

CITY OF NEWPORT
LINCOLN COUNTY, OREGON

FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2008



Pauly, Rogers and Co., P.C.
12700 SW 72nd Ave.
Tigard, OR 97223

**CITY OF NEWPORT
LINCOLN COUNTY, OREGON**

FINANCIAL REPORT

Year Ended June 30, 2008

This Page Intentionally Left Blank

CITY OF NEWPORT
LINCOLN COUNTY, OREGON

ELECTED OFFICIALS

June 30, 2008

<u>NAME</u>	<u>TERM EXPIRES</u>
Bill Bain, Mayor	December 31, 2008
Peggy Sabanskas, Council President	December 31, 2008
Jeff Bertuleit, Councilmember	December 31, 2008
Larry Henson, Councilmember	December 31, 2008
Patricia Patrick-Joling, Councilmember	December 31, 2010
Neal Henning, Councilmember	December 31, 2010
Terry Obteshka, Councilmember	December 31, 2010

All council members receive mail at the address listed below.

CITY MANAGER

Allen O'Neal

City of Newport
169 SW Coast Hwy
Newport, Oregon 97365

This Page Intentionally Left Blank

CITY OF NEWPORT
LINCOLN COUNTY, OREGON

TABLE OF CONTENTS

PAGE
NUMBER

INTRODUCTORY SECTION:

Elected Officials
Table of Contents

FINANCIAL SECTION:

INDEPENDENT AUDITORS' REPORT 1

MANAGEMENT'S DISCUSSION AND ANALYSIS 2

FINANCIAL STATEMENTS AND SCHEDULES:

Basic Financial Statements:

Statement of Net Assets 10

Statement of Activities 11

Balance Sheet – Governmental Funds 12

Reconciliation of Balance Sheet of Governmental Funds to
Statement of Net Assets 13

Statement of Revenues, Expenditures and Changes in
Fund Balances - Governmental Funds 14

Reconciliation of Statement of Revenues, Expenditures, and Changes in
Fund Balance –Governmental Funds – To Statement of Activities 15

Statement of Revenues, Expenditures and Changes in Fund
Balance - Actual and Budget - Budgetary Basis – General Fund 16

Statement of Revenues, Expenditures and Changes in Fund
Balance - Actual and Budget - Budgetary Basis – State Tax Street Fund 17

Statement of Net Assets – Proprietary Funds 18

Statement of Revenues, Expenses, and Changes in
Net Assets – Proprietary Funds 19

Statement of Cash Flows - Proprietary Funds 20

Notes to Basic Financial Statements 21

Required Supplementary Information

Schedule of Funding Progress – Trend Information 40

CITY OF NEWPORT
LINCOLN COUNTY, OREGON

TABLE OF CONTENTS, (CONTINUED)

	<u>PAGE</u> <u>NUMBER</u>
Supplementary Information	
Other Governmental Funds	
Schedule of Revenues, Expenditures and Changes in Fund	
Balance - Actual and Budget - Budgetary Basis –	
Capital Facilities Construction Fund	41
Schedule of Revenues, Expenditures and Changes in Fund	
Balance - Actual and Budget - Budgetary Basis – Economic	
Development Fund	42
Schedule of Revenues, Expenditures and Changes in Fund	
Balance - Actual and Budget - Budgetary Basis – Urban Renewal	
Construction Fund	43
Schedule of Revenues, Expenditures and Changes in Fund	
Balance - Actual and Budget - Budgetary Basis – South Beach Urban	
Renewal Construction Fund	44
Combining Balance Sheet – Non-Major Governmental Funds	45
Combining Schedule of Revenues, Expenditures and Changes in	
Fund Balances – Non-Major Governmental Funds	46
Special Revenue Funds	
Combining Balance Sheet – Non-Major Special Revenue Funds	47
Combining Schedule of Revenues, Expenditures and Changes in	
Fund Balances – Non-Major Special Revenue Funds	48
Schedules of Revenues, Expenditures and Changes in	
Fund Balance - Actual and Budget - Budgetary Basis:	
Electrical & Plumbing Inspection Fund	49
Building Inspection Fund	50
Equipment Reserve Fund	51
Fire Department Equipment Reserve Fund	52
Police Reserve Fund	53
Library Reserve Fund	54
Parks & Recreation Trust & Reserve Fund	55
DLCD Grant Fund	56
Workers’ Compensation & General Insurance Reserve Fund	57
Retirement Trust & Reserve Fund	58
Combined Art Funds	59
Capital Improvement & Replacement Fund	60
Public Parking Fund	61
Line Underground Reserve Fund	62
Housing & Urban Development Fund	63
Housing CDBG Program Fund	64
Agate Beach Closure Fund	65

CITY OF NEWPORT
LINCOLN COUNTY, OREGON

TABLE OF CONTENTS, (CONTINUED)

	<u>PAGE NUMBER</u>
Debt Service Funds	
Schedules of Revenues, Expenditures and Changes in Fund Balance - Actual and Budget - Budgetary Basis:	
Accounting & Debt Service Fund	66
Urban Renewal Bond Redemption Fund	67
South Beach Urban Renewal Bond Redemption Fund	68
Proprietary Funds	
Schedules of Revenues, Expenditures and Changes in Fund Balance - Actual and Budget - Budgetary Basis:	
Sewer Fund	69
Wastewater Treatment Plant Debt Fund	70
Sewer Bonded Debt Fund	71
Water Fund	72
Water Bonded Debt Fund	73
Airport Fund	74
Recreation Fund	75
Recreation Center Debt Fund	76
Public Works	77
Schedule of Property Tax Transactions and Balances of Taxes Uncollected	78
Auditors' Comments and Disclosures Required by State Regulations	80

This Page Intentionally Left Blank



PAULY, ROGERS AND CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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

December 12, 2008

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, the budgetary comparison statements of the general and all major special revenue funds, 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, 2008, 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 an opinion on these financial statements based on our audit. The financial statements of The City of Newport as of June 30, 2007, were audited by other auditors whose report dated November 7, 2007, expressed an unqualified opinion on those statements.

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 opinion.

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, 2008 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 the Governmental Accounting Standards Board. 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. The 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.

Management's Discussion and Analysis

The management of the City of Newport offers readers of the City of Newport's financial statements this narrative overview and analysis of the financial activities of the City of Newport for the fiscal year ended June 30, 2008. 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 - The assets of the City of Newport exceeded its liabilities at the close of the most recent fiscal year by \$70,150,169. Of this amount, \$11,201,114 may be used to meet the government's ongoing obligations to citizens and creditors.

Change in Net Assets - The City's total net assets increased by \$2,578,226 due to a decrease in liabilities. While long term debt remained static, the other liabilities decreased by \$3,095,501. Total assets decreased by \$517,274.

Governmental Funds - As of the close of the fiscal year, the City of Newport's governmental funds reported combined ending fund balances of \$16,526,162.

At the end of the fiscal year, unreserved fund balance for the general fund was \$954,105 or 13.25% percent of total general fund expenditures.

The City of Newport's total debt decreased by \$2,440,721, net of new borrowing, during the fiscal year. The decrease is attributable to scheduled payments of principal during the year plus accelerated debt pay down for the North Side Urban Renewal District.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Newport'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. The report also contains other supplementary information in addition to the basic financial statements.

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

The statement of net assets presents information on all of the City of Newport'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 of Newport 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 only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave). The governmental activities of the City of Newport include general government, public safety, streets, economic development, culture and recreation, facilities and acquisition, and interest paid on long term debt. The business type activities include water treatment and distribution, wastewater collection and treatment, airport operations, and the operation of the recreation center, swimming pool, and recreation programs .

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

The City of Newport maintains twenty-five 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 the General fund, State Gas Tax Street fund, Capital Facilities Construction fund, Economic Development and Tourism Facilities fund, Urban Renewal Construction fund, South Beach Urban Renewal Construction fund, Urban Renewal Bond Redemption fund, and South Beach Urban Renewal Bond Redemption fund. All of these funds are considered to be major funds.

Data from the other seventeen 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 four segments of operations: Water, Wastewater, Airport and Recreation.

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. In the case of the City of Newport, assets exceeded liabilities by \$70,150,169 at the close of the most recent fiscal year.

By far the largest portion of the City of Newport's net assets (73% percent) reflects its investment in capital assets (e.g. land, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The City of Newport uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Newport'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	
	2007	2008	2007	2008	2007	2008
Cash and investments	\$ 7,346,019	\$ 15,816,029	\$ 680,458	\$ 2,544,650	\$ 8,026,477	\$ 18,360,679
Other assets (including restricted cash and investments)	11,934,019	1,837,857	1,812,373	781,427	\$ 13,746,392	\$ 2,619,284
Capital assets	33,017,021	33,903,986	56,097,038	55,485,705	\$ 89,114,059	\$ 89,389,691
Total assets	52,297,059	51,557,872	58,589,869	58,811,782	110,886,928	110,369,654
Other Liabilities	1,735,855	619,489	3,368,774	1,349,170	\$ 5,104,629	\$ 1,968,659
Long term debt outstanding	4,876,496	7,434,497	33,333,861	30,816,329	\$ 38,210,357	\$ 38,250,826
Total liabilities	6,612,351	8,053,986	36,702,635	32,165,499	43,314,986	40,219,485
Net assets:						
Invested in capital assets, net of debt	27,819,632	26,469,489	20,646,070	24,669,376	\$ 48,465,702	\$ 51,138,865
Restricted:						
Debt Service	9,810,668	7,267,269	1,368,836	-	\$ 11,179,504	\$ 7,267,269
Systems Development	566,552	541,488	548,257	1,433	\$ 1,114,809	\$ 542,921
Unrestricted	7,487,856	9,225,640	(675,928)	1,975,474	\$ 6,811,928	\$ 11,201,114
Total net assets	\$ 45,684,708	\$ 43,503,886	\$ 21,887,235	\$ 26,646,283	\$ 67,571,943	\$ 70,150,169

Newport's net assets represent resources that are invested in capital assets, net of related debt. Of the remaining balance in net assets, \$7,267,269, is restricted for future debt service, \$542,921 is restricted for systems development projects, and \$11,201,114 is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors.

Governmental activities. Governmental net assets decreased by \$2,180,822 this year. The largest change in governmental activities was an increase in long term debt with several new issues during the year. This resulted in an overall increase of total governmental liabilities of \$1,441,635.

Business-type activities. Business-type activities increased the City of Newport's net assets by \$4,759,048. The increase resulted from an increase in transfer activity from the governmental funds.

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	
	2007	2008	2007	2008	2007	2008
REVENUES						
Program Services						
Charges for Services	\$ 1,000,831	\$ 1,296,905	\$ 4,452,486	\$ 5,237,488	\$ 5,453,317	\$ 6,534,393
Grants and Contributions	46,906	247,219	241,463	64,640	288,369	311,859
General Revenue						
Taxes	10,050,903	10,663,248	1,673,071	1,757,635	11,723,974	12,420,883
Licenses, Permits and Fees	980,900	600,064	-	-	980,900	600,064
Intergovernmental	769,295	1,260,686	-	-	769,295	1,260,686
Special Assessments	-	133,176	-	-	-	133,176
Investment Earnings	761,738	680,534	121,876	127,409	883,614	807,943
Other Revenue	205,546	453,831	-	107,257	205,546	561,088
Capital Contributions	(643,223)	-	1,117,583	141,232	474,360	141,232
Transfers	(487,108)	(5,064,223)	487,108	5,064,223	-	-
Total Revenues	\$ 12,685,788	\$ 10,271,440	\$ 8,093,587	\$ 12,499,884	\$ 20,779,375	\$ 22,771,324
EXPENSES						
Programs	10,419,611	12,714,416	7,810,271	7,740,836	18,229,882	20,455,252
Change in Net Assets	2,266,177	(2,442,976)	283,316	4,759,048	2,549,493	2,316,072
Prior Period Adjustment	-	262,154	-	-	-	262,154
Beginning Net Assets	43,418,531	45,684,708	21,603,919	21,887,235	65,022,450	67,571,943
Ending Net Assets	\$ 45,684,708	\$ 43,503,886	\$ 21,887,235	\$ 26,646,283	\$ 67,571,943	\$ 70,150,169

Financial Analysis of the City's funds

Governmental funds. The focus of the City of Newport'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 of Newport'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 of Newport's governmental funds reported combined ending fund balances of \$16,526,162. Approximately 53% percent of this total amount (\$8,717,405) constitutes unreserved fund balance. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed. The general fund ending balance increased by \$193,585 in 2008. The State Gas Tax Street fund, Capital Facilities Construction fund, Economic Development fund, Urban Renewal Construction fund, South Beach Urban Renewal Construction fund, Urban Renewal Debt fund, and the South Beach Urban Renewal Debt fund changed by (\$314,226), \$18,731, \$846,490, (\$1,644), \$860,463, (\$2,934,799), and \$423,412 respectively. All other governmental funds experienced a net change in their fund balances of \$104,565.

Proprietary funds. The Wastewater fund had a net decrease in fund balances of \$287,000 and the Water fund had a net increase in fund balance of \$94,747. The net balance in Airport operations decreased by \$150,024, and the Recreation fund balance increased by \$15,759.

Budgetary Highlights

The City Council approved numerous changes to the adopted budget during the year. The General Fund increased its appropriations by \$216,268 during the year. The increase came from grant awards of \$96,899 and insurance proceeds of \$119,369. The resulting appropriation increases were to the Police Department (\$76,899) and the Special Expenditures appropriation (\$139,369). Additionally in the General Fund, appropriations for the Municipal Court (\$1,500), Central Dispatch (\$73,850), General Services (\$12,500), City Hall Maintenance (\$13,500), Special Expenditures (\$30,000), and Transfers to other funds (\$77,000) appropriations were increased using contingency (\$109,812), Police Department (\$60,000), Fire Department (\$13,850), Community Development (\$14,000), and the Parks and Recreation Department (\$20,500) as the appropriations donators.

Among the other governmental funds, the Street Fund contingency was the source of transfers to the Bay Boulevard Project appropriation (\$8,559) and the Street SDC Expenditures appropriation (\$136,560). The Urban Renewal Fund increased its Materials and Services appropriation by \$10,675. The Economic Development and Tourism Facilities Fund increased its contingency by \$97,476 from an additional inter-fund loan payment amount, and moved \$50,000 of its contingency appropriation to its materials and services appropriation. The Equipment Reserve Fund moved its contingency of \$83,000 to the materials and services and capital outlay appropriations (\$7,967 and \$75,033 respectively). The Fire Department Equipment Reserve Fund moved \$2,987 of its contingency to its materials and services appropriation. The Library Reserve Fund increased its materials and services appropriation by \$4,074 because of a larger than expected fund balance. The two funds that handle low income housing loans, the Housing CDBG program Fund and the Housing and Urban Development fund each moved the entirety of their respective contingencies (\$99,250 and \$75,000) to the materials and services appropriation to facilitate the turning over of their loan portfolios and fund balances to Community Housing Services to administer. The personal services appropriations for the Building Inspection Fund were increased by \$750 by a transfer from its contingency appropriation.

In the proprietary funds, the Wastewater Fund moved \$23,348 of its contingency to the Wastewater Treatment Plant operations appropriation (\$7,000), the Administration and General Expenditure appropriation (\$6,000) and to the Inter-fund Loan Repayment transfer appropriation (\$10,348). Wastewater Repair and Operations appropriation received an additional \$25,000 and the Inter-fund Loan repayment transfer appropriation received \$97,476 from higher than expected fund balance. Wastewater bonded debt was refinanced in April 2008 and resulted in bond proceeds of \$7,465,665 that was appropriated to the debt principal payment.

The Water fund increased its Water Treatment Plant appropriation by a \$7,020 amount received as insurance proceeds. \$6,000 of the Water Fund's contingency was appropriated to its Administration and General Expenditure category.

The Airport fund increased its Operations appropriation \$39,615 with a \$9,300 grant and a \$30,315 appropriation taken from the Transfer to other funds appropriation. The Airport FBO appropriation increased by \$34,833 by appropriations transfers from the Transfer to other funds (\$25,000) and the debt service (\$9,833) appropriations. The refinancing of a bank loan to purchase the Fixed Base Operator Facility (FBO) resulted in \$272,160 appropriations increase to debt service in the Airport fund.

The Recreation fund increased its appropriations for the Swimming Pool (\$22,000) and the Recreation Center (\$55,000) appropriations with a Transfer from the General fund increase (\$77,000).

