



**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT  
For the Year Ended June 30, 2016**

Prepared by:

Janice Riessbeck, Finance Director

**LINCOLN COUNTY, OREGON**  
 Financial Statements and Supplemental Information  
 For the Year Ended June 30, 2016  
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# **INTRODUCTORY SECTION**

## Finance Department



## County of Lincoln

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

December 22, 2016

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, 2016. 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 2015-16 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 Act 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 annual 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 auditor in the financial section of this CAFR.

## **LINCOLN COUNTY PROFILE**

Lincoln County was established by the Oregon Legislature in 1893. The County, an area of 992 square miles, is located on the coast of the Pacific Ocean. It has a population of 47,735 and a true cash value of \$8,115,882,394.

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

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

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

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

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

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

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

The 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 2015-16, 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 economic outlook for the near-term and long-term future continues to be positive with favorable trends. Unemployment levels have fallen to about half of their recession peak, and ongoing growth in the marine, scientific and health care sectors is generating continued building and job growth. The home construction and sales market has rebounded as well, although the growth in property tax revenues is only adequate to keep pace with increased operating expenses.

The fall of 2016 saw the completion of the Highway 20 Pioneer Mountain to Eddyville project, seven years past its original target date. However, this is a classic case of “better late than never”— the new alignment has bypassed one of the most dangerous stretches of highway in rural Oregon. With this project and the Highway 101 projects in Nelscott and the E. Devil’s Lake Road intersection now finished, the passage of commercial and recreational traffic through the county is significantly improved. There are however, ongoing needs and concerns about our county’s transportation infrastructure that will need to be addressed in the near future.

Newport was recognized as the West Coast’s number one commercial fishing port in 2015, and the expansion of the Port of Toledo’s boatyard helps insure that more of dollars generated by the industry stay in the county. The Port of Newport continues development of its international shipping terminal and hopes to build cargo shipping business of all types in the years to come.

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

Although the publicity about wave energy a few years ago may have raised unrealistic expectations on the part of some members of the public, it remains a part of our renewable power portfolio for the future, and the news that the Northwest Congressional delegation is supporting placement of a grid-connected wave energy center off the coast of Lincoln County, a \$40 million project, is proof of that.

Both of the county’s hospitals will be replaced within the next decade. The redevelopment of Pacific Communities Hospital in Newport is the result of a voter-approved bond measure, while North Lincoln Hospital in Lincoln City will be replaced through an agreement with Samaritan Health Systems. Both projects are

expected to increase health care employment in the county and expand the range of specialty care services available locally.

Although all these developments are positive, caution will continue to drive budgetary decisions in county government. Growth in property tax revenues is only keeping pace with increases in operating expenses, allowing little expansion of general fund services. Employment in the finance sector, which includes real estate brokerages and mortgage companies, is more than 100 jobs below pre-recession levels of 2007.

## **LONG TERM FINANCIAL PLANNING**

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

## **MAJOR INITIATIVES**

The county is preparing to undertake two large capital projects in coming years: a new consolidated Health and Human Services (HHS) building in Newport and a new exhibit hall at the County Commons (formerly the Fairgrounds). The HHS building will consolidate operations now scattered across four sites and provide modern clinical facilities to serve clients of our Community Health Center, Behavioral Health and Public Health programs. It will be financed through a long-term, low interest loan from USDA Rural Development. The exhibit hall, and other improvements at the Commons, will be paid for with transient room tax revenues and a potential contribution from Newport Urban Renewal.

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

Capital projects completed in the County in 2015-16 included the completed restorations of two historic covered bridges in the county, the addition of a boat ramp and other improvements to Ojalla Park, the completion of a new overflow parking site for the County Courthouse, various technology improvements at the County Jail and to the county-wide public safety communications system, plus several security enhancements to the County Courthouse.

## **OTHER FINANCIAL INFORMATION**

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

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

The County periodically issues various types of debt. The County currently has \$2,892,464 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, 2015. This is the twenty-fourth 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

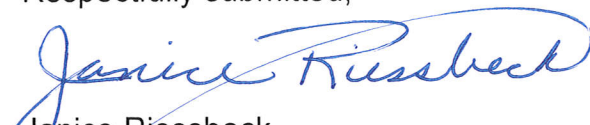
report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

  
Bill Hall  
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, 2015**

Executive Director/CEO

**LINCOLN COUNTY**  
**PRINCIPAL OFFICIALS**  
**June 30, 2016**

**BOARD OF COUNTY COMMISSIONERS**

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

**OTHER ELECTED OFFICIALS**

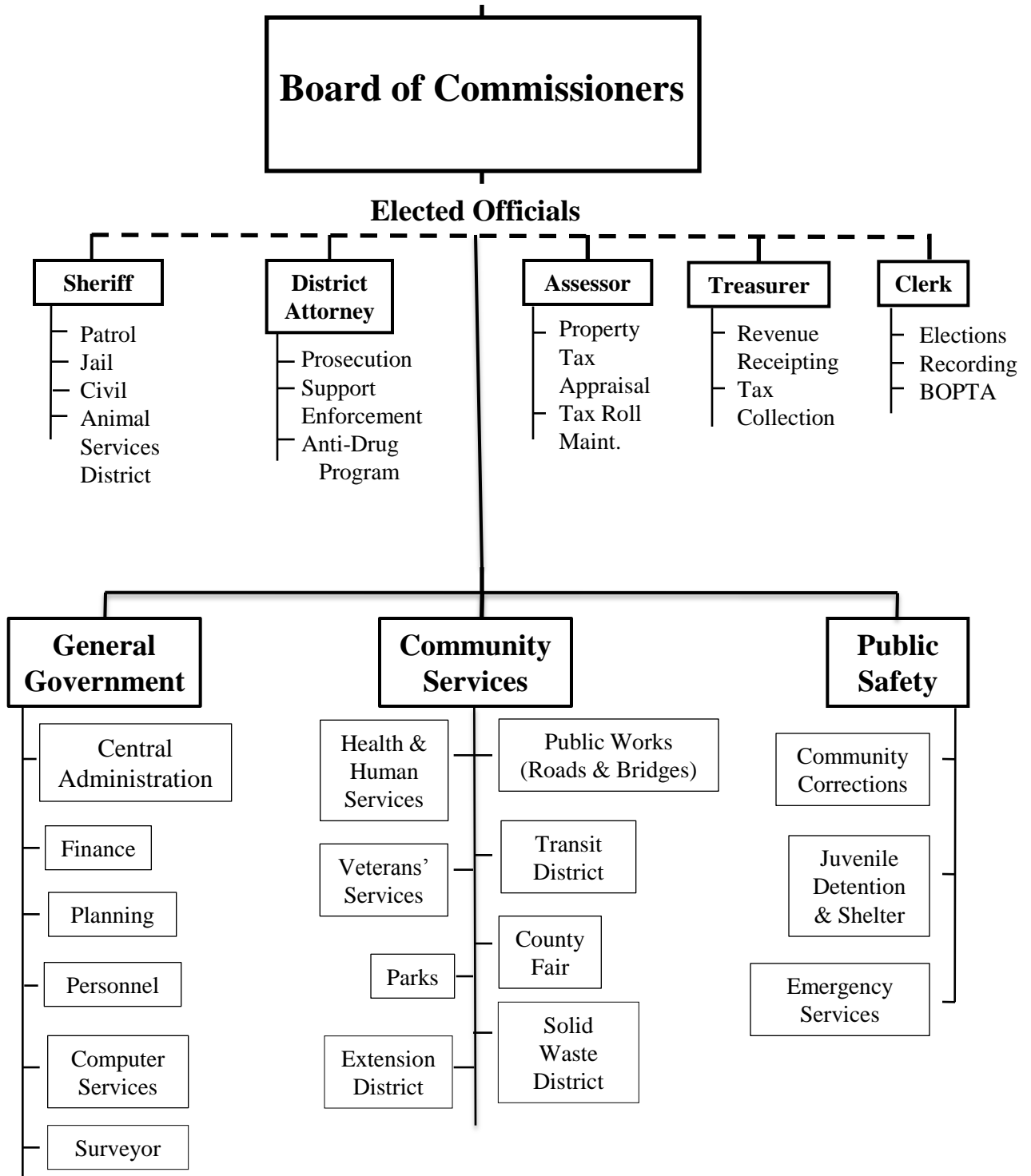
<u>Title</u>	<u>Name</u>
Assessor	Joseph Davidson
County Clerk	Dana Jenkins
District Attorney	Michelle Branam
Sheriff	Curtis Landers
Treasurer	Linda Pilson

**MANAGEMENT OFFICIALS**

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

# Lincoln County Organization Chart

Citizens



# **FINANCIAL SECTION**



## INDEPENDENT AUDITOR'S REPORT

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

An Independently Owned Member  
**McGLADREY ALLIANCE**



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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lincoln County, Oregon ("the County"), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the the County's basic financial statements as listed in the table of contents.

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

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

### ***Auditor's Responsibility***

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the the County as of June 30, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparisons for the General, General Roads, and Mental Health funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2016, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

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

In accordance with the Minimum Standards of Audits of Oregon Municipal Corporations, we have issued our report dated December 22, 2016 on our consideration of the County's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

### **Isler CPA**



Paul Nielson, CPA, a member of the firm  
Eugene, Oregon  
December 22, 2016

## **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, 2016. 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 \$2,747,876 or 3.9% adding increased revenue to a stronger beginning net position at the beginning of the year.
- Current liabilities decreased by \$130,406 or 4.4%.
- Revenue increased by \$3,188,517 or 5.5%, principally from increases in charges for services and transient room taxes.
- Expense increased by \$5,001,497 or 9.4% from the prior year.

### 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, General Road, 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 \$73,413,361 at June 30, 2016, an increase of \$2,747,876 or 3.9% between fiscal years 2015 and 2016. Table 1, below, compares the various components of the County's net position between the two years.

Cash and investments increased by \$2,459,972 or 6.7% while other current assets increased 10.2% or \$621,671. Assets generally increased because revenue collection increased. Capital assets increased \$2,360,297, or 5.9%. Overall, total assets increased by \$4,545,217 or 5.4%.

Current liabilities decreased from last year by \$2,383,699 or 4.4% because of a slowdown in spending at the fiscal year end. Long-term obligations decreased \$2,466,373 due to scheduled debt payments.

With the continued implementation of GASB 68 the County now reports a net pension liability of \$2,929,952, a deferred outflow of resources of \$740,272 and a deferred inflow of \$768,633.

The County's net investment in capital assets increased by \$1,835,559 or 4.9%. Restricted net position decreased \$1,086,787 or 4.9%. Unrestricted net position increased \$99,020 or 9.5% at the end of this year.

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

	Governmental Activities		Business-type Activities		Total Government	
	2016	2015	2016	2015	2016	2015
<b>Assets:</b>						
Cash and investments	\$ 37,076,870	\$ 34,641,413	\$ 37,470	\$ 12,955	\$ 37,114,340	\$ 34,654,368
Other current assets	6,667,600	6,035,975	53,277	63,231	6,720,877	6,099,206
Capital assets, net of accumulated depreciation	42,620,104	40,259,807	-	-	42,620,104	40,259,807
Net pension asset	-	896,723	-	-	-	896,723
<b>Total assets</b>	86,364,574	81,833,918	90,747	76,186	86,455,321	81,910,104
<b>Deferred outflows of resources:</b>						
Deferred outflow related to pensions	740,272	352,922	-	-	740,272	352,922
<b>Liabilities:</b>						
Current liabilities	5,344,756	2,952,941	4,921	9,397	5,349,677	2,965,978
Long-term debt outstanding	4,729,112	7,199,125	4,858	4,858	4,733,970	7,200,343
Net pension liability	2,929,952	-	-	-	2,929,952	-
<b>Total liabilities</b>	13,003,820	10,152,066	9,779	14,255	13,013,599	10,166,321
<b>Deferred inflows of resources:</b>						
Deferred inflow related to pensions	768,633	1,704,710	-	-	768,633	1,704,710
<b>Net position:</b>						
Net investment in capital assets	39,641,903	37,806,344	-	-	39,641,903	37,806,344
Restricted	23,265,052	22,178,265	-	-	23,265,052	22,178,265
Unrestricted	10,425,438	10,345,455	80,968	61,931	10,506,406	10,407,386
<b>Total net position</b>	\$ 73,332,393	\$ 70,330,064	\$ 80,968	\$ 61,931	\$ 73,413,361	\$ 70,391,995

**Governmental Activities.** Revenues for the County's governmental activities increased 5.5% or \$3,175,789 while total expenses increased 9.5% or \$5,004,298. Refer to Table 2 for a comparison of governmental activities for the years 2016 and 2015.

An increase of 238.7%, or \$1,078,623 in capital grants and contributions, plus a 145.7% increase of \$665,982 in distributions of state land and timber sales led the increases to overall revenue. Unrestricted investment earnings, transient room taxes, charges for services, and gain on sale of capital assets all experienced double-digit increases (45.7%, 15%, 11%, and 11.2% respectively). Property tax revenue increased by a modest 2.7%, while operating grants and contributions decreased by 3.6% during 2016.

General government expenses experienced an increase of 6.8% or \$596,926. Public safety expenses increased by \$3,983,730 or 22.2%, due to the continued implementation of GASB 68, the only County activity impacted by the pronouncement. Highways and streets expenses decreased by \$540,375 or 8.1%, as expenses for road and bridge improvement decreased. Health and welfare increased by \$270,865 as a result of the on-going service up-swing related to expanded healthcare services and the Affordable Care Act.

**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 \$19,037 or 30.7%.

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

	Governmental Activities		Business-type Activities		Total Government	
	2016	2015	2016	2015	2016	2015
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 15,009,455	\$ 13,503,890	\$ 220,036	\$ 207,469	\$ 15,229,491	\$ 13,711,359
Operating grants and contributions	19,356,999	20,072,427	30,000	30,000	19,386,999	20,102,427
Capital grants and contributions	1,530,578	451,955	-	-	1,530,578	451,955
General revenues:						
Property taxes	21,218,899	20,657,084	-	-	21,218,899	20,657,084
Transient room taxes	2,134,099	1,856,379	-	-	2,134,099	1,856,379
Unrestricted investment earnings	225,825	154,983	251	90	226,076	155,073
Timber and land sales	1,123,202	457,220	-	-	1,123,202	457,220
Gain (loss) on sale of capital assets	41,245	37,085	-	-	41,245	37,085
<b>Total Revenues</b>	<b>60,640,302</b>	<b>57,191,023</b>	<b>250,287</b>	<b>237,559</b>	<b>60,890,589</b>	<b>57,428,582</b>
<b>Expenses:</b>						
General government	9,332,211	8,735,285	-	-	9,332,211	8,735,285
Community services	3,995,183	3,876,802	231,250	234,051	4,226,433	4,110,853
Public safety	21,900,247	17,916,517	-	-	21,900,247	17,916,517
Highways and streets	6,118,761	6,659,136	-	-	6,118,761	6,659,136
Culture and recreation	224,513	211,240	-	-	224,513	211,240
Health and welfare	14,848,329	14,577,464	-	-	14,848,329	14,577,464
Education	1,371,309	688,601	-	-	1,371,309	688,601
Debt service interest	120,910	242,120	-	-	120,910	242,120
<b>Total Expenses</b>	<b>57,911,463</b>	<b>52,907,165</b>	<b>231,250</b>	<b>234,051</b>	<b>58,142,713</b>	<b>53,141,216</b>
Excess (deficiency) of revenues over (under) expenses	2,728,839	4,283,858	19,037	3,508	2,747,876	4,287,366
Net position at beginning of year	70,330,064	67,734,128	61,931	58,423	70,391,995	67,792,551
Prior period adjustment (see note 16)	273,490	(1,687,922)	-	-	273,490	(1,687,922)
Net position at beginning of year, as restated	70,603,554	66,046,206	61,931	58,423	70,665,485	66,104,629
<b>Net position at end of year</b>	<b>\$ 73,332,393</b>	<b>\$ 70,330,064</b>	<b>\$ 80,968</b>	<b>\$ 61,931</b>	<b>\$ 73,413,361</b>	<b>\$ 70,391,995</b>

## FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

At the end of the fiscal year, the County's governmental funds reported a combined fund balance of \$35,020,967, an increase of \$2,200,858 or 9.3% from the previous year.

- The County's General Fund balance increased \$1,151,216 (17.1%) from last year. The overall increases in revenue, coupled with a higher balance at the beginning of the year, fostered continued growth to fund balance in 2016.
- The Road Fund balance showed a decrease of \$864,695 (7.4%) over last year. Planned utilization of reserves to rebuild roads and bridges within the County contributed to this decrease.
- The Mental Health Fund balance showed a fund balance increase of \$1,267,748 (54.5%). This increase was driven by a reduction from the prior year in transfers out.
- The Nonmajor Governmental fund balances increased a total of \$646,589 (5.3%) because revenues increased while expenses were kept to a lesser rate of 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 \$825,387, public safety appropriations increased by \$447,446, and the community services appropriation increased by \$31,873. \$398,635 of the contingency reserves were used along with \$507,436 of additional revenue to offset these increased appropriations.

## CAPITAL ASSET AND DEBT ADMINISTRATION

**Capital assets.** As of June 30, 2016 the County had \$42,620,104 invested in capital assets net of accumulated depreciation of \$71,345,272. This amount represents a net increase of \$2,360,297 (5.9%) over last year. All capital assets are contained in the governmental activities. The County's business-type activity holds no capital assets. Table 3 depicts the status of capital assets at June 30, 2016 and June 30, 2015.

