

CITY OF LINCOLN CITY
Lincoln City, Oregon

Annual Financial Report

Year Ended June 30, 2020

CITY OF LINCOLN CITY

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CITY OF LINCOLN CITY

CITY COUNCIL

JUNE 30, 2020

Term Expires

Dick Anderson (Mayor)
City of Lincoln City
PO Box 50
Lincoln City, Oregon 97367

December 31, 2022

Mitch Parsons
City of Lincoln City
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December 31, 2022

Diane Kusz
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Diana Hinton
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December 31, 2020

Dennis "Riley" Hoagland
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Judy Casper
City of Lincoln City
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Lincoln City, Oregon 97367

December 31, 2020

City Manager

Ronald Chandler

Finance Director

Debbie Bridges

INDEPENDENT AUDITOR'S REPORT



Talbot, Korvola & Warwick, LLP 14945 SW Sequoia Parkway, Suite 150, Portland, Oregon 97224
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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, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

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

OPINIONS

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2020, 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.

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INDEPENDENT AUDITOR'S REPORT (Continued)

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

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.

INDEPENDENT AUDITOR'S REPORT (Continued)

Honorable Mayor and Members of City Council
City of Lincoln City
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OTHER MATTERS (Continued)

Other Information (Continued)

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 February 16, 2021, on our consideration of the City's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

TALBOT, KORVOLA & WARWICK, LLP

By 

Timothy R. Gillette, Partner

Portland, Oregon
February 16, 2021

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, 2020. 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 \$129,105,868 at June 30, 2020, an increase of \$1,477,014 (or 1.2%) over the prior year's net position. The City's General Fund reported an ending fund balance of \$11,566,448, a decrease of \$1,082,944 (or 8.5%) over the prior year's fund balance. General fund revenues have been steady, with the exception of transient room tax revenues, which saw a significant decline in one quarter due to the lodging industry being closed. Because of the uncertainty of the current environment, city-wide spending, and in particular capital spending, has been constrained during the last half of the fiscal year. The City's General Fund reported a \$334,813 increase in capital outlay from the prior 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 \$129,105,868 at June 30, 2020, an increase of \$1,477,014 (or 1.2%) over the prior year's net position.

Table 1
NET POSITION

	June 30, 2020			June 30, 2019		
	Governmental Activities	Business-type Activities	Totals	Governmental Activities	Business-type Activities	Totals
Assets:						
Cash and investments	\$ 25,219,435	\$ 5,522,825	\$ 30,742,260	\$ 32,961,957	\$ 5,045,563	\$ 38,007,520
Receivables, net	3,667,588	1,374,113	5,041,701	3,783,934	1,390,179	5,174,113
Internal balances	202,865	(202,865)	-	251,782	(251,782)	-
Prepaid Items	536,245	78,289	614,534	156,469	14,471	170,940
Inventories	-	223,134	223,134	-	272,768	272,768
Assets held for sale	1,954,487	-	1,954,487	1,954,487	-	1,954,487
Capital assets net of depreciation	<u>80,684,222</u>	<u>50,453,371</u>	<u>131,137,593</u>	<u>72,007,078</u>	<u>51,153,068</u>	<u>123,160,146</u>
Total assets	<u>112,264,842</u>	<u>57,448,867</u>	<u>169,713,709</u>	<u>111,115,707</u>	<u>57,624,267</u>	<u>168,739,974</u>
Deferred outflow of resources:						
Deferred amts related to pensions	3,431,905	879,550	4,311,455	3,106,417	782,173	3,888,590
Deferred amts related to OPEB	<u>78,339</u>	<u>18,819</u>	<u>97,158</u>	<u>101,857</u>	<u>24,357</u>	<u>126,214</u>
Total deferred outflow of resources	<u>3,510,244</u>	<u>898,369</u>	<u>4,408,613</u>	<u>3,208,274</u>	<u>806,530</u>	<u>4,014,804</u>
Liabilities:						
Accounts payable and accrued expenses	3,491,559	428,504	3,920,063	2,556,035	426,461	2,982,496
Landfill closure and postclosure care costs	450,869	-	450,869	450,869	-	450,869
Net other postemployment obligations	420,318	100,971	521,289	409,754	97,794	507,548
Net pension liability	9,633,649	2,468,972	12,102,621	8,575,515	2,159,251	10,734,766
Long-term obligations	<u>12,507,977</u>	<u>14,270,895</u>	<u>26,778,872</u>	<u>13,324,649</u>	<u>15,695,557</u>	<u>29,020,206</u>
Total liabilities	<u>26,504,372</u>	<u>17,269,342</u>	<u>43,773,714</u>	<u>25,316,822</u>	<u>18,379,063</u>	<u>43,695,885</u>
Deferred inflow of resources:						
Deferred amts related to pensions	896,199	229,684	1,125,883	1,042,196	262,417	767,932
Deferred amts related to OPEB	<u>94,223</u>	<u>22,634</u>	<u>116,857</u>	<u>101,235</u>	<u>24,191</u>	<u>-</u>
Total deferred inflow of resources	<u>990,422</u>	<u>252,318</u>	<u>1,242,740</u>	<u>1,143,431</u>	<u>286,608</u>	<u>767,932</u>
Net position:						
Net investment in capital assets	69,720,517	36,182,476	105,902,993	68,831,090	35,457,511	104,288,601
Restricted	13,258,403	4,650,458	17,908,861	10,102,638	4,173,436	14,276,074
Unrestricted	<u>5,301,372</u>	<u>(7,358)</u>	<u>5,294,014</u>	<u>8,930,000</u>	<u>134,179</u>	<u>9,064,179</u>
Total net position	<u>\$ 88,280,292</u>	<u>\$ 40,825,576</u>	<u>\$ 129,105,868</u>	<u>\$ 87,863,728</u>	<u>\$ 39,765,126</u>	<u>\$ 127,628,854</u>

Approximately 82.0% of the City's total net position is invested in capital assets. 8.5% of the City's net position is restricted for capital improvements (\$10,952,520), including proceeds from system development charges. \$1,447,566 (1.1%) is restricted for repayment of outstanding debt. \$5,294,014 (4.1%) 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 \$31,813,734, an increase of 1.8% from the prior year. Of the City's total revenue, \$9,506,947 (or 29.9%) is from property taxes, \$5,958,386 (or 18.7%) is from transient room taxes, \$9,473,704 (or 29.8%) is from charges for services and \$6,874,697 (or 21.6%) is from grants, interest earnings, franchise fees, and other non-tax sources. More detailed information is presented in table 2 below.

Table 2
CHANGE IN NET POSITION

	Year Ended June 30, 2020			Year Ended June 30, 2019		
	Governmental	Business-type	Totals	Governmental	Business-type	Totals
	Activities	Activities		Activities	Activities	
Program revenues:						
Charges for services	\$ 1,515,789	\$ 7,957,915	\$ 9,473,704	\$ 1,690,271	\$ 7,814,479	\$ 9,504,750
Operating grants and contributions	1,047,800	89,706	1,137,506	824,496	-	824,496
Capital grants and contributions	1,883,793	667,912	2,551,705	754,565	451,258	1,205,823
General revenues:						
Property taxes, general purposes	7,222,746	-	7,222,746	6,953,314	-	6,953,314
Property taxes, debt service	762,288	1,521,913	2,284,201	719,141	1,460,584	2,179,725
Franchise fees	1,071,625	-	1,071,625	1,080,130	-	1,080,130
Transient room taxes	5,958,386	-	5,958,386	7,338,392	-	7,338,392
Other	<u>1,816,722</u>	<u>297,139</u>	<u>2,113,861</u>	<u>1,853,269</u>	<u>323,749</u>	<u>2,177,018</u>
Total program and general revenues	<u>21,279,149</u>	<u>10,534,585</u>	<u>31,813,734</u>	<u>21,213,578</u>	<u>10,050,070</u>	<u>31,263,648</u>
Program expenses:						
General government	4,837,031	-	4,837,031	4,693,505	-	4,693,505
Public safety	6,587,958	-	6,587,958	5,902,717	-	5,902,717
Highways and streets	2,963,879	-	2,963,879	3,122,258	-	3,122,258
Cultural and recreation	5,960,640	-	5,960,640	5,984,123	-	5,984,123
Art and education	1,949	-	1,949	-	-	-
Water and sewer	-	9,401,263	9,401,263	-	9,162,335	9,162,335
Interest on long-term debt	<u>584,000</u>	<u>-</u>	<u>584,000</u>	<u>299,577</u>	<u>-</u>	<u>299,577</u>
Total program expenses	<u>20,935,457</u>	<u>9,401,263</u>	<u>30,336,720</u>	<u>20,002,180</u>	<u>9,162,335</u>	<u>29,164,515</u>
Increase (decrease) in net position before transfers	343,692	1,133,322	1,477,014	1,211,398	887,735	2,099,133
Transfers	<u>72,872</u>	<u>(72,872)</u>	<u>-</u>	<u>(426,451)</u>	<u>426,451</u>	<u>-</u>
Change in net position	<u>416,564</u>	<u>1,060,450</u>	<u>1,477,014</u>	<u>784,947</u>	<u>1,314,186</u>	<u>2,099,133</u>
Net Position - starting	<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>
Net position - ending	<u>\$ 88,280,292</u>	<u>\$ 40,825,576</u>	<u>\$ 129,105,868</u>	<u>\$ 87,863,728</u>	<u>\$ 39,765,126</u>	<u>\$ 127,628,854</u>

The total cost of all programs and services was \$30,336,720, an increase of \$1,172,205 (or 4.0%) from the prior year. Expenditures for Governmental Activities increased by 4.7% while expenditures for Business-Type Activities increased by 2.6%. Of the total costs, \$9,401,263 (or 31.0%) was for Business-type Activities, and \$20,935,457 (or 69.0%) 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 \$11,566,448, a decrease of \$1,082,944 (or 8.6%) over the prior year's fund balance. Total General fund revenues decreased by 1.0% from the prior fiscal year, while General fund expenditures increased by 8.7%.

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. Due to the COVID-19 pandemic, the lodging industry in Lincoln City was shut for about 2 ½ months, resulting in a significant decrease in TRT revenues, and in Business-type Activities revenue. TRT revenues decreased by \$1,380,006 (or 18.8%) from the prior fiscal year.

Business-type Activities

The City's Water funds reported an ending net position of \$21,616,918, an increase of \$176,893 (or 0.8%) over the prior fiscal year's ending net position. Charges for Services decreased by \$62,415 (or 1.6%). Water rates did not change during the fiscal year.

The City's Sewer funds reported an ending net position of \$19,208,658, an increase of \$883,557 (or 4.8%) over the previous fiscal year's ending net position. Charges for Services increased by \$205,851 (or 5.3%), primarily due to a 7.5% 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 decreased by \$12,738 (or 6.4%). Sewer system development charges increased by \$71,959 (or 28.4%).

BUDGETARY HIGHLIGHTS

City Council approved five changes to the fiscal year 2019-20 General Fund adopted budget. These changes re-categorized operating expenditures to reflect actual spending patterns. It also added an expenditure of a \$350,000 loan for Helping Hands, a \$300,460 expenditure to participate in the PERS employer incentive match program, and a \$200,000 transfer to ELC for a COVID-19 economic aid package.

CAPITAL ASSETS AND DEBT ADMINISTRATION

At the end of fiscal year 2019-20, the City had capital assets totaling \$131,137,593 in a broad range of categories, including land, infrastructure, equipment, buildings and vehicles. This amount represents a net increase (including additions and deductions) of \$7,977,447 (or 6.5%). More detailed information is presented in note 4 of the notes to basic financial statements.

Table 3
CHANGE IN CAPITAL ASSETS

	June 30, 2020			June 30, 2019		
	Governmental Activities	Business-type Activities	Totals	Governmental Activities	Business-type Activities	Totals
Beginning balance	\$ 72,007,078	\$51,153,068	\$123,160,146	\$68,809,959	\$ 53,096,459	\$121,906,418
Additions	12,337,655	3,577,522	15,915,177	8,242,144	1,432,088	9,674,232
Retirements	(1,975,010)	(1,277,174)	(3,252,184)	(2,904,672)	(610,218)	(3,514,890)
Depreciation, net	<u>(1,685,501)</u>	<u>(3,000,045)</u>	<u>(4,685,546)</u>	<u>(2,140,353)</u>	<u>(2,765,261)</u>	<u>(4,905,614)</u>
Ending balance	<u>\$ 80,684,222</u>	<u>\$50,453,371</u>	<u>\$131,137,593</u>	<u>\$72,007,078</u>	<u>\$ 51,153,068</u>	<u>\$123,160,146</u>

Governmental Activities

Additions to capital assets from governmental activities totaled \$12,337,655. These additions included: (1) Construction on the new public safety building \$8,333,902, (2) Lincoln Square Burger King ramp improvements \$944,681, (3) Land purchase \$415,918, (4) S DLake Hwy Sidewalk 19th to 23^d \$535,088, (5) West Devils Lake Rd bridge replacement \$222,763, and (6) purchase of street sweeper \$241,323.

Business-type Activities

Additions to capital assets from business-type activities totaled \$3,577,522. These additions included (1) Purchase of a Water Hydro Excavator Truck \$286,152, (2) West Devils Lake Road & Hwy 101 Water Main Replacement \$682,754, (3) SW Beach Ave Water Main \$311,574, (4) SE 48th retaining wall \$309,892, (5) wastewater screwpress purchase \$292,994, and (6) Collections Nelscott sewer main \$247,568.

LONG-TERM OBLIGATIONS

At the end of fiscal year 2019-20, the City had \$26,778,872 in outstanding debt, a decrease of \$2,241,334 (7.7%).

Governmental Activities

The City did not issue any debt for the fiscal year ending June 30, 2020.

Business-type Activities

In FY2019-20 the City financed the purchase of a Water Hydro Excavator truck. The acquisition cost was \$286,152.

As of June 30, 2020, 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, 2020</u>	<u>June 30, 2019</u>
Governmental:		
Full Faith and Credit Note Series 2017	\$ 1,956,394	\$ 2,532,348
Full Faith and Credit Bond Series 2018	10,325,000	10,515,000
Full Faith and Credit Bond Premium Series 2018	<u>226,583</u>	<u>277,301</u>
Total governmental activities	<u>12,507,977</u>	<u>13,324,649</u>
Business-type:		
General Obligation Bonds		
Sewer Bonds - Series 2011	3,192,022	3,674,684
Sewer Bonds - Series 2013	8,890,000	9,620,000
Sewer Bonds - Series 2015	-	-
Full Faith and Credit Note Series 2014	1,695,000	2,100,000
Contract payable	258,393	-
Contract payable	<u>235,480</u>	<u>300,873</u>
Total business-type activities	<u>14,270,895</u>	<u>15,695,557</u>
Total long-term obligations	<u>\$ 26,778,872</u>	<u>\$ 29,020,206</u>

ECONOMIC FACTORS, NEXT YEAR'S BUDGET AND RATES

Property taxes comprise 56.1% of the City's General Fund revenue (excluding beginning fund balances and transfers in). Since 1997 increases in taxable assessed values have been limited by state statute to an increase of 3% a year plus the value of new construction. The City's projected General Fund revenue for fiscal year 20-21 is \$13,734,459 and expenditures are budgeted at \$14,123,512, resulting in a \$389,053 decrease to fund balance. The projected ending General Fund reserves for fiscal year 2020-21 total \$7,731,785 (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 1.2% in the next fiscal year (budget to budget).

For the fiscal year ending June 30, 2021, the City's Urban Renewal Agency has budgeted \$353,986 for capital reserves, and \$150,000 for design completion 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 2020-21, the City's Water Capital funds have budgeted \$3,071,022 in capital outlay and reserves for water system upgrades and replacements as needed.

For fiscal year 2020-21, the City's Wastewater Capital funds has budgeted \$3,397,341 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.

