

**LINCOLN CITY URBAN RENEWAL AGENCY**  
(A Component Unit of the City of Lincoln City, Oregon)

Annual Financial Report

Year Ended June 30, 2024

**LINCOLN CITY URBAN RENEWAL AGENCY**  
(A Component Unit of the City of Lincoln City, Oregon)

**AGENCY OFFICIALS**

**JUNE 30, 2024**

|  | <u>Term Expires</u> |
|--|---------------------|
| Mitch Parsons (Chair)<br>City of Lincoln City<br>PO Box 50<br>Lincoln City, Oregon 97367   | December 31, 2026   |
| Dennis "Riley" Hoagland<br>City of Lincoln City<br>PO Box 50<br>Lincoln City, Oregon 97367 | December 31, 2024   |
| Judy Casper<br>City of Lincoln City<br>PO Box 50<br>Lincoln City, Oregon 97367             | December 31, 2024   |
| Todd Barker<br>City of Lincoln City<br>PO Box 50<br>Lincoln City, Oregon 97367             | December 31, 2024   |
| Rick Mark<br>City of Lincoln City<br>PO Box 50<br>Lincoln City, Oregon 97367               | December 31, 2026   |
| Susan Wahlke<br>City of Lincoln City<br>PO Box 50<br>Lincoln City, Oregon 97367            | December 31, 2026   |
| Marci Baker<br>City of Lincoln City<br>PO Box 50<br>Lincoln City, Oregon 97367             | December 31, 2026   |

**City Manager**

Daphnee Legarza

**Finance Director**

Debbie Bridges

**LINCOLN CITY URBAN RENEWAL AGENCY**  
(A Component Unit of the City of Lincoln City, Oregon)

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**INDEPENDENT AUDITOR'S REPORT**



Your peace of mind is our passion.

## **INDEPENDENT AUDITOR'S REPORT**

Agency Officials  
Lincoln City Urban Renewal Agency  
(A Component Unit of the City of Lincoln City, Oregon)  
Lincoln City, Oregon

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the financial statements of the governmental activities and each major fund of the Lincoln City Urban Renewal Agency (the Agency), a component unit of the City of Lincoln City, Oregon, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Agency'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 and each major fund of the Agency, as of June 30, 2024, and the respective changes in financial position 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) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 Agency 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 Agency'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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from

## INDEPENDENT AUDITOR'S REPORT (Continued)

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 and *Government Auditing Standards*, 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 Agency'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 Agency'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, as listed in the Table of Contents, 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information for the General Fund, the Property Rehabilitation Program Fund, and the Tax Increment Fund – Roads End/Villages District Fund, listed in the Table of Contents as Required Supplementary Information, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. This budgetary comparison information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the budgetary comparison information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## INDEPENDENT AUDITOR'S REPORT (Continued)

### **Other Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency'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 GAAS. 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 report. The other information comprises the Other 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 Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2025, on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

### **Other Reporting Required by Oregon Minimum Standards**

In accordance with *Minimum Standards for Audits of Oregon Municipal Corporations*, we have also issued our report dated January 29, 2025, on our consideration of the Agency's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance.



For Talbot, Korvola & Warwick, LLP  
Portland, Oregon  
January 29, 2025

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**LINCOLN CITY URBAN RENEWAL AGENCY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

As management of the Lincoln City Urban Renewal Agency (the Agency), we offer readers of the Lincoln City Urban Renewal Agency's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2024. 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 Agency's financial statements, which follow.

**FINANCIAL HIGHLIGHTS**

The net position of the Agency (total assets less total liabilities) at June 30, 2024 was \$4,648,529, a decrease of \$11,889,022 in comparison with the prior year. Short-term liabilities decreased by \$10,374 in comparison with the prior year. Governmental expenses decreased by \$790,326.

**REPORT LAYOUT**

This discussion and analysis is intended to serve as an introduction to the Agency's basic financial statements. The Agency's annual financial report consists of several sections. Taken together they provide a comprehensive financial look at the Agency. 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 Agency's finances, in a manner similar to a private sector business.

- The Statement of Net Position presents information on all of the Agency's assets and liabilities, with the difference between the two reported as net position.
- The Statement of Activities presents revenue and expense information showing how the Agency's net position changed during the most recent fiscal year.

*Fund financial statements*

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Governmental fund statements follow the more traditional presentation of financial statements. The Agency maintains three major governmental funds. These statements include balance sheets, statements of revenues, expenditures, and changes in fund balances, and reconciliations of fund statements to the Government-wide statements.

*Notes to basic financial statements*

The notes provide additional disclosures required by governmental accounting standards and provide information to assist the reader in understanding the Agency's financial condition.

*Required supplementary information*

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

*Other supplementary information*

This section includes a schedule of property tax transactions.

*Other schedules*

This section contains the annual report required by ORS. 457.460.

*Report by independent certified public accountants*

Supplemental communication on Agency compliance and internal controls as required by Oregon State statutes.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

*Statement of Net Position*

Net position may serve as a useful indicator of a government's financial position. The Lincoln City Urban Renewal Agency's assets exceed liabilities by \$4,648,529 at the close of the fiscal year ended June 30, 2024. This is a decrease of \$11,889,022 (or -71.9%) from the prior restated fiscal year.

**STATEMENT OF NET POSITION**

|                                  | <u>2024</u>        | <u>June 30,<br/>2023<br/>(RESTATED)</u> | <u>2022<br/>(RESTATED)</u> |
|----------------------------------|--------------------|---|----------------------------|
| <b>Assets:</b>                   |                    |   |                            |
| Cash and investments             | \$1,583,529        | \$954,516                               | \$753,050                  |
| Receivables                      | 529,924            | 633,696                                 | 710,341                    |
| Prepays                          | 34,074             | 99,998                                  | -                          |
| Capital assets, net              | <u>2,506,127</u>   | <u>14,864,840</u>                       | <u>15,656,221</u>          |
| Total Assets                     | <u>4,653,654</u>   | <u>16,553,050</u>                       | <u>17,119,612</u>          |
| <b>Liabilities:</b>              |                    |   |                            |
| Accounts payable                 | <u>5,125</u>       | <u>15,499</u>                           | <u>58,436</u>              |
| <b>Net Position:</b>             |                    |   |                            |
| Net investment in capital assets | 2,506,127          | 14,864,840                              | 15,656,221                 |
| Restricted for capital projects  | -                  | -                                       | 178,542                    |
| Restricted for urban renewal     | 1,456,442          | 1,046,812                               | 522,322                    |
| Unrestricted                     | <u>685,960</u>     | <u>625,899</u>                          | <u>704,091</u>             |
| Total Net Position               | <u>\$4,648,529</u> | <u>\$16,537,551</u>                     | <u>\$17,061,176</u>        |

