

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

Annual Financial Report

Year Ended June 30, 2025

**CITY OF LINCOLN CITY**

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**CITY OF LINCOLN CITY**

**CITY COUNCIL**

**JUNE 30, 2025**

**Term Expires**

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

Marci Baker  
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

Todd Barker  
City of Lincoln City  
PO Box 50  
Lincoln City, Oregon 97367

December 31, 2028

Dennis "Riley" Hoagland  
City of Lincoln City  
PO Box 50  
Lincoln City, Oregon 97367

December 31, 2028

Kevin Hohnbaum  
City of Lincoln City  
PO Box 50  
Lincoln City, Oregon 97367

December 31, 2028

**City Manager**

Daphnee Legarza

**Finance Director**

Debbie Bridges

**INDEPENDENT AUDITOR'S REPORT**



Your peace of mind is our passion.

## **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, 2025, 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, 2025, 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) 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 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 and *Government Auditing Standards* will always detect a material 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,

## INDEPENDENT AUDITOR'S REPORT (Continued)

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 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 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, 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 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 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 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 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.

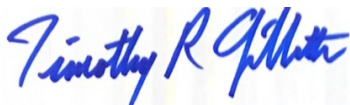
In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. 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 Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 15, 2026 on our consideration of the City'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 City'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 City'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 15, 2026, on our consideration of the City's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance.



For Talbot, Korvola & Warwick, LLP  
Portland, Oregon  
January 15, 2026

**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, 2025. 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 \$165,133,453 at June 30, 2025, an increase of \$9,235,244 (or 5.9%) over the prior year's restated net position. The City's General fund reported an ending fund balance of \$13,654,968, a decrease of \$2,486,612 (or 15.4%) over the prior year's fund balance. This decrease is largely due to a \$2.750 million transfer from the General fund to the Parks Capital fund for construction of a new community park. General fund revenues have been steady overall. Fees, Licenses, and Permits revenue increased by 35.9%, returning to prior years' level of new construction, after a marked decrease in FY2023-24 of 29.7%

The City implemented GASB Statement No. 101 - *Compensated Absences* during the fiscal year ending June 30, 2025. The implementation of GASB Statement 101 required a restatement of beginning balances for governmental and business-type activities that decreased net position by \$662,421 and \$155,926 respectively. More detailed information is presented in note 13.

#### 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 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 State 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 \$165,133,453 at June 30, 2025, an increase of \$9,235,244 (or 5.9%) over the prior year's net position (restated).

Table 1 – NET POSITION

	June 30, 2025			June 30, 2024		
	Governmental Activities	Business-type Activities	Totals	Governmental Activities	Business-type Activities	Totals
<b>Assets:</b>						
Cash and investments	\$ 33,904,742	\$ 10,517,295	\$ 44,422,037	\$ 33,648,240	\$ 11,268,225	\$ 44,916,465
Cash with County Treasurer	63,890	11,249	75,139	65,657	12,506	78,163
Receivables, net	6,091,749	1,746,438	7,838,187	6,808,206	1,699,844	8,508,050
Lease receivables	3,101,475	-	3,101,475	3,230,244	-	3,230,244
Prepays and other	1,079,962	53,353	1,133,315	1,338,429	36,554	1,374,983
Inventories	-	300,288	300,288	-	247,136	247,136
Land held for sale	1,954,487	-	1,954,487	1,954,487	-	1,954,487
Capital assets net	<u>88,527,011</u>	<u>52,562,456</u>	<u>141,089,467</u>	<u>80,621,331</u>	<u>51,369,463</u>	<u>131,990,794</u>
Total assets	<u>134,723,316</u>	<u>65,191,079</u>	<u>199,914,395</u>	<u>127,666,594</u>	<u>64,633,728</u>	<u>192,300,322</u>
<b>Deferred outflow of resources:</b>						
Deferred amts related to pensions	5,186,587	1,119,773	6,306,360	3,937,318	910,315	4,847,633
Deferred amts related to OPEB	<u>42,825</u>	<u>9,455</u>	<u>52,280</u>	<u>86,312</u>	<u>18,679</u>	<u>104,991</u>
Total deferred outflow of resources	<u>5,229,412</u>	<u>1,129,228</u>	<u>6,358,640</u>	<u>4,023,630</u>	<u>928,994</u>	<u>4,952,624</u>
<b>Liabilities:</b>						
Accounts payable and accrued expenses	4,485,307	1,233,899	5,719,206	2,848,046	1,423,160	4,271,206
Landfill closure and postclosure care costs	245,497	-	245,497	245,497	-	245,497
Net other postemployment obligations	401,241	86,834	488,075	426,604	92,323	518,927
Net pension liability	12,903,905	2,785,926	15,689,831	10,391,515	2,402,538	12,794,053
Long-term obligations	<u>9,717,387</u>	<u>5,305,566</u>	<u>15,022,953</u>	<u>10,753,867</u>	<u>7,452,723</u>	<u>18,206,590</u>
Total liabilities	<u>27,753,337</u>	<u>9,412,225</u>	<u>37,165,562</u>	<u>24,665,529</u>	<u>11,370,744</u>	<u>36,036,273</u>
<b>Deferred inflow of resources:</b>						
Deferred amounts related to pensions	735,801	158,858	894,659	1,036,515	239,644	1,276,159
Deferred amounts related to OPEB	159,398	34,896	194,294	125,139	27,082	152,221
Deferred lease resources	<u>2,885,067</u>	<u>-</u>	<u>2,885,067</u>	<u>3,071,737</u>	<u>-</u>	<u>3,071,737</u>
Total deferred inflow of resources	<u>3,780,266</u>	<u>193,754</u>	<u>3,974,020</u>	<u>4,233,391</u>	<u>266,726</u>	<u>4,500,117</u>
<b>Net position:</b>						
Net investment in capital assets	78,809,624	47,259,393	126,069,017	70,718,985	44,603,187	115,322,172
Restricted	19,136,227	2,140,546	21,276,773	22,066,815	9,145,900	31,212,715
Unrestricted	<u>10,473,274</u>	<u>7,314,389</u>	<u>17,787,663</u>	<u>10,005,504</u>	<u>176,165</u>	<u>10,181,669</u>
Total net position	<u>\$ 108,419,125</u>	<u>\$ 56,714,328</u>	<u>\$ 165,133,453</u>	<u>\$ 102,791,304</u>	<u>\$ 53,925,252</u>	<u>\$ 156,716,556</u>

\$126,069,017 (76.3%) of the City's total net position is invested in capital assets. \$3,708,529 (2.2%) of the City's net position is restricted for capital improvements, including proceeds from system development charges. \$9,627,011 (5.8%) is restricted for tourism. \$392,630 (0.2%) is restricted for repayment of outstanding debt. \$17,787,663 (10.8%) 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 \$48,365,460, an increase of 8.7% from the prior year. Of the City's total revenue, \$11,361,679 (or 23.5%) is from property taxes, \$12,733,356 (or 26.3%) is from transient room taxes, \$12,657,213 (or 26.2%) is from charges for services and \$11,613,212 (or 24.0%) is from grants, interest earnings, franchise fees, and other non-tax sources. More detailed information is presented in table 2 below.

Table 2  
CHANGE IN NET POSITION

	Year Ended June 30, 2025			Year Ended June 30, 2024		
	Governmental	Business-type	Totals	Governmental	Business-type	Totals
	Activities	Activities		Activities	Activities	
<b>Program revenues:</b>						
Charges for services	\$ 2,549,015	\$ 10,108,198	\$ 12,657,213	\$ 2,008,346	\$ 9,774,730	\$ 11,783,076
Operating grants and contributions	976,832	690,747	1,667,579	790,232	1,060,345	1,850,577
Capital grants and contributions	5,201,344	535,613	5,736,957	2,585,193	384,473	2,969,666
General revenues:						
Property taxes, general purposes	8,849,513	-	8,849,513	8,639,411	-	8,639,411
Property taxes, debt service	867,798	1,644,368	2,512,166	495,596	1,717,622	2,213,218
Franchise fees	1,364,004	-	1,364,004	1,311,086	-	1,311,086
Transient room taxes	12,733,356	-	12,733,356	12,634,698	-	12,634,698
Other	2,051,334	793,338	2,844,672	2,328,704	768,895	3,097,599
Total program and general revenues	<u>34,593,196</u>	<u>13,772,264</u>	<u>48,365,460</u>	<u>30,793,266</u>	<u>13,706,065</u>	<u>44,499,331</u>
<b>Program expenses:</b>						
General government	7,061,287	-	7,061,287	5,979,118	-	5,979,118
Public safety	8,903,566	-	8,903,566	8,118,236	-	8,118,236
Highways and streets	3,678,382	-	3,678,382	3,500,433	-	3,500,433
Cultural and recreation	8,812,033	-	8,812,033	7,748,645	-	7,748,645
Water and sewer	-	10,263,819	10,263,819	-	9,886,956	9,886,956
Interest on long-term debt	411,129	-	411,129	411,045	-	411,045
Total program expenses	<u>28,866,397</u>	<u>10,263,819</u>	<u>39,130,216</u>	<u>25,757,477</u>	<u>9,886,956</u>	<u>35,644,433</u>
Increase (decrease) in net position before transfers	5,726,799	3,508,445	9,235,244	5,035,789	3,819,109	8,854,898
Transfers	<u>563,443</u>	<u>(563,443)</u>	<u>-</u>	<u>(2,524,746)</u>	<u>2,524,746</u>	<u>-</u>
Change in net position	<u>6,290,242</u>	<u>2,945,002</u>	<u>9,235,244</u>	<u>2,511,043</u>	<u>6,343,855</u>	<u>8,854,898</u>
Net Position, beginning	<u>102,791,304</u>	<u>53,925,252</u>	<u>156,716,556</u>	<u>100,280,261</u>	<u>47,581,397</u>	<u>147,861,658</u>
Restatement - GASB 101	<u>(662,421)</u>	<u>(155,926)</u>	<u>(818,347)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Position, as restated	<u>102,128,883</u>	<u>53,769,326</u>	<u>155,898,209</u>	<u>100,280,261</u>	<u>47,581,397</u>	<u>147,861,658</u>
Net position, ending	<u>\$ 108,419,125</u>	<u>\$ 56,714,328</u>	<u>\$ 165,133,453</u>	<u>\$ 102,791,304</u>	<u>\$ 53,925,252</u>	<u>\$ 156,716,556</u>

The total cost of all programs and services was \$39,130,216, an increase of \$3,485,783 (or 9.8%) from the prior year. Expenses for Governmental Activities increased by 12.1% while expenses for Business-Type Activities increased by 3.8%. Of the total costs, \$10,263,819 (or 26.2%) was for Business-type Activities, and \$28,866,397 (or 73.8%) was for general government, public safety, highways and streets, cultural and recreation, and interest.

## FINANCIAL ANALYSIS OF THE CITY'S FUNDS

### Governmental Funds

The City's General Fund reported an ending fund balance of \$13,654,968, a decrease of \$2,486,612 (or 15.4%) over the prior year's fund balance. Total General fund revenues increased by 4.5% from the prior fiscal year, while General fund expenditures increased by 13.0%.

Transient Room Taxes (TRT) are a significant source of revenue for governmental funds, and they are an important indicator of how the local economy is doing. TRT revenues increased by \$98,658 (or 0.78%) from the prior fiscal year.

### Business-type Activities

The City's Water funds reported an ending net position of \$24,574,286, an increase of \$574,655 (or 2.4%) over the prior fiscal year's restated ending net position. Charges for Services increased by \$169,829 (or 3.7%). Water rates increased by 5% for the fiscal year.

The City's Sewer funds reported an ending net position of \$32,140,042, an increase of \$2,370,347 (or 8.0%) over the previous fiscal year's restated ending net position. Charges for Services increased by \$163,639 (or 3.2%). Sewer rates were increased by 5% for the fiscal year.

System development charges (SDC) for both the Water and Sewer funds are generated from new building activity and are a reflection of changes in new construction occurring within the City. Water system development charges increased by \$57,279 (or 40.9%). Sewer system development charges increased by \$93,861 (or 38.4%).

## BUDGETARY HIGHLIGHTS

City Council approved four changes to the fiscal year 2024-25 General Fund adopted budget. These changes re-categorized operating expenditures to reflect actual spending patterns. It also added \$957,933 for land purchases, \$88,000 for Police vehicle buildout, and \$35,000 for Dispatch radio project.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

At the end of fiscal year 2024-25, the City had capital assets totaling \$141,089,467 in a broad range of categories, including land, infrastructure, equipment, buildings, vehicles, and subscriptions. This amount represents a net increase (including additions and deductions) of \$9,098,673 (or 6.9%). More detailed information is presented in notes 5, 6 and 7 of the notes to basic financial statements.

Table 3  
CHANGE IN CAPITAL ASSETS

	June 30, 2025			June 30, 2024		
	Governmental Activities	Business-type Activities	Totals	Governmental Activities	Business-type Activities	Totals
Beginning balance	\$ 80,621,331	\$ 51,369,463	\$ 131,990,794	\$ 81,601,712	\$ 47,523,115	\$ 129,124,827
Additions	11,942,008	4,476,367	16,418,375	5,407,248	3,971,614	9,378,862
Transfers	-	-	-	(5,472,257)	5,472,257	-
Retirements	(853,063)	(56,367)	(909,430)	(629,288)	(452,175)	(1,081,463)
Amortization, net	(86,115)	(8,118)	(94,233)	(40,073)	(1,212)	(41,285)
Depreciation, net	<u>(3,097,150)</u>	<u>(3,218,889)</u>	<u>(6,316,039)</u>	<u>(246,011)</u>	<u>(5,144,136)</u>	<u>(5,390,147)</u>
Ending balance	<u>\$ 88,527,011</u>	<u>\$ 52,562,456</u>	<u>\$ 141,089,467</u>	<u>\$ 80,621,331</u>	<u>\$ 51,369,463</u>	<u>\$ 131,990,794</u>

### Governmental Activities

Additions to capital assets from governmental activities totaled \$11,942,008. These additions included: (1) Hwy 101 West Devils Lake Road to Neotsu Bike/Pedestrian Path \$4,130,072, (2) Schooner Creek Discovery Park \$2,605,573, (3) SE 3<sup>rd</sup> Sidewalk \$1,317,780, (4) NW 21<sup>st</sup> Safe Routes improvements \$1,242,176, and (5) Cutler BayWalk Sidewalk Gap \$676,951.

### Business-type Activities

Additions to capital assets from business-type activities totaled \$4,476,367. These additions included (1) Water radio read meters \$1,390,874, and (2) Ester Lee Pumpstation \$1,027,522, and (3) Nelscott Force Main \$716,019.

### LONG-TERM OBLIGATIONS

At the end of fiscal year 2024-25, the City had \$15,022,953 in outstanding debt, a decrease of \$3,183,637 (17.5%) relative to the prior year.

### Governmental Activities

The City entered into three Subscription Information Technology Arrangements (SBITA) during the fiscal year. The ActiveNet subscription has a term of 3 years with a renewal of another 3 years, and had a net present value of \$67,151 at inception. The Granicus.gov Delivery subscription has a term of 5 years, and had a net present value of \$28,824 at inception. The Granicus EHQ subscription has a term of 4.75 years had a net present value of \$53,458 at inception. The City made all scheduled principal and interest payments as required.

The City reported \$851,521 of unearned grant revenue in its prior year financial statements. Those grant revenues were expended and earned during the current fiscal year.

### Business-type Activities

The City entered into one Subscription Information Technology Arrangements (SBITA) during the fiscal year. The Sensus Analytics subscription has a term of 5 years with a renewal of another 5 years, and had a net present value of \$70,056 at inception.

The City did not issue any other new debt for the fiscal year ending June 30, 2025 and made all scheduled principal and interest payments as required. As of June 30, 2025, 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. The City reported \$686,447 of unearned grant revenue in its prior year financial statements. Those remaining ARPA funds were expended and earned during the current fiscal year.

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, 2025</u>	<u>June 30, 2024</u>
Governmental:		
Full Faith and Credit Bond Series 2018	\$ 9,225,000	\$ 9,465,000
Full Faith and Credit Bond Premium Series 2018	43,349	69,990
Contracts Payable - Police Copier	<u>-</u>	<u>1,333</u>
Total governmental activities	<u>9,268,349</u>	<u>9,536,323</u>
Business-type:		
General Obligation Bonds		
Sewer Bonds - Series 2011	460,013	1,051,875
Sewer Bonds - Series 2013	4,780,000	5,655,000
Contract Payable - Water Hydro	<u>-</u>	<u>57,876</u>
Total business-type activities	<u>5,240,013</u>	<u>6,764,751</u>
Total long-term obligations, bonds, notes, and contracts	<u>\$ 14,508,362</u>	<u>\$ 16,301,074</u>

GASB 87 leases payable are as follows:

Table 5  
LEASES PAYABLE

	<u>June 30, 2025</u>	<u>June 30, 2024</u>
Governmental:		
Public works copier (1/3 of lease)	\$ -	\$ 762
Explore Lincoln City postage machine	2,330	3,767
City Hall postage machine	<u>11,367</u>	<u>14,155</u>
Total governmental activities	<u>13,697</u>	<u>18,684</u>
Business-type:		
Public works copier (2/3 of lease)	<u>-</u>	<u>1,525</u>
Total long-term obligations	<u>\$ 13,697</u>	<u>\$ 20,209</u>

GASB 96 subscriptions payable are as follows:

Table 6  
SUBSCRIPTIONS PAYABLE

	<u>June 30, 2025</u>	<u>June 30, 2024</u>
Governmental:		
Police/Planning Code Enforcement subscription	\$ 42,585	\$ 50,236
Fleet camera subscription	37,741	41,322
Body camera subscription	112,324	121,064
Fleet license plate recognition subscription	40,041	43,725
Escribe subscription	59,619	69,838
ESRI subscription	11,129	21,154
ActiveNet subscription	58,337	-
Granicus .gov/Delivery subscription	24,955	-
Granicus EHQ subscription	48,610	-
Total governmental activities	<u>\$ 435,341</u>	<u>\$ 347,339</u>
Business-type		
Sensus Analytic subscription	<u>65,553</u>	<u>-</u>
Total subscriptions payable	<u>\$ 500,894</u>	<u>\$ 347,339</u>

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

Property taxes comprise 55.5% 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 in the adopted budget for fiscal year 2025-26 is \$18,000,391, and expenditures are \$18,350,785, resulting in a \$350,394 decrease to fund balance. The projected ending General Fund reserves for fiscal year 2025-26 total \$8,891,502 (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 \$130,479 (or 1.0%) in FY2025-26 (budget to prior year end estimate).

For fiscal year 2025-26, the City's Street capital funds have budgeted \$2,705,403 for capital projects, with another \$980,115 in capital contingencies. The City's Park capital funds have budgeted for the issuance of a \$5,000,000 bond, and have budgeted \$8,257,946 in capital projects, with another \$966,533 in capital contingencies.

#### 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 FY2025-26.

For FY2025-26, the City's Water Capital funds have budgeted \$6,795,964 in capital outlay for water system upgrades and replacements, with another \$201,404 in capital contingencies.

For FY2025-26, the City's Wastewater Capital funds have budgeted \$4,230,000 in capital outlay for sewer system upgrades and replacements, with another \$2,613,890 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, 2025**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS:</b>			
Current assets			
Cash and investments	\$ 33,904,742	\$ 10,517,295	\$ 44,422,037
Cash with County Treasurer	63,890	11,249	75,139
Receivables	4,337,623	1,746,438	6,084,061
Lease receivables	135,932	-	135,932
Inventories	-	300,288	300,288
Noncurrent assets			
Receivables	1,754,126	-	1,754,126
Lease receivables	2,965,543	-	2,965,543
Prepays and other	1,079,962	53,353	1,133,315
Land held for resale	1,954,487	-	1,954,487
Capital assets:			
Land, improvements and construction in progress	45,311,248	5,240,245	50,551,493
Lease assets, net	12,326	-	12,326
Subscription assets, net	409,165	63,050	472,215
Other capital assets, net	42,794,272	47,259,161	90,053,433
<b>TOTAL ASSETS</b>	<b>134,723,316</b>	<b>65,191,079</b>	<b>199,914,395</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Deferred amounts related to pensions	5,186,587	1,119,773	6,306,360
Deferred amounts related to OPEB	42,825	9,455	52,280
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>5,229,412</b>	<b>1,129,228</b>	<b>6,358,640</b>

See notes to basic financial statements.

