

**CITY OF YACHATS
Lincoln County, Oregon**

ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2009

**CITY OF YACHATS
Lincoln County, Oregon**

**OFFICERS AND MEMBERS OF THE GOVERNING BOARD
June 30, 2009**

City Council

Susan Smith, Mayor (left office December 31, 2009)
PO Box 27
Yachats, Oregon 97498

Ronald Brean, Mayor (oath of office January 5, 2009)
PO Box 345
Yachats, Oregon 97498

Larry Nixon, Council President
PO Box 80
Yachats, Oregon 97498

Greg Scott, Councilor
PO Box 1118
Yachats, Oregon 97498

Joel Evans, Councilor (left office December 31, 2009)
PO Box 524
Yachats, Oregon 97498

Annette Howarth (oath of office January 5, 2009)
PO Box 578
Yachats, Oregon 97498

Yvonne Wulff, Councilor (left office December 31, 2009)
PO Box 791
Yachats, Oregon 97498

David Rieseck (oath of office January 5, 2009)
820 Driftwood Ln.
Yachats, Oregon 97498

Nancy Batchelder, City Recorder
PO Box 345
Yachats, Oregon 97498

Address of Registered Office
PO Box 345
Yachats, Oregon 97498

**CITY OF YACHATS
Lincoln County, Oregon**

**ANNUAL FINANCIAL REPORT
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Lincoln County, Oregon**

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Yachats
Lincoln County, Oregon

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Yachats, Oregon (City) as of and for the year ended June 30, 2009, 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 of Yachats' management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards and the standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

Management has not recorded depreciation expense on capital assets used in the governmental activities of the City. Accounting principles generally accepted in the United States of America require that depreciation expense be recorded, which would decrease the assets and fund balances and change the revenues in the governmental funds of the City. The amount by which this departure would affect the assets, fund balances, and expenses of the governmental funds is not reasonably determinable.

In our opinion, except for the effects, if any, of not recording depreciation expense for the governmental activities, as described in the preceding paragraph, 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 City of Yachats, Oregon as of June 30, 2009, and the respective changes in financial position and cash flows, thereof, and major governmental funds' statements of revenue, expenditures and changes in fund balances – budget and actual, for the year ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2009 on our consideration of the City of Yachats' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison on information on pages 3 through 7 and pages 40 through 59 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

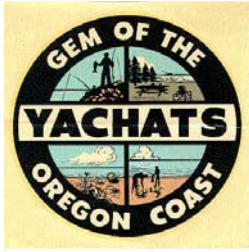
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Yachats, Oregon, basic financial statements. The accompanying schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the City of Yachats. The combining and individual nonmajor fund financial statements which are included as other supplemental information, along with the other supplemental schedules on pages 60 through 71, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards, along with the other supplemental information and other supplemental schedules, 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.

J. Robert Wall, CPA

J. Robert Wall, CPA
Wall & Wall P.C., Certified Public Accountants

Coos Bay, Oregon
December 2, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS



City of Yachats

441 Hwy 101 N.
P O Box 345
Yachats, OR 97498

MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis presents the highlights of financial activities and financial position for the City of Yachats. The analysis focuses on significant financial issues, major financial activities, resulting changes in financial position, and budget changes and variances from the budget. Please read it in conjunction with the City's financial statements.

Report Layout

The report consists of government-wide financial statements, fund financial statements, notes to the statements, and other supplementary information and schedules.

The Statement of Net Assets and Statement of Activities included in the government-wide financial statements focus on a City-wide presentation using the accrual basis of accounting. They are designed to be more corporate-like in that all activities are consolidated into a total for the City.

The fund financial statements focus separately on major governmental funds and proprietary funds. Governmental fund statements follow the more traditional presentation of financial statements. The City's major governmental funds are presented in their own column and the remaining funds are combined into a column titled "Other Governmental Funds." Budgetary comparison statements are presented for the General Fund, Visitor Amenities Fund, Capital Expenditure Reserve Fund, and Street Fund, (the City's major funds). Statements for the City's proprietary funds follow the governmental funds and include net assets, revenues, expenses, and changes in fund net assets, and cash flows.

The notes to the financial statements provide additional disclosures required by governmental accounting standards and provide information to assist the reader in understanding the City's financial condition.

The required supplementary information section presents combining statements of non-major funds, budgetary comparison statements for non-major funds, and additional information.

Analysis of the Government's Overall Condition

Yachats continues to rely heavily on transient room tax money for the general fund as well as streets, the Library, the Museum and the Community Center, and that revenue was down about 5% this year, but the overall financial condition of the City of Yachats remains in good shape and the City Council, Finance Committee, and the Urban Renewal District Commission engaged in contingency planning early on when it became apparent that the transient room tax revenue would be under-budget in order to ensure that there would be no surprises at the end of the year.

The 2008-2009 budget included all the requests submitted by the Commissions, the Public Works Director, outside agencies, and local organizations. The budget was balanced; met all the requirements for the City operations for the year, and included significant transfers to the Capital Expenditure Reserve Fund.

Public works remained a top priority and the budget supported that priority, including protection of the watershed, street maintenance and improvements, and the continuing requirements for the Mutual Agreement and Order with the Department of Environmental Quality. The water and sewer funds collected sales revenue that was sufficient to operate the system, complete certain improvements, and provide some funds to be set aside for future City facilities.

The City was also able to assist community organizations meet the various needs of the community, with a minimal investment, by supporting the programs of other agencies: programs ran by the Youth and Families Activities Program and Lincoln County Council on Aging.

The following tables outline the City's government-wide statement of net assets and statement of activities as of and for the year ended June 30, 2009:

Net Assets
June 30, 2009

	Governmental Activities	Business-type Activities	Total Government
Cash and investments	\$ 2,538,749	\$ 1,359,261	\$ 3,898,010
Other assets	187,996	522,992	710,988
Capital assets, net	<u>1,987,068</u>	<u>12,430,052</u>	<u>14,417,120</u>
Total assets	<u>4,713,813</u>	<u>14,312,305</u>	<u>19,026,118</u>
Current liabilities	129,438	808,144	937,582
Long-term debt liabilities	<u>723,996</u>	<u>7,940,054</u>	<u>8,664,050</u>
Total liabilities	<u>853,434</u>	<u>8,748,198</u>	<u>9,601,632</u>
Net assets:			
Invested in capital assets, net of debt	1,219,644	4,427,051	5,646,695
Restricted	1,309,412	825,321	2,134,733
Unrestricted	<u>1,331,323</u>	<u>311,735</u>	<u>1,643,058</u>
Total net assets	<u>\$ 3,860,379</u>	<u>\$ 5,564,107</u>	<u>\$ 9,424,486</u>

Net Assets
June 30, 2008

	Governmental Activities	Business-type Activities	Total Government
Cash and investments	\$ 2,930,699	\$ 320,323	\$ 3,251,022
Other assets	205,218	1,133,490	1,338,708
Capital assets, net	<u>1,915,376</u>	<u>10,418,605</u>	<u>12,333,981</u>
Total assets	<u>5,051,293</u>	<u>11,872,418</u>	<u>16,923,711</u>
Current liabilities	187,032	626,557	813,589
Long-term debt liabilities	<u>767,624</u>	<u>6,571,756</u>	<u>7,339,380</u>
Total liabilities	<u>954,656</u>	<u>7,198,313</u>	<u>8,152,969</u>
Net assets:			
Invested in capital assets, net of debt	1,063,964	3,801,542	4,865,506
Restricted	2,105,882	442,943	2,548,825
Unrestricted	<u>926,794</u>	<u>429,620</u>	<u>1,356,414</u>
Total net assets	<u>\$ 4,096,640</u>	<u>\$ 4,674,105</u>	<u>\$ 8,770,745</u>

**Governmental and Proprietary Activities
For the Year Ended June 30, 2009**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total Government</u>
Revenues			
Program revenues			
Charges for services	\$ 76,451	\$ 970,574	\$ 1,047,025
General revenues			
Taxes	1,085,796	-	1,085,796
Intergovernmental	60,581	14,413	74,994
Interest	59,309	1,200	60,509
Other	30,220	309	30,529
Total revenues	<u>1,312,357</u>	<u>986,496</u>	<u>2,298,853</u>
Expenses			
Governmental activities	771,307	-	771,307
Business-type activities	-	873,805	873,805
Total expenses	<u>771,307</u>	<u>873,805</u>	<u>1,645,112</u>
Transfers	<u>(144,766)</u>	<u>144,766</u>	<u>-</u>
Change in net assets	396,284	257,457	653,741
Beginning net assets, restated	<u>3,464,095</u>	<u>5,306,650</u>	<u>8,770,745</u>
Ending net assets	<u>\$ 3,860,379</u>	<u>\$ 5,564,107</u>	<u>\$ 9,424,486</u>

**Governmental and Proprietary Activities
For the Year Ended June 30, 2008**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total Government</u>
Revenues			
Program revenues			
Charges for services	\$ 112,374	\$ 962,076	\$ 1,074,450
General revenues			
Taxes	1,102,951	-	1,102,951
Interest	88,832	2,400	91,232
Other	183,447	195	183,642
Total revenues	<u>1,487,604</u>	<u>964,671</u>	<u>2,452,275</u>
Expenses			
Governmental activities	679,322	-	679,322
Business-type activities	-	796,744	796,744
Total expenses	<u>679,322</u>	<u>796,744</u>	<u>1,476,066</u>
Transfers	<u>367,770</u>	<u>(367,770)</u>	<u>-</u>
Change in net assets	1,176,052	(199,843)	976,209
Beginning net assets, restated	<u>2,920,588</u>	<u>4,873,948</u>	<u>7,794,536</u>
Ending net assets	<u>\$ 4,096,640</u>	<u>\$ 4,674,105</u>	<u>\$ 8,770,745</u>

Analysis of the Balances and Transactions of Major Individual Funds

The balances of the major funds and all transactions are within the budget as adopted or amended. Other than the normal, day-to-day activities, most of the major changes are described elsewhere in this discussion.

Analysis of Variations from the Original and Final Amended Budget for the General Fund

The City's adopted budget was amended during the year by City Council approved resolutions. Changes included increasing the original allocation for the Visitor Center by \$7,000; acknowledging a \$1,000 grant received by the Library; adjusting personnel costs for a lump-sum vacation leave payment made when a position was eliminated; allocation of funds for a contract with the Friends of the Yachats Commons for user support services; increasing the allocation for miscellaneous public services in order to advance funding to the Yachats Community Health Clinic; and, an increase in the allocation to the Commons Fund to pay for extensive repairs and improvements to the boiler.

A supplemental Budget was adopted to cover the additional revenue and expenses related to a contract with the United States Forest Service for services performed at the USFS facilities at Cape Perpetua and the Angell Job Corps.

Significant Capital Asset and Long-term Debt Activity

The construction of a new sewer plant continued to be a priority. Construction began in July 2007 and continued through the year. The work was completed this fiscal year and approved by the Oregon Department of Environmental Quality.

Direct loans from the Department of Environmental Quality and the Oregon Economic and Community Development Department were secured by a combination of sources, including revenue from the urban renewal district and a prepared food and beverage tax. Receipt of revenues from those sources began in the 2007-2008 fiscal year and were set aside in reserve as per the loan conditions.

Voters approved issuing 5.9 million dollars in General Obligation bonds for the sewer plant project, but at this time the City does not have to issue any bonds to repay the loans.

Capital assets used by the City in its Governmental and Proprietary Funds are shown in the following table:

Capital Assets Used by Governmental and Proprietary Activities For the Year Ended June 30, 2009

	Governmental Activities	Business-type Activities	Total Government
Land and improvements	\$ 507,788	\$ 113,035	\$ 620,823
Buildings and improvements	1,011,427	52,400	1,063,827
Vehicles and equipment	265,054	253,843	518,897
Books and periodicals	202,799	-	202,799
Plant and system	-	3,673,160	3,673,160
Water reservoir	-	393,868	393,868
Wastewater treatment plant	-	11,296,418	11,296,418
Total assets	1,987,068	15,782,724	17,769,792
Less: accumulated depreciation	-	3,352,672	3,352,672
Capital assets, net	\$ <u>1,987,068</u>	\$ <u>12,430,052</u>	\$ <u>14,417,120</u>

At June 30, 2009, the City had \$8,770,605 in outstanding debt compared to \$7,468,475 outstanding last year and \$234,815 of the debt outstanding at June 30, 2009 is due within one year. There was no new borrowing during the year ended June 30, 2009 other than the \$911,899 drawn down on the D.E.Q. loan and \$519,343 drawn down on the OECDD loan for the Sewer Treatment Plant Construction Project.

Component Unit

Included in the financial report is information for the Urban Renewal District (District). The District began activity during August of 2007. The District operates within a written agreement with the City that clearly defines District activities and establishes City support of the District. The District's compilation report is available at the City of Yachats' Commons.

Financial information for the component unit is found in the financial statements blended with the City's financial activity. Summary information follows:

	2009		2009
Current assets	\$ <u>94,299</u>	Revenues	\$ 154,585
Fund balance	\$ <u>94,299</u>	Expenses	(3,933)
		Other financing (uses)	<u>(65,645)</u>
		Net change in fund balance	85,007
		Beginning fund balance	<u>9,292</u>
		Ending fund balance	<u>\$ 94,299</u>

Economic Factors and Next Year's Budget

The City does not expect next year's budget to be substantially different from the 2008-2009 budget. During the previous 2008 fiscal period, the City began collecting a food and beverage tax as an alternative general City revenue source. This revenue source is currently dedicated to servicing and retiring the recently incurred debt obligations incurred constructing the new wastewater treatment plant (Sewer Project). The revenue sources are stable and there are no unusual expenditures in the foreseeable future.

Requests for Information

The financial report is designed to present the user (citizens, taxpayers, investors, and creditors) with a general overview of the City's finances and to demonstrate the City's accountability. Current and previous audit reports are available on the City's document library (<http://yachatsdocuments.info/>). Questions concerning any of the information provided in this report or requests for additional information should be addressed to the City Recorder, City of Yachats, P.O. Box 345, Yachats, Oregon 97498.

