

COMPREHENSIVE ANNUAL FINANCIAL REPORT



LINCOLN COUNTY, OREGON

For the year ended June 30, 2018





COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the year ended June 30, 2018

Prepared by:

Janice Riessbeck, Finance Director

LINCOLN COUNTY, OREGON
 Financial Statements and Supplemental Information
 For the Year Ended June 30, 2018
 Table of Contents

INTRODUCTORY SECTION

Transmittal Letter	i - vii
GFOA Certificate of Achievement for Excellence in Financial Reporting for the Year Ended June 30, 2016	viii
Principal County Officials	ix
Organizational Chart	x

FINANCIAL SECTION

Independent Auditor's Report	1 - 2
-------------------------------------	-------

Management's Discussion and Analysis	3 - 9
---	-------

Basic Financial Statements:

Government-Wide Financial Statements:	
Statement of Net Position	10
Statement of Activities	11
Fund Financial Statements:	
Governmental Funds	
Balance Sheet	12
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	13
Statement of Revenues, Expenditures, and Changes in Fund Balances	14
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds to the Statement of Activities	15
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual:	
-General Fund	16
-Public Works Fund	17
-Mental Health Fund	18
Proprietary Funds	
Balance Sheet	19
Statement of Revenues, Expenses, and Changes in Net Position	20
Statement of Cash Flows	21
Fiduciary Funds	
Statement of Fiduciary Net Position	22
Notes to the Basic Financial Statements	23 - 43

Required Supplementary Information:

Schedule of Changes in Total OPEB Liability and Related Ratios	44
Schedule of the County's Proportionate Share of Net Pension Liability	45
Schedule of the County's Pension Contributions	45

LINCOLN COUNTY, OREGON
 Financial Statements and Supplemental Information
 For the Year Ended June 30, 2018
 Table of Contents, continued

FINANCIAL SECTION, continued

**Other Supplementary Information:
 Combining and Individual Nonmajor Funds Statements and Schedules**

Nonmajor Governmental Funds:

Combining Balance Sheet	46
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	47
Special Revenue Funds	
Combining Balance Sheet	48 - 49
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	50 - 51
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual:	
-Economic Development Fund	52
-Transit District Fund	53
-County Commons Fund	54
-Law Library Fund	55
-Clerk Records Fund	56
-Public Health Fund	57
-Community Health Centers Fund	58
- Siletz Area Enhanced Law Enforcement District	59
-Animal Services District Fund	60
-Title III / Safety Net Fund	61
-Corner Preservation Fund	62
-Radio Communications Systems fund	63
-Extension Agency	64
-Agate Beach Disposal Site Closure Fund	65
-DUII Fund	66
Capital Projects Funds:	
Combining Balance Sheet	67
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	68
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual:	
-County Commons Facilities Fund	69
-Capital Projects Fund	70
-Vehicle Replacement Fund	71

Nonmajor Enterprise Funds:

Enterprise Fund	
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual:	
-Solid Waste District Fund	72
Internal Service Fund	
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual:	
-Self Insurance Fund	73

LINCOLN COUNTY, OREGON
 Financial Statements and Supplemental Information
 For the Year Ended June 30, 2018
 Table of Contents, continued

FINANCIAL SECTION, continued

Combining and Individual Fund Statements and Schedules:

Fiduciary Funds:

Agency Fund	
Schedule of Changes in Assets and Liabilities	74

Schedule of Receipts and Disbursements for Elected Officials	75
---	-----------

STATISTICAL SECTION

Financial Trends:

Net Position by Component	76
Changes in Net Position	77
Fund Balances of Governmental Funds	78
Changes in Fund Balances of Governmental Funds	79

Revenue Capacity:

Assessed Value and Estimated Actual Value of Taxable Property	80
Direct and Overlapping Property Tax Rates	81
Principal Property Taxpayers	82
Property Tax Levies and Collections	83

Debt Capacity:

Ratios of Outstanding Debt by Type	84
Ratios of General Bonded Debt Outstanding	85
Direct and Overlapping Debt	86
Legal Debt Margin Information	87

Demographic and Economic Information:

Demographic and Economic Statistics	88
Principal Employers	89

Operating Information:

Full Time Equivalent Employees by Function	90
Operating Indicators by Function	91
Capital Asset Statistics by Function	92

COMPLIANCE SECTION

Comments and Disclosures of Independent Auditor Required by State Statute	93 - 94
---	---------

Reports of 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 <i>Government Auditing Standards</i>	95
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance in Accordance with Uniform Guidance	96 - 97
Schedule of Findings and Questioned Costs	98
Schedule of Expenditures of Federal Awards	99 - 102



INTRODUCTORY SECTION



County of Lincoln

Finance Department

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

February 20, 2019

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, 2018. 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 2017-18 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 48,210 and a true cash value of \$9,034,781,382.

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, Lincoln County Animal Services District, and the Siletz Area Enhanced Law Enforcement 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 fiscal year 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 2017-18, 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.

Recent significant multi-year transportation projects (the Highway 20 west end reconstruction and the Nelscott gap and E. Devils Lake Road intersection on Highway 101) are now complete but maintaining the capacity and resilience of our transportation system remains an ongoing concern. Formal discussions about potential expansion or replacement of the Yaquina Bay Bridge have 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 west coast's most economically productive 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.

Ground has been broken for Oregon State University's Marine Studies Initiative building at the Hatfield Marine Science Center, a \$61.5 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. Project completion is expected in January 2020.

Although the publicity about wave energy a few years ago may have subsided a bit, 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.

The \$57 million redevelopment of Pacific Communities Hospital in Newport, the result of a voter-approved bond measure will see phase one opening in early 2019 while North Lincoln Hospital in Lincoln City is being 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. Recent economic indicators point toward an increasing likelihood of a recession. We continue to closely monitor spending, prudently add to reserves, and maintain county services.

LONG TERM FINANCIAL PLANNING

Conservative budgeting and financial planning continue 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 continue to be a priority. 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. Contracts for design and construction of the new multi-use building are expected to be awarded in 2019.

The county is also 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.

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!

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 Personnel 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 \$2,280,844 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

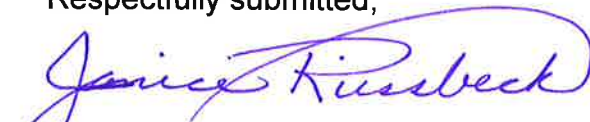
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate for Excellence in Financial Reporting to Lincoln County for its CAFR for the fiscal year ended June 30, 2017. This is the twenty-sixth consecutive year that the government has achieved this prestigious 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



Doug Hunt
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, 2017

Christopher P. Morrill

Executive Director/CEO

LINCOLN COUNTY

PRINCIPAL OFFICIALS

June 30, 2018

BOARD OF COUNTY COMMISSIONERS

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

OTHER ELECTED OFFICIALS

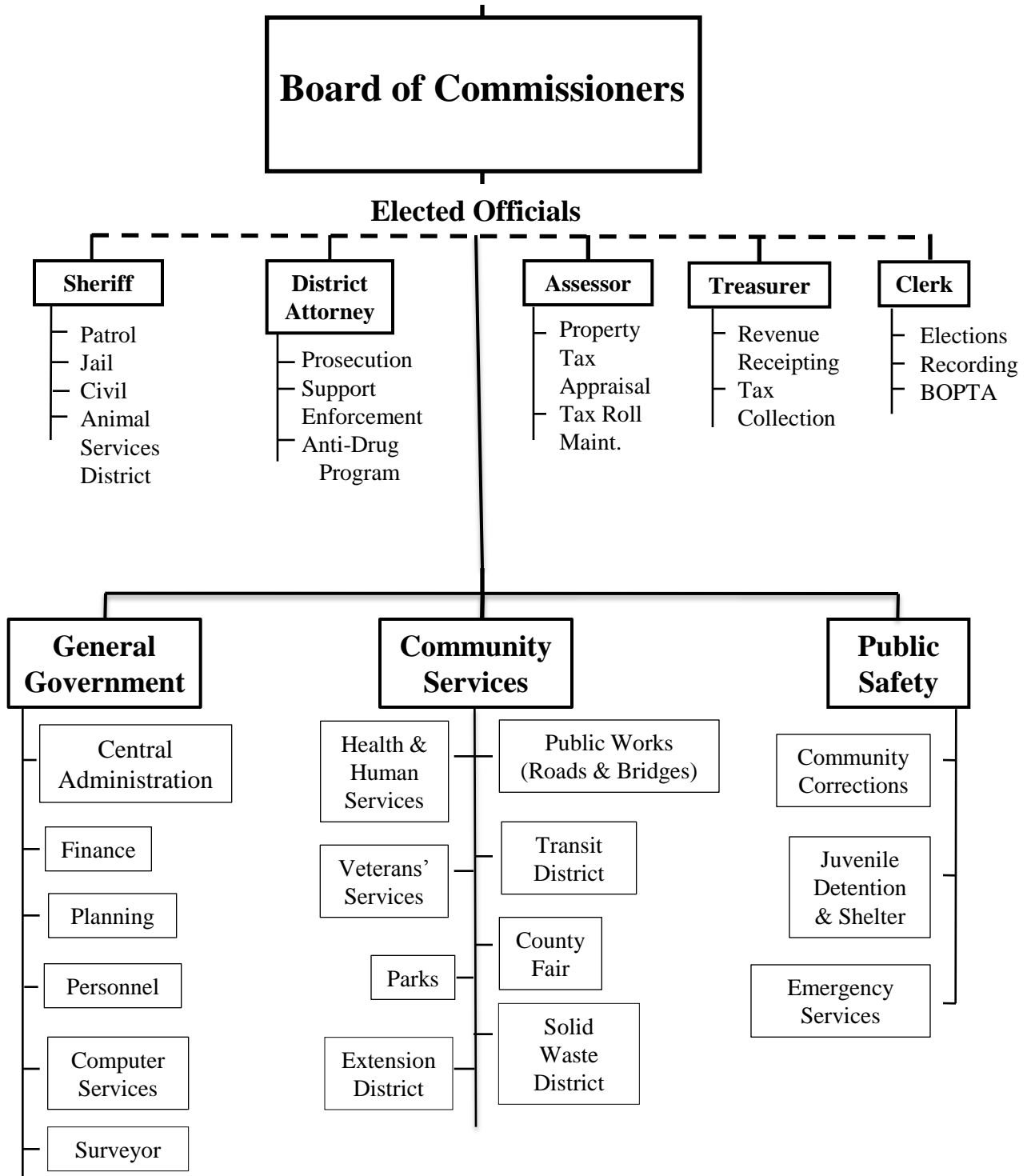
<u>Title</u>	<u>Name</u>
Assessor	Joseph Davidson
County Clerk	Dana Jenkins
District Attorney	Michelle Branam
Sheriff	Curtis Landers
Treasurer	Jayne Welch

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
Co-Director, Health and Human Services	Rebecca Austen
Co-Director, Health and Human Services	Rebecca McBee-Wilson
Director, Information Technology	Todd Richmond
Director, Personnel	Michael Hereford
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 ("County"), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise 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 County as of June 30, 2018, 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 February 20, 2019, 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 February 20, 2019 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
February 20, 2019

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, 2018 . 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 \$3,863,636 or 5.13%.
- Cash and investments increased by \$1,677,139 or 4.14%.
- Expenses increased by \$5,827,327 or 9.79%.

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 \$79,955,211 at June 30, 2018, increased \$3,863,636 or 5.13% between fiscal years 2017 and 2018. 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 \$1,677,139 or 4.14% while other current assets increased 25.56% or \$1,404,367. A conscious effort by management to build reserves plus continued attention to revenue collection is driving the County's gains. Capital assets increased \$1,030,940, or 2.38% due mostly to a contribution of road from the State. Overall, total assets increased by \$4,112,446 or 4.60%.

Current liabilities increased from last year by \$611,208 or 10.55%. 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 \$1,562,851 due to scheduled debt payments.

With the continued implementation of GASB 68 the County now reports a net pension liability of \$6,006,726. The County implemented GASB 75 this year which resulted in a net OPEB liability of \$1,050,957. At year end the combined pension and OPEB deferred outflow of resources of and a deferred inflow of resources were \$2,200,831 and \$504,136 respectively.

The County's net investment in capital assets increase by \$1,347,012 or 3.31% with modest capital project activity in 2017. A decrease in utilization of reserves caused restricted net position to increase \$1,904,746 or 8.74%. Unrestricted net position increase \$1,408,269 or 10.99% 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	
	2018	2017	2018	2017	2018	2017
Assets:						
Cash and investments	\$ 42,109,381	\$ 40,545,969	\$ 175,150	\$ 61,423	\$ 42,284,531	\$ 40,607,392
Other current assets	6,812,873	5,434,497	85,947	59,956	6,898,820	5,494,453
Capital assets, net of accumulated depreciation	44,396,845	43,365,905	-	-	44,396,845	43,365,905
Total assets	<u>93,319,099</u>	<u>89,346,371</u>	<u>261,097</u>	<u>121,379</u>	<u>93,580,196</u>	<u>89,467,750</u>
Deferred outflows of resources:	<u>2,200,831</u>	<u>3,591,431</u>	<u>-</u>	<u>-</u>	<u>2,200,831</u>	<u>3,591,431</u>
Liabilities:						
Current liabilities	5,176,298	5,777,913	4,586	14,179	5,180,884	5,792,092
Long-term debt outstanding	3,078,759	4,640,382	4,354	5,582	3,083,113	4,645,964
Net OPEB liability	1,050,957	-	-	-	1,050,957	-
Net pension liability	6,006,726	6,857,708	-	-	6,006,726	6,857,708
Total liabilities	<u>15,312,740</u>	<u>17,276,003</u>	<u>8,940</u>	<u>19,761</u>	<u>15,321,680</u>	<u>17,295,764</u>
Deferred inflows of resources	<u>504,136</u>	<u>468,233</u>	<u>-</u>	<u>-</u>	<u>504,136</u>	<u>468,233</u>
Net position:						
Net investment in capital assets	42,039,791	40,692,779	-	-	42,039,791	40,692,779
Restricted	23,696,202	21,791,456	-	-	23,696,202	21,791,456
Unrestricted	13,967,061	12,709,331	252,157	101,618	14,219,218	12,810,949
Total net position	<u>\$ 79,703,054</u>	<u>\$ 75,193,566</u>	<u>\$ 252,157</u>	<u>\$ 101,618</u>	<u>\$ 79,955,211</u>	<u>\$ 75,295,184</u>

Governmental Activities. Revenues for the County's governmental activities increased by \$7,687,515 or 12.57% while total expenses increased \$5,835,591 or 9.85%. Refer to Table 2 for a comparison of governmental activities for the years 2018 and 2017.

The increase in revenue reflects an upswing in grants and contributions (both operating and capital), and all tax revenue of \$8,033,539 (41.8%) and \$1,161,571 (4.5%) respectively. The increase in operating grants and contributions of \$4,320,810 (23%) reflects availability of certain grant funding opportunities for transportation from the State of Oregon, and the reinstatement of the federal Schools and Roads - Grants to States program. The increase in capital grants and contributions of \$3,712,729 (731%) is realized partially from the completion of a federal grant-funded bridge rebuild in excess of \$2,000,000. Property tax revenue increased by \$701,321 (3%). Transient room taxes increased \$797,796 (43%) with increased tourism and a County effort to register its vacation rental dwellings and collect transient room tax from them. Other taxes increased \$198,256 (50%) this year.

As stated above, overall expenses increased this year. Specifically, general government expenses increased \$1,218,170 (12.25%), community services expenses increased \$506,721 (12.4%), public safety expenses increased by \$1,515,061 (7%), highways and streets expenses increased by \$1,558,217 (25.5%), culture and recreation expenses increased \$110,533 (36%). Health and welfare expenses increased by \$874,698 (5%), education expenses increased \$64,967 (36%). The only category whose expenses decreased was debt service interest by \$12,776 (12.4%). These variations are attributable to fluctuations of activity in the various categories. Increasing personnel costs are a factor in increases in expenses.

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 \$150,539.

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 \$150,539.

