

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

## LINCOLN COUNTY, OREGON

For the year ended June 30, 2017





**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT For the Year Ended  
June 30, 2017**

Prepared by:

Janice Riessbeck, Finance Director

**LINCOLN COUNTY, OREGON**  
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 For the Year Ended June 30, 2017  
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## INTRODUCTORY SECTION

## Finance Department



## County of Lincoln

210 SW 2nd Street  
Newport, Oregon 97365  
(541) 265-4167  
FAX (541) 265-4101

December 29, 2017

To the Board of Commissioners and the  
Citizens of Lincoln County, Oregon

The Finance Department is pleased to submit the Comprehensive Annual Financial Report (CAFR) of Lincoln County for the fiscal year ended June 30, 2017. This report is published to provide the Board of Commissioners, County staff, citizens and other readers with detailed information concerning the financial position and activities of the County. County management is responsible for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures.

### INTRODUCTION

State statutes (ORS 297.465) require that Lincoln County (the County) prepare a complete set of year-end financial statements and have them audited in accordance with generally accepted accounting standards by an independent certified public accounting firm licensed to perform municipal audits in Oregon. Pursuant to this requirement, we hereby issue the 2016-17 Comprehensive Annual Financial Report, which is presented in conformance with generally accepted accounting principles (GAAP). This report incorporates the Government-wide Financial Reporting model as prescribed by the Government Accounting Standards Board.

Responsibility for both the accuracy of the data and the completeness and fairness of the CAFR presentation, including all disclosures, rests with Lincoln County. It is believed that the data, as presented, is accurate in all material respects and is presented in a manner designed to present fairly the financial position and results of operations of Lincoln County as measured by the financial activity of its various funds. All disclosures necessary to enable the reader to gain the maximum understanding of Lincoln County's financial affairs has been included.

Lincoln County's management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the government are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. The internal control structure is designed to provide reasonable, not absolute,

assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgment by management.

As a recipient of federal and state awards, Lincoln County is responsible for ensuring that an adequate internal control structure, reviewed annually, is in place to ensure compliance with applicable State laws (ORS 297.425), and in conformity with the provisions of the Single Audit codified at *Title 2 US Code of Federal Regulations (CFR) Part 200 Uniform Administrative Requirements, cost principles, and Audit requirements for Federal Awards*. As part of the County's independent audit, tests are made to determine the adequacy of the internal control structure, including that portion related to federal award programs, as well as to determine that the County has complied with applicable laws and regulations. These reports are included in this document.

GAAP require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. Lincoln County's MD&A can be found immediately following the report of the independent auditors in the financial section of this CAFR.

## **LINCOLN COUNTY PROFILE**

Lincoln County was established by the Oregon Legislature in 1893. The County, an area of 992 square miles, is located on the coast of the Pacific Ocean. It has a population of 47,960 and a true cash value of \$8,446,088,860.

Lincoln County is governed by a Board of Commissioners, consisting of three commissioners, who are elected to four-year terms. The Board of Commissioners conduct all legislative business of the County and are responsible for setting County policy, general administration of the County, and holding public hearings on certain issues required by law.

Lincoln County provides a full range of services including public safety, health and community services, public works, assessment and tax collection for all county taxing districts, juvenile services, corrections and probation, and community development. The Lincoln County Solid Waste District, Lincoln County Extension Service District, Lincoln County Transportation Service District, and Lincoln County Animal Services District are legally separate taxing entities in the County. They are included in these financial statements as "blended component units" of the County and they essentially function as departments of the County.

The Lincoln County Extension Agency inclusion reflects voter approval of an operating tax levy in November 1998, and the Board of County Commissioners control and approval of the budget and tax levy. This agency, primarily funded

through the State of Oregon, Division of Higher Education, as part of Oregon State University, provides a wide variety of services to the residents of Lincoln County. The purpose of the Extension Service is to help people solve problems through education in the areas of home economics, 4-H, agriculture, forestry, marine and community resource development.

The Lincoln County Solid Waste District is included because the Board of County Commissioners serves as its governing body, making appointments, hiring, and approving the budget. This agency, which became operational during the 1993-94 fiscal year, is funded through intergovernmental agreements with agencies throughout the County and a State Department of Environmental Quality grant. The agency is responsible for countywide solid waste management planning, recycling education and coordination, illegal dumping cleanup and prevention, as well as enforcement coordination.

The Lincoln County Transportation District is included because the Board of County Commissioners serves as the governing body, making appointments, hiring, and approving the budget. This district, which was formed in 1996, is funded by a property tax levy, various intergovernmental revenues and grants, and transit fees. The district provides a comprehensive transportation program for Lincoln County, including a scheduled stop bus system, the "Central Coast Connection," to all cities within Lincoln County, and ancillary feeder lines available to all residents of the County. The district also provides a "dial-a-ride" service for disadvantaged, and senior and disabled citizens.

The Lincoln County Animal Services District is included because the Board of County Commissioners serves as the governing body, making appointments, hiring, and approving the budget. This agency, formed in fiscal year 2013-14, is funded by a property tax levy approved by voters in November 2012. The district provides services for animal control throughout the County and for the operations of the County's animal shelter.

The Siletz Area Enhanced Law Enforcement District, newly formed in 2016-17 is included because the Board of County Commissioners serves as the governing body, making appointments, hiring, and approving the budget. The district provides law enforcement services to a defined area that includes the City of Siletz and surrounding unincorporated property. In addition to a property tax levy approved by voters in May 2016, the district receives additional revenue from the Confederated Tribes of the Siletz under a contract between the district and the tribe.

The County's budget is prepared on the modified accrual basis of accounting. In accordance with State statutes, the County budgets all funds except trust and agency funds. The annual budget embodies controls to ensure compliance with legal provisions, and is adopted and appropriated by the County's Board of Commissioners. Activities of the general fund, special revenue funds, capital

projects funds, enterprise fund, and internal service fund are included in the annual appropriated budget. The level of budgetary control, that is, the level at which expenditures cannot legally exceed the appropriated amount, is established by program within the General Fund and by expenditure category within the other individual funds. The expenditure appropriations lapse at the end of the fiscal year. Additional resources and corresponding appropriations may be added to the budget during the fiscal year through a supplemental budget process. Original and supplemental budgets may be modified during the fiscal year by the use of appropriation resolutions. The resolutions are considered by the Board of Commissioners in public meetings. During the fiscal year 2016-17, several adjustments to the budget were made by resolution. Budget to actual comparisons are provided in this report for each individual governmental fund for which a budget was appropriated and adopted.

## **ECONOMIC CONDITION AND OUTLOOK**

Lincoln County's economic outlook for the near-term and long-term future continues to be positive. Unemployment levels have fallen to record lows and ongoing growth in the marine, scientific, and health care sectors is generating continued commercial construction and job growth. The home construction and sales market has rebounded as well, although the growth in property tax revenues is only marginally adequate to keep pace with increased operating expenses.

This past year saw the completion of the last phase of the multi-year, \$364 million dollar Pioneer Mountain to Eddyville project on Highway 20, which is already providing faster and safer movement of goods and people between the coast and valley. With this project and the Highway 101 projects in Nelscott and E. Devil's Lake Road intersection now finished, the passage of commercial and recreational traffic through the county has significantly improved. There are, however, ongoing needs and concerns about our county's transportation infrastructure that will need to be addressed in the near future. Formal discussions about potential expansion or replacement of the Yaquina Bay Bridge have finally started and all coastal bridges are in need of seismic retrofitting. We also have needs of addressing long-standing maintenance issues for highway 101, which will be our primary artery for movement of people and resources in the event of a major disaster.

Newport remains one of the nation's leading top commercial fishing ports and the expansion of the Port of Toledo's boatyard helps ensure more of the dollars generated by the industry stay in the county.

Oregon State University continues to move forward with plans for its Marine Studies program at the Hatfield Marine Science Center, a \$45 million project that will bring some 500 students to the central coast, create dozens of new jobs, and increase ocean and scientific literacy among college-age students for generations.

Although the publicity about wave energy a few years ago may have raised unrealistic expectations on the part of some members of the public, it remains a

part of our renewable power portfolio for the future. The news that the Northwest Congressional delegation is supporting placement of a grid-connected wave energy test center off the coast of Lincoln County, a \$40 million project, confirms national interest in clean energy.

Both of the county's hospitals will be replaced within the next decade. The redevelopment of Pacific Communities Hospital in Newport is the result of a voter-approved bond measure, while North Lincoln Hospital in Lincoln City will be replaced through an agreement with Samaritan Health Systems. Both projects are expected to increase health care employment in the county and expand the range of specialty care services available locally. Good health care is also a critical factor of effective economic development for our county.

Although all these developments are positive, caution will continue to drive budgetary decisions in county government. Growth in property tax revenues is barely keeping pace with increases in operating expenses, allowing little expansion of general fund services. We must also address the budget shortfall resulting from the loss of revenues generated by renting 20 corrections beds. Employment in the finance sector, which includes real estate brokerages and mortgage companies, is more than 100 jobs below pre-recession levels of 2007. Whereas some counties face financial challenges, we remain financially stable while increasing reserves and maintaining current levels of services provided to our county citizens. The outlook remains positive!

## **LONG TERM FINANCIAL PLANNING**

Conservative budgeting and financial planning continues to be the strategy for the next two to five years. No new major initiatives are planned for the general fund based services. Changes, such as healthcare benefits for the County's benefit-eligible employees, have been implemented to control operational cost increases. Planned expenditures in technology to increase efficiency and productivity are underway. The Board of Commissioners continues to work with all employees to find ways to cut costs while maintaining and providing the highest quality public services.

## **MAJOR INITIATIVES**

The county has two major capital projects on the drawing board. It is committed to construction of a new exhibition hall at the County Commons (formerly the Fairgrounds), which will provide a multi-use indoor exhibit and event space for a variety of activities. The project will be funded by transient room tax revenues with potential help funding associated infrastructure improvements by the City of Newport Urban Renewal Funds.

The county is committed to the development and construction of an updated Emergency Operations Center, one of several disaster preparedness initiatives we are undertaking in order to be better prepared to respond to the needs of our citizens in times of a disaster or emergency event.

Finally, as of this writing, the Board of Commissioners (BOC) is waiting for a consultant's report to decide whether to move forward on another project, a combined clinic and office space in Newport for county Health and Human Services (HHS) programs. Currently, HHS is scattered across four sites, three of them leased, which are not adequate for current program needs. The uncertainty over future funding of health care at both the state and national levels led the BOC to take this extra precautionary step before giving the project a final green light. If the project comes to fruition, it would be financed through a long-term, low interest loan from USDA Rural Development.

## **OTHER FINANCIAL INFORMATION**

The County's accounting system supports an adequate internal control structure. This structure provides reasonable assurance that County assets are safeguarded against loss, theft or misuse. The concept of reasonable assurance first recognizes that the cost of a control does not exceed the benefits derived from it. The evaluation of costs and benefits requires estimates and judgment by management. The accounting system provides reliable financial records for preparing financial statements in conformity with generally accepted accounting principles.

The County is required by state law to budget all funds with the exception of trust and agency funds. The budgeting process includes citizen input through various stages of preparation, public hearings, and approval of the original budget by the Board of Commissioners. Additional resources not anticipated in the adopted budget must be added through the use of a supplemental budget process which includes publication, public hearings, and Board of Commissioners' approval. Adopted and supplemental budgets may be modified by Board of Commissioners approval of appropriation resolutions. Budgetary control is maintained through the monitoring of program categories in the County's General Fund, and by expenditure categories in all other funds. The program categories are General Government, Public Safety, and Community Services. Expenditure categories are Personal Services, Materials and Services, Capital Outlay, and Other Requirements. Total expenditures may not legally exceed total appropriations in each of the budgeted categories.

The County periodically issues various types of debt. The County currently has \$2,592,152 in outstanding debt.

Temporarily idle cash is invested in various instruments including obligations of the United States Government and its agencies, bank repurchase agreements, and the State Treasurer's Local Government Investment Pool. Investments made by the County are subject to the provisions of Oregon Law. Investment risk is categorized in the notes to the General Purpose Financial Statements.

The County contracts through City/County Insurance Services, a risk management pool, to provide workers compensation coverage, auto, and property and liability

insurance. The County's Insurance Reserve fund is used to provide excess liability insurance, pension related fiduciary expenditures, unemployment insurance on a reimbursement basis to the State, and other related costs.

## **AWARDS**


The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate for Excellence in Financial Reporting to Lincoln County for its CAFR for the fiscal year ended June 30, 2016. This is the twenty-fifth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

## **ACKNOWLEDGEMENTS**

The preparation of this CAFR is possible through a collaborative effort from all departments, notably the County Treasurer, the County Assessor, and especially the Finance Department. Acknowledgement is also due to the Board of County Commissioners, whose leadership and support made the preparation of this report possible.

Respectfully submitted,



Janice Riessbeck  
Finance Director



Terry Thompson  
Chair, Board of Commissioners



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**Lincoln County  
Oregon**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2016**

Executive Director/CEO

**LINCOLN COUNTY**  
**PRINCIPAL OFFICIALS**  
**June 30, 2017**

**BOARD OF COUNTY COMMISSIONERS**

<u>Title</u>	<u>Name</u>
Commissioner, Chair	Terry Thompson
Commissioner	Bill Hall
Commissioner	Doug Hunt

**OTHER ELECTED OFFICIALS**

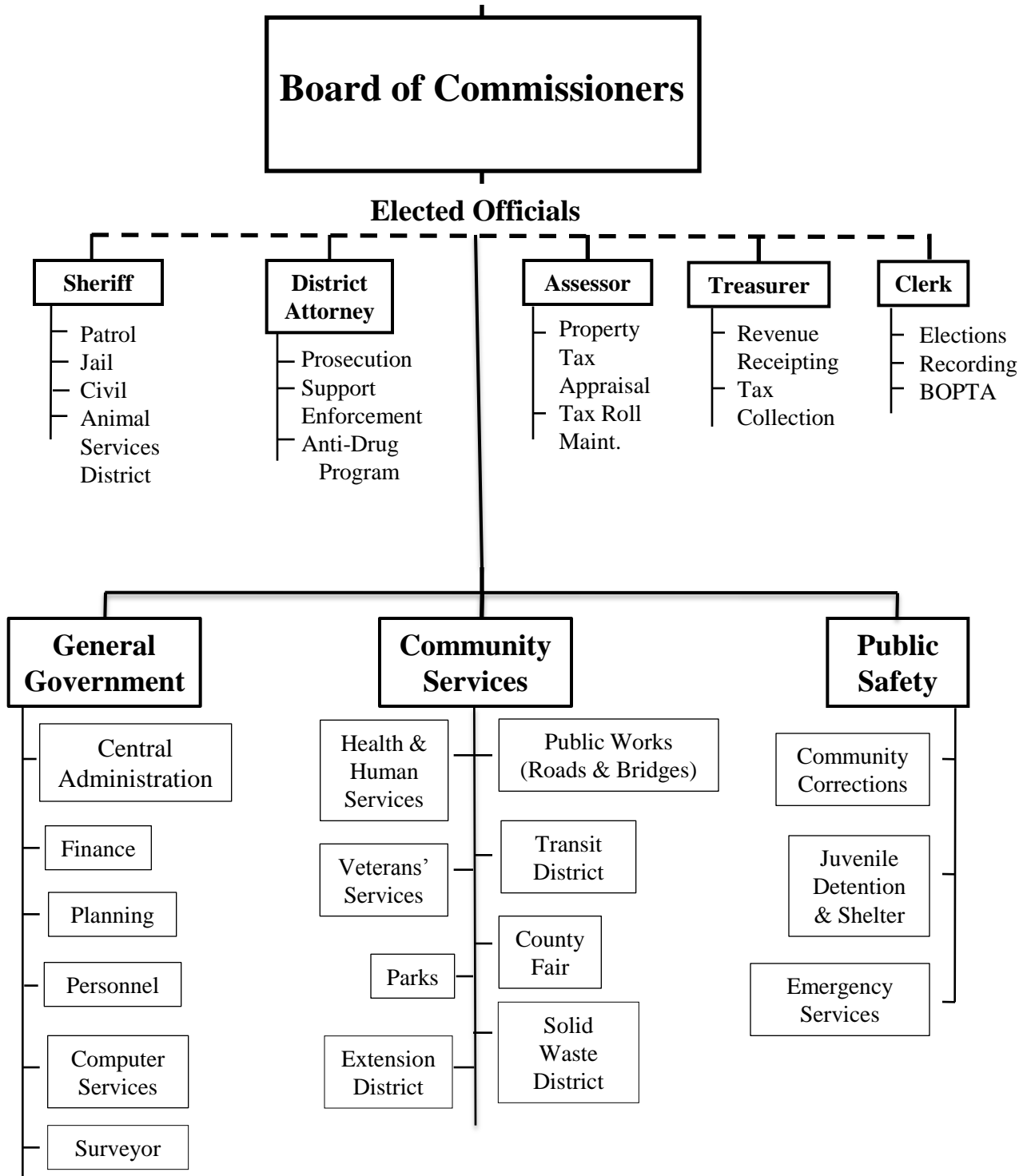
<u>Title</u>	<u>Name</u>
Assessor	Joseph Davidson
County Clerk	Dana Jenkins
District Attorney	Michelle Branam
Sheriff	Curtis Landers
Treasurer	Linda Pilson

**MANAGEMENT OFFICIALS**

<u>Title</u>	<u>Name</u>
County Counsel	Wayne Belmont
County Surveyor	John Waffenschmidt
Director, Community Justice	Suzanne Gonzales
Director, Finance	Janice Riessbeck
Director, Health and Human Services	Cheryl Connell
Director, Information Technology	Todd Richmond
Interim Director, Personnel	Bridget Robertson
Director, Planning and Development	Onno Husing
Director, Public Works	Roy Kinion
Director, Transit	Cynda Bruce

# Lincoln County Organization Chart

Citizens





## FINANCIAL SECTION



1976 Garden Ave.  
Eugene, OR 97403  
541.342.5161  
www.islercpa.com

## INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners  
Lincoln County, Oregon  
Newport, Oregon

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lincoln County, Oregon ("the County"), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the the County's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the the County as of June 30, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparisons for the General, Public Works, and Mental Health funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary schedules of Funding Progress - Other Post Employment Benefits, the County's Proportionate Share of Net Pension Liability, and the County's Pension Contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, the statistical tables section, and the schedule of receipts and disbursements for elected officials are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and budgetary comparison schedules, the schedule of expenditures of federal awards, and the schedule of receipts and disbursements for elected officials are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The introductory section and the statistical tables section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2017, on our consideration of the County'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 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 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 County's internal control over financial reporting and compliance.

### ***Report on Other Legal and Regulatory Requirements***

In accordance with the Minimum Standards of Audits of Oregon Municipal Corporations, we have issued our report dated December 29, 2017 on our consideration of the County'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.

**Isler CPA**



Paul Nielson, CPA, a member of the firm  
Eugene, Oregon  
December 29, 2017

## MANAGEMENT'S DISCUSSION AND ANALYSIS

## LINCOLN COUNTY, OREGON MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of Lincoln County offers readers of Lincoln County's financial statements this narrative overview and analysis of the financial activities of Lincoln County for the fiscal year ended June 30, 2017. Readers are encouraged to consider the information presented here in conjunction with the additional information furnished in the financial statements that follow.

### FINANCIAL HIGHLIGHTS

- The County's total net position increased by \$1,881,823 or 2.56%.
- Cash and investments increased by \$3,493,050 or 9.42%.
- Expenses increased by \$1,372,918 or 2.36%.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to Lincoln County's basic financial statements. The statements are comprised of three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of Lincoln County's finances in a manner similar to a private-sector business.

The statement of net position presents information on all of Lincoln County's assets and liabilities, with the difference of the two reported as net position. Over time, increases and decreases in net position may serve as an indicator of whether the financial position of Lincoln County is improving or deteriorating.

The statement of activities presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation time). The government activities of Lincoln County include general government, community services, public safety, highways and streets, culture and recreation, health and welfare, and education.

**Fund financial statements.** A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Lincoln County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: *governmental funds*, *proprietary funds*, and *fiduciary funds*.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements.

Because the focus of governmental funds is narrower than that of government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the County's near-term financial decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and change in fund balance provide a reconciliation to facilitate this comparison between the governmental funds and governmental activities.

The County maintains 21 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and change in fund balances for the General, Public Works, and Mental Health funds. These funds are considered to be major funds. Data from the nonmajor governmental funds is combined into a single, aggregated presentation. Individual fund information for each of the nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

Lincoln County adopts an annual appropriation budget for all governmental funds. Budgetary comparison statements are provided to demonstrate budgetary compliance.

**Proprietary funds.** Proprietary funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The intent is that the costs of providing the services be financed primarily through user fees. The County maintains two types of proprietary funds - enterprise funds and internal services funds. The County's only enterprise fund, the Solid Waste District Fund, is a blended component unit, business-type fund that derives its primary revenue from charges to customers of the solid waste haulers in the County. Internal service funds are proprietary funds that are used as an accounting tool to accumulate and allocate costs internally among a government's various functions. The Self Insurance Fund is an internal service fund that Lincoln County uses to self-manage its insurance programs such as workers' compensation, and unemployment insurance. Since the Self Insurance Fund benefits governmental functions, it has been included in governmental activities in the government-wide financial statements.

**Fiduciary funds.** Fiduciary (or agency) funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not included in the government wide financial statements because the resources are not available to support the operations of Lincoln County. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the County's fiduciary assets and liabilities are reported in a separate Statement of Fiduciary Net Position. An example is the Property Tax fund, which the Lincoln County Treasurer collects for many different entities within Lincoln County and then redistributes in accordance with tax rates certified by the County Assessor.

**Notes to the basic financial statements.** The notes to the basic financial statements provide additional information that is essential to a full understanding of the information provided in the government-wide and fund financial statements.

**Other supplementary information.** The combining statements for the nonmajor governmental funds and budgetary comparison schedules for both the nonmajor and the internal service proprietary fund are presented immediately following the notes to the basic financial statements. A statistical section containing selected financial, economic, and demographic information is presented immediately following the combining statements.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Changes in Net Position. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The County's combined net position was \$75,295,184 at June 30, 2017, increased \$1,881,823 or 2.56% between fiscal years 2016 and 2017. An increase in cash and investments and capital assets plus a small decrease in long-term debt outstanding and fairly level year over year expenses overall, combined to cause this increase. Table 1, below, compares the various components of the County's net position between the two years.

Cash and investments increased by \$3,493,050 or 9.42% while other current assets increased 18.25% or \$1,226,424. Improved timeliness of collections of accounts receivable, paired with increases in tax and charges for services revenue drove the changes. Capital assets increased \$745,801, or 1.75% reflecting modest activity in capital outlay spending for the year. Overall, total assets increased by \$3,012,427 or 3.48%.

Current liabilities increased from last year by \$442,415 or 8.27%. Current liabilities consist mainly of accounts payable and accrued payroll payable. The increase is mostly indicative of higher obligations in these two areas. Long-term obligations decreased \$88,006 due to scheduled debt payments.

With the continued implementation of GASB 68 the County now reports a net pension liability of \$6,857,708, a deferred outflow of resources of \$3,591,431 and a deferred inflow of \$468,233.

The County's net investment in capital assets increased by \$1,050,876 or 2.65% with modest capital project activity in 2017. Utilization of reserves caused restricted net position to increased \$1,473,596 or 6.33%. Unrestricted net position increased \$2,304,543 or 21.93% because of increases in unrestricted revenue, such as property tax, for the year.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**  
**SUMMARY OF NET POSITION**  
Table 1

	Governmental Activities		Business-type Activities		Total Government	
	2017	2016	2017	2016	2017	2016
<b>Assets:</b>						
Cash and investments	\$ 40,545,968	\$ 37,076,870	\$ 61,422	\$ 37,470	\$ 40,607,390	\$ 37,114,340
Other current assets	5,434,497	6,667,600	59,956	53,277	5,494,453	6,720,877
Capital assets, net of accumulated depreciation	43,365,905	42,620,104	-	-	43,365,905	42,620,104
<b>Total assets</b>	<b>89,346,370</b>	<b>86,364,574</b>	<b>121,378</b>	<b>90,747</b>	<b>89,467,748</b>	<b>86,455,321</b>
<b>Deferred outflows of resources:</b>						
Deferred outflow related to pensions	3,591,431	740,272	-	-	3,591,431	740,272
<b>Liabilities:</b>						
Current liabilities	5,777,913	5,344,756	14,179	4,921	5,792,092	5,349,677
Long-term debt outstanding	4,640,382	4,729,112	5,582	4,858	4,645,964	4,733,970
Net pension liability	6,857,708	2,929,952	-	-	6,857,708	2,929,952
<b>Total liabilities</b>	<b>17,276,003</b>	<b>13,003,820</b>	<b>19,761</b>	<b>9,779</b>	<b>17,295,764</b>	<b>13,013,599</b>
<b>Deferred inflows of resources:</b>						
Deferred inflow related to pensions	468,233	768,633	-	-	468,233	768,633
<b>Net position:</b>						
Net investment in capital assets	40,692,779	39,641,903	-	-	40,692,779	39,641,903
Restricted	21,791,456	23,265,052	-	-	21,791,456	23,265,052
Unrestricted	12,709,331	10,425,438	101,618	80,968	12,810,949	10,506,406
<b>Total net position</b>	<b>\$ 75,193,566</b>	<b>\$ 73,332,393</b>	<b>\$ 101,618</b>	<b>\$ 80,968</b>	<b>\$ 75,295,184</b>	<b>\$ 73,413,361</b>

**Governmental Activities.** Revenues for the County's governmental activities increased by \$493,405 or 0.81% while total expenses increased \$1,361,071 or 2.35%. Refer to Table 2 for a comparison of governmental activities for the years 2017 and 2016.