BASIC FINANCIAL STATEMENTS

CITY OF YACHATS, OREGON
Statement of Net Assets
June 30, 2009

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 2,538,749	\$ 1,359,261	\$ 3,898,010
Unsegregated tax collections	1,381	-	1,381
Accounts receivable	-	85,742	85,742
Loan reimbursement receivable	-	319,172	319,172
Grant receivable	-	76,448	76,448
Inventory	3,305	41,630	44,935
Property taxes receivable	15,637	-	15,637
Transient room taxes receivable	111,962	-	111,962
Food and beverage taxes receivable	55,711	-	55,711
Capital assets, net	1,987,068	12,430,052	14,417,120
 Total assets	 \$ 4,713,813	 \$ 14,312,305	 \$ 19,026,118
LIABILITIES			
Accounts payable	\$ 975	\$ 375,121	\$ 376,096
Other accrued liabilities	441	-	441
Accrued interest payable	20,509	370,076	390,585
Accrued compensated absences	64,085	-	64,085
Bonds payable:			
Due within one year	43,428	62,947	106,375
Due in more than one year	723,996	7,940,054	8,664,050
 Total liabilities	 853,434	 8,748,198	 9,601,632
NET ASSETS			
Invested in capital assets, net of related debt	1,219,644	4,427,051	5,646,695
Restricted for:			
Capital expenditures	1,105,129	25,594	1,130,723
Debt service	204,283	799,727	1,004,010
Unrestricted	1,331,323	311,735	1,643,058
 Total net assets	 3,860,379	 5,564,107	 9,424,486
 Total liabilities and net assets	 \$ 4,713,813	 \$ 14,312,305	 \$ 19,026,118

CITY OF YACHATS, OREGON
Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2009

Functions / Programs	Expenses	Program Revenues	Net (Expense) Revenue and Changes in Net Assets		Total
		Charges for Services	Governmental Activities	Business-type Activities	
Governmental activities					
General government	\$ 430,668	\$ 11,896	\$ (418,772)	\$ -	\$ (418,772)
Public safety	10,356	-	(10,356)	-	(10,356)
Public works	202,655	14,300	(188,355)	-	(188,355)
Culture and recreation	87,892	50,255	(37,637)	-	(37,637)
Interest expense	39,736	-	(39,736)	-	(39,736)
Total governmental activities	<u>771,307</u>	<u>76,451</u>	<u>(694,856)</u>	<u>-</u>	<u>(694,856)</u>
Business-type activities					
Water	462,540	440,490	-	(22,050)	(22,050)
Sewer	411,265	530,084	-	118,819	118,819
Total business-type activities	<u>873,805</u>	<u>970,574</u>	<u>-</u>	<u>96,769</u>	<u>96,769</u>
Total government	<u>\$ 1,645,112</u>	<u>\$ 1,047,025</u>	<u>(694,856)</u>	<u>96,769</u>	<u>(598,087)</u>
General revenues					
Taxes					
Property taxes, levied for general purposes			201,698	-	201,698
Property taxes, levied for debt service			107,910	-	107,910
Franchise and public service tax			776,188	-	776,188
Intergovernmental			60,581	14,413	74,994
Interest and investment earnings			59,309	1,200	60,509
Other revenues			30,220	309	30,529
Transfers, net			(144,766)	144,766	-
Total general revenues and transfers			<u>1,091,140</u>	<u>160,688</u>	<u>1,251,828</u>
Change in net assets			396,284	257,457	653,741
BEGINNING NET ASSETS			<u>3,464,095</u>	<u>5,306,650</u>	<u>8,770,745</u>
ENDING NET ASSETS			<u>\$ 3,860,379</u>	<u>\$ 5,564,107</u>	<u>\$ 9,424,486</u>

CITY OF YACHATS, OREGON
Balance Sheet
GOVERNMENTAL FUNDS
June 30, 2009

	General Fund	Visitor Amenities Fund	Capital Expenditure Reserve Fund	Street Fund
ASSETS				
Cash and investments	\$ 148,031	\$ 475,863	\$ 1,049,418	\$ 13,434
Unsegregated tax collections	564	-	-	-
Inventory	-	-	-	3,305
Property taxes receivable	4,688	-	-	-
Transient room taxes receivable	111,962	-	-	-
Food and beverage taxes receivable	-	-	55,711	-
Total assets	<u>\$ 265,245</u>	<u>\$ 475,863</u>	<u>\$ 1,105,129</u>	<u>\$ 16,739</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll taxes	441	-	-	-
Inventory reserve	-	-	-	3,305
Deferred revenue	4,123	-	-	-
Total liabilities	<u>4,564</u>	<u>-</u>	<u>-</u>	<u>3,305</u>
FUND BALANCES				
Reserved for debt service	-	-	-	-
Reserved for capital expenditures	-	-	1,105,129	-
Unreserved	260,681	475,863	-	13,434
Unreserved, reported in nonmajor Special Revenue Funds	-	-	-	-
Total fund balances	<u>260,681</u>	<u>475,863</u>	<u>1,105,129</u>	<u>13,434</u>
Total liabilities and fund balances	<u>\$ 265,245</u>	<u>\$ 475,863</u>	<u>\$ 1,105,129</u>	<u>\$ 16,739</u>

Other Governmental Funds	Total Governmental Funds
\$ 852,003	\$ 2,538,749
817	1,381
-	3,305
10,949	15,637
-	111,962
-	55,711
<u>863,769</u>	<u>2,726,745</u>
\$ 975	\$ 975
-	441
-	3,305
10,949	15,072
<u>11,924</u>	<u>19,793</u>
204,283	204,283
-	1,105,129
-	749,978
<u>647,562</u>	<u>647,562</u>
<u>851,845</u>	<u>2,706,952</u>
<u>\$ 863,769</u>	<u>\$ 2,726,745</u>

CITY OF YACHATS, OREGON
Reconciliation of Governmental Funds Balance Sheet to
Statement of Net Assets
For the Year Ended June 30, 2009

TOTAL FUND BALANCES	\$ 2,706,952
Capital assets are not financial resources and therefore are not reported in the Governmental funds:	
Cost of capital assets	1,987,068
A portion of the City's property taxes and room taxes are collected after year-end but are not available soon enough to pay for the current years' operations, and therefore are not reported as revenue in the governmental funds.	
	15,072
Inventory is not available to pay for current period expenditures, and therefore, is not reported in the governmental funds.	
	3,305
Long-term liabilities not payable in the current year are not reported as governmental fund liabilities. Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due. These liabilities consist of:	
Interest payable	(20,509)
Accrued compensated absences payable	(64,085)
Bonds payable	<u>(767,424)</u>
TOTAL NET ASSETS	\$ <u>3,860,379</u>

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CITY OF YACHATS, OREGON
Statement of Revenues, Expenditures, and Changes in Fund Balances
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2009

	General Fund	Visitor Amenities Fund	Capital Expenditure Reserve Fund	Street Fund
REVENUE				
Property taxes	\$ 32,122	\$ -	\$ -	\$ -
Other taxes	553,012	-	223,176	-
Intergovernmental	23,964	-	5,789	29,828
Licenses and permits	9,745	-	-	-
Charges for services	-	-	-	-
Investment revenue	14,434	5,181	33,435	-
Other revenue	2,028	-	-	25,000
Total revenue	<u>635,305</u>	<u>5,181</u>	<u>262,400</u>	<u>54,828</u>
EXPENDITURES				
Current				
General government	271,800	65,750	-	-
Public safety	10,356	-	-	-
Public works	9,978	-	-	93,813
Culture and recreation	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	39,092	90,628	81,677
Total expenditures	<u>292,134</u>	<u>104,842</u>	<u>90,628</u>	<u>175,490</u>
Excess (deficiency) of revenue over (under) expenditures	<u>343,171</u>	<u>(99,661)</u>	<u>171,772</u>	<u>(120,662)</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	2,841	575,524	312,909	63,000
Operating transfers out	(385,512)	-	(217,379)	(2,084)
Transfer out - establish Visitor Amenities Fund	-	-	(411,052)	-
Total other financing sources (uses)	<u>(382,671)</u>	<u>575,524</u>	<u>(315,522)</u>	<u>60,916</u>
Net change in fund balances	(39,500)	475,863	(143,750)	(59,746)
BEGINNING FUND BALANCE	<u>300,181</u>	<u>-</u>	<u>1,248,879</u>	<u>73,180</u>
ENDING FUND BALANCE	<u>\$ 260,681</u>	<u>\$ 475,863</u>	<u>\$ 1,105,129</u>	<u>\$ 13,434</u>

Other Governmental Funds	Total Governmental Funds
\$ 262,414	\$ 294,536
-	776,188
1,000	60,581
-	9,745
66,706	66,706
6,259	59,309
3,192	30,220
<u>339,571</u>	<u>1,297,285</u>
3,933	341,483
-	10,356
17,187	120,978
87,892	87,892
83,738	83,738
41,880	41,880
14,594	225,991
<u>249,224</u>	<u>912,318</u>
<u>90,347</u>	<u>384,967</u>
95,170	1,049,444
(178,183)	(783,158)
-	(411,052)
<u>(83,013)</u>	<u>(144,766)</u>
7,334	240,201
<u>844,511</u>	<u>2,466,751</u>
<u>\$ 851,845</u>	<u>\$ 2,706,952</u>

CITY OF YACHATS, OREGON
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2009

NET CHANGE IN FUND BALANCE \$ 240,201

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

Property taxes receivable in the Statement of Activities that do not provide current financial resources are not reported as revenues in the 15,072

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets acquired is capitalized in the Statement of Net Assets. 71,692

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. 75,947

In the Statement of Activities interest is accrued on long-term debt, whereas in the governmental funds it is recorded as an interest expenditure when due. 2,144

Compensated absences are recognized as an expenditure in the governmental fund when they are paid. In the Statement of Activities early retirement incentives are recognized as expenditures when earned. (8,772)

CHANGE IN NET ASSETS \$ 396,284

MAJOR GOVERNMENTAL FUNDS

CITY OF YACHATS, OREGON
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
GENERAL FUND
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUE				
Property taxes	\$ 35,000	\$ 35,000	\$ 32,122	\$ (2,878)
Other taxes	585,078	585,078	553,012	(32,066)
Intergovernmental	21,446	21,446	23,964	2,518
Licenses and permits	17,000	17,000	9,745	(7,255)
Fines and forfeitures	250	250	-	(250)
Investment revenue	30,000	30,000	14,434	(15,566)
Other revenue	6,673	6,673	2,028	(4,645)
Total revenue	<u>695,447</u>	<u>695,447</u>	<u>635,305</u>	<u>(60,142)</u>
EXPENDITURES				
General government				
Personal services	191,768	191,768	160,276	31,492
Materials and services	143,277	153,277	111,524	41,753
Total general government	<u>335,045</u>	<u>345,045</u>	<u>271,800</u>	<u>73,245</u>
Public safety				
Materials and services	11,000	11,000	10,356	644
Public works				
Personal services	10,057	10,057	9,978	79
Contingency	138,166	98,826	-	98,826
Total expenditures	<u>494,268</u>	<u>464,928</u>	<u>292,134</u>	<u>172,794</u>
Excess (deficiency) of revenue over (under) expenditures	<u>201,179</u>	<u>230,519</u>	<u>343,171</u>	<u>112,652</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	2,841	2,841	2,841	-
Operating transfers out	(356,172)	(385,512)	(385,512)	-
Total other financing sources (uses)	<u>(353,331)</u>	<u>(382,671)</u>	<u>(382,671)</u>	<u>-</u>
Net change in fund balance	(152,152)	(152,152)	(39,500)	112,652
BEGINNING FUND BALANCE	<u>152,152</u>	<u>152,152</u>	<u>300,181</u>	<u>148,029</u>
ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 260,681</u>	<u>\$ 260,681</u>

CITY OF YACHATS, OREGON
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
VISITOR AMENITIES FUND
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUE				
Investment revenue	\$ 15,542	\$ 15,542	\$ 5,181	\$ (10,361)
EXPENDITURES				
General government				
Materials and services	58,750	65,750	65,750	-
Capital outlay	533,603	526,603	39,092	487,511
Total expenditures	592,353	592,353	104,842	487,511
Excess (deficiency) of revenue over (under) expenditures	(576,811)	(576,811)	(99,661)	477,150
OTHER FINANCING SOURCES (USES)				
Operating transfers in	576,811	576,811	575,524	(1,287)
Net change in fund balance	-	-	475,863	475,863
BEGINNING FUND BALANCE	-	-	-	-
ENDING FUND BALANCE	\$ -	\$ -	\$ 475,863	\$ 475,863

CITY OF YACHATS, OREGON
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
CAPITAL EXPENDITURE RESERVE FUND
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUE				
Investment revenue	\$ 33,445	\$ 33,445	\$ 33,435	\$ (10)
Food and beverage tax revenue	235,372	235,372	223,176	(12,196)
Intergovernmental	1,500	1,500	5,789	4,289
Total revenue	270,317	270,317	262,400	(7,917)
EXPENDITURES				
Capital outlay	249,500	249,500	90,628	158,872
Excess (deficiency) of revenue over (under) expenditures	20,817	20,817	171,772	150,955
OTHER FINANCING SOURCES (USES)				
Operating transfers in	312,909	312,909	312,909	-
Operating transfers out	(235,372)	(235,372)	(217,379)	17,993
Transfer out - establish Visitor Amenities Fund	-	(412,339)	(411,052)	1,287
Total other financing sources (uses)	77,537	(334,802)	(315,522)	19,280
Net change in fund balance	98,354	(313,985)	(143,750)	170,235
BEGINNING FUND BALANCE	801,926	801,926	1,248,879	446,953
ENDING FUND BALANCE	\$ 900,280	\$ 487,941	\$ 1,105,129	\$ 617,188

CITY OF YACHATS, OREGON
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
STREET FUND
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUE				
Intergovernmental	\$ 33,470	\$ 33,470	\$ 29,828	\$ (3,642)
Other revenue	25,000	25,000	25,000	-
Total revenue	<u>58,470</u>	<u>58,470</u>	<u>54,828</u>	<u>(3,642)</u>
EXPENDITURES				
Public works				
Personal services	82,818	82,818	82,467	351
Materials and services	19,358	19,358	11,346	8,012
Capital outlay	<u>83,000</u>	<u>83,000</u>	<u>81,677</u>	<u>1,323</u>
Total expenditures	<u>185,176</u>	<u>185,176</u>	<u>175,490</u>	<u>9,686</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(126,706)</u>	<u>(126,706)</u>	<u>(120,662)</u>	<u>6,044</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	63,000	63,000	63,000	-
Operating transfers out	<u>(2,084)</u>	<u>(2,084)</u>	<u>(2,084)</u>	<u>-</u>
Total other financing sources (uses)	<u>60,916</u>	<u>60,916</u>	<u>60,916</u>	<u>-</u>
Net change in fund balance	(65,790)	(65,790)	(59,746)	6,044
BEGINNING FUND BALANCE	<u>65,790</u>	<u>65,790</u>	<u>73,180</u>	<u>7,390</u>
ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,434</u>	<u>\$ 13,434</u>