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

	Governmental Activities		Business-type Activities		Total Government	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	\$ 15,081,432	\$ 16,612,566	\$ 344,212	\$ 233,134	\$ 15,425,644	\$ 16,845,700
Operating grants and contributions	23,016,273	18,695,463	39,383	30,000	23,055,656	18,725,463
Capital grants and contributions	4,219,994	507,265	-	-	4,219,994	507,265
General revenues:						
Property taxes	23,418,241	22,716,920	-	-	23,418,241	22,716,920
Transient room taxes	1,963,802	1,867,327	-	-	1,963,802	1,867,327
Other taxes	504,665	339,146	-	-	504,665	339,146
Unrestricted investment earnings	593,276	395,020	1,777	613	595,053	395,633
Gain (loss) on sale of capital assets	23,539	-	-	-	23,539	-
Total Revenues	68,821,222	61,133,707	385,372	263,747	69,206,594	61,397,454
Expenses:						
General government	11,155,046	9,936,876	-	-	11,155,046	9,936,876
Community services	4,589,021	4,082,300	234,833	243,097	4,823,854	4,325,397
Public safety	22,685,415	21,170,354	-	-	22,685,415	21,170,354
Highways and streets	7,661,736	6,103,519	-	-	7,661,736	6,103,519
Culture and recreation	417,273	306,740	-	-	417,273	306,740
Health and welfare	18,266,479	17,391,781	-	-	18,266,479	17,391,781
Education	243,496	178,529	-	-	243,496	178,529
Debt service interest	89,659	102,435	-	-	89,659	102,435
Total Expenses	65,108,125	59,272,534	234,833	243,097	65,342,958	59,515,631
Excess (deficiency) of revenues over (under) expenses	3,713,097	1,861,173	150,539	20,650	3,863,636	1,881,823
Net position at beginning of year	75,193,565	73,332,392	101,618	80,968	75,295,183	73,413,360
Restatement see note 16	796,392	-	-	-	796,392	-
Net position at beginning of year, as restated	75,989,957	73,332,392	-	80,968	75,989,957	73,413,360
Net position at end of year	\$ 79,703,054	\$ 75,193,565	\$ 252,157	\$ 101,618	\$ 79,955,211	\$ 75,295,183

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 \$39,728,812, an increase of \$3,393,065 from the previous year.

- The County's General Fund balance increased \$1,262,120 from last year. County management has made a conscious effort to keep reserves growing through budgetary non-appropriation. This strategy is steadily building the fund balance.
- The Public Works Fund balance increased \$575,585. An unexpected reinstatement of the federal program Schools and Roads – Grants to States was instrumental in causing this increase in fund balance.
- The Mental Health Fund showed a fund balance decrease of \$512,999. A reduction in both charges for services and operating grants and contributions caused this decrease.
- The Nonmajor Governmental fund balances increased a total of \$2,068,359 because revenues increased while expenses were kept to a lesser rate of increase. Increases in the charges for services and operating grants and contributions categories contributed to the overall fund balance 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 \$354,329, the public safety appropriations increased by \$735,532, and the community services appropriations were increased by \$8,894. \$344,476 of the contingency reserves were used along with \$754,279 of additional revenue to offset these increased appropriations.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. As of June 30, 2018 the County had \$44,396,845 invested in capital assets net of accumulated depreciation of \$77,853,029. This amount represents a net increase of \$1,030,940 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 \$4,592,046 before depreciation. TA major addition to the County's capital assets was the \$2,390,923 federal grant-funded Trapp Creek Bridge. Table 3 depicts the status of capital assets at June 30, 2018 and June 30, 2017.

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

	Governmental Activities	
	2018	2017
Land, easements and improvements	\$ 2,315,256	\$ 2,034,928
Infrastructure	73,267,008	70,513,835
Buildings and improvements	30,457,372	29,574,481
Equipment	15,910,455	14,902,040
Construction in progress	299,783	632,544
Less accumulated depreciation	(77,853,029)	(74,291,923)
Total	<u>\$ 44,396,845</u>	<u>\$ 43,365,905</u>

Table 4 shows a comparison in the changes in capital assets for the years 2018 and 2017. Additional information regarding capital assets can be found in Note 6 of the Notes to the Financial Statements.

TABLE 4
Change in Capital Assets

	Governmental Activities	
	2018	2017
Beginning Balance	\$ 43,365,905	\$ 42,620,104
Additions	4,864,539	4,310,032
Depreciation expense	(3,833,599)	(3,469,507)
Deletions, net book value	-	(94,724)
Ending Balance	<u>\$ 44,396,845</u>	<u>\$ 43,365,905</u>

Long-term Debt. At year end, the County had outstanding debt of \$2,357,054, 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**

	Governmental Activities	
	2018	2017
Bonds	\$ 2,071,211	\$ 2,365,975
Notes payable	285,843	307,151
Total	\$ 2,357,054	\$ 2,673,126

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

While the County's economic position has regained its 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 2018-19 is planned to continue the process of reserve building. The 2018-19 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, 2018

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and investments	\$ 42,109,381	\$ 175,150	\$ 42,284,531
Receivables - net	6,360,283	85,947	6,446,230
Inventories	452,590	-	452,590
Total current assets	48,922,254	261,097	49,183,351
Noncurrent assets:			
Capital assets:			
Land and construction in progress	2,615,039	-	2,615,039
Other capital assets (net of accumulated depreciation)	41,781,806	-	41,781,806
Total noncurrent assets	44,396,845	-	44,396,845
Total assets	93,319,099	261,097	93,580,196
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflow of resources related to pensions	2,102,149	-	2,102,149
Deferred outflow of resources related to OPEB	98,682	-	98,682
Total deferred outflows of resources	2,200,831	-	2,200,831
Total assets and deferred outflow of resources	\$ 95,519,930	\$ 261,097	\$ 95,781,027
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 1,617,737	\$ 4,586	\$ 1,622,323
Accrued payroll and related liabilities	1,625,495	-	1,625,495
Accrued interest payable	84,269	-	84,269
Claims payable	39,759	-	39,759
Certificates of Participation	305,000	-	305,000
Notes payable	21,038	-	21,038
Compensated absences payable	1,483,000	3,136	1,486,136
Total current liabilities	5,176,298	7,722	5,184,020
Noncurrent liabilities:			
Certificates of Participation	1,766,211	-	1,766,211
Notes payable	264,805	-	264,805
Compensated absences payable	1,047,743	1,218	1,048,961
Net other postemployment benefit obligation	1,050,957	-	1,050,957
Net Pension Liability	6,006,726	-	6,006,726
Total noncurrent liabilities	10,136,442	1,218	10,137,660
Total liabilities	15,312,740	8,940	15,321,680
DEFERRED INFLOWS OF RESOURCES			
Deferred inflow of resources related to pensions	455,668	-	455,668
Deferred inflow of resources related to OPEB	48,468	-	48,468
Total deferred inflows of resources	504,136	-	504,136
NET POSITION			
Net investment in capital assets	42,039,791	-	42,039,791
Restricted for:			
Road maintenance	10,670,596	-	10,670,596
Transit services	3,098,492	-	3,098,492
Outpatient services	5,076,113	-	5,076,113
Title III	1,418,201	-	1,418,201
Other purposes	3,432,800	-	3,432,800
Unrestricted	13,967,061	252,157	14,219,218
Total net position	79,703,054	252,157	79,955,211
Total liabilities, deferred inflows of resources, and net position	\$ 95,519,930	\$ 261,097	\$ 95,781,027

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, 2018

Functions/Programs	Expenses	Program Revenues			Net Revenue (Expense) and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government							
Governmental activities:							
General government	\$ 11,155,046	\$ 3,343,975	\$ 6,067,728	\$ -	\$ (1,743,343)	\$ -	\$ (1,743,343)
Community services	4,589,021	842,410	1,190,686	284,517	(2,271,408)	-	(2,271,408)
Public safety	22,685,415	252,201	3,053,402	-	(19,379,812)	-	(19,379,812)
Highway and streets	7,661,736	1,157,237	4,470,653	3,935,477	1,901,631	-	1,901,631
Culture and recreation	417,273	101,811	18,655	-	(296,807)	-	(296,807)
Health and welfare	18,266,479	9,383,798	8,204,805	-	(677,876)	-	(677,876)
Education	243,496	-	10,344	-	(233,152)	-	(233,152)
Interest on long-term debt	89,659	-	-	-	(89,659)	-	(89,659)
Total governmental activities	<u>\$ 65,108,125</u>	<u>\$ 15,081,432</u>	<u>\$ 23,016,273</u>	<u>\$ 4,219,994</u>	<u>\$ (22,790,426)</u>	<u>-</u>	<u>\$ (22,790,426)</u>
Business-type activities:							
Solid waste	234,833	344,212	39,383	-	-	148,762	148,762
Total primary government	<u>\$ 65,342,958</u>	<u>\$ 15,425,644</u>	<u>\$ 23,055,656</u>	<u>\$ 4,219,994</u>	(22,790,426)	148,762	(22,641,664)
General revenues:							
Property taxes					23,418,241	-	23,418,241
Transient room taxes					1,963,802	-	1,963,802
Other taxes					504,665	-	504,665
Unrestricted investment earnings					593,276	1,777	595,053
Gain on disposal of assets					23,539	-	23,539
Total general revenues					<u>26,503,523</u>	<u>1,777</u>	<u>26,505,300</u>
Change in net position					3,713,097	150,539	3,863,636
Net position, beginning					75,193,565	101,618	75,295,183
Prior period adjustment					796,392	-	796,392
Net position, ending					<u>\$ 79,703,054</u>	<u>\$ 252,157</u>	<u>\$ 79,955,211</u>

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

LINCOLN COUNTY, OREGON

GOVERNMENTAL FUNDS

Balance Sheet

June 30, 2018

	101 General Fund	201 Public Works Fund	209 Mental Health Fund	Nonmajor Governmental Funds	Total
ASSETS					
Cash and investments	\$ 9,950,683	\$ 10,415,245	\$ 2,550,625	\$ 14,719,788	\$ 37,636,341
Receivables - net	3,124,396	589,909	615,693	2,010,213	6,340,211
Inventories	-	452,590	-	-	452,590
Total assets	<u>\$ 13,075,079</u>	<u>\$ 11,457,744</u>	<u>\$ 3,166,318</u>	<u>\$ 16,730,001</u>	<u>\$ 44,429,142</u>
LIABILITIES					
Accounts payable	\$ 539,473	\$ 220,094	\$ 139,125	\$ 281,024	\$ 1,179,716
Accrued payroll and related expenses	951,637	114,464	202,495	356,899	1,625,495
Total liabilities	<u>1,491,110</u>	<u>334,558</u>	<u>341,620</u>	<u>637,923</u>	<u>2,805,211</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - accounts receivable	-	-	291,829	139,817	431,646
Unavailable revenue - property taxes	1,335,041	-	-	128,432	1,463,473
Total deferred inflows of resources	<u>1,335,041</u>	<u>-</u>	<u>291,829</u>	<u>268,249</u>	<u>1,895,119</u>
FUND BALANCES					
Nonspendable	-	452,590	-	-	452,590
Restricted	1,121,475	10,670,596	2,532,869	9,371,262	23,696,202
Committed	-	-	-	6,452,567	6,452,567
Unassigned	9,127,453	-	-	-	9,127,453
Total fund balances	<u>10,248,928</u>	<u>11,123,186</u>	<u>2,532,869</u>	<u>15,823,829</u>	<u>39,728,812</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 13,075,079</u>	<u>\$ 11,457,744</u>	<u>\$ 3,166,318</u>	<u>\$ 16,730,001</u>	<u>\$ 44,429,142</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, 2018

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

Fund balances - governmental funds	\$	39,728,812
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds		
Governmental capital assets, cost	\$	122,249,874
Less accumulated depreciation	<u>(77,853,029)</u>	44,396,845
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.		
		1,463,473
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.		
		431,646
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 pension	2,102,149	
Deferred outflow of resources	<u>98,682</u>	2,200,831
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	(84,269)	
Bonds and notes payable	(2,357,054)	
Compensated absences	(2,530,743)	
Net pension liability	(6,006,726)	
Deferred inflow of resources pension	(455,668)	
Deferred inflow of resources pension	(48,468)	
Net other postemployment benefit obligation	<u>(1,050,957)</u>	(12,533,885)
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>4,015,332</u>
Net position of governmental activities	\$	<u><u>79,703,054</u></u>

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

LINCOLN COUNTY, OREGON

GOVERNMENTAL FUNDS

Statement of Revenues, Expenditures, and Changes in Fund Balances

For the Year Ended June 30, 2018

	101 General Fund	201 Public Works Fund	209 Mental Health Fund	Nonmajor Governmental Funds	Total
REVENUES:					
Taxes and land sales	\$ 22,893,874	\$ -	\$ -	\$ 2,798,936	\$ 25,692,810
Permits and fees	1,467,091	-	-	267,402	1,734,493
Charges for services	1,455,669	1,019,135	4,106,692	6,465,568	13,047,064
Intergovernmental revenues	8,661,946	6,127,713	3,825,119	6,037,890	24,652,668
Fines and penalties	80,400	-	-	49,587	129,987
Investment earnings	201,617	131,100	57,069	203,490	593,276
Donations	-	-	-	67,626	67,626
Other revenue	347,810	136,845	1,257	111,369	597,281
Total revenues	<u>35,108,407</u>	<u>7,414,793</u>	<u>7,990,137</u>	<u>16,001,868</u>	<u>66,515,205</u>
EXPENDITURES:					
Current:					
General government	10,525,465	-	-	145,665	10,671,130
Community services	1,940,375	-	-	2,277,900	4,218,275
Public safety	19,398,739	-	-	1,309,047	20,707,786
Highway and streets	-	6,344,011	-	-	6,344,011
Culture and recreation	-	-	-	283,958	283,958
Health and Welfare	-	-	8,235,119	9,778,075	18,013,194
Education	-	-	-	242,439	242,439
Debt service:					
Principal	305,508	5,800	-	-	311,308
Interest	103,152	1,814	-	-	104,966
Capital Outlay	1,147,573	2,745,148	-	634,308	4,527,029
Total expenditures	<u>33,420,812</u>	<u>9,096,773</u>	<u>8,235,119</u>	<u>14,671,392</u>	<u>65,424,096</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,687,595</u>	<u>(1,681,980)</u>	<u>(244,982)</u>	<u>1,330,476</u>	<u>1,091,109</u>
OTHER FINANCING SOURCES (USES):					
Contributed capital assets	-	2,278,417	-	-	2,278,417
Transfers in	15,000	-	-	784,222	799,222
Transfers out	(440,475)	(20,852)	(268,017)	(69,878)	(799,222)
Proceeds from sale of capital assets	-	-	-	23,539	23,539
Total other financing sources (uses)	<u>(425,475)</u>	<u>2,257,565</u>	<u>(268,017)</u>	<u>737,883</u>	<u>2,301,956</u>
Net change in fund balances	1,262,120	575,585	(512,999)	2,068,359	3,393,065
Beginning fund balance, as restated (see note 16)	<u>8,986,808</u>	<u>10,547,601</u>	<u>3,045,868</u>	<u>13,755,470</u>	<u>36,335,747</u>
Ending fund balances	<u>\$ 10,248,928</u>	<u>\$ 11,123,186</u>	<u>\$ 2,532,869</u>	<u>\$ 15,823,829</u>	<u>\$ 39,728,812</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, 2018

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

Net change in fund balances - governmental funds	\$	3,393,065
--	----	-----------

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	\$ 4,864,539		
Less current year depreciation	<u>(3,833,599)</u>		1,030,940

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			(89,353)
---	--	--	----------

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	10,543		
Principal payments	311,308		
Change in Bond Premium	<u>4,764</u>		326,615

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	(263,617)		
Change in net pension asset / liability	850,982		
Change in deferred outflow of resources related to pensions	(1,489,282)		
Change in deferred inflow of resources related to pensions	12,565		
Change in net OPEB liability	34,091		
Change in deferred outflow of resources related to OPEB	810		
Change in deferred inflow of resources related to OPEB	<u>(48,468)</u>		(902,919)

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>(45,251)</u>
--	--	-----------------

Change in net position of governmental activities	\$	<u><u>3,713,097</u></u>
---	----	-------------------------

