

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

Annual Financial Report

Year Ended June 30, 2015

**CITY OF LINCOLN CITY**

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**CITY OF LINCOLN CITY**

**CITY COUNCIL**

**JUNE 30, 2015**

	<u>Term Expires</u>
Don Williams (Mayor) 2625 SE Dune Ave Lincoln City, Oregon 97367	December 31, 2018
Roger Sprague PO Box 286 Lincoln City, Oregon 97367	December 31, 2016
Susan Wahlke PO Box 1018 Lincoln City, Oregon 97367	December 31, 2018
James Davis 1292 NE Pepperwood. Lincoln City, Oregon 97367	December 31, 2018
Kip Ward PO Box 552 Lincoln City, Oregon 97367	December 31, 2018
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**

Ronald Chandler

**Finance Director**

Debbie Mammone

**INDEPENDENT AUDITOR'S REPORT**



**Talbot, Korvola  
& Warwick, LLP**

Certified Public Accountants  
& Consultants

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## **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, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

### **MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

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

### **AUDITOR'S RESPONSIBILITY**

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

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

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

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

Honorable Mayor and Members of City Council  
City of Lincoln City

### **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, 2015, 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.

### **EMPHASIS OF MATTERS**

As discussed in Note 10 to the financial statements, the City adopted the accounting requirements of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*, which resulted in the restatement of previously reported amounts for the year ended June 30, 2014. Our opinions are not modified with respect to this matter.

As discussed in Note 8 to the financial statements, changes in benefit terms of the Oregon Public Employees Retirement System resulting from the April 30, 2015 Oregon Supreme Court decision are not reflected in the December 31, 2012 actuarial valuation used to measure pension amounts as of and for the fiscal year ended June 30, 2015.

### **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 Required Supplementary Information 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 Schedules of Funding Progress, Contributions to Pension Plan, and Proportionate Share of Net Pension (Asset)/Liability and the budgetary comparison information for the General Fund, Visitor and Convention Bureau Fund, Urban Renewal Fund, and Urban Renewal Tax Increment 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. These schedules and budgetary comparison information are the responsibility of management and were derived from and relate 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



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

Honorable Mayor and Members of City Council  
City of Lincoln City

**OTHER MATTERS (Continued)**

***Required Supplementary Information (Continued)***

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. The Other Supplementary Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling 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 them.

**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 31, 2015, 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   
\_\_\_\_\_  
Timothy R. Gillette, Partner

Lake Oswego, Oregon  
December 31, 2015

**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, 2015. 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 and deferred outflows less total liabilities and deferred inflows) was \$118,443,072 at June 30, 2015, an increase of \$1,511,577 (or 1.3%) over the prior year, as reported before restatement of fiscal 2014 balances for implementation of GASB 68. The City's General Fund reported an ending fund balance of \$7,752,655, an increase of \$1,624,427 (or 26.5%) over the prior year's fund balance. The increase in fund balance is primarily attributable to increased property tax revenue from the annexation of Roads End and the change in the collection of property taxes by the Lincoln City Urban Renewal Agency.

During the fiscal year ending June 30, 2015, the City issued \$2,209,800 in general obligation bonds to refund the remaining \$2,190,000 of the outstanding 2005 general obligation sewer bonds. The average interest rate of the refunding bonds was 1.456% resulting in a total net present value savings of \$119,151 after bond issuance costs of \$19,800. The City and the City's Urban Renewal Agency have not budgeted to issue any bonds during the fiscal year ending June 30, 2016.

#### 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, deferred outflows, liabilities, and deferred inflows, with the difference between assets plus deferred outflows and liabilities plus deferred inflows being 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*

The schedule of the proportionate share of the net pension (asset)/liability, the schedule of pension plan contributions, and the schedule of funding progress – other post-employment benefits (OPEB) is included in this section. These schedules report additional pension and OPEB detail.

Budget information for the general and major special revenue funds are also 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. Next are the combining balance sheets, revenues, expenditures, and changes in fund balances, and budgetary information for the City's general funds, followed by a combining statement of assets and liabilities for the City's agency funds.

#### *Additional Schedules*

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

*Independent auditor's report required by Oregon state regulations.* Supplemental communication on City compliance and internal controls as required by Oregon statutes.

## FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Statement of Net Position. The City's combined net position (total assets and deferred outflows less total liabilities and deferred inflows) was \$118,443,072 at June 30, 2015, an increase of \$4,812,078 (or 4.2%) over the prior year as restated. This increase is largely due to the change in the net pension asset / liability.

Table 1  
NET POSITION

	June 30, 2015			June 30, 2014 (Restated)		
	Governmental Activities	Business-type Activities	Totals	Governmental Activities	Business-type Activities	Totals
<b>Assets:</b>						
Cash and investments	\$ 17,415,538	\$ 5,035,922	\$ 22,451,460	\$ 17,226,999	\$ 6,042,853	\$ 23,269,852
Receivables, net	3,044,134	1,125,452	4,169,586	2,686,046	1,012,036	3,698,082
Internal balances	165,045	(165,045)	-	247,151	(247,151)	-
Prepaid Items	-	-	-	3,400	-	3,400
Inventories	-	221,242	221,242	-	306,638	306,638
Assets held for sale	1,954,487	-	1,954,487	1,954,487	-	1,954,487
Net pension asset	1,351,271	387,277	1,738,548	-	-	-
Capital assets net of depreciation	<u>67,052,485</u>	<u>52,538,216</u>	<u>119,590,701</u>	<u>66,431,347</u>	<u>53,061,162</u>	<u>119,492,509</u>
Total assets	<u>90,982,960</u>	<u>59,143,064</u>	<u>150,126,024</u>	<u>88,549,430</u>	<u>60,175,538</u>	<u>148,724,968</u>
<b>Deferred outflow of resources:</b>						
Deferred amts related to pensions	<u>458,248</u>	<u>131,336</u>	<u>589,584</u>	<u>476,887</u>	<u>136,676</u>	<u>613,563</u>
<b>Liabilities:</b>						
Accounts payable and accrued expenses	1,334,668	488,724	1,823,392	1,429,843	616,889	2,046,732
Landfill closure and postclosure care costs	481,591	-	481,591	493,247	-	493,247
Net pension liability	-	-	-	3,042,171	871,893	3,914,064
Net other postemployment obligations	657,610	155,149	812,759	613,793	144,331	758,124
Long-term obligations:	<u>3,024,425</u>	<u>22,701,416</u>	<u>25,725,841</u>	<u>4,000,000</u>	<u>24,495,370</u>	<u>28,495,370</u>
Total liabilities	<u>5,498,294</u>	<u>23,345,289</u>	<u>28,843,583</u>	<u>9,579,054</u>	<u>26,128,483</u>	<u>35,707,537</u>
<b>Deferred inflow of resources:</b>						
Deferred amts related to pensions	<u>2,665,122</u>	<u>763,830</u>	<u>3,428,952</u>	-	-	-
<b>Net position:</b>						
Invested in capital assets	66,329,835	32,144,547	98,474,382	66,431,347	31,791,324	98,222,671
Restricted	11,416,104	2,472,649	13,888,753	12,494,668	2,498,935	14,993,603
Unrestricted	<u>5,531,853</u>	<u>548,084</u>	<u>6,079,937</u>	<u>521,248</u>	<u>(106,528)</u>	<u>414,720</u>
Total net position	<u>\$ 83,277,792</u>	<u>\$ 35,165,280</u>	<u>\$ 118,443,072</u>	<u>\$ 79,447,263</u>	<u>\$ 34,183,731</u>	<u>\$ 113,630,994</u>

Approximately 83.1% of the City's total net position is invested in capital assets. 6.6% of the City's net position is restricted for capital improvements (\$7,872,292), including proceeds from system development charges and bond proceeds net of associated long-term debt that are restricted for capital projects. \$2,318,009 (2.0%) is restricted for repayment of outstanding debt. \$6,079,937 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 \$26,146,947, an increase of 1.0% from the prior year. Of the City's total revenue, \$7,806,173 (or 29.9%) is from property taxes, \$5,887,005 (or 22.5%) is from transient room taxes, \$7,984,427 (or 30.5%) is from charges for services and \$4,469,342 (or 17.1%) is from grants, interest earnings and other non-tax sources. More detailed information is presented in table 2 below.

Table 2  
CHANGE IN NET POSITION

	Year Ended June 30, 2015			Year Ended June 30, 2014		
	Governmental Activities	Business-type Activities	Totals	Governmental Activities	Business-type Activities	Totals
<b>Program revenues:</b>						
Charges for services	\$ 1,659,032	\$ 6,325,395	\$ 7,984,427	\$ 1,606,187	\$ 5,966,822	\$ 7,573,009
Operating grants and contributions	1,067,798	404,627	1,472,425	984,976	115,963	1,100,939
Capital grants and contributions	-	332,759	332,759	-	777,173	777,173
General revenues:						
Property taxes, general purposes	5,799,968	-	5,799,968	4,937,996	-	4,937,996
Property taxes, debt service	703,036	1,303,169	2,006,205	2,896,479	1,223,633	4,120,112
Franchise taxes	1,012,261	-	1,012,261	999,285	-	999,285
Transient room taxes	5,887,005	-	5,887,005	4,983,395	-	4,983,395
Other	1,530,875	121,022	1,651,897	1,312,308	77,301	1,389,609
Total program and general revenues	<u>17,659,975</u>	<u>8,486,972</u>	<u>26,146,947</u>	<u>17,720,626</u>	<u>8,160,892</u>	<u>25,881,518</u>
<b>Program expenses:</b>						
General government	3,686,716	-	3,686,716	5,875,755	-	5,875,755
Public safety	3,511,667	-	3,511,667	4,380,439	-	4,380,439
Highways and streets	2,331,671	-	2,331,671	2,469,697	-	2,469,697
Cultural and recreation	4,259,403	-	4,259,403	2,981,827	-	2,981,827
Art and education	30,389	-	30,389	-	-	-
Water and sewer	-	7,452,338	7,452,338	-	7,431,637	7,431,637
Interest on long-term debt	<u>62,685</u>	<u>-</u>	<u>62,685</u>	<u>43,256</u>	<u>-</u>	<u>43,256</u>
Total program expenses	<u>13,882,531</u>	<u>7,452,338</u>	<u>21,334,869</u>	<u>15,750,974</u>	<u>7,431,637</u>	<u>23,182,611</u>
Increase (decrease) in net assets before transfers	3,777,444	1,034,634	4,812,078	1,969,652	729,255	2,698,907
Transfers	<u>53,085</u>	<u>(53,085)</u>	<u>-</u>	<u>51,635</u>	<u>(51,635)</u>	<u>-</u>
Change in net position	3,830,529	981,549	4,812,078	2,021,287	677,620	2,698,907
Net position - as previously reported	<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>
Restatement	<u>(2,565,284)</u>	<u>(735,217)</u>	<u>(3,300,501)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Position - beginning as restated	<u>79,447,263</u>	<u>34,183,731</u>	<u>113,630,994</u>	<u>79,991,260</u>	<u>34,241,328</u>	<u>114,232,588</u>
Net position - ending	<u>\$ 83,277,792</u>	<u>\$ 35,165,280</u>	<u>\$ 118,443,072</u>	<u>\$ 82,012,547</u>	<u>\$ 34,918,948</u>	<u>\$ 116,931,495</u>

The total cost of all programs and services was \$21,334,869, a decrease of \$1,847,742 (or 8.0%) from the prior year. Expenditures for Governmental Activities decreased by 11.9% while expenditures for Business-Type Activities increased by 0.3%. Of the total costs, \$7,452,338 (or 34.9%) was for Business-type Activities, and \$13,882,531 (or 65.1%) was for general government, public safety, highways and streets, cultural and recreation, art and education, and interest.

## FINANCIAL ANALYSIS OF THE CITY'S FUNDS

### Governmental Funds

The City's General Fund reported an ending fund balance of \$7,752,655, an increase of \$1,624,427 (or 26.5%) over the prior year's fund balance. Total General fund revenues increased by 12.1% from the prior fiscal year, while General fund expenditures increased by 4.9%. In FY2014-15, the Lincoln City Urban Renewal Agency levied 20 percent of the amount of its authority under option one of the ORS 457.435(2)(a), resulting in a significant increase in the City's property tax revenue in the General fund.

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 \$903,610 (or 18.1%) from the prior fiscal year. This increase is partially due to a continuing improvement in the tourism industry, and largely due to 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. FY2014-15 is the first fiscal year to include a full year's worth of transient room taxes revenues from Roads End.

### Business-type Activities

The City's Water funds reported an ending net position of \$19,690,544, an increase of \$755,988 (or 4.0%) over the prior fiscal year's restated ending net position. Charges for Services increased by \$194,833 (6.0%), primary due to a 4% rate increase.

The City's Sewer funds reported an ending net position of \$15,474,736, a decrease of \$120,171 (or -0.8%) over the previous fiscal year's restated ending net position. Charges for Services increased by \$163,740 (or 6.0%), primary due to a 4% rate increase.

System development charges for both the Water and Sewer funds, which are generated from new building activity, have decreased from the prior fiscal year and continue to be low, reflecting the continued lack of new construction occurring within the City.

## BUDGETARY HIGHLIGHTS

City Council approved six changes to the fiscal year 2014-2015 General Fund adopted budget. These changes moved amounts from contingency into operating expenditure categories to reflect actual spending patterns. It also increased revenue and expenditure by \$75,000 to record proceeds from CIS and its subsequent expenditure by the City in a legal settlement, and also moved the PD Dispatch fund budget into the General fund.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

At the end of fiscal year 2014-2015, the City had a net investment of \$119,590,699 in a broad range of capital assets, including land, infrastructure, equipment, buildings and vehicles. This amount represents a net increase (including additions and deductions) of \$98,190 (or 0.1%). More detailed information is presented in note 4 of the notes to basic financial statements.

Table 3  
CHANGE IN CAPITAL ASSETS

	June 30, 2015			June 30, 2014		
	Governmental Activities	Business-type Activities	Totals	Governmental Activities	Business-type Activities	Totals
Beginning balance	\$ 66,431,347	\$53,061,162	\$119,492,509	\$67,964,223	\$ 52,776,367	\$120,740,590
Additions	4,773,239	4,160,693	8,933,932	1,847,212	12,075,284	13,922,496
Retirements	(1,791,123)	(2,336,344)	(4,127,467)	(1,259,447)	(9,690,255)	(10,949,702)
Depreciation, net	<u>(2,360,979)</u>	<u>(2,347,296)</u>	<u>(4,708,275)</u>	<u>(2,120,642)</u>	<u>(2,100,234)</u>	<u>(4,220,876)</u>
Ending balance	<u>\$ 67,052,484</u>	<u>\$52,538,215</u>	<u>\$119,590,699</u>	<u>\$66,431,347</u>	<u>\$ 53,061,162</u>	<u>\$119,492,509</u>

#### Governmental Activities

Additions to capital assets from governmental activities totaled \$4,773,239. These additions included (1) West Devils Lake Road Pump Station Construction \$1,269,875, (2) Delake 1<sup>st</sup> Street Traffic signal \$455,644, (3) SW 29<sup>th</sup> & Coast Ave Land \$315,767, (4) Nelscott/SW 25<sup>th</sup> Street Parking Lot \$128,303, (5) 1132 SW 9<sup>th</sup> Street House \$110,532, and (6) Villages Final Lift Paving \$93,631.

#### Business-type Activities

Additions to capital assets from business-type activities totaled \$4,160,693. These additions included (1) Schooner Creek Water Transmission (with boring) \$1,217,810, (2) Nelscott/Highway 101 Sewer Line replacement \$789,371, (3) Nelscott Water Line Replacement \$643,699, (4) Nelscott Highway Utility Project \$295,697, (6) Maryland Pump Station upgrade \$254,456, Water Treatment Plant Control Upgrade \$199,533, and (7) Cutler City to Taft Water Upgrade \$129,076.

#### LONG-TERM OBLIGATIONS

At the end of fiscal year 2014-2015, the City had \$25,725,841 in outstanding debt, a decrease of \$2,769,529 (9.7%). During the fiscal year ending June 30, 2015, the City issued \$2,209,800 in general obligation bonds to refund the remaining \$2,190,000 of the outstanding 2005 general obligation sewer bonds. The City's Urban Renewal Agency did not issue any new debt. For more detail see table 4 on the following page.

#### 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, 2016.

#### Business-type Activities

The City's Series 2013 and 2015 Sewer Bonds carry a Moody's A1. 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.



Table 4  
LONG-TERM OBLIGATIONS

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Governmental:		
Full Faith and Credit Note Series 2014	\$ 3,024,425	\$ 4,000,000
Business-type:		
General Obligation Bonds		
Sewer Bonds - Series 2005	-	2,680,000
Water Bonds - Series 2007	1,315,371	1,766,791
Sewer Bonds - Series 2011	5,419,969	5,813,579
Sewer Bonds - Series 2013	9,750,000	9,750,000
Sewer Bonds - Series 2015	2,209,800	-
Full Faith and Credit Note Series 2014	3,630,000	4,000,000
Contract payable	<u>376,276</u>	<u>485,000</u>
Total business-type activities	<u>22,701,416</u>	<u>24,495,370</u>
Total long-term obligations	<u>\$ 25,725,841</u>	<u>\$ 28,495,370</u>

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

### Governmental Activities

Property taxes comprise 53.1% 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 2015-2016 is \$11,355,453 and expenditures are budgeted at \$10,920,401, resulting in a \$435,052 increase to fund balance. The projected ending General Fund reserves for fiscal year 2015-2016 total \$4,821,218 (or 44.1% 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 \$903,610, or 18.1%), due to the annexation of Roads End. It is anticipated that TRT revenues will increase about 5% in the next fiscal year.