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PROPRIETARY FUNDS

CITY OF YACHATS, OREGON
Statement of Net Assets
PROPRIETARY FUNDS
June 30, 2009

	Water Fund	Sewer Fund	Sewer Debt Service 2006-2008 Project Fund
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Current assets			
Cash and investments	\$ 96,594	\$ 109,354	\$ 1,153,313
Accounts receivable	37,268	48,474	-
Loan reimbursement receivable	-	-	-
Grant receivable	-	-	-
Inventory	<u>25,984</u>	<u>15,646</u>	<u>-</u>
Total current assets	159,846	173,474	1,153,313
Noncurrent assets			
Capital assets, net	<u>3,307,819</u>	<u>1,554,427</u>	<u>-</u>
Total assets	<u>\$ 3,467,665</u>	<u>\$ 1,727,901</u>	<u>\$ 1,153,313</u>
LIABILITIES			
Current liabilities			
Accounts payable	\$ 5,095	\$ -	\$ -
Accrued interest payable	15,225	1,265	353,586
Revenue bonds payable - current portion	10,809	40,000	-
OECD loan payable - current portion	<u>-</u>	<u>-</u>	<u>12,138</u>
Total current liabilities	<u>31,129</u>	<u>41,265</u>	<u>365,724</u>
Noncurrent liabilities			
Revenue bonds payable	581,125	180,000	6,671,721
OECD loan payable, net	<u>-</u>	<u>-</u>	<u>507,208</u>
Total noncurrent liabilities	<u>581,125</u>	<u>180,000</u>	<u>7,178,929</u>
Total liabilities	<u>612,254</u>	<u>221,265</u>	<u>7,544,653</u>
NET ASSETS			
Invested in capital assets, net of related debt	2,715,885	1,334,427	(7,191,067)
Restricted:			
For capital expenditures	-	-	-
For debt service	-	-	799,727
Unrestricted	<u>139,526</u>	<u>172,209</u>	<u>-</u>
Total net assets	<u>2,855,411</u>	<u>1,506,636</u>	<u>(6,391,340)</u>
Total liabilities and net assets	<u>\$ 3,467,665</u>	<u>\$ 1,727,901</u>	<u>\$ 1,153,313</u>

Sewer Construction Fund	Total
\$ -	\$ 1,359,261
-	85,742
319,172	319,172
76,448	76,448
<u>-</u>	<u>41,630</u>
395,620	1,882,253
<u>7,567,806</u>	<u>12,430,052</u>
<u>\$ 7,963,426</u>	<u>\$ 14,312,305</u>
\$ 370,026	\$ 375,121
-	370,076
-	50,809
<u>-</u>	<u>12,138</u>
<u>370,026</u>	<u>808,144</u>
-	7,432,846
<u>-</u>	<u>507,208</u>
<u>-</u>	<u>7,940,054</u>
<u>370,026</u>	<u>8,748,198</u>
7,567,806	4,427,051
25,594	25,594
-	799,727
<u>-</u>	<u>311,735</u>
<u>7,593,400</u>	<u>5,564,107</u>
<u>\$ 7,963,426</u>	<u>\$ 14,312,305</u>

CITY OF YACHATS, OREGON
Statement of Revenues, Expenses, and Changes in Fund Net Assets
PROPRIETARY FUNDS
For the Year Ended June 30, 2009

	Water Fund	Sewer Fund	Sewer Debt Service 2006-2008 Project Fund
OPERATING REVENUE			
Charges for services	\$ 440,490	\$ 530,084	\$ -
Intergovernmental	-	14,413	-
Other revenues	285	50	-
	<u>440,775</u>	<u>544,547</u>	<u>-</u>
Total operating revenue			
OPERATING EXPENSES			
Public works			
Personal services	233,821	220,625	-
Materials and services	98,662	77,506	-
Capital outlay	4,780	1,667	-
Depreciation	96,000	94,707	-
	<u>433,263</u>	<u>394,505</u>	<u>-</u>
Total operating expenses			
Operating income (loss)	<u>7,512</u>	<u>150,042</u>	<u>-</u>
NON-OPERATING REVENUES (EXPENSES)			
Investment revenue	600	600	-
Interest expense	(29,277)	(16,760)	-
Operating transfers in	-	-	520,768
Operating transfers out	(136,743)	(239,259)	-
	<u>(165,420)</u>	<u>(255,419)</u>	<u>520,768</u>
Total non-operating revenues (expenses)			
Change in net assets	(157,908)	(105,377)	520,768
BEGINNING NET ASSETS	3,013,319	1,612,013	278,959
Net equity transfer	<u>-</u>	<u>-</u>	<u>(7,191,067)</u>
ENDING NET ASSETS	<u>\$ 2,855,411</u>	<u>\$ 1,506,636</u>	<u>\$ (6,391,340)</u>

Sewer Construction Fund	Total
\$ -	\$ 970,574
-	14,413
-	335
<u>-</u>	<u>985,322</u>
-	454,446
-	176,168
-	6,447
<u>-</u>	<u>190,707</u>
<u>-</u>	<u>827,768</u>
<u>-</u>	<u>157,554</u>
-	1,200
-	(46,037)
-	520,768
<u>-</u>	<u>(376,002)</u>
<u>-</u>	<u>99,929</u>
-	257,483
402,359	5,306,650
<u>7,191,067</u>	<u>-</u>
<u>\$ 7,593,426</u>	<u>\$ 5,564,133</u>

CITY OF YACHATS, OREGON
Statement of Cash Flows
PROPRIETARY FUNDS
For the Year Ended June 30, 2009

	Water Fund	Sewer Fund	Sewer Debt Service 2006-2008 Project Fund
	<u> </u>	<u> </u>	<u> </u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 446,754	\$ 551,435	\$ -
Cash payments for goods and services	(107,703)	(84,579)	-
Cash payments to employees	<u>(233,821)</u>	<u>(220,625)</u>	<u>-</u>
Net cash provided by (used by) operating activities	<u>105,230</u>	<u>246,231</u>	<u>-</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Operating transfers out	<u>(136,743)</u>	<u>(239,259)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Bond interest paid	(28,459)	(16,872)	-
Loan proceeds	-	-	-
Repayment of bond principal	(10,703)	(35,000)	-
Acquisition and construction of fixed assets	<u>-</u>	<u>-</u>	<u>-</u>
Net cash used for capital and related financing activities	<u>(39,162)</u>	<u>(51,872)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received on investments	<u>600</u>	<u>600</u>	<u>-</u>
Increase (decrease) in cash and investments	(70,075)	(44,300)	-
CASH AND INVESTMENTS, BEGINNING OF YEAR	<u>166,669</u>	<u>153,654</u>	<u>-</u>
CASH AND INVESTMENTS, END OF YEAR	<u>\$ 96,594</u>	<u>\$ 109,354</u>	<u>\$ -</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating Income (loss)	\$ 7,512	\$ 150,042	\$ -
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities			
Depreciation	96,000	94,707	-
Decrease (increase) in accounts receivable	5,979	6,888	-
Increase (decrease) in payables	<u>(4,261)</u>	<u>(5,406)</u>	<u>-</u>
Total adjustments	<u>97,718</u>	<u>96,189</u>	<u>-</u>
Net cash provided by operating activities	<u>\$ 105,230</u>	<u>\$ 246,231</u>	<u>\$ -</u>

Sewer Construction Fund	Total
\$ -	\$ 998,189
-	(192,282)
-	(454,446)
<u>-</u>	<u>351,461</u>
-	(376,002)
-	(45,331)
2,382,832	2,382,832
-	(45,703)
<u>(2,382,832)</u>	<u>(2,382,832)</u>
-	(91,034)
<u>-</u>	<u>1,200</u>
-	(114,375)
<u>-</u>	<u>320,323</u>
<u>\$ -</u>	<u>\$ 205,948</u>
<u>\$ -</u>	<u>\$ 157,554</u>
-	190,707
-	12,867
<u>-</u>	<u>(9,667)</u>
<u>-</u>	<u>193,907</u>
<u>\$ -</u>	<u>\$ 351,461</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS

Notes to the basic financial statements consist of a summary of significant accounting policies and all additional information necessary for a fair presentation of the basic financial statements in conformity with accounting principles generally accepted in the United States of America.

CITY OF YACHATS
Lincoln County, Oregon

Notes to the Basic Financial Statements
For the Year Ended June 30, 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Yachats, Oregon (City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. GAAP statements include all relevant Governmental Accounting Standards Board (GASB) pronouncements. The financial statements have incorporated all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on accounting procedures issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. Significant accounting policies are described below.

A. Reporting Entity and Nature of Operations

In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity is made by applying the criteria set forth in GAAP. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestations of the ability to exercise oversight responsibility include, but are not limited to, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the City and/or its citizens, or whether the activity is conducted within the City's geographic boundaries and is generally available to the citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the City is able to exercise oversight responsibility. Based upon the application of these criteria, the City has one component unit that is included in these financial statements which is the City's Urban Renewal District, a blended component unit.

B. Basis of Presentation

The Statement of Net Assets and the Statement of Activities display information about the City. These statements include the governmental financial activities as well as the business-type activities of the City. Governmental activities are financed primarily through property taxes, transient room taxes, food and beverage taxes, intergovernmental revenues, and charges for services. The food and beverage taxes, however, are generally dedicated by the City to service the Sewer Project's debt incurred (page 30). The business-type activities are financed primarily through charges for services.

C. Measurement Focus and Basis of Accounting – Government Wide

Government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the City receives value without giving equal value in exchange, include property and transient room taxes, grants, entitlements and donations. Under the accrual basis of accounting, revenue from property, transient room, and food and beverage taxes are recognized in the fiscal year for which all eligibility requirements have been satisfied.

D. Fund Accounting

Governmental fund financial statements are reported using the current financial resources measurement focus and modified accrual basis of accounting. Under this method revenues are recognized when they become both measurable and available to pay liabilities of the current period. The City's primary sources of revenue, property taxes, transient room taxes, and food and beverage taxes, are considered available if collected within 60 days following year-end. Expenditures are recorded when the related fund liability is incurred, except principal and interest on long-term debt. Principal and interest on general long-term debt are recorded as fund liabilities when due. Capital asset acquisitions are reported as expenditures in the governmental funds and proceeds from general long-term debt and acquisitions under capital leases are reported as other financing sources.

The fund financial statements display information at the individual fund level. Each fund is considered to be a separate accounting entity. Funds are classified and summarized as governmental, proprietary, or fiduciary. The City currently has only governmental and proprietary funds. The emphasis of fund financial statements is on major funds, each of which is displayed in a separate column. All non-major funds are aggregated and reported as other governmental funds.

Governmental Funds

Governmental funds are used to account for most of a government's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition and/or construction of general fixed assets (capital project funds), and the servicing of general long-term debt (debt service funds). The general fund is used to account for all activities of the general government not accounted for in some other fund.

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

All governmental and business-type activities and enterprise funds of the City also follow FASB Statements and Interpretations issued on or after November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

Proprietary Funds

Proprietary funds are used to account for activities similar to those found in the private sector where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided to outside parties (enterprise funds). Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the funds' on-going operations. The principle operating revenues are charges to customers. Operating expenses include cost of sales, personnel costs, administration expenses and depreciation.

All proprietary funds are accounted for using a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the balance sheet. The accrual basis of accounting is utilized by proprietary fund types where revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Major Funds

The City reports the following four major governmental funds:

General Fund – This fund accounts for all revenues and expenditures except for those required to be accounted for in another fund. The principal revenue sources are transient room taxes and property taxes.

Visitor Amenities Fund – This new fund, established by City Ordinance initially for the 2008-2009 fiscal year by an authorized transfer from the Capital Expenditure Reserve Fund. Thirty percent of the transient room taxes collected must be used for visitor amenities, with no more than 50% of those amounts dedicated must be budgeted for the Visitor's Center.

Capital Expenditure Reserve Fund – This fund is a Special Revenue Fund that accounts for resources to be used for purchase of capital assets to be used by either governmental or proprietary funds. The primary revenue source for this fund is earnings on investments, intergovernmental grants, and transfers from other funds.

Street Fund – This fund accounts for state highway gas tax revenues, utilized for maintenance, repair, improvements, and construction of City streets.

The 1989, 1992, 2000 Water Debt Service Funds, along with the 1974 Sewer Debt Service Fund, were considered historically by the City to be non major governmental funds because tax levies for general obligation bonded debt, and respective property tax revenues, have been servicing the debt. During the current fiscal year ended June 30, 2009, two of these issuances, the 1989 and 2000 Water Debt obligations, were paid off in full. The remaining two debt obligations will continue to be serviced by general property tax revenue with immaterial outstanding balances.

Enterprise Funds – The City reports its four Proprietary Funds, the Water Operating Fund, the Sewer Operating Fund, Sewer Debt Service 2006-2008 Project Fund, and the Sewer Construction Fund, as major funds. These funds are used to account for the acquisition, construction, improvements, operation, and maintenance of water and sewer facilities. These funds are predominantly self-supported through user charges to customers. These four major enterprise funds are aggregated as the City's business-type activities in the government-wide presentations.

Sewer Debt Service 2006-2008 Project Fund – This fund was established to account for transfers in, primarily from user fees, to service the debt incurred through Oregon Economic and Community Development Department (OECDD) and the Oregon Department of Environmental Quality (DEQ) (NOTE 5, page 29 and NOTE 9, page 33) during the construction of the City's wastewater treatment plant (Sewer Project).

Sewer Construction Fund – The fund accounts for the state DEQ loan proceeds (NOTE 5, page 29) along with costs for the construction of a new wastewater treatment plant and related sewer system improvements (NOTE 9, page 33).

E. Budgets

A budget is prepared and legally adopted for each governmental fund type in accordance with legal requirements set forth in the Oregon Local Budget Law. The resolution authorizing appropriations for each fund sets the maximum legal level of expenditures. Appropriations are adopted in the categories of personal services, materials and services, capital outlay, debt service, interfund transfers, and contingencies by fund. Appropriations lapse at year end.

Unexpected additional revenues may be added to the budget through the adoption of a supplemental budget. A supplemental budget requires hearings before the public, publications in newspapers, and approval by the City Council. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control. Such transfers require approval by the City Council. Budget amounts shown in the financial statements include the original budget amounts plus any approved appropriation transfers and supplemental budgets. All funds are budgeted using the modified accrual basis of accounting.

F. Cash and Investments

The City's cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition are considered to be cash and cash equivalents.

State statutes authorize the City to invest in banker's acceptances, time certificates of deposit, repurchase agreements, obligations of the U. S. Treasury and its agencies, the Oregon State Treasury's Local Government Investment Pool (LGIP), and demand deposits. The City's investments are entirely with the LGIP. The LGIP is stated at cost, which approximates fair value. Fair value of the LGIP is the same as the City's value in the pool shares.

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

G. Accounts Receivable and Revenues

Property Taxes Receivable – Property taxes are levied and become a lien against the property as of July 1 each year and are payable in three installments on November 15, February 15, and May 15. Discounts are allowed if the amount due is received by November 15 or February 15. Taxes unpaid and outstanding on May 16 are considered delinquent.

Transient Room Taxes Receivable – Transient room taxes are recognized as revenues when collected and, accordingly, are offset by a deferred revenue account, and equaled \$111,962 as of June 30, 2009.

Of the City's General Fund revenues of \$635,305 for the year ended June 30, 2009, \$553,012 or 87% was received from Transient Lodging Tax Revenues. Of the total Transient Lodging Tax Revenues 62% were received from three motels within the City.

