

**CITY OF LINCOLN CITY**  
Lincoln City, OR

Annual Financial Report

Year Ended June 30, 2014

**CITY OF LINCOLN CITY**

**TABLE OF CONTENTS**

	<b><u>Page</u></b>
<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
Statement 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>	
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 Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Debt Service Funds	 58
Schedules of Revenues, Expenditures and Changes in Fund Balance Budget and Actual:	
Urban Renewal Tax Increment Fund	59
Open Space Bonds Fund	60
2008 Bond Redemption Fund	61
 Combining Balance Sheet - Nonmajor Capital Projects Funds	 62
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Capital Project Funds	63
Schedules of Revenues, Expenditures and Change in Fund Balance – Budget and Actual:	
Transportation Development Fund	64
Storm Drainage Development Fund	65
Parks System Development Charge Improvement Fund	66
Facilities Capital Fund	67
Street Capital Fund	68
Water Fund	69
Water Capital Fund	70
Water Construction Fund	71
2006 Water Refunding Bond Fund	72
Water Bond Fund	73
Sewer Fund	74
Sewer Capital Fund	75
Sewer Bond Fund	76
2005 Sewer Construction Fund	77

**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	78
Sewer Fund	79
Schedule of Revenues, Expenditures, and Change	
In Fund Balance – Budget and Actual - Internal Service Fund	80
Combining Balance Sheet – General Fund	81
Combining Schedule of Revenues, Expenditures, and Changes in	
Fund Balance – General Fund	82
Schedules of Revenues, Expenditures and Changes in Fund Balance –	
Budget and Actual:	
Agate Beach Closure Fund	83
Unbonded Assessments Fund	84
Public Safety Dispatch Fund	85
The Villages of Cascade Head	86
Open Space Maintenance	87
Combining Statement of Assets and Liabilities – Agency Funds	88
Statement of Changes in Assets and Liabilities – Agency Funds	89
Schedule of Property Tax Transactions and Outstanding Balances	90
<b>ADDITIONAL SCHEDULES:</b>	
Annual Disclosure Information	91
Real Market Value of Taxable Property Values in Lincoln City	92
Tax Collection Record	92
Consolidated Tax Rates	93
Outstanding Obligations	94
SDC Funds in Accordance with ORS 223.311:	
Transportation, Storm Drainage and Parks Improvement	95
Water	96
Sewer	97
<b>INDEPENDENT AUDITOR’S REPORT REQUIRED BY OREGON</b>	
<b>STATE REGULATIONS</b>	98

**INTRODUCTORY SECTION**

**CITY OF LINCOLN CITY**

**CITY COUNCIL**

**JUNE 30, 2014**

	<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, Oregon 97367	December 31, 2016

**City Manager**

David Hawker

**Finance Director**

Debbie Mammone

**FINANCIAL SECTION**

**INDEPENDENT AUDITOR'S REPORT**





Talbot, Korvola  
& Warwick, LLP

Certified Public Accountants  
& Consultants

*ACHIEVE MORE*

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

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, 2014, 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.

## **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, 2014, and 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**

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, as listed in the Table of Contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the 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 Urban Renewal Fund, listed in the Table of Contents as Required Supplementary Information, is presented for purposes of additional analysis and are not a required part of the basic financial statements. The budgetary comparison 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, the budgetary comparison information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The individual fund and combining schedules and statements, and 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.

**OTHER MATTERS (Continued)**

***Other Information (Continued)***

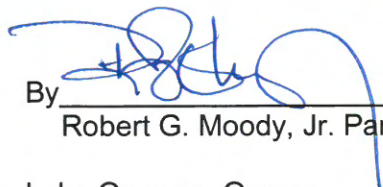
This information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements 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, 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 comprises 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 9, 2014, 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**

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

Lake Oswego, Oregon  
December 9, 2014

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

## CITY OF 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, 2014. 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 \$116,931,495 at June 30, 2014, an increase of \$2,698,907 (or 2.4%) over the prior year. The City's General Fund reported an ending fund balance of \$6,128,228, an increase of \$1,206,059 (or 24.5%) over the prior year's restated fund balance (see page 43 for more detail on the two adjustments to restate beginning fund balance). The increase in fund balance is primarily attributable to excess revenues over expenditures.

During the fiscal year ending June 30, 2014, the City issued two bonds for \$4,000,000 each, and also issued one land sales installment contract for \$585,000. The first bond was for financing capital projects to improve the City's water distribution system. The second bond was for financing projects of the Urban Renewal Agency, as outlined in the URA Year 2000 plan. The land sales installment contract was to purchase Schooner Creek watershed land. The City and the City's Urban Renewal Agency have not budgeted to issue any bonds during the fiscal year ending June 30, 2015.

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

### *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 position 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.

*Disclosures and independent auditor's comments.* 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 \$116,931,495 at June 30, 2014, an increase of \$2,698,907 (or 2.4%) over the prior year.

Table 1  
NET POSITION

	June 30, 2014			June 30, 2013		
	Governmental Activities	Business-type Activities	Totals	Governmental Activities	Business-type Activities	Totals
<b>Assets:</b>						
Cash and investments	\$ 17,147,100	\$ 6,031,636	\$ 23,178,736	\$ 10,858,005	\$ 3,251,753	\$ 14,109,758
Receivables, net	2,765,945	1,023,253	3,789,198	2,893,446	1,058,562	3,952,008
Internal balances	247,151	(247,151)	-	-	-	-
Prepaid Items	3,400	-	3,400	6,700	1,246	7,946
Inventories	-	306,638	306,638	-	255,444	255,444
Assets held for sale	1,954,487	-	1,954,487	-	-	-
Capital assets net of depreciation	<u>66,431,347</u>	<u>53,061,162</u>	<u>119,492,509</u>	<u>69,918,710</u>	<u>52,776,367</u>	<u>122,695,077</u>
Total assets	<u>88,549,430</u>	<u>60,175,538</u>	<u>148,724,968</u>	<u>83,676,861</u>	<u>57,343,372</u>	<u>141,020,233</u>
<b>Liabilities:</b>						
Accounts payable and accrued expenses	1,429,843	538,287	1,968,130	1,350,271	691,114	2,041,385
Other accrued liabilities	-	-	-	-	-	-
Accrued interest payable	-	78,602	78,602	-	60,213	60,213
Landfill closure and postclosure care costs	493,247	-	493,247	614,100	-	614,100
Net other postemployment obligations	613,793	144,331	758,124	565,031	132,368	697,399
Long-term obligations	<u>4,000,000</u>	<u>24,495,370</u>	<u>28,495,370</u>	<u>1,485,015</u>	<u>21,889,533</u>	<u>23,374,548</u>
Total liabilities	<u>6,536,883</u>	<u>25,256,590</u>	<u>31,793,473</u>	<u>4,014,417</u>	<u>22,773,228</u>	<u>26,787,645</u>
<b>Net position:</b>						
Invested in capital assets	66,431,347	31,791,324	98,222,671	68,433,695	30,886,834	99,320,529
Restricted for:						
Capital projects	8,196,211	2,190,465	10,386,676	5,191,117	2,454,749	7,645,866
Debt service	2,261,527	308,470	2,569,997	841,648	353,986	1,195,634
Highways and streets	576,936	-	576,936	464,263	-	464,263
Landfill postclosure costs	236,040	-	236,040	132,967	-	132,967
Tourism	604,191	-	604,191	588,412	-	588,412
Parks Maintenance	619,763	-	619,763	539,819	-	539,819
Unrestricted	<u>3,086,532</u>	<u>628,689</u>	<u>3,715,221</u>	<u>3,470,523</u>	<u>874,575</u>	<u>4,345,098</u>
Total net assets	<u>\$ 82,012,547</u>	<u>\$ 34,918,948</u>	<u>\$ 116,931,495</u>	<u>\$ 79,662,444</u>	<u>\$ 34,570,144</u>	<u>\$ 114,232,588</u>

Approximately 81% of the City's total net position is invested in capital assets. 8.9% of the City's net position is restricted for capital projects (\$10,386,676), including proceeds from system development charges and bond proceeds net of associated long-term debt that are restricted for capital projects. The \$2,569,997 represents reserves in the bond funds and can only be spent in repaying outstanding debt. \$3,715,221 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 \$25,881,518, an increase of 6.5% from the prior year. Of the City's total revenue, \$9,058,108 (or 35.0%) is from property taxes, \$4,983,395 (or 19.3%) is from transient room taxes, \$7,573,009 (or 29.3%) is from charges for services and \$4,267,006 (or 16.5%) 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 \$23,182,611, a decrease of \$4,463,961 (or 16.1%) from the prior year. Expenditures for Governmental Activities increased by 0.6% while expenditures for Business-Type Activities decreased by 38%. There were two significant items in FY2013-2014 that caused expenses to be inordinately high; (1) a \$3.4 million write-off of the prior Sewer Treatment Plant, and (2) a \$1 million deferment of amounts from advance refunding of the 2005 Sewer bonds. Of the total costs, \$7,431,637 (or 32.1%) was for Business-type Activities, and \$15,750,974 (or 67.9%) was for general government, public safety, highways and streets, cultural and recreation and interest.

Table 2  
CHANGE IN NET POSITION

	Year Ended June 30, 2014			Year Ended June 30, 2013		
	Governmental Activities	Business-type Activities	Totals	Governmental Activities	Business-type Activities	Totals
<b>Program revenues:</b>						
Charges for services	\$ 1,606,187	\$ 5,966,822	\$ 7,573,009	\$ 1,404,591	\$ 6,201,139	\$ 7,605,730
Operating grants and contributions	984,976	115,963	1,100,939	1,173,069	29,281	1,202,350
Capital grants and contributions	-	777,173	777,173	82,294	215,675	297,969
General revenues:						
Property taxes, general purposes	4,937,996	-	4,937,996	4,186,725	-	4,186,725
Property taxes, debt service	2,896,479	1,223,633	4,120,112	3,245,523	1,026,418	4,271,941
Franchise taxes	999,285	-	999,285	916,408	-	916,408
Transient room taxes	4,983,395	-	4,983,395	4,514,329	-	4,514,329
Other	1,312,308	77,301	1,389,609	1,142,547	157,903	1,300,450
Total program and general revenues	<u>17,720,626</u>	<u>8,160,892</u>	<u>25,881,518</u>	<u>16,665,486</u>	<u>7,630,416</u>	<u>24,295,902</u>
<b>Program expenses:</b>						
General government	5,875,755	-	5,875,755	5,802,594	-	5,802,594
Public safety	4,380,439	-	4,380,439	4,332,901	-	4,332,901
Highways and streets	2,469,697	-	2,469,697	2,484,141	-	2,484,141
Cultural and recreation	2,981,827	-	2,981,827	2,921,324	-	2,921,324
Water and sewer	-	7,431,637	7,431,637	-	11,995,674	11,995,674
Interest on long-term debt	43,256	-	43,256	109,938	-	109,938
Total program expenses	<u>15,750,974</u>	<u>7,431,637</u>	<u>23,182,611</u>	<u>15,650,898</u>	<u>11,995,674</u>	<u>27,646,572</u>
Increase (decrease) in net assets						
before transfers	1,969,652	729,255	2,698,907	1,014,588	(4,365,258)	(3,350,670)
Transfers	<u>51,635</u>	<u>(51,635)</u>	<u>-</u>	<u>47,191</u>	<u>(47,191)</u>	<u>-</u>
Change in net position	2,021,287	677,620	2,698,907	1,061,779	(4,412,449)	(3,350,670)
Net position - beginning	<u>79,991,260</u>	<u>34,241,328</u>	<u>114,232,588</u>	<u>78,519,481</u>	<u>39,063,777</u>	<u>117,583,258</u>
Prior Period Adjustment	<u>-</u>	<u>-</u>	<u>-</u>	<u>410,000</u>	<u>(410,000)</u>	<u>-</u>
Net Position - beginning (Restated)	<u>79,991,260</u>	<u>34,241,328</u>	<u>114,232,588</u>	<u>78,929,481</u>	<u>38,653,777</u>	<u>117,583,258</u>
Net position - ending	<u>\$ 82,012,547</u>	<u>\$ 34,918,948</u>	<u>\$ 116,931,495</u>	<u>\$ 79,991,260</u>	<u>\$ 34,241,328</u>	<u>\$ 114,232,588</u>



## FINANCIAL ANALYSIS OF THE CITY'S FUNDS

### Governmental Funds

The City's General Fund reported an ending fund balance of \$6,128,228, an increase of \$1,206,059 (or 24.5%) over the prior year's restated fund balance. Total General fund revenues increased by 10.6% from the prior fiscal year, while General fund expenditures decreased by 13.5%. This decrease in expenditures is largely due to a purchase of 363 acres of property known as The Villages at Cascade Head made in the prior fiscal year, 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 \$469,066 (or 10.4%) from the prior fiscal year. This increase is due primarily to two factors: (1) an improvement in the tourism industry, and (2) the annexation of Roads End. Roads End was annexed effective July 1, 2013, but it was not required to submit Transient Room taxes to the City until January 1, 2014. Without Roads End, the increase in Transient Room Taxes would have been approximately 5.7%.

The City's General Fund beginning fund balance was increased by \$1,722,481 due to two prior period adjustments. The City purchased land in May 2013 for \$2,509,600, which was originally reported in the City's governmental activities as capital assets for fiscal year ending June 30, 2013. A portion of the land with a cost of \$1,954,487 was subsequently determined to be held for sale and as such should be reported in the fund statements. The City's General Fund beginning fund balance was restated by \$1,393,665, and the Other Governmental Funds beginning fund balance was restated by \$560,822.

The other prior period adjustment involved an interfund loan from the Governmental Fund to the Business-type Activities fund. This was originally reported as a transfer out in the Governmental Fund and a transfer in to the Business-type Fund. The City's General Fund beginning fund balance was restated by \$328,816, which was the balance of the interfund loan as of June 30, 2013.

### Business-type Activities

The City's Water funds reported an ending net position of \$19,324,041, an increase of \$73,112 (0.4%) over the restated beginning fund balance. The beginning fund balance in the Water funds was reduced by \$328,816 due to a prior period adjustment. Charges for Services decreased by \$114,919 (3.5%), due to the annexation of Roads End. Prior to July 1, 2013, Roads End paid 212% of the City's water and sewer rates, as they were outside City limits. As of July 1, 2013, Roads End pays the standard City rates. This decrease in revenue was partially offset by the increase in water rates of 4%.

The City's Water funds beginning fund balance was restated by (\$328,816), to reflect the balance of the interfund loan from the General Fund as of June 30, 2013. The interfund loan was originally reported as a transfer out in the General Fund and a transfer in to the Water Fund.

The City's Sewer funds reported an ending net position of \$15,594,907, an increase of \$604,508 (4.0%) over the previous fiscal year. Charges for Services decreased by \$30,562 (1.0%), due to the annexation of Roads End. This decrease in revenue was partially offset by the increase in sewer rates of 4%, and was also offset by the increase in property tax revenues collected in Roads End for the payment due on the Sewer Bond.

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

## BUDGETARY HIGHLIGHTS

City Council approved three changes to the fiscal year 2013-2014 General Fund adopted budget. These changes moved amounts from contingency into operating expenditure categories to reflect actual spending patterns. It also moved \$100,000 from budgeted maintenance expenses for The Villages to Transfers Out to The Villages fund.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

At the end of fiscal year 2013-2014, the City had a net investment of \$119,492,508 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 \$3,202,569 (or 2.6%). More detailed information is presented in note 4 of the notes to basic financial statements.

Table 3  
CHANGE IN CAPITAL ASSETS

Beginning balance	\$ 67,964,223	\$52,776,367	\$120,740,590	\$69,434,728	\$ 56,135,311	\$125,570,039
Restatement	-	-	-	(1,954,487)	-	(1,954,487)
Additions	1,847,212	12,075,284	13,922,496	2,967,858	2,591,747	5,559,605
Retirements	(1,259,447)	(9,690,255)	(10,949,702)	(133,600)	(9,034,268)	(9,167,868)
Depreciation, net	<u>(2,120,642)</u>	<u>(2,100,234)</u>	<u>(4,220,876)</u>	<u>(2,350,276)</u>	<u>3,083,577</u>	<u>733,301</u>
Ending balance	<u>\$ 66,431,347</u>	<u>\$53,061,162</u>	<u>\$119,492,509</u>	<u>\$67,964,223</u>	<u>\$ 52,776,367</u>	<u>\$120,740,590</u>

### Governmental Activities

Additions to capital assets from governmental activities totaled \$1,847,212. These additions included (1) Cutler City Keel Sewer Extension \$401,947 done by the City's Urban Renewal Agency, (2) replacement of the Community Center Boiler \$141,003 (3) Lincoln Square HVAC replacement \$76,009, (4) construction in progress for the DeLake 1<sup>st</sup> Street Traffic Signal \$74,918, (5) construction in progress of the Nelscott 35<sup>th</sup> Parking Lott \$91,187, (6) replacement of Library and Culinary Center windows \$61,482, and (7) donation of land for open space \$51,950.