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

	<b>Governmental Activities</b>	
	<b>2016</b>	<b>2015</b>
Land, easements and improvements	\$ 2,034,928	\$ 2,034,928
Infrastructure	69,168,154	65,940,446
Buildings and improvements	27,531,908	26,484,210
Equipment	13,792,291	13,116,086
Construction in progress	1,438,095	1,596,788
Less accumulated depreciation	(71,345,272)	(68,912,651)
<b>Total</b>	<b>\$ 42,620,104</b>	<b>\$ 40,259,807</b>

Table 4 shows a comparison in the changes in capital assets for the years 2016 and 2015. Additional information regarding capital assets can be found in Note 6 of the Notes to the Financial Statements.

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

	<b>Governmental Activities</b>	
	<b>2016</b>	<b>2015</b>
Beginning Balance	\$ 40,259,807	\$ 38,927,923
Additions	5,546,224	3,780,501
Depreciation expense	(3,172,321)	(2,448,617)
Deletions, net book value	(13,606)	-
<b>Ending Balance</b>	<b>\$ 42,620,104</b>	<b>\$ 40,259,807</b>

**Long-term Debt.** At year end, the County had outstanding debt of \$2,978,201, including a premium net of amortization. This represented two debt issues from 2013. The first was a bond issue for the face value of \$3,100,000 that sold with a premium of \$95,264. The second was a promissory note for \$380,000. Both issues were for the purpose of capital acquisition and improvement. Additional information regarding long term debt can be found in Note 8 of the Notes to the Financial Statements.

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

	<b>Governmental Activities</b>	
	<b>2016</b>	<b>2015</b>
Bonds	\$ 2,650,738	\$ 2,925,501
Notes payable	\$ 327,463	\$ 346,825

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

While the County's economic position is slowly coming back to pre-recession levels, a continuation of prudent budgeting and targeted and carefully planned capital expenditure is the County's continuing strategy to maintain healthy reserves while still fulfilling operating requirements. Fiscal year 2016-17 is planned to continue the process of reserve building. The 2016-17 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, 2016

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and investments	\$ 37,076,870	\$ 37,470	\$ 37,114,340
Receivables	6,205,153	53,277	6,258,430
Inventories	462,447	-	462,447
Total current assets	43,744,470	90,747	43,835,217
Noncurrent assets:			
Capital assets:			
Land and construction in progress	3,473,023	-	3,473,023
Other capital assets (net of accumulated depreciation)	39,147,081	-	39,147,081
Total noncurrent assets	42,620,104	-	42,620,104
Total assets	86,364,574	90,747	86,455,321
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflow of resources related to pensions	740,272	-	740,272
Total assets and deferred outflow of resources	\$ 87,104,846	\$ 90,747	\$ 87,195,593
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 1,376,781	\$ 4,921	\$ 1,381,702
Accrued payroll and related liabilities	1,489,067	-	1,489,067
Accrued interest payable	104,974	-	104,974
Claims payable	83,773	-	83,773
Certificates of Participation	280,000	-	280,000
Notes payable	20,312	-	20,312
Compensated absences payable	1,989,849	3,640	1,993,489
Total current liabilities	5,344,756	8,561	5,353,317
Noncurrent liabilities:			
Certificates of Participation	2,370,738	-	2,370,738
Notes payable	307,151	-	307,151
Compensated absences payable	221,016	1,218	222,234
Net other postemployment benefit obligation	1,830,207	-	1,830,207
Net Pension Liability	2,929,952	-	2,929,952
Total noncurrent liabilities	7,659,064	1,218	7,660,282
Total liabilities	13,003,820	9,779	13,013,599
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflow of resources related to pensions	768,633	-	768,633
<b>NET POSITION</b>			
Net investment in capital assets	39,641,903	-	39,641,903
Restricted for:			
Road maintenance	10,176,590	-	10,176,590
Transit services	2,972,849	-	2,972,849
Outpatient services	5,221,379	-	5,221,379
Title III	1,548,961	-	1,548,961
Capital Outlay	1,578,663	-	1,578,663
Other purposes	1,766,610	-	1,766,610
Unrestricted	10,425,438	80,968	10,506,406
Total net position	73,332,393	80,968	73,413,361
Total liabilities, deferred inflows of resources, and net position	\$ 87,104,846	\$ 90,747	\$ 87,195,593

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, 2016

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	\$ 9,332,211	\$ 3,492,711	\$ 6,031,700	\$ 1,480,443	\$ 1,672,643	\$ -	\$ 1,672,643
Community services	3,995,183	930,679	519,544	42,724	(2,502,236)	-	(2,502,236)
Public safety	21,900,247	1,119,967	4,638,337	7,411	(16,134,532)	-	(16,134,532)
Highway and streets	6,118,761	-	1,098,662	-	(5,020,099)	-	(5,020,099)
Culture and recreation	224,513	-	-	-	(224,513)	-	(224,513)
Health and welfare	14,848,329	9,466,098	7,040,256	-	1,658,025	-	1,658,025
Education	1,371,309	-	28,500	-	(1,342,809)	-	(1,342,809)
Interest on long-term debt	120,910	-	-	-	(120,910)	-	(120,910)
Total governmental activities	<u>\$ 57,911,463</u>	<u>\$ 15,009,455</u>	<u>\$ 19,356,999</u>	<u>\$ 1,530,578</u>	<u>\$ (22,014,431)</u>	<u>-</u>	<u>\$ (22,014,431)</u>
Business-type activities:							
Solid waste	231,250	220,036	30,000	-	-	18,786	18,786
Total primary government	<u>\$ 58,142,713</u>	<u>\$ 15,229,491</u>	<u>\$ 19,386,999</u>	<u>\$ 1,530,578</u>	<u>(22,014,431)</u>	<u>18,786</u>	<u>(21,995,645)</u>
General revenues:							
Property taxes					21,218,899	-	21,218,899
Transient room taxes					2,134,099	-	2,134,099
Timber and land sales					1,123,202	-	1,123,202
Unrestricted investment earnings					225,825	251	226,076
Gain on disposal of assets					41,245	-	41,245
Total general revenues					<u>24,743,270</u>	<u>251</u>	<u>24,743,521</u>
Change in net position					2,728,839	19,037	2,747,876
Net position, beginning					70,330,064	61,931	70,391,995
Prior period adjustment					273,490	-	273,490
Net position, beginning as restated (see note 16)					<u>70,603,554</u>	<u>61,931</u>	<u>70,665,485</u>
Net position, ending					<u>\$ 73,332,393</u>	<u>\$ 80,968</u>	<u>\$ 73,413,361</u>

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

**LINCOLN COUNTY, OREGON**

**GOVERNMENTAL FUNDS**

**Balance Sheet**

June 30, 2016

	101 General Fund	201 General Roads Fund	209 Mental Health Fund	Nonmajor Governmental Funds	Total
<b>ASSETS</b>					
Cash and investments	\$ 7,951,753	\$ 10,130,576	\$ 3,000,204	\$ 12,082,320	\$ 33,164,853
Receivables - net	2,820,433	351,401	1,181,789	1,844,644	6,198,267
Inventories	-	462,447	-	-	462,447
Total assets	<u>\$ 10,772,186</u>	<u>\$ 10,944,424</u>	<u>\$ 4,181,993</u>	<u>\$ 13,926,964</u>	<u>\$ 39,825,567</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 464,847	\$ 185,864	\$ 170,868	\$ 290,686	\$ 1,112,265
Accrued payroll and related expenses	896,465	119,523	170,749	-	1,186,737
Interfund payables	-	-	-	140,171	140,171
Unearned revenue	-	-	-	302,330	302,330
Total liabilities	<u>1,361,312</u>	<u>305,387</u>	<u>341,617</u>	<u>733,187</u>	<u>2,741,503</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue - accounts receivable	-	-	247,187	163,813	411,000
Unavailable revenue - property taxes	<u>1,517,946</u>	<u>-</u>	<u>-</u>	<u>134,240</u>	<u>1,652,186</u>
<b>FUND BALANCES</b>					
Nonspendable	-	462,447	-	-	462,447
Restricted	607,374	10,176,590	3,593,279	8,887,809	23,265,052
Committed	-	-	-	4,007,915	4,007,915
Unassigned	<u>7,285,553</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,285,553</u>
Total fund balances	<u>7,892,927</u>	<u>10,639,037</u>	<u>3,593,279</u>	<u>12,895,724</u>	<u>35,020,967</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 10,772,185</u>	<u>\$ 10,944,424</u>	<u>\$ 4,182,083</u>	<u>\$ 13,926,964</u>	<u>\$ 39,825,656</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, 2016

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

Fund balances - governmental funds	\$	35,020,967
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds		
Governmental capital assets, cost		113,965,376
Less accumulated depreciation		<u>(71,345,272)</u>
		42,620,104
A portion of the County's property taxes and assessments receivable are collected after year-end, but are not available soon enough to pay for current year's operations, and therefore are not reported as revenues in the governmental funds.		
		1,652,186
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.		
		411,000
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		740,272
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		(104,974)
Bonds and notes payable		(2,978,201)
Compensated absences		(2,210,865)
Net pension liability		(2,929,952)
Deferred inflow of resources		(768,633)
Net other postemployment benefit obligation		<u>(1,830,207)</u>
		(10,822,832)
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>3,710,696</u>
Net position of governmental activities	\$	<u><u>73,332,393</u></u>

**LINCOLN COUNTY, OREGON**

**GOVERNMENTAL FUNDS**

Statement of Revenues, Expenditures, and Changes in Fund Balances

For the Year Ended June 30, 2016

	101 General Fund	201 General Roads Fund	209 Mental Health Fund	Nonmajor Governmental Funds	Total
<b>REVENUES:</b>					
Taxes and land sales	\$ 21,207,080	\$ -	\$ -	\$ 2,014,036	\$ 23,221,116
Licenses and permits	1,242,773	-	-	218,726	1,461,499
Charges for services	1,393,214	968,637	4,737,163	5,696,554	12,795,568
Intergovernmental revenues	7,460,824	5,771,759	2,942,273	5,820,871	21,995,727
Fines and penalties	53,637	-	-	36,420	90,057
Investment earnings	62,648	56,415	20,244	62,258	201,565
Donations	-	-	-	71,634	71,634
Other revenue	529,037	133,271	762	90,061	753,131
Total revenues	<u>31,949,213</u>	<u>6,930,082</u>	<u>7,700,442</u>	<u>14,010,560</u>	<u>60,590,297</u>
<b>EXPENDITURES:</b>					
Current:					
General government	9,087,044	-	-	242,139	9,329,183
Community services	1,611,765	-	-	2,118,661	3,730,426
Public safety	17,627,018	-	-	864,043	18,491,061
Highway and streets	-	4,994,921	-	-	4,994,921
Culture and recreation	-	-	-	109,475	109,475
Health and Welfare	-	-	6,365,089	8,426,711	14,791,800
Education	-	-	-	1,376,203	1,376,203
Debt service:					
Principal	283,962	5,400	-	-	289,362
Interest	127,051	2,262	-	-	129,313
Capital Outlay	1,702,788	2,792,194	-	707,564	5,202,546
Total expenditures	<u>30,439,628</u>	<u>7,794,777</u>	<u>6,365,089</u>	<u>13,844,796</u>	<u>58,444,290</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,509,585</u>	<u>(864,695)</u>	<u>1,335,353</u>	<u>165,764</u>	<u>2,146,007</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	6,666	-	-	698,455	705,121
Transfers out	(365,035)	-	(67,605)	(272,481)	(705,121)
Proceeds from sale of capital assets	-	-	-	54,851	54,851
Total other financing sources (uses)	<u>(358,369)</u>	<u>-</u>	<u>(67,605)</u>	<u>480,825</u>	<u>54,851</u>
Net change in fund balances	1,151,216	(864,695)	1,267,748	646,589	2,200,858
Beginning fund balances	6,741,711	11,230,242	2,325,531	12,249,135	32,546,619
Prior period adjustment	-	273,490	-	-	273,490
Beginning fund balance, as restated (see note 16)	6,741,711	11,503,732	2,325,531	12,249,135	32,820,109
Ending fund balances	<u>\$ 7,892,927</u>	<u>\$ 10,639,037</u>	<u>\$ 3,593,279</u>	<u>\$ 12,895,724</u>	<u>\$ 35,020,967</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, 2016

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

Net change in fund balances - governmental funds	\$	2,200,858
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Governmental funds report capital outlay as expenditures. However in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The amount by which depreciation exceeds capital outlay in the current period is:

Capital outlay	5,546,224	
Less current year depreciation	<u>(3,172,321)</u>	2,373,903

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		(15,500)
---	--	----------

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	3,640	
Principal payments	289,362	
Change in Bond Premium	4,763	
Change in accrual of other postemployment benefits	<u>34,443</u>	332,208

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	(148,716)	
Change in net pension asset / liability	(3,826,675)	
Change in deferred outflow of resources related to pensions	387,350	
Change in deferred inflow of resources related to pensions	<u>936,077</u>	(2,651,964)
Net book value of assets disposed		(13,606)

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>502,940</u>
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Change in net position of governmental activities	\$	<u>2,728,839</u>
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**LINCOLN COUNTY, OREGON**

101 GENERAL FUND

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Taxes and land sales	\$ 20,646,088	\$ 20,646,088	\$ 21,207,080	\$ 560,992
Licenses and permits	966,500	966,500	1,242,773	276,273
Intergovernmental revenues	6,638,094	7,117,098	7,460,824	343,726
Charges for services	1,427,482	1,427,482	1,393,214	(34,268)
Fines and penalties	55,000	55,000	53,637	(1,363)
Investment earnings	45,000	45,000	62,648	17,648
Other revenue	165,600	225,600	529,037	303,437
Total revenues	<u>29,943,764</u>	<u>30,482,768</u>	<u>31,949,213</u>	<u>1,466,445</u>
Expenditures:				
Personal services	21,966,622	22,401,814	20,789,599	1,612,215
Materials and services	7,842,108	7,984,022	7,536,228	447,794
Capital outlay	1,317,407	2,044,407	1,702,788	341,619
Contingency	1,400,000	1,001,365	-	1,001,365
Debt service:				
Principal	283,362	283,962	283,962	-
Interest	127,052	127,052	127,051	1
Total expenditures	<u>32,936,551</u>	<u>33,842,622</u>	<u>30,439,628</u>	<u>3,402,994</u>
Excess revenues over (under) expenditures	<u>(2,992,787)</u>	<u>(3,359,854)</u>	<u>1,509,585</u>	<u>4,869,439</u>
Other financing sources (uses):				
Transfers in	25,005	25,005	6,666	(18,339)
Transfers out	<u>(365,035)</u>	<u>(365,035)</u>	<u>(365,035)</u>	<u>-</u>
Total other financing sources (uses)	<u>(340,030)</u>	<u>(340,030)</u>	<u>(358,369)</u>	<u>(18,339)</u>
Net change in fund balances	(3,332,817)	(3,699,884)	1,151,216	4,851,100
Fund Balance:				
Beginning of year	<u>6,236,552</u>	<u>6,603,619</u>	<u>6,741,711</u>	<u>138,092</u>
End of year	<u>\$ 2,903,735</u>	<u>\$ 2,903,735</u>	<u>\$ 7,892,927</u>	<u>\$ 4,989,192</u>

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

**LINCOLN COUNTY, OREGON**

**201 GENERAL ROADS FUND**

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Intergovernmental revenues	\$ 5,742,627	\$ 5,742,627	\$ 4,291,316	\$ (1,451,311)
Charges for services	823,044	823,044	968,637	145,593
Investment earnings	48,220	48,220	56,415	8,195
Other revenue	<u>67,608</u>	<u>86,933</u>	<u>133,271</u>	<u>46,338</u>
Total revenues	<u>6,681,499</u>	<u>6,700,824</u>	<u>5,449,639</u>	<u>(1,251,185)</u>
Expenditures:				
Personal services	2,896,801	2,937,929	2,794,435	143,494
Materials and services	3,788,424	3,768,424	2,200,486	1,567,938
Capital outlay	1,295,000	1,334,325	1,311,751	22,574
Debt service	7,662	7,662	7,662	-
Contingency	<u>1,000,000</u>	<u>958,872</u>	<u>-</u>	<u>958,872</u>
Total expenditures	8,987,887	9,007,212	6,314,334	2,692,878
Net change in fund balances	(2,306,388)	(2,306,388)	(864,695)	1,441,693
Fund Balance:				
Beginning of year, as restated (see note 16)	<u>11,956,862</u>	<u>11,956,862</u>	<u>11,503,732</u>	<u>(453,130)</u>
End of year	<u>\$ 9,650,474</u>	<u>\$ 9,650,474</u>	<u>\$ 10,639,037</u>	<u>\$ 988,563</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, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Intergovernmental revenues	\$ 2,847,668	\$ 3,168,328	\$ 2,942,273	\$ (226,055)
Charges for services	4,041,028	4,656,144	4,737,163	81,019
Investment earnings	-	10,000	20,244	10,244
Other revenue	<u>22,200</u>	<u>22,200</u>	<u>762</u>	<u>(21,438)</u>
Total revenues	<u>6,910,896</u>	<u>7,856,672</u>	<u>7,700,442</u>	<u>(156,230)</u>
Expenditures:				
Personal services	5,275,579	5,456,117	3,794,770	1,661,347
Materials and services	<u>2,246,849</u>	<u>3,936,626</u>	<u>2,570,319</u>	<u>1,366,307</u>
Total expenditures	<u>7,522,428</u>	<u>9,392,743</u>	<u>6,365,089</u>	<u>3,027,654</u>
Excess revenues over (under) expenditures	<u>(611,532)</u>	<u>(1,536,071)</u>	<u>1,335,353</u>	<u>2,871,424</u>
Transfers out	<u>-</u>	<u>(67,605)</u>	<u>(67,605)</u>	<u>-</u>
Net change in fund balances	(611,532)	(1,603,676)	1,267,748	2,871,424
Fund Balance:				
Beginning of year	<u>766,261</u>	<u>2,471,807</u>	<u>2,325,531</u>	<u>(146,276)</u>
End of year	<u>\$ 154,729</u>	<u>\$ 868,131</u>	<u>\$ 3,593,279</u>	<u>\$ 2,725,148</u>