For the fiscal year ending June 30, 2016, the City's Urban Renewal Agency has budgeted \$2,214,650 for capital reserves, and \$1,256,000 for capital projects including S Bay Park/Bay Area Sidewalk, Nelscott Renovation Projects, Cutler City Renovation Projects, West Devils Lake Road Sewer Main, and for the purchase of land.

### 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 6% for fiscal year 2015-2016. This continues the City's program to increase rates in increments each year, and to encourage water conservation.

For fiscal year 2015-2016, the City's Water Capital funds have budgeted \$422,929 in capital outlay for water system upgrades and replacements as needed. The Water Construction fund has budgeted \$1,300,000 in capital outlay for water system upgrades and replacements, such as bridge design and bridge crossing boring, and updating designs for water line replacement.

For fiscal year 2015-2016, the City's Wastewater Capital funds has budgeted \$1,613,864 in capital outlay for sewer system upgrades and replacements as needed, such as pump station upgrades.

#### 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, 2015**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS:</b>			
Cash and investments	\$ 17,331,883	\$ 5,021,821	\$ 22,353,704
Cash with County Treasurer	83,655	14,101	97,756
Receivables, net	3,044,134	1,125,452	4,169,586
Internal Balances	165,045	(165,045)	-
Inventories	-	221,242	221,242
Assets held for sale	1,954,487	-	1,954,487
Net pension asset	1,351,271	387,277	1,738,548
Capital assets:			
Land, improvements and construction in progress	37,405,462	1,457,955	38,863,417
Other capital assets, net	29,647,023	51,080,261	80,727,284
	<b>90,982,960</b>	<b>59,143,064</b>	<b>150,126,024</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Deferred amounts related to pensions	458,248	131,336	589,584
<b>LIABILITIES:</b>			
Accounts payable and accrued expenses	319,782	230,894	550,676
Other accrued liabilities	473,981	-	473,981
Accrued interest payable	-	77,735	77,735
Accrued compensated absences	540,905	180,095	721,000
Landfill closure and postclosure care costs	481,591	-	481,591
Net other postemployment benefit obligation	657,610	155,149	812,759
Long-term obligations:			
Due with in one year	990,703	1,801,389	2,792,092
Due in more than one year	2,033,722	20,900,027	22,933,749
	<b>5,498,294</b>	<b>23,345,289</b>	<b>28,843,583</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Deferred amounts related to pensions	2,665,122	763,830	3,428,952
<b>NET POSITION:</b>			
Net investment in capital assets	66,329,835	32,144,547	98,474,382
Restricted for:			
Capital improvements	5,779,443	2,092,849	7,872,292
Debt service	1,938,209	379,800	2,318,009
Highways and streets	773,037	-	773,037
Landfill postclosure costs	228,034	-	228,034
Tourism	968,712	-	968,712
Urban renewal	842,961	-	842,961
Parks Maintenance	885,708	-	885,708
Unrestricted	5,531,853	548,084	6,079,937
	<b>83,277,792</b>	<b>35,165,280</b>	<b>118,443,072</b>
<b>TOTAL NET POSITION</b>	<b>\$ 83,277,792</b>	<b>\$ 35,165,280</b>	<b>\$ 118,443,072</b>

See notes to basic financial statements.

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

**STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED JUNE 30, 2015**

ACTIVITIES	Expenses	Program Revenues			Net Revenue (Expense) and Change in Net Position		
		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	\$ 3,686,716	\$ 1,579,644	\$ 574,465	\$ -	\$ (1,532,607)	\$ -	\$ (1,532,607)
Public safety	3,511,667	-	-	-	(3,511,667)	-	(3,511,667)
Highways and streets	2,331,671	4,666	479,817	-	(1,847,188)	-	(1,847,188)
Culture and recreation	4,259,403	74,722	13,047	-	(4,171,634)	-	(4,171,634)
Art and education	30,389	-	469	-	(29,920)	-	(29,920)
Interest on long-term obligations	62,685	-	-	-	(62,685)	-	(62,685)
Total governmental activities	13,882,531	1,659,032	1,067,798	-	(11,155,701)	-	(11,155,701)
Business-type activities:							
Water	3,097,611	3,415,307	344,727	103,827	-	766,250	766,250
Sewer	4,354,727	2,910,088	59,900	228,932	-	(1,155,807)	(1,155,807)
Total business-type activities	7,452,338	6,325,395	404,627	332,759	-	(389,557)	(389,557)
<b>Total</b>	<b>\$ 21,334,869</b>	<b>\$ 7,984,427</b>	<b>\$ 1,472,425</b>	<b>\$ 332,759</b>	<b>(11,155,701)</b>	<b>(389,557)</b>	<b>(11,545,258)</b>
<b>GENERAL REVENUES</b>							
Property taxes levied for:							
General purposes					5,799,968	-	5,799,968
Debt service					703,036	1,303,169	2,006,205
Franchise taxes and fees					1,012,261	-	1,012,261
Transient room taxes					5,887,005	-	5,887,005
Unrestricted investment earnings					80,465	25,765	106,230
Proceeds from sale of capital assets					485	-	485
Miscellaneous					1,449,925	95,257	1,545,182
<b>TRANSFERS</b>					53,085	(53,085)	-
<b>Total general revenues and transfers</b>					14,986,230	1,371,106	16,357,336
<b>CHANGE IN NET POSITION</b>					3,830,529	981,549	4,812,078
<b>NET POSITION, June 30, 2014, as previously reported</b>					82,012,547	34,918,948	116,931,495
Restatement for implementation of GASB 68					(2,565,284)	(735,217)	(3,300,501)
<b>NET POSITION, June 30, 2014, as restated</b>					79,447,263	34,183,731	113,630,994
<b>NET POSITION, June 30, 2015</b>					83,277,792	\$ 35,165,280	\$ 118,443,072

See notes to basic financial statements.

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

**BALANCE SHEET GOVERNMENTAL FUNDS**

**FOR THE YEAR ENDED JUNE 30, 2015**

	General Fund	Visitor and Convention Bureau	Urban Renewal	Urban Renewal Tax Increment	Other Governmental Funds	Totals
<b>ASSETS:</b>						
Cash and investments	\$ 6,157,331	\$ 586,998	\$ 4,012,670	\$ 1,917,543	\$ 4,499,294	\$ 17,173,836
Cash with County Treasurer	62,989	-	-	20,666	-	83,655
Receivables	1,188,419	436,819	-	171,172	1,247,724	3,044,134
Advance to other funds	165,045	-	-	-	-	165,045
Assets held for sale	1,393,665	-	-	-	560,822	1,954,487
<b>TOTAL ASSETS</b>	<b>\$ 8,967,449</b>	<b>\$ 1,023,817</b>	<b>\$ 4,012,670</b>	<b>\$ 2,109,381</b>	<b>\$ 6,307,840</b>	<b>\$ 22,421,157</b>
<b>LIABILITIES:</b>						
Accounts payable and accrued expenses	\$ 126,830	\$ 55,105	\$ 15,360	\$ -	\$ 97,635	\$ 294,930
Other accrued liabilities	473,981	-	-	-	-	473,981
<b>TOTAL LIABILITIES</b>	<b>600,811</b>	<b>55,105</b>	<b>15,360</b>	<b>-</b>	<b>97,635</b>	<b>768,911</b>
<b>DEFERRED INFLOW OF RESOURCES:</b>						
Unavailable revenue	613,983	-	-	171,172	-	785,155
<b>FUND BALANCES:</b>						
Nonspendable in form	1,558,710	-	-	-	1,042,895	2,601,605
Restricted for:						
Capital projects	-	-	3,997,310	-	1,782,133	5,779,443
Post closure landfill costs	709,625	-	-	-	-	709,625
Debt service	-	-	-	1,938,209	-	1,938,209
Road construction/maintenance	-	-	-	-	773,037	773,037
Tourism promotion	-	968,712	-	-	-	968,712
Urban renewal	-	-	-	-	842,961	842,961
Parks maintenance	-	-	-	-	885,708	885,708
Committed to:						
Capital projects	518,467	-	-	-	-	518,467
Affordable housing	-	-	-	-	159,875	159,875
Maintenance services	-	-	-	-	15,408	15,408
Art and education	-	-	-	-	38,956	38,956
Assigned to:						
Capital projects	-	-	-	-	669,232	669,232
Unassigned	4,965,853	-	-	-	-	4,965,853
<b>TOTAL FUND BALANCES</b>	<b>7,752,655</b>	<b>968,712</b>	<b>3,997,310</b>	<b>1,938,209</b>	<b>6,210,205</b>	<b>20,867,091</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCE</b>	<b>\$ 8,967,449</b>	<b>\$ 1,023,817</b>	<b>\$ 4,012,670</b>	<b>\$ 2,109,381</b>	<b>\$ 6,307,840</b>	<b>\$ 22,421,157</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, 2015**

<b>TOTAL FUND BALANCE</b>		\$ 20,867,091
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.		66,974,401
Certain items are not available to pay for current period expenditures, but are reported in the Statement of Net Position		
Net Pension Asset	\$ 1,284,691	
Deferred outflows of resources related to pensions	<u>435,669</u>	
		1,720,360
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.		785,155
Compensated absences not payable in the current year are not recorded as governmental fund liabilities.		(540,905)
Other post-employment benefits are not recognized as a governmental fund liability.		(657,610)
Long-term liabilities and deferred inflows are not reported as governmental fund assets and liabilities as they are not payable in the current year and 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 liabilities and deferred inflows consist of:		
Deferred inflows of resources related to pensions	\$ (2,533,805)	
Bonds and note payable	(3,024,425)	
Landfill closure and post closure costs	<u>(481,591)</u>	
Total		(6,039,821)
The internal service fund is used by management to charge the cost of services to individual funds. Their assets and liabilities are included in the Statement of Net Assets.		<u>169,121</u>
<b>TOTAL NET POSITION</b>		<b><u>\$ 83,277,792</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, 2015**

	General	Visitor and Convention Bureau	Urban Renewal	Urban Renewal Tax Increment	Other Governmental Funds	Totals
<b>REVENUES:</b>						
Property Taxes	\$5,903,588	\$ -	\$ -	\$ 703,036	\$ -	\$ 6,606,624
Franchises and fees	994,742	-	-	-	17,519	1,012,261
Transient room tax	1,344,859	1,793,651	-	-	2,748,495	5,887,005
Fines and forfeitures	170,516	-	-	-	-	170,516
Fees, licenses and permits	612,533	-	-	-	-	612,533
Rents	-	-	-	-	204,946	204,946
Charges for services	485,878	-	-	-	103,816	589,694
Intergovernmental	573,187	-	-	-	494,611	1,067,798
Reimbursement from other funds	-	-	-	-	29,150	29,150
Interest on investments	24,011	2,714	22,388	11,906	19,446	80,465
Miscellaneous	1,010,960	120,657	17,791	-	300,517	1,449,925
<b>TOTAL REVENUES</b>	<b>11,120,274</b>	<b>1,917,022</b>	<b>40,179</b>	<b>714,942</b>	<b>3,918,500</b>	<b>17,710,917</b>
<b>EXPENDITURES:</b>						
Current:						
General government	2,834,341	-	397,660	-	716,864	3,948,865
Public safety	4,100,575	-	-	-	-	4,100,575
Highways and streets	-	-	-	-	1,094,852	1,094,852
Culture and recreation	1,838,669	1,468,679	-	-	743,756	4,051,104
Art and education	-	-	-	-	30,389	30,389
Debt service	-	-	-	1,038,260	-	1,038,260
Capital outlay	523,082	14,734	1,924,592	-	508,798	2,971,206
<b>TOTAL EXPENDITURES</b>	<b>9,296,667</b>	<b>1,483,413</b>	<b>2,322,252</b>	<b>1,038,260</b>	<b>3,094,659</b>	<b>17,235,251</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>1,823,607</b>	<b>433,609</b>	<b>(2,282,073)</b>	<b>(323,318)</b>	<b>823,841</b>	<b>475,666</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Proceeds from sale of capital assets	485	-	-	-	-	485
Transfers in	234,115	-	-	-	546,315	780,430
Transfers out	(433,780)	(69,088)	-	-	(224,477)	(727,345)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(199,180)</b>	<b>(69,088)</b>	<b>-</b>	<b>-</b>	<b>321,838</b>	<b>53,570</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>1,624,427</b>	<b>364,521</b>	<b>(2,282,073)</b>	<b>(323,318)</b>	<b>1,145,679</b>	<b>529,236</b>
<b>FUND BALANCES, beginning of year</b>	<b>6,128,228</b>	<b>604,191</b>	<b>6,279,383</b>	<b>2,261,527</b>	<b>5,064,526</b>	<b>20,337,855</b>
<b>FUND BALANCES, end of year</b>	<b>\$7,752,655</b>	<b>\$ 968,712</b>	<b>\$3,997,310</b>	<b>\$ 1,938,209</b>	<b>\$ 6,210,205</b>	<b>\$ 20,867,091</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, 2015**

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$	529,236
<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	\$ 2,984,017	
Depreciation	<u>(2,354,914)</u>	629,103
<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>		
		(2,515)
<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>		
Property Taxes		(103,620)
Municipal Court		52,193
<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>		
		975,575
<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>		
		11,656
<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>		
		136,700
<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>		
Pension Expense (Benefit)		1,625,441
OPEB expense not recognized on the governmental statement		(43,817)
Compensated absences		<u>20,577</u>
CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u><u>3,830,529</u></u>

See notes to basic financial statements.

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

**PROPRIETARY FUNDS**

**STATEMENT OF NET POSITION**

**JUNE 30, 2015**

	Enterprise Funds			Internal Service Fund
	Water	Sewer	Totals	
<b>ASSETS:</b>				
Current assets:				
Cash and investments	\$ 2,828,378	\$ 2,193,443	\$ 5,021,821	\$ 158,047
Cash with County Treasurer	-	14,101	14,101	-
Receivables, net	533,750	591,702	1,125,452	-
Inventories	208,770	12,472	221,242	-
Total current assets	3,570,898	2,811,718	6,382,616	158,047
Net pension asset	205,162	182,115	387,277	66,580
Capital assets:				
Land, improvements and construction in progress	923,345	534,610	1,457,955	-
Other capital assets, net	21,146,474	29,933,787	51,080,261	78,084
Total capital assets	22,069,819	30,468,397	52,538,216	78,084
<b>TOTAL ASSETS</b>	<b>25,845,879</b>	<b>33,462,230</b>	<b>59,308,109</b>	<b>302,711</b>
<b>DEFERRED OUTFLOW OF RESOURCES:</b>				
Deferred amounts related to pensions	69,576	61,760	131,336	22,579
<b>LIABILITIES:</b>				
Current liabilities:				
Accounts payable and accrued expenses	122,471	108,423	230,894	24,852
Due to other funds	82,550	-	82,550	-
Accrued interest payable	30,458	47,277	77,735	-
Accrued compensated absences	102,611	77,484	180,095	-
Current portion of long-term obligations	859,399	941,990	1,801,389	-
Total current liabilities	1,197,489	1,175,174	2,372,663	24,852
Advances from other funds	82,495	-	82,495	-
Long-term liabilities	4,462,248	16,437,779	20,900,027	-
Other postemployment benefit obligation	78,036	77,113	155,149	-
<b>TOTAL LIABILITIES</b>	<b>5,820,268</b>	<b>17,690,066</b>	<b>23,510,334</b>	<b>24,852</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred amounts related to pensions	404,643	359,187	763,830	131,317
<b>NET POSITION:</b>				
Net investment in capital assets	19,055,919	13,088,628	32,144,547	78,084
Restricted for:				
Capital improvement	315,632	1,777,217	2,092,849	-
Debt service	19,470	360,330	379,800	-
Unrestricted	299,523	248,561	548,084	91,037
<b>TOTAL NET POSITION</b>	<b>\$ 19,690,544</b>	<b>\$ 15,474,736</b>	<b>\$ 35,165,280</b>	<b>\$ 169,121</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, 2015**

	Enterprise Funds			Internal Service Fund
	Water	Sewer	Totals	
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 3,415,307	\$ 2,910,088	\$ 6,325,395	\$ 842,407
Intergovernmental	344,727	59,900	404,627	-
Miscellaneous	4,632	90,625	95,257	-
<b>TOTAL OPERATING REVENUES</b>	<b>3,764,666</b>	<b>3,060,613</b>	<b>6,825,279</b>	<b>842,407</b>
<b>OPERATING EXPENSES:</b>				
Personal services	972,185	925,852	1,898,037	406,723
Materials and services	683,770	1,219,393	1,903,163	278,407
Support services	202,473	148,653	351,126	-
Depreciation	1,067,043	1,488,642	2,555,685	20,577
<b>TOTAL OPERATING EXPENSES</b>	<b>2,925,471</b>	<b>3,782,540</b>	<b>6,708,011</b>	<b>705,707</b>
<b>OPERATING INCOME (LOSS)</b>	<b>839,194</b>	<b>(721,927)</b>	<b>117,267</b>	<b>136,700</b>
<b>NONOPERATING INCOME (EXPENSE):</b>				
System development charges	103,827	228,932	332,759	-
Interest earned on investments	13,715	12,050	25,765	-
Property taxes	-	1,303,169	1,303,169	-
Interest expense	(172,140)	(572,186)	(744,326)	-
<b>TOTAL NONOPERATING INCOME (EXPENSE)</b>	<b>(54,598)</b>	<b>971,965</b>	<b>917,367</b>	<b>-</b>
<b>INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS</b>	<b>784,596</b>	<b>250,038</b>	<b>1,034,634</b>	<b>136,700</b>
<b>TRANSFERS:</b>				
Transfers out	(28,608)	(24,477)	(53,085)	-
<b>CHANGE IN NET POSITION</b>	<b>755,988</b>	<b>225,561</b>	<b>981,549</b>	<b>136,700</b>
<b>NET POSITION, June 30, 2014 as previously reported</b>	<b>19,324,041</b>	<b>15,594,907</b>	<b>34,918,948</b>	<b>158,819</b>
Restatement for implementation of GASB 68	(389,485)	(345,732)	(735,217)	(126,398)
<b>NET POSITION, June 30, 2014 as restated</b>	<b>18,934,556</b>	<b>15,249,175</b>	<b>34,183,731</b>	<b>32,421</b>
<b>NET POSITION, June 30, 2015</b>	<b>\$ 19,690,544</b>	<b>\$ 15,474,736</b>	<b>\$ 35,165,280</b>	<b>\$ 169,121</b>

See notes to basic financial statements.