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

**STATEMENT OF NET POSITION**

**JUNE 30, 2025**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>LIABILITIES:</b>			
Accounts payable and accrued expenses	\$ 1,719,250	\$ 899,782	\$ 2,619,032
Other accrued liabilities	1,008,075	-	1,008,075
Accrued interest payable	90,569	12,272	102,841
Accrued compensated absences	1,667,413	321,845	1,989,258
Long-term obligations:			
Portion due or payable within one year:			
Landfill closure and post closure care costs	60,000	-	60,000
Long-term debt	276,329	1,360,013	1,636,342
Lease payable	4,625	-	4,625
Subscriptions payable	72,779	4,930	77,709
Portion due or payable after one year:			
Landfill closure and post closure care costs	185,497	-	185,497
Long-term debt	8,992,020	3,880,000	12,872,020
Lease payable	9,072	-	9,072
Subscriptions payable	362,562	60,623	423,185
Net pension liability	12,903,905	2,785,926	15,689,831
Total other postemployment benefit obligation	401,241	86,834	488,075
<b>TOTAL LIABILITIES</b>	<b>27,753,337</b>	<b>9,412,225</b>	<b>37,165,562</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Deferred amounts related to pensions	735,801	158,858	894,659
Deferred amounts related to OPEB	159,398	34,896	194,294
Deferred lease resources	2,885,067	-	2,885,067
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>3,780,266</b>	<b>193,754</b>	<b>3,974,020</b>
<b>NET POSITION:</b>			
Net investment in capital assets	78,809,624	47,259,393	126,069,017
Restricted for:			
Capital improvements	2,013,966	1,694,563	3,708,529
Debt service	-	392,630	392,630
Highways and streets	2,401,165	-	2,401,165
Landfill postclosure costs	204,203	-	204,203
Tourism	9,627,011	-	9,627,011
Urban renewal	3,042,702	-	3,042,702
Parks maintenance	1,615,263	-	1,615,263
OPEB asset	231,917	53,353	285,270
Unrestricted	10,473,274	7,314,389	17,787,663
<b>TOTAL NET POSITION</b>	<b>\$ 108,419,125</b>	<b>\$ 56,714,328</b>	<b>\$ 165,133,453</b>

See notes to basic financial statements.

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

**STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED JUNE 30, 2025**

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	\$ 7,061,287	\$ 1,554,786	\$ 976,832	\$ 191,669	\$ (4,338,000)	\$ -	\$ (4,338,000)
Public safety	8,903,566	30,416	-	-	(8,873,150)	-	(8,873,150)
Highways and streets	3,678,382	89,502	-	3,775,851	186,971	-	186,971
Culture and recreation	8,797,898	874,311	-	1,233,824	(6,689,763)	-	(6,689,763)
Art and education	14,135	-	-	-	(14,135)	-	(14,135)
Interest on long-term obligations	411,129	-	-	-	(411,129)	-	(411,129)
Total governmental activities	28,866,397	2,549,015	976,832	5,201,344	(20,139,206)	-	(20,139,206)
Business-type activities:							
Water	4,261,002	4,756,267	4,300	197,327	-	696,892	696,892
Sewer	6,002,817	5,351,931	686,447	338,286	-	373,847	373,847
Total business-type activities	10,263,819	10,108,198	690,747	535,613	-	1,070,739	1,070,739
<b>Total</b>	<b>\$ 39,130,216</b>	<b>\$ 12,657,213</b>	<b>\$ 1,667,579</b>	<b>\$ 5,736,957</b>	<b>(20,139,206)</b>	<b>1,070,739</b>	<b>(19,068,467)</b>
<b>GENERAL REVENUES</b>							
Property taxes levied for:							
General purposes					8,849,513	-	8,849,513
Debt service					867,798	1,644,368	2,512,166
Franchise fees					1,364,004	-	1,364,004
Transient room taxes					12,733,356	-	12,733,356
Unrestricted investment earnings					1,813,338	545,469	2,358,807
Gain (loss) from sale of capital assets					(278,557)	43,679	(234,878)
Miscellaneous					516,553	204,190	720,743
<b>TRANSFERS</b>					563,443	(563,443)	-
<b>Total general revenues and transfers</b>					26,429,448	1,874,263	28,303,711
<b>CHANGE IN NET POSITION</b>					6,290,242	2,945,002	9,235,244
<b>NET POSITION, June 30, 2024, as previously reported</b>					102,791,304	53,925,252	156,716,556
Change in accounting principle - adoption of GASB 101					(662,421)	(155,926)	(818,347)
<b>NET POSITION, beginning of year, as restated</b>					102,128,883	53,769,326	155,898,209
<b>NET POSITION, June 30, 2025</b>					<b>\$ 108,419,125</b>	<b>\$ 56,714,328</b>	<b>\$ 165,133,453</b>

See notes to basic financial statements.

**CITY OF LINCOLN CITY**

Lincoln City, Oregon

**BALANCE SHEET GOVERNMENTAL FUNDS**

**JUNE 30, 2025**

	General Fund	Lincoln Square Operations	Street Capital	Parks and Recreation Center	Explore Lincoln City	Other Governmental Funds	Totals
<b>ASSETS:</b>							
Cash and investments	\$ 11,703,879	\$ 94,711	\$ 1,991,092	\$ 1,193,194	\$ 8,675,192	\$ 9,847,589	\$ 33,505,657
Cash with County Treasurer	59,115	-	-	-	-	4,775	63,890
Receivables	2,500,328	-	222,419	496,406	1,191,373	1,676,458	6,086,984
Lease receivables	1,067,177	2,034,298	-	-	-	-	3,101,475
Prepaid Items	17,617	-	750,000	2,312	67,925	-	837,854
Land held for sale	1,393,665	-	-	-	-	560,822	1,954,487
<b>TOTAL ASSETS</b>	<b>\$ 16,741,781</b>	<b>\$ 2,129,009</b>	<b>\$ 2,963,511</b>	<b>\$ 1,691,912</b>	<b>\$ 9,934,490</b>	<b>\$ 12,089,644</b>	<b>\$ 45,550,347</b>
<b>LIABILITIES:</b>							
Accounts payable and accrued expenses	\$ 236,005	\$ 9,791	\$ 606,317	\$ 74,337	\$ 239,554	\$ 537,934	\$ 1,703,938
Accrued payroll and other liabilities	1,008,075	-	-	-	-	-	1,008,075
<b>TOTAL LIABILITIES</b>	<b>1,244,080</b>	<b>9,791</b>	<b>606,317</b>	<b>74,337</b>	<b>239,554</b>	<b>537,934</b>	<b>2,712,013</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>							
Unavailable revenue, property taxes	425,654	-	-	-	-	31,494	457,148
Unavailable revenue, LID assessments	332,050	-	-	-	-	-	332,050
Unavailable revenue, municipal court fees	87,928	-	-	-	-	-	87,928
Unavailable revenue, grant revenues	-	-	150,000	-	-	247,147	397,147
Deferred inflows, leases	997,101	1,887,966	-	-	-	-	2,885,067
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>1,842,733</b>	<b>1,887,966</b>	<b>150,000</b>	<b>-</b>	<b>-</b>	<b>278,641</b>	<b>4,159,340</b>
<b>FUND BALANCES:</b>							
Nonspendable in form	2,238,615	-	750,000	2,312	67,925	1,019,647	4,078,499
Restricted for:							
Capital projects	-	-	-	-	-	2,013,966	2,013,966
Post closure landfill costs	449,700	-	-	-	-	-	449,700
Road construction/maintenance	-	-	1,457,194	-	-	943,971	2,401,165
Tourism promotion	-	-	-	-	9,627,011	-	9,627,011
Urban renewal	-	-	-	-	-	2,598,774	2,598,774
Parks maintenance	-	-	-	1,615,263	-	-	1,615,263
Committed to:							
Capital projects	886,011	-	-	-	-	4,130,177	5,016,188
Affordable housing	-	-	-	-	-	475,679	475,679
Maintenance services	-	231,252	-	-	-	-	231,252
Art and education	-	-	-	-	-	90,855	90,855
Assigned	3,993,792	-	-	-	-	-	3,993,792
Unassigned	6,086,850	-	-	-	-	-	6,086,850
<b>TOTAL FUND BALANCES</b>	<b>13,654,968</b>	<b>231,252</b>	<b>2,207,194</b>	<b>1,617,575</b>	<b>9,694,936</b>	<b>11,273,069</b>	<b>38,678,994</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCE</b>	<b>\$ 16,741,781</b>	<b>\$ 2,129,009</b>	<b>\$ 2,963,511</b>	<b>\$ 1,691,912</b>	<b>\$ 9,934,490</b>	<b>\$ 12,089,644</b>	<b>\$ 45,550,347</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, 2025**

<b>TOTAL FUND BALANCE</b>		\$	38,678,994
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.			87,893,971
Lease assets are not financial resources and therefore are not reported in governmental funds.			12,326
Subscription assets are not financial resources and therefore are not reported in governmental funds.			393,828
Certain items are not available to pay for current period expenditures, but are reported in the Statement of Net Position:			
Net OPEB RHIA Asset			218,151
Unavailable grant revenues			397,147
Deferred outflows of resources related to pensions			4,919,158
Deferred outflows of resources related to OPEB			40,427
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.			877,126
Interest not payable with current resources is not recorded as governmental fund liabilities.			(90,569)
Compensated absences not payable in the current year are not recorded as governmental fund liabilities.			(1,538,614)
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	(379,410)		
Net pension liability	(12,238,560)		
Deferred inflows of resources related to pensions	(697,862)		
Deferred inflows of resources related to OPEB	(150,580)		
Bonds payable, bond premium, and notes payable	(9,268,349)		
Leases payable	(13,697)		
Subscription payable	(424,212)		
Landfill closure and post closure costs	(245,497)		
Total			(23,418,167)
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.			35,347
<b>TOTAL NET POSITION</b>		<b>\$</b>	<b><u>108,419,125</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, 2025**

	General	Lincoln Square Operations	Street Capital	Parks and Recreation Center	Explore Lincoln City	Other Governmental Funds	Totals
<b>REVENUES:</b>							
Property taxes	\$ 8,799,704	\$ -	\$ -	\$ -	\$ -	\$ 853,605	\$ 9,653,309
Franchise fees	1,364,004	-	-	-	-	-	1,364,004
Transient room tax	2,303,351	-	-	2,016,115	4,838,675	3,575,215	12,733,356
Fines and forfeitures	187,793	-	-	-	-	300	188,093
Fees, licenses and permits	1,016,497	-	-	-	-	36,941	1,053,438
Lease revenue	106,229	155,269	-	-	-	1,380	262,878
Charges for services	48,124	-	-	658,741	-	305,072	1,011,937
Intergovernmental	935,016	59	3,934,560	191,669	-	1,275,640	6,336,944
Interest on investments	704,402	98,972	106,668	72,293	414,519	416,484	1,813,338
Miscellaneous	360,266	54,112	(23,819)	55,463	10,238	73,013	529,273
<b>TOTAL REVENUES</b>	<b>15,825,386</b>	<b>308,412</b>	<b>4,017,409</b>	<b>2,994,281</b>	<b>5,263,432</b>	<b>6,537,650</b>	<b>34,946,570</b>
<b>EXPENDITURES:</b>							
Current:							
General government	5,594,109	642,628	-	-	-	167,328	6,404,065
Public safety	7,817,426	-	-	-	-	-	7,817,426
Highways and streets	-	-	114,994	-	-	1,689,920	1,804,914
Culture and recreation	1,429,298	-	-	3,082,004	3,558,463	-	8,069,765
Art and education	-	-	-	-	-	14,135	14,135
Debt service	81,233	-	-	13,875	1,632	615,115	711,855
Capital outlay	777,663	-	6,577,480	157,578	313,287	4,054,581	11,880,589
<b>TOTAL EXPENDITURES</b>	<b>15,699,729</b>	<b>642,628</b>	<b>6,692,474</b>	<b>3,253,457</b>	<b>3,873,382</b>	<b>6,541,079</b>	<b>36,702,749</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>125,657</b>	<b>(334,216)</b>	<b>(2,675,065)</b>	<b>(259,176)</b>	<b>1,390,050</b>	<b>(3,429)</b>	<b>(1,756,179)</b>
<b>OTHER FINANCING SOURCES (USES)</b>							
Proceeds from sale of capital assets	11,843	-	-	13,600	-	213,661	239,104
New leases and subscriptions	82,282	-	-	67,151	-	-	149,433
Transfers in	651,157	267,766	500,000	-	-	2,766,065	4,184,988
Transfers out	(3,357,551)	-	(1,011)	(51,984)	(90,467)	(120,532)	(3,621,545)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(2,612,269)</b>	<b>267,766</b>	<b>498,989</b>	<b>28,767</b>	<b>(90,467)</b>	<b>2,859,194</b>	<b>951,980</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(2,486,612)</b>	<b>(66,450)</b>	<b>(2,176,076)</b>	<b>(230,409)</b>	<b>1,299,583</b>	<b>2,855,765</b>	<b>(804,199)</b>
<b>FUND BALANCE, beginning of year</b>	<b>16,141,580</b>	<b>297,702</b>	<b>4,383,270</b>	<b>1,847,984</b>	<b>8,395,353</b>	<b>8,417,304</b>	<b>39,483,193</b>
<b>FUND BALANCES, end of year</b>	<b>\$ 13,654,968</b>	<b>\$ 231,252</b>	<b>\$ 2,207,194</b>	<b>\$ 1,617,575</b>	<b>\$ 9,694,936</b>	<b>\$ 11,273,069</b>	<b>\$ 38,678,994</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, 2025**

<b>NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS</b>	\$	(804,199)
Amounts reported for governmental activities in the Statement of Activities are different because of the following:		
Governmental funds report capital assets additions as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. The difference between these two amounts is:		
Capital outlay	\$ 11,880,344	
Depreciation	<u>(3,382,018)</u>	8,498,326
The net effect of transactions involving capital assets, i.e, gain/loss on sales, donations. These transactions are not reported in the governmental funds.		
		(517,661)
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.		
		(75,891)
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	64,002	
Unavailable Revenue - Unbonded Assessment (LID/Reimbursement District Receivable)	(12,155)	
Unavailable Revenue - Port Dr Assessment (Abatement)	(565)	
Unavailable Revenue - Municipal Court	32,610	
Unavailable Revenue - Grant Revenue	<u>(158,709)</u>	(74,817)
Proceeds from the issuance of long-term debt (including SBITAs) provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets.		
		(149,433)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		
		241,333
Repayment of lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		
		4,987
Repayment of subscription principal is an expenditure in the governmental fund, but the repayment reduces long-term liabilities in the Statement of Net Position.		
		51,406
Accrued interest is not recorded in the governmental funds.		
		3,000
Amortization of bond premium is not recorded in the governmental funds.		
		26,641
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.		
		195,958
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		(977,378)
Net OPEB benefit		8,981
Compensated absences		<u>(141,011)</u>
<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b>\$</b>	<b><u>6,290,242</u></b>

See notes to basic financial statements.

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

**PROPRIETARY FUNDS**

**STATEMENT OF NET POSITION**

**JUNE 30, 2025**

	Enterprise Funds			Internal Service Fund
	Water	Sewer	Totals	
<b>ASSETS:</b>				
Current assets:				
Cash and investments	\$ 3,396,982	\$ 7,120,313	\$ 10,517,295	\$ 399,085
Cash with County Treasurer	-	11,249	11,249	-
Receivables, net	757,945	988,493	1,746,438	4,765
Prepays and OPEB asset	25,084	28,269	53,353	23,957
Inventories	300,288	-	300,288	-
Total current assets	<u>4,480,299</u>	<u>8,148,324</u>	<u>12,628,623</u>	<u>427,807</u>
Capital assets:				
Land, improvements and construction in progress	1,024,214	4,216,031	5,240,245	-
Subscription assets, net	37,830	25,220	63,050	15,337
Other capital assets, net	20,301,725	26,957,436	47,259,161	211,549
Total capital assets	<u>21,363,769</u>	<u>31,198,687</u>	<u>52,562,456</u>	<u>226,886</u>
<b>TOTAL ASSETS</b>	<u>25,844,068</u>	<u>39,347,011</u>	<u>65,191,079</u>	<u>654,693</u>
<b>DEFERRED OUTFLOW OF RESOURCES:</b>				
Deferred amounts related to pensions	559,032	560,741	1,119,773	267,429
Deferred amounts related to OPEB	4,510	4,945	9,455	2,398
<b>TOTAL DEFERRED OUTFLOW OF RESOURCES</b>	<u>563,542</u>	<u>565,686</u>	<u>1,129,228</u>	<u>269,827</u>

See notes to basic financial statements.

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

**PROPRIETARY FUNDS**

**STATEMENT OF NET POSITION**

**JUNE 30, 2025**

	Enterprise Funds			Internal Service Fund
	Water	Sewer	Totals	
<b>LIABILITIES:</b>				
Current liabilities:				
Accounts payable and accrued expenses	\$ 107,147	\$ 792,635	\$ 899,782	\$ 15,312
Accrued interest payable	-	12,272	12,272	-
Accrued compensated absences	158,286	163,559	321,845	128,799
Current portion bonds payable	-	1,360,013	1,360,013	-
Current portion subscriptions payable	2,958	1,972	4,930	11,129
Total current liabilities	<u>268,391</u>	<u>2,330,451</u>	<u>2,598,842</u>	<u>155,240</u>
Bonds payable	-	3,880,000	3,880,000	-
Subscriptions payable	36,374	24,249	60,623	-
Total other postemployment benefit obligation	41,721	45,113	86,834	21,831
Net pension liability	1,390,835	1,395,091	2,785,926	665,345
<b>TOTAL LIABILITIES</b>	<u>1,737,321</u>	<u>7,674,904</u>	<u>9,412,225</u>	<u>842,416</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Deferred amounts related to pensions	79,307	79,551	158,858	37,939
Deferred amounts related to OPEB	16,696	18,200	34,896	8,818
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>96,003</u>	<u>97,751</u>	<u>193,754</u>	<u>46,757</u>
<b>NET POSITION:</b>				
Net investment in capital assets	21,324,437	25,932,453	47,256,890	215,757
Restricted for:				
Capital improvement	1,543,580	150,983	1,694,563	-
Debt service	-	392,630	392,630	-
OPEB Asset	25,084	28,269	53,353	13,766
Unrestricted	1,681,185	5,635,707	7,316,892	(194,176)
<b>TOTAL NET POSITION</b>	<u>\$ 24,574,286</u>	<u>\$ 32,140,042</u>	<u>\$ 56,714,328</u>	<u>\$ 35,347</u>

See notes to basic financial statements.

