

CITY OF LINCOLN CITY

Lincoln City, Oregon

Annual Financial Report

Year Ended June 30, 2017

CITY OF LINCOLN CITY

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CITY OF LINCOLN CITY

CITY COUNCIL

JUNE 30, 2017

	<u>Term Expires</u>
Don Williams (Mayor) City of Lincoln City PO Box 50 Lincoln City, Oregon 97367	December 31, 2018
Susan Wahlke City of Lincoln City PO Box 50 Lincoln City, Oregon 97367	December 31, 2018
Dick Anderson City of Lincoln City PO Box 50 Lincoln City, Oregon 97367	December 31, 2018
Kip Ward City of Lincoln City PO Box 50 Lincoln City, Oregon 97367	December 31, 2018
Diana Hinton City of Lincoln City PO Box 50 Lincoln City, Oregon 97367	December 31, 2020
Dennis "Riley" Hoagland City of Lincoln City PO Box 50 Lincoln City, Oregon 97367	December 31, 2020
Judy Casper City of Lincoln City PO Box 50 Lincoln City, Oregon 97367	December 31, 2020

City Manager

Ronald Chandler

Finance Director

Debbie Mammone

INDEPENDENT AUDITOR'S REPORT



ACHIEVE MORE

Talbot, Korvola &
Warwick, LLP

4800 Meadows Road, Suite 200
Lake Oswego, OR 97035

P503.274.2849
F503.274.2853

www.tkw.com

INDEPENDENT AUDITOR'S REPORT

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

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lincoln City, Oregon (the City), as of and for the year ended June 30, 2017, 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, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

OTHER MATTERS

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the Schedules of Funding Progress, Pension Plan Contributions, and Proportionate Share of Net Pension (Asset)/Liability, 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 budgetary comparison information for the General Fund, Visitor and Convention Bureau Fund and Urban Renewal Fund, listed in the Table of Contents as Required Supplementary Information, is presented for purposes of additional analysis and is not a required part of the basic financial statements. This budgetary comparison information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

INDEPENDENT AUDITOR'S REPORT (Continued)

Honorable Mayor and Members of City Council
City of Lincoln City

OTHER MATTERS (Continued)

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 comprise the City's basic financial statements. The Additional Schedules, as listed in the Table of Contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on 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 February 5, 2018, 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
February 5, 2018

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, 2017. 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 \$121,597,627 at June 30, 2017, an increase of \$2,875,597 (or 2.4%) over the prior year. The City's General Fund reported an ending fund balance of \$11,593,216, an increase of \$2,431,153 (or 26.5%) over the prior year's fund balance. The increase in fund balance continues to be primarily attributable to the annexation of Roads End and the previous reduction in the collection of property taxes by the Lincoln City Urban Renewal Agency. The City's General Fund also reported a \$543,422 decrease in Capital outlay from the prior fiscal year.

The City and The City's Urban Renewal Agency did not issue any bonds during the FY2016-17 fiscal year. The City has not budgeted to issue any bonds during the fiscal year ending June 30, 2018. The Urban Renewal Agency budgeted to issue its final bond of \$2,975,000 during the fiscal year ending June 30, 2018. Proceeds from this bond were received by the Agency on November 2nd, 2017.

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 assets and liabilities. 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 on compliance and internal control over financial reporting based on an audit of financial statements performed in accordance with 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 \$121,597,627 at June 30, 2017, an increase of \$2,875,597 (or 2.4%) over the prior year.

Table 1
NET POSITION

	June 30, 2017			June 30, 2016		
	Governmental Activities	Business-type Activities	Totals	Governmental Activities	Business-type Activities	Totals
Assets:						
Cash and investments	\$ 20,805,993	\$ 3,251,706	\$ 24,057,699	\$ 18,674,534	\$ 4,424,596	\$ 23,099,130
Receivables, net	3,584,828	1,209,540	4,794,368	3,590,561	1,166,932	4,757,493
Internal balances	-	-	-	82,495	(82,495)	-
Prepaid Items	10,966	-	10,966	85,791	-	85,791
Inventories	-	287,728	287,728	-	264,500	264,500
Assets held for sale	1,954,487	-	1,954,487	1,954,487	-	1,954,487
Capital assets net of depreciation	<u>67,001,425</u>	<u>52,995,469</u>	<u>119,996,894</u>	<u>67,728,600</u>	<u>52,447,486</u>	<u>120,176,086</u>
Total assets	<u>93,357,699</u>	<u>57,744,443</u>	<u>151,102,142</u>	<u>92,116,468</u>	<u>58,221,019</u>	<u>150,337,487</u>
Deferred outflow of resources:						
Deferred amts related to pensions	<u>4,702,236</u>	<u>1,336,066</u>	<u>6,038,302</u>	<u>846,018</u>	<u>245,717</u>	<u>1,091,735</u>
Liabilities:						
Accounts payable and accrued expenses	1,461,547	477,076	1,938,623	1,946,029	340,743	2,286,772
Landfill closure and postclosure care costs	394,221	-	394,221	440,520	-	440,520
Net other postemployment obligations	673,571	158,975	832,546	679,642	160,418	840,060
Net pension liability	9,070,728	2,577,303	11,648,031	3,815,444	1,108,154	4,923,598
Long-term obligations	<u>1,025,681</u>	<u>18,935,783</u>	<u>19,961,464</u>	<u>2,033,722</u>	<u>20,804,055</u>	<u>22,837,777</u>
Total liabilities	<u>12,625,748</u>	<u>22,149,137</u>	<u>34,774,885</u>	<u>8,915,357</u>	<u>22,413,370</u>	<u>31,328,727</u>
Deferred inflow of resources:						
Deferred amts related to pensions	<u>598,015</u>	<u>169,917</u>	<u>767,932</u>	<u>1,068,213</u>	<u>310,252</u>	<u>1,378,465</u>
Net position:						
Net investment in capital assets	67,001,425	34,064,658	101,066,083	67,070,197	32,748,526	99,818,723
Restricted	9,821,451	2,576,390	12,397,841	10,934,488	2,708,332	13,642,820
Unrestricted	<u>8,013,296</u>	<u>120,407</u>	<u>8,133,703</u>	<u>4,974,231</u>	<u>286,256</u>	<u>5,260,487</u>
Total net position	<u>\$ 84,836,172</u>	<u>\$ 36,761,455</u>	<u>\$ 121,597,627</u>	<u>\$ 82,978,916</u>	<u>\$ 35,743,114</u>	<u>\$ 118,722,030</u>

Approximately 83.1% of the City's total net position is invested in capital assets. 5.3% of the City's net position is restricted for capital improvements (\$6,494,902), including proceeds from system development charges. \$638,794 (0.5%) is restricted for repayment of outstanding debt. \$8,133,703 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 \$28,270,060, a decrease of 0.5% from the prior year. Of the City's total revenue, \$8,508,196 (or 30.1%) is from property taxes, \$6,352,763 (or 22.5%) is from transient room taxes, \$8,373,017 (or 29.6%) is from charges for services and \$5,036,084 (or 17.8%) 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, 2017			Year Ended June 30, 2016		
	Governmental Activities	Business-type Activities	Totals	Governmental Activities	Business-type Activities	Totals
Program revenues:						
Charges for services	\$ 1,271,635	\$ 7,101,382	\$ 8,373,017	\$ 1,750,762	\$ 6,827,102	\$ 8,577,864
Operating grants and contributions	1,110,349	147,590	1,257,939	1,076,290	151,486	1,227,776
Capital grants and contributions	686,104	457,075	1,143,179	229,060	1,016,947	1,246,007
General revenues:						
Property taxes, general purposes	6,459,296	-	6,459,296	6,264,361	-	6,264,361
Property taxes, debt service	678,006	1,370,894	2,048,900	617,748	1,320,101	1,937,849
Franchise taxes	1,048,034	-	1,048,034	1,025,598	-	1,025,598
Transient room taxes	6,352,763	-	6,352,763	6,336,950	-	6,336,950
Other	1,354,800	232,132	1,586,932	1,662,858	137,641	1,800,499
Total program and general revenues	<u>18,960,987</u>	<u>9,309,073</u>	<u>28,270,060</u>	<u>18,963,627</u>	<u>9,453,277</u>	<u>28,416,904</u>
Program expenses:						
General government	3,432,025	-	3,432,025	5,598,224	-	5,598,224
Public safety	4,958,034	-	4,958,034	5,773,518	-	5,773,518
Highways and streets	3,077,347	-	3,077,347	2,756,445	-	2,756,445
Cultural and recreation	5,673,931	-	5,673,931	5,126,871	-	5,126,871
Art and education	205	-	205	26,114	-	26,114
Water and sewer	-	8,219,568	8,219,568	-	8,807,173	8,807,173
Interest on long-term debt	<u>33,353</u>	<u>-</u>	<u>33,353</u>	<u>49,601</u>	<u>-</u>	<u>49,601</u>
Total program expenses	<u>17,174,895</u>	<u>8,219,568</u>	<u>25,394,463</u>	<u>19,330,773</u>	<u>8,807,173</u>	<u>28,137,946</u>
Increase (decrease) in net position before transfers	1,786,092	1,089,505	2,875,597	(367,146)	646,104	278,958
Transfers	<u>71,164</u>	<u>(71,164)</u>	<u>-</u>	<u>68,270</u>	<u>(68,270)</u>	<u>-</u>
Change in net position	1,857,256	1,018,341	2,875,597	(298,876)	577,834	278,958
Net Position - beginning	<u>82,978,916</u>	<u>35,743,114</u>	<u>118,722,030</u>	<u>83,277,792</u>	<u>35,165,280</u>	<u>118,443,072</u>
Net position - ending	<u>\$ 84,836,172</u>	<u>\$ 36,761,455</u>	<u>\$ 121,597,627</u>	<u>\$ 82,978,916</u>	<u>\$ 35,743,114</u>	<u>\$ 118,722,030</u>

The total cost of all programs and services was \$25,394,463, a decrease of \$2,743,483 (or 9.8%) from the prior year. Expenditures for Governmental Activities decreased by 11.2% while expenditures for Business-Type Activities decreased by 6.7%. The decrease in expenditures is largely due to difference in the expense entries made to record the City's share of the Oregon PERS pension liability between FY2015-16 and FY2016-17. Of the total costs, \$8,219,568 (or 32.4%) was for Business-type Activities, and \$17,174,895 (or 67.6%) 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 \$11,593,216, an increase of \$2,431,153 (or 26.5%) over the prior year's fund balance. Total General fund revenues decreased by 0.5% from the prior fiscal year, while General fund expenditures decreased by 9.6%. This decrease is largely due to a reduction in Capital Outlay of \$543,422 from the prior fiscal year.

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 \$15,813 (or 0.2%) from the prior fiscal year.

Business-type Activities

The City's Water funds reported an ending net position of \$20,342,666, an increase of \$555,477 (or 2.8%) over the prior fiscal year's ending net position. Charges for Services increased by \$119,200 (or 3.3%), primarily due to a 4% rate increase.

The City's Sewer funds reported an ending net position of \$16,418,789, an increase of \$462,864 (or 2.9%) over the previous fiscal year's ending net position. Charges for Services increased by \$155,080 (or 4.9%), primarily due to a 6% rate increase.

System development charges for both the Water and Sewer funds are generated from new building activity and are a reflection of changes in new construction occurring within the City. Water system development charges decreased by \$28,461 (or 17.7%). Sewer system development charges decreased by \$27,012 (or 8.4%).

BUDGETARY HIGHLIGHTS

City Council approved four changes to the fiscal year 2016-17 General Fund adopted budget. These changes recategorized operating expenditures to reflect actual spending patterns. It also moved unused budgeted capital dollars from the prior fiscal year for the Community Center jumbotron.

CAPITAL ASSETS AND DEBT ADMINISTRATION

At the end of fiscal year 2016-17, the City had capital assets totaling \$119,996,894 in a broad range of categories, including land, infrastructure, equipment, buildings and vehicles. This amount represents a net decrease (including additions and deductions) of \$179,192 (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, 2017			June 30, 2016		
	Governmental Activities	Business-type Activities	Totals	Governmental Activities	Business-type Activities	Totals
Beginning balance	\$ 67,728,600	\$52,447,486	\$120,176,086	\$67,052,485	\$ 52,538,216	\$119,590,701
Additions	2,805,741	4,695,003	7,500,744	5,365,004	3,445,877	8,810,881
Retirements	(1,011,154)	(1,516,861)	(2,528,015)	(2,434,058)	(963,471)	(3,397,529)
Depreciation, net	<u>(2,521,762)</u>	<u>(2,630,159)</u>	<u>(5,151,921)</u>	<u>(2,254,831)</u>	<u>(2,573,136)</u>	<u>(4,827,967)</u>
Ending balance	<u>\$ 67,001,425</u>	<u>\$52,995,469</u>	<u>\$119,996,894</u>	<u>\$67,728,600</u>	<u>\$ 52,447,486</u>	<u>\$120,176,086</u>

Governmental Activities

Additions to capital assets from governmental activities totaled \$2,805,741. These additions included (1) Head to Bay Trail \$644,545, (2) NW Harbor Ave Improvements Phase II \$272,606, (3) Regatta Park Improvements \$180,470 (4) Roads End Pump Station \$134,296, (5) Hwy 101 and NE 22nd Intersection Improvements \$118,292, (6) LED Indoor Full Color JumboTron \$61,396, and (7) Parks Master Plan Update \$56,500.

Business-type Activities

Additions to capital assets from business-type activities totaled \$4,695,003. These additions included (1) Schooner Creek Water Crossing \$1,964,461, (2) Schooner Creek Water Boring \$1,083,227, (3) Dewatering Facility & Equipment \$651,766, (4) Regatta Pump Station Upgrade \$157,059, (5) Voyage Pump Station \$115,643, (6) Water Treatment Plant Variable Frequency Drive \$106,964, (7) NE 18th & Oar Sanitary Upgrade \$77,620, and (8) a 4,000 Gallon Mag Ox Tank & Mixer \$70,317.

LONG-TERM OBLIGATIONS

At the end of fiscal year 2016-17, the City had \$19,961,464 in outstanding debt, a decrease of \$2,876,313 (12.6%). During the fiscal year ending June 30, 2017, neither the City nor the City's Urban Renewal Agency issued any new debt. For more detail see table 4 on the following page.

Governmental Activities

The City has not budgeted to issue any bonds during the fiscal year ending June 30, 2018. The Urban Renewal Agency budgeted to issue its final bond of \$2,975,000 during the fiscal year ending June 30, 2018.

Business-type Activities

As of June 30, 2017, the City's Series 2013 Sewer Bonds carry a Moody's A1 rating. Moody's upgraded this rating to an Aa3 in September 2017. 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, 2017</u>	<u>June 30, 2016</u>
Governmental:		
Full Faith and Credit Note Series 2014	\$ 1,025,681	\$ 2,033,722
Business-type:		
General Obligation Bonds		
Water Bonds - Series 2007	418,720	825,292
Sewer Bonds - Series 2011	4,582,903	5,009,971
Sewer Bonds - Series 2013	9,750,000	9,750,000
Sewer Bonds - Series 2015	1,120,519	1,677,888
Full Faith and Credit Note Series 2014	2,880,000	3,260,000
Contract payable	<u>183,641</u>	<u>280,904</u>
Total business-type activities	<u>18,935,783</u>	<u>20,804,055</u>
Total long-term obligations	<u>\$ 19,961,464</u>	<u>\$ 22,837,777</u>

ECONOMIC FACTORS, NEXT YEAR'S BUDGET AND RATES

Property taxes comprise 55.8% 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 2017-2018 is \$11,960,869 and expenditures are budgeted at \$12,140,781, resulting in a \$179,912 decrease to fund balance. The projected ending General Fund reserves for fiscal year 2017-2018 total \$8,478,324 (or 69.8% of budgeted expenditures).

Another major source of revenue for governmental activities is the Transient Room Tax (TRT). Transient Room Taxes are budgeted to increase by 4% in the next fiscal year.

For the fiscal year ending June 30, 2018, the City's Urban Renewal Agency has budgeted \$3,859,586 for capital reserves, and \$345,000 for capital projects which consist of the Nelscott Renovation and Roads End South Pump Station.

