	\$26,910	\$ 244,606	\$8,823,065	\$ 9,040,761
Buildings and structures	28,099,582	28,421,571	12,396,801	12,396,802	40,046,743	\$ 40,818,373
Equipment	3,579,764	3,615,798	1,179,566	1,248,777	4,572,752	\$ 4,864,575
Vehicles	3,094,793	3,689,287	497,661	779,106	3,354,451	\$ 4,468,393
Infrastructure	25,946,603	26,054,958	49,767,270	49,886,097	75,241,081	\$ 75,941,055
Construction in progress	62,129	2,049,191	440,628	3,401,806	72,820	\$ 5,450,997
Less accumulated depreciation	(27,681,305)	(29,568,863)	(18,254,024)	(19,897,955)	(42,721,219)	\$ (49,466,818)
<b>Total</b>	<b>\$ 41,897,721</b>	<b>\$ 43,058,097</b>	<b>\$ 46,054,812</b>	<b>\$ 48,059,239</b>	<b>\$ 89,389,693</b>	<b>\$ 91,117,336</b>

Major capital asset events during the current fiscal year included the following:

- Completion of the Fire Training Tower
- Beginning work on the Water Treatment Plant Construction
- Continuing work on the Bay Boulevard Project
- Purchase of a street sweeper
- Water tender fire truck
- Various other City vehicles
- Land purchase in the City's water shed area

**Table 5**

**Change in Capital Assets**

	Governmental Activities		Business-type Activities		Total	
	2009	2010	2009	2010	2009	2010
Beginning balance	\$ 33,903,986	\$ 41,897,723	\$ 55,485,707	\$ 46,054,813	\$ 89,389,693	\$ 87,952,536
Additions	15,703,378	3,076,967	610,738	3,750,733	16,314,116	\$ 6,827,700
Depreciation	(7,636,819)	(1,887,558)	4,422,709	(1,643,931)	(3,214,110)	\$ (3,531,489)
Deletions	(72,820)	(29,035)	(14,464,341)	(102,376)	(14,537,161)	\$ (131,411)
Ending Balance	<b>\$ 41,897,723</b>	<b>\$ 43,058,097</b>	<b>\$ 46,054,813</b>	<b>\$ 48,059,239</b>	<b>\$ 87,952,538</b>	<b>\$ 91,117,336</b>

**Long-term debt.**

For the City's business-type activities, **\$20.22 million** is the outstanding balance of loans to construct the Wastewater Treatment Plant. These loans consist of:

- \$6.955 million – 2008 GO refunding bonds
- \$9.741 million – for two 1996 DEQ loans
- \$3.523 million – for two 2000 OECDD loans

Water Treatment Plant improvements were funded by a general obligation bond in 1998; the balance owed is **\$.465 million**

The construction of the City's new Water Treatment Plant was financed by Water Improvement Bonds issued for **\$15.896 million**; as of 30 June 2010, none of the re-payment of the principal was paid in the last fiscal year.

The City entered into an agreement with Seal Rock Water District to take over its infrastructure and customer services in an area that is within the City's urban growth boundary. This agreement resulted in the City becoming obligated for annual payments to Seal Rock water District over 30 years. The agreement provided for fixed payments of \$60,000 per year which, when translated into a presumed principal and interest payment based on the value of the infrastructure acquired, resulted in the principal balance at year's end of **\$ .918 million**.


**Table 6**  
**Outstanding Debt at Year-end**

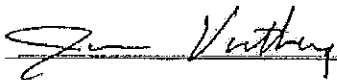
	2009	2010
<b>Governmental</b>		
Bank of America, Series 2000	\$ 1,300,000	\$ 422,929
2000 Oregon Dept of Energy loan	263,689	228,100
2000 SPWF loan	3,302,828	
Bank of America, Series 2007	758,000	679,000
1990 Special PWFL - Aquarium	\$51,996	14,474
Bank of America, Series 2008	2,325,000	2,105,000
2007 Certificates of Participation	870,000	715,000
Leaf Funding	6,161	4,843
Capital leases - Library and Dell Computers	36,534	27,577
2009 Certificates of Participation (LOCAP)		2,305,000
<b>Sub-total</b>	<b>\$ 8,914,208</b>	<b>\$ 6,501,923</b>
<b>Business-type</b>		
1998 WTP General Obligation Bonds	\$ 780,000	\$ 465,000
1999 Sewer General Obligation Bonds		
2009 Water Improvement Bonds - WTP	15,895,541	15,895,540
2008 GO Refunding Bonds - Waste Water	7,470,000	6,955,000
1996 Oregon DEQ loan	6,058,061	5,708,097
1996 Oregon DEQ loan	4,630,584	4,032,992
2000 OECDD loan	1,888,540	1,761,284
2000 OECDD loan	1,888,540	1,761,284
2006 Oregon Coast Bank loan		
2009 Certificates of Participation		
2007 Seal Rock Water District agreement	934,755	918,811
<b>Sub-total</b>	<b>\$39,546,021</b>	<b>\$ 37,498,008</b>
<b>TOTALS</b>	<b>\$48,460,229</b>	<b>\$43,999,931</b>

State statutes limit the amount of general obligation debt an Oregon city may issue to 3% of total real market value of all taxable property within its boundary. The current debt limitation for the City is near \$32 million. Less than \$10 million of the outstanding debt is counted within the statutory limitation, as the remaining debt is either wholly or partially financed by revenues other than a general tax levy.

**Economic Factors and next year's Budgets and Rates.** The City's unemployment rate ended the fiscal above 10.0%. Twenty building permits were issued for new residential development in fiscal 2010. In addition, permits were issued for 17 new commercial developments, and 106 building permits were issued for residential and commercial repairs and improvements to existing structures.

**Requests for information.** This financial report is designed to provide a general overview of the City'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, City of Newport, 169 SW Coast Highway, Newport, Oregon, 97365.

Signature:  \_\_\_\_\_  
Title: FINANCE DIRECTOR

Signature:  \_\_\_\_\_  
Title: CITY MANAGER

**CITY OF NEWPORT**  
**LINCOLN COUNTY, OREGON**

**BASIC FINANCIAL STATEMENTS**

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**CITY OF NEWPORT**  
**LINCOLN COUNTY, OREGON**

**STATEMENT OF NET ASSETS**

**June 30, 2010**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 9,720,349	\$ 16,306,509	\$ 26,026,858
Receivables (Net of Allowance for Uncollectibles)	1,705,874	968,734	2,674,608
Internal Balances	2,866,243	(2,866,243)	-
Supply Inventory	9,751	-	9,751
Prepays	18,023	725	18,748
Capital Assets			
Depreciable	10,845,346	3,646,412	14,491,758
Non Depreciable	32,212,751	44,412,827	76,625,578
Total Assets	<u>57,378,337</u>	<u>62,468,964</u>	<u>119,847,301</u>
<b>LIABILITIES</b>			
Accounts Payable	587,348	484,707	1,072,055
Payroll and Payroll Taxes Payable	373,577	65,585	439,162
Interest Payable	39,726	305,429	345,155
Deposits Payable	9,628	183,417	193,045
Unearned Revenue	132,435	140,974	273,409
Accrued Vacation	404,629	54,784	459,413
Noncurrent Liabilities:			
Due Within One Year:	1,203,366	1,868,449	3,071,815
Due in More Than One Year:	5,298,555	35,525,059	40,823,614
Total Liabilities	<u>8,049,264</u>	<u>38,628,404</u>	<u>46,677,668</u>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	25,710,830	10,561,229	36,272,059
Restricted for:			
System Development	567,149	508,271	1,075,420
Debt Service	3,016,657	226,544	3,243,201
Unrestricted	20,034,437	12,544,516	32,578,953
Total Net Assets	<u>\$ 49,329,073</u>	<u>\$ 23,840,560</u>	<u>\$ 73,169,633</u>

The accompanying notes are an integral part of this statement.

**CITY OF NEWPORT**  
**LINCOLN COUNTY, OREGON**

**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2010**

	<b>Program Revenues</b>			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Functions/Programs</b>				
<b>Primary Government</b>				
<b>Governmental Activities</b>				
General government	\$ 2,593,603	\$ 344,225	\$ -	\$ 6,425
Public safety	4,322,280	163,292	-	13,774
Streets	2,027,122	113,016	-	-
Economic development	1,389,451	126,988	-	-
Culture and recreation	3,175,760	577,705	-	6,752
Airport operations	2,213,315	301,867	-	2,177,530
Interest on long-term debt	817,588	-	-	-
<b>Total Governmental Activities</b>	<b>16,539,119</b>	<b>1,627,093</b>	<b>-</b>	<b>2,204,481</b>
<b>Business-Type Activities</b>				
Water	1,985,327	1,986,342	-	2,000
Sewer	3,696,996	2,868,533	-	-
<b>Total Business-Type Activities</b>	<b>5,682,323</b>	<b>4,854,875</b>	<b>-</b>	<b>2,000</b>
<b>Total Primary Government</b>	<b>\$ 22,221,442</b>	<b>\$ 6,481,968</b>	<b>\$ -</b>	<b>\$ 2,206,481</b>

**General Revenues**

Taxes:

- Property
- Transient Occupancy
- Other Taxes
- Licenses, Permits & Fees
- Intergovernmental
- Fines and Forfeitures
- Investment Earnings
- Miscellaneous
- Transfers

**Total General Revenues and Transfers**

**Change in Net Assets**

Net Assets - beginning of year

Net Assets - end of year

The accompanying notes are an integral part of this statement.

**CITY OF NEWPORT**  
**LINCOLN COUNTY, OREGON**

**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2010**

Net Revenue (Expenses) and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
\$ (2,242,953)	\$ -	\$ (2,242,953)
(4,145,214)	-	(4,145,214)
(1,914,106)	-	(1,914,106)
(1,262,463)	-	(1,262,463)
(2,591,303)	-	(2,591,303)
266,082	-	266,082
(817,588)	-	(817,588)
<u>(12,707,545)</u>	<u>-</u>	<u>(12,707,545)</u>
-	3,015	3,015
-	(828,463)	(828,463)
-	(825,448)	(825,448)
<u>(12,707,545)</u>	<u>(825,448)</u>	<u>(13,532,993)</u>
9,281,264	1,225,852	10,507,116
2,278,501	-	2,278,501
553,113	-	553,113
856,283	71,000	927,283
770,990	-	770,990
173,203	-	173,203
104,501	182,078	286,579
419,281	-	419,281
(125,318)	125,318	-
<u>14,311,818</u>	<u>1,604,248</u>	<u>15,916,066</u>
1,604,273	778,800	2,383,073
<u>47,724,800</u>	<u>23,061,760</u>	<u>70,786,560</u>
<u>\$ 49,329,073</u>	<u>\$ 23,840,560</u>	<u>\$ 73,169,633</u>

The accompanying notes are an integral part of this statement.



**CITY OF NEWPORT**  
**LINCOLN COUNTY, OREGON**

**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2010**

	GENERAL FUND	AIRPORT FUND	AGATE BEACH CLOSURE FUND	ROOM TAX FUND
<b>ASSETS:</b>				
Cash & Cash Equivalents	\$ 450,755	\$ -	\$ 1,503,391	\$ 1,052,840
Receivables, net				
Taxes	437,744	-	-	-
Accounts	170,971	190,520	-	250,421
Interfund Receivables	703,814	-	-	75,000
Prepays	9,365	-	-	-
Investment in Foreclosed Property	-	-	-	-
<b>Total Assets</b>	<b>\$ 1,772,649</b>	<b>\$ 190,520</b>	<b>\$ 1,503,391</b>	<b>\$ 1,378,261</b>
<b>LIABILITIES AND FUND EQUITY:</b>				
Liabilities:				
Accounts Payable	\$ 231,522	\$ 26,058	\$ 2,808	\$ 17,549
Payroll and Payroll Taxes Payable	308,531	10,463	-	-
Interfund Payable	-	172,862	-	-
Deferred Revenues	357,375	-	-	-
Customer Deposits	7,808	1,640	-	-
<b>Total Liabilities</b>	<b>905,236</b>	<b>211,023</b>	<b>2,808</b>	<b>17,549</b>
Fund Equity:				
Fund Balances:				
Reserved for				
Debt Service	-	-	-	-
System Development	-	-	-	-
Unreserved, reported in				
General Fund	867,413	-	-	-
Special Revenue Funds	-	(20,503)	1,500,583	1,360,712
Capital Projects Funds	-	-	-	-
<b>Total Fund Equity</b>	<b>867,413</b>	<b>(20,503)</b>	<b>1,500,583</b>	<b>1,360,712</b>
<b>Total Liabilities and Fund Equity</b>	<b>\$ 1,772,649</b>	<b>\$ 190,520</b>	<b>\$ 1,503,391</b>	<b>\$ 1,378,261</b>

The accompanying notes are an integral part of this statement.

**CITY OF NEWPORT**  
**LINCOLN COUNTY, OREGON**

**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**

June 30, 2010

STREET FUND	NS URA DEBT FUND	SB URA DEBT SERVICE FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ -	\$ 1,188,696	\$ 2,085,049	\$ 3,439,618	\$ 9,720,349
-	256,225	171,215	-	865,184
79,585	-	-	149,193	840,690
-	-	-	-	778,814
-	-	-	8,658	18,023
-	-	-	9,751	9,751
<u>\$ 79,585</u>	<u>\$ 1,444,921</u>	<u>\$ 2,256,264</u>	<u>\$ 3,607,220</u>	<u>\$ 12,232,811</u>
\$ 173,920	\$ -	\$ -	\$ 135,491	\$ 587,348
22,777	-	-	31,806	373,577
530,952	-	-	-	703,814
-	217,087	131,493	129,536	835,491
-	-	-	180	9,628
<u>727,649</u>	<u>217,087</u>	<u>131,493</u>	<u>297,013</u>	<u>2,509,858</u>
-	1,227,834	2,124,771	(335,948)	3,016,657
-	-	-	567,149	567,149
-	-	-	-	867,413
-	-	-	3,079,006	5,919,798
<u>(648,064)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(648,064)</u>
<u>(648,064)</u>	<u>1,227,834</u>	<u>2,124,771</u>	<u>3,310,207</u>	<u>9,722,953</u>
<u>\$ 79,585</u>	<u>\$ 1,444,921</u>	<u>\$ 2,256,264</u>	<u>\$ 3,607,220</u>	<u>\$ 12,232,811</u>

The accompanying notes are an integral part of this statement.

**CITY OF NEWPORT**  
**LINCOLN COUNTY, OREGON**

**RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO STATEMENT OF NET ASSETS**  
**June 30, 2010**

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Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets.

Fund Balances	\$ 9,722,953
<p>The cost of capital assets (land, buildings, improvements, machinery and equipment, infrastructure, and construction in progress) is reported as an expenditure in governmental funds. The statement of net assets includes those capital assets among the assets of the City as a whole.</p>	
Net Capital Assets	43,058,097
<p>Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due.</p>	
GO Bonds, Notes and Contracts Payable	(6,501,921)
Bond Interest Payable	(39,726)
<p>Accrued compensated absences are not due and payable in the current period and therefore are not reported in the funds.</p>	
Accrued Vacation	(404,629)
<p>Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.</p>	
Deferred Revenue	703,056
Internal Balances Due From Business-Type Activities	<u>2,791,243</u>
Total Net Assets	<u>\$ 49,329,073</u>

The accompanying notes are an integral part of this statement.