In FY2021-22, the Urban Renewal Agency donated property with a book value of \$415,918 to the City, to be used for affordable housing purposes. This donation was not recorded in the FY2021-22 statements. The URA is restating the FY2021-22 ending net position from \$17,477,094 to \$17,061,176. In FY2022-23, the URA transferred \$99,998 to the City to fund the 44-47<sup>th</sup> connector capital project; this transfer should have been recorded as a prepaid asset instead of an expense, as the City had not expended funds for this project in FY2022-23. The URA is restating the FY2022-23 ending net position from \$16,853,471 to \$16,537,551, and the ending fund balance for the Roads End/Villages District fund from \$403,140 to \$503,138

*Statement of Activities*

As the last debt payment for the Y2000 URA TIF area was completed in FY2020-21, the URA returned the 06/30/2021 ending fund balance of \$65,594 of the Y2000 Tax Increment fund to Lincoln County, for redistribution back to other taxing districts in fiscal year ended June 30, 2022. In addition, the 06/30/2021 balance of property tax receivable for the Y2000 URA TIF area of \$69,840 was reduced to -0-. The URA transferred capital assets with a book value of \$12,357,509 to the City in FY2023-24.

Total expenses decreased by \$790,326 (or 89.6%).

**STATEMENT OF ACTIVITIES**

|  | <u>Years Ended June 30,</u> |                                  |                                  |
|--|-----------------------------|----------------------------------|----------------------------------|
|  | <u>2024</u>                 | <u>2023</u><br><u>(RESTATED)</u> | <u>2022</u><br><u>(RESTATED)</u> |
| <b>General Revenues:</b>   |                             |                                  |                                  |
| Property taxes levied  | \$495,596                   | \$341,220                        | \$169,739                        |
| Return of unused property tax revenue for closed URA TIF area          | -                           | -                                | (65,594)                         |
| Reduction of property tax receivable for closed URA TIF area           | -                           | -                                | (69,840)                         |
| Unrestricted investment earnings                                       | 60,394                      | 17,584                           | 1,828                            |
| Miscellaneous  | <u>4,600</u>                | <u>-</u>                         | <u>271</u>                       |
| Total Revenues   | <u>560,590</u>              | <u>358,804</u>                   | <u>36,404</u>                    |
| <b>Expenses:</b>   |                             |                                  |                                  |
| General government   | <u>92,103</u>               | <u>882,429</u>                   | <u>924,060</u>                   |
| Excess (deficiency) of revenues over (under) expenses before transfers | 468,487                     | (523,625)                        | (887,656)                        |
| Transfer of capital assets to City                                     | <u>(12,357,509)</u>         | <u>-</u>                         | <u>(415,918)</u>                 |
| Change in Net Position   | (11,889,022)                | (523,625)                        | (1,303,574)                      |
| <b>Net Position – beginning</b>  | <u>16,537,551</u>           | <u>17,061,176</u>                | <u>18,364,750</u>                |
| <b>Net Position – ending</b>   | <u>\$ 4,648,529</u>         | <u>\$16,537,551</u>              | <u>\$17,061,176</u>              |

## BUDGET HIGHLIGHTS

The Urban Renewal Agency changed the General Fund budget once during the fiscal year, to reduce budgeted capital outlay by \$10,000 and increase budgeted materials and services by same amount.

## CAPITAL ASSET

At June 30, 2024, the Agency had invested \$2,506,127 in a range of capital assets, including land, buildings and infrastructure improvements. This amount represents a net decrease (including additions and deductions) of \$12,358,713 from the prior year. Of that amount, \$12,357,509 represents a transfer of assets to the City, from the Y2000 URA TIF area that has expired. Additions (net) include assets acquired or under construction at year-end, less assets that were disposed of during the fiscal year. For further information, please refer to note 4 in the Notes to Basic Financial Statements.

### CHANGE IN CAPITAL ASSETS

|                                  | <u>2024</u>         | <u>June 30,</u><br><u>2023</u><br><u>(RESTATED)</u> | <u>2022</u><br><u>(RESTATED)</u> |
|----------------------------------|---------------------|---|----------------------------------|
| Beginning balance                | \$30,164,229        | \$30,110,221  | \$30,502,098                     |
| Less: accumulated depreciation   | <u>(15,299,389)</u> | <u>(14,454,000)</u>                                 | <u>(13,588,523)</u>              |
| Net capital assets - beginning   | 14,864,840          | 15,656,221  | 16,913,575                       |
| Additions (net)                  | 3,663               | 54,008  | 24,041                           |
| Transfer of assets to City (net) | (12,357,509)        | -   | (415,918)                        |
| Depreciation - current year      | <u>(4,867)</u>      | <u>(845,389)</u>                                    | <u>(865,477)</u>                 |
| Net capital assets – ending      | <u>\$ 2,506,127</u> | <u>\$14,864,840</u>                                 | <u>\$15,656,221</u>              |

For the fiscal year ending June 30, 2025, the City's Urban Renewal Agency has budgeted \$405,000 for capital projects and has \$1,891,031 budgeted for contingencies.

## ECONOMIC FACTORS

As required by ORS 457.190(3)(a), the Agency has included in its Roads End TIF area plan the maximum amount of indebtedness that may be issued or incurred under the plan in the total amount of \$87,100,000. As of June 30, 2024, there is \$87,024,076 remaining.

## REQUESTS FOR INFORMATION

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

**BASIC FINANCIAL STATEMENTS**

**LINCOLN CITY URBAN RENEWAL AGENCY**  
(A Component Unit of the City of Lincoln City, Oregon)

**STATEMENT OF NET POSITION**

**JUNE 30, 2024**

**ASSETS**

|                                       |                         |
|---------------------------------------|-------------------------|
| Cash and investments                  | \$ 1,580,401            |
| Cash with County Treasurer            | 3,128                   |
| Receivables                           | 25,098                  |
| Prepays                               | 34,074                  |
| Notes receivable, long term           | 504,826                 |
| Land and construction in progress     | 2,215,310               |
| Other depreciable capital assets, net | <u>290,817</u>          |
| <b>TOTAL ASSETS</b>                   | <b><u>4,653,654</u></b> |

**LIABILITIES**

|                  |              |
|------------------|--------------|
| Accounts payable | <u>5,125</u> |
|------------------|--------------|

**NET POSITION**

|                                  |                            |
|----------------------------------|----------------------------|
| Net investment in capital assets | 2,506,127                  |
| Restricted for urban renewal     | 1,456,442                  |
| Unrestricted                     | <u>685,960</u>             |
| <b>TOTAL NET POSITION</b>        | <b><u>\$ 4,648,529</u></b> |

See notes to basic financial statements.