BASIC FINANCIAL STATEMENTS

CITY OF LINCOLN CITY
Lincoln City, Oregon

STATEMENT OF NET POSITION

JUNE 30, 2020

	Governmental Activities	Business-type Activities	Total
ASSETS:			
Cash and investments	\$ 25,143,208	\$ 5,508,273	\$ 30,651,481
Cash with County Treasurer	76,227	14,552	90,779
Receivables, net	3,667,588	1,374,113	5,041,701
Internal balances	202,865	(202,865)	-
Prepays and other	536,245	78,289	614,534
Inventories	-	223,134	223,134
Assets held for sale	1,954,487	-	1,954,487
Capital assets:			
Land, improvements and construction in progress	46,594,035	1,529,699	48,123,734
Other capital assets, net	34,090,187	48,923,672	83,013,859
TOTAL ASSETS	112,264,842	57,448,867	169,713,709
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred amounts related to pensions	3,431,905	879,550	4,311,455
Deferred amounts related to OPEB	78,339	18,819	97,158
TOTAL DEFERRED OUTFLOWS OF RESOURCES	3,510,244	898,369	4,408,613
LIABILITIES:			
Accounts payable and accrued expenses	1,823,476	146,347	1,969,823
Other accrued liabilities	843,237	-	843,237
Accrued interest payable	111,829	89,327	201,156
Accrued compensated absences	713,017	192,830	905,847
Landfill closure and post closure care costs	450,869	-	450,869
Total other postemployment benefit obligation	420,318	100,971	521,289
Net pension liability	9,633,649	2,468,972	12,102,621
Long-term obligations:			
Due within one year	872,509	1,759,048	2,631,557
Due in more than one year	11,635,468	12,511,847	24,147,315
TOTAL LIABILITIES	26,504,372	17,269,342	43,773,714
DEFERRED INFLOWS OF RESOURCES:			
Deferred amounts related to pensions	896,199	229,684	1,125,883
Deferred amounts related to OPEB	94,223	22,634	116,857
TOTAL DEFERRED INFLOWS OF RESOURCES	990,422	252,318	1,242,740
NET POSITION:			
Net investment in capital assets	69,720,517	36,182,476	105,902,993
Restricted for:			
Capital improvements	6,523,689	4,273,695	10,797,384
Debt service	1,252,715	194,851	1,447,566
Highways and streets	507,719	-	507,719
Landfill postclosure costs	152,923	-	152,923
Tourism	2,217,244	-	2,217,244
Urban renewal	1,343,695	-	1,343,695
Parks Maintenance	1,148,959	-	1,148,959
Other	111,459	26,776	138,235
Unrestricted	5,301,372	147,778	5,449,150
TOTAL NET POSITION	\$ 88,280,292	\$ 40,825,576	\$ 129,105,868

See notes to basic financial statements.

CITY OF LINCOLN CITY
Lincoln City, Oregon

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2020

ACTIVITIES	Program Revenues				Net Revenue (Expense) and Change in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Totals
Governmental activities:							
General government	\$ 4,837,031	\$ 1,175,175	\$ 950,181	\$ 32,448	\$ (2,679,227)	\$ -	\$ (2,679,227)
Public safety	6,587,958	50,000	-	-	(6,537,958)	-	(6,537,958)
Highways and streets	2,963,879	110,257	5,983	1,845,349	(1,002,290)	-	(1,002,290)
Culture and recreation	5,960,640	180,357	91,636	5,996	(5,682,651)	-	(5,682,651)
Art and education	1,949	-	-	-	(1,949)	-	(1,949)
Interest on long-term obligations	584,000	-	-	-	(584,000)	-	(584,000)
Total governmental activities	<u>20,935,457</u>	<u>1,515,789</u>	<u>1,047,800</u>	<u>1,883,793</u>	<u>(16,488,075)</u>	<u>-</u>	<u>(16,488,075)</u>
Business-type activities:							
Water	3,982,621	3,889,653	63,105	185,069	-	155,206	155,206
Sewer	5,418,642	4,068,262	26,601	482,843	-	(840,936)	(840,936)
Total business-type activities	<u>9,401,263</u>	<u>7,957,915</u>	<u>89,706</u>	<u>667,912</u>	<u>-</u>	<u>(685,730)</u>	<u>(685,730)</u>
Total	<u>\$ 30,336,720</u>	<u>\$ 9,473,704</u>	<u>\$ 1,137,506</u>	<u>\$ 2,551,705</u>	<u>(16,488,075)</u>	<u>(685,730)</u>	<u>(17,173,805)</u>
GENERAL REVENUES							
Property taxes levied for:							
General purposes					7,222,746	-	7,222,746
Debt service					762,288	1,521,913	2,284,201
Franchise fees					1,071,625	-	1,071,625
Transient room taxes					5,958,386	-	5,958,386
Unrestricted investment earnings					681,862	129,533	811,395
Gain from sale of capital assets					41,056	43,568	84,624
Miscellaneous					1,093,804	124,038	1,217,842
TRANSFERS					<u>72,872</u>	<u>(72,872)</u>	<u>-</u>
Total general revenues and transfers					<u>16,904,639</u>	<u>1,746,180</u>	<u>18,650,819</u>
CHANGE IN NET POSITION					<u>416,564</u>	<u>1,060,450</u>	<u>1,477,014</u>
NET POSITION, June 30, 2019					<u>87,863,728</u>	<u>39,765,126</u>	<u>127,628,854</u>
NET POSITION, June 30, 2020					<u>\$ 88,280,292</u>	<u>\$ 40,825,576</u>	<u>\$ 129,105,868</u>

See notes to basic financial statements.

CITY OF LINCOLN CITY
Lincoln City, Oregon

BALANCE SHEET GOVERNMENTAL FUNDS

JUNE 30, 2020

	General Fund	Explore Lincoln City	Police Building Construction	Other Governmental Funds	Totals
ASSETS:					
Cash and investments	\$ 9,898,020	\$ 2,001,273	\$ 2,120,354	\$ 11,017,589	\$ 25,037,236
Cash with County Treasurer	69,005	-	-	7,222	76,227
Receivables	2,133,793	282,867	23,219	1,213,069	3,652,948
Prepaid Items	35,947	360,619	-	300	396,866
Advance to other funds	202,865	-	-	-	202,865
Assets held for sale	1,393,665	-	-	560,822	1,954,487
TOTAL ASSETS	<u>\$ 13,733,295</u>	<u>\$ 2,644,759</u>	<u>\$ 2,143,573</u>	<u>\$ 12,799,002</u>	<u>\$ 31,320,629</u>
LIABILITIES:					
Accounts payable and accrued expenses	\$ 315,456	\$ 66,896	\$ 1,149,043	\$ 272,223	\$ 1,803,618
Other accrued liabilities	843,237	-	-	-	843,237
TOTAL LIABILITIES	<u>1,158,693</u>	<u>66,896</u>	<u>1,149,043</u>	<u>272,223</u>	<u>2,646,855</u>
DEFERRED INFLOW OF RESOURCES:					
Unavailable revenue	1,008,154	-	-	79,707	1,087,861
FUND BALANCES:					
Nonspendable in form	1,982,477	360,619	-	1,144,262	3,487,358
Restricted for:					
Capital projects	-	-	994,530	7,073,431	8,067,961
Post closure landfill costs	603,792	-	-	-	603,792
Debt service	-	-	-	1,252,715	1,252,715
Road construction/maintenance	-	-	-	507,719	507,719
Tourism promotion	-	2,217,244	-	-	2,217,244
Urban renewal	-	-	-	772,616	772,616
Parks maintenance	-	-	-	1,148,959	1,148,959
Committed to:					
Capital projects	546,180	-	-	-	546,180
Affordable housing	-	-	-	231,600	231,600
Maintenance services	-	-	-	178,205	178,205
Art and education	-	-	-	137,565	137,565
Assigned to:					
Capital projects	-	-	-	-	-
Unassigned	8,433,999	-	-	-	8,433,999
TOTAL FUND BALANCES	<u>11,566,448</u>	<u>2,577,863</u>	<u>994,530</u>	<u>12,447,072</u>	<u>27,585,913</u>
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCE	<u>\$ 13,733,295</u>	<u>\$ 2,644,759</u>	<u>\$ 2,143,573</u>	<u>\$ 12,799,002</u>	<u>\$ 31,320,629</u>

See notes to basic financial statements.

CITY OF LINCOLN CITY
Lincoln City, Oregon

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

JUNE 30, 2020

TOTAL FUND BALANCE	\$ 27,585,913
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.	80,430,417
Certain items are not available to pay for current period expenditures, but are reported in the Statement of Net Position	
Net OPEB RHIA Asset	105,748
Deferred outflows of resources related to pensions	3,255,753
Deferred outflows of resources related to OPEB	74,325
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.	1,087,861
Interest not payable with current resources is not recorded as governmental fund liabilities.	(111,829)
Compensated absences not payable in the current year are not recorded as governmental fund liabilities.	(649,582)
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	(398,782)
Net pension liability	(9,139,175)
Deferred inflows of resources related to pensions	(850,199)
Deferred inflows of resources related to OPEB	(89,396)
Bonds payable, bond premium, and notes payable	(12,507,977)
Landfill closure and post closure costs	<u>(450,869)</u>
Total	(23,436,398)
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>(61,916)</u>
TOTAL NET POSITION	<u><u>\$ 88,280,292</u></u>

See notes to basic financial statements.

CITY OF LINCOLN CITY
Lincoln City, Oregon

GOVERNMENTAL FUNDS

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

FOR THE YEAR ENDED JUNE 30, 2020

	General	Explore Lincoln City	Police Building Construction	Other Governmental Funds	Totals
REVENUES:					
Property Taxes	\$ 7,247,150	\$ -	\$ -	\$ 765,085	\$ 8,012,235
Franchise fees	1,071,625	-	-	-	1,071,625
Transient room tax	1,335,661	1,805,803	-	2,816,922	5,958,386
Fines and forfeitures	209,953	-	-	-	209,953
Fees, licenses and permits	783,600	-	-	-	783,600
Rents	-	-	-	196,541	196,541
Charges for services	50,000	-	-	290,614	340,614
Intergovernmental	931,556	51,114	12,448	1,936,475	2,931,593
Reimbursement from other funds	-	-	-	9,517	9,517
Interest on investments	242,874	47,308	136,534	255,146	681,862
Miscellaneous	1,047,504	25,957	10,771	50,804	1,135,036
TOTAL REVENUES	12,919,923	1,930,182	159,753	6,321,104	21,330,962
EXPENDITURES:					
Current:					
General government	2,982,998	-	-	615,752	3,598,750
Public safety	6,048,461	-	-	-	6,048,461
Highways and streets	-	-	-	1,480,309	1,480,309
Culture and recreation	2,222,318	1,759,044	-	1,285,801	5,267,163
Art and education	-	-	-	1,949	1,949
Debt service	-	-	-	1,268,026	1,268,026
Capital outlay	608,459	79,393	8,333,902	3,208,046	12,229,800
TOTAL EXPENDITURES	11,862,236	1,838,437	8,333,902	7,859,883	29,894,458
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,057,687	91,745	(8,174,149)	(1,538,779)	(8,563,496)
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of capital assets	1,301	-	-	39,755	41,056
Transfers in	3,651	200,000	-	2,084,012	2,287,663
Transfers out	(2,145,583)	(69,208)	-	-	(2,214,791)
TOTAL OTHER FINANCING SOURCES (USES)	(2,140,631)	130,792	-	2,123,767	113,928
NET CHANGE IN FUND BALANCES	(1,082,944)	222,537	(8,174,149)	584,988	(8,449,568)
FUND BALANCES, beginning of year	12,649,392	2,355,326	9,168,679	11,862,084	36,035,481
FUND BALANCES, end of year	\$11,566,448	\$ 2,577,863	\$ 994,530	\$ 12,447,072	\$ 27,585,913

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, 2020

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ (8,449,568)

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	\$ 11,799,728	
Depreciation	<u>(2,920,970)</u>	8,878,758

The net effect of transactions involving capital assets, i.e. gain/loss on sales, donations. These transactions are not reported in the governmental funds. (24,053)

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	(27,201)	
Unearned Revenue - Unbonded Assessment (LID/Reimbursement District Receivable)	(65,520)	
Unearned Revenue - Port Dr Assessment (Abatement)	24,288	
Deferred Revenue - Municipal Court	<u>(24,436)</u>	(92,869)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. 765,954

Accrued interest is not recorded in the governmental funds. (81,928)

Amortization of bond premium is not recorded in the governmental funds. 50,719

Internal service fund is used by management to charge the costs of services to individual governmental funds. The net loss of the internal service fund is reported as a governmental activity. (29,461)

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		(550,611)
Net OPEB benefit		22,039
Compensated absences		<u>(72,416)</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES **\$ 416,564**

CITY OF LINCOLN CITY
Lincoln City, Oregon

PROPRIETARY FUNDS

STATEMENT OF NET POSITION

JUNE 30, 2020

	Enterprise Funds			Internal Service Fund
	Water	Sewer	Totals	
ASSETS:				
Current assets:				
Cash and investments	\$ 2,127,323	\$ 3,380,950	\$ 5,508,273	\$ 105,972
Cash with County Treasurer	-	14,552	14,552	-
Receivables, net	590,567	783,546	1,374,113	14,640
Prepays and other	63,642	14,647	78,289	33,631
Inventories	201,011	22,123	223,134	-
Total current assets	<u>2,982,543</u>	<u>4,215,818</u>	<u>7,198,361</u>	<u>154,243</u>
Capital assets:				
Land, improvements and construction in progress	781,722	747,977	1,529,699	-
Other capital assets, net	21,034,738	27,888,934	48,923,672	253,805
Total capital assets	<u>21,816,460</u>	<u>28,636,911</u>	<u>50,453,371</u>	<u>253,805</u>
TOTAL ASSETS	<u>24,799,003</u>	<u>32,852,729</u>	<u>57,651,732</u>	<u>408,048</u>
DEFERRED OUTFLOW OF RESOURCES:				
Deferred amounts related to pensions	482,612	396,938	879,550	176,152
Deferred amounts related to OPEB	9,116	9,703	18,819	4,014
TOTAL DEFERRED OUTFLOW OF RESOURCES	<u>491,728</u>	<u>406,641</u>	<u>898,369</u>	<u>180,166</u>
LIABILITIES:				
Current liabilities:				
Accounts payable and accrued expenses	58,095	88,252	146,347	19,858
Advance to other funds	-	202,865	202,865	-
Accrued interest payable	20,028	69,299	89,327	-
Accrued compensated absences	124,576	68,254	192,830	63,435
Current portion of long-term obligations	452,030	1,307,018	1,759,048	-
Total current liabilities	<u>654,729</u>	<u>1,735,688</u>	<u>2,390,417</u>	<u>83,293</u>
Long-term liabilities	1,478,450	11,033,397	12,511,847	-
Total other postemployment benefit obligation	48,910	52,061	100,971	21,536
Net pension liability	1,354,733	1,114,239	2,468,972	494,474
TOTAL LIABILITIES	<u>3,536,822</u>	<u>13,935,385</u>	<u>17,472,207</u>	<u>599,303</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred amounts related to pensions	126,028	103,656	229,684	46,000
Deferred amounts related to OPEB	10,963	11,671	22,634	4,827
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>136,991</u>	<u>115,327</u>	<u>252,318</u>	<u>50,827</u>
NET POSITION:				
Net investment in capital assets	19,885,980	16,296,496	36,182,476	253,805
Restricted for:				
Capital improvement	1,996,265	2,277,430	4,273,695	-
Debt service	19,614	175,237	194,851	-
Other	12,970	13,806	26,776	5,711
Unrestricted	(297,911)	445,689	147,778	(321,432)
TOTAL NET POSITION	<u>\$ 21,616,918</u>	<u>\$ 19,208,658</u>	<u>\$ 40,825,576</u>	<u>\$ (61,916)</u>

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, 2020

	Enterprise Funds			Internal Service Fund
	Water	Sewer	Totals	
OPERATING REVENUES:				
Charges for services	\$ 3,889,653	\$ 4,068,262	\$ 7,957,915	\$ 958,560
Intergovernmental	63,105	26,601	89,706	9,489
Miscellaneous	2,931	121,107	124,038	21,999
TOTAL OPERATING REVENUES	3,955,689	4,215,970	8,171,659	990,048
OPERATING EXPENSES:				
Personal services	1,630,240	1,584,591	3,214,831	666,735
Materials and services	776,390	1,356,021	2,132,411	286,378
Support services	234,724	172,322	407,046	-
Depreciation	1,303,811	1,856,062	3,159,873	66,396
TOTAL OPERATING EXPENSES	3,945,165	4,968,996	8,914,161	1,019,509
OPERATING INCOME (LOSS)	10,524	(753,026)	(742,502)	(29,461)
NONOPERATING INCOME (EXPENSE):				
System development charges	185,069	325,410	510,479	-
Interest earned on investments	54,979	74,554	129,533	-
Gain (loss) from sale of asset	27,813	15,755	43,568	-
Property taxes	-	1,521,913	1,521,913	-
Interest expense	(65,269)	(421,833)	(487,102)	-
TOTAL NONOPERATING INCOME (EXPENSE)	202,592	1,515,799	1,718,391	-
INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS	213,116	762,773	975,889	(29,461)
TRANSFERS:				
Transfers out	(36,223)	(36,649)	(72,872)	-
CONTRIBUTIONS:				
Capital contributions	-	157,433	157,433	-
CHANGE IN NET POSITION	176,893	883,557	1,060,450	(29,461)
NET POSITION, June 30, 2019	21,440,025	18,325,101	39,765,126	(32,455)
NET POSITION, June 30, 2020	\$ 21,616,918	\$ 19,208,658	\$ 40,825,576	\$ (61,916)

See notes to basic financial statements.

