

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

Annual Financial Report

Year Ended June 30, 2019

**CITY OF LINCOLN CITY**

**TABLE OF CONTENTS**

	<b><u>Page</u></b>
<b>FINANCIAL SECTION:</b>	
<b>INDEPENDENT AUDITOR’S REPORT</b>	1
<b>MANAGEMENT’S DISCUSSION AND ANALYSIS</b>	4
<b>BASIC FINANCIAL STATEMENTS:</b>	
Government-Wide Financial Statements:	
Statement of Net Position	12
Statement of Activities	13
Fund Financial Statements:	
Balance Sheet – Governmental Funds	14
Reconciliation of Governmental Funds Balance Sheet to Statement of Net Position	15
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds	16
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	17
Statement of Net Position – Proprietary Funds	18
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds	19
Statement of Cash Flows – Proprietary Funds	20
Statement of Assets and Liabilities – Agency Fund	21
Notes to Basic Financial Statements	22
<b>REQUIRED SUPPLEMENTARY INFORMATION:</b>	
Schedule of Changes in the City’s Total OPEB Liability and Related Ratios HIC	55
Schedule of Proportionate Share of Net OPEB (Asset)/Liability RHIA	56
Schedule of OPERS RHIA Plan Contributions	57
Schedule of Proportionate Share of Net Pension (Asset)/Liability	58
Schedule of Pension Plan Contributions	59
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual:	
General Fund	60
Visitor and Convention Bureau Fund	61
Notes to Required Supplementary Information	62
<b>OTHER SUPPLEMENTARY INFORMATION:</b>	
Combining Balance Sheet – Nonmajor Governmental Funds	63
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Governmental Funds	64
Combining Balance Sheet – Nonmajor Special Revenue Funds	65
Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Nonmajor Special Revenue Funds	66

**CITY OF LINCOLN CITY**

**TABLE OF CONTENTS (Continued)**

	<b><u>Page</u></b>
<b>FINANCIAL SECTION (Continued):</b>	
<b>OTHER SUPPLEMENTARY INFORMATION (Continued):</b>	
Schedules of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual:	
Affordable Housing Fund	67
Lincoln Square Operations Fund	68
Street Fund	69
Urban Renewal Property Rehabilitation Program Fund	70
Parks Maintenance Fund	71
Urban Renewal Fund	72
Percent for Art Fund	73
Debt Service Fund - Urban Renewal Tax Increment Fund	74
Street Capital Fund	75
Police Building Construction 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
Urban Renewal Construction 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)**

**Page**

**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

    Property Abatement 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, 2019**

**Term Expires**

Dick Anderson (Mayor)  
City of Lincoln City  
PO Box 50  
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December 31, 2022

Mitch Parsons  
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Dennis "Riley" Hoagland  
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PO Box 50  
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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**



ACHIEVE MORE

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## INDEPENDENT AUDITOR'S REPORT

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

### REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lincoln City, Oregon (the City), as of and for the year ended June 30, 2019, 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.



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## 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, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### OTHER MATTERS

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

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



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

Honorable Mayor and Members of City Council  
City of Lincoln City

**OTHER MATTERS (Continued)**

***Other Information***

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

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 20, 2019, 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  
Brad W. Anderson, Partner

Lake Oswego, Oregon  
December 20, 2019

**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, 2019. 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 \$127,628,854 at June 30, 2019, an increase of \$2,099,133 (or 1.7%) over the prior year's net position. The City's General Fund reported an ending fund balance of \$12,649,392, a decrease of \$260,499 (or 2.0%) over the prior year's fund balance. General fund revenues continue to be steady and spending contained. The City's General Fund reported a \$221,303 decrease in capital outlay from the prior 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. No other bonds were issued during the fiscal year.

#### 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 \$127,628,854 at June 30, 2019, an increase of \$2,099,133 (or 1.7%) over the prior year's net position.

Table 1  
NET POSITION

	June 30, 2019			June 30, 2018		
	Governmental Activities	Business-type Activities	Totals	Governmental Activities	Business-type Activities	Totals
<b>Assets:</b>						
Cash and investments	\$ 32,961,957	\$ 5,045,563	\$ 38,007,520	\$ 24,015,532	\$ 2,951,205	\$ 26,966,737
Receivables, net	3,783,934	1,390,179	5,174,113	4,183,961	1,482,376	5,666,337
Internal balances	251,782	-	251,782	300,000	-	300,000
Prepaid Items	156,469	14,471	170,940	44,201	5,668	49,869
Inventories	-	272,768	272,768	-	249,357	249,357
Assets held for sale	1,954,487	-	1,954,487	1,954,487	-	1,954,487
Capital assets net of depreciation	<u>72,007,078</u>	<u>51,153,068</u>	<u>123,160,146</u>	<u>68,809,959</u>	<u>53,096,459</u>	<u>121,906,418</u>
Total assets	<u>111,115,707</u>	<u>57,876,049</u>	<u>168,991,756</u>	<u>99,308,140</u>	<u>57,785,065</u>	<u>157,093,205</u>
<b>Deferred outflow of resources:</b>						
Deferred amts related to pensions	3,106,417	782,173	3,888,590	2,603,875	668,830	6,038,302
Deferred amts related to OPEB	<u>101,857</u>	<u>24,357</u>	<u>126,214</u>	<u>58,534</u>	<u>14,067</u>	<u>72,601</u>
Total deferred outflow of resources	<u>3,208,274</u>	<u>806,530</u>	<u>4,014,804</u>	<u>2,662,409</u>	<u>682,897</u>	<u>6,110,903</u>
<b>Liabilities:</b>						
Accounts payable and accrued expenses	2,556,035	678,243	3,234,278	2,582,825	716,716	3,299,541
Landfill closure and postclosure care costs	450,869	-	450,869	450,869	-	450,869
Net other postemployment obligations	409,754	97,794	507,548	437,574	105,157	542,731
Net pension liability	8,575,515	2,159,251	10,734,766	7,597,496	1,951,488	9,548,984
Long-term obligations	<u>13,324,649</u>	<u>15,695,557</u>	<u>29,020,206</u>	<u>2,975,000</u>	<u>17,026,360</u>	<u>20,001,360</u>
Total liabilities	<u>25,316,822</u>	<u>18,630,845</u>	<u>43,947,667</u>	<u>14,043,764</u>	<u>19,799,721</u>	<u>33,843,485</u>
<b>Deferred inflow of resources:</b>						
Deferred amts related to pensions	1,042,196	262,417	1,304,613	816,756	209,792	767,932
Deferred amts related to OPEB	<u>101,235</u>	<u>24,191</u>	<u>125,426</u>	<u>31,248</u>	<u>7,509</u>	<u>-</u>
Total deferred inflow of resources	<u>1,143,431</u>	<u>286,608</u>	<u>1,430,039</u>	<u>848,004</u>	<u>217,301</u>	<u>767,932</u>
<b>Net position:</b>						
Net investment in capital assets	68,831,090	35,457,511	104,288,601	67,306,234	36,097,675	103,403,909
Restricted	10,102,638	4,173,436	14,276,074	10,078,114	2,139,809	12,217,923
Unrestricted	<u>8,930,000</u>	<u>134,179</u>	<u>9,064,179</u>	<u>9,694,433</u>	<u>213,456</u>	<u>9,907,889</u>
Total net position	<u>\$ 87,863,728</u>	<u>\$ 39,765,126</u>	<u>\$ 127,628,854</u>	<u>\$ 87,078,781</u>	<u>\$ 38,450,940</u>	<u>\$ 125,529,721</u>

Approximately 81.7% of the City's total net position is invested in capital assets. 5.2% of the City's net position is restricted for capital improvements (\$6,649,841), including proceeds from system development charges. \$1,326,784 (1.0%) is restricted for repayment of outstanding debt. \$9,064,179 (7.1%) 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 \$31,263,648, an increase of 4.0% from the prior year. Of the City's total revenue, \$9,133,039 (or 29.2%) is from property taxes, \$7,338,392 (or 23.5%) is from transient room taxes, \$9,504,750 (or 30.4%) is from charges for services and \$5,287,467 (or 16.9%) 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, 2019			Year Ended June 30, 2018		
	Governmental	Business-type	Totals	Governmental	Business-type	Totals
	Activities	Activities		Activities	Activities	
<b>Program revenues:</b>						
Charges for services	\$ 1,690,271	\$ 7,814,479	\$ 9,504,750	\$ 1,336,188	\$ 7,526,634	\$ 8,862,822
Operating grants and contributions	824,496	-	824,496	802,531	-	802,531
Capital grants and contributions	754,565	451,258	1,205,823	643,005	957,499	1,600,504
<b>General revenues:</b>						
Property taxes, general purposes	6,953,314	-	6,953,314	6,669,540	-	6,669,540
Property taxes, debt service	719,141	1,460,584	2,179,725	684,070	1,405,455	2,089,525
Franchise fees	1,080,130	-	1,080,130	1,079,510	-	1,079,510
Transient room taxes	7,338,392	-	7,338,392	7,173,273	-	7,173,273
Other	1,853,269	323,749	2,177,018	1,599,930	197,067	1,796,997
<b>Total program and general revenues</b>	<b>21,213,578</b>	<b>10,050,070</b>	<b>31,263,648</b>	<b>19,988,047</b>	<b>10,086,655</b>	<b>30,074,702</b>
<b>Program expenses:</b>						
General government	4,693,505	-	4,693,505	4,244,666	-	4,244,666
Public safety	5,902,717	-	5,902,717	5,235,839	-	5,235,839
Highways and streets	3,122,258	-	3,122,258	2,898,624	-	2,898,624
Cultural and recreation	5,984,123	-	5,984,123	5,633,190	-	5,633,190
Art and education	-	-	-	13,000	-	13,000
Water and sewer	-	9,162,335	9,162,335	-	8,389,384	8,389,384
Interest on long-term debt	299,577	-	299,577	71,226	-	71,226
<b>Total program expenses</b>	<b>20,002,180</b>	<b>9,162,335</b>	<b>29,164,515</b>	<b>18,096,545</b>	<b>8,389,384</b>	<b>26,485,929</b>
Increase (decrease) in net position before transfers	1,211,398	887,735	2,099,133	1,891,502	1,697,271	3,588,773
Transfers	(426,451)	426,451	-	74,306	(74,306)	-
<b>Change in net position</b>	<b>784,947</b>	<b>1,314,186</b>	<b>2,099,133</b>	<b>1,965,808</b>	<b>1,622,965</b>	<b>3,588,773</b>
<b>Net Position - starting</b>	<b>87,078,781</b>	<b>38,450,940</b>	<b>125,529,721</b>	<b>85,112,973</b>	<b>36,827,975</b>	<b>121,940,948</b>
<b>Net position - ending</b>	<b>\$ 87,863,728</b>	<b>\$ 39,765,126</b>	<b>\$ 127,628,854</b>	<b>\$ 87,078,781</b>	<b>\$ 38,450,940</b>	<b>\$ 125,529,721</b>

The total cost of all programs and services was \$29,164,515, an increase of \$2,678,586 (or 10.1%) from the prior year. Expenditures for Governmental Activities increased by 10.5% while expenditures for Business-Type Activities increased by 9.2%. Of the total costs, \$9,162,335 (or 31.4%) was for Business-type Activities, and \$20,002,180 (or 68.6%) was for general government, public safety, highways and streets, cultural and recreation, and interest.

## FINANCIAL ANALYSIS OF THE CITY'S FUNDS

### Governmental Funds

The City's General Fund reported an ending fund balance of \$12,649,392, a decrease of \$260,499 (or 2.0%) over the prior year's fund balance. Total General fund revenues increased by 6.8% from the prior fiscal year, while General fund expenditures increased by 10.8%.

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 \$165,119 (or 2.3%) from the prior fiscal year.

### Business-type Activities

The City's Water funds reported an ending net position of \$21,440,025, an increase of \$471,451 (or 2.2%) over the prior fiscal year's ending net position. Charges for Services increased by \$10,592 (or 0.3%). Water rates did not change during the fiscal year.

The City's Sewer funds reported an ending net position of \$18,325,101, an increase of \$842,735 (or 4.8%) over the previous fiscal year's ending net position. Charges for Services increased by \$277,253 (or 7.7%), primarily due to a 7.4% 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 \$13,377 (or 7.3%). Sewer system development charges decreased by \$240,875 (or 48.7%). The sewer system SDC decrease was largely due to a local improvement district's assessments being reduced.

## BUDGETARY HIGHLIGHTS

City Council approved three changes to the fiscal year 2018-19 General Fund adopted budget. These changes re-categorized operating expenditures to reflect actual spending patterns. It also added a transfer of \$927,587 from the General Fund to a new Police Building Construction Fund and a transfer of \$40,000 from the General Fund to the Property Abatement Fund.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

At the end of fiscal year 2018-19, the City had capital assets totaling \$123,160,146 in a broad range of categories, including land, infrastructure, equipment, buildings and vehicles. This amount represents a net increase (including additions and deductions) of \$1,253,728 (or 1.0%). More detailed information is presented in note 4 of the notes to basic financial statements.

Table 3  
CHANGE IN CAPITAL ASSETS

	June 30, 2019			June 30, 2018		
	Governmental Activities	Business-type Activities	Totals	Governmental Activities	Business-type Activities	Totals
Beginning balance	\$ 68,809,959	\$53,096,459	\$121,906,418	\$67,001,425	\$ 52,995,469	\$119,996,894
Additions	8,242,144	1,432,088	9,674,232	6,011,372	6,254,684	12,266,056
Retirements	(2,904,672)	(610,218)	(3,514,890)	(1,608,321)	(3,223,440)	(4,831,761)
Depreciation, net	<u>(2,140,353)</u>	<u>(2,765,261)</u>	<u>(4,905,614)</u>	<u>(2,594,517)</u>	<u>(2,930,254)</u>	<u>(5,524,771)</u>
Ending balance	<u>\$ 72,007,078</u>	<u>\$51,153,068</u>	<u>\$123,160,146</u>	<u>\$68,809,959</u>	<u>\$ 53,096,459</u>	<u>\$121,906,418</u>

### Governmental Activities

Additions to capital assets from governmental activities totaled \$8,242,144. These additions included: (1) Construction on the new public safety building \$3,271,350, (2) Delake Utility Undergrounding \$2,119,101, (3) Rehab of the Taft Dock \$473,560, (4) NE 68<sup>th</sup> and 60<sup>th</sup> St Road Replacement \$358,411, (5) City Hall Re-roofing \$245,247, (6) NW 22<sup>nd</sup> Improvements Storm & Sidewalk \$241,669, (7) SW Jetty Realignment \$185,958, and (8) City Hall HVAC updates \$169,418.

### Business-type Activities

Additions to capital assets from business-type activities totaled \$1,432,088. These additions included (1) Purchase of a Sewer Vactor Truck \$420,960, (2) West Devils Lake Road & Hwy 101 Water Main Replacement \$296,088, (3) Improvements on NW 21<sup>st</sup> St \$150,000, (4) Schooner Creek Water Distribution Main \$140,795, and (5) Bell Ct Pressure Improvements \$125,121.

## LONG-TERM OBLIGATIONS

At the end of fiscal year 2018-19, the City had \$29,020,206 in outstanding debt, an increase of \$9,018,846 (45.1%).

### Governmental Activities

During the fiscal year ending June 30, 2019, the City's issued a Full Faith and Credit bond of \$10,950,000 for the construction of a new public safety building. For more detail see table 4 on the following page.

### Business-type Activities

In FY2018-19 the City financed the purchase of a Sewer Vactor truck. The acquisition cost was \$420,960 with a trade in value of \$65,000, leaving a principle balance financed of \$355,960.



As of June 30, 2019, 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, 2019</u>	<u>June 30, 2018</u>
Governmental:		
Full Faith and Credit Note Series 2017	\$ 2,532,348	\$ 2,975,000
Full Faith and Credit Bond Series 2018	10,515,000	-
Full Faith and Credit Bond Premium Series 2018	<u>277,301</u>	<u>-</u>
Total governmental activities	<u>13,324,649</u>	<u>2,975,000</u>
Business-type:		
General Obligation Bonds		
Sewer Bonds - Series 2011	3,674,684	4,138,054
Sewer Bonds - Series 2013	9,620,000	9,750,000
Sewer Bonds - Series 2015	-	558,889
Full Faith and Credit Note Series 2014	2,100,000	2,495,000
Contract payable	-	84,417
Financing Agreement	<u>300,873</u>	<u>-</u>
Total business-type activities	<u>15,695,557</u>	<u>17,026,360</u>
Total long-term obligations	<u>\$ 29,020,206</u>	<u>\$ 20,001,360</u>

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

Property taxes comprise 53.3% 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 2019-20 is \$13,364,492 and expenditures are budgeted at \$14,735,142, resulting in a \$1,370,650 decrease to fund balance. The projected ending General Fund reserves for fiscal year 2019-20 total \$8,059,630 (or 54.7% of budgeted expenditures).

Another major source of revenue for governmental activities is the Transient Room Tax (TRT). Transient Room Taxes are budgeted to increase by 10.3% in the next fiscal year (budget to budget), due to the FY2018-19 actual Transient Room Tax revenues being 8.4% higher than budgeted.

For the fiscal year ending June 30, 2020, the City's Urban Renewal Agency has budgeted \$363,695 for capital reserves, and \$250,000 for capital projects for the construction of the Siletz 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 in 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 2019-20. The overall utility rate increase is similar to prior years but the total increase is going entirely 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 2019-20, the City's Water Capital funds have budgeted \$2,906,547 in capital outlay and reserves for water system upgrades and replacements as needed.

For fiscal year 2019-20, the City's Wastewater Capital funds has budgeted \$2,480,913 in capital outlay and reserves for sewer system upgrades and replacements as needed, such as pump station upgrades.