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

**LINCOLN COUNTY, OREGON**

**PROPRIETARY FUNDS**

Balance Sheet

June 30, 2016

	Business-type Activities - Nonmajor Enterprise Fund 210 Solid Waste District Fund	Governmental Activities - Internal Service Fund 215 Self Insurance Fund
<b>ASSETS</b>		
Current assets:		
Cash and investments	\$ 37,470	\$ 3,912,017
Receivables	53,277	6,797
Total assets	\$ 90,747	\$ 3,918,814
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable and payroll liabilities	\$ 4,921	\$ 124,345
Current portion of compensated absences	3,640	-
Claims payable	-	83,773
Total current liabilities	8,561	208,118
Noncurrent liabilities:		
Long-term portion of compensated absences	1,218	-
Total liabilities	9,779	208,118
<b>NET POSITION</b>		
Unrestricted	80,968	3,710,696
Total liabilities and net position	\$ 90,747	\$ 3,918,814

**LINCOLN COUNTY, OREGON**

**PROPRIETARY FUNDS**

Statement of Revenues, Expenses, and Changes in Net Position

For the Year Ended June 30, 2016

	Business-type Activities - Nonmajor Enterprise Fund 210 Solid Waste District Fund	Governmental Activities - Internal Service Fund 215 Self Insurance Fund
<b>Operating revenues:</b>		
Charges for services	\$ 219,981	\$ 889,072
Other revenue	55	19,490
Total operating revenues	220,036	908,562
<b>Operating expenses:</b>		
General and administrative costs	109,745	-
Operations and maintenance	121,505	388,344
Total operating expenses	231,250	388,344
Operating income (loss)	(11,214)	520,218
<b>Nonoperating revenues (expenses):</b>		
Operating grant	30,000	-
Investment earnings	251	24,260
Capital transfer to governmental funds	-	(41,538)
Change in net position	19,037	502,940
Beginning net position	61,931	3,207,756
Ending net position	\$ 80,968	\$ 3,710,696

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, 2016

	Business-type Activities - Nonmajor Enterprise Fund 210 Solid Waste District Fund	Governmental Activities - Internal Service Fund 215 Self Insurance Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipts from services provided	\$ 229,990	\$ -
Cash received from interfund services provided	-	901,765
Cash payments to employees for services	(105,242)	-
Cash payments to other suppliers for goods and services	(130,484)	-
Cash paid for interfund services used	-	(382,149)
Net cash provided (used) by operating activities	(5,736)	519,616
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Cash received from operating grant	30,000	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Transfer to governmental activities for acquisition of capital assets	-	(41,538)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	251	24,260
Net change in cash and investments	24,515	502,338
Cash and investments:		
Beginning of year	12,955	3,409,679
End of year	\$ 37,470	\$ 3,912,017
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ (11,214)	\$ 520,218
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
(Increase) decrease in assets:		
Receivables	9,954	(6,797)
Increase (decrease) in liabilities:		
Accounts payable	(8,979)	(29,341)
Payroll and related accruals	4,503	-
Claims payable	-	35,536
Net cash provided (used) by operating activities	\$ (5,736)	\$ 519,616

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, 2016

	<u>Agency Fund</u>
<b>ASSETS</b>	
Cash and investments	\$ 2,604,790
Receivables - net	<u>8,574,424</u>
Total assets	<u>\$ 11,179,214</u>
<b>LIABILITIES</b>	
Due to other governmental agencies	\$ 12,694
Amounts held for others	<u>11,166,520</u>
Total liabilities	<u>\$ 11,179,214</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 four 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 four 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 was formed in May 1996 at a General Election and was funded in November 1996. The District provides a comprehensive transportation program to the county. Services include a scheduled stop bus system, the "Central Coast Connection," along the Highway 101 corridor, outlying cities and communities, and ancillary feeder lines available to all residents of the County. A "dial-a-ride" service is also provided for the transit disadvantaged and senior and disabled members of the County, enabling them to obtain medical and other services.

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

The District was formed under Chapter 451 of the Oregon Revised Statutes. The District is a county-wide service district. The primary functions are to coordinate solid waste management planning throughout the County, to implement recycling and waste reduction education programs and to coordinate illegal dumping enforcement, prevention, and clean-up activities.

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

The District accounts for the operations of the Oregon State University – Lincoln County Extension Agency, which provides educational programs to citizens in Lincoln County. The primary source of revenue is property taxes, and expenditure purposes include seminar costs, educational programs and materials, and labor and facility costs.

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

The District accounts for the operations of a shelter and animal control services county-wide. The primary source of revenue is property taxes and the sale of dog licenses and fees charged by the County Animal Shelter.

## 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. 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.
- *General Road* - 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, 2016, 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. Donated capital assets are recorded at their estimated fair market value at the time received.

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 shifts, 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.

*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, 2016 are as follows:

	General Fund	General Roads Fund	Mental Health Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Nonspendable</b>					
Inventories	\$ -	\$ 462,447	\$ -	\$ -	\$ 462,447
<b>Restricted for:</b>					
Road maintenance	-	10,176,590	-	-	10,176,590
Economic development	-	-	-	229,443	229,443
Transit services	-	-	-	2,972,849	2,972,849
Worksite wellness	3,080	-	-	-	3,080
Public safety	603,234	-	-	-	603,234
County Fair	-	-	-	65,395	65,395
Outpatient services	-	-	3,593,279	1,628,100	5,221,379
Veterans' services outreach	1,060	-	-	-	1,060
Animal control services	-	-	-	231,295	231,295
Title III	-	-	-	1,548,961	1,548,961
Capital Outlay	-	-	-	1,578,663	1,578,663
Maintenance of government surveys	-	-	-	187,471	187,471
Public education	-	-	-	445,632	445,632
<b>Committed to:</b>					
Law library	-	-	-	73,845	73,845
County records	-	-	-	105,781	105,781
Post-closure obligations	-	-	-	692,919	692,919
DUII administration	-	-	-	15,908	15,908
Capital outlay	-	-	-	3,119,462	3,119,462
<b>Unassigned:</b>	<u>7,285,553</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,285,553</u>
Total fund balances	<u>\$ 7,892,927</u>	<u>\$ 10,639,037</u>	<u>\$ 3,593,279</u>	<u>\$ 12,895,724</u>	<u>\$ 35,020,967</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.

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.

LINCOLN COUNTY, OREGON

Notes to Financial Statements

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

M. Budget policies and budgetary control

Generally, Oregon Local Budget Law requires annual budgets be adopted for all funds except agency funds. The annual budgets are adopted on a basis consistent with Oregon Revised Statutes (ORS 294 - Local Budget Law).

The County begins its budgeting process by appointing Budget Committee members in the fall of each year. Budget recommendations are developed by management through early spring, with the Budget Committee meeting and approving the budget document in late spring. Public notices of the budget hearing are generally published in May or June and the hearing is held in June. The 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-expended, except in the case of grant receipts and bond sale proceeds which could not be reasonably estimated at the time the budget was adopted.

The resolution authorizing appropriations for each fund sets the level at which expenditures cannot legally exceed appropriations. The County established the levels of budgetary control at the personal services, materials and services, capital outlay, operating contingencies, debt service, and all other requirement levels for all funds, except the General Fund in which budgetary control is established at the program level.

Noncompliance with Oregon Budget Law for the year ended June 30, 2016 is as follows:

The following fund reported expenditures over budgeted amounts for the year ended June 30, 2016.

County School Fund: Materials and services	\$227,875
Public Health Fund: Materials and services	\$7,164
Corner Preservation Fund: Materials and services	\$12,197

**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, 2016 are as follows:

Total investments	\$ 35,697,598
Deposits with financial institutions	4,021,532
Total deposits and investments	<u>\$ 39,719,130</u>

B. Cash and investments are reported as follows:

Governmental Activities/Funds	
General Fund	\$ 7,951,753
General Roads Fund	10,130,576
Mental Health Fund	3,000,204
Nonmajor governmental funds	<u>12,082,320</u>
Total governmental funds	33,164,853
Internal Service Fund	<u>3,912,017</u>
Total Governmental Activities	37,076,870
Business-Type Activities	37,470
Fiduciary Funds	<u>2,604,790</u>
Total cash and investments	<u>\$ 39,719,130</u>

LINCOLN COUNTY, OREGON

Notes to Financial Statements

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

**Deposits:**

*Custodial Credit Risk:* Custodial credit risk is the risk that in the event of a bank failure, the the County's deposits may not be returned to it. At June 30, 2016, the County's deposits with various financial institutions had a bank value of \$4,201,927. 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, 2016, the County held the following investments and maturities:

<u>Investment type</u>	<u>Carrying Value</u>	<u>Weighted Average Maturity in Years</u>	<u>Moody's Credit Rating</u>	<u>% of Investment Portfolio</u>
JP Morgan Chase corporate debt securities	\$ 518,110	1.000	Aa3/A+/AA-	1.45 %
Wells Fargo & Company corporate debt securities	502,425	1.000	Aa3/A+/AA-	1.41 %
Federal National Mortgage Assoc.	494,010	1.000		1.38 %
Local government investment pool	<u>34,183,053</u>	N/A	N/A	<u>95.76 %</u>
Total	<u>\$ 35,697,598</u>			<u>100.00 %</u>

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

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

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

*Fair Value Hierarchy* During the fiscal year ended June 30, 2016, the County implemented GASB Statement No. 72, Fair Value Measurement and Application. Issued February 2015, this statement establishes accounting and financial reporting standards for fair value measurements, the level of fair value hierarchy, and valuation techniques. Various inputs are used in determining the fair value of investments. These inputs to valuation techniques 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

LINCOLN COUNTY, OREGON

Notes to Financial Statements

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

(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.

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

The County has the following recurring fair value measurement:

	Total as of June 30, 2016	Fair Value Measurement			Cost Measurement Not measured at Fair Value
		Level One	Level Two	Level Three	
Corporate bonds	\$ 1,020,535	\$ -	\$ 1,020,535	\$ -	\$ -
U.S. agency securities	494,010	-	494,010	-	-
LGIP	34,183,053	-	-	-	34,183,053
	<u>\$ 35,697,598</u>	<u>\$ -</u>	<u>\$ 1,514,545</u>	<u>\$ -</u>	<u>\$ 34,183,053</u>

**Note 4 - Receivables**

Receivables at June 30, 2016 were as follows:

	Governmental Funds				Totals
	General	General Roads	Mental Health	Nonmajor	
Property taxes	\$ 1,654,149	\$ -	\$ -	\$ 146,154	\$ 1,800,303
Accounts	1,166,284	351,401	1,237,628	1,715,638	4,470,951
Less: allowance for doubtful accounts	-	-	(55,839)	(17,148)	(72,987)
	<u>\$ 2,820,433</u>	<u>\$ 351,401</u>	<u>\$ 1,181,789</u>	<u>\$ 1,844,644</u>	<u>\$ 6,198,267</u>

**LINCOLN COUNTY, OREGON**

Notes to Financial Statements

**Note 5 - Interfund Transactions**

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

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

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>
General Fund	Nonmajor Public Health Fund	\$ 307,500
General Fund	Nonmajor Capital Projects Fund	57,535
Mental Health Fund	Nonmajor Public Health Fund	67,605
Title III Fund	Nonmajor Capital Projects Fund	250,000
Nonmajor Extension Agency Fund	Nonmajor County Fair Fund	15,815
Building Reserve Fund	General Fund	5
Fair Facilities Fund	General Fund	6,661
Total		<u>\$ 705,121</u>

**Note 6 - Capital Assets**

A. Capital asset activity for the year ended June 30, 2016 was as follows:

<b><u>Governmental Activities</u></b>	<u>Balances</u> <u>July 1, 2015,</u>	<u>Additions and</u> <u>Reclassifications</u>	<u>Deletions and</u> <u>Reclassifications</u>	<u>Balances</u> <u>June 30, 2016</u>
<i>Capital assets, not being depreciated:</i>				
Land and easements	\$ 2,034,928	\$ -	\$ -	\$ 2,034,928
Construction in progress	<u>1,596,788</u>	<u>2,051,037</u>	<u>2,209,730</u>	<u>1,438,095</u>
Total capital assets, not being depreciated	<u>3,631,716</u>	<u>2,051,037</u>	<u>2,209,730</u>	<u>3,473,023</u>
<i>Capital assets being depreciated:</i>				
Infrastructure	65,940,446	3,227,708	-	69,168,154
Buildings	16,174,497	38,051	-	16,212,548
Improvements	10,309,713	1,009,647	-	11,319,360
Equipment	<u>13,116,086</u>	<u>1,429,511</u>	<u>753,306</u>	<u>13,792,291</u>
Total capital assets being depreciated	<u>105,540,742</u>	<u>5,704,917</u>	<u>753,306</u>	<u>110,492,353</u>
<i>Less accumulated depreciation for:</i>				
Infrastructure	48,011,542	931,814	-	48,943,356
Buildings	9,240,485	426,785	-	9,667,270
Improvements	3,560,865	700,372	-	4,261,237
Equipment	<u>8,099,759</u>	<u>1,113,350</u>	<u>739,700</u>	<u>8,473,409</u>
Total accumulated depreciation	<u>68,912,651</u>	<u>3,172,321</u>	<u>739,700</u>	<u>71,345,272</u>
Total capital assets being depreciated, net	<u>36,628,091</u>	<u>2,532,596</u>	<u>13,606</u>	<u>39,147,081</u>
Total capital assets, net	<u>\$ 40,259,807</u>	<u>\$ 4,583,633</u>	<u>\$ 2,223,336</u>	<u>\$ 42,620,104</u>

**LINCOLN COUNTY, OREGON**

Notes to Financial Statements

**Note 6 - Capital Assets, continued**

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

General government	\$	556,427
Community services		278,024
Public safety		971,702
Highways and streets		1,141,604
Culture and recreation		115,427
Health and welfare		<u>109,137</u>
Total depreciation expense - governmental activities	\$	<u>3,172,321</u>

**Note 7 - Construction Commitments**

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

	<u>Project Authorization</u>	<u>Expended to Date</u>	<u>Commitment</u>
Trapp Creek Road Bridge	\$ 1,727,000	\$ 93,616	\$ 1,633,384
Search and Rescue Building	<u>253,721</u>	<u>75,131</u>	<u>178,590</u>
Totals	<u>\$ 1,980,721</u>	<u>\$ 168,747</u>	<u>\$ 1,811,974</u>

**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.	\$ 2,565,000

Notes payable

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

**LINCOLN COUNTY, OREGON**

Notes to Financial Statements

**Note 8 - Noncurrent liabilities, continued**

Noncurrent liability activity for the year ended June 30, 2016, was as follows:

<b>Governmental activities:</b>	Outstanding July 1, 2015	Additions	Reductions	Outstanding June 30, 2016	Balances Due Within One Year
Certificates of Participation					
LOCAP Series 2013C	\$ 2,835,000	\$ -	\$ (270,000)	\$ 2,565,000	\$ 280,000
Notes payable					
Curry property note	346,825	-	(19,362)	327,463	20,312
Vested compensated absences	<u>2,062,149</u>	<u>2,004,716</u>	<u>(1,856,000)</u>	<u>2,210,865</u>	<u>1,989,849</u>
Total governmental activities noncurrent liabilities	<u>\$ 5,243,974</u>	<u>\$ 2,004,716</u>	<u>\$ (2,145,362)</u>	<u>\$ 5,103,328</u>	<u>\$ 2,290,161</u>
<b>Business-type activities:</b>					
Vested compensated absences	<u>\$ 4,858</u>	<u>\$ 3,640</u>	<u>\$ (3,640)</u>	<u>\$ 4,858</u>	<u>\$ 3,640</u>

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

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

Fiscal Year	LOCAP Series 2013C		Curry property note		Governmental Activities Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 280,000	\$ 102,088	\$ 20,311	\$ 15,275	\$ 300,311	\$ 117,363
2018	290,000	90,688	21,308	14,279	311,308	104,967
2019	305,000	78,788	22,354	13,233	327,354	92,021
2020	85,000	70,988	23,451	12,136	108,451	83,124
2021	85,000	67,588	24,602	10,985	109,602	78,573
2022-2026	490,000	278,673	142,345	35,589	632,345	314,262
2027-2031	600,000	164,523	73,092	4,013	673,092	168,536
2032-2034	<u>430,000</u>	<u>29,701</u>	<u>-</u>	<u>-</u>	<u>430,000</u>	<u>29,701</u>
	<u>\$ 2,565,000</u>	<u>\$ 883,037</u>	<u>\$ 327,463</u>	<u>\$ 105,510</u>	<u>\$ 2,892,463</u>	<u>\$ 988,547</u>

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

LOCAP payable ending balance	\$ 2,565,000
Less: current portion	(280,000)
Add: unamortized premium	<u>85,738</u>
Bonds payable, due in more than one year	<u>\$ 2,370,738</u>

LINCOLN COUNTY, OREGON

Notes to Financial Statements

**Note 9 - Operating Leases**

The County leases office equipment and office facilities under operating leases expiring at various times through 2020. Total cost for such leases for the year ended June 30, 2016 was \$610,987. Minimum future rental payments under non-cancelable operating leases having remaining terms in excess of one year as of June 30, 2016 are:

Year Ended June 30,	Amount
2017	\$ 475,715
2018	197,715
2019	76,602
2020	<u>22,291</u>
Total	<u>\$ 772,323</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, 2016, there were 513 plan members. Required contributions are made semi-monthly at the rate of 11 percent of eligible employees' salaries. The County's contribution for each employee and interest allocated to the employee's account are fully vested after four years of membership. Under the plan, employees also have the option of participating in a deferred salary arrangement pursuant to a salary reduction agreement. The deferred salary cannot exceed the amount allowable by Internal Revenue Code Section 415.