The City is currently in the beginning stages of planning for a new Police Station. Discussions with City Council have proposed funding for a new Police Station to be secured by a revenue bond, which would be paid with Transient Room Taxes from the Facilities Capital fund. A timeframe for issuance of this bond has not yet been defined.

Business-type Activities

The majority of 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 2017-18. This continues the City's program to increase rates in increments each year, and to encourage water conservation.

For fiscal year 2017-18, the City's Water Capital funds have budgeted \$1,179,622 in capital outlay for water system upgrades and replacements as needed.

For fiscal year 2017-18, the City's Wastewater Capital funds has budgeted \$1,636,628 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.

BASIC FINANCIAL STATEMENTS

CITY OF LINCOLN CITY
Lincoln City, Oregon

STATEMENT OF NET POSITION

JUNE 30, 2017

	Governmental Activities	Business-type Activities	Total
ASSETS:			
Cash and investments	\$ 20,749,880	\$ 3,241,542	\$ 23,991,422
Cash with County Treasurer	56,113	10,164	66,277
Receivables, net	3,584,828	1,209,540	4,794,368
Prepays	10,966	-	10,966
Inventories	-	287,728	287,728
Assets held for sale	1,954,487	-	1,954,487
Capital assets:			
Land, improvements and construction in progress	38,484,538	1,785,158	40,269,696
Other capital assets, net	28,516,887	51,210,311	79,727,198
	93,357,699	57,744,443	151,102,142
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred amounts related to pensions	4,702,236	1,336,066	6,038,302
LIABILITIES:			
Accounts payable and accrued expenses	488,451	248,099	736,550
Other accrued liabilities	467,901	-	467,901
Accrued interest payable	-	61,675	61,675
Accrued compensated absences	505,195	167,302	672,497
Landfill closure and postclosure care costs	394,221	-	394,221
Net other postemployment benefit obligation	673,571	158,975	832,546
Net pension liability	9,070,728	2,577,303	11,648,031
Long-term obligations:			
Due within one year	1,025,681	1,909,423	2,935,104
Due in more than one year	-	17,026,360	17,026,360
	12,625,748	22,149,137	34,774,885
DEFERRED INFLOWS OF RESOURCES:			
Deferred amounts related to pensions	598,015	169,917	767,932
NET POSITION:			
Net investment in capital assets	67,001,425	34,064,658	101,066,083
Restricted for:			
Capital improvements	4,318,555	2,176,347	6,494,902
Debt service	238,751	400,043	638,794
Highways and streets	986,890	-	986,890
Landfill postclosure costs	281,737	-	281,737
Tourism	1,702,818	-	1,702,818
Urban renewal	1,298,885	-	1,298,885
Parks Maintenance	993,815	-	993,815
Unrestricted	8,013,296	120,407	8,133,703
	84,836,172	36,761,455	121,597,627

See notes to basic financial statements.

CITY OF LINCOLN CITY
Lincoln City, Oregon

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2017

ACTIVITIES	Program Revenues				Net Revenue (Expense) and Change in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Totals
Primary government:							
Governmental activities:							
General government	\$ 3,432,025	\$ 1,034,041	\$ 580,777	\$ -	\$ (1,817,207)	\$ -	\$ (1,817,207)
Public safety	4,958,034	21,492	-	-	(4,936,542)	-	(4,936,542)
Highways and streets	3,077,347	92,521	502,524	90,891	(2,391,411)	-	(2,391,411)
Culture and recreation	5,673,931	123,580	27,048	595,213	(4,928,090)	-	(4,928,090)
Art and education	205	-	-	-	(205)	-	(205)
Interest on long-term obligations	33,353	-	-	-	(33,353)	-	(33,353)
Total governmental activities	<u>17,174,895</u>	<u>1,271,634</u>	<u>1,110,349</u>	<u>686,104</u>	<u>(14,106,808)</u>	<u>-</u>	<u>(14,106,808)</u>
Business-type activities:							
Water	3,527,157	3,756,758	147,590	132,623	-	509,814	509,814
Sewer	4,692,411	3,344,624	-	324,452	-	(1,023,335)	(1,023,335)
Total business-type activities	<u>8,219,568</u>	<u>7,101,382</u>	<u>147,590</u>	<u>457,075</u>	<u>-</u>	<u>(513,521)</u>	<u>(513,521)</u>
Total	<u>\$ 25,394,463</u>	<u>\$ 8,373,016</u>	<u>\$ 1,257,939</u>	<u>\$ 1,143,179</u>	<u>(14,106,808)</u>	<u>(513,521)</u>	<u>(14,620,329)</u>
GENERAL REVENUES							
Property taxes levied for:							
General purposes					6,459,296	-	6,459,296
Debt service					678,006	1,370,894	2,048,900
Franchise taxes and fees					1,048,034	-	1,048,034
Transient room taxes					6,352,763	-	6,352,763
Unrestricted investment earnings					228,202	53,345	281,547
Gain from sale of capital assets					21,630	-	21,630
Miscellaneous					1,104,969	178,787	1,283,756
TRANSFERS					71,164	(71,164)	-
Total general revenues and transfers					<u>15,964,064</u>	<u>1,531,862</u>	<u>17,495,926</u>
CHANGE IN NET POSITION					<u>1,857,256</u>	<u>1,018,341</u>	<u>2,875,597</u>
NET POSITION, June 30, 2016					<u>82,978,916</u>	<u>35,743,114</u>	<u>118,722,030</u>
NET POSITION, June 30, 2017					<u>\$ 84,836,172</u>	<u>\$ 36,761,455</u>	<u>\$ 121,597,627</u>

See notes to basic financial statements.

CITY OF LINCOLN CITY
Lincoln City, Oregon

BALANCE SHEET GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2017

	General Fund	Visitor and Convention Bureau	Urban Renewal	Other Governmental Funds	Totals
ASSETS:					
Cash and investments	\$ 10,203,114	\$ 1,359,048	\$ 749,511	\$ 8,362,506	\$ 20,674,179
Cash with County Treasurer	46,424	-	-	9,689	56,113
Receivables	1,556,656	458,061	-	1,565,305	3,580,022
Assets held for sale	1,393,665	-	-	560,822	1,954,487
TOTAL ASSETS	<u>\$ 13,199,859</u>	<u>\$ 1,817,109</u>	<u>\$ 749,511</u>	<u>\$ 10,498,322</u>	<u>\$ 26,264,801</u>
LIABILITIES:					
Accounts payable and accrued expenses	\$ 183,733	\$ 114,291	\$ 20,808	\$ 151,608	\$ 470,440
Other accrued liabilities	467,901	-	-	-	467,901
TOTAL LIABILITIES	<u>651,634</u>	<u>114,291</u>	<u>20,808</u>	<u>151,608</u>	<u>938,341</u>
DEFERRED INFLOW OF RESOURCES:					
Unavailable revenue	955,009	-	-	94,392	1,049,401
FUND BALANCES:					
Nonspendable in form	1,393,665	-	-	1,237,172	2,630,837
Restricted for:					
Capital projects	-	-	-	4,318,555	4,318,555
Post closure landfill costs	675,958	-	-	-	675,958
Debt service	-	-	-	1,264,432	1,264,432
Road construction/maintenance	-	-	-	986,890	986,890
Tourism promotion	-	1,702,818	-	-	1,702,818
Urban renewal	-	-	728,703	570,182	1,298,885
Parks maintenance	-	-	-	993,815	993,815
Committed to:					
Capital projects	418,443	-	-	-	418,443
Affordable housing	-	-	-	149,685	149,685
Maintenance services	-	-	-	59,788	59,788
Art and education	-	-	-	54,854	54,854
Assigned to:					
Capital projects	-	-	-	616,949	616,949
Unassigned	9,105,150	-	-	-	9,105,150
TOTAL FUND BALANCES	<u>11,593,216</u>	<u>1,702,818</u>	<u>728,703</u>	<u>10,252,322</u>	<u>24,277,059</u>
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCE	<u>\$ 13,199,859</u>	<u>\$ 1,817,109</u>	<u>\$ 749,511</u>	<u>\$ 10,498,322</u>	<u>\$ 26,264,801</u>

See notes to basic financial statements.

CITY OF LINCOLN CITY
Lincoln City, Oregon

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

FOR THE YEAR ENDED JUNE 30, 2017

TOTAL FUND BALANCE	\$ 24,277,059
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.	66,858,739
Certain items are not available to pay for current period expenditures, but are reported in the Statement of Net Position	
Deferred outflows of resources related to pensions	4,467,485
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.	1,049,401
Compensated absences not payable in the current year are not recorded as governmental fund liabilities.	(505,195)
Other post-employment benefits are not recognized as a governmental fund liability.	(673,571)
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:	
Net pension liability	(8,617,887)
Deferred inflows of resources related to pensions	(568,160)
Bonds and note payable	(1,025,681)
Landfill closure and post closure costs	<u>(394,221)</u>
Total	(10,605,949)
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 Position.	<u>(31,797)</u>
TOTAL NET POSITION	<u>\$ 84,836,172</u>

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, 2017

	General	Visitor and Convention Bureau	Urban Renewal	Other Governmental Funds	Totals
REVENUES:					
Property Taxes	\$ 6,457,526	\$ -	\$ -	\$ 709,386	\$ 7,166,912
Franchises and fees	1,048,034	-	-	-	1,048,034
Transient room tax	1,451,288	1,923,208	-	2,978,267	6,352,763
Fines and forfeitures	155,884	-	-	-	155,884
Fees, licenses and permits	646,376	-	-	-	646,376
Rents	-	-	-	208,708	208,708
Charges for services	21,492	-	-	216,101	237,593
Intergovernmental	579,561	-	-	1,216,892	1,796,453
Reimbursement from other funds	-	-	-	35,197	35,197
Interest on investments	101,508	17,730	9,814	99,150	228,202
Miscellaneous	1,111,828	87,265	274	43,118	1,242,485
TOTAL REVENUES	11,573,497	2,028,203	10,088	5,506,819	19,118,607
EXPENDITURES:					
Current:					
General government	2,231,662	-	288,706	481,678	3,002,046
Public safety	4,449,019	-	-	-	4,449,019
Highways and streets	-	-	-	1,584,932	1,584,932
Culture and recreation	1,983,924	1,802,182	-	953,920	4,740,026
Art and education	-	-	-	205	205
Debt service	-	-	-	1,041,394	1,041,394
Capital outlay	184,636	5,297	53,649	1,578,110	1,821,692
TOTAL EXPENDITURES	8,849,241	1,807,479	342,355	5,640,239	16,639,314
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	2,724,256	220,724	(332,267)	(133,420)	2,479,293
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of capital assets	6,794	-	-	14,836	21,630
Transfers in	60,103	-	-	465,639	525,742
Transfers out	(360,000)	(65,197)	-	(29,381)	(454,578)
TOTAL OTHER FINANCING SOURCES (USES)	(293,103)	(65,197)	-	451,094	92,794
NET CHANGE IN FUND BALANCES	2,431,153	155,527	(332,267)	317,674	2,572,087
FUND BALANCES, beginning of year	9,162,063	1,547,291	1,060,970	9,934,648	21,704,972
FUND BALANCES, end of year	\$11,593,216	\$ 1,702,818	\$ 728,703	\$ 10,252,322	\$ 24,277,059

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, 2017

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$	2,572,087
<p>Amounts reported for governmental activities in the Statement of Activities are different because of the following:</p>		
<p>Governmental funds report capital assets additions as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. The difference between these two amounts is:</p>		
Capital outlay	\$ 1,821,692	
Depreciation	<u>(2,552,776)</u>	(731,084)
<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>		
		4,465
<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>		
Unearned Revenue - Property Taxes	(29,610)	
Unearned Revenue - Unbonded Assessment (LID/Reimbursement District Receivable)	(137,516)	
Deferred Revenue - Municipal Court	<u>(12,124)</u>	(179,250)
<p>Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.</p>		
		1,008,041
<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>		
		46,299
<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>		
		(27,728)
<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		(879,004)
OPEB expense not recognized on the governmental statement		6,071
Compensated absences		<u>37,359</u>
CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u><u>1,857,256</u></u>

See notes to basic financial statements.

CITY OF LINCOLN CITY
Lincoln City, Oregon

PROPRIETARY FUNDS

STATEMENT OF NET POSITION

JUNE 30, 2017

	Enterprise Funds			Internal Service Fund
	Water	Sewer	Totals	
ASSETS:				
Current assets:				
Cash and investments	\$ 818,084	\$ 2,423,458	\$ 3,241,542	\$ 75,701
Cash with County Treasurer	-	10,164	10,164	-
Receivables, net	568,581	640,959	1,209,540	4,806
Prepays	-	-	-	10,966
Inventories	265,770	21,958	287,728	-
Total current assets	1,652,435	3,096,539	4,748,974	91,473
Capital assets:				
Land, improvements and construction in progress	737,513	1,047,645	1,785,158	-
Other capital assets, net	22,446,486	28,763,825	51,210,311	142,686
Total capital assets	23,183,999	29,811,470	52,995,469	142,686
TOTAL ASSETS	24,836,434	32,908,009	57,744,443	234,159
DEFERRED OUTFLOW OF RESOURCES:				
Deferred amounts related to pensions	723,165	612,901	1,336,066	234,751
LIABILITIES:				
Current liabilities:				
Accounts payable and accrued expenses	35,658	212,441	248,099	18,011
Accrued interest payable	21,916	39,759	61,675	-
Accrued compensated absences	110,137	57,165	167,302	-
Current portion of long-term obligations	902,944	1,006,479	1,909,423	-
Total current liabilities	1,070,655	1,315,844	2,386,499	18,011
Long-term liabilities	2,579,417	14,446,943	17,026,360	-
Other postemployment benefit obligation	79,888	79,087	158,975	-
Net pension liability	1,395,003	1,182,300	2,577,303	452,841
TOTAL LIABILITIES	5,124,963	17,024,174	22,149,137	470,852
DEFERRED INFLOWS OF RESOURCES				
Deferred amounts related to pensions	91,970	77,947	169,917	29,855
NET POSITION:				
Net investment in capital assets	19,706,610	14,358,048	34,064,658	142,686
Restricted for:				
Capital improvement	869,229	1,307,118	2,176,347	-
Debt service	97,971	302,072	400,043	-
Unrestricted	(331,144)	451,551	120,407	(174,483)
TOTAL NET POSITION	\$ 20,342,666	\$ 16,418,789	\$ 36,761,455	\$ (31,797)

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, 2017

	Enterprise Funds			Internal Service Fund
	Water	Sewer	Totals	
OPERATING REVENUES:				
Charges for services	\$ 3,756,758	\$ 3,344,624	\$ 7,101,382	\$ 786,831
Intergovernmental	147,590	-	147,590	402
Miscellaneous	63,884	114,903	178,787	19,353
TOTAL OPERATING REVENUES	3,968,232	3,459,527	7,427,759	806,586
OPERATING EXPENSES:				
Personal services	1,365,910	1,270,978	2,636,888	533,187
Materials and services	673,866	1,265,426	1,939,292	266,018
Support services	214,803	157,706	372,509	-
Depreciation	1,159,865	1,514,189	2,674,054	35,109
TOTAL OPERATING EXPENSES	3,414,444	4,208,299	7,622,743	834,314
OPERATING INCOME (LOSS)	553,788	(748,772)	(194,984)	(27,728)
NONOPERATING INCOME (EXPENSE):				
System development charges	132,623	296,452	429,075	-
Interest earned on investments	20,002	33,343	53,345	-
Gain (loss) from sale of asset	8,139	(35,652)	(27,513)	-
Property taxes	-	1,370,894	1,370,894	-
Interest expense	(120,852)	(448,460)	(569,312)	-
TOTAL NONOPERATING INCOME (EXPENSE)	39,912	1,216,577	1,256,489	-
INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS	593,700	467,805	1,061,505	(27,728)
TRANSFERS:				
Transfers out	(38,223)	(32,941)	(71,164)	-
CONTRIBUTIONS:				
Capital contributions	-	28,000	28,000	-
TOTAL TRANSFERS AND CAPITAL CONTRIBUTIONS	(38,223)	(4,941)	(43,164)	-
CHANGE IN NET POSITION	555,477	462,864	1,018,341	(27,728)
NET POSITION, June 30, 2016	19,787,189	15,955,925	35,743,114	(4,069)
NET POSITION, June 30, 2017	\$ 20,342,666	\$ 16,418,789	\$ 36,761,455	\$ (31,797)

See notes to basic financial statements.

