

“Making a difference through excellence of service”



CITY OF WARRENTON

FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION

FOR THE YEAR ENDED JUNE 30, 2015

WITH

INDEPENDENT AUDITOR'S REPORT

CITY OF WARRENTON, OREGON
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INFORMATION
FOR THE YEAR ENDED JUNE 30, 2015
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CITY OF WARRENTON, OREGON
 Financial Statements and Supplemental Information
 For the Year Ended June 30, 2015

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INTRODUCTORY SECTION

CITY OF WARRENTON, OREGON

List of Elected and Appointed Officials

June 30, 2015

ELECTED OFFICIALS - CITY COMMISSION

Mayor	Mark Kujala
Position No. 1	Pam Ackley
Position No. 2	Henry Balensifer III, Mayor Pro-tem
Position No. 3	Tom M. Dyer
Position No. 4	Rick Newton

APPOINTED OFFICIALS

City Manager	Kurt Fritsch
City Recorder	Linda Engbretson
City Attorney	Harold Snow

Mailing Address

PO Box 250
Warrenton, Oregon 97146

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Commission
City of Warrenton, Oregon
Warrenton, 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 the City of Warrenton, Oregon ("City") as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City'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. 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 City of Warrenton, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the major governmental funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

The City adopted the provisions of GASB Statement No. 68, Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27 and GASB Statement No. 71, Pensions Transition for Contributions Made Subsequent to the Measurement Date - An Amendment of GASB No. 68. Our opinion is not modified with respect to this matter.

Restatement of the comparative financial data for the prior period presented is not practical due to the unavailability of information from the pension plan, therefore the provisions of GASB Statements No. 68 and 71 were not applied to prior period. The cumulative effects of applying the provisions of GASB Statements No. 68 and 71 have been reported as a restatement of beginning net position for the year ended June 30, 2015 in accordance with the Statements.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of proportionate share of the net pension liability, and the schedule of 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 conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund financial statements and other supplemental information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and other supplemental information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and other supplemental information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section has 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 it.

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 January 29, 2016 on our consideration of the City of Warrenton'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

By:



Paul R Nielson, CPA, a member of the firm

Eugene, Oregon
January 29, 2016

"Making a difference through excellence of service"



CITY OF WARRENTON

Management's Discussion and Analysis

As management of the City of Warrenton, Oregon, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2015. We encourage readers to consider the information presented here in conjunction with the additional information that we have furnished in our annual financial report.

Financial Highlights

- The City's total assets and deferred outflows at June 30, 2015 were \$53,015,009.
- The City's total liabilities and deferred inflows at June 30, 2015 were \$18,305,117.
- The net position of the City at June 30, 2015 was \$34,709,892. Of this amount, \$1,145,482 represents unrestricted net position, which may be used to meet the government's ongoing obligations to citizens and creditors.
- At June 30, 2015, the City's governmental funds reported combined ending fund balances of \$5,163,661.
- At the end of the fiscal year, the City's total combined governmental funds had a restricted fund balance of \$3,274,161, a committed fund balance of \$166,014, an assigned fund balance of \$380,858, and an unassigned fund balance of \$1,342,628.
- The General Fund's unassigned fund balance is \$1,342,628 at the end of the current fiscal year, or 40.5% of General Fund expenditures and transfers out.

Overview of Financial Statements

This discussion and analysis provided here are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

The Statement of Net position presents financial information on all of the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the government'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 related cash flows. Thus, revenue 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 leave). Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

The governmental activities of the City include the following:

- General government
- Fire and emergency medical services
- Police
- Planning and development
- Library and culture
- Public works

The business-type activities of the City include the following:

- Water utility
- Sewer utility
- Sanitation utility
- Marinas

The government-wide financial statements can be found in the basic financial statements as listed in the table of contents.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of City 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 financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the 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 government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Warrenton maintains individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, State Tax Street Fund, and the Warrenton Urban Renewal Agency Capital Projects Fund, which are considered to be major funds. Data from the remaining governmental funds (non-major governmental funds) are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City of Warrenton adopts an annual appropriated budget for all governmental funds. A budgetary comparison statement has been provided for each fund to demonstrate compliance with the budget. To demonstrate compliance, budgetary comparison statements for all of the governmental funds have been prepared and can be found in the basic financial statements as listed in the table of contents.

The basic governmental fund financial statements and respective reconciliations can also be found in the basic financial statements as listed in the table of contents.

Proprietary Funds. Proprietary funds are used to account for activities where the emphasis is placed on net income determination. Enterprise funds are used to report the same functions presented as business-type activities in the governmental-wide financial statements. The City uses enterprise funds to account for its water and sewer utilities, sanitation utility, and marinas.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water, Sewer, and Sanitation utilities, of which all are considered to be major funds of the City of Warrenton. The Marina funds are considered to be non-major.

The City also adopts an annual appropriated budget for all proprietary funds. To demonstrate compliance with the budget, budgetary comparison statements have been provided for the enterprise funds as supplemental information can be found in the basic financial statements as listed in the table of contents. The proprietary fund financial statements can also be found in the basic financial statements as listed in the table of contents.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support City programs. The accounting used for fiduciary funds is similar to that used for proprietary funds. The City of Warrenton currently does not have any fiduciary funds.

Notes to the basic financial statements. The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found in the basic financial statements as listed in the table of contents.

Required Supplementary Information. Information regarding the City's share of the net pension liability and pension contributions can be found in the required supplementary information as listed in the table of contents.

Government-wide Overall Financial Analysis

As noted earlier, net position over time, may serve as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$34,709,892 at the close of the most recent fiscal year.

By far, the largest portion of the City's net position, 86.3%, reflects its investment in capital assets (e.g. land, buildings, machinery and equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position, 10.4%, represents resources that are subject to external restrictions on how they may be used. The remaining portion represents 3.3% of total net position, and may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position, both for the government as a whole and for its separate business-type activities. The governmental-type activities category, unrestricted, is reported as negative \$3,587,590. The negative balance is a result of the City issuing general obligation bonded debt for the Wastewater Treatment Facility. The debt is shown in the governmental activity column, however, the related asset is shown in the Business-Type Activities column and results in negative net position invested in capital assets in the Governmental Activities column because there is no asset to offset the debt balance of \$5,345,284. In essence, the general government has taken on debt for the Sewer Utility.

City of Warrenton's Net Position						
	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 6,536,334	\$ 5,732,620	\$ 6,470,681	\$ 6,084,538	\$ 13,007,015	\$ 11,817,158
Capital assets, net	9,874,876	8,845,549	29,828,816	30,474,455	39,703,692	39,320,004
Total assets	16,411,210	14,578,169	36,299,497	36,558,993	52,710,707	51,137,162
Deferred outflows	187,712	-	116,590	-	304,302	-
Noncurrent liabilities	7,243,904	7,774,663	8,199,807	8,790,182	15,443,711	16,564,845
Other liabilities	808,349	638,817	719,969	596,500	1,528,318	1,235,317
Total liabilities	8,052,253	8,413,480	8,919,776	9,386,682	16,972,029	17,800,162
Deferred inflows	822,330	-	510,758	-	1,333,088	-
Net position:						
Net investment in capital assets	7,998,104	7,267,832	21,943,326	21,971,032	29,941,430	29,238,864
Restricted	3,313,825	2,725,886	309,155	258,046	3,622,980	2,983,932
Unrestricted	(3,587,590)	(3,829,029)	4,733,072	4,943,233	1,145,482	1,114,204
Total net position	\$ 7,724,339	\$ 6,164,689	\$ 26,985,553	\$ 27,172,311	\$ 34,709,892	\$ 33,337,000

The government's net position increased by \$1,372,892. Implementation of GASB 68 decreased net position by \$1,274,472. Transaction occurring during the current fiscal year increased net position by \$2,647,364.

The City's total assets and deferred outflows at June 30, 2015 increased \$1,877,847 from \$51,137,162 to \$53,015,009, or 3.67% from the prior year. Cash increased by \$515,639, or 5.8% from the prior year. Receivables increased by \$86,309, or 7.3% from the prior year. Inventories decreased by \$29,183, or 8.4% from the prior year. Capital assets, net, increased by \$383,688, or 1%, from the prior year. The remaining current assets, Prepayments, decreased by \$72,811, or 90%, from the prior year.

The City's total liabilities and deferred inflows at June 30, 2015 increased by \$504,955, or 2.8%, from the prior year. Accounts payable increased \$408,199, or 55.60%, from the prior year. Interest payable on long term debt decreased by \$14,696 or 8.3% from the prior year. The City's outstanding debt decreased \$1,121,134, or 7.6%.

City of Warrenton's Change in Net Position						
	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Fines, fees, and charges for services	\$ 852,841	\$ 638,486	\$ 6,184,042	\$ 5,495,558	\$ 7,036,883	\$ 6,134,044
Operating grants and contributions	29,391	13,681	4,825	4,775	34,216	18,456
Capital grants and contributions	513,743	205,146	207,573	150,320	721,316	355,466
General revenues:						
Property taxes	2,054,143	2,021,600	-	-	2,054,143	2,021,600
Other taxes	1,354,426	1,257,306	121,673	109,432	1,476,099	1,366,738
Franchise fees	650,020	625,982	-	-	650,020	625,982
Unrestricted investment earnings	22,890	22,520	17,757	26,829	40,647	49,349
Other	-	-	35,000	-	35,000	-
Total revenues	5,477,454	4,784,721	6,570,870	5,786,914	12,048,324	10,571,635
Expenses:						
General government	284,836	391,180	-	-	284,836	391,180
Fire and emergency medical services	549,317	620,778	-	-	549,317	620,778
Police	1,063,784	1,302,470	-	-	1,063,784	1,302,470
Planning and development	415,341	321,851	-	-	415,341	321,851
Library and cultural services	124,182	121,954	-	-	124,182	121,954
Public Works	388,429	638,736	-	-	388,429	638,736
Interest on long-term liabilities	273,548	265,812	-	-	273,548	265,812
Water utility	-	-	2,374,217	2,585,199	2,374,217	2,585,199
Sewer utility	-	-	2,242,401	2,150,396	2,242,401	2,150,396
Sanitation utility	-	-	964,243	919,447	964,243	919,447
Marinas	-	-	720,662	730,189	720,662	730,189
Total expenses	3,099,437	3,662,781	6,301,523	6,385,231	9,400,960	10,048,012
Increase (decrease) in net position	2,378,017	1,121,940	269,347	(598,317)	2,647,364	523,623
Net position, July 1	6,164,689	5,042,749	27,172,311	27,770,628	33,337,000	32,813,377
GASB 68 restatement	(818,367)	-	(456,105)	-	(1,274,472)	-
Net position, July 1, as restated	5,346,322	5,042,749	26,716,206	27,770,628	32,062,528	32,813,377
Net position, June 30	\$ 7,724,339	\$ 6,164,689	\$ 26,985,553	\$ 27,172,311	\$ 34,709,892	\$ 33,337,000

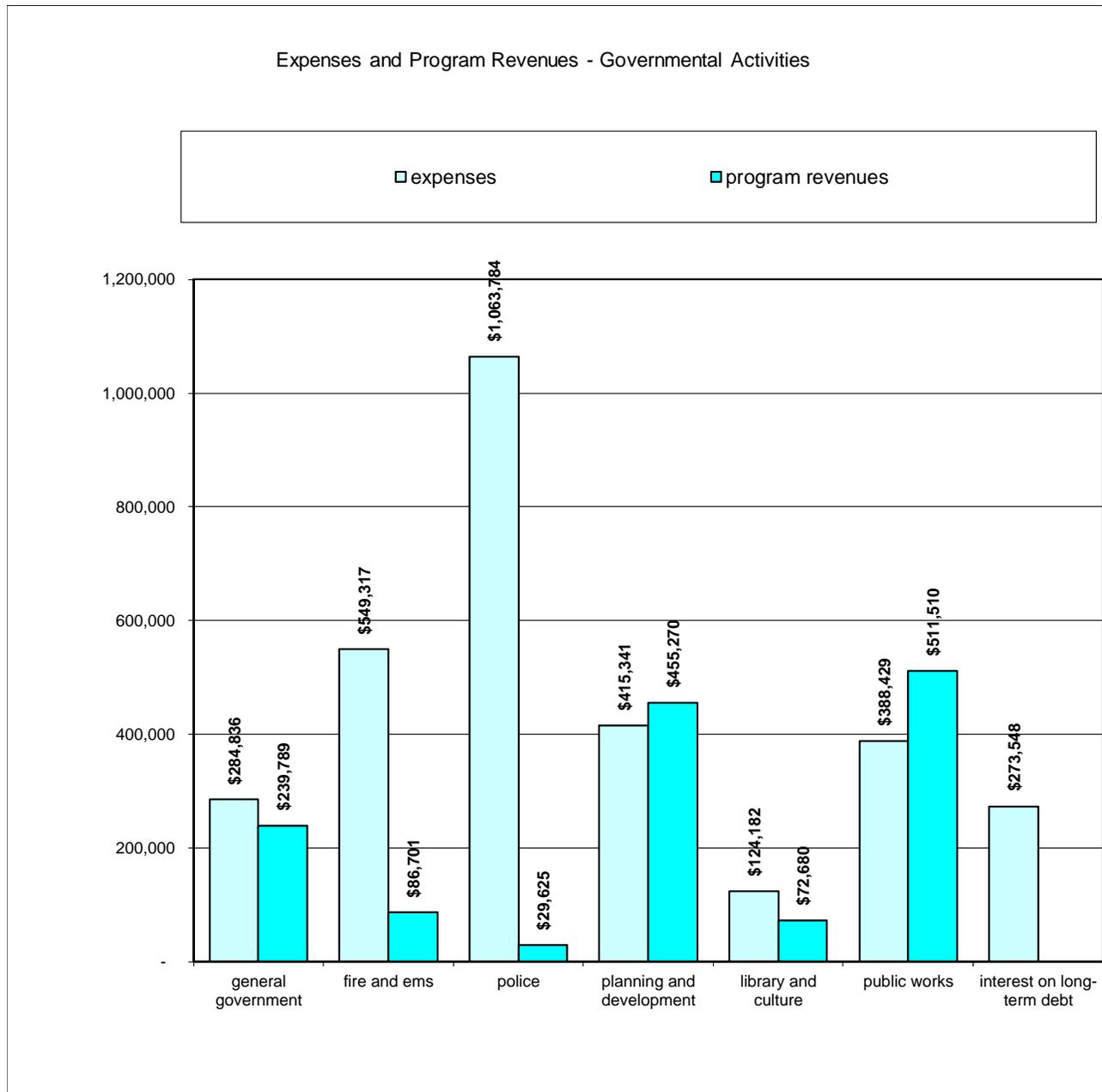
Governmental activities. Governmental activities increased the City's net position by \$1,559,650. Implementation of GASB 68 decreased net position by \$818,367. Transactions occurring during the current fiscal year increased net position by \$2,378,017.

The primary elements of the change in total net position are as follows:

- Revenues overall increased \$692,733 as fines, fees and charges for service and capital grants and contributions show the biggest increases of \$214,355 and \$308,597, respectively. These increases are mainly from planning fees, building permits and system development charges.
- The General Fund permanent rate tax increased \$29,448, the Urban Renewal Agency's tax decreased \$19,705, local option taxes for the Police Department and the Library increased \$1,252, and taxes to pay debt increased \$21,548.
- Franchise fees increased by \$24,038 during the year. This revenue can be cyclical due to weather conditions and demand for telecommunication services.
- Unrestricted investment earnings (interest from bank accounts) increased nominally by \$370 during the year.
- Interest expense on debt increased \$7,736 from the prior year.

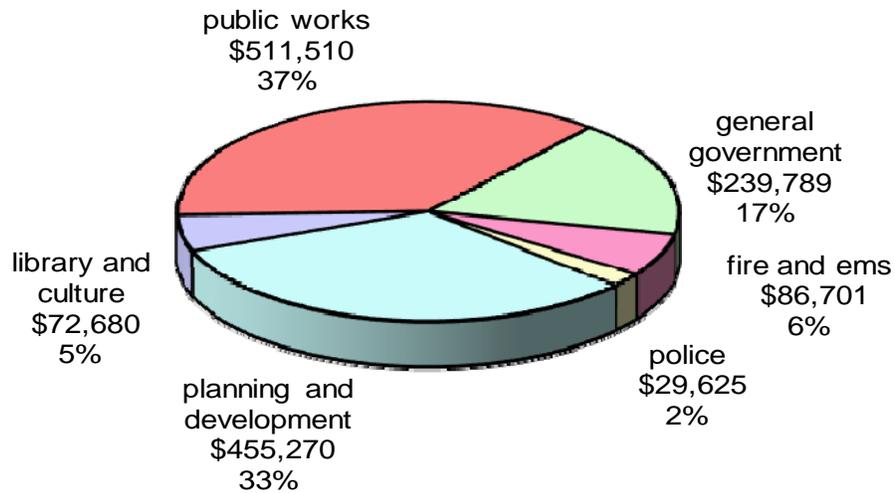
- Total expenses decreased by \$563,344 with the largest decrease coming from Public Works in the amount of \$250,307 over the prior year.

The following graph summarizes the 2014-2015 governmental activity program revenues and corresponding expenses. The revenues shown total \$1,395,975 an increase from the prior year of \$538,662, are directly attributable to each activity (program revenues) and **do not** include property taxes, other taxes, franchise fees, investment earnings, and other one-time or extraordinary revenue streams which are discretionary (general revenues). Discretionary revenues amount to \$4,081,479 and increased by \$154,071 from the prior year.