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**CITY OF NEWPORT**  
**LINCOLN COUNTY, OREGON**

**STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2010**

	GENERAL FUND	AIRPORT FUND	AGATE BEACH CLOSURE FUND	ROOM TAX FUND
<b>REVENUES</b>				
Property Taxes	\$ 4,582,970	\$ -	\$ -	\$ -
Transient Room Tax	-	-	-	2,278,501
Other Taxes	53,510	-	-	-
Licenses, Permits, and Fees	1,304,098	-	9,586	-
Intergovernmental	770,990	-	-	-
Interfund Services	1,006,866	32,000	-	82,600
Leases & Rents	117,593	34,937	-	-
Investment Earnings	8,148	-	11,300	10,812
Fines and Forfeitures	173,203	-	-	-
Grants	21,468	2,177,530	-	-
Miscellaneous	72,936	3,878	-	24
<b>Total Revenues</b>	<b>8,111,782</b>	<b>2,248,345</b>	<b>20,886</b>	<b>2,371,937</b>
<b>EXPENDITURES</b>				
Current:				
General Government	2,321,747	214,712	-	-
Public Safety	4,305,751	-	-	-
Streets	-	-	-	-
Economic Development	-	-	-	1,227,399
Culture and Recreation	1,795,592	-	-	-
Materials & Services	-	2,213,315	45,947	-
Capital Outlay	-	-	-	-
Debt Service	-	-	-	-
<b>Total Expenditures</b>	<b>8,423,090</b>	<b>2,428,027</b>	<b>45,947</b>	<b>1,227,399</b>
Excess of Revenues Over (Under) Expenditures	(311,308)	(179,682)	(25,061)	1,144,538
<b>Other Financing Sources, (Uses)</b>				
Bond/loan Proceeds	-	-	-	-
Special Payments	-	-	-	-
Transfers In/Out	403,553	433,554	-	(1,834,139)
<b>Total Other Financing Sources, (Uses)</b>	<b>403,553</b>	<b>433,554</b>	<b>-</b>	<b>(1,834,139)</b>
Net Change in Fund Balance	92,245	253,872	(25,061)	(689,601)
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>775,168</b>	<b>(274,375)</b>	<b>1,525,644</b>	<b>2,050,313</b>
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 867,413</b>	<b>\$ (20,503)</b>	<b>\$ 1,500,583</b>	<b>\$ 1,360,712</b>

The accompanying notes are an integral part of this statement.

**STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS**

STREET FUND	NS URA DEBT SERVICE FUND	SB URA DEBT SERVICE FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ -	\$ 2,658,065	\$ 1,858,912	\$ 124,646	\$ 9,224,593
-	-	-	-	2,278,501
499,603	-	-	-	553,113
145,395	-	-	752,379	2,211,458
-	-	-	-	770,990
32,000	-	-	-	1,153,466
-	-	-	-	152,530
2,261	11,763	22,152	20,548	86,984
-	-	-	-	173,203
-	-	-	5,483	2,204,481
8,117	-	2,338	348,345	435,638
<u>687,376</u>	<u>2,669,828</u>	<u>1,883,402</u>	<u>1,251,401</u>	<u>19,244,957</u>
-	-	-	47,225	2,583,684
-	-	-	-	4,305,751
2,090,904	-	-	-	2,090,904
-	-	-	383,703	1,611,102
-	-	-	1,322,252	3,117,844
-	3,167	667	-	2,263,096
-	-	-	1,362,056	1,362,056
-	4,071,655	479,515	968,652	5,519,822
<u>2,090,904</u>	<u>4,074,822</u>	<u>480,182</u>	<u>4,083,888</u>	<u>22,854,259</u>
(1,403,528)	(1,404,994)	1,403,220	(2,832,487)	(3,609,302)
535,211	-	-	1,707,356	2,242,567
-	(1,032,941)	(1,111,208)	-	(2,144,149)
374,091	(459,181)	(250,000)	1,348,761	16,639
<u>909,302</u>	<u>(1,492,122)</u>	<u>(1,361,208)</u>	<u>3,056,117</u>	<u>115,057</u>
(494,226)	(2,897,116)	42,012	223,630	(3,494,245)
<u>(153,838)</u>	<u>4,124,950</u>	<u>2,082,759</u>	<u>3,086,577</u>	<u>13,217,198</u>
<u>\$ (648,064)</u>	<u>\$ 1,227,834</u>	<u>\$ 2,124,771</u>	<u>\$ 3,310,207</u>	<u>\$ 9,722,953</u>

The accompanying notes are an integral part of this statement.

**CITY OF NEWPORT**  
**LINCOLN COUNTY, OREGON**

**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - GOVERNMENTAL FUNDS - TO  
STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2010**

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Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balance and the government-wide statement of activities

Excess of Revenues over Expenditures \$ (3,494,245)

Governmental funds report capital outlays 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. This is the amount by which capital outlays exceeded depreciation in the current period.

Capitalized Additions	\$	3,289,425	
Depreciation Expense		(1,887,558)	
Net Adjustment			1,401,867

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis of accounting, expenses and liabilities are reported regardless of when financial resources are available. This adjustment combines the net changes in liability balances.

GO Bonds, Notes and Contracts Payable	\$	2,412,286	
Bond Interest Payable		47,381	
Accrued Vacation		(101,434)	
Net Adjustment			2,358,233

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

Property Taxes			56,670
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OPEB Liability			99,148
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Internal Balances Due From Business-Type Activities			1,182,600
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Change in Net Assets	\$		1,604,273
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The accompanying notes are an integral part of this statement.

**CITY OF NEWPORT**  
**LINCOLN COUNTY, OREGON**

**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
As of June 30, 2010

	WASTEWATER FUND	WATER FUND	OTHER PROPRIETARY FUNDS	TOTALS CURRENT YEAR	GOVERNMENTAL ACTIVITIES- PUBLIC WORKS
<b>ASSETS</b>					
Current Assets					
Cash and Cash Equivalents	\$ 1,496,762	\$ 14,060,133	\$ 749,614	\$ 16,306,509	\$ -
Interfund Receivables	-	-	-	-	-
Prepays	725	-	-	725	-
Receivables					
Taxes	-	-	119,110	119,110	-
Accounts	426,950	327,333	95,341	849,624	-
Total Current Assets	<u>1,924,437</u>	<u>14,387,466</u>	<u>964,065</u>	<u>17,275,968</u>	<u>-</u>
Noncurrent Assets					
Capital Assets, Net	40,245,423	7,813,816	-	48,059,239	-
Total Noncurrent Assets	<u>40,245,423</u>	<u>7,813,816</u>	<u>-</u>	<u>48,059,239</u>	<u>-</u>
<b>Total Assets</b>	<u>42,169,860</u>	<u>22,201,282</u>	<u>964,065</u>	<u>65,335,207</u>	<u>-</u>
<b>LIABILITIES</b>					
Current Liabilities					
Accounts Payable	278,770	117,437	88,500	484,707	-
Interfund Payable	75,000	-	-	75,000	-
Accrued Interest Payable	243,368	62,061	-	305,429	-
Deposits	-	183,417	-	183,417	-
Compensated Absences	24,267	30,517	-	54,784	-
Payroll Liabilities	26,949	38,636	-	65,585	-
Deferred Revenue	-	224	140,750	140,974	-
General Obligation Bonds					
Payable, Current Portion	545,000	415,000	-	960,000	-
Loans & notes, current portion	897,232	16,717	-	913,949	-
Total Current Liabilities	<u>2,090,586</u>	<u>864,009</u>	<u>229,250</u>	<u>3,183,845</u>	<u>-</u>
Noncurrent Liabilities					
General Obligation Bonds Payable, Net	6,410,000	15,945,541	-	22,355,541	-
Loans & Notes, Net	12,366,425	902,095	-	13,268,520	-
Bond Premium	-	(313,603)	-	(313,603)	-
Bond Issuance Costs	-	209,101	-	209,101	-
Total Noncurrent Liabilities	<u>18,776,425</u>	<u>16,743,134</u>	<u>-</u>	<u>35,519,559</u>	<u>-</u>
<b>Total Liabilities</b>	<u>20,867,011</u>	<u>17,607,143</u>	<u>229,250</u>	<u>38,703,404</u>	<u>-</u>
Net Assets					
Invested in Capital Assets,					
Net of Related Debt	20,026,766	(9,465,537)	-	10,561,229	-
Restricted for					
Debt Service	-	-	226,544	226,544	-
System development	-	-	508,271	508,271	-
Unrestricted	1,276,083	14,059,676	-	15,335,759	-
<b>Total Net Assets</b>	<u>\$ 21,302,849</u>	<u>\$ 4,594,139</u>	<u>\$ 734,815</u>	<u>\$ 26,631,803</u>	<u>\$ -</u>
Adjustment to reflect consolidation of public works fund activity related to enterprise funds					
Prior year				(943,720)	
Current year				(1,847,523)	
Net assets - business type				<u>\$ 23,840,560</u>	

The accompanying notes are an integral part of this statement.



**CITY OF NEWPORT**  
**LINCOLN COUNTY, OREGON**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**As of June 30, 2010**

	WASTEWATER FUND	WATER FUND	OTHER PROPRIETARY FUNDS	TOTALS CURRENT YEAR	GOVERNMENTAL ACTIVITIES- PUBLIC WORKS
<b>OPERATING REVENUES</b>					
Charges for Sales and Services	\$ 2,868,322	\$ 1,942,971	\$ -	\$ 4,811,293	\$ -
Other Services	211	43,371	-	43,582	-
Total Operating Revenues	<u>2,868,533</u>	<u>1,986,342</u>	<u>-</u>	<u>4,854,875</u>	<u>-</u>
<b>OPERATING EXPENSES</b>					
Costs of Sales and Services	1,302,221	1,151,523	88,500	2,542,244	-
Administration	591,348	508,860	-	1,100,208	-
Depreciation	1,351,554	288,549	-	1,640,103	-
Total Operating Expenses	<u>3,245,123</u>	<u>1,948,932</u>	<u>88,500</u>	<u>5,282,555</u>	<u>-</u>
Net operating income (loss)	<u>(376,590)</u>	<u>37,410</u>	<u>(88,500)</u>	<u>(427,680)</u>	<u>-</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Property Taxes	-	-	1,206,787	1,206,787	-
Interest Income	11,847	162,657	7,574	182,078	-
Interest Expense	(612,396)	(44,057)	(584,308)	(1,240,761)	-
Systems Development Fees	-	-	90,066	90,066	-
Grants	-	2,000	-	2,000	-
Total Nonoperating Revenues (expenses)	<u>(600,549)</u>	<u>120,600</u>	<u>720,119</u>	<u>240,170</u>	<u>-</u>
Income Before Contributions and Transfers	(977,139)	158,010	631,619	(187,510)	-
Transfer In/Out	<u>3,013,831</u>	<u>354,182</u>	<u>(864,666)</u>	<u>2,503,347</u>	<u>(354,437)</u>
Change In Net Assets	2,036,692	512,192	(233,047)	2,315,837	(354,437)
Net Assets - Beginning of Year	<u>19,266,157</u>	<u>4,081,947</u>	<u>967,862</u>	<u>24,315,966</u>	<u>354,437</u>
Net Assets - End of Year	<u>\$ 21,302,849</u>	<u>\$ 4,594,139</u>	<u>\$ 734,815</u>	<u>\$ 26,631,803</u>	<u>\$ -</u>

Adjustment to reflect consolidation of public works fund activity related to enterprise funds

Prior year	(943,720)
Current year	(1,847,523)
Net assets - business type	<u>\$ 23,840,560</u>

The accompanying notes are an integral part of this statement.

**CITY OF NEWPORT**  
**LINCOLN COUNTY, OREGON**

**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS**  
**For the Year Ended June 30, 2010**

	SEWER FUND	WATER FUND	OTHER PROPRIETARY FUNDS	TOTALS CURRENT YEAR	GOVERNMENTAL ACTIVITIES- PUBLIC WORKS
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from Customers and Users	\$ 2,853,713	\$ 2,057,639	\$ 18,357	\$ 4,929,709	\$ -
Payments to Suppliers	(1,193,533)	(974,914)	-	(2,168,447)	(738,410)
Payments to Employees	(458,755)	(660,458)	(8)	(1,119,221)	(54,592)
Net Cash Provided by Operating Activities	1,201,425	422,267	18,349	1,642,041	(793,002)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Transfer To/From Other Funds	3,013,831	354,182	(864,666)	2,503,347	(354,437)
Interfund Loans	(75,000)	-	-	(75,000)	-
SDC Fees	-	-	90,066	90,066	-
Grants	-	2,000	-	2,000	-
Property Taxes	-	-	1,206,787	1,206,787	-
Net Cash Provided (used) from Noncapital and Related Financing Activities	2,938,831	356,182	432,187	3,727,200	(354,437)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Bond Premium	-	16,505	-	16,505	-
Bond Issuance Costs	-	(11,006)	-	(11,006)	-
Purchases of Capital Assets	(1,234,987)	(2,413,368)	-	(3,648,355)	-
Disposal of Capital Assets	-	(102,376)	-	(102,376)	964,832
Principal Paid on Debt	(1,717,068)	(330,943)	-	(2,048,011)	-
Interest Expense	(632,522)	(46,461)	(584,308)	(1,263,291)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(3,584,577)	(2,887,649)	(584,308)	(7,056,534)	964,832
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest and Dividends Received	11,847	162,657	7,574	182,078	-
Net Cash Provided (used) by Investing Activities	11,847	162,657	7,574	182,078	-
Net Increase, (Decrease) in Cash and Cash Equivalents	567,526	(1,946,543)	(126,198)	(1,505,215)	(182,607)
<b>CASH AND CASH EQUIVALENTS - BEGINNING</b>	929,236	16,006,676	875,812	17,811,724	182,607
<b>CASH AND CASH EQUIVALENTS - ENDING</b>	<b>\$ 1,496,762</b>	<b>\$ 14,060,133</b>	<b>\$ 749,614</b>	<b>\$ 16,306,509</b>	<b>\$ -</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>					
Operating Income	\$ (376,590)	\$ 37,410	\$ (88,500)	\$ (427,680)	\$ -
Adjustments					
Depreciation/Amortization	1,355,380	390,925	-	1,746,305	(723,338)
(Increase), Decrease in Accounts Receivable	(14,820)	38,846	3,765	27,791	-
Increase (Decrease) in Deferred Revenue	-	-	14,592	14,592	-
Increase, (Decrease) in Accounts Payable	240,232	(84,861)	88,500	243,871	(15,072)
Increase, (Decrease) in Prepaid Expenses	(725)	-	-	(725)	-
Increase, (Decrease) in customer deposits	-	32,451	-	32,451	-
Increase, (Decrease) in Compensated Absences	(3,961)	6,310	-	2,349	(29,015)
Increase, (Decrease) in Payroll Liabilities	1,909	1,186	(8)	3,087	(25,577)
Net Cash From Operations	<b>\$ 1,201,425</b>	<b>\$ 422,267</b>	<b>\$ 18,349</b>	<b>\$ 1,642,041</b>	<b>\$ (793,002)</b>

The accompanying notes are an integral part of this statement.

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**CITY OF NEWPORT**  
**LINCOLN COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the City of Newport, Oregon, have been prepared in conformity with accounting principles generally accepted in the United State of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

**THE FINANCIAL REPORTING ENTITY**

The City of Newport operates under a council-manager form of government instituted by a vote of the people May 18, 1962, effective as of July 1, 1962. It provides for a mayor, six councilors and a city manager. The mayor is elected for a term of two years and three councilors for four year terms every two years. The city manager, judge and city attorney are appointive positions.

The basic financial statements present the City and its blended component unit, the Newport Urban Renewal Agency (Agency), an entity for which the City is financially accountable, in accordance with GASB 39. The Agency, although a legally separate entity, is a part of the City's operations. It was organized to construct and administer capital improvements as outlined in the City's Urban Renewal Plan. The city council serves as its governing board. All activities of the Agency are recorded in capital construction funds and debt service funds. Complete financial statements for the Agency can be obtained at City Hall, Newport, Oregon 97365.

There are various other governmental agencies and special service district which provide services within the City's boundaries. However, the City is not financially accountable for any of these entities and accordingly their financial information is not included in these financial statements.

**GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The government-wide financial statements (i.e. the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements.

**CITY OF NEWPORT**  
**LINCOLN COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Property taxes, franchise fees, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be measurable to accrue as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

General Fund - This fund accounts for all financial resources and expenditures of the City, except those required to be accounted for in another fund. The principal revenue source is property taxes.

The Airport Fund - This fund reflects airport operations. Revenues supporting operations come primarily from transient room tax funds and receipts from fixed base operations (FBO).

Agate Beach Closure Fund – This fund accounts for financial resources and expenditures for the Agate Beach Disposal Site Closure. The primary source of revenues is collect fees charged through the disposal service company.