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, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Taxes and land sales	\$ 22,737,080	\$ 22,737,080	\$ 22,893,874	\$ 156,794
Permits and fees	1,337,950	1,337,950	1,467,091	129,141
Intergovernmental revenues	6,874,416	7,290,584	8,661,946	1,371,362
Charges for services	1,161,520	1,161,520	1,455,669	294,149
Fines and penalties	50,000	50,000	80,400	30,400
Investment earnings	80,000	80,000	201,617	121,617
Other revenue	210,053	210,053	347,810	137,757
Total revenues	<u>32,451,019</u>	<u>32,867,187</u>	<u>35,108,407</u>	<u>2,241,220</u>
Expenditures:				
Personal services	24,415,301	24,708,352	23,087,928	1,620,424
Materials and services	8,702,067	8,676,654	8,776,654	(100,000)
Capital outlay	1,438,900	2,015,723	1,147,573	868,150
Debt service:				
Principal	305,509	305,509	305,508	1
Interest	103,153	103,153	103,152	1
Contingency	1,315,122	970,646	-	970,646
Total expenditures	<u>36,280,052</u>	<u>36,780,037</u>	<u>33,420,815</u>	<u>3,359,222</u>
Excess revenues over (under) expenditures	(3,829,033)	(3,912,850)	1,687,592	5,600,442
Other financing sources (uses):				
Transfers in	15,000	269,294	269,294	-
Transfers out	(440,475)	(694,769)	(694,769)	-
Net change in fund balances	(4,254,508)	(4,338,325)	1,262,117	5,600,442
Fund Balance:				
Beginning of year	<u>8,264,822</u>	<u>8,348,639</u>	<u>8,986,808</u>	<u>638,169</u>
End of year	<u>\$ 4,010,314</u>	<u>\$ 4,010,314</u>	<u>\$ 10,248,925</u>	<u>\$ 6,238,611</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, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Intergovernmental revenues	\$ 5,845,852	\$ 5,845,852	\$ 6,127,713	\$ 281,861
Charges for services	925,000	925,000	1,019,135	94,135
Investment earnings	55,000	55,000	131,100	76,100
Other revenue	<u>503,000</u>	<u>503,000</u>	<u>136,845</u>	<u>(366,155)</u>
Total revenues	<u>7,328,852</u>	<u>7,328,852</u>	<u>7,414,793</u>	<u>85,941</u>
Expenditures:				
Personal services	3,127,320	3,127,320	2,972,165	155,155
Materials and services	3,582,863	3,707,863	3,371,846	336,017
Capital outlay	1,235,000	1,235,000	466,731	768,269
Debt service	7,614	7,614	7,614	-
Contingency	<u>1,000,000</u>	<u>875,000</u>	<u>-</u>	<u>875,000</u>
Total expenditures	<u>8,952,797</u>	<u>8,952,797</u>	<u>6,818,356</u>	<u>2,134,441</u>
Excess revenues over (under) expenditures	<u>(1,623,945)</u>	<u>(1,623,945)</u>	<u>596,437</u>	<u>2,220,382</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	<u>(1,644,797)</u>	<u>(1,644,797)</u>	<u>575,585</u>	<u>2,220,382</u>
Fund Balance:				
Beginning of year	<u>10,301,924</u>	<u>10,301,924</u>	<u>10,547,601</u>	<u>245,677</u>
End of year	<u>\$ 8,657,127</u>	<u>\$ 8,657,127</u>	<u>\$ 11,123,186</u>	<u>\$ 2,466,059</u>
Reconciliation to Modified Accrual Basis:				
Capital outlay			<u>\$ 2,745,148</u>	
Donated capital assets			<u>\$ 2,278,417</u>	

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, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Intergovernmental revenues	\$ 3,870,050	\$ 3,870,050	\$ 3,825,119	\$ (44,931)
Charges for services	5,946,590	5,946,590	4,106,692	(1,839,898)
Investment earnings	47,688	41,122	57,069	15,947
Other revenue	<u>12,200</u>	<u>12,200</u>	<u>1,257</u>	<u>(10,943)</u>
Total revenues	<u>9,876,528</u>	<u>9,869,962</u>	<u>7,990,137</u>	<u>(1,879,825)</u>
Expenditures:				
Personal services	7,122,029	7,122,029	4,752,204	2,369,825
Materials and services	4,572,103	4,525,735	3,482,915	1,042,820
Capital outlay	<u>45,000</u>	<u>45,000</u>	<u>-</u>	<u>45,000</u>
Total expenditures	<u>11,739,132</u>	<u>11,692,764</u>	<u>8,235,119</u>	<u>3,457,645</u>
Excess revenues under expenditures	(1,862,604)	(1,822,802)	(244,982)	1,577,820
Transfers out	<u>(296,164)</u>	<u>(296,164)</u>	<u>(268,017)</u>	<u>28,147</u>
Net change in fund balances	(2,158,768)	(2,118,966)	(512,999)	1,605,967
Fund Balance:				
Beginning of year	<u>2,659,445</u>	<u>2,659,445</u>	<u>3,045,868</u>	<u>386,423</u>
End of year	<u>\$ 500,677</u>	<u>\$ 540,479</u>	<u>\$ 2,532,869</u>	<u>\$ 1,992,390</u>

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

LINCOLN COUNTY, OREGON

PROPRIETARY FUNDS

Balance Sheet

June 30, 2018

	Business-type Activities - Nonmajor <u>Enterprise Fund</u> 210 Solid Waste District Fund	Governmental Activities - Internal Service Fund <u>215 Self Insurance Fund</u>
ASSETS		
Current assets:		
Cash and investments	\$ 175,150	\$ 4,473,040
Receivables	<u>85,947</u>	<u>20,072</u>
Total assets	<u>\$ 261,097</u>	<u>\$ 4,493,112</u>
LIABILITIES		
Current liabilities:		
Accounts payable and payroll liabilities	\$ 4,586	\$ 438,021
Current portion of compensated absences	3,136	-
Claims payable	<u>-</u>	<u>39,759</u>
Total current liabilities	7,722	477,780
Noncurrent liabilities:		
Long-term portion of compensated absences	<u>1,218</u>	<u>-</u>
Total liabilities	<u>8,940</u>	<u>477,780</u>
NET POSITION		
Unrestricted	<u>252,157</u>	<u>4,015,332</u>
Total liabilities and net position	<u>\$ 261,097</u>	<u>\$ 4,493,112</u>

LINCOLN COUNTY, OREGON

PROPRIETARY FUNDS

Statement of Revenues, Expenses, and Changes in Net Position

For the Year Ended June 30, 2018

	<u>Business-type Activities - Nonmajor Enterprise Fund</u>	<u>Governmental Activities - Internal Service Fund</u>
	<u>210 Solid Waste District Fund</u>	<u>215 Self Insurance Fund</u>
Operating revenues:		
Charges for services	\$ 343,607	\$ 883,283
Other revenue	<u>605</u>	<u>2,467</u>
Total operating revenues	<u>344,212</u>	<u>885,750</u>
Operating expenses:		
General and administrative costs	96,355	-
Operations and maintenance	<u>138,478</u>	<u>662,975</u>
Total operating expenses	<u>234,833</u>	<u>662,975</u>
Operating income (loss)	<u>109,379</u>	<u>222,775</u>
Nonoperating revenues:		
Operating grant	39,383	20,072
Investment earnings	<u>1,777</u>	<u>73,342</u>
Total nonoperating revenues	<u>41,160</u>	<u>93,414</u>
Income before transfers	<u>150,539</u>	<u>316,189</u>
Capital transfer to governmental funds	<u>-</u>	<u>(361,440)</u>
Change in net position	150,539	(45,251)
Beginning net position	<u>101,618</u>	<u>4,060,583</u>
Ending net position	<u>\$ 252,157</u>	<u>\$ 4,015,332</u>

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, 2018

	Business-type Activities - Nonmajor Enterprise Fund 210 Solid Waste District Fund	Governmental Activities - Internal Service Fund 215 Self Insurance Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from services provided	\$ 318,222	\$ -
Cash received from interfund services provided	-	872,822
Cash payments to employees for services	(93,571)	-
Cash payments to other suppliers for goods and services	(152,083)	-
Cash paid for interfund services used	-	(639,954)
	<u>72,568</u>	<u>232,868</u>
Net cash provided (used) by operating activities	<u>72,568</u>	<u>232,868</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Cash received from operating grant	<u>39,383</u>	<u>20,072</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Transfer to governmental activities for acquisition of capital assets	<u>-</u>	<u>(361,440)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	<u>1,777</u>	<u>73,342</u>
Net change in cash and investments	113,728	(35,158)
Cash and investments:		
Beginning of year	<u>61,422</u>	<u>4,508,198</u>
End of year	<u>\$ 175,150</u>	<u>\$ 4,473,040</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$ 109,379	\$ 222,775
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
(Increase) decrease in assets:		
Receivables	(25,990)	(12,928)
Increase (decrease) in liabilities:		
Accounts payable	(13,605)	11,389
Payroll and related accruals	4,012	-
Claims payable	(1,228)	11,632
Net cash provided (used) by operating activities	<u>\$ 72,568</u>	<u>\$ 232,868</u>

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, 2018

	<u>Agency Fund</u>
ASSETS	
Cash and investments	\$ 2,696,473
Receivables - net	<u>8,562,856</u>
Total assets	<u>\$ 11,259,329</u>
LIABILITIES	
Due to other governmental agencies	\$ 1,996
Amounts held for others	<u>11,257,333</u>
Total liabilities	<u>\$ 11,259,329</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 District

The district accounts for the operations of the Oregon State University – Lincoln County Extension District 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, 2018, 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, 2018.

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, 2018 are as follows:

	<u>General Fund</u>	<u>Public Works Fund</u>	<u>Mental Health Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Nonspendable					
Inventories	\$ -	\$ 452,590	\$ -	\$ -	\$ 452,590
Restricted for:					
Road maintenance	-	10,670,596	-	-	10,670,596
Economic development	-	-	-	528,098	528,098
Transit services	-	-	-	3,098,492	3,098,492
Public safety	1,121,475	-	-	126,096	1,247,571
County Fair	-	-	-	85,835	85,835
Outpatient services	-	-	2,532,869	2,543,244	5,076,113
Animal control services	-	-	-	459,880	459,880
Title III	-	-	-	1,418,201	1,418,201
Law enforcement	-	-	-	116,796	116,796
Maintenance of government surveys	-	-	-	290,817	290,817
Public education	-	-	-	703,803	703,803
Total restricted	<u>1,121,475</u>	<u>10,670,596</u>	<u>2,532,869</u>	<u>9,371,262</u>	<u>23,696,202</u>
Committed to:					
Law library	-	-	-	98,909	98,909
County records	-	-	-	95,473	95,473
Post-closure obligations	-	-	-	692,114	692,114
DUII administration	-	-	-	20,273	20,273
Capital outlay	-	-	-	5,545,798	5,545,798
Total committed	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,452,567</u>	<u>6,452,567</u>
Unassigned	<u>9,127,453</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,127,453</u>
Total fund balances	<u>\$ 10,248,928</u>	<u>\$ 11,123,186</u>	<u>\$ 2,532,869</u>	<u>\$ 15,823,829</u>	<u>\$ 39,728,812</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.

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, 2018 are as follows:

Total investments	\$ 42,095,355
Deposits with financial institutions	<u>2,885,649</u>
Total deposits and investments	<u>\$ 44,981,004</u>

B. Cash and investments are reported as follows:

Governmental Activities/Funds	
General Fund	\$ 9,950,683
Public Works Fund	10,415,245
Mental Health Fund	2,550,625
Nonmajor governmental funds	<u>14,719,788</u>
Total governmental funds	37,636,341
Internal Service Fund	<u>4,473,040</u>
Total Governmental Activities	42,109,381
Business-Type Activities	175,150
Fiduciary Funds	<u>2,696,473</u>
Total cash and investments	<u>\$ 44,981,004</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, County's deposits may not be returned to it. At June 30, 2018, 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, 2018, the County held the following investments and maturities:

Investment type	Carrying Value	Weighted Average Maturity in Years	Moody's Credit Rating	% of Investment Portfolio
Wells Fargo & Company corporate debt securities	\$ 496,723	1.000	A2	1.18 %
Federal Home Loan Bank	991,766	1.000	Aaa	2.36 %
Local government investment pool	40,606,866	N/A	N/A	96.46 %
Total	\$ 42,095,355			100.00 %

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 and 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, 2018	Fair Value Measurement Using			Cost Measurement Not measured at Fair Value
		Level One	Level Two	Level Three	
Corporate bonds	\$ 496,723	\$ -	\$ 496,723	\$ -	\$ -
U.S. agency securities	991,766	-	991,766	-	-
LGIP	40,606,866	-	-	-	40,606,866
	<u>\$ 42,095,355</u>	<u>\$ -</u>	<u>\$ 1,488,489</u>	<u>\$ -</u>	<u>\$ 40,606,866</u>

Note 4 - Receivables

Receivables at June 30, 2018 were as follows:

	Governmental Funds				
	General	Public Works	Mental Health	Nonmajor	Totals
Property taxes	\$ 1,596,718	\$ -	\$ -	\$ 152,623	\$ 1,749,341
Accounts	1,527,678	589,909	686,705	1,888,270	4,692,562
Less: allowance for doubtful accounts	-	-	(71,012)	(30,497)	(101,509)
	<u>\$ 3,124,396</u>	<u>\$ 589,909</u>	<u>\$ 615,693</u>	<u>\$ 2,010,396</u>	<u>\$ 6,340,394</u>

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

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:

Transfer From	Transfer To	Amount
General Fund	Nonmajor Funds	\$ 440,475
Nonmajor Funds	General Fund	15,000
Public Works	Nonmajor Funds	20,852
Mental Health Funds	Nonmajor Funds	268,017
Nonmajor Funds	Nonmajor Funds	54,878
Total		<u>\$ 799,222</u>

LINCOLN COUNTY, OREGON

Notes to Financial Statements

Note 6 - Capital Assets

A. Capital asset activity for the year ended June 30, 2018 was as follows:

Governmental Activities	Balances July 1, 2017,	Additions and Reclassifications	Deletions and Reclassifications	Balances June 30, 2018
<i>Capital assets, not being depreciated:</i>				
Land and easements	\$ 2,034,928	\$ 280,328	\$ -	\$ 2,315,256
Construction in progress	632,544	587,424	920,185	299,783
Total capital assets, not being depreciated	2,667,472	867,752	920,185	2,615,039
<i>Capital assets being depreciated:</i>				
Infrastructure	70,513,835	2,753,173	-	73,267,008
Buildings	17,664,941	254,294	-	17,919,235
Improvements	11,909,540	628,597	-	12,538,137
Equipment	14,902,040	1,280,908	272,493	15,910,455
Total capital assets being depreciated	114,990,356	4,916,972	272,493	119,634,835
<i>Less accumulated depreciation for:</i>				
Infrastructure	49,970,670	1,042,416	-	51,013,086
Buildings	10,105,491	507,064	-	10,612,555
Improvements	5,006,091	795,594	-	5,801,685
Equipment	9,209,671	1,488,525	272,493	10,425,703
Total accumulated depreciation	74,291,923	3,833,599	272,493	77,853,029
Total capital assets being depreciated, net	40,698,433	1,083,373	-	41,781,806
Total capital assets, net	\$ 43,365,905	\$ 1,951,125	\$ 920,185	\$ 44,396,845

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

General government	\$ 634,161
Community services	351,267
Public safety	1,256,626
Highways and streets	1,289,007
Culture and recreation	132,077
Health and welfare	170,461
Total depreciation expense - governmental activities	\$ 3,833,599

Note 7 - Construction Commitments

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

	Project Authorization	Expended to Date	Commitment
Assessment and Taxation Software Replacement Project	\$ 557,600	\$ 50,000	\$ 507,600

LINCOLN COUNTY, OREGON

Notes to Financial Statements

Note 8 - Noncurrent liabilities

General Obligation Bonds

General obligation bonds at year end are as follows:

<u>Purpose</u>	<u>Amount</u>
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.	\$ 1,995,000

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.

Noncurrent liability activity for the year ended June 30, 2018, was as follows:

	<u>Outstanding July 1, 2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding June 30, 2018</u>	<u>Balances Due Within One Year</u>
<u>Governmental activities:</u>					
Certificates of Participation					
LOCAP Series 2013C	\$ 2,285,000	\$ -	\$ (290,000)	\$ 1,995,000	\$ 305,000
Notes payable					
Curry property note	307,151	-	(21,308)	285,843	21,038
Vested compensated absences	<u>2,267,126</u>	<u>1,745,687</u>	<u>(1,482,070)</u>	<u>2,530,743</u>	<u>1,483,000</u>
Total governmental activities noncurrent liabilities	<u>\$ 4,859,277</u>	<u>\$ 1,745,687</u>	<u>\$ (1,793,378)</u>	<u>\$ 4,811,586</u>	<u>\$ 1,809,038</u>
<u>Business-type activities:</u>					
Vested compensated absences	<u>\$ 5,582</u>	<u>\$ 4,928</u>	<u>\$ (6,156)</u>	<u>\$ 4,354</u>	<u>\$ 3,136</u>

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

LINCOLN COUNTY, OREGON

Notes to Financial Statements

Note 8 - Noncurrent liabilities, continued

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

Fiscal Year	LOCAP Series 2013C		Curry property note		Governmental Activities Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
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	64,088	25,809	9,778	115,809	73,866
2023	95,000	60,150	27,075	8,512	122,075	68,662
2024-2028	530,000	235,370	156,658	21,277	686,658	256,647
2029-2033	655,000	109,914	5,894	35	660,894	109,949
2034-2038	150,000	3,375	-	-	150,000	3,375
	<u>\$ 1,995,000</u>	<u>\$ 690,261</u>	<u>\$ 285,843</u>	<u>\$ 75,956</u>	<u>\$ 2,280,843</u>	<u>\$ 766,217</u>

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

LOCAP payable ending balance	\$ 1,995,000
Less: current portion	(305,000)
Add: unamortized premium	<u>76,211</u>
Bonds payable, due in more than one year	<u>\$ 1,766,211</u>

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, 2018 was \$641,411. Minimum future rental payments under non-cancelable operating leases having remaining terms in excess of one year as of June 30, 2018 are:

Year Ended June 30,	Amount
2019	\$ 717,824
2020	690,071
2021	662,947
2022	650,830
2023	<u>644,571</u>
Total	<u>\$ 3,366,243</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, 2018, there were 533 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 \$2,323,343 and employees contributed \$572,642 for the year ended June 30, 2018. 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.