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

**PROPRIETARY FUNDS**

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

**FOR THE YEAR ENDED JUNE 30, 2025**

	Enterprise Funds			Internal Service Fund
	Water	Sewer	Totals	
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 4,756,267	\$ 5,351,931	\$ 10,108,198	\$ 1,546,449
Intergovernmental	4,300	686,447	690,747	-
Miscellaneous	4,783	199,407	204,190	19,528
<b>TOTAL OPERATING REVENUES</b>	<b>4,765,350</b>	<b>6,237,785</b>	<b>11,003,135</b>	<b>1,565,977</b>
<b>OPERATING EXPENSES:</b>				
Personal services	1,630,005	1,849,369	3,479,374	815,291
Materials and services	1,130,025	2,186,500	3,316,525	496,190
Depreciation and amortization	1,497,306	1,786,068	3,283,374	60,759
<b>TOTAL OPERATING EXPENSES</b>	<b>4,257,336</b>	<b>5,821,937</b>	<b>10,079,273</b>	<b>1,372,240</b>
<b>OPERATING INCOME (LOSS)</b>	<b>508,014</b>	<b>415,848</b>	<b>923,862</b>	<b>193,737</b>
<b>NONOPERATING INCOME (EXPENSE):</b>				
System development charges	197,327	338,286	535,613	-
Interest earned on investments	165,478	379,991	545,469	-
Gain (loss) from sale of asset	19,176	24,503	43,679	3,821
Property taxes	-	1,644,368	1,644,368	-
Interest expense	(3,666)	(180,880)	(184,546)	(1,600)
<b>TOTAL NONOPERATING INCOME (EXPENSE)</b>	<b>378,315</b>	<b>2,206,268.00</b>	<b>2,584,583</b>	<b>2,221</b>
<b>INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS</b>	<b>886,329</b>	<b>2,622,116</b>	<b>3,508,445</b>	<b>195,958</b>
<b>TRANSFERS:</b>				
Transfers out	(311,674)	(251,769)	(563,443)	-
<b>CHANGE IN NET POSITION</b>	<b>574,655</b>	<b>2,370,347</b>	<b>2,945,002</b>	<b>195,958</b>
<b>NET POSITION, June 30, 2024, as previously reported</b>	<b>24,061,028</b>	<b>29,864,224</b>	<b>53,925,252</b>	<b>(91,602)</b>
Change in accounting principle - adoption of GASB 101	(61,397)	(94,529)	(155,926)	(69,009)
<b>NET POSITION, beginning of year, as restated</b>	<b>23,999,631</b>	<b>29,769,695</b>	<b>53,769,326</b>	<b>(160,611)</b>
<b>NET POSITION, June 30, 2025</b>	<b>\$ 24,574,286</b>	<b>\$ 32,140,042</b>	<b>\$ 56,714,328</b>	<b>\$ 35,347</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, 2025**

	Enterprise Funds			Internal Service Fund
	Water	Sewer	Totals	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Receipts from customers	\$ 4,743,075	\$ 6,214,723	\$ 10,957,798	\$ 1,565,851
Payments to suppliers	(1,361,636)	(2,313,235)	(3,674,871)	(492,970)
Payments to employees	(1,708,272)	(1,717,590)	(3,425,862)	(838,156)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>1,673,167</b>	<b>2,183,898</b>	<b>3,857,065</b>	<b>234,725</b>
<b>CASH FLOWS FROM NON FINANCING ACTIVITIES:</b>				
Property taxes	-	1,644,368	1,644,368	-
Transfers out	(311,674)	(251,769)	(563,443)	-
<b>NET CASH FROM NON FINANCING ACTIVITIES</b>	<b>(311,674)</b>	<b>1,392,599</b>	<b>1,080,925</b>	<b>-</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Acquisition of capital and right-to-use assets	(1,354,592)	(3,051,719)	(4,406,311)	(61,664)
Proceeds received from sale of capital assets	19,176	24,503	43,679	3,821
Proceeds from grants	-	(686,447)	(686,447)	-
System development charges	197,327	338,286	535,613	-
Principal paid on long-term obligations	(61,340)	(1,469,426)	(1,530,766)	(10,025)
Interest paid on long-term obligations	(5,614)	(184,543)	(190,157)	(1,600)
<b>NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(1,205,043)</b>	<b>(5,029,346)</b>	<b>(6,234,389)</b>	<b>(69,468)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest on investments	165,478	379,991	545,469	-
<b>NET INCREASE (DECREASE) IN CASH AND INVESTMENTS</b>	<b>321,928</b>	<b>(1,072,858)</b>	<b>(750,930)</b>	<b>165,257</b>
<b>CASH AND INVESTMENTS, beginning of year</b>	<b>3,075,054</b>	<b>8,193,171</b>	<b>11,268,225</b>	<b>233,828</b>
<b>CASH AND INVESTMENTS, end of year</b>	<b>\$ 3,396,982</b>	<b>\$ 7,120,313</b>	<b>\$ 10,517,295</b>	<b>\$ 399,085</b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH FROM OPERATING ACTIVITIES</b>				
Operating income (loss)	\$ 508,014	\$ 415,848	\$ 923,862	\$ 193,737
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation and amortization	1,497,306	1,786,068	3,283,374	60,759
Decrease (increase) in assets and deferred outflows				
Receivables, net	(22,275)	(24,319)	(46,594)	(126)
Prepays	-	-	-	(1,707)
Inventories	(53,152)	-	(53,152)	-
Cash with County Treasurer	-	1,257	1,257	-
Net OPEB Asset	(7,521)	(9,278)	(16,799)	(4,576)
Deferred outflows	(52,740)	(147,494)	(200,234)	(28,165)
Increase (decrease) in liabilities and deferred inflows				
Accounts payable and accrued expenses	(178,459)	(126,735)	(305,194)	4,927
Compensated absences payable	(32,645)	(1,737)	(34,382)	(6,244)
OPEB	(2,637)	(2,852)	(5,489)	(1,380)
Net pension liability	66,393	316,995	383,388	39,935
Deferred inflows	(49,117)	(23,855)	(72,972)	(22,435)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>\$ 1,673,167</b>	<b>\$ 2,183,898</b>	<b>\$ 3,857,065</b>	<b>\$ 234,725</b>
<b>Schedule of non-cash transactions:</b>				
Acquisition of SBITA assets with addition to SBITA liability	\$ 42,034	28,022	\$ 70,056	\$ -

See notes to basic financial statements.

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

**FIDUCIARY FUND**

**STATEMENT OF NET POSITION**

**JUNE 30, 2025**

<b>ASSETS:</b>	
Cash and investments	\$ 43,952
	<hr/>
<b>LIABILITIES:</b>	
Accounts payable	13,326
	<hr/>
<b>NET POSITION:</b>	
Restricted for:	
Individuals and organizations	
Funds held in trust	\$ 30,626
	<hr/> <hr/>

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**

**FOR THE YEAR ENDED JUNE 30, 2025**

<b>ADDITIONS:</b>	
Grants and donations	\$ 3,006
Interest on investments	1,784
	<hr/>
<b>TOTAL ADDITIONS</b>	4,790
	<hr/>
<b>DEDUCTIONS:</b>	
Benefits paid	37,463
	<hr/>
<b>CHANGE IN NET POSITION</b>	(32,673)
<b>NET POSITION, June 30, 2024</b>	63,299
	<hr/>
<b>NET POSITION, June 30, 2025</b>	\$ 30,626
	<hr/> <hr/>

See notes to basic financial statements.

**NOTES TO BASIC FINANCIAL STATEMENTS**

**CITY OF LINCOLN CITY, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2025**

**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, 2025**

**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, 2025**

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

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

A deferred inflow of resources arises on the balance sheet of the governmental funds when potential revenue does not meet both the measurable and available criteria for recognition in the current period. Unavailable revenue consists of uncollected revenues deemed not available to finance operations of the current period, such as uncollected property taxes, uncollected local improvement district assessments, and lease revenues to be collected in future years. 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.

**CITY OF LINCOLN CITY, OREGON**

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

**YEAR ENDED JUNE 30, 2025**

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

**Fund Financial Statements (Continued)**

The City reports the following major proprietary funds:

Water Fund – accounts for the water system operations. This fund is predominantly self-supported through user charges to customers.

Sewer Fund – accounts for the sewer system operations. This fund is predominantly self-supported through user charges to customers. Property taxes are collected to service bond payments.

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, 2025.

**CITY OF LINCOLN CITY, OREGON**

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

**YEAR ENDED JUNE 30, 2025**

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

**Receivables (Continued)**

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.

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, 2025.

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 were to be included in tourism promotion packages. At its November 18, 2024 meeting, Council voted to sunset the program. Accordingly, the remaining net receivable of \$352,063 has been written off.

**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, 2025**

**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, 2025**

**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 sick accumulations upon termination of employment. Due to the implementation of GASB No. 101, *Compensated Absences*, the City has estimated an amount of sick leave earned as of year-end that will likely be used by employees as time off in future years and has recorded this amount as a current liability in the entity-wide and proprietary fund statements.

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, 2025**

**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.

**Pension**

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 basis as they are reported by OPERS.

**CITY OF LINCOLN CITY, OREGON**

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

**YEAR ENDED JUNE 30, 2025**

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

**Other Postemployment Benefits (OPEB)**

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

**2. DEPOSITS AND INVESTMENTS**

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

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

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

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

At June 30, 2025, the City's cash and investments were comprised of the following:

Cash on hand	\$ 3,000
Deposits with financial institutions	384,318
Oregon State Treasurer's Local Government Investment Pool	<u>44,078,671</u>
	<u>\$ 44,465,989</u>

**CITY OF LINCOLN CITY, OREGON**

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

**YEAR ENDED JUNE 30, 2025**

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

Reported as:

Governmental activities	\$ 33,904,742
Business-type activities	<u>10,517,295</u>
Total per Statement of Net Position	44,422,037
Fiduciary Fund	<u>43,952</u>
	<u>\$ 44,465,989</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, 2025, was \$393,677, 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, 2025**

**3. ACCOUNTS RECEIVABLE**

Receivables as of June 30, 2025, for the City’s governmental activities/funds are as follows:

	General	Street Capital	Parks and Recreation Center	Explore Lincoln City	Other Governmental	Internal Service	Totals
Property taxes	\$ 425,654	\$ -	\$ -	\$ -	\$ 31,494	\$ -	\$ 457,148
Intergovernmental	79,679	222,419	-	-	247,879	-	549,977
Fines and warrants	93,875	-	-	-	-	-	93,875
Franchise fees	124,723	-	-	-	-	4,765	129,488
Transient room taxes	516,654	-	496,406	1,191,373	930,760	-	3,135,193
Reimburse/LID	307,716	-	-	-	-	-	307,716
Notes-trans housing	568,000	-	-	-	-	-	568,000
Notes-housing rehab	-	-	-	-	412,434	-	412,434
Notes - economic dev	259,333	-	-	-	37,000	-	296,333
Miscellaneous other	124,694	-	-	-	16,891	-	141,585
	<u>\$ 2,500,328</u>	<u>\$ 222,419</u>	<u>\$ 496,406</u>	<u>\$ 1,191,373</u>	<u>\$ 1,676,458</u>	<u>\$ 4,765</u>	<u>\$ 6,091,749</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 85 percent of the amount of its authority under option one of ORS 457.435(2)(a) without making a special levy in 2024-25, for its Roads End/Villages District. The Agency levied 100 percent of the amount of its authority for its Neslcott District.

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:

Fund and Program	Maximum Term	Interest Rate	Loans Receivable
General Fund:			
Transitional housing	25 years	0%	\$ 568,000
Economic development	10 years	0%	259,333
Non-major Governmental Funds:			
Urban development:			
Rehabilitation loans	10 years	0%	412,434
Affordable Housing:			
Habitat for Humanity	25 years	0%	37,000

**CITY OF LINCOLN CITY, OREGON**

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

**YEAR ENDED JUNE 30, 2025**

**3. ACCOUNTS RECEIVABLE (Continued)**

Receivables, net as of June 30, 2025, for the City's business-type activities/funds are as follows:

	<u>Water</u>	<u>Sewer</u>	<u>Totals</u>
User charges	\$ 757,945	\$ 879,104	\$ 1,637,049
Property taxes	-	81,428	81,428
Reimburse/Local Impr District	-	19,327	19,327
Miscellaneous	-	8,634	8,634
	<u>\$ 757,945</u>	<u>\$ 988,493</u>	<u>\$ 1,746,438</u>

**4. LEASE RECEIVABLES**

Lease receivables as of June 30, 2025, for the City's governmental activities/funds are as follows:

	<u>Balance June 30, 2024</u>	<u>Reductions</u>	<u>Balance June 30, 2025</u>
<u>Governmental Activities:</u>			
Lincoln City Glass Center, interest at 3.62%, monthly principal and interest ranges from \$622 to \$2,152, due FY2026-27	\$ 46,803	\$ 14,718	\$ 32,085
Mo's Restaurant land lease, interest at 2.90% principal and interest of \$14,923 to \$23,275 quarterly, due FY2042-43	1,066,094	31,002	1,035,092
McKays Grocery, interest at 4.51%, monthly principal and interest \$14,681, due FY2041-42	2,117,347	83,049	2,034,298
	<u>\$ 3,230,244</u>	<u>\$ 128,769</u>	<u>\$ 3,101,475</u>

Future maturities are as follows:

<u>Fiscal Year</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2026	135,932	119,362
2027	143,421	113,770
2028	133,803	108,264
2029	140,994	102,719
2030	148,512	96,890
2031-2035	863,856	386,220
2036-2040	1,101,692	190,877
2041-2043	433,265	12,948
	<u>\$ 3,101,475</u>	<u>\$ 1,131,050</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, 2025**

**5. CAPITAL ASSETS**

Transactions for the year ended June 30, 2025, of the governmental activities, were as follows:

	Balance June 30, 2024	Additions	Transfers	Disposals	Balance June 30, 2025
Capital assets not being depreciated:					
Land	\$ 11,303,929	\$ 485,498	\$ 271,881	\$ (420,767)	\$ 11,640,541
Public right-of-way	22,328,786	-	-	-	22,328,786
Construction in progress	<u>3,866,311</u>	<u>8,937,345</u>	<u>(1,395,811)</u>	<u>(65,924)</u>	<u>11,341,921</u>
Total capital assets not being depreciated	<u>37,499,026</u>	<u>9,422,843</u>	<u>(1,123,930)</u>	<u>(486,691)</u>	<u>45,311,248</u>
Capital assets being depreciated:					
Buildings	29,077,155	292,101	35,142	-	29,404,398
Heavy equipment	1,066,413	241,352	-	(86,938)	1,220,827
Urban renewal projects	3,711,736	-	-	-	3,711,736
System improvements	63,731,282	1,143,331	879,499	-	65,754,112
Vehicles	1,866,913	294,782	187,403	(185,850)	2,163,248
Equipment and furniture	3,361,659	361,180	21,886	(62,397)	3,682,328
Intangibles	25,000	-	-	-	25,000
Books and art	<u>276,197</u>	<u>36,986</u>	<u>-</u>	<u>(31,187)</u>	<u>281,996</u>
Total capital assets being depreciated	103,116,355	2,369,732	1,123,930	(366,372)	106,243,645
Accumulated depreciation	<u>(60,352,223)</u>	<u>(3,432,552)</u>	<u>-</u>	<u>335,402</u>	<u>(63,449,373)</u>
Total capital assets being depreciated, net	<u>42,764,132</u>	<u>(1,062,820)</u>	<u>1,123,930</u>	<u>(30,970)</u>	<u>42,794,272</u>
Total capital assets, net	<u>\$ 80,263,158</u>	<u>\$ 8,360,023</u>	<u>\$ -</u>	<u>\$ (517,661)</u>	<u>\$ 88,105,520</u>

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

General government	\$ 464,627
Internal Service Fund	50,534
Public safety	705,093
Highway and streets	1,763,372
Culture and recreation	<u>448,926</u>
Total	<u>\$ 3,432,552</u>

**CITY OF LINCOLN CITY, OREGON**

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

**YEAR ENDED JUNE 30, 2025**

**5. CAPITAL ASSETS (Continued)**

Transactions for the year ended June 30, 2025, of the business-type activities, were as follows:

	Balance June 30, 2024	Additions	Transfers	Disposals	Balance June 30, 2025
Capital assets not being depreciated:					
Land and improvements	\$ 821,528	\$ -	\$ -	\$ -	\$ 821,528
Construction in progress	3,927,098	2,068,605	(1,576,986)	-	4,418,717
Total capital assets not being depreciated	<u>4,748,626</u>	<u>2,068,605</u>	<u>(1,576,986)</u>	<u>-</u>	<u>5,240,245</u>
Capital assets being depreciated:					
Buildings	1,120,377	-	-	-	1,120,377
Facilities	103,021,726	1,890,184	1,576,986	-	106,488,896
Equipment	3,604,624	447,522	-	(56,367)	3,995,779
Intangibles	120,868	-	-	-	120,868
Total capital assets being depreciated	107,867,595	2,337,706	1,576,986	(56,367)	111,725,920
Accumulated depreciation	<u>(61,247,870)</u>	<u>(3,275,256)</u>	<u>-</u>	<u>56,367</u>	<u>(64,466,759)</u>
Total capital assets being depreciated, net	46,619,725	(937,550)	1,576,986	-	47,259,161
Total capital assets, net	<u>\$ 51,368,351</u>	<u>\$ 1,131,055</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 52,499,406</u>

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

Water	\$ 1,492,547
Sewer	<u>1,782,709</u>
Total	<u>\$ 3,275,256</u>

**CITY OF LINCOLN CITY, OREGON**

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

**YEAR ENDED JUNE 30, 2025**

**6. LEASE ASSETS**

Lease asset activity for the year ended June 30, 2025, was as follows:

	<u>Balances</u>			<u>Balances</u>
	<u>June 30, 2024</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2025</u>
<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	16,062	-	-	16,062
Total assets being amortized	25,389	-	-	25,389
Less accumulated amortization:	(7,881)	(5,182)	-	(13,063)
Total leased assets being amortized, net	<u>\$ 17,508</u>	<u>\$ (5,182)</u>	<u>\$ -</u>	<u>\$ 12,326</u>
<b><u>Business-type activities:</u></b>				
Public Works copier	\$ 4,750	\$ -	\$ -	\$ 4,750
Less accumulated amortization:	(3,638)	(1,112)	-	(4,750)
Total leased assets being amortized, net	<u>\$ 1,112</u>	<u>\$ (1,112)</u>	<u>\$ -</u>	<u>\$ -</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, 2025, the City had ten (10) subscription assets in service. Subscription asset activity for the year ended June 30, 2025, was as follows:

	<u>Balances</u>			<u>Balances</u>
	<u>June 30, 2024</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2025</u>
<b><u>Governmental activities:</u></b>				
Police Fleet Camera subscription	\$ 47,516	\$ -	\$ -	\$ 47,516
Police Body Camera subscription	125,804	-	-	125,804
Police Fleet License Plate subscription	57,422	-	-	57,422
ActiveNet subscription	-	67,151	-	67,151
Escribe subscription	74,845	-	-	74,845
ESRI subscription	31,527	-	-	31,527
Granicus .govDelivery subscription	-	28,824	-	28,824
Granicus EHQ subscription	-	53,458	-	53,458
Police Code Enforcement subscription	31,321	-	-	31,321
Planning Code Enforcement subscription	31,321	-	-	31,321
Total assets being amortized	399,756	149,433	-	549,189
Less accumulated amortization:	(59,091)	(80,933)	-	(140,024)
Total SBITA assets being amortized, net	<u>\$ 340,665</u>	<u>\$ 68,500</u>	<u>\$ -</u>	<u>\$ 409,165</u>

**CITY OF LINCOLN CITY, OREGON**

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

**YEAR ENDED JUNE 30, 2025**

**7. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENT ASSETS**  
**(Continued)**

	<u>Balances</u>		<u>Balances</u>	
	<u>June 30, 2024</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2025</u>
<b><u>Business-type activities:</u></b>				
Sensus Analytics subscription	\$ -	\$ 70,056	\$ -	\$ 70,056
Less accumulated amortization:	-	(7,006)	-	(7,006)
Total SBITA assets being amortized, net	<u>\$ -</u>	<u>\$ 63,050</u>	<u>\$ -</u>	<u>\$ 63,050</u>

**8. LONG-TERM OBLIGATIONS**

**Long-Term Debt**

Transactions for the year ended June 30, 2025 of the governmental activities, were as follows:

	<u>Balances</u>		<u>Balances</u>	<u>Due within</u>	
	<u>June 30, 2024</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2025</u>	<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 %	\$ 9,465,000	\$ -	\$ 240,000	\$ 9,225,000	\$ 255,000
<u>Bond Premium</u>					
Full Faith and Credit Obligation, Series 2018	69,990	-	26,641	43,349	21,329
<u>Contracts Payable</u>					
Police Copier	1,333	-	1,333	-	-
	<u>\$ 9,536,323</u>	<u>\$ -</u>	<u>\$ 267,974</u>	<u>\$ 9,268,349</u>	<u>\$ 276,329</u>
Compensated absences *	<u>\$ 1,532,646</u>	<u>\$ 1,667,413</u>	<u>\$ 1,532,646</u>	<u>\$ 1,667,413</u>	<u>\$ 1,667,413</u>

\*Beginning balance restated due to the implementation of GASB 101, Compensated Absences

**CITY OF LINCOLN CITY, OREGON**

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

**YEAR ENDED JUNE 30, 2025**

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

**Long-Term Debt (Continued)**

The future maturities for governmental activity long-term bond obligations outstanding as of June 30, 2025, are as follows:

Fiscal Year	Police Building Bonds, Series 2018		Police Bldg Bond	Totals	
	Principal	Interest	Premium	Principal	Interest
2026	255,000	362,275	21,329	\$ 276,329	\$ 362,275
2027	265,000	349,525	15,837	280,837	349,525
2028	280,000	336,275	6,183	286,183	336,275
2029	295,000	322,275	-	295,000	322,275
2030	305,000	307,525	-	305,000	307,525
2031-2035	1,685,000	1,386,788	-	1,685,000	1,386,788
2036-2040	2,005,000	1,066,869	-	2,005,000	1,066,869
2040-2045	2,430,000	640,200	-	2,430,000	640,200
2046-2048	1,705,000	138,200	-	1,705,000	138,200
	<u>\$ 9,225,000</u>	<u>\$ 4,909,932</u>	<u>\$ 43,349</u>	<u>\$ 9,268,349</u>	<u>\$ 4,909,932</u>

Transactions for the year ended June 30, 2025, of the business-type activities, were as follows:

	Balance June 30, 2024	Additions	Reductions	Balances June 30, 2025	Due within one year
<b><u>General Obligation Bonds</u></b>					
<b>Sewer Bonds, Series 2011,</b>					
Original issue amount \$7 million, final maturity March 2026, interest at 4.1%	1,051,875	-	591,862	460,013	460,013
<b>Sewer Bonds, Refunding Series 2013</b>					
Original issue amount \$9.885 million, final maturity June 2030, interest at 2.4%	5,655,000	-	875,000	4,780,000	900,000
<b><u>Contract Payable</u></b>					
Water, Original issue amount \$286,152, final maturity July 2024, interest at 3.67%	57,876	-	57,876	-	-
	<u>\$ 6,764,751</u>	<u>\$ -</u>	<u>\$ 1,524,738</u>	<u>\$ 5,240,013</u>	<u>\$ 1,360,013</u>
Compensated absences *	<u>\$ 356,227</u>	<u>\$ 321,845</u>	<u>\$ 356,227</u>	<u>\$ 321,845</u>	<u>\$ 321,845</u>