Also, the City collects revenues from a Food and Beverage Tax in the Capital Expenditure Reserve Fund that totaled \$223,176 for the 2008-2009 fiscal year, of which \$55,711 was included in accounts receivable at year end.

Receivables of the Proprietary Fund Types are recorded as revenue when earned.

Receivables for federal and state grants, and state, county, and local shared revenue, are recorded when due from other governments.

H. Inventories

The inventory of materials and supplies in the proprietary funds is stated at cost on the first-in, first-out basis.

I. Capital Assets

Capital assets are recorded at original or estimated original cost. Donated capital assets are recorded at their estimated fair market value at the time received. The City defines capital assets as assets with an initial cost of at least \$5,000 and an estimated initial useful life extending beyond a single reporting period. Interest incurred during construction is not capitalized. Maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets used in the proprietary funds are depreciated using the straight-line method over the following useful lives:

Vehicles, furniture, and equipment	10 years
Buildings	20 years
Water plant and system	30 years
Sewer plant and system	50 years

Interest accrued and incurred during the sewer project construction (NOTE 5, page 29 and NOTE 9, page 33) was capitalized in the amount of \$376,739 for the year ended June 30, 2009.

Upon disposal of such assets, the accounts are relieved of the related costs and accumulated depreciation and resulting gains or losses are reflected in income.

Capital assets used by governmental activities are not supported by a detailed capital asset depreciation schedule and no depreciation has been recorded on these assets (NOTE 4, page 28). While the City does not depreciate general governmental capital assets, they set aside financial reserves for City major capital improvements and replacements to ensure fiscal responsibility such as reflected in the Capital Expenditure Reserve Fund's \$1,049,418 cash balance at June 30, 2009 detailed on page 26. In lieu of governmental capital asset depreciation, the City is intending to ensure there are sufficient resources to replace or repair the asset at the end of its useful life. Since the depreciated value is based on historical cost at acquisition, ultimate replacement or repair costs could end up costing considerably more than the resources set aside attempting to fund assets' depreciation of value.

The City of Yachats uses an approach based on estimated replacement costs. The replacement cost is periodically revised to reflect the effect of inflation. The City's approach to adequately eventually accumulate funds to replace capital assets at current fair value costs, rather than historical acquisition amounts, is conceptually more so reflective of actual future obligations the City is likely to incur when it is necessary to replace the respective capital assets. Along with this process and approach, the City created a Finance Committee with the objective of monitoring long-term financing needs of the City, identifying potential financial problems, and preparing recommendations in order for the City Council to address and appropriately act on them.

J. Long-term Debt

In the government-wide financial statements long-term debt is reported as a liability in the Statement of Net Assets.

K. Retirement Plans

Substantially all of the City's employees are participants in the Oregon Public Employees Retirement System (PERS). Contributions to PERS are made on a current basis as required by the plan and are charged to expenses/expenditures as funded.

L. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation benefits. All unused vacation pay is accrued when earned in the government-wide financial statements, and a liability for these amounts is reported in the basic financial statements of the governmental activities.

	Balance at 7/1/08	Additions	Used	Balance at 6/30/09
Compensated absences payable	\$ 55,313	\$ 27,162	\$ (18,390)	\$ 64,085

M. Fund Equity

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.

N. Interfund Transactions

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. This includes interfund transfers occurring within governmental activities and interfund receivables and payables.

O. 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 these estimates.

NOTE 2 – CASH AND CASH EQUIVALENTS**Cash and investments at June 30, 2009 consisted of the following:**

Petty Cash	\$ 100
Cash in checking accounts (book balances) and repurchase agreements	465,399
Cash in Local Government Investment Pool	<u>3,432,511</u>
	<u>\$ 3,898,010</u>

Cash and investments are reported on the combined balance sheet as follows:

Total Cash and investments	<u>\$ 3,898,010</u>
----------------------------	---------------------

Cash and investments by funds at June 30, 2009:

Governmental Funds	
Major Governmental Funds	
General Fund	\$ 148,301
Visitor Amenities Fund	475,863
Capital Expenditure Reserve Fund	1,049,418
Street Fund	13,434
Nonmajor Governmental Funds	
System Development Charges Fund	526,933
Debt Service Reserve Fund	187,687
Others	<u>137,113</u>
Total Governmental Funds	<u>2,538,749</u>
Proprietary/Enterprise Funds	
Water Fund	96,594
Sewer Fund	109,354
Sewer Debt Service Fund	<u>1,153,313</u>
Total Proprietary/Enterprise Funds	<u>1,359,261</u>
Total cash and investments	<u>\$ 3,898,010</u>

NOTE 3 – DEPOSITS AND INVESTMENTS

A. Deposits

Deposits with financial institutions

The Governmental Accounting Standards Board has adopted accounting principles generally accepted in the United States of America (GAAP), which include standards to categorize deposits to give an indication of the level of custodial credit risk assumed by the City at June 30, 2009. If bank deposits at year end are not entirely insured or collateralized with securities held by the City or by its agent in the City's name, the City must disclose the custodial credit risk (below) that exists. Deposits with financial institutions are comprised of bank demand deposits. For deposits in excess of federal depository insurance, Oregon Revised Statutes require depository institutions to be in compliance with ORS 295. For the fiscal year ended June 30, 2009, the carrying amounts of the City deposits in various financial institutions were \$3,897,910 and the bank balances were \$130,296. All deposits are held in the name of the City. At June 30, 2009 the City's deposits were covered by federal depository insurance and certifications of participation.

Custodial Credit Risk. Custodial credit risk for deposits is the risk that, in the event of a bank failure, a government's deposits may not be returned to it. The City does not have a formal deposit policy for custodial credit risk.

Effective July 1, 2008, House Bill 2901 created a shared liability structure for participating bank depositories in Oregon. Barring any exceptions, a qualifying bank depository is required to pledge collateral valued at least 10% of their quarter-end public fund deposits if they are well capitalized, 25% of the quarter-end public fund deposits if they are adequately capitalized, or 110% of the quarter-end public fund deposits if they are undercapitalized or assigned to pledge 110% by the Office of State Treasurer. In the event of a bank failure, the entire pool of collateral pledged by all qualified Oregon public bank depositories is available to repay the deposits of public funds of governmental entities.

B. Investment

The City has invested funds in the State Treasurer's Oregon Short-term Fund Local Government Investment Pool during fiscal year 2009. The Oregon Short-term Fund is the local government investment pool for local governments and was established by the State Treasurer. It was created to meet the financial and administrative responsibilities of federal arbitrage regulations. The investments are regulated by the Oregon Short-term Fund Board and approved by the Oregon Investment Council (ORD 294.805 to 294.895). Local Government Investment Pool (LGIP) is an external investment pool managed by the State Treasurer's office, which allow governments within the state to pool their funds for investment purposes. The amounts invested in the pool are not classified by risk categories because they are not evidenced by securities that exist in physical or book entry form as defined by GASB Statement No. 40.

In addition, the Oregon State Treasury LGIP distributes investment income on an amortized cost basis and participants' equity in the pool is determined by the amount of participant deposits, adjusted for withdrawals and distributed income. Accordingly, the adjustment to fair value would not represent an expendable increase in the City's cash position.

Investments in the Oregon State Treasury LGIP are made under the provisions of ORS 194.180. These funds are held in the City's name and are not subject to collateralization requirements or ORS 295.015. Investments are stated at amortized cost, which approximated fair value.

State of Oregon statutes restrict the types of investments in which the City may invest. Authorized investments include obligations of the United States Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, time certificates of deposit, certain commercial paper, and the State of Oregon Treasurer's Local Government Investment Pool. As of June 30, 2009 and for the year then ended, the City was in compliance with the aforementioned State of Oregon statutes.

Credit Risk. State Statutes authorize the City to invest primarily in general obligations of the U.S. Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, certain commercial papers, and the State Treasurer's Investment Pool, among others. The City has no formal investment policy that further restricts its investment choices.

Concentration of Credit Risk. The City is required to provide information about the concentration of credit risk associated with its investments in one issuer that represents 5 percent or more of the total investments, excluding investments in external investment pools or those issued and explicitly guaranteed by the U.S. Government. The City has no such investments.

Interest Rate Risk. The City has no formal investment policy that explicitly limits investment maturities as a means of managing its exposure to fair value loss arising from increasing interest rates.

NOTE 4 – CAPITAL ASSETS

Capital asset activity for governmental activities of the City for the year ended June 30, 2009 was as follows:

<u>Description</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Land and improvements	\$ 507,788	\$ -	\$ -	\$ 507,788
Buildings and improvements	948,422	63,005	-	1,011,427
Vehicles and equipment	265,054	-	-	265,054
Books and periodicals	194,112	8,687	-	202,799
Total governmental capital assets	<u>\$ 1,915,376</u>	<u>\$ 71,692</u>	<u>\$ -</u>	<u>\$ 1,987,068</u>

Capital asset activity for business-type activities of the City for the year ended June 30, 2009 was as follows:

<u>Description</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital assets not depreciated				
Land	\$ 113,035	\$ -	\$ -	\$ 113,035
Construction in progress	5,191,714	-	5,191,714	-
Total capital assets not depreciated	<u>5,304,749</u>	<u>-</u>	<u>5,191,714</u>	<u>113,035</u>
Capital assets being depreciated				
Building and improvements	52,400	-	-	52,400
Vehicles and equipment	253,843	-	-	253,843
Water plant and system	3,673,160	-	-	3,673,160
Water reservoir	393,868	-	-	393,868
Wastewater treatment plant and system	3,902,550	7,393,868	-	11,296,418
Total capital assets being depreciated	<u>8,275,821</u>	<u>7,393,868</u>	<u>-</u>	<u>15,669,689</u>
Less accumulated depreciation				
Buildings and improvements	43,595	1,523	-	45,118
Vehicles and equipment	221,906	12,985	-	234,891
Water plant and system	942,939	73,617	-	1,016,556
Water reservoir	102,405	7,877	-	110,282
Wastewater treatment plant and system	1,851,120	94,705	-	1,945,825
Total accumulated depreciation	<u>3,161,965</u>	<u>190,707</u>	<u>-</u>	<u>3,352,672</u>
Business-type activities capital assets, net	<u>10,418,605</u>	<u>7,203,161</u>	<u>5,191,714</u>	<u>12,430,052</u>
Total net capital assets	<u>\$ 12,333,981</u>	<u>\$ 7,274,853</u>	<u>\$ 5,191,714</u>	<u>\$ 14,417,120</u>

Acquisitions of assets during 2008-2009 totaled \$71,692 for governmental activities and \$7,393,868 for the business-type activities. There were no deletions of fixed assets for the fiscal year. The Sewer Project (NOTE 5, page 29 and NOTE 9, page 33) was completed during the latter part of the current fiscal period ended June 30, 2009. These wastewater treatment plant capital assets were, therefore, placed into service by fiscal year end, and \$5,191,714 of construction in progress was added to the wastewater treatment plant and system during the fiscal year. However, no current depreciation was taken thereon due to its completion late in the fiscal year.

As discussed in NOTE 1 I on page 24, the City does not maintain a detailed capital asset depreciation schedule for the governmental activities. Therefore, no depreciation has been charged to governmental activities. Depreciation expense in the amount of \$190,707 was charged to the business-type activities for the fiscal year.

NOTE 5 – LONG-TERM DEBT

In the following paragraphs, long-term debt information is presented separately with respect to governmental and business-type activities. The table below presents current year changes in those obligations, and the current portions due for each issue.

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due in One Year</u>
Governmental activities					
General Obligation Bonds					
1/1/74 Sewer Bond	\$ 115,000	\$ -	\$ 21,000	\$ 94,000	\$ 22,000
9/24/74 Sewer Bond	40,000	-	7,000	33,000	8,000
11/1/89 Water Bond	15,000	-	15,000	-	-
12/10/94 Water Bond	653,412	-	12,788	640,624	13,428
3/24/00 Water Bond	28,000	-	28,000	-	-
Total governmental activities	<u>\$ 851,412</u>	<u>\$ -</u>	<u>\$ 83,788</u>	<u>\$ 767,624</u>	<u>\$ 43,428</u>
Business-type activities					
Revenue Bonds					
12/10/93 Water Bond	\$ 68,342	\$ -	\$ 1,337	\$ 67,005	\$ 1,402
12/10/93 Water Bond	180,177	-	3,526	176,651	3,697
1/26/98 Water Bond	353,705	-	5,444	348,261	5,710
12/1/95 Sewer Bond	255,000	-	35,000	220,000	40,000
Loans					
6/17/05 DEQ Loan	5,259,822	1,411,899	-	6,671,721	128,440
OECD Loan	500,000	19,343	-	519,343	12,138
Total business-type activities	<u>\$6,617,046</u>	<u>\$ 1,431,242</u>	<u>\$ 45,307</u>	<u>\$ 8,002,981</u>	<u>\$ 191,387</u>

General obligation bonds are direct obligations and pledge the full faith and credit of the City. The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities.

Revenue bonds are obligations that will be paid from revenue generated by the respective water or sewer business-type activities of the City, as will the loans incurred for the Sewer Project (NOTE 9, page 33).

Annual debt service requirements to maturity for bonded indebtedness are as follows:

Year Ending June 30,	General Obligation Bonds		Revenue Bonds	
	Principal	Interest	Principal	Interest
2010	\$ 43,428	\$ 38,381	\$ 50,809	\$ 43,690
2011	45,099	36,210	51,346	40,512
2012	46,804	33,955	56,901	37,317
2013	49,544	31,615	57,494	33,754
2014	16,322	29,137	63,105	30,173
2015-2019	94,697	132,598	75,924	123,967
2020-2024	120,859	106,437	96,615	103,275
2025-2029	154,250	73,045	122,920	76,970
2030-2034	196,621	30,428	156,397	43,494
2035-2038	-	-	80,406	10,008
Total	\$ <u>767,624</u>	\$ <u>511,806</u>	\$ <u>811,917</u>	\$ <u>543,160</u>

The voters approved issuing \$5.9 million of general obligation bonds during the previous fiscal year to construct, expand, and improve the City's sewer system (Sewer Project, NOTE 9, page 33). In conjunction with the Sewer Project, the City also received approval on June 17, 2005 to receive a \$6.7 million revenue-secured direct loan through the Oregon Department of Environmental Quality (DEQ) Clean Water State Revolving Fund (SRF) loan program for the construction of a new wastewater treatment plant and related system improvements. Various stipulations contained in the loan agreement include the City to build up and maintain a loan reserve of \$225,687 and that no loan repayments are required by the City until Project completion. The amount drawn down on the loan as of June 30, 2009, total \$6,671,721, with \$911,899 disbursed during the current fiscal year, which is reported in the new Sewer Construction Fund (see NOTE 6 on page 32 regarding net equity transfers). The original loan agreement stated an interest rate of 2.9%, per annum, to be repaid over a twenty year period. The Sewer Project was completed and placed in service during April of 2009, so the first interest only payment of \$245,463, below, will be due October of 2009.