LINCOLN COUNTY, OREGON

Notes to Financial Statements

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, 2018, were \$273,363.

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.

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.

LINCOLN COUNTY, OREGON

Notes to Financial Statements

Note 12 - Defined Benefit Pension Plan, continued

Benefit Changes After Retirement

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.

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.

LINCOLN COUNTY, OREGON

Notes to Financial Statements

Note 12 - Defined Benefit Pension Plan, continued

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, 2015 actuarial valuation that became effective July 1, 2017. Employer contributions for the year ended June 30, 2018 were \$826,330 excluding amounts to fund employer specific liabilities. The rates in effect for the fiscal year ended June 30, 2018 were 16.59 percent for Tier One/Tier Two members, 9 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 it's employees for the OPSRP Individual Account Program.

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

At June 30, 2018, 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, 2017, the County's proportion share was 0.040501 percent, which was changed from its proportion measured as of June 30, 2016 of 0.04568 percent.

For the year ended June 30, 2018, the County recognized pension expense of \$1,459,156.

At June 30, 2018, 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	\$ 293,389	\$ -
Change in assumptions	1,105,856	-
Net difference between projected and actual earnings on pension plan investments	62,502	266,808
Changes in proportion share	107,426	-
Changes in proportion and differences between contributions and proportionate share of contributions	8,903	188,860
Sub-total before post-measurement date contributions	1,578,076	455,668
Contributions subsequent to the measurement date	524,073	-
Total	\$ 2,102,149	\$ 455,668

Deferred outflows of resources related to pensions of \$524,073 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:	
2019	\$ 196,898
2020	686,784
2021	427,713
2022	(190,650)
2023	1,663
Total	\$ 1,122,408

LINCOLN COUNTY, OREGON

Notes to Financial Statements

Note 12 - Defined Benefit Pension Plan, continued

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.

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, 2017 actuarial valuation was determined using the following actuarial assumptions:

Actuarial Cost Method	Entry Age normal
Amortization Method	Amortized as a level percentage of payroll as layered amortization bases over a closed period; Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years
Asset Valuation Method	Market value of assets
Actuarial Assumptions:	
Inflation Rate	2.50 percent (reduced from 2.75%)
Investment Rate of return	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>Healthy retirees and beneficiaries: RP-2000 Sex-distinct, generational per Scale BB, with collar adjustments and set-backs as described in the valuation.</p> <p>Active Members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation.</p> <p>Disabled retirees: 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.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Compounded Annual Return (Geometric)</u>
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	<u>100.00 %</u>	
Assumed Inflation - Mean		2.50 %

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.

LINCOLN COUNTY, OREGON

Notes to Financial Statements

Note 12 - Defined Benefit Pension Plan, continued

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)	\$ 10,338,809	\$ 6,066,726	\$ 2,494,474

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 Plan Assumptions Subsequent to Measurement Date

The PERS Board lowered the Assumed Rate of Return from 7.50% to 7.20% on July 28, 2017. This change is effective January 1, 2018 and will increase the net pension liability in future periods.

Note 13 - Other Postemployment Benefits (OPEB)

The County provides an implicit rate subsidy for retiree health insurance premiums. The County's single-employer defined benefit postemployment healthcare plan is administered by City County Insurance Services. Benefit provisions are established through negotiations between the County and representatives of collective bargaining units or through resolutions passed by the County. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Financial Statement Presentation

The amounts on the financial statements relate to the plans as follows:

Net OPEB assets	\$ -
Deferred outflow of resources	
Contributions after measurement date	98,682
Net OPEB liability	(1,050,957)
Deferred inflow of resources	
Change in assumptions	(48,468)

LINCOLN COUNTY, OREGON

Notes to Financial Statements

Note 13 - Other Postemployment Benefits (OPEB), continued

Deferred outflows of resources related to OPEB of \$98,682 resulting from the County's contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:		
2019	\$	8,503
2020		8,503
2021		8,503
2022		8,503
2023		8,503
2024		5,953
Total	\$	48,468

Benefits Provided

The plan provides eligible retirees and their dependents under age 65 the same health care coverage at the same premium rates as offered to active employees. The retiree is responsible for the premiums. As of the valuation date of July 1, 2016, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries receiving benefits	21
Active employees	382
Total	403

The County's total OPEB liability of \$1,050,957 was measured as of June 30, 2017, and was determined by an actuarial valuation as of July 1, 2016.

For the fiscal year ended June 30, 2018, the County recognized OPEB expense from this plan of \$88,685

Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 2016 valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial cost method	Entry age normal
Inflation	2.5 percent
Annual pay increases	3.5 percent
Mortality	RP-2000 healthy white collar male and female mortality tables, set back one year for males. Mortality is projected on a generational basis using Scale BB for males and females.
Discount rate	3.58 percent (change from 2.58 percent in previous measurement period)
Health Care Cost Trend	7 percent per year decreasing to 5.25 percent

The discount rate was based on Bond Buyer 20-Year General Obligation Bond Index.

LINCOLN COUNTY, OREGON

Notes to Financial Statements

Note 13 - Other Postemployment Benefits (OPEB), continued

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance as of June 30, 2017	\$ 1,085,048
Changes for the year	
Service cost	88,685
Interest on total OPEB liability	32,067
Effect of assumptions changes or inputs	(56,971)
Benefit payments	<u>(97,872)</u>
Balance as of June 30, 2018	<u>\$ 1,050,957</u>

Changes in assumptions is the result of the change in the discount rate from 2.85 to 3.58.

Sensitivity of the Total OPEB Liability

The following presents the County's total OPEB liability, as well as what the liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.58 percent) or 1-percentage-point higher (4.58 percent) than the current discount rate. A similar sensitivity analysis is then presented for changes in the healthcare trend assumption.

The following presents the County's total OPEB liability, as well as what the liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.58 percent) or 1-percentage-point higher (4.58 percent) than the current discount rate. A similar sensitivity analysis is then presented for changes in the healthcare trend assumption.

	1% Decrease (2.58)	Discount Rate (3.58%)	1% Increase (4.58%)
Discount Rates:			
Total OPEB Liability	\$ 1,125,474	\$ 1,050,957	\$ 982,189
Health Cost Trends:			
Total OPEB Liability	\$ 956,532	\$ 1,050,957	\$ 1,162,629

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:

	<u>Year Ended June 30,</u>		
	<u>2016</u>	<u>2017</u>	<u>2018</u>
<u>Workers' compensation</u>			
Unpaid claims, beginning of year	\$ 29,722	\$ 80,935	\$ 19,811
Incurred claims (including IBNR)	140,585	173,655	31,439
Claim payments	<u>(89,372)</u>	<u>(234,779)</u>	<u>(11,491)</u>
Unpaid claims, end of year	<u>\$ 80,935</u>	<u>\$ 19,811</u>	<u>\$ 39,759</u>
<u>State unemployment</u>			
Unpaid claims, beginning of year	\$ 18,515	\$ 2,838	\$ 8,317
Incurred claims (including IBNR)	30,904	69,356	49,276
Claim payments	<u>(46,581)</u>	<u>(63,877)</u>	<u>(57,593)</u>
Unpaid claims, end of year	<u>\$ 2,838</u>	<u>\$ 8,317</u>	<u>\$ -</u>

LINCOLN COUNTY, OREGON

Notes to Financial Statements

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.

Note 16 - Change in accounting principle

In implementing GASB Statement No. 75, the County has restated beginning net position in order to recognize the correct Total OPEB Liability for the County's Implicit Rate Subsidy plan. The County had previously reported a Net OPEB Obligation in accordance with GASB Statement No. 45 related to the Implicit Rate Subsidy plan, which has been replaced with the Total OPEB Liability. The restatement also recognizes a deferred outflow of resources related to OPEB for contributions made after June 30, 2017 measurement date. Net position as of July 1, 2017 was restated as follows:

	<u>Governmental Activities</u>
Net position - beginning (as reported)	\$ 75,193,565
Cumulative effect of change in accounting principle	<u>796,392</u>
Net position, July 1, 2017 as restated	<u>\$ 75,989,957</u>

REQUIRED SUPPLEMENTARY INFORMATION

LINCOLN COUNTY, OREGON
Schedule of Changes in Total OPEB Liability and Related Ratios

June 30, 2018

	2018
Balance at beginning of year	<u>\$ 1,085,048</u>
Services cost	88,685
Interest on total OPEB liability	32,067
Effect of assumptions changes or inputs	(56,971)
Benefit payments	<u>(97,872)</u>
Balance at end of year	<u>\$ 1,050,957</u>
Covered payroll	\$ 21,121,140
Total OPEB liability as a percentage of covered payroll	4.98 %

10-year trend information required by GASB Statement 75 will be presented prospectively

LINCOLN COUNTY, OREGON

Required Supplemental Information - Oregon Public Employee Retirement System
Year Ended June 30, 2018

Proportionate Share of Net Pension Liability

	Last Four Fiscal Years			
	2018	2017	2016	2015
Proportion of the net pension liability	0.045001 %	0.045681 %	0.051031 %	0.039560 %
Proportionate share of the net pension liability	\$ 6,066,726	\$ 6,857,708	\$ 2,929,952	\$ 896,723
Covered payroll	\$ 4,773,548	\$ 4,519,494	\$ 4,358,196	\$ 4,183,868
Proportionate share of the pension liability as a percentage of its covered employee payroll	127.09 %	151.74 %	67.23 %	21.43 %
Plan net position as a percentage of the total pension liability	83.1 %	80.5 %	91.9 %	103.6 %

Amounts presented are for the measurement period reported during the fiscal year, which for FY 2018 is the July 1, 2016-June 30, 2017.

Schedule of the County's Pension Contributions

	Last Four Fiscal Years			
	2018	2017	2016	2015
Contractually required contribution	\$ 826,330	\$ 686,083	\$ 671,464	\$ 634,532
Contributions in relation to the contractually required contribution	<u>826,330</u>	<u>686,083</u>	<u>671,464</u>	<u>634,532</u>
Contribution deficiency	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ 4,837,853	\$ 4,773,548	\$ 4,519,494	\$ 4,358,196
Contributions as a percentage of covered employee payroll	17.08 %	14.37 %	14.86 %	14.56 %

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

Notes to Required Supplementary Information

Changes of Assumptions

The PERS Board adopted assumption changes that were used to measure the June 30, 2016 total pension liability, which contributes to the net pension liability reported by the City for fiscal year 2017. The changes include the lowering of the long-term expected rate of return to 7.50 percent and lowering the assumed inflation to 2.50 percent. In addition, the healthy mortality assumption was changed to reflect an updated mortality improvement scale for all groups, and assumptions were updated for merit increases, unused sick leave, and vacation pay.

Actuarial Assumptions and Methods Used to Actuarially Determine Contributions:

Actuarial Valuation	December 31, 2015	December 31, 2013
Effective	July 2017 - June 2019	July 2015 - June 2017
Actuarial cost method:	Entry Age Normal	Entry Age Normal
Actuarial valuation method:	Market Value	Market Value
Actuarial assumption:		
Inflation rate	2.5 percent	2.75 percent
Projected salary increases	3.5 percent	3.75 percent
Investment rate of return	7.5 percent	7.75 percent

OTHER SUPPLEMENTARY INFORMATION

COMBINING AND INDIVIDUAL NONMAJOR FUNDS
STATEMENTS AND SCHEDULES

LINCOLN COUNTY, OREGON
NONMAJOR GOVERNMENTAL FUNDS

Combining Balance Sheet

June 30, 2018

	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS			
Cash and investments	\$ 9,288,892	\$ 5,430,896	\$ 14,719,788
Receivables - net	<u>1,878,376</u>	<u>131,837</u>	<u>2,010,213</u>
Total assets	<u>\$ 11,167,268</u>	<u>\$ 5,562,733</u>	<u>\$ 16,730,001</u>
LIABILITIES			
Accounts payable	\$ 264,089	\$ 16,935	\$ 281,024
Accrued payroll and related liabilities	<u>356,899</u>	<u>-</u>	<u>356,899</u>
Total liabilities	<u>620,988</u>	<u>16,935</u>	<u>637,923</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - accounts receivable	139,817	-	139,817
Unavailable revenue - property taxes	<u>128,432</u>	<u>-</u>	<u>128,432</u>
Total deferred inflows of resources	268,249	-	268,249
FUND BALANCES			
Restricted	9,371,262	-	9,371,262
Committed	<u>906,769</u>	<u>5,545,798</u>	<u>6,452,567</u>
Total fund balances	<u>10,278,031</u>	<u>5,545,798</u>	<u>15,823,829</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 11,167,268</u>	<u>\$ 5,562,733</u>	<u>\$ 16,730,001</u>

LINCOLN COUNTY, OREGON
NONMAJOR GOVERNMENTAL FUNDS

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2018

	<u>Special Revenue</u>	<u>Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds</u>
REVENUES:			
Taxes and land sales	\$ 2,196,683	\$ 602,253	\$ 2,798,936
Permits and fees	267,402	-	267,402
Charges for services	6,186,948	278,620	6,465,568
Intergovernmental revenues	6,037,890	-	6,037,890
Fines and penalties	49,587	-	49,587
Investment earnings	161,846	41,644	203,490
Donations	67,626	-	67,626
Other revenue	111,369	-	111,369
	<u>15,079,351</u>	<u>922,517</u>	<u>16,001,868</u>
Total revenues			
EXPENDITURES:			
Current:			
General government	108,545	37,120	145,665
Community services	2,277,900	-	2,277,900
Public safety	1,309,047	-	1,309,047
Culture and recreation	143,555	140,403	283,958
Health and welfare	9,778,075	-	9,778,075
Education	242,439	-	242,439
Capital Outlay	345,640	288,668	634,308
	<u>14,205,201</u>	<u>466,191</u>	<u>14,671,392</u>
Total expenditures			
Excess (deficiency) of revenues over expenditures	<u>874,150</u>	<u>456,326</u>	<u>1,330,476</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	584,222	200,000	784,222
Transfers out	-	(69,878)	(69,878)
Proceeds from sale of capital assets	-	23,539	23,539
	<u>584,222</u>	<u>153,661</u>	<u>737,883</u>
Total other financing sources (uses)			
Net change in fund balances	1,458,372	609,987	2,068,359
Fund balances at beginning of year	<u>8,819,659</u>	<u>4,935,811</u>	<u>13,755,470</u>
Fund balances at end of year	<u>\$ 10,278,031</u>	<u>\$ 5,545,798</u>	<u>\$ 15,823,829</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 School** – Revenue of this fund is derived primarily from forest fees. The entire proceeds of the fund are distributed to the Lincoln County School District.
- **County Commons** –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.
- **Public Health** – This fund accounts for public health services through a variety of programs funded from grants and other resources.
- **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, 2018

	102 Economic Development Fund	204 Transit District Fund	203 County Commons 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
ASSETS								
Cash and investments	\$ 522,346	\$ 2,558,806	\$ 106,648	\$ 122,156	\$ 95,463	\$ 291,380	\$ 1,746,297	\$ 96,187
Receivables - net	<u>35,752</u>	<u>645,907</u>	-	-	<u>10</u>	<u>452,695</u>	<u>596,644</u>	<u>48,321</u>
Total assets	<u>\$ 558,098</u>	<u>\$ 3,204,713</u>	<u>\$ 106,648</u>	<u>\$ 122,156</u>	<u>\$ 95,473</u>	<u>\$ 744,075</u>	<u>\$ 2,342,941</u>	<u>\$ 144,508</u>
LIABILITIES								
Accounts payable	\$ 30,000	\$ 6,224	\$ 20,813	\$ 23,247	\$ -	\$ 87,875	\$ 50,765	\$ 296
Accrued payroll and related expenses	<u>-</u>	<u>53,582</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>163,399</u>	<u>101,916</u>	<u>10,093</u>
Total liabilities	<u>30,000</u>	<u>59,806</u>	<u>20,813</u>	<u>23,247</u>	<u>-</u>	<u>251,274</u>	<u>152,681</u>	<u>10,389</u>
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue - accounts receivable	-	-	-	-	-	2,355	137,462	-
Unavailable revenue - property taxes	<u>-</u>	<u>46,415</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,023</u>
Total deferred inflows of resources	<u>-</u>	<u>46,415</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,355</u>	<u>137,462</u>	<u>8,023</u>
FUND BALANCES								
Restricted	528,098	3,098,492	85,835	-	-	490,446	2,052,798	126,096
Committed	<u>-</u>	<u>-</u>	<u>-</u>	<u>98,909</u>	<u>95,473</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>528,098</u>	<u>3,098,492</u>	<u>85,835</u>	<u>98,909</u>	<u>95,473</u>	<u>490,446</u>	<u>2,052,798</u>	<u>126,096</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 558,098</u>	<u>\$ 3,204,713</u>	<u>\$ 106,648</u>	<u>\$ 122,156</u>	<u>\$ 95,473</u>	<u>\$ 744,075</u>	<u>\$ 2,342,941</u>	<u>\$ 144,508</u>

