

CITY OF LINCOLN CITY
Lincoln City, Oregon

Annual Financial Report

Year Ended June 30, 2022

CITY OF LINCOLN CITY

CITY COUNCIL

JUNE 30, 2022

Term Expires

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December 31, 2022

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December 31, 2024

City Manager

Daphnee Legarza

Finance Director

Debbie Bridges

CITY OF LINCOLN CITY

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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 Audit of the Financial Statements

Opinions

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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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, 2022, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material

INDEPENDENT AUDITOR'S REPORT (Continued)

misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis (MD&A) 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 is the responsibility of management and, 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, the Explore Lincoln City Fund, and the Parks and Recreation 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

INDEPENDENT AUDITOR'S REPORT (Continued)

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 Supplementary 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 information listed in the Table of Contents as Other Supplementary Information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such 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. The 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.

Other Information

Management is responsible for the other information included in the annual financial report. The other information comprises the Additional Schedules, as listed in the Table of Contents, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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 January 31, 2023, 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.



For Talbot, Korvola & Warwick, LLP
Portland, Oregon
January 31, 2023

MANAGEMENT'S REACTION TO AN 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, 2022. 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 \$143,025,844 at June 30, 2022, an increase of \$7,539,493 (or 5.6%) over the prior year's net position. The City's General Fund reported an ending fund balance of \$13,238,867, an increase of \$423,420 (or 3.3%) over the prior year's fund balance. General fund revenues have been steady; Transient Room Tax revenue increased by 9.2%.

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 net investment in capital assets, 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 net position. 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 fund, followed by a combining statement of assets and liabilities for the City's fiduciary 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

The City's combined net position (total assets and deferred outflows less total liabilities and deferred inflows) was \$143,025,844 at June 30, 2022, an increase of \$7,539,493 (or 5.6%) over the prior year's net position.

**Table 1
NET POSITION**

| | June 30, 2022 | | | June 30, 2021 | | |
|--|----------------------------|-----------------------------|-----------------------|----------------------------|-----------------------------|-----------------------|
| | Governmental Activities | Business-type Activities | Totals | Governmental Activities | Business-type Activities | Totals |
| Assets: | | | | | | |
| Cash and investments | \$ 28,090,433 | \$ 11,372,685 | \$ 39,463,118 | \$ 23,761,878 | \$ 7,805,825 | \$ 31,567,703 |
| Receivables, net | 5,275,746 | 1,362,013 | 6,637,759 | 5,746,798 | 1,200,874 | 6,947,672 |
| Internal balances | 102,893 | (102,893) | - | 153,239 | (153,239) | - |
| Lease receivables | 2,401,357 | - | 2,401,357 | - | - | - |
| Prepays and other | 590,502 | 30,015 | 620,517 | 988,541 | 23,383 | 1,011,924 |
| Inventories | - | 210,011 | 210,011 | - | 213,066 | 213,066 |
| Land held for sale | 1,954,487 | - | 1,954,487 | 1,954,487 | - | 1,954,487 |
| Capital assets net | <u>81,365,478</u> | <u>46,129,239</u> | <u>127,494,717</u> | <u>82,125,027</u> | <u>47,359,004</u> | <u>129,484,031</u> |
| Total assets | <u>119,780,896</u> | <u>59,001,070</u> | <u>178,781,966</u> | <u>114,729,970</u> | <u>56,448,913</u> | <u>171,178,883</u> |
| Deferred outflow of resources: | | | | | | |
| Deferred amts related to pensions | 5,380,631 | 1,265,874 | 6,646,505 | 6,013,881 | 1,526,253 | 7,540,134 |
| Deferred amts related to OPEB | <u>92,003</u> | <u>21,749</u> | <u>113,752</u> | <u>102,598</u> | <u>26,416</u> | <u>129,014</u> |
| Total deferred outflow of resources | <u>5,472,634</u> | <u>1,287,623</u> | <u>6,760,257</u> | <u>6,116,479</u> | <u>1,552,669</u> | <u>7,669,148</u> |
| Liabilities: | | | | | | |
| Accounts payable and accrued expenses | 2,451,920 | 490,992 | 2,942,912 | 2,389,081 | 372,742 | 2,761,823 |
| Landfill closure and postclosure care costs | 350,499 | - | 350,499 | 450,869 | - | 450,869 |
| Net other postemployment obligations | 444,371 | 105,053 | 549,424 | 407,157 | 104,825 | 511,982 |
| Net pension liability | 6,790,199 | 1,597,496 | 8,387,695 | 12,932,086 | 3,282,014 | 16,214,100 |
| Long-term obligations | <u>10,074,094</u> | <u>10,687,333</u> | <u>20,761,427</u> | <u>10,305,314</u> | <u>12,511,848</u> | <u>22,817,162</u> |
| Total liabilities | <u>20,111,083</u> | <u>12,880,874</u> | <u>32,991,957</u> | <u>26,484,507</u> | <u>16,271,429</u> | <u>42,755,936</u> |
| Deferred inflow of resources: | | | | | | |
| Deferred amounts related to pensions | 5,689,239 | 1,338,477 | 7,027,716 | 376,445 | 95,538 | 471,983 |
| Deferred amounts related to OPEB | 108,890 | 25,742 | 134,632 | 106,375 | 27,386 | 133,761 |
| Deferred lease resources | <u>2,362,074</u> | <u>-</u> | <u>2,362,074</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total deferred inflow of resources | <u>8,160,203</u> | <u>1,364,219</u> | <u>9,524,422</u> | <u>482,820</u> | <u>122,924</u> | <u>605,744</u> |
| Net position: | | | | | | |
| Net investment in capital assets | 71,470,487 | 35,441,906 | 106,912,393 | 72,021,224 | 34,847,156 | 106,868,380 |
| Restricted | 17,585,853 | 9,741,483 | 27,327,336 | 14,292,609 | 6,780,626 | 21,073,235 |
| Unrestricted | <u>7,925,904</u> | <u>860,211</u> | <u>8,786,115</u> | <u>7,565,289</u> | <u>(20,553)</u> | <u>7,544,736</u> |
| Total net position | <u>\$ 96,982,244</u> | <u>\$ 46,043,600</u> | <u>\$ 143,025,844</u> | <u>\$ 93,879,122</u> | <u>\$ 41,607,229</u> | <u>\$ 135,486,351</u> |

Approximately 75.0% of the City's total net position is invested in capital assets. 11.5% of the City's net position is restricted for capital improvements (\$16,490,780), including proceeds from system development charges. \$172,118 (0.1%) is restricted for repayment of outstanding debt. \$8,786,115 (6.1%) 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 \$37,389,385, an increase of 3.8% from the prior year. Of the City's total revenue, \$9,668,621 (or 25.9%) is from property taxes, \$10,541,426 (or 28.2%) is from transient room taxes, \$11,349,603 (or 30.3%) is from charges for services and \$5,829,735 (or 15.6%) 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, 2022 | | | Year Ended June 30, 2021 | | |
|-------------------------------------|----------------------------|-----------------------------|-----------------------|----------------------------|-----------------------------|-----------------------|
| | Governmental Activities | Business-type Activities | Totals | Governmental Activities | Business-type Activities | Totals |
| Program revenues: | | | | | | |
| Charges for services | \$ 2,141,919 | \$ 9,207,684 | \$ 11,349,603 | \$ 1,745,140 | \$ 8,215,513 | \$ 9,960,653 |
| Operating grants and contributions | 825,232 | 1,075,336 | 1,900,568 | 1,318,509 | 20,644 | 1,339,153 |
| Capital grants and contributions | 1,505,665 | 506,261 | 2,011,926 | 2,642,404 | 464,056 | 3,106,460 |
| General revenues: | | | | | | |
| Property taxes, general purposes | 7,992,536 | - | 7,992,536 | 7,495,630 | - | 7,495,630 |
| Property taxes, debt service | 34,305 | 1,641,780 | 1,676,085 | 784,458 | 1,561,469 | 2,345,927 |
| Franchise fees | 1,095,183 | - | 1,095,183 | 1,081,537 | - | 1,081,537 |
| Transient room taxes | 10,541,426 | - | 10,541,426 | 9,655,683 | - | 9,655,683 |
| Other | 859,193 | (37,135) | 822,058 | 798,485 | 233,926 | 1,032,411 |
| Total program and general revenues | <u>24,995,459</u> | <u>12,393,926</u> | <u>37,389,385</u> | <u>25,521,846</u> | <u>10,495,608</u> | <u>36,017,454</u> |
| Program expenses: | | | | | | |
| General government | 5,632,511 | - | 5,632,511 | 4,654,630 | - | 4,654,630 |
| Public safety | 6,142,150 | - | 6,142,150 | 6,684,827 | - | 6,684,827 |
| Highways and streets | 2,843,194 | - | 2,843,194 | 2,735,330 | - | 2,735,330 |
| Cultural and recreation | 5,633,276 | - | 5,633,276 | 5,529,477 | - | 5,529,477 |
| Art and education | - | - | - | 111 | - | 111 |
| Water and sewer | - | 9,192,321 | 9,192,321 | - | 9,640,787 | 9,640,787 |
| Interest on long-term debt | 406,440 | - | 406,440 | 391,809 | - | 391,809 |
| Total program expenses | <u>20,657,571</u> | <u>9,192,321</u> | <u>29,849,892</u> | <u>19,996,184</u> | <u>9,640,787</u> | <u>29,636,971</u> |
| Increase (decrease) in net position | | | | | | |
| before transfers | 4,337,888 | 3,201,605 | 7,539,493 | 5,525,662 | 854,821 | 6,380,483 |
| Transfers | (1,234,766) | 1,234,766 | - | 73,168 | (73,168) | - |
| Change in net position | <u>3,103,122</u> | <u>4,436,371</u> | <u>7,539,493</u> | <u>5,598,830</u> | <u>781,653</u> | <u>6,380,483</u> |
| Net Position - starting | <u>93,879,122</u> | <u>41,607,229</u> | <u>135,486,351</u> | <u>88,280,292</u> | <u>40,825,576</u> | <u>129,105,868</u> |
| Net position - ending | <u>\$ 96,982,244</u> | <u>\$ 46,043,600</u> | <u>\$ 143,025,844</u> | <u>\$ 93,879,122</u> | <u>\$ 41,607,229</u> | <u>\$ 135,486,351</u> |

The total cost of all programs and services was \$29,849,892, an increase of \$212,921 (or 0.7%) from the prior year. Expenses for Governmental Activities increased by 3.3% while expenses for Business-Type Activities decreased by 4.7%. Of the total costs, \$9,192,321 (or 30.8%) was for Business-type Activities, and \$20,657,571 (or 69.2%) 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 \$13,238,867, an increase of \$423,420 (or 3.3%) over the prior year's fund balance. Total General fund revenues increased by 6.0% from the prior fiscal year, while General fund expenditures increased by 9.7%.

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. TRT revenues increased by \$885,743 (or 9.2%) from the prior fiscal year, indicating a significant improvement from the COVID impact of prior years.

Business-type Activities

The City's Water funds reported an ending net position of \$22,475,331, an increase of \$898,970 (or 4.2%) over the prior fiscal year's ending net position. Charges for Services increased by \$534,717 (or 14.0%). Water rates were increased by 4% for the fiscal year. The increase in water charges for services is both a reflection of the increased rates, and improved tourism activity.

The City's Sewer funds reported an ending net position of \$23,568,269, an increase of \$3,537,401 (or 17.7%) over the previous fiscal year's ending net position. Charges for Services increased by \$457,454 (or 10.4%). Sewer rates were increased by 4% for the fiscal year. The increase in sewer charges for services is both a reflection of increased rates, and improved tourism activity. The increase in ending net position was also a result of a \$1.2 million transfer from the General fund to the Sewer construction fund, for emergency construction work on the NW Jetty force main.

System development charges (SDC) for both the Water and Sewer funds are generated from new building activity and are a reflection of changes in new construction occurring within the City. Water system development charges increased by \$28,700 (or 17.8%). Sewer system development charges increased by \$13,505 (or 4.5%).

BUDGETARY HIGHLIGHTS

City Council approved one change to the fiscal year 2021-22 General Fund adopted budget. These changes re-categorized operating expenditures to reflect actual spending patterns. It also added a transfer of fund to the Sewer Capital fund of \$1.2 million to finance emergency repair and construction on the NW Jetty force main.

CAPITAL ASSETS AND DEBT ADMINISTRATION

At the end of fiscal year 2021-22, the City had capital assets totaling \$127,494,717 in a broad range of categories, including land, infrastructure, equipment, buildings and vehicles. This amount represents a net decrease (including additions and deductions) of \$1,989,314 (or 1.5%). More detailed information is presented in note 5 of the notes to basic financial statements.

Table 3
CHANGE IN CAPITAL ASSETS

| | Governmental Activities | Business-type Activities | Totals | Governmental Activities | Business-type Activities | Totals |
|--------------------|----------------------------|-----------------------------|----------------------|----------------------------|-----------------------------|----------------------|
| Beginning balance | \$ 82,125,027 | \$47,359,004 | \$129,484,031 | \$80,684,222 | \$ 50,453,371 | \$131,137,593 |
| GASB87 beg balance | 11,487 | 4,750 | 16,237 | - | - | - |
| Additions | 2,925,736 | 2,051,089 | 4,976,825 | 4,630,220 | 154,778 | 4,784,998 |
| Transfers | (107,004) | 107,004 | - | - | - | - |
| Retirements | (1,601,773) | (2,034,756) | (3,636,529) | (2,033,116) | (553,122) | (2,586,238) |
| Amortization, net | (5,076) | (1,212) | (6,288) | - | - | - |
| Depreciation, net | <u>(1,982,919)</u> | <u>(1,356,640)</u> | <u>(3,339,559)</u> | <u>(1,156,299)</u> | <u>(2,696,023)</u> | <u>(3,852,322)</u> |
| Ending balance | <u>\$ 81,365,478</u> | <u>\$46,129,239</u> | <u>\$127,494,717</u> | <u>\$82,125,027</u> | <u>\$ 47,359,004</u> | <u>\$129,484,031</u> |

Governmental Activities

Additions to capital assets from governmental activities totaled \$2,925,736. These additions included: (1) Construction of NE Sidewalk Hwy 101 to Oar \$782,925, (2) Lincoln Square Parking lot improvements \$327,436, (3) Hwy 101 WDLR to Neotsu Sidewalk \$295,115, (4) Construction on High School Drive \$206,512, (5) Police Parking lot \$188,304, and (6) City Hall HVAC controls upgrade \$143,379

Business-type Activities

Additions to capital assets from business-type activities totaled \$2,051,089. These additions included (1) NW Jetty Force Main \$608,530, (2) Water Treatment Plant generator \$438,847, (3) Wastewater Treatment Plant Screw Press \$387,012, (4) SE Oar/19th & Lee Pumpstation \$139,858, and (5) Spyglass Pumpstation upgrade \$135,242,

LONG-TERM OBLIGATIONS

At the end of fiscal year 2021-22, the City had \$20,761,427 in outstanding debt, a decrease of \$2,055,735 (9.0%) relative to the prior year.

Governmental Activities

The City entered into debt financing for the purchase of a copier. This lease has a term of 3 years and has a net present value of \$7,685. The City made all scheduled principal and interest payments as required.

Business-type Activities

The City did not issue any new debt for the fiscal year ending June 30, 2022 and made all scheduled principal and interest payments as required.

As of June 30, 2022, 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 7 of the notes to basic financial statements.

Table 4
LONG-TERM OBLIGATIONS

| | <u>June 30, 2022</u> | <u>June 30, 2021</u> |
|--|----------------------|----------------------|
| Governmental: | | |
| Full Faith and Credit Bond Series 2018 | \$ 9,915,000 | \$ 10,125,000 |
| Full Faith and Credit Bond Premium Series 2018 | 138,672 | 180,314 |
| Contracts Payable - Police Copier | <u>6,498</u> | <u>-</u> |
| Total governmental activities | <u>10,060,170</u> | <u>10,305,314</u> |
| Business-type: | | |
| General Obligation Bonds | | |
| Sewer Bonds - Series 2011 | 2,165,574 | 2,689,264 |
| Sewer Bonds - Series 2013 | 7,335,000 | 8,130,000 |
| Full Faith and Credit Note Series 2014 | 865,000 | 1,285,000 |
| Contract Payable - Sewer Vactor | 168,020 | 214,134 |
| Contract Payable - Water Hydro | <u>149,877</u> | <u>193,450</u> |
| Total business-type activities | <u>10,683,471</u> | <u>12,511,848</u> |
| Total long-term obligations, Bonds | <u>\$ 20,743,641</u> | <u>\$ 22,817,162</u> |

The City implemented GASB 87 in fiscal year ending June 30, 2022. Leases payable are as follows:

| | <u>GASB 87 Beginning Balance</u> | <u>June 30, 2022</u> |
|--------------------------------------|--|----------------------|
| Governmental: | | |
| Public works copier (1/3 of lease) | \$ 2,375 | \$ 1,931 |
| Explore Lincoln City postage machine | 6,952 | 6,383 |
| City Hall postage machine | <u>9,112</u> | <u>5,610</u> |
| Total governmental activities | <u>18,439</u> | <u>13,924</u> |
| Business-type: | | |
| Public works copier (2/3 of lease) | <u>4,749</u> | <u>3,862</u> |
| Total business-type activities | <u>4,749</u> | <u>3,862</u> |
| Total long-term obligations | <u>\$ 23,188</u> | <u>\$ 17,786</u> |

ECONOMIC FACTORS, NEXT YEAR'S BUDGET AND RATES

Property taxes comprise 58.9% 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 22-23 is \$14,472,211 and expenditures are budgeted at \$14,751,801, resulting in a \$279,590 decrease to fund balance. The projected ending General Fund reserves for fiscal year 2022-23 total \$9,231,811 (or 62.6% of budgeted expenditures).

The City made a significant increase to pay for the next FY2022-23. In response to inflation and as a result of union negotiations, the City increased its pay grades by 5%, and also gave a COLA of 3.5%. In addition, in July 2022, the City made a one-time COVID cash-out for all benefited employees. Neither the increase in pay grades nor the COVID cash-out were budgeted for, and will decrease the projected ending General Fund reserves for FY2022-23.

Another major source of revenue for governmental activities is the Transient Room Tax (TRT). These revenues had dropped significantly in FY2019-20, but have returned to even higher levels than prior years in FY2021-2022. Transient Room Taxes are budgeted to increase by 3.9% in FY2022-23 (budget to year end estimate).

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 6% and sewer rates were budgeted to increase by 6% for fiscal year 2022-23. In prior years the utility rate increase had been around 4%, the higher rate increase in FY2022-23 was necessary in response to inflation of supply and services costs.

For fiscal year 2022-23, the City's Water Capital funds have budgeted \$3,300,000 in capital outlay for water system upgrades and replacements, with another \$1,561,544 in capital reserves.

For fiscal year 2022-23, the City's Wastewater Capital funds has budgeted \$6,134,000 in capital outlay for sewer system upgrades and replacements, with another \$2,343,485 in capital reserves.

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, 2022

| | <u>Governmental Activities</u> | <u>Business-type Activities</u> | <u>Total</u> |
|---|------------------------------------|-------------------------------------|--------------------|
| ASSETS: | | | |
| Current assets | | | |
| Cash and investments | \$ 28,038,622 | \$ 11,362,085 | \$ 39,400,707 |
| Cash with County Treasurer | 51,811 | 10,600 | 62,411 |
| Receivables | 3,533,987 | 1,362,013 | 4,896,000 |
| Internal balances | 102,893 | (102,893) | - |
| Lease receivables | 143,928 | - | 143,928 |
| Inventories | - | 210,011 | 210,011 |
| Noncurrent assets | | | |
| Receivables | 1,741,759 | - | 1,741,759 |
| Lease receivables | 2,257,429 | - | 2,257,429 |
| Prepays and other | 590,502 | 30,015 | 620,517 |
| Land held for sale | 1,954,487 | - | 1,954,487 |
| Capital assets: | | | |
| Land, improvements and construction in progress | 36,236,327 | 3,616,823 | 39,853,150 |
| Right-of-use, net | 13,363 | 3,538 | 16,901 |
| Other capital assets, net | 45,115,788 | 42,508,878 | 87,624,666 |
| TOTAL ASSETS | <u>119,780,896</u> | <u>59,001,070</u> | <u>178,781,966</u> |
| DEFERRED OUTFLOWS OF RESOURCES: | | | |
| Deferred amounts related to pensions | 5,380,631 | 1,265,874 | 6,646,505 |
| Deferred amounts related to OPEB | 92,003 | 21,749 | 113,752 |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES | <u>5,472,634</u> | <u>1,287,623</u> | <u>6,760,257</u> |

See notes to basic financial statements.

CITY OF LINCOLN CITY
Lincoln City, Oregon

STATEMENT OF NET POSITION

JUNE 30, 2022

| | Governmental Activities | Business-type Activities | Total |
|---|----------------------------|-----------------------------|-----------------------|
| LIABILITIES: | | | |
| Accounts payable and accrued expenses | \$ 894,967 | \$ 234,539 | \$ 1,129,506 |
| Other accrued liabilities | 656,958 | - | 656,958 |
| Accrued interest payable | 99,194 | 40,301 | 139,495 |
| Accrued compensated absences | 800,801 | 216,152 | 1,016,953 |
| Long-term obligations: | | | |
| Portion due or payable within one year: | | | |
| Landfill closure and post closure care costs | 40,000 | - | 40,000 |
| Long-term debt | 259,191 | 1,898,713 | 2,157,904 |
| Lease payable | 5,490 | 1,062 | 6,552 |
| Portion due or payable after one year: | | | |
| Landfill closure and post closure care costs | 310,499 | - | 310,499 |
| Long-term debt | 9,800,979 | 8,784,758 | 18,585,737 |
| Lease payable | 8,434 | 2,800 | 11,234 |
| Net pension liability | 6,790,199 | 1,597,496 | 8,387,695 |
| Total other postemployment benefit obligation | 444,371 | 105,053 | 549,424 |
| TOTAL LIABILITIES | 20,111,083 | 12,880,874 | 32,991,957 |
| DEFERRED INFLOWS OF RESOURCES: | | | |
| Deferred amounts related to pensions | 5,689,239 | 1,338,477 | 7,027,716 |
| Deferred amounts related to OPEB | 108,890 | 25,742 | 134,632 |
| Deferred lease resources | 2,362,074 | - | 2,362,074 |
| TOTAL DEFERRED INFLOWS OF RESOURCES | 8,160,203 | 1,364,219 | 9,524,422 |
| NET POSITION: | | | |
| Net investment in capital assets | 71,470,487 | 35,441,906 | 106,912,393 |
| Restricted for: | | | |
| Capital improvements | 6,951,430 | 9,539,350 | 16,490,780 |
| Debt service | - | 172,118 | 172,118 |
| Highways and streets | 2,135,703 | - | 2,135,703 |
| Landfill postclosure costs | 202,977 | - | 202,977 |
| Tourism | 4,519,697 | - | 4,519,697 |
| Urban renewal | 1,226,413 | - | 1,226,413 |
| Parks and recreation | 2,422,674 | - | 2,422,674 |
| Other | 126,959 | 30,015 | 156,974 |
| Unrestricted | 7,925,904 | 860,211 | 8,786,115 |
| TOTAL NET POSITION | \$ 96,982,244 | \$ 46,043,600 | \$ 143,025,844 |

See notes to basic financial statements.

