

**CITY OF LINCOLN CITY**  
Lincoln City, Oregon

Annual Financial Report

Year Ended June 30, 2013

**CITY OF LINCOLN CITY**

**TABLE OF CONTENTS**

	<b><u>Page</u></b>
<b>INTRODUCTORY SECTION:</b>	
City Council	i
<b>FINANCIAL SECTION:</b>	
<b>INDEPENDENT AUDITOR’S REPORT</b>	1
<b>MANAGEMENT’S DISCUSSION AND ANALYSIS</b>	4
<b>BASIC FINANCIAL STATEMENTS:</b>	
Government-Wide Financial Statements:	
Statement of Net Position	12
Statement of Activities	13
Fund Financial Statements:	
Balance Sheet – Governmental Funds	14
Reconciliation of Governmental Funds Balance Sheet to Statement of Net Position	15
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds	16
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	17
Statement of Net Position – Proprietary Funds	18
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds	19
Statements of Cash Flows – Proprietary Funds	20
Statement of Assets and Liabilities – Agency Fund	21
Notes to Basic Financial Statements	22
<b>REQUIRED SUPPLEMENTARY INFORMATION:</b>	
Notes to Required Supplementary Information	43
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual:	
General Fund	44
Urban Renewal Fund	45
<b>OTHER SUPPLEMENTARY INFORMATION:</b>	
Combining Balance Sheet – Nonmajor Governmental Funds	46
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Governmental Funds	47
Combining Balance Sheet – Nonmajor Special Revenue Funds	48
Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Nonmajor Special Revenue Funds	49

**CITY OF LINCOLN CITY**

**TABLE OF CONTENTS (Continued)**

	<b><u>Page</u></b>
<b>FINANCIAL SECTION (Continued):</b>	
<b>OTHER SUPPLEMENTARY INFORMATION (Continued):</b>	
Schedules of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual:	
Affordable Housing Fund	50
Lincoln Square Operations Fund	51
Public Education and Government Access Fund	52
Street Fund	53
Urban Renewal Property Rehabilitation Program Fund	54
Visitor and Convention Bureau Fund	55
Parks Maintenance Fund	56
Percent for Art Fund	57
Combining Balance Sheet – Nonmajor Debt Service Funds	58
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Debt Service Funds	59
Schedules of Revenues, Expenditures and Changes in Fund Balance Budget and Actual:	
Urban Renewal Tax Increment Fund	60
Open Space Bonds Fund	61
2008 Bond Redemption Fund	62
Combining Balance Sheet - Nonmajor Capital Projects Funds	63
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Capital Project Funds	64
Schedules of Revenues, Expenditures and Change in Fund Balance – Budget and Actual:	
Transportation Development Fund	65
Storm Drainage Development Fund	66
Parks System Development Charge Improvement Fund	67
Open Space Acquisition Fund	68
Facilities Capital Fund	69
Street Capital Fund	70
Water Fund	71
Water Capital Fund	72
2006 Water Refunding Bond Fund	73
2007 Water Refunding Bond Fund	74
Sewer Fund	75
Sewer Capital Fund	76
2005 Sewer Bond Fund	77
2005 Sewer Construction Fund	78

**CITY OF LINCOLN CITY**

**TABLE OF CONTENTS (Continued)**

	<b><u>Page</u></b>
<b>FINANCIAL SECTION (Continued):</b>	
<b>OTHER SUPPLEMENTARY INFORMATION (Continued):</b>	
Reconciliation of Revenues and Expenditures to Changes in Fund Net Position	
Water Fund	79
Sewer Fund	80
Schedule of Revenues, Expenditures, and Change	
In Fund Balance – Budget and Actual - Internal Service Fund	81
Combining Balance Sheet – General Fund	82
Combining Schedule of Revenues, Expenditures, and Changes in	
Fund Balance – General Fund	83
Schedules of Revenues, Expenditures and Changes in Fund Balance –	
Budget and Actual:	
Agate Beach Closure Fund	84
Unbonded Assessments Fund	85
Public Safety Dispatch Fund	86
Combining Statement of Assets and Liabilities – Agency Funds	87
Statement of Changes in Assets and Liabilities – Agency Fund	88
Schedule of Property Tax Transactions and Outstanding Balances	89
<b>ADDITIONAL SCHEDULES</b>	
Annual Disclosure Information	90
Lincoln City Urban Renewal Agency – Notice of Preparation	
and Filing of Financial Statement	91
Lincoln City Urban Renewal Agency Revenues and	
Expenditures – Fiscal Year 2012-13	92
Property Tax Collections of Other Taxing Districts –	
Fiscal Year 2012-13	93
Real Market Value of Taxable Property Values in Lincoln City	94
Consolidated Tax Rates	95
Outstanding Obligations	96
SDC Funds in Accordance with ORS 223.311:	
Transportation, Storm Drainage and Parks Improvement	97
Water	98
Sewer	99
<b>INDEPENDENT AUDITOR’S REPORT REQUIRED BY OREGON</b>	
<b>STATE REGULATIONS</b>	100

**INTRODUCTORY SECTION**

**CITY OF LINCOLN CITY**

**CITY COUNCIL**

**JUNE 30, 2013**

	<u>Term Expires</u>
Dick Anderson (Mayor) 960 SW Hwy. 101, #347 Lincoln City, Oregon 97367	December 31, 2014
Henry Quandt 2717 NW Jetty Ave Lincoln City, Oregon 97367	December 31, 2014
Gordon Eggleton 1225 NW 16 <sup>th</sup> St. Lincoln City, Oregon 97367	December 31, 2014
Roger Sprague PO Box 286 Lincoln City, Oregon 97367	December 31, 2016
Gary Ellingson 3417 SW Anchor Ave. Lincoln City, Oregon 97367	December 31, 2014
Chester Noreikis 1421 NW 19 <sup>th</sup> Lincoln City, Oregon 97367	December 31, 2016
Wes Ryan 2820 NE 45 <sup>th</sup> St. Lincoln City, OR 97367	December 31, 2016

**City Manager**

David Hawker

**Finance Director**

Debbie Mammone

**FINANCIAL SECTION**

**INDEPENDENT AUDITOR'S REPORT**



## INDEPENDENT AUDITOR'S REPORT



Talbot, Korvola  
& Warwick, LLP

Certified Public Accountants  
& Consultants

4800 Meadows Road, Suite 200  
Lake Oswego, Oregon 97035-4295

P 503.274.2849

F 503.274.2853

www.tkw.com

December 13, 2013

Honorable Mayor and Members of City Council  
City of Lincoln City  
Lincoln City, Oregon

### REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the business- type activities, each major fund, and the aggregate remaining fund information of the City of Lincoln City, Oregon (the City), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

### AUDITOR'S RESPONSIBILITY

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## **INDEPENDENT AUDITOR'S REPORT (Continued)**

Honorable Mayor and Members of City Council  
City of Lincoln City  
December 13, 2013

### **OPINIONS**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2013, the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **OTHER MATTERS**

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The budgetary comparison information for the General Fund and major special revenue funds, listed in the Table of Contents as Required Supplementary Information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The other schedules, listed in the Table of Contents as Other Supplementary Information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Other Supplementary Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling

**INDEPENDENT AUDITOR'S REPORT (Continued)**

Honorable Mayor and Members of City Council  
City of Lincoln City  
December 13, 2013

**OTHER MATTERS (CONTINUED)**

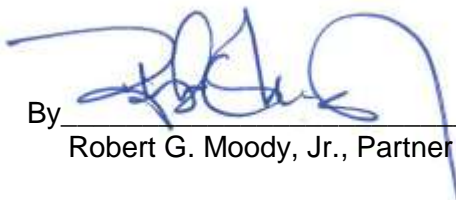
such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Other Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Additional Schedules, as listed in the Table of Contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

**OTHER REPORTING REQUIRED BY OREGON MINIMUM STANDARDS**

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated December 13, 2013, on our consideration of the City's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

**TALBOT, KORVOLA & WARWICK, LLP**  
Certified Public Accountants

By  \_\_\_\_\_  
Robert G. Moody, Jr., Partner

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

## LINCOLN CITY

### MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis presents the highlights of financial activities and financial position for the City of Lincoln City (City) and the Lincoln City Urban Renewal Agency (Agency), a component unit of the City, for the fiscal year ended June 30, 2013. The analysis focuses on significant financial issues, major financial activities and resulting changes in financial position, budget changes and variances from the budget. Please read this analysis in conjunction with the City's financial statements, which follow.

#### FINANCIAL HIGHLIGHTS

The City's combined net position (total assets less total liabilities) was \$114,232,588 at June 30, 2013, a decrease of \$3,376,266 (or 2.8%) over the prior year. The City's General Fund reported an ending fund balance of \$3,199,688, a decrease of \$1,171,978 (or 26.8%) over the prior year.

During the fiscal year ending June 30, 2013, the City did not issue any new debt, with the exception of refunding 8,800,000 of Sewer Bonds that were issued in 2005. The City's Urban Renewal Agency issued \$3,000,000 during the fiscal year; this was du jour financing and the bonds were paid off the following day. The City has budgeted to issue \$350,000 in bonds during the fiscal year ending June 30, 2014, to finance a local improvement district. The City's Urban Renewal Agency has budgeted to issue \$2,150,000 in bonds during the fiscal year ending June 30, 2014.

#### REPORT LAYOUT

This discussion and analysis is intended to serve as an introduction to the City of Lincoln City's basic financial statements. The City's annual financial report consists of several sections. Taken together, they provide a comprehensive financial look at the City. The components of the report include the following:

*Independent Auditor's Report*

*Management's Discussion and Analysis (this report)*

*Government-wide Financial Statements*

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private sector business, and use the accrual basis of accounting.

- The Statement of Net Position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Net position is separated into amounts restricted for specific purposes and unrestricted amounts. This statement focuses on resources available for future operations.
- The Statement of Activities presents revenue and expense information showing how the City's net position changed during the most recent fiscal year. This statement focuses on gross and net costs of City programs and the extent to which such programs rely upon general tax and other revenues.

### *Fund Financial statements*

Fund financial statements focus separately on major governmental funds and proprietary funds (water/sewer). 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." This section also includes reconciliations of the fund statements to the government-wide statements.

Statements for the City's proprietary funds include the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows.

The City is the trustee, or fiduciary, for certain funds. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the City's fiduciary activities are reported in a separate statement of fiduciary net assets. These activities are excluded from the City's government-wide financial statements because the City cannot use these assets to finance its operations.

### *Notes to Basic Financial Statements*

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

### *Required Supplemental Information*

Budget information for the general and major special revenue funds are included in this section. These schedules report revenues, expenditures, changes in fund balances, and related budgetary information.

### *Other Supplemental Information*

This section includes combining balance sheets, revenues, expenditures, and changes in fund balances, and budgetary information for the non-major governmental funds, which includes non-major special revenue funds, debt service funds, and capital projects funds. Following the governmental fund schedules are revenues, expenditures, and changes in fund balances, budgetary information, and reconciliation of revenues and expenditure to changes in fund net assets for the City's proprietary funds. Also included are revenues, expenditures, and changes in fund balances for the City's internal service fund, and a combining statement of assets and liabilities for the City's agency funds.

### *Additional Schedules*

This section contains property tax information, and annual disclosure information in conformance with SEC Rule 15c2-12 and System Development Charges in accordance with ORS 223.311.

### *Independent Auditor's Report Required by Oregon State Regulations.*

Supplemental communication on City compliance and internal controls as required by Oregon statutes.

## FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Statement of Net Position. The City's combined net position (total assets less total liabilities) was \$114,232,588 at June 30, 2013, a decrease of \$3,376,266 (or 2.8 %) over the prior year. This decrease in net position is primarily related to the disposal from capital assets of the prior Sewer Treatment Plant, which has been totally rebuilt. The total cost of this write-off was \$8.7 million; the write-off amount net of accumulated depreciation was \$3.4 million.

Table 1  
NET POSITION

	June 30, 2013			June 30, 2012		
	Governmental Activities	Business-type Activities	Totals	Governmental Activities	Business-type Activities	Totals
<b>Assets:</b>						
Cash and investments	\$ 10,858,005	\$ 3,251,753	\$ 14,109,758	\$ 12,044,407	\$ 5,660,428	\$ 17,704,835
Receivables, net	2,893,446	1,058,562	3,952,008	2,911,344	1,041,124	3,952,468
Prepaid Items	6,700	1,246	7,946	-	-	-
Inventories	-	255,444	255,444	-	230,380	230,380
Capital assets net of depreciation	<u>69,918,710</u>	<u>52,776,367</u>	<u>122,695,077</u>	<u>69,434,728</u>	<u>56,135,311</u>	<u>125,570,039</u>
Total assets	<u>83,676,861</u>	<u>57,343,372</u>	<u>141,020,233</u>	<u>84,390,479</u>	<u>63,067,243</u>	<u>147,457,722</u>
<b>Liabilities:</b>						
Accounts payable and accrued expenses	1,350,271	691,114	2,041,385	1,265,323	885,488	2,150,811
Accrued interest payable	-	60,213	60,213	-	80,320	80,320
Landfill closure and postclosure care costs	614,100	-	614,100	661,790	-	661,790
Net other postemployment benefit of	565,031	132,368	697,399	501,219	117,497	618,716
Long-term obligations	<u>1,485,015</u>	<u>21,889,533</u>	<u>23,374,548</u>	<u>3,442,666</u>	<u>22,920,161</u>	<u>26,362,827</u>
Total liabilities	<u>4,014,417</u>	<u>22,773,228</u>	<u>26,787,645</u>	<u>5,870,998</u>	<u>24,003,466</u>	<u>29,874,464</u>
<b>Net position:</b>						
Invested in capital assets	68,433,695	30,886,834	99,320,529	64,439,200	33,215,150	97,654,350
Restricted for:						
Capital projects	5,191,117	2,454,749	7,645,866	1,814,220	4,899,928	6,714,148
Debt service	841,648	353,986	1,195,634	2,400,601	323,653	2,724,254
Highways and streets	464,263	-	464,263	516,416	-	516,416
Unrestricted	<u>4,731,721</u>	<u>874,575</u>	<u>5,606,296</u>	<u>9,349,044</u>	<u>625,046</u>	<u>9,974,090</u>
Total net assets	<u>\$ 79,662,444</u>	<u>\$ 34,570,144</u>	<u>\$ 114,232,588</u>	<u>\$ 78,519,481</u>	<u>\$ 39,063,777</u>	<u>\$ 117,583,258</u>

Approximately 87% of the City's total assets are invested in capital assets. 6.7% of the City's net position is restricted for capital projects (\$7,645,866), including proceeds from system development charges and bond proceeds net of associated long-term debt that are restricted for capital projects. The \$1,195,634 represents reserves in the bond funds and can only be spent in repaying outstanding debt. \$5,606,296 of the City's net position is unrestricted and represents resources available to fund the programs of the City.

Changes in Net Position. The City's total revenues were \$24,270,306, an increase of 3.5% from the prior year. Of the City's total revenue, \$8,458,666 (or 34.8%) is from property taxes, \$4,514,329 (or 18.6%) is from transient room taxes, \$7,605,730 (or 31.3%) is from charges for services and \$3,691,581 (or 15.2%) is from grants, interest earnings and other non-tax sources. More detailed information is presented in table 2 below.

The total cost of all programs and services was \$27,646,572, an increase of \$4,891,733 (or 21.4%) from the prior year. Expenditures for Governmental Activities increase by 3.4% while expenditures for Business-Type Activities increased by 57.3%. This increase in Business-Type Activities expenditures is largely due to the \$3.4 million write-off of the prior Sewer Treatment Plant. Of the total costs, \$11,995,674 (or 43.4%) was for Business-type Activities, and \$15,650,898 (or 56.6%) was for general government, public safety, highways and streets, cultural and recreation and interest.

Table 2  
CHANGE IN NET POSITION

	Year Ended June 30, 2013			Year Ended June 30, 2012		
	Governmental	Business-type	Totals	Governmental	Business-type	Totals
	Activities	Activities		Activities	Activities	
<b>Program revenues:</b>						
Charges for services	\$ 1,404,591	\$ 6,201,139	\$ 7,605,730	\$ 1,421,924	\$ 5,922,932	\$ 7,344,856
Operating grants and contribution	1,173,069	29,281	1,202,350	921,769	86,713	1,008,482
Capital grants and contributions	82,294	215,675	297,969	106,585	183,455	290,040
General revenues:						
Property taxes, general purposes	4,186,725	-	4,186,725	4,114,503	-	4,114,503
Property taxes, debt service	3,245,523	1,026,418	4,271,941	3,283,892	1,024,473	4,308,365
Franchise taxes	916,408	-	916,408	933,977	-	933,977
Transient room taxes	4,514,329	-	4,514,329	4,233,669	-	4,233,669
Other	<u>1,142,547</u>	<u>157,903</u>	<u>1,300,450</u>	<u>1,088,936</u>	<u>125,188</u>	<u>1,214,124</u>
Total program and general revenue	<u>16,665,486</u>	<u>7,630,416</u>	<u>24,295,902</u>	<u>16,105,255</u>	<u>7,342,761</u>	<u>23,448,016</u>
<b>Program expenses:</b>						
General government	5,802,594	-	5,802,594	5,504,541	-	5,504,541
Public safety	4,332,901	-	4,332,901	4,133,715	-	4,133,715
Highways and streets	2,484,141	-	2,484,141	2,346,118	-	2,346,118
Cultural and recreation	2,921,324	-	2,921,324	2,934,645	-	2,934,645
Water and sewer	-	11,995,674	11,995,674	-	7,625,320	7,625,320
Interest on long-term debt	<u>109,938</u>	<u>-</u>	<u>109,938</u>	<u>210,460</u>	<u>-</u>	<u>210,460</u>
Total program expenses	<u>15,650,898</u>	<u>11,995,674</u>	<u>27,646,572</u>	<u>15,129,479</u>	<u>7,625,320</u>	<u>22,754,799</u>
Increase (decrease) in net assets						
before transfers	1,014,588	(4,365,258)	(3,350,670)	975,776	(282,559)	693,217
Transfers	<u>128,375</u>	<u>(128,375)</u>	<u>-</u>	<u>39,094</u>	<u>(39,094)</u>	<u>-</u>
Change in net position	1,142,963	(4,493,633)	(3,350,670)	1,014,870	(321,653)	693,217
Net position - beginning	<u>78,519,481</u>	<u>39,063,777</u>	<u>117,583,258</u>	<u>77,504,611</u>	<u>39,385,430</u>	<u>116,890,041</u>
Net position - ending	<u>\$79,662,444</u>	<u>\$ 34,570,144</u>	<u>\$114,232,588</u>	<u>\$78,519,481</u>	<u>\$39,063,777</u>	<u>\$117,583,258</u>



## FINANCIAL ANALYSIS OF THE CITY'S FUNDS

### Governmental Funds

The City's General fund reported an ending fund balance of \$3,199,688, a decrease of \$1,171,978 (or 26.8%) over the prior year. Total General fund revenues increased by 5.4% from the prior fiscal year, while General fund expenditures increased by 22.0%. This increase in expenditures is largely due to a purchase of 363 acres of property known as The Villages at Cascade Head, for which the General fund provided \$1.4 million of funding.

Transient Room Taxes (TRT) are a significant source of revenue for governmental funds, and they are an important indicator of how the local economy is doing. TRT revenues increased by \$280,660 (or 6.6%) from the prior fiscal year, reflecting an improvement in the tourism industry.

### Business-type Activities

The City's Water funds reported an ending net position of \$19,579,745, an increase of \$169,098 (0.09%) over the previous fiscal year. There were no significant changes to the Water operating revenues and expenses.

The City's Sewer funds reported an ending net position of \$14,990,399, a decrease of \$4,662,731 (23.7%) over the previous fiscal year. There are no significant changes to the Sewer operating revenues. Expenditures increased significantly due to two factors: (1) Write-off of the prior Sewer Treatment Plant, which had a net value of \$3.4 million, and (2) a \$1 million deferment of amounts from advance refunding due to the refunding of the 2005 Sewer Bonds. The \$1 million dollar deferment reflects the increase in the principal balance of outstanding bonds. \$8,800,000 million of bonds were defeased, and \$9,750,000 million of bonds were issued. The increase in the principle balance of the bonds payable is more than offset by the decrease in future interest payments.

System development charges for both the Water and Sewer funds, which are generated from new building activity, continue to be very low and are reflective of the continued lack of new construction occurring within the City.

## BUDGETARY HIGHLIGHTS

City Council approved four changes to the fiscal year 2012-2013 general fund adopted budget. These changes moved amounts from contingency into operating expenditure categories to reflect actual spending patterns. Two of the changes were to appropriate monies for the purchase of The Villages at Cascade Head.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

At the end of fiscal year 2012-2013, the City had a net investment of \$122,695,077 in a broad range of capital assets, including land, infrastructure, equipment, buildings and vehicles. This amount represents a net decrease (including additions and deductions) of \$2,874,962 (or 2.3%). More detailed information is presented in note 4 of the notes to basic financial statements.