LINCOLN COUNTY, OREGON
NONMAJOR SPECIAL REVENUE FUNDS

Combining Balance Sheet

June 30, 2018

	212 Animal Services Fund	213 Title III/Safety Net Fund	217 Corner Preservation Fund	291 Radio Communications Fund	859 Extension District	603 Agate Beach Disposal Site Closure Fund	601 DUII Fund	Total
ASSETS								
Cash and investments	\$ 488,590	\$ 1,424,401	\$ 290,795	\$ 117,518	\$ 717,318	\$ 690,714	\$ 20,273	\$ 9,288,892
Receivables - net	<u>69,365</u>	<u>-</u>	<u>31</u>	<u>-</u>	<u>28,251</u>	<u>1,400</u>	<u>-</u>	<u>1,878,376</u>
Total assets	<u>\$ 557,955</u>	<u>\$ 1,424,401</u>	<u>\$ 290,826</u>	<u>\$ 117,518</u>	<u>\$ 745,569</u>	<u>\$ 692,114</u>	<u>\$ 20,273</u>	<u>\$ 11,167,268</u>
LIABILITIES								
Accounts payable	\$ 17,659	\$ 6,200	\$ 9	\$ 722	\$ 20,279	\$ -	\$ -	\$ 264,089
Accrued payroll and related expenses	<u>27,909</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>356,899</u>
Total liabilities	<u>45,568</u>	<u>6,200</u>	<u>9</u>	<u>722</u>	<u>20,279</u>	<u>-</u>	<u>-</u>	<u>620,988</u>
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue - accounts receivable	-	-	-	-	-	-	-	139,817
Unavailable revenue - property taxes	<u>52,507</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,487</u>	<u>-</u>	<u>-</u>	<u>128,432</u>
Total deferred inflows of resources	<u>52,507</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,487</u>	<u>-</u>	<u>-</u>	<u>268,249</u>
FUND BALANCES								
Restricted	459,880	1,418,201	290,817	116,796	703,803	-	-	9,371,262
Committed	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>692,114</u>	<u>20,273</u>	<u>906,769</u>
Total fund balances	<u>459,880</u>	<u>1,418,201</u>	<u>290,817</u>	<u>116,796</u>	<u>703,803</u>	<u>692,114</u>	<u>20,273</u>	<u>10,278,031</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 557,955</u>	<u>\$ 1,424,401</u>	<u>\$ 290,826</u>	<u>\$ 117,518</u>	<u>\$ 745,569</u>	<u>\$ 692,114</u>	<u>\$ 20,273</u>	<u>\$ 11,167,268</u>

LINCOLN COUNTY, OREGON

NONMAJOR SPECIAL REVENUE FUNDS

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

For the Year Ended June 30, 2018

	102 Economic Development Fund	204 Transit District Fund	203 County Commons 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
REVENUES:								
Taxes and land sales	\$ 170,304	\$ 703,075	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 203,585
Permits and fees	-	-	20,109	-	48,757	-	-	-
Charges for services	-	611,009	-	-	-	3,684,083	1,779,592	-
Intergovernmental revenues	268,750	1,206,122	53,167	-	-	1,670,383	2,649,808	154,087
Fines and penalties	-	-	-	44,900	-	-	-	-
Investment earnings	8,251	50,421	957	2,325	1,624	-	32,473	68
Donations	-	-	18,655	-	-	-	556	-
Other revenue	-	23,564	28,535	-	-	58,979	291	-
Total revenues	447,305	2,594,191	121,423	47,225	50,381	5,413,445	4,462,720	357,740
EXPENDITURES:								
Current:								
General government	-	-	-	-	70,458	-	-	-
Community services	242,783	1,957,869	-	-	-	-	-	-
Public safety	-	-	-	46,318	-	-	-	286,844
Culture and recreation	-	-	143,555	-	-	-	-	-
Health and Welfare	-	-	-	-	-	5,477,055	4,301,020	-
Education	-	-	-	-	-	-	-	-
Capital Outlay	-	330,692	-	-	-	14,948	-	-
Total expenditures	242,783	2,288,561	143,555	46,318	70,458	5,492,003	4,301,020	286,844
Excess (deficiency) of revenues over (under) expenditures	<u>204,522</u>	<u>305,630</u>	<u>(22,132)</u>	<u>907</u>	<u>(20,077)</u>	<u>(78,558)</u>	<u>161,700</u>	<u>70,896</u>
OTHER FINANCING SOURCES (USES):								
Transfers in	-	-	54,878	-	-	475,517	-	-
Net change in fund balance	204,522	305,630	32,746	907	(20,077)	396,959	161,700	70,896
Beginning fund balance	323,576	2,792,862	53,089	98,002	115,550	93,487	1,891,098	55,200
Ending fund balance	<u>\$ 528,098</u>	<u>\$ 3,098,492</u>	<u>\$ 85,835</u>	<u>\$ 98,909</u>	<u>\$ 95,473</u>	<u>\$ 490,446</u>	<u>\$ 2,052,798</u>	<u>\$ 126,096</u>

LINCOLN COUNTY, OREGON

NONMAJOR SPECIAL REVENUE FUNDS

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

For the Year Ended June 30, 2018

	212 Animal Services Fund	213 Title III/Safety Net Fund	217 Corner Preservation Fund	291 Radio Communications Fund	859 Extension District	603 Agate Beach Disposal Site Closure Fund	601 DUII Fund	Total
REVENUES:								
Taxes and land sales	\$ 794,141	\$ -	\$ -	\$ -	\$ 325,578	\$ -	\$ -	\$ 2,196,683
Permits and fees	79,267	-	108,186	-	-	8,205	2,878	267,402
Charges for services	-	-	-	112,264	-	-	-	6,186,948
Intergovernmental revenues	25,229	-	-	-	10,344	-	-	6,037,890
Fines and penalties	4,687	-	-	-	-	-	-	49,587
Investment earnings	9,183	26,009	4,706	-	13,084	12,406	339	161,846
Donations	48,415	-	-	-	-	-	-	67,626
Other revenue	-	-	-	-	-	-	-	111,369
Total revenues	<u>960,922</u>	<u>26,009</u>	<u>112,892</u>	<u>112,264</u>	<u>349,006</u>	<u>20,611</u>	<u>3,217</u>	<u>15,079,351</u>
EXPENDITURES:								
Current:								
General government	-	-	38,087	-	-	-	-	108,545
Community services	-	56,509	-	-	-	20,739	-	2,277,900
Public safety	828,827	-	-	147,058	-	-	-	1,309,047
Culture and recreation	-	-	-	-	-	-	-	143,555
Health and Welfare	-	-	-	-	-	-	-	9,778,075
Education	-	-	-	-	242,439	-	-	242,439
Capital Outlay	-	-	-	-	-	-	-	345,640
Total expenditures	<u>828,827</u>	<u>56,509</u>	<u>38,087</u>	<u>147,058</u>	<u>242,439</u>	<u>20,739</u>	<u>-</u>	<u>14,205,201</u>
Excess (deficiency) of revenues over (under) expenditures	<u>132,095</u>	<u>(30,500)</u>	<u>74,805</u>	<u>(34,794)</u>	<u>106,567</u>	<u>(128)</u>	<u>3,217</u>	<u>874,150</u>
OTHER FINANCING SOURCES (USES):								
Transfers in	-	-	-	53,827	-	-	-	584,222
Net change in fund balance	132,095	(30,500)	74,805	19,033	106,567	(128)	3,217	1,458,372
Beginning fund balance	<u>327,785</u>	<u>1,448,701</u>	<u>216,012</u>	<u>97,763</u>	<u>597,236</u>	<u>692,242</u>	<u>17,056</u>	<u>8,819,659</u>
Ending fund balance	<u>\$ 459,880</u>	<u>\$ 1,418,201</u>	<u>\$ 290,817</u>	<u>\$ 116,796</u>	<u>\$ 703,803</u>	<u>\$ 692,114</u>	<u>\$ 20,273</u>	<u>\$ 10,278,031</u>

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, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Taxes and land sales	\$ 147,000	\$ 147,000	\$ 170,304	\$ 23,304
Intergovernmental revenues	220,000	220,000	268,750	48,750
Investment earnings	<u>1,700</u>	<u>1,700</u>	<u>8,251</u>	<u>6,551</u>
Total revenues	<u>368,700</u>	<u>368,700</u>	<u>447,305</u>	<u>78,605</u>
Expenditures:				
Materials and services	376,000	376,000	242,783	133,217
Contingency	<u>246,895</u>	<u>246,895</u>	<u>-</u>	<u>246,895</u>
Total expenditures	<u>622,895</u>	<u>622,895</u>	<u>242,783</u>	<u>380,112</u>
Net change in fund balances	(254,195)	(254,195)	204,522	458,717
Fund Balance:				
Beginning of year	<u>254,195</u>	<u>254,195</u>	<u>323,576</u>	<u>69,381</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 528,098</u>	<u>\$ 528,098</u>

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, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Taxes and land sales	\$ 640,000	\$ 640,000	\$ 703,075	\$ 63,075
Intergovernmental revenues	1,125,532	1,125,532	1,206,122	80,590
Charges for services	611,172	611,172	611,009	(163)
Investment earnings	20,000	20,000	50,421	30,421
Other revenue	<u>5,500</u>	<u>5,500</u>	<u>23,564</u>	<u>18,064</u>
Total revenues	<u>2,402,204</u>	<u>2,402,204</u>	<u>2,594,191</u>	<u>191,987</u>
Expenditures:				
Personal services	1,569,567	1,569,567	1,288,498	281,069
Materials and services	827,076	827,076	669,371	157,705
Capital outlay	767,674	767,674	330,692	436,982
Contingency	<u>385,000</u>	<u>385,000</u>	<u>-</u>	<u>385,000</u>
Total expenditures	<u>3,549,317</u>	<u>3,549,317</u>	<u>2,288,561</u>	<u>1,260,756</u>
Net change in fund balances	(1,147,113)	(1,147,113)	305,630	1,452,743
Fund Balance:				
Beginning of year	<u>2,255,211</u>	<u>2,255,211</u>	<u>2,792,862</u>	<u>537,651</u>
End of year	<u>\$ 1,108,098</u>	<u>\$ 1,108,098</u>	<u>\$ 3,098,492</u>	<u>\$ 1,990,394</u>

LINCOLN COUNTY, OREGON

203 COUNTY COMMONS FUND

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Permits and fees	\$ 15,000	\$ 15,000	\$ 20,109	\$ 5,109
Intergovernmental revenues	53,667	53,667	53,167	(500)
Investment earnings	250	250	957	707
Contributions and donations	25,000	25,000	18,655	(6,345)
Other revenue	<u>19,200</u>	<u>19,200</u>	<u>28,535</u>	<u>9,335</u>
Total revenues	<u>113,117</u>	<u>113,117</u>	<u>121,423</u>	<u>8,306</u>
Expenditures:				
Materials and services	167,850	167,850	143,555	24,295
Contingency	<u>71,260</u>	<u>71,260</u>	<u>-</u>	<u>71,260</u>
Total expenditures	<u>239,110</u>	<u>239,110</u>	<u>143,555</u>	<u>95,555</u>
Excess revenues under expenditures	<u>(125,993)</u>	<u>(125,993)</u>	<u>(22,132)</u>	<u>103,861</u>
Other financing sources (uses):				
Transfers in	<u>65,000</u>	<u>65,000</u>	<u>54,878</u>	<u>(10,122)</u>
Net change in fund balances	(60,993)	(60,993)	32,746	93,739
Fund Balance:				
Beginning of year	<u>60,993</u>	<u>60,993</u>	<u>53,089</u>	<u>(7,904)</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 85,835</u>	<u>\$ 85,835</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, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Fines and penalties	\$ 36,000	\$ 36,000	\$ 44,900	\$ 8,900
Investment earnings	500	500	2,325	1,825
Total revenues	<u>36,500</u>	<u>36,500</u>	<u>47,225</u>	<u>10,725</u>
Expenditures:				
Materials and services	50,900	50,900	46,318	4,582
Contingency	64,245	64,245	-	64,245
Total expenditures	<u>115,145</u>	<u>115,145</u>	<u>46,318</u>	<u>68,827</u>
Net change in fund balances	(78,645)	(78,645)	907	79,552
Fund Balance:				
Beginning of year	<u>78,645</u>	<u>78,645</u>	<u>98,002</u>	<u>19,357</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 98,909</u>	<u>\$ 98,909</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, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Permits and fees	\$ 48,000	\$ 48,000	\$ 48,757	\$ 757
Investment earnings	900	900	1,624	724
Total revenues	<u>48,900</u>	<u>48,900</u>	<u>50,381</u>	<u>1,481</u>
Expenditures:				
Personal services	54,933	54,933	18,138	36,795
Materials and services	<u>116,716</u>	<u>116,716</u>	<u>52,320</u>	<u>64,396</u>
Total expenditures	<u>171,649</u>	<u>171,649</u>	<u>70,458</u>	<u>101,191</u>
Net change in fund balances	(122,749)	(122,749)	(20,077)	102,672
Fund Balance:				
Beginning of year	<u>122,749</u>	<u>122,749</u>	<u>115,550</u>	<u>(7,199)</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 95,473</u>	<u>\$ 95,473</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, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Intergovernmental revenues	\$ 1,711,370	\$ 1,994,959	\$ 1,670,383	\$ (324,576)
Charges for services	3,796,694	3,392,597	3,684,083	291,486
Other revenue	<u>65,706</u>	<u>80,390</u>	<u>58,979</u>	<u>(21,411)</u>
Total revenues	<u>5,573,770</u>	<u>5,467,946</u>	<u>5,413,445</u>	<u>(54,501)</u>
Expenditures:				
Personal services	4,734,267	4,483,926	4,313,912	170,014
Materials and services	1,726,504	1,542,434	1,163,143	379,291
Capital outlay	<u>-</u>	<u>15,000</u>	<u>14,948</u>	<u>52</u>
Total expenditures	<u>6,460,771</u>	<u>6,041,360</u>	<u>5,492,003</u>	<u>549,357</u>
Excess revenues under expenditures	<u>(887,001)</u>	<u>(573,414)</u>	<u>(78,558)</u>	<u>494,856</u>
Other financing sources (uses):				
Transfers in	<u>503,664</u>	<u>479,926</u>	<u>475,517</u>	<u>(4,409)</u>
Net change in fund balances	(383,337)	(93,488)	396,959	490,447
Fund Balance:				
Beginning of year	<u>383,337</u>	<u>93,488</u>	<u>93,487</u>	<u>(1)</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 490,446</u>	<u>\$ 490,446</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, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Intergovernmental revenues	\$ 2,614,254	\$ 2,614,254	\$ 2,649,808	\$ 35,554
Charges for services	1,840,720	1,840,720	1,779,592	(61,128)
Investment earnings	15,000	15,000	32,473	17,473
Contributions and donations	800	800	556	(244)
Other revenue	<u>6,500</u>	<u>6,500</u>	<u>291</u>	<u>(6,209)</u>
Total revenues	<u>4,477,274</u>	<u>4,477,274</u>	<u>4,462,720</u>	<u>(14,554)</u>
Expenditures:				
Personal services	4,015,602	4,015,602	2,357,488	1,658,114
Materials and services	<u>2,353,017</u>	<u>2,353,017</u>	<u>1,943,532</u>	<u>409,485</u>
Total expenditures	<u>6,368,619</u>	<u>6,368,619</u>	<u>4,301,020</u>	<u>2,067,599</u>
Net change in fund balances	(1,891,345)	(1,891,345)	161,700	2,053,045
Fund Balance:				
Beginning of year	<u>1,941,345</u>	<u>1,941,345</u>	<u>1,891,098</u>	<u>(50,247)</u>
End of year	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>\$ 2,052,798</u>	<u>\$ 2,002,798</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, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Property taxes	\$ 220,184	\$ 220,184	\$ 203,585	\$ (16,599)
Intergovernmental revenues	154,087	154,087	154,087	-
Investment earnings	<u>-</u>	<u>-</u>	<u>68</u>	<u>68</u>
Total revenues	<u>374,271</u>	<u>374,271</u>	<u>357,740</u>	<u>(16,531)</u>
Expenditures:				
Personal services	239,045	239,045	223,927	15,118
Materials and services	69,700	69,700	62,917	6,783
Contingency	<u>136,828</u>	<u>136,828</u>	<u>-</u>	<u>136,828</u>
Total expenditures	<u>445,573</u>	<u>445,573</u>	<u>286,844</u>	<u>158,729</u>
Other financing sources (uses):				
Net change in fund balances	(71,302)	(71,302)	70,896	142,198
Fund Balance:				
Beginning of year	<u>71,302</u>	<u>71,302</u>	<u>55,200</u>	<u>(16,102)</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 126,096</u>	<u>\$ 126,096</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, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Taxes and land sales	\$ 773,000	\$ 773,000	\$ 794,141	\$ 21,141
Permits and fees	74,000	74,000	79,267	5,267
Intergovernmental revenues	-	-	25,229	25,229
Fines and penalties	-	-	4,687	4,687
Investment earnings	-	-	9,183	9,183
Contributions and donations	60,000	60,000	48,415	(11,585)
Total revenues	<u>907,000</u>	<u>907,000</u>	<u>960,922</u>	<u>53,922</u>
Expenditures:				
Personal services	637,866	637,866	629,544	8,322
Materials and services	250,300	250,300	199,283	51,017
Contingency	241,529	241,529	-	241,529
Total expenditures	<u>1,129,695</u>	<u>1,129,695</u>	<u>828,827</u>	<u>300,868</u>
Net change in fund balances	(222,695)	(222,695)	132,095	354,790
Fund Balance:				
Beginning of year	<u>244,848</u>	<u>244,848</u>	<u>327,785</u>	<u>82,937</u>
End of year	<u>\$ 22,153</u>	<u>\$ 22,153</u>	<u>\$ 459,880</u>	<u>\$ 437,727</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, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Investment earnings	\$ 10,500	\$ 10,500	\$ 26,009	\$ 15,509
Expenditures:				
Materials and services	916,015	916,015	56,509	859,506
Capital outlay	<u>539,945</u>	<u>539,945</u>	<u>-</u>	<u>539,945</u>
Total expenditures	<u>1,455,960</u>	<u>1,455,960</u>	<u>56,509</u>	<u>1,399,451</u>
Excess revenues under expenditures	(1,445,460)	(1,445,460)	(30,500)	1,414,960
Other financing sources (uses):				
Net change in fund balances	(1,445,460)	(1,445,460)	(30,500)	1,414,960
Fund Balance:				
Beginning of year	<u>1,445,460</u>	<u>1,445,460</u>	<u>1,448,701</u>	<u>3,241</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,418,201</u>	<u>\$ 1,418,201</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, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Permits and fees	\$ 100,000	\$ 100,000	\$ 108,186	\$ 8,186
Investment earnings	2,000	2,000	4,706	2,706
Total revenues	<u>102,000</u>	<u>102,000</u>	<u>112,892</u>	<u>10,892</u>
Expenditures:				
Personal services	33,483	33,483	-	33,483
Materials and services	132,200	132,200	38,087	94,113
Capital outlay	50,000	50,000	-	50,000
Contingency	69,107	69,107	-	69,107
Total expenditures	<u>284,790</u>	<u>284,790</u>	<u>38,087</u>	<u>246,703</u>
Net change in fund balances	(182,790)	(182,790)	74,805	257,595
Fund Balance:				
Beginning of year	<u>182,790</u>	<u>182,790</u>	<u>216,012</u>	<u>33,222</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 290,817</u>	<u>\$ 290,817</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, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Charges for services	\$ 115,733	\$ 115,733	\$ 112,264	\$ (3,469)
Expenditures:				
Materials and services	137,640	137,640	147,058	(9,418)
Contingency	<u>121,186</u>	<u>121,186</u>	<u>-</u>	<u>121,186</u>
Total expenditures	<u>258,826</u>	<u>258,826</u>	<u>147,058</u>	<u>111,768</u>
Excess revenues under expenditures	<u>(143,093)</u>	<u>(143,093)</u>	<u>(34,794)</u>	<u>108,299</u>
Other financing sources (uses):				
Transfers in	<u>53,827</u>	<u>53,827</u>	<u>53,827</u>	<u>-</u>
Fund Balance:				
Beginning of year	<u>89,266</u>	<u>89,266</u>	<u>97,763</u>	<u>8,497</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 116,796</u>	<u>\$ 116,796</u>