County contributions for, and interest forfeited by, employees who leave employment before four years of service are placed in a forfeiture account. This account is used to pay current charges for administration of the plan and may be used to reduce the County's contribution requirement. The County made the required contributions of \$2,020,056 and employees contributed \$445,313 for the year ended June 30, 2016. Investments are self-directed by the employees between a fixed income account and a number of equity funds. Plan provisions and contribution requirements are established and may be amended by the Board of Commissioners.

**Note 11 - Deferred Compensation Plan**

The 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, 2016, were \$254,461.

**Note 12- Defined Benefit Pension Plan**

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

## LINCOLN COUNTY, OREGON

### Notes to Financial Statements

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

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

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

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

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

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

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 (2.0 percent) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 45 years of age before ceasing employment with a participating employer. Members may retire after reaching age 50. Benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier Two members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

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

Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following conditions are met:

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

##### ***Disability Benefits***

A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 55 when determining the monthly benefit.

##### ***Benefit Changes***

After retirement members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments.

Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits above \$60,000.

###### ***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 as a sworn officer for at least five years immediately preceding retirement.

## LINCOLN COUNTY, OREGON

### Notes to Financial Statements

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

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

#### *Death Benefits*

Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50 percent of the pension that would otherwise have been paid to the deceased member.

#### *Disability Benefits*

A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.

#### *Benefit Changes After Retirement*

Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits above \$60,000.

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

#### *Pension Benefits*

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

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

#### *Death Benefits*

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

#### *Recordkeeping*

OPERS contracts with VOYA Financial to maintain IAP participant records.

#### **Contributions:**

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2013 actuarial valuation as subsequently modified by 2015 legislated changes in benefit provisions. The rates, based on a percentage of payroll, first became effective July 1, 2015. Employer contributions for the year ended June 30, 2016 were \$671,464, excluding amounts to fund employer specific liabilities. The rates in effect for the fiscal year ended June 30, 2016 were 16.8 percent for Tier One/Tier Two members, 11.43 percent for OPSRP Pension Program members and 6 percent for OPSRP Individual Account Program. The County has elected to make the payments on behalf of its employees for the OPSRP Individual Account Program.

**LINCOLN COUNTY, OREGON**

Notes to Financial Statements

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

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

At June 30, 2016, The County's proportionate share of the net pension liability is \$2,929,952. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by actuarial valuation as of December 31, 2013 rolled forward to June 30, 2015. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2015, the County's proportion was 0.0510 percent, which was changed from its proportion measured as of June 30, 2014 of .03956 percent.

For the year ended June 30, 2016, the County recognized pension expense of \$3,174,712.

At June 30, 2016, 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	\$ 157,998	\$ -
Net difference between projected and actual earnings on pension plan investments	-	614,184
Changes in proportion share	196,948	-
Differences between County contributions and proportionate share of contributions	-	154,449
County contributions subsequent to the measurement date	385,326	-
Total	\$ 582,274	\$ 768,633

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

Year ended	Deferred Outflows	Deferred Inflows
June 30:		
2017	\$ 438,800	\$ 457,941
2018	211,472	451,941
2019	211,472	457,941
2020	(265,392)	(574,702)
2021	(14,078)	(24,488)
Total	\$ 582,274	\$ 768,633

***Actuarial Assumptions:***

The employer contribution rates effective July 1, 2013, through June 30, 2015 and effective July 1, 2015, through June 30, 2017, were set using the projected unit credit actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years.

**LINCOLN COUNTY, OREGON**

Notes to Financial Statements

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

For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) 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, 2013 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2013
Measurement date	June 30, 2015
Experience Study Report	2014, published September 18, 2015
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Inflation Rate	2.75 percent
Expected Rate of Return	7.75 percent
Discount Rate	7.75 percent
Projected Salary Increases	3.75 percent overall payroll growth
Cost of Living Adjustment (COLA)	Blend of 2.00% COLA and grade COLA
Mortality	<p>Healthy retirees and beneficiaries: RP-2000 Sex-distinct, generational per Scale AA, 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 (65% for males, 90% for females) of the RP-2000 statistic combined disabled mortality sex-distinct 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.

**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 2013 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.

Asset Class/Strategy	Assumed Asset Allocation		
	Low Range	High Range	OIC Target
Cash	0.0 %	3.0 %	0.0 %
Debt Securities	15.0	25.0	20.0
Public Equity	32.5	42.5	37.5
Private Equity	16.0	24.0	20.0
Real Estate	9.5	15.5	12.5
Alternative Equity	0.0	10.0	10.0
Opportunity Portfolio	0.0	3.0	0.0
Total			<u>100.0 %</u>

**LINCOLN COUNTY, OREGON**

Notes to Financial Statements

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Compounded Annual Return (Geometric)</u>
Core Fixed Income	7.20 %	4.50 %
Short-Term Bonds	8.00 %	3.70 %
Intermediate - Term Bonds	3.00 %	4.10 %
High Yield Bonds	1.80 %	6.66 %
Large Cap US Equities	11.65 %	7.20 %
Mid Cap US Equities	3.88 %	7.30 %
Small Cap US Equities	2.27 %	7.45 %
Developed Foreign Equities	14.21 %	6.90 %
Emerging Foreign Equities	5.49 %	7.40 %
Private Equities	20.00 %	8.26 %
Opportunity Funds/Absolute Return	5.00 %	6.01 %
Real Estate (Property)	13.75 %	6.51 %
Real Estate (REITS)	2.50 %	6.76 %
Commodities	1.25 %	6.07 %
Total	<u>100.00 %</u>	
Assumed Inflation - Mean		2.75 %

***Depletion Date Projection***

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

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

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

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

***Discount Rate***

The discount rate used to measure the total pension liability was 7.75 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 7.75 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 (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Discount Rate (7.75%)	1% Increase (8.75%)
Proportionate share of net pension liability (asset)	\$ 7,071,330	\$ 2,929,952	\$ (560,142)

**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 Provisions Subsequent to the Measurement Period**

The Oregon Supreme Court on April 30, 2015, ruled that the provisions of Senate Bill 861, signed into law in October 2013, that limited the post-retirement COLA on benefits accrued prior to the signing of the law was unconstitutional. Benefits could be modified prospectively, but not retrospectively. As a result, those who retired before the bills were passed will continue to receive a COLA tied to the Consumer Price Index that normally results in a 2% increase annually. OPERS will make restoration payments to those benefit recipients.

OPERS members who have accrued benefits before and after the effective periods of the 2013 legislation will have a blended COLA rate when they retire.

This change in benefit terms was reflected in the current valuation.

**Changes in Plan Provisions Subsequent to the Measurement Period**

There were no changes subsequent to the June 30, 2015 measurement date.

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

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

***Membership:***

The County's membership in the plan at August 1, 2014 (the date of the most recent actuarial valuation) consisted of the following:

Active employees	366
Retirees, spouse or dependents	13
Spouses of ineligible retirees	1
 Total	 380

**LINCOLN COUNTY, OREGON**

Notes to Financial Statements

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

***Funding Policy and Contributions:***

The required contribution is based on projected pay-as-you-go financing requirements. For the fiscal year ending June 30, 2016, the County's combined plan contributions were \$80,186. Implicit employer subsidies generally represent the increase in premiums the County must pay on behalf of its active employees as a consequence of providing retirees access to OPEB. The implicit premium requirements, as of August 1, 2014, for the County are as follows:

<u>Medical and Vision</u>	<u>Male Retirees</u>	<u>Female Retirees</u>	<u>Male Spouses</u>	<u>Female Spouses</u>
Age 50	\$ 540	\$ 613	\$ 385	\$ 455
Age 55	576	604	459	508
Age 60	706	687	564	588
Age 64	885	797	705	679
<u>Dental</u>	<u>Male Retirees</u>	<u>Female Retirees</u>	<u>Male Spouses</u>	<u>Female Spouses</u>
Age 50	\$ 54	\$ 60	\$ 54	\$ 60
Age 55	61	64	61	64
Age 60	67	68	67	68
Age 64	71	70	71	70

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

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

The County had an actuarial valuation performed as of August 1, 2014 to determine the unfunded accrued actuarial liability (UAAL), annual required contribution (ARC) and net other postemployment benefit obligation (NOPEBO) as of that date. The ARC represents a level funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The annual OPEB cost for the year ended June 30, 2016 was equal to the ARC as follows:

Normal cost	\$ 67,904
Amortization of UAAL	<u>112,130</u>
Annual required contribution (ARC)	<u>\$ 180,034</u>

The net OPEB obligation as of June 30, 2016 was calculated as follows:

Annual required contribution	\$ 180,034
Interest on prior year Net OPEB obligation	65,263
Less: Adjustment to ARC	<u>(224,208)</u>
Annual OPEB Cost	21,089
Less: Explicit Benefit Payments	-
Less: Implicit Benefit Payments	<u>(55,532)</u>
Decrease in Net OPEB Obligation	(34,443)
Net OPEB Obligation - beginning of year	<u>1,864,650</u>
Net OPEB Obligation - end of year	<u>\$ 1,830,207</u>

LINCOLN COUNTY, OREGON

Notes to Financial Statements

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

The County's annual OPEB cost, percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of June 30, 2016 is as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2014	\$ 183,066	35%	\$ 1,733,689
June 30, 2015	\$ 195,847	34%	\$ 1,864,650
June 30, 2016	\$ 21,089	263%	\$ 1,830,207

**Funded Status and Funding Progress:**

As of August 1, 2014, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$903,596, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability of \$903,596. The covered payroll amount (annual payroll of active employees covered by the plans) was \$22,827,232 and the ratio of the UAAL to the covered payroll was 3.96%. For the fiscal year ending June 30, 2016, the County has set aside \$0 to pay for future post-employment benefits for retired employees.

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

**Actuarial Methods and Assumptions:**

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

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

**LINCOLN COUNTY, OREGON**

Notes to Financial Statements

**Note 14 - Risk Management**

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

Effective July 1, 2010 the County became self-insured for worker's compensation and unemployment insurance. Premiums are paid into the Risk Management internal service fund by County departments based on each department's operating budget, claim activity, and vehicle usage. The County carries a supplemental liability policy with a \$10 million limit per occurrence or wrongful act, and a \$500,000 deductible. The annual aggregate limit of the policy is \$10 million. The policy renews July 1 of each year.

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

Changes in the balances of claims liabilities are as follows:

	Year Ended June 30,		
	2014	2015	2016
<u>Workers' compensation</u>			
Unpaid claims, beginning of year	\$ 10,710	\$ 15,968	\$ 29,722
Incurred claims (including IBNR)	67,353	44,703	140,585
Claim payments	(62,095)	(30,949)	(89,372)
Unpaid claims, end of year	<u>\$ 15,968</u>	<u>\$ 29,722</u>	<u>\$ 80,935</u>
<u>State unemployment</u>			
Unpaid claims, beginning of year	\$ 15,801	\$ 5,019	\$ 18,515
Incurred claims (including IBNR)	64,655	66,578	30,904
Claim payments	(75,437)	(53,082)	(46,581)
Unpaid claims, end of year	<u>\$ 5,019</u>	<u>\$ 18,515</u>	<u>\$ 2,838</u>

**Note 15 - Contingencies**

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

**Note 16 - Restatement of net position**

In the year ended June 30, 2015 the disbursement of state shared revenue for the month of June from the Oregon Department of Transportation was not accrued as a receivable or recognized as revenue; it was received in August 2015. Fund balance in the General Roads Fund and net position for governmental activities has been restated to recognize the revenue earned, but not recognized, in the year ended June 30, 2015.

	<u>201 General Roads Fund</u>	<u>Governmental Activities</u>
Ending fund balance/net position, June 30, 2015:		
As previously reported	\$ 11,230,242	\$ 70,330,064
To record revenues not previously recognized	<u>273,490</u>	<u>273,490</u>
Fund balance/net position, July 1, 2015 as restated	<u>\$ 11,503,732</u>	<u>\$ 70,603,554</u>

**REQUIRED SUPPLEMENTARY INFORMATION**

**LINCOLN COUNTY, OREGON**

Schedule of Funding Progress - Other Postemployment Healthcare Benefits

June 30, 2016

<u>Valuation Date</u>	<u>Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Accrued Liability</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAL/ Payroll</u>
August 1, 2010	\$ -	\$ 2,102,563	\$ 2,102,563	0%	\$ 21,144,030	9.95%
August 1, 2012	\$ -	\$ 1,449,232	\$ 1,449,232	0%	\$ 22,611,533	6.41%
August 1, 2014	\$ -	\$ 903,596	\$ 903,596	0%	\$ 22,827,232	3.96%

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

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

**LINCOLN COUNTY, OREGON**

Required Supplemental Information - Oregon Public Employee Retirement System  
Year Ended June 30, 2016

Proportionate Share of Net Pension Liability  
Last Three Fiscal Years

	2016	2015	2014
Proportion of the net pension liability (asset)	0.051031 %	0.039560 %	0.039560 %
Proportionate share of the net pension liability (asset)	\$ 2,929,952	\$ 896,723	\$ 2,018,828
Covered payroll	\$ 4,519,494	\$ 4,358,196	\$ 4,463,814
Proportionate share of the pension liability (asset) as a percentage of its covered employee payroll	64.83 %	20.58 %	45.23 %
Plan net position as a percentage of the total pension liability	91.88 %	103.59 %	92.00 %

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

	2016	2015	2014
Contractually required contribution	\$ 671,464	\$ 634,532	\$ 657,544
Contributions in relation to the contractually required contribution	<u>671,464</u>	<u>634,532</u>	<u>634,532</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 4,519,494	\$ 4,358,196	\$ 4,463,814
Contributions as a percentage of covered employee payroll	14.86 %	14.56 %	14.73 %

**Notes to Required Supplementary Information**

**Changes in Benefit Terms**

The Oregon Supreme Court on April 30, 2015, ruled that the provisions of Senate Bill 861, signed into law in October 2013, that limited the post-retirement COLA on benefits accrued prior to the signing of the law was unconstitutional. Benefits could be modified prospectively, but not retrospectively. As a result, those who retired before the bills were passed will continue to receive a COLA tied to the Consumer Price Index that normally results in a 2% increase annually. OPERS will make restoration payments to those benefit recipients.

OPERS members who have accrued benefits before and after the effective dates of the 2013 legislation will have a blended COLA rate when they retire.

This change in benefit terms was not included in the net pension liability (asset) proportionate shares provided by OPERS for the years ending June 30, 2015 and June 30, 2014.

**Changes of Assumptions**

Details and a comprehensive list of changes in methods and assumptions can be found in the 2012 and 2014 Experience Study for the System, which were published on September 18, 2013 and September 23, 2015. These reports can be found at:

[http://www.oregon.gov/pers/Pages/section/financial\\_reports/mercer\\_reports.aspx](http://www.oregon.gov/pers/Pages/section/financial_reports/mercer_reports.aspx).

## **OTHER SUPPLEMENTARY INFORMATION**

COMBINING AND INDIVIDUAL NONMAJOR FUNDS  
STATEMENTS AND SCHEDULES

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

Combining Balance Sheet

June 30, 2016

	<u>Special Revenue Funds</u>	<u>219 Capital Projects Fund</u>	<u>103 Vehicle Replacement</u>	<u>Total Nonmajor Governmental Funds</u>
<b>ASSETS</b>				
Cash and investments	\$ 8,895,408	\$ 2,754,744	\$ 432,168	\$ 12,082,320
Receivables - net	<u>1,844,644</u>	<u>-</u>	<u>-</u>	<u>1,844,644</u>
Total assets	<u>\$ 10,740,052</u>	<u>\$ 2,754,744</u>	<u>\$ 432,168</u>	<u>\$ 13,926,964</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 223,236	\$ 67,450	\$ -	\$ 290,686
Accrued payroll and related liabilities	302,330	-	-	302,330
Due to other government entities	<u>140,171</u>	<u>-</u>	<u>-</u>	<u>140,171</u>
Total liabilities	<u>665,737</u>	<u>67,450</u>	<u>-</u>	<u>733,187</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - accounts receivable	163,813	-	-	163,813
Unavailable revenue - property taxes	<u>134,240</u>	<u>-</u>	<u>-</u>	<u>134,240</u>
Total deferred inflows of resources	298,053	-	-	298,053
<b>FUND BALANCES</b>				
Restricted	8,887,809	-	-	8,887,809
Committed	<u>888,453</u>	<u>2,687,294</u>	<u>432,168</u>	<u>4,007,915</u>
Total fund balances	<u>9,776,262</u>	<u>2,687,294</u>	<u>432,168</u>	<u>12,895,724</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 10,740,052</u>	<u>\$ 2,754,744</u>	<u>\$ 432,168</u>	<u>\$ 13,926,964</u>

**LINCOLN COUNTY, OREGON**  
NONMAJOR GOVERNMENTAL FUNDS

Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
For the Year Ended June 30, 2016

	Special Revenue	219 Capital Projects Fund	103 Vehicle Replacement	Total Nonmajor Governmental Funds
<b>REVENUES:</b>				
Taxes and land sales	\$ 2,014,036	\$ -	\$ -	\$ 2,014,036
Licenses and permits	218,726	-	-	218,726
Charges for services	5,416,319	-	280,235	5,696,554
Intergovernmental revenues	5,820,871	-	-	5,820,871
Fines and penalties	36,420	-	-	36,420
Investment earnings	62,258	-	-	62,258
Donations	71,634	-	-	71,634
Other revenue	90,061	-	-	90,061
Total revenues	13,730,325	-	280,235	14,010,560
<b>EXPENDITURES:</b>				
Current:				
General government	196,941	42,198	3,000	242,139
Community services	2,118,661	-	-	2,118,661
Public safety	864,043	-	-	864,043
Culture and recreation	109,475	-	-	109,475
Health and welfare	8,426,711	-	-	8,426,711
Education	1,376,203	-	-	1,376,203
Capital Outlay	276,139	212,201	219,224	707,564
Total expenditures	13,368,173	254,399	222,224	13,844,796
Excess (deficiency) of revenues over expenditures	362,152	(254,399)	58,011	165,764
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	390,920	307,535	-	698,455
Transfers out	(272,481)	-	-	(272,481)
Proceeds from sale of capital assets	-	-	54,851	54,851
Total other financing sources (uses)	118,439	307,535	54,851	480,825
Net change in fund balances	480,591	53,136	112,862	646,589
Fund balances at beginning of year	9,295,671	2,634,158	319,306	12,249,135
Fund balances at end of year	\$ 9,776,262	\$ 2,687,294	\$ 432,168	\$ 12,895,724

## 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 Fair** – The operations of the Fair are accounted for in this fund. Major sources of revenue include state apportionments, annual fair proceeds, and grounds and building rentals.
- **Law Library** – This fund is used to maintain the County law library with revenues derived from court fees.
- **Clerk Records** – This fund accounts for expenditures incurred by the County Clerk to improve record storage and to acquire systems that facilitate records retrieval.
- **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.
- **Animal Services** (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.
- **Extension Agency** (a component unit) – This fund accounts for the operations of the OSU/Lincoln County Extension Agency which provides educational programs to County citizens. The District is funded mainly from property tax.
- **Agate Beach 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.
- **Building Reserve** – This fund was used to accumulate funds for repairs and renovations to County buildings to prevent losses due to earthquakes or other natural disasters. This fund was closed to the General Fund in the year ending June 30, 2016
- **Fair Facilities** – This fund accounts for the upgrade and improvement to the County Fairgrounds and its buildings and infrastructure through a dedicated transient room tax.