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

**PROPRIETARY FUNDS**

**STATEMENT OF CASH FLOWS**

**JUNE 30, 2015**

	Enterprise Funds			Internal Service Fund
	Water	Sewer	Totals	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Receipts from customers	\$ 3,715,493	\$ 2,993,487	\$ 6,708,980	\$ 842,408
Payments to suppliers	(526,391)	(1,420,103)	(1,946,494)	(267,044)
Payments to employees	(1,222,220)	(1,153,571)	(2,375,791)	(490,963)
Payments for support services	(202,473)	(148,653)	(351,126)	-
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>1,764,409</b>	<b>271,160</b>	<b>2,035,569</b>	<b>84,401</b>
<b>CASH FLOWS FROM NON FINANCING ACTIVITIES:</b>				
Property taxes	-	1,303,169	1,303,169	-
Transfers out	(28,608)	(24,477)	(53,085)	-
<b>NET CASH FROM NON FINANCING ACTIVITIES</b>	<b>(28,608)</b>	<b>1,278,692</b>	<b>1,250,084</b>	<b>-</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Acquisition of capital assets	(1,242,364)	(790,375)	(2,032,739)	(15,128)
System development charges	103,827	228,932	332,759	-
Proceeds received from long-term obligations	-	2,209,800	2,209,800	-
Principal paid on advance from other funds	(82,106)	-	(82,106)	-
Principal paid on long-term obligations	(930,143)	(3,073,610)	(4,003,753)	-
Interest paid on long-term obligations	(172,020)	(573,174)	(745,194)	-
<b>NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(2,322,806)</b>	<b>(1,998,427)</b>	<b>(4,321,233)</b>	<b>(15,128)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest on investments	13,715	12,050	25,765	-
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>(573,290)</b>	<b>(436,525)</b>	<b>(1,009,815)</b>	<b>69,273</b>
<b>CASH AND INVESTMENTS, beginning of year</b>	<b>3,401,668</b>	<b>2,629,968</b>	<b>6,031,636</b>	<b>88,774</b>
<b>CASH AND INVESTMENTS, end of year</b>	<b>\$ 2,828,378</b>	<b>\$ 2,193,443</b>	<b>\$ 5,021,821</b>	<b>\$ 158,047</b>
<b>RECONCILIATION TO THE STATEMENT OF NET POSITION</b>				
Operating income (loss)	\$ 839,194	\$ (721,927)	\$ 117,267	\$ 136,700
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	1,067,043	1,488,643	2,555,686	20,577
Decrease (increase) in assets				
Receivables, net	(49,172)	(64,244)	(113,416)	-
Prepays	-	-	-	3,400
Inventories	67,466	17,930	85,396	-
Cash with County Treasurer	-	(2,884)	(2,884)	-
Net pension asset	(667,052)	(592,118)	(1,259,170)	(216,475)
Deferred outflows	2,829	2,511	5,340	918
Increase (decrease) in liabilities				
Accounts payable and accrued expenses	89,913	(218,640)	(128,727)	7,963
Compensated absences payable	4,027	(2,598)	1,429	-
Net other postemployment benefit obligation	5,518	5,300	10,818	-
Deferred inflows	404,643	359,187	763,830	131,318
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>\$ 1,764,409</b>	<b>\$ 271,160</b>	<b>\$ 2,035,569</b>	<b>\$ 84,401</b>

See notes to basic financial statements.

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

**AGENCY FUND**

**STATEMENT OF ASSETS AND LIABILITIES**

**JUNE 30, 2015**

**ASSETS:**

Cash and investments	\$	35,523
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**LIABILITIES:**

Accounts payable	\$	13,186
Funds held in trust		22,337

**TOTAL LIABILITIES**

	\$	35,523
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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, 2015**

**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 at [www.lincolncity.org](http://www.lincolncity.org).

**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, 2015**

**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, 2015**

**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.

Visitor and Convention Bureau (VCB) – accounts for the financial operations of the VCB fund. Resources are primarily provided from transient room taxes which are restricted for promoting tourism.

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, 2015**

**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 deferred outflows and liabilities and deferred inflows, 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, 2015.

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, 2015**

**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 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.

**Land held for Sale**

Land that is held for sale is reported in the applicable governmental or business-type activities columns in the government-wide and fund-level financial statements, and in the Proprietary Funds. Land is recorded at the lower of cost or market.

**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. Costs for repairs and maintenance are expensed as incurred.

**CITY OF LINCOLN CITY, OREGON**

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

**YEAR ENDED JUNE 30, 2015**

**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. For enterprise funds, depreciation is recorded as an expense on the fund level, while depreciation is recorded at the enterprise level for governmental funds. 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, 2015**

**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, assets held for sale, 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.

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, 2015**

**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.

**Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Oregon Public Employees Retirement System (OPERS) and additions to/deductions from OPER's fiduciary net position have been determined on the same basis as they are reported by OPERS.

**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.

**CITY OF LINCOLN CITY, OREGON**

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

**YEAR ENDED JUNE 30, 2015**

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

At June 30, 2015, the City's cash and investments were comprised of the following:

Cash on hand	\$ 2,825
Deposits with financial institutions	294,719
Oregon State Treasurer's Local Government Investment Pool	<u>22,091,683</u>
	<u>\$ 22,389,227</u>

Reported as:

Governmental activities	\$ 17,331,883
Business-type activities	<u>5,021,821</u>
Total per Statement of Net Position	22,353,704
Agency Fund	<u>35,523</u>
	<u>\$ 22,389,227</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, 2015, was \$349,222 of which \$340,965 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 \$8,257 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, 2015, 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, 2015**

**3. ACCOUNTS RECEIVABLE**

Receivables as of June 30, 2015, for the City's governmental activities/funds are as follows:

	General	Visitor and Convention Bureau	Urban Renewal Tax Increment	Other Governmental	Totals
Property taxes	\$ 463,195	\$ -	\$ 171,172	\$ -	\$ 634,367
Intergovernmental	86,718	-	-	45,142	131,860
Fines and warrants	151,492	-	-	-	151,492
Franchise fees	103,199	-	-	4,420	107,619
Transient room taxes	279,277	436,819	-	716,088	1,432,184
Notes-housing rehabilitation	-	-	-	482,074	482,074
Miscellaneous other	104,538	-	-	-	104,538
	<u>\$ 1,188,419</u>	<u>\$ 436,819</u>	<u>\$ 171,172</u>	<u>\$ 1,247,724</u>	<u>\$ 3,044,134</u>

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

The Lincoln City Urban Renewal Agency levied 20 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 2014-15.

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%	\$ 359,882
Affordable Housing:			
Habitat and Housing Rehabilitation	15 years	0%	\$ 122,192

Receivables as of June 30, 2015, for the City's business-type activities/funds are as follows:

	Water	Sewer	Totals
User charges	\$ 533,750	\$ 475,493	\$ 1,009,243
Property taxes	-	103,102	103,102
Miscellaneous	-	13,107	13,107
	<u>\$ 533,750</u>	<u>\$ 591,702</u>	<u>\$ 1,125,452</u>



**CITY OF LINCOLN CITY, OREGON**

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

**YEAR ENDED JUNE 30, 2015**

**4. CAPITAL ASSETS**

Transactions for the year ended June 30, 2015, of the governmental activities, were as follows:

	<u>Balance</u> <u>June 30, 2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2015</u>
Capital assets not being depreciated:				
Land	\$ 14,282,839	\$ 383,844	\$ -	\$ 14,666,683
Public right-of-way	22,328,786	-	-	22,328,786
Construction in progress	<u>423,490</u>	<u>1,761,323</u>	<u>(1,774,820)</u>	<u>409,993</u>
Total capital assets not being depreciated	<u>37,035,115</u>	<u>2,145,167</u>	<u>(1,774,820)</u>	<u>37,405,462</u>
Capital assets being depreciated:				
Buildings	14,666,669	171,416	-	14,838,085
Heavy equipment	549,285	-	-	549,285
Urban renewal projects	1,872,248	455,645	-	2,327,893
System improvements	47,623,910	1,677,099	-	49,301,009
Vehicles	808,570	201,983	-	1,010,553
Equipment and furnitures	3,453,299	114,427	(16,303)	3,551,423
Books and art	<u>1,191,616</u>	<u>7,503</u>	<u>-</u>	<u>1,199,119</u>
Total capital assets being depreciated	70,165,597	2,628,073	(16,303)	72,777,367
Accumulated depreciation	<u>(40,769,365)</u>	<u>(2,375,491)</u>	<u>14,512</u>	<u>(43,130,344)</u>
Total capital assets being depreciated, net	<u>29,396,232</u>	<u>252,582</u>	<u>(1,791)</u>	<u>29,647,023</u>
Total capital assets, net	<u>\$ 66,431,347</u>	<u>\$ 2,397,749</u>	<u>\$ (1,776,611)</u>	<u>\$ 67,052,485</u>

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

General government	\$ 456,982
Public safety	128,029
Highway and streets	1,345,322
Culture and recreation	<u>445,158</u>
Total	<u>\$ 2,375,491</u>

**CITY OF LINCOLN CITY, OREGON**

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

**YEAR ENDED JUNE 30, 2015**

**4. CAPITAL ASSETS (Continued)**

Transactions for the year ended June 30, 2015, of the business-type activities, were as follows:

	Balance June 30, 2014	Increases	Decreases	Balance June 30, 2015
Capital assets not being depreciated:				
Land and improvements	\$ 811,970	\$ -	\$ -	\$ 811,970
Construction in progress	1,108,557	1,665,050	(2,127,622)	645,985
Total capital assets not being depreciated	<u>1,920,527</u>	<u>1,665,050</u>	<u>(2,127,622)</u>	<u>1,457,955</u>
Capital assets being depreciated:				
Buildings	1,133,556	42,375	-	1,175,931
Facilities	80,602,448	2,368,793	(97,590)	82,873,651
Equipment	2,118,821	84,475	(111,131)	2,092,165
Intangibles	120,868	-	-	120,868
Total capital assets being depreciated	<u>83,975,693</u>	<u>2,495,643</u>	<u>(208,721)</u>	<u>86,262,615</u>
Accumulated depreciation	<u>(32,835,058)</u>	<u>(2,555,686)</u>	<u>208,390</u>	<u>(35,182,354)</u>
Total capital assets being depreciated, net	<u>51,140,635</u>	<u>(60,043)</u>	<u>(331)</u>	<u>51,080,261</u>
Total capital assets, net	<u>\$ 53,061,162</u>	<u>\$ 1,605,007</u>	<u>\$ (2,127,953)</u>	<u>\$ 52,538,216</u>

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

Water	\$ 1,067,043
Sewer	<u>1,488,642</u>
Total	<u>\$ 2,555,685</u>

**CITY OF LINCOLN CITY, OREGON**

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

**YEAR ENDED JUNE 30, 2015**

**5. LONG-TERM OBLIGATIONS**

Transactions for the year ended June 30, 2015, of the governmental activities, were as follows:

<u>Note</u>	<u>Balance June 30, 2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balances June 30, 2015</u>	<u>Due w ithin one year</u>
Full Faith and Credit Note, Series 2014, URA Original issue amount \$4 million, final maturity June 2018, interest at 1.64 percent	\$ 4,000,000	\$ -	\$ 975,575	\$ 3,024,425	\$ 990,703
Compensated absences	\$ 561,482	\$ 540,905	\$ 561,482	\$ 540,905	\$ 540,905

The future maturities for governmental activity long-term obligations outstanding as of June 30, 2015, are as follows:

<u>Fiscal Year</u>	<u>Full Faith and Credit Note, Series 2014 URA Projects</u>	
	<u>Principal</u>	<u>Interest</u>
2016	\$ 990,703	\$ 49,601
2017	1,008,041	33,353
2018	1,025,681	16,821
	<u>\$ 3,024,425</u>	<u>\$ 99,775</u>

**CITY OF LINCOLN CITY, OREGON**

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

**YEAR ENDED JUNE 30, 2015**

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

Transactions for the year ended June 30, 2015, of the business-type activities, were as follows:

	<u>Balance</u> <u>June 30, 2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balances</u> <u>June 30, 2015</u>	<u>Due within</u> <u>one year</u>
<u>Financing Agreement</u>					
Full Faith and Credit Water Bonds, Series 2014, Original issue amount \$4 million, final maturity April 2024, interest at 2.81 percent					
Principal	\$ 4,000,000	\$ -	\$ 370,000	\$ 3,630,000	\$ 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	2,680,000	-	2,680,000	-	-
Sewer Bonds, Series 2011, Original issue amount \$7 million, final maturity March 2026, interest at 4.1 percent					
Principal	5,813,579	-	393,610	5,419,969	409,999
Sewer Bonds, Refunding Series 2013 Original issue amount \$9.885 million, final maturity June 2030, interest at 2.4 percent					
Principal	9,750,000	-	-	9,750,000	-
Sewer Bonds, Refunding Series 2015 Original issue amount \$2.210 million, final maturity June 2019, interest at 1.456 percent					
Principal	-	2,209,800	-	2,209,800	531,991
Water Bonds, Series 2007 Original issue amount \$4 million, final maturity December 2018, interest at 3.95 percent					
Principal	1,766,791	-	451,420	1,315,371	386,925
<u>Contract payable</u>					
Original issue amount \$585,000, final maturity August 2019, interest at 2.0 percent					
Principal	485,000	-	108,724	376,276	102,474
	<u>\$ 24,495,370</u>	<u>\$ 2,209,800</u>	<u>\$ 4,003,754</u>	<u>\$ 22,701,416</u>	<u>\$ 1,801,389</u>

**CITY OF LINCOLN CITY, OREGON**

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

**YEAR ENDED JUNE 30, 2015**

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

During fiscal year 2014-15, the City issued \$2,209,800 in general obligation bonds to refund the remaining \$2,190,000 of the outstanding 2005 general obligation sewer bonds. The average interest rate of the refunding bonds was 1.456% resulting in a total net present value savings of \$119,151 after bond issuance costs of \$19,800.