### Business-type Activities

Additions to capital assets from business-type activities totaled \$12,075,284. These additions included (1) acquisition of Sewer system from Roads End Annexation \$427,296, (2) purchase of Schooner Creek watershed land through issuance of a land installment contract \$585,000, (3) completion of the Wastewater Treatment Plant remodel \$8,044,790, (4) completion of the Canyon Drive pump station upgrade \$1,172,899, (5) completion of the Coast pump station upgrade \$141,438, (6) relocation of the Nelscott water line \$440,167, (7) relocation of the Nelscott Sewer line \$493,674, and (8) SE 48<sup>th</sup> Street water main reconstruction \$167,587.

## LONG-TERM OBLIGATIONS

At the end of fiscal year 2013-2014, the City had \$28,495,370 in outstanding debt, an increase of \$5,120,822. During the fiscal year ending June 30, 2014, the City issued two bonds for \$4,000,000 each, and also issued one land sales installment contract for \$585,000. The first bond was for financing capital projects to improve the City's water distribution system. The second bond was for financing projects of the Urban Renewal Agency, as outlined in the URA Year 2000 plan. The land sales installment contract was to purchase Schooner Creek watershed land.

Table 4  
LONG-TERM OBLIGATIONS

	<u>June 30, 2014</u>	<u>June 30, 2013</u>
Governmental:		
Full Faith and Credit Note Series 2008	\$ -	\$ 65,116
Full Faith and Credit Note Series 2014	4,000,000	-
Urban Renewal Bonds		
Series 2004	-	594,199
Series 2007	-	825,700
	<u>                    </u>	<u>                    </u>
Total governmental activities	<u>4,000,000</u>	<u>1,485,015</u>
Business-type:		
General Obligation Bonds		
Sewer Bonds - Series 2005	2,680,000	3,145,000
Water Bonds - Series 2007	1,766,791	2,121,638
Sewer Bonds - Series 2011	5,813,579	6,191,456
Sewer Bonds - Series 2013	9,750,000	9,750,000
Full Faith and Credit Revenue Refunding - 2006	-	557,883
Full Faith and Credit Note Series 2008	-	123,556
Full Faith and Credit Note Series 2014	4,000,000	-
Contract payable	<u>485,000</u>	<u>                    </u>
	<u>                    </u>	<u>                    </u>
Total business-type activities	<u>24,495,370</u>	<u>21,889,533</u>
Total long-term obligations	<u>\$ 28,495,370</u>	<u>\$ 23,374,548</u>

### Governmental Activities

The City and the City's Urban Renewal Agency have not budgeted to issue any bonds during the fiscal year ending June 30, 2015.

### 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 50.1% 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 2014-2015 is \$10,677,952 and expenditures are budgeted at \$10,119,643, resulting in a \$558,309 increase to fund balance. The projected ending general fund reserves for fiscal year 2014-2015 total \$3,334,870 (or 33% 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 \$469,066, or 10.4%). It is anticipated that TRT revenues will continue to improve in the next fiscal year.

For the fiscal year ending June 30, 2015, the City's Urban Renewal Agency has budgeted \$1,323,979 for capital reserves, and \$4,748,187 for capital projects including Sidewalk Construction, D River Undergrounding, Traffic Signal, West Devils Lake Road pump station and force main, 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 2014-2015. This continues the City's program to increase rates in increments each year, and to encourage water conservation.

For fiscal year 2014-2015, the City's Water Capital funds have budgeted \$216,532 in capital outlay for water system upgrades and replacements as needed. The Water Construction fund had budgeted \$2,361,585 in capital outlay for water system upgrades and replacements, such as relocating water mains and bridge crossing boring.

For fiscal year 2014-2015, the City's Wastewater Capital funds has budgeted \$1,914,434 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, 2014**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>ASSETS:</b>			
Cash and investments	\$ 17,147,100	\$ 6,031,636	\$ 23,178,736
Cash with County Treasurer	79,899	11,217	91,116
Receivables, net	2,686,046	1,012,036	3,698,082
Internal Balances	247,151	(247,151)	-
Prepays	3,400	-	3,400
Inventories	-	306,638	306,638
Assets held for sale	1,954,487	-	1,954,487
Capital assets:			
Land, improvements and construction in progress	37,035,115	1,920,527	38,955,642
Other capital assets, net	29,396,232	51,140,635	80,536,867
<b>TOTAL ASSETS</b>	<u>88,549,430</u>	<u>60,175,538</u>	<u>148,724,968</u>
<b>LIABILITIES:</b>			
Accounts payable and accrued expenses	366,743	359,621	726,364
Other accrued liabilities	501,618	-	501,618
Accrued interest payable	-	78,602	78,602
Accrued compensated absences	561,482	178,666	740,148
Landfill closure and postclosure care costs	493,247	-	493,247
Net other postemployment benefit obligation	613,793	144,331	758,124
Long-term obligations:			
Due with in one year	975,575	1,730,821	2,706,396
Due in more than one year	3,024,425	22,764,549	25,788,974
<b>TOTAL LIABILITIES</b>	<u>6,536,883</u>	<u>25,256,590</u>	<u>31,793,473</u>
<b>NET POSITION:</b>			
Net investment in capital assets	66,431,347	31,791,324	98,222,671
Restricted for:			
Capital improvements	8,196,211	2,190,465	10,386,676
Debt service	2,261,527	308,470	2,569,997
Highways and streets	576,936	-	576,936
Landfill postclosure costs	236,040	-	236,040
Tourism	604,191	-	604,191
Parks Maintenance	619,763	-	619,763
Unrestricted	3,086,532	628,689	3,715,221
<b>TOTAL NET POSITION</b>	<u>\$ 82,012,547</u>	<u>\$ 34,918,948</u>	<u>\$ 116,931,495</u>

See notes to basic financial statements.

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

**STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED JUNE 30, 2014**

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	\$ 5,875,756	\$ 1,491,017	\$ 484,978	\$ -	\$ (3,899,761)	\$ -	\$ (3,899,761)
Public safety	4,380,439	19,669	37,987	-	(4,322,783)	-	(4,322,783)
Highways and streets	2,469,697	3,100	457,391	-	(2,009,206)	-	(2,009,206)
Culture and recreation	2,981,827	92,402	4,620	-	(2,884,805)	-	(2,884,805)
Interest on long-term obligations	43,256	-	-	-	(43,256)	-	(43,256)
Total governmental activities	<u>15,750,975</u>	<u>1,606,187</u>	<u>984,976</u>	<u>-</u>	<u>(13,159,811)</u>	<u>-</u>	<u>(13,159,811)</u>
Business-type activities:							
Water	3,245,839	3,220,474	-	118,792	-	93,427	93,427
Sewer	4,185,798	2,746,348	115,963	658,381	-	(665,106)	(665,106)
Total business-type activities	<u>7,431,637</u>	<u>5,966,822</u>	<u>115,963</u>	<u>777,173</u>	<u>-</u>	<u>(571,679)</u>	<u>(571,679)</u>
<b>Total</b>	<u>\$ 23,182,612</u>	<u>\$ 7,573,010</u>	<u>\$ 1,100,939</u>	<u>\$ 777,173</u>	<u>(13,159,811)</u>	<u>(571,679)</u>	<u>(13,731,491)</u>
<b>GENERAL REVENUES</b>							
Property taxes levied for:							
General purposes					4,937,996	-	4,937,996
Debt service					2,896,479	1,223,633	4,120,112
Franchise taxes and fees					999,285	-	999,285
Transient room taxes					4,983,395	-	4,983,395
Unrestricted investment earnings					54,820	17,761	72,581
Proceeds from sale of capital assets					122,980	-	122,980
Miscellaneous					1,134,508	59,540	1,194,048
<b>TRANSFERS</b>					51,635	(51,635)	0
<b>Total general revenues and transfers</b>					<u>15,181,098</u>	<u>1,249,299</u>	<u>16,430,397</u>
<b>CHANGE IN NET POSITION</b>					2,021,287	677,620	2,698,907
<b>NET POSITION, June 30, 2013</b>					79,662,444	34,570,144	114,232,588
<b>Prior Period Adjustment</b>					328,816	(328,816)	-
<b>NET POSITION, beginning of year (Restated)</b>					<u>79,991,260</u>	<u>34,241,328</u>	<u>114,232,588</u>
<b>NET POSITION, June 30, 2014</b>					<u>\$ 82,012,547</u>	<u>\$34,918,948</u>	<u>\$ 116,931,495</u>

See notes to basic financial statements.

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

**BALANCE SHEET GOVERNMENTAL FUNDS**

**FOR THE YEAR ENDED JUNE 30, 2014**

	General Fund	Urban Renewal	Urban Renewal Tax Increment	Other Governmental Funds	Totals
<b>ASSETS:</b>					
Cash and investments	\$ 4,653,440	\$ 6,398,770	\$ 2,230,919	\$ 3,775,197	\$ 17,058,326
Cash with County Treasurer	49,291	-	30,608	-	79,899
Receivables	976,757	-	277,801	1,431,488	2,686,046
Advance to other funds	247,151	-	-	-	247,151
Assets held for sale	1,393,665	-	-	560,822	1,954,487
<b>TOTAL ASSETS</b>	<b><u>\$ 7,320,304</u></b>	<b><u>\$ 6,398,770</u></b>	<b><u>\$ 2,539,328</u></b>	<b><u>\$ 5,767,507</u></b>	<b><u>\$ 22,025,909</u></b>
<b>LIABILITIES:</b>					
Accounts payable and accrued expenses	\$ 131,677	\$ 119,387	\$ -	\$ 98,790	\$ 349,854
Other accrued liabilities	501,618	-	-	-	501,618
<b>TOTAL LIABILITIES</b>	<b><u>633,295</u></b>	<b><u>119,387</u></b>	<b><u>-</u></b>	<b><u>98,790</u></b>	<b><u>851,472</u></b>
<b>DEFERRED INFLOW OF RESOURCES:</b>					
Unavailable revenue	558,781	-	277,801	-	836,582
<b>FUND BALANCES:</b>					
Nonspendable in form	1,640,816	-	-	942,778	2,583,594
Restricted for:					
Capital projects	-	6,279,383	-	1,916,828	8,196,211
Post closure landfill costs	729,287	-	-	-	729,287
Debt service	-	-	2,261,527	-	2,261,527
Road construction/maintenance	-	-	-	576,935	576,935
Tourism promotion	-	-	-	604,191	604,191
Parks maintenance	-	-	-	619,763	619,763
Committed to:					
Capital projects	537,869	-	-	-	537,869
Affordable housing	-	-	-	300,919	300,919
Maintenance services	-	-	-	12,800	12,800
Arts and education	-	-	-	27,430	27,430
Assigned to:					
Capital projects	-	-	-	667,074	667,074
Public safety	67,780	-	-	-	67,780
Unassigned	3,152,475	-	-	-	3,152,475
<b>TOTAL FUND BALANCES</b>	<b><u>6,128,228</u></b>	<b><u>6,279,383</u></b>	<b><u>2,261,527</u></b>	<b><u>5,668,717</u></b>	<b><u>20,337,854</u></b>
<b>TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCE</b>	<b><u>\$ 7,320,304</u></b>	<b><u>\$ 6,398,770</u></b>	<b><u>\$ 2,539,328</u></b>	<b><u>\$ 5,767,507</u></b>	<b><u>\$ 22,025,909</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, 2014**

<b>TOTAL FUND BALANCE</b>	\$ 20,337,854
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.	66,347,813
A portion of the City'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.	836,582
Compensated absences not payable in the current year are not recorded as governmental fund liabilities.	(561,482)
Other post-employment benefits are not recognized as a governmental fund liability.	(613,793)
Long-term assets, such as bond discount, 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	\$ (4,000,000)
Landfill closure and post closure costs	<u>(493,247)</u>
Total	(4,493,247)
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>158,819</u>
<b>TOTAL NET POSITION</b>	<b><u>\$ 82,012,547</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, 2014**

	General	Urban Renewal	Urban Renewal Tax Increment	Other Governmental Funds	Totals
<b>REVENUES:</b>					
Property Taxes	\$ 4,963,895	\$ -	\$ 2,896,479	\$ -	\$ 7,860,374
Franchises and fees	983,246	-	-	16,039	999,285
Transient room tax	1,211,069	-	-	3,772,327	4,983,395
Fines and forfeitures	163,472	-	-	-	163,472
Fees, licenses and permits	590,825	-	-	-	590,825
Rents	-	-	-	205,472	205,472
Charges for services	471,406	-	-	148,513	619,919
Intergovernmental	520,872	-	-	464,104	984,976
Reimbursement from other funds	-	-	-	26,500	26,500
Interest on investments	18,154	13,407	8,033	15,226	54,820
Miscellaneous	993,655	10	-	140,843	1,134,508
<b>TOTAL REVENUES</b>	<b>9,916,594</b>	<b>13,417</b>	<b>2,904,511</b>	<b>4,789,023</b>	<b>17,623,546</b>
<b>EXPENDITURES:</b>					
Current:					
General government	2,638,240	438,880	-	2,131,383	5,208,503
Public safety	4,261,422	-	-	-	4,261,422
Highways and streets	-	-	-	1,106,915	1,106,915
Culture and recreation	1,782,677	-	-	716,219	2,498,895
Debt service	-	-	1,448,530	79,742	1,528,271
Capital outlay	182,430	607,121	-	389,050	1,178,601
<b>TOTAL EXPENDITURES</b>	<b>8,864,769</b>	<b>1,046,001</b>	<b>1,448,530</b>	<b>4,423,308</b>	<b>15,782,607</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>1,051,826</b>	<b>(1,032,584)</b>	<b>1,455,982</b>	<b>365,715</b>	<b>1,840,939</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from sale of capital assets	4,972	-	-	118,008	122,980
Proceeds from bond issuance	-	4,000,000	-	-	4,000,000
Transfers in	1,134,261	-	-	666,264	1,800,525
Transfers out	(985,000)	-	-	(763,890)	(1,748,890)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>154,233</b>	<b>4,000,000</b>	<b>-</b>	<b>20,382</b>	<b>4,174,615</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>1,206,059</b>	<b>2,967,416</b>	<b>1,455,982</b>	<b>386,097</b>	<b>6,015,554</b>
<b>FUND BALANCES, beginning 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>
<b>Prior Period Adjustment</b>	<b>1,722,481</b>	<b>-</b>	<b>-</b>	<b>560,822</b>	<b>2,283,303</b>
<b>FUND BALANCE, beginning of year (Restated)</b>	<b>4,922,169</b>	<b>3,311,967</b>	<b>805,545</b>	<b>5,282,620</b>	<b>14,322,301</b>
<b>FUND BALANCES, end of year</b>	<b>\$ 6,128,228</b>	<b>\$ 6,279,383</b>	<b>\$ 2,261,527</b>	<b>\$ 5,668,717</b>	<b>\$ 20,337,854</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, 2014**

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$	6,015,554
<p>Amounts reported for governmental activities in the Statement of Activities are different because of the following:</p>		
<p>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:</p>		
Capital outlay	\$ 1,228,252	
Depreciation	<u>(2,388,018)</u>	(1,159,766)
<p>The net effect of transactions involving capital assets, i.e, gain/loss on sales, donations. These transactions are not reported in the governmental funds.</p>		
		(353,098)
<p>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.</p>		
		(25,899)
<p>OPEB expense not recognized on the governmental statement</p>		
		(48,762)
<p>Proceeds from notes issued provide current financial resources to governmental funds, but increases long-term liabilities in the Statement of Net Assets</p>		
		(4,000,000)
<p>Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.</p>		
		1,485,015
<p>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.</p>		
		120,853
<p>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.</p>		
		23,795
<p>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.</p>		
Compensated absences		<u>(36,406)</u>
CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u>2,021,287</u>

See notes to basic financial statements.