Table 3  
CHANGE IN CAPITAL ASSETS

	June 30, 2013			June 30, 2012		
	Governmental Activities	Business-type Activities	Totals	Governmental Activities	Business-type Activities	Totals
Beginning balance	\$69,434,728	\$56,135,311	\$125,570,039	\$71,148,764	\$ 51,869,477	\$123,018,241
Additions	2,967,858	2,591,747	5,559,605	1,701,048	7,848,610	9,549,658
Retirements	(133,600)	(9,034,268)	(9,167,868)	(1,204,574)	(1,373,372)	(2,577,946)
Depreciation, net	<u>(2,350,276)</u>	<u>3,083,577</u>	<u>733,301</u>	<u>(2,210,510)</u>	<u>(2,209,404)</u>	<u>(4,419,914)</u>
Ending balance	<u>\$69,918,710</u>	<u>\$52,776,367</u>	<u>\$122,695,077</u>	<u>\$69,434,728</u>	<u>\$ 56,135,311</u>	<u>\$125,570,039</u>

### Governmental Funds

Capital assets from governmental activities increased by \$2,967,858. These additions included (1) Purchase of 363 acres of land known as The Villages at Cascade Head \$2,509,600, (2) two Police vehicles \$85,300, (3) 2013 DeLake Utility Undergrounding Project \$69,449, (4) Lincoln Sq 3<sup>rd</sup> Floor Remodel \$36,446, (5) ADA Men & Women Restroom Remodel \$27,420, and (6) Dancing Water Sculpture at D River Park \$27,420.

### Business-type Activities

Capital assets from business-type activities increased \$2,591,747 before depreciation. These additions included (1) Continuing design and construction of the WWTP Phase 1B \$1,381,223, (2) Canyon Park Pumpstation Upgrade \$972,234, (3) Sewer Pumpstation Telemetry \$31,359, (4) Wastewater Collections Building Construction \$30,466, and (5) SE 48<sup>th</sup> Water Main Relocate \$28,344.

## Long-term Obligations

At the end of fiscal year 2012-2013, the City had \$23,374,548 in outstanding debt, a decrease of \$2,988,279 resulting from principal payments. During the fiscal year, the City did not issue any new debt, with the exception of refunding 8,800,000 of Sewer Bonds that were issued in 2005. The City's Urban Renewal Agency issued \$3,000,000 during the fiscal year; this was du jour financing and the bonds were paid off the following day.

Table 4  
LONG-TERM OBLIGATIONS

	<u>June 30, 2013</u>	<u>June 30, 2012</u>
Governmental:		
General Obligation		
Open Space, Series 1999	\$ -	\$ 350,000
Full Faith and Credit Note Series 2008	65,116	311,422
Urban Renewal Bonds		
Series 2004	594,199	1,165,196
Series 2007	<u>825,700</u>	<u>1,616,048</u>
Total governmental activities	<u>1,485,015</u>	<u>3,442,666</u>
Business-type:		
General Obligation Bonds		
Sewer Bonds - Series 2005	3,145,000	12,465,000
Water Bonds - Series 2007	2,121,638	2,463,370
Sewer Bonds - Series 2011	6,191,456	6,554,229
Sewer Bonds - Series 2013	9,750,000	-
Full Faith and Credit Revenue Refunding - 2006	557,883	821,395
Full Faith and Credit Note Series 2008	<u>123,556</u>	<u>616,167</u>
Total business-type activities	<u>21,889,533</u>	<u>22,920,161</u>
Total long-term obligations	<u>\$ 23,374,548</u>	<u>\$ 26,362,827</u>

## Governmental Funds

The City's Series 1999 Open Space bonds were retired in full in fiscal year 2013-14.

The City of Lincoln City's fiscal year 2013-14 budget includes an anticipated issuance of \$350,000 of debt for an LID. The City's Urban Renewal Agency fiscal year 2013-14 budget includes \$2,150,000 of bond sales.

## Business-type Activities

The City's Series 2005 Sewer Bonds carry a Moody's A1 rating and are insured by Financial Guarantee Insurance Company. The City's Series 2013 Sewer Bonds carry a Moody's A1 rating. See additional schedules for the annual disclosure statement in conformance with SEC Rule 15c2-12.

For additional information on the City's long-term outstanding obligations, see note 5 of the notes to basic financial statements.

## ECONOMIC FACTORS, NEXT YEAR'S BUDGET AND RATES

### Governmental Activities

Property taxes comprise almost 50% of the City's general fund revenue (excluding beginning fund balances and transfers in). Since 1997 increases in taxable assessed values have been limited by state statute to an increase of 3% a year plus the value of new construction. The City's projected general fund revenue for fiscal year 2013-2014 is \$9,864,523 and expenditures are budgeted at \$9,630,386, resulting in a \$234,137 increase to fund balance. The projected ending general fund reserves for fiscal year 2013-2014 total \$2,146,646 (or 22% of budgeted expenditures).

Another major source of revenue for governmental activities is the Transient Room Tax (TRT). These revenues are up quite a bit from the previous fiscal year (an increase of \$280,660, or 6.6%). It is anticipated that TRT revenues will continue to improve in the next fiscal year.

In May of 2013, the City of Lincoln City purchased 363 acres of property known as The Villages of Cascade Head for \$2.5 million. The City plans to preserve a portion of the development for future workforce housing and will also designate the property known as "The Knoll" as open space. The Knoll is a well-known local landmark that offers panoramic views of Lincoln City and the Pacific Ocean. This land purchase also puts the City in a position to facilitate economic development by having land available at a very low cost.

For the fiscal year ending June 30, 2014, the City's Urban Renewal Agency has budgeted \$500,000 for property acquisition, \$2,312,874 for capital reserves, and \$2,345,123 for capital projects including Sidewalk Construction, Cutler City Renovation Projects, D River Lake Access, Nelscott Renovation Projects, and Property Rehab and Economic Development Programs.

### Business-type Activities

All of the revenue for business-type activities is from user charges and system development charges. Water rates were budgeted to increase by 4% and sewer rates were budgeted to increase by 4% for fiscal year 2013-2014. This continues the City's program to increase rates in increments each year, and to encourage water conservation.

For fiscal year 2013-2014, the City's Water Capital funds have budgeted \$842,959 in capital outlay for water system upgrades and replacements as needed.

For fiscal year 2013-2014, the City's Wastewater Capital funds have budgeted \$1,569,763 in capital outlay for sewer system upgrades and replacements as needed, and for Land acquisition for biosolids application.

## REQUESTS FOR INFORMATION

The City's financial statements are designed to present users (citizens, taxpayers, customers, investors and creditors) with a general overview of the City's finances and to demonstrate the City's accountability. If you have questions about the report or need additional information, please contact the City's Finance Director at City Hall, 801 SW Highway 101, Lincoln City, Oregon 97367. Copies of this report are also available at the Driftwood Library, and on the City's website at [www.lincolncity.org](http://www.lincolncity.org).

**BASIC FINANCIAL STATEMENTS**

**CITY OF LINCOLN CITY**  
Lincoln City, Oregon

**STATEMENT OF NET POSITION**

**JUNE 30, 2013**

	Government Activities	Business-type Activities	Total
<b>ASSETS:</b>			
Cash and investments	\$ 10,858,005	\$ 3,251,753	\$ 14,109,758
Cash with County Treasurer	67,316	8,351	75,667
Receivables, net	2,826,130	1,050,211	3,876,341
Prepays	6,700	1,246	7,946
Inventories	-	255,444	255,444
Capital assets:			
Land, improvements and construction in progress	38,771,414	9,508,791	48,280,205
Other capital assets, net	31,147,296	43,267,576	74,414,872
<b>TOTAL ASSETS</b>	<b>83,676,861</b>	<b>57,343,372</b>	<b>141,020,233</b>
<b>LIABILITIES:</b>			
Accounts payable and accrued expenses	339,050	507,958	847,008
Other accrued liabilities	486,145	-	486,145
Accrued interest payable	-	60,213	60,213
Accrued compensated absences	525,076	183,156	708,232
Landfill closure and postclosure care costs	614,100	-	614,100
Net other postemployment benefit obligation	565,031	132,368	697,399
Long-term obligations:			
Due with in one year	1,485,015	1,594,282	3,079,297
Due in more than one year	-	20,295,251	20,295,251
<b>TOTAL LIABILITIES</b>	<b>4,014,417</b>	<b>22,773,228</b>	<b>26,787,645</b>
<b>NET POSITION:</b>			
Net investment in capital assets	68,433,695	30,886,834	99,320,529
Restricted for:			
Capital improvements	5,191,117	2,454,749	7,645,866
Debt service	841,648	353,986	1,195,634
Highways and streets	464,263	-	464,263
Unrestricted	4,731,721	874,575	5,606,296
<b>TOTAL NET POSITION</b>	<b>\$ 79,662,444</b>	<b>\$ 34,570,144</b>	<b>\$ 114,232,588</b>

See notes to basic financial statements.

**CITY OF LINCOLN CITY**  
Lincoln City, Oregon

**STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED JUNE 30, 2013**

ACTIVITIES	Program Revenues				Net Revenue (Expense) and Change in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Totals
<b>Primary government:</b>							
Governmental activities:							
General government	\$ 5,802,594	\$ 1,334,733	\$ 652,466	\$ -	\$ (3,815,395)	\$ -	\$ (3,815,395)
Public safety	4,332,901	19,096	38,312	-	(4,275,493)	-	(4,275,493)
Highways and streets	2,484,141	3,520	461,136	82,294	(1,937,191)	-	(1,937,191)
Culture and recreation	2,921,324	47,242	21,155	-	(2,852,927)	-	(2,852,927)
Interest on long-term obligations	109,938	-	-	-	(109,938)	-	(109,938)
Total governmental activities	<u>15,650,898</u>	<u>1,404,591</u>	<u>1,173,069</u>	<u>82,294</u>	<u>(12,990,944)</u>	<u>-</u>	<u>(12,990,944)</u>
Business-type activities:							
Water	3,135,198	3,335,393	3,685	69,871	-	273,751	273,751
Sewer	8,860,476	2,865,746	25,596	145,804	-	(5,823,330)	(5,823,330)
Total business-type activities	<u>11,995,674</u>	<u>6,201,139</u>	<u>29,281</u>	<u>215,675</u>	<u>-</u>	<u>(5,549,579)</u>	<u>(5,549,579)</u>
<b>Total</b>	<u>\$ 27,646,572</u>	<u>\$ 7,605,730</u>	<u>\$ 1,202,350</u>	<u>\$ 297,969</u>	<u>(12,990,944)</u>	<u>(5,549,579)</u>	<u>(18,540,523)</u>
<b>GENERAL REVENUES</b>							
Property taxes levied for:							
General purposes					4,186,725	-	4,186,725
Debt service					3,245,523	1,026,418	4,271,941
Franchise taxes and fees					916,408	-	916,408
Transient room taxes					4,514,329	-	4,514,329
Unrestricted investment earnings					62,674	23,098	85,772
Miscellaneous					1,079,873	134,805	1,214,678
<b>TRANSFERS</b>					128,375	(128,375)	-
Total general revenues and transfers					<u>14,133,907</u>	<u>1,055,946</u>	<u>15,189,853</u>
<b>CHANGE IN NET POSITION</b>					1,142,963	(4,493,633)	(3,350,670)
<b>NET POSITION, June 30, 2012</b>					<u>78,519,481</u>	<u>39,063,777</u>	<u>117,583,258</u>
<b>NET POSITION, June 30, 2013</b>					<u>\$ 79,662,444</u>	<u>\$ 34,570,144</u>	<u>\$ 114,232,588</u>

See notes to basic financial statements.

**CITY OF LINCOLN CITY**  
Lincoln City, Oregon

**BALANCE SHEET GOVERNMENTAL FUNDS**

**FOR THE YEAR ENDED JUNE 30, 2013**

	General Fund	Urban Renewal	Urban Renewal Tax Increment	Other Governmental Funds	Totals
<b>ASSETS:</b>					
Cash and investments	\$ 3,426,213	\$ 3,340,579	\$ 778,778	\$ 3,261,112	\$ 10,806,682
Cash with County Treasurer	37,748	-	26,767	2,801	67,316
Receivables	901,479	-	295,243	1,629,408	2,826,130
<b>TOTAL ASSETS</b>	<b><u>\$ 4,365,440</u></b>	<b><u>\$ 3,340,579</u></b>	<b><u>\$ 1,100,788</u></b>	<b><u>\$ 4,893,321</u></b>	<b><u>\$ 13,700,128</u></b>
<b>LIABILITIES:</b>					
Accounts payable and accrued expenses	\$ 135,226	\$ 28,612	\$ -	\$ 148,666	\$ 312,504
Other accrued liabilities	486,145	-	-	-	486,145
Unearned revenue	544,381	-	295,243	22,857	862,481
<b>TOTAL LIABILITIES</b>	<b><u>1,165,752</u></b>	<b><u>28,612</u></b>	<b><u>295,243</u></b>	<b><u>171,523</u></b>	<b><u>1,661,130</u></b>
<b>FUND BALANCES:</b>					
Nonspendable in form	-	-	-	685,176	685,176
Restricted for:					
Capital projects	-	3,311,967	-	1,879,150	5,191,117
Post closure landfill costs	747,067	-	-	-	747,067
Debt service	-	-	805,545	36,103	841,648
Road construction/maintenance	-	-	-	464,263	464,263
Tourism promotion	-	-	-	588,411	588,411
Parks maintenance	-	-	-	539,817	539,817
Committed to:					
Capital projects	236,204	-	-	-	236,204
Affordable housing	-	-	-	2,941	2,941
Maintenance services	-	-	-	21,549	21,549
Arts and education	-	-	-	25,665	25,665
Assigned to:					
Capital projects	-	-	-	478,723	478,723
Public safety	36,139	-	-	-	36,139
Unassigned	2,180,278	-	-	-	2,180,278
<b>TOTAL FUND BALANCES</b>	<b><u>3,199,688</u></b>	<b><u>3,311,967</u></b>	<b><u>805,545</u></b>	<b><u>4,721,798</u></b>	<b><u>12,038,998</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b><u>\$ 4,365,440</u></b>	<b><u>\$ 3,340,579</u></b>	<b><u>\$ 1,100,788</u></b>	<b><u>\$ 4,893,321</u></b>	<b><u>\$ 13,700,128</u></b>

See notes to basic financial statements.



**CITY OF LINCOLN CITY**  
Lincoln City, Oregon

**RECONCILIATION OF STATEMENT OF GOVERNMENTAL FUNDS  
BALANCE SHEET TO STATEMENT OF NET POSITION**

**FOR THE YEAR ENDED JUNE 30, 2013**

<b>TOTAL FUND BALANCE</b>	\$ 12,038,998
Total net assets shown in the Statement of Net Position are different because:	
Capital assets are not financial resources for budgetary purposes and therefore are not reported in the governmental funds.	69,815,163
A portion of the County's receivables are collected after year-end but they are not collected soon enough to be available as financial resources for the current year. The revenues related to these receivables are not reported in the governmental funds.	862,481
Compensated absences not payable in the current year are not recorded as governmental fund liabilities.	(525,076)
Other post-employment benefits are not recognized as a governmental fund liability.	(565,031)
Long-term assets, such as bond discount and issuance costs, are not reported as governmental fund assets and 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 expense when it is due. These long-term assets and liabilities consist of:	
Bonds and note payable	\$ (1,485,015)
Landfill closure and post closure costs	<u>(614,100)</u>
Total	(2,099,115)
The internal service fund is used by management to charge the cost of services to individual funds. The assets and liabilities are included in the Statement of Net Assets.	<u>135,024</u>
<b>TOTAL NET POSITION</b>	<b><u>\$ 79,662,444</u></b>

See notes to basic financial statements.

**CITY OF LINCOLN CITY**  
Lincoln City, Oregon

**GOVERNMENTAL FUNDS**

**STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCE**

**FOR THE YEAR ENDED JUNE 30, 2013**

	General	Urban Renewal	Urban Renewal Tax Increment	Other Governmental Funds	Totals
<b>REVENUES:</b>					
Property Taxes	\$ 4,215,620	\$ -	\$ 2,935,014	\$ 310,509	\$ 7,461,143
Franchises and fees	902,695	-	-	13,713	916,408
Transient room tax	1,079,357	-	-	3,434,972	4,514,329
Fines and forfeitures	176,734	-	-	-	176,734
Fees, licenses and permits	473,318	-	-	-	473,318
Rents	-	500	-	200,187	200,687
Charges for services	457,675	-	-	72,087	529,762
Intergovernmental	688,822	-	-	566,541	1,255,363
Reimbursement from other funds	-	-	-	24,090	24,090
Interest on investments	20,926	12,539	7,595	21,614	62,674
Miscellaneous	947,596	3,200	-	115,910	1,066,706
<b>TOTAL REVENUES</b>	<b>8,962,743</b>	<b>16,239</b>	<b>2,942,609</b>	<b>4,759,623</b>	<b>16,681,214</b>
<b>EXPENDITURES:</b>					
Current:					
General government	2,729,119	385,948	-	2,212,996	5,328,063
Public safety	4,211,067	-	-	-	4,211,067
Highways and streets	-	-	-	1,099,337	1,099,337
Culture and recreation	1,776,923	-	-	656,455	2,433,378
Debt service	-	-	4,457,913	609,676	5,067,589
Capital outlay	1,531,144	128,509	-	1,255,581	2,915,234
<b>TOTAL EXPENDITURES</b>	<b>10,248,253</b>	<b>514,457</b>	<b>4,457,913</b>	<b>5,834,045</b>	<b>21,054,668</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(1,285,510)</b>	<b>(498,218)</b>	<b>(1,515,304)</b>	<b>(1,074,422)</b>	<b>(4,373,454)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from sale of capital assets	8,982	-	-	4,185	13,167
Proceeds from bond issuance	-	3,000,000	-	-	3,000,000
Transfers in	860,310	-	-	694,410	1,554,720
Transfers out	(755,760)	-	-	(670,585)	(1,426,345)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>113,532</b>	<b>3,000,000</b>	<b>-</b>	<b>28,010</b>	<b>3,141,542</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(1,171,978)</b>	<b>2,501,782</b>	<b>(1,515,304)</b>	<b>(1,046,412)</b>	<b>(1,231,912)</b>
<b>FUND BALANCES, beginning of year</b>	<b>4,371,666</b>	<b>810,185</b>	<b>2,320,849</b>	<b>5,768,210</b>	<b>13,270,910</b>
<b>FUND BALANCES, end of year</b>	<b>\$ 3,199,688</b>	<b>\$ 3,311,967</b>	<b>\$ 805,545</b>	<b>\$ 4,721,798</b>	<b>\$ 12,038,998</b>

See notes to basic financial statements.

**CITY OF LINCOLN CITY**  
Lincoln City, 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, 2013**

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ (1,231,912)

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

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

Capital outlay	\$ 2,915,234	
Depreciation	<u>(2,460,027)</u>	455,207

The net effect of transactions involving capital assets, i.e, gain/loss on sales,  
donations. These transactions are not reported in the governmental funds. (6,000)

Receivables that do not meet the measurable and available criteria are not  
recognized as revenue in the current year in governmental funds. In the  
Statement of Activities they are recognized as revenue when levied or earned. (28,895)

OPEB expense not recognized on the governmental statement (63,812)

Repayment of bond principal is an expenditure in the governmental funds,  
but the repayment reduces long-term liabilities in the Statement of Net Position. 1,957,651

Payments for landfill post closure costs are reported as expenditures  
in the governmental fund statements, but reduce the liability in the  
Statement of Net Position. 47,690

Internal service fund is used by management to charge the costs of services  
to individual governmental funds. The net income of the internal service fund is  
reported as a governmental activity. 30,886

Some expenses reported in the statement of Activities do not require the  
use of current financial resources and therefore are not reported as  
expenditures in governmental funds. (17,852)

Compensated absences

CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 1,142,963

**CITY OF LINCOLN CITY**  
Lincoln City, Oregon

**PROPRIETARY FUNDS**

**STATEMENT OF NET POSITION**

**JUNE 30, 2013**

	Enterprise Funds			Internal Service Fund
	Water	Sewer	Totals	
<b>ASSETS:</b>				
Current assets:				
Cash and cash equivalents	\$ 116,698	\$ 3,135,055	\$ 3,251,753	\$ 51,323
Cash with County Treasurer	-	8,351	8,351	-
Receivables, net	515,483	534,728	1,050,211	-
Prepays	-	1,246	1,246	6,700
Inventories	242,640	12,804	255,444	-
Total current assets	874,821	3,692,184	4,567,005	58,023
Capital assets:				
Land, improvements and construction in progress	235,225	9,273,566	9,508,791	-
Other capital assets, net	21,490,956	21,776,620	43,267,576	103,547
Total capital assets	21,726,181	31,050,186	52,776,367	103,547
<b>TOTAL ASSETS</b>	<b>22,601,002</b>	<b>34,742,370</b>	<b>57,343,372</b>	<b>161,570</b>
<b>LIABILITIES:</b>				
Current liabilities:				
Accounts payable and accrued expenses	44,900	463,058	507,958	26,546
Accrued interest payable	9,107	51,106	60,213	-
Accrued compensated absences	98,091	85,065	183,156	-
Current portion of long-term obligations	751,405	842,877	1,594,282	-
Total current liabilities	903,503	1,442,106	2,345,609	26,546
Long-term liabilities	2,051,673	18,243,578	20,295,251	-
Net other postemployment benefit obligation	66,081	66,287	132,368	-
<b>TOTAL LIABILITIES</b>	<b>3,021,257</b>	<b>19,751,971</b>	<b>22,773,228</b>	<b>26,546</b>
<b>NET POSITION:</b>				
Net investment in capital assets	18,923,103	11,963,731	30,886,834	103,547
Restricted for:				
Capital improvement	152,153	2,302,596	2,454,749	-
Debt service	38,806	315,180	353,986	-
Unrestricted	465,683	408,892	874,575	31,477
<b>TOTAL NET POSITION</b>	<b>\$ 19,579,745</b>	<b>\$ 14,990,399</b>	<b>\$ 34,570,144</b>	<b>\$ 135,024</b>

See notes to basic financial statements.