**LINCOLN CITY URBAN RENEWAL AGENCY**  
(A Component Unit of the City of Lincoln City, Oregon)

**STATEMENT OF ACTIVITIES**

**YEAR ENDED JUNE 30, 2024**

|   | Governmental<br>Activities |
|---|----------------------------|
| <b>PROGRAM EXPENSES:</b>  |                            |
| General government  | \$ 92,103                  |
| <b>GENERAL REVENUES:</b>  |                            |
| Property taxes levied   | 495,596                    |
| Unrestricted investment earnings                                | 60,394                     |
| Miscellaneous   | 4,600                      |
| <b>TRANSFER of capital assets to City</b>                       | <b>(12,357,509)</b>        |
| <b>TOTAL GENERAL REVENUES AND TRANSFERS</b>                     | <b>(11,796,919)</b>        |
| <b>CHANGE IN NET POSITION</b>                                   | <b>(11,889,022)</b>        |
| <b>NET POSITION</b> , beginning of year, as previously reported | 16,853,471                 |
| Restatement for correction of prepaid                           | 99,998                     |
| Restatement for correction of property donation                 | (415,918)                  |
| <b>NET POSITION</b> , beginning of year, as restated            | <b>16,537,551</b>          |
| <b>NET POSITION</b> , end of year                               | <b>\$ 4,648,529</b>        |

See notes to basic financial statements.

**LINCOLN CITY URBAN RENEWAL AGENCY**  
(A Component Unit of the City of Lincoln City, Oregon)

**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**

**JUNE 30, 2024**

|  | <u>General</u>           | <u>Property<br/>Rehabilitation<br/>Program</u> | <u>Tax Increment<br/>Roads End/<br/>Villages<br/>District</u> | <u>Totals</u>              |
|--|--------------------------|--|---|----------------------------|
| <b>ASSETS:</b>   |                          |  |   |                            |
| Cash and investments   | \$ 132,994               | \$ 529,234                                     | \$ 918,173  | \$ 1,580,401               |
| Cash with County Treasurer   | -                        | -  | 3,128   | 3,128                      |
| Receivables  | -                        | 512,623  | 17,301  | 529,924                    |
| Prepays  | -                        | -  | 34,074  | 34,074                     |
|  | <u>          </u>        | <u>          </u>                              | <u>          </u>   | <u>          </u>          |
| <b>TOTAL ASSETS</b>  | <b><u>\$ 132,994</u></b> | <b><u>\$ 1,041,857</u></b>                     | <b><u>\$ 972,676</u></b>                                      | <b><u>\$ 2,147,527</u></b> |
| <b>LIABILITIES:</b>  |                          |  |   |                            |
| Accounts payable   | \$ 3,235                 | \$ 1,890                                       | -   | \$ 5,125                   |
|  | <u>          </u>        | <u>          </u>                              | <u>          </u>   | <u>          </u>          |
| <b>DEFERRED INFLOW OF RESOURCES:</b>   |                          |  |   |                            |
| Unavailable revenue - property taxes   | -                        | -  | 17,301  | 17,301                     |
|  | <u>          </u>        | <u>          </u>                              | <u>          </u>   | <u>          </u>          |
| <b>FUND BALANCE:</b>   |                          |  |   |                            |
| Nonspendable in form   | -                        | 504,826  | 34,074  | 538,900                    |
| Restricted for:  |                          |  |   |                            |
| Urban renewal  | -                        | 535,141  | 921,301   | 1,456,442                  |
| Unassigned   | 129,759                  | -  | -   | 129,759                    |
|  | <u>          </u>        | <u>          </u>                              | <u>          </u>   | <u>          </u>          |
| <b>TOTAL FUND BALANCE</b>  | <b><u>129,759</u></b>    | <b><u>1,039,967</u></b>                        | <b><u>955,375</u></b>   | <b><u>2,125,101</u></b>    |
| <b>TOTAL LIABILITIES, DEFERRED<br/>INFLOW OF RESOURCES, AND<br/>FUND BALANCE</b>   |                          |  |   |                            |
|  | <b><u>\$ 132,994</u></b> | <b><u>\$ 1,041,857</u></b>                     | <b><u>\$ 972,676</u></b>                                      | <b><u>\$ 2,147,527</u></b> |
| <b>RECONCILIATION OF FUND BALANCE TO NET POSITION:</b>   |                          |  |   |                            |
| Total fund balance   |                          |  |   | \$ 2,125,101               |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds net of accumulated depreciation of \$151,843. |                          |  |   | 2,506,127                  |
| Property tax receivable is not available for current-period expenditures and therefore is in the funds as unavailable revenues.                                      |                          |  |   | 17,301                     |
|  |                          |  |   | <u>          </u>          |
| <b>TOTAL NET POSITION</b>  |                          |  |   | <b><u>\$ 4,648,529</u></b> |

See notes to basic financial statements.

**LINCOLN CITY URBAN RENEWAL AGENCY**  
(A Component Unit of the City of Lincoln City, Oregon)

**STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**

**YEAR ENDED JUNE 30, 2024**

|   | <u>General</u>    | <u>Property<br/>Rehabilitation<br/>Program</u> | <u>Tax Increment<br/>Roads End/<br/>Villages<br/>District</u> | <u>Totals</u>       |
|---|-------------------|--|---|---------------------|
| <b>REVENUES:</b>  |                   |  |   |                     |
| Property taxes  | \$ -              | \$ -   | \$ 487,027  | \$ 487,027          |
| Interest on investments   | 4,311             | 20,049   | 36,034  | 60,394              |
| Miscellaneous   | 4,600             | -  | -   | 4,600               |
| <b>TOTAL REVENUES</b>   | <u>8,911</u>      | <u>20,049</u>                                  | <u>523,061</u>  | <u>552,021</u>      |
| <b>EXPENDITURES:</b>  |                   |  |   |                     |
| Materials and services  | 9,307             | -  | -   | 9,307               |
| Capital outlay  | 3,663             | -  | -   | 3,663               |
| Property Rehab Program  | -                 | 7,105  | -   | 7,105               |
| Roads End / Villages Improvements   | -                 | -  | 70,824  | 70,824              |
| <b>TOTAL EXPENDITURES</b>   | <u>12,970</u>     | <u>7,105</u>                                   | <u>70,824</u>   | <u>90,899</u>       |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER (UNDER) EXPENDITURES AND<br/>CHANGE IN FUND BALANCE</b> | (4,059)           | 12,944   | 452,237   | 461,122             |
| <b>FUND BALANCE</b> , beginning of year, as<br>previously reported                                  | <u>133,818</u>    | <u>1,027,023</u>                               | <u>403,140</u>  | <u>1,563,981</u>    |
| Restatement for correction of prepaid balance   | -                 | -  | 99,998  | 99,998              |
| <b>FUND BALANCE</b> , beginning of year, as restated  | <u>133,818</u>    | <u>1,027,023</u>                               | <u>503,138</u>  | <u>1,663,979</u>    |
| <b>FUND BALANCE</b> , end of year   | <u>\$ 129,759</u> | <u>\$ 1,039,967</u>                            | <u>\$ 955,375</u>   | <u>\$ 2,125,101</u> |

See notes to basic financial statements.

