

CITY OF LINCOLN CITY

Lincoln City, Oregon

Annual Financial Report

Year Ended June 30, 2018

CITY OF LINCOLN CITY

TABLE OF CONTENTS

	<u>Page</u>
FINANCIAL SECTION:	
INDEPENDENT AUDITOR’S REPORT	1
MANAGEMENT’S DISCUSSION AND ANALYSIS	4
BASIC FINANCIAL STATEMENTS:	
Government-Wide Financial Statements:	
Statement of Net Position	12
Statement of Activities	13
Fund Financial Statements:	
Balance Sheet – Governmental Funds	14
Reconciliation of Governmental Funds Balance Sheet to Statement of Net Position	15
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds	16
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	17
Statement of Net Position – Proprietary Funds	18
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds	19
Statement of Cash Flows – Proprietary Funds	20
Statement of Assets and Liabilities – Agency Fund	21
Notes to Basic Financial Statements	22
REQUIRED SUPPLEMENTARY INFORMATION:	
Schedule of Changes in the City’s Total OPEB Liability and Related Ratios HIC	56
Schedule of Proportionate Share of Net OPEB (Asset)/Liability RHIA	57
Schedule of OPERS RHIA Plan Contributions	58
Schedule of Proportionate Share of Net Pension (Asset)/Liability	59
Schedule of Pension Plan Contributions	60
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual:	
General Fund	61
Visitor and Convention Bureau Fund	62
Urban Renewal Construction Fund	63
Notes to Required Supplementary Information	64
OTHER SUPPLEMENTARY INFORMATION:	
Combining Balance Sheet – Nonmajor Governmental Funds	65
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Governmental Funds	66
Combining Balance Sheet – Nonmajor Special Revenue Funds	67
Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Nonmajor Special Revenue Funds	68

CITY OF LINCOLN CITY

TABLE OF CONTENTS (Continued)

	<u>Page</u>
FINANCIAL SECTION (Continued):	
OTHER SUPPLEMENTARY INFORMATION (Continued):	
Schedules of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual:	
Affordable Housing Fund	69
Lincoln Square Operations Fund	70
Street Fund	71
Urban Renewal Property Rehabilitation Program Fund	72
Parks Maintenance Fund	73
Urban Renewal Fund	74
Percent for Art Fund	75
Debt Service Fund - Urban Renewal Tax Increment Fund	76
Combining Balance Sheet - Nonmajor Capital Projects Funds	77
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Capital Project Funds	78
Schedules of Revenues, Expenditures and Change in Fund Balance – Budget and Actual:	
Transportation Development Fund	79
N Hwy 101 Improvement Program Fund	80
Intersection Improvement Fund	81
Storm Drainage Development Fund	82
Parks System Development Charge Improvement Fund	83
Parks Development Fund	84
Facilities Capital Fund	85
Street Capital Fund	86
Water Fund	87
Water System Replacement Fund	88
Water System Development Charge Reimbursement Fund	89
Water System Development Charge Improvement Fund	90
Water Construction Fund	91
Water Bond Fund	92
Sewer Fund	93
Sewer System Replacement Fund	94
Sewer System Development Charge Reimbursement Fund	95
Sewer System Development Charge Improvement Fund	96
Sewer Bond Fund	97
Reconciliation of Revenues, Expenditures and Changes in Fund Balance to Change in Net Position:	
Water Fund	98
Sewer Fund	99
Schedule of Revenues, Expenditures, and Changes In Fund Balance – Budget and Actual - Internal Service Fund	100
Combining Balance Sheet – General Fund	101
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance – General Fund	102

CITY OF LINCOLN CITY

TABLE OF CONTENTS (Continued)

	<u>Page</u>
FINANCIAL SECTION (Continued):	
OTHER SUPPLEMENTARY INFORMATION (Continued):	
Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual:	
Agate Beach Closure Fund	103
Unbonded Assessments Fund	104
The Villages of Cascade Head	105
Open Space Maintenance	106
Combining Statement of Assets and Liabilities – Agency Funds	107
Statement of Changes in Assets and Liabilities – Agency Funds	108
ADDITIONAL SCHEDULES:	
Schedule of Property Tax Transactions and Outstanding Balances	109
Annual Disclosure Information	110
Real Market Value of Taxable Property in Lincoln City	111
Tax Collection Record	111
Consolidated Tax Rates	112
Outstanding Obligations	113
SDC Funds in Accordance with ORS 223.311:	
Transportation, Storm Drainage and Parks Improvement	114
Water	115
Sewer	116
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	117

CITY OF LINCOLN CITY

CITY COUNCIL

JUNE 30, 2018

Term Expires

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

Vacant
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 Bridges

INDEPENDENT AUDITOR'S REPORT



**Talbot, Korvola
& Warwick, LLP**

4800 Meadows Road, Suite 200
Lake Oswego, OR 97035

P 503.274.2849
F 503.274.2853

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, 2018, 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.



RSM US Alliance provides its members with access to resources of RSM US LLP. RSM US Alliance member firms are separate and independent businesses and legal entities that are responsible for their own acts and omissions, and each are separate and independent from RSM US LLP. RSM US LLP is the U.S. member firm of RSM International, a global network of independent audit, tax, and consulting firms. Members of RSM US Alliance have access to RSM International resources through RSM US LLP but are not member firms of RSM International. Visit rsmus.com/about-us for more information regarding RSM US LLP and RSM International. The RSM™ logo is used under license by RSM US LLP. RSM US Alliance products and services are proprietary to RSM US LLP.

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, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

EMPHASIS OF MATTER

As discussed in Note 11 to the financial statements, as of and for the year ended June 30, 2018, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which resulted in the restatement of previously reported amounts for the year ended June 30, 2017. Our opinions are not modified with respect to this matter.

OTHER MATTERS

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the Pension and OPEB schedules, as listed in the Table of Contents in the Required Supplementary Information section, 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.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information for the General Fund, Visitor and Convention Bureau Fund and Urban Renewal Construction Fund, listed in the Table of Contents as Required Supplementary Information, 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. 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

INDEPENDENT AUDITOR'S REPORT (Continued)

Honorable Mayor and Members of City Council
City of Lincoln City

OTHER MATTERS (Continued)

Required Supplementary Information (Continued)

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

Other Information

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

The Additional Schedules, as listed in the Table of Contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

OTHER REPORTING REQUIRED BY OREGON MINIMUM STANDARDS

In accordance with *Minimum Standards for Audits of Oregon Municipal Corporations*, we have also issued our report dated December 21, 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  _____
Brad W. Anderson, Partner

Lake Oswego, Oregon
December 21, 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, 2018. 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 \$125,529,721 at June 30, 2018, an increase of \$3,588,773 (or 2.9%) over the prior year's restated net position. The City's General Fund reported an ending fund balance of \$12,909,891, an increase of \$1,316,675 (or 11.4%) over the prior year's fund balance. General fund revenues continue to be steady and spending contained. The City's General Fund also reported a \$310,313 increase in Capital outlay from the prior fiscal year.

The City's Urban Renewal Agency issued its final bond for \$2,975,000 in November 2017. No other bonds were issued by the City during the 2017-18 fiscal year. The City has issued a \$10,950,000 full faith and credit bond during the fiscal year ending June 30, 2019 for the construction of a new public safety building.

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 supplementary information

The schedule of changes in the City's total OPEB liability and related ratios for Health Insurance Continuation, the schedule of proportionate share of the net OPEB (asset)/(liability) for the OPERS Retirement Health Insurance Account (RHIA), the schedule of contributions for RHIA, the schedule of proportionate share of net pension (asset)/liability, and the schedule of pension plan contributions is included in this section. These schedules report additional pension and OPEB detail.

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

Other supplementary 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 \$125,529,721 at June 30, 2018, an increase of \$3,588,773 (or 2.9%) over the prior year's restated net position.

Table 1
NET POSITION

	June 30, 2018			June 30, 2017		
	Governmental Activities	Business-type Activities	Totals	Governmental Activities	Business-type Activities	Totals
Assets:						
Cash and investments	\$ 24,015,532	\$ 2,951,205	\$ 26,966,737	\$ 20,805,993	\$ 3,251,706	\$ 24,057,699
Receivables, net	4,183,961	1,482,376	5,666,337	3,584,828	1,209,540	4,794,368
Internal balances	300,000	-	300,000	-	-	-
Prepaid Items	44,201	5,668	49,869	10,966	-	10,966
Inventories	-	249,357	249,357	-	287,728	287,728
Assets held for sale	1,954,487	-	1,954,487	1,954,487	-	1,954,487
Capital assets net of depreciation	<u>68,809,959</u>	<u>53,096,459</u>	<u>121,906,418</u>	<u>67,001,425</u>	<u>52,995,469</u>	<u>119,996,894</u>
Total assets	<u>99,308,140</u>	<u>57,785,065</u>	<u>157,093,205</u>	<u>93,357,699</u>	<u>57,744,443</u>	<u>151,102,142</u>
Deferred outflow of resources:						
Deferred amts related to pensions	2,603,875	668,830	3,272,705	4,702,236	1,336,066	6,038,302
Deferred amts related to OPEB	<u>58,534</u>	<u>14,067</u>	<u>72,601</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred outflow of resources	<u>2,662,409</u>	<u>682,897</u>	<u>3,345,306</u>	<u>4,702,236</u>	<u>1,336,066</u>	<u>6,038,302</u>
Liabilities:						
Accounts payable and accrued expenses	2,582,825	716,716	3,299,541	1,461,547	477,076	1,938,623
Landfill closure and postclosure care costs	450,869	-	450,869	394,221	-	394,221
Net other postemployment obligations	437,574	105,157	542,731	673,571	158,975	832,546
Net pension liability	7,597,496	1,951,488	9,548,984	9,070,728	2,577,303	11,648,031
Long-term obligations	<u>2,975,000</u>	<u>17,026,360</u>	<u>20,001,360</u>	<u>1,025,681</u>	<u>18,935,783</u>	<u>19,961,464</u>
Total liabilities	<u>14,043,764</u>	<u>19,799,721</u>	<u>33,843,485</u>	<u>12,625,748</u>	<u>22,149,137</u>	<u>34,774,885</u>
Deferred inflow of resources:						
Deferred amts related to pensions	816,756	209,792	1,026,548	598,015	169,917	767,932
Deferred amts related to OPEB	<u>31,248</u>	<u>7,509</u>	<u>38,757</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflow of resources	<u>848,004</u>	<u>217,301</u>	<u>1,065,305</u>	<u>598,015</u>	<u>169,917</u>	<u>767,932</u>
Net position:						
Net investment in capital assets	67,306,234	36,097,675	103,403,909	67,001,425	34,064,658	101,066,083
Restricted	10,078,114	2,139,809	12,217,923	9,821,451	2,576,390	12,397,841
Unrestricted	<u>9,694,433</u>	<u>213,456</u>	<u>9,907,889</u>	<u>8,013,296</u>	<u>120,407</u>	<u>8,133,703</u>
Total net position	<u>\$ 87,078,781</u>	<u>\$ 38,450,940</u>	<u>\$ 125,529,721</u>	<u>\$ 84,836,172</u>	<u>\$ 36,761,455</u>	<u>\$ 121,597,627</u>
As restated				<u>\$ 85,112,973</u>	<u>\$ 36,827,975</u>	<u>\$ 121,940,948</u>

Approximately 82.4% of the City's total net position is invested in capital assets. 4.2% of the City's net position is restricted for capital improvements (\$5,293,939), including proceeds from system development charges. \$1,249,133 (1.0%) is restricted for repayment of outstanding debt. \$9,907,889 (7.9%) 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 \$30,074,704, an increase of 6.4% from the prior year. Of the City's total revenue, \$8,759,065 (or 29.1%) is from property taxes, \$7,173,273 (or 23.9%) is from transient room taxes, \$8,862,822 (or 29.5%) is from charges for services and \$5,279,542 (or 17.6%) is from grants, interest earnings, franchise fees, and other non-tax sources. More detailed information is presented in table 2 below.

Table 2
CHANGE IN NET POSITION

	Year Ended June 30, 2018			Year Ended June 30, 2017		
	Governmental	Business-type	Totals	Governmental	Business-type	Totals
	Activities	Activities		Activities	Activities	
Program revenues:						
Charges for services	\$ 1,336,188	\$ 7,526,634	\$ 8,862,822	\$ 1,271,635	\$ 7,101,382	\$ 8,373,017
Operating grants and contributions	802,531	-	802,531	1,110,349	147,590	1,257,939
Capital grants and contributions	643,005	957,499	1,600,504	686,104	457,075	1,143,179
General revenues:						
Property taxes, general purposes	6,669,540	-	6,669,540	6,459,296	-	6,459,296
Property taxes, debt service	684,070	1,405,455	2,089,525	678,006	1,370,894	2,048,900
Franchise fees	1,079,510	-	1,079,510	1,048,034	-	1,048,034
Transient room taxes	7,173,273	-	7,173,273	6,352,763	-	6,352,763
Other	1,599,930	197,067	1,796,997	1,354,800	232,132	1,586,932
Total program and general revenues	<u>19,988,047</u>	<u>10,086,655</u>	<u>30,074,702</u>	<u>18,960,987</u>	<u>9,309,073</u>	<u>28,270,060</u>
Program expenses:						
General government	4,244,666	-	4,244,666	3,432,025	-	3,432,025
Public safety	5,235,839	-	5,235,839	4,958,034	-	4,958,034
Highways and streets	2,898,624	-	2,898,624	3,077,347	-	3,077,347
Cultural and recreation	5,633,190	-	5,633,190	5,673,931	-	5,673,931
Art and education	13,000	-	13,000	205	-	205
Water and sewer	-	8,389,384	8,389,384	-	8,219,568	8,219,568
Interest on long-term debt	<u>71,226</u>	<u>-</u>	<u>71,226</u>	<u>33,353</u>	<u>-</u>	<u>33,353</u>
Total program expenses	<u>18,096,545</u>	<u>8,389,384</u>	<u>26,485,929</u>	<u>17,174,895</u>	<u>8,219,568</u>	<u>25,394,463</u>
Increase (decrease) in net position before transfers	1,891,502	1,697,271	3,588,773	1,786,092	1,089,505	2,875,597
Transfers	<u>74,306</u>	<u>(74,306)</u>	<u>-</u>	<u>71,164</u>	<u>(71,164)</u>	<u>-</u>
Change in net position	<u>1,965,808</u>	<u>1,622,965</u>	<u>3,588,773</u>	<u>1,857,256</u>	<u>1,018,341</u>	<u>2,875,597</u>
Net position - as previously reported	84,836,172	36,761,455	121,597,627	82,978,916	35,743,114	118,722,030
Restatement	<u>276,801</u>	<u>66,520</u>	<u>343,321</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Position - as restated	<u>85,112,973</u>	<u>36,827,975</u>	<u>121,940,948</u>	<u>82,978,916</u>	<u>35,743,114</u>	<u>118,722,030</u>
Net position - ending	<u>\$ 87,078,781</u>	<u>\$ 38,450,940</u>	<u>\$125,529,721</u>	<u>\$84,836,172</u>	<u>\$36,761,455</u>	<u>\$121,597,627</u>

The total cost of all programs and services was \$26,485,929, an increase of \$1,091,466 (or 4.2%) from the prior year. Expenditures for Governmental Activities increased by 5.4% while expenditures for Business-Type Activities increased by 2.1%. Of the total costs, \$8,389,384 (or 31.7%) was for Business-type Activities, and \$18,096,545 (or 68.3%) 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 \$12,909,891, an increase of \$1,316,675 (or 11.4%) over the prior year's fund balance. Total General fund revenues increased by 5.6% from the prior fiscal year, while General fund expenditures increased by 11.3%.

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 \$820,510 (or 12.9%) from the prior fiscal year.

Business-type Activities

The City's Water funds reported an ending net position of \$20,968,574, an increase of \$593,458 (or 2.9%) over the prior fiscal year's restated ending net position. Charges for Services increased by \$184,718 (or 4.9%), primarily due to a 4% rate increase.

The City's Sewer funds reported an ending net position of \$17,482,366, an increase of \$1,029,507 (or 6.3%) over the previous fiscal year's restated ending net position. Charges for Services increased by \$240,534 (or 7.2%), primarily due to a 6% rate increase.

System development charges (SDC) 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 increased by \$51,806 (or 39.06%). Sewer system development charges increased by \$197,874 (or 66.7%). The sewer system SDC increase was largely due to a new local improvement district.

BUDGETARY HIGHLIGHTS

City Council approved three changes to the fiscal year 2017-18 General Fund adopted budget. These changes recategorized operating expenditures to reflect actual spending patterns. It also added appropriation for an interfund loan of \$300,000 to the Sewer SDC Improvement fund.

CAPITAL ASSETS AND DEBT ADMINISTRATION

At the end of fiscal year 2017-18, the City had capital assets totaling \$121,906,418 in a broad range of categories, including land, infrastructure, equipment, buildings and vehicles. This amount represents a net increase (including additions and deductions) of \$1,909,524 (or 1.6%). More detailed information is presented in note 4 of the notes to basic financial statements.