CITY OF LINCOLN CITY
Lincoln City, Oregon

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2022

| ACTIVITIES | Program Revenues | | | | Net Revenue (Expense) and Change in Net Position | | |
|---|----------------------|-------------------------|--|--|---|-----------------------------|-----------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-Type Activities | Totals |
| Primary government: | | | | | | | |
| Governmental activities: | | | | | | | |
| General government | \$ 5,196,523 | \$ 1,464,067 | \$ 825,232 | \$ 395,708 | \$ (2,511,516) | \$ - | \$ (2,511,516) |
| Public safety | 6,578,138 | 54,080 | - | - | (6,524,058) | - | (6,524,058) |
| Highways and streets | 2,843,194 | 111,232 | - | 1,102,285 | (1,629,677) | - | (1,629,677) |
| Culture and recreation | 5,633,276 | 512,540 | - | 7,672 | (5,113,064) | - | (5,113,064) |
| Interest on long-term obligations | 406,440 | - | - | - | (406,440) | - | (406,440) |
| Total governmental activities | <u>20,657,571</u> | <u>2,141,919</u> | <u>825,232</u> | <u>1,505,665</u> | <u>(16,184,755)</u> | <u>-</u> | <u>(16,184,755)</u> |
| Business-type activities: | | | | | | | |
| Water | 3,938,079 | 4,357,085 | 289,800 | 189,537 | - | 898,343 | 898,343 |
| Sewer | 5,254,242 | 4,850,599 | 785,536 | 316,724 | - | 698,617 | 698,617 |
| Total business-type activities | <u>9,192,321</u> | <u>9,207,684</u> | <u>1,075,336</u> | <u>506,261</u> | <u>-</u> | <u>1,596,960</u> | <u>1,596,960</u> |
| Total | <u>\$ 29,849,892</u> | <u>\$ 11,349,603</u> | <u>\$ 1,900,568</u> | <u>\$ 2,011,926</u> | <u>(16,184,755)</u> | <u>1,596,960</u> | <u>(14,587,795)</u> |
| GENERAL REVENUES | | | | | | | |
| Property taxes levied for: | | | | | | | |
| General purposes | | | | | 7,992,536 | - | 7,992,536 |
| Debt service | | | | | 34,305 | 1,641,780 | 1,676,085 |
| Franchise fees | | | | | 1,095,183 | - | 1,095,183 |
| Transient room taxes | | | | | 10,541,426 | - | 10,541,426 |
| Unrestricted investment earnings | | | | | 256,656 | 58,022 | 314,678 |
| Gain/(loss) from disposal of capital assets | | | | | (80,008) | (226,788) | (306,796) |
| Miscellaneous | | | | | 682,545 | 131,631 | 814,176 |
| TRANSFERS | | | | | <u>(1,234,766)</u> | <u>1,234,766</u> | <u>-</u> |
| Total general revenues and transfers | | | | | <u>19,287,877</u> | <u>2,839,411</u> | <u>22,127,288</u> |
| CHANGE IN NET POSITION | | | | | <u>3,103,122</u> | <u>4,436,371</u> | <u>7,539,493</u> |
| NET POSITION, June 30, 2021 | | | | | <u>93,879,122</u> | <u>41,607,229</u> | <u>135,486,351</u> |
| NET POSITION, June 30, 2022 | | | | | <u>\$ 96,982,244</u> | <u>\$ 46,043,600</u> | <u>\$ 143,025,844</u> |

See notes to basic financial statements.

CITY OF LINCOLN CITY

Lincoln City, Oregon

BALANCE SHEET GOVERNMENTAL FUNDS

JUNE 30, 2022

| | General Fund | Explore Lincoln City | Parks and Recreation | Lincoln Square Operations | Other Governmental Funds | Totals |
|--|-----------------------------|----------------------------|----------------------------|---------------------------------|--------------------------------|-----------------------------|
| ASSETS: | | | | | | |
| Cash and investments | \$ 11,079,055 | \$ 3,750,917 | \$ 1,864,783 | \$ 270,041 | \$ 10,859,519 | \$ 27,824,315 |
| Cash with County Treasurer | 51,150 | - | - | - | 661 | 51,811 |
| Receivables | 2,176,158 | 792,576 | 584,380 | - | 1,717,202 | 5,270,316 |
| Lease receivables | 103,524 | - | - | 2,297,833 | - | 2,401,357 |
| Prepaid Items | 275 | 457,340 | - | - | - | 457,615 |
| Advance to other funds | 102,893 | - | - | - | - | 102,893 |
| Land held for resale | 1,393,665 | - | - | - | 560,822 | 1,954,487 |
| TOTAL ASSETS | <u>\$ 14,906,720</u> | <u>\$ 5,000,833</u> | <u>\$ 2,449,163</u> | <u>\$ 2,567,874</u> | <u>\$ 13,138,204</u> | <u>\$ 38,062,794</u> |
| LIABILITIES: | | | | | | |
| Accounts payable and accrued expenses | \$ 187,558 | \$ 23,796 | \$ 26,489 | \$ 5,598 | \$ 644,573 | \$ 888,014 |
| Other accrued liabilities | 656,958 | - | - | - | - | 656,958 |
| TOTAL LIABILITIES | <u>844,516</u> | <u>23,796</u> | <u>26,489</u> | <u>5,598</u> | <u>644,573</u> | <u>1,544,972</u> |
| DEFERRED INFLOWS OF RESOURCES: | | | | | | |
| Unavailable revenue, property taxes | 300,573 | - | - | - | 3,355 | 303,928 |
| Unavailable revenue, local improvement districts | 381,409 | - | - | - | - | 381,409 |
| Unavailable revenue, municipal court fees | 40,664 | - | - | - | - | 40,664 |
| Deferred inflows, leases | 100,691 | - | - | 2,261,383 | - | 2,362,074 |
| TOTAL DEFERRED INFLOWS OF RESOURCES | <u>823,337</u> | <u>-</u> | <u>-</u> | <u>2,261,383</u> | <u>3,355</u> | <u>3,088,075</u> |
| FUND BALANCES: | | | | | | |
| Nonspendable in form | 2,096,833 | 457,340 | - | - | 1,346,449 | 3,900,622 |
| Restricted for: | | | | | | |
| Capital projects | - | - | - | - | 7,129,972 | 7,129,972 |
| Post closure landfill costs | 553,476 | - | - | - | - | 553,476 |
| Debt service | - | - | - | - | - | - |
| Road construction/maintenance | - | - | - | - | 2,135,703 | 2,135,703 |
| Tourism promotion | - | 4,519,697 | - | - | - | 4,519,697 |
| Urban renewal | - | - | - | - | 522,322 | 522,322 |
| Parks maintenance | - | - | 2,422,674 | - | - | 2,422,674 |
| Committed to: | | | | | | |
| Capital projects | 713,741 | - | - | - | - | 713,741 |
| Affordable housing | - | - | - | - | 300,647 | 300,647 |
| Maintenance services | - | - | - | 300,893 | - | 300,893 |
| Art and education | - | - | - | - | 95,944 | 95,944 |
| Assigned to: | | | | | | |
| Capital projects | - | - | - | - | 959,239 | 959,239 |
| Unassigned | 9,874,817 | - | - | - | - | 9,874,817 |
| TOTAL FUND BALANCES | <u>13,238,867</u> | <u>4,977,037</u> | <u>2,422,674</u> | <u>300,893</u> | <u>12,490,276</u> | <u>33,429,747</u> |
| TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCE | <u>\$ 14,906,720</u> | <u>\$ 5,000,833</u> | <u>\$ 2,449,163</u> | <u>\$ 2,567,874</u> | <u>\$ 13,138,204</u> | <u>\$ 38,062,794</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, 2022

| | | |
|--|--------------|-----------------------------|
| TOTAL FUND BALANCE | | \$ 33,429,747 |
| 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. | | 81,160,711 |
| Lease assets are not financial resources and therefore are not reported in governmental funds. | | 13,363 |
| Certain items are not available to pay for current period expenditures, but are reported in the Statement of Net Position | | |
| Net OPEB RHIA Asset | 120,474 | |
| Deferred outflows of resources related to pensions | 5,085,490 | |
| Deferred outflows of resources related to OPEB | 87,302 | |
| 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. | | 726,001 |
| Interest not payable with current resources is not recorded as governmental fund liabilities. | | (99,194) |
| Compensated absences not payable in the current year are not recorded as governmental fund liabilities. | | (727,436) |
| 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 | (421,673) | |
| Net pension liability | (6,417,740) | |
| Deferred inflows of resources related to pensions | (5,377,172) | |
| Deferred inflows of resources related to OPEB | (103,329) | |
| Long-term obligations | (10,060,170) | |
| Leases payable | (13,924) | |
| Landfill closure and post closure costs | (350,499) | |
| Total | | (22,744,507) |
| 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>(69,707)</u> |
| TOTAL NET POSITION | | <u>\$ 96,982,244</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, 2022

| | General | Explore Lincoln City | Parks and Recreation | Lincoln Square Operations | Other Governmental Funds | Totals |
|--|---------------------|----------------------------|-------------------------|---------------------------------|--------------------------------|----------------------|
| REVENUES: | | | | | | |
| Property Taxes | \$ 8,099,785 | \$ - | \$ - | \$ - | \$ 100,790 | \$ 8,200,575 |
| Franchise fees | 1,095,183 | - | - | - | - | 1,095,183 |
| Transient room tax | 2,102,207 | 3,197,197 | 2,096,606 | - | 3,145,416 | 10,541,426 |
| Fines and forfeitures | 238,980 | - | - | - | - | 238,980 |
| Fees, licenses and permits | 948,559 | - | - | - | - | 948,559 |
| Rents | - | - | - | - | 25,281 | 25,281 |
| Lease revenue | 88,105 | - | - | 157,850 | - | 245,955 |
| Charges for services | 54,080 | - | 359,031 | - | 264,741 | 677,852 |
| Intergovernmental | 825,232 | - | 395,708 | - | 1,109,957 | 2,330,897 |
| Interest on investments | 82,069 | 19,659 | 11,879 | 89,024 | 54,025 | 256,656 |
| Miscellaneous | 555,225 | 531 | 31,247 | 41,039 | 59,372 | 687,414 |
| TOTAL REVENUES | 14,089,425 | 3,217,387 | 2,894,471 | 287,913 | 4,759,582 | 25,248,778 |
| EXPENDITURES: | | | | | | |
| Current: | | | | | | |
| General government | 3,822,999 | - | - | 460,656 | 157,785 | 4,441,440 |
| Public safety | 6,104,756 | - | - | - | - | 6,104,756 |
| Highways and streets | - | - | - | - | 1,484,239 | 1,484,239 |
| Culture and recreation | 1,069,366 | 1,920,910 | 2,278,301 | - | - | 5,268,577 |
| Debt service | 5,835 | 816 | - | - | 618,115 | 624,766 |
| Capital outlay | 541,858 | 74,394 | 73,866 | - | 2,181,829 | 2,871,947 |
| TOTAL EXPENDITURES | 11,544,814 | 1,996,120 | 2,352,167 | 460,656 | 4,441,968 | 20,795,725 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | 2,544,611 | 1,221,267 | 542,304 | (172,743) | 317,614 | 4,453,053 |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Proceeds from sale of capital assets | 42,312 | - | - | - | 139,003 | 181,315 |
| Acquisition of capital and right-to-use assets | 7,686 | 6,952 | - | - | - | 14,638 |
| Transfers in | 2,222 | - | 434,178 | 245,044 | 470,809 | 1,152,253 |
| Transfers out | (2,173,411) | (71,596) | - | - | (35,008) | (2,280,015) |
| TOTAL OTHER FINANCING SOURCES (USES) | (2,121,191) | (64,644) | 434,178 | 245,044 | 574,804 | (931,809) |
| NET CHANGE IN FUND BALANCES | 423,420 | 1,156,623 | 976,482 | 72,301 | 892,418 | 3,521,244 |
| FUND BALANCES, beginning of year | 12,815,447 | 3,820,414 | 1,446,192 | 228,592 | 11,597,858 | 29,908,503 |
| FUND BALANCES, end of year | \$13,238,867 | \$ 4,977,037 | \$ 2,422,674 | \$ 300,893 | \$ 12,490,276 | \$ 33,429,747 |

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, 2022

| | | |
|--|--------------------|-------------------------|
| NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS | \$ | 3,521,244 |
| <p>Amounts reported for governmental activities in the Statement of Activities are different because of the following:</p> | | |
| <p>Governmental funds report capital assets additions as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. The difference between these two amounts is:</p> | | |
| Capital outlay | \$ 2,871,947 | |
| Depreciation | <u>(3,268,566)</u> | (396,619) |
| <p>The net effect of transactions involving capital assets, i.e., gain/loss on sales, donations. These transactions are not reported in the governmental funds.</p> | | |
| | | (261,323) |
| <p>Transfer of assets from governmental funds to enterprise fund. These transactions are not reported in the governmental funds.</p> | | |
| | | (107,004) |
| <p>Governmental funds report lease financing as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as amortization expense. This is the amount by which amortization exceeded lease financing.</p> | | |
| | | (5,076) |
| <p>Receivables that do not meet the measurable and available criteria are not recognized as revenue in the current year in governmental funds. In the Statement of Activities they are recognized as revenue when levied or earned.</p> | | |
| Unearned Revenue - Property Taxes | (173,735) | |
| Unearned Revenue - Unbonded Assessment (LID/Reimbursement District Receivable) | (4,822) | |
| Unearned Revenue - Port Dr Assessment (Abatement) | (47) | |
| Deferred Revenue - Municipal Court | <u>5,292</u> | (173,312) |
| <p>Assets acquired by debt financing are not recorded in the governmental funds</p> | | |
| | | (14,638) |
| <p>Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.</p> | | |
| | | 211,187 |
| <p>Repayment of lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.</p> | | |
| | | 4,514 |
| <p>Accrued interest is not recorded in the governmental funds.</p> | | |
| | | 2,625 |
| <p>Amortization of bond premium is not recorded in the governmental funds.</p> | | |
| | | 41,641 |
| <p>Landfill post closure costs are reported as expenditures in the governmental fund statements, but reduce the liability in the Statement of Net Position.</p> | | |
| | | 100,370 |
| <p>Internal service fund is used by management to charge the costs of services to individual governmental funds. The net income of the internal service fund is reported as a governmental activity.</p> | | |
| | | 14,457 |
| <p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.</p> | | |
| Pension expense | | 219,258 |
| Net OPEB benefit | | (14,117) |
| Compensated absences | | <u>(40,085)</u> |
| CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES | \$ | <u>3,103,122</u> |

See notes to basic financial statements.

CITY OF LINCOLN CITY
Lincoln City, Oregon

PROPRIETARY FUNDS

STATEMENT OF NET POSITION

JUNE 30, 2022

| | Enterprise Funds | | | Internal Service Fund |
|---|----------------------|----------------------|----------------------|-----------------------------|
| | Water | Sewer | Totals | |
| ASSETS: | | | | |
| Current assets: | | | | |
| Cash and investments | \$ 4,056,983 | \$ 7,305,102 | \$ 11,362,085 | \$ 214,307 |
| Cash with County Treasurer | - | 10,600 | 10,600 | - |
| Receivables, net | 570,309 | 791,704 | 1,362,013 | 5,430 |
| Prepays and OPEB asset | 14,145 | 15,870 | 30,015 | 12,413 |
| Inventories | 210,011 | - | 210,011 | - |
| Total current assets | <u>4,851,448</u> | <u>8,123,276</u> | <u>12,974,724</u> | <u>232,150</u> |
| Capital assets: | | | | |
| Land, improvements and construction in progress | 1,420,432 | 2,196,391 | 3,616,823 | 24,692 |
| Right-to-use, net | 1,769 | 1,769 | 3,538 | - |
| Other capital assets, net | 18,448,693 | 24,060,185 | 42,508,878 | 166,712 |
| Total capital assets | <u>19,870,894</u> | <u>26,258,345</u> | <u>46,129,239</u> | <u>191,404</u> |
| TOTAL ASSETS | <u>24,722,342</u> | <u>34,381,621</u> | <u>59,103,963</u> | <u>423,554</u> |
| DEFERRED OUTFLOW OF RESOURCES: | | | | |
| Deferred amounts related to pensions | 699,923 | 565,951 | 1,265,874 | 295,141 |
| Deferred amounts related to OPEB | 10,249 | 11,500 | 21,749 | 4,701 |
| TOTAL DEFERRED OUTFLOW OF RESOURCES | <u>710,172</u> | <u>577,451</u> | <u>1,287,623</u> | <u>299,842</u> |
| LIABILITIES: | | | | |
| Current liabilities: | | | | |
| Accounts payable and accrued expenses | 89,141 | 145,398 | 234,539 | 6,953 |
| Advance to other funds | - | 102,893 | 102,893 | - |
| Accrued interest payable | 11,220 | 29,081 | 40,301 | - |
| Accrued compensated absences | 155,023 | 61,129 | 216,152 | 73,365 |
| Current portion of long-term obligations | 475,704 | 1,424,071 | 1,899,775 | - |
| Total current liabilities | <u>731,088</u> | <u>1,762,572</u> | <u>2,493,660</u> | <u>80,318</u> |
| Long-term liabilities | 541,105 | 8,246,453 | 8,787,558 | - |
| Total other postemployment benefit obligation | 49,508 | 55,545 | 105,053 | 22,698 |
| Net pension liability | 883,283 | 714,213 | 1,597,496 | 372,459 |
| TOTAL LIABILITIES | <u>2,204,984</u> | <u>10,778,783</u> | <u>12,983,767</u> | <u>475,475</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Deferred amounts related to pensions | 740,067 | 598,410 | 1,338,477 | 312,067 |
| Deferred amounts related to OPEB | 12,132 | 13,610 | 25,742 | 5,561 |
| TOTAL DEFERRED INFLOWS OF RESOURCES | <u>752,199</u> | <u>612,020</u> | <u>1,364,219</u> | <u>317,628</u> |
| NET POSITION: | | | | |
| Net investment in capital assets | 18,854,085 | 16,587,821 | 35,441,906 | 191,404 |
| Restricted for: | | | | |
| Capital improvement | 3,928,133 | 5,611,217 | 9,539,350 | - |
| Debt service | 5,535 | 166,583 | 172,118 | - |
| OPEB Asset | 14,145 | 15,870 | 30,015 | 6,485 |
| Unrestricted | <u>(326,567)</u> | <u>1,186,778</u> | <u>860,211</u> | <u>(267,596)</u> |
| TOTAL NET POSITION | <u>\$ 22,475,331</u> | <u>\$ 23,568,269</u> | <u>\$ 46,043,600</u> | <u>\$ (69,707)</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, 2022

| | Enterprise Funds | | | Internal Service Fund |
|---|----------------------|----------------------|----------------------|-----------------------------|
| | Water | Sewer | Totals | |
| OPERATING REVENUES: | | | | |
| Charges for services | \$ 4,357,085 | \$ 4,850,599 | \$ 9,207,684 | \$ 1,078,823 |
| Intergovernmental | 289,800 | 785,536 | 1,075,336 | - |
| Miscellaneous | 12,080 | 119,551 | 131,631 | 21,701 |
| TOTAL OPERATING REVENUES | 4,658,965 | 5,755,686 | 10,414,651 | 1,100,524 |
| OPERATING EXPENSES: | | | | |
| Personal services | 1,384,731 | 1,267,726 | 2,652,457 | 668,966 |
| Materials and services | 949,534 | 1,651,179 | 2,600,713 | 362,303 |
| Support services | 249,019 | 182,817 | 431,836 | - |
| Depreciation and amortization | 1,317,052 | 1,845,214 | 3,162,266 | 47,422 |
| TOTAL OPERATING EXPENSES | 3,900,336 | 4,946,936 | 8,847,272 | 1,078,691 |
| OPERATING INCOME (LOSS) | 758,629 | 808,750 | 1,567,379 | 21,833 |
| NONOPERATING INCOME (EXPENSE): | | | | |
| System development charges | 189,537 | 316,724 | 506,261 | - |
| Interest earned on investments | 23,555 | 34,467 | 58,022 | - |
| Gain (loss) from sale of asset | 1,897 | (228,685) | (226,788) | (7,376) |
| Property taxes | - | 1,641,780 | 1,641,780 | - |
| Interest expense | (39,640) | (305,409) | (345,049) | - |
| TOTAL NONOPERATING INCOME (EXPENSE) | 175,349 | 1,458,877 | 1,634,226 | (7,376) |
| INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS | 933,978 | 2,267,627 | 3,201,605 | 14,457 |
| TRANSFERS: | | | | |
| Transfers in | - | 1,307,004 | 1,307,004 | - |
| Transfers out | (35,008) | (37,230) | (72,238) | - |
| CHANGE IN NET POSITION | 898,970 | 3,537,401 | 4,436,371 | 14,457 |
| NET POSITION, June 30, 2021 | 21,576,361 | 20,030,868 | 41,607,229 | (84,164) |
| NET POSITION, June 30, 2022 | \$ 22,475,331 | \$ 23,568,269 | \$ 46,043,600 | \$ (69,707) |

See notes to basic financial statements.

CITY OF LINCOLN CITY
Lincoln City, Oregon

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2022

| | Enterprise Funds | | | Internal Service Fund |
|--|---------------------|---------------------|----------------------|-----------------------|
| | Water | Sewer | Totals | |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | |
| Receipts from customers | \$ 4,546,538 | \$ 5,706,950 | \$ 10,253,488 | \$ 1,100,406 |
| Payments to suppliers | (906,445) | (1,584,777) | (2,491,222) | (354,924) |
| Payments to employees | (1,429,346) | (1,386,527) | (2,815,873) | (642,024) |
| Payments for support services | (249,019) | (182,817) | (431,836) | - |
| NET CASH FROM OPERATING ACTIVITIES | 1,961,728 | 2,552,829 | 4,514,557 | 103,458 |
| CASH FLOWS FROM NON FINANCING ACTIVITIES: | | | | |
| Property taxes | - | 1,641,780 | 1,641,780 | - |
| Transfers in | - | 1,200,000 | 1,200,000 | - |
| Transfers out | (35,008) | (37,230) | (72,238) | - |
| NET CASH FROM NON FINANCING ACTIVITIES | (35,008) | 2,804,550 | 2,769,542 | - |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | | | |
| Acquisition of capital and right-to-use assets | (677,535) | (1,373,554) | (2,051,089) | (53,789) |
| Proceeds received from sale of capital assets | 3,555 | - | 3,555 | - |
| System development charges | 189,537 | 316,724 | 506,261 | - |
| Principal paid on advance from other funds | - | (50,346) | (50,346) | - |
| Principal paid on long-term obligations | (464,016) | (1,365,249) | (1,829,265) | - |
| Interest paid on long-term obligations | (44,106) | (310,295) | (354,401) | - |
| NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES | (992,565) | (2,782,720) | (3,775,285) | (53,789) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | |
| Interest on investments | 23,555 | 34,467 | 58,022 | - |
| NET INCREASE (DECREASE) IN CASH AND INVESTMENTS | 957,710 | 2,609,126 | 3,566,836 | 49,669 |
| CASH AND INVESTMENTS, beginning of year | 3,099,273 | 4,695,976 | 7,795,249 | 164,638 |
| CASH AND INVESTMENTS, end of year | \$ 4,056,983 | \$ 7,305,102 | \$ 11,362,085 | \$ 214,307 |
| RECONCILIATION OF OPERATING INCOME TO NET CASH FROM OPERATING ACTIVITIES | | | | |
| Operating income (loss) | \$ 758,629 | \$ 808,750 | \$ 1,567,379 | \$ 21,833 |
| Adjustments to reconcile operating income (loss) to net cash provided by operating activities: | | | | |
| Depreciation | 1,317,052 | 1,845,214 | 3,162,266 | 47,422 |
| Decrease (increase) in assets and deferred outflows | | | | |
| Receivables, net | (112,427) | (48,712) | (161,139) | (118) |
| Inventories | (19,068) | 22,123 | 3,055 | - |
| Cash with County Treasurer | - | (24) | (24) | - |
| Net OPEB Asset | (2,954) | (3,678) | (6,632) | (1,662) |
| Deferred outflows | 117,852 | 147,194 | 265,046 | 7,321 |
| Increase (decrease) in liabilities and deferred inflows | | | | |
| Accounts payable and accrued expenses | 62,157 | 44,279 | 106,436 | (2,133) |
| Compensated absences payable | 23,191 | (2,026) | 21,165 | 3,452 |
| OPEB | (661) | 889 | 228 | 1,076 |
| Net pension liability | (870,094) | (814,424) | (1,684,518) | (276,339) |
| Deferred inflows | 688,051 | 553,244 | 1,241,295 | 293,094 |
| NET CASH FROM OPERATING ACTIVITIES | \$ 1,961,728 | \$ 2,552,829 | \$ 4,514,557 | \$ 103,458 |
| SCHEDULE OF NON-CASH TRANSACTIONS | | | | |
| Transfer of capital assets | \$ - | \$ 107,004 | \$ - | \$ - |
| Impact of GASB 87 Lease Accounting | \$ 2,375 | \$ 2,375 | \$ 4,750 | \$ - |

See notes to basic financial statements.