Capital Asset and Debt Administration

Capital assets. The City of Newport’s investment in capital assets for its governmental and business type activities as of June 30, 2008 amounts to \$89,389,693 (net of accumulated depreciation). 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 3

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

	Governmental Activities		Business-type Activities		Total	
	2007	2008	2007	2008	2007	2008
Land	\$ 8,796,155	\$ 8,796,155	\$ 15,050,069	\$ 26,910	\$ 23,846,224	\$ 8,823,065
Buildings and structures	19,082,884	19,123,960	41,316,823	20,922,783	60,399,707	40,046,743
Equipment	2,922,451	3,121,004	1,402,990	1,451,748	4,325,441	4,572,752
Vehicles	2,483,513	2,686,103	503,443	668,348	2,986,956	3,354,451
Infrastructure	17,160,763	20,148,430	18,184,003	55,092,651	35,344,766	75,241,081
Construction in progress	1,586,456	72,820	236,049	-	1,822,505	72,820
Less accumulated depreciation	(19,015,201)	(20,044,486)	(20,596,338)	(22,676,733)	(39,611,539)	(42,721,219)
Total	\$ 33,017,021	\$33,903,986	\$ 56,097,039	\$ 55,485,707	\$ 89,114,060	\$ 89,389,693

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

- Construction of the 40th Street Improvement project
- Completion of the 4B Storm Drain Project
- Completion of the Bay Boulevard Sidewalk Project
- Purchase of ten vehicles for various City departments, including a dump truck for Street maintenance and a tractor for Airport operations
- Major upgrade to the City’s computer network infrastructure including laying fiber connections to the Library and Fire Hall and a new network server room and network storage equipment at City Hall
- Acquisition of a portion of Seal Rock Water District infrastructure located within the City’s urban growth boundary

Table 4

Change in Capital Assets

	Governmental Activities		Business-type Activities		Total	
	2007	2008	2007	2008	2007	2008
Beginning balance	\$ 33,500,243	\$ 33,017,021	\$57,086,816	\$ 56,097,039	\$ 90,587,059	\$89,114,060
Additions	880,176	3,502,706	1,033,883	49,400,662	1,914,059	52,903,368
Depreciation	(1,304,734)	(1,029,285)	(2,023,660)	(2,080,395)	(3,328,394)	(3,109,680)
Deletions	(58,664)	(1,586,456)	-	(47,931,599)	(58,664)	(49,518,055)
Ending Balance	\$ 33,017,021	\$ 33,903,986	\$56,099,046	\$ 55,485,707	\$ 89,114,060	\$89,389,693

Long-term debt. At the end of the fiscal year, the City of Newport had total long-term debt outstanding of \$30,816,329. In governmental activity, \$3,215,000 is the balance of a 2000 loan to make improvements in the Nye Beach, Uptown, and Bay front areas of the City as well as financing the renovation of City Hall. In 2007, Bank of America loaned the Urban Renewal Agency \$900,000 to construct the 4B Storm Drain project in the South Beach Urban Renewal District. The amount currently outstanding is \$833,000. In 1991, the Urban Renewal Agency received a loan of \$500,000 to help finance the Oregon Coast Aquarium. The balance due on that loan is \$87,731. A capital lease for the purchase of three Police department vehicles has a balance of \$35,652. In 2008, a loan was made to the Urban Renewal Agency by Bank of America in the amount of \$2,530,000. The entire amount is outstanding at year end. The 2008 loan will fund infrastructure improvements in the South Beach Urban Renewal District. The City was a participant in the League of Oregon Cities Cooperative Asset Financing Program (LOCAP), with 2007 Certificates of Participation in the amount of \$1,015,000. The issue comprised both governmental and business-type activities. The government al portion, \$733,115, was used for the purchase of various types of equipment and funding for the Fire Department's Training Facility.

For the City business-type activities, \$281,885 of the 2007 Certificates of Participation were used to refinance a loan from Oregon Coast Bank for the purchase of the Airport's Fixed Base Operator (FBO) facility. \$24,682,590 comprises the outstanding balance of loans to construct the Wastewater Treatment Plant, including 1999 general obligation bonds with a balance of \$555,000. The City refunded the majority of the 1999 general obligation bond with the 2008 GO refunding bonds which have a balance at year end of \$7,470,000. The remaining loan balance, \$16,657,590, for the Wastewater Treatment Plant is comprised of loans from several State agencies, including the Oregon Department of Environmental Quality (DEQ), and the Oregon Economic and Community Development Department (OECDD). \$3,816,894 is the balance of loans to construct the Recreation Center, borrowed from the Oregon Department of Energy (DOE) and the State of Oregon Special Public Works Fund (SPWF). Water Treatment Plant improvements were funded by a general obligation bond in 1998 that have a balance of \$1,085,000. 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 \$949,960.

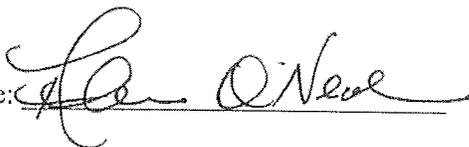
Table 5
Outstanding Debt at Year-end

	2007	2008
Governmental		
1990 Special Public Works Fund Loan	\$ 121,764	\$ 87,731
Bank of America, Series 2000	4,150,000	3,215,000
Bank of America, Series 2007	900,000	833,000
Bank of America, Series 2008	-	2,530,000
Capital lease - Police Vehicles	68,816	35,652
2007 Certificates of Participation	-	733,115
Sub-total	\$ 5,240,580	\$ 7,434,498
Business-type		
1998 WTP General Obligation Bonds	\$ 1,375,000	\$ 1,085,000
1999 Sewer General Obligation Bonds	8,435,000	555,000
2008 GO Refunding Bonds	-	7,470,000
1996 Oregon DEQ loan	6,719,294	6,394,964
1996 Oregon DEQ loan	10,350,841	6,243,254
2000 OECDD loan	2,124,778	2,009,686
2000 OECDD loan	2,124,778	2,009,686
2000 Oregon Dept of Energy loan	330,869	297,278
2000 SPWF loan	3,724,568	3,519,616
2006 Oregon Coast Bank loan	265,840	-
2007 Certificates of Participation	-	281,885
2007 Seal Rock Water District agreement	-	949,960
Sub-total	\$ 35,450,968	\$ 30,816,329
Total	\$ 40,691,548	\$ 38,250,827

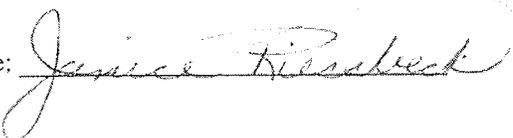
State statutes limit the amount of general obligation debt an Oregon city may issue to 3% of total real market value of all taxable property within its boundary. The current debt limitation for the City of Newport is \$31,258,968. Only \$9,110,000 of the outstanding debt is counted within the statutory 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 of Newport's unemployment rate ended the fiscal year at 5.1%. 68 building permits were issued for new residential development in fiscal 2008. In addition, permits were issued for 22 new commercial developments, and 93 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 of Newport'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: CITY MANAGER

Signature: 

Title: FINANCE DIRECTOR

This Page Intentionally Left Blank

**CITY OF NEWPORT
LINCOLN COUNTY, OREGON**

BASIC FINANCIAL STATEMENTS

This Page Intentionally Left Blank

CITY OF NEWPORT
LINCOLN COUNTY, OREGON

STATEMENT OF NET ASSETS
June 30, 2008

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 15,816,029	\$ 2,544,650	\$ 18,360,679
Receivables (Net of Allowance for Uncollectibles)	1,416,835	657,698	2,074,533
Internal Balances	411,271	(411,271)	-
Supply Inventory	9,751	-	9,751
Capital Assets, Net	33,903,986	55,485,705	89,389,691
Total Assets	51,557,872	58,276,782	109,834,654
LIABILITIES			
Accounts Payable	130,683	277,562	408,245
Payroll and Payroll Taxes Payable	158,798	53,386	212,184
Interest Payable	-	218,087	218,087
Unearned Revenue	66,784	175,241	242,025
Accrued Vacation	263,224	89,894	353,118
Noncurrent Liabilities:			
Due Within One Year:	846,118	2,403,953	3,250,071
Due in More Than One Year:	6,588,379	28,412,376	35,000,755
Total Liabilities	8,053,986	31,630,499	39,684,485
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	26,469,489	24,669,376	51,138,865
Restricted for:			
System Development	358,403	592,810	951,213
Debt Service	7,267,269	1,433	7,268,702
Unrestricted	9,408,725	1,382,664	10,791,389
Total Net Assets	\$ 43,503,886	\$ 26,646,283	\$ 70,150,169

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, 2008

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs				
Primary Government				
Governmental Activities				
General government	\$ 2,302,119	\$ 566,550	\$ -	\$ 11,409
Public safety	4,355,418	167,600	-	123,889
Streets	700,579	94,106	-	104,888
Economic development	1,231,387	437,960	-	-
Culture and recreation	2,170,351	30,689	-	7,033
Facilities & Acquisitions	1,179,478	-	-	-
Interest on long-term debt	775,084	-	-	-
Total Governmental Activities	12,714,416	1,296,905	-	247,219
Business-Type Activities				
Water	1,946,732	1,929,148	-	-
Sewer	3,692,220	2,320,074	-	-
Airport	886,642	452,165	-	32,337
Recreation	1,215,242	536,101	-	32,303
Total Business-Type Activities	7,740,836	5,237,488	-	64,640
Total Primary Government	\$ 20,455,252	\$ 6,534,393	\$ -	\$ 311,859

General Revenues

Taxes:

- Property
- Transient Occupancy
- Other Taxes
- Licenses, Permits & Fees
- Intergovernmental
- Special Assessments
- Investment Earnings
- Miscellaneous
- Contributed Capital
- Transfers

Total General Revenues and Transfers

Change in Net Assets

Prior Period Adjustment

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, 2008

Net Revenue (Expenses) and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
\$ (1,724,160)	\$ -	\$ (1,724,160)
(4,063,929)	-	(4,063,929)
(501,585)	-	(501,585)
(793,427)	-	(793,427)
(2,132,629)	-	(2,132,629)
(1,179,478)	-	(1,179,478)
(775,084)	-	(775,084)
(11,170,292)	-	(11,170,292)
-	(17,584)	(17,584)
-	(1,372,146)	(1,372,146)
-	(402,140)	(402,140)
-	(646,838)	(646,838)
-	(2,438,708)	(2,438,708)
(11,170,292)	(2,438,708)	(13,609,000)
8,392,534	1,327,273	9,719,807
2,176,313	430,362	2,606,675
94,401	-	94,401
600,064	-	600,064
1,260,686	-	1,260,686
133,176	-	133,176
680,534	127,409	807,943
453,831	107,257	561,088
-	141,232	141,232
(5,064,223)	5,064,223	-
8,727,316	7,197,756	15,925,072
(2,442,976)	4,759,048	2,316,072
262,154	-	262,154
45,684,708	21,887,235	67,571,943
\$ 43,503,886	\$ 26,646,283	\$ 70,150,169

The accompanying notes are an integral part of this statement.

CITY OF NEWPORT
LINCOLN COUNTY, OREGON

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2008

	GENERAL FUND	STATE TAX STREET FUNDS	CAP. FACILITIES CONSTRUCTION FUND	ECONOMIC DEVELOPMENT FUND	URBAN RENEWAL CONSTRUCTION FUND
ASSETS:					
Cash & Cash Equivalents	\$ 1,041,165	\$ 319,321	\$ 198,198	\$ 1,311,379	\$ 402,148
Receivables, net					
Taxes	302,788	-	-	-	429
Accounts	121,379	35,929	-	230,852	4,599
Assessments	-	-	-	-	-
Loans	-	23,492	-	-	-
Interfund Receivables	-	-	-	535,000	-
Investment in Foreclosed Property	-	-	-	-	-
Total Assets	\$ 1,465,332	\$ 378,742	\$ 198,198	\$ 2,077,231	\$ 407,176
LIABILITIES AND FUND EQUITY:					
Liabilities:					
Accounts Payable	\$ 64,446	\$ 197	\$ 506	\$ 14,536	\$ 651
Payroll and Payroll Taxes Payable	143,910	11,257	-	-	-
Deferred Revenues	236,087	23,492	-	-	429
Customer Deposits	66,784	-	-	-	-
Total Liabilities	511,227	34,946	506	14,536	1,080
Fund Equity:					
Fund Balances:					
Reserved for					
Debt Service	-	-	-	-	-
System Development	-	308,832	49,571	-	-
Unreserved, reported in					
General Fund	954,105	-	-	-	-
Special Revenue Funds	-	34,964	148,121	2,062,695	-
Capital Projects Funds	-	-	-	-	406,096
Total Fund Equity	954,105	343,796	197,692	2,062,695	406,096
Total Liabilities and Fund Equity	\$ 1,465,332	\$ 378,742	\$ 198,198	\$ 2,077,231	\$ 407,176

The accompanying notes are an integral part of this statement.

**CITY OF NEWPORT
LINCOLN COUNTY, OREGON**

**BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2008**

SB URBAN RE- NEWAL CONST. FUND	URBAN RENEWAL DEBT FUND	SB URBAN RE- NEWAL DEBT SERVICE FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ 1,178,427	\$ 5,447,699	\$ 1,715,834	\$ 4,159,288	\$ 15,773,459
-	178,154	106,385	-	587,756
-	-	-	404,495	797,254
-	-	-	-	-
8,333	-	-	-	31,825
-	-	-	-	535,000
-	-	-	9,751	9,751
<u>\$ 1,186,760</u>	<u>\$ 5,625,853</u>	<u>\$ 1,822,219</u>	<u>\$ 4,573,534</u>	<u>\$ 17,735,045</u>
\$ 11,125	\$ -	\$ -	\$ 36,573	\$ 128,034
-	-	-	916	156,083
8,333	138,737	82,411	368,493	857,982
-	-	-	-	66,784
<u>19,458</u>	<u>138,737</u>	<u>82,411</u>	<u>405,982</u>	<u>1,208,883</u>
-	5,487,116	1,739,808	40,345	7,267,269
-	-	-	-	358,403
-	-	-	-	954,105
-	-	-	4,127,207	6,372,987
1,167,302	-	-	-	1,573,398
<u>1,167,302</u>	<u>5,487,116</u>	<u>1,739,808</u>	<u>4,167,552</u>	<u>16,526,162</u>
<u>\$ 1,186,760</u>	<u>\$ 5,625,853</u>	<u>\$ 1,822,219</u>	<u>\$ 4,573,534</u>	<u>\$ 17,735,045</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
For the Year Ended June 30, 2008**

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

Fund Balances	\$ 16,526,162
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.	
Net Capital Assets	33,647,175
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. All liabilities, both current and long-term, are reported in the statement of net assets.	
GO Bonds, Notes and Contracts Payable	(7,434,497)
Accrued compensated absences are not due and payable in the current period and therefore are not reported in the funds.	
Accrued Vacation	(256,919)
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	
Deferred Revenue	857,982
Internal Service Fund Net Assets	
Allocation of Public Works Fund attributable to governmental activities.	<u>163,983</u>
Total Net Assets	<u><u>\$ 43,503,886</u></u>

The accompanying notes are an integral part of this statement.

CITY OF NEWPORT
LINCOLN COUNTY, OREGON

**STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2008**

	GENERAL FUND	STATE TAX STREET FUND	CAP. FACILITIES CONSTRUCTION FUND	ECONOMIC DEVELOPMENT FUND	URBAN RENEWAL CONSTRUCTION FUND
REVENUES					
Property Taxes	\$ 4,263,830	\$ -	\$ -	\$ -	\$ 167
Transient Room Tax	594,844	-	-	1,356,774	-
Other Taxes	94,401	-	-	-	-
Licenses, Permits, and Fees	1,065,498	-	-	-	-
Intergovernmental	683,724	576,962	-	-	-
Interfund Services	391,000	30,000	-	-	-
Leases & Rents	75,211	-	-	-	56,086
Special Assessments	-	85,802	47,374	-	-
Investment Earnings	55,421	18,756	8,028	45,345	14,834
Fines and Forfeitures	167,600	-	-	-	-
Grants	130,527	104,888	-	-	-
Insurance Proceeds	120,676	-	-	-	-
Miscellaneous	117,612	9,288	-	238	-
Total Revenues	<u>7,760,344</u>	<u>825,696</u>	<u>55,402</u>	<u>1,402,357</u>	<u>71,087</u>
EXPENDITURES					
Current:					
General Government	1,377,770	-	-	-	72,731
Public Safety	3,887,705	-	-	-	-
Streets	-	677,328	-	-	-
Economic Development	-	-	-	868,691	-
Culture and Recreation	1,933,776	-	-	-	-
Materials & Services	-	-	22,240	-	-
Capital Outlay	-	462,594	14,431	-	-
Debt Service	-	-	-	-	-
Total Expenditures	<u>7,199,251</u>	<u>1,139,922</u>	<u>36,671</u>	<u>868,691</u>	<u>72,731</u>
Excess of Revenues Over (Under) Expenditures	561,093	(314,226)	18,731	533,666	(1,644)
Other Financing Sources, (Uses)					
Bond/loan Proceeds	-	-	-	-	-
Transfers In/Out	(367,508)	-	-	312,824	-
Total Other Financing Sources, (Uses)	<u>(367,508)</u>	<u>-</u>	<u>-</u>	<u>312,824</u>	<u>-</u>
Net Change in Fund Balance	193,585	(314,226)	18,731	846,490	(1,644)
PRIOR PERIOD ADJUSTMENT	256,136	38,903	-	-	-
FUND BALANCE - BEGINNING OF YEAR	<u>504,384</u>	<u>619,119</u>	<u>178,961</u>	<u>1,216,205</u>	<u>407,740</u>
FUND BALANCE - END OF YEAR	<u>\$ 954,105</u>	<u>\$ 343,796</u>	<u>\$ 197,692</u>	<u>\$ 2,062,695</u>	<u>\$ 406,096</u>

The accompanying notes are an integral part of this statement.