**CITY OF LINCOLN CITY**  
Lincoln City, Oregon

**PROPRIETARY FUNDS**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**

**YEAR ENDED JUNE 30, 2013**

	Enterprise Funds			Internal Service Fund
	Water	Sewer	Totals	
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 3,335,393	\$ 2,865,746	\$ 6,201,139	\$ 810,100
Intergovernmental	3,685	25,596	29,281	-
Miscellaneous	(1,902)	59,681	57,779	-
<b>TOTAL OPERATING REVENUES</b>	<b>3,337,176</b>	<b>2,951,023</b>	<b>6,288,199</b>	<b>810,100</b>
<b>OPERATING EXPENSES:</b>				
Personal services	1,174,355	1,078,680	2,253,035	478,459
Materials and services	574,832	1,053,981	1,628,813	283,025
Support services	190,850	140,119	330,969	-
Depreciation	1,064,251	1,315,205	2,379,456	17,849
<b>TOTAL OPERATING EXPENSES</b>	<b>3,004,288</b>	<b>3,587,985</b>	<b>6,592,273</b>	<b>779,333</b>
<b>OPERATING INCOME (LOSS)</b>	<b>332,888</b>	<b>(636,962)</b>	<b>(304,074)</b>	<b>30,767</b>
<b>NONOPERATING INCOME (EXPENSE):</b>				
System development charges	69,871	145,804	215,675	-
Interest earned on investments	712	22,386	23,098	-
Gain (loss) from sale of asset	2,079	(3,540,665)	(3,538,586)	119
Property taxes	-	1,026,418	1,026,418	-
Loss on refunding	-	(1,005,000)	(1,005,000)	-
Other	-	77,026	77,026	-
Interest	(132,989)	(726,826)	(859,815)	-
<b>TOTAL NONOPERATING INCOME (EXPENSE)</b>	<b>(60,327)</b>	<b>(4,000,857)</b>	<b>(4,061,184)</b>	<b>119</b>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<b>272,561</b>	<b>(4,637,819)</b>	<b>(4,365,258)</b>	<b>30,886</b>
<b>TRANSFERS:</b>				
Transfers out	(103,463)	(24,912)	(128,375)	-
<b>TOTAL TRANSFERS</b>	<b>(103,463)</b>	<b>(24,912)</b>	<b>(128,375)</b>	<b>-</b>
<b>CHANGE IN NET POSITION</b>	<b>169,098</b>	<b>(4,662,731)</b>	<b>(4,493,633)</b>	<b>30,886</b>
<b>NET POSITION, June 30, 2012</b>	<b>19,410,647</b>	<b>19,653,130</b>	<b>39,063,777</b>	<b>104,138</b>
<b>NET POSITION, June 30, 2013</b>	<b>\$ 19,579,745</b>	<b>\$ 14,990,399</b>	<b>\$ 34,570,144</b>	<b>\$ 135,024</b>

See notes to basic financial statements.

**CITY OF LINCOLN CITY**  
Lincoln City, Oregon

**PROPRIETARY FUNDS**

**STATEMENT OF CASH FLOWS**

**JUNE 30, 2013**

	Enterprise Funds			Internal Service Fund
	Water	Sewer	Totals	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Receipts from customers	\$ 3,341,323	\$ 2,929,438	\$ 6,270,761	\$ 810,100
Payments to suppliers	(599,683)	(1,258,035)	(1,857,718)	(336,276)
Payments to employees	(1,164,105)	(1,065,838)	(2,229,943)	(478,459)
Support services	(190,850)	(140,119)	(330,969)	-
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>1,386,685</b>	<b>465,446</b>	<b>1,852,131</b>	<b>(4,635)</b>
<b>CASH FLOWS FROM NON FINANCING ACTIVITIES:</b>				
Property taxes	-	1,026,418	1,026,418	-
Transfers in	-	-	-	17,848
Transfers out	(103,463)	(24,912)	(128,375)	-
<b>NET CASH FROM NON FINANCING ACTIVITIES</b>	<b>(103,463)</b>	<b>1,001,506</b>	<b>898,043</b>	<b>17,848</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Acquisition of capital assets	(41,574)	(2,517,627)	(2,559,201)	(70,472)
Proceeds received from sale of capital assets	-	103	103	119
System development charges	69,871	145,804	215,675	-
Proceeds received from long-term obligations	-	8,957,026	8,957,026	-
Amounts paid to escrow	-	(8,880,000)	(8,880,000)	-
Principal paid on long-term obligations	(1,097,854)	(937,774)	(2,035,628)	-
Interest paid on long-term obligations	(136,342)	(743,580)	(879,922)	-
<b>NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(1,205,899)</b>	<b>(3,976,048)</b>	<b>(5,181,947)</b>	<b>(70,353)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest on investments	712	22,386	23,098	-
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>78,035</b>	<b>(2,486,710)</b>	<b>(2,408,675)</b>	<b>(57,140)</b>
<b>CASH, beginning of year</b>	<b>38,663</b>	<b>5,621,765</b>	<b>5,660,428</b>	<b>108,463</b>
<b>CASH, end of year</b>	<b>\$ 116,698</b>	<b>\$ 3,135,055</b>	<b>\$ 3,251,753</b>	<b>\$ 51,323</b>
<b>RECONCILIATION TO THE STATEMENT OF NET POSITION</b>				
Operating income (loss)	\$ 332,888	\$ (636,962)	\$ (304,074)	\$ 30,767
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	1,064,251	1,315,205	2,379,456	17,849
Decrease (increase) in assets				
Receivables, net	4,147	(23,023)	(18,876)	-
Prepays	-	(1,246)	(1,246)	(6,700)
Inventories	(27,913)	2,849	(25,064)	-
Cash with County Treasurer	-	1,438	1,438	-
Increase (decrease) in liabilities				
Accounts payable and accrued expenses	3,062	(205,657)	(202,595)	(46,551)
Compensated absences payable	2,146	6,075	8,221	-
Net other postemployment benefit obligation	8,104	6,767	14,871	-
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>\$ 1,386,685</b>	<b>\$ 465,446</b>	<b>\$ 1,852,131</b>	<b>\$ (4,635)</b>

See notes to basic financial statements.

**CITY OF LINCOLN CITY**  
Lincoln City, Oregon

**AGENCY FUND**

**STATEMENT OF ASSETS AND LIABILITIES**

**JUNE 30, 2013**

**ASSETS:**

Cash and investments	\$	21,109
Receivables		<u>3,523</u>

<b>TOTAL ASSETS</b>	<b>\$</b>	<b><u><u>24,632</u></u></b>
---------------------	-----------	-----------------------------

**LIABILITIES:**

Accounts payable	\$	10,583
Funds held in trust		<u>14,049</u>

<b>TOTAL LIABILITIES</b>	<b>\$</b>	<b><u><u>24,632</u></u></b>
--------------------------	-----------	-----------------------------

See notes to basic financial statements.

**CITY OF LINCOLN CITY, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2013**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the City of Lincoln City, Oregon (the City) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting entity for establishing governmental accounting and financial reporting standards.

**Organization**

The City was incorporated as a home-rule city on March 3, 1965, consolidating the incorporated cities of Taft, Delake and Oceanlake, and the unincorporated communities of Cutler City and Nelscott.

Control of the City is vested in its mayor and Council members who are elected to office by voters within the City. Administrative functions are delegated to individuals who report to and are responsible to the Council. The chief administrative officer is the City Manager.

**Reporting Entity**

The accompanying financial statements present the primary government and component unit for which the City is considered to be financially accountable. The criteria used in making this determination includes appointment of a voting majority, imposition of will, financial benefit or burden on the primary government, and fiscal dependency on the primary government.

The City Council serves as the governing board of the Lincoln City Urban Renewal Agency (the Agency). Therefore, the accounts of the Agency are included in the financial statements of the City as a blended component unit.

Complete financial statements for the Lincoln City Urban Renewal Agency may be viewed on the City's website.

**Basis of Presentation**

The basic financial statements include both government-wide and fund based financial statements. Both levels of statements categorize primary activities as either governmental or business-type. Governmental activities, which are normally financed through taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

**Government-wide Financial Statements**

The government-wide financial statements display information about all of the nonfiduciary activities of the City, and its component unit.



**CITY OF LINCOLN CITY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2013**

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

**Government-wide Financial Statements (Continued)**

The Statement of Activities presents a comparison between direct expenses and program revenues for the City's programs. Direct expenses are those that are clearly allocable with a specific function or segment. The City does not allocate indirect expenses. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources, as they are needed.

**Measurement Focus and Basis of Accounting**

The government-wide financial statements and the proprietary funds financial statements are reported using the economic resources measurement focus and 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 taxes, grants, entitlements and donations. On the accrual basis of accounting, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the functions of the City, the elimination of which would distort the direct costs and program revenues reported for the various functions concerned.

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

Governmental fund financial statements are reported using the current financial resources measurement focus and modified accrual basis of accounting. Revenues are recognized when measurable and available. The City considers all revenues reported in the governmental funds to be available if they are collected within thirty days after year end. Property taxes and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for claims and judgments, which are recognized as expenditures to the extent they have been incurred. Capital asset acquisitions are reported as expenditures in the governmental funds and proceeds from general long-term debt are reported as other financing sources.

**CITY OF LINCOLN CITY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2013**

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

**Measurement Focus and Basis of Accounting (Continued)**

An unearned revenue liability arises on the balance sheets of the governmental funds when potential revenue does not meet both the measurable and available criteria for recognition in the current period. This unavailable unearned revenue consists primarily of uncollected property taxes not deemed available to finance operations of the current period. In the government-wide statement of activities, with a full accrual basis of accounting, revenue must be recognized as soon as it is earned regardless of its availability. Thus, the liability created on the balance sheets of the governmental funds for unavailable unearned revenue, is eliminated.

The bases of accounting described above are in accordance with accounting principles generally accepted in the United States of America.

**Fund Financial Statements**

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Each fund is considered to be a separate accounting entity. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds are consolidated into a single column within each fund type in the financial section of the basic financial statements and are detailed in the Other Supplementary Information section of this report.

The City reports the following major governmental funds:

General Fund – accounts for the financial operations of the City except those required to be accounted for in another fund. Principal sources of revenue are property taxes, fees, licenses and state apportionments.

Urban Renewal Fund – accounts for the general administration of the Urban Renewal Agency and for the acquisition and rehabilitation of blighted and deteriorated areas within the designated urban renewal district, as well as debt service related to the Agency's operations.

Urban Renewal Tax Increment Fund – accounts for the payment of principal and interest on urban renewal bonds. Resources are provided from tax increment proceeds which are restricted for payment of debt service and interest earnings.

The City reports the following major proprietary funds:

Water Fund – accounts for the water system operations. This fund is predominantly self-supported through user charges to customers.

**CITY OF LINCOLN CITY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2013**

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

**Fund Financial Statements (Continued)**

Sewer Fund – accounts for the sewer system operations. This fund is predominantly self-supported through user charges to customers.

Additionally, the City reports the following fiduciary fund:

Agency Fund – accounts for assets held in a purely custodial capacity for others (assets equal liabilities).

The City also reports activity within the following nonmajor governmental funds types:

- Special revenue funds
- Debt service funds
- Capital projects funds

**Use of 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 reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

**Inventories**

Inventories consisting of water and sewer system supplies and materials are stated at cost, on a first-in, first-out basis.

**Receivables**

User charges receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to user charges receivable. No provisions for uncollectible accounts were necessary at June 30, 2013.

The City's permanent tax rate is 4.0996 per \$1,000 assessed value as limited by the Constitution of the State of Oregon.

Property taxes are levied on and become a lien against property on July 1 of the year in which they are due. Collection dates are November 15, February 15, and May 15 following the lien

**CITY OF LINCOLN CITY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2013**

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

**Receivables (Continued)**

date. Discounts are allowed if the amount due is paid by November 15 or February 15. Taxes unpaid and outstanding on May 16 are considered delinquent.

In the fund financial statements, property tax receivables that are collected within 60 days after the end of fiscal year are considered measurable and available, and therefore, are recognized as revenue. The property taxes receivable portion beyond 60 days is recorded as unearned revenue.

In the government-wide financial statements, property taxes are recognized as revenue when earned.

In the proprietary funds, receivables include services provided but no billed. The enterprise funds' receivables include billings for residential and commercial customers utilizing the City's water, sewer, and storm water services and are reported net of an allowance for uncollectible amounts, which is determined based upon an estimated percentage of the receivable balance.

The Lincoln City Urban Renewal Agency levied 100 percent of the amount of its authority under option one of ORS 457.435(2)(a) for the retirement of long-term obligations principal and interest without making a special levy in 2012-13.

The City makes loans to third parties for rehabilitation of properties consistent with the establishment of the City's Urban Renewal Agency. Loans receivable are recorded when the borrower has signed a promissory note and disbursements are made in accordance with the loan agreement. As the City obtains liens against the affected properties, no allowance is deemed necessary.

**Capital Assets**

Capital assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements, and in the Proprietary Funds. Capital assets are charged to expenditures as purchased in the governmental fund statements, and capitalized in the proprietary fund statements. Capital assets are recorded at historical cost or estimated historical cost. Donated assets are recorded at estimated fair value as of the date of the donation.

Capital assets are defined by the City as assets with an initial, individual cost of \$1,000 or more, and an estimated useful life of greater than one year. Additions or improvements and other capital outlays that significantly extend the useful life of an asset, or that significantly increase the capacity of an asset are capitalized. Other costs for repairs and maintenance are expensed as incurred.

**CITY OF LINCOLN CITY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2013**

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

**Capital Assets (Continued)**

Depreciation on exhaustible assets is recorded as an allocated expense in the Statement of Activities with assets shown net of accumulated depreciation in the Statement of Net Position. Depreciation is calculated on the straight-line basis over the following estimated useful lives:

	<u>Years</u>
Buildings and improvements	25 to 40
Improvements other than buildings	10 to 20
Machinery and equipment	5 to 10
Vehicles	5 to 10
Utility systems	25 to 40
Infrastructure	20 to 50
Intangibles	25 to 40

Depreciation is taken in the year the assets are acquired or retired based upon the number of days held. Gains or losses from sales or retirements of capital assets are included in operations of the current period.

**Long-term obligations**

In the government-wide financial statements, and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund Statement of Net Position. Bond premiums and discounts as well as bond issue costs are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount.

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

**Compensated Absences**

The City has a policy which permits full-time employees to accumulate unused sick leave at the rate of one day per month over their working careers. The City does not compensate the employees for unused accumulations upon termination of employment. Sick leave, which does not vest, is recognized in funds when leave is taken.

Each employee earns vacation at rates determined by their length of employment. An employee can accumulate a maximum of 320 hours, except for utilities personnel, which may accrue 340 hours.

**CITY OF LINCOLN CITY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2013**

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

**Compensated Absences (Continued)**

Accumulated vested vacation leave is accrued as it is earned. In the government-wide and proprietary fund financial statements, all vacation and compensatory time is reported when incurred. In the governmental funds, a liability for compensated absences is reported only if they have matured, and thus become due. Compensated absences are considered a current liability in the entity-wide and proprietary fund statements as they are susceptible to liquidation at any time.

**Fund Balance**

The City reports fund balances within the governmental funds based on the hierarchy of constraints to which those balances are subject. Fund balances in the governmental funds are reported within the following categories:

- Non-Spendable – Includes items not in spendable form, such as prepaid items and inventory
- Restricted – Includes items that are restricted by external creditors, grantors or contributors, or restricted by constitutional provisions or enabling legislation.
- Committed – Includes items committed by the City Council, by formal board action.
- Assigned – Includes items assigned for specific uses, authorized by the City's Finance Director or City Manager.
- Unassigned – This is the residual classification used in the General Fund for those balances not assigned to another category.

The City has adopted the following order of spending regarding fund balance categories: Restricted resources are spent first when both restricted and unrestricted (committed, assigned or unassigned) resources are available for expenditures. When unrestricted resources are spent, the order of spending is committed (if applicable), assigned (if applicable) and lastly, unassigned fund balance.

**2. DEPOSITS AND INVESTMENTS**

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

Investments with a remaining maturity of more than one year, at the time of purchase are stated at fair value. Fair value is determined at the quoted market price, if available; otherwise the fair value is estimated based on the amount at which the investment could be exchanged in a current transaction between willing parties, other than a forced liquidation sale. Investments in the State of Oregon Local Government Investment Pool (LGIP) are stated at fair value.

**CITY OF LINCOLN CITY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2013**

**2. DEPOSITS AND INVESTMENTS (Continued)**

The Oregon State Treasury administers the LGIP. The LGIP is an unrated, open-ended, no-load, diversified portfolio offered to any agency, political subdivision or public corporation of the state who by law is made the custodian of, or has control of, any public funds. The LGIP is commingled with the State's short-term funds. To provide regulatory oversight, the Oregon Legislature established the Oregon Short-Term Fund Board and LGIP investments are approved by the Oregon Investment Council. The fair value of the City's position in the LGIP approximates the value of the pool shares.

For purposes of reporting cash flows, cash and cash equivalents include cash on hand, checking, savings and money market accounts, and any highly-liquid debt instruments purchased with a maturity of three months or less from the date of purchase.

At June 30, 2013, the City's cash and investments were comprised of the following:

Cash on hand	\$ 1,600
Deposits with financial institutions	509,805
Oregon State Treasurer's Local Government Investment Pool	<u>13,619,462</u>
	<u>\$ 14,130,867</u>

Reported as:

Governmental activities	\$ 10,858,005
Business-type activities	<u>3,251,753</u>
Total per Statement of Net Position	14,109,758
Agency Fund	<u>21,109</u>
	<u>\$ 14,130,867</u>

**Interest Rate Risk**

The City does not have a formal policy that limits investment maturities as a means of managing its exposure to fair-value losses arising from changes in interest rates.

**Credit Risk**

The City does not have a formal policy that places a limit on the amount that may be invested in any one institution. 100 percent of the City's investments are in the State Treasurer's Investment Pool.

The City does not have a policy which limits the amount of investments that can be held with counterparties.

**CITY OF LINCOLN CITY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2013**

**2. DEPOSITS AND INVESTMENTS (Continued)**

**Credit Risk (Continued)**

The City's deposits with financial institutions are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC) per institution. The City's bank balance as of June 30, 2013, was \$576,837 of which \$500,000 was covered by the FDIC. As required by Oregon Revised Statutes, deposits were held at qualified depositories of public funds. All qualified depositories for public funds are included in the multiple financial institution collateral pool that is maintained by, and in the name of, the Office of the State Treasurer. As a result, the City's remaining deposits in excess of FDIC insurance of \$76,837 are considered to be fully collateralized.

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

As of June 30, 2013, the City's investments consisted solely of deposits in the Oregon State Local Government Investment Pool.

**3. ACCOUNTS RECEIVABLE**

Receivables as of June 30, 2013, for the City's governmental activities/funds are as follows:

	General	Urban Renewal Tax Increment	Other Governmental	Totals
Property taxes	\$ 446,583	\$ 295,243	\$ 22,857	\$ 764,683
Intergovernmental	50,665	-	38,242	88,907
Fines and warrants	99,206	-	-	99,206
Franchise fees	87,752	-	3,608	91,360
Transient room taxes	212,812	-	878,525	1,091,337
Notes-housing rehabilitation	-	-	685,176	685,176
Miscellaneous other	4,461	-	1,000	5,461
	<u>\$ 901,479</u>	<u>\$ 295,243</u>	<u>\$ 1,629,408</u>	<u>\$ 2,826,130</u>

Rehabilitation loans receivable are comprised of loans to qualified borrowers for the rehabilitation and restoration of single family and multi-family residences, and commercial loans to small business to promote economic development. Both are collateralized by real property. Net loans receivable are as follows:

Fund and Program	Maximum Term	Interest Rate	Loans Receivable
Non-major Governmental Funds: Urban development: Rehabilitation loans	10 years	0%	\$ 328,298
Affordable Housing: Habitat and Housing Rehabilitation	15 years	0%	\$ 356,878

During the year ending June 30, 2014, the City will transfer \$118,686 of loans receivable to a third party.