CITY OF LINCOLN CITY
Lincoln City, Oregon

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2020

	Enterprise Funds			Internal Service Fund
	Water	Sewer	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers	\$ 3,975,473	\$ 4,207,227	\$ 8,182,700	\$ 980,909
Payments to suppliers	(758,144)	(1,464,120)	(2,222,264)	(280,374)
Payments to employees	(1,530,209)	(1,462,905)	(2,993,114)	(618,736)
Payments for support services	(234,724)	(172,322)	(407,046)	-
NET CASH FROM OPERATING ACTIVITIES	1,452,396	1,107,880	2,560,276	81,799
CASH FLOWS FROM NON FINANCING ACTIVITIES:				
Property taxes	-	1,521,913	1,521,913	-
Transfers out	(36,223)	(36,649)	(72,872)	-
NET CASH FROM NON FINANCING ACTIVITIES	(36,223)	1,485,264	1,449,041	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition of capital assets	(1,372,335)	(647,581)	(2,019,916)	(50,479)
Proceeds received from sale of capital assets	31,138	15,755	46,893	-
System development charges	185,069	325,410	510,479	-
Principal paid on advance from other funds	-	(48,917)	(48,917)	-
Principal paid on long-term obligations	(455,672)	(1,255,142)	(1,710,814)	-
Interest paid on long-term obligations	(59,994)	(384,344)	(444,338)	-
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES	(1,671,794)	(1,994,819)	(3,666,613)	(50,479)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest on investments	54,979	74,554	129,533	-
NET INCREASE (DECREASE) IN CASH AND INVESTMENTS	(200,642)	672,879	472,237	31,320
CASH AND INVESTMENTS, beginning of year	2,327,965	2,708,071	5,036,036	74,652
CASH AND INVESTMENTS, end of year	\$ 2,127,323	\$ 3,380,950	\$ 5,508,273	\$ 105,972
RECONCILIATION OF OPERATING INCOME TO NET CASH FROM OPERATING ACTIVITIES				
Operating income (loss)	\$ 10,524	\$ (753,026)	\$ (742,502)	\$ (29,461)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	1,303,811	1,856,062	3,159,873	66,396
Decrease (increase) in assets and deferred outflows				
Receivables, net	19,784	(3,718)	16,066	(9,139)
Prepays	(50,672)	(840)	(51,512)	(6,893)
Inventories	49,648	(13)	49,635	-
Cash with County Treasurer	-	(5,025)	(5,025)	-
Net OPEB Asset	(5,911)	(6,394)	(12,305)	(2,328)
Deferred outflows	(36,600)	(55,239)	(91,839)	(17,969)
Increase (decrease) in liabilities and deferred inflows				
Accounts payable and accrued expenses	19,270	(107,246)	(87,976)	12,897
Compensated absences payable	33,309	13,944	47,253	14,094
OPEB	1,861	1,316	3,177	(676)
Net pension liability	130,793	178,928	309,721	62,117
Deferred inflows	(23,421)	(10,869)	(34,290)	(7,239)
NET CASH FROM OPERATING ACTIVITIES	\$ 1,452,396	\$ 1,107,880	\$ 2,560,276	\$ 81,799
NON CASH TRANSACTIONS				
Purchase of asset by issuing debt	\$ 286,152	\$ -	\$ 286,152	\$ -
Gain/(loss) on sale of asset	\$ (3,325)	\$ -	\$ (3,325)	\$ -

See notes to basic financial statements.

CITY OF LINCOLN CITY
Lincoln City, Oregon

AGENCY FUND

STATEMENT OF ASSETS AND LIABILITIES

JUNE 30, 2020

ASSETS:

Cash and investments

\$ 149,684

LIABILITIES:

Funds held in trust

\$ 149,684

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, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Organization

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

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

Reporting Entity

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

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

Complete financial statements for the Lincoln City Urban Renewal Agency may be viewed on the City's website at www.lincolncity.org.

Basis of Presentation

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

Government-wide Financial Statements

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

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2020

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, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting (Continued)

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

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

Fund Financial Statements

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

The City reports the following major governmental funds:

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

Explore Lincoln City (ELC) – accounts for the financial operations of the ELC fund. Resources are primarily provided from transient room taxes which are restricted for promoting tourism.

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. Property taxes are collected to service sewer bond payments.

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2020

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, 2020.

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, 2020

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, 2020.

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, 2020

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. Due to the COVID-19 pandemic, these limits have been temporarily removed.

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2020

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, 2020

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, 2020

2. DEPOSITS AND INVESTMENTS (Continued)

At June 30, 2020, the City's cash and investments were comprised of the following:

Cash on hand	\$ 2,825
Deposits with financial institutions	373,586
Oregon State Treasurer's Local Government Investment Pool	<u>30,424,754</u>
	<u>\$ 30,801,165</u>

Reported as:

Governmental activities	\$ 25,143,208
Business-type activities	<u>5,508,273</u>
Total per Statement of Net Position	30,651,481
Agency Fund	<u>149,684</u>
	<u>\$ 30,801,165</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, 2020, was \$689,580, 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, 2020

3. ACCOUNTS RECEIVABLE

Receivables as of June 30, 2020, for the City's governmental activities/funds are as follows:

	General	Explore Lincoln City	Police Building Construcion	Other Governmental	Internal Service	Totals
Property taxes	\$ 475,719	\$ -	\$ -	\$ 79,707	\$ -	\$ 555,426
Intergovernmental	224,017	51,115	23,219	299,194	9,229	606,774
Fines and warrants	28,280	-	-	-	-	28,280
Franchise fees	103,903	-	-	-	5,411	109,314
Transient room taxes	292,057	231,752	-	236,028	-	759,837
Reimburse/Local Impr District	506,370	-	-	-	-	506,370
Notes-housing rehabilitation	-	-	-	583,140	-	583,140
Notes-transient housing	350,000	-	-	-	-	350,000
Miscellaneous other	153,447	-	-	15,000	-	168,447
	<u>\$ 2,133,793</u>	<u>\$ 282,867</u>	<u>\$ 23,219</u>	<u>\$ 1,213,069</u>	<u>\$ 14,640</u>	<u>\$ 3,667,588</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 2019-20.

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%	\$ 498,249
Affordable Housing: Habitat and Housing Rehabilitation	15 years	0%	\$ 84,891

Receivables as of June 30, 2020, for the City's business-type activities/funds are as follows:

	Water	Sewer	Totals
User charges	\$ 557,462	\$ 626,099	\$ 1,183,561
Intergovernmental	33,105	26,601	59,706
Reimburse/Local Impr District	-	30,834	30,834
Property taxes	-	100,012	100,012
	<u>\$ 590,567</u>	<u>\$ 783,546</u>	<u>\$ 1,374,113</u>

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2020

4. CAPITAL ASSETS

Transactions for the year ended June 30, 2020, of the governmental activities, were as follows:

	<u>Balance</u> <u>June 30, 2019</u>	<u>Increases</u>	<u>Reclass</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2020</u>
Capital assets not being depreciated:					
Land	\$ 16,035,728	\$ 415,918	\$ (6,014,106)	\$ -	\$ 10,437,540
Public right-of-way	22,328,786	-	-	-	22,328,786
Construction in progress	<u>4,134,061</u>	<u>10,365,041</u>	<u>-</u>	<u>(671,393)</u>	<u>13,827,709</u>
Total capital assets not being depreciated	<u>42,498,575</u>	<u>10,780,959</u>	<u>(6,014,106)</u>	<u>(671,393)</u>	<u>46,594,035</u>
Capital assets being depreciated:					
Buildings	16,146,237	91,408	(9,675)	-	16,227,970
Heavy equipment	537,720	241,322		(855)	778,187
Urban renewal projects	4,916,491	-		-	4,916,491
System improvements	53,737,266	650,521	6,014,106	(39,470)	60,362,423
Vehicles	1,432,367	223,905		(96,427)	1,559,845
Equipment and furniture	4,178,111	349,540	9,675	(138,633)	4,398,693
Books and art	<u>1,202,117</u>	<u>-</u>	<u>-</u>	<u>(1,028,232)</u>	<u>173,885</u>
Total capital assets being depreciated	<u>82,150,309</u>	<u>1,556,696</u>	<u>6,014,106</u>	<u>(1,303,617)</u>	<u>88,417,494</u>
Accumulated depreciation	<u>(52,641,806)</u>	<u>(2,987,366)</u>	<u>-</u>	<u>1,301,865</u>	<u>(54,327,307)</u>
Total capital assets being depreciated, net	<u>29,508,503</u>	<u>(1,430,670)</u>	<u>6,014,106</u>	<u>(1,752)</u>	<u>34,090,187</u>
Total capital assets, net	<u>\$ 72,007,078</u>	<u>\$ 9,350,289</u>	<u>\$ -</u>	<u>\$ (673,145)</u>	<u>\$ 80,684,222</u>

Assets in the Park Improvements and Parking Lots groups totaling \$6,014,106 were reclassified from Land to System improvements, as they are being depreciated.

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

General government	\$ 733,594
Internal Service Fund	66,396
Public safety	165,761
Highway and streets	1,433,371
Culture and recreation	<u>588,244</u>
Total	<u>\$ 2,987,366</u>

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2020

4. CAPITAL ASSETS (Continued)

Transactions for the year ended June 30, 2020, of the business-type activities, were as follows:

	Balance June 30, 2019	Increases	Decreases	Balance June 30, 2020
Capital assets not being depreciated:				
Land and improvements	\$ 811,970	\$ -	\$ (20)	\$ 811,950
Construction in progress	201,098	1,630,673	(1,114,022)	717,749
Total capital assets not being depreciated	1,013,068	1,630,673	(1,114,042)	1,529,699
Capital assets being depreciated:				
Buildings	1,188,587	-	(56,811)	1,131,776
Facilities	92,479,175	1,583,028	(15,000)	94,047,203
Equipment	2,432,535	363,821	(91,321)	2,705,035
Intangibles	120,868	-	-	120,868
Total capital assets being depreciated	96,221,165	1,946,849	(163,132)	98,004,882
Accumulated depreciation	(46,081,165)	(3,159,873)	159,828	(49,081,210)
Total capital assets being depreciated, net	50,140,000	(1,213,024)	(3,304)	48,923,672
Total capital assets, net	\$ 51,153,068	\$ 417,649	\$ (1,117,346)	\$ 50,453,371

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

Water	\$ 1,303,811
Sewer	<u>1,856,062</u>
Total	\$ <u>3,159,873</u>

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2020

5. LONG-TERM OBLIGATIONS

Transactions for the year ended June 30, 2020, of the governmental activities, were as follows:

<u>Note</u>	<u>Balances</u> <u>June 30, 2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balances</u> <u>June 30, 2020</u>	<u>Due within</u> <u>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	\$ 2,532,348	\$ -	\$ 575,954	\$ 1,956,394	\$ 626,240
<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	10,515,000	-	190,000	10,325,000	200,000
<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	277,301	-	50,719	226,583	46,269
	<u>\$ 13,324,649</u>	<u>\$ -</u>	<u>\$ 816,673</u>	<u>\$ 12,507,977</u>	<u>\$ 872,509</u>
Compensated absences	<u>\$ 626,507</u>	<u>\$ 713,017</u>	<u>\$ 626,507</u>	<u>\$ 713,017</u>	<u>\$ 713,017</u>

The future maturities for governmental activity long-term obligations outstanding as of June 30, 2020, are as follows:

Fiscal Year	Full Faith and Credit Note, Series 2017 URA Projects		Police Building Bonds, Series 2018		Police Bldg Bond	Totals	
	Principal	Interest	Principal	Interest	Premium	Principal	Interest
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	36,842	907,288	412,142
2024	-	-	230,000	385,775	31,841	261,841	385,775
2025	-	-	240,000	374,275	26,641	266,641	374,275
2026-2030	-	-	1,400,000	1,677,875	43,349	1,443,349	1,677,875
2031-2035	-	-	1,685,000	1,386,788	-	1,685,000	1,386,788
2036-2040	-	-	2,005,000	1,066,869	-	2,005,000	1,066,869
2041-2045	-	-	2,430,000	640,200	-	2,430,000	640,200
2046-2048	-	-	1,705,000	138,200	-	1,705,000	138,200
	<u>\$ 1,956,394</u>	<u>\$ 108,609</u>	<u>\$ 10,325,000</u>	<u>\$ 6,891,307</u>	<u>\$ 226,583</u>	<u>\$ 12,507,977</u>	<u>\$ 6,999,916</u>

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2020

5. LONG-TERM OBLIGATIONS (Continued)

Transactions for the year ended June 30, 2020, of the business-type activities, were as follows:

	<u>Balance</u> <u>June 30, 2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balances</u> <u>June 30, 2020</u>	<u>Due w ithin</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	\$ 2,100,000	\$ -	\$ 405,000	\$ 1,695,000	\$ 410,000
<u>General Obligation Bonds</u>					
Sew er Bonds, Series 2011, Original issue amount \$7 million, final maturity March 2026, interest at 4.1 percent					
Principal	3,674,684	-	482,662	3,192,022	502,758
Sew er Bonds, Refunding Series 2013 Original issue amount \$9.885 million, final maturity June 2030, interest at 2.4 percent					
Principal	9,620,000	-	730,000	8,890,000	760,000
<u>Contract payable</u>					
Original issue amount \$355,960, final maturity August 2023, interest at 4.19 percent					
Principal	300,873	-	42,480	258,393	44,260
Original issue amount \$286,152, final maturity July 2024, interest at 3.67 percent					
Principal	-	286,152	50,672	235,480	42,030
	<u>\$ 15,695,557</u>	<u>\$ 286,152</u>	<u>\$ 1,710,814</u>	<u>\$ 14,270,895</u>	<u>\$ 1,759,048</u>
Compensated absences	<u>\$ 145,577</u>	<u>\$ 192,830</u>	<u>\$ 145,577</u>	<u>\$ 192,830</u>	<u>\$ 192,830</u>

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2020

5. LONG-TERM OBLIGATIONS (Continued)

The future maturities for business-type activity long-term obligations outstanding as of June 30, 2020, 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
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	-	-	591,862	34,104	875,000	148,088
2026-30	-	-	460,013	9,462	4,780,000	409,325
	<u>\$ 1,695,000</u>	<u>\$ 121,972</u>	<u>\$ 3,192,022</u>	<u>\$ 407,285</u>	<u>\$ 8,890,000</u>	<u>\$ 1,318,813</u>

Fiscal Year	Contract Payable Sewer		Contract Payable Water		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 44,260	\$ 10,826	\$ 42,030	\$ 8,642	\$ 1,759,048	\$ 404,818
2022	46,114	8,972	43,573	7,100	1,828,377	353,608
2023	48,046	7,040	45,172	5,500	1,898,712	300,407
2024	119,973	5,027	46,829	3,843	2,020,007	245,208
2025	-	-	57,876	2,124	1,524,738	184,316
2026-30	-	-	-	-	5,240,013	418,787
	<u>\$ 258,393</u>	<u>\$ 31,865</u>	<u>\$ 235,480</u>	<u>\$ 27,209</u>	<u>\$ 14,270,895</u>	<u>\$ 1,907,144</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, 2020, unavailable revenue consists of the following:

	General Fund	Other Governmental Funds	Totals
Property taxes	\$ 475,719	\$ 79,707	\$ 555,426
LID/Reimbursement Dist/Abatement	506,370	-	506,370
Fines and warrants	26,065	-	26,065
Total	<u>\$ 1,008,154</u>	<u>\$ 79,707</u>	<u>\$ 1,087,861</u>

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2020

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. The City is reporting its landfill closure and post closure care costs liability using the most recent Consortium estimates from June 2018.