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

Combining Balance Sheet

June 30, 2016

	102 Economic Development Fund	204 Transit District Fund	202 County School Fund	203 County Fair Fund	205 Law Library Fund	207 Clerk Records Fund	208 Public Health Fund	216 Community Health Centers Fund
<b>ASSETS</b>								
Cash and investments	\$ 241,943	\$ 2,736,829	\$ -	\$ 66,717	\$ 85,276	\$ 105,425	\$ -	\$ 973,233
Receivables - net	-	348,885	-	5,836	-	176	471,120	813,596
Total assets	<u>\$ 241,943</u>	<u>\$ 3,085,714</u>	<u>\$ -</u>	<u>\$ 72,553</u>	<u>\$ 85,276</u>	<u>\$ 105,601</u>	<u>\$ 471,120</u>	<u>\$ 1,786,829</u>
<b>LIABILITIES</b>								
Accounts payable	\$ 12,500	\$ 17,731	\$ -	\$ 7,158	\$ 11,431	\$ -	\$ 35,641	\$ 60,330
Accrued payroll and related expenses	-	42,833	-	-	-	(180)	150,063	79,831
Due to other funds	-	-	-	-	-	-	140,171	-
Total liabilities	<u>12,500</u>	<u>60,564</u>	<u>-</u>	<u>7,158</u>	<u>11,431</u>	<u>(180)</u>	<u>325,875</u>	<u>140,161</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Unavailable revenue - accounts receivable	-	-	-	-	-	-	9,503	154,310
Unavailable revenue - property taxes	-	52,301	-	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>52,301</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,503</u>	<u>154,310</u>
<b>FUND BALANCES</b>								
Restricted	229,443	2,972,849	-	65,395	-	-	135,742	1,492,358
Committed	-	-	-	-	73,845	105,781	-	-
Total fund balances	<u>229,443</u>	<u>2,972,849</u>	<u>-</u>	<u>65,395</u>	<u>73,845</u>	<u>105,781</u>	<u>135,742</u>	<u>1,492,358</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 241,943</u>	<u>\$ 3,085,714</u>	<u>\$ -</u>	<u>\$ 72,553</u>	<u>\$ 85,276</u>	<u>\$ 105,601</u>	<u>\$ 471,120</u>	<u>\$ 1,786,829</u>

212 Animal Services Fund	213 Title III/Safety Net Fund	217 Corner Preservation Fund	859 Extension Agency	603 Agate Beach Disposal Site Closure Fund	601 DUII Fund	214 Building Reserve Fund	607 Fair Facilities Fund	Total
\$ 235,685	\$ 1,561,425	\$ 186,963	\$ 450,493	\$ 695,957	\$ 15,908	\$ -	\$ 1,539,554	\$ 8,895,408
103,545	-	513	26,580	1,170	-	-	73,223	1,844,644
<u>\$ 339,230</u>	<u>\$ 1,561,425</u>	<u>\$ 187,476</u>	<u>\$ 477,073</u>	<u>\$ 697,127</u>	<u>\$ 15,908</u>	<u>\$ -</u>	<u>\$ 1,612,777</u>	<u>\$ 10,740,052</u>
\$ 20,434	\$ 12,464	\$ 5	\$ 7,220	\$ 4,208	\$ -	\$ -	\$ 34,114	\$ 223,236
29,783	-	-	-	-	-	-	-	302,330
-	-	-	-	-	-	-	-	140,171
<u>50,217</u>	<u>12,464</u>	<u>5</u>	<u>7,220</u>	<u>4,208</u>	<u>-</u>	<u>-</u>	<u>34,114</u>	<u>665,737</u>
-	-	-	-	-	-	-	-	163,813
<u>57,718</u>	<u>-</u>	<u>-</u>	<u>24,221</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>134,240</u>
<u>57,718</u>	<u>-</u>	<u>-</u>	<u>24,221</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>298,053</u>
231,295	1,548,961	187,471	445,632	-	-	-	1,578,663	8,887,809
-	-	-	-	692,919	15,908	-	-	888,453
<u>231,295</u>	<u>1,548,961</u>	<u>187,471</u>	<u>445,632</u>	<u>692,919</u>	<u>15,908</u>	<u>-</u>	<u>1,578,663</u>	<u>9,776,262</u>
<u>\$ 339,230</u>	<u>\$ 1,561,425</u>	<u>\$ 187,476</u>	<u>\$ 477,073</u>	<u>\$ 697,127</u>	<u>\$ 15,908</u>	<u>\$ -</u>	<u>\$ 1,612,777</u>	<u>\$ 10,740,052</u>

**LINCOLN COUNTY, OREGON**

**NONMAJOR SPECIAL REVENUE FUNDS**

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

For the Year Ended June 30, 2016

	102 Economic Development Fund	204 Transit District Fund	202 County School Fund	203 County Fair Fund	205 Law Library Fund	207 Clerk Records Fund	208 Public Health Fund	216 Community Health Centers Fund
<b>REVENUES:</b>								
Taxes and land sales	\$ -	\$ 653,717	\$ 33,247	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	40,802	-	-
Charges for services	-	601,693	-	55,800	-	-	3,030,378	1,728,448
Intergovernmental revenues	251,806	1,133,117	655,077	53,667	-	-	1,311,574	2,371,856
Fines and penalties	-	-	-	-	36,069	-	-	-
Investment earnings	1,911	18,237	550	321	675	970	-	5,498
Donations	-	-	-	3,770	-	-	132	877
Other revenue	-	34,919	-	-	-	-	50,722	4,420
<b>Total revenues</b>	<b>253,717</b>	<b>2,441,683</b>	<b>688,874</b>	<b>113,558</b>	<b>36,744</b>	<b>41,772</b>	<b>4,392,806</b>	<b>4,111,099</b>
<b>EXPENDITURES:</b>								
Current:								
General government	-	-	-	-	-	57,644	-	-
Community services	242,594	1,835,877	-	-	-	-	-	-
Public safety	-	-	-	-	35,700	-	-	-
Culture and recreation	-	-	-	89,055	-	-	-	-
Health and Welfare	-	-	-	-	-	-	4,927,881	3,498,830
Education	-	-	1,077,875	-	-	-	-	-
Capital Outlay	-	47,745	-	-	-	-	32,888	-
<b>Total   expenditures</b>	<b>242,594</b>	<b>1,883,622</b>	<b>1,077,875</b>	<b>89,055</b>	<b>35,700</b>	<b>57,644</b>	<b>4,960,769</b>	<b>3,498,830</b>
Excess (deficiency) of revenues over (under) expenditures	11,123	558,061	(389,001)	24,503	1,044	(15,872)	(567,963)	612,269
<b>OTHER FINANCING SOURCES (USES):</b>								
Transfers in	-	-	-	15,815	-	-	375,105	-
Transfers out	-	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,815</b>	<b>-</b>	<b>-</b>	<b>375,105</b>	<b>-</b>
Net change in fund balance	11,123	558,061	(389,001)	40,318	1,044	(15,872)	(192,858)	612,269
Beginning fund balance - as restated (see note 16)	218,320	2,414,788	389,001	25,077	72,801	121,653	328,600	880,089
<b>Ending fund balance</b>	<b>\$ 229,443</b>	<b>\$ 2,972,849</b>	<b>\$ -</b>	<b>\$ 65,395</b>	<b>\$ 73,845</b>	<b>\$ 105,781</b>	<b>\$ 135,742</b>	<b>\$ 1,492,358</b>

212 Animal Services Fund	213 Title III/Safety Net Fund	217 Corner Preservation Fund	859 Extension Agency	603 Agate Beach Disposal Site Closure Fund	601 DUII Fund	214 Building Reserve Fund	607 Fair Facilities Fund	Total
\$ 740,068	\$ -	\$ -	\$ 302,507	\$ -	\$ -	\$ -	\$ 284,497	\$ 2,014,036
67,586	-	102,733	-	6,550	1,055	-	-	218,726
-	-	-	-	-	-	-	-	5,416,319
10,811	-	-	32,963	-	-	-	-	5,820,871
351	-	-	-	-	-	-	-	36,420
2,183	11,393	1,726	3,710	4,796	106	-	10,182	62,258
66,855	-	-	-	-	-	-	-	71,634
-	-	-	-	-	-	-	-	90,061
<u>887,854</u>	<u>11,393</u>	<u>104,459</u>	<u>339,180</u>	<u>11,346</u>	<u>1,161</u>	<u>-</u>	<u>294,679</u>	<u>13,730,325</u>
-	-	139,297	-	-	-	-	-	196,941
-	25,179	-	-	15,011	-	-	-	2,118,661
828,343	-	-	-	-	-	-	-	864,043
-	-	-	-	-	-	-	20,420	109,475
-	-	-	-	-	-	-	-	8,426,711
-	-	-	298,328	-	-	-	-	1,376,203
156,100	-	-	-	-	-	-	39,406	276,139
<u>984,443</u>	<u>25,179</u>	<u>139,297</u>	<u>298,328</u>	<u>15,011</u>	<u>-</u>	<u>-</u>	<u>59,826</u>	<u>13,368,173</u>
<u>(96,589)</u>	<u>(13,786)</u>	<u>(34,838)</u>	<u>40,852</u>	<u>(3,665)</u>	<u>1,161</u>	<u>-</u>	<u>234,853</u>	<u>362,152</u>
-	-	-	-	-	-	-	-	390,920
-	(250,000)	-	(15,815)	-	-	(5)	(6,661)	(272,481)
-	(250,000)	-	(15,815)	-	-	(5)	(6,661)	118,439
(96,589)	(263,786)	(34,838)	25,037	(3,665)	1,161	(5)	228,192	480,591
<u>327,884</u>	<u>1,812,747</u>	<u>222,309</u>	<u>420,595</u>	<u>696,584</u>	<u>14,747</u>	<u>5</u>	<u>1,350,471</u>	<u>9,295,671</u>
<u>\$ 231,295</u>	<u>\$ 1,548,961</u>	<u>\$ 187,471</u>	<u>\$ 445,632</u>	<u>\$ 692,919</u>	<u>\$ 15,908</u>	<u>\$ -</u>	<u>\$ 1,578,663</u>	<u>\$ 9,776,262</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, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Intergovernmental revenues	\$ 210,000	\$ 210,000	\$ 251,806	\$ 41,806
Investment earnings	700	700	1,911	1,211
Total revenues	<u>210,700</u>	<u>210,700</u>	<u>253,717</u>	<u>43,017</u>
Expenditures:				
Materials and services	250,000	250,000	242,594	7,406
Contingency	197,471	197,471	-	197,471
Total expenditures	<u>447,471</u>	<u>447,471</u>	<u>242,594</u>	<u>204,877</u>
Net change in fund balances	(236,771)	(236,771)	11,123	247,894
Fund Balance:				
Beginning of year	<u>236,771</u>	<u>236,771</u>	<u>218,320</u>	<u>(18,451)</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 229,443</u>	<u>\$ 229,443</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, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Taxes and land sales	\$ 605,000	\$ 605,000	\$ 653,717	\$ 48,717
Intergovernmental revenues	944,604	944,604	1,133,117	188,513
Charges for services	619,500	619,500	601,693	(17,807)
Investment earnings	10,000	10,000	18,237	8,237
Other revenue	<u>5,000</u>	<u>5,000</u>	<u>34,919</u>	<u>29,919</u>
Total revenues	<u>2,184,104</u>	<u>2,184,104</u>	<u>2,441,683</u>	<u>257,579</u>
Expenditures:				
Personal services	1,456,329	1,489,934	1,143,724	346,210
Materials and services	835,900	835,900	692,153	143,747
Capital outlay	693,400	693,400	47,745	645,655
Contingency	<u>371,296</u>	<u>337,691</u>	<u>-</u>	<u>337,691</u>
Total expenditures	<u>3,356,925</u>	<u>3,356,925</u>	<u>1,883,622</u>	<u>1,473,303</u>
Net change in fund balances	(1,172,821)	(1,172,821)	558,061	1,730,882
Fund Balance:				
Beginning of year	<u>2,233,061</u>	<u>2,233,061</u>	<u>2,414,788</u>	<u>181,727</u>
End of year	<u>\$ 1,060,240</u>	<u>\$ 1,060,240</u>	<u>\$ 2,972,849</u>	<u>\$ 1,912,609</u>

**LINCOLN COUNTY, OREGON**

**202 COUNTY SCHOOL FUND**

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Taxes and land sales	\$ 36,500	\$ 36,500	\$ 33,247	\$ (3,253)
Intergovernmental revenues	301,000	763,475	655,077	(108,398)
Investment earnings	<u>25</u>	<u>25</u>	<u>550</u>	<u>525</u>
Total revenues	<u>337,525</u>	<u>800,000</u>	<u>688,874</u>	<u>(111,126)</u>
Expenditures:				
Materials and services	<u>337,525</u>	<u>800,000</u>	<u>1,077,875</u>	<u>(277,875)</u>
Net change in fund balances	-	-	(389,001)	(389,001)
Fund Balance:				
Beginning of year	<u>-</u>	<u>-</u>	<u>389,001</u>	<u>(389,001)</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**LINCOLN COUNTY, OREGON**