## REQUESTS FOR INFORMATION

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

**BASIC FINANCIAL STATEMENTS**

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

**STATEMENT OF NET POSITION**

**JUNE 30, 2019**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS:</b>			
Cash and investments	\$ 32,911,752	\$ 5,036,036	\$ 37,947,788
Cash with County Treasurer	50,205	9,527	59,732
Receivables, net	3,783,934	1,390,179	5,174,113
Internal balances	251,782	-	251,782
Prepays and other	156,469	14,471	170,940
Inventories	-	272,768	272,768
Assets held for sale	1,954,487	-	1,954,487
Capital assets:			
Land, improvements and construction in progress	42,498,575	1,013,068	43,511,643
Other capital assets, net	29,508,503	50,140,000	79,648,503
	<b>111,115,707</b>	<b>57,876,049</b>	<b>168,991,756</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Deferred amounts related to pensions	3,106,417	782,173	3,888,590
Deferred amounts related to OPEB	101,857	24,357	126,214
	<b>3,208,274</b>	<b>806,530</b>	<b>4,014,804</b>
<b>LIABILITIES:</b>			
Accounts payable and accrued expenses	977,747	234,323	1,212,070
Other accrued liabilities	921,879	251,782	1,173,661
Accrued interest payable	29,902	46,561	76,463
Accrued compensated absences	626,507	145,577	772,084
Landfill closure and post closure care costs	450,869	-	450,869
Total other postemployment benefit obligation	409,754	97,794	507,548
Net pension liability	8,575,515	2,159,251	10,734,766
Long-term obligations:			
Due within one year	816,673	1,660,142	2,476,815
Due in more than one year	12,507,976	14,035,415	26,543,391
	<b>25,316,822</b>	<b>18,630,845</b>	<b>43,947,667</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Deferred amounts related to pensions	1,042,196	262,417	1,304,613
Deferred amounts related to OPEB	101,235	24,191	125,426
	<b>1,143,431</b>	<b>286,608</b>	<b>1,430,039</b>
<b>NET POSITION:</b>			
Net investment in capital assets	68,831,090	35,457,511	104,288,601
Restricted for:			
Capital improvements	2,708,988	3,940,853	6,649,841
Debt service	1,108,672	218,112	1,326,784
Highways and streets	991,593	-	991,593
Landfill postclosure costs	183,137	-	183,137
Tourism	2,282,608	-	2,282,608
Urban renewal	1,507,262	-	1,507,262
Parks Maintenance	1,260,161	-	1,260,161
Other	60,217	14,471	74,688
Unrestricted	8,930,000	134,179	9,064,179
	<b>\$ 87,863,728</b>	<b>\$ 39,765,126</b>	<b>\$ 127,628,854</b>

See notes to basic financial statements.

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

**STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED JUNE 30, 2019**

<b>ACTIVITIES</b>	Expenses	Program Revenues			Net Revenue (Expense) and Change in Net Position		Totals
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
<b>Primary government:</b>							
Governmental activities:							
General government	\$ 4,693,505	\$ 1,348,631	\$ 782,933	\$ -	\$ (2,561,941)	\$ -	\$ (2,561,941)
Public safety	5,902,717	22,801	-	-	(5,879,916)	-	(5,879,916)
Highways and streets	3,122,258	108,082	-	748,186	(2,265,990)	-	(2,265,990)
Culture and recreation	5,984,123	210,757	41,563	6,379	(5,725,424)	-	(5,725,424)
Interest on long-term obligations	299,577	-	-	-	(299,577)	-	(299,577)
Total governmental activities	<u>20,002,180</u>	<u>1,690,271</u>	<u>824,496</u>	<u>754,565</u>	<u>(16,732,848)</u>	<u>-</u>	<u>(16,732,848)</u>
Business-type activities:							
Water	3,702,926	3,952,068	-	197,807	-	446,949	446,949
Sewer	5,459,409	3,862,411	-	253,451	-	(1,343,547)	(1,343,547)
Total business-type activities	<u>9,162,335</u>	<u>7,814,479</u>	<u>-</u>	<u>451,258</u>	<u>-</u>	<u>(896,598)</u>	<u>(896,598)</u>
<b>Total</b>	<u>\$ 29,164,515</u>	<u>\$ 9,504,750</u>	<u>\$ 824,496</u>	<u>\$ 1,205,823</u>	<u>(16,732,848)</u>	<u>(896,598)</u>	<u>(17,629,446)</u>
<b>GENERAL REVENUES</b>							
Property taxes levied for:							
General purposes					6,953,314	-	6,953,314
Debt service					719,141	1,460,584	2,179,725
Franchise fees					1,080,130	-	1,080,130
Transient room taxes					7,338,392	-	7,338,392
Unrestricted investment earnings					813,158	123,244	936,402
Gain from sale of capital assets					26,459	70,059	96,518
Miscellaneous					1,013,652	130,446	1,144,098
<b>TRANSFERS</b>					<u>(426,451)</u>	<u>426,451</u>	<u>-</u>
<b>Total general revenues and transfers</b>					<u>17,517,795</u>	<u>2,210,784</u>	<u>19,728,579</u>
<b>CHANGE IN NET POSITION</b>					<u>784,947</u>	<u>1,314,186</u>	<u>2,099,133</u>
<b>NET POSITION, June 30, 2018</b>					<u>87,078,781</u>	<u>38,450,940</u>	<u>125,529,721</u>
<b>NET POSITION, June 30, 2019</b>					<u>\$ 87,863,728</u>	<u>\$ 39,765,126</u>	<u>\$ 127,628,854</u>

See notes to basic financial statements.

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

**BALANCE SHEET GOVERNMENTAL FUNDS**

**JUNE 30, 2019**

	General Fund	Visitor and Convention Bureau	Street Capital	Police Building Construction	Other Governmental Funds	Totals
<b>ASSETS:</b>						
Cash and investments	\$ 11,395,685	\$ 1,801,219	\$ 2,218,437	\$ 9,646,164	\$ 7,775,595	\$ 32,837,100
Cash with County Treasurer	45,310	-	-	-	4,895	50,205
Receivables	1,555,810	557,351	154,109	-	1,511,163	3,778,433
Prepaid Items	2,507	72,718	-	-	-	75,225
Advance to other funds	251,782	-	-	-	-	251,782
Assets held for sale	1,393,665	-	-	-	560,822	1,954,487
<b>TOTAL ASSETS</b>	<b><u>\$ 14,644,759</u></b>	<b><u>\$ 2,431,288</u></b>	<b><u>\$ 2,372,546</u></b>	<b><u>\$ 9,646,164</u></b>	<b><u>\$ 9,852,475</u></b>	<b><u>\$ 38,947,232</u></b>
<b>LIABILITIES:</b>						
Accounts payable and accrued expenses	\$ 137,474	\$ 75,962	\$ 27,633	\$ 477,485	\$ 252,232	\$ 970,786
Other accrued liabilities	921,311	-	-	-	568	921,879
<b>TOTAL LIABILITIES</b>	<b><u>1,058,785</u></b>	<b><u>75,962</u></b>	<b><u>27,633</u></b>	<b><u>477,485</u></b>	<b><u>252,800</u></b>	<b><u>1,892,665</u></b>
<b>DEFERRED INFLOW OF RESOURCES:</b>						
Unavailable revenue	936,582	-	-	-	82,504	1,019,086
<b>FUND BALANCES:</b>						
Nonspendable in form	1,647,954	72,718	-	-	1,068,707	2,789,379
Restricted for:						
Capital projects	-	-	-	9,168,679	3,688,970	12,857,649
Post closure landfill costs	634,006	-	-	-	-	634,006
Debt service	-	-	-	-	1,108,672	1,108,672
Road construction/maintenance	-	-	-	-	991,593	991,593
Tourism promotion	-	2,282,608	-	-	-	2,282,608
Urban renewal	-	-	-	-	1,010,069	1,010,069
Parks maintenance	-	-	-	-	1,260,161	1,260,161
Committed to:						
Capital projects	451,581	-	-	-	-	451,581
Affordable housing	-	-	-	-	142,681	142,681
Maintenance services	-	-	-	-	117,528	117,528
Art and education	-	-	-	-	128,790	128,790
Assigned to:						
Capital projects	-	-	2,344,913	-	-	2,344,913
Unassigned	9,915,851	-	-	-	-	9,915,851
<b>TOTAL FUND BALANCES</b>	<b><u>12,649,392</u></b>	<b><u>2,355,326</u></b>	<b><u>2,344,913</u></b>	<b><u>9,168,679</u></b>	<b><u>9,517,171</u></b>	<b><u>36,035,481</u></b>
<b>TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCE</b>	<b><u>\$ 14,644,759</u></b>	<b><u>\$ 2,431,288</u></b>	<b><u>\$ 2,372,546</u></b>	<b><u>\$ 9,646,164</u></b>	<b><u>\$ 9,852,475</u></b>	<b><u>\$ 38,947,232</u></b>

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, 2019**

<b>TOTAL FUND BALANCE</b>	\$ 36,035,481
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.	71,737,356
Certain items are not available to pay for current period expenditures, but are reported in the Statement of Net Position	
Net OPEB RHIA Asset	56,834
Deferred outflows of resources related to pensions	2,949,799
Deferred outflows of resources related to OPEB	96,278
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.	1,019,086
Interest not payable with current resources is not recorded as governmental fund liabilities.	(29,902)
Compensated absences not payable in the current year are not recorded as governmental fund liabilities.	(577,166)
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	(387,542)
Net pension liability	(8,143,158)
Deferred inflows of resources related to pensions	(989,651)
Deferred inflows of resources related to OPEB	(95,714)
Bonds payable, bond premium, and notes payable	(13,324,649)
Landfill closure and post closure costs	<u>(450,869)</u>
Total	(23,391,583)
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>(32,455)</u>
<b>TOTAL NET POSITION</b>	<b><u>\$ 87,863,728</u></b>

See notes to basic financial statements.

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

**GOVERNMENTAL FUNDS**

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

**FOR THE YEAR ENDED JUNE 30, 2019**

	General	Visitor and Convention Bureau	Street Capital	Police Building Construction	Other Governmental Funds	Totals
<b>REVENUES:</b>						
Property Taxes	\$ 6,962,062	\$ -	\$ -	\$ -	\$ 721,674	\$ 7,683,736
Franchise fees	1,080,130	-	-	-	-	1,080,130
Transient room tax	1,631,614	2,231,960	-	-	3,474,818	7,338,392
Fines and forfeitures	166,802	-	-	-	-	166,802
Fees, licenses and permits	956,489	-	-	-	-	956,489
Rents	-	-	-	-	210,060	210,060
Charges for services	22,801	-	-	-	318,839	341,640
Intergovernmental	782,048	5,000	748,186	-	43,827	1,579,061
Reimbursement from other funds	-	-	-	-	19,033	19,033
Interest on investments	313,952	51,963	48,588	171,850	226,805	813,158
Miscellaneous	1,136,546	54,730	-	-	85,948	1,277,224
<b>TOTAL REVENUES</b>	<b>13,052,444</b>	<b>2,343,653</b>	<b>796,774</b>	<b>171,850</b>	<b>5,101,004</b>	<b>21,465,725</b>
<b>EXPENDITURES:</b>						
Current:						
General government	3,273,635	-	-	-	675,931	3,949,566
Public safety	5,168,211	-	-	251,493	-	5,419,704
Highways and streets	-	-	513,522	-	1,223,265	1,736,787
Culture and recreation	2,199,919	1,866,620	-	-	1,157,841	5,224,380
Debt service	-	-	-	-	1,147,327	1,147,327
Capital outlay	273,646	110,665	612,100	3,271,350	1,571,717	5,839,478
<b>TOTAL EXPENDITURES</b>	<b>10,915,411</b>	<b>1,977,285</b>	<b>1,125,622</b>	<b>3,522,843</b>	<b>5,776,081</b>	<b>23,317,242</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>2,137,033</b>	<b>366,368</b>	<b>(328,848)</b>	<b>(3,350,993)</b>	<b>(675,077)</b>	<b>(1,851,517)</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Proceeds from sale of capital assets	16,537	-	-	-	9,922	26,459
Proceeds from bond issuance	-	-	-	11,252,721	-	11,252,721
Transfers in	4,350	-	1,375,000	1,266,951	278,097	2,924,398
Transfers out	(2,418,419)	(68,066)	-	-	(864,364)	(3,350,849)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(2,397,532)</b>	<b>(68,066)</b>	<b>1,375,000</b>	<b>12,519,672</b>	<b>(576,345)</b>	<b>10,852,729</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(260,499)</b>	<b>298,302</b>	<b>1,046,152</b>	<b>9,168,679</b>	<b>(1,251,422)</b>	<b>9,001,212</b>
<b>FUND BALANCES, beginning of year</b>	<b>12,909,891</b>	<b>2,057,024</b>	<b>1,298,761</b>	<b>-</b>	<b>10,768,593</b>	<b>27,034,269</b>
<b>FUND BALANCES, end of year</b>	<b>\$12,649,392</b>	<b>\$ 2,355,326</b>	<b>\$ 2,344,913</b>	<b>\$ 9,168,679</b>	<b>\$ 9,517,171</b>	<b>\$ 36,035,481</b>

See notes to basic financial statements.



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

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED JUNE 30, 2019**

**NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS** \$ 9,001,212

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

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

Capital outlay	\$ 5,774,935	
Depreciation	<u>(2,676,773)</u>	3,098,162

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.

Unearned Revenue - Property Taxes	(11,281)	
Unearned Revenue - Unbonded Assessment (LID/Reimbursement District Receivable)	(263,574)	
Deferred Revenue - Municipal Court	<u>(3,753)</u>	(278,608)

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets.

(11,252,721)

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

877,652

Accrued interest is not recorded in the governmental funds.

(29,902)

Amortization of bond premium is not recorded in the governmental funds.

25,419

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.

51,673

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.

Pension expense		(683,137)
Net OPEB benefit		34,834
Compensated absences		<u>(59,637)</u>

**CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES** **\$ 784,947**

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

**PROPRIETARY FUNDS**

**STATEMENT OF NET POSITION**

**JUNE 30, 2019**

	Enterprise Funds			Internal Service Fund
	Water	Sewer	Totals	
<b>ASSETS:</b>				
Current assets:				
Cash and investments	\$ 2,327,965	\$ 2,708,071	\$ 5,036,036	\$ 74,652
Cash with County Treasurer	-	9,527	9,527	-
Receivables, net	610,351	779,828	1,390,179	5,501
Prepays and other	7,059	7,412	14,471	24,410
Inventories	250,659	22,109	272,768	-
<b>Total current assets</b>	<b>3,196,034</b>	<b>3,526,947</b>	<b>6,722,981</b>	<b>104,563</b>
Capital assets:				
Land, improvements and construction in progress	785,454	227,614	1,013,068	-
Other capital assets, net	20,679,654	29,460,346	50,140,000	269,722
<b>Total capital assets</b>	<b>21,465,108</b>	<b>29,687,960</b>	<b>51,153,068</b>	<b>269,722</b>
<b>TOTAL ASSETS</b>	<b>24,661,142</b>	<b>33,214,907</b>	<b>57,876,049</b>	<b>374,285</b>
<b>DEFERRED OUTFLOW OF RESOURCES:</b>				
Deferred amounts related to pensions	443,363	338,810	782,173	156,618
Deferred amounts related to OPEB	11,765	12,592	24,357	5,579
<b>TOTAL DEFERRED OUTFLOW OF RESOURCES</b>	<b>455,128</b>	<b>351,402</b>	<b>806,530</b>	<b>162,197</b>
<b>LIABILITIES:</b>				
Current liabilities:				
Accounts payable and accrued expenses	38,825	195,498	234,323	6,961
Due to other funds	-	251,782	251,782	-
Accrued interest payable	14,752	31,809	46,561	-
Accrued compensated absences	91,267	54,310	145,577	49,341
Current portion of long-term obligations	405,000	1,255,142	1,660,142	-
<b>Total current liabilities</b>	<b>549,844</b>	<b>1,788,541</b>	<b>2,338,385</b>	<b>56,302</b>
Long-term liabilities	1,695,000	12,340,415	14,035,415	-
Total other postemployment benefit obligation	47,049	50,745	97,794	22,212
Net pension liability	1,223,940	935,311	2,159,251	432,357
<b>TOTAL LIABILITIES</b>	<b>3,515,833</b>	<b>15,115,012</b>	<b>18,630,845</b>	<b>510,871</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred amounts related to pensions	148,747	113,670	262,417	52,545
Deferred amounts related to OPEB	11,665	12,526	24,191	5,521
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>160,412</b>	<b>126,196</b>	<b>286,608</b>	<b>58,066</b>
<b>NET POSITION:</b>				
Net investment in capital assets	19,365,108	16,092,403	35,457,511	269,722
Restricted for:				
Capital improvement	2,181,958	1,758,895	3,940,853	-
Debt service	18,301	199,811	218,112	-
Other	7,059	7,412	14,471	3,383
Unrestricted	(132,401)	266,580	134,179	(305,560)
<b>TOTAL NET POSITION</b>	<b>\$ 21,440,025</b>	<b>\$ 18,325,101</b>	<b>\$ 39,765,126</b>	<b>\$ (32,455)</b>

See notes to basic financial statements.

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

**PROPRIETARY FUNDS**

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

**YEAR ENDED JUNE 30, 2019**

	Enterprise Funds			Internal Service Fund
	Water	Sewer	Totals	
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 3,952,068	\$ 3,862,411	\$ 7,814,479	\$ 981,711
Intergovernmental	-	-	-	283
Miscellaneous	3,533	126,913	130,446	21,259
<b>TOTAL OPERATING REVENUES</b>	<b>3,955,601</b>	<b>3,989,324</b>	<b>7,944,925</b>	<b>1,003,253</b>
<b>OPERATING EXPENSES:</b>				
Personal services	1,455,373	1,330,600	2,785,973	608,751
Materials and services	707,284	1,696,931	2,404,215	288,180
Support services	227,887	167,303	395,190	-
Depreciation	1,245,161	1,864,185	3,109,346	52,342
<b>TOTAL OPERATING EXPENSES</b>	<b>3,635,705</b>	<b>5,059,019</b>	<b>8,694,724</b>	<b>949,273</b>
<b>OPERATING INCOME (LOSS)</b>	<b>319,896</b>	<b>(1,069,695)</b>	<b>(749,799)</b>	<b>53,980</b>
<b>NONOPERATING INCOME (EXPENSE):</b>				
System development charges	197,807	253,451	451,258	-
Interest earned on investments	55,557	67,687	123,244	-
Gain (loss) from sale of asset	2,703	67,356	70,059	(2,307)
Property taxes	-	1,460,584	1,460,584	-
Interest expense	(69,924)	(397,687)	(467,611)	-
<b>TOTAL NONOPERATING INCOME (EXPENSE)</b>	<b>186,143</b>	<b>1,451,391</b>	<b>1,637,534</b>	<b>(2,307)</b>
<b>INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS</b>	<b>506,039</b>	<b>381,696</b>	<b>887,735</b>	<b>51,673</b>
<b>TRANSFERS:</b>				
Transfers in	-	500,000	500,000	-
Transfers out	(34,588)	(38,961)	(73,549)	-
<b>TOTAL TRANSFERS</b>	<b>(34,588)</b>	<b>461,039</b>	<b>426,451</b>	<b>-</b>
<b>CHANGE IN NET POSITION</b>	<b>471,451</b>	<b>842,735</b>	<b>1,314,186</b>	<b>51,673</b>
<b>NET POSITION, June 30, 2018</b>	<b>20,968,574</b>	<b>17,482,366</b>	<b>38,450,940</b>	<b>(84,128)</b>
<b>NET POSITION, June 30, 2019</b>	<b>\$ 21,440,025</b>	<b>\$ 18,325,101</b>	<b>\$ 39,765,126</b>	<b>\$ (32,455)</b>

See notes to basic financial statements.