**LINCOLN CITY URBAN RENEWAL AGENCY**  
(A Component Unit of the City of Lincoln City, Oregon)

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

**FOR THE YEAR ENDED JUNE 30, 2024**

**CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS** \$ 461,122

*Amounts reported for governmental activities in the Statement of Activities  
are different due to the following:*

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

|                                 |         |
|---------------------------------|---------|
| Expenditures for capital assets | 3,663   |
| Less current year depreciation  | (4,867) |

The net effect of transactions involving capital assets, i.e. gain/loss on sales, donations. These transactions are not reported in the governmental funds. (12,357,509)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds as follows:

|  |              |
|--|--------------|
| Property Taxes - Roads End/Villages District | <u>8,569</u> |
|--|--------------|

**TOTAL CHANGE IN NET POSITION** **\$ (11,889,022)**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**LINCOLN CITY URBAN RENEWAL AGENCY**  
(A Component Unit of the City of Lincoln City, Oregon)

**NOTES TO BASIC FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2024**

**1. ORGANIZATION**

The Urban Renewal Agency of the City of Lincoln City (the Agency) is a component unit of the City of Lincoln City, Oregon (the City) and was organized under ORS 457. It is a municipal corporation created by the City of Lincoln City to facilitate urban renewal within the boundaries of the City. The City Council (Council) serves as the governing body and is accountable for the fiscal matters of the Agency.

**Urban Renewal Areas**

The Urban Renewal Agency's objective is the elimination and prevention of the development or spread of urban blight and deterioration, and/or the encouraging of needed urban conservation and rehabilitation to provide for redevelopment of blighted or deteriorated areas.

Urban renewal activities are funded through tax increment financing (TIF). This mechanism relies on the increment of taxes resulting from increased property values during the life of the urban renewal TIF area.

The City has established three Urban Renewal TIF areas. FY2020-21 saw the end of the URA Y2000 TIF area as it made its final bond payment and collected its final tax increment revenue in that year. A second URA TIF area, Roads End/Villages at Cascade Head (Roads End), was established on August 10, 2020, and collected its first tax increment revenue in FY2021-22. A third URA TIF area, Nelscott, was established on August 28, 2023, and will collect its first tax increment revenue in FY2024-25.

Projects are financed in urban renewal plan areas as follows:

- The Agency selects an urban renewal plan area and defines its boundaries.
- The County Assessor "freezes" the assessed value of property within the urban renewal area. This is referred to as the "frozen" value.
- Any increase in assessed value above the frozen value is called the "incremental value." The tax revenue generated by the tax rate times the incremental value is provided for use in funding Urban Renewal projects and activities.
- As required by ORS 457.190(3)(a), the Agency has included in its Roads End plan the maximum amount of indebtedness that may be issued or incurred under the plan in the amount of \$87,100,000.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

**Government-wide Financial Statements**

The Statement of Net Position and the Statement of Activities display information about the Agency, including all of its financial activities. Governmental activities are financed primarily through tax increment revenues (property taxes) and proceeds from borrowings.

**LINCOLN CITY URBAN RENEWAL AGENCY**  
(A Component Unit of the City of Lincoln City, Oregon)

**NOTES TO BASIC FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2024**

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

**Basis of Presentation (Continued)**

The Statement of Activities presents a comparison between direct expenses and program revenues for the Agency's programs. The Agency does not allocate indirect expenses. Program revenues include any grants and contributions that are restricted to meeting operational requirements. Revenues that are not classified as program revenues, including property taxes, earnings on investments, and any gain on sale of property, are presented as general revenues.

**Fund Financial Statements**

The fund financial statements provide information about the Agency's funds. The emphasis of fund financial statements is on major funds, each displayed in a separate column. Each of the Agency's three funds are presented as major funds. They are as follows:

- General
- Property Rehabilitation Program
- Tax Increment Fund – Roads End/Villages District

These funds account for the general administration of the Agency and for the acquisition and rehabilitation of blighted and deteriorated areas within the designated urban renewal areas, as well as debt service related to the Agency's operations.

**Measurement Focus and Basis of Accounting**

Government-wide financial statements are reported using the economic resources measurement focus and the 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. Nonexchange transactions, in which the Agency receives value without giving equal value in exchange, include property taxes, grants, entitlements and donations. On the accrual basis of accounting, revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Agency considers all revenues reported in the governmental funds to be available if they are collected within thirty days after year-end.

Property taxes and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term obligations, and claims and judgments.

**LINCOLN CITY URBAN RENEWAL AGENCY**  
(A Component Unit of the City of Lincoln City, Oregon)

**NOTES TO BASIC FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2024**

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

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

Capital asset acquisitions are reported as expenditures in the governmental funds and proceeds from debt and acquisitions under leases are reported as other financing sources and uses, respectively.

When both restricted and unrestricted resources are available, unrestricted resources are used only after the restricted resources are depleted.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities 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.

**Cash and Investments**

Cash and investments are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. All cash and investments are held by the City of Lincoln City on behalf of the Agency. The Agency considers these items as a demand deposit account, whereby funds may be deposited or withdrawn without prior notice or penalty. Interest earnings are allocated from the City based on the proportion of the Agency's funds to the total of the City of Lincoln City funds.

Reference should be made to the City of Lincoln City's Annual Financial Report for the year ended June 30, 2024, for compliance with Oregon Revised Statutes relating to the collateralization of deposits.

**Receivables**

Real and personal property taxes are levied and assessed and become a lien against the property as of July 1 each year. Property taxes are payable in three installments, following the lien date, on November 15, February 15 and May 15. Discounts are allowed if the amount is paid by November 15 or February 15. Taxes unpaid and outstanding on May 15 are considered delinquent.

The Agency makes loans to third parties for rehabilitation of properties consistent with the Agency's mission. Loans receivable are recorded when the borrower has signed a promissory note and disbursements are made in accordance with the loan agreement. As the Agency obtains liens against the properties, no allowance for uncollectible accounts is deemed necessary.