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

**PROPRIETARY FUNDS**

**STATEMENT OF NET POSITION**

**JUNE 30, 2014**

	Enterprise Funds			Internal Service Fund
	Water	Sewer	Totals	
<b>ASSETS:</b>				
Current assets:				
Cash and investments	\$ 3,401,668	\$ 2,629,968	\$ 6,031,636	\$ 88,774
Cash with County Treasurer	-	11,217	11,217	-
Receivables, net	484,578	527,458	1,012,036	-
Prepays	-	-	-	3,400
Inventories	276,236	30,402	306,638	-
Total current assets	4,162,482	3,199,045	7,361,527	92,174
Capital assets:				
Land, improvements and construction in progress	1,257,896	662,631	1,920,527	-
Other capital assets, net	20,636,602	30,504,033	51,140,635	83,534
Total capital assets	21,894,498	31,166,664	53,061,162	83,534
<b>TOTAL ASSETS</b>	<b>26,056,980</b>	<b>34,365,709</b>	<b>60,422,689</b>	<b>175,708</b>
<b>LIABILITIES:</b>				
Current liabilities:				
Accounts payable and accrued expenses	32,558	327,063	359,621	16,889
Due to other funds	82,106	-	82,106	-
Accrued interest payable	30,337	48,265	78,602	-
Accrued compensated absences	98,584	80,082	178,666	-
Current portion of long-term obligations	847,211	883,610	1,730,821	-
Total current liabilities	1,090,796	1,339,020	2,429,816	16,889
Advances from other funds	165,045	-	165,045	-
Long-term liabilities	5,404,580	17,359,969	22,764,549	-
Net other postemployment benefit obligation	72,518	71,813	144,331	-
<b>TOTAL LIABILITIES</b>	<b>6,732,939</b>	<b>18,770,802</b>	<b>25,503,741</b>	<b>16,889</b>
<b>NET POSITION:</b>				
Net investment in capital assets	18,868,239	12,923,085	31,791,324	83,534
Restricted for:				
Capital improvement	193,304	1,997,161	2,190,465	-
Debt service	17,267	291,203	308,470	-
Unrestricted	245,231	383,458	628,689	75,285
<b>TOTAL NET POSITION</b>	<b>\$ 19,324,041</b>	<b>\$ 15,594,907</b>	<b>\$ 34,918,948</b>	<b>\$ 158,819</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, 2014**

	Enterprise Funds			Internal Service Fund
	Water	Sewer	Totals	
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 3,220,474	\$ 2,746,348	\$ 5,966,822	\$ 848,824
Intergovernmental	-	115,963	115,963	-
Miscellaneous	1,390	58,150	59,540	-
<b>TOTAL OPERATING REVENUES</b>	<b>3,221,864</b>	<b>2,920,461</b>	<b>6,142,325</b>	<b>848,824</b>
<b>OPERATING EXPENSES:</b>				
Personal services	1,237,063	1,113,823	2,350,887	511,351
Materials and services	652,624	1,136,795	1,789,419	293,664
Support services	196,576	144,323	340,899	-
Depreciation	1,062,909	1,132,596	2,195,505	20,014
<b>TOTAL OPERATING EXPENSES</b>	<b>3,149,173</b>	<b>3,527,537</b>	<b>6,676,710</b>	<b>825,029</b>
<b>OPERATING INCOME (LOSS)</b>	<b>72,691</b>	<b>(607,076)</b>	<b>(534,385)</b>	<b>23,795</b>
<b>NONOPERATING INCOME (EXPENSE):</b>				
System development charges	118,792	230,545	349,337	-
Interest earned on investments	3,721	14,040	17,761	-
Gain (loss) from sale of asset	1,900	(50,886)	(48,986)	-
Property taxes	-	1,223,633	1,223,633	-
Interest expense	(98,567)	(607,375)	(705,941)	-
<b>TOTAL NONOPERATING INCOME (EXPENSE)</b>	<b>25,846</b>	<b>809,958</b>	<b>835,804</b>	<b>-</b>
<b>INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS</b>	<b>98,537</b>	<b>202,882</b>	<b>301,419</b>	<b>23,795</b>
<b>TRANSFERS:</b>				
Transfers out	(25,426)	(26,209)	(51,635)	-
<b>CONTRIBUTIONS:</b>				
Capital contributions	-	427,836	427,836	-
<b>CHANGE IN NET POSITION</b>	<b>73,111</b>	<b>604,508</b>	<b>677,619</b>	<b>23,795</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>
<b>Prior Period Adjustment</b>	<b>(328,816)</b>	<b>-</b>	<b>(328,816)</b>	<b>-</b>
<b>FUND BALANCE, beginning of year (Restated)</b>	<b>19,250,929</b>	<b>14,990,399</b>	<b>34,241,328</b>	<b>135,024</b>
<b>NET POSITION, June 30, 2014</b>	<b>\$ 19,324,041</b>	<b>\$ 15,594,907</b>	<b>\$ 34,918,948</b>	<b>\$ 158,819</b>

See notes to basic financial statements.

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

**PROPRIETARY FUNDS**

**STATEMENT OF CASH FLOWS**

**JUNE 30, 2014**

	Enterprise Funds			Internal Service Fund
	Water	Sewer	Totals	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Receipts from customers	\$ 3,252,769	\$ 2,924,865	\$ 6,177,634	\$ 848,824
Payments to suppliers	(698,563)	(1,289,142)	(1,987,704)	(300,022)
Payments to employees	(1,230,133)	(1,113,280)	(2,343,414)	(511,351)
Support services	(196,576)	(144,323)	(340,899)	-
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>1,127,497</b>	<b>378,120</b>	<b>1,505,617</b>	<b>37,451</b>
<b>CASH FLOWS FROM NON FINANCING ACTIVITIES:</b>				
Property taxes	-	1,223,633	1,223,633	-
Transfers in	-	-	-	-
Transfers out	(25,426)	(26,209)	(51,636)	-
<b>NET CASH FROM NON FINANCING ACTIVITIES</b>	<b>(25,426)</b>	<b>1,197,424</b>	<b>1,171,997</b>	<b>-</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Acquisition of capital assets	(646,226)	(872,123)	(1,518,349)	-
Proceeds received from sale of capital assets	1,900	-	1,900	-
System development charges	118,792	230,545	349,337	-
Proceeds received from long-term obligations	4,000,000	-	4,000,000	-
Principal paid on advance from other funds	(81,665)	-	(81,665)	-
Principal paid on long-term obligations	(1,136,286)	(842,876)	(1,979,163)	-
Interest paid on long-term obligations	(77,336)	(610,217)	(687,553)	-
<b>NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>2,179,178</b>	<b>(2,094,671)</b>	<b>84,507</b>	<b>-</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest on investments	3,721	14,040	17,761	-
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>3,284,970</b>	<b>(505,087)</b>	<b>2,779,883</b>	<b>37,451</b>
<b>CASH AND INVESTMENTS, beginning of year</b>	<b>116,698</b>	<b>3,135,055</b>	<b>3,251,753</b>	<b>51,323</b>
<b>CASH AND INVESTMENTS, end of year</b>	<b>\$ 3,401,668</b>	<b>\$ 2,629,968</b>	<b>\$ 6,031,636</b>	<b>\$ 88,774</b>
<b>RECONCILIATION TO THE STATEMENT OF NET POSITION</b>				
Operating income (loss)	\$ 72,691	\$ (607,076)	\$ (534,385)	\$ 23,795
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	1,062,909	1,132,596	2,195,505	20,014
Decrease (increase) in assets				
Receivables, net	30,905	7,270	38,175	-
Prepays	-	1,246	1,246	3,300
Inventories	(33,596)	(17,598)	(51,194)	-
Cash with County Treasurer	-	(2,866)	(2,866)	-
Increase (decrease) in liabilities				
Accounts payable and accrued expenses	(12,342)	(135,995)	(148,337)	(9,658)
Compensated absences payable	493	(4,983)	(4,490)	-
Net other postemployment benefit obligation	6,437	5,526	11,963	-
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>\$ 1,127,496</b>	<b>\$ 378,120</b>	<b>\$ 1,505,616</b>	<b>\$ 37,451</b>
<b>Schedule of non-cash transactions:</b>				
Capital assets acquired through annexation	-	427,836	427,836	-
Capital assets financed with debt	585,000	-	585,000	-

See notes to basic financial statements.

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

**AGENCY FUND**

**STATEMENT OF ASSETS AND LIABILITIES**

**JUNE 30, 2014**

**ASSETS:**

Cash and investments	\$	26,642
Receivables		<u>167</u>

<b>TOTAL ASSETS</b>	<b>\$</b>	<b><u>26,808</u></b>
---------------------	-----------	----------------------

**LIABILITIES:**

Accounts payable	\$	11,852
Funds held in trust		<u>14,956</u>

<b>TOTAL LIABILITIES</b>	<b>\$</b>	<b><u>26,808</u></b>
--------------------------	-----------	----------------------

See notes to basic financial statements.

**NOTES TO BASIC FINANCIAL STATEMENTS**



**CITY OF LINCOLN CITY, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2014**

**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, 2014**

**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, 2014**

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

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

A deferred inflow of resources for unavailable revenue arises on the balance sheet of the governmental funds when potential revenue does not meet both the measureable and available criteria for recognition in the current period. This unavailable 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 deferral created on the balance sheet of the governmental funds for unavailable 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, 2014**

**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, 2014.

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, 2014**

**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 30 days after the end of fiscal year are considered measurable and available, and therefore, are recognized as revenue. The property taxes receivable portion beyond 30 days is recorded as unavailable revenue.

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

In the proprietary funds, receivables include services provided but not 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 2013-14.

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, 2014**

**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 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, 2014**

**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, inventory, and other assets not quickly convertible to cash.
- 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.

**Deferred Inflow/Outflow of Resources**

In addition to assets, the basic financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditures) until then. The City does not have an item that qualifies for reporting in this category.

In addition to liabilities, the basic financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The governmental funds report unavailable revenues from property tax receivables, municipal court receivables, and engineering deposits.

**CITY OF LINCOLN CITY, OREGON**

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

**YEAR ENDED JUNE 30, 2014**

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

**Deferred Inflow/Outflow of Resources (Continued)**

These amounts are deferred and recognized as inflows of resources in the period that the amounts become available.

**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.

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, 2014, the City's cash and investments were comprised of the following:

Cash on hand	\$ 1,625
Deposits with financial institutions	298,280
Oregon State Treasurer's Local Government Investment Pool	<u>22,905,473</u>
	<u>\$ 23,205,378</u>



**CITY OF LINCOLN CITY, OREGON**

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

**YEAR ENDED JUNE 30, 2014**

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

Reported as:

Governmental activities	\$ 17,147,100
Business-type activities	<u>6,031,636</u>
Total per Statement of Net Position	23,178,736
Agency Fund	<u>26,642</u>
	<u><u>\$ 23,205,378</u></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.

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, 2014, was \$524,678 of which \$440,865 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 \$83,813 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, 2014, the City's investments consisted solely of deposits in the Oregon State Local Government Investment Pool.

**CITY OF LINCOLN CITY, OREGON**

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

**YEAR ENDED JUNE 30, 2014**

**3. ACCOUNTS RECEIVABLE**

Receivables as of June 30, 2014, for the City's governmental activities/funds are as follows:

	General	Urban Renewal Tax Increment	Other Governmental	Totals
Property taxes	\$ 460,186	\$ 277,801	\$ -	\$ 737,987
Intergovernmental	51,999	-	37,654	89,653
Fines and warrants	101,384	-	-	101,384
Franchise fees	98,873	-	4,235	103,108
Transient room taxes	244,089	-	1,007,643	1,251,732
Notes-housing rehabilitation	-	-	381,956	381,956
Miscellaneous other	20,226	-	-	20,226
	<u>\$ 976,757</u>	<u>\$ 277,801</u>	<u>\$ 1,431,488</u>	<u>\$ 2,686,046</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%	\$ 259,764
Affordable Housing:			
Habitat and Housing Rehabilitation	15 years	0%	\$ 122,192

Receivables as of June 30, 2014, for the City's business-type activities/funds are as follows:

	Water	Sewer	Totals
User charges	\$ 484,578	\$ 430,598	\$ 915,176
Property taxes	-	90,882	90,882
Miscellaneous	-	5,978	5,978
	<u>\$ 484,578</u>	<u>\$ 527,458</u>	<u>\$ 1,012,036</u>

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

**CITY OF LINCOLN CITY, OREGON**

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

**YEAR ENDED JUNE 30, 2014**

**4. CAPITAL ASSETS**

Transactions for the year ended June 30, 2014, of the governmental activities, were as follows:

	<u>Balance</u> <u>July 1, 2013</u>	<u>Restatement</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2014</u>
Capital assets not being depreciated:					
Land	\$ 16,249,676	\$ (1,954,487)	\$ 51,950	\$ (64,300)	\$ 14,282,839
Public right-of-way	22,328,786	-	-	-	22,328,786
Construction in progress	<u>192,952</u>	<u>-</u>	<u>849,496</u>	<u>(618,958)</u>	<u>423,490</u>
Total capital assets not being depreciated	<u>38,771,414</u>	<u>(1,954,487)</u>	<u>901,446</u>	<u>(683,258)</u>	<u>37,035,115</u>
Capital assets being depreciated:					
Buildings	14,707,007	-	347,934	(388,272)	14,666,669
Heavy equipment	568,288	-	15,537	(34,540)	549,285
Urban renewal projects	1,470,301	-	401,947	-	1,872,248
System improvements	47,623,910	-	-	-	47,623,910
Vehicles	753,417	-	80,170	(25,017)	808,570
Equipment and furnitures	3,481,480	-	100,179	(128,360)	3,453,299
Books and art	<u>1,191,616</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,191,616</u>
Total capital assets being depreciated	69,796,019	-	945,767	(576,189)	70,165,597
Accumulated depreciation	<u>(38,648,723)</u>	<u>-</u>	<u>(2,388,018)</u>	<u>267,376</u>	<u>(40,769,365)</u>
Total capital assets being depreciated, net	<u>31,147,296</u>	<u>-</u>	<u>(1,442,251)</u>	<u>(308,813)</u>	<u>29,396,232</u>
Total capital assets, net	<u>\$ 69,918,710</u>	<u>\$ (1,954,487)</u>	<u>\$ (540,805)</u>	<u>\$ (992,071)</u>	<u>\$ 66,431,347</u>

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

General government	\$ 423,287
Public safety	119,017
Highway and streets	1,362,782
Culture and recreation	<u>482,932</u>
Total	<u>\$ 2,388,018</u>

**CITY OF LINCOLN CITY, OREGON**

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

**YEAR ENDED JUNE 30, 2014**

**4. CAPITAL ASSETS (Continued)**

Transactions for the year ended June 30, 2014, of the business-type activities, were as follows:

	Balance July 1, 2013	Increases	Decreases	Balance June 30, 2014
Capital assets not being depreciated:				
Land and improvements	\$ 186,798	\$ 625,172	\$ -	\$ 811,970
Construction in progress	9,321,994	1,343,375	(9,556,812)	1,108,557
Total capital assets not being depreciated	<u>9,508,792</u>	<u>1,968,547</u>	<u>(9,556,812)</u>	<u>1,920,527</u>
Capital assets being depreciated:				
Buildings	1,114,444	19,112	-	1,133,556
Facilities	70,716,932	9,966,269	(80,753)	80,602,448
Equipment	2,050,155	121,356	(52,690)	2,118,821
Intangibles	120,868	-	-	120,868
Total capital assets being depreciated	<u>74,002,399</u>	<u>10,106,737</u>	<u>(133,443)</u>	<u>83,975,693</u>
Accumulated depreciation	<u>(30,734,824)</u>	<u>(2,195,505)</u>	<u>95,271</u>	<u>(32,835,058)</u>
Total capital assets being depreciated, net	<u>43,267,575</u>	<u>7,911,232</u>	<u>(38,172)</u>	<u>51,140,635</u>
Total capital assets, net	<u>\$ 52,776,367</u>	<u>\$ 9,879,779</u>	<u>\$ (9,594,984)</u>	<u>\$ 53,061,162</u>

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

Water	\$ 1,062,909
Sewer	<u>1,132,596</u>
Total	<u>\$ 2,195,505</u>

**CITY OF LINCOLN CITY, OREGON**

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

**YEAR ENDED JUNE 30, 2014**

**5. LONG-TERM OBLIGATIONS**

Transactions for the year ended June 30, 2014, of the governmental activities, were as follows:

<u>Note</u>	<u>Balance June 30, 2013</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balances June 30, 2014</u>	<u>Due w ithin one year</u>
Full Faith and Credit Note, Series 2008, Original issue amount \$1 million, final maturity September 2013, interest at 3.4 percent Principal	\$ 65,116	\$ -	\$ 65,116	\$ -	\$ -
Full Faith and Credit Note, Series 2014, URA Original issue amount \$4 million, final maturity June 2018, interest at 1.64 percent Principal	-	4,000,000	-	4,000,000	975,575
<b><u>Tax Increment Bonds</u></b>					
Urban Renew al Bonds, Series 2004 Original issue amount \$5 million, final maturity June 2014, interest at 4.0 percent Principal	594,199	-	594,199	-	-
Urban Renew al Bonds, Series 2007 Original issue amount \$5 million, final maturity June 2014, interest at 4.40 percent Principal	825,700	-	825,700	-	-
	<u>\$ 1,485,015</u>	<u>\$ 4,000,000</u>	<u>\$ 1,485,015</u>	<u>\$ 4,000,000</u>	<u>\$ 975,575</u>
Compensated absences	<u>\$ 525,076</u>	<u>\$ 561,482</u>	<u>\$ 525,076</u>	<u>\$ 561,482</u>	<u>\$ 561,482</u>

During 2014, the City issued \$4,000,000 in full faith and credit obligations. The Financing Agreement specifies that the amount the City received will be transferred to the Lincoln City Urban Renewal Agency. These funds are committed to finance projects of the Urban Renewal Agency, as described in the URA Year 2000 Development Plan. The Lincoln City Urban Renewal Agency has agreed to make annual debt service payments to the City under the same terms as the City's obligations.