CITY OF NEWPORT
LINCOLN COUNTY, OREGON

**STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2008**

SB URBAN RE- NEWAL CONST. FUND	URBAN RENEWAL DEBT FUND	SB URBAN RE- NEWAL DEBT SERVICE FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ -	\$ 2,508,267	\$ 1,587,357	\$ -	\$ 8,359,621
-	-	-	224,695	2,176,313
-	-	-	-	94,401
-	-	-	568,543	1,634,041
-	-	-	-	1,260,686
-	-	-	-	421,000
-	-	-	-	131,297
-	-	-	-	133,176
15,666	270,537	69,924	182,023	680,534
-	-	-	-	167,600
-	-	-	11,804	247,219
-	-	-	-	120,676
100,000	6,215	800	59,913	294,066
<u>115,666</u>	<u>2,785,019</u>	<u>1,658,081</u>	<u>1,046,978</u>	<u>15,720,630</u>
-	-	-	495,091	1,945,592
-	-	-	8,913	3,896,618
-	-	-	-	677,328
207,693	-	-	196,169	1,272,553
-	-	-	7,950	1,941,726
-	-	19,988	-	42,228
1,827,510	-	-	798,083	3,102,618
-	1,224,226	620,055	-	1,844,281
<u>2,035,203</u>	<u>1,224,226</u>	<u>640,043</u>	<u>1,506,206</u>	<u>14,722,944</u>
(1,919,537)	1,560,793	1,018,038	(459,228)	997,686
2,530,000	-	-	733,114	3,263,114
250,000	(4,495,592)	(594,626)	(169,321)	(5,064,223)
<u>2,780,000</u>	<u>(4,495,592)</u>	<u>(594,626)</u>	<u>563,793</u>	<u>(1,801,109)</u>
860,463	(2,934,799)	423,412	104,565	(803,423)
-	-	-	(32,885)	262,154
306,839	8,421,915	1,316,396	4,095,872	17,067,431
<u>\$ 1,167,302</u>	<u>\$ 5,487,116</u>	<u>\$ 1,739,808</u>	<u>\$ 4,167,552</u>	<u>\$ 16,526,162</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, 2008**

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 \$ (803,423)

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	\$ 1,923,140	
Depreciation Expense	<u>(1,029,285)</u>	
Net Adjustment		893,855

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	\$ (2,193,917)	
Accrued Vacation	<u>(116,805)</u>	
Net Adjustment		(2,310,722)

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

Property Taxes		32,913
Internal Balances Due To Business-Type Activities		(127,500)
Internal Service Fund		<u>(128,099)</u>
Change in Net Assets		<u>\$ (2,442,976)</u>

The accompanying notes are an integral part of this statement.

CITY OF NEWPORT
LINCOLN COUNTY, OREGON
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET - BUDGETARY BASIS
For the Year Ended June 30, 2008

	<u>GENERAL FUND</u>			VARIANCE WITH FINAL BUDGET (NEGATIVE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
REVENUES				
Property Taxes	\$ 4,310,000	\$ 4,310,000	\$ 4,263,830	\$ (46,170)
Transient Room Tax	591,433	591,433	594,844	3,411
Other Taxes	59,200	59,200	94,401	35,201
Fees	993,000	993,000	1,065,498	72,498
Intergovernmental	675,178	675,178	683,724	8,546
Grants	122,500	219,399	130,527	(88,872)
Fines	149,000	149,000	167,600	18,600
Rents and Leases	74,000	74,000	75,211	1,211
Interest	25,000	25,000	55,421	30,421
Services Provided	391,000	391,000	391,000	-
Insurance Proceeds	-	119,369	120,676	1,307
Miscellaneous	53,800	53,800	117,612	63,812
Total Revenue	<u>7,444,111</u>	<u>7,660,379</u>	<u>7,760,344</u>	<u>99,965</u>
EXPENDITURES				
City Council & Mayor	24,200	24,200 (1)	22,054	2,146
City Administration	493,153	493,153 (1)	487,140	6,013
Municipal Court	29,727	31,227 (1)	31,205	22
City Attorney	161,619	161,619 (1)	152,998	8,621
Finance	360,299	360,299 (1)	337,907	22,392
City Hall	75,000	88,500 (1)	86,532	1,968
General Services	231,238	263,738 (1)	259,934	3,804
Police Department	2,596,046	2,612,945 (1)	2,453,454	159,491
Central Dispatch	478,759	552,609 (1)	552,609	-
Fire Department	885,108	871,258 (1)	881,642	(10,384)
Library	918,446	918,446 (1)	863,636	54,810
Community Development	284,854	270,854 (1)	236,551	34,303
Parks & Recreation	557,199	536,699 (1)	525,087	11,612
Special Expenditures	167,000	326,181 (1)	308,502	17,679
Contingency	100,000	(9,812) (1)	-	(9,812)
Total Expenditures	<u>7,362,648</u>	<u>7,501,916</u>	<u>7,199,251</u>	<u>302,665</u>
Excess of Revenues				
Over (Under) Expenditures	81,463	158,463	561,093	402,630
OTHER FINANCING SOURCES (USES)				
Transfers In	61,400	61,400	47,748	(13,652)
Transfers Out	(338,256)	(415,256) (1)	(415,256)	-
Total Other Financing Sources (Uses)	<u>(276,856)</u>	<u>(353,856)</u>	<u>(367,508)</u>	<u>(13,652)</u>
Net Change in Fund Balance	(195,393)	(195,393)	193,585	388,978
PRIOR PERIOD ADJUSTMENT	-	-	256,136	256,136
FUND BALANCE - BEGINNING OF YEAR	<u>350,000</u>	<u>350,000</u>	<u>504,384</u>	<u>154,384</u>
FUND BALANCE - END OF YEAR	<u>\$ 154,607</u>	<u>\$ 154,607</u>	<u>\$ 954,105</u>	<u>\$ 799,498</u>

(1) Appropriation Level

CITY OF NEWPORT
LINCOLN COUNTY, OREGON

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET- BUDGETARY BASIS
For the Year Ended June 30, 2008

<u>STATE TAX STREET FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
REVENUES				
State Gas Tax Proration	\$ 521,600	\$ 521,600	\$ 488,207	\$ (33,393)
State ISTEPA Entitlement	89,000	89,000	88,755	(245)
Misc. Sales & Services	3,000	3,000	9,288	6,288
SDC Charges	63,000	63,000	85,802	22,802
Services Provided for Sewer Fund	30,000	30,000	30,000	-
Grants	95,000	95,000	104,888	9,888
Interest on Investments	10,250	10,250	18,756	8,506
Total Revenues	<u>811,850</u>	<u>811,850</u>	<u>825,696</u>	<u>13,846</u>
EXPENDITURES				
Operations	686,481	695,040 (1)	677,328	17,712
Capital Projects	150,950	287,510 (1)	285,616	1,894
SDC Projects	177,000	177,000 (1)	176,978	22
Contingency	237,119	92,000 (1)	-	92,000
Total Expenditures	<u>1,251,550</u>	<u>1,251,550</u>	<u>1,139,922</u>	<u>111,628</u>
Net Change in Fund Balance	(439,700)	(439,700)	(314,226)	125,474
PRIOR PERIOD ADJUSTMENT	-	-	38,903	38,903
FUND BALANCE - BEGINNING OF YEAR	<u>439,700</u>	<u>439,700</u>	<u>619,119</u>	<u>179,419</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 343,796</u>	<u>\$ 343,796</u>

(1) Appropriation Level

CITY OF NEWPORT
LINCOLN COUNTY, OREGON

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
as of June 30, 2008

	SEWER FUND	WATER FUND	AIRPORT FUND	RECREATION FUND	TOTALS CURRENT YEAR	GOVERNMENTAL ACTIVITIES- PUBLIC WORKS
ASSETS						
Current Assets						
Cash and Cash Equivalents	\$ 1,573,068	\$ 862,024	\$ (150,992)	\$ 120,137	\$ 2,404,237	\$ 182,983
Receivables	-	-	-	-	-	-
Taxes	65,200	29,042			94,242	-
Accounts	313,811	251,453	(1,808)	-	563,456	-
Total Current Assets	<u>1,952,079</u>	<u>1,142,519</u>	<u>(152,800)</u>	<u>120,137</u>	<u>3,061,935</u>	<u>182,983</u>
Noncurrent Assets						
Capital Assets, Net	41,465,751	5,605,385	3,814,992	4,599,577	55,485,705	256,811
Total Noncurrent Assets	<u>41,465,751</u>	<u>5,605,385</u>	<u>3,814,992</u>	<u>4,599,577</u>	<u>55,485,705</u>	<u>256,811</u>
Total Assets	<u>43,417,830</u>	<u>6,747,904</u>	<u>3,662,192</u>	<u>4,719,714</u>	<u>58,547,640</u>	<u>439,794</u>
LIABILITIES						
Current Liabilities						
Accounts Payable	10,810	63,173	48,343	17,181	139,507	11,388
Interfund Payable	400,000	135,000	-	-	535,000	-
Accrued Interest Payable	194,276	8,017	-	15,794	218,087	-
Deposits	-	127,676	1,640	-	129,316	-
Compensated Absences	22,138	23,092	14,098	9,768	69,096	27,103
Payroll Liabilities	10,536	14,899	5,895	13,100	44,430	11,671
Deferred Revenue	60,193	64,413	-	50,635	175,241	-
General Obligation Bonds						
Payable, Current Portion	555,000	305,000	-	-	860,000	-
Loans & notes, current portion	1,238,057	15,205	40,269	250,422	1,543,953	-
Total Current Liabilities	<u>2,491,010</u>	<u>756,475</u>	<u>110,245</u>	<u>356,900</u>	<u>3,714,630</u>	<u>50,162</u>
Noncurrent Liabilities						
General Obligation Bonds Payable, Net	7,470,000	780,000	-	-	8,250,000	-
Loans & Notes, Net	15,419,533	934,755	241,616	3,566,472	20,162,376	-
Total Noncurrent Liabilities	<u>22,889,533</u>	<u>1,714,755</u>	<u>241,616</u>	<u>3,566,472</u>	<u>28,412,376</u>	<u>-</u>
Total Liabilities	<u>25,380,543</u>	<u>2,471,230</u>	<u>351,861</u>	<u>3,923,372</u>	<u>32,127,006</u>	<u>50,162</u>
Net Assets						
Invested in Capital Assets,						
Net of Related Debt	16,783,161	3,570,425	3,533,107	782,683	24,669,376	256,811
Retricted for						
Debt Service	-	-	-	1,433	1,433	-
System development	169,043	423,767	-	-	592,810	-
Unrestricted	1,085,083	282,482	(222,776)	12,226	1,157,015	132,821
Total Net Assets	<u>\$ 18,037,287</u>	<u>\$ 4,276,674</u>	<u>\$ 3,310,331</u>	<u>\$ 796,342</u>	<u>\$ 26,420,634</u>	<u>\$ 389,632</u>

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

Prior year	(84,837)
Current year	310,486
Net assets - business type	<u>\$ 26,646,283</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, 2008

	SEWER FUND	WATER FUND	AIRPORT FUND	RECREATION FUND	TOTALS CURRENT YEAR	GOVERNMENTAL ACTIVITIES- PUBLIC WORKS
OPERATING REVENUES						
Charges for Sales and Services	\$ 2,240,664	\$ 1,802,990	\$ 422,616	\$ 506,322	\$ 4,972,592	\$ 640,258
Other Services	9,833	86,198	29,549	29,779	155,359	-
Total Operating Revenues	<u>2,250,497</u>	<u>1,889,188</u>	<u>452,165</u>	<u>536,101</u>	<u>5,127,951</u>	<u>640,258</u>
OPERATING EXPENSES						
Costs of Sales and Services	1,102,801	1,083,746	308,861	908,938	3,404,346	571,445
Administration	709,022	572,311	272,160	-	1,553,493	-
Depreciation	1,360,303	238,281	275,621	206,194	2,080,399	22,579
Total Operating Expenses	<u>3,172,126</u>	<u>1,894,338</u>	<u>856,642</u>	<u>1,115,132</u>	<u>7,038,238</u>	<u>594,024</u>
Net operating income (loss)	<u>(921,629)</u>	<u>(5,150)</u>	<u>(404,477)</u>	<u>(579,031)</u>	<u>(1,910,287)</u>	<u>46,234</u>
NONOPERATING REVENUES (EXPENSES)						
Property Taxes	917,782	409,491	-	-	1,327,273	-
Transient Room Tax	233,819	-	196,543	-	430,362	-
Investment Earnings	74,690	42,890	264	2,924	120,768	8,654
Interest Expense	(718,495)	(60,293)	-	(100,110)	(878,898)	-
Systems Development Fees	101,228	(11,979)	-	-	89,249	-
Grants	-	-	32,337	32,303	64,640	-
Total Nonoperating Revenues (expenses)	<u>609,024</u>	<u>380,109</u>	<u>229,144</u>	<u>(64,883)</u>	<u>1,153,394</u>	<u>8,654</u>
Income Before Contributions and Transfers	(312,605)	374,959	(175,333)	(643,914)	(756,893)	54,888
Transfer In/Out	4,272,184	(31,094)	-	823,133	5,064,223	-
Capital Contributions	-	57,432	83,800	-	141,232	-
Change In Net Assets	<u>3,959,579</u>	<u>401,297</u>	<u>(91,533)</u>	<u>179,219</u>	<u>4,448,562</u>	<u>54,888</u>
Net Assets - Beginning of Year	<u>14,077,708</u>	<u>3,875,377</u>	<u>3,401,864</u>	<u>617,123</u>	<u>21,972,072</u>	<u>334,744</u>
Net Assets - End of Year	<u>\$ 18,037,287</u>	<u>\$ 4,276,674</u>	<u>\$ 3,310,331</u>	<u>\$ 796,342</u>	<u>\$ 26,420,634</u>	<u>\$ 389,632</u>

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

Prior year	(84,837)
Current year	310,486
Net assets - business type	<u>\$ 26,646,283</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, 2008

	SEWER FUND	WATER FUND	AIRPORT FUND	RECREATION FUND	TOTALS CURRENT YEAR	GOVERNMENTAL ACTIVITIES- PUBLIC WORKS
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from Customers and Users	\$ 2,367,688	\$ 1,945,469	\$ 496,128	\$ 538,546	\$ 5,347,831	\$ 640,617
Payments to Suppliers	(1,558,561)	(1,297,879)	(487,631)	(343,816)	(3,687,887)	(250,351)
Payments to Employees	(346,435)	(504,191)	(213,911)	(597,423)	(1,661,960)	(357,539)
Net Cash Provided by Operating Activities	462,692	143,399	(205,414)	(402,693)	(2,016)	32,727
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfer To/From Other Funds	4,272,184	(31,094)	-	823,133	5,064,223	-
Interfund Loans	-	-	-	-	-	-
SDC Fees	67,258	40,000	-	-	107,258	-
Grants	-	-	32,337	32,303	64,640	-
Transient Room Tax	233,819	-	196,543	-	430,362	-
Property Taxes	917,782	409,491	-	-	1,327,273	-
Net Cash Provided (used) from Noncapital and Related Financing Activities	5,491,043	418,397	228,880	855,436	6,993,756	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Capital Contributions	-	57,432	83,800	-	141,232	-
Loan Proceeds	-	-	-	-	-	-
Purchases of Capital Assets	(47,072)	(1,081,134)	(331,556)	(9,300)	(1,469,062)	-
Principal Paid on Debt	(5,072,101)	659,960	16,045	(238,543)	(4,634,639)	-
Interest Expense	(962,254)	(67,892)	-	(202,924)	(1,233,070)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(6,081,427)	(431,634)	(231,711)	(450,767)	(7,195,539)	-
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from Investments	74,690	42,890	264	2,924	120,768	(7,035)
Purchase of Investments	-	-	-	-	-	-
Interest and Dividends Received	-	-	-	-	-	-
Net Cash Provided (used) by Investing Activities	74,690	42,890	264	2,924	120,768	(7,035)
Net Increase, (Decrease) in Cash and Cash Equivalents	(53,002)	173,052	(207,981)	4,900	(83,031)	25,692
CASH AND CASH EQUIVALENTS - BEGINNING	1,626,070	688,972	56,989	115,237	2,487,268	157,291
CASH AND CASH EQUIVALENTS - ENDING	\$ 1,573,068	\$ 862,024	\$ (150,992)	\$ 120,137	\$ 2,404,237	\$ 182,983
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities						
Operating Income	\$ (887,659)	\$ (57,129)	\$ (404,477)	\$ (579,031)	\$ (1,928,296)	\$ 46,234
Adjustments						
Depreciation/Amortization	1,360,303	238,281	275,621	206,194	2,080,399	22,579
(Increase), Decrease in Accounts Receivable	(10,393)	(65,971)	43,963	98	(32,303)	359
Increase (Decrease) in Deferred Revenue	60,193	63,952	-	2,347	126,492	-
Increase, (Decrease) in Accounts Payable	(73,703)	(72,050)	(128,003)	(42,068)	(315,824)	(50,796)
Increase, (Decrease) in Prepaid Expenses	-	-	-	-	-	-
Increase, (Decrease) in customer deposits	-	19,800	-	-	19,800	-
Increase, (Decrease) in Payroll Liabilities	13,951	16,516	7,482	9,767	47,716	14,351
Net Cash From Operations	\$ 462,692	\$ 143,399	\$ (205,414)	\$ (402,693)	\$ (2,016)	\$ 32,727

The accompanying notes are an integral part of this statement.