The future maturities for business-type activity long-term obligations outstanding as of June 30, 2015, are as follows:

Fiscal Year	Full Faith and Credit Note Series 2014		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	Principal	Interest
2016	\$ 370,000	\$ 103,703	\$ 386,925	\$ 46,273	\$ 409,999	\$ 215,969	\$ -	\$ 231,050
2017	380,000	92,878	402,436	30,761	427,068	198,898	-	231,050
2018	385,000	82,052	418,569	14,628	444,848	181,115	-	231,050
2019	395,000	71,083	107,441	1,063	463,371	162,596	130,000	231,050
2020	405,000	59,994	-	-	482,662	143,304	730,000	228,450
2021-25	1,695,000	121,972	-	-	2,732,009	397,824	4,110,000	909,488
2026-30	-	-	-	-	460,012	9,462	4,780,000	409,325
	<u>\$ 3,630,000</u>	<u>\$ 531,682</u>	<u>\$ 1,315,371</u>	<u>\$ 92,725</u>	<u>\$ 5,419,969</u>	<u>\$ 1,309,168</u>	<u>\$ 9,750,000</u>	<u>\$ 2,471,463</u>

  

Fiscal Year	General Obligation Sewer Bonds Series 2015		Contract Payable		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 531,991	\$ 35,750	\$ 102,474	\$ 7,526	\$ 1,801,389	\$ 640,274
2017	557,341	20,000	104,524	5,476	1,871,369	579,063
2018	561,630	19,111	106,614	3,386	1,916,661	531,342
2019	558,838	8,173	62,664	1,253	1,717,314	475,218
2020	-	-	-	-	1,617,662	431,748
2021-25	-	-	-	-	8,537,009	1,429,283
2026-30	-	-	-	-	5,240,012	418,787
	<u>\$2,209,800</u>	<u>\$ 83,034</u>	<u>\$ 376,276</u>	<u>\$ 17,641</u>	<u>\$ 22,701,416</u>	<u>\$4,505,715</u>

**CITY OF LINCOLN CITY, OREGON**

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

**YEAR ENDED JUNE 30, 2015**

**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, 2015, unavailable revenue consists of the following:

	General Fund	Urban Renewal Tax Increment Fund	Totals
Property taxes	\$ 463,195	\$ 171,172	\$ 634,367
Fines and warrants	149,184	-	149,184
Other	1,604	-	1,604
	<u>\$ 613,983</u>	<u>\$ 171,172</u>	<u>\$ 785,155</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, 2015, the City reports a restricted fund balance amount related to these post-closure requirements of \$709,625 and liability in the entity-wide financial statements \$481,591.

**8. EMPLOYEE RETIREMENT PENSION PLAN**

**Pension Plan**

The Oregon Public Employees Retirement System (OPERS) is a cost-sharing multiple-employer defined benefit plan that provides statewide defined benefit and defined contribution retirement plans for units of state government, political subdivisions, community colleges and school districts. The City has joined this plan. The system provides retirement and disability benefits, post-employment healthcare benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries.

**CITY OF LINCOLN CITY, OREGON**

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

**YEAR ENDED JUNE 30, 2015**

**8. EMPLOYEE RETIREMENT PENSION PLAN (continued)**

**Description of Benefit Terms**

**Plan Benefits** – Employees of the City are provided with pensions through OPERS. All benefits of OPERS are established by the legislature pursuant to ORS Chapters 238 and 238A. The authority to establish and amend the benefit provisions of the plan rests with the Oregon Legislature. OPERS produces an independently audited CAFR that can be obtained at: [http://www.oregon.gov/pers/Pages/section/financial\\_reports/financials.aspx](http://www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx).

**Benefits provided under Chapter 238-Tier One/Tier Two** – Tier One/Tier Two Retirement Benefit plan is closed to new members hired on or after August 29, 2003.

**Pension Benefits** – The OPERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0 percent for police and fire employees, 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police and fire members). General service employees may retire after reaching age 55. Police and fire members are eligible after reaching age 50. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police and fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier Two members are eligible for full benefits at age 60.

**Death Benefits** - Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following conditions are met:

- Member was employed by a OPERS employer at the time of death,
- Member died within 120 days after termination of OPERS-covered employment,
- Member died as a result of injury sustained while employed in a OPERS-covered job, or
- Member was on an official leave of absence from a OPERS-covered job at the time of death.

**Disability Benefits** - A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including OPERS judge members) for disability benefits regardless of the length of OPERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.

**CITY OF LINCOLN CITY, OREGON**

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

**YEAR ENDED JUNE 30, 2015**

**8. EMPLOYEE RETIREMENT PENSION PLAN (continued)**

**Description of Benefit Terms (continued)**

***Benefit Changes After Retirement*** - Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments.

Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits above \$60,000.

***Benefits provided under Chapter 238A - OPSRP.*** OPSRP pension program provides benefits to members hired on or after August 29, 2003. This portion of the OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:

***Police and Fire*** - 1.8 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.

***General Service*** - 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit. Employees of the City are considered to be in the General Service category.

A member of the OPSRP pension program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.

***Death Benefits*** - Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50 percent of the pension that would otherwise have been paid to the deceased member.

***Disability Benefits*** - A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.

***Benefit Changes After Retirement*** - Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits above \$60,000.



**CITY OF LINCOLN CITY, OREGON**

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

**YEAR ENDED JUNE 30, 2015**

**8. EMPLOYEE RETIREMENT PENSION PLAN (continued)**

**Description of Benefit Terms (continued)**

***Benefits provided under OPSRP Individual Account Program (OPSRP IAP)***

***Pension Benefits*** - An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies.

Upon retirement, a member of the OPSRP Individual Account Program (IAP) may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment or in equal installments over a 5-, 10-, 15-, 20-year period or an anticipated life span option. Each distribution option has a \$200 minimum distribution limit.

***Death Benefits*** - Upon the death of a non-retired member, the beneficiary receives in a lump sum the member's account balance, rollover account balance, and vested employer optional contribution account balance. If a retired member dies before the installment payments are completed, the beneficiary may receive the remaining installment payments or choose a lump-sum payment.

**Actuarial Valuations**

The employer contribution rates effective July 1, 2013, through June 30, 2015, were set using the projected unit credit actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years. For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years. The total pension liability in the December 31, 2012 actuarial valuation was determined using the following actuarial assumptions:

**CITY OF LINCOLN CITY, OREGON**

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

**YEAR ENDED JUNE 30, 2015**

**8. EMPLOYEE RETIREMENT PENSION PLAN (continued)**

**Actuarial Valuations (Continued)**

Valuation Date	December 31, 2012 rolled forward to June 30, 2014
Experience Study Report	2012, published September 18, 2013
Actuarial cost method	Entry Age Normal
Amortization method	Amortized as a level percentage of payroll as layered amortization bases over a closed period; Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years.
Asset valuation method	Market value of assets
Actuarial assumptions:	
Inflation rate	2.75 percent
Investment rate of return	7.75 percent
Projected salary increases	3.75 percent overall payroll growth; salaries for individuals are assumed to grow at 3.75 percent plus assumed rates of merit/longevity increases based on service.
Mortality	Healthy retirees and beneficiaries: RP-2000 Sex-distinct, generational per Scale AA, with collar adjustments and set-backs as described in the valuation. Active members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation. Disabled retirees: Mortality rates are a percentage of the RP-2000 statistic combined disabled mortality sex-distinct table.

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2012 Experience Study which reviewed experience for the four-year period ending on December 31, 2012.

**Discount Rate**

The discount rate used to measure the total pension liability was 7.75 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

**CITY OF LINCOLN CITY, OREGON**

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

**YEAR ENDED JUNE 30, 2015**

**8. EMPLOYEE RETIREMENT PENSION PLAN (continued)**

**Actuarial Valuations (Continued)**

**Long-Term Expected Rate of Return**

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2013 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

**Assumed Asset Allocation**

<u>Asset Class</u>	<u>Low Range</u>	<u>High Range</u>	<u>OIC Target</u>
Cash	0.0%	3.0%	0.0%
Debt Securities	15.0	25.0	20.0
Public Equity	32.5	42.5	37.5
Private Equity	16.0	24.0	20.0
Real Estate	9.5	15.5	12.5
Alternative Equity	0.0	10.0	10.0
Opportunity Portfolio	0.0	3.0	0.0
Total			<u>100.0%</u>

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Compound Annual Return (Geometric)</u>
Core Fixed Income	7.20%	4.50%
Short-Term Bond	8.00%	3.70%
Intermediate-Term Bond	3.00%	4.10%
High Yield Bonds	1.80%	6.66%
Large Cap US Equities	11.65%	7.20%
Med Cap US Equities	3.88%	7.30%
Small Cap US Equities	2.27%	7.45%
Developed Foreign Equities	14.21%	6.90%
Emerging Foreign Equities	5.49%	7.40%
Private Equity	20.00%	8.26%
Opportunity Funds/Absolute Return	5.00%	6.01%
Real Estate (Property)	13.75%	6.54%
Real Estate (REITS)	2.50%	6.76%
Commodities	1.25%	6.07%
Total	<u>100.00%</u>	
Assumed Inflation - Mean		2.75%

**CITY OF LINCOLN CITY, OREGON**

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

**YEAR ENDED JUNE 30, 2015**

**8. EMPLOYEE RETIREMENT PENSION PLAN (continued)**

**Contributions**

OPERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans.

Employer contribution rates during the period were based on the December 31, 2011 actuarial valuation as subsequently modified by 2013 legislated changes in benefit provisions. The rates based on a percentage of payroll, first became effective July 1, 2013.

The City's contributions for the year ended June 30, 2015 were \$1,049,430. The contractually required contribution rates in effect for the fiscal year ended June 30, 2015 were 10.13% for Tier One/Tier Two, 6.63% for OPSRP Pension Program General Service Members, 9.36% for OPSRP Pension Program Police and Fire Members, and 6% for OPSRP Individual Account Program. 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.

**Pension Assets/Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions**

At June 30, 2015, the City reported an asset of \$1,738,548 for its proportionate share of the plan pension asset. The net pension asset was measured as of June 30, 2014 and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of that date. The City's proportionate share was based on a projection of the City's long term share of contributions to the pension plan relative to the projected contributions of all participating members of the cost sharing pool, actuarially determined. At June 30, 2014, the City's proportion was 0.07669903 percent.

For the year ended June 30, 2015, the City recognized pension expense/(income) of \$(2,199,681) for the defined benefit portion of the pension plan as a result of implementing GASB 68. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 3,354,694
Changes in proportion and differences between City contributions and proportionate share of contributions	-	74,258
City contributions subsequent to the measurement date	589,584	-
Total	<u>\$ 589,584</u>	<u>\$ 3,428,952</u>

**CITY OF LINCOLN CITY, OREGON**

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

**YEAR ENDED JUNE 30, 2015**

**8. EMPLOYEE RETIREMENT PENSION PLAN (continued)**

**Pension Assets/Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions (continued)**

Deferred outflows of resources related to pensions of \$589,584 resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense (income) as follows:

Year ended June 30:	Difference of Projected and Actual Investment Earnings	Changes in employer proportion and differences between employer contributions proportionate share of contribution	Total
2016	\$ (838,673)	\$ (16,143)	\$ (854,816)
2017	(838,674)	(16,143)	(854,817)
2018	(838,673)	(16,143)	(854,816)
2019	(838,674)	(16,143)	(854,817)
2020	-	(9,686)	(9,686)
	<u>\$ (3,354,694)</u>	<u>\$ (74,258)</u>	<u>\$ (3,428,952)</u>

**Sensitivity of the City's Proportionate Share of the Net Pension Asset to Changes in the Discount Rate**

The following represents the City's proportionate share of the pension (asset)/liability calculated using the discount rate of 7.75 percent, as well as what the City's share of the net pension (asset)/liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease (6.75%)	Discount Rate (7.75%)	1% Increase (8.75%)
Entity's proportionate share of net pension (asset)/liability	\$ 3,681,617	\$ (1,738,548)	\$ (6,322,737)

**CITY OF LINCOLN CITY, OREGON**

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

**YEAR ENDED JUNE 30, 2015**

**8. EMPLOYEE RETIREMENT PENSION PLAN (continued)**

**Changes in Plan Provisions Subsequent to Measurement Date**

Senate Bill 861, signed into law in October 2013, limited the post-retirement COLA on benefits. The Oregon Supreme Court on April 30, 2015, overturned certain elements of the law as they were deemed unconstitutional. As a result, those who retired before the bills were passed will continue to receive a COLA tied to the Consumer Price Index that normally results in a 2% increase annually. PERS members who have accrued benefits before and after the effective dates of the 2013 legislation will have a blended COLA rate when they retire.

Pursuant to GASB Statement 67 and 68, the total pension asset or liability must be calculated based on the benefit terms legally in effect as of the relevant fiscal year-end for the plan. Due to the change in benefit terms as described above subsequent to the measurement date of June 30, 2014, the effect of the decision is not included in the net pension liability (asset) proportionate shares provided to employers as of June 2015. It is estimated that this change will increase the City's proportionate share of net pension (asset)/ liability by \$3.8 million, as shown in the following table (rounded):

	<u>Prior to Moro</u>	<u>After Moro</u>	<u>Increase/(decrease) in Net Pension Liability</u>
Total Pension Liability	\$ 48,400,000	\$ 52,200,000	
Fiduciary Net Position	50,200,000	50,200,000	
Net Pension (Asset)/Liability	<u>\$ (1,800,000)</u>	<u>\$ 2,000,000</u>	<u>\$ 3,800,000</u>

**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, 2014 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.

**CITY OF LINCOLN CITY, OREGON**

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

**YEAR ENDED JUNE 30, 2015**

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

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

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

Normal cost	\$ 66,190
Amortization of UAAL	114,101
	<hr/>
Annual required contribution	\$ 180,291
	<hr/>

The net OPEB obligation as of June 30, 2015 was calculated as follows:

Annual required contribution	\$ 180,291
Interest on prior year net OPEB Obligation	26,534
Adjustment to ARC	(91,158)
Implicit benefit payments	(61,032)
	<hr/>
Increase in net OPEB Obligation	54,635
OPEB Obligation at beginning of year	758,124
	<hr/>
OPEB obligation at end of year	\$ 812,759
	<hr/>

The City's annual OPEB cost, percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of June 30, 2015 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, 2015	\$ 115,667	53%	\$ 812,759
June 30, 2014	112,083	46%	758,124
June 30, 2013	126,573	38%	697,399

**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.

**CITY OF LINCOLN CITY, OREGON**

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

**YEAR ENDED JUNE 30, 2015**

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

**Funded Status and Funding Process (continued)**

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, 2014	\$ -	\$ 691,503	\$ 691,503	0%	\$ 7,051,742	9.8%
August 1, 2012	-	880,018	880,018	0%	6,832,392	12.9%
August 1, 2010	-	817,937	817,937	0%	7,107,623	11.5%

**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, 2014 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 5.75 percent, reduced incrementally to an ultimate rate of 4.75 percent. The UAAL is being amortized using the level dollar amount over an open period of ten years.

**Retirement Health Insurance Account (RHIA)**

Plan Description – As a member of Oregon Public Employees Retirement System (OPERS) the City contributes to the Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefits 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 publicly 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.



**CITY OF LINCOLN CITY, OREGON**

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

**YEAR ENDED JUNE 30, 2015**

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

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

Funding Policy – Because 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 or the total monthly cost of Medicare companion health insurance premiums coverage, whichever is less, shall be paid from the Retirement Health Insurance Account established by the employer, and any monthly cost in excess of \$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 receive a disability allowance as if the member had eight years or more of creditable 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 receiving 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 0.49% of annual covered payroll for OPSRP and 0.59% of annual covered payroll for Tier 1/Tier 2I. The OPERS Board of Trustees sets the employer contribution rate based on the annual required 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, 2015, 2014 and 2013 were included in contributions made to PERS.

**10. OTHER INFORMATION**

**Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. In 1981, the League of Oregon Cities joined together with the Association of Oregon Cities to form City County Insurance Services (CCIS), a public entity risk pool currently operating as a common risk management and insurance program for approximately 265 municipal corporations and associated entities in the State of Oregon. CCIS is self-sustaining through member premiums and reinsures through commercial companies for claims in excess of \$2 million for each insured event.

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

**CITY OF LINCOLN CITY, OREGON**

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

**YEAR ENDED JUNE 30, 2015**

**10. OTHER INFORMATION (continued)**

**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 governmental funds purchases a capital asset which will be used in the operation of a business type activity (or visa versa), or when a governmental fund receives proceeds from or pays principal on long-term obligations reported in a business-type activity fund (or visa versa). The following schedule briefly summarizes the City's transfer activity for the year ended June 30, 2015:

<u>Funds</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental		
General	\$ 234,115	\$ 433,780
Visitor and Convention Bureau	-	69,088
Other governmental	546,315	224,477
Proprietary		
Water	-	28,608
Sewer	-	24,477
	<u>\$ 780,430</u>	<u>\$ 780,430</u>

**Construction Commitment**

<u>Project</u>	<u>Outstanding Amount</u>
<b>FY2014-15</b>	
Maryland Drive Sewer Pump Station	\$ 120,938
Surf & NE 22nd Intersection Improvements	109,600
Hwy 101 & N 22nd Intersection Improvements	209,104
Elevator Replacements - Lincoln Square	269,828
<b>Total Commitments</b>	<u>\$ 709,470</u>

**Restatement**

For the fiscal year ended June 30, 2014, the City implemented GASB Statement No. 68. This statement improves financial accounting and reporting by local government employers for pensions. Adoption of this statement required the City to restate the 2014-2015 beginning net position of the governmental activities and business-type activities.