LINCOLN COUNTY, OREGON

859 EXTENSION DISTRICT

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Taxes and land sales	\$ 299,500	\$ 299,500	\$ 325,578	\$ 26,078
Intergovernmental revenues	16,500	16,500	10,344	(6,156)
Investment earnings	<u>2,500</u>	<u>2,500</u>	<u>13,084</u>	<u>10,584</u>
Total revenues	318,500	318,500	349,006	30,506
Expenditures:				
Materials and services	<u>600,233</u>	<u>600,233</u>	<u>242,439</u>	<u>357,794</u>
Net change in fund balances	(281,733)	(281,733)	106,567	388,300
Fund Balance:				
Beginning of year	<u>451,733</u>	<u>451,733</u>	<u>597,236</u>	<u>145,503</u>
End of year	<u>\$ 170,000</u>	<u>\$ 170,000</u>	<u>\$ 703,803</u>	<u>\$ 533,803</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, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Permits and fees	\$ 5,500	\$ 5,500	\$ 8,205	\$ 2,705
Investment earnings	3,700	3,700	12,406	8,706
Total revenues	<u>9,200</u>	<u>9,200</u>	<u>20,611</u>	<u>11,411</u>
Expenditures:				
Materials and services	682,317	682,317	20,739	661,578
Capital outlay	15,000	15,000	-	15,000
Total expenditures	<u>697,317</u>	<u>697,317</u>	<u>20,739</u>	<u>676,578</u>
Net change in fund balances	(688,117)	(688,117)	(128)	687,989
Fund Balance:				
Beginning of year	<u>688,117</u>	<u>688,117</u>	<u>692,242</u>	<u>4,125</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 692,114</u>	<u>\$ 692,114</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, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Permits and fees	\$ 1,500	\$ 1,500	\$ 2,878	\$ 1,378
Investment earnings	90	90	339	249
Total revenues	<u>1,590</u>	<u>1,590</u>	<u>3,217</u>	<u>1,627</u>
Expenditures:				
Materials and services	15,000	15,000	-	15,000
Contingency	3,689	3,689	-	3,689
Total expenditures	<u>18,689</u>	<u>18,689</u>	<u>-</u>	<u>18,689</u>
Net change in fund balances	(17,099)	(17,099)	3,217	20,316
Fund Balance:				
Beginning of year	<u>17,099</u>	<u>17,099</u>	<u>17,056</u>	<u>(43)</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,273</u>	<u>\$ 20,273</u>

NONMAJOR CAPITAL PROJECTS FUNDS

- County Commons 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, 2018

	<u>607 County Commons Facilities Fund</u>	<u>219 Capital Projects Fund</u>	<u>103 Vehicle Replacement</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 2,353,989	\$ 2,637,393	\$ 439,514	\$ 5,430,896
Accounts receivable	<u>126,855</u>	<u>-</u>	<u>4,982</u>	<u>131,837</u>
Total assets	<u>\$ 2,480,844</u>	<u>\$ 2,637,393</u>	<u>\$ 444,496</u>	<u>\$ 5,562,733</u>
LIABILITIES AND FUND BALANCES				
Accounts payable and other current liabilities	<u>\$ 16,935</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,935</u>
Fund Balances:				
Committed	<u>2,463,909</u>	<u>2,637,393</u>	<u>444,496</u>	<u>5,545,798</u>
Total liabilities and fund balances	<u>\$ 2,480,844</u>	<u>\$ 2,637,393</u>	<u>\$ 444,496</u>	<u>\$ 5,562,733</u>

LINCOLN COUNTY, OREGON

Nonmajor Capital Project Funds

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

Year ended June 30, 2018

	607 County Commons Facilities Fund	219 Capital Projects Fund	103 Vehicle Replacement	Total
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
REVENUES				
Taxes and land sales	\$ 602,253	\$ -	\$ -	\$ 602,253
Charges for services	-	-	278,620	278,620
Investment earnings	<u>41,644</u>	<u>-</u>	<u>-</u>	<u>41,644</u>
Total revenues	<u>643,897</u>	<u>-</u>	<u>278,620</u>	<u>922,517</u>
EXPENDITURES				
Current				
Materials and services	140,403	34,120	3,000	177,523
Capital outlay	<u>-</u>	<u>9,897</u>	<u>278,771</u>	<u>288,668</u>
Total expenditures	<u>140,403</u>	<u>44,017</u>	<u>281,771</u>	<u>466,191</u>
Excess (deficiency) of revenues over (under) expenditures	<u>503,494</u>	<u>(44,017)</u>	<u>(3,151)</u>	<u>456,326</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	23,539	23,539
Transfers in	-	200,000	-	200,000
Transfers out	<u>(69,878)</u>	<u>-</u>	<u>-</u>	<u>(69,878)</u>
Total other financing source (uses)	<u>(69,878)</u>	<u>200,000</u>	<u>23,539</u>	<u>153,661</u>
Net change in fund balances	433,616	155,983	20,388	609,987
Beginning fund balances	<u>2,030,293</u>	<u>2,481,410</u>	<u>424,108</u>	<u>4,935,811</u>
Ending fund balances	<u>\$ 2,463,909</u>	<u>\$ 2,637,393</u>	<u>\$ 444,496</u>	<u>\$ 5,545,798</u>

LINCOLN COUNTY, OREGON
607 COUNTY COMMONS FACILITIES FUND
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Taxes and land sales	\$ 470,000	\$ 470,000	\$ 602,253	\$ 132,253
Investment earnings	12,500	12,500	41,644	29,144
Total revenues	<u>482,500</u>	<u>482,500</u>	<u>643,897</u>	<u>161,397</u>
Expenditures:				
Materials and services	310,000	310,000	140,403	169,597
Capital outlay	1,740,513	1,740,513	-	1,740,513
Total expenditures	<u>2,050,513</u>	<u>2,050,513</u>	<u>140,403</u>	<u>1,910,110</u>
Transfers out	<u>(80,000)</u>	<u>(80,000)</u>	<u>(69,878)</u>	<u>10,122</u>
Net change in fund balances	(1,648,013)	(1,648,013)	433,616	2,081,629
Fund Balance:				
Beginning of year	<u>1,648,013</u>	<u>1,648,013</u>	<u>2,030,293</u>	<u>382,280</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,463,909</u>	<u>\$ 2,463,909</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, 2018

	Original Budget	Final Budget	Actual	Variance
Expenditures:				
Materials and services	161,800	161,800	34,120	127,680
Capital outlay	469,605	469,605	9,897	459,708
Contingency	<u>2,074,265</u>	<u>2,074,265</u>	<u>-</u>	<u>2,074,265</u>
Total expenditures	2,705,670	2,705,670	44,017	2,661,653
Other financing sources (uses):				
Transfers in	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>-</u>
Net change in fund balances	(2,505,670)	(2,505,670)	155,983	2,661,653
Fund Balance:				
Beginning of year	<u>2,505,670</u>	<u>2,505,670</u>	<u>2,481,410</u>	<u>(24,260)</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,637,393</u>	<u>\$ 2,637,393</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, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Charges for services	<u>\$ 254,268</u>	<u>\$ 254,268</u>	<u>\$ 278,620</u>	<u>\$ 24,352</u>
Expenditures:				
Materials and services	3,000	3,000	3,000	-
Capital outlay	258,400	279,400	278,771	629
Contingency	<u>474,632</u>	<u>453,632</u>	<u>-</u>	<u>453,632</u>
Total expenditures	<u>736,032</u>	<u>736,032</u>	<u>281,771</u>	<u>454,261</u>
Excess revenues under expenditures	(481,764)	(481,764)	(3,151)	478,613
Other financing sources (uses):				
Sale of capital assets	<u>26,000</u>	<u>26,000</u>	<u>23,539</u>	<u>(2,461)</u>
Net change in fund balances	(455,764)	(455,764)	20,388	476,152
Fund Balance:				
Beginning of year	<u>455,764</u>	<u>455,764</u>	<u>424,108</u>	<u>(31,656)</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 444,496</u>	<u>\$ 444,496</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, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Intergovernmental revenues	\$ 48,000	\$ 18,000	\$ 39,383	\$ 21,383
Charges for services	224,950	224,950	343,607	118,657
Investment earnings	550	550	1,777	1,227
Other revenue	<u>200</u>	<u>200</u>	<u>605</u>	<u>405</u>
Total revenues	<u>273,700</u>	<u>243,700</u>	<u>385,372</u>	<u>141,672</u>
Expenditures:				
Personal services	124,826	124,826	97,583	27,243
Materials and services	172,197	172,197	138,478	33,719
Contingency	<u>62,167</u>	<u>32,167</u>	<u>-</u>	<u>32,167</u>
Total expenditures	<u>359,190</u>	<u>329,190</u>	<u>236,061</u>	<u>93,129</u>
Net change in fund balances	(85,490)	(85,490)	149,311	234,801
Fund Balance:				
Beginning of year	<u>89,979</u>	<u>89,979</u>	<u>107,200</u>	<u>17,221</u>
End of year	<u>\$ 4,489</u>	<u>\$ 4,489</u>	256,511	<u>\$ 252,022</u>
Reconciliation to GAAP Basis:				
Compensated absences			<u>(4,354)</u>	
GAAP Fund Balance - end of year			<u>\$ 252,157</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, 2018

	Original Budget	Final Budget	Actual	Variance
Revenues:				
Intergovernmental revenues	\$ 20,369	\$ 20,369	\$ 20,072	\$ (297)
Charges for services	920,000	920,000	883,283	(36,717)
Investment earnings	35,000	35,000	73,342	38,342
Other revenue	5,000	5,000	2,467	(2,533)
Total revenues	980,369	980,369	979,164	(1,205)
Expenditures:				
Personal services	60,975	60,975	-	60,975
Materials and services	714,500	714,500	651,344	63,156
Capital outlay	282,500	382,500	361,440	21,060
Contingency	3,945,359	3,845,359	-	3,845,359
Total expenditures	5,003,334	5,003,334	1,012,784	3,990,550
Net change in fund balances	(4,022,965)	(4,022,965)	(33,620)	3,989,345
Fund Balance:				
Beginning of year	4,022,965	4,022,965	4,088,710	65,745
End of year	\$ -	\$ -	4,055,090	\$ 4,055,090
Reconciliation to GAAP Basis:				
Claims payable			(39,758)	
GAAP Fund Balance - end of year			\$ 4,015,332	

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, 2018

	<u>Balances</u> <u>June 30, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balances</u> <u>June 30, 2018</u>
ASSETS				
Cash and investments	\$ 2,448,555	\$ 114,616,110	\$ 114,368,192	\$ 2,696,473
Receivables	<u>8,478,545</u>	<u>114,700,421</u>	<u>114,616,110</u>	<u>8,562,856</u>
Total assets	<u>\$ 10,927,100</u>	<u>\$ 229,316,531</u>	<u>\$ 228,984,302</u>	<u>\$ 11,259,329</u>
LIABILITIES				
Accounts payable	\$ 12,829	\$ 3,128,322	\$ 3,139,155	\$ 1,996
Amounts held for others	<u>10,914,271</u>	<u>114,700,421</u>	<u>114,357,359</u>	<u>11,257,333</u>
Total liabilities	<u>\$ 10,927,100</u>	<u>\$ 117,828,743</u>	<u>\$ 117,496,514</u>	<u>\$ 11,259,329</u>

LINCOLN COUNTY, OREGON

Schedule of Receipts and Disbursements for Elected Officials
For the Year Ended June 30, 2018

There is no cash on hand or cash transactions for independently elected officials for fiscal year ending June 30, 2018.