Table 3
CHANGE IN CAPITAL ASSETS

	June 30, 2018			June 30, 2017		
	Governmental Activities	Business-type Activities	Totals	Governmental Activities	Business-type Activities	Totals
Beginning balance	\$ 67,001,425	\$52,995,469	\$119,996,894	\$67,728,600	\$ 52,447,486	\$120,176,086
Additions	6,011,372	6,254,684	12,266,056	2,805,741	4,695,003	7,500,744
Retirements	(1,608,321)	(3,223,440)	(4,831,761)	(1,011,154)	(1,516,861)	(2,528,015)
Depreciation, net	<u>(2,594,517)</u>	<u>(2,930,254)</u>	<u>(5,524,771)</u>	<u>(2,521,762)</u>	<u>(2,630,159)</u>	<u>(5,151,921)</u>
Ending balance	<u>\$ 68,809,959</u>	<u>\$53,096,459</u>	<u>\$121,906,418</u>	<u>\$67,001,425</u>	<u>\$ 52,995,469</u>	<u>\$119,996,894</u>

Governmental Activities

Additions to capital assets from governmental activities totaled \$6,011,372. These additions included (1) Delake Utility Undergrounding \$1,913,196, (2) Transfer of the DeLake School Building and Land from Urban Renewal Agency \$1,681,657, (3) Roads End Pump Station \$776,907, (4) Lincoln City Police Station Building Design \$333,695, (5) Bay Walk at Schooner Point \$278,246, and (6) Regatta Park Playground Upgrade \$182,670.

Business-type Activities

Additions to capital assets from business-type activities totaled \$6,254,684. These additions included (1) Schooner Creek Sewer Boring \$1,955,116, (2) Dewatering Facility & Equipment \$991,381, (3) NE 36th Drive Sanitary Sewer LID \$278,743, and (4) Voyage Pump Station \$276,943.

LONG-TERM OBLIGATIONS

At the end of fiscal year 2017-18, the City had \$20,001,360 in outstanding debt, an increase of \$39,896 (0.2%). During the fiscal year ending June 30, 2018, the City's Urban Renewal Agency issued \$2,975,000 of new debt. For more detail see table 4 on the following page.

Governmental Activities

The City has budgeted to issue a \$10,950,000 bond during the fiscal year ending June 30, 2019 for the construction of a new public safety building.

Business-type Activities

As of June 30, 2018, the City's Series 2013 Sewer Bonds carry a Moody's Aa3 rating. See additional schedules for the annual disclosure statement in conformance with SEC Rule 15c2-12.

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

Table 4
LONG-TERM OBLIGATIONS

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Governmental:		
Full Faith and Credit Note Series 2014	\$ -	\$ 1,025,681
Full Faith and Credit Note Series 2017	<u>2,975,000</u>	<u>-</u>
Total governmental activities	<u>2,975,000</u>	<u>1,025,681</u>
Business-type:		
General Obligation Bonds		
Water Bonds - Series 2007	-	418,720
Sewer Bonds - Series 2011	4,138,054	4,582,903
Sewer Bonds - Series 2013	9,750,000	9,750,000
Sewer Bonds - Series 2015	558,889	1,120,519
Full Faith and Credit Note Series 2014	2,495,000	2,880,000
Contract payable	<u>84,417</u>	<u>183,641</u>
Total business-type activities	<u>17,026,360</u>	<u>18,935,783</u>
Total long-term obligations	<u>\$ 20,001,360</u>	<u>\$ 19,961,464</u>

ECONOMIC FACTORS, NEXT YEAR'S BUDGET AND RATES

Property taxes comprise 54.6% 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 2018-2019 is \$12,411,098 and expenditures are budgeted at \$13,361,412, resulting in a \$950,314 decrease to fund balance. The projected ending General Fund reserves for fiscal year 2018-2019 total \$8,362,186 (or 62.6% of budgeted expenditures).

Another major source of revenue for governmental activities is the Transient Room Tax (TRT). Transient Room Taxes are budgeted to decrease by 5.5% in the next fiscal year, due to the FY2017-18 TRT revenues being significantly higher (12.9%) than the FY2016-17 TRT revenues. The City is anticipating that the FY2018-19 TRT revenues will be higher than budget.

For the fiscal year ending June 30, 2019, the City's Urban Renewal Agency has budgeted \$637,235 for capital reserves, and \$630,500 for capital projects such as the construction of Cutler SW Jetty realignment and the final BayWalk sidewalk section.

The City is currently in the process of building a new Police building, for which it issued \$10,950,000 in full faith and credit bonds in November 2018. Bond payments will be made with Transient Room Taxes revenues from the Facilities Capital fund.

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 0% and sewer rates were budgeted to increase by 8% for fiscal year 2018-19. The overall utility rate increase is similar to prior years but the total increase is going into the Sewer fund. The City's goal is to get user rates in Sewer to a level that can

support capital replacement and maintenance without the need to issue debt, as is the case with the Water rates.

For fiscal year 2018-19, the City's Water Capital funds have budgeted \$2,171,129 in capital outlay and reserves for water system upgrades and replacements as needed.

For fiscal year 2018-19, the City's Wastewater Capital funds has budgeted \$1,925,755 in capital outlay and reserves for sewer system upgrades and replacements as needed, such as pump station upgrades. The budgeted capital is partially funded by a \$500,000 transfer from the General fund.

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, 2018

	Governmental Activities	Business-type Activities	Total
ASSETS:			
Cash and investments	\$ 23,952,571	\$ 2,939,112	\$ 26,891,683
Cash with County Treasurer	62,961	12,093	75,054
Receivables, net	4,183,961	1,482,376	5,666,337
Internal Balances	300,000	-	300,000
Prepays and other	44,201	5,668	49,869
Inventories	-	249,357	249,357
Assets held for sale	1,954,487	-	1,954,487
Capital assets:			
Land, improvements and construction in progress	41,126,400	1,163,816	42,290,216
Other capital assets, net	27,683,559	51,932,643	79,616,202
TOTAL ASSETS	99,308,140	57,785,065	157,093,205
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred amounts related to pensions	2,603,875	668,830	3,272,705
Deferred amounts related to OPEB	58,534	14,067	72,601
TOTAL DEFERRED OUTFLOWS OF RESOURCES	2,662,409	682,897	3,345,306
LIABILITIES:			
Accounts payable and accrued expenses	1,296,308	216,028	1,512,336
Other accrued liabilities	766,672	300,000	1,066,672
Accrued interest payable	-	53,482	53,482
Accrued compensated absences	519,845	147,206	667,051
Landfill closure and post closure care costs	450,869	-	450,869
Total other postemployment benefit obligation	437,574	105,157	542,731
Net pension liability	7,597,496	1,951,488	9,548,984
Long-term obligations:			
Due within one year	442,652	1,631,676	2,074,328
Due in more than one year	2,532,348	15,394,684	17,927,032
TOTAL LIABILITIES	14,043,764	19,799,721	33,843,485
DEFERRED INFLOWS OF RESOURCES:			
Deferred amounts related to pensions	816,756	209,792	1,026,548
Deferred amounts related to OPEB	31,248	7,509	38,757
TOTAL DEFERRED INFLOWS OF RESOURCES	848,004	217,301	1,065,305
NET POSITION:			
Net investment in capital assets	67,306,234	36,097,675	103,403,909
Restricted for:			
Capital improvements	3,513,666	1,780,273	5,293,939
Debt service	889,597	359,536	1,249,133
Highways and streets	1,277,785	-	1,277,785
Landfill postclosure costs	199,521	-	199,521
Tourism	2,057,024	-	2,057,024
Urban renewal	1,118,545	-	1,118,545
Parks Maintenance	1,021,976	-	1,021,976
Unrestricted	9,694,433	213,456	9,907,889
TOTAL NET POSITION	\$ 87,078,781	\$ 38,450,940	\$ 125,529,721

See notes to basic financial statements.

CITY OF LINCOLN CITY
Lincoln City, Oregon

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2018

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	\$ 4,244,666	\$ 1,018,327	\$ 784,331	\$ -	\$ (2,442,008)	\$ -	\$ (2,442,008)
Public safety	5,235,839	22,138	-	-	(5,213,701)	-	(5,213,701)
Highways and streets	2,898,624	109,765	-	636,059	(2,152,800)	-	(2,152,800)
Culture and recreation	5,633,190	185,958	18,200	6,946	(5,422,086)	-	(5,422,086)
Art and education	13,000	-	-	-	(13,000)	-	(13,000)
Interest on long-term obligations	71,226	-	-	-	(71,226)	-	(71,226)
Total governmental activities	<u>18,096,545</u>	<u>1,336,188</u>	<u>802,531</u>	<u>643,005</u>	<u>(15,314,821)</u>	<u>-</u>	<u>(15,314,821)</u>
Business-type activities:							
Water	3,550,241	3,941,476	-	184,430	-	575,665	575,665
Sewer	4,839,143	3,585,158	-	773,069	-	(480,916)	(480,916)
Total business-type activities	<u>8,389,384</u>	<u>7,526,634</u>	<u>-</u>	<u>957,499</u>	<u>-</u>	<u>94,749</u>	<u>94,749</u>
Total	<u>\$ 26,485,929</u>	<u>\$ 8,862,822</u>	<u>\$ 802,531</u>	<u>\$ 1,600,504</u>	<u>(15,314,821)</u>	<u>94,749</u>	<u>(15,220,072)</u>
GENERAL REVENUES							
Property taxes levied for:							
General purposes					6,669,540	-	6,669,540
Debt service					684,070	1,405,455	2,089,525
Franchise fees					1,079,510	-	1,079,510
Transient room taxes					7,173,273	-	7,173,273
Unrestricted investment earnings					434,490	57,627	492,117
Gain from sale of capital assets					1,688	-	1,688
Miscellaneous					1,163,752	139,440	1,303,192
TRANSFERS					<u>74,306</u>	<u>(74,306)</u>	<u>-</u>
Total general revenues and transfers					<u>17,280,629</u>	<u>1,528,216</u>	<u>18,808,845</u>
CHANGE IN NET POSITION					<u>1,965,808</u>	<u>1,622,965</u>	<u>3,588,773</u>
NET POSITION, June 30, 2017, as previously reported					<u>84,836,172</u>	<u>36,761,455</u>	<u>121,597,627</u>
Restatement for implementation of GASB 75					<u>276,801</u>	<u>66,520</u>	<u>343,321</u>
NET POSITION, June 30, 2017, as restated					<u>85,112,973</u>	<u>36,827,975</u>	<u>121,940,948</u>
NET POSITION, June 30, 2018					<u>\$ 87,078,781</u>	<u>\$ 38,450,940</u>	<u>\$ 125,529,721</u>

See notes to basic financial statements.

CITY OF LINCOLN CITY
Lincoln City, Oregon

BALANCE SHEET GOVERNMENTAL FUNDS

JUNE 30, 2018

	General Fund	Visitor and Convention Bureau	Urban Renewal Construction	Other Governmental Funds	Totals
ASSETS:					
Cash and investments	\$ 11,472,507	\$ 1,800,486	\$ 1,641,890	\$ 8,961,746	\$ 23,876,629
Cash with County Treasurer	56,873	-	-	6,088	62,961
Receivables	2,007,271	510,804	-	1,660,996	4,179,071
Advance to other funds	300,000	-	-	-	300,000
Assets held for sale	1,393,665	-	-	560,822	1,954,487
TOTAL ASSETS	<u>\$ 15,230,316</u>	<u>\$ 2,311,290</u>	<u>\$ 1,641,890</u>	<u>\$ 11,189,652</u>	<u>\$ 30,373,148</u>
LIABILITIES:					
Accounts payable and accrued expenses	\$ 342,405	\$ 254,266	\$ 170,615	\$ 507,226	\$ 1,274,512
Other accrued liabilities	765,362	-	-	1,310	766,672
TOTAL LIABILITIES	<u>1,107,767</u>	<u>254,266</u>	<u>170,615</u>	<u>508,536</u>	<u>2,041,184</u>
DEFERRED INFLOW OF RESOURCES:					
Unavailable revenue	1,212,658	-	-	85,037	1,297,695
FUND BALANCES:					
Nonspendable in form	1,693,665	-	-	1,152,256	2,845,921
Restricted for:					
Capital projects	-	-	1,471,275	3,513,666	4,984,941
Post closure landfill costs	650,390	-	-	-	650,390
Debt service	-	-	-	889,597	889,597
Road construction/maintenance	-	-	-	1,277,785	1,277,785
Tourism promotion	-	2,057,024	-	-	2,057,024
Urban renewal	-	-	-	1,118,545	1,118,545
Parks maintenance	-	-	-	1,021,976	1,021,976
Committed to:					
Capital projects	351,845	-	-	-	351,845
Affordable housing	-	-	-	140,668	140,668
Maintenance services	-	-	-	77,299	77,299
Art and education	-	-	-	105,526	105,526
Assigned to:					
Capital projects	-	-	-	1,298,761	1,298,761
Unassigned	10,213,991	-	-	-	10,213,991
TOTAL FUND BALANCES	<u>12,909,891</u>	<u>2,057,024</u>	<u>1,471,275</u>	<u>10,596,079</u>	<u>27,034,269</u>
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCE	<u>\$ 15,230,316</u>	<u>\$ 2,311,290</u>	<u>\$ 1,641,890</u>	<u>\$ 11,189,652</u>	<u>\$ 30,373,148</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**

JUNE 30, 2018

TOTAL FUND BALANCE		\$ 27,034,269
Total net position shown in the Statement of Net Position is different because:		
Capital assets are not financial resources for budgetary purposes and therefore are not reported in the governmental funds.		68,639,194
Certain items are not available to pay for current period expenditures, but are reported in the Statement of Net Position		
Net OPEB RHIA Asset	22,260	
Deferred outflows of resources related to pensions	2,464,725	
Deferred outflows of resources related to OPEB	55,246	
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.		1,297,695
Compensated absences not payable in the current year are not recorded as governmental fund liabilities.		(517,529)
Long-term liabilities and deferred inflows are not reported as governmental fund liabilities as they are not payable in the current year. These long-term liabilities and deferred inflows consist of:		
Total other post-employment benefit obligation	(412,992)	
Net pension liability	(7,191,489)	
Deferred inflows of resources related to pensions	(773,109)	
Deferred inflows of resources related to OPEB	(29,492)	
Bonds and note payable	(2,975,000)	
Landfill closure and post closure costs	<u>(450,869)</u>	
Total		(11,832,951)
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>(84,128)</u>
TOTAL NET POSITION		<u>\$ 87,078,781</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, 2018

	General	Visitor and Convention Bureau	Urban Renewal Construction	Other Governmental Funds	Totals
REVENUES:					
Property Taxes	\$ 6,668,901	\$ -	\$ -	\$ 693,425	\$ 7,362,326
Franchises and fees	1,079,510	-	-	-	1,079,510
Transient room tax	1,598,826	2,175,254	-	3,399,193	7,173,273
Fines and forfeitures	141,298	-	-	-	141,298
Fees, licenses and permits	672,958	-	-	-	672,958
Rents	-	-	-	203,373	203,373
Charges for services	22,138	-	-	295,723	317,861
Intergovernmental	783,376	10,000	-	652,160	1,445,536
Reimbursement from other funds	-	-	-	18,479	18,479
Interest on investments	198,833	33,050	40,281	162,326	434,490
Miscellaneous	1,050,986	48,220	-	68,501	1,167,707
TOTAL REVENUES	<u>12,216,826</u>	<u>2,266,524</u>	<u>40,281</u>	<u>5,493,180</u>	<u>20,016,811</u>
EXPENDITURES:					
Current:					
General government	2,530,797	-	-	767,243	3,298,040
Public safety	4,784,271	-	-	-	4,784,271
Highways and streets	-	-	-	1,510,207	1,510,207
Culture and recreation	2,038,445	1,794,678	-	1,083,530	4,916,653
Art and education	-	-	-	13,000	13,000
Debt service	-	-	-	1,096,907	1,096,907
Capital outlay	494,949	50,683	2,786,314	1,359,571	4,691,517
TOTAL EXPENDITURES	<u>9,848,462</u>	<u>1,845,361</u>	<u>2,786,314</u>	<u>5,830,458</u>	<u>20,310,595</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>2,368,364</u>	<u>421,163</u>	<u>(2,746,033)</u>	<u>(337,278)</u>	<u>(293,784)</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of capital assets	153	-	-	1,535	1,688
Proceeds from bond issuance	-	-	2,975,000	-	2,975,000
Transfers in	-	-	-	1,193,105	1,193,105
Transfers out	(1,051,842)	(66,957)	-	-	(1,118,799)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,051,689)</u>	<u>(66,957)</u>	<u>2,975,000</u>	<u>1,194,640</u>	<u>3,050,994</u>
NET CHANGE IN FUND BALANCES	1,316,675	354,206	228,967	857,362	2,757,210
FUND BALANCES, beginning of year	<u>11,593,216</u>	<u>1,702,818</u>	<u>1,242,308</u>	<u>9,738,717</u>	<u>24,277,059</u>
FUND BALANCES, end of year	<u>\$12,909,891</u>	<u>\$ 2,057,024</u>	<u>\$ 1,471,275</u>	<u>\$ 10,596,079</u>	<u>\$ 27,034,269</u>

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, 2018

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$	2,757,210
<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	\$ 4,691,517	
Depreciation	<u>(2,630,496)</u>	2,061,021
<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>		
		(1,821)
<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	(8,716)	
Unearned Revenue - Unbonded Assessment (LID/Reimbursement District Receivable)	(3,955)	
Deferred Revenue - Municipal Court	<u>(17,781)</u>	(30,452)
<p>Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets.</p>		
		(2,975,000)
<p>Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.</p>		
		1,025,681
<p>Landfill post closure costs are reported as expenditures in the governmental fund statements, but reduce the liability in the Statement of Net Position.</p>		
		(56,648)
<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>		
		(30,740)
<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		(781,311)
OPEB Expense		10,202
Compensated absences		<u>(12,334)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u>1,965,808</u>

See notes to basic financial statements.