CITY OF LINCOLN CITY
Lincoln City, Oregon

FIDUCIARY FUND

STATEMENT OF NET POSITION

JUNE 30, 2022

ASSETS:

Cash and investments \$ 87,740

LIABILITIES:

Accounts payable 57,503

NET POSITION:

Restricted for:
Individuals and organizations
Funds held in trust \$ 30,237

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FOR THE YEAR ENDED June 30, 2022

ADDITIONS:

Grants and donations \$ 7,056
Deposits held for other 1,782
Interest on investments 109

TOTAL ADDITIONS 8,947

DEDUCTIONS:

Expenditures 46,766

CHANGE IN NET POSITION (37,819)

NET POSITION, June 20, 2021 68,056

NET POSITION, June 20, 2022 \$ 30,237

NOTES TO BASIC FINANCIAL STATEMENTS

CITY OF LINCOLN CITY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

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 with respect to the component unit.

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 non-fiduciary activities of the City, and its component unit.

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2022

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 identified 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 to sixty 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, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting (Continued)

A deferred inflow of resources 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.

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

Parks and Recreation Fund – accounts for the financial operations of Parks, Open Space, and for the Community Center. Resources are primarily provided from transient room taxes which are restricted for Parks and Streets. Other resources include charges for services, The Parks Maintenance fund also receives Marijuana tax revenues.

Lincoln Square Fund – accounts for the financial operations of the City Hall complex, which includes the space rented to McKays and to Career Tech. Resources are primarily from transfers from other operational funds with offices in City Hall, and from lease income.

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 bond payments.

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2022

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. The activities of the Internal Service Fund are aggregated into governmental activities for purposes of reporting in the entity-wide financial statements.

Additionally, the City reports a custodial fund as a fiduciary fund to account for assets held in a purely custodial capacity for others.

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, deferred outflows of resources, liabilities, deferred inflows of resources, 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 of the water 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 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 provision for uncollectible accounts was necessary at June 30, 2022.

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, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Receivables (Continued)

In the fund financial statements, property tax receivables 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 deferred inflow of resources for 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, 2022.

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.

Lease Receivables

Lease receivables are recognized at the net present value of the leased assets at a borrowing rate either explicitly described in the agreement or implicitly determined by the City, reduced by principal payments received.

Prepays

When COVID created hardships for business in 2020 and 2021, the Explore Lincoln City fund provided loans to those business, in the form of prepayment for services to be rendered. Over time these prepaid services will be included in tourism promotion packages. A provision of \$172,600 for uncollectible accounts was made at June 30, 2022.

Land held for Sale

Land that is held for sale is reported in the applicable governmental columns in the government-wide and fund-level financial statements. 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.

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (Continued)

Capital assets are defined by the City as assets with an initial, individual cost of \$5,000 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.

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.

Lease Assets

Lease assets are assets which the City leases for a term of more than one year. The value of leases is determined by the net present value of the leases at the City's incremental borrowing rate at the time of the lease agreement, amortized using the straight-line method over the term of the agreement.

Net Other Post Employment Benefits and Obligations

Net other post employment benefits and obligations are calculated as a long-term asset or long-term liability in the government-wide financial statements and in the proprietary fund statements, the amount of which is actuarially determined

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.

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Long-term obligations (Continued)

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.

Leases Payable

In the government-wide financial statements, leases payable are reported as liabilities in the Statement of Net Position. In the governmental fund financial statements, the present value of lease payments is reported as other financing sources.

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 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. Normally, 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.

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.

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance (Continued)

- 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. Deficit fund balances reported in other governmental funds are also categorized as unassigned.

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 assets 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 assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The governmental funds report unavailable revenues from property tax receivables, unbonded assessments, municipal court receivables, and deferred lease resources. These amounts are deferred and recognized as inflows of resources in the period that the amounts become available.

For the purpose 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 OPERS's fiduciary net position have been determined on the same bases as they are reported by OPERS.

Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's two separate plans, the Implicit Rate Subsidy and Oregon Public Employees Retirement Systems (OPERS), and additions to/deductions from Implicit Rate Subsidy and OPERS's fiduciary net position have been determined on the same basis as they are reported by Implicit Rate Subsidy and OPERS. For this purpose, Implicit Rate Subsidy and OPERS recognizes benefit payments when due and payable in accordance with the benefit terms.

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New Accounting Pronouncements and Accounting Standards

During the fiscal year ended June 30, 2022, the City implemented GASB 87. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

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.

At June 30, 2022, the City's cash and investments were comprised of the following:

| | |
|---|----------------------|
| Cash on hand | \$ 2,475 |
| Deposits with financial institutions | 247,384 |
| Oregon State Treasurer's Local Government Investment Pool | <u>39,238,588</u> |
| | <u>\$ 39,488,447</u> |

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2022

2. DEPOSITS AND INVESTMENTS (continued)

Reported as:

| | |
|-------------------------------------|-----------------------------|
| Governmental activities | \$ 28,038,622 |
| Business-type activities | <u>11,362,085</u> |
| Total per Statement of Net Position | 39,400,707 |
| Agency Fund | <u>87,740</u> |
| | <u><u>\$ 39,488,447</u></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, 2022, was \$853,428, with amounts beyond the coverage of FDIC held at qualified depositories of public funds as required by Oregon Statutes. 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, 2022

3. ACCOUNTS RECEIVABLE

Receivables as of June 30, 2022, for the City's governmental activities/funds are as follows:

| | <u>General</u> | <u>Explore Lincoln City</u> | <u>Parks and Recreation</u> | <u>Other Governmental</u> | <u>Internal Service</u> | <u>Totals</u> |
|-------------------------------|---------------------|-------------------------------------|---------------------------------|-------------------------------|-----------------------------|---------------------|
| Property taxes | \$ 300,573 | \$ - | \$ - | \$ 3,355 | \$ - | \$ 303,928 |
| Intergovernmental | 147,609 | - | 64,665 | 148,647 | - | 360,921 |
| Fines and warrants | 42,521 | - | - | - | - | 42,521 |
| Franchise fees | 121,792 | - | - | - | 5,430 | 127,222 |
| Transient room taxes | 506,728 | 792,576 | 519,715 | 779,573 | - | 2,598,592 |
| Reimburse/Local Impr District | 381,409 | - | - | - | - | 381,409 |
| Notes-housing rehabilitation | - | - | - | 785,627 | - | 785,627 |
| Notes-transient housing | 600,000 | - | - | - | - | 600,000 |
| Miscellaneous other | 75,526 | - | - | - | - | 75,526 |
| | <u>\$ 2,176,158</u> | <u>\$ 792,576</u> | <u>\$ 584,380</u> | <u>\$ 1,717,202</u> | <u>\$ 5,430</u> | <u>\$ 5,275,746</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 15 percent of the amount of its authority under option one of ORS 457.435(2)(a) without making a special levy in 2021-22.

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:

| <u>Fund and Program</u> | <u>Maximum Term</u> | <u>Interest Rate</u> | <u>Loans Receivable</u> |
|------------------------------------|-------------------------|--------------------------|-----------------------------|
| Non-major Governmental Funds: | | | |
| Urban development: | | | |
| Rehabilitation loans | 10 years | 0% | \$ 700,736 |
| Affordable Housing: | | | |
| Habitat and Housing Rehabilitation | 15 years | 0% | \$ 84,891 |

Receivables as of June 30, 2022, for the City's business-type activities/funds are as follows:

| | <u>Water</u> | <u>Sewer</u> | <u>Totals</u> |
|-------------------------------|-------------------|-------------------|---------------------|
| User charges | \$ 566,754 | \$ 703,535 | \$ 1,270,289 |
| Property taxes | - | 61,515 | 61,515 |
| Reimburse/Local Impr District | - | 26,654 | 26,654 |
| Miscellaneous | 3,555 | - | 3,555 |
| | <u>\$ 570,309</u> | <u>\$ 791,704</u> | <u>\$ 1,362,013</u> |

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2022

4. LEASE RECEIVABLES

Lease receivables as of June 30, 2022, for the City's governmental activities/funds are as follows:

| | <u>Outstanding June 30, 2021</u> | <u>GASB 87 lease beginning balances</u> | <u>Additions</u> | <u>Reductions</u> | <u>Outstanding June 30, 2022</u> |
|---|--------------------------------------|---|---------------------|-------------------|--------------------------------------|
| <u>Governmental Activities:</u> | | | | | |
| Lincoln City Glass Center, interest at 3.62%, monthly principal and interest ranges from \$622 to \$2,152, due 2027 | \$ - | \$ 86,097 | \$ - | \$ 12,323 | \$ 73,774 |
| Mo's Restaurant land lease, interest at 2.60% principal and interest of \$14,602 quarterly, due 2022 | - | 86,832 | - | 57,082 | 29,750 |
| Career Tech, interest at 2.60%, principal and interest of \$2,124 monthly, due 2023 | - | 49,738 | - | 24,546 | 25,192 |
| McKays Grocery, interest at 4.51%, principal and interest of \$14,681 monthly, due 2041 | - | - | 2,333,332 | 60,691 | 2,272,641 |
| | <u>\$ -</u> | <u>\$ 222,667</u> | <u>\$ 2,333,332</u> | <u>\$ 154,642</u> | <u>\$ 2,401,357</u> |

Future maturities are as follows:

| <u>Fiscal Year</u> | <u>Governmental Activities</u> | |
|------------------------|------------------------------------|---------------------|
| | <u>Principal</u> | <u>Interest</u> |
| 2023 | \$ 143,928 | \$ 103,046 |
| 2024 | 93,279 | 98,665 |
| 2025 | 97,768 | 94,492 |
| 2026 | 102,462 | 90,119 |
| 2027 | 107,371 | 85,538 |
| 2028-2032 | 521,121 | 359,766 |
| 2033-2037 | 652,662 | 228,225 |
| 2038-2042 | 682,766 | 65,988 |
| | <u>\$ 2,401,357</u> | <u>\$ 1,125,839</u> |

Deferred inflow of resources will be recognized as revenue on a straight-line basis over the life of the lease.

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2022

5. CAPITAL ASSETS

Transactions for the year ended June 30, 2022, of the governmental activities, were as follows:

| | Balance June 30, 2021 | Additions | Transfers | Disposals | Balance June 30, 2022 |
|---|--------------------------|---------------------|---------------------|---------------------|--------------------------|
| Capital assets not being depreciated: | | | | | |
| Land | \$ 11,605,464 | \$ 44,354 | \$ (27,900) | \$ - | \$ 11,621,918 |
| Public right-of-way | 22,328,786 | - | - | - | 22,328,786 |
| Construction in progress | <u>1,142,712</u> | <u>1,543,687</u> | <u>(352,897)</u> | <u>(47,879)</u> | <u>2,285,623</u> |
| Total capital assets not being depreciated | <u>35,076,962</u> | <u>1,588,041</u> | <u>(380,797)</u> | <u>(47,879)</u> | <u>36,236,327</u> |
| Capital assets being depreciated: | | | | | |
| Buildings | 29,263,495 | 67,200 | - | (1,203,144) | 28,127,551 |
| Heavy equipment | 610,094 | 50,000 | - | - | 660,094 |
| Urban renewal projects | 4,911,956 | - | - | - | 4,911,956 |
| System improvements | 62,916,861 | 600,867 | 273,793 | - | 63,791,521 |
| Vehicles | 1,406,785 | 330,402 | - | (82,683) | 1,654,504 |
| Equipment and furniture | 3,278,491 | 257,274 | - | (268,067) | 3,267,698 |
| Intangibles | - | 25,000 | - | - | 25,000 |
| Books and art | <u>143,989</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>143,989</u> |
| Total capital assets being depreciated | 102,531,671 | 1,330,743 | 273,793 | (1,553,894) | 102,582,313 |
| Accumulated depreciation | <u>(55,483,606)</u> | <u>(3,315,988)</u> | <u>-</u> | <u>1,333,069</u> | <u>(57,466,525)</u> |
| Total capital assets being depreciated, net | <u>47,048,065</u> | <u>(1,985,245)</u> | <u>273,793</u> | <u>(220,825)</u> | <u>45,115,788</u> |
| Total capital assets, net | <u>\$ 82,125,027</u> | <u>\$ (397,204)</u> | <u>\$ (107,004)</u> | <u>\$ (268,704)</u> | <u>\$ 81,352,115</u> |

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

| | |
|------------------------|---------------------|
| General government | \$ 737,042 |
| Internal Service Fund | 47,422 |
| Public safety | 604,352 |
| Highway and streets | 1,418,964 |
| Culture and recreation | <u>508,208</u> |
| Total | <u>\$ 3,315,988</u> |

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2022

5. CAPITAL ASSETS (continued)

Transactions for the year ended June 30, 2022, of the business-type activities, were as follows:

| | Balance June 30, 2021 | Additions | Transfers | Disposals | Balance June 30, 2022 |
|---|--------------------------|-----------------------|-------------------|---------------------|--------------------------|
| Capital assets not being depreciated: | | | | | |
| Land and improvements | \$ 792,628 | \$ - | \$ 28,900 | \$ - | \$ 821,528 |
| Construction in progress | 832,528 | 2,031,169 | (47,031) | (21,372) | 2,795,294 |
| Total capital assets not being depreciated | <u>1,625,156</u> | <u>2,031,169</u> | <u>(18,131)</u> | <u>(21,372)</u> | <u>3,616,822</u> |
| Capital assets being depreciated: | | | | | |
| Buildings | 1,106,766 | 13,611 | - | - | 1,120,377 |
| Facilities | 93,889,951 | - | 78,104 | (1,872,401) | 92,095,654 |
| Equipment | 2,393,496 | 6,309 | 47,031 | (140,983) | 2,305,853 |
| Intangibles | 120,868 | - | - | - | 120,868 |
| Total capital assets being depreciated | <u>97,511,081</u> | <u>19,920</u> | <u>125,135</u> | <u>(2,013,384)</u> | <u>95,642,752</u> |
| Accumulated depreciation | <u>(51,777,233)</u> | <u>(3,161,053)</u> | <u>-</u> | <u>1,804,413</u> | <u>(53,133,873)</u> |
| Total capital assets being depreciated, net | <u>45,733,848</u> | <u>(3,141,133)</u> | <u>125,135</u> | <u>(208,971)</u> | <u>42,508,879</u> |
| Total capital assets, net | <u>\$ 47,359,004</u> | <u>\$ (1,109,964)</u> | <u>\$ 107,004</u> | <u>\$ (230,343)</u> | <u>\$ 46,125,701</u> |

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

| | |
|-------|---------------------|
| Water | \$ 1,316,446 |
| Sewer | <u>1,844,607</u> |
| Total | <u>\$ 3,161,053</u> |

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2022

6. LEASE ASSETS

Lease asset activity for the year ended June 30, 2022, was as follows:

| | Balances June 30, 2021 | GASB 87 lease beginning balances | Additions | Balances June 30, 2022 |
|--|---------------------------|--|-------------------|---------------------------|
| <u>Governmental activities:</u> | | | | |
| Public Works copier | \$ - | \$ 2,375 | \$ - | \$ 2,375 |
| Explore Lincoln City postage machine | - | - | 6,952 | 6,952 |
| City Hall postage machine | - | 9,112 | - | 9,112 |
| Total assets being amortized | - | 11,487 | 6,952 | 18,439 |
| Less accumulated amortization: | - | - | (5,076) | (5,076) |
| Total leased assets being amortized, net | <u>\$ -</u> | <u>\$ 11,487</u> | <u>\$ 1,876</u> | <u>\$ 13,363</u> |
| <u>Business-type activities:</u> | | | | |
| Public Works copier | \$ - | \$ 4,750 | \$ - | \$ 4,750 |
| Less accumulated amortization: | - | - | (1,212) | (1,212) |
| Total leased assets being amortized, net | <u>\$ -</u> | <u>\$ 4,750</u> | <u>\$ (1,212)</u> | <u>\$ 3,538</u> |

Amortization expense in the governmental activities is recognized in the general government function.

7. LONG-TERM OBLIGATIONS

Long-Term Debt

Transactions for the year ended June 30, 2022, of the governmental activities, were as follows:

| | Balances June 30, 2021 | Additions | Reductions | Balances June 30, 2022 | Due within one year |
|--|---------------------------|-------------------|-------------------|---------------------------|------------------------|
| <u>Bond</u> | | | | | |
| Full Faith and Credit Obligation, Series 2018, Original issue amount \$10.950 million, final maturity April 2048, interest at 3.85 % | \$ 10,125,000 | \$ - | \$ 210,000 | \$ 9,915,000 | \$ 220,000 |
| <u>Bond Premium</u> | | | | | |
| Full Faith and Credit Obligation, Series 2018 | 180,314 | - | 41,642 | 138,672 | 36,841 |
| <u>Contracts Payable</u> | | | | | |
| Police Copier | - | 7,685 | 1,187 | 6,498 | 2,350 |
| | <u>\$ 10,305,314</u> | <u>\$ 7,685</u> | <u>\$ 252,829</u> | <u>\$ 10,060,170</u> | <u>\$ 259,191</u> |
| Compensated absences | <u>\$ 757,264</u> | <u>\$ 800,801</u> | <u>\$ 757,264</u> | <u>\$ 800,801</u> | <u>\$ 800,801</u> |

The future maturities for governmental activity long-term bond obligations outstanding as of June 30, 2022, are as follows:

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2022

7. LONG-TERM OBLIGATIONS (continued)

Long-Term Debt (continued)

| Fiscal Year | Police Building Bonds, Series 2018 | | Police Bldg Bond | Contracts Payable Police Copier | | Totals | |
|-------------|------------------------------------|---------------------|-------------------|---------------------------------|-----------------|----------------------|---------------------|
| | Principal | Interest | Premium | Principal | Interest | Principal | Interest |
| 2023 | \$ 220,000 | \$ 396,775 | \$ 36,841 | \$ 2,350 | \$ 943 | \$ 259,191 | \$ 397,718 |
| 2024 | 230,000 | 385,775 | 31,841 | 2,815 | 478 | 264,656 | 386,253 |
| 2025 | 240,000 | 374,275 | 26,641 | 1,333 | 40 | 267,974 | 374,315 |
| 2026 | 255,000 | 362,275 | 21,329 | - | - | 276,329 | 362,275 |
| 2027 | 265,000 | 349,525 | 15,838 | - | - | 280,838 | 349,525 |
| 2028-2032 | 1,520,000 | 1,552,981 | 6,182 | - | - | 1,526,182 | 1,552,981 |
| 2033-2037 | 1,805,000 | 1,270,750 | - | - | - | 1,805,000 | 1,270,750 |
| 2038-2042 | 2,160,000 | 908,800 | - | - | - | 2,160,000 | 908,800 |
| 2043-2047 | 2,630,000 | 442,000 | - | - | - | 2,630,000 | 442,000 |
| 2048 | 590,000 | 23,600 | - | - | - | 590,000 | 23,600 |
| | <u>\$ 9,915,000</u> | <u>\$ 6,066,756</u> | <u>\$ 138,672</u> | <u>\$ 6,498</u> | <u>\$ 1,461</u> | <u>\$ 10,060,170</u> | <u>\$ 6,068,217</u> |

Transactions for the year ended June 30, 2022, of the business-type activities, were as follows:

| | Balance June 30, 2021 | Additions | Reductions | Balances June 30, 2022 | Due within one year |
|--|--------------------------|-------------------|---------------------|---------------------------|------------------------|
| <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 | \$ 1,285,000 | \$ - | \$ 420,000 | \$ 865,000 | \$ 430,000 |
| <u>General Obligation Bonds</u> | | | | | |
| Sewer Bonds, Series 2011, Original issue amount \$7 million, final maturity March 2026, interest at 4.1 percent | | | | | |
| Principal | 2,689,264 | - | 523,690 | 2,165,574 | 545,494 |
| Sewer Bonds, Refunding Series 2013 Original issue amount \$9.885 million, final maturity June 2030, interest at 2.4 percent | | | | | |
| Principal | 8,130,000 | - | 795,000 | 7,335,000 | 830,000 |
| <u>Contract Payable</u> | | | | | |
| Original issue amount \$355,960, final maturity August 2023, interest at 4.19% | | | | | |
| | 214,134 | - | 46,114 | 168,020 | 48,047 |
| Original issue amount \$286,152, final maturity July 2024, interest at 3.67% | | | | | |
| | 193,450 | - | 43,573 | 149,877 | 45,172 |
| | <u>\$ 12,511,848</u> | <u>\$ -</u> | <u>\$ 1,828,377</u> | <u>\$ 10,683,471</u> | <u>\$ 1,898,713</u> |
| Compensated absences | <u>\$ 194,986</u> | <u>\$ 216,152</u> | <u>\$ 194,986</u> | <u>\$ 216,152</u> | <u>\$ 216,152</u> |

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2022

7. LONG-TERM OBLIGATIONS (continued)

Long-Term Debt (continued)