**CITY OF LINCOLN CITY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2013**

**3. ACCOUNTS RECEIVABLE (Continued)**

Receivables as of June 30, 2013, for the City's business-type activities/funds are as follows:

	<u>Water</u>	<u>Sewer</u>	<u>Totals</u>
User charges	\$ 515,483	\$ 456,554	\$ 972,037
Property taxes	-	73,268	73,268
Miscellaneous	-	4,906	4,906
	<u>\$ 515,483</u>	<u>\$ 534,728</u>	<u>\$ 1,050,211</u>

**4. CAPITAL ASSETS**

Transactions for the year ended June 30, 2013 of the governmental activities, were as follows:

	<u>Balance July 1, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2013</u>
Capital assets not being depreciated:				
Land	\$ 13,740,076	\$ 2,509,600	\$ -	\$ 16,249,676
Public right-of-way	22,328,786	-	-	22,328,786
Construction in progress	62,471	136,481	(6,000)	192,952
Total capital assets not being depreciated	<u>36,131,333</u>	<u>2,646,081</u>	<u>(6,000)</u>	<u>38,771,414</u>
Capital assets being depreciated:				
Buildings	14,610,981	96,026	-	14,707,007
Heavy equipment	568,288	-	-	568,288
Urban renewal projects	1,457,537	12,764	-	1,470,301
System improvements	47,623,910	-	-	47,623,910
Vehicles	768,407	85,298	(100,288)	753,417
Equipment and furnitures	3,385,805	122,987	(27,312)	3,481,480
Books and art	1,186,914	4,702	-	1,191,616
Total capital assets being depreciated	<u>69,601,842</u>	<u>321,777</u>	<u>(127,600)</u>	<u>69,796,019</u>
Accumulated depreciation	<u>(36,298,447)</u>	<u>(2,477,876)</u>	<u>127,600</u>	<u>(38,648,723)</u>
Total capital assets being depreciated, net	<u>33,303,395</u>	<u>(2,156,099)</u>	<u>-</u>	<u>31,147,296</u>
Total capital assets, net	<u>\$ 69,434,728</u>	<u>\$ 489,982</u>	<u>\$ (6,000)</u>	<u>\$ 69,918,710</u>

Depreciation expense for governmental activities is charged to functions as follows:

General government	\$ 483,292
Public safety	121,834
Highway and streets	1,384,804
Culture and recreation	487,946
Total	<u>\$ 2,477,876</u>

**CITY OF LINCOLN CITY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2013**

**4. CAPITAL ASSETS (Continued)**

Transactions for the year ended June 30, 2013 of the business-type activities, were as follows:

	Balance July 1, 2012	Increases	Decreases	Balance June 30, 2013
Capital assets not being depreciated:				
Land and improvements	\$ 186,798	\$ -	\$ -	\$ 186,798
Construction in progress	6,864,551	2,487,909	(30,466)	9,321,994
Total capital assets not being depreciated	<u>7,051,349</u>	<u>2,487,909</u>	<u>(30,466)</u>	<u>9,508,792</u>
Capital assets being depreciated:				
Buildings	1,083,978	30,466	-	1,114,444
Facilities	79,654,054	31,359	(8,968,481)	70,716,932
Equipment	2,043,463	42,013	(35,321)	2,050,155
Intangibles	120,868	-	-	120,868
Total capital assets being depreciated	82,902,363	103,838	(9,003,802)	74,002,399
Accumulated depreciation	(33,818,401)	(2,379,456)	5,463,033	(30,734,824)
Total capital assets being depreciated, net	<u>49,083,962</u>	<u>(2,275,618)</u>	<u>(3,540,769)</u>	<u>43,267,575</u>
Total capital assets, net	<u>\$ 56,135,311</u>	<u>\$ 212,291</u>	<u>\$ (3,571,235)</u>	<u>\$ 52,776,367</u>

Depreciation expense for business-type activities is charged to functions as follows:

Water	\$ 1,064,251
Sewer	<u>1,315,205</u>
Total	<u>\$ 2,379,456</u>

**CITY OF LINCOLN CITY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2013**

**5. LONG-TERM OBLIGATIONS**

Transactions for the year ended June 30, 2013 of the governmental activities, were as follows:

	<u>Balance</u> <u>June 30, 2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balances</u> <u>June 30, 2013</u>	<u>Due within</u> <u>one year</u>
<u>Note</u>					
Full Faith and Credit Note, Series 2008, Original issue amount \$1 million, final maturity September 2013, interest at 3.4 percent					
Principal	\$ 311,422	\$ -	\$ 246,306	\$ 65,116	\$ 65,116
<u>General Obligation Bonds</u>					
Open Space Bonds, Series 1999, Original issue amount \$3 million, final maturity June 2014, interest from 4.0 to 5.0 percent					
Principal	350,000	-	350,000	-	-
<u>Tax Increment Bonds</u>					
Urban Renewal Bonds, Series 2004 Original issue amount \$5 million, final maturity June 2014, interest at 4.0 percent					
Principal	1,165,196	-	570,997	594,199	594,199
Urban Renewal Bonds, Series 2007 Original issue amount \$5 million, final maturity June 2014, interest at 4.40 percent					
Principal	1,616,048	-	790,348	825,700	825,700
	<u>\$ 3,442,666</u>	<u>\$ -</u>	<u>\$ 1,957,651</u>	<u>\$ 1,485,015</u>	<u>\$ 1,485,015</u>
Compensated absences	<u>\$ 507,224</u>	<u>\$ 525,076</u>	<u>\$ 507,224</u>	<u>\$ 525,076</u>	<u>\$ 525,076</u>

The future maturities for governmental activity long-term obligations outstanding as of June 30, 2013, are as follows:

Fiscal Year	Full Faith and Credit Note, Series 2008		Urban Renewal Series 2004		Urban Renewal Series 2007		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 65,116	\$ 535	\$ 594,199	\$ 14,928	\$ 825,700	\$ 22,831	\$ 1,485,015	\$ 38,294

During 2013, the Urban Renewal Agency issued and paid off a \$3,000,000 short-term borrowing.

**CITY OF LINCOLN CITY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2013**

**5. LONG-TERM OBLIGATIONS (Continued)**

Transactions for the year ended June 30, 2013 of the business-type activities, were as follows:

	<u>Balance</u> <u>June 30, 2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balances</u> <u>June 30, 2013</u>	<u>Due within</u> <u>one year</u>
<b><u>Revenue Bonds</u></b>					
Full Faith and Credit Revenue Refunding Bond, Series 2006, Original issue amount \$2.4 million, final maturity June 2015, interest at 3.80 percent					
Principal	\$ 821,395	\$ -	\$ 263,512	\$ 557,883	\$ 273,667
Full Faith and Credit Note, Series 2008, Original issue amount \$2 million, final maturity September 2013, interest at 3.40 percent					
Principal	616,167	-	492,611	123,556	123,556
<b><u>General Obligation Bonds</u></b>					
Sewer Bonds, Series 2005, Original issue amount \$15 million, final maturity June 2019, interest from 3 to 4.625 percent					
Principal	12,465,000	-	9,320,000	3,145,000	465,000
Sewer Bonds, Series 2011, Original issue amount \$7 million, final maturity March 2026, interest at 4.1 percent					
Principal	6,554,229	-	362,773	6,191,456	377,877
Sewer Bonds, Refunding Series 2013 Original issue amount \$9.885 million, final maturity June 2030, interest at 2.0 percent					
Principal	-	9,885,000	135,000	9,750,000	-
Water Bonds, Series 2007 Original issue amount \$4 million, final maturity December 2018, interest at 3.95 percent					
Principal	2,463,370	-	341,732	2,121,638	354,182
	<u>\$ 22,920,161</u>	<u>\$ 9,885,000</u>	<u>\$ 10,915,628</u>	<u>\$ 21,889,533</u>	<u>\$ 1,594,282</u>
Compensated absences	<u>\$ 174,935</u>	<u>\$ 183,156</u>	<u>\$ 174,935</u>	<u>\$ 183,156</u>	<u>\$ 183,156</u>

During 2013, the City issued \$9,885,000 in general obligation sewer bonds to advance refund \$8,880,000 of the outstanding 2005 general obligation sewer bond. The average interest rate of the refunding bonds was 2.2725% resulting in a total net present value savings of \$1,100,942 or 11.012%. The net proceeds of \$9,818,238 after bond premium of \$130,478, discounts of \$120,220, bond issuance costs of \$72,739 and other transactions of \$4,281 were deposited with an escrow agent and used to purchase United States Treasury Securities. Under the terms of these agreements, these securities, together with interest earned to maturity, will be sufficient to

**CITY OF LINCOLN CITY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2013**

**5. LONG-TERM OBLIGATIONS (Continued)**

pay all principal and interest as it becomes due. This procedure relieves the City from being primarily liable for the debt and the City is virtually assured of not being required to make further payments with respect to the debt. These bonds cannot be redeemed prior to maturity. This defeasance procedure allows the City to remove the assets and liabilities from its financial statements, which it has done for the fiscal year ended June 30, 2013. At June 30, 2013, \$8,880,000 of bonds outstanding are considered defeased.

The future maturities for business-type activity long-term obligations outstanding as of June 30, 2013, are as follows:

Fiscal Year	Full Faith and Credit Revenue Refunding Bond Series 2006		Full Faith and Credit Note Series 2008		General Obligation Sewer Bonds Series 2005	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 273,667	\$ 17,331	\$ 123,556	\$ 1,069	\$ 465,000	\$ 128,368
2015	284,216	6,782	-	-	490,000	109,768
2016	-	-	-	-	510,000	90,168
2017	-	-	-	-	540,000	69,768
2018	-	-	-	-	565,000	48,168
2019-23	-	-	-	-	575,000	24,438
	<u>\$ 557,883</u>	<u>\$ 24,113</u>	<u>\$ 123,556</u>	<u>\$ 1,069</u>	<u>\$ 3,145,000</u>	<u>\$ 470,678</u>
Fiscal Year	General Obligation Water Bonds Series 2007		General Obligation Sewer Bonds Series 2011		General Obligation Sewer Refunding Bond Series 2013	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 354,182	\$ 79,016	\$ 377,877	\$ 248,089	\$ -	\$ 231,050
2015	368,380	64,817	393,610	232,357	-	231,050
2016	383,148	50,049	409,999	215,969	-	231,050
2017	398,508	34,689	427,068	199,199	-	231,050
2018	414,484	18,713	444,848	181,117	-	231,050
2019-23	202,936	3,167	2,517,976	611,859	3,245,000	1,054,750
2024-28	-	-	1,620,078	101,327	4,500,000	633,564
2029-30	-	-	-	-	2,005,000	90,000
	<u>\$ 2,121,638</u>	<u>\$ 250,451</u>	<u>\$ 6,191,456</u>	<u>\$ 1,789,917</u>	<u>\$ 9,750,000</u>	<u>\$ 2,933,564</u>

Fiscal Year	Totals	
	Principal	Interest
2014	\$ 1,594,282	\$ 704,923
2015	1,536,206	644,774
2016	1,303,147	587,236
2017	1,365,576	534,706
2018	1,424,332	479,048
2019-23	6,540,912	1,694,214
2024-28	6,120,078	734,891
2029-30	2,005,000	90,000
	<u>\$ 21,889,533</u>	<u>\$ 5,469,792</u>

The City is in compliance with all covenants relating to outstanding debt and obligations.

**CITY OF LINCOLN CITY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2013**

**6. UNEARNED REVENUE**

Resources to the City, which are measurable but not available, are reported as unearned in the governmental funds. As of June 30, 2013, unearned revenue consists of the following:

	General Fund	Urban Renewal Tax Increment Fund	Other Governmental Funds	Totals
Property taxes	\$ 446,583	\$ 295,243	\$ 22,857	\$ 764,683
Fines and warrants	96,194	-	-	96,194
Other	1,604	-	-	1,604
	<u>\$ 544,381</u>	<u>\$ 295,243</u>	<u>\$ 22,857</u>	<u>\$ 862,481</u>

**7. LANDFILL CLOSURE AND POST CLOSURE COSTS**

The City is a member of the Lincoln County Consortium for Solid Waste Management, which was organized in 1984 to assume responsibility for the management and closure of the Agate Beach Landfill site.

State and Federal laws and regulations require the Consortium to place a final cover on the Agate Beach Landfill site when it stops accepting waste, and to perform certain maintenance and monitoring functions at the site for thirty (30) years subsequent to closure. The City is responsible for a 25.3% share of Consortium's estimated unfunded costs, which is based on submissions of engineering estimates, construction bids, and projected monitoring costs over the next fourteen years. The estimated liability is based on the assumption that the least expensive disposal alternative will be used.

During 1993-1994, the City began charging a surcharge to its solid waste franchisee in order to fund its share of costs. This surcharge was discontinued July 1, 2005. At June 30, 2013, the City reports a restricted fund balance amount related to these post-closure requirements of \$747,066 and liability of \$614,100.

**8. DEFINED BENEFIT PENSION PLAN**

**Pension Plan Description**

The City contributes to the Oregon Public Employees Retirement System (OPERS) and to the Oregon Public Service Retirement Plan (OPSRP). OPERS is a cost sharing multi-employer defined benefit public employee retirement system. OPSRP is a hybrid retirement plan with two components: the Pension Program (defined benefit; established and maintained as a tax-qualified governmental defined benefit plan) and the Individual Account Program (defined contribution; established and maintained as a tax-qualified governmental defined contribution plan). A defined benefit plan is benefit-based and uses predictable criteria such as a pension determined by salary multiplied by length of service multiplied by a factor. A defined contribution plan has no guarantee. OPSRP is administered by PERS. PERS acts as a common investment and administrative agent for political subdivisions in the State of Oregon.

**CITY OF LINCOLN CITY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2013**

**8. DEFINED BENEFIT PENSION PLAN (Continued)**

**Pension Plan Description (Continued)**

The 2003 Oregon Legislature established OPSRP. Public employees hired on or after August 29, 2003, become part of OPSRP, unless membership was previously established in OPERS. The 1995 Oregon Legislature established a different level of benefits for employees who began their six-month waiting period on or after January 1, 1996. This level is called Tier Two.

Benefits generally vest after five years of continuous service. Retirement is allowed at age fifty-eight with unreduced benefits, but retirement is generally available after age fifty-five with reduced benefits. Retirement benefits based on salary and length of service are calculated using a formula and are payable in a lump sum or monthly using several payment options. OPERS also provides death and disability benefits. These benefit provisions and other requirements are established by state statutes.

The OPERS issues a publicly available financial report. That report may be obtained by writing to Oregon Public Employees Retirement System, P.O. Box 23700, Tigard, Oregon 97281-3700 or by calling 1-888-320-7377.

**Funding Policy**

Members of OPERS are required to contribute 6 percent of their salary covered under the plan. The City is required by ORS 238.225 to contribute at an actuarially determined rate. The City's annual required contribution rate for fiscal 2013 was 10.02 percent for PERS, and 6.37 percent for general OPSRP and 9.08 percent for OPSRP police and fire. The contribution requirements for plan members and the City are established by ORS Chapter 238 and may be amended by an act of the Oregon Legislature.

**Annual Pension Cost**

The City's contribution to the plan for the years ending June 30, 2013, 2012 and 2011 were equal to the City's required contributions for each year as follows:

<u>Year Ended June 30,</u>	<u>City Contribution</u>	<u>City paid Member Contribution</u>	<u>Member paid Contributions</u>	<u>Totals</u>
2013	\$ 620,437	\$ 410,421	\$ 440	\$ 1,031,298
2012	622,049	407,400	522	1,029,971
2011	332,376	428,541	596	761,513

**CITY OF LINCOLN CITY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2013**

**9. OTHER POSTEMPLOYMENT BENEFITS**

The City provides other post-employment benefits (OPEB) for employees, retirees, spouses and dependents through a single employer defined contribution plan in the form of group health insurance benefits. As required by ORS 243.303(2) retirees who were hired after July 1, 2003 are allowed to continue, at the retirees' expense, coverage under the group health insurance plan until age 65. The difference between the premium actually paid by retirees under the group insurance plan and the premium that they would pay if they were not included in the plan is considered to be an implicit subsidy under the provisions of GASB 45. The "plan" does not issue a separate stand-alone financial report.

**Annual OPEB Cost and Net OPEB Obligation**

The City's contributions for these benefits are funded on a "pay-as-you-go" basis. The City has not established an irrevocable trust to accumulate assets to fund the cost of the net OPEB obligation that arises from the implicit subsidy.

The City had its actuarial valuation performed as of August 1, 2012 to determine the unfunded accrued actuarial liability (UAAL), annual required contribution (ARC) and net other post-employment benefit obligation (OPEB) as of that date. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period not to exceed fifteen years.

The annual OPEB cost is equal to the ARC as follows:

Normal cost	\$ 78,165
Amortization of UAAL	<u>65,706</u>
Annual required contribution	<u><u>\$ 143,871</u></u>



**CITY OF LINCOLN CITY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2013**

**9. OTHER POSTEMPLOYMENT BENEFITS (Continued)**

**Annual OPEB Cost and Net OPEB Obligation (Continued)**

The net OPEB obligation as of June 30, 2013 was calculated as follows:

Annual required contribution	\$ 143,871
Interest on prior year net OPEB Obligation	24,749
Adjustment to ARC	(42,047)
Implicit benefit payments	<u>(47,890)</u>
 Increase in net OPEB Obligation	 78,683
OPEB Obligation at beginning of year	<u>618,716</u>
 OPEB obligation at end of year	 <u><u>\$ 697,399</u></u>

The City's annual OPEB cost, percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of June 30, 2013 is as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2013	\$ 126,573	38%	\$ 697,399
June 30, 2012	118,680	28%	618,716
June 30, 2011	213,631	22%	533,346

**Funded Status and Funding Process**

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presents information about the actuarial value of plan assets and the unfunded actuarial liability.

<u>Valuation Date</u>	<u>Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Accrued Liability</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAL/ Payroll</u>
August 1, 2012	\$ -	\$ 880,018	\$ 880,018	0%	\$ 7,580,947	11.6%
August 1, 2010	-	817,937	817,937	0%	7,640,752	10.7%
August 1, 2008	-	1,173,201	1,173,201	0%	6,729,672	17.4%

**CITY OF LINCOLN CITY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2013**

**9. OTHER POSTEMPLOYMENT BENEFITS (Continued)**

**Actuarial Methods and Assumptions**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the August 1, 2012 actuarial valuation, the projected unit cost method was used. The actuarial assumptions included a discount rate of 3.5 percent based on expected, long-term investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 7.25 percent, reduced incrementally to an ultimate rate of 5.5 percent. The UAAL is being amortized using the level percentage of payroll over an open period of fifteen years.

**Retirement Health Insurance Account (RHIA)**

Plan Description – As a member of Oregon Public Employees Retirement System (OPERS) the City contributes to the Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit other postemployment benefit plan administered by OPERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible retirees. Oregon Revised Statute (ORS) 238.420 established this trust fund. Authority to establish and amend the benefit provisions of RHIA reside with the Oregon Legislature. The plan is closed to new entrants after January 1, 2004. OPERS issues a publically available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, PO Box 23700, Tigard, OR 97281-3700.

Funding Policy – Given that RHIA was created by enabling legislation (ORS 238.420), contribution requirements of the plan members and the participating employers were established and may be amended only by the Oregon Legislature. ORS require that an amount equal to \$60 shall be paid by the eligible retired member in the manner provided in ORS 238.410. To be eligible to receive this monthly payment toward the premium cost the member must: (1) have eight years or more of qualifying service in PERS at the time of retirement or received disability allowance as if the member had eight years or more of credible service in PERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in a PERS-sponsored health plan. A surviving spouse or dependent of a deceased PERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she (1) is receive a retirement benefit or allowance from PERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

Participating cities are contractually required to contribute to RHIA at a rate assessed each year by OPERS, currently 0.59 percent of annual covered payroll for Tier1/Tier 2 and .50 percent for OPSRP. The OPERS Board of Trustees sets the employer contribution rate based on the

**CITY OF LINCOLN CITY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2013**

**9. OTHER POSTEMPLOYMENT BENEFITS (Continued)**

**Retirement Health Insurance Account (RHIA) (Continued)**

annual requires contributions (ARC) of the employers, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of plan over a period not to exceed thirty years. The City's contributions to RHIA for the year ended June 30, 2013, 2012 and 2011 were included in contributions made to PERS.

**10. OTHER INFORMATION**

**Risk Management**

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. In 1981, the League of Oregon Cities joined together with the Association of Oregon Cities to form City County Insurance Services (CCIS), a public entity risk pool currently operating as a common risk management and insurance program for approximately 265 municipal corporations and associated entities in the State of Oregon. CCIS is self-sustaining through member premiums and reinsures through commercial companies for claims in excess of \$2 million for each insured event.

The City continues to carry commercial insurance for other risks of loss, including workers' compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**11. INTERFUND TRANSFERS**

Cash transfers are indicative of funding for capital projects, debt service, subsidies of various City operations and re-allocations of special revenues. The non-cash transfers occur when a fund purchases a capital asset which will be used in the operation of a different fund's activities, or when a fund receives proceeds from or pays principal on long-term obligations reported in a different fund. The following schedule briefly summarizes the City's transfer activity for the year ended June 30, 2013:

<u>Funds</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental		
General	\$ 860,310	\$ 755,760
Other governmental	694,410	670,585
Proprietary		
Water	-	103,463
Sewer	-	24,912
	<u>\$ 1,554,720</u>	<u>\$ 1,554,720</u>

**CITY OF LINCOLN CITY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2013**

**12. CONSTRUCTION COMMITMENTS**

<u>Project</u>	<u>Contract Amount</u>	<u>Amount Paid</u>	<u>Amount Remaining</u>
WWTP			
General Contractor WWTP	\$ 6,766,058	\$ 6,438,995	\$ 327,063
Canyon Park Sewer Pump Station	984,888	941,456	43,432
Engineering Design/Construction Servi	123,350	107,350	16,000
Community Center Boiler Replace	127,300	-	127,300
HVAC's Lincoln Square	74,949	-	74,949
	<u>\$ 8,076,545</u>	<u>\$ 7,487,801</u>	<u>\$ 588,744</u>

Subsequent to the year ended June 30, 2013, the City entered into new contracts totaling approximately \$545,000.

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF LINCOLN CITY, OREGON**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**YEAR ENDED JUNE 30, 2013**

**Budget Policies and Budgetary Control**

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

The City begins its budgeting process by appointing Budget Committee members in the fall of each year. Budget recommendations are developed by management through early spring, with the Budget Committee meeting and approving the budget document in late spring. Public notices of the budget hearing are generally published in May or June and the hearing is held in June. The City adopts the budget, makes appropriations, and declares the tax levy no later than June 30.

Expenditure appropriations may not be legally over-expended, except in the case of spending related to grant receipts and bond sale proceeds which could not be reasonably estimated at the time the budget was adopted.

The resolution authorizing the appropriations for each fund sets the level at which expenditures and transfers cannot legally exceed appropriations. The City establishes levels of budgetary control at personal services, materials and services, capital outlay, operating contingencies, and debt services for all funds, except the General Fund, where budgetary control is established at the department level.

Budget amounts shown in the basic financial statements have been revised since the original budget amounts were adopted. The City Council must authorize all appropriation transfers and supplementary budgetary appropriations.