CITY OF LINCOLN CITY
Lincoln City, Oregon

PROPRIETARY FUNDS

STATEMENT OF NET POSITION

JUNE 30, 2018

	Enterprise Funds			Internal Service Fund
	Water	Sewer	Totals	
ASSETS:				
Current assets:				
Cash and investments	\$ 1,597,544	\$ 1,341,568	\$ 2,939,112	\$ 75,942
Cash with County Treasurer	-	12,093	12,093	-
Receivables, net	619,487	862,889	1,482,376	4,890
Prepays	-	-	-	20,616
Net OPEB Asset	2,765	2,903	5,668	1,325
Inventories	227,248	22,109	249,357	-
Total current assets	2,447,044	2,241,562	4,688,606	102,773
Capital assets:				
Land, improvements and construction in progress	968,357	195,459	1,163,816	-
Other capital assets, net	21,239,290	30,693,353	51,932,643	170,765
Total capital assets	22,207,647	30,888,812	53,096,459	170,765
TOTAL ASSETS	24,654,691	33,130,374	57,785,065	273,538
DEFERRED OUTFLOW OF RESOURCES:				
Deferred amounts related to pensions	370,800	298,030	668,830	139,150
Deferred amounts related to OPEB	6,862	7,205	14,067	3,288
TOTAL DEFERRED OUTFLOW OF RESOURCES	377,662	305,235	682,897	142,438
LIABILITIES:				
Current liabilities:				
Accounts payable and accrued expenses	116,913	99,115	216,028	21,796
Due to other funds	-	300,000	300,000	-
Accrued interest payable	17,668	35,814	53,482	-
Accrued compensated absences	96,603	50,603	147,206	2,316
Current portion of long-term obligations	479,417	1,152,259	1,631,676	-
Total current liabilities	710,601	1,637,791	2,348,392	24,112
Long-term liabilities	2,100,000	13,294,684	15,394,684	-
Total other postemployment benefit obligation	51,298	53,859	105,157	24,582
Net pension liability	1,081,907	869,581	1,951,488	406,007
TOTAL LIABILITIES	3,943,806	15,855,915	19,799,721	454,701
DEFERRED INFLOWS OF RESOURCES				
Deferred amounts related to pensions	116,309	93,483	209,792	43,647
Deferred amounts related to OPEB	3,664	3,845	7,509	1,756
TOTAL DEFERRED INFLOWS OF RESOURCES	119,973	97,328	217,301	45,403
NET POSITION:				
Net investment in capital assets	19,655,806	16,441,869	36,097,675	170,765
Restricted for:				
Capital improvement	1,189,668	590,605	1,780,273	-
Debt service	80,284	279,252	359,536	-
Unrestricted	42,816	170,640	213,456	(254,893)
TOTAL NET POSITION	\$ 20,968,574	\$ 17,482,366	\$ 38,450,940	\$ (84,128)

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, 2018

	Enterprise Funds			Internal Service Fund
	Water	Sewer	Totals	
OPERATING REVENUES:				
Charges for services	\$ 3,941,476	\$ 3,585,158	\$ 7,526,634	\$ 836,822
Intergovernmental	-	-	-	305
Miscellaneous	24,285	115,155	139,440	20,480
TOTAL OPERATING REVENUES	3,965,761	3,700,313	7,666,074	857,607
OPERATING EXPENSES:				
Personal services	1,272,938	1,194,334	2,467,272	588,063
Materials and services	705,563	1,385,738	2,091,301	260,454
Support services	221,250	162,430	383,680	-
Depreciation	1,259,787	1,670,467	2,930,254	39,830
TOTAL OPERATING EXPENSES	3,459,538	4,412,969	7,872,507	888,347
OPERATING INCOME (LOSS)	506,223	(712,656)	(206,433)	(30,740)
NONOPERATING INCOME (EXPENSE):				
System development charges	184,430	494,326	678,756	-
Interest earned on investments	26,037	31,590	57,627	-
Gain (loss) from sale of asset	1,160	1,160	2,320	-
Property taxes	-	1,405,455	1,405,455	-
Interest expense	(91,863)	(427,334)	(519,197)	-
TOTAL NONOPERATING INCOME (EXPENSE)	119,764	1,505,197	1,624,961	-
INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS	625,987	792,541	1,418,528	(30,740)
TRANSFERS:				
Transfers out	(32,529)	(41,777)	(74,306)	-
CONTRIBUTIONS:				
Capital contributions	-	278,743	278,743	-
TOTAL TRANSFERS AND CAPITAL CONTRIBUTIONS	(32,529)	236,966	204,437	-
CHANGE IN NET POSITION	593,458	1,029,507	1,622,965	(30,740)
NET POSITION, June 30, 2017, as previously reported	20,342,666	16,418,789	36,761,455	(31,797)
Restatement for implementation of GASB 75	32,450	34,070	66,520	(21,591)
NET POSITION, June 30, 2017, as restated	20,375,116	16,452,859	36,827,975	(53,388)
NET POSITION, June 30, 2018	\$ 20,968,574	\$ 17,482,366	\$ 38,450,940	\$ (84,128)

See notes to basic financial statements.

CITY OF LINCOLN CITY
Lincoln City, Oregon

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2018

	Enterprise Funds			Internal Service Fund
	Water	Sewer	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers	\$ 3,914,855	\$ 3,476,454	\$ 7,391,309	\$ 857,523
Payments to suppliers	(585,786)	(1,499,215)	(2,085,001)	(266,319)
Payments to employees	(1,224,966)	(1,180,629)	(2,405,595)	(523,055)
Payments for support services	(221,250)	(162,430)	(383,680)	-
NET CASH FROM OPERATING ACTIVITIES	1,882,853	634,180	2,517,033	68,149
CASH FLOWS FROM NON FINANCING ACTIVITIES:				
Property taxes	-	1,405,455	1,405,455	-
Transfers out	(32,529)	(41,777)	(74,306)	-
NET CASH FROM NON FINANCING ACTIVITIES	(32,529)	1,363,678	1,331,149	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition of capital assets	(283,436)	(2,469,065)	(2,752,501)	(67,908)
Proceeds received from sale of capital assets	1,160	1,160	2,320	-
System development charges	184,430	494,326	678,756	-
Proceeds received from interfund loan	-	300,000	300,000	-
Principal paid on long-term obligations	(902,944)	(1,006,479)	(1,909,423)	-
Interest paid on long-term obligations	(96,111)	(431,280)	(527,391)	-
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES	(1,096,901)	(3,111,338)	(4,208,239)	(67,908)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest on investments	26,037	31,590	57,627	-
NET INCREASE (DECREASE) IN CASH AND INVESTMENTS	779,460	(1,081,890)	(302,430)	241
CASH AND INVESTMENTS, beginning of year	818,084	2,423,458	3,241,542	75,701
CASH AND INVESTMENTS, end of year	\$ 1,597,544	\$ 1,341,568	\$ 2,939,112	\$ 75,942
RECONCILIATION OF OPERATING INCOME TO NET CASH FROM OPERATING ACTIVITIES				
Operating income (loss)	\$ 506,223	\$ (712,656)	\$ (206,433)	\$ (30,740)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	1,259,787	1,670,467	2,930,254	39,830
Decrease (increase) in assets and deferred outflows				
Receivables, net	(50,906)	(221,930)	(272,836)	(84)
Prepays	-	-	-	(9,650)
Inventories	38,522	(151)	38,371	-
Cash with County Treasurer	-	(1,929)	(1,929)	-
Net OPEB Asset	(2,765)	(2,903)	(5,668)	(1,325)
Deferred outflows	345,503	307,666	653,169	92,313
Increase (decrease) in liabilities and deferred inflows				
Accounts payable and accrued expenses	81,255	(113,326)	(32,071)	3,785
Compensated absences payable	(13,533)	(6,562)	(20,095)	2,315
OPEB	3,860	8,842	12,702	2,991
Net pension liability	(313,096)	(312,719)	(625,815)	(46,834)
Deferred inflows	28,003	19,381	47,384	15,548
NET CASH FROM OPERATING ACTIVITIES	\$ 1,882,853	\$ 634,180	\$ 2,517,033	\$ 68,149

See notes to basic financial statements.

CITY OF LINCOLN CITY
Lincoln City, Oregon

AGENCY FUND

STATEMENT OF ASSETS AND LIABILITIES

JUNE 30, 2018

ASSETS:

Cash and investments	\$	43,996
----------------------	----	--------

LIABILITIES:

Accounts payable	\$	8,860
Funds held in trust		35,136

TOTAL LIABILITIES

	\$	43,996
--	----	--------

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, 2018

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, 2018

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, 2018

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 measurable 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 Construction Fund – accounts for the capital projects of the Urban Renewal Agency. Principal sources of revenue are proceeds from Urban Renewal bonds.

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, 2018

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, 2018.

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, 2018

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. No provision for uncollectible accounts was necessary at June 30, 2018.

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, 2018

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, 2018

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 Inflows/Outflows 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.

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

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Inflows/Outflows of Resources (Continued)

(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.

Other Postemployment Benefits (OPEB)

The City's OPEB asset and liability, deferred inflows and outflows of resources related to OPEB and OPEB expense have been determined on the bases of independent actuarial valuations.

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, 2018

2. DEPOSITS AND INVESTMENTS (Continued)

At June 30, 2018, the City's cash and investments were comprised of the following:

Cash on hand	\$ 2,825
Deposits with financial institutions	518,842
Oregon State Treasurer's Local Government Investment Pool	<u>26,414,012</u>
	<u>\$ 26,935,679</u>

Reported as:

Governmental activities	\$ 23,952,571
Business-type activities	<u>2,939,112</u>
Total per Statement of Net Position	26,891,683
Agency Fund	<u>43,996</u>
	<u>\$ 26,935,679</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, 2018, was \$568,544 of which \$500,000 was covered by the FDIC. As required by Oregon Revised Statutes, deposits were held at qualified depositories of public funds. All qualified depositories for public funds are included in the multiple financial institution collateral pool that is maintained by, and in the name of, the Office of the State Treasurer.

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, 2018

3. ACCOUNTS RECEIVABLE

Receivables as of June 30, 2018, for the City's governmental activities/funds are as follows:

	General	Visitor and Convention Bureau	Other Governmental	Internal Service	Totals
Property taxes	\$ 508,871	\$ -	\$ 85,037	\$ -	\$ 593,908
Intergovernmental	125,457	-	147,153	-	272,610
Fines and warrants	60,075	-	-	-	60,075
Franchise fees	109,305	-	-	4,890	114,195
Transient room taxes	326,579	510,804	837,372	-	1,674,755
Reimburse/Local Impr District	649,533	-	-	-	649,533
Notes-housing rehabilitation	-	-	591,434	-	591,434
Miscellaneous other	227,451	-	-	-	227,451
	<u>\$ 2,007,271</u>	<u>\$ 510,804</u>	<u>\$ 1,660,996</u>	<u>\$ 4,890</u>	<u>\$ 4,183,961</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 2017-18.

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%	\$ 506,543
Affordable Housing:			
Habitat and Housing Rehabilitation	15 years	0%	\$ 84,891

Receivables as of June 30, 2018, for the City's business-type activities/funds are as follows:

	Water	Sewer	Totals
User charges	\$ 619,487	\$ 593,657	\$ 1,213,144
Reimburse/Local Impr District	-	153,270	153,270
Property taxes	-	107,438	107,438
Miscellaneous	-	8,524	8,524
	<u>\$ 619,487</u>	<u>\$ 862,889</u>	<u>\$ 1,482,376</u>

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2018

4. CAPITAL ASSETS

Transactions for the year ended June 30, 2018, of the governmental activities, were as follows:

	<u>Balance</u> <u>June 30, 2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2018</u>
Capital assets not being depreciated:				
Land	\$ 15,572,758	\$ 469,835	\$ -	\$ 16,042,593
Public right-of-way	22,328,786	-	-	22,328,786
Construction in progress	<u>582,994</u>	<u>3,702,719</u>	<u>(1,530,692)</u>	<u>2,755,021</u>
Total capital assets not being depreciated	<u>38,484,538</u>	<u>4,172,554</u>	<u>(1,530,692)</u>	<u>41,126,400</u>
Capital assets being depreciated:				
Buildings	15,424,001	183,720	-	15,607,721
Heavy equipment	537,720	-	-	537,720
Urban renewal projects	2,588,741	292,372	(6,156)	2,874,957
System improvements	51,563,248	833,651	-	52,396,899
Vehicles	1,174,084	196,814	(20,470)	1,350,428
Equipment and furniture	3,933,913	332,261	(51,003)	4,215,171
Books and art	<u>1,202,117</u>	<u>-</u>	<u>-</u>	<u>1,202,117</u>
Total capital assets being depreciated	<u>76,423,824</u>	<u>1,838,818</u>	<u>(77,629)</u>	<u>78,185,013</u>
Accumulated depreciation	<u>(47,906,937)</u>	<u>(2,670,326)</u>	<u>75,809</u>	<u>(50,501,454)</u>
Total capital assets being depreciated, net	<u>28,516,887</u>	<u>(831,508)</u>	<u>(1,820)</u>	<u>27,683,559</u>
Total capital assets, net	<u>\$ 67,001,425</u>	<u>\$ 3,341,046</u>	<u>\$ (1,532,512)</u>	<u>\$ 68,809,959</u>

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

General government	\$ 583,742
Internal Service Fund	39,830
Public safety	127,180
Highway and streets	1,391,707
Culture and recreation	<u>527,867</u>
Total	<u>\$ 2,670,326</u>

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2018

4. CAPITAL ASSETS (Continued)

Transactions for the year ended June 30, 2018, of the business-type activities, were as follows:

	Balance June 30, 2017	Increases	Decreases	Balance June 30, 2018
Capital assets not being depreciated:				
Land and improvements	\$ 811,970	\$ -	\$ -	\$ 811,970
Construction in progress	973,188	2,602,098	(3,223,440)	351,846
Total capital assets not being depreciated	<u>1,785,158</u>	<u>2,602,098</u>	<u>(3,223,440)</u>	<u>1,163,816</u>
Capital assets being depreciated:				
Buildings	1,175,931	-	-	1,175,931
Facilities	88,168,160	3,502,184	-	91,670,344
Equipment	2,131,001	150,402	-	2,281,403
Intangibles	120,868	-	-	120,868
Total capital assets being depreciated	<u>91,595,960</u>	<u>3,652,586</u>	<u>-</u>	<u>95,248,546</u>
Accumulated depreciation	<u>(40,385,649)</u>	<u>(2,930,254)</u>	<u>-</u>	<u>(43,315,903)</u>
Total capital assets being depreciated, net	<u>51,210,311</u>	<u>722,332</u>	<u>-</u>	<u>51,932,643</u>
Total capital assets, net	<u>\$ 52,995,469</u>	<u>\$ 3,324,430</u>	<u>\$ (3,223,440)</u>	<u>\$ 53,096,459</u>

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

Water	\$ 1,259,787
Sewer	<u>1,670,467</u>
Total	<u>\$ 2,930,254</u>

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2018

5. LONG-TERM OBLIGATIONS

Transactions for the year ended June 30, 2018, of the governmental activities, were as follows:

<u>Note</u>	<u>Balance June 30, 2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balances June 30, 2018</u>	<u>Due w ithin one year</u>
Full Faith and Credit Note, Series 2014, URA Original issue amount \$4 million, final maturity June 2018, interest at 1.64 percent	\$ 1,025,681	\$ -	\$ 1,025,681	\$ -	\$ -
Full Faith and Credit Note, Series 2017, URA Original issue amount \$2.975 million, final maturity June 2023, interest at 3.15 percent	-	2,975,000	-	2,975,000	442,652
	<u>\$ 1,025,681</u>	<u>\$ 2,975,000</u>	<u>\$ 1,025,681</u>	<u>\$ 2,975,000</u>	<u>\$ 442,652</u>
Compensated absences	<u>\$ 505,195</u>	<u>\$ 519,845</u>	<u>\$ 505,195</u>	<u>\$ 519,845</u>	<u>\$ 519,845</u>

The future maturities for governmental activity long-term obligations outstanding as of June 30, 2018, are as follows:

<u>Fiscal Year</u>	<u>Full Faith and Credit Note, Series 2017 URA Projects</u>	
	<u>Principal</u>	<u>Interest</u>
2019	\$442,652	\$90,227
2020	575,954	75,233
2021	626,240	56,695
2022	679,708	36,547
2023	650,446	15,367
	<u>\$2,975,000</u>	<u>\$274,069</u>

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2018

5. LONG-TERM OBLIGATIONS (Continued)

Transactions for the year ended June 30, 2018, of the business-type activities, were as follows:

	<u>Balance</u> <u>June 30, 2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balances</u> <u>June 30, 2018</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	\$ 2,880,000	\$ -	\$ 385,000	\$ 2,495,000	\$ 395,000
<u>General Obligation Bonds</u>					
Sewer Bonds, Series 2011, Original issue amount \$7 million, final maturity March 2026, interest at 4.1 percent					
Principal	4,582,903	-	444,849	4,138,054	463,370
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	130,000
Sewer Bonds, Refunding Series 2015 Original issue amount \$2.210 million, final maturity June 2019, interest at 1.456 percent					
Principal	1,120,519	-	561,630	558,889	558,889
Water Bonds, Series 2007 Original issue amount \$4 million, final maturity December 2018, interest at 3.95 percent					
Principal	418,720	-	418,720	-	-
<u>Contract payable</u>					
Original issue amount \$585,000, final maturity August 2019, interest at 2.0 percent					
Principal	183,641	-	99,224	84,417	84,417
	<u>\$ 18,935,783</u>	<u>\$ -</u>	<u>\$ 1,909,423</u>	<u>\$ 17,026,360</u>	<u>\$ 1,631,676</u>
Compensated absences	<u>\$ 167,302</u>	<u>\$ 147,206</u>	<u>\$ 167,302</u>	<u>\$ 147,206</u>	<u>\$ 147,206</u>

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2018

5. LONG-TERM OBLIGATIONS (Continued)

The future maturities for business-type activity long-term obligations outstanding as of June 30, 2018, are as follows:

Fiscal Year	Full Faith and Credit Note Series 2014	
	Principal	Interest
2019	\$ 395,000	\$ 71,083
2020	405,000	59,994
2021	410,000	48,291
2022	420,000	36,610
2023	430,000	24,644
2024-28	435,000	12,427
	<u>\$ 2,495,000</u>	<u>\$ 253,049</u>

Fiscal Year	General Obligation Sewer Bonds Series 2011		General Obligation Sewer Refunding Bond Series 2013		General Obligation Sewer Bonds Series 2015	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 463,370	\$ 162,596	\$ 130,000	\$ 231,050	\$ 558,889	\$ 8,173
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	545,494	80,473	830,000	182,750	-	-
2024-28	1,620,080	101,329	4,500,000	633,563	-	-
2029-30	-	-	2,005,000	90,000	-	-
	<u>\$ 4,138,054</u>	<u>\$ 713,187</u>	<u>\$ 9,750,000</u>	<u>\$ 1,778,313</u>	<u>\$ 558,889</u>	<u>\$ 8,173</u>

Fiscal Year	Contract Payable		Totals	
	Principal	Interest	Principal	Interest
2019	\$ 84,417	\$ 1,688	\$ 1,631,676	\$ 474,590
2020	-	-	1,617,662	431,748
2021	-	-	1,672,758	385,350
2022	-	-	1,738,690	337,536
2023	-	-	1,805,494	287,867
2024-28	-	-	6,555,080	747,319
2029-30	-	-	2,005,000	90,000
	<u>\$ 84,417</u>	<u>\$ 1,688</u>	<u>\$ 17,026,360</u>	<u>\$ 2,754,410</u>

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2018

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, 2018, unavailable revenue consists of the following:

	General Fund	Other Governmental Funds	Totals
Property taxes	\$ 508,871	\$ 85,037	\$ 593,908
LID/Reimbursement District	649,533	-	649,533
Fines and warrants	54,254	-	54,254
Total	<u>\$ 1,212,658</u>	<u>\$ 85,037</u>	<u>\$ 1,297,695</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, 2018, the City reports a restricted fund balance amount related to these post-closure requirements of \$650,390 and liability in the entity-wide financial statements \$450,869.

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, 2018

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, 2018

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, 2018

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, 2017, through June 30, 2018, were set using the entry age normal actuarial 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, 2015 actuarial valuation was determined using the following actuarial assumptions:

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2018

8. EMPLOYEE RETIREMENT PENSION PLAN (continued)

Actuarial Valuations (Continued)

Valuation Date	12/31/2015
Measurement Date	06/30/2017
Experience Study Report	2014, published September 2015
Actuarial cost method	Entry Age Normal
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 July 28, 2017 meeting, the PERS Board reduced the assumed rate of return on investments from 7.50 percent to 7.20 percent. The adopted assumed rate will be effective January 1, 2018.*

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, 2018

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	14.0	21.0	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, 2018

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.

The City's contributions for the year ended June 30, 2018 were \$857,176. The contractually required contribution rates in effect for the fiscal year ended June 30, 2018 were 17.89% for Tier One/Tier Two, 9.33% for OPSRP Pension Program General Service Members, 14.10% 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, 2018

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, 2018, the City reported a liability of \$9,548,984 for its proportionate share of the plan pension liability. The net pension liability was measured as of June 30, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015. 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, 2018 and 2017, the City's proportion was 0.07083796 percent and 0.07758981, respectively.

For the year ended June 30, 2018, the City recognized pension expense of \$1,795,972. At June 30, 2018, 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	\$ 461,793	\$ -
Change of assumptions	1,740,609	-
Net difference between projected and actual earnings on pension plan investments	98,377	-
Changes in proportionate share	84,809	794,647
Difference between employer contributions and employer's proportionate share of contributions	29,941	231,901
City contributions subsequent to the measurement date	857,176	-
Total	<u>\$ 3,272,705</u>	<u>\$ 1,026,548</u>

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2018

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 \$857,176 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, 2019. 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:	<u>Total</u>
2019	\$ 190,729
2020	971,771
2021	601,855
2022	(359,667)
2023	<u>(15,707)</u>
	<u>\$ 1,388,981</u>

Sensitivity of the City's Proportionate Share of the Net Pension Liability 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:

	<u>1% Decrease (6.5%)</u>	<u>Discount Rate (7.5%)</u>	<u>1% Increase (8.5%)</u>
City's proportionate share of net pension (asset)/liability	\$ 16,273,212	\$ 9,548,894	\$ 3,926,284

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2018

9. OTHER POSTEMPLOYMENT BENEFITS

The other postemployment benefits for the City combine two separate plans. The City provides an implicit rate subsidy for retiree Health Insurance Continuation (HIC) premiums, and a contribution to the State of Oregon's PERS cost-sharing multiple employer defined benefit plan (RHIA).

Health Insurance Continuation

The city provides other post-employment benefits (OPEB) for employees, retirees, spouses and dependents through a single employer defined contribution plan in the form of group health insurance benefits. As required by ORS 243.303(2) retirees who were hired after July 1, 2003 are allowed to continue, at the retirees' expense, coverage under the group health insurance plan until age 65. The difference between the premium actually paid by retirees under the group insurance plan and the premium that they would pay if they were not included in the plan is considered to be an implicit rate subsidy under the provisions of GASB 75. The "plan" does not issue a separate stand-alone financial report.

For the purpose of calculating the total OPEB liability, the June 30, 2016 actuarial valuation includes 126 active participants and 6 inactive participants.

The following projections are based on the census data, Citycounty Insurance Services benefit information, and actuarial assumptions. For the purposes of GASB 75 accounting, this implicit rate subsidy is considered the City's "benefit payments" for the implicit rate subsidy.

**Projected Benefit Payments
Implicit Benefit**

Year ended June 30:	<u>Total</u>	Year ended June 30:	<u>Total</u>
2018	\$ 40,205	2023	\$ 42,978
2019	43,945	2024	42,933
2020	35,186	2025	39,463
2021	40,643	2026	45,191
2022	44,648		

Total OPEB Liability – The City's total OPEB Liability of \$542,731 was measured as of June 30, 2017 and was determined by an actuarial valuation as of July 1, 2016.

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2018

9. OTHER POSTEMPLOYMENT BENEFITS (continued)

Health Insurance Continuation (continued)

Actuarial Methods and Assumptions – The total OPEB liability in the July 1, 2016 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Actuarial cost method	Entry Age Normal
Inflation	2.50%
Salary increases	3.50 %
Discount rate	3.58%
Mortality rates	RP-2000 healthy white collar male and female mortality tables, set back one year for males. Mortality is projected on a generational basis using Scale BB for males and females.

Changes in the Total OPEB Liability

Balance as of June 30, 2017	\$ 551,479
Changes for the Year	
Service Costs	44,858
Interest	16,413
Changes of assumptions	(28,874)
Benefit payments	<u>(41,145)</u>
Balance as of June 30, 2018	<u>\$ 542,731</u>

Sensitivity of the total OPEB Liability to changes in the discount rate – The following presents the total OPEB liability of the City, as well as what the total OPEB liability would be if it were calculated using a discount rate one percentage point lower (2.58%) or one percentage point higher (4.58%) than the current rate. A similar sensitivity analysis is presented for changes in the healthcare cost trend assumption.

	1% Decrease <u>(2.58%)</u>	Discount Rate <u>(3.58%)</u>	1% Increase <u>(4.58%)</u>
Total OPEB Liability	\$ 581,326	\$ 542,731	\$ 506,827
		Current Healthcare Cost Trend	
	1% Decrease <u></u>	Rates <u></u>	1% Increase <u></u>
Total OPEB Liability	\$ 492,402	\$ 542,731	\$601,606

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2018

9. OTHER POSTEMPLOYMENT BENEFITS (continued)

Health Insurance Continuation (continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2018, the City recognized OPEB expense of \$57,261. The expense that is recorded on the Statement of Activities is equal to the change in the total OPEB liability, plus or minus changes in deferred outflows or inflows, plus employer contributions. Deferred outflows and inflows of resources at June 30, 2018 were \$40,205 and \$24,864, respectively.

OPERS Retirement Health Insurance Account

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

Contributions – 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 0.50% of annual covered payroll for Tier 1/Tier 2 and 0.43% of annual covered payroll for OPSRP. The PERS Board of Trustees sets the employer contribution rates based on an actuarially determined amount and they are combined with the PERS retirement rates.

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2018

9. OTHER POSTEMPLOYMENT BENEFITS (continued)

OPERS Retirement Health Insurance Account (continued)

Employer Contribution PERS Rates			
<u>RHIA Portion Only</u>	<u>PERS (Tier I/II)</u>	<u>OPSRP General</u>	<u>OPSRP Police & Fire</u>
07/01/17 - 06/30/19	0.50%	0.43%	0.43%
07/01/15 - 06/30/17	0.53%	0.45%	0.45%
07/01/13 - 06/30/15	0.59%	0.49%	0.49%
07/01/11 - 06/30/13	0.59%	0.50%	0.50%
07/01/09 - 06/30/11	0.29%	0.19%	0.19%

OPEB Assets, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – At June 30, 2018, the City reported an asset of \$29,253 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2017 and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2015 rolled forward to the measurement date. The City’s proportion of the net OPEB asset was based on a projection of the City’s long-term share of contributions to the OPEB plan relative to the total projected contributions of all employers, actuarially determined. At June 30, 2018, the City’s proportion was 0.07009318%.

For the year ended June 30, 2018, the City recognized OPEB expense of \$29. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Net difference between projected and actual earnings on investment	\$ -	\$ 13,548
Changes in proportionate share	-	345
City contributions subsequent to the measurement date	<u>32,396</u>	<u>-</u>
Total Deferred Outflow (Inflow) of Resources	<u>\$ 32,396</u>	<u>\$ 13,893</u>

City contributions subsequent to the measurement date of \$32,396 will be recognized in fiscal year 2018-19.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2018

9. OTHER POSTEMPLOYMENT BENEFITS (continued)

OPERS Retirement Health Insurance Account (continued)

Deferred Outflows/(Inflows) of Resources (prior to post-measurement date contributions)			
For the year ending June 30,	Difference between projected an actual investment earnings	Changes in proportinate share	Total
2019	\$ (3,387)	\$ (128)	\$ (3,515)
2020	(3,387)	(128)	(3,515)
2021	(3,387)	(89)	(3,476)
2022	(3,387)	(3,387)	(3,387)
Total	<u>\$ (13,548)</u>	<u>\$ (345)</u>	<u>\$ (13,893)</u>

Actuarial Methods and Assumptions – 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 below are based on the 2014 Experience Study, which reviewed experience for the four year period ended on December 31, 2014.

Valuation Date	12/31/2015
Measurement Date	06/30/2017
Experience Study Report	2014, published September 2015
Actuarial assumptions:	
Actuarial cost method	Entry Age Normal
Inflation rate	2.50 percent
Long-term expected rate of return	7.50 percent
Discount Rate	7.50 percent
Projected salary increases	3.50 percent
Retiree healthcare participation	Healthy retirees: 38%; Disabled retirees: 20%
Healthcare cost trend rate	None. Statute stipulates \$60 monthly payment for healthcare insurance.
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.

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2018

9. OTHER POSTEMPLOYMENT BENEFITS (continued)

OPERS Retirement Health Insurance Account (continued)

Long-term Expected Rate of Return – Oregon Revised Statute (ORS) 293.706 established the Oregon Investment Council (OIC), which consists of five voting members. ORS 293.701 defines the investment funds over which OIC has responsibility. Included are the Oregon Public Employees Retirement Fund (OPERF), which is comprised of the Defined Benefit Pension Plan, the Individual Account Program, and the Other Postemployment Benefit plans, and the Deferred Compensation Fund. For information on OPERF long-term expected rate of returns, see Note 8 Employee Retirement Pension Plan in this report.

Discount Rate – The discount rates used to measure the total OPEB liability at June 30, 2016 and June 30, 2017 was 7.50%. The projection of cash flows used to determine the discount rate assumed that contributions from contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the RHIA 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 OPEB plan investments for the RHIA plan was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the City's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate – The following presents the City's proportional share of the net OPEB asset, as well as what the City's proportionate share of the net OPEB asset would be if calculated using a discount rate that is one percentage point lower (6.50%) or one percentage point higher (8.50%) than the current discount rate:

	<u>1% Decrease (6.50%)</u>	<u>Discount Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
City's proportionate share of net OPEB Liability/ (Asset)	\$ 4,078	\$ (29,253)	\$ (57,602)

OPEB Plan Fiduciary Net Position – Detailed information about the OPEB plan's fiduciary net position is available in the separately issued PERS financial report.

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2018

9. OTHER POSTEMPLOYMENT BENEFITS (continued)

Combined Schedules of OPEB Plans

	<u>HIC</u>	<u>RHIA</u>	<u>Net OPEB</u>
Change in accounting (GASB 75)			
Ending OPEB liability/(asset) June 30, 2017	832,546	-	832,546
Change in accounting principal	(281,067)	19,508	(261,559)
Ending OPEB liability/(asset) June 30, 2017 restated	<u>\$ 551,479</u>	<u>\$ 19,508</u>	<u>\$ 570,987</u>
Change in OPEB liability/(asset)			
Net OPEB expense for measurement period			
Service cost and interest	\$ 61,271	\$ -	\$ 61,271
Share of system OPEB expense	-	157	157
Changes in Proportion	-	(128)	(128)
Total OPEB expense for measurement period	61,271	29	61,300
Contributions during measurement period	(41,145)	(34,897)	(76,042)
Net OPEB expense for measurement period	<u>20,126</u>	<u>(34,868)</u>	<u>(14,742)</u>
Deferred outflows/(inflows) of resources			
Change in proportion	(28,874)	(345)	(29,219)
Net investment differences	-	(13,548)	(13,548)
Net Deferred outflow/(inflow) of resources	<u>(28,874)</u>	<u>(13,893)</u>	<u>(42,767)</u>
Total change in OPEB liability/(asset)	(8,748)	(48,761)	\$ (57,509)
Beginning OPEB liability/(asset) - restated	<u>551,479</u>	<u>19,508</u>	
Proportion of net OPEB liability/(asset)		<u>\$ (29,253)</u>	
Total OPEB liability	<u><u>\$ 542,731</u></u>		

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2018

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. The City is currently involved in various legal matters. While the City intends to mount a defense to these matters, the possibility of unfavorable outcomes does exist. The likelihood and related amounts of losses, if any, are not determinable at this time. Management believes these matters will not have a material impact on City operations.

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, 2018:

<u>Funds</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental		
General	\$ -	\$ 1,051,842
Visitor and Convention Bureau	-	66,957
Other governmental	1,193,105	-
Proprietary		
Water	-	32,529
Sewer	-	41,777
	<u>\$ 1,193,105</u>	<u>\$ 1,193,105</u>

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2018

10. OTHER INFORMATION (continued)

Construction Commitments

<u>Project</u>	<u>Outstanding Amount</u>
FY2017-18	
Construction of NE Port (Logan to Voyage) Overlay	\$ 89,240
NW 68th and 69th Overlay	139,215
Construction West Devils Lake Rd & Hwy 101 Water Main	150,781
New Police Building	893,338
City Hall Re-roofing	256,011
DeLake Undergrounding	442,434
Total Commitments	\$ 1,971,019
Commitments subsequent to June 30, 2018	
Slip lining repair of the 24" sewer line Schooner Creek	\$ 269,400
Construction of NW 21st Street Improvements	504,403
NW 68th and 69th Sidewalk Construction	137,231
Taft Dock Repair	450,000
Schooner Creek Water Distribution Main	149,380
NW 22nd Street Improvement	392,501

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, 2018

11. RESTATEMENT – CITY

During the fiscal year ending June 30, 2018, the City implemented GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Issued June 2015, this statement replaces the requirements of Statements No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended, and No. 57, OPEB Measurement by Agent Employers and Agent Multiple-Employer Plans, for OPEB. Statement No. 75 establishes new accounting and financial reporting requirements for OPEB plans. This statement provides guidance for accounting for OPEB assets and liabilities, including definition of balances to be included in deferred inflows and deferred outflows of resources. The City adopted this new pronouncement in the current year and, accordingly, has restated amounts of effected balances within the government-wide financial statements as of June 30, 2017:

	<u>As Originally Reported</u>	<u>As Restated</u>	<u>Effect of Change</u>
Statement of Net Position			
Deferred outflow of resources			
Payments made since measurement date - HIC	\$ -	\$ 41,145	\$ 41,145
Payments made since measurement date - RHIA	-	40,617	40,617
Noncurrent liabilities/(asset)			
Total OPEB liability/(asset) - HIC	832,546	551,479	281,067
Net OPEB liability/(asset) - RHIA	-	19,508	<u>(19,508)</u>
Net Position: government wide	121,597,627	121,940,948	<u>\$ 343,321</u>
Statement of activities			
Restatement of beginning net position	\$ -	\$ 343,321	\$ 343,321

12. SUBSEQUENT EVENTS

The City of Lincoln City issued \$10,950,000 of full faith and credit bonds in October 2018. The bond proceeds will be used to construct a new Police building to replace the current one. Bond proceeds were received by the City on November 7, 2018. The bonds mature in 2048 with interest rates of 3.1% - 5%.