The future maturities for governmental activity long-term obligations outstanding as of June 30, 2014, are as follows:

Fiscal Year	Full Faith and Credit Note, Series 2014 URA Projects	
	Principal	Interest
2015	\$ 975,575	\$ 62,684
2016	990,703	49,601
2017	1,008,041	33,353
2018	1,025,681	16,821
	<u>\$ 4,000,000</u>	<u>\$ 162,459</u>

**CITY OF LINCOLN CITY, OREGON**

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

**YEAR ENDED JUNE 30, 2014**

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

Transactions for the year ended June 30, 2014, of the business-type activities, were as follows:

	<u>Balance</u>			<u>Balances</u>	<u>Due within</u>
	<u>June 30, 2013</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2014</u>	<u>one year</u>
<u>Revenue Bonds</u>					
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	\$ 557,885	\$ -	\$ 557,885	\$ -	\$ -
Full Faith and Credit Note, Series 2008,					
Original issue amount \$2 million, final maturity					
September 2013, interest at 3.40 percent					
Principal	123,556	-	123,556	-	-
Full Faith and Credit Note, Series 2014,					
Original issue amount \$4 million, final maturity					
April 2024, interest at 2.81 percent					
Principal	-	4,000,000	-	4,000,000	370,000
<u>General Obligation Bonds</u>					
Sewer Bonds, Series 2005,					
Original issue amount \$15 million, final maturity					
June 2019, interest from 3 to 4.625 percent					
Principal	3,145,000	-	465,000	2,680,000	490,000
Sewer Bonds, Series 2011,					
Original issue amount \$7 million, final maturity					
March 2026, interest at 4.1 percent					
Principal	6,191,456	-	377,877	5,813,579	393,610
Sewer Bonds, Refunding Series 2013					
Original issue amount \$9.885 million, final maturity					
June 2030, interest at 2.0 percent					
Principal	9,750,000	-	-	9,750,000	-
Water Bonds, Series 2007					
Original issue amount \$4 million, final maturity					
December 2018, interest at 3.95 percent					
Principal	2,121,638	-	354,847	1,766,791	368,828
<u>Contract payable</u>					
Original issue amount \$585,000, final maturity					
August 2019, interest at 2.0 percent					
Principal	-	585,000	100,000	485,000	108,383
	<u>\$ 21,889,535</u>	<u>\$ 4,585,000</u>	<u>\$ 1,979,165</u>	<u>\$ 24,495,370</u>	<u>\$ 1,730,821</u>
Compensated absences	<u>\$ 183,156</u>	<u>\$ 178,666</u>	<u>\$ 183,156</u>	<u>\$ 178,666</u>	<u>\$ 178,666</u>

**CITY OF LINCOLN CITY, OREGON**

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

**YEAR ENDED JUNE 30, 2014**

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

During 2014, the City issued \$4,000,000 in full faith and credit obligations, series 2014 to finance capital projects to improve the City's water distribution system such as relocating water lines along Highway 101 and relocating a major transmission main under Schooner Creek. Similar projects will replace and upgrade other water lines throughout the City to improve service quality and redundancy. Also, the proceeds will in part be used to make improvements to the water treatment plant.

The future maturities for business-type activity long-term obligations outstanding as of June 30, 2014, are as follows:

Fiscal Year	Full Faith and Credit Note Series 2014		General Obligation Sewer Bonds Series 2005	
	Principal	Interest	Principal	Interest
2015	\$ 370,000	\$ 108,966	\$ 490,000	\$ 109,767
2016	370,000	103,703	510,000	90,167
2017	380,000	92,878	540,000	69,767
2018	385,000	82,052	565,000	48,167
2019	395,000	71,083	575,000	24,437
2020-24	2,100,000	181,966	-	-
	<u>\$ 4,000,000</u>	<u>\$ 640,648</u>	<u>\$ 2,680,000</u>	<u>\$ 342,305</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
2015	\$ 368,828	\$ 64,340	\$ 393,610	\$ 232,357	\$ -	\$ 231,050
2016	383,614	49,584	409,999	215,969	-	231,050
2017	398,993	34,205	427,068	198,898	-	231,050
2018	414,988	18,210	444,848	181,115	-	231,050
2019	200,368	2,907	463,371	162,596	130,000	231,050
2020-24	-	-	2,622,809	507,024	3,965,000	989,850
2025-29	-	-	1,051,874	43,566	4,660,000	527,563
2030	-	-	-	-	995,000	29,850
	<u>\$ 1,766,791</u>	<u>\$ 169,246</u>	<u>\$ 5,813,579</u>	<u>\$ 1,541,525</u>	<u>\$ 9,750,000</u>	<u>\$ 2,702,513</u>

Fiscal Year	Contract Payable		Totals	
	Principal	Interest	Principal	Interest
2015	\$ 108,383	\$ 1,617	\$ 1,730,821	\$ 748,097
2016	102,468	7,532	1,776,081	698,005
2017	104,517	5,483	1,850,578	632,582
2018	106,607	3,393	1,916,443	563,989
2019	63,025	1,260	1,826,764	493,333
2020-24	-	-	8,687,809	1,678,840
2025-29	-	-	5,711,874	570,826
2030	-	-	995,000	29,850
	<u>\$ 485,000</u>	<u>\$ 19,285</u>	<u>\$ 24,495,370</u>	<u>\$ 5,415,522</u>

**CITY OF LINCOLN CITY, OREGON**

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

**YEAR ENDED JUNE 30, 2014**

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

During 2014, the City purchased Schooner Creek watershed land by entering into a land sales installment contract with Lincoln County. The contract amount was for \$585,000, of which \$100,000 was due upon execution of the contract.

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

**6. UNAVAILABLE REVENUE**

Resources to the City, which are measurable, but not available, are reported as deferred inflows of resources in the governmental funds. As of June 30, 2014, unavailable revenue consists of the following:

	General Fund	Urban Renewal Tax Increment Fund	Totals
Property taxes	\$ 460,186	\$ 277,801	\$ 737,987
Fines and warrants	96,991	-	96,991
Other	1,604	-	1,604
	<u>\$ 558,781</u>	<u>\$ 277,801</u>	<u>\$ 836,582</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.

At June 30, 2014, the City reports a restricted fund balance amount related to these post-closure requirements of \$729,287 and liability of \$493,247.

**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-



**CITY OF LINCOLN CITY, OREGON**

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

**YEAR ENDED JUNE 30, 2014**

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

**Pension Plan Description (Continued)**

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.

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 2014 was 10.13 percent for PERS, and 6.63 percent for general OPSRP and 9.36 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, 2014, 2013 and 2012 were equal to the City's required contributions for each year as follows:

<u>Year Ended June 30,</u>	<u>City Contributions</u>	<u>City paid Member Contributions</u>	<u>Member paid Contributions</u>	<u>Totals</u>
2014	\$ 657,790	\$ 434,322	\$ 377	\$ 1,092,489
2013	620,437	410,421	440	1,031,298
2012	622,049	407,400	522	1,029,971

**CITY OF LINCOLN CITY, OREGON**

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

**YEAR ENDED JUNE 30, 2014**

**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	\$ 62,326
Amortization of UAAL	109,204
	<hr/>
Annual required contribution	\$ 171,530
	<hr/>

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

Annual required contribution	\$ 171,530
Interest on prior year net OPEB Obligation	24,409
Adjustment to ARC	(83,856)
Implicit benefit payments	(51,358)
	<hr/>
Increase in net OPEB Obligation	60,725
OPEB Obligation at beginning of year	697,399
	<hr/>
OPEB obligation at end of year	\$ 758,124
	<hr/>

**CITY OF LINCOLN CITY, OREGON**

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

**YEAR ENDED JUNE 30, 2014**

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

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

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

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2014	\$ 112,083	46%	\$ 758,124
June 30, 2013	126,573	38%	697,399
June 30, 2012	118,680	28%	618,716

**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%

**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.

**CITY OF LINCOLN CITY, OREGON**

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

**YEAR ENDED JUNE 30, 2014**

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

**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 .49 percent for OPSRP. The OPERS Board of Trustees sets the employer contribution rate based on the 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, 2014, 2013 and 2012 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

**CITY OF LINCOLN CITY, OREGON**

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

**YEAR ENDED JUNE 30, 2014**

**10. OTHER INFORMATION (continued)**

**Risk Management (continued)**

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, and 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, 2014:

<u>Funds</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental		
General	\$ 1,134,261	\$ 985,000
Other governmental	666,264	763,890
Proprietary		
Water	-	25,426
Sewer	-	26,209
	<u>\$ 1,800,525</u>	<u>\$ 1,800,525</u>

**12. CONSTRUCTION COMMITMENTS**

<u>Project</u>	<u>Outstanding Amount</u>
<b>FY2013-14</b>	
Maryland Drive Sewer Pump Station	\$ 208,400
Hwy 101 Sidewalk Improvements	80,880
<b>Total Commitments</b>	<u>\$ 289,280</u>
<b>Commitments subsequent to June 30, 2014</b>	
West Devils Lake Road Pumpstation	1,138,224
Schooner Creek Water Boring	559,256
Water Treatment Plant Controls	205,153
Engineering-Cutler City Water	190,706
Schooner Creek Sewer Boring, Design, Engineering	93,800
Paving-Villages	85,427
Roads End Grade and Gravel	75,748
Regatta Pump Station	65,205
SE 48th Road & Sidewalk Repair	60,208

**CITY OF LINCOLN CITY, OREGON**

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

**YEAR ENDED JUNE 30, 2014**

**13. PRIOR PERIOD ADJUSTMENT**

The City purchased land in May 2013 for \$2,509,600, which was originally reported in the City's governmental activities capital assets for fiscal year ending June 30, 2013. A portion of the land with a cost of \$1,954,487 was subsequently determined to be held for sale and as such should be reported in the fund statements. Beginning fund balances in the General Fund and the Affordable Housing Fund were restated by \$1,393,665 and \$560,822, respectively, to reflect the impact of reporting the land held for sale. Similarly, the governmental activities on the Statement of Net Position reflect reclassification from capital assets to assets held for sale at June 30, 2014.

In June 2011, money was transferred from the General Fund to the Water Fund in the amount of \$410,000, as an interfund loan. This was originally reported in the City's financial statements as a transfer out of General Fund and as a transfer in to the Water Fund. Beginning fund balances in the General Fund and the Water Fund were restated by \$328,816 and (\$328,816), respectively, to record the balance due on the advance as of June 30, 2013. The governmental activities and the business-type activities on the Statement of Net Position reflect the interfund balances of \$247,151 as of June 30, 2014.

**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.

**REQUIRED SUPPLEMENTARY INFORMATION**

**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, 2014**

	Budget		Actual	Variance
	Original	Final		
<b>REVENUES:</b>				
Property taxes	\$ 4,917,921	\$ 4,917,921	\$ 4,963,895	\$ 45,974
Franchise fees	952,361	952,361	983,246	30,885
Transient room tax	1,140,236	1,140,236	1,211,069	70,833
Fees, licenses and permits	490,500	490,500	590,825	100,325
Fines, and forfeitures	174,550	174,550	163,472	(11,078)
Intergovernmental	495,256	495,256	482,885	(12,371)
Interest	18,500	18,500	15,919	(2,581)
Miscellaneous	911,462	911,462	981,272	69,810
<b>TOTAL REVENUES</b>	<b>9,100,786</b>	<b>9,100,786</b>	<b>9,392,583</b>	<b>291,797</b>
<b>EXPENDITURES:</b>				
City council	28,497	28,497	18,558	9,939
City administration	519,887	519,887	503,839	16,048
Finance	789,747	789,747	774,903	14,844
Library	872,536	872,536	832,240	40,296
Municipal court	69,582	72,082	66,212	5,870
City attorney	214,381	214,381	188,647	25,734
Planning	468,913	468,913	448,606	20,307
Building inspection	205,343	225,343	211,845	13,498
Police	3,984,548	3,984,548	3,718,260	266,288
Recreation department	1,166,520	1,166,520	983,531	182,989
Non-departmental	425,432	325,432	263,319	62,113
Contingencies	1,896,604	1,874,104	-	1,874,104
<b>TOTAL EXPENDITURES</b>	<b>10,641,990</b>	<b>10,541,990</b>	<b>8,009,961</b>	<b>2,532,029</b>
<b>EXCESS (DEFICIENCY) OF REVENUES</b> <b>OVER (UNDER) EXPENDITURES</b>	<b>(1,541,204)</b>	<b>(1,441,204)</b>	<b>1,382,622</b>	<b>2,823,826</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Proceeds from sale of capital assets	5,000	5,000	4,972	(28)
Transfers in	758,737	758,737	569,603	(189,134)
Transfers out	(885,000)	(985,000)	(985,000)	-
<b>TOTAL OTHER FINANCING</b> <b>SOURCES (USES)</b>	<b>(121,263)</b>	<b>(221,263)</b>	<b>(410,425)</b>	<b>(189,162)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(1,662,467)</b>	<b>(1,662,467)</b>	<b>972,197</b>	<b>2,634,664</b>
<b>FUND BALANCE, beginning of year</b>	<b>1,912,509</b>	<b>1,912,509</b>	<b>2,180,278</b>	<b>267,769</b>
<b>Prior Period Adjustment</b>	<b>-</b>	<b>-</b>	<b>1,393,665</b>	<b>1,393,665</b>
<b>FUND BALANCE, beginning of year (Restated)</b>	<b>1,912,509</b>	<b>1,912,509</b>	<b>3,573,943</b>	<b>1,661,434</b>
<b>FUND BALANCE, end of year</b>	<b>\$ 250,042</b>	<b>\$ 250,042</b>	<b>\$ 4,546,140</b>	<b>\$ 4,296,098</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, 2014**

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES:</b>			
Interest on investments	\$ 8,000	\$ 13,407	\$ 5,407
Miscellaneous	-	10	10
<b>TOTAL REVENUES</b>	<u>8,000</u>	<u>13,417</u>	<u>5,417</u>
<b>EXPENDITURES:</b>			
Personal services	160,634	153,508	7,126
Materials and services	374,327	285,372	88,955
Capital outlay	4,410,874	607,121	3,803,753
<b>TOTAL EXPENDITURES</b>	<u>4,945,835</u>	<u>1,046,001</u>	<u>3,899,834</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(4,937,835)	(1,032,584)	3,905,251
<b>OTHER FINANCING SOURCE:</b>			
Proceeds from borrowing	<u>2,150,000</u>	<u>4,000,000</u>	<u>1,850,000</u>
<b>NET CHANGE IN FUND BALANCE</b>	(2,787,835)	2,967,416	5,755,251
<b>FUND BALANCE, beginning of year</b>	<u>2,787,835</u>	<u>3,311,967</u>	<u>524,132</u>
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ 6,279,383</u>	<u>\$ 6,279,383</u>

**CITY OF LINCOLN CITY, OREGON**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**YEAR ENDED JUNE 30, 2014**

**Budget Policies and Budgetary Control**

Generally, Oregon Local Budget Law requires annual budgets to 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 transfer cannot legally exceed appropriations. The City establishes levels of budgetary control at personal service, materials and services, capital outlay, operating contingencies, and debt service for all funds, except the General Fund and Internal Service 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.