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

**PROPRIETARY FUNDS**

**STATEMENT OF CASH FLOWS**

**YEAR ENDED JUNE 30, 2019**

	Enterprise Funds			Internal Service Fund
	Water	Sewer	Totals	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Receipts from customers	\$ 3,964,737	\$ 4,074,950	\$ 8,039,687	\$ 1,002,642
Payments to suppliers	(808,783)	(1,600,548)	(2,409,331)	(303,425)
Payments to employees	(1,364,246)	(1,286,085)	(2,650,331)	(546,900)
Payments for support services	(227,887)	(167,303)	(395,190)	-
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>1,563,821</b>	<b>1,021,014</b>	<b>2,584,835</b>	<b>152,317</b>
<b>CASH FLOWS FROM NON FINANCING ACTIVITIES:</b>				
Property taxes	-	1,460,584	1,460,584	-
Transfers in	-	500,000	500,000	-
Transfers out	(34,588)	(38,961)	(73,549)	-
<b>NET CASH FROM NON FINANCING ACTIVITIES</b>	<b>(34,588)</b>	<b>1,921,623</b>	<b>1,887,035</b>	<b>-</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Acquisition of capital assets	(502,622)	(244,463)	(747,085)	(153,607)
Proceeds received from sale of capital assets	2,703	4,447	7,150	-
System development charges	197,807	253,451	451,258	-
Principal paid on advance from other funds	-	(48,218)	(48,218)	-
Principal paid on long-term obligations	(479,417)	(1,207,346)	(1,686,763)	-
Interest paid on long-term obligations	(72,840)	(401,692)	(474,532)	-
<b>NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(854,369)</b>	<b>(1,643,821)</b>	<b>(2,498,190)</b>	<b>(153,607)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest on investments	55,557	67,687	123,244	-
<b>NET INCREASE (DECREASE) IN CASH AND INVESTMENTS</b>	<b>730,421</b>	<b>1,366,503</b>	<b>2,096,924</b>	<b>(1,290)</b>
<b>CASH AND INVESTMENTS, beginning of year</b>	<b>1,597,544</b>	<b>1,341,568</b>	<b>2,939,112</b>	<b>75,942</b>
<b>CASH AND INVESTMENTS, end of year</b>	<b>\$ 2,327,965</b>	<b>\$ 2,708,071</b>	<b>\$ 5,036,036</b>	<b>\$ 74,652</b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH FROM OPERATING ACTIVITIES</b>				
Operating income (loss)	\$ 319,896	\$ (1,069,695)	\$ (749,799)	\$ 53,980
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	1,245,161	1,864,185	3,109,346	52,342
Decrease (increase) in assets and deferred outflows				
Receivables, net	9,136	83,061	92,197	(611)
Prepays	-	-	-	(411)
Inventories	(23,411)	-	(23,411)	-
Cash with County Treasurer	-	2,565	2,565	-
Net OPEB Asset	(4,294)	(4,509)	(8,803)	(2,058)
Deferred outflows	(77,466)	(46,167)	(123,633)	(19,759)
Increase (decrease) in liabilities and deferred inflows				
Accounts payable and accrued expenses	(78,088)	96,383	18,295	(14,834)
Compensated absences payable	(5,336)	3,707	(1,629)	47,025
OPEB	(4,249)	(3,114)	(7,363)	(2,370)
Net pension liability	142,033	65,730	207,763	26,350
Deferred inflows	40,439	28,868	69,307	12,663
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>\$ 1,563,821</b>	<b>\$ 1,021,014</b>	<b>\$ 2,584,835</b>	<b>\$ 152,317</b>
<b>NON CASH TRANSACTIONS</b>				
Purchase of asset by issuing debt	\$ -	\$ 355,960	\$ 355,960	\$ -
Gain/(loss) on sale of asset	\$ -	\$ 62,909	\$ 62,909	\$ (2,307)

See notes to basic financial statements.

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

**AGENCY FUND**

**STATEMENT OF ASSETS AND LIABILITIES**

**JUNE 30, 2019**

**ASSETS:**

Cash and investments

\$ 85,332

**LIABILITIES:**

Accounts payable

\$ 18,609

Funds held in trust

66,723

**TOTAL LIABILITIES**

\$ 85,332

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, 2019**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Organization**

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

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

**Reporting Entity**

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

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

Complete financial statements for the Lincoln City Urban Renewal Agency may be viewed on the City's website at [www.lincolncity.org](http://www.lincolncity.org).

**Basis of Presentation**

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

**Government-wide Financial Statements**

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

**CITY OF LINCOLN CITY, OREGON**

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

**YEAR ENDED JUNE 30, 2019**

**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, 2019**

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

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

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

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

**Fund Financial Statements**

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

The City reports the following major governmental funds:

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

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

Street Capital Fund – accounts for the capital projects of the Street department. Principal sources of revenue are motor vehicle revenue allocation (gas tax) and transfers from the street operations fund and general fund.

Police Building Construction Fund – accounts for the construction of a new Police building. Principal source of revenue are proceeds from a full faith and credit bond.

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, 2019**

**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, 2019.

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, 2019**

**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, 2019.

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, 2019**

**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, 2019**

**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, 2019**

**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, unbonded assessments, 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 or benefit 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, 2019**

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

At June 30, 2019, the City's cash and investments were comprised of the following:

Cash on hand	\$ 2,825
Deposits with financial institutions	852,037
Oregon State Treasurer's Local Government Investment Pool	<u>37,178,258</u>
	<u>\$ 38,033,120</u>

Reported as:

Governmental activities	\$ 32,911,752
Business-type activities	<u>5,036,036</u>
Total per Statement of Net Position	37,947,788
Agency Fund	<u>85,332</u>
	<u>\$ 38,033,120</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, 2019, was \$1,093,681, 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, 2019**

**3. ACCOUNTS RECEIVABLE**

Receivables as of June 30, 2019, for the City's governmental activities/funds are as follows:

	General	Visitor and Convention Bureau	Street Capital	Other Governmental	Internal Service	Totals
Property taxes	\$ 500,123	\$ -	\$ -	\$ 82,504	\$ -	\$ 582,627
Intergovernmental	65,415	-	154,109	7,096	-	226,620
Fines and warrants	51,532	-	-	-	-	51,532
Franchise fees	110,760	-	-	-	5,501	116,261
Transient room taxes	356,338	557,351	-	913,677	-	1,827,366
Reimburse/Local Impr District	385,958	-	-	-	-	385,958
Notes-housing rehabilitation	-	-	-	507,886	-	507,886
Miscellaneous other	85,684	-	-	-	-	85,684
	<u>\$ 1,555,810</u>	<u>\$ 557,351</u>	<u>\$ 154,109</u>	<u>\$ 1,511,163</u>	<u>\$ 5,501</u>	<u>\$ 3,783,934</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 2018-19.

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%	\$ 422,994
Affordable Housing:			
Habitat and Housing Rehabilitation	15 years	0%	\$ 84,892

Receivables as of June 30, 2019, for the City's business-type activities/funds are as follows:

	Water	Sewer	Totals
User charges	\$ 610,351	\$ 626,442	\$ 1,236,793
Reimburse/Local Impr District	-	39,137	39,137
Property taxes	-	105,209	105,209
Miscellaneous	-	9,040	9,040
	<u>\$ 610,351</u>	<u>\$ 779,828</u>	<u>\$ 1,390,179</u>



**CITY OF LINCOLN CITY, OREGON**

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

**YEAR ENDED JUNE 30, 2019**

**4. CAPITAL ASSETS**

Transactions for the year ended June 30, 2019, of the governmental activities, were as follows:

	<u>Balance</u> <u>June 30, 2018</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2019</u>
Capital assets not being depreciated:				
Land	\$ 16,042,593	\$ -	\$ (6,865)	\$ 16,035,728
Public right-of-way	22,328,786	-	-	22,328,786
Construction in progress	<u>2,755,021</u>	<u>3,692,641</u>	<u>(2,313,601)</u>	<u>4,134,061</u>
Total capital assets not being depreciated	<u>41,126,400</u>	<u>3,692,641</u>	<u>(2,320,466)</u>	<u>42,498,575</u>
Capital assets being depreciated:				
Buildings	15,607,721	554,509	(15,993)	16,146,237
Heavy equipment	537,720	-	-	537,720
Urban renewal projects	2,874,957	2,119,102	(77,568)	4,916,491
System improvements	52,396,899	1,340,367	-	53,737,266
Vehicles	1,350,428	142,607	(60,668)	1,432,367
Equipment and furniture	4,215,171	392,917	(429,977)	4,178,111
Books and art	<u>1,202,117</u>	<u>-</u>	<u>-</u>	<u>1,202,117</u>
Total capital assets being depreciated	<u>78,185,013</u>	<u>4,549,502</u>	<u>(584,206)</u>	<u>82,150,309</u>
Accumulated depreciation	<u>(50,501,454)</u>	<u>(2,729,115)</u>	<u>588,763</u>	<u>(52,641,806)</u>
Total capital assets being depreciated, net	<u>27,683,559</u>	<u>1,820,387</u>	<u>4,557</u>	<u>29,508,503</u>
Total capital assets, net	<u>\$ 68,809,959</u>	<u>\$ 5,513,028</u>	<u>\$ (2,315,909)</u>	<u>\$ 72,007,078</u>

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

General government	\$ 631,857
Internal Service Fund	52,342
Public safety	148,777
Highway and streets	1,330,517
Culture and recreation	<u>565,622</u>
Total	<u>\$ 2,729,115</u>

**CITY OF LINCOLN CITY, OREGON**

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

**YEAR ENDED JUNE 30, 2019**

**4. CAPITAL ASSETS (Continued)**

Transactions for the year ended June 30, 2019, of the business-type activities, were as follows:

	Balance June 30, 2018	Increases	Decreases	Balance June 30, 2019
Capital assets not being depreciated:				
Land and improvements	\$ 811,970	\$ -	\$ -	\$ 811,970
Construction in progress	351,846	115,385	(266,133)	201,098
Total capital assets not being depreciated	<u>1,163,816</u>	<u>115,385</u>	<u>(266,133)</u>	<u>1,013,068</u>
Capital assets being depreciated:				
Buildings	1,175,931	12,656		1,188,587
Facilities	91,670,344	808,831		92,479,175
Equipment	2,281,403	495,216	(344,084)	2,432,535
Intangibles	120,868	-	-	120,868
Total capital assets being depreciated	<u>95,248,546</u>	<u>1,316,703</u>	<u>(344,084)</u>	<u>96,221,165</u>
Accumulated depreciation	<u>(43,315,903)</u>	<u>(3,109,346)</u>	<u>344,084</u>	<u>(46,081,165)</u>
Total capital assets being depreciated, net	<u>51,932,643</u>	<u>(1,792,643)</u>	<u>-</u>	<u>50,140,000</u>
Total capital assets, net	<u>\$ 53,096,459</u>	<u>\$ (1,677,258)</u>	<u>\$ (266,133)</u>	<u>\$ 51,153,068</u>

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

Water	\$ 1,245,161
Sewer	<u>1,864,185</u>
Total	<u>\$ 3,109,346</u>

**CITY OF LINCOLN CITY, OREGON**

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

**YEAR ENDED JUNE 30, 2019**

**5. LONG-TERM OBLIGATIONS**

Transactions for the year ended June 30, 2019, of the governmental activities, were as follows:

<u>Note</u>	<u>Balance June 30, 2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balances June 30, 2019</u>	<u>Due within one year</u>
<u>Note</u>					
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	\$ -	\$ 442,652	\$ 2,532,348	\$ 575,954
<u>Bond</u>					
Full Faith and Credit Obligation, Series 2018,					
Original issue amount \$10.950 million, final maturity					
April 2048, interest at 3.85 percent	-	10,950,000	435,000	10,515,000	190,000
<u>Bond Premium</u>					
Full Faith and Credit Obligation, Series 2018					
Original issue amount \$10.950 million, final maturity					
April 2048, interest at 3.85 percent	-	302,721	25,419	277,301	50,719
	<u>\$ 2,975,000</u>	<u>\$ 11,252,721</u>	<u>\$ 903,071</u>	<u>\$ 13,324,649</u>	<u>\$ 816,673</u>
Compensated absences	<u>\$ 519,845</u>	<u>\$ 626,507</u>	<u>\$ 519,845</u>	<u>\$ 626,507</u>	<u>\$ 626,507</u>

The future maturities for governmental activity long-term obligations outstanding as of June 30, 2019, are as follows:

Fiscal Year	URA Projects		Bonds, Series 2018		Bond	Totals	
	Principal	Interest	Principal	Interest	Premium	Principal	Interest
2020	\$ 575,954	\$ 75,233	\$ 190,000	\$ 426,775	\$ 50,719	\$ 816,673	\$ 502,008
2021	626,240	56,695	200,000	417,275	46,269	872,509	473,970
2022	679,708	36,547	210,000	407,275	41,641	931,349	443,822
2023	650,446	15,367	220,000	396,775	36,841	907,287	412,142
2024	-	-	230,000	385,775	31,841	261,841	385,775
2025-2029	-	-	1,335,000	1,744,625	69,990	1,404,990	1,744,625
2030-2034	-	-	1,630,000	1,439,481	-	1,630,000	1,439,481
2035-2039	-	-	1,935,000	1,139,100	-	1,935,000	1,139,100
2040-2044	-	-	2,335,000	733,600	-	2,335,000	733,600
2044-2048	-	-	2,230,000	227,400	-	2,230,000	227,400
	<u>\$ 2,532,348</u>	<u>\$ 183,842</u>	<u>\$ 10,515,000</u>	<u>\$ 7,318,081</u>	<u>\$ 277,301</u>	<u>\$13,324,649</u>	<u>\$ 7,501,923</u>

**CITY OF LINCOLN CITY, OREGON**

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

**YEAR ENDED JUNE 30, 2019**

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

Transactions for the year ended June 30, 2019, of the business-type activities, were as follows:

	<u>Balance</u> <u>June 30, 2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balances</u> <u>June 30, 2019</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	\$ 2,495,000	\$ -	\$ 395,000	\$ 2,100,000	\$ 405,000
<u>General Obligation Bonds</u>					
Sewer Bonds, Series 2011, Original issue amount \$7 million, final maturity March 2026, interest at 4.1 percent					
Principal	4,138,054	-	463,370	3,674,684	482,662
Sewer Bonds, Refunding Series 2013 Original issue amount \$9.885 million, final maturity June 2030, interest at 2.4 percent					
Principal	9,750,000	-	130,000	9,620,000	730,000
Sewer Bonds, Refunding Series 2015 Original issue amount \$2.210 million, final maturity June 2019, interest at 1.456 percent					
Principal	558,889	-	558,889	-	-
<u>Contract payable</u>					
Original issue amount \$585,000, final maturity August 2019, interest at 2.0 percent					
Principal	84,417	-	84,417	-	-
Original issue amount \$355,960, final maturity August 2023, interest at 4.19 percent					
Principal	-	355,960	55,087	300,873	42,480
	<u>\$ 17,026,360</u>	<u>\$ 355,960</u>	<u>\$ 1,686,763</u>	<u>\$ 15,695,557</u>	<u>\$ 1,660,142</u>
Compensated absences	<u>\$ 147,206</u>	<u>\$ 145,577</u>	<u>\$ 147,206</u>	<u>\$ 145,577</u>	<u>\$ 145,577</u>

**CITY OF LINCOLN CITY, OREGON**

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

**YEAR ENDED JUNE 30, 2019**

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

The future maturities for business-type activity long-term obligations outstanding as of June 30, 2019, are as follows:

Fiscal Year	Full Faith and Credit Note Series 2014		General Obligation Sewer Bonds Series 2011		General Obligation Sewer Refunding Bond Series 2013	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 405,000	\$ 59,994	\$ 482,662	\$ 143,304	\$ 730,000	\$ 228,450
2021	410,000	48,291	502,758	123,209	760,000	213,850
2022	420,000	36,610	523,690	102,276	795,000	198,650
2023	430,000	24,644	545,494	80,473	830,000	182,750
2024	435,000	12,427	568,205	57,761	850,000	166,150
2025-29	-	-	1,051,875	43,567	4,660,000	527,563
2030-34	-	-	-	-	995,000	29,850
	<u>\$ 2,100,000</u>	<u>\$ 181,966</u>	<u>\$ 3,674,684</u>	<u>\$ 550,590</u>	<u>\$ 9,620,000</u>	<u>\$ 1,547,263</u>

Fiscal Year	Contract Payable		Totals	
	Principal	Interest	Principal	Interest
2020	\$ 42,480	\$ 12,607	\$ 1,660,142	\$ 444,355
2021	44,260	10,826	1,717,018	396,176
2022	46,114	8,972	1,784,804	346,508
2023	48,046	7,040	1,853,540	294,907
2024	119,973	5,027	1,973,178	241,365
2025-29	-	-	5,711,875	571,130
2030-34	-	-	995,000	29,850
	<u>\$ 300,873</u>	<u>\$ 44,472</u>	<u>\$ 15,695,557</u>	<u>\$ 2,324,291</u>

**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, 2019, unavailable revenue consists of the following:

	General Fund	Other Governmental Funds	Totals
Property taxes	\$ 500,123	\$ 82,504	\$ 582,627
LID/Reimbursement District	385,958	-	385,958
Fines and warrants	50,501	-	50,501
Total	<u>\$ 936,582</u>	<u>\$ 82,504</u>	<u>\$ 1,019,086</u>

**CITY OF LINCOLN CITY, OREGON**

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

**YEAR ENDED JUNE 30, 2019**

**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 required the Consortium to place a final cover on the Agate Beach Landfill site when it stopped accepting waste, and to perform certain maintenance and monitoring functions at the site for thirty (30) years subsequent to closure. This 30-year post-closure period was initiated on December 27, 1997. Since the landfill is closed it has used 100% of its capacity. 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 eight years. The estimated liability is based on the assumption that the least expensive disposal alternative will be used.

Reporting requirements for the Lincoln County Consortium for Solid Waste Management have changed and they no longer provide an annual Financial Recertification document. Instead the Consortium provides certified estimates; these estimates are not available until the April following the fiscal year. Because of this change in timing of the Consortium reports, the City is reporting its landfill closure and post closure care costs liability using the FY2017-18 Consortium estimates.

At June 30, 2019, the City reports a restricted fund balance amount related to these post-closure requirements of \$634,006 and liability in the entity-wide financial statements \$450,869.