At June 30, 2020, the City reports a restricted fund balance amount related to these post-closure requirements of \$603,792 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 final average salary. Benefits may also be calculated under either a formula plus

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2020

8. EMPLOYEE RETIREMENT PENSION PLAN (continued)

Plan Description (continued)

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, 2020

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, 2020

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, 2020 were \$1,970,467. Of this amount, \$1,345,467 was contractually required. The remaining \$625,000 is the City's lump sum contribution of \$500,000 and the 25% match from the State of \$125,000 to the Employer Incentive Fund, which pre-pays some of the City's outstanding PERS liability. The contractually required contribution rates in effect for the fiscal year ended June 30, 2020 were 21.60% for Tier One/Tier Two, 13.43% for OPSRP Pension Program General Service Members, 18.06% for OPSRP Pension Program Police and Fire Members. Additionally, the City pays 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, 2020, the City reported a liability of \$12,102,621 for its proportionate share of the plan pension liability. The net pension liability was measured as of June 30, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. 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, 2020 and 2019, the City's proportion was 0.06996703 and 0.07086270 percent, respectively.

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2020

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, 2020, the City recognized pension expense of \$2,747,572. At June 30, 2020, 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	\$ 667,424	\$ -
Change of assumptions	1,641,859	-
Net difference between projected and actual earnings on pension plan investments	-	343,097
Changes in proportionate share	15,690	462,744
Difference between employer contributions and employer's proportionate share of contributions	16,015	320,042
City contributions subsequent to the measurement Date	1,970,467	-
Total	<u>\$ 4,311,455</u>	<u>\$ 1,125,883</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, 2021.

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>
2021	\$ 847,277
2022	(101,267)
2023	239,750
2024	220,982
2025	8,363
	<u>\$ 1,215,105</u>

Actuarial Methods and Assumptions

Actuarial Valuations - The employer contribution rates effective July 1, 2019, through June 30, 2021, 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, 2020

8. EMPLOYEE RETIREMENT PENSION PLAN (continued)

Actuarial Methods and Assumptions (continued)

The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions:

Valuation date	December 31, 2017
Measurement date	June 30, 2019
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, 2020

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>
Debt Securities	15.0	25.0	20.0
Public Equity	32.5	42.5	37.5
Private Equity	14.0	21.0	17.5
Real Estate	9.5	15.5	12.5
Alternatives Portfolio	-	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 2017 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
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
Non-US Small Cap Equities	1.9	7.0

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2020

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>
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	\$ 19,381,273	\$ 12,102,621	\$ 6,011,391

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 Oregon Supreme Court upheld the legislation on August 6, 2020.

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

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2020

8. EMPLOYEE RETIREMENT PENSION PLAN (continued)

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

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, 2020 the City paid \$503,589.

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 benefit 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.

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

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2020

9. OTHER POSTEMPLOYMENT BENEFITS (continued)

Health Insurance Continuation (continued)

Total OPEB Liability – The City’s total OPEB Liability of \$521,289 was measured as of June 30, 2019 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	3.50%
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, 2020.

	<u>Total OPEB Liability</u>
Balance as of June 30, 2019	\$ 507,548
Changes for the Year	
Service Costs	37,408
Interest	20,014
Changes of economic/demographic gains or losses	-
Changes of assumptions	12,440
Benefit payments	<u>(56,121)</u>
Balance as of June 30, 2020	<u>\$ 521,289</u>

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2020

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 (2.5%) or one percentage point higher (4.5%) than the current rate. A similar sensitivity analysis is presented for changes in the healthcare cost trend assumption.

	<u>1% Decrease (2.4%)</u>	<u>Discount Rate (3.5%)</u>	<u>1% Increase (4.5%)</u>
Total OPEB Liability	\$ 554,146	\$ 521,289	\$ 490,641
	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 478,605	\$ 521,289	\$ 571,317

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - For the year ended June 30, 2020, the City recognized OPEB expense of \$47,236 in the government wide Statement of Activities. At June 30, 2020, 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	\$ 28,722	\$ -
Changes of assumptions or other inputs	10,736	87,328
Subtotal - Amortized Deferrals (shown below)	39,458	87,328
City contributions subsequent to the measurement	53,416	-
Totals	<u>\$ 92,874</u>	<u>\$ 87,328</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, 2021.

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, 2020

9. OTHER POSTEMPLOYMENT BENEFITS (continued)

Health Insurance Continuation (continued)

For the year ending June 30,	Total
2021	\$ (10,186)
2022	(10,186)
2023	(10,186)
2024	(10,186)
2025	(6,980)
Thereafter	(146)
Total	<u>\$ (47,870)</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.

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 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.

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2020

9. OTHER POSTEMPLOYMENT BENEFITS (continued)

OPERS Retirement Health Insurance Account (continued)

Participating cities are contractually required to contribute to RHIA at a rate assessed each year by PERS. The City's contractually required contribution rate for the year ended June 30, 2020, was 0.06% of covered payroll for Tire 1/Tier 2 employees. 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 \$4,003 for the year ended June 30, 2020, 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, 2020, the City reported an asset of \$138,235 for its proportionate share of the net OPEB asset, which is included in Prepaids and other on the Statement of Net Position. The net OPEB asset was measured as of June 30, 2019 and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2017 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, 2020, the City's proportion was 0.07153686%.

For the year ended June 30, 2020, the city recognized OPEB income of \$19,098. The following table shows the components of the City's annual OPEB expense/ (income) for the year ended June 30, 2020:

Employer's proportionate share of collective system OPEB Expense / (Income)	\$ (17,978)
Net amortization of employer-specific deferred amounts from:	
- Changes in proportionate share	<u>(1,120)</u>
Total OPEB Expense / (Income)	<u>\$ (19,098)</u>

Components of Deferred Outflows/Inflows of Resources - At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ -	\$ 18,229
Changes of assumptions		143
Net difference between projected and actual earnings on investments		8,532
Changes in proportionate share	<u>281</u>	<u>2,625</u>
Subtotal - Amortized Deferrals (shown below)	281	29,529
City contributions subsequent to the measurement date	<u>4,003</u>	-
Deferred Outflows / Inflows of Resources	<u>\$ 4,284</u>	<u>\$ 29,529</u>

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2020

9. OTHER POSTEMPLOYMENT BENEFITS (continued)

OPERS Retirement Health Insurance Account (continued)

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, 2021.

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,	Total
2021	\$ (14,911)
2022	(13,518)
2023	(1,699)
2024	879
Total	<u>\$ (29,248)</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.

The total OPEB liability in the December 31, 2017 actuarial valuation was determined using the following actuarial methods and assumptions:

Valuation date	December 31, 2017
Measurement date	June 30, 2019
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 35%; Disabled retirees 20%
Healthcare cost trend rate	Not applicable

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2020

9. OTHER POSTEMPLOYMENT BENEFITS (continued)

OPERS Retirement Health Insurance Account (continued)

Mortality

Healthy retirees and beneficiaries: RP-2014 Healthy annuitant, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.

Active member: RP-2014 Employees, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and setbacks as described in the valuation.

Disabled retirees: RP-2014 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale

Discount Rate – The discount rates used to measure the total OPEB liability at June 30, 2019 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.

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)	\$ (107,168)	\$ (138,235)	\$ (164,707)

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

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2020

10. OTHER INFORMATION (continued)

Risk Management (continued)

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

In 1981, the League of Oregon Cities joined together with the Association of Oregon Cities to form City County Insurance Services (CCIS), a public entity risk pool currently operating as a common risk management and insurance program for approximately 265 municipal corporations and associated entities in the State of Oregon. CCIS is self-sustaining through member premiums and reinsures through commercial companies for claims in excess of \$2 million for each insured event.

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

Interfund Transfers

Cash transfers are indicative of funding for capital projects, debt service, and subsidies of various City operations and re-allocations of special revenues. The non-cash transfers occur when a governmental fund purchases a capital asset which will be used in the operation of a business type activity (or vice versa), or when a governmental fund receives proceeds from or pays principal on long-term obligations reported in a business-type activity fund (or vice versa). The following schedule briefly summarizes the City's transfer activity for the year ended June 30, 2020:

<u>Funds</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental		
General	\$ 3,651	\$ 2,145,583
Explore Lincoln City	200,000	69,208
Other governmental	2,084,012	-
Proprietary		
Water	-	36,223
Sewer	-	36,649
	<u>\$ 2,287,663</u>	<u>\$ 2,287,663</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 \$11.6 million has been

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2020

10. OTHER INFORMATION (continued)

Construction Commitments (continued)

spent as of June 30, 2020, leaving an outstanding construction commitment of approximately \$1.0 million.

In February 2020, the City Council approved \$209,958 plus contingency to be used for a new radio antenna tower for the police. \$48,651 has been expended on this project as of June 30, 2020.

The City has entered into an agreement with Oregon Department of Transportation (ODOT) for Highway 101 NE Neotsu to NE West Devils Lake Road Bike/Pedestrian Improvements. ODOT will pay approximately \$2.7 million to the City for this improvement. In March of 2020, the City Council approved a design-build-contract award for the project, which is expected to cost approximately \$3 million. In April 2020, the City issued a purchase order for \$219,702 for phase 1 of the project. As of June 30, 2020, \$60,645 was spent on the purchase order.

In April 2020, the City issued a purchase order for \$150,723 for the UR Cutler BayWalk Hwy 101 Sidewalk Gap project. As of June 30, 2020, \$28,240 was spent on the purchase order.

The City entered into an agreement with Oregon Department of Transportation (ODOT) to replace the bridge on West Devils Lake Road. ODOT will pay approximately \$1.2 million to the City for this project. In June 2020, the City issued a purchase order for \$1,270,605 for phase 2 of the replacement of the West Devils Lake Road Bridge. No monies have been expended on the purchase order as of June 30, 2020.

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.

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2020

10. OTHER INFORMATION (continued)

Budget Policies and Budgetary Control (continued)

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 25th, 2019, the City Council elected to participate in the PERS employer incentive program. A second payment of \$1,590,262 was sent to PERS in August 2020, in order to capture the maximum state match available.

On August 10th, 2020, the City Council adopted Ordinance 2020-20, which establishes a new Urban Renewal District, to provide capital improvements to the north end of the City over a 27 year period.

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, 2020

	<u>2018</u>	<u>2019</u>	<u>2020</u>
Total OPEB Liability			
Service Cost	\$ 44,858	\$ 42,313	\$ 37,408
Interest	16,413	20,231	20,014
Changes in economic/demographic gains or losses	-	39,560	-
Changes in assumptions	(28,874)	(97,082)	12,440
Benefit payments	<u>(41,145)</u>	<u>(40,205)</u>	<u>(56,121)</u>
Net change in total OPEB liability	(8,748)	(35,183)	13,741
Total OPEB liability - beginning	<u>551,479</u>	<u>542,731</u>	<u>507,548</u>
Total OPEB liability - ending	<u><u>\$ 542,731</u></u>	<u><u>\$ 507,548</u></u>	<u><u>\$ 521,289</u></u>
Covered-employee payroll	\$ 8,028,837	\$ 8,621,321	\$ 8,960,286
Total OEPB liability as a percentage of covered-employee payroll	6.76%	5.89%	5.82%

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, 2020

<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%
2020	0.07153686%	(138,235)	8,621,321	-1.60%	144.4%

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, 2020

<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%
2020	4,003	4,003	-	8,960,286	0.04%

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, 2020

<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%
2020	0.06996703%	12,102,621	8,621,321	140.4%	80.2%

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, 2020

<u>Fiscal Year</u>	<u>Contractually required contributions</u>	<u>Contributions in relation to the contractually required contributions</u>	<u>Contribution excess/ (deficiency)</u>	<u>City's covered employee payroll</u>	<u>Contractual 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%
2020	1,970,467	1,345,467	625,000	8,960,286	15.0%

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

GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2020

	Budget		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
REVENUES:				
Property taxes	\$ 7,051,583	\$ 7,051,583	\$ 7,247,150	\$ 195,567
Franchise fees	1,131,593	1,131,593	1,071,625	(59,968)
Transient room tax	1,669,047	1,669,047	1,335,661	(333,386)
Fees, licenses and permits	763,998	763,998	783,600	19,602
Fines, and forfeitures	158,211	158,211	209,953	51,742
Charges for services	23,623	23,623	50,000	26,377
Intergovernmental	784,989	787,425	931,556	144,131
Interest	248,244	248,244	211,624	(36,620)
Miscellaneous	940,694	1,001,294	822,323	(178,971)
TOTAL REVENUES	12,771,982	12,835,018	12,663,492	(171,526)
EXPENDITURES:				
City council	72,496	72,496	32,481	40,015
City administration	698,067	719,214	684,475	34,739
Finance	815,006	839,830	837,776	2,054
Library	1,019,353	1,046,098	1,044,386	1,712
Municipal court	86,568	87,252	71,317	15,935
City attorney	261,113	271,290	251,890	19,400
Planning	541,233	554,774	388,264	166,510
Building inspection	328,154	331,744	312,848	18,896
Economic Development	642,125	645,416	532,750	112,666
Police	5,025,389	5,278,011	5,207,626	70,385
Dispatch Center	1,189,484	1,218,287	1,150,048	68,239
Recreation department	1,464,853	1,505,645	1,300,338	205,307
Non-departmental	295,718	701,917	741,856	(39,939)
Contingencies	2,000,000	1,030,621	-	1,030,621
TOTAL EXPENDITURES	14,439,559	14,302,595	12,556,055	1,746,540
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,667,577)	(1,467,577)	107,437	1,575,014
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of capital assets	-	-	1,301	1,301
Transfers in	592,510	592,510	592,510	-
Transfers out	(2,295,583)	(2,495,583)	(2,145,583)	350,000
TOTAL OTHER FINANCING SOURCES (USES)	(1,703,073)	(1,903,073)	(1,551,772)	351,301
NET CHANGE IN FUND BALANCE	(3,370,650)	(3,370,650)	(1,444,335)	1,926,315
FUND BALANCE, beginning of year	9,430,280	9,430,280	11,149,926	1,719,646
FUND BALANCE, end of year	\$ 6,059,630	\$ 6,059,630	\$ 9,705,591	\$ 3,645,961
Change in fund balance - budgetary basis			\$ (1,444,335)	
New loan reported as increase in receivable			350,000	
Loan repayments reported as reduction in receivable			(48,917)	
Change in fund balance - GAAP basis			\$ (1,143,252)	
Fund balance - budgetary basis			\$ 9,705,591	
Balance of loans receivable			552,865	
Fund balance - GAAP basis			\$ 10,258,456	

CITY OF LINCOLN CITY
Lincoln City, Oregon

EXPLORE LINCOLN CITY

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

FOR THE YEAR ENDED JUNE 30, 2020

	Budget		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ 51,114	\$ (51,114)
Transient room tax	2,265,740	2,265,740	1,805,803	(459,937)
Interest on investments	37,600	37,600	47,308	9,708
Miscellaneous	50,300	50,300	25,957	(24,343)
TOTAL REVENUES	2,353,640	2,353,640	1,930,182	(525,686)
EXPENDITURES:				
Personal services	684,402	704,895	664,886	40,009
Materials and services	1,486,940	2,321,940	1,571,650	750,290
Capital outlay	495,000	495,000	79,393	415,607
Contingency	1,748,006	1,092,513	-	1,092,513
TOTAL EXPENDITURES	4,414,348	4,614,348	2,315,929	2,298,419
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,060,708)	(2,260,708)	(385,747)	1,874,961
OTHER FINANCING USES:				
Transfers in	-	200,000	200,000	200,000
Transfers out	(108,037)	(108,037)	(108,037)	-
TOTAL OTHER FINANCING USES	(108,037)	91,963	91,963	200,000
NET CHANGE IN FUND BALANCE	(2,168,745)	(2,168,745)	(293,784)	1,874,961
FUND BALANCE, beginning of year	2,168,745	2,168,745	2,355,326	186,581
FUND BALANCE, end of year	\$ -	\$ -	\$ 2,061,542	\$ 2,061,542
Change in fund balance - budgetary basis			\$ (293,784)	
COVID-19 Relief recorded as expense			516,321	
Change in fund balance - GAAP basis			\$ 222,537	
Fund balance - budgetary basis			\$ 2,061,542	
COVID-19 Relief recorded as expense			516,321	
Fund balance - GAAP basis			\$ 2,577,863	

CITY OF LINCOLN CITY, OREGON

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2020

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 services, materials and services, capital outlay, special payments, debt service, and operating contingencies 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 five changes to the fiscal year 2019-20 General Fund adopted budget. These changes recatergorized operating expenditures to reflect actual spending patterns. It also added an expenditure of a \$350,000 loan for Helping Hands, a \$300,460 expenditure to participate in the PERS employer incentive match program, and a \$200,000 transfer to ELC for COVID-19 economic aid package.