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. 76-79
- **Revenue Capacity** - These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax. 80-83
- **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. 84-87
- **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. 88-89
- **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. 90-92

LINCOLN COUNTY

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Invested in capital assets, net of related debt	\$ 119,306	\$ 122,659	\$ 123,439	\$ 34,807	\$ 35,744	\$ 37,757	\$ 37,806	\$ 39,642	\$ 40,693	\$ 42,040
Restricted	20,238	17,921	15,036	13,834	18,466	12,116	22,178	23,265	21,694	23,696
Unrestricted	11,595	11,600	12,536	15,057	10,085	17,919	10,407	10,506	12,908	14,219
Total Net Assets	\$ 151,139	\$ 152,180	\$ 151,011	\$ 63,698	\$ 64,295	\$ 67,792	\$ 70,391	\$ 73,413	\$ 75,295	\$ 79,955

LINCOLN COUNTY

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

EXPENSES	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental Activities										
General Government	\$ 11,229	\$ 9,427	\$ 9,344	\$ 7,693	\$ 8,778	\$ 8,665	\$ 8,735	\$ 9,332	\$ 9,937	\$ 11,155
Community Services	4,205	4,030	3,783	3,972	4,211	4,143	3,878	3,995	4,082	4,589
Public Safety	17,322	16,484	16,972	19,373	18,409	18,878	17,916	21,900	21,170	22,685
Highways and Streets	7,543	7,614	8,366	8,191	6,102	5,656	6,659	6,119	6,103	7,662
Culture and Recreation	198	265	142	235	218	258	211	225	307	417
Health and Welfare	12,033	10,101	10,994	10,889	12,686	13,465	14,577	14,848	17,392	18,267
Education	1,569	1,421	1,236	956	920	688	689	1,371	179	243
Interest	93	63	41	26	6	77	242	121	102	90
Total Governmental Activities Expense	\$ 54,192	\$ 49,405	\$ 50,878	\$ 51,335	\$ 51,330	\$ 51,830	\$ 52,907	\$ 57,911	\$ 59,272	\$ 65,108
Business-type Activities										
Solid waste	\$ -	\$ 278	278	257	220	217	234	231	243	235
Total Business-type Activities	\$ -	\$ 278	\$ 278	\$ 257	\$ 220	\$ 217	\$ 234	\$ 231	\$ 243	\$ 235
Total Primary Government Expenses	\$ 54,192	\$ 49,683	\$ 51,156	\$ 51,592	\$ 51,550	\$ 52,047	\$ 53,141	\$ 58,142	\$ 59,515	\$ 65,343
PROGRAM REVENUES										
Governmental Activities										
Charges for Services										
General Government	\$ 2,476	\$ 1,967	\$ 2,365	\$ 2,558	\$ 2,576	\$ 2,296	\$ 1,787	\$ 3,493	\$ 2,968	\$ 3,344
Community Services	670	406	397	706	663	797	753	931	6,139	842
Public Safety	911	1,266	1,061	1,916	2,336	2,641	1,033	1,120	253	252
Highways and Streets	1,144	-	-	-	-	675	320	-	2,257	1,157
Culture and Recreation	-	-	-	-	-	-	-	-	103	102
Health and Welfare	6,188	4,142	5,430	6,630	6,217	8,481	9,611	9,466	4,890	9,384
Education	6	2	9	-	-	-	-	-	3	-
Operating Grants and Contributions	19,766	21,192	19,520	19,958	18,076	18,740	20,072	19,357	18,695	23,016
Capital Grants and Contributions	12	2,136	562	1,295	383	57	452	1,531	507	4,220
Total Governmental Activities Program Revenues	\$ 31,173	\$ 31,111	\$ 29,344	\$ 33,063	\$ 30,251	\$ 33,687	\$ 34,028	\$ 35,898	\$ 35,815	\$ 42,317
Business-type Activities - Solid waste										
Charges for Services	\$ -	\$ 213	\$ 182	\$ 219	\$ 200	\$ 204	\$ 208	\$ 220	\$ 233	\$ 344
Operating Grants and Contributions	\$ -	\$ 20	\$ 20	\$ 20	\$ 30	\$ 30	\$ 30	\$ 30	\$ 30	\$ 40
Total Business-type Activities	\$ -	\$ 233	\$ 202	\$ 239	\$ 230	\$ 234	\$ 238	\$ 250	\$ 263	\$ 384
Total Primary Government Program Revenues	\$ 31,173	\$ 31,344	\$ 29,546	\$ 33,302	\$ 30,481	\$ 33,921	\$ 34,266	\$ 36,148	\$ 36,078	\$ 42,701
Net (Expense)/Revenue										
Governmental Activities	\$ (23,019)	\$ (18,294)	\$ (21,534)	\$ (18,272)	\$ (21,079)	\$ (18,143)	\$ (18,879)	\$ (22,013)	\$ (23,457)	\$ (22,791)
Business-type Activities	-	(45)	(76)	(18)	10	17	4	19	20	149
Total Primary Government Net Expense	\$ (23,019)	\$ (18,339)	\$ (21,610)	\$ (18,290)	\$ (21,069)	\$ (18,126)	\$ (18,875)	\$ (21,994)	\$ (23,437)	\$ (22,642)
GENERAL REVENUES AND OTHER										
Taxes										
Property Taxes	\$ 16,705	\$ 16,942	\$ 18,188	\$ 18,986	\$ 19,389	\$ 19,417	\$ 20,657	\$ 21,219	\$ 22,717	\$ 23,418
Transient Room Taxes	-	-	1,666	1,502	1,800	1,775	1,856	2,134	1,867	1,964
Other Taxes	1,640	1,631	265	235	-	-	-	-	339	505
Unrestricted Grants and Contributions	3,335	-	-	-	-	-	-	-	-	-
Investment Earnings	661	219	163	151	157	174	155	226	395	592
State Motor Vehicle Fees	-	-	-	-	-	-	-	-	-	-
Timber and Land Sales	556	564	161	500	365	206	457	1,123	-	-
Gain (Loss) on Sale of Capital Assets	16	23	(2)	-	-	51	37	41	-	24
Miscellaneous	543	-	-	-	-	-	-	-	-	-
Total Governmental Activities	\$ 23,456	\$ 19,379	\$ 20,441	\$ 21,374	\$ 21,711	\$ 21,623	\$ 23,162	\$ 24,743	\$ 25,318	\$ 26,503
Business-type Activities										
Investment Earnings	\$ -	\$ 1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2
Total Business-type Activities	\$ -	\$ 1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2
Total Primary Government	\$ 23,456	\$ 19,380	\$ 20,441	\$ 21,374	\$ 21,711	\$ 21,623	\$ 23,162	\$ 24,743	\$ 25,318	\$ 26,505
CHANGE IN NET ASSETS										
Governmental Activities	\$ 437	\$ 1,085	\$ (1,093)	\$ 3,102	\$ 632	\$ 3,480	\$ 4,283	\$ 2,730	\$ 1,861	\$ 3,712
Business-type Activities	-	(44)	(76)	(18)	10	17	4	19	20	151
Total Primary Government Change in Net Assets	\$ 437	\$ 1,041	\$ (1,169)	\$ 3,084	\$ 642	\$ 3,497	\$ 4,287	\$ 2,749	\$ 1,881	\$ 3,863

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)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
GENERAL FUND										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	4,486	4,135	-	-	-	-	-	-	-	-
Nonspendable	-	-	3	2	-	-	-	-	-	-
Restricted	-	-	673	309	472	811	741	607	754	1,121
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	4,464	5,264	5,724	5,475	6,000	7,285	8,232	9,127
Total General Fund	\$ 4,486	\$ 4,135	\$ 5,140	\$ 5,575	\$ 6,196	\$ 6,286	\$ 6,741	\$ 7,892	\$ 8,986	\$ 10,248
ALL OTHER GOVERNMENTAL FUNDS										
Reserved For:										
Debt Service	\$ 262	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Outpatient Services	50	50	-	-	-	-	-	-	-	-
Unreserved, reported in Special Revenue Funds	25,545	25,261	-	-	-	-	-	-	-	-
Nonspendable	-	-	330	404	436	463	502	462	453	453
Restricted	-	-	19,528	20,192	18,466	18,926	18,328	22,657	20,940	22,575
Committed	-	-	3,127	2,886	3,240	5,997	6,601	4,008	5,956	6,453
Assigned	-	-	50	-	-	67	389	-	-	-
Unassigned	-	-	(46)	-	-	-	-	-	-	-
Total All Other Governmental Funds	\$ 25,857	\$ 25,311	\$ 22,989	\$ 23,482	\$ 22,142	\$ 25,453	\$ 25,820	\$ 27,127	\$ 27,349	\$ 29,481

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)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
REVENUES										
Taxes and Land Sales	\$ 18,854	\$ 19,009	\$ 19,915	\$ 20,673	\$ 21,228	\$ 21,280	\$ 22,637	\$ 23,221	\$ 24,584	\$ 25,693
Licenses, Fees, and Permits	1,532	1,431	1,416	1,328	1,328	1,203	1,291	1,461	1,582	1,734
Charges for Services	6,518	12,261	8,250	9,312	9,427	11,409	11,505	12,795	12,493	13,047
Intergovernmental	21,748	17,333	19,088	21,991	19,091	20,638	20,899	21,996	20,081	24,653
Fines and Penalties	130	138	133	118	91	100	90	90	107	130
Investment Earnings	637	215	162	143	150	163	139	202	395	593
Donations	-	-	-	-	-	62	79	72	72	68
Miscellaneous	2,717	1,113	772	740	580	740	382	753	1,852	597
Total Revenues	\$ 52,136	\$ 51,500	\$ 49,736	\$ 54,305	\$ 51,895	\$ 55,595	\$ 57,022	\$ 60,590	\$ 61,166	\$ 66,515
EXPENDITURES										
General Government	\$ 10,395	\$ 8,406	\$ 8,329	\$ 8,326	\$ 8,669	\$ 8,893	\$ 9,163	\$ 9,329	\$ 9,973	\$ 10,671
Community Services	4,050	3,910	3,633	3,803	4,063	3,897	3,599	3,731	3,803	4,218
Public Safety	16,746	15,957	16,443	18,789	17,611	18,044	18,275	18,491	19,402	20,708
Highways and Streets	4,564	6,594	7,177	6,426	6,149	7,592	5,444	4,995	5,097	6,344
Culture and Recreation	192	51	60	118	96	144	84	109	183	284
Health and Welfare	11,495	10,065	10,956	10,817	12,582	13,382	14,547	14,792	17,219	18,013
Education	1,566	1,421	1,236	956	920	687	693	1,376	179	243
Capital Outlay	6,291	4,956	2,748	3,571	2,053	2,969	3,988	5,203	3,623	4,527
Debt Service										
Principal	705	799	429	446	462	15	284	289	300	311
Interest	28	68	42	26	9	77	138	129	117	105
Bond Issuance Costs	-	-	-	-	-	69	-	-	-	-
Total Expenditures	\$ 56,032	\$ 52,227	\$ 51,053	\$ 53,278	\$ 52,614	\$ 55,769	\$ 56,215	\$ 58,444	\$ 59,896	\$ 65,424
Excess of Revenues Over (Under) Expenditures	\$ (3,896)	\$ (727)	\$ (1,317)	\$ 1,027	\$ (719)	\$ (174)	\$ 807	\$ 2,146	\$ 1,270	\$ 1,091
OTHER FINANCING SOURCES (USES)										
Proceeds from Long-Term Debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,575	\$ -	\$ -	\$ -	\$ -
Contributed Capital Assets										2,278
Transfers in	494	639	878	606	339	797	2,331	705	916	799
Transfers out	(494)	(639)	(878)	(606)	(339)	(797)	(2,331)	(705)	(916)	(799)
Proceeds from sale of fixed assets	-	-	-	-	-	-	37	41	44	24
Net Change in Fund Balances	\$ (3,896)	\$ (727)	\$ (1,317)	\$ 1,027	\$ (719)	\$ 3,401	\$ 844	\$ 2,187	\$ 1,314	\$ 3,393
Debt Service as a % of Noncapital Expenditures	1.5%	1.9%	1.0%	1.0%	0.9%	0.2%	0.8%	0.8%	0.7%	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				
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%
2018	52,451	7,428,631	39,303	106,808	7,627,193	3.0727	9,034,781	84.4%

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	Lincoln County			Overlapping Rates			Total Direct and Overlapping Rates
	Operating	Debt Service	Total	Cities	Schools	Other Districts	
June 30,							
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
2018	3.0727	-	3.0727	4.9283	6.3214	0.8020	15.1244

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>	2017-18			2008-09		
	Assessed Value	Rank	Percentage of County Total Assessed Value	Assessed Value	Rank	Percentage of County Total Assessed Value
Georgia Pacific West Inc	\$ 206,238	1	2.8%	\$ 167,607	1	2.9%
Central Lincoln PUD	80,538	2	1.1%	59,235	2	1.0%
Weyerhaeuser/Plum Creek Timberlands	62,719	3	0.9%	50,252	3	0.9%
Northwest Natural Gas	44,519	4	0.6%	38,089	4	0.7%
Devils Lake Road LLC	38,646	5	0.5%			
Charter Communications	36,797	6	0.5%			
The Worldmark Club	39,854	7	0.5%	35,644	5	0.6%
Nestucca Forests LLC	33,758	8	0.5%			
Centurylink	20,736	9	0.3%			
Pacificcorp	21,053	10	0.3%			
Fred Meyer Stores Inc			0.0%			
COROC/Lincoln City LLC				30,634	6	0.5%
Green Diamond Resource Co				24,441	7	0.4%
Meriwether NW OR Land & Timber Co				19,912	8	0.3%
Pioneer Telephone Coop.				17,795	9	0.3%
Shilo Inn Newport LLC				11,264	10	0.2%
Total Assessed Value	\$ 7,320,263			\$ 5,703,084		

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
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	20,444	96.4%	330	20,773	98.0%
2017	22,118	21,432	96.9%	330	21,762	98.4%
2018	22,556	21,503	95.3%	-	21,503	95.3%

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
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	63
2018	-	2,281	2,281	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 2017.

*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 ^a	Outstanding Debt Per Capita ^b
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
2018	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, 2018

Municipality	Net General Debt Outstanding	Percent within County	Amount Applicable to County
Direct:			
Lincoln County	\$ 2,280,844	100.00%	\$ 2,280,844
Overlapping:			
City of Depoe Bay	\$ 2,765,000	100.00%	\$ 2,765,000
City of Lincoln City	6,717,471	100.00%	6,717,471
City of Newport	25,460,931	100.00%	25,460,931
City of Siletz	354,264	100.00%	354,264
City of Toledo	920,000	100.00%	920,000
City of Waldport	279,313	100.00%	279,313
City of Yachats	949,480	100.00%	949,480
Depoe Bay Rural Fire Protection District	522,521	100.00%	522,521
Kernville, Gleneden, Lincoln Beach Water District	366,670	100.00%	366,670
Lincoln County Unified School District	77,317,375	99.43%	76,876,666
Lower Siletz Water District	14,696	100.00%	14,696
Central Oregon Coast RFPD	40,000	100.00%	40,000
Oregon Coast Community College	12,250,000	100.00%	12,250,000
Pacific Communities Health District	48,005,000	100.00%	48,005,000
Panther Creek Water District	18,510	100.00%	18,510
Port of Alsea	112,279	100.00%	112,279
Port of Newport	19,513,936	100.00%	19,513,936
Port of Toledo	1,139,172	100.00%	1,139,172
Seal Rock Water District	3,475,107	100.00%	3,475,107
Silver Sands Special Road District	25,000	100.00%	25,000
Southwest Lincoln County Water District	124,764	100.00%	124,764
Yachats Rural Fire Protection District	7,700,000	100.00%	7,700,000
Total Overlapping	\$ 208,071,489		\$ 207,630,780
Total	\$ 210,352,333		\$ 209,911,624

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 2018

True Cash Value	9,034,781
Debt Limit - 2% of true cash value per ORS 287.054	\$ 180,696
General Obligation Bonds	\$ -
Less: Amount set aside for repayment of G.O. debt	\$ -
Total Net Debt Applicable to Limit	-
Legal Debt Margin	\$ 180,696

Legal Debt Margin History

Year ended June 30	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
True Cash Value of Property	\$ 11,030,893	\$ 10,601,034	\$ 9,694,409	\$ 9,001,860	\$ 8,301,862	\$ 7,894,421	\$ 7,938,141	\$ 8,115,882	\$ 8,446,089	\$ 9,034,781
Debt Limit	\$ 220,618	\$ 212,021	\$ 193,888	\$ 180,037	\$ 166,037	\$ 157,888	\$ 158,763	\$ 162,318	\$ 168,922	\$ 180,696
Total Net Debt Applicable to Limit	\$ 123	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Legal Debt Margin	\$ 220,495	\$ 212,021	\$ 193,888	\$ 180,037	\$ 166,037	\$ 157,888	\$ 158,763	\$ 162,318	\$ 168,922	\$ 180,696
Total Net Debt Applicable to Limit as a Percentage of Debt Limit	0.06%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