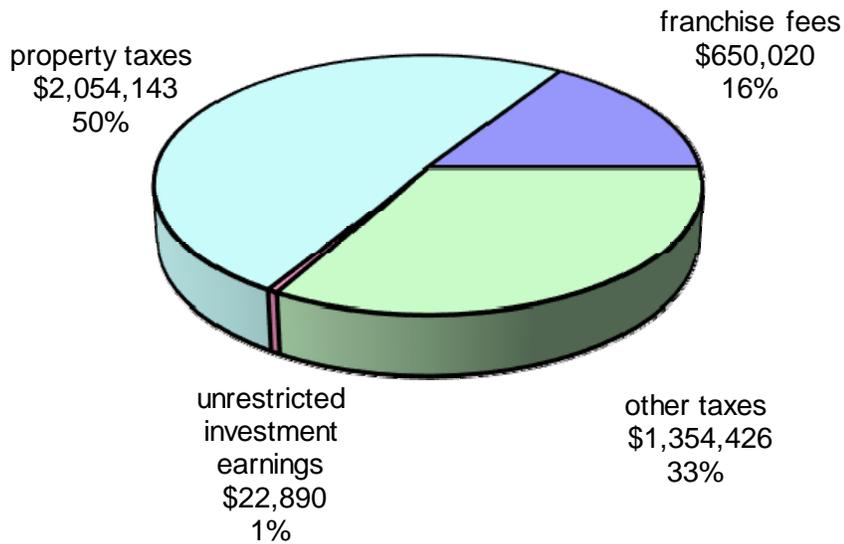
This next chart shows the total functional revenues for each program in the amount of \$1,395,975 and the percentage of the total.

**Program Revenues - Governmental Activities -
Charges for Service, Operating and Capital Grants**



As the next chart reflects, most 2014-2015 governmental activities relied on general discretionary revenues to support the function. This graph shows total discretionary revenues in the amount of \$4,081,479 and the percentage in each category.

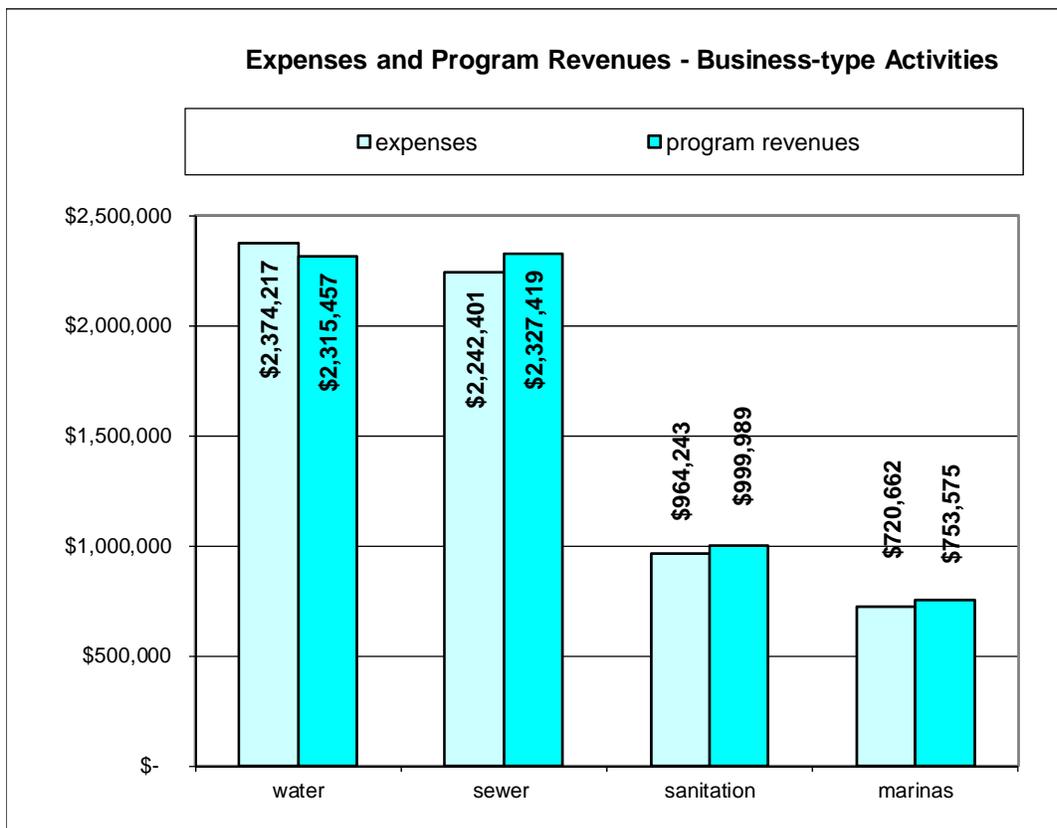
Discretionary Revenues by Source - Governmental Activities



Business-type activities. Business-type activities decreased the City's net position by \$186,758. Implementation of GASB 68 decreased net position by \$456,105. Transactions occurring during the current fiscal year increased net position by \$269,347. Key elements of this increase are as follows:

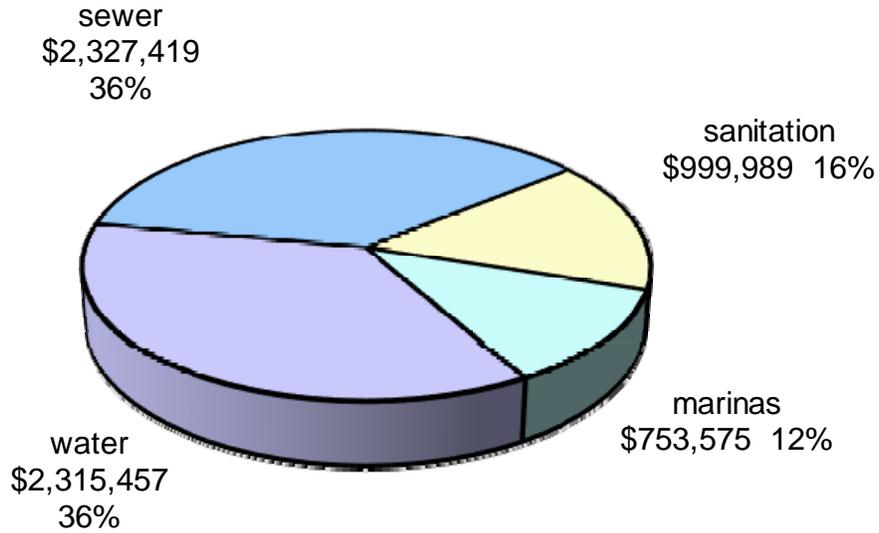
- Fines, fees, and charges for services had a net increase this year of 688,484 from the prior year. Revenues increased in the Water fund, this year by \$203,120, they increased in the Sewer Fund by \$192,732, and increased in the Sanitation Fund by \$27,944, and the Marinas show increases of \$235,352. Gross water sales increased by \$214,541, or 11.2%, from the prior year, as a result of water consumption increases of approximately 1.9 million gallons and a rate increase of 10% that was effective on July 1, 2014.
- Combined operating and capital grants and contributions increased this year by \$57,303 and are mostly due to an increase in SDC (System Development Charges) revenue, included in this category, of \$101,873 and a decrease of \$44,570 in Oregon State Marine Board Grants for the Marinas.
- Unrestricted investment earnings (interest from bank accounts) decreased by \$9,072 during the year.
- Total business-type activity revenues increased by \$783,956.
- Total operating expenses decreased from the prior year in the amount of \$83,708.

Business-type activities of the City of Warrenton are supported by charges for utility service, capital contributions, development fees, and other grants. The graph below summarizes the 2014-2015 expenses and revenues of those funds.



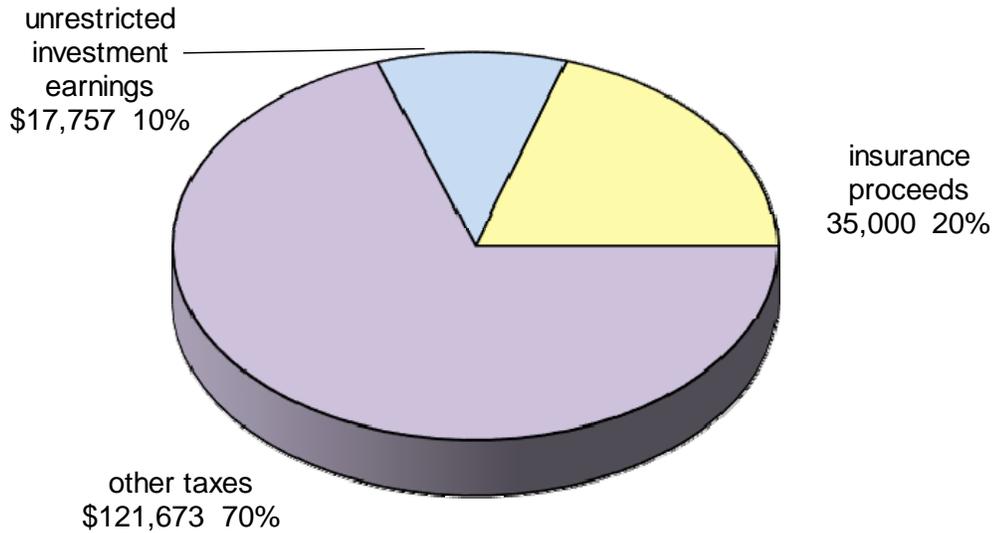
Total program revenues in the business-type activities of the City total \$6,396,440 as represented by the percentages in the chart below for 2014-2015.

**Program Revenues - Business-type Activities
Charges for Service, Operating and Capital Grants**



In the following graph, discretionary revenues amount to \$174,430. Other taxes are transient room tax dedicated to the Hammond Marina. Insurance proceeds were used to purchase an easement in the Water Fund.

Discretionary Revenues by Source - Business Activities



Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$5,163,661 an increase of \$221,525 in comparison with the prior year. Of this amount \$32,195 is related to the transfer of the Storm Sewer System Development Charges Fund from governmental to business-type activities and the remaining \$253,720 is related to current year activity. Approximately 26% of fund balance (\$1,342,628) constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of the fund balance is either, *restricted, committed, or assigned* to indicate that it is 1) restricted for particular purposes (\$3,274,161), 2) committed for particular purposes (\$166,014), or 3) assigned for particular purposes (\$380,858).

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the total fund balance of the General Fund was \$1,342,628 and is unassigned. This balance increased from the prior year, in the amount of \$118,111. As a measure of the General Fund's liquidity, it may be useful to compare the categories of restrictions placed on the fund balance to total fund expenditures. Unassigned fund balance represents approximately 40.5% of total General Fund expenditures and transfers out, while total fund balance represents 40.5% of that same amount.

The fund balance of the City's General Fund increased by \$118,111 during the current fiscal year. While revenues increased \$207,230, expenses also increased by \$242,374. Key elements of the increase to fund balance are as follows:

- Taxes increased by \$26,663 during the year. Revenue in this category comes mostly from property taxes and land sales which increased by \$22,355 and transient room tax which increased by \$4,308.
- Franchise fees increased by \$24,235. This revenue stream can be quite cyclical.
- Intergovernmental receipts from Oregon state revenue sharing for cigarette, liquor, and 911 increased by \$4,323.
- Charges for services increased by \$145,302. This increase is mainly from an increase in Planning Application Fees of \$145,146. Police fees which are in this category increased by \$5,360.
- Lease receipts decreased by \$29,417 as result of five leased properties being taken out of the General Fund land lease inventory and moved to the Warrenton Marina.
- Fines and fees from Municipal Court decreased by \$11,150.
- Investment (interest) earnings increased by \$633.
- Other revenues decreased by \$1,874.
- Expenditures and other uses in the General Fund increased \$242,374 from the prior year. Most of the increase occurred in Planning (\$151,652) although there were increases in all of the departments as follows: General Government (Administration, Commission, Finance), \$47,415, Public Works (Parks) \$14,104, Police, \$10,632, General Government (Municipal Court), \$7,341, Fire and Emergency Medical Services, \$4,175 which includes the debt service cost of \$41,466, and Transfers, \$7,055.

The State Tax Street Fund has a total fund balance of \$1,155,918, all of which is restricted to road maintenance. The net decrease in fund balance during the current year in the State Tax Street Fund was \$147,663.

- Revenue, from all sources, increased from the prior year by \$60,618. State and City fuel taxes increased by \$59,065. Other nominal revenues increased by \$1,553.
- Total expenses, including capital outlay, increased this year by \$368,633. Operational expenses decreased this year by \$197,488 and capital project costs this year increased by \$566,121.

The Warrenton Urban Renewal Capital Projects Fund, has a total fund balance of \$21,848, all of which is restricted for community development as set forth in the Warrenton Urban Renewal District Plan document. The net decrease in fund balance during the current year was \$444,307 and is attributable to the following:

- Revenue, from all sources, decreased from the prior year by \$770,031 mainly from loan proceeds from a credit line with Columbia Bank of \$200,000. In the prior year \$970,000 was drawn from Urban Renewal Tax increment financing (UR Bonds Series 2012).
- Total expenses, including capital outlay, increased this year by \$91,220. Operational expenses decreased this year by \$3,105 and capital project costs this year increased by \$94,325.

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Water, Sewer, and Sanitation utilities amount to \$4,003,560, and those for the marinas, the nonmajor funds, amount to \$729,512.

The total change in net position for all funds was \$269,347. Other factors concerning the finances of these three funds have already been addressed in the discussion of the City's business-type activities.

Budgetary Highlights

The budgetary statements for the Library, Warrenton Marina Fund, Hammond Marina Fund and the Storm Sewer Fund show the original budget, final budget, actual revenues, expenditures and transfers in and out for the fiscal year ended June 30, 2015. As shown, the Commission approved changes to the original budget during the year ended. In the Library Fund a transfer was made to increase revenues and expenditures in materials and services, in the amount of \$4,349, to allow for increased revenues and costs related to a grant from Reading Outreach in Clatsop County. A transfer was also made for the Library Fund in the amount of \$350 to allow for additional spending authority in personnel services to allow the Library Assistant to cover for the Library Coordinator while on vacation. The transfer offset contingency in the same amount. A transfer was made in both the Warrenton Marina Fund and the Hammond Marina Fund to allow for additional spending authority in personnel services in the amount of \$1,000 and \$5,000, respectively, for overtime expenditures that were needed but not included in the adopted budget. Transfers were made from materials and services in the same amounts. A transfer was made in the Storm Sewer Fund in the amount of \$33,470 from contingency to allow for additional spending authority in materials and services in the amount of \$18,790 and in capital outlay in the amount of \$14,680 for a maintenance project on the Enterprise Tide Gate and a capital outlay project on a sluice gate, respectively.

Capital Asset and Debt Administration

City of Warrenton's Capital Assets, Net of Accumulated Depreciation

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$2,410,431	\$2,410,431	\$ 379,622	\$ 327,619	\$ 2,790,053	\$ 2,738,050
Buildings	3,469,993	2,938,064	1,342,872	1,394,297	4,812,865	4,332,361
Equipment	848,302	845,415	915,572	1,049,873	1,763,874	1,895,288
Improvements	364,540	393,981	563,024	607,185	927,564	1,001,166
Facilities	-	-	26,325,630	26,838,441	26,325,630	26,838,441
Infrastructure	2,302,632	1,465,383	-	-	2,302,632	1,465,383
Construction in progress	478,978	792,275	302,096	257,040	781,074	1,049,315
Total	\$9,874,876	\$8,845,549	\$29,828,816	\$30,474,455	\$39,703,692	\$39,320,004

Capital assets. The City's investment in capital assets for its governmental and business type activities as of June 30, 2015, amounts to \$39,703,692. This investment in capital assets includes land, buildings and improvements, furniture and equipment, heavy equipment, vehicles, facilities (utilities) and work in progress. Net capital assets increased by \$383,688 during the year because capital asset additions of \$2,330,385 less current year depreciation, in the amount of \$1,913,863, along with dispositions in the amount of \$32,834, net to the overall increase of capital assets at the end of the year.

Major capital asset additions during the current fiscal year included the following:

Equipment and vehicle acquisitions amounted to a total of \$178,018 which includes a public works service truck, a mower for parks, and a mower for sewer, purchased in Public Works for \$35,000, \$23,870, and \$11,256, respectively. A 2015 Chevy Tahoe and a radar trailer was purchased for the police department, in the amount of \$42,594 and \$6,495, respectively. The fire department purchased an F350 Quick Response Vehicle in the amount of \$58,803.

Major capital improvements were as follows:

SW Main Court 2nd to 4th street reconstruction paving cost \$338,550.

Engineering costs for construction of the core conveyance amounted to \$78,818.

Pump station improvements were completed at Warrenton Drive and NW 9th in the amount of \$401,502.

SW Birch Ct street and utility improvement costs totalled \$270,773.

Improvements were made to the NE Pacific entry road in the amount of \$83,938.

The Warrenton Urban Renewal Agency incurred \$633,250 of capital improvements this year for Marina Phase I improvements. Of this amount, \$269,576 was for construction of the Office/Restroom and \$338,444 was for NE Heron street/utility improvements.

Overall, these construction and equipment additions total \$1,984,749 and represent approximately 85.2% of the total additions.

Additional information regarding the City's capital assets can be found at Note III C.

Long-term Debt. At the end of the current fiscal year, the City had total noncurrent liabilities of \$15,443,711. Of this amount, \$7,885,490 is proprietary fund secured loans, \$314,317 is the outstanding liability for landfill post closure care costs, \$153,434 is a capital lease, and \$6,990,470 represents outstanding bonded indebtedness. The bonded indebtedness represents debt backed by the full faith and credit of the government.

City of Warrenton's Long-Term Liabilities						
	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
General Obligation Bonds	\$5,610,284	\$6,115,791	\$ -	\$ -	\$ 5,610,284	\$ 6,115,791
Urban Renewal Bonds Series 2012	1,380,186	1,469,998	-	-	1,380,186	1,469,998
Notes Payable	100,000	-	7,885,490	8,503,424	7,985,490	8,503,424
Capital Lease payable	153,434	188,874	-	-	153,434	188,874
Landfill Postclosure Care	-	-	314,317	286,758	314,317	286,758
Total	\$7,243,904	\$7,774,663	\$8,199,807	\$8,790,182	\$15,443,711	\$16,564,845

Additional information on the City of Warrenton's long-term debt can be found in note III (F).