**LINCOLN CITY URBAN RENEWAL AGENCY**  
(A Component Unit of the City of Lincoln City, Oregon)

**NOTES TO BASIC FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2024**

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

**Capital Assets**

Purchased or constructed capital assets are recorded at estimated historical cost with subsequent additions at cost. Donated assets are recorded at acquisition value. Capital assets are assets with an initial cost of more than \$5,000 and an estimated life of one year or more. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets are depreciated on a straight-line basis over the following estimated lives:

| <u>Asset</u>            | <u>Years</u> |
|-------------------------|--------------|
| Buildings               | 25-40        |
| System improvements     | 25-40        |
| Vehicles                | 5-10         |
| Equipment and furniture | 5-10         |

**Deferred Inflow of Resources**

The Agency reports a deferred inflow of resources in the fund statements related to unavailable revenues for property taxes that will be collected in future years.

**Long-term Obligations**

In the government-wide financial statements, long-term obligations are reported as liabilities. Bond premiums and discounts, if significant, 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, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while premiums or discounts on debt issuances are reported as other financing sources or uses, respectively. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt services expenditures.

**Fund Balance**

Fund balance is reported within classifications that comprise a hierarchy based primarily on the extent to which the Agency is bound to observe constraints imposed on the use of the resources reported in governmental funds. Those classifications are as follows:

- Nonspendable fund balance represents amounts that are not in a spendable form. The nonspendable fund balance represents the long-term portion of receivables and prepaid items.
- Restricted fund balance represents amounts that are legally restricted by outside parties for a specific purpose (such as debt covenants, grant or donor requirements, or other governments) or are restricted by law (constitutionally or by enabling legislation).

**LINCOLN CITY URBAN RENEWAL AGENCY**  
(A Component Unit of the City of Lincoln City, Oregon)

**NOTES TO BASIC FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2024**

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

**Fund Balance (Continued)**

- Committed fund balance represents funds formally set aside by the Agency's Board for a particular purpose. The Board may commit fund balance by resolution. The Board may also modify or rescind commitments by resolution.
- Assigned fund balance represents amounts that are constrained by the expressed intent to use resources for specific purposes that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the Board or by an official to whom that authority has been given by the governing body. Both the City Manager and the Finance Director have been given this authority by the Board.
- Unassigned fund balance is the residual classification of the General Fund. Only the General Fund may report a positive unassigned fund balance. Other governmental funds would report any residual fund deficit as unassigned.

The Agency Officials have approved 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.

**Pension/Other Postemployment Benefits**

The Agency has no employees. Agency work is performed by the City employees; these personnel costs, including pension cost and other postemployment benefits costs, are not charged to the Agency for FY2023-24, and are not reflected in Urban Renewal expenditures/expenses.

**Risk Management**

The Agency 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 for which the Agency is covered under the City of Lincoln City's commercial insurance policies. The Agency does not engage in risk financing activities where risk is retained (self-insurance). There has been no significant reduction in insurance coverage from the prior year for any category of risk and settled claims from these risks have not exceeded commercial insurance limits in any of the past three fiscal years.

**LINCOLN CITY URBAN RENEWAL AGENCY**  
(A Component Unit of the City of Lincoln City, Oregon)

**NOTES TO BASIC FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2024**

**3. RECEIVABLES**

The Agency's receivables at June 30, 2024, are shown below:

|                      | Property<br>Rehabilitation<br>Program | Tax Increment<br>Roads End /<br>Villages District | Totals            |
|----------------------|---------------------------------------|---|-------------------|
| Rehabilitation loans | \$ 504,826                            | \$ -  | \$ 504,826        |
| Miscellaneous        | 7,797                                 | -   | 7,797             |
| Property taxes       | -                                     | 17,301  | 17,301            |
| Totals               | <u>\$ 512,623</u>                     | <u>\$ 17,301</u>                                  | <u>\$ 529,924</u> |

Rehabilitation loans receivable are comprised of loans to qualified borrowers for the rehabilitation and restoration of single-family and multi-family residences, collateralized by real property, and commercial loans to small business to promote economic development, which are collateralized by personal property. Loans receivable are as follows:

| <u>Fund and Program</u>       | <u>Term</u> | <u>Rate</u> | <u>Receivable</u> |
|-------------------------------|-------------|-------------|-------------------|
| <b>Major fund:</b>            |             |             |                   |
| Property Rehabilitation Fund: |             |             |                   |
| Urban development:            |             |             |                   |
| Rehabilitation loans          | 10 years    | 0%          | \$ 504,826        |

**4. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2024, was as follows:

|   | Balance (Restated)<br>June 30, 2023 | Increases         | Donation<br>to City    | Decreases        | Balance<br>June 30, 2024 |
|---|-------------------------------------|-------------------|------------------------|------------------|--------------------------|
| Capital assets not being depreciated:       |                                     |                   |                        |                  |                          |
| Land  | \$ 3,125,813                        | \$ -              | \$ (1,128,773)         | \$ -             | \$ 1,997,040             |
| Construction in progress                    | 214,607                             | 3,663             | -                      | -                | 218,270                  |
| Total capital assets not being depreciated  | <u>3,340,420</u>                    | <u>3,663</u>      | <u>(1,128,773)</u>     | <u>-</u>         | <u>2,215,310</u>         |
| Capital assets being depreciated:           |                                     |                   |                        |                  |                          |
| Buildings                                   | 538,450                             | -                 | (538,450)              | -                | -                        |
| System improvements                         | 26,256,109                          | -                 | (25,491,782)           | (321,667)        | 442,660                  |
| Books and art                               | 29,250                              | -                 | (29,250)               | -                | -                        |
| Total capital assets being depreciated      | <u>26,823,809</u>                   | <u>-</u>          | <u>(26,059,482)</u>    | <u>(321,667)</u> | <u>442,660</u>           |
| Less accumulated depreciation               | <u>(15,299,389)</u>                 | <u>(4,867)</u>    | <u>14,830,746</u>      | <u>321,667</u>   | <u>(151,843)</u>         |
| Total capital assets being depreciated, net | <u>11,524,420</u>                   | <u>(4,867)</u>    | <u>(11,228,736)</u>    | <u>-</u>         | <u>290,817</u>           |
| Total capital assets, net                   | <u>\$ 14,864,840</u>                | <u>\$ (1,204)</u> | <u>\$ (12,357,509)</u> | <u>\$ -</u>      | <u>\$ 2,506,127</u>      |

**LINCOLN CITY URBAN RENEWAL AGENCY**  
(A Component Unit of the City of Lincoln City, Oregon)

**NOTES TO BASIC FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2024**

**5. UNAVAILABLE REVENUE**

Resources of the Agency, which are measurable but not available, and are therefore reported as deferred inflow of resources in the funds, relate to property taxes receivable in the Roads End/Villages District Fund of \$17,301.