**OTHER SUPPLEMENTARY INFORMATION**

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

**NONMAJOR GOVERNMENTAL FUNDS**

**COMBINING BALANCE SHEET**

**JUNE 30, 2014**

	Special Revenue Funds	Capital Project Funds	Totals
<b>ASSETS:</b>			
Cash and investments	\$ 2,265,098	\$ 1,510,099	\$ 3,775,197
Receivables	1,305,939	125,549	1,431,488
Assets held for Sale	<u>560,822</u>	-	<u>560,822</u>
<b>TOTAL ASSETS</b>	<u>\$ 4,131,859</u>	<u>\$ 1,635,648</u>	<u>\$ 5,767,507</u>
<b>LIABILITIES:</b>			
Accounts payable	<u>\$ 95,720</u>	<u>\$ 3,070</u>	<u>\$ 98,790</u>
<b>FUND BALANCES:</b>			
Nonspendable in form	942,778	-	942,778
Restricted for:			
Capital projects	951,324	965,504	1,916,828
Road construction/maintenance	576,935	-	576,935
Tourism promotion	604,191	-	604,191
Parks maintenance	619,763	-	619,763
Committed to:			
Affordable housing	300,919	-	300,919
Maintenance	12,800	-	12,800
Art & Education	27,430	-	27,430
Assigned to:			
Capital projects	<u>-</u>	<u>667,074</u>	<u>667,074</u>
<b>TOTAL FUND BALANCES</b>	<u>4,036,139</u>	<u>1,632,578</u>	<u>5,668,717</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 4,131,859</u>	<u>\$ 1,635,648</u>	<u>\$ 5,767,507</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, 2014**

	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Totals
<b>REVENUES:</b>				
Franchise fees	\$ 16,039	\$ -	\$ -	\$ 16,039
Transient room tax	3,280,163	-	492,164	3,772,327
Rents	205,472	-	-	205,472
Charges for services	3,100	-	145,413	148,513
Intergovernmental	459,484	-	4,620	464,104
Reimbursement from other funds	26,500	-	-	26,500
Interest on investments	9,000	144	6,082	15,226
Miscellaneous	125,135	-	15,708	140,843
<b>TOTAL REVENUES</b>	<b>4,124,892</b>	<b>144</b>	<b>663,987</b>	<b>4,789,023</b>
<b>EXPENDITURES:</b>				
Current:				
General government	2,070,406	-	60,977	2,131,383
Highways and streets	1,106,915	-	-	1,106,915
Culture and recreation	716,219	-	-	716,219
Debt service	-	79,742	-	79,742
Capital outlay	42,189	-	346,861	389,050
<b>TOTAL EXPENDITURES</b>	<b>3,935,728</b>	<b>79,742</b>	<b>407,838</b>	<b>4,423,308</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>189,164</b>	<b>(79,598)</b>	<b>256,149</b>	<b>365,715</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Proceeds from sale of equipment	118,008	-	-	118,008
Transfers in	335,997	55,267	275,000	666,264
Transfers out	(376,563)	(11,772)	(375,555)	(763,890)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>77,442</b>	<b>43,495</b>	<b>(100,555)</b>	<b>20,382</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>266,606</b>	<b>(36,103)</b>	<b>155,594</b>	<b>386,097</b>
<b>FUND BALANCE, beginning of year</b>	<b>3,208,711</b>	<b>36,103</b>	<b>1,476,984</b>	<b>4,721,798</b>
<b>Prior Period Adjustment</b>	<b>560,822</b>	<b>-</b>	<b>-</b>	<b>560,822</b>
<b>FUND BALANCE, beginning of year (Restated)</b>	<b>3,769,533</b>	<b>36,103</b>	<b>1,476,984</b>	<b>5,282,620</b>
<b>FUND BALANCE, end of year</b>	<b>\$ 4,036,139</b>	<b>\$ -</b>	<b>\$ 1,632,578</b>	<b>\$ 5,668,717</b>

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

**NONMAJOR SPECIAL REVENUE FUNDS**

**COMBINING BALANCE SHEET**

**JUNE 30, 2014**

	<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	\$ 300,919	\$ 21,317	\$ 13,264	\$ 308,557	\$ 951,324	\$ 278,488
Receivables	122,192	-	4,235	287,623	259,764	381,781
Assets held for Sale	<u>560,822</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u>\$ 983,933</u>	<u>\$ 21,317</u>	<u>\$ 17,499</u>	<u>\$ 596,180</u>	<u>\$ 1,211,088</u>	<u>\$ 660,269</u>
<b>LIABILITIES:</b>						
Accounts payable	\$ -	\$ 8,517	\$ -	\$ 19,245	\$ -	\$ 56,078
<b>FUND BALANCES:</b>						
Nonspendable in form	683,014	-	-	-	259,764	-
Restricted for:						
Capital projects	-	-	-	-	951,324	-
Road construction/maintenance	-	-	-	576,935	-	-
Tourism promotion	-	-	-	-	-	604,191
Parks maintenance	-	-	-	-	-	-
Committed to:						
Affordable housing	300,919	-	-	-	-	-
Maintenance	-	12,800	-	-	-	-
Art and education	<u>-</u>	<u>-</u>	<u>17,499</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL FUND BALANCES</b>	<u>983,932</u>	<u>12,800</u>	<u>17,499</u>	<u>576,935</u>	<u>1,211,088</u>	<u>604,191</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 983,932</u>	<u>\$ 21,317</u>	<u>\$ 17,499</u>	<u>\$ 596,180</u>	<u>\$ 1,211,088</u>	<u>\$ 660,269</u>

<u>Parks Maintenance</u>	<u>Percent for Art</u>	<u>Totals</u>
\$ 381,298	\$ 9,931	\$ 2,265,098
250,345	-	1,305,939
-	-	560,822
<u>\$ 631,643</u>	<u>\$ 9,931</u>	<u>\$ 4,131,859</u>
\$ 11,880	\$ -	\$ 95,720
-	-	942,778
-	-	951,324
-	-	576,935
-	-	604,191
619,763	-	619,763
-	-	300,919
-	-	12,800
-	9,931	27,430
<u>619,763</u>	<u>9,931</u>	<u>4,036,139</u>
<u>\$ 631,643</u>	<u>\$ 9,931</u>	<u>\$ 4,131,859</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, 2014**

	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	\$ -	\$ -	\$ 16,039	\$ -	\$ -	\$ -
Transient room tax	-	-	-	983,870	-	1,500,345
Rents	14,623	190,849	-	-	-	-
Charges for services	-	-	-	3,100	-	-
Intergovernmental	-	1,482	611	457,391	-	-
Reimbursement from other funds	-	26,500	-	-	-	-
Interest on investments	147	63	69	1,902	3,101	2,015
Miscellaneous	-	29,379	-	4,966	-	84,748
<b>TOTAL REVENUES</b>	<b>14,769</b>	<b>248,273</b>	<b>16,719</b>	<b>1,451,229</b>	<b>3,101</b>	<b>1,587,108</b>
<b>EXPENDITURES:</b>						
Current						
General government	126,068	400,222	23,142	-	-	1,520,974
Highways and streets	-	-	-	1,106,915	-	-
Culture and recreation	-	-	-	-	-	-
Capital outlay	2,852	-	-	19,390	1,200	13,910
<b>TOTAL EXPENDITURES</b>	<b>128,920</b>	<b>400,222</b>	<b>23,142</b>	<b>1,126,305</b>	<b>1,200</b>	<b>1,534,884</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(114,150)</b>	<b>(151,949)</b>	<b>(6,423)</b>	<b>324,924</b>	<b>1,901</b>	<b>52,224</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Proceeds from sale of capital assets	117,867	-	-	-	-	-
Transfers in	177,442	143,200	-	10,000	-	-
Transfers out	(117,867)	-	-	(222,252)	-	(36,444)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>177,442</b>	<b>143,200</b>	<b>-</b>	<b>(212,252)</b>	<b>-</b>	<b>(36,444)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>63,292</b>	<b>(8,749)</b>	<b>(6,423)</b>	<b>112,672</b>	<b>1,901</b>	<b>15,780</b>
<b>FUND BALANCE, beginning 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>
<b>Prior Period Adjustment</b>	<b>560,822</b>					
<b>FUND BALANCE, beginning of year (Restated)</b>	<b>920,641</b>	<b>21,549</b>	<b>23,922</b>	<b>464,263</b>	<b>1,209,187</b>	<b>588,411</b>
<b>FUND BALANCE, end of year</b>	<b>\$ 983,932</b>	<b>\$ 12,800</b>	<b>\$ 17,499</b>	<b>\$ 576,935</b>	<b>\$ 1,211,088</b>	<b>\$ 604,191</b>



<u>Parks Maintenance</u>	<u>Percent for Art</u>	<u>Totals</u>
\$ -	\$ -	\$ 16,039
795,948	-	3,280,163
-	-	205,472
-	-	3,100
-	-	459,484
-	-	26,500
1,684	20	9,000
1,518	4,523	125,135
<u>799,150</u>	<u>4,544</u>	<u>4,124,892</u>
-	-	2,070,406
-	-	1,106,915
714,508	1,711	716,219
4,837	-	42,189
<u>719,345</u>	<u>1,711</u>	<u>3,935,728</u>
<u>79,805</u>	<u>2,833</u>	<u>189,164</u>
141	-	118,008
-	5,355	335,997
-	-	(376,563)
<u>141</u>	<u>5,355</u>	<u>77,442</u>
79,946	8,188	266,606
539,817	1,743	3,208,711
		560,822
<u>539,817</u>	<u>1,743</u>	<u>3,769,533</u>
<u>\$ 619,763</u>	<u>\$ 9,931</u>	<u>\$ 4,036,139</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, 2014**

	Budget		Actual	Variance
	Original	Final		
<b>REVENUES:</b>				
Rents	\$ 14,700	\$ 14,700	\$ 14,623	\$ (77)
Interest on investments	3,000	3,000	147	(2,853)
Loan repayments	116,000	116,000	116,000	-
<b>TOTAL REVENUES</b>	<u>133,700</u>	<u>133,700</u>	<u>130,769</u>	<u>(2,931)</u>
<b>EXPENDITURES:</b>				
Materials and services	18,457	18,457	7,382	11,075
Capital outlay	192,685	195,537	2,852	192,685
<b>TOTAL EXPENDITURES</b>	<u>211,142</u>	<u>213,994</u>	<u>10,234</u>	<u>203,760</u>
<b>REVENUES UNDER EXPENDITURES</b>	<u>(77,442)</u>	<u>(80,294)</u>	<u>120,536</u>	<u>200,830</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Proceeds from sale of capital assets	200,000	200,000	117,867	(82,133)
Transfers in	177,442	177,442	177,442	-
Transfers out	(300,000)	(300,000)	(117,867)	182,133
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>77,442</u>	<u>77,442</u>	<u>177,442</u>	<u>100,000</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	(2,852)	297,978	300,830
<b>FUND BALANCE, beginning of year</b>	-	2,852	2,941	89
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 300,919</u>	<u>\$ 300,919</u>
Fund balance - budgetary basis			\$ 300,919	
Balance of loans receivable			122,192	
Assets held for sale			560,822	
Fund balance - GAAP basis			<u>\$ 983,932</u>	
Change in fund balance - budgetary basis			\$ 297,978	
Loan repayments reported as reduction in receivable			(116,000)	
Transfer of Loans Receivable to Community Housing Services			(118,686)	
Change in fund balance - GAAP basis			<u>\$ 63,292</u>	

**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, 2014**

	Budget		Actual	Variance
	Original	Final		
<b>REVENUES:</b>				
Rents	\$ 190,000	\$ 190,000	\$ 190,849	\$ 849
Reimbursement from other funds	26,500	26,500	26,500	-
Intergovernmental	1,500	1,500	1,482	(18)
Interest on investments	150	150	63	(87)
Miscellaneous	30,000	30,000	29,379	(621)
<b>TOTAL REVENUES</b>	<b>248,150</b>	<b>248,150</b>	<b>248,273</b>	<b>123</b>
<b>EXPENDITURES:</b>				
Personal services	177,604	177,604	173,903	3,701
Materials and services	217,147	230,795	226,319	4,476
Capital outlay	8,600	2,600	-	2,600
Contingency	1,899	1,899	-	1,899
<b>TOTAL EXPENDITURES</b>	<b>405,250</b>	<b>412,898</b>	<b>400,222</b>	<b>12,676</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(157,100)</b>	<b>(164,748)</b>	<b>(151,949)</b>	<b>12,799</b>
<b>OTHER FINANCING SOURCES:</b>				
Transfers in	143,200	143,200	143,200	-
<b>NET CHANGE IN FUND BALANCE</b>	<b>(13,900)</b>	<b>(21,548)</b>	<b>(8,749)</b>	<b>12,799</b>
<b>FUND BALANCE, beginning of year</b>	<b>13,900</b>	<b>21,548</b>	<b>21,549</b>	<b>1</b>
<b>FUND BALANCE, end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 12,800</b>	<b>\$ 12,800</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, 2014**

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES:</b>			
Franchise fees	\$ 14,139	\$ 16,039	\$ 1,900
Intergovernmental	500	611	111
Interest on investments	<u>250</u>	<u>69</u>	<u>(181)</u>
<b>TOTAL REVENUES</b>	<u>14,889</u>	<u>16,719</u>	<u>1,830</u>
<b>EXPENDITURES:</b>			
Personal services	7,167	3,263	3,904
Materials and services	21,804	19,879	1,925
Contingency	<u>11,026</u>	<u>-</u>	<u>11,026</u>
<b>TOTAL EXPENDITURES</b>	<u>39,997</u>	<u>23,142</u>	<u>16,855</u>
<b>NET CHANGE IN FUND BALANCE</b>	(25,108)	(6,423)	18,685
<b>FUND BALANCE</b> , beginning of year	<u>25,108</u>	<u>23,922</u>	<u>(1,186)</u>
<b>FUND BALANCE</b> , end of year	<u>\$ -</u>	<u>\$ 17,499</u>	<u>\$ 17,499</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, 2014**

	Budget		Actual	Variance
	Original	Final		
<b>REVENUES:</b>				
Transient room tax	\$ 933,643	\$ 933,643	\$ 983,870	\$ 50,227
Charges for services	-	-	3,100	3,100
Intergovernmental	505,231	505,231	457,391	(47,840)
Interest on investments	-	-	1,902	1,902
Miscellaneous	-	-	4,966	4,966
<b>TOTAL REVENUES</b>	<b>1,438,874</b>	<b>1,438,874</b>	<b>1,451,229</b>	<b>12,355</b>
<b>EXPENDITURES:</b>				
Personal services	649,028	649,028	612,187	36,841
Materials and services	467,041	487,041	435,434	51,607
Capital outlay	77,000	77,000	19,390	57,610
Contingency	475,276	455,276	-	455,276
<b>TOTAL EXPENDITURES</b>	<b>1,668,345</b>	<b>1,668,345</b>	<b>1,067,011</b>	<b>601,334</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(229,471)</b>	<b>(229,471)</b>	<b>384,218</b>	<b>613,689</b>
<b>OTHER FINANCING USES:</b>				
Transfers in	85,000	85,000	10,000	(75,000)
Transfers out	(281,546)	(281,546)	(281,546)	-
<b>TOTAL OTHER FINANCING USES</b>	<b>(196,546)</b>	<b>(196,546)</b>	<b>(271,546)</b>	<b>(75,000)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(426,017)</b>	<b>(426,017)</b>	<b>112,672</b>	<b>538,689</b>
<b>FUND BALANCE, beginning of year</b>	<b>426,017</b>	<b>426,017</b>	<b>464,263</b>	<b>38,246</b>
<b>FUND BALANCE, end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 576,935</b>	<b>\$ 576,935</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, 2014**

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES:</b>			
Loan repayments	\$ 110,000	\$ 68,259	\$ (41,741)
Interest on investments	3,200	3,376	176
<b>TOTAL REVENUES</b>	<u>113,200</u>	<u>71,635</u>	<u>(41,565)</u>
<b>EXPENDITURES:</b>			
Capital outlay	<u>747,123</u>	<u>1,200</u>	<u>745,923</u>
<b>NET CHANGE IN FUND BALANCE</b>	(633,923)	70,435	704,358
<b>FUND BALANCE, beginning of year</b>	<u>633,923</u>	<u>880,889</u>	<u>246,966</u>
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ 951,324</u>	<u>\$ 951,324</u>
Fund balance - budgetary basis		\$ 951,324	
Balance of loans receivable		<u>259,764</u>	
Fund balance - GAAP basis		<u>\$ 1,211,088</u>	
Change in fund balance - budgetary basis		\$ 70,435	
Loan repayments reported as reduction in receivable		(68,259)	
Other		<u>(275)</u>	
Changes in fund balance - GAAP basis		<u>\$ 1,901</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, 2014**

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES:</b>			
Transient room tax	\$ 1,423,826	\$ 1,500,345	\$ 76,519
Interest on investments	2,500	2,015	(485)
Miscellaneous	<u>65,400</u>	<u>84,748</u>	<u>19,348</u>
<b>TOTAL REVENUES</b>	<u>1,491,726</u>	<u>1,587,108</u>	<u>95,382</u>
<b>EXPENDITURES:</b>			
Personal services	590,040	575,143	14,897
Materials and services	1,024,952	913,626	111,326
Capital outlay	100,500	13,910	86,590
Contingency	<u>205,909</u>	<u>-</u>	<u>205,909</u>
<b>TOTAL EXPENDITURES</b>	<u>1,921,401</u>	<u>1,502,679</u>	<u>418,722</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(429,675)</u>	<u>84,429</u>	<u>514,104</u>
<b>OTHER FINANCING USES:</b>			
Transfers out	<u>(68,649)</u>	<u>(68,649)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(498,324)	15,780	514,104
<b>FUND BALANCE, beginning of year</b>	<u>498,324</u>	<u>588,411</u>	<u>90,087</u>
<b>FUND BALANCE, end of year</b>	<u><u>\$ -</u></u>	<u><u>\$ 604,191</u></u>	<u><u>\$ 604,191</u></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, 2014**