Economic Factors and Next Year's Budgets and Rates

During the preparation of the budget for the ensuing fiscal year, the long-term impacts of the local economy were examined in conjunction with business decisions made by the City. The following are the major assumptions used in developing the FY 2016 budget:

- A 3% increase in assessed property values resulting in the same increase in property tax revenue.
- Cost of living adjustment to wages of 2.5%.
- A 15% increase in water utility rates, a 2.5% increase in sewer utility rates, and storm sewer rates increased from 10% of sewer to 20% of the sewer rate to fund future capital needs.
- Interest rates on money market and savings accounts will continue to be flat.
- On the expenditure side, increases are expected in health insurance premiums.
- The City of Warrenton continues to purchase a catastrophic liability insurance policy to protect itself from unforeseen losses in excess of \$5 million.

Requests for Information

This financial report is designed to provide a general overview of City's finances for those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be directed to the following address:

April Clark
 Finance Director
 City of Warrenton
 P. O. Box 250
 Warrenton, OR 97146

BASIC FINANCIAL STATEMENTS

CITY OF WARRENTON, OREGON

Statement of Net Position

June 30, 2015

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 5,473,540	\$ 5,187,865	\$ 10,661,405
Receivables	637,219	638,769	1,275,988
Inventory, at cost	-	319,741	319,741
Prepays	-	7,764	7,764
Restricted cash - loan reserve	-	52,214	52,214
Capital assets:			
Nondepreciable assets	2,889,409	681,718	3,571,127
Depreciable assets (net of accumulated depreciation)	6,985,467	29,147,098	36,132,565
Net pension asset	<u>425,575</u>	<u>264,328</u>	<u>689,903</u>
 Total assets	 16,411,210	 36,299,497	 52,710,707
DEFERRED OUTFLOWS OF RESOURCES			
Related to pensions	<u>187,712</u>	<u>116,590</u>	<u>304,302</u>
 Total assets and deferred outflows	 <u>16,598,922</u>	 <u>36,416,087</u>	 <u>53,015,009</u>
LIABILITIES			
Accounts payable and other current liabilities	675,328	467,044	1,142,372
Accrued interest payable	17,794	143,888	161,682
Compensated absences	114,205	106,150	220,355
Unearned revenue	1,022	2,887	3,909
Noncurrent liabilities:			
Due within one year	656,675	649,363	1,306,038
Due in more than one year	<u>6,587,229</u>	<u>7,550,444</u>	<u>14,137,673</u>
 Total liabilities	 8,052,253	 8,919,776	 16,972,029
DEFERRED INFLOWS OF RESOURCES			
Related to pensions	<u>822,330</u>	<u>510,758</u>	<u>1,333,088</u>
 Total liabilities and deferred inflows	 <u>8,874,583</u>	 <u>9,430,534</u>	 <u>18,305,117</u>
NET POSITION			
Net investment in capital assets	7,998,104	21,943,326	29,941,430
Restricted for:			
Road maintenance	1,152,758	-	1,152,758
Debt service	1,194,292	-	1,194,292
Library and culture	29,911	-	29,911
Public works	176,653	-	176,653
Building inspection program	247,260	-	247,260
System development	512,951	309,155	822,106
Unrestricted (deficit)	<u>(3,587,590)</u>	<u>4,733,072</u>	<u>1,145,482</u>
 Total net position	 <u>\$ 7,724,339</u>	 <u>\$ 26,985,553</u>	 <u>\$ 34,709,892</u>

The accompanying notes are an integral part of these financial statements.

CITY OF WARRENTON, OREGON

Statement of Activities

For the Year Ended June 30, 2015

<u>Functions/Programs</u>	<u>Program Revenues</u>				
	<u>Expenses</u>	<u>Indirect Expense Allocation</u>	<u>Fees, Fines, and Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental activities:					
General government	\$ 1,134,635	\$ (849,799)	\$ 237,289	\$ -	\$ 2,500
Fire and emergency medical services	498,348	50,969	86,701	-	-
Police	1,026,292	37,492	17,300	12,325	-
Planning and development	401,173	14,168	450,270	5,400	-
Library and culture	104,659	19,523	60,566	10,666	1,448
Public works	341,347	47,082	715	1,000	509,795
Interest on long-term liabilities	273,548	-	-	-	-
Total governmental activities	<u>3,780,002</u>	<u>(680,565)</u>	<u>852,841</u>	<u>29,391</u>	<u>513,743</u>
Business-type activities:					
Water utilities	2,130,689	243,528	2,228,777	-	86,680
Sewer utilities	1,955,421	286,980	2,215,901	-	111,518
Sanitation utilities	888,913	75,330	999,989	-	-
Marinas	645,935	74,727	739,375	4,825	9,375
Total business-type activities	<u>5,620,958</u>	<u>680,565</u>	<u>6,184,042</u>	<u>4,825</u>	<u>207,573</u>
Total activities	<u>\$ 9,400,960</u>	<u>\$ -</u>	<u>\$ 7,036,883</u>	<u>\$ 34,216</u>	<u>\$ 721,316</u>

General revenues:

Taxes:

Property taxes levied for general purposes

Property taxes levied for debt service

Other taxes

Franchise fees

Unrestricted investment earnings

Insurance proceeds

Total general revenues

Change in net position

Net position, beginning, as restated

Net position, ending

The accompanying notes are an integral part of these financial statements.

Net (Expense) Revenue and
Changes in Net Position

Governmental Activities	Business-type Activities	Total
\$ (45,047)	\$ -	\$ (45,047)
(462,616)	-	(462,616)
(1,034,159)	-	(1,034,159)
40,329	-	40,329
(51,502)	-	(51,502)
123,081	-	123,081
<u>(273,548)</u>	<u>-</u>	<u>(273,548)</u>
<u>(1,703,462)</u>	<u>-</u>	<u>(1,703,462)</u>
-	(58,760)	(58,760)
-	85,018	85,018
-	35,746	35,746
<u>-</u>	<u>32,913</u>	<u>32,913</u>
<u>-</u>	<u>94,917</u>	<u>94,917</u>
<u>(1,703,462)</u>	<u>94,917</u>	<u>(1,608,545)</u>
890,496	-	890,496
1,163,647	-	1,163,647
1,354,426	121,673	1,476,099
650,020	-	650,020
22,890	17,757	40,647
<u>-</u>	<u>35,000</u>	<u>35,000</u>
<u>4,081,479</u>	<u>174,430</u>	<u>4,255,909</u>
2,378,017	269,347	2,647,364
<u>5,346,322</u>	<u>26,716,206</u>	<u>32,062,528</u>
<u>\$ 7,724,339</u>	<u>\$ 26,985,553</u>	<u>\$ 34,709,892</u>

The accompanying notes are an integral part of these financial statements.

CITY OF WARRENTON, OREGON

GOVERNMENTAL FUNDS

Balance Sheet

June 30, 2015

	General (001)	State Tax Street (040)	Warrenton Urban Renewal Agency Capital Projects (200)	Nonmajor Governmental Funds	Total
ASSETS					
Cash and cash equivalents	\$ 1,398,350	\$ 1,242,569	\$ 174,142	\$ 2,658,479	\$ 5,473,540
Receivables:					
Taxes	77,318	-	-	112,341	189,659
Accounts	216,150	-	-	43,767	259,917
Rehabilitation loans	71,116	-	-	-	71,116
Intergovernmental	17,053	81,060	-	-	98,113
Grants	8,159	-	-	10,255	18,414
Due from other funds	8,325	-	-	-	8,325
Total assets	<u>\$ 1,796,471</u>	<u>\$ 1,323,629</u>	<u>\$ 174,142</u>	<u>\$ 2,824,842</u>	<u>\$ 6,119,084</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable and other					
current liabilities	\$ 268,221	\$ 167,711	\$ 152,294	\$ 87,102	\$ 675,328
Unearned revenues	542	-	-	480	1,022
Due to other funds	-	-	-	8,325	8,325
Total liabilities	<u>268,763</u>	<u>167,711</u>	<u>152,294</u>	<u>95,907</u>	<u>684,675</u>
Deferred Inflows of Resources:					
Unavailable revenues	<u>185,080</u>	<u>-</u>	<u>-</u>	<u>85,668</u>	<u>270,748</u>
Total liabilities & deferred inflows	<u>453,843</u>	<u>167,711</u>	<u>152,294</u>	<u>181,575</u>	<u>955,423</u>
Fund Balances:					
Restricted for:					
Road maintenance	-	1,155,918	-	-	1,155,918
Debt service	-	-	-	1,127,528	1,127,528
Library and culture	-	-	-	28,378	28,378
Public works	-	-	-	176,653	176,653
Community development	-	-	21,848	-	21,848
Building inspection programs	-	-	-	250,885	250,885
Capital projects	-	-	-	512,951	512,951
Committed to:					
Library and culture	-	-	-	160,870	160,870
Grant expenditures	-	-	-	5,144	5,144
Assigned to:					
Capital projects	-	-	-	380,858	380,858
Unassigned	<u>1,342,628</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,342,628</u>
Total fund balances	<u>1,342,628</u>	<u>1,155,918</u>	<u>21,848</u>	<u>2,643,267</u>	<u>5,163,661</u>
Total liabilities, deferred inflows of					
resources and fund balances	<u>\$ 1,796,471</u>	<u>\$ 1,323,629</u>	<u>\$ 174,142</u>	<u>\$ 2,824,842</u>	<u>\$ 6,119,084</u>

The accompanying notes are an integral part of these financial statements.

CITY OF WARRENTON, OREGON
 Reconciliation of the Balance Sheet of Governmental
 Funds to the Statement of Net Position
 June 30, 2015

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

Fund balances - governmental funds	\$ 5,163,661	
Receivables are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.		270,748
Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds:		
Nondepreciable assets	\$ 2,889,409	
Depreciable assets	11,135,918	
Accumulated depreciation	<u>(4,150,451)</u>	
		9,874,876
Assets, liabilities, deferred inflows and deferred outflows related to the City's portion of the State-wide pension plan are not current resources or requirements and therefore are not reported in the funds:		
Net pension asset	425,575	
Deferred outflows of resources related to pensions	187,712	
Deferred inflows of resources related to pensions	<u>(822,330)</u>	
		(209,043)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:		
Compensated absences	(114,205)	
Accrued interest payable	(17,794)	
Capital leases	(153,434)	
Long-term debt	<u>(7,090,470)</u>	
		<u>(7,375,903)</u>
Net position of governmental activities		<u>\$ 7,724,339</u>

The accompanying notes are an integral part of these financial statements.

CITY OF WARRENTON, OREGON

GOVERNMENTAL FUNDS

Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2015

	General (001)	State Tax Street (040)	Warrenton Urban Renewal Agency Capital Projects (200)	Nonmajor Governmental Funds	Total
Revenues:					
Taxes	\$ 1,277,930	\$ 304,780	\$ -	\$ 1,419,793	\$ 3,002,503
Franchise fees	649,261	-	-	-	649,261
Licenses and permits	700	-	-	329,870	330,570
Intergovernmental	130,013	322,899	2,500	12,325	467,737
Charges for services	263,967	-	-	12,489	276,456
Lease receipts	110,339	-	-	-	110,339
Fines and forfeits	120,962	-	-	223	121,185
Investment earnings	6,489	5,434	153	10,813	22,889
Donations	1,000	-	-	63,218	64,218
Indirect cost allocation	863,880	-	-	-	863,880
Other revenues	12,172	491	-	2,161	14,824
Total revenues	<u>3,436,713</u>	<u>633,604</u>	<u>2,653</u>	<u>1,850,892</u>	<u>5,923,862</u>
Expenditures:					
Current:					
General government	965,390	-	13,710	235,916	1,215,016
Fire and emergency medical services	555,481	-	-	-	555,481
Police	1,252,494	-	-	12,323	1,264,817
Planning and development	267,756	-	-	198,851	466,607
Library and culture	-	-	-	112,151	112,151
Public works	127,482	784,507	-	16,774	928,763
Debt service:					
Principal retirement	35,440	-	-	695,319	730,759
Interest	6,026	-	-	269,305	275,331
Capital outlay	-	-	633,250	121,659	754,909
Total expenditures	<u>3,210,069</u>	<u>784,507</u>	<u>646,960</u>	<u>1,662,298</u>	<u>6,303,834</u>
Excess (deficiency) of revenues over (under) expenditures	<u>226,644</u>	<u>(150,903)</u>	<u>(644,307)</u>	<u>188,594</u>	<u>(379,972)</u>
Other Financing Sources (Uses):					
Transfers in	-	-	-	108,533	108,533
Transfers out	(108,533)	-	-	-	(108,533)
Loan proceeds	-	-	200,000	-	200,000
Capital contributions	-	3,240	-	430,452	433,692
Total other financing sources (uses)	<u>(108,533)</u>	<u>3,240</u>	<u>200,000</u>	<u>538,985</u>	<u>633,692</u>
Net change in fund balances	118,111	(147,663)	(444,307)	727,579	253,720
Fund Balances:					
Beginning of year, as restated	1,224,517	1,303,581	466,155	1,915,688	4,909,941
End of year	<u>\$ 1,342,628</u>	<u>\$ 1,155,918</u>	<u>\$ 21,848</u>	<u>\$ 2,643,267</u>	<u>\$ 5,163,661</u>

The accompanying notes are an integral part of these financial statements.

CITY OF WARRENTON, OREGON

Reconciliation of the Statement of Revenues, Expenditures, And Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2015

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

Net change in fund balances - governmental funds		\$ 253,720
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Change in unavailable revenues		(16,220)
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Capital outlays are reported as expenditures in governmental funds. However, the Statement of Activities allocates the cost of capital outlays over their estimated useful lives as depreciation expense.

Expenditures for capital assets	\$ 1,405,526		
Current year depreciation	(372,848)		
Net book value of assets disposed	<u>(3,351)</u>		
			1,029,327

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		1,519	
Interest		1,783	
Expenses related to pension obligations		<u>577,129</u>	
			580,431

Proceeds from the issuance of long-term debt provide current financial resources to governmental funds and are reported as other financing sources. In the same way, repayments of long-term debt use current financial resources and are reported as expenditures in governmental funds. However, neither the receipt of debt proceeds nor the payment of debt principal affect the Statement of Activities, but are reported as increases and decreases in noncurrent liabilities in the Statement of Net Position.

Proceeds from issuance of debt		(200,000)	
Repayment of long-term debt		<u>730,759</u>	
			<u>530,759</u>

Change in net position of governmental activities		<u>\$ 2,378,017</u>
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The accompanying notes are an integral part of these financial statements.

CITY OF WARRENTON, OREGON

GENERAL FUND

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Taxes	\$ 1,193,222	\$ 1,193,222	\$ 1,277,930	\$ 84,708
Franchise fees	618,950	618,950	649,261	30,311
Licenses and permits	500	500	700	200
Intergovernmental	124,993	124,993	130,013	5,020
Charges for services	408,402	408,402	263,967	(144,435)
Lease receipts	112,744	112,744	110,339	(2,405)
Fines and forfeits	158,234	158,234	120,962	(37,272)
Investment earnings	5,935	5,935	6,489	554
Indirect cost allocation	891,775	891,775	863,880	(27,895)
Donations	-	-	1,000	1,000
Other revenue	<u>2,300</u>	<u>2,300</u>	<u>12,172</u>	<u>9,872</u>
Total revenues	<u>3,517,055</u>	<u>3,517,055</u>	<u>3,436,713</u>	<u>(80,342)</u>
Expenditures:				
Municipal Court	114,716	114,716	101,510	13,206
Administration/Commission/Finance	891,775	891,775	863,880	27,895
Planning/Development	519,125	519,125	267,756	251,369
Police	1,403,981	1,403,981	1,252,494	151,487
Fire	695,932	695,932	596,947	98,985
Parks	176,686	176,686	127,482	49,204
Contingency	<u>186,145</u>	<u>186,145</u>	<u>-</u>	<u>186,145</u>
Total expenditures	<u>3,988,360</u>	<u>3,988,360</u>	<u>3,210,069</u>	<u>778,291</u>
Excess (deficiency) of revenues over (under) expenditures	(471,305)	(471,305)	226,644	697,949
Other financing sources (uses):				
Transfers out	<u>(108,533)</u>	<u>(108,533)</u>	<u>(108,533)</u>	<u>-</u>
Net change in fund balance	(579,838)	(579,838)	118,111	697,949
Fund Balance:				
Beginning of year	<u>765,000</u>	<u>765,000</u>	<u>1,224,517</u>	<u>459,517</u>
End of year	<u>\$ 185,162</u>	<u>\$ 185,162</u>	<u>\$ 1,342,628</u>	<u>\$ 1,157,466</u>

The accompanying notes are an integral part of these financial statements.

CITY OF WARRENTON, OREGON

STATE TAX STREET FUND

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Taxes	\$ 280,000	\$ 280,000	\$ 304,780	\$ 24,780
Intergovernmental	418,876	418,876	322,899	(95,977)
Investment earnings	5,000	5,000	5,434	434
Other revenue	-	-	491	491
Capital contributions	-	-	3,240	3,240
Total revenues	<u>703,876</u>	<u>703,876</u>	<u>636,844</u>	<u>(67,032)</u>
Expenditures:				
Personal services	65,252	65,252	59,843	5,409
Materials and services	472,221	472,221	120,247	351,974
Capital outlay	1,073,150	1,073,150	604,417	468,733
Contingency	107,563	107,563	-	107,563
Total expenditures	<u>1,718,186</u>	<u>1,718,186</u>	<u>784,507</u>	<u>933,679</u>
Net change in fund balance	(1,014,310)	(1,014,310)	(147,663)	866,647
Fund Balance:				
Beginning of year	<u>1,325,000</u>	<u>1,325,000</u>	<u>1,303,581</u>	<u>(21,419)</u>
End of year	<u>\$ 310,690</u>	<u>\$ 310,690</u>	<u>\$ 1,155,918</u>	<u>\$ 845,228</u>

The accompanying notes are an integral part of these financial statements.