The final debt amortization schedule dated September 23, 2009, is as follows:

For the fiscal year ending June 30,	Principal	Interest	Fees	Total
2010	\$ 128,440	\$ 342,203	\$ 33,359	\$ 504,002
2011	262,494	187,866	32,065	482,425
2012	270,162	180,198	30,733	481,093
2013	278,053	172,307	29,363	479,723
2014	286,176	164,184	27,953	478,313
2015-2019	1,561,256	690,544	117,122	2,368,922
2020-2024	1,802,996	448,804	75,142	2,326,942
2025-2029	<u>2,082,144</u>	<u>169,633</u>	<u>26,664</u>	<u>2,278,441</u>
Total	\$ <u>6,671,721</u>	\$ <u>2,355,739</u>	\$ <u>372,401</u>	\$ <u>9,399,861</u>

As part of an additional \$1,000,000 funding for the above Sewer Project a grant of \$500,000, and related loan for \$500,000 drawn and spent by the City on the Sewer Project prior to grant disbursements, were agreed to with the Oregon Economic and Community Development Department (OECDD) with interest accrued of \$19,343. The loan amortizations schedule for this OECDD debt is as follows:

For the fiscal year ending June 30,	Principal	Interest	Total
2010	\$ 12,138	\$ 12,959	\$ 25,097
2011	12,202	22,831	35,033
2012	12,268	22,465	34,733
2013	12,336	22,097	34,433
2014	12,417	21,666	34,083
2015-2019	78,551	100,513	179,064
2020-2024	96,694	82,032	178,726
2025-2029	126,054	56,349	182,403
2030-2033	156,683	22,920	179,603
Total	<u>\$ 519,343</u>	<u>\$ 363,831</u>	<u>\$ 883,175</u>

Of the grant award, \$380,049 had been disbursed, received, and expended on the Sewer Project as of June 30, 2009 and the City reported a grant receivable of \$76,448 at fiscal year end (page 18).

NOTE 6 – INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2009 were as follows:

	Transfers In	Transfers Out
Major Governmental Funds		
General Fund	\$ 2,841	\$ 385,512
Visitor Amenities Fund	575,524	-
Capital Expenditure Reserve Fund	312,909	628,431
Street Fund	63,000	2,084
Total Major Governmental Funds	<u>954,274</u>	<u>1,016,027</u>
Nonmajor Governmental Funds		
System Development Charges Fund	-	85,000
Library Fund	12,559	2,970
Log Church Museum Fund	8,985	4,036
Parks and Commons Fund	54,911	20,532
Storm Drain System Fund	18,000	-
1989 Water Debt Service Fund	715	-
Urban Renewal District	-	65,645
Total Nonmajor Governmental Funds	<u>95,170</u>	<u>178,183</u>
Proprietary Funds		
Water Fund	-	136,743
Sewer Fund	-	239,259
Sewer Debt Service Fund	520,768	-
Total Proprietary Funds	<u>520,768</u>	<u>376,002</u>
Total	<u>\$ 1,570,212</u>	<u>\$ 1,570,212</u>

Interfund Receivables, Payables, and Transfers, Principal Purposes

Transfers are routinely made for the following purposes:

- To move revenues from the fund in which statute or budget requires them to be collected to the fund from which statute or budget requires them to be expended;
- To move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due;
- To move unrestricted revenues collected in the General Fund to finance various programs and activities accounted for in other funds in accordance with budgetary authorizations;
- To move revenues collected from restricted sources to other funds to pay for direct expenses; and
- To move monies to start a new fund.

During fiscal year 2009 all transfers reported above were made for one of these purposes.

At the conclusion of the Sewer Project's construction, the City also transferred net fund equity of \$7,191,067 from the Sewer Debt Service Fund to the Sewer Construction Fund which represents the respective obligations payable, and corresponding capital assets, of the Sewer Project's completion during the current fiscal year (see NOTE 5, page 29).

NOTE 7 – PENSION PLANS

Public Employees Retirement System

Plan Description. The City of Yachats, Oregon, contributes to the State of Oregon Public Employees Retirement System (PERS), a cost-sharing multiple-employer defined benefit pension plan administered by the Oregon Public Employees Retirement System. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Oregon Revised Statutes 238 assigns the authority to establish and amend benefit provisions to the PERS Board of Trustees and State Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information for PERS. That report may be obtained by writing to Oregon Public Employees Retirement System, PO Box 23700, Tigard, Oregon 97281-3700 or by calling (503) 598-7377.

Funding Policy. Plan members are required to contribute 6% of their annual covered salary and the City is required to contribute at an actuarially determined rate. For the City's portion, the current rate is 6.28% of annual covered payroll for Tier I and Tier II employees. Public employees hired after August 29, 2003, after a six month waiting period, become members of the Oregon Public Service Retirement Plan (ORSRP). The rate for ORSRP is set at 7.84% of annual general service covered payroll. The contribution requirements of plan members and the City are established and may be amended by the PERS Board of Trustees and State Legislature. The City's contributions to PERS for the years ended June 30, 2009, and 2008, and 2007, were \$30,744, \$27,212, and \$25,187, respectively, equal to the required contributions for each year.

NOTE 8 – RISK MANAGEMENT AND CONCENTRATIONS

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City carries commercial insurance to defray these and other risks of loss including excess liability, workers' compensation, boiler and machinery, public official bond and employee dishonesty and contractors license bond coverage. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

More than 33% of the City's transient room tax revenue (the largest single revenue source for the General Fund) is received from a single motel. More than 62% of the transient room tax receipts are received from the three largest motels in the City.

NOTE 9 – COMMITMENTS AND CONTINGENCIES

On March 8, 2005 voters in the City approved a bond measure. This measure authorizes the City of issue up to \$5.9 million to construct, expand and improve the City's sewer system. As of the audit report date, the City has not issued these bonds (see below).

Bonds issued by a city for water, sanitary or storm sewers, sewage disposal plants, hospitals, infirmaries, gas, power or lighting purposes, or the acquisition, establishment, construction or reconstruction of any off-street motor vehicle parking facility, or bonds issued pursuant to applications to pay assessments for improvements in installments under statutory or city charter authority are not subject to the debt limitation imposed by Oregon Revised Statutes 287.004.

The City Council approved Resolution No. 447 in January, 2005, authorizing the City to incur a revenue-secured direct loan through the Oregon Department of Environmental Quality (DEQ) Clean Water State Revolving Fund (SRF) loan program for the construction of a new wastewater treatment plant and related system improvements. As of June 30, 2009, the City had drawn \$6,671,721 on this loan (NOTE 5, page 29) the total approved amount.

NOTE 10 – NEW ACCOUNTING PRONOUNCEMENT

Effective initially for the City of Yachats for the year ended June 30, 2011, will be Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* which will significantly change how this information is reported. This statement intends to improve the usefulness of amounts reported in fund balance by providing more structured classifications. This statement also clarifies the definition of existing governmental fund types.

OTHER SUPPLEMENTARY INFORMATION

CITY OF YACHATS, OREGON
Combining Balance Sheet
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2009

	Combined Nonmajor Special Revenue Funds	Combined Nonmajor Debt Service Funds	Total Nonmajor Governmental Funds
ASSETS			
Cash and investments	\$ 836,224	\$ 15,779	\$ 852,003
Unsegregated tax collections	-	817	817
Property taxes receivable	-	10,949	10,949
Total assets	<u>\$ 836,224</u>	<u>\$ 27,545</u>	<u>\$ 863,769</u>
LIABILITIES			
Accounts payable	\$ 975	\$ -	\$ 975
Deferred revenue	-	10,949	10,949
Total liabilities	<u>975</u>	<u>10,949</u>	<u>11,924</u>
FUND BALANCES			
Reserved for debt service	187,687	16,596	204,283
Unreserved	647,562	-	647,562
Total fund balances	<u>835,249</u>	<u>16,596</u>	<u>851,845</u>
Total liabilities and fund balances	<u>\$ 836,224</u>	<u>\$ 27,545</u>	<u>\$ 863,769</u>

CITY OF YACHATS, OREGON
Combining Balance Sheet
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2009

	<u>System Development Charges Fund</u>	<u>Debt Service Reserve Fund</u>	<u>Library Fund</u>	<u>Log Church Museum Fund</u>
ASSETS				
Cash and investments	\$ <u>526,933</u>	\$ <u>187,687</u>	\$ <u>2,045</u>	\$ <u>3,173</u>
LIABILITIES				
Accounts payable	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
FUND BALANCES				
Reserved for debt service	-	187,687	-	-
Unreserved	<u>526,933</u>	<u>-</u>	<u>2,045</u>	<u>3,173</u>
Total fund balances	<u>526,933</u>	<u>187,687</u>	<u>2,045</u>	<u>3,173</u>
Total liabilities and fund balances	<u>\$ 526,933</u>	<u>\$ 187,687</u>	<u>\$ 2,045</u>	<u>\$ 3,173</u>

<u>Parks and Commons Fund</u>	<u>Storm Drain System Fund</u>	<u>Urban Renewal District (A Component Unit)</u>	<u>Total</u>
\$ <u>14,360</u>	\$ <u>7,727</u>	\$ <u>94,299</u>	\$ <u>836,224</u>
\$ <u>975</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>975</u>
-	-	-	187,687
<u>13,385</u>	<u>7,727</u>	<u>94,299</u>	<u>647,562</u>
<u>13,385</u>	<u>7,727</u>	<u>94,299</u>	<u>835,249</u>
\$ <u>14,360</u>	\$ <u>7,727</u>	\$ <u>94,299</u>	\$ <u>836,224</u>

CITY OF YACHATS, OREGON
Combining Balance Sheet
NONMAJOR DEBT SERVICE FUNDS
June 30, 2009

	1989 Water Debt Service Fund	1992 Water Debt Service Fund	2000 Water Debt Service Fund	1974 Sewer Debt Service Fund	Total
ASSETS					
Cash and investments	\$ -	\$ 9,018	\$ -	\$ 6,761	\$ 15,779
Unsegregated tax collections	-	817	-	-	817
Property taxes receivable	<u>623</u>	<u>4,201</u>	<u>2,882</u>	<u>3,243</u>	<u>10,949</u>
Total assets	<u>\$ 623</u>	<u>\$ 14,036</u>	<u>\$ 2,882</u>	<u>\$ 10,004</u>	<u>\$ 27,545</u>
LIABILITIES					
Deferred revenue	\$ 623	\$ 4,201	\$ 2,882	\$ 3,243	\$ 10,949
FUND BALANCES					
Reserved for debt service	<u>-</u>	<u>9,835</u>	<u>-</u>	<u>6,761</u>	<u>16,596</u>
Total liabilities and fund balances	<u>\$ 623</u>	<u>\$ 14,036</u>	<u>\$ 2,882</u>	<u>\$ 10,004</u>	<u>\$ 27,545</u>

CITY OF YACHATS, OREGON
Combining Schedule of Revenue, Expenditures and Changes in Fund Balance
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2009

	Combined Nonmajor Special Revenue Funds	Combined Nonmajor Debt Service Funds	Total Nonmajor Governmental Funds
REVENUE			
Property taxes	\$ 154,504	\$ 107,910	\$ 262,414
Charges for services	66,706	-	66,706
Intergovernmental	1,000	-	1,000
Investment revenue	6,203	56	6,259
Other local revenue	3,192	-	3,192
Total revenue	<u>231,605</u>	<u>107,966</u>	<u>339,571</u>
EXPENDITURES			
Current			
General government	3,933	-	3,933
Public works	17,187	-	17,187
Culture and recreation	87,892	-	87,892
Debt service			
Principal	13,360	70,378	83,738
Interest and fees	-	41,880	41,880
Capital outlay	14,594	-	14,594
Total expenditures	<u>136,966</u>	<u>112,258</u>	<u>249,224</u>
Excess (deficiency) of revenue over (under) expenditures	<u>94,639</u>	<u>(4,292)</u>	<u>90,347</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers in	94,455	715	95,170
Operating transfers (out)	<u>(178,183)</u>	<u>-</u>	<u>(178,183)</u>
Total other financing sources (uses)	<u>(83,728)</u>	<u>715</u>	<u>(83,013)</u>
Net change in fund balances	10,911	(3,577)	7,334
BEGINNING FUND BALANCE	<u>824,338</u>	<u>20,173</u>	<u>844,511</u>
ENDING FUND BALANCE	<u>\$ 835,249</u>	<u>\$ 16,596</u>	<u>\$ 851,845</u>

CITY OF YACHATS, OREGON
Combining Schedule of Revenue, Expenditures, and Changes in Fund Balance
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2009

	System Development Charges Fund	Debt Service Reserve Fund	Library Fund	Log Church Museum Fund
REVENUE				
Property taxes	\$ -	\$ -	\$ -	\$ -
Charges for services	14,300	-	-	2,181
Intergovernmental	-	-	1,000	-
Other local revenue	-	-	1,760	1,414
Investment revenue	6,122	-	-	-
Total revenue	<u>20,422</u>	<u>-</u>	<u>2,760</u>	<u>3,595</u>
EXPENDITURES				
Current				
General government	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	4,329	6,560
Debt service	-	13,360	-	-
Capital outlay	4,946	-	8,687	961
Total expenditures	<u>4,946</u>	<u>13,360</u>	<u>13,016</u>	<u>7,521</u>
Excess (deficiency) of revenue over (under) expenditures	<u>15,476</u>	<u>(13,360)</u>	<u>(10,256)</u>	<u>(3,926)</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	-	-	12,559	8,985
Operating transfers (out)	<u>(85,000)</u>	<u>-</u>	<u>(2,970)</u>	<u>(4,036)</u>
Total other financing sources (uses)	<u>(85,000)</u>	<u>-</u>	<u>9,589</u>	<u>4,949</u>
Net change in fund balance	(69,524)	(13,360)	(667)	1,023
BEGINNING FUND BALANCE	<u>596,457</u>	<u>201,047</u>	<u>2,712</u>	<u>2,150</u>
ENDING FUND BALANCE	<u>\$ 526,933</u>	<u>\$ 187,687</u>	<u>\$ 2,045</u>	<u>\$ 3,173</u>

Parks and Commons Fund	Storm Drain System Fund	Urban Renewal District (component unit)	Total
\$ -	\$ -	\$ 154,504	\$ 154,504
50,225	-	-	66,706
-	-	-	1,000
18	-	-	3,192
-	-	81	6,203
<u>50,243</u>	<u>-</u>	<u>154,585</u>	<u>231,605</u>
-	-	3,933	3,933
-	17,187	-	17,187
77,003	-	-	87,892
-	-	-	13,360
-	-	-	14,594
<u>77,003</u>	<u>17,187</u>	<u>3,933</u>	<u>136,966</u>
<u>(26,760)</u>	<u>(17,187)</u>	<u>150,652</u>	<u>94,639</u>
54,911	18,000	-	94,455
<u>(20,532)</u>	<u>-</u>	<u>(65,645)</u>	<u>(178,183)</u>
<u>34,379</u>	<u>18,000</u>	<u>(65,645)</u>	<u>(83,728)</u>
7,619	813	85,007	10,911
<u>5,766</u>	<u>6,914</u>	<u>9,292</u>	<u>824,338</u>
<u>\$ 13,385</u>	<u>\$ 7,727</u>	<u>\$ 94,299</u>	<u>\$ 835,249</u>