Room Tax Fund – This fund is for monitoring the marketing, advertising, community membership and economic development.

Street Fund- This fund is for street construction and maintenance. The primary source of revenues are gas taxes.

Blended Component Unit

Two of The Newport Urban Renewal Agency’s four funds are reported as major governmental funds. Below is a description of these funds:

**CITY OF NEWPORT**  
**LINCOLN COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (CONTINUED)**

North Side Urban Renewal District

The Urban Renewal Construction Fund accounts for the cost of major projects in the North Side Urban Renewal District while the Urban Renewal Debt Fund pays for the principal and interest on outstanding debt utilized to finance the projects. The major source of debt comes from property taxes.

South Beach Urban Renewal District

The South Beach Urban Renewal Construction Fund tracks the capital projects being built in the South Beach Urban Renewal District. South Beach Urban Renewal Debt Fund Accounts for the payment on the debt obligations arising from the projects.

The government reports the following major proprietary funds:

Sewer Fund – This fund accounts for the resources and expenses related to collection and treatment of wastewater. The primary source of revenue is user fees.

Water Fund - This fund reports financial activity related to supply, treatment and distribution of water, with the primary revenue coming from user fees.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include leases and rent income, capital grants, and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. General revenues include all taxes. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources to the limits of the policies and statutes governing them first, then unrestricted resources as they are needed.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds, and of the internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**CITY OF NEWPORT**  
**LINCOLN COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (CONTINUED)**

**BUDGETS**

A budget is prepared for each governmental fund type in accordance with the modified accrual basis of accounting and legal requirements set forth in Oregon Budget Law. Expenditures cannot legally exceed appropriation levels. In June, the City adopts the annual fiscal year appropriated budget. The legally adopted budget may be amended when unexpected modifications are required in estimated revenues and appropriations. Unencumbered appropriations for annually budgeted funds lapse at the fiscal year-end.

Unexpected additional resources may be added to the budget through the use of a supplemental budget. The supplemental budget process requires public notice, publication of supplemental budget, public hearing and approval by the City Council. Original and supplemental budgets may be modified by the City Council by the use of appropriation transfers between the levels of control. In addition, Oregon Budget Law provides certain specific exceptions to the supplemental budget process to increase appropriations. Such transfers and increases require approval by the City Council by adoption of a resolution. Budget appropriation amounts shown in the financial statements include the original and revised budget appropriations as approved by the City Council. Appropriations are limited to a single fiscal year; therefore, all spending authority lapses at year end. During 2009-10, the City Council approved one supplemental budget and made several appropriation transfers.

Expenditures of the various funds were within authorized appropriations for the year ended June 30, 2010, except for the following:

<u>Fund</u>	<u>Expenditure</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Unappropriated Expenditure</u>
General Fund	Municipal Court	38,260	41,438	\$ (3,178)
Room Tax Fund	Transfers Out	1,565,375	1,864,139	\$ (298,764)
North Side Urban Renewal District	Materials & Services	2,500	3,167	\$ (667)
North Side Urban Renewal District	Debt Service	1,083,490	4,071,655	\$ (2,988,165)
South Beach URA Debt Fund	Debt Service	477,730	479,515	\$ (1,785)
Building Permit & Inspection Fund	Personal Services	42,487	42,851	\$ (364)
General Debt Service Fund	LOCAP Debt Service	194,438	509,471	\$ (315,033)
Airport FBO Fund	Materials & Services	226,330	263,564	\$ (37,234)
Library Reserve Fund	Transfers Out	-	1,202	\$ (1,202)
Workers' Comp/General Insurance	Transfers Out	-	3,360	\$ (3,360)
Retirement Trust & Reserve	Transfers Out	-	57	\$ (57)
Combined Art Fund	Transfers Out	-	654	\$ (654)
Fire Reserve Fund	Capital Outlay	133,000	349,537	\$ (216,537)
Line Underground Fund	Capital Outlay	497,000	911,544	\$ (414,544)
Recreation Fund	Recreation Center	437,220	450,010	\$ (12,790)
Recreation Fund	Recreation Programs	228,239	233,430	\$ (5,191)
Housing Fund	Transfers Out	-	3,299	\$ (3,299)
Wastewater Fund	Wastewater Treatment Plant	852,718	868,124	\$ (15,406)
Wastewater SDC Fund	Transfers Out	7,500	34,666	\$ (27,166)

**CITY OF NEWPORT**  
**LINCOLN COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (CONTINUED)**

**ESTIMATES**

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

**ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY**

**Cash, Cash Equivalents and Investments**

The City's cash management policies are governed by state statutes. Statutes authorize the City to invest in specific types of investments, including time certificates of deposit, bankers acceptance and the Oregon State Treasurer's Local Government Investment Pool. The Local Government Investment Pool (LGIP) is part of the Oregon Short-Term fund maintained by the State Treasurer of Oregon. Its policies are governed by statutes and the Oregon Investment Council. Participation by local governments is voluntary. The reported value of the pool is the same as the fair value of pool shares.

Cash equivalents represent demand deposits as well as short-term investments with a maturity date within three months of the date acquired. Investments are stated at cost which approximates fair value.

**Receivables and Payables**

Activity between funds that are representative of lending and borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". Any residual balances outstanding between the governmental and business-type activities are reported in the government-wide financial statements as "internal balances".

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not expendable available financial resources.

Property taxes are levied as of July 1 on property assessed as of January 1<sup>st</sup>. The tax levy is due November 15, with an optional payment method of 1/3 due November 15, 1/3 due January 15, and 1/3 due March 15. Taxes paid in full November 15 are provided a 3 percent discount. The billings are considered delinquent after the appropriate due date, at which time the applicable property is subject to lien, and penalties and interest are assessed.

Notes and contracts receivable are recorded at par. Interest assessed is recorded as revenue when the payment becomes due.

Receivables for federal and state grants, and state, county and local shared revenue are recorded as revenue in all funds as earned. The receivables for state, county and local shared revenue are recorded in accounts receivable.

Investment earnings (e.g., accrued interest receivable) are recorded as revenue in all fund types as earned on investments.



**CITY OF NEWPORT**  
**LINCOLN COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (CONTINUED)**

**Supply Inventory**

In the proprietary funds, inventory is valued at cost using the first-in/first-out (FIFO) method. In the governmental funds, no inventory is maintained as cost is expensed at the time of purchase. The exception is in the debt fund, where foreclosed land held for resale is recorded at the related lien plus cost of foreclosure..

**Restricted assets**

Certain assets in various governmental funds are classified as restricted assets because their use is completely restricted for the repayment of outstanding bonds, system expansion, construction projects or other legal requirements.

**Capital assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life of over one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized when projects are constructed. 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 is calculated using the straight line method. The estimated useful lives of capital assets are as follows:

Buildings & Structures	10-40 years
Infrastructure	20-50 years
Equipment	5-20 years
Vehicles	5 years

**Compensated absences**

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

**CITY OF NEWPORT  
LINCOLN COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (CONTINUED)**

**Long-term obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**Fund equity/Net assets**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Net assets comprise the various net earnings from operations, nonoperating revenues, expenses and contributions of capital. Net assets are classified in the following three categories.

Invested in capital assets, net of related debt – consists of all capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – consists of external constraints placed on net asset use by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets – consists of all other net assets that are not included in the other categories previously mentioned.

**CITY OF NEWPORT**  
**LINCOLN COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**2. CASH AND INVESTMENTS**

Cash and Investments at June 30, 2010 (recorded at fair value) consisted of:

Deposits with Financial Institutions:	
Petty Cash	\$ 789
Demand Deposits	18,193,083
Investments	7,832,986
Total	\$ 26,026,858
Government-Wide Presentation:	
Governmental Activities	\$ 9,720,349
Business Type Activities	16,306,509
Total	\$ 26,026,858

**DEPOSITS**

Deposits with financial institutions include bank demand deposits. Oregon Revised Statutes require deposits to be adequately covered by federal depository insurance or deposited at an approved depository as identified by the Treasury.

**Custodial Credit Risk**

Custodial credit risk for deposits is the risk that, in the event of a bank failure deposits will not be recovered. There is no formal deposit policy for custodial credit risk. The total bank balance per the bank statements is \$18,011,032, of which \$822,187 is covered by federal depository insurance. The remaining was collateralized in accordance with Oregon law.

**INVESTMENTS**

As of June 30, 2010, there were the following investments and maturities.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in months)</u>		
		<u>Less than 3</u>	<u>3-17</u>	<u>18-59</u>
State Treasurer's investment pool	\$ 5,222,586	\$ 5,222,586	\$ -	\$ -
U.S Agency Securities	2,610,400	-	-	2,610,400
Total	\$ 7,832,986	\$ 5,222,586	\$ -	\$ 2,610,400

**Interest Rate Risk**

Oregon Revised Statutes require investments to not exceed a maturity of 18 months, except when the local government has adopted a written investment policy that was submitted to and reviewed by the OSTFB.

**Custodial Credit Risk**

Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the value of the deposit will not be recovered. There is no formal investment policy for custodial credit risk. There are no investments that have a maturity date past eighteen months.

**CITY OF NEWPORT**  
**LINCOLN COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**2. CASH AND INVESTMENTS (CONTINUED)**

Custodial Credit Risk (Continued)

Oregon Revised Statutes do not limit investments as to credit rating for securities purchased from US Government Agencies or USGSE.

Concentration of Credit Risk

At June 30, 2010, 67% of total investments were in the State Treasurer's Investment Pool and 33% were in U.S. Agency Securities. State statutes do not limit the percentage of investments in either of these instruments. Oregon Revised Statutes require no more than 25 percent of the moneys of local government to be invested in bankers' acceptances of any qualified financial institution. At June 30, 2010, investments were in compliance with all percentage restrictions.

In accordance with Governmental Accounting Standards Board (GASB) Statement No.31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, investments with a remaining maturity of more than one year at the time of purchase are stated at fair value at June 30, 2010. Fair value is determined at the quoted market price, if available; otherwise the fair value is estimated based on the amount at which the investment could be exchanged in a current transaction between willing parties, other than in a forced liquidation sale. As of June 30, 2010 the fair value of the position in the LGIP is 99.56% of the value of the pool shares as reported in the Oregon Short Term Fund audited financial statements.

The LGIP is administered by the Oregon State Treasury. The LGIP is an open-ended no-load diversified portfolio offered to any agency, political subdivision or public corporation of the state who by law is made the custodian of, or has control of, any fund. The LGIP is commingled with the State's short-term funds. In seeking to best serve local governments of Oregon, the Oregon Legislature established the Oregon Short-Term Fund Board. The purpose of the Board is to advise the Oregon State Treasury in the management and investment of the LGIP.

**3. RECEIVABLES**

Uncollected accounts receivables are deemed to be substantially collectible or recoverable through liens; therefore, no allowance for uncollectible accounts has been established.

Assessments receivable represent the uncollected amounts levied against benefited properties for the costs of local improvements. Since the assessments are liens against the properties, an allowance for uncollectible amounts is not deemed necessary. Assessments are payable over a period of ten years and bear interest at 6.467% to 10.1%.

The City has been involved as a conduit in a Low Income Housing Assistance grant, the purpose of which is to encourage development of affordable housing and improve deteriorated property. These loans are either being paid upon monthly or become due upon the sale or transfer of the benefitting properties. The notes are recorded in the Capital Projects and Special Revenue Funds. The additional small notes originating from the sale of properties are recorded in various funds.

Property taxes are levied and become a lien on all taxable property as of July 1. Taxes are levied on November 15 with collection dates: November 15, February 15, and May 15. Discounts are allowed if the amount due is received by November 15. Taxes unpaid and outstanding on May 16 are considered delinquent.

**CITY OF NEWPORT  
LINCOLN COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**3. RECEIVABLES (CONTINUED)**

Uncollected property taxes are deemed to be substantially collectible or recoverable through liens; therefore, no allowance for uncollectible taxes has been established. Taxes collected within approximately sixty days of the fiscal year end are recognized as revenue, the remaining balance of property taxes receivable is recorded as deferred revenue as it is not considered available to finance operations of the current period.

**4. CAPITAL ASSETS**

The changes in capital assets for the fiscal year ended June 30, 2010 are as follows:

GOVERNMENTAL ACTIVITIES CAPITAL ASSETS				
	July 1, 2009	Additions & Adjustments	Disposals & Adjustments	June 30, 2010
Capital Assets, not being depreciated				
Land	\$ 8,796,155	\$ -	\$ -	\$ 8,796,155
Construction in Progress	62,129	2,016,097	29,035	2,049,191
Total, not being depreciated	8,858,284	2,016,097	29,035	10,845,346
Buildings & Structures	28,099,582	321,989	-	28,421,571
Equipment	3,579,765	36,033	-	3,615,798
Vehicles	3,094,794	594,493	-	3,689,287
Infrastructure	25,946,603	108,355	-	26,054,958
Total, being depreciated	60,720,744	1,060,870	-	61,781,614
Less Accumulated Depreciation				
Buildings & Structures	(13,617,089)	(1,090,907)	-	(14,707,996)
Equipment	(3,091,849)	(123,044)	-	(3,214,893)
Vehicles	(2,115,011)	(205,268)	-	(2,320,279)
Infrastructure	(8,857,356)	(468,339)	-	(9,325,695)
Total Accumulated Depreciation	(27,681,305)	(1,887,558)	-	(29,568,863)
Total Capital Assets being Depreciated, net	33,039,439	2,948,428	-	32,212,751
Governmental Activities Capital Assets, net	\$ 41,897,723	\$ 4,964,525	\$ 29,035	\$ 43,058,097

Depreciation expense is \$1,887,558 for Governmental.

Depreciation expense was charged to the functions as follows:

**Governmental Activities:**

General Government	\$ 355,501
Public Safety	592,449
Streets	288,930
Economic Development	221,679
Culture and Recreation	428,999
Total depreciation expense, governmental activities	\$ 1,887,558

**CITY OF NEWPORT**  
**LINCOLN COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**4. CAPITAL ASSETS (CONTINUED)**

	BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS			
	July 1, 2009	Additions & Adjustments	Disposals & Adjustments	June 30, 2010
Capital Assets, not being depreciated				
Land	\$ 26,910	\$ 217,696	\$ -	\$ 244,606
Construction in Progress	440,628	3,063,554	102,376	3,401,806
Total, not being depreciated	<u>467,538</u>	<u>3,281,250</u>	<u>102,376</u>	<u>3,646,412</u>
Buildings & Structures	12,396,802	-	-	12,396,802
Equipment	1,179,566	69,211	-	1,248,777
Vehicles	497,661	281,445	-	779,106
Infrastructure	49,767,270	118,827	-	49,886,097
Total, being depreciated	<u>63,841,299</u>	<u>469,483</u>	<u>-</u>	<u>64,310,782</u>
Less Accumulated Depreciation				
Buildings & Structures	(8,297,833)	(313,033)	-	(8,610,866)
Equipment	(887,573)	(48,562)	-	(936,135)
Vehicles	(417,637)	(23,659)	-	(441,296)
Infrastructure	(8,650,981)	(1,258,677)	-	(9,909,658)
Total Accumulated Depreciation	<u>(18,254,024)</u>	<u>(1,643,931)</u>	<u>-</u>	<u>(19,897,955)</u>
Total Capital Assets being Depreciated, net	<u>45,587,275</u>	<u>2,113,414</u>	<u>-</u>	<u>44,412,827</u>
Business-Type Activities Capital Assets, net	<u>\$ 46,054,813</u>	<u>\$ 5,394,664</u>	<u>\$ 102,376</u>	<u>\$ 48,059,239</u>

Depreciation expense was charged to the functions as follows:

**Business-type Activities:**

Water Operations	\$ 288,549
Sewer Operations	1,355,382
Total depreciation expense, business-type activities	<u>\$ 1,643,931</u>

**5. LAND HELD FOR RESALE**

The City foreclosed on properties securing special assessments. When the right of redemption expired, the properties were deeded to the City. These properties are recorded at the cost of the assessment, foreclosure costs and interest expense in the Debt Service Funds. The City is marketing these properties as a means of financing the related debt service costs. As of June 30, 2010 there was \$9,751 in Land Held for Resale.