LINCOLN COUNTY

DEMOGRAPHIC AND ECONOMIC STATISTICS

Year Ended June 30	Population ^a	Personal Income (\$000's) ^b	Per Capita Personal Income ^b	Unemployment Rate ^c
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	2,027,614	41,448	4.2%
2018	48,210	N/A	N/A	4.1%

*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 2017-18			FY 2008-09		
	Employees	Rank	% of Total County Employment	Employees	Rank	% of Total County Employment
Confederated Tribes of the Siletz	1,266	1	6.8%	1,127	1	5.5%
Samaritan Health Services	872	2	4.7%	800	2	3.9%
Lincoln County School District	500	3	2.7%	500	3	2.4%
Lincoln County	421	4	2.3%	425	4	2.1%
Georgia-Pacific/Koch	390	5	2.1%	420	5	2.0%
OHSU/Hatfield Marine Science Center	396	6	2.1%	401	6	2.0%
Walmart	213	7	1.1%	157	10	N/A
Fred Meyer	200	8	1.1%	200	8	N/A
Safeway	179	9	1.0%	N/A	-	N/A
City of Newport	143	10	0.8%	N/A	-	N/A
City of Lincoln City	142	11	0.8%	160	9	N/A
Central Lincoln PUD	136	12	0.7%	136	11	0.7%
NOAA	128	13	0.7%	N/A	-	N/A
Oregon Coast Community College	107	14	0.6%	N/A	-	N/A
The Inn at Spanish Head	100	15	0.5%	N/A	-	N/A
Pacific Seafood	N/A	N/A	N/A	200	7	1.0%
Salishan Lodge	N/A	N/A	N/A	130	12	0.6%
Shilo Inns	N/A	N/A	N/A	100	13	0.5%
Total	5,193		27.9%	4,756		20.7%
 Total Employment - Lincoln County:	 18,630			 20,500		

*Sources: State of Oregon Employment Department
Specific Lincoln County Employers
Lincoln County Archival Information*

LINCOLN COUNTY

FULL TIME EQUIVALENT EMPLOYEES BY FUNCTION
Last Ten Fiscal Years

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
FUNCTION										
General Government										
Highways and Streets	30.00	31.00	30.00	30.00	30.00	31.25	30.60	30.60	30.60	30.80
Other	81.00	71.00	72.00	72.00	72.00	74.00	75.10	76.00	77.51	79.63
Community Services										
Health and Welfare	90.00	90.00	98.00	98.00	101.00	127.00	140.21	157.87	163.05	146.80
Other	9.00	7.00	6.50	6.50	8.00	6.00	5.13	5.30	6.00	6.80
Public Safety										
Sheriff's Department	91.00	91.00	91.00	91.00	88.00	82.00	82.00	82.00	86.50	86.50
Other	65.00	61.00	59.50	59.50	57.50	61.75	61.85	64.35	64.85	70.45
Total	366.00	351.00	357.00	357.00	356.50	382.00	394.89	416.12	428.51	420.98
General Government	111.00	102.00	102.00	102.00	102.00	105.25	105.70	106.60	108.11	110.43
Community Services	99.00	97.00	104.50	104.50	109.00	133.00	145.34	163.17	169.05	153.60
Public Safety	156.00	152.00	150.50	150.50	145.50	143.75	143.85	146.35	151.35	156.95

Source : Lincoln County Finance Department

LINCOLN COUNTY

OPERATING INDICATORS BY FUNCTION
Last Ten Fiscal Years

FUNCTION	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Public Safety										
Physical Arrests	1,224	817	708	704	958	760	842	1,113	1,037	960
Traffic Citations	782	687	599	555	787	754	755	927	1,553	1,362
Concealed Handgun Licensing										
Issued	N/A	N/A	N/A	N/A	675	811	717	828	803	826
Denied	N/A	N/A	N/A	N/A	7	14	4	1	0	4
Revoked	N/A	N/A	N/A	N/A	13	9	6	1	2	8
Sex Offender Registrations	N/A	N/A	N/A	N/A	204	232	238	228	219	261
Fingerprints (not for CHL, sex offender or juvenile)	N/A	N/A	N/A	N/A	765	352	843	615	501	291
Civil Papers	N/A	N/A	N/A	N/A	1,493	1,497	1,578	1,850	1,742	1,784
Criminal Subpoenas	N/A	N/A	N/A	N/A	1,258	1,491	1,637	1,750	994	1,525
Sheriff's Sales	N/A	N/A	N/A	N/A	33	115	117	88	78	50
Jail Bookings	N/A	N/A	N/A	N/A	3,108	N/A	3,141	3,341	3,657	3,390
Jail Releases	N/A	N/A	N/A	N/A	3,113	N/A	3,141	3,310	2,164	1,997
Released early (pre-trial or sentenced)	N/A	N/A	N/A	N/A	554	N/A	N/A	N/A	N/A	N/A
Total Average Stay (Days)	N/A	N/A	N/A	N/A	N/A	N/A	18	23	N/A	N/A
Average Daily population	N/A	N/A	N/A	N/A	N/A	N/A	235	224	N/A	N/A
Felony charges	N/A	N/A	N/A	N/A	N/A	N/A	862	665	N/A	N/A
Misdemeanor charge	N/A	N/A	N/A	N/A	N/A	N/A	1,795	918	N/A	N/A
Other charges	N/A	N/A	N/A	N/A	N/A	N/A	4,414	1,977	N/A	N/A
General Government										
Vacation Rental Applications	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	346	N/A
Highways and Streets										
Miles of Road Pavement Overlays	1.9	20.2	10.9	3.0	4	1	2.65	3.02	2.50	2.50
Miles of Road Shoulder Widening	1.9	1.5	0	0	0	0	0	0	0	0
Number of Road Patches Performed	26	40	24	70	21	67	65	36	5	6
Sanitation										
Pounds of Waste Generated Per Capita	3,099	2,587	2,503	2,487	2,657	2,653	2,653	N/A	N/A	N/A
Pounds of Waste Recovered Per Capita	957	761	815	805	956	858	824	N/A	N/A	N/A
Total Recovery Rate Average Per Person	30.9%	29.4%	34.6%	34.4%	38.0%	34.3%	32.8%	23.6%	25.5%	N/A
Transportation										
Hours of Service	25,375	23,525	26,238	28,576	30,851	31,134	31,243	30,641	31,165	31,198
Number of Passengers	140,598	125,452	141,124	139,986	147,485	141,297	125,887	127,089	127,846	128,733
Miles Traveled	379,089	366,887	407,103	479,799	553,533	563,181	547,096	529,489	534,341	504,181
Number of Trips	N/A	N/A	N/A	312,211	328,892	319,418	315,170	317,724	317,291	321,833
County Clerk										
Marriage Licenses	N/A	N/A	N/A	N/A	370	406	442	431	385	405
Voter registrations	N/A	N/A	N/A	N/A	6,774	4,934	5,502	12,546	13,591	10,085
Documents Filed	N/A	N/A	N/A	N/A	12,796	11,421	12,456	12,518	12,458	12,914
Passports	N/A	N/A	N/A	N/A	565	561	687	739	836	795

Source: Individual County Departments

LINCOLN COUNTY

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

FUNCTION	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Public Safety										
Patrol Units	28	28	28	30	30	31	33	33	32	33
Administration	NA	NA	NA	NA	NA	NA	NA	NA	NA	6
Emergency Services	NA	NA	NA	NA	NA	NA	NA	NA	NA	1
Animal Services	NA	NA	NA	NA	NA	NA	NA	NA	NA	2
Highways and Streets										
Streets (Miles)	332	332	332	332	332	330	330	330	335	335
Bridges	84	84	84	84	85	85	84	84	89	89
Culture and Recreation										
Parks	14	15	15	15	16	18	19	19	21	21
Transportation										
Number of Buses	19	19	19	19	19	19	21	20	20	16

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, 2018, and have issued our report thereon dated February 20, 2019. 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 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 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 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 County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of 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 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
February 20, 2019



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, 2018, 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 February 20, 2019.

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
February 20, 2019



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, 2018. 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, 2018.

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

A handwritten signature in black ink that reads "Paul R. Nielson". The signature is written in a cursive, flowing style.

By: Paul Nielson, CPA, a member of the firm
Eugene, Oregon
February 20, 2019

LINCOLN COUNTY, OREGON
 Schedule of Findings and Questioned Costs
 Year Ended June 30, 2018

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, 2018

Federal Grantor / Pass-Through Grantor / Program Title	CFDA Number	Pass-Through Number	Expenditures (Revenue Recognized)	Amounts Provided to subrecipients
<u>Department of Agriculture</u>				
Food and Nutrition Service				
Oregon Department of Human Services - Health Division				
Special Supplement Nutrition Program for Women, Infants, and Children	10.557	280559	\$ 236,721	\$ -
Forest Service				
Cooperative Forestry Assistance	10.664	17-LE-11061200-004	18,836	-
Oregon Department of Administrative Services				
Schools and Roads - Grants to States	10.665	ORS 293.560	<u>976,906</u>	<u>-</u>
<i>Total Department of Agriculture</i>			<u>1,232,463</u>	<u>-</u>
<u>Department of Interior</u>				
Distribution of Receipts of State and Local Governments	15.227		342,755	-
Oregon and California Land Grant	15.234		113,520	-
National Wildlife Refuge Fund				
Refuge Revenue Sharing Act	15.659		2,551	-
Invasive and Noxious Plant Management				
Coastal Range Stewardship - Cascade Pacific				
Siuslaw National Forest-Clematis	15.230	07-PA-11061200-007	19,983	-
Restoration Planting	15.230	USFS-12-SA-11061200-015	<u>2,934</u>	<u>-</u>
<i>Total Department of Interior</i>			<u>481,743</u>	<u>-</u>
<u>Department of Justice</u>				
Oregon Department of Justice				
Bulletproof Vest Partnership Program	16.607	09-251	7,783	-
Oregon Commission on Children and Families				
Body cameras	16.835	2017-BC-BX-0005	20,072	-
Crime Victim Assistance	16.575	CFA-2017-LINCOLNCODAVAP-00040	45,462	-
BJA Discretionary grant	16.585	2017-DC-BX-0025	4,257	-
Rural Domestic, Dating Violence, Sexual Assault,	16.589	2016-WR-AX-0032	67,444	-
<i>JAG Program Cluster</i>				
Oregon Criminal Justice Division				
Edward Byrne JAG Grant				
WISP	16.738	2016-DJ-BX-0459	1,341	-
Lincoln County Adult Drug Court	16.738	SC-19-026	62,565	-
Hope Court Measure 57	16.738	IGA 5436	78,145	-
Justice Reinvestment Grant Program	16.738	JR-15-021	282,255	-
Downward Departure	16.738	JR-17-020	258,289	-
DPSST	16.738	G-259-17-69	<u>9,974</u>	<u>-</u>
<i>Total JAG Program Cluster</i>			<u>692,569</u>	<u>-</u>
<i>Total Department of Justice</i>			<u>837,587</u>	<u>-</u>

LINCOLN COUNTY, OREGON

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, continued

For the Year Ended June 30, 2018

Federal Grantor / Pass-Through Grantor / Program Title	CFDA Number	Pass-Through Number	Expenditures (Revenue Recognized)	Amounts Provided to subrecipients
<i>Department of Transportation</i>				
Oregon Department of Transportation				
Formula Grants for Rural Areas				
Agreement with Confederated Tribes of Siletz	20.509	29274	260,672	-
5311 Operating Funds	20.509	31924	729,957	-
Enhanced Mobility of Seniors and Individual with Disabilities				
5310 Preventative Maintenance	20.513	29318	36,115	-
Bus and Bus Facilities Formula	20.526	31456	248,402	-
Safety Belt Enforcement	20.610		3,637	-
Hazardous Materials and Emergency Preparedness Response	20.703		6,372	-
<i>Highway Planning and Construction Cluster</i>				
Highway Bridge Program-Trapp Creek	20.205	27292	<u>2,180,060</u>	-
<i>Total Department of Transportation</i>			<u>3,465,215</u>	<u>-</u>
<i>Department of Health and Human Services</i>				
<i>Health Center Program Cluster</i>				
Community Health Centers	93.224	6H80CS06639	1,205,795	-
New and Expanded Services	93.527	216-701	<u>41,810</u>	-
<i>Health Center Program Cluster Total</i>			1,247,605	-
Oregon Health and Human Services				
Family Planning Services				
Family Planning Services	93.217	280558	44,203	-
Immunization Program	93.217	280540	13,802	-
Public Health Emergency Preparedness				
Bioterrorism-Preparedness and Response	93.069	280618	76,039	45,425
National Bioterrorism Hospital Preparedness				
Tuberculosis	93.116	280549	1,861	-
National State Based Tobacco Control Program	93.305		68,289	-
<i>Affordable Care Act Maternal, Infant, and Early Childhood Home Visits Cluster</i>				
Nurse Family Partnership	93.505	CDC 280641-11	344,603	-
Nurse Family Partnership System Development	93.870		<u>25,000</u>	-
<i>Total Affordable Care Act Maternal, Infant, and Early Childhood Home Visits Cluster</i>			369,603	-
HIV Care Formula Grants				
Oregon Mothers Care	93.940	280646	2,597	-
MCH Title V Flexible Funds and CAH	93.940	280646	26,496	-
Babies First	93.940	280646	8,478	-
Prescription Drug Overdose	93.136	154120	35,701	-
Block Grants for Community Mental Health Services	93.958		365,789	-
Grants to Promote Health Information Technologyh	93.719		21,454	-

LINCOLN COUNTY, OREGON

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, continued

For the Year Ended June 30, 2018

Federal Grantor / Pass-Through Grantor / Program Title	CFDA Number	Pass-Through Number	Expenditures (Revenue Recognized)	Amounts Provided to subrecipients
<i>Department of Health and Human Services (cont.)</i>				
Oregon Health and Human Services (cont.)				
Block Grants for Prevention and Treatment of Substance Abuse				
Continuum of Care-SE66	93.959	135001	190,078	-
A and D Community Prevention	93.959		61,793	-
Social Services Block Grant				
Community Development Disability Services.	93.778	IGA 125630	1,046,288	-
Juvenile Crime Prevention-Basic and Diversion	93.667	12665	12,581	-
Juvenile Crime Prevention-Basic and Diversion	93.268	12596	38,590	-
Oregon Health Authority				
National Bioterrorism Hospital Preparedness Program				
PHEP Ebola	93.889	155365	34,022	-
Oregon Department of Justice-Child Support Division				
Child Support Enforcement	93.563	15431/610008	218,433	-
Oregon Commission on Children and Families				
Youth Investment Basic Capacity	93.667	FY 16	45,142	28,793
Substance Abuse and Mental Health Services				
Strategic Prevention Framework Partnership	93.243	147795	114,199	-
Oregon Health Sciences University				
Maternal and Child Health Services Block Grant				
OHSU Cocoon	93.994	4BO4MCO6604-01- 044B04MC25366	<u>20,133</u>	-
<i>Total Department of Health and Human Services</i>			<u>4,063,176</u>	<u>74,218</u>
<i>Department of Homeland Security</i>				
Disaster Grants-Public Assistance (Presidentially Declared Disasters)	97.036	FY16	-	-
Oregon Military Department-Emergency Management			-	-
Emergency Management Performance Grants	97.042	17-521	72,873	-
Homeland Security Grant Program				
Continuity Program	97.067	15-229	-	-
Continuity Countywide Communication Program	97.067	17-221	13,295	-
Oregon State Marine Board				
Boating Safety Financial Assistance	97.012	3312FAS120141	<u>207,759</u>	-
<i>Total Department of Homeland Security</i>			293,927	-
<i>Department of Veterans Administration</i>				
Veterans Medical Care Benefits				
Primary Care, Outpatient Services	64.009	VA648-C31768	664,654	-
Oregon Department of Military Affairs				
Veterans Educational Assistance				
Veteran Services	64.111	VA260-P-0781	<u>101,072</u>	-
<i>Total Department of Veterans Affairs</i>			<u>765,726</u>	-

LINCOLN COUNTY, OREGON

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, continued

For the Year Ended June 30, 2018

Federal Grantor / Pass-Through Grantor / Program Title	CFDA Number	Pass-Through Number	Expenditures (Revenue Recognized)	Amounts Provided to subrecipients
<i>Environmental Protection Agency</i>				
Oregon Department of Human Services				
State Public Water System Supervision				
Sanitary Survey Program	66.432	280557	26,484	-
<i>Total Environmental Protection Agency</i>			26,484	-
<i>Department of General Services Administration</i>				
Federal Surplus			\$ 63	\$ -
Total Expenditures of Federal Awards			\$ 11,166,384	\$ 74,218

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.