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES:</b>			
Transient room tax	\$ 743,989	\$ 795,948	\$ 51,959
Intergovernmental	28,400	-	(28,400)
Interest on investments	1,500	1,684	184
Miscellaneous	<u>750</u>	<u>1,518</u>	<u>768</u>
<b>TOTAL REVENUES</b>	<u>774,639</u>	<u>799,150</u>	<u>24,511</u>
<b>EXPENDITURES:</b>			
Personal services	501,193	472,572	28,621
Materials and services	257,388	222,597	34,791
Capital outlay	8,000	4,837	3,163
Contingency	<u>499,532</u>	<u>-</u>	<u>499,532</u>
<b>TOTAL EXPENDITURES</b>	<u>1,266,113</u>	<u>700,006</u>	<u>566,107</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(491,474)</u>	<u>99,144</u>	<u>590,618</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Proceeds from sale of equipment	-	141	141
Transfers out	<u>(19,339)</u>	<u>(19,339)</u>	<u>-</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(19,339)</u>	<u>(19,199)</u>	<u>141</u>
<b>NET CHANGE IN FUND BALANCE</b>	(510,813)	79,946	590,759
<b>FUND BALANCE, beginning of year</b>	<u>510,813</u>	<u>539,817</u>	<u>29,004</u>
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ 619,763</u>	<u>\$ 619,763</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, 2014**

	Budget		Actual	Variance
	Original	Final		
<b>REVENUES:</b>				
Interest on investments	\$ -	\$ -	\$ 20	\$ 20
Miscellaneous	-	-	4,523	4,523
<b>TOTAL REVENUES</b>	<b>-</b>	<b>-</b>	<b>4,544</b>	<b>4,544</b>
<b>EXPENDITURES:</b>				
Materials and services	-	2,000	1,711	289
Capital outlay	15,331	16,331	-	16,331
<b>TOTAL EXPENDITURES</b>	<b>15,331</b>	<b>18,331</b>	<b>1,711</b>	<b>16,620</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(15,331)</b>	<b>(18,331)</b>	<b>2,833</b>	<b>21,164</b>
<b>OTHER FINANCING SOURCES:</b>				
Transfers in	7,000	10,000	5,355	(4,645)
<b>NET CHANGE IN FUND BALANCE</b>	<b>(8,331)</b>	<b>(8,331)</b>	<b>8,188</b>	<b>16,519</b>
<b>FUND BALANCE, beginning of year</b>	<b>8,331</b>	<b>8,331</b>	<b>1,743</b>	<b>(6,588)</b>
<b>FUND BALANCE, end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 9,931</b>	<b>\$ 9,931</b>

**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, 2014**

	<u>Open Space Bonds</u>	<u>2008 Bond Redemption</u>	<u>Totals</u>
<b>REVENUES:</b>			
Interest on investments	<u>\$          2</u>	<u>\$         142</u>	<u>\$         144</u>
<b>EXPENDITURES:</b>			
Debt service	<u>          -</u>	<u>      79,742</u>	<u>      79,742</u>
<b>EXCESS (DEFICIENCY) OF REVENUES           OVER (UNDER) EXPENDITURES</b>	2	(79,600)	(79,598)
<b>OTHER FINANCING SOURCES:</b>			
Transfers in	-	55,267	55,267
Transfers out	<u>(11,772)</u>	<u>          -</u>	<u>(11,772)</u>
<b>NET CHANGE IN FUND BALANCE</b>	(11,770)	(24,333)	(36,103)
<b>FUND BALANCE</b> , beginning of year	<u>      11,770</u>	<u>      24,333</u>	<u>      36,103</u>
<b>FUND BALANCE</b> , end of year	<u><u>\$          -</u></u>	<u><u>\$          -</u></u>	<u><u>\$          -</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, 2014**

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES:</b>			
Property taxes	\$ 2,898,927	\$ 2,896,479	\$ (2,448)
Interest on investments	8,500	8,033	(467)
<b>TOTAL REVENUES</b>	<u>2,907,427</u>	<u>2,904,511</u>	<u>(2,916)</u>
<b>EXPENDITURES:</b>			
Debt service	<u>3,666,162</u>	<u>1,448,530</u>	<u>2,217,632</u>
<b>NET CHANGE IN FUND BALANCE</b>	(758,735)	1,455,982	2,214,717
<b>FUND BALANCE, beginning of year</b>	<u>758,735</u>	<u>805,545</u>	<u>46,810</u>
<b>FUND BALANCE, end of year</b>	<u><u>\$ -</u></u>	<u><u>\$ 2,261,527</u></u>	<u><u>\$ 2,261,527</u></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, 2014**

	Budget		Actual	Variance
	Original	Final		
<b>REVENUES:</b>				
Interest on investments	\$ -	\$ -	\$ 2	\$ 2
<b>OTHER FINANCING USES:</b>				
Transfers Out	(7,000)	(11,775)	(11,772)	3
<b>NET CHANGE IN FUND BALANCE</b>	(7,000)	(11,775)	(11,770)	5
<b>FUND BALANCE</b> , beginning of year	7,000	11,775	11,770	(5)
<b>FUND BALANCE</b> , end of year	\$ -	\$ -	\$ -	\$ -

**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, 2014**

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES:</b>			
Interest on investments	<u>\$        60</u>	<u>\$       142</u>	<u>\$        82</u>
<b>EXPENDITURES:</b>			
Debt Service	<u>190,276</u>	<u>190,275</u>	<u>          1</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(190,216)</u>	<u>(190,133)</u>	<u>          83</u>
<b>OTHER FINANCING SOURCES:</b>			
Transfers in	<u>165,900</u>	<u>165,800</u>	<u>        100</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(24,316)</u>	<u>(24,333)</u>	<u>(17)</u>
<b>FUND BALANCE, beginning of year</b>	<u>24,316</u>	<u>24,333</u>	<u>        17</u>
<b>FUND BALANCE, end of year</b>	<u>\$          -</u>	<u>\$          -</u>	<u>\$          -</u>
Debt services - budgetary basis		\$    190,275	
Payments reported in Water Fund		<u>(110,533)</u>	
Debt service - GAAP basis		<u>\$      79,742</u>	
Transfer in - budgetary basis		\$    165,800	
Payments reported in Water Fund		<u>(110,533)</u>	
Transfers in - GAAP basis		<u>\$      55,267</u>	

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

**NONMAJOR CAPITAL PROJECTS FUNDS**

**COMBINING BALANCE SHEET**

**JUNE 30, 2014**

	<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	\$ 563,526	\$ 82,842	\$ 218,817	\$ (24,117)	\$ 669,031	\$ 1,510,099
Receivables	-	-	377	125,172	-	125,549
<b>TOTAL ASSETS</b>	<u>\$ 563,526</u>	<u>\$ 82,842</u>	<u>\$ 219,194</u>	<u>\$ 101,055</u>	<u>\$ 669,031</u>	<u>\$ 1,635,648</u>
<b>LIABILITIES:</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ 1,113	\$ 1,958	\$ 3,070
<b>FUND BALANCES:</b>						
Restricted for:						
Capital projects	563,526	82,842	219,194	99,942	-	965,504
Assigned to:						
Capital projects	-	-	-	-	667,074	667,074
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 563,526</u>	<u>\$ 82,842</u>	<u>\$ 219,194</u>	<u>\$ 101,055</u>	<u>\$ 669,031</u>	<u>\$ 1,635,648</u>

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

**NONMAJOR CAPITAL PROJECTS FUNDS**

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

**FOR THE YEAR ENDED JUNE 30, 2014**

	Transportation Development	Storm Drainage Development	Parks System Development Charge Improvement	Facilities Capital	Street Capital	Totals
<b>REVENUES:</b>						
Transient room tax	\$ -	\$ -	\$ -	\$ 492,164	\$ -	\$ 492,164
Charges for services	52,367	643	92,402	-	-	145,413
Intergovernmental	-	-	4,620	-	-	4,620
Interest on investments	2,273	358	673	293	2,486	6,082
Miscellaneous	-	-	1,001	14,707	-	15,708
<b>TOTAL REVENUES</b>	<b>54,640</b>	<b>1,001</b>	<b>98,696</b>	<b>507,164</b>	<b>2,486</b>	<b>663,987</b>
<b>EXPENDITURES:</b>						
Materials and services	-	-	-	-	60,977	60,977
Capital outlay	-	-	-	318,704	28,158	346,861
<b>TOTAL EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>318,704</b>	<b>89,135</b>	<b>407,838</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>54,640</b>	<b>1,001</b>	<b>98,696</b>	<b>188,461</b>	<b>(86,649)</b>	<b>256,149</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in	-	-	-	-	275,000	275,000
Transfers out	-	-	-	(375,555)	-	(375,555)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(375,555)</b>	<b>275,000</b>	<b>(100,555)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>54,640</b>	<b>1,001</b>	<b>98,696</b>	<b>(187,094)</b>	<b>188,351</b>	<b>155,594</b>
<b>FUND BALANCE, beginning of year</b>	<b>508,886</b>	<b>81,841</b>	<b>120,498</b>	<b>287,036</b>	<b>478,723</b>	<b>1,476,984</b>
<b>FUND BALANCE, end of year</b>	<b>\$ 563,526</b>	<b>\$ 82,842</b>	<b>\$ 219,194</b>	<b>\$ 99,942</b>	<b>\$ 667,074</b>	<b>\$ 1,632,578</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, 2014**

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES:</b>			
Improvement fee	\$ 13,200	\$ 52,367	\$ 39,167
Interest on investments	2,475	2,273	(202)
<b>TOTAL REVENUES</b>	<u>15,675</u>	<u>54,640</u>	<u>38,965</u>
<b>EXPENDITURES:</b>			
Capital outlay	<u>524,442</u>	<u>-</u>	<u>524,442</u>
<b>NET CHANGE IN FUND BALANCE</b>	(508,767)	54,640	563,407
<b>FUND BALANCE</b> , beginning of year	<u>508,767</u>	<u>508,886</u>	<u>119</u>
<b>FUND BALANCE</b> , end of year	<u><u>\$ -</u></u>	<u><u>\$ 563,526</u></u>	<u><u>\$ 563,526</u></u>



**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, 2014**

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES:</b>			
Improvement fee	\$ 1,100	\$ 643	\$ (457)
Interest on investments	400	358	(42)
<b>TOTAL REVENUES</b>	<u>1,500</u>	<u>1,001</u>	<u>(499)</u>
<b>EXPENDITURES:</b>			
Capital outlay	<u>83,572</u>	<u>-</u>	<u>83,572</u>
<b>NET CHANGE IN FUND BALANCE</b>	(82,072)	1,001	83,073
<b>FUND BALANCE, beginning of year</b>	<u>82,072</u>	<u>81,841</u>	<u>(231)</u>
<b>FUND BALANCE, end of year</b>	<u><u>\$ -</u></u>	<u><u>\$ 82,842</u></u>	<u><u>\$ 82,842</u></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, 2014**

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES:</b>			
Improvement fee	\$ 53,255	\$ 92,402	\$ 39,147
Intergovernmental	646,594	4,620	(641,974)
Interest on investments	500	673	173
Miscellaneous	<u>1,000</u>	<u>1,001</u>	<u>1</u>
<b>TOTAL REVENUES</b>	<u>701,349</u>	<u>98,696</u>	<u>(602,653)</u>
<b>EXPENDITURES:</b>			
Capital outlay	<u>817,020</u>	<u>-</u>	<u>817,020</u>
<b>NET CHANGE IN FUND BALANCE</b>	(115,671)	98,696	214,367
<b>FUND BALANCE, beginning of year</b>	<u>115,671</u>	<u>120,498</u>	<u>4,827</u>
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ 219,194</u>	<u>\$ 219,194</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, 2014**

	Budget		Actual	Variance
	Original	Final		
<b>REVENUES:</b>				
Transient room tax	\$ 466,822	\$ 466,822	\$ 492,164	\$ 25,342
Interest on investments	1,000	1,000	293	(707)
Miscellaneous	-	-	14,707	14,707
<b>TOTAL REVENUES</b>	<u>467,822</u>	<u>467,822</u>	<u>507,164</u>	<u>39,342</u>
<b>EXPENDITURES:</b>				
Capital outlay	<u>266,596</u>	<u>379,271</u>	<u>318,704</u>	<u>60,568</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>201,226</u>	<u>88,551</u>	<u>188,461</u>	<u>99,910</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	<u>(375,588)</u>	<u>(375,588)</u>	<u>(375,555)</u>	<u>33</u>
<b>NET CHANGE IN FUND BALANCE</b>	(174,362)	(287,037)	(187,094)	99,943
<b>FUND BALANCE, beginning of year</b>	<u>174,362</u>	<u>287,037</u>	<u>287,036</u>	<u>(1)</u>
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 99,942</u>	<u>\$ 99,942</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, 2014**

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES:</b>			
Intergovernmental	\$ 92,643	\$ -	\$ (92,643)
Interest on investments	<u>2,500</u>	<u>2,486</u>	<u>(14)</u>
<b>TOTAL REVENUES</b>	<u>95,143</u>	<u>2,486</u>	<u>(92,657)</u>
<b>EXPENDITURES:</b>			
Materials & services	350,000	60,977	289,023
Capital outlay	<u>403,259</u>	<u>28,158</u>	<u>375,101</u>
<b>TOTAL EXPENDITURES</b>	<u>753,259</u>	<u>89,135</u>	<u>664,124</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(658,116)	(86,649)	571,467
<b>OTHER FINANCING SOURCES:</b>			
Transfers in	<u>200,000</u>	<u>275,000</u>	<u>75,000</u>
<b>NET CHANGE IN FUND BALANCE</b>	(458,116)	188,351	646,467
<b>FUND BALANCE, beginning of year</b>	<u>458,116</u>	<u>478,723</u>	<u>20,607</u>
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ 667,074</u>	<u>\$ 667,074</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, 2014**

	Budget		Actual	Variance
	Original	Final		
<b>REVENUES:</b>				
Charges for services	\$ 3,227,738	\$ 3,227,738	\$ 3,220,474	\$ (7,264)
Interest on investments	(500)	(500)	(505)	(5)
Miscellaneous	-	-	1,390	1,390
<b>TOTAL REVENUES</b>	<u>3,227,238</u>	<u>3,227,238</u>	<u>3,221,359</u>	<u>(5,879)</u>
<b>EXPENDITURES:</b>				
Personal services	1,265,353	1,257,710	1,230,133	27,577
Materials and services	690,418	682,776	652,625	30,151
Capital outlay	27,500	42,785	40,968	1,817
Contingency	352,211	352,211	-	352,211
<b>TOTAL EXPENDITURES</b>	<u>2,335,482</u>	<u>2,335,482</u>	<u>1,923,726</u>	<u>411,756</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>891,756</u>	<u>891,756</u>	<u>1,297,633</u>	<u>405,877</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(1,446,869)	(1,446,869)	(1,395,640)	51,229
Proceeds from sale of equipment	-	-	1,900	1,900
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(1,446,869)</u>	<u>(1,446,869)</u>	<u>(1,393,740)</u>	<u>53,129</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(555,113)</u>	<u>(555,113)</u>	<u>(96,107)</u>	<u>459,006</u>
<b>FUND BALANCE, beginning of year</b>	<u>555,113</u>	<u>555,113</u>	<u>638,961</u>	<u>83,848</u>
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 542,854</u>	<u>\$ 542,854</u>
Fund balance - budgetary basis			\$ 542,854	
Advance to other funds			(247,151)	
Fund balance - GAAP basis			<u>\$ 295,703</u>	
Change in fund balance - budgetary basis			\$ (96,107)	
Repayment of advance reported as reduction in receivable			81,665	
Change in fund balance - GAAP basis			<u>\$ (14,442)</u>	

**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, 2014**

	Budget		Actual	Variance
	Original	Final		
<b>REVENUES:</b>				
System development charges	\$ 78,675	\$ 78,675	\$ 118,792	\$ 40,117
Intergovernmental	262,500	262,500	-	(262,500)
Interest on investments	950	950	299	(651)
<b>TOTAL REVENUES</b>	<b>342,125</b>	<b>342,125</b>	<b>119,091</b>	<b>(223,034)</b>
<b>EXPENDITURES:</b>				
Capital outlay	842,959	590,520	77,941	512,579
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(500,834)</b>	<b>(248,395)</b>	<b>41,151</b>	<b>289,546</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	350,000	97,561	50,000	(47,561)
Transfers out	(50,000)	(50,000)	(50,000)	-
<b>TOTAL OTHER FINANCING SOURCES (USES):</b>	<b>300,000</b>	<b>47,561</b>	<b>-</b>	<b>(47,561)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(200,834)</b>	<b>(200,834)</b>	<b>41,151</b>	<b>241,985</b>
<b>FUND BALANCE</b> , beginning of year	<b>200,834</b>	<b>200,834</b>	<b>152,153</b>	<b>(48,681)</b>
<b>FUND BALANCE</b> , end of year	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 193,304</b>	<b>\$ 193,304</b>