**6. RESTATEMENT**

*Property Transfer*

During the fiscal year ended June 30, 2022, the URA Agency donated property with a book value of \$415,918 to the City. This donation was not included in the FY2021-2022 financial statements as it should have been; instead the property was left in capital assets and included in net position.

*Funding for Capital Project*

During the fiscal year ended June 30, 2023, the URA Agency transferred \$99,998 to the City for funding the NE 44-47<sup>th</sup> connector capital project which was expensed in the Road End/Villages fund. The City did not expend any of these funds in FY2022-2023, so the payment should have been recorded as a prepaid expense, rather than being expensed.

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

**FY2021-2022**

| <b>Statement of Net Position</b>             | <b>As Originally Reported</b> | <b>As Restated</b> | <b>Effect of Change</b> |
|--|-------------------------------|--------------------|-------------------------|
| Assets:                                      |                               |                    |                         |
| Land, improvements, construction in progress | \$ 3,702,330                  | \$ 3,286,412       | \$ (415,918)            |
| Total Net Position                           | 17,477,094                    | 17,061,176         | <u>\$ (415,918)</u>     |
| <b>Statement of Activities</b>               |                               |                    |                         |
| General Revenues:                            |                               |                    |                         |
| TRANSFER of capital assets to City           | \$ -                          | \$ (415,918)       | \$ (415,918)            |
| Change in Net Position                       | (887,656)                     | (1,303,574)        | <u>(415,918)</u>        |
| Net Position, end of year                    | 17,477,094                    | 17,061,176         | <u>\$ (415,918)</u>     |

**FY2022-23**

| <b>Statement of Net Position</b>  | <b>As Originally Reported</b> | <b>As Restated</b> | <b>Effect of Change</b> |
|-----------------------------------|-------------------------------|--------------------|-------------------------|
| Assets:                           |                               |                    |                         |
| Prepays                           | \$ -                          | \$ 99,998          | \$ 99,998               |
| Land and construction in progress | 3,756,338                     | 3,340,420          | <u>(415,918)</u>        |
| Total Net Position                | 16,853,471                    | 16,537,551         | <u>\$ (315,920)</u>     |
| <b>Statement of Activities</b>    |                               |                    |                         |
| Net Position, beginning of year   | \$17,477,094                  | \$17,061,176       | <u>\$ (415,918)</u>     |
| Net Position, end of year         | 16,853,471                    | 16,537,551         | <u>\$ (315,920)</u>     |

**LINCOLN CITY URBAN RENEWAL AGENCY**  
(A Component Unit of the City of Lincoln City, Oregon)

**NOTES TO BASIC FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2024**

**6. RESTATEMENT (Continued)**

**FY2022-2023 (Continued)**

| <b>Statement of Revenues, Expenditures, and<br/>Changes in Fund Balances</b> | <b>As Originally<br/>Reported</b> | <b>As Restated</b> | <b>Effect of<br/>Change</b> |
|--|-----------------------------------|--------------------|-----------------------------|
| Expenditures:  |                                   |                    |                             |
| Materials and Services   | \$ 112,810                        | \$ 12,812          | \$ 99,998                   |
| Total Fund Balance   | 403,140                           | 503,138            | <u>\$ 99,998</u>            |

**REQUIRED SUPPLEMENTARY INFORMATION**

**LINCOLN CITY URBAN RENEWAL AGENCY**  
(A Component Unit of the City of Lincoln City, Oregon)

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

**GENERAL FUND**

**YEAR ENDED JUNE 30, 2024**

|   | Budget           |                  | Actual            | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|------------------|------------------|-------------------|---|
|   | Original         | Final            |                   |   |
| <b>REVENUES:</b>  |                  |                  |                   |   |
| Charges for services  | \$ 50,000        | \$ 50,000        | \$ -              | \$ (50,000)   |
| Interest on investments   | 150              | 150              | 4,311             | 4,161   |
| Miscellaneous   | -                | -                | 4,600             | 4,600   |
| <b>TOTAL REVENUES</b>   | <b>50,150</b>    | <b>50,150</b>    | <b>8,911</b>      | <b>(41,239)</b>   |
| <b>EXPENDITURES:</b>  |                  |                  |                   |   |
| Materials and services  | 6,950            | 16,950           | 9,307             | 7,643   |
| Capital outlay  | 165,709          | 155,709          | 3,663             | 152,046   |
| <b>TOTAL EXPENDITURES</b>   | <b>172,659</b>   | <b>172,659</b>   | <b>12,970</b>     | <b>159,689</b>  |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER (UNDER) EXPENDITURES AND<br/>CHANGE IN FUND BALANCE</b> | <b>(122,509)</b> | <b>(122,509)</b> | <b>(4,059)</b>    | <b>118,450</b>  |
| <b>FUND BALANCE, beginning of year</b>  | <b>122,509</b>   | <b>122,509</b>   | <b>133,818</b>    | <b>11,309</b>   |
| <b>FUND BALANCE, end of year</b>  | <b>\$ -</b>      | <b>\$ -</b>      | <b>\$ 129,759</b> | <b>\$ 129,759</b>                                       |

**LINCOLN CITY URBAN RENEWAL AGENCY**  
(A Component Unit of the City of Lincoln City, Oregon)

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

**PROPERTY REHABILITATION PROGRAM FUND**

**YEAR ENDED JUNE 30, 2024**

|   | Budget<br>Original/Final | Actual              | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|--------------------------|---------------------|---|
| <b>REVENUES:</b>  |                          |                     |   |
| Loan repayments   | \$ 60,000                | \$ 112,341          | \$ 52,341   |
| Interest on investments   | 390                      | 20,049              | 19,659  |
| <b>TOTAL REVENUES</b>   | <u>60,390</u>            | <u>132,390</u>      | <u>72,000</u>   |
| <b>EXPENDITURES:</b>  |                          |                     |   |
| Property Rehab Program  | <u>447,055</u>           | <u>7,105</u>        | <u>439,950</u>  |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER (UNDER) EXPENDITURES AND<br/>CHANGE IN FUND BALANCE</b> | (386,665)                | 125,285             | 511,950   |
| <b>FUND BALANCE</b> , beginning of year   | <u>386,665</u>           | <u>409,856</u>      | <u>23,191</u>   |
| <b>FUND BALANCE</b> , end of year   | <u>\$ -</u>              | <u>\$ 535,141</u>   | <u>\$ 535,141</u>                                       |
| Fund balance - budgetary basis  |                          | \$ 535,141          |   |
| Balance of loans receivable   |                          | <u>504,826</u>      |   |
| Fund balance - GAAP   |                          | <u>\$ 1,039,967</u> |   |
| Change in fund balance - budgetary basis  |                          | \$ 125,285          |   |
| Loan repayments reported as reduction in receivable   |                          | <u>(112,341)</u>    |   |
| Changes in fund balance - GAAP basis  |                          | <u>\$ 12,944</u>    |   |