CITY OF YACHATS, OREGON
Combining Schedule of Revenue, Expenditures, and Changes in Fund Balance
NONMAJOR DEBT SERVICE FUNDS
For the Year Ended June 30, 2009

	1989 Water Debt Service Fund	1992 Water Debt Service Fund	2000 Water Debt Service Fund	1974 Sewer Debt Service Fund	Total
REVENUE					
Property taxes	\$ -	\$ 49,740	\$ 25,206	\$ 32,964	\$ 107,910
Investment revenue	-	26	10	20	56
Total revenue	<u>-</u>	<u>49,766</u>	<u>25,216</u>	<u>32,984</u>	<u>107,966</u>
EXPENDITURES					
Debt service					
Principal	1,590	12,788	28,000	28,000	70,378
Interest	568	32,671	1,191	7,050	41,480
Annual bond fees	400	-	-	-	400
Total expenditures	<u>2,558</u>	<u>45,459</u>	<u>29,191</u>	<u>35,050</u>	<u>112,258</u>
Excess (deficiency) of revenue over (under) expenditures	(2,558)	4,307	(3,975)	(2,066)	(4,292)
OTHER FINANCING SOURCES (USES)					
Operating transfers in	715	-	-	-	715
Net change in fund balance	(1,843)	4,307	(3,975)	(2,066)	(3,577)
BEGINNING FUND BALANCE	<u>1,843</u>	<u>5,528</u>	<u>3,975</u>	<u>8,827</u>	<u>20,173</u>
ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ 9,835</u>	<u>\$ -</u>	<u>\$ 6,761</u>	<u>\$ 16,596</u>

BUDGETARY COMPARISON SCHEDULES

Pursuant to the provisions of Oregon Revised Statute 297.465, Oregon Administrative Rule #162-010-0130, *Minimum Standards for Audits of Oregon Municipal Corporations*, requires an individual schedule of revenues, expenditures/expenses, and changes in fund balance/net assets, budget and actual be displayed for each fund where legally adopted budgets are required.

In accordance with GASB Statement No. 34, the City's General Fund and other major governmental funds are presented in the basic financial statements. All other fund budgetary comparisons are displayed in the following pages as supplementary information.

The City had the following major governmental funds during the fiscal year ended June 30, 2009:

- General Fund
- Visitor Amenities Fund
- Capital Expenditure Reserve Fund
- Street Fund

GOVERNMENTAL FUNDS

System Development Charges Fund

Debt Service Reserve Fund

Library Fund

Log Church Museum Fund

Parks and Commons Fund

Storm Drain Fund

Urban Renewal District (component unit)

DEBT SERVICE FUNDS

1989 Water Debt Service Fund

1992 Water Debt Service Fund

2000 Water Debt Service Fund

1974 Sewer Debt Service Fund

PROPRIETARY FUNDS

Water Fund

Sewer Fund

Sewer Debt Service 2006-2008 Project Fund

Sewer Construction Fund

CITY OF YACHATS, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
SYSTEM DEVELOPMENT CHARGES FUND
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUE				
Charges for services	\$ 79,132	\$ 79,132	\$ 14,300	\$ (64,832)
Interest	19,749	19,749	6,122	(13,627)
Total revenue	98,881	98,881	20,422	(78,459)
EXPENDITURES				
Capital outlay	74,000	74,000	4,946	69,054
Excess (deficiency) of revenue over (under) expenditures	24,881	24,881	15,476	(9,405)
OTHER FINANCING SOURCES (USES)				
Operating transfers out	(85,000)	(85,000)	(85,000)	-
Net change in fund balance	(60,119)	(60,119)	(69,524)	(9,405)
BEGINNING FUND BALANCE	579,183	579,183	596,457	17,274
ENDING FUND BALANCE	\$ 519,064	\$ 519,064	\$ 526,933	\$ 7,869

CITY OF YACHATS, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
DEBT SERVICE RESERVE FUND
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
EXPENDITURES				
Debt service	\$ 13,360	\$ 13,360	\$ 13,360	\$ -
Net change in fund balance	(13,360)	(13,360)	(13,360)	-
BEGINNING FUND BALANCE	<u>201,047</u>	<u>201,047</u>	<u>201,047</u>	<u>-</u>
ENDING FUND BALANCE	<u>\$ 187,687</u>	<u>\$ 187,687</u>	<u>\$ 187,687</u>	<u>\$ -</u>

CITY OF YACHATS, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
LIBRARY FUND
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUE				
Intergovernmental	\$ -	\$ 1,000	\$ 1,000	\$ -
Other local revenue	1,750	1,750	1,760	10
Total revenues	<u>1,750</u>	<u>2,750</u>	<u>2,760</u>	<u>10</u>
EXPENDITURES				
Culture and recreation				
Materials and services	5,664	5,664	4,329	1,335
Capital outlay	9,050	10,050	8,687	1,363
Total expenditures	<u>14,714</u>	<u>15,714</u>	<u>13,016</u>	<u>2,698</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(12,964)</u>	<u>(12,964)</u>	<u>(10,256)</u>	<u>2,708</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	12,559	12,559	12,559	-
Operating transfers out	(2,970)	(2,970)	(2,970)	-
Total other financing sources (uses)	<u>9,589</u>	<u>9,589</u>	<u>9,589</u>	<u>-</u>
Net change in fund balance	(3,375)	(3,375)	(667)	2,708
BEGINNING FUND BALANCE	<u>3,375</u>	<u>3,375</u>	<u>2,712</u>	<u>(663)</u>
ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,045</u>	<u>\$ 2,045</u>

CITY OF YACHATS, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
LOG CHURCH MUSEUM FUND
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUE				
Charges for services	\$ 1,700	\$ 1,700	\$ 2,181	\$ 481
Other local revenue	1,000	1,000	1,414	414
Total revenues	<u>2,700</u>	<u>2,700</u>	<u>3,595</u>	<u>895</u>
EXPENDITURES				
Culture and recreation				
Materials and services	7,269	7,250	6,560	690
Capital outlay	3,800	3,800	961	2,839
Total expenditures	<u>11,069</u>	<u>11,050</u>	<u>7,521</u>	<u>3,529</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(8,369)</u>	<u>(8,350)</u>	<u>(3,926)</u>	<u>4,424</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	8,985	8,985	8,985	-
Operating transfers out	(4,036)	(4,036)	(4,036)	-
Total other financing sources (uses)	<u>4,949</u>	<u>4,949</u>	<u>4,949</u>	<u>-</u>
Net change in fund balance	(3,420)	(3,401)	1,023	4,424
BEGINNING FUND BALANCE	<u>3,420</u>	<u>3,420</u>	<u>2,150</u>	<u>(1,270)</u>
ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ 19</u>	<u>\$ 3,173</u>	<u>\$ 3,154</u>

CITY OF YACHATS, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
PARKS AND COMMONS FUND
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUE				
Charges for services	\$ 37,900	\$ 37,900	\$ 50,225	\$ 12,325
Other revenue	-	-	18	18
Total revenue	<u>37,900</u>	<u>37,900</u>	<u>50,243</u>	<u>12,343</u>
EXPENDITURES				
Culture and recreation				
Personal services	11,683	14,023	13,079	944
Materials and services	<u>38,427</u>	<u>65,427</u>	<u>63,924</u>	<u>1,503</u>
Total expenditures	<u>50,110</u>	<u>79,450</u>	<u>77,003</u>	<u>2,447</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(12,210)</u>	<u>(41,550)</u>	<u>(26,760)</u>	<u>14,790</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	25,571	54,911	54,911	-
Operating transfers out	<u>(20,532)</u>	<u>(20,532)</u>	<u>(20,532)</u>	<u>-</u>
Total other financing sources (uses)	<u>5,039</u>	<u>34,379</u>	<u>34,379</u>	<u>-</u>
Net change in fund balance	(7,171)	(7,171)	7,619	14,790
BEGINNING FUND BALANCE	<u>7,171</u>	<u>7,171</u>	<u>5,766</u>	<u>(1,405)</u>
ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,385</u>	<u>\$ 13,385</u>

CITY OF YACHATS, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
STORM DRAIN SYSTEM FUND
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
EXPENDITURES				
Public works				
Materials and services	\$ 20,000	\$ 20,000	\$ 17,187	\$ 2,813
OTHER FINANCING SOURCES (USES)				
Operating transfers in	18,000	18,000	18,000	-
Net change in fund balance	(2,000)	(2,000)	813	2,813
BEGINNING FUND BALANCE	2,000	2,000	6,914	4,914
ENDING FUND BALANCE	\$ -	\$ -	\$ 7,727	\$ 7,727

CITY OF YACHATS, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
URBAN RENEWAL DISTRICT (COMPONENT UNIT)
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUE				
Property taxes	\$ 138,747	\$ 138,747	\$ 154,504	\$ 15,757
Investment revenue	-	-	81	81
Total revenues	<u>138,747</u>	<u>138,747</u>	<u>154,585</u>	<u>15,838</u>
EXPENDITURES				
General government				
Personal services	2,500	2,500	2,500	-
Materials and services	<u>1,841</u>	<u>1,841</u>	<u>1,433</u>	<u>408</u>
Total expenditures	<u>4,341</u>	<u>4,341</u>	<u>3,933</u>	<u>408</u>
Excess (deficiency) of revenue over (under) expenditures	134,406	134,406	150,652	16,246
OTHER FINANCING SOURCES (USES)				
Operating transfers out	<u>(65,645)</u>	<u>(65,645)</u>	<u>(65,645)</u>	<u>-</u>
Net change in fund balance	68,761	68,761	85,007	16,246
BEGINNING FUND BALANCE	<u>4,775</u>	<u>4,775</u>	<u>9,292</u>	<u>4,517</u>
ENDING FUND BALANCE	<u>\$ 73,536</u>	<u>\$ 73,536</u>	<u>\$ 94,299</u>	<u>\$ 20,763</u>

CITY OF YACHATS, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
1989 WATER DEBT SERVICE FUND
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
EXPENDITURES				
Debt service				
Principal	\$ 1,590	\$ 1,590	\$ 1,590	\$ -
Interest	1,035	1,035	568	467
Annual bond fees	400	400	400	-
	<u>3,025</u>	<u>3,025</u>	<u>2,558</u>	<u>467</u>
Total expenditures	3,025	3,025	2,558	467
OTHER FINANCING SOURCES (USES)				
Operating transfers in	715	715	715	-
	<u>715</u>	<u>715</u>	<u>715</u>	<u>-</u>
Net change in fund balance	(2,310)	(2,310)	(1,843)	467
BEGINNING FUND BALANCE	<u>2,360</u>	<u>2,360</u>	<u>1,843</u>	<u>(517)</u>
ENDING FUND BALANCE	<u>\$ 50</u>	<u>\$ 50</u>	<u>\$ -</u>	<u>\$ (50)</u>

CITY OF YACHATS, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
1992 WATER DEBT SERVICE FUND
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUE				
Property taxes	\$ 45,459	\$ 45,459	\$ 49,740	\$ 4,281
Investment revenue	10	10	26	16
Total revenue	<u>45,469</u>	<u>45,469</u>	<u>49,766</u>	<u>4,297</u>
EXPENDITURES				
Debt service				
Principal	12,788	12,788	12,788	-
Interest	<u>32,671</u>	<u>32,671</u>	<u>32,671</u>	<u>-</u>
Total expenditures	<u>45,459</u>	<u>45,459</u>	<u>45,459</u>	<u>-</u>
Net change in fund balance	10	10	4,307	4,297
BEGINNING FUND BALANCE	<u>2,025</u>	<u>2,025</u>	<u>5,528</u>	<u>3,503</u>
ENDING FUND BALANCE	<u>\$ 2,035</u>	<u>\$ 2,035</u>	<u>\$ 9,835</u>	<u>\$ 7,800</u>

CITY OF YACHATS, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
2000 WATER DEBT SERVICE FUND
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUE				
Property taxes	\$ 29,000	\$ 29,000	\$ 25,206	\$ (3,794)
Investment revenue	40	40	10	(30)
Total revenue	<u>29,040</u>	<u>29,040</u>	<u>25,216</u>	<u>(3,824)</u>
EXPENDITURES				
Debt service				
Principal	28,000	28,000	28,000	-
Interest	1,559	1,559	1,191	368
Total expenditures	<u>29,559</u>	<u>29,559</u>	<u>29,191</u>	<u>368</u>
Net change in fund balance	(519)	(519)	(3,975)	(3,456)
BEGINNING FUND BALANCE	<u>1,080</u>	<u>1,080</u>	<u>3,975</u>	<u>2,895</u>
ENDING FUND BALANCE	<u>\$ 561</u>	<u>\$ 561</u>	<u>\$ -</u>	<u>\$ (561)</u>

CITY OF YACHATS, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
1974 SEWER DEBT SERVICE FUND
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUE				
Property taxes	\$ 35,750	\$ 35,750	\$ 32,964	\$ (2,786)
Investment revenue	-	-	20	20
Total revenue	<u>35,750</u>	<u>35,750</u>	<u>32,984</u>	<u>(2,766)</u>
EXPENDITURES				
Debt service				
Principal	28,000	28,000	28,000	-
Interest	<u>7,750</u>	<u>7,750</u>	<u>7,050</u>	<u>700</u>
Total expenditures	<u>35,750</u>	<u>35,750</u>	<u>35,050</u>	<u>700</u>
Net change in fund balance	-	-	(2,066)	(2,066)
BEGINNING FUND BALANCE	<u>2,790</u>	<u>2,790</u>	<u>8,827</u>	<u>6,037</u>
ENDING FUND BALANCE	<u>\$ 2,790</u>	<u>\$ 2,790</u>	<u>\$ 6,761</u>	<u>\$ 3,971</u>

CITY OF YACHATS, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
WATER FUND
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUE				
Charges for services	\$ 449,000	\$ 449,000	\$ 440,490	\$ (8,510)
Investment revenue	1,200	1,200	600	(600)
Other local revenue	-	-	285	285
	<u>450,200</u>	<u>450,200</u>	<u>441,375</u>	<u>(8,825)</u>
Total revenue				
EXPENDITURES				
Public works				
Personal services	247,144	247,144	233,821	13,323
Materials and services	118,703	118,703	98,662	20,041
Capital outlay	11,667	11,667	4,780	6,887
Debt service	39,990	39,990	39,980	10
Contingencies	61,583	61,583	-	61,583
	<u>479,087</u>	<u>479,087</u>	<u>377,243</u>	<u>101,844</u>
Total expenditures				
Excess (deficiency) of revenue over (under) expenditures	(28,887)	(28,887)	64,132	93,019
OTHER FINANCING SOURCES (USES)				
Operating transfers out	<u>(136,743)</u>	<u>(136,743)</u>	<u>(136,743)</u>	<u>-</u>
Net change in fund balance	(165,630)	(165,630)	(72,611)	93,019
BEGINNING FUND BALANCE	<u>165,630</u>	<u>165,630</u>	<u>207,681</u>	<u>42,051</u>
ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 135,070</u>	<u>\$ 135,070</u>