**8. EMPLOYEE RETIREMENT PENSION PLAN**

**Plan Description**

**Plan Benefits** - The City is a participating employer in the Oregon Public Employees Retirement System (OPERS), a cost-sharing multiple-employer defined benefit pension plan. The Oregon Legislature has delegated authority to the Public Employees Retirement Board (PERB) to administer and manage the system. The PERB governs and acts as a common investment and administrative agent for public employers in the State of Oregon. All benefits of the system are established by the legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A. The Oregon Public Employees Retirement System, a component unit of the State of Oregon, issues an independently audited Comprehensive Annual Financial Report (CAFR) which can be found at: <https://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>

1) *Public Employee Retirement System (PERS) - Tier One/Tier Two Retirement Benefit (ORS Chapter 238)*. The Tier One/Tier Two Retirement Defined Benefit Plan is closed to new members hired on or after August 29, 2003.

a) *Pension Benefits*. The PERS retirement allowance is payable monthly for life, 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, and 1.67 percent for general service employees) is multiplied by the number of years of service and the

**CITY OF LINCOLN CITY, OREGON**

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

**YEAR ENDED JUNE 30, 2019**

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

**Plan Description (continued)**

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.

- b) *Death Benefits.* Upon 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 criterion are met:
    - i. the member was employed by a PERS employer at the time of death,
    - ii. the member died within 120 days after termination of PERS-covered employment,
    - iii. the member died as a result of injury sustained while employed in a PERS-covered job, or
    - iv. the member was on an official leave of absence from a PERS-covered job at the time of death.
  
  - c) *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 PERS judge members) for disability benefits regardless of the length of PERS-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.
  
  - d) *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 adjustments (COLA). The COLA will vary based on the amount of the annual benefit.
- 2) *Oregon Public Service Retirement Pension Defined Benefit Program (OPSRP DB).* The ORS Chapter 238A Defined Benefit Pension Program provides benefits to members hired on or after August 29, 2003.
- a) *Pension Benefits.* This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:
    - i. *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.

**CITY OF LINCOLN CITY, OREGON**

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

**YEAR ENDED JUNE 30, 2019**

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

**Plan Description (continued)**

- ii. *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.

A member of the 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 terminated, the date on which termination becomes effective.

- b) *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.
- c) *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.
- d) *Benefit Changes after Retirement.* Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living adjustments (COLA). The cap on the COLA will vary based on the amount of the annual benefit.

3) *OPSRP Individual Account Program (OPSRP IAP).*

- a) *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 IAP may receive the amounts in the 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.

- b) *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.



**CITY OF LINCOLN CITY, OREGON**

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

**YEAR ENDED JUNE 30, 2019**

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

**Plan Description (continued)**

- c) *Recordkeeping.* OPERS contracts with VOYA Financial to maintain IAP participant records.

Both PERS and OPSRP plans provide retirement and disability benefits, post-employment healthcare benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries.

**Funding Policy**

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. The funding policy applies to the OPERS Tier 1/Tier 2 and OPSRP Defined Benefit Plans and the Other Postemployment Benefit Plans.

The City's contributions for the year ended June 30, 2019 were \$953,119. The contractually required contribution rates in effect for the fiscal year ended June 30, 2019 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.

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

At June 30, 2019, the City reported a liability of \$10,734,766 for its proportionate share of the plan pension liability. The net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. 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, 2019 and 2018, the City's proportion was 0.07086270 and 0.07083796 percent, respectively.

**CITY OF LINCOLN CITY, OREGON**

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

**YEAR ENDED JUNE 30, 2019**

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

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

For the year ended June 30, 2019, the City recognized pension expense of \$1,797,225. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 365,165	\$ -
Change of assumptions	2,495,813	-
Net difference between projected and actual earnings on pension plan investments	-	476,684
Changes in proportionate share	51,515	586,071
Difference between employer contributions and employer's proportionate share of contributions	22,978	241,858
City contributions subsequent to the measurement date	953,119	-
Total	<u>\$ 3,888,590</u>	<u>\$ 1,304,613</u>

The amount of contributions subsequent to the measurement date will be included as a reduction of the net pension liability in the fiscal year ended June 30, 2020.

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>
2020	\$ 1,065,661
2021	695,606
2022	(266,284)
2023	77,759
2024	58,115
	<u>\$ 1,630,858</u>

**Actuarial Methods and Assumptions**

**Actuarial Valuations** - The employer contribution rates effective July 1, 2018, through June 30, 2019, were set using the entry age normal actuarial method. Under this cost method, each active member's entry age present value of projected benefits is allocated over the member's service from their date of entry until their assumed date of exit, taking into consideration expected future compensation increases.

**CITY OF LINCOLN CITY, OREGON**

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

**YEAR ENDED JUNE 30, 2019**

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

**Actuarial Methods and Assumptions (continued)**

The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions:

Valuation date	December 31, 2016
Measurement date	June 30, 2018
Experience study report	2016, published July 26, 2017
Actuarial assumptions:	
Actuarial cost method	Entry Age Normal
Inflation	2.50%
Long-term expected rate of return	7.20%
Discount rate	7.20%
Salary increase	3.50%
Cost of living adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with Moro decision; blend based on service
Mortality	<i>Healthy retirees and beneficiaries:</i> RP-2014 Healthy annuitant, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation. <i>Active member:</i> RP-2014 Employees, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and setbacks as described in the valuation. <i>Disabled retirees:</i> RP-2014 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale.

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 2016 Experience Study which reviewed experience for the four-year period ending on December 31, 2016.

**CITY OF LINCOLN CITY, OREGON**

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

**YEAR ENDED JUNE 30, 2019**

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

**Actuarial Methods and Assumptions (continued)**

**Discount Rate** - The discount rate used to measure the total pension liability was 7.20 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.

**Assumed Asset Allocation**

<u>Asset Class</u>	<u>Low Range</u>	<u>High Range</u>	<u>OIC Target</u>
Cash	0.0 %	3.0 %	0.0 %
Debt Securities	15.0	25.0	20.0
Public Equity	32.5	42.5	37.5
Private Equity	13.5	21.5	17.5
Real Estate	9.5	15.5	12.5
Alternative Equity	-	12.5	12.5
Opportunity Portfolio	-	3.0	-
Total			<u>100.0 %</u>

**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.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Compound Annual Return (Geometric)</u>
Core Fixed Income	8.0 %	3.5 %
Short-Term Bond	8.0	3.4
US Bank/Leveraged Loans	3.0	5.1
High Yield Bonds	1.0	6.5
Large/Mid Cap US Equities	15.8	6.3
Small Cap US Equities	1.3	6.7
Micro Cap US Equities	1.3	6.8
Developed Foreign Equities	13.1	6.7
Emerging Foreign Equities	4.1	7.5

**CITY OF LINCOLN CITY, OREGON**

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

**YEAR ENDED JUNE 30, 2019**

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

**Actuarial Methods and Assumptions (continued)**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Compound Annual Return (Geometric)</u>
Non-US Small Cap Equities	1.9	7.0
Private Equity	17.5	7.8
Real Estate (Property)	10.0	5.5
Real Estate (REITS)	2.5	6.4
Hedge Fund of Funds- Diversified	2.5	4.1
Hedge Fund Event-Driven	0.6	5.9
Timber	1.9	5.6
Farmland	1.9	6.2
Infrastructure	3.8	6.6
Commodities	1.9	3.8
Total	<u>100.0 %</u>	

Assumed Inflation - Mean 2.5%

**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 7.2 percent, as well as what the City's share of the net pension 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 (6.2%)</u>	<u>Discount Rate (7.2%)</u>	<u>1% Increase (8.2%)</u>
City's proportionate share of net pension liability	\$ 17,939,821	\$ 10,734,766	\$ 4,787,582

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

On June 11, 2019, Senate Bill 1049 was enacted by the People of the State of Oregon. The elements of the bill include a variety of policy and program changes which will affect the City's pension plan. Most prominent are a onetime 22-year re-amortization of the unamortized actuarial liability for Tier 1 and Tier 2 employees and contribution rate adjustments. In August 2019, a petition was filed with the Oregon Supreme Court challenging the constitutionality of certain portions of SB 1049. The City cannot predict whether the petitioners will be successful in whole or in part nor what the impact of a successful challenge may be. Further, the City cannot predict whether SB 1049 will be subject to additional legal challenges that could affect some or all of its provisions.

**CITY OF LINCOLN CITY, OREGON**

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

**YEAR ENDED JUNE 30, 2019**

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

**Defined Contribution Plan - Individual Account Program (IAP)**

***Pension Benefits*** - Participants in OPERS defined benefit pension plans also participate in their defined contribution plan. 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.

***Contributions*** - The City has chosen to pay the employees' contributions to the plan totaling 6% of covered payroll. For fiscal year ending June 30, 2019 the City paid \$471,814.

***Recordkeeping*** - OPERS contracts with VOYA Financial to maintain IAP participant records.

**9. OTHER POSTEMPLOYMENT BENEFITS**

The other postemployment benefits (OPEB) for the City combines 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**

***Plan Description*** - 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 insurances 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.

**CITY OF LINCOLN CITY, OREGON**

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

**YEAR ENDED JUNE 30, 2019**

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

**Health Insurance Continuation (continued)**

For the purpose of calculating the total OPEB liability, the July 1, 2018 actuarial valuation includes 128 active participants and 9 inactive participants.

**Total OPEB Liability** – The City’s total OPEB Liability of \$507,548 was measured as of June 30, 2018 and was determined by an actuarial valuation as of July 1, 2018.

**Actuarial assumptions and other inputs** – The total OPEB liability for the current year was determined as a part of the July 1, 2018 actuarial valuation. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future.

The total OPEB liability in the July 1, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Actuarial cost method	Entry Age Normal
Inflation	2.50%
Salary increase	3.50%
Discount rate	3.87%
Withdrawal, retirement, and mortality rates	December 31, 2017 Oregon PERS valuation
Mortality	RP-2014 Healthy Annuitant, sex distinct mortality tables blended 50/50 blue collar and white collar, set back one year for males

**Changes in Total OPEB Liability** - The annual other postemployment benefit (OPEB) cost is calculated based on the total OPEB liability, an amount actuarially determined in accordance with the parameters of GASB Statement No. 75. The following table shows the components of the City’s annual OPEB costs and liabilities for the fiscal year ending June 30, 2019

	<u>Total OPEB Liability</u>
Balance as of June 30, 2018	\$ 542,731
Changes for the Year	
Service Costs	42,313
Interest	20,231
Changes of economic/demographic gains or losses	39,560
Changes of assumptions	(97,082)
Benefit payments	(40,205)
Balance as of June 30, 2019	<u>\$ 507,548</u>

**CITY OF LINCOLN CITY, OREGON**

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

**YEAR ENDED JUNE 30, 2019**

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

**Health Insurance Continuation (continued)**

***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 (2.87%) or one percentage point higher (4.87%) than the current rate. A similar sensitivity analysis is presented for changes in the healthcare cost trend assumption.

	<u>1% Decrease (2.87%)</u>	<u>Discount Rate (3.87%)</u>	<u>1% Increase (4.87%)</u>
Total OPEB Liability	\$ 539,459	\$ 507,548	\$ 477,848
	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 466,764	\$ 507,548	\$ 555,261

***OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB*** - For the year ended June 30, 2019, the City recognized OPEB expense of \$50,654 in the government wide Statement of Activities. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to the following sources:

<u>Deferral source</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected & actual experience	\$ 34,141	\$ -
Changes of assumptions or other inputs	-	104,637
Subtotal - Amortized Deferrals (shown below)	34,141	104,637
City contributions subsequent to the measurement date	56,121	-
Totals	<u>\$ 90,262</u>	<u>\$ 104,637</u>

The amount of contributions subsequent to the measurement date will be included as a reduction of the total other postemployment benefit obligation in the fiscal year ended June 30, 2020.

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



**CITY OF LINCOLN CITY, OREGON**

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

**YEAR ENDED JUNE 30, 2019**

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

**Health Insurance Continuation (continued)**

For the year ending June 30,	Total
2020	\$ (11,890)
2021	(11,890)
2022	(11,890)
2023	(11,890)
2024	(11,890)
Thereafter	(11,046)
Total	<u>\$ (70,496)</u>

**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.

Employer contributions are advance-funded on an actuarially determined basis. There is no inflation assumption for RHIA postemployment benefits because the payment amount is set by statute and is not adjusted for increases in healthcare costs. The number of active plan RHIA participants receiving benefits was 46,033 in the state of Oregon for the fiscal year ended June 30, 2018, and there were 56,200 active and 61,248 inactive members who meet the requirements to receive RHIA benefits when they retire.

***Contributions and Benefits Provided*** - 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

**CITY OF LINCOLN CITY, OREGON**

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

**YEAR ENDED JUNE 30, 2019**

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

**OPERS Retirement Health Insurance Account (continued)**

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. The City's contributions to RHIA were \$35,455 for the year ended June 30, 2019, which equaled the required contributions for the year.

***OPEB Assets, Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB*** - At June 30, 2019, the City reported an asset of \$74,688 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2018 and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2016 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, 2019, the City's proportion was 0.06690803%.

For the year ended June 30, 2019, the city recognized OPEB income of \$6,922. The following table shows the components of the City's annual OPEB expense/ (income) for the year ended June 30, 2019:

Employer's proportionate share of collective system OPEB Expense / (Income)	\$ (7,010)
Net amortization of employer-specific deferred amounts from:	
- Changes in proportionate share	88
Total OPEB Expense / (Income)	<u>\$ (6,922)</u>

***Components of Deferred Outflows/Inflows of Resources*** - At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

**CITY OF LINCOLN CITY, OREGON**

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

**YEAR ENDED JUNE 30, 2019**

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

**OPERS Retirement Health Insurance Account (continued)**

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ -	\$ 4,233
Changes of assumptions		237
Net difference between projected and actual earnings on investments		16,102
Changes in proportionate share	497	217
Subtotal - Amortized Deferrals (shown below)	497	20,789
City contributions subsequent to the measurement date	35,455	-
Deferred Outflows / Inflows of Resources	<u>\$ 35,952</u>	<u>\$ 20,789</u>

The amount of contributions subsequent to the measurement date will be included as a reduction of the net OPEB liability/(asset) in the fiscal year ended June 30, 2020.

Other amounts reported as deferred outflows or inflows of resources related to OPEB will be recognized in OPEB expense/(income) as follows:

For the year ending June 30,	<u>Total</u>
2020	\$ (6,689)
2021	(6,650)
2022	(5,352)
2023	(1,601)
Total	<u>\$ (20,292)</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 2016 Experience Study, which reviewed experience for the four year period ended on December 31, 2016.

**CITY OF LINCOLN CITY, OREGON**

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

**YEAR ENDED JUNE 30, 2019**

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

**OPERS Retirement Health Insurance Account (continued)**

The total OPEB liability in the December 31, 2016 actuarial valuation was determined using the following actuarial methods and assumptions:

Valuation date	12/31/2016
Measurement date	06/30/2018
Experience study report	2016, published July 26, 2017
Actuarial assumptions:	
Actuarial cost method	Entry Age Normal
Inflation	2.50%
Long-term expected rate of return	7.20%
Discount rate	7.20%
Salary increase	3.50%
Retiree healthcare increases	Healthy retirees 38%; Disabled retirees 20%
Healthcare cost trend rate	Not applicable
Mortality	Healthy retirees and beneficiaries: RP-2000 Sex-distinct, generational per Scale BB, with collar adjustments and set-backs as described in the valuation.  Active members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation  Disabled retirees: Mortality rates are a percentage (70% for males, 95% for females) of the RP-2000 Sex-distinct, generational per Scale BB, disabled mortality table.

*Discount Rate* – The discount rates used to measure the total OPEB liability at June 30, 2018 was 7.20%. 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.

**CITY OF LINCOLN CITY, OREGON**

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

**YEAR ENDED JUNE 30, 2019**

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

**OPERS Retirement Health Insurance Account (continued)**

*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 (6.20%) or one percentage point higher (8.20%) than the current discount rate:

	<u>1% Decrease (6.20%)</u>	<u>Discount Rate (7.20%)</u>	<u>1% Increase (8.20%)</u>
City's proportionate share of net OPEB Liability/ (Asset)	\$ (43,487)	\$ (74,688)	\$ (101,246)

The RHIA plan is unaffected by health care cost trends since the benefit is limited to a \$60 monthly payment toward Medicare companion insurance premiums. Consequently, disclosure of a healthcare cost trend analysis is not applicable.

**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

**CITY OF LINCOLN CITY, OREGON**

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

**YEAR ENDED JUNE 30, 2019**

**10. OTHER INFORMATION (continued)**

**Interfund Transfers (continued)**

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, 2019:

<u>Funds</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental		
General	\$ 4,350	\$ 2,418,419
Visitor and Convention Bureau	-	68,066
Street Capital	1,375,000	-
Police Building Construction	1,266,951	-
Other governmental	278,097	864,364
Proprietary		
Water	-	34,588
Sewer	500,000	38,961
	<u>\$ 3,424,398</u>	<u>\$ 3,424,398</u>

**Construction Commitments**

At the City Council meeting on November 26, 2018, the City Council approved a maximum guaranteed price for a new Police Building of \$12,600,000, and bonds were issued in October 2018 as the primary source of funding. Of the \$12.6 million, approximately \$3.6 million has been spent as of June 30, 2019, leaving an outstanding construction commitment of approximately \$9.0 million.

At the City Council meeting on August 12, 2019, the City Council awarded a construction contract in the amount of \$644,999, with a construction contingency of \$64,500 (10% of the bid), for a total of \$709,499.

At the City Council meeting on September 23, 2019, the City Council awarded a construction contract in the amount of \$916,190, with a construction contingency of \$20,000.

At the City Council meeting on October 14, 2019, the City Council awarded a construction contract in the amount of \$500,999, with a construction contingency of \$25,000 (5% of the bid), for a total of \$525,999 with a provision that the contractor only work night hours.

**CITY OF LINCOLN CITY, OREGON**

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

**YEAR ENDED JUNE 30, 2019**

**10. OTHER INFORMATION (continued)**

**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.

**11. SUBSEQUENT EVENTS**

On November 25<sup>th</sup> the City Council elected to participate in the PERS employer incentive program. \$500,000 will be sent to PERS in December 2019.