\* Beginning balance restated due to the implementation of GASB 101, Compensated Absences

**CITY OF LINCOLN CITY, OREGON**

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

**YEAR ENDED JUNE 30, 2025**

**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, 2025, are as follows:

Fiscal Year	General Obligation Sewer Bonds Series 2011		General Obligation Sewer Ref. Bond Series 2013		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	460,013	9,462	900,000	128,400	\$ 1,360,013	\$ 137,862
2027			925,000	107,025	925,000	107,025
2028	-	-	950,000	83,900	950,000	83,900
2029	-	-	1,010,000	60,150	1,010,000	60,150
2030	-	-	995,000	29,850	995,000	29,850
	<u>\$ 460,013</u>	<u>\$ 9,462</u>	<u>\$ 4,780,000</u>	<u>\$ 409,325</u>	<u>\$ 5,240,013</u>	<u>\$ 418,787</u>

**Leases Payable**

Transactions for the year ended June 30, 2025, of the governmental activities, were as follows:

	Balances June 30, 2024	Additions	Reductions	Balances June 30, 2025
<u>Governmental activities;</u>				
Public works copier, interest at 18.20%, monthly payments principal and interest \$210, due 2025	\$ 762	\$ -	\$ 762	\$ -
Explore Lincoln City postage machine, interest at 6.27%, quarterly payments principal and interest \$408, due 2026	3,767	-	1,437	2,330
City Hall postage machine, interest at 10.50%, quarterly payments principal and interest \$1,044.87, due 2028	14,155	-	2,788	11,367
	<u>\$ 18,684</u>	<u>\$ -</u>	<u>\$ 4,987</u>	<u>\$ 13,697</u>

Future maturities are as follows:

Fiscal Year	Explore Lincoln City Postage Machine		City Hall Postage Machine		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 1,529	\$ 103	\$ 3,096	\$ 1,084	\$ 4,625	\$ 1,187
2027	801	15	3,438	742	4,239	757
2028	-	-	3,816	364	3,816	364
2029	-	-	1,017	27	1,017	27
	<u>\$ 2,330</u>	<u>\$ 118</u>	<u>\$ 11,367</u>	<u>\$ 2,217</u>	<u>\$ 13,697</u>	<u>\$ 2,335</u>

**CITY OF LINCOLN CITY, OREGON**

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

**YEAR ENDED JUNE 30, 2025**

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

**Leases Payable (Continued)**

Transactions for the year ended June 30, 2025, for business-type activities, were as follows:

	<u>Balances</u> <u>June 30, 2024</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balances</u> <u>June 30, 2025</u>
<u>Business-type activities</u>				
Public works copier, interest at 18.20%, monthly payments principal and interest \$210, due 2025	\$ 1,525	\$ -	\$ 1,525	\$ -

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

As of June 30, 2025, the City had ten (10) subscription assets in service. Transactions for the year ended June 30, 2025, of the governmental activities, were as follows:

	<u>Balances</u> <u>June 30, 2024</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balances</u> <u>June 30, 2025</u>
<u>Governmental Activities:</u>				
Police Fleet Camera software subscription interest at 10.25%, yearly payments principal and interest \$7,090, due 2033	\$ 41,322	\$ -	\$ 3,581	\$ 37,741
Police Body Camera software subscription interest at 10.00%, yearly payments principal and interest \$19,387, due 2033	121,064	-	8,740	112,324
Police Fleet License Plate subscription interest at 10.50%, yearly payments principal and interest \$8,283.60, due 2033	43,725	-	3,684	40,041
ActiveNet software subscription interest at 9.50%, yearly payments principal and interest \$13,875, due 2030	-	67,151	8,814	58,337
Escribe software subscription interest at 10.50%, yearly payments principal and interest \$18,161.84, due 2029	69,838	-	10,219	59,619
ESRI software subscription interest at 10.50%, yearly payments principal and interest \$11,625.00, due 2026	21,154	-	10,025	11,129
Granicus .gov Delivery software subscription interest at 9.50%, yearly payments principal and interest range \$6,034 to \$7,909, due 2029	-	28,824	3,869	24,955

**CITY OF LINCOLN CITY, OREGON**

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

**YEAR ENDED JUNE 30, 2025**

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

**SBITAs Payable (Continued)**

	<u>Balances</u> <u>June 30, 2024</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balances</u> <u>June 30, 2025</u>
<u>Governmental activities, continued:</u>				
Granicus EHQ software subscription interest at 10.00%, yearly payments principal and interest rang \$7,971 to \$15,608, due 2029	\$ -	\$ 53,458	\$ 4,848	\$ 48,610
Police and Planning Code Enforcement software subscription, interest at 6.75%, yearly payments principal and interest range \$9,777 to \$13,103 due 2030	50,236	-	7,651	42,585
	<u>\$ 347,339</u>	<u>\$ 149,433</u>	<u>\$ 61,431</u>	<u>\$ 435,341</u>

The future maturities for governmental activity long-term SBITA outstanding as of June 30, 2025, are as follows:

Fiscal Year	<u>Police Fleet Cam</u>		<u>Police Body Cam</u>		<u>Police License Plate</u>		<u>ActiveNet</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>
2026	\$ 3,948	\$ 3,142	\$ 9,655	\$ 9,725	\$ 4,090	\$ 4,193	\$ 9,651	\$ 4,224
2027	4,352	2,737	10,666	8,721	4,541	3,742	10,568	3,307
2028	4,798	2,291	11,783	7,604	5,041	3,242	11,572	2,303
2029	5,290	1,799	13,017	6,370	5,597	2,687	12,671	1,204
2030	5,833	1,257	14,380	5,007	6,214	2,070	13,875	-
2031	6,430	659	15,886	3,501	6,899	1,385	-	-
2032	7,090	-	17,550	1,838	7,659	625	-	-
2033	-	-	19,387	-	-	-	-	-
	<u>\$ 37,741</u>	<u>\$ 11,885</u>	<u>\$ 112,324</u>	<u>\$ 42,766</u>	<u>\$ 40,041</u>	<u>\$ 17,944</u>	<u>\$ 58,337</u>	<u>\$ 11,038</u>
	<u>EScribe</u>		<u>ESRI</u>		<u>Granicus.govDelivery</u>		<u>Granicus EHQ</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>
2026	\$ 11,882	\$ 4,739	\$ 11,129	\$ 496	\$ 4,699	\$ 1,757	\$ 8,984	\$ 3,756
2027	13,745	3,374	-	-	5,640	1,268	10,911	2,722
2028	15,830	1,803	-	-	6,706	686	13,107	1,479
2029	18,162	-	-	-	7,910	-	15,608	-
2030	-	-	-	-	-	-	-	-
2031	-	-	-	-	-	-	-	-
2032	-	-	-	-	-	-	-	-
2033	-	-	-	-	-	-	-	-
	<u>\$ 59,619</u>	<u>\$ 9,916</u>	<u>\$ 11,129</u>	<u>\$ 496</u>	<u>\$ 24,955</u>	<u>\$ 3,711</u>	<u>\$ 48,610</u>	<u>\$ 7,957</u>

**CITY OF LINCOLN CITY, OREGON**

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

**YEAR ENDED JUNE 30, 2025**

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

**SBITAs Payable (Continued)**

Fiscal Year	Police/Planning Code Enforcement		Total	
	Principal	Interest	Principal	Interest
2026	\$ 8,741	\$ 2,578	\$ 72,779	\$ 34,610
2027	9,934	1,950	70,357	27,821
2028	11,241	1,238	80,078	20,646
2029	12,669	434	90,924	12,494
2030	-	-	40,302	8,334
2031	-	-	29,215	5,545
2032	-	-	32,299	2,463
2033	-	-	19,387	-
	<u>\$ 42,585</u>	<u>\$ 6,200</u>	<u>\$ 435,341</u>	<u>\$ 111,913</u>

Transactions for the year ended June 30, 2025, for business-type activities, were as follows:

	Balances June 30, 2024	Additions	Reductions	Balances June 30, 2025
<u>Business-type Activities</u>				
Sensus Analytics software subscription interest at 9.50%, yearly payments principal and interest \$10,189, due 2034	\$ -	\$ 70,056	\$ 4,503	\$ 65,553

Future maturities are as follows:

Fiscal Year	Sensus Analytics	
	Principal	Interest
2026	\$ 4,930	\$ 5,260
2027	5,398	4,791
2028	5,911	4,278
2029	6,473	3,717
2030	7,088	3,102
2031	7,761	2,429
2032	8,498	1,691
2033	9,305	884
2034	10,189	-
	<u>\$ 65,553</u>	<u>\$ 26,152</u>

**CITY OF LINCOLN CITY, OREGON**

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

**YEAR ENDED JUNE 30, 2025**

**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, 2025, unavailable revenue consists of the following:

	General Fund	Street Capital	Other Governmental Funds	Totals
Property taxes	\$ 425,654	\$ -	\$ 31,494	\$ 457,148
LID assessments	332,050	-	-	332,050
Fines and warrants	87,928	-	-	87,928
Grant revenues	-	150,000	247,147	397,147
Total	<u>\$ 845,632</u>	<u>\$ 150,000</u>	<u>\$ 278,641</u>	<u>\$ 1,274,273</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 2024 Post-Closure Financial Assurance Cost Estimate report.

At June 30, 2025, the City reports a restricted fund balance amount related to these post-closure requirements of \$449,700 and liability in the entity-wide financial statements \$245,497.

**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, 2025**

**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 \$238,567 in 2025 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, 2025**

**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).
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 is \$238,567 in 2025 and will be indexed with inflation in later years.

**CITY OF LINCOLN CITY, OREGON**

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

**YEAR ENDED JUNE 30, 2025**

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

**Plan Description (Continued)**

A member of the pension program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program terminated, the date on which termination becomes effective.

- b) *Death Benefits.* Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50 percent of the pension that would otherwise have been paid to the deceased member.
- c) *Disability Benefits.* A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.
- d) *Benefit Changes after Retirement.* Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living adjustments (COLA).

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, 2025**

**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, 2021 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2023. 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, 2025 were \$1,940,376. The contractually required contribution rates in effect for the fiscal year ended June 30, 2025 were 19.86% for Tier One/Tier Two, 14.67% for OPSRP Pension Program General Service Members, 19.46% 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 \$644,480 for the year ended June 30, 2025.

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

At June 30, 2025, the City reported a liability of \$15,689,831 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, 2025, the City's proportion was 0.0705 percent, which is slightly higher than its proportionate share measured as of June 30, 2024 of 0.0683 percent.

For the year ended June 30, 2025, the City recognized pension expense of \$2,964,325. At June 30, 2025, 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, 2025**

**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	\$ 929,477	\$ 37,446
Change of assumptions	1,577,461	2,021
Net difference between projected and actual earnings on pension plan investments	996,743	-
Changes in proportionate share	330,025	323,947
Difference between employer contributions and employer's proportionate share of contributions	532,278	531,245
City contributions subsequent to the measurement date	1,940,376	-
Total	<u>\$ 6,306,360</u>	<u>\$ 894,659</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, 2026.

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
2026	\$ 223,433
2027	1,746,038
2028	865,027
2029	522,308
2030	114,519
	<u>\$ 3,471,325</u>

**Actuarial Methods and Assumptions**

**Actuarial Valuations** - The employer contribution rates effective July 1, 2023, through June 30, 2025, 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, 2022 actuarial valuation was determined using the following actuarial assumptions:

**CITY OF LINCOLN CITY, OREGON**

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

**YEAR ENDED JUNE 30, 2025**

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

**Actuarial Methods and Assumptions (Continued)**

Valuation date	December 31, 2022
Measurement date	June 30, 2024
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 2022 Experience Study which reviewed experience for the six-year period ended on December 31, 2022.

**CITY OF LINCOLN CITY, OREGON**

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

**YEAR ENDED JUNE 30, 2025**

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

**Actuarial Methods and Assumptions (Continued)**

***Assumed Asset Allocation***

<u>Asset Class</u>	<u>Low Range</u>	<u>High Range</u>	<u>OIC Target</u>
Debt Securities	20.0 %	30.0 %	25.0 %
Public Equity	22.5	32.5	27.5
Real Estate	7.5	17.5	12.5
Private Equity	15.0	27.5	20.0
Real Assets	2.5	10.0	7.5
Diversifying Strategies	2.5	10.0	7.5
Opportunity Portfolio	-	5.0	-
Total			<u>100.0 %</u>

***Long-Term Expected Rate of Return*** - To develop an analytical basis for the selection of the long-term expected rate of return assumption, in January 2023 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	27.5 %	7.07 %
Private Equity	25.5	8.83
Core Fixed Income	25.0	4.50
Real Estate	12.3	5.83
Master Limited Partnerships	0.8	6.02
Infrastructure	1.5	6.51
Hedge Fund of Funds - Multistrategy	1.2	6.27
Hedge Fund Equity - Hedge	0.6	6.48
Hedge Fund – Macro	5.6	4.83
Total	<u>100.0 %</u>	
Assumed Inflation – Mean		2.35%

***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, 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

**CITY OF LINCOLN CITY, OREGON**

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

**YEAR ENDED JUNE 30, 2025**

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

**Actuarial Methods and Assumptions (Continued)**

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	<u>\$ 24,750,070</u>	<u>\$ 15,689,831</u>	<u>\$ 8,101,437</u>

**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>\$ 285,270</u>	<u>\$ 285,270</u>
Deferred outflows of resources:			
Change in assumptions	\$ 14,824	\$ -	\$ 14,824
Difference between expected and actual experience	1,627	8,055	9,682
Change in proportionate share	-	8,916	8,916
Contributions after MD	18,872	(14)	18,858
	<u>\$ 35,323</u>	<u>\$ 16,957</u>	<u>\$ 52,280</u>

**CITY OF LINCOLN CITY, OREGON**

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

**YEAR ENDED JUNE 30, 2025**

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

	<u>Implicit Rate Subsidy</u>	<u>PERS RHIA Plan</u>	<u>Net OPEB on Financials</u>
OPEB Liability	<u>\$ 488,075</u>	<u>\$ -</u>	<u>\$ 488,075</u>
Deferred inflows of resources:			
Difference in expected and actual experience	\$ 63,130	\$ 5,579	\$ 68,709
Change in assumptions	95,053	3,608	98,661
Difference in earnings	-	-	-
Change in proportionate share	<u>-</u>	<u>26,924</u>	<u>26,924</u>
	<u>\$ 158,183</u>	<u>\$ 36,111</u>	<u>\$ 194,294</u>
OPEB expense/(income)*	<u>\$ 48,235</u>	<u>\$ (45,164)</u>	<u>\$ 3,071</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, 2024 actuarial valuation includes 140 active participants and 2 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 \$488,075 was measured as of June 30, 2024 and was determined by an actuarial valuation as of July 1, 2024.

For the fiscal year ended June 30, 2025, the City recognized OPEB expense from this plan of \$48,235. At June 30, 2025, 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, 2025**

**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	\$ 1,627	\$ 63,130
Changes of assumptions	14,824	95,053
Subtotal	<u>16,451</u>	<u>158,183</u>
City contributions subsequent to the measurement date	18,872	-
Totals	<u>\$ 35,323</u>	<u>\$ 158,183</u>

Deferred outflows of resources related to OPEB of \$18,872 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, 2026. 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>
2026	\$ (23,332)
2027	(22,162)
2028	(21,573)
2029	(20,610)
2030	(20,740)
Thereafter	<u>(33,315)</u>
Total	<u>\$ (141,732)</u>

***Actuarial assumptions and other inputs*** – The total OPEB liability for the current year was determined as a part of the July 1, 2024 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, 2024 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	3.93%
Withdrawal, retirement, and mortality rates	December 31, 2023 Oregon PERS valuation
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.

**CITY OF LINCOLN CITY, OREGON**

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

**YEAR ENDED JUNE 30, 2025**

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

**Health Insurance Continuation (Continued)**

**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, 2025.

	<u>Total OPEB Liability</u>
Balance as of June 30, 2024	\$ 518,927
Changes for the Year	
Service Costs	57,521
Interest	20,368
Changes of economic/demographic gains or losses	(38,412)
Changes of assumptions	(33,131)
Benefit payments	<u>(37,198)</u>
Balance as of June 30, 2025	<u>\$ 488,075</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 (2.93%) or one percentage point higher (4.93%) than the current rate. A similar sensitivity analysis is presented for changes in the healthcare cost trend assumption.

	<u>1% Decrease (2.93%)</u>	<u>Discount Rate (3.93%)</u>	<u>1% Increase (4.93%)</u>
Total OPEB Liability	\$ 530,206	\$ 488,075	\$ 449,229
		<u>Current Healthcare Cost Trend Rates (6.90% to 3.75%)</u>	
Total OPEB Liability	<u>\$ 428,938</u>	\$ 488,075	<u>\$ 558,747</u>

**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,

**CITY OF LINCOLN CITY, OREGON**

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

**YEAR ENDED JUNE 30, 2025**

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

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

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: <http://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 is receiving a retirement benefit or allowance from OPERS, or 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, 2021 actuarial valuation and a percentage of payroll that first became effective July 1, 2023. The City's contribution rates for the period were 0.0% for Tier One/Tier Two members, and 0.0% for OPSRP members. The City's total for the year ended June 30, 2025 contributions was \$(14).

***Net OPEB Assets, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB*** – As of June 30, 2025, the City reported an asset of \$285,270 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, 2024 and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2022 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, 2025, the City's proportion was 0.0706%, which is an increase from its proportion of 0.0561% as of June 30, 2024.

**CITY OF LINCOLN CITY, OREGON**

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

**YEAR ENDED JUNE 30, 2025**

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

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

For the year ended June 30, 2025, the city recognized OPEB income of \$45,164. The following table shows the components of the City's annual OPEB expense/ (income) for the year ended June 30, 2025:

Employer's proportionate share of collective system OPEB Expense / (Income)	\$ (33,916)
Net amortization of employer-specific deferred amounts from:	
- Changes in proportionate share	(11,248)
Total OPEB Expense / (Income)	<u>\$ (45,164)</u>

*Components of Deferred Outflows/Inflows of Resources* - At June 30, 2025, 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	\$ -	\$ 5,579
Changes of assumptions	-	3,608
Net difference between projected and actual earnings on investments	8,055	-
Changes in proportionate share	8,916	26,924
Subtotal - Amortized Deferrals (shown below)	<u>16,971</u>	<u>36,111</u>
City contributions subsequent to the measurement date	(14)	-
Deferred Outflows / Inflows of Resources	<u>\$ 16,957</u>	<u>\$ 36,111</u>

The amount of contributions subsequent to the measurement date will be included as an increase of the net OPEB liability/(asset) in the fiscal year ended June 30, 2026.

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
2026	\$ (31,730)
2027	7,302
2028	4,358
2029	930
Total	<u>\$ (19,140)</u>

**CITY OF LINCOLN CITY, OREGON**

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

**YEAR ENDED JUNE 30, 2025**

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

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

**Actuarial Methods and Assumptions** – Actuarial methods and assumptions are consistent with those disclosed in the OPERS Pension Plan, with the exception of the Retiree healthcare participation which is: healthy retirees 27.5%, disabled retirees 15.0%. 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:

	<u>1% Decrease (5.90%)</u>	<u>Discount Rate (6.90%)</u>	<u>1% Increase (7.90%)</u>
City’s proportionate share of net OPEB Asset	\$ (264,074)	\$ (285,270)	\$ (303,521)

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 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.

**CITY OF LINCOLN CITY, OREGON**

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

**YEAR ENDED JUNE 30, 2025**

**13. OTHER INFORMATION (Continued)**

**Risk Management (Continued)**

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, 2025:

<b><u>Funds</u></b>	<b><u>Transfers In</u></b>	<b><u>Transfers Out</u></b>
Governmental		
General	\$651,157	\$3,357,551
Lincoln Square Operations	267,766	-
Street Capital	500,000	1,011
Parks & Recreation Center	-	51,984
Explore Lincoln City	-	90,467
Other governmental	2,766,065	120,532
Proprietary		
Water	-	311,674
Sewer	-	251,769
	<b><u>\$4,184,988</u></b>	<b><u>\$4,184,988</u></b>

**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 has paid \$2.6 million to the City for this improvement. As of June 30, 2025, the total amount issued in purchase orders for this project is \$5,128,899, and the City has expended \$4,991,561 on these purchase orders.

In January 2023, the City Council approved planning and construction of a large new community park in Taft. As of June 30, 2025, the City has issued \$9,426,530 in purchase orders for this park, and has expended \$3,427,078 on these purchase orders.