**CITY OF LINCOLN CITY**  
Lincoln City, Oregon

**GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2013**

	Budget		Actual	Variance
	Original	Final		
<b>REVENUES:</b>				
Property taxes	\$ 4,162,905	\$ 4,162,905	\$ 4,215,620	\$ 52,715
Franchise fees	945,300	945,300	902,695	(42,605)
Transient room tax	1,077,221	1,077,221	1,079,357	2,136
Fees, licenses and permits	503,550	503,550	473,318	(30,232)
Fines, and forfeitures	185,813	185,813	176,734	(9,079)
Intergovernmental	465,161	465,161	500,141	34,980
Interest	18,500	18,500	19,602	1,102
Miscellaneous	925,902	925,902	947,234	21,332
<b>TOTAL REVENUES</b>	<b>8,284,352</b>	<b>8,284,352</b>	<b>8,314,701</b>	<b>30,349</b>
<b>EXPENDITURES:</b>				
City council	45,148	45,148	33,739	11,409
City administration	511,510	511,510	484,575	26,935
Finance	755,148	755,148	710,326	44,822
Library	861,371	861,371	801,248	60,123
Municipal court	66,696	70,696	69,861	835
City attorney	160,386	203,011	183,460	19,551
Planning	438,221	438,221	437,303	918
Building inspection	236,728	236,728	178,320	58,408
Police	3,830,916	3,830,916	3,630,872	200,044
Recreation department	1,174,448	1,174,448	1,060,104	114,344
Non-departmental	308,982	1,723,982	1,705,996	17,986
Contingencies	1,550,000	88,375	-	88,375
<b>TOTAL EXPENDITURES</b>	<b>9,939,554</b>	<b>9,939,554</b>	<b>9,295,804</b>	<b>643,750</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(1,655,202)</b>	<b>(1,655,202)</b>	<b>(981,103)</b>	<b>674,099</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Proceeds from sale of capital assets	5,000	5,000	8,982	3,982
Transfers in	438,579	438,579	438,579	-
Transfers out	(755,760)	(755,760)	(755,760)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(312,181)</b>	<b>(312,181)</b>	<b>(308,199)</b>	<b>3,982</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(1,967,383)</b>	<b>(1,967,383)</b>	<b>(1,289,302)</b>	<b>678,081</b>
<b>FUND BALANCE, beginning of year</b>	<b>3,174,624</b>	<b>3,174,624</b>	<b>3,469,580</b>	<b>294,956</b>
<b>FUND BALANCE, end of year</b>	<b>\$ 1,207,241</b>	<b>\$ 1,207,241</b>	<b>\$ 2,180,278</b>	<b>\$ 973,037</b>

**CITY OF LINCOLN CITY**  
Lincoln City, Oregon

**URBAN RENEWAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES:</b>			
Rents	\$ 6,000	\$ 500	\$ (5,500)
Interest on investments	7,000	12,539	5,539
Miscellaneous	-	3,200	3,200
<b>TOTAL REVENUES</b>	<u>13,000</u>	<u>16,239</u>	<u>3,239</u>
<b>EXPENDITURES:</b>			
Personal services	183,494	180,721	2,773
Materials and services	561,729	205,227	356,502
Capital outlay	2,538,704	128,509	2,410,195
<b>TOTAL EXPENDITURES</b>	<u>3,283,927</u>	<u>514,457</u>	<u>2,769,470</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(3,270,927)	(498,218)	2,772,709
<b>OTHER FINANCING SOURCE:</b>			
Proceeds from borrowing	2,500,000	3,000,000	(500,000)
<b>NET CHANGE IN FUND BALANCE</b>	(770,927)	2,501,782	3,272,709
<b>FUND BALANCE, beginning of year</b>	<u>770,927</u>	<u>810,185</u>	<u>39,258</u>
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ 3,311,967</u>	<u>\$ 3,311,967</u>



**OTHER SUPPLEMENTARY INFORMATION**

**CITY OF LINCOLN CITY**  
Lincoln City, Oregon

**NONMAJOR GOVERNMENTAL FUNDS**

**COMBINING BALANCE SHEET**

**JUNE 30, 2013**

	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Totals
<b>ASSETS:</b>				
Cash and investments	\$ 1,833,053	\$ 33,302	\$ 1,394,757	\$ 3,261,112
Cash with County Treasurer	-	2,801	-	2,801
Receivables	<u>1,497,036</u>	<u>22,857</u>	<u>109,515</u>	<u>1,629,408</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 3,330,089</u></u>	<u><u>\$ 58,960</u></u>	<u><u>\$ 1,504,272</u></u>	<u><u>\$ 4,893,321</u></u>
<b>LIABILITIES:</b>				
Accounts payable	\$ 121,378	\$ -	\$ 27,288	\$ 148,666
Deferred revenue	-	22,857	-	22,857
<b>TOTAL LIABILITIES</b>	<u>121,378</u>	<u>22,857</u>	<u>27,288</u>	<u>171,523</u>
<b>FUND BALANCES:</b>				
Nonspendable in form	685,176	-	-	685,176
Restricted for:				
Capital projects	880,889	-	998,261	1,879,150
Road construction/maintenance	464,263	-	-	464,263
Tourism promotion	588,411	-	-	588,411
Parks maintenance	539,817	-	-	539,817
Debt service	-	36,103	-	36,103
Committed to:				
Affordable housing	2,941	-	-	2,941
Maintenance	21,549	-	-	21,549
Art & Education	25,665	-	-	25,665
Assigned to:				
Capital projects	-	-	478,723	478,723
<b>TOTAL FUND BALANCES</b>	<u>3,208,711</u>	<u>36,103</u>	<u>1,476,984</u>	<u>4,721,798</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u><u>\$ 3,330,089</u></u>	<u><u>\$ 58,960</u></u>	<u><u>\$ 1,504,272</u></u>	<u><u>\$ 4,893,321</u></u>

**CITY OF LINCOLN CITY**  
Lincoln City, Oregon

**NONMAJOR GOVERNMENTAL FUNDS**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE**

**FOR THE YEAR ENDED JUNE 30, 2013**

	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Totals
<b>REVENUES:</b>				
Property taxes	\$ -	\$ 310,509	\$ -	\$ 310,509
Franchise fees	13,713	-	-	13,713
Transient room tax	2,985,098	-	449,874	3,434,972
Rents	200,187	-	-	200,187
Charges for services	3,520	-	68,567	72,087
Intergovernmental	479,892	-	86,649	566,541
Reimbursement from other funds	24,090	-	-	24,090
Interest on investments	12,736	518	8,360	21,614
Miscellaneous	114,610	-	1,300	115,910
<b>TOTAL REVENUES</b>	<b>3,833,846</b>	<b>311,027</b>	<b>614,750</b>	<b>4,759,623</b>
<b>EXPENDITURES:</b>				
Current:				
General government	1,913,038	-	299,958	2,212,996
Highways and streets	1,099,337	-	-	1,099,337
Culture and recreation	656,455	-	-	656,455
Debt service	-	609,676	-	609,676
Capital outlay	629,869	-	625,712	1,255,581
<b>TOTAL EXPENDITURES</b>	<b>4,298,699</b>	<b>609,676</b>	<b>925,670</b>	<b>5,834,045</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(464,853)</b>	<b>(298,649)</b>	<b>(310,920)</b>	<b>(1,074,422)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Proceeds from sale of equipment	4,185	-	-	4,185
Transfers in	139,410	255,000	300,000	694,410
Transfers out	(344,269)	-	(326,316)	(670,585)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(200,674)</b>	<b>255,000</b>	<b>(26,316)</b>	<b>28,010</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(665,527)</b>	<b>(43,649)</b>	<b>(337,236)</b>	<b>(1,046,412)</b>
<b>FUND BALANCE, beginning of year</b>	<b>3,874,238</b>	<b>79,752</b>	<b>1,814,220</b>	<b>5,768,210</b>
<b>FUND BALANCE, end of year</b>	<b>\$ 3,208,711</b>	<b>\$ 36,103</b>	<b>\$ 1,476,984</b>	<b>\$ 4,721,798</b>

**CITY OF LINCOLN CITY**  
Lincoln City, Oregon

**NONMAJOR SPECIAL REVENUE FUNDS**

**COMBINING BALANCE SHEET**

**JUNE 30, 2013**

	<u>Affordable Housing</u>	<u>Lincoln Square Operations</u>	<u>Public Education Government Access</u>	<u>Street</u>	<u>Urban Renewal Property Rehabilitation Program</u>	<u>Visitor and Convention Bureau</u>
<b>ASSETS:</b>						
Cash and investments	\$ 3,850	\$ 30,407	\$ 20,314	\$ 213,321	\$ 880,889	\$ 349,098
Receivables	356,878	-	3,608	256,126	328,298	333,860
<b>TOTAL ASSETS</b>	<b><u>\$ 360,728</u></b>	<b><u>\$ 30,407</u></b>	<b><u>\$ 23,922</u></b>	<b><u>\$ 469,447</u></b>	<b><u>\$ 1,209,187</u></b>	<b><u>\$ 682,958</u></b>
<b>LIABILITIES:</b>						
Accounts payable	\$ 909	\$ 8,858	\$ -	\$ 5,184	\$ -	\$ 94,547
<b>FUND BALANCES:</b>						
Nonspendable in form	356,878	-	-	-	328,298	-
Restricted for:						
Capital projects	-	-	-	-	880,889	-
Road construction/maintenance	-	-	-	464,263	-	-
Tourism promotion	-	-	-	-	-	588,411
Parks maintenance	-	-	-	-	-	-
Committed to:						
Affordable housing	2,941	-	-	-	-	-
Maintenance	-	21,549	-	-	-	-
Art and education	-	-	23,922	-	-	-
<b>TOTAL FUND BALANCES</b>	<b><u>359,819</u></b>	<b><u>21,549</u></b>	<b><u>23,922</u></b>	<b><u>464,263</u></b>	<b><u>1,209,187</u></b>	<b><u>588,411</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b><u>\$ 360,728</u></b>	<b><u>\$ 30,407</u></b>	<b><u>\$ 23,922</u></b>	<b><u>\$ 469,447</u></b>	<b><u>\$ 1,209,187</u></b>	<b><u>\$ 682,958</u></b>

<u>Parks Maintenance</u>	<u>Percent for Art</u>	<u>Totals</u>
\$ 333,431	\$ 1,743	\$ 1,833,053
218,266	-	1,497,036
-	-	-
<u>\$ 551,697</u>	<u>\$ 1,743</u>	<u>\$ 3,330,089</u>
<u>\$ 11,880</u>	<u>\$ -</u>	<u>\$ 121,378</u>
-	-	685,176
-	-	880,889
-	-	464,263
-	-	588,411
539,817	-	539,817
-	-	2,941
-	-	21,549
-	1,743	25,665
<u>539,817</u>	<u>1,743</u>	<u>3,208,711</u>
<u>\$ 551,697</u>	<u>\$ 1,743</u>	<u>\$ 3,330,089</u>

**CITY OF LINCOLN CITY**  
Lincoln City, Oregon

**NONMAJOR SPECIAL REVENUE FUNDS**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE**

**FOR THE YEAR ENDED JUNE 30, 2013**

	Affordable Housing	Lincoln Square Operations	Public Education and Government Access	Street	Urban Renewal Property Rehabilitation Program	Visitor and Convention Bureau
<b>REVENUES:</b>						
Franchise fees	\$ -	\$ -	\$ 13,713	\$ -	\$ -	\$ -
Transient room tax	-	-	-	899,323	-	1,371,414
Rents	9,338	190,849	-	-	-	-
Charges for services	-	-	-	3,520	-	-
Intergovernmental	-	1,408	548	461,136	-	-
Reimbursement from other funds	-	24,090	-	-	-	-
Interest on investments	2,336	135	418	1,924	3,121	2,894
Miscellaneous	61	29,029	-	2,636	-	79,199
<b>TOTAL REVENUES</b>	<b>11,735</b>	<b>245,511</b>	<b>14,679</b>	<b>1,368,539</b>	<b>3,121</b>	<b>1,453,507</b>
<b>EXPENDITURES:</b>						
Current						
General government	12,827	375,514	18,763	-	-	1,505,934
Highways and streets	-	-	-	1,099,337	-	-
Culture and recreation	-	-	-	-	-	-
Capital outlay	560,822	2,555	-	1,126	-	59,940
<b>TOTAL EXPENDITURES</b>	<b>573,649</b>	<b>378,069</b>	<b>18,763</b>	<b>1,100,463</b>	<b>-</b>	<b>1,565,874</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(561,914)</b>	<b>(132,558)</b>	<b>(4,084)</b>	<b>268,076</b>	<b>3,121</b>	<b>(112,367)</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Proceeds from sale of capital assets	-	-	-	-	-	-
Transfers in	-	134,727	-	-	-	-
Transfers out	-	-	-	(320,229)	-	(24,040)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>134,727</b>	<b>-</b>	<b>(320,229)</b>	<b>-</b>	<b>(24,040)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(561,914)</b>	<b>2,169</b>	<b>(4,084)</b>	<b>(52,153)</b>	<b>3,121</b>	<b>(136,407)</b>
<b>FUND BALANCE, beginning of year</b>	<b>921,733</b>	<b>19,380</b>	<b>28,006</b>	<b>516,416</b>	<b>1,206,066</b>	<b>724,818</b>
<b>FUND BALANCE, end of year</b>	<b>\$ 359,819</b>	<b>\$ 21,549</b>	<b>\$ 23,922</b>	<b>\$ 464,263</b>	<b>\$ 1,209,187</b>	<b>\$ 588,411</b>

<u>Parks Maintenance</u>	<u>Percent for Art</u>	<u>Totals</u>
\$ -	\$ -	\$ 13,713
714,361	-	2,985,098
-	-	200,187
-	-	3,520
16,800	-	479,892
-	-	24,090
1,891	17	12,736
3,685	-	114,610
<u>736,737</u>	<u>17</u>	<u>3,833,846</u>
-	-	1,913,038
-	-	1,099,337
655,594	861	656,455
-	5,426	629,869
<u>655,594</u>	<u>6,287</u>	<u>4,298,699</u>
<u>81,143</u>	<u>(6,270)</u>	<u>(464,853)</u>
4,185	-	4,185
-	4,683	139,410
-	-	(344,269)
<u>4,185</u>	<u>4,683</u>	<u>(200,674)</u>
85,328	(1,587)	(665,527)
<u>454,489</u>	<u>3,330</u>	<u>3,874,238</u>
<u>\$ 539,817</u>	<u>\$ 1,743</u>	<u>\$ 3,208,711</u>

**CITY OF LINCOLN CITY**  
Lincoln City, Oregon

**AFFORDABLE HOUSING FUND**

**SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2013**

	Budget		Actual	Variance
	Original	Final		
<b>REVENUES:</b>				
Rents	\$ 20,000	\$ 20,000	\$ 9,338	\$ (10,662)
Intergovernmental	400,000	400,000	-	(400,000)
Interest on investments	3,015	3,015	2,336	(679)
Miscellaneous	-	-	61	61
	<hr/>	<hr/>	<hr/>	<hr/>
<b>TOTAL REVENUES</b>	<b>423,015</b>	<b>423,015</b>	<b>11,735</b>	<b>(411,280)</b>
	<hr/>	<hr/>	<hr/>	<hr/>
<b>EXPENDITURES:</b>				
Materials and services	12,589	14,645	12,827	1,818
Capital outlay	692,615	690,559	676,822	13,737
Other payments	400,000	400,000	-	400,000
	<hr/>	<hr/>	<hr/>	<hr/>
<b>TOTAL EXPENDITURES</b>	<b>1,105,204</b>	<b>1,105,204</b>	<b>689,649</b>	<b>415,555</b>
	<hr/>	<hr/>	<hr/>	<hr/>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(682,189)</b>	<b>(682,189)</b>	<b>(677,914)</b>	<b>4,275</b>
	<hr/>	<hr/>	<hr/>	<hr/>
<b>FUND BALANCE, beginning of year</b>	<b>682,189</b>	<b>682,189</b>	<b>680,855</b>	<b>(1,334)</b>
	<hr/>	<hr/>	<hr/>	<hr/>
<b>FUND BALANCE, end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,941</b>	<b>\$ 2,941</b>
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balance - budgetary basis			\$ 2,941	
Balance of loans receivable			<hr/> 356,878	
Fund balance - GAAP basis			<hr/> <b>\$ 359,819</b>	
Change in fund balance - budgetary basis			\$ (677,914)	
Capital outlay reported as increases in receivables			<hr/> 116,000	
Change in fund balance - GAAP basis			<hr/> <b>\$ (561,914)</b>	



**CITY OF LINCOLN CITY**  
Lincoln City, Oregon

**LINCOLN SQUARE OPERATIONS FUND**

**SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2013**

	Budget		Actual	Variance
	Original	Final		
<b>REVENUES:</b>				
Rents	\$ 190,000	\$ 190,000	\$ 190,849	\$ 849
Reimbursement from other funds	24,090	24,090	24,090	-
Intergovernmental	1,900	1,900	1,408	(492)
Interest on investments	100	100	135	35
Miscellaneous	30,000	30,000	29,029	(971)
<b>TOTAL REVENUES</b>	<b>246,090</b>	<b>246,090</b>	<b>245,511</b>	<b>(579)</b>
<b>EXPENDITURES:</b>				
Personal services	165,405	165,405	169,157	(3,752)
Materials and services	214,810	214,810	206,357	8,453
Capital outlay	-	2,555	2,555	-
Contingency	16,248	13,693	-	13,693
<b>TOTAL EXPENDITURES</b>	<b>396,463</b>	<b>396,463</b>	<b>378,069</b>	<b>18,394</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(150,373)</b>	<b>(150,373)</b>	<b>(132,558)</b>	<b>17,815</b>
<b>OTHER FINANCING SOURCES:</b>				
Transfers in	134,727	134,727	134,727	-
<b>NET CHANGE IN FUND BALANCE</b>	<b>(15,646)</b>	<b>(15,646)</b>	<b>2,169</b>	<b>17,815</b>
<b>FUND BALANCE, beginning of year</b>	<b>15,646</b>	<b>15,646</b>	<b>19,380</b>	<b>3,734</b>
<b>FUND BALANCE, end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 21,549</b>	<b>\$ 21,549</b>

**CITY OF LINCOLN CITY**  
Lincoln City, Oregon

**PUBLIC EDUCATION AND GOVERNMENT ACCESS FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES:</b>			
Franchise fees	\$ 13,400	\$ 13,713	\$ 313
Intergovernmental	500	548	48
Interest on investments	140	418	278
	<hr/>	<hr/>	<hr/>
<b>TOTAL REVENUES</b>	14,040	14,679	639
	<hr/>	<hr/>	<hr/>
<b>EXPENDITURES:</b>			
Personal services	6,644	3,262	3,382
Materials and services	17,501	15,501	2,000
Contingency	16,267	-	16,267
	<hr/>	<hr/>	<hr/>
<b>TOTAL EXPENDITURES</b>	40,412	18,763	21,649
	<hr/>	<hr/>	<hr/>
<b>NET CHANGE IN FUND BALANCE</b>	(26,372)	(4,084)	22,288
	<hr/>	<hr/>	<hr/>
<b>FUND BALANCE, beginning of year</b>	26,372	28,006	1,634
	<hr/>	<hr/>	<hr/>
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ 23,922</u>	<u>\$ 23,922</u>

**CITY OF LINCOLN CITY**  
Lincoln City, Oregon

**STREET FUND**

**SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2013**

	Budget		Actual	Variance
	Original	Final		
<b>REVENUES:</b>				
Transient room tax	\$ 874,102	\$ 874,102	\$ 899,323	\$ 25,221
Charges for services	3,000	3,000	3,520	520
Intergovernmental	446,715	476,715	461,136	(15,579)
Interest on investments	1,200	1,200	1,924	724
Miscellaneous	-	-	2,636	2,636
<b>TOTAL REVENUES</b>	<b>1,325,017</b>	<b>1,355,017</b>	<b>1,368,539</b>	<b>13,522</b>
<b>EXPENDITURES:</b>				
Personal services	602,256	602,256	581,227	21,029
Materials and services	440,759	510,759	460,543	50,216
Capital outlay	1,000	1,150	1,126	24
Contingency	382,855	342,705	-	342,705
<b>TOTAL EXPENDITURES</b>	<b>1,426,870</b>	<b>1,456,870</b>	<b>1,042,896</b>	<b>413,974</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(101,853)</b>	<b>(101,853)</b>	<b>325,643</b>	<b>427,496</b>
<b>OTHER FINANCING USES:</b>				
Transfers out	(377,796)	(377,796)	(377,796)	-
<b>TOTAL OTHER FINANCING USES</b>	<b>(377,796)</b>	<b>(377,796)</b>	<b>(377,796)</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(479,649)</b>	<b>(479,649)</b>	<b>(52,153)</b>	<b>427,496</b>
<b>FUND BALANCE, beginning of year</b>	<b>479,649</b>	<b>479,649</b>	<b>516,416</b>	<b>36,767</b>
<b>FUND BALANCE, end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 464,263</b>	<b>\$ 464,263</b>

**CITY OF LINCOLN CITY**  
Lincoln City, Oregon

**URBAN RENEWAL PROPERTY REHABILITATION PROGRAM FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES:</b>			
Loan repayments	\$ 120,000	\$ 141,928	\$ 21,928
Interest on investments	2,500	3,121	621
<b>TOTAL REVENUES</b>	<u>122,500</u>	<u>145,049</u>	<u>22,549</u>
<b>EXPENDITURES:</b>			
Capital outlay	<u>865,627</u>	<u>7,000</u>	<u>858,627</u>
<b>NET CHANGE IN FUND BALANCE</b>	(743,127)	138,049	881,176
<b>FUND BALANCE, beginning of year</b>	<u>743,127</u>	<u>742,840</u>	<u>(287)</u>
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ 880,889</u>	<u>\$ 880,889</u>
Fund balance - budgetary basis		\$ 880,889	
Balance of loans receivable		<u>328,298</u>	
Fund balance - GAAP basis		<u>\$ 1,209,187</u>	
Change in fund balance - budgetary basis		\$ 138,049	
Loan repayments reported as reduction in receivable		(141,928)	
Capital outlay reported as increases in receivable		<u>7,000</u>	
Changes in fund balance - GAAP basis		<u>\$ 3,121</u>	