CITY OF LINCOLN CITY

Lincoln City, Oregon

PROPRIETARY FUNDS**STATEMENT OF CASH FLOWS****JUNE 30, 2017**

	Enterprise Funds			Internal Service Fund
	Water	Sewer	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers	\$ 3,941,516	\$ 3,444,628	\$ 7,386,144	\$ 801,780
Payments to suppliers	(690,763)	(1,109,772)	(1,800,535)	(267,613)
Payments to employees	(1,224,117)	(1,195,772)	(2,419,889)	(483,322)
Payments for support services	(214,803)	(157,706)	(372,509)	-
NET CASH FROM OPERATING ACTIVITIES	1,811,833	981,378	2,793,211	50,845
CASH FLOWS FROM NON FINANCING ACTIVITIES:				
Property taxes	-	1,370,894	1,370,894	-
Transfers out	(38,223)	(32,941)	(71,164)	-
NET CASH FROM NON FINANCING ACTIVITIES	(38,223)	1,337,953	1,299,730	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition of capital assets	(1,832,859)	(1,410,192)	(3,243,051)	(34,554)
Proceeds received from sale of capital assets	8,139	13,362	21,501	-
System development charges	132,623	296,452	429,075	-
Principal paid on advance from other funds	(82,495)	-	(82,495)	-
Principal paid on long-term obligations	(883,835)	(984,438)	(1,868,273)	-
Interest paid on long-term obligations	(125,022)	(449,918)	(574,940)	-
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES	(2,783,449)	(2,534,734)	(5,318,183)	(34,554)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest on investments	20,002	33,343	53,345	-
NET INCREASE (DECREASE) IN CASH AND INVESTMENTS	(989,837)	(182,060)	(1,171,897)	16,291
CASH AND INVESTMENTS, beginning of year	1,807,921	2,605,518	4,413,439	59,410
CASH AND INVESTMENTS, end of year	\$ 818,084	\$ 2,423,458	\$ 3,241,542	\$ 75,701
RECONCILIATION OF OPERATING INCOME TO NET CASH FROM OPERATING ACTIVITIES				
Operating income (loss)	\$ 553,788	\$ (748,772)	\$ (194,984)	\$ (27,728)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	1,159,865	1,514,189	2,674,054	35,109
Decrease (increase) in assets and deferred outflows				
Receivables, net	(26,716)	(15,892)	(42,608)	(4,806)
Prepays	-	-	-	(2,627)
Inventories	(23,331)	103	(23,228)	-
Cash with County Treasurer	-	993	993	-
Deferred outflows	(592,806)	(497,543)	(1,090,349)	(193,246)
Increase (decrease) in liabilities and deferred inflows				
Accounts payable and accrued expenses	6,434	155,551	161,985	1,033
Compensated absences payable	838	(20,861)	(20,023)	-
Net other postemployment benefit obligation	(714)	(729)	(1,443)	-
Net Pension liability	807,101	662,048	1,469,149	265,660
Deferred inflows	(72,626)	(67,709)	(140,335)	(22,550)
NET CASH FROM OPERATING ACTIVITIES	\$ 1,811,833	\$ 981,378	\$ 2,793,211	\$ 50,845
Schedule of non-cash transactions:				
Contributions of capital assets	\$ -	\$ 28,000	\$ 28,000	\$ -
Gain/(Loss) on sale of asset	\$ 8,139	\$ (35,652)	\$ (27,513)	\$ -

See notes to basic financial statements.

CITY OF LINCOLN CITY
Lincoln City, Oregon

AGENCY FUND

STATEMENT OF ASSETS AND LIABILITIES

JUNE 30, 2017

ASSETS:

Cash and investments	\$ 54,243
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LIABILITIES:

Accounts payable	\$ 21,251
Funds held in trust	32,992

TOTAL LIABILITIES	\$ 54,243
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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, 2017

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.

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, 2017

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, 2017

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.

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.

Sewer Fund – accounts for the sewer 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, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements (Continued)

The City also reports an Internal Service fund. This fund accounts for vehicle maintenance, information technology, and geographic information system operations.

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, 2017.

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 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.

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Receivables (Continued)

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 acquisition value.

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, 2017

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, 2017

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 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.

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Inflow/Outflow of Resources (Continued)

In addition to liabilities, the basic financial statements 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 and municipal court receivables. 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 is 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, 2017

2. DEPOSITS AND INVESTMENTS (Continued)

At June 30, 2017, the City's cash and investments were comprised of the following:

Cash on hand	\$ 2,825
Deposits with financial institutions	(97,966)
Oregon State Treasurer's Local Government Investment Pool	<u>24,140,806</u>
	<u>\$ 24,045,665</u>

Reported as:

Governmental activities	\$ 20,749,880
Business-type activities	<u>3,241,542</u>
Total per Statement of Net Position	23,991,422
Agency Fund	<u>54,243</u>
	<u>\$ 24,045,665</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, 2017, was \$301,336 of which \$301,336 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.

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.

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2017

3. ACCOUNTS RECEIVABLE

Receivables as of June 30, 2017, for the City's governmental activities/funds are as follows:

	General	Visitor and Convention Bureau	Other Governmental	Internal Service	Totals
Property taxes	\$ 508,232	\$ -	\$ 94,392	\$ -	\$ 602,624
Intergovernmental	81,815	-	43,653	-	125,468
Fines and warrants	75,763	-	-	-	75,763
Franchise fees	100,017	-	-	4,806	104,823
Transient room taxes	292,857	458,061	750,910	-	1,501,828
Notes-housing rehabilitation	-	-	676,350	-	676,350
Miscellaneous other	497,972	-	-	-	497,972
	<u>\$ 1,556,656</u>	<u>\$ 458,061</u>	<u>\$ 1,565,305</u>	<u>\$ 4,806</u>	<u>\$ 3,584,828</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 2016-17.

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%	\$ 591,459
Affordable Housing:			
Habitat and Housing Rehabilitation	15 years	0%	\$ 84,891

Receivables as of June 30, 2017, for the City's business-type activities/funds are as follows:

	Water	Sewer	Totals
User charges	\$ 568,581	\$ 532,685	\$ 1,101,266
Property taxes	-	108,274	108,274
	<u>\$ 568,581</u>	<u>\$ 640,959</u>	<u>\$ 1,209,540</u>

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2017

4. CAPITAL ASSETS

Transactions for the year ended June 30, 2017, of the governmental activities, were as follows:

	<u>Balance</u> <u>June 30, 2016</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2017</u>
Capital assets not being depreciated:				
Land	\$ 14,666,684	\$ 906,074	\$ -	\$ 15,572,758
Public right-of-way	22,328,786	-	-	22,328,786
Construction in progress	<u>378,635</u>	<u>1,061,355</u>	<u>(856,996)</u>	<u>582,994</u>
Total capital assets not being depreciated	<u>37,374,105</u>	<u>1,967,429</u>	<u>(856,996)</u>	<u>38,484,538</u>
Capital assets being depreciated:				
Buildings	15,289,834	134,167	-	15,424,001
Heavy equipment	496,929	44,341	(3,550)	537,720
Urban renewal projects	2,584,206	4,535	-	2,588,741
System improvements	51,248,567	407,182	(92,501)	51,563,248
Vehicles	1,091,714	103,440	(21,070)	1,174,084
Equipment and furnitures	3,829,301	141,649	(37,037)	3,933,913
Books and art	<u>1,199,119</u>	<u>2,998</u>	<u>-</u>	<u>1,202,117</u>
Total capital assets being depreciated	75,739,670	838,312	(154,158)	76,423,824
Accumulated depreciation	<u>(45,385,175)</u>	<u>(2,587,884)</u>	<u>66,122</u>	<u>(47,906,937)</u>
Total capital assets being depreciated, net	<u>30,354,495</u>	<u>(1,749,572)</u>	<u>(88,036)</u>	<u>28,516,887</u>
Total capital assets, net	<u>\$ 67,728,600</u>	<u>\$ 217,857</u>	<u>\$ (945,032)</u>	<u>\$ 67,001,425</u>

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

General government	\$ 581,584
Public safety	122,386
Highway and streets	1,422,477
Culture and recreation	<u>461,437</u>
Total	<u>\$ 2,587,884</u>

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2017

4. CAPITAL ASSETS (Continued)

Transactions for the year ended June 30, 2017, of the business-type activities, were as follows:

	Balance June 30, 2016	Increases	Decreases	Balance June 30, 2017
Capital assets not being depreciated:				
Land and improvements	\$ 811,970	\$ -	\$ -	\$ 811,970
Construction in progress	1,442,034	1,004,120	(1,472,966)	973,188
Total capital assets not being depreciated	<u>2,254,004</u>	<u>1,004,120</u>	<u>(1,472,966)</u>	<u>1,785,158</u>
Capital assets being depreciated:				
Buildings	1,175,931	-	-	1,175,931
Facilities	84,483,576	3,684,584	-	88,168,160
Equipment	2,168,597	6,299	(43,895)	2,131,001
Intangibles	120,868	-	-	120,868
Total capital assets being depreciated	<u>87,948,972</u>	<u>3,690,883</u>	<u>(43,895)</u>	<u>91,595,960</u>
Accumulated depreciation	<u>(37,755,490)</u>	<u>(2,674,054)</u>	<u>43,895</u>	<u>(40,385,649)</u>
Total capital assets being depreciated, net	<u>50,193,482</u>	<u>1,016,829</u>	<u>-</u>	<u>51,210,311</u>
Total capital assets, net	<u>\$ 52,447,486</u>	<u>\$ 2,020,949</u>	<u>\$ (1,472,966)</u>	<u>\$ 52,995,469</u>

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

Water	\$ 1,159,865
Sewer	<u>1,514,189</u>
Total	<u>\$ 2,674,054</u>

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2017

5. LONG-TERM OBLIGATIONS

Transactions for the year ended June 30, 2017, of the governmental activities, were as follows:

<u>Note</u>	<u>Balance June 30, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balances June 30, 2017</u>	<u>Due within 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	\$ 2,033,722	\$ -	\$ 1,008,041	\$ 1,025,681	\$ 1,025,681
Compensated absences	\$ 542,554	\$ 505,195	\$ 542,554	\$ 505,195	\$ 505,195

The future maturities for governmental activity long-term obligations outstanding as of June 30, 2017, are as follows:

<u>Fiscal Year</u>	<u>Full Faith and Credit Note, Series 2014 URA Projects</u>	
	<u>Principal</u>	<u>Interest</u>
2018	1,025,681	16,821
	<u>\$ 1,025,681</u>	<u>\$ 16,821</u>

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2017

5. LONG-TERM OBLIGATIONS (Continued)

Transactions for the year ended June 30, 2017, of the business-type activities, were as follows:

	<u>Balance</u> <u>June 30, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balances</u> <u>June 30, 2017</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	\$ 3,260,000	\$ -	\$ 380,000	\$ 2,880,000	\$ 385,000
<u>General Obligation Bonds</u>					
Sewer Bonds, Series 2011, Original issue amount \$7 million, final maturity March 2026, interest at 4.1 percent					
Principal	5,009,971	-	427,068	4,582,903	444,849
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	1,677,888	-	557,369	1,120,519	561,630
Water Bonds, Series 2007 Original issue amount \$4 million, final maturity December 2018, interest at 3.95 percent					
Principal	825,292	-	406,572	418,720	418,720
<u>Contract payable</u>					
Original issue amount \$585,000, final maturity August 2019, interest at 2.0 percent					
Principal	280,904	-	97,263	183,641	99,224
	<u>\$ 20,804,055</u>	<u>\$ -</u>	<u>\$ 1,868,272</u>	<u>\$ 18,935,783</u>	<u>\$ 1,909,423</u>
Compensated absences	<u>\$ 187,325</u>	<u>\$ 167,302</u>	<u>\$ 187,325</u>	<u>\$ 167,302</u>	<u>\$ 167,302</u>

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2017

5. LONG-TERM OBLIGATIONS (Continued)

The future maturities for business-type activity long-term obligations outstanding as of June 30, 2017, are as follows:

Fiscal Year	Full Faith and Credit Note Series 2014	
	Principal	Interest
2018	\$ 385,000	\$ 82,052
2019	395,000	71,083
2020	405,000	59,994
2021	410,000	48,291
2022	420,000	36,610
2023-27	865,000	37,071
	<u>\$ 2,880,000</u>	<u>\$ 335,101</u>

Fiscal Year	General Obligation Water Bonds Series 2007		General Obligation Sewer Bonds Series 2011		General Obligation Sewer Refunding Bond Series 2013	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 418,720	\$ 10,327	\$ 444,849	\$ 181,118	\$ -	\$ 231,050
2019	-	-	463,371	162,596	130,000	231,050
2020	-	-	482,662	143,304	730,000	228,450
2021	-	-	502,758	123,209	760,000	213,850
2022	-	-	523,690	102,276	795,000	198,650
2023-27	-	-	2,165,573	181,801	4,380,000	732,413
2028-32	-	-	-	-	2,955,000	173,900
	<u>\$ 418,720</u>	<u>\$ 10,327</u>	<u>\$ 4,582,903</u>	<u>\$ 894,304</u>	<u>\$ 9,750,000</u>	<u>\$ 2,009,363</u>

Fiscal Year	General Obligation Sewer Bonds Series 2015		Contract Payable		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 561,630	\$ 19,111	\$ 99,224	\$ 3,673	\$ 1,909,423	\$ 527,331
2019	558,889	8,173	84,417	1,688	1,631,677	474,590
2020	-	-	-	-	1,617,662	431,748
2021	-	-	-	-	1,672,758	385,350
2022	-	-	-	-	1,738,690	337,536
2023-27	-	-	-	-	7,410,573	951,285
2028-32	-	-	-	-	2,955,000	173,900
	<u>\$ 1,120,519</u>	<u>\$ 27,284</u>	<u>\$ 183,641</u>	<u>\$ 5,361</u>	<u>\$ 18,935,783</u>	<u>\$ 3,281,740</u>

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2017

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, 2017, unavailable revenue consists of the following:

	General Fund	Other Governmental Funds	Totals
Property taxes	\$ 508,232	\$ 94,392	\$ 602,624
LID/Reimbursement District	374,744	-	374,744
Fines and warrants	72,033	-	72,033
Total	<u>\$ 955,009</u>	<u>\$ 94,392</u>	<u>\$ 1,049,401</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, 2017, the City reports a restricted fund balance amount related to these post-closure requirements of \$675,958 and liability in the entity-wide financial statements \$394,221.

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, 2017

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/Financials/Actuarial-Financial-Information.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, 2017

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, 2017

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, 2016, through June 30, 2017, 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, 2014 actuarial valuation was determined using the following actuarial assumptions:

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2017

8. EMPLOYEE RETIREMENT PENSION PLAN (continued)

Actuarial Valuations (Continued)

Valuation Date	12/31/2014
Measurement Date	06/30/2016
Experience Study Report	2014, published September 2015
Actuarial cost method	Entry Age Normal
Amortization method	Amortized as a level percentage of payroll; Tier One/Tier Two UAL (20 year) and OPSRP Pension UAL (16 year); Amortization periods are closed.
Actuarial assumptions:	
Inflation rate	2.50 percent
Investment rate of return	7.50 percent*
Discount Rate	7.50 percent
Projected salary increases	3.50 percent
Cost of living adjustment	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with <i>Moro</i> decision; blend based on service.
Mortality	Healthy retirees and beneficiaries: RP-2000 table. Active members: a percentage of healthy retiree rates. Disabled retirees: males 70%, females 95% of the RP-2000 static combined disabled table.

**At its September 25, 2015 meeting, the PERS Board reduced the assumed rate of return on investments from 7.75 percent to 7.50 percent.*

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 2014 Experience Study which reviewed experience for the four-year period ending on December 31, 2014.