203 COUNTY FAIR FUND

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Intergovernmental revenues	\$ 50,000	\$ 50,000	\$ 53,667	\$ 3,667
Charges for services	24,500	24,500	55,800	31,300
Investment earnings	100	100	321	221
Contributions and donations	<u>-</u>	<u>-</u>	<u>3,770</u>	<u>3,770</u>
Total revenues	<u>74,600</u>	<u>74,600</u>	<u>113,558</u>	<u>38,958</u>
Expenditures:				
Materials and services	78,200	89,156	89,055	101
Contingency	<u>10,956</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>89,156</u>	<u>89,156</u>	<u>89,055</u>	<u>101</u>
Excess revenues over (under) expenditures	<u>(14,556)</u>	<u>(14,556)</u>	<u>24,503</u>	<u>39,059</u>
Other financing sources (uses):				
Transfers in	<u>-</u>	<u>-</u>	<u>15,815</u>	<u>15,815</u>
Net change in fund balances	(14,556)	(14,556)	40,318	54,874
Fund Balance:				
Beginning of year	<u>14,556</u>	<u>14,556</u>	<u>25,077</u>	<u>10,521</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 65,395</u>	<u>\$ 65,395</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, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Fines and penalties	\$ 28,500	\$ 28,500	\$ 36,069	\$ 7,569
Investment earnings	350	350	675	325
Total revenues	<u>28,850</u>	<u>28,850</u>	<u>36,744</u>	<u>7,894</u>
Expenditures:				
Materials and services	44,575	44,575	35,700	8,875
Contingency	<u>40,883</u>	<u>40,883</u>	-	<u>40,883</u>
Total expenditures	<u>85,458</u>	<u>85,458</u>	<u>35,700</u>	<u>49,758</u>
Net change in fund balances	(56,608)	(56,608)	1,044	57,652
Fund Balance:				
Beginning of year	<u>56,608</u>	<u>56,608</u>	<u>72,801</u>	<u>16,193</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 73,845</u>	<u>\$ 73,845</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, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Licenses and permits	\$ 40,000	\$ 40,000	\$ 40,802	\$ 802
Investment earnings	700	700	970	270
Total revenues	<u>40,700</u>	<u>40,700</u>	<u>41,772</u>	<u>1,072</u>
Expenditures:				
Personal services	55,488	55,488	2,117	53,371
Materials and services	<u>123,205</u>	<u>123,205</u>	<u>55,527</u>	<u>67,678</u>
Total expenditures	<u>178,693</u>	<u>178,693</u>	<u>57,644</u>	<u>121,049</u>
Net change in fund balances	(137,993)	(137,993)	(15,872)	122,121
Fund Balance:				
Beginning of year	<u>137,993</u>	<u>137,993</u>	<u>121,653</u>	<u>(16,340)</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 105,781</u>	<u>\$ 105,781</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, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Intergovernmental revenues	\$ 1,074,960	\$ 1,454,659	\$ 1,311,574	\$ (143,085)
Charges for services	3,373,749	3,325,708	3,030,378	(295,330)
Investment earnings	1,646	1,646	-	(1,646)
Contributions and donations	-	-	132	132
Other revenue	<u>54,127</u>	<u>59,000</u>	<u>50,722</u>	<u>(8,278)</u>
Total revenues	<u>4,504,482</u>	<u>4,841,013</u>	<u>4,392,806</u>	<u>(448,207)</u>
Expenditures:				
Personal services	3,835,143	4,114,032	3,524,191	589,841
Materials and services	1,453,603	1,396,526	1,403,690	(7,164)
Capital outlay	<u>30,000</u>	<u>34,000</u>	<u>32,888</u>	<u>1,112</u>
Total expenditures	<u>5,318,746</u>	<u>5,544,558</u>	<u>4,960,769</u>	<u>583,789</u>
Excess revenues under expenditures	<u>(814,264)</u>	<u>(703,545)</u>	<u>(567,963)</u>	<u>135,582</u>
Other financing sources (uses):				
Transfers in	<u>307,500</u>	<u>375,105</u>	<u>375,105</u>	<u>-</u>
Net change in fund balances	(506,764)	(328,440)	(192,858)	135,582
Fund Balance:				
Beginning of year	<u>506,764</u>	<u>328,440</u>	<u>328,600</u>	<u>160</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 135,742</u>	<u>\$ 135,742</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, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues:</b>				
Intergovernmental revenues	\$ 1,943,071	\$ 2,643,389	\$ 2,371,856	\$ (271,533)
Charges for services	1,652,779	1,807,620	1,728,448	(79,172)
Investment earnings	1,548	1,548	5,498	3,950
Contributions and donations	300	300	877	577
Other revenue	<u>6,500</u>	<u>5,500</u>	<u>4,420</u>	<u>(1,080)</u>
Total revenues	<u>3,604,198</u>	<u>4,458,357</u>	<u>4,111,099</u>	<u>(347,258)</u>
<b>Expenditures:</b>				
Personal services	2,503,198	2,870,104	1,941,677	928,427
Materials and services	<u>1,548,763</u>	<u>2,468,342</u>	<u>1,557,153</u>	<u>911,189</u>
Total expenditures	<u>4,051,961</u>	<u>5,338,446</u>	<u>3,498,830</u>	<u>1,839,616</u>
Net change in fund balances	(447,763)	(880,089)	612,269	1,492,358
<b>Fund Balance:</b>				
Beginning of year	<u>447,763</u>	<u>880,089</u>	<u>880,089</u>	<u>-</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,492,358</u>	<u>\$ 1,492,358</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, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Property taxes	\$ 730,517	\$ 730,517	\$ 740,068	\$ 9,551
Licenses and permits	59,000	59,000	67,586	8,586
Intergovernmental revenues	-	-	10,811	10,811
Fines and penalties	-	-	351	351
Investment earnings	-	-	2,183	2,183
Contributions and donations	<u>185,000</u>	<u>185,000</u>	<u>66,855</u>	<u>(118,145)</u>
Total revenues	<u>974,517</u>	<u>974,517</u>	<u>887,854</u>	<u>(86,663)</u>
Expenditures:				
Personal services	634,462	635,564	587,082	48,482
Materials and services	301,319	301,319	241,261	60,058
Capital outlay	155,000	156,100	156,100	-
Contingency	<u>116,802</u>	<u>114,600</u>	<u>-</u>	<u>114,600</u>
Total expenditures	<u>1,207,583</u>	<u>1,207,583</u>	<u>984,443</u>	<u>223,140</u>
Net change in fund balances	(233,066)	(233,066)	(96,589)	136,477
Fund Balance:				
Beginning of year	<u>253,066</u>	<u>253,066</u>	<u>327,884</u>	<u>74,818</u>
End of year	<u>\$ 20,000</u>	<u>\$ 20,000</u>	<u>\$ 231,295</u>	<u>\$ 211,295</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, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Investment earnings	\$ 10,000	\$ 10,000	\$ 11,393	\$ 1,393
Expenditures:				
Materials and services	1,010,869	1,010,869	25,179	985,690
Capital outlay	<u>535,808</u>	<u>535,808</u>	<u>-</u>	<u>535,808</u>
Total expenditures	<u>1,546,677</u>	<u>1,546,677</u>	<u>25,179</u>	<u>1,521,498</u>
Excess revenues under expenditures	<u>(1,536,677)</u>	<u>(1,536,677)</u>	<u>(13,786)</u>	<u>1,522,891</u>
Other financing sources (uses):				
Transfers out	<u>(250,000)</u>	<u>(250,000)</u>	<u>(250,000)</u>	<u>-</u>
Net change in fund balances	(1,786,677)	(1,786,677)	(263,786)	1,522,891
Fund Balance:				
Beginning of year	<u>1,786,677</u>	<u>1,786,677</u>	<u>1,812,747</u>	<u>26,070</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,548,961</u>	<u>\$ (1,548,961)</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, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Licenses and permits	\$ 90,000	\$ 90,000	\$ 102,733	\$ 12,733
Investment earnings	1,000	1,000	1,726	726
Total revenues	<u>91,000</u>	<u>91,000</u>	<u>104,459</u>	<u>13,459</u>
Expenditures:				
Personal services	33,783	33,783	-	33,783
Materials and services	127,100	127,100	139,297	(12,197)
Capital outlay	35,000	35,000	-	35,000
Contingency	76,541	76,541	-	76,541
Total expenditures	<u>272,424</u>	<u>272,424</u>	<u>139,297</u>	<u>133,127</u>
Net change in fund balances	(181,424)	(181,424)	(34,838)	146,586
Fund Balance:				
Beginning of year	<u>181,424</u>	<u>181,424</u>	<u>222,309</u>	<u>40,885</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 187,471</u>	<u>\$ 187,471</u>

**LINCOLN COUNTY, OREGON**

## 859 EXTENSION AGENCY

## Schedule of Revenues, Expenditures, and Changes in Fund Balance

## Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Property taxes	\$ 274,000	\$ 274,000	\$ 302,507	\$ 28,507
Intergovernmental revenues	102,000	102,000	32,963	(69,037)
Investment earnings	2,000	2,000	3,710	1,710
Other revenue	<u>55,000</u>	<u>55,000</u>	<u>-</u>	<u>(55,000)</u>
Total revenues	<u>433,000</u>	<u>433,000</u>	<u>339,180</u>	<u>(93,820)</u>
Expenditures:				
Materials and services	<u>677,727</u>	<u>677,727</u>	<u>298,328</u>	<u>379,399</u>
Total expenditures	<u>677,727</u>	<u>677,727</u>	<u>298,328</u>	<u>379,399</u>
Excess revenues over (under) expenditures	<u>(244,727)</u>	<u>(244,727)</u>	<u>40,852</u>	<u>285,579</u>
Other financing sources (uses):				
Transfers out	<u>-</u>	<u>-</u>	<u>(15,815)</u>	<u>(15,815)</u>
Net change in fund balances	<u>(244,727)</u>	<u>(244,727)</u>	<u>25,037</u>	<u>269,764</u>
Fund Balance:				
Beginning of year	<u>434,727</u>	<u>434,727</u>	<u>420,595</u>	<u>(14,132)</u>
End of year	<u>\$ 190,000</u>	<u>\$ 190,000</u>	<u>\$ 445,632</u>	<u>\$ 255,632</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, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Licenses and permits	\$ 6,000	\$ 6,000	\$ 6,550	\$ 550
Investment earnings	<u>3,300</u>	<u>3,300</u>	<u>4,796</u>	<u>1,496</u>
Total revenues	<u>9,300</u>	<u>9,300</u>	<u>11,346</u>	<u>2,046</u>
Expenditures:				
Materials and services	695,721	695,721	15,011	680,710
Capital outlay	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>5,000</u>
Total expenditures	<u>700,721</u>	<u>700,721</u>	<u>15,011</u>	<u>685,710</u>
Net change in fund balances	(691,421)	(691,421)	(3,665)	687,756
Fund Balance:				
Beginning of year	<u>691,421</u>	<u>691,421</u>	<u>696,584</u>	<u>5,163</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 692,919</u>	<u>\$ 692,919</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, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Licenses and permits	\$ 4,500	\$ 4,500	\$ 1,055	\$ (3,445)
Investment earnings	35	35	106	71
Total revenues	<u>4,535</u>	<u>4,535</u>	<u>1,161</u>	<u>(3,374)</u>
Expenditures:				
Materials and services	15,000	15,000	-	15,000
Contingency	3,092	3,092	-	3,092
Total expenditures	<u>18,092</u>	<u>18,092</u>	<u>-</u>	<u>18,092</u>
Net change in fund balances	(13,557)	(13,557)	1,161	14,718
Fund Balance:				
Beginning of year	<u>13,557</u>	<u>13,557</u>	<u>14,747</u>	<u>1,190</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,908</u>	<u>\$ 15,908</u>

**LINCOLN COUNTY, OREGON**

**214 BUILDING RESERVE FUND**

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Expenditures:	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total expenditures	-	-	-	-
Other financing sources (uses):				
Transfers out	<u>(5)</u>	<u>(5)</u>	<u>(5)</u>	<u>-</u>
Net change in fund balances	(5)	(5)	(5)	-
Fund Balance:				
Beginning of year	<u>5</u>	<u>5</u>	<u>5</u>	<u>-</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**LINCOLN COUNTY, OREGON**

**607 FAIR FACILITIES FUND**

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Taxes and land sales	\$ 240,000	\$ 240,000	\$ 284,497	\$ 44,497
Investment earnings	3,500	3,500	10,182	6,682
Total revenues	<u>243,500</u>	<u>243,500</u>	<u>294,679</u>	<u>51,179</u>
Expenditures:				
Materials and services	151,000	151,000	20,420	130,580
Capital outlay	750,000	750,000	39,406	710,594
Contingency	644,562	644,562	-	644,562
Total expenditures	<u>1,545,562</u>	<u>1,545,562</u>	<u>59,826</u>	<u>1,485,736</u>
Excess revenues over (under) expenditures	<u>(1,302,062)</u>	<u>(1,302,062)</u>	<u>234,853</u>	<u>1,536,915</u>
Other financing sources (uses):				
Transfers out	<u>(25,000)</u>	<u>(25,000)</u>	<u>(6,661)</u>	<u>18,339</u>
Net change in fund balances	<u>(1,327,062)</u>	<u>(1,327,062)</u>	<u>228,192</u>	<u>1,555,254</u>
Fund Balance:				
Beginning of year	<u>1,327,062</u>	<u>1,327,062</u>	<u>1,350,471</u>	<u>23,409</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,578,663</u>	<u>\$ 1,578,663</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, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Expenditures:				
Materials and services	161,674	161,674	42,198	119,476
Capital outlay	887,535	887,535	212,201	675,334
Contingency	<u>1,900,000</u>	<u>1,900,000</u>	-	<u>1,900,000</u>
Total expenditures	<u>2,949,209</u>	<u>2,949,209</u>	<u>254,399</u>	<u>2,694,810</u>
Excess revenues under expenditures	<u>(2,949,209)</u>	<u>(2,949,209)</u>	<u>(254,399)</u>	<u>2,694,810</u>
Other financing sources (uses):				
Transfers in	<u>307,535</u>	<u>307,535</u>	<u>307,535</u>	-
Net change in fund balances	(2,641,674)	(2,641,674)	53,136	2,694,810
Fund Balance:				
Beginning of year	<u>2,641,674</u>	<u>2,641,674</u>	<u>2,634,158</u>	<u>(7,516)</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,687,294</u>	<u>\$ 2,687,294</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, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Charges for services	\$ 278,106	\$ 278,106	\$ 280,235	\$ 2,129
Total revenues	<u>278,106</u>	<u>278,106</u>	<u>280,235</u>	<u>2,129</u>
Expenditures:				
Materials and services	3,000	3,000	3,000	-
Capital outlay	234,800	234,800	219,224	15,576
Contingency	<u>374,884</u>	<u>374,884</u>	<u>-</u>	<u>374,884</u>
Total expenditures	<u>612,684</u>	<u>612,684</u>	<u>222,224</u>	<u>390,460</u>
Excess revenues over (under) expenditures	<u>(334,578)</u>	<u>(334,578)</u>	<u>58,011</u>	<u>392,589</u>
Other financing sources (uses):				
Sale of capital assets	<u>20,000</u>	<u>20,000</u>	<u>54,851</u>	<u>34,851</u>
Net change in fund balances	(314,578)	(314,578)	112,862	427,440
Fund Balance:				
Beginning of year	<u>314,578</u>	<u>314,578</u>	<u>319,306</u>	<u>4,728</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 432,168</u>	<u>\$ 432,168</u>

**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, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Intergovernmental revenues	\$ 30,000	\$ 30,000	\$ 30,000	\$ -
Charges for services	214,500	214,500	219,981	5,481
Investment earnings	150	150	251	101
Other revenue	<u>1,000</u>	<u>1,000</u>	<u>55</u>	<u>(945)</u>
Total revenues	<u>245,650</u>	<u>245,650</u>	<u>250,287</u>	<u>4,637</u>
Expenditures:				
Personal services	108,179	124,468	109,745	14,723
Materials and services	150,409	150,409	121,505	28,904
Contingency	<u>44,616</u>	<u>28,327</u>	<u>-</u>	<u>28,327</u>
Total expenditures	<u>303,204</u>	<u>303,204</u>	<u>231,250</u>	<u>71,954</u>
Net change in fund balances	(57,554)	(57,554)	19,037	76,591
Fund Balance:				
Beginning of year	<u>65,490</u>	<u>65,490</u>	<u>66,789</u>	<u>1,299</u>
End of year	<u>\$ 7,936</u>	<u>\$ 7,936</u>	<u>85,826</u>	<u>\$ 77,890</u>
Reconciliation to GAAP Basis:				
Compensated absences			<u>(4,858)</u>	
GAAP Fund Balance - end of year			<u>\$ 80,968</u>	

**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, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Charges for services	\$ 613,000	\$ 613,000	\$ 889,072	\$ 276,072
Investment earnings	10,000	10,000	24,260	14,260
Other revenue	<u>5,000</u>	<u>5,000</u>	<u>19,490</u>	<u>14,490</u>
Total revenues	<u>628,000</u>	<u>628,000</u>	<u>932,822</u>	<u>304,822</u>
Expenditures:				
Personal services	60,975	60,975	-	60,975
Materials and services	597,350	597,350	352,808	244,542
Capital outlay	208,000	208,000	41,538	166,462
Contingency	<u>3,000,719</u>	<u>3,000,719</u>	<u>-</u>	<u>3,000,719</u>
Total expenditures	<u>3,867,044</u>	<u>3,867,044</u>	<u>394,346</u>	<u>3,472,698</u>
Net change in fund balances	(3,239,044)	(3,239,044)	538,476	3,777,520
Fund Balance:				
Beginning of year	<u>3,239,044</u>	<u>3,239,044</u>	<u>3,255,993</u>	<u>16,949</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>3,794,469</u>	<u>\$ 3,794,469</u>
Reconciliation to GAAP Basis:				
Claims payable			<u>(83,773)</u>	
GAAP Fund Balance - end of year			<u>\$ 3,710,696</u>	

**LINCOLN COUNTY, OREGON**  
**AGENCY FUND**  
Schedule of Changes in Assets and Liabilities  
For the Year Ended June 30, 2016

	<u>Balances</u> <u>July 01, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balances</u> <u>June 30, 2016</u>
<b>ASSETS</b>				
Cash and investments	\$ 2,589,487	\$ 100,557,876	\$ 100,542,573	\$ 2,604,790
Receivables	<u>8,302,194</u>	<u>100,830,106</u>	<u>100,557,876</u>	<u>8,574,424</u>
Total assets	<u>\$ 10,891,681</u>	<u>\$ 201,387,982</u>	<u>\$ 201,100,449</u>	<u>\$ 11,179,214</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 12,552	\$ 3,212,661	\$ 3,212,519	\$ 12,694
Amounts held for others	<u>10,879,129</u>	<u>98,184,972</u>	<u>97,897,581</u>	<u>11,166,520</u>
Total liabilities	<u>\$ 10,891,681</u>	<u>\$ 101,397,633</u>	<u>\$ 101,110,100</u>	<u>\$ 11,179,214</u>

**LINCOLN COUNTY, OREGON**

Schedule of Receipts and Disbursements for Elected Officials

For the Year Ended June 30, 2016

There is no cash on hand or cash transactions for independently elected officials for fiscal year ending June 30, 2016

# **STATISTICAL SECTION**

## STATISTICAL SECTION

Contents	Page
<b>Financial Trends</b>	<b>75-78</b>
These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	
<b>Revenue Capacity</b>	<b>79-82</b>
These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	
<b>Debt Capacity</b>	<b>83-86</b>
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.	
<b>Demographic and Economic Information</b>	<b>87-88</b>
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	
<b>Operating Information</b>	<b>89-91</b>
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.	