OTHER SUPPLEMENTARY INFORMATION

CITY OF LINCOLN CITY
Lincoln City, Oregon

NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2020

	Special Revenue Funds	Debt Service Fund	Capital Project Funds	Totals
ASSETS:				
Cash and investments	\$ 2,841,424	\$ 1,245,493	\$ 6,930,672	\$ 11,017,589
Cash with County Treasurer	-	7,222	-	7,222
Receivables	771,507	79,707	361,855	1,213,069
Prepaid items	300	-	-	300
Assets held for sale	560,822	-	-	560,822
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	\$ 4,174,053	\$ 1,332,422	\$ 7,292,527	\$ 12,799,002
	<hr/>	<hr/>	<hr/>	<hr/>
LIABILITIES:				
Accounts payable	\$ 53,127	\$ -	\$ 219,096	\$ 272,223
	<hr/>	<hr/>	<hr/>	<hr/>
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenue	-	79,707	-	79,707
	<hr/>	<hr/>	<hr/>	<hr/>
FUND BALANCES:				
Nonspendable in form	1,144,262	-	-	1,144,262
Restricted for:				
Capital projects	-	-	7,073,431	7,073,431
Road construction/maintenance	507,719	-	-	507,719
Urban renewal	772,616	-	-	772,616
Parks maintenance	1,148,959	-	-	1,148,959
Debt service	-	1,252,715	-	1,252,715
Committed to:				
Affordable housing	231,600	-	-	231,600
Maintenance	178,205	-	-	178,205
Art and education	137,565	-	-	137,565
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL FUND BALANCES	4,120,926	1,252,715	7,073,431	12,447,072
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCE	\$ 4,174,053	\$ 1,332,422	\$ 7,292,527	\$ 12,799,002
	<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, 2020

	Special Revenue Funds	Debt Service Fund	Capital Project Funds	Eliminations	Totals
REVENUES:					
Property taxes	\$ -	\$ 765,085	\$ -	\$ -	\$ 765,085
Transient room tax	2,224,493	-	592,429	-	2,816,922
Rents	196,541	-	-	-	196,541
Charges for services	13,092	-	277,522	-	290,614
Intergovernmental	65,130	-	1,871,345	-	1,936,475
Reimbursement from other funds	9,517	-	-	-	9,517
Interest on investments	62,583	30,209	162,354	-	255,146
Miscellaneous	49,883	-	921	-	50,804
TOTAL REVENUES	2,621,239	795,294	2,904,571	-	6,321,104
EXPENDITURES:					
Current:					
General government	615,752	-	-	-	615,752
Highways and streets	1,283,036	-	197,273	-	1,480,309
Culture and recreation	1,285,801	-	-	-	1,285,801
Art and education	1,949	-	-	-	1,949
Capital outlay	431,602	-	2,776,444	-	3,208,046
Debt service	-	651,251	616,775	-	1,268,026
TOTAL EXPENDITURES	3,618,140	651,251	3,590,492	-	7,859,883
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(996,901)	144,043	(685,921)	-	(1,538,779)
OTHER FINANCING SOURCES (USES):					
Proceeds from sale of equipment	34,765	-	4,990	-	39,755
Transfers in	488,533	-	1,725,000	(129,521)	2,084,012
Transfers out	(125,000)	-	(4,521)	129,521	-
TOTAL OTHER FINANCING SOURCES (USES)	398,298	-	1,725,469	-	2,123,767
NET CHANGE IN FUND BALANCE	(598,603)	144,043	1,039,548	-	584,988
FUND BALANCE, beginning of year	4,719,529	1,108,672	6,033,883	-	11,862,084
FUND BALANCE, end of year	\$ 4,120,926	\$ 1,252,715	\$ 7,073,431	\$ -	\$ 12,447,072

CITY OF LINCOLN CITY
Lincoln City, Oregon

NONMAJOR SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2020

	<u>Affordable Housing</u>	<u>Lincoln Square Operations</u>	<u>Street</u>	<u>Urban Renewal Property Rehabilitation Program</u>
ASSETS:				
Cash and investments	\$ 231,738	\$ 185,986	\$ 368,367	\$ 586,625
Receivables	84,891	2,800	157,950	500,216
Prepaid items	-	-	-	-
Assets held for Sale	<u>560,822</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 877,451</u>	<u>\$ 188,786</u>	<u>\$ 526,317</u>	<u>\$ 1,086,841</u>
LIABILITIES:				
Accounts payable	<u>\$ 138</u>	<u>\$ 10,581</u>	<u>\$ 18,598</u>	<u>\$ 6,718</u>
FUND BALANCES:				
Nonspendable in form	645,713	-	-	498,249
Restricted for:				
Road construction/maintenance	-	-	507,719	-
Parks maintenance	-	-	-	-
Urban Renewal	-	-	-	581,874
Committed to:				
Affordable housing	231,600	-	-	-
Maintenance	-	178,205	-	-
Art and education	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL FUND BALANCES	<u>877,313</u>	<u>178,205</u>	<u>507,719</u>	<u>1,080,123</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 877,451</u>	<u>\$ 188,786</u>	<u>\$ 526,317</u>	<u>\$ 1,086,841</u>

<u>Parks Maintenance</u>	<u>Urban Renewal</u>	<u>Percent for Art</u>	<u>Totals</u>
\$ 1,154,975	\$ 176,168	\$ 137,565	\$ 2,841,424
10,650	15,000	-	771,507
300	-	-	300
-	-	-	560,822
<u>\$ 1,165,925</u>	<u>\$ 191,168</u>	<u>\$ 137,565</u>	<u>\$ 4,174,053</u>
<u>\$ 16,666</u>	<u>\$ 426</u>	<u>\$ -</u>	<u>\$ 53,127</u>
300	-	-	1,144,262
-	-	-	507,719
1,148,959	-	-	1,148,959
-	190,742	-	772,616
-	-	-	231,600
-	-	-	178,205
-	-	137,565	137,565
<u>1,149,259</u>	<u>190,742</u>	<u>137,565</u>	<u>4,120,926</u>
<u>\$ 1,165,925</u>	<u>\$ 191,168</u>	<u>\$ 137,565</u>	<u>\$ 4,174,053</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, 2020

	<u>Affordable Housing</u>	<u>Lincoln Square Operations</u>	<u>Street</u>	<u>Urban Renewal Property Rehabilitation Program</u>
REVENUES:				
Transient room tax	\$ -	\$ -	\$ 1,184,191	\$ -
Rents	5,250	191,291	-	-
Charges for services	-	-	13,092	-
Intergovernmental	-	3,625	5,983	-
Reimbursement from other funds	-	9,517	-	-
Interest on investments	4,759	4,913	11,120	6,711
Miscellaneous	-	37,001	6,311	-
TOTAL REVENUES	<u>10,009</u>	<u>246,347</u>	<u>1,220,697</u>	<u>6,711</u>
EXPENDITURES:				
Current				
General government	21,090	405,771	-	35,465
Highways and streets	-	-	1,283,036	-
Culture and recreation	-	-	-	-
Art and education	-	-	-	-
Capital outlay	-	10,875	298,102	-
TOTAL EXPENDITURES	<u>21,090</u>	<u>416,646</u>	<u>1,581,138</u>	<u>35,465</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(11,081)</u>	<u>(170,299)</u>	<u>(360,441)</u>	<u>(28,754)</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of capital assets	-	-	34,565	-
Transfers in	100,000	230,976	-	-
Transfers out	-	-	(157,998)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>100,000</u>	<u>230,976</u>	<u>(123,433)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	88,919	60,677	(483,874)	(28,754)
FUND BALANCE, beginning of year	<u>788,394</u>	<u>117,528</u>	<u>991,593</u>	<u>1,108,877</u>
FUND BALANCE, end of year	<u>\$ 877,313</u>	<u>\$ 178,205</u>	<u>\$ 507,719</u>	<u>\$ 1,080,123</u>

<u>Parks Maintenance</u>	<u>Urban Renewal</u>	<u>Percent for Art</u>	<u>Eliminations</u>	<u>Totals</u>
\$ 1,040,302	\$ -	\$ -	\$ -	\$ 2,224,493
-	-	-	-	196,541
-	-	-	-	13,092
40,522	15,000	-	-	65,130
-	-	-	-	9,517
26,205	5,897	2,978	-	62,583
6,571	-	-	-	49,883
<u>1,113,600</u>	<u>20,897</u>	<u>2,978</u>	<u>-</u>	<u>2,621,239</u>
-	153,426	-	-	615,752
-	-	-	-	1,283,036
1,285,801	-	-	-	1,285,801
-	-	1,949	-	1,949
121,710	915	-	-	431,602
<u>1,407,511</u>	<u>154,341</u>	<u>1,949</u>	<u>-</u>	<u>3,618,140</u>
<u>(293,911)</u>	<u>(133,444)</u>	<u>1,029</u>	<u>-</u>	<u>(996,901)</u>
200	-	-	-	34,765
182,809	-	7,746	(32,998)	488,533
-	-	-	32,998	(125,000)
<u>183,009</u>	<u>-</u>	<u>7,746</u>	<u>-</u>	<u>398,298</u>
(110,902)	(133,444)	8,775	-	(598,603)
<u>1,260,161</u>	<u>324,186</u>	<u>128,790</u>	<u>-</u>	<u>4,719,529</u>
<u>\$ 1,149,259</u>	<u>\$ 190,742</u>	<u>\$ 137,565</u>	<u>\$ -</u>	<u>\$ 4,120,926</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, 2020

	Original/Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:			
Rents	\$ 15,000	\$ 5,250	\$ (9,750)
Interest on investments	2,700	4,759	2,059
TOTAL REVENUES	17,700	10,009	(7,691)
EXPENDITURES:			
Materials and services	31,609	21,090	10,519
Capital outlay	209,276	-	209,276
TOTAL EXPENDITURES	240,885	21,090	219,795
REVENUES UNDER EXPENDITURES	(223,185)	(11,081)	212,104
OTHER FINANCING SOURCES (USES):			
Transfers in	100,000	100,000	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(123,185)	88,919	212,104
FUND BALANCE, beginning of year	123,185	142,681	19,496
FUND BALANCE, end of year	\$ -	\$ 231,600	\$ 231,600
Fund balance - budgetary basis		\$ 231,600	
Balance of loans receivable		84,891	
Assets held for sale		560,822	
Fund balance - GAAP basis		\$ 877,313	

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, 2020

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Rents	\$ 192,300	\$ 192,300	\$ 191,291	\$ (1,009)
Reimbursement from other funds	9,517	9,517	9,517	-
Intergovernmental	950	950	3,625	2,675
Interest on investments	1,900	1,900	4,913	3,013
Miscellaneous	38,400	38,400	37,001	(1,399)
TOTAL REVENUES	<u>243,067</u>	<u>243,067</u>	<u>246,347</u>	<u>3,280</u>
EXPENDITURES:				
Personal services	161,794	167,868	155,238	12,630
Materials and services	278,581	267,706	250,533	17,173
Capital outlay	5,000	15,875	10,875	5,000
Contingency	129,354	123,280	-	123,280
TOTAL EXPENDITURES	<u>574,729</u>	<u>574,729</u>	<u>416,646</u>	<u>158,083</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(331,662)	(331,662)	(170,299)	161,363
OTHER FINANCING SOURCES:				
Transfers in	<u>230,976</u>	<u>230,976</u>	<u>230,976</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(100,686)	(100,686)	60,677	161,363
FUND BALANCE, beginning of year	<u>100,686</u>	<u>100,686</u>	<u>117,528</u>	<u>16,842</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 178,205</u>	<u>\$ 178,205</u>

CITY OF LINCOLN CITY
Lincoln City, Oregon

STREET FUND

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

FOR THE YEAR ENDED JUNE 30, 2020

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Transient room tax	\$ 1,485,711	\$ 1,485,711	\$ 1,184,191	\$ (301,520)
Charges for services	15,000	15,000	13,092	(1,908)
Intergovernmental	-	-	5,983	5,983
Interest on investments	20,000	20,000	11,120	(8,880)
Miscellaneous	-	-	6,311	6,311
TOTAL REVENUES	<u>1,520,711</u>	<u>1,520,711</u>	<u>1,220,697</u>	<u>(300,014)</u>
EXPENDITURES:				
Personal services	750,029	783,594	770,102	13,492
Materials and services	497,814	497,814	441,960	55,854
Capital outlay	326,000	326,000	298,102	27,898
Contingency	648,785	615,220	-	615,220
TOTAL EXPENDITURES	<u>2,222,628</u>	<u>2,222,628</u>	<u>1,510,164</u>	<u>712,464</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(701,917)</u>	<u>(701,917)</u>	<u>(289,467)</u>	<u>412,450</u>
OTHER FINANCING USES:				
Proceeds from sale of equipment	-	-	34,565	34,565
Transfers out	<u>(230,972)</u>	<u>(230,972)</u>	<u>(228,972)</u>	<u>2,000</u>
TOTAL OTHER FINANCING USES	<u>(230,972)</u>	<u>(230,972)</u>	<u>(194,407)</u>	<u>36,565</u>
NET CHANGE IN FUND BALANCE	<u>(932,889)</u>	<u>(932,889)</u>	<u>(483,874)</u>	<u>449,015</u>
FUND BALANCE, beginning of year	<u>932,889</u>	<u>932,889</u>	<u>991,593</u>	<u>58,704</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 507,719</u>	<u>\$ 507,719</u>
Transfers out - budgetary basis			\$ 228,972	
Transfer for support services			<u>(70,974)</u>	
Transfers out - GAAP basis			<u>\$ 157,998</u>	
Total expenditures - budgetary basis			\$ 1,510,164	
Transfer for support services			<u>70,974</u>	
Total expenditures - GAAP basis			<u>\$ 1,581,138</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, 2020

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Loan repayments	\$ 70,900	\$ 70,900	\$ 74,745	\$ 3,845
Interest on investments	7,300	7,300	6,711	(589)
TOTAL REVENUES	<u>78,200</u>	<u>78,200</u>	<u>81,456</u>	<u>3,256</u>
EXPENDITURES:				
Materials and services	80,400	80,400	35,465	44,935
Special payments	880,029	467,097	150,000	317,097
TOTAL EXPENDITURES	<u>960,429</u>	<u>547,497</u>	<u>185,465</u>	<u>362,032</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(882,229)	(469,297)	(104,009)	365,288
OTHER FINANCING SOURCES (USES):				
Transfers in	412,932	-	-	-
NET CHANGE IN FUND BALANCE	(469,297)	(469,297)	(104,009)	365,288
FUND BALANCE, beginning of year	<u>469,297</u>	<u>469,297</u>	<u>685,883</u>	<u>216,586</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 581,874</u>	<u>\$ 581,874</u>
Fund balance - budgetary basis			\$ 581,874	
Balance of loans receivable			498,249	
Fund balance - GAAP basis			<u>\$ 1,080,123</u>	
Change in fund balance - budgetary basis			\$ (104,009)	
New loan reported as increase in receivable			150,000	
Loan repayments reported as reduction in receivable			(74,745)	
Changes in fund balance - GAAP basis			<u>\$ (28,754)</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, 2020