**CITY OF LINCOLN CITY**  
Lincoln City, Oregon

**VISITOR AND CONVENTION BUREAU FUND**

**SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES:</b>			
Transient room tax	\$ 1,333,023	\$ 1,371,414	\$ 38,391
Interest on investments	2,500	2,894	394
Miscellaneous	<u>52,400</u>	<u>79,199</u>	<u>26,799</u>
<b>TOTAL REVENUES</b>	<u>1,387,923</u>	<u>1,453,507</u>	<u>65,584</u>
<b>EXPENDITURES:</b>			
Personal services	548,956	511,493	37,463
Materials and services	1,121,393	963,174	158,219
Capital outlay	65,000	59,940	5,060
Contingency	<u>274,399</u>	<u>-</u>	<u>274,399</u>
<b>TOTAL EXPENDITURES</b>	<u>2,009,748</u>	<u>1,534,607</u>	<u>475,141</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(621,825)</u>	<u>(81,100)</u>	<u>540,725</u>
<b>OTHER FINANCING USES:</b>			
Transfers out	<u>(55,307)</u>	<u>(55,307)</u>	<u>-</u>
<b>TOTAL OTHER FINANCING USES</b>	<u>(55,307)</u>	<u>(55,307)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(677,132)	(136,407)	540,725
<b>FUND BALANCE, beginning of year</b>	<u>677,132</u>	<u>724,818</u>	<u>47,686</u>
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ 588,411</u>	<u>\$ 588,411</u>

**CITY OF LINCOLN CITY**  
Lincoln City, Oregon

**PARKS MAINTENANCE FUND**

**SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES:</b>			
Transient room tax	\$ 689,140	\$ 714,361	\$ 25,221
Intergovernmental	8,200	16,800	8,600
Interest on investments	1,500	1,891	391
Miscellaneous	<u>3,000</u>	<u>3,685</u>	<u>685</u>
<b>TOTAL REVENUES</b>	<u>701,840</u>	<u>736,737</u>	<u>34,897</u>
<b>EXPENDITURES:</b>			
Personal services	475,127	441,877	33,250
Materials and services	229,420	194,941	34,479
Capital outlay	1,000	-	1,000
Contingency	<u>443,524</u>	<u>-</u>	<u>443,524</u>
<b>TOTAL EXPENDITURES</b>	<u>1,149,071</u>	<u>636,818</u>	<u>512,253</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(447,231)</u>	<u>99,919</u>	<u>547,150</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Proceeds from sale of equipment	-	4,185	4,185
Transfers out	<u>(18,776)</u>	<u>(18,776)</u>	<u>-</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(18,776)</u>	<u>(14,591)</u>	<u>4,185</u>
<b>NET CHANGE IN FUND BALANCE</b>	(466,007)	85,328	551,335
<b>FUND BALANCE, beginning of year</b>	<u>466,007</u>	<u>454,489</u>	<u>(11,518)</u>
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ 539,817</u>	<u>\$ 539,817</u>

**CITY OF LINCOLN CITY**  
Lincoln City, Oregon

**PERCENT FOR ART FUND**

**SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2013**

	Budget		Actual	Variance
	Original	Final		
<b>REVENUES:</b>				
Interest on investments	\$ 25	\$ 25	\$ 17	\$ (8)
<b>EXPENDITURES:</b>				
Materials and services	300	900	861	39
Capital outlay	8,301	7,701	5,426	2,275
<b>TOTAL EXPENDITURES</b>	<b>8,601</b>	<b>8,601</b>	<b>6,287</b>	<b>2,314</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(8,576)</b>	<b>(8,576)</b>	<b>(6,270)</b>	<b>2,306</b>
<b>OTHER FINANCING SOURCES:</b>				
Transfers in	5,000	5,000	4,683	(317)
<b>NET CHANGE IN FUND BALANCE</b>	<b>(3,576)</b>	<b>(3,576)</b>	<b>(1,587)</b>	<b>1,989</b>
<b>FUND BALANCE, beginning of year</b>	<b>3,576</b>	<b>3,576</b>	<b>3,330</b>	<b>(246)</b>
<b>FUND BALANCE, end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,743</b>	<b>\$ 1,743</b>

**CITY OF LINCOLN CITY**  
Lincoln City, Oregon

**NONMAJOR DEBT SERVICE FUNDS**

**COMBINING BALANCE SHEET**

**JUNE 30, 2013**

	<u>Open Space Bonds</u>	<u>2008 Bond Redemption</u>	<u>Totals</u>
<b>ASSETS:</b>			
Cash and investments	\$ 8,969	\$ 24,333	\$ 33,302
Cash with County Treasurer	2,801	-	2,801
Receivables	<u>22,857</u>	<u>-</u>	<u>22,857</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 34,627</u></u>	<u><u>\$ 24,333</u></u>	<u><u>\$ 58,960</u></u>
<b>LIABILITIES:</b>			
Unearned revenue	\$ 22,857	\$ -	\$ 22,857
<b>TOTAL LIABILITIES</b>	<u>22,857</u>	<u>-</u>	<u>22,857</u>
<b>FUND BALANCES:</b>			
Restricted for debt service	<u>11,770</u>	<u>24,333</u>	<u>36,103</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u><u>\$ 34,627</u></u>	<u><u>\$ 24,333</u></u>	<u><u>\$ 58,960</u></u>



**CITY OF LINCOLN CITY**  
Lincoln City, Oregon

**NONMAJOR DEBT SERVICE FUNDS**

**COMBINING STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCE**

**FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Open Space Bonds</u>	<u>2008 Bond Redemption</u>	<u>Totals</u>
<b>REVENUES:</b>			
Property taxes	\$ 310,509	\$ -	\$ 310,509
Interest on investments	103	415	518
<b>TOTAL REVENUES</b>	<u>310,612</u>	<u>415</u>	<u>311,027</u>
<b>EXPENDITURES:</b>			
Debt service	<u>358,576</u>	<u>251,100</u>	<u>609,676</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(47,964)	(250,685)	(298,649)
<b>OTHER FINANCING SOURCES:</b>			
Transfers in	<u>-</u>	<u>255,000</u>	<u>255,000</u>
<b>NET CHANGE IN FUND BALANCE</b>	(47,964)	4,315	(43,649)
<b>FUND BALANCE, beginning of year</b>	<u>59,734</u>	<u>20,018</u>	<u>79,752</u>
<b>FUND BALANCE, end of year</b>	<u><u>\$ 11,770</u></u>	<u><u>\$ 24,333</u></u>	<u><u>\$ 36,103</u></u>

**CITY OF LINCOLN CITY**  
Lincoln City, Oregon

**URBAN RENEWAL TAX INCREMENT FUND**

**SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2013**

	Budget		Actual	Variance
	Original	Final		
<b>REVENUES:</b>				
Property taxes	\$ 2,912,755	\$ 2,912,755	\$ 2,935,014	\$ 22,259
Interest on investments	5,500	5,500	7,595	2,095
<b>TOTAL REVENUES</b>	<u>2,918,255</u>	<u>2,918,255</u>	<u>2,942,609</u>	<u>24,354</u>
<b>EXPENDITURES:</b>				
Debt service	<u>4,217,224</u>	<u>4,717,224</u>	<u>4,457,913</u>	<u>259,311</u>
<b>TOTAL EXPENDITURES</b>	<u>4,217,224</u>	<u>4,717,224</u>	<u>4,457,913</u>	<u>259,311</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(1,298,969)	(1,798,969)	(1,515,304)	283,665
<b>OTHER FINANCING USES:</b>				
Bond reserves	<u>(1,000,000)</u>	<u>(500,000)</u>	<u>-</u>	<u>(500,000)</u>
<b>NET CHANGE IN FUND BALANCE</b>	(2,298,969)	(2,298,969)	(1,515,304)	783,665
<b>FUND BALANCE, beginning of year</b>	<u>2,298,969</u>	<u>2,298,969</u>	<u>2,320,849</u>	<u>21,880</u>
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 805,545</u>	<u>\$ 805,545</u>

**CITY OF LINCOLN CITY**  
Lincoln City, Oregon

**OPEN SPACE BONDS FUND**

**SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES:</b>			
Property taxes	\$ 305,800	\$ 310,509	\$ 4,709
Interest on investments	250	103	(147)
<b>TOTAL REVENUES</b>	<u>306,050</u>	<u>310,612</u>	<u>4,562</u>
<b>EXPENDITURES:</b>			
Debt Service	<u>364,769</u>	<u>358,576</u>	<u>6,193</u>
<b>NET CHANGE IN FUND BALANCE</b>	(58,719)	(47,964)	10,755
<b>FUND BALANCE, beginning of year</b>	<u>58,719</u>	<u>59,734</u>	<u>1,015</u>
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ 11,770</u>	<u>\$ 11,770</u>

**CITY OF LINCOLN CITY**  
Lincoln City, Oregon

**2008 BOND REDEMPTION FUND**

**SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES:</b>			
Interest on investments	<u>\$ 400</u>	<u>\$ 415</u>	<u>\$ 15</u>
<b>EXPENDITURES:</b>			
Debt Service	<u>785,148</u>	<u>761,100</u>	<u>24,048</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(784,748)</b>	<b>(760,685)</b>	<b>24,063</b>
<b>OTHER FINANCING SOURCES:</b>			
Transfers in	<u>765,000</u>	<u>765,000</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(19,748)</b>	<b>4,315</b>	<b>24,063</b>
<b>FUND BALANCE, beginning of year</b>	<u>19,748</u>	<u>20,018</u>	<u>270</u>
<b>FUND BALANCE, end of year</b>	<u><u>\$ -</u></u>	<u><u>\$ 24,333</u></u>	<u><u>\$ 24,333</u></u>
Debt services - budgetary basis		\$ 761,100	
Payments reported in Water Fund		<u>(510,000)</u>	
Debt service - GAAP basis		<u><u>\$ 251,100</u></u>	
Transfer in - budgetary basis		\$ 765,000	
Payments reported in Water Fund		<u>(510,000)</u>	
Transfers in - GAAP basis		<u><u>\$ 255,000</u></u>	

**CITY OF LINCOLN CITY**  
Lincoln City, Oregon

**NONMAJOR CAPITAL PROJECTS FUNDS**

**COMBINING BALANCE SHEET**

**JUNE 30, 2013**

	<u>Transportation Development</u>	<u>Storm Drainage Development</u>	<u>Park System Development Charge Improvement</u>	<u>Facilities Capital</u>	<u>Street Capital</u>	<u>Total</u>
<b>ASSETS:</b>						
Cash and investments	\$ 508,886	\$ 81,841	\$ 120,116	\$ 179,671	\$ 504,243	\$ 1,394,757
Receivables	-	-	382	109,133	-	109,515
<b>TOTAL ASSETS</b>	<u>\$ 508,886</u>	<u>\$ 81,841</u>	<u>\$ 120,498</u>	<u>\$ 288,804</u>	<u>\$ 504,243</u>	<u>\$ 1,504,272</u>
<b>LIABILITIES:</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ 1,768	\$ 25,520	\$ 27,288
<b>FUND BALANCES:</b>						
Restricted for:						
Capital projects	508,886	81,841	120,498	287,036	-	998,261
Assigned to:						
Capital projects	-	-	-	-	478,723	478,723
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 508,886</u>	<u>\$ 81,841</u>	<u>\$ 120,498</u>	<u>\$ 288,804</u>	<u>\$ 504,243</u>	<u>\$ 1,504,272</u>

**CITY OF LINCOLN CITY**  
Lincoln City, Oregon

**NONMAJOR CAPITAL PROJECTS FUNDS**

**SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE**

**FOR THE YEAR ENDED JUNE 30, 2013**

	Transportation Development	Storm Drainage Development	Parks System Development Charge Improvement	Open Space Acquisition	Facilities Capital	Street Capital	Totals
<b>REVENUES:</b>							
Transient room tax	\$ -	\$ -	\$ -	\$ -	\$ 449,874	\$ -	\$ 449,874
Charges for services	20,504	821	47,242	-	-	-	68,567
Intergovernmental	-	-	4,355	-	-	82,294	86,649
Interest on investments	2,467	399	473	2,251	850	1,920	8,360
Miscellaneous	-	-	1,300	-	-	-	1,300
<b>TOTAL REVENUES</b>	<b>22,971</b>	<b>1,220</b>	<b>53,370</b>	<b>2,251</b>	<b>450,724</b>	<b>84,214</b>	<b>614,750</b>
<b>EXPENDITURES:</b>							
Materials and services	-	-	-	-	-	299,958	299,958
Capital outlay	-	-	-	555,113	52,052	18,547	625,712
<b>TOTAL EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>555,113</b>	<b>52,052</b>	<b>318,505</b>	<b>925,670</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>22,971</b>	<b>1,220</b>	<b>53,370</b>	<b>(552,862)</b>	<b>398,672</b>	<b>(234,291)</b>	<b>(310,920)</b>
<b>OTHER FINANCING SOURCES (USES):</b>							
Transfers in	-	-	-	-	-	300,000	300,000
Transfers out	-	-	-	-	(326,316)	-	(326,316)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(326,316)</b>	<b>300,000</b>	<b>(26,316)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>22,971</b>	<b>1,220</b>	<b>53,370</b>	<b>(552,862)</b>	<b>72,356</b>	<b>65,709</b>	<b>(337,236)</b>
<b>FUND BALANCE, beginning of year</b>	<b>485,915</b>	<b>80,621</b>	<b>67,128</b>	<b>552,862</b>	<b>214,680</b>	<b>413,014</b>	<b>1,814,220</b>
<b>FUND BALANCE, end of year</b>	<b>\$ 508,886</b>	<b>\$ 81,841</b>	<b>\$ 120,498</b>	<b>\$ -</b>	<b>\$ 287,036</b>	<b>\$ 478,723</b>	<b>\$ 1,476,984</b>

**CITY OF LINCOLN CITY**  
Lincoln City, Oregon

**TRANSPORTATION DEVELOPMENT FUND**

**SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES:</b>			
Improvement fee	\$ 11,500	\$ 20,504	\$ 9,004
Interest on investments	2,200	2,467	267
	<hr/>	<hr/>	<hr/>
<b>TOTAL REVENUES</b>	13,700	22,971	9,271
	<hr/>	<hr/>	<hr/>
<b>EXPENDITURES:</b>			
Capital outlay	497,120	-	497,120
	<hr/>	<hr/>	<hr/>
<b>NET CHANGE IN FUND BALANCE</b>	(483,420)	22,971	506,391
	<hr/>	<hr/>	<hr/>
<b>FUND BALANCE, beginning of year</b>	483,420	485,915	2,495
	<hr/>	<hr/>	<hr/>
<b>FUND BALANCE, end of year</b>	\$ -	\$ 508,886	\$ 508,886
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**CITY OF LINCOLN CITY**  
Lincoln City, Oregon

**STORM DRAINAGE DEVELOPMENT FUND**

**SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES:</b>			
Improvement fee	\$ 1,000	\$ 821	\$ (179)
Interest on investments	400	399	(1)
<b>TOTAL REVENUES</b>	<u>1,400</u>	<u>1,220</u>	<u>(180)</u>
<b>EXPENDITURES:</b>			
Capital outlay	<u>82,151</u>	<u>-</u>	<u>82,151</u>
<b>NET CHANGE IN FUND BALANCE</b>	(80,751)	1,220	81,971
<b>FUND BALANCE, beginning of year</b>	<u>80,751</u>	<u>80,621</u>	<u>(130)</u>
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ 81,841</u>	<u>\$ 81,841</u>



**CITY OF LINCOLN CITY**  
Lincoln City, Oregon

**PARKS SYSTEM DEVELOPMENT CHARGE IMPROVEMENT FUND**

**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES:</b>			
Improvement fee	\$ 44,000	\$ 47,242	\$ 3,242
Intergovernmental	4,600	4,355	(245)
Interest on investments	300	473	173
Miscellaneous	<u>1,000</u>	<u>1,300</u>	<u>300</u>
<b>TOTAL REVENUES</b>	<u>49,900</u>	<u>53,370</u>	<u>3,470</u>
<b>EXPENDITURES:</b>			
Capital outlay	<u>102,163</u>	<u>-</u>	<u>102,163</u>
<b>NET CHANGE IN FUND BALANCE</b>	(52,263)	53,370	105,633
<b>FUND BALANCE</b> , beginning of year	<u>52,263</u>	<u>67,128</u>	<u>14,865</u>
<b>FUND BALANCE</b> , end of year	<u>\$ -</u>	<u>\$ 120,498</u>	<u>\$ 120,498</u>

**CITY OF LINCOLN CITY**  
Lincoln City, Oregon

**OPEN SPACE ACQUISITION FUND**

**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES:</b>			
Interest on investments	<u>\$ 2,500</u>	<u>\$ 2,251</u>	<u>\$ (249)</u>
<b>EXPENDITURES:</b>			
Capital outlay	<u>555,230</u>	<u>555,113</u>	<u>117</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(552,730)</u>	<u>(552,862)</u>	<u>(132)</u>
<b>FUND BALANCE</b> , beginning of year	<u>552,730</u>	<u>552,862</u>	<u>132</u>
<b>FUND BALANCE</b> , end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF LINCOLN CITY**  
Lincoln City, Oregon

**FACILITIES CAPITAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES:</b>			
Transient room tax	\$ 437,051	\$ 449,874	\$ 449,874
Interest on investments	500	850	350
	<hr/>	<hr/>	<hr/>
<b>TOTAL REVENUES</b>	437,551	450,724	450,224
	<hr/>	<hr/>	<hr/>
<b>EXPENDITURES:</b>			
Capital outlay	323,999	52,052	271,947
	<hr/>	<hr/>	<hr/>
<b>EXCESS (DEFICIENCY) OF REVENUES         OVER (UNDER) EXPENDITURES</b>	113,552	398,672	722,171
	<hr/>	<hr/>	<hr/>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	-	-	(437,051)
Transfers out	(326,316)	(326,316)	-
	<hr/>	<hr/>	<hr/>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	(326,316)	(326,316)	(437,051)
	<hr/>	<hr/>	<hr/>
<b>NET CHANGE IN FUND BALANCE</b>	(212,764)	72,356	285,120
	<hr/>	<hr/>	<hr/>
<b>FUND BALANCE, beginning of year</b>	212,764	214,680	1,916
	<hr/>	<hr/>	<hr/>
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ 287,036</u>	<u>\$ 287,036</u>

**CITY OF LINCOLN CITY**  
Lincoln City, Oregon

**STREET CAPITAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES:</b>			
Intergovernmental	\$ 82,294	\$ 82,294	\$ -
Interest on investments	2,000	1,920	(80)
<b>TOTAL REVENUES</b>	<u>84,294</u>	<u>84,214</u>	<u>(80)</u>
<b>EXPENDITURES:</b>			
Materials & services	300,000	299,958	42
Capital outlay	426,184	18,547	407,637
<b>TOTAL EXPENDITURES</b>	<u>726,184</u>	<u>318,505</u>	<u>407,679</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(641,890)	(234,291)	407,599
<b>OTHER FINANCING SOURCES:</b>			
Transfers in	300,000	300,000	-
<b>NET CHANGE IN FUND BALANCE</b>	(341,890)	65,709	407,599
<b>FUND BALANCE, beginning of year</b>	<u>341,890</u>	<u>413,014</u>	<u>71,124</u>
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ 478,723</u>	<u>\$ 478,723</u>

**CITY OF LINCOLN CITY**  
Lincoln City, Oregon

**WATER FUND**

**SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2013**

	Budget		Actual	Variance
	Original	Final		
<b>REVENUES:</b>				
Charges for services	\$ 3,280,322	\$ 3,280,322	\$ 3,335,393	\$ 55,071
Intergovernmental	-	69,750	3,685	(66,065)
Interest on investments	(500)	(500)	(583)	(83)
Miscellaneous	-	-	(1,902)	(1,902)
<b>TOTAL REVENUES</b>	<b>3,279,822</b>	<b>3,349,572</b>	<b>3,336,593</b>	<b>(12,979)</b>
<b>EXPENDITURES:</b>				
Personal services	1,161,836	1,171,836	1,164,105	7,731
Materials and services	645,713	655,713	574,832	80,881
Capital outlay	3,000	96,000	-	96,000
Contingency	359,136	315,886	-	315,886
<b>TOTAL EXPENDITURES</b>	<b>2,169,685</b>	<b>2,239,435</b>	<b>1,738,937</b>	<b>500,498</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>1,110,137</b>	<b>1,110,137</b>	<b>1,597,656</b>	<b>487,519</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(1,463,313)	(1,463,313)	(1,463,313)	-
Proceeds from sale of equipment	-	-	2,079	2,079
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(1,463,313)</b>	<b>(1,463,313)</b>	<b>(1,461,234)</b>	<b>2,079</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(353,176)</b>	<b>(353,176)</b>	<b>136,422</b>	<b>489,598</b>
<b>FUND BALANCE, beginning of year</b>	<b>353,176</b>	<b>353,176</b>	<b>502,539</b>	<b>149,363</b>
<b>FUND BALANCE, end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 638,961</b>	<b>\$ 638,961</b>