**LINCOLN CITY URBAN RENEWAL AGENCY**  
(A Component Unit of the City of Lincoln City, Oregon)

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

**TAX INCREMENT FUND - ROADS END / VILLAGES DISTRICT**

**YEAR ENDED JUNE 30, 2024**

|   | <u>Original/Final<br/>Budget</u> | <u>Actual</u>     | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|---|----------------------------------|-------------------|---|
| <b>REVENUES:</b>  |                                  |                   |   |
| Property taxes  | \$ 401,415                       | \$ 487,027        | \$ 85,612   |
| Interest on investments   | 6,250                            | 36,034            | 29,784  |
| <b>TOTAL REVENUES</b>   | <u>407,665</u>                   | <u>523,061</u>    | <u>115,396</u>  |
| <b>EXPENDITURES:</b>  |                                  |                   |   |
| Roads End / Villages Improvements   | <u>783,514</u>                   | <u>70,824</u>     | <u>712,690</u>  |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER (UNDER) EXPENDITURES AND<br/>CHANGE IN FUND BALANCE</b> | (375,849)                        | 452,237           | 828,086   |
| <b>FUND BALANCE</b> , beginning of year, as previously reported                                     | <u>375,849</u>                   | <u>403,140</u>    | <u>27,291</u>   |
| Restatement for correction of prepaid balance   | <u>-</u>                         | <u>99,998</u>     | <u>99,998</u>   |
| <b>FUND BALANCE</b> , beginning of year, as restated  | <u>375,849</u>                   | <u>503,138</u>    | <u>127,289</u>  |
| <b>FUND BALANCE</b> , end of year   | <u>\$ -</u>                      | <u>\$ 955,375</u> | <u>\$ 955,375</u>   |

**LINCOLN CITY URBAN RENEWAL AGENCY**  
(A Component Unit of the City of Lincoln City, Oregon)

**NOTE TO REQUIRED SUPPLEMENTARY INFORMATION**

**YEAR ENDED JUNE 30, 2024**

**BUDGETS**

Annual budgets are adopted on the modified accrual basis of accounting for all funds. The budgetary process begins by appointing Budget Committee members each year. Budget recommendations are developed by management and staff through early spring, with the Budget Committee approving the budget document in late spring. Public notices of the budget hearing are published prior to the public hearing held in June. The Agency Board adopts the budget and authorizes appropriations no later than June 30.

The ordinance authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. All funds establish the levels of budgetary control at the personal services, materials and services, special payments, capital outlay, debt service, and contingency category levels. Unexpected additional resources may be added to the budget through the use of a supplemental budget. Supplemental budgets less than 10% of the fund's original budget may be adopted by the Agency Board at a regular meeting. A supplemental budget greater than 10% of the fund's original budget requires hearings before the public, publication in newspapers and approval by the Agency Board. Original and supplemental budgets may be modified by the use of appropriation transfers between category levels. Such transfers require approval by the Agency Board. All annual appropriations lapse at fiscal year end.

**OTHER SUPPLEMENTARY INFORMATION**

**LINCOLN CITY URBAN RENEWAL AGENCY**  
(A Component Unit of the City of Lincoln City, Oregon)

**PROPERTY TAX TRANSACTIONS**

**YEAR ENDED JUNE 30, 2024**

**ROADS END / VILLAGES DISTRICT**

|         |         | <u>Balance</u><br><u>June 30, 2023</u> | <u>Levy</u>       | Net Interest<br>(Discount)<br>and<br><u>Adjustments</u> | <u>Collections</u> | <u>Balance</u><br><u>June 30, 2024</u> |
|---------|---------|--|-------------------|---|--------------------|--|
| Current | 2023-24 | \$ -                                   | \$ 508,675        | \$ (13,564)   | \$ 482,208         | \$ 12,903                              |
| Prior   | 2022-23 | 7,486                                  | -                 | (27)  | 4,014              | 3,445                                  |
|         | 2021-22 | 1,246                                  | -                 | 492   | 785                | 953                                    |
|         |         | <u>\$ 8,732</u>                        | <u>\$ 508,675</u> | <u>\$ (13,099)</u>                                      | <u>\$ 487,007</u>  | <u>\$ 17,301</u>                       |
|         |         |  |                   |   | <u>20</u>          |  |
|         |         |  |                   |   | <u>\$ 487,027</u>  |  |

**OTHER SCHEDULES**

**LINCOLN CITY URBAN RENEWAL AGENCY**  
(A Component Unit of the City of Lincoln City, Oregon)

**NOTICE OF PREPARATION AND FILING OF FINANCIAL STATEMENT**

In accordance with ORS. 457.460, a Financial Statement for the Lincoln City Urban Renewal Agency has been prepared and is on file with the City of Lincoln City and the Lincoln City Urban Renewal Agency. The information contained in the statement is available to all interested persons. A summary of the Financial Statement and Budget follows:

**LINCOLN CITY URBAN RENEWAL AGENCY BUDGET**

**FISCAL YEAR 2024-25**

|                                   | <u>General<br/>Fund</u>  | <u>Tax Increment<br/>Fund - Roads<br/>End/Villages<br/>District</u> | <u>Property<br/>Rehabilitation<br/>Fund</u> | <u>Tax Increment<br/>Fund - Nelscott<br/>District</u> |
|-----------------------------------|--------------------------|---|---|---|
| <b>REVENUES:</b>                  |                          |   |   |   |
| Beginning Fund Balance            | \$ 129,968               | \$ 902,966  | \$ 497,856                                  | \$ -  |
| Interest                          | 1,000                    | 25,750  | 10,000                                      | 1,000   |
| Deferred Improvement Agreements   | 50,000                   | -   | -   | -   |
| Loan Repayments                   | -                        | -   | 60,000                                      | -   |
| Tax Increment Proceeds            | -                        | 550,886   | -   | 121,473   |
| Transfers In                      | 250,000                  | -   | -   | -   |
| <b>TOTAL REVENUES</b>             | <b><u>\$ 430,968</u></b> | <b><u>\$ 1,479,602</u></b>  | <b><u>\$ 567,856</u></b>                    | <b><u>\$ 122,473</u></b>                              |
| <b>EXPENDITURES:</b>              |                          |   |   |   |
| Materials & Services              | \$ 25,968                | \$ -  | \$ -  | \$ -  |
| Capital Outlay                    | 405,000                  | -   | -   | -   |
| Property Rehabilitation           | -                        | -   | 5,000                                       | -   |
| Roads End / Villages Improvements | -                        | 7,100   | -   | -   |
| Nelscott District Improvements    | -                        | -   | -   | 16,800  |
| Contingency                       | -                        | 1,472,502   | 312,856                                     | 105,673   |
| Transfers Out                     | -                        | -   | 250,000                                     | -   |
| <b>TOTAL EXPENDITURES</b>         | <b><u>\$ 430,968</u></b> | <b><u>\$ 1,479,602</u></b>  | <b><u>\$ 567,856</u></b>                    | <b><u>\$ 122,473</u></b>                              |