Discount Rate

The discount rate used to measure the total pension liability was 7.50 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, 2017

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 2015 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	13.5	21.5	17.5
Real Estate	9.5	15.5	12.5
Alternative Equity	0.0	12.5	12.5
Opportunity Portfolio	0.0	3.0	0.0
Total			<u>100.0 %</u>

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2017

8. EMPLOYEE RETIREMENT PENSION PLAN (continued)

Actuarial Valuations (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Compound Annual Return (Geometric)</u>
Core Fixed Income	8.00 %	4.00 %
Short-Term Bond	8.00	3.61
US Bank/Leveraged Loans	3.00	5.42
High Yield Bonds	1.00	6.20
Large/Mid Cap US Equities	15.75	6.70
Small Cap US Equities	1.31	6.99
Micro Cap US Equities	1.31	7.01
Developed Foreign Equities	13.13	6.73
Emerging Foreign Equities	4.12	7.25
Non-US Small Cap Equities	1.88	7.22
Private Equity	17.50	7.97
Real Estate (Property)	10.00	5.84
Real Estate (REITS)	2.50	6.69
Hedge Fund of Funds- Diversified	2.50	4.64
Hedge Fund Event-Driven	0.63	6.72
Timber	1.88	5.85
Farmland	1.88	6.37
Infrastructure	3.75	7.13
Commodities	1.88	4.58
Total	100.00 %	

Assumed Inflation - Mean 2.5%

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, 2013 actuarial valuation as subsequently modified by 2015 legislated changes in benefit provisions. The rates based on a percentage of payroll, first became effective July 1, 2015.

The City's contributions for the year ended June 30, 2017 were \$747,380. The contractually required contribution rates in effect for the fiscal year ended June 30, 2017 were 13.62% for Tier One/Tier Two, 7.10% for OPSRP Pension Program General Service Members, 11.21% for OPSRP Pension Program Police and Fire Members, and 6.00% 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.

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2017

8. EMPLOYEE RETIREMENT PENSION PLAN (continued)

Proportionate Share Allocation Methodology

The basis for the employer's proportion is actuarially determined by comparing the employer's projected long-term contribution effort to the plan with the total projected long-term contribution effort of all employers. The contribution rate for every employer has at least two major components; Normal Cost rate and Unfunded Actuarial Liability (UAL) Rate.

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

At June 30, 2017, the City reported a liability of \$11,648,031 for its proportionate share of the plan pension liability. The net pension liability was measured as of June 30, 2016 and the total pension liability used to calculate the net pension liability 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, 2017 and 2016, the City's proportion was 0.07758981 percent and 0.08575513, respectively.

For the year ended June 30, 2017, the City recognized pension expense of \$1,923,832. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 385,368	\$ -
Change of assumptions	2,484,245	-
Net difference between projected and actual earnings on pension plan investments	2,301,162	-
Changes in proportion share	120,147	439,574
Difference between employer contributions and employer's proportionate share of contributions	-	328,358
City contributions subsequent to the measurement date	747,380	-
Total	<u>\$ 6,038,302</u>	<u>\$ 767,932</u>

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2017

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 \$747,380 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, 2018. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	Total
2018	767,230
2019	767,230
2020	1,622,101
2021	1,214,278
2022	152,151
	<u>\$ 4,522,990</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 7.5 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 (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
Entity's proportionate share of net pension (asset)/liability	\$ 18,807,688	\$ 11,648,031	\$ 5,663,812

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2017

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 health 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 July 1, 2016 to determine the unfunded accrued actuarial liability (UAAL), annual required contribution (ARC) and net other post-employment benefit obligation (OPEB) as of that date. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period not to exceed fifteen years.

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

Normal cost	\$ 41,825
Amortization of UAAL	63,414
	<hr/>
Annual required contribution	\$ 105,239

The net OPEB obligation as of June 30, 2017 was calculated as follows:

Annual required contribution	\$ 105,239
Interest on prior year net OPEB Obligation	29,402
Adjustment to ARC	(101,010)
Implicit benefit payments	(41,145)
	<hr/>
Increase in net OPEB Obligation	(7,514)
OPEB Obligation at beginning of year	840,060
	<hr/>
OPEB obligation at end of year	\$ 832,546

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2017

9. OTHER POSTEMPLOYMENT BENEFITS (continued)

Annual OPEB Cost and Net OPEB Obligation (continued)

The City's annual OPEB cost, percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of June 30, 2017 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, 2017	\$ 33,631	122%	\$ 832,546
June 30, 2016	73,038	63%	840,060
June 30, 2015	115,667	53%	812,759

Funded Status and Funding Process

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

The schedule of funding progress presents information about the actuarial value of plan assets and the unfunded actuarial liability.

<u>Valuation Date</u>	<u>Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Accrued Liability</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAL/ Payroll</u>
July 1, 2016	\$ -	\$ 527,392	\$ 527,392	0%	\$ 7,225,861	7.3%
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%

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2017

10. OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Methods and Assumptions

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

In the July 1, 2016 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a general inflation rate of 2.50 percent per year, a 3.5 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 7.50 percent, reduced by decrements to an ultimate rate of 5.00 percent. The UAAL is being amortized using the level percentage of payroll 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.

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 0.45% of annual covered payroll for OPSRP and 0.53% of annual covered

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2017

9. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Retirement Health Insurance Account (RHIA) (Continued)

payroll for Tier 1/Tier 2. 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, 2017, 2016 and 2015 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.

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 fund purchases a capital asset which will be used in the operation of a business type activity (or vice versa), or when a governmental fund receives proceeds from or pays principal on long-term obligations reported in a business-type activity fund (or vice versa). The following schedule briefly summarizes the City's transfer activity for the year ended June 30, 2017:

<u>Funds</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental		
General	\$ 60,103	\$ 360,000
Visitor and Convention Bureau	-	65,197
Other governmental	465,639	29,381
Proprietary		
Water	-	38,223
Sewer	-	32,941
	<u>\$ 525,742</u>	<u>\$ 525,742</u>

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2017

10. OTHER INFORMATION (continued)

Construction Commitments

Project	Outstanding Amount
<u>FY2016-17</u>	
NE Tide & 31st St Overlay	\$ 92,326
SE 19th Street Sidewalk & Overlay	107,353
Pave SW Anchor between SW 35th to SW Anchor Court	25,543
Dewatering Facility & Equipment	301,246
Head to Bay Trail	70,754
Roads End South Pump Station	599,570
Voyage Pump Station	132,595
Total Commitments	<u>\$ 1,329,386</u>
<u>Commitments subsequent to June 30, 2017</u>	
Schooner Creek Sanitary Boring Project	\$ 1,890,350
DeLake Undergrounding	1,821,672
NE 36th Drive Sanitary Sewer Local Improvement District	286,294
Lincoln City Baywalk	228,250

Budget Policies and Budgetary Control

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

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

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

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

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

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2017

11. RESTATEMENT – CITY

The City has elected to present the Water System Replacement Fund, Water SDC Reimbursement Fund, and Water SDC Improvement Fund as separate funds in the current year. In prior years these three funds were reported together as one Water Capital Fund.

The City has also elected to present the Sewer System Replacement Fund, Sewer SDC Reimbursement Fund, and Sewer SDC Improvement Fund as separate funds in the current year. In prior years these three funds were reported together as one Sewer Capital Fund.

As a result, the City has restated its June 30, 2016 fund balance to reflect this change:

	Water Capital Fund	Water System Replacement Fund	Water SDC Reimbursement Fund	Water SDC Improvement Fund
Fund balance June 30, 2016	\$ 377,046	\$ -	\$ -	\$ -
Restatement	(377,046)	161,227	183,948	31,869
Fund balance June 30, 2016 as restated	\$ -	\$ 161,227	\$ 183,948	\$ 31,869

	Sewer Capital Fund	Sewer System Replacement Fund	Sewer SDC Reimbursement Fund	Sewer SDC Improvement Fund
Fund balance June 30, 2016	\$ 1,983,965	\$ -	\$ -	\$ -
Restatement	(1,983,965)	695,795	149,881	1,138,289
Fund balance June 30, 2016 as restated	\$ -	\$ 695,795	\$ 149,881	\$ 1,138,289

12. SUBSEQUENT EVENTS

The Urban Renewal Agency budgeted to issue its final bond of \$2,975,000 during the fiscal year ending June 30, 2018. Proceeds from this bond were received by the Agency on November 2nd, 2017.

On July 28, 2017 the PERS Board lowered the assumed investment rate of return from 7.5% to 7.2% effective on January 1, 2018. This rate will be used for the determination of contribution rates beginning July 1, 2019. The Board revises the assumed rate based on the long-term projection of investment returns that can be expected from the asset allocations of the Oregon Investment Council and related capital market expectations. An estimate of the result of this change is not readily available at this time.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF LINCOLN CITY
Lincoln City, Oregon

SCHEDULE OF FUNDING PROGRESS

OTHER POSTEMPLOYMENT BENEFITS PLAN

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Actuarial Accrued Liability</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>Unfunded Actuarial Accrued Liability as a Percent of Covered Payroll</u>
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%
7/1/2016		527,392	527,392	0%	7,225,861	7.3%

CITY OF LINCOLN CITY
Lincoln City, Oregon

SCHEDULE OF PENSION PLAN CONTRIBUTIONS

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

<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>
2014	\$ 613,563	\$ 613,563	-	\$ 7,695,975	8.0%
2015	599,044	599,044	-	7,676,583	7.8%
2016	670,745	670,745	-	7,888,036	8.5%
2017	747,380	747,380	-	7,678,745	9.7%

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

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

<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>
2014	0.07669903%	\$ 3,914,064	\$ 7,456,657	52.5%	92.0%
2015	0.07669903%	(1,738,548)	7,695,975	-22.6%	103.6%
2016	0.08575513%	4,923,598	7,676,583	64.1%	91.9%
2017	0.07758981%	11,648,031	7,888,036	147.7%	80.5%

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, 2017

	Budget		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
REVENUES:				
Property taxes	\$ 6,349,869	\$ 6,349,869	\$ 6,457,526	\$ 107,657
Franchise fees	1,011,200	1,011,200	1,048,034	36,834
Transient room tax	1,443,444	1,443,444	1,451,288	7,844
Fees, licenses and permits	624,190	624,190	646,376	22,186
Fines, and forfeitures	160,600	160,600	155,884	(4,716)
Charges for services	21,492	21,492	21,492	-
Intergovernmental	595,256	595,256	579,561	(15,695)
Interest	22,500	22,500	91,812	69,312
Miscellaneous	925,127	925,127	963,243	38,116
TOTAL REVENUES	11,153,678	11,153,678	11,415,216	261,538
EXPENDITURES:				
City council	24,704	24,704	20,117	4,587
City administration	597,700	607,700	564,577	43,123
Finance	865,940	860,940	809,526	51,414
Library	899,466	899,466	874,916	24,550
Municipal court	78,893	78,893	65,487	13,406
City attorney	221,718	261,718	238,554	23,164
Planning	626,946	621,946	540,092	81,854
Building inspection	255,727	255,727	238,429	17,298
Police	4,152,234	4,152,234	3,701,148	451,086
Dispatch Center	919,388	919,388	819,452	99,936
Recreation department	1,210,477	1,210,477	1,077,140	133,337
Non-departmental	362,218	417,413	298,685	118,728
Contingencies	1,900,000	1,860,000	-	1,860,000
TOTAL EXPENDITURES	12,115,411	12,170,606	9,248,123	2,922,483
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(961,733)	(1,016,928)	2,167,093	3,184,021
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of capital assets	-	-	6,794	6,794
Transfers in	494,154	494,154	523,535	29,381
Transfers out	(427,000)	(427,000)	(427,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	67,154	67,154	103,329	36,175
NET CHANGE IN FUND BALANCE	(894,579)	(949,774)	2,270,422	3,220,196
FUND BALANCE, beginning of year	6,037,354	6,092,549	8,059,357	1,966,808
FUND BALANCE, end of year	\$ 5,142,775	\$ 5,142,775	\$ 10,329,779	\$ 5,187,004

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, 2017

	<u>Budget</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget
				Positive (Negative)
REVENUES:				
Transient room tax	\$ 1,922,537	\$ 1,922,537	\$ 1,923,208	\$ 671
Interest on investments	2,400	2,400	17,730	15,330
Miscellaneous	158,300	158,300	87,265	(71,035)
TOTAL REVENUES	<u>2,083,237</u>	<u>2,083,237</u>	<u>2,028,203</u>	<u>(55,034)</u>
EXPENDITURES:				
Personal services	630,490	630,490	552,844	77,646
Materials and services	1,256,589	1,330,589	1,213,798	116,791
Capital outlay	110,000	110,000	5,297	104,703
Contingency	1,420,262	1,420,262	-	1,420,262
TOTAL EXPENDITURES	<u>3,417,341</u>	<u>3,491,341</u>	<u>1,771,939</u>	<u>1,719,402</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,334,104)	(1,408,104)	256,264	1,664,368
OTHER FINANCING USES:				
Transfers out	(100,737)	(100,737)	(100,737)	-
NET CHANGE IN FUND BALANCE	(1,434,841)	(1,508,841)	155,527	1,664,368
FUND BALANCE, beginning of year	<u>1,434,841</u>	<u>1,508,841</u>	<u>1,547,291</u>	<u>38,450</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,702,818</u>	<u>\$ 1,702,818</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, 2017

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Interest on investments	\$ 8,000	\$ 9,814	\$ 1,814
Miscellaneous	-	274	274
TOTAL REVENUES	<u>8,000</u>	<u>10,088</u>	<u>2,088</u>
EXPENDITURES:			
Personal services	147,622	141,798	5,824
Materials and services	179,631	146,908	32,723
Capital outlay	744,206	53,649	690,557
TOTAL EXPENDITURES	<u>1,071,459</u>	<u>342,355</u>	<u>729,104</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND CHANGE IN FUND BALANCE	(1,063,459)	(332,267)	731,192
OTHER FINANCING SOURCE:			
Proceeds from sale of equipment	<u>50,000</u>	-	<u>(50,000)</u>
NET CHANGE IN FUND BALANCE	(1,013,459)	(332,267)	681,192
FUND BALANCE, beginning of year	<u>1,013,459</u>	<u>1,060,970</u>	<u>47,511</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ 728,703</u>	<u>\$ 728,703</u>

CITY OF LINCOLN CITY, OREGON

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2017

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 transfers 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 four changes to the fiscal year 2016-17 General Fund adopted budget. These changes recategorized operating expenditures to reflect actual spending patterns. It also moved unused budgeted capital dollars from the prior fiscal year for the Community Center jumbotron.