At the City Council meeting on November 26, 2018, the City Council approved a maximum guaranteed price for the new Police Building at \$12,600,000.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF LINCOLN CITY
Lincoln City, Oregon

SCHEDULE OF CHANGES IN THE CITY'S TOTAL OPEB LIABILITY AND RELATED RATIOS

HEALTH INSURANCE CONTINUATION

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>2018</u>
Total OPEB Liability	
Service Cost	\$ 44,858
Interest	16,413
Changes in assumptions	(28,874)
Benefit payments	<u>(41,145)</u>
Net change in total OPEB liability	(8,748)
Total OPEB liability - beginning	<u>551,479</u>
Total OPEB liability - ending	<u>\$ 542,731</u>
Covered-employee payroll	\$ 8,028,837
Total OPEB liability as a percentage of covered-employee payroll	6.76%

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 THE NET OPEB (ASSET) / LIABILITY

OPERS RETIREMENT HEALTH INSURANCE ACCOUNT

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

<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>
2017	0.07183499%	\$ 19,508	\$ 7,888,036	0.25%	94.2%
2018	0.07009318%	(29,253)	7,678,745	-0.38%	108.9%

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 CONTRIBUTIONS

OPERS RETIREMENT HEALTH INSURANCE ACCOUNT

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

<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>
2017	40,618	40,618	-	7,678,745	0.53%
2018	32,396	32,396	-	8,028,837	0.40%

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

OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Fiscal Year	City's proportion of the net pension (asset)/liability	City's proportionate share of the net pension (asset)/liability	City's covered employee payroll	City's proportionate share of the net pension (asset)/liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension (asset)/liability
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%
2018	0.07083796%	9,548,984	7,678,745	124.4%	83.1%

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 PENSION PLAN CONTRIBUTIONS
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

<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%
2018	857,176	857,176	-	8,028,837	10.7%

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

GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2018

	Budget		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
REVENUES:				
Property taxes	\$ 6,561,012	\$ 6,561,012	\$ 6,668,901	\$ 107,889
Franchise fees	940,400	1,028,440	1,079,510	51,070
Transient room tax	1,539,001	1,539,001	1,598,826	59,825
Fees, licenses and permits	696,050	608,010	672,958	64,948
Fines, and forfeitures	149,700	149,700	141,298	(8,402)
Charges for services	22,138	22,138	22,138	-
Intergovernmental	588,447	588,447	783,376	194,929
Interest	46,000	46,000	184,815	138,815
Miscellaneous	928,441	940,233	1,009,272	69,039
TOTAL REVENUES	11,471,189	11,482,981	12,161,094	678,113
EXPENDITURES:				
City council	26,617	26,617	23,511	3,106
City administration	658,224	658,224	618,008	40,216
Finance	801,457	801,457	755,140	46,317
Library	887,189	910,189	928,564	(18,375)
Municipal court	70,981	70,981	69,533	1,448
City attorney	255,323	255,323	239,715	15,608
Planning	674,270	674,270	534,785	139,485
Building inspection	257,000	292,000	280,856	11,144
Economic Development	291,737	291,737	125,698	166,039
Police	4,296,790	4,307,582	4,041,232	266,350
Dispatch Center	907,355	907,355	875,274	32,081
Recreation department	1,253,017	1,253,017	1,164,065	88,952
Non-departmental	616,943	617,943	385,265	232,678
Contingencies	1,837,000	1,502,000	-	1,502,000
TOTAL EXPENDITURES	12,833,903	12,568,695	10,041,646	2,527,049
EXCESS (DEFICIENCY) OF REVENUES				
OVER (UNDER) EXPENDITURES	(1,362,714)	(1,085,714)	2,119,448	3,205,162
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of capital assets	2,500	2,500	153	(2,347)
Transfers in	487,180	487,180	487,180	-
Transfers out	(1,143,878)	(1,443,878)	(1,443,878)	-
TOTAL OTHER FINANCING				
SOURCES (USES)	(654,198)	(954,198)	(956,545)	(2,347)
NET CHANGE IN FUND BALANCE	(2,016,912)	(2,039,912)	1,162,903	3,202,815
FUND BALANCE , beginning of year	8,658,236	8,681,236	10,329,779	1,648,543
FUND BALANCE , end of year	\$ 6,641,324	\$ 6,641,324	\$ 11,492,682	\$ 4,851,358
Change in fund balance - budgetary basis			\$ 1,162,903	
Advance reported as increase in receivable			300,000	
Change in fund balance - GAAP basis			<u>\$ 1,462,903</u>	
Fund balance - budgetary basis			\$ 11,492,682	
Balance of loans receivable			300,000	
Fund balance - GAAP basis			<u>\$ 11,792,682</u>	

CITY OF LINCOLN CITY
Lincoln City, Oregon

VISITOR AND CONVENTION BUREAU FUND

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

FOR THE YEAR ENDED JUNE 30, 2018

	Budget		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ 10,000	\$ (10,000)
Transient room tax	2,084,036	2,084,036	2,175,254	91,218
Interest on investments	8,870	8,870	33,050	24,180
Miscellaneous	89,000	89,000	48,220	(40,780)
TOTAL REVENUES	2,181,906	2,181,906	2,266,524	64,618
EXPENDITURES:				
Personal services	600,335	600,335	564,145	36,190
Materials and services	1,413,953	1,439,715	1,193,933	245,782
Capital outlay	50,000	105,000	50,683	54,317
Contingency	828,566	813,566	-	813,566
TOTAL EXPENDITURES	2,892,854	2,958,616	1,808,761	1,149,855
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(710,948)	(776,710)	457,763	1,234,473
OTHER FINANCING USES:				
Transfers out	(103,557)	(103,557)	(103,557)	-
NET CHANGE IN FUND BALANCE	(814,505)	(880,267)	354,206	1,234,473
FUND BALANCE, beginning of year	1,564,505	1,630,267	1,702,818	72,551
FUND BALANCE, end of year	\$ 750,000	\$ 750,000	\$ 2,057,024	\$ 1,307,024

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, 2018

	<u>Original/Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
REVENUES:			
Interest on investments	<u>\$ 11,220</u>	<u>\$ 40,281</u>	<u>\$ 29,061</u>
EXPENDITURES:			
Capital outlay	<u>3,903,007</u>	<u>2,786,314</u>	<u>1,116,693</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(3,891,787)	(2,746,033)	1,145,754
OTHER FINANCING SOURCES (USES):			
Proceeds from long-term obligations	<u>2,987,000</u>	<u>2,975,000</u>	<u>(12,000)</u>
NET CHANGE IN FUND BALANCE	(904,787)	228,967	1,133,754
FUND BALANCE, beginning of year	<u>904,787</u>	<u>1,242,308</u>	<u>337,521</u>
FUND BALANCE, end of year	<u><u>\$ -</u></u>	<u><u>\$ 1,471,275</u></u>	<u><u>\$ 1,471,275</u></u>

CITY OF LINCOLN CITY, OREGON

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2018

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 three changes to the fiscal year 2017-18 General Fund adopted budget. These changes recategorized operating expenditures to reflect actual spending patterns. It also created an interfund loan from the General Fund to the Sewer SDC Improvement Fund.

OTHER SUPPLEMENTARY INFORMATION

CITY OF LINCOLN CITY
Lincoln City, Oregon

NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2018

	Special Revenue Funds	Debt Service Fund	Capital Project Funds	Totals
ASSETS:				
Cash and investments	\$ 3,177,625	\$ 883,509	\$ 4,900,612	\$ 8,961,746
Cash with County Treasurer	-	6,088	-	6,088
Receivables	1,267,666	85,037	308,293	1,660,996
Prepaid items	-	-	-	-
Assets held for sale	560,822	-	-	560,822
TOTAL ASSETS	<u>\$ 5,006,113</u>	<u>\$ 974,634</u>	<u>\$ 5,208,905</u>	<u>\$ 11,189,652</u>
LIABILITIES:				
Accounts payable	\$ 110,748	\$ -	\$ 396,478	\$ 507,226
Other accrued liabilities	1,310	-	-	1,310
TOTAL LIABILITIES	<u>112,058</u>	<u>-</u>	<u>396,478</u>	<u>508,536</u>
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenue	-	85,037	-	85,037
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>85,037</u>	<u>-</u>	<u>85,037</u>
FUND BALANCES:				
Nonspendable in form	1,152,256	-	-	1,152,256
Restricted for:				
Capital projects	-	-	3,513,666	3,513,666
Road construction/maintenance	1,277,785	-	-	1,277,785
Urban renewal	1,118,545	-	-	1,118,545
Parks maintenance	1,021,976	-	-	1,021,976
Debt service	-	889,597	-	889,597
Committed to:				
Affordable housing	140,668	-	-	140,668
Maintenance	77,299	-	-	77,299
Art and education	105,526	-	-	105,526
Assigned to:				
Capital projects	-	-	1,298,761	1,298,761
TOTAL FUND BALANCES	<u>4,894,055</u>	<u>889,597</u>	<u>4,812,427</u>	<u>10,596,079</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 5,006,113</u>	<u>\$ 974,634</u>	<u>\$ 5,208,905</u>	<u>\$ 11,189,652</u>

CITY OF LINCOLN CITY
Lincoln City, Oregon

NONMAJOR GOVERNMENTAL FUNDS

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

FOR THE YEAR ENDED JUNE 30, 2018

	Special Revenue Funds	Debt Service Fund	Capital Project Funds	Eliminations	Totals
REVENUES:					
Property taxes	\$ -	\$ 693,425	\$ -	\$ -	\$ 693,425
Transient room tax	2,685,636	-	713,557	-	3,399,193
Rents	203,373	-	-	-	203,373
Charges for services	16,276	-	279,447	-	295,723
Intergovernmental	9,155	-	643,005	-	652,160
Reimbursement from other funds	18,479	-	-	-	18,479
Interest on investments	58,301	28,647	75,378	-	162,326
Miscellaneous	67,324	-	1,177	-	68,501
TOTAL REVENUES	3,058,544	722,072	1,712,564	-	5,493,180
EXPENDITURES:					
Current:					
General government	767,243	-	-	-	767,243
Highways and streets	1,090,170	-	420,037	-	1,510,207
Culture and recreation	1,083,530	-	-	-	1,083,530
Art and education	13,000	-	-	-	13,000
Debt service	-	1,096,907	-	-	1,096,907
Capital outlay	366,275	-	993,296	-	1,359,571
TOTAL EXPENDITURES	3,320,218	1,096,907	1,413,333	-	5,830,458
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(261,674)	(374,835)	299,231	-	(337,278)
OTHER FINANCING SOURCES (USES):					
Proceeds from sale of equipment	1,535	-	-	-	1,535
Transfers in	393,105	-	820,000	(20,000)	1,193,105
Transfers out	(20,000)	-	-	20,000	-
TOTAL OTHER FINANCING SOURCES (USES)	374,640	-	820,000	-	1,194,640
NET CHANGE IN FUND BALANCE	112,966	(374,835)	1,119,231	-	857,362
FUND BALANCE, beginning of year	4,781,089	1,264,432	3,693,196	-	9,738,717
FUND BALANCE, end of year	\$ 4,894,055	\$ 889,597	\$ 4,812,427	\$ -	\$ 10,596,079

CITY OF LINCOLN CITY
Lincoln City, Oregon

NONMAJOR SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2018

	<u>Affordable Housing</u>	<u>Lincoln Square Operations</u>	<u>Street</u>	<u>Urban Renewal Property Rehabilitation Program</u>
ASSETS:				
Cash and investments	\$ 142,409	\$ 89,511	\$ 969,556	\$ 629,989
Receivables	84,891	-	334,949	512,877
Assets held for Sale	<u>560,822</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 788,122</u>	<u>\$ 89,511</u>	<u>\$ 1,304,505</u>	<u>\$ 1,142,866</u>
LIABILITIES:				
Accounts payable	\$ 431	\$ 12,212	\$ 26,720	\$ 3,701
Other accrued liabilities	<u>1,310</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>1,741</u>	<u>12,212</u>	<u>26,720</u>	<u>3,701</u>
FUND BALANCES:				
Nonspendable in form	645,713	-	-	506,543
Restricted for:				
Capital projects	-	-	-	-
Road construction/maintenance	-	-	1,277,785	-
Parks maintenance	-	-	-	-
Urban Renewal	-	-	-	632,622
Committed to:				
Affordable housing	140,668	-	-	-
Maintenance	-	77,299	-	-
Art and education	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL FUND BALANCES	<u>786,381</u>	<u>77,299</u>	<u>1,277,785</u>	<u>1,139,165</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 788,122</u>	<u>\$ 89,511</u>	<u>\$ 1,304,505</u>	<u>\$ 1,142,866</u>

Parks Maintenance	Urban Renewal	Percent for Art	Totals
\$ 743,073	\$ 497,561	\$ 105,526	\$ 3,177,625
334,949	-	-	1,267,666
-	-	-	560,822
<u>\$ 1,078,022</u>	<u>\$ 497,561</u>	<u>\$ 105,526</u>	<u>\$ 5,006,113</u>
\$ 56,046	\$ 11,638	\$ -	\$ 110,748
-	-	-	1,310
<u>56,046</u>	<u>11,638</u>	<u>-</u>	<u>112,058</u>
-	-	-	1,152,256
-	-	-	-
-	-	-	1,277,785
1,021,976	-	-	1,021,976
-	485,923	-	1,118,545
-	-	-	140,668
-	-	-	77,299
-	-	105,526	105,526
<u>1,021,976</u>	<u>485,923</u>	<u>105,526</u>	<u>4,894,055</u>
<u>\$ 1,078,022</u>	<u>\$ 497,561</u>	<u>\$ 105,526</u>	<u>\$ 5,006,113</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, 2018

	<u>Affordable Housing</u>	<u>Lincoln Square Operations</u>	<u>Street</u>	<u>Urban Renewal Property Rehabilitation Program</u>
REVENUES:				
Transient room tax	\$ -	\$ -	\$ 1,426,450	\$ -
Rents	17,484	185,889	-	-
Charges for services	-	-	16,276	-
Intergovernmental	-	955	-	-
Reimbursement from other funds	-	18,479	-	-
Interest on investments	2,577	1,283	19,614	6,822
Miscellaneous	-	34,815	7,688	14,192
TOTAL REVENUES	<u>20,061</u>	<u>241,421</u>	<u>1,470,028</u>	<u>21,014</u>
EXPENDITURES:				
Current				
General government	29,078	431,157	-	43,490
Highways and streets	-	-	1,090,170	-
Culture and recreation	-	-	-	-
Art and education	-	-	-	-
Capital outlay	-	1,500	39,019	-
TOTAL EXPENDITURES	<u>29,078</u>	<u>432,657</u>	<u>1,129,189</u>	<u>43,490</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(9,017)</u>	<u>(191,236)</u>	<u>340,839</u>	<u>(22,476)</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of capital assets	-	-	1,160	-
Transfers in	-	208,747	-	-
Transfers out	-	-	(51,104)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>208,747</u>	<u>(49,944)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(9,017)	17,511	290,895	(22,476)
FUND BALANCE, beginning of year	<u>795,398</u>	<u>59,788</u>	<u>986,890</u>	<u>1,161,641</u>
FUND BALANCE, end of year	<u>\$ 786,381</u>	<u>\$ 77,299</u>	<u>\$ 1,277,785</u>	<u>\$ 1,139,165</u>