The future maturities for business-type activity long-term bond obligations outstanding as of June 30, 2022, are as follows:

| Fiscal Year | Full Faith and Credit Note Series 2014 | | General Obligation Sewer Bonds Series 2011 | | General Obligation Sewer Ref. Bond Series 2013 | |
|-------------|--|------------------|--|-------------------|--|-------------------|
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 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 | - | - | 460,013 | 9,462 | 900,000 | 128,400 |
| 2027 | - | - | - | - | 925,000 | 107,025 |
| 2028-30 | - | - | - | - | 2,955,000 | 173,900 |
| | <u>\$ 865,000</u> | <u>\$ 37,071</u> | <u>\$ 2,165,574</u> | <u>\$ 181,800</u> | <u>\$ 7,335,000</u> | <u>\$ 906,313</u> |

| Fiscal Year | Contracts Payable Sewer | | Contracts Payable Water | | Totals | |
|-------------|-------------------------|------------------|-------------------------|------------------|----------------------|---------------------|
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2023 | \$ 48,047 | \$ 7,040 | \$ 45,172 | \$ 5,500 | \$ 1,898,713 | \$ 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 | - | - | - | - | 1,360,013 | 137,862 |
| 2027 | - | - | - | - | 925,000 | 107,025 |
| 2028-30 | - | - | - | - | 2,955,000 | 173,900 |
| | <u>\$ 168,020</u> | <u>\$ 12,067</u> | <u>\$ 149,877</u> | <u>\$ 11,467</u> | <u>\$ 10,683,471</u> | <u>\$ 1,148,718</u> |

Leases Payable

Transactions for the year ended June 30, 2022, of the governmental activities, were as follows:

| | Balances June 30, 2021 | GASB 87 lease beginning balances | Additions | Reductions | Outstanding June 30, 2022 |
|--|---------------------------|--|-----------------|-----------------|------------------------------|
| <u>Governmental Activities:</u> | | | | | |
| Public works copier, interest at 18.20%, monthly payments principal and interest \$210, due 2025 | \$ - | \$ 2,375 | \$ - | \$ 444 | \$ 1,931 |
| Explore Lincoln City postage machine, interest at 6.27%, quarterly payments principal and interest \$408, due 2028 | - | - | 6,952 | 569 | 6,383 |
| City Hall postage machine, interest at 5.25%, quarterly payments principal and interest \$979, due 2023 | - | 9,112 | - | 3,502 | 5,610 |
| | <u>\$ -</u> | <u>\$ 11,487</u> | <u>\$ 6,952</u> | <u>\$ 4,515</u> | <u>\$ 13,924</u> |

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2022

7. LONG-TERM OBLIGATIONS (continued)

Leases Payable (continued)

Future maturities are as follows:

| Fiscal Year | Public Works Copier - Streets | | Explore Lincoln City Postage Machine | | City Hall Postage Machine | | Total | |
|-------------|-------------------------------|---------------|--------------------------------------|---------------|---------------------------|---------------|------------------|-----------------|
| | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest |
| 2023 | \$ 531 | \$ 309 | \$ 1,268 | \$ 364 | \$ 3,691 | \$ 224 | \$ 5,490 | \$ 897 |
| 2024 | 637 | 203 | 1,349 | 282 | 1,919 | 38 | 3,905 | 523 |
| 2025 | 763 | 77 | 1,436 | 195 | - | - | 2,199 | 272 |
| 2026 | - | - | 1,529 | 103 | - | - | 1,529 | 103 |
| 2027 | - | - | 801 | 15 | - | - | 801 | 15 |
| | <u>\$ 1,931</u> | <u>\$ 589</u> | <u>\$ 6,383</u> | <u>\$ 959</u> | <u>\$ 5,610</u> | <u>\$ 262</u> | <u>\$ 13,924</u> | <u>\$ 1,810</u> |

Transactions for the year ended June 30, 2022, for business-type activities, were as follows:

| | Balances June 30, 2021 | GASB 87 lease beginning balances | Additions | Reductions | Outstanding June 30, 2022 | Due within one year |
|--|------------------------|----------------------------------|-------------|---------------|---------------------------|---------------------|
| <u>Business-type Activities</u> | | | | | | |
| Public works copier, interest at 18.20%, monthly payments principal and interest \$210, due 2025 | \$ - | \$ 4,749 | \$ - | \$ 887 | \$ 3,862 | \$ 1,062 |
| | <u>\$ -</u> | <u>\$ 4,749</u> | <u>\$ -</u> | <u>\$ 887</u> | <u>\$ 3,862</u> | <u>\$ 1,062</u> |

Future maturities are as follows:

| Fiscal Year | Puplic Works Copier - Water | | Puplic Works Copier - Sewer | | Total | |
|-------------|-----------------------------|---------------|-----------------------------|---------------|-----------------|-----------------|
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2023 | \$ 531 | \$ 309 | \$ 531 | \$ 309 | \$ 1,062 | \$ 618 |
| 2024 | 637 | 203 | 637 | 203 | 1,274 | 406 |
| 2025 | 763 | 77 | 763 | 77 | 1,526 | 154 |
| | <u>\$ 1,931</u> | <u>\$ 589</u> | <u>\$ 1,931</u> | <u>\$ 589</u> | <u>\$ 3,862</u> | <u>\$ 1,178</u> |

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2022

8. 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, 2022, unavailable revenue consists of the following:

| | General Fund | Other Governmental Funds | Totals |
|----------------------------------|-------------------|--------------------------------|-------------------|
| Property taxes | \$ 300,573 | \$ 3,355 | \$ 303,928 |
| LID/Reimbursement Dist/Abatement | 381,409 | - | 381,409 |
| Fines and warrants | 40,664 | - | 40,664 |
| Total | <u>\$ 722,646</u> | <u>\$ 3,355</u> | <u>\$ 726,001</u> |

9. 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 five years. The estimated liability is based on the assumption that the least expensive disposal alternative will be used.

The City is reporting its landfill closure and post closure care costs liability using the most recent estimates from the Agate Beach Landfill's 2022 Post-Closure Financial Assurance Cost Estimate report.

At June 30, 2022, the City reports a restricted fund balance amount related to these post-closure requirements of \$553,476 and liability in the entity-wide financial statements \$310,499.

10. 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.

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2022

10. EMPLOYEE RETIREMENT PENSION PLAN (Continued)

Plan Description (Continued)

OPERS produces an independently audited Annual Comprehensive Financial Report and Actuarial Valuation that can be obtained at: <https://www.opers.org/financial/reports.shtml>

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 annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results. Monthly payments must be a minimum of \$200 per month or the member will receive a lump-sum payment of the actuarial equivalent of benefits to which he or she is entitled.

Under Senate Bill 1049, passed during the 2019 legislative session, the salary included in the determination of Final Average Salary will be limited for all members beginning in 2020. The limit will be equal to \$195,000 in 2020 and will be indexed with inflation in later years.

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

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,

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2022

10. EMPLOYEE RETIREMENT PENSION PLAN (Continued)

Plan Description (Continued)

- 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 is capped at 2.0 percent.
- 2) *Oregon Public Service Retirement Pension Defined Benefit Program.* 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.
 - 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.

Under Senate Bill 1049, passed during the 2019 legislative session, the salary included in the determination of final average salary will be limited for all members beginning in 2020. The limit will be equal to \$195,000 in 2020 and will be indexed with inflation in later years.

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

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2022

10. EMPLOYEE RETIREMENT PENSION PLAN (continued)

Plan Description (Continued)

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.*

- a) *Pension Benefits.* The IAP is an individual account-based program under the PERS tax-qualified governmental plan as defined under ORS 238A.400. 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 with respect to those contributions: 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 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.
- c) *Recordkeeping.* OPERS contracts with VOYA Financial to maintain IAP participant records.

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2022

10. EMPLOYEE RETIREMENT PENSION PLAN (continued)

Plan Description (Continued)

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.

Contributions

- 1) *Employer Contributions.* PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2019 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2021. Effective January 1, 2020, Senate Bill 1049 required employers to pay contributions on re-employed PERS retirees' salary as if they were an active member, excluding IAP (6 percent) contributions. Employer contributions for the year ended June 30, 2022 were \$1,676,734. The contractually required contribution rates in effect for the fiscal year ended June 30, 2022 were 21.80% for Tier One/Tier Two, 15.96% for OPSRP Pension Program General Service Members, 20.32% for OPSRP Pension Program Police and Fire Members.

- 2) *Employee Contributions.* Beginning January 1, 2004, all employee contributions were placed in the OPSRP Individual Account Program (IAP), a defined contribution pension plan established by the Oregon Legislature. Prior to that date, all member contributions were credited to the Defined Benefit Pension Plan. Member contributions are set by statute at 6.0 or 7.0 percent of salary and are remitted by participating employers. The contributions are either deducted from member salaries or paid by the employers on the members' behalf. The IAP member accounts represent member contributions made on or after January 1, 2004, plus earnings allocations less disbursements for refunds, death benefits, and retirements. As permitted, the City has opted to pick-up the 6.0% contributions on behalf of employees; contributions were \$437,619 for the year ended June 30, 2022.

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

At June 30, 2022 the City reported a liability of \$8,387,695 for its proportionate share of the plan pension liability. The City's share of the net pension liability 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 employers, actuarially determined. At June 30, 2022, the City's proportion was 0.0701 percent, which was a decrease from its proportion of 0.0743 measured as of June 30, 2021.

For the year ended June 30, 2022, the City recognized pension expense of \$1,370,080. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2022

10. EMPLOYEE RETIREMENT PENSION PLAN (continued)

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

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Difference between expected and actual experience | \$ 785,143 | \$ - |
| Change of assumptions | 2,099,693 | 22,074 |
| Net difference between projected and actual earnings on pension plan investments | - | 6,209,345 |
| Changes in proportionate share | 391,142 | 664,525 |
| Difference between employer contributions and employer's proportionate share of contributions | 1,693,793 | 131,772 |
| City contributions subsequent to the measurement Date | 1,676,734 | - |
| Total | <u>\$ 6,646,505</u> | <u>\$ 7,027,716</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, 2023.

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> |
|------------------------|-----------------------|
| 2023 | \$ (283,837) |
| 2024 | (302,728) |
| 2025 | (515,837) |
| 2026 | (1,233,104) |
| 2027 | 277,559 |
| | <u>\$ (2,057,945)</u> |

Actuarial Methods and Assumptions

Actuarial Valuations - The employer contribution rates effective July 1, 2021, through June 30, 2022, 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.

The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2022

10. EMPLOYEE RETIREMENT PENSION PLAN (continued)

Actuarial Methods and Assumptions (Continued)

| | |
|-----------------------------------|---|
| Valuation date | December 31, 2019 |
| Measurement date | June 30, 2021 |
| Actuarial assumptions: | |
| Actuarial cost method | Entry Age Normal |
| Inflation | 2.40% |
| Long-term expected rate of return | 6.90% |
| Discount rate | 6.90% |
| Salary increase | 3.40% |
| Cost of living adjustments | Blend of 2.0% and graded COLA (1.252%/ 0.15%) in accordance with <i>Moro</i> decision; blend based on service |
| Mortality | <i>Healthy retirees & beneficiaries:</i> Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. <i>Active member:</i> Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. <i>Disabled retirees:</i> Pub-2010 Disabled Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. |

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 2018 Experience Study which reviewed experience for the four-year period ending on December 31, 2018.

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2022

10. EMPLOYEE RETIREMENT PENSION PLAN (continued)

Actuarial Methods and Assumptions (Continued)

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 | 27.5 | 37.5 | 32.5 |
| Private Equity | 14.0 | 21.0 | 17.5 |
| Real Estate | 9.5 | 15.5 | 12.5 |
| Alternatives Portfolio | 7.5 | 17.5 | 15.0 |
| Opportunity Portfolio | - | 5.0 | - |
| Risk Parity | - | 2.5 | 2.5 |
| 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 2021 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> |
|-------------------------------------|--------------------------|---|
| Global Equity | 30.6 % | 5.9 % |
| Private Equity | 25.5 | 7.7 |
| Core Fixed Income | 23.8 | 2.7 |
| Real Estate | 12.3 | 5.7 |
| Master Limited Partnerships | 0.8 | 5.7 |
| Infrastructure | 1.5 | 6.3 |
| Commodities | 0.6 | 3.1 |
| Hedge Fund of Funds - Multistrategy | 1.2 | 5.1 |
| Hedge Fund Equity - Hedge | 0.6 | 5.3 |
| Hedge Fund - Macro | 5.6 | 5.0 |
| Cash | -2.5 | 1.8 |
| Total | <u>100.0 %</u> | |

Assumed Inflation - Mean

2.4%

Discount Rate - The discount rate used to measure the total pension liability was 6.90 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,

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2022

10. EMPLOYEE RETIREMENT PENSION PLAN (Continued)

Actuarial Methods and Assumptions (Continued)

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.

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 6.9 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</u> <u>(5.9%)</u> | <u>Discount Rate</u> <u>(6.9%)</u> | <u>1% Increase</u> <u>(7.9%)</u> |
|---|-------------------------------------|---------------------------------------|-------------------------------------|
| City's proportionate share of net pension liability | \$ 16,471,426 | \$ 8,387,695 | \$ 1,624,546 |

11. OTHER POSTEMPLOYMENT BENEFITS

Reported other post-employment 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).

The City's two OPEB plans are presented in the aggregate on the Statement of Net Position. The amounts on this financial statement relate to the plans as follows:

| | <u>Implicit Rate</u> <u>Subsidy</u> | <u>PERS RHIA</u> <u>Plan</u> | <u>Net OPEB on</u> <u>Financials</u> |
|---|--|---------------------------------|---|
| Net OPEB asset | <u>\$ -</u> | <u>\$ 156,974</u> | <u>\$ 156,974</u> |
| Deferred outflows of resources: | | | |
| Change in assumptions | \$ 34,750 | \$ 3,089 | \$37,839 |
| Difference between expected and actual experience | 17,884 | - | 17,884 |
| Change in proportionate share | - | 20,159 | 20,159 |
| Contributions after MD | <u>35,943</u> | <u>1,927</u> | <u>37,870</u> |
| | <u>\$ 88,577</u> | <u>\$ 25,175</u> | <u>\$ 113,752</u> |

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2022

11. OTHER POSTEMPLOYMENT BENEFITS (Continued)

| | Implicit Rate Subsidy | PERS RHIA Plan | Net OPEB on Financials |
|---|--------------------------|--------------------|---------------------------|
| Net OPEB Liability | \$ 549,424 | \$ - | \$ 549,424 |
| Deferred inflows of resources: | | | |
| Difference in expected and actual experience | \$ 37,795 | \$ 4,367 | \$ 42,162 |
| Change in assumptions | 52,710 | 2,335 | 55,045 |
| Difference in earnings | - | 37,305 | 37,305 |
| Change in proportionate share | - | 120 | 120 |
| | <u>\$ 90,505</u> | <u>\$ 44,127</u> | <u>\$ 134,632</u> |
| OPEB expense/(income)* | <u>\$ 59,852</u> | <u>\$ (11,048)</u> | <u>\$ 48,804</u> |

*Included in program expenses on the Statement of Activities

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.

The City's postemployment healthcare plan administrator issues a publicly available financial report that includes financial statements and required supplementary information for CIS. This report may be obtained through their website at: <https://www.cisoregon.org/About/TrustDocs>.

For the purpose of calculating the total OPEB liability, the July 1, 2020 actuarial valuation includes 132 active participants and 4 inactive participants.

OPEB Plan Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – The City's total OPEB liability of \$549,424 was measured as of June 30, 2021 and was determined by an actuarial valuation as of July 1, 2020.

For the fiscal year ended June 30, 2022, the City recognized OPEB expense from this plan of \$59,852. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to this OPEB plan from the following sources:

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2022

11. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Health Insurance Continuation (Continued)

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Differences between expected & actual experience | \$ 17,884 | \$ 37,795 |
| Changes of assumptions | 34,750 | 52,710 |
| Subtotal | 52,634 | 90,505 |
| City contributions subsequent to the measurement date | 35,943 | - |
| Totals | <u>\$ 88,577</u> | <u>\$ 90,505</u> |

Deferred outflows of resources related to OPEB of \$35,943 resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| <u>For the year ending June 30,</u> | <u>Total</u> |
|---|--------------------|
| 2023 | \$ (12,120) |
| 2024 | (12,120) |
| 2025 | (8,914) |
| 2026 | (2,592) |
| 2027 | (1,422) |
| Thereafter | (703) |
| Total | <u>\$ (37,871)</u> |

Actuarial assumptions and other inputs – The total OPEB liability for the current year was determined as a part of the July 1, 2020 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, 2020 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 | 2.16% |

Withdrawal, retirement, and mortality rates December 31, 2019 Oregon PERS valuation

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2022

11. OTHER POSTEMPLOYMENT BENEFITS (continued)

Health Insurance Continuation (continued)

| | |
|-----------|---|
| Mortality | Pub-2010 General and Safety Employee and Healthy Retiree tables, sex distinct for members and dependents, with a one year setback for male general service employees and female safety employees. |
|-----------|---|

Changes in OPEB Liability - The annual OPEB cost is calculated based on the OPEB liability, as actuarially determined. The following table shows the components of the City's annual OPEB costs and liabilities for the fiscal year ending June 30, 2022.

| | |
|---|-----------------------------|
| | <u>Total OPEB Liability</u> |
| Balance as of June 30, 2021 | \$ 511,982 |
| Changes for the Year | |
| Service Costs | 59,738 |
| Interest | 12,234 |
| Changes of economic/demographic gains or losses | - |
| Changes of assumptions | 1,999 |
| Benefit payments | <u>(36,529)</u> |
| Balance as of June 30, 2022 | <u>\$ 549,424</u> |

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the City, as well as what the total OPEB liability would be if it were calculated using a discount rate one percentage point lower (1.16%) or one percentage point higher (3.16%) than the current rate. A similar sensitivity analysis is presented for changes in the healthcare cost trend assumption.

| | | | |
|----------------------|-------------------------------|---|-------------------------------|
| | 1% Decrease <u>(1.16%)</u> | Discount Rate <u>(2.16%)</u> | 1% Increase <u>(3.16%)</u> |
| Total OPEB Liability | \$ 588,426 | \$ 549,424 | \$ 512,597 |
| | | Current Healthcare Cost Trend Rates <u>(3.0% to 5.5%)</u> | |
| Total OPEB Liability | \$ 488,455 | \$ 549,424 | \$ 622,620 |

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2022

11. OTHER POSTEMPLOYMENT BENEFITS (continued)

OPERS Retirement Health Insurance Account (RHIA)

Plan Description - As a member of Oregon Public Employees Retirement System (OPERS) the City contributes to the Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefits other postemployment benefit plan administered by OPERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible retirees. Oregon Revised Statute (ORS) 238.420 established this trust fund. Authority to establish and amend the benefit provisions of RHIA reside with the Oregon Legislature. The plan is closed to new entrants after January 1, 2004. OPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, PO Box 23700, Tigard, OR 97281, or online at: <https://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>

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.

PERS funding policy provides for 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. Employer contribution rates for the period were based on the December 31, 2019 actuarial valuation and a percentage of payroll that first became effective July 1, 2021. The City's contribution rates for the period were 0.05% for Tier One/Tier Two members, and 0.0% for OPSRP members. The City's total for the year ended June 30, 2022 contributions was \$1,927.

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2022

11. OTHER POSTEMPLOYMENT BENEFITS (continued)

OPERS Retirement Health Insurance Account (continued)

OPEB Assets, Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB – As of June 30, 2022, the City reported an asset of \$156,974 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, 2021 and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2019 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, 2022, the City's proportion was 0.0457%, which is a decrease from its proportion of 0.0561% as of June 30, 2021.

For the year ended June 30, 2022, the city recognized OPEB income of \$11,048. The following table shows the components of the City's annual OPEB expense/ (income) for the year ended June 30, 2022:

| | |
|---|--------------------|
| Employer's proportionate share of collective system OPEB Expense / (Income) | \$ (25,673) |
| Net amortization of employer-specific deferred amounts from: | |
| - Changes in proportionate share | <u>14,625</u> |
| Total OPEB Expense / (Income) | <u>\$ (11,048)</u> |

Components of Deferred Outflows/Inflows of Resources - At June 30, 2022, 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 | \$ - | \$ 4,367 |
| Changes of assumptions | 3,089 | 2,335 |
| Net difference between projected and actual earnings on investment | - | 37,305 |
| Changes in proportionate share | <u>20,159</u> | <u>120</u> |
| Subtotal - Amortized Deferrals (shown below) | 23,248 | 44,127 |
| City contributions subsequent to the measurement date | <u>1,927</u> | <u>-</u> |
| Deferred Outflows / Inflows of Resources | <u>\$ 25,175</u> | <u>\$ 44,127</u> |

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2022

11. 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, 2023.

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 |
|------------------------------------|--------------------|
| 2023 | \$ 1,724 |
| 2024 | (2,304) |
| 2025 | (8,517) |
| 2026 | (11,784) |
| Total | <u>\$ (20,880)</u> |

Actuarial Methods and Assumptions – Actuarial methods and assumptions are consistent with those disclosed in the OPERS Pension Plan. See Note 10 – Pension Plan Actuarial Assumptions for additional information on Assumptions and Methods, the Long-Term Expected Rate of Return, and the Discount Rate.

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 (5.90%) or one percentage point higher (7.90%) than the current discount rate:

| | 1% Decrease (5.90%) | Discount Rate (6.90%) | 1% Increase (7.90%) |
|--|------------------------|--------------------------|------------------------|
| City's proportionate share of net OPEB Liability/ (Asset) | \$ (138,821) | \$ (156,974) | \$ (172,482) |

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.

OPEB Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in a separately issued OPERS financial report.

12. 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, 2022

12. 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, 2022:

| <u>Funds</u> | <u>Transfers In</u> | <u>Transfers Out</u> |
|---------------------------|---------------------|----------------------|
| Governmental | | |
| General | \$ 2,222 | \$ 2,280,415 |
| Explore Lincoln City | - | 71,596 |
| Parks & Recreation | 434,178 | - |
| Lincoln Square Operations | 245,044 | - |
| Other governmental | 470,809 | 35,008 |
| Proprietary | | |
| Water | - | 35,008 |
| Sewer | 1,307,004 | 37,230 |
| | <u>\$ 2,459,257</u> | <u>\$ 2,459,257</u> |

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2022

12. OTHER INFORMATION (continued)

Construction Commitments

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. In February of 2021, the City added \$305,194 to that existing purchase order to bring the total amount to \$524,896. In October the City issued another \$10,000 purchase order. In May of 2022 the City added \$43,935 to bring the total amount to \$578,831. As of June 30, 2022, \$570,250 was spent on the purchase orders.

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, 2022, \$146,243 was spent on the purchase order.

In February 2021, the City Council approved \$439,997 plus contingency to be used for upgrading the existing Spyglass Pump Station. In April 2021, the City issued a purchase order for \$439,997. As of June 30, 2022, \$126,101 was spent on the purchase order.

In March 2021, the City Council approved \$440,000 to be used on the Water Treatment Plant Generator Replacement project. In April of 2021 the City issued a purchase order for design for \$32,700. In July 2021 the City issued a purchase order for \$474,300. As of June 30, 2022, \$455,828 has been expended on this project.

In March 2021, the City Council approved a construction contract of \$194,293 to replace the City Hall HVAC control system. As of June 30, 2022, \$179,330 has been expended on this purchase order

In May 2021, the City Council approved \$495,000 plus contingency to be used on the Dewatering Screw Press Project. As of June 30, 2022, \$377,321 has been expended on this purchase order.

In September 2021, the City Council approved \$190,000 for Sewer pumpstation variable frequency upgrades. In October 2021 the City issued a purchase order for \$190,668. As of June 30, 2022, \$83,216 has been expended on this purchase order.