OTHER SUPPLEMENTARY INFORMATION

CITY OF LINCOLN CITY
Lincoln City, Oregon

NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2017

	Special Revenue Funds	Debt Service Fund	Capital Project Funds	Totals
ASSETS:				
Cash and investments	\$ 2,215,960	\$ 1,254,743	\$ 4,891,803	\$ 8,362,506
Cash with County Treasurer	-	9,689	-	9,689
Receivables	1,320,294	94,392	150,619	1,565,305
Assets held for sale	560,822	-	-	560,822
TOTAL ASSETS	\$ 4,097,076	\$ 1,358,824	\$ 5,042,422	\$ 10,498,322
LIABILITIES:				
Accounts payable	\$ 44,690	\$ -	\$ 106,918	\$ 151,608
TOTAL LIABILITIES	44,690	-	106,918	151,608
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenue	-	94,392	-	94,392
TOTAL DEFERRED INFLOWS OF RESOURCES	-	94,392	-	94,392
FUND BALANCES:				
Nonspendable in form	1,237,172	-	-	1,237,172
Restricted for:				
Capital projects	-	-	4,318,555	4,318,555
Road construction/maintenance	986,890	-	-	986,890
Urban renewal	570,182	-	-	570,182
Parks maintenance	993,815	-	-	993,815
Debt service	-	1,264,432	-	1,264,432
Committed to:				
Affordable housing	149,685	-	-	149,685
Maintenance	59,788	-	-	59,788
Art and education	54,854	-	-	54,854
Assigned to:				
Capital projects	-	-	616,949	616,949
TOTAL FUND BALANCES	4,052,386	1,264,432	4,935,504	10,252,322
TOTAL LIABILITIES AND FUND BALANCE	\$ 4,097,076	\$ 1,358,824	\$ 5,042,422	\$ 10,498,322

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, 2017

	Special Revenue Funds	Debt Service Fund	Capital Project Funds	Eliminations	Totals
REVENUES:					
Property taxes	\$ -	\$ 709,386	\$ -	\$ -	\$ 709,386
Transient room tax	2,347,379	-	630,888	-	2,978,267
Rents	208,708	-	-	-	208,708
Charges for services	9,215	-	206,886	-	216,101
Intergovernmental	530,788	-	686,104	-	1,216,892
Reimbursement from other funds	35,197	-	-	-	35,197
Interest on investments	27,190	21,413	50,547	-	99,150
Miscellaneous	42,275	-	843	-	43,118
TOTAL REVENUES	3,200,752	730,799	1,575,268	-	5,506,819
EXPENDITURES:					
Current:					
General government	481,678	-	-	-	481,678
Highways and streets	1,108,649	-	476,283	-	1,584,932
Culture and recreation	953,920	-	-	-	953,920
Art and education	205	-	-	-	205
Debt service	-	1,041,394	-	-	1,041,394
Capital outlay	363,576	-	1,214,534	-	1,578,110
TOTAL EXPENDITURES	2,908,028	1,041,394	1,690,817	-	5,640,239
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	292,724	(310,595)	(115,549)	-	(133,420)
OTHER FINANCING SOURCES (USES):					
Proceeds from sale of equipment	14,529	-	307	-	14,836
Transfers in	215,639	-	750,000	(500,000)	465,639
Transfers out	(529,381)	-	-	500,000	(29,381)
TOTAL OTHER FINANCING SOURCES (USES)	(299,213)	-	750,307	-	451,094
NET CHANGE IN FUND BALANCE	(6,489)	(310,595)	634,758	-	317,674
FUND BALANCE, beginning of year	4,058,875	1,575,027	4,300,746	-	9,934,648
FUND BALANCE, end of year	\$ 4,052,386	\$ 1,264,432	\$ 4,935,504	\$ -	\$ 10,252,322

CITY OF LINCOLN CITY
Lincoln City, Oregon

NONMAJOR SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2017

	<u>Affordable Housing</u>	<u>Lincoln Square Operations</u>	<u>Public Information Access</u>	<u>Street</u>	<u>Urban Renewal Property Rehabilitation Program</u>
ASSETS:					
Cash and investments	\$ 149,703	\$ 67,737	\$ -	\$ 665,003	\$ 570,940
Receivables	84,891	-	-	343,580	591,459
Prepaid items	-	-	-	-	-
Assets held for Sale	560,822	-	-	-	-
TOTAL ASSETS	<u>\$ 795,416</u>	<u>\$ 67,737</u>	<u>\$ -</u>	<u>\$ 1,008,583</u>	<u>\$ 1,162,399</u>
LIABILITIES:					
Accounts payable	\$ 18	\$ 7,949	\$ -	\$ 21,693	\$ 758
FUND BALANCES:					
Nonspendable in form	645,713	-	-	-	591,459
Restricted for:					
Capital projects	-	-	-	-	-
Road construction/maintenance	-	-	-	986,890	-
Parks maintenance	-	-	-	-	-
Urban Renewal	-	-	-	-	570,182
Committed to:					
Affordable housing	149,685	-	-	-	-
Maintenance	-	59,788	-	-	-
Art and education	-	-	-	-	-
TOTAL FUND BALANCES	<u>795,398</u>	<u>59,788</u>	<u>-</u>	<u>986,890</u>	<u>1,161,641</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 795,416</u>	<u>\$ 67,737</u>	<u>\$ -</u>	<u>\$ 1,008,583</u>	<u>\$ 1,162,399</u>

<u>Parks Maintenance</u>	<u>Percent for Art</u>	<u>Totals</u>
\$ 707,723	\$ 54,854	\$ 2,215,960
300,364	-	1,320,294
-	-	-
-	-	560,822
<u>\$ 1,008,087</u>	<u>\$ 54,854</u>	<u>\$ 4,097,076</u>
\$ 14,272	\$ -	\$ 44,690
-	-	1,237,172
-	-	-
-	-	986,890
993,815	-	993,815
-	-	570,182
-	-	149,685
-	-	59,788
-	54,854	54,854
<u>993,815</u>	<u>54,854</u>	<u>4,052,386</u>
<u>\$ 1,008,087</u>	<u>\$ 54,854</u>	<u>\$ 4,097,076</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, 2017

	<u>Affordable Housing</u>	<u>Lincoln Square Operations</u>	<u>Public Information Access</u>	<u>Street</u>	<u>Urban Renewal Property Rehabilitation Program</u>
REVENUES:					
Transient room tax	\$ -	\$ -	\$ -	\$ 1,261,170	\$ -
Rents	15,097	193,611	-	-	-
Charges for services	-	-	-	9,215	-
Intergovernmental	-	1,216	-	502,524	-
Reimbursement from other funds	-	35,197	-	-	-
Interest on investments	1,824	621	-	9,064	5,088
Miscellaneous	-	32,963	-	200	-
TOTAL REVENUES	<u>16,921</u>	<u>263,608</u>	<u>-</u>	<u>1,782,173</u>	<u>5,088</u>
EXPENDITURES:					
Current					
General government	38,495	417,036	-	-	26,147
Highways and streets	-	-	-	1,108,649	-
Culture and recreation	-	-	-	-	-
Art and education	-	-	-	-	-
Capital outlay	-	-	-	106,723	-
TOTAL EXPENDITURES	<u>38,495</u>	<u>417,036</u>	<u>-</u>	<u>1,215,372</u>	<u>26,147</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(21,574)</u>	<u>(153,428)</u>	<u>-</u>	<u>566,801</u>	<u>(21,059)</u>
OTHER FINANCING SOURCES (USES):					
Proceeds from sale of capital assets	-	-	-	13,909	-
Transfers in	-	184,051	-	-	-
Transfers out	-	-	(29,381)	(532,287)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>184,051</u>	<u>(29,381)</u>	<u>(518,378)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(21,574)</u>	<u>30,623</u>	<u>(29,381)</u>	<u>48,423</u>	<u>(21,059)</u>
FUND BALANCE, beginning of year	<u>816,972</u>	<u>29,165</u>	<u>29,381</u>	<u>938,467</u>	<u>1,182,700</u>
FUND BALANCE, end of year	<u>\$ 795,398</u>	<u>\$ 59,788</u>	<u>\$ -</u>	<u>\$ 986,890</u>	<u>\$ 1,161,641</u>

<u>Parks Maintenance</u>	<u>Percent for Art</u>	<u>Eliminations</u>	<u>Totals</u>
\$ 1,086,209	\$ -	\$ -	\$ 2,347,379
-	-	-	208,708
-	-	-	9,215
27,048	-	-	530,788
-	-	-	35,197
10,138	455	-	27,190
821	8,291	-	42,275
<u>1,124,216</u>	<u>8,746</u>	<u>-</u>	<u>3,200,752</u>
-	-	-	481,678
-	-	-	1,108,649
953,920	-	-	953,920
-	205	-	205
256,853	-	-	363,576
<u>1,210,773</u>	<u>205</u>	<u>-</u>	<u>2,908,028</u>
<u>(86,557)</u>	<u>8,541</u>	<u>-</u>	<u>292,724</u>
620	-	-	14,529
50,000	13,875	(32,287)	215,639
-	-	32,287	(529,381)
<u>50,620</u>	<u>13,875</u>	<u>-</u>	<u>(299,213)</u>
(35,937)	22,416	-	(6,489)
<u>1,029,752</u>	<u>32,438</u>	<u>-</u>	<u>4,058,875</u>
<u>\$ 993,815</u>	<u>\$ 54,854</u>	<u>\$ -</u>	<u>\$ 4,052,386</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, 2017

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Rents	\$ 12,000	\$ 15,097	\$ 3,097
Interest on investments	600	1,824	1,224
TOTAL REVENUES	<u>12,600</u>	<u>16,921</u>	<u>4,321</u>
EXPENDITURES:			
Materials and services	49,121	38,495	10,626
Capital outlay	130,925	-	130,925
TOTAL EXPENDITURES	<u>180,046</u>	<u>38,495</u>	<u>141,551</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND CHANGE IN FUND BALANCE	(167,446)	(21,574)	145,872
FUND BALANCE , beginning of year	<u>167,446</u>	<u>171,259</u>	<u>3,813</u>
FUND BALANCE , end of year	<u>\$ -</u>	<u>\$ 149,685</u>	<u>\$ 149,685</u>
Fund balance - budgetary basis		\$ 149,685	
Balance of loans receivable		84,891	
Assets held for sale		<u>560,822</u>	
Fund balance - GAAP basis		<u>\$ 795,398</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, 2017

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Rents	\$ 191,000	\$ 191,000	\$ 193,611	\$ 2,611
Reimbursement from other funds	35,197	35,197	35,197	-
Intergovernmental	1,400	1,400	1,216	(184)
Interest on investments	100	100	621	521
Miscellaneous	34,000	34,000	32,963	(1,037)
TOTAL REVENUES	<u>261,697</u>	<u>261,697</u>	<u>263,608</u>	<u>1,911</u>
EXPENDITURES:				
Personal services	168,612	171,112	168,994	2,118
Materials and services	247,327	261,127	248,042	13,085
Capital outlay	5,000	5,000	-	5,000
Contingency	61,039	44,739	-	44,739
TOTAL EXPENDITURES	<u>481,978</u>	<u>481,978</u>	<u>417,036</u>	<u>64,942</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(220,281)	(220,281)	(153,428)	66,853
OTHER FINANCING SOURCES:				
Transfers in	<u>184,051</u>	<u>184,051</u>	<u>184,051</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(36,230)	(36,230)	30,623	66,853
FUND BALANCE, beginning of year	<u>36,230</u>	<u>36,230</u>	<u>29,165</u>	<u>(7,065)</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 59,788</u>	<u>\$ 59,788</u>

CITY OF LINCOLN CITY
Lincoln City, Oregon

PUBLIC INFORMATION ACCESS FUND

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

FOR THE YEAR ENDED JUNE 30, 2017

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Franchise fees	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Interest on investments	-	-	-	-
TOTAL REVENUES	-	-	-	-
EXPENDITURES:				
Personal services	-	-	-	-
Materials and services	-	-	-	-
Capital outlay	-	-	-	-
Contingency	-	-	-	-
TOTAL EXPENDITURES	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	(29,381)	(29,381)	-
NET CHANGE IN FUND BALANCE	-	(29,381)	(29,381)	-
FUND BALANCE, beginning of year	-	29,381	29,381	-
FUND BALANCE, end of year	\$ -	\$ -	\$ -	\$ -

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, 2017

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Transient room tax	\$ 1,257,392	\$ 1,257,392	\$ 1,261,170	\$ 3,778
Charges for services	4,000	4,000	9,215	5,215
Intergovernmental	479,920	479,920	502,524	22,604
Interest on investments	3,000	3,000	9,064	6,064
Miscellaneous	-	-	200	200
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	1,744,312	1,744,312	1,782,173	37,861
	<hr/>	<hr/>	<hr/>	<hr/>
EXPENDITURES:				
Personal services	661,350	661,350	603,428	57,922
Materials and services	597,481	594,781	440,249	154,532
Capital outlay	130,000	130,000	106,723	23,277
Contingency	605,846	605,846	-	605,846
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES	1,994,677	1,991,977	1,150,400	841,577
	<hr/>	<hr/>	<hr/>	<hr/>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(250,365)	(247,665)	631,773	879,438
	<hr/>	<hr/>	<hr/>	<hr/>
OTHER FINANCING USES:				
Proceeds from sale of equipment	-	-	13,909	13,909
Transfers out	(594,590)	(597,290)	(597,259)	31
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL OTHER FINANCING USES	(594,590)	(597,290)	(583,350)	13,940
	<hr/>	<hr/>	<hr/>	<hr/>
NET CHANGE IN FUND BALANCE	(844,955)	(844,955)	48,423	893,378
	<hr/>	<hr/>	<hr/>	<hr/>
FUND BALANCE, beginning of year	844,955	844,955	938,467	93,512
	<hr/>	<hr/>	<hr/>	<hr/>
FUND BALANCE, end of year	\$ -	\$ -	\$ 986,890	\$ 986,890
	<hr/>	<hr/>	<hr/>	<hr/>
Transfers out - budgetary basis			\$ 597,259	
Transfer for support services			<u>(64,972)</u>	
Transfers out - GAAP basis			<u>\$ 532,287</u>	
			<hr/>	
Total expenditures - budgetary basis			\$ 1,150,400	
Transfer for support services			<u>64,972</u>	
Total expenditures - GAAP basis			<u>\$ 1,215,372</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, 2017

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Loan repayments	\$ 100,000	\$ 75,707	\$ (24,293)
Interest on investments	2,200	5,920	3,720
TOTAL REVENUES	<u>102,200</u>	<u>81,627</u>	<u>(20,573)</u>
EXPENDITURES:			
Materials and services	5,000	26,147	(21,147)
Other Expenditures - Loans	380,075	260,000	120,075
TOTAL EXPENDITURES	<u>385,075</u>	<u>286,147</u>	<u>98,928</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND CHANGE IN FUND BALANCE	(282,875)	(204,520)	78,355
FUND BALANCE , beginning of year	<u>282,875</u>	<u>774,702</u>	<u>491,827</u>
FUND BALANCE , end of year	<u>\$ -</u>	<u>\$ 570,182</u>	<u>\$ 570,182</u>
Fund balance - budgetary basis		\$ 570,182	
Balance of loans receivable		<u>591,459</u>	
Fund balance - GAAP basis		<u>\$ 1,161,641</u>	
Change in fund balance - budgetary basis		\$ (204,520)	
Other expenditures reported as increases in receivable		260,000	
Adjust loan receivable to actual		(832)	
Loan repayments reported as reduction in receivable		<u>(75,707)</u>	
Changes in fund balance - GAAP basis		<u>\$ (21,059)</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, 2017

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Transient room tax	\$ 1,082,431	\$ 1,082,431	\$ 1,086,209	\$ 3,778
Intergovernmental	28,100	28,100	27,048	(1,052)
Interest on investments	3,500	3,500	10,138	6,638
Miscellaneous	20,250	20,250	821	(19,429)
TOTAL REVENUES	<u>1,134,281</u>	<u>1,134,281</u>	<u>1,124,216</u>	<u>(10,065)</u>
EXPENDITURES:				
Personal services	608,430	608,430	549,183	59,247
Materials and services	644,530	644,530	383,604	260,926
Capital outlay	234,000	309,000	256,853	52,147
Contingency	510,111	510,111	-	510,111
TOTAL EXPENDITURES	<u>1,997,071</u>	<u>2,072,071</u>	<u>1,189,640</u>	<u>882,431</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(862,790)</u>	<u>(937,790)</u>	<u>(65,424)</u>	<u>872,366</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of equipment	-	-	620	620
Transfers in	50,000	50,000	50,000	-
Transfers out	(21,133)	(21,133)	(21,133)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>28,867</u>	<u>28,867</u>	<u>29,487</u>	<u>620</u>
NET CHANGE IN FUND BALANCE	(833,923)	(908,923)	(35,937)	872,986
FUND BALANCE, beginning of year	<u>833,923</u>	<u>908,923</u>	<u>1,029,752</u>	<u>120,829</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 993,815</u>	<u>\$ 993,815</u>
Transfers out - budgetary basis			\$ 21,133	
Transfer for support services			(21,133)	
Transfers out - GAAP basis			<u>\$ -</u>	
Total expenditures - budgetary basis			\$ 1,189,640	
Transfer for support services			21,133	
Total expenditures - GAAP basis			<u>\$ 1,210,773</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, 2017