<u>Parks Maintenance</u>	<u>Urban Renewal</u>	<u>Percent for Art</u>	<u>Eliminations</u>	<u>Totals</u>
\$ 1,259,186	\$ -	\$ -	\$ -	\$ 2,685,636
-	-	-	-	203,373
-	-	-	-	16,276
8,200	-	-	-	9,155
-	-	-	-	18,479
16,598	10,338	1,069	-	58,301
229	10,400	-	-	67,324
<u>1,284,213</u>	<u>20,738</u>	<u>1,069</u>	<u>-</u>	<u>3,058,544</u>
-	263,518	-	-	767,243
-	-	-	-	1,090,170
1,083,530	-	-	-	1,083,530
-	-	13,000	-	13,000
325,756	-	-	-	366,275
<u>1,409,286</u>	<u>263,518</u>	<u>13,000</u>	<u>-</u>	<u>3,320,218</u>
<u>(125,073)</u>	<u>(242,780)</u>	<u>(11,931)</u>	<u>-</u>	<u>(261,674)</u>
375	-	-	-	1,535
153,364	-	62,603	(31,609)	393,105
(505)	-	-	31,609	(20,000)
<u>153,234</u>	<u>-</u>	<u>62,603</u>	<u>-</u>	<u>374,640</u>
28,161	(242,780)	50,672	-	112,966
<u>993,815</u>	<u>728,703</u>	<u>54,854</u>	<u>-</u>	<u>4,781,089</u>
<u>\$ 1,021,976</u>	<u>\$ 485,923</u>	<u>\$ 105,526</u>	<u>\$ -</u>	<u>\$ 4,894,055</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, 2018

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Rents	\$ 13,000	\$ 17,484	\$ 4,484
Interest on investments	1,320	2,577	1,257
TOTAL REVENUES	<u>14,320</u>	<u>20,061</u>	<u>5,741</u>
EXPENDITURES:			
Materials and services	40,220	29,078	11,142
Capital outlay	124,310	-	124,310
TOTAL EXPENDITURES	<u>164,530</u>	<u>29,078</u>	<u>135,452</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND CHANGE IN FUND BALANCE	(150,210)	(9,017)	141,193
FUND BALANCE , beginning of year	<u>150,210</u>	<u>149,685</u>	<u>(525)</u>
FUND BALANCE , end of year	<u>\$ -</u>	<u>\$ 140,668</u>	<u>\$ 140,668</u>
Fund balance - budgetary basis		\$ 140,668	
Balance of loans receivable		84,891	
Assets held for sale		<u>560,822</u>	
Fund balance - GAAP basis		<u>\$ 786,381</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, 2018

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Rents	\$ 186,185	\$ 186,185	\$ 185,889	\$ (296)
Reimbursement from other funds	18,479	18,479	18,479	-
Intergovernmental	1,400	1,400	955	(445)
Interest on investments	315	315	1,283	968
Miscellaneous	33,060	33,060	34,815	1,755
TOTAL REVENUES	239,439	239,439	241,421	1,982
EXPENDITURES:				
Personal services	172,113	172,113	166,270	5,843
Materials and services	246,335	261,335	264,887	(3,552)
Capital outlay	5,000	5,000	1,500	3,500
Contingency	84,601	69,601	-	69,601
TOTAL EXPENDITURES	508,049	508,049	432,657	75,392
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(268,610)	(268,610)	(191,236)	77,374
OTHER FINANCING SOURCES:				
Transfers in	208,747	208,747	208,747	-
NET CHANGE IN FUND BALANCE	(59,863)	(59,863)	17,511	77,374
FUND BALANCE, beginning of year	59,863	59,863	59,788	(75)
FUND BALANCE, end of year	\$ -	\$ -	\$ 77,299	\$ 77,299

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, 2018

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Transient room tax	\$ 1,363,291	\$ 1,363,291	\$ 1,426,450	\$ 63,159
Charges for services	4,780	4,780	16,276	11,496
Interest on investments	5,100	5,100	19,614	14,514
Miscellaneous	-	2,500	7,688	5,188
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	1,373,171	1,375,671	1,470,028	94,357
	<hr/>	<hr/>	<hr/>	<hr/>
EXPENDITURES:				
Personal services	676,898	676,898	579,295	97,603
Materials and services	592,875	592,875	443,975	148,900
Capital outlay	105,000	107,500	39,019	68,481
Contingency	865,590	865,590	-	865,590
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES	2,240,363	2,242,863	1,062,289	1,180,574
	<hr/>	<hr/>	<hr/>	<hr/>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(867,192)	(867,192)	407,739	1,274,931
	<hr/>	<hr/>	<hr/>	<hr/>
OTHER FINANCING USES:				
Proceeds from sale of equipment	-	-	1,160	1,160
Transfers out	(120,004)	(120,004)	(118,004)	2,000
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL OTHER FINANCING USES	(120,004)	(120,004)	(116,844)	3,160
	<hr/>	<hr/>	<hr/>	<hr/>
NET CHANGE IN FUND BALANCE	(987,196)	(987,196)	290,895	1,278,091
	<hr/>	<hr/>	<hr/>	<hr/>
FUND BALANCE, beginning of year	987,196	987,196	986,890	(306)
	<hr/>	<hr/>	<hr/>	<hr/>
FUND BALANCE, end of year	\$ -	\$ -	\$ 1,277,785	\$ 1,277,785
	<hr/>	<hr/>	<hr/>	<hr/>
Transfers out - budgetary basis			\$ 118,004	
Transfer for support services			(66,900)	
Transfers out - GAAP basis			<u>\$ 51,104</u>	
Total expenditures - budgetary basis			\$ 1,062,289	
Transfer for support services			<u>66,900</u>	
Total expenditures - GAAP basis			<u>\$ 1,129,189</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, 2018

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Loan repayments	\$ 66,000	\$ 66,000	\$ 84,916	\$ 18,916
Interest on investments	5,200	5,200	6,822	1,622
Miscellaneous	-	-	14,192	14,192
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	71,200	71,200	105,930	34,730
	<hr/>	<hr/>	<hr/>	<hr/>
EXPENDITURES:				
Materials and services	5,000	20,000	16,169	3,831
Other Expenditures - loans and grants	540,802	525,802	27,321	498,481
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES	545,802	545,802	43,490	502,312
	<hr/>	<hr/>	<hr/>	<hr/>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND CHANGE IN FUND BALANCE	(474,602)	(474,602)	62,440	537,042
	<hr/>	<hr/>	<hr/>	<hr/>
FUND BALANCE , beginning of year	474,602	474,602	570,182	95,580
	<hr/>	<hr/>	<hr/>	<hr/>
FUND BALANCE , end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 632,622</u>	<u>\$ 632,622</u>
Fund balance - budgetary basis			\$ 632,622	
Balance of loans receivable			<hr/> 506,543	
Fund balance - GAAP basis			<u>\$ 1,139,165</u>	
Change in fund balance - budgetary basis			\$ 62,440	
Loan repayments reported as reduction in receivable			<hr/> (84,916)	
Changes in fund balance - GAAP basis			<u>\$ (22,476)</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, 2018

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Transient room tax	\$ 1,196,026	\$ 1,196,026	\$ 1,259,186	\$ 63,160
Intergovernmental	28,200	28,200	8,200	(20,000)
Interest on investments	6,120	6,120	16,598	10,478
Miscellaneous	20,000	20,000	229	(19,771)
TOTAL REVENUES	<u>1,250,346</u>	<u>1,250,346</u>	<u>1,284,213</u>	<u>33,867</u>
EXPENDITURES:				
Personal services	727,888	727,888	653,942	73,946
Materials and services	696,760	776,760	429,588	347,172
Capital outlay	353,950	273,950	325,756	(51,806)
Contingency	469,113	542,477	-	542,477
TOTAL EXPENDITURES	<u>2,247,711</u>	<u>2,321,075</u>	<u>1,409,286</u>	<u>911,789</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(997,365)</u>	<u>(1,070,729)</u>	<u>(125,073)</u>	<u>945,656</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of equipment	-	-	375	375
Transfers in	80,000	153,364	153,364	-
Transfers out	-	-	(505)	(505)
TOTAL OTHER FINANCING SOURCES (USES)	<u>80,000</u>	<u>153,364</u>	<u>153,234</u>	<u>(130)</u>
NET CHANGE IN FUND BALANCE	<u>(917,365)</u>	<u>(917,365)</u>	<u>28,161</u>	<u>945,526</u>
FUND BALANCE, beginning of year	<u>917,365</u>	<u>917,365</u>	<u>993,815</u>	<u>76,450</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,021,976</u>	<u>\$ 1,021,976</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, 2018

	Budget		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
REVENUES:				
Interest on investments	\$ 8,160	\$ 8,160	\$ 10,338	\$ 2,178
Miscellaneous	-	-	10,400	10,400
TOTAL REVENUES	8,160	8,160	20,738	12,578
EXPENDITURES:				
Personal services	88,152	88,152	88,331	(179)
Materials and services	125,216	182,250	175,187	7,063
Capital outlay	301,579	244,545	-	244,545
TOTAL EXPENDITURES	514,947	514,947	263,518	251,429
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND CHANGE IN FUND BALANCE	(506,787)	(506,787)	(242,780)	264,007
FUND BALANCE, beginning of year	506,787	506,787	728,703	221,916
FUND BALANCE, end of year	\$ -	\$ -	\$ 485,923	\$ 485,923

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, 2018

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Interest on investments	\$ 250	\$ 250	\$ 1,069	\$ 819
Miscellaneous - Grants/Donations	5,000	5,000	-	(5,000)
TOTAL REVENUES	5,250	5,250	1,069	(4,181)
EXPENDITURES:				
Materials and services	10,000	20,000	13,000	7,000
Capital outlay	103,400	93,400	-	93,400
TOTAL EXPENDITURES	113,400	113,400	13,000	100,400
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(108,150)	(108,150)	(11,931)	96,219
OTHER FINANCING SOURCES:				
Transfers in	61,995	61,995	62,603	608
NET CHANGE IN FUND BALANCE	(46,155)	(46,155)	50,672	96,827
FUND BALANCE, beginning of year	46,155	46,155	54,854	8,699
FUND BALANCE, end of year	\$ -	\$ -	\$ 105,526	\$ 105,526

CITY OF LINCOLN CITY
Lincoln City, Oregon

DEBT SERVICE FUND - URBAN RENEWAL TAX INCREMENT FUND

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

FOR THE YEAR ENDED JUNE 30, 2018

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Property taxes	\$ 724,196	\$ 693,425	\$ (30,771)
Interest on investments	14,430	28,647	14,217
TOTAL REVENUES	<u>738,626</u>	<u>722,072</u>	<u>(16,554)</u>
EXPENDITURES:			
Debt service	<u>1,990,109</u>	<u>1,096,907</u>	<u>893,202</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND CHANGE IN FUND BALANCE	(1,251,483)	(374,835)	876,648
FUND BALANCE , beginning of year	<u>1,251,483</u>	<u>1,264,432</u>	<u>12,949</u>
FUND BALANCE , end of year	<u>\$ -</u>	<u>\$ 889,597</u>	<u>\$ 889,597</u>

CITY OF LINCOLN CITY
Lincoln City, Oregon

NONMAJOR CAPITAL PROJECTS FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2018

	<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>
ASSETS:						
Cash and investments	\$ 578,581	\$ 173,466	\$ 134,873	\$ 92,464	\$ 425,290	\$ 526,654
Receivables	-	-	-	-	534	-
TOTAL ASSETS	<u>\$ 578,581</u>	<u>\$ 173,466</u>	<u>\$ 134,873</u>	<u>\$ 92,464</u>	<u>\$ 425,824</u>	<u>\$ 526,654</u>
LIABILITIES:						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
FUND BALANCES:						
Restricted for:						
Capital projects	578,581	173,466	134,873	92,464	425,824	526,654
Assigned to:						
Capital projects	-	-	-	-	-	-
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 578,581</u>	<u>\$ 173,466</u>	<u>\$ 134,873</u>	<u>\$ 92,464</u>	<u>\$ 425,824</u>	<u>\$ 526,654</u>

<u>Facilities Capital</u>	<u>Street Capital</u>	<u>Total</u>
\$ 1,710,223	\$ 1,259,061	\$ 4,900,612
<u>167,474</u>	<u>140,285</u>	<u>308,293</u>
<u>\$ 1,877,697</u>	<u>\$ 1,399,346</u>	<u>\$ 5,208,905</u>
<u>\$ 295,893</u>	<u>\$ 100,585</u>	<u>\$ 396,478</u>
1,581,804	-	3,513,666
<u>-</u>	<u>1,298,761</u>	<u>1,298,761</u>
<u>\$ 1,877,697</u>	<u>\$ 1,399,346</u>	<u>\$ 5,208,905</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, 2018

	<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	73,399	17,834	-	2,256	185,958
Intergovernmental	-	-	-	-	6,946
Interest on investments	9,406	2,860	2,327	1,578	6,326
Miscellaneous	-	-	-	-	1,177
TOTAL REVENUES	<u>82,805</u>	<u>20,694</u>	<u>2,327</u>	<u>3,834</u>	<u>200,407</u>
EXPENDITURES:					
Materials and services	-	-	-	-	-
Capital outlay	-	-	-	-	107,984
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>107,984</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	82,805	20,694	2,327	3,834	92,423
OTHER FINANCING SOURCES					
Transfers in	-	-	-	-	-
NET CHANGE IN FUND BALANCE	82,805	20,694	2,327	3,834	92,423
FUND BALANCE, beginning of year	<u>495,776</u>	<u>152,772</u>	<u>132,546</u>	<u>88,630</u>	<u>333,401</u>
FUND BALANCE, end of year	<u>\$ 578,581</u>	<u>\$ 173,466</u>	<u>\$ 134,873</u>	<u>\$ 92,464</u>	<u>\$ 425,824</u>

<u>Parks Development</u>	<u>Facilities Capital</u>	<u>Street Capital</u>	<u>Totals</u>
\$ -	\$ 713,557	\$ -	\$ 713,557
-	-	-	279,447
-	-	636,059	643,005
9,084	28,445	15,352	75,378
-	-	-	1,177
<u>9,084</u>	<u>742,002</u>	<u>651,411</u>	<u>1,712,564</u>
-	-	420,037	420,037
-	715,750	169,562	993,296
-	715,750	589,599	1,413,333
9,084	26,252	61,812	299,231
-	200,000	620,000	820,000
9,084	226,252	681,812	1,119,231
517,570	1,355,552	616,949	3,693,196
<u>\$ 526,654</u>	<u>\$ 1,581,804</u>	<u>\$ 1,298,761</u>	<u>\$ 4,812,427</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, 2018

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Improvement fee	\$ 40,000	\$ 73,399	\$ 33,399
Interest on investments	3,060	9,406	6,346
TOTAL REVENUES	<u>43,060</u>	<u>82,805</u>	<u>39,745</u>
EXPENDITURES:			
Capital outlay	<u>524,273</u>	<u>-</u>	<u>524,273</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND CHANGE IN FUND BALANCE	(481,213)	82,805	564,018
FUND BALANCE, beginning of year	<u>481,213</u>	<u>495,776</u>	<u>14,563</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ 578,581</u>	<u>\$ 578,581</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, 2018

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Improvement fee	\$ 5,000	\$ 17,834	\$ 12,834
Interest on investments	820	2,860	2,040
TOTAL REVENUES	<u>5,820</u>	<u>20,694</u>	<u>14,874</u>
EXPENDITURES:			
Capital outlay	<u>147,228</u>	<u>-</u>	<u>147,228</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND CHANGE IN FUND BALANCE	(141,408)	20,694	162,102
FUND BALANCE, beginning of year	<u>141,408</u>	<u>152,772</u>	<u>11,364</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ 173,466</u>	<u>\$ 173,466</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, 2018

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Interest on investments	<u>\$ 900</u>	<u>\$ 2,327</u>	<u>\$ 1,427</u>
EXPENDITURES:			
Capital outlay	<u>132,879</u>	<u>-</u>	<u>132,879</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND CHANGE IN FUND BALANCE	(131,979)	2,327	134,306
FUND BALANCE, beginning of year	<u>131,979</u>	<u>132,546</u>	<u>567</u>
FUND BALANCE, end of year	<u><u>\$ -</u></u>	<u><u>\$ 134,873</u></u>	<u><u>\$ 134,873</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, 2018

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Improvement fee	\$ 1,050	\$ 2,256	\$ 1,206
Interest on investments	550	1,578	1,028
TOTAL REVENUES	<u>1,600</u>	<u>3,834</u>	<u>2,234</u>
EXPENDITURES:			
Capital outlay	<u>89,027</u>	<u>-</u>	<u>89,027</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND CHANGE IN FUND BALANCE	(87,427)	3,834	91,261
FUND BALANCE, beginning of year	<u>87,427</u>	<u>88,630</u>	<u>1,203</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ 92,464</u>	<u>\$ 92,464</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, 2018

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Improvement fee	\$ 80,000	\$ 185,958	\$ 105,958
Intergovernmental	4,888	6,946	2,058
Interest on investments	1,930	6,326	4,396
Miscellaneous	<u>900</u>	<u>1,177</u>	<u>277</u>
TOTAL REVENUES	<u>87,718</u>	<u>200,407</u>	<u>112,689</u>
EXPENDITURES:			
Capital outlay	<u>481,928</u>	<u>107,984</u>	<u>373,944</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND CHANGE IN FUND BALANCE	(394,210)	92,423	486,633
FUND BALANCE, beginning of year	<u>394,210</u>	<u>333,401</u>	<u>(60,809)</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ 425,824</u>	<u>\$ 425,824</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, 2018

	<u>Original/Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
REVENUES:			
Interest on investments	<u>\$ 3,060</u>	<u>\$ 9,084</u>	<u>\$ 6,024</u>
EXPENDITURES:			
Capital outlay	<u>517,940</u>	<u>-</u>	<u>517,940</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND CHANGE IN FUND BALANCE	(514,880)	9,084	523,964
FUND BALANCE, beginning of year	<u>514,880</u>	<u>517,570</u>	<u>2,690</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ 526,654</u>	<u>\$ 526,654</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, 2018

