

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

Annual Financial Report

Year Ended June 30, 2023

**CITY OF LINCOLN CITY**

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**CITY OF LINCOLN CITY**

**CITY COUNCIL**

**JUNE 30, 2023**

	<u>Term Expires</u>
Susan Wahlke (Mayor) City of Lincoln City PO Box 50 Lincoln City, Oregon 97367	December 31, 2026
Mitch Parsons City of Lincoln City PO Box 50 Lincoln City, Oregon 97367	December 31, 2026
Sydney Kasner City of Lincoln City PO Box 50 Lincoln City, Oregon 97367	December 31, 2026
Rick Mark City of Lincoln City PO Box 50 Lincoln City, Oregon 97367	December 31, 2026
Open City of Lincoln City PO Box 50 Lincoln City, Oregon 97367	December 31, 2024
Dennis "Riley" Hoagland City of Lincoln City PO Box 50 Lincoln City, Oregon 97367	December 31, 2024
Judy Casper City of Lincoln City PO Box 50 Lincoln City, Oregon 97367	December 31, 2024

**City Manager**

Daphnee Legarza

**Finance Director**

Debbie Bridges

**INDEPENDENT AUDITOR'S REPORT**



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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, 2023, 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, 2023, 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 twelve 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, Lincoln Square Operations Fund, Parks and Recreation Center Fund, and Explore Lincoln City Fund, listed in the Table of Contents as Required Supplementary Information, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. This budgetary comparison information is the responsibility of management and was derived from and relates directly to the underlying accounting and

## INDEPENDENT AUDITOR'S REPORT (Continued)

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 March 8, 2024, 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  
March 8, 2024

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

## CITY OF LINCOLN CITY

### MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis presents the highlights of financial activities and financial position for the City of Lincoln City (City) and the Lincoln City Urban Renewal Agency (Agency), a component unit of the City, for the fiscal year ended June 30, 2023. 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 \$148,313,590 at June 30, 2023, an increase of \$6,033,803 (or 4.2%) over the prior year's net position. The City's General Fund reported an ending fund balance of \$15,073,298, an increase of \$1,834,431 (or 13.9%) over the prior year's fund balance. General fund revenues have been steady, although Transient Room Tax revenue decreased by 4.1%.

#### 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 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 starts with budget information for a major capital fund and is followed by the 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 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 \$148,313,590 at June 30, 2023, an increase of \$6,033,803 (or 4.2%) over the prior year's net position.

Table 1 – NET POSITION

	June 30, 2023			June 30, 2022 (RESTATED)		
	Governmental Activities	Business-type Activities	Totals	Governmental Activities	Business-type Activities	Totals
<b>Assets:</b>						
Cash and investments	\$ 33,029,352	\$ 11,278,605	\$ 44,307,957	\$ 28,090,433	\$ 11,372,685	\$ 39,463,118
Cash with County Treasurer	50,974	10,175	61,149	-	-	-
Receivables, net	5,131,707	1,586,226	6,717,933	5,275,746	1,362,013	6,637,759
Internal balances	51,817	(51,817)	-	102,893	(102,893)	-
Lease receivables	3,352,166	-	3,352,166	2,401,357	-	2,401,357
Prepays and other	608,333	49,425	657,758	590,502	30,015	620,517
Inventories	-	235,060	235,060	-	210,011	210,011
Land held for sale	1,954,487	-	1,954,487	1,954,487	-	1,954,487
Capital assets net	<u>82,153,642</u>	<u>47,523,115</u>	<u>129,676,757</u>	<u>81,365,478</u>	<u>46,129,239</u>	<u>127,494,717</u>
Total assets	<u>126,332,478</u>	<u>60,630,789</u>	<u>186,963,267</u>	<u>119,780,896</u>	<u>59,001,070</u>	<u>178,781,966</u>
<b>Deferred outflow of resources:</b>						
Deferred amts related to pensions	4,374,691	1,000,928	5,375,619	5,380,631	1,265,874	6,646,505
Deferred amts related to OPEB	<u>67,001</u>	<u>14,499</u>	<u>81,500</u>	<u>92,003</u>	<u>21,749</u>	<u>113,752</u>
Total deferred outflow of resources	<u>4,441,692</u>	<u>1,015,427</u>	<u>5,457,119</u>	<u>5,472,634</u>	<u>1,287,623</u>	<u>6,760,257</u>
<b>Liabilities:</b>						
Accounts payable and accrued expenses	3,064,941	809,264	3,874,205	2,451,920	490,992	2,942,912
Landfill closure and postclosure care costs	350,499	-	350,499	350,499	-	350,499
Net other postemployment obligations	395,464	85,569	481,033	444,371	105,053	549,424
Net pension liability	8,516,984	1,948,684	10,465,668	6,790,199	1,597,496	8,387,695
Long-term obligations	<u>11,306,679</u>	<u>10,503,348</u>	<u>21,810,027</u>	<u>10,074,094</u>	<u>11,433,390</u>	<u>21,507,484</u>
Total liabilities	<u>23,634,567</u>	<u>13,346,865</u>	<u>36,981,432</u>	<u>20,111,083</u>	<u>13,626,931</u>	<u>33,738,014</u>
<b>Deferred inflow of resources:</b>						
Deferred amounts related to pensions	2,944,896	673,791	3,618,687	5,689,239	1,338,477	7,027,716
Deferred amounts related to OPEB	204,105	44,163	248,268	108,890	25,742	134,632
Deferred lease resources	<u>3,258,409</u>	<u>-</u>	<u>3,258,409</u>	<u>2,362,074</u>	<u>-</u>	<u>2,362,074</u>
Total deferred inflow of resources	<u>6,407,410</u>	<u>717,954</u>	<u>7,125,364</u>	<u>8,160,203</u>	<u>1,364,219</u>	<u>9,524,422</u>
<b>Net position:</b>						
Net investment in capital assets	72,116,963	38,735,559	110,852,522	71,470,487	35,441,906	106,912,393
Restricted	19,739,191	7,438,611	27,177,802	17,585,853	9,741,483	27,327,336
Unrestricted	<u>8,876,039</u>	<u>1,407,227</u>	<u>10,283,266</u>	<u>7,925,904</u>	<u>114,154</u>	<u>8,040,058</u>
Total net position	<u>\$ 100,732,193</u>	<u>\$ 47,581,397</u>	<u>\$ 148,313,590</u>	<u>\$ 96,982,244</u>	<u>\$ 45,297,543</u>	<u>\$ 142,279,787</u>

74.7% of the City's total net position is invested in capital assets. 10.6% of the City's net position is restricted for capital improvements (\$15,753,085), including proceeds from system development charges. \$245,893 (0.2%) is restricted for repayment of outstanding debt. \$10,283,266 (6.9%) of the City's net position is unrestricted and represents resources available to fund the programs of the City.

**Changes in Net Position.** The City's total revenues were \$38,398,570, an increase of 4.8% from the prior year. Of the City's total revenue, \$10,322,974 (or 26.9%) is from property taxes, \$10,223,349 (or 26.6%) is from transient room taxes, \$11,907,955 (or 31.0%) is from charges for services and \$5,944,292 (or 15.5%) is from grants, interest earnings, franchise fees, and other non-tax sources. More detailed information is presented in table 2 below.

**CHANGE IN NET POSITION**

	Year Ended June 30, 2023			Year Ended June 30, 2022 (RESTATED)		
	Governmental Activities	Business-type Activities	Totals	Governmental Activities	Business-type Activities	Totals
<b>Program revenues:</b>						
Charges for services	\$ 2,479,666	\$ 9,428,289	\$ 11,907,955	\$ 2,141,919	\$ 9,207,684	\$ 11,349,603
Operating grants and contributions	783,458	48,662	832,120	825,232	329,279	1,154,511
Capital grants and contributions	1,262,871	478,408	1,741,279	1,505,665	506,261	2,011,926
General revenues:						
Property taxes, general purposes	8,292,712	-	8,292,712	7,992,536	-	7,992,536
Property taxes, debt service	341,219	1,689,043	2,030,262	34,305	1,641,780	1,676,085
Franchise fees	1,199,838	-	1,199,838	1,095,183	-	1,095,183
Transient room taxes	10,223,349	-	10,223,349	10,541,426	-	10,541,426
Other	1,558,676	612,379	2,171,055	859,193	(37,135)	822,058
Total program and general revenues	<u>26,141,789</u>	<u>12,256,781</u>	<u>38,398,570</u>	<u>24,995,459</u>	<u>11,647,869</u>	<u>36,643,328</u>
<b>Program expenses:</b>						
General government	5,798,896	-	5,798,896	5,632,511	-	5,632,511
Public safety	7,069,467	-	7,069,467	6,142,150	-	6,142,150
Highways and streets	2,986,337	-	2,986,337	2,843,194	-	2,843,194
Cultural and recreation	6,771,910	-	6,771,910	5,633,276	-	5,633,276
Water and sewer	-	9,330,950	9,330,950	-	9,192,321	9,192,321
Interest on long-term debt	<u>407,207</u>	<u>-</u>	<u>407,207</u>	<u>406,440</u>	<u>-</u>	<u>406,440</u>
Total program expenses	<u>23,033,817</u>	<u>9,330,950</u>	<u>32,364,767</u>	<u>20,657,571</u>	<u>9,192,321</u>	<u>29,849,892</u>
Increase (decrease) in net position before transfers	3,107,972	2,925,831	6,033,803	4,337,888	2,455,548	6,793,436
Transfers	<u>641,977</u>	<u>(641,977)</u>	<u>-</u>	<u>(1,234,766)</u>	<u>1,234,766</u>	<u>-</u>
Change in net position	<u>3,749,949</u>	<u>2,283,854</u>	<u>6,033,803</u>	<u>3,103,122</u>	<u>3,690,314</u>	<u>6,793,436</u>
Net Position - starting	<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>
Restatement - unspent ARPA funds	<u>-</u>	<u>(746,057)</u>	<u>(746,057)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Position, starting	<u>96,982,244</u>	<u>45,297,543</u>	<u>142,279,787</u>	<u>93,879,122</u>	<u>41,607,229</u>	<u>135,486,351</u>
Net position - ending	<u>\$ 100,732,193</u>	<u>\$ 47,581,397</u>	<u>\$ 148,313,590</u>	<u>\$ 96,982,244</u>	<u>\$ 45,297,543</u>	<u>\$ 142,279,787</u>

The total cost of all programs and services was \$32,364,767, an increase of \$2,514,785 (or 8.4%) from the prior year. Expenses for Governmental Activities increased by 11.5% while expenses for Business-Type Activities increased by 1.5%. Of the total costs, \$9,330,950 (or 28.8%) was for Business-type Activities, and \$23,033,817 (or 71.2%) was for general government, public safety, highways and streets, cultural and recreation, and interest.

In FY2021-22, the City received \$785,536 in American Rescue Plan Act (ARPA) funding which was reported as intergovernmental revenue in the Sewer funds. However, most of the funds had not been expended and should have been categorized as unearned revenue. The City is restating the FY2021-22 business-activity ending net position from \$46,043,600 to \$45,297,543.

## FINANCIAL ANALYSIS OF THE CITY'S FUNDS

### Governmental Funds

The City's General Fund reported an ending fund balance of \$15,073,298, an increase of \$1,834,431 (or 13.9%) over the prior year's fund balance. Total General fund revenues increased by 3.3% from the prior fiscal year, while General fund expenditures increased by 6.4%.

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 decreased by \$318,077 (or 3.0%) from the prior fiscal year. The prior year TRT revenues were exceptionally high, possibly a result of the number of people wanting to travel once the COVID-19 restrictions were lifted.

### Business-type Activities

The City's Water funds reported an ending net position of \$23,094,838, an increase of \$619,507 (or 2.8%) over the prior fiscal year's ending net position. Charges for Services increased by \$88,339 (or 2.0%). Water rates were increased by 6% for the fiscal year. The increase in water charges for services is both a reflection of the increased rates and a decrease tourism activity.

The City's Sewer funds reported an ending net position of \$24,486,559, an increase of \$1,664,347 (or 7.3%) over the previous fiscal year's restated ending net position. Charges for Services increased by \$132,266 (or 2.7%). Sewer rates were increased by 6% for the fiscal year. The increase in sewer charges for services is both a reflection of increased rates and a decrease in tourism activity.

System development charges (SDC) for both the Water and Sewer funds are generated from new building activity and are a reflection of changes in new construction occurring within the City. Water system development charges decreased by \$11,730 (or 6.2%). Sewer system development charges decreased by \$16,123 (or 5.1%).

## BUDGETARY HIGHLIGHTS

City Council approved four changes to the fiscal year 2022-23 General Fund adopted budget. These changes re-categorized operating expenditures to reflect actual spending patterns. It also added \$150,000 for economic development grants, funding for a Police LINT position, and a \$100,000 transfer to the Police Building fund for a storage building.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

At the end of fiscal year 2022-23, the City had capital assets totaling \$129,676,757 in a broad range of categories, including land, infrastructure, equipment, buildings and vehicles. This amount represents a net increase (including additions and deductions) of \$2,182,040 (or 1.7%). More detailed information is presented in note 5 of the notes to basic financial statements.

Table 3  
CHANGE IN CAPITAL ASSETS

	June 30, 2023			June 30, 2022		
	Governmental Activities	Business-type Activities	Totals	Governmental Activities	Business-type Activities	Totals
Beginning balance	\$ 81,365,478	\$ 46,129,239	\$ 127,494,717	\$ 82,125,027	\$ 47,359,004	\$ 129,484,031
GASB87 beg balance	-	-	-	11,487	4,750	16,237
GASB96 beg balance	62,642	-	62,642	-	-	-
Additions	4,322,433	4,435,734	8,758,167	2,925,736	2,051,089	4,976,825
Transfers	-	-	-	(107,004)	107,004	-
Retirements	(935,401)	(70,783)	(1,006,184)	(1,601,773)	(2,034,756)	(3,636,529)
Amortization, net	(21,823)	(1,214)	(23,037)	(5,076)	(1,212)	(6,288)
Depreciation, net	<u>(2,639,687)</u>	<u>(2,969,861)</u>	<u>(5,609,548)</u>	<u>(1,982,919)</u>	<u>(1,356,640)</u>	<u>(3,339,559)</u>
Ending balance	<u>\$ 82,153,642</u>	<u>\$ 47,523,115</u>	<u>\$ 129,676,757</u>	<u>\$ 81,365,478</u>	<u>\$ 46,129,239</u>	<u>\$ 127,494,717</u>

#### Governmental Activities

Additions to capital assets from governmental activities totaled \$4,322,433. These additions included: (1) Police parking lot \$551,164, (2) completion of Kirtsis Park parking \$443,512 (3) SW 3<sup>rd</sup> & Hwy 101 flashing beacon crossing \$431,710, (4) Replace Recreation Center roof \$418,533, (5) Police utility building \$305,745, (6) purchase of a G-700B motor grader \$239,472 (7) Taft park \$149,970, and (8) completion of High School drive to Spyglass improvement project \$147,840.

#### Business-type Activities

Additions to capital assets from business-type activities totaled \$4,435,734. These additions included (1) SE Oar 19<sup>th</sup> & Lee water pumpstation \$1,155,076, (2) Ester Lee sewer pumpstation \$948,642, (3) Water radio read meters \$579,055, (4) NE William's Court waterline construction project \$364,038, (5) Spyglass sewer pumpstation upgrade \$304,124, (6) fiber cable to the water plant \$243,620 (7) Holmes sewer pumpstation upgrade \$112,766, and (8) purchase of a teleskid \$109,556.

#### LONG-TERM OBLIGATIONS

At the end of fiscal year 2022-23, the City had \$21,810,027 in outstanding debt, an increase of \$1,048,600 (5.0%) relative to the prior year.

#### Governmental Activities

The City entered into two Subscription Information Technology Arrangements (SBITA) during the fiscal year. The fleet camera subscription has a term of 5 years with an automatic renewal of another 5 years, and had a net present value of \$47,516. The body camera subscription has a term of 5 years with an automatic renewal of another 5 years, and had a net present value of \$125,804. The City made all scheduled principal and interest payments as required.

The City received state grant funds of \$1,000,000 in FY2022-23 for funding for a new park. As of June 30, 2023, none of the funds have been expended.

The City also received \$270,000 in state grant funds for the Bay Walk project in the street capital fund; as of June 30, 2023, none of the funds have been expended.

## Business-type Activities

The City did not issue any new debt for the fiscal year ending June 30, 2023 and made all scheduled principal and interest payments as required.

As of June 30, 2023, 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.

The City received American Rescue Plan Act (ARPA) funds of \$1,018,397 in FY2021-22 and \$1,018,397 in FY2022-23, for water and sewer improvements. As of June 30, 2023, \$1,715,792 of the funds have not been expended.

For additional information on the City's long-term outstanding obligations, see note 8 of the notes to basic financial statements.

Table 4  
LONG-TERM OBLIGATIONS

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Governmental:		
Full Faith and Credit Bond Series 2018	\$ 9,695,000	\$ 9,915,000
Full Faith and Credit Bond Premium Series 2018	101,831	138,672
Contracts Payable - Police Copier	<u>4,148</u>	<u>6,498</u>
Total governmental activities	<u>9,800,979</u>	<u>10,060,170</u>
Business-type:		
General Obligation Bonds		
Sewer Bonds - Series 2011	1,620,080	2,165,574
Sewer Bonds - Series 2013	6,505,000	7,335,000
Full Faith and Credit Note Series 2014	435,000	865,000
Contract Payable - Sewer Vactor	119,973	168,020
Contract Payable - Water Hydro	<u>104,706</u>	<u>149,877</u>
Total business-type activities	<u>8,784,759</u>	<u>10,683,471</u>
Total long-term obligations, bonds, notes, and contracts	<u>\$ 18,585,738</u>	<u>\$ 20,743,641</u>

GASB 87 leases payable are as follows:

Table 5  
LEASES PAYABLE

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Governmental:		
Public works copier (1/3 of lease)	\$ 1,399	\$ 1,931
Explore Lincoln City postage machine	5,116	6,383
City Hall postage machine	<u>1,919</u>	<u>5,610</u>
Total governmental activities	<u>8,434</u>	<u>13,924</u>
Business-type:		
Public works copier (2/3 of lease)	<u>2,797</u>	<u>3,862</u>
Total business-type activities	<u>2,797</u>	<u>3,862</u>
Total long-term obligations	<u>\$ 11,231</u>	<u>\$ 17,786</u>

The City implemented GASB 96 in fiscal year ending June 30, 2023. Subscriptions payable are as follows:

Table 6  
SUBSCRIPTIONS PAYABLE

	GASB 96 Beginning Balance	June 30, 2023
Governmental:		
Police/Planning Code Enforcement subscription	\$ 62,642	\$ 56,892
Fleet camera subscription	-	44,570
Body camera subscription	-	125,804
Total subscription obligations	<u>\$ 62,642</u>	<u>\$ 227,266</u>

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

Property taxes comprise 57.0% 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 23-24 is \$16,021,812 and expenditures are budgeted at \$18,222,627, resulting in a \$2,200,815 decrease to fund balance. The projected ending General Fund reserves for fiscal year 2023-24 total \$8,834,753 (or 48.5% of budgeted expenditures).

Another major source of revenue for governmental activities is the Transient Room Tax (TRT). Transient Room Taxes are budgeted to increase by 27.3% in FY2023-24 (budget to year end estimate), due to the TRT rate changing from 9.5% to 12.0%, effective July 1 2023.

For fiscal year 2023-24, the City's Street Capital funds have budgeted \$9,838,261 in capital outlay for water system upgrades and replacements, with another \$1,514,516 in capital reserves.

#### 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 2023-24.

For fiscal year 2023-24, the City's Water Capital funds have budgeted \$1,746,000 in capital outlay for water system upgrades and replacements, with another \$2,453,998 in capital reserves.

For fiscal year 2023-24, the City's Wastewater Capital funds has budgeted \$6,240,644 in capital outlay for sewer system upgrades and replacements, with another \$1,427,402 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](http://www.lincolncity.org).

**BASIC FINANCIAL STATEMENTS**

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

**STATEMENT OF NET POSITION**

**JUNE 30, 2023**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS:</b>			
Current assets			
Cash and investments	\$ 33,029,352	\$ 11,278,605	\$ 44,307,957
Cash with County Treasurer	50,974	10,175	61,149
Receivables	3,256,158	1,586,226	4,842,384
Internal balances	51,817	(51,817)	-
Lease receivables	121,921	-	121,921
Inventories	-	235,060	235,060
Noncurrent assets			
Receivables	1,875,549	-	1,875,549
Lease receivables	3,230,245	-	3,230,245
Prepays and other	608,333	49,425	657,758
Land held for resale	1,954,487	-	1,954,487
Capital assets:			
Land, improvements and construction in progress	36,534,935	4,874,450	41,409,385
Right-of-use, net	7,697	2,324	10,021
Subscription assets, net	219,805	-	219,805
Other capital assets, net	45,391,205	42,646,341	88,037,546
<b>TOTAL ASSETS</b>	126,332,478	60,630,789	186,963,267
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Deferred amounts related to pensions	4,374,691	1,000,928	5,375,619
Deferred amounts related to OPEB	67,001	14,499	81,500
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	4,441,692	1,015,427	5,457,119

See notes to basic financial statements.