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Interest on investments	\$ -	\$ -	\$ 455	\$ 455
Miscellaneous - Grants/Donations	5,000	5,000	8,291	3,291
TOTAL REVENUES	<u>5,000</u>	<u>5,000</u>	<u>8,746</u>	<u>3,746</u>
EXPENDITURES:				
Materials and services	10,000	10,000	205	9,795
Capital outlay	17,044	22,744	-	22,744
TOTAL EXPENDITURES	<u>27,044</u>	<u>32,744</u>	<u>205</u>	<u>32,539</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(22,044)	(27,744)	8,541	36,285
OTHER FINANCING SOURCES:				
Transfers in	10,000	15,700	13,875	(1,825)
NET CHANGE IN FUND BALANCE	(12,044)	(12,044)	22,416	34,460
FUND BALANCE, beginning of year	<u>12,044</u>	<u>12,044</u>	<u>32,438</u>	<u>20,394</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 54,854</u>	<u>\$ 54,854</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, 2017

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Property taxes	\$ 667,960	\$ 709,386	\$ 41,426
Interest on investments	6,150	21,413	15,263
TOTAL REVENUES	<u>674,110</u>	<u>730,799</u>	<u>56,689</u>
EXPENDITURES:			
Debt service	<u>2,231,576</u>	<u>1,041,394</u>	<u>1,190,182</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND CHANGE IN FUND BALANCE	(1,557,466)	(310,595)	1,246,871
FUND BALANCE , beginning of year	<u>1,557,466</u>	<u>1,575,027</u>	<u>17,561</u>
FUND BALANCE , end of year	<u>\$ -</u>	<u>\$ 1,264,432</u>	<u>\$ 1,264,432</u>

CITY OF LINCOLN CITY
Lincoln City, Oregon

NONMAJOR CAPITAL PROJECTS FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2017

	<u>Transportation Development</u>	<u>N Hwy 101 Improvement</u>	<u>Intersection Improvement</u>	<u>Storm Drainage Development</u>	<u>Park System Development Charge Improvement</u>	<u>Parks Development</u>	<u>Urban Rewal Construction Fund</u>
ASSETS:							
Cash and investments	\$ 495,776	\$ 152,772	\$ 132,546	\$ 88,630	\$ 332,964	\$ 517,570	\$1,318,202
Receivables	-	-	-	-	437	-	-
TOTAL ASSETS	<u>\$ 495,776</u>	<u>\$ 152,772</u>	<u>\$ 132,546</u>	<u>\$ 88,630</u>	<u>\$ 333,401</u>	<u>\$ 517,570</u>	<u>\$1,318,202</u>
LIABILITIES:							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 75,894
FUND BALANCES:							
Restricted for:							
Capital projects	495,776	152,772	132,546	88,630	333,401	517,570	1,242,308
Assigned to:							
Capital projects	-	-	-	-	-	-	-
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 495,776</u>	<u>\$ 152,772</u>	<u>\$ 132,546</u>	<u>\$ 88,630</u>	<u>\$ 333,401</u>	<u>\$ 517,570</u>	<u>\$1,318,202</u>

<u>Facilities Capital</u>	<u>Street Capital</u>	<u>Total</u>
\$ 1,205,370	\$ 647,973	\$ 4,891,803
150,182	-	150,619
<u>\$ 1,355,552</u>	<u>\$ 647,973</u>	<u>\$ 5,042,422</u>
\$ -	\$ 31,024	\$ 106,918
1,355,552	-	4,318,555
-	616,949	616,949
<u>\$ 1,355,552</u>	<u>\$ 647,973</u>	<u>\$ 5,042,422</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, 2017

	<u>Transportation Development</u>	<u>N Hwy 101 Improvement</u>	<u>Intersection Improvement</u>	<u>Storm Drainage Development</u>	<u>Parks System Development Charge Improvement</u>
REVENUES:					
Transient room tax	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	50,852	30,596	-	1,858	123,580
Intergovernmental	-	-	-	-	595,213
Interest on investments	5,311	1,578	1,457	965	2,854
Miscellaneous	-	-	-	-	843
TOTAL REVENUES	<u>56,163</u>	<u>32,174</u>	<u>1,457</u>	<u>2,823</u>	<u>722,490</u>
EXPENDITURES:					
Materials and services	-	-	-	-	-
Capital outlay	16,374	-	-	-	662,338
TOTAL EXPENDITURES	<u>16,374</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>662,338</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	39,789	32,174	1,457	2,823	60,152
OTHER FINANCING SOURCES					
Transfers in	-	-	-	-	-
Proceeds from sale of equipment	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	39,789	32,174	1,457	2,823	60,152
FUND BALANCE, beginning of year	<u>455,987</u>	<u>120,598</u>	<u>131,089</u>	<u>85,807</u>	<u>273,249</u>
FUND BALANCE, end of year	<u>\$ 495,776</u>	<u>\$ 152,772</u>	<u>\$ 132,546</u>	<u>\$ 88,630</u>	<u>\$ 333,401</u>

Parks Development	Urban Rewal Construction Fund	Facilities Capital	Street Capital	Totals
\$ -	\$ -	\$ 630,888	\$ -	\$ 630,888
-	-	-	-	206,886
-	-	-	90,891	686,104
5,690	14,730	11,557	6,405	50,547
-	-	-	-	843
<u>5,690</u>	<u>14,730</u>	<u>642,445</u>	<u>97,296</u>	<u>1,575,268</u>
-	-	-	476,283	476,283
-	147,741	89,093	298,988	1,214,534
-	147,741	89,093	775,271	1,690,817
5,690	(133,011)	553,352	(677,975)	(115,549)
-	-	-	750,000	750,000
-	-	-	307	307
-	-	-	750,307	750,307
5,690	(133,011)	553,352	72,332	634,758
<u>511,880</u>	<u>1,375,319</u>	<u>802,200</u>	<u>544,617</u>	<u>4,300,746</u>
<u>\$ 517,570</u>	<u>\$ 1,242,308</u>	<u>\$ 1,355,552</u>	<u>\$ 616,949</u>	<u>\$ 4,935,504</u>

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, 2017

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Improvement fee	\$ 24,325	\$ 50,852	\$ 26,527
Interest on investments	3,000	5,311	2,311
TOTAL REVENUES	<u>27,325</u>	<u>56,163</u>	<u>28,838</u>
EXPENDITURES:			
Capital outlay	<u>484,465</u>	<u>16,374</u>	<u>468,091</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND CHANGE IN FUND BALANCE	(457,140)	39,789	496,929
FUND BALANCE, beginning of year	<u>457,140</u>	<u>455,987</u>	<u>(1,153)</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ 495,776</u>	<u>\$ 495,776</u>

CITY OF LINCOLN CITY
Lincoln City, Oregon

N HWY 101 IMPROVEMENT PROGRAM FUND

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

FOR THE YEAR ENDED JUNE 30, 2017

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Improvement fee	\$ -	\$ 30,596	\$ 30,596
Interest on investments	550	1,578	1,028
TOTAL REVENUES	<u>550</u>	<u>32,174</u>	<u>31,624</u>
EXPENDITURES:			
Capital outlay	<u>116,549</u>	<u>-</u>	<u>116,549</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND CHANGE IN FUND BALANCE	(115,999)	32,174	148,173
FUND BALANCE, beginning of year	<u>115,999</u>	<u>120,598</u>	<u>4,599</u>
FUND BALANCE, end of year	<u><u>\$ -</u></u>	<u><u>\$ 152,772</u></u>	<u><u>\$ 152,772</u></u>

CITY OF LINCOLN CITY
Lincoln City, Oregon

INTERSECTION IMPROVEMENT FUND

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

FOR THE YEAR ENDED JUNE 30, 2017

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Interest on investments	<u>\$ 600</u>	<u>\$ 1,457</u>	<u>\$ 857</u>
EXPENDITURES:			
Capital outlay	<u> 131,432</u>	<u> -</u>	<u> 131,432</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND CHANGE IN FUND BALANCE	<u> (130,832)</u>	<u> 1,457</u>	<u> 132,289</u>
FUND BALANCE, beginning of year	<u> 130,832</u>	<u> 131,089</u>	<u> 257</u>
FUND BALANCE, end of year	<u><u> -</u></u>	<u><u>\$ 132,546</u></u>	<u><u>\$ 132,546</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, 2017

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Improvement fee	\$ 1,050	\$ 1,858	\$ 808
Interest on investments	-	965	965
TOTAL REVENUES	<u>1,050</u>	<u>2,823</u>	<u>1,773</u>
EXPENDITURES:			
Capital outlay	<u>86,247</u>	-	<u>86,247</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND CHANGE IN FUND BALANCE	(85,197)	2,823	88,020
FUND BALANCE, beginning of year	<u>85,197</u>	<u>85,807</u>	<u>610</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ 88,630</u>	<u>\$ 88,630</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, 2017

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Improvement fee	\$ 68,500	\$ 123,580	\$ 55,080
Intergovernmental	649,827	595,213	(54,614)
Interest on investments	1,000	2,854	1,854
Miscellaneous	<u>1,200</u>	<u>843</u>	<u>(357)</u>
TOTAL REVENUES	<u>720,527</u>	<u>722,490</u>	<u>1,963</u>
EXPENDITURES:			
Capital outlay	<u>1,140,391</u>	<u>662,338</u>	<u>478,053</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND CHANGE IN FUND BALANCE	(419,864)	60,152	480,016
FUND BALANCE, beginning of year	<u>419,864</u>	<u>273,249</u>	<u>(146,615)</u>
FUND BALANCE, end of year	<u><u>\$ -</u></u>	<u><u>\$ 333,401</u></u>	<u><u>\$ 333,401</u></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, 2017

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Interest on investments	\$ 1,500	\$ 5,690	\$ 4,190
Miscellaneous - Donation	-	-	-
TOTAL REVENUES	<u>-</u>	<u>5,690</u>	<u>5,690</u>
EXPENDITURES:			
Capital outlay	<u>511,007</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND CHANGE IN FUND BALANCE	(511,007)	5,690	5,690
FUND BALANCE, beginning of year	<u>509,507</u>	<u>511,880</u>	<u>2,373</u>
FUND BALANCE, end of year	<u><u>\$ -</u></u>	<u><u>\$ 517,570</u></u>	<u><u>\$ 8,063</u></u>

CITY OF LINCOLN CITY
 Lincoln City, Oregon

URBAN RENEWAL CONSTRUCTION FUND

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

FOR THE YEAR ENDED JUNE 30, 2017

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Interest on investments	<u>\$ 2,100</u>	<u>\$ 14,730</u>	<u>\$ 12,630</u>
EXPENDITURES:			
Capital outlay	<u>1,345,227</u>	<u>147,741</u>	<u>1,197,486</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND CHANGE IN FUND BALANCE	<u>(1,343,127)</u>	<u>(133,011)</u>	<u>1,210,116</u>
FUND BALANCE, beginning of year	<u>1,343,127</u>	<u>1,375,319</u>	<u>32,192</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ 1,242,308</u>	<u>\$ 1,242,308</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, 2017

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Transient room tax	\$ 628,696	\$ 630,888	\$ 2,192
Interest on investments	<u>1,200</u>	<u>11,557</u>	<u>10,357</u>
TOTAL REVENUES	<u>629,896</u>	<u>642,445</u>	<u>12,549</u>
EXPENDITURES:			
Capital outlay	<u>1,339,188</u>	<u>89,093</u>	<u>1,250,095</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND CHANGE IN FUND BALANCE	(709,292)	553,352	1,262,644
FUND BALANCE, beginning of year	<u>709,292</u>	<u>802,200</u>	<u>92,908</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ 1,355,552</u>	<u>\$ 1,355,552</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, 2017

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Intergovernmental	\$ 174,804	\$ 90,891	\$ (83,913)
Interest on investments	3,000	6,405	3,405
TOTAL REVENUES	<u>177,804</u>	<u>97,296</u>	<u>(80,508)</u>
EXPENDITURES:			
Materials and services	599,000	476,283	122,717
Capital outlay	406,335	298,988	107,347
TOTAL EXPENDITURES	<u>1,005,335</u>	<u>775,271</u>	<u>230,064</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(827,531)	(677,975)	149,556
OTHER FINANCING SOURCES:			
Transfers in	750,000	750,000	-
Proceeds from sale of equipment	-	307	307
TOTAL OTHER FINANCING SOURCES (USES)	<u>750,000</u>	<u>750,307</u>	<u>(307)</u>
NET CHANGE IN FUND BALANCE	(77,531)	72,332	149,863
FUND BALANCE, beginning of year	<u>77,531</u>	<u>544,617</u>	<u>467,086</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ 616,949</u>	<u>\$ 616,949</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, 2017

	<u>Budget</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget
				Positive (Negative)
REVENUES:				
Charges for services	\$ 3,692,074	\$ 3,692,074	\$ 3,756,758	\$ 64,684
Interest on investments	(500)	(500)	4,340	4,840
Miscellaneous	23,000	23,000	9,576	(13,424)
TOTAL REVENUES	<u>3,714,574</u>	<u>3,714,574</u>	<u>3,770,674</u>	<u>56,100</u>
EXPENDITURES:				
Personal services	1,315,643	1,315,643	1,224,118	91,525
Materials and services	809,761	809,761	673,866	135,895
Capital outlay	10,000	10,000	6,299	3,701
Debt service	102,896	102,896	102,896	-
Contingency	620,340	88,794	-	88,794
TOTAL EXPENDITURES	<u>2,858,640</u>	<u>2,327,094</u>	<u>2,007,179</u>	<u>319,915</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	855,934	1,387,480	1,763,495	376,015
OTHER FINANCING SOURCES (USES):				
Transfers out	(1,556,862)	(2,088,408)	(2,088,067)	341
Proceeds from sale of equipment	-	-	8,139	8,139
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,556,862)</u>	<u>(2,088,408)</u>	<u>(2,079,928)</u>	<u>8,480</u>
NET CHANGE IN FUND BALANCE	(700,928)	(700,928)	(316,433)	384,495
FUND BALANCE, beginning of year	<u>700,928</u>	<u>700,928</u>	<u>961,035</u>	<u>260,107</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 644,602</u>	<u>\$ 644,602</u>

Change in fund balance - budgetary basis

\$ (316,433)

Repayment of advance reported as reduction in receivable

82,495

Change in fund balance - GAAP basis

\$ (233,938)

CITY OF LINCOLN CITY
Lincoln City, Oregon

WATER SYSTEM REPLACEMENT FUND

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

FOR THE YEAR ENDED JUNE 30, 2017

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Intergovernmental	\$ -	\$ 147,589	\$ 147,589
Interest on investments	800	4,461	3,661
Miscellaneous	-	54,308	54,308
TOTAL REVENUES	<u>800</u>	<u>206,358</u>	<u>205,558</u>
EXPENDITURES:			
Capital outlay	<u>609,455</u>	<u>106,964</u>	<u>502,491</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(608,655)</u>	<u>99,394</u>	<u>708,049</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	<u>300,000</u>	<u>300,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(308,655)	399,394	708,049
FUND BALANCE, beginning of year	<u>308,655</u>	<u>161,227</u>	<u>(147,428)</u>
FUND BALANCE, end of year	<u><u>\$ -</u></u>	<u><u>\$ 560,621</u></u>	<u><u>\$ 560,621</u></u>

CITY OF LINCOLN CITY
Lincoln City, Oregon

WATER SDC REIMBURSEMENT FUND

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

FOR THE YEAR ENDED JUNE 30, 2017

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
System development charges	\$ 50,100	\$ 94,663	\$ 44,563
Interest on investments	600	2,392	1,792
TOTAL REVENUES	<u>50,700</u>	<u>97,055</u>	<u>46,355</u>
EXPENDITURES:			
Capital outlay	<u>223,592</u>	<u>2,378</u>	<u>221,214</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND CHANGE IN FUND BALANCE	<u>(172,892)</u>	<u>94,677</u>	<u>267,569</u>
FUND BALANCE, beginning of year	<u>172,892</u>	<u>183,948</u>	<u>11,056</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ 278,625</u>	<u>\$ 278,625</u>