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

**WATER CONSTRUCTION FUND**

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

**FOR THE YEAR ENDED JUNE 30, 2014**

	Budget		Actual	Variance
	Original	Final		
<b>REVENUES:</b>				
Interest on investments	\$ -	\$ -	\$ 3,816	\$ 3,816
<b>EXPENDITURES:</b>				
Capital outlay	-	1,900,000	527,317	1,372,683
Debt service	-	100,000	100,000	-
Contingency	-	2,000,000	-	2,000,000
<b>TOTAL EXPENDITURES</b>	-	4,000,000	627,317	3,372,683
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	-	(4,000,000)	(623,501)	3,376,499
<b>OTHER FINANCING SOURCES:</b>				
Proceeds from long-term obligations	-	4,000,000	4,000,000	-
<b>NET CHANGE IN FUND BALANCE</b>	-	-	3,376,499	3,376,499
<b>FUND BALANCE, beginning of year</b>	-	-	-	-
<b>FUND BALANCE, end of year</b>	\$ -	\$ -	\$ 3,376,499	\$ 3,376,499

**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, 2014**

	Budget		Actual	Variance
	Original	Final		
<b>REVENUES:</b>				
Interest on investments	\$ 200	\$ 200	\$ (53)	\$ (253)
<b>EXPENDITURES:</b>				
Debt service	317,701	570,140	569,892	248
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(317,501)	(569,940)	(569,945)	(5)
<b>OTHER FINANCING SOURCES:</b>				
Transfers in	294,000	546,439	546,439	-
<b>NET CHANGE IN FUND BALANCE</b>	(23,501)	(23,501)	(23,506)	(5)
<b>FUND BALANCE, beginning of year</b>	23,501	23,501	23,506	5
<b>FUND BALANCE, end of year</b>	\$ -	\$ -	\$ -	\$ -



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

**WATER BOND FUND**

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

**FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES:</b>			
Interest on investments	<u>\$ 300</u>	<u>\$ 164</u>	<u>\$ (136)</u>
<b>EXPENDITURES:</b>			
Debt service	<u>450,688</u>	<u>433,197</u>	<u>17,491</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(450,388)</u>	<u>(433,033)</u>	<u>17,355</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>(15,388)</u>	<u>1,967</u>	<u>17,355</u>
<b>FUND BALANCE, beginning of year</b>	<u>15,388</u>	<u>15,300</u>	<u>(88)</u>
<b>FUND BALANCE, end of year</b>	<u><u>\$ -</u></u>	<u><u>\$ 17,267</u></u>	<u><u>\$ 17,267</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, 2014**

	Budget		Actual	Variance
	Original	Final		
<b>REVENUES:</b>				
Charges for services	\$ 2,774,855	\$ 2,774,855	\$ 2,746,348	\$ (28,507)
Interest on investments	1,000	1,000	760	(240)
Miscellaneous	60,000	60,000	58,150	(1,850)
<b>TOTAL REVENUES</b>	<b>2,835,855</b>	<b>2,835,855</b>	<b>2,805,258</b>	<b>(30,597)</b>
<b>EXPENDITURES:</b>				
Personal services	1,225,198	1,191,198	1,113,280	77,918
Materials and services	1,137,069	1,218,069	1,134,502	83,567
Capital outlay	50,500	50,500	14,676	35,824
Contingency	430,036	380,036	-	380,036
<b>TOTAL EXPENDITURES</b>	<b>2,842,803</b>	<b>2,839,803</b>	<b>2,262,459</b>	<b>577,344</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(6,948)</b>	<b>(3,948)</b>	<b>542,799</b>	<b>546,747</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(568,575)	(571,575)	(570,532)	1,043
<b>NET CHANGE IN FUND BALANCE</b>	<b>(575,523)</b>	<b>(575,523)</b>	<b>(27,733)</b>	<b>547,790</b>
<b>FUND BALANCE, beginning of year</b>	<b>575,523</b>	<b>575,523</b>	<b>611,350</b>	<b>35,827</b>
<b>FUND BALANCE, end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 583,617</b>	<b>\$ 583,617</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, 2014**

	Budget		Actual	Variance
	Original	Final		
<b>REVENUES:</b>				
System development charges	\$ 164,272	\$ 164,272	\$ 230,545	\$ 66,273
Interest on investments	9,000	9,000	9,632	632
Intergovernmental	-	-	115,963	115,963
<b>TOTAL REVENUES</b>	<b>173,272</b>	<b>173,272</b>	<b>356,140</b>	<b>182,868</b>
<b>EXPENDITURES:</b>				
Capital outlay	1,569,763	1,569,763	859,739	710,024
Debt service	676,397	1,027,732	-	1,027,732
<b>TOTAL EXPENDITURES</b>	<b>2,246,160</b>	<b>2,597,495</b>	<b>859,739</b>	<b>1,737,756</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(2,072,888)</b>	<b>(2,424,223)</b>	<b>(503,599)</b>	<b>1,920,624</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	400,000	751,335	751,334	(1)
Transfers out	(200,000)	(200,000)	(200,000)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>200,000</b>	<b>551,335</b>	<b>551,334</b>	<b>(1)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(1,872,888)</b>	<b>(1,872,888)</b>	<b>47,735</b>	<b>1,920,623</b>
<b>FUND BALANCE, beginning of year</b>	<b>1,872,888</b>	<b>1,872,888</b>	<b>1,949,426</b>	<b>76,538</b>
<b>FUND BALANCE, end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,997,161</b>	<b>\$ 1,997,161</b>

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

**SEWER BOND FUND**

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

**FOR THE YEAR ENDED JUNE 30, 2014**

	Original/Final Budget	Actual	Variance
<b>REVENUES:</b>			
Property taxes	\$ 1,195,800	\$ 1,223,633	\$ 27,833
Interest on investments	2,200	2,774	574
<b>TOTAL REVENUES</b>	<u>1,198,000</u>	<u>1,226,407</u>	<u>28,407</u>
<b>EXPENDITURES:</b>			
Debt service	<u>1,702,825</u>	<u>1,450,384</u>	<u>252,441</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(504,825)</u>	<u>(223,977)</u>	<u>280,848</u>
<b>OTHER FINANCING SOURCES:</b>			
Transfers in	<u>200,000</u>	<u>200,000</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(304,825)</u>	<u>(23,977)</u>	<u>280,848</u>
<b>FUND BALANCE, beginning of year</b>	<u>304,825</u>	<u>315,180</u>	<u>10,355</u>
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ 291,203</u>	<u>\$ 291,203</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, 2014**

	Budget		Actual	Variance
	Original	Final		
<b>REVENUES:</b>				
Interest on investments	\$ -	\$ 406	\$ 874	\$ 468
<b>EXPENDITURES:</b>				
Debt Service		-	2,709	(2,709)
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	-	406	(1,835)	(2,241)
<b>OTHER FINANCING USES:</b>				
Transfers out	-	(351,335)	(351,335)	-
<b>NET CHANGE IN FUND BALANCE</b>	-	(350,929)	(353,170)	(2,241)
<b>FUND BALANCE, beginning of year</b>	-	350,929	353,170	2,241
<b>FUND BALANCE, end of year</b>	\$ -	\$ -	\$ -	\$ -

**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, 2014**

	<u>Revenues</u>	<u>Expenditures</u>	Revenues Over (Under) <u>Expenditures</u>
<b>BUDGETARY BASIS REVENUES AND EXPENDITURES:</b>			
Water Fund	\$ 3,221,359	\$ 1,923,726	\$ 1,297,633
Water Capital Fund	119,091	77,941	41,151
Water Construction Fund	3,816	627,317	(623,501)
2006 Water Refunding Bond Fund	(53)	569,892	(569,945)
Water Bond Fund	<u>164</u>	<u>433,197</u>	<u>(433,033)</u>
<b>TOTAL</b>	<b><u>\$ 3,344,377</u></b>	<b><u>\$ 3,632,073</u></b>	(287,696)
 <b>ADD (DEDUCT) ITEMS TO RECONCILE TO AN ENTERPRISE FUND REPORTING BASIS:</b>			
Depreciation			(1,062,909)
Capital asset additions			646,226
Gain on sale of assets			1,900
Change in accrued interest payable			(21,230)
Interest expense reported as transfers on budget basis			13,022
Change in accrued compensated absences			(493)
Change in other postemployment benefit obligation			(6,437)
Principal payments			1,012,730
Support services			(196,576)
Transfers out			<u>(25,426)</u>
 <b>CHANGES IN FUND NET POSITION - GAAP</b>			<b><u>\$ 73,111</u></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, 2014**

	<u>Revenues</u>	<u>Expenditures</u>	Revenues Over (Under) Expenditures
<b>BUDGETARY BASIS REVENUES AND EXPENDITURES:</b>			
Sewer Fund	\$ 2,805,258	\$ 2,262,459	\$ 542,799
Sewer Capital Fund	356,140	859,739	(503,599)
2005 Sewer Bond Fund	1,226,407	1,450,384	(223,977)
2005 Sewer Construction Fund	<u>874</u>	<u>2,709</u>	<u>(1,835)</u>
<b>TOTAL</b>	<b><u>\$ 4,388,679</u></b>	<b><u>\$ 4,575,291</u></b>	<b>(186,612)</b>
 <b>ADD (DEDUCT) ITEMS TO RECONCILE TO AN ENTERPRISE FUND REPORTING BASIS:</b>			
Depreciation			(1,132,596)
Capital asset additions			872,123
Capital contributions			427,836
Loss on sale of assets			(50,886)
Change in accrued interest payable			2,843
Change in accrued compensated absences			4,983
Change in other postemployment benefit obligation			(5,526)
Principal payments			842,876
Support services			(144,323)
Transfers out			<u>(26,209)</u>
 <b>CHANGES IN FUND NET POSITION - GAAP</b>			<b><u>\$ 604,509</u></b>

**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, 2014**

	Budget		Actual	Variance
	Original	Final		
<b>REVENUES:</b>				
Charges for services	\$ 852,949	\$ 852,949	\$ 848,824	\$ (4,125)
<b>EXPENDITURES:</b>				
Vehicle maintenance	244,238	252,238	249,671	2,567
Information tech	491,120	491,120	432,311	58,809
Geographical info systems	132,591	132,591	123,033	9,558
Contingency	20,365	12,365	-	12,365
<b>TOTAL EXPENDITURES</b>	<b>888,314</b>	<b>888,314</b>	<b>805,016</b>	<b>83,298</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(35,365)</b>	<b>(35,365)</b>	<b>43,809</b>	<b>79,174</b>
<b>FUND BALANCE</b> , beginning of year	<b>35,365</b>	<b>35,365</b>	<b>31,478</b>	<b>(3,887)</b>
<b>FUND BALANCE</b> , end of year	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 75,287</b>	<b>\$ 75,287</b>
Change in fund balance - budgetary basis			\$ 43,809	
Depreciation			(20,014)	
Change in fund balance - GAAP basis			<u>\$ 23,795</u>	



**CITY OF LINCOLN CITY**

Lincoln City, Oregon

**COMBINING BALANCE SHEET**

**GENERAL FUND**

**JUNE 30, 2014**

	<u>General</u>	<u>Agate Beach Closure</u>	<u>Unbonded Assessments</u>	<u>Public Safety Dispatch</u>	<u>The Villages of Cascade Head</u>
<b>ASSETS:</b>					
Cash and investments	\$ 3,320,957	\$ 735,176	\$ 448,693	\$ 56,925	\$ 72,057
Cash with County Treasurer	49,291	-	-	-	-
Receivables	966,976	-	-	9,782	-
Advance to other funds	-	-	247,151	-	-
Assets held for Sale	1,393,665	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 5,730,889</b>	<b>\$ 735,176</b>	<b>\$ 695,844</b>	<b>\$ 66,706</b>	<b>\$ 72,057</b>
<b>LIABILITIES:</b>					
Accounts payable	\$ 124,629	\$ 5,889	\$ 340	\$ 251	\$ 568
Other accrued liabilities	502,943	-	-	(1,325)	-
<b>TOTAL LIABILITIES</b>	<b>627,572</b>	<b>5,889</b>	<b>340</b>	<b>(1,074)</b>	<b>568</b>
<b>DEFERRED INFLOW OF RESOURCES:</b>					
Unavailable revenue	557,177	-	1,604	-	-
<b>FUND BALANCES:</b>					
Nonspendable in form	1,393,665	-	247,151	-	-
Restricted for:					
Post-closure landfill costs	-	729,287	-	-	-
Committed to:					
Capital projects	-	-	446,749	-	71,489
Assigned to:					
Public safety	-	-	-	67,780	-
Unassigned	3,152,475	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>4,546,140</b>	<b>729,287</b>	<b>693,900</b>	<b>67,780</b>	<b>71,489</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCE</b>	<b>\$ 5,730,889</b>	<b>\$ 735,176</b>	<b>\$ 695,844</b>	<b>\$ 66,706</b>	<b>\$ 72,057</b>

<u>Open Space Maintenance</u>	<u>Totals</u>
\$ 19,632	\$ 4,653,440
-	49,291
-	976,757
-	247,151
-	<u>1,393,665</u>
<u>\$ 19,632</u>	<u>\$ 7,320,304</u>
\$ -	\$ 131,677
-	<u>501,618</u>
-	633,295
-	<u>558,781</u>
-	1,640,816
-	729,287
19,632	537,869
-	67,780
-	<u>3,152,475</u>
<u>19,632</u>	<u>6,128,228</u>
<u>\$ 19,632</u>	<u>\$ 7,320,304</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, 2014**

	<u>General</u>	<u>Agate Beach Closure</u>	<u>Unbonded Assessments</u>	<u>Public Safety Dispatch</u>	<u>The Villages of Cascade Head</u>	<u>Open Space Maintenance</u>
<b>REVENUES:</b>						
Property taxes	\$ 4,963,895	\$ -	\$ -	\$ -	\$ -	\$ -
Franchise fees	983,246	-	-	-	-	-
Transient room tax	1,211,069	-	-	-	-	-
Fees, licenses and permits	590,825	-	-	-	-	-
Fines and forfeitures	163,472	-	-	-	-	-
Charges for services	451,737	-	-	19,669	-	-
Intergovernmental	482,885	-	-	37,987	-	-
Interest on investments	15,919	-	1,971	164	44	55
Miscellaneous	981,272	-	-	-	-	12,383
<b>TOTAL REVENUES</b>	<u>9,844,320</u>	<u>-</u>	<u>1,971</u>	<u>57,820</u>	<u>44</u>	<u>12,438</u>
<b>EXPENDITURES:</b>						
Current						
General government	2,620,460	17,780	-	-	-	-
Public safety	3,475,243	-	-	786,179	-	-
Culture and recreation	1,749,542	-	-	-	28,555	4,579
Capital outlay	164,716	-	17,714	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>8,009,961</u>	<u>17,780</u>	<u>17,714</u>	<u>786,179</u>	<u>28,555</u>	<u>4,579</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>1,834,359</u>	<u>(17,780)</u>	<u>(15,742)</u>	<u>(728,359)</u>	<u>(28,511)</u>	<u>7,859</u>
<b>OTHER FINANCING SOURCES (USES):</b>						
Proceeds from sale of capital assets	4,972	-	-	-	-	-
Transfers in	117,866	-	144,622	760,000	100,000	11,773
Transfers out	(985,000)	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(862,162)</u>	<u>-</u>	<u>144,622</u>	<u>760,000</u>	<u>100,000</u>	<u>11,773</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>972,197</u>	<u>(17,780)</u>	<u>128,880</u>	<u>31,641</u>	<u>71,489</u>	<u>19,632</u>
<b>FUND BALANCE, beginning of year</b>	<u>2,180,278</u>	<u>747,067</u>	<u>236,204</u>	<u>36,139</u>	<u>-</u>	<u>-</u>
<b>Prior Period Adjustment</b>	<u>1,393,665</u>	<u>-</u>	<u>328,816</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE, beginning of year (Restated)</b>	<u>3,573,943</u>	<u>747,067</u>	<u>565,020</u>	<u>36,139</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE, end of year</b>	<u>\$ 4,546,140</u>	<u>\$ 729,287</u>	<u>\$ 693,900</u>	<u>\$ 67,780</u>	<u>\$ 71,489</u>	<u>\$ 19,632</u>

<u>Totals</u>	
\$	4,963,895
	983,246
	1,211,069
	590,825
	163,472
	471,406
	520,872
	18,154
	<u>993,655</u>
	<u>9,916,594</u>
	2,638,240
	4,261,422
	1,782,677
	<u>182,430</u>
	<u>8,864,769</u>
	<u>1,051,825</u>
	4,972
	1,134,261
	<u>(985,000)</u>
	<u>154,233</u>
	1,206,059
	3,199,688
	<u>1,722,481</u>
	<u>4,922,169</u>
\$	<u><u>6,128,228</u></u>

**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, 2014**

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>EXPENDITURES:</b>			
Materials and services	<u>\$ 40,000</u>	<u>\$ 17,780</u>	<u>\$ 22,220</u>
<b>NET CHANGE IN FUND BALANCE</b>	(40,000)	(17,780)	22,220
<b>FUND BALANCE</b> , beginning of year	<u>744,382</u>	<u>747,067</u>	<u>2,685</u>
<b>FUND BALANCE</b> , end of year	<u>\$ 704,382</u>	<u>\$ 729,287</u>	<u>\$ 24,905</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, 2014**