CITY OF NEWPORT
LINCOLN COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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

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 State Gas Tax Street Fund – This fund accounts for the maintenance, operation and construction of the City’s streets. The primary source of revenues is state shared highway funds.

Capital Facilities Construction Fund – This fund tracks the cost of various jobs to complete a major project.

The Economic Development Fund – This fund is for monitoring the marketing, advertising, community membership and economic development.

Blended Component Unit

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

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

CITY OF NEWPORT
LINCOLN COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

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.

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).

The Recreation Fund – This fund reports revenue generated from the swimming pool, recreational programs and user fees of the recreation center.

Public Works Fund – This fund accounts for general and public works administration primarily to the other departments.

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.

CITY OF NEWPORT
LINCOLN COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

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.

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 2007-08, 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, 2008, except for the following: General Fund – Fire Department, \$10,384; General Fund – Contingency, \$9,812; Building Inspection Fund – Personal Services, \$409; Building Inspection Fund – Materials & Services, \$796; Water Fund – Administration & General, \$2,331; Airport Fund – Airport FBO, \$26,769; Recreation Fund – Swimming Pool, \$9,870; Recreation Fund – Recreation Center, \$2,874; Recreation Fund – Recreation Programs, \$6,400; Public Works – Shop & Operation Division, \$2,288.

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.

CITY OF NEWPORT
LINCOLN COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 1st. 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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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, 2008 (recorded at fair value) consisted of:

Deposits with Financial Institutions:	
Petty Cash	\$ 889
Demand Deposits	5,333,897
Investments	13,025,893
Total	\$ 18,360,679
Government-Wide Presentation:	
Governmental Activities	\$ 15,816,029
Business Type Activities	2,544,650
Total	\$ 18,360,679

DEPOSITS

State statutes require obtaining a certificate of participation from depositories for the full amount of deposits that exceed FDIC coverage. The depositories are required to pledge, with an independent collateral pool manager, as agent for the City, securities in the City's name at least equal to twenty-five percent of the face value of the certificate of participation issued to the City. The City's deposits at year-end were covered, as required by law, by federal depository insurance or by certificates of participation backed by securities held by financial institutions acting as agents for the City in the City's name.

Deposits consist of bank demand deposits. The carrying amount of deposits is \$6,923,805. The total bank balance per the bank statements is \$7,213,655. Of these deposits, \$400,712 is covered by federal depository insurance and \$1,703,236 is collateralized by securities held by financial institutions acting as agents for the City in the City's name, and the remaining is uninsured and uncollateralized. At June 30, 2008, the collateral was sufficient to meet the requirements of Oregon Law.

INVESTMENTS

As of June 30, 2008, 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>
Certificates of Deposit	\$ 1,589,910	-	1,589,910	-
State Treasurer's investment pool	11,435,983	11,435,983	-	-
Total	\$ 13,025,893	11,435,983	1,589,910	-

Investments are valued at fair value as required by GASB 31. There is no material difference between fair value of the position in the State Treasurer's Local Governmental Investment Pool and the value of the pool shares at June 30, 2008.

CITY OF NEWPORT
LINCOLN COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

2. CASH AND INVESTMENTS

To avoid incurring unreasonable risks inherent to over-investing in specific instruments or in individual financial institutions, the investment policy sets maximum limits on the percentage of the portfolio that can be invested in any one type of security. At June 30, 2008 the City was in compliance with all percentage restrictions.

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. Amounts in the State Treasurer's Local Government Investment Pool are not required by law to be collateralized.

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.

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.

CITY OF NEWPORT
LINCOLN COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

4. CAPITAL ASSETS

The changes in capital assets for the fiscal year ended June 30, 2008 are as follows:

GOVERNMENTAL ACTIVITIES CAPITAL ASSETS				
	June 30, 2007	Additions & Transfers	Disposals & Transfers	June 30, 2008
Capital Assets, not being depreciated				
Land	\$ 8,796,155	\$ -	\$ -	\$ 8,796,155
Construction in Progress	1,586,456	72,820	1,586,456	72,820
Total, not being depreciated	10,382,611	72,820	1,586,456	8,868,975
Buildings & Structures	19,082,884	41,075	-	19,123,959
Equipment	2,922,451	198,553	-	3,121,004
Vehicles	2,483,513	202,590	-	2,686,103
Infrastructure	17,160,763	2,987,667	-	20,148,430
Total, being depreciated	41,649,611	3,429,885	-	45,079,496
Less Accumulated Depreciation				
Buildings & Structures	(10,503,951)	(587,100)	-	(11,091,051)
Equipment	(2,500,292)	(106,164)	-	(2,606,456)
Vehicles	(1,799,925)	(129,794)	-	(1,929,719)
Infrastructure	(4,211,033)	(206,227)	-	(4,417,260)
Total Accumulated Depreciation	(19,015,201)	(1,029,285)	-	(20,044,486)
Total Capital Assets being Depreciated, net	22,634,410	4,459,170	-	25,035,010
Governmental Activities Capital Assets, net	\$ 33,017,021	\$ 4,531,990	\$ 1,586,456	\$ 33,903,985

Depreciation expense was charged to the functions as follows:

Governmental Activities:

General Government	\$ 199,838
Public Safety	416,786
Streets	71,823
Economic Development	134,940
Culture and Recreation	205,898
Total depreciation expense, governmental activities	\$ 1,029,285

CITY OF NEWPORT
LINCOLN COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

4. CAPITAL ASSETS

	<u>BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS</u>			
	<u>June 30, 2007</u>	<u>Additions & Transfers</u>	<u>Disposals & Transfers</u>	<u>June 30, 2008</u>
Capital Assets, not being depreciated				
Land	\$ 15,050,069	\$ -	\$ 15,023,159	\$ 26,910
Construction in Progress	236,049	-	236,049	-
Total, not being depreciated	<u>15,286,118</u>	<u>-</u>	<u>15,259,208</u>	<u>26,910</u>
Buildings & Structures	41,316,823	6,373,049	26,767,089	20,922,783
Equipment	1,402,990	48,758	-	1,451,748
Vehicles	503,443	164,905	-	668,348
Infrastructure	18,184,003	42,813,950	5,905,302.00	55,092,651
Total, being depreciated	<u>61,407,259</u>	<u>49,400,662</u>	<u>32,672,391</u>	<u>78,135,530</u>
Less Accumulated Depreciation				
Buildings & Structures	(9,074,442)	(392,629)	(1,142,962)	(8,324,109)
Equipment	(1,146,316)	(50,511)	-	(1,196,827)
Vehicles	(413,234)	(39,854)	-	(453,088)
Infrastructure	(9,962,346)	(1,597,401)	1,142,962	(12,702,709)
Total Accumulated Depreciation	<u>(20,596,338)</u>	<u>(2,080,395)</u>	<u>-</u>	<u>(22,676,733)</u>
Total Capital Assets being Depreciated, net	<u>40,810,921</u>	<u>51,481,057</u>	<u>32,672,391</u>	<u>55,458,797</u>
Business-Type Activities Capital Assets, net	<u>\$ 56,097,039</u>	<u>\$ 51,481,057</u>	<u>\$ 47,931,599</u>	<u>\$ 55,485,707</u>

Depreciation expense was charged to the functions as follows:

Business-type Activities:

Water Operations	\$ 238,192
Sewer Operations	1,360,303
Airport Operations	\$ 275,625
Recreation Center Operations	<u>206,275</u>
Total depreciation expense, business-type activities	<u>\$ 2,080,395</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, 2008 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 composition of interfund balances as of June 30, 2008, are as follows:

	Due From Other Funds	Due To Other Funds
Water Fund	\$ -	\$ 135,000
Sewer Fund	-	400,000
Economic Development Fund	535,000	-
Total Funds	\$ 535,000	\$ 535,000

The purpose of the interfund loan 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:

	Business-type
1998 Water System Imp., issued January 1998, rates 4% - 4.55%, maturing 2012	\$ 1,085,000
1999 Sewer Bonds, issued February 1999, rates 4.2% - 4.25%, maturing 2019	555,000
2008 Sewer Bonds, April 2008, rate 3.5%, maturing 2019	7,470,000
Total Funds	\$ 9,110,000

Annual debt requirements to maturity are as follows:

YEAR	PRINCIPAL	INTEREST
2008-2009	\$ 860,000	\$ 446,762
2009-2010	830,000	296,302
2010-2011	875,000	264,417
2011-2012	830,000	230,492
2012-2013	725,000	200,025
2013-2018	4,075,000	599,200
2018-2023	915,000	32,025
	\$ 9,110,000	\$ 2,069,223

CITY OF NEWPORT
LINCOLN COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

7. LONG-TERM DEBT

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:

	Governmental	Business-type
Governmental		
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.	\$ 3,215,000	
Recreation Fund		
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.		\$ 297,278
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.		3,519,616
Sewer Fund		
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.		2,009,686
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		2,009,686
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.		6,394,964
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.		6,243,254
Total Bonds and Loans Under Cooperative Agreements	\$ 3,215,000	\$ 20,474,484

CITY OF NEWPORT
LINCOLN COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

7. LONG-TERM DEBT

	Governmental	Business-type
Other/Loans Bonds		
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.	\$ 833,000	
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.	87,731	
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.	2,530,000	
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.	733,115	\$ 281,885
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.		949,960
Total Other Loans/Bonds	4,183,846	1,231,845
Total Loans	\$ 7,398,846	\$ 21,706,329

Annual debt requirements to maturity are as follows:

GOVERNMENTAL ACTIVITIES			BUSINESS-TYPE ACTIVITIES		
YEAR	PRINCIPAL	INTEREST	YEAR	PRINCIPAL	INTEREST
2008-2009	810,465	403,882	2008-2009	1,543,908	963,371
2009-2010	858,475	350,650	2009-2010	1,612,178	893,392
2010-2011	873,039	307,453	2010-2011	1,690,893	823,344
2011-2012	896,176	263,259	2011-2012	1,761,659	749,035
2012-2013	943,399	217,279	2012-2013	1,835,981	670,815
2013-2018	2,919,782	401,217	2013-2018	8,470,174	2,123,101
2018-2023	79,451	16,974	2018-2023	4,159,174	540,424
2023-2026	18,059	903	2023-2028	177,526	129,764
	-	-	2028-2033	216,211	83,789
	-	-	2033-2038	238,625	26,376
	\$ 7,398,846	\$ 1,961,617		\$ 21,706,329	\$ 7,003,411

CITY OF NEWPORT
LINCOLN COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

7. LONG-TERM DEBT

Capital Leases

The City has two lease purchase agreements to finance police patrol vehicles:

	Governmental
Municipal lease 1001 is for \$71,434. The interest rate is 7.5% and matures October 2008.	\$ 23,770
Municipal lease 1002 is for \$35,706. The interest rate is 7.5% and matures October 2008.	11,882
Total Capital Leases	\$ 35,652

Annual debt requirements to maturity are as follows:

YEAR	PRINCIPAL	INTEREST
2008-2009	\$ 35,652	\$ 2,673
	\$ 35,652	\$ 2,673

Long-Term Debt activity for the year ended June 30, 2008, is as follows:

CHANGES IN LONG-TERM DEBT					
	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
City					
Bonds Payable	\$ 4,150,000	\$ -	\$ 935,000	\$ 3,215,000	\$ 390,000
Notes Payable	-	733,115	-	733,115	104,731
Capital Leases	68,816	-	33,164	35,652	35,652
Newport URA					
Loans & Bonds Payable	1,021,764	2,530,000	101,033	3,450,731	315,735
Governmental activities					
Long-Term Debt	\$ 5,240,580	\$ 3,263,115	\$ 1,069,197	\$ 7,434,498	\$ 846,118
Business-type Activities:					
General Obligation	9,810,000	7,470,000	8,170,000	9,110,000	860,000
Notes Payable	25,640,968	1,240,387	5,175,026	21,706,329	1,543,908
Business-type Activities					
Long-Term Debt	\$ 35,450,968	\$ 8,710,387	\$ 13,345,026	\$ 30,816,329	\$ 2,403,908
Total Long-Term Debt	\$ 40,691,548	\$ 11,973,502	\$ 14,414,223	\$ 38,250,827	\$ 3,250,026
Compensated Absences					
Governmental	254,476	143,908	114,363	284,021	127,640
Business Type	65,810	69,097	65,810	69,097	69,097
Total Compensated Absences	\$ 320,286	\$ 213,005	\$ 180,173	\$ 353,118	\$ 196,737

CITY OF NEWPORT
LINCOLN COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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.

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 16.73% for PERS and 15.41% 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, 2008, 2007, and 2006, the annual pension cost of \$263,001, \$260,794, and \$279,607 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 OPERF 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 OPERF; (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

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.

Three-Year Trend information
Defined Contribution – Money Purchase

<u>Fiscal Year</u>	<u>Annual Pension Cost</u>	<u>% of Annual Pension Cost Contributed</u>
6/30/06	\$126,862	100%
6/30/07	146,620	100%
6/30/08	161,451	100%

CITY OF NEWPORT
LINCOLN COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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, \$401,266 was contributed to the plan. The plan's normal cost is \$335,938, with interest plus amortization (over 30 years) of the plans unfunded actuarial accrued liability with interest. At June 30, 2008 the net pension obligation is \$(29,531).

The annual required contribution to the defined benefit plan was computed as part of an actuarial valuation performed as of July 1, 2008. 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.

Three-Year Trend information
Defined Benefit

<u>Fiscal Year</u>	<u>Annual Pension Cost</u>	<u>% of Annual Pension Cost Contributed</u>	<u>Net Provider Obligation</u>
6/30/06	\$319,291	64%	\$223,861
6/30/07	337,031	94.6%	18,236
6/30/08	335,938	108%	(29,531)

Post Employment Benefits

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

**CITY OF NEWPORT
LINCOLN COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

10. PRIOR PERIOD ADJUSTMENTS

Prior period adjustments were made to various funds to remove accruals from the prior years. Adjustments were made to the following funds:

	Governmental	Business Type
General Fund	\$ 256,136	\$ -
State Tax Street Fund	38,903	-
Electrical, Plumbing & Building Fund	555	-
Accounting & Debt Service Fund	(33,440)	-
Water Fund	-	(52,760)
Sewer Fund	-	34,496
Waste Water Bonded Debt Fund	-	(89,285)
Airport Fund	-	(58,654)
Recreation Fund	-	(28,798)
Public Works Fund	-	41,730
Total Funds	\$ 262,154	\$ (153,271)

11. OPERATING LEASES

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

Fiscal Year	Amount
6/30/08	\$168,022
6/30/09	109,832
6/30/10	52,830
6/30/11	5,464
6/30/12	5,464
Total	\$341,612

12. COMMITMENTS AND CONTINGENCIES

The Oregon Department of Environmental Quality initiated an enforcement action against the City related to a discharge of water from its water treatment plant to Anderson Creek. By agreeing to undertake a Supplemental Environmental Project the City was able to reduce the penalty to \$10,907.