CITY OF WARRENTON, OREGON
WARRENTON URBAN RENEWAL CAPITAL PROJECTS
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Intergovernmental	\$ -	\$ -	\$ 2,500	\$ 2,500
Investment earnings	<u>300</u>	<u>300</u>	<u>153</u>	<u>(147)</u>
Total revenues	<u>300</u>	<u>300</u>	<u>2,653</u>	<u>2,353</u>
Expenditures:				
Materials and services	53,000	78,000	13,710	64,290
Capital outlay	<u>4,653,234</u>	<u>4,628,234</u>	<u>633,250</u>	<u>3,994,984</u>
Total expenditures	<u>4,706,234</u>	<u>4,706,234</u>	<u>646,960</u>	<u>4,059,274</u>
Excess (deficiency) of revenues over (under) expenditures	(4,705,934)	(4,705,934)	(644,307)	4,061,627
Other financing sources (uses):				
Loan proceeds	<u>4,502,122</u>	<u>4,502,122</u>	<u>200,000</u>	<u>(4,302,122)</u>
Net change in fund balance	(203,812)	(203,812)	(444,307)	(240,495)
Fund Balance:				
Beginning of year	<u>203,812</u>	<u>203,812</u>	<u>466,155</u>	<u>262,343</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,848</u>	<u>\$ 21,848</u>

The accompanying notes are an integral part of these financial statements.

CITY OF WARRENTON, OREGON

PROPRIETARY FUNDS

Statement of Net Position

June 30, 2015

	Business-type Activities - Enterprise Funds				Total
	Water	Sewer	Sanitation	Nonmajor	
	Enterprise	Enterprise	Enterprise	Enterprise	
	Fund	Fund	Fund	Funds	
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 1,884,306	\$ 1,794,039	\$ 770,091	\$ 739,429	\$ 5,187,865
Utility receivables	211,481	242,879	102,554	-	556,914
Accounts receivable	-	9,807	-	28,284	38,091
Intergovernmental receivables	-	-	-	31,989	31,989
Grants receivable	-	-	-	9,375	9,375
Other receivables	2,400	-	-	-	2,400
Inventory, at cost	197,118	104,836	17,787	-	319,741
Prepaid expenses	6,735	682	347	-	7,764
Total current assets	2,302,040	2,152,243	890,779	809,077	6,154,139
Noncurrent assets:					
Restricted cash - loan reserve	-	52,214	-	-	52,214
Capital assets:					
Nondepreciable assets	316,474	231,377	29,669	104,198	681,718
Depreciable assets, net	16,802,350	10,843,074	291,142	1,210,532	29,147,098
Net pension asset	101,128	86,487	25,110	51,603	264,328
Total noncurrent assets	17,219,952	11,213,152	345,921	1,366,333	30,145,358
Total assets	19,521,992	13,365,395	1,236,700	2,175,410	36,299,497
DEFERRED OUTFLOWS OF RESOURCES					
Related to pensions	44,606	38,147	11,076	22,761	116,590
LIABILITIES					
Current liabilities:					
Accounts payable and other current liabilities	148,014	238,080	51,773	29,177	467,044
Accrued interest payable	130,052	13,836	-	-	143,888
Compensated absences	37,432	39,994	6,571	22,153	106,150
Unearned revenue	-	-	-	2,887	2,887
Loans payable - current	507,063	130,650	-	-	637,713
Landfill postclosure care - current	-	-	11,650	-	11,650
Total current liabilities	822,561	422,560	69,994	54,217	1,369,332
Noncurrent liabilities:					
Loans payable	6,272,272	975,505	-	-	7,247,777
Landfill postclosure care liability	-	-	302,667	-	302,667
Total liabilities	7,094,833	1,398,065	372,661	54,217	8,919,776
DEFERRED INFLOWS OF RESOURCES					
Related to pensions	195,408	167,118	48,520	99,712	510,758
NET POSITION					
Net investment in capital assets	10,339,489	9,968,296	320,811	1,314,730	21,943,326
Restricted for system development	113,135	196,020	-	-	309,155
Unrestricted	1,823,733	1,674,043	505,784	729,512	4,733,072
Total net position	\$ 12,276,357	\$ 11,838,359	\$ 826,595	\$ 2,044,242	\$ 26,985,553

The accompanying notes are an integral part of these financial statements.

CITY OF WARRENTON, OREGON

PROPRIETARY FUNDS

Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2015

	Business-type Activities - Enterprise Funds				
	Water		Sanitation	Nonmajor	Total
	Enterprise	Sewer	Enterprise	Enterprise	
Fund	Enterprise Fund	Fund	Funds		
Operating Revenues:					
Charges for services	\$ 2,217,358	\$ 2,196,430	\$ 997,444	\$ 685,244	\$ 6,096,476
Lease receipts	-	-	-	40,595	40,595
Other operating revenues	11,419	19,471	2,545	13,536	46,971
Total operating revenues	<u>2,228,777</u>	<u>2,215,901</u>	<u>999,989</u>	<u>739,375</u>	<u>6,184,042</u>
Operating Expenses:					
Payroll and payroll benefits	620,629	746,770	179,592	318,180	1,865,171
Contracted services	76,394	122,071	532,475	11,839	742,779
Utilities and telephone	90,194	158,274	5,395	128,166	382,029
Repairs and maintenance	376,464	267,959	52,231	43,147	739,801
Other operating expenses	148,869	141,748	97,091	46,574	434,282
Overhead cost allocation	103,023	121,405	31,868	31,613	287,909
Depreciation	726,764	635,965	65,591	112,696	1,541,016
Total operating expenses	<u>2,142,337</u>	<u>2,194,192</u>	<u>964,243</u>	<u>692,215</u>	<u>5,992,987</u>
Operating income (loss)	<u>86,440</u>	<u>21,709</u>	<u>35,746</u>	<u>47,160</u>	<u>191,055</u>
Nonoperating Revenues (Expenses):					
Investment earnings	5,798	5,438	1,823	4,698	17,757
Taxes	-	-	-	121,673	121,673
Intergovernmental	-	-	-	14,200	14,200
Debt service - interest expense	(231,880)	(47,170)	-	-	(279,050)
Gain/(loss) on disposition of capital assets	-	(1,039)	-	(28,447)	(29,486)
Insurance proceeds	35,000	-	-	-	35,000
Total nonoperating revenues (expenses)	<u>(191,082)</u>	<u>(42,771)</u>	<u>1,823</u>	<u>112,124</u>	<u>(119,906)</u>
Income (loss) before contributions	(104,642)	(21,062)	37,569	159,284	71,149
Capital contribution	<u>86,680</u>	<u>111,518</u>	<u>-</u>	<u>-</u>	<u>198,198</u>
Change in net position	(17,962)	90,456	37,569	159,284	269,347
Net Position:					
Beginning of year, as restated	<u>12,294,319</u>	<u>11,747,903</u>	<u>789,026</u>	<u>1,884,958</u>	<u>26,716,206</u>
End of year	<u>\$ 12,276,357</u>	<u>\$ 11,838,359</u>	<u>\$ 826,595</u>	<u>\$ 2,044,242</u>	<u>\$ 26,985,553</u>

The accompanying notes are an integral part of these financial statements.

CITY OF WARRENTON, OREGON
PROPRIETARY FUNDS
Combining Statement of Cash Flows
For the Year Ended June 30, 2015

	Business-type Activities - Enterprise Funds				Total
	Water	Sewer	Sanitation	Nonmajor	
	Enterprise Fund	Enterprise Fund	Enterprise Fund	Enterprise Funds	
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$ 2,205,506	\$ 2,210,872	\$ 998,644	\$ 617,421	\$ 6,032,443
Payments to suppliers and contractors	(636,398)	(575,996)	(669,930)	(223,185)	(2,105,509)
Payments to employees	(615,422)	(688,100)	(169,483)	(345,797)	(1,818,802)
Payments for interfund services	(243,528)	(286,980)	(75,330)	(74,727)	(680,565)
Net cash provided by (used in) operating activities	710,158	659,796	83,901	(26,288)	1,427,567
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Intergovernmental operating grants received	-	-	-	4,825	4,825
Taxes collected	-	-	-	117,266	117,266
Net cash provided by (used in) noncapital financing activities	-	-	-	122,091	122,091
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Capital contributions	85,580	111,518	-	-	197,098
Acquisition and construction of capital assets	(96,103)	(623,029)	(4,550)	(63,379)	(787,061)
Principal paid on debt	(490,847)	(127,087)	-	-	(617,934)
Interest paid on debt	(242,820)	(49,143)	-	-	(291,963)
Net cash used in capital and related financing activities	(744,190)	(687,741)	(4,550)	(63,379)	(1,499,860)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest and dividends received	5,798	5,438	1,823	4,698	17,757
Net change in cash and cash equivalents	(28,234)	(22,507)	81,174	37,122	67,555
Cash and cash equivalents:					
Beginning of year	1,912,540	1,868,760	688,917	702,307	5,172,524
End of year	\$ 1,884,306	\$ 1,846,253	\$ 770,091	\$ 739,429	\$ 5,240,079

Cash and cash equivalents are reported on the Statement of Net Position as follows:

Cash and cash equivalents	\$ 1,884,306	\$ 1,794,039	\$ 770,091	\$ 739,429	\$ 5,187,865
Restricted cash - loan reserve	-	52,214	-	-	52,214
	\$ 1,884,306	\$ 1,846,253	\$ 770,091	\$ 739,429	\$ 5,240,079

Continued on next page

The accompanying notes are an integral part of these financial statements.

CITY OF WARRENTON, OREGON
PROPRIETARY FUNDS
Combining Statement of Cash Flows, Continued
For the Year Ended June 30, 2015

	Water Enterprise Fund	Sewer Enterprise Fund	Sanitation Enterprise Fund	Nonmajor Enterprise Funds	Total
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ 86,440	\$ 21,709	\$ 35,746	\$ 47,160	\$ 191,055
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	726,764	635,965	65,591	112,696	1,541,016
Net reduction of expense under GASB 68	(137,142)	(117,286)	(34,052)	(69,980)	(358,460)
(Increase) decrease in assets:					
Receivables	(23,271)	(5,029)	(1,345)	(10,728)	(40,373)
Inventory	23,688	(3,225)	8,720	-	29,183
Prepaid expenses	4,025	(12)	(6)	-	4,007
Increase (decrease) in liabilities:					
Accounts payable and other accrued expenses	27,810	117,293	(19,011)	6,541	132,633
Compensated absences	1,844	10,381	699	(751)	12,173
Unearned revenue	-	-	-	(111,226)	(111,226)
Landfill postclosure care liability	-	-	27,559	-	27,559
Net cash provided by (used in) operating activities	<u>\$ 710,158</u>	<u>\$ 659,796</u>	<u>\$ 83,901</u>	<u>\$ (26,288)</u>	<u>\$ 1,427,567</u>

Schedule of noncash transactions:

Insurance proceeds used to purchase capital assets	<u>\$ 35,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,000</u>
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The accompanying notes are an integral part of these financial statements.

CITY OF WARRENTON, OREGON

Notes to the Financial Statements

June 30, 2015

Note I - Summary of significant accounting policies

A. Reporting Entity

The City of Warrenton, Oregon ("City") is a municipal corporation incorporated on February 11, 1899. The City operates under a council-city manager form of government. The governing body (City Commission) consists of five elected members who serve four-year terms. The City Manager administers policies and coordinates the activities of the City. The City Manager reports to, and is responsible to the City Commission. The heads of various departments, formed to provide various services, are under the direct supervision of the City Manager.

The City has the authority to levy taxes on property within the city for basic services and for payment of general obligation bonds. It has exercised that authority for several years.

Blended component unit. The Warrenton Urban Renewal Agency ("Agency") serves all citizens of the City and is governed by a Board comprised of members of the City Commission. The Agency was formed by the City to implement various public improvement programs in the revitalization plan of the City. Projects are funded through tax increment dollars. Separate financial statements for the Agency can be obtained from the City.

B. Government-wide and fund financial statements

The government-wide financial statements display information about the reporting government as a whole. For the most part, the effect of interfund activity has been removed from these statements. These statements focus on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. These aggregated statements consist of the statement of net position and the statement of activities.

The statement of activities demonstrates the degree to which the direct and allocated indirect expenses of a given function or program are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or program. *Indirect expenses* are those costs, usually administrative in nature, that support all City functions, programs, and enable direct services to be provided. *Program revenues* include 1) fees, fines, and charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or program and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or program. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide and proprietary funds 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 when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are 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.

CITY OF WARRENTON, OREGON

Notes to the Financial Statements

June 30, 2015

Note I - Summary of significant accounting policies, continued

C. Measurement focus, basis of accounting, and financial statement presentation, continued

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all of the financial operations of the City except those required to be accounted for in another fund. Principal sources of revenue are property taxes, licenses and permits, state and county shared revenues and charges for administrative services from other funds. Primary expenditures are for general government and police and fire protection.

The *state tax street fund* accounts for funds provided by the Oregon State Department of Transportation and State Highway Trust Fund that are set aside for bicycle lanes, pedestrian paths, street maintenance and repair, and street lighting. The fund also accounts for the City fuel tax.

The *Warrenton Urban Renewal Agency capital projects* fund accounts for the property tax revenue collected and improvements to the downtown area completed through the Warrenton Urban Renewal Agency.

Additionally, the City reports the following nonmajor funds within the governmental fund type:

Special revenue funds account for the proceeds of specific revenue sources that are legally restricted or committed to expenditures for specific purposes.

Debt service funds account for the servicing of general long-term debt. Revenue sources are property taxes levied for general obligation bonds and other general governmental revenues.

Capital project funds account for financial resources used for the acquisition or construction of major capital facilities (other than those financed by business-type or proprietary funds).

The City reports the following major proprietary funds:

The *water enterprise fund* (a combination of the operating, system development, and capital reserve funds) accounts for the costs of operating the water system of the City and paying for its costs and renovation. User fees provide revenue.

The *sewer enterprise fund* (a combination of the operating, system development, capital reserve, and storm sewer funds) accounts for the costs of operating the sewer and storm facilities. User fees provide the revenue.

The *sanitation enterprise fund* (a combination of the operating and capital reserve funds) accounts for the costs of providing trash removal services. User fees provide the revenue.

Additionally, the City reports the operating funds of the Warrenton and Hammond Marinas and their related capital reserve funds as nonmajor enterprise funds. Revenue is from user fees.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the City's enterprise funds and various other functions of the City. The City allocates charges as reimbursement for services provided by the general fund in support of those functions based on levels of service provided. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. These charges are included in direct program expenses.

CITY OF WARRENTON, OREGON

Notes to the Financial Statements

June 30, 2015

Note I - Summary of significant accounting policies, continued

C. Measurement focus, basis of accounting, and financial statement presentation, continued

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services. Significant operating expenses include personnel, contracted services, repairs and maintenance, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Assets, liabilities, deferred outflows/inflows of resources, and net position or fund balance

1. Deposits and investments

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, investments in the State of Oregon Local Government Investment Pool ("LGIP"), and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the City to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, and repurchase agreements.

Investments are reported at fair value.

2. Receivables and payables

Service and property taxes receivable that meet the measurable and available criteria for revenue recognition are accrued as revenue in the governmental funds financial statements. Receivables in the government-wide and proprietary fund financial statements are accrued as revenue when earned. In governmental funds any revenues not meeting the revenue recognition criteria are offset by unavailable revenue accounts.

Special assessments receivable in the governmental funds and proprietary funds are recognized at the time the property owners are assessed for property improvements. In governmental funds special assessments receivable are offset by unavailable revenue accounts and, accordingly, have not been recognized as revenue.

Property taxes are levied and become a lien on July 1st. Property taxes are assessed in October and tax payments are due November 15th of the same year. Under the partial payment schedule, the first one-third of taxes are due November 15th of the same year, the second one-third on February 15th, and the remaining one-third on May 15th. A three percent discount is allowed if full payment is made by November 15th and a two percent discount is allowed if two-thirds payment is made by November 15th. Taxes become delinquent if not paid by the due date and interest accrues after each trimester at a rate of one percent per month. Property foreclosure proceedings are initiated four years after the due date.

Receivables for housing rehabilitation loans in the general fund are recognized at the time the loan is made. The loans receivable are offset by an unavailable revenue account and accordingly, have not been recognized as revenue in the governmental fund financial statements.

CITY OF WARRENTON, OREGON

Notes to the Financial Statements

June 30, 2015

Note I - Summary of significant accounting policies, continued

D. Assets, liabilities, deferred outflows/inflows of resources, and net position or fund balance, continued

2. *Receivables and payables, continued*

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year 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 non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

The governmental fund financial statements report advances to/from other funds as nonspendable fund balance to indicate funds are not available for appropriation and are not expendable financial resources.

In the government-wide financial statements any residual balances outstanding between the governmental and business-type activities are reported as "internal balances."

3. *Inventories and prepaid items*

Inventories of materials and supplies in the proprietary funds are stated at cost, on a first-in, first-out basis, and charged to expense as used.

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.

4. *Restricted cash*

Cash whose use is restricted for construction, debt service or by other agreement are segregated on the government-wide statement and the proprietary funds statement of net position and the governmental funds balance sheet.

5. *Capital assets*

Capital assets, which include land, right-of-way (included with land), buildings, improvements, equipment, infrastructure, and other tangible and intangible assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life beyond a single reporting period. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of the donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

No depreciation is taken in the year the assets are acquired. Gains or losses from sales or retirements of capital assets are included in operations of the current period.