In September 2021, the City Council approved Resolution 2021-41 Emergency Repair for NW Jetty Main. The resolution authorizes the City Manager to award the job. In January 2022, the City issued a purchase order for \$623,200 for emergency repair of the NW Jetty Main. As of June 30, 2022, \$608,530 has been expended on this purchase order.

In October 2021, the City Council approved \$334,217 the Lincoln Square Phase II Lower Parking Lot upgrades. In October 2021 the City issued a purchase order for \$334,217. As of June 30, 2022, \$317,488 has been expended on this purchase order.

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2022

12. OTHER INFORMATION (continued)

Construction Commitments (continued)

In December 2021, the City Council approved \$361,900 to reroof the Community Center. In February 2022 the City issued a purchase order for \$361,900. As of June 30, 2022, \$10,684 has been expended on this purchase order.

In January 2022, the City Council approved \$294,983 for phase I of upgrading utility meters to radio reads. In June 2022, the City issued a purchase order for \$294,983. As of June 30, 2022, \$59,248 has been expended on this purchase order.

In February 2022, the City Council approved \$360,117 for the High School Drive improvement project. In March 2022, the City issued a purchase order for \$360,117. As of June 30, 2022, \$205,879 has been expended on this purchase order.

In April 2022, the City Council approved \$436,225 for a parking lot at Kirtsis Skate Park. In June 2022, the City issued a purchase order for \$436,225. As of June 30, 2022, no amount has been expended on this purchase order.

In May 2022, the City Council approved \$226,485 for 63rd & SW Inlet overlay. In June 2022 the City issued a purchase order for \$226,485. As of June 30, 2002, no amount has been expended on this purchase order.

In June 2022, the City Council approved \$383,537 for the NE Williams Ct Water Main. As of June 30, 2002 no money has been expended for this.

In June 2022, the City issued a purchase order for \$239,472 for purchase of a G-700B motor grader. As of June 30, 2022, no money has been expended for this.

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.

CITY OF LINCOLN CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2022

12. OTHER INFORMATION (continued)

Budget Policies and Budgetary Controls (continued)

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

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

13. SUBSEQUENT EVENTS

In July 2022, the City Council approved \$1,418,070 for the SE Lee Water Pump Station Construction Award.

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, 2022

| | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|
| Total OPEB Liability | | | | | |
| Service Cost | \$ 44,858 | \$ 42,313 | \$ 37,408 | \$ 41,833 | \$ 59,738 |
| Interest | 16,413 | 20,231 | 20,014 | 18,783 | 12,234 |
| Changes in economic/demographic gains or losses | - | 39,560 | - | (51,539) | - |
| Changes in assumptions | (28,874) | (97,082) | 12,440 | 35,032 | 1,999 |
| Benefit payments | (41,145) | (40,205) | (56,121) | (53,416) | (36,529) |
| Net change in total OPEB liability | (8,748) | (35,183) | 13,741 | (9,307) | 37,442 |
| Total OPEB liability - beginning | 551,479 | 542,731 | 507,548 | 521,289 | 511,982 |
| Total OPEB liability - ending | <u>\$ 542,731</u> | <u>\$ 507,548</u> | <u>\$ 521,289</u> | <u>\$ 511,982</u> | <u>\$ 549,424</u> |
| Covered-employee payroll | \$8,028,837 | \$8,621,321 | \$8,960,286 | \$8,928,070 | \$9,294,505 |
| Total OEPB liability as a percentage of covered-employee payroll | 6.76% | 5.89% | 5.82% | 5.73% | 5.91% |

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, 2022

| <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 | \$ 7,678,745 | 0.25% | 94.2% |
| 2018 | 0.07009318 | (29,253) | 8,028,837 | -0.36% | 108.9 |
| 2019 | 0.06690803 | (74,688) | 8,621,321 | -0.87% | 124.0 |
| 2020 | 0.07153686 | (138,235) | 8,960,286 | -1.54% | 144.4 |
| 2021 | 0.05605109 | (114,210) | 8,928,070 | -1.28% | 150.1 |
| 2022 | 0.04571168 | (156,974) | 9,294,505 | -1.69% | 183.9 |

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

CITY OF LINCOLN CITY
Lincoln City, Oregon

SCHEDULE OF CONTRIBUTIONS

OPERS RETIREMENT HEALTH INSURANCE ACCOUNT

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

| <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 |
| 2021 | 1,223 | 1,223 | - | 8,928,070 | 0.01 |
| 2022 | 1,927 | 1,927 | - | 9,294,505 | 0.02 |

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, 2022

| <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 |
| 2021 | 0.07429672 | 16,214,100 | 8,960,286 | 181.0% | 75.8 |
| 2022 | 0.07009325 | 8,387,695 | 8,928,070 | 93.9% | 87.6 |

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

CITY OF LINCOLN CITY
Lincoln City, Oregon

SCHEDULE OF PENSION PLAN CONTRIBUTIONS
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

| <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 | 1,345,467 | 1,345,467 | 625,000 | 8,960,286 | 15.0 |
| 2021 | 1,372,066 | 1,372,066 | 1,987,827 | 8,928,070 | 15.4 |
| 2022 | 1,676,734 | 1,676,734 | - | 9,294,505 | 18.0 |

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, 2022

| | Budget | | Actual | Variance with |
|--|---------------------|---------------------|----------------------|---------------------|
| | Original | Final | | Final Budget |
| | | | | Positive (Negative) |
| REVENUES: | | | | |
| Property taxes | \$ 7,786,358 | \$ 7,786,358 | \$ 8,099,785 | \$ 313,427 |
| Franchise fees | 1,087,754 | 1,087,754 | 1,095,183 | 7,429 |
| Transient room tax | 1,479,571 | 1,479,571 | 2,102,207 | 622,636 |
| Fees, licenses and permits | 713,698 | 713,698 | 948,559 | 234,861 |
| Fines, and forfeitures | 190,550 | 190,550 | 238,980 | 48,430 |
| Charges for services | 54,080 | 54,080 | 54,080 | - |
| Intergovernmental | 742,950 | 742,950 | 825,232 | 82,282 |
| Lease revenue | - | - | 88,105 | 88,105 |
| Interest | 76,900 | 76,900 | 67,053 | (9,847) |
| Miscellaneous | 394,193 | 394,193 | 460,746 | 66,553 |
| TOTAL REVENUES | 12,526,054 | 12,526,054 | 13,979,930 | 1,453,876 |
| EXPENDITURES: | | | | |
| City council | 33,628 | 33,628 | 33,265 | 363 |
| City administration | 751,262 | 876,262 | 872,719 | 3,543 |
| Finance | 877,648 | 897,648 | 862,031 | 35,617 |
| Library | 1,106,045 | 1,106,852 | 1,060,851 | 46,001 |
| Municipal court | 115,260 | 115,260 | 110,642 | 4,618 |
| City attorney | 270,780 | 290,780 | 262,117 | 28,663 |
| Planning | 532,591 | 582,591 | 571,785 | 10,806 |
| Building inspection | 362,479 | 452,479 | 495,934 | (43,455) |
| Economic Development | 1,065,330 | 1,065,330 | 827,549 | 237,781 |
| Police | 5,679,445 | 5,679,445 | 5,329,914 | 349,531 |
| Dispatch Center | 1,272,300 | 1,272,300 | 1,206,667 | 65,633 |
| Non-departmental | 508,970 | 508,970 | 383,362 | 125,608 |
| Debt service | - | - | 5,835 | (5,835) |
| Contingencies | 894,291 | 589,291 | - | 589,291 |
| TOTAL EXPENDITURES | 13,470,029 | 13,470,836 | 12,022,671 | 1,448,165 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | (943,975) | (944,782) | 1,957,259 | 2,902,041 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Proceeds from sale of capital assets | - | - | 42,312 | 42,312 |
| Transfers in | 625,394 | 625,394 | 625,394 | - |
| Transfers out | (773,352) | (2,173,411) | (2,173,411) | - |
| TOTAL OTHER FINANCING SOURCES (USES) | (147,958) | (1,548,017) | (1,505,705) | 42,312 |
| NET CHANGE IN FUND BALANCE | (1,091,933) | (2,492,799) | 451,554 | 2,944,353 |
| FUND BALANCE, beginning of year | 7,091,933 | 8,491,992 | 10,666,678 | 2,174,686 |
| FUND BALANCE, end of year | \$ 6,000,000 | \$ 5,999,193 | \$ 11,118,232 | \$ 5,119,039 |
| Change in fund balance - budgetary basis | | | \$ 451,554 | |
| Loan repayments reported as reduction in receivable | | | (50,346) | |
| Change in fund balance - GAAP basis | | | \$ 401,208 | |
| Fund balance - budgetary basis | | | \$ 11,118,232 | |
| Balance of loans receivable | | | 702,893 | |
| Fund balance - GAAP basis | | | \$ 11,821,125 | |

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, 2022

| | Budget | | Actual | Variance with |
|--|------------------|------------------|---------------------|---------------------|
| | Original | Final | | Final Budget |
| | | | | Positive (Negative) |
| REVENUES: | | | | |
| Transient room tax | \$ 2,220,361 | \$ 2,220,361 | \$ 3,197,197 | \$ 976,836 |
| Interest on investments | 18,500 | 18,500 | 19,659 | 1,159 |
| Miscellaneous | 26,150 | 26,150 | 531 | (25,619) |
| TOTAL REVENUES | <u>2,265,011</u> | <u>2,265,011</u> | <u>3,217,387</u> | <u>952,376</u> |
| EXPENDITURES: | | | | |
| Explore Lincoln City operations | 2,377,353 | 2,438,353 | 1,678,391 | 759,962 |
| Debt service | - | - | 816 | (816) |
| Contingency | 1,876,723 | 1,815,723 | - | 1,815,723 |
| TOTAL EXPENDITURES | <u>4,254,076</u> | <u>4,254,076</u> | <u>1,679,207</u> | <u>2,574,869</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | (1,989,065) | (1,989,065) | 1,538,180 | 3,527,245 |
| OTHER FINANCING USES: | | | | |
| Transfers out | (112,790) | (112,790) | (112,790) | - |
| NET CHANGE IN FUND BALANCE | (2,101,855) | (2,101,855) | 1,425,390 | 3,527,245 |
| FUND BALANCE, beginning of year | <u>2,101,855</u> | <u>2,101,855</u> | <u>3,122,429</u> | <u>1,020,574</u> |
| FUND BALANCE, end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 4,547,819</u> | <u>\$ 4,547,819</u> |
| Change in fund balance - budgetary basis | | | \$ 1,425,390 | |
| Reduction in COVID Relief recorded as prepaid | | | (96,167) | |
| Allowance for doubtful COVID Relief prepaids | | | (172,600) | |
| Change in fund balance - GAAP basis | | | <u>\$ 1,156,623</u> | |
| Fund balance - budgetary basis | | | \$ 4,547,819 | |
| Net balance of COVID Relief recorded as prepaid | | | 429,218 | |
| Fund balance - GAAP basis | | | <u>\$ 4,977,037</u> | |

CITY OF LINCOLN CITY
Lincoln City, Oregon

PARKS AND RECREATION FUND

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

FOR THE YEAR ENDED JUNE 30, 2022

| | Budget | | Actual | Variance with Final Budget Positive (Negative) |
|--|--------------------|--------------------|---------------------|--|
| | Original | Final | | |
| REVENUES: | | | | |
| Transient room tax | \$ 1,455,955 | \$ 1,455,955 | \$ 2,096,606 | \$ 640,651 |
| Charges for services | 304,605 | 304,605 | 359,031 | 54,426 |
| Intergovernmental | 269,687 | 269,687 | 395,708 | 126,021 |
| Interest on investments | 11,800 | 11,800 | 11,879 | 79 |
| Miscellaneous | 228 | 228 | 31,247 | 31,019 |
| TOTAL REVENUES | <u>2,042,275</u> | <u>2,042,275</u> | <u>2,894,471</u> | <u>852,196</u> |
| EXPENDITURES: | | | | |
| Parks operations | 1,436,931 | 1,449,431 | 1,168,328 | 281,103 |
| Recreation center | 1,429,245 | 1,429,245 | 1,159,339 | 269,906 |
| Contingency | 817,091 | 817,091 | - | 817,091 |
| TOTAL EXPENDITURES | <u>3,683,267</u> | <u>3,695,767</u> | <u>2,327,667</u> | <u>1,368,100</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u>(1,640,992)</u> | <u>(1,653,492)</u> | <u>566,804</u> | <u>2,220,296</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | 421,678 | 434,178 | 434,178 | - |
| Transfers out | <u>(24,500)</u> | <u>(24,500)</u> | <u>(24,500)</u> | <u>-</u> |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>397,178</u> | <u>409,678</u> | <u>409,678</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCE | (1,243,814) | (1,243,814) | 976,482 | 2,220,296 |
| FUND BALANCE, beginning of year | <u>1,743,814</u> | <u>1,743,814</u> | <u>1,446,192</u> | <u>(297,622)</u> |
| FUND BALANCE, end of year | <u>\$ 500,000</u> | <u>\$ 500,000</u> | <u>\$ 2,422,674</u> | <u>\$ 1,922,674</u> |
| Transfers out - budgetary basis | | | \$ 24,500 | |
| Transfer for support services | | | <u>(24,500)</u> | |
| Transfers out - GAAP basis | | | <u>\$ -</u> | |
| Total expenditures - budgetary basis | | | \$ 2,327,667 | |
| Transfer for support services | | | <u>24,500</u> | |
| Total expenditures - GAAP basis | | | <u>\$ 2,352,167</u> | |

CITY OF LINCOLN CITY
Lincoln City, Oregon

LINCOLN SQUARE OPERATIONS FUND

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

FOR THE YEAR ENDED JUNE 30, 2022

| | Budget | | Actual | Variance with Final Budget Positive (Negative) |
|--|------------------|------------------|-------------------|--|
| | Original | Final | | |
| REVENUES: | | | | |
| Lease revenue | \$ 192,300 | \$ 192,300 | \$ 157,850 | \$ (34,450) |
| Intergovernmental | 950 | 950 | - | (950) |
| Interest | 1,400 | 1,400 | 89,024 | 87,624 |
| Miscellaneous | 37,500 | 37,500 | 41,039 | 3,539 |
| TOTAL REVENUES | 232,150 | 232,150 | 287,913 | 55,763 |
| EXPENDITURES: | | | | |
| Lincoln square maintenance | 461,360 | 506,360 | 460,656 | 45,704 |
| Contingency | 223,585 | 178,585 | - | 178,585 |
| TOTAL EXPENDITURES | 684,945 | 684,945 | 460,656 | 224,289 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | (452,795) | (452,795) | (172,743) | 280,052 |
| OTHER FINANCING SOURCES: | | | | |
| Transfers in | 245,044 | 245,044 | 245,044 | - |
| NET CHANGE IN FUND BALANCE | (207,751) | (207,751) | 72,301 | 280,052 |
| FUND BALANCE, beginning of year | 207,751 | 207,751 | 228,592 | 20,841 |
| FUND BALANCE, end of year | \$ - | \$ - | \$ 300,893 | \$ 300,893 |

CITY OF LINCOLN CITY, OREGON

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2022

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 one change to the fiscal year 2021-22 General Fund adopted budget. These changes recatergorized operating expenditures to reflect actual spending patterns. It also added a transfer of funds to the Sewer Capital fund of \$1.2 million to finance the emergency repair and construction of the NW Jetty force main.

OTHER SUPPLEMENTARY INFORMATION

CITY OF LINCOLN CITY
Lincoln City, Oregon

NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2022

| | Special Revenue Funds | Debt Service Fund | Capital Project Funds | Totals |
|--|--------------------------|----------------------|--------------------------|----------------------|
| ASSETS: | | | | |
| Cash and investments | \$ 2,617,172 | \$ 47,429 | \$ 8,194,918 | \$ 10,859,519 |
| Cash with County Treasurer | 661 | - | - | 661 |
| Receivables | 1,314,947 | - | 402,255 | 1,717,202 |
| Lease receivables | - | - | - | - |
| Assets held for sale | 560,822 | - | - | 560,822 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| TOTAL ASSETS | \$ 4,493,602 | \$ 47,429 | \$ 8,597,173 | \$ 13,138,204 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| LIABILITIES: | | | | |
| Accounts payable | \$ 89,182 | \$ 47,429 | \$ 507,962 | \$ 644,573 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| DEFERRED INFLOWS OF RESOURCES: | | | | |
| Unavailable revenue, property taxes | 3,355 | - | - | 3,355 |
| Deferred inflow - leases | - | - | - | - |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| TOTAL DEFERRED INFLOWS OF RESOURCES | 3,355 | - | - | 3,355 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| FUND BALANCES: | | | | |
| Nonspendable in form | 1,346,449 | - | - | 1,346,449 |
| Restricted for: | | | | |
| Capital projects | - | - | 7,129,972 | 7,129,972 |
| Road construction/maintenance | 2,135,703 | - | - | 2,135,703 |
| Tourism promotion | - | - | - | - |
| Urban renewal | 522,322 | - | - | 522,322 |
| Parks maintenance | - | - | - | - |
| Debt service | - | - | - | - |
| Committed to: | | | | |
| Capital projects | - | - | - | - |
| Affordable housing | 300,647 | - | - | 300,647 |
| Maintenance | - | - | - | - |
| Art and education | 95,944 | - | - | 95,944 |
| Assigned to: | | | | |
| Capital projects | - | - | 959,239 | 959,239 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| TOTAL FUND BALANCES | 4,401,065 | - | 8,089,211 | 12,490,276 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| TOTAL LIABILITIES AND FUND BALANCE | \$ 4,493,602 | \$ 47,429 | \$ 8,597,173 | \$ 13,138,204 |
| | <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, 2022

| | Special Revenue Funds | Debt Service Fund | Capital Project Funds | Eliminations | Totals |
|--|--------------------------|----------------------|--------------------------|--------------|----------------------|
| REVENUES: | | | | | |
| Property taxes | \$ 166,384 | \$ (65,594) | \$ - | \$ - | \$ 100,790 |
| Transient room tax | 2,096,606 | - | 1,048,810 | - | 3,145,416 |
| Rents | 25,281 | - | - | - | 25,281 |
| Lease revenue | - | - | - | - | - |
| Charges for services | 19,171 | - | 245,570 | - | 264,741 |
| Intergovernmental | - | - | 1,109,957 | - | 1,109,957 |
| Interest on investments | 11,376 | - | 42,649 | - | 54,025 |
| Miscellaneous | 52,590 | - | 6,782 | - | 59,372 |
| TOTAL REVENUES | 2,371,408 | (65,594) | 2,453,768 | - | 4,759,582 |
| EXPENDITURES: | | | | | |
| Current: | | | | | |
| General government | 157,785 | - | - | - | 157,785 |
| Highways and streets | 1,140,252 | - | 343,987 | - | 1,484,239 |
| Culture and recreation | - | - | - | - | - |
| Art and education | - | - | - | - | - |
| Capital outlay | 42,766 | - | 2,139,063 | - | 2,181,829 |
| Debt service | 840 | - | 617,275 | - | 618,115 |
| TOTAL EXPENDITURES | 1,341,643 | - | 3,100,325 | - | 4,441,968 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | 1,029,765 | (65,594) | (646,557) | - | 317,614 |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Proceeds from sale of equipment | 139,003 | - | - | - | 139,003 |
| Transfers in | 7,986 | - | 470,809 | (7,986) | 470,809 |
| Transfers out | (35,008) | - | (7,986) | 7,986 | (35,008) |
| TOTAL OTHER FINANCING SOURCES (USES) | 111,981 | - | 462,823 | - | 574,804 |
| NET CHANGE IN FUND BALANCE | 1,141,746 | (65,594) | (183,734) | - | 892,418 |
| FUND BALANCE, beginning of year | 3,259,319 | 65,594 | 8,272,945 | - | 11,597,858 |
| FUND BALANCE, end of year | \$ 4,401,065 | \$ - | \$ 8,089,211 | \$ - | \$ 12,490,276 |

CITY OF LINCOLN CITY
Lincoln City, Oregon

NONMAJOR SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2022

| | <u>Workforce Housing</u> | <u>Street Operations</u> | <u>Urban Renewal Property Rehabilitation Program</u> | <u>Urban Renewal Tax Increment Roads End</u> |
|---|------------------------------|------------------------------|--|--|
| ASSETS: | | | | |
| Cash and investments | \$ 375,683 | \$ 1,621,397 | \$ 328,681 | \$ 167,353 |
| Cash with County Treasurer | - | - | - | 661 |
| Receivables | 84,891 | 519,715 | 706,986 | 3,355 |
| Lease receivables | - | - | - | - |
| Assets held for Sale | 560,822 | - | - | - |
| TOTAL ASSETS | <u>\$ 1,021,396</u> | <u>\$ 2,141,112</u> | <u>\$ 1,035,667</u> | <u>\$ 171,369</u> |
| LIABILITIES: | | | | |
| Accounts payable | \$ 75,036 | \$ 5,409 | \$ 3,656 | \$ - |
| DEFERRED INFLOWS OF RESOURCES: | | | | |
| Unavailable revenue, taxes | - | - | - | 3,355 |
| FUND BALANCES: | | | | |
| Nonspendable in form | 645,713 | - | 700,736 | - |
| Restricted for: | | | | |
| Road construction/maintenance | - | 2,135,703 | - | - |
| Urban Renewal | - | - | 331,275 | 168,014 |
| Committed to: | | | | |
| Affordable housing | 300,647 | - | - | - |
| Maintenance | - | - | - | - |
| Art and education | - | - | - | - |
| TOTAL FUND BALANCES | <u>946,360</u> | <u>2,135,703</u> | <u>1,032,011</u> | <u>168,014</u> |
| TOTAL LIABILITIES AND FUND BALANCE | <u>\$ 1,021,396</u> | <u>\$ 2,141,112</u> | <u>\$ 1,035,667</u> | <u>\$ 171,369</u> |

| <u>Urban Renewal</u> | <u>Percent for Art</u> | <u>Totals</u> |
|--------------------------|----------------------------|---------------------|
| \$ 28,114 | \$ 95,944 | \$ 2,617,172 |
| - | - | 661 |
| - | - | 1,314,947 |
| - | - | - |
| - | - | 560,822 |
| <u>\$ 28,114</u> | <u>\$ 95,944</u> | <u>\$ 4,493,602</u> |
| | | |
| \$ 5,081 | \$ - | \$ 89,182 |
| | | |
| - | - | 3,355 |
| | | |
| - | - | 1,346,449 |
| - | - | 2,135,703 |
| 23,033 | - | 522,322 |
| | | |
| - | - | 300,647 |
| - | - | - |
| - | 95,944 | 95,944 |
| <u>23,033</u> | <u>95,944</u> | <u>4,401,065</u> |
| | | |
| <u>\$ 28,114</u> | <u>\$ 95,944</u> | <u>\$ 4,493,602</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, 2022

| | <u>Workforce Housing</u> | <u>Street Operations</u> | <u>Urban Renewal Property Rehabilitation Program</u> | <u>Urban Renewal Tax Increment Roads End</u> |
|--|------------------------------|------------------------------|--|--|
| REVENUES: | | | | |
| Property taxes | \$ - | \$ - | \$ - | \$ 166,384 |
| Transient room tax | - | 2,096,606 | - | - |
| Rents | 25,281 | - | - | - |
| Charges for services | - | 19,171 | - | - |
| Interest on investments | 2,042 | 7,917 | (948) | 1,359 |
| Miscellaneous | - | 52,319 | - | 271 |
| TOTAL REVENUES | <u>27,323</u> | <u>2,176,013</u> | <u>(948)</u> | <u>168,014</u> |
| EXPENDITURES: | | | | |
| Current | | | | |
| General government | 97,324 | - | 8,001 | - |
| Highways and streets | - | 1,140,252 | - | - |
| Debt service | - | 840 | - | - |
| Capital outlay | - | 6,766 | - | - |
| TOTAL EXPENDITURES | <u>97,324</u> | <u>1,147,858</u> | <u>8,001</u> | <u>-</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u>(70,001)</u> | <u>1,028,155</u> | <u>(8,949)</u> | <u>168,014</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Proceeds from sale of capital assets | 139,003 | - | - | - |
| Transfers in | - | - | - | - |
| Transfers out | - | (35,008) | - | - |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>139,003</u> | <u>(35,008)</u> | <u>-</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCE | 69,002 | 993,147 | (8,949) | 168,014 |
| FUND BALANCE, beginning of year | <u>877,358</u> | <u>1,142,556</u> | <u>1,040,960</u> | <u>-</u> |
| FUND BALANCE, end of year | <u>\$ 946,360</u> | <u>\$ 2,135,703</u> | <u>\$ 1,032,011</u> | <u>\$ 168,014</u> |

| Urban Renewal | Percent for Art | Totals |
|------------------|--------------------|---------------------|
| \$ - | \$ - | \$ 166,384 |
| - | - | 2,096,606 |
| - | - | 25,281 |
| - | - | 19,171 |
| 346 | 660 | 11,376 |
| - | - | 52,590 |
| <u>346</u> | <u>660</u> | <u>2,371,408</u> |
| 52,460 | - | 157,785 |
| - | - | 1,140,252 |
| - | - | 840 |
| - | 36,000 | 42,766 |
| <u>52,460</u> | <u>36,000</u> | <u>1,341,643</u> |
| <u>(52,114)</u> | <u>(35,340)</u> | <u>1,029,765</u> |
| - | - | 139,003 |
| - | 7,986 | 7,986 |
| - | - | (35,008) |
| <u>-</u> | <u>7,986</u> | <u>111,981</u> |
| (52,114) | (27,354) | 1,141,746 |
| <u>75,147</u> | <u>123,298</u> | <u>3,259,319</u> |
| <u>\$ 23,033</u> | <u>\$ 95,944</u> | <u>\$ 4,401,065</u> |