13. SUBSEQUENT EVENTS

The City entered into an agreement on July 29, 2008 with a WRG Fire Training Simulation Systems, Inc. to build a new Fire Department training center. The total preliminary costs for this project are \$340,765.

14. DEFICIT FUND BALANCE

As of June 30, 2008 the Airport Fund had a deficit fund balance of \$208,678. The City intends to resolve this through operation transfers from the General Fund and increasing the room tax allocation to the Airport Fund.

This Page Intentionally Left Blank

CITY OF NEWPORT
LINCOLN COUNTY, OREGON

REQUIRED SUPPLEMENTARY INFORMATION

Individual Major Governmental Fund Statements

This Page Intentionally Left Blank

CITY OF NEWPORT
LINCOLN COUNTY, OREGON

REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF FUND PROGRESS
TREND INFORMATION
For the Year Ended June 30, 2008

PERS

Valuation Date	Value of Assets	Actuarial Liability	Unfunded Act. Liab.	Funded Percent	Covered Payroll	Net UAL/ Payroll
12/31/2004	Pooled	Pooled	\$ (339,601)	106%	\$ 1,558,392	-22%
12/31/2005	Pooled	Pooled	(1,057,729)	0%	1,446,139	-73%
12/31/2006	Pooled	Pooled	(1,671,111)	0%	1,377,682	-1%

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
7/1/2005	\$ 3,361,588	\$ 4,762,760	\$ 1,401,172	71%	\$ 2,292,508	61%
7/1/2006	2,897,816	4,407,811	1,509,995	66%	2,111,658	72%
7/1/2007	3,035,725	4,548,819	1,513,094	67%	2,426,997	62%

DEFINED CONTRIBUTION - MONEY PURCHASE

Actuarial Valuation Date	Actuarial Value of Assets	Vested Amount	Funded Percent
7/1/2005	\$ 3,393,740	\$ 3,318,761	102%
7/1/2006	3,084,927	3,005,420	103%
7/1/2007	3,103,321	2,989,686	104%

This Page Intentionally Left Blank

CITY OF NEWPORT
LINCOLN COUNTY, OREGON

SUPPLEMENTARY INFORMATION

Combining, Individual Fund, and
Other Financial Schedules

This Page Intentionally Left Blank

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, 2008

<u>CAPITAL FACILITIES CONSTRUCTION FUND</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)</u>
REVENUES				
Interest on Investments	\$ 6,000	\$ 6,000	\$ 8,028	\$ 2,028
Parks & Recreation SDC	20,000	20,000	16,373	(3,627)
Storm Drain SDC	25,100	25,100	31,001	5,901
Total Revenues	<u>51,100</u>	<u>51,100</u>	<u>55,402</u>	<u>4,302</u>
EXPENDITURES				
Parks SDC				
Materials & Services	60,000	60,000 (1)	-	60,000
Capital Outlay	20,000	20,000 (1)	-	20,000
Contingency	85,000	85,000 (1)	-	85,000
Storm Drain SDC				
Materials & services	30,000	30,000 (1)	22,240	7,760
Capital Outlay	48,000	48,000 (1)	14,431	33,569
Contingency	5,000	5,000 (1)	-	5,000
Total Expenditures	<u>248,000</u>	<u>248,000</u>	<u>36,671</u>	<u>211,329</u>
Net Change in Fund Balance	(196,900)	(196,900)	18,731	215,631
FUND BALANCE - BEGINNING OF YEAR	<u>196,900</u>	<u>196,900</u>	<u>178,961</u>	<u>(17,939)</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 197,692</u>	<u>\$ 197,692</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, 2008

<u>ECONOMIC DEVELOPMENT FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
REVENUES				
Interest on Investments	\$ 36,589	\$ 134,065	\$ 45,345	\$ (88,720)
Miscellaneous Sales & Services	-	-	238	238
Transient Room Tax	<u>1,348,996</u>	<u>1,348,996</u>	<u>1,356,774</u>	<u>7,778</u>
Total Revenues	<u>1,385,585</u>	<u>1,385,585</u>	<u>1,402,357</u>	<u>16,772</u>
EXPENDITURES				
Materials & Services	843,266	893,266 (1)	868,691	24,575
Contingency	<u>513,773</u>	<u>561,249 (1)</u>	<u>-</u>	<u>561,249</u>
Total Expenditures	<u>1,357,039</u>	<u>1,454,515</u>	<u>868,691</u>	<u>585,824</u>
Excess of Revenues Over (Under) Expenditures	28,546	(68,930)	533,666	602,596
OTHER FINANCING SOURCES (USES)				
Interfund Loan Transfer	332,476	332,476	342,824	10,348
Transfer Out	<u>(30,000)</u>	<u>(30,000) (1)</u>	<u>(30,000)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>302,476</u>	<u>302,476</u>	<u>312,824</u>	<u>10,348</u>
Net Change in Fund Balance	331,022	233,546	846,490	612,944
FUND BALANCE - BEGINNING OF YEAR	<u>777,473</u>	<u>777,473</u>	<u>1,216,205</u>	<u>438,732</u>
FUND BALANCE - END OF YEAR	<u>\$ 1,108,495</u>	<u>\$ 1,011,019</u>	<u>\$ 2,062,695</u>	<u>\$ 1,051,676</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, 2008

<u>URBAN RENEWAL CONSTRUCTION FUND</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)</u>
REVENUES				
Leases & Rents	\$ 56,086	\$ 56,086	\$ 56,086	\$ -
Interest on Investments	15,000	15,000	14,834	(166)
Property Taxes	500	500	167	(333)
Total Revenues	<u>71,586</u>	<u>71,586</u>	<u>71,087</u>	<u>(499)</u>
EXPENDITURES				
Materials & Services	66,700	77,375 (1)	72,731	4,644
Contingency	423,986	413,311 (1)	-	413,311
Total Expenditures	<u>490,686</u>	<u>490,686</u>	<u>72,731</u>	<u>417,955</u>
Net Change in Fund Balance	(419,100)	(419,100)	(1,644)	(420,744)
FUND BALANCE - BEGINNING OF YEAR	<u>419,100</u>	<u>419,100</u>	<u>407,740</u>	<u>(11,360)</u>
FUND BALANCE - END OF YEAR	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 406,096</u></u>	<u><u>\$ 406,096</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, 2008

SOUTH BEACH URBAN RENEWAL CONSTRUCTION FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Interest on Investments	\$ 2,000	\$ 2,000	\$ 15,666	\$ 13,666
Aquarium Loan Repayment	100,000	100,000	100,000	-
Total Revenues	<u>102,000</u>	<u>102,000</u>	<u>115,666</u>	<u>13,666</u>
EXPENDITURES				
Materials & Services	326,700	326,700 (1)	207,693	119,007
Capital Outlay	2,625,000	2,625,000 (1)	1,827,510	797,490
Contingency	542,500	542,500 (1)	-	542,500
Total Expenditures	<u>3,494,200</u>	<u>3,494,200</u>	<u>2,035,203</u>	<u>1,458,997</u>
Excess of Revenues Over (Under) Expenditures	(3,392,200)	(3,392,200)	(1,919,537)	1,472,663
OTHER FINANCING SOURCES (USES)				
Bond Proceeds	3,000,000	3,000,000	2,530,000	(470,000)
Transfer In	250,000	250,000	250,000	-
Total Other Financing Sources (Uses)	<u>3,250,000</u>	<u>3,250,000</u>	<u>2,780,000</u>	<u>(470,000)</u>
Net Change in Fund Balance	(142,200)	(142,200)	860,463	718,263
FUND BALANCE - BEGINNING OF YEAR	<u>451,257</u>	<u>451,257</u>	<u>306,839</u>	<u>(144,418)</u>
FUND BALANCE - END OF YEAR	<u>\$ 309,057</u>	<u>\$ 309,057</u>	<u>\$ 1,167,302</u>	<u>\$ 858,245</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, 2008

<u>URBAN RENEWAL BOND REDEMPTION FUND</u>				
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Property Taxes	\$ 2,406,379	\$ 2,406,379	\$ 2,508,267	\$ 101,888
Interest on Investments	333,938	333,938	270,537	(63,401)
Miscellaneous	-	-	6,215	6,215
Total Revenues	<u>2,740,317</u>	<u>2,740,317</u>	<u>2,785,019</u>	<u>44,702</u>
EXPENDITURES				
Materials & Services	31,767	31,767 (1)	31,766	1
Debt Service	5,296,842	5,296,842 (1)	1,192,460	4,104,382
Total Expenditures	<u>5,328,609</u>	<u>5,328,609</u>	<u>1,224,226</u>	<u>4,104,383</u>
Excess of Revenues Over (Under) Expenditures	(2,588,292)	(2,588,292)	1,560,793	4,149,085
OTHER FINANCING SOURCES (USES)				
Transfers Out	<u>407,877</u>	<u>407,877</u>	<u>(4,495,592)</u>	<u>4,903,469</u>
Net Change in Fund Balance	(2,180,415)	(2,180,415)	(2,934,799)	(754,384)
FUND BALANCE - BEGINNING OF YEAR	<u>8,222,020</u>	<u>8,222,020</u>	<u>8,421,915</u>	<u>199,895</u>
FUND BALANCE - END OF YEAR	<u>\$ 6,041,605</u>	<u>\$ 6,041,605</u>	<u>\$ 5,487,116</u>	<u>\$ (554,489)</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, 2008

SOUTH BEACH URBAN RENEWAL BOND REDEMPTION FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Property Taxes	\$ 1,394,076	\$ 1,394,076	\$ 1,587,357	\$ 193,281
Interest on Investments	75,000	75,000	69,924	(5,076)
Miscellaneous Revenue	-	-	800	800
Total Revenues	<u>1,469,076</u>	<u>1,469,076</u>	<u>1,658,081</u>	<u>189,005</u>
EXPENDITURES				
Materials & Services	19,988	19,988 (1)	19,988	-
Debt Service	1,281,683	1,281,683 (1)	620,055	661,628
Total Expenditures	<u>1,301,671</u>	<u>1,301,671</u>	<u>640,043</u>	<u>661,628</u>
Excess of Revenues Over (Under) Expenditures	167,405	167,405	1,018,038	850,633
OTHER FINANCING SOURCES (USES)				
Transfers Out	(250,000)	(250,000) (1)	(594,626)	(344,626)
Total Other Financing Sources (Uses)	<u>(250,000)</u>	<u>(250,000)</u>	<u>(594,626)</u>	<u>(344,626)</u>
Net Change in Fund Balance	(82,595)	(82,595)	423,412	506,007
FUND BALANCE - BEGINNING OF YEAR	<u>1,241,349</u>	<u>1,241,349</u>	<u>1,316,396</u>	<u>75,047</u>
FUND BALANCE - END OF YEAR	<u>\$ 1,158,754</u>	<u>\$ 1,158,754</u>	<u>\$ 1,739,808</u>	<u>\$ 581,054</u>

(1) Appropriation Level

CITY OF NEWPORT
LINCOLN COUNTY, OREGON

COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2008

	SPECIAL REVENUE FUNDS	ACCOUNTING & DEBT SERVICE FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
ASSETS			
Cash and Cash Equivalents	\$ 4,128,694	\$ 30,594	\$ 4,159,288
Receivable	352,960	51,535	404,495
Investment in Foreclosed Property	-	9,751	9,751
Total Assets	<u>\$ 4,481,654</u>	<u>\$ 91,880</u>	<u>\$ 4,573,534</u>
LIABILITIES AND FUND BALANCES:			
LIABILITIES			
Accounts Payable	\$ 36,573	\$ -	\$ 36,573
Compensated Absences Payable	916	-	916
Deferred Revenue	316,958	51,535	368,493
Total Liabilities	<u>354,447</u>	<u>51,535</u>	<u>405,982</u>
FUND BALANCES			
Reserved for			
Debt Service	-	30,594	30,594
Foreclosed Property	-	9,751	9,751
Unreserved, Reported In			
Special Revenue Funds	4,127,207	-	4,127,207
Total Fund Balances	<u>4,127,207</u>	<u>40,345</u>	<u>4,167,552</u>
Total Liabilities and Fund Balances	<u>\$ 4,481,654</u>	<u>\$ 91,880</u>	<u>\$ 4,573,534</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, 2008

	SPECIAL REVENUE FUNDS	ACCOUNTING & DEBT SERVICE FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUES			
Taxes	\$ 224,695	\$ -	\$ 224,695
Interest	180,595	1,428	182,023
Licenses & Fees	568,543	-	568,543
Grants/Donations	11,804	-	11,804
Other Revenue	59,913	-	59,913
Total Revenues	<u>1,045,550</u>	<u>1,428</u>	<u>1,046,978</u>
EXPENDITURES			
Current operations			
General Government	495,091	-	495,091
Culture and Recreation	7,950	-	7,950
Public Safety	8,913	-	8,913
Economic Development	196,169	-	196,169
Capital Outlay, Debt Services & Other	727,606	70,477	798,083
Total Expenditures	<u>1,435,729</u>	<u>70,477</u>	<u>1,506,206</u>
Excess of Revenues Over (Under) Expenditures	(390,179)	(69,049)	(459,228)
OTHER FINANCING SOURCES (USES)			
Loan proceeds	733,114	-	733,114
Transfers In	50,000	70,477	120,477
Transfers Out	(289,798)	-	(289,798)
Total Other Financing Sources, (Uses)	<u>493,316</u>	<u>70,477</u>	<u>563,793</u>
Net Change in Fund Balance	103,137	1,428	104,565
PRIOR PERIOD ADJUSTMENT	555	(33,440)	(32,885)
FUND BALANCES - BEGINNING OF YEAR	<u>4,023,515</u>	<u>72,357</u>	<u>4,095,872</u>
FUND BALANCES - END OF YEAR	<u>\$ 4,127,207</u>	<u>\$ 40,345</u>	<u>\$ 4,167,552</u>

CITY OF NEWPORT
LINCOLN COUNTY, OREGON

COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS
June 30, 2008

	ELECTRICAL & PLUMBING FUND	BUILDING INSPECTION FUND	EQUIPMENT RESERVE FUND	FIRE DEPT. RESERVE FUND	POLICE RESERVE FUND	LIBRARY RESERVE FUND
ASSETS						
Cash and Cash Equivalents	\$ 45,855	\$ 620,279	\$ 305,738	\$ 468,832	\$ -	\$ 5,202
Receivables	2,412	-	-	-	-	-
Total Assets	<u>\$ 48,267</u>	<u>\$ 620,279</u>	<u>\$ 305,738</u>	<u>\$ 468,832</u>	<u>\$ -</u>	<u>\$ 5,202</u>
LIABILITIES AND FUND BALANCES:						
LIABILITIES						
Accounts Payable	\$ 8,326	\$ 3,059	\$ 10,563	\$ 4,415	\$ -	\$ -
Payroll and Payroll Taxes Payable	-	916	-	-	-	-
Deferred Revenue	-	-	-	-	-	-
Total Liabilities	<u>8,326</u>	<u>3,975</u>	<u>10,563</u>	<u>4,415</u>	<u>-</u>	<u>-</u>
FUND BALANCES						
Unreserved & undesignated	<u>39,941</u>	<u>616,304</u>	<u>295,175</u>	<u>464,417</u>	<u>-</u>	<u>5,202</u>
Total Fund Balances	<u>39,941</u>	<u>616,304</u>	<u>295,175</u>	<u>464,417</u>	<u>-</u>	<u>5,202</u>
Total Liabilities and Fund Balances	<u>\$ 48,267</u>	<u>\$ 620,279</u>	<u>\$ 305,738</u>	<u>\$ 468,832</u>	<u>\$ -</u>	<u>\$ 5,202</u>

CITY OF NEWPORT
LINCOLN COUNTY, OREGON

COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS
June 30, 2008

PARKS & RECREATION RESERVE FUND	DLCD GRANT FUND	WKRS.COMP/ INS. RESERVE FUND	RETIREMENT RESERVE FUND	COMBINED ARTS FUNDS	CAPITAL IMP. REPLACEMENT FUND
\$ 75,809	\$ 866	\$ 24,530	\$ 57	\$ 117,065	\$ 12,501
-	-	-	-	-	-
<u>\$ 75,809</u>	<u>\$ 866</u>	<u>\$ 24,530</u>	<u>\$ 57</u>	<u>\$ 117,065</u>	<u>\$ 12,501</u>
\$ -	\$ -	\$ -	\$ -	\$ 411	\$ 6,501
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	411	6,501
<u>75,809</u>	<u>866</u>	<u>24,530</u>	<u>57</u>	<u>116,654</u>	<u>6,000</u>
<u>75,809</u>	<u>866</u>	<u>24,530</u>	<u>57</u>	<u>116,654</u>	<u>6,000</u>
<u>\$ 75,809</u>	<u>\$ 866</u>	<u>\$ 24,530</u>	<u>\$ 57</u>	<u>\$ 117,065</u>	<u>\$ 12,501</u>