CITY OF YACHATS, OREGON
Reconciliation of Budgetary Revenue and Expenditures to
Proprietary Revenue and Expenses
WATER FUND
For the Year Ended June 30, 2009

	<u>Revenue</u>	<u>Expenditures</u>
Water Operating Fund	\$ 441,375	\$ 377,243
Payment of bond principal	-	(10,703)
Depreciation expense	<u>-</u>	<u>96,000</u>
Revenue and expenses - page 19	<u>\$ 441,375</u>	<u>\$ 462,540</u>

CITY OF YACHATS, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
SEWER FUND
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUE				
Charges for services	\$ 539,000	\$ 539,000	\$ 530,084	\$ (8,916)
Investment revenue	1,200	1,200	600	(600)
Intergovernmental	-	28,830	14,413	(14,417)
Other local revenue	-	-	50	50
	<u>540,200</u>	<u>569,030</u>	<u>545,147</u>	<u>(23,883)</u>
Total revenue				
EXPENDITURES				
Public works				
Personal services	234,094	260,789	220,625	40,164
Materials and services	88,403	90,538	77,506	13,032
Capital outlay	1,667	1,667	1,667	-
Debt service	52,000	52,000	51,760	240
Contingencies	68,380	68,380	-	68,380
	<u>444,544</u>	<u>473,374</u>	<u>351,558</u>	<u>121,816</u>
Total expenditures				
Excess (deficiency) of revenue over (under) expenditures	95,656	95,656	193,589	97,933
OTHER FINANCING SOURCES (USES)				
Operating transfers out	<u>(239,259)</u>	<u>(239,259)</u>	<u>(239,259)</u>	<u>-</u>
Net change in fund balance	(143,603)	(143,603)	(45,670)	97,933
BEGINNING FUND BALANCE	<u>143,603</u>	<u>143,603</u>	<u>181,010</u>	<u>37,407</u>
ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 135,340</u>	<u>\$ 135,340</u>

CITY OF YACHATS, OREGON
Reconciliation of Budgetary Revenue and Expenditures to
Proprietary Revenue and Expenses
SEWER FUND
For the Year Ended June 30, 2009

	<u>Revenue</u>	<u>Expenditures</u>
Sewer Operating Fund	\$ 545,147	\$ 351,558
Payment of bond principal	-	(35,000)
Depreciation expense	-	94,707
	<u> </u>	<u> </u>
Revenue and expenses - page 19	<u>\$ 545,147</u>	<u>\$ 411,265</u>

CITY OF YACHATS, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
SEWER DEBT SERVICE 2006-2008 PROJECT FUND
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
EXPENDITURES				
Debt service				
Principal	\$ 139,856	\$ 139,856	\$ -	\$ 139,856
Interest	435,600	435,600	-	435,600
Total expenditures	575,456	575,456	-	575,456
OTHER FINANCING SOURCES (USES)				
Operating transfers in	541,802	541,802	520,768	(21,034)
Net change in fund balance	(33,654)	(33,654)	520,768	554,422
BEGINNING FUND BALANCE	632,545	632,545	632,545	-
ENDING FUND BALANCE	<u>\$ 598,891</u>	<u>\$ 598,891</u>	<u>\$ 1,153,313</u>	<u>\$ 554,422</u>

CITY OF YACHATS, OREGON
Reconciliation of Budgetary Fund Balance
Proprietary Net Assets
SEWER DEBT SERVICE 2006-2008 PROJECT FUND
For the Year Ended June 30, 2009

Sewer Debt Service Project Fund - Fund Balance - page 55	\$ 1,153,313
Accrued interest payable	(353,586)
Debt obligation transferred (page 58) - net equity transfer	<u>(7,191,067)</u>
Total net assets - page 19	<u>\$ (6,391,340)</u>

CITY OF YACHATS, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
SEWER CONSTRUCTION FUND
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUE				
Loan and grant proceeds	\$ 3,748,501	\$ 3,748,501	\$ 1,791,948	\$ (1,956,553)
EXPENDITURES				
Public works				
Materials and services	366,870	366,870	229,180	137,690
Capital outlay	3,371,631	3,371,631	1,972,974	1,398,657
Contingency	10,000	10,000	-	10,000
Total expenditures	<u>3,748,501</u>	<u>3,748,501</u>	<u>2,202,154</u>	<u>1,546,347</u>
Net change in fund balance	-	-	(410,206)	(410,206)
BEGINNING FUND BALANCE	<u>-</u>	<u>-</u>	<u>435,800</u>	<u>435,800</u>
ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,594</u>	<u>\$ 25,594</u>

CITY OF YACHATS, OREGON
Reconciliation of Budgetary Expenditures to
Proprietary Revenue and Expenses
SEWER CONSTRUCTION FUND
For the Year Ended June 30, 2009

	<u>Net Assets</u>	<u>Expenditures</u>
Sewer Construction Operating Fund - page 57	\$ -	\$ 2,202,154
Fund balance	25,594	
Debt balances transferred out (page 56) - net equity transfer	7,191,067	-
Interest and expenditures capitalized	<u>376,739</u>	<u>(2,202,154)</u>
Total net assets - page 19	<u>\$ 7,593,400</u>	<u>\$ -</u>

CITY OF YACHATS, OREGON
Reconciliation of Budgetary Fund Balance to Generally Accepted
Accounting Principles Basis - Net Assets
For the Year Ended June 30, 2009

	<u>Total Water</u>	<u>Total Sewer</u>	<u>Total Sewer Debt Service 2006-2008 Project Fund</u>	<u>Total Sewer Construction</u>
Fund balance - budgetary basis	\$ 135,070	\$ 135,340	\$ 1,153,313	\$ 25,594
Adjustments from budgetary basis to generally accepted accounting principles				
Inventory	25,984	15,646	-	-
Capital assets, net	3,301,516	1,576,915	-	7,567,806
Accrued interest payable	(15,225)	(1,265)	(353,586)	-
Long-term debt payable	<u>(591,934)</u>	<u>(220,000)</u>	<u>(7,191,067)</u>	<u>-</u>
Total fund equities - generally accepted accounting principles basis - pages 18 and 19	<u>\$ 2,855,411</u>	<u>\$ 1,506,636</u>	<u>\$ (6,391,340)</u>	<u>\$ 7,593,400</u>

OTHER SUPPLEMENTARY SCHEDULES

CITY OF YACHATS, OREGON
SCHEDULE OF CAPITAL ASSETS USED
IN THE OPERATION OF GOVERNMENTAL FUNDS
For the Year Ended June 30, 2009

	<u>Land and Improvements</u>	<u>Buildings and Improvements</u>	<u>Equipment</u>	<u>Books and Periodicals</u>	<u>Total</u>
BALANCE - JULY 1, 2008	\$ <u>507,788</u>	\$ <u>948,422</u>	\$ <u>265,054</u>	\$ <u>194,112</u>	\$ <u>1,915,376</u>
Additions financed by					
Capital Expenditure Reserve Fund	-	63,005	-	-	63,005
Street Fund	-	-	-	-	-
Library Fund	-	-	-	8,687	8,687
Total additions	<u>-</u>	<u>63,005</u>	<u>-</u>	<u>8,687</u>	<u>71,692</u>
Deletions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
BALANCE - June 30, 2009	\$ <u><u>507,788</u></u>	\$ <u><u>1,011,427</u></u>	\$ <u><u>265,054</u></u>	\$ <u><u>202,799</u></u>	\$ <u><u>1,987,068</u></u>

CITY OF YACHATS, OREGON
Schedule of Bond, Loan and Contract Principal and Interest Transactions
For the Year Ended June 30, 2009

General Obligation Bonds -- Principal	Bonds Outstanding July 1, 2008	Bonds Issued 2008-2009	Bonds Redeemed 2008-2009	Bonds Outstanding June 30, 2009
Date of Issue				
Jan. 1, 1974 Sewer Bonds	\$ 115,000	\$ -	\$ 21,000	\$ 94,000
Sept. 24, 1974 Sewer Bonds	40,000	-	7,000	33,000
Nov. 1, 1989 Water Bonds	15,000	-	15,000	-
Dec. 10, 1994 Water Bonds	653,412	-	12,788	640,624
Mar. 24, 2000 Water Bonds	28,000	-	28,000	-
	<u>\$ 851,412</u>	<u>\$ -</u>	<u>\$ 83,788</u>	<u>\$ 767,624</u>
Revenue Bonds -- Principal	Bonds Outstanding July 1, 2008	Bonds Issued 2008-2009	Bonds Redeemed 2008-2009	Bonds Outstanding June 30, 2009
Date of Issue				
Dec. 10, 1993 Water Bonds	\$ 68,342	\$ -	\$ 1,337	\$ 67,005
Dec. 10, 1993 Water Bonds	180,177	-	3,526	176,651
Jan. 26, 1998 Water Bonds	353,705	-	5,444	348,261
Dec. 1, 1995 Sewer Bonds	255,000	-	35,000	220,000
	<u>\$ 857,224</u>	<u>\$ -</u>	<u>\$ 45,307</u>	<u>\$ 811,917</u>
Loans -- Principal	Debt Outstanding July 1, 2008	Debt Issued 2008-2009	Debt Redeemed 2008-2009	Debt Outstanding June 30, 2009
Date of Issue				
June 17, 2005 DEQ Loan	\$ 5,259,822	\$ 1,411,899	\$ -	\$ 6,671,721
OECD Loan	500,000	19,343	-	519,343
	<u>\$ 5,759,822</u>	<u>\$ 1,431,242</u>	<u>\$ -</u>	<u>\$ 7,191,064</u>
General Obligation Bonds -- Interest	Matured Interest Outstanding July 1, 2008	Matured 2008-2009	Redeemed 2008-2009	Matured Interest Outstanding June 30, 2009
Date of Issue				
Jan. 1, 1974 Sewer Bonds	\$ -	\$ 5,750	\$ 5,750	\$ -
Sept. 24, 1974 Sewer Bonds	-	2,000	2,000	-
Nov. 1, 1989 Water Bonds	-	1,035	1,035	-
Dec. 10, 1994 Water Bonds	-	32,671	32,671	-
Mar. 24, 2000 Water Bonds	-	1,559	1,559	-
	<u>\$ -</u>	<u>\$ 43,015</u>	<u>\$ 43,015</u>	<u>\$ -</u>
Revenue Bonds -- Interest	Matured Interest Outstanding July 1, 2008	Matured 2008-2009	Redeemed 2008-2009	Matured Interest Outstanding June 30, 2009
Date of Issue				
Dec. 10, 1993 Water Bonds	\$ -	\$ 3,418	\$ 3,418	\$ -
Dec. 10, 1993 Water Bonds	-	9,010	9,010	-
Jan. 26, 1998 Water Bonds	-	17,243	17,243	-
Dec. 1, 1995 Sewer Bonds	-	16,760	16,760	-
	<u>\$ -</u>	<u>\$ 46,431</u>	<u>\$ 46,431</u>	<u>\$ -</u>
June 17, 2005 DEQ Loan -- Interest	Matured Interest Outstanding July 1, 2008	Matured 2008-2009	Redeemed 2008-2009	Matured Interest Outstanding June 30, 2009
(Information only)				
	<u>\$ 245,463</u>	<u>\$ 108,123</u>	<u>\$ -</u>	<u>\$ 353,586</u>

CITY OF YACHATS, OREGON
Schedule of Future Requirements For Retirement of
Sewer Bond Debt Schedule - January 1, 1974
For the Year Ended June 30, 2009

Maturities by fiscal year	<u>Principal</u>	<u>Interest & Fees</u>	<u>Total</u>
2009-10	\$ 22,000	\$ 4,700	\$ 26,700
2010-11	23,000	3,600	26,600
2011-12	24,000	2,450	26,450
2012-13	<u>25,000</u>	<u>1,250</u>	<u>26,250</u>
Total	<u>\$ 94,000</u>	<u>\$ 12,000</u>	<u>\$ 106,000</u>
Original issue	<u>\$ 450,000</u>		
Payments made during the year ended June 30, 2009	<u>\$ 21,000</u>	<u>\$ 5,750</u>	<u>\$ 26,750</u>
Interest rate	5.00%		

CITY OF YACHATS, OREGON
Schedule of Future Requirements For Retirement of
Sewer Bond Debt Schedule - September 24, 1974
For the Year Ended June 30, 2009

Maturities by fiscal year	<u>Principal</u>	<u>Interest & Fees</u>	<u>Total</u>
2009-10	\$ 8,000	\$ 1,650	\$ 9,650
2010-11	8,000	1,250	9,250
2011-12	8,000	850	8,850
2012-13	<u>9,000</u>	<u>450</u>	<u>9,450</u>
Total	<u>\$ 33,000</u>	<u>\$ 4,200</u>	<u>\$ 37,200</u>
Original issue	<u>\$ 150,000</u>		
Payments made during the year ended June 30, 2009	<u>\$ 7,000</u>	<u>\$ 2,000</u>	<u>\$ 9,000</u>
Interest rate	5.00%		

CITY OF YACHATS, OREGON
Schedule of Future Requirements For Retirement of
Water Bond Debt Schedule - December 10, 1994
For the Year Ended June 30, 2009

Maturities by fiscal year	<u>Principal</u>	<u>Interest & Fees</u>	<u>Total</u>
2009-10	\$ 13,428	\$ 32,031	\$ 45,459
2010-11	14,099	31,360	45,459
2011-12	14,804	30,655	45,459
2012-13	15,544	29,915	45,459
2013-14	16,322	29,137	45,459
2014-19	94,697	132,598	227,295
2019-24	120,859	106,437	227,296
2024-29	154,250	73,045	227,295
2029-34	<u>196,621</u>	<u>30,428</u>	<u>227,049</u>
Total	\$ <u>640,624</u>	\$ <u>495,606</u>	\$ <u>1,136,230</u>
Original issue	<u>\$ 780,000</u>		
Payments made during the year ended June 30, 2009	<u>\$ 12,788</u>	<u>\$ 32,671</u>	<u>\$ 45,459</u>
Interest rate	5.00%		

CITY OF YACHATS, OREGON
Schedule of Future Requirements For Retirement of
Water Revenue Bond Debt Schedule - December 10, 1993
For the Year Ended June 30, 2009