**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, 2019**

	<u>2018</u>	<u>2019</u>
<b>Total OPEB Liability</b>		
Service Cost	\$ 44,858	\$ 42,313
Interest	16,413	20,231
Changes in economic/demographic gains or losses	-	39,560
Changes in assumptions	(28,874)	(97,082)
Benefit payments	<u>(41,145)</u>	<u>(40,205)</u>
Net change in total OPEB liability	(8,748)	(35,183)
Total OPEB liability - beginning	551,479	542,731
Total OPEB liability - ending	<u>\$ 542,731</u>	<u>\$ 507,548</u>
Covered-employee payroll	\$ 8,028,837	\$ 8,621,321
<b>Total OEPB liability as a percentage of covered-employee payroll</b>	6.76%	5.89%

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, 2019**

<u>Fiscal Year</u>	<u>City's proportion of the net OPEB (asset)/liability</u>	<u>City's proportionate share of the net OPEB (asset)/liability</u>	<u>City's covered employee payroll</u>	<u>City's proportionate share of the net OPEB (asset)/liability as a percentage of its covered payroll</u>	<u>Plan fiduciary net position as a percentage of the total OPEB 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%
2019	0.06690803%	(74,688)	8,028,837	-0.93%	124.0%

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, 2019**

<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%
2019	35,455	35,455	-	8,621,321	0.41%

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, 2019**

<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 liability</u>
2014	0.07669903%	\$ 3,914,064	\$ 7,456,657	52.5%	92.0%
2015	0.07669903%	(1,738,548)	7,695,975	-22.6%	103.6%
2016	0.08575513%	4,923,598	7,676,583	64.1%	91.9%
2017	0.07758981%	11,648,031	7,888,036	147.7%	80.5%
2018	0.07083796%	9,548,984	7,678,745	124.4%	83.1%
2019	0.07086270%	10,734,766	8,028,837	133.7%	82.1%

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, 2019**

<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%
2019	953,119	953,119	-	8,621,321	11.1%

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

**GENERAL FUND**

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

**FOR THE YEAR ENDED JUNE 30, 2019**

	Budget		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
<b>REVENUES:</b>				
Property taxes	\$ 6,761,843	\$ 6,761,843	\$ 6,962,062	\$ 200,219
Franchise fees	1,034,200	1,034,200	1,080,130	45,930
Transient room tax	1,530,105	1,530,105	1,631,614	101,509
Fees, licenses and permits	660,910	910,910	956,489	45,579
Fines, and forfeitures	158,820	158,820	166,802	7,982
Charges for services	22,801	22,801	22,801	-
Intergovernmental	652,197	688,151	782,048	93,897
Interest	74,000	74,000	292,607	218,607
Miscellaneous	938,007	938,007	1,054,362	116,355
<b>TOTAL REVENUES</b>	<b>11,832,883</b>	<b>12,118,837</b>	<b>12,948,915</b>	<b>830,078</b>
<b>EXPENDITURES:</b>				
City council	27,714	54,714	52,800	1,914
City administration	687,610	687,610	644,836	42,774
Finance	781,054	797,054	794,330	2,724
Library	932,963	955,963	970,969	(15,006)
Municipal court	74,001	84,001	74,961	9,040
City attorney	248,664	248,664	228,730	19,934
Planning	641,801	641,801	573,068	68,733
Building inspection	281,193	531,193	540,645	(9,452)
Economic Development	672,183	672,183	503,215	168,968
Police	4,684,029	4,709,983	4,435,915	274,068
Dispatch Center	1,005,184	1,005,184	939,909	65,275
Recreation department	1,374,985	1,374,985	1,261,326	113,659
Non-departmental	443,799	443,799	380,468	63,331
Contingencies	2,236,250	1,893,731	-	1,893,731
<b>TOTAL EXPENDITURES</b>	<b>14,091,430</b>	<b>14,100,865</b>	<b>11,401,172</b>	<b>2,699,693</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(2,258,547)</b>	<b>(1,982,028)</b>	<b>1,547,743</b>	<b>3,529,771</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Proceeds from sale of capital assets	2,500	2,500	16,537	14,037
Transfers in	575,715	576,783	576,783	-
Transfers out	(1,506,232)	(2,483,819)	(2,483,819)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(928,017)</b>	<b>(1,904,536)</b>	<b>(1,890,499)</b>	<b>14,037</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(3,186,564)</b>	<b>(3,886,564)</b>	<b>(342,756)</b>	<b>3,543,808</b>
<b>FUND BALANCE, beginning of year</b>	<b>9,312,500</b>	<b>10,012,500</b>	<b>11,492,682</b>	<b>1,480,182</b>
<b>FUND BALANCE, end of year</b>	<b>\$ 6,125,936</b>	<b>\$ 6,125,936</b>	<b>\$ 11,149,926</b>	<b>\$ 5,023,990</b>
Change in fund balance - budgetary basis			\$ (342,756)	
Loan repayments reported as reduction in receivable			(48,218)	
Change in fund balance - GAAP basis			<u>\$ (390,974)</u>	
Fund balance - budgetary basis			\$ 11,149,926	
Balance of loans receivable			251,782	
Fund balance - GAAP basis			<u>\$ 11,401,708</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, 2019**

	Budget		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>REVENUES:</b>				
Intergovernmental	\$ 15,000	\$ 15,000	\$ 5,000	\$ (5,000)
Transient room tax	2,058,365	2,058,365	2,231,960	173,595
Interest on investments	20,000	20,000	51,963	31,963
Miscellaneous	<u>52,650</u>	<u>52,650</u>	<u>54,730</u>	<u>2,080</u>
<b>TOTAL REVENUES</b>	<u>2,146,015</u>	<u>2,146,015</u>	<u>2,343,653</u>	<u>202,638</u>
<b>EXPENDITURES:</b>				
Personal services	657,124	657,124	616,625	40,499
Materials and services	1,380,519	1,380,519	1,212,297	168,222
Capital outlay	105,000	120,000	110,665	9,335
Contingency	<u>850,079</u>	<u>850,079</u>	<u>-</u>	<u>850,079</u>
<b>TOTAL EXPENDITURES</b>	<u>2,992,722</u>	<u>3,007,722</u>	<u>1,939,587</u>	<u>1,068,135</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(846,707)	(861,707)	404,066	1,265,773
<b>OTHER FINANCING USES:</b>				
Transfers out	<u>(105,764)</u>	<u>(105,764)</u>	<u>(105,764)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(952,471)	(967,471)	298,302	1,265,773
<b>FUND BALANCE, beginning of year</b>	<u>1,702,471</u>	<u>1,717,471</u>	<u>2,057,024</u>	<u>339,553</u>
<b>FUND BALANCE, end of year</b>	<u><u>\$ 750,000</u></u>	<u><u>\$ 750,000</u></u>	<u><u>\$ 2,355,326</u></u>	<u><u>\$ 1,605,326</u></u>

**CITY OF LINCOLN CITY, OREGON**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**YEAR ENDED JUNE 30, 2019**

**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 2018-19 General Fund adopted budget. These changes recatergorized operating expenditures to reflect actual spending patterns. It also added a transfer of \$927,587 from the General Fund to a new Police Building Construction Fund and a transfer of \$40,000 from the General Fund to the Property Abatement Fund.



**OTHER SUPPLEMENTARY INFORMATION**

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

**NONMAJOR GOVERNMENTAL FUNDS**

**COMBINING BALANCE SHEET**

**JUNE 30, 2019**

	Special Revenue Funds	Debt Service Fund	Capital Project Funds	Totals
<b>ASSETS:</b>				
Cash and investments	\$ 2,986,071	\$ 1,103,777	\$ 3,685,747	\$ 7,775,595
Cash with County Treasurer	-	4,895	-	4,895
Receivables	1,245,344	82,504	183,315	1,511,163
Prepaid items	-	-	-	-
Assets held for sale	560,822	-	-	560,822
	<hr/>	<hr/>	<hr/>	<hr/>
<b>TOTAL ASSETS</b>	<b>\$ 4,792,237</b>	<b>\$ 1,191,176</b>	<b>\$ 3,869,062</b>	<b>\$ 9,852,475</b>
	<hr/>	<hr/>	<hr/>	<hr/>
<b>LIABILITIES:</b>				
Accounts payable	\$ 72,140	\$ -	\$ 180,092	\$ 252,232
Other accrued liabilities	568	-	-	568
	<hr/>	<hr/>	<hr/>	<hr/>
<b>TOTAL LIABILITIES</b>	<b>72,708</b>	<b>-</b>	<b>180,092</b>	<b>252,800</b>
	<hr/>	<hr/>	<hr/>	<hr/>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Unavailable revenue	-	82,504	-	82,504
	<hr/>	<hr/>	<hr/>	<hr/>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>-</b>	<b>82,504</b>	<b>-</b>	<b>82,504</b>
	<hr/>	<hr/>	<hr/>	<hr/>
<b>FUND BALANCES:</b>				
Nonspendable in form	1,068,707	-	-	1,068,707
Restricted for:				
Capital projects	-	-	3,688,970	3,688,970
Road construction/maintenance	991,593	-	-	991,593
Urban renewal	1,010,069	-	-	1,010,069
Parks maintenance	1,260,161	-	-	1,260,161
Debt service	-	1,108,672	-	1,108,672
Committed to:				
Affordable housing	142,681	-	-	142,681
Maintenance	117,528	-	-	117,528
Art and education	128,790	-	-	128,790
	<hr/>	<hr/>	<hr/>	<hr/>
<b>TOTAL FUND BALANCES</b>	<b>4,719,529</b>	<b>1,108,672</b>	<b>3,688,970</b>	<b>9,517,171</b>
	<hr/>	<hr/>	<hr/>	<hr/>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 4,792,237</b>	<b>\$ 1,191,176</b>	<b>\$ 3,869,062</b>	<b>\$ 9,852,475</b>
	<hr/>	<hr/>	<hr/>	<hr/>

**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, 2019**

	Special Revenue Funds	Debt Service Fund	Capital Project Funds	Eliminations	Totals
<b>REVENUES:</b>					
Property taxes	\$ -	\$ 721,674	\$ -	\$ -	\$ 721,674
Transient room tax	2,742,659	-	732,159	-	3,474,818
Rents	210,060	-	-	-	210,060
Charges for services	15,191	-	303,648	-	318,839
Intergovernmental	37,448	-	6,379	-	43,827
Reimbursement from other funds	19,033	-	-	-	19,033
Interest on investments	82,322	30,318	114,165	-	226,805
Miscellaneous	85,029	-	919	-	85,948
<b>TOTAL REVENUES</b>	<b>3,191,742</b>	<b>751,992</b>	<b>1,157,270</b>	<b>-</b>	<b>5,101,004</b>
<b>EXPENDITURES:</b>					
Current:					
General government	675,931	-	-	-	675,931
Highways and streets	1,223,265	-	-	-	1,223,265
Culture and recreation	1,157,841	-	-	-	1,157,841
Capital outlay	74,872	-	1,496,845	-	1,571,717
Debt service	-	532,917	614,410	-	1,147,327
<b>TOTAL EXPENDITURES</b>	<b>3,131,909</b>	<b>532,917</b>	<b>2,111,255</b>	<b>-</b>	<b>5,776,081</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>59,833</b>	<b>219,075</b>	<b>(953,985)</b>	<b>-</b>	<b>(675,077)</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Proceeds from sale of equipment	9,922	-	-	-	9,922
Transfers in	280,719	-	-	(2,622)	278,097
Transfers out	(525,000)	-	(341,986)	2,622	(864,364)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(234,359)</b>	<b>-</b>	<b>(341,986)</b>	<b>-</b>	<b>(576,345)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(174,526)</b>	<b>219,075</b>	<b>(1,295,971)</b>	<b>-</b>	<b>(1,251,422)</b>
<b>FUND BALANCE, beginning of year</b>	<b>4,894,055</b>	<b>889,597</b>	<b>4,984,941</b>	<b>-</b>	<b>10,768,593</b>
<b>FUND BALANCE, end of year</b>	<b>\$ 4,719,529</b>	<b>\$ 1,108,672</b>	<b>\$ 3,688,970</b>	<b>\$ -</b>	<b>\$ 9,517,171</b>

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

**NONMAJOR SPECIAL REVENUE FUNDS**

**COMBINING BALANCE SHEET**

**JUNE 30, 2019**

	<u>Affordable Housing</u>	<u>Lincoln Square Operations</u>	<u>Street</u>	<u>Urban Renewal Property Rehabilitation Program</u>
<b>ASSETS:</b>				
Cash and investments	\$ 144,432	\$ 126,474	\$ 648,507	\$ 684,732
Receivables	84,891	-	365,471	429,511
Assets held for Sale	<u>560,822</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u>\$ 790,145</u>	<u>\$ 126,474</u>	<u>\$ 1,013,978</u>	<u>\$ 1,114,243</u>
<b>LIABILITIES:</b>				
Accounts payable	\$ 1,183	\$ 8,946	\$ 22,385	\$ 5,366
Other accrued liabilities	<u>568</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<u>1,751</u>	<u>8,946</u>	<u>22,385</u>	<u>5,366</u>
<b>FUND BALANCES:</b>				
Nonspendable in form	645,713	-	-	422,994
Restricted for:				
Road construction/maintenance	-	-	991,593	-
Parks maintenance	-	-	-	-
Urban Renewal	-	-	-	685,883
Committed to:				
Affordable housing	142,681	-	-	-
Maintenance	-	117,528	-	-
Art and education	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL FUND BALANCES</b>	<u>788,394</u>	<u>117,528</u>	<u>991,593</u>	<u>1,108,877</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 790,145</u>	<u>\$ 126,474</u>	<u>\$ 1,013,978</u>	<u>\$ 1,114,243</u>

Parks Maintenance	Urban Renewal	Percent for Art	Totals
\$ 924,841	\$ 328,295	\$ 128,790	\$ 2,986,071
365,471	-	-	1,245,344
-	-	-	560,822
<u>\$ 1,290,312</u>	<u>\$ 328,295</u>	<u>\$ 128,790</u>	<u>\$ 4,792,237</u>
\$ 30,151	\$ 4,109	\$ -	\$ 72,140
-	-	-	568
30,151	4,109	-	72,708
-	-	-	1,068,707
-	-	-	991,593
1,260,161	-	-	1,260,161
-	324,186	-	1,010,069
-	-	-	142,681
-	-	-	117,528
-	-	128,790	128,790
<u>1,260,161</u>	<u>324,186</u>	<u>128,790</u>	<u>4,719,529</u>
<u>\$ 1,290,312</u>	<u>\$ 328,295</u>	<u>\$ 128,790</u>	<u>\$ 4,792,237</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, 2019**

	<u>Affordable Housing</u>	<u>Lincoln Square Operations</u>	<u>Street</u>	<u>Urban Renewal Property Rehabilitation Program</u>
<b>REVENUES:</b>				
Transient room tax	\$ -	\$ -	\$ 1,463,636	\$ -
Rents	18,748	191,312	-	-
Charges for services	-	-	15,191	-
Intergovernmental	-	885	-	-
Reimbursement from other funds	-	19,033	-	-
Interest on investments	3,510	2,783	25,042	9,162
Miscellaneous	-	36,680	17,677	-
<b>TOTAL REVENUES</b>	<u>22,258</u>	<u>250,693</u>	<u>1,521,546</u>	<u>9,162</u>
<b>EXPENDITURES:</b>				
Current				
General government	20,245	425,473	-	39,450
Highways and streets	-	-	1,223,265	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	25,239	-
<b>TOTAL EXPENDITURES</b>	<u>20,245</u>	<u>425,473</u>	<u>1,248,504</u>	<u>39,450</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>2,013</u>	<u>(174,780)</u>	<u>273,042</u>	<u>(30,288)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Proceeds from sale of capital assets	-	-	122	-
Transfers in	-	215,009	-	-
Transfers out	-	-	(559,356)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>215,009</u>	<u>(559,234)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	2,013	40,229	(286,192)	(30,288)
<b>FUND BALANCE, beginning of year</b>	<u>786,381</u>	<u>77,299</u>	<u>1,277,785</u>	<u>1,139,165</u>
<b>FUND BALANCE, end of year</b>	<u>\$ 788,394</u>	<u>\$ 117,528</u>	<u>\$ 991,593</u>	<u>\$ 1,108,877</u>

<u>Parks Maintenance</u>	<u>Urban Renewal</u>	<u>Percent for Art</u>	<u>Eliminations</u>	<u>Totals</u>
\$ 1,279,023	\$ -	\$ -	\$ -	\$ 2,742,659
-	-	-	-	210,060
-	-	-	-	15,191
36,563	-	-	-	37,448
-	-	-	-	19,033
28,484	10,414	2,927	-	82,322
12,789	17,612	271	-	85,029
<u>1,356,859</u>	<u>28,026</u>	<u>3,198</u>	<u>-</u>	<u>3,191,742</u>
-	190,763	-	-	675,931
-	-	-	-	1,223,265
1,157,841	-	-	-	1,157,841
49,633	-	-	-	74,872
<u>1,207,474</u>	<u>190,763</u>	<u>-</u>	<u>-</u>	<u>3,131,909</u>
<u>149,385</u>	<u>(162,737)</u>	<u>3,198</u>	<u>-</u>	<u>59,833</u>
8,800	1,000	-	-	9,922
80,000	-	20,066	(34,356)	280,719
-	-	-	34,356	(525,000)
<u>88,800</u>	<u>1,000</u>	<u>20,066</u>	<u>-</u>	<u>(234,359)</u>
238,185	(161,737)	23,264	-	(174,526)
<u>1,021,976</u>	<u>485,923</u>	<u>105,526</u>	<u>-</u>	<u>4,894,055</u>
<u>\$ 1,260,161</u>	<u>\$ 324,186</u>	<u>\$ 128,790</u>	<u>\$ -</u>	<u>\$ 4,719,529</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, 2019**