CITY OF NEWPORT
LINCOLN COUNTY, OREGON

COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS
June 30, 2008

PUBLIC PARKING FUND	LINE UNDERGROUND RESERVE FUND	HUD FUND	HOUSING CDGB PROGRAM FUND	AGATE BEACH CLOSURE FUND	TOTAL
\$ 285,924	\$ 436,762	\$ 20,826	\$ 174,372	\$ 1,534,076	\$ 4,128,694
30,960	10,298	20,000	289,290	-	352,960
<u>\$ 316,884</u>	<u>\$ 447,060</u>	<u>\$ 40,826</u>	<u>\$ 463,662</u>	<u>\$ 1,534,076</u>	<u>\$ 4,481,654</u>
\$ -	\$ -	\$ -	\$ -	\$ 3,298	\$ 36,573
-	-	-	-	-	916
7,668	-	20,000	289,290	-	316,958
<u>7,668</u>	<u>-</u>	<u>20,000</u>	<u>289,290</u>	<u>3,298</u>	<u>354,447</u>
<u>309,216</u>	<u>447,060</u>	<u>20,826</u>	<u>174,372</u>	<u>1,530,778</u>	<u>4,127,207</u>
<u>309,216</u>	<u>447,060</u>	<u>20,826</u>	<u>174,372</u>	<u>1,530,778</u>	<u>4,127,207</u>
<u>\$ 316,884</u>	<u>\$ 447,060</u>	<u>\$ 40,826</u>	<u>\$ 463,662</u>	<u>\$ 1,534,076</u>	<u>\$ 4,481,654</u>

CITY OF NEWPORT
LINCOLN COUNTY, OREGON

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2008

	ELECTRICAL & PLUMBING FUND	BUILDING INSPECTION FUND	EQUIPMENT RESERVE FUND	FIRE DEPT. RESERVE FUND	POLICE RESERVE FUND	LIBRARY RESERVE FUND
REVENUES						
Taxes	\$ -	\$ -	\$ 224,695	\$ -	\$ -	\$ -
Interest	1,815	23,069	14,757	16,306	-	150
License & Fees	92,414	289,459	-	-	-	-
Grants/Donations	-	-	-	3,362	-	1,409
Other Revenue	521	-	-	36,256	-	-
Total Revenues	<u>94,750</u>	<u>312,528</u>	<u>239,452</u>	<u>55,924</u>	<u>-</u>	<u>1,559</u>
EXPENDITURES						
Current Operation						
General Government	-	-	86,049	42,373	-	-
Culture and Recreation	-	-	-	-	-	-
Public Safety	-	-	-	7,513	-	1,400
Economic Development	95,220	100,949	-	-	-	-
Capital Outlay	-	-	633,043	-	-	-
Debt Service	-	-	-	-	-	-
Total Expenditures	<u>95,220</u>	<u>100,949</u>	<u>719,092</u>	<u>49,886</u>	<u>-</u>	<u>1,400</u>
Excess of Revenues Over (Under) Expenditures	(470)	211,579	(479,640)	6,038	-	159
OTHER FINANCING SOURCES (USES)						
Loan Proceeds	-	-	573,400	159,714	-	-
Transfer In	-	-	-	-	-	-
Transfer Out	-	-	(63,472)	(7,005)	(47,748)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>509,928</u>	<u>152,709</u>	<u>(47,748)</u>	<u>-</u>
Net Change in Fund Balance	(470)	211,579	30,288	158,747	(47,748)	159
PRIOR PERIOD ADJUSTMENT						
	-	555	-	-	-	-
FUND BALANCES - BEGINNING OF YEAR	<u>40,411</u>	<u>404,170</u>	<u>264,887</u>	<u>305,670</u>	<u>47,748</u>	<u>5,043</u>
FUND BALANCES - END OF YEAR	<u>\$ 39,941</u>	<u>\$ 616,304</u>	<u>\$ 295,175</u>	<u>\$ 464,417</u>	<u>-</u>	<u>\$ 5,202</u>

CITY OF NEWPORT
LINCOLN COUNTY, OREGON

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2008

PARKS & RECREATION RESERVE FUND	DLCD GRANT FUND	WKRS. COMP/ INS. RESERVE FUND	RETIREMENT RESERVE FUND	COMBINED ARTS FUND	CAPITAL IMPROVEMENT FUND
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2,405	-	1,295	-	7,136	1,386
-	-	-	-	-	-
7,033	-	-	-	-	-
4,460	-	1,110	-	-	-
<u>13,898</u>	<u>-</u>	<u>2,405</u>	<u>-</u>	<u>7,136</u>	<u>1,386</u>
-	-	11,735	-	-	27,132
7,793	-	-	-	157	-
-	-	-	-	-	-
-	-	-	-	-	-
16,403	-	-	-	-	6,643
-	-	-	-	-	-
<u>24,196</u>	<u>-</u>	<u>11,735</u>	<u>-</u>	<u>157</u>	<u>33,775</u>
(10,298)	-	(9,330)	-	6,979	(32,389)
-	-	-	-	-	-
50,000	-	-	-	-	-
-	-	-	-	(105,000)	(66,573)
<u>50,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(105,000)</u>	<u>(66,573)</u>
39,702	-	(9,330)	-	(98,021)	(98,962)
-	-	-	-	-	-
<u>36,107</u>	<u>866</u>	<u>33,860</u>	<u>57</u>	<u>214,675</u>	<u>104,962</u>
<u>\$ 75,809</u>	<u>\$ 866</u>	<u>\$ 24,530</u>	<u>\$ 57</u>	<u>\$ 116,654</u>	<u>\$ 6,000</u>

CITY OF NEWPORT
LINCOLN COUNTY, OREGON

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2008

PUBLIC PARKING FUND	LINE UNDERGROUND FUND	HUD FUND	HOUSING CDBG PROGRAM FUND	AGATE BEACH CLOSURE FUND	TOTAL
\$ -	\$ -	-	-	\$ -	\$ 224,695
12,634	15,032	4,226	15,495	64,889	180,595
27,132	146,139	-	-	13,399	568,543
-	-	-	-	-	11,804
-	-	-	17,566	-	59,913
<u>39,766</u>	<u>161,171</u>	<u>4,226</u>	<u>33,061</u>	<u>78,288</u>	<u>1,045,550</u>
16,778	334	85,000	224,250	1,440	495,091
-	-	-	-	-	7,950
-	-	-	-	-	8,913
-	-	-	-	-	196,169
14,112	-	-	-	57,405	727,606
-	-	-	-	-	-
<u>30,890</u>	<u>334</u>	<u>85,000</u>	<u>224,250</u>	<u>58,845</u>	<u>1,435,729</u>
8,876	160,837	(80,774)	(191,189)	19,443	(390,179)
-	-	-	-	-	733,114
-	-	-	-	-	50,000
-	-	-	-	-	(289,798)
-	-	-	-	-	493,316
8,876	160,837	(80,774)	(191,189)	19,443	103,137
-	-	-	-	-	555
<u>300,340</u>	<u>286,223</u>	<u>101,600</u>	<u>365,561</u>	<u>1,511,335</u>	<u>4,023,515</u>
<u>\$ 309,216</u>	<u>\$ 447,060</u>	<u>\$ 20,826</u>	<u>\$ 174,372</u>	<u>\$ 1,530,778</u>	<u>\$ 4,127,207</u>

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, 2008

ELECTRICAL & PLUMBING INSPECTION FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Permits	\$ 60,000	\$ 60,000	\$ 88,033	\$ 28,033
State Permit Surcharges	24,000	24,000	4,381	(19,619)
Misc. Sales & Services	1,000	1,000	521	(479)
Interest on Investments	1,000	1,000	1,815	815
Total Revenues	<u>86,000</u>	<u>86,000</u>	<u>94,750</u>	<u>8,750</u>
EXPENDITURES				
Public Works				
Materials and Services	103,450	103,450 (1)	95,220	8,230
Contingency	58,725	58,725 (1)	-	58,725
Total Expenditures	<u>162,175</u>	<u>162,175</u>	<u>95,220</u>	<u>66,955</u>
Net Change in Fund Balance	(76,175)	(76,175)	(470)	75,705
FUND BALANCE - BEGINNING OF YEAR	<u>76,175</u>	<u>76,175</u>	<u>40,411</u>	<u>(35,764)</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39,941</u>	<u>\$ 39,941</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, 2008

<u>BUILDING INSPECTION FUND</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)</u>
REVENUES				
Permits	\$ 200,000	\$ 200,000	\$ 275,035	\$ 75,035
State Permit Surcharges	16,000	16,000	14,424	(1,576)
Misc. Sales & Services	1,200	1,200	-	(1,200)
Interest on Investments	15,000	15,000	23,069	8,069
Total Revenues	<u>232,200</u>	<u>232,200</u>	<u>312,528</u>	<u>80,328</u>
EXPENDITURES				
Public Works				
Personal Services	37,554	38,304 (1)	38,713	(409)
Materials and Services	61,440	61,440 (1)	62,236	(796)
Contingency	125,000	124,250 (1)	-	124,250
Total Expenditures	<u>223,994</u>	<u>223,994</u>	<u>100,949</u>	<u>123,045</u>
Excess of Revenues Over (Under) Expenditures	8,206	8,206	211,579	203,373
Net Change in Fund Balance	8,206	8,206	211,579	203,373
PRIOR PERIOD ADJUSTMENT	-	-	555	555
FUND BALANCE - BEGINNING OF YEAR	<u>259,118</u>	<u>259,118</u>	<u>404,170</u>	<u>145,052</u>
FUND BALANCE - END OF YEAR	<u>\$ 267,324</u>	<u>\$ 267,324</u>	<u>\$ 616,304</u>	<u>\$ 348,980</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, 2008

<u>EQUIPMENT RESERVE FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
REVENUES				
Transient Room Tax	\$ 223,297	\$ 223,297	\$ 224,695	\$ 1,398
Interest on Investments	10,000	10,000	14,757	4,757
Total Revenues	<u>233,297</u>	<u>233,297</u>	<u>239,452</u>	<u>6,155</u>
EXPENDITURES				
Materials and Services	95,982	103,949 (1)	86,049	17,900
Capital Outlay	572,100	647,133 (1)	633,043	14,090
Contingency	83,000	- (1)	-	-
Total Expenditures	<u>751,082</u>	<u>751,082</u>	<u>719,092</u>	<u>31,990</u>
Excess of Revenues Over (Under) Expenditures	(517,785)	(517,785)	(479,640)	38,145
OTHER FINANCING SOURCES (USES)				
Loan proceeds	559,673	559,673	573,400	13,727
Transfers Out	(157,885)	(157,885) (1)	(63,472)	94,413
Net Change in Fund Balance	(115,997)	(115,997)	30,288	146,285
FUND BALANCE - BEGINNING OF YEAR	<u>201,900</u>	<u>201,900</u>	<u>264,887</u>	<u>62,987</u>
FUND BALANCE - END OF YEAR	<u>\$ 85,903</u>	<u>\$ 85,903</u>	<u>\$ 295,175</u>	<u>\$ 209,272</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, 2008

FIRE DEPARTMENT EQUIPMENT RESERVE FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
NRFPD Payment for Future Equipment	\$ 36,256	\$ 36,256	\$ 36,256	\$ -
Grants	294,500	294,500	3,362	(291,138)
Gifts and Donations	10,000	10,000	-	(10,000)
Interest on Investments	5,000	5,000	16,306	11,306
Total Revenues	<u>345,756</u>	<u>345,756</u>	<u>55,924</u>	<u>(289,832)</u>
EXPENDITURES				
Material and Services	49,268	52,255 (1)	42,373	9,882
Capital Outlay	460,000	460,000 (1)	7,513	452,487
Contingency	134,076	131,089 (1)	-	131,089
Total Expenditures	<u>643,344</u>	<u>643,344</u>	<u>49,886</u>	<u>593,458</u>
Excess of Revenues Over (Under) Expenditures	(297,588)	(297,588)	6,038	(883,290)
OTHER FINANCING SOURCES (USES)				
Loan Proceeds	155,891	155,891	159,714	3,823
Transfer Out	(33,303)	(33,303) (1)	(7,005)	26,298
Total Other Financing Sources, (Uses)	<u>122,588</u>	<u>122,588</u>	<u>152,709</u>	<u>30,121</u>
Net Change in Fund Balance	(175,000)	(175,000)	158,747	333,747
FUND BALANCE - BEGINNING OF YEAR	<u>250,000</u>	<u>250,000</u>	<u>305,670</u>	<u>55,670</u>
FUND BALANCE - END OF YEAR	<u>\$ 75,000</u>	<u>\$ 75,000</u>	<u>\$ 464,417</u>	<u>\$ 389,417</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, 2008

	<u>POLICE RESERVE FUND</u>			VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
REVENUES				
Local Law Enforcement Grants & Gifts	\$ -	\$ -	\$ -	\$ -
Interest on Investments	-	-	-	-
Total Revenues	-	-	-	-
EXPENDITURES				
Material and Services	-	-	-	-
Total Expenditures	-	-	-	-
Excess of Revenues Over (Under) Expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Transfer Out	(61,400)	(61,400) (1)	(47,748)	13,652
Total Other Financing Sources, (Uses)	(61,400)	(61,400)	(47,748)	13,652
Net Change in Fund Balance	(61,400)	(61,400)	(47,748)	13,652
FUND BALANCE - BEGINNING OF YEAR	61,400	61,400	47,748	(13,652)
FUND BALANCE - END OF YEAR	\$ -	\$ -	\$ -	\$ -

(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, 2008

<u>LIBRARY RESERVE FUND</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)</u>
REVENUES				
State Library Grant	\$ 1,200	\$ 1,200	\$ 1,409	\$ 209
Interest	-	-	150	150
Total Revenues	<u>1,200</u>	<u>1,200</u>	<u>1,559</u>	<u>359</u>
EXPENDITURES				
Materials and Services	600	4,674 (1)	1,400	3,274
Capital Outlay	600	600 (1)	-	600
Total Expenditures	<u>1,200</u>	<u>5,274</u>	<u>1,400</u>	<u>3,874</u>
Net Change in Fund Balance	-	-	159	159
FUND BALANCE - BEGINNING OF YEAR	<u>-</u>	<u>4,074</u>	<u>5,043</u>	<u>969</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,202</u>	<u>\$ 1,128</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, 2008

PARKS & RECREATION TRUST & RESERVE FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Grants, Gifts & Donations	\$ 292,500	\$ 292,500	\$ 7,033	\$ (285,467)
Miscellaneous Revenue	500	500	4,460	3,960
Interest on Investments	900	900	2,405	1,505
Total Revenues	293,900	293,900	13,898	(280,002)
EXPENDITURES				
Materials & Services	27,000	27,000 (1)	7,793	19,207
Capital Outlay	334,000	334,000 (1)	16,403	317,597
Contingency	22,400	22,400 (1)	-	22,400
Total Expenditures	383,400	383,400	24,196	359,204
Excess of Revenues Over (Under) Expenditures	(89,500)	(89,500)	(10,298)	79,202
OTHER FINANCING SOURCES (USES)				
Transfers In	50,000	50,000	50,000	-
Total Other Financing Sources (Uses)	50,000	50,000	50,000	-
Net Change in Fund Balance	(39,500)	(39,500)	39,702	79,202
FUND BALANCE - BEGINNING OF YEAR	39,500	39,500	36,107	(3,393)
FUND BALANCE - END OF YEAR	\$ -	\$ -	\$ 75,809	\$ 75,809

(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, 2008

	<u>DLCD GRANT FUND</u>			VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
REVENUES				
DLCD Planning Grant	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-
EXPENDITURES				
Materials & services	-	-	-	-
Total Expenditures	-	-	-	-
Excess of Revenues Over (Under) Expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Net Change in Fund Balance	-	-	-	-
FUND BALANCE - BEGINNING OF YEAR	-	-	866	866
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 866</u>	<u>\$ 866</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, 2008

WORKERS' COMPENSATION & GENERAL INSURANCE RESERVE FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Misc. Sales & Services	\$ -	\$ -	\$ 1,110	\$ 1,110
Interest on Investments	-	-	1,295	1,295
Total Revenues	-	-	2,405	2,405
EXPENDITURES				
Materials and Services	18,000	18,000 (1)	11,735	6,265
Contingency	2,000	2,000 (1)	-	2,000
Total Expenditures	20,000	20,000	11,735	8,265
Net Change in Fund Balance	(20,000)	(20,000)	(9,330)	10,670
FUND BALANCE - BEGINNING OF YEAR	20,000	20,000	33,860	13,860
FUND BALANCE - END OF YEAR	\$ -	\$ -	\$ 24,530	\$ 24,530