In February 2023, the City Council approved \$883,581 for Holmes Pump Station upgrade. In June 2023, the City Council approved an increase to this project of \$115,280, bringing the total to \$998,861. As of June 30, 2025, \$601,981 has been expended.

**CITY OF LINCOLN CITY, OREGON**

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

**YEAR ENDED JUNE 30, 2025**

**13. OTHER INFORMATION (Continued)**

**Construction Commitments (Continued)**

In February 2024, the City Council approved replacement of the NW 17<sup>th</sup> Street public restroom. As of June 30, 2025, the City has issued \$1,220,809 in purchase orders and has expended \$330,407 on these purchase orders.

In June 2025, the City Council approved phase 2 for construction of the Nelscott pressure and gravity main. As of June 30, 2025, the City has issued \$2,815,845 in purchase orders for this project and expended \$62,677.86.

**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.

The City over-expended its appropriations in the following Fund and category:

<u>Fund</u>	<u>Category</u>	<u>Over-expended</u>
General Fund	Building inspection	\$ 36,892
General Fund	Debt service	18,183
Parks and Recreation Fund	Debt service	13,875
URA General Fund	Materials and services	9,908
Water Fund	Debt service	6,113
Sewer Fund	Debt service	4,076
Internal Service Fund	Debt service	11,625

**CITY OF LINCOLN CITY, OREGON**

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

**YEAR ENDED JUNE 30, 2025**

**14. RESTATEMENT**

During the current year, the City of Lincoln City implemented GASB Statement No. 101, *Compensated Absences*. In addition to the value of unused vacation time owed to employees upon separation of employment, the City now recognizes an estimated amount of sick leave earned as of the year-end that will be used by employees as time off in future years as part of the liability for compensated absences. The effects of the change in accounting principle are summarized below:

	Net position June 30, 2024 as previously reported	Restatement - GASB 101 implemtation	Net position June 30, 2024 as restated
Government wide:			
Governmental activities	\$ 102,791,304	\$ (662,421)	\$ 102,128,883
Business-type activities	53,925,252	(155,926)	53,769,326
Total government-wide	<u>\$ 156,716,556</u>	<u>\$ (818,347)</u>	<u>\$ 155,898,209</u>
Proprietary funds:			
Water funds	\$ 24,061,028	\$ (61,397)	\$ 23,999,631
Sewer funds	29,864,224	(94,529)	29,769,695
Total eneterprise funds	<u>\$ 53,925,252</u>	<u>\$ (155,926)</u>	<u>\$ 53,769,326</u>
Internal service funds	<u>\$ (91,602)</u>	<u>\$ (69,009)</u>	<u>\$ (160,611)</u>

**15. SUBSEQUENT EVENTS**

In August 2025, the Urban Renewal Agency issued bonds in the amount of \$6,078,000, with the full faith and credit backing of the City of Lincoln City. Bond proceeds will be used to begin capital projects for the new Nelscott District.

At its November 10, 2025 meeting, the Urban Renewal Agency of the City of Lincoln City passed a resolution authorizing bonds in the amount of \$5,000,000 for projects described in the Roads End / Villages at Cascade Head Urban Renewal Plan.

**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, 2025**

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
<b>Total OPEB Liability</b>					
Service cost	\$ 44,858	\$ 42,313	\$ 37,408	\$ 41,833	\$ 59,738
Interest	16,413	20,231	20,014	18,783	12,234
Changes in economic/demographic gains or losses	-	39,560	-	(51,539)	-
Changes in assumptions	(28,874)	(97,082)	12,440	35,032	1,999
Benefit payments	<u>(41,145)</u>	<u>(40,205)</u>	<u>(56,121)</u>	<u>(53,416)</u>	<u>(36,529)</u>
Net change in total OPEB liability	(8,748)	(35,183)	13,741	(9,307)	37,442
Total OPEB liability - beginning	<u>551,479</u>	<u>542,731</u>	<u>507,548</u>	<u>521,289</u>	<u>511,982</u>
Total OPEB liability - ending	<u>\$ 542,731</u>	<u>\$ 507,548</u>	<u>\$ 521,289</u>	<u>\$ 511,982</u>	<u>\$ 549,424</u>
Covered-employee payroll	\$ 8,028,837	\$ 8,621,321	\$ 8,960,286	\$ 8,928,070	\$ 9,294,505
<b>Total OEPB liability as a percentage of covered-employee payroll</b>	6.76%	5.89%	5.82%	5.73%	5.91%
	<u>2023</u>	<u>2024</u>	<u>2025</u>		
<b>Total OPEB Liability</b>					
Service cost	\$ 61,495	\$ 56,383	\$ 57,521		
Interest	12,810	18,456	20,368		
Changes in economic/demographic gains or losses	(18,023)	-	(38,412)		
Changes in assumptions	(88,730)	(4,521)	(33,131)		
Benefit payments	<u>(35,943)</u>	<u>(32,424)</u>	<u>(37,198)</u>		
Net change in total OPEB liability	(68,391)	37,894	(30,852)		
Total OPEB liability - beginning	<u>549,424</u>	<u>481,033</u>	<u>518,927</u>		
Total OPEB liability - ending	<u>\$ 481,033</u>	<u>\$ 518,927</u>	<u>\$ 488,075</u>		
Covered-employee payroll	\$ 10,386,450	\$ 11,152,124	\$ 12,165,537		
<b>Total OEPB liability as a percentage of covered-employee payroll</b>	4.63%	4.65%	4.01%		

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 THE NET OPEB (ASSET) / LIABILITY**

**OPERS RETIREMENT HEALTH INSURANCE ACCOUNT**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

<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
2024	0.05611032	(205,457)	11,152,124	-1.84	201.6
2025	0.07062748	(285,270)	12,165,537	-2.34	220.6

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, 2025**

<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
2024	61	61	-	11,152,124	0.00
2025	(14)	(14)	-	12,165,537	0.00

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 LIABILITY**

**OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

<u>Fiscal Year</u>	<u>City's proportion of the net pension liability</u>	<u>City's proportionate share of the net pension liability</u>	<u>City's covered payroll</u>	<u>City's proportionate share of the net pension liability as a percentage of its covered payroll</u>	<u>Plan fiduciary net position as a percentage of the total pension liability</u>
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
2024	0.06830531	12,794,053	11,152,124	114.7	81.7
2025	0.07058829	15,689,831	12,165,537	129.0	79.3

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

**SCHEDULE OF PENSION PLAN CONTRIBUTIONS**  
**OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

<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>
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
2024	1,767,905	1,767,905	-	11,152,124	15.9
2025	1,940,376	1,940,376	-	12,165,537	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, 2025**

	Budget		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
<b>REVENUES:</b>				
Property taxes	\$ 8,777,605	\$ 8,777,605	\$ 8,799,704	\$ 22,099
Franchise fees	1,291,856	1,291,856	1,364,004	72,148
Transient room tax	2,322,020	2,322,020	2,303,351	(18,669)
Fees, licenses and permits	930,157	930,157	1,016,497	86,340
Fines, and forfeitures	154,100	154,100	187,793	33,693
Charges for services	60,833	60,833	30,416	(30,417)
Intergovernmental	917,963	919,363	935,016	15,653
Lease revenue	111,198	111,198	106,229	(4,969)
Loan repayments	11,000	11,000	136,334	125,334
Interest	530,000	530,000	621,127	91,127
Miscellaneous	319,152	330,652	360,266	29,614
<b>TOTAL REVENUES</b>	<b>15,425,884</b>	<b>15,438,784</b>	<b>15,860,737</b>	<b>421,953</b>
<b>EXPENDITURES:</b>				
City council	83,342	84,142	74,551	9,591
City administration	1,276,150	1,282,050	1,222,808	59,242
Finance	1,146,528	1,189,073	1,057,857	131,216
Library	1,431,299	1,435,299	1,425,287	10,012
Municipal court	112,906	113,306	95,796	17,510
City attorney	376,779	377,579	236,205	141,374
Planning	651,867	653,867	544,394	109,473
Building inspection	535,408	536,008	572,900	(36,892)
Economic development	1,474,416	1,475,616	991,094	484,522
Police	6,795,848	6,923,894	6,534,125	389,769
Dispatch center	1,585,179	1,623,379	1,472,277	151,102
City hall operations	1,212,972	2,171,505	1,350,023	821,482
Debt service	42,812	63,050	81,233	(18,183)
Contingencies	1,012,150	425,105	-	425,105
<b>TOTAL EXPENDITURES</b>	<b>17,737,656</b>	<b>18,353,873</b>	<b>15,658,550.00</b>	<b>2,695,323</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(2,311,772)</b>	<b>(2,915,089)</b>	<b>202,187</b>	<b>3,117,276</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Proceeds from sale of capital assets	-	-	11,843	11,843
New leases and subscriptions	-	-	82,282	82,282
Transfers in	651,157	651,157	651,157	-
Transfers out	(3,357,551)	(3,357,551)	(3,357,551)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(2,706,394)</b>	<b>(2,706,394)</b>	<b>(2,612,269)</b>	<b>94,125</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(5,018,166)</b>	<b>(5,621,483)</b>	<b>(2,410,082)</b>	<b>3,211,401</b>
<b>FUND BALANCE</b> , beginning of year	<b>11,018,166</b>	<b>11,621,483</b>	<b>13,134,633</b>	<b>1,513,150</b>
<b>FUND BALANCE</b> , end of year	<b>\$ 6,000,000</b>	<b>\$ 6,000,000</b>	<b>\$ 10,724,551</b>	<b>\$ 4,724,551</b>

Change in fund balance - budgetary basis	\$ (2,410,082)
Economic development loan repayments reported as reduction in receivable	(136,334)
Change in fund balance - GAAP basis	<u>\$ (2,546,416)</u>
Fund balance - budgetary basis	\$ 10,724,551
Balance of loans receivable	827,333
Fund balance - GAAP basis	<u>\$ 11,551,884</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, 2025**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Lease revenue	\$ 173,217	\$ 173,217	\$ 155,269	\$ (17,948)
Intergovernmental	-	-	59	59
Interest	94,827	94,827	98,972	4,145
Miscellaneous	55,000	55,000	54,112	(888)
<b>TOTAL REVENUES</b>	<b>323,044</b>	<b>323,044</b>	<b>308,412</b>	<b>(14,632)</b>
<b>EXPENDITURES:</b>				
Lincoln Square maintenance	636,337	728,737	642,628	86,109
Contingency	265,616	159,775	-	159,775
<b>TOTAL EXPENDITURES</b>	<b>901,953</b>	<b>888,512</b>	<b>642,628</b>	<b>245,884</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(578,909)</b>	<b>(565,468)</b>	<b>(334,216)</b>	<b>231,252</b>
<b>OTHER FINANCING SOURCES:</b>				
Transfers in	267,766	267,766	267,766	-
<b>NET CHANGE IN FUND BALANCE</b>	<b>(311,143)</b>	<b>(297,702)</b>	<b>(66,450)</b>	<b>231,252</b>
<b>FUND BALANCE, beginning of year</b>	<b>311,143</b>	<b>297,702</b>	<b>297,702</b>	<b>-</b>
<b>FUND BALANCE, end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 231,252</b>	<b>\$ 231,252</b>

**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, 2025**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Transient room tax	\$ 1,976,403	\$ 1,976,403	\$ 2,016,115	\$ 39,712
Charges for services	511,610	511,610	658,741	147,131
Intergovernmental	153,700	153,700	191,669	37,969
Interest on investments	87,000	87,000	72,293	(14,707)
Miscellaneous	12,000	12,000	55,463	43,463
<b>TOTAL REVENUES</b>	<b>2,740,713</b>	<b>2,740,713</b>	<b>2,994,281</b>	<b>253,568</b>
<b>EXPENDITURES:</b>				
Park operations	1,707,007	1,707,807	1,428,643	279,164
Recreation center	2,044,548	2,046,948	1,810,939	236,009
Debt Service	-	-	13,875	(13,875)
Contingency	691,706	688,506	-	688,506
<b>TOTAL EXPENDITURES</b>	<b>4,443,261</b>	<b>4,443,261</b>	<b>3,253,457</b>	<b>1,189,804</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(1,702,548)</b>	<b>(1,702,548)</b>	<b>(259,176)</b>	<b>1,443,372</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Proceeds from sale of capital assets	-	-	13,600	13,600
New leases and subscriptions	-	-	67,151	67,151
Transfers out	(51,984)	(51,984)	(51,984)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(51,984)</b>	<b>(51,984)</b>	<b>28,767</b>	<b>80,751</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(1,754,532)</b>	<b>(1,754,532)</b>	<b>(230,409)</b>	<b>1,524,123</b>
<b>FUND BALANCE, beginning of year</b>	<b>1,754,532</b>	<b>1,754,532</b>	<b>1,847,984</b>	<b>93,452</b>
<b>FUND BALANCE, end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,617,575</b>	<b>\$ 1,617,575</b>

**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, 2025**

	Budget		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
<b>REVENUES:</b>				
Transient room tax	\$ 4,743,368	\$ 4,743,368	\$ 4,838,675	\$ 95,307
Interest on investments	300,000	300,000	414,519	114,519
Miscellaneous	-	-	10,238	10,238
<b>TOTAL REVENUES</b>	<u>5,043,368</u>	<u>5,043,368</u>	<u>5,263,432</u>	<u>220,064</u>
<b>EXPENDITURES:</b>				
Explore Lincoln City operations	6,952,872	6,988,872	3,519,687	3,469,185
Debt service	1,632	1,632	1,632	-
Contingency	5,720,116	5,717,516	-	5,717,516
<b>TOTAL EXPENDITURES</b>	<u>12,674,620</u>	<u>12,708,020</u>	<u>3,521,319</u>	<u>9,186,701</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(7,631,252)</u>	<u>(7,664,652)</u>	<u>1,742,113</u>	<u>9,406,765</u>
<b>OTHER FINANCING USES:</b>				
Transfers out	<u>(90,467)</u>	<u>(90,467)</u>	<u>(90,467)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(7,721,719)</u>	<u>(7,755,119)</u>	<u>1,651,646</u>	<u>9,406,765</u>
<b>FUND BALANCE, beginning of year</b>	<u>7,721,719</u>	<u>7,755,119</u>	<u>8,043,290</u>	<u>288,171</u>
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,694,936</u>	<u>\$ 9,694,936</u>
Change in fund balance - budgetary basis			\$ 1,651,646	
Reduction in COVID Relief recorded as prepaid, net			<u>(352,063)</u>	
Change in fund balance - GAAP basis			<u>\$ 1,299,583</u>	

**CITY OF LINCOLN CITY, OREGON**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**YEAR ENDED JUNE 30, 2025**

**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 2024-25 General Fund adopted budget. These changes recategorized operating expenditures to reflect actual spending patterns. It also added \$957,933 for land purchases, \$88,000 for Police vehicle buildout, and \$35,000 for Dispatch radio project.

The City over-expended its appropriations in the following Fund and category:

<u>Fund</u>	<u>Category</u>	<u>Over-expended</u>
General Fund	Building inspection	\$ 36,892
General Fund	Debt service	18,183
Parks and Recreation Fund	Debt service	13,875

**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, 2025**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ 3,545,496	\$ 3,545,496	\$ 3,627,864	\$ 82,368
Miscellaneous	-	-	(23,819)	(23,819)
Interest on investments	150,000	150,000	106,668	(43,332)
<b>TOTAL REVENUES</b>	<u>3,695,496</u>	<u>3,695,496</u>	<u>3,710,713</u>	<u>15,217</u>
<b>EXPENDITURES:</b>				
Street improvements	<u>7,785,449</u>	<u>8,439,121</u>	<u>6,692,474</u>	<u>1,746,647</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(4,089,953)</u>	<u>(4,743,625)</u>	<u>(2,981,761)</u>	<u>1,761,864</u>
<b>OTHER FINANCING SOURCES:</b>				
Transfers in	500,000	500,000	500,000	-
Transfers out	<u>(5,000)</u>	<u>(5,000)</u>	<u>(1,011)</u>	<u>3,989</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>495,000</u>	<u>495,000</u>	<u>498,989</u>	<u>3,989</u>
<b>NET CHANGE IN FUND BALANCE</b>	(3,594,953)	(4,248,625)	(2,482,772)	1,765,853
<b>FUND BALANCE</b> , beginning of year	<u>3,594,953</u>	<u>4,248,625</u>	<u>4,689,966</u>	<u>441,341</u>
<b>FUND BALANCE</b> , end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,207,194</u>	<u>\$ 2,207,194</u>
Change in fund balance - budgetary basis			\$ (2,482,772)	
Change in unearned grant revenue			<u>306,696</u>	
Changes in fund balance - GAAP basis			<u>\$ (2,176,076)</u>	

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

**NONMAJOR GOVERNMENTAL FUNDS**

**COMBINING BALANCE SHEET**

**JUNE 30, 2025**

	<u>Special Revenue Funds</u>	<u>Capital Project Funds</u>	<u>Totals</u>
<b>ASSETS:</b>			
Cash and investments	\$ 3,758,951	\$ 6,088,638	\$ 9,847,589
Cash with County Treasurer	4,775	-	4,775
Receivables	994,225	682,233	1,676,458
Land held for sale	560,822	-	560,822
	<hr/>	<hr/>	<hr/>
<b>TOTAL ASSETS</b>	<b><u>\$ 5,318,773</u></b>	<b><u>\$ 6,770,871</u></b>	<b><u>\$ 12,089,644</u></b>
<b>LIABILITIES:</b>			
Accounts payable	\$ 158,353	\$ 379,581	\$ 537,934
	<hr/>	<hr/>	<hr/>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Unavailable revenue, property taxes	31,494	-	31,494
Unavailable revenue, grants	-	247,147	247,147
	<hr/>	<hr/>	<hr/>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>31,494</b>	<b>247,147</b>	<b>278,641</b>
<b>FUND BALANCES:</b>			
Nonspendable in form	1,019,647	-	1,019,647
Restricted for:			
Capital projects	-	2,013,966	2,013,966
Road construction/maintenance	943,971	-	943,971
Urban renewal	2,598,774	-	2,598,774
Committed to:			
Capital projects	-	4,130,177	4,130,177
Affordable housing	475,679	-	475,679
Art and education	90,855	-	90,855
	<hr/>	<hr/>	<hr/>
<b>TOTAL FUND BALANCES</b>	<b><u>5,128,926</u></b>	<b><u>6,144,143</u></b>	<b><u>11,273,069</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b><u>\$ 5,318,773</u></b>	<b><u>\$ 6,770,871</u></b>	<b><u>\$ 12,089,644</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, 2025**

	Special Revenue Funds	Capital Project Funds	Eliminations	Totals
<b>REVENUES:</b>				
Property taxes	\$ 853,605	\$ -	\$ -	\$ 853,605
Transient room tax	2,016,115	1,559,100	-	3,575,215
Fines and forfeitures	300	-	-	300
Fees, licenses and permits	36,941	-	-	36,941
Lease revenue	1,380	-	-	1,380
Charges for services	-	305,072	-	305,072
Intergovernmental	41,816	1,233,824	-	1,275,640
Interest on investments	166,593	249,891	-	416,484
Miscellaneous	29,445	43,568	-	73,013
	<u>3,146,195</u>	<u>3,391,455</u>	<u>-</u>	<u>6,537,650</u>
<b>TOTAL REVENUES</b>				
<b>EXPENDITURES:</b>				
Current:				
General government	160,330	6,998	-	167,328
Highways and streets	1,689,920	-	-	1,689,920
Art and education	14,135	-	-	14,135
Capital outlay	485,367	3,569,214	-	4,054,581
Debt service	840	614,275	-	615,115
	<u>2,350,592</u>	<u>4,190,487</u>	<u>-</u>	<u>6,541,079</u>
<b>TOTAL EXPENDITURES</b>				
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>795,603</u>	<u>(799,032)</u>	<u>-</u>	<u>(3,429)</u>
<b>OTHER FINANCING SOURCES (USES):</b>	-			
Proceeds from sale of equipment	213,661	-	-	213,661
Transfers in	45,946	2,750,000	(29,881)	2,766,065
Transfers out	(120,532)	(29,881)	29,881	(120,532)
	<u>139,075</u>	<u>2,720,119</u>	<u>-</u>	<u>2,859,194</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>				
<b>NET CHANGE IN FUND BALANCE</b>	934,678	1,921,087	-	2,855,765
<b>FUND BALANCE, beginning of year</b>	<u>4,194,248</u>	<u>4,223,056</u>	<u>-</u>	<u>8,417,304</u>
<b>FUND BALANCE, end of year</b>	<u>\$ 5,128,926</u>	<u>\$ 6,144,143</u>	<u>\$ -</u>	<u>\$ 11,273,069</u>