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES:</b>			
Rents	\$ 11,500	\$ 18,748	\$ 7,248
Interest on investments	1,400	3,510	2,110
<b>TOTAL REVENUES</b>	<u>12,900</u>	<u>22,258</u>	<u>9,358</u>
<b>EXPENDITURES:</b>			
Materials and services	31,439	20,245	11,194
Capital outlay	104,057	-	104,057
<b>TOTAL EXPENDITURES</b>	<u>135,496</u>	<u>20,245</u>	<u>115,251</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND CHANGE IN FUND BALANCE</b>	(122,596)	2,013	124,609
<b>FUND BALANCE</b> , beginning of year	<u>122,596</u>	<u>140,668</u>	<u>18,072</u>
<b>FUND BALANCE</b> , end of year	<u>\$ -</u>	<u>\$ 142,681</u>	<u>\$ 142,681</u>
Fund balance - budgetary basis		\$ 142,681	
Balance of loans receivable		84,891	
Assets held for sale		<u>560,822</u>	
Fund balance - GAAP basis		<u>\$ 788,394</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, 2019**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Rents	\$ 192,300	\$ 192,300	\$ 191,312	\$ (988)
Reimbursement from other funds	19,033	19,033	19,033	-
Intergovernmental	1,200	1,200	885	(315)
Interest on investments	400	400	2,783	2,383
Miscellaneous	38,400	38,400	36,680	(1,720)
<b>TOTAL REVENUES</b>	<b>251,333</b>	<b>251,333</b>	<b>250,693</b>	<b>(640)</b>
<b>EXPENDITURES:</b>				
Personal services	177,533	177,533	167,110	10,423
Materials and services	260,403	267,403	258,363	9,040
Capital outlay	5,000	5,000	-	5,000
Contingency	106,303	99,303	-	99,303
<b>TOTAL EXPENDITURES</b>	<b>549,239</b>	<b>549,239</b>	<b>425,473</b>	<b>123,766</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(297,906)</b>	<b>(297,906)</b>	<b>(174,780)</b>	<b>123,126</b>
<b>OTHER FINANCING SOURCES:</b>				
Transfers in	215,009	215,009	215,009	-
<b>NET CHANGE IN FUND BALANCE</b>	<b>(82,897)</b>	<b>(82,897)</b>	<b>40,229</b>	<b>123,126</b>
<b>FUND BALANCE, beginning of year</b>	<b>82,897</b>	<b>82,897</b>	<b>77,299</b>	<b>(5,598)</b>
<b>FUND BALANCE, end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 117,528</b>	<b>\$ 117,528</b>

**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, 2019**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Transient room tax	\$ 1,347,276	\$ 1,347,276	\$ 1,463,636	\$ 116,360
Charges for services	10,000	10,000	15,191	5,191
Interest on investments	6,700	6,700	25,042	18,342
Miscellaneous	-	5,000	17,677	12,677
	<u>1,363,976</u>	<u>1,368,976</u>	<u>1,521,546</u>	<u>152,570</u>
<b>EXPENDITURES:</b>				
Personal services	678,853	678,853	655,719	23,134
Materials and services	593,442	598,442	498,639	99,803
Capital outlay	50,000	61,500	25,239	36,261
Contingency	369,406	355,829	-	355,829
	<u>1,691,701</u>	<u>1,694,624</u>	<u>1,179,597</u>	<u>515,027</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(327,725)</u>	<u>(325,648)</u>	<u>341,949</u>	<u>667,597</u>
<b>OTHER FINANCING USES:</b>				
Proceeds from sale of equipment	-	-	122	122
Transfers out	<u>(627,944)</u>	<u>(630,021)</u>	<u>(628,263)</u>	<u>1,758</u>
<b>TOTAL OTHER FINANCING USES</b>	<u>(627,944)</u>	<u>(630,021)</u>	<u>(628,141)</u>	<u>1,880</u>
<b>NET CHANGE IN FUND BALANCE</b>	(955,669)	(955,669)	(286,192)	669,477
<b>FUND BALANCE, beginning of year</b>	<u>955,669</u>	<u>955,669</u>	<u>1,277,785</u>	<u>322,116</u>
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 991,593</u>	<u>\$ 991,593</u>
Transfers out - budgetary basis			\$ 628,263	
Transfer for support services			<u>(68,907)</u>	
Transfers out - GAAP basis			<u>\$ 559,356</u>	
Total expenditures - budgetary basis			\$ 1,179,597	
Transfer for support services			<u>68,907</u>	
Total expenditures - GAAP basis			<u>\$ 1,248,504</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, 2019**

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES:</b>			
Loan repayments	\$ 70,900	\$ 83,549	\$ 12,649
Interest on investments	4,600	9,162	4,562
<b>TOTAL REVENUES</b>	<u>75,500</u>	<u>92,711</u>	<u>17,211</u>
<b>EXPENDITURES:</b>			
Materials and services	85,400	7,253	78,147
Other Expenditures - loans and grants	573,378	32,197	541,181
<b>TOTAL EXPENDITURES</b>	<u>658,778</u>	<u>39,450</u>	<u>619,328</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND CHANGE IN FUND BALANCE</b>	(583,278)	53,261	636,539
<b>FUND BALANCE, beginning of year</b>	<u>583,278</u>	<u>632,622</u>	<u>49,344</u>
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ 685,883</u>	<u>\$ 685,883</u>
Fund balance - budgetary basis		\$ 685,883	
Balance of loans receivable		<u>422,994</u>	
Fund balance - GAAP basis		<u>\$ 1,108,877</u>	
Change in fund balance - budgetary basis		\$ 53,261	
Loan repayments reported as reduction in receivable		<u>(83,549)</u>	
Changes in fund balance - GAAP basis		<u>\$ (30,288)</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, 2019**

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES:</b>			
Transient room tax	\$ 1,162,662	\$ 1,279,023	\$ 116,361
Intergovernmental	28,200	36,563	8,363
Interest on investments	6,900	28,484	21,584
Miscellaneous	5,000	12,789	7,789
	<u>1,202,762</u>	<u>1,356,859</u>	<u>154,097</u>
<b>TOTAL REVENUES</b>			
<b>EXPENDITURES:</b>			
Personal services	781,031	755,571	25,460
Materials and services	500,583	379,850	120,733
Capital outlay	176,650	49,633	127,017
Contingency	555,115	-	555,115
	<u>2,013,379</u>	<u>1,185,054</u>	<u>828,325</u>
<b>TOTAL EXPENDITURES</b>			
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(810,617)</u>	<u>171,805</u>	<u>982,422</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Proceeds from sale of equipment	-	8,800	8,800
Transfers in	80,000	80,000	-
Transfers out	(22,420)	(22,420)	-
	<u>57,580</u>	<u>66,380</u>	<u>8,800</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>			
<b>NET CHANGE IN FUND BALANCE</b>	(753,037)	238,185	991,222
<b>FUND BALANCE, beginning of year</b>	<u>753,037</u>	<u>1,021,976</u>	<u>268,939</u>
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ 1,260,161</u>	<u>\$ 1,260,161</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, 2019**

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES:</b>			
Interest on investments	\$ 9,200	\$ 10,414	\$ 1,214
Miscellaneous	-	<u>17,612</u>	<u>17,612</u>
<b>TOTAL REVENUES</b>	<u>9,200</u>	<u>28,026</u>	<u>18,826</u>
<b>EXPENDITURES:</b>			
Personal services	96,533	96,389	144
Materials and services	146,429	94,374	52,055
Capital outlay	<u>276,901</u>	-	<u>276,901</u>
<b>TOTAL EXPENDITURES</b>	<u>519,863</u>	<u>190,763</u>	<u>329,100</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND CHANGE IN FUND BALANCE</b>	(510,663)	(162,737)	347,926
<b>OTHER FINANCING SOURCE:</b>			
Proceeds from sale of equipment	-	<u>1,000</u>	<u>1,000</u>
<b>NET CHANGE IN FUND BALANCE</b>	(510,663)	(161,737)	348,926
<b>FUND BALANCE, beginning of year</b>	<u>510,663</u>	<u>485,923</u>	<u>(24,740)</u>
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ 324,186</u>	<u>\$ 324,186</u>

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

**PERCENT FOR ART FUND**

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

**FOR THE YEAR ENDED JUNE 30, 2019**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Interest on investments	\$ 300	\$ 300	\$ 2,927	\$ 2,627
Miscellaneous - Grants/Donations	10,000	10,000	271	(9,729)
<b>TOTAL REVENUES</b>	<b>10,300</b>	<b>10,300</b>	<b>3,198</b>	<b>(7,102)</b>
<b>EXPENDITURES:</b>				
Materials and services	10,000	10,000	-	10,000
Capital outlay	133,032	137,731	-	137,731
<b>TOTAL EXPENDITURES</b>	<b>143,032</b>	<b>147,731</b>	<b>-</b>	<b>147,731</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(132,732)</b>	<b>(137,431)</b>	<b>3,198</b>	<b>140,629</b>
<b>OTHER FINANCING SOURCES:</b>				
Transfers in	22,000	26,699	20,066	(6,633)
<b>NET CHANGE IN FUND BALANCE</b>	<b>(110,732)</b>	<b>(110,732)</b>	<b>23,264</b>	<b>133,996</b>
<b>FUND BALANCE, beginning of year</b>	<b>110,732</b>	<b>110,732</b>	<b>105,526</b>	<b>(5,206)</b>
<b>FUND BALANCE, end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 128,790</b>	<b>\$ 128,790</b>

**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, 2019**

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES:</b>			
Property taxes	\$ 742,035	\$ 721,674	\$ (20,361)
Interest on investments	15,700	30,318	14,618
<b>TOTAL REVENUES</b>	<u>757,735</u>	<u>751,992</u>	<u>(5,743)</u>
<b>EXPENDITURES:</b>			
Debt service	<u>1,652,100</u>	<u>532,917</u>	<u>1,119,183</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND CHANGE IN FUND BALANCE</b>	(894,365)	219,075	1,113,440
<b>FUND BALANCE, beginning of year</b>	<u>894,365</u>	<u>889,597</u>	<u>(4,768)</u>
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ 1,108,672</u>	<u>\$ 1,108,672</u>

**CAPITAL PROJECTS FUNDS**



**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, 2019**

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES:</b>			
Intergovernmental	\$ 595,000	\$ 748,186	\$ 153,186
Interest on investments	5,200	48,588	43,388
<b>TOTAL REVENUES</b>	<u>600,200</u>	<u>796,774</u>	<u>196,574</u>
<b>EXPENDITURES:</b>			
Materials and services	1,252,610	513,522	739,088
Capital outlay	2,028,777	612,100	1,416,677
<b>TOTAL EXPENDITURES</b>	<u>3,281,387</u>	<u>1,125,622</u>	<u>2,155,765</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(2,681,187)	(328,848)	2,352,339
<b>OTHER FINANCING SOURCES:</b>			
Transfers in	1,375,000	1,375,000	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>1,375,000</u>	<u>1,375,000</u>	<u>(625,000)</u>
<b>NET CHANGE IN FUND BALANCE</b>	(1,306,187)	1,046,152	2,352,339
<b>FUND BALANCE, beginning of year</b>	<u>1,306,187</u>	<u>1,298,761</u>	<u>(7,426)</u>
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ 2,344,913</u>	<u>\$ 2,344,913</u>

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

**POLICE BUILDING CONSTRUCTION FUND**

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

**FOR THE YEAR ENDED JUNE 30, 2019**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Interest on investments	\$ -	\$ -	\$ 171,850	\$ 171,850
<b>EXPENDITURES:</b>				
Materials and services	-	252,721	251,493	1,228
Capital outlay	-	12,266,951	3,271,350	8,995,601
<b>TOTAL EXPENDITURES</b>	-	12,519,672	3,522,843	8,996,829
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	-	(12,519,672)	(3,350,993)	9,168,679
<b>OTHER FINANCING SOURCES (USES):</b>				
Proceeds from bond issuance	-	11,252,721	11,252,721	-
Transfers in	-	1,266,951	1,266,951	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	-	12,519,672	12,519,672	-
<b>NET CHANGE IN FUND BALANCE</b>	-	-	9,168,679	9,168,679
<b>FUND BALANCE, beginning of year</b>	-	-	-	-
<b>FUND BALANCE, end of year</b>	\$ -	\$ -	\$ 9,168,679	\$ 9,168,679

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

**NONMAJOR CAPITAL PROJECTS FUNDS**

**COMBINING BALANCE SHEET**

**JUNE 30, 2019**

	<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>
<b>ASSETS:</b>					
Cash and investments	\$ 598,611	\$ 196,421	\$ 138,337	\$ 97,075	\$ 658,715
Receivables	-	-	-	-	579
<b>TOTAL ASSETS</b>	<u>\$ 598,611</u>	<u>\$ 196,421</u>	<u>\$ 138,337</u>	<u>\$ 97,075</u>	<u>\$ 659,294</u>
<b>LIABILITIES:</b>					
Accounts payable	\$ 2,826	\$ -	\$ -	\$ -	\$ -
<b>FUND BALANCES:</b>					
Restricted for:					
Capital projects	<u>595,785</u>	<u>196,421</u>	<u>138,337</u>	<u>97,075</u>	<u>659,294</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 598,611</u>	<u>\$ 196,421</u>	<u>\$ 138,337</u>	<u>\$ 97,075</u>	<u>\$ 659,294</u>

<u>Parks Development</u>	<u>Facilities Capital</u>	<u>Urban Renewal Construction</u>	<u>Total</u>
\$ 540,182	\$ 299,158	\$ 1,157,248	\$ 3,685,747
-	182,736	-	183,315
<u>\$ 540,182</u>	<u>\$ 481,894</u>	<u>\$ 1,157,248</u>	<u>\$ 3,869,062</u>
\$ -	\$ -	\$ 177,266	\$ 180,092
540,182	481,894	979,982	3,688,970
<u>\$ 540,182</u>	<u>\$ 481,894</u>	<u>\$ 1,157,248</u>	<u>\$ 3,869,062</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, 2019**

	<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>
<b>REVENUES:</b>					
Transient room tax	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	72,504	18,184	-	2,203	210,757
Intergovernmental	-	-	-	-	6,379
Interest on investments	16,100	4,771	3,464	2,408	15,415
Miscellaneous	-	-	-	-	919
<b>TOTAL REVENUES</b>	<u>88,604</u>	<u>22,955</u>	<u>3,464</u>	<u>4,611</u>	<u>233,470</u>
<b>EXPENDITURES:</b>					
Materials and services	-	-	-	-	-
Capital outlay	71,400	-	-	-	-
Debt service	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>71,400</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	17,204	22,955	3,464	4,611	233,470
<b>OTHER FINANCING SOURCES</b>					
Transfers out	-	-	-	-	-
<b>NET CHANGE IN FUND BALANCE</b>	17,204	22,955	3,464	4,611	233,470
<b>FUND BALANCE, beginning of year</b>	<u>578,581</u>	<u>173,466</u>	<u>134,873</u>	<u>92,464</u>	<u>425,824</u>
<b>FUND BALANCE, end of year</b>	<u>\$ 595,785</u>	<u>\$ 196,421</u>	<u>\$ 138,337</u>	<u>\$ 97,075</u>	<u>\$ 659,294</u>

<u>Parks Development</u>	<u>Facilities Capital</u>	<u>Urban Renewal Construction</u>	<u>Totals</u>
\$ -	\$ 732,159	\$ -	\$ 732,159
-	-	-	303,648
-	-	-	6,379
13,528	26,101	32,378	114,165
-	-	-	919
<u>13,528</u>	<u>758,260</u>	<u>32,378</u>	<u>1,157,270</u>
-	-	-	-
-	901,774	523,671	1,496,845
-	614,410	-	614,410
<u>-</u>	<u>1,516,184</u>	<u>523,671</u>	<u>2,111,255</u>
13,528	(757,924)	(491,293)	(953,985)
-	(341,986)	-	(341,986)
13,528	(1,099,910)	(491,293)	(1,295,971)
<u>526,654</u>	<u>1,581,804</u>	<u>1,471,275</u>	<u>4,984,941</u>
<u>\$ 540,182</u>	<u>\$ 481,894</u>	<u>\$ 979,982</u>	<u>\$ 3,688,970</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, 2019**

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES:</b>			
Improvement fee	\$ 64,500	\$ 72,504	\$ 8,004
Interest on investments	3,700	16,100	12,400
<b>TOTAL REVENUES</b>	<u>68,200</u>	<u>88,604</u>	<u>20,404</u>
<b>EXPENDITURES:</b>			
Capital outlay	<u>553,276</u>	<u>71,400</u>	<u>481,876</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND CHANGE IN FUND BALANCE</b>	(485,076)	17,204	502,280
<b>FUND BALANCE, beginning of year</b>	<u>485,076</u>	<u>578,581</u>	<u>93,505</u>
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ 595,785</u>	<u>\$ 595,785</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, 2019**

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES:</b>			
Improvement fee	\$ 15,600	\$ 18,184	\$ 2,584
Interest on investments	1,100	4,771	3,671
<b>TOTAL REVENUES</b>	<u>16,700</u>	<u>22,955</u>	<u>6,255</u>
<b>EXPENDITURES:</b>			
Capital outlay	<u>193,272</u>	<u>-</u>	<u>193,272</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND CHANGE IN FUND BALANCE</b>	(176,572)	22,955	199,527
<b>FUND BALANCE, beginning of year</b>	<u>176,572</u>	<u>173,466</u>	<u>(3,106)</u>
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ 196,421</u>	<u>\$ 196,421</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, 2019**

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES:</b>			
Interest on investments	<u>\$ 1,000</u>	<u>\$ 3,464</u>	<u>\$ 2,464</u>
<b>EXPENDITURES:</b>			
Capital outlay	<u>135,146</u>	<u>-</u>	<u>135,146</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND CHANGE IN FUND BALANCE</b>	<b>(134,146)</b>	<b>3,464</b>	<b>137,610</b>
<b>FUND BALANCE, beginning of year</b>	<u>134,146</u>	<u>134,873</u>	<u>727</u>
<b>FUND BALANCE, end of year</b>	<u><u>\$ -</u></u>	<u><u>\$ 138,337</u></u>	<u><u>\$ 138,337</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, 2019**

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES:</b>			
Improvement fee	\$ 1,300	\$ 2,203	\$ 903
Interest on investments	700	2,408	1,708
<b>TOTAL REVENUES</b>	<u>2,000</u>	<u>4,611</u>	<u>2,611</u>
<b>EXPENDITURES:</b>			
Capital outlay	<u>93,430</u>	<u>-</u>	<u>93,430</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND CHANGE IN FUND BALANCE</b>	(91,430)	4,611	96,041
<b>FUND BALANCE, beginning of year</b>	<u>91,430</u>	<u>92,464</u>	<u>1,034</u>
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ 97,075</u>	<u>\$ 97,075</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, 2019**

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES:</b>			
Improvement fee	\$ 117,000	\$ 210,757	\$ 93,757
Intergovernmental	4,300	6,379	2,079
Interest on investments	2,200	15,415	13,215
Miscellaneous	<u>800</u>	<u>919</u>	<u>119</u>
<b>TOTAL REVENUES</b>	<u>124,300</u>	<u>233,470</u>	<u>109,170</u>
<b>EXPENDITURES:</b>			
Capital outlay	<u>511,959</u>	<u>-</u>	<u>511,959</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND CHANGE IN FUND BALANCE</b>	(387,659)	233,470	621,129
<b>FUND BALANCE, beginning of year</b>	<u>387,659</u>	<u>425,824</u>	<u>38,165</u>
<b>FUND BALANCE, end of year</b>	<u><u>\$ -</u></u>	<u><u>\$ 659,294</u></u>	<u><u>\$ 659,294</u></u>