Capital assets of the City are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Parking and land improvements	10 - 50
Buildings	10 - 50
Equipment and vehicles	5 - 40
Dike and flood control	20 - 40
Infrastructure	20 - 25
Utility facilities	5 - 40

CITY OF WARRENTON, OREGON

Notes to the Financial Statements

June 30, 2015

Note I - Summary of significant accounting policies, continued

D. Assets, liabilities, deferred outflows/inflows of resources, and net position or fund balance, continued

6. *Deferred outflows/inflows 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, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The government-wide statements and the enterprise funds report deferred outflows of resources related to pensions.

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, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City reports two types of deferred inflows. Unavailable revenues, which arises only under a modified accrual basis of accounting, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes, occupancy taxes, franchise fees and rehabilitation loans. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The government-wide statements and the enterprise funds report deferred inflows of resources related to pensions.

A detailed description of deferred outflows and inflows of resources related to pensions and how they are calculated can be found in note III.G.

7. *Compensated absences*

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The compensated absences liability is extinguished by the fund in which the liability is incurred.

8. *Long-term obligations*

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts are deferred and amortized over the life of the bonds using the bonds-outstanding method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

9. *Net position flow assumption*

Sometimes the City will fund outlays for a particular resource from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

CITY OF WARRENTON, OREGON

Notes to the Financial Statements

June 30, 2015

Note I - Summary of significant accounting policies, continued

D. Assets, liabilities, deferred outflows/inflows of resources, and net position or fund balance, continued

10. Fund balance flow assumptions

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

11. Fund balance policies

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.

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 City Commission passes an ordinance that places specific constraints on how the resources may be used. The City Commission can modify or rescind the ordinance at any time through passage of an additional ordinance.

Assigned - resources that are constrained by the City's intent to use them for a specific purpose, but are neither restricted, nor committed. Intent is expressed when the City Commission approves 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.

12. Use of 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.

CITY OF WARRENTON, OREGON

Notes to the Financial Statements

June 30, 2015

Note II - Stewardship, compliance, and accountability

A. Budgetary information

Annual budgets are adopted on a basis consistent with Oregon Revised Statutes (ORS 294 - Local Budget Law).

A budget is prepared by the City Manager in the early winter preceding the fiscal year the budget will be used. The City is required to budget for all funds. The City's budget is prepared for each fund on the modified accrual basis of accounting. The budget committee, with public input, deliberates and approves the budget for transmittal to the City Commission in early spring. After public notices and a hearing, the final budget is adopted, appropriations made, and a tax levy declared no later than June 30.

The City Commission resolution adopting the budget and authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriation. The level of control for all funds and departments is the object group level of personal services, materials and services, capital outlay, debt service, interfund transfers, and contingency except the general fund where the levy is by department. Appropriations lapse as of year-end.

Expenditures cannot legally exceed appropriations except in the case of grants which could not be estimated at the time of budget adoption. Supplemental appropriations and appropriation transfers may occur with notice and City Commission action. During the fiscal year ended June 30, 2015, the City Commission approved six budget adjustments through resolution.

Note III - Detailed notes on all funds

A. Deposits and investments

The City maintains a cash and investment pool for its cash and cash equivalents in which each fund participates. Cash and investments comprise the following:

Petty cash	\$ 1,200
Deposits with financial institution	4,777,988
Investments - State of Oregon Local Government Investment Pool	<u>5,934,431</u>
Total	<u>\$ 10,713,619</u>

Cash and investments are reflected in the government-wide statement of net assets as follows:

Cash and cash equivalents	\$ 10,661,405
Temporarily restricted cash	<u>52,214</u>
Total	<u>\$ 10,713,619</u>

Deposits. 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. 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.

CITY OF WARRENTON, OREGON

Notes to the Financial Statements

June 30, 2015

Note III - Detailed notes on all funds, continued

A. Deposits and investments, continued

Additional information about the OSTF can be obtained at www.ost.state.or.us and www.oregon.gov/treasury.

Custodial Credit Risk. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. At June 30, 2015, the City's deposits were covered and collateralized by federal depository insurance and the PFCP.

Credit Risk -- Investments. The City has no investment policy for credit risk, but in practice follows state statutes which authorize the City to invest primarily in general obligations of the U.S. Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers acceptances, certain commercial papers and the State Treasurer's Investment Pool, among others.

The LGIP is not rated by a national rating service

Interest Rate Risk. The City does not have a formal investment policy that explicitly limits investment maturities as a means of managing its exposure to fair value loss arising from increasing interest rates.

The weighted-average maturity of LGIP is less than one year.

B. Receivables and deferred inflows of resources

Housing rehabilitation loans

The City has lent money to qualifying property owners through a federally funded low-income housing rehabilitation program. The loans are non interest-bearing and become a lien against the property, payable upon sale of the property or death of the owner.

Unavailable revenues

At the end of the current fiscal year, the components of unavailable revenue reported in the governmental funds were as follows:

Delinquent property taxes receivable:	
General fund	\$ 59,000
Nonmajor special revenue funds	3,148
Nonmajor debt service funds	82,520
Franchise fees - general fund	54,964
Rehabilitation loans - general fund	<u>71,116</u>
Total unavailable revenues for governmental funds	<u>\$ 270,748</u>

CITY OF WARRENTON, OREGON

Notes to the Financial Statements

June 30, 2015

Note III - Detailed notes on all funds, continued

C. Capital assets

Capital asset activity for the year ended June 30, 2015 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 2,410,431	\$ -	\$ -	\$ -	\$ 2,410,431
Construction in progress	<u>792,275</u>	<u>168,134</u>	<u>(3,351)</u>	<u>(478,080)</u>	<u>478,978</u>
Total capital assets, not being depreciated	<u>3,202,706</u>	<u>168,134</u>	<u>(3,351)</u>	<u>(478,080)</u>	<u>2,889,409</u>
Capital assets, being depreciated:					
Parking and land improvements	716,543	-	-	-	716,543
Buildings	4,099,062	289,496	-	332,482	4,721,040
Equipment and vehicles	2,031,756	135,612	(13,877)	1,113	2,154,604
Infrastructure	<u>2,586,962</u>	<u>812,284</u>	<u>-</u>	<u>144,485</u>	<u>3,543,731</u>
Total capital assets being depreciated	9,434,323	1,237,392	(13,877)	478,080	11,135,918
Less accumulated depreciation for:					
Parking and land improvements	(322,562)	(29,441)	-	-	(352,003)
Buildings	(1,160,998)	(90,049)	-	-	(1,251,047)
Equipment and vehicles	(1,186,341)	(133,838)	13,877	-	(1,306,302)
Infrastructure	<u>(1,121,579)</u>	<u>(119,520)</u>	<u>-</u>	<u>-</u>	<u>(1,241,099)</u>
Total accumulated depreciation	<u>(3,791,480)</u>	<u>(372,848)</u>	<u>13,877</u>	<u>-</u>	<u>(4,150,451)</u>
Total capital assets, being depreciated, net	<u>5,642,843</u>	<u>864,544</u>	<u>-</u>	<u>478,080</u>	<u>6,985,467</u>
Governmental activities capital assets, net	<u>\$ 8,845,549</u>	<u>\$ 1,032,678</u>	<u>\$ (3,351)</u>	<u>\$ -</u>	<u>\$ 9,874,876</u>

CITY OF WARRENTON, OREGON

Notes to the Financial Statements

June 30, 2015

Note III - Detailed notes on all funds, continued

C. Capital assets, continued

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 327,619	\$ 52,003	\$ -	\$ -	\$ 379,622
Construction in progress	<u>257,040</u>	<u>172,280</u>	<u>(1,039)</u>	<u>(126,185)</u>	<u>302,096</u>
Total capital assets, not being depreciated	<u>584,659</u>	<u>224,283</u>	<u>(1,039)</u>	<u>(126,185)</u>	<u>681,718</u>
Capital assets, being depreciated:					
Parking areas	920,676	28,447	(28,447)	-	920,676
Buildings	2,420,278	-	-	-	2,420,278
Equipment and vehicles	4,582,697	48,094	-	-	4,630,791
Utility facilities	<u>40,750,454</u>	<u>624,039</u>	<u>-</u>	<u>126,185</u>	<u>41,500,678</u>
Total capital assets being depreciated	48,674,105	700,580	(28,447)	126,185	49,472,423
Less accumulated depreciation for:					
Parking areas	(313,491)	(44,161)	-	-	(357,652)
Buildings	(1,025,981)	(51,425)	-	-	(1,077,406)
Equipment and vehicles	(3,532,824)	(182,395)	-	-	(3,715,219)
Utility facilities	<u>(13,912,013)</u>	<u>(1,263,035)</u>	<u>-</u>	<u>-</u>	<u>(15,175,048)</u>
Total accumulated depreciation	<u>(18,784,309)</u>	<u>(1,541,016)</u>	<u>-</u>	<u>-</u>	<u>(20,325,325)</u>
Total capital assets, being depreciated, net	<u>29,889,796</u>	<u>(840,436)</u>	<u>(28,447)</u>	<u>126,185</u>	<u>29,147,098</u>
Business-type activities capital assets, net	<u>\$ 30,474,455</u>	<u>\$ (616,153)</u>	<u>\$ (29,486)</u>	<u>\$ -</u>	<u>\$ 29,828,816</u>

CITY OF WARRENTON, OREGON

Notes to the Financial Statements

June 30, 2015

Note III - Detailed notes on all funds, continued

C. Capital assets, continued

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:		
General government	\$	73,127
Fire and emergency medical services		67,270
Police		51,565
Planning and development		4,500
Library and culture		22,947
Public works		<u>153,439</u>
Total depreciation expense - governmental activities	\$	<u>372,848</u>
Business-type activities:		
Water utilities	\$	726,764
Sewer utilities		635,965
Sanitation utilities		65,591
Marinas		<u>112,696</u>
Total depreciation expense - business-type activities	\$	<u>1,541,016</u>

D. Interfund receivables, payables, and transfers

At June 30, 2015 the grants fund, a nonmajor governmental fund, owed \$8,325 to the general fund to cover expenditures have not yet been reimbursed by the granting agency.

The interfund transfer activity for the year ended June 30, 2015 was as follows:

	Transfers
	<u>Out:</u>
	General
	<u>Fund</u>
<u>Transfers In:</u>	
Nonmajor Governmental Funds	<u>\$ 108,533</u>

Interfund transfers are used to provide funds for debt service, contribute towards the cost of capital projects, and to provide operational resources.

CITY OF WARRENTON, OREGON

Notes to the Financial Statements

June 30, 2015

Note III - Detailed notes on all funds, continued

E. Leases

Capital Leases

The government has entered into lease agreements as lessee for financing equipment. These lease agreements qualify as capital leases for accounting purposes and therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. Amortization of leased assets is included in current year depreciation expense.

The assets acquired through capital leases are as follows:

	Governmental Activities
Asset:	
2010 E-One Pumper Truck	\$ 281,776
Less: accumulated depreciation	(56,355)
Total	\$ 225,421

The future minimum lease payments under the capital lease at June 30, 2015, are as follows:

<u>Year ending June 30.</u>	Future Minimum Lease Payments		
	Present Value	Interest	Total
2016	\$ 36,571	\$ 4,895	\$ 41,466
2017	37,737	3,728	41,465
2018	38,942	2,524	41,466
2019	40,184	1,282	41,466
Total minimum lease payments	153,434	\$ 12,429	\$ 165,863
Less current maturities	(36,571)		
Long-term portion	\$ 116,863		

F. Long-term debt

Long-term debt outstanding at year end is as follows:

Purpose	Interest Rates	Amount
The general obligation bonds series 1998 in the original amount of \$1,740,000 were facilities and refunding bonds. The nonrefunding portion of the bond was authorized by taxpayers in November 1997 to finance construction of police, fire, municipal court, and meeting facilities. These general obligation bonds are direct obligations and pledge the full faith and credit of the City. The Public Safety Building GO Bond fund is used to liquidate these bonds. Final maturity of these 19-year bonds is June 15, 2017.	4.20% to 5.00%	\$ 265,000
The general obligation bonds series 2007 in the original amount of \$8,079,696 were facilities bonds. The bonds were authorized by taxpayers in November 2006 to finance improvements to the wastewater treatment and disposal system of the City. These general obligation bonds are direct obligations and pledge the full faith and credit of the City. The Wastewater Treatment GO Bond fund is used to liquidate these bonds. Final maturity of these 20-year bonds is December 1, 2026.	2.94% plus 0.5% annual fee	5,345,284

CITY OF WARRENTON, OREGON

Notes to the Financial Statements

June 30, 2015

Note III - Detailed notes on all funds, continued

F. Long-term debt, continued

<p>The urban renewal bond series 2012, in the original amount of \$1,640,000, was used to finance urban renewal projects. This tax increment financing is secured by assignment of incremental tax revenues. The bond matures on June 15, 2027.</p>	3.75%	1,380,186
<p>The Oregon Economic Development Department loan L96009 in the original amount of \$210,000 was used in the water enterprise for equipment and facilities. The loan matures December 1, 2015 and is secured by equipment.</p>	6.0%	17,274
<p>The Oregon Economic Development Department loan B97004A NCIP Bond in the original amount of \$933,600 was used in the water and sewer enterprises for equipment and facilities. The loan matures on December 1, 2017 and is unsecured.</p>	5.01%	223,417
<p>The Oregon Economic Development Department loan B97004B NCIP Bond in the original amount of \$120,675 was used in the water and sewer enterprises for equipment and facilities. The loan matures on December 1, 2018 and is unsecured.</p>	6.0%	36,457
<p>The Oregon Economic Development Department loan G99001A Bond in the original amount of \$3,165,000 was used in the water enterprise for equipment and facilities. The loan matures on December 1, 2023 and is secured by water facilities.</p>	5.16%	1,591,399
<p>The Oregon Economic Development Department loan S99005 in the original amount of \$2,000,000 was used in the water enterprise for equipment and facilities. The loan matures on December 1, 2021 and is secured by water facilities.</p>	4.1%	887,838
<p>The Oregon Economic Development Department loan G99001B in the original amount of \$300,000 was used in the water enterprise for equipment and facilities. The loan matures on December 1, 2024 and is secured by water facilities.</p>	5.16%	189,980
<p>The Oregon Economic Development Department loan S02011 in the original amount of \$2,657,000 was used in the water enterprise for equipment and facilities. The loan matures on December 1, 2031 and is secured by water facilities.</p>	1.0%	1,602,196
<p>The Oregon Infrastructure Finance Authority loan SZ9012 was issued in the original amount up to \$5,399,048 and was used in the design and construction of a new covered-water reservoir. \$2,699,524 of the loan was forgiven upon completion of the project and was recognized as a capital contribution in 2013. The loan matures on December 1, 2033 and is secured by the net revenues of the water fund.</p>	3.0%	2,358,112
<p>The Oregon Economic Development Department loan Y04001 in the original amount of \$506,000 was used in the sewer enterprise for equipment and facilities. The loan matures on December 1, 2024 and is secured by sewer and general revenues.</p>	4.62%	309,181
<p>The Oregon Department of Environmental Quality loan R94940 in the original amount of \$216,266 was used in the sewer enterprise for equipment and facilities. The loan matures on June 1, 2020 and is secured by sewer revenues.</p>	3.77%	76,754

CITY OF WARRENTON, OREGON

Notes to the Financial Statements

June 30, 2015

Note III - Detailed notes on all funds, continued

F. Long-term debt, continued

<p>The Oregon Department of Environmental Quality loan R94942 in the original amount of \$1,200,000 was used in the sewer enterprise for biosolids removal. The loan matures on June 1, 2025 and is secured by sewer revenues.</p>	<p>2.91% plus 0.5% annual fee</p>	<p>592,882</p>
<p>The Columbia Bank loan is a line of credit issued in October 2014 with a two-year maturity. During the year ended June 30, 2015 the City withdrew \$200,000 and made repayments on the line of \$100,000. The funds were used in the urban renewal capital projects fund for downtown improvements. The loan carried a variable interest rate identified as the Columbia Bank Base Rate plus 1%, with a minimum rate of 5%. The loan matures on October 1, 2016 and is secured by tax-increment revenues.</p>	<p>5.00%</p>	<p><u>100,000</u></p>
<p>Total debt outstanding</p>		<p>14,975,960</p>
<p>Less current portion</p>		<p><u>1,257,817</u></p>
<p>Long-term portion</p>		<p><u>\$ 13,718,143</u></p>

The total debt outstanding is reported in the schedule of changes in long-term liabilities as follows:

	<u>Ending Balance</u>	<u>Due within One Year</u>
Governmental activities - General obligation bonds payable	\$ 6,990,470	\$ 620,104
Business-type activities - Loans payable	<u>7,885,490</u>	<u>637,713</u>
Total	<u>\$ 14,875,960</u>	<u>\$ 1,257,817</u>

By bond loan covenants, the City is required to establish reserves as follows:

Oregon Department of Environmental Quality:	
Loan R94940	\$ 17,661
Loan R94942	<u>34,553</u>
Total	<u>\$ 52,214</u>

These reserves are reported as restricted cash on the statement of net position.