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Net position – beginning (as previously reported)	\$ 82,012,547	\$34,918,948	\$ 116,931,495
Cumulative effect of GASB # 68	<u>(2,565,284)</u>	<u>(735,217)</u>	<u>(3,300,501)</u>
Net position – beginning (as restated)	<u>\$ 79,447,263</u>	<u>34,183,731</u>	<u>\$ 113,630,994</u>

**CITY OF LINCOLN CITY, OREGON**

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

**YEAR ENDED JUNE 30, 2015**

**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

**SCHEDULE OF FUNDING PROGRESS**

**OTHER POSTEMPLOYMENT BENEFITS PLAN**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Actuarial Accrued Liability as a Percent of Covered Payroll
8/1/2010	\$ -	\$ 817,937	\$ 817,937	0%	\$7,107,623	11.5%
8/1/2012	-	880,018	880,018	0%	6,832,392	12.9%
8/1/2014	-	691,503	691,503	0%	7,051,742	9.8%

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

**SCHEDULE OF PENSION PLAN CONTRIBUTIONS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

<u>Fiscal Year</u>	<u>Contractually required contributions</u>	<u>Contributions in relation to the contractually required contributions</u>	<u>Contribution deficiency/ (excess)</u>	<u>City's covered employee payroll</u>	<u>Contributions as a percentage of covered employee payroll</u>
2006	\$ 661,115	\$ 661,115	\$ -	\$ 4,818,371	13.7%
2007	682,360	682,360	-	5,213,479	13.1%
2008	693,005	693,005	-	5,907,328	11.7%
2009	797,470	797,470	-	6,553,849	12.2%
2010	697,856	697,856	-	6,993,225	10.0%
2011	761,513	761,513	-	7,517,603	10.1%
2012	1,029,971	1,029,971	-	7,203,587	14.3%
2013	1,031,298	1,031,298	-	7,456,657	13.8%
2014	1,092,489	1,092,489	-	7,695,975	14.2%
2015	1,049,429	1,049,429	-	7,676,583	13.7%

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

**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION (ASSET) / LIABILITY**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

<u>Fiscal Year</u>	<u>City's proportion of the net pension (asset)/liability</u>	<u>City's proportionate share of the net pension (asset)/liability</u>	<u>City's covered employee payroll</u>	<u>City's proportionate share of the net pension (asset)/liability as a percentage of its covered payroll</u>	<u>Plan fiduciary net position as a percentage of the total pension (asset)/liability</u>
2006	-	\$ -	\$ 4,818,371	-	-
2007	-	-	5,213,479	-	-
2008	-	-	5,907,328	-	-
2009	-	-	6,553,849	-	-
2010	-	-	6,993,225	-	-
2011	-	-	7,517,603	-	-
2012	-	-	7,203,587	-	-
2013	-	-	7,456,657	-	-
2014	0.07669903%	3,914,064	7,695,975	50.9%	92.0%
2015	0.07669903%	(1,738,548)	7,676,583	-22.6%	103.6%

Note: This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

**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, 2015**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Property taxes	\$ 5,826,104	\$ 5,826,104	\$ 5,903,588	\$ 77,484
Franchise fees	978,650	978,650	994,742	16,092
Transient room tax	1,257,690	1,257,690	1,344,859	87,169
Fees, licenses and permits	545,792	565,792	612,533	46,741
Fines, and forfeitures	185,650	185,650	170,516	(15,134)
Charges for services	-	20,258	20,259	1
Intergovernmental	484,600	523,714	573,187	49,473
Interest	17,600	17,800	21,165	3,365
Miscellaneous	911,248	986,998	1,005,942	18,944
<b>TOTAL REVENUES</b>	<b>10,207,334</b>	<b>10,362,656</b>	<b>10,646,791</b>	<b>284,135</b>
<b>EXPENDITURES:</b>				
City council	32,274	32,274	19,604	12,670
City administration	615,212	722,212	634,425	87,787
Finance	832,172	832,172	757,314	74,858
Library	892,820	892,820	840,293	52,527
Municipal court	76,147	76,147	62,550	13,597
City attorney	202,999	218,999	178,240	40,759
Planning	480,633	480,633	468,219	12,414
Building inspection	217,973	237,973	240,102	(2,129)
Police	3,951,979	3,978,979	3,564,624	414,355
Dispatch Center	-	874,725	808,858	65,867
Recreation department	1,179,315	1,179,315	1,044,113	135,202
Non-departmental	462,119	602,869	499,704	103,165
Contingencies	1,600,000	1,630,629	-	1,630,629
<b>TOTAL EXPENDITURES</b>	<b>10,543,643</b>	<b>11,759,747</b>	<b>9,118,046</b>	<b>2,641,701</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(336,309)</b>	<b>(1,397,091)</b>	<b>1,528,745</b>	<b>2,925,836</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Proceeds from sale of capital assets	5,000	5,000	485	(4,515)
Transfers in	465,618	533,400	533,399	(1)
Transfers out	(1,176,000)	(366,000)	(366,000)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(705,382)</b>	<b>172,400</b>	<b>167,884</b>	<b>(4,516)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(1,041,691)</b>	<b>(1,224,691)</b>	<b>1,696,629</b>	<b>2,921,320</b>
<b>FUND BALANCE, beginning of year</b>	<b>2,776,561</b>	<b>2,959,561</b>	<b>4,546,140</b>	<b>1,586,579</b>
<b>FUND BALANCE, end of year</b>	<b>\$ 1,734,870</b>	<b>\$ 1,734,870</b>	<b>\$ 6,242,769</b>	<b>\$ 4,507,899</b>



**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, 2015**

	Budget		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
<b>REVENUES:</b>				
Transient room tax	\$ 1,588,185	\$ 1,588,185	\$ 1,793,651	\$ 205,466
Interest on investments	2,300	2,300	2,714	414
Miscellaneous	84,450	84,450	120,657	36,207
	<u>1,674,935</u>	<u>1,674,935</u>	<u>1,917,022</u>	<u>242,087</u>
<b>TOTAL REVENUES</b>				
	<u>1,674,935</u>	<u>1,674,935</u>	<u>1,917,022</u>	<u>242,087</u>
<b>EXPENDITURES:</b>				
Personal services	632,360	632,360	529,494	102,866
Materials and services	1,025,297	1,025,297	905,685	119,612
Capital outlay	64,750	64,750	14,734	50,016
Contingency	443,976	413,976	-	413,976
	<u>2,166,383</u>	<u>2,136,383</u>	<u>1,449,913</u>	<u>686,470</u>
<b>TOTAL EXPENDITURES</b>				
	<u>2,166,383</u>	<u>2,136,383</u>	<u>1,449,913</u>	<u>686,470</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(491,448)	(461,448)	467,109	928,557
<b>OTHER FINANCING USES:</b>				
Transfers out	(72,588)	(102,588)	(102,588)	-
	<u>(72,588)</u>	<u>(102,588)</u>	<u>(102,588)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(564,036)	(564,036)	364,521	928,557
<b>FUND BALANCE, beginning of year</b>	564,036	564,036	604,191	40,155
	<u>564,036</u>	<u>564,036</u>	<u>604,191</u>	<u>40,155</u>
<b>FUND BALANCE, end of year</b>	\$ -	\$ -	\$ 968,712	\$ 968,712
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 968,712</u>	<u>\$ 968,712</u>

**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, 2015**

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES:</b>			
Interest on investments	\$ 10,000	\$ 22,388	\$ 12,388
Miscellaneous	-	17,791	17,791
<b>TOTAL REVENUES</b>	<u>10,000</u>	<u>40,179</u>	<u>30,179</u>
<b>EXPENDITURES:</b>			
Personal services	161,220	154,738	6,482
Materials and services	292,450	242,922	49,528
Capital outlay	5,079,979	1,924,592	3,155,387
<b>TOTAL EXPENDITURES</b>	<u>5,533,649</u>	<u>2,322,252</u>	<u>3,211,397</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND CHANGE IN FUND BALANCE</b>	<u>(5,523,649)</u>	<u>(2,282,073)</u>	<u>3,241,576</u>
<b>FUND BALANCE, beginning of year</b>	<u>5,523,649</u>	<u>6,279,383</u>	<u>755,734</u>
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ 3,997,310</u>	<u>\$ 3,997,310</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, 2015**

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES:</b>			
Property taxes	\$ 700,032	\$ 703,036	\$ 3,004
Interest on investments	15,100	11,906	(3,194)
<b>TOTAL REVENUES</b>	<u>715,132</u>	<u>714,942</u>	<u>(190)</u>
<b>EXPENDITURES:</b>			
Debt service	<u>2,956,767</u>	<u>1,038,260</u>	<u>1,918,507</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND CHANGE IN FUND BALANCE</b>	(2,241,635)	(323,318)	1,918,317
<b>FUND BALANCE</b> , beginning of year	<u>2,241,635</u>	<u>2,261,527</u>	<u>19,892</u>
<b>FUND BALANCE</b> , end of year	<u>\$ -</u>	<u>\$ 1,938,209</u>	<u>\$ 1,938,209</u>

**CITY OF LINCOLN CITY, OREGON**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**YEAR ENDED JUNE 30, 2015**

**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.

City Council approved six changes to the fiscal year 2014-2015 General Fund adopted budget. These changes moved amounts from contingency into operating expenditure categories to reflect actual spending patterns. It also increased revenue and expenditure by \$75,000 to record proceeds from CIS and its subsequent expenditure by the City in a legal settlement, and also moved the PD Dispatch fund budget into the General fund.

**OTHER SUPPLEMENTARY INFORMATION**

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

**NONMAJOR GOVERNMENTAL FUNDS**

**COMBINING BALANCE SHEET**

**JUNE 30, 2015**

	Special Revenue Funds	Capital Project Funds	Totals
<b>ASSETS:</b>			
Cash and investments	\$ 2,129,797	\$ 2,369,497	\$ 4,499,294
Receivables	1,104,055	143,669	1,247,724
Assets held for sale	560,822	-	560,822
<b>TOTAL ASSETS</b>	<b><u>\$ 3,794,674</u></b>	<b><u>\$ 2,513,166</u></b>	<b><u>\$ 6,307,840</u></b>
<b>LIABILITIES:</b>			
Accounts payable	<u>\$ 35,834</u>	<u>\$ 61,801</u>	<u>\$ 97,635</u>
<b>FUND BALANCES:</b>			
Nonspendable in form	1,042,895	-	1,042,895
Restricted for:			
Capital projects	-	1,782,133	1,782,133
Road construction/maintenance	773,037	-	773,037
Urban renewal	842,961	-	842,961
Parks maintenance	885,708	-	885,708
Committed to:			
Affordable housing	159,875	-	159,875
Maintenance	15,408	-	15,408
Art and education	38,956	-	38,956
Assigned to:			
Capital projects	-	669,232	669,232
<b>TOTAL FUND BALANCES</b>	<b><u>3,758,840</u></b>	<b><u>2,451,365</u></b>	<b><u>6,210,205</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b><u>\$ 3,794,674</u></b>	<b><u>\$ 2,513,166</u></b>	<b><u>\$ 6,307,840</u></b>

**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, 2015**

	Special Revenue Funds	Capital Project Funds	Totals
<b>REVENUES:</b>			
Franchise fees	\$ 17,519	\$ -	\$ 17,519
Transient room tax	2,160,120	588,375	2,748,495
Rents	204,946	-	204,946
Charges for services	4,666	99,150	103,816
Intergovernmental	489,764	4,847	494,611
Reimbursement from other funds	29,150	-	29,150
Interest on investments	9,663	9,783	19,446
Miscellaneous	49,307	251,210	300,517
	<hr/>	<hr/>	<hr/>
<b>TOTAL REVENUES</b>	2,965,135	953,365	3,918,500
<b>EXPENDITURES:</b>			
Current:			
General government	462,185	254,679	716,864
Highways and streets	1,094,852	-	1,094,852
Culture and recreation	743,756	-	743,756
Art and education	30,389	-	30,389
Capital outlay	328,899	179,899	508,798
	<hr/>	<hr/>	<hr/>
<b>TOTAL EXPENDITURES</b>	2,660,081	434,578	3,094,659
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<hr/>	<hr/>	<hr/>
	305,054	518,787	823,841
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	246,315	300,000	546,315
Transfers out	(224,477)	-	(224,477)
	<hr/>	<hr/>	<hr/>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	21,838	300,000	321,838
<b>NET CHANGE IN FUND BALANCE</b>	<hr/>	<hr/>	<hr/>
	326,892	818,787	1,145,679
<b>FUND BALANCE, beginning of year</b>	<hr/>	<hr/>	<hr/>
	3,431,948	1,632,578	5,064,526
<b>FUND BALANCE, end of year</b>	<hr/>	<hr/>	<hr/>
	\$ 3,758,840	\$ 2,451,365	\$ 6,210,205

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

**NONMAJOR SPECIAL REVENUE FUNDS**

**COMBINING BALANCE SHEET**

**JUNE 30, 2015**

	<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>
<b>ASSETS:</b>					
Cash and investments	\$ 159,875	\$ 24,136	\$ 24,539	\$ 451,974	\$ 842,961
Receivables	122,191	-	4,420	331,127	359,882
Assets held for Sale	560,822	-	-	-	-
<b>TOTAL ASSETS</b>	<b><u>\$ 842,888</u></b>	<b><u>\$ 24,136</u></b>	<b><u>\$ 28,959</u></b>	<b><u>\$ 783,101</u></b>	<b><u>\$ 1,202,843</u></b>
<b>LIABILITIES:</b>					
Accounts payable	\$ -	\$ 8,728	\$ 1,800	\$ 10,064	\$ -
<b>FUND BALANCES:</b>					
Nonspendable in form	683,013	-	-	-	359,882
Restricted for:					
Capital projects	-	-	-	-	-
Road construction/maintenance	-	-	-	773,037	-
Parks maintenance	-	-	-	-	-
Urban Renewal	-	-	-	-	842,961
Committed to:					
Affordable housing	159,875	-	-	-	-
Maintenance	-	15,408	-	-	-
Art and education	-	-	27,159	-	-
<b>TOTAL FUND BALANCES</b>	<b><u>842,888</u></b>	<b><u>15,408</u></b>	<b><u>27,159</u></b>	<b><u>773,037</u></b>	<b><u>1,202,843</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b><u>\$ 842,888</u></b>	<b><u>\$ 24,136</u></b>	<b><u>\$ 28,959</u></b>	<b><u>\$ 783,101</u></b>	<b><u>\$ 1,202,843</u></b>



<u>Parks Maintenance</u>	<u>Percent for Art</u>	<u>Totals</u>
\$ 614,515	\$ 11,797	\$ 2,129,797
286,435	-	1,104,055
-	-	560,822
<u>\$ 900,950</u>	<u>\$ 11,797</u>	<u>\$ 3,794,674</u>
\$ 15,242	\$ -	\$ 35,834
-	-	1,042,895
-	-	-
-	-	773,037
885,708	-	885,708
-	-	842,961
-	-	159,875
-	-	15,408
-	11,797	38,956
<u>885,708</u>	<u>11,797</u>	<u>3,758,840</u>
<u>\$ 900,950</u>	<u>\$ 11,797</u>	<u>\$ 3,794,674</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, 2015**

	<u>Affordable Housing</u>	<u>Lincoln Square Operations</u>	<u>Public Education and Government Access</u>	<u>Street</u>	<u>Urban Renewal Property Rehabilitation Program</u>
<b>REVENUES:</b>					
Franchise fees	\$ -	\$ -	\$ 17,519	\$ -	\$ -
Transient room tax	-	-	-	1,176,208	-
Rents	14,097	190,849	-	-	-
Charges for services	-	-	-	4,666	-
Intergovernmental	-	1,278	469	479,817	-
Reimbursement from other funds	-	29,150	-	-	-
Interest on investments	869	80	80	2,297	3,689
Miscellaneous	800	31,069	-	3,817	-
<b>TOTAL REVENUES</b>	<u>15,766</u>	<u>252,426</u>	<u>18,068</u>	<u>1,666,805</u>	<u>3,689</u>
<b>EXPENDITURES:</b>					
Current					
General government	41,918	408,333	-	-	11,934
Highways and streets	-	-	-	1,094,852	-
Culture and recreation	-	-	-	-	-
Art and education	-	-	29,408	-	-
Capital outlay	114,892	4,004	-	161,374	-
<b>TOTAL EXPENDITURES</b>	<u>156,810</u>	<u>412,337</u>	<u>29,408</u>	<u>1,256,226</u>	<u>11,934</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(141,044)</u>	<u>(159,911)</u>	<u>(11,340)</u>	<u>410,579</u>	<u>(8,245)</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	-	162,519	21,000	10,000	-
Transfers out	-	-	-	(224,477)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>162,519</u>	<u>21,000</u>	<u>(214,477)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(141,044)</u>	<u>2,608</u>	<u>9,660</u>	<u>196,102</u>	<u>(8,245)</u>
<b>FUND BALANCE, beginning of year</b>	<u>983,932</u>	<u>12,800</u>	<u>17,499</u>	<u>576,935</u>	<u>1,211,088</u>
<b>FUND BALANCE, end of year</b>	<u>\$ 842,888</u>	<u>\$ 15,408</u>	<u>\$ 27,159</u>	<u>\$ 773,037</u>	<u>\$ 1,202,843</u>