Maturities by fiscal year	<u>Principal</u>	<u>Interest & Fees</u>	<u>Total</u>
2009-10	\$ 1,402	\$ 3,353	\$ 4,755
2010-11	1,473	3,282	4,755
2011-12	1,546	3,209	4,755
2012-13	1,625	3,130	4,755
2013-14	1,704	3,051	4,755
2014-19	9,899	13,876	23,775
2019-24	12,639	11,136	23,775
2024-29	16,130	7,645	23,775
2029-34	<u>20,587</u>	<u>3,188</u>	<u>23,775</u>
Total	\$ <u>67,005</u>	\$ <u>51,870</u>	\$ <u>118,875</u>
Original issue	\$ <u>80,700</u>		
Payments made during the year ended June 30, 2009	\$ <u>1,337</u>	\$ <u>3,418</u>	\$ <u>4,755</u>
Interest rate	5.00%		

CITY OF YACHATS, OREGON
Schedule of Future Requirements For Retirement of
Water Revenue Bond Debt Schedule - December 10, 1993
For the Year Ended June 30, 2009

Maturities by fiscal year	<u>Principal</u>	<u>Interest & Fees</u>	<u>Total</u>
2009-10	\$ 3,697	\$ 8,839	\$ 12,536
2010-11	3,885	8,651	12,536
2011-12	4,075	8,461	12,536
2012-13	4,283	8,253	12,536
2013-14	4,494	8,042	12,536
2014-19	26,098	36,582	62,680
2019-24	33,320	29,360	62,680
2024-29	42,524	20,156	62,680
2029-34	<u>54,275</u>	<u>8,405</u>	<u>62,680</u>
Total	<u><u>\$ 176,651</u></u>	<u><u>\$ 136,749</u></u>	<u><u>\$ 313,400</u></u>
Original issue	<u><u>\$ 216,000</u></u>		
Payments made during the year ended June 30, 2009	<u><u>\$ 3,526</u></u>	<u><u>\$ 9,010</u></u>	<u><u>\$ 12,536</u></u>
Interest rate	5.00%		

CITY OF YACHATS, OREGON
Schedule of Future Requirements For Retirement of
Water Revenue Bond Debt Schedule - January 26, 1998
For the Year Ended June 30, 2009

Maturities by fiscal year	<u>Principal</u>	<u>Interest & Fees</u>	<u>Total</u>
2009-10	\$ 5,710	\$ 16,978	\$ 22,688
2010-11	5,988	16,699	22,687
2011-12	6,280	16,407	22,687
2012-13	6,586	16,101	22,687
2013-14	6,907	15,780	22,687
2014-19	39,927	73,509	113,436
2019-24	50,656	62,779	113,435
2024-29	64,266	49,169	113,435
2029-34	81,535	31,901	113,436
2034-38	<u>80,406</u>	<u>10,008</u>	<u>90,414</u>
Total	\$ <u>348,261</u>	\$ <u>309,331</u>	\$ <u>657,592</u>
Original issue	\$ <u>396,000</u>		
Payments made during the year ended June 30, 2009	\$ <u>5,444</u>	\$ <u>17,243</u>	\$ <u>22,687</u>
Interest rate	4.875%		

CITY OF YACHATS, OREGON
Schedule of Future Requirements For Retirement of
Sewer Revenue Bond Debt Schedule - December 1, 1995
For the Year Ended June 30, 2009

Maturities by fiscal year	<u>Principal</u>	<u>Interest & Fees</u>	<u>Total</u>
2009-10	\$ 40,000	\$ 14,520	\$ 54,520
2010-11	40,000	11,880	51,880
2011-12	45,000	9,240	54,240
2012-13	45,000	6,270	51,270
2013-14	<u>50,000</u>	<u>3,300</u>	<u>53,300</u>
Total	<u>\$ 220,000</u>	<u>\$ 45,210</u>	<u>\$ 265,210</u>
Original issue	<u>\$ 570,000</u>		
Payments made during the year ended June 30, 2009	<u>\$ 35,000</u>	<u>\$ 16,760</u>	<u>\$ 51,760</u>
Interest rate	6.4% - 6.6%		

CITY OF YACHATS, OREGON
Schedule of Future Requirements For Retirement of
DEQ Loan - June 17, 2005
For the Year Ended June 30, 2009

Maturities by fiscal year	<u>Principal</u>	<u>Interest & Fees</u>	<u>Total</u>
2009-10	\$ 128,440	\$ 375,562	\$ 504,002
2010-11	262,494	219,931	482,425
2011-12	270,162	210,931	481,093
2012-13	278,053	201,670	479,723
2013-14	286,176	192,137	478,313
2014-19	1,561,256	807,666	2,368,922
2019-24	1,802,996	523,946	2,326,942
2024-28	<u>2,082,144</u>	<u>196,297</u>	<u>2,278,441</u>
Total	\$ <u>6,671,721</u>	\$ <u>2,728,140</u>	\$ <u>9,399,861</u>
Original issue	\$ <u>6,671,721</u>		
Payments made during the year ended June 30, 2009	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Interest rate	2.9%		

CITY OF YACHATS, OREGON
Preliminary Tentative Schedule of Future Requirements For Retirement of
OECD Loan - May 27, 2009
For the Year Ended June 30, 2009

Maturities by fiscal year	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009-10	\$ 12,138	\$ 12,959	\$ 25,097
2010-11	12,202	22,831	35,033
2011-12	12,268	22,465	34,733
2012-13	12,336	22,097	34,433
2013-14	12,417	21,666	34,083
2014-19	78,551	100,513	179,064
2019-24	96,694	82,032	178,726
2024-29	126,054	56,349	182,403
2029-34	<u>156,683</u>	<u>22,920</u>	<u>179,603</u>
Total	\$ <u>519,343</u>	\$ <u>363,832</u>	\$ <u>883,175</u>
Original issue	<u>\$ 519,343</u>		
Payments made during the year ended June 30, 2009	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Interest rate	3.00% - 4.75%		

CITY OF YACHATS, OREGON
Statement of Property Tax Transactions
For the Year Ended June 30, 2009

Tax Roll Year	Balance July 1, 2008	2008-2009 Tax Levy	Collections	Adjustments	Balance June 30, 2009
2008-2009	\$ -	\$ 149,858	\$ 138,315	\$ (3,674)	\$ 7,869
2007-2008	10,968	-	3,319	(4,257)	3,392
2006-2007	2,604	-	958	(57)	1,589
2005-2006	1,247	-	800	(23)	424
2004-2005	494	-	374	(22)	98
2003-2004	977	-	19	(15)	943
2002-2003	492	-	12	18	498
Prior	914	-	55	(35)	824
	<u>\$ 17,696</u>	<u>\$ 149,858</u>	143,852	<u>\$ (8,065)</u>	<u>\$ 15,637</u>

Interest 844

Turnovers to City \$ 144,696

Revenue recorded in:

General Fund	\$ 32,777
1989 Water Debt Service Fund	632
1992 Water Debt Service Fund	45,921
2000 Water Debt Service Fund	29,706
Sewer Debt Service Fund	<u>35,660</u>

Turnovers to City \$ 144,696

Urban Renewal District - A Component Unit of the City of Yachats, Oregon

Tax Roll Year	Balance July 1, 2008	2008-2009 Tax Levy	Collections	Adjustments	Balance June 30, 2009
2008-2009	\$ -	\$ 164,615	\$ 151,935	\$ (4,036)	\$ 8,644
2007-2008	<u>5,020</u>	-	<u>2,462</u>	<u>(42)</u>	<u>2,516</u>
	<u>\$ 5,020</u>	<u>\$ 164,615</u>	154,397	<u>\$ (4,078)</u>	<u>\$ 11,160</u>

Interest 257

Turnovers to City \$ 154,654

ACCOMPANYING INFORMATION

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

To the Governing Body of the City of Yachats, Oregon:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Yachats, Oregon as of and for the year ended June 30, 2009 which collectively comprise the City of Yachats, Oregon, and have issued our report thereon dated December 2, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. The financial statements of the Urban Renewal District, component unit, were not audited in accordance with *Government Auditing Standards*.

Internal Control over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of Yachats' 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 City of Yachats' financial statements that is more than inconsequential will not be prevented or detected by the City of Yachats' internal control.

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

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

Compliance and Other Matters

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

We noted certain matters that we reported to management of the City of Yachats in a separate letter dated December 2, 2009.

This report is intended solely for the information of management; the City of Yachats City Council; others within the City; the State of Oregon, Secretary of State, Division of Audits; and cognizant and other federal audit agencies and is not intended to be and should not be used by anyone other than these specified parties.

J. Robert Wall, CPA

J. Robert Wall, CPA
Wall & Wall P.C., Certified Public Accountants

Coos Bay, Oregon
December 2, 2009

**Other Supplementary Financial Information and Comments
and Disclosures Required by State Regulations**

To the Governing Body of the City of Yachats
Lincoln County, Oregon

Oregon Administrative Rule (OAR) 162-101-0120 requires certain other financial information considered necessary for full disclosure of the fiscal affairs of Oregon municipal corporations. That other financial information is set forth in OAR 162-010-0130 through 162-010-1090. The basic financial statements, notes to the financial statements and supplementary information, as listed in the table of contents, provide that information.

Oregon Administrative Rule (OAR) 160-010-0200 requires comments and disclosures relating to our audit of the City's fiscal affairs and compliance with legal requirements as set forth in OAR 160-010-0210 through 162-010-0320. We performed procedures, which may have included samples of transactions, to obtain sufficient audit evidence to support the comments that follow:

- As part of our audit of the basic financial statements, we reviewed and tested the City's system of internal accounting control to the extent we considered necessary to evaluate the system as required by generally accepted auditing standards. The accounting records were properly maintained and the accounting and internal control structure was adequate. We did convey recommendations for strengthening and improving the City of Yachats' internal controls in a separate letter to management dated December 2, 2009.
- Other Audit Comments:
 - Collateral – Balances on deposit with financial institutions were secured during the year ended June 30, 2009, in accordance with requirements of ORS 295.015.
 - Indebtedness – The City has complied with applicable debt requirements during the year ended June 30, 2009, including limitations on debt incurred and outstanding, prescribed time periods of debt liquidation, and adherence to provisions of bond indentures and related city ordinances. The City of Yachats complied with legal restrictions pertaining to the use of monies available in the Debt Service Funds to retire indebtedness during the year ended June 30, 2009.
 - Insurance and Fidelity Bonds – We have examined the City's insurance and fidelity bond coverages at June 30, 2009 and ascertained that such policies appeared to be in force as of that date and appeared to comply with the legal requirements. We do not express an opinion as to the adequacy of the insurance policies since we are not trained to do so.
 - The City has complied with the provisions of ORS 221.903 regarding the bonding of City personnel.
 - Investments – The City is in compliance with legal requirements pertaining to investment of public funds.
 - Budget – Statutory provisions were complied with in the preparation and adoption of the annual budget and related tax levy for the ensuing 2009-2010 fiscal year. These provisions were also complied with in the preparation, adoption and execution of the annual budget and related tax levy for the year ended June 30, 2009.

The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. Levels of control are by program and object i.e., general government, community promotion and support, public safety, public works, culture and recreation, debt service, interfund transfers, and contingency.

- No elected officials of the City were entrusted with City funds during the year ended June 30, 2009.
- Public Contracts and Disclosures – The City was in compliance with legal requirements pertaining to the awarding of public contracts and construction of public improvements.
- Highway Funds – The City of Yachats complied with applicable legal requirements pertaining to the use of revenue from taxes on motor vehicle fuel and with statutory requirements pertaining to the use of road funds during the year ended June 30, 2009.
- Programs Funded From Outside Sources – We selected and tested, to the extent deemed appropriate, transactions, records, and reports relative to programs funded wholly or partially by other governmental agencies. The results of our test indicate for the items tested, the City complied with the laws, rules, and regulations pertaining to programs funded wholly or partially by other governmental agencies, and for the items test, financial reports and related data were in agreement with and supported by the accounting records.

Reports have been issued on pages 76 through 80, herein, to report on compliance with appropriate laws and regulations pertaining to Federal Financial Assistance Programs funded from Outside Sources.

This report is intended solely for the information of management; the City of Yachats City Council; others within the City; the State of Oregon, Secretary of State, Division of Audits; and cognizant and other federal audit agencies and is not intended to be and should not be used by anyone other than these specified parties.

J. Robert Wall, CPA

J. Robert Wall, CPA
Wall & Wall P.C., Certified Public Accountants

Coos Bay, Oregon
December 2, 2009

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

To the Governing Body
City of Yachats:

Compliance

We have audited the compliance of the City of Yachats (City) with the types of compliance requirements described in the U.S. Office Of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. The City of Yachats' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Yachats' management. Our responsibility is to express an opinion on the City of Yachats' compliance based on our audit.

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

In our opinion, the City of Yachats complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

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

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

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

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

This report is intended solely for the information of management; the City of Yachats City Council; the State of Oregon, Secretary of State, Division of Audits; others within the entity; and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

J. Robert Wall, CPA

J. Robert Wall, CPA
Wall & Wall P.C., Certified Public Accountants

Coos Bay, Oregon
December 2, 2009

**CITY OF YACHATS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2009**

SUMMARY OF AUDITOR'S RESULTS

1. The independent auditor's report on the financial statements expressed an unqualified opinion.
2. No significant deficiencies were reported in the independent auditor's report on internal control over financial reporting.
3. No instances of noncompliance considered material to the financial statements of the City of Yachats were disclosed during the audit.
4. No significant deficiencies or material weaknesses in internal control over compliance with requirements applicable to major federal awards programs were reported in the independent auditor's report on internal control over compliance.
5. The independent auditor's report on compliance with requirements applicable to major federal awards programs expressed an unqualified opinion.
6. No findings were required to be reported by *OMB Circular A-133*.
7. The City's major programs were:

Program/Cluster	CFDA Number
Capitalization Grants for Clean Water State Revolving Funds	66.458
Donation of Federal Surplus Personal Property	39.003

8. A threshold of \$300,000 was used to distinguish between Type A and Type B programs as those terms are defined by *OMB Circular A-133*.
9. The City was considered exempt from the low-risk auditee criteria under *OMB Circular A-133*.

Findings Required to be Reported by *Government Auditing Standards*.

No matters were reported.

Findings Required to be Reported by *OMB Circular A-133*.

No matters were reported.

Summary Schedule of Prior Audit Findings.

No matters were reported.

City of Yachats
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2009

<u>Federal Grantor/Pass-through Program Title or Cluster</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
U.S. ENVIRONMENTAL PROTECTION AGENCY		
Capitalization Grants for Clean Water State Revolving Funds		
Pass-through program:		
State of Oregon Department of Environmental Quality Loan	66.458	\$ 890,768
U.S. GENERAL SERVICES ADMINISTRATION		
Donation of Surplus Personal Property		
Pass-through program:		
State of Oregon Department of Administrative Services		
State Services Division - Property Distribution Center	39.003	<u>699</u>
Total		<u>\$ 891,467</u>

CITY OF YACHATS
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2009

NOTE I - SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards includes the federal grant and loan activity of the City of Yachats and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. Federal portions of loan proceeds received and expended during the year ended June 30, 2009 are included within the schedule. There were no amounts from the agencies or programs carried over to the current fiscal year ended June 30, 2009 from prior fiscal periods.