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

**STATEMENT OF NET POSITION**

**JUNE 30, 2023**

	Governmental Activities	Business-type Activities	Total
<b>LIABILITIES:</b>			
Accounts payable and accrued expenses	\$ 1,295,623	\$ 560,898	\$ 1,856,521
Other accrued liabilities	822,761	-	822,761
Accrued interest payable	96,444	30,652	127,096
Accrued compensated absences	850,113	217,714	1,067,827
Long-term obligations:			
Portion due or payable within one year:			
Landfill closure and post closure care costs	40,000	-	40,000
Long-term debt	264,656	2,020,008	2,284,664
Unearned grant revenue	270,000	1,590,258	1,860,258
Lease payable	3,905	1,272	5,177
Subscriptions payable	14,644	-	14,644
Portion due or payable after one year:			
Landfill closure and post closure care costs	310,499	-	310,499
Long-term debt	9,536,323	6,764,751	16,301,074
Unearned grant revenue	1,000,000	125,534	1,125,534
Lease payable	4,529	1,525	6,054
Subscriptions payable	212,622	-	212,622
Net pension liability	8,516,984	1,948,684	10,465,668
Total other postemployment benefit obligation	395,464	85,569	481,033
	<b>23,634,567</b>	<b>13,346,865</b>	<b>36,981,432</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Deferred amounts related to pensions	2,944,896	673,791	3,618,687
Deferred amounts related to OPEB	204,105	44,163	248,268
Deferred lease resources	3,258,409	-	3,258,409
	<b>6,407,410</b>	<b>717,954</b>	<b>7,125,364</b>
<b>NET POSITION:</b>			
Net investment in capital assets	72,116,963	38,735,559	110,852,522
Restricted for:			
Capital improvements	8,609,792	7,143,293	15,753,085
Debt service	-	245,893	245,893
Highways and streets	1,012,932	-	1,012,932
Landfill postclosure costs	162,948	-	162,948
Tourism	5,703,319	-	5,703,319
Urban renewal	1,572,713	-	1,572,713
Parks maintenance	2,449,063	-	2,449,063
OPEB asset	228,424	49,425	277,849
Unrestricted	8,876,039	1,407,227	10,283,266
	<b>\$ 100,732,193</b>	<b>\$ 47,581,397</b>	<b>\$ 148,313,590</b>

See notes to basic financial statements.

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

**STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED JUNE 30, 2023**

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
<b>Primary government:</b>							
Governmental activities:							
General government	\$ 5,798,896	\$ 1,544,182	\$ 783,458	\$ 368,518	\$ (3,102,738)	\$ -	\$ (3,102,738)
Public safety	7,069,467	56,243	-	-	(7,013,224)	-	(7,013,224)
Highways and streets	2,986,337	182,598	-	886,409	(1,917,330)	-	(1,917,330)
Culture and recreation	6,771,910	696,643	-	7,944	(6,067,323)	-	(6,067,323)
Interest on long-term obligations	407,207	-	-	-	(407,207)	-	(407,207)
Total governmental activities	23,033,817	2,479,666	783,458	1,262,871	(18,507,822)	-	(18,507,822)
Business-type activities:							
Water	4,112,772	4,445,424	-	177,807	-	510,459	510,459
Sewer	5,218,178	4,982,865	48,662	300,601	-	113,950	113,950
Total business-type activities	9,330,950	9,428,289	48,662	478,408	-	624,409	624,409
<b>Total</b>	<b>\$ 32,364,767</b>	<b>\$ 11,907,955</b>	<b>\$ 832,120</b>	<b>\$ 1,741,279</b>	<b>(18,507,822)</b>	<b>624,409</b>	<b>(17,883,413)</b>
<b>GENERAL REVENUES</b>							
Property taxes levied for:							
General purposes					8,292,712	-	8,292,712
Debt service					341,219	1,689,043	2,030,262
Franchise fees					1,199,838	-	1,199,838
Transient room taxes					10,223,349	-	10,223,349
Unrestricted investment earnings					1,052,055	378,950	1,431,005
Gain (loss) from sale of capital assets					(131,773)	26,511	(105,262)
Miscellaneous					638,394	206,918	845,312
Gain on sale of capital assets					-	-	-
<b>TRANSFERS</b>					<b>641,977</b>	<b>(641,977)</b>	<b>-</b>
<b>Total general revenues and transfers</b>					<b>22,257,771</b>	<b>1,659,445</b>	<b>23,917,216</b>
<b>CHANGE IN NET POSITION</b>					<b>3,749,949</b>	<b>2,283,854</b>	<b>6,033,803</b>
<b>NET POSITION, June 30, 2022</b>					<b>96,982,244</b>	<b>46,043,600</b>	<b>143,025,844</b>
Restatement for unspent grant funds					-	(746,057)	(746,057)
<b>NET POSITION, beginning of year (Restated)</b>					<b>96,982,244</b>	<b>45,297,543</b>	<b>142,279,787</b>
<b>NET POSITION, June 30, 2023</b>					<b>\$ 100,732,193</b>	<b>\$ 47,581,397</b>	<b>\$ 148,313,590</b>

See notes to basic financial statements.

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

**BALANCE SHEET GOVERNMENTAL FUNDS**

**JUNE 30, 2023**

	General Fund	Lincoln Square Operations	Street Capital	Parks and Recreation Center	Explore Lincoln City	Other Governmental Funds	Totals
<b>ASSETS:</b>							
Cash and investments	\$ 13,052,921	\$ 287,755	\$ 6,061,996	\$ 2,175,630	\$ 4,998,646	\$ 6,200,903	\$ 32,777,851
Cash with County Treasurer	49,570	-	-	-	-	1,404	50,974
Receivables	2,330,529	-	74,165	553,826	730,351	1,437,704	5,126,575
Lease receivables	1,155,424	2,196,742	-	-	-	-	3,352,166
Prepaid Items	1,606	-	-	-	368,657	-	370,263
Advance to other funds	51,817	-	-	-	-	-	51,817
Land held for sale	1,393,665	-	-	-	-	560,822	1,954,487
<b>TOTAL ASSETS</b>	<b>\$ 18,035,532</b>	<b>\$ 2,484,497</b>	<b>\$ 6,136,161</b>	<b>\$ 2,729,456</b>	<b>\$ 6,097,654</b>	<b>\$ 8,200,833</b>	<b>\$ 43,684,133</b>
<b>LIABILITIES:</b>							
Accounts payable and accrued expenses	\$ 309,062	\$ 26,712	\$ 328,973	\$ 280,393	\$ 25,678	\$ 314,675	\$ 1,285,493
Unearned grant revenue	-	-	270,000	-	-	1,000,000	1,270,000
Other accrued liabilities	822,761	-	-	-	-	-	822,761
<b>TOTAL LIABILITIES</b>	<b>1,131,823</b>	<b>26,712</b>	<b>598,973</b>	<b>280,393</b>	<b>25,678</b>	<b>1,314,675</b>	<b>3,378,254</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>							
Unavailable revenue, property taxes	300,472	-	-	-	-	8,732	309,204
Unavailable revenue, LID assessments	363,215	-	-	-	-	-	363,215
Unavailable revenue, municipal court fees	28,646	-	-	-	-	-	28,646
Deferred inflows, leases	1,138,078	2,120,331	-	-	-	-	3,258,409
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>1,830,411</b>	<b>2,120,331</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,732</b>	<b>3,959,474</b>
<b>FUND BALANCES:</b>							
Nonspendable in form	2,279,755	-	-	-	368,657	1,262,880	3,911,292
Restricted for:							
Capital projects	-	-	5,537,188	-	-	3,072,604	8,609,792
Post closure landfill costs	513,447	-	-	-	-	-	513,447
Road construction/maintenance	-	-	-	-	-	1,012,932	1,012,932
Tourism promotion	-	-	-	-	5,703,319	-	5,703,319
Urban renewal	-	-	-	-	-	946,814	946,814
Parks maintenance	-	-	-	2,449,063	-	-	2,449,063
Committed to:							
Capital projects	763,223	-	-	-	-	-	763,223
Affordable housing	-	-	-	-	-	315,327	315,327
Maintenance services	-	337,454	-	-	-	-	337,454
Art and education	-	-	-	-	-	51,363	51,363
Assigned to:							
Capital projects	-	-	-	-	-	215,506	215,506
Unassigned	11,516,873	-	-	-	-	-	11,516,873
<b>TOTAL FUND BALANCES</b>	<b>15,073,298</b>	<b>337,454</b>	<b>5,537,188</b>	<b>2,449,063</b>	<b>6,071,976</b>	<b>6,877,426</b>	<b>36,346,405</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCE</b>	<b>\$ 18,035,532</b>	<b>\$ 2,484,497</b>	<b>\$ 6,136,161</b>	<b>\$ 2,729,456</b>	<b>\$ 6,097,654</b>	<b>\$ 8,200,833</b>	<b>\$ 43,684,133</b>

See notes to basic financial statements.

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

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

**JUNE 30, 2023**

<b>TOTAL FUND BALANCE</b>		\$ 36,346,405
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.		81,745,805
Lease assets are not financial resources and therefore are not reported in governmental funds.		7,697
Subscription assets are not financial resources and therefore are not reported in governmental funds.		219,805
Certain items are not available to pay for current period expenditures, but are reported in in the Statement of Net Position:		
Net OPEB RHIA Asset		216,770
Deferred outflows of resources related to pensions		4,129,762
Deferred outflows of resources related to OPEB		63,583
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.		701,065
Interest not payable with current resources is not recorded as governmental fund liabilities.		(96,444)
Compensated absences not payable in the current year are not recorded as governmental fund liabilities.		(774,277)
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	(375,288)	
Net pension liability	(8,040,137)	
Deferred inflows of resources related to pensions	(2,780,017)	
Deferred inflows of resources related to OPEB	(193,692)	
Bonds payable, bond premium, and notes payable	(9,800,979)	
Leases payable	(8,434)	
Subscription payable	(227,266)	
Landfill closure and post closure costs	(350,499)	
Total		(21,776,312)
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.		(51,666)
<b>TOTAL NET POSITION</b>		<b><u>\$ 100,732,193</u></b>

See notes to basic financial statements.

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

**GOVERNMENTAL FUNDS**

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

**FOR THE YEAR ENDED JUNE 30, 2023**

	General	Lincoln Square Operations	Street Capital	Parks and Rereation Center	Explore Lincoln City	Other Governmental Funds	Totals
<b>REVENUES:</b>							
Property taxes	\$ 8,292,813	\$ -	\$ -	\$ -	\$ -	\$ 335,843	\$ 8,628,656
Franchise fees	1,199,838	-	-	-	-	-	1,199,838
Transient room tax	2,015,186	-	-	2,039,203	3,109,660	3,059,300	10,223,349
Fines and forfeitures	198,446	-	-	-	-	-	198,446
Fees, licenses and permits	1,064,245	-	-	-	-	-	1,064,245
Rents	-	-	-	-	-	32,830	32,830
Lease revenue	91,360	169,319	-	-	-	-	260,679
Charges for services	56,243	-	-	495,491	-	383,750	935,484
Intergovernmental	783,458	-	786,411	368,518	-	7,944	1,946,331
Donations	-	-	99,998	-	-	-	99,998
Interest on investments	411,345	103,792	92,613	67,279	143,247	233,779	1,052,055
Miscellaneous	438,000	139,969	-	27,477	17,995	33,148	656,589
<b>TOTAL REVENUES</b>	<b>14,550,934</b>	<b>413,080</b>	<b>979,022</b>	<b>2,997,968</b>	<b>3,270,902</b>	<b>4,086,594</b>	<b>26,298,500</b>
<b>EXPENDITURES:</b>							
Current:							
General government	3,959,038	628,914	-	-	-	163,925	4,751,877
Public safety	6,602,534	-	-	-	-	-	6,602,534
Highways and streets	-	-	211,499	-	-	1,357,082	1,568,581
Culture and recreation	1,291,569	-	-	2,898,790	2,097,475	-	6,287,834
Debt service	27,246	-	-	-	1,632	617,615	646,493
Capital outlay	398,220	-	1,096,935	323,740	34,012	2,412,617	4,265,524
<b>TOTAL EXPENDITURES</b>	<b>12,278,607</b>	<b>628,914</b>	<b>1,308,434</b>	<b>3,222,530</b>	<b>2,133,119</b>	<b>4,551,239</b>	<b>24,122,843</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>2,272,327</b>	<b>(215,834)</b>	<b>(329,412)</b>	<b>(224,562)</b>	<b>1,137,783</b>	<b>(464,645)</b>	<b>2,175,657</b>
<b>OTHER FINANCING SOURCES (USES)</b>							
Proceeds from sale of capital assets	15,417	-	-	25,951	-	34,336	75,704
New subscriptions	173,320	-	-	-	-	-	173,320
Transfers in	551,492	252,395	2,591,748	225,000	-	133,161	3,753,796
Transfers out	(1,178,125)	-	(4,792)	-	(42,844)	(2,036,058)	(3,261,819)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(437,896)</b>	<b>252,395</b>	<b>2,586,956</b>	<b>250,951</b>	<b>(42,844)</b>	<b>(1,868,561)</b>	<b>741,001</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>1,834,431</b>	<b>36,561</b>	<b>2,257,544</b>	<b>26,389</b>	<b>1,094,939</b>	<b>(2,333,206)</b>	<b>2,916,658</b>
<b>FUND BALANCES, beginning of year</b>	<b>13,238,867</b>	<b>300,893</b>	<b>3,279,644</b>	<b>2,422,674</b>	<b>4,977,037</b>	<b>9,210,632</b>	<b>33,429,747</b>
<b>FUND BALANCES, end of year</b>	<b>\$15,073,298</b>	<b>\$337,454</b>	<b>\$5,537,188</b>	<b>\$2,449,063</b>	<b>\$6,071,976</b>	<b>\$ 6,877,426</b>	<b>\$36,346,405</b>

See notes to basic financial statements.

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

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

**FOR THE YEAR ENDED JUNE 30, 2023**

**NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS** \$ 2,916,658

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

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

Capital outlay	\$ 4,265,524	
Depreciation	<u>(3,299,632)</u>	965,892

The net effect of transactions involving capital assets, i.e, gain/loss on sales, donations. These transactions are not reported in the governmental funds. (207,477)

Governmental funds report lease and subscription assets as expenditures while governmental activities report lease and subscription assets as capital assets and reports amortization expense to allocate those expenditures over the life of the assets. (21,822)

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.

Unavailable Revenue - Property Taxes	5,275	
Unavailable Revenue - Unbonded Assessment (LID/Reimbursement District Receivable)	(17,899)	
Unavailable Revenue - Port Dr Assessment (Abatement)	(296)	
Unavailable Revenue - Municipal Court	<u>(12,018)</u>	(24,938)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. 222,350

Repayment of lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. 5,490

Repayments of subscription principal is an expenditure in the governmental fund, but the repayment reduces long-term liabilities in the Statement of Net Position. 8,696

Accrued interest is not recorded in the governmental funds. 2,750

Amortization of bond premium is not recorded in the governmental funds. 36,841

Internal service fund is used by management to charge the costs of services to individual governmental funds. The net loss of the internal service fund is reported as a governmental activity. 18,041

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Pension expense		19,030
Net OPEB benefit		28,599
Compensated absences		<u>(46,841)</u>

**CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES** **\$ 3,749,949**

See notes to basic financial statements.

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

**PROPRIETARY FUNDS**

**STATEMENT OF NET POSITION**

**JUNE 30, 2023**

	Enterprise Funds			Internal Service Fund
	Water	Sewer	Totals	
<b>ASSETS:</b>				
Current assets:				
Cash and investments	\$ 3,210,248	\$ 8,068,357	\$ 11,278,605	\$ 251,501
Cash with County Treasurer	-	10,175	10,175	-
Receivables, net	677,153	909,073	1,586,226	5,132
Prepays and OPEB asset	25,312	24,113	49,425	21,300
Inventories	235,060	-	235,060	-
Total current assets	<u>4,147,773</u>	<u>9,011,718</u>	<u>13,159,491</u>	<u>277,933</u>
Capital assets:				
Land, improvements and construction in progress	2,700,174	2,174,276	4,874,450	29,937
Right-to-use, net	1,162	1,162	2,324	-
Other capital assets, net	18,372,030	24,274,311	42,646,341	150,398
Total capital assets	<u>21,073,366</u>	<u>26,449,749</u>	<u>47,523,115</u>	<u>180,335</u>
<b>TOTAL ASSETS</b>	<u>25,221,139</u>	<u>35,461,467</u>	<u>60,682,606</u>	<u>458,268</u>
<b>DEFERRED OUTFLOW OF RESOURCES:</b>				
Deferred amounts related to pensions	558,914	442,014	1,000,928	244,929
Deferred amounts related to OPEB	7,426	7,073	14,499	3,418
<b>TOTAL DEFERRED OUTFLOW OF RESOURCES</b>	<u>566,340</u>	<u>449,087</u>	<u>1,015,427</u>	<u>248,347</u>

See notes to basic financial statements.

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

**PROPRIETARY FUNDS**

**STATEMENT OF NET POSITION**

**JUNE 30, 2023**

	Enterprise Funds			Internal Service Fund
	Water	Sewer	Totals	
<b>LIABILITIES:</b>				
Current liabilities:				
Accounts payable and accrued expenses	\$ 460,463	\$ 100,435	\$ 560,898	\$ 10,130
Advance to other funds	-	51,817	51,817	-
Accrued interest payable	6,663	23,989	30,652	-
Accrued compensated absences	153,593	64,121	217,714	75,836
Unearned grant revenue	-	1,590,258	1,590,258	-
Current portion bonds payable	481,830	1,538,178	2,020,008	-
Current portion lease payable	636	636	1,272	-
<b>Total current liabilities</b>	<b>1,103,185</b>	<b>3,369,434</b>	<b>4,472,619</b>	<b>85,966</b>
Bonds payable	57,876	6,706,875	6,764,751	-
Lease payable	763	762	1,525	-
Unearned grant revenue	-	125,534	125,534	-
Total other postemployment benefit obligation	43,822	41,747	85,569	20,176
Net pension liability	1,088,137	860,547	1,948,684	476,847
<b>TOTAL LIABILITIES</b>	<b>2,293,783</b>	<b>11,104,899</b>	<b>13,398,682</b>	<b>582,989</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred amounts related to pensions	376,241	297,550	673,791	164,879
Deferred amounts related to OPEB	22,617	21,546	44,163	10,413
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>398,858</b>	<b>319,096</b>	<b>717,954</b>	<b>175,292</b>
<b>NET POSITION:</b>				
Net investment in capital assets	20,532,261	18,203,298	38,735,559	180,335
Restricted for:				
Capital improvement	2,975,844	4,167,449	7,143,293	-
Debt service	5,891	240,002	245,893	-
OPEB Asset	25,312	24,113	49,425	11,654
Unrestricted	(444,470)	1,851,697	1,407,227	(243,655)
<b>TOTAL NET POSITION</b>	<b>\$ 23,094,838</b>	<b>\$ 24,486,559</b>	<b>\$ 47,581,397</b>	<b>\$ (51,666)</b>

See notes to basic financial statements.

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

**PROPRIETARY FUNDS**

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

**FOR THE YEAR ENDED JUNE 30, 2023**

	Enterprise Funds			Internal Service Fund
	Water	Sewer	Totals	
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 4,445,424	\$ 4,982,865	\$ 9,428,289	\$ 1,118,111
Intergovernmental	-	48,662	48,662	-
Miscellaneous	28,757	178,161	206,918	21,406
<b>TOTAL OPERATING REVENUES</b>	<b>4,474,181</b>	<b>5,209,688</b>	<b>9,683,869</b>	<b>1,139,517</b>
<b>OPERATING EXPENSES:</b>				
Personal services	1,541,797	1,386,808	2,928,605	766,255
Materials and services	933,444	1,697,139	2,630,583	437,243
Support services	256,490	188,302	444,792	-
Depreciation and amortization	1,355,145	1,680,451	3,035,596	45,546
<b>TOTAL OPERATING EXPENSES</b>	<b>4,086,876</b>	<b>4,952,700</b>	<b>9,039,576</b>	<b>1,249,044</b>
<b>OPERATING INCOME (LOSS)</b>	<b>387,305</b>	<b>256,988</b>	<b>644,293</b>	<b>(109,527)</b>
<b>NONOPERATING INCOME (EXPENSE):</b>				
System development charges	177,807	300,601	478,408	-
Interest earned on investments	115,995	262,955	378,950	-
Gain (loss) from sale of asset	6,800	19,711	26,511	(22,432)
Property taxes	-	1,689,043	1,689,043	-
Interest expense	(25,896)	(265,478)	(291,374)	-
<b>TOTAL NONOPERATING INCOME (EXPENSE)</b>	<b>274,706</b>	<b>2,006,832.00</b>	<b>2,281,538</b>	<b>(22,432)</b>
<b>INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS</b>	<b>662,011</b>	<b>2,263,820</b>	<b>2,925,831</b>	<b>(131,959)</b>
<b>TRANSFERS:</b>				
Transfers in	-	-	-	150,000
Transfers out	(42,504)	(599,473)	(641,977)	-
<b>CHANGE IN NET POSITION</b>	<b>619,507</b>	<b>1,664,347</b>	<b>2,283,854</b>	<b>18,041</b>
<b>NET POSITION, June 30, 2022, as previously reported</b>	<b>22,475,331</b>	<b>23,568,269</b>	<b>46,043,600</b>	<b>(69,707)</b>
Restatement for unspent grant funds	-	(746,057)	(746,057)	-
<b>NET POSITION, June 30, 2022, restated</b>	<b>22,475,331</b>	<b>22,822,212</b>	<b>45,297,543</b>	<b>(69,707)</b>
<b>NET POSITION, June 30, 2023</b>	<b>\$ 23,094,838</b>	<b>\$ 24,486,559</b>	<b>\$ 47,581,397</b>	<b>\$ (51,666)</b>

See notes to basic financial statements.