**LINCOLN CITY URBAN RENEWAL AGENCY**  
(A Component Unit of the City of Lincoln City, Oregon)

**REVENUES AND EXPENDITURES**

**FISCAL YEAR 2023-24**

|                            | General<br>Fund   | Tax Increment<br>Fund - Roads<br>End/Villages<br>District | Property<br>Rehabilitation<br>Fund |
|----------------------------|-------------------|---|------------------------------------|
| <b>REVENUES:</b>           |                   |   |                                    |
| Beginning Fund Balance     | \$ 133,818        | \$ 503,138  | \$ 409,856                         |
| Interest                   | 4,311             | 36,034  | 20,049                             |
| Loan Repayments            | -                 | -   | 112,341                            |
| Tax Increment Proceeds     | -                 | 487,027   | -                                  |
| Miscellaneous              | 4,600             | -   | -                                  |
| <b>TOTAL REVENUES</b>      | <b>\$ 142,729</b> | <b>\$ 1,026,199</b>                                       | <b>\$ 542,246</b>                  |
| <br><b>EXPENDITURES:</b>   |                   |   |                                    |
| Materials & Services       | \$ 9,307          | \$ 4,900  | \$ 7,105                           |
| Capital Outlay             | 3,663             | -   | -                                  |
| Economic Development       | -                 | 65,924  | -                                  |
| <b>TOTAL EXPENDITURES</b>  | <b>12,970</b>     | <b>70,824</b>   | <b>7,105</b>                       |
| <b>ENDING FUND BALANCE</b> | <b>\$ 129,759</b> | <b>\$ 955,375</b>   | <b>\$ 535,141</b>                  |

Note: Beginning Fund balance for the Roads End/Villages District has been restated from \$403,140 to \$503,138. See Note 6 For more information.

The Tax Increment Proceeds (revenue) received by the Agency are used to pay for indebtedness incurred in carrying out the Urban Renewal Plan. The maximum amount of indebtedness that may be issued or incurred under the plan is \$87,100,000. As of June 30, 2024, the unspent available maximum indebtedness balance is \$87,024,076.

**LINCOLN CITY URBAN RENEWAL AGENCY**  
(A Component Unit of the City of Lincoln City, Oregon)

**IMPACT ON OVERLAPPING TAXING DISTRICTS OF PROPERTY TAX LEVIED FOR**  
**THE LINCOLN CITY URBAN RENEWAL DISTRICT FOR FISCAL YEAR 2023-24**

**IS AS FOLLOWS:**

| <b>Taxing District</b>         | <b>Taxes Levied<br/>with Urban<br/>Renewal</b> | <b>Taxes Levied<br/>without Urban<br/>Renewal</b> | <b>Urban Renewal<br/>Taxes Levied</b> |
|--------------------------------|--|---|---------------------------------------|
| Lincoln County School District | \$ 10,573,371                                  | \$ 10,754,987                                     | \$ 181,616                            |
| Linn-Benton-Lincoln ESD        | 656,797  | 667,969   | 11,172                                |
| Oregon Coast Community College | 378,567  | 384,920   | 6,353                                 |
| City of Lincoln City           | 8,829,509                                      | 8,981,330   | 151,821                               |
| Lincoln County Animal Shelter  | 237,043  | 240,986   | 3,943                                 |
| North Lincoln Fire/Rescue      | 4,115,405                                      | 4,140,049   | 24,644                                |
| Lincoln County General         | 6,074,162                                      | 6,178,443   | 104,281                               |
| Lincoln County Extension       | 97,270   | 98,804  | 1,534                                 |
| North Lincoln Health District  | 1,116,641                                      | 1,135,701   | 19,060                                |
| Lincoln County Transportation  | 209,877  | 213,382   | 3,505                                 |
| Devil's Lake Water - Inside    | 103,751  | 104,211   | 460                                   |
| Devil's Lake Water - Outside   | <u>182,774</u>                                 | <u>183,060</u>                                    | <u>286</u>                            |
| <b>TOTALS</b>                  | <b><u>\$ 32,575,167</u></b>                    | <b><u>\$ 33,083,842</u></b>                       | <b><u>\$ 508,675</u></b>              |

(1) Note: Property Taxes for education are determined by a State Formula. The State reimburses education for the difference between the Formula and what is collected locally.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED  
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**



Your peace of mind is our passion.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Agency Officials  
Lincoln City Urban Renewal Agency  
(A Component Unit of the City of Lincoln City, Oregon)  
Lincoln City, Oregon

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities and each major fund of the Lincoln City Urban Renewal Agency (the Agency), a component unit of the City of Lincoln City, Oregon (the City) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated January 29, 2025.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting (internal control) as a basis for designing 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 Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency'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 a 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 the City's Federal Grant Programs reporting of the *Schedule of Findings and Questioned Costs* as Findings 2024-001 and 2024-002 that we consider to be material weaknesses.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Agency's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS (Continued)**

**Agency's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Agency's response to the findings identified in our audit and described in the City's Federal Grant Programs reporting of the *Schedule of Findings and Questioned Costs*. The Agency's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

**Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Talbot, Kowala & Warwick LLP*

Portland, Oregon  
January 29, 2025

**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**



Your peace of mind is our passion.

**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**

Agency Officials  
Lincoln City Urban Renewal Agency  
(A Component Unit of the City of Lincoln City, Oregon)  
Lincoln City, Oregon

We have audited the financial statements of the governmental activities and each major fund of the Lincoln City Urban Renewal Agency (the Agency), a component unit of the City of Lincoln City, Oregon, as of and for the year ended June 30, 2024, and the related notes to the financial statements which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated January 29, 2025. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Agency'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.
- 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 Agency 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*.

**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)**

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Agency'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 Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency'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 the City's Federal Grant Programs reporting of the *Schedule of Findings and Questioned Costs* as Finding 2024-001 and 2024-002 that we consider to be material weaknesses.

**Purpose of This Report**

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

*Talbot, Kowala & Warwick LLP*

Portland, Oregon  
January 29, 2025