**CITY OF NEWPORT**  
**LINCOLN COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**6. INTERFUND RECEIVABLE/ PAYABLE**

The compositions of interfund balances as of June 30, 2010, are as follows:

	<u>Other Funds</u>	<u>Other Funds</u>
Sewer Fund	\$ -	\$ 75,000
Room Tax	75,000	-
General Fund	703,814	-
Airport Fund	-	172,862
Street Fund	-	530,952
Total Funds	<u>\$ 778,814</u>	<u>\$ 778,814</u>

The purpose of the interfund loans was to cover deficit cash positions in the receiving funds at the end of the fiscal year.

**7. LONG-TERM DEBT**

General obligation bonds are issued to provide funds for the acquisition and construction of major capital facilities. They have been issued for both governmental and business-type activities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. The original amount of bonds issued in prior years was \$21,945,000. Current bonds outstanding:

	<u>Business-type</u>
1998 Water System Imp., issued January 1998, rates 4% - 4.55%, maturing 2012	\$ 465,000
2008 Sewer Bonds, April 2008, rate 3.5%, maturing 2019	6,955,000
2009 Water Improvement Bonds - Series A rate 3.5% - 5%, maturing 2020	6,265,000
2009 Water Improvement Bonds - Series B rate 3.5%, maturing 2029	9,630,541
Total Funds	<u>\$ 23,315,541</u>

Annual debt requirements to maturity for business – type bonds are as follows:

<u>FOR THE YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>
<u>ENDED</u>		
2011	\$ 960,000	\$ 510,692
2012	1,080,000	474,217
2013	1,225,000	436,250
2014	1,325,000	395,875
2015	1,425,000	2,170,625
2016-2020	8,376,407	862,650
2020-2025	5,334,860	-
2025-2029	3,589,274	-
	<u>\$ 23,315,541</u>	<u>\$ 4,850,309</u>

**CITY OF NEWPORT**  
**LINCOLN COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**7. LONG-TERM DEBT (CONTINUED)**

The City of Newport and Newport Urban Renewal Agency have signed cooperative agreements to build or renovate properties. Below is a summary of the bonds and loans by type of fund where they are recorded:

	<b>Governmental</b>	<b>Business-type</b>
<b>Governmental</b>		
Series "2000" Bond from Bank of America, issued December 2000 for \$6,000,000 to finance improvements in Nye Beach, renovate city hall, uptown and the bayfront board walk. Interest rates range from 5.2% to 5.9%, with maturity in 2016.	\$ 422,929	
<b>Recreation Fund</b>		
Oregon Dept. of Energy loan of \$500,000, issued November 1999 went for the construction of the Recreation Center. The interest rate is 5.7%, with maturity October 2015.	228,100	
<p>The City of Newport was granted a Special Public Works fund loan, issued April 2000 of \$4,900,000 from the Oregon Economic Development Department to build the Recreation Center. Interest rates are 5.25% to 5.5%, maturing in December 2019.</p>		
<b>Sewer Fund</b>		
Oregon Economic & Community Development Department loan of \$2,800,000, issued March 2000 was for helping finance the Wastewater Treatment Plant. Interest rates range from 5.25% to 5.75%, with maturity December 2019.		\$ 1,761,284
Oregon Economic & Community Development Department loan of \$2,800,000 through the State's Water/Wastewater Fund issued March 2000 was for helping finance the Wastewater Treatment Plant. Interest rates range from 5.25% to 5.75%, with maturity December 2019		1,761,284
The City has a loan with the Oregon Department of Environmental Quality, issued December 1996 for \$7,900,000. Interest is at 3.84%, payable in forty semi-annual payments with the loan maturing in July 2027. Payments began as interest only for six months after the project was completed. This is a revenue secured loan, whereby net operating revenues are pledged to pay the amounts due under the loan agreement.		5,708,097
The City has an agreement with the Oregon Department of Environmental Quality, issued December 1996 for funds totaling up to \$12,169,671, payable in forty semi-annual payments beginning with an interest only payment six months after project completion. Interest is 3.84%, with the loan maturing in July 2027.		4,032,992
<b>Total Bonds and Loans Under Cooperative Agreements</b>	<b>\$ 651,029</b>	<b>\$ 13,263,657</b>



**CITY OF NEWPORT**  
**LINCOLN COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**7. LONG-TERM DEBT (CONTINUED)**

	<b>Governmental</b>	<b>Business-type</b>
<b>Other/Loans Bonds</b>		
Series "2007" Urban Renewal Bond from Bank of America, issued May 2007 for \$900,000 to finance the 4B storm drain project in the South Beach urban growth area. The interest rate is 5.25% maturing June 2017.	\$ 679,000	
Newport Urban Renewal Agency has a loan issued June 1991, with Oregon Economic Development Department for \$500,000 to help finance the Oregon Coast Aquarium. The interest rate is 5%, maturing in July 2010.	14,474	
Series "2008" Urban Renewal Bond from Bank of America, issued May 2008 for \$2,530,000 to finance projects in the South Beach urban growth area. The interest rate is 4.25% maturing June 2018.	2,105,000	
Certificates of Participation, Series 2007B from The League of Oregon Cities Cooperative Asset Financing Program, issued October 2007 for \$1,015,000 to finance various City purchases and to pay off the Municipal Airport Debt. The interest rate is 3.9% to 5.0% maturing July 2024.	715,000	
Certificates of Participation, Series 2009B from The League of Oregon Cities Cooperative Asset Financing Program, issued September 2009 for \$2,580,000 to finance the Bay Boulevard project. The interest rate is 3.9% to 5.0% maturing 2019.	2,305,000	
The City entered into an agreement with Seal Rock Water District to assume responsibility to provided services for an area of property. In return the City agreed to pay the District \$958,502. The interest rate is 4.75% maturing November 2037.	\$ 918,811	\$ 918,811
Total Other Loans/Bonds	5,818,474	918,811
Total Loans	\$ 6,469,503	\$ 14,182,468

**CITY OF NEWPORT**  
**LINCOLN COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**7. LONG-TERM DEBT (CONTINUED)**

Annual debt requirements to maturity are as follows:

<b>GOVERNMENTAL ACTIVITIES</b>			<b>BUSINESS-TYPE ACTIVITIES</b>		
<b>YEAR</b>	<b>PRINCIPAL</b>	<b>INTEREST</b>	<b>YEAR</b>	<b>PRINCIPAL</b>	<b>INTEREST</b>
2010-2011	\$ 1,178,073	\$ 277,215	2010-2011	\$ 913,949	\$ 604,836
2011-2012	766,870	201,170	2011-2012	951,331	565,094
2012-2013	799,215	173,740	2012-2013	989,881	523,342
2013-2014	655,679	143,942	2013-2014	1,039,591	479,883
2014-2015	689,294	149,284	2014-2015	1,080,508	434,116
2015-2020	2,285,372	225,193	2015-2020	6,162,131	1,413,490
2020-2025	95,000	12,250	2020-2025	2,483,084	288,237
2025-2030	-	-	2025-2030	187,548	112,452
2030-2035	-	-	2030-2035	237,713	62,287
2035-2038	-	-	2035-2038	136,732	8,268
	<b>\$ 6,469,503</b>	<b>\$ 1,182,794</b>		<b>\$ 14,182,468</b>	<b>\$ 4,492,005</b>

**Capital Leases**

The City has two lease purchase agreements:

	<b>Governmental</b>
Dell Financing Services Lease #810-0088799779-002	\$ 27,577
Leaf Funding, Inc. - Airport Copier Lease Purchase	4,843
<b>Total Capital Leases</b>	<b>\$ 32,420</b>

Annual debt requirements to maturity are as follows:

<b>YEAR</b>	<b>PRINCIPAL</b>	<b>INTEREST</b>
2010-2011	\$ 10,819	\$ 1,459
2011-2012	11,409	869
2012-2013	9,266	242
2013-2014	926	-
	<b>\$ 32,420</b>	<b>\$ 2,570</b>

**CITY OF NEWPORT**  
**LINCOLN COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**7. LONG-TERM DEBT (CONTINUED)**

Long-Term Debt activity for the year ended June 30, 2010, is as follows:

**CHANGES IN LONG-TERM DEBT**

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>					
City					
Bonds Payable	\$ 1,300,000	\$ -	\$ 877,071	\$ 422,929	\$ 422,929
Notes Payable	4,436,517	2,580,000	3,768,417	3,248,100	447,144
Capital Leases	42,696	-	10,276	32,420	10,819
Newport URA					
Loans & Bonds Payable	3,134,996	-	336,524	2,798,472	322,474
<b>Governmental activities</b>					
Long-Term Debt	<u>\$ 8,914,209</u>	<u>\$ 2,580,000</u>	<u>\$ 4,992,288</u>	<u>\$ 6,501,921</u>	<u>\$ 1,203,366</u>
<b>Business-type Activities:</b>					
Bonds Payable	24,145,541	-	830,000	23,315,541	960,000
Notes Payable	15,400,480	-	1,218,011	14,182,469	913,949
Bond Premium	(330,108)	-	(16,505)	(313,603)	(16,505)
Bond Issuance Costs	220,107	-	11,006	209,101	11,005
<b>Business-type Activities</b>					
Long-Term Debt	<u>\$ 39,436,020</u>	<u>\$ -</u>	<u>\$ 2,042,512</u>	<u>\$ 37,393,508</u>	<u>\$ 1,868,449</u>
<b>Total Long-Term Debt</b>					
	<u>\$ 48,350,229</u>	<u>\$ 2,580,000</u>	<u>\$ 7,034,800</u>	<u>\$ 43,895,429</u>	<u>\$ 3,071,815</u>
<b>Compensated Absences</b>					
Governmental	311,928	92,701	-	404,629	404,629
Business Type	72,717	-	17,934	54,783	54,783
<b>Total Compensated Absences</b>					
	<u>\$ 384,645</u>	<u>\$ 92,701</u>	<u>\$ 17,934</u>	<u>\$ 459,412</u>	<u>\$ 459,412</u>

**8. RISK MANAGEMENT**

There is exposure to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. Commercial insurance is purchased for general, auto and property liability. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

**9. RETIREMENT PLANS**

A cost-sharing multiple-employer plan is provided that covers all fire and police employees; and a combined single-employer defined benefit contribution money purchase plan for eligible employees. Below is a summary of each plan.

**CITY OF NEWPORT**  
**LINCOLN COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**9. RETIREMENT PLANS (CONTINUED)**

**PENSION- FIRE & POLICE**

**Plan Description**

Contributions are made to the Oregon Public Employees Retirement Fund (OPERF), a cost-sharing multiple employer pension plan administered by the Oregon Public Employees Retirement System (PERS). PERS provides retirement and disability benefits, postemployment healthcare benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS is administered under Oregon Revised

Statute Chapter 238. ORS Chapter 238.620 establishes the Public Employees Retirement Board as the governing body of PERS.

The authority to establish and amend the benefit provisions of the plan rests with the Oregon Legislature. PERS issues a publicly available financial report that includes financial and required supplementary information. That report may be obtained by writing to PERS, PO Box 23700, Tigard, OR 97281-3700 or by calling 1-503-598-7377.

**Funding Policy**

All regular fire and police employees participate in the Plan with the City contributing 6% for the employee share. ORS 238.225 requires contributions at an actuarially determined rate which is 8.96% for PERS and 4.33% for Oregon Public Service Retirement Plan (OPSRP) for the current year. Contribution requirements for plan members and the City are established by ORS Chapter 238 and may be amended by an act of the Oregon Legislature.

**Annual Pension Cost**

For the fiscal years ending June 30, 2010, 2009, and 2008, the annual pension cost of \$257,788, \$314,313, and \$263,001 respectively, was equal to the required and actual contributions. The required contributions and liabilities were determined as part of the December 31, 2006 actuarial valuation using the entry age actuarial cost method. Because all OPERS employers are required by law to submit the contributions adopted by the Retirement Board, and the employer contributions are calculated in conformance with the standards of Statement No. 27, there is no net pension obligation. The contributions actually made are equivalent to the annual pension cost. Significant actuarial assumptions used in the valuation include (a) a rate of return of 8.0% per year, net of investment and administrative expenses (assumed earnings rate for purposes of Tier One guaranteed interest credit); (b) wage growth of 4.25% per year, excluding merit or longevity increases; (c) projected post-retirement benefit increases of 2.0% per year; (d) demographic assumptions that have been chosen to reflect the best estimate of emerging experience of the members of OPERS; (e) consumer price inflation of 3.5% per year; and (f) future interest credits of 8.5% for Tier One and 8.0% for Tier Two. Unfunded actuarial liability is amortized as a level percentage of covered payroll over a thirty-year period on an open basis.

**CITY OF NEWPORT  
LINCOLN COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**9. RETIREMENT PLANS (CONTINUED)**

**EMPLOYEE'S RETIREMENT PLAN**

**Plan Description**

The City contributes to the City of Newport Employee's Retirement Plan, administered by the Retirement Board for the purpose of providing all of its eligible regular employees of the City with retirement benefits. The investments of the Plan are administered by the Board of Trustees consisting of five members. The Plan is a combined single-employer defined benefit and defined contribution money purchase plan, qualifying under Sections 401(a) of the Internal Revenue Code.

An employee's basic benefit under the Plan is a monthly pension for life equal to the sum of the following:

A Money Purchase benefit, which is an annuity equal in value to the combined balances of employee and Purchase accounts,

A Defined Benefit, which is equal to the benefit years times 1.2% of the average monthly earnings, and

A voluntary contribution benefit, which is an annuity equal in value to the balance of the voluntary contribution account.

A full time employee is eligible to become a member in the Plan the first of the month following six months of service. Effective January 1, 1983, benefits for police and fire employees are provided through the Oregon Public Employee Retirement system.

The plan provides death and disability benefits under the defined benefit portion of the plan. Disability or death also allows for full withdrawal of defined contribution (money purchase) account balances.

Authority to establish and amend the benefit provisions of the Plan rests with the Retirement Board. A separately issued actuarial report is available from the Retirement Board. That report may be obtained from the City of Newport, 169 SW Coast Hwy, Newport, Oregon 97365, 541-574-0615.

**Defined Contribution – Money Purchase**

The City contributes 6% of compensation into the defined contribution (money purchase) plan and members may contribute up to 10% of compensation on a voluntary basis. At retirement, this amount provides an additional annuity equal in value to the combined balances of the participant's employee and employer accounts. Conversion of accounts to annuities shall be based on actuarial equivalency. The employer's contribution met the recommended required contribution for the current and prior years.

**CITY OF NEWPORT**  
**LINCOLN COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**9. RETIREMENT PLANS (CONTINUED)**

**EMPLOYEE'S RETIREMENT PLAN**

**Three-Year Trend information**  
**Defined Contribution – Money Purchase**

<u>Fiscal Year</u>	<u>Annual Pension Cost</u>	<u>% of Annual Pension Cost Contributed</u>
6/30/08	161,451	100%
6/30/09	179,168	100%
6/30/10	193,971	100%

**Defined Benefit**

The defined benefit portion of the plan provides for a monthly pension equal to benefit years times 1.2% of average monthly earnings. The defined benefit portion of the normal retirement basic benefit shall not be less than the greatest retirement defined benefit the participant could have received. Average monthly earnings means the average of the participant's monthly earnings in the three consecutive plan years of highest compensation in the last ten years of employment.

The funding policy of the defined portion provides for actuarially determined periodic contributions at rates that over time provide sufficient assets available to pay benefits when due. For the current fiscal year, \$446,113 was contributed to the plan. The plan's normal cost is \$371,735, with interest plus amortization (over 30 years) of the plans unfunded actuarial accrued liability with interest. At June 30, 2010 the net pension obligation is \$63,305.

The annual required contribution to the defined benefit plan was computed as part of an actuarial valuation performed as of July 1, 2009. Significant actuarial assumptions used in the valuation include: (a) a rate of return on the investment of present and future assets of 6%, (b) projected salary increases of 3% per year in addition to salary increases due to promotions and longevity.