The increase in revenue reflects an upswing in charges for services and all tax revenue (other than transient room tax) of \$1,603,111 (10.7%) and \$713,965 (3.2%) respectively, but offset by a decrease in grant revenue of \$1,684,849 (8%). The increase in charges for services stems mainly from the health and welfare activities that have been trending upward for the past several years due to increased federal and state funding opportunities and the implementation of the Affordable Care Act. The decrease in operating grants and contributions of \$661,536 (3.4%) reflects less availability of certain grant funding opportunities that are no longer available, such as the Schools and Roads - Grants to States program. The decrease in capital grants and contributions of \$1,023,313 (67%) is indicative of the completion of several large capital projects in the prior year, hence decreased activity in the current year. Property tax revenue increased by \$374,819 (1.6%), as local property values have not yet caught up with the economic recovery of the last few years and keep increases in this revenue rather flat. The other taxes category increased by 100% this year, which reflects its reclassification out of the property tax category as portrayed in the prior year.

As stated above, overall expenses increased this year. Specifically, general government expenses increased \$604,665. (6.5%), community services expenses increased \$87,117 (2%), culture and recreation expenses increased \$82,227 (36%). Public safety expenses decreased by \$729,893. (3.3%). These variations are attributable to fluctuations of activity in the various categories. Health and welfare increased by \$2,543,452 (17%) as a result of the on-going service up-swing related to expanded healthcare services and the Affordable Care Act.

A dramatic decrease of \$1,192,780 (87%) in education expenses was due to the reclassification to an agency fund of certain State revenue received by the county and passed through to the local school district, and therefore not countable as county revenue any longer.

**Business-type Activities.** The County maintains an enterprise fund, the Solid Waste District, as a business type activity. The fund derives its revenue principally from charges for services and an operating grant. This fund, through prudent spending, improved its net position for the year by \$20,650.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS  
SUMMARY OF STATEMENT OF ACTIVITIES  
Table 2**

	Governmental Activities		Business-type Activities		Total Government	
	2017	2016	2017	2016	2017	2016
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 16,612,566	\$ 15,009,455	\$ 233,134	\$ 220,036	\$ 16,845,700	\$ 15,229,491
Operating grants and contributions	18,695,463	19,356,999	30,000	30,000	18,725,463	19,386,999
Capital grants and contributions	507,265	1,530,578	-	-	507,265	1,530,578
General revenues:						
Property taxes	22,716,920	22,342,101	-	-	22,716,920	22,342,101
Transient room taxes	1,867,327	2,134,099	-	-	1,867,327	2,134,099
Other taxes	339,146	-	-	-	339,146	-
Unrestricted investment earnings	395,020	225,825	613	251	395,633	226,076
Gain (loss) on sale of capital assets	-	41,245	-	-	-	41,245
<b>Total Revenues</b>	<b>61,133,707</b>	<b>60,640,302</b>	<b>263,747</b>	<b>250,287</b>	<b>61,397,454</b>	<b>60,890,589</b>
<b>Expenses:</b>						
General government	9,936,876	9,332,211	-	-	9,936,876	9,332,211
Community services	4,082,300	3,995,183	243,097	231,250	4,325,397	4,226,433
Public safety	21,170,354	21,900,247	-	-	21,170,354	21,900,247
Highways and streets	6,103,519	6,118,761	-	-	6,103,519	6,118,761
Culture and recreation	306,740	224,513	-	-	306,740	224,513
Health and welfare	17,391,781	14,848,329	-	-	17,391,781	14,848,329
Education	178,529	1,371,309	-	-	178,529	1,371,309
Debt service interest	102,435	120,910	-	-	102,435	120,910
<b>Total Expenses</b>	<b>59,272,534</b>	<b>57,911,463</b>	<b>243,097</b>	<b>231,250</b>	<b>59,515,631</b>	<b>58,142,713</b>
Excess (deficiency) of revenues over (under) expenses	1,861,173	2,728,839	20,650	19,037	1,881,823	2,747,876
Net position at beginning of year	73,332,393	70,330,064	80,968	61,931	73,413,361	70,391,995
Prior period adjustment	-	273,490	-	-	-	273,490
Net position at beginning of year, as restated	<b>73,332,393</b>	<b>70,603,554</b>	<b>-</b>	<b>61,931</b>	<b>73,332,393</b>	<b>70,665,485</b>
<b>Net position at end of year</b>	<b>\$ 75,193,566</b>	<b>\$ 73,332,393</b>	<b>\$ 101,618</b>	<b>\$ 80,968</b>	<b>\$ 75,295,184</b>	<b>\$ 73,413,361</b>

## FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

At the end of the fiscal year, the County's governmental funds reported a combined fund balance of \$36,335,744, an increase of \$1,314,778 from the previous year.

- The County's General Fund balance increased \$1,093,881 from last year. While revenue and expenditures fluctuated in the same proportions for the year, as they did in the prior year, a conscious effort to keep reserves growing through budgetary non-appropriation was instrumental in this increase in fund balance
- The Public Works Fund balance decreased \$91,436. Planned utilization of reserves to rebuild roads and bridges within the County contributed to this decrease. A one-time state revenue of \$1,100,000 mitigated a larger decrease.
- The Mental Health Fund showed a fund balance decrease of \$547,411. Reserves used to transfer to a capital project fund for planned acquisition of facilities were the major reason for the decrease in fund balance.
- The Nonmajor Governmental fund balances increased a total of \$859,744 because revenues increased while expenses were kept to a lesser rate of increase. The addition of two new funds plus some additional revenue sources helped these funds to achieve this increase.

## BUDGETARY HIGHLIGHTS

Several changes were made during the fiscal year to adjust the County's originally adopted General Fund budget. The general government appropriation was increased by \$221,050, and the public safety appropriations increased by \$374,428. \$580,710 of the contingency reserves were used along with \$14,368 of additional revenue to offset these increased appropriations.

## CAPITAL ASSET AND DEBT ADMINISTRATION

**Capital assets.** As of June 30, 2017 the County had \$43,365,905 invested in capital assets net of accumulated depreciation of \$74,291,923. This amount represents a net increase of \$745,801 over last year. All capital assets are contained in the governmental activities. The County's business-type activity holds no capital assets.

Governmental Activities capital assets increased by a net \$745,801 before depreciation. This was primarily attributed to the construction of public health related transitional and respite housing, a search and rescue base of operations, upgrades to the prison, rehabilitation of roads and bridges, and the purchase of several busses for the County's transit system. Table 3 depicts the status of capital assets at June 30, 2017 and June 30, 2016.

**TABLE 3**  
**Capital Assets at Year-End**  
(net of depreciation)

	<b>Governmental Activities</b>	
	<b>2017</b>	<b>2016</b>
Land, easements and improvements	\$ 2,034,928	\$ 2,034,928
Infrastructure	70,513,835	69,168,154
Buildings and improvements	29,574,481	27,531,908
Equipment	14,902,040	13,792,291
Construction in progress	632,544	1,438,095
Less accumulated depreciation	(74,291,923)	(71,345,272)
Total	<u>\$ 43,365,905</u>	<u>\$ 42,620,104</u>

Table 4 shows a comparison in the changes in capital assets for the years 2017 and 2016. Additional information regarding capital assets can be found in Note 6 of the Notes to the Financial Statements.

**TABLE 4**  
**Change in Capital Assets**

	<b>Governmental Activities</b>	
	<b>2017</b>	<b>2016</b>
Beginning Balance	\$ 42,620,104	\$ 40,259,807
Additions	4,310,032	5,546,224
Depreciation expense	(3,469,507)	(3,172,321)
Deletions, net book value	(94,724)	(13,606)
Ending Balance	<u>\$ 43,365,905</u>	<u>\$ 42,620,104</u>

**Long-term Debt.** At year end, the County had outstanding debt of \$2,673,126, including a premium net of amortization. This represented two debt issues from 2013. The first was a bond issue for the face value of \$3,100,000 that sold with a premium of \$95,264. The second was a promissory note for \$380,000. Both issues were for the purpose of capital acquisition and improvement. Additional information regarding long term debt can be found in Note 8 of the Notes to the Financial Statements.

**TABLE 5  
Outstanding Debt at Year-End**

	<b>Governmental Activities</b>	
	<b>2017</b>	<b>2016</b>
Bonds	\$ 2,365,975	\$ 2,650,738
Notes payable	307,151	327,463
Total	<b>\$ 2,673,126</b>	<b>\$ 2,978,201</b>

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

While the County's economic position is slowly coming back to pre-recession levels, a continuation of prudent budgeting and targeted, carefully planned capital expenditure is the County's continuing strategy to maintain healthy reserves while still fulfilling operating requirements. Fiscal year 2017-18 is planned to continue the process of reserve building. The 2017-18 budget is the product of on-going evaluation of current processes and services for the greatest efficiency in providing services that the County's citizens expect.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of Lincoln County's financial condition. Questions concerning any of the information provided in this report, or requests for additional financial information, should be addressed to the Finance Director, Lincoln County, 210 SW 2nd St., Newport, OR 97365.

## **BASIC FINANCIAL STATEMENTS**

**LINCOLN COUNTY, OREGON**

Statement of Net Position

June 30, 2017

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and investments	\$ 40,545,968	\$ 61,422	\$ 40,607,390
Receivables - net	4,981,858	59,956	5,041,814
Inventories	452,639	-	452,639
Total current assets	45,980,465	121,378	46,101,843
Noncurrent assets:			
Capital assets:			
Land and construction in progress	2,667,472	-	2,667,472
Other capital assets (net of accumulated depreciation)	40,698,433	-	40,698,433
Total noncurrent assets	43,365,905	-	43,365,905
Total assets	89,346,370	121,378	89,467,748
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflow of resources related to pensions	3,591,431	-	3,591,431
Total assets and deferred outflow of resources	\$ 92,937,801	\$ 121,378	\$ 93,059,179
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 2,039,931	\$ 14,179	\$ 2,054,110
Accrued payroll and related liabilities	1,559,735	-	1,559,735
Accrued interest payable	94,809	-	94,809
Certificates of Participation	290,000	-	290,000
Notes payable	21,038	-	21,038
Compensated absences payable	1,772,400	4,364	1,776,764
Total current liabilities	5,777,913	18,543	5,796,456
Noncurrent liabilities:			
Certificates of Participation	2,075,975	-	2,075,975
Notes payable	286,113	-	286,113
Compensated absences payable	494,726	1,218	495,944
Net other postemployment benefit obligation	1,783,568	-	1,783,568
Net Pension Liability	6,857,708	-	6,857,708
Total noncurrent liabilities	11,498,090	1,218	11,499,308
Total liabilities	17,276,003	19,761	17,295,764
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflow of resources related to pensions	468,233	-	468,233
<b>NET POSITION</b>			
Net investment in capital assets	40,692,779	-	40,692,779
Restricted for:			
Road maintenance	10,094,962	-	10,094,962
Transit services	2,792,862	-	2,792,862
Outpatient services	5,030,453	-	5,030,453
Title III	1,448,701	-	1,448,701
Other purposes	2,424,478	-	2,424,478
Unrestricted	12,709,331	101,618	12,810,949
Total net position	75,193,566	101,618	75,295,184
Total liabilities, deferred inflows of resources, and net position	\$ 92,937,802	\$ 121,379	\$ 93,059,181

The notes to the financial statements are an integral part of this statement

**LINCOLN COUNTY, OREGON**

Statement of Activities

For the Year Ended June 30, 2017

<b>Functions/Programs</b>	<u>Program Revenues</u>				<u>Net Revenue (Expense) and Changes in Net Position</u>		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government							
Governmental activities:							
General government	\$ 9,936,876	\$ 2,968,113	\$ 3,407,209	\$ 507,265	\$ (3,054,289)	\$ -	\$ (3,054,289)
Community services	4,082,300	6,139,557	3,498,579	-	5,555,836	-	5,555,836
Public safety	21,170,354	252,556	3,596,460	-	(17,321,338)	-	(17,321,338)
Highway and streets	6,103,519	2,256,522	3,890,369	-	43,372	-	43,372
Culture and recreation	306,740	102,871	30,843	-	(173,026)	-	(173,026)
Health and welfare	17,391,781	4,889,875	4,272,003	-	(8,229,903)	-	(8,229,903)
Education	178,529	3,072	-	-	(175,457)	-	(175,457)
Interest on long-term debt	102,435	-	-	-	(102,435)	-	(102,435)
Total governmental activities	<u>\$ 59,272,534</u>	<u>\$ 16,612,566</u>	<u>\$ 18,695,463</u>	<u>\$ 507,265</u>	<u>\$ (23,457,240)</u>	<u>-</u>	<u>\$ (23,457,240)</u>
Business-type activities:							
Solid waste	243,097	233,134	30,000	-	-	20,037	20,037
Total primary government	<u>\$ 59,515,631</u>	<u>\$ 16,845,700</u>	<u>\$ 18,725,463</u>	<u>\$ 507,265</u>	(23,457,240)	20,037	(23,437,203)
General revenues:							
Property taxes					22,716,920	-	22,716,920
Transient room taxes					1,867,327	-	1,867,327
Other taxes					339,146	-	339,146
Unrestricted investment earnings					<u>395,020</u>	<u>613</u>	<u>395,633</u>
Total general revenues					<u>25,318,413</u>	<u>613</u>	<u>25,319,026</u>
Change in net position					1,861,173	20,650	1,881,823
Net position, beginning					<u>73,332,393</u>	<u>80,968</u>	<u>73,413,361</u>
Net position, ending					<u>\$ 75,193,566</u>	<u>\$ 101,618</u>	<u>\$ 75,295,184</u>

The notes to the financial statements are an integral part of this statement

**LINCOLN COUNTY, OREGON**

**GOVERNMENTAL FUNDS**

Balance Sheet

June 30, 2017

	101 General Fund	201 Public Works Fund	209 Mental Health Fund	Nonmajor Governmental Funds	Total
<b>ASSETS</b>					
Cash and investments	\$ 8,961,844	\$ 10,541,353	\$ 3,342,180	\$ 13,192,393	\$ 36,037,770
Receivables - net	2,909,220	314,138	256,538	1,494,818	4,974,714
Inventories	-	452,639	-	-	452,639
Interfund receivables	66,174	-	-	-	66,174
Total assets	<u>\$ 11,937,238</u>	<u>\$ 11,308,130</u>	<u>\$ 3,598,718</u>	<u>\$ 14,687,211</u>	<u>\$ 41,531,297</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 524,978	\$ 647,940	\$ 200,509	\$ 211,582	\$ 1,585,009
Accrued payroll and related expenses	921,802	112,589	189,161	336,346	1,559,898
Interfund payables	-	-	-	66,174	66,174
Total liabilities	<u>1,446,780</u>	<u>760,529</u>	<u>389,670</u>	<u>614,102</u>	<u>3,211,081</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue - accounts receivable	-	-	163,180	168,454	331,634
Unavailable revenue - property taxes	1,503,650	-	-	149,188	1,652,838
Total deferred inflows of resources	<u>1,503,650</u>	<u>-</u>	<u>163,180</u>	<u>317,642</u>	<u>1,984,472</u>
<b>FUND BALANCES</b>					
Nonspendable	-	452,639	-	-	452,639
Restricted	753,817	10,094,962	3,045,868	7,896,809	21,791,456
Committed	-	-	-	5,858,658	5,858,658
Unassigned	8,232,991	-	-	-	8,232,991
Total fund balances	<u>8,986,808</u>	<u>10,547,601</u>	<u>3,045,868</u>	<u>13,755,467</u>	<u>36,335,744</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 11,937,238</u>	<u>\$ 11,308,130</u>	<u>\$ 3,598,718</u>	<u>\$ 14,687,211</u>	<u>\$ 41,531,297</u>

The notes to the financial statements are an integral part of this statement

**LINCOLN COUNTY, OREGON**

Reconciliation of the Balance Sheet of Governmental  
Funds to the Statement of Net Position

June 30, 2017

Amounts reported for governmental activities in the statement of net position are different because:

Fund balances - governmental funds	\$	36,335,744
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds		
Governmental capital assets, cost	\$	117,657,828
Less accumulated depreciation		<u>(74,291,923)</u>
43,365,905		
A portion of the County's property taxes and assessments receivable are collected after year-end, but are not available soon enough to pay for current year's operations, and therefore are not reported as revenues in the governmental funds.		
		1,652,838
A portion of the County Health Center's receivables are collected after year-end, but are not available soon enough to pay for current year's operations, and therefore are not reported as revenues in the governmental funds.		
		331,634
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the fund financial statement, but are recognized in the Statement of Net Position.		
Deferred outflow of resources		3,591,431
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds. Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due. These liabilities consist of:		
Accrued interest payable		(94,809)
Bonds and notes payable		(2,673,126)
Compensated absences		(2,267,126)
Net pension liability		(6,857,708)
Deferred inflow of resources		(468,233)
Net other postemployment benefit obligation		<u>(1,783,568)</u>
		(14,144,570)
An internal service fund is used by management to charge the costs of certain insurance activities to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the Statement of Net Position.		
		<u>4,060,583</u>
Net position of governmental activities	\$	<u><u>75,193,565</u></u>

**LINCOLN COUNTY, OREGON**

**GOVERNMENTAL FUNDS**

Statement of Revenues, Expenditures, and Changes in Fund Balances

For the Year Ended June 30, 2017

	101 General Fund	201 Public Works Fund	209 Mental Health Fund	Nonmajor Governmental Funds	Total
<b>REVENUES:</b>					
Taxes and land sales	\$ 22,011,999	\$ -	\$ -	\$ 2,571,679	\$ 24,583,678
Permits and fees	1,334,177	-	-	248,400	1,582,577
Charges for services	1,308,362	991,432	4,416,615	5,777,295	12,493,704
Intergovernmental revenues	7,144,600	3,890,369	3,498,579	5,547,644	20,081,192
Fines and penalties	61,724	-	-	45,919	107,643
Investment earnings	127,303	102,903	47,504	117,310	395,020
Donations	-	-	-	71,670	71,670
Other revenue	446,315	1,265,090	792	140,418	1,852,615
Total revenues	<u>32,434,480</u>	<u>6,249,794</u>	<u>7,963,490</u>	<u>14,520,335</u>	<u>61,168,099</u>
<b>EXPENDITURES:</b>					
Current:					
General government	9,814,172	-	-	159,309	9,973,481
Community services	1,668,500	-	-	2,134,837	3,803,337
Public safety	18,281,783	-	-	1,120,504	19,402,287
Highway and streets	-	5,097,355	-	-	5,097,355
Culture and recreation	-	-	-	182,742	182,742
Health and Welfare	-	-	7,925,124	9,294,085	17,219,209
Education	-	-	-	178,529	178,529
Debt service:					
Principal	294,712	5,600	-	-	300,312
Interest	115,321	2,042	-	-	117,363
Capital Outlay	772,290	1,215,381	159,133	1,476,394	3,623,198
Total expenditures	<u>30,946,778</u>	<u>6,320,378</u>	<u>8,084,257</u>	<u>14,546,400</u>	<u>59,897,813</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,487,702</u>	<u>(70,584)</u>	<u>(120,767)</u>	<u>(26,065)</u>	<u>1,270,286</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	-	-	-	916,317	916,317
Transfers out	(393,821)	(20,852)	(426,644)	(75,000)	(916,317)
Proceeds from sale of capital assets	-	-	-	44,492	44,492
Total other financing sources (uses)	<u>(393,821)</u>	<u>(20,852)</u>	<u>(426,644)</u>	<u>885,809</u>	<u>44,492</u>
Net change in fund balances	1,093,881	(91,436)	(547,411)	859,744	1,314,778
Beginning fund balances	7,892,927	10,639,037	3,593,279	12,895,723	35,020,966
Ending fund balances	<u>\$ 8,986,808</u>	<u>\$ 10,547,601</u>	<u>\$ 3,045,868</u>	<u>\$ 13,755,467</u>	<u>\$ 36,335,744</u>

The notes to the financial statements are an integral part of this statement

**LINCOLN COUNTY, OREGON**

Reconciliation of the Statement of Revenues, Expenditures, and Changes  
in the Fund Balances of Governmental Funds to the Statement of Activities

For the Year Ended June 30, 2017

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

Net change in fund balances - governmental funds	\$	1,314,778
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Governmental funds report capital outlay as expenditures. However in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The amount by which depreciation exceeds capital outlay in the current period is:

Capital outlay	\$ 4,310,032		
Less current year depreciation	<u>(3,469,507)</u>		840,525

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds

Change in deferred inflows of resources			(78,714)
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The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on the net position. This amount is the net effect of those differences in the treatment of long-term debt and related items:

Change in accrued interest	10,165		
Principal payments	300,312		
Change in Bond Premium	4,763		
Change in accrual of other postemployment benefits	<u>46,639</u>		361,879

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 the governmental funds

Change in compensated absences	(56,261)		
Change in net pension asset / liability	(3,927,756)		
Change in deferred outflow of resources related to pensions	2,851,159		
Change in deferred inflow of resources related to pensions	<u>300,400</u>		(832,458)
Net book value of assets disposed			(94,724)

Internal service funds are used by management to charge costs of management of certain insurance activities to individual funds. The net revenue of activities of internal service funds is reported with the governmental activities

			<u>349,887</u>
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Change in net position of governmental activities	\$	<u><u>1,861,173</u></u>
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**LINCOLN COUNTY, OREGON**

101 GENERAL FUND

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Taxes and land sales	\$ 21,376,050	\$ 21,376,050	\$ 22,011,999	\$ 635,949
Permits and fees	1,260,990	1,260,990	1,334,177	73,187
Intergovernmental revenues	7,261,805	7,274,310	7,144,600	(129,710)
Charges for services	1,426,800	1,426,800	1,308,362	(118,438)
Fines and penalties	55,000	55,000	61,724	6,724
Investment earnings	41,000	41,000	127,303	86,303
Other revenue	167,230	167,230	446,315	279,085
Total revenues	<u>31,588,875</u>	<u>31,601,380</u>	<u>32,434,480</u>	<u>833,100</u>
Expenditures:				
Personal services	22,857,297	23,201,507	21,977,272	1,224,235
Materials and services	8,234,807	8,340,675	7,787,183	553,492
Capital outlay	1,712,100	1,857,100	772,290	1,084,810
Contingency	2,150,000	1,569,290	-	1,569,290
Debt service:				
Principal	294,312	294,712	294,712	-
Interest	115,322	115,322	115,321	1
Total expenditures	<u>35,363,838</u>	<u>35,378,606</u>	<u>30,946,778</u>	<u>4,431,828</u>
Excess revenues over (under) expenditures	(3,774,963)	(3,777,226)	1,487,702	5,264,928
Other financing sources (uses):				
Transfers out	<u>(403,130)</u>	<u>(403,130)</u>	<u>(393,821)</u>	<u>9,309</u>
Net change in fund balances	(4,178,093)	(4,180,356)	1,093,881	5,274,237
Fund Balance:				
Beginning of year	<u>7,828,311</u>	<u>7,830,574</u>	<u>7,892,927</u>	<u>62,353</u>
End of year	<u>\$ 3,650,218</u>	<u>\$ 3,650,218</u>	<u>\$ 8,986,808</u>	<u>\$ 5,336,590</u>