Annual debt service requirements to maturity at year end are as follows:

<u>Year ending June 30,</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 620,104	\$ 250,117	\$ 637,712	\$ 267,875
2017	740,354	222,973	639,765	242,865
2018	521,083	197,308	664,661	218,522
2019	537,305	178,898	611,281	191,801
2020	554,040	160,014	621,246	168,146
2021 - 2025	3,040,213	478,027	2,696,183	497,261
2026 - 2030	1,077,371	57,527	1,199,835	181,336
2031 - 2035	<u>-</u>	<u>-</u>	<u>814,806</u>	<u>49,621</u>
Total	<u>\$ 7,090,470</u>	<u>\$ 1,544,864</u>	<u>\$ 7,885,489</u>	<u>\$ 1,817,427</u>

CITY OF WARRENTON, OREGON

Notes to the Financial Statements

June 30, 2015

Note III - Detailed notes on all funds, continued

F. Long-term debt, continued

Changes in long-term liabilities

Long-term liability activity for the year ended June 30, 2015 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
General obligation bonds payable	\$ 6,115,791	\$ -	\$ (505,507)	\$ 5,610,284	\$ 526,924
Tax Increment Financial Bonds	1,469,998	-	(89,812)	1,380,186	93,180
Notes/loan payable	-	<u>200,000</u>	<u>(100,000)</u>	<u>100,000</u>	<u>-</u>
Total long-term debt	<u>7,585,789</u>	<u>200,000</u>	<u>(695,319)</u>	<u>7,090,470</u>	<u>620,104</u>
Capital leases	<u>188,874</u>	-	<u>(35,440)</u>	<u>153,434</u>	<u>36,571</u>
Total noncurrent liabilities	<u>7,774,663</u>	<u>200,000</u>	<u>(730,759)</u>	<u>7,243,904</u>	<u>656,675</u>
Compensated absences	<u>115,724</u>	<u>114,205</u>	<u>(115,724)</u>	<u>114,205</u>	<u>114,205</u>
Governmental activities long-term liabilities	<u>\$ 7,890,387</u>	<u>\$ 314,205</u>	<u>\$ (846,483)</u>	<u>\$ 7,358,109</u>	<u>\$ 770,880</u>
Business-type activities:					
Loans payable	\$ 8,503,424	\$ -	\$ (617,934)	\$ 7,885,490	\$ 637,713
Landfill postclosure care (see note IV D)	<u>286,758</u>	<u>39,209</u>	<u>(11,650)</u>	<u>314,317</u>	<u>11,650</u>
Total noncurrent liabilities	<u>8,790,182</u>	<u>39,209</u>	<u>(629,584)</u>	<u>8,199,807</u>	<u>649,363</u>
Compensated absences	<u>93,978</u>	<u>106,150</u>	<u>(93,978)</u>	<u>106,150</u>	<u>106,150</u>
Business-type activities long-term liabilities	<u>\$ 8,884,160</u>	<u>\$ 145,359</u>	<u>\$ (723,562)</u>	<u>\$ 8,305,957</u>	<u>\$ 755,513</u>

CITY OF WARRENTON, OREGON

Notes to the Financial Statements

June 30, 2015

Note III - Detailed notes on all funds, continued

G. Employee retirement plans

The City is a participating employer in the Oregon Public Employees Retirement System ("OPERS"), a single cost-sharing multiple employer defined benefit retirement plans. Oregon PERS produces an independently audited CAFR which can be found at:

http://www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx.

Risk Pooling

The City 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

All benefits of the System are established by the legislature pursuant to ORS Chapters 238 and 238A. The authority to establish and amend the benefit provisions of the plan rests with the Oregon Legislature.

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 for police and fire employees, 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police and fire members). General service employees may retire after reaching age 55. Police and fire members are eligible after reaching age 50. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police and fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier Two members are eligible for full benefits at age 60. 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 (including PERS judge members) for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.

CITY OF WARRENTON, OREGON

Notes to the Financial Statements

June 30, 2015

Note III - Detailed notes on all funds, continued

G. Employee retirement plans, continued

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:

Police and Fire: 1.8 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.

General service: 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.

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.

CITY OF WARRENTON, OREGON

Notes to the Financial Statements

June 30, 2015

Note III - Detailed notes on all funds, continued

G. Employee retirement plans, continued

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.

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.

1. Member contributions

Beginning January 1, 2004, all member contributions, except judge members, were placed in the OPSRP Individual Account Program. Prior to that date, all member contributions were credited to the Defined Benefit Pension Plan. Member contributions are set by statute at 6.0 to 7.0 percent of salary and are remitted by participating employers, who may agree to make member contributions on the member's behalf. The contributions are either deducted from member salaries or paid by the employers. The City has elected to make payments on behalf of its employees, who pay 6.0% of their salary to the IAP.

2. Employer contributions

Employer contribution rates during the period were based on the December 31, 2011 actuarial valuation as subsequently modified by 2013 legislated changes in benefit provisions. The rates, based on a percentage of payroll, first became effective July 1, 2013. The state of Oregon and certain schools, community colleges, and political subdivisions, including the City, have made lump sum payments to establish side accounts, and their rates have been reduced.

The City's contributions for the year ended June 30, 2015 were \$475,054. The rates in effect for the fiscal year ended June 30, 2015 were 14.63 percent for Tier One/Tier Two General Services, 9.93 percent for OPSRP Pension Program General Services, and 12.66 percent for OPSRP Police and Fire members.

A 10 year schedule of Defined Benefit Pension Plan Contributions can be found beginning on page 58 of the June 30, 2014 PERS CAFR.

Pension Plan CAFR:

Oregon PERS produces an independently audited CAFR which can be found at:

http://www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx.

CITY OF WARRENTON, OREGON

Notes to the Financial Statements

June 30, 2015

Note III - Detailed notes on all funds, continued

G. Employee retirement plans, continued

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

At June 30, 2015 the City's proportionate share of the net pension asset is \$689,904. The net pension asset was measured as of June 30, 2014, and the total pension asset used to calculate the net pension asset was determined by actuarial valuation as of December 31, 2012 rolled forward to June 30, 2014. The City's proportion of the net pension asset was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2014, the City's proportion was 0.03043630 percent, which was unchanged from its proportion measured as of June 30, 2013.

At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 1,331,235
Changes in proportion and differences between City contributions and proportionate share of contributions	-	1,853
City contributions subsequent to the measurement date	<u>304,302</u>	<u>-</u>
Total	<u>\$ 304,302</u>	<u>\$ 1,333,088</u>

Deferred outflows of resources related to pensions of \$304,302 resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset in the year ending June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	<u>Difference of Projected and Actual Investment Earnings</u>	<u>Change in Employer Proportion and Differences Between Employer Contributions and Proportionate Share of Contribution</u>	<u>Total</u>
2016	\$ 332,749	\$ 463	\$ 333,212
2017	332,749	463	333,212
2018	332,749	463	333,212
2019	332,749	463	333,212
2020	<u>239</u>	<u>1</u>	<u>240</u>
Total	<u>\$ 1,331,235</u>	<u>\$ 1,853</u>	<u>\$ 1,333,088</u>

CITY OF WARRENTON, OREGON

Notes to the Financial Statements

June 30, 2015

Note III - Detailed notes on all funds, continued

G. Employee retirement plans, continued

Actuarial Valuations:

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

Actuarial Methods and Assumptions Used in Developing Total Pension Liability:

Valuation Date	December 31, 2012, rolled forward to June 30, 2014
Experience Study Report	2012, published September 18, 2013
Actuarial Cost Method	Entry Age normal
Amortization Method	Amortized as a level percentage of payroll as layered amortization based over a closed period; Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years
Asset Valuation Method	Market value of assets
Actuarial Assumptions:	
Inflation Rate	2.75 percent
Investment Rate of Return	7.75 percent
Project Salary Increases	3.75 percent overall payroll growth
Mortality	Health retirees and beneficiaries: PF-2000 Sex-distinct, generational per Scale AA, with collar adjustments and set-backs as described in the valuation. Active Members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation. Disabled retirees: Mortality rates are a percentage of the RP-2000 statistic combined disabled mortality sex-distinct table.

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 2012 Experience Study which reviewed experience for the four-year period ending on December 31, 2012.

CITY OF WARRENTON, OREGON

Notes to the Financial Statements

June 30, 2015

Note III - Detailed notes on all funds, continued

G. Employee retirement plans, continued

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.

Assumed Asset Allocation

<u>Asset Class/Strategy</u>	<u>Low Range</u>	<u>High Range</u>	<u>OIC Target</u>
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 %	<u>0.0</u>
Total			<u>100.0 %</u>

Long-Term Expected Rate of Return

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

<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	<u>1.25 %</u>	6.07 %
Total	<u>100.00 %</u>	
Assumed Inflation - Mean		2.75 %

CITY OF WARRENTON, OREGON

Notes to the Financial Statements

June 30, 2015

Note III - Detailed notes on all funds, continued

G. Employee retirement plans, continued

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

The following presents the City's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.75 percent, as well as what the City's proportionate share of the net pension liability (asset) 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:

	<u>1% Decrease (6.75%)</u>	<u>Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
Proportionate Share of Net Pension Liability (Asset)	\$ 1,460,968	\$ (689,903)	\$ (2,509,037)

Changes in Plan Provisions Subsequent to Measurement Date

The Oregon Supreme Court on April 30, 2015, ruled in the Moro decision, 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 is a change in benefit terms subsequent to the measurement date of June 30, 2014, which will be reflected in the next year's actuarial valuations. The impact of the Moro decision has not been fully determined. However, the change in benefit terms is estimated to change the City's proportionate share of the net pension (asset)/liability by \$1,496,465 as shown in the following table.

	<u>Prior to Moro</u>	<u>After Moro (Estimated)</u>	<u>Change</u>
Total pension liability	\$ 19,215,897	\$ 20,711,902	\$ (1,496,005)
Fiduciary net position	<u>(19,905,800)</u>	<u>(19,905,340)</u>	<u>(460)</u>
Net pension (asset)/liability	<u>\$ (689,903)</u>	<u>\$ 806,562</u>	<u>\$ (1,496,465)</u>

Note IV - Other information

A. Risk management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. In 1981, the League of Oregon Cities joined together with the Association of Oregon Cities to form City County Insurance Services ("CCIS"), a public entity risk pool currently operating a common risk management and insurance program. The City pays an annual premium to CCIS for insurance coverage. Based on the experience of the City and CCIS, the City may be liable for an additional premium of up to 20% of its initial premium or it may receive a refund. The City has not had to pay an additional premium. Predetermined limits and deductible amounts are stated in the policy. Settled claims have not exceeded commercial insurance coverage in any of the past three years.

CITY OF WARRENTON, OREGON

Notes to the Financial Statements

June 30, 2015

Note IV - Other information, continued

B. Contingencies under grant provisions

Under terms of federal and state grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under terms of the grants. Such audits could lead to reimbursement to the grantor agencies. The City believes disallowances, if any, will be immaterial.

C. Contingent liabilities

The City is contingently liable with respect to lawsuits and other claims incidental to the ordinary course of its operations and capital projects. Management intends to contest these matters and does not believe their ultimate resolution will have a material effect upon the City's financial position, results of operations, or cash flows.

The City is a co-defendant along with the State of Oregon in an action asserting that an intergovernmental agreement between ODOT and the City that addressed the relocation of access points to Highway 101 constituted a "takings" under both the federal and state constitutions.

D. Postclosure landfill care

The Municipal Solid Waste Landfill ("MSWLF") ceased accepting solid waste in the fall of 1985 and final cover was applied subsequently in conformity with state regulations. The landfill closure permit for the MSWLF was renewed by the Oregon Department of Environmental Quality on February 20, 1997. State and federal laws and regulations require the City to perform certain maintenance and monitoring functions at the site for thirty years after closure.

The City has recorded a liability for the estimated costs of landfill postclosure care. Annually, the City evaluates the liability by examining the estimated costs needed to perform the postclosure care over the remaining life and adjusts the liability accordingly. During the year ended June 30, 2015 the City's estimated liability changed as follows:

	<u>Landfill postclosure care liability</u>
Balance at June 30, 2014	\$ 286,758
Change in estimate	39,209
Maintenance costs paid in 2015	<u>(11,650)</u>
Balance at June 30, 2015	<u>\$ 314,317</u>

The estimated future costs to maintain and monitor the landfill may change due to one or more of the following factors: inflation, deflation, changes in technology or changes to applicable laws or regulations.

CITY OF WARRENTON, OREGON

Notes to the Financial Statements

June 30, 2015

Note IV - Other information, continued

E. Restatement of Net Position

The City implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended during the year ended June 30, 2015. In accordance with the implementation guidance of GASB No. 68, the statement was applied retroactively by restating the City's beginning net position. The City also reclassified the Storm Sewer System Development Charges fund from a capital projects type fund (governmental activities) to the Sewer enterprise. Restatements of beginning net position and fund balance are as follows:

<u>Opinion Unit</u>	<u>Beginning Fund Balance/Net Position</u>	<u>Deferred Outflows of Resources Related to Pensions</u>	<u>Net Pension Liability</u>	<u>Reclassify Storm Sewer System Development Charges Fund</u>	<u>Restated Fund Balance/Net Position</u>
Governmental Activities	\$ 6,164,689	\$ 171,925	\$ (958,097)	\$ (32,195)	\$ 5,346,322
Nonmajor Governmental Funds	1,947,883	-	-	(32,195)	1,915,688
Business-type Activities	27,172,311	106,813	(595,113)	32,195	26,716,206
Water Enterprise	12,481,135	40,863	(227,679)	-	12,294,319
Sewer Enterprise	11,875,478	34,954	(194,724)	32,195	11,747,903
Sanitation Enterprise	835,412	10,146	(56,532)	-	789,026
Nonmajor Enterprise Funds	1,980,286	20,850	(116,178)	-	1,884,958

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF WARRENTON

Required Supplementary Information

June 30, 2015

Schedule of the Proportionate Share of the Net Pension Liability

Oregon Public Employees Retirement System

	<u>2015</u>	<u>2014</u>	<u>2013 and Prior</u>
Proportion of the net pension liability (asset)	0.03043630 %	0.03043630 %	N/A
Proportionate share of the net pension liability (asset)	\$ (689,904)	\$ 1,553,209	N/A
Covered payroll	\$ 2,744,201	\$ 2,594,589	N/A
Proportionate share of the pension liability (asset) as a percentage of its covered employee payroll	(25.14)%	59.86 %	N/A
Plan net position as a percentage of the total pension liability	103.59 %	92.00 %	N/A

Schedule of Pension Contributions

Oregon Public Employees Retirement System

	<u>2015</u>	<u>2014</u>	<u>2013 and Prior</u>
Contractually required contribution	\$ 475,054	\$ 448,503	N/A
Contributions in relation to the contractually required contribution	<u>475,054</u>	<u>448,503</u>	N/A
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	N/A
Covered employee payroll	\$ 2,744,201	\$ 2,594,589	N/A
Contributions as a percentage of covered employee payroll	17.31 %	17.29 %	N/A

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

CITY OF WARRENTON, OREGON
NONMAJOR GOVERNMENTAL FUNDS
 Combining Balance Sheet
 June 30, 2015

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 644,323	\$ 1,103,170	\$ 910,986	\$ 2,658,479
Receivables:				
Taxes	4,130	108,211	-	112,341
Accounts	43,767	-	-	43,767
Grants	10,255	-	-	10,255
Total assets	<u>\$ 702,475</u>	<u>\$ 1,211,381</u>	<u>\$ 910,986</u>	<u>\$ 2,824,842</u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable and other current liabilities	\$ 68,592	\$ 1,333	\$ 17,177	\$ 87,102
Unearned revenues	480	-	-	480
Due to other funds	8,325	-	-	8,325
Total liabilities	77,397	1,333	17,177	95,907
Deferred Inflows of Resources:				
Unavailable revenues	3,148	82,520	-	85,668
Total liabilities & deferred inflows	<u>80,545</u>	<u>83,853</u>	<u>17,177</u>	<u>181,575</u>
Fund Balances:				
Restricted for:				
Debt service	-	1,127,528	-	1,127,528
Library and culture	28,378	-	-	28,378
Public works	176,653	-	-	176,653
Building inspection programs	250,885	-	-	250,885
Capital projects	-	-	512,951	512,951
Committed to:				
Library and culture	160,870	-	-	160,870
Grant expenditures	5,144	-	-	5,144
Assigned to:				
Capital projects	-	-	380,858	380,858
Total fund balances	<u>621,930</u>	<u>1,127,528</u>	<u>893,809</u>	<u>2,643,267</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 702,475</u>	<u>\$ 1,211,381</u>	<u>\$ 910,986</u>	<u>\$ 2,824,842</u>

CITY OF WARRENTON, OREGON
NONMAJOR GOVERNMENTAL FUNDS
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2015

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:				
Taxes	\$ 246,444	\$ 1,173,349	\$ -	\$ 1,419,793
Licenses and permits	329,870	-	-	329,870
Intergovernmental	12,325	-	-	12,325
Charges for services	12,489	-	-	12,489
Fines and forfeits	223	-	-	223
Investment earnings	1,892	7,184	1,737	10,813
Donations	63,218	-	-	63,218
Other revenues	2,161	-	-	2,161
Total revenues	<u>668,622</u>	<u>1,180,533</u>	<u>1,737</u>	<u>1,850,892</u>
Expenditures:				
Current:				
General government	200,788	-	35,128	235,916
Police	12,323	-	-	12,323
Planning and development	198,851	-	-	198,851
Library and culture	111,400	-	751	112,151
Public works	16,774	-	-	16,774
Debt service:				
Principal retirement	-	695,319	-	695,319
Interest	-	269,305	-	269,305
Capital outlay	-	-	121,659	121,659
Total expenditures	<u>540,136</u>	<u>964,624</u>	<u>157,538</u>	<u>1,662,298</u>
Excess (deficiency) of revenues over (under) expenditures	<u>128,486</u>	<u>215,909</u>	<u>(155,801)</u>	<u>188,594</u>
Other Financing Sources (Uses):				
Transfers in	-	-	108,533	108,533
Capital contributions	-	-	430,452	430,452
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>538,985</u>	<u>538,985</u>
Net change in fund balances	128,486	215,909	383,184	727,579
Fund Balances:				
Beginning of year, as restated	<u>493,444</u>	<u>911,619</u>	<u>510,625</u>	<u>1,915,688</u>
End of year	<u>\$ 621,930</u>	<u>\$ 1,127,528</u>	<u>\$ 893,809</u>	<u>\$ 2,643,267</u>

NONMAJOR SPECIAL REVENUE FUNDS

Special Revenue Funds account for revenues derived from specific tax or other earmarked revenue sources, including federal and state grant awards, which are restricted to finance particular functions or activities. Funds included in this fund category are:

Community Center Fund - Accounts for the operational activities of the Community Center.