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

**PARKS DEVELOPMENT FUND**

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

**FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Original/Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>			
Interest on investments	<u>\$ 3,700</u>	<u>\$ 13,528</u>	<u>\$ 9,828</u>
<b>EXPENDITURES:</b>			
Capital outlay	<u>527,170</u>	<u>-</u>	<u>527,170</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND CHANGE IN FUND BALANCE</b>	(523,470)	13,528	536,998
<b>FUND BALANCE, beginning of year</b>	<u>523,470</u>	<u>526,654</u>	<u>3,184</u>
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ 540,182</u>	<u>\$ 540,182</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, 2019**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Transient room tax	\$ 673,638	\$ 673,638	\$ 732,159	\$ 58,521
Interest on investments	11,100	11,100	26,101	15,001
<b>TOTAL REVENUES</b>	<u>684,738</u>	<u>684,738</u>	<u>758,260</u>	<u>73,522</u>
<b>EXPENDITURES:</b>				
Capital outlay	2,342,034	1,310,146	901,774	408,372
Debt service	-	614,410	614,410	-
<b>TOTAL EXPENDITURES</b>	<u>2,342,034</u>	<u>1,924,556</u>	<u>1,516,184</u>	<u>408,372</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(1,657,296)</u>	<u>(1,239,818)</u>	<u>(757,924)</u>	<u>481,894</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	-	341,986	(341,986)	(683,972)
<b>NET CHANGE IN FUND BALANCE</b>	(1,657,296)	(897,832)	(1,099,910)	(202,078)
<b>FUND BALANCE, beginning of year</b>	<u>1,657,296</u>	<u>1,581,804</u>	<u>1,581,804</u>	<u>-</u>
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ 683,972</u>	<u>\$ 481,894</u>	<u>\$ (202,078)</u>

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

**URBAN RENEWAL CONSTRUCTION FUND**

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

**FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES:</b>			
Interest on investments	<u>\$ 16,000</u>	<u>\$ 32,378</u>	<u>\$ 16,378</u>
<b>EXPENDITURES:</b>			
Capital outlay	<u>990,834</u>	<u>523,671</u>	<u>467,163</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(974,834)	(491,293)	483,541
<b>FUND BALANCE</b> , beginning of year	<u>974,834</u>	<u>1,471,275</u>	<u>496,441</u>
<b>FUND BALANCE</b> , end of year	<u><u>\$ -</u></u>	<u><u>\$ 979,982</u></u>	<u><u>\$ 979,982</u></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, 2019**

	Budget		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
<b>REVENUES:</b>				
Charges for services	\$ 3,876,335	\$ 3,876,335	\$ 3,952,068	\$ 75,733
Interest on investments	2,300	2,300	6,273	3,973
Miscellaneous	3,100	3,100	3,533	433
<b>TOTAL REVENUES</b>	<b>3,881,735</b>	<b>3,881,735</b>	<b>3,961,874</b>	<b>80,139</b>
<b>EXPENDITURES:</b>				
Personal services	1,320,765	1,345,765	1,364,246	(18,481)
Materials and services	778,288	778,288	707,284	71,004
Capital outlay	61,000	76,000	74,376	1,624
Debt service	86,105	87,869	86,143	1,726
Contingency	670,478	656,801	-	656,801
<b>TOTAL EXPENDITURES</b>	<b>2,916,636</b>	<b>2,944,723</b>	<b>2,232,049</b>	<b>712,674</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>965,099</b>	<b>937,012</b>	<b>1,729,825</b>	<b>792,813</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(1,814,924)	(1,814,924)	(1,812,475)	2,449
Proceeds from sale of equipment	-	-	2,703	2,703
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(1,814,924)</b>	<b>(1,814,924)</b>	<b>(1,809,772)</b>	<b>5,152</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(849,825)</b>	<b>(877,912)</b>	<b>(79,947)</b>	<b>797,965</b>
<b>FUND BALANCE, beginning of year</b>	<b>849,825</b>	<b>849,825</b>	<b>1,029,837</b>	<b>180,012</b>
<b>FUND BALANCE, end of year</b>	<b>\$ -</b>	<b>\$ (28,087)</b>	<b>\$ 949,890</b>	<b>\$ 977,977</b>

**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, 2019**

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES:</b>			
Interest on investments	<u>\$ 3,000</u>	<u>\$ 29,195</u>	<u>\$ 26,195</u>
<b>EXPENDITURES:</b>			
Capital outlay	<u>1,585,820</u>	<u>423,061</u>	<u>1,162,759</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(1,582,820)</u>	<u>(393,866)</u>	<u>1,188,954</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	<u>1,150,000</u>	<u>1,177,576</u>	<u>27,576</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(432,820)</u>	<u>783,710</u>	<u>1,216,530</u>
<b>FUND BALANCE, beginning of year</b>	<u>432,820</u>	<u>716,642</u>	<u>283,822</u>
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ 1,500,352</u>	<u>\$ 1,500,352</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, 2019**

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES:</b>			
System development charges	\$ 78,300	\$ 145,842	\$ 67,542
Interest on investments	1,700	12,770	11,070
<b>TOTAL REVENUES</b>	<u>80,000</u>	<u>158,612</u>	<u>78,612</u>
<b>EXPENDITURES:</b>			
Capital outlay	<u>477,425</u>	<u>5,185</u>	<u>472,240</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND CHANGE IN FUND BALANCE</b>	<u>(397,425)</u>	<u>153,427</u>	<u>550,852</u>
<b>FUND BALANCE, beginning of year</b>	<u>397,425</u>	<u>390,195</u>	<u>(7,230)</u>
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ 543,622</u>	<u>\$ 543,622</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, 2019**

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES:</b>			
System development charges	\$ 34,400	\$ 51,965	\$ 17,565
Interest on investments	200	3,188	2,988
<b>TOTAL REVENUES</b>	<u>34,600</u>	<u>55,153</u>	<u>20,553</u>
<b>EXPENDITURES:</b>			
Capital outlay	<u>107,884</u>	<u>-</u>	<u>107,884</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND CHANGE IN FUND BALANCE</b>	<u>(73,284)</u>	<u>55,153</u>	<u>128,437</u>
<b>FUND BALANCE, beginning of year</b>	<u>73,284</u>	<u>82,831</u>	<u>9,547</u>
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ 137,984</u>	<u>\$ 137,984</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, 2019**

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	\$ -	\$ (28,087)	\$ (27,576)	\$ (511)
<b>FUND BALANCE, beginning of year</b>	-	28,087	27,576	(511)
<b>FUND BALANCE, end of year</b>	\$ -	\$ -	\$ -	\$ -

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

**WATER BOND FUND**

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

**FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Original/Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>			
Interest on investments	<u>\$ 1,500</u>	<u>\$ 4,130</u>	<u>\$ 2,630</u>
<b>EXPENDITURES:</b>			
Debt service	<u>476,321</u>	<u>466,113</u>	<u>10,208</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(474,821)</u>	<u>(461,983)</u>	<u>12,838</u>
<b>OTHER FINANCING SOURCES:</b>			
Transfers in	<u>400,000</u>	<u>400,000</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(74,821)</u>	<u>(61,983)</u>	<u>12,838</u>
<b>FUND BALANCE, beginning of year</b>	<u>74,821</u>	<u>80,284</u>	<u>5,463</u>
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ 18,301</u>	<u>\$ 18,301</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, 2019**

	Budget		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
<b>REVENUES:</b>				
Charges for services	\$ 3,829,149	\$ 3,829,149	\$ 3,862,410	\$ 33,261
Interest on investments	4,400	4,400	19,292	14,892
Miscellaneous	86,700	86,700	115,431	28,731
<b>TOTAL REVENUES</b>	<b>3,920,249</b>	<b>3,920,249</b>	<b>3,997,133</b>	<b>76,884</b>
<b>EXPENDITURES:</b>				
Personal services	1,351,685	1,351,685	1,286,085	65,600
Materials and services	1,829,818	1,829,818	1,487,681	342,137
Capital outlay	64,000	8,914	11,036	(2,122)
Debt Service	-	55,086	55,086	-
Contingency	626,012	626,012	-	626,012
<b>TOTAL EXPENDITURES</b>	<b>3,871,515</b>	<b>3,871,515</b>	<b>2,839,888</b>	<b>1,031,627</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>48,734</b>	<b>48,734</b>	<b>1,157,245</b>	<b>1,108,511</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(954,340)	(954,340)	(951,914)	2,426
Proceeds from sale of equipment	-	-	4,447	4,447
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(954,340)</b>	<b>(954,340)</b>	<b>(947,467)</b>	<b>6,873</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(905,606)</b>	<b>(905,606)</b>	<b>209,778</b>	<b>1,115,384</b>
<b>FUND BALANCE, beginning of year</b>	<b>905,606</b>	<b>905,606</b>	<b>1,116,417</b>	<b>210,811</b>
<b>FUND BALANCE, end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,326,195</b>	<b>\$ 1,326,195</b>

**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, 2019**

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES:</b>			
Interest on investments	\$ 3,400	\$ 15,591	\$ 12,191
Miscellaneous	-	11,482	11,482
<b>TOTAL REVENUES</b>	<u>3,400</u>	<u>27,073</u>	<u>23,673</u>
<b>EXPENDITURES:</b>			
Capital outlay	<u>1,329,059</u>	<u>442,677</u>	<u>886,382</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(1,325,659)</u>	<u>(415,604)</u>	<u>910,055</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	<u>1,250,000</u>	<u>1,250,000</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(75,659)	834,396	910,055
<b>FUND BALANCE, beginning of year</b>	<u>75,659</u>	<u>102,118</u>	<u>26,459</u>
<b>FUND BALANCE, end of year</b>	<u><u>\$ -</u></u>	<u><u>\$ 936,514</u></u>	<u><u>\$ 936,514</u></u>

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

**SEWER SDC REIMBURSEMENT FUND**

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

**FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Original/Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>			
System development charges	\$ 125,300	\$ 241,286	\$ 115,986
Interest on investments	1,700	17,221	15,521
<b>TOTAL REVENUES</b>	<u>127,000</u>	<u>258,507</u>	<u>131,507</u>
<b>EXPENDITURES:</b>			
Capital outlay	<u>498,583</u>	-	<u>498,583</u>
<b>TOTAL EXPENDITURES</b>	<u>498,583</u>	-	<u>498,583</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(371,583)</u>	<u>258,507</u>	<u>630,090</u>
<b>FUND BALANCE</b> , beginning of year	<u>371,583</u>	<u>480,450</u>	<u>108,867</u>
<b>FUND BALANCE</b> , end of year	<u>\$ -</u>	<u>\$ 738,957</u>	<u>\$ 738,957</u>
Fund balance - budgetary basis		\$ 738,957	
Balance of Local Improvement District receivable		<u>25,683</u>	
Fund balance - GAAP basis		<u>\$ 764,640</u>	
Change in fund balance - budgetary basis		\$ 258,507	
SDC fees assessed but not recognized as revenue on budgetary basis		<u>25,683</u>	
Changes in fund balance - GAAP basis		<u>\$ 284,190</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, 2019**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
System development charges	\$ 77,800	\$ 77,800	\$ 126,443	\$ 48,643
Interest on investments	7,600	7,600	1,512	(6,088)
<b>TOTAL REVENUES</b>	<u>85,400</u>	<u>85,400</u>	<u>127,955</u>	<u>42,555</u>
<b>EXPENDITURES:</b>				
Capital outlay	<u>98,113</u>	<u>97,045</u>	<u>-</u>	<u>97,045</u>
<b>TOTAL EXPENDITURES</b>	<u>98,113</u>	<u>97,045</u>	<u>-</u>	<u>97,045</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(12,713)</u>	<u>(11,645)</u>	<u>127,955</u>	<u>139,600</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	<u>(51,500)</u>	<u>(52,568)</u>	<u>(52,568)</u>	<u>-</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(51,500)</u>	<u>(52,568)</u>	<u>(52,568)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(64,213)</u>	<u>(64,213)</u>	<u>75,387</u>	<u>139,600</u>
<b>FUND BALANCE, beginning of year</b>	<u>64,213</u>	<u>64,213</u>	<u>8,037</u>	<u>(56,176)</u>
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 83,424</u>	<u>\$ 83,424</u>
Fund balance - budgetary basis			\$ 83,424	
Balance of Local Improvement District receivable			<u>13,454</u>	
Fund balance - GAAP basis			<u>\$ 96,878</u>	
Change in fund balance - budgetary basis			\$ 75,387	
SDC fees assessed but not recognized as revenue on budgetary basis			<u>13,454</u>	
Changes in fund balance - GAAP basis			<u>\$ 88,841</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, 2019**

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES:</b>			
Property taxes	\$ 1,450,116	\$ 1,460,584	\$ 10,468
Interest on investments	6,000	13,927	7,927
<b>TOTAL REVENUES</b>	<u>1,456,116</u>	<u>1,474,511</u>	<u>18,395</u>
<b>EXPENDITURES:</b>			
Debt service	<u>1,724,134</u>	<u>1,553,952</u>	<u>170,182</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND CHANGE IN FUND BALANCE</b>	<u>(268,018)</u>	<u>(79,441)</u>	<u>188,577</u>
<b>FUND BALANCE, beginning of year</b>	<u>268,018</u>	<u>279,252</u>	<u>11,234</u>
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ 199,811</u>	<u>\$ 199,811</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, 2019**

	<u>Revenues</u>	<u>Expenditures</u>	<u>Revenues Over (Under) Expenditures</u>
<b>BUDGETARY BASIS REVENUES AND EXPENDITURES:</b>			
Water Fund	\$ 3,961,874	\$ 2,232,049	\$ 1,729,825
Water System Replacement Fund	29,195	423,061	(393,866)
Water SDC Reimbursement Fund	158,612	5,185	153,427
Water SDC Improvement Fund	55,153	-	55,153
Water Construction Fund	-	-	-
Water Bond Fund	4,130	466,113	(461,983)
	<u>4,130</u>	<u>466,113</u>	<u>(461,983)</u>
<b>TOTAL</b>	<b><u>\$ 4,208,964</u></b>	<b><u>\$ 3,126,408</u></b>	1,082,556
 <b>ADD (DEDUCT) ITEMS TO RECONCILE TO AN ENTERPRISE FUND REPORTING BASIS:</b>			
Depreciation			(1,245,161)
Capital asset additions			502,622
Gain on sale of assets			2,703
Change in accrued interest payable			2,916
Change in accrued compensated absences			5,336
Net OPEB benefit			5,445
Pension expense			(101,908)
Principal payments			479,417
Support services			(227,887)
Transfers out			<u>(34,588)</u>
 <b>CHANGES IN FUND NET POSITION - GAAP</b>			<b><u>\$ 471,451</u></b>

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

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

**FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Revenues</u>	<u>Expenditures</u>	<u>Revenues Over (Under) Expenditures</u>
<b>BUDGETARY BASIS REVENUES AND EXPENDITURES:</b>			
Sewer Fund	\$ 3,997,133	\$ 2,839,888	\$ 1,157,245
Sewer System Replacement Fund	27,073	442,677	(415,604)
Sewer SDC Reimbursement Fund	258,507	-	258,507
Sewer SDC Improvement Fund	127,955	-	127,955
Sewer Bond Fund Fund	<u>1,474,511</u>	<u>1,553,952</u>	<u>(79,441)</u>
<b>TOTAL</b>	<b><u>\$ 5,885,179</u></b>	<b><u>\$ 4,836,517</u></b>	1,048,662
 <b>ADD (DEDUCT) ITEMS TO RECONCILE TO AN ENTERPRISE FUND REPORTING BASIS:</b>			
Depreciation			(1,864,185)
Capital asset additions			244,463
Gain on sale of assets			67,356
Adjustment of SDC fees levied but not recognized as revenue on budgetary basis			(114,133)
Change in accrued interest payable			4,005
Change in accrued compensated absences			(3,707)
Net OPBEB benefit			4,329
Pension expense			(45,137)
Principal payments			1,207,346
Support services			(167,303)
Transfers in			500,000
Transfers out			<u>(38,961)</u>
 <b>CHANGES IN FUND NET POSITION - GAAP</b>			<b><u>\$ 842,735</u></b>

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

**INTERNAL SERVICE FUND**

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

**FOR THE YEAR ENDED JUNE 30, 2019**

	Budget		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
<b>REVENUES:</b>				
Franchise fees	\$ 20,900	\$ 20,900	\$ 21,259	\$ 359
Intergovernmental	-	-	283	283
Charges for services	942,477	1,003,877	981,711	(22,166)
<b>TOTAL REVENUES</b>	<u>963,377</u>	<u>1,024,777</u>	<u>1,003,253</u>	<u>(21,524)</u>
<b>EXPENDITURES:</b>				
Vehicle maintenance	296,783	358,183	353,116	5,067
Information technology	557,461	557,461	507,439	50,022
Geographical information systems	144,975	144,975	128,132	16,843
Contingency	22,339	22,339	-	22,339
<b>TOTAL EXPENDITURES</b>	<u>1,021,558</u>	<u>1,082,958</u>	<u>988,687</u>	<u>94,271</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND CHANGE IN FUND BALANCE</b>	(58,181)	(58,181)	14,566	72,747
<b>FUND BALANCE</b> , beginning of year	<u>58,181</u>	<u>58,181</u>	<u>79,653</u>	<u>21,472</u>
<b>FUND BALANCE</b> , end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 94,219</u>	<u>\$ 94,219</u>
Change in fund balance - budgetary basis			\$ 14,566	
Depreciation			(52,342)	
Pension expense			(17,780)	
Net OPEB benefit			2,954	
Gain (Loss) from sale of asset			(2,307)	
Vacation Paid/Accrued			(47,025)	
Capital asset additions			153,607	
Change in fund net position - GAAP basis			<u>\$ 51,673</u>	