The notes to the financial statements are an integral part of this statement

**LINCOLN COUNTY, OREGON**  
**201 PUBLIC WORKS FUND**  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Intergovernmental revenues	\$ 6,106,427	\$ 6,106,427	\$ 3,890,369	\$ (2,216,058)
Charges for services	942,000	942,000	991,432	49,432
Investment earnings	50,600	50,600	102,903	52,303
Other revenue	<u>1,493,396</u>	<u>1,493,396</u>	<u>1,265,090</u>	<u>(228,306)</u>
Total revenues	<u>8,592,423</u>	<u>8,592,423</u>	<u>6,249,794</u>	<u>(2,342,629)</u>
Expenditures:				
Personal services	3,025,197	3,025,197	2,891,850	133,347
Materials and services	2,209,420	2,209,420	2,205,505	3,915
Capital outlay	3,376,000	3,376,000	1,215,381	2,160,619
Debt service	7,642	7,642	7,642	-
Contingency	<u>1,000,000</u>	<u>1,000,000</u>	<u>-</u>	<u>1,000,000</u>
Total expenditures	<u>9,618,259</u>	<u>9,618,259</u>	<u>6,320,378</u>	<u>3,297,881</u>
Excess revenues under expenditures	<u>(1,025,836)</u>	<u>(1,025,836)</u>	<u>(70,584)</u>	<u>955,252</u>
Other financing sources (uses):				
Transfers out	<u>(20,852)</u>	<u>(20,852)</u>	<u>(20,852)</u>	<u>-</u>
Net change in fund balances	(1,046,688)	(1,046,688)	(91,436)	955,252
Fund Balance:				
Beginning of year	<u>10,348,612</u>	<u>10,348,612</u>	<u>10,639,037</u>	<u>290,425</u>
End of year	<u>\$ 9,301,924</u>	<u>\$ 9,301,924</u>	<u>\$ 10,547,601</u>	<u>\$ 1,245,677</u>

The notes to the financial statements are an integral part of this statement

**LINCOLN COUNTY, OREGON**  
**209 MENTAL HEALTH FUND**  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Intergovernmental revenues	\$ 3,830,261	\$ 3,643,612	\$ 3,498,579	\$ (145,033)
Charges for services	4,779,558	4,703,558	4,416,615	(286,943)
Investment earnings	10,000	10,000	47,504	37,504
Other revenue	<u>22,200</u>	<u>22,200</u>	<u>792</u>	<u>(21,408)</u>
Total revenues	<u>8,642,019</u>	<u>8,379,370</u>	<u>7,963,490</u>	<u>(415,880)</u>
Expenditures:				
Personal services	6,881,512	6,622,771	4,359,104	2,263,667
Materials and services	3,782,344	4,377,380	3,566,020	811,360
Capital outlay	<u>245,000</u>	<u>178,960</u>	<u>159,133</u>	<u>19,827</u>
Total expenditures	<u>10,908,856</u>	<u>11,179,111</u>	<u>8,084,257</u>	<u>3,094,854</u>
Excess revenues under expenditures	(2,266,837)	(2,799,741)	(120,767)	2,678,974
Transfers out	<u>(50,000)</u>	<u>(426,644)</u>	<u>(426,644)</u>	<u>-</u>
Net change in fund balances	(2,316,837)	(3,226,385)	(547,411)	2,678,974
Fund Balance:				
Beginning of year	<u>3,184,968</u>	<u>3,593,189</u>	<u>3,593,279</u>	<u>90</u>
End of year	<u>\$ 868,131</u>	<u>\$ 366,804</u>	<u>\$ 3,045,868</u>	<u>\$ 2,679,064</u>

The notes to the financial statements are an integral part of this statement

**LINCOLN COUNTY, OREGON**

PROPRIETARY FUNDS

Balance Sheet

June 30, 2017

	Business-type Activities - Nonmajor Enterprise Fund 210 Solid Waste District Fund	Governmental Activities - Internal Service Fund 215 Self Insurance Fund
<b>ASSETS</b>		
Current assets:		
Cash and investments	\$ 61,422	\$ 4,508,198
Receivables	59,956	7,144
Total assets	\$ 121,378	\$ 4,515,342
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable and payroll liabilities	\$ 14,179	\$ 426,632
Current portion of compensated absences	4,364	-
Claims payable	-	28,127
Total current liabilities	18,543	454,759
Noncurrent liabilities:		
Long-term portion of compensated absences	1,218	-
Total liabilities	19,761	454,759
<b>NET POSITION</b>		
Unrestricted	101,618	4,060,583
Total liabilities and net position	\$ 121,379	\$ 4,515,342

**LINCOLN COUNTY, OREGON**

**PROPRIETARY FUNDS**

Statement of Revenues, Expenses, and Changes in Net Position

For the Year Ended June 30, 2017

	Business-type Activities - Nonmajor Enterprise Fund 210 Solid Waste District Fund	Governmental Activities - Internal Service Fund 215 Self Insurance Fund
<b>Operating revenues:</b>		
Charges for services	\$ 230,228	\$ 871,528
Other revenue	2,906	11,020
Total operating revenues	233,134	882,548
<b>Operating expenses:</b>		
General and administrative costs	116,557	-
Operations and maintenance	126,540	496,126
Total operating expenses	243,097	496,126
Operating income (loss)	(9,963)	386,422
<b>Nonoperating revenues:</b>		
Operating grant	30,000	-
Investment earnings	613	44,322
Total nonoperating revenues	30,613	44,322
Income before transfers	20,650	430,744
Capital transfer to governmental funds	-	(80,857)
Change in net position	20,650	349,887
Beginning net position	80,968	3,710,696
Ending net position	\$ 101,618	\$ 4,060,583

The notes to the financial statements are an integral part of this statement

**LINCOLN COUNTY, OREGON**  
**PROPRIETARY FUNDS**  
Statement of Cash Flows  
For the Year Ended June 30, 2017

	Business-type Activities - Nonmajor Enterprise Fund 210 Solid Waste District Fund	Governmental Activities - Internal Service Fund 215 Self Insurance Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipts from services provided	\$ 226,455	\$ -
Cash received from interfund services provided	-	882,200
Cash payments to employees for services	(111,134)	-
Cash payments to other suppliers for goods and services	(121,982)	-
Cash paid for interfund services used	-	(249,484)
Net cash provided (used) by operating activities	(6,661)	632,716
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Cash received from operating grant	30,000	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Transfer to governmental activities for acquisition of capital assets	-	(80,857)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	613	44,322
Net change in cash and investments	23,952	596,181
Cash and investments:		
Beginning of year	37,470	3,912,017
End of year	\$ 61,422	\$ 4,508,198
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ (9,963)	\$ 386,422
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
(Increase) decrease in assets:		
Receivables	(6,679)	(348)
Increase (decrease) in liabilities:		
Accounts payable	4,558	302,286
Payroll and related accruals	5,423	-
Claims payable	-	(55,644)
Net cash provided (used) by operating activities	\$ (6,661)	\$ 632,716

The notes to the financial statements are an integral part of this statement

**LINCOLN COUNTY, OREGON**  
FIDUCIARY FUNDS  
Statement of Fiduciary Net Position  
June 30, 2017

	<u>Agency Fund</u>
<b>ASSETS</b>	
Cash and investments	\$ 2,448,555
Receivables - net	<u>8,478,545</u>
Total assets	<u><u>\$ 10,927,100</u></u>
<b>LIABILITIES</b>	
Due to other governmental agencies	\$ 12,829
Amounts held for others	<u>10,914,271</u>
Total liabilities	<u><u>\$ 10,927,100</u></u>

The notes to the financial statements are an integral part of this statement

## **NOTES TO BASIC FINANCIAL STATEMENTS**

## LINCOLN COUNTY, OREGON

### Notes to Financial Statements

#### **Note 1 - The Financial Reporting Entity**

##### **A. Reporting entity**

Lincoln County, Oregon (the "County"), a general law county exercising the authority of a county under ORS Chapter 203.035, was established by an Act of the State Legislature on February 20, 1893, as a legal subdivision of the State of Oregon charged with governmental powers. The County's powers are exercised through a Board of Commissioners (the "Board"), which is the governing body of the County. The Board is responsible for the legislative and executive control of the County. The County provides various services on a county-wide basis including law and justice, detention, social, health, road construction, road maintenance, transportation, park and recreation facilities, elections and records, communications, planning, zoning, and tax collection.

The governmental reporting entity consists of the County (Primary Government) and its component units. Component units are legally separate organizations for which the Board is financially accountable or other organizations whose nature and significant relationships with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and (i) either the County's ability to impose its will on the organization or (ii) there is potential for the organization to provide a financial benefit to or impose a financial burden on the County.

The basic financial statements include five blended component units. The blended component units, although legally separate entities are, in substance, part of the County's operations and data from these units is combined with data of the primary government.

For financial reporting purposes, the County's basic financial statements include all financial activities that are controlled by or are dependent upon actions taken by the County's Board. The financial statements of the individual units may be obtained by writing to Lincoln County, Finance and Accounting, 210 SW 2nd Street, Newport, OR 97365.

##### **B. Blended component units**

The five blended component units are included because the County Board of Commissioners, the governing board of the Primary Government, also serves as their respective governing bodies, and management of the County has operational responsibility for the component units as follows:

###### *Lincoln County Transportation Service District*

The District provides a comprehensive transportation program to the county. Services include a scheduled stop bus system, and a dial-a-ride service for the transit disadvantaged, senior, and disabled population.

###### *Lincoln County Solid Waste Disposal Service District*

The countywide district coordinates solid waste management planning throughout the county, implements recycling and waste reduction education programs, and coordinates illegal dumping enforcement, prevention, and clean-up activities.

###### *Lincoln County Extension Agency*

The district accounts for the operations of the Oregon State University – Lincoln County Extension Agency that provides educational programs to citizens of the county.

###### *Lincoln County Animal Services District*

The district accounts for the operations of the county animal shelter and provides animal control services countywide.

###### *Siletz Enhanced Law Enforcement District*

The district accounts for County Sheriff's patrol and law enforcement services in the City of Siletz and surrounding area that encompasses the Siletz Fire Protection District.

## LINCOLN COUNTY, OREGON

### Notes to Financial Statements

#### **Note 2 - Summary of Significant Accounting Policies**

##### A. Government-wide financial statements

The statement of net position and statement of activities display information about the primary government (the County) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. 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 County, the elimination of which would distort the direct costs and program revenues reported for the various functions. Governmental activities, which are primarily supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely primarily upon fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and therefore, are clearly identifiable to a particular function. Indirect expenses are those incurred for central services and not specifically associated with a program or function. Indirect expenses are allocated to functions based on each functions estimated use of central services. Program revenues include 1) charges paid by the recipients of goods or services offered by the programs and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

##### *Fund Financial Statements*

The fund financial statements provide information about the County's funds, including fiduciary funds. Separate statements for each fund category—governmental, proprietary, and fiduciary—are presented. The emphasis of fund financial statements is on major governmental and proprietary funds, whereby each major fund is displayed discretely in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The County reports the following major governmental funds:

- *General* - accounts for all revenues and expenditures necessary to carry out basic governmental activities of the County that are not accounted for through other funds. For the County, the General Fund includes such activities as general government, public safety, corrections, assessment and taxation.
- *Public Works Fund* - accounts for the operations of the County Road Department. Significant sources of revenue are federal forest fees and state motor vehicle fees. Expenditures are primarily for maintenance and construction of County roads.
- *Mental Health* - accounts for mental health services which are funded in part by the Oregon Health Plan, participation in the Inter-community Health Network (IHN) Coordinated Care Organization (CCO), State of Oregon Department of Human Services contracts for Mental Health Services, as well as private insurances and self-pay funds.

The County also includes the following other fund types:

- *Special Revenue* - accounts for revenue derived from specific taxes or other revenue sources, which are legally restricted to finance particular functions or activities.
- *Capital Projects Funds* - accounts for financial resources used for the acquisition and construction of major capital facilities.
- *Enterprise* - accounts for the operations services rendered to the surrounding governmental entities on a user charge basis, a predominantly self-supporting activity.
- *Internal Service* - accounts for the County's self-insurance programs. Charges to other funds and refunds from insurance policies support this activity.
- *Agency* - used for tracking various activities, including the accumulation and distribution of property taxes; resources of taxing districts, inter-governmental law enforcement activities, justice court; and various other collection and escrow agent activities.

## LINCOLN COUNTY, OREGON

### Notes to Financial Statements

#### **Note 2 - Summary of Significant Accounting Policies, continued**

##### **B. Basis of accounting**

The government-wide financial statements and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting.

Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligible requirements have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County generally considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Significant revenues, which are susceptible to accrual under the modified accrual basis of accounting, include property taxes and federal and state grants. Other revenue items are considered to be measurable and available when received by the County. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due. General capital assets acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and capital leases are reported as other financing sources.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing goods and services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's enterprise fund, the Solid Waste District, and its internal service fund are charges for services. Operating expenses for the aforementioned funds are personal services and materials and services. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

##### **C. Cash and investments**

For purposes of the accompanying statement of cash flows, the proprietary funds consider all highly liquid investments with a maturity of three months or less when purchased, and their equity in the County Treasurer's investment pool, to be cash equivalents. Investments are stated at fair value.

##### **D. Inventories and prepaid items**

Inventories purchased are stated at cost (average costing method). Inventories are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

LINCOLN COUNTY, OREGON

Notes to Financial Statements

**Note 2 - Summary of Significant Accounting Policies, continued**

E. Receivables

In general, receivables in the governmental fund types, which have been collected within sixty days following year end, are considered measurable and available and are recognized as revenues. Deviations from this collection time period arise in medical receivables, and certain grant or intergovernmental receivables. The collection period for medical receivables is based on the time required for the medical billing system to process the services provided prior to year end. Certain grant or intergovernmental receivables will be recognized as revenue in the current period if it is material, measurable, and the related expenditures have been incurred.

Property taxes receivable in the agency funds are offset by amounts held in trust and, accordingly, have not been recorded as revenue. All other property taxes receivable are offset by deferred inflows of resources if received more than sixty days following year end and accordingly, have not been recognized as revenue. Real and personal property are assessed and property taxes become a lien against the property as of July 1 each year. Property taxes are payable in three installments, following the lien date, on November 15, February 15, and May 15. Taxes unpaid and outstanding on May 16 are considered delinquent.

For the year ended June 30, 2017, the County's tax levy did not exceed the Oregon constitutional limitation. All other districts' property taxes receivable are reported in the Agency Fund.

F. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, street lights, etc.) are reported in the governmental activities column in the governmental-wide financial statements. Capital assets are charged to expenditures as purchased in the governmental fund statements. Capital assets are recorded at historical cost, or estimated historical cost if actual cost is not available. Infrastructure acquired prior to July 1, 1980 is not reported in capital assets. Contributed capital assets are recorded at the actual cost incurred by the property owner.

The County defines capital assets as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of 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. Other costs incurred for repairs and maintenance are expensed as incurred.

Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Depreciation on exhaustible assets is recorded as an allocated expense in the statement of activities with accumulated depreciation reflected in the statement of net position and is provided on the straight-line basis over the following estimated useful lives:

Infrastructure	20 to 50 years
Structures and improvements	10 to 50 years
Equipment	3 to 15 years

Monthly depreciation is taken from the month of the fiscal year the assets are acquired. Gains or losses from sales or retirements of capital assets are included in operations of the current period.

G. Compensated absences

Compensated absences and related taxes are not recorded as expenditures in the governmental funds until paid. The expenditures are recorded in the General, General Road, Mental Health, and Nonmajor Governmental Funds. Sick leave does not vest, except in the following two cases: employees who reach the age of 55 or older; and employees who are represented by the Lincoln County Employee's Association - Roads, or the Lincoln County Employee's Association - Transit, and have been a member of the union for at least five years. In both of these circumstances, the sick leave is vested to 50 percent upon their retirement. Sick leave accumulates at the rate of 8 hours per month for the employees who qualify for vested sick leave.

## LINCOLN COUNTY, OREGON

### Notes to Financial Statements

#### **Note 2 - Summary of Significant Accounting Policies, continued**

##### G. Compensated absences, continued

All benefit-eligible employees (after six months of continuous service) earn vacation leave. The amount earned per pay period is determined based upon length of service and representation. Accumulation limits of vacation leave differ by length of service.

Certain employees earn paid leave for personal holidays with a maximum accumulation of 8 hours. All non-exempt benefit-eligible employees are eligible for compensatory time with a maximum accumulation of 80 hours for most employees with the exception of employees who work 24 hour operations, in which the maximum accumulation is 120 hours.

##### H. Deferred inflows and outflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expenditure/expense) until then. The County has one item that qualifies for reporting in this category. It is the deferred amounts relating to pensions. This amount is deferred and recognized as an outflow of resources in the period when the County recognizes pension expense/expenditures. Deferred outflows are included in the government-wide Statement of Net Position.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has two items that qualify for reporting in this category. Unavailable revenue from property taxes is reported in the governmental funds balance sheet. This amount is deferred and recognized as an inflow of resources in the period that amount becomes available. The County also reports deferred amounts related to pensions. This amount is deferred and recognized as an inflow of resources in the period when the County recognizes pension income. Deferred inflows are included in the government-wide Statement of Net Position.

##### I. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Oregon Public Employees Retirement System (OPERS) and additions to/deductions from OPERS's fiduciary net position have been determined on the same basis as they are reported by OPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

##### J. Interfund transactions

Interfund transactions are reflected as loans, services provided, reimbursements or transfers. Loans are reported as receivables and payables as appropriate, and are subject to elimination upon consolidation and are referred to as either "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. the noncurrent portion of interfund loans).

Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

##### K. Fund balance

In the fund financial statements, the fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The fund balance classifications are:

*Nonspendable* - resources cannot be spent because they are either in a nonspendable form or legally or contractually required to be maintained intact. Resources in nonspendable form include inventories, prepaids and deposits, and assets held for sale.

LINCOLN COUNTY, OREGON

Notes to Financial Statements

**Note 2 - Summary of Significant Accounting Policies, continued**

K. Fund balance, continued

*Restricted* - constraints placed on the use of resources are either: (a) externally imposed by creditors (such as through debt covenants), grants, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

*Committed* - the County Commissioners pass an ordinance that places specific constraints on how the resources may be used. The County Commissioners can modify or rescind the ordinance at any time through passage of an additional ordinance.

*Assigned* - resources that are constrained by the County's intent to use them for a specific purpose, but are neither restricted nor committed. Intent is expressed when the County Commissioners approve which resources should be "reserved" during the adoption of the annual budget. The County had no assigned fund balance as of June 30, 2017.

*Unassigned* - resources that have not been restricted, committed, or assigned within the General Fund. This classification is also used to report any negative fund balance amounts in other governmental funds.

Fund balances by classification for the year ended June 30, 2017 are as follows:

	General Fund	Public Works Fund	Mental Health Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Nonspendable</b>					
Inventories	\$ -	\$ 452,639	\$ -	\$ -	\$ 452,639
<b>Restricted for:</b>					
Road maintenance	-	10,094,962	-	-	10,094,962
Economic development	-	-	-	323,576	323,576
Transit services	-	-	-	2,792,862	2,792,862
Worksite wellness	3,363	-	-	-	3,363
Public safety	750,454	-	-	-	750,454
County Fair	-	-	-	53,089	53,089
Outpatient services	-	-	3,045,868	1,984,585	5,030,453
Veterans' services outreach	-	-	-	55,200	55,200
Animal control services	-	-	-	327,785	327,785
Title III	-	-	-	1,448,701	1,448,701
Law enforcement	-	-	-	97,763	97,763
Maintenance of government surveys	-	-	-	216,012	216,012
Public education	-	-	-	597,236	597,236
Total restricted	753,817	10,094,962	3,045,868	7,896,809	21,791,456
<b>Committed to:</b>					
Law library	-	-	-	98,002	98,002
County records	-	-	-	115,550	115,550
Post-closure obligations	-	-	-	692,242	692,242
DUII administration	-	-	-	17,056	17,056
Capital outlay	-	-	-	4,935,808	4,935,808
Total committed	-	-	-	5,858,658	5,858,658
<b>Unassigned</b>	8,232,991	-	-	-	8,232,991
Total fund balances	<u>\$ 8,986,808</u>	<u>\$ 10,547,601</u>	<u>\$ 3,045,868</u>	<u>\$ 13,755,467</u>	<u>\$ 36,335,744</u>

When both restricted and unrestricted (committed, assigned, or unassigned) resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources, as they are needed. When an expenditure is incurred, where an unrestricted fund balance classification could be used, it is the County's policy to use committed resources first, assigned resources second, and then unassigned amounts as they are needed.

LINCOLN COUNTY, OREGON

Notes to Financial Statements

**Note 2 - Summary of Significant Accounting Policies, continued**

L. Estimates

The preparation of basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

M. Budget policies and budgetary control

The County begins its budgeting process by appointing a Budget Committee in January. Budget recommendations are developed by management through the month of April with the Budget Committee meeting and approving the budget document in May. Public notices for the budget hearing are published and the hearing is held in June. The Board of County Commissioners adopts the budget, makes appropriations, and declares the tax levy no later than June 30. Expenditure appropriations may not be legally over-spent, except in the case of grant receipts and bond sale proceeds which could not be reasonably estimated at the time the budget was adopted.

The County budgets its funds on the modified accrual basis of accounting. The Board of County Commissioners resolution adopting the budget and authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriation. The level of control for the General Fund is by function, debt service, interfund transfers, and contingency. The level of control for all other funds is by personal services, materials and services, capital outlay, debt service, interfund transfers, and contingency. Appropriations lapse as of year-end.

**Note 3 - Cash and Investments**

The County maintains a pool of cash and investments that are 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 investments balances.

A. The County's deposits and investments at June 30, 2017 are as follows:

Total investments	\$ 38,849,262
Deposits with financial institutions	<u>4,206,683</u>
Total deposits and investments	<u>\$ 43,055,945</u>

B. Cash and investments are reported as follows:

Governmental Activities/Funds	
General Fund	\$ 8,961,844
Public Works Fund	10,541,353
Mental Health Fund	3,342,180
Nonmajor governmental funds	<u>13,192,393</u>
Total governmental funds	36,037,770
Internal Service Fund	<u>4,508,198</u>
Total Governmental Activities	40,545,968
Business-Type Activities	61,422
Fiduciary Funds	<u>2,448,555</u>
Total cash and investments	<u>\$ 43,055,945</u>

**LINCOLN COUNTY, OREGON**

Notes to Financial Statements

**Note 3 - Cash and Investments, continued**

**Deposits:**

*Custodial Credit Risk:* Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. At June 30, 2017, the County's deposits with various financial institutions had a bank value of \$4,201,721. All deposits not covered by FDIC insurance are covered by the Public Funds Collateralization Program (PFCP) of the State of Oregon. The PFCP is a shared liability structure for participating bank depositories. Barring any exceptions, a bank depository is required to pledge collateral valued at least 10% of their quarter-end public fund deposits if they are well capitalized, 25% of their quarter-end public fund deposits if they are adequately capitalized, or 110% of their quarter-end public fund deposits if they are undercapitalized or assigned to pledge 110% by the Office of State Treasurer. In the event of a bank failure, the entire pool of collateral pledged by all qualified Oregon public funds bank depositories is available to repay deposits of public funds of government entities.

**Investments:**

As of June 30, 2017, the County held the following investments and maturities:

<u>Investment type</u>	<u>Carrying Value</u>	<u>Weighted Average Maturity in Years</u>	<u>Moody's Credit Rating</u>	<u>% of Investment Portfolio</u>
Wells Fargo & Company corporate debt securities	\$ 502,425	1.000	A2	1.29 %
Federal National Mortgage Assoc.	499,675	1.000	Aaa	1.29 %
Local government investment pool	<u>37,847,162</u>	N/A	N/A	<u>97.42 %</u>
Total	<u>\$ 38,849,262</u>			<u>100.00 %</u>

The "weighted average maturity in years" calculation assumes that all investments are held until maturity.

The Oregon Local Government Investment Pool (LGIP) is an open-ended, no-load diversified portfolio offered to any municipality, political subdivision or public corporation of the State that by law is made the custodian of, or has control of, any public funds. The Office of the State Treasurer (OST) manages the LGIP. The LGIP is commingled with other State funds in the Oregon Short-Term Fund (OSTF). The OSTF is not managed as a stable net asset value fund; therefore, the preservation of principal is not assured. The LGIP is not rated by a national rating service. Additional information about the OSTF can be obtained at [www.ost.state.or.us](http://www.ost.state.or.us) and [www.oregon.gov/treasury](http://www.oregon.gov/treasury). The weighted-average maturity of LGIP is less than one year.