<u>Parks Maintenance</u>	<u>Percent for Art</u>	<u>Totals</u>
\$ -	\$ -	\$ 17,519
983,912	-	2,160,120
-	-	204,946
-	-	4,666
8,200	-	489,764
-	-	29,150
2,595	53	9,663
3,120	10,501	49,307
<u>997,827</u>	<u>10,554</u>	<u>2,965,135</u>
-	-	462,185
-	-	1,094,852
743,756	-	743,756
-	981	30,389
38,126	10,503	328,899
<u>781,882</u>	<u>11,484</u>	<u>2,660,081</u>
<u>215,945</u>	<u>(930)</u>	<u>305,054</u>
50,000	2,796	246,315
-	-	(224,477)
<u>50,000</u>	<u>2,796</u>	<u>21,838</u>
265,945	1,866	326,892
619,763	9,931	3,431,948
<u>\$ 885,708</u>	<u>\$ 11,797</u>	<u>\$ 3,758,840</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, 2015**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Rents	\$ 12,000	\$ 12,000	\$ 14,097	\$ 2,097
Interest on investments	100	100	869	769
Miscellaneous	-	-	800	800
<b>TOTAL REVENUES</b>	<u>12,100</u>	<u>12,100</u>	<u>15,766</u>	<u>3,666</u>
<b>EXPENDITURES:</b>				
Materials and services	43,661	48,661	41,918	6,743
Capital outlay	269,304	264,304	114,892	149,412
<b>TOTAL EXPENDITURES</b>	<u>312,965</u>	<u>312,965</u>	<u>156,810</u>	<u>156,155</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND CHANGE IN FUND BALANCE</b>	(300,865)	(300,865)	(141,044)	159,821
<b>FUND BALANCE</b> , beginning of year	<u>300,865</u>	<u>300,865</u>	<u>300,919</u>	<u>54</u>
<b>FUND BALANCE</b> , end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 159,875</u>	<u>\$ 159,875</u>
Fund balance - budgetary basis			\$ 159,875	
Balance of loans receivable			122,191	
Assets held for sale			<u>560,822</u>	
Fund balance - GAAP basis			<u>\$ 842,888</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, 2015**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Rents	\$ 191,000	\$ 191,000	\$ 190,849	\$ (151)
Reimbursement from other funds	29,150	29,150	29,150	-
Intergovernmental	1,500	1,500	1,278	(222)
Interest on investments	100	100	80	(20)
Miscellaneous	30,000	30,000	31,069	1,069
<b>TOTAL REVENUES</b>	<u>251,750</u>	<u>251,750</u>	<u>252,426</u>	<u>676</u>
<b>EXPENDITURES:</b>				
Personal services	178,146	181,146	179,850	1,296
Materials and services	227,635	237,635	228,483	9,152
Capital outlay	3,600	4,025	4,004	21
Contingency	18,040	4,615	-	4,615
<b>TOTAL EXPENDITURES</b>	<u>427,421</u>	<u>427,421</u>	<u>412,337</u>	<u>15,084</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(175,671)	(175,671)	(159,911)	15,760
<b>OTHER FINANCING SOURCES:</b>				
Transfers in	<u>162,519</u>	<u>162,519</u>	<u>162,519</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(13,152)	(13,152)	2,608	15,760
<b>FUND BALANCE, beginning of year</b>	<u>13,152</u>	<u>13,152</u>	<u>12,800</u>	<u>(352)</u>
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,408</u>	<u>\$ 15,408</u>

**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, 2015**

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES:</b>			
Franchise fees	\$ 12,000	\$ 17,519	\$ 5,519
Intergovernmental	-	469	469
Interest on investments	<u>50</u>	<u>80</u>	<u>30</u>
<b>TOTAL REVENUES</b>	<u>12,050</u>	<u>18,068</u>	<u>6,018</u>
<b>EXPENDITURES:</b>			
Personal services	7,196	3,245	3,951
Materials and services	28,660	26,163	2,497
Capital outlay	5,000	-	5,000
Contingency	<u>2,678</u>	<u>-</u>	<u>2,678</u>
<b>TOTAL EXPENDITURES</b>	<u>43,534</u>	<u>29,408</u>	<u>14,126</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(31,484)	(11,340)	20,144
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	<u>21,000</u>	<u>21,000</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(10,484)	9,660	20,144
<b>FUND BALANCE, beginning of year</b>	<u>10,484</u>	<u>17,499</u>	<u>7,015</u>
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ 27,159</u>	<u>\$ 27,159</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, 2015**

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Transient room tax	\$ 1,041,418	\$ 1,041,418	\$ 1,176,208	\$ 134,790
Charges for services	3,500	3,500	4,666	1,166
Intergovernmental	454,385	454,385	479,817	25,432
Interest on investments	1,900	1,900	2,297	397
Miscellaneous	-	-	3,817	3,817
	<u>1,501,203</u>	<u>1,501,203</u>	<u>1,666,805</u>	<u>165,602</u>
<b>EXPENDITURES:</b>				
Personal services	662,312	662,312	586,971	75,341
Materials and services	489,313	487,439	446,808	40,631
Capital outlay	159,500	161,374	161,374	-
Contingency	443,498	443,498	-	443,498
	<u>1,754,623</u>	<u>1,754,623</u>	<u>1,195,153</u>	<u>559,470</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(253,420)</u>	<u>(253,420)</u>	<u>471,652</u>	<u>725,072</u>
<b>OTHER FINANCING USES:</b>				
Transfers in	10,000	10,000	10,000	-
Transfers out	<u>(285,550)</u>	<u>(285,550)</u>	<u>(285,550)</u>	<u>-</u>
<b>TOTAL OTHER FINANCING USES</b>	<u>(275,550)</u>	<u>(275,550)</u>	<u>(275,550)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(528,970)</u>	<u>(528,970)</u>	<u>196,102</u>	<u>725,072</u>
<b>FUND BALANCE, beginning of year</b>	<u>528,970</u>	<u>528,970</u>	<u>576,935</u>	<u>47,965</u>
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 773,037</u>	<u>\$ 773,037</u>

**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, 2015**

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES:</b>			
Loan repayments	\$ 50,000	\$ 74,882	\$ 24,882
Interest on investments	3,300	3,689	389
<b>TOTAL REVENUES</b>	<u>53,300</u>	<u>78,571</u>	<u>25,271</u>
<b>EXPENDITURES:</b>			
Materials and services	10,000	11,934	(1,934)
Other Expenditures - Loans	992,187	175,000	817,187
<b>TOTAL EXPENDITURES</b>	<u>1,002,187</u>	<u>186,934</u>	<u>815,253</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND CHANGE IN FUND BALANCE</b>	(948,887)	(108,363)	840,524
<b>FUND BALANCE</b> , beginning of year	<u>948,887</u>	<u>951,324</u>	<u>2,437</u>
<b>FUND BALANCE</b> , end of year	<u>\$ -</u>	<u>\$ 842,961</u>	<u>\$ 842,961</u>
Fund balance - budgetary basis		\$ 842,961	
Balance of loans receivable		<u>359,882</u>	
Fund balance - GAAP basis		<u>\$ 1,202,843</u>	
Change in fund balance - budgetary basis		\$ (108,363)	
Other expenditures reported as increases in receivable		175,000	
Loan repayments reported as reduction in receivable		<u>(74,882)</u>	
Changes in fund balance - GAAP basis		<u>\$ (8,245)</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, 2015**

	Budget		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
<b>REVENUES:</b>				
Transient room tax	\$ 849,122	\$ 849,122	\$ 983,912	\$ 134,790
Intergovernmental	8,400	8,400	8,200	(200)
Interest on investments	1,500	1,500	2,595	1,095
Miscellaneous	750	750	3,120	2,370
<b>TOTAL REVENUES</b>	<u>859,772</u>	<u>859,772</u>	<u>997,827</u>	<u>138,055</u>
<b>EXPENDITURES:</b>				
Personal services	538,396	538,396	478,816	59,580
Materials and services	341,173	341,173	245,021	96,152
Capital outlay	65,000	71,000	38,126	26,874
Contingency	493,028	487,028	-	493,028
<b>TOTAL EXPENDITURES</b>	<u>1,437,597</u>	<u>1,437,597</u>	<u>761,963</u>	<u>675,634</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(577,825)</u>	<u>(577,825)</u>	<u>235,864</u>	<u>813,689</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	50,000	50,000	50,000	-
Transfers out	(19,919)	(19,919)	(19,919)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>30,081</u>	<u>30,081</u>	<u>30,081</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(547,744)	(547,744)	265,945	813,689
<b>FUND BALANCE, beginning of year</b>	<u>547,744</u>	<u>547,744</u>	<u>619,763</u>	<u>72,019</u>
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 885,708</u>	<u>\$ 885,708</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, 2015**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Interest on investments	\$ 25	\$ 25	\$ 53	\$ 28
Miscellaneous - Grants/Donations	5,000	5,000	10,501	5,501
<b>TOTAL REVENUES</b>	<b>5,025</b>	<b>5,025</b>	<b>10,554</b>	<b>5,529</b>
<b>EXPENDITURES:</b>				
Materials and services	1,000	1,000	981	19
Capital outlay	18,748	23,948	10,503	13,445
<b>TOTAL EXPENDITURES</b>	<b>19,748</b>	<b>24,948</b>	<b>11,484</b>	<b>13,464</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(14,723)</b>	<b>(19,923)</b>	<b>(930)</b>	<b>18,993</b>
<b>OTHER FINANCING SOURCES:</b>				
Transfers in	10,000	10,000	2,796	(7,204)
<b>NET CHANGE IN FUND BALANCE</b>	<b>(4,723)</b>	<b>(9,923)</b>	<b>1,866</b>	<b>11,789</b>
<b>FUND BALANCE, beginning of year</b>	<b>4,723</b>	<b>9,923</b>	<b>9,931</b>	<b>8</b>
<b>FUND BALANCE, end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 11,797</b>	<b>\$ 11,797</b>

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

**NONMAJOR CAPITAL PROJECTS FUNDS**

**COMBINING BALANCE SHEET**

**JUNE 30, 2015**

	<u>Transportation Development</u>	<u>Storm Drainage Development</u>	<u>Park System Development Charge Improvement</u>	<u>Parks Development</u>	<u>Facilities Capital</u>	<u>Street Capital</u>	<u>Total</u>
<b>ASSETS:</b>							
Cash and investments	\$ 589,531	\$ 84,296	\$ 267,854	\$ 250,752	\$ 468,354	\$ 708,710	\$ 2,369,497
Receivables	-	-	451	-	143,218	-	143,669
<b>TOTAL ASSETS</b>	<u>\$ 589,531</u>	<u>\$ 84,296</u>	<u>\$ 268,305</u>	<u>\$ 250,752</u>	<u>\$ 611,572</u>	<u>\$ 708,710</u>	<u>\$ 2,513,166</u>
<b>LIABILITIES:</b>							
Accounts payable	\$ -	\$ -	\$ 12,989	\$ -	\$ 9,334	\$ 39,478	\$ 61,801
<b>FUND BALANCES:</b>							
Restricted for:							
Capital projects	589,531	84,296	255,316	250,752	602,238	-	1,782,133
Assigned to:							
Capital projects	-	-	-	-	-	669,232	669,232
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 589,531</u>	<u>\$ 84,296</u>	<u>\$ 268,305</u>	<u>\$ 250,752</u>	<u>\$ 611,572</u>	<u>\$ 708,710</u>	<u>\$ 2,513,166</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, 2015**

	Transportation Development	Storm Drainage Development	Parks System Development Charge Improvement	Parks Development	Facilities Capital	Street Capital	Totals
<b>REVENUES:</b>							
Transient room tax	\$ -	\$ -	\$ -	\$ -	\$ 588,375	\$ -	\$ 588,375
Charges for services	23,359	1,069	74,722	-	-	-	99,150
Intergovernmental	-	-	4,847	-	-	-	4,847
Interest on investments	2,646	385	1,132	752	1,489	3,379	9,783
Miscellaneous	-	-	1,210	250,000	-	-	251,210
<b>TOTAL REVENUES</b>	<b>26,005</b>	<b>1,454</b>	<b>81,911</b>	<b>250,752</b>	<b>589,864</b>	<b>3,379</b>	<b>953,365</b>
<b>EXPENDITURES:</b>							
Materials and services	-	-	-	-	-	254,679	254,679
Capital outlay	-	-	45,789	-	87,568	46,542	179,899
<b>TOTAL EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>45,789</b>	<b>-</b>	<b>87,568</b>	<b>301,221</b>	<b>434,578</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>26,005</b>	<b>1,454</b>	<b>36,122</b>	<b>250,752</b>	<b>502,296</b>	<b>(297,842)</b>	<b>518,787</b>
<b>OTHER FINANCING SOURCES</b>							
Transfers in	-	-	-	-	-	300,000	300,000
<b>NET CHANGE IN FUND BALANCE</b>	<b>26,005</b>	<b>1,454</b>	<b>36,122</b>	<b>250,752</b>	<b>502,296</b>	<b>2,158</b>	<b>818,787</b>
<b>FUND BALANCE, beginning of year</b>	<b>563,526</b>	<b>82,842</b>	<b>219,194</b>	<b>-</b>	<b>99,942</b>	<b>667,074</b>	<b>1,632,578</b>
<b>FUND BALANCE, end of year</b>	<b>\$ 589,531</b>	<b>\$ 84,296</b>	<b>\$ 255,316</b>	<b>\$ 250,752</b>	<b>\$ 602,238</b>	<b>\$ 669,232</b>	<b>\$ 2,451,365</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, 2015**

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES:</b>			
Improvement fee	\$ 9,025	\$ 23,359	\$ 14,334
Interest on investments	2,500	2,646	146
<b>TOTAL REVENUES</b>	<u>11,525</u>	<u>26,005</u>	<u>14,480</u>
<b>EXPENDITURES:</b>			
Capital outlay	<u>531,511</u>	<u>-</u>	<u>531,511</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND CHANGE IN FUND BALANCE</b>	(519,986)	26,005	545,991
<b>FUND BALANCE, beginning of year</b>	<u>519,986</u>	<u>563,526</u>	<u>43,540</u>
<b>FUND BALANCE, end of year</b>	<u><u>\$ -</u></u>	<u><u>\$ 589,531</u></u>	<u><u>\$ 589,531</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, 2015**

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES:</b>			
Improvement fee	\$ 600	\$ 1,069	\$ 469
Interest on investments	400	385	(15)
<b>TOTAL REVENUES</b>	<u>1,000</u>	<u>1,454</u>	<u>454</u>
<b>EXPENDITURES:</b>			
Capital outlay	<u>83,742</u>	<u>-</u>	<u>83,742</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND CHANGE IN FUND BALANCE</b>	(82,742)	1,454	84,196
<b>FUND BALANCE, beginning of year</b>	<u>82,742</u>	<u>82,842</u>	<u>100</u>
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ 84,296</u>	<u>\$ 84,296</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, 2015**

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES:</b>			
Improvement fee	\$ 28,560	\$ 74,722	\$ 46,162
Intergovernmental	649,600	4,847	(644,753)
Interest on investments	600	1,132	532
Miscellaneous	<u>1,200</u>	<u>1,210</u>	<u>10</u>
<b>TOTAL REVENUES</b>	<u>679,960</u>	<u>81,911</u>	<u>(598,049)</u>
<b>EXPENDITURES:</b>			
Capital outlay	<u>889,162</u>	<u>45,789</u>	<u>843,373</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND CHANGE IN FUND BALANCE</b>	(209,202)	36,122	245,324
<b>FUND BALANCE, beginning of year</b>	<u>209,202</u>	<u>219,194</u>	<u>9,992</u>
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ 255,316</u>	<u>\$ 255,316</u>

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

**PARKS DEVELOPMENT FUND**

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

**FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES:</b>			
Interest on investments	\$ -	\$ 752	\$ 752
Miscellaneous - Donation	-	<u>250,000</u>	<u>250,000</u>
<b>TOTAL REVENUES</b>	<u>-</u>	<u>250,752</u>	<u>250,752</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND CHANGE IN FUND BALANCE</b>	-	250,752	250,752
<b>FUND BALANCE</b> , beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE</b> , end of year	<u>\$ -</u>	<u>\$ 250,752</u>	<u>\$ 250,752</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, 2015**

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES:</b>			
Transient room tax	\$ 520,709	\$ 588,375	\$ 67,666
Interest on investments	400	1,489	1,089
<b>TOTAL REVENUES</b>	<u>521,109</u>	<u>589,864</u>	<u>68,755</u>
<b>EXPENDITURES:</b>			
Capital outlay	<u>619,204</u>	<u>87,568</u>	<u>531,636</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND CHANGE IN FUND BALANCE</b>	(98,095)	502,296	600,391
<b>FUND BALANCE, beginning of year</b>	<u>98,095</u>	<u>99,942</u>	<u>1,847</u>
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ 602,238</u>	<u>\$ 602,238</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, 2015**

	<u>Original/Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>			
Intergovernmental	\$ 251,000	\$ -	\$ (251,000)
Interest on investments	1,900	3,379	1,479
<b>TOTAL REVENUES</b>	<u>252,900</u>	<u>3,379</u>	<u>(249,521)</u>
<b>EXPENDITURES:</b>			
Materials & services	623,321	254,679	368,642
Capital outlay	691,593	46,542	645,051
<b>TOTAL EXPENDITURES</b>	<u>1,314,914</u>	<u>301,221</u>	<u>1,013,693</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(1,062,014)	(297,842)	764,172
<b>OTHER FINANCING SOURCES:</b>			
Transfers in	300,000	300,000	-
<b>NET CHANGE IN FUND BALANCE</b>	(762,014)	2,158	764,172
<b>FUND BALANCE, beginning of year</b>	<u>762,014</u>	<u>667,074</u>	<u>(94,940)</u>
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ 669,232</u>	<u>\$ 669,232</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, 2015**