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Transient room tax	\$ 681,646	\$ 713,557	\$ 31,911
Interest on investments	5,100	28,445	23,345
TOTAL REVENUES	<u>686,746</u>	<u>742,002</u>	<u>55,256</u>
EXPENDITURES:			
Capital outlay	<u>2,082,192</u>	<u>715,750</u>	<u>1,366,442</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,395,446)</u>	<u>26,252</u>	<u>1,421,698</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	<u>200,000</u>	<u>200,000</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>200,000</u>	<u>200,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(1,195,446)	226,252	1,421,698
FUND BALANCE, beginning of year	<u>1,195,446</u>	<u>1,355,552</u>	<u>160,106</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ 1,581,804</u>	<u>\$ 1,581,804</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, 2018

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Intergovernmental	\$ 580,710	\$ 636,059	\$ 55,349
Interest on investments	5,080	15,352	10,272
TOTAL REVENUES	<u>585,790</u>	<u>651,411</u>	<u>65,621</u>
EXPENDITURES:			
Materials and services	1,134,000	420,037	713,963
Capital outlay	760,876	169,562	591,314
TOTAL EXPENDITURES	<u>1,894,876</u>	<u>589,599</u>	<u>1,305,277</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,309,086)	61,812	1,370,898
OTHER FINANCING SOURCES:			
Transfers in	620,000	620,000	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>620,000</u>	<u>620,000</u>	<u>130,000</u>
NET CHANGE IN FUND BALANCE	(689,086)	681,812	1,370,898
FUND BALANCE, beginning of year	<u>689,086</u>	<u>616,949</u>	<u>(72,137)</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ 1,298,761</u>	<u>\$ 1,298,761</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, 2018

	<u>Original/Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
REVENUES:			
Charges for services	\$ 3,853,730	\$ 3,941,476	\$ 87,746
Interest on investments	1,800	2,811	1,011
Miscellaneous	<u>1,500</u>	<u>1,681</u>	<u>181</u>
TOTAL REVENUES	<u>3,857,030</u>	<u>3,945,968</u>	<u>88,938</u>
EXPENDITURES:			
Personal services	1,323,797	1,224,966	98,831
Materials and services	822,512	705,562	116,950
Capital outlay	54,000	54,091	(91)
Debt service	102,897	102,897	-
Contingency	<u>601,528</u>	<u>-</u>	<u>601,528</u>
TOTAL EXPENDITURES	<u>2,904,734</u>	<u>2,087,516</u>	<u>817,218</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	952,296	1,858,452	906,156
OTHER FINANCING SOURCES (USES):			
Transfers out	(1,477,953)	(1,474,377)	3,576
Proceeds from sale of equipment	<u>-</u>	<u>1,160</u>	<u>1,160</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,477,953)</u>	<u>(1,473,217)</u>	<u>4,736</u>
NET CHANGE IN FUND BALANCE	(525,657)	385,235	910,892
FUND BALANCE, beginning of year	<u>525,657</u>	<u>644,602</u>	<u>118,945</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ 1,029,837</u>	<u>\$ 1,029,837</u>

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, 2018

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Interest on investments	<u>\$ 1,670</u>	<u>\$ 12,628</u>	<u>\$ 10,958</u>
EXPENDITURES:			
Capital outlay	<u>842,604</u>	<u>202,206</u>	<u>640,398</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(840,934)</u>	<u>(189,578)</u>	<u>651,356</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	<u>345,599</u>	<u>345,599</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(495,335)</u>	<u>156,021</u>	<u>651,356</u>
FUND BALANCE, beginning of year	<u>495,335</u>	<u>560,621</u>	<u>65,286</u>
FUND BALANCE, end of year	<u><u>\$ -</u></u>	<u><u>\$ 716,642</u></u>	<u><u>\$ 716,642</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, 2018

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
System development charges	\$ 53,770	\$ 132,607	\$ 78,837
Interest on investments	1,240	6,102	4,862
TOTAL REVENUES	<u>55,010</u>	<u>138,709</u>	<u>83,699</u>
EXPENDITURES:			
Capital outlay	<u>298,957</u>	<u>27,139</u>	<u>271,818</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND CHANGE IN FUND BALANCE	<u>(243,947)</u>	<u>111,570</u>	<u>355,517</u>
FUND BALANCE, beginning of year	<u>243,947</u>	<u>278,625</u>	<u>34,678</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ 390,195</u>	<u>\$ 390,195</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, 2018

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
System development charges	\$ 19,750	\$ 51,823	\$ 32,073
Interest on investments	50	1,025	975
TOTAL REVENUES	<u>19,800</u>	<u>52,848</u>	<u>33,048</u>
EXPENDITURES:			
Capital outlay	<u>38,061</u>	<u>-</u>	<u>38,061</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND CHANGE IN FUND BALANCE	<u>(18,261)</u>	<u>52,848</u>	<u>71,109</u>
FUND BALANCE, beginning of year	<u>18,261</u>	<u>29,983</u>	<u>11,722</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ 82,831</u>	<u>\$ 82,831</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, 2018

	<u>Original/Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
REVENUES:			
Miscellaneous	<u>\$ -</u>	<u>\$ 22,604</u>	<u>\$ 22,604</u>
EXPENDITURES:			
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND CHANGE IN FUND BALANCE	<u>-</u>	<u>22,604</u>	<u>22,604</u>
FUND BALANCE , beginning of year	<u>-</u>	<u>4,972</u>	<u>4,972</u>
FUND BALANCE , end of year	<u><u>\$ -</u></u>	<u><u>\$ 27,576</u></u>	<u><u>\$ 27,576</u></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, 2018

	<u>Original/Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
REVENUES:			
Interest on investments	<u>\$ 1,220</u>	<u>\$ 3,472</u>	<u>\$ 2,252</u>
EXPENDITURES:			
Debt service	<u>972,675</u>	<u>896,159</u>	<u>76,516</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(971,455)</u>	<u>(892,687)</u>	<u>78,768</u>
OTHER FINANCING SOURCES:			
Transfers in	<u>875,000</u>	<u>875,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(96,455)</u>	<u>(17,687)</u>	<u>78,768</u>
FUND BALANCE, beginning of year	<u>96,455</u>	<u>97,971</u>	<u>1,516</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ 80,284</u>	<u>\$ 80,284</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, 2018

	Budget		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
REVENUES:				
Charges for services	\$ 3,531,920	\$ 3,531,920	\$ 3,585,158	\$ 53,238
Interest on investments	3,060	3,060	10,555	7,495
Miscellaneous	100,000	100,000	92,551	(7,449)
TOTAL REVENUES	3,634,980	3,634,980	3,688,264	53,284
EXPENDITURES:				
Personal services	1,350,062	1,350,062	1,180,629	169,433
Materials and services	1,612,594	1,612,594	1,385,737	226,857
Capital outlay	110,000	110,000	97,812	12,188
Contingency	583,216	558,216	-	558,216
TOTAL EXPENDITURES	3,655,872	3,630,872	2,664,178	966,694
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(20,892)	4,108	1,024,086	1,019,978
OTHER FINANCING SOURCES (USES):				
Transfers out	(1,033,735)	(1,183,735)	(1,183,735)	-
Proceeds from sale of equipment	-	-	1,160	1,160
TOTAL OTHER FINANCING SOURCES (USES)	(1,033,735)	(1,183,735)	(1,182,575)	1,160
NET CHANGE IN FUND BALANCE	(1,054,627)	(1,179,627)	(158,489)	1,021,138
FUND BALANCE, beginning of year	1,054,627	1,179,627	1,274,906	95,279
FUND BALANCE, end of year	\$ -	\$ -	\$ 1,116,417	\$ 1,116,417

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, 2018

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Interest on investments	\$ 4,920	\$ 4,920	\$ 2,676	\$ (2,244)
Miscellaneous	-		22,604	22,604
TOTAL REVENUES	<u>4,920</u>	<u>4,920</u>	<u>25,280</u>	<u>20,360</u>
EXPENDITURES:				
Capital outlay	<u>306,520</u>	<u>220,966</u>	<u>139,208</u>	<u>81,758</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(301,600)</u>	<u>(216,046)</u>	<u>(113,928)</u>	<u>102,118</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	<u>229,789</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(71,811)</u>	<u>(216,046)</u>	<u>(113,928)</u>	<u>102,118</u>
FUND BALANCE, beginning of year	<u>71,811</u>	<u>216,046</u>	<u>216,046</u>	<u>-</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 102,118</u>	<u>\$ 102,118</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, 2018

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
System development charges	\$ 84,120	\$ 84,120	\$ 223,830	\$ 139,710
Interest on investments	1,190	1,190	8,237	7,047
TOTAL REVENUES	85,310	85,310	232,067	146,757
EXPENDITURES:				
Capital outlay	166,168	6,168	-	6,168
Debt service	-	-	-	-
TOTAL EXPENDITURES	166,168	6,168	-	6,168
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(80,858)	79,142	232,067	152,925
OTHER FINANCING SOURCES (USES):				
Transfers out	-	(160,000)	(100,000)	60,000
NET CHANGE IN FUND BALANCE	(80,858)	(80,858)	132,067	212,925
FUND BALANCE, beginning of year	80,858	80,858	348,383	267,525
FUND BALANCE, end of year	\$ -	\$ -	\$ 480,450	\$ 480,450
Fund balance - budgetary basis			\$ 480,450	
Balance of Local Improvement District receivable			100,581	
Fund balance - GAAP basis			<u>\$ 581,031</u>	
Change in fund balance - budgetary basis			\$ 132,067	
SDC fees assessed but not recognized as revenue on budgetary basis			100,581	
Changes in fund balance - GAAP basis			<u>\$ 232,648</u>	

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, 2018

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
System development charges	\$ 50,000	\$ 50,000	\$ 117,226	\$ 67,226
Interest on investments	3,000	3,000	639	(2,361)
TOTAL REVENUES	<u>53,000</u>	<u>53,000</u>	<u>117,865</u>	<u>64,865</u>
EXPENDITURES:				
Capital outlay	1,163,940	2,240,895	2,232,045	8,850
Debt service	-	-	-	-
TOTAL EXPENDITURES	<u>1,163,940</u>	<u>2,240,895</u>	<u>2,232,045</u>	<u>8,850</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,110,940)</u>	<u>(2,187,895)</u>	<u>(2,114,180)</u>	<u>73,715</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	<u>605,417</u>	<u>1,445,206</u>	<u>1,379,528</u>	<u>(65,678)</u>
NET CHANGE IN FUND BALANCE	<u>(505,523)</u>	<u>(742,689)</u>	<u>(734,652)</u>	<u>8,037</u>
FUND BALANCE, beginning of year	<u>505,523</u>	<u>742,689</u>	<u>742,689</u>	<u>-</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,037</u>	<u>\$ 8,037</u>
Fund balance - budgetary basis			\$ 8,037	
Balance of Local Improvement District receivable			<u>52,689</u>	
Fund balance - GAAP basis			<u>\$ 60,726</u>	
Change in fund balance - budgetary basis			\$ (734,652)	
SDC fees assessed but not recognized as revenue on budgetary basis			<u>52,689</u>	
Changes in fund balance - GAAP basis			<u>\$ (681,963)</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, 2018

	<u>Original/Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
REVENUES:			
Property taxes	\$ 1,397,200	\$ 1,405,455	\$ 8,255
Interest on investments	3,360	9,483	6,123
TOTAL REVENUES	<u>1,400,560</u>	<u>1,414,938</u>	<u>14,378</u>
EXPENDITURES:			
Debt service	<u>1,680,593</u>	<u>1,437,758</u>	<u>242,835</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND CHANGE IN FUND BALANCE	<u>(280,033)</u>	<u>(22,820)</u>	<u>257,213</u>
FUND BALANCE , beginning of year	<u>280,033</u>	<u>302,072</u>	<u>22,039</u>
FUND BALANCE , end of year	<u>\$ -</u>	<u>\$ 279,252</u>	<u>\$ 279,252</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, 2018

	<u>Revenues</u>	<u>Expenditures</u>	<u>Revenues Over (Under) Expenditures</u>
BUDGETARY BASIS REVENUES AND EXPENDITURES:			
Water Fund	\$ 3,945,968	\$ 2,087,516	\$ 1,858,452
Water System Replacement Fund	12,628	202,206	(189,578)
Water SDC Reimbursement Fund	138,709	27,139	111,570
Water SDC Improvement Fund	52,848	-	52,848
Water Construction Fund	22,604	-	22,604
Water Bond Fund	<u>3,472</u>	<u>896,159</u>	<u>(892,687)</u>
TOTAL	<u>\$ 4,176,229</u>	<u>\$ 3,213,020</u>	963,209
 ADD (DEDUCT) ITEMS TO RECONCILE TO AN ENTERPRISE FUND REPORTING BASIS:			
Depreciation			(1,259,787)
Capital asset additions			283,436
Change in accrued interest payable			4,247
Change in accrued compensated absences			13,533
Change in other postemployment benefit obligation			2,103
Pension expense			(63,608)
Principal payments			902,944
Support services			(221,250)
Transfers out			<u>(32,529)</u>
 CHANGES IN FUND NET POSITION - GAAP			<u>\$ 593,458</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, 2018

	<u>Revenues</u>	<u>Expenditures</u>	<u>Revenues Over (Under) Expenditures</u>
BUDGETARY BASIS REVENUES AND EXPENDITURES:			
Sewer Fund	\$ 3,688,264	\$ 2,664,178	\$ 1,024,086
Sewer System Replacement Fund	25,280	139,208	(113,928)
Sewer SDC Reimbursement Fund	232,067	-	232,067
Sewer SDC Improvement Fund	117,865	2,232,045	(2,114,180)
Sewer Bond Fund Fund	<u>1,414,938</u>	<u>1,437,758</u>	<u>(22,820)</u>
TOTAL	<u>\$ 5,478,414</u>	<u>\$ 6,473,189</u>	(994,775)
 ADD (DEDUCT) ITEMS TO RECONCILE TO AN ENTERPRISE FUND REPORTING BASIS:			
Depreciation			(1,670,467)
Capital asset additions			2,469,065
Capital contributions			278,743
Loss on sale of assets			1,160
SDC fees levied but not recognized as revenue on budgetary basis			153,270
Change in accrued interest payable			3,944
Change in accrued compensated absences			6,562
Change in other postemployment benefit obligation			(2,579)
Pension expense			(17,688)
Principal payments			1,006,479
Support services			(162,430)
Transfers out			<u>(41,777)</u>
 CHANGES IN FUND NET POSITION - GAAP			<u>\$ 1,029,507</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, 2018

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Franchise fees	\$ 20,900	\$ 20,900	\$ 19,620	\$ (1,280)
Intergovernmental	-	-	305	305
Charges for services	911,849	911,849	836,822	(75,027)
Miscellaneous	-	-	860	860
TOTAL REVENUES	<u>932,749</u>	<u>932,749</u>	<u>857,607</u>	<u>(75,142)</u>
EXPENDITURES:				
Vehicle maintenance	287,900	312,900	289,556	23,344
Information technology	491,760	491,760	436,584	55,176
Geographical information systems	183,087	183,087	125,276	57,811
Contingency	42,922	17,922	-	17,922
TOTAL EXPENDITURES	<u>1,005,669</u>	<u>1,005,669</u>	<u>851,416</u>	<u>154,253</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND CHANGE IN FUND BALANCE	(72,920)	(72,920)	6,191	79,111
FUND BALANCE , beginning of year	<u>72,920</u>	<u>72,920</u>	<u>73,462</u>	<u>542</u>
FUND BALANCE , end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 79,653</u>	<u>\$ 79,653</u>
Change in fund balance - budgetary basis			\$ 6,191	
Depreciation			(39,830)	
Pension expense			(62,559)	
OPEB expense			(134)	
Vacation Paid/Accrued			(2,316)	
Capital asset additions			67,908	
Change in fund net position - GAAP basis			<u>\$ (30,740)</u>	

CITY OF LINCOLN CITY

Lincoln City, Oregon

COMBINING BALANCE SHEET

GENERAL FUND

JUNE 30, 2018

	<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	\$ 10,351,870	\$ 653,818	\$ 351,845	\$ 114,974	\$ -	\$ 11,472,507
Cash with County Treasurer	56,873	-	-	-	-	56,873
Receivables	1,357,738	-	649,533	-	-	2,007,271
Prepaid items	-	-	-	-	-	-
Advance to other funds	300,000	-	-	-	-	300,000
Assets held for sale	1,393,665	-	-	-	-	1,393,665
TOTAL ASSETS	\$ 13,460,146	\$ 653,818	\$ 1,001,378	\$ 114,974	\$ -	\$ 15,230,316
LIABILITIES:						
Accounts payable	\$ 338,977	\$ 3,428	\$ -	\$ -	\$ -	\$ 342,405
Other accrued liabilities	765,362	-	-	-	-	765,362
TOTAL LIABILITIES	1,104,339	3,428	-	-	-	1,107,767
DEFERRED INFLOW OF RESOURCES:						
Unavailable revenue	563,125	-	649,533	-	-	1,212,658
FUND BALANCES:						
Nonspendable in form	1,693,665	-	-	-	-	1,693,665
Restricted for:						
Post-closure landfill costs	-	650,390	-	-	-	650,390
Urban reneal	-	-	-	-	-	-
Committed to:						
Capital projects	-	-	351,845	-	-	351,845
Unassigned	10,099,017	-	-	114,974	-	10,213,991
TOTAL FUND BALANCES	11,792,682	650,390	351,845	114,974	-	12,909,891
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCE	\$ 13,460,146	\$ 653,818	\$ 1,001,378	\$ 114,974	\$ -	\$ 15,230,316