**CITY OF LINCOLN CITY**  
Lincoln City, Oregon

**WATER CAPITAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES:</b>			
System development charges	\$ 58,275	\$ 69,871	\$ 11,596
Interest on investments	700	839	139
	<u>58,975</u>	<u>70,710</u>	<u>11,735</u>
<b>TOTAL REVENUES</b>			
<b>EXPENDITURES:</b>			
Capital outlay	181,866	43,654	138,212
	<u>181,866</u>	<u>43,654</u>	<u>138,212</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(122,891)</u>	<u>27,056</u>	<u>149,947</u>
<b>OTHER FINANCING USES:</b>			
Transfers out	(70,000)	(70,000)	-
	<u>(70,000)</u>	<u>(70,000)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(192,891)</u>	<u>(42,944)</u>	<u>149,947</u>
<b>FUND BALANCE, beginning of year</b>	<u>192,891</u>	<u>195,097</u>	<u>2,206</u>
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ 152,153</u>	<u>\$ 152,153</u>

**CITY OF LINCOLN CITY**  
Lincoln City, Oregon

**2006 WATER REFUNDING BOND FUND**

**SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES:</b>			
Interest on investments	<u>\$ 200</u>	<u>\$ 225</u>	<u>\$ 25</u>
<b>EXPENDITURES:</b>			
Debt service	<u>311,248</u>	<u>290,998</u>	<u>20,250</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(311,048)</u>	<u>(290,773)</u>	<u>20,275</u>
<b>OTHER FINANCING SOURCES:</b>			
Transfers in	<u>294,000</u>	<u>294,000</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(17,048)</u>	<u>3,227</u>	<u>20,275</u>
<b>FUND BALANCE, beginning of year</b>	<u>17,048</u>	<u>20,279</u>	<u>3,231</u>
<b>FUND BALANCE, end of year</b>	<u><u>\$ -</u></u>	<u><u>\$ 23,506</u></u>	<u><u>\$ 23,506</u></u>

**CITY OF LINCOLN CITY**  
Lincoln City, Oregon

**2007 WATER REFUNDING BOND FUND**

**SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES:</b>			
Interest on investments	<u>\$ 200</u>	<u>\$ 231</u>	<u>\$ 31</u>
<b>EXPENDITURES:</b>			
Debt service	<u>441,694</u>	<u>433,197</u>	<u>8,497</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(441,494)</u>	<u>(432,966)</u>	<u>8,528</u>
<b>OTHER FINANCING SOURCES:</b>			
Transfers in	<u>435,000</u>	<u>435,000</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(6,494)</u>	<u>2,034</u>	<u>8,528</u>
<b>FUND BALANCE, beginning of year</b>	<u>6,494</u>	<u>13,266</u>	<u>6,772</u>
<b>FUND BALANCE, end of year</b>	<u><u>\$ -</u></u>	<u><u>\$ 15,300</u></u>	<u><u>\$ 15,300</u></u>



**CITY OF LINCOLN CITY**  
Lincoln City, Oregon

**SEWER FUND**

**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2013**

	Budget		Actual	Variance
	Original	Final		
<b>REVENUES:</b>				
Charges for services	\$ 2,861,700	\$ 2,861,700	\$ 2,865,746	\$ 4,046
Interest on investments	1,000	1,000	594	(406)
Intergovernmental	-	-	25,596	25,596
Miscellaneous	85,000	85,000	59,681	(25,319)
<b>TOTAL REVENUES</b>	<b>2,947,700</b>	<b>2,947,700</b>	<b>2,951,617</b>	<b>3,917</b>
<b>EXPENDITURES:</b>				
Personal services	1,133,821	1,133,821	1,065,838	67,983
Materials and services	1,079,793	1,089,793	1,053,981	35,812
Capital outlay	47,500	57,500	50,778	6,722
Contingency	329,924	309,924	-	309,924
<b>TOTAL EXPENDITURES</b>	<b>2,591,038</b>	<b>2,591,038</b>	<b>2,170,597</b>	<b>420,441</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>356,662</b>	<b>356,662</b>	<b>781,020</b>	<b>424,358</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(665,348)	(665,348)	(665,031)	317
Proceeds from sale of equipment	-	-	103	103
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(665,348)</b>	<b>(665,348)</b>	<b>(664,928)</b>	<b>420</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(308,686)</b>	<b>(308,686)</b>	<b>116,092</b>	<b>424,778</b>
<b>FUND BALANCE, beginning of year</b>	<b>308,686</b>	<b>308,686</b>	<b>495,258</b>	<b>186,572</b>
<b>FUND BALANCE, end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 611,350</b>	<b>\$ 611,350</b>

**CITY OF LINCOLN CITY**  
Lincoln City, Oregon

**SEWER CAPITAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2013**

	Budget		Actual	Variance
	Original	Final		
<b>REVENUES:</b>				
System development charges	\$ 165,085	\$ 165,085	\$ 145,804	\$ (19,281)
Interest on investments	11,000	11,000	15,823	4,823
<b>TOTAL REVENUES</b>	<u>176,085</u>	<u>176,085</u>	<u>161,627</u>	<u>(14,458)</u>
<b>EXPENDITURES:</b>				
Capital outlay	2,008,262	2,063,262	1,085,621	977,641
Debt service	956,546	956,546	-	956,546
<b>TOTAL EXPENDITURES</b>	<u>2,964,808</u>	<u>3,019,808</u>	<u>1,085,621</u>	<u>1,934,187</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(2,788,723)</u>	<u>(2,843,723)</u>	<u>(923,994)</u>	<u>1,919,729</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	300,000	300,000	300,000	-
Transfers out	(1,000,000)	(1,000,000)	(1,000,000)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(700,000)</u>	<u>(700,000)</u>	<u>(700,000)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(3,488,723)</u>	<u>(3,543,723)</u>	<u>(1,623,994)</u>	<u>1,919,729</u>
<b>FUND BALANCE, beginning of year</b>	<u>3,488,723</u>	<u>3,543,723</u>	<u>3,573,420</u>	<u>29,697</u>
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,949,426</u>	<u>\$ 1,949,426</u>

**CITY OF LINCOLN CITY**  
Lincoln City, Oregon

**2005 SEWER BOND FUND**

**SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2013**

	Budget		Actual	Variance
	Original	Final		
<b>REVENUES:</b>				
Property taxes	\$ 1,006,000	\$ 1,006,000	\$ 1,026,418	\$ 20,418
Interest on investments	2,150	2,150	2,987	837
<b>TOTAL REVENUES</b>	<u>1,008,150</u>	<u>1,008,150</u>	<u>1,029,405</u>	<u>21,255</u>
<b>EXPENDITURES:</b>				
Debt service	<u>1,754,296</u>	<u>1,754,296</u>	<u>1,681,353</u>	<u>72,943</u>
<b>TOTAL EXPENDITURES</b>	<u>1,754,296</u>	<u>1,754,296</u>	<u>1,681,353</u>	<u>72,943</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(746,146)</u>	<u>(746,146)</u>	<u>(651,948)</u>	<u>94,198</u>
<b>OTHER FINANCING SOURCES:</b>				
Transfers in	600,000	600,000	600,000	-
Proceeds from issuance of refunding bonds	-	9,896,000	9,895,258	(742)
Amounts paid to escrow agent	-	(9,896,000)	(9,818,238)	77,762
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>600,000</u>	<u>600,000</u>	<u>677,020</u>	<u>77,020</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(146,146)</u>	<u>(146,146)</u>	<u>25,072</u>	<u>171,218</u>
<b>FUND BALANCE, beginning of year</b>	<u>146,146</u>	<u>146,146</u>	<u>290,108</u>	<u>143,962</u>
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 315,180</u>	<u>\$ 315,180</u>

**CITY OF LINCOLN CITY**  
Lincoln City, Oregon

**2005 SEWER CONSTRUCTION FUND**

**SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2013**

	Budget		Actual	Variance
	Original	Final		
<b>REVENUES:</b>				
Interest on investments	\$ 5,000	\$ 5,000	\$ 2,982	\$ (2,018)
Donations	20,000	20,000	-	(20,000)
<b>TOTAL REVENUES</b>	<u>25,000</u>	<u>25,000</u>	<u>2,982</u>	<u>22,018</u>
<b>EXPENDITURES:</b>				
Capital outlay	<u>1,180,433</u>	<u>1,755,740</u>	<u>1,381,223</u>	<u>374,517</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(1,155,433)	(1,730,740)	(1,378,241)	352,499
<b>OTHER FINANCING SOURCES:</b>				
Transfers in	<u>600,000</u>	<u>600,000</u>	<u>600,000</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(555,433)	(1,130,740)	(778,241)	352,499
<b>FUND BALANCE, beginning of year</b>	<u>555,433</u>	<u>1,130,740</u>	<u>1,131,411</u>	<u>671</u>
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 353,170</u>	<u>\$ 353,170</u>

**CITY OF LINCOLN CITY**  
Lincoln City, Oregon

**RECONCILIATION OF REVENUES AND EXPENDITURES  
TO CHANGES IN FUND NET POSITION - WATER FUND**

**FOR THE YEAR ENDED JUNE 30, 2013**

	Revenues	Expenditures	Revenues Over (Under) Expenditures
<b>BUDGETARY BASIS REVENUES AND EXPENDITURES:</b>			
Water Fund	\$ 3,336,593	\$ 1,738,937	\$ 1,597,656
Water Capital Fund	70,710	43,654	27,056
2006 Water Refunding Bond Fund	225	290,998	(290,773)
2007 Water Refunding Bond Fund	231	433,197	(432,966)
<b>TOTAL</b>	<b>\$ 3,407,759</b>	<b>\$ 2,506,786</b>	900,973
 <b>ADD (DEDUCT) ITEMS TO RECONCILE TO AN ENTERPRISE FUND REPORTING BASIS:</b>			
Depreciation			(1,064,251)
Capital asset additions			43,654
Gain on sale of assets			2,079
Change in accrued interest payable			3,353
Interest expense reported as transfers on budget basis			(17,389)
Change in accrued compensated absences			(2,146)
Change in other postemployment benefit obligation			(8,104)
Principal payments			605,242
Support services			(190,850)
Transfers out			(103,463)
 <b>CHANGES IN FUND NET POSITION - GAAP</b>			<b>\$ 169,098</b>

**CITY OF LINCOLN CITY**  
Lincoln City, Oregon

**RECONCILIATION OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE TO CHANGE IN NET POSITION - SEWER FUND**

**FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Revenues</u>	<u>Expenditures</u>	<u>Revenues Over (Under) Expenditures</u>
<b>BUDGETARY BASIS REVENUES AND EXPENDITURES:</b>			
Sewer Fund	\$ 2,951,617	\$ 2,170,597	\$ 781,020
Sewer Capital Fund	161,627	1,085,621	(923,994)
2005 Sewer Bond Fund	1,029,405	1,681,353	(651,948)
2005 Sewer Construction Fund	<u>2,982</u>	<u>1,381,223</u>	<u>(1,378,241)</u>
<b>TOTAL</b>	<u><u>\$ 4,145,631</u></u>	<u><u>\$ 6,318,794</u></u>	(2,173,163)
 <b>ADD (DEDUCT) ITEMS TO RECONCILE TO AN ENTERPRISE FUND REPORTING BASIS:</b>			
Depreciation			(1,315,205)
Capital asset additions			2,517,622
Loss on sale of assets			(3,540,665)
Change in accrued interest payable			16,754
Change in accrued compensated absences			(6,075)
Change in other postemployment benefit obligation			(6,767)
Principal payments			937,773
Support services			(140,119)
Transfers out			(24,912)
Other			77,026
Deferment of amounts from advance refunding			<u>(1,005,000)</u>
 <b>CHANGES IN FUND NET POSITION - GAAP</b>			<u><u>\$ (4,662,731)</u></u>

**CITY OF LINCOLN CITY**  
Lincoln City, Oregon

**INTERNAL SERVICE FUND**

**SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2013**

	Budget			
	Original	Final	Actual	Variance
<b>REVENUES:</b>				
Charges for services	\$ 844,418	\$ 861,618	\$ 810,100	\$ (51,518)
<b>TOTAL REVENUES</b>	844,418	861,618	810,100	(51,518)
<b>EXPENDITURES:</b>				
Vehicle maintenance	253,648	266,648	238,277	28,371
Information tech	462,391	466,591	466,127	464
Geographical info systems	128,379	128,379	109,703	18,676
<b>TOTAL EXPENDITURES</b>	844,418	861,618	814,107	47,511
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	-	-	(4,007)	(4,007)
<b>OTHER FINANCING SOURCES:</b>				
Gain from sale of equipment	-	-	119	119
<b>NET CHANGE IN FUND BALANCE</b>	-	-	(3,888)	(3,888)
<b>FUND BALANCE, beginning of year</b>	-	-	35,366	35,366
<b>FUND BALANCE, end of year</b>	\$ -	\$ -	\$ 31,478	\$ 31,478
Change in fund balance - budgetary basis			\$ (3,888)	
Depreciation			(17,849)	
Capital assets purchased			52,623	
Change in fund balance - GAAP basis			\$ 30,886	

**CITY OF LINCOLN CITY**  
Lincoln City, Oregon

**COMBINING BALANCE SHEET**

**GENERAL FUND**

**JUNE 30, 2013**

	<u>General</u>	<u>Agate Beach Closure</u>	<u>Unbonded Assessments</u>	<u>Public Safety Dispatch</u>	<u>Totals</u>
<b>ASSETS:</b>					
Cash and investments	\$ 2,386,530	\$ 750,220	\$ 237,808	\$ 51,655	\$ 3,426,213
Cash with County Treasurer	37,748	-	-	-	37,748
Receivables	<u>891,835</u>	<u>-</u>	<u>-</u>	<u>9,644</u>	<u>901,479</u>
<b>TOTAL ASSETS</b>	<u>\$ 3,316,113</u>	<u>\$ 750,220</u>	<u>\$ 237,808</u>	<u>\$ 61,299</u>	<u>\$ 4,365,440</u>
<b>LIABILITIES:</b>					
Accounts payable	\$ 106,913	\$ 3,153	\$ -	\$ 25,160	\$ 135,226
Other accrued liabilities	486,145	-	-	-	486,145
Unearned revenue	<u>542,777</u>	<u>-</u>	<u>1,604</u>	<u>-</u>	<u>544,381</u>
<b>TOTAL LIABILITIES</b>	<u>1,135,835</u>	<u>3,153</u>	<u>1,604</u>	<u>25,160</u>	<u>1,165,752</u>
<b>FUND BALANCES:</b>					
Restricted for:					
Post-closure landfill costs	-	747,067	-	-	747,067
Committed to:					
Capital projects	-	-	236,204	-	236,204
Assigned to:					
Public safety	-	-	-	36,139	36,139
Unassigned	<u>2,180,278</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,180,278</u>
<b>TOTAL FUND BALANCES</b>	<u>2,180,278</u>	<u>747,067</u>	<u>236,204</u>	<u>36,139</u>	<u>3,199,688</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 3,316,113</u>	<u>\$ 750,220</u>	<u>\$ 237,808</u>	<u>\$ 61,299</u>	<u>\$ 4,365,440</u>



**CITY OF LINCOLN CITY**  
Lincoln City, Oregon

**COMBINING SCHEDULE OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCE**

**GENERAL FUND**

**FOR THE YEAR ENDED JUNE 30, 2013**

	General	Agate Beach Closure	Unbonded Assessments	Public Safety Dispatch	Totals
<b>REVENUES:</b>					
Property taxes	\$ 4,215,620	\$ -	\$ -	\$ -	\$ 4,215,620
Franchise fees	902,695	-	-	-	902,695
Transient room tax	1,079,357	-	-	-	1,079,357
Fees, licenses and permits	473,318	-	-	-	473,318
Fines and forfeitures	176,734	-	-	-	176,734
Charges for services	438,579	-	-	19,096	457,675
Intergovernmental	500,141	-	150,369	38,312	688,822
Interest on investments	19,602	-	1,091	233	20,926
Miscellaneous	947,234	-	362	-	947,596
<b>TOTAL REVENUES</b>	<b>8,753,280</b>	<b>-</b>	<b>151,822</b>	<b>57,641</b>	<b>8,962,743</b>
<b>EXPENDITURES:</b>					
Current					
General government	2,551,434	29,316	148,369	-	2,729,119
Public safety	3,439,487	-	-	771,580	4,211,067
Culture and recreation	1,776,923	-	-	-	1,776,923
Capital outlay	1,527,960	-	3,184	-	1,531,144
<b>TOTAL EXPENDITURES</b>	<b>9,295,804</b>	<b>29,316</b>	<b>151,553</b>	<b>771,580</b>	<b>10,248,253</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(542,524)</b>	<b>(29,316)</b>	<b>269</b>	<b>(713,939)</b>	<b>(1,285,510)</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Proceeds from sale of capital assets	8,982	-	-	-	8,982
Transfers in	-	-	154,550	705,760	860,310
Transfers out	(755,760)	-	-	-	(755,760)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(746,778)</b>	<b>-</b>	<b>154,550</b>	<b>705,760</b>	<b>113,532</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(1,289,302)</b>	<b>(29,316)</b>	<b>154,819</b>	<b>(8,179)</b>	<b>(1,171,978)</b>
<b>FUND BALANCE, beginning of year</b>	<b>3,469,580</b>	<b>776,383</b>	<b>81,385</b>	<b>44,318</b>	<b>4,371,666</b>
<b>FUND BALANCE, end of year</b>	<b>\$ 2,180,278</b>	<b>\$ 747,067</b>	<b>\$ 236,204</b>	<b>\$ 36,139</b>	<b>\$ 3,199,688</b>

**CITY OF LINCOLN CITY**  
Lincoln City, Oregon

**AGATE BEACH CLOSURE FUND**

**SCHEDULE OF EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>EXPENDITURES:</b>			
Materials and services	\$ 40,000	\$ 29,316	\$ 10,684
Contingency	10,000	-	10,000
<b>TOTAL EXPENDITURES</b>	<u>50,000</u>	<u>29,316</u>	<u>20,684</u>
<b>NET CHANGE IN FUND BALANCE</b>	(50,000)	(29,316)	20,684
<b>FUND BALANCE</b> , beginning of year	<u>777,246</u>	<u>776,383</u>	<u>(863)</u>
<b>FUND BALANCE</b> , end of year	<u>\$ 727,246</u>	<u>\$ 747,067</u>	<u>\$ 19,821</u>

**CITY OF LINCOLN CITY**  
Lincoln City, Oregon

**UNBONDED ASSESSMENTS FUND**

**SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES:</b>			
Intergovernmental	\$ 150,000	\$ 150,369	\$ 369
Interest	200	1,091	891
Miscellaneous	-	362	362
<b>TOTAL REVENUES</b>	<u>150,200</u>	<u>151,822</u>	<u>1,622</u>
<b>EXPENDITURES:</b>			
Materials and services	150,000	148,369	1,631
Capital outlay	234,409	3,184	231,225
<b>TOTAL EXPENDITURES</b>	<u>384,409</u>	<u>151,553</u>	<u>232,856</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(234,209)</u>	<u>269</u>	<u>234,478</u>
<b>OTHER FINANCING SOURCES:</b>			
Transfers in	154,550	154,550	-
<b>TOTAL OTHER FINANCING SOURCES</b>	<u>154,550</u>	<u>154,550</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(79,659)	154,819	234,478
<b>FUND BALANCE, beginning of year</b>	<u>79,659</u>	<u>81,385</u>	<u>1,726</u>
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ 236,204</u>	<u>\$ 236,204</u>

**CITY OF LINCOLN CITY**  
Lincoln City, Oregon

**PUBLIC SAFETY DISPATCH FUND**

**SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES:</b>			
Charges for services	\$ 23,494	\$ 19,096	\$ (4,398)
Intergovernmental	38,765	38,312	(453)
Interest on investments	250	233	(17)
	<hr/>	<hr/>	<hr/>
<b>TOTAL REVENUES</b>	62,509	57,641	(4,868)
	<hr/>	<hr/>	<hr/>
<b>EXPENDITURES:</b>			
Personal services	708,072	685,691	22,381
Materials and services	92,809	85,889	6,920
Capital outlay	4,000	-	4,000
Contingency	17,431	-	17,431
	<hr/>	<hr/>	<hr/>
<b>TOTAL EXPENDITURES</b>	822,312	771,580	50,732
	<hr/>	<hr/>	<hr/>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(759,803)	(713,939)	45,864
	<hr/>	<hr/>	<hr/>
<b>OTHER FINANCING SOURCES:</b>			
Transfers in	705,760	705,760	-
	<hr/>	<hr/>	<hr/>
<b>NET CHANGE IN FUND BALANCE</b>	(54,043)	(8,179)	45,864
	<hr/>	<hr/>	<hr/>
<b>FUND BALANCE, beginning of year</b>	54,043	44,318	(9,725)
	<hr/>	<hr/>	<hr/>
<b>FUND BALANCE, end of year</b>	\$ -	\$ 36,139	\$ 36,139
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**CITY OF LINCOLN CITY**  
Lincoln City, Oregon

**AGENCY FUNDS**

**COMBINING STATEMENT OF ASSETS AND LIABILITIES**

**JUNE 30, 2013**

	<u>Recreation Scholarship</u>	<u>Miscellaneous Trust</u>	<u>Roads End Sanitary District</u>	<u>Recreation Trust</u>	<u>Total</u>
<b>ASSETS:</b>					
Cash and investments	\$ 3,207	\$ 2,593	\$ 14,297	\$ 1,012	\$ 21,109
Receivables	-	-	3,523	-	3,523
<b>TOTAL ASSETS</b>	<u>\$ 3,207</u>	<u>\$ 2,593</u>	<u>\$ 17,820</u>	<u>\$ 1,012</u>	<u>\$ 24,632</u>
<b>LIABILITIES:</b>					
Accounts payable	\$ -	\$ 120	\$ 10,463	\$ -	\$ 10,583
Funds held in trust	3,207	2,473	7,357	1,012	14,049
<b>TOTAL LIABILITIES</b>	<u>\$ 3,207</u>	<u>\$ 2,593</u>	<u>\$ 17,820</u>	<u>\$ 1,012</u>	<u>\$ 24,632</u>