*Credit risk - investments.* The County adheres to State of Oregon law, which limits Corporate and Municipal investments to the following: Issuers must be rated "A-1" (commercial paper and bankers acceptance) or "AA" (bonds and debt obligations for the states of Oregon, California, Idaho, and Washington) or "AAA" (FDIC guaranteed corporate bonds) or better by Standard and Poor's, Moody's Investors Service or any other nationally recognized statistical rating organization at time of purchase. Federal instrumentality securities shall be rated in the highest rating category by a nationally recognized statistical rating organization (NRSRO) and shall be rated not less by any NRSRO that rates the debt.

*Fair Value Hierarchy* Investments are categorized into a fair value hierarchy consisting of three broad levels for financial statement purposes as follows:

Level 1 - unadjusted price quotations in active markets/exchanges for identical assets or liabilities, that each Fund has the ability to access.

Level 2 - other observable inputs (including, but not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, loss severities, credit risks and default rates) or other market-corroborated inputs).

Level 3 - unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available (including each Fund's own assumptions used in determining the fair value of investments) The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the fair value hierarchy classification is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

**LINCOLN COUNTY, OREGON**

Notes to Financial Statements

**Note 3 - Cash and Investments, continued**

The categorization of a value determined for investments is based on the pricing transparency of the investments and is not necessarily an indication of the risks associated with investing in those securities. The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The County has recorded its investments at fair value, and primarily uses the Market Approach to valuing each security. The County applies fair market value updates to its securities on a daily basis. Security pricing is provided by a third-party, and is reported daily to the County by its custodian bank. Assets are categorized by asset type, which is a key component of determining hierarchy levels. Asset types allowable per the County's investment policy generally fall within hierarchy level 1 and 2.

The County has the following recurring fair value measurement:

	Total as of June 30, 2016	Fair Value Measurement Using			Cost Measurement Not measured at Fair Value
		Level One	Level Two	Level Three	
Corporate bonds	\$ 502,425	\$ -	\$ 502,425	\$ -	\$ -
U.S. agency securities	499,675	-	499,675	-	-
LGIP	37,847,162	-	-	-	37,847,162
	<u>\$ 38,849,262</u>	<u>\$ -</u>	<u>\$ 1,002,100</u>	<u>\$ -</u>	<u>\$ 37,847,162</u>

**Note 4 - Receivables**

Receivables at June 30, 2017 were as follows:

	Governmental Funds				Totals
	General	Public Works	Mental Health	Nonmajor	
Property taxes	\$ 1,614,796	\$ -	\$ -	\$ 161,775	\$ 1,776,571
Accounts	1,294,424	314,138	298,651	1,350,996	3,258,209
Less: allowance for doubtful accounts	-	-	(42,113)	(17,953)	(60,066)
	<u>\$ 2,909,220</u>	<u>\$ 314,138</u>	<u>\$ 256,538</u>	<u>\$ 1,494,818</u>	<u>\$ 4,974,714</u>

Management has determined that no allowance for doubtful accounts is necessary for accounts receivable of the Business-type Activities of the County.

**LINCOLN COUNTY, OREGON**

Notes to Financial Statements

**Note 5 - Interfund Transactions**

Transfers are indicative of funding for capital projects, lease payments or debt service, subsidies of various County operations and re-allocations of special revenues.

The following schedule summarizes the County's transfer activity between funds within the governmental activities:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>
General Fund	Nonmajor Funds	\$ 393,821
Public Works Fund	Nonmajor Funds	20,852
Mental Health Fund	Nonmajor Funds	426,644
Nonmajor Funds	Nonmajor Funds	75,000
Total		<u>\$ 916,317</u>

Interfund due-to/due-from balances arise when an individual funds proportionate share of the County's pooled cash becomes negative.

The following schedule summarizes the County's interfund due-to/due-from balances within the governmental activities at year-end:

<u>Due From</u>	<u>Due To</u>	<u>Amount</u>
Nonmajor Funds	General	<u>\$ 66,174</u>

**Note 6 - Capital Assets**

A. Capital asset activity for the year ended June 30, 2017 was as follows:

<b><u>Governmental Activities</u></b>	<u>Balances July 1, 2016,</u>	<u>Additions and Reclassifications</u>	<u>Deletions and Reclassifications</u>	<u>Balances June 30, 2017</u>
<i>Capital assets, not being depreciated:</i>				
Land and easements	\$ 2,034,928	\$ -	\$ -	\$ 2,034,928
Construction in progress	1,438,095	582,166	1,387,717	632,544
Total capital assets, not being depreciated	<u>3,473,023</u>	<u>582,166</u>	<u>1,387,717</u>	<u>2,667,472</u>
<i>Capital assets being depreciated:</i>				
Infrastructure	69,168,154	1,345,681	-	70,513,835
Buildings	16,212,548	1,452,393	-	17,664,941
Improvements	11,319,360	590,180	-	11,909,540
Equipment	13,792,291	1,727,329	617,580	14,902,040
Total capital assets being depreciated	<u>110,492,353</u>	<u>5,115,583</u>	<u>617,580</u>	<u>114,990,356</u>
<i>Less accumulated depreciation for:</i>				
Infrastructure	48,943,356	1,027,314	-	49,970,670
Buildings	9,667,270	438,221	-	10,105,491
Improvements	4,261,237	744,854	-	5,006,091
Equipment	8,473,409	1,259,118	522,856	9,209,671
Total accumulated depreciation	<u>71,345,272</u>	<u>3,469,507</u>	<u>522,856</u>	<u>74,291,923</u>
Total capital assets being depreciated, net	<u>39,147,081</u>	<u>1,646,076</u>	<u>94,724</u>	<u>40,698,433</u>
Total capital assets, net	<u>\$ 42,620,104</u>	<u>\$ 2,228,242</u>	<u>\$ 1,482,441</u>	<u>\$ 43,365,905</u>

**LINCOLN COUNTY, OREGON**

Notes to Financial Statements

**Note 6- Capital Assets, continued**

B. Depreciation expense was charged to governmental functions as follows:

General government	\$ 578,031
Community services	275,109
Public safety	1,078,117
Highways and streets	1,259,132
Culture and recreation	123,998
Health and welfare	<u>155,120</u>
Total depreciation expense - governmental activities	<u><u>\$ 3,469,507</u></u>

**Note 7 - Construction Commitments**

The government has entered into contracts for construction, as follows:

	Project Authorization	Expended to Date	Commitment
Trapp Creek road bridge	\$ 1,727,000	\$ 56,662	\$ 1,670,338
Jail lobby remodel	<u>200,000</u>	<u>89,876</u>	<u>110,124</u>
Totals	<u><u>\$ 1,927,000</u></u>	<u><u>\$ 146,538</u></u>	<u><u>\$ 1,780,462</u></u>

**Note 8 - Noncurrent liabilities**

General Obligation Bonds

General obligation bonds at year end are as follows:

Purpose	Amount
Local Oregon Capital Asset Program (LOCAP) certificates of participation	
The County issued certificates of participation, series 2013C, on July 30, 2013 in the amount of \$3.1 million through the Local Oregon Capital Assets Program with an average coupon rate of 4.27%. Proceeds are to be used to purchase new assessment and taxation software and hardware replacement; simulcast communications installation and Extension District Buildings improvements; the purchase and improvement of property for Courthouse parking; and additional property acquisition and improvements for County purposes if funds remain and the Board and Special Counsel approve. Principal amounts are due on August 1 and semi-annual interest payments are due on August 1 and February 1.	\$ 2,285,000

Notes payable

The County signed a 15-year promissory note on August 31, 2013 with the Trustees under the Curry Living Trust to purchase property. The original amount of the note was \$380,000 with monthly installments due of \$2,966 at 4.8% interest annum.

**LINCOLN COUNTY, OREGON**

Notes to Financial Statements

**Note 8 - Noncurrent liabilities, continued**

Noncurrent liability activity for the year ended June 30, 2017, was as follows:

<b><u>Governmental activities:</u></b>	Outstanding July 1, 2016	Additions	Reductions	Outstanding June 30, 2017	Balances Due Within One Year
Certificates of Participation					
LOCAP Series 2013C	\$ 2,565,000	\$ -	\$ (280,000)	\$ 2,285,000	\$ 290,000
Notes payable					
Curry property note	327,463	-	(20,312)	307,151	21,038
Vested compensated absences	<u>2,210,865</u>	<u>1,698,984</u>	<u>(1,642,723)</u>	<u>2,267,126</u>	<u>1,772,400</u>
Total governmental activities noncurrent liabilities	<u>\$ 5,103,328</u>	<u>\$ 1,698,984</u>	<u>\$ (1,943,035)</u>	<u>\$ 4,859,277</u>	<u>\$ 2,083,438</u>
<b><u>Business-type activities:</u></b>					
Vested compensated absences	<u>\$ 4,858</u>	<u>\$ 4,183</u>	<u>\$ (3,459)</u>	<u>\$ 5,582</u>	<u>\$ 4,364</u>

The General Fund has been used to liquidate governmental activities compensated absences in prior years.

Annual debt service requirements to maturity for long-term obligations are as follows:

Fiscal Year	<u>LOCAP Series 2013C</u>		<u>Curry property note</u>		<u>Governmental Activities Totals</u>	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 290,000	\$ 90,688	\$ 21,308	\$ 14,279	\$ 311,308	\$ 104,967
2019	305,000	78,788	22,354	13,233	327,354	92,021
2020	85,000	70,988	23,451	12,136	108,451	83,124
2021	85,000	67,588	24,602	10,985	109,602	78,573
2022	90,000	60,150	25,809	9,778	115,809	69,928
2023-2027	510,000	257,373	149,330	28,601	659,330	285,974
2028-2032	625,000	138,048	40,297	1,219	665,297	139,267
2033-2034	<u>295,000</u>	<u>13,388</u>	<u>-</u>	<u>-</u>	<u>295,000</u>	<u>13,388</u>
	<u>\$ 2,285,000</u>	<u>\$ 777,011</u>	<u>\$ 307,151</u>	<u>\$ 90,231</u>	<u>\$ 2,592,151</u>	<u>\$ 867,242</u>

Certificates of participation are reported in the Statement of Net Position as follows:

LOCAP payable ending balance	\$ 2,285,000
Less: current portion	(290,000)
Add: unamortized premium	<u>80,975</u>
Bonds payable, due in more than one year	<u>\$ 2,075,975</u>

LINCOLN COUNTY, OREGON

Notes to Financial Statements

**Note 9 - Operating Leases**

The County leases office equipment and office facilities under operating leases expiring at various times through 2020. Total cost for such leases for the year ended June 30, 2017 was \$548,501. Minimum future rental payments under non-cancelable operating leases having remaining terms in excess of one year as of June 30, 2017 are:

Year Ended June 30,	Amount
2018	\$ 510,786
2019	411,221
2020	354,390
2021	<u>334,385</u>
Total	<u>\$ 1,610,782</u>

**Note 10 - Defined Contribution Plan**

The Lincoln County Retirement Plan is a defined contribution pension plan (401(k)) established by the County to provide benefits to substantially all employees, except for certain employees of the Sheriff's office. At June 30, 2017, there were 513 plan members. Required contributions are made semi-monthly at the rate of 11 percent of eligible employees' salaries. The County's contribution for each employee and interest allocated to the employee's account are fully vested after four years of membership. Under the plan, employees also have the option of participating in a deferred salary arrangement pursuant to a salary reduction agreement. The deferred salary cannot exceed the amount allowable by Internal Revenue Code Section 415.

County contributions for, and interest forfeited by, employees who leave employment before four years of service are placed in a forfeiture account. This account is used to pay current charges for administration of the plan and may be used to reduce the County's contribution requirement. The County made the required contributions of \$2,215,295 and employees contributed \$498,297 for the year ended June 30, 2017. Investments are self-directed by the employees between a fixed income account and a number of equity funds. Plan provisions and contribution requirements are established and may be amended by the Board of Commissioners.

**Note 11 - Deferred Compensation Plan**

The County's employees can contribute to the Lincoln County deferred compensation plan created in accordance with the Internal Revenue Code Section 457(g) ("457 Plan"). The 457 Plan is administered by independent plan administrators through administrative service agreements. The 457 Plan is available to substantially all employees of the County. Employees may defer a portion of their salary until future years. Deferred compensation is not available to employees until termination, retirement, death, or financial hardship. The 457 Plan's assets are held in a custodial account for the exclusive benefit of participants and beneficiaries, and are not subject to claims of the County's creditors, nor can they be used by the County for any purpose other than the payment of benefits to the plan participants. Accordingly, these plan assets and related liabilities are not recorded on the accompanying statement of net position. Employee contributions to the 457 Plan for the year ended June 30, 2017, were \$237,322.

**Note 12- Defined Benefit Pension Plan**

For certain employees of the Sheriff's office, the County 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 to administer and manage the system. All benefits of the System are established by the legislature pursuant to ORS Chapters 238 and 238A. Tier One/Tier Two Retirement Benefit plan, established by ORS Chapter 238, is closed to new members hired on or after August 29, 2003. The Pension Program, established by ORS Chapter 238A, provides benefits to members hired on or after August 29, 2003. OPERS issues a publicly available Comprehensive Annual Financial Report and Actuarial Valuation that can be obtained at [http://www.oregon.gov/pers/Pages/section/financial\\_reports/financials.aspx](http://www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx).

## LINCOLN COUNTY, OREGON

### Notes to Financial Statements

#### **Note 12 - Defined Benefit Pension Plan, continued**

##### ***Risk Pooling:***

The County has elected to participate in the State and Local Government Rate Pool (SLGRP). Pooling allows separate employers to be part of one group for the purpose of determining employer pension costs and contribution rates. Pool participants share pension assets and future pension liabilities and surpluses. Employers in the pool jointly fund the future pension costs of all of the pooled participants.

##### ***Plan Benefits:***

1. *Tier One/Tier Two Retirement Benefit (Chapter 238).*

##### ***Benefits Provided***

The PERS retirement allowance is payable monthly for life. It may be 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 percent) 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.

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 45 years of age before ceasing employment with a participating employer. Members may retire after reaching age 50. 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. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

##### ***Death Benefits***

Upon the 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 conditions are met:

- the member was employed by a PERS employer at the time of death,
- the member died within 120 days after termination of PERS-covered employment,
- the member died as a result of injury sustained while employed in a PERS-covered job, or
- the member was on an official leave of absence from a PERS-covered job at the time of death.

##### ***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 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 55 when determining the monthly benefit.

##### ***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 changes (COLA). The COLA is capped at 2%.

2. *OPSRP Pension Program (OPSRP DB)*

##### ***Pension Benefits.***

The Pension Program (ORS Chapter 238A) provides benefits to members hired on or after August 29, 2003.

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:

1.8 percent is multiplied by the number of years of service and the final average salary. Normal retirement age is age 60 or age 53 with 25 years of retirement credit. The individual must have been employed continuously in a PERS position for the County at least five years immediately preceding retirement.

## LINCOLN COUNTY, OREGON

### Notes to Financial Statements

#### **Note 12 - Defined Benefit Pension Plan, continued**

A member of the OPSRP 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 is terminated, the date on which termination becomes effective.

#### *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.

#### *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 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 when determining the monthly benefit.

#### *Benefit Changes After Retirement*

Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes (COLA). The COLA is capped at 2%.

#### *3. OPSRP Individual Account Program (OPSRP IAP)*

#### *Pension Benefits*

An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies.

Upon retirement, a member of the OPSRP Individual Account Program (IAP) may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment or in equal installments over a 5-, 10-, 15-, 20-year period or an anticipated life span option. Each distribution option has a \$200 minimum distribution limit.

#### *Death Benefits*

Upon the death of a non-retired member, the beneficiary receives in a lump sum the member's account balance, rollover account balance, and vested employer optional contribution account balance. If a retired member dies before the installment payments are completed, the beneficiary may receive the remaining installment payments or choose a lump-sum payment.

#### *Recordkeeping*

OPERS contracts with VOYA Financial to maintain IAP participant records.

#### ***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, 2014 actuarial valuation that became effective July 1, 2016. Employer contributions for the year ended June 30, 2017 were \$686,083, excluding amounts to fund employer specific liabilities. The rates in effect for the fiscal year ended June 30, 2016 were 16.8 percent for Tier One/Tier Two members, 11.44 percent for OPSRP Pension Program members and 6 percent for OPSRP Individual Account Program. The County has elected to make the payments on behalf of its employees for the OPSRP Individual Account Program.

**LINCOLN COUNTY, OREGON**

Notes to Financial Statements

**Note 12 - Defined Benefit Pension Plan, continued**

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

At June 30, 2017, The County's proportionate share of the net pension liability is \$6,857,708. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by actuarial valuation as of December 31, 2014 rolled forward to June 30, 2016. The County's proportion of the net pension liability was based on a projection of the County's long-term contribution effort as compared to the total projected contributions of all participating employers. At June 30, 2016, the County's proportion share was 0.04568 percent, which was changed from its proportion measured as of June 30, 2015 of .0510 percent.

For the year ended June 30, 2017, the County recognized pension expense of \$1,462,280.

At June 30, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Difference between expected and actual experience	\$ 226,883	\$ -
Change in assumptions	1,462,584	-
Net difference between projected and actual earnings on pension plan investments	1,354,795	288,064
Changes in proportion share	152,184	-
Changes in proportion and differences between contributions and proportionate share of contributions	14,469	180,169
Sub-total before post-measurement date contributions	3,210,915	468,233
Contributions subsequent to the measurement date	380,516	-
Total	\$ 3,591,431	\$ 468,233

Deferred outflows of resources related to pensions of \$380,516 resulting from the County's contributions subsequent to the measurement date will be recognized as either a reduction of the net pension liability or an increase in the net pension asset in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	Deferred Outflows	Deferred Inflows
2017	\$ 563,195	\$ 82,128
2018	563,195	82,128
2019	1,145,333	167,109
2020	837,407	122,115
2021	101,785	14,753
Total	\$ 3,210,915	\$ 468,233

***Actuarial Assumptions:***

The employer contribution rates effective July 1, 2015, through June 30, 2017, were set using the projected unit credit actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years.

LINCOLN COUNTY, OREGON

Notes to Financial Statements

**Note 12 - Defined Benefit Pension Plan, continued**

For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2014
Measurement Date	June 30, 2016
Experience Study Report	2014, published September 2015
Actuarial Cost Method	Entry Age normal
Actuarial Assumptions:	
Inflation Rate	2.50 percent (reduced from 2.75%)
Investment Rate of return	7.50 percent (reduced from 7.75%)
Discount Rate	7.50 percent (reduced from 7.75%)
Projected Salary Increases	3.50 percent (reduced from 3.75%)
Cost of Living Adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/1.15%) In accordance with Moro decision; blend based on service
Mortality	<p><b>Healthy retirees and beneficiaries:</b> RP-2000 Sex-distinct, generational per Scale BB, with collar adjustments and set-backs as described in the valuation.</p> <p><b>Active Members:</b> Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation.</p> <p><b>Disabled retirees:</b> Mortality rates are a percentage (70% for males, 95% for females) of the RP-2000 Sex-distinct, generational per Scale BB, disabled mortality table.</p>

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 2014 Experience Study which reviewed experience for the four-year period ending on December 31, 2014.

**LINCOLN COUNTY, OREGON**

Notes to Financial Statements

**Note 12 - Defined Benefit Pension Plan, continued**

***Long-term Expected Rate of Return***

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2015 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.

<b>Assumed Asset Allocation</b>			
Asset Class/Strategy	Low Range	High Range	OIC Target
Cash	0.0 %	3.0 %	0.0 %
Debt Securities	15.0	25.0	20.0
Public Equity	32.5	42.5	37.5
Private Equity	13.5	21.5	17.5
Real Estate	9.5	15.5	12.5
Alternative Equity	0.0	12.5	12.5
Opportunity Portfolio	0.0	3.0	0.0
Total			100.0 %

Asset Class	Target Allocation	Compounded Annual Return (Geometric)
Core Fixed Income	8.00 %	4.00 %
Short-Term Bonds	8.00 %	3.61 %
Bank/Leveraged loans	3.00 %	5.42 %
High Yield Bonds	1.00 %	6.20 %
Large/Mid Cap US Equities	15.75 %	6.70 %
Small Cap US Equities	1.30 %	6.99 %
Micro Cap US equities	1.30 %	7.01 %
Developed Foreign Equities	13.13 %	6.73 %
Emerging Foreign Equities	4.12 %	7.25 %
Non-US Small Cap Equities	1.88 %	7.22 %
Private Equity	17.50 %	7.97 %
Real Estate (Property)	10.00 %	5.84 %
Real Estate (REITS)	2.50 %	6.69 %
Hedge fund of funds - diversified	2.50 %	4.64 %
Hedge fund - event-driven	0.63 %	6.72 %
Timber	1.88 %	5.85 %
Farmland	1.88 %	6.37 %
Infrastructure	3.75 %	7.13 %
Commodities	1.88 %	4.58 %
Total	100.00 %	
Assumed Inflation - Mean		2.50 %

***Depletion Date Projection***

GASB 68 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 68 will often require that the actuary perform complex projections of future benefit payments and pension plan investments. GASB 68 (paragraph 67) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

LINCOLN COUNTY, OREGON

Notes to Financial Statements

**Note 12 - Defined Benefit Pension Plan, continued**

The following circumstances justify an alternative evaluation of sufficiency for PERS:

- PERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100% funded position by the end of the amortization period if future experience follows assumption.
- GASB 68 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

Based on these circumstances, it is our independent actuary's opinion that the detailed depletion date projections outlined in GASB 68 would clearly indicate that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

**Discount Rate**

The discount rate used to measure the total pension liability was 7.5 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate:**

The following presents the County's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.5 percent, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
Proportionate share of net pension liability (asset)	\$ 11,072,912	\$ 6,857,708	\$ 3,334,535

LINCOLN COUNTY, OREGON

Notes to Financial Statements

**Note 12 - Defined Benefit Pension Plan, continued**

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued OPERS financial report.

**Changes in Assumptions and Other Inputs**

Changes in actuarial methods and assumptions implemented since the December 31, 2013 valuation are described in the 2014 Experience Study (Study), published September 2015.

Changes in assumptions from that Study are reported in the table of actuarial methods and assumptions, modifications to the allocation of actuarial accrued liabilities, administrative expense assumptions, healthcare cost inflation, and mortality tables can be found in the Study at:

<http://www.oregon.gov/PERS/Documents/Financials/Actuary/2015/Experience-Study.pdf>.

**Changes in Plan Assumptions Subsequent to Measurement Date**

At its July 28, 2017 meeting, the PERS Board lowered the assumed earning rate from 7.5% to 7.25%, adding \$2.1 billion to the System's unfunded liability.

**Note 13 - Other Postemployment Benefits (OPEB)**

The County administers a single-employer defined benefit healthcare plan. The healthcare plan provides for post-retirement medical, dental, and vision coverage for eligible retirees, their spouses, domestic partners, and dependents on a self-pay basis. The level of benefits provided by the plans are the same as those afforded to active employees. Coverage is provided to retirees, spouses, and domestic partners until they become eligible for Medicare, typically age 65, and to eligible dependents until age 26. The County's post-retirement healthcare plan was established in accordance with Oregon Revised Statutes (ORS) 243.303. ORS stipulate that for the purpose of establishing healthcare premiums, the rate must be based on all plan members, including both active employees and retirees. Due to the effect of age, retiree claim costs are generally higher than claim costs for all members as a whole. The difference between retiree claims costs and the amount of retiree healthcare premiums represents the County's implicit employer contribution.

***Membership:***

The County's membership in the plan at July 1, 2016 (the date of the most recent actuarial valuation) consisted of the following:

Active employees	382
Retirees, spouse or dependents	16
Spouses of ineligible retirees	<u>1</u>
Total	<u><u>399</u></u>

**LINCOLN COUNTY, OREGON**

Notes to Financial Statements

**Note 13 - Other Postemployment Benefits (OPEB), continued**

***Funding Policy and Contributions:***

The required contribution is based on projected pay-as-you-go financing requirements. For the fiscal year ending June 30, 2017, the County's combined plan contributions were \$207,242. Implicit employer subsidies generally represent the increase in premiums the County must pay on behalf of its active employees as a consequence of providing retirees access to OPEB. The implicit premium requirements, as of July 1, 2016, for the County are as follows:

<u>Medical and Vision</u>	<u>Male Retirees</u>	<u>Female Retirees</u>	<u>Male Spouses</u>	<u>Female Spouses</u>
Age 50	\$ 685	\$ 773	\$ 477	\$ 572
Age 55	722	758	568	636
Age 60	881	861	705	728
Age 64	1,098	992	882	831
<u>Dental</u>	<u>Male Retirees</u>	<u>Female Retirees</u>	<u>Male Spouses</u>	<u>Female Spouses</u>
Age 50	\$ 54	\$ 60	\$ 54	\$ 60
Age 55	61	65	61	65
Age 60	68	70	68	70
Age 64	73	73	73	73

The County has not established an irrevocable trust to accumulate assets to fund the cost of the net OPEB obligation that arises from the implicit subsidy.