(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, 2008

<u>RETIREMENT TRUST & RESERVE FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
REVENUES				
	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-
EXPENDITURES				
	-	-	-	-
Total Expenditures	-	-	-	-
Net Change in Fund Balance	-	-	-	-
FUND BALANCE - BEGINNING OF YEAR	-	-	57	57
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 57</u>	<u>\$ 57</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, 2008

	<u>COMBINED ART FUNDS</u>			VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
REVENUES				
Interest on Investments	\$ 8,000	\$ 8,000	\$ 7,136	\$ (864)
Total Revenues	8,000	8,000	7,136	(864)
EXPENDITURES				
Materials & Services	35,000	35,000 (1)	157	34,843
Capital Outlay	35,000	35,000 (1)	-	35,000
Contingency	79,000	79,000 (1)	-	79,000
Total Expenditures	149,000	149,000	157	79,000
Excess of Revenues Over (Under) Expenditures	(141,000)	(141,000)	6,979	147,979
OTHER FINANCING SOURCES (USES)				
Transfers Out	(105,000)	(105,000) (1)	(105,000)	-
Net Change in Fund Balance	(246,000)	(246,000)	(98,021)	147,979
FUND BALANCE - BEGINNING OF YEAR	246,000	246,000	214,675	(31,325)
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 116,654</u>	<u>\$ 116,654</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, 2008

<u>CAPITAL IMPROVEMENT & REPLACEMENT</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)</u>
REVENUES				
Franchise Taxes	-	-	-	-
Interest on Investments	4,000	4,000	1,386	(2,614)
Total Revenues	<u>4,000</u>	<u>4,000</u>	<u>1,386</u>	<u>(2,614)</u>
EXPENDITURES				
Materials & Services	32,000	32,000 (1)	27,132	4,868
Capital Outlay	23,235	23,235 (1)	6,643	16,592
Total Expenditures	<u>23,235</u>	<u>23,235</u>	<u>33,775</u>	<u>(10,540)</u>
Excess of Revenues Over (Under) Expenditures	(19,235)	(19,235)	(32,389)	(13,154)
OTHER FINANCING SOURCES (USES)				
Transfers Out	(140,000)	(140,000) (1)	(66,573)	73,427
Net Change in Fund Balance	(19,235)	(19,235)	(98,962)	(79,727)
FUND BALANCE - BEGINNING OF YEAR	<u>191,235</u>	<u>191,235</u>	<u>104,962</u>	<u>(86,273)</u>
FUND BALANCE - END OF YEAR	<u>\$ 172,000</u>	<u>\$ 172,000</u>	<u>\$ 6,000</u>	<u>\$ (166,000)</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, 2008

	<u>PUBLIC PARKING FUND</u>			VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
REVENUES				
Interest on Investments	\$ 1,000	\$ 1,000	\$ 12,634	\$ 11,634
Fees	25,000	25,000	27,132	2,132
Total Revenues	<u>26,000</u>	<u>26,000</u>	<u>39,766</u>	<u>13,766</u>
EXPENDITURES				
Materials & Services	27,500	27,500 (1)	16,778	10,722
Capital Outlay	50,000	50,000 (1)	14,112	35,888
Contingency	89,500	89,500 (1)	-	89,500
Total Expenditures	<u>167,000</u>	<u>167,000</u>	<u>30,890</u>	<u>136,110</u>
Net Change in Fund Balance	(141,000)	(141,000)	8,876	149,876
FUND BALANCE - BEGINNING OF YEAR	<u>332,000</u>	<u>332,000</u>	<u>300,340</u>	<u>(31,660)</u>
FUND BALANCE - END OF YEAR	<u>\$ 191,000</u>	<u>\$ 191,000</u>	<u>\$ 309,216</u>	<u>\$ 118,216</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, 2008

LINE UNDERGROUND RESERVE FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Franchise Tax	\$ 120,000	\$ 120,000	\$ 146,139	\$ 26,139
Interest on Investments	10,000	10,000	15,032	5,032
Total Revenues	<u>130,000</u>	<u>130,000</u>	<u>161,171</u>	<u>31,171</u>
EXPENDITURES				
Materials and Services	25,000	25,000 (1)	334	24,666
Capital Outlay	197,500	197,500 (1)	-	197,500
Contingency	87,500	87,500 (1)	-	87,500
Total Expenditures	<u>310,000</u>	<u>310,000</u>	<u>334</u>	<u>309,666</u>
Net Change in Fund Balance	(180,000)	(180,000)	160,837	340,837
FUND BALANCE - BEGINNING OF YEAR	<u>180,000</u>	<u>180,000</u>	<u>286,223</u>	<u>106,223</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 447,060</u>	<u>\$ 447,060</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, 2008

HOUSING & URBAN DEVELOPMENT FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Interest on Investments	\$ 8,000	\$ 8,000	\$ 4,226	\$ (3,774)
Rehab Loan Repayments	10,000	10,000	-	(10,000)
Total Revenues	<u>18,000</u>	<u>18,000</u>	<u>4,226</u>	<u>(13,774)</u>
EXPENDITURES				
Materials & Services	10,000	85,000 (1)	85,000	0
Contingency	75,000	-	(1) -	0
Total Expenditures	<u>85,000</u>	<u>85,000</u>	<u>85,000</u>	<u>-</u>
Net Change in Fund Balance	(67,000)	(67,000)	(80,774)	(13,774)
FUND BALANCE - BEGINNING OF YEAR	<u>178,000</u>	<u>178,000</u>	<u>101,600</u>	<u>(76,400)</u>
FUND BALANCE - END OF YEAR	<u>\$ 111,000</u>	<u>\$ 111,000</u>	<u>\$ 20,826</u>	<u>\$ (90,174)</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, 2008

HOUSING CDBG PROGRAM FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
C.D.B.G Program Repayments	\$ 20,000	\$ 20,000	\$ 17,566	\$ (2,434)
Interest on Investments	12,000	12,000	15,495	3,495
Total Revenues	<u>32,000</u>	<u>32,000</u>	<u>33,061</u>	<u>1,061</u>
EXPENDITURES				
Materials and Services	125,000	224,250 (1)	224,250	0
Contingency	99,250	- (1)	-	0
Total Expenditures	<u>224,250</u>	<u>224,250</u>	<u>224,250</u>	<u>-</u>
Net Change in Fund Balance	(192,250)	(192,250)	(191,189)	1,061
FUND BALANCE - BEGINNING OF YEAR	<u>365,000</u>	<u>365,000</u>	<u>365,561</u>	<u>561</u>
FUND BALANCE - END OF YEAR	<u>\$ 172,750</u>	<u>\$ 172,750</u>	<u>\$ 174,372</u>	<u>\$ 1,622</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, 2008

<u>AGATE BEACH CLOSURE FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
REVENUES				
Agate Beach Closure Fees	\$ 52,000	\$ 52,000	\$ 13,399	\$ (38,601)
Interest on Investments	35,000	35,000	64,889	29,889
Total Revenues	<u>87,000</u>	<u>87,000</u>	<u>78,288</u>	<u>(8,712)</u>
EXPENDITURES				
Materials & Services	25,000	25,000 (1)	1,440	23,560
Capital Outlay	100,000	100,000 (1)	57,405	42,595
Contingency	1,448,000	1,448,000 (1)	-	1,448,000
Total Expenditures	<u>1,573,000</u>	<u>1,573,000</u>	<u>58,845</u>	<u>1,514,155</u>
Net Change in Fund Balance	(1,486,000)	(1,486,000)	19,443	1,505,443
FUND BALANCE - BEGINNING OF YEAR	<u>1,486,000</u>	<u>1,486,000</u>	<u>1,511,335</u>	<u>25,335</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,530,778</u>	<u>\$ 1,530,778</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, 2008

<u>ACCOUNTING & DEBT SERVICE FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
REVENUES				
Interest on Investments	\$ 500	\$ 500	\$ 1,428	\$ 928
Total Revenues	500	500	1,428	928
EXPENDITURES				
Materials & services	1,430	1,430 (1)	-	1,430
Debt service	177,760	177,760 (1)	70,477	107,283
Total Expenditures	179,190	177,760	70,477	107,283
Excess of Revenues Over (Under) Expenditures	(178,690)	(177,260)	(69,049)	108,211
OTHER FINANCING SOURCES (USES)				
Transfers In	191,188	191,188	70,477	(120,711)
Total Other Financing Sources (Uses)	191,188	191,188	70,477	(120,711)
Net Change in Fund Balance	12,498	13,928	1,428	(12,500)
PRIOR PERIOD ADJUSTMENT	-	-	(33,440)	(33,440)
FUND BALANCE - BEGINNING OF YEAR	-	-	72,357	72,357
FUND BALANCE - END OF YEAR	<u>\$ 12,498</u>	<u>\$ 13,928</u>	<u>\$ 40,345</u>	<u>\$ 26,417</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, 2008

	<u>SEWER FUND</u>			VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
REVENUES				
Service Charges	\$ 2,250,000	\$ 2,250,000	\$ 2,227,673	\$ (22,327)
Septage Revenue	20,000	20,000	12,991	(7,009)
SDC Charges	81,000	81,000	67,386	(13,614)
Miscellaneous Income	8,000	8,000	9,833	1,833
Interest on Investments	14,200	14,200	21,240	7,040
	<u>2,373,200</u>	<u>2,373,200</u>	<u>2,339,123</u>	<u>(34,077)</u>
EXPENDITURES				
Sewer Plant	678,691	685,691 (1)	683,767	1,924
Sewer Repair & Operation	620,163	645,163 (1)	459,669	185,494
SDC Charges	310,360	310,360 (1)	33,416	276,944
Customer Service	21,700	21,700 (1)	19,372	2,328
Administration & General	704,861	710,861 (1)	709,022	1,839
Contingency	74,425	51,077 (1)	-	51,077
	<u>2,410,200</u>	<u>2,424,852</u>	<u>1,905,246</u>	<u>519,606</u>
Excess of Revenues Over (Under) Expenditures	(37,000)	(51,652)	433,877	485,529
OTHER FINANCING SOURCES (USES)				
Transfers In	100,000	100,000	47,667	(52,333)
Transfers Out	(350,000)	(457,824) (1)	(457,824)	-
	<u>(250,000)</u>	<u>(357,824)</u>	<u>(410,157)</u>	<u>(52,333)</u>
Net Change in Fund Balance	(287,000)	(409,476)	23,720	433,196
PRIOR PERIOD ADJUSTMENT				
	-	-	34,496	34,496
FUND BALANCE - BEGINNING OF YEAR				
	<u>376,000</u>	<u>498,478</u>	<u>179,092</u>	<u>(319,386)</u>
FUND BALANCE - END OF YEAR				
	<u>\$ 89,000</u>	<u>\$ 89,002</u>	<u>\$ 237,308</u>	<u>\$ 148,306</u>
RECONCILIATION TO NET ASSETS				
Capital Assets, Net			41,465,751	
Compensated Absences			(22,138)	
Debt Payable			(24,682,590)	
Interest Payable			(194,276)	
Transfer			250,000	
Sewer Fund			17,054,055	
Wastewater Treatment Plant Loan Debt Fund			646,456	
Sewer Bonded Debt Fund			(7,128,889)	
TOTAL NET ASSETS			<u>\$ 10,571,622</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, 2008

<u>WASTEWATER TREATMENT PLANT LOAN DEBT FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
REVENUES				
Transient Room Tax	\$ 232,601	\$ 232,601	\$ 233,819	\$ 1,218
SDC Charges	50,000	50,000	67,258	17,258
Interest on Investments	29,999	29,999	39,067	9,068
Total Revenues	<u>312,600</u>	<u>312,600</u>	<u>340,144</u>	<u>27,544</u>
EXPENDITURES				
Materials and Services	33,596	33,596 (1)	33,595	1
Debt Service	579,266	579,266 (1)	5,011,607	(4,432,341)
Total Expenditures	<u>612,862</u>	<u>612,862</u>	<u>5,045,202</u>	<u>(4,432,340)</u>
Excess of Revenues Over (Under) Expenditures	(300,262)	(300,262)	(4,705,058)	(4,404,796)
OTHER FINANCING SOURCES (USES)				
Transfers In	250,000	250,000	4,682,341	4,432,341
Total Other Financing Sources (Uses)	<u>250,000</u>	<u>250,000</u>	<u>4,682,341</u>	<u>4,432,341</u>
Net Change in Fund Balance	(50,262)	(50,262)	(22,717)	(4,404,796)
FUND BALANCE - BEGINNING OF YEAR	<u>905,000</u>	<u>905,000</u>	<u>919,173</u>	<u>14,173</u>
FUND BALANCE - END OF YEAR	<u>\$ 854,738</u>	<u>\$ 854,738</u>	<u>\$ 896,456</u>	<u>\$ (4,390,623)</u>
RECONCILIATION TO NET ASSETS				
Transfer			<u>(250,000)</u>	
TOTAL NET ASSETS			<u>\$ 646,456</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, 2008

<u>SEWER BONDED DEBT FUND</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)</u>
REVENUES				
Property Taxes	\$ 890,000	\$ 890,000	\$ 917,782	\$ 27,782
Interest on Investments	8,000	8,000	14,383	6,383
Total Revenues	<u>898,000</u>	<u>898,000</u>	<u>932,165</u>	<u>34,165</u>
EXPENDITURES				
Materials and Services	-	43,887	43,724	163
1999 Water Bonds Principal	530,000	7,951,778	7,951,778	-
1999 Water Bonds Interest	<u>382,564</u>	<u>382,564</u>	<u>382,564</u>	<u>-</u>
Total Debt Service	<u>912,564</u>	<u>8,378,229</u> (1)	<u>8,378,066</u>	<u>163</u>
Excess of Revenues Over (Under) Expenditures	(14,564)	(7,480,229)	(7,445,901)	34,328
OTHER FINANCING SOURCES (USES)				
Loan Proceeds	-	7,465,665	7,465,665	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>7,465,665</u>	<u>7,465,665</u>	<u>-</u>
Net Change in Fund Balance	(14,564)	(14,564)	19,764	34,328
PRIOR PERIOD ADJUSTMENT				
	-	-	(89,285)	(89,285)
FUND BALANCE - BEGINNING OF YEAR	<u>324,000</u>	<u>324,000</u>	<u>406,297</u>	<u>82,297</u>
FUND BALANCE - END OF YEAR	<u>\$ 309,436</u>	<u>\$ 309,436</u>	<u>\$ 336,776</u>	<u>\$ 27,340</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, 2008

<u>WATER FUND</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)</u>
REVENUES				
Service Charges	\$ 1,901,000	\$ 1,901,000	\$ 1,735,982	\$ (165,018)
New Services, Meters	75,000	75,000	67,008	(7,992)
SDC Charges	90,000	90,000	78,500	(11,500)
Miscellaneous Income	25,000	25,000	37,958	12,958
Services Provided	40,000	40,000	40,000	-
Insurance Proceeds	0	7,020	8,240	1,220
Interest on Investments	12,000	12,000	33,549	21,549
	<u>2,143,000</u>	<u>2,150,020</u>	<u>2,001,237</u>	<u>(148,783)</u>
Total Revenues				
EXPENDITURES				
Water Treatment	613,925	620,945 (1)	582,530	38,415
Water Distribution	576,879	576,879 (1)	520,833	56,046
Water Storage Reservoir	189,700	189,700 (1)	91,500	98,200
Customer Services	21,000	21,000 (1)	17,743	3,257
Administration & General	564,000	570,000 (1)	572,311	(2,311)
Water System Development	330,000	330,000 (1)	90,479	239,521
Contingency	220,000	214,000 (1)	-	214,000
	<u>2,515,504</u>	<u>2,522,524</u>	<u>1,875,396</u>	<u>647,128</u>
Total Expenditures				
Excess of Revenues Over (Under) Expenditures	(372,504)	(372,504)	125,841	498,345
OTHER FINANCING SOURCES (USES)				
Transfers In	125,000	125,000	103,906	(21,094)
Transfers Out	(135,000)	(135,000) (1)	(135,000)	-
	<u>(10,000)</u>	<u>(10,000)</u>	<u>(31,094)</u>	<u>(21,094)</u>
Total Other Financing Sources (Uses)				
Net Change in Fund Balance	(382,504)	(382,504)	94,747	477,251
PRIOR PERIOD ADJUSTMENT				
	-	-	(52,760)	(52,760)
FUND BALANCE - BEGINNING OF YEAR				
	<u>509,443</u>	<u>509,443</u>	<u>539,123</u>	<u>29,680</u>
FUND BALANCE - END OF YEAR				
	<u>\$ 126,939</u>	<u>\$ 126,939</u>	<u>\$ 581,110</u>	<u>\$ 454,171</u>
RECONCILIATION TO NET ASSETS				
Capital Assets, Net			5,605,385	
Compensated Absences			(23,092)	
Bond Payable Payable			(1,085,000)	
Loan Payable			(949,960)	
Interest Payable			(8,017)	
Water Fund			4,120,426	
Water Bonded Debt Fund			156,248	
TOTAL NET ASSETS			<u>\$ 4,276,674</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, 2008