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Transient room tax	\$ 1,305,246	\$ 1,305,246	\$ 1,040,302	\$ (264,944)
Intergovernmental	8,200	8,200	40,522	32,322
Interest on investments	18,700	18,700	26,205	7,505
Miscellaneous	-	-	6,571	6,571
	<u>1,332,146</u>	<u>1,332,146</u>	<u>1,113,600</u>	<u>(218,546)</u>
TOTAL REVENUES				
EXPENDITURES:				
Personal services	838,878	863,774	839,870	23,904
Materials and services	423,809	521,618	422,838	98,780
Capital outlay	253,100	253,100	121,710	131,390
Contingency	931,527	906,631	-	906,631
	<u>2,447,314</u>	<u>2,545,123</u>	<u>1,384,418</u>	<u>1,160,705</u>
TOTAL EXPENDITURES				
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,115,168)</u>	<u>(1,212,977)</u>	<u>(270,818)</u>	<u>942,159</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of equipment	-	-	200	200
Transfers in	85,000	182,809	182,809	-
Transfers out	(23,093)	(23,093)	(23,093)	-
	<u>61,907</u>	<u>159,716</u>	<u>159,916</u>	<u>200</u>
TOTAL OTHER FINANCING SOURCES (USES)				
NET CHANGE IN FUND BALANCE	(1,053,261)	(1,053,261)	(110,902)	942,359
FUND BALANCE, beginning of year	<u>1,053,261</u>	<u>1,053,261</u>	<u>1,260,161</u>	<u>206,900</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,149,259</u>	<u>\$ 1,149,259</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, 2020

	Budget		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ 15,000	\$ 15,000
Interest on investments	10,100	10,100	5,897	(4,203)
TOTAL REVENUES	10,100	10,100	20,897	10,797
EXPENDITURES:				
Personal services	58,453	62,254	62,252	2
Materials and services	112,402	112,402	91,174	21,228
Capital outlay	113,695	109,894	915	108,979
TOTAL EXPENDITURES	284,550	284,550	154,341	130,209
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND CHANGE IN FUND BALANCE	(274,450)	(274,450)	(133,444)	141,006
FUND BALANCE, beginning of year	274,450	274,450	324,186	49,736
FUND BALANCE, end of year	\$ -	\$ -	\$ 190,742	\$ 190,742

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, 2020

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Interest on investments	\$ 1,700	\$ 1,700	\$ 2,978	\$ 1,278
Miscellaneous	1,250	1,250	-	(1,250)
TOTAL REVENUES	<u>2,950</u>	<u>2,950</u>	<u>2,978</u>	<u>28</u>
EXPENDITURES:				
Materials and services	10,000	10,000	1,949	8,051
Capital outlay	139,862	153,862	-	153,862
TOTAL EXPENDITURES	<u>149,862</u>	<u>163,862</u>	<u>1,949</u>	<u>161,913</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(146,912)	(160,912)	1,029	161,941
OTHER FINANCING SOURCES:				
Transfers in	12,000	26,000	7,746	(18,254)
NET CHANGE IN FUND BALANCE	(134,912)	(134,912)	8,775	143,687
FUND BALANCE, beginning of year	<u>134,912</u>	<u>134,912</u>	<u>128,790</u>	<u>(6,122)</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 137,565</u>	<u>\$ 137,565</u>

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, 2020

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Property taxes	\$ 726,555	\$ 765,085	\$ 38,530
Interest on investments	21,200	30,209	9,009
TOTAL REVENUES	<u>747,755</u>	<u>795,294</u>	<u>47,539</u>
EXPENDITURES:			
Debt service	<u>1,831,178</u>	<u>651,251</u>	<u>1,179,927</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND CHANGE IN FUND BALANCE	(1,083,423)	144,043	1,227,466
FUND BALANCE, beginning of year	<u>1,083,423</u>	<u>1,108,672</u>	<u>25,249</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ 1,252,715</u>	<u>\$ 1,252,715</u>

CAPITAL PROJECTS FUNDS

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, 2020

	<u>Budget</u>		Variance with
	<u>Final</u>	<u>Actual</u>	Final Budget
			Positive (Negative)
REVENUES:			
Intergovernmental	\$ -	\$ 12,448	\$ 12,448
Interest on investments	65,000	136,534	71,534
Miscellaneous	-	10,771	10,771
TOTAL REVENUES	<u>65,000</u>	<u>159,753</u>	<u>94,753</u>
EXPENDITURES:			
Capital outlay	<u>10,432,957</u>	<u>8,333,902</u>	<u>2,099,055</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND CHANGE IN FUND BALANCE	<u>(10,367,957)</u>	<u>(8,174,149)</u>	<u>2,193,808</u>
FUND BALANCE , beginning of year	<u>-</u>	<u>9,168,679</u>	<u>9,168,679</u>
FUND BALANCE , end of year	<u><u>\$(10,367,957)</u></u>	<u><u>\$ 994,530</u></u>	<u><u>\$ 11,362,487</u></u>

CITY OF LINCOLN CITY
Lincoln City, Oregon

NONMAJOR CAPITAL PROJECTS FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2020

	<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>
ASSETS:					
Cash and investments	\$ 689,623	\$ 197,565	\$ 141,400	\$ 102,074	\$ 862,224
Receivables	-	63,201	-	-	370
TOTAL ASSETS	<u>\$ 689,623</u>	<u>\$ 260,766</u>	<u>\$ 141,400</u>	<u>\$ 102,074</u>	<u>\$ 862,594</u>
LIABILITIES:					
Accounts payable	\$ -	\$ 62,949	\$ -	\$ -	\$ -
FUND BALANCES:					
Restricted for:					
Capital projects	<u>689,623</u>	<u>197,817</u>	<u>141,400</u>	<u>102,074</u>	<u>862,594</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 689,623</u>	<u>\$ 260,766</u>	<u>\$ 141,400</u>	<u>\$ 102,074</u>	<u>\$ 862,594</u>

<u>Parks Development</u>	<u>Facilities Capital</u>	<u>Street Capital</u>	<u>Urban Renewal Construction</u>	<u>Total</u>
\$ 553,847	\$ 1,240,346	\$ 2,568,574	\$ 575,019	\$ 6,930,672
-	75,983	222,301	-	361,855
<u>\$ 553,847</u>	<u>\$ 1,316,329</u>	<u>\$ 2,790,875</u>	<u>\$ 575,019</u>	<u>\$ 7,292,527</u>
\$ -	\$ 8,722	\$ 122,148	\$ 25,277	\$ 219,096
553,847	1,307,607	2,668,727	549,742	7,073,431
<u>\$ 553,847</u>	<u>\$ 1,316,329</u>	<u>\$ 2,790,875</u>	<u>\$ 575,019</u>	<u>\$ 7,292,527</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, 2020

	<u>Transportation Development</u>	<u>N Hwy 101 Improvement</u>	<u>Intersection Improvement</u>	<u>Storm Drainage Development</u>	<u>Parks System Development Charge Improvement</u>
REVENUES:					
Transient room tax	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	80,339	14,004	-	2,822	180,357
Intergovernmental	-	111,256	-	-	5,996
Interest on investments	13,699	3,669	3,063	2,177	16,026
Miscellaneous	-	-	-	-	921
TOTAL REVENUES	<u>94,038</u>	<u>128,929</u>	<u>3,063</u>	<u>4,999</u>	<u>203,300</u>
EXPENDITURES:					
Materials and services	-	-	-	-	-
Capital outlay	200	127,533	-	-	-
Debt service	-	-	-	-	-
TOTAL EXPENDITURES	<u>200</u>	<u>127,533</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	93,838	1,396	3,063	4,999	203,300
OTHER FINANCING SOURCES					
Proceeds from sale of assets	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	93,838	1,396	3,063	4,999	203,300
FUND BALANCE, beginning of year	<u>595,785</u>	<u>196,421</u>	<u>138,337</u>	<u>97,075</u>	<u>659,294</u>
FUND BALANCE, end of year	<u>\$ 689,623</u>	<u>\$ 197,817</u>	<u>\$ 141,400</u>	<u>\$ 102,074</u>	<u>\$ 862,594</u>

Parks Development	Facilities Capital	Street Capital	Urban Renewal Construction	Totals
\$ -	\$ 592,429	\$ -	\$ -	\$ 592,429
-	-	-	-	277,522
-	20,000	1,734,093	-	1,871,345
13,665	35,396	56,401	18,258	162,354
-	-	-	-	921
<u>13,665</u>	<u>647,825</u>	<u>1,790,494</u>	<u>18,258</u>	<u>2,904,571</u>
-	-	197,273	-	197,273
-	555,337	1,639,886	453,488	2,776,444
-	616,775	-	-	616,775
-	<u>1,172,112</u>	<u>1,837,159</u>	<u>453,488</u>	<u>3,590,492</u>
13,665	(524,287)	(46,665)	(435,230)	(685,921)
-	-	-	4,990	4,990
-	1,350,000	375,000	-	1,725,000
-	-	(4,521)	-	(4,521)
-	<u>1,350,000</u>	<u>370,479</u>	<u>4,990</u>	<u>1,725,469</u>
13,665	825,713	323,814	(430,240)	1,039,548
540,182	481,894	2,344,913	979,982	6,033,883
<u>\$ 553,847</u>	<u>\$ 1,307,607</u>	<u>\$ 2,668,727</u>	<u>\$ 549,742</u>	<u>\$ 7,073,431</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, 2020

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Improvement fee	\$ 60,000	\$ 80,339	\$ 20,339
Interest on investments	13,000	13,699	699
TOTAL REVENUES	<u>73,000</u>	<u>94,038</u>	<u>21,038</u>
EXPENDITURES:			
Capital outlay	<u>667,581</u>	<u>200</u>	<u>667,381</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND CHANGE IN FUND BALANCE	(594,581)	93,838	688,419
FUND BALANCE, beginning of year	<u>594,581</u>	<u>595,785</u>	<u>1,204</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ 689,623</u>	<u>\$ 689,623</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, 2020

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Improvement fee	\$ 17,500	\$ 17,500	\$ 14,004	\$ (3,496)
Intergovernmental	-	174,500	111,256	
Interest on investments	3,200	3,200	3,669	469
TOTAL REVENUES	<u>20,700</u>	<u>195,200</u>	<u>128,929</u>	<u>(66,271)</u>
EXPENDITURES:				
Capital outlay	<u>214,866</u>	<u>389,366</u>	<u>127,533</u>	<u>261,833</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND CHANGE IN FUND BALANCE	(194,166)	(194,166)	1,396	195,562
FUND BALANCE, beginning of year	<u>194,166</u>	<u>194,166</u>	<u>196,421</u>	<u>2,255</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 197,817</u>	<u>\$ 197,817</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, 2020

	<u>Original/Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
REVENUES:			
Interest on investments	<u>\$ 2,000</u>	<u>\$ 3,063</u>	<u>\$ 1,063</u>
EXPENDITURES:			
Capital outlay	<u>139,373</u>	<u>-</u>	<u>139,373</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND CHANGE IN FUND BALANCE	(137,373)	3,063	140,436
FUND BALANCE, beginning of year	<u>137,373</u>	<u>138,337</u>	<u>964</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ 141,400</u>	<u>\$ 141,400</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, 2020

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Improvement fee	\$ 1,600	\$ 2,822	\$ 1,222
Interest on investments	1,700	2,177	477
TOTAL REVENUES	<u>3,300</u>	<u>4,999</u>	<u>1,699</u>
EXPENDITURES:			
Capital outlay	<u>99,764</u>	<u>-</u>	<u>99,764</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND CHANGE IN FUND BALANCE	(96,464)	4,999	101,463
FUND BALANCE, beginning of year	<u>96,464</u>	<u>97,075</u>	<u>611</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ 102,074</u>	<u>\$ 102,074</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, 2020

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Improvement fee	\$ 156,000	\$ 180,357	\$ 24,357
Intergovernmental	5,600	5,996	396
Interest on investments	10,000	16,026	6,026
Miscellaneous	<u>800</u>	<u>921</u>	<u>121</u>
TOTAL REVENUES	<u>172,400</u>	<u>203,300</u>	<u>30,900</u>
EXPENDITURES:			
Capital outlay	<u>820,987</u>	<u>-</u>	<u>820,987</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND CHANGE IN FUND BALANCE	(648,587)	203,300	851,887
FUND BALANCE, beginning of year	<u>648,587</u>	<u>659,294</u>	<u>10,707</u>
FUND BALANCE, end of year	<u><u>\$ -</u></u>	<u><u>\$ 862,594</u></u>	<u><u>\$ 862,594</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, 2020

	<u>Budget</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Interest on investments	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ 13,665</u>	<u>\$ 3,665</u>
EXPENDITURES:				
Capital outlay	<u>644,164</u>	<u>546,355</u>	<u>-</u>	<u>546,355</u>
OTHER FINANCING SOURCES:				
Transfers in	<u>97,809</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND CHANGE IN FUND BALANCE	<u>(536,355)</u>	<u>(536,355)</u>	<u>13,665</u>	<u>550,020</u>
FUND BALANCE, beginning of year	<u>536,355</u>	<u>536,355</u>	<u>540,182</u>	<u>3,827</u>
FUND BALANCE, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 553,847</u></u>	<u><u>\$ 553,847</u></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, 2020

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Transient room tax	\$ 742,855	\$ 592,429	\$ (150,426)
Intergovernmental	-	20,000	20,000
Interest on investments	25,000	35,396	10,396
TOTAL REVENUES	<u>767,855</u>	<u>647,825</u>	<u>(120,030)</u>
EXPENDITURES:			
Capital outlay	2,293,366	555,337	1,738,029
Debt service	616,775	616,775	-
TOTAL EXPENDITURES	<u>2,910,141</u>	<u>1,172,112</u>	<u>1,738,029</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,142,286)</u>	<u>(524,287)</u>	<u>1,617,999</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	1,700,000	1,350,000	(350,000)
NET CHANGE IN FUND BALANCE	(442,286)	825,713	1,267,999
FUND BALANCE, beginning of year	<u>442,286</u>	<u>481,894</u>	<u>39,608</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ 1,307,607</u>	<u>\$ 1,307,607</u>

CITY OF LINCOLN CITY
Lincoln City, Oregon

STREET CAPITAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2020

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 728,713	\$ 1,376,316	\$ 1,734,093	\$ 357,777
Interest on investments	20,400	20,400	56,401	36,001
TOTAL REVENUES	<u>749,113</u>	<u>1,396,716</u>	<u>1,790,494</u>	<u>393,778</u>
EXPENDITURES:				
Materials and services	600,000	400,000	197,273	202,727
Capital outlay	2,725,746	3,566,349	1,639,886	1,926,463
TOTAL EXPENDITURES	<u>3,325,746</u>	<u>3,966,349</u>	<u>1,837,159</u>	<u>2,129,190</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,576,633)</u>	<u>(2,569,633)</u>	<u>(46,665)</u>	<u>2,522,968</u>
OTHER FINANCING SOURCES:				
Transfers in	375,000	375,000	375,000	-
Transfers out	-	(7,000)	(4,521)	2,479
TOTAL OTHER FINANCING SOURCES (USES)	<u>375,000</u>	<u>368,000</u>	<u>370,479</u>	<u>2,479</u>
NET CHANGE IN FUND BALANCE	<u>(2,201,633)</u>	<u>(2,201,633)</u>	<u>323,814</u>	<u>2,525,447</u>
FUND BALANCE, beginning of year	<u>2,201,633</u>	<u>2,201,633</u>	<u>2,344,913</u>	<u>143,280</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,668,727</u>	<u>\$ 2,668,727</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, 2020