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

**PROPRIETARY FUNDS**

**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED JUNE 30, 2023**

	Enterprise Funds			Internal Service Fund
	Water	Sewer	Totals	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Receipts from customers	\$ 4,367,337	\$ 5,092,744	\$ 9,460,081	\$ 1,139,814
Payments to suppliers	(587,171)	(1,742,102)	(2,329,273)	(437,784)
Payments to employees	(1,564,735)	(1,424,083)	(2,988,818)	(757,929)
Payments for support services	(256,490)	(188,302)	(444,792)	-
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>1,958,941</b>	<b>1,738,257</b>	<b>3,697,198</b>	<b>(55,899)</b>
<b>CASH FLOWS FROM NON FINANCING ACTIVITIES:</b>				
Property taxes	-	1,689,043	1,689,043	-
Transfers in	-	-	-	150,000
Transfers out	(42,504)	(599,473)	(641,977)	-
<b>NET CASH FROM NON FINANCING ACTIVITIES</b>	<b>(42,504)</b>	<b>1,089,570</b>	<b>1,047,066</b>	<b>150,000</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Acquisition of capital and right-to-use assets	(2,557,619)	(1,878,116)	(4,435,735)	(56,907)
Proceeds received from sale of capital assets	6,800	25,971	32,771	-
Proceeds from grants	-	969,735	969,735	-
System development charges	177,807	300,601	478,408	-
Principal paid on advance from other funds	-	(51,076)	(51,076)	-
Principal paid on long-term obligations	(475,703)	(1,424,072)	(1,899,775)	-
Interest paid on long-term obligations	(30,452)	(270,570)	(301,022)	-
<b>NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(2,879,167)</b>	<b>(2,327,527)</b>	<b>(5,206,694)</b>	<b>(56,907)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest on investments	115,995	262,955	378,950	-
<b>NET INCREASE (DECREASE) IN CASH AND INVESTMENTS</b>	<b>(846,735)</b>	<b>763,255</b>	<b>(83,480)</b>	<b>37,194</b>
<b>CASH AND INVESTMENTS, beginning of year</b>	<b>4,056,983</b>	<b>7,305,102</b>	<b>11,362,085</b>	<b>214,307</b>
<b>CASH AND INVESTMENTS, end of year</b>	<b>\$ 3,210,248</b>	<b>\$ 8,068,357</b>	<b>\$ 11,278,605</b>	<b>\$ 251,501</b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH FROM OPERATING ACTIVITIES</b>				
Operating income (loss)	\$ 387,305	\$ 256,988	\$ 644,293	\$ (109,527)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	1,355,145	1,680,451	3,035,596	45,546
Decrease (increase) in assets and deferred outflows				
Receivables, net	(106,844)	(117,369)	(224,213)	297
Prepays	-	-	-	(3,718)
Inventories	(25,049)	-	(25,049)	-
Cash with County Treasurer	-	425	425	-
Net OPEB Asset	(11,167)	(8,243)	(19,410)	(5,169)
Deferred outflows	143,832	128,364	272,196	51,495
Increase (decrease) in liabilities and deferred inflows				
Accounts payable and accrued expenses	371,322	(44,963)	326,359	3,177
Compensated absences payable	(1,430)	2,992	1,562	2,470
OPEB	(5,686)	(13,798)	(19,484)	(2,522)
Net pension liability	204,854	146,334	351,188	104,388
Deferred inflows	(353,341)	(292,924)	(646,265)	(142,336)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>\$ 1,958,941</b>	<b>\$ 1,738,257</b>	<b>\$ 3,697,198</b>	<b>\$ (55,899)</b>

See notes to basic financial statements.

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

**FIDUCIARY FUND**

**STATEMENT OF NET POSITION**

**JUNE 30, 2023**

**ASSETS:**

Cash and investments \$ 95,348

**LIABILITIES:**

Accounts payable 56,838

**NET POSITION:**

Restricted for:  
Individuals and organizations  
Funds held in trust \$ 38,510

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**

**FOR THE YEAR ENDED JUNE 30, 2023**

**ADDITIONS:**

Grants and donations \$ 4,046  
Deposits held for other 4,567  
Interest on investments 546

**TOTAL ADDITIONS** 9,159

**DEDUCTIONS:**

Expenditures 886

**CHANGE IN NET POSITION** 8,273

**NET POSITION, June 30, 2022** 30,237

**NET POSITION, June 30, 2023** \$ 38,510

**NOTES TO BASIC FINANCIAL STATEMENTS**

**CITY OF LINCOLN CITY, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2023**

**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](http://www.lincolncity.org).

**Basis of Presentation**

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

**Government-wide Financial Statements**

The government-wide financial statements display information about all 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, 2023**

**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, 2023**

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

**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.

Lincoln Square Operations 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 revenue.

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

Parks and Recreation Center 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.

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.

The City reports the following major proprietary funds:

Water Fund – accounts for the water system operations. This fund is predominantly self-

**CITY OF LINCOLN CITY, OREGON**

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

**YEAR ENDED JUNE 30, 2023**

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

**Fund Financial Statements (Continued)**

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.

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 government-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
- 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 for 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, 2023.

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, 2023**

**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, as well as making loans for economic development purposes. 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 lease 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 \$180,579 for uncollectible accounts was made at June 30, 2023.

**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.

**CITY OF LINCOLN CITY, OREGON**

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

**YEAR ENDED JUNE 30, 2023**

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

**Capital Assets**

Capital assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements, and in the Proprietary Funds. Capital assets are charged to expenditures as purchased in the governmental fund statements, and capitalized in the proprietary fund statements. Capital assets are recorded at historical cost or estimated historical cost. Donated assets are recorded at acquisition value.

Capital assets are defined by the City as assets with an initial, individual cost of \$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 and Subscription Assets**

Lease assets and subscription-based information technology arrangement (SBITA) assets are assets which the City leases for a term of more than one year. The value of lease or subscription is determined by the net present value using the City's incremental borrowing rate at the time of the lease or subscription 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

**CITY OF LINCOLN CITY, OREGON**

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

**YEAR ENDED JUNE 30, 2023**

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

**Long-term Obligations**

In the government-wide financial statements, and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, gain or loss on refunding, as well as bond issuance costs, during the current period. The face amount of debt issued as well as any premium is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**Leases and Subscriptions Payable**

In the government-wide financial statements, leases and subscriptions payable are reported as liabilities in the Statement of Net Position. In the governmental fund financial statements, the present value of new lease and SBITA arrangements are 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.

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:

**CITY OF LINCOLN CITY, OREGON**

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

**YEAR ENDED JUNE 30, 2023**

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

**Fund Balance (Continued)**

- Non-Spendable – Includes items not in spendable form, such as prepaid items, inventory, assets held for sale, and other assets not quickly convertible to cash.
- Restricted – Includes items that are restricted by external creditors, grantors or contributors, or restricted by constitutional provisions or enabling legislation.
- Committed – Includes items committed by the City Council, by formal board action.
- Assigned – Includes items assigned for specific uses, authorized by the City's Finance Director or City Manager.
- Unassigned – This is the residual classification used in the General Fund for those balances not assigned to another category. 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

**CITY OF LINCOLN CITY, OREGON**

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

**YEAR ENDED JUNE 30, 2023**

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

**Other Postemployment Benefits (OPEB) (Continued)**

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.

**New Accounting Pronouncements and Accounting Standards**

The City has implemented GASB Statement No. 96, Subscription-Based Information Technology Arrangements. The primary objective of this statement is to enhance the relevance and consistency of information about governments' use of right-to-use subscription asset activities. This statement establishes a single model for the accounting of subscription-based right-to-use assets on the principle that agreements are financings of the right to use an underlying asset. Under this Statement, a subscription user is required to capitalize outlays other than subscription payments, such as implementation costs and requires note disclosures regarding the right-to-use assets. To the extent relevant, the standards for GASB 96 as based upon the standards of GASB 87, which was implemented in 2022.

**2. DEPOSITS AND INVESTMENTS**

The City maintains a pool of cash and investments that is available for use by all funds. Each fund's portion of this pool is displayed on the financial statements as cash and investments. Additionally, several funds hold separate cash and investment accounts. Interest earned on pooled cash and investments is allocated to participating funds based upon their combined cash and investment balances.

Investments with a remaining maturity of more than one year, at the time of purchase are stated at fair value. Fair value is determined at the quoted market price, if available; otherwise the fair value is estimated based on the amount at which the investment could be exchanged in a current transaction between willing parties, other than a forced liquidation sale. Investments in the State of Oregon Local Government Investment Pool (LGIP) are stated at fair value.

The Oregon State Treasury administers the LGIP. The LGIP is an unrated, open-ended, no-load, diversified portfolio offered to any agency, political subdivision or public corporation of the state who by law is made the custodian of, or has control of, any public funds. The LGIP is commingled with the State's short-term funds. To provide regulatory oversight, the Oregon Legislature established the Oregon Short-Term Fund Board and LGIP investments are approved by the Oregon Investment Council. The fair value of the City's position in the LGIP approximates the value of the pool shares.

For purposes of reporting cash flows, cash and cash equivalents include cash on hand, checking, savings and money market accounts, and any highly-liquid debt instruments purchased with a maturity of three months or less from the date of purchase.

**CITY OF LINCOLN CITY, OREGON**

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

**YEAR ENDED JUNE 30, 2023**

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

At June 30, 2023, the City's cash and investments were comprised of the following:

Cash on hand	\$ 2,400
Deposits with financial institutions	681,060
Oregon State Treasurer's Local Government Investment Pool	<u>43,719,845</u>
	<u>\$ 44,403,305</u>

Reported as:

Governmental activities	\$ 33,029,352
Business-type activities	<u>11,278,605</u>
Total per Statement of Net Position	44,307,957
Fiduciary Fund	<u>95,348</u>
	<u>\$ 44,403,305</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, 2023, was \$962,222, 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, 2023**

**3. ACCOUNTS RECEIVABLE**

Receivables as of June 30, 2023, for the City's governmental activities/funds are as follows:

	<u>General</u>	<u>Street Capital</u>	<u>Parks and Recreation Center</u>	<u>Explore Lincoln City</u>	<u>Other Governmental</u>	<u>Internal Service</u>	<u>Totals</u>
Property taxes	\$ 300,472	\$ -	\$ -	\$ -	\$ 8,732	\$ -	\$ 309,204
Intergovernmental	116,472	74,165	74,914	-	8,546	-	274,097
Fines and warrants	29,563	-	-	-	-	-	29,563
Franchise fees	136,494	-	-	-	-	5,132	141,626
Transient room taxes	466,944	-	478,912	730,351	718,368	-	2,394,575
Reimburse/Local Impr District	363,215	-	-	-	-	-	363,215
Notes-transitional housing	600,000	-	-	-	-	-	600,000
Notes-housing rehabilitation	102,667	-	-	-	626,558	-	729,225
Notes - economic development	130,000	-	-	-	-	-	130,000
Miscellaneous other	84,702	-	-	-	75,500	-	160,202
	<u>\$ 2,330,529</u>	<u>\$ 74,165</u>	<u>\$ 553,826</u>	<u>\$ 730,351</u>	<u>\$ 1,437,704</u>	<u>\$ 5,132</u>	<u>\$ 5,131,707</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 2022-23.

Rehabilitation and economic development 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. Loans 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>
General Fund:			
Transitional housing	25 years	0%	\$ 600,000
Rehabilitation loans	10 years	0%	102,667
Economic development	10 years	0%	130,000
Non-major Governmental Funds:			
Urban development:			
Rehabilitation loans	10 years	0%	\$ 617,167
Affordable Housing:			
Habitat and Housing Rehabilitation	15 years	0%	\$ 84,891

Receivables as of June 30, 2023, for the City's business-type activities/funds are as follows:

	<u>Water</u>	<u>Sewer</u>	<u>Totals</u>
User charges	\$ 677,153	\$ 814,879	\$ 1,492,032
Property taxes	-	60,782	60,782
Reimburse/Local Impr District	-	20,599	20,599
Miscellaneous	-	12,813	12,813
	<u>\$ 677,153</u>	<u>\$ 909,073</u>	<u>\$ 1,586,226</u>

**CITY OF LINCOLN CITY, OREGON**

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

**YEAR ENDED JUNE 30, 2023**

**4. LEASE RECEIVABLES**

Lease receivables as of June 30, 2023, for the City's governmental activities/funds are as follows:

	<u>Outstanding</u> <u>June 30, 2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding</u> <u>June 30, 2023</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	\$ 73,774	\$ -	\$ 13,087	\$ 60,687
Mo's Restaurant land lease, interest at 2.90% principal and interest of \$14,602 quarterly, due 2042	29,750	1,108,750	43,763	1,094,737
Career Tech, interest at 2.60%, principal and interest of \$2,124 monthly, due 2023	25,192	-	25,192	-
McKays Grocery, interest at 2.90%, monthly principal and interest ranges from \$14,681 to \$23,275, due 2041	2,272,641	-	75,899	2,196,742
	<u>\$ 2,401,357</u>	<u>\$ 1,108,750</u>	<u>\$ 157,941</u>	<u>\$ 3,352,166</u>

Future maturities are as follows:

<u>Fiscal</u> <u>Year</u>	<u>Governmental</u> <u>Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2024	\$ 121,921	\$ 129,715
2025	128,770	124,673
2026	135,932	119,362
2027	143,421	113,770
2028	133,803	108,264
2029-2033	783,624	452,254
2034-2038	998,091	274,640
2039-2043	906,604	62,759
	<u>\$ 3,352,166</u>	<u>\$ 1,385,437</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, 2023**

**5. CAPITAL ASSETS**

Transactions for the year ended June 30, 2023, of the governmental activities, were as follows:

	<u>Balance</u> <u>June 30, 2022</u>	<u>Additions</u>	<u>Transfers</u>	<u>Disposals</u>	<u>Balance</u> <u>June 30, 2023</u>
Capital assets not being depreciated:					
Land	\$ 11,621,918	\$ 23,828	\$ -	\$ -	\$ 11,645,746
Public right-of-way	22,328,786	-	-	-	22,328,786
Construction in progress	<u>2,285,623</u>	<u>1,337,048</u>	<u>(1,001,541)</u>	<u>(60,727)</u>	<u>2,560,403</u>
Total capital assets not being depreciated	<u>36,236,327</u>	<u>1,360,876</u>	<u>(1,001,541)</u>	<u>(60,727)</u>	<u>36,534,935</u>
Capital assets being depreciated:					
Buildings	28,127,551	459,665	379,545	(334,589)	28,632,172
Heavy equipment	660,094	266,142	-	(68,228)	858,008
Urban renewal projects	4,911,956	-	-	-	4,911,956
System improvements	63,791,521	1,621,996	557,338	-	65,970,855
Vehicles	1,654,504	198,921	-	(237,723)	1,615,702
Equipment and furniture	3,267,698	169,305	4,658	(234,134)	3,207,527
Intangibles	25,000	-	-	-	25,000
Books and art	<u>143,989</u>	<u>72,208</u>	<u>60,000</u>	<u>-</u>	<u>276,197</u>
Total capital assets being depreciated	102,582,313	2,788,237	1,001,541	(874,674)	105,497,417
Accumulated depreciation	<u>(57,466,525)</u>	<u>(3,345,178)</u>	<u>-</u>	<u>705,491</u>	<u>(60,106,212)</u>
Total capital assets being depreciated, net	<u>45,115,788</u>	<u>(556,941)</u>	<u>1,001,541</u>	<u>(169,183)</u>	<u>45,391,205</u>
Total capital assets, net	<u>\$ 81,352,115</u>	<u>\$ 803,935</u>	<u>\$ -</u>	<u>\$ (229,910)</u>	<u>\$ 81,926,140</u>

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

General government	\$ 753,457
Internal Service Fund	45,546
Public safety	625,817
Highway and streets	1,438,378
Culture and recreation	<u>481,980</u>
Total	<u>\$ 3,345,178</u>

**CITY OF LINCOLN CITY, OREGON**

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

**YEAR ENDED JUNE 30, 2023**

**5. CAPITAL ASSETS (continued)**

Transactions for the year ended June 30, 2023, of the business-type activities, were as follows:

	<u>Balance</u> <u>June 30, 2022</u>	<u>Additions</u>	<u>Transfers</u>	<u>Disposals</u>	<u>Balance</u> <u>June 30, 2023</u>
Capital assets not being depreciated:					
Land and improvements	\$ 821,528	\$ -	\$ -	\$ -	\$ 821,528
Construction in progress	<u>2,795,294</u>	<u>3,167,882</u>	<u>(1,910,254)</u>	<u>-</u>	<u>4,052,922</u>
Total capital assets not being depreciated	<u>3,616,822</u>	<u>3,167,882</u>	<u>(1,910,254)</u>	<u>-</u>	<u>4,874,450</u>
Capital assets being depreciated:					
Buildings	1,120,377	-	-	-	1,120,377
Facilities	92,095,654	638,140	1,449,507	-	94,183,301
Equipment	2,305,853	629,712	460,747	(70,783)	3,325,529
Intangibles	<u>120,868</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>120,868</u>
Total capital assets being depreciated	95,642,752	1,267,852	1,910,254	(70,783)	98,750,075
Accumulated depreciation	<u>(53,133,873)</u>	<u>(3,034,383)</u>	<u>-</u>	<u>64,522</u>	<u>(56,103,734)</u>
Total capital assets being depreciated, net	<u>42,508,879</u>	<u>(1,766,531)</u>	<u>1,910,254</u>	<u>(6,261)</u>	<u>42,646,341</u>
Total capital assets, net	<u>\$46,125,701</u>	<u>\$1,401,351</u>	<u>\$ -</u>	<u>\$ (6,261)</u>	<u>\$ \$47,520,791</u>

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

Water	\$ 1,354,539
Sewer	<u>1,679,844</u>
Total	<u>\$ 3,034,383</u>

**CITY OF LINCOLN CITY, OREGON**

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

**YEAR ENDED JUNE 30, 20223**

**6. LEASE ASSETS**

Lease asset activity for the year ended June 30, 2023, was as follows:

	Balances June 30, 2022	Additions	Deletions	Balances June 30, 2023
<b><u>Governmental activities:</u></b>				
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	18,439	-	-	18,439
Less accumulated amortization:	(5,076)	(5,666)	-	(10,742)
Total leased assets being amortized, net	<u>\$ 13,363</u>	<u>\$ (5,666)</u>	<u>\$ -</u>	<u>\$ 7,697</u>
<b><u>Business-type activities:</u></b>				
Public Works copier	\$ 4,750	\$ -	\$ -	\$ 4,750
Less accumulated amortization:	(1,212)	(1,214)	-	(2,426)
Total leased assets being amortized, net	<u>\$ 3,538</u>	<u>\$ (1,214)</u>	<u>\$ -</u>	<u>\$ 2,324</u>

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

**7. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENT ASSETS**

As of June 30, 2023, the City had 3 subscription assets in service. Subscription asset activity for the year ended June 30, 2023, was as follows:

	Opening Balances	Additions	Deletions	Balances June 30, 2023
<b><u>Governmental activities:</u></b>				
Police Fleet Camera subscription	\$ -	\$ 47,516	\$ -	\$ 47,516
Police Body Camera subscription	-	125,804	-	125,804
Police Code Enforcement subscription	31,321	-	-	31,321
Planning Code Enforcement subscription	31,321	-	-	31,321
Total assets being amortized	62,642	173,320	-	235,962
Less accumulated amortization:	-	(16,157)	-	(16,157)
Total SBITA assets being amortized, net	<u>\$ 62,642</u>	<u>\$ 157,163</u>	<u>\$ -</u>	<u>\$ 219,805</u>

**CITY OF LINCOLN CITY, OREGON**

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

**YEAR ENDED JUNE 30, 2023**

**8. LONG-TERM OBLIGATIONS**

**Long-Term Debt**

Transactions for the year ended June 30, 2023, of the governmental activities, were as follows:

	Balances <u>June 30, 2022</u>	Additions	Reductions	Balances <u>June 30, 2023</u>	Due within <u>one year</u>
<u>Bond</u>					
Full Faith and Credit Obligation, Series 2018, Original issue amount \$10.950 million, final maturity April 2048, interest at 3.85 %	\$ 9,915,000	\$ -	\$ 220,000	\$ 9,695,000	\$ 230,000
<u>Bond Premium</u>					
Full Faith and Credit Obligation, Series 2018	138,672	-	36,841	101,831	31,841
<u>Contracts Payable</u>					
Police Copier	6,498	-	2,350	4,148	2,815
	<u>\$ 10,060,170</u>	<u>\$ -</u>	<u>\$ 259,191</u>	<u>\$ 9,800,979</u>	<u>\$ 264,656</u>
Compensated absences	<u>\$ 800,801</u>	<u>\$ 850,113</u>	<u>\$ 800,801</u>	<u>\$ 850,113</u>	<u>\$ 850,113</u>