	Budget		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
<b>REVENUES:</b>				
Charges for services	\$ 3,345,500	\$ 3,345,500	\$ 3,415,307	\$ 69,807
Interest on investments	(500)	(500)	(689)	(189)
Miscellaneous	1,000	1,000	4,632	3,632
<b>TOTAL REVENUES</b>	<b>3,346,000</b>	<b>3,346,000</b>	<b>3,419,250</b>	<b>73,250</b>
<b>EXPENDITURES:</b>				
Personal services	1,269,098	1,269,098	1,222,220	46,878
Materials and services	722,082	679,707	683,770	(4,063)
Capital outlay	35,800	78,175	78,392	(217)
Contingency	533,701	533,701	-	533,701
<b>TOTAL EXPENDITURES</b>	<b>2,560,681</b>	<b>2,560,681</b>	<b>1,984,382</b>	<b>576,299</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>785,319</b>	<b>785,319</b>	<b>1,434,868</b>	<b>649,549</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(1,339,391)	(1,339,391)	(1,337,187)	2,204
<b>NET CHANGE IN FUND BALANCE</b>	<b>(554,072)</b>	<b>(554,072)</b>	<b>97,681</b>	<b>651,753</b>
<b>FUND BALANCE, beginning of year</b>	<b>554,072</b>	<b>554,072</b>	<b>542,854</b>	<b>(11,218)</b>
<b>FUND BALANCE, end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 640,535</b>	<b>\$ 640,535</b>
Fund balance - budgetary basis			\$ 640,535	
Advance to other funds			(165,045)	
Fund balance - GAAP basis			<u>\$ 475,490</u>	
Change in fund balance - budgetary basis			\$ 97,681	
Repayment of advance reported as reduction in receivable			<u>82,106</u>	
Change in fund balance - GAAP basis			<u>\$ 179,787</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, 2015**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
System development charges	\$ 50,100	\$ 50,100	\$ 103,827	\$ 53,727
Interest on investments	350	350	1,063	713
<b>TOTAL REVENUES</b>	<u>50,450</u>	<u>50,450</u>	<u>104,890</u>	<u>54,440</u>
<b>EXPENDITURES:</b>				
Capital outlay	<u>216,532</u>	<u>271,157</u>	<u>12,562</u>	<u>258,595</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(166,082)</u>	<u>(220,707)</u>	<u>92,328</u>	<u>313,035</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	100,000	100,000	100,000	-
Transfers out	<u>(50,000)</u>	<u>(72,575)</u>	<u>(70,000)</u>	<u>(2,575)</u>
<b>TOTAL OTHER FINANCING SOURCES (USES):</b>	<u>50,000</u>	<u>27,425</u>	<u>30,000</u>	<u>2,575</u>
<b>NET CHANGE IN FUND BALANCE</b>	(116,082)	(193,282)	122,328	315,610
<b>FUND BALANCE, beginning of year</b>	<u>116,082</u>	<u>193,282</u>	<u>193,304</u>	<u>22</u>
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 315,632</u>	<u>\$ 315,632</u>

**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, 2015**

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES:</b>			
Intergovernmental	\$ 348,778	\$ 344,727	\$ (4,051)
Interest on investments	15,000	12,976	(2,024)
<b>TOTAL REVENUES</b>	<u>363,778</u>	<u>357,703</u>	<u>(6,075)</u>
<b>EXPENDITURES:</b>			
Capital outlay	2,361,585	1,151,410	1,210,175
Debt service	250,000	110,000	140,000
Contingency	1,099,390	-	1,099,390
<b>TOTAL EXPENDITURES</b>	<u>3,710,975</u>	<u>1,261,410</u>	<u>2,449,565</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND CHANGE IN FUND BALANCE</b>	(3,347,197)	(903,707)	2,443,490
<b>FUND BALANCE, beginning of year</b>	<u>3,347,197</u>	<u>3,376,499</u>	<u>29,302</u>
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ 2,472,792</u>	<u>\$ 2,472,792</u>

**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, 2015**

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Interest on investments	\$ 500	\$ 500	\$ 366	\$ (134)
<b>EXPENDITURES:</b>				
Debt service	991,871	1,014,446	992,163	22,283
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(991,371)	(1,013,946)	(991,797)	22,149
<b>OTHER FINANCING SOURCES:</b>				
Transfers in	974,000	996,575	994,000	2,575
<b>NET CHANGE IN FUND BALANCE</b>	(17,371)	(17,371)	2,203	19,574
<b>FUND BALANCE, beginning of year</b>	17,371	17,371	17,267	(104)
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,470</u>	<u>\$ 19,470</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, 2015**

	Budget		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
<b>REVENUES:</b>				
Charges for services	\$ 2,884,000	\$ 2,884,000	\$ 2,910,087	\$ 26,087
Interest on investments	700	700	580	(120)
Miscellaneous	57,000	57,000	89,202	32,202
<b>TOTAL REVENUES</b>	<b>2,941,700</b>	<b>2,941,700</b>	<b>2,999,869</b>	<b>58,169</b>
<b>EXPENDITURES:</b>				
Personal services	1,232,134	1,232,134	1,153,571	78,563
Materials and services	1,168,488	1,288,488	1,219,393	69,095
Capital outlay	32,500	42,500	48,396	(5,896)
Contingency	417,453	287,453	-	287,453
<b>TOTAL EXPENDITURES</b>	<b>2,850,575</b>	<b>2,850,575</b>	<b>2,421,360</b>	<b>429,215</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>91,125</b>	<b>91,125</b>	<b>578,509</b>	<b>487,384</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(601,380)	(601,380)	(596,380)	5,000
<b>NET CHANGE IN FUND BALANCE</b>	<b>(510,255)</b>	<b>(510,255)</b>	<b>(17,871)</b>	<b>492,384</b>
<b>FUND BALANCE, beginning of year</b>	<b>510,255</b>	<b>510,255</b>	<b>583,617</b>	<b>73,362</b>
<b>FUND BALANCE, end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 565,746</b>	<b>\$ 565,746</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, 2015**

	Original/Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>			
System development charges	\$ 84,000	\$ 228,933	\$ 144,933
Interest on investments	11,000	8,528	(2,472)
Intergovernmental	20,000	59,900	39,900
<b>TOTAL REVENUES</b>	<u>115,000</u>	<u>297,361</u>	<u>182,361</u>
<b>EXPENDITURES:</b>			
Capital outlay	1,914,434	740,555	1,173,879
Debt service	279,220	-	279,220
<b>TOTAL EXPENDITURES</b>	<u>2,193,654</u>	<u>740,555</u>	<u>1,453,099</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(2,078,654)</u>	<u>(443,194)</u>	<u>1,635,460</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	423,250	423,250	-
Transfers out	(200,000)	(200,000)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>223,250</u>	<u>223,250</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(1,855,404)	(219,944)	1,635,460
<b>FUND BALANCE, beginning of year</b>	<u>1,855,404</u>	<u>1,997,161</u>	<u>141,757</u>
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ 1,777,217</u>	<u>\$ 1,777,217</u>



**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, 2015**

	Original/Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>			
Property taxes	\$ 1,269,400	\$ 1,303,169	\$ 33,769
Interest on investments	2,700	2,942	242
<b>TOTAL REVENUES</b>	<u>1,272,100</u>	<u>1,306,111</u>	<u>34,011</u>
<b>EXPENDITURES:</b>			
Debt service	<u>1,730,396</u>	<u>3,646,784</u>	<u>(1,916,388)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(458,296)</u>	<u>(2,340,673)</u>	<u>(1,882,377)</u>
<b>OTHER FINANCING SOURCES:</b>			
Transfers in	200,000	200,000	-
Proceeds from issuance of refunding bonds	-	2,209,800	2,209,800
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>200,000</u>	<u>2,409,800</u>	<u>2,209,800</u>
<b>NET CHANGE IN FUND BALANCE</b>	(258,296)	69,127	327,423
<b>FUND BALANCE, beginning of year</b>	<u>258,296</u>	<u>291,203</u>	<u>32,907</u>
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ 360,330</u>	<u>\$ 360,330</u>

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

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

**FOR THE YEAR ENDED JUNE 30, 2015**

	Revenues	Expenditures	Revenues Over (Under) Expenditures
<b>BUDGETARY BASIS REVENUES AND EXPENDITURES:</b>			
Water Fund	\$ 3,419,250	\$ 1,984,382	\$ 1,434,868
Water Capital Fund	104,890	12,562	92,328
Water Construction Fund	357,703	1,261,410	(903,707)
Water Bond Fund	366	992,163	(991,797)
<b>TOTAL</b>	<b>\$ 3,882,209</b>	<b>\$ 4,250,517</b>	<b>(368,308)</b>
 <b>ADD (DEDUCT) ITEMS TO RECONCILE TO AN ENTERPRISE FUND REPORTING BASIS:</b>			
Depreciation			(1,067,043)
Capital asset additions			1,242,364
Change in accrued interest payable			(121)
Change in accrued compensated absences			(4,027)
Change in other postemployment benefit obligation			(5,518)
Pension benefit			259,580
Principal payments			930,143
Support services			(202,473)
Transfers out			(28,608)
 <b>CHANGES IN FUND NET POSITION - GAAP</b>			<b>\$ 755,988</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, 2015**

	Revenues	Expenditures	Revenues Over (Under) Expenditures
<b>BUDGETARY BASIS REVENUES AND EXPENDITURES:</b>			
Sewer Fund	\$ 2,999,869	\$ 2,421,360	\$ 578,509
Sewer Capital Fund	297,361	740,555	(443,194)
Sewer Bond Fund	1,306,111	3,646,784	(2,340,673)
<b>TOTAL</b>	<b>\$ 4,603,341</b>	<b>\$ 6,808,699</b>	<b>(2,205,358)</b>
 <b>ADD (DEDUCT) ITEMS TO RECONCILE TO AN ENTERPRISE FUND REPORTING BASIS:</b>			
Depreciation			(1,488,642)
Capital asset additions			788,952
Change in accrued interest payable			988
Change in accrued compensated absences			2,598
Change in other postemployment benefit obligation			(5,300)
Pension Benefit			230,420
Principal payments			3,073,610
Support services			(148,653)
Transfers out			(24,477)
Other			1,423
<b>CHANGES IN FUND NET POSITION - GAAP</b>			<b>\$ 225,561</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, 2015**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Charges for services	\$ 891,367	\$ 891,367	\$ 842,407	\$ (48,960)
<b>EXPENDITURES:</b>				
Vehicle maintenance	270,119	270,119	258,765	11,354
Information tech	523,675	538,675	425,388	113,287
Geographical info systems	127,573	127,573	100,345	27,228
Contingency	25,103	10,103	-	10,103
<b>TOTAL EXPENDITURES</b>	<u>946,470</u>	<u>946,470</u>	<u>784,498</u>	<u>161,972</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND CHANGE IN FUND BALANCE</b>	(55,103)	(55,103)	57,909	113,012
<b>FUND BALANCE</b> , beginning of year	<u>55,103</u>	<u>55,103</u>	<u>75,287</u>	<u>20,184</u>
<b>FUND BALANCE</b> , end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 133,196</u>	<u>\$ 133,196</u>
Change in fund balance - budgetary basis			\$ 57,909	
Depreciation			(20,577)	
Pension Benefit			84,240	
Capital assets transferred			-	
Capital asset additions			15,128	
Change in fund balance - GAAP basis			<u>\$ 136,700</u>	

**CITY OF LINCOLN CITY**

Lincoln City, Oregon

**COMBINING BALANCE SHEET**

**GENERAL FUND**

**JUNE 30, 2015**

	<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	\$ 4,786,514	\$ 724,301	\$ 522,964	\$ -	\$ 88,483
Cash with County Treasurer	62,989	-	-	-	-
Receivables	1,188,419	-	-	-	-
Advance to other funds	-	-	165,045	-	-
Assets held for sale	1,393,665	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 7,431,587</b>	<b>\$ 724,301</b>	<b>\$ 688,009</b>	<b>\$ -</b>	<b>\$ 88,483</b>
<b>LIABILITIES:</b>					
Accounts payable	\$ 102,458	\$ 14,676	\$ 2,893	\$ -	\$ 1,559
Other accrued liabilities	473,981	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>576,439</b>	<b>14,676</b>	<b>2,893</b>	<b>-</b>	<b>1,559</b>
<b>DEFERRED INFLOW OF RESOURCES:</b>					
Unavailable revenue	612,379	-	1,604	-	-
<b>FUND BALANCES:</b>					
Nonspendable in form	1,393,665	-	165,045	-	-
Restricted for:					
Post-closure landfill costs	-	709,625	-	-	-
Committed to:					
Capital projects	-	-	518,467	-	-
Assigned to:					
Public safety	-	-	-	-	-
Unassigned	4,849,104	-	-	-	86,924
<b>TOTAL FUND BALANCES</b>	<b>6,242,769</b>	<b>709,625</b>	<b>683,512</b>	<b>-</b>	<b>86,924</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCE</b>	<b>\$ 7,431,587</b>	<b>\$ 724,301</b>	<b>\$ 688,009</b>	<b>\$ -</b>	<b>\$ 88,483</b>

<u>Open Space Maintenance</u>	<u>Totals</u>
\$ 35,069	\$ 6,157,331
-	62,989
-	1,188,419
-	165,045
-	1,393,665
<u>\$ 35,069</u>	<u>\$ 8,967,449</u>
\$ 5,244	\$ 126,830
-	473,981
5,244	600,811
-	613,983
-	1,558,710
-	709,625
-	518,467
-	-
29,825	4,965,853
<u>29,825</u>	<u>7,752,655</u>
<u>\$ 35,069</u>	<u>\$ 8,967,449</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, 2015**

	<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>REVENUES:</b>					
Property taxes	\$ 5,903,588	\$ -	\$ -	\$ -	\$ -
Franchise fees	994,742	-	-	-	-
Transient room tax	1,344,859	-	-	-	-
Fees, licenses and permits	612,533	-	-	-	-
Fines and forfeitures	170,516	-	-	-	-
Charges for services	485,878	-	-	-	-
Intergovernmental	573,187	-	-	-	-
Interest on investments	21,165	-	2,423	-	286
Miscellaneous	1,005,942	-	-	-	-
<b>TOTAL REVENUES</b>	<u>11,112,410</u>	<u>-</u>	<u>2,423</u>	<u>-</u>	<u>286</u>
<b>EXPENDITURES:</b>					
Current					
General government	2,814,679	19,662	-	-	-
Public safety	4,100,575	-	-	-	-
Culture and recreation	1,787,487	-	-	-	6,220
Capital outlay	415,305	-	14,146	-	93,631
<b>TOTAL EXPENDITURES</b>	<u>9,118,046</u>	<u>19,662</u>	<u>14,146</u>	<u>-</u>	<u>99,851</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>1,994,364</u>	<u>(19,662)</u>	<u>(11,723)</u>	<u>-</u>	<u>(99,565)</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Proceeds from sale of capital assets	485	-	-	-	-
Transfers in	67,780	-	1,335	-	115,000
Transfers out	(366,000)	-	-	(67,780)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(297,735)</u>	<u>-</u>	<u>1,335</u>	<u>(67,780)</u>	<u>115,000</u>
<b>NET CHANGE IN FUND BALANCE</b>	1,696,629	(19,662)	(10,388)	(67,780)	15,435
<b>FUND BALANCE, beginning of year</b>	<u>4,546,140</u>	<u>729,287</u>	<u>693,900</u>	<u>67,780</u>	<u>71,489</u>
<b>FUND BALANCE, end of year</b>	<u>\$ 6,242,769</u>	<u>\$ 709,625</u>	<u>\$ 683,512</u>	<u>\$ -</u>	<u>\$ 86,924</u>

<u>Open Space Maintenance</u>	<u>Totals</u>
\$ -	\$ 5,903,588
-	994,742
-	1,344,859
-	612,533
-	170,516
-	485,878
-	573,187
137	24,011
<u>5,018</u>	<u>1,010,960</u>
<u>5,155</u>	<u>11,120,274</u>
-	2,834,341
-	4,100,575
44,962	1,838,669
-	<u>523,082</u>
<u>44,962</u>	<u>9,296,667</u>
<u>(39,807)</u>	<u>1,823,607</u>
-	485
50,000	234,115
-	<u>(433,780)</u>
<u>50,000</u>	<u>(199,180)</u>
10,193	1,624,427
<u>19,632</u>	<u>6,128,228</u>
<u>\$ 29,825</u>	<u>\$ 7,752,655</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, 2015**