***Annual OPEB Cost and Net OPEB Obligation:***

The County had an actuarial valuation performed as of August 1, 2014 to determine the unfunded accrued actuarial liability (UAAL), annual required contribution (ARC) and net other postemployment benefit obligation (NOPEBO) as of that date. The ARC represents a level funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The annual OPEB cost for the year ended June 30, 2017 was equal to the ARC as follows:

Normal cost	\$ 82,452
Amortization of UAAL	<u>124,790</u>
Annual required contribution (ARC)	<u><u>\$ 207,242</u></u>

The net OPEB obligation as of June 30, 2017 was calculated as follows:

Annual required contribution	\$ 207,242
Interest on prior year Net OPEB obligation	64,057
Less: Adjustment to ARC	<u>(220,066)</u>
Annual OPEB Cost	51,233
Less: Explicit Benefit Payments	-
Less: Implicit Benefit Payments	<u>(97,872)</u>
Decrease in Net OPEB Obligation	(46,639)
Net OPEB Obligation - beginning of year	<u>1,830,207</u>
Net OPEB Obligation - end of year	<u><u>\$ 1,783,568</u></u>

**LINCOLN COUNTY, OREGON**

Notes to Financial Statements

**Note 13 - Other Postemployment Benefits (OPEB), continued**

The County's annual OPEB cost, percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of June 30, 2017 is as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2015	\$ 195,847	34%	\$ 1,864,650
June 30, 2016	\$ 21,089	263%	\$ 1,830,207
June 30, 2017	\$ 51,233	430 %	\$ 1,783,568

**Funded Status and Funding Progress:**

As of July 1, 2016, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$1,037,82, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability of \$1,037,828. The covered payroll amount (annual payroll of active employees covered by the plans) was \$25,327,631 and the ratio of the UAAL to the covered payroll was 3.96%. For the fiscal year ending June 30, 2017, the County has set aside \$0 to pay for future post-employment benefits for retired employees.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amount determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress included in the Notes to the Required Supplementary Information presents multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time, relative to the actuarial accrued liabilities for benefits.

**Actuarial Methods and Assumptions:**

Actuarial valuations will be performed every two years for the County's OPEB plan. Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and plan members and include the types of benefits provided at the time of each valuation and historical patterns of sharing of benefit costs between the employer and the plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets consistent with the long-term perspective of the calculations.

In the August 1, 2014 actuarial valuation, the projected unit credit actuarial cost method was used to determine contribution levels comprised of normal cost and amortization payments. The actuarial assumptions included a 3.5% rate for discounting future liabilities; healthcare cost inflation trend rate of 5.75% in the first year with a variable rate of 5.00% to 6.75% in future years depending on the timing of the excise tax scheduled to affect health care benefits beginning in 2018; general inflation of 2.75% per year; and participation rate of 45% of future retirees electing coverage under the plan. Demographic assumptions regarding retirement, mortality, and turnover are based on Oregon PERS valuation assumptions as of December 31, 2013. The unfunded actuarially accrued liability is being amortized using a level percent of payroll over an open period of 10 years.

**LINCOLN COUNTY, OREGON**

Notes to Financial Statements

**Note 14 - Risk Management**

The County is exposed to various risks of loss related to theft of, damage to, and destruction of assets; torts; errors and omissions; and natural disasters. The County purchases commercial insurance for such risks of loss. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

The County is self-insured for worker's compensation and unemployment insurance. Premiums are paid into the Self-Insurance internal service fund by County departments based on each department's actual payroll activity. The County carries a supplemental liability policy with a \$10 million limit per occurrence or wrongful act, and a \$500,000 deductible. The annual aggregate limit of the policy is \$10 million. The policy renews July 1 of each year.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

Changes in the balances of claims liabilities are as follows:

	Year Ended June 30,		
	2015	2016	2017
<b>Workers' compensation</b>			
Unpaid claims, beginning of year	\$ 15,968	\$ 29,722	\$ 80,935
Incurred claims (including IBNR)	44,703	140,585	173,655
Claim payments	(30,949)	(89,372)	(234,779)
Unpaid claims, end of year	<u>\$ 29,722</u>	<u>\$ 80,935</u>	<u>\$ 19,811</u>
<b>State unemployment</b>			
Unpaid claims, beginning of year	\$ 5,019	\$ 18,515	\$ 2,838
Incurred claims (including IBNR)	66,578	30,904	69,356
Claim payments	(53,082)	(46,581)	(63,877)
Unpaid claims, end of year	<u>\$ 18,515</u>	<u>\$ 2,838</u>	<u>\$ 8,317</u>

**Note 15 - Contingencies**

The County is a defendant in several currently pending legal actions. Although their outcome cannot be determined, it is the opinion of management that settlement of these matters will not have a material effect on the basic financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION**

**LINCOLN COUNTY, OREGON**

Schedule of Funding Progress - Other Postemployment Healthcare Benefits

June 30, 2017

<u>Valuation Date</u>	<u>Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Accrued Liability</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAL/ Payroll</u>
August 1, 2012	\$ -	\$ 1,449,232	\$ 1,449,232	0%	\$ 22,611,533	6.41 %
August 1, 2014	\$ -	\$ 903,596	\$ 903,596	0%	\$ 22,827,232	3.96 %
July 1, 2016	\$ -	\$ 1,037,828	\$ 1,037,828	0%	\$ 25,327,631	4.10 %

The table above presents the three most recent actuarial evaluations for the County's post-retirement medical plan.

The County's OPEB benefits include an implicit benefit for retiree paid healthcare participation in the County's health insurance plan. The actuarial cost method is entry age normal.

**LINCOLN COUNTY, OREGON**

Required Supplemental Information - Oregon Public Employee Retirement System  
Year Ended June 30, 2017

Proportionate Share of Net Pension Liability  
Last Three Fiscal Years

	2017	2016	2015
Proportion of the net pension liability	0.045681 %	0.051031 %	0.039560 %
Proportionate share of the net pension liability	\$ 6,857,708	\$ 2,929,952	\$ 896,723
Covered payroll	\$ 4,773,548	\$ 4,519,494	\$ 4,358,196
Proportionate share of the pension liability as a percentage of its covered employee payroll	143.66 %	64.83 %	20.58 %
Plan net position as a percentage of the total pension liability	80.5 %	91.9 %	103.6 %

Schedule of the County's Pension Contributions  
Last Three Fiscal Years

	2017	2016	2015
Contractually required contribution	\$ 686,083	\$ 671,464	\$ 634,532
Contributions in relation to the contractually required contribution	<u>686,083</u>	<u>671,464</u>	<u>634,532</u>
Contribution deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 4,773,548	\$ 4,519,494	\$ 4,358,196
Contributions as a percentage of covered employee payroll	14.37 %	14.86 %	14.56 %

Amounts presented are for the measurement period reported during the fiscal year, which for FY 2017 is the July 1, 2015-June 30, 2016.

10-year trend information required by GASB Statement 68 will be presented prospectively

**Notes to Required Supplementary Information**

**Changes of Assumptions**

Details and a comprehensive list of changes in methods and assumptions can be found in the 2014 Experience Study for the System, which was published on September 23, 2015. The report can be found at <http://www.oregon.gov/pers/Documents/Financials/Actuarial/2015/Experience-Study.pdf>

## **OTHER SUPPLEMENTARY INFORMATION**

COMBINING AND INDIVIDUAL NONMAJOR FUNDS  
STATEMENTS AND SCHEDULES

**LINCOLN COUNTY, OREGON**  
**NONMAJOR GOVERNMENTAL FUNDS**

Combining Balance Sheet

June 30, 2017

	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds</u>
<b>ASSETS</b>			
Cash and investments	\$ 8,384,629	\$ 4,807,764	\$ 13,192,393
Receivables - net	<u>1,366,774</u>	<u>128,044</u>	<u>1,494,818</u>
Total assets	<u>\$ 9,751,403</u>	<u>\$ 4,935,808</u>	<u>\$ 14,687,211</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 211,582	\$ -	\$ 211,582
Accrued payroll and related liabilities	336,346	-	336,346
Due to other government entities	<u>66,174</u>	<u>-</u>	<u>66,174</u>
Total liabilities	<u>614,102</u>	<u>-</u>	<u>614,102</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue - accounts receivable	168,454	-	168,454
Unavailable revenue - property taxes	<u>149,188</u>	<u>-</u>	<u>149,188</u>
Total deferred inflows of resources	317,642	-	317,642
<b>FUND BALANCES</b>			
Restricted	7,896,809	-	7,896,809
Committed	<u>922,850</u>	<u>4,935,808</u>	<u>5,858,658</u>
Total fund balances	<u>8,819,659</u>	<u>4,935,808</u>	<u>13,755,467</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 9,751,403</u>	<u>\$ 4,935,808</u>	<u>\$ 14,687,211</u>

**LINCOLN COUNTY, OREGON**  
NONMAJOR GOVERNMENTAL FUNDS

Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
For the Year Ended June 30, 2017

	<u>Special Revenue</u>	<u>Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds</u>
<b>REVENUES:</b>			
Taxes and land sales	\$ 2,024,628	\$ 547,051	\$ 2,571,679
Permits and fees	248,400	-	248,400
Charges for services	5,516,297	260,998	5,777,295
Intergovernmental revenues	5,547,644	-	5,547,644
Fines and penalties	45,919	-	45,919
Investment earnings	97,641	19,669	117,310
Donations	71,670	-	71,670
Other revenue	117,737	22,681	140,418
	<u>13,669,936</u>	<u>850,399</u>	<u>14,520,335</u>
Total revenues			
<b>EXPENDITURES:</b>			
Current:			
General government	114,651	44,658	159,309
Community services	2,134,837	-	2,134,837
Public safety	1,120,504	-	1,120,504
Culture and recreation	146,727	36,015	182,742
Health and welfare	9,294,085	-	9,294,085
Education	178,529	-	178,529
Capital Outlay	480,132	996,262	1,476,394
	<u>13,469,465</u>	<u>1,076,935</u>	<u>14,546,400</u>
Total expenditures			
Excess (deficiency) of revenues over expenditures	<u>200,471</u>	<u>(226,536)</u>	<u>(26,065)</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	496,590	419,727	916,317
Transfers out	(75,000)	-	(75,000)
Proceeds from sale of capital assets	-	44,492	44,492
	<u>421,590</u>	<u>464,219</u>	<u>885,809</u>
Total other financing sources (uses)			
Net change in fund balances	622,061	237,683	859,744
Fund balances at beginning of year	<u>8,197,598</u>	<u>4,698,125</u>	<u>12,895,723</u>
Fund balances at end of year	<u>\$ 8,819,659</u>	<u>\$ 4,935,808</u>	<u>\$ 13,755,467</u>

## Nonmajor Special Revenue Funds

Special revenue funds account for revenue derived from specific tax or other earmarked revenue sources, including federal and state grant awards, which are restricted to finance particular functions or activities.

- **Economic Development** – Revenue received from the distribution of State Lottery monies is accounted for in this fund. All revenue is earmarked for local economic development.
- **Transit District** (a component unit) - The district provides a comprehensive transportation program for the County. It is funded by property tax and federal and state transportation grant programs.
- **County Fair** – The operations of the Fair are accounted for in this fund. Major sources of revenue include state apportionments, annual fair proceeds, and grounds and building rentals.
- **Law Library** – This fund is used to maintain the County law library with revenues derived from court fees.
- **Clerk Records** – This fund accounts for expenditures incurred by the County Clerk to improve record storage and to acquire systems that facilitate records retrieval.
- **Health & Human Services** – This fund accounts for public health services through a variety of programs funded from grants and other resources.
- **Community Health Center** – This fund operates federally funded community health centers in various locations in the County.
- **Community Health Centers** – This fund operates federally funded community health centers in various locations in the County.
- **Siletz Area Enhanced Law Enforcement District (a component unit)** – This fund accounts for the law enforcement activities for the special district established for that purpose. It is funded by a property tax levy and contributions from the Confederated Tribes of the Siletz Indians.
- **Animal Services District (a component unit)** – This district is supported by a property tax levy and the sale of dog licenses and fees charged by the County Animal Shelter to operate the shelter and provide animal control services county-wide.
- **Title III Safety Net** – Under Public Law 106-393, “The Secure Rural Schools and Community Self-Determination Act of 2000,” this fund accrues revenue to be set aside for projects authorized by the law.
- **Corner Preservation** – This fund accounts for expenditures incurred by the County Surveyor in the establishment, re-establishment, and maintenance of corners of government surveys.
- **Radio Communications Systems** – This fund accounts for the activities related to the operation and maintenance of the County-wide public safety communications system. It is funded by contributions from the various public agencies who utilize it.
- **Extension District (a component unit)** – This fund accounts for the operations of the OSU/Lincoln County Extension District which provides educational programs to county citizens. The District is funded mainly from property tax.
- **Agate Beach Disposal Site Closure** – This fund accounts for the County's share of the post-closure obligations for the closed Agate Beach Landfill.
- **DUII** – This fund is used to comply with the legal provisions concerning the collection and expenditure of funds obtained through civil forfeiture proceedings.

**LINCOLN COUNTY, OREGON**  
**NONMAJOR SPECIAL REVENUE FUNDS**

Combining Balance Sheet

June 30, 2017

	102 Economic Development Fund	204 Transit District Fund	203 County Fair Fund	205 Law Library Fund	207 Clerk Records Fund	208 Public Health Fund	216 Community Health Centers Fund	230 Siletz Area Enhanced Law Enforcement District	212 Animal Services Fund	213 Title III/Safety Net Fund	217 Corner Preservation Fund
<b>ASSETS</b>											
Cash and investments	\$ 287,201	\$ 2,628,955	\$ 74,045	\$ 98,406	\$ 120,071	\$ -	\$ 1,671,351	\$ 62,581	\$ 358,337	\$ 1,455,501	\$ 215,811
Receivables - net	<u>36,375</u>	<u>277,567</u>	<u>500</u>	<u>-</u>	<u>44</u>	<u>379,552</u>	<u>577,833</u>	<u>6,330</u>	<u>62,142</u>	<u>-</u>	<u>201</u>
Total assets	<u>\$ 323,576</u>	<u>\$ 2,906,522</u>	<u>\$ 74,545</u>	<u>\$ 98,406</u>	<u>\$ 120,115</u>	<u>\$ 379,552</u>	<u>\$ 2,249,184</u>	<u>\$ 68,911</u>	<u>\$ 420,479</u>	<u>\$ 1,455,501</u>	<u>\$ 216,012</u>
<b>LIABILITIES</b>											
Accounts payable	\$ -	\$ 1,460	\$ 21,456	\$ 404	\$ 2,947	\$ 63,047	\$ 93,072	\$ 204	\$ 11,846	\$ 6,800	\$ -
Accrued payroll and related expenses	-	47,337	-	-	1,618	154,037	99,367	8,262	25,725	-	-
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>66,174</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>48,797</u>	<u>21,456</u>	<u>404</u>	<u>4,565</u>	<u>283,258</u>	<u>192,439</u>	<u>8,466</u>	<u>37,571</u>	<u>6,800</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>											
Unavailable revenue - accounts receivable	-	-	-	-	-	2,807	165,647	-	-	-	-
Unavailable revenue - property taxes	<u>-</u>	<u>64,863</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,245</u>	<u>55,123</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>-</u>	<u>64,863</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,807</u>	<u>165,647</u>	<u>5,245</u>	<u>55,123</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>											
Restricted	323,576	2,792,862	53,089	-	-	93,487	1,891,098	55,200	327,785	1,448,701	216,012
Committed	<u>-</u>	<u>-</u>	<u>-</u>	<u>98,002</u>	<u>115,550</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>323,576</u>	<u>2,792,862</u>	<u>53,089</u>	<u>98,002</u>	<u>115,550</u>	<u>93,487</u>	<u>1,891,098</u>	<u>55,200</u>	<u>327,785</u>	<u>1,448,701</u>	<u>216,012</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 323,576</u>	<u>\$ 2,906,522</u>	<u>\$ 74,545</u>	<u>\$ 98,406</u>	<u>\$ 120,115</u>	<u>\$ 379,552</u>	<u>\$ 2,249,184</u>	<u>\$ 68,911</u>	<u>\$ 420,479</u>	<u>\$ 1,455,501</u>	<u>\$ 216,012</u>

**LINCOLN COUNTY, OREGON**  
**NONMAJOR SPECIAL REVENUE FUNDS**

Combining Balance Sheet

June 30, 2017

	291 Radio Communications Fund	859 Extension Agency	603 Agate Beach Disposal Site Closure Fund	601 DUIL Fund	Total
<b>ASSETS</b>					
Cash and investments	\$ 100,206	\$ 600,805	\$ 694,303	\$ 17,056	\$ 8,384,629
Receivables - net	-	25,975	255	-	1,366,774
Total assets	<u>\$ 100,206</u>	<u>\$ 626,780</u>	<u>\$ 694,558</u>	<u>\$ 17,056</u>	<u>\$ 9,751,403</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 2,443	\$ 5,587	\$ 2,316	\$ -	\$ 211,582
Accrued payroll and related expenses	-	-	-	-	336,346
Due to other funds	-	-	-	-	66,174
Total liabilities	<u>2,443</u>	<u>5,587</u>	<u>2,316</u>	<u>-</u>	<u>614,102</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue - accounts receivable	-	-	-	-	168,454
Unavailable revenue - property taxes	-	23,957	-	-	149,188
Total deferred inflows of resources	<u>-</u>	<u>23,957</u>	<u>-</u>	<u>-</u>	<u>317,642</u>
<b>FUND BALANCES</b>					
Restricted	97,763	597,236	-	-	7,896,809
Committed	-	-	692,242	17,056	922,850
Total fund balances	<u>97,763</u>	<u>597,236</u>	<u>692,242</u>	<u>17,056</u>	<u>8,819,659</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 100,206</u>	<u>\$ 626,780</u>	<u>\$ 694,558</u>	<u>\$ 17,056</u>	<u>\$ 9,751,403</u>

**LINCOLN COUNTY, OREGON**

**NONMAJOR SPECIAL REVENUE FUNDS**

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance

For the Year Ended June 30, 2017

	102 Economic Development Fund	204 Transit District Fund	203 County Fair Fund	205 Law Library Fund	207 Clerk Records Fund	208 Public Health Fund	216 Community Health Centers Fund	230 Siletz Area Enhanced Law Enforcement District	212 Animal Services Fund	213 Title III/Safety Net Fund
<b>REVENUES:</b>										
Taxes and land sales	\$ 77,410	\$ 675,358	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 192,110	\$ 766,946	\$ -
Permits and fees	-	-	18,035	-	46,305	-	-	-	74,038	-
Charges for services	-	597,400	-	-	-	2,945,223	1,853,468	-	-	-
Intergovernmental revenues	244,773	713,660	53,667	-	-	1,663,858	2,703,330	150,524	7,290	-
Fines and penalties	-	-	-	45,919	-	-	-	-	-	-
Investment earnings	3,247	32,518	707	1,235	1,300	-	19,909	46	4,145	17,146
Donations	-	-	30,843	-	-	-	915	-	39,912	-
Other revenue	-	12,118	31,169	-	-	74,118	332	-	-	-
<b>Total revenues</b>	<b>325,430</b>	<b>2,031,054</b>	<b>134,421</b>	<b>47,154</b>	<b>47,605</b>	<b>4,683,199</b>	<b>4,577,954</b>	<b>342,680</b>	<b>892,331</b>	<b>17,146</b>
<b>EXPENDITURES:</b>										
Current:										
General government	-	-	-	-	37,836	-	-	-	-	-
Community services	231,297	1,846,339	-	-	-	-	-	-	-	42,405
Public safety	-	-	-	22,997	-	-	-	172,050	795,841	-
Culture and recreation	-	-	146,727	-	-	-	-	-	-	-
Health and Welfare	-	-	-	-	-	5,114,871	4,179,214	-	-	-
Education	-	-	-	-	-	-	-	-	-	-
Capital Outlay	-	364,702	-	-	-	-	-	115,430	-	-
<b>Total expenditures</b>	<b>231,297</b>	<b>2,211,041</b>	<b>146,727</b>	<b>22,997</b>	<b>37,836</b>	<b>5,114,871</b>	<b>4,179,214</b>	<b>287,480</b>	<b>795,841</b>	<b>42,405</b>
Excess (deficiency) of revenues over (under) expenditures	94,133	(179,987)	(12,306)	24,157	9,769	(431,672)	398,740	55,200	96,490	(25,259)
<b>OTHER FINANCING SOURCES (USES):</b>										
Transfers in	-	-	-	-	-	389,417	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	(75,000)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>389,417</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(75,000)</b>
Net change in fund balance	94,133	(179,987)	(12,306)	24,157	9,769	(42,255)	398,740	55,200	96,490	(100,259)
Beginning fund balance	229,443	2,972,849	65,395	73,845	105,781	135,742	1,492,358	-	231,295	1,548,960
<b>Ending fund balance</b>	<b>\$ 323,576</b>	<b>\$ 2,792,862</b>	<b>\$ 53,089</b>	<b>\$ 98,002</b>	<b>\$ 115,550</b>	<b>\$ 93,487</b>	<b>\$ 1,891,098</b>	<b>\$ 55,200</b>	<b>\$ 327,785</b>	<b>\$ 1,448,701</b>

**LINCOLN COUNTY, OREGON**

**NONMAJOR SPECIAL REVENUE FUNDS**

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance

For the Year Ended June 30, 2017

	217 Corner Preservation Fund	291 Radio Communications Fund	859 Extension Agency	603 Agate Beach Disposal Site Closure Fund	601 DUUI Fund	Total
<b>REVENUES:</b>						
Taxes and land sales	\$ -	\$ -	\$ 312,804	\$ -	\$ -	\$ 2,024,628
Permits and fees	102,838	-	-	6,227	957	248,400
Charges for services	-	120,206	-	-	-	5,516,297
Intergovernmental revenues	-	-	10,542	-	-	5,547,644
Fines and penalties	-	-	-	-	-	45,919
Investment earnings	2,518	-	6,787	7,892	191	97,641
Donations	-	-	-	-	-	71,670
Other revenue	-	-	-	-	-	117,737
<b>Total revenues</b>	<b>105,356</b>	<b>120,206</b>	<b>330,133</b>	<b>14,119</b>	<b>1,148</b>	<b>13,669,936</b>
<b>EXPENDITURES:</b>						
Current:						
General government	76,815	-	-	-	-	114,651
Community services	-	-	-	14,796	-	2,134,837
Public safety	-	129,616	-	-	-	1,120,504
Culture and recreation	-	-	-	-	-	146,727
Health and Welfare	-	-	-	-	-	9,294,085
Education	-	-	178,529	-	-	178,529
Capital Outlay	-	-	-	-	-	480,132
<b>Total expenditures</b>	<b>76,815</b>	<b>129,616</b>	<b>178,529</b>	<b>14,796</b>	<b>-</b>	<b>13,469,465</b>
Excess (deficiency) of revenues over (under) expenditures	<u>28,541</u>	<u>(9,410)</u>	<u>151,604</u>	<u>(677)</u>	<u>1,148</u>	<u>200,471</u>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in	-	107,173	-	-	-	496,590
Transfers out	-	-	-	-	-	(75,000)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>107,173</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>421,590</b>
Net change in fund balance	28,541	97,763	151,604	(677)	1,148	622,061
Beginning fund balance	187,471	-	445,632	692,919	15,908	8,197,598
<b>Ending fund balance</b>	<b>\$ 216,012</b>	<b>\$ 97,763</b>	<b>\$ 597,236</b>	<b>\$ 692,242</b>	<b>\$ 17,056</b>	<b>\$ 8,819,659</b>