Assets of the plan are reported at fair market value at the beginning of the year plus receivables from the prior year. The Projected Unit Credit Cost Method was used to determine the normal cost and actuarial accrued liability for retirement, termination, and ancillary benefits.

Below is a summary of the annual pension cost recommended at the beginning of each year, contributions made and resulting obligation. Annual pension cost reflects normal cost, amortization and interest charges, and the net obligation carryover from the previous year.

**CITY OF NEWPORT  
LINCOLN COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**9. RETIREMENT PLANS (CONTINUED)**

<b>Three-Year Trend information</b>			
<b>Defined Benefit</b>			
<u>Fiscal Year</u>	<u>Annual Pension Cost</u>	<u>% of Annual Pension Cost Contributed</u>	<u>Net Provider Obligation</u>
6/30/08	371,735	108%	(29,531)
6/30/09	399,465	93.6%	25,603
6/30/10	431,651	85.3%	63,305

**Post Employment Benefits**

The City provided post retirement health care benefits for retirees, with the cost of the premium 100% borne by the retiree.

**10. OTHER POST-EMPLOYMENT BENEFITS (OPEB)**

In the current year, it was actuarially determined that the City does not need an actuarial valuation for other post-employment benefits under GASB 45.

**11. OPERATING LEASES**

The City has entered into ten operating leases for computer systems and copiers. Future minimum lease payments are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
6/30/11	20,087
6/30/12	14,051
6/30/13	<u>2,552</u>
Total	<u>\$36,690</u>

**12. PROPERTY TAX LIMITATION**

The State of Oregon imposes a constitutional limit on property taxes for schools and non-school government operations. School operations include community colleges, local school districts, and education service districts. The limitation provides that property taxes for school operations are limited to \$5.00 for each \$1,000 of property market value. This limitation does not apply to taxes levied for principal and interest on general obligation bonded debt. The result of this requirement has been that school districts have become more dependent upon state funding and less dependent upon property tax revenues as their major source of operating revenue.

The State further reduced property taxes by replacing the previous constitutional limits on tax bases with a rate and value limit in 1997. This reduction is accomplished by rolling property values back to their 1995-96 values less 10% and limiting future tax value growth of each property to no more than 3% per year, subject to certain exceptions. Taxes levied to support bonded debt are exempted from the reductions. The State Constitution set restrictive voter approval requirements for most tax and many fee increases and new bond issues, and requires the State to minimize the impact to school districts from the impact of the tax cuts.

**CITY OF NEWPORT**  
**LINCOLN COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**13. DEFICIT FUND BALANCE**

As of 30 June 30 2010, the City had five funds with negative fund balances. It intends to resolve these balances by:

- Transferring \$100,000 from the General Fund and Fire Reserve Funds and \$135,948 from the Room Tax Fund to eliminate the General Debt Service Fund's deficit of \$335,948.
- Transferring \$25,203 from the General Fund to eliminate the Airport Fund's deficit of that amount.
- Transferring \$157,157 from the General Fund to eliminate the Airport FBO's deficit of that amount.
- Transferring \$148,064 from the General Fund to reduce the Street Fund's deficit from \$648,064 to \$500,000. The City is analyzing the Street Fund's history, current financial situation and forecasts for the near- and long-term future and, based upon that analysis, will correct any systemic or structural problems the Fund may have, eliminate those problems, and reduce the deficit by no less than \$100,000 per year.
- Transferring \$45,675 from the General Fund to eliminate the Parks and Recreation Fund's deficit of that amount.

**14. SUBSEQUENT EVENTS**

On July 1, 2010 the City entered into two 15-year Full Faith and Credit Refunding Obligations in the amount of \$14,025,000 at varying interest rates of 0.02-4.5%.



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**CITY OF NEWPORT**  
**LINCOLN COUNTY, OREGON**

**REQUIRED SUPPLEMENTARY INFORMATION**

Individual Major Governmental Fund Statements

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**CITY OF NEWPORT**  
**LINCOLN COUNTY, OREGON**

**REQUIRED SUPPLEMENTAL INFORMATION**  
**SCHEDULE OF FUND PROGRESS**  
**TREND INFORMATION**  
For the Year Ended June 30, 2010

**EMPLOYEE'S RETIREMENT PLAN**

**DEFINED BENEFIT - EXCLUSIVE OF MONEY PURCHASE**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Act. Liab.	Funded Percent	Covered Payroll	UAL/ Payroll
07/01/08	3,343,845	5,117,414	1,773,569	72%	2,557,688	69%
07/01/09	3,411,775	5,578,867	2,167,092	61%	2,647,845	82%
07/01/10	3,769,937	6,136,594	2,366,657	61%	2,932,240	81%

**DEFINED CONTRIBUTION - MONEY PURCHASE**

Actuarial Valuation Date	Actuarial Value of Assets	Vested Amount	Funded Percent
07/01/08	3,157,043	3,026,028	104%
07/01/09	2,786,588	2,637,861	106%
07/01/10	3,184,262	N/A*	N/A*

\* Vested amount not available in the June 30, 2010 Defined Contribution valuation.

**CITY OF NEWPORT**  
**LINCOLN COUNTY, OREGON**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**ACTUAL AND BUDGET - BUDGETARY BASIS**  
**For the Year Ended June 30, 2010**

	<u>GENERAL FUND</u>			VARIANCE WITH FINAL BUDGET (NEGATIVE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
<b>REVENUES</b>				
Property Taxes	\$ 4,425,000	\$ 4,425,000	\$ 4,582,970	\$ 157,970
Other Taxes	56,000	56,000	53,510	(2,490)
Fees	968,840	968,840	1,304,098	335,258
Intergovernmental	827,000	827,000	770,990	(56,010)
Grants	502,997	502,997	21,468	(481,529)
Gifts & Donations	500	500	-	(500)
Fines	169,000	169,000	173,203	4,203
Rents and Leases	135,000	135,000	117,593	(17,407)
Interest	25,000	25,000	8,148	(16,852)
Services Provided	871,281	871,281	1,006,866	135,585
Miscellaneous	50,000	50,000	72,936	22,936
<b>Total Revenue</b>	<b>8,030,618</b>	<b>8,030,618</b>	<b>8,111,782</b>	<b>81,164</b>
<b>EXPENDITURES</b>				
City Council & Mayor	40,050	40,050 (1)	30,184	9,866
City Manager	439,420	439,420 (1)	404,598	34,822
Information Technology	300,848	300,848 (1)	217,002	83,846
Municipal Court	36,260	38,260 (1)	41,438	(3,178)
City Attorney	180,072	180,072 (1)	164,827	15,245
Finance	476,427	474,427 (1)	451,265	23,162
Police Department	2,986,411	2,986,411 (1)	2,752,617	233,794
Central Dispatch	514,942	514,942 (1)	510,328	4,614
Fire Department	1,234,954	1,234,954 (1)	1,042,806	192,148
Library	1,006,756	1,006,756 (1)	917,180	89,576
Building Maintenance	174,337	186,337 (1)	180,809	5,528
Community Development	364,358	364,358 (1)	351,275	13,083
Parks & Recreation	186,528	186,528 (1)	155,632	30,896
Parks Maintenance	296,740	296,740 (1)	253,950	42,790
Senior Activity Center	158,679	158,679 (1)	117,555	41,124
Public Works Administration	180,193	185,193 (1)	172,558	12,635
Engineering	257,068	273,068 (1)	270,783	2,285
Non-Departmental	398,352	398,352 (1)	388,283	10,069
Contingency	355,487	277,487 (1)	-	277,487
<b>Total Expenditures</b>	<b>9,587,882</b>	<b>9,542,882</b>	<b>8,423,090</b>	<b>1,119,792</b>
Excess of Revenues				
Over (Under) Expenditures	(1,557,264)	(1,512,264)	(311,308)	1,200,956
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	1,148,841	1,148,841	997,338	(151,503)
Transfers Out	(548,785)	(593,785) (1)	(593,785)	-
<b>Total Other Financing Sources (Uses)</b>	<b>600,056</b>	<b>555,056</b>	<b>403,553</b>	<b>(151,503)</b>
<b>Net Change in Fund Balance</b>	<b>(957,208)</b>	<b>(957,208)</b>	<b>92,245</b>	<b>1,049,453</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>957,208</b>	<b>957,208</b>	<b>775,168</b>	<b>(182,040)</b>
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 867,413</b>	<b>\$ 867,413</b>

(1) Appropriation Level

**CITY OF NEWPORT**  
**LINCOLN COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**ACTUAL AND BUDGET - BUDGETARY BASIS**  
**For the Year Ended June 30, 2010**

<u>AIRPORT FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
<b>REVENUES</b>				
Services Provided	\$ 32,000	\$ 32,000	\$ 32,000	\$ -
Leases and Rentals	40,000	40,000	34,937	(5,063)
Miscellaneous Income	5,000	5,000	3,878	(1,122)
Grants	1,384,900	2,468,900	2,177,530	(291,370)
<b>Total Revenues</b>	<b>1,461,900</b>	<b>2,545,900</b>	<b>2,248,345</b>	<b>(297,555)</b>
<b>EXPENDITURES</b>				
Personal Services	222,663	222,663 (1)	214,712	7,951
Materials & Services	1,338,600	2,422,600 (1)	2,213,315	209,285
Capital Outlay	193,250	193,250 (1)	-	193,250
Contingency	25,887	25,887 (1)	-	25,887
<b>Total Expenditures</b>	<b>1,780,400</b>	<b>2,864,400</b>	<b>2,428,027</b>	<b>436,373</b>
Excess of Revenues Over (Under) Expenditures	(318,500)	(318,500)	(179,682)	138,818
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	318,500	318,500	433,554	115,054
<b>Total Other Financing Sources (Uses)</b>	<b>318,500</b>	<b>318,500</b>	<b>433,554</b>	<b>115,054</b>
Net Change in Fund Balance	-	-	253,872	253,872
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>-</b>	<b>-</b>	<b>(274,375)</b>	<b>(274,375)</b>
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (20,503)</b>	<b>\$ (20,503)</b>

(1) Appropriation Level

**CITY OF NEWPORT**  
**LINCOLN COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**ACTUAL AND BUDGET - BUDGETARY BASIS**  
**For the Year Ended June 30, 2010**

<u>AGATE BEACH CLOSURE FUND</u>				
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>				
Agate Beach Closure Fees	\$ 12,000	\$ 12,000	\$ 9,586	\$ (2,414)
Interest on Investments	30,000	30,000	11,300	(18,700)
<b>Total Revenues</b>	<u>42,000</u>	<u>42,000</u>	<u>20,886</u>	<u>(21,114)</u>
<b>EXPENDITURES</b>				
Materials & Services	100,000	100,000 (1)	45,947	54,053
Contingency	1,469,778	1,469,778 (1)	-	1,469,778
<b>Total Expenditures</b>	<u>1,569,778</u>	<u>1,569,778</u>	<u>45,947</u>	<u>1,523,831</u>
Net Change in Fund Balance	(1,527,778)	(1,527,778)	(25,061)	1,502,717
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>1,527,778</u>	<u>1,527,778</u>	<u>1,525,644</u>	<u>(2,134)</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,500,583</u>	<u>\$ 1,500,583</u>

(1) Appropriation Level

**CITY OF NEWPORT**  
**LINCOLN COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**ACTUAL AND BUDGET - BUDGETARY BASIS**  
**For the Year Ended June 30, 2010**

	<u>ROOM TAX FUND</u>			VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
<b>REVENUES</b>				
Transient Room Tax	\$ 2,366,940	\$ 2,366,940	\$ 2,278,501	\$ (88,439)
Payback of Waste Water Fund Loan	82,600	82,600	82,600	-
Misc. Sales & Services	-	-	24	24
Interest on Investments	25,000	25,000	10,812	(14,188)
<b>Total Revenues</b>	<u>2,474,540</u>	<u>2,474,540</u>	<u>2,371,937</u>	<u>(102,603)</u>
<b>EXPENDITURES</b>				
Materials and Services	1,153,000	1,153,000 (1)	921,910	231,090
Capital Outlay	615,000	615,000 (1)	305,489	309,511
Contingency	228,736	228,736 (1)	-	228,736
<b>Total Expenditures</b>	<u>1,996,736</u>	<u>1,996,736</u>	<u>1,227,399</u>	<u>538,247</u>
Excess of Revenues Over (Under) Expenditures	477,804	477,804	1,144,538	666,734
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	30,000	30,000	30,000	-
Transfers Out	(1,565,375)	(1,565,375) (1)	(1,864,139)	(298,764)
Net Change in Fund Balance	(1,057,571)	(1,057,571)	(689,601)	367,970
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>2,057,571</u>	<u>2,057,571</u>	<u>2,050,313</u>	<u>(7,258)</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>	<u>\$ 1,360,712</u>	<u>\$ 360,712</u>

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**CITY OF NEWPORT**  
**LINCOLN COUNTY, OREGON**

**SUPPLEMENTARY INFORMATION**

Combining, Individual Fund, and  
Other Financial Schedules

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**CITY OF NEWPORT**  
**LINCOLN COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**ACTUAL AND BUDGET- BUDGETARY BASIS**  
**For the Year Ended June 30, 2010**

	<u>STREET FUND</u>			VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
<b>REVENUES</b>				
State Gas Tax Proration	\$ 420,000	\$ 420,000	\$ 439,764	\$ 19,764
Newport Gas Tax Proration	-	-	59,839	59,839
State ISTEPA Entitlement	198,061	198,061	108,355	(89,706)
Misc. Sales & Services	5,000	5,000	8,117	3,117
State Grants	520,000	520,000	-	(520,000)
Street cut fees	-	-	37,040	37,040
Federal Stimulus Proceeds	819,483	819,483	-	(819,483)
Services Provided for Sewer Fund	32,000	32,000	32,000	-
Interest on Investments	1,000	1,000	2,261	1,261
<b>Total Revenues</b>	<u>1,995,544</u>	<u>1,995,544</u>	<u>687,376</u>	<u>(1,308,168)</u>
<b>EXPENDITURES</b>				
Street Maintenance	1,894,950	1,474,950 (1)	1,254,442	220,508
Storm Drain Maintenance	474,685	894,685 (1)	836,462	58,223
<b>Total Expenditures</b>	<u>2,369,635</u>	<u>2,369,635</u>	<u>2,090,904</u>	<u>278,731</u>
Excess of Revenues Over (Under) Expenditures	(374,091)	(374,091)	(1,403,528)	(1,029,437)
<b>OTHER FINANCING SOURCES (USES)</b>				
Bond Proceeds	-	-	535,211	535,211
Transfers In	374,091	374,091	374,091	-
<b>Total Other Financing Sources (Uses)</b>	<u>374,091</u>	<u>374,091</u>	<u>909,302</u>	<u>535,211</u>
Net Change in Fund Balance	-	-	(494,226)	(494,226)
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>-</u>	<u>-</u>	<u>(153,838)</u>	<u>(153,838)</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (648,064)</u>	<u>\$ (648,064)</u>

(1) Appropriation Level

**CITY OF NEWPORT**  
**LINCOLN COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**ACTUAL AND BUDGET - BUDGETARY BASIS**  
**For the Year Ended June 30, 2010**

NORTH SIDE URBAN RENEWAL DISTRICT DEBT SERVICE

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>				
Property Taxes	\$ 2,675,000	\$ 2,675,000	\$ 2,658,065	\$ (16,935)
Interest on Investments	100,000	100,000	11,763	(88,237)
<b>Total Revenues</b>	<u>2,775,000</u>	<u>2,775,000</u>	<u>2,669,828</u>	<u>(105,172)</u>
<b>EXPENDITURES</b>				
Materials & Services	2,500	2,500 (1)	3,167	(667)
Debt Service	1,083,490	1,083,490 (1)	4,071,655	(2,988,165)
Special Payments	1,492,122	1,492,122 (1)	1,492,122	-
<b>Total Expenditures</b>	<u>2,578,112</u>	<u>2,578,112</u>	<u>5,566,944</u>	<u>(2,988,832)</u>
Excess of Revenues Over (Under) Expenditures	196,888	196,888	(2,897,116)	(3,094,004)
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>3,336,741</u>	<u>3,336,741</u>	<u>4,124,950</u>	<u>788,209</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 3,533,629</u>	<u>\$ 3,533,629</u>	<u>\$ 1,227,834</u>	<u>\$ (2,305,795)</u>
<b>RECONCILIATION TO NET ASSETS</b>				
Transfers			(459,181)	
Special Payments			<u>459,181</u>	
<b>TOTAL NET ASSETS</b>			<u>\$ 1,227,834</u>	