CITY OF LINCOLN CITY
Lincoln City, Oregon

WORKFORCE HOUSING

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

FOR THE YEAR ENDED JUNE 30, 2022

| | <u>Original/Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|----------------------------------|-------------------|---|
| REVENUES: | | | |
| Rents | \$ 15,000 | \$ 25,281 | \$ 10,281 |
| Interest on investments | <u>2,300</u> | <u>2,042</u> | <u>(258)</u> |
| TOTAL REVENUES | <u>17,300</u> | <u>27,323</u> | <u>10,023</u> |
| EXPENDITURES: | | | |
| Workforce housing | 102,418 | 22,324 | 80,094 |
| Special payments | <u>275,000</u> | <u>75,000</u> | <u>200,000</u> |
| TOTAL EXPENDITURES | <u>377,418</u> | <u>97,324</u> | <u>280,094</u> |
| REVENUES UNDER EXPENDITURES | <u>(360,118)</u> | <u>(70,001)</u> | <u>290,117</u> |
| OTHER FINANCING SOURCES (USES): | | | |
| Proceeds from sale of capital assets | <u>150,000</u> | <u>139,003</u> | <u>139,003</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | (210,118) | 69,002 | 279,120 |
| FUND BALANCE, beginning of year | <u>210,118</u> | <u>231,645</u> | <u>21,527</u> |
| FUND BALANCE, end of year | <u>\$ -</u> | <u>\$ 300,647</u> | <u>\$ 300,647</u> |
| Fund balance - budgetary basis | | \$ 300,647 | |
| Balance of loans receivable | | 84,891 | |
| Assets held for sale | | <u>560,822</u> | |
| Fund balance - GAAP basis | | <u>\$ 946,360</u> | |

CITY OF LINCOLN CITY
Lincoln City, Oregon

STREET OPERATIONS FUND

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

FOR THE YEAR ENDED JUNE 30, 2022

| | <u>Original/Final Budget</u> | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|--|----------------------------------|----------------------------|--|
| REVENUES: | | | |
| Transient room tax | \$ 1,455,955 | \$ 2,096,606 | \$ 640,651 |
| Charges for services | 17,000 | 19,171 | 2,171 |
| Interest on investments | 4,300 | 7,917 | 3,617 |
| Miscellaneous | - | 52,319 | 52,319 |
| | <u>1,477,255</u> | <u>2,176,013</u> | <u>698,758</u> |
| TOTAL REVENUES | | | |
| EXPENDITURES: | | | |
| Street maintenance | 1,300,619 | 1,071,722 | 228,897 |
| Debt service | - | 840 | (840) |
| Contingency | 585,600 | - | 585,600 |
| | <u>1,886,219</u> | <u>1,072,562</u> | <u>813,657</u> |
| TOTAL EXPENDITURES | | | |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | (408,964) | 1,103,451 | 1,512,415 |
| OTHER FINANCING USES: | | | |
| Transfers out | <u>(110,304)</u> | <u>(110,304)</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCE | (519,268) | 993,147 | 1,512,415 |
| FUND BALANCE, beginning of year | <u>1,996,523</u> | <u>1,142,556</u> | <u>(853,967)</u> |
| FUND BALANCE, end of year | <u><u>\$ 1,477,255</u></u> | <u><u>\$ 2,135,703</u></u> | <u><u>\$ 658,448</u></u> |
| | | | |
| Transfers out - budgetary basis | | \$ 110,304 | |
| Transfer for support services | | <u>(75,296)</u> | |
| Transfers out - GAAP basis | | <u><u>\$ 35,008</u></u> | |
| | | | |
| Total expenditures - budgetary basis | | \$ 1,072,562 | |
| Transfer for support services | | <u>75,296</u> | |
| Total expenditures - GAAP basis | | <u><u>\$ 1,147,858</u></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, 2022

| | Original/Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|--|---------------------------|--------------|--|
| REVENUES: | | | |
| Loan repayments | \$ 80,000 | \$ 133,489 | \$ 53,489 |
| Interest on investments | 800 | (948) | (1,748) |
| | TOTAL REVENUES | 132,541 | 51,741 |
| | 80,800 | 8,001 | 383,996 |
| EXPENDITURES: | | | |
| Materials and services | 10,000 | 6,801 | 3,199 |
| Special payments | 381,997 | 1,200 | 380,797 |
| | TOTAL EXPENDITURES | 8,001 | 383,996 |
| | (311,197) | 124,540 | 435,737 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | | | |
| | 311,197 | 206,735 | (104,462) |
| FUND BALANCE, beginning of year | | | |
| | 311,197 | 206,735 | (104,462) |
| FUND BALANCE, end of year | | | |
| | \$ - | \$ 331,275 | \$ 331,275 |
| | | \$ 331,275 | |
| Fund balance - budgetary basis | | \$ 331,275 | |
| Balance of loans receivable | | 700,736 | |
| Fund balance - GAAP basis | | \$ 1,032,011 | |
| Change in fund balance - budgetary basis | | \$ 124,540 | |
| Loan repayments reported as reduction in receivable | | (133,489) | |
| Changes in fund balance - GAAP basis | | \$ (8,949) | |

CITY OF LINCOLN CITY
Lincoln City, Oregon

URBAN RENEWAL TAX INCREMENT FUND - ROADS END

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

FOR THE YEAR ENDED JUNE 30, 2022

| | <u>Original/Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|---|----------------------------------|--------------------------|---|
| REVENUES: | | | |
| Property taxes | \$ 166,729 | \$ 166,384 | \$ (345) |
| Interest on investments | - | 1,359 | 1,359 |
| Miscellaneous | - | 271 | 271 |
| TOTAL REVENUES | <u>166,729</u> | <u>168,014</u> | <u>1,285</u> |
| EXPENDITURES: | | | |
| Debt service | <u>166,729</u> | <u>-</u> | <u>166,729</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND CHANGE IN FUND BALANCE | - | 168,014 | 168,014 |
| FUND BALANCE, beginning of year | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCE, end of year | <u><u>\$ -</u></u> | <u><u>\$ 168,014</u></u> | <u><u>\$ 168,014</u></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, 2022

| | <u>Original/Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|---|----------------------------------|------------------|---|
| REVENUES: | | | |
| Interest on investments | <u>\$ 768</u> | <u>\$ 346</u> | <u>\$ (422)</u> |
| EXPENDITURES: | | | |
| Materials and services | <u>41,956</u> | <u>52,460</u> | <u>(10,504)</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND CHANGE IN FUND BALANCE | <u>(41,188)</u> | <u>(52,114)</u> | <u>(10,926)</u> |
| FUND BALANCE, beginning of year | <u>41,188</u> | <u>75,147</u> | <u>33,959</u> |
| FUND BALANCE, end of year | <u>\$ -</u> | <u>\$ 23,033</u> | <u>\$ 23,033</u> |

CITY OF LINCOLN CITY
Lincoln City, Oregon

PERCENT FOR ART FUND

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

FOR THE YEAR ENDED JUNE 30, 2022

| | <u>Original/Final Budget</u> | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|--|----------------------------------|------------------|--|
| REVENUES: | | | |
| Interest on investments | <u>\$ 1,400</u> | <u>\$ 660</u> | <u>\$ (740)</u> |
| EXPENDITURES: | | | |
| Materials and services | 10,000 | - | 10,000 |
| Capital outlay | <u>100,265</u> | <u>36,000</u> | <u>64,265</u> |
| TOTAL EXPENDITURES | <u>110,265</u> | <u>36,000</u> | <u>74,265</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | (108,865) | (35,340) | 73,525 |
| OTHER FINANCING SOURCES: | | | |
| Transfers in | <u>15,000</u> | <u>7,986</u> | <u>(7,014)</u> |
| NET CHANGE IN FUND BALANCE | (93,865) | (27,354) | 66,511 |
| FUND BALANCE, beginning of year | <u>93,865</u> | <u>123,298</u> | <u>29,433</u> |
| FUND BALANCE, end of year | <u>\$ -</u> | <u>\$ 95,944</u> | <u>\$ 95,944</u> |

DEBT SERVICE FUND

CITY OF LINCOLN CITY
 Lincoln City, Oregon

DEBT SERVICE FUND - URBAN RENEWAL TAX INCREMENT FUND - Y2000 DISTRICT

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

FOR THE YEAR ENDED JUNE 30, 2022

| | <u>Original/Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|---|----------------------------------|--------------------|---|
| REVENUES: | | | |
| Property taxes | <u>\$ -</u> | <u>\$ (65,594)</u> | <u>\$ (65,594)</u> |
| FUND BALANCE , beginning of year | <u>-</u> | <u>65,594</u> | <u>65,594</u> |
| FUND BALANCE , end of year | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> |

CAPITAL PROJECTS FUNDS

CITY OF LINCOLN CITY
Lincoln City, Oregon

NONMAJOR CAPITAL PROJECTS FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2022

| | <u>Transportation Development</u> | <u>N Hwy 101 Improvement</u> | <u>Intersection Improvement</u> | <u>Storm Drainage Development</u> | <u>Park System Development Charge</u> |
|--|---------------------------------------|----------------------------------|-------------------------------------|---|---|
| ASSETS: | | | | | |
| Cash and investments | \$ 810,271 | \$ 91,668 | \$ 143,310 | \$ 71,593 | \$ 651,080 |
| Receivables | - | 73,125 | - | - | 693 |
| TOTAL ASSETS | <u>\$ 810,271</u> | <u>\$ 164,793</u> | <u>\$ 143,310</u> | <u>\$ 71,593</u> | <u>\$ 651,773</u> |
| LIABILITIES: | | | | | |
| Accounts payable | \$ 4,889 | \$ - | \$ - | \$ - | \$ 9,134 |
| FUND BALANCES: | | | | | |
| Restricted for: | | | | | |
| Capital projects | 805,382 | 164,793 | 143,310 | 71,593 | 642,639 |
| Assigned to: | | | | | |
| Capital projects | - | - | - | - | - |
| TOTAL FUND BALANCES | <u>805,382</u> | <u>164,793</u> | <u>143,310</u> | <u>71,593</u> | <u>642,639</u> |
| TOTAL LIABILITIES AND FUND BALANCES | <u>\$ 810,271</u> | <u>\$ 164,793</u> | <u>\$ 143,310</u> | <u>\$ 71,593</u> | <u>\$ 651,773</u> |

| <u>Parks Capital</u> | <u>Facilities Capital</u> | <u>Police Building Bond 2018</u> | <u>Street Capital</u> | <u>Urban Renewal Construction</u> | <u>Total</u> |
|--------------------------|-------------------------------|--|---------------------------|---|---------------------|
| \$ 561,326 | \$ 1,280,159 | \$ 987,228 | \$ 3,417,471 | \$ 180,812 | \$ 8,194,918 |
| - | 259,857 | - | 68,580 | - | 402,255 |
| <u>\$ 561,326</u> | <u>\$ 1,540,016</u> | <u>\$ 987,228</u> | <u>\$ 3,486,051</u> | <u>\$ 180,812</u> | <u>\$ 8,597,173</u> |
| \$ - | \$ 257,273 | \$ 27,989 | \$ 206,407 | \$ 2,270 | \$ 507,962 |
| 561,326 | 1,282,743 | - | 3,279,644 | 178,542 | 7,129,972 |
| - | - | 959,239 | - | - | 959,239 |
| <u>561,326</u> | <u>1,282,743</u> | <u>959,239</u> | <u>3,279,644</u> | <u>178,542</u> | <u>8,089,211</u> |
| <u>\$ 561,326</u> | <u>\$ 1,540,016</u> | <u>\$ 987,228</u> | <u>\$ 3,486,051</u> | <u>\$ 180,812</u> | <u>\$ 8,597,173</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, 2022

| | <u>Transportation Development</u> | <u>N Hwy 101 Improvement</u> | <u>Intersection Improvement</u> | <u>Storm Drainage Development</u> | <u>Parks System Development Charge</u> |
|--|---------------------------------------|----------------------------------|-------------------------------------|---------------------------------------|--|
| REVENUES: | | | | | |
| Transient room tax | \$ - | \$ - | \$ - | \$ - | \$ - |
| Charges for services | 63,648 | 24,190 | - | 4,223 | 153,509 |
| Intergovernmental | - | 241,698 | - | - | 7,672 |
| Interest on investments | 4,597 | (108) | 798 | 389 | 3,685 |
| Miscellaneous | - | - | - | - | 782 |
| TOTAL REVENUES | <u>68,245</u> | <u>265,780</u> | <u>798</u> | <u>4,612</u> | <u>165,648</u> |
| EXPENDITURES: | | | | | |
| Materials and services | - | - | - | - | - |
| Capital outlay | 78,746 | 295,115 | - | - | 126,350 |
| Debt service | - | - | - | - | - |
| TOTAL EXPENDITURES | <u>78,746</u> | <u>295,115</u> | <u>-</u> | <u>-</u> | <u>126,350</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | (10,501) | (29,335) | 798 | 4,612 | 39,298 |
| OTHER FINANCING SOURCES | | | | | |
| Transfers in | - | - | - | - | - |
| Transfers out | (1,983) | - | - | - | - |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(1,983)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCE | (12,484) | (29,335) | 798 | 4,612 | 39,298 |
| FUND BALANCE, beginning of year | <u>817,866</u> | <u>194,128</u> | <u>142,512</u> | <u>66,981</u> | <u>603,341</u> |
| FUND BALANCE, end of year | <u>\$ 805,382</u> | <u>\$ 164,793</u> | <u>\$ 143,310</u> | <u>\$ 71,593</u> | <u>\$ 642,639</u> |

| Parks Capital | Facilities Capital | Police Building Bond 2018 | Street Capital | Urban Renewal Construction | Totals |
|-------------------|-----------------------|---------------------------------|---------------------|----------------------------------|---------------------|
| \$ - | \$ 1,048,810 | \$ - | \$ - | \$ - | \$ 1,048,810 |
| - | - | - | - | - | 245,570 |
| - | - | - | 860,587 | - | 1,109,957 |
| 3,126 | 7,524 | 2,773 | 18,794 | 1,071 | 42,649 |
| - | 6,000 | - | - | - | 6,782 |
| <u>3,126</u> | <u>1,062,334</u> | <u>2,773</u> | <u>879,381</u> | <u>1,071</u> | <u>2,453,768</u> |
| - | - | - | 343,987 | - | 343,987 |
| - | 631,537 | 190,574 | 792,701 | 24,040 | 2,139,063 |
| - | 617,275 | - | - | - | 617,275 |
| <u>-</u> | <u>1,248,812</u> | <u>190,574</u> | <u>1,136,688</u> | <u>24,040</u> | <u>3,100,325</u> |
| 3,126 | (186,478) | (187,801) | (257,307) | (22,969) | (646,557) |
| - | - | 187,559 | 283,250 | - | 470,809 |
| - | (3,740) | (622) | (1,641) | - | (7,986) |
| <u>-</u> | <u>(3,740)</u> | <u>186,937</u> | <u>281,609</u> | <u>-</u> | <u>462,823</u> |
| 3,126 | (190,218) | (864) | 24,302 | (22,969) | (183,734) |
| 558,200 | 1,472,961 | 960,103 | 3,255,342 | 201,511 | 8,272,945 |
| <u>\$ 561,326</u> | <u>\$ 1,282,743</u> | <u>\$ 959,239</u> | <u>\$ 3,279,644</u> | <u>\$ 178,542</u> | <u>\$ 8,089,211</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, 2022

| | <u>Original/Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|----------------------------------|-------------------|---|
| REVENUES: | | | |
| Improvement fee | \$ 80,000 | \$ 63,648 | \$ (16,352) |
| Interest on investments | 7,000 | 4,597 | (2,403) |
| TOTAL REVENUES | <u>87,000</u> | <u>68,245</u> | <u>(18,755)</u> |
| EXPENDITURES: | | | |
| Capital outlay | <u>892,001</u> | <u>78,746</u> | <u>813,255</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u>(805,001)</u> | <u>(10,501)</u> | <u>794,500</u> |
| OTHER FINANCING SOURCES: | | | |
| Transfers out | <u>(5,000)</u> | <u>(1,983)</u> | <u>3,017</u> |
| NET CHANGE IN FUND BALANCE | (810,001) | (12,484) | 797,517 |
| FUND BALANCE, beginning of year | <u>810,001</u> | <u>817,866</u> | <u>7,865</u> |
| FUND BALANCE, end of year | <u>\$ -</u> | <u>\$ 805,382</u> | <u>\$ 805,382</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, 2022

| | <u>Original/Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|---|----------------------------------|--------------------------|---|
| REVENUES: | | | |
| Improvement fee | \$ 25,000 | \$ 24,190 | \$ (810) |
| Intergovernmental | 2,667,000 | 241,698 | (2,425,302) |
| Interest on investments | 500 | (108) | (608) |
| TOTAL REVENUES | <u>2,692,500</u> | <u>265,780</u> | <u>(2,426,720)</u> |
| EXPENDITURES: | | | |
| Capital outlay | <u>2,849,489</u> | <u>295,115</u> | <u>2,554,374</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND CHANGE IN FUND BALANCE | (156,989) | (29,335) | 127,654 |
| FUND BALANCE, beginning of year | <u>156,989</u> | <u>194,128</u> | <u>37,139</u> |
| FUND BALANCE, end of year | <u><u>\$ -</u></u> | <u><u>\$ 164,793</u></u> | <u><u>\$ 164,793</u></u> |

CITY OF LINCOLN CITY
Lincoln City, Oregon

INTERSECTION IMPROVEMENT FUND

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

FOR THE YEAR ENDED JUNE 30, 2022

| | <u>Original/Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|---|----------------------------------|--------------------------|---|
| REVENUES: | | | |
| Interest on investments | <u>\$ 1,500</u> | <u>\$ 798</u> | <u>\$ (702)</u> |
| EXPENDITURES: | | | |
| Capital outlay | <u>144,300</u> | <u>-</u> | <u>144,300</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND CHANGE IN FUND BALANCE | (142,800) | 798 | 143,598 |
| FUND BALANCE, beginning of year | <u>142,800</u> | <u>142,512</u> | <u>(288)</u> |
| FUND BALANCE, end of year | <u><u>\$ -</u></u> | <u><u>\$ 143,310</u></u> | <u><u>\$ 143,310</u></u> |

CITY OF LINCOLN CITY
Lincoln City, Oregon

STORM DRAINAGE DEVELOPMENT FUND

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

FOR THE YEAR ENDED JUNE 30, 2022

| | <u>Original/Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|---|----------------------------------|------------------|---|
| REVENUES: | | | |
| Improvement fee | \$ 2,983 | \$ 4,223 | \$ 1,240 |
| Interest on investments | 1,100 | 389 | (711) |
| TOTAL REVENUES | <u>4,083</u> | <u>4,612</u> | <u>529</u> |
| EXPENDITURES: | | | |
| Capital outlay | <u>110,053</u> | <u>-</u> | <u>110,053</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND CHANGE IN FUND BALANCE | (105,970) | 4,612 | 110,582 |
| FUND BALANCE, beginning of year | <u>105,970</u> | <u>66,981</u> | <u>(38,989)</u> |
| FUND BALANCE, end of year | <u>\$ -</u> | <u>\$ 71,593</u> | <u>\$ 71,593</u> |

CITY OF LINCOLN CITY
Lincoln City, Oregon

PARKS SYSTEM DEVELOPMENT CHARGE FUND

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

FOR THE YEAR ENDED JUNE 30, 2022

| | <u>Original/Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|---|----------------------------------|--------------------------|---|
| REVENUES: | | | |
| Improvement fee | \$ 180,000 | \$ 153,509 | \$ (26,491) |
| Intergovernmental | 6,500 | 7,672 | 1,172 |
| Interest on investments | 8,200 | 3,685 | (4,515) |
| Miscellaneous | - | 782 | 782 |
| | <u>194,700</u> | <u>165,648</u> | <u>(29,052)</u> |
| TOTAL REVENUES | | | |
| EXPENDITURES: | | | |
| Capital outlay | <u>830,335</u> | <u>126,350</u> | <u>703,985</u> |
| | | | |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND CHANGE IN FUND BALANCE | (635,635) | 39,298 | 674,933 |
| | | | |
| FUND BALANCE, beginning of year | <u>635,635</u> | <u>603,341</u> | <u>(32,294)</u> |
| | | | |
| FUND BALANCE, end of year | <u><u>\$ -</u></u> | <u><u>\$ 642,639</u></u> | <u><u>\$ 642,639</u></u> |