Warrenton Business Association Fund - Accounts for the operational activities of the Warrenton Business Association, whose goal is to enhance the business community by providing funds for a variety of projects.

Grant Fund - Accounts for grants received from a variety of sources.

Library Fund - Accounts for the operational activity of the library.

Building Department Fund - Accounts for the activities of the Building Division, which is responsible for the enforcement of building, plumbing, mechanical, fire and life safety codes of the State of Oregon.

Transient Room Tax Fund - Accounts for transient room tax to be expended on police, first response medical assistance and infrastructure usage by tourists and other short term visitors, as well as to provide funds for tourist promotion.

Quincy Robinson Park Trust Fund - Accounts for the establishment and maintenance of public parks.

CITY OF WARRENTON, OREGON
NONMAJOR SPECIAL REVENUE FUNDS
 Combining Balance Sheet
 June 30, 2015

	Community Center (005)	Warrenton Business Association (006)	Grant (015)	Library (020)	Building Department (021)
ASSETS					
Cash and cash equivalents	\$ 9,413	\$ 154,081	\$ 3,214	\$ 28,237	\$ 254,223
Receivables:					
Taxes	-	-	-	4,130	-
Accounts	-	-	-	-	-
Grants	-	-	10,255	-	-
	-	-	10,255	-	-
Total assets	\$ 9,413	\$ 154,081	\$ 13,469	\$ 32,367	\$ 254,223
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable and other current liabilities	\$ 1,394	\$ 750	\$ -	\$ 841	\$ 3,338
Unearned revenues	480	-	-	-	-
Due to other funds	-	-	8,325	-	-
	-	-	8,325	-	-
Total liabilities	1,874	750	8,325	841	3,338
Deferred Inflows of Resources:					
Unavailable revenues	-	-	-	3,148	-
	-	-	-	3,148	-
Total liabilities & deferred inflows	1,874	750	8,325	3,989	3,338
Fund Balances:					
Restricted for:					
Library and culture	-	-	-	28,378	-
Public works	-	-	-	-	-
Building inspection programs	-	-	-	-	250,885
Committed to:					
Library and culture	7,539	153,331	-	-	-
Grant expenditures	-	-	5,144	-	-
	7,539	153,331	5,144	28,378	250,885
Total fund balances	7,539	153,331	5,144	28,378	250,885
Total liabilities, deferred inflows of resources and fund balances	\$ 9,413	\$ 154,081	\$ 13,469	\$ 32,367	\$ 254,223

Transient Room Tax (024)	Quincy Robinson Park Trust (065)	Total Nonmajor Special Revenue Funds
\$ 9,021	\$ 186,134	\$ 644,323
-	-	4,130
43,767	-	43,767
<u>-</u>	<u>-</u>	<u>10,255</u>
<u>\$ 52,788</u>	<u>\$ 186,134</u>	<u>\$ 702,475</u>
\$ 52,788	\$ 9,481	\$ 68,592
-	-	480
<u>-</u>	<u>-</u>	<u>8,325</u>
52,788	9,481	77,397
<u>-</u>	<u>-</u>	<u>3,148</u>
<u>52,788</u>	<u>9,481</u>	<u>80,545</u>
-	-	28,378
-	176,653	176,653
-	-	250,885
-	-	160,870
-	-	5,144
<u>-</u>	<u>176,653</u>	<u>621,930</u>
<u>\$ 52,788</u>	<u>\$ 186,134</u>	<u>\$ 702,475</u>

CITY OF WARRENTON, OREGON
NONMAJOR SPECIAL REVENUE FUNDS
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2015

	Community Center (005)	Warrenton Business Association (006)	Grant (015)	Library (020)	Building Department (021)
Revenues:					
Taxes	\$ -	\$ -	\$ -	\$ 45,658	\$ -
Licenses and permits	-	45,965	-	-	283,905
Intergovernmental	-	-	12,325	-	-
Charges for services	12,489	-	-	-	-
Fines and forfeits	-	-	-	223	-
Investment earnings	19	759	-	132	704
Donations	4,105	15	-	7,995	-
Other revenues	45	-	-	1,806	310
Total revenues	<u>16,658</u>	<u>46,739</u>	<u>12,325</u>	<u>55,814</u>	<u>284,919</u>
Expenditures:					
Current:					
General government	-	-	2	-	-
Police	-	-	12,323	-	-
Planning and development	-	-	-	-	198,851
Library and culture	18,144	37,422	-	55,834	-
Public works	-	-	-	-	-
Total expenditures	<u>18,144</u>	<u>37,422</u>	<u>12,325</u>	<u>55,834</u>	<u>198,851</u>
Net change in fund balances	(1,486)	9,317	-	(20)	86,068
Fund Balances:					
Beginning of year	<u>9,025</u>	<u>144,014</u>	<u>5,144</u>	<u>28,398</u>	<u>164,817</u>
End of year	<u>\$ 7,539</u>	<u>\$ 153,331</u>	<u>\$ 5,144</u>	<u>\$ 28,378</u>	<u>\$ 250,885</u>

Transient Room Tax (024)	Quincy Robinson Park Trust (065)	Total Nonmajor Special Revenue Funds
\$ 200,786	\$ -	\$ 246,444
-	-	329,870
-	-	12,325
-	-	12,489
-	-	223
-	278	1,892
-	51,103	63,218
-	-	2,161
<u>200,786</u>	<u>51,381</u>	<u>668,622</u>
200,786	-	200,788
-	-	12,323
-	-	198,851
-	-	111,400
-	16,774	16,774
<u>200,786</u>	<u>16,774</u>	<u>540,136</u>
-	34,607	128,486
-	142,046	493,444
<u>\$ -</u>	<u>\$ 176,653</u>	<u>\$ 621,930</u>

CITY OF WARRENTON, OREGON

COMMUNITY CENTER FUND

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Charges for services	\$ 12,115	\$ 12,115	\$ 12,489	\$ 374
Investment earnings	25	25	19	(6)
Donations	1,700	1,700	4,105	2,405
Other revenue	<u>-</u>	<u>-</u>	<u>45</u>	<u>45</u>
Total revenues	<u>13,840</u>	<u>13,840</u>	<u>16,658</u>	<u>2,818</u>
Expenditures:				
Personal services	7,900	7,900	5,827	2,073
Materials and services	13,892	13,892	12,317	1,575
Contingency	<u>500</u>	<u>500</u>	<u>-</u>	<u>500</u>
Total expenditures	<u>22,292</u>	<u>22,292</u>	<u>18,144</u>	<u>4,148</u>
Net change in fund balance	(8,452)	(8,452)	(1,486)	6,966
Fund Balance:				
Beginning of year	<u>8,500</u>	<u>8,500</u>	<u>9,025</u>	<u>525</u>
End of year	<u>\$ 48</u>	<u>\$ 48</u>	<u>\$ 7,539</u>	<u>\$ 7,491</u>

CITY OF WARRENTON, OREGON
WARRENTON BUSINESS ASSOCIATION
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Licenses and permits	\$ 45,600	\$ 45,600	\$ 45,965	\$ 365
Investment earnings	720	720	759	39
Donations	<u>-</u>	<u>-</u>	<u>15</u>	<u>15</u>
Total revenues	<u>46,320</u>	<u>46,320</u>	<u>46,739</u>	<u>419</u>
Expenditures:				
Personal services	7,702	7,702	6,430	1,272
Materials and services	98,565	98,565	25,997	72,568
Capital outlay	4,995	4,995	4,995	-
Contingency	<u>10,000</u>	<u>10,000</u>	<u>-</u>	<u>10,000</u>
Total expenditures	<u>121,262</u>	<u>121,262</u>	<u>37,422</u>	<u>83,840</u>
Net change in fund balance	(74,942)	(74,942)	9,317	84,259
Fund Balance:				
Beginning of year	<u>150,800</u>	<u>150,800</u>	<u>144,014</u>	<u>(6,786)</u>
End of year	<u>\$ 75,858</u>	<u>\$ 75,858</u>	<u>\$ 153,331</u>	<u>\$ 77,473</u>

CITY OF WARRENTON, OREGON

GRANTS FUND

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Intergovernmental	\$ 73,846	\$ 73,846	\$ 12,325	\$ (61,521)
Donations	300	300	-	(300)
Total revenues	<u>74,146</u>	<u>74,146</u>	<u>12,325</u>	<u>(61,821)</u>
Expenditures:				
Personal services	60,596	60,596	12,323	48,273
Materials and services	<u>15,659</u>	<u>15,659</u>	<u>2</u>	<u>15,657</u>
Total expenditures	<u>76,255</u>	<u>76,255</u>	<u>12,325</u>	<u>63,930</u>
Net change in fund balance	(2,109)	(2,109)	-	2,109
Fund Balance:				
Beginning of year	<u>5,144</u>	<u>5,144</u>	<u>5,144</u>	<u>-</u>
End of year	<u>\$ 3,035</u>	<u>\$ 3,035</u>	<u>\$ 5,144</u>	<u>\$ 2,109</u>

CITY OF WARRENTON, OREGON

LIBRARY FUND

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Taxes	\$ 44,858	\$ 44,858	\$ 45,658	\$ 800
Fines and forfeits	275	275	223	(52)
Investment earnings	100	100	132	32
Donations	1,400	5,749	7,995	2,246
Other revenue	<u>1,075</u>	<u>1,075</u>	<u>1,806</u>	<u>731</u>
Total revenues	<u>47,708</u>	<u>52,057</u>	<u>55,814</u>	<u>3,757</u>
Expenditures:				
Personal services	33,673	34,023	33,311	712
Materials and services	18,347	22,696	22,523	173
Contingency	<u>17,358</u>	<u>17,008</u>	<u>-</u>	<u>17,008</u>
Total expenditures	<u>69,378</u>	<u>73,727</u>	<u>55,834</u>	<u>17,893</u>
Net change in fund balance	(21,670)	(21,670)	(20)	21,650
Fund Balance:				
Beginning of year	<u>27,900</u>	<u>27,900</u>	<u>28,398</u>	<u>498</u>
End of year	<u>\$ 6,230</u>	<u>\$ 6,230</u>	<u>\$ 28,378</u>	<u>\$ 22,148</u>

CITY OF WARRENTON, OREGON

BUILDING DEPARTMENT FUND

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Licenses and permits	\$ 111,835	\$ 111,835	\$ 283,905	\$ 172,070
Investment earnings	600	600	704	104
Other revenue	<u>-</u>	<u>-</u>	<u>310</u>	<u>310</u>
Total revenues	<u>112,435</u>	<u>112,435</u>	<u>284,919</u>	<u>172,484</u>
Expenditures:				
Personal services	177,544	177,544	175,503	2,041
Materials and services	32,151	32,151	23,348	8,803
Contingency	<u>41,951</u>	<u>41,951</u>	<u>-</u>	<u>41,951</u>
Total expenditures	<u>251,646</u>	<u>251,646</u>	<u>198,851</u>	<u>52,795</u>
Net change in fund balance	(139,211)	(139,211)	86,068	225,279
Fund Balance:				
Beginning of year	<u>163,000</u>	<u>163,000</u>	<u>164,817</u>	<u>1,817</u>
End of year	<u>\$ 23,789</u>	<u>\$ 23,789</u>	<u>\$ 250,885</u>	<u>\$ 227,096</u>

CITY OF WARRENTON, OREGON

TRANSIENT ROOM TAX FUND

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Taxes	\$ 184,000	\$ 184,000	\$ 200,786	\$ 16,786
Expenditures:				
Materials and services	<u>184,000</u>	<u>184,000</u>	<u>200,786</u>	<u>(16,786)</u>
Net change in fund balance	-	-	-	-
Fund Balance:				
Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF WARRENTON, OREGON

QUINCY ROBINSON PARK TRUST

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Investment earnings	\$ 500	\$ 500	\$ 278	\$ (222)
Donations	<u>50,000</u>	<u>50,000</u>	<u>51,103</u>	<u>1,103</u>
Total revenues	<u>50,500</u>	<u>50,500</u>	<u>51,381</u>	<u>881</u>
Expenditures:				
Capital outlay	98,250	98,250	16,774	81,476
Contingency	<u>19,650</u>	<u>19,650</u>	-	<u>19,650</u>
Total expenditures	<u>117,900</u>	<u>117,900</u>	<u>16,774</u>	<u>101,126</u>
Net change in fund balance	(67,400)	(67,400)	34,607	102,007
Fund Balance:				
Beginning of year	<u>108,673</u>	<u>108,673</u>	<u>142,046</u>	<u>33,373</u>
End of year	<u>\$ 41,273</u>	<u>\$ 41,273</u>	<u>\$ 176,653</u>	<u>\$ 135,380</u>

DEBT SERVICE FUNDS

Debt Service Funds account for the accumulation of resources for and payment of general long-term debt principal and interest. Funds included in this category are:

Public Safety Building GO Bond Fund - Accounts for the payment of principal and interest on the general obligation bonds issued on November 4, 1997 for the construction of a Public Safety Building.

Wastewater Treatment GO Bond Fund - Accounts for the payment of principal and interest on the general obligation bonds approved by voters on November 7, 2006 for the construction of the wastewater treatment facility.

Warrenton Urban Renewal Agency Debt Service Fund - Accounts for the payment of principal and interest on the debt related to improvements of the downtown area funded through the Warrenton Urban Renewal Agency.

Warrenton Urban Renewal Agency Debt Reserve Fund - Accounts for funds set aside for the payment of principal and interest on the debt related to improvements of the downtown area funded through the Warrenton Urban Renewal Agency.

CITY OF WARRENTON, OREGON
NONMAJOR DEBT SERVICE FUNDS
 Combining Balance Sheet
 June 30, 2015

	Public Safety Building GO Bond (057)	Wastewater Treatment GO Bond Fund (059)	Warrenton Urban Renewal Agency Debt Service (300)	Warrenton Urban Renewal Agency Debt Reserve (400)	Total Nonmajor Debt Service Funds
ASSETS					
Cash and cash equivalents	\$ 28,045	\$ 104,337	\$ 806,788	\$ 164,000	\$ 1,103,170
Receivables:					
Taxes	<u>12,678</u>	<u>51,499</u>	<u>44,034</u>	<u>-</u>	<u>108,211</u>
 Total assets	 <u>\$ 40,723</u>	 <u>\$ 155,836</u>	 <u>\$ 850,822</u>	 <u>\$ 164,000</u>	 <u>\$ 1,211,381</u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable and other current liabilities	\$ -	\$ -	\$ 1,333	\$ -	\$ 1,333
Deferred Inflows of Resources:					
Unavailable revenues	<u>9,723</u>	<u>39,264</u>	<u>33,533</u>	<u>-</u>	<u>82,520</u>
 Total liabilities & deferred inflows	 <u>9,723</u>	 <u>39,264</u>	 <u>34,866</u>	 <u>-</u>	 <u>83,853</u>
Fund Balances:					
Restricted for:					
Debt service	<u>31,000</u>	<u>116,572</u>	<u>815,956</u>	<u>164,000</u>	<u>1,127,528</u>
Total fund balances	<u>31,000</u>	<u>116,572</u>	<u>815,956</u>	<u>164,000</u>	<u>1,127,528</u>
 Total liabilities, deferred inflows of resources and fund balances	 <u>\$ 40,723</u>	 <u>\$ 155,836</u>	 <u>\$ 850,822</u>	 <u>\$ 164,000</u>	 <u>\$ 1,211,381</u>

CITY OF WARRENTON, OREGON

NONMAJOR DEBT SERVICE FUNDS

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2015

	Public Safety Building GO Bond (057)	Wastewater Treatment GO Bond Fund (059)	Warrenton Urban Renewal Agency Debt Service (300)	Warrenton Urban Renewal Agency Debt Reserve (400)	Total Nonmajor Debt Service Funds
Revenues:					
Taxes	\$ 133,301	\$ 551,846	\$ 488,202	\$ -	\$ 1,173,349
Franchise fees	-	-	-	-	-
Investment earnings	546	1,599	5,039	-	7,184
Total revenues	<u>133,847</u>	<u>553,445</u>	<u>493,241</u>	<u>-</u>	<u>1,180,533</u>
Expenditures:					
Debt service:					
Principal retirement	120,000	385,507	189,812	-	695,319
Interest	19,250	193,370	56,685	-	269,305
Total expenditures	<u>139,250</u>	<u>578,877</u>	<u>246,497</u>	<u>-</u>	<u>964,624</u>
Net change in fund balances	(5,403)	(25,432)	246,744	-	215,909
Fund Balances:					
Beginning of year	36,403	142,004	569,212	164,000	911,619
End of year	<u>\$ 31,000</u>	<u>\$ 116,572</u>	<u>\$ 815,956</u>	<u>\$ 164,000</u>	<u>\$ 1,127,528</u>

CITY OF WARRENTON, OREGON
PUBLIC SAFETY BUILDING GO BOND

Schedule of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual (Budgetary Basis)
 For the Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Taxes	\$ 128,015	\$ 128,015	\$ 133,301	\$ 5,286
Investment earnings	<u>300</u>	<u>300</u>	<u>546</u>	<u>246</u>
Total revenues	128,315	128,315	133,847	5,532
Expenditures:				
Debt service	<u>139,250</u>	<u>139,250</u>	<u>139,250</u>	<u>-</u>
Net change in fund balance	(10,935)	(10,935)	(5,403)	5,532
Fund Balance:				
Beginning of year	<u>22,075</u>	<u>22,075</u>	<u>36,403</u>	<u>14,328</u>
End of year	<u>\$ 11,140</u>	<u>\$ 11,140</u>	<u>\$ 31,000</u>	<u>\$ 19,860</u>

CITY OF WARRENTON, OREGON
WASTEWATER TREATMENT GO BOND
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Taxes	\$ 538,037	\$ 538,037	\$ 551,846	\$ 13,809
Investment earnings	<u>900</u>	<u>900</u>	<u>1,599</u>	<u>699</u>
Total revenues	538,937	538,937	553,445	14,508
Expenditures:				
Debt service	<u>578,877</u>	<u>578,877</u>	<u>578,877</u>	<u>-</u>
Net change in fund balance	(39,940)	(39,940)	(25,432)	14,508
Fund Balance:				
Beginning of year	<u>86,250</u>	<u>86,250</u>	<u>142,004</u>	<u>55,754</u>
End of year	<u>\$ 46,310</u>	<u>\$ 46,310</u>	<u>\$ 116,572</u>	<u>\$ 70,262</u>

CITY OF WARRENTON, OREGON
WARRENTON URBAN RENEWAL AGENCY DEBT SERVICE
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Taxes	\$ 521,364	\$ 521,364	\$ 488,202	\$ (33,162)
Investment earnings	<u>4,135</u>	<u>4,135</u>	<u>5,039</u>	<u>904</u>
Total revenues	525,499	525,499	493,241	(32,258)
Expenditures:				
Debt service	<u>644,937</u>	<u>644,937</u>	<u>246,497</u>	<u>398,440</u>
Net change in fund balance	(119,438)	(119,438)	246,744	366,182
Fund Balance:				
Beginning of year	<u>549,885</u>	<u>549,885</u>	<u>569,212</u>	<u>19,327</u>
End of year	<u>\$ 430,447</u>	<u>\$ 430,447</u>	<u>\$ 815,956</u>	<u>\$ 385,509</u>

CITY OF WARRENTON, OREGON
WARRENTON URBAN RENEWAL AGENCY DEBT RESERVE
 Schedule of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual (Budgetary Basis)
 For the Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Expenditures:				
Debt service	<u>\$ 164,000</u>	<u>\$ 164,000</u>	<u>\$ -</u>	<u>\$ 164,000</u>
Net change in fund balance	(164,000)	(164,000)	-	164,000
Fund Balance:				
Beginning of year	<u>164,000</u>	<u>164,000</u>	<u>164,000</u>	<u>-</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 164,000</u>	<u>\$ 164,000</u>

NONMAJOR CAPITAL PROJECT FUNDS

Capital Project Funds are used to account for the acquisition or construction of major capital facilities. Funds included in this category are:

Park System Development Charges Fund - Accounts for fees on new construction that are used for capital projects and improvements made necessary by the increased usage of infrastructure caused by development within the community.