(1) Appropriation Level

**CITY OF NEWPORT**  
**LINCOLN COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**ACTUAL AND BUDGET - BUDGETARY BASIS**  
**For the Year Ended June 30, 2010**

<u>SOUTH BEACH DEBT SERVICE FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
<b>REVENUES</b>				
Property Taxes	\$ 1,850,000	\$ 1,850,000	\$ 1,858,912	\$ 8,912
Interest on Investments	35,000	35,000	22,152	(12,848)
Miscellaneous Revenue	-	-	2,338	2,338
<b>Total Revenues</b>	<u>1,885,000</u>	<u>1,885,000</u>	<u>1,883,402</u>	<u>(1,598)</u>
<b>EXPENDITURES</b>				
Materials & Services	2,500	2,500 (1)	667	1,833
Debt Service	477,730	477,730 (1)	479,515	(1,785)
Special Payments	1,111,208	1,111,208 (1)	1,111,208	-
Contingency	1,052,424	1,052,424 (1)	-	1,052,424
<b>Total Expenditures</b>	<u>2,643,862</u>	<u>2,643,862</u>	<u>1,591,390</u>	<u>1,052,472</u>
Excess of Revenues Over (Under) Expenditures	(758,862)	(758,862)	292,012	1,050,874
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	(250,000)	(250,000) (1)	(250,000)	-
<b>Total Other Financing Sources (Uses)</b>	<u>(250,000)</u>	<u>(250,000)</u>	<u>(250,000)</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	(1,008,862)	(1,008,862)	42,012	1,050,874
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>1,351,862</u>	<u>1,351,862</u>	<u>2,082,759</u>	<u>730,897</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 343,000</u>	<u>\$ 343,000</u>	<u>\$ 2,124,771</u>	<u>\$ 1,781,771</u>

(1) Appropriation Level

**CITY OF NEWPORT**  
**LINCOLN COUNTY, OREGON**

**COMBINING BALANCE SHEET**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**June 30, 2010**

	BUILDING INSPECTION FUND	GENERAL DEBT SERVICE FUND	AIRPORT FBO FUND	LIBRARY RESERVE FUND	PARKS & RECREATION RESERVE FUND
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 527,155	\$ (345,699)	\$ (154,022)	\$ -	\$ 50,645
Investments	-	9,751	-	-	-
Receivables	2,242	51,535	21,508	-	-
Prepays	-	-	8,658	-	-
<b>Total Assets</b>	<b>\$ 529,397</b>	<b>\$ (284,413)</b>	<b>\$ (123,856)</b>	<b>\$ -</b>	<b>\$ 50,645</b>
<b>LIABILITIES AND FUND BALANCES:</b>					
<b>LIABILITIES</b>					
Accounts Payable	\$ 4,011	\$ -	\$ 28,974	\$ -	\$ 2,244
Deposits Payable	-	-	180	-	-
Payroll and Payroll Taxes Payable	1,222	-	4,147	-	-
Deferred Revenue	-	51,535	-	-	-
<b>Total Liabilities</b>	<b>5,233</b>	<b>51,535</b>	<b>33,301</b>	<b>-</b>	<b>2,244</b>
<b>FUND BALANCES</b>					
Unreserved & undesignated	524,164	(335,948)	(157,157)	-	48,401
<b>Total Fund Balances</b>	<b>524,164</b>	<b>(335,948)</b>	<b>(157,157)</b>	<b>-</b>	<b>48,401</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 529,397</b>	<b>\$ (284,413)</b>	<b>\$ (123,856)</b>	<b>\$ -</b>	<b>\$ 50,645</b>

**CITY OF NEWPORT**  
**LINCOLN COUNTY, OREGON**

**COMBINING BALANCE SHEET**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**June 30, 2010**

WKRS. COMP/ INS. RESERVE FUND	RETIREMENT RESERVE FUND	COMBINED ARTS FUND	BUILDING & EQUIP. IMPROVEMENT FUND	FIRE RESERVE FUND	LINE UNDERGROUND FUND	PUBLIC PARKING FUND
\$ -	\$ -	\$ -	\$ -	\$ 1,120,210	473,906	\$ 306,078
-	-	-	-	-	-	-
-	-	-	-	-	11,007	44,297
-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,120,210</u>	<u>\$ 484,913</u>	<u>\$ 350,375</u>
\$ -	\$ -	\$ -	\$ -	\$ 765	\$ 30,031	\$ 3,450
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	7,668
-	-	-	-	765	30,031	11,118
-	-	-	-	1,119,445	454,882	339,257
-	-	-	-	1,119,445	454,882	339,257
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,120,210</u>	<u>\$ 484,913</u>	<u>\$ 350,375</u>



**CITY OF NEWPORT**  
**LINCOLN COUNTY, OREGON**

**COMBINING BALANCE SHEET**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**June 30, 2010**

RECREATION FUND	HOUSING FUND	SOUTH BEACH CONSTRUCTION FUND	STREET SDC FUND	PARKS SDC FUND	STORM DRAIN SDC FUND	TOTAL
\$ 42,490	\$ -	\$ 851,951	\$ 357,642	\$ 163,883	\$ 45,379	\$ 3,439,618
-	-	-	-	-	-	9,751
-	-	-	18,604	-	-	149,193
-	-	-	-	-	-	8,658
<u>\$ 42,490</u>	<u>\$ -</u>	<u>\$ 851,951</u>	<u>\$ 376,246</u>	<u>\$ 163,883</u>	<u>\$ 45,379</u>	<u>\$ 3,607,220</u>
\$ 9,999	\$ -	\$ 56,262	\$ -	\$ -	\$ (245)	\$ 135,491
-	-	-	-	-	-	180
26,437	-	-	-	-	-	31,806
51,729	-	-	18,604	-	-	129,536
<u>88,165</u>	<u>-</u>	<u>56,262</u>	<u>18,604</u>	<u>-</u>	<u>(245)</u>	<u>297,013</u>
<u>(45,675)</u>	<u>-</u>	<u>795,689</u>	<u>357,642</u>	<u>163,883</u>	<u>45,624</u>	<u>3,310,207</u>
<u>(45,675)</u>	<u>-</u>	<u>795,689</u>	<u>357,642</u>	<u>163,883</u>	<u>45,624</u>	<u>3,310,207</u>
<u>\$ 42,490</u>	<u>\$ -</u>	<u>\$ 851,951</u>	<u>\$ 376,246</u>	<u>\$ 163,883</u>	<u>\$ 45,379</u>	<u>\$ 3,607,220</u>

**CITY OF NEWPORT**  
**LINCOLN COUNTY, OREGON**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2010**

	BUILDING INSPECTION FUND	GENERAL DEBT SERVICE FUND	AIRPORT FBO FUND	LIBRARY RESERVE FUND	PARKS & RECREATION RESERVE FUND
<b>REVENUES</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	4,059	449			589
License & Fees	117,162				-
Grants/Donations	-	-			5,483
Other Revenue	10,336	-	264,430	-	-
Total Revenues	<u>131,557</u>	<u>449</u>	<u>264,430</u>	<u>-</u>	<u>6,072</u>
<b>EXPENDITURES</b>					
Current Operation					
General Government	-	-	-	-	-
Culture and Recreation	-	-	330,763	-	-
Economic Development	224,503	-	-	-	-
Capital Outlay	-	-	-	-	14,697
Debt Service	-	968,652	-	-	-
Total Expenditures	<u>224,503</u>	<u>968,652</u>	<u>330,763</u>	<u>-</u>	<u>14,697</u>
Excess of Revenues Over (Under) Expenditures	(92,946)	(968,203)	(66,333)	-	(8,625)
<b>OTHER FINANCING SOURCES (USES)</b>					
Loan Proceeds	-	-	-	-	-
Transfer In	-	648,675	151,868	-	-
Transfer Out	-	-	(53,955)	(1,202)	(30,000)
Total Other Financing Sources (Uses)	<u>-</u>	<u>648,675</u>	<u>97,913</u>	<u>(1,202)</u>	<u>(30,000)</u>
Net Change in Fund Balance	(92,946)	(319,528)	31,580	(1,202)	(38,625)
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<u>617,110</u>	<u>(16,420)</u>	<u>(188,737)</u>	<u>1,202</u>	<u>87,026</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 524,164</u>	<u>\$ (335,948)</u>	<u>\$ (157,157)</u>	<u>\$ -</u>	<u>\$ 48,401</u>

**CITY OF NEWPORT**  
**LINCOLN COUNTY, OREGON**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2010**

WKRS. COMP/ INS. RESERVE FUND	RETIREMENT RESERVE FUND	COMBINED ARTS FUND	BUILDING & EQUIP. IMPROVEMENT FUND	FIRE RESERVE FUND	LINE UNDERGROUND FUND	PUBLIC PARKING FUND
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 112,632	\$ 12,014
-	-	-	-	-	2,859	2,199
-	-	-	-	-	-	28,402
-	-	-	-	-	-	-
-	-	-	-	8,179	50,329	-
-	-	-	-	8,179	165,820	42,615
-	-	-	-	45,363	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	349,537	912,461	17,387
-	-	-	-	-	-	-
-	-	-	-	394,900	912,461	17,387
-	-	-	-	(386,721)	(746,641)	25,228
-	-	-	-	1,195,832	511,524	-
-	-	-	-	-	100,000	-
(3,360)	(57)	(654)	(63,020)	(28,905)	-	-
(3,360)	(57)	(654)	(63,020)	1,166,927	611,524	-
(3,360)	(57)	(654)	(63,020)	780,206	(135,117)	25,228
3,360	57	654	63,020	339,239	589,999	314,029
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,119,445</u>	<u>\$ 454,882</u>	<u>\$ 339,257</u>

**CITY OF NEWPORT**  
**LINCOLN COUNTY, OREGON**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2010**

RECREATION FUND	HOUSING FUND	SOUTH BEACH CONSTRUCTION FUND	STREET SDC FUND	PARKS SDC FUND	STORM DRAIN SDC FUND	TOTAL
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 124,646
552	-	6,095	2,266	1,162	318	20,548
521,526	-	-	68,946	12,632	3,711	752,379
-	-	-	-	-	-	5,483
15,071	-	-	-	-	-	348,345
537,149	-	6,095	71,212	13,794	4,029	1,251,401
-	-	-	-	1,862	-	47,225
991,489	-	-	-	-	-	1,322,252
-	-	159,200	-	-	-	383,703
-	-	67,974	-	-	-	1,362,056
-	-	-	-	-	-	968,652
991,489	-	227,174	-	1,862	-	4,083,888
(454,340)	-	(221,079)	71,212	11,932	4,029	(2,832,487)
-	-	-	-	-	-	1,707,356
382,670	-	250,000	-	-	-	1,533,213
-	(3,299)	-	-	-	-	(184,452)
382,670	(3,299)	250,000	-	-	-	3,056,117
(71,670)	(3,299)	28,921	71,212	11,932	4,029	223,630
25,995	3,299	766,768	286,430	151,951	41,595	3,086,577
\$ (45,675)	\$ -	\$ 795,689	\$ 357,642	\$ 163,883	\$ 45,624	\$ 3,310,207

**CITY OF NEWPORT**  
**LINCOLN COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**ACTUAL AND BUDGET - BUDGETARY BASIS**  
**For the Year Ended June 30, 2010**

BUILDING PERMIT & INSPECTION FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>				
Permits	\$ 113,400	\$ 113,400	\$ 117,162	\$ 3,762
State Permit Surcharges	15,000	15,000	9,826	(5,174)
Misc. Sales & Services	500	500	510	10
Interest on Investments	14,000	14,000	4,059	(9,941)
Total Revenues	<u>142,900</u>	<u>142,900</u>	<u>131,557</u>	<u>(11,343)</u>
<b>EXPENDITURES</b>				
Personal Services	40,487	42,487 (1)	42,851	(364)
Materials and Services	165,620	165,620 (1)	150,896	14,724
Capital Outlay	30,000	30,760 (1)	30,756	4
Contingency	553,805	551,045 (1)	-	551,045
Total Expenditures	<u>789,912</u>	<u>789,912</u>	<u>224,503</u>	<u>565,773</u>
Net Change in Fund Balance	(647,012)	(647,012)	(92,946)	554,066
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>647,012</u>	<u>647,012</u>	<u>617,110</u>	<u>(29,902)</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 524,164</u>	<u>\$ 524,164</u>

(1) Appropriation Level

**CITY OF NEWPORT**  
**LINCOLN COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**ACTUAL AND BUDGET - BUDGETARY BASIS**  
**For the Year Ended June 30, 2010**

<u>GENERAL DEBT SERVICE FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
<b>REVENUES</b>				
Interest on Investments	\$ -	\$ -	\$ 449	\$ 449
Total Revenues	-	-	449	449
<b>EXPENDITURES</b>				
LOCAP Debt Service	194,438	194,438 (1)	509,471	(315,033)
Recreation Center Loan Debt Service	459,181	459,181 (1)	459,181	-
Total Expenditures	653,619	653,619	968,652	(315,033)
Excess of Revenues Over (Under) Expenditures	(653,619)	(653,619)	(968,203)	(314,584)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	653,619	653,619	648,675	(4,944)
Net Change in Fund Balance	-	-	(319,528)	(319,528)
<b>FUND BALANCE - BEGINNING OF YEAR</b>	(16,420)	(16,420)	(16,420)	-
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ (16,420)</u>	<u>\$ (16,420)</u>	<u>\$ (335,948)</u>	<u>\$ (319,528)</u>

(1) Appropriation Level

**CITY OF NEWPORT**  
**LINCOLN COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**ACTUAL AND BUDGET - BUDGETARY BASIS**  
**For the Year Ended June 30, 2010**

	<u>AIRPORT FBO FUND</u>			VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
<b>REVENUES</b>				
Fuel and Supplies	\$ 337,900	\$ 337,900	\$ 248,694	\$ (89,206)
Leases and Rentals	21,000	21,000	13,784	(7,216)
Grants, Gifts & Donations	-	-	24	24
Miscellaneous Sales and Services	300	300	1,928	1,628
<b>Total Revenues</b>	<u>359,200</u>	<u>359,200</u>	<u>264,430</u>	<u>(94,770)</u>
<b>EXPENDITURES</b>				
Personal Services	95,099	95,099 (1)	67,199	27,900
Materials & Services	226,330	226,330 (1)	263,564	(37,234)
Contingency	8,816	8,816 (1)	-	8,816
<b>Total Expenditures</b>	<u>330,245</u>	<u>330,245</u>	<u>330,763</u>	<u>(518)</u>
Excess of Revenues Over (Under) Expenditures	28,955	28,955	(66,333)	(95,288)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	25,000	25,000	151,868	126,868
Transfers Out	(53,955)	(53,955) (1)	(53,955)	-
<b>Total Other Financing Sources (Uses)</b>	<u>(28,955)</u>	<u>(28,955)</u>	<u>97,913</u>	<u>126,868</u>
Net Change in Fund Balance	-	-	31,580	31,580
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>-</u>	<u>-</u>	<u>(188,737)</u>	<u>(188,737)</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (157,157)</u>	<u>\$ (157,157)</u>

(1) Appropriation Level

**CITY OF NEWPORT**  
**LINCOLN COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**ACTUAL AND BUDGET - BUDGETARY BASIS**  
**For the Year Ended June 30, 2010**

<u>LIBRARY RESERVE FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
<b>EXPENDITURES</b>				
Total Expenditures	-	-	-	-
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer Out	-	- (1)	(1,202)	(1,202)
<b>FUND BALANCE - BEGINNING OF YEAR</b>	-	-	1,202	1,202
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,202</u>

(1) Appropriation Level



**CITY OF NEWPORT**  
**LINCOLN COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**ACTUAL AND BUDGET - BUDGETARY BASIS**  
**For the Year Ended June 30, 2010**