CITY OF LINCOLN CITY
Lincoln City, Oregon

WATER SDC IMPROVEMENT FUND

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

FOR THE YEAR ENDED JUNE 30, 2017

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
System development charges	\$ 19,100	\$ 37,961	\$ 18,861
Interest on investments	100	153	53
TOTAL REVENUES	<u>19,200</u>	<u>38,114</u>	<u>18,914</u>
EXPENDITURES:			
Capital outlay	<u>4,235</u>	<u>-</u>	<u>4,235</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>14,965</u>	<u>38,114</u>	<u>23,149</u>
OTHER FINANCING SOURCES (USES):			
Transfers out	<u>(40,000)</u>	<u>(40,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(25,035)	(1,886)	23,149
FUND BALANCE, beginning of year	<u>25,035</u>	<u>31,869</u>	<u>6,834</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ 29,983</u>	<u>\$ 29,983</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, 2017

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Interest on investments	\$ 100	\$ 7,250	\$ 6,055	\$ (1,195)
TOTAL REVENUES	<u>100</u>	<u>7,250</u>	<u>6,055</u>	<u>(1,195)</u>
EXPENDITURES:				
Capital outlay	<u>1,107,000</u>	<u>1,723,386</u>	<u>1,717,219</u>	<u>6,167</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,106,900)</u>	<u>(1,716,136)</u>	<u>(1,711,164)</u>	<u>4,972</u>
OTHER FINANCING SOURCES:				
Transfers in	<u>-</u>	<u>528,546</u>	<u>528,546</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND CHANGE IN FUND BALANCE	<u>(1,106,900)</u>	<u>(1,187,590)</u>	<u>(1,182,618)</u>	<u>4,972</u>
FUND BALANCE, beginning of year	<u>1,106,900</u>	<u>1,187,590</u>	<u>1,187,590</u>	<u>-</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,972</u>	<u>\$ 4,972</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, 2017

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Interest on investments	<u>\$ 500</u>	<u>\$ 2,600</u>	<u>\$ 2,100</u>
EXPENDITURES:			
Debt service	<u>1,001,470</u>	<u>905,960</u>	<u>95,510</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,000,970)</u>	<u>(903,360)</u>	<u>97,610</u>
OTHER FINANCING SOURCES:			
Transfers in	<u>964,000</u>	<u>964,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(36,970)</u>	<u>60,640</u>	<u>97,610</u>
FUND BALANCE, beginning of year	<u>36,970</u>	<u>37,331</u>	<u>361</u>
FUND BALANCE, end of year	<u><u>\$ -</u></u>	<u><u>\$ 97,971</u></u>	<u><u>\$ 97,971</u></u>

CITY OF LINCOLN CITY
Lincoln City, Oregon

SEWER FUND

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

FOR THE YEAR ENDED JUNE 30, 2017

	Budget		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
REVENUES:				
Charges for services	\$ 3,269,811	\$ 3,269,811	\$ 3,344,624	\$ 74,813
Interest on investments	1,000	1,000	7,229	6,229
Miscellaneous	80,000	80,000	114,903	34,903
TOTAL REVENUES	3,350,811	3,350,811	3,466,756	115,945
EXPENDITURES:				
Personal services	1,294,506	1,294,506	1,195,772	98,734
Materials and services	1,462,446	1,462,446	1,265,427	197,019
Capital outlay	23,900	68,900	63,074	5,826
Contingency	485,490	440,490	-	440,490
TOTAL EXPENDITURES	3,266,342	3,266,342	2,524,273	742,069
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	84,469	84,469	942,483	858,014
OTHER FINANCING SOURCES (USES):				
Transfers out	(595,574)	(595,574)	(593,897)	1,677
Proceeds from sale of equipment	-	-	13,362	13,362
TOTAL OTHER FINANCING SOURCES (USES)	(595,574)	(595,574)	(580,535)	15,039
NET CHANGE IN FUND BALANCE	(511,105)	(511,105)	361,948	873,053
FUND BALANCE, beginning of year	511,105	511,105	912,958	401,853
FUND BALANCE, end of year	\$ -	\$ -	\$ 1,274,906	\$ 1,274,906

CITY OF LINCOLN CITY
Lincoln City, Oregon

SEWER SYSTEM REPLACEMENT FUND

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

FOR THE YEAR ENDED JUNE 30, 2017

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Interest on investments	\$ 3,000	\$ 3,000	\$ 6,741	\$ 3,741
EXPENDITURES:				
Capital outlay	933,749	648,795	436,490	212,305
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(930,749)</u>	<u>(645,795)</u>	<u>(429,749)</u>	<u>216,046</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	200,000	200,000	200,000	-
Transfers out	-	(250,000)	(250,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>200,000</u>	<u>(50,000)</u>	<u>(50,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(730,749)	(695,795)	(479,749)	216,046
FUND BALANCE, beginning of year	<u>730,749</u>	<u>695,795</u>	<u>695,795</u>	<u>-</u>
FUND BALANCE, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 216,046</u></u>	<u><u>\$ 216,046</u></u>

CITY OF LINCOLN CITY
Lincoln City, Oregon

SEWER SDC REIMBURSEMENT FUND

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

FOR THE YEAR ENDED JUNE 30, 2017

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
System development charges	\$ 83,900	\$ 83,900	\$ 204,888	\$ 120,988
Interest on investments	600	600	2,477	1,877
TOTAL REVENUES	84,500	84,500	207,365	122,865
EXPENDITURES:				
Capital outlay	218,409	484,381	258,863	225,518
Debt service	-	-	-	-
TOTAL EXPENDITURES	218,409	484,381	258,863	225,518
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(133,909)	(399,881)	(51,498)	348,383
OTHER FINANCING SOURCES (USES):				
Transfers in	-	250,000	250,000	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	250,000	250,000	-
NET CHANGE IN FUND BALANCE	(133,909)	(149,881)	198,502	348,383
FUND BALANCE, beginning of year	133,909	149,881	149,881	-
FUND BALANCE, end of year	\$ -	\$ -	\$ 348,383	\$ 348,383

CITY OF LINCOLN CITY
Lincoln City, Oregon

SEWER SDC IMPROVEMENT FUND

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

FOR THE YEAR ENDED JUNE 30, 2017

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
System development charges	\$ 44,000	\$ 91,563	\$ 47,563
Interest on investments	5,000	11,353	6,353
TOTAL REVENUES	<u>49,000</u>	<u>102,916</u>	<u>53,916</u>
EXPENDITURES:			
Capital outlay	1,053,629	651,766	401,863
Debt service	300,000	-	300,000
TOTAL EXPENDITURES	<u>1,353,629</u>	<u>651,766</u>	<u>701,863</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,304,629)</u>	<u>(548,850)</u>	<u>755,779</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	203,250	203,250	-
Transfers out	(50,000)	(50,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>153,250</u>	<u>153,250</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(1,151,379)	(395,600)	755,779
FUND BALANCE, beginning of year	<u>1,151,379</u>	<u>1,138,289</u>	<u>(13,090)</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ 742,689</u>	<u>\$ 742,689</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, 2017

	<u>Original/Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
REVENUES:			
Property taxes	\$ 1,360,000	\$ 1,370,895	\$ 10,895
Interest on investments	3,250	5,544	2,294
TOTAL REVENUES	<u>1,363,250</u>	<u>1,376,439</u>	<u>13,189</u>
EXPENDITURES:			
Debt service	<u>1,712,441</u>	<u>1,434,357</u>	<u>278,084</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(349,191)</u>	<u>(57,918)</u>	<u>291,273</u>
OTHER FINANCING SOURCES:			
Transfers in	<u>50,000</u>	<u>50,000</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>50,000</u>	<u>50,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(299,191)	(7,918)	291,273
FUND BALANCE, beginning of year	<u>299,191</u>	<u>309,990</u>	<u>10,799</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ 302,072</u>	<u>\$ 302,072</u>

CITY OF LINCOLN CITY
Lincoln City, Oregon

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

FOR THE YEAR ENDED JUNE 30, 2017

	<u>Revenues</u>	<u>Expenditures</u>	<u>Revenues Over (Under) Expenditures</u>
BUDGETARY BASIS REVENUES AND EXPENDITURES:			
Water Fund	\$ 3,770,674	\$ 2,007,179	\$ 1,763,495
Water System Replacement Fund	206,358	106,964	99,394
Water SDC Reimbursement Fund	97,055	2,378	94,677
Water SDC Improvement Fund	38,114	-	38,114
Water Construction Fund	6,055	1,717,219	(1,711,164)
Water Bond Fund	2,600	905,960	(903,360)
	<u> </u>	<u> </u>	<u> </u>
TOTAL	<u>\$ 4,120,856</u>	<u>\$ 4,739,700</u>	(618,844)
 ADD (DEDUCT) ITEMS TO RECONCILE TO AN ENTERPRISE FUND REPORTING BASIS:			
Depreciation			(1,159,865)
Capital asset additions			1,832,859
Change in accrued interest payable			4,172
Change in accrued compensated absences			(838)
Change in other postemployment benefit obligation			714
Pension expense			(141,669)
Principal payments			883,835
Support services			(214,803)
Transfers out			(38,223)
			<u> </u>
CHANGES IN FUND NET POSITION - GAAP			<u>\$ 555,477</u>

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, 2017

	<u>Revenues</u>	<u>Expenditures</u>	<u>Revenues Over (Under) Expenditures</u>
BUDGETARY BASIS REVENUES AND EXPENDITURES:			
Sewer Fund	\$ 3,466,756	\$ 2,524,273	\$ 942,483
Sewer System Replacement Fund	6,741	436,490	(429,749)
Sewer SDC Reimbursement Fund	207,365	258,863	(51,498)
Sewer SDC Improvement Fund	102,916	651,766	(548,850)
Sewer Bond Fund Fund	<u>1,376,439</u>	<u>1,434,357</u>	<u>(57,918)</u>
TOTAL	<u>\$ 5,160,217</u>	<u>\$ 5,305,749</u>	(145,532)
 ADD (DEDUCT) ITEMS TO RECONCILE TO AN ENTERPRISE FUND REPORTING BASIS:			
Depreciation			(1,514,189)
Capital asset additions			1,410,192
Capital contributions			28,000
Loss on sale of assets			(35,652)
Change in accrued interest payable			1,460
Change in accrued compensated absences			20,861
Change in other postemployment benefit obligation			729
Pension expense			(96,796)
Principal payments			984,438
Support services			(157,706)
Transfers out			<u>(32,941)</u>
 CHANGES IN FUND NET POSITION - GAAP			<u>\$ 462,864</u>

CITY OF LINCOLN CITY
Lincoln City, Oregon

INTERNAL SERVICE FUND

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

FOR THE YEAR ENDED JUNE 30, 2017

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Franchise fees	\$ 19,000	\$ 19,000	\$ 19,353	\$ 353
Intergovernmental	-	-	402	402
Charges for services	938,522	938,522	786,831	(151,691)
TOTAL REVENUES	<u>957,522</u>	<u>957,522</u>	<u>806,586</u>	<u>(150,936)</u>
EXPENDITURES:				
Vehicle maintenance	279,205	279,205	276,622	2,583
Information technology	489,217	497,217	405,786	91,431
Geographical information systems	189,100	189,100	101,487	87,613
Contingency	36,353	28,353	-	28,353
TOTAL EXPENDITURES	<u>993,875</u>	<u>993,875</u>	<u>783,895</u>	<u>209,980</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND CHANGE IN FUND BALANCE	(36,353)	(36,353)	22,691	59,044
FUND BALANCE , beginning of year	<u>36,353</u>	<u>36,353</u>	<u>50,771</u>	<u>14,418</u>
FUND BALANCE , end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 73,462</u>	<u>\$ 73,462</u>
Change in fund balance - budgetary basis			\$ 22,691	
Depreciation			(35,109)	
Pension expense			(49,864)	
Capital asset additions			<u>34,554</u>	
Change in fund balance - GAAP basis			<u>\$ (27,728)</u>	

CITY OF LINCOLN CITY
Lincoln City, Oregon

COMBINING BALANCE SHEET

GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2017

	<u>General</u>	<u>Agate Beach Closure</u>	<u>Unbonded Assessments</u>	<u>The Villages of Cascade Head</u>	<u>Open Space Maintenance</u>	<u>Totals</u>
ASSETS:						
Cash and investments	\$ 8,924,801	\$ 683,774	\$ 424,703	\$ 96,472	\$ 73,364	\$ 10,203,114
Cash with County Treasurer	46,424	-	-	-	-	46,424
Receivables	1,181,912	-	374,744	-	-	1,556,656
Assets held for sale	1,393,665	-	-	-	-	1,393,665
TOTAL ASSETS	<u>\$ 11,546,802</u>	<u>\$ 683,774</u>	<u>\$ 799,447</u>	<u>\$ 96,472</u>	<u>\$ 73,364</u>	<u>\$ 13,199,859</u>
LIABILITIES:						
Accounts payable	\$ 168,857	\$ 7,816	\$ 6,260	\$ 800	\$ -	\$ 183,733
Other accrued liabilities	467,901	-	-	-	-	467,901
TOTAL LIABILITIES	636,758	7,816	6,260	800	-	651,634
DEFERRED INFLOW OF RESOURCES:						
Unavailable revenue	580,265	-	374,744	-	-	955,009
FUND BALANCES:						
Nonspendable in form	1,393,665	-	-	-	-	1,393,665
Restricted for:						
Post-closure landfill costs	-	675,958	-	-	-	675,958
Committed to:						
Capital projects	-	-	418,443	-	-	418,443
Unassigned	8,936,114	-	-	95,672	73,364	9,105,150
TOTAL FUND BALANCES	<u>10,329,779</u>	<u>675,958</u>	<u>418,443</u>	<u>95,672</u>	<u>73,364</u>	<u>11,593,216</u>
INFLOW OF RESOURCES, AND FUND BALANCE	<u>\$ 11,546,802</u>	<u>\$ 683,774</u>	<u>\$ 799,447</u>	<u>\$ 96,472</u>	<u>\$ 73,364</u>	<u>\$ 13,199,859</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, 2017

	<u>General</u>	<u>Agate Beach Closure</u>	<u>Unbonded Assessments</u>	<u>The Villages of Cascade Head</u>	<u>Open Space Maintenance</u>
REVENUES:					
Property taxes	\$ 6,457,526	\$ -	\$ -	\$ -	\$ -
Franchise fees	1,048,034	-	-	-	-
Transient room tax	1,451,288	-	-	-	-
Fees, licenses and permits	646,376	-	-	-	-
Fines and forfeitures	155,884	-	-	-	-
Charges for services	21,492	-	-	-	-
Intergovernmental	579,561	-	-	-	-
Interest on investments	91,812	-	8,055	999	642
Miscellaneous	963,243	-	138,483	-	10,102
TOTAL REVENUES	11,415,216	-	146,538	999	10,744
EXPENDITURES:					
Current					
General government	2,214,950	16,712	-	-	-
Public safety	4,449,019	-	-	-	-
Culture and recreation	1,917,952	-	-	2,259	63,713
Capital outlay	172,048	-	12,588	-	-
TOTAL EXPENDITURES	8,753,969	16,712	12,588	2,259	63,713
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	2,661,247	(16,712)	133,950	(1,260)	(52,969)
OTHER FINANCING SOURCES (USES):					
Proceeds from sale of capital assets	6,794	-	-	-	-
Transfers in	29,381	-	722	15,000	82,000
Transfers out	(427,000)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(390,825)	-	722	15,000	82,000
NET CHANGE IN FUND BALANCE	2,270,422	(16,712)	134,672	13,740	29,031
FUND BALANCE, beginning of year	8,059,357	692,670	283,771	81,932	44,333
FUND BALANCE, end of year	\$ 10,329,779	\$ 675,958	\$ 418,443	\$ 95,672	\$ 73,364

<u>Eliminations</u>	<u>Totals</u>
\$ -	\$ 6,457,526
-	1,048,034
-	1,451,288
-	646,376
-	155,884
-	21,492
-	579,561
-	101,508
-	<u>1,111,828</u>
-	<u>11,573,497</u>
-	2,231,662
-	4,449,019
-	1,983,924
-	<u>184,636</u>
-	<u>8,849,241</u>
-	<u>2,724,256</u>
-	6,794
(67,000)	60,103
<u>67,000</u>	<u>(360,000)</u>
-	<u>(293,103)</u>
-	2,431,153
-	<u>9,162,063</u>
<u>\$ -</u>	<u>\$11,593,216</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, 2017