	Budget		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
REVENUES:				
Interest on investments	\$ 30,429	\$ 30,429	\$ 18,258	\$ (12,171)
EXPENDITURES:				
Capital outlay	500,000	912,932	453,488	459,444
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(469,571)</u>	<u>(882,503)</u>	<u>(435,230)</u>	<u>447,273</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of land	-	-	4,990	4,990
Transfers out	<u>(412,932)</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(412,932)</u>	<u>-</u>	<u>4,990</u>	<u>4,990</u>
NET CHANGE IN FUND BALANCE	(882,503)	(882,503)	(430,240)	452,263
FUND BALANCE, beginning of year	882,503	882,503	979,982	97,479
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 549,742</u>	<u>\$ 549,742</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, 2020

	Budget		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
REVENUES:				
Charges for services	\$ 3,859,132	\$ 3,859,132	\$ 3,889,653	\$ 30,521
Intergovernmental	50,000	50,000	63,105	13,105
Interest on investments	5,771	5,771	(4,738)	(10,509)
Miscellaneous	816	816	1,231	415
TOTAL REVENUES	3,915,719	3,915,719	3,949,251	33,532
EXPENDITURES:				
Personal services	1,452,172	1,539,180	1,530,209	8,971
Materials and services	847,441	847,441	776,390	71,051
Capital outlay	50,000	50,000	49,687	313
Debt service	56,000	56,000	50,672	5,328
Contingency	748,815	661,807	-	661,807
TOTAL EXPENDITURES	3,154,428	3,154,428	2,406,958	747,470
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	761,291	761,291	1,542,293	781,002
OTHER FINANCING SOURCES (USES):				
Transfers out	(1,632,722)	(1,632,722)	(1,627,722)	5,000
Proceeds from sale of equipment	-	-	31,138	31,138
TOTAL OTHER FINANCING SOURCES (USES)	(1,632,722)	(1,632,722)	(1,596,584)	36,138
NET CHANGE IN FUND BALANCE	(871,431)	(871,431)	(54,291)	817,140
FUND BALANCE, beginning of year	871,431	871,431	949,890	78,459
FUND BALANCE, end of year	\$ -	\$ -	\$ 895,599	\$ 895,599

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, 2020

	<u>Budget</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Interest on investments	\$ 15,500	\$ 15,500	\$ 42,175	\$ 26,675
EXPENDITURES:				
Capital outlay	2,306,057	2,299,057	1,012,756	1,286,301
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,290,557)</u>	<u>(2,283,557)</u>	<u>(970,581)</u>	<u>1,312,976</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	900,000	900,000	900,000	-
Transfers out	-	(7,000)	(3,225)	(3,775)
TOTAL OTHER FINANCING SOURCES (USES):	<u>900,000</u>	<u>893,000</u>	<u>896,775</u>	<u>3,775</u>
NET CHANGE IN FUND BALANCE	(1,390,557)	(1,390,557)	(73,806)	1,316,751
FUND BALANCE, beginning of year	<u>1,390,557</u>	<u>1,390,557</u>	<u>1,500,352</u>	<u>109,795</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,426,546</u>	<u>\$ 1,426,546</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, 2020

	Budget		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
REVENUES:				
System development charges	\$ 150,000	\$ 150,000	\$ 133,114	\$ (16,886)
Interest on investments	7,700	7,700	7,772	72
Miscellaneous	-	-	1,700	1,700
TOTAL REVENUES	<u>157,700</u>	<u>157,700</u>	<u>142,586</u>	<u>(15,114)</u>
EXPENDITURES:				
Capital outlay	<u>394,258</u>	<u>701,321</u>	<u>309,892</u>	<u>391,429</u>
TOTAL EXPENDITURES	<u>394,258</u>	<u>701,321</u>	<u>309,892</u>	<u>391,429</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND CHANGE IN FUND BALANCE	<u>(236,558)</u>	<u>(543,621)</u>	<u>(167,306)</u>	<u>376,315</u>
FUND BALANCE, beginning of year	<u>236,558</u>	<u>543,621</u>	<u>543,622</u>	<u>1</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 376,316</u>	<u>\$ 376,316</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, 2020

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
System development charges	\$ 60,000	\$ 51,955	\$ (8,045)
Interest on investments	1,700	3,464	1,764
TOTAL REVENUES	<u>61,700</u>	<u>55,419</u>	<u>(6,281)</u>
EXPENDITURES:			
Capital outlay	<u>206,232</u>	<u>-</u>	<u>206,232</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND CHANGE IN FUND BALANCE	<u>(144,532)</u>	<u>55,419</u>	<u>199,951</u>
FUND BALANCE, beginning of year	<u>144,532</u>	<u>137,984</u>	<u>(6,548)</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ 193,403</u>	<u>\$ 193,403</u>

CITY OF LINCOLN CITY
Lincoln City, Oregon

WATER BOND FUND

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

FOR THE YEAR ENDED JUNE 30, 2020

	<u>Original/Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
REVENUES:			
Interest on investments	<u>\$ 3,800</u>	<u>\$ 6,306</u>	<u>\$ 2,506</u>
EXPENDITURES:			
Debt service	<u>481,701</u>	<u>464,993</u>	<u>16,708</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(477,901)</u>	<u>(458,687)</u>	<u>19,214</u>
OTHER FINANCING SOURCES:			
Transfers in	<u>460,000</u>	<u>460,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(17,901)</u>	<u>1,313</u>	<u>19,214</u>
FUND BALANCE, beginning of year	<u>17,901</u>	<u>18,301</u>	<u>400</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ 19,614</u>	<u>\$ 19,614</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, 2020

	Budget		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
REVENUES:				
Charges for services	\$ 4,105,339	\$ 4,105,339	\$ 4,068,261	\$ (37,078)
Interest on investments	12,600	12,600	13,092	492
Intergovernmental	-	-	26,601	26,601
Miscellaneous	96,290	96,290	121,107	24,817
TOTAL REVENUES	4,214,229	4,214,229	4,229,061	14,832
EXPENDITURES:				
Personal services	1,485,669	1,529,234	1,462,905	66,329
Materials and services	1,660,670	1,692,822	1,356,021	336,801
Capital outlay	216,000	216,000	61,421	154,579
Debt Service	55,087	55,087	55,086	1
Contingency	697,881	654,316	-	654,316
TOTAL EXPENDITURES	4,115,307	4,147,459	2,935,433	1,212,026
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	98,922	66,770	1,293,628	1,226,858
OTHER FINANCING SOURCES (USES):				
Transfers out	(1,010,320)	(1,010,320)	(1,005,320)	5,000
Proceeds from sale of equipment	1,207	1,207	15,755	14,548
TOTAL OTHER FINANCING SOURCES (USES)	(1,009,113)	(1,009,113)	(989,565)	19,548
NET CHANGE IN FUND BALANCE	(910,191)	(942,343)	304,063	1,246,406
FUND BALANCE, beginning of year	910,191	942,343	1,326,195	383,852
FUND BALANCE, end of year	\$ -	\$ -	\$ 1,630,258	\$ 1,630,258

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, 2020

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Interest on investments	\$ 6,800	\$ 6,800	\$ 27,437	\$ 20,637
Miscellaneous	-	-	-	-
TOTAL REVENUES	<u>6,800</u>	<u>6,800</u>	<u>27,437</u>	<u>20,637</u>
EXPENDITURES:				
Capital outlay	<u>1,337,992</u>	<u>1,659,060</u>	<u>586,161</u>	<u>1,072,899</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,331,192)</u>	<u>(1,652,260)</u>	<u>(558,724)</u>	<u>1,093,536</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	<u>800,000</u>	<u>800,000</u>	<u>800,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(531,192)</u>	<u>(852,260)</u>	<u>241,276</u>	<u>1,093,536</u>
FUND BALANCE, beginning of year	<u>531,192</u>	<u>852,260</u>	<u>936,514</u>	<u>84,254</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,177,790</u>	<u>\$ 1,177,790</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, 2020

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
System development charges	\$ 240,000	\$ 220,026	\$ (19,974)
Interest on investments	11,000	19,039	8,039
TOTAL REVENUES	<u>251,000</u>	<u>239,065</u>	<u>(11,935)</u>
EXPENDITURES:			
Capital outlay	<u>1,001,557</u>	-	<u>1,001,557</u>
TOTAL EXPENDITURES	<u>1,001,557</u>	-	<u>1,001,557</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(750,557)</u>	<u>239,065</u>	<u>989,622</u>
FUND BALANCE , beginning of year	<u>750,557</u>	<u>738,957</u>	<u>(11,600)</u>
FUND BALANCE , end of year	<u>\$ -</u>	<u>\$ 978,022</u>	<u>\$ 978,022</u>
Fund balance - budgetary basis		\$ 978,022	
Balance of Local Improvement District receivable		<u>52,304</u>	
Fund balance - GAAP basis		<u>\$ 1,030,326</u>	
Change in fund balance - budgetary basis		\$ 239,065	
SDC fees assessed but not recognized as revenue on budgetary basis		<u>52,304</u>	
Changes in fund balance - GAAP basis		<u>\$ 291,369</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, 2020

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
System development charges	\$ 125,000	\$ 113,877	\$ (11,123)
Interest on investments	1,400	1,885	485
TOTAL REVENUES	<u>126,400</u>	<u>115,762</u>	<u>(10,638)</u>
EXPENDITURES:			
Capital outlay	<u>141,364</u>	-	<u>141,364</u>
TOTAL EXPENDITURES	<u>141,364</u>	-	<u>141,364</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(14,964)</u>	<u>115,762</u>	<u>130,726</u>
OTHER FINANCING SOURCES (USES):			
Transfers out	<u>(77,568)</u>	<u>(77,568)</u>	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(77,568)</u>	<u>(77,568)</u>	-
NET CHANGE IN FUND BALANCE	(92,532)	38,194	130,726
FUND BALANCE, beginning of year	<u>92,532</u>	<u>83,424</u>	<u>(9,108)</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ 121,618</u>	<u>\$ 121,618</u>
Fund balance - budgetary basis		\$ 121,618	
Balance of Local Improvement District receivable		<u>27,399</u>	
Fund balance - GAAP basis		<u>\$ 149,017</u>	
Change in fund balance - budgetary basis		\$ 38,194	
SDC fees assessed but not recognized as revenue on budgetary basis		<u>27,399</u>	
Changes in fund balance - GAAP basis		<u>\$ 65,593</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, 2020

	<u>Original/Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
REVENUES:			
Property taxes	\$ 1,510,290	\$ 1,521,913	\$ 11,623
Interest on investments	9,200	12,912	3,712
TOTAL REVENUES	<u>1,519,490</u>	<u>1,534,825</u>	<u>15,335</u>
EXPENDITURES:			
Debt service	<u>1,728,881</u>	<u>1,584,399</u>	<u>144,482</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND CHANGE IN FUND BALANCE	<u>(209,391)</u>	<u>(49,574)</u>	<u>159,817</u>
OTHER FINANCING SOURCES:			
Transfers in	<u>25,000</u>	<u>25,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(184,391)</u>	<u>(24,574)</u>	<u>159,817</u>
FUND BALANCE, beginning of year	<u>184,391</u>	<u>199,811</u>	<u>15,420</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ 175,237</u>	<u>\$ 175,237</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, 2020

	<u>Revenues</u>	<u>Expenditures</u>	<u>Revenues Over (Under) Expenditures</u>
BUDGETARY BASIS REVENUES AND EXPENDITURES:			
Water Fund	\$ 3,949,251	\$ 2,406,958	\$ 1,542,293
Water System Replacement Fund	42,175	1,012,756	(970,581)
Water SDC Reimbursement Fund	142,586	309,892	(167,306)
Water SDC Improvement Fund	55,419	-	55,419
Water Bond Fund	<u>6,306</u>	<u>464,993</u>	<u>(458,687)</u>
TOTAL	<u>\$ 4,195,737</u>	<u>\$ 4,194,599</u>	1,138
 ADD (DEDUCT) ITEMS TO RECONCILE TO AN ENTERPRISE FUND REPORTING BASIS:			
Depreciation			(1,303,811)
Capital asset additions			1,372,335
Gain on sale of assets			27,813
Change in accrued interest payable			(5,276)
Change in accrued compensated absences			(33,309)
Net OPEB benefit			2,103
Pension expense			(68,825)
Principal payments			455,672
Transfers out - support services			(234,724)
Transfers out			<u>(36,223)</u>
 CHANGES IN FUND NET POSITION - GAAP			 <u>\$ 176,893</u>

CITY OF LINCOLN CITY
Lincoln City, Oregon

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

FOR THE YEAR ENDED JUNE 30, 2020

	<u>Revenues</u>	<u>Expenditures</u>	<u>Revenues Over (Under) Expenditures</u>
BUDGETARY BASIS REVENUES AND EXPENDITURES:			
Sewer Fund	\$ 4,229,061	\$ 2,935,433	\$ 1,293,628
Sewer System Replacement Fund	27,437	586,161	(558,724)
Sewer SDC Reimbursement Fund	239,065	-	239,065
Sewer SDC Improvement Fund	115,762	-	115,762
Sewer Bond Fund Fund	<u>1,534,825</u>	<u>1,584,399</u>	<u>(49,574)</u>
TOTAL	<u>\$ 6,146,150</u>	<u>\$ 5,105,993</u>	1,040,157
 ADD (DEDUCT) ITEMS TO RECONCILE TO AN ENTERPRISE FUND REPORTING BASIS:			
Depreciation			(1,856,062)
Capital asset additions			647,581
Capital contributions			157,433
Gain on sale of assets			15,755
Adjustment of SDC fees levied but not recognized as revenue on budgetary basis			(8,302)
Change in accrued interest payable			(37,490)
Change in accrued compensated absences			(13,944)
Net OPBEB benefit			3,044
Pension expense			(110,786)
Principal payments			1,255,142
Transfers out - support services			(172,322)
Transfers out			<u>(36,649)</u>
 CHANGES IN FUND NET POSITION - GAAP			<u>\$ 883,557</u>

CITY OF LINCOLN CITY
Lincoln City, Oregon

INTERNAL SERVICE FUND

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

FOR THE YEAR ENDED JUNE 30, 2020

	Budget		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
REVENUES:				
Franchise fees	\$ 22,200	\$ 22,200	\$ 21,999	\$ (201)
Intergovernmental	-	-	9,489	9,489
Charges for services	974,839	994,977	958,560	(36,417)
TOTAL REVENUES	<u>997,039</u>	<u>1,017,177</u>	<u>990,048</u>	<u>(27,129)</u>
EXPENDITURES:				
Vehicle maintenance	312,905	329,553	315,688	13,865
Information technology	591,982	601,748	521,949	79,799
Geographical information systems	122,148	125,872	117,956	7,916
Contingency	17,733	7,733	-	7,733
TOTAL EXPENDITURES	<u>1,044,768</u>	<u>1,064,906</u>	<u>955,593</u>	<u>109,313</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND CHANGE IN FUND BALANCE	(47,729)	(47,729)	34,455	82,184
FUND BALANCE , beginning of year	<u>47,729</u>	<u>47,729</u>	<u>94,219</u>	<u>46,490</u>
FUND BALANCE , end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 128,674</u>	<u>\$ 128,674</u>
Change in fund balance - budgetary basis			\$ 34,455	
Depreciation			(66,396)	
Pension expense			(36,038)	
Net OPEB benefit			2,133	
Vacation Paid/Accrued			(14,094)	
Capital asset additions			50,479	
Change in fund net position - GAAP basis			<u>\$ (29,461)</u>	

CITY OF LINCOLN CITY

Lincoln City, Oregon

COMBINING BALANCE SHEET

GENERAL FUND

JUNE 30, 2020

	<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>
ASSETS:						
Cash and investments	\$ 8,579,057	\$ 614,763	\$ 546,180	\$ 131,862	\$ 26,158	\$ 9,898,020
Cash with County Treasurer	69,005	-	-	-	-	69,005
Receivables	1,277,423	-	482,082	-	24,288	1,783,793
Prepaid items	35,947	-	-	-	-	35,947
Contracts Receivable	350,000	-	-	-	-	350,000
Advance to other funds	202,865	-	-	-	-	202,865
Assets held for sale	1,393,665	-	-	-	-	1,393,665
TOTAL ASSETS	\$ 11,907,962	\$ 614,763	\$ 1,028,262	\$ 131,862	\$ 50,446	\$ 13,733,295
LIABILITIES:						
Accounts payable	\$ 304,485	\$ 10,971	\$ -	\$ -	\$ -	\$ 315,456
Other accrued liabilities	843,237	-	-	-	-	843,237
TOTAL LIABILITIES	1,147,722	10,971	-	-	-	1,158,693
DEFERRED INFLOW OF RESOURCES:						
Unavailable revenue	501,784	-	482,082	-	24,288	1,008,154
FUND BALANCES:						
Nonspendable in form	1,982,477	-	-	-	-	1,982,477
Restricted for:						
Post-closure landfill costs	-	603,792	-	-	-	603,792
Committed to:						
Capital projects	-	-	546,180	-	-	546,180
Unassigned	8,275,979	-	-	131,862	26,158	8,433,999
TOTAL FUND BALANCES	10,258,456	603,792	546,180	131,862	26,158	11,566,448
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCE	\$ 11,907,962	\$ 614,763	\$ 1,028,262	\$ 131,862	\$ 50,446	\$ 13,733,295