The future maturities for governmental activity long-term bond obligations outstanding as of June 30, 2023, are as follows:

Fiscal Year	Police Building Bonds, Series 2018		Police Bldg Bond	Contracts Payable Police Copier		Totals	
	Principal	Interest	Premium	Principal	Interest	Principal	Interest
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	280,000	336,275	6,182	-	-	286,182	336,275
2029-2033	1,575,000	1,494,675	-	-	-	1,575,000	1,494,675
2034-2038	1,870,000	1,206,981	-	-	-	1,870,000	1,206,981
2039-2043	2,245,000	823,400	-	-	-	2,245,000	823,400
2044-2048	2,735,000	336,800	-	-	-	2,735,000	336,800
	<u>\$ 9,695,000</u>	<u>\$ 5,669,981</u>	<u>\$ 101,831</u>	<u>\$ 4,148</u>	<u>\$ 518</u>	<u>\$ 9,800,979</u>	<u>\$ 5,670,499</u>

**CITY OF LINCOLN CITY, OREGON**

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

**YEAR ENDED JUNE 30, 2023**

**8. LONG-TERM OBLIGATIONS (continued)**

**Long-Term Debt (continued)**

Transactions for the year ended June 30, 2023, of the business-type activities, were as follows:

	<u>Balance</u> <u>June 30, 2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balances</u> <u>June 30, 2023</u>	<u>Due within</u> <u>one year</u>
<u>Financing Agreement</u>					
Full Faith and Credit Water Bonds, Series 2014, Original issue amount \$4 million, final maturity April 2024, interest at 2.81 percent	\$ 865,000	\$ -	\$ 430,000	\$ 435,000	\$ 435,000
<u>General Obligation Bonds</u>					
Sewer Bonds, Series 2011, Original issue amount \$7 million, final maturity March 2026, interest at 4.1 percent	2,165,574	-	545,494	1,620,080	568,205
Sewer Bonds, Refunding Series 2013 Original issue amount \$9.885 million, final maturity June 2030, interest at 2.4 percent	7,335,000	-	830,000	6,505,000	850,000
<u>Contract Payable</u>					
Sewer, Original issue amount \$355,960, final maturity August 2023, interest at 4.19%	168,020	-	48,047	119,973	119,973
Water, Original issue amount \$286,152, final maturity July 2024, interest at 3.67%	149,877	-	45,171	104,706	46,830
	<u>\$ 10,683,471</u>	<u>\$ -</u>	<u>\$ 1,898,712</u>	<u>\$ 8,784,759</u>	<u>\$ 2,020,008</u>
Compensated absences	<u>\$ 216,152</u>	<u>\$ 217,714</u>	<u>\$ 216,152</u>	<u>\$ 217,714</u>	<u>\$ 217,714</u>

**CITY OF LINCOLN CITY, OREGON**

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

**YEAR ENDED JUNE 30, 2023**

**8. LONG-TERM OBLIGATIONS (continued)**

**Long-Term Debt (continued)**

The future maturities for business-type activity long-term bond obligations outstanding as of June 30, 2023, 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
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	-	-	-	-	950,000	83,900
2029-30	-	-	-	-	2,005,000	90,000
	<u>\$ 435,000</u>	<u>\$ 12,427</u>	<u>\$ 1,620,080</u>	<u>\$ 101,327</u>	<u>\$ 6,505,000</u>	<u>\$ 723,563</u>

  

Fiscal Year	Contracts Payable Sewer		Contracts Payable Water		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 119,973	\$ 5,027	\$ 46,830	\$ 3,843	\$ 2,020,008	\$ 245,208
2025	-	-	57,876	2,124	1,524,738	184,316
2026	-	-	-	-	1,360,013	137,862
2027	-	-	-	-	925,000	107,025
2028	-	-	-	-	950,000	83,900
2029-30	-	-	-	-	2,005,000	90,000
	<u>\$ 119,973</u>	<u>\$ 5,027</u>	<u>\$ 104,706</u>	<u>\$ 5,967</u>	<u>\$ 8,784,759</u>	<u>\$ 848,311</u>

**Unearned Revenue**

The City has received funding from the American Rescue Plan (ARPA) that has not yet been expended. Unspent ARAP funds are subject to GASB 33 and are recorded as a liability. The City received ARPA funds of \$1,018,394 in FY2021-22 and \$1,018,397 in FY2022-23. The City also received grant funds from the State prior to expenses being incurred. Unearned grant amounts as of June 30, 2023 were as follows:

	Street Capital Fund	Other Governmental Funds	Total
<b>Governmental Funds:</b>			
State grant - Bay Walk	\$ 270,000	\$ -	\$ 270,000
State grant - Taft Park	-	1,000,000	1,000,000
Total	<u>\$ 270,000</u>	<u>\$ 1,000,000</u>	<u>\$ 1,270,000</u>
<b>Business-type Funds:</b>			
ARPA Funds - Nelscott Force Main	<u>\$ 1,715,792</u>		

**CITY OF LINCOLN CITY, OREGON**

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

**YEAR ENDED JUNE 30, 2023**

**8. LONG-TERM OBLIGATIONS (continued)**

**Leases Payable**

Transactions for the year ended June 30, 2023, of the governmental activities, were as follows:

	Balances June 30, 2022	Additions	Reductions	Outstanding June 30, 2023
<u>Governmental Activities:</u>				
Public works copier, interest at 18.20%, monthly payments principal and interest \$210, due 2025	\$ 1,931	\$ -	\$ 532	\$ 1,399
Explore Lincoln City postage machine, interest at 6.27%, quarterly payments principal and interest \$408, due 2028	6,383	-	1,267	5,116
City Hall postage machine, interest at 5.25%, quarterly payments principal and interest \$979, due 2023	5,610	-	3,691	1,919
	<u>\$ 13,924</u>	<u>\$ -</u>	<u>\$ 5,490</u>	<u>\$ 8,434</u>

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
2024	\$ 637	\$ 203	\$ 1,349	\$ 282	\$ 1,919	\$ 38	\$ 3,905	\$ 523
2025	762	77	1,436	195	-	-	2,198	272
2026	-	-	1,529	103	-	-	1,529	103
2027	-	-	802	15	-	-	802	15
	<u>\$ 1,399</u>	<u>\$ 280</u>	<u>\$ 5,116</u>	<u>\$ 595</u>	<u>\$ 1,919</u>	<u>\$ 38</u>	<u>\$ 8,434</u>	<u>\$ 913</u>

Transactions for the year ended June 30, 2023, for business-type activities, were as follows:

	Balances June 30, 2022	Additions	Reductions	Outstanding June 30, 2023
<u>Business-type Activities</u>				
Public works copier, interest at 18.20%, monthly payments principal and interest \$210, due 2025	\$ 3,862	\$ -	\$ 1,065	\$ 2,797

Future maturities are as follows:

Fiscal Year	Public Works Copier - Water		Public Works Copier - Sewer		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 636	\$ 203	\$ 636	\$ 203	\$ 1,272	\$ 406
2025	763	77	762	77	1,525	154
	<u>\$ 1,399</u>	<u>\$ 280</u>	<u>\$ 1,398</u>	<u>\$ 280</u>	<u>\$ 2,797</u>	<u>\$ 560</u>

**CITY OF LINCOLN CITY, OREGON**

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

**YEAR ENDED JUNE 30, 2023**

**8. LONG-TERM OBLIGATIONS (continued)**

**Subscription-based Information Technology Arrangement (SBITAs) Payable**

As of June 30, 2023, the City had 3 subscription assets in service. The liability related to these subscriptions was initially recognized on July 1<sup>st</sup>, 2022, with the adoption of GASB Statement No. 96.

Transactions for the year ended June 30, 2023, of the governmental activities, were as follows:

	<u>Opening Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding June 30, 2023</u>
<u>Governmental Activities:</u>				
Police Fleet Camera software subscription interest at 10.25%, yearly payments principal and interest \$7,090, due 2033	\$ -	\$ 47,516	\$ 2,946	\$ 44,570
Police Body Camera software subscription interest at 10.00%, yearly payments principal and interest \$19,387, due 2033	-	125,804	-	125,804
Police and Planning Code Enforcement software subscription, interest at 6.75%, yearly payments principal and interest range \$9,777 to \$13,103 due 2030	62,642	-	5,750	56,892
	<u>\$ 62,642</u>	<u>\$ 173,320</u>	<u>\$ 8,696</u>	<u>\$ 227,266</u>

Future maturities are as follows:

<u>Fiscal Year</u>	<u>Police Fleet Cam</u>		<u>Police Body Cam</u>		<u>Police/Planning Code Enforcement</u>		<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 3,248	\$ 3,842	\$ 4,740	\$ 14,647	\$ 6,656	\$ 3,610	\$ 14,644	\$ 22,099
2025	3,581	3,509	8,740	10,641	7,650	3,129	19,971	17,279
2026	3,948	3,142	9,655	9,725	8,741	2,578	22,344	15,445
2027	4,352	2,737	10,666	8,721	9,935	1,950	24,953	13,408
2028	4,798	2,291	11,783	7,604	11,241	1,238	27,822	11,133
2029	5,290	1,799	13,017	6,370	12,669	434	30,976	8,603
2030	5,833	1,257	14,380	5,007	-	-	20,213	6,264
2031	6,430	659	15,886	3,501	-	-	22,316	4,160
2032	7,090	-	17,550	1,838	-	-	24,640	1,838
2033	-	-	19,387	-	-	-	19,387	-
	<u>\$ 44,570</u>	<u>\$ 19,236</u>	<u>\$ 125,804</u>	<u>\$ 68,054</u>	<u>\$ 56,892</u>	<u>\$ 12,939</u>	<u>\$ 227,266</u>	<u>\$ 100,229</u>

**CITY OF LINCOLN CITY, OREGON**

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

**YEAR ENDED JUNE 30, 2023**

**9. 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, 2023, unavailable revenue consists of the following:

	General Fund	Other Governmental Funds	Totals
Property taxes	\$ 300,472	\$ 8,732	\$ 309,204
LID assessments	363,215	-	363,215
Fines and warrants	28,646	-	28,646
Total	<u>\$ 692,333</u>	<u>\$ 8,732</u>	<u>\$ 701,065</u>

**10. 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, 2023, the City reports a restricted fund balance amount related to these post-closure requirements of \$513,447 and liability in the entity-wide financial statements \$350,499.

**11. 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, 2023**

**11. 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 2021. The limit is \$225,533 in 2023 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, 2023**

**11. 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 2021. The limit will be \$225,533 in 2023 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, 2023**

**11. 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, 2023**

**11. 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, 2023 were \$1,655,879. The contractually required contribution rates in effect for the fiscal year ended June 30, 2023 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 \$476,649 for the year ended June 30, 2023.

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

At June 30, 2023, the City reported a liability of \$10,465,668 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, 2023, the City's proportion was 0.0683 percent, which was a decrease from its proportion of 0.0701 measured as of June 30, 2022.

For the year ended June 30, 2023, the City recognized pension expense of \$1,586,457. At June 30, 2023, 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, 2023**

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 508,024	\$ 65,266
Change of assumptions	1,642,120	15,002
Net difference between projected and actual earnings on pension plan investments	-	1,871,059
Changes in proportionate share	272,304	717,550
Difference between employer contributions and employer's proportionate share of contributions	1,297,292	949,810
City contributions subsequent to the measurement Date	1,655,879	-
Total	<u>\$ 5,375,619</u>	<u>\$ 3,618,687</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, 2024.

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

Year ending June 30:	Total
2024	\$ 189,346
2025	(17,016)
2026	(718,861)
2027	749,739
2028	(102,156)
	<u>\$ 101,053</u>

**Actuarial Methods and Assumptions**

**Actuarial Valuations** - The employer contribution rates effective July 1, 2021, through June 30, 2023, 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, 2020 actuarial valuation was determined using the following actuarial assumptions:

**CITY OF LINCOLN CITY, OREGON**

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

**YEAR ENDED JUNE 30, 2023**

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

**Actuarial Methods and Assumptions (Continued)**

Valuation date	December 31, 2020
Measurement date	June 30, 2022
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 (1.25%/ 0.15%) in accordance with <i>Moro</i> decision; blend based on service
Mortality	<i>Healthy retirees &amp; 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 2020 Experience Study which reviewed experience for the four-year period ending on December 31, 2020.

**CITY OF LINCOLN CITY, OREGON**

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

**YEAR ENDED JUNE 30, 2023**

**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	25.0	35.0	30.0
Private Equity	15.0	27.5	20.0
Real Estate	7.5	17.5	12.5
Opportunity Portfolio	-	5.0	-
Risk Parity	-	3.5	2.5
Real Assets	2.5	10.0	7.5
Diversifying Strategies	2.5	10.0	7.5
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 June 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>20-Year Annualized 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, 2023**

**11. 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 (5.9%)</u>	<u>Discount Rate (6.9%)</u>	<u>1% Increase (7.9%)</u>
City's proportionate share of net pension liability	\$ 18,559,956	\$ 10,465,668	\$ 3,691,122

**12. 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 Subsidy</u>	<u>PERS RHIA Plan</u>	<u>Net OPEB on Financials</u>
Net OPEB asset	<u>\$ -</u>	<u>\$ 277,849</u>	<u>\$ 277,849</u>
Deferred outflows of resources:			
Change in assumptions	\$ 28,108	\$ 2,176	\$ 30,284
Difference between expected and actual experience	12,465	-	12,465
Change in proportionate share	-	5,221	5,221
Contributions after MD	<u>32,424</u>	<u>1,106</u>	<u>33,530</u>
	<u>\$ 72,997</u>	<u>\$ 8,503</u>	<u>\$ 81,500</u>

**CITY OF LINCOLN CITY, OREGON**

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

**YEAR ENDED JUNE 30, 2023**

**12. OTHER POSTEMPLOYMENT BENEFITS (Continued)**

	<u>Implicit Rate Subsidy</u>	<u>PERS RHIA Plan</u>	<u>Net OPEB on Financials</u>
OPEB Liability	<u>\$ 481,033</u>	<u>\$ -</u>	<u>\$ 481,033</u>
Deferred inflows of resources:			
Difference in expected and actual experience	\$ 46,874	\$ 7,530	\$ 54,404
Change in assumptions	113,932	9,262	123,194
Difference in earnings	-	21,190	21,190
Change in proportionate share	-	49,480	49,480
	<u>\$ 160,806</u>	<u>\$ 87,462</u>	<u>\$ 248,268</u>
OPEB expense/(income)*	<u>\$ 49,914</u>	<u>\$ (59,769)</u>	<u>\$ (9,855)</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, 2022 actuarial valuation includes 131 active participants and 3 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 \$481,033 was measured as of June 30, 2022 and was determined by an actuarial valuation as of July 1, 2022.

For the fiscal year ended June 30, 2023, the City recognized OPEB expense from this plan of \$49,914. At June 30, 2023, 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, 2023**

**12. 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	\$ 12,465	\$ 46,874
Changes of assumptions	28,108	113,932
Subtotal	40,573	160,806
City contributions subsequent to the measurement date	32,424	-
Totals	<u>\$ 72,997</u>	<u>\$ 160,806</u>

Deferred outflows of resources related to OPEB of \$32,424 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, 2024. 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>
2024	\$ (24,391)
2025	(21,185)
2026	(14,863)
2027	(13,693)
2028	(13,104)
Thereafter	(32,997)
Total	<u>\$ (120,233)</u>

***Actuarial assumptions and other inputs*** – The total OPEB liability for the current year was determined as a part of the July 1, 2022 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, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Actuarial cost method	Entry Age Normal
Inflation	2.40%
Salary increase	3.40%
Discount rate	3.54%

Withdrawal, retirement, and mortality rates                      December 31, 2021 Oregon PERS valuation

**CITY OF LINCOLN CITY, OREGON**

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

**YEAR ENDED JUNE 30, 2023**

**12. 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.
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***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, 2023.

	<u>Total OPEB Liability</u>
Balance as of June 30, 2022	\$ 549,424
Changes for the Year	
Service Costs	61,495
Interest	12,810
Changes of economic/demographic gains or losses	(18,023)
Changes of assumptions	(88,730)
Benefit payments	<u>(35,943)</u>
Balance as of June 30, 2023	<u>\$ 481,033</u>

***Sensitivity of the Total OPEB Liability to Changes in the Discount Rate*** – The following presents the total OPEB liability of the City, as well as what the total OPEB liability would be if it were calculated using a discount rate one percentage point lower (2.54%) or one percentage point higher (4.54%) than the current rate. A similar sensitivity analysis is presented for changes in the healthcare cost trend assumption.

	<u>1% Decrease (2.54%)</u>	<u>Discount Rate (3.54%)</u>	<u>1% Increase (4.54%)</u>
Total OPEB Liability	\$ 519,089	\$ 481,033	\$ 445,617
		Current Healthcare Cost Trend Rates <u>(3.75% to 6.75%)</u>	
Total OPEB Liability	<u>\$ 425,278</u>	\$ 481,033	<u>\$ 547,825</u>

**CITY OF LINCOLN CITY, OREGON**

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

**YEAR ENDED JUNE 30, 2023**

**12. 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, 2023 contributions was \$1,106.

**CITY OF LINCOLN CITY, OREGON**

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

**YEAR ENDED JUNE 30, 2023**

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

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

***OPEB Assets, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB*** – As of June 30, 2023, the City reported an asset of \$277,849 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, 2022 and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2020 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, 2023, the City's proportion was 0.0782%, which is an increase from its proportion of 0.0457% as of June 30, 2022.

For the year ended June 30, 2023, the city recognized OPEB income of \$59,769. The following table shows the components of the City's annual OPEB expense/ (income) for the year ended June 30, 2023:

Employer's proportionate share of collective system OPEB Expense / (Income)	\$ (41,600)
Net amortization of employer-specific deferred amounts from:	
- Changes in proportionate share	(18,169)
Total OPEB Expense / (Income)	<u>\$ (59,769)</u>

***Components of Deferred Outflows/Inflows of Resources*** - At June 30, 2023, 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	\$ -	\$ 7,530
Changes of assumptions	2,176	9,262
Net difference between projected and actual earnings on investments	-	21,190
Changes in proportionate share	5,221	49,480
Subtotal - Amortized Deferrals (shown below)	<u>7,397</u>	<u>87,462</u>
City contributions subsequent to the measurement date	1,106	-
Deferred Outflows / Inflows of Resources	<u>\$ 8,503</u>	<u>\$ 87,462</u>

**CITY OF LINCOLN CITY, OREGON**

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

**YEAR ENDED JUNE 30, 2023**

**12. 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, 2024.

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
2024	\$ (44,086)
2025	(29,393)
2026	(13,372)
2027	6,786
Total	<u>\$ (80,065)</u>

***Actuarial Methods and Assumptions*** – Actuarial methods and assumptions are consistent with those disclosed in the OPERS Pension Plan. See Note 11 – 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 Asset	\$ (250,421)	\$ (277,849)	\$ (301,362)

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.

**13. 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, 2023**

**13. 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 \$2,000,000 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, 2023:

<b><u>Funds</u></b>	<b><u>Transfers In</u></b>	<b><u>Transfers Out</u></b>
Governmental		
General	\$551,492	\$1,178,125
Lincoln Square Operations	252,395	-
Street Capital	2,591,748	4,792
Parks & Recreation Center	225,000	-
Explore Lincoln City	-	42,844
Other governmental	133,161	2,036,058
Internal Service Fund	150,000	-
Proprietary		
Water	-	42,504
Sewer	-	599,473
	<b><u>\$3,903,796</u></b>	<b><u>\$3,903,796</u></b>

**CITY OF LINCOLN CITY, OREGON**

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

**YEAR ENDED JUNE 30, 2023**

**13. 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 2021 the City issued a \$10,000 purchase order. In May of 2022 the City issued additional purchase orders for \$43,935. In June 2023 the City issued a purchase order for \$224,359, bringing total purchase order amounts to \$803,190. As of June 30, 2023, \$596,188 has been spent on this project.

In July 2022, the City Council approved \$1,418,070 for the 19<sup>th</sup> & SE Lee Water Pump Station Construction Award. In July of 2022, the City issued a purchase order for \$1,418,070. As of June 30, 2023, \$1,104,199 was spent on the purchase order.

In July 2022, the City Council approved \$522,946 for construction at SE 3<sup>rd</sup> for a flashing beacon and plaza improvements. In August 2022, the City issued a purchase order for \$522,946. As of June 30, 2023, \$430,984 was spent on the purchase order.

In October 2022, the City issued a purchase order for \$142,046 for purchase of three police vehicles. As of June 30, 2023, no amount been spent on this purchase order.

In January 2023, the City issued a purchase order for pumps and a shelter for Ester Lee pump station. As of June 30, 2023, \$35,183 had been expended on this purchase order.

In January 2023, the City Council approved a Progressive Design-Build contract award for \$2,450,000 for a new community park in Taft. In February 2023, the City issued a purchase order for \$200,000. In April 2023, the City issued another purchase order for \$205,380. As of June 30, 2023, \$75,061 had been expended on these purchase orders.