**CITY OF LINCOLN CITY**

Lincoln City, Oregon

**NONMAJOR SPECIAL REVENUE FUNDS**

**COMBINING BALANCE SHEET**

**JUNE 30, 2025**

	<u>Workforce Housing</u>	<u>Street Operations</u>	<u>Urban Renewal Property Rehabilitation Program</u>
<b>ASSETS:</b>			
Cash and investments	\$ 484,176	\$ 580,512	\$ 388,420
Cash with County Treasurer	-	-	-
Receivables	46,391	496,406	419,934
Land held for sale	560,822	-	-
<b>TOTAL ASSETS</b>	<b><u>\$ 1,091,389</u></b>	<b><u>\$ 1,076,918</u></b>	<b><u>\$ 808,354</u></b>
<b>LIABILITIES:</b>			
Accounts payable	\$ 8,497	\$ 132,947	\$ -
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Unavailable revenue, property taxes	-	-	-
<b>FUND BALANCES:</b>			
Nonspendable in form	607,213	-	412,434
Restricted for:			
Road construction/maintenance	-	943,971	-
Urban Renewal	-	-	395,920
Committed to:			
Affordable housing	475,679	-	-
Art and education	-	-	-
<b>TOTAL FUND BALANCES</b>	<b><u>1,082,892</u></b>	<b><u>943,971</u></b>	<b><u>808,354</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b><u>\$ 1,091,389</u></b>	<b><u>\$ 1,076,918</u></b>	<b><u>\$ 808,354</u></b>

Urban Renewal Tax Increment Roads End	Urban Renewal Tax Increment Nelscott	Urban Renewal	Percent for Art	Totals
\$ 1,687,443	\$ 150,010	\$ 377,535	\$ 90,855	\$ 3,758,951
465	4,310	-	-	4,775
27,537	3,957	-	-	994,225
-	-	-	-	560,822
<u>\$ 1,715,445</u>	<u>\$ 158,277</u>	<u>\$ 377,535</u>	<u>\$ 90,855</u>	<u>\$ 5,318,773</u>
\$ -	\$ -	\$ 16,909	\$ -	\$ 158,353
27,537	3,957	-	-	31,494
-	-	-	-	1,019,647
-	-	-	-	943,971
1,687,908	154,320	360,626	-	2,598,774
-	-	-	-	475,679
-	-	-	90,855	90,855
<u>1,687,908</u>	<u>154,320</u>	<u>360,626</u>	<u>90,855</u>	<u>5,128,926</u>
<u>\$ 1,715,445</u>	<u>\$ 158,277</u>	<u>\$ 377,535</u>	<u>\$ 90,855</u>	<u>\$ 5,318,773</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, 2025**

	<u>Workforce Housing</u>	<u>Street Operations</u>	<u>Urban Renewal Property Rehabilitation Program</u>
<b>REVENUES:</b>			
Property taxes	\$ -	\$ -	\$ -
Transient room tax	-	2,016,115	-
Fines and forfeitures	-	300	-
Fees, licenses and permits	-	36,941	-
Lease revenue	1,380	-	-
Intergovernmental	-	-	-
Interest on investments	19,776	37,707	23,400
Miscellaneous	26,192	3,253	-
	<u>47,348</u>	<u>2,094,316</u>	<u>23,400</u>
<b>TOTAL REVENUES</b>			
	<u>47,348</u>	<u>2,094,316</u>	<u>23,400</u>
<b>EXPENDITURES:</b>			
Current			
General government	69,761	-	5,013
Highways and streets	-	1,689,920	-
Art and education	-	-	-
Debt service	-	840	-
Capital outlay	-	450,795	-
	<u>69,761</u>	<u>2,141,555</u>	<u>5,013</u>
<b>TOTAL EXPENDITURES</b>			
	<u>69,761</u>	<u>2,141,555</u>	<u>5,013</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(22,413)</u>	<u>(47,239)</u>	<u>18,387</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Proceeds from sale of capital assets	149,726	63,935	-
Transfers in	-	-	-
Transfers out	-	(120,532)	(250,000)
	<u>149,726</u>	<u>(56,597)</u>	<u>(250,000)</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>			
	<u>149,726</u>	<u>(56,597)</u>	<u>(250,000)</u>
<b>NET CHANGE IN FUND BALANCE</b>	127,313	(103,836)	(231,613)
<b>FUND BALANCE, beginning of year</b>	<u>955,579</u>	<u>1,047,807</u>	<u>1,039,967</u>
<b>FUND BALANCE, end of year</b>	<u>\$ 1,082,892</u>	<u>\$ 943,971</u>	<u>\$ 808,354</u>

Urban Renewal Tax Increment Roads End	Urban Renewal Tax Increment Nelscott	Urban Renewal	Percent for Art	Eliminations	Totals
\$ 703,386	\$ 150,219	\$ -	\$ -	\$ -	\$ 853,605
-	-	-	-	-	2,016,115
-	-	-	-	-	300
-	-	-	-	-	36,941
-	-	-	-	-	1,380
-	-	41,816	-	-	41,816
66,792	4,636	10,999	3,283	-	166,593
-	-	-	-	-	29,445
<u>770,178</u>	<u>154,855</u>	<u>52,815</u>	<u>3,283</u>	<u>-</u>	<u>3,146,195</u>
37,645	535	47,376	-	-	160,330
-	-	-	-	-	1,689,920
-	-	-	14,135	-	14,135
-	-	-	-	-	840
-	-	24,572	10,000	-	485,367
<u>37,645</u>	<u>535</u>	<u>71,948</u>	<u>24,135</u>	<u>-</u>	<u>2,350,592</u>
<u>732,533</u>	<u>154,320</u>	<u>(19,133)</u>	<u>(20,852)</u>	<u>-</u>	<u>795,603</u>
-	-	-	-	-	213,661
-	-	250,000	45,946	(250,000)	45,946
-	-	-	-	250,000	(120,532)
<u>-</u>	<u>-</u>	<u>250,000</u>	<u>45,946</u>	<u>-</u>	<u>139,075</u>
732,533	154,320	230,867	25,094	-	934,678
955,375	-	129,759	65,761	-	4,194,248
<u>\$ 1,687,908</u>	<u>\$ 154,320</u>	<u>\$ 360,626</u>	<u>\$ 90,855</u>	<u>\$ -</u>	<u>\$ 5,128,926</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, 2025**

	<u>Budget</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Lease revenue	\$ 20,000	\$ 20,000	\$ 1,380	\$ (18,620)
Interest on investments	15,000	15,000	19,776	4,776
Loan repayments	-	-	38,500	38,500
Miscellaneous	-	13,520	26,192	12,672
<b>TOTAL REVENUES</b>	<u>35,000</u>	<u>48,520</u>	<u>85,848</u>	<u>37,328</u>
<b>EXPENDITURES:</b>				
Workforce housing	<u>353,947</u>	<u>367,467</u>	<u>69,761</u>	<u>297,706</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(318,947)</u>	<u>(318,947)</u>	<u>16,087</u>	<u>335,034</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Proceeds from sale of capital assets	<u>-</u>	<u>-</u>	<u>149,726</u>	<u>149,726</u>
<b>NET CHANGE IN FUND BALANCE</b>	(318,947)	(318,947)	165,813	484,760
<b>FUND BALANCE, beginning of year</b>	<u>318,947</u>	<u>318,947</u>	<u>309,866</u>	<u>(9,081)</u>
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 475,679</u>	<u>\$ 475,679</u>
Fund balance - budgetary basis			\$ 475,679	
Balance of loans receivable			46,391	
Assets held for sale			<u>560,822</u>	
Fund balance - GAAP basis			<u>\$ 1,082,892</u>	
Change in fund balance - budgetary basis			\$ 165,813	
Loan repayments reported as reduction in receivable			<u>(38,500)</u>	
Change in fund balance - GAAP basis			<u>\$ 127,313</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, 2025**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Transient room tax	\$ 1,976,403	\$ 1,976,403	\$ 2,016,115	\$ 39,712
Fines and forfeitures	-	-	300	300
Fees, licenses and permits	35,000	35,000	36,941	1,941
Interest on investments	75,000	75,000	37,707	(37,293)
Miscellaneous	-	-	3,253	3,253
<b>TOTAL REVENUES</b>	<b>2,086,403</b>	<b>2,086,403</b>	<b>2,094,316</b>	<b>7,913</b>
<b>EXPENDITURES:</b>				
Street maintenance	2,617,966	2,905,494	2,140,715	764,779
Debt service	841	841	840	1
Contingency	367,153	79,625	-	79,625
<b>TOTAL EXPENDITURES</b>	<b>2,985,960</b>	<b>2,985,960</b>	<b>2,141,555</b>	<b>844,405</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(899,557)</b>	<b>(899,557)</b>	<b>(47,239)</b>	<b>852,318</b>
<b>OTHER FINANCING USES:</b>				
Proceeds from sale of equipment	-	-	63,935	63,935
Transfers out	(120,532)	(120,532)	(120,532)	-
<b>TOTAL OTHER FINANCING USES</b>	<b>(120,532)</b>	<b>(120,532)</b>	<b>(56,597)</b>	<b>63,935</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(1,020,089)</b>	<b>(1,020,089)</b>	<b>(103,836)</b>	<b>916,253</b>
<b>FUND BALANCE, beginning of year</b>	<b>1,020,089</b>	<b>1,020,089</b>	<b>1,047,807</b>	<b>27,718</b>
<b>FUND BALANCE, end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 943,971</b>	<b>\$ 943,971</b>

**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, 2025**

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES:</b>			
Loan repayments	\$ 60,000	\$ 92,379	\$ 32,379
Interest on investments	10,000	23,400	13,400
<b>TOTAL REVENUES</b>	<u>70,000</u>	<u>115,779</u>	<u>45,779</u>
<b>EXPENDITURES:</b>			
Property rehab program	5,000	5,000	-
Contingency	312,856	-	312,856
<b>TOTAL EXPENDITURES</b>	<u>317,856</u>	<u>5,000</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(247,856)	110,779	358,635
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers out	<u>(250,000)</u>	<u>(250,000)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(497,856)	(139,221)	358,635
<b>FUND BALANCE, beginning of year</b>	<u>497,856</u>	<u>535,141</u>	<u>37,285</u>
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ 395,920</u>	<u>\$ 395,920</u>
Fund balance - budgetary basis		\$ 395,920	
Balance of loans receivable		<u>412,434</u>	
Fund balance - GAAP basis		<u>\$ 808,354</u>	
Change in fund balance - budgetary basis		\$ (139,221)	
Loan writeoff reported as reduction in receivable		(13)	
Loan repayments reported as reduction in receivable		<u>(92,379)</u>	
Changes in fund balance - GAAP basis		<u>\$ (231,613)</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, 2025**

	Budget		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
<b>REVENUES:</b>				
Property taxes	\$ 550,886	\$ 550,886	\$ 703,386	\$ 152,500
Interest on investments	25,750	25,750	66,792	41,042
<b>TOTAL REVENUES</b>	<b>576,636</b>	<b>576,636</b>	<b>770,178</b>	<b>193,542</b>
<b>EXPENDITURES:</b>				
Roads End / Villages Improvements	7,100	57,100	37,645	19,455
Contingency	1,472,502	1,422,502	-	1,422,502
<b>TOTAL EXPENDITURES</b>	<b>1,479,602</b>	<b>1,479,602</b>	<b>37,645</b>	<b>1,441,957</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND CHANGE IN FUND BALANCE</b>	<b>(902,966)</b>	<b>(902,966)</b>	<b>732,533</b>	<b>1,635,499</b>
<b>FUND BALANCE, beginning of year</b>	<b>902,966</b>	<b>902,966</b>	<b>955,375</b>	<b>52,409</b>
<b>FUND BALANCE, end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,687,908</b>	<b>\$ 1,687,908</b>

**CITY OF LINCOLN CITY**

Lincoln City, Oregon

**URBAN RENEWAL TAX INCREMENT - NELSCOTT DISTRICT FUND**

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

**FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES:</b>			
Property taxes	\$ 121,473	\$ 150,219	\$ 28,746
Interest on investments	1,000	4,636	3,636
<b>TOTAL REVENUES</b>	<u>122,473</u>	<u>154,855</u>	<u>32,382</u>
<b>EXPENDITURES:</b>			
Nelscott District Improvements	16,800	535	16,265
Contingency	105,673	-	105,673
<b>TOTAL EXPENDITURES</b>	<u>122,473</u>	<u>535</u>	<u>121,938</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND CHANGE IN FUND BALANCE</b>	-	154,320	154,320
<b>FUND BALANCE, beginning of year</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ 154,320</u>	<u>\$ 154,320</u>

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

**URBAN RENEWAL GENERAL FUND**

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

**FOR THE YEAR ENDED JUNE 30, 2025**

	Budget		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
<b>REVENUES:</b>				
Charges for services	\$ 50,000	\$ 50,000	\$ -	\$ (50,000)
Intergovernmental	-	-	41,816	41,816
Interest on investments	1,000	1,000	10,999	9,999
<b>TOTAL REVENUES</b>	<b>51,000</b>	<b>51,000</b>	<b>52,815</b>	<b>1,815</b>
<b>EXPENDITURES:</b>				
Materials and services	25,968	37,468	47,376	(9,908)
Capital outlay	405,000	393,500	24,572	368,928
<b>TOTAL EXPENDITURES</b>	<b>430,968</b>	<b>430,968</b>	<b>71,948</b>	<b>359,020</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(379,968)</b>	<b>(379,968)</b>	<b>(19,133)</b>	<b>360,835</b>
<b>OTHER FINANCING SOURCES:</b>				
Transfers in	250,000	250,000	250,000	-
<b>NET CHANGE IN FUND BALANCE</b>	<b>(129,968)</b>	<b>(129,968)</b>	<b>230,867</b>	<b>360,835</b>
<b>FUND BALANCE, beginning of year</b>	<b>129,968</b>	<b>129,968</b>	<b>129,759</b>	<b>(209)</b>
<b>FUND BALANCE, end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 360,626</b>	<b>\$ 360,626</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, 2025**

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES:</b>			
Interest on investments	<u>\$ -</u>	<u>\$ 3,283</u>	<u>\$ 3,283</u>
<b>EXPENDITURES:</b>			
Public Art	<u>75,540</u>	<u>24,135</u>	<u>51,405</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(75,540)</u>	<u>(20,852)</u>	<u>54,688</u>
<b>OTHER FINANCING SOURCES:</b>			
Transfers in	<u>20,000</u>	<u>45,946</u>	<u>25,946</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(55,540)</u>	<u>25,094</u>	<u>80,634</u>
<b>FUND BALANCE, beginning of year</b>	<u>55,540</u>	<u>65,761</u>	<u>10,221</u>
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ 90,855</u>	<u>\$ 90,855</u>

**CAPITAL PROJECTS FUNDS**

**CITY OF LINCOLN CITY**

Lincoln City, Oregon

**NONMAJOR CAPITAL PROJECTS FUNDS**

**COMBINING BALANCE SHEET**

**JUNE 30, 2025**

	<u>Transportation Development</u>	<u>N Hwy 101 Improvement Program</u>	<u>Intersection Improvement</u>	<u>Storm Drainage Development</u>
<b>ASSETS:</b>				
Cash and investments	\$ 573,472	\$ 113,582	\$ 162,263	\$ 95,086
Receivables	-	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ 573,472</u>	<u>\$ 113,582</u>	<u>\$ 162,263</u>	<u>\$ 95,086</u>
<b>LIABILITIES:</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Unavailable revenue, grants	-	-	-	-
<b>FUND BALANCES:</b>				
Restricted for:				
Capital projects	573,472	113,582	162,263	95,086
Committed to:				
Capital projects	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<u>573,472</u>	<u>113,582</u>	<u>162,263</u>	<u>95,086</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 573,472</u>	<u>\$ 113,582</u>	<u>\$ 162,263</u>	<u>\$ 95,086</u>

Park System Development Charge Improvement	Parks Development	Facilities Capital	Total
\$ 337,801	\$ 4,218,664	\$ 587,770	\$ 6,088,638
731	433,299	248,203	682,233
<u>\$ 338,532</u>	<u>\$ 4,651,963</u>	<u>\$ 835,973</u>	<u>\$ 6,770,871</u>
\$ -	\$ 274,639	\$ 104,942	\$ 379,581
-	247,147	-	247,147
338,532	-	731,031	2,013,966
-	4,130,177	-	4,130,177
<u>338,532</u>	<u>4,130,177</u>	<u>731,031</u>	<u>6,144,143</u>
<u>\$ 338,532</u>	<u>\$ 4,651,963</u>	<u>\$ 835,973</u>	<u>\$ 6,770,871</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, 2025**

	<u>Transportation Development</u>	<u>N Hwy 101 Improvement Program</u>	<u>Intersection Improvement</u>
<b>REVENUES:</b>			
Transient room tax	\$ -	\$ -	\$ -
Charges for services	54,783	28,690	-
Intergovernmental	-	-	-
Interest on investments	25,276	-	7,557
Miscellaneous	-	-	-
	<hr/>	<hr/>	<hr/>
<b>TOTAL REVENUES</b>	<b>80,059</b>	<b>28,690</b>	<b>7,557</b>
	<hr/>	<hr/>	<hr/>
<b>EXPENDITURES:</b>			
Materials and services	-	-	-
Capital outlay	-	47,691	-
Debt service	-	-	-
	<hr/>	<hr/>	<hr/>
<b>TOTAL EXPENDITURES</b>	<b>-</b>	<b>47,691</b>	<b>-</b>
	<hr/>	<hr/>	<hr/>
<b>EXCESS (DEFICIENCY) OF REVENUES     OVER (UNDER) EXPENDITURES</b>	<b>80,059</b>	<b>(19,001)</b>	<b>7,557</b>
	<hr/>	<hr/>	<hr/>
<b>OTHER FINANCING SOURCES</b>			
Transfers in	-	-	-
Transfers out	-	-	-
	<hr/>	<hr/>	<hr/>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<hr/>	<hr/>	<hr/>
<b>NET CHANGE IN FUND BALANCE</b>	<b>80,059</b>	<b>(19,001)</b>	<b>7,557</b>
	<hr/>	<hr/>	<hr/>
<b>FUND BALANCE, beginning of year</b>	<b>493,413</b>	<b>132,583</b>	<b>154,706</b>
	<hr/>	<hr/>	<hr/>
<b>FUND BALANCE, end of year</b>	<b>\$ 573,472</b>	<b>\$ 113,582</b>	<b>\$ 162,263</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

<u>Storm Drainage Development</u>	<u>Parks System Development Charge Improvement</u>	<u>Parks Development</u>	<u>Facilities Capital</u>	<u>Totals</u>
\$ -	\$ -	\$ 551,043	\$ 1,008,057	\$ 1,559,100
6,029	215,570	-	-	305,072
-	8,288	1,225,536	-	1,233,824
4,254	28,427	142,063	42,314	249,891
-	-	42,318	1,250	43,568
<u>10,283</u>	<u>252,285</u>	<u>1,960,960</u>	<u>1,051,621</u>	<u>3,391,455</u>
-	-	-	6,998	6,998
-	722,633	1,997,920	800,970	3,569,214
-	-	-	614,275	614,275
-	<u>722,633</u>	<u>1,997,920</u>	<u>1,422,243</u>	<u>4,190,487</u>
10,283	(470,348)	(36,960)	(370,622)	(799,032)
-	-	2,750,000	-	2,750,000
-	-	(27,009)	(2,872)	(29,881)
-	-	<u>2,722,991</u>	<u>(2,872)</u>	<u>2,720,119</u>
10,283	(470,348)	2,686,031	(373,494)	1,921,087
<u>84,803</u>	<u>808,880</u>	<u>1,444,146</u>	<u>1,104,525</u>	<u>4,223,056</u>
<u>\$ 95,086</u>	<u>\$ 338,532</u>	<u>\$ 4,130,177</u>	<u>\$ 731,031</u>	<u>\$ 6,144,143</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, 2025**

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES:</b>			
Improvement fee	\$ 40,000	\$ 54,783	\$ 14,783
Interest on investments	1,000	25,276	24,276
	<hr/>	<hr/>	<hr/>
<b>TOTAL REVENUES</b>	41,000	80,059	39,059
	<hr/>	<hr/>	<hr/>
<b>EXPENDITURES:</b>			
Capital outlay	528,925	-	528,925
	<hr/>	<hr/>	<hr/>
<b>EXCESS (DEFICIENCY) OF REVENUES     OVER (UNDER) EXPENDITURES AND     CHANGE IN FUND BALANCE</b>	(487,925)	80,059	567,984
	<hr/>	<hr/>	<hr/>
<b>FUND BALANCE, beginning of year</b>	487,925	493,413	5,488
	<hr/>	<hr/>	<hr/>
<b>FUND BALANCE, end of year</b>	\$ -	\$ 573,472	\$ 573,472
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**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, 2025**