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, 2018

	<u>General</u>	<u>Agate Beach Closure</u>	<u>Unbonded Assessments</u>	<u>The Villages of Cascade Head</u>
REVENUES:				
Property taxes	\$ 6,668,901	\$ -	\$ -	\$ -
Franchise fees	1,079,510	-	-	-
Transient room tax	1,598,826	-	-	-
Fees, licenses and permits	672,958	-	-	-
Fines and forfeitures	141,298	-	-	-
Charges for services	22,138	-	-	-
Intergovernmental	783,376	-	-	-
Interest on investments	184,815	-	12,187	1,831
Miscellaneous	1,009,272	-	37,370	4,344
TOTAL REVENUES	<u>12,161,094</u>	<u>-</u>	<u>49,557</u>	<u>6,175</u>
EXPENDITURES:				
Current				
General government	2,505,229	25,568	-	-
Public safety	4,784,271	-	-	-
Culture and recreation	2,036,172	-	-	2,273
Capital outlay	228,794	-	266,155	-
TOTAL EXPENDITURES	<u>9,554,466</u>	<u>25,568</u>	<u>266,155</u>	<u>2,273</u>
	-			
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>2,606,628</u>	<u>(25,568)</u>	<u>(216,598)</u>	<u>3,902</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of capital assets	153	-	-	-
Transfers in	-	-	150,000	15,400
Transfers out	(1,143,878)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,143,725)</u>	<u>-</u>	<u>150,000</u>	<u>15,400</u>
NET CHANGE IN FUND BALANCE	1,462,903	(25,568)	(66,598)	19,302
FUND BALANCE, beginning of year	<u>10,329,779</u>	<u>675,958</u>	<u>418,443</u>	<u>95,672</u>
FUND BALANCE, end of year	<u>\$ 11,792,682</u>	<u>\$ 650,390</u>	<u>\$ 351,845</u>	<u>\$ 114,974</u>

<u>Open Space Maintenance</u>	<u>Eliminations</u>	<u>Totals</u>
\$ -	\$ -	\$ 6,668,901
-	-	1,079,510
-	-	1,598,826
-	-	672,958
-	-	141,298
-	-	22,138
-	-	783,376
-	-	198,833
-	-	1,050,986
<u>-</u>	<u>-</u>	<u>12,216,826</u>
-	-	2,530,797
-	-	4,784,271
-	-	2,038,445
-	-	494,949
<u>-</u>	<u>-</u>	<u>9,848,462</u>
<u>-</u>	<u>-</u>	<u>2,368,364</u>
-	-	153
-	(165,400)	-
<u>(73,364)</u>	<u>165,400</u>	<u>(1,051,842)</u>
<u>(73,364)</u>	<u>-</u>	<u>(1,051,689)</u>
(73,364)	-	1,316,675
<u>73,364</u>	<u>-</u>	<u>11,593,216</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$12,909,891</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, 2018

	<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>\$ 25,568</u>	<u>\$ 14,432</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND CHANGE IN FUND BALANCE	(40,000)	(25,568)	14,432
FUND BALANCE, beginning of year	<u>682,670</u>	<u>675,958</u>	<u>(6,712)</u>
FUND BALANCE, end of year	<u><u>\$ 642,670</u></u>	<u><u>\$ 650,390</u></u>	<u><u>\$ 7,720</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, 2018

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Interest	\$ 3,060	\$ 12,187	\$ 9,127
Miscellaneous	30,730	37,370	6,640
TOTAL REVENUES	<u>33,790</u>	<u>49,557</u>	<u>15,767</u>
EXPENDITURES:			
Capital outlay	<u>599,748</u>	<u>266,155</u>	<u>333,593</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(565,958)</u>	<u>(216,598)</u>	<u>349,360</u>
OTHER FINANCING SOURCES:			
Transfers in	<u>150,000</u>	<u>150,000</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES	<u>150,000</u>	<u>150,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(415,958)	(66,598)	349,360
FUND BALANCE, beginning of year	<u>415,958</u>	<u>418,443</u>	<u>2,485</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ 351,845</u>	<u>\$ 351,845</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, 2018

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Interest	\$ 710	\$ 1,831	\$ 1,121
Miscellaneous	-	4,344	4,344
TOTAL REVENUES	<u>710</u>	<u>6,175</u>	<u>5,465</u>
EXPENDITURES:			
Materials and services	38,200	2,273	35,927
Capital outlay	69,083	-	69,083
TOTAL EXPENDITURES	<u>107,283</u>	<u>2,273</u>	<u>105,010</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(106,573)	3,902	110,475
OTHER FINANCING SOURCES:			
Transfers in	15,400	15,400	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>15,400</u>	<u>15,400</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(91,173)	19,302	110,475
FUND BALANCE, beginning of year	<u>91,173</u>	<u>95,672</u>	<u>4,499</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ 114,974</u>	<u>\$ 114,974</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, 2018

	<u>Budget</u>	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:				
Interest on investments	\$ -	\$ -	\$ -	\$ -
Miscellaneous	-	-	-	-
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES:				
Personal services	-	-	-	-
Materials and services	-	-	-	-
Capital outlay	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-	-
OTHER FINANCING SOURCES:				
Transfers out	-	(73,364)	(73,364)	-
NET CHANGE IN FUND BALANCE	-	(73,364)	(73,364)	-
FUND BALANCE, beginning of year	<u>-</u>	<u>73,364</u>	<u>73,364</u>	<u>-</u>
FUND BALANCE, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></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, 2018

	<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>\$ 7,697</u>	<u>\$ 6,226</u>	<u>\$ 29,015</u>	<u>\$ 1,058</u>	<u>\$ 43,996</u>
LIABILITIES:					
Accounts payable	\$ -	\$ 274	\$ 8,586	\$ -	\$ 8,860
Funds held in trust	<u>7,697</u>	<u>5,952</u>	<u>20,429</u>	<u>1,058</u>	<u>35,136</u>
TOTAL LIABILITIES	<u>\$ 7,697</u>	<u>\$ 6,226</u>	<u>\$ 29,015</u>	<u>\$ 1,058</u>	<u>\$ 43,996</u>

CITY OF LINCOLN CITY
Lincoln City, Oregon

AGENCY FUNDS

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Balances</u> <u>June 30, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balances</u> <u>June 30, 2018</u>
RECREATION SCHOLARSHIP:				
Assets				
Cash and investments	\$ 6,969	\$ 728	\$ -	\$ 7,697
Liabilities				
Funds held in trust	\$ 6,969	\$ 728	\$ -	\$ 7,697
MISCELLANEOUS TRUST:				
Assets				
Cash and investments	\$ 5,064	\$ 1,162	\$ -	\$ 6,226
Liabilities				
Accounts payable	\$ 510	\$ -	\$ 236	\$ 274
Funds held in trust	4,554	1,398	-	5,952
Total liabilities	\$ 5,064	\$ 1,398	\$ 236	\$ 6,226
ROADS END SANITARY DISTRICT:				
Assets				
Cash and investments	\$ 41,170	\$ -	\$ 12,155	\$ 29,015
Liabilities				
Accounts payable	\$ 20,741	\$ -	\$ 12,155	\$ 8,586
Funds held in trust	20,429	-	-	20,429
Total liabilities	\$ 41,170	\$ -	\$ 12,155	\$ 29,015
RECREATION TRUST:				
Assets				
Cash and investments	\$ 1,040	\$ 18	\$ -	\$ 1,058
Liabilities				
Funds held in trust	\$ 1,040	\$ 18	\$ -	\$ 1,058

ADDITIONAL SCHEDULES

CITY OF LINCOLN CITY

Lincoln City, Oregon

SCHEDULE OF PROPERTY TAX TRANSACTIONS AND OUTSTANDING BALANCES

YEAR ENDED JUNE 30, 2018

	Tax Year	Uncollected June 30, 2017	Levy as Extended by Assessor	Adjustments Discounts and Interest	Collections	Uncollected June 30, 2018
Current	2017-2018	\$ -	\$ 8,973,679	\$ (236,740)	\$ (8,458,662)	\$ 278,277
Prior	2016-2017	270,424	-	(3,159)	(130,088)	137,177
	2015-2016	171,488	-	6,885	(64,753)	113,620
	2014-2015	113,590	-	12,542	(73,632)	52,499
	2013-2014	62,519	-	6,315	(32,905)	35,929
	and prior	92,877	-	(457)	(8,576)	83,844
Total prior		710,898	-	22,126	(309,955)	423,069
Totals		<u>\$ 710,898</u>	<u>\$ 8,973,679</u>	<u>\$ (214,614)</u>	<u>\$ (8,768,617)</u>	<u>\$ 701,346</u>

ANNUAL DISCLOSURE INFORMATION

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

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

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

BASIS OF ACCOUNTING

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

FISCAL YEAR: July 1 to June 30

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

The City's audits for fiscal years 2006-07 to 2008-09 were performed by Boldt, Carlisle & Smith, LLC, Salem, Oregon. The City's audits for 2009-10 to 2017-18 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, 2018

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>
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%
2017-18	2,030,816,701	4.40%	1,717,366,578	3.54%	84.57%

(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>
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%
2017-18	1,666,937,530	3.59%	6,833,895	4.0996%	94.26%

(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, 2018

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

Table 3 -- 2017-18 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	\$ 4.7651	\$ 0.7145	\$ 5.4796
Linn-Benton-Lincoln ESD	0.2960	-	0.2960
Oregon Coast Community College	0.1706	0.2561	0.4267
Total Education	<u>5.2317</u>	<u>0.9706</u>	<u>6.2023</u>
Local Government			
Lincoln County	2.7374	-	2.7374
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	3.9793	0.8384	4.8177
Lincoln City Urban Renewal Agency	0.4093	-	0.4093
North Lincoln Fire & Rescue	1.4984	0.1325	1.6309
Devil Lake Water Improvement District	0.1223	-	0.1223
North Lincoln Hospital District	0.5032	-	0.5032
Total Local Government	<u>9.4951</u>	<u>0.9709</u>	<u>10.4660</u>
Total Consolidated Tax Rate	<u>\$ 14.7268</u>	<u>\$ 1.9415</u>	<u>\$ 16.6683</u>

(1) The 2017-18 Assessed Value to compute the tax rate of code area 402 & 412 is \$1,110,672,738 which is 64.67% 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 2017-18 was \$22.07

Source: City of Lincoln City

CITY OF LINCOLN CITY

Lincoln City, Oregon

OUTSTANDING OBLIGATIONS

FOR THE YEAR ENDED JUNE 30, 2018

	<u>Issue</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 6/30/18</u>
General Obligation Bonds				
Series 2015 Sewer Refunding (2)	3/3/2015	6/1/2019	\$ 2,209,800	\$ 558,889
Series 2011 Sewer (3)	3/17/2011	3/1/2026	7,000,000	4,138,054
Series 2013 Sewer Refunding (2)	2/26/2013	6/12/2030	9,885,000	9,750,000
Total General Obligation Bonds			<u>19,094,800</u>	<u>14,446,943</u>
Full Faith and Credit Borrowings				
Series 2014 Water (1)	4/17/2014	4/1/2024	4,000,000	2,495,000
Series 2017 Urban Renewal Projects (4)	11/2/2017	6/1/2023	2,975,000	2,975,000
Contract Payable - Water Shed Purchase	6/14/2014	8/1/2018	585,000	84,417
Total Full Faith and Credit-Backed			<u>7,560,000</u>	<u>5,554,417</u>
Total Borrowings			<u>\$ 26,654,800</u>	<u>\$ 20,001,360</u>

(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 pays debt service on this bond from a tax levy.

(4) 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, 2018

	<u>Transportation Development Fund</u>	<u>Storm Drainage Development Fund</u>	<u>Parks Improvement Fund</u>
REVENUES:			
System development charge - improvement	\$ 73,399	\$ 2,256	\$ 185,958
Motorcycle vehicle gas tax	-	-	5,542
ODOT Reimbursement	-	-	1,404
Miscellaneous	-	-	1,177
Interest	9,406	1,578	6,326
TOTAL REVENUES	<u>82,805</u>	<u>3,834</u>	<u>200,407</u>
EXPENDITURES:			
Head to Bay Trail	-	-	32,608
Land Purchased	-	-	75,376
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>107,984</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	82,805	3,834	92,423
BEGINNING FUND BALANCE	<u>495,776</u>	<u>88,630</u>	<u>333,401</u>
ENDING FUND BALANCE	<u>\$ 578,581</u>	<u>\$ 92,464</u>	<u>\$ 425,824</u>

CITY OF LINCOLN CITY

Lincoln City, Oregon

WATER SDC FUNDS

YEAR ENDED JUNE 30, 2018

	<u>Water Replacement Fund</u>	<u>Water SDC Reimbursement Fund</u>	<u>Water SDC Improvement Fund</u>	<u>Total</u>
REVENUES:				
System development charge	\$ -	\$ 132,607	\$ 51,823	\$ 184,430
TRF Water Operating Funds	345,599	-	-	345,599
Interest	12,628	6,102	1,025	19,755
TOTAL REVENUE	<u>358,227</u>	<u>138,709</u>	<u>52,848</u>	<u>549,784</u>
EXPENDITURES:				
S 48th street extension	-	27,139	-	27,139
Water system construction	202,206	-	-	202,206
TOTAL EXPENDITURES	<u>202,206</u>	<u>27,139</u>	<u>-</u>	<u>229,345</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	156,021	111,570	52,848	320,439
BEGINNING FUND BALANCE	<u>560,621</u>	<u>278,625</u>	<u>29,983</u>	<u>869,229</u>
ENDING FUND BALANCE	<u>\$ 716,642</u>	<u>\$ 390,195</u>	<u>\$ 82,831</u>	<u>\$ 1,189,668</u>

CITY OF LINCOLN CITY

Lincoln City, Oregon

SEWER SDC FUNDS

YEAR ENDED JUNE 30, 2018

	<u>Sewer Replacement Fund</u>	<u>Sewer SDC Reimbursement Fund</u>	<u>Sewer SDC Improvement Fund</u>	<u>Total</u>
REVENUES:				
System Development Charge	\$ -	\$ 223,830	\$ 117,226	\$ 341,056
ODOT Reimbursement	22,604	-	-	22,604
Transfer from Sewer Operating Fund	-	-	979,528	979,528
Transfer from Sewer Reimbursement Fund	-	-	100,000	100,000
Transfer from General Fund	-	-	300,000	300,000
Interest	2,676	8,237	639	11,552
TOTAL REVENUE	<u>25,280</u>	<u>232,067</u>	<u>1,497,393</u>	<u>1,754,740</u>
EXPENDITURES:				
Building Improvements	-	-	339,615	339,615
Mixing Zone Study	1,175	-	-	1,175
Sewer System Construction	-	-	1,892,430	1,892,430
Pump Station Upgrades	138,033	-	-	138,033
Transfer out - Sewer SDC Improvement	-	100,000	-	100,000
TOTAL EXPENDITURES	<u>139,208</u>	<u>100,000</u>	<u>2,232,045</u>	<u>2,471,253</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(113,928)	132,067	(734,652)	(716,513)
BEGINNING FUND BALANCE	<u>216,046</u>	<u>348,383</u>	<u>742,689</u>	<u>1,983,965</u>
ENDING FUND BALANCE	<u>\$ 102,118</u>	<u>\$ 480,450</u>	<u>\$ 8,037</u>	<u>\$ 1,267,452</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**



**Talbot, Korvola
& Warwick, LLP**

4800 Meadows Road, Suite 200
Lake Oswego, OR 97035

P 503.274.2849
F 503.274.2853

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, 2018, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 21, 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:



RSM US Alliance provides its members with access to resources of RSM US LLP. RSM US Alliance member firms are separate and independent businesses and legal entities that are responsible for their own acts and omissions, and each are separate and independent from RSM US LLP. RSM US LLP is the U.S. member firm of RSM International, a global network of independent audit, tax, and consulting firms. Members of RSM US Alliance have access to RSM International resources through RSM US LLP but are not member firms of RSM International. Visit rsmus.com/about-us for more information regarding RSM US LLP and RSM International. The RSM™ logo is used under license by RSM US LLP. RSM US Alliance products and services are proprietary to RSM US LLP.

**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 General Fund reported an over expenditure of \$18,375 in Library appropriations.
- The Lincoln Square Operations Fund reported an over expenditure of \$3,552 in materials and services appropriations.
- The Parks Maintenance Fund reported an over expenditure of \$51,806 in capital outlay expenditures.
- The Water Fund reported an over expenditure of \$91 in capital outlay appropriations.
- The Urban Renewal Fund reported an over expenditure of \$179 in personal services appropriations.
- The City failed to publish notice of a budget committee meeting within the time frame required under ORS 294.426.

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 December 21, 2018, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

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.

Zallot, Karvola & Warwick, LLP

Lake Oswego, Oregon
December 21, 2018