In February 2023, the City Council approved \$822,777 for phase 2 of upgrading utility meters to radio reads. In March 2023, the City issued a purchase order for \$822,777. As of June 30, 2023, \$361,360 has been expended on this purchase order.

In February 2023, the City Council approved \$883,581 for Holmes Pump Station upgrade. In March 2023, the City issued a purchase order for \$883,581. In June 2023, the City Council approved an increase to this project of \$115,280, bringing total to \$998,861. As of June 30, 2023, \$75,307 has been expended on this purchase order.

In February 2023, the City Council approved \$220,000 for a Wastewater Master Plan update. In March 2023, the City issued a purchase order for \$211,044. As of June 30, 2023, no amount has been spent on this purchase order.

**CITY OF LINCOLN CITY, OREGON**

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

**YEAR ENDED JUNE 30, 2023**

**13. OTHER INFORMATION (continued)**

**Construction Commitments (continued)**

In February 2023, the City Council approved \$574,895 for the NE 14<sup>th</sup> sidewalk improvements project phase 2. In March 2023, the City issued a purchase order for \$574,895. As of June 30, 2023, no amount has been spent on this purchase order.

In March 2023, the City Council approved \$154,990 for construction of City Entrance signs. In April 2023, the City issued a purchase order for \$154,990. As of June 30, 2023, \$7,030 has been expended on this purchase order.

In March 2023, the City Council approved \$458,260 for construction of a police utility building. In April 2023, the City issued a purchase order for \$458,260. As of June 30, 2023, \$256,975 has been expended on this purchase order.

In March 2023, the City Council approved \$222,416 for the NE 6<sup>th</sup> street sidewalk improvements. In April 2023, the City issued a purchase order for \$222,416. As of June 30, 2023, no amount had been spent on the purchase order.

In May 2023, the City Council approved \$1,733,254 for construction of the Nelscott force main phase 1. In May 2023, the City issued a purchase order for \$1,733,254. As of June 30, 2023, no amount had been spent on the purchase order.

In May 2023, the City Council approved Resolution 2023-09 for an emergency relocation of a water main NE 29<sup>th</sup> & Hwy 101, not to exceed \$125,000. In August 2023, the City issued a purchase order for \$120,973. As of June 30, 2023, no amount had been spent on this project.

**Budget Policies and Budgetary Control**

Generally, Oregon Local Budget Law requires annual budgets be adopted for all funds except fiduciary 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.

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

**CITY OF LINCOLN CITY, OREGON**

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

**YEAR ENDED JUNE 30, 2023**

**14. RESTATEMENT**

During the fiscal year ending June 30, 2022, the City's Sewer fund received \$785,536 in ARPA funds. Of that amount, the City spent \$39,479. The remaining \$746,057 was not reported as unearned revenue as it should have been; instead, it was reported as revenue and included in fund balance and in net position.

The City has accordingly restated beginning fund balances and beginning net position within the fund statements and within the government-wide financial statements as follows:

	<b><u>As Originally Reported</u></b>	<b><u>As Restated</u></b>	<b><u>Effect of Change</u></b>
<b>Statement of Net Position</b>			
Liabilities:			
Unearned grant revenue	\$ -	\$ 746,057	<u>\$ 746,057</u>
Net Position: government wide	143,025,844	142,279,787	<u>\$ (746,057)</u>
<b>Statement of activities</b>			
Business-type activities			
Operating Grants & Contributions	\$ 1,075,336	\$ 329,279	\$ (746,057)
Change in Net Position	7,539,493	6,793,436	<u>(746,057)</u>
Net Position	143,025,844	142,279,787	<u>\$ (746,057)</u>
<b>Proprietary Funds</b>			
<b>Statement of Net Position</b>			
Liabilities:			
Unearned grant revenue	\$ -	\$ 746,057	<u>\$ 746,057</u>
Total Net Position	46,043,600	45,297,543	<u>\$ (746,057)</u>
<b>Proprietary Funds</b>			
<b>Statement of Revenues, Expenses, and Changes in Fund Net Position</b>			
<b>Operating Revenue</b>			
Intergovernmental	\$ 1,075,336	\$ 329,279	<u>\$ (746,057)</u>
<b>Net Position, June 30, 2022</b>	46,043,600	45,297,543	<u>\$ (746,057)</u>

**15. SUBSEQUENT EVENTS**

In October 2023, the City Council approved \$1,088,911 construction award for the NE 14<sup>th</sup> sidewalk improvements phase 3 project.

**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, 2023**

	2018	2019	2020	2021	2022	2023
<b>Total OPEB Liability</b>						
Service cost	\$ 44,858	\$ 42,313	\$ 37,408	\$ 41,833	\$ 59,738	\$ 61,495
Interest	16,413	20,231	20,014	18,783	12,234	12,810
Changes in economic/demographic gains or losses	-	39,560	-	(51,539)	-	(18,023)
Changes in assumptions	(28,874)	(97,082)	12,440	35,032	1,999	(88,730)
Benefit payments	(41,145)	(40,205)	(56,121)	(53,416)	(36,529)	(35,943)
Net change in total OPEB liability	(8,748)	(35,183)	13,741	(9,307)	37,442	(68,391)
Total OPEB liability - beginning	551,479	542,731	507,548	521,289	511,982	549,424
Total OPEB liability - ending	<u>\$ 542,731</u>	<u>\$ 507,548</u>	<u>\$ 521,289</u>	<u>\$ 511,982</u>	<u>\$ 549,424</u>	<u>\$ 481,033</u>
Covered-employee payroll	\$8,028,837	\$8,621,321	\$8,960,286	\$8,928,070	\$9,294,505	\$ 10,386,450
<b>Total OEPB liability as a percentage of covered-employee payroll</b>	6.76%	5.89%	5.82%	5.73%	5.91%	4.63%

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, 2023**

<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 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
2023	0.07819363	(277,849)	10,386,450	-2.68%	194.6

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 CONTRIBUTIONS**

**OPERS RETIREMENT HEALTH INSURANCE ACCOUNT**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

<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 payroll</u>	<u>Contributions as a percentage of covered 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
2023	1,106	1,106	-	10,386,450	0.01

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, 2023**

<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 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
2023	0.06834942	10,465,668	9,294,505	112.6%	84.5

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

**SCHEDULE OF PENSION PLAN CONTRIBUTIONS**

**OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

<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 payroll</u>	<u>Contractual contributions as a percentage of covered 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
2023	1,655,879	1,655,879	-	10,386,450	15.9

**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, 2023**

	Budget		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
<b>REVENUES:</b>				
Property taxes	\$ 8,132,192	\$ 8,132,192	\$ 8,292,813	\$ 160,621
Franchise fees	1,093,450	1,093,450	1,199,838	106,388
Transient room tax	2,261,908	2,261,908	2,015,186	(246,722)
Fees, licenses and permits	806,694	931,694	1,064,245	132,551
Fines, and forfeitures	252,635	252,635	198,446	(54,189)
Charges for services	54,080	54,080	56,243	2,163
Intergovernmental	759,326	759,326	783,458	24,132
Lease revenue	76,164	76,164	91,360	15,196
Loan repayments	-	-	7,333	7,333
Interest	56,000	56,000	379,663	323,663
Miscellaneous	313,417	313,417	417,637	104,220
<b>TOTAL REVENUES</b>	<b>13,805,866</b>	<b>13,930,866</b>	<b>14,506,222</b>	<b>575,356</b>
<b>EXPENDITURES:</b>				
City council	93,169	93,169	71,051	22,118
City administration	909,394	929,041	923,510	5,531
Finance	948,302	989,678	927,830	61,848
Library	1,203,446	1,255,899	1,183,339	72,560
Municipal court	120,933	124,790	88,271	36,519
City attorney	292,389	314,440	301,997	12,443
Planning	478,721	528,714	504,625	24,089
Building inspection	421,089	553,481	580,719	(27,238)
Economic development	1,623,693	1,808,151	1,038,260	769,891
Police	5,965,977	6,231,066	5,683,410	547,656
Dispatch center	1,348,590	1,399,113	1,287,722	111,391
City hall operations	567,973	617,750	366,145	251,605
Debt Service	-	7,208	27,246	(20,038)
Contingencies	3,231,811	2,643,279	-	2,643,279
<b>TOTAL EXPENDITURES</b>	<b>17,205,487</b>	<b>17,495,779</b>	<b>12,984,125</b>	<b>4,511,654</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(3,399,621)</b>	<b>(3,564,913)</b>	<b>1,522,097</b>	<b>5,087,010</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Proceeds from sale of capital assets	-	-	15,417	15,417
New subscriptions	-	-	173,320	173,320
Transfers in	666,345	1,216,345	1,216,345	-
Transfers out	(778,125)	(1,328,125)	(1,328,125)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(111,780)</b>	<b>(111,780)</b>	<b>76,957</b>	<b>188,737</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(3,511,401)</b>	<b>(3,676,693)</b>	<b>1,599,054</b>	<b>5,275,747</b>
<b>FUND BALANCE, beginning of year</b>	<b>9,511,401</b>	<b>9,676,693</b>	<b>11,118,232</b>	<b>1,441,539</b>
<b>FUND BALANCE, end of year</b>	<b>\$ 6,000,000</b>	<b>\$ 6,000,000</b>	<b>\$ 12,717,286</b>	<b>\$ 6,717,286</b>
Change in fund balance - budgetary basis			\$ 1,599,054	
New loan reported as increase in receivable			240,000	
Loan repayments reported as reduction in receivable			(58,409)	
Change in fund balance - GAAP basis			<u>\$ 1,780,645</u>	
Fund balance - budgetary basis			\$ 12,717,286	
Balance of loans receivable			884,484	
Fund balance - GAAP basis			<u>\$ 13,601,770</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, 2023**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Lease revenue	\$ 214,724	\$ 214,724	\$ 169,319	\$ (45,405)
Interest	1,900	1,900	103,792	101,892
Miscellaneous	41,039	41,039	139,969	98,930
<b>TOTAL REVENUES</b>	<u>257,663</u>	<u>257,663</u>	<u>413,080</u>	<u>155,417</u>
<b>EXPENDITURES:</b>				
Lincoln Square maintenance	501,617	611,012	628,914	(17,902)
Contingency	273,767	164,372	-	164,372
<b>TOTAL EXPENDITURES</b>	<u>775,384</u>	<u>775,384</u>	<u>628,914</u>	<u>146,470</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(517,721)	(517,721)	(215,834)	301,887
<b>OTHER FINANCING SOURCES:</b>				
Transfers in	252,395	252,395	252,395	-
<b>NET CHANGE IN FUND BALANCE</b>	(265,326)	(265,326)	36,561	301,887
<b>FUND BALANCE, beginning of year</b>	<u>265,326</u>	<u>265,326</u>	<u>300,893</u>	<u>35,567</u>
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 337,454</u>	<u>\$ 337,454</u>

**CITY OF LINCOLN CITY**

Lincoln City, Oregon

**PARKS AND RECREATION CENTER FUND**

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

**FOR THE YEAR ENDED JUNE 30, 2023**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Transient room tax	\$ 2,258,343	\$ 2,258,343	\$ 2,039,203	\$ (219,140)
Charges for services	336,520	336,520	495,491	158,971
Intergovernmental	406,100	406,100	368,518	(37,582)
Interest on investments	10,000	10,000	67,279	57,279
Miscellaneous	5,228	5,228	27,477	22,249
<b>TOTAL REVENUES</b>	<b>3,016,191</b>	<b>3,016,191</b>	<b>2,997,968</b>	<b>(18,223)</b>
<b>EXPENDITURES:</b>				
Park operations	1,616,155	2,647,853	1,700,044	947,809
Recreation center	1,537,771	1,605,198	1,473,486	131,712
Contingency	2,304,687	1,218,062	-	1,218,062
<b>TOTAL EXPENDITURES</b>	<b>5,458,613</b>	<b>5,471,113</b>	<b>3,173,530</b>	<b>2,297,583</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(2,442,422)</b>	<b>(2,454,922)</b>	<b>(175,562)</b>	<b>2,279,360</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Proceeds from sale of equipment	-	-	25,951	25,951
Transfers in	255,000	255,000	225,000	(30,000)
Transfers out	(49,000)	(49,000)	(49,000)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>206,000</b>	<b>206,000</b>	<b>201,951</b>	<b>(4,049)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(2,236,422)</b>	<b>(2,248,922)</b>	<b>26,389</b>	<b>2,275,311</b>
<b>FUND BALANCE, beginning of year</b>	<b>2,236,422</b>	<b>2,248,922</b>	<b>2,422,674</b>	<b>173,752</b>
<b>FUND BALANCE, end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,449,063</b>	<b>\$ 2,449,063</b>
Transfers out - budgetary basis			\$ 49,000	
Transfer for support services			(49,000)	
Transfers out - GAAP basis			\$ -	
Total expenditures - budgetary basis			\$ 3,173,530	
Transfer for support services			49,000	
Total expenditures - GAAP basis			\$ 3,222,530	

**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, 2023**

	Budget		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
<b>REVENUES:</b>				
Transient room tax	\$ 3,444,020	\$ 3,444,020	\$ 3,109,660	\$ (334,360)
Interest on investments	16,206	16,206	143,247	127,041
Miscellaneous	1,250	1,250	17,995	16,745
<b>TOTAL REVENUES</b>	<b>3,461,476</b>	<b>3,461,476</b>	<b>3,270,902</b>	<b>(190,574)</b>
<b>EXPENDITURES:</b>				
Explore Lincoln City operations	2,677,054	2,776,629	2,028,496	748,133
Debt service	-	1,632	1,632	-
Contingency	4,877,691	4,871,027	-	4,871,027
<b>TOTAL EXPENDITURES</b>	<b>7,554,745</b>	<b>7,649,288</b>	<b>2,030,128</b>	<b>5,619,160</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(4,093,269)</b>	<b>(4,187,812)</b>	<b>1,240,774</b>	<b>5,428,586</b>
<b>OTHER FINANCING USES:</b>				
Transfers out	(115,274)	(115,274)	(85,274)	(30,000)
<b>NET CHANGE IN FUND BALANCE</b>	<b>(4,208,543)</b>	<b>(4,303,086)</b>	<b>1,155,500</b>	<b>5,458,586</b>
<b>FUND BALANCE, beginning of year</b>	<b>4,208,543</b>	<b>4,303,086</b>	<b>4,547,819</b>	<b>244,733</b>
<b>FUND BALANCE, end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,703,319</b>	<b>\$ 5,703,319</b>
Change in fund balance - budgetary basis			\$ 1,155,500	
Reduction in COVID Relief recorded as prepaid, net			(60,561)	
Change in fund balance - GAAP basis			\$ 1,094,939	
Fund balance - budgetary basis			\$ 5,703,319	
Balance of COVID Relief recorded as prepaid, net			368,657	
Fund balance - GAAP basis			\$ 6,071,976	

**CITY OF LINCOLN CITY, OREGON**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**YEAR ENDED JUNE 30, 2023**

**Budget Policies and Budgetary Control**

Generally, Oregon Local Budget Law requires annual budgets to be adopted for all funds except fiduciary 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 four changes to the fiscal year 2022-23 General Fund adopted budget. These changes recatergorized operating expenditures to reflect actual spending patterns. It also added \$150,000 for economic development grants, funding for a Police LINT position, and a \$100,000 transfer to the Police Building Construction Fund for a storage building.

**OTHER SUPPLEMENTARY INFORMATION**

**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, 2023**

	Budget		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
<b>REVENUES:</b>				
Intergovernmental	\$ 773,765	\$ 773,765	\$ 1,056,411	\$ 282,646
Donations		-	99,998	99,998
Interest on investments	16,136	16,136	92,613	76,477
<b>TOTAL REVENUES</b>	<b>789,901</b>	<b>789,901</b>	<b>1,249,022</b>	<b>459,121</b>
<b>EXPENDITURES:</b>				
Street improvements	5,880,048	6,175,048	1,308,434	4,866,614
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(5,090,147)</b>	<b>(5,385,147)</b>	<b>(59,412)</b>	<b>5,325,735</b>
<b>OTHER FINANCING SOURCES:</b>				
Transfers in	2,291,748	2,591,748	2,591,748	-
Transfers out	(5,000)	(10,000)	(4,792)	5,208
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>2,286,748</b>	<b>2,581,748</b>	<b>2,586,956</b>	<b>5,208</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(2,803,399)</b>	<b>(2,803,399)</b>	<b>2,527,544</b>	<b>5,330,943</b>
<b>FUND BALANCE, beginning of year</b>	<b>2,803,399</b>	<b>2,803,399</b>	<b>3,279,644</b>	<b>476,245</b>
<b>FUND BALANCE, end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,807,188</b>	<b>\$ 5,807,188</b>
Change in fund balance - budgetary basis			\$ 2,527,544	
Unearned grant revenue			(270,000)	
Change in fund balance - GAAP basis			<u>\$ 2,257,544</u>	
Fund balance - budgetary basis			\$ 5,807,188	
Unearned grant revenue			(270,000)	
Fund balance - GAAP basis			<u>\$ 5,537,188</u>	

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

**NONMAJOR GOVERNMENTAL FUNDS**

**COMBINING BALANCE SHEET**

**JUNE 30, 2023**

	<u>Special Revenue Funds</u>	<u>Capital Project Funds</u>	<u>Totals</u>
<b>ASSETS:</b>			
Cash and investments	\$ 1,919,521	\$ 4,281,382	\$ 6,200,903
Cash with County Treasurer	1,404	-	1,404
Receivables	1,197,499	240,205	1,437,704
Land held for sale	560,822	-	560,822
	<u>560,822</u>	<u>-</u>	<u>560,822</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 3,679,246</u></b>	<b><u>\$ 4,521,587</u></b>	<b><u>\$ 8,200,833</u></b>
<b>LIABILITIES:</b>			
Accounts payable	\$ 81,198	\$ 233,477	\$ 314,675
Unearned grant revenue	-	1,000,000	1,000,000
	<u>-</u>	<u>1,000,000</u>	<u>1,000,000</u>
<b>TOTAL LIABILITIES</b>	<b><u>81,198</u></b>	<b><u>1,233,477</u></b>	<b><u>1,314,675</u></b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Unavailable revenue, property taxes	8,732	-	8,732
	<u>8,732</u>	<u>-</u>	<u>8,732</u>
<b>FUND BALANCES:</b>			
Nonspendable in form	1,262,880	-	1,262,880
Restricted for:			
Capital projects	-	3,072,604	3,072,604
Road construction/maintenance	1,012,932	-	1,012,932
Urban renewal	946,814	-	946,814
Committed to:			
Affordable housing	315,327	-	315,327
Art and education	51,363	-	51,363
Assigned to:			
Capital projects	-	215,506	215,506
	<u>-</u>	<u>215,506</u>	<u>215,506</u>
<b>TOTAL FUND BALANCES</b>	<b><u>3,589,316</u></b>	<b><u>3,288,110</u></b>	<b><u>6,877,426</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b><u>\$ 3,679,246</u></b>	<b><u>\$ 4,521,587</u></b>	<b><u>\$ 8,200,833</u></b>

**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, 2023**

	<u>Special Revenue Funds</u>	<u>Capital Project Funds</u>	<u>Eliminations</u>	<u>Totals</u>
<b>REVENUES:</b>				
Property taxes	\$ 335,843	\$ -	\$ -	\$ 335,843
Transient room tax	2,039,203	1,020,097	-	3,059,300
Rents	32,830	-	-	32,830
Charges for services	41,946	341,804	-	383,750
Intergovernmental	-	7,944	-	7,944
Interest on investments	101,759	132,020	-	233,779
Miscellaneous	30,770	2,378	-	33,148
<b>TOTAL REVENUES</b>	<u>2,582,351</u>	<u>1,504,243</u>	<u>-</u>	<u>4,086,594</u>
<b>EXPENDITURES:</b>				
Current:				
General government	163,925	-	-	163,925
Highways and streets	1,278,432	78,650	-	1,357,082
Capital outlay	163,777	2,248,840	-	2,412,617
Debt service	840	616,775	-	617,615
<b>TOTAL EXPENDITURES</b>	<u>1,606,974</u>	<u>2,944,265</u>	<u>-</u>	<u>4,551,239</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>975,377</u>	<u>(1,440,022)</u>	<u>-</u>	<u>(464,645)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Proceeds from sale of equipment	34,336	-	-	34,336
Transfers in	214,596	100,000	(181,435)	133,161
Transfers out	(2,036,058)	(181,435)	181,435	(2,036,058)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(1,787,126)</u>	<u>(81,435)</u>	<u>-</u>	<u>(1,868,561)</u>
<b>NET CHANGE IN FUND BALANCE</b>	(811,749)	(1,521,457)	-	(2,333,206)
<b>FUND BALANCE, beginning of year</b>	<u>4,401,065</u>	<u>4,809,567</u>	<u>-</u>	<u>9,210,632</u>
<b>FUND BALANCE, end of year</b>	<u>\$ 3,589,316</u>	<u>\$ 3,288,110</u>	<u>\$ -</u>	<u>\$ 6,877,426</u>