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES:</b>			
Interest	<u>\$ 1,000</u>	<u>\$ 1,971</u>	<u>\$ 971</u>
<b>EXPENDITURES:</b>			
Capital outlay	<u>809,291</u>	<u>17,714</u>	<u>791,577</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(808,291)</u>	<u>(15,742)</u>	<u>792,549</u>
<b>OTHER FINANCING SOURCES:</b>			
Proceeds from issuance of long term debt	350,000	-	(350,000)
Transfers in	<u>226,287</u>	<u>226,287</u>	<u>-</u>
<b>TOTAL OTHER FINANCING SOURCES</b>	<u>576,287</u>	<u>226,287</u>	<u>(350,000)</u>
<b>NET CHANGE IN FUND BALANCE</b>	(232,004)	210,545	442,549
<b>FUND BALANCE</b> , beginning of year	<u>232,004</u>	<u>236,204</u>	<u>4,200</u>
<b>FUND BALANCE</b> , end of year	<u><u>\$ -</u></u>	<u><u>\$ 446,749</u></u>	<u><u>\$ 446,749</u></u>
Fund balance - budgetary basis		\$ 446,749	
Advance to other funds		<u>247,151</u>	
Fund balance - GAAP basis		<u><u>\$ 693,900</u></u>	
Change in fund balance - budgetary basis		\$ 210,545	
Repayment of advance reported as reduction in receivable		<u>(81,665)</u>	
Change in fund balance - GAAP basis		<u><u>\$ 128,880</u></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, 2014**

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES:</b>			
Charges for services	\$ 19,096	\$ 19,669	\$ 573
Intergovernmental	40,771	37,987	(2,784)
Interest on investments	200	164	(36)
<b>TOTAL REVENUES</b>	<u>60,067</u>	<u>57,820</u>	<u>(2,247)</u>
<b>EXPENDITURES:</b>			
Personal services	731,440	697,847	33,593
Materials and services	97,340	88,331	9,009
Capital outlay	5,000	-	5,000
Contingency	28,324	-	28,324
<b>TOTAL EXPENDITURES</b>	<u>862,104</u>	<u>786,179</u>	<u>75,925</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(802,037)	(728,359)	73,678
<b>OTHER FINANCING SOURCES:</b>			
Transfers in	<u>760,000</u>	<u>760,000</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(42,037)	31,641	73,678
<b>FUND BALANCE, beginning of year</b>	<u>42,037</u>	<u>36,139</u>	<u>(5,898)</u>
<b>FUND BALANCE, end of year</b>	<u><u>\$ -</u></u>	<u><u>\$ 67,780</u></u>	<u><u>\$ 67,780</u></u>

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

**THE VILLAGES OF CASCADE HEAD**

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

**FOR THE YEAR ENDED JUNE 30, 2014**

	Budget		Actual	Variance
	Original	Final		
<b>REVENUES:</b>				
Interest on investments	\$ -	\$ -	\$ 44	\$ 44
<b>EXPENDITURES:</b>				
Materials and services	-	80,000	28,555	51,445
Contingency	-	20,000	-	20,000
<b>TOTAL EXPENDITURES</b>	-	100,000	28,555	71,445
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	-	(100,000)	(28,511)	71,489
<b>OTHER FINANCING SOURCES:</b>				
Transfers in	-	100,000	100,000	-
<b>NET CHANGE IN FUND BALANCE</b>	-	-	71,489	71,489
<b>FUND BALANCE, beginning of year</b>	-	-	-	-
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 71,489</u>	<u>\$ 71,489</u>



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

**OPEN SPACE MAINTENANCE**

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

**FOR THE YEAR ENDED JUNE 30, 2014**

	Budget		Actual	Variance
	Original	Final		
<b>REVENUES:</b>				
Interest on investments	\$ -	\$ -	\$ 55	\$ 55
Miscellaneous	-	15,000	12,383	(2,617)
<b>TOTAL REVENUES</b>	-	15,000	12,438	(2,562)
<b>EXPENDITURES:</b>				
Materials and services	-	15,000	4,579	10,421
Contingency	-	4,775	-	4,775
<b>TOTAL EXPENDITURES</b>	-	19,775	4,579	15,196
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	-	(4,775)	7,859	12,634
<b>OTHER FINANCING SOURCES:</b>				
Transfers in	-	4,775	11,773	6,998
<b>NET CHANGE IN FUND BALANCE</b>	-	-	19,632	19,632
<b>FUND BALANCE, beginning of year</b>	-	-	-	-
<b>FUND BALANCE, end of year</b>	\$ -	\$ -	\$ 19,632	\$ 19,632

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

**AGENCY FUNDS**

**COMBINING STATEMENT OF ASSETS AND LIABILITIES**

**JUNE 30, 2014**

	<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	\$ 2,970	\$ 1,473	\$ 21,182	\$ 1,017	\$ 26,642
Receivables	-	-	167	-	167
<b>TOTAL ASSETS</b>	<u>\$ 2,970</u>	<u>\$ 1,473</u>	<u>\$ 21,348</u>	<u>\$ 1,017</u>	<u>\$ 26,808</u>
<b>LIABILITIES:</b>					
Accounts payable	\$ -	\$ 285	\$ 11,567	\$ -	\$ 11,852
Funds held in trust	2,970	1,188	9,781	1,017	14,956
<b>TOTAL LIABILITIES</b>	<u>\$ 2,970</u>	<u>\$ 1,473</u>	<u>\$ 21,348</u>	<u>\$ 1,017</u>	<u>\$ 26,808</u>

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

**AGENCY FUNDS**

**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**

**FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Balances</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balances</u> <u>June 30, 2014</u>
<b>RECREATION SCHOLARSHIP:</b>				
Assets				
Cash and investments	\$ 3,207	\$ -	\$ 237	\$ 2,970
Liabilities				
Funds held in trust	\$ 3,207	\$ -	\$ 237	\$ 2,970
<b>MISCELLANEOUS TRUST:</b>				
Assets				
Cash and investments	\$ 2,593	\$ -	\$ 1,120	\$ 1,473
Liabilities				
Accounts payable	\$ 120	\$ 164	\$ -	\$ 285
Funds held in trust	2,473	-	1,285	1,188
Total liabilities	\$ 2,593	\$ 164	\$ 1,285	\$ 1,473
<b>ROADS END SANITARY DISTRICT:</b>				
Assets				
Cash and investments	\$ 14,297	\$ 6,884	\$ -	\$ 21,182
Receivables	3,523	-	3,356	167
Total assets	\$ 17,820	\$ 6,884	\$ 3,356	\$ 21,348
Liabilities				
Accounts payable	\$ 10,463	\$ 1,104	\$ -	\$ 11,567
Funds held in trust	7,357	2,424	-	9,781
Total liabilities	\$ 17,820	\$ 3,528	\$ -	\$ 21,348
<b>RECREATION TRUST:</b>				
Assets				
Cash and investments	\$ 1,012	\$ 5	\$ -	\$ 1,017
Liabilities				
Funds held in trust	\$ 1,012	\$ 5	\$ -	\$ 1,017

**CITY OF LINCOLN CITY**

Lincoln City, Oregon

**PROPERTY TAX SCHEDULE**

**YEAR ENDED JUNE 30, 2014**

	Tax Year	Uncollected July 1, 2013	Levy as Extended by Assessor	Adjustments Discounts and Interest	Collections	Uncollected June 30, 2014
Current	2013-2014	\$ -	\$ 9,245,187	\$ (237,651)	\$ (8,617,680)	\$ 389,856
Prior	2012-2013	404,964	-	9,752	(205,246)	209,470
	2011-2012	225,227	-	12,025	(98,582)	138,670
	2010-2011	140,197	-	19,554	(104,904)	54,847
	2009-2010	48,979	-	7,457	(35,244)	21,192
	and prior	18,584	-	1,013	(4,763)	14,834
Total prior		837,951	-	49,801	(448,739)	439,013
Totals		\$ 837,951	\$ 9,245,187	\$ (187,850)	\$ (9,066,419)	\$ 828,869

**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 2013-14 were performed by Talbot, Korvola & Warwick, Portland, Oregon. The auditors did not review the statistical tables and offer no opinion regarding the statistical tables.

**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%
2013-14		1,810,020,147	13.79%		1,521,308,480	21.34%	84.05%

(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) (2)</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%
2013-14		1,311,973,295	25.58%		5,068,668	4.0996%	

(1) Excludes Urban Renewal and other Offsets.

(2) Includes the annexation of Roads End on July 1, 2013

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 -- 2013-14 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	\$ 4.2337	\$ 0.7734	\$ 5.0071
Linn-Benton-Lincoln ESD	0.2630	-	0.2630
Oregon Coast Community College	<u>0.1516</u>	<u>0.1756</u>	<u>0.3272</u>
<b>Total Education</b>	\$ 4.6483	\$ 0.9490	\$ 5.5973
<b>Local Government</b>			
Lincoln County	\$ 2.4322	\$ -	\$ 2.4322
Lincoln County Animal SVC	0.0949	-	0.0949
Lincoln County Extension	0.0389	-	0.0389
Lincoln County Transportation	0.0840	-	0.0840
City of Lincoln City	3.5060	0.8577	4.3637
Lincoln City Urban Renewal Agency	1.9695	-	1.9695
North Lincoln Fire & Rescue	0.7746	0.3130	1.0876
Devil Lake Water Improvement District	0.1011	-	0.1011
North Lincoln Hospital District	<u>0.4471</u>	<u>-</u>	<u>0.4471</u>
<b>Total Local Government</b>	\$ 9.4483	\$ 1.1707	\$ 10.6190
<b>Total Consolidated Tax Rate</b>	\$ 14.0966	\$ 2.1197	\$ 16.2163

- (1) The 2013-14 Assessed Value to compute the tax rate of code area 402 is \$726,362,220 which is 55.36% 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 2013-14 was \$19.

Source: City of Lincoln City



**Table 4 -- Outstanding Obligations**

	<u>Dated</u> <u>Date</u>	<u>Maturity</u> <u>Date</u>	<u>Amount</u> <u>Issued</u>	<u>Amount</u> <u>Outstanding</u> <u>as of 6/30/14</u>
<b>General Obligation Bonds</b>				
Series 2005 Sewer (2)	4/12/2005	6/1/2019	\$ 15,000,000	\$ 2,680,000
Series 2007 Water (3)	6/28/2007	12/1/2018	4,000,000	1,766,791
Series 2011 Sewer (4)	3/17/2011	3/1/2026	7,000,000	5,813,579
Series 2013 Sewer Refunding (2)	2/26/2013	6/1/2030	<u>9,885,000</u>	<u>9,750,000</u>
<b>Total General Obligation Bonds</b>			<b>\$ 35,885,000</b>	<b>\$ 20,010,370</b>
<b>Full Faith and Credit Borrowings</b>				
Series 2014 Water (1)	4/17/2014	4/1/2024	\$ 4,000,000	\$ 4,000,000
Series 2014 Urban Renewal Projects (7)	6/17/2014	6/1/2018	4,000,000	4,000,000
Series 2008 Library (5)	9/30/2008	9/1/2013	1,000,000	-
Series 2008 Water (6)	9/30/2008	9/1/2013	<u>2,000,000</u>	<u>-</u>
<b>Total Full Faith and Credit-Backed</b>			<b>\$ 11,000,000</b>	<b>\$ 8,000,000</b>
<b>Revenue Bonds</b>				
Series 2006 Water Refunding	2/13/2006	6/1/2015	\$ 2,679,421	\$ -
<b>Total Borrowings</b>			<b>\$ 49,564,421</b>	<b>\$ 28,010,370</b>

- (1) The City pays debt service on this bond from water system revenues. The 2006 Water Refunding was repaid in full in February 2014.
- (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) The City pays debt service on this bond from tax increment revenues of the Urban Renewal Agency.

Source: City of Lincoln City

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

**SDC FUNDS IN ACCORDANCE WITH ORS 223.311**

**YEAR ENDED JUNE 30, 2014**

	Transportation Development Fund	Storm Drainage Development Fund	Parks Improvement Fund
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>REVENUES:</b>			
System development charge - improvement	\$ 52,367	\$ 643	\$ 92,402
Motorcycle vehicle gas tax	-	-	4,620
State parks grant	-	-	-
Miscellaneous	-	-	1,001
Interest	1,212	358	673
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>TOTAL REVENUES</b>	<u>53,579</u>	<u>1,001</u>	<u>98,696</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>	53,579	1,001	98,696
<b>BEGINNING FUND BALANCE</b>	<u>508,886</u>	<u>81,841</u>	<u>120,498</u>
<b>ENDING FUND BALANCE</b>	<u><u>\$ 562,465</u></u>	<u><u>\$ 82,842</u></u>	<u><u>\$ 219,194</u></u>

**CITY OF LINCOLN CITY**

Lincoln City, Oregon

**WATER SDC FUNDS**

**YEAR ENDED JUNE 30, 2014**

	<u>Water Replacement Fund</u>	<u>Water SDC Reimbursement Fund</u>	<u>Water SDC Improvement Fund</u>
<b>REVENUES:</b>			
System development charge	\$ -	\$ 35,286	\$ 83,506
TRF Water Operating Funds	50,000	-	-
Interest	23	239	38
	<hr/>	<hr/>	<hr/>
<b>TOTAL REVENUE</b>	50,023	35,525	83,544
	<hr/>	<hr/>	<hr/>
<b>EXPENDITURES:</b>			
Water Master Plan	-	-	4,294
Debt service 2006 water bonds	-	-	50,000
Water System Construction	73,647	-	-
	<hr/>	<hr/>	<hr/>
<b>TOTAL EXPENDITURES</b>	73,647	-	54,294
	<hr/>	<hr/>	<hr/>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(23,624)	35,525	29,250
<b>BEGINNING FUND BALANCE</b>	81,067	41,928	29,158
	<hr/>	<hr/>	<hr/>
<b>ENDING FUND BALANCE</b>	\$ 57,443	\$ 77,453	\$ 58,408
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**CITY OF LINCOLN CITY**

Lincoln City, Oregon

**SEWER SDC FUNDS**

**YEAR ENDED JUNE 30, 2014**

	<u>Sewer Replacement Fund</u>	<u>Sewer SDC Reimbursement Fund</u>	<u>Sewer SDC Improvement Fund</u>
<b>REVENUES:</b>			
System development charge	\$ -	\$ 30,229	\$ 200,315
Transfer from sewer Operating Fund	400,000	-	-
Interfund Loan	1,000,000	-	-
State Allocation	108,519	-	-
Local Govt/Districts	7,444	-	-
Interest	2,635	1,893	5,105
	<hr/>	<hr/>	<hr/>
<b>TOTAL REVENUE</b>	<b>1,518,598</b>	<b>32,122</b>	<b>205,420</b>
	<hr/>	<hr/>	<hr/>
<b>EXPENDITURES:</b>			
Storm Line Replacement	84,598	-	-
Sewer System Construction-Nelscott	493,674	-	-
Sewer System Telemetry	37,024	-	-
Pump Station Upgrades	66,701	175,626	-
Sewer Master Plan	-	-	2,116
Interfund Loan	-	-	1,000,000
Transfer Sewer Plant Construction	-	-	(351,334)
Debt service - Sewer Bonds	-	-	200,000
	<hr/>	<hr/>	<hr/>
<b>TOTAL EXPENDITURES</b>	<b>681,997</b>	<b>175,626</b>	<b>850,782</b>
	<hr/>	<hr/>	<hr/>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>836,601</b>	<b>(143,504)</b>	<b>(645,362)</b>
	<hr/>	<hr/>	<hr/>
<b>BEGINNING FUND BALANCE</b>	<b>105,761</b>	<b>525,872</b>	<b>1,317,793</b>
	<hr/>	<hr/>	<hr/>
<b>ENDING FUND BALANCE</b>	<b>\$ 942,362</b>	<b>\$ 382,368</b>	<b>\$ 672,431</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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



Talbot, Korvola & Warwick, LLP

Certified Public Accountants & Consultants

ACHIEVE MORE

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

P 503.274.2849  
F 503.274.2853

www.tkw.com

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

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, 2014, and have issued our report thereon dated December 9, 2014.

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

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

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

Fund	Category/Debt	Amount
2005 Sewer Construction Fund	Debt Service	\$2,709

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

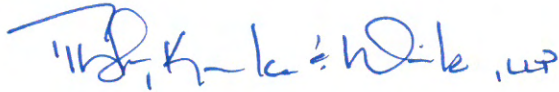
Honorable Mayor and Members of City Council  
City of Lincoln City

**OAR 162-10-0230 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. Deficiencies in internal control, if any, were communicated separately.

**RESTRICTIONS ON USE**

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

A handwritten signature in blue ink, appearing to read "T. J. K. Lake, CPA".

Lake Oswego, Oregon  
December 9, 2014