**LINCOLN COUNTY, OREGON**  
**102 ECONOMIC DEVELOPMENT FUND**  
Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues:</b>				
Taxes and land sales	\$ -	\$ -	\$ 77,410	\$ 77,410
Intergovernmental revenues	220,000	220,000	244,773	24,773
Investment earnings	<u>1,100</u>	<u>1,100</u>	<u>3,247</u>	<u>2,147</u>
<b>Total revenues</b>	<b><u>221,100</u></b>	<b><u>221,100</u></b>	<b><u>325,430</u></b>	<b><u>104,330</u></b>
<b>Expenditures:</b>				
Materials and services	261,650	261,650	231,297	30,353
Contingency	<u>181,220</u>	<u>181,220</u>	<u>-</u>	<u>181,220</u>
<b>Total expenditures</b>	<b><u>442,870</u></b>	<b><u>442,870</u></b>	<b><u>231,297</u></b>	<b><u>211,573</u></b>
<b>Net change in fund balances</b>	<b>(221,770)</b>	<b>(221,770)</b>	<b>94,133</b>	<b>315,903</b>
<b>Fund Balance:</b>				
Beginning of year	<u>221,770</u>	<u>221,770</u>	<u>229,443</u>	<u>7,673</u>
End of year	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 323,576</u></b>	<b><u>\$ 323,576</u></b>

**LINCOLN COUNTY, OREGON**

204 TRANSIT DISTRICT FUND

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Taxes and land sales	\$ 640,000	\$ 640,000	\$ 675,358	\$ 35,358
Intergovernmental revenues	1,450,809	1,450,809	713,660	(737,149)
Charges for services	613,172	613,172	597,400	(15,772)
Investment earnings	10,000	10,000	32,518	22,518
Other revenue	<u>18,000</u>	<u>18,000</u>	<u>12,118</u>	<u>(5,882)</u>
Total revenues	<u>2,731,981</u>	<u>2,731,981</u>	<u>2,031,054</u>	<u>(700,927)</u>
Expenditures:				
Personal services	1,552,347	1,552,347	1,197,558	354,789
Materials and services	895,007	895,007	648,781	246,226
Capital outlay	1,257,600	1,257,600	364,702	892,898
Contingency	<u>337,691</u>	<u>337,691</u>	<u>-</u>	<u>337,691</u>
Total expenditures	<u>4,042,645</u>	<u>4,042,645</u>	<u>2,211,041</u>	<u>1,831,604</u>
Net change in fund balances	(1,310,664)	(1,310,664)	(179,987)	1,130,677
Fund Balance:				
Beginning of year	<u>2,367,123</u>	<u>2,367,123</u>	<u>2,972,849</u>	<u>605,726</u>
End of year	<u>\$ 1,056,459</u>	<u>\$ 1,056,459</u>	<u>\$ 2,792,862</u>	<u>\$ 1,736,403</u>

**LINCOLN COUNTY, OREGON**

203 COUNTY FAIR FUND

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Permits and fees	\$ 25,000	\$ 25,000	\$ 18,035	\$ (6,965)
Intergovernmental revenues	54,000	54,000	53,667	(333)
Investment earnings	100	100	707	607
Contributions and donations	30,000	30,000	30,843	843
Other revenue	<u>25,800</u>	<u>25,800</u>	<u>31,169</u>	<u>5,369</u>
Total revenues	<u>134,900</u>	<u>134,900</u>	<u>134,421</u>	<u>(479)</u>
Expenditures:				
Materials and services	151,561	151,561	146,727	4,834
Contingency	<u>11,477</u>	<u>11,477</u>	<u>-</u>	<u>11,477</u>
Total expenditures	<u>163,038</u>	<u>163,038</u>	<u>146,727</u>	<u>16,311</u>
Excess revenues under expenditures	<u>(28,138)</u>	<u>(28,138)</u>	<u>(12,306)</u>	<u>15,832</u>
Other financing sources (uses):				
Net change in fund balances	(28,138)	(28,138)	(12,306)	15,832
Fund Balance:				
Beginning of year	<u>28,138</u>	<u>28,138</u>	<u>65,395</u>	<u>37,257</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 53,089</u>	<u>\$ 53,089</u>

**LINCOLN COUNTY, OREGON**

**205 LAW LIBRARY FUND**

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Fines and penalties	\$ 36,000	\$ 36,000	\$ 45,919	\$ 9,919
Investment earnings	500	500	1,235	735
Total revenues	<u>36,500</u>	<u>36,500</u>	<u>47,154</u>	<u>10,654</u>
Expenditures:				
Materials and services	42,580	42,580	22,997	19,583
Contingency	<u>77,205</u>	<u>77,205</u>	-	<u>77,205</u>
Total expenditures	<u>119,785</u>	<u>119,785</u>	<u>22,997</u>	<u>96,788</u>
Net change in fund balances	(83,285)	(83,285)	24,157	107,442
Fund Balance:				
Beginning of year	<u>83,285</u>	<u>83,285</u>	<u>73,845</u>	<u>(9,440)</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 98,002</u>	<u>\$ 98,002</u>

**LINCOLN COUNTY, OREGON**

**207 CLERK RECORDS FUND**

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Permits and fees	\$ 42,000	\$ 42,000	\$ 46,305	\$ 4,305
Investment earnings	900	900	1,300	400
Total revenues	<u>42,900</u>	<u>42,900</u>	<u>47,605</u>	<u>4,705</u>
Expenditures:				
Personal services	54,733	54,733	34,889	19,844
Materials and services	<u>102,370</u>	<u>102,370</u>	<u>2,947</u>	<u>99,423</u>
Total expenditures	<u>157,103</u>	<u>157,103</u>	<u>37,836</u>	<u>119,267</u>
Net change in fund balances	(114,203)	(114,203)	9,769	123,972
Fund Balance:				
Beginning of year	<u>114,203</u>	<u>114,203</u>	<u>105,781</u>	<u>(8,422)</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 115,550</u>	<u>\$ 115,550</u>

**LINCOLN COUNTY, OREGON**

**208 PUBLIC HEALTH FUND**

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues:</b>				
Intergovernmental revenues	\$ 1,569,807	\$ 1,838,086	\$ 1,663,858	\$ (174,228)
Charges for services	3,467,963	3,289,831	2,945,223	(344,608)
Other revenue	<u>65,500</u>	<u>65,500</u>	<u>74,118</u>	<u>8,618</u>
Total revenues	<u>5,103,270</u>	<u>5,193,417</u>	<u>4,683,199</u>	<u>(510,218)</u>
<b>Expenditures:</b>				
Personal services	4,393,983	4,130,871	3,893,521	237,350
Materials and services	<u>1,511,284</u>	<u>1,587,706</u>	<u>1,221,350</u>	<u>366,356</u>
Total expenditures	<u>5,905,267</u>	<u>5,718,577</u>	<u>5,114,871</u>	<u>603,706</u>
Excess revenues under expenditures	<u>(801,997)</u>	<u>(525,160)</u>	<u>(431,672)</u>	<u>93,488</u>
<b>Other financing sources (uses):</b>				
Transfers in	<u>357,500</u>	<u>389,417</u>	<u>389,417</u>	<u>-</u>
Net change in fund balances	(444,497)	(135,743)	(42,255)	93,488
<b>Fund Balance:</b>				
Beginning of year	<u>444,497</u>	<u>135,743</u>	<u>135,742</u>	<u>(1)</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 93,487</u>	<u>\$ 93,487</u>

**LINCOLN COUNTY, OREGON**  
**216 COMMUNITY HEALTH CENTERS FUND**  
Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues:</b>				
Intergovernmental revenues	\$ 2,523,268	\$ 2,604,091	\$ 2,703,330	\$ 99,239
Charges for services	1,840,720	1,840,720	1,853,468	12,748
Investment earnings	3,500	15,000	19,909	4,909
Contributions and donations	300	300	915	615
Other revenue	<u>6,500</u>	<u>6,500</u>	<u>332</u>	<u>(6,168)</u>
Total revenues	<u>4,374,288</u>	<u>4,466,611</u>	<u>4,577,954</u>	<u>111,343</u>
<b>Expenditures:</b>				
Personal services	3,477,092	3,498,391	2,382,950	1,115,441
Materials and services	<u>2,041,893</u>	<u>2,460,578</u>	<u>1,796,264</u>	<u>664,314</u>
Total expenditures	<u>5,518,985</u>	<u>5,958,969</u>	<u>4,179,214</u>	<u>1,779,755</u>
Net change in fund balances	(1,144,697)	(1,492,358)	398,740	1,891,098
<b>Fund Balance:</b>				
Beginning of year	<u>1,144,697</u>	<u>1,492,358</u>	<u>1,492,358</u>	<u>-</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,891,098</u>	<u>\$ 1,891,098</u>

**LINCOLN COUNTY, OREGON**  
**230 SILETZ AREA ENHANCED LAW ENFORCEMENT DISTRICT**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual (Budgetary Basis)**  
**For the Year Ended June 30, 2017**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Property taxes	\$ 220,184	\$ 220,184	\$ 192,110	\$ (28,074)
Intergovernmental revenues	220,184	220,184	150,524	(69,660)
Investment earnings	<u>-</u>	<u>-</u>	<u>46</u>	<u>46</u>
Total revenues	<u>440,368</u>	<u>440,368</u>	<u>342,680</u>	<u>(97,688)</u>
Expenditures:				
Personal services	259,568	239,568	129,740	109,828
Materials and services	74,800	74,800	42,310	32,490
Capital outlay	<u>106,000</u>	<u>126,000</u>	<u>115,430</u>	<u>10,570</u>
Total expenditures	<u>440,368</u>	<u>440,368</u>	<u>287,480</u>	<u>152,888</u>
Other financing sources (uses):				
Net change in fund balances	-	-	55,200	55,200
Fund Balance:				
Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 55,200</u>	<u>\$ 55,200</u>

**LINCOLN COUNTY, OREGON**

**212 ANIMAL SERVICES FUND**

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues:</b>				
Taxes and land sales	\$ 754,000	\$ 754,000	\$ 766,946	\$ 12,946
Permits and fees	64,000	64,000	74,038	10,038
Intergovernmental revenues	-	-	7,290	7,290
Investment earnings	-	-	4,145	4,145
Contributions and donations	<u>55,000</u>	<u>55,000</u>	<u>39,912</u>	<u>(15,088)</u>
Total revenues	<u>873,000</u>	<u>873,000</u>	<u>892,331</u>	<u>19,331</u>
<b>Expenditures:</b>				
Personal services	632,336	657,336	600,443	56,893
Materials and services	279,600	279,600	195,398	84,202
Capital outlay	20,000	20,000	-	20,000
Contingency	<u>223,190</u>	<u>198,190</u>	<u>-</u>	<u>198,190</u>
Total expenditures	<u>1,155,126</u>	<u>1,155,126</u>	<u>795,841</u>	<u>359,285</u>
Net change in fund balances	(282,126)	(282,126)	96,490	378,616
<b>Fund Balance:</b>				
Beginning of year	<u>295,221</u>	<u>295,221</u>	<u>231,295</u>	<u>(63,926)</u>
End of year	<u>\$ 13,095</u>	<u>\$ 13,095</u>	<u>\$ 327,785</u>	<u>\$ 314,690</u>

**LINCOLN COUNTY, OREGON**  
213 TITLE III/SAFETY NET FUND  
Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Investment earnings	\$ 10,500	\$ 10,500	\$ 17,146	\$ 6,646
Expenditures:				
Materials and services	1,008,368	1,008,368	42,405	965,963
Capital outlay	<u>412,878</u>	<u>337,878</u>	<u>-</u>	<u>337,878</u>
Total expenditures	<u>1,421,246</u>	<u>1,346,246</u>	<u>42,405</u>	<u>1,303,841</u>
Excess revenues under expenditures	(1,410,746)	(1,335,746)	(25,259)	1,310,487
Other financing sources (uses):				
Transfers out	<u>-</u>	<u>(75,000)</u>	<u>(75,000)</u>	<u>-</u>
Net change in fund balances	(1,410,746)	(1,410,746)	(100,259)	1,310,487
Fund Balance:				
Beginning of year	<u>1,410,746</u>	<u>1,410,746</u>	<u>1,548,960</u>	<u>138,214</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,448,701</u>	<u>\$ 1,448,701</u>

**LINCOLN COUNTY, OREGON**

**217 CORNER PRESERVATION FUND**

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Permits and fees	\$ 97,000	\$ 97,000	\$ 102,838	\$ 5,838
Investment earnings	1,500	1,500	2,518	1,018
Total revenues	<u>98,500</u>	<u>98,500</u>	<u>105,356</u>	<u>6,856</u>
Expenditures:				
Personal services	33,483	33,483	-	33,483
Materials and services	132,200	132,200	76,815	55,385
Capital outlay	35,000	35,000	-	35,000
Contingency	112,745	112,745	-	112,745
Total expenditures	<u>313,428</u>	<u>313,428</u>	<u>76,815</u>	<u>236,613</u>
Net change in fund balances	(214,928)	(214,928)	28,541	243,469
Fund Balance:				
Beginning of year	<u>214,928</u>	<u>214,928</u>	<u>187,471</u>	<u>(27,457)</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 216,012</u>	<u>\$ 216,012</u>

**LINCOLN COUNTY, OREGON**  
**291 RADIO COMMUNICATIONS FUND**  
Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Charges for services	\$ 115,733	\$ 115,733	\$ 120,206	\$ 4,473
Expenditures:				
Materials and services	137,640	137,640	129,616	8,024
Contingency	<u>94,575</u>	<u>94,575</u>	<u>-</u>	<u>94,575</u>
Total expenditures	<u>232,215</u>	<u>232,215</u>	<u>129,616</u>	<u>102,599</u>
Excess revenues under expenditures	<u>(116,482)</u>	<u>(116,482)</u>	<u>(9,410)</u>	<u>107,072</u>
Other financing sources (uses):				
Transfers in	<u>116,482</u>	<u>116,482</u>	<u>107,173</u>	<u>(9,309)</u>
Fund Balance:				
Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 97,763</u>	<u>\$ 97,763</u>

**LINCOLN COUNTY, OREGON**

859 EXTENSION AGENCY

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Taxes and land sales	\$ 276,000	\$ 276,000	\$ 312,804	\$ 36,804
Intergovernmental revenues	33,500	33,500	10,542	(22,958)
Investment earnings	<u>1,500</u>	<u>1,500</u>	<u>6,787</u>	<u>5,287</u>
Total revenues	311,000	311,000	330,133	19,133
Expenditures:				
Materials and services	<u>533,799</u>	<u>533,799</u>	<u>178,529</u>	<u>355,270</u>
Net change in fund balances	(222,799)	(222,799)	151,604	374,403
Fund Balance:				
Beginning of year	<u>402,799</u>	<u>402,799</u>	<u>445,632</u>	<u>42,833</u>
End of year	<u>\$ 180,000</u>	<u>\$ 180,000</u>	<u>\$ 597,236</u>	<u>\$ 417,236</u>

**LINCOLN COUNTY, OREGON**  
**603 AGATE BEACH DISPOSAL SITE CLOSURE FUND**  
Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Permits and fees	\$ 5,200	\$ 5,200	\$ 6,227	\$ 1,027
Investment earnings	<u>3,500</u>	<u>3,500</u>	<u>7,892</u>	<u>4,392</u>
Total revenues	<u>8,700</u>	<u>8,700</u>	<u>14,119</u>	<u>5,419</u>
Expenditures:				
Materials and services	685,482	685,482	14,796	670,686
Capital outlay	<u>15,000</u>	<u>15,000</u>	-	<u>15,000</u>
Total expenditures	<u>700,482</u>	<u>700,482</u>	<u>14,796</u>	<u>685,686</u>
Net change in fund balances	(691,782)	(691,782)	(677)	691,105
Fund Balance:				
Beginning of year	<u>691,782</u>	<u>691,782</u>	<u>692,919</u>	<u>1,137</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 692,242</u>	<u>\$ 692,242</u>

**LINCOLN COUNTY, OREGON**

601 DUII FUND

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Permits and fees	\$ 1,500	\$ 1,500	\$ 957	\$ (543)
Investment earnings	75	75	191	116
Total revenues	<u>1,575</u>	<u>1,575</u>	<u>1,148</u>	<u>(427)</u>
Expenditures:				
Materials and services	15,000	15,000	-	15,000
Contingency	2,452	2,452	-	2,452
Total expenditures	<u>17,452</u>	<u>17,452</u>	<u>-</u>	<u>17,452</u>
Net change in fund balances	(15,877)	(15,877)	1,148	17,025
Fund Balance:				
Beginning of year	<u>15,877</u>	<u>15,877</u>	<u>15,908</u>	<u>31</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,056</u>	<u>\$ 17,056</u>

## **NONMAJOR CAPITAL PROJECTS FUNDS**

- Fair Facilities – This fund accounts for the upgrade and improvement to the County Fairgrounds and its buildings and infrastructure through a dedicated transient room tax.
- Vehicle Replacement – This fund is responsible for the purchase of vehicles for the County’s fleet. The principal revenue sources are charges to departments utilizing fleet vehicles.
- Capital Projects – This fund handles the expenses incurred for selected capital projects. Revenue sources include debt proceeds, grants, and transfers from other funds.

**LINCOLN COUNTY, OREGON**

Nonmajor Capital Project Funds

Balance Sheet

June 30, 2017

	<u>607 Fair Facilities Fund</u>	<u>219 Capital Projects Fund</u>	<u>103 Vehicle Replacement</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,902,245	\$ 2,481,411	\$ 424,108	\$ 4,807,764
Accounts receivable	<u>128,044</u>	<u>-</u>	<u>-</u>	<u>128,044</u>
Total assets	<u>\$ 2,030,289</u>	<u>\$ 2,481,411</u>	<u>\$ 424,108</u>	<u>\$ 4,935,808</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Fund Balances:				
Committed	<u>\$ 2,030,289</u>	<u>\$ 2,481,411</u>	<u>\$ 424,108</u>	<u>\$ 4,935,808</u>

**LINCOLN COUNTY, OREGON**

Nonmajor Capital Project Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Year ended June 30, 2017

	607 Fair Facilities Fund	219 Capital Projects Fund	103 Vehicle Replacement	Total
<b>REVENUES</b>				
Taxes and land sales	\$ 547,051	\$ -	\$ -	\$ 547,051
Charges for services	-	-	260,998	260,998
Investment earnings	19,669	-	-	19,669
Other revenue	-	-	22,681	22,681
	<u>566,720</u>	<u>-</u>	<u>283,679</u>	<u>850,399</u>
Total revenues				
<b>EXPENDITURES</b>				
Current				
Materials and services	36,015	41,658	3,000	80,673
Capital outlay	79,079	583,952	333,231	996,262
Total expenditures	<u>115,094</u>	<u>625,610</u>	<u>336,231</u>	<u>1,076,935</u>
Excess (deficiency) of revenues over (under) expenditures	<u>451,626</u>	<u>(625,610)</u>	<u>(52,552)</u>	<u>(226,536)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of capital assets	-	-	44,492	44,492
Transfers in	-	419,727	-	419,727
Total other financing source (uses)	<u>-</u>	<u>419,727</u>	<u>44,492</u>	<u>464,219</u>
Net change in fund balances	451,626	(205,883)	(8,060)	237,683
Beginning fund balances	<u>1,578,663</u>	<u>2,687,294</u>	<u>432,168</u>	<u>4,698,125</u>
Ending fund balances	<u>\$ 2,030,289</u>	<u>\$ 2,481,411</u>	<u>\$ 424,108</u>	<u>\$ 4,935,808</u>

**LINCOLN COUNTY, OREGON**

**607 FAIR FACILITIES FUND**

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Taxes and land sales	\$ 270,000	\$ 270,000	\$ 547,051	\$ 277,051
Investment earnings	7,500	7,500	19,669	12,169
Total revenues	<u>277,500</u>	<u>277,500</u>	<u>566,720</u>	<u>289,220</u>
Expenditures:				
Materials and services	152,500	152,500	36,015	116,485
Capital outlay	<u>1,655,009</u>	<u>1,655,009</u>	<u>79,079</u>	<u>1,575,930</u>
Total expenditures	<u>1,807,509</u>	<u>1,807,509</u>	<u>115,094</u>	<u>1,692,415</u>
Net change in fund balances	(1,530,009)	(1,530,009)	451,626	1,981,635
Fund Balance:				
Beginning of year	<u>1,530,009</u>	<u>1,530,009</u>	<u>1,578,663</u>	<u>48,654</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,030,289</u>	<u>\$ 2,030,289</u>

**LINCOLN COUNTY, OREGON**

**219 CAPITAL PROJECTS FUND**

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance
Expenditures:				
Materials and services	117,500	117,500	41,658	75,842
Capital outlay	616,250	1,088,849	583,952	504,897
Contingency	<u>1,871,275</u>	<u>1,871,275</u>	<u>-</u>	<u>1,871,275</u>
Total expenditures	<u>2,605,025</u>	<u>3,077,624</u>	<u>625,610</u>	<u>2,452,014</u>
Excess revenues under expenditures	<u>(2,605,025)</u>	<u>(3,077,624)</u>	<u>(625,610)</u>	<u>2,452,014</u>
Other financing sources (uses):				
Transfers in	<u>-</u>	<u>419,727</u>	<u>419,727</u>	<u>-</u>
Net change in fund balances	<u>(2,605,025)</u>	<u>(2,657,897)</u>	<u>(205,883)</u>	<u>2,452,014</u>
Fund Balance:				
Beginning of year	<u>2,605,025</u>	<u>2,657,897</u>	<u>2,687,294</u>	<u>29,397</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,481,411</u>	<u>\$ 2,481,411</u>

**LINCOLN COUNTY, OREGON**

**103 VEHICLE REPLACEMENT**

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues:</b>				
Charges for services	\$ 238,589	\$ 238,589	\$ 260,998	\$ 22,409
Other revenue	-	-	22,681	22,681
Total revenues	<u>238,589</u>	<u>238,589</u>	<u>283,679</u>	<u>45,090</u>
<b>Expenditures:</b>				
Materials and services	3,000	3,000	3,000	-
Capital outlay	337,000	337,000	333,231	3,769
Contingency	350,215	350,215	-	350,215
Total expenditures	<u>690,215</u>	<u>690,215</u>	<u>336,231</u>	<u>353,984</u>
Excess revenues under expenditures	(451,626)	(451,626)	(52,552)	399,074
<b>Other financing sources (uses):</b>				
Sale of capital assets	<u>32,000</u>	<u>32,000</u>	<u>44,492</u>	<u>12,492</u>
Net change in fund balances	(419,626)	(419,626)	(8,060)	411,566
<b>Fund Balance:</b>				
Beginning of year	<u>419,626</u>	<u>419,626</u>	<u>432,168</u>	<u>12,542</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 424,108</u>	<u>\$ 424,108</u>

## **NONMAJOR ENTERPRISE FUND**

- **Solid Waste District** (a component unit) – This fund is responsible for county-wide solid waste management planning and enforcement. The principal revenue source are charges to waste haulers within the County for tons of waste hauled.

**LINCOLN COUNTY, OREGON**  
**210 SOLID WASTE DISTRICT FUND**  
Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Intergovernmental revenues	\$ 48,000	\$ 48,000	\$ 30,000	\$ (18,000)
Charges for services	219,200	219,200	230,228	11,028
Investment earnings	240	240	613	373
Other revenue	<u>110</u>	<u>110</u>	<u>2,906</u>	<u>2,796</u>
Total revenues	<u>267,550</u>	<u>267,550</u>	<u>263,747</u>	<u>(3,803)</u>
Expenditures:				
Personal services	118,349	118,349	115,833	2,516
Materials and services	162,538	162,538	126,540	35,998
Contingency	<u>50,156</u>	<u>50,156</u>	<u>-</u>	<u>50,156</u>
Total expenditures	<u>331,043</u>	<u>331,043</u>	<u>242,373</u>	<u>88,670</u>
Net change in fund balances	(63,493)	(63,493)	21,374	84,867
Fund Balance:				
Beginning of year	<u>71,429</u>	<u>71,429</u>	<u>85,826</u>	<u>14,397</u>
End of year	<u>\$ 7,936</u>	<u>\$ 7,936</u>	107,200	<u>\$ 99,264</u>
Reconciliation to GAAP Basis:				
Compensated absences			<u>(5,582)</u>	
GAAP Fund Balance - end of year			<u>\$ 101,618</u>	

## **NONMAJOR INTERNAL SERVICE FUND**

- **Self Insurance Fund** - This fund accounts for costs of the County's self-insurance activities for workers' compensation and unemployment, as well as risk management projects.