**LINCOLN COUNTY**

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Invested in capital assets, net of related debt	\$ 120,717	\$ 115,493	\$ 119,306	\$ 122,659	\$ 123,439	\$ 34,807	\$ 35,744	\$ 37,757	\$ 37,806	\$ 39,642
Restricted	3,278	19,717	20,238	17,921	15,036	13,834	18,466	12,116	22,178	23,265
Unrestricted	29,264	14,741	11,595	11,600	12,536	15,057	10,085	17,919	10,407	10,506
Total Net Assets	\$ 153,259	\$ 149,951	\$ 151,139	\$ 152,180	\$ 151,011	\$ 63,698	\$ 64,295	\$ 67,792	\$ 70,391	\$ 73,413

**LINCOLN COUNTY**

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

<b>EXPENSES</b>	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Governmental Activities</b>										
General Government	\$ 9,320	\$ 11,082	\$ 11,229	\$ 9,427	\$ 9,344	\$ 7,693	\$ 8,778	\$ 8,665	\$ 8,735	\$ 9,332
Community Services	3,246	4,065	4,205	4,030	3,783	3,972	4,211	4,143	3,878	3,995
Public Safety	15,390	16,766	17,322	16,484	16,972	19,373	18,409	18,878	17,916	21,900
Highways and Streets	5,684	8,509	7,543	7,614	8,366	8,191	6,102	5,656	6,659	6,119
Culture and Recreation	(127)	249	198	265	142	235	218	258	211	225
Health and Welfare	12,622	11,881	12,033	10,101	10,994	10,889	12,686	13,465	14,577	14,848
Education	1,764	1,668	1,569	1,421	1,236	956	920	688	689	1,371
Interest	54	95	93	63	41	26	6	77	242	121
<b>Total Governmental Activities Expense</b>	<b>\$ 47,953</b>	<b>\$ 54,315</b>	<b>\$ 54,192</b>	<b>\$ 49,405</b>	<b>\$ 50,878</b>	<b>\$ 51,335</b>	<b>\$ 51,330</b>	<b>\$ 51,830</b>	<b>\$ 52,907</b>	<b>\$ 57,911</b>
<b>Business-type Activities</b>										
Solid waste	\$ -	\$ -	\$ -	\$ 278	278	257	220	217	234	231
<b>Total Business-type Activities</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 278</b>	<b>\$ 278</b>	<b>\$ 257</b>	<b>\$ 220</b>	<b>\$ 217</b>	<b>\$ 234</b>	<b>\$ 231</b>
<b>Total Primary Government Expenses</b>	<b>\$ 47,953</b>	<b>\$ 54,315</b>	<b>\$ 54,192</b>	<b>\$ 49,683</b>	<b>\$ 51,156</b>	<b>\$ 51,592</b>	<b>\$ 51,550</b>	<b>\$ 52,047</b>	<b>\$ 53,141</b>	<b>\$ 58,142</b>
 <b>PROGRAM REVENUES</b>										
<b>Governmental Activities</b>										
Charges for Services										
General Government	\$ 2,261	\$ 1,842	\$ 2,476	\$ 1,967	\$ 2,365	\$ 2,558	\$ 2,576	\$ 2,296	\$ 1,787	\$ 3,493
Community Services	494	559	670	406	397	706	663	797	753	930
Public Safety	502	447	911	1,266	1,061	1,916	2,336	2,641	1,033	1,120
Highways and Streets	619	1,365	1,144	-	-	-	-	675	320	-
Culture and Recreation	-	-	-	-	-	-	-	-	-	-
Health and Welfare	3,700	3,454	6,188	4,142	5,430	6,630	6,217	8,481	9,611	9,466
Education	1	1	6	2	9	-	-	-	-	-
Operating Grants and Contributions	17,279	18,962	19,766	21,192	19,520	19,958	18,076	18,740	20,072	19,357
Capital Grants and Contributions	18	1,500	12	2,136	562	1,295	383	57	452	1,531
<b>Total Governmental Activities Program Revenues</b>	<b>\$ 24,874</b>	<b>\$ 28,130</b>	<b>\$ 31,173</b>	<b>\$ 31,111</b>	<b>\$ 29,344</b>	<b>\$ 33,063</b>	<b>\$ 30,251</b>	<b>\$ 33,687</b>	<b>\$ 34,028</b>	<b>\$ 35,897</b>
<b>Business-type Activities - Solid waste</b>										
Charges for Services	\$ -	\$ -	\$ -	\$ 213	\$ 182	\$ 219	\$ 200	\$ 204	\$ 208	\$ 220
Operating Grants and Contributions	\$ -	\$ -	\$ -	\$ 20	\$ 20	\$ 20	\$ 30	\$ 30	\$ 30	\$ 30
<b>Total Business-type Activities</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 233</b>	<b>\$ 202</b>	<b>\$ 239</b>	<b>\$ 230</b>	<b>\$ 234</b>	<b>\$ 238</b>	<b>\$ 250</b>
<b>Total Primary Government Program Revenues</b>	<b>\$ 24,874</b>	<b>\$ 28,130</b>	<b>\$ 31,173</b>	<b>\$ 31,344</b>	<b>\$ 29,546</b>	<b>\$ 33,302</b>	<b>\$ 30,481</b>	<b>\$ 33,921</b>	<b>\$ 34,266</b>	<b>\$ 36,147</b>
 <b>Net (Expense)/Revenue</b>										
Governmental Activities	\$ (23,079)	\$ (26,185)	\$ (23,019)	\$ (18,294)	\$ (21,534)	\$ (18,272)	\$ (21,079)	\$ (18,143)	\$ (18,879)	\$ (22,014)
Business-type Activities	-	-	-	(45)	(76)	(18)	10	17	4	19
<b>Total Primary Government Net Expense</b>	<b>\$ (23,079)</b>	<b>\$ (26,185)</b>	<b>\$ (23,019)</b>	<b>\$ (18,339)</b>	<b>\$ (21,610)</b>	<b>\$ (18,290)</b>	<b>\$ (21,069)</b>	<b>\$ (18,126)</b>	<b>\$ (18,875)</b>	<b>\$ (21,995)</b>
 <b>GENERAL REVENUES AND OTHER</b>										
Taxes										
Property Taxes	\$ 15,287	\$ 15,954	\$ 16,705	\$ 16,942	\$ 18,188	\$ 18,986	\$ 19,389	\$ 19,417	\$ 20,657	\$ 21,219
Transient Room Taxes	-	-	-	-	1,666	1,502	1,800	1,775	1,856	2,134
Other Taxes	1,285	1,086	1,640	1,631	265	235	-	-	-	-
Unrestricted Grants and Contributions	2,957	3,448	3,335	-	-	-	-	-	-	-
Investment Earnings	1,685	1,541	661	219	163	151	157	174	155	226
State Motor Vehicle Fees	2,335	-	-	-	-	-	-	-	-	-
Timber and Land Sales	517	483	556	564	161	500	365	206	457	1,123
Gain (Loss) on Sale of Capital Assets	(24)	(162)	16	23	(2)	-	-	51	37	41
Miscellaneous	655	528	543	-	-	-	-	-	-	-
<b>Total Governmental Activities</b>	<b>\$ 24,697</b>	<b>\$ 22,878</b>	<b>\$ 23,456</b>	<b>\$ 19,379</b>	<b>\$ 20,441</b>	<b>\$ 21,374</b>	<b>\$ 21,711</b>	<b>\$ 21,623</b>	<b>\$ 23,162</b>	<b>\$ 24,743</b>
<b>Business-type Activities</b>										
Investment Earnings	\$ -	\$ -	\$ -	\$ 1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Business-type Activities</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Primary Government</b>	<b>\$ 24,697</b>	<b>\$ 22,878</b>	<b>\$ 23,456</b>	<b>\$ 19,380</b>	<b>\$ 20,441</b>	<b>\$ 21,374</b>	<b>\$ 21,711</b>	<b>\$ 21,623</b>	<b>\$ 23,162</b>	<b>\$ 24,743</b>
 <b>CHANGE IN NET ASSETS</b>										
Governmental Activities	\$ 1,618	\$ (3,307)	\$ 437	\$ 1,085	\$ (1,093)	\$ 3,102	\$ 632	\$ 3,480	\$ 4,283	\$ 2,729
Business-type Activities	-	-	-	(44)	(76)	(18)	10	17	4	19
<b>Total Primary Government Change in Net Assets</b>	<b>\$ 1,618</b>	<b>\$ (3,307)</b>	<b>\$ 437</b>	<b>\$ 1,041</b>	<b>\$ (1,169)</b>	<b>\$ 3,084</b>	<b>\$ 642</b>	<b>\$ 3,497</b>	<b>\$ 4,287</b>	<b>\$ 2,748</b>

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)**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>GENERAL FUND</b>										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	9,592	8,346	4,486	4,135	-	-	-	-	-	-
Nonspendable	-	-	-	-	3	2	-	-	-	-
Restricted	-	-	-	-	673	309	472	811	741	607
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	4,464	5,264	5,724	5,475	6,000	7,286
<b>Total General Fund</b>	<b>\$ 9,592</b>	<b>\$ 8,346</b>	<b>\$ 4,486</b>	<b>\$ 4,135</b>	<b>\$ 5,140</b>	<b>\$ 5,575</b>	<b>\$ 6,196</b>	<b>\$ 6,286</b>	<b>\$ 6,741</b>	<b>\$ 7,893</b>
<b>ALL OTHER GOVERNMENTAL FUNDS</b>										
Reserved For:										
Debt Service	\$ 246	\$ 262	\$ 262	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Outpatient Services	-	50	50	50	-	-	-	-	-	-
Unreserved, reported in Special Revenue Funds	22,907	25,582	25,545	25,261	-	-	-	-	-	-
Nonspendable	-	-	-	-	330	404	436	463	502	462
Restricted	-	-	-	-	19,528	20,192	18,466	18,926	18,328	22,658
Committed	-	-	-	-	3,127	2,886	3,240	5,997	6,601	4,008
Assigned	-	-	-	-	50	-	-	67	389	-
Unassigned	-	-	-	-	(46)	-	-	-	-	-
<b>Total All Other Governmental Funds</b>	<b>\$ 23,153</b>	<b>\$ 25,894</b>	<b>\$ 25,857</b>	<b>\$ 25,311</b>	<b>\$ 22,989</b>	<b>\$ 23,482</b>	<b>\$ 22,142</b>	<b>\$ 25,453</b>	<b>\$ 25,820</b>	<b>\$ 27,128</b>

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

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>REVENUES</b>										
Taxes and Land Sales	\$ 17,132	\$ 17,737	\$ 18,854	\$ 19,009	\$ 19,915	\$ 20,673	\$ 21,228	\$ 21,280	\$ 22,637	\$ 23,221
Licenses, Fees, and Permits	2,253	1,908	1,532	1,431	1,416	1,328	1,328	1,203	1,291	1,461
Charges for Services	5,477	5,707	6,518	12,261	8,250	9,312	9,427	11,409	11,505	12,795
Intergovernmental	22,383	22,682	21,748	17,333	19,088	21,991	19,091	20,638	20,899	21,996
Fines and Penalties	147	160	130	138	133	118	91	100	90	90
Investment Earnings	1,719	1,544	637	215	162	143	150	163	139	202
Donations	-	-	-	-	-	-	-	62	79	72
Miscellaneous	1,016	885	2,717	1,113	772	740	580	740	382	753
<b>Total Revenues</b>	<b>\$ 50,127</b>	<b>\$ 50,623</b>	<b>\$ 52,136</b>	<b>\$ 51,500</b>	<b>\$ 49,736</b>	<b>\$ 54,305</b>	<b>\$ 51,895</b>	<b>\$ 55,595</b>	<b>\$ 57,022</b>	<b>\$ 60,590</b>
<b>EXPENDITURES</b>										
General Government	\$ 8,366	\$ 9,402	\$ 10,395	\$ 8,406	\$ 8,329	\$ 8,326	\$ 8,669	\$ 8,893	\$ 9,163	\$ 9,329
Community Services	3,156	4,187	4,050	3,910	3,633	3,803	4,063	3,897	3,599	3,731
Public Safety	14,759	16,133	16,746	15,957	16,443	18,789	17,611	18,044	18,275	18,491
Highways and Streets	5,607	4,336	4,564	6,594	7,177	6,426	6,149	7,592	5,444	4,995
Culture and Recreation	245	233	192	51	60	118	96	144	84	109
Health and Welfare	12,188	11,822	11,495	10,065	10,956	10,817	12,582	13,382	14,547	14,792
Education	1,668	1,669	1,566	1,421	1,236	956	920	687	693	1,376
Capital Outlay	1,620	2,715	6,291	4,956	2,748	3,571	2,053	2,969	3,988	5,203
Debt Service										
Principal	665	675	705	799	429	446	462	15	284	289
Interest	60	96	28	68	42	26	9	77	138	129
Bond Issuance Costs	-	-	-	-	-	-	-	69	-	-
<b>Total Expenditures</b>	<b>\$ 48,334</b>	<b>\$ 51,268</b>	<b>\$ 56,032</b>	<b>\$ 52,227</b>	<b>\$ 51,053</b>	<b>\$ 53,278</b>	<b>\$ 52,614</b>	<b>\$ 55,769</b>	<b>\$ 56,215</b>	<b>\$ 58,444</b>
Excess of Revenues Over (Under) Expenditures	\$ 1,793	\$ (645)	\$ (3,896)	\$ (727)	\$ (1,317)	\$ 1,027	\$ (719)	\$ (174)	\$ 807	\$ 2,146
<b>OTHER FINANCING SOURCES (USES)</b>										
Proceeds from Long-Term Debt	\$ -	\$ 2,140	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,575	\$ -	\$ -
Transfers in	1,044	2,631	494	639	878	606	339	797	2,331	705
Transfers out	(1,044)	(2,631)	(494)	(639)	(878)	(606)	(339)	(797)	(2,331)	(705)
Proceeds from sale of fixed assets	-	-	-	-	-	-	-	-	37	55
<b>Net Change in Fund Balances</b>	<b>\$ 1,793</b>	<b>\$ 1,495</b>	<b>\$ (3,896)</b>	<b>\$ (727)</b>	<b>\$ (1,317)</b>	<b>\$ 1,027</b>	<b>\$ (719)</b>	<b>\$ 3,401</b>	<b>\$ 844</b>	<b>\$ 2,201</b>
Debt Service as a % of Noncapital Expenditures	1.6%	1.6%	1.5%	1.9%	1.0%	1.0%	0.9%	0.2%	0.8%	0.8%

**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				
2007	61,755	5,207,848	31,174	108,241	5,409,018	3.1045	8,607,856	62.8%
2008	60,927	5,495,187	32,745	114,225	5,703,084	3.1001	10,235,611	55.7%
2009	59,014	5,790,741	35,604	111,987	5,997,347	3.0963	11,030,893	54.4%
2010	54,519	6,042,207	37,950	121,456	6,256,132	3.0004	10,601,034	59.0%
2011	52,030	6,223,137	38,672	117,886	6,431,725	3.0727	9,694,409	66.3%
2012	49,867	6,390,364	36,818	101,617	6,578,666	3.0727	9,001,860	73.1%
2013	47,680	6,300,488	34,204	97,171	6,479,543	3.0727	8,301,862	78.0%
2014	46,847	6,596,883	33,966	104,232	6,781,928	3.0727	7,894,421	85.9%
2015	46,411	6,743,822	33,380	104,141	6,927,754	3.0727	7,938,141	87.3%
2016	45,764	6,926,487	33,760	105,673	7,111,684	3.0727	8,115,882	87.6%

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,							
2007	2.9595	0.1450	3.1045	4.8198	6.4924	0.2834	14.7001
2008	2.9627	0.1374	3.1001	4.8744	6.4353	0.3075	14.7173
2009	2.9627	0.1336	3.0963	4.7598	6.4416	0.3211	14.6188
2010	2.9627	0.0377	3.0004	4.6874	6.4898	0.3252	14.5028
2011	3.0727	-	3.0727	4.8526	6.4401	0.3191	14.6845
2012	3.0727	-	3.0727	4.9789	6.4220	0.3141	14.7877
2013	3.0727	-	3.0727	4.9061	6.4128	0.3618	14.7534
2014	3.0727	-	3.0727	4.7727	6.2984	0.5547	14.6985
2015	3.0727	-	3.0727	4.9418	6.3248	0.5472	14.8865
2016	3.0727	-	3.0727	4.9536	6.2868	0.5869	14.9000

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>	2015-16			2006-07		
	Assessed Value	Rank	Percentage of County Total Assessed Value	Assessed Value	Rank	Percentage of County Total Assessed Value
Georgia Pacific West Inc	\$ 174,931	1	2.5%	\$ 145,640	1	1.7%
Central Lincoln PUD	74,267	2	1.1%	55,127	2	0.6%
Plum Creek Timberlands	53,419	3	0.8%	47,305	3	0.5%
Northwest Natural Gas	41,059	4	0.6%	35,830	4	0.4%
Devils Lake Road LLC	36,711	5	0.5%			
Charter Communications	35,836	6	0.5%			
The Worldmark Club	37,233	7	0.5%	34,394	6	0.4%
Nestucca Forests LLC	31,533	8	0.5%			
Centurylink	20,970	9	0.3%			
Fred Meyer Stores Inc	14,751	10	0.2%			
COROC/Lincoln City LLC				28,877	5	0.3%
Green Diamond Resource Co				23,271	7	0.3%
Meriwether NW OR Land & Timber Co				20,484	8	
Pioneer Telephone Coop.				20,296	9	0.2%
Shilo Inn Newport LLC				10,583	10	0.1%
<b>Total Assessed Value</b>	<b>\$ 6,882,553</b>			<b>\$ 8,607,855</b>		

*Source : Lincoln County Assessor's Office*

**LINCOLN COUNTY**

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

Year Ended June 30,	Tax Levy for Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	% of Levy		Amount	% of Levy
2007	14,489	13,989	96.5%	500	14,489	100%
2008	15,153	14,508	95.7%	645	15,153	100%
2009	15,859	15,005	94.6%	854	15,859	100%
2010	15,942	15,092	94.7%	836	15,928	99.9%
2011	17,234	16,538	96.0%	444	16,982	98.5%
2012	18,248	16,869	92.4%	1,073	17,942	98.3%
2013	18,075	17,227	95.3%	158	17,385	96.2%
2014	19,158	18,370	95.9%	648	19,018	99.3%
2015	20,025	19,394	96.8%	568	19,962	99.7%
2016	21,207	20,084	94.7%	-	20,084	94.7%

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
2007	\$ 1,765	-	\$ 1,765	\$ 56
2008	1,090	2,140	3,230	96
2009	385	1,751	2,136	63
2010	-	1,337	1,337	40
2011	-	929	929	27
2012	-	462	462	13
2013	-	-	-	-
2014	-	3,465	3,465	92
2015	-	3,182	3,182	82
2016	-	2,892	2,892	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 2014.*