PARKS & RECREATION CAPITAL IMPROVEMENT FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>				
Grants, Gifts & Donations	\$ 743,430	\$ 743,430	\$ 5,483	\$ (737,947)
Interest on Investments	600	600	589	(11)
<b>Total Revenues</b>	<b>744,030</b>	<b>744,030</b>	<b>6,072</b>	<b>(737,958)</b>
<b>EXPENDITURES</b>				
Parks & Recreation Rcsrve	305,000	305,000 (1)	5,000	300,000
Senior Center Building Reserve	485,930	485,930 (1)	9,697	476,233
Contingency	3,124	3,124 (1)	-	3,124
<b>Total Expenditures</b>	<b>794,054</b>	<b>794,054</b>	<b>14,697</b>	<b>779,357</b>
Excess of Revenues Over (Under) Expenditures	(50,024)	(50,024)	(8,625)	41,399
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	(30,000)	(30,000) (1)	(30,000)	-
<b>Total Other Financing Sources (Uses)</b>	<b>(30,000)</b>	<b>(30,000)</b>	<b>(30,000)</b>	<b>-</b>
Net Change in Fund Balance	(80,024)	(80,024)	(38,625)	41,399
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>80,024</b>	<b>80,024</b>	<b>87,026</b>	<b>7,002</b>
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 48,401</b>	<b>\$ 48,401</b>

(1) Appropriation Level

**CITY OF NEWPORT**  
**LINCOLN COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**ACTUAL AND BUDGET - BUDGETARY BASIS**  
**For the Year Ended June 30, 2010**

WORKERS' COMPENSATION & GENERAL INSURANCE RESERVE FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
<b>EXPENDITURES</b>				
Total Expenditures	-	-	-	-
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	-	- (1)	(3,360)	(3,360)
<b>FUND BALANCE - BEGINNING OF YEAR</b>	-	-	3,360	3,360
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(1) Appropriation Level

**CITY OF NEWPORT**  
**LINCOLN COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**ACTUAL AND BUDGET - BUDGETARY BASIS**  
**For the Year Ended June 30, 2010**

RETIREMENT TRUST & RESERVE

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
<b>EXPENDITURES</b>				
Total Expenditures	-	-	-	-
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	-	- (1)	(57)	(57)
<b>FUND BALANCE - BEGINNING OF YEAR</b>	-	-	57	57
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(1) Appropriation Level

**CITY OF NEWPORT**  
**LINCOLN COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**ACTUAL AND BUDGET - BUDGETARY BASIS**  
**For the Year Ended June 30, 2010**

	<u>COMBINED ART FUNDS</u>			VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
<b>EXPENDITURES</b>				
Total Expenditures	-	-	-	-
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	-	- (1)	(654)	(654)
<b>FUND BALANCE - BEGINNING OF YEAR</b>	-	-	654	654
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(1) Appropriation Level

**CITY OF NEWPORT**  
LINCOLN COUNTY, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**ACTUAL AND BUDGET - BUDGETARY BASIS**  
**For the Year Ended June 30, 2010**

<u>BUILDING &amp; EQUIPMENT IMPROVEMENT FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
<b>EXPENDITURES</b>				
Total Expenditures	-	-	-	-
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	(80,840)	(80,840) (1)	(63,020)	17,820
<b>FUND BALANCE - BEGINNING OF YEAR</b>	80,840	80,840	63,020	(17,820)
<b>FUND BALANCE - END OF YEAR</b>	\$ -	\$ -	\$ -	\$ -

(1) Appropriation Level

**CITY OF NEWPORT**  
**LINCOLN COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**ACTUAL AND BUDGET - BUDGETARY BASIS**  
**For the Year Ended June 30, 2010**

FIRE RESERVE FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>				
Grants	\$ 38,464	\$ 38,464	\$ -	\$ (38,464)
Interest on Investments	4,000	4,000	8,179	4,179
Total Revenues	<u>42,464</u>	<u>42,464</u>	<u>8,179</u>	<u>(34,285)</u>
<b>EXPENDITURES</b>				
Materials and Services	29,000	47,000 (1)	45,363	1,637
Capital Outlay	133,000	133,000 (1)	349,537	(216,537)
Contingency	50,000	32,000 (1)	-	32,000
Total Expenditures	<u>212,000</u>	<u>212,000</u>	<u>394,900</u>	<u>(182,900)</u>
Excess of Revenues Over (Under) Expenditures	(169,536)	(169,536)	(386,721)	(217,185)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	(28,905)	(28,905) (1)	(28,905)	-
Bond Proceeds	-	-	1,195,832	1,195,832
Total Other Financing Sources (Uses)	<u>(28,905)</u>	<u>(28,905)</u>	<u>1,166,927</u>	<u>1,195,832</u>
Net Change in Fund Balance	(198,441)	(198,441)	780,206	978,647
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>305,588</u>	<u>305,588</u>	<u>339,239</u>	<u>33,651</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 107,147</u>	<u>\$ 107,147</u>	<u>\$ 1,119,445</u>	<u>\$ 1,012,298</u>

(1) Appropriation Level

**CITY OF NEWPORT**  
**LINCOLN COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**ACTUAL AND BUDGET - BUDGETARY BASIS**  
**For the Year Ended June 30, 2010**

	<u>LINE UNDERGROUNDING FUND</u>			VARIANCE
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	TO FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>				
Interest on Investments	\$ 5,000	\$ 5,000	\$ 2,859	\$ (2,141)
Franchise Taxes	130,000	130,000	112,632	(17,368)
Misc. Sales and Services	-	-	50,329	50,329
<b>Total Revenues</b>	<u>135,000</u>	<u>135,000</u>	<u>165,820</u>	<u>30,820</u>
<b>EXPENDITURES</b>				
Materials and Services	-	10,000 (1)	917	9,083
Capital Outlay	507,000	497,000 (1)	911,544	(414,544)
Contingency	204,762	204,762 (1)	-	204,762
<b>Total Expenditures</b>	<u>711,762</u>	<u>711,762</u>	<u>912,461</u>	<u>(209,782)</u>
<b>Net Change in Fund Balance</b>	<u>(576,762)</u>	<u>(576,762)</u>	<u>(746,641)</u>	<u>(169,879)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Bond Proceeds	-	-	511,524	511,524
Transfer In	-	-	100,000	100,000
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>611,524</u>	<u>611,524</u>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>576,762</u>	<u>576,762</u>	<u>589,999</u>	<u>13,237</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 454,882</u>	<u>\$ 454,882</u>

(1) Appropriation Level

**CITY OF NEWPORT**  
**LINCOLN COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**ACTUAL AND BUDGET - BUDGETARY BASIS**  
**For the Year Ended June 30, 2010**

	<u>PUBLIC PARKING FUND</u>			VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
<b>REVENUES</b>				
Interest on Investments	\$ 5,000	\$ 5,000	\$ 2,199	\$ (2,801)
Franchise Taxes	-	-	12,014	12,014
Fees	25,000	25,000	28,402	3,402
<b>Total Revenues</b>	<u>30,000</u>	<u>30,000</u>	<u>42,615</u>	<u>12,615</u>
<b>EXPENDITURES</b>				
Materials and Services	15,000	15,000 (1)	-	15,000
Capital Outlay	200,000	200,000 (1)	17,387	182,613
Contingency	114,216	114,216 (1)	-	114,216
<b>Total Expenditures</b>	<u>329,216</u>	<u>329,216</u>	<u>17,387</u>	<u>311,829</u>
Net Change in Fund Balance	(299,216)	(299,216)	25,228	324,444
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>299,216</u>	<u>299,216</u>	<u>314,029</u>	<u>14,813</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 339,257</u>	<u>\$ 339,257</u>

(1) Appropriation Level



**CITY OF NEWPORT**  
**LINCOLN COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**ACTUAL AND BUDGET - BUDGETARY BASIS**  
**For the Year Ended June 30, 2010**

	<u>RECREATION FUND</u>			VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
<b>REVENUES</b>				
Programs	\$ 470,000	\$ 470,000	\$ 521,526	\$ 51,526
Grants	27,500	27,500	-	(27,500)
Concession Stand	16,000	16,000	13,894	(2,106)
Miscellaneous Income	1,000	1,000	1,177	177
Interest on Investments	1,500	1,500	552	(948)
<b>Total Revenues</b>	<u>516,000</u>	<u>516,000</u>	<u>537,149</u>	<u>21,149</u>
<b>EXPENDITURES</b>				
Swimming Pool	282,448	317,448 (1)	308,049	9,399
Recreation Center	440,220	437,220 (1)	450,010	(12,790)
Recreation Programs	215,239	228,239 (1)	233,430	(5,191)
<b>Total Expenditures</b>	<u>937,907</u>	<u>982,907</u>	<u>991,489</u>	<u>(8,582)</u>
Excess of Revenues Over (Under) Expenditures	(421,907)	(466,907)	(454,340)	12,567
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	344,966	389,966	382,670	(7,296)
<b>Total Other Financing Sources (Uses)</b>	<u>344,966</u>	<u>389,966</u>	<u>382,670</u>	<u>(7,296)</u>
Net Change in Fund Balance	(76,941)	(76,941)	(71,670)	5,271
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>76,941</u>	<u>76,941</u>	<u>25,995</u>	<u>(50,946)</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (45,675)</u>	<u>\$ (45,675)</u>

(1) Appropriation Level

**CITY OF NEWPORT**  
**LINCOLN COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**ACTUAL AND BUDGET - BUDGETARY BASIS**  
**For the Year Ended June 30, 2010**

	<u>HOUSING FUND</u>			VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
<b>EXPENDITURES</b>				
Total Expenditures	\$ -	\$ -	\$ -	\$ -
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer Out	-	-	(1) (3,299)	(3,299)
<b>FUND BALANCE - BEGINNING OF YEAR</b>	-	-	3,299	3,299
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(1) Appropriation Level

**CITY OF NEWPORT**  
**LINCOLN COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**ACTUAL AND BUDGET- BUDGETARY BASIS**  
**For the Year Ended June 30, 2010**

<u>SOUTH BEACH CONSTRUCTION FUND</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)</u>
<b>REVENUES</b>				
Interest on Investments	\$ 8,500	\$ 8,500	\$ 6,095	\$ (2,405)
Total Revenues	<u>8,500</u>	<u>8,500</u>	<u>6,095</u>	<u>(2,405)</u>
<b>EXPENDITURES</b>				
Materials & Services	151,250	161,250 (1)	159,200	2,050
Capital Outlay	885,000	875,000 (1)	67,974	807,026
Contingency	4,750	4,750 (1)	-	4,750
Total Expenditures	<u>1,041,000</u>	<u>1,041,000</u>	<u>227,174</u>	<u>813,826</u>
Excess of Revenues Over (Under) Expenditures	(1,032,500)	(1,032,500)	(221,079)	811,421
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer In	250,000	250,000	250,000	-
Total Other Financing Sources (Uses)	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>-</u>
Net Change in Fund Balance	(782,500)	(782,500)	28,921	(753,579)
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>782,500</u>	<u>782,500</u>	<u>766,768</u>	<u>(15,732)</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 795,689</u>	<u>\$ 795,689</u>

(1) Appropriation Level

**CITY OF NEWPORT**  
**LINCOLN COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**ACTUAL AND BUDGET - BUDGETARY BASIS**  
**For the Year Ended June 30, 2010**

	<u>STREET SDC FUND</u>			VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
<b>REVENUES</b>				
SDC Charges	\$ 1,000	\$ 1,000	\$ 67,859	\$ (66,859)
Interest from SDC's	185	185	1,087	(902)
Interest on Investments	3,000	3,000	2,266	734
<b>Total Revenues</b>	<b>4,185</b>	<b>4,185</b>	<b>71,212</b>	<b>(67,027)</b>
<b>EXPENDITURES</b>				
Capital Outlay	35,775	35,775 (1)	-	35,775
Contingency	249,725	249,725 (1)	-	249,725
<b>Total Expenditures</b>	<b>285,500</b>	<b>285,500</b>	<b>-</b>	<b>285,500</b>
Net Change in Fund Balance	(281,315)	(281,315)	71,212	352,527
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>281,315</b>	<b>281,315</b>	<b>286,430</b>	<b>5,115</b>
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 357,642</b>	<b>\$ 357,642</b>

(1) Appropriation Level

**CITY OF NEWPORT**  
**LINCOLN COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**ACTUAL AND BUDGET - BUDGETARY BASIS**  
**For the Year Ended June 30, 2010**

	<u>PARKS SDC FUND</u>			VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
<b>REVENUES</b>				
SDC Charges	\$ 6,000	\$ 6,000	\$ 12,632	\$ (6,632)
Interest on Investments	2,000	2,000	1,162	838
<b>Total Revenues</b>	<u>8,000</u>	<u>8,000</u>	<u>13,794</u>	<u>(5,794)</u>
<b>EXPENDITURES</b>				
Material and Services	50,000	50,000 (1)	-	50,000
Capital Outlay	100,000	100,000 (1)	1,862	98,138
Contingency	3,921	3,921 (1)	-	3,921
<b>Total Expenditures</b>	<u>153,921</u>	<u>153,921</u>	<u>1,862</u>	<u>152,059</u>
Net Change in Fund Balance	(145,921)	(145,921)	11,932	157,853
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>145,921</u>	<u>145,921</u>	<u>151,951</u>	<u>6,030</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 163,883</u>	<u>\$ 163,883</u>

(1) Appropriation Level

**CITY OF NEWPORT**  
**LINCOLN COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**ACTUAL AND BUDGET - BUDGETARY BASIS**  
**For the Year Ended June 30, 2010**

<u>STORM DRAIN SDC FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
<b>REVENUES</b>				
SDC Charges	\$ 680	\$ 680	\$ 3,711	\$ (3,031)
Interest on Investments	380	380	318	62
Total Revenues	<u>1,060</u>	<u>1,060</u>	<u>4,029</u>	<u>(2,969)</u>
<b>EXPENDITURES</b>				
Material and Services	30,330	30,330 (1)	-	30,330
Contingency	9,870	9,870 (1)	-	9,870
Total Expenditures	<u>40,200</u>	<u>40,200</u>	<u>-</u>	<u>40,200</u>
Net Change in Fund Balance	(39,140)	(39,140)	4,029	43,169
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>39,140</u>	<u>39,140</u>	<u>41,595</u>	<u>2,455</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,624</u>	<u>\$ 45,624</u>

(1) Appropriation Level

**CITY OF NEWPORT**  
**LINCOLN COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**ACTUAL AND BUDGET - BUDGETARY BASIS**  
**For the Year Ended June 30, 2010**

	<u>WASTEWATER FUND</u>			VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
<b>REVENUES</b>				
Service Charges	\$ 2,575,000	\$ 2,575,000	\$ 2,414,461	\$ (160,539)
Capital Improvement Surcharge	410,000	410,000	410,172	172
Septage Revenue	25,000	25,000	43,689	18,689
Miscellaneous Income	-	-	211	211
Services Provided	1,111,208	1,111,208	1,111,208	-
Interest on Investments	30,000	30,000	11,847	(18,153)
Total Revenues	<u>4,151,208</u>	<u>4,151,208</u>	<u>3,991,588</u>	<u>(159,620)</u>
<b>EXPENDITURES</b>				
Wastewater Treatment Plant	817,718	852,718 (1)	868,124	(15,406)
Wastewater Collection	1,878,840	1,836,840 (1)	1,617,288	219,552
Customer Service	12,350	19,350 (1)	18,613	737
Wastewater General Debt Service	1,942,908	1,942,908 (1)	1,942,907	1
Non-Departmental	631,373	631,373 (1)	591,348	40,025
Contingency	123,823	123,823 (1)	-	123,823
Total Expenditures	<u>5,407,012</u>	<u>5,407,012</u>	<u>5,038,280</u>	<u>368,732</u>
Excess of Revenues Over (Under) Expenditures	(1,255,804)	(1,255,804)	(1,046,692)	209,112
<b>OTHER FINANCING SOURCES (USES)</b>				
Bond Proceeds	-	-	269,698	269,698
Special Payments	1,032,941	1,032,941	1,032,941	-
Transfers In	140,182	140,182	159,984	19,802
Total Other Financing Sources (Uses)	<u>1,173,123</u>	<u>1,173,123</u>	<u>1,462,623</u>	<u>289,500</u>
Net Change in Fund Balance	(82,681)	(82,681)	415,931	498,612
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>1,549,167</u>	<u>1,549,167</u>	<u>1,127,787</u>	<u>(421,380)</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 1,466,486</u>	<u>\$ 1,466,486</u>	<u>\$ 1,543,718</u>	<u>\$ 77,232</u>
<b>RECONCILIATION TO NET ASSETS</b>				
Capital Assets, Net			40,245,423	
Compensated Absences			(24,267)	
Debt Payable			(20,218,657)	
Interest Payable			(243,368)	
<b>TOTAL NET ASSETS</b>			<u>\$ 21,302,849</u>	