CITY OF LINCOLN CITY
Lincoln City, Oregon

PARKS CAPITAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2022

| | <u>Original/Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|---|----------------------------------|--------------------------|---|
| REVENUES: | | | |
| Interest on investments | <u>\$ 5,300</u> | <u>\$ 3,126</u> | <u>\$ (2,174)</u> |
| EXPENDITURES: | | | |
| Capital outlay | <u>564,347</u> | <u>-</u> | <u>564,347</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND CHANGE IN FUND BALANCE | (559,047) | 3,126 | 562,173 |
| FUND BALANCE, beginning of year | <u>559,047</u> | <u>558,200</u> | <u>(847)</u> |
| FUND BALANCE, end of year | <u><u>\$ -</u></u> | <u><u>\$ 561,326</u></u> | <u><u>\$ 561,326</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, 2022

| | Budget | | Actual | Variance with Final Budget Positive (Negative) |
|--|--------------------|--------------------|---------------------|--|
| | Original | Final | | |
| REVENUES: | | | | |
| Transient room tax | \$ 727,978 | \$ 727,978 | \$ 1,048,810 | \$ 320,832 |
| Interest on investments | 12,600 | 12,600 | 7,524 | (5,076) |
| Miscellaneous | - | - | 6,000 | 6,000 |
| TOTAL REVENUES | <u>740,578</u> | <u>740,578</u> | <u>1,062,334</u> | <u>321,756</u> |
| EXPENDITURES: | | | | |
| Capital outlay | 1,798,209 | 1,391,306 | 631,537 | 759,769 |
| Debt service | 220,372 | 617,275 | 617,275 | - |
| TOTAL EXPENDITURES | <u>2,018,581</u> | <u>2,008,581</u> | <u>1,248,812</u> | <u>759,769</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u>(1,278,003)</u> | <u>(1,268,003)</u> | <u>(186,478)</u> | <u>1,081,525</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers out | - | (10,000) | (3,740) | 6,260 |
| NET CHANGE IN FUND BALANCE | (1,278,003) | (1,278,003) | (190,218) | 1,087,785 |
| FUND BALANCE, beginning of year | <u>1,278,003</u> | <u>1,278,003</u> | <u>1,472,961</u> | <u>194,958</u> |
| FUND BALANCE, end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,282,743</u> | <u>\$ 1,282,743</u> |

CITY OF LINCOLN CITY
Lincoln City, Oregon

POLICE BUILDING BOND 2018 FUND

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

FOR THE YEAR ENDED JUNE 30, 2022

| | <u>Budget</u> | | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|------------------|--------------------|-------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES: | | | | |
| Interest on investments | \$ 2,000 | \$ 2,000 | \$ 2,773 | \$ 773 |
| EXPENDITURES: | | | | |
| Capital outlay | 965,510 | 1,148,069 | 190,574 | 957,495 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u>(963,510)</u> | <u>(1,146,069)</u> | <u>(187,801)</u> | <u>958,268</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | - | 187,559 | 187,559 | - |
| Transfers out | - | (5,000) | (622) | 4,378 |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>-</u> | <u>182,559</u> | <u>186,937</u> | <u>4,378</u> |
| NET CHANGE IN FUND BALANCE | (963,510) | (963,510) | (864) | 962,646 |
| FUND BALANCE, beginning of year | <u>963,510</u> | <u>963,510</u> | <u>960,103</u> | <u>(3,407)</u> |
| FUND BALANCE, end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 959,239</u> | <u>\$ 959,239</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, 2022

| | <u>Original/Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|----------------------------------|---------------------|---|
| REVENUES: | | | |
| Intergovernmental | \$ 836,033 | \$ 860,587 | \$ 24,554 |
| Interest on investments | 21,900 | 18,794 | (3,106) |
| TOTAL REVENUES | <u>857,933</u> | <u>879,381</u> | <u>21,448</u> |
| EXPENDITURES: | | | |
| Street improvements | <u>3,593,530</u> | <u>1,136,688</u> | <u>2,456,842</u> |
| TOTAL EXPENDITURES | <u>3,593,530</u> | <u>1,136,688</u> | <u>2,456,842</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u>(2,735,597)</u> | <u>(257,307)</u> | <u>2,478,290</u> |
| OTHER FINANCING SOURCES: | | | |
| Transfers in | 283,250 | 283,250 | - |
| Transfers out | <u>(5,000)</u> | <u>(1,641)</u> | <u>3,359</u> |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>278,250</u> | <u>281,609</u> | <u>3,359</u> |
| NET CHANGE IN FUND BALANCE | (2,457,347) | 24,302 | 2,481,649 |
| FUND BALANCE, beginning of year | <u>2,457,347</u> | <u>3,255,342</u> | <u>797,995</u> |
| FUND BALANCE, end of year | <u>\$ -</u> | <u>\$ 3,279,644</u> | <u>\$ 3,279,644</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, 2022

| | <u>Original/Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|---|----------------------------------|--------------------------|---|
| REVENUES: | | | |
| Interest on investments | <u>\$ 5,300</u> | <u>\$ 1,071</u> | <u>\$ (4,229)</u> |
| EXPENDITURES: | | | |
| Capital outlay | <u>\$ 460,242</u> | <u>24,040</u> | <u>436,202</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND CHANGE IN FUND BALANCE | <u>(454,942)</u> | <u>(22,969)</u> | <u>431,973</u> |
| FUND BALANCE, beginning of year | <u>454,942</u> | <u>201,511</u> | <u>(253,431)</u> |
| FUND BALANCE, end of year | <u><u>\$ -</u></u> | <u><u>\$ 178,542</u></u> | <u><u>\$ 178,542</u></u> |

CITY OF LINCOLN CITY
Lincoln City, Oregon

WATER FUND

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

FOR THE YEAR ENDED JUNE 30, 2022

| | Budget | | Actual | Variance with |
|--|--------------------|--------------------|--------------------|---------------------|
| | Original | Final | | Final Budget |
| | | | | Positive (Negative) |
| REVENUES: | | | | |
| Charges for services | \$ 4,042,880 | \$ 4,042,880 | \$ 4,357,085 | \$ 314,205 |
| Intergovernmental | 60,000 | 60,000 | 56,939 | (3,061) |
| Interest on investments | 4,500 | 4,500 | (3,341) | (7,841) |
| Miscellaneous | 1,000 | 1,000 | 12,080 | 11,080 |
| TOTAL REVENUES | 4,108,380 | 4,108,380 | 4,422,763 | 314,383 |
| EXPENDITURES: | | | | |
| Water utility maintenance | 2,493,844 | 2,518,844 | 2,385,189 | 133,655 |
| Debt service | 50,673 | 50,673 | 51,512 | (839) |
| Contingency | 430,141 | 405,141 | - | 405,141 |
| TOTAL EXPENDITURES | 2,974,658 | 2,974,658 | 2,436,701 | 537,957 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | 1,133,722 | 1,133,722 | 1,986,062 | 852,340 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers out | (1,734,027) | (1,734,027) | (1,734,027) | - |
| Proceeds from sale of equipment | - | - | 3,555 | 3,555 |
| TOTAL OTHER FINANCING SOURCES (USES) | (1,734,027) | (1,734,027) | (1,730,472) | 3,555 |
| NET CHANGE IN FUND BALANCE | (600,305) | (600,305) | 255,590 | 855,895 |
| FUND BALANCE, beginning of year | 600,305 | 600,305 | 558,904 | (41,401) |
| FUND BALANCE, end of year | \$ - | \$ - | \$ 814,494 | \$ 814,494 |

CITY OF LINCOLN CITY
Lincoln City, Oregon

WATER CAPITAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2022

| | <u>Original/Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|----------------------------------|---------------------|---|
| REVENUES: | | | |
| Intergovernmental | \$ - | \$ 232,861 | \$ 232,861 |
| Interest on investments | 13,500 | 20,792 | 7,292 |
| TOTAL REVENUES | <u>13,500</u> | <u>253,653</u> | <u>240,153</u> |
| EXPENDITURES: | | | |
| Capital outlay | <u>3,400,700</u> | <u>651,326</u> | <u>2,749,374</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u>(3,387,200)</u> | <u>(397,673)</u> | <u>2,989,527</u> |
| OTHER FINANCING SOURCES (USES): | | | |
| Transfers in | 1,000,000 | 1,000,000 | - |
| Transfers out | <u>(5,000)</u> | <u>-</u> | <u>(5,000)</u> |
| TOTAL OTHER FINANCING SOURCES (USES): | <u>995,000</u> | <u>1,000,000</u> | <u>5,000</u> |
| NET CHANGE IN FUND BALANCE | (2,392,200) | 602,327 | 2,994,527 |
| FUND BALANCE, beginning of year | <u>2,392,200</u> | <u>2,415,803</u> | <u>23,603</u> |
| FUND BALANCE, end of year | <u>\$ -</u> | <u>\$ 3,018,130</u> | <u>\$ 3,018,130</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, 2022

| | <u>Original/Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|---|----------------------------------|-------------------|---|
| REVENUES: | | | |
| System development charges | \$ 117,300 | \$ 137,235 | \$ 19,935 |
| Interest on investments | 1,904 | 3,146 | 1,242 |
| TOTAL REVENUES | <u>119,204</u> | <u>140,381</u> | <u>21,177</u> |
| EXPENDITURES: | | | |
| Capital outlay | <u>614,420</u> | <u>19,900</u> | <u>594,520</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND CHANGE IN FUND BALANCE | (495,216) | 120,481 | 615,697 |
| FUND BALANCE, beginning of year | <u>495,216</u> | <u>496,215</u> | <u>999</u> |
| FUND BALANCE, end of year | <u>\$ -</u> | <u>\$ 616,696</u> | <u>\$ 616,696</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, 2022

| | <u>Original/Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|---|----------------------------------|-------------------|---|
| REVENUES: | | | |
| System development charges | \$ 45,900 | \$ 52,302 | \$ 6,402 |
| Interest on investments | 2,100 | 1,519 | (581) |
| TOTAL REVENUES | <u>48,000</u> | <u>53,821</u> | <u>5,821</u> |
| EXPENDITURES: | | | |
| Capital outlay | <u>288,403</u> | <u>-</u> | <u>288,403</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND CHANGE IN FUND BALANCE | (240,403) | 53,821 | 294,224 |
| FUND BALANCE, beginning of year | <u>240,403</u> | <u>239,486</u> | <u>(917)</u> |
| FUND BALANCE, end of year | <u>\$ -</u> | <u>\$ 293,307</u> | <u>\$ 293,307</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, 2022

| | <u>Original/Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|----------------------------------|-----------------------------|---|
| REVENUES: | | | |
| Interest on investments | <u>\$ 200</u> | <u>\$ 1,439</u> | <u>\$ 1,239</u> |
| EXPENDITURES: | | | |
| Debt service | <u> 461,623</u> | <u> 456,610</u> | <u> 5,013</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u> (461,423)</u> | <u> (455,171)</u> | <u> 6,252</u> |
| OTHER FINANCING SOURCES: | | | |
| Transfers in | <u> 450,000</u> | <u> 450,000</u> | <u> -</u> |
| NET CHANGE IN FUND BALANCE | <u> (11,423)</u> | <u> (5,171)</u> | <u> 6,252</u> |
| FUND BALANCE, beginning of year | <u> 11,423</u> | <u> 10,706</u> | <u> (717)</u> |
| FUND BALANCE, end of year | <u><u> -</u></u> | <u><u> 5,535</u></u> | <u><u> 5,535</u></u> |

CITY OF LINCOLN CITY
Lincoln City, Oregon

SEWER FUND

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

FOR THE YEAR ENDED JUNE 30, 2022

| | Budget | | Actual | Variance with |
|--|--------------------|--------------------|---------------------|---------------------|
| | Original | Final | | Final Budget |
| | | | | Positive (Negative) |
| REVENUES: | | | | |
| Charges for services | \$ 4,588,822 | \$ 4,588,822 | \$ 4,850,599 | \$ 261,777 |
| Interest on investments | 15,000 | 15,000 | 3,526 | (11,474) |
| Miscellaneous | 115,000 | 115,000 | 119,550 | 4,550 |
| TOTAL REVENUES | 4,718,822 | 4,718,822 | 4,973,675 | 254,853 |
| EXPENDITURES: | | | | |
| Sewer utility maintenance | 3,447,061 | 3,896,502 | 3,037,706 | 858,796 |
| Debt service | 55,087 | 55,087 | 55,927 | (840) |
| Contingency | 1,244,434 | 1,044,744 | - | 1,044,744 |
| TOTAL EXPENDITURES | 4,746,582 | 4,996,333 | 3,093,633 | 1,902,700 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | (27,760) | (277,511) | 1,880,042 | 2,157,553 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers out | (1,467,825) | (1,467,825) | (1,467,825) | - |
| NET CHANGE IN FUND BALANCE | (1,495,585) | (1,745,336) | 412,217 | 2,157,553 |
| FUND BALANCE, beginning of year | 1,495,585 | 1,745,336 | 1,745,338 | 2 |
| FUND BALANCE, end of year | \$ - | \$ - | \$ 2,157,555 | \$ 2,157,555 |

CITY OF LINCOLN CITY
Lincoln City, Oregon

SEWER CAPITAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2022

| | Budget | | Actual | Variance with Final Budget Positive (Negative) |
|--|--------------------|--------------------|---------------------|--|
| | Original | Final | | |
| REVENUES: | | | | |
| Interest on investments | \$ 11,200 | \$ 11,200 | \$ 18,796 | \$ 7,596 |
| Intergovernmental | - | - | 785,536 | 785,536 |
| TOTAL REVENUES | <u>11,200</u> | <u>11,200</u> | <u>804,332</u> | <u>793,132</u> |
| EXPENDITURES: | | | | |
| Capital outlay | <u>3,089,990</u> | <u>4,289,990</u> | <u>1,302,927</u> | <u>2,987,063</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u>(3,078,790)</u> | <u>(4,278,790)</u> | <u>(498,595)</u> | <u>3,780,195</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | 1,250,000 | 2,450,000 | 2,450,000 | - |
| Transfers out | <u>(5,000)</u> | <u>(5,000)</u> | <u>-</u> | <u>(5,000)</u> |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>1,245,000</u> | <u>2,445,000</u> | <u>2,450,000</u> | <u>5,000</u> |
| NET CHANGE IN FUND BALANCE | <u>(1,833,790)</u> | <u>(1,833,790)</u> | <u>1,951,405</u> | <u>3,785,195</u> |
| FUND BALANCE, beginning of year | <u>1,833,790</u> | <u>1,833,790</u> | <u>2,091,818</u> | <u>258,028</u> |
| FUND BALANCE, end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 4,043,223</u> | <u>\$ 4,043,223</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, 2022

| | <u>Original/Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|----------------------------------|---------------------|---|
| REVENUES: | | | |
| System development charges | \$ 171,753 | \$ 215,560 | \$ 43,807 |
| Interest on investments | 9,900 | 7,841 | (2,059) |
| TOTAL REVENUES | <u>181,653</u> | <u>223,401</u> | <u>41,748</u> |
| EXPENDITURES: | | | |
| Capital outlay | <u>1,336,225</u> | <u>70,628</u> | <u>1,265,597</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | (1,154,572) | 152,773 | 1,307,345 |
| FUND BALANCE , beginning of year | <u>1,154,572</u> | <u>1,186,709</u> | <u>32,137</u> |
| FUND BALANCE , end of year | <u>\$ -</u> | <u>\$ 1,339,482</u> | <u>\$ 1,339,482</u> |
| | | | |
| Fund balance - budgetary basis | | \$ 1,339,482 | |
| Balance of Local Improvement District receivable | | 45,333 | |
| Fund balance - GAAP basis | | <u>\$ 1,384,815</u> | |
| | | | |
| Change in fund balance - budgetary basis | | \$ 152,773 | |
| SDC fees assessed but not recognized as revenue on budgetary basis | | 45,333 | |
| Changes in fund balance - GAAP basis | | <u>\$ 198,106</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, 2022

| | <u>Original/Final Budget</u> | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|--|----------------------------------|-------------------|--|
| REVENUES: | | | |
| System development charges | \$ 89,999 | \$ 104,389 | \$ 14,390 |
| Interest on investments | 1,600 | 1,346 | (254) |
| TOTAL REVENUES | <u>91,599</u> | <u>105,735</u> | <u>14,136</u> |
| EXPENDITURES: | | | |
| Capital outlay | <u>196,959</u> | <u>-</u> | <u>196,959</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u>(105,360)</u> | <u>105,735</u> | <u>211,095</u> |
| OTHER FINANCING SOURCES (USES): | | | |
| Transfers out | <u>(52,568)</u> | <u>(52,568)</u> | <u>-</u> |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(52,568)</u> | <u>(52,568)</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCE | (157,928) | 53,167 | 211,095 |
| FUND BALANCE, beginning of year | <u>157,928</u> | <u>175,345</u> | <u>17,417</u> |
| FUND BALANCE, end of year | <u>\$ -</u> | <u>\$ 228,512</u> | <u>\$ 228,512</u> |
| Fund balance - budgetary basis | | \$ 228,512 | |
| Balance of Local Improvement District receivable | | 23,747 | |
| Fund balance - GAAP basis | | <u>\$ 252,259</u> | |
| Change in fund balance - budgetary basis | | \$ 53,167 | |
| SDC fees assessed but not recognized as revenue on budgetary basis | | 23,747 | |
| Changes in fund balance - GAAP basis | | <u>\$ 76,914</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, 2022

| | Original/Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|---|--------------------------|-------------------|--|
| REVENUES: | | | |
| Property taxes | \$ 1,617,209 | \$ 1,641,780 | \$ 24,571 |
| Interest on investments | 3,000 | 3,257 | 257 |
| TOTAL REVENUES | <u>1,620,209</u> | <u>1,645,037</u> | <u>24,828</u> |
| EXPENDITURES: | | | |
| Debt service | <u>1,751,573</u> | <u>1,619,615</u> | <u>131,958</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND CHANGE IN FUND BALANCE | <u>(131,364)</u> | <u>25,422</u> | <u>156,786</u> |
| FUND BALANCE , beginning of year | <u>131,364</u> | <u>141,161</u> | <u>9,797</u> |
| FUND BALANCE , end of year | <u>\$ -</u> | <u>\$ 166,583</u> | <u>\$ 166,583</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, 2022

| | <u>Revenues</u> | <u>Expenditures</u> | <u>Revenues Over (Under) Expenditures</u> |
|---|----------------------------|----------------------------|---|
| BUDGETARY BASIS REVENUES AND EXPENDITURES: | | | |
| Water Fund | \$ 4,422,763 | \$ 2,436,701 | \$ 1,986,062 |
| Water Capital Fund | 253,653 | 651,326 | (397,673) |
| Water SDC Reimbursement Fund | 140,381 | 19,900 | 120,481 |
| Water SDC Improvement Fund | 53,821 | - | 53,821 |
| Water Bond Fund | <u>1,439</u> | <u>456,610</u> | <u>(455,171)</u> |
| TOTAL | <u>\$ 4,872,057</u> | <u>\$ 3,564,537</u> | 1,307,520 |
| ADD (DEDUCT) ITEMS TO RECONCILE TO AN ENTERPRISE FUND REPORTING BASIS: | | | |
| Depreciation | | | (1,317,052) |
| Capital asset additions | | | 677,535 |
| Gain on sale of assets | | | 1,897 |
| Change in accrued interest payable | | | 4,466 |
| Change in accrued compensated absences | | | (23,191) |
| Net OPEB benefit | | | 2,197 |
| Pension expense | | | 65,609 |
| Principal payments | | | 464,016 |
| Transfers out - support services | | | (249,019) |
| Transfers out | | | <u>(35,008)</u> |
| CHANGES IN FUND NET POSITION - GAAP | | | <u>\$ 898,970</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, 2022

| | Revenues | Expenditures | Revenues Over (Under) Expenditures |
|---|---------------------|---------------------|--|
| BUDGETARY BASIS REVENUES AND EXPENDITURES: | | | |
| Sewer Fund | \$ 4,973,675 | \$ 3,093,633 | \$ 1,880,042 |
| Sewer Capital Fund | 804,332 | 1,302,927 | (498,595) |
| Sewer SDC Reimbursement Fund | 223,401 | 70,628 | 152,773 |
| Sewer SDC Improvement Fund | 105,735 | - | 105,735 |
| Sewer Bond Fund Fund | 1,645,037 | 1,619,615 | 25,422 |
| TOTAL | \$ 7,752,180 | \$ 6,086,803 | 1,665,377 |
| ADD (DEDUCT) ITEMS TO RECONCILE TO AN ENTERPRISE FUND REPORTING BASIS: | | | |
| Depreciation and Amortization | | | (1,845,214) |
| Capital asset additions | | | 1,373,554 |
| Loss on disposal of assets | | | (228,685) |
| Adjustment of SDC fees levied but not recognized as revenue on budgetary basis | | | (3,523) |
| Change in accrued interest payable | | | 4,886 |
| Change in accrued compensated absences | | | 2,025 |
| Net OPBEB benefit | | | 1,184 |
| Pension expense | | | 115,591 |
| Principal payments | | | 1,365,249 |
| Transfers out - support services | | | (182,817) |
| Transfers in | | | 1,307,004 |
| Transfers out | | | (37,230) |
| CHANGES IN FUND NET POSITION - GAAP | | | \$ 3,537,401 |

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, 2022

| | Budget | | Actual | Variance with |
|---|------------------|------------------|-------------------|---------------------|
| | Original | Final | | Final Budget |
| | | | | Positive (Negative) |
| REVENUES: | | | | |
| Franchise fees | \$ 23,000 | \$ 23,000 | \$ 21,701 | \$ (1,299) |
| Intergovernmental | 200 | 200 | - | (200) |
| Charges for services | 1,028,402 | 1,103,402 | 1,078,823 | (24,579) |
| TOTAL REVENUES | 1,051,602 | 1,126,602 | 1,100,524 | (26,078) |
| EXPENDITURES: | | | | |
| Vehicle maintenance | 338,571 | 413,571 | 383,304 | 30,267 |
| Information technology | 628,698 | 628,698 | 552,049 | 76,649 |
| Geographical information systems | 128,450 | 128,450 | 122,763 | 5,687 |
| Contingency | 66,750 | 66,750 | - | 66,750 |
| TOTAL EXPENDITURES | 1,162,469 | 1,237,469 | 1,058,116 | 179,353 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND CHANGE IN FUND BALANCE | (110,867) | (110,867) | 42,408 | 153,275 |
| FUND BALANCE , beginning of year | 110,867 | 110,867 | 176,304 | 65,437 |
| FUND BALANCE , end of year | \$ - | \$ - | \$ 218,712 | \$ 218,712 |
| Change in fund balance - budgetary basis | | | \$ 42,408 | |
| Depreciation | | | (47,422) | |
| Pension expense | | | (23,415) | |
| Net OPEB benefit | | | (75) | |
| Gain (Loss) from sale of asset | | | (7,376) | |
| Change in accrued compensated absences | | | (3,452) | |
| Capital asset additions | | | 53,789 | |
| Change in fund net position - GAAP basis | | | \$ 14,457 | |