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, 2020**

	General	Agate Beach Closure	Unbonded Assessments	The Villages of Cascade Head
REVENUES:				
Property taxes	\$ 7,247,150	\$ -	\$ -	\$ -
Franchise fees	1,071,625	-	-	-
Transient room tax	1,335,661	-	-	-
Fees, licenses and permits	783,600	-	-	-
Fines and forfeitures	209,953	-	-	-
Charges for services	50,000	-	-	-
Intergovernmental	931,556	-	-	-
Interest on investments	211,624	-	27,455	2,882
Miscellaneous	822,323	-	224,577	-
TOTAL REVENUES	12,663,492	-	252,032	2,882
EXPENDITURES:				
Current				
General government	2,946,449	30,214	-	-
Public safety	6,048,461	-	-	-
Culture and recreation	2,220,177	-	-	2,141
Capital outlay	451,026	-	157,433	-
TOTAL EXPENDITURES	11,666,113	30,214	157,433	2,141
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	997,379	(30,214)	94,599	741
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of capital assets	1,301	-	-	-
Transfers in	3,651	-	-	-
Transfers out	(2,145,583)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(2,140,631)	-	-	-
NET CHANGE IN FUND BALANCE	(1,143,252)	(30,214)	94,599	741
FUND BALANCE, beginning of year	11,401,708	634,006	451,581	131,121
FUND BALANCE, end of year	\$ 10,258,456	\$ 603,792	\$ 546,180	\$ 131,862

<u>Property Abatement</u>	<u>Totals</u>
\$ -	\$ 7,247,150
-	1,071,625
-	1,335,661
-	783,600
-	209,953
-	50,000
-	931,556
913	242,874
604	1,047,504
<u>1,517</u>	<u>12,919,923</u>
6,335	2,982,998
-	6,048,461
-	2,222,318
-	608,459
<u>6,335</u>	<u>11,862,236</u>
<u>(4,818)</u>	<u>1,057,687</u>
-	1,301
-	3,651
-	<u>(2,145,583)</u>
-	<u>(2,140,631)</u>
(4,818)	(1,082,944)
<u>30,976</u>	<u>12,649,392</u>
<u>\$ 26,158</u>	<u>\$ 11,566,448</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, 2020

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
EXPENDITURES:			
Materials and services	<u>\$ 40,000</u>	<u>\$ 30,214</u>	<u>\$ 9,786</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND CHANGE IN FUND BALANCE	(40,000)	(30,214)	9,786
FUND BALANCE, beginning of year	<u>628,391</u>	<u>634,006</u>	<u>5,615</u>
FUND BALANCE, end of year	<u><u>\$ 588,391</u></u>	<u><u>\$ 603,792</u></u>	<u><u>\$ 15,401</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, 2020

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Interest	\$ 12,100	\$ 27,455	\$ 15,355
LID repayments	-	224,313	224,313
Miscellaneous	45,000	264	(44,736)
TOTAL REVENUES	<u>57,100</u>	<u>252,032</u>	<u>194,932</u>
EXPENDITURES:			
Capital outlay	<u>504,687</u>	<u>157,433</u>	<u>347,254</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND CHANGE IN FUND BALANCE	<u>(447,587)</u>	<u>94,599</u>	<u>542,186</u>
NET CHANGE IN FUND BALANCE	(447,587)	94,599	542,186
FUND BALANCE, beginning of year	<u>447,587</u>	<u>451,581</u>	<u>3,994</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ 546,180</u>	<u>\$ 546,180</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, 2020

	<u>Original/Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
REVENUES:			
Interest	<u>\$ 2,200</u>	<u>\$ 2,882</u>	<u>\$ 682</u>
EXPENDITURES:			
Materials and services	38,200	2,141	36,059
Capital outlay	<u>92,548</u>	<u>-</u>	<u>92,548</u>
TOTAL EXPENDITURES	<u>130,748</u>	<u>2,141</u>	<u>128,607</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND CHANGE IN FUND BALANCE	<u>(128,548)</u>	<u>741</u>	<u>129,289</u>
FUND BALANCE, beginning of year	<u>128,548</u>	<u>131,121</u>	<u>2,573</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ 131,862</u>	<u>\$ 131,862</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, 2020

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Interest on investments	\$ 500	\$ 913	\$ 413
Miscellaneous	-	604	604
TOTAL REVENUES	<u>500</u>	<u>1,517</u>	<u>1,017</u>
EXPENDITURES:			
Materials and services	<u>50,700</u>	<u>6,335</u>	<u>44,365</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND CHANGE IN FUND BALANCE	<u>(50,200)</u>	<u>(4,818)</u>	<u>45,382</u>
FUND BALANCE , beginning of year	<u>50,200</u>	<u>30,976</u>	<u>(19,224)</u>
FUND BALANCE , end of year	<u>\$ -</u>	<u>\$ 26,158</u>	<u>\$ 26,158</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, fundraising for a K-9 dog,

CITY OF LINCOLN CITY
Lincoln City, Oregon

AGENCY FUNDS

COMBINING STATEMENT OF ASSETS AND LIABILITIES

JUNE 30, 2020

	<u>Recreation Scholarship</u>	<u>Miscellaneous Trust</u>	<u>Total</u>
ASSETS:			
Cash and investments	<u>\$ 10,599</u>	<u>\$ 139,085</u>	<u>\$ 149,684</u>
LIABILITIES:			
Funds held in trust	<u>\$ 10,599</u>	<u>\$ 139,085</u>	<u>\$ 149,684</u>

CITY OF LINCOLN CITY
Lincoln City, Oregon

AGENCY FUNDS

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

FOR THE YEAR ENDED JUNE 30, 2020

	<u>Balances</u> <u>June 30, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balances</u> <u>June 30, 2020</u>
RECREATION SCHOLARSHIP:				
Assets				
Cash and investments	<u>\$ 8,405</u>	<u>\$ 2,194</u>	<u>\$ -</u>	<u>\$ 10,599</u>
Liabilities				
Funds held in trust	<u>\$ 8,405</u>	<u>\$ 2,194</u>	<u>\$ -</u>	<u>\$ 10,599</u>
MISCELLANEOUS TRUST:				
Assets				
Cash and investments	<u>\$ 76,927</u>	<u>\$ 62,158</u>	<u>\$ -</u>	<u>\$ 139,085</u>
Liabilities				
Funds held in trust	<u>\$ 76,927</u>	<u>\$ 62,158</u>	<u>\$ -</u>	<u>\$ 139,085</u>

ADDITIONAL SCHEDULES

CITY OF LINCOLN CITY

Lincoln City, Oregon

SCHEDULE OF PROPERTY TAX TRANSACTIONS AND OUTSTANDING BALANCES

YEAR ENDED JUNE 30, 2020

	Tax Year	Uncollected June 30, 2019	Levy as Extended by Assessor	Adjustments Discounts and Interest	Collections	Uncollected June 30, 2020
Current	2019-2020	\$ -	\$ 9,724,997	\$ (254,060)	\$ (9,201,145)	\$ 269,792
Prior	2018-2019	268,981	-	6,226	(153,412)	121,795
	2017-2018	134,602	-	7,857	(72,274)	70,185
	2016-2017	77,898	-	12,922	(73,505)	17,315
	2015-2016	60,363	-	6,100	(29,759)	36,704
	and prior	145,992	-	2,905	(9,250)	139,647
Total prior		687,836	-	36,010	(338,200)	385,646
Totals		\$ 687,836	\$ 9,724,997	\$ (218,050)	\$ (9,539,345)	\$ 655,438

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 2019-20 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, 2020

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>
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%
2019-20		2,348,931,759	7.28%	1,858,471,488	3.89%	79.12%

(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>Tax Rate Per \$1,000</u>	<u>Percent Collected Year of Levy</u>
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%
2019-20		1,802,267,032	3.82%	7,388,713	4.0996%	94.61%

(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, 2020

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

Table 3 -- 2019-20 Representative Consolidated Tax Rates for Tax Code Area 402 & 412 (1)

<u>Area</u>	<u>Tax Rate for Operations (2)</u>	<u>Tax Rate for Bonds</u>	<u>Tax Rate Total</u>
Within the City of Lincoln City			
Education			
Lincoln County Unified School District	\$ 4.7608	\$ 0.6464	\$ 5.4072
Linn-Benton-Lincoln ESD	0.2957	-	0.2957
Oregon Coast Community College	0.1704	0.2147	0.3851
Total Education	<u>5.2269</u>	<u>0.8611</u>	<u>6.0880</u>
Local Government			
Lincoln County	2.7350	-	2.7350
Lincoln County Animal SVC	0.1067	-	0.1067
Lincoln County Extension	0.0438	-	0.0438
Lincoln County Transportation	0.0945	-	0.0945
City of Lincoln City	3.9757	0.8377	4.8134
Lincoln City Urban Renewal Agency	0.4214	-	0.4214
North Lincoln Fire & Rescue	1.4978	0.3694	1.8672
Devil Lake Water Improvement District	0.1222	-	0.1222
North Lincoln Hospital District	0.5028	-	0.5028
Total Local Government	<u>9.4999</u>	<u>1.2071</u>	<u>10.7070</u>
Total Consolidated Tax Rate	<u>\$ 14.7268</u>	<u>\$ 2.0682</u>	<u>\$ 16.7950</u>

(1) The 2019-20 Assessed Value to compute the tax rate of code area 402 & 412 is \$1,208,673,638 which is 65.04% 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 2019-20 was \$14.07.

Source: City of Lincoln City

CITY OF LINCOLN CITY

Lincoln City, Oregon

OUTSTANDING OBLIGATIONS

FOR THE YEAR ENDED JUNE 30, 2020

	<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 6/30/20</u>
General Obligation Bonds				
Series 2011 Sewer (3)	3/17/2011	3/1/2026	\$ 7,000,000	\$ 3,192,022
Series 2013 Sewer Refunding (2)	2/26/2013	6/1/2030	9,885,000	8,890,000
Total General Obligation Bonds			<u>16,885,000</u>	<u>12,082,022</u>
Full Faith and Credit Borrowings				
Series 2014 Water (1)	4/17/2014	4/1/2024	4,000,000	1,695,000
Series 2017 Urban Renewal Projects (4)	11/2/2017	6/1/2023	2,975,000	1,956,394
Series 2018 Police Building (5)	11/7/2018	4/1/2048	10,950,000	10,325,000
Series 2018 Police Building Bond Premium (5)	11/7/2018	4/1/2048	302,721	226,583
2018 Sewer Vactor Truck (6)	8/1/2018	8/1/2023	355,960	258,393
2019 Water Hydro Excavator (7)	7/26/2019	7/26/2024	286,152	235,480
Total Full Faith and Credit-Backed			<u>18,869,833</u>	<u>14,696,850</u>
Total Borrowings			<u>\$ 35,754,833</u>	<u>\$ 26,778,872</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.

(7) The City pays debt services on this financing from water 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, 2020

	<u>Transportation Development Fund</u>	<u>Storm Drainage Development Fund</u>	<u>Parks Improvement Fund</u>
REVENUES:			
System development charge - improvement	\$ 80,339	\$ 2,822	\$ 180,357
Motorcycle vehicle gas tax	-	-	5,996
Miscellaneous	-	-	921
Interest	13,699	2,177	16,026
TOTAL REVENUES	<u>94,038</u>	<u>4,999</u>	<u>203,300</u>
EXPENDITURES:			
Lincoln Square Ramps & ADA Improvements	<u>200</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	93,838	4,999	203,300
BEGINNING FUND BALANCE	<u>595,785</u>	<u>97,075</u>	<u>659,294</u>
ENDING FUND BALANCE	<u>\$ 689,623</u>	<u>\$ 102,074</u>	<u>\$ 862,594</u>

CITY OF LINCOLN CITY

Lincoln City, Oregon

WATER SDC FUNDS**YEAR ENDED JUNE 30, 2020**

	<u>Water Replacement Fund</u>	<u>Water SDC Reimbursement Fund</u>	<u>Water SDC Improvement Fund</u>	<u>Total</u>
REVENUES:				
System development charge	\$ -	\$ 133,114	\$ 51,955	\$ 185,069
Miscellaneous	-	1,700	-	1,700
Interest	42,175	7,772	3,464	53,411
TOTAL REVENUE	<u>42,175</u>	<u>142,586</u>	<u>55,419</u>	<u>240,180</u>
EXPENDITURES:				
S 48th street extension	-	309,892	-	309,892
Water system construction	1,012,756	-	-	1,012,756
TOTAL EXPENDITURES	<u>1,012,756</u>	<u>309,892</u>	<u>-</u>	<u>1,322,648</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(970,581)	(167,306)	55,419	(1,082,468)
OTHER FINANCING SOURCES (USES):				
Transfers In	900,000	-	-	900,000
Transfers Out	(3,225)	-	-	(3,225)
TOTAL OTHER FINANCING SOURCES (USES):	<u>896,775</u>	<u>-</u>	<u>-</u>	<u>896,775</u>
NET CHANGE IN FUND BALANCE	(73,806)	(167,306)	55,419	(185,693)
BEGINNING FUND BALANCE	<u>1,500,352</u>	<u>543,622</u>	<u>137,984</u>	<u>2,181,958</u>
ENDING FUND BALANCE	<u>\$ 1,426,546</u>	<u>\$ 376,316</u>	<u>\$ 193,403</u>	<u>\$ 1,996,265</u>

CITY OF LINCOLN CITY

Lincoln City, Oregon

SEWER SDC FUNDS

YEAR ENDED JUNE 30, 2020

	<u>Sewer Replacement Fund</u>	<u>Sewer SDC Reimbursement Fund</u>	<u>Sewer SDC Improvement Fund</u>	<u>Total</u>
REVENUES:				
System Development Charge	\$ -	\$ 220,026	\$ 113,877	\$ 333,903
Interest	27,437	19,039	1,885	48,361
TOTAL REVENUE	<u>27,437</u>	<u>239,065</u>	<u>115,762</u>	<u>382,264</u>
EXPENDITURES:				
Sewer System Construction	<u>586,161</u>	<u>-</u>	<u>-</u>	<u>586,161</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(558,724)</u>	<u>239,065</u>	<u>115,762</u>	<u>(203,897)</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	800,000	-	-	800,000
Transfers Out	<u>-</u>	<u>-</u>	<u>(77,568)</u>	<u>(77,568)</u>
TOTAL OTHER FINANCING SOURCES (USES):	<u>800,000</u>	<u>-</u>	<u>(77,568)</u>	<u>722,432</u>
NET CHANGE IN FUND BALANCE	241,276	239,065	38,194	518,535
BEGINNING FUND BALANCE	<u>936,514</u>	<u>738,957</u>	<u>83,424</u>	<u>1,983,965</u>
ENDING FUND BALANCE	<u>\$ 1,177,790</u>	<u>\$ 978,022</u>	<u>\$ 121,618</u>	<u>\$ 2,502,500</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, 2020, which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 16, 2021. 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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COMPLIANCE (Continued)

- The General Fund reported an over expenditure of \$39,939 nondepartmental 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 identified certain deficiencies in internal control that we consider to be a material weakness or significant deficiencies as communicated in a separate letter to management dated February 16, 2021.

PURPOSE OF THIS REPORT

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

Talbot, Kowola & Warwick LLP

Portland, Oregon
February 16, 2021