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

**NONMAJOR SPECIAL REVENUE FUNDS**

**COMBINING BALANCE SHEET**

**JUNE 30, 2023**

	<u>Workforce Housing</u>	<u>Street Operations</u>	<u>Urban Renewal Property Rehabilitation Program</u>	<u>Urban Renewal Tax Increment Roads End</u>
<b>ASSETS:</b>				
Cash and investments	\$ 315,338	\$ 599,708	\$ 403,998	\$ 410,736
Cash with County Treasurer	-	-	-	1,404
Receivables	84,891	478,912	624,964	8,732
Land held for sale	<u>560,822</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u><b>\$ 961,051</b></u>	<u><b>\$ 1,078,620</b></u>	<u><b>\$ 1,028,962</b></u>	<u><b>\$ 420,872</b></u>
<b>LIABILITIES:</b>				
Accounts payable	<u>\$ 11</u>	<u>\$ 65,688</u>	<u>\$ 1,939</u>	<u>\$ 9,000</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Unavailable revenue, property taxes	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,732</u>
<b>FUND BALANCES:</b>				
Nonspendable in form	645,713	-	617,167	-
Restricted for:				
Road construction/maintenance	-	1,012,932	-	-
Parks maintenance	-	-	-	-
Urban Renewal	-	-	409,856	403,140
Committed to:				
Affordable housing	315,327	-	-	-
Maintenance	-	-	-	-
Art and education	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL FUND BALANCES</b>	<u><b>961,040</b></u>	<u><b>1,012,932</b></u>	<u><b>1,027,023</b></u>	<u><b>403,140</b></u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u><b>\$ 961,051</b></u>	<u><b>\$ 1,078,620</b></u>	<u><b>\$ 1,028,962</b></u>	<u><b>\$ 420,872</b></u>

<u>Urban Renewal</u>	<u>Percent for Art</u>	<u>Totals</u>
\$ 138,378	\$ 51,363	\$ 1,919,521
-	-	1,404
-	-	1,197,499
-	-	560,822
<u>\$ 138,378</u>	<u>\$ 51,363</u>	<u>\$ 3,679,246</u>
\$ 4,560	\$ -	\$ 81,198
-	-	8,732
-	-	1,262,880
-	-	1,012,932
-	-	-
133,818	-	946,814
-	-	315,327
-	-	-
-	51,363	51,363
<u>133,818</u>	<u>51,363</u>	<u>3,589,316</u>
<u>\$ 138,378</u>	<u>\$ 51,363</u>	<u>\$ 3,679,246</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, 2023**

	Workforce Housing	Street Operations	Urban Renewal Property Rehabilitation Program	Urban Renewal Tax Increment Roads End
<b>REVENUES:</b>				
Property taxes	\$ -	\$ -	\$ -	\$ 335,843
Transient room tax	-	2,039,203	-	-
Rents	32,830	-	-	-
Lease revenue	-	-	-	-
Charges for services	-	41,946	-	-
Intergovernmental	-	-	-	-
Reimbursement from other funds	-	-	-	-
Interest on investments	8,738	73,864	521	12,093
Miscellaneous	-	30,770	-	-
<b>TOTAL REVENUES</b>	<u>41,568</u>	<u>2,185,783</u>	<u>521</u>	<u>347,936</u>
<b>EXPENDITURES:</b>				
Current				
General government	26,888	-	5,509	112,810
Highways and streets	-	1,278,432	-	-
Debt service	-	840	-	-
Capital outlay	-	37,560	-	-
<b>TOTAL EXPENDITURES</b>	<u>26,888</u>	<u>1,316,832</u>	<u>5,509</u>	<u>112,810</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>14,680</u>	<u>868,951</u>	<u>(4,988)</u>	<u>235,126</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Proceeds from sale of capital assets	-	34,336	-	-
Transfers in	-	10,000	-	-
Transfers out	-	(2,036,058)	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>(1,991,722)</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	14,680	(1,122,771)	(4,988)	235,126
<b>FUND BALANCE, beginning of year</b>	<u>946,360</u>	<u>2,135,703</u>	<u>1,032,011</u>	<u>168,014</u>
<b>FUND BALANCE, end of year</b>	<u>\$ 961,040</u>	<u>\$ 1,012,932</u>	<u>\$ 1,027,023</u>	<u>\$ 403,140</u>

Urban Renewal	Percent for Art	Totals
\$ -	\$ -	\$ 335,843
-	-	2,039,203
-	-	32,830
-	-	-
-	-	41,946
-	-	-
-	-	-
4,970	1,573	101,759
-	-	30,770
<u>4,970</u>	<u>1,573</u>	<u>2,582,351</u>
18,718	-	163,925
-	-	1,278,432
-	-	840
<u>54,009</u>	<u>72,208</u>	<u>163,777</u>
<u>72,727</u>	<u>72,208</u>	<u>1,606,974</u>
<u>(67,757)</u>	<u>(70,635)</u>	<u>975,377</u>
-	-	34,336
178,542	26,054	214,596
-	-	(2,036,058)
<u>178,542</u>	<u>26,054</u>	<u>(1,787,126)</u>
110,785	(44,581)	(811,749)
<u>23,033</u>	<u>95,944</u>	<u>4,401,065</u>
<u>\$ 133,818</u>	<u>\$ 51,363</u>	<u>\$ 3,589,316</u>

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

**WORKFORCE HOUSING FUND**

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

**FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Original/Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>			
Rents	\$ 25,000	\$ 32,830	\$ 7,830
Interest on investments	1,775	8,738	6,963
<b>TOTAL REVENUES</b>	<u>26,775</u>	<u>41,568</u>	<u>14,793</u>
<b>EXPENDITURES:</b>			
Workforce housing	106,551	26,888	79,663
Special payments	150,000	-	150,000
<b>TOTAL EXPENDITURES</b>	<u>256,551</u>	<u>26,888</u>	<u>229,663</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND CHANGE IN FUND BALANCE</b>	(229,776)	14,680	244,456
<b>FUND BALANCE</b> , beginning of year	<u>229,776</u>	<u>300,647</u>	<u>70,871</u>
<b>FUND BALANCE</b> , end of year	<u>\$ -</u>	<u>\$ 315,327</u>	<u>\$ 315,327</u>
Fund balance - budgetary basis		\$ 315,327	
Balance of loans receivable		84,891	
Assets held for sale		<u>560,822</u>	
Fund balance - GAAP basis		<u>\$ 961,040</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, 2023**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Transient room tax	\$ 2,258,343	\$ 2,258,343	\$ 2,039,203	\$ (219,140)
Charges for services	20,000	20,000	41,946	21,946
Interest on investments	5,500	5,500	73,864	68,364
Miscellaneous	-	-	30,770	30,770
<b>TOTAL REVENUES</b>	<b>2,283,843</b>	<b>2,283,843</b>	<b>2,185,783</b>	<b>(98,060)</b>
<b>EXPENDITURES:</b>				
Street maintenance	1,546,638	1,563,261	1,238,437	324,824
Debt service	-	840	840	-
Contingency	770,548	753,085	-	753,085
<b>TOTAL EXPENDITURES</b>	<b>2,317,186</b>	<b>2,317,186</b>	<b>1,239,277</b>	<b>1,077,909</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(33,343)</b>	<b>(33,343)</b>	<b>946,506</b>	<b>979,849</b>
<b>OTHER FINANCING USES:</b>				
Proceeds from sale of equipment	-	-	34,336	34,336
Transfers in	10,000	10,000	10,000	-
Transfers out	(2,113,613)	(2,113,613)	(2,113,613)	-
<b>TOTAL OTHER FINANCING USES</b>	<b>(2,103,613)</b>	<b>(2,103,613)</b>	<b>(2,069,277)</b>	<b>34,336</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(2,136,956)</b>	<b>(2,136,956)</b>	<b>(1,122,771)</b>	<b>1,014,185</b>
<b>FUND BALANCE, beginning of year</b>	<b>2,136,956</b>	<b>2,136,956</b>	<b>2,135,703</b>	<b>(1,253)</b>
<b>FUND BALANCE, end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,012,932</b>	<b>\$ 1,012,932</b>
Transfers out - budgetary basis			\$ 2,113,613	
Transfer for support services			(77,555)	
Transfers out - GAAP basis			<u>\$ 2,036,058</u>	
Total expenditures - budgetary basis			\$ 1,239,277	
Transfer for support services			77,555	
Total expenditures - GAAP basis			<u>\$ 1,316,832</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, 2023**

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES:</b>			
Loan repayments	\$ 90,000	\$ 83,569	\$ (6,431)
Interest on investments	50	521	471
<b>TOTAL REVENUES</b>	<u>90,050</u>	<u>84,090</u>	<u>(5,960)</u>
<b>EXPENDITURES:</b>			
Materials and services	5,000	5,509	(509)
Capital outlay	376,188	-	376,188
<b>TOTAL EXPENDITURES</b>	<u>381,188</u>	<u>5,509</u>	<u>375,679</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND CHANGE IN FUND BALANCE</b>	(291,138)	78,581	369,719
<b>FUND BALANCE</b> , beginning of year	<u>291,138</u>	<u>331,275</u>	<u>40,137</u>
<b>FUND BALANCE</b> , end of year	<u>\$ -</u>	<u>\$ 409,856</u>	<u>\$ 409,856</u>
Fund balance - budgetary basis		\$ 409,856	
Balance of loans receivable		<u>617,167</u>	
Fund balance - GAAP basis		<u>\$ 1,027,023</u>	
Change in fund balance - budgetary basis		\$ 78,581	
Loan repayments reported as reduction in receivable		<u>(83,569)</u>	
Changes in fund balance - GAAP basis		<u>\$ (4,988)</u>	

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

**URBAN RENEWAL TAX INCREMENT - ROADS END FUND**

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

**FOR THE YEAR ENDED JUNE 30, 2023**

	Budget		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
<b>REVENUES:</b>				
Property taxes	\$ 250,638	\$ 250,638	\$ 335,843	\$ 85,205
Interest on investments	180	180	12,093	11,913
<b>TOTAL REVENUES</b>	<u>250,818</u>	<u>250,818</u>	<u>347,936</u>	<u>97,118</u>
<b>EXPENDITURES:</b>				
Materials and services	14,625	16,625	112,810	(96,185)
Capital outlay	153,067	151,067	-	151,067
<b>TOTAL EXPENDITURES</b>	<u>167,692</u>	<u>167,692</u>	<u>112,810</u>	<u>54,882</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND CHANGE IN FUND BALANCE</b>	83,126	83,126	235,126	152,000
<b>FUND BALANCE, beginning of year</b>	<u>166,874</u>	<u>166,874</u>	<u>168,014</u>	<u>1,140</u>
<b>FUND BALANCE, end of year</b>	<u>\$ 250,000</u>	<u>\$ 250,000</u>	<u>\$ 403,140</u>	<u>\$ 153,140</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, 2023**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Interest on investments	\$ 400	\$ 400	\$ 4,970	\$ 4,570
<b>EXPENDITURES:</b>				
Materials and services	5,875	35,875	18,718	17,157
Capital outlay	160,933	309,475	54,009	255,466
<b>TOTAL EXPENDITURES</b>	<b>166,808</b>	<b>345,350</b>	<b>72,727</b>	<b>272,623</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(166,408)</b>	<b>(344,950)</b>	<b>(67,757)</b>	<b>277,193</b>
<b>OTHER FINANCING SOURCES:</b>				
Transfers in	-	178,542	178,542	-
<b>NET CHANGE IN FUND BALANCE</b>	<b>(166,408)</b>	<b>(166,408)</b>	<b>110,785</b>	<b>277,193</b>
<b>FUND BALANCE</b> , beginning of year	<b>166,408</b>	<b>166,408</b>	<b>23,033</b>	<b>(143,375)</b>
<b>FUND BALANCE</b> , end of year	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 133,818</b>	<b>\$ 133,818</b>

**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, 2023**

	Budget		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
<b>REVENUES:</b>				
Interest on investments	\$ 650	\$ 650	\$ 1,573	\$ 923
<b>EXPENDITURES:</b>				
Materials and services	10,000	10,000	-	10,000
Capital outlay	44,064	110,594	72,208	38,386
<b>TOTAL EXPENDITURES</b>	<b>54,064</b>	<b>120,594</b>	<b>72,208</b>	<b>48,386</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(53,414)</b>	<b>(119,944)</b>	<b>(70,635)</b>	<b>49,309</b>
<b>OTHER FINANCING SOURCES:</b>				
Transfers in	21,000	24,000	26,054	2,054
<b>NET CHANGE IN FUND BALANCE</b>	<b>(32,414)</b>	<b>(95,944)</b>	<b>(44,581)</b>	<b>51,363</b>
<b>FUND BALANCE, beginning of year</b>	<b>32,414</b>	<b>95,944</b>	<b>95,944</b>	<b>-</b>
<b>FUND BALANCE, end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 51,363</b>	<b>\$ 51,363</b>

**CAPITAL PROJECTS FUNDS**

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

**NONMAJOR CAPITAL PROJECTS FUNDS**

**COMBINING BALANCE SHEET**

**JUNE 30, 2023**

	<u>Transportation Development</u>	<u>N Hwy 101 Improvement Program</u>	<u>Intersection Improvement</u>	<u>Storm Drainage Development</u>	<u>Park System Development Charge Improvement</u>
<b>ASSETS:</b>					
Cash and investments	\$ 444,198	\$ 203,584	\$ 147,461	\$ 77,623	\$ 802,795
Receivables	-	-	-	-	749
<b>TOTAL ASSETS</b>	<u>\$ 444,198</u>	<u>\$ 203,584</u>	<u>\$ 147,461</u>	<u>\$ 77,623</u>	<u>\$ 803,544</u>
<b>LIABILITIES:</b>					
Accounts payable	\$ -	\$ 12,790	\$ -	\$ -	\$ 80,019
Unearned grant revenue	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>12,790</u>	<u>-</u>	<u>-</u>	<u>80,019</u>
<b>FUND BALANCES:</b>					
Restricted for:					
Capital projects	444,198	190,794	147,461	77,623	723,525
Assigned to:					
Capital projects	-	-	-	-	-
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 444,198</u>	<u>\$ 203,584</u>	<u>\$ 147,461</u>	<u>\$ 77,623</u>	<u>\$ 803,544</u>

<u>Parks Development</u>	<u>Facilities Capital</u>	<u>Police Building Construction</u>	<u>Total</u>
\$ 1,607,575	\$ 699,172	\$ 298,974	\$ 4,281,382
-	239,456	-	240,205
<u>\$ 1,607,575</u>	<u>\$ 938,628</u>	<u>\$ 298,974</u>	<u>\$ 4,521,587</u>
\$ -	\$ 57,200	\$ 83,468	\$ 233,477
1,000,000	-	-	1,000,000
<u>1,000,000</u>	<u>57,200</u>	<u>83,468</u>	<u>1,233,477</u>
607,575	881,428	-	3,072,604
-	-	215,506	215,506
<u>\$ 1,607,575</u>	<u>\$ 938,628</u>	<u>\$ 298,974</u>	<u>\$ 4,521,587</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, 2023**

	<u>Transportation Development</u>	<u>N Hwy 101 Improvement Program</u>	<u>Intersection Improvement</u>	<u>Storm Drainage Development</u>	<u>Parks System Development Charge Improvement</u>
<b>REVENUES:</b>					
Transient room tax	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	89,387	47,379	-	3,886	201,152
Intergovernmental	-	-	-	-	7,944
Interest on investments	15,250	4,560	4,151	2,144	21,446
Miscellaneous	-	-	-	-	313
<b>TOTAL REVENUES</b>	<u>104,637</u>	<u>51,939</u>	<u>4,151</u>	<u>6,030</u>	<u>230,855</u>
<b>EXPENDITURES:</b>					
Materials and services	-	-	-	-	-
Capital outlay	465,821	25,938	-	-	149,969
Debt service	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>465,821</u>	<u>25,938</u>	<u>-</u>	<u>-</u>	<u>149,969</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(361,184)	26,001	4,151	6,030	80,886
<b>OTHER FINANCING SOURCES</b>					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(361,184)	26,001	4,151	6,030	80,886
<b>FUND BALANCE, beginning of year</b>	<u>805,382</u>	<u>164,793</u>	<u>143,310</u>	<u>71,593</u>	<u>642,639</u>
<b>FUND BALANCE, end of year</b>	<u>\$ 444,198</u>	<u>\$ 190,794</u>	<u>\$ 147,461</u>	<u>\$ 77,623</u>	<u>\$ 723,525</u>

<u>Parks Development</u>	<u>Facilities Capital</u>	<u>Police Building Construction</u>	<u>Urban Renewal Construction</u>	<u>Totals</u>
\$ -	\$ 1,020,097	\$ -	\$ -	\$ 1,020,097
-	-	-	-	341,804
-	-	-	-	7,944
44,184	24,612	15,673	-	132,020
2,065	-	-	-	2,378
<u>46,249</u>	<u>1,044,709</u>	<u>15,673</u>	<u>-</u>	<u>1,504,243</u>
-	78,650	-	-	78,650
-	750,203	856,909	-	2,248,840
-	616,775	-	-	616,775
<u>-</u>	<u>1,445,628</u>	<u>856,909</u>	<u>-</u>	<u>2,944,265</u>
46,249	(400,919)	(841,236)	-	(1,440,022)
-	-	100,000	-	100,000
<u>-</u>	<u>(396)</u>	<u>(2,497)</u>	<u>(178,542)</u>	<u>(181,435)</u>
<u>-</u>	<u>(396)</u>	<u>97,503</u>	<u>(178,542)</u>	<u>(81,435)</u>
46,249	(401,315)	(743,733)	(178,542)	(1,521,457)
561,326	1,282,743	959,239	178,542	4,809,567
<u>\$ 607,575</u>	<u>\$ 881,428</u>	<u>\$ 215,506</u>	<u>\$ -</u>	<u>\$ 3,288,110</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, 2023**

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES:</b>			
Improvement fee	\$ 80,000	\$ 89,387	\$ 9,387
Interest on investments	4,096	15,250	11,154
<b>TOTAL REVENUES</b>	<u>84,096</u>	<u>104,637</u>	<u>20,541</u>
<b>EXPENDITURES:</b>			
Capital outlay	<u>909,988</u>	<u>465,821</u>	<u>444,167</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND CHANGE IN FUND BALANCE</b>	<u>(825,892)</u>	<u>(361,184)</u>	<u>464,708</u>
<b>FUND BALANCE</b> , beginning of year	<u>825,892</u>	<u>805,382</u>	<u>(20,510)</u>
<b>FUND BALANCE</b> , end of year	<u>\$ -</u>	<u>\$ 444,198</u>	<u>\$ 444,198</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, 20203**

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES:</b>			
Improvement fee	\$ 33,221	\$ 47,379	\$ 14,158
Intergovernmental	1,944,416	-	(1,944,416)
Interest on investments	-	4,560	4,560
<b>TOTAL REVENUES</b>	<u>1,977,637</u>	<u>51,939</u>	<u>(1,925,698)</u>
<b>EXPENDITURES:</b>			
Capital outlay	<u>2,213,036</u>	<u>25,938</u>	<u>2,187,098</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND CHANGE IN FUND BALANCE</b>	(235,399)	26,001	261,400
<b>FUND BALANCE, beginning of year</b>	<u>235,399</u>	<u>164,793</u>	<u>(70,606)</u>
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ 190,794</u>	<u>\$ 190,794</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, 2023**

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES:</b>			
Interest on investments	<u>\$ 703</u>	<u>\$ 4,151</u>	<u>\$ 3,448</u>
<b>EXPENDITURES:</b>			
Capital outlay	<u>143,898</u>	<u>-</u>	<u>143,898</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND CHANGE IN FUND BALANCE</b>	<u>(143,195)</u>	<u>4,151</u>	<u>147,346</u>
<b>FUND BALANCE</b> , beginning of year	<u>143,195</u>	<u>143,310</u>	<u>115</u>
<b>FUND BALANCE</b> , end of year	<u>\$ -</u>	<u>\$ 147,461</u>	<u>\$ 147,461</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, 2023**

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES:</b>			
Improvement fee	\$ 4,282	\$ 3,886	\$ (396)
Interest on investments	340	2,144	1,804
<b>TOTAL REVENUES</b>	<u>4,622</u>	<u>6,030</u>	<u>1,408</u>
<b>EXPENDITURES:</b>			
Capital outlay	<u>76,090</u>	<u>-</u>	<u>76,090</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND CHANGE IN FUND BALANCE</b>	(71,468)	6,030	77,498
<b>FUND BALANCE, beginning of year</b>	<u>71,468</u>	<u>71,593</u>	<u>125</u>
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ 77,623</u>	<u>\$ 77,623</u>

**CITY OF LINCOLN CITY**

Lincoln City, Oregon

**PARKS SYSTEM DEVELOPMENT CHARGE IMPROVEMENT FUND**

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

**FOR THE YEAR ENDED JUNE 30, 2023**

	Original/Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>			
Improvement fee	\$ 150,000	\$ 201,152	\$ 51,152
Intergovernmental	6,750	7,944	1,194
Interest on investments	4,000	21,446	17,446
Miscellaneous	-	313	313
<b>TOTAL REVENUES</b>	<b>160,750</b>	<b>230,855</b>	<b>70,105</b>
<b>EXPENDITURES:</b>			
Capital outlay	774,477	149,969	624,508
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND CHANGE IN FUND BALANCE</b>	<b>(613,727)</b>	<b>80,886</b>	<b>694,613</b>
<b>FUND BALANCE, beginning of year</b>	<b>613,727</b>	<b>642,639</b>	<b>28,912</b>
<b>FUND BALANCE, end of year</b>	<b>\$ -</b>	<b>\$ 723,525</b>	<b>\$ 723,525</b>