CITY OF LINCOLN CITY
Lincoln City, Oregon

COMBINING BALANCE SHEET

GENERAL FUND

JUNE 30, 2022

| | <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 | \$ 9,654,944 | \$ 556,975 | \$ 713,741 | \$ 124,950 | \$ 28,445 | \$ 11,079,055 |
| Cash with County Treasurer | 51,150 | - | - | - | - | 51,150 |
| Receivables | 1,194,749 | - | 357,862 | - | 23,547 | 1,576,158 |
| Prepaid items | 275 | - | - | - | - | 275 |
| Contracts receivable | 600,000 | - | - | - | - | 600,000 |
| Lease receivable | 103,524 | - | - | - | - | 103,524 |
| Advance to other funds | 102,893 | - | - | - | - | 102,893 |
| Assets held for sale | 1,393,665 | - | - | - | - | 1,393,665 |
| TOTAL ASSETS | \$ 13,101,200 | \$ 556,975 | \$ 1,071,603 | \$ 124,950 | \$ 51,992 | \$ 14,906,720 |
| LIABILITIES: | | | | | | |
| Accounts payable | \$ 181,189 | \$ 3,499 | \$ - | \$ 2,870 | \$ - | \$ 187,558 |
| Other accrued liabilities | 656,958 | - | - | - | - | 656,958 |
| TOTAL LIABILITIES | 838,147 | 3,499 | - | 2,870 | - | 844,516 |
| DEFERRED INFLOW OF RESOURCES: | | | | | | |
| Unavailable revenue, property taxes | 300,573 | - | - | - | - | 300,573 |
| Unavailable revenue, LID assessments | - | - | 357,862 | - | 23,547 | 381,409 |
| Unavailable revenue, municipal court fees | 40,664 | - | - | - | - | 40,664 |
| Deferred inflow - leases | 100,691 | - | - | - | - | 100,691 |
| TOTAL DEFERRED INFLOWS OF RESOURCES: | 441,928 | - | 357,862 | - | 23,547 | 823,337 |
| FUND BALANCES: | | | | | | |
| Nonspendable in form | 2,096,833 | - | - | - | - | 2,096,833 |
| Restricted for: | | | | | | |
| Post-closure landfill costs | - | 553,476 | - | - | - | 553,476 |
| Committed to: | | | | | | |
| Capital projects | - | - | 713,741 | - | - | 713,741 |
| Unassigned | 9,724,292 | - | - | 122,080 | 28,445 | 9,874,817 |
| TOTAL FUND BALANCES | 11,821,125 | 553,476 | 713,741 | 122,080 | 28,445 | 13,238,867 |
| TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCE | \$ 13,101,200 | \$ 556,975 | \$ 1,071,603 | \$ 124,950 | \$ 51,992 | \$ 14,906,720 |

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, 2022

| | General | Agate Beach Closure | Unbonded Assessments | The Villages of Cascade Head |
|--|----------------------|------------------------|-------------------------|---------------------------------|
| REVENUES: | | | | |
| Property taxes | \$ 8,099,785 | \$ - | \$ - | \$ - |
| Franchise fees | 1,095,183 | - | - | - |
| Transient room tax | 2,102,207 | - | - | - |
| Fees, licenses and permits | 948,559 | - | - | - |
| Fines and forfeitures | 238,980 | - | - | - |
| Charges for services | 54,080 | - | - | - |
| Intergovernmental | 825,232 | - | - | - |
| Lease revenue | 88,105 | - | - | - |
| Interest on investments | 67,053 | - | 13,890 | 712 |
| Miscellaneous | 460,746 | - | 94,107 | - |
| TOTAL REVENUES | 13,979,930 | - | 107,997 | 712 |
| EXPENDITURES: | | | | |
| Current | | | | |
| General government | 3,795,996 | 27,003 | - | - |
| Public safety | 6,104,756 | - | - | - |
| Culture and recreation | 1,060,851 | - | - | 8,515 |
| Debt service | 5,835 | - | - | - |
| Capital outlay | 482,407 | - | 51,765 | - |
| TOTAL EXPENDITURES | 11,449,845 | 27,003 | 51,765 | 8,515 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | 2,530,085 | (27,003) | 56,232 | (7,803) |
| OTHER FINANCING SOURCES (USES): | | | | |
| Proceeds from sale of capital assets | 42,312 | - | - | - |
| Transfers in | 2,222 | - | - | - |
| Transfers out | (2,173,411) | - | - | - |
| TOTAL OTHER FINANCING SOURCES (USES) | (2,128,877) | - | - | - |
| NET CHANGE IN FUND BALANCE | 401,208 | (27,003) | 56,232 | (7,803) |
| FUND BALANCE, beginning of year | 11,419,917 | 580,479 | 657,509 | 129,883 |
| FUND BALANCE, end of year | \$ 11,821,125 | \$ 553,476 | \$ 713,741 | \$ 122,080 |

| <u>Property Abatement</u> | <u>Totals</u> |
|-------------------------------|------------------------|
| \$ - | \$ 8,099,785 |
| - | 1,095,183 |
| - | 2,102,207 |
| - | 948,559 |
| - | 238,980 |
| - | 54,080 |
| - | 825,232 |
| - | 88,105 |
| 414 | 82,069 |
| <u>372</u> | <u>555,225</u> |
| 786 | <u>14,089,425</u> |
| - | 3,822,999 |
| - | 6,104,756 |
| - | 1,069,366 |
| - | 5,835 |
| <u>-</u> | <u>534,172</u> |
| - | <u>11,537,128</u> |
| 786 | <u>2,552,297</u> |
| - | 42,312 |
| - | 2,222 |
| <u>-</u> | <u>(2,173,411)</u> |
| - | <u>(2,128,877)</u> |
| 786 | 423,420 |
| <u>27,659</u> | <u>12,815,447</u> |
| <u>\$ 28,445</u> | <u>\$ 13,238,867</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, 2022

| | <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>\$ 27,003</u> | <u>\$ 12,997</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND CHANGE IN FUND BALANCE | (40,000) | (27,003) | 12,997 |
| FUND BALANCE, beginning of year | <u>568,792</u> | <u>580,479</u> | <u>11,687</u> |
| FUND BALANCE, end of year | <u><u>\$ 528,792</u></u> | <u><u>\$ 553,476</u></u> | <u><u>\$ 24,684</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, 2022

| | <u>Original/Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|---|----------------------------------|-------------------|---|
| REVENUES: | | | |
| Interest | \$ 14,800 | \$ 13,890 | \$ (910) |
| LID repayments | 73,250 | 86,835 | 13,585 |
| Reimbursement District repayments | - | 5,900 | 5,900 |
| Miscellaneous | <u>500</u> | <u>1,372</u> | <u>872</u> |
| TOTAL REVENUES | <u>88,550</u> | <u>107,997</u> | <u>19,447</u> |
| EXPENDITURES: | | | |
| Capital outlay | <u>743,138</u> | <u>51,765</u> | <u>691,373</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND CHANGE IN FUND BALANCE | (654,588) | 56,232 | 710,820 |
| FUND BALANCE, beginning of year | <u>654,588</u> | <u>657,509</u> | <u>2,921</u> |
| FUND BALANCE, end of year | <u>\$ -</u> | <u>\$ 713,741</u> | <u>\$ 713,741</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, 2022

| | <u>Original/Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|---|----------------------------------|-------------------|---|
| REVENUES: | | | |
| Interest | <u>\$ 1,400</u> | <u>\$ 712</u> | <u>\$ (688)</u> |
| EXPENDITURES: | | | |
| Materials and services | 40,300 | 8,515 | 31,785 |
| Capital outlay | <u>91,514</u> | <u>-</u> | <u>91,514</u> |
| TOTAL EXPENDITURES | <u>131,814</u> | <u>8,515</u> | <u>123,299</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND CHANGE IN FUND BALANCE | <u>(130,414)</u> | <u>(7,803)</u> | <u>122,611</u> |
| FUND BALANCE, beginning of year | <u>130,414</u> | <u>129,883</u> | <u>(531)</u> |
| FUND BALANCE, end of year | <u>\$ -</u> | <u>\$ 122,080</u> | <u>\$ 122,080</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, 2022

| | <u>Original/Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|---|----------------------------------|------------------|---|
| REVENUES: | | | |
| Interest on investments | \$ 400 | \$ 414 | \$ 14 |
| Miscellaneous | - | 372 | 372 |
| TOTAL REVENUES | <u>400</u> | <u>786</u> | <u>386</u> |
| EXPENDITURES: | | | |
| Materials and services | <u>26,608</u> | <u>-</u> | <u>26,608</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND CHANGE IN FUND BALANCE | <u>(26,208)</u> | <u>786</u> | <u>26,994</u> |
| FUND BALANCE, beginning of year | <u>26,208</u> | <u>27,659</u> | <u>1,451</u> |
| FUND BALANCE, end of year | <u>\$ -</u> | <u>\$ 28,445</u> | <u>\$ 28,445</u> |

FIDUCIARY 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

CUSTODIAL FUNDS

COMBINING STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2022

| | <u>Recreation Scholarship</u> | <u>Miscellaneous Trust</u> | <u>Total</u> |
|-------------------------------|-----------------------------------|--------------------------------|------------------|
| ASSETS: | | | |
| Cash and investments | \$ 17,569 | \$ 70,171 | \$ 87,740 |
| LIABILITIES: | | | |
| Accounts payable | - | 57,503 | 57,503 |
| NET POSITION: | | | |
| Restricted for: | | | |
| Individuals and organizations | <u>\$ 17,569</u> | <u>\$ 12,668</u> | <u>\$ 30,237</u> |

CITY OF LINCOLN CITY
Lincoln City, Oregon

CUSTODIAL FUNDS

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FOR THE YEAR ENDED JUNE 30, 2022

| | <u>Recreation Scholarship</u> | <u>Miscellaneous Turst</u> | <u>Total</u> |
|------------------------------------|-----------------------------------|--------------------------------|------------------|
| ADDITIONS: | | | |
| Grants and donations | \$ 5,631 | \$ 1,425 | \$ 7,056 |
| Deposits held for other | - | 1,782 | 1,782 |
| Interest on investments | 109 | - | 109 |
| TOTAL ADDITIONS | <u>5,740</u> | <u>3,207</u> | <u>8,947</u> |
| DEDUCTIONS: | | | |
| Expenditures | <u>625</u> | <u>46,141</u> | <u>46,766</u> |
| CHANGE IN NET POSITION | 5,115 | (42,934) | (37,819) |
| NET POSITION, June 20, 2021 | <u>12,454</u> | <u>55,602</u> | <u>68,056</u> |
| NET POSITION, June 20, 2022 | <u>\$ 17,569</u> | <u>\$ 12,668</u> | <u>\$ 30,237</u> |

ADDITIONAL SCHEDULES

CITY OF LINCOLN CITY

Lincoln City, Oregon

SCHEDULE OF PROPERTY TAX TRANSACTIONS AND OUTSTANDING BALANCES

YEAR ENDED JUNE 30, 2022

| | Tax Year | Uncollected June 30, 2021 | Levy as Extended by Assessor | Adjustments Discounts and Interest | Collections | Uncollected June 30, 2022 |
|-------------|-----------|---------------------------------|------------------------------------|--|----------------|---------------------------------|
| Current | 2021-2022 | \$ - | \$ 10,050,914 | \$ (264,241) | \$ (9,593,192) | \$ 193,481 |
| Prior | 2020-2021 | 206,218 | - | (13,993) | (98,838) | 93,387 |
| | 2019-2020 | 111,657 | - | (9,450) | (49,393) | 52,814 |
| | 2018-2019 | 62,171 | - | 4,614 | (52,908) | 13,877 |
| | 2017-2018 | 16,589 | - | 1,789 | (15,101) | 3,277 |
| | and prior | 166,504 | - | (45,524) | (112,372) | 8,608 |
| Total prior | | 563,139 | - | (62,564) | (328,612) | 171,963 |
| Totals | | \$ 563,139 | \$ 10,050,914 | \$ (326,805) | \$ (9,921,804) | \$ 365,444 |

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 2021-22 were performed by Talbot, Korvola & Warwick, LLP, Portland, 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, 2022

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> |
|--------------------|----|--------------------------------|-------------------------|-------------------------------------|-------------------------|--------------------------------|
| 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% |
| 2020-21 | | 2,483,974,016 | 5.75% | 1,935,534,770 | 4.15% | 77.92% |
| 2021-22 | | 2,889,424,742 | 16.32% | 2,010,997,070 | 3.90% | 69.60% |

(1) Total Real Market Values and Taxable Assessed Values include Urban Renewal Values and other offsets. Table 2 which follows, reflects Taxable Assessed Values which does not include Urban Renewal and other assets as calculated by the Lincoln County Assessor.

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

Source: City of Lincoln City

Table 2 -- Tax Collection Record

| <u>Fiscal Year</u> | | <u>Taxable Assessed Value (3) (4)</u> | <u>Percent Change</u> | <u>Total Levy</u> | <u>Tax Rate Per \$1,000</u> | <u>Percent Collected Year of Levy</u> |
|--------------------|----|---------------------------------------|-----------------------|-------------------|-----------------------------|---------------------------------------|
| 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 |
| 2020-21 | | 1,877,576,583 | 4.18 | 7,697,415 | 4.0996% | 95.16 |
| 2021-22 | | 1,998,247,990 | 6.43 | 8,192,191 | 4.0996% | 95.45 |

(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, 2022

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

Table 3 -- 2021-22 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 | \$ 4.8781 | \$ 0.6594 | \$ 5.5375 |
| Linn-Benton-Lincoln ESD | 0.3030 | - | 0.3030 |
| Oregon Coast Community College | 0.1746 | 0.2295 | 0.4041 |
| Total Education | <u>5.3557</u> | <u>0.8889</u> | <u>6.2446</u> |
| Local Government | | | |
| Lincoln County | 2.8024 | - | 2.8024 |
| Lincoln County Animal Service | 0.1094 | - | 0.1094 |
| Lincoln County Extension | 0.0449 | - | 0.0449 |
| Lincoln County Transportation | 0.0968 | - | 0.0968 |
| City of Lincoln City | 4.0737 | 0.8376 | 4.9113 |
| Lincoln City Urban Renewal Agency | 0.0866 | - | 0.0866 |
| North Lincoln Fire & Rescue | 1.5141 | 0.3220 | 1.8361 |
| Devil Lake Water Improvement District | 0.1280 | - | 0.1280 |
| North Lincoln Hospital District | 0.5152 | - | 0.5152 |
| Total Local Government | <u>9.3711</u> | <u>1.1596</u> | <u>10.5307</u> |
| Total Consolidated Tax Rate | <u>\$ 14.7268</u> | <u>\$ 2.0485</u> | <u>\$ 16.7753</u> |

(1) The 2021-22 Assessed Value to compute the tax rate of code area 402 is \$1,294,018,820 which is 64.35% 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 2021-22 was \$7.73.

Source: City of Lincoln City

CITY OF LINCOLN CITY

Lincoln City, Oregon

OUTSTANDING OBLIGATIONS

FOR THE YEAR ENDED JUNE 30, 2022

| | <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 6/30/22</u> |
|--|-----------------------------|--------------------------------|--------------------------------|---|
| General Obligation Bonds | | | | |
| Series 2011 Sewer (3) | 3/17/2011 | 3/1/2026 | \$ 7,000,000 | \$ 2,165,574 |
| Series 2013 Sewer Refunding (2) | 2/26/2013 | 6/1/2030 | 9,885,000 | 7,335,000 |
| Total General Obligation Bonds | | | <u>16,885,000</u> | <u>9,500,574</u> |
| Full Faith and Credit Borrowings | | | | |
| Series 2014 Water (1) | 4/17/2014 | 4/1/2024 | 4,000,000 | 865,000 |
| Series 2018 Police Building (4) | 11/7/2018 | 4/1/2048 | 10,950,000 | 9,915,000 |
| Series 2018 Police Building Bond Premium (4) | 11/7/2018 | 4/1/2048 | 302,721 | 138,672 |
| Total Full Faith and Credit-Backed | | | <u>15,252,721</u> | <u>10,918,672</u> |
| Leases Payable | | | | |
| 2018 Sewer Vactor Truck (5) | 8/1/2018 | 8/1/2023 | 355,960 | 168,020 |
| 2019 Water Hydro Excavator (6) | 7/26/2019 | 7/26/2024 | 286,152 | 149,877 |
| Police Copier | | | 7,685 | 6,498 |
| Public Works Copier (7) | | | 7,124 | 5,793 |
| Explore Lincoln City postage machine (7) | | | 6,952 | 6,383 |
| City Hall postage machine (7) | | | 9,112 | 5,610 |
| Total Leases Payable | | | <u>672,985</u> | <u>342,181</u> |
| Total Borrowings | | | <u>\$ 32,810,706</u> | <u>\$ 20,761,427</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 transient room tax revenues.

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

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

(7) In FY2021-22, leases payable were added as long-term debt per GASB 87. Amount issued is the net present value as of July 1, 2021.

CITY OF LINCOLN CITY

Lincoln City, Oregon

SDC FUNDS IN ACCORDANCE WITH ORS 223.311

YEAR ENDED JUNE 30, 2022

| | <u>Transportation Development Fund</u> | <u>Storm Drainage Development Fund</u> | <u>Parks System Development Fund</u> |
|--|--|--|--|
| REVENUES: | | | |
| System development charge - improvement | \$ 63,648 | \$ 4,223 | \$ 153,509 |
| Motorcycle vehicle gas tax | - | - | 7,672 |
| Miscellaneous | - | - | 782 |
| Interest | 4,597 | 389 | 3,685 |
| | <u>68,245</u> | <u>4,612</u> | <u>165,648</u> |
| TOTAL REVENUES | <u>68,245</u> | <u>4,612</u> | <u>165,648</u> |
| EXPENDITURES: | | | |
| Skate Park Parking | 19,566 | - | - |
| NE 14th Sidewalk Port to Regatta Park | 59,180 | - | - |
| Dog Park NE 21st and NE Quay Ave | - | - | 35,354 |
| Taft Park | - | - | 90,996 |
| | <u>78,746</u> | <u>-</u> | <u>126,350</u> |
| TOTAL EXPENDITURES | <u>78,746</u> | <u>-</u> | <u>126,350</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>(10,501)</u> | <u>4,612</u> | <u>39,298</u> |
| OTHER FINANCING SOURCES (USES): | | | |
| Transfers Out | <u>(1,983)</u> | <u>-</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCE | (12,484) | 4,612 | 39,298 |
| BEGINNING FUND BALANCE | <u>817,866</u> | <u>66,981</u> | <u>603,341</u> |
| ENDING FUND BALANCE | <u>\$ 805,382</u> | <u>\$ 71,593</u> | <u>\$ 642,639</u> |

CITY OF LINCOLN CITY

Lincoln City, Oregon

WATER SDC FUNDS

YEAR ENDED JUNE 30, 2022

| | <u>Water Capital Fund</u> | <u>Water SDC Reimbursement Fund</u> | <u>Water SDC Improvement Fund</u> | <u>Total</u> |
|--|-----------------------------------|---|---|---------------------|
| REVENUES: | | | | |
| System development charge | \$ - | \$ 137,235 | \$ 52,302 | \$ 189,537 |
| Federal ARPA Funds | 232,861 | - | - | 232,861 |
| Interest | 20,792 | 3,146 | 1,519 | 25,457 |
| TOTAL REVENUE | <u>253,653</u> | <u>140,381</u> | <u>53,821</u> | <u>447,855</u> |
| EXPENDITURES: | | | | |
| SE 51st Water Upgrade | - | 19,900 | - | 19,900 |
| Water system construction | 651,326 | - | - | 651,326 |
| TOTAL EXPENDITURES | <u>651,326</u> | <u>19,900</u> | <u>-</u> | <u>671,226</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>(397,673)</u> | <u>120,481</u> | <u>53,821</u> | <u>(223,371)</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers In | 1,000,000 | - | - | 1,000,000 |
| NET CHANGE IN FUND BALANCE | 602,327 | 120,481 | 53,821 | 776,629 |
| BEGINNING FUND BALANCE | <u>2,415,803</u> | <u>496,215</u> | <u>239,486</u> | <u>3,151,504</u> |
| ENDING FUND BALANCE | <u>\$ 3,018,130</u> | <u>\$ 616,696</u> | <u>\$ 293,307</u> | <u>\$ 3,928,133</u> |

CITY OF LINCOLN CITY

Lincoln City, Oregon

SEWER SDC FUNDS

YEAR ENDED JUNE 30, 2022

| | <u>Sewer Capital Fund</u> | <u>Sewer SDC Reimbursement Fund</u> | <u>Sewer SDC Improvement Fund</u> | <u>Total</u> |
|--|-----------------------------------|---|---|---------------------|
| REVENUES: | | | | |
| System Development Charge | \$ - | \$ 215,560 | \$ 104,389 | \$ 319,949 |
| Federal ARPA Funds | 785,536 | - | - | 785,536 |
| Interest | 18,796 | 7,841 | 1,346 | 27,983 |
| TOTAL REVENUE | <u>804,332</u> | <u>223,401</u> | <u>105,735</u> | <u>1,133,468</u> |
| EXPENDITURES: | | | | |
| Sewer System Construction | 1,302,927 | - | - | 1,302,927 |
| Pump Station Upgrades | - | 70,628 | - | 70,628 |
| TOTAL EXPENDITURES | <u>1,302,927</u> | <u>70,628</u> | <u>-</u> | <u>1,373,555</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>(498,595)</u> | <u>152,773</u> | <u>105,735</u> | <u>(240,087)</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers In | 2,450,000 | - | - | 2,450,000 |
| Transfers Out | - | - | (52,568) | (52,568) |
| TOTAL OTHER FINANCING SOURCES (USES): | <u>2,450,000</u> | <u>-</u> | <u>(52,568)</u> | <u>2,397,432</u> |
| NET CHANGE IN FUND BALANCE | 1,951,405 | 152,773 | 53,167 | 2,157,345 |
| BEGINNING FUND BALANCE | <u>2,091,818</u> | <u>1,186,709</u> | <u>175,345</u> | <u>3,453,872</u> |
| ENDING FUND BALANCE | <u>\$ 4,043,223</u> | <u>\$ 1,339,482</u> | <u>\$ 228,512</u> | <u>\$ 5,611,217</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 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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated January 31, 2023. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

COMPLIANCE

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-330 of the *Minimum Standards for Audits of Oregon Municipal Corporations*, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

We performed procedures to the extent we considered necessary to address the required comments and disclosures which included, but were not limited to the following:

- Deposit of public funds with financial institutions (ORS Chapter 295).
- Indebtedness limitations, restrictions and repayment.
- Budgets legally required (ORS Chapter 294).
- Insurance and fidelity bonds in force or required by law.
- Programs funded from outside sources.
- Highway revenues used for public highways, roads, and streets.
- Authorized investment of surplus funds (ORS Chapter 294).
- Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).

In connection with our testing, nothing came to our attention that caused us to believe the City was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-330 of the *Minimum Standards for Audits of Oregon Municipal Corporations*, except as follows:



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

Honorable Mayor and Members of City Council
City of Lincoln City

COMPLIANCE (Continued)

- The General Fund reported an over expenditure of \$43,455 in building inspection appropriations and \$5,835 in debt service.
- The Water Fund reported an over expenditure of \$839 in debt service appropriations
- The Sewer Fund reported an over expenditure of \$840 in debt service appropriations
- The City was not in compliance with ORS 294.426 as it did not provide sufficient notification to the public of the Budget Committee meetings it held on May 16, 2022 and May 31, 2022.

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 first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

PURPOSE OF THIS REPORT

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

Talbot, Kowala & Warwick LLP

Portland, Oregon
January 31, 2023