(1) Appropriation Level

**CITY OF NEWPORT**  
**LINCOLN COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**ACTUAL AND BUDGET - BUDGETARY BASIS**  
**For the Year Ended June 30, 2010**

	<u>WATER FUND</u>			VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
<b>REVENUES</b>				
Service Charges	\$ 2,121,800	\$ 2,121,800	\$ 1,869,679	\$ (252,121)
New Services, Meters	25,000	25,000	28,292	3,292
Miscellaneous Income	30,000	30,000	43,371	13,371
Services Provided	45,000	45,000	45,000	-
Grants	-	-	2,000	2,000
Interest on Investments	7,000	7,000	162,657	155,657
Total Revenues	<u>2,228,800</u>	<u>2,228,800</u>	<u>2,150,999</u>	<u>(77,801)</u>
<b>EXPENDITURES</b>				
Water Treatment	15,642,150	15,386,150 (1)	2,500,824	12,885,326
Water Distribution	870,836	1,120,836 (1)	1,036,764	84,072
Customer Services	12,350	18,350 (1)	17,898	452
Water General Debt Service	60,000	60,000 (1)	60,000	-
Water Non-Departmental	561,510	561,510 (1)	508,860	52,650
Contingency	206,281	206,281 (1)	-	206,281
Total Expenditures	<u>17,353,127</u>	<u>17,353,127</u>	<u>4,124,346</u>	<u>13,228,781</u>
Excess of Revenues Over (Under) Expenditures	(15,124,327)	(15,124,327)	(1,973,347)	13,150,980
<b>OTHER FINANCING SOURCES (USES)</b>				
Bond Proceeds	-	-	39,182	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>39,182</u>	<u>39,182</u>
Net Change in Fund Balance	(15,124,327)	(15,124,327)	(1,934,165)	13,190,162
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>15,124,327</u>	<u>15,124,327</u>	<u>15,981,917</u>	<u>857,590</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,047,752</u>	<u>\$ 14,047,752</u>
<b>RECONCILIATION TO NET ASSETS</b>				
Capital Assets, Net			7,813,816	
Compensated Absences			(30,517)	
Bond Payable			(16,360,541)	
Loan Payable			(918,812)	
Bond Issuance Costs			313,603	
Bond Premium			(209,101)	
Interest Payable			(62,061)	
<b>TOTAL NET ASSETS</b>			<u>\$ 4,594,139</u>	

(1) Appropriation Level



**CITY OF NEWPORT**  
**LINCOLN COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**ACTUAL AND BUDGET - BUDGETARY BASIS**  
**For the Year Ended June 30, 2010**

	<u>PUBLIC WORKS FUND</u>			VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
<b>EXPENDITURES</b>				
Total Expenditures	\$ -	\$ -	\$ -	\$ -
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer Out	(257,410)	(257,410) (1)	(141,958)	115,452
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>257,410</u>	<u>257,410</u>	<u>141,958</u>	<u>(115,452)</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>RECONCILIATION TO CHANGE IN NET ASSETS</b>				
Transfer of Capital Assets, Net			241,494	
Transfer of Compensated Absences			(29,015)	
<b>CHANGE IN NET ASSETS</b>			<u>\$ 354,437</u>	

(1) Appropriation Level

**CITY OF NEWPORT**  
**LINCOLN COUNTY, OREGON**

**COMBINING BALANCE SHEET**  
**NON-MAJOR PROPRIETARY FUNDS**  
**June 30, 2010**

	BONDED DEBT FUND	WATER SDC FUND	WASTEWATER SDC FUND	TOTAL
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 223,911	\$ 387,953	\$ 137,750	\$ 749,614
Receivables	119,110	50,884	44,457	214,451
<b>Total Assets</b>	<b>\$ 343,021</b>	<b>\$ 438,837</b>	<b>\$ 182,207</b>	<b>\$ 964,065</b>
<b>LIABILITIES AND FUND BALANCES:</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ -	\$ -	\$ 88,500	\$ 88,500
Deferred Revenue	116,477	27,194	(2,921)	140,750
<b>Total Liabilities</b>	<b>116,477</b>	<b>27,194</b>	<b>85,579</b>	<b>229,250</b>
<b>FUND BALANCES</b>				
Retricted for				
Debt Service	226,544	-	-	226,544
System Development	-	411,643	96,628	508,271
<b>Total Fund Balances</b>	<b>226,544</b>	<b>411,643</b>	<b>96,628</b>	<b>734,815</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 343,021</b>	<b>\$ 438,837</b>	<b>\$ 182,207</b>	<b>\$ 964,065</b>

**CITY OF NEWPORT**  
**LINCOLN COUNTY, OREGON**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NON-MAJOR PROPRIETARY FUNDS**  
**For the Year Ended June 30, 2010**

	BONDED DEBT FUND	WATER SDC FUND	WASTEWATER SDC FUND	TOTAL
<b>REVENUES</b>				
Taxes	\$ 1,206,787	\$ -	\$ -	\$ 1,206,787
Interest	3,907	2,697	970	7,574
License & Fees	-	33,057	57,009	90,066
<b>Total Revenues</b>	<b>1,210,694</b>	<b>35,754</b>	<b>57,979</b>	<b>1,304,427</b>
<b>EXPENDITURES</b>				
Current Operation				
Capital Outlay	-	-	88,500	88,500
Debt Service	1,414,308	-	-	1,414,308
<b>Total Expenditures</b>	<b>1,414,308</b>	<b>-</b>	<b>88,500</b>	<b>1,502,808</b>
Excess of Revenues Over (Under) Expenditures	(203,614)	35,754	(30,521)	(198,381)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer Out	-	-	(34,666)	(34,666)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>(34,666)</b>	<b>(34,666)</b>
Net Change in Fund Balance	(203,614)	35,754	(65,187)	(233,047)
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<b>430,158</b>	<b>375,889</b>	<b>161,815</b>	<b>967,862</b>
<b>FUND BALANCES - END OF YEAR</b>	<b>\$ 226,544</b>	<b>\$ 411,643</b>	<b>\$ 96,628</b>	<b>\$ 734,815</b>
<b>RECONCILIATION TO NET ASSETS</b>				
Debt Service				830,000
Transfers				(830,000)
<b>TOTAL NET ASSETS</b>				<b>\$ 734,815</b>

**CITY OF NEWPORT**  
**LINCOLN COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**ACTUAL AND BUDGET - BUDGETARY BASIS**  
**For the Year Ended June 30, 2010**

	<u>BONDED DEBT FUND</u>			VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
<b>REVENUES</b>				
Property Taxes	\$ 1,197,858	\$ 1,197,858	\$ 1,206,787	\$ 8,929
Interest on Investments	15,000	15,000	3,907	(11,093)
Total Revenues	<u>1,212,858</u>	<u>1,212,858</u>	<u>1,210,694</u>	<u>(2,164)</u>
<b>EXPENDITURES</b>				
1998 Water Bonds Principal & Interest	367,279	367,279 (1)	349,853	17,426
1999 Wastewater Bonds Principal & Interest	776,450	776,450 (1)	776,450	-
2009 WPT GO Bonds - Interest	288,005	288,005 (1)	288,005	-
Total Expenditures	<u>1,431,734</u>	<u>1,431,734</u>	<u>1,414,308</u>	<u>17,426</u>
Net Change in Fund Balance	(218,876)	(218,876)	(203,614)	15,262
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>450,261</u>	<u>450,261</u>	<u>430,158</u>	<u>(20,103)</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 231,385</u>	<u>\$ 231,385</u>	<u>\$ 226,544</u>	<u>\$ (4,841)</u>

(1) Appropriation Level

**CITY OF NEWPORT**  
**LINCOLN COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**ACTUAL AND BUDGET - BUDGETARY BASIS**  
**For the Year Ended June 30, 2010**

	<u>WATER SDC FUND</u>			VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
<b>REVENUES</b>				
SDC Charges	\$ 5,068	\$ 5,068	\$ 29,989	\$ (24,921)
Interest from SDC s	168	168	3,068	(2,900)
Interest on Investments	5,068	5,068	2,697	2,371
<b>Total Revenues</b>	<u>10,304</u>	<u>10,304</u>	<u>35,754</u>	<u>(25,450)</u>
<b>EXPENDITURES</b>				
Contingency	372,500	372,500 (1)	-	372,500
<b>Total Expenditures</b>	<u>372,500</u>	<u>372,500</u>	<u>-</u>	<u>372,500</u>
Net Change in Fund Balance	(362,196)	(362,196)	35,754	397,950
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>362,196</u>	<u>362,196</u>	<u>375,889</u>	<u>13,693</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 411,643</u>	<u>\$ 411,643</u>

(1) Appropriation Level

**CITY OF NEWPORT**  
**LINCOLN COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**ACTUAL AND BUDGET - BUDGETARY BASIS**  
**For the Year Ended June 30, 2010**

WASTEWATER SDC FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>				
SDC Charges	\$ 5,000	\$ 5,000	\$ 54,332	\$ (49,332)
Interest from SDC s	371	371	2,677	(2,306)
Interest on Investments	2,000	2,000	970	1,030
<b>Total Revenues</b>	<u>7,371</u>	<u>7,371</u>	<u>57,979</u>	<u>(50,608)</u>
<b>EXPENDITURES</b>				
Capital Outlay	139,260	139,260 (1)	88,500	50,760
<b>Total Expenditures</b>	<u>139,260</u>	<u>139,260</u>	<u>88,500</u>	<u>50,760</u>
Excess of Revenues Over (Under) Expenditures	(131,889)	(131,889)	(30,521)	(101,368)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer Out	(7,500)	(7,500) (1)	(34,666)	(27,166)
<b>Total Other Financing Sources, (Uses)</b>	<u>(7,500)</u>	<u>(7,500)</u>	<u>(34,666)</u>	<u>(27,166)</u>
Net Change in Fund Balance	(139,389)	(139,389)	(65,187)	74,202
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>139,389</u>	<u>139,389</u>	<u>161,815</u>	<u>22,426</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 96,628</u>	<u>\$ 96,628</u>

(1) Appropriation Level

**CITY OF NEWPORT**  
**LINCOLN COUNTY, OREGON**

**SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES**  
**OF TAXES UNCOLLECTED**  
**40,359**

City of Newport	IMPOSED LEVY OR OR BALANCE UNCOLLECTED AT 7/1/09		DEDUCT DISCOUNTS	ADJUSTMENTS TO ROLLS	ADD INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED AT 6/30/10
Current:							
2009-10	\$ 6,009,837	\$ 144,100	\$ (8,629)	\$ 4,037	\$ 5,548,955	\$ 312,190	
Prior Years:							
2008-09	307,892	(91)	(3,664)	11,042	174,089	141,272	
2007-08	120,032	(185)	(6,827)	9,087	56,477	66,000	
2006-07	53,421	(130)	(4,894)	9,185	38,044	19,798	
2005-06	14,266	(132)	(4,940)	3,204	8,632	4,030	
2004-05 & prior	16,718	(370)	(13,868)	984	(9,360)	13,564	
Total Prior	512,329	(908)	(34,193)	33,502	267,882	244,664	
Total All Funds	\$ 6,522,166	\$ 143,192	\$ (42,822)	\$ 37,539	\$ 5,816,837	\$ 556,854	

RECONCILIATION TO REVENUE:

Cash Collections by County Treasurer Above		\$ 5,816,837	
Accrual of Receivables:			
June 30, 2009		(93,917)	
June 30, 2010		85,902	
Taxes in lieu		(19,065)	
Total Revenue		\$ 5,789,757	
Fund Allocation:			
General Fund		REVENUE	RECEIVABLE
Sewer Bonded Debt Fund		4,582,970	437,744
		1,206,787	119,110
Total		\$ 5,789,757	\$ 556,854

Urban Renewal - North Side

Current:							
2009-10	\$ 2,750,549	\$ 65,951	\$ (3,949)	\$ 1,848	\$ 2,539,615	\$ 142,882	
Prior Years:							
2008-09	144,102	(43)	(1,715)	5,168	81,479	66,119	
2007-08	53,866	(83)	(3,064)	4,078	25,345	29,618	
2006-07	23,633	(58)	(2,165)	4,063	16,831	8,758	
2005-06	6,291	(58)	(2,179)	1,413	3,806	1,777	
2004-05 & prior	8,714	(193)	(7,228)	512	(4,880)	7,071	
Total Prior	236,606	(435)	(16,351)	15,234	122,581	113,343	
Total All Funds	\$ 2,987,155	\$ 65,516	\$ (20,300)	\$ 17,082	\$ 2,662,196	\$ 256,225	

RECONCILIATION TO REVENUE:

Cash Collections by County Treasurer Above		\$ 2,662,196	
Accrual of Receivables:			
June 30, 2009		(43,270)	
June 30, 2010		39,139	
Total Revenue in Urban Renewal Debt Fund		\$ 2,658,065	

**CITY OF NEWPORT**  
**LINCOLN COUNTY, OREGON**

**SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES**  
**OF TAXES UNCOLLECTED**  
**40,359**

Urban Renewal - South Side												
Current:												
2009-10	\$	1,913,170	\$	45,873	\$	(2,746)	\$	1,285	\$	1,766,453	\$	99,383
Prior Years:												
2008-09		96,812		(29)		(1,152)		3,472		54,740		44,421
2007-08		34,196		(53)		(1,945)		2,589		16,090		18,803
2006-07		13,460		(33)		(1,233)		2,314		9,585		4,989
2005-06		3,516		(32)		(1,218)		790		2,128		992
2004-05 & prior		3,238		(72)		(2,686)		190		(1,813)		2,627
Total Prior		151,222		(219)		(8,234)		9,355		80,730		71,832
Total All Funds												
	\$	2,064,392	\$	45,654	\$	(10,980)	\$	10,640	\$	1,847,183	\$	171,215

RECONCILIATION TO REVENUE:

Cash Collections by County Treasurer Above	\$	1,847,183
Accrual of Receivables:		
June 30, 2009		(27,992)
June 30, 2010		39,721
		<u>39,721</u>
Total Revenue	\$	<u>1,858,912</u>



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**CITY OF NEWPORT**  
**LINCOLN COUNTY, OREGON**

**INDEPENDENT AUDITORS' REPORT REQUIRED  
BY OREGON STATE REGULATIONS**

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# PAULY, ROGERS AND CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

- 
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  - (503) 620-2632 • FAX (503) 684-7523

January 15, 2011

## Independent Auditors' Report Required by Oregon State Regulations

We have audited the basic financial statements of the City of Newport, Oregon as of and for the year ended June 30, 2010, and have issued our report thereon dated January 15, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

### Compliance

As part of obtaining reasonable assurance about whether the 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.**
- **Highway revenues used for public highways, roads, and streets.**
- **Authorized investment of surplus funds (ORS Chapter 294).**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).**

In connection with our testing nothing came to our attention that caused us to believe the City of Newport, Oregon was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, except as noted below:

1. We noted expenditures of various funds were within authorized appropriations, except as noted on page 14.

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

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

We noted matters involving the internal control structure and its operation that we consider to be significant deficiencies under standards established by the American Institute of Certified Public Accountants, which are noted in the management letter.

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

*Pauly, Rogers and Co., P.C.*  
PAULY, ROGERS AND CO., P.C.