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

**PARKS DEVELOPMENT FUND**

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

**FOR THE YEAR ENDED JUNE 30, 2023**

	Budget		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
<b>REVENUES:</b>				
Intergovernmental	\$ -	\$ -	\$ 1,000,000	1,000,000
Interest on investments	3,127	3,127	44,184	41,057
Miscellaneous - donation	-	-	2,065	2,065
<b>TOTAL REVENUES</b>	<u>3,127</u>	<u>3,127</u>	<u>1,046,249</u>	<u>1,043,122</u>
<b>EXPENDITURES:</b>				
Capital outlay	<u>564,353</u>	<u>564,353</u>	<u>-</u>	<u>564,353</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND CHANGE IN FUND BALANCE</b>	(561,226)	(561,226)	1,046,249	1,607,475
<b>FUND BALANCE</b> , beginning of year	<u>561,226</u>	<u>561,226</u>	<u>561,326</u>	<u>100</u>
<b>FUND BALANCE</b> , end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,607,575</u>	<u>\$ 1,607,575</u>
Change in fund balance - budgetary basis			\$ 1,046,249	
Unearned grant revenue			<u>(1,000,000)</u>	
Change in fund balance - GAAP basis			<u>\$ 46,249</u>	
Fund balance - budgetary basis			\$ 1,607,575	
Unearned grant revenue			<u>(1,000,000)</u>	
Fund balance - GAAP basis			<u>\$ 607,575</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, 2023**

	Budget		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
<b>REVENUES:</b>				
Transient room tax	\$ 1,129,171	\$ 1,129,171	\$ 1,020,097	\$ (109,074)
Interest on investments	7,500	7,500	24,612	17,112
<b>TOTAL REVENUES</b>	<u>1,136,671</u>	<u>1,136,671</u>	<u>1,044,709</u>	<u>(91,962)</u>
<b>EXPENDITURES:</b>				
Materials and services	-	78,560	78,650	(90)
Capital outlay	1,729,406	1,693,516	750,203	943,313
Debt service	616,775	616,775	616,775	-
<b>TOTAL EXPENDITURES</b>	<u>2,346,181</u>	<u>2,388,851</u>	<u>1,445,628</u>	<u>943,223</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(1,209,510)</u>	<u>(1,252,180)</u>	<u>(400,919)</u>	<u>851,261</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	<u>(5,000)</u>	<u>(5,000)</u>	<u>(396)</u>	<u>4,604</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(1,214,510)</u>	<u>(1,257,180)</u>	<u>(401,315)</u>	<u>855,865</u>
<b>FUND BALANCE, beginning of year</b>	<u>1,214,510</u>	<u>1,257,180</u>	<u>1,282,743</u>	<u>25,563</u>
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 881,428</u>	<u>\$ 881,428</u>

**CITY OF LINCOLN CITY**

Lincoln City, Oregon

**POLICE BUILDING CONSTRUCTION FUND**

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

**FOR THE YEAR ENDED JUNE 30, 2023**

	Budget		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
<b>REVENUES:</b>				
Interest on investments	\$ -	\$ -	\$ 15,673	\$ 15,673
<b>EXPENDITURES:</b>				
Capital outlay	923,377	1,053,239	856,909	196,330
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(923,377)</u>	<u>(1,053,239)</u>	<u>(841,236)</u>	<u>212,003</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	100,000	100,000	-
Transfers out	<u>(1,000)</u>	<u>(6,000)</u>	<u>(2,497)</u>	<u>3,503</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(1,000)</u>	<u>94,000</u>	<u>97,503</u>	<u>3,503</u>
<b>NET CHANGE IN FUND BALANCE</b>	(924,377)	(959,239)	(743,733)	215,506
<b>FUND BALANCE, beginning of year</b>	<u>924,377</u>	<u>959,239</u>	<u>959,239</u>	<u>-</u>
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 215,506</u>	<u>\$ 215,506</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, 2023**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	\$ -	\$ (178,542)	\$ (178,542)	\$ -
<b>FUND BALANCE, beginning of year</b>	-	178,542	178,542	-
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<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, 2023**

	Budget		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
<b>REVENUES:</b>				
Charges for services	\$ 4,422,138	\$ 4,422,138	\$ 4,445,424	\$ 23,286
Intergovernmental	60,000	60,000	-	(60,000)
Interest on investments	-	-	35,696	35,696
Miscellaneous	1,000	1,000	28,757	27,757
<b>TOTAL REVENUES</b>	<b>4,483,138</b>	<b>4,483,138</b>	<b>4,509,877</b>	<b>26,739</b>
<b>EXPENDITURES:</b>				
Water utility maintenance	2,731,263	2,837,159	2,601,849	235,310
Debt service	50,672	51,512	51,512	-
Contingency	415,439	343,703	-	343,703
<b>TOTAL EXPENDITURES</b>	<b>3,197,374</b>	<b>3,232,374</b>	<b>2,653,361</b>	<b>579,013</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>1,285,764</b>	<b>1,250,764</b>	<b>1,856,516</b>	<b>605,752</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(1,997,548)	(1,997,548)	(1,997,548)	-
Proceeds from sale of equipment	-	-	6,800	6,800
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(1,997,548)</b>	<b>(1,997,548)</b>	<b>(1,990,748)</b>	<b>6,800</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(711,784)</b>	<b>(746,784)</b>	<b>(134,232)</b>	<b>612,552</b>
<b>FUND BALANCE, beginning of year</b>	<b>711,784</b>	<b>746,784</b>	<b>814,494</b>	<b>67,710</b>
<b>FUND BALANCE, end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 680,262</b>	<b>\$ 680,262</b>

**CITY OF LINCOLN CITY**

Lincoln City, Oregon

**WATER SYSTEM CAPITAL FUND**

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

**FOR THE YEAR ENDED JUNE 30, 2023**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Interest on investments	\$ 17,500	\$ 17,500	\$ 51,204	\$ 33,704
<b>EXPENDITURES:</b>				
Capital outlay	3,809,171	4,039,032	2,453,948	1,585,084
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(3,791,671)</u>	<u>(4,021,532)</u>	<u>(2,402,744)</u>	<u>1,618,788</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	1,250,000	1,250,000	1,250,000	-
Transfers out	<u>(5,000)</u>	<u>(8,000)</u>	<u>(6,446)</u>	<u>(1,554)</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>1,245,000</u>	<u>1,242,000</u>	<u>1,243,554</u>	<u>1,554</u>
<b>NET CHANGE IN FUND BALANCE</b>	(2,546,671)	(2,779,532)	(1,159,190)	1,620,342
<b>FUND BALANCE, beginning of year</b>	<u>2,546,671</u>	<u>2,779,532</u>	<u>3,018,130</u>	<u>238,598</u>
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,858,940</u>	<u>\$ 1,858,940</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, 2023**

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES:</b>			
System development charges	\$ 124,481	\$ 128,792	\$ 4,311
Interest on investments	2,750	19,818	17,068
<b>TOTAL REVENUES</b>	<u>127,231</u>	<u>148,610</u>	<u>21,379</u>
<b>EXPENDITURES:</b>			
Capital outlay	<u>716,856</u>	<u>-</u>	<u>716,856</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND CHANGE IN FUND BALANCE</b>	<u>(589,625)</u>	<u>148,610</u>	<u>738,235</u>
<b>FUND BALANCE, beginning of year</b>	<u>589,625</u>	<u>616,696</u>	<u>27,071</u>
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ 765,306</u>	<u>\$ 765,306</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, 2023**

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES:</b>			
System development charges	\$ 47,447	\$ 49,015	\$ 1,568
Interest on investments	1,275	9,276	8,001
<b>TOTAL REVENUES</b>	<u>48,722</u>	<u>58,291</u>	<u>9,569</u>
<b>EXPENDITURES:</b>			
Capital outlay	<u>335,517</u>	<u>-</u>	<u>335,517</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND CHANGE IN FUND BALANCE</b>	<u>(286,795)</u>	<u>58,291</u>	<u>345,086</u>
<b>FUND BALANCE, beginning of year</b>	<u>286,795</u>	<u>293,307</u>	<u>6,512</u>
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ 351,598</u>	<u>\$ 351,598</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>
<b>EXPENDITURES:</b>			
Debt service	<u>\$ 459,096</u>	<u>\$ 454,644</u>	<u>\$ 4,452</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(459,096)</u>	<u>(454,644)</u>	<u>4,452</u>
<b>OTHER FINANCING SOURCES:</b>			
Transfers in	<u>455,000</u>	<u>455,000</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(4,096)</u>	<u>356</u>	<u>4,452</u>
<b>FUND BALANCE, beginning of year</b>	<u>4,096</u>	<u>5,535</u>	<u>1,439</u>
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ 5,891</u>	<u>\$ 5,891</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, 2023**

	Budget		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
<b>REVENUES:</b>				
Charges for services	\$ 4,908,723	\$ 4,908,723	\$ 4,982,865	\$ 74,142
Interest on investments	2,141	2,141	76,728	74,587
Miscellaneous	128,028	128,028	178,161	50,133
<b>TOTAL REVENUES</b>	<b>5,038,892</b>	<b>5,038,892</b>	<b>5,237,754</b>	<b>198,862</b>
<b>EXPENDITURES:</b>				
Sewer utility maintenance	3,874,287	4,076,571	3,237,666	838,905
Debt service	55,086	55,926	55,926	-
Contingency	980,311	867,187	-	867,187
<b>TOTAL EXPENDITURES</b>	<b>4,909,684</b>	<b>4,999,684</b>	<b>3,293,592</b>	<b>1,706,092</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>129,208</b>	<b>39,208</b>	<b>1,944,162</b>	<b>1,904,954</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(1,474,360)	(1,384,360)	(1,384,360)	-
Proceeds from sale of equipment	-	-	25,971	25,971
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(1,474,360)</b>	<b>(1,384,360)</b>	<b>(1,358,389)</b>	<b>25,971</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(1,345,152)</b>	<b>(1,345,152)</b>	<b>585,773</b>	<b>1,930,925</b>
<b>FUND BALANCE, beginning of year</b>	<b>1,345,152</b>	<b>1,345,152</b>	<b>2,157,555</b>	<b>812,403</b>
<b>FUND BALANCE, end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,743,328</b>	<b>\$ 2,743,328</b>

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

**SEWER SYSTEM CAPITAL FUND**

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

**FOR THE YEAR ENDED JUNE 30, 2023**

	Budget		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
<b>REVENUES:</b>				
Interest on investments	\$ 15,500	\$ 15,500	\$ 124,044	\$ 108,544
Intergovernmental	1,017,824	1,017,824	1,018,397	573
<b>TOTAL REVENUES</b>	<u>1,033,324</u>	<u>1,033,324</u>	<u>1,142,441</u>	<u>109,117</u>
<b>EXPENDITURES:</b>				
Capital outlay	<u>6,694,024</u>	<u>6,279,656</u>	<u>813,030</u>	<u>5,466,626</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(5,660,700)</u>	<u>(5,246,332)</u>	<u>329,411</u>	<u>5,575,743</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	1,250,000	1,160,000	1,160,000	-
Transfers out	<u>(5,000)</u>	<u>(555,000)</u>	<u>(561,923)</u>	<u>6,923</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>1,245,000</u>	<u>605,000</u>	<u>598,077</u>	<u>(6,923)</u>
<b>NET CHANGE IN FUND BALANCE</b>	(4,415,700)	(4,641,332)	927,488	5,568,820
<b>FUND BALANCE</b> , beginning of year, as previously reported	<u>4,415,700</u>	<u>4,641,332</u>	<u>4,043,223</u>	<u>(598,109)</u>
<b>FUND BALANCE</b> , end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,970,711</u>	<u>\$ 4,970,711</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, 2023**

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES:</b>			
System development charges	\$ 199,820	\$ 201,506	\$ 1,686
Interest on investments	6,628	30,364	23,736
	<u>206,448</u>	<u>231,870</u>	<u>25,422</u>
<b>TOTAL REVENUES</b>			
	<u>206,448</u>	<u>231,870</u>	<u>25,422</u>
<b>EXPENDITURES:</b>			
Capital outlay	1,526,203	948,642	577,561
	<u>1,526,203</u>	<u>948,642</u>	<u>577,561</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(1,319,755)</u>	<u>(716,772)</u>	<u>602,983</u>
<b>FUND BALANCE</b> , beginning of year	<u>1,319,755</u>	<u>1,339,482</u>	<u>19,727</u>
<b>FUND BALANCE</b> , end of year	<u>\$ -</u>	<u>\$ 622,710</u>	<u>\$ 622,710</u>
Fund balance - budgetary basis		\$ 622,710	
Balance of Local Improvement District receivable		40,145	
		<u>\$ 662,855</u>	
Change in fund balance - budgetary basis		\$ (716,772)	
SDC fees assessed but not recognized as revenue on budgetary basis		40,145	
		<u>\$ (676,627)</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, 2023**

	Original/Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>			
System development charges	\$ 94,114	\$ 105,396	\$ 11,282
Interest on investments	793	8,480	7,687
<b>TOTAL REVENUES</b>	<u>94,907</u>	<u>113,876</u>	<u>18,969</u>
<b>EXPENDITURES:</b>			
Capital outlay	<u>257,258</u>	<u>-</u>	<u>257,258</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(162,351)</u>	<u>113,876</u>	<u>276,227</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers out	<u>(52,568)</u>	<u>(52,568)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(214,919)	61,308	276,227
<b>FUND BALANCE, beginning of year</b>	<u>214,919</u>	<u>228,512</u>	<u>13,593</u>
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ 289,820</u>	<u>\$ 289,820</u>
Fund balance - budgetary basis		\$ 289,820	
Balance of Local Improvement District receivable		<u>21,030</u>	
Fund balance - GAAP basis		<u>\$ 310,850</u>	
Change in fund balance - budgetary basis		\$ 61,308	
SDC fees assessed but not recognized as revenue on budgetary basis		<u>21,030</u>	
Changes in fund balance - GAAP basis		<u>\$ 82,338</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, 2023**

	<u>Original/Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>			
Property taxes	\$ 1,665,725	\$ 1,689,043	\$ 23,318
Interest on investments	2,998	23,092	20,094
<b>TOTAL REVENUES</b>	<u>1,668,723</u>	<u>1,712,135</u>	<u>43,412</u>
<b>EXPENDITURES:</b>			
Debt service	<u>1,810,389</u>	<u>1,638,716</u>	<u>171,673</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND CHANGE IN FUND BALANCE</b>	<u>(141,666)</u>	<u>73,419</u>	<u>215,085</u>
<b>FUND BALANCE</b> , beginning of year	<u>141,666</u>	<u>166,583</u>	<u>24,917</u>
<b>FUND BALANCE</b> , end of year	<u>\$ -</u>	<u>\$ 240,002</u>	<u>\$ 240,002</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, 2023**

	<u>Revenues</u>	<u>Expenditures</u>	<u>Revenues Over (Under) Expenditures</u>
<b>BUDGETARY BASIS REVENUES AND EXPENDITURES:</b>			
Water Fund	\$ 4,509,877	\$ 2,653,361	\$ 1,856,516
Water System Capital Fund	51,204	2,453,948	(2,402,744)
Water SDC Reimbursement Fund	148,610	-	148,610
Water SDC Improvement Fund	58,291	-	58,291
Water Bond Fund	-	454,644	(454,644)
<b>TOTAL</b>	<u>\$ 4,767,982</u>	<u>\$ 5,561,953</u>	(793,971)
<b>ADD (DEDUCT) ITEMS TO RECONCILE TO AN ENTERPRISE FUND REPORTING BASIS:</b>			
Depreciation			(1,355,145)
Capital asset additions			2,557,619
Gain on sale of assets			6,800
Change in accrued interest payable			4,557
Change in accrued compensated absences			1,430
Net OPEB benefit			3,545
Pension expense			17,963
Principal payments			475,703
Transfers out - support services			(256,490)
Transfers out			(42,504)
<b>CHANGES IN FUND NET POSITION - GAAP</b>			<u>\$ 619,507</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, 2023**

	<u>Revenues</u>	<u>Expenditures</u>	<u>Revenues Over (Under) Expenditures</u>
<b>BUDGETARY BASIS REVENUES AND EXPENDITURES:</b>			
Sewer Fund	\$ 5,237,754	\$ 3,293,592	\$ 1,944,162
Sewer System Capital Fund	1,142,441	813,030	329,411
Sewer SDC Reimbursement Fund	231,870	948,642	(716,772)
Sewer SDC Improvement Fund	113,876	-	113,876
Sewer Bond Fund	1,712,135	1,638,716	73,419
<b>TOTAL</b>	<b><u>\$ 8,438,076</u></b>	<b><u>\$ 6,693,980</u></b>	1,744,096
 <b>ADD (DEDUCT) ITEMS TO RECONCILE TO AN ENTERPRISE FUND REPORTING BASIS:</b>			
Depreciation and amortization			(1,680,451)
Capital asset additions			1,878,116
Gain on sale of assets			19,711
Adjustment of SDC fees levied but not recognized as revenue on budgetary basis			(6,054)
Unearned grant revenues			(969,735)
Change in accrued interest payable			5,092
Change in accrued compensated absences			(2,992)
Net OPEB benefit			9,678
Pension expense			30,589
Principal payments			1,424,072
Transfers out - support services			(188,302)
Transfers out			(599,473)
 <b>CHANGES IN FUND NET POSITION - GAAP</b>			<b><u>\$ 1,664,347</u></b>

**CITY OF LINCOLN CITY**

Lincoln City, Oregon

**INTERNAL SERVICE FUND**

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

**FOR THE YEAR ENDED JUNE 30, 2023**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Franchise fees	\$ 23,000	\$ 23,000	\$ 21,406	\$ (1,594)
Charges for services	1,090,358	1,111,358	1,118,111	6,753
<b>TOTAL REVENUES</b>	<b>1,113,358</b>	<b>1,134,358</b>	<b>1,139,517</b>	<b>5,159</b>
<b>EXPENDITURES:</b>				
Vehicle maintenance	366,999	535,367	449,766	85,601
Information technology	716,307	745,307	695,349	49,958
Geographical information systems	161,978	167,546	106,964	60,582
Contingency	9,781	7,381	-	7,381
<b>TOTAL EXPENDITURES</b>	<b>1,255,065</b>	<b>1,455,601</b>	<b>1,252,079</b>	<b>203,522</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(141,707)</b>	<b>(321,243)</b>	<b>(112,562)</b>	<b>208,681</b>
<b>OTHER FINANCING SOURCES:</b>				
Transfers in	-	150,000	150,000	150,000
<b>NET CHANGE IN FUND BALANCE</b>	<b>(141,707)</b>	<b>(171,243)</b>	<b>37,438</b>	<b>208,681</b>
<b>FUND BALANCE, beginning of year</b>	<b>141,707</b>	<b>171,243</b>	<b>218,712</b>	<b>47,469</b>
<b>FUND BALANCE, end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 256,150</b>	<b>\$ 256,150</b>
Change in fund balance - budgetary basis			\$ 37,438	
Depreciation			(45,546)	
Pension expense			(7,412)	
Net OPEB benefit			1,556	
Gain (loss) from sale of asset			(22,432)	
Vacation paid/accrued			(2,470)	
Capital asset additions			56,907	
Change in fund net position - GAAP basis			<u>\$ 18,041</u>	

**CITY OF LINCOLN CITY**

Lincoln City, Oregon

**COMBINING BALANCE SHEET**

**GENERAL FUND**

**JUNE 30, 2023**

	<u>General</u>	<u>Agate Beach Closure</u>	<u>Unbonded Assessments</u>	<u>The Villages of Cascade Head</u>	<u>Property Abatement</u>	<u>Totals</u>
<b>ASSETS:</b>						
Cash and investments	\$ 11,577,893	\$ 513,447	\$ 763,223	\$ 168,151	\$ 30,207	\$ 13,052,921
Cash with County Treasurer	49,570	-	-	-	-	49,570
Receivables	1,134,647	-	339,963	-	23,252	1,497,862
Prepaid items	1,606	-	-	-	-	1,606
Contracts receivable	832,667	-	-	-	-	832,667
Lease receivable	1,155,424	-	-	-	-	1,155,424
Advance to other funds	51,817	-	-	-	-	51,817
Assets held for sale	1,393,665	-	-	-	-	1,393,665
<b>TOTAL ASSETS</b>	<u>\$ 16,197,289</u>	<u>\$ 513,447</u>	<u>\$ 1,103,186</u>	<u>\$ 168,151</u>	<u>\$ 53,459</u>	<u>\$ 18,035,532</u>
<b>LIABILITIES:</b>						
Accounts payable	\$ 305,562	\$ -	\$ -	\$ 3,500	\$ -	\$ 309,062
Other accrued liabilities	822,761	-	-	-	-	822,761
<b>TOTAL LIABILITIES</b>	1,128,323	-	-	3,500	-	1,131,823
<b>DEFERRED INFLOW OF RESOURCES:</b>						
Unavailable revenue, property taxes	300,472	-	-	-	-	300,472
Unavailable revenue, LID assessments	-	-	339,963	-	23,252	363,215
Unavailable revenue, municipal court fees	28,646	-	-	-	-	28,646
Deferred inflow - leases	1,138,078	-	-	-	-	1,138,078
<b>TOTAL DEFERRED INFLOW OF RESOURCES</b>	1,467,196	-	339,963	-	23,252	1,830,411
<b>FUND BALANCES:</b>						
Nonspendable in form	2,279,755	-	-	-	-	2,279,755
Restricted for:						
Post-closure landfill costs	-	513,447	-	-	-	513,447
Committed to:						
Capital projects	-	-	763,223	-	-	763,223
Unassigned	11,322,015	-	-	164,651	30,207	11,516,873
<b>TOTAL FUND BALANCES</b>	<u>13,601,770</u>	<u>513,447</u>	<u>763,223</u>	<u>164,651</u>	<u>30,207</u>	<u>15,073,298</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCE</b>	<u>\$ 16,197,289</u>	<u>\$ 513,447</u>	<u>\$ 1,103,186</u>	<u>\$ 168,151</u>	<u>\$ 53,459</u>	<u>\$ 18,035,532</u>