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>EXPENDITURES:</b>			
Materials and services	<u>\$ 40,000</u>	<u>\$ 19,662</u>	<u>\$ 20,338</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND CHANGE IN FUND BALANCE</b>	(40,000)	(19,662)	20,338
<b>FUND BALANCE, beginning of year</b>	<u>731,074</u>	<u>729,287</u>	<u>(1,787)</u>
<b>FUND BALANCE, end of year</b>	<u><u>\$ 691,074</u></u>	<u><u>\$ 709,625</u></u>	<u><u>\$ 18,551</u></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, 2015**

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES:</b>			
Interest	<u>\$ 2,000</u>	<u>\$ 2,423</u>	<u>\$ 423</u>
<b>EXPENDITURES:</b>			
Capital outlay	<u>519,831</u>	<u>14,146</u>	<u>505,685</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(517,831)</u>	<u>(11,723)</u>	<u>506,108</u>
<b>OTHER FINANCING SOURCES:</b>			
Transfers in	<u>83,441</u>	<u>83,441</u>	<u>-</u>
<b>TOTAL OTHER FINANCING SOURCES</b>	<u>83,441</u>	<u>83,441</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(434,390)</u>	<u>71,718</u>	<u>506,108</u>
<b>FUND BALANCE</b> , beginning of year	<u>434,390</u>	<u>446,749</u>	<u>12,359</u>
<b>FUND BALANCE</b> , end of year	<u>\$ -</u>	<u>\$ 518,467</u>	<u>\$ 518,467</u>
Fund balance - budgetary basis		\$ 518,467	
Advance to other funds		<u>165,045</u>	
Fund balance - GAAP basis		<u>\$ 683,512</u>	
Change in fund balance - budgetary basis		\$ 71,718	
Repayment of advance reported as reduction in receivable		<u>(82,106)</u>	
Change in fund balance - GAAP basis		<u>\$ (10,388)</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, 2015**

	Budget		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
<b>REVENUES:</b>				
Charges for services	\$ 20,258	\$ -	\$ -	\$ -
Intergovernmental	39,114	-	-	-
Interest on investments	200	-	-	-
<b>TOTAL REVENUES</b>	<b>59,572</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>EXPENDITURES:</b>				
Personal services	761,553	-	-	-
Materials and services	101,172	-	-	-
Capital outlay	12,000	-	-	-
Contingency	46,125	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>920,850</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(861,278)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>OTHER FINANCING SOURCES:</b>				
Transfers in	810,000	-	-	-
Transfers out	-	(67,782)	(67,780)	(2)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>810,000</b>	<b>(67,782)</b>	<b>(67,780)</b>	<b>(2)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(51,278)</b>	<b>(67,782)</b>	<b>(67,780)</b>	<b>(2)</b>
<b>FUND BALANCE, beginning of year</b>	<b>51,278</b>	<b>67,782</b>	<b>67,780</b>	<b>2</b>
<b>FUND BALANCE, end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**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, 2015**

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES:</b>			
Interest on investments	<u>\$ -</u>	<u>\$ 286</u>	<u>\$ 286</u>
<b>EXPENDITURES:</b>			
Materials and services	47,000	6,220	40,780
Capital outlay	<u>126,194</u>	<u>93,631</u>	<u>32,563</u>
<b>TOTAL EXPENDITURES</b>	<u>173,194</u>	<u>99,851</u>	<u>73,343</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(173,194)	(99,565)	73,629
<b>OTHER FINANCING SOURCES:</b>			
Transfers in	<u>115,000</u>	<u>115,000</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(58,194)	15,435	73,629
<b>FUND BALANCE, beginning of year</b>	<u>58,194</u>	<u>71,489</u>	<u>13,295</u>
<b>FUND BALANCE, end of year</b>	<u><u>\$ -</u></u>	<u><u>\$ 86,924</u></u>	<u><u>\$ 86,924</u></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, 2015**

	Budget		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
<b>REVENUES:</b>				
Interest on investments	\$ 100	\$ 100	\$ 137	\$ 37
Miscellaneous	15,000	15,000	5,018	(9,982)
<b>TOTAL REVENUES</b>	<b>15,100</b>	<b>15,100</b>	<b>5,155</b>	<b>(9,945)</b>
<b>EXPENDITURES:</b>				
Personal services	8,989	38,989	31,520	7,469
Materials and services	17,000	17,000	13,442	3,558
Capital outlay	4,000	4,000	-	4,000
Contingency	24,727	24,727	-	24,727
<b>TOTAL EXPENDITURES</b>	<b>54,716</b>	<b>84,716</b>	<b>44,962</b>	<b>39,754</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(39,616)</b>	<b>(69,616)</b>	<b>(39,807)</b>	<b>29,809</b>
<b>OTHER FINANCING SOURCES:</b>				
Transfers in	20,000	50,000	50,000	-
<b>NET CHANGE IN FUND BALANCE</b>	<b>(19,616)</b>	<b>(19,616)</b>	<b>10,193</b>	<b>29,809</b>
<b>FUND BALANCE, beginning of year</b>	<b>19,616</b>	<b>19,616</b>	<b>19,632</b>	<b>16</b>
<b>FUND BALANCE, end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 29,825</b>	<b>\$ 29,825</b>

## **AGENCY FUNDS**

### **Recreation Scholarship**

*Donations received but not yet used for financial assistance with recreation programs for those in need.*

### **Miscellaneous Trust**

*Miscellaneous funds held in trust – binocular receipts, engineering deposits, etc.*

### **Roads End Sanitary District**

*Fees assessed to Roads End on behalf of the Roads End Sanitary District.*

### **Recreation Trust**

*Donations received for Recreation projects, such as a skateboard park or rock wall.*

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

**AGENCY FUNDS**

**COMBINING STATEMENT OF ASSETS AND LIABILITIES**

**JUNE 30, 2015**

	<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	<u>\$ 3,551</u>	<u>\$ 1,473</u>	<u>\$ 29,477</u>	<u>\$ 1,022</u>	<u>\$ 35,523</u>
<b>LIABILITIES:</b>					
Accounts payable	\$ -	\$ 242	\$ 12,944	\$ -	\$ 13,186
Funds held in trust	<u>3,551</u>	<u>1,231</u>	<u>16,533</u>	<u>1,022</u>	<u>22,337</u>
<b>TOTAL LIABILITIES</b>	<u>\$ 3,551</u>	<u>\$ 1,473</u>	<u>\$ 29,477</u>	<u>\$ 1,022</u>	<u>\$ 35,523</u>

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

**AGENCY FUNDS**

**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Balances</u> <u>June 30, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balances</u> <u>June 30, 2015</u>
<b>RECREATION SCHOLARSHIP:</b>				
Assets				
Cash and investments	\$ 2,970	\$ 581	\$ -	\$ 3,551
Liabilities				
Funds held in trust	\$ 2,970	\$ 581	\$ -	\$ 3,551
<b>MISCELLANEOUS TRUST:</b>				
Assets				
Cash and investments	\$ 1,473	\$ -	\$ 0	\$ 1,473
Liabilities				
Accounts payable	\$ 285	\$ -	\$ 43	\$ 242
Funds held in trust	1,188	43	-	1,231
Total liabilities	\$ 1,473	\$ 43	\$ 43	\$ 1,473
<b>ROADS END SANITARY DISTRICT:</b>				
Assets				
Cash and investments	\$ 21,182	\$ 8,295	\$ -	\$ 29,477
Receivables	167	-	167	-
Total assets	\$ 21,348	\$ 8,295	\$ 167	\$ 29,477
Liabilities				
Accounts payable	\$ 11,567	\$ 1,377	\$ -	\$ 12,944
Funds held in trust	9,781	6,752	-	16,533
Total liabilities	\$ 21,348	\$ 8,129	\$ -	\$ 29,477
<b>RECREATION TRUST:</b>				
Assets				
Cash and investments	\$ 1,017	\$ 5	\$ -	\$ 1,022
Liabilities				
Funds held in trust	\$ 1,017	\$ 5	\$ -	\$ 1,022



**ADDITIONAL SCHEDULES**

**CITY OF LINCOLN CITY**

Lincoln City, Oregon

**PROPERTY TAX SCHEDULE**

**YEAR ENDED JUNE 30, 2015**

	<u>Tax Year</u>	<u>Uncollected June 30, 2014</u>	<u>Levy as Extended by Assessor</u>	<u>Adjustments Discounts and Interest</u>	<u>Collections</u>	<u>Uncollected June 30, 2015</u>
Current	2014-2015	\$ -	\$ 7,969,029	\$ (204,403)	\$ (7,474,295)	\$ 290,331
Prior	2013-2014	389,856	-	7,809	(196,249)	201,416
	2012-2013	209,470	-	7,681	(81,418)	135,733
	2011-2012	138,670	-	18,840	(101,482)	56,028
	2010-2011	54,847	-	6,831	(34,001)	27,677
	and prior	36,026	-	(833)	(8,910)	26,283
Total prior		828,869	-	40,328	(422,059)	447,138
Totals		<u>\$ 828,869</u>	<u>\$ 7,969,029</u>	<u>\$ (164,075)</u>	<u>\$ (7,896,354)</u>	<u>\$ 737,469</u>

## ANNUAL DISCLOSURE INFORMATION

**\$2,209,800**  
**City of Lincoln City**  
**General Obligation Bonds**  
**Series 2015 Refunding**

**\$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

The Oregon Municipal Audit Law (ORS 297.405 – 297.555) requires an audit 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 2014-15 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) (2)**

<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%
2014-15		1,793,476,477	-0.91%		1,555,329,561	2.24%	86.72%

(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.

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

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%	93.20%
2014-15		1,512,625,183	15.29%		6,049,977	4.0996%	93.81%

(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 -- 2014-15 Representative Consolidated Tax Rates for Tax Code Area 402 & 412 (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	\$ 4.7745	\$ 0.7277	\$ 5.5022
Linn-Benton-Lincoln ESD	0.2966	-	0.2966
Oregon Coast Community College	0.1709	0.2830	0.4539
<b>Total Education</b>	<u>5.2420</u>	<u>1.0107</u>	<u>6.2527</u>
<b>Local Government</b>			
Lincoln County	2.7428	-	2.7428
Lincoln County Animal SVC	0.1070	-	0.1070
Lincoln County Extension	0.0439	-	0.0439
Lincoln County Transportation	0.0948	-	0.0948
City of Lincoln City	3.9844	0.8693	4.8537
Lincoln City Urban Renewal Agency	0.3889	-	0.3889
North Lincoln Fire & Rescue	0.8496	0.3160	1.1656
Devil Lake Water Improvement District	0.1227	-	0.1227
North Lincoln Hospital District	0.5042	-	0.5042
<b>Total Local Government</b>	<u>8.8383</u>	<u>1.1853</u>	<u>10.0236</u>
<b>Total Consolidated Tax Rate</b>	<u>\$ 14.0803</u>	<u>\$ 2.1960</u>	<u>\$ 16.2763</u>

- (1) The 2014-15 Assessed Value to compute the tax rate of code area 402 & 412 is \$1,197,073,648 which is 76.97% 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 2014-15 was \$3.

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 6/30/15</u>
<b>General Obligation Bonds</b>				
Series 2005 Sewer (2)	4/12/2005	6/1/2019	\$ 15,000,000	\$ -
Series 2015 Sewer Refunding (2)	3/3/2015	6/1/2019	2,209,800	2,209,800
Series 2007 Water (3)	6/28/2007	12/1/2018	4,000,000	1,315,372
Series 2011 Sewer (4)	3/17/2011	3/1/2026	7,000,000	5,419,970
Series 2013 Sewer Refunding (2)	2/26/2013	6/12030	<u>9,885,000</u>	<u>9,750,000</u>
<b>Total General Obligation Bonds</b>			<b>\$ 38,094,800</b>	<b>\$ 18,695,142</b>
<b>Full Faith and Credit Borrowings</b>				
Series 2014 Water (1)	4/17/2014	4/1/2024	\$ 4,000,000	\$ 3,630,000
Series 2014 Urban Renewal Projects (5)	6/17/2014	6/1/2018	4,000,000	3,024,425
Contract Payable - Water Shed Purchase	6/14/2014	8/1/2018	<u>585,000</u>	<u>376,276</u>
<b>Total Full Faith and Credit-Backed</b>			<b>\$ 8,585,000</b>	<b>\$ 7,030,701</b>
<b>Total Borrowings</b>			<b>\$ 46,679,800</b>	<b>\$ 25,725,843</b>

- (1) The City pays debt service on this bond from water system revenues.
- (2) A portion of the 2005 Sewer Bonds were called with the 2013 Sewer Refunding Bonds. The City called the remaining 2005 Bonds on March 3, 2015
- (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 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, 2015**

	<u>Transportation Development Fund</u>	<u>Storm Drainage Development Fund</u>	<u>Parks Improvement Fund</u>
<b>REVENUES:</b>			
System development charge - improvement	\$ 23,360	\$ 1,069	\$ 74,722
Motorcycle vehicle gas tax	-	-	4,847
Miscellaneous	-	-	1,210
Interest	<u>1,518</u>	<u>385</u>	<u>1,132</u>
<b>TOTAL REVENUES</b>	<u>24,878</u>	<u>1,454</u>	<u>81,911</u>
<b>EXPENDITURES:</b>			
Master plans	-	-	-
Head to Bay Trail	-	-	30,589
Taft Sports Park	-	-	<u>15,200</u>
<b>TOTAL EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>45,789</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	24,878	1,454	36,122
<b>BEGINNING FUND BALANCE</b>	<u>318,873</u>	<u>82,842</u>	<u>219,194</u>
<b>ENDING FUND BALANCE</b>	<u>\$ 343,751</u>	<u>\$ 84,296</u>	<u>\$ 255,316</u>

**CITY OF LINCOLN CITY**

Lincoln City, Oregon

**WATER SDC FUNDS**

**YEAR ENDED JUNE 30, 2015**

	<u>Water Replacement Fund</u>	<u>Water SDC Reimbursement Fund</u>	<u>Water SDC Improvement Fund</u>
<b>REVENUES:</b>			
System development charge	\$ -	\$ 30,835	\$ 72,992
TRF Water Operating Funds	100,000	-	-
Interest	512	415	134
	<hr/>	<hr/>	<hr/>
<b>TOTAL REVENUE</b>	100,512	31,250	73,126
	<hr/>	<hr/>	<hr/>
<b>EXPENDITURES:</b>			
Water Master Plan	-	-	7,302
Debt service 2006 water bonds	-	-	70,000
Water System Construction	-	5,260	-
	<hr/>	<hr/>	<hr/>
<b>TOTAL EXPENDITURES</b>	-	5,260	77,302
	<hr/>	<hr/>	<hr/>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	100,512	25,990	(4,176)
<b>BEGINNING FUND BALANCE</b>	57,443	77,453	58,408
	<hr/>	<hr/>	<hr/>
<b>ENDING FUND BALANCE</b>	\$ 157,955	\$ 103,443	\$ 54,232
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>



**CITY OF LINCOLN CITY**

Lincoln City, Oregon

**SEWER SDC FUNDS**

**YEAR ENDED JUNE 30, 2015**

	<u>Sewer Replacement Fund</u>	<u>Sewer SDC Reimbursement Fund</u>	<u>Sewer SDC Improvement Fund</u>
<b>REVENUES:</b>			
System Development Charge	\$ -	\$ 30,034	\$ 198,899
Transfer from Sewer Operating Fund	200,000	-	223,250
State Allocation	59,900	-	-
Local Govt/Districts	-	-	-
Interest	3,743	1,450	3,335
<b>TOTAL REVENUE</b>	<u>263,643</u>	<u>31,484</u>	<u>425,484</u>
<b>EXPENDITURES:</b>			
Storm Line Replacement	24,326	-	-
Sewer System Construction-Nelscott	295,697	-	-
Sewer System Telemetry	7,085	-	-
Sewer System Construction	47,693	-	-
Pump Station Upgrades	37,547	271,444	-
Sewer Master Plan	-	-	56,763
Transfer out - Debt service - Sewer Bonds	-	-	200,000
<b>TOTAL EXPENDITURES</b>	<u>412,348</u>	<u>271,444</u>	<u>256,763</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(148,705)	(239,960)	168,721
<b>BEGINNING FUND BALANCE</b>	<u>942,362</u>	<u>382,368</u>	<u>672,431</u>
<b>ENDING FUND BALANCE</b>	<u>\$ 793,657</u>	<u>\$ 142,408</u>	<u>\$ 841,152</u>

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



Talbot, Korvola  
& Warwick, LLP

Certified Public Accountants  
& Consultants

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

Honorable Mayor and Members of the 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 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, 2015, and have issued our report thereon dated December 31, 2015.

### **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 over-expenditure of appropriation authority as follows:

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

Honorable Mayor and Members of the City Council  
City of Lincoln City

**COMPLIANCE (Continued)**

<b><u>Fund</u></b>	<b><u>Category / Dept</u></b>	<b><u>Amount</u></b>
General	Building Inspection	\$2,129
Water Utility Operations	Materials & Services	4,063
	Capital Outlay	217
Wastewater Operating	Capital Outlay	5,896

**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 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.

*Talbot, Kowola & Warwick LLP*

Lake Oswego, Oregon  
December 31, 2015