**CITY OF LINCOLN CITY**  
Lincoln City, Oregon

**AGENCY FUNDS**

**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**

**FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Balances</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balances</u> <u>June 30, 2013</u>
<b>RECREATION SCHOLARSHIP:</b>				
Assets				
Cash and investments	\$ 1,737	\$ 1,470	\$ -	\$ 3,207
Liabilities				
Funds held in trust	\$ 1,737	\$ 1,470	\$ -	\$ 3,207
<b>MISCELLANEOUS TRUST:</b>				
Assets				
Cash and investments	\$ 1,473	\$ 1,120	\$ -	\$ 2,593
Liabilities				
Accounts payable	\$ 213	\$ -	\$ 93	\$ 120
Funds held in trust	1,260	1,213	-	2,473
Total liabilities	\$ 1,473	\$ 1,213	\$ 93	\$ 2,593
<b>ROADS END SANITARY DISTRICT:</b>				
Assets				
Cash and investments	\$ 10,957	\$ 3,340	\$ -	\$ 14,297
Receivables	4,492	-	969	3,523
Total assets	\$ 15,449	\$ 3,340	\$ 969	\$ 17,820
Liabilities				
Accounts payable	\$ 8,322	\$ 2,141	\$ -	\$ 10,463
Funds held in trust	7,127	230	-	7,357
Total liabilities	\$ 15,449	\$ 2,371	\$ -	\$ 17,820
<b>RECREATION TRUST:</b>				
Assets				
Cash and investments	\$ 1,007	\$ 5	\$ -	\$ 1,012
Liabilities				
Funds held in trust	\$ 1,007	\$ 5	\$ -	\$ 1,012

**CITY OF LINCOLN CITY**  
Lincoln City, Oregon

**PROPERTY TAX SCHEDULE**

**YEAR ENDED JUNE 30, 2013**

	Tax Year	Uncollected July 1, 2012	Levy as Extended by Assessor	Adjustments Discounts and Interest	Collections	Uncollected June 30, 2013
Current	2012-2013	\$ -	\$ 8,621,337	\$ (217,164)	\$ (7,999,209)	\$ 404,964
						-
Prior	2011-2012	441,906	-	10,523	(227,202)	225,227
	2010-2011	229,523	-	12,334	(101,660)	140,197
	2009-2010	129,452	-	18,462	(98,935)	48,979
	and prior	64,971	-	10,899	(57,286)	18,584
						-
Total prior		865,852	-	52,218	(485,083)	432,987
Totals		\$ 865,852	\$ 8,621,337	\$ (164,946)	\$ (8,484,292)	\$ 837,951

**ADDITIONAL SCHEDULES**



## ANNUAL DISCLOSURE INFORMATION

**\$3,585,000**  
**City of Lincoln City**  
**General Obligation Bonds**  
**Series 2005**

**\$9,885,000**  
**City of Lincoln City**  
**General Obligation Bonds**  
**Series 2013 Refunding**

*In conformance with SEC Rule 15c2-12, as amended (17 CFR Part 240, ~240.15c212), the City is providing annually the information presented in this section to all NRMSIRs and SIDs, if any.*

### BASIS OF ACCOUNTING

The City's governmental fund types are maintained on the modified accrual basis of accounting. The enterprise fund types are accounted for using the accrual basis of accounting. The City's accounting practices conform to generally accepted accounting principles.

FISCAL YEAR: July 1 to June 30

### BASIS OF ACCOUNTING

The Oregon Municipal Audit Law (ORS 297.405 – 297.555) requires an audit and examination to be made of the accounts and financial affairs of every municipal corporation at least once a year. Unless the municipality elects to have the audit performed by the State Division of Audits, the audit shall be made by accountants whose names are included on the roster prepared by the State Board of Accountancy.

The City's audits for fiscal years 2006-07 to 2008-09 were performed by Boldt, Carlisle & Smith, LLC, Salem, Oregon. The City's audits for 2009-10 to 2012-13 were performed by Talbot, Korvola & Warwick LLP, Portland, Oregon. The auditors did not review the statistical tables and offer no opinion regarding the statistical tables.

**LINCOLN CITY URBAN RENEWAL AGENCY**  
**NOTICE OF PREPARATION AND FILING OF**  
**FINANCIAL STATEMENT**

In accordance with ORS. 457.460, a Financial Statement for the Lincoln City Urban Renewal Agency has been prepared and is on file with the City of Lincoln City and the Lincoln City Urban Renewal Agency. The information contained in the statement is available to all interested persons. A summary of the Financial Statement and Budget follows:

**LINCOLN CITY URBAN RENEWAL AGENCY BUDGET**  
**FISCAL YEAR 2013-14**

	GENERAL FUND	TAX INCREMENT FUND	PROPERTY REHABILITATION FUND
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>REVENUE</b>			
Estimated beginning balance	\$ 2,787,835	\$ 758,735	\$ 633,923
Interest	8,000	8,500	3,200
Loan repayments	-	-	110,000
Transfers in	-	-	-
Tax increment proceeds	-	2,898,927	-
Other income	-	-	-
Bond sales	2,150,000	-	-
	<u>2,150,000</u>	<u>                    </u>	<u>                    </u>
<b>TOTAL REVENUE</b>	<u>\$ 4,945,835</u>	<u>\$ 3,666,162</u>	<u>\$ 747,123</u>
<b>EXPENDITURES</b>			
Personal services	\$ 160,634	\$ -	\$ -
Materials & services	374,327	-	-
Capital outlay	4,410,874	-	300,000
Reserve for future years	-	8,320	-
Property Rehabilitation	-	-	443,123
Debt service	-	3,657,842	-
	<u>                    </u>	<u>3,657,842</u>	<u>                    </u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 4,945,835</u>	<u>\$ 3,666,162</u>	<u>\$ 743,123</u>

**LINCOLN CITY URBAN RENEWAL AGENCY**  
**REVENUE AND EXPENDITURES**  
**FISCAL YEAR 2012-13**

	GENERAL FUND	TAX INCREMENT FUND	PROPERTY REHABILITATION FUND
<b>REVENUE</b>			
Beginning balance	\$ 810,185	\$ 2,320,849	\$ 742,840
Interest	12,539	7,595	3,121
Loan repayments	-	-	141,928
Transfers in	-	-	-
Tax increment proceeds	-	2,935,014	-
Grants/other revenue	3,700	-	-
Bond sales	3,000,000	-	-
<b>TOTAL REVENUE</b>	<b>3,826,424</b>	<b>5,263,458</b>	<b>887,889</b>
<b>EXPENDITURES</b>			
Personal services	180,721	-	-
Materials & services	205,227	-	-
Capital outlay	128,509	-	-
Reserve for future years	-	-	-
Property Rehabilitation	-	-	7,000
Debt service	-	4,457,913	-
<b>TOTAL EXPENDITURES</b>	<b>514,457</b>	<b>4,457,913</b>	<b>7,000</b>
<b>ENDING FUND BALANCES</b>	<b>\$ 3,311,967</b>	<b>\$ 805,545</b>	<b>\$ 880,889</b>

The Tax Increment Proceeds (revenue) received by the Agency are used to pay for indebtedness incurred in carrying out the Urban Renewal Plan. The outstanding obligations of the Lincoln City Urban Renewal Agency as of June 30, 2013, amounted to \$ 1,419,883.

**IN CARRYING OUT THE URBAN RENEWAL PLAN,  
PROPERTY TAX COLLECTIONS  
OF THE OTHER TAXING DISTRICTS FOR 2012-13  
ARE AFFECTED AS FOLLOWS:**

<u>TAXING DISTRICT</u>	<u>TAXES IMPOSED WITH URBAN RENEWAL</u>	<u>TAXES IMPOSED WITHOUT URBAN RENEWAL</u>	<u>URBAN RENEWAL TAXES IMPOSED</u>
Lincoln County School District	\$ 5,128,914	\$ 6,154,828	\$ 1,025,914
Linn-Benton-Lincoln ESD	318,546	382,263	63,717
Oregon Coast Community College	183,564	220,281	36,717
City of Lincoln City	4,598,073	5,454,744	856,671
North Lincoln Fire/Rescue	867,147	1,008,816	141,669
Lincoln County General	2,946,419	3,535,779	589,360
Lincoln County Extension	47,118	56,543	9,425
North Lincoln Hospital	541,601	649,935	108,334
Lincoln County Transportation	101,759	122,114	20,355
Devils Lake Water - Inside	69,627	70,150	523
Devils Lake Water - Outside	<u>97,770</u>	<u>124,251</u>	<u>26,481</u>
<b>TOTALS</b>	<u><u>\$ 14,900,538</u></u>	<u><u>\$ 17,779,704</u></u>	<u><u>\$ 2,879,166</u></u>

(1) Note: Property Taxes for education are determined by a State Formula. The State reimburses education for the difference between the Formula and what is collected locally.

**Table 1 -- Real Market Value of Taxable Property in City of Lincoln City (1)**

<u>Fiscal Year</u>	<u>Real Market Value (RMV)</u>	<u>Percent Increase</u>	<u>Taxable Assessed Value (TAV)</u>	<u>Percent Increase</u>	<u>TAV as a Percent of RMV</u>
2006-07	\$ 1,682,610,403	39.51%	\$ 964,318,686	5.23%	57.31%
2007-08	2,050,417,570	21.86%	1,030,249,106	6.84%	50.25%
2008-09	2,217,401,456	8.14%	1,093,993,410	6.19%	49.34%
2009-10	2,091,318,252	-5.69%	1,152,078,610	5.31%	55.09%
2010-11	1,877,069,647	-10.24%	1,197,246,890	3.92%	63.78%
2011-12	1,738,085,538	-7.40%	1,225,532,150	2.36%	70.51%
2012-13	1,590,620,412	-8.48%	1,253,733,405	2.30%	78.82%

(1) Total Real Market Values and Taxable Assessed Values include Urban Renewal Values and other offsets. Table 2 which follows, reflects Taxable Assessed Values which does not include Urban Renewal and other assets as calculated by the Lincoln County Assessor.

Source: City of Lincoln City

**Table 2 -- Tax Collection Record**

<u>Fiscal Year</u>	<u>Taxable Assessed Value (1)</u>	<u>Percent Change</u>	<u>Total Levy</u>	<u>Tax Rate Per \$1,000</u>	<u>Percent Collected Year of Levy</u>
2006-07	\$ 800,823,341	4.84%	\$ 3,283,078	4.0996%	94.46%
2007-08	857,181,131	7.04%	3,514,133	4.0996%	92.85%
2008-09	908,968,555	6.04%	3,726,410	4.0996%	92.95%
2009-10	959,653,655	5.58%	3,934,205	4.0996%	91.66%
2010-11	996,712,565	3.86%	4,086,178	4.0996%	92.08%
2011-12	1,019,912,885	2.33%	4,181,233	4.0996%	92.00%
2012-13	1,044,755,460	2.44%	4,283,079	4.0996%	92.78%

(1) Excludes Urban Renewal and other Offsets.

Source: City of Lincoln City

**Consolidated Tax Rates**

The following table shows consolidated tax rates for one of many tax codes located within the City of Lincoln City.

**Table 3 -- 2012-13 Representative Consolidated Tax Rates for Tax Code Area 402 (1)**

<u>Area</u>	<u>Tax Rate for Operations (2)</u>	<u>Tax Rate for Bonds</u>	<u>Tax Rate Total</u>
Within the City of Lincoln City			
<b>Education</b>			
Lincoln County Unified School District	\$ 4.0910	\$ 0.7597	\$ 4.8507
Linn-Benton-Lincoln ESD	0.2541		0.2541
Oregon Coast community College	<u>0.1465</u>	<u>0.2374</u>	<u>0.3839</u>
<b>Total Education</b>	\$ 4.4916	\$ 0.9971	\$ 5.4887
<b>Local Government</b>			
Lincoln County	\$ 2.4602	\$ -	\$ 2.4602
Lincoln County Extension	0.0376	-	0.0376
Lincoln County Transportation	0.0812	-	0.0812
City of Lincoln City	3.4163	1.0887	4.5050
Lincoln City Urban Renewal Agency	2.3778	-	2.3778
North Lincoln Fire & Rescue	0.7548	0.3145	1.0693
Devil Lake Water Improvement District	0.1008	-	0.1008
North Lincoln Hospital District	<u>0.4320</u>	<u>-</u>	<u>0.4320</u>
<b>Total Local Government</b>	\$ 9.6607	\$ 1.4032	\$ 11.0639
<b>Total Consolidated Tax Rate</b>	\$ 14.1523	\$ 2.4003	\$ 16.5526

- (1) The 2012-13 Assessed Value to compute the tax rate of code area 402 is \$712,752,025 which is 56.85% of the total Assessed Value of the City.
- (2) The Tax Rates for Operations are the combined Measure 50 permanent tax rates and local option levies which are then applied to the assessed Value adjusted for Urban Renewal to obtain the amount of taxes to be collected. These are not the Measure 5 tax rates which determine if there is "compression" and which are calculated using Real Market Value. Compression for 2012-13 was \$28.

Source: City of Lincoln City

**Table 4 -- Outstanding Obligations**

	<u>Dated Date</u>	<u>Maturity Date</u>	<u>Amount Issued</u>	<u>Amount Outstanding as of 6/30/13</u>
<b>General Obligation Bonds (1)</b>				
Series 2005 Sewer (2)	4/12/2005	6/1/2019	\$ 15,000,000	\$ 3,145,000
Series 2007 Water (3)	6/28/2007	12/1/2018	4,000,000	2,121,638
Series 2011 Sewer (4)	3/17/2011	3/1/2026	7,000,000	6,191,456
Series 2013 Sewer Refunding (2)	2/26/2013	6/12030	<u>9,885,000</u>	<u>9,750,000</u>
<b>Total General Obligation Bonds</b>			<b>\$ 35,885,000</b>	<b>\$ 21,208,094</b>
<b>Full Faith and Credit Borrowings</b>				
Series 2008 Library (5)	9/30/2008	9/1/2013	\$ 1,000,000	\$ 65,115
Series 2008 Water (6)	9/30/2008	9/1/2013	<u>2,000,000</u>	<u>123,556</u>
<b>Total Full Faith and Credit-Backed</b>			<b>\$ 3,000,000</b>	<b>\$ 188,671</b>
<b>Revenue Bonds</b>				
Series 2006 Water Refunding	2/13/2006	6/1/2015	\$ 2,679,421	\$ 557,883
<b>Total Borrowings (7)</b>			<b>\$ 41,564,421</b>	<b>\$ 21,954,648</b>

- (1) The City also had a series of Open Spaces General Obligation Bonds, Series 1999 that were outstanding as of June 30, 2012 and that were repaid on December 1, 2012.
- (2) A portion of the 2005 Sewer Bonds were called with the 2013 Sewer Refunding Bonds. The City pays debt service on these bonds from a combination of sewer system revenues, system development charges and a tax levy.
- (3) The City has been paying debt service on this bond from revenues of the water system rather than from a tax levy.
- (4) The City pays debt service on this bond from a combination of sewer system revenues, system development charges and a tax levy.
- (5) The City has been paying debt service on this borrowing from the City's transient room tax revenues. This borrowing was repaid September 1, 2013.
- (6) The City has been paying debt service on this borrowing from revenues of the water system. This borrowing was repaid September 1, 2013.
- (7) Excludes short term borrowings. The City's Urban Renewal Agency has outstanding debt totaling \$1,419,899 as of June 30, 2013. Urban Renewal Agency debt is secured by tax increment revenue and is not a debt of the City.

Source: City of Lincoln City

CITY OF LINCOLN CITY  
SDC FUNDS IN ACCORDANCE WITH  
ORS 223.311  
YEAR ENDED JUNE 30, 2013

	TRANSPORTATION DEVELOPMENT FUND	STORM DRAINAGE DEVELOPMENT FUND	PARKS IMPROVEMENT FUND
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>REVENUES</b>			
SYSTEM DEVELOPMENT			
CHARGE - IMPROVEMENT	\$      20,504	\$       821	\$     47,242
MOTOR VEHICLE GAS TAX	-	-	4,355
STATE PARKS GRANT	-	-	-
OTHER - VIEW SCOPES	-	-	1,300
INTEREST	2,467	399	473
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>TOTAL REVENUES</b>	<u>          22,971</u>	<u>          1,220</u>	<u>         53,370</u>
<b>EXPENDITURES</b>			
MASTER PLANS	-	-	-
HEAD TO BAY TRAIL	-	-	-
PARK IMPROVEMENTS	-	-	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>TOTAL EXPENDITURES</b>	<u>                    -</u>	<u>                    -</u>	<u>                    -</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	22,971	1,220	53,370
<b>BEGINNING FUND BALANCE</b>	<u>         485,915</u>	<u>          80,621</u>	<u>          67,128</u>
<b>ENDING FUND BALANCE</b>	<u>         \$  508,886</u>	<u>         \$   81,841</u>	<u>         \$  120,498</u>



CITY OF LINCOLN CITY  
WATER SDC FUNDS  
YEAR ENDED JUNE 30, 2013

	WATER REPLACEMENT FUND	WATER SDC REIMBURSEMENT FUND	WATER SDC IMPROVEMENT FUND
<b>REVENUES</b>			
SYSTEM DEVELOPMENT CHARGE	\$ -	\$ 20,744	\$ 49,127
TRF WATER OPERATING FUND	-	-	-
INTERFUND LOAN	-	-	-
INTEREST	611	170	58
<b>TOTAL REVENUES</b>	<u>611</u>	<u>20,914</u>	<u>49,185</u>
<b>EXPENDITURES</b>			
WATER SYSTEM TELEMTRY	-	-	-
DEBT SERVICE 2006 WATER BONDS	-	-	70,000
WATER SYSTEM CONSTRUCTION	43,654	-	-
<b>TOTAL EXPENDITURES</b>	<u>43,654</u>	<u>-</u>	<u>70,000</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(43,043)	20,914	(20,815)
<b>BEGINNING FUND BALANCE</b>	<u>124,110</u>	<u>21,014</u>	<u>49,973</u>
<b>ENDING FUND BALANCE</b>	<u>\$ 81,067</u>	<u>\$ 41,928</u>	<u>\$ 29,158</u>

CITY OF LINCOLN CITY  
 SEWER SDC FUNDS  
 YEAR ENDED JUNE 30, 2013

	SEWER REPLACEMENT FUND	SEWER SDC REIMBURSEMENT FUND	SEWER SDC IMPROVEMENT FUND
<b>REVENUES</b>			
SYSTEM DEVELOPMENT CHARGE	\$ -	\$ 19,126	\$ 126,678
TRANSFER FROM SEWER OPERATING FUND	-	-	-
INTEREST	300,000	-	-
	3,150	2,808	9,865
<b>TOTAL REVENUES</b>	<b>303,150</b>	<b>21,934</b>	<b>136,543</b>
<b>EXPENDITURES</b>			
BUILDING - SEWER SHOP	13,108	-	-
SEWER SYSTEM CONST-NELSCOTT	-	17,708	-
SEWER SYSTEM TELEMTRY	31,359	-	-
PUMP STATION UPGRADES	972,235	51,211	-
TRANSFER SEWER PLANT CONSTRUCTION	-	-	600,000
DEBT SERVICE - SEWER BONDS	-	-	400,000
<b>TOTAL EXPENDITURES</b>	<b>1,016,702</b>	<b>68,919</b>	<b>1,000,000</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(713,552)</b>	<b>(46,985)</b>	<b>(863,457)</b>
<b>BEGINNING FUND BALANCE</b>	<b>819,313</b>	<b>572,857</b>	<b>2,181,250</b>
<b>ENDING FUND BALANCE</b>	<b>\$ 105,761</b>	<b>\$ 525,872</b>	<b>\$ 1,317,793</b>

**INDEPENDENT AUDITOR'S REPORT  
REQUIRED BY OREGON STATE REGULATIONS**



**Talbot, Korvola  
& Warwick, LLP**

Certified Public Accountants  
& Consultants

4800 Meadows Road, Suite 200  
Lake Oswego, Oregon 97035-4293

P-503.274.2849  
F-503.274.2853

[www.tkw.com](http://www.tkw.com)

## **INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS**

December 13, 2013

Honorable Mayor and Members of City Council  
City of Lincoln City  
Lincoln City, Oregon

We have audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the City of Lincoln City, Oregon (the City), as of and for the year ended June 30, 2013, and have issued our report thereon dated December 13, 2013.

### **COMPLIANCE**

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the *Minimum Standards for Audits of Oregon Municipal Corporations*, noncompliance with which could have a direct and material effect on the determination of financial 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.

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

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

**INDEPENDENT AUDITOR'S REPORT  
REQUIRED BY OREGON STATE REGULATIONS (Continued)**

Page 2

**COMPLIANCE (Continued)**

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

<u>Fund</u>	<u>Category/Dept</u>	<u>Amount</u>
Lincoln Square Operations Fund	Personal Services	\$3,752

**OAR 162-10-230 INTERNAL CONTROL**

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

In a separate report dated December 13, 2013, we have issued a letter of recommendation based on an audit of the basic financial statements.

**RESTRICTION ON USE**

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

Certified Public Accountants