**LINCOLN COUNTY, OREGON**

**215 SELF INSURANCE FUND**

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Charges for services	\$ 850,000	\$ 850,000	\$ 871,528	\$ 21,528
Investment earnings	20,000	20,000	44,322	24,322
Other revenue	<u>5,000</u>	<u>5,000</u>	<u>11,020</u>	<u>6,020</u>
Total revenues	<u>875,000</u>	<u>875,000</u>	<u>926,870</u>	<u>51,870</u>
Expenditures:				
Personal services	60,975	60,975	-	60,975
Materials and services	636,000	636,000	551,771	84,229
Capital outlay	225,000	225,000	80,857	144,143
Contingency	<u>3,727,029</u>	<u>3,727,029</u>	<u>-</u>	<u>3,727,029</u>
Total expenditures	<u>4,649,004</u>	<u>4,649,004</u>	<u>632,628</u>	<u>4,016,376</u>
Net change in fund balances	(3,774,004)	(3,774,004)	294,242	4,068,246
Fund Balance:				
Beginning of year	<u>3,774,004</u>	<u>3,774,004</u>	<u>3,794,468</u>	<u>20,464</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>4,088,710</u>	<u>\$ 4,088,710</u>
Reconciliation to GAAP Basis:				
Claims payable			<u>(28,127)</u>	
GAAP Fund Balance - end of year			<u>\$ 4,060,583</u>	

## **NONMAJOR FIDUCIARY FUNDS**

These funds account for resources received and held by the County in a fiduciary capacity. Funds included are:

- The Agency Funds account for resources received and held by the County in a fiduciary capacity. Disbursements from these funds are made in accordance with the agency agreement or applicable legislative enactment for each particular fund.

**LINCOLN COUNTY, OREGON**  
**AGENCY FUND**  
Statement of Changes in Assets and Liabilities  
For the Year Ended June 30, 2017

	<u>Balances</u> <u>June 30, 2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balances</u> <u>June 30, 2017</u>
<b>ASSETS</b>				
Cash and investments	\$ 2,604,790	\$ 103,692,621	\$ 103,848,856	\$ 2,448,555
Receivables	<u>8,574,424</u>	<u>103,596,742</u>	<u>103,692,621</u>	<u>8,478,545</u>
Total assets	<u>\$ 11,179,214</u>	<u>\$ 207,289,363</u>	<u>\$ 207,541,477</u>	<u>\$ 10,927,100</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 12,694	\$ 3,212,661	\$ 3,212,526	\$ 12,829
Amounts held for others	<u>11,166,520</u>	<u>100,371,244</u>	<u>100,623,493</u>	<u>10,914,271</u>
Total liabilities	<u>\$ 11,179,214</u>	<u>\$ 103,583,905</u>	<u>\$ 103,836,019</u>	<u>\$ 10,927,100</u>

**LINCOLN COUNTY, OREGON**

Schedule of Receipts and Disbursements for Elected Officials

For the Year Ended June 30, 2017

There is no cash on hand or cash transactions for independently elected officials for fiscal year ending June 30, 2017.



## STATISTICAL SECTION

## STATISTICAL SECTION

- **Financial Trends** - These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time. 78-81
- **Revenue Capacity** - These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax. 82-85
- **Debt Capacity** - These schedules present information to help the reader assess the affordability of the government's current levels of debt outstanding and the government's ability to issue additional debt in the future. 86-89
- **Demographic and Economic Information** - These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place. 90-91
- **Operating Information** - These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs. 92-94

**LINCOLN COUNTY**

**NET ASSETS BY COMPONENT  
( Accrual Basis of Accounting)  
(in thousands of dollars)**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Governmental activities</b>										
Net investment in capital assets	\$ 115,493	\$ 119,306	\$ 122,659	\$ 123,439	\$ 34,807	\$ 35,744	\$ 37,757	\$ 37,806	\$ 39,642	\$ 40,693
Restricted	19,760	20,238	17,921	15,036	13,834	18,466	12,116	22,178	23,265	21,693
Unrestricted	14,698	11,596	11,475	12,487	14,979	10,043	17,861	10,345	10,425	12,807
Total governmental activities net position	\$ 149,951	\$ 151,140	\$ 152,055	\$ 150,962	\$ 63,620	\$ 64,253	\$ 67,734	\$ 70,329	\$ 73,332	\$ 75,193
<b>Business-type activities</b>										
Unrestricted	-	-	126	51	32	42	58	62	81	102
<b>Primary government</b>										
Net investment in capital assets	\$ 115,493	\$ 119,306	\$ 122,659	\$ 123,439	\$ 34,807	\$ 35,744	\$ 37,757	\$ 37,806	\$ 39,642	\$ 40,693
Restricted	19,760	20,238	17,921	15,036	13,834	18,466	12,116	22,178	23,265	21,693
Unrestricted	14,698	11,596	11,601	12,538	15,011	10,085	17,919	10,407	10,506	12,909
Total primary government net position	\$ 149,951	\$ 151,140	\$ 152,181	\$ 151,013	\$ 63,652	\$ 64,295	\$ 67,792	\$ 70,391	\$ 73,413	\$ 75,295

LINCOLN COUNTY

CHANGES IN NET ASSETS  
( Accrual Basis of Accounting)  
(in thousands of dollars)

EXPENSES	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>EXPENSES</b>										
Governmental Activities										
General Government	\$ 11,082	\$ 11,229	\$ 9,427	\$ 9,344	\$ 7,693	\$ 8,778	\$ 8,665	\$ 8,735	\$ 9,332	\$ 9,937
Community Services	4,065	4,205	4,030	3,783	3,972	4,211	4,143	3,878	3,995	4,082
Public Safety	16,766	17,322	16,484	16,972	19,373	18,409	18,878	17,916	21,900	21,170
Highways and Streets	8,509	7,543	7,614	8,366	8,191	6,102	5,656	6,659	6,119	6,103
Culture and Recreation	249	198	265	142	235	218	258	211	225	307
Health and Welfare	11,881	12,033	10,101	10,994	10,889	12,686	13,465	14,577	14,848	17,392
Education	1,668	1,569	1,421	1,236	956	920	688	689	1,371	179
Interest	95	93	63	41	26	6	77	242	121	102
Total Governmental Activities Expense	\$ 54,315	\$ 54,192	\$ 49,405	\$ 50,878	\$ 51,335	\$ 51,330	\$ 51,830	\$ 52,907	\$ 57,911	\$ 59,272
Business-type Activities										
Solid waste	\$ -	\$ -	\$ 278	\$ 278	\$ 257	\$ 220	\$ 217	\$ 234	\$ 231	\$ 243
Total Business-type Activities	\$ -	\$ -	\$ 278	\$ 278	\$ 257	\$ 220	\$ 217	\$ 234	\$ 231	\$ 243
Total Primary Government Expenses	\$ 54,315	\$ 54,192	\$ 49,683	\$ 51,156	\$ 51,592	\$ 51,550	\$ 52,047	\$ 53,141	\$ 58,142	\$ 59,515
<b>PROGRAM REVENUES</b>										
Governmental Activities										
Charges for Services										
General Government	\$ 1,842	\$ 2,476	\$ 1,967	\$ 2,365	\$ 2,558	\$ 2,576	\$ 2,296	\$ 1,787	\$ 3,493	\$ 2,968
Community Services	559	670	406	397	706	663	797	753	931	6,139
Public Safety	447	911	1,266	1,061	1,916	2,336	2,641	1,033	1,120	253
Highways and Streets	1,365	1,144	-	-	-	-	675	320	-	2,257
Culture and Recreation	-	-	-	-	-	-	-	-	-	103
Health and Welfare	3,454	6,188	4,142	5,430	6,630	6,217	8,481	9,611	9,466	4,890
Education	1	6	2	9	-	-	-	-	-	3
Operating Grants and Contributions	18,962	19,766	21,192	19,520	19,958	18,076	18,740	20,072	19,357	18,695
Capital Grants and Contributions	1,500	12	2,136	562	1,295	383	57	452	1,531	507
Total Governmental Activities Program Revenues	\$ 28,130	\$ 31,173	\$ 31,111	\$ 29,344	\$ 33,063	\$ 30,251	\$ 33,687	\$ 34,028	\$ 35,898	\$ 35,815
Business-type Activities - Solid waste										
Charges for Services	\$ -	\$ -	\$ 213	\$ 182	\$ 219	\$ 200	\$ 204	\$ 208	\$ 220	\$ 233
Operating Grants and Contributions	\$ -	\$ -	\$ 20	\$ 20	\$ 20	\$ 30	\$ 30	\$ 30	\$ 30	\$ 30
Total Business-type Activities	\$ -	\$ -	\$ 233	\$ 202	\$ 239	\$ 230	\$ 234	\$ 238	\$ 250	\$ 263
Total Primary Government Program Revenues	\$ 28,130	\$ 31,173	\$ 31,344	\$ 29,546	\$ 33,302	\$ 30,481	\$ 33,921	\$ 34,266	\$ 36,148	\$ 36,078
Net (Expense)Revenue										
Governmental Activities	\$ (26,185)	\$ (23,019)	\$ (18,294)	\$ (21,534)	\$ (18,272)	\$ (21,079)	\$ (18,143)	\$ (18,879)	\$ (22,013)	\$ (23,457)
Business-type Activities	-	-	(45)	(76)	(18)	10	17	4	19	20
Total Primary Government Net Expense	\$ (26,185)	\$ (23,019)	\$ (18,339)	\$ (21,610)	\$ (18,290)	\$ (21,069)	\$ (18,126)	\$ (18,875)	\$ (21,994)	\$ (23,437)
<b>GENERAL REVENUES AND OTHER</b>										
Taxes										
Property Taxes	\$ 15,954	\$ 16,705	\$ 16,942	\$ 18,188	\$ 18,986	\$ 19,389	\$ 19,417	\$ 20,657	\$ 21,219	\$ 22,717
Transient Room Taxes	-	-	-	1,666	1,502	1,800	1,775	1,856	2,134	1,867
Other Taxes	1,086	1,640	1,631	265	235	-	-	-	-	339
Unrestricted Grants and Contributions	3,448	3,335	-	-	-	-	-	-	-	-
Investment Earnings	1,541	661	219	163	151	157	174	155	226	395
State Motor Vehicle Fees	-	-	-	-	-	-	-	-	-	-
Timber and Land Sales	483	556	564	161	500	365	206	457	1,123	-
Gain (Loss) on Sale of Capital Assets	(162)	16	23	(2)	-	-	51	37	41	-
Miscellaneous	528	543	-	-	-	-	-	-	-	-
Total Governmental Activities	\$ 22,878	\$ 23,456	\$ 19,379	\$ 20,441	\$ 21,374	\$ 21,711	\$ 21,623	\$ 23,162	\$ 24,743	\$ 25,318
Business-type Activities										
Investment Earnings	\$ -	\$ -	\$ 1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Business-type Activities	\$ -	\$ -	\$ 1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Primary Government	\$ 22,878	\$ 23,456	\$ 19,380	\$ 20,441	\$ 21,374	\$ 21,711	\$ 21,623	\$ 23,162	\$ 24,743	\$ 25,318
<b>CHANGE IN NET ASSETS</b>										
Governmental Activities	\$ (3,307)	\$ 437	\$ 1,085	\$ (1,093)	\$ 3,102	\$ 632	\$ 3,480	\$ 4,283	\$ 2,730	\$ 1,861
Business-type Activities	-	-	(44)	(76)	(18)	10	17	4	19	20
Total Primary Government Change in Net Assets	\$ (3,307)	\$ 437	\$ 1,041	\$ (1,169)	\$ 3,084	\$ 642	\$ 3,497	\$ 4,287	\$ 2,749	\$ 1,881

Notes

1. The Solid Waste fund was categorized as a business-type fund for the first time in FY 2010. Therefore, no historical data separate from the governmental activities is available before this year.

2. Data for transient room taxes is included with "Other Taxes" category for years prior to 2011

**LINCOLN COUNTY**

**FUND BALANCES OF GOVERNMENTAL FUNDS**

**(Modified Accrual Basis of Accounting)**  
**(in thousands of dollars)**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>GENERAL FUND</b>										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	8,346	4,486	4,135	-	-	-	-	-	-	-
Nonspendable	-	-	-	3	2	-	-	-	-	-
Restricted	-	-	-	673	309	472	811	741	607	754
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	4,464	5,264	5,724	5,475	6,000	7,285	8,232
<b>Total General Fund</b>	<b>\$ 8,346</b>	<b>\$ 4,486</b>	<b>\$ 4,135</b>	<b>\$ 5,140</b>	<b>\$ 5,575</b>	<b>\$ 6,196</b>	<b>\$ 6,286</b>	<b>\$ 6,741</b>	<b>\$ 7,892</b>	<b>\$ 8,986</b>
<b>ALL OTHER GOVERNMENTAL FUNDS</b>										
Reserved For:										
Debt Service	\$ 262	\$ 262	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Outpatient Services	50	50	50	-	-	-	-	-	-	-
Unreserved, reported in Special Revenue Fund	25,582	25,545	25,261	-	-	-	-	-	-	-
Nonspendable	-	-	-	330	404	436	463	502	462	453
Restricted	-	-	-	19,528	20,192	18,466	18,926	18,328	22,657	20,940
Committed	-	-	-	3,127	2,886	3,240	5,997	6,601	4,008	5,956
Assigned	-	-	-	50	-	-	67	389	-	-
Unassigned	-	-	-	(46)	-	-	-	-	-	-
<b>Total All Other Governmental Funds</b>	<b>\$ 25,894</b>	<b>\$ 25,857</b>	<b>\$ 25,311</b>	<b>\$ 22,989</b>	<b>\$ 23,482</b>	<b>\$ 22,142</b>	<b>\$ 25,453</b>	<b>\$ 25,820</b>	<b>\$ 27,127</b>	<b>\$ 27,349</b>

*This schedule has been modified with the implementation of GASB 54, effective FY 2011.*

**LINCOLN COUNTY**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**(Modified Accrual Basis of Accounting)**  
**(in thousands of dollars)**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>REVENUES</b>										
Taxes and Land Sales	\$ 17,737	\$ 18,854	\$ 19,009	\$ 19,915	\$ 20,673	\$ 21,228	\$ 21,280	\$ 22,637	\$ 23,221	\$ 24,584
Licenses, Fees, and Permits	1,908	1,532	1,431	1,416	1,328	1,328	1,203	1,291	1,461	1,582
Charges for Services	5,707	6,518	12,261	8,250	9,312	9,427	11,409	11,505	12,795	12,493
Intergovernmental	22,682	21,748	17,333	19,088	21,991	19,091	20,638	20,899	21,996	20,081
Fines and Penalties	160	130	138	133	118	91	100	90	90	107
Investment Earnings	1,544	637	215	162	143	150	163	139	202	395
Donations	-	-	-	-	-	-	62	79	72	72
Miscellaneous	885	2,717	1,113	772	740	580	740	382	753	1,852
<b>Total Revenues</b>	<b>\$ 50,623</b>	<b>\$ 52,136</b>	<b>\$ 51,500</b>	<b>\$ 49,736</b>	<b>\$ 54,305</b>	<b>\$ 51,895</b>	<b>\$ 55,595</b>	<b>\$ 57,022</b>	<b>\$ 60,590</b>	<b>\$ 61,166</b>
<b>EXPENDITURES</b>										
General Government	\$ 9,402	\$ 10,395	\$ 8,406	\$ 8,329	\$ 8,326	\$ 8,669	\$ 8,893	\$ 9,163	\$ 9,329	\$ 9,973
Community Services	4,187	4,050	3,910	3,633	3,803	4,063	3,897	3,599	3,731	3,803
Public Safety	16,133	16,746	15,957	16,443	18,789	17,611	18,044	18,275	18,491	19,402
Highways and Streets	4,336	4,564	6,594	7,177	6,426	6,149	7,592	5,444	4,995	5,097
Culture and Recreation	233	192	51	60	118	96	144	84	109	183
Health and Welfare	11,822	11,495	10,065	10,956	10,817	12,582	13,382	14,547	14,792	17,219
Education	1,669	1,566	1,421	1,236	956	920	687	693	1,376	179
Capital Outlay	2,715	6,291	4,956	2,748	3,571	2,053	2,969	3,988	5,203	3,623
Debt Service										
Principal	675	705	799	429	446	462	15	284	289	300
Interest	96	28	68	42	26	9	77	138	129	117
Bond Issuance Costs	-	-	-	-	-	-	69	-	-	-
<b>Total Expenditures</b>	<b>\$ 51,268</b>	<b>\$ 56,032</b>	<b>\$ 52,227</b>	<b>\$ 51,053</b>	<b>\$ 53,278</b>	<b>\$ 52,614</b>	<b>\$ 55,769</b>	<b>\$ 56,215</b>	<b>\$ 58,444</b>	<b>\$ 59,896</b>
Excess of Revenues Over (Under) Expenditures	\$ (645)	\$ (3,896)	\$ (727)	\$ (1,317)	\$ 1,027	\$ (719)	\$ (174)	\$ 807	\$ 2,146	\$ 1,270
<b>OTHER FINANCING SOURCES (USES)</b>										
Proceeds from Long-Term Debt	\$ 2,140	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,575	\$ -	\$ -	\$ -
Transfers in	2,631	494	639	878	606	339	797	2,331	705	916
Transfers out	(2,631)	(494)	(639)	(878)	(606)	(339)	(797)	(2,331)	(705)	(916)
Proceeds from sale of fixed assets	-	-	-	-	-	-	-	37	41	44
<b>Net Change in Fund Balances</b>	<b>\$ 1,495</b>	<b>\$ (3,896)</b>	<b>\$ (727)</b>	<b>\$ (1,317)</b>	<b>\$ 1,027</b>	<b>\$ (719)</b>	<b>\$ 3,401</b>	<b>\$ 844</b>	<b>\$ 2,187</b>	<b>\$ 1,314</b>
Debt Service as a % of Noncapital Expenditures	1.6%	1.5%	1.9%	1.0%	1.0%	0.9%	0.2%	0.8%	0.8%	0.7%

## LINCOLN COUNTY

### ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY (in thousands of dollars)

Year Ended June 30,	Real Property		Personal Property		Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Value	Assessed Value as a Percentage of Actual Value
	Manufactured Structures	Other Real Property	Manufactured Structures	Business Personal Property				
2008	60,927	5,495,187	32,745	114,225	5,703,084	3.1001	10,235,611	55.7%
2009	59,014	5,790,741	35,604	111,987	5,997,347	3.0963	11,030,893	54.4%
2010	54,519	6,042,207	37,950	121,456	6,256,132	3.0004	10,601,034	59.0%
2011	52,030	6,223,137	38,672	117,886	6,431,725	3.0727	9,694,409	66.3%
2012	49,867	6,390,364	36,818	101,617	6,578,666	3.0727	9,001,860	73.1%
2013	47,680	6,300,488	34,204	97,171	6,479,543	3.0727	8,301,862	78.0%
2014	46,847	6,596,883	33,966	104,232	6,781,928	3.0727	7,894,421	85.9%
2015	46,411	6,743,822	33,380	104,141	6,927,754	3.0727	7,938,141	87.3%
2016	45,764	6,926,487	33,760	105,673	7,111,684	3.0727	8,115,882	87.6%
2017	47,911	7,131,128	35,898	105,326	7,320,263	3.0727	8,446,089	86.7%

Source: Lincoln County Assessor's Office

**LINCOLN COUNTY  
PROPERTY TAX RATES  
DIRECT AND OVERLAPPING GOVERNMENTS  
Rate per \$1,000 of assessed value**

Fiscal Year Ended June 30,	Lincoln County			Overlapping Rates			Total Direct and Overlapping Rates
	Operating	Debt Service	Total	Cities	Schools	Other Districts	
2008	2.9627	0.1374	3.1001	4.8744	6.4353	0.3075	14.7173
2009	2.9627	0.1336	3.0963	4.7598	6.4416	0.3211	14.6188
2010	2.9627	0.0377	3.0004	4.6874	6.4898	0.3252	14.5028
2011	3.0727	-	3.0727	4.8526	6.4401	0.3191	14.6845
2012	3.0727	-	3.0727	4.9789	6.4220	0.3141	14.7877
2013	3.0727	-	3.0727	4.9061	6.4128	0.3618	14.7534
2014	3.0727	-	3.0727	4.7727	6.2984	0.5547	14.6985
2015	3.0727	-	3.0727	4.9418	6.3248	0.5472	14.8865
2016	3.0727	-	3.0727	4.9536	6.2868	0.5869	14.9000
2017	3.0727	-	3.0727	5.2070	6.4833	0.7395	15.5025

Note: Overlapping rates are those of other governments that apply to property owners within Lincoln County. Not all overlapping rates apply to all property owners within the County as rates for cities, schools and other districts apply only to the proportion of the County's property owners whose property is located within the geographic boundaries of those governments.

Source: Lincoln County Assessor's Office

## LINCOLN COUNTY

### PRINCIPAL PROPERTY TAXPAYERS (in thousands of dollars) Current and Ten Years Ago

<u>Taxpayer</u>	2016-17			2007-08		
	Assessed Value	Rank	Percentage of County Total Assessed Value	Assessed Value	Rank	Percentage of County Total Assessed Value
Georgia Pacific West Inc	\$ 175,251	1	2.4%	\$ 147,129	1	2.6%
Central Lincoln PUD	74,920	2	1.0%	57,625	2	1.0%
Plum Creek Timberlands	53,549	3	0.7%	48,448	3	0.8%
Northwest Natural Gas	41,158	4	0.6%	37,997	4	0.7%
The Worldmark Club	39,211	5	0.5%	36,380	6	
Devils Lake Road LLC	38,926	6	0.5%			
Nestucca Forests LLC	31,896	7	0.4%			
Charter Communications	29,057	8	0.4%			
Centurylink	20,962	9	0.3%			
Pacificcorp	20,814	10	0.3%			
Fred Meyer Stores Inc			0.0%			
COROC/Lincoln City LLC				29,738	5	0.5%
Green Diamond Resource Co				23,923	7	0.4%
Meriwether NW OR Land & Timber Co				19,369	8	
Pioneer Telephone Coop.				17,795	9	0.3%
Shilo Inn Newport LLC				10,890	10	0.2%
<b>Total Assessed Value</b>	<b>\$ 7,320,263</b>			<b>\$ 5,703,084</b>		

Source : Lincoln County Assessor's Office

## LINCOLN COUNTY

### PROPERTY TAX LEVIES AND COLLECTIONS (in thousands of dollars)

Year Ended June 30,	Tax Levy for Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	% of Levy		Amount	% of Levy
2008	15,153	14,523	95.8%	630	15,153	100%
2009	15,859	15,026	94.7%	833	15,859	100%
2010	15,942	15,113	94.8%	829	15,942	100%
2011	17,234	16,315	94.7%	872	17,187	99.7%
2012	18,248	17,310	94.9%	886	18,196	99.7%
2013	18,075	17,225	95.3%	779	18,004	99.6%
2014	19,158	18,349	95.8%	676	19,024	99.3%
2015	20,025	19,304	96.4%	427	19,731	98.5%
2016	21,207	20,084	94.7%	689	20,773	98.0%
2017	22,118	21,432	96.9%	-	21,432	96.9%

Source: Lincoln County Treasurer's Office

# LINCOLN COUNTY

## RATIOS OF OUTSTANDING DEBT BY TYPE (amounts expressed in thousands except debt per capita amounts shown as actual)

### Governmental Activities

Year Ended June 30	General Obligation Bonds	Notes and Capital Leases	Total	Debt Per Personal Income Per Capita
2008	1,090	2,140	3,230	96
2009	385	1,751	2,136	63
2010	-	1,337	1,337	40
2011	-	929	929	27
2012	-	462	462	13
2013	-	-	-	-
2014	-	3,465	3,465	92
2015	-	3,182	3,182	82
2016	-	2,892	2,892	73
2017	-	2,598	2,598	N/A

*Note: Per Bureau of Economic Analysis (Regional Economic Accounts) (www.bea.gov). The latest personal income & per capita personal income available by BEA economic area is 2016.*

*Sources: Lincoln County Finance Department  
Bureau of Economic Analysis*

# LINCOLN COUNTY

## RATIOS OF GENERAL BONDED DEBT OUTSTANDING

(amounts expressed in thousands except per capita amounts shown as actual)

Year Ended June 30	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property <sup>a</sup>	Outstanding Debt Per Capita <sup>b</sup>
2008	1,090	262	828	0.013%	19
2009	385	262	123	0.001%	3
2010	0	0	0	0.000%	0
2011	0	0	0	0.000%	0
2012	0	0	0	0.000%	0
2013	0	0	0	0.000%	0
2014	0	0	0	0.000%	0
2015	0	0	0	0.000%	0
2016	0	0	0	0.000%	0
2017	0	0	0	0.000%	0

*(a) Property values can be found on the Schedule of Assessed Value and Estimated Actual Value of Taxable Property.*

*(b) Population data can be found in the Schedule of Demographic and Economic Statistics.*