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

## LINCOLN COUNTY

### RATIOS OF GENERAL BONDED DEBT OUTSTANDING (amounts expressed in thousands except per capita amounts shown as actual)

Year Ended June 30	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property <sup>a</sup>	Outstanding Debt Per Capita <sup>b</sup>
2007	\$1,765	\$246	\$1,519	0.026%	\$34
2008	1,090	262	828	0.013%	19
2009	385	262	123	0.001%	3
2010	0	0	0	0.000%	0
2011	0	0	0	0.000%	0
2012	0	0	0	0.000%	0
2013	0	0	0	0.000%	0
2014	0	0	0	0.000%	0
2015	0	0	0	0.000%	0
2016	0	0	0	0.000%	0

*(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, 2016

Municipality	Net General Debt Outstanding	Percent within County	Amount Applicable to County
<b>Direct:</b>			
Lincoln County	\$ 2,892,464	100.0000%	\$ 2,892,464
<b>Overlapping:</b>			
City of Depoe Bay	\$ 3,350,000	100.0000%	\$ 3,350,000
City of Lincoln City	10,584,597	100.0000%	10,584,597
City of Newport	32,265,166	100.0000%	32,265,166
City of Siletz	386,722	100.0000%	386,722
City of Toledo	1,321,022	100.0000%	1,321,022
City of Waldport	330,345	100.0000%	330,345
City of Yachats	976,774	100.0000%	976,774
Kernville, Gleneden, Lincoln Beach Water District	491,543	100.0000%	491,543
Lincoln County Unified School District	86,480,348	99.4009%	85,962,244
Lower Siletz Water District	29,396	100.0000%	29,396
Newport South Beach Urban Renewal	595,000	100.0000%	595,000
Central Oregon Coast RFPD	110,000	100.0000%	110,000
North Lincoln Fire and Rescue District #1	3,838,260	98.7969%	3,792,082
Oregon Coast Community College	16,830,000	100.0000%	16,830,000
Panther Creek Water District	42,830	100.0000%	42,830
Port of Alsea	112,279	100.0000%	112,279
Port of Newport	19,843,906	100.0000%	19,843,906
Port of Toledo	1,436,352	100.0000%	1,436,352
Seal Rock Water District	6,541,000	100.0000%	6,541,000
Silver Sands Special Road District	35,000	100.0000%	35,000
Southwest Lincoln County Water District	124,764	100.0000%	124,764
<b>Total Overlapping</b>	<b>\$ 185,725,304</b>		<b>\$ 185,161,022</b>
<b>Total</b>	<b>\$ 188,617,768</b>		<b>\$ 188,053,486</b>

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

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

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

**LINCOLN COUNTY**

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

**Calculation of Legal Debt Margin for Fiscal Year 2016**

True Cash Value	\$ 8,115,882
Debt Limit - 2% of true cash value per ORS 287.054	\$ 162,318
General Obligation Bonds	\$ -
Less: Amount set aside for repayment of G.O. debt	\$ -
Total Net Debt Applicable to Limit	-
Legal Debt Margin	\$ 162,318

**Legal Debt Margin History**

Year ended June 30	2007	2008	2009	2010	2011	2012	2013	2014	2015
True Cash Value of Property	\$ 8,607,856	\$ 10,235,611	\$ 11,030,893	\$ 10,601,034	\$ 9,694,409	\$ 9,001,860	\$ 8,301,862	\$ 7,894,421	\$ 7,938,141
Debt Limit	\$ 172,157	\$ 204,712	\$ 220,618	\$ 212,021	\$ 193,888	\$ 180,037	\$ 166,037	\$ 157,888	\$ 158,763
Total Net Debt Applicable to Limit	\$ 1,520	\$ 828	\$ 123	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Legal Debt Margin	\$ 170,637	\$ 203,884	\$ 220,495	\$ 212,021	\$ 193,888	\$ 180,037	\$ 166,037	\$ 157,888	\$ 158,763
Total Net Debt Applicable to Limit as a Percentage of Debt Limit	0.88%	0.40%	0.06%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

## LINCOLN COUNTY

### DEMOGRAPHIC AND ECONOMIC STATISTICS

Year Ended June 30	Population <sup>a</sup>	Personal Income (\$000's) <sup>b</sup>	Per Capita Personal Income <sup>b</sup>	Unemployment Rate <sup>c</sup>
2007	44,360	\$ 1,410,471	\$31,796	5.0%
2008	44,715	1,497,282	33,485	5.5%
2009	45,946	1,553,434	33,810	10.4%
2010	46,293	1,559,195	33,681	11.0%
2011	46,135	1,572,179	34,228	10.1%
2012	46,155	1,679,689	36,377	9.5%
2013	46,560	1,718,619	37,079	8.4%
2014	46,890	1,681,133	37,462	7.6%
2015	47,225	1,832,982	38,968	6.6%
2016	47,735	N/A	N/A	6.2%

*Sources: (a) Portland State University, College of Urban Affairs,  
Population Research Center  
(b) Bureau of Economic Analysis  
(c) Oregon Employment Department*

## LINCOLN COUNTY

### PRINCIPAL EMPLOYERS Current and Ten Years Ago

Employer	FY 2015-16			FY 2006-07		
	Employees	Rank	% of Total County Employment	Employees	Rank	% of Total County Employment
Confederated Tribes of the Siletz	1,266	1	7.2%	953	1	4.9%
Samaritan Health Services	816	2	4.7%	570	3	3.0%
Lincoln County School District	500	3	2.9%	516	2	2.7%
Lincoln County	395	4	2.3%	403	5	2.1%
Georgia-Pacific/Koch	390	5	2.2%	453	4	2.4%
OHSU/Hatfield Marine Science Center	320	6	1.8%	325	-	N/A
Walmart	213	7	1.2%	N/A	-	N/A
Fred Meyer	200	8	1.1%	N/A	-	N/A
Safeway	179	9	1.0%	N/A	-	N/A
City of Newport	159	10	0.9%	N/A	-	N/A
City of Lincoln City	157	11	0.9%	N/A	-	N/A
Central Lincoln PUD	136	12	0.8%	150	8	0.8%
NOAA	128	13	0.7%	N/A	-	N/A
Oregon Coast Community College	105	14	0.6%	N/A	-	N/A
The Inn at Spanish Head	100	15	0.6%	N/A	-	N/A
<b>Total</b>	<b>5,064</b>		<b>29.0%</b>	<b>3,370</b>		<b>15.8%</b>
<b>Total Employment - Lincoln County:</b>	<b>17,490</b>			<b>19,263</b>		

Source: Central Coast Economic Development Alliance and Employers

**LINCOLN COUNTY**

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>FUNCTION</b>										
General Government										
Highways and Streets	48	30	30	31	30	30	30	31.25	30.6	30.6
Other	89	91	81	71	72	72	72	74	75.1	76
Community Services										
Health and Welfare	95	118	90	90	98	98	101	127	140.21	157.87
Other	7	12	9	7	6.5	6.5	8	6	5.13	5.3
Public Safety										
Sheriff's Department	91	82	91	91	91	91	88	82	82	82
Other	73	71	65	61	59.5	59.5	57.5	61.75	61.85	64.35
<b>Total</b>	<b>403</b>	<b>404</b>	<b>366</b>	<b>351</b>	<b>357</b>	<b>357</b>	<b>356.5</b>	<b>382</b>	<b>394.89</b>	<b>416.12</b>
General Government	137	121	111	102	102	102	102	105.25	105.7	106.6
Community Services	102	130	99	97	104.5	104.5	109	133	145.34	163.17
Public Safety	164	153	156	152	150.5	150.5	145.5	143.75	143.85	146.35

Source : Lincoln County Finance Department

LINCOLN COUNTY

OPERATING INDICATORS BY FUNCTION  
Last Ten Fiscal Years

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

Source: Individual County Departments

**LINCOLN COUNTY**

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

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

*Source : Individual County Departments*

# **COMPLIANCE SECTION**



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

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

An Independently Owned Member  
**McGLADREY ALLIANCE**



We have audited the basic financial statements of Lincoln County, Oregon, ("County") as of and for the year ended June 30, 2016, and have issued our report thereon dated December 22, 2016. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*.

### **Compliance**

As part of obtaining reasonable assurance about whether the the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

We performed procedures to the extent we considered necessary to address the required comments and disclosures which included, but were not limited to the following:

- Deposit of public funds with financial institutions (ORS Chapter 295).
- Indebtedness limitations, restrictions and repayment.
- Budgets legally required (ORS Chapter 294).
- Insurance and fidelity bonds in force or required by law.
- Programs funded from outside sources.
- Highway revenues used for public highways, roads, and streets.
- Authorized investment of surplus funds (ORS Chapter 294).
- Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).

In connection with our testing nothing came to our attention that caused us to believe the the County was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, except for expenditures in excess of budget, as disclosed in Note 2.N.

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

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

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

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

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

A handwritten signature in cursive script that reads "Paul R. Nielson".

By: Paul Nielson, CPA, a member of the firm  
Eugene, Oregon  
December 22, 2016

# **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

An Independently Owned Member  
**McGLADREY ALLIANCE**



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, 2016, and the related notes to the financial statements, which collectively comprise Lincoln County, Oregon's basic financial statements, and have issued our report thereon dated December 22, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Lincoln County, Oregon's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Lincoln County, Oregon's internal control. Accordingly, we do not express an opinion on the effectiveness of Lincoln County, Oregon's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lincoln County, Oregon's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

Isler CPA

*Paul R. Nielson*

By: Paul Nielson, CPA, a member of the firm  
Eugene, Oregon  
December 22, 2016



## **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

An Independently Owned Member  
**McGLADREY ALLIANCE**



### 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, 2016. 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, 2016.

### Report on Internal Control Over Compliance

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

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

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

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

Isler CPA



By: Paul Nielson, CPA, a member of the firm  
Eugene, Oregon  
December 22, 2016

LINCOLN COUNTY, OREGON  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2016

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
Formula Grants for Rural Areas	20.509
Highway Planning and Construction	20.205
Sport Fish Restoration	15.605

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, 2016

Federal Grantor / Pass-Through Grantor / Program Title	CFDA Number	Pass-Through Number	Expenditures (Revenue Recognized)
<b><u>Department of Agriculture</u></b>			
<b><u>Food and Nutrition Service</u></b>			
<b>Oregon Department of Human Services - Health Division</b>			
Special Supplement Nutrition Program for Women, Infants, and Children	10.557	280559	\$ 225,177
<b><u>Forest Service</u></b>			
<b>Oregon Department of Administrative Services</b>			
Schools and Roads - Grants to States	10.665	ORS 293.560	<u>1,454,745</u>
<i>Total Department of Agriculture</i>			<u>1,679,922</u>
<b><u>Department of Housing and Urban Development</u></b>			
<b>Oregon Economic Development Program</b>			
Community Development Block Grant-Enterprise	14.228	M14007	<u>42,738</u>
<i>Total Department of Housing and Urban Development</i>			<u>42,738</u>
<b><u>Department of Interior</u></b>			
Distribution of Receipts of State and Local Governments	15.227		75,711
Oregon and California Land Grant	15.227		108,791
National Wildlife Refuge Fund			
Refuge Revenue Sharing Act	15.659		2,764
Invasive and Noxious Plant Management			
Coastal Range Stewardship - Cascade Pacific			
Siuslaw National Forest-Clematis	15.230	07-PA-11061200-007	4,047
Restoration Planting	15.230	USFS-12-SA-11061200-015	5,045
<b>Oregon Department of Fish and Wildlife</b>			
Sport Fish Restoration			
River Access for Public Improvements at Ojalla Park	15.605	F14AF00336	<u>252,535</u>
<i>Total Department of Interior</i>			<u>448,893</u>
<b><u>Department of Justice</u></b>			
<b>Oregon Department of Justice</b>			
Bulletproof Vest Partnership Program	16.607	09-251	7,411
Grants to Encourage Arrest Policies and Enforcement of Protection Orders	16.590	2012-WE-AX-0045	9,849
Oregon Commission on Children and Families			
Crime Victim Assistance	16.575	VOCA-NC-2012-00050	66,342

Federal Grantor / Pass-Through Grantor / Program Title	CFDA Number	Pass-Through Number	Expenditures (Revenue Recognized)
<b><i>Department of Justice, continued</i></b>			
<b>Oregon Department of Justice, continued</b>			
<i>JAG Program Cluster</i>			
Oregon Criminal Justice Division			
Edward Byrne JAG Grant			
Implement and Enhance	16.738	BJ-13-012	126,312
Sexually Violent Deviant Offender	16.738	IGA 4198	826
Justice Reinvestment Grant Program	16.738	JR-15-021	257,105
Hope Court Measure 57	16.738	IGA 4198	<u>142,447</u>
<i>Total JAG Program Cluster</i>			<u>526,690</u>
<i>Total Department of Justice</i>			<u>610,292</u>
<b><i>Department of Transportation</i></b>			
<b>Oregon Department of Transportation</b>			
Formula Grants for Rural Areas			
Agreement with Confederated Tribes of Siletz	20.509	29274	260,672
5311 Operating Funds	20.509	29942	873,543
Enhanced Mobility of Seniors and Individual with Disabilities			
5310 Preventative Maintenance	20.513	29318	42,724
<i>Highway Planning and Construction Cluster</i>			
National Historic Covered Bridge Preservation Project	20.205	27094	960,566
National Historic Covered Bridge Preservation Project	20.205	27095	<u>519,877</u>
<i>Total Highway Planning and Construction Cluster</i>			<u>1,480,443</u>
<i>Total Department of Transportation</i>			<u>2,657,382</u>
<b><i>Department of Education</i></b>			
Twenty First Century Community Learning Centers			
STEAM grant	84.287		<u>27,000</u>
<i>Total Department of Education</i>			<u>27,000</u>
<b><i>Department of Health and Human Services</i></b>			
Consolidated Health Centers			
	93.224		1,278,555
<b>Oregon Health and Human Services</b>			
Family Planning Services			
Family Planning Services	93.217	280558	56,882
Immunization Program	93.217	280540	13,676
Public Health Emergency Preparedness			
Bioterrorism-Preparedness and Response	93.069	280618	15,257
National Bioterrorism Hospital Preparedness			
Health Security Preparedness and Response Grant	93.889	144068	59,498
Tuberculosis	93.116	280549	1,213

Federal Grantor / Pass-Through Grantor / Program Title	CFDA Number	Pass-Through Number	Expenditures (Revenue Recognized)
<b><i>Department of Health and Human Services, continued</i></b>			
<b>Oregon Health and Human Services, continued</b>			
Affordable Care Act Maternal, Infant, and Early Childhood Home Visits			
Nurse Family Partnership	93.505	CDC 280641-11	214,075
Advance Interoperable Health Information Technology Services to Support Health Information Exchange			
Meaningful Use	93.719		21,250
HIV Care Formula Grants			
Oregon Mothers Care	93.940	280646	3,656
MCH Title V Flexible Funds and CAH	93.940	280646	22,492
Babies First	93.940	280646	8,241
Block Grants for Community Mental Health Services			
Adult Services-SE20	93.958	112001	442,004
Child Services-SE22	93.958	112001	98,732
Block Grants for Prevention and Treatment of Substance Abuse			
Continuum of Care-SE66	93.959	135001	197,819
Medical Assistance Program			
Local Administration	93.778		70,767
A and D Community Prevention	93.959		67,083
Social Services Block Grant			
Juvenile Crime Prevention-Basic and Diversion	93.667	12665	4,364
Juvenile Crime Prevention-Basic and Diversion	93.268	12596	37,405
Oregon Health Authority			
National Bioterrorism Hospital Preparedness Program			
PHEP Ebola	93.889	148019	13,520
Oregon Department of Justice-Child Support Division			
Child Support Enforcement	93.563	15431/610008	226,254
Substance Abuse and Mental Health Services			
Addictions and Mental Health			
Strategic Prevention Framework Partnership	93.243	147795	67,308
Oregon Health Sciences University			
Maternal and Child Health Services Block Grant			
OHSU Cocoon	93.994	4BO4MCO6604-01-044B04MC25366	<u>10,067</u>
<i>Total Department of Health and Human Services</i>			<u>2,930,118</u>
<b><i>Department of Homeland Security</i></b>			
Disaster Grants-Public Assistance (Presidentially Declared Disasters)	97.036		104,646
<b>Oregon Military Department-Emergency Management</b>			-
Emergency Management Performance Grants	97.042	14-521	79,502
State Homeland Security Program (SHSP)			
Simulcast Expansion	97.073	14-235	6,792
Homeland Security Grant Program			
Continuity Development	97.067	15-229	5,470

Federal Grantor / Pass-Through Grantor / Program Title	CFDA Number	Pass-Through Number	Expenditures (Revenue Recognized)
<b><i>Department of Homeland Security, continued</i></b>			
<b>Oregon Military Department-Emergency Management, continued</b>			
Oregon State Marine Board			
Boating Safety Financial Assistance	97.012	3312FAS120141	<u>223,249</u>
<i>Total Department of Homeland Security</i>			<u>419,659</u>
<b><i>Department of Veterans Administration</i></b>			
Veterans Medical Care Benefits			
Primary Care, Outpatient Services		VA648-C31768	658,485
Oregon Department of Military Affairs			
Veterans Educational Assistance			
Veteran Services	64.111	VA260-P-0781	<u>54,128</u>
<i>Total Department of Veterans Affairs</i>			<u>712,613</u>
<b><i>Environmental Protection Agency</i></b>			
<b>Oregon Department of Human Services</b>			
State Public Water System Supervision			
Sanitary Survey Program	66.432	280557	<u>26,483</u>
<i>Total Environmental Protection Agency</i>			<u>26,483</u>
<b><i>General Services Administration</i></b>			
<b>Oregon Department of Administrative Services</b>			
Donation of Federal Surplus Property	39.003	13-521	<u>600</u>
<i>Total General Services Administration</i>			<u>600</u>
<b>Total Expenditures of Federal Awards</b>			<b><u>\$ 9,555,700</u></b>

**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, 2016. 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.