**CITY OF LINCOLN CITY**

Lincoln City, Oregon

**COMBINING BALANCE SHEET**

**GENERAL FUND**

**JUNE 30, 2019**

	<u>General</u>	<u>Agate Beach Closure</u>	<u>Unbonded Assessments</u>	<u>The Villages of Cascade Head</u>	<u>Property Abatement</u>	<u>Totals</u>
<b>ASSETS:</b>						
Cash and investments	\$ 10,133,401	\$ 634,006	\$ 451,581	\$ 131,121	\$ 45,576	\$ 11,395,685
Cash with County Treasurer	45,310	-	-	-	-	45,310
Receivables	1,169,852	-	385,958	-	-	1,555,810
Prepaid items	2,507	-	-	-	-	2,507
Advance to other funds	251,782	-	-	-	-	251,782
Assets held for sale	1,393,665	-	-	-	-	1,393,665
<b>TOTAL ASSETS</b>	<b>\$ 12,996,517</b>	<b>\$ 634,006</b>	<b>\$ 837,539</b>	<b>\$ 131,121</b>	<b>\$ 45,576</b>	<b>\$ 14,644,759</b>
<b>LIABILITIES:</b>						
Accounts payable	\$ 122,874	\$ -	\$ -	\$ -	\$ 14,600	\$ 137,474
Other accrued liabilities	921,311	-	-	-	-	921,311
<b>TOTAL LIABILITIES</b>	<b>1,044,185</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,600</b>	<b>1,058,785</b>
<b>DEFERRED INFLOW OF RESOURCES:</b>						
Unavailable revenue	550,624	-	385,958	-	-	936,582
<b>FUND BALANCES:</b>						
Nonspendable in form	1,647,954	-	-	-	-	1,647,954
Restricted for:						
Post-closure landfill costs	-	634,006	-	-	-	634,006
Committed to:						
Capital projects	-	-	451,581	-	-	451,581
Unassigned	9,753,754	-	-	131,121	30,976	9,915,851
<b>TOTAL FUND BALANCES</b>	<b>11,401,708</b>	<b>634,006</b>	<b>451,581</b>	<b>131,121</b>	<b>30,976</b>	<b>12,649,392</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCE</b>	<b>\$ 12,996,517</b>	<b>\$ 634,006</b>	<b>\$ 837,539</b>	<b>\$ 131,121</b>	<b>\$ 45,576</b>	<b>\$ 14,644,759</b>

**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, 2019**

	General	Agate Beach Closure	Unbonded Assessments	The Villages of Cascade Head
<b>REVENUES:</b>				
Property taxes	\$ 6,962,062	\$ -	\$ -	\$ -
Franchise fees	1,080,130	-	-	-
Transient room tax	1,631,614	-	-	-
Fees, licenses and permits	956,489	-	-	-
Fines and forfeitures	166,802	-	-	-
Charges for services	22,801	-	-	-
Intergovernmental	782,048	-	-	-
Interest on investments	292,607	-	17,552	3,137
Miscellaneous	1,054,362	-	82,184	-
<b>TOTAL REVENUES</b>	<b>12,948,915</b>	<b>-</b>	<b>99,736</b>	<b>3,137</b>
<b>EXPENDITURES:</b>				
Current				
General government	3,237,571	16,384	-	-
Public safety	5,168,211	-	-	-
Culture and recreation	2,197,529	-	-	2,390
Capital outlay	273,646	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>10,876,957</b>	<b>16,384</b>	<b>-</b>	<b>2,390</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>2,071,958</b>	<b>(16,384)</b>	<b>99,736</b>	<b>747</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Proceeds from sale of capital assets	16,537	-	-	-
Transfers in	4,350	-	-	15,400
Transfers out	(2,483,819)	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(2,462,932)</b>	<b>-</b>	<b>-</b>	<b>15,400</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(390,974)</b>	<b>(16,384)</b>	<b>99,736</b>	<b>16,147</b>
<b>FUND BALANCE, beginning of year</b>	<b>11,792,682</b>	<b>650,390</b>	<b>351,845</b>	<b>114,974</b>
<b>FUND BALANCE, end of year</b>	<b>\$ 11,401,708</b>	<b>\$ 634,006</b>	<b>\$ 451,581</b>	<b>\$ 131,121</b>

Property Abatement	Eliminations	Totals
\$ -	\$ -	\$ 6,962,062
-	-	1,080,130
-	-	1,631,614
-	-	956,489
-	-	166,802
-	-	22,801
-	-	782,048
656	-	313,952
-	-	1,136,546
<u>656</u>	<u>-</u>	<u>13,052,444</u>
19,680	-	3,273,635
-	-	5,168,211
-	-	2,199,919
-	-	273,646
<u>19,680</u>	<u>-</u>	<u>10,915,411</u>
<u>(19,024)</u>	<u>-</u>	<u>2,137,033</u>
-	-	16,537
50,000	(65,400)	4,350
-	65,400	(2,418,419)
<u>50,000</u>	<u>-</u>	<u>(2,397,532)</u>
30,976	-	(260,499)
-	-	12,909,891
<u>\$ 30,976</u>	<u>\$ -</u>	<u>\$ 12,649,392</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, 2019**

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>EXPENDITURES:</b>			
Materials and services	<u>\$ 40,000</u>	<u>\$ 16,384</u>	<u>\$ 23,616</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND CHANGE IN FUND BALANCE</b>	(40,000)	(16,384)	23,616
<b>FUND BALANCE, beginning of year</b>	<u>628,391</u>	<u>650,390</u>	<u>21,999</u>
<b>FUND BALANCE, end of year</b>	<u><u>\$ 588,391</u></u>	<u><u>\$ 634,006</u></u>	<u><u>\$ 45,615</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, 2019**

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES:</b>			
Interest	\$ 3,400	\$ 17,552	\$ 14,152
Miscellaneous	16,100	82,184	66,084
<b>TOTAL REVENUES</b>	<u>19,500</u>	<u>99,736</u>	<u>80,236</u>
<b>EXPENDITURES:</b>			
Capital outlay	<u>322,618</u>	-	<u>322,618</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(303,118)</u>	<u>99,736</u>	<u>402,854</u>
<b>NET CHANGE IN FUND BALANCE</b>	(303,118)	99,736	402,854
<b>FUND BALANCE, beginning of year</b>	<u>303,118</u>	<u>351,845</u>	<u>48,727</u>
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ 451,581</u>	<u>\$ 451,581</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, 2019**

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES:</b>			
Interest	\$ 900	\$ 3,137	\$ 2,237
Miscellaneous	-	-	-
<b>TOTAL REVENUES</b>	<u>900</u>	<u>3,137</u>	<u>2,237</u>
<b>EXPENDITURES:</b>			
Materials and services	38,200	2,390	35,810
Capital outlay	<u>80,294</u>	<u>-</u>	<u>80,294</u>
<b>TOTAL EXPENDITURES</b>	<u>118,494</u>	<u>2,390</u>	<u>116,104</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(117,594)	747	118,341
<b>OTHER FINANCING SOURCES:</b>			
Transfers in	<u>15,400</u>	<u>15,400</u>	<u>-</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>15,400</u>	<u>15,400</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(102,194)	16,147	118,341
<b>FUND BALANCE, beginning of year</b>	<u>102,194</u>	<u>114,974</u>	<u>12,780</u>
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ 131,121</u>	<u>\$ 131,121</u>

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

**PROPERTY ABATEMENT**

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

**FOR THE YEAR ENDED JUNE 30, 2019**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Interest on investments	\$ -	\$ -	\$ 656	\$ 656
<b>EXPENDITURES:</b>				
Materials and services	-	50,000	19,680	30,320
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	-	(50,000)	(19,024)	30,976
<b>OTHER FINANCING SOURCES:</b>				
Transfers in	-	50,000	50,000	-
<b>NET CHANGE IN FUND BALANCE</b>	-	-	30,976	30,976
<b>FUND BALANCE, beginning of year</b>	-	-	-	-
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,976</u>	<u>\$ 30,976</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, 2019**

	<u>Recreation Scholarship</u>	<u>Miscellaneous Trust</u>	<u>Total</u>
<b>ASSETS:</b>			
Cash and investments	<u>\$ 8,405</u>	<u>\$ 76,927</u>	<u>\$ 85,332</u>
<b>LIABILITIES:</b>			
Accounts payable	\$ -	\$ 18,609	\$ 18,609
Funds held in trust	<u>8,405</u>	<u>58,318</u>	<u>66,723</u>
<b>TOTAL LIABILITIES</b>	<u>\$ 8,405</u>	<u>\$ 76,927</u>	<u>\$ 85,332</u>

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

**AGENCY FUNDS**

**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**

**FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Balances</u> <u>June 30, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balances</u> <u>June 30, 2019</u>
<b>RECREATION SCHOLARSHIP:</b>				
Assets				
Cash and investments	<u>\$ 7,697</u>	<u>\$ 708</u>	<u>\$ -</u>	<u>\$ 8,405</u>
Liabilities				
Funds held in trust	<u>\$ 7,697</u>	<u>\$ 708</u>	<u>\$ -</u>	<u>\$ 8,405</u>
<b>MISCELLANEOUS TRUST:</b>				
Assets				
Cash and investments	<u>\$ 6,226</u>	<u>\$ 70,701</u>	<u>\$ -</u>	<u>\$ 76,927</u>
Liabilities				
Accounts payable	<u>\$ 274</u>	<u>\$ 18,335</u>	<u>\$ -</u>	<u>\$ 18,609</u>
Funds held in trust	<u>5,952</u>	<u>52,366</u>	<u>-</u>	<u>58,318</u>
Total liabilities	<u>\$ 6,226</u>	<u>\$ 70,701</u>	<u>\$ -</u>	<u>\$ 76,927</u>
<b>ROADS END SANITARY DISTRICT:</b>				
Assets				
Cash and investments	<u>\$ 29,015</u>	<u>\$ -</u>	<u>\$ 29,015</u>	<u>\$ -</u>
Liabilities				
Accounts payable	<u>\$ 8,586</u>	<u>\$ -</u>	<u>\$ 8,586</u>	<u>\$ -</u>
Funds held in trust	<u>20,429</u>	<u>-</u>	<u>20,429</u>	<u>-</u>
Total liabilities	<u>\$ 29,015</u>	<u>\$ -</u>	<u>\$ 29,015</u>	<u>\$ -</u>
<b>RECREATION TRUST:</b>				
Assets				
Cash and investments	<u>\$ 1,058</u>	<u>\$ -</u>	<u>\$ 1,058</u>	<u>\$ -</u>
Liabilities				
Funds held in trust	<u>\$ 1,058</u>	<u>\$ -</u>	<u>\$ 1,058</u>	<u>\$ -</u>

**ADDITIONAL SCHEDULES**

**CITY OF LINCOLN CITY**

Lincoln City, Oregon

**SCHEDULE OF PROPERTY TAX TRANSACTIONS AND OUTSTANDING BALANCES**

**YEAR ENDED JUNE 30, 2019**

	Tax Year	Uncollected June 30, 2018	Levy as Extended by Assessor	Adjustments Discounts and Interest	Collections	Uncollected June 30, 2019
Current	2018-19	\$ -	\$ 9,347,146	\$ (242,130)	\$ (8,836,035)	\$ 268,981
Prior	2017-2018	278,277	-	5,622	(149,297)	134,602
	2016-2017	137,177	-	6,903	(66,182)	77,898
	2015-2016	113,620	-	10,317	(63,574)	60,363
	2014-2015	52,499	-	4,027	(22,907)	33,619
	and prior	119,773	-	1,154	(8,554)	112,373
Total prior		701,346	-	28,023	(310,514)	418,855
Totals		\$ 701,346	\$ 9,347,146	\$ (214,107)	\$ (9,146,549)	\$ 687,836



## ANNUAL DISCLOSURE INFORMATION

**\$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 2018-19 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, 2019**

**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>
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%
2018-19	2,189,452,424	7.81%	1,788,938,018	4.17%	81.71%

(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>
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%
2018-19	1,735,883,564	4.14%	7,116,558	4.0996%	94.53%

(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, 2019**

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

**Table 3 -- 2018-19 Representative Consolidated Tax Rates for Tax Code Area 402 & 412 (1)**

<u>Area</u>	<u>Tax Rate for Operations (2)</u>	<u>Tax Rate for Bonds</u>	<u>Tax Rate Total</u>
Within the City of Lincoln City			
<b>Education</b>			
Lincoln County Unified School District	\$ 4.7637	\$ 0.7558	\$ 5.5195
Linn-Benton-Lincoln ESD	0.2959	-	0.2959
Oregon Coast Community College	0.1705	0.2421	0.4126
<b>Total Education</b>	<u>5.2301</u>	<u>0.9979</u>	<u>6.2280</u>
<b>Local Government</b>			
Lincoln County	2.7366	-	2.7366
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	3.9781	0.8356	4.8137
Lincoln City Urban Renewal Agency	0.4133	-	0.4133
North Lincoln Fire & Rescue	1.4981	0.3495	1.8476
Devil Lake Water Improvement District	0.1223	-	0.1223
North Lincoln Hospital District	0.5031	-	0.5031
<b>Total Local Government</b>	<u>9.4967</u>	<u>1.1851</u>	<u>10.6818</u>
<b>Total Consolidated Tax Rate</b>	<u>\$ 14.7268</u>	<u>\$ 2.1830</u>	<u>\$ 16.9098</u>

(1) The 2018-19 Assessed Value to compute the tax rate of code area 402 & 412 is \$1,162,040,818 which is 64.96% 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 2018-19 was \$17.56

Source: City of Lincoln City

**CITY OF LINCOLN CITY**

Lincoln City, Oregon

**OUTSTANDING OBLIGATIONS**

**FOR THE YEAR ENDED JUNE 30, 2019**

	<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 6/30/19</u>
<b>General Obligation Bonds</b>				
Series 2011 Sewer (3)	3/17/2011	3/1/2026	\$ 7,000,000	\$ 3,674,684
Series 2013 Sewer Refunding (2)	2/26/2013	6/1/2030	9,885,000	9,620,000
<b>Total General Obligation Bonds</b>			<u>16,885,000</u>	<u>13,294,684</u>
<b>Full Faith and Credit Borrowings</b>				
Series 2014 Water (1)	4/17/2014	4/1/2024	4,000,000	2,100,000
Series 2017 Urban Renewal Projects (4)	11/2/2017	6/1/2023	2,975,000	2,532,348
Series 2018 Police Building (5)	11/7/2018	4/1/2048	10,950,000	10,515,000
Series 2018 Police Building Bond Premium (5)	11/7/2018	4/1/2048	302,721	277,301
2018 Sewer Vactor Truck (6)	8/1/2018	8/1/2023	355,960	300,873
<b>Total Full Faith and Credit-Backed</b>			<u>18,583,681</u>	<u>15,725,522</u>
<b>Total Borrowings</b>			<u>\$ 35,468,681</u>	<u>\$ 29,020,206</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.

(5) The City pays debt service on this bond from transient room tax revenues.

(6) The City pays debt services on this financing from sewer system revenues.

Source: City of Lincoln City

**CITY OF LINCOLN CITY**

Lincoln City, Oregon

**SDC FUNDS IN ACCORDANCE WITH ORS 223.311**

**YEAR ENDED JUNE 30, 2019**

	<u>Transportation Development Fund</u>	<u>Storm Drainage Development Fund</u>	<u>Parks Improvement Fund</u>
<b>REVENUES:</b>			
System development charge - improvement	\$ 72,504	\$ 2,203	\$ 210,757
Motorcycle vehicle gas tax	-	-	6,379
Miscellaneous	-	-	919
Interest	16,100	2,408	15,415
<b>TOTAL REVENUES</b>	<u>88,604</u>	<u>4,611</u>	<u>233,470</u>
<b>EXPENDITURES:</b>			
NW 21st Beacon & Hwy 101 ADA Ramp	<u>71,400</u>	<u>-</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	17,204	4,611	233,470
<b>BEGINNING FUND BALANCE</b>	<u>578,581</u>	<u>92,464</u>	<u>425,824</u>
<b>ENDING FUND BALANCE</b>	<u><u>\$ 595,785</u></u>	<u><u>\$ 97,075</u></u>	<u><u>\$ 659,294</u></u>

**CITY OF LINCOLN CITY**

Lincoln City, Oregon

**WATER SDC FUNDS**

**YEAR ENDED JUNE 30, 2019**

	<u>Water Replacement Fund</u>	<u>Water SDC Reimbursement Fund</u>	<u>Water SDC Improvement Fund</u>	<u>Total</u>
<b>REVENUES:</b>				
System development charge	\$ -	\$ 145,842	\$ 51,965	\$ 197,807
TRF Water Operating Funds	1,150,000	-	-	1,150,000
TRF from Water Construction Fund	27,576			27,576
Interest	29,195	12,770	3,188	45,153
<b>TOTAL REVENUE</b>	<u>1,206,771</u>	<u>158,612</u>	<u>55,153</u>	<u>1,420,536</u>
<b>EXPENDITURES:</b>				
S 48th street extension	-	5,185	-	5,185
Water system construction	423,061	-	-	423,061
<b>TOTAL EXPENDITURES</b>	<u>423,061</u>	<u>5,185</u>	<u>-</u>	<u>428,246</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	783,710	153,427	55,153	992,290
<b>BEGINNING FUND BALANCE</b>	<u>716,642</u>	<u>390,195</u>	<u>82,831</u>	<u>1,189,668</u>
<b>ENDING FUND BALANCE</b>	<u>\$ 1,500,352</u>	<u>\$ 543,622</u>	<u>\$ 137,984</u>	<u>\$ 2,181,958</u>

**CITY OF LINCOLN CITY**

Lincoln City, Oregon

**SEWER SDC FUNDS**

**YEAR ENDED JUNE 30, 2019**

	<u>Sewer Replacement Fund</u>	<u>Sewer SDC Reimbursement Fund</u>	<u>Sewer SDC Improvement Fund</u>	<u>Total</u>
<b>REVENUES:</b>				
System Development Charge	\$ -	\$ 241,286	\$ 126,443	\$ 367,729
Other Revenue	11,482	-	-	11,482
Transfer from Sewer Operating Fund	750,000	-	-	750,000
Transfer from General Fund	500,000	-	-	500,000
Interest	15,591	17,221	1,512	34,324
<b>TOTAL REVENUE</b>	<u>1,277,073</u>	<u>258,507</u>	<u>127,955</u>	<u>1,663,535</u>
<b>EXPENDITURES:</b>				
Sewer System Construction	442,677	-	-	442,677
Transfer out - Interfund Loan	-	-	52,568	52,568
<b>TOTAL EXPENDITURES</b>	<u>442,677</u>	<u>-</u>	<u>52,568</u>	<u>495,245</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	834,396	258,507	75,387	1,168,290
<b>BEGINNING FUND BALANCE</b>	<u>102,118</u>	<u>480,450</u>	<u>8,037</u>	<u>1,983,965</u>
<b>ENDING FUND BALANCE</b>	<u>\$ 936,514</u>	<u>\$ 738,957</u>	<u>\$ 83,424</u>	<u>\$ 3,152,255</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**





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## **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, 2019, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 20, 2019. 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.
- Programs funded from outside sources.
- Highway revenues used for public highways, roads, and streets.
- Authorized investment of surplus funds (ORS Chapter 294).
- Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).

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:



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**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 \$15,006 in library appropriations and \$9,452 in building inspection appropriations.
- The Water Fund reported an over expenditure of \$18,481 in personal services appropriations.
- The Sewer Fund reported an over expenditure of \$2,122 in capital outlay appropriations.

**INTERNAL CONTROL OVER FINANCIAL REPORTING**

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, as communicated in a separate letter to management dated December 20, 2019, 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.



Lake Oswego, Oregon  
December 20, 2019