# LINCOLN COUNTY

## DIRECT AND OVERLAPPING DEBT

As of June 30, 2017

Municipality	Net General Debt Outstanding	Percent within County	Amount Applicable to County
<b>Direct:</b>			
Lincoln County			\$ -
<b>Overlapping:</b>			
City of Depoe Bay	\$ 3,060,000	100.00%	\$ 3,060,000
City of Lincoln City	8,672,225	100.00%	8,672,225
City of Newport	30,120,231	100.00%	30,120,231
City of Siletz	386,722	100.00%	386,722
City of Toledo	1,098,244	100.00%	1,098,244
City of Waldport	330,345	100.00%	330,345
City of Yachats	957,880	100.00%	957,880
Kernville, Gleneden, Lincoln Beach Water District	431,132	100.00%	431,132
Lincoln County Unified School District	81,164,291	99.41%	80,685,422
Lower Siletz Water District	22,260	100.00%	22,260
Newport South Beach Urban Renewal	305,000	100.00%	305,000
Central Oregon Coast RFPD	75,000	100.00%	75,000
Oregon Coast Community College	13,615,000	100.00%	13,615,000
Pacific Communities Health District	49,005,000	100.00%	49,005,000
Panther Creek Water District	37,740	100.00%	37,740
Port of Alsea	112,279	100.00%	112,279
Port of Newport	19,174,181	100.00%	19,174,181
Port of Toledo	1,292,708	100.00%	1,292,708
Seal Rock Water District	5,271,000	100.00%	5,271,000
Silver Sands Special Road District	30,000	100.00%	30,000
Southwest Lincoln County Water District	124,764	100.00%	124,764
<b>Total Overlapping</b>	<b>\$ 215,286,002</b>		<b>\$ 214,807,133</b>
<b>Total</b>	<b>\$ 215,286,002</b>		<b>\$ 214,807,133</b>

*Includes general obligation bonds less any that are fully self-supporting.*

*Source: Municipal Debt Advisory Commission, State of Oregon*

*Overlapping debt percentage is calculated by determining the percentage of real market value the issuer shares between itself and another issuer. This data is provided to the Oregon Treasury annually by the Oregon*

## LINCOLN COUNTY

### LEGAL DEBT MARGIN INFORMATION LAST TEN FISCAL YEARS (amounts expressed in thousands)

**Calculation of Legal Debt Margin for Fiscal Year 2017**

True Cash Value	8,446,089
Debt Limit - 2% of true cash value per ORS 287.054	\$ 168,922
General Obligation Bonds	\$ -
Less: Amount set aside for repayment of G.O. debt	\$ -
Total Net Debt Applicable to Limit	-
Legal Debt Margin	\$ 168,922

**Legal Debt Margin History**

Year ended June 30	2008	2009	2010	2011	2012	2013	2014	2015
True Cash Value of Property	\$ 10,235,611	\$ 11,030,893	\$ 10,601,034	\$ 9,694,409	\$ 9,001,860	\$ 8,301,862	\$ 7,894,421	\$ 7,938,141
Debt Limit	\$ 204,712	\$ 220,618	\$ 212,021	\$ 193,888	\$ 180,037	\$ 166,037	\$ 157,888	\$ 158,763
Total Net Debt Applicable to Limit	\$ 828	\$ 123	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Legal Debt Margin	\$ 203,884	\$ 220,495	\$ 212,021	\$ 193,888	\$ 180,037	\$ 166,037	\$ 157,888	\$ 158,763
 Total Net Debt Applicable to Limit as a Percentage of Debt Limit	 0.40%	 0.06%	 0.00%	 0.00%	 0.00%	 0.00%	 0.00%	 0.00%

# LINCOLN COUNTY

## DEMOGRAPHIC AND ECONOMIC STATISTICS

Year Ended June 30	Population <sup>a</sup>	Personal Income (\$000's) <sup>b</sup>	Per Capita Personal Income <sup>b</sup>	Unemployment Rate <sup>c</sup>
2008	44,715	1,497,282	33,485	5.5%
2009	45,946	1,553,434	33,810	10.4%
2010	46,293	1,559,195	33,681	11.0%
2011	46,135	1,572,179	34,228	10.1%
2012	46,155	1,679,689	36,377	9.5%
2013	46,560	1,718,619	37,079	8.4%
2014	46,890	1,681,133	37,462	7.6%
2015	47,225	1,832,982	38,968	6.6%
2016	47,735	1,896,224	39,665	6.2%
2017	47,960	N/A	N/A	4.2%

Sources: (a) Portland State University, College of Urban Affairs,  
Population Research Center

(b) Bureau of Economic Analysis

(c) Oregon Employment Department

## LINCOLN COUNTY

### PRINCIPAL EMPLOYERS Current and Ten Years Ago

Employer	FY 2016-17			FY 2007-08		
	Employees	Rank	% of Total County Employment	Employees	Rank	% of Total County Employment
Confederated Tribes of the Siletz	1,266	1	7.2%	904	1	4.4%
Samaritan Health Services	816	2	4.7%	481	3	2.4%
Lincoln County School District	500	3	2.9%	597	2	2.9%
Lincoln County	395	4	2.3%	404	5	2.0%
Georgia-Pacific/Koch	390	5	2.2%	424	4	2.1%
OHSU/Hatfield Marine Science Center	320	6	1.8%	295	6	1.4%
Walmart	213	7	1.2%	N/A	-	N/A
Fred Meyer	200	8	1.1%	N/A	-	N/A
Safeway	179	9	1.0%	N/A	-	N/A
City of Newport	159	10	0.9%	N/A	-	N/A
City of Lincoln City	157	11	0.9%	N/A	-	N/A
Central Lincoln PUD	136	12	0.8%	135	7	0.7%
NOAA	128	13	0.7%	N/A	-	N/A
Oregon Coast Community College	105	14	0.6%	N/A	-	N/A
The Inn at Spanish Head	100	15	0.6%	N/A	-	N/A
Pacific Shrimp	N/A	N/A	N/A	98	8	0.5%
Salishan Lodge	N/A	N/A	N/A	95	9	0.5%
Shilo Inns	N/A	N/A	N/A	65	10	0.3%
<b>Total</b>	<b>5,064</b>		<b>29.0%</b>	<b>3,498</b>		<b>17.1%</b>
 Total Employment - Lincoln County:	 17,490			 20,446		

Source: Central Coast Economic Development Alliance; Employers

## LINCOLN COUNTY

### FULL TIME EQUIVALENT EMPLOYEES BY FUNCTION Last Ten Fiscal Years

FUNCTION	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Government										
Highways and Streets	30.00	30.00	31.00	30.00	30.00	30.00	31.25	30.60	30.60	30.60
Other	91.00	81.00	71.00	72.00	72.00	72.00	74.00	75.10	76.00	77.51
Community Services										
Health and Welfare	118.00	90.00	90.00	98.00	98.00	101.00	127.00	140.21	157.87	163.05
Other	12.00	9.00	7.00	6.50	6.50	8.00	6.00	5.13	5.30	6.00
Public Safety										
Sheriff's Department	82.00	91.00	91.00	91.00	91.00	88.00	82.00	82.00	82.00	86.50
Other	71.00	65.00	61.00	59.50	59.50	57.50	61.75	61.85	64.35	64.85
<b>Total</b>	<b>404.00</b>	<b>366.00</b>	<b>351.00</b>	<b>357.00</b>	<b>357.00</b>	<b>356.50</b>	<b>382.00</b>	<b>394.89</b>	<b>416.12</b>	<b>428.51</b>
General Government	121.00	111.00	102.00	102.00	102.00	102.00	105.25	105.70	106.60	108.11
Community Services	130.00	99.00	97.00	104.50	104.50	109.00	133.00	145.34	163.17	169.05
Public Safety	153.00	156.00	152.00	150.50	150.50	145.50	143.75	143.85	146.35	151.35

Source : Lincoln County Finance Department

**LINCOLN COUNTY**  
**OPERATING INDICATORS BY FUNCTION**  
**Last Ten Fiscal Years**

FUNCTION	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Public Safety</b>											
Physical Arrests	1,195	1,134	1,224	817	708	704	958	760	842	1,113	1,037
Traffic Citations	923	862	782	687	599	555	787	754	755	927	1,553
Concealed Handgun Licensing											
Issued	N/A	N/A	N/A	N/A	N/A	N/A	675	811	717	828	803
Denied	N/A	N/A	N/A	N/A	N/A	N/A	7	14	4	1	0
Revoked	N/A	N/A	N/A	N/A	N/A	N/A	13	9	6	1	2
Sex Offender Registrations	N/A	N/A	N/A	N/A	N/A	N/A	204	232	238	228	219
Fingerprints (not for CHL, sex offender or juvenile)	N/A	N/A	N/A	N/A	N/A	N/A	765	352	843	615	501
Civil Papers	N/A	N/A	N/A	N/A	N/A	N/A	1,493	1,497	1,578	1,850	1,742
Criminal Subpoenas	N/A	N/A	N/A	N/A	N/A	N/A	1,258	1,491	1,637	1,750	994
Sheriff's Sales	N/A	N/A	N/A	N/A	N/A	N/A	33	115	117	88	78
Jail Bookings	N/A	N/A	N/A	N/A	N/A	N/A	3,108	N/A	3,141	3,341	3,657
Jail Releases	N/A	N/A	N/A	N/A	N/A	N/A	3,113	N/A	3,141	3,310	2,164
Released early (pre-trial or sentenced)	N/A	N/A	N/A	N/A	N/A	N/A	554	N/A	N/A	N/A	N/A
Total Average Stay (Days)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	18	23	N/A
Average Daily population	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	235	224	N/A
Felony charges	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	862	665	N/A
Misdemeanor charge	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1,795	918	N/A
Other charges	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	4,414	1,977	N/A
<b>General Government</b>											
Vacation Rental Applications	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	346
<b>Highways and Streets</b>											
Miles of Road Pavement Overlays	7.4	2.4	1.9	20.2	10.9	3.0	4	1	2.65	3.02	2.50
Miles of Road Shoulder Widening	2.3	0.7	1.9	1.5	0	0	0	0	0	0	0
# of Road Patches Performed	N/A	18	26	40	24	70	21	67	65	36	5
<b>Sanitation</b>											
Pounds of Waste Generated Per Capita	3,080	3,254	3,099	2,587	2,503	2,487	2,657	2,653	2,653	N/A	N/A
Pounds of Waste Recovered Per Capita	810	898	957	761	815	805	956	858	824	N/A	N/A
Total Recovery Rate Average Per Person	28.3%	29.6%	30.9%	29.4%	34.6%	34.4%	38.0%	34.3%	32.8%	N/A	N/A
<b>Transportation</b>											
Hours of Service	22,870	22,492	25,375	23,525	26,238	28,576	30,851	31,134	31,243	30,641	31,165
Number of Passengers	98,159	104,655	140,598	125,452	141,124	139,986	147,485	141,297	125,887	127,089	127,846
Miles Traveled	341,980	346,166	379,089	366,887	407,103	479,799	553,533	563,181	547,096	529,489	534,341
Number of Trips	N/A	N/A	N/A	N/A	N/A	312,211	328,892	319,418	315,170	317,724	317,291
<b>County Clerk</b>											
Marriage Licenses	N/A	N/A	N/A	N/A	N/A	N/A	370	406	442	431	385
Voter registrations	N/A	N/A	N/A	N/A	N/A	N/A	6,774	4,934	5,502	12,546	13,591
Documents Filed	N/A	N/A	N/A	N/A	N/A	N/A	12,796	11,421	12,456	12,518	12,458
Passports	N/A	N/A	N/A	N/A	N/A	N/A	565	561	687	739	836

Source: Individual County Departments

**LINCOLN COUNTY**

**CAPITAL ASSET STATISTICS BY FUNCTION  
Last Ten Fiscal Years**

<b>FUNCTION</b>	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Public Safety											
Patrol Units	24	29	28	28	28	30	30	31	33	33	32
Highways and Streets											
Streets (Miles)	335	335	332	332	332	332	332	330	330	330	335
Bridges	85	85	84	84	84	84	85	85	84	84	89
Culture and Recreation											
Parks	12	14	14	15	15	15	16	18	19	19	21
Transportation											
Number of Buses	16	16	19	19	19	19	19	19	21	20	20

Source : Individual County Departments



## COMPLIANCE SECTION



## COMMENTS AND DISCLOSURES OF INDEPENDENT AUDITOR REQUIRED BY STATE STATUTE

To the Board of Commissioners  
Lincoln County, Oregon  
Newport, Oregon

1976 Garden Ave.  
Eugene, OR 97403  
541.342.5161  
www.islercpa.com

We have audited the basic financial statements of Lincoln County, Oregon, ("County") as of and for the year ended June 30, 2017, and have issued our report thereon dated December 29, 2017. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*.

### **Compliance**

As part of obtaining reasonable assurance about whether the the County'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 162-10-320 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 statements 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 the County 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 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

### **OAR 162-10-0230 Internal Control**

In planning and performing our audit, we considered the the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the the County's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses, or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report is intended solely for the information and use of the board of commissioners and management of the the County and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

*Paul R Nielson*

By: Paul Nielson, CPA, a member of the firm  
Eugene, Oregon  
December 29, 2017



## FEDERAL SINGLE AUDIT



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

To the Board of Commissioners  
Lincoln County, Oregon

1976 Garden Ave.  
Eugene, OR 97403  
541.342.5161  
www.islercpa.com

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lincoln County, Oregon as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Lincoln County, Oregon's basic financial statements, and have issued our report thereon dated December 29, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Lincoln County, Oregon's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Lincoln County, Oregon's internal control. Accordingly, we do not express an opinion on the effectiveness of Lincoln County, Oregon'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of This Report

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

Isler CPA

*Paul R. Nielson*

By: Paul Nielson, CPA, a member of the firm  
Eugene, Oregon  
December 29, 2017



## **INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Commissioners  
Lincoln County, Oregon

1976 Garden Ave.  
Eugene, OR 97403  
541.342.5161  
www.islercpa.com

### Report on Compliance for Each Major Federal Program

We have audited the compliance of Lincoln County, Oregon with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Lincoln County, Oregon's major federal programs for the year ended June 30, 2017. Lincoln County, Oregon's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

### Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Lincoln County, Oregon's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Lincoln County, Oregon's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Lincoln County, Oregon's compliance.

### Opinion on Each Major Federal Program

In our opinion, Lincoln County, Oregon, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

### Report on Internal Control Over Compliance

Management of Lincoln County, Oregon, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Lincoln County, Oregon's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Lincoln County, Oregon's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Isler CPA



By: Paul Nielson, CPA, a member of the firm  
Eugene, Oregon  
December 29, 2017

LINCOLN COUNTY, OREGON  
 Schedule of Findings and Questioned Costs  
 Year Ended June 30, 2017

Section I – Summary of Auditor’s Results

Financial Statements:

Type of auditor’s report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) that are not considered to be material weaknesses?	No
Noncompliance material to financial statements noted?	No

Federal Awards:

Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) that are not considered to be material weaknesses?	No
Type of auditor’s report issued on compliance for major programs?	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 516(a) of the Uniform Guidance?	No

Identification of Major Federal Award Programs:

Name of Federal Program or Cluster	CFDA Number
Consolidated Health Centers	93.224
Maternal, Infant, and Early Childhood Home Visiting Program Cluster	93.505, 93.870

Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None

Section IV – Summary Schedule of Prior Audit Findings

None

**LINCOLN COUNTY, OREGON**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Year Ended June 30, 2017

<u>Federal Grantor / Pass-Through Grantor / Program Title</u>	<u>CFDA Number</u>	<u>Pass-Through Number</u>	<u>Expenditures (Revenue Recognized)</u>	<u>Amounts Provided to subrecipients</u>
<b><i>Department of Agriculture</i></b>				
<b><u>Food and Nutrition Service</u></b>				
<b>Oregon Department of Human Services - Health Division</b>				
Special Supplement Nutrition Program for Women, Infants, and Children	10.557	280559	\$ 222,140	\$ -
<b><u>Forest Service</u></b>				
Cooperative Forestry Assistance	10.664	17-LE-11061200-004	2,625	-
<b>Oregon Department of Administrative Services</b>				
Schools and Roads - Grants to States	10.665	ORS 293.560	<u>142,449</u>	<u>-</u>
<i>Total Department of Agriculture</i>			<u>367,214</u>	<u>-</u>
<b><i>Department of Interior</i></b>				
Distribution of Receipts of State and Local Governments	15.227		71,271	-
Oregon and California Land Grant	15.234		67,689	-
National Wildlife Refuge Fund				
Refuge Revenue Sharing Act	15.659		3,134	-
Invasive and Noxious Plant Management				
Coastal Range Stewardship - Cascade Pacific				
Siuslaw National Forest-Clematis	15.230	07-PA-11061200-007 USFS-12-SA-	3,599	-
Restoration Planting	15.230	11061200-015	<u>1,567</u>	<u>-</u>
<i>Total Department of Interior</i>			<u>147,260</u>	<u>-</u>
<b><i>Department of Justice</i></b>				
<b>Oregon Department of Justice</b>				
Bulletproof Vest Partnership Program	16.607	09-251	12,500	-
Oregon Commission on Children and Families				
Crime Victim Assistance	16.575	VOCA-NC-2012- 00050	56,003	-
Rural Domestic, Dating Violence, Sexual Assault, and Stalking Assistance Program	16.589		29,822	-
<i>JAG Program Cluster</i>				
Oregon Criminal Justice Division				
Edward Byrne JAG Grant				
Implement and Enhance	16.738	BJ-13-012	132,441	-
Sexually Violent Deviant Offender	16.738	IGA 4198	904	-
Justice Reinvestment Grant Program	16.738	JR-15-021	257,104	-
DPSST Micro Grant	16.738	G-259-17-69	<u>13,731</u>	<u>-</u>
<i>Total JAG Program Cluster</i>			<u>404,180</u>	<u>-</u>
<i>Total Department of Justice</i>			<u>502,505</u>	<u>-</u>

**LINCOLN COUNTY, OREGON**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, continued

For the Year Ended June 30, 2017

Federal Grantor / Pass-Through Grantor / Program Title	CFDA Number	Pass-Through Number	Expenditures (Revenue Recognized)	Amounts Provided to subrecipients
<b><i>Department of Transportation</i></b>				
<b>Oregon Department of Transportation</b>				
Formula Grants for Rural Areas				
Agreement with Confederated Tribes of Siletz	20.509	29274	260,672	-
5311 Operating Funds	20.509	29942	181,676	-
Enhanced Mobility of Seniors and Individual with Disabilities				
5310 Preventative Maintenance	20.513	29318	315,479	-
<i>Highway Planning and Construction Cluster</i>				
Highway Bridge Program-Trapp Creek	20.205	28239	8,309	-
Transportation Development	20.205	31319	<u>24,055</u>	<u>-</u>
<i>Total Highway Planning and Construction Cluster</i>			<u>32,364</u>	<u>-</u>
<i>Total Department of Transportation</i>			<u>790,191</u>	<u>-</u>
<b><i>Department of Education</i></b>				
Twenty First Century Community Learning Centers				
STEAM grant	84.287		<u>4,069</u>	<u>4,069</u>
<i>Total Department of Education</i>			<u>4,069</u>	<u>4,069</u>
<b><i>Department of Health and Human Services</i></b>				
<i>Health Center Program Cluster</i>				
Community Health Centers	93.224	216-701 & 216-702	1,291,633	-
New and Expanded Services	93.527	216-701	<u>56,503</u>	<u>-</u>
<i>Health Center Program Cluster Total</i>			1,348,136	-
<b>Oregon Health and Human Services</b>				
Family Planning Services				
Family Planning Services	93.217	280558	46,983	-
Immunization Program	93.217	280540	13,718	-
Public Health Emergency Preparedness				
Bioterrorism-Preparedness and Response	93.069	280618	75,218	55,000
National Bioterrorism Hospital Preparedness				
Tuberculosis	93.116	280549	2,585	-
<i>Affordable Care Act Maternal, Infant, and Early Childhood Home Visits Cluster</i>				
Nurse Family Partnership	93.505	CDC 280641-11	459,806	-
Nurse Family Partnership System Development	93.870		<u>25,969</u>	<u>-</u>
<i>Total Affordable Care Act Maternal, Infant, and Early Childhood Home Visits Cluster</i>			485,775	-
HIV Care Formula Grants				
Oregon Mothers Care	93.940	280646	3,049	-
MCH Title V Flexible Funds and CAH	93.940	280646	27,247	-
Babies First	93.940	280646	8,251	-

**LINCOLN COUNTY, OREGON**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, continued

For the Year Ended June 30, 2017

Federal Grantor / Pass-Through Grantor / Program Title	CFDA Number	Pass-Through Number	Expenditures (Revenue Recognized)	Amounts Provided to subrecipients
<b><i>Department of Health and Human Services (cont.)</i></b>				
<b>Oregon Health and Human Services (cont.)</b>				
Block Grants for Prevention and Treatment of Substance Abuse				
Continuum of Care-SE66	93.959	135001	53,379	30,000
A and D Community Prevention	93.959		53,379	10,000
Social Services Block Grant				
Juvenile Shelter Home	93.778	IGA 125630	25,731	-
Juvenile Crime Prevention-Basic and Diversion	93.667	12665	13,875	-
Juvenile Crime Prevention-Basic and Diversion	93.268	12596	37,405	-
Oregon Health Authority				
National Bioterrorism Hospital Preparedness Program				
PHEP Ebola	93.889	148019	15,482	-
Oregon Department of Justice-Child Support Division				
Child Support Enforcement	93.563	15431/610008	232,337	-
Oregon Commission on Children and Families				
Youth Investment Basic Capacity	93.667	FY 16	40,699	32,556
Substance Abuse and Mental Health Services				
Strategic Prevention Framework Partnership	93.243	147795	120,192	-
Oregon Health Sciences University				
Maternal and Child Health Services Block Grant				
OHSU Cocoon	93.994	4BO4MCO6604-01- 044B04MC25366	<u>9,060</u>	<u>-</u>
<i>Total Department of Health and Human Services</i>			<u>2,612,501</u>	<u>127,556</u>
<b><i>Department of Homeland Security</i></b>				
Disaster Grants-Public Assistance (Presidentially Declared Disasters)	97.036	FY16	26,483	-
<b>Oregon Military Department-Emergency Management</b>			-	-
Emergency Management Performance Grants	97.042	14-521	79,647	-
Homeland Security Grant Program				
Continuity Program	97.067	15-229	5,126	-
Continuity Countywide Communication Program	97.067	16-237	35,000	-
Oregon State Marine Board				
Boating Safety Financial Assistance	97.012	3312FAS120141	<u>244,879</u>	<u>-</u>
<i>Total Department of Homeland Security</i>			<u>391,135</u>	<u>-</u>
<b><i>Department of Veterans Administration</i></b>				
Veterans Medical Care Benefits				
Primary Care, Outpatient Services	64.009	VA648-C31768	746,970	-
Oregon Department of Military Affairs				
Veterans Educational Assistance				
Veteran Services	64.111	VA260-P-0781	<u>53,400</u>	<u>-</u>
<i>Total Department of Veterans Affairs</i>			<u>800,370</u>	<u>-</u>

**LINCOLN COUNTY, OREGON**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, continued

For the Year Ended June 30, 2017

<u>Federal Grantor / Pass-Through Grantor / Program Title</u>	<u>CFDA Number</u>	<u>Pass-Through Number</u>	<u>Expenditures (Revenue Recognized)</u>	<u>Amounts Provided to subrecipients</u>
<b><i>Environmental Protection Agency</i></b>				
<b>Oregon Department of Human Services</b>				
State Public Water System Supervision				
Sanitary Survey Program	66.432	280557	<u>26,484</u>	<u>-</u>
<i>Total Environmental Protection Agency</i>			<u>26,484</u>	<u>-</u>
<b>Total Expenditures of Federal Awards</b>			<u><b>\$ 5,641,729</b></u>	<u><b>\$ 131,625</b></u>

**Notes to Schedule of Expenditures of Federal Awards**

**1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Lincoln County under programs of the federal government for the year ended June 30, 2017. The information in this schedule is presented in accordance with the requirements of Title 2 US Code of Federal Regulations (CFR) Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Because the schedule presents only a selected portion of the operation of the County, it is not intended to and does not present the financial position, changes in financial position, or cash flow for the County.

**2. Summary of Significant Accounting Policies**

The accompanying Schedule of Expenditures of Federal Awards is presented on the modified accrual basis of accounting in accordance with generally accepted accounting principles. Expenditures reported on this schedule are recognized following the cost principles in Title 2 US Code of Federal Regulations (CFR) Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, where certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

The County has not elected to use the 10% *de minimis* cost rate.