	Budget		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
<b>REVENUES:</b>				
Improvement fee	\$ 32,000	\$ 32,000	\$ 28,690	\$ (3,310)
Interest on investments	1,000	1,000	-	(1,000)
<b>TOTAL REVENUES</b>	<u>33,000</u>	<u>33,000</u>	<u>28,690</u>	<u>(4,310)</u>
<b>EXPENDITURES:</b>				
Capital outlay	<u>33,000</u>	<u>165,583</u>	<u>47,691</u>	<u>117,892</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND CHANGE IN FUND BALANCE</b>	-	(132,583)	(19,001)	113,582
<b>FUND BALANCE, beginning of year</b>	<u>-</u>	<u>132,583</u>	<u>132,583</u>	<u>-</u>
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 113,582</u>	<u>\$ 113,582</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, 2025**

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES:</b>			
Interest on investments	<u>\$ 6,100</u>	<u>\$ 7,557</u>	<u>\$ 1,457</u>
<b>EXPENDITURES:</b>			
Capital outlay	<u>159,522</u>	<u>-</u>	<u>159,522</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND CHANGE IN FUND BALANCE</b>	<u>(153,422)</u>	<u>7,557</u>	<u>160,979</u>
<b>FUND BALANCE, beginning of year</b>	<u>153,422</u>	<u>154,706</u>	<u>1,284</u>
<b>FUND BALANCE, end of year</b>	<u><u>\$ -</u></u>	<u><u>\$ 162,263</u></u>	<u><u>\$ 162,263</u></u>

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

**STORM DRAINAGE DEVELOPMENT FUND**

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

**FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES:</b>			
Improvement fee	\$ 4,000	\$ 6,029	\$ 2,029
Interest on investments	<u>3,200</u>	<u>4,254</u>	<u>1,054</u>
<b>TOTAL REVENUES</b>	<u>7,200</u>	<u>10,283</u>	<u>3,083</u>
<b>EXPENDITURES:</b>			
Capital outlay	<u>91,653</u>	<u>-</u>	<u>91,653</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND CHANGE IN FUND BALANCE</b>	(84,453)	10,283	94,736
<b>FUND BALANCE, beginning of year</b>	<u>84,453</u>	<u>84,803</u>	<u>350</u>
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ 95,086</u>	<u>\$ 95,086</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, 2025**

	Budget		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
<b>REVENUES:</b>				
Improvement fee	\$ 105,742	\$ 105,742	\$ 215,570	\$ 109,828
Intergovernmental	8,000	8,000	8,288	288
Interest on investments	25,000	25,000	28,427	3,427
	<u>138,742</u>	<u>138,742</u>	<u>252,285</u>	<u>113,543</u>
<b>TOTAL REVENUES</b>				
<b>EXPENDITURES:</b>				
Capital outlay	<u>621,192</u>	<u>947,621</u>	<u>722,633</u>	<u>224,988</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND CHANGE IN FUND BALANCE</b>	(482,450)	(808,879)	(470,348)	338,531
<b>FUND BALANCE, beginning of year</b>	<u>482,450</u>	<u>808,879</u>	<u>808,880</u>	<u>1</u>
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 338,532</u>	<u>\$ 338,532</u>

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

**PARKS DEVELOPMENT FUND**

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

**FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Budget</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget
				Positive (Negative)
<b>REVENUES:</b>				
Transient room tax	\$ 536,151	\$ 536,151	\$ 551,043	\$ 14,892
Intergovernmental	450,000	450,000	374,015	(75,985)
Interest on investments	45,000	45,000	142,063	97,063
Miscellaneous - donations	-	-	42,318	42,318
	<u>1,031,151</u>	<u>1,031,151</u>	<u>1,109,439</u>	<u>78,288</u>
<b>EXPENDITURES:</b>				
Capital outlay	<u>5,017,714</u>	<u>5,597,819</u>	<u>1,997,920</u>	<u>3,599,899</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(3,986,563)</u>	<u>(4,566,668)</u>	<u>(888,481)</u>	<u>3,678,187</u>
<b>OTHER FINANCING SOURCES:</b>				
Transfers in	2,750,000	2,750,000	2,750,000	-
Transfers out	<u>-</u>	<u>(50,000)</u>	<u>(27,009)</u>	<u>22,991</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>2,750,000</u>	<u>2,700,000</u>	<u>2,722,991</u>	<u>22,991</u>
<b>NET CHANGE IN FUND BALANCE</b>	(1,236,563)	(1,866,668)	1,834,510	3,701,178
<b>FUND BALANCE, beginning of year</b>	<u>1,236,563</u>	<u>1,866,668</u>	<u>2,295,667</u>	<u>428,999</u>
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,130,177</u>	<u>\$ 4,130,177</u>
Change in fund balance - budgetary basis			\$ 1,834,510	
Unearned grant revenue			<u>851,521</u>	
Change in fund balance - GAAP basis			<u>\$ 2,686,031</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, 2025**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Transient room tax	\$ 988,202	\$ 988,202	\$ 1,008,057	\$ 19,855
Interest on investments	35,346	35,346	42,314	6,968
Miscellaneous	-	-	1,250	1,250
<b>TOTAL REVENUES</b>	<u>1,023,548</u>	<u>1,023,548</u>	<u>1,051,621</u>	<u>28,073</u>
<b>EXPENDITURES:</b>				
Building improvements	1,320,000	1,390,981	807,968	583,013
Debt service	614,275	614,275	614,275	-
<b>TOTAL EXPENDITURES</b>	<u>1,934,275</u>	<u>2,005,256</u>	<u>1,422,243</u>	<u>583,013</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(910,727)</u>	<u>(981,708)</u>	<u>(370,622)</u>	<u>611,086</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	<u>(5,000)</u>	<u>(5,000)</u>	<u>(2,872)</u>	<u>2,128</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(915,727)</u>	<u>(986,708)</u>	<u>(373,494)</u>	<u>613,214</u>
<b>FUND BALANCE, beginning of year</b>	<u>915,727</u>	<u>986,708</u>	<u>1,104,525</u>	<u>117,817</u>
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 731,031</u>	<u>\$ 731,031</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, 2025**

	Budget		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
<b>REVENUES:</b>				
Charges for services	\$ 4,874,333	\$ 4,874,333	\$ 4,756,267	\$ (118,066)
Intergovernmental	70,000	70,000	4,300	(65,700)
Interest on investments	50,000	50,000	369	(49,631)
Miscellaneous	3,400	3,400	4,783	1,383
<b>TOTAL REVENUES</b>	<b>4,997,733</b>	<b>4,997,733</b>	<b>4,765,719</b>	<b>(232,014)</b>
<b>EXPENDITURES:</b>				
Water utility maintenance	3,254,787	3,287,526	2,914,446	373,080
Debt service	60,841	60,841	66,954	(6,113)
Contingency	651,912	532,316	-	532,316
<b>TOTAL EXPENDITURES</b>	<b>3,967,540</b>	<b>3,880,683</b>	<b>2,981,400</b>	<b>899,283</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>1,030,193</b>	<b>1,117,050</b>	<b>1,784,319</b>	<b>667,269</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Proceeds from sale of equipment	-	-	19,176	19,176
New leases and subscriptions	-	-	42,034	42,034
Transfers out	(1,610,365)	(1,610,365)	(1,610,365)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(1,610,365)</b>	<b>(1,610,365)</b>	<b>(1,549,155)</b>	<b>61,210</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(580,172)</b>	<b>(493,315)</b>	<b>235,164</b>	<b>728,479</b>
<b>FUND BALANCE, beginning of year</b>	<b>580,172</b>	<b>493,315</b>	<b>493,315</b>	<b>-</b>
<b>FUND BALANCE, end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 728,479</b>	<b>\$ 728,479</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, 2025**

	Budget		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
<b>REVENUES:</b>				
Intergovernmental	\$ 300,000	\$ 300,000	\$ -	\$ (300,000)
Interest on investments	35,000	35,000	96,544	61,544
<b>TOTAL REVENUES</b>	<u>335,000</u>	<u>335,000</u>	<u>96,544</u>	<u>(238,456)</u>
<b>EXPENDITURES:</b>				
Capital outlay	<u>2,957,407</u>	<u>3,521,839</u>	<u>1,283,010</u>	<u>2,238,829</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(2,622,407)</u>	<u>(3,186,839)</u>	<u>(1,186,466)</u>	<u>2,000,373</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	1,300,000	1,300,000	1,300,000	-
Transfers out	<u>(5,000)</u>	<u>(5,000)</u>	<u>(1,309)</u>	<u>3,691</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>1,295,000</u>	<u>1,295,000</u>	<u>1,298,691</u>	<u>3,691</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(1,327,407)</u>	<u>(1,891,839)</u>	<u>112,225</u>	<u>2,004,064</u>
<b>FUND BALANCE, beginning of year</b>	<u>1,327,407</u>	<u>1,891,839</u>	<u>1,963,784</u>	<u>71,945</u>
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,076,009</u>	<u>\$ 2,076,009</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, 2025**

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES:</b>			
System development charges	\$ 110,000	\$ 142,130	\$ 32,130
Interest on investments	34,000	47,097	13,097
<b>TOTAL REVENUES</b>	<u>144,000</u>	<u>189,227</u>	<u>45,227</u>
<b>EXPENDITURES:</b>			
Capital outlay	<u>1,041,466</u>	<u>37,466</u>	<u>1,004,000</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND CHANGE IN FUND BALANCE</b>	(897,466)	151,761	1,049,227
<b>FUND BALANCE, beginning of year</b>	<u>897,466</u>	<u>906,696</u>	<u>9,230</u>
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ 1,058,457</u>	<u>\$ 1,058,457</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, 2025**

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES:</b>			
System development charges	\$ 43,000	\$ 55,197	\$ 12,197
Interest on investments	<u>15,000</u>	<u>21,467</u>	<u>6,467</u>
<b>TOTAL REVENUES</b>	<u>58,000</u>	<u>76,664</u>	<u>18,664</u>
<b>EXPENDITURES:</b>			
Capital outlay	<u>462,561</u>	<u>-</u>	<u>462,561</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND CHANGE IN FUND BALANCE</b>	(404,561)	76,664	481,225
<b>FUND BALANCE, beginning of year</b>	<u>404,561</u>	<u>408,459</u>	<u>3,898</u>
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ 485,123</u>	<u>\$ 485,123</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, 2025**

	Budget		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
<b>REVENUES:</b>				
Charges for services	\$ 5,488,270	\$ 5,488,270	\$ 5,351,932	\$ (136,338)
Interest on investments	125,000	125,000	78,671	(46,329)
Miscellaneous	135,000	135,000	199,407	64,407
<b>TOTAL REVENUES</b>	<b>5,748,270</b>	<b>5,748,270</b>	<b>5,630,010</b>	<b>(118,260)</b>
<b>EXPENDITURES:</b>				
Sewer utility maintenance	4,763,543	4,982,620	4,345,519	637,101
Debt service	840	840	4,916	(4,076)
Contingency	1,058,219	926,336	-	926,336
<b>TOTAL EXPENDITURES</b>	<b>5,822,602</b>	<b>5,909,796</b>	<b>4,350,435</b>	<b>1,559,361</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(74,332)</b>	<b>(161,526)</b>	<b>1,279,575</b>	<b>1,441,101</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Proceeds from sale of equipment	-	-	24,503	24,503
New leases and subscriptions	-	-	28,022	28,022
Transfers out	(2,238,024)	(2,238,685)	(2,238,684)	1
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(2,238,024)</b>	<b>(2,238,685)</b>	<b>(2,186,159)</b>	<b>52,526</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(2,312,356)</b>	<b>(2,400,211)</b>	<b>(906,584)</b>	<b>1,493,627</b>
<b>FUND BALANCE, beginning of year</b>	<b>2,312,356</b>	<b>2,400,211</b>	<b>2,400,210</b>	<b>(1)</b>
<b>FUND BALANCE, end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,493,626</b>	<b>\$ 1,493,626</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, 2025**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Interest on investments	\$ 175,000	\$ 175,000	\$ 229,519	\$ 54,519
<b>EXPENDITURES:</b>				
Capital outlay	7,754,954	6,835,209	1,610,791	5,224,418
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(7,579,954)</u>	<u>(6,660,209)</u>	<u>(1,381,272)</u>	<u>5,278,937</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	2,000,000	2,000,000	2,000,000	-
Transfers out	<u>(5,000)</u>	<u>(280,000)</u>	<u>(288,084)</u>	<u>(8,084)</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>1,995,000</u>	<u>1,720,000</u>	<u>1,711,916</u>	<u>(8,084)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(5,584,954)</u>	<u>(4,940,209)</u>	330,644	5,270,853
<b>FUND BALANCE, beginning of year</b>	<u>5,584,954</u>	<u>4,940,209</u>	<u>4,940,209</u>	<u>-</u>
<b>FUND BALANCE, end of year</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 5,270,853</u></u>	<u><u>\$ 5,270,853</u></u>

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

**SEWER SDC REIMBURSEMENT FUND**

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

**FOR THE YEAR ENDED JUNE 30, 2025**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
System development charges	\$ 175,000	\$ 175,000	\$ 222,560	\$ 47,560
Interest on investments	23,000	23,000	9,633	(13,367)
<b>TOTAL REVENUES</b>	<u>198,000</u>	<u>198,000</u>	<u>232,193</u>	<u>34,193</u>
<b>EXPENDITURES:</b>				
Capital outlay	<u>198,000</u>	<u>621,382</u>	<u>521,169</u>	<u>100,213</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND</b>	<u>-</u>	<u>(423,382)</u>	<u>(288,976)</u>	<u>134,406</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	<u>-</u>	<u>225,000</u>	<u>225,000</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>-</u>	<u>(198,382)</u>	<u>(63,976)</u>	<u>134,406</u>
<b>FUND BALANCE, beginning of year</b>	<u>-</u>	<u>198,382</u>	<u>198,382</u>	<u>-</u>
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 134,406</u>	<u>\$ 134,406</u>
Fund balance - budgetary basis			\$ 134,406	
Balance of Local Improvement District receivable			<u>37,664</u>	
Fund balance - GAAP basis			<u>\$ 172,070</u>	
Change in fund balance - budgetary basis			\$ (63,976)	
SDC fees assessed but not recognized as revenue on budgetary basis			<u>37,664</u>	
Changes in fund balance - GAAP basis			<u>\$ (26,312)</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, 2025**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
System development charges	\$ 101,250	\$ 101,250	\$ 116,610	\$ 15,360
Interest on investments	11,500	11,500	20,131	8,631
<b>TOTAL REVENUES</b>	<u>112,750</u>	<u>112,750</u>	<u>136,741</u>	<u>23,991</u>
<b>EXPENDITURES:</b>				
Capital outlay	<u>456,353</u>	<u>506,353</u>	<u>506,353</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(343,603)</u>	<u>(393,603)</u>	<u>(369,612)</u>	<u>23,991</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	<u>-</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(343,603)</u>	<u>(343,603)</u>	<u>(319,612)</u>	<u>23,991</u>
<b>FUND BALANCE, beginning of year</b>	<u>343,603</u>	<u>343,603</u>	<u>336,189</u>	<u>(7,414)</u>
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,577</u>	<u>\$ 16,577</u>
Fund balance - budgetary basis			\$ 16,577	
Balance of Local Improvement District receivable			<u>19,730</u>	
Fund balance - GAAP basis			<u>\$ 36,307</u>	
Change in fund balance - budgetary basis			\$ (319,612)	
SDC fees assessed but not recognized as revenue on budgetary basis			<u>19,730</u>	
Changes in fund balance - GAAP basis			<u>\$ (299,882)</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, 2025**

	Original/Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>			
Property taxes	\$ 1,600,000	\$ 1,644,368	\$ 44,368
Interest on investments	26,500	41,688	15,188
<b>TOTAL REVENUES</b>	<u>1,626,500</u>	<u>1,686,056</u>	<u>59,556</u>
<b>EXPENDITURES:</b>			
Debt service	<u>1,899,911</u>	<u>1,649,053</u>	<u>250,858</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND CHANGE IN FUND BALANCE</b>	(273,411)	37,003	310,414
<b>FUND BALANCE</b> , beginning of year	<u>273,411</u>	<u>355,627</u>	<u>82,216</u>
<b>FUND BALANCE</b> , end of year	<u>\$ -</u>	<u>\$ 392,630</u>	<u>\$ 392,630</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, 2025**

	<u>Revenues</u>	<u>Expenditures</u>	<u>Revenues Over (Under) Expenditures</u>
<b>BUDGETARY BASIS REVENUES AND EXPENDITURES:</b>			
Water Fund	\$ 4,765,719	\$ 2,981,400	\$ 1,784,319
Water System Capital Fund	96,544	1,283,010	(1,186,466)
Water SDC Reimbursement Fund	189,227	37,466	151,761
Water SDC Improvement Fund	<u>76,664</u>	<u>-</u>	<u>76,664</u>
<b>TOTAL</b>	<b><u>\$ 5,128,154</u></b>	<b><u>\$ 4,301,876</u></b>	<b>826,278</b>
 <b>ADD (DEDUCT) ITEMS TO RECONCILE TO AN ENTERPRISE FUND REPORTING BASIS:</b>			
Depreciation			(1,497,306)
Capital asset additions			1,354,592
Loss on sale of assets			19,176
Change in accrued interest payable			1,948
Change in accrued compensated absences			32,645
Net OPEB benefit			2,009
Pension expense			43,613
New Subscriptions			42,034
Principal payments			61,340
Transfers out			<u>(311,674)</u>
 <b>CHANGES IN FUND NET POSITION - GAAP</b>			 <b><u>\$ 574,655</u></b>

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

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

**FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Revenues</u>	<u>Expenditures</u>	<u>Revenues Over (Under) Expenditures</u>
<b>BUDGETARY BASIS REVENUES AND EXPENDITURES:</b>			
Sewer Fund	\$ 5,630,010	\$ 4,350,435	\$ 1,279,575
Sewer System Capital Fund	229,519	1,610,791	(1,381,272)
Sewer SDC Reimbursement Fund	232,193	521,169	(288,976)
Sewer SDC Improvement Fund	136,741	506,353	(369,612)
Sewer Bond Fund	<u>1,686,056</u>	<u>1,649,053</u>	<u>37,003</u>
<b>TOTAL</b>	<b><u>\$ 7,914,519</u></b>	<b><u>\$ 8,637,801</u></b>	<b>(723,282)</b>
 <b>ADD (DEDUCT) ITEMS TO RECONCILE TO AN ENTERPRISE FUND REPORTING BASIS:</b>			
Depreciation and amortization			(1,786,068)
Capital asset additions			3,051,719
Gain on sale of assets			24,503
Adjustment of SDC fees levied but not recognized as revenue on budgetary basis			(535)
Change in unearned grant revenues			686,447
Change in accrued interest payable			3,663
Change in accrued compensated absences			1,737
Net OPEB benefit			3,241
Pension expense			(136,757)
New Subscriptions			28,022
Principal payments			1,469,426
Transfers out			<u>(251,769)</u>
 <b>CHANGES IN FUND NET POSITION - GAAP</b>			<b><u>\$ 2,370,347</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, 2025**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Franchise fees	\$ 23,000	\$ 23,000	\$ 18,013	\$ (4,987)
Charges for services	1,612,838	1,652,838	1,546,449	(106,389)
Miscellaneous	-	-	1,515	1,515
<b>TOTAL REVENUES</b>	<u>1,635,838</u>	<u>1,675,838</u>	<u>1,565,977</u>	<u>(109,861)</u>
<b>EXPENDITURES:</b>				
Vehicle maintenance	516,280	516,280	438,212	78,068
Information technology	956,411	996,411	852,004	144,407
Geographical information systems	141,965	141,965	105,795	36,170
Debt service	-	-	11,625	(11,625)
Contingency	36,887	36,887	-	36,887
<b>TOTAL EXPENDITURES</b>	<u>1,651,543</u>	<u>1,691,543</u>	<u>1,407,636</u>	<u>283,907</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(15,705)</u>	<u>(15,705)</u>	<u>158,341</u>	<u>174,046</u>
<b>OTHER FINANCING SOURCES:</b>				
Proceeds from sale of equipment	-	-	3,821	3,821
<b>NET CHANGE IN FUND BALANCE</b>	<u>(15,705)</u>	<u>(15,705)</u>	<u>162,162</u>	<u>177,867</u>
<b>FUND BALANCE, beginning of year</b>	<u>15,705</u>	<u>15,705</u>	<u>236,567</u>	<u>220,862</u>
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 398,729</u>	<u>\$ 398,729</u>
Change in fund balance - budgetary basis			\$ 162,162	
Depreciation and amortization			(60,759)	
Pension expense			14,972	
Net OPEB benefit			1,650	
Principal payments			10,025	
Change in accrued compensated absences			6,244	
Capital asset additions			61,664	
Change in fund net position - GAAP basis			<u>\$ 195,958</u>	