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
EXPENDITURES:			
Materials and services	<u>\$ 40,000</u>	<u>\$ 16,712</u>	<u>\$ 23,288</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND CHANGE IN FUND BALANCE	(40,000)	(16,712)	23,288
FUND BALANCE, beginning of year	<u>691,624</u>	<u>692,670</u>	<u>1,046</u>
FUND BALANCE, end of year	<u><u>\$ 651,624</u></u>	<u><u>\$ 675,958</u></u>	<u><u>\$ 24,334</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, 2017

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Interest	\$ 1,000	\$ 8,055	\$ 7,055
Miscellaneous	<u>37,500</u>	<u>138,483</u>	<u>100,983</u>
TOTAL REVENUES	<u>38,500</u>	<u>146,538</u>	<u>108,038</u>
EXPENDITURES:			
Capital outlay	<u>287,374</u>	<u>12,588</u>	<u>274,786</u>
TOTAL EXPENDITURES	<u>287,374</u>	<u>12,588</u>	<u>274,786</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(248,874)</u>	<u>133,950</u>	<u>382,824</u>
OTHER FINANCING SOURCES:			
Transfers in	<u>83,441</u>	<u>83,217</u>	<u>(224)</u>
TOTAL OTHER FINANCING SOURCES	<u>83,441</u>	<u>83,217</u>	<u>(224)</u>
NET CHANGE IN FUND BALANCE	(165,433)	217,167	382,600
FUND BALANCE, beginning of year	<u>165,433</u>	<u>201,276</u>	<u>35,843</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ 418,443</u>	<u>\$ 418,443</u>
 Change in fund balance - budgetary basis		\$ 217,167	
Repayment of advance reported as reduction in receivable		<u>(82,495)</u>	
Change in fund balance - GAAP basis		<u>\$ 134,672</u>	

CITY OF LINCOLN CITY
Lincoln City, Oregon

THE VILLAGES OF CASCADE HEAD

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

FOR THE YEAR ENDED JUNE 30, 2017

	<u>Original/Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
REVENUES:			
Interest on investments	\$ 500	\$ 999	\$ 499
EXPENDITURES:			
Materials and services	38,150	2,259	35,891
Capital outlay	<u>33,853</u>	<u>-</u>	<u>33,853</u>
TOTAL EXPENDITURES	<u>72,003</u>	<u>2,259</u>	<u>69,744</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(71,503)	(1,260)	70,243
OTHER FINANCING SOURCES:			
Transfers in	<u>15,000</u>	<u>15,000</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>15,000</u>	<u>15,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(56,503)	13,740	70,243
FUND BALANCE, beginning of year	<u>56,503</u>	<u>81,932</u>	<u>25,429</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ 95,672</u>	<u>\$ 95,672</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, 2017

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Interest on investments	\$ 110	\$ 642	\$ 532
Miscellaneous	<u>40,000</u>	<u>10,102</u>	<u>(29,898)</u>
TOTAL REVENUES	<u>40,110</u>	<u>10,744</u>	<u>(29,366)</u>
EXPENDITURES:			
Personal services	66,667	41,254	25,413
Materials and services	50,061	22,459	27,602
Capital outlay	<u>37,000</u>	<u>-</u>	<u>37,000</u>
TOTAL EXPENDITURES	<u>153,728</u>	<u>63,713</u>	<u>90,015</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(113,618)	(52,969)	60,649
OTHER FINANCING SOURCES:			
Transfers in	<u>82,000</u>	<u>82,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(31,618)	29,031	60,649
FUND BALANCE, beginning of year	<u>31,618</u>	<u>44,333</u>	<u>12,715</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ 73,364</u>	<u>\$ 73,364</u>

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, 2017

	<u>Recreation Scholarship</u>	<u>Miscellaneous Trust</u>	<u>Roads End Sanitary District</u>	<u>Recreation Trust</u>	<u>Total</u>
ASSETS:					
Cash and investments	<u>\$ 6,969</u>	<u>\$ 5,064</u>	<u>\$ 41,170</u>	<u>\$ 1,040</u>	<u>\$ 54,243</u>
LIABILITIES:					
Accounts payable	\$ -	\$ 510	\$ 20,741	\$ -	\$ 21,251
Funds held in trust	<u>6,969</u>	<u>4,554</u>	<u>20,429</u>	<u>1,040</u>	<u>32,992</u>
TOTAL LIABILITIES	<u>\$ 6,969</u>	<u>\$ 5,064</u>	<u>\$ 41,170</u>	<u>\$ 1,040</u>	<u>\$ 54,243</u>

CITY OF LINCOLN CITY
Lincoln City, Oregon

AGENCY FUNDS

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

FOR THE YEAR ENDED JUNE 30, 2017

	<u>Balances</u> <u>June 30, 2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balances</u> <u>June 30, 2017</u>
RECREATION SCHOLARSHIP:				
Assets				
Cash and investments	\$ 5,552	\$ 1,417	\$ -	\$ 6,969
Liabilities				
Funds held in trust	\$ 5,552	\$ 1,417	\$ -	\$ 6,969
MISCELLANEOUS TRUST:				
Assets				
Cash and investments	\$ 1,473	\$ 3,591	\$ -	\$ 5,064
Liabilities				
Accounts payable	\$ -	\$ 510	\$ -	\$ 510
Funds held in trust	1,473	3,081	-	4,554
Total liabilities	\$ 1,473	\$ 3,591	\$ -	\$ 5,064
ROADS END SANITARY DISTRICT:				
Assets				
Cash and investments	\$ 27,233	\$ 13,937	\$ -	\$ 41,170
Liabilities				
Accounts payable	\$ 7,865	\$ 12,876	\$ -	\$ 20,741
Funds held in trust	19,368	1,061	-	20,429
Total liabilities	\$ 27,233	\$ 13,937	\$ -	\$ 41,170
RECREATION TRUST:				
Assets				
Cash and investments	\$ 1,028	\$ 12	\$ -	\$ 1,040
Liabilities				
Funds held in trust	\$ 1,028	\$ 12	\$ -	\$ 1,040

ADDITIONAL SCHEDULES

CITY OF LINCOLN CITY

Lincoln City, Oregon

SCHEDULE OF PROPERTY TAX TRANSACTIONS AND OUTSTANDING BALANCES

YEAR ENDED JUNE 30, 2017

	<u>Tax Year</u>	<u>Uncollected June 30, 2016</u>	<u>Levy as Extended by Assessor</u>	<u>Adjustments Discounts and Interest</u>	<u>Collections</u>	<u>Uncollected June 30, 2017</u>
Current	2016-2017	\$ -	\$ 8,681,741	\$ (214,313)	\$ (8,197,004)	\$ 270,424
Prior	2015-2016	304,175	-	4,986	(137,673)	171,488
	2014-2015	163,519	-	6,776	(56,705)	113,590
	2013-2014	136,943	-	15,874	(90,298)	62,519
	2012-2013	63,634	-	8,659	(41,303)	30,990
	and prior	73,480	-	4,474	(16,067)	61,887
Total prior		741,751	-	40,769	(342,046)	440,474
Totals		\$ 741,751	\$ 8,681,741	\$ (173,544)	\$ (8,539,050)	\$ 710,898

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 2016-17 were performed by Talbot, Korvola & Warwick, LLC, Lake Oswego, Oregon. The auditors did not review the statistical tables and offer no opinion regarding the statistical tables.

CITY OF LINCOLN CITY

Lincoln City, Oregon

PROPERTY TAX INFORMATION

FOR THE YEAR ENDED JUNE 30, 2017

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>
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%
2015-16		1,871,311,539	4.34%		1,607,592,253	3.36%	85.91%
2016-17		1,945,165,287	3.95%		1,658,586,165	3.17%	85.27%

(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 (3) (4)</u>	<u>Percent Change</u>		<u>Total Levy</u>	<u>Tax Rate Per \$1,000</u>	<u>Percent Collected Year of Levy</u>
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%
2015-16		1,563,039,653	3.33%		6,407,861	4.0996%	93.82%
2016-17		1,609,237,512	2.96%		6,597,333	4.0996%	94.42%

(3) Excludes Urban Renewal and other Offsets.

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

Source: City of Lincoln City

CITY OF LINCOLN CITY

Lincoln City, Oregon

CONSOLIDATED TAX RATES

FOR THE YEAR ENDED JUNE 30, 2017

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

Table 3 -- 2016-17 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			
Education			
Lincoln County Unified School District	\$ 4.7632	\$ 0.7270	\$ 5.4902
Linn-Benton-Lincoln ESD	0.2959	-	0.2959
Oregon Coast Community College	0.1705	0.2593	0.4298
Total Education	<u>5.2296</u>	<u>0.9863</u>	<u>6.2159</u>
Local Government			
Lincoln County	2.7363	-	2.7363
Lincoln County Animal SVC	0.1068	-	0.1068
Lincoln County Extension	0.0438	-	0.0438
Lincoln County Transportation	0.0946	-	0.0946
City of Lincoln City	3.9777	0.8440	4.8217
Lincoln City Urban Renewal Agency	0.4146	-	0.4146
North Lincoln Fire & Rescue	0.8481	0.1952	1.0433
Devil Lake Water Improvement District	0.1223	-	0.1223
North Lincoln Hospital District	0.5030	-	0.5030
Total Local Government	<u>8.8472</u>	<u>1.0392</u>	<u>9.8864</u>
Total Consolidated Tax Rate	<u>\$ 14.0768</u>	<u>\$ 2.0255</u>	<u>\$ 16.1023</u>

(1) The 2016-17 Assessed Value to compute the tax rate of code area 402 & 412 is \$1,073,432,735 which is 64.72% 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 2016-17 was \$26.

Source: City of Lincoln City

CITY OF LINCOLN CITY

Lincoln City, Oregon

OUTSTANDING OBLIGATIONS

FOR THE YEAR ENDED JUNE 30, 2017

	<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 6/30/17</u>
General Obligation Bonds				
Series 2015 Sewer Refunding (2)	3/3/2015	6/1/2019	2,209,800	1,120,519
Series 2007 Water (3)	6/28/2007	12/1/2018	4,000,000	418,720
Series 2011 Sewer (4)	3/17/2011	3/1/2026	7,000,000	4,582,903
Series 2013 Sewer Refunding (2)	2/26/2013	6/12030	<u>9,885,000</u>	<u>9,750,000</u>
Total General Obligation Bonds			\$ 23,094,800	\$ 15,872,142
Full Faith and Credit Borrowings				
Series 2014 Water (1)	4/17/2014	4/1/2024	\$ 4,000,000	\$ 2,880,000
Series 2014 Urban Renewal Projects (5)	6/17/2014	6/1/2018	4,000,000	1,025,681
Contract Payable - Water Shed Purchase	6/14/2014	8/1/2018	<u>585,000</u>	<u>183,641</u>
Total Full Faith and Credit-Backed			\$ 8,585,000	\$ 4,089,322
Total Borrowings			\$ 31,679,800	\$ 19,961,464

(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, 2017

	<u>Transportation Development Fund</u>	<u>Storm Drainage Development Fund</u>	<u>Parks Improvement Fund</u>
REVENUES:			
System development charge - improvement	\$ 50,852	\$ 1,858	\$ 123,580
Federal grants	-	-	36,000
Motorcycle vehicle gas tax	-	-	5,076
ODOT Reimbursement	-	-	550,137
Miscellaneous	-	-	4,843
Interest	5,311	965	2,854
	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	56,163	2,823	722,490
	<hr/>	<hr/>	<hr/>
EXPENDITURES:			
Master plans	-	-	17,793
Head to Bay Trail	-	-	644,545
Other Construction	16,374	-	-
	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES	16,374	-	662,338
	<hr/>	<hr/>	<hr/>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	39,789	2,823	60,152
	<hr/>	<hr/>	<hr/>
BEGINNING FUND BALANCE	455,987	85,807	273,249
	<hr/>	<hr/>	<hr/>
ENDING FUND BALANCE	\$ 495,776	\$ 88,630	\$ 333,401
	<hr/>	<hr/>	<hr/>

CITY OF LINCOLN CITY

Lincoln City, Oregon

WATER SDC FUNDS

YEAR ENDED JUNE 30, 2017

	<u>Water Replacement Fund</u>	<u>Water SDC Reimbursement Fund</u>	<u>Water SDC Improvement Fund</u>	<u>Total</u>
REVENUES:				
System development charge	\$ -	\$ 94,663	\$ 37,961	\$ 132,624
ODOT Reimbursement	147,589	-	-	147,589
Energy Trust Rebates	54,308	-	-	54,308
TRF Water Operating Funds	300,000	-	-	300,000
Interest	4,461	2,392	153	7,006
TOTAL REVENUE	<u>506,358</u>	<u>97,055</u>	<u>38,114</u>	<u>641,527</u>
EXPENDITURES:				
Debt service 2006 water bonds	-	-	40,000	40,000
S 48th street extension	-	2,378	-	2,378
Water System Construction	106,964	-	-	106,964
TOTAL EXPENDITURES	<u>106,964</u>	<u>2,378</u>	<u>40,000</u>	<u>149,342</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	399,394	94,677	(1,886)	492,185
BEGINNING FUND BALANCE	<u>161,227</u>	<u>183,948</u>	<u>31,869</u>	<u>377,044</u>
ENDING FUND BALANCE	<u>\$ 560,621</u>	<u>\$ 278,625</u>	<u>\$ 29,983</u>	<u>\$ 869,229</u>

CITY OF LINCOLN CITY

Lincoln City, Oregon

SEWER SDC FUNDS

YEAR ENDED JUNE 30, 2017

	<u>Sewer Replacement Fund</u>	<u>Sewer SDC Reimbursement Fund</u>	<u>Sewer SDC Improvement Fund</u>	<u>Total</u>
REVENUES:				
System Development Charge	\$ -	\$ 204,888	\$ 91,563	\$ 296,451
Transfer from Sewer Operating Fund	200,000	-	203,250	403,250
Transfer from Sewer Replacement Fund	-	250,000	-	250,000
Interest	6,741	2,477	11,353	20,571
TOTAL REVENUE	<u>206,741</u>	<u>457,365</u>	<u>306,166</u>	<u>970,272</u>
EXPENDITURES:				
Building Improvements	-	-	194,198	194,198
Mixing Zone Study	60,918	-	-	60,918
Sewer System Construction	80,265	258,863	-	339,128
Sewer Plant Improvements	-	-	457,568	457,568
Pump Station Upgrades	295,307	-	-	295,307
Transfer out - Sewer SDC Reimbursement	250,000	-	-	250,000
Transfer out - Debt service - Sewer Bonds	-	-	50,000	50,000
TOTAL EXPENDITURES	<u>686,490</u>	<u>258,863</u>	<u>701,766</u>	<u>1,647,119</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(479,749)	198,502	(395,600)	(676,847)
BEGINNING FUND BALANCE	<u>695,795</u>	<u>149,881</u>	<u>1,138,289</u>	<u>1,983,965</u>
ENDING FUND BALANCE	<u>\$ 216,046</u>	<u>\$ 348,383</u>	<u>\$ 742,689</u>	<u>\$ 1,307,118</u>

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND
INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH OREGON STATE REGULATIONS**



ACHIEVE MORE

Talbot, Korvola &
Warwick, LLP

4800 Meadows Road, Suite 200
Lake Oswego, OR 97035

P503.274.2849
F503.274.2853

www.tkw.com

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH OREGON STATE REGULATIONS

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lincoln City, Oregon (the City), as of and for the year ended June 30, 2017, which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 5, 2018. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

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 162-10-330 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 162-10-330 of the *Minimum Standards for Audits of Oregon Municipal Corporations*, except as follows:



**INDEPENDENT AUDITOR'S REPORT ON
COMPLIANCE AND INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH OREGON STATE REGULATIONS (Continued)**

Page 2

COMPLIANCE (Continued)

- The Urban Renewal Property Rehabilitation Program Fund reported an over expenditure of \$21,147 in materials and services appropriations.
- The City failed to hold a public hearing for a supplemental budget as required under ORS 294.473.

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.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as communicated in a separate letter to management dated February 5, 2018, we identified certain deficiencies in internal control that we consider to be material weaknesses and a significant deficiency.

PURPOSE OF THIS REPORT

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, Kowala & Warwick LLP

Lake Oswego, Oregon
February 5, 2018