<u>WATER BONDED DEBT FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
REVENUES				
Property Taxes	\$ 418,000	\$ 418,000	\$ 409,491	\$ (8,509)
Interest on Investments	1,500	1,500	9,341	7,841
Total Revenues	<u>419,500</u>	<u>419,500</u>	<u>418,832</u>	<u>(668)</u>
EXPENDITURES				
1998 Water Bonds Principal	290,000	290,000	290,000	-
1998 Water Bonds Interest	60,293	60,293	60,293	-
Total Expenditures	<u>350,293</u>	<u>350,293 (1)</u>	<u>350,293</u>	<u>-</u>
Net Change in Fund Balance	69,207	69,207	68,539	(668)
FUND BALANCE - BEGINNING OF YEAR	<u>21,500</u>	<u>21,500</u>	<u>87,709</u>	<u>66,209</u>
FUND BALANCE - END OF YEAR	<u>\$ 90,707</u>	<u>\$ 90,707</u>	<u>\$ 156,248</u>	<u>\$ 65,541</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, 2008

	<u>AIRPORT FUND</u>			VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
REVENUES				
Services Provided	\$ 30,000	\$ 30,000	\$ 30,000	\$ 0
Fees	100	100	-	(100)
Transient Room Tax	195,385	195,385	196,543	1,158
Leases and Rentals	28,000	28,000	37,530	9,530
Interest on Investments	1,200	1,200	264	(936)
Grants	32,500	40,000	32,337	(7,663)
FBO Income	363,225	363,225	355,086	(8,139)
Miscellaneous Income	2,800	4,600	29,549	24,949
	<u>653,210</u>	<u>662,510</u>	<u>681,309</u>	<u>18,799</u>
EXPENDITURES				
Operations	369,936	409,551 (1)	397,739	11,812
Airport FBO	381,717	416,550 (1)	443,319	(26,769)
Debt Service	27,435	289,762 (1)	272,160	17,602
Contingency	14,573	14,573 (1)	-	14,573
	<u>793,661</u>	<u>1,130,436</u>	<u>1,113,218</u>	<u>17,218</u>
Excess of Revenues Over (Under) Expenditures	(140,451)	(467,926)	(431,909)	36,017
OTHER FINANCING SOURCES (USES)				
Loan Proceeds	-	281,886	281,885	(1)
Transfers In	45,927	91,516	-	(91,516)
Transfers Out	(45,927)	(45,927) (1)	-	45,927
	<u>-</u>	<u>327,475</u>	<u>281,885</u>	<u>(45,590)</u>
Net Change in Fund Balance	(140,451)	(140,451)	(150,024)	(9,573)
PRIOR PERIOD ADJUSTMENT				
	-	-	(58,654)	
FUND BALANCE - BEGINNING OF YEAR	<u>149,451</u>	<u>149,451</u>	<u>-</u>	<u>(149,451)</u>
FUND BALANCE - END OF YEAR	<u>\$ 9,000</u>	<u>\$ 9,000</u>	<u>\$ (208,678)</u>	<u>\$ (159,024)</u>
RECONCILIATION TO NET ASSETS				
Capital Assets, Net			3,814,992	
Debt Payable			(281,885)	
Compensated Absences			(14,098)	
TOTAL NET ASSETS			<u>\$ 3,310,331</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, 2008

<u>RECREATION FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
REVENUES				
Programs	\$ 451,000	\$ 451,000	\$ 506,322	\$ 55,322
Grants	13,000	13,000	32,303	19,303
Concession Stand	20,000	20,000	16,909	(3,091)
Miscellaneous Income	0	0	12,870	12,870
Interest on Investments	2,500	2,500	2,822	322
Total Revenues	486,500	486,500	571,226	84,726
EXPENDITURES				
Swimming Pool	228,528	250,528 (1)	260,398	(9,870)
Recreation Center	447,453	502,453 (1)	505,327	(2,874)
Recreation Programs	198,598	198,598 (1)	204,998	(6,400)
Contingency	5,000	5,000 (1)	-	5,000
Total Expenditures	879,579	956,579	970,723	(14,144)
Excess of Revenues Over (Under) Expenditures	(393,079)	(470,079)	(399,497)	70,582
OTHER FINANCING SOURCES (USES)				
Transfers In	338,256	415,256	415,256	-
Total Other Financing Sources (Uses)	338,256	415,256	415,256	-
Net Change in Fund Balance	(54,823)	(54,823)	15,759	70,582
PRIOR PERIOD ADJUSTMENT	-	-	(28,798)	
FUND BALANCE - BEGINNING OF YEAR	54,823	54,823	50,827	(3,996)
FUND BALANCE - END OF YEAR	\$ -	\$ -	\$ 37,788	\$ 66,586
RECONCILIATION TO NET ASSETS				
Capital Assets, Net			4,599,577	
Compensated Absences			(9,768)	
Debt Payable			(3,816,894)	
Interest Payable			(15,794)	
RECREATION FUND			794,909	
RECREATION CENTER DEBT FUND			1,433	
TOTAL NET ASSETS			\$ 796,342	
(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, 2008

<u>RECREATION CENTER DEBT FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
REVENUES				
Interest on Investments	-	-	102	102
Total Revenues	-	-	102	102
EXPENDITURES				
OEDD Rec. Ctr. Loan Principal	204,952	204,952	204,952	-
OEDD Rec. Ctr. Loan Interest	202,925	202,925	202,924	1
Total Expenditures	407,877	407,877 (1)	407,876	1
Excess of Revenues Over (Under) Expenditures	(407,877)	(407,877)	(407,774)	103
OTHER FINANCING SOURCES (USES)				
Transfers In	407,877	407,877	407,877	-
Total Other Financing Sources (Uses)	407,877	407,877	407,877	-
Net Change in Fund Balance	-	-	103	103
FUND BALANCE - BEGINNING OF YEAR	-	-	1,330	1,330
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,433</u>	<u>\$ 1,433</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, 2008

	<u>PUBLIC WORKS FUND</u>			VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
REVENUES				
Interest on Investments	\$ 2,500	\$ 2,500	\$ 8,654	\$ 6,154
Services Provided	635,500	635,500	635,500	0
Miscellaneous Sales	500	500	4,758	4,258
Total Revenues	<u>638,500</u>	<u>638,500</u>	<u>648,912</u>	<u>10,412</u>
EXPENDITURES				
Shop & Operation Division	272,974	272,974 (1)	275,262	(2,288)
Engineering Division	281,244	281,244 (1)	234,333	46,911
Building Maintenance Division	124,308	124,308 (1)	109,261	15,047
Contingency	49,974	49,974 (1)	-	49,974
Total Expenditures	<u>728,500</u>	<u>728,500</u>	<u>618,856</u>	<u>109,644</u>
Net Change in Fund Balance	(90,000)	(90,000)	30,056	120,056
PRIOR PERIOD ADJUSTMENT	-	-	41,730	41,730
FUND BALANCE - BEGINNING OF YEAR	<u>90,000</u>	<u>90,000</u>	<u>88,138</u>	<u>(1,862)</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 159,924</u>	<u>\$ 159,924</u>
RECONCILIATION TO NET ASSETS				
Capital Assets, Net			256,811	
Compensated Absences			(27,103)	
TOTAL NET ASSETS			<u>\$ 389,632</u>	

(1) Appropriation Level

CITY OF NEWPORT
LINCOLN COUNTY, OREGON

SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES
OF TAXES UNCOLLECTED
For the Year Ended June 30, 2008

City of Newport	IMPOSED LEVY OR OR BALANCE UNCOLLECTED AT 7/1/07	DEDUCT DISCOUNTS	ADJUSTMENTS TO ROLLS	ADD INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED AT 6/30/08
Current:						
2007-08	\$ 5,774,610	\$ 138,740	\$ (9,851)	\$ 3,819	\$ 5,390,287	\$ 239,551
Prior Years:						
2006-07	184,007	(24)	(1,468)	6,108	102,634	86,037
2005-06	71,517	(5)	(597)	4,725	34,303	41,347
2004-05	39,413	(4)	(470)	6,434	31,291	14,090
2003-04	12,422	(2)	(337)	2,793	11,808	3,072
2002-2003 & Prior	14,618	(2)	(425)	695	1,957	12,933
Total Prior	<u>321,977</u>	<u>(37)</u>	<u>(3,297)</u>	<u>20,755</u>	<u>181,993</u>	<u>157,479</u>
Total All Funds	<u>\$ 6,096,587</u>	<u>\$ 138,703</u>	<u>\$ (13,148)</u>	<u>\$ 24,574</u>	<u>\$ 5,572,280</u>	<u>\$ 397,030</u>

RECONCILIATION TO REVENUE:

Cash Collections by County Treasurer Above	\$ 5,572,280
Accrual of Receivables:	
June 30, 2007	(69,420)
June 30, 2008	88,231
Property Taxes in Lieu	<u>12</u>
Total Revenue	<u>\$ 5,591,103</u>
Fund Allocation:	
General Fund	4,263,830
Sewer Bonded Debt Fund	917,782
Water Bonded Debt Fund	<u>409,491</u>
Total	<u>\$ 5,591,103</u>
	<u>\$ 397,030</u>

Urban Renewal - North Side

Current:						
2007-08	\$ 2,591,436	\$ 62,261	\$ (4,502)	\$ 1,714	\$ 2,418,966	\$ 107,421
Prior Years:						
2006-07	81,047	(11)	(302)	2,702	45,404	38,054
2005-06	31,536	(2)	(264)	2,083	15,126	18,231
2004-05	17,553	(2)	(209)	2,865	13,936	6,275
2003-04	5,602	(1)	(152)	1,260	5,325	1,386
2002-2003 & Prior	8,156	(1)	(237)	388	1,092	7,216
Total Prior	<u>143,894</u>	<u>(17)</u>	<u>(1,164)</u>	<u>9,298</u>	<u>80,883</u>	<u>71,162</u>
Total All Funds	<u>\$ 2,735,330</u>	<u>\$ 62,244</u>	<u>\$ (5,666)</u>	<u>\$ 11,012</u>	<u>\$ 2,499,849</u>	<u>\$ 178,583</u>

RECONCILIATION TO REVENUE:

Cash Collections by County Treasurer Above	\$ 2,499,849
Accrual of Receivables:	
June 30, 2007	(30,832)
June 30, 2008	<u>39,417</u>
Total Revenue	<u>\$ 2,508,434</u>
Fund Allocation:	
Urban Renewal Debt Fund	2,508,267
Urban Renewal Construction Fund	<u>167</u>
Total	<u>\$ 2,508,434</u>

CITY OF NEWPORT
LINCOLN COUNTY, OREGON

SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES
OF TAXES UNCOLLECTED
For the Year Ended June 30, 2008

Urban Renewal - South Side							
Current:							
2007-08	\$ 1,645,131	\$ 39,526	\$ (2,858)	\$ 1,088	\$ 1,535,641	\$ 68,194	
Prior Years:							
2006-07	46,389	(6)	(402)	1,539	25,859	21,673	
2005-06	17,629	(1)	(147)	1,165	8,456	10,192	
2004-05	9,465	(1)	(113)	1,545	7,514	3,384	
2003-04	3,006	(1)	(82)	676	2,857	744	
2002-2003 & Prior	2,485	-	(72)	118	333	2,198	
Total Prior	<u>78,974</u>	<u>(9)</u>	<u>(816)</u>	<u>5,043</u>	<u>45,019</u>	<u>38,191</u>	
Total All							
Funds	<u>\$ 1,724,105</u>	<u>\$ 39,517</u>	<u>\$ (3,674)</u>	<u>\$ 6,131</u>	<u>\$ 1,580,660</u>	<u>\$ 106,385</u>	

RECONCILIATION TO REVENUE:

Cash Collections by County Treasurer Above	\$ 1,580,660
Accrual of Receivables:	
June 30, 2007	(17,276)
June 30, 2008	<u>23,973</u>
Total Revenue	<u>\$ 1,587,357</u>

This Page Intentionally Left Blank

CITY OF NEWPORT
LINCOLN COUNTY, OREGON

2007-2008 AUDITORS' COMMENTS AND DISCLOSURES

This Page Intentionally Left Blank



PAULY, ROGERS AND CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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

December 12, 2008

2007-2008 AUDITORS' COMMENTS AND DISCLOSURES

Oregon Administrative Rules 162-10-000 through 162-16-000, the Minimum Standards for Audits of Oregon Municipal Corporations, enumerate the financial statements, schedules, comments and disclosures required in audit reports. The required statements and schedules are set forth in preceding pages of this report. Required comments and disclosures related to our audit of such statements and schedules are set forth as follows:

REPORT ON INTERNAL ACCOUNTING CONTROL

We have audited the Basic financial statements of the City of Newport, Oregon, as of and for the year ended June 30, 2008, and have issued our report thereon dated December 12, 2008.

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.

The management of the City of Newport, Oregon, is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of basic financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the basic financial statements of City of Newport, Oregon, for the year ended June 30, 2008, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

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

2007-2008 AUDITORS' COMMENTS AND DISCLOSURES (CONTINUED)

REPORT ON INTERNAL ACCOUNTING CONTROL (CONTINUED)

A material weakness is a significant deficiency in which the design or operation of one or more of the specific internal control structure elements does not reduce to a relatively low level the risk that errors and irregularities in amounts that would be material in relation to the basic financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operations that we consider to be material weaknesses as defined above.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses as defined above. We have issued a report on significant deficiencies dated December 12, 2008.

These factors were considered in determining the nature, timing and extent of the audit tests to be applied in our audit of the basic financial statements, and this report does not affect our report on the basic financial statements dated December 12, 2008.

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

ACCOUNTING RECORDS

The accounting records were adequate for audit, except as noted in the management letter.

2007-08 AND 2008-09 BUDGETS

The budgets adopted for the current and ensuing fiscal year were examined during the audit. Based on our testing, it was determined that budget preparation and adoption procedures followed were in compliance with the Oregon Local Budget Law.

Expenses of the various funds were within authorized appropriations for the year ended June 30, 2008 except as noted on page 28.

In the General Fund, Contingency had a negative appropriation due to appropriation transfers.

STATE HIGHWAY FUNDS

Compliance with requirements of Article IX, Section 3a of the Oregon Constitution and ORS 294 and 373 was reviewed, and based upon our testing, were found to comply with the restrictions on the use of revenue from taxes on motor vehicle use and fuel.

COLLATERAL SECURING BANK DEPOSITS

We are not aware of any failure to comply with legal requirements related to the amount and adequacy of collateral pledged by depositories to secure funds.

INVESTMENTS

The investments for the year ending June 30, 2008, were reviewed and based upon our testing, appeared to comply with the legal requirements pertaining to the investment of public funds contained in ORS 294.035.

2007-2008 AUDITORS' COMMENTS AND DISCLOSURES (CONTINUED)

PUBLIC CONTRACTS AND PURCHASING

The procedures for awarding public contracts were reviewed, and based upon our testing, we found no instances of non-compliance with ORS Chapter 279 during 2007-2008, except for three instances in which no quotes were obtained for purchases over \$5,000.

INSURANCE AND FIDELITY BONDS

We are not aware of any failure to comply with legal requirements relating to insurance and fidelity bonds, however, we are not competent by training and experience to comment on the adequacy of insurance coverage. We recommend the City consult appropriate advisers related to these issues.

STATUTORY BONDED DEBT LIMITATION

The bonded debt outstanding appeared to be within the limitation established by Oregon Law.

PROGRAMS FUNDED FROM OUTSIDE SOURCES

We reviewed and tested, to the extent we considered necessary in the circumstances, transactions and reports relative to federal and state grant programs. Since expenditures in Federal Financial assistance were not greater than \$500,000 for the year ended June 30, 2007, it was not necessary to perform, nor did we perform, tests in accordance with the Federal Single Audit Act, as amended (U.S. Office of Management and Budget Circular A-133).


PAULY, ROGERS AND CO., P.C.

This Page Intentionally Left Blank