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

**COMBINING BALANCE SHEET**

**GENERAL FUND**

**JUNE 30, 2025**

	<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	\$ 9,591,328	\$ 458,523	\$ 886,055	\$ 530,674	\$ 237,299	\$ 11,703,879
Cash with County Treasurer	59,115	-	-	-	-	59,115
Receivables	1,340,945	-	307,716	-	24,334	1,672,995
Prepaid items	17,617	-	-	-	-	17,617
Contracts receivable	827,333	-	-	-	-	827,333
Lease receivable	1,067,177	-	-	-	-	1,067,177
Assets held for sale	1,393,665	-	-	-	-	1,393,665
<b>TOTAL ASSETS</b>	<b>\$ 14,297,180</b>	<b>\$ 458,523</b>	<b>\$ 1,193,771</b>	<b>\$ 530,674</b>	<b>\$ 261,633</b>	<b>\$ 16,741,781</b>
<b>LIABILITIES:</b>						
Accounts payable	\$ 226,538	\$ 8,823	\$ 44	\$ 600	\$ -	\$ 236,005
Accrued payroll and other liabilities	1,008,075	-	-	-	-	1,008,075
<b>TOTAL LIABILITIES</b>	<b>1,234,613</b>	<b>8,823</b>	<b>44</b>	<b>600</b>	<b>-</b>	<b>1,244,080</b>
<b>DEFERRED INFLOW OF RESOURCES:</b>						
Unavailable revenue, property taxes	425,654	-	-	-	-	425,654
Unavailable revenue, LID assessments	-	-	307,716	-	24,334	332,050
Unavailable revenue, municipal court fees	87,928	-	-	-	-	87,928
Deferred inflow - leases	997,101	-	-	-	-	997,101
<b>TOTAL DEFERRED INFLOW OF RESOURCES</b>	<b>1,510,683</b>	<b>-</b>	<b>307,716</b>	<b>-</b>	<b>24,334</b>	<b>1,842,733</b>
<b>FUND BALANCES:</b>						
Nonspendable in form	2,238,615	-	-	-	-	2,238,615
Restricted for:						
Post-closure landfill costs	-	449,700	-	-	-	449,700
Committed to:						
Capital projects	-	-	886,011	-	-	886,011
Assigned	3,241,896	-	-	514,597	237,299	3,993,792
Unassigned	6,071,373	-	-	15,477	-	6,086,850
<b>TOTAL FUND BALANCES</b>	<b>11,551,884</b>	<b>449,700</b>	<b>886,011</b>	<b>530,074</b>	<b>237,299</b>	<b>13,654,968</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCE</b>	<b>\$ 14,297,180</b>	<b>\$ 458,523</b>	<b>\$ 1,193,771</b>	<b>\$ 530,674</b>	<b>\$ 261,633</b>	<b>\$ 16,741,781</b>

**CITY OF LINCOLN CITY**

Lincoln City, Oregon

**COMBINING SCHEDULE OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCE****GENERAL FUND****FOR THE YEAR ENDED JUNE 30, 2025**

	General	Agate Beach Closure	Unbonded Assessments	The Villages of Cascade Head	Property Abatement	Totals
<b>REVENUES:</b>						
Property taxes	\$ 8,799,704	\$ -	\$ -	\$ -	\$ -	\$ 8,799,704
Franchise fees	1,364,004	-	-	-	-	1,364,004
Transient room tax	2,303,351	-	-	-	-	2,303,351
Fees, licenses and permits	1,016,497	-	-	-	-	1,016,497
Fines and forfeitures	187,793	-	-	-	-	187,793
Charges for services	30,416	-	17,708	-	-	48,124
Intergovernmental	935,016	-	-	-	-	935,016
Lease revenue	106,229	-	-	-	-	106,229
Interest on investments	621,127	-	47,123	24,791	11,361	704,402
Miscellaneous	360,266	-	-	-	-	360,266
<b>TOTAL REVENUES</b>	<b>15,724,403</b>	<b>-</b>	<b>64,831</b>	<b>24,791</b>	<b>11,361</b>	<b>15,825,386</b>
<b>EXPENDITURES:</b>						
Current						
General government	5,556,941	30,530	-	-	6,638	5,594,109
Public safety	7,817,426	-	-	-	-	7,817,426
Culture and recreation	1,425,287	-	-	4,011	-	1,429,298
Debt service	81,233	-	-	-	-	81,233
Capital outlay	777,663	-	-	-	-	777,663
<b>TOTAL EXPENDITURES</b>	<b>15,658,550</b>	<b>30,530</b>	<b>-</b>	<b>4,011</b>	<b>6,638</b>	<b>15,699,729</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>65,853</b>	<b>(30,530)</b>	<b>64,831</b>	<b>20,780</b>	<b>4,723</b>	<b>125,657</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Proceeds from sale of capital assets	11,843	-	-	-	-	11,843
New subscriptions	82,282	-	-	-	-	82,282
Transfers in	651,157	-	-	-	-	651,157
Transfers out	(3,357,551)	-	-	-	-	(3,357,551)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(2,612,269)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,612,269)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(2,546,416)</b>	<b>(30,530)</b>	<b>64,831</b>	<b>20,780</b>	<b>4,723</b>	<b>(2,486,612)</b>
<b>FUND BALANCE, beginning of year</b>	<b>14,098,300</b>	<b>480,230</b>	<b>821,180</b>	<b>509,294</b>	<b>232,576</b>	<b>16,141,580</b>
<b>FUND BALANCE, end of year</b>	<b>\$ 11,551,884</b>	<b>\$ 449,700</b>	<b>\$ 886,011</b>	<b>\$ 530,074</b>	<b>\$ 237,299</b>	<b>\$ 13,654,968</b>

**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, 2025**

	<u>Original/Final Budget</u>	<u>Actual</u>	Variance with Final Budget <u>Positive (Negative)</u>
<b>EXPENDITURES:</b>			
Materials and services	<u>\$ 60,000</u>	<u>\$ 30,530</u>	<u>\$ 29,470</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND CHANGE IN FUND BALANCE</b>	(60,000)	(30,530)	29,470
<b>FUND BALANCE, beginning of year</b>	<u>483,679</u>	<u>480,230</u>	<u>(3,449)</u>
<b>FUND BALANCE, end of year</b>	<u><u>\$ 423,679</u></u>	<u><u>\$ 449,700</u></u>	<u><u>\$ 26,021</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, 2025**

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES:</b>			
Interest	\$ 42,500	\$ 47,123	\$ 4,623
LID repayments	20,000	17,708	(2,292)
<b>TOTAL REVENUES</b>	<u>62,500</u>	<u>64,831</u>	<u>2,331</u>
<b>EXPENDITURES:</b>			
Capital outlay	<u>876,122</u>	<u>-</u>	<u>876,122</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND CHANGE IN FUND BALANCE</b>	(813,622)	64,831	878,453
<b>FUND BALANCE, beginning of year</b>	<u>813,622</u>	<u>821,180</u>	<u>7,558</u>
<b>FUND BALANCE, end of year</b>	<u><u>\$ -</u></u>	<u><u>\$ 886,011</u></u>	<u><u>\$ 886,011</u></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, 2025**

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES:</b>			
Interest	\$ 4,000	\$ 24,791	\$ 20,791
<b>EXPENDITURES:</b>			
Materials and services	272,848	4,011	268,837
Contingency	<u>59,408</u>	<u>-</u>	<u>59,408</u>
<b>TOTAL EXPENDITURES</b>	<u>332,256</u>	<u>4,011</u>	<u>328,245</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND CHANGE IN FUND BALANCE</b>	(328,256)	20,780	349,036
<b>FUND BALANCE, beginning of year</b>	<u>328,256</u>	<u>509,294</u>	<u>181,038</u>
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ 530,074</u>	<u>\$ 530,074</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, 2025**

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES:</b>			
Interest on investments	\$ 1,215	\$ 11,361	\$ 10,146
Miscellaneous	789	-	(789)
<b>TOTAL REVENUES</b>	<u>2,004</u>	<u>11,361</u>	<u>9,357</u>
<b>EXPENDITURES:</b>			
Materials and services	<u>234,215</u>	<u>6,638</u>	<u>227,577</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND CHANGE IN FUND BALANCE</b>	(232,211)	4,723	236,934
<b>FUND BALANCE, beginning of year</b>	<u>232,211</u>	<u>232,576</u>	<u>365</u>
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ 237,299</u>	<u>\$ 237,299</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, 2025**

	<u>Recreation Scholarship</u>	<u>Miscellaneous Trust</u>	<u>Total</u>
<b>ASSETS:</b>			
Cash and investments	\$ 2,578	\$ 41,374	\$ 43,952
<b>LIABILITIES:</b>			
Accounts payable	-	13,326	13,326
<b>NET POSITION:</b>			
Restricted for:			
Individuals and Organizations	<u>\$ 2,578</u>	<u>\$ 28,048</u>	<u>\$ 30,626</u>

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

**CUSTODIAL FUNDS**

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

**FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Recreation Scholarship</u>	<u>Miscellaneous Turst</u>	<u>Total</u>
<b>ADDITIONS:</b>			
Grants and donations	\$ 3,006	\$ -	\$ 3,006
Interest on investments	<u>1,784</u>	<u>-</u>	<u>1,784</u>
<b>TOTAL ADDITIONS</b>	<u>4,790</u>	<u>-</u>	<u>4,790</u>
<b>DEDUCTIONS:</b>			
Benefits paid	<u>37,463</u>	<u>-</u>	<u>37,463</u>
<b>CHANGE IN NET POSITION</b>	(32,673)	-	(32,673)
<b>NET POSITION, June 20, 2024</b>	<u>35,251</u>	<u>28,048</u>	<u>63,299</u>
<b>NET POSITION, June 20, 2025</b>	<u>\$ 2,578</u>	<u>\$ 28,048</u>	<u>\$ 30,626</u>

**ADDITIONAL SCHEDULES**

**CITY OF LINCOLN CITY**

Lincoln City, Oregon

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

**FOR THE YEAR ENDED JUNE 30, 2025**

	Tax Year	Uncollected June 30, 2024	Levy as Extended by Assessor	Adjustments Discounts and Interest	Collections	Uncollected June 30, 2025
Current	2024-2025	\$ -	\$ 11,635,687	\$ (300,944)	\$ (11,043,864)	\$ 290,879
Prior	2023-2024	281,398	-	835	(139,677)	142,556
	2022-2023	104,216	-	5,018	(38,535)	70,699
	2021-2022	54,924	-	10,605	(45,223)	20,306
	2020-2021	17,198	-	4,132	(16,359)	4,971
	and prior	10,283	-	382	(1,500)	9,165
Total prior		468,019	-	20,972	(241,294)	247,697
Totals		<u>\$ 468,019</u>	<u>\$ 11,635,687</u>	<u>\$ (279,972)</u>	<u>\$ (11,285,158)</u>	<u>\$ 538,576</u>

Heavy Equipment Tax	(1,796)
Property taxes from term'd URA district	(4,168)
Change in AR	<u>(70,557)</u>
Full Accrual Property Tax Revenue	<u>\$ (11,361,679)</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 2009-10 to 2024-25 were performed by Talbot, Korvola & Warwick, LLP, 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, 2025**

**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>
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%
2023-24		4,267,103,657	16.70%		2,190,782,020	4.10%	51.34%
2024-25		4,382,011,403	2.69%		2,274,875,300	3.84%	51.91%

(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 Levy Record**

<u>Fiscal Year</u>		<u>Taxable Assessed Value (2)</u>	<u>Percent Change</u>		<u>Total Levy Per \$1,000</u>	<u>Percent Collected Year of Levy</u>	
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%
2023-24		2,153,748,473	3.59%		8,829,517	4.0996%	94.81%
2024-25		2,210,089,023	2.62%		9,060,835	4.0996%	94.91%

(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, 2025**

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

**Table 3 - 2024-25 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	\$ 4.7694	\$ 0.6527	\$ 5.4221
Linn-Benton-Lincoln ESD	0.2963	-	0.2963
Oregon Coast Community College	0.1708	0.2483	0.4191
<b>Total Education</b>	<u>5.2365</u>	<u>0.9010</u>	<u>6.1375</u>
<b>Local Government</b>			
Lincoln County	2.7400	-	2.7400
Lincoln County Animal SVC	0.1070	-	0.1070
Lincoln County Extension	0.0439	-	0.0439
Lincoln County Transportation	0.0948	-	0.0948
City of Lincoln City	3.9830	0.7403	4.7233
Lincoln City Urban Renewal Agency	0.3918	-	0.3918
North Lincoln Fire & Rescue	0.6593	1.5206	2.1799
Devil Lake Water Improvement District	0.1268	-	0.1268
North Lincoln Hospital District	0.5037	-	0.5037
<b>Total Local Government</b>	<u>8.6503</u>	<u>2.2609</u>	<u>10.9112</u>
<b>Total Consolidated Tax Rate</b>	<u>\$ 13.8868</u>	<u>\$ 3.1619</u>	<u>\$ 17.0487</u>

(1) The 2024-25 Assessed Value to compute the tax rate of code area 402 is \$1,317,305,920 which is 57.9% 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 2024-25 was \$1.96.

Source: City of Lincoln City

**CITY OF LINCOLN CITY**

Lincoln City, Oregon

**OUTSTANDING OBLIGATIONS**

**FOR THE YEAR ENDED JUNE 30, 2025**

	<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 6/30/25</u>
<b>General Obligation Bonds</b>				
Series 2011 Sewer (3)	3/17/2011	3/1/2026	\$ 7,000,000	\$ 460,013
Series 2013 Sewer Refunding (2)	2/26/2013	6/1/2030	9,885,000	4,780,000
<b>Total General Obligation Bonds</b>			<u>16,885,000</u>	<u>5,240,013</u>
<b>Full Faith and Credit Borrowings</b>				
Series 2018 Police Building (4)	11/7/2018	4/1/2048	10,950,000	9,225,000
Series 2018 Police Building Bond Premium (4)	11/7/2018	4/1/2048	302,721	43,349
<b>Total Full Faith and Credit-Backed</b>			<u>15,252,721</u>	<u>9,268,349</u>
<b>Right to Use Leases Payable (5)</b>				
Explore Lincoln City postage machine			6,952	2,330
City Hall postage machine			16,063	11,367
<b>Total Right to Use Leases Payable</b>			<u>23,015</u>	<u>13,697</u>
<b>Software Subscriptions Payable (SBITAs) (6)</b>				
Police fleet camera software			47,516	37,741
Police body camera software			125,804	112,324
Police fleet license plate software			57,422	40,041
ActiveNet software			67,151	58,337
Escribe software			74,845	59,619
ERSI software			31,528	11,129
Granicus.gov delivery software			28,824	24,955
Granicus EHQ software			53,458	48,610
Code Enforcement software			62,642	42,585
Sensus analytics software			70,056	65,553
<b>Total SBITAs</b>			<u>619,246</u>	<u>500,894</u>
<b>Total Borrowings</b>			<u>\$ 32,779,982</u>	<u>\$ 15,022,953</u>

(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) Leases payable were added as long-term debt per GASB 87.

(6) SBITAs payable were added as long-term debt per GASB 96.

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, 2025**

	<u>Transportation Development Fund</u>	<u>Storm Drainage Development Fund</u>	<u>Parks SDC Improvement Fund</u>
<b>REVENUES:</b>			
System development charge - improvement	\$ 54,783	\$ 6,029	\$ 215,570
Motorcycle vehicle gas tax	-	-	8,288
Interest	<u>25,276</u>	<u>4,254</u>	<u>28,427</u>
<b>TOTAL REVENUES</b>	<u>80,059</u>	<u>10,283</u>	<u>252,285</u>
<b>EXPENDITURES:</b>			
Taft Park	<u>-</u>	<u>-</u>	<u>722,633</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND CHANGE IN FUND BALANCE</b>	<u>80,059</u>	<u>10,283</u>	<u>(470,348)</u>
<b>BEGINNING FUND BALANCE</b>	<u>493,413</u>	<u>84,803</u>	<u>808,880</u>
<b>ENDING FUND BALANCE</b>	<u><u>\$ 573,472</u></u>	<u><u>\$ 95,086</u></u>	<u><u>\$ 338,532</u></u>

**CITY OF LINCOLN CITY**

Lincoln City, Oregon

**SDC FUNDS IN ACCORDANCE WITH ORS 223.311**

**WATER CAPITAL AND SDC FUNDS**

**FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Water System Capital Fund</u>	<u>Water SDC Reimbursement Fund</u>	<u>Water SDC Improvement Fund</u>	<u>Total</u>
<b>REVENUES:</b>				
System development charge	\$ -	\$ 142,130	\$ 55,197	\$ 197,327
Interest	<u>96,544</u>	<u>47,097</u>	<u>21,467</u>	<u>165,108</u>
<b>TOTAL REVENUE</b>	<u>96,544</u>	<u>189,227</u>	<u>76,664</u>	<u>362,435</u>
<b>EXPENDITURES:</b>				
Water system construction	<u>1,283,010</u>	<u>37,466</u>	<u>-</u>	<u>1,320,476</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(1,186,466)</u>	<u>151,761</u>	<u>76,664</u>	<u>(958,041)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	1,300,000	-	-	1,300,000
Transfers Out	<u>(1,309)</u>	<u>-</u>	<u>-</u>	<u>(1,309)</u>
<b>TOTAL OTHER FINANCING SOURCES (USES):</b>	<u>1,298,691</u>	<u>-</u>	<u>-</u>	<u>1,298,691</u>
<b>NET CHANGE IN FUND BALANCE</b>	112,225	151,761	76,664	340,650
<b>BEGINNING FUND BALANCE</b>	<u>1,963,784</u>	<u>906,696</u>	<u>408,459</u>	<u>3,278,939</u>
<b>ENDING FUND BALANCE</b>	<u>\$ 2,076,009</u>	<u>\$ 1,058,457</u>	<u>\$ 485,123</u>	<u>\$ 3,619,589</u>

**CITY OF LINCOLN CITY**

Lincoln City, Oregon

**SDC FUNDS IN ACCORDANCE WITH ORS 223.311**

**SEWER CAPITAL AND SDC FUNDS**

**FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Sewer System Capital Fund</u>	<u>Sewer SDC Reimbursement Fund</u>	<u>Sewer SDC Improvement Fund</u>	<u>Total</u>
<b>REVENUES:</b>				
System Development Charge	\$ -	\$ 222,560	\$ 116,610	\$ 339,170
Interest	229,519	9,633	20,131	259,283
<b>TOTAL REVENUE</b>	<u>229,519</u>	<u>232,193</u>	<u>136,741</u>	<u>598,453</u>
<b>EXPENDITURES:</b>				
Sewer System Construction	941,580	-	-	941,580
Pump Station Upgrades	617,594	521,169	506,353	1,645,116
Other Capital	51,617	-	-	51,617
<b>TOTAL EXPENDITURES</b>	<u>1,610,791</u>	<u>521,169</u>	<u>506,353</u>	<u>2,638,313</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(1,381,272)</u>	<u>(288,976)</u>	<u>(369,612)</u>	<u>(2,039,860)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	2,000,000	225,000	50,000	2,275,000
Transfers Out	(288,084)	-	-	(288,084)
<b>TOTAL OTHER FINANCING SOURCES (USES):</b>	<u>1,711,916</u>	<u>225,000</u>	<u>50,000</u>	<u>1,986,916</u>
<b>NET CHANGE IN FUND BALANCE</b>	330,644	(63,976)	(319,612)	(52,944)
<b>BEGINNING FUND BALANCE</b>	<u>4,940,209</u>	<u>198,382</u>	<u>336,189</u>	<u>5,474,780</u>
<b>ENDING FUND BALANCE</b>	<u>\$ 5,270,853</u>	<u>\$ 134,406</u>	<u>\$ 16,577</u>	<u>\$ 5,421,836</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**



Your peace of mind is our passion.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON 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, 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, 2025, and the related notes to the financial statements which collectively comprise the City's basic financial statements, and have issued our report thereon dated January 15, 2026. 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 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:

- The General Fund reported over expenditures of \$36,892 in building inspection and \$18,183 in debt services.
- The Parks and Recreation Center Fund reported over expenditures of \$13,875 in debt services.
- The Urban Renewal General Fund reported over expenditures of \$9,908 in materials and services.

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

- The Water Fund reported over expenditures of \$6,113 in debt service.
- The Sewer System Operating Fund reported over expenditures of \$4,076 in debt service.
- The Sewer System Capital Fund reported over expenditures of \$8,084 in transfers.
- The Internal Service Fund reported over expenditures of \$11,625 in debt service.
- The City made an emergency purchase of equipment for \$27,412. A request for proposal process was not utilized, and no approval was obtained from City Council allowing an exemption to the process.

**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 (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 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 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying *Schedule of Findings and Questioned Costs*, as item 2025-001 that we consider to be 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.



Portland, Oregon  
January 15, 2026