**CITY OF LINCOLN CITY**

Lincoln City, Oregon

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

**GENERAL FUND**

**FOR THE YEAR ENDED JUNE 30, 2023**

	<u>General</u>	<u>Agate Beach Closure</u>	<u>Unbonded Assessments</u>	<u>The Villages of Cascade Head</u>
<b>REVENUES:</b>				
Property taxes	\$ 8,292,813	\$ -	\$ -	\$ -
Franchise fees	1,199,838	-	-	-
Transient room tax	2,015,186	-	-	-
Fees, licenses and permits	1,064,245	-	-	-
Fines and forfeitures	198,446	-	-	-
Charges for services	56,243	-	-	-
Intergovernmental	783,458	-	-	-
Lease revenue	91,360	-	-	-
Interest on investments	379,663	-	29,729	801
Miscellaneous	417,637	-	19,753	-
<b>TOTAL REVENUES</b>	<b>14,498,889</b>	<b>-</b>	<b>49,482</b>	<b>801</b>
<b>EXPENDITURES:</b>				
Current				
General government	3,919,009	40,029	-	-
Public safety	6,602,534	-	-	-
Culture and recreation	1,183,339	-	-	108,230
Debt service	27,246	-	-	-
Capital outlay	398,220	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>12,130,348</b>	<b>40,029</b>	<b>-</b>	<b>108,230</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>2,368,541</b>	<b>(40,029)</b>	<b>49,482</b>	<b>(107,429)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Proceeds from sale of capital assets	15,417	-	-	-
New subscriptions	173,320	-	-	-
Transfers in	551,492	-	-	150,000
Transfers out	(1,328,125)	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(587,896)</b>	<b>-</b>	<b>-</b>	<b>150,000</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>1,780,645</b>	<b>(40,029)</b>	<b>49,482</b>	<b>42,571</b>
<b>FUND BALANCE, beginning of year</b>	<b>11,821,125</b>	<b>553,476</b>	<b>713,741</b>	<b>122,080</b>
<b>FUND BALANCE, end of year</b>	<b>\$ 13,601,770</b>	<b>\$ 513,447</b>	<b>\$ 763,223</b>	<b>\$ 164,651</b>

Property Abatement	Eliminations	Totals
\$ -	\$ -	\$ 8,292,813
-	-	1,199,838
-	-	2,015,186
-	-	1,064,245
-	-	198,446
-	-	56,243
-	-	783,458
-	-	91,360
1,152	-	411,345
610	-	438,000
<u>1,762</u>	<u>-</u>	<u>14,550,934</u>
-	-	3,959,038
-	-	6,602,534
-	-	1,291,569
-	-	27,246
-	-	398,220
<u>-</u>	<u>-</u>	<u>12,278,607</u>
<u>1,762</u>	<u>-</u>	<u>2,272,327</u>
-	-	15,417
-	-	173,320
-	(150,000)	551,492
-	150,000	(1,178,125)
<u>-</u>	<u>-</u>	<u>(437,896)</u>
1,762	-	1,834,431
<u>28,445</u>	<u>-</u>	<u>13,238,867</u>
<u>\$ 30,207</u>	<u>\$ -</u>	<u>\$ 15,073,298</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, 2023**

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>EXPENDITURES:</b>			
Materials and services	<u>\$ 40,000</u>	<u>\$ 40,029</u>	<u>\$ (29)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND CHANGE IN FUND BALANCE</b>	<u>(40,000)</u>	<u>(40,029)</u>	<u>(29)</u>
<b>FUND BALANCE, beginning of year</b>	<u>540,479</u>	<u>553,476</u>	<u>12,997</u>
<b>FUND BALANCE, end of year</b>	<u><u>\$ 500,479</u></u>	<u><u>\$ 513,447</u></u>	<u><u>\$ 12,968</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, 2023**

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES:</b>			
Interest	\$ 13,500	\$ 29,729	\$ 16,229
LID repayments	75,000	19,753	(55,247)
Miscellaneous	<u>1,750</u>	<u>-</u>	<u>(1,750)</u>
<b>TOTAL REVENUES</b>	<u>90,250</u>	<u>49,482</u>	<u>(40,768)</u>
<b>EXPENDITURES:</b>			
Capital outlay	<u>812,108</u>	<u>-</u>	<u>812,108</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND CHANGE IN FUND BALANCE</b>	<u>(721,858)</u>	<u>49,482</u>	<u>771,340</u>
<b>NET CHANGE IN FUND BALANCE</b>	(721,858)	49,482	771,340
<b>FUND BALANCE, beginning of year</b>	<u>721,858</u>	<u>713,741</u>	<u>(8,117)</u>
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ 763,223</u>	<u>\$ 763,223</u>

**CITY OF LINCOLN CITY**

Lincoln City, Oregon

**THE VILLAGES OF CASCADE HEAD FUND**

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

**FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES:</b>			
Interest	<u>\$ 750</u>	<u>\$ 801</u>	<u>\$ 51</u>
<b>EXPENDITURES:</b>			
Materials and services	<u>190,650</u>	<u>108,230</u>	<u>82,420</u>
Contingency	<u>72,007</u>	<u>-</u>	<u>72,007</u>
<b>TOTAL EXPENDITURES</b>	<u>262,657</u>	<u>108,230</u>	<u>154,427</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(261,907)</u>	<u>(107,429)</u>	<u>154,478</u>
<b>OTHER FINANCING SOURCES:</b>			
Transfers in	<u>150,000</u>	<u>150,000</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(111,907)</u>	<u>42,571</u>	<u>154,478</u>
<b>FUND BALANCE, beginning of year</b>	<u>111,907</u>	<u>122,080</u>	<u>10,173</u>
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ 164,651</u>	<u>\$ 164,651</u>

**CITY OF LINCOLN CITY**

Lincoln City, Oregon

**PROPERTY ABATEMENT FUND**

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

**FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES:</b>			
Interest on investments	\$ 450	\$ 1,152	\$ 702
Miscellaneous	-	610	610
<b>TOTAL REVENUES</b>	<u>450</u>	<u>1,762</u>	<u>1,312</u>
<b>EXPENDITURES:</b>			
Contingency	<u>29,654</u>	<u>-</u>	<u>29,654</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND CHANGE IN FUND BALANCE</b>	(29,204)	1,762	30,966
<b>FUND BALANCE</b> , beginning of year	<u>29,204</u>	<u>28,445</u>	<u>(759)</u>
<b>FUND BALANCE</b> , end of year	<u>\$ -</u>	<u>\$ 30,207</u>	<u>\$ 30,207</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, 2023**

	<u>Recreation Scholarship</u>	<u>Miscellaneous Trust</u>	<u>Total</u>
<b>ASSETS:</b>			
Cash and investments	<u>\$ 19,111</u>	<u>\$ 76,237</u>	<u>\$ 95,348</u>
<b>LIABILITIES:</b>			
Accounts payable	<u>-</u>	<u>56,838</u>	<u>56,838</u>
<b>NET POSITION:</b>			
Restricted for:			
Individuals and Organizations	<u>\$ 19,111</u>	<u>\$ 19,399</u>	<u>\$ 38,510</u>

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

**CUSTODIAL FUNDS**

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**

**FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Recreation Scholarship</u>	<u>Miscellaneous Turst</u>	<u>Total</u>
<b>ADDITIONS:</b>			
Grants and donations	\$ 1,646	\$ 2,400	\$ 4,046
Deposits held for other	-	4,567	4,567
Interest on investments	<u>546</u>	<u>-</u>	<u>546</u>
<b>TOTAL ADDITIONS</b>	<u>2,192</u>	<u>6,967</u>	<u>9,159</u>
<b>DEDUCTIONS:</b>			
Expenditures	<u>650</u>	<u>236</u>	<u>886</u>
<b>CHANGE IN NET POSITION</b>	1,542	6,731	8,273
<b>NET POSITION, June 20, 2022</b>	<u>17,569</u>	<u>12,668</u>	<u>30,237</u>
<b>NET POSITION, June 20, 2023</b>	<u>\$ 19,111</u>	<u>\$ 19,399</u>	<u>\$ 38,510</u>

**ADDITIONAL SCHEDULES**

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

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

**FOR THE YEAR ENDED JUNE 30, 2023**

	Tax Year	Uncollected June 30, 2022	Levy as Extended by Assessor	Adjustments Discounts and Interest	Collections	Uncollected June 30, 2023
Current	2022-2023	\$ -	\$ 10,610,575	\$ (278,251)	\$ (10,105,886)	\$ 226,438
Prior	2021-2022	193,481	-	(16,197)	(105,413)	71,871
	2020-2021	93,387	-	2,907	(43,791)	52,503
	2019-2020	52,814	-	7,126	(49,204)	10,736
	2018-2019	13,877	-	(1,931)	(12,334)	(388)
	and prior	<u>11,885</u>	<u>-</u>	<u>1,977</u>	<u>(5,036)</u>	<u>8,826</u>
Total prior		<u>365,444</u>	<u>-</u>	<u>(6,118)</u>	<u>(215,778)</u>	<u>143,548</u>
Totals		<u>\$ 365,444</u>	<u>\$ 10,610,575</u>	<u>\$ (284,369)</u>	<u>\$ (10,321,664)</u>	<u>\$ 369,986</u>

## 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 2022-23 were performed by Talbot, Korvola & Warwick, LLC, Portland, Oregon. The auditors did not review the additional schedules and offer no opinion regarding the additional schedules.

**CITY OF LINCOLN CITY**

Lincoln City, Oregon

**PROPERTY TAX INFORMATION**

**FOR THE YEAR ENDED JUNE 30, 2023**

**Table 1 -- Real Market Value of Taxable Property in City of Lincoln City (1)**

<u>Fiscal Year</u>		<u>Real Market Value (RMV)</u>	<u>Percent Change</u>	<u>Taxable Assessed Value (TAV)</u>	<u>Percent Increase</u>	<u>TAV as a Percent of RMV</u>
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%
2022-23		3,656,395,275	26.54%	2,104,578,530	4.65%	57.56%

(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.

Source: City of Lincoln City

**Table 2 -- Tax Collection Record**

<u>Fiscal Year</u>		<u>Taxable Assessed Value (2)</u>	<u>Percent Change</u>	<u>Total Levy</u>	<u>Tax Rate Per \$1,000</u>	<u>Percent Collected Year of Levy</u>
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%
2022-23		2,079,028,471	4.04%	8,524,557	4.0996%	95.24%

(2) Excludes Urban Renewal and other Offsets.

Source: City of Lincoln City

**CITY OF LINCOLN CITY**

Lincoln City, Oregon

**CONSOLIDATED TAX RATES**

**FOR THE YEAR ENDED JUNE 30, 2023**

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

**Table 3 -- 2022-23 Representative Consolidated Tax Rates for Tax Code Area 402**

<u>Area</u>	<u>Tax Rate for Operations (2)</u>	<u>Tax Rate for Bonds</u>	<u>Tax Rate Total</u>
Within the City of Lincoln City			
<b>Education</b>			
Lincoln County Unified School District	\$ 4.8497	\$ 0.6271	\$ 5.4768
Linn-Benton-Lincoln ESD	0.3012	-	0.3012
Oregon Coast Community College	0.1736	0.2145	0.3881
<b>Total Education</b>	<u>5.3245</u>	<u>0.8416</u>	<u>6.1661</u>
<b>Local Government</b>			
Lincoln County	2.7860	-	2.7860
Lincoln County Animal SVC	0.1087	-	0.1087
Lincoln County Extension	0.0446	-	0.0446
Lincoln County Transportation	0.0963	-	0.0963
City of Lincoln City	4.0499	0.8244	4.8743
Lincoln City Urban Renewal Agency	0.1666	-	0.1666
North Lincoln Fire & Rescue	1.8902	0.3248	2.2150
Devil Lake Water Improvement District	0.1278	-	0.1278
North Lincoln Hospital District	0.5122	-	0.5122
<b>Total Local Government</b>	<u>9.7823</u>	<u>1.1492</u>	<u>10.9315</u>
<b>Total Consolidated Tax Rate</b>	<u>\$ 15.1068</u>	<u>\$ 1.9908</u>	<u>\$ 17.0976</u>

(1) The 2019-20 Assessed Value to compute the tax rate of code area 402 is \$1,354,826,950 which is 37.05% 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 2022-23 was \$1.31.

Source: City of Lincoln City

**CITY OF LINCOLN CITY**

Lincoln City, Oregon

**OUTSTANDING OBLIGATIONS**

**FOR THE YEAR ENDED JUNE 30, 2023**

	<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 6/30/23</u>
<b>General Obligation Bonds</b>				
Series 2011 Sewer (3)	3/17/2011	3/1/2026	\$ 7,000,000	\$ 1,620,080
Series 2013 Sewer Refunding (2)	2/26/2013	6/1/2030	9,885,000	6,505,000
<b>Total General Obligation Bonds</b>			<u>16,885,000</u>	<u>8,125,080</u>
<b>Full Faith and Credit Borrowings</b>				
Series 2014 Water (1)	4/17/2014	4/1/2024	4,000,000	435,000
Series 2018 Police Building (4)	11/7/2018	4/1/2048	10,950,000	9,695,000
Series 2018 Police Building Bond Premium (4)	11/7/2018	4/1/2048	302,721	101,831
<b>Total Full Faith and Credit-Backed</b>			<u>15,252,721</u>	<u>10,231,831</u>
<b>Contracts Payable</b>				
2018 Sewer Vactor Truck (5)	8/1/2018	8/1/2023	355,960	119,973
2019 Water Hydro Excavator (6)	7/26/2019	7/26/2024	286,152	104,706
Police Copier			7,685	4,148
<b>Total Contracts Payable</b>			<u>649,797</u>	<u>228,827</u>
<b>Right to Use Leases Payable</b>				
Public Works Copier (7)			7,124	4,196
Explore Lincoln City postage machine (7)			6,952	5,116
City Hall postage machine (7)			9,112	1,919
<b>Total Right to Use Leases Payable</b>			<u>23,188</u>	<u>11,231</u>
<b>Total Borrowings</b>			<u>\$ 32,160,909</u>	<u>\$ 18,596,969</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.

Source: City of Lincoln City

**CITY OF LINCOLN CITY**

Lincoln City, Oregon

**SDC FUNDS IN ACCORDANCE WITH ORS 223.311**

**FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Transportation Development Fund</u>	<u>Storm Drainage Development Fund</u>	<u>Parks Improvement Fund</u>
<b>REVENUES:</b>			
System development charge - improvement	\$ 89,387	\$ 3,886	\$ 201,152
Motorcycle vehicle gas tax	-	-	7,944
Miscellaneous	-	-	313
Interest	<u>15,250</u>	<u>2,144</u>	<u>21,446</u>
<b>TOTAL REVENUES</b>	<u>104,637</u>	<u>6,030</u>	<u>230,855</u>
<b>EXPENDITURES:</b>			
Skate Park Parking	443,512	-	-
Sidewalk Improvements	22,309	-	-
Taft Park	<u>-</u>	<u>-</u>	<u>149,969</u>
<b>TOTAL EXPENDITURES</b>	<u>465,821</u>	<u>-</u>	<u>149,969</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND CHANGE IN FUND BALANCE</b>	<u>(361,184)</u>	<u>6,030</u>	<u>80,886</u>
<b>BEGINNING FUND BALANCE</b>	<u>805,382</u>	<u>71,593</u>	<u>642,639</u>
<b>ENDING FUND BALANCE</b>	<u><u>\$ 444,198</u></u>	<u><u>\$ 77,623</u></u>	<u><u>\$ 723,525</u></u>

**CITY OF LINCOLN CITY**

Lincoln City, Oregon

**WATER SDC FUNDS**

**FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Water Capital Fund</u>	<u>Water SDC Reimbursement Fund</u>	<u>Water SDC Improvement Fund</u>	<u>Total</u>
<b>REVENUES:</b>				
System development charge	\$ -	\$ 128,792	\$ 49,015	\$ 177,807
Interest	51,204	19,818	9,276	80,298
<b>TOTAL REVENUE</b>	<u>51,204</u>	<u>148,610</u>	<u>58,291</u>	<u>258,105</u>
<b>EXPENDITURES:</b>				
Water system construction	<u>2,453,948</u>	<u>-</u>	<u>-</u>	<u>2,453,948</u>
<b>TOTAL EXPENDITURES</b>	<u>2,453,948</u>	<u>-</u>	<u>-</u>	<u>2,453,948</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(2,402,744)	148,610	58,291	(2,195,843)
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	1,250,000	-	-	1,250,000
Transfers Out	<u>(6,446)</u>	<u>-</u>	<u>-</u>	<u>(6,446)</u>
<b>TOTAL OTHER FINANCING SOURCES (USES):</b>	<u>1,243,554</u>	<u>-</u>	<u>-</u>	<u>1,243,554</u>
<b>NET CHANGE IN FUND BALANCE</b>	(1,159,190)	148,610	58,291	(952,289)
<b>BEGINNING FUND BALANCE</b>	<u>3,018,130</u>	<u>616,696</u>	<u>293,307</u>	<u>3,928,133</u>
<b>ENDING FUND BALANCE</b>	<u>\$ 1,858,940</u>	<u>\$ 765,306</u>	<u>\$ 351,598</u>	<u>\$ 2,975,844</u>

**CITY OF LINCOLN CITY**

Lincoln City, Oregon

**SEWER SDC FUNDS**

**FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Sewer Capital Fund</u>	<u>Sewer SDC Reimbursement Fund</u>	<u>Sewer SDC Improvement Fund</u>	<u>Total</u>
<b>REVENUES:</b>				
System Development Charge	\$ -	\$ 201,506	\$ 105,396	\$ 306,902
Intergovernmental	1,018,397	-	-	-
Interest	124,044	30,364	8,480	162,888
<b>TOTAL REVENUE</b>	<u>1,142,441</u>	<u>231,870</u>	<u>113,876</u>	<u>469,790</u>
<b>EXPENDITURES:</b>				
Sewer System Construction	813,030	-	-	813,030
Pump Station Upgrades	-	948,642	-	948,642
<b>TOTAL EXPENDITURES</b>	<u>813,030</u>	<u>948,642</u>	<u>-</u>	<u>1,761,672</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	329,411	(716,772)	113,876	(1,291,882)
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	1,160,000	-	-	1,160,000
Transfers Out	(561,923)	-	(52,568)	(614,491)
<b>TOTAL OTHER FINANCING SOURCES (USES):</b>	<u>598,077</u>	<u>-</u>	<u>(52,568)</u>	<u>545,509</u>
<b>NET CHANGE IN FUND BALANCE</b>	927,488	(716,772)	61,308	272,024
<b>BEGINNING FUND BALANCE</b>	<u>4,043,223</u>	<u>1,339,482</u>	<u>228,512</u>	<u>5,611,217</u>
<b>ENDING FUND BALANCE</b>	<u>\$ 4,970,711</u>	<u>\$ 622,710</u>	<u>\$ 289,820</u>	<u>\$ 5,883,241</u>

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



Talbot, Korvola & Warwick, LLP 14945 SW Sequoia Parkway, Suite 150, Portland, Oregon 97224  
P 503.274.2849 F 503.274.2853 [www.tkw.com](http://www.tkw.com)

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

Honorable Mayor and Members of 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, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 8, 2024. 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)**

**COMPLIANCE (Continued)**

- The General Fund reported an over expenditure of \$27,238 in building inspection and \$20,038 in debt service.
- The Lincoln Square Operations Fund reported an over expenditure of \$17,902 in Lincoln Square maintenance.
- The Urban Renewal Property Rehabilitation Program Fund reported an over expenditure of \$509 in materials and services.
- The Urban Renewal Tax Increment Fund – Roads End reported an over expenditure of \$96,185 in materials and services.
- The Facilities Capital Fund reported an over expenditure of \$90 in materials and services.
- The Sewer System Capital Fund reported an over expenditure of \$6,923 in transfers out.
- The Agate Beach Closure Fund reported an over expenditure of \$29 in materials and services.

**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 of this section 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. We identified certain deficiencies in internal control described in a separate letter dated March 8, 2024 that we consider to be material weaknesses and a significant deficiency.

**PURPOSE OF THIS REPORT**

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

*Talbot, Kowala & Warwick LLP*

Portland, Oregon  
March 8, 2024