Community Center Capital Reserve Fund - Accumulates resources from the operational surplus of the Community Center Fund for the financing of services, projects, property, and equipment purchases.

Facilities Maintenance Fund - Accumulates money for financing the costs of major maintenance and capital improvements of the Municipal Building, Head Start Building, and Park Facilities.

Streets System Development Charges Fund - Accounts for fees on new construction that are used for capital projects and improvements made necessary by the increased usage of infrastructure caused by development within the community.

Storm Sewer System Development Charges Fund - Accounts for fees on new construction that are used for capital projects and improvements made necessary by the increased usage of infrastructure caused by development within the community.

Police Vehicle Replacement Fund - Accumulates money for financing the costs of police vehicles.

Fire Apparatus Replacement Fund - Accumulates money for financing the costs of fire apparatus.

Tansy Point Dock Capital Reserve Fund - Accumulates money for financing the costs of major maintenance and capital improvements to the Tansy Point Dock.

CITY OF WARRENTON, OREGON
NONMAJOR CAPITAL PROJECTS FUNDS
 Combining Balance Sheet
 June 30, 2015

	Park System Development Charges (003)	Community Center Capital Reserve (004)	Facilities Maintenance (035)	Streets System Development Charges (041)	Police Vehicle Replacement (070)
ASSETS					
Cash and cash equivalents	\$ 28,562	\$ 2,186	\$ 69,877	\$ 484,389	\$ 2,392
Total assets	<u>\$ 28,562</u>	<u>\$ 2,186</u>	<u>\$ 69,877</u>	<u>\$ 484,389</u>	<u>\$ 2,392</u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable and other current liabilities	\$ -	\$ -	\$ 468	\$ -	\$ -
Fund Balances:					
Restricted for:					
Capital projects	28,562	-	-	484,389	-
Assigned to:					
Capital projects	<u>-</u>	<u>2,186</u>	<u>69,409</u>	<u>-</u>	<u>2,392</u>
Total fund balances	<u>28,562</u>	<u>2,186</u>	<u>69,409</u>	<u>484,389</u>	<u>2,392</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 28,562</u>	<u>\$ 2,186</u>	<u>\$ 69,877</u>	<u>\$ 484,389</u>	<u>\$ 2,392</u>

Fire Apparatus Replacement (071)	Tansy Point Dock Capital Reserve (072)	Total Nonmajor Capital Projects Funds
<u>\$ 249,205</u>	<u>\$ 74,375</u>	<u>\$ 910,986</u>
<u>\$ 249,205</u>	<u>\$ 74,375</u>	<u>\$ 910,986</u>
<u>\$ 16,709</u>	<u>\$ -</u>	<u>\$ 17,177</u>
-	-	512,951
<u>232,496</u>	<u>74,375</u>	<u>380,858</u>
<u>232,496</u>	<u>74,375</u>	<u>893,809</u>
<u>\$ 249,205</u>	<u>\$ 74,375</u>	<u>\$ 910,986</u>

CITY OF WARRENTON, OREGON
NONMAJOR CAPITAL PROJECTS FUNDS
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2015

	Park System Development Charges (003)	Community Center Capital Reserve (004)	Facilities Maintenance (035)	Streets System Development Charges (041)	Police Vehicle Replacement (070)
Revenues:					
Investment earnings	\$ 38	\$ -	\$ 273	\$ 221	\$ 28
Expenditures:					
Current:					
General government	-	-	35,128	-	-
Library and culture	-	751	-	-	-
Capital outlay	-	-	20,262	-	42,594
Total expenditures	<u>-</u>	<u>751</u>	<u>55,390</u>	<u>-</u>	<u>42,594</u>
Excess (deficiency) of revenues over (under) expenditures	<u>38</u>	<u>(751)</u>	<u>(55,117)</u>	<u>221</u>	<u>(42,566)</u>
Other Financing Sources (Uses):					
Transfers in	-	-	20,000	-	38,555
Capital contributions	<u>15,500</u>	<u>-</u>	<u>-</u>	<u>414,952</u>	<u>-</u>
Total other financing sources (uses)	<u>15,500</u>	<u>-</u>	<u>20,000</u>	<u>414,952</u>	<u>38,555</u>
Net change in fund balances	15,538	(751)	(35,117)	415,173	(4,011)
Fund Balances:					
Beginning of year	<u>13,024</u>	<u>2,937</u>	<u>104,526</u>	<u>69,216</u>	<u>6,403</u>
End of year	<u>\$ 28,562</u>	<u>\$ 2,186</u>	<u>\$ 69,409</u>	<u>\$ 484,389</u>	<u>\$ 2,392</u>

Fire Apparatus Replacement (071)	Tansy Point Dock Capital Reserve (072)	Total Nonmajor Capital Projects Funds
<u>\$ 883</u>	<u>\$ 294</u>	<u>\$ 1,737</u>
-	-	35,128
-	-	751
<u>58,803</u>	<u>-</u>	<u>121,659</u>
<u>58,803</u>	<u>-</u>	<u>157,538</u>
<u>(57,920)</u>	<u>294</u>	<u>(155,801)</u>
40,000	9,978	108,533
<u>-</u>	<u>-</u>	<u>430,452</u>
<u>40,000</u>	<u>9,978</u>	<u>538,985</u>
(17,920)	10,272	383,184
<u>250,416</u>	<u>64,103</u>	<u>510,625</u>
<u>\$ 232,496</u>	<u>\$ 74,375</u>	<u>\$ 893,809</u>

CITY OF WARRENTON, OREGON
PARKS SYSTEM DEVELOPMENT CHARGES FUND
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Investment earnings	\$ -	\$ -	\$ 38	\$ 38
System development charges	<u>10,000</u>	<u>10,000</u>	<u>15,500</u>	<u>5,500</u>
Total revenues	10,000	10,000	15,538	5,538
Expenditures:				
Capital outlay	<u>17,520</u>	<u>17,520</u>	<u>-</u>	<u>17,520</u>
Net change in fund balance	(7,520)	(7,520)	15,538	23,058
Fund Balance:				
Beginning of year	<u>7,520</u>	<u>7,520</u>	<u>13,024</u>	<u>5,504</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,562</u>	<u>\$ 28,562</u>

CITY OF WARRENTON, OREGON
COMMUNITY CENTER CAPITAL RESERVE FUND
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Expenditures:				
Materials and services	\$ 3,591	\$ 3,591	\$ 751	\$ 2,840
Net change in fund balance	(3,591)	(3,591)	(751)	(2,840)
Fund Balance:				
Beginning of year	<u>3,591</u>	<u>3,591</u>	<u>2,937</u>	<u>654</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,186</u>	<u>\$ 2,186</u>

CITY OF WARRENTON, OREGON

FACILITIES MAINTENANCE FUND

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Investment earnings	<u>\$ 300</u>	<u>\$ 300</u>	<u>\$ 273</u>	<u>\$ (27)</u>
Expenditures:				
Materials and services	<u>81,300</u>	<u>81,300</u>	<u>35,128</u>	<u>46,172</u>
Capital outlay	<u>50,000</u>	<u>50,000</u>	<u>20,262</u>	<u>29,738</u>
Total expenditures	<u>131,300</u>	<u>131,300</u>	<u>55,390</u>	<u>75,910</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(131,000)</u>	<u>(131,000)</u>	<u>(55,117)</u>	<u>75,883</u>
Other financing sources (uses):				
Transfers in	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>-</u>
Net change in fund balance	<u>(111,000)</u>	<u>(111,000)</u>	<u>(35,117)</u>	<u>75,883</u>
Fund Balance:				
Beginning of year	<u>111,000</u>	<u>111,000</u>	<u>104,526</u>	<u>(6,474)</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 69,409</u>	<u>\$ 69,409</u>

CITY OF WARRENTON, OREGON
STREETS SYSTEM DEVELOPMENT CHARGES FUND
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Investment earnings	\$ -	\$ -	\$ 221	\$ 221
System development charges	<u>20,000</u>	<u>20,000</u>	<u>414,952</u>	<u>394,952</u>
Total revenues	20,000	20,000	415,173	395,173
Expenditures:				
Capital outlay	<u>71,698</u>	<u>71,698</u>	<u>-</u>	<u>71,698</u>
Net change in fund balance	(51,698)	(51,698)	415,173	466,871
Fund Balance:				
Beginning of year	<u>51,698</u>	<u>51,698</u>	<u>69,216</u>	<u>17,518</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 484,389</u>	<u>\$ 484,389</u>

CITY OF WARRENTON, OREGON
POLICE VEHICLE REPLACEMENT FUND
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Investment earnings	\$ 50	\$ 50	\$ 28	\$ (22)
Expenditures:				
Capital outlay	<u>45,000</u>	<u>45,000</u>	<u>42,594</u>	<u>2,406</u>
Excess (deficiency) of revenues over (under) expenditures	(44,950)	(44,950)	(42,566)	2,384
Other financing sources (uses):				
Transfers in	<u>38,555</u>	<u>38,555</u>	<u>38,555</u>	<u>-</u>
Net change in fund balance	(6,395)	(6,395)	(4,011)	2,384
Fund Balance:				
Beginning of year	<u>6,395</u>	<u>6,395</u>	<u>6,403</u>	<u>8</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,392</u>	<u>\$ 2,392</u>

CITY OF WARRENTON, OREGON
FIRE APPARATUS REPLACEMENT FUND
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Investment earnings	\$ 850	\$ 850	\$ 883	\$ 33
Expenditures:				
Capital outlay	<u>60,000</u>	<u>60,000</u>	<u>58,803</u>	<u>1,197</u>
Excess (deficiency) of revenues over (under) expenditures	(59,150)	(59,150)	(57,920)	1,230
Other financing sources (uses):				
Transfers in	<u>40,000</u>	<u>40,000</u>	<u>40,000</u>	<u>-</u>
Net change in fund balances	(19,150)	(19,150)	(17,920)	1,230
Fund Balance:				
Beginning of year	<u>250,083</u>	<u>250,083</u>	<u>250,416</u>	<u>333</u>
End of year	<u>\$ 230,933</u>	<u>\$ 230,933</u>	<u>\$ 232,496</u>	<u>\$ 1,563</u>

CITY OF WARRENTON, OREGON
TANSY POINT DOCK CAPITAL RESERVE
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Investment earnings	\$ 300	\$ 300	\$ 294	\$ (6)
Expenditures:				
Capital outlay	<u>74,275</u>	<u>74,275</u>	<u>-</u>	<u>74,275</u>
Excess (deficiency) of revenues over (under) expenditures	(73,975)	(73,975)	294	74,269
Other financing sources (uses):				
Transfers in	<u>9,978</u>	<u>9,978</u>	<u>9,978</u>	<u>-</u>
Net change in fund balances	(63,997)	(63,997)	10,272	74,269
Fund Balance:				
Beginning of year	<u>63,997</u>	<u>63,997</u>	<u>64,103</u>	<u>106</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 74,375</u>	<u>\$ 74,375</u>

ENTERPRISE FUNDS

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs of providing services are financed or recovered primarily through user charges. Funds included in this category are:

Water Operating Fund - Accounts for the operation, maintenance, and improvements of the water treatment, transmission and distribution systems.

Water System Development Fund - Accounts for fees on new construction that are used for capital projects and improvements made necessary by the increased usage of infrastructure caused by development.

Water Capital Reserve Fund - Accumulates money for major maintenance and capital improvement projects.

Sewer Operating Fund - Accounts for the operation, maintenance, and improvements of the sewer system.

Sewer System Development Fund - Accounts for fees on new construction that are used for capital projects and improvements made necessary by the increased usage of infrastructure caused by development.

Sewer Capital Reserve Fund - Accumulates money for major maintenance and capital improvement projects.

Storm Sewer Fund - Accounts for the storm sewer surcharge on all sewer bills and is used to expand and improve storm drainage systems.

Sanitation Operating Fund - Accounts for the operations of the residential and commercial trash collection unit.

Sanitation Fund Capital Reserve Fund - Accumulates money for major maintenance and capital improvement projects.

Warrenton Marina Fund - Accounts for the operation, maintenance and improvements of the Marina.

Warrenton Marina Capital Reserve Fund - Accumulates money for major maintenance and capital improvement projects.

Hammond Marina Fund - Accounts for the operation, maintenance and improvements of the Marina.

Hammond Marina Capital Reserve Fund - Accumulates money for major maintenance and capital improvement projects.

CITY OF WARRENTON, OREGON
WATER ENTERPRISE
Combining Statement of Net Position
June 30, 2015

	Operating (025)	System Development (026)	Capital Reserve (029)	Total Water Enterprise
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 596,330	\$ 112,035	\$ 1,175,941	\$ 1,884,306
Utility receivables	211,481	-	-	211,481
Other receivables	1,300	1,100	-	2,400
Inventory, at cost	197,118	-	-	197,118
Prepaid expenses	6,735	-	-	6,735
Total current assets	<u>1,012,964</u>	<u>113,135</u>	<u>1,175,941</u>	<u>2,302,040</u>
Noncurrent assets:				
Capital assets:				
Nondepreciable assets	316,474	-	-	316,474
Depreciable assets, net	16,802,350	-	-	16,802,350
Net pension asset	101,128	-	-	101,128
Total noncurrent assets	<u>17,219,952</u>	<u>-</u>	<u>-</u>	<u>17,219,952</u>
Total assets	18,232,916	113,135	1,175,941	19,521,992
DEFERRED OUTFLOWS OF RESOURCES				
Related to pensions	<u>44,606</u>	<u>-</u>	<u>-</u>	<u>44,606</u>
Total assets & deferred outflows	<u>18,277,522</u>	<u>113,135</u>	<u>1,175,941</u>	<u>19,566,598</u>
LIABILITIES				
Current liabilities:				
Accounts payable and other current liabilities	80,780	-	67,234	148,014
Accrued interest payable	130,052	-	-	130,052
Compensated absences	37,432	-	-	37,432
Loans payable - current	507,063	-	-	507,063
Total current liabilities	755,327	-	67,234	822,561
Noncurrent liabilities:				
Loans payable	<u>6,272,272</u>	<u>-</u>	<u>-</u>	<u>6,272,272</u>
Total liabilities	7,027,599	-	67,234	7,094,833
DEFERRED INFLOWS OF RESOURCES				
Related to pensions	<u>195,408</u>	<u>-</u>	<u>-</u>	<u>195,408</u>
Total liabilities & deferred inflows	<u>7,223,007</u>	<u>-</u>	<u>67,234</u>	<u>7,290,241</u>
NET POSITION				
Net investment in capital assets	10,339,489	-	-	10,339,489
Restricted for system development	-	113,135	-	113,135
Unrestricted	715,026	-	1,108,707	1,823,733
Total net position	<u>\$ 11,054,515</u>	<u>\$ 113,135</u>	<u>\$ 1,108,707</u>	<u>\$ 12,276,357</u>

CITY OF WARRENTON, OREGON
WATER ENTERPRISE
Combining Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2015

	Operating (025)	System Development (026)	Capital Reserve (029)	Total Water Enterprise
Operating Revenues:				
Charges for services	\$ 2,217,358	\$ -	\$ -	\$ 2,217,358
Other operating revenues	11,419	-	-	11,419
Total operating revenues	<u>2,228,777</u>	<u>-</u>	<u>-</u>	<u>2,228,777</u>
Operating Expenses:				
Payroll and payroll benefits	620,629	-	-	620,629
Contracted services	76,394	-	-	76,394
Utilities and telephone	90,194	-	-	90,194
Repairs and maintenance	376,464	-	-	376,464
Other operating expenses	148,869	-	-	148,869
Overhead cost allocation	103,023	-	-	103,023
Depreciation	726,764	-	-	726,764
Total operating expenses	<u>2,142,337</u>	<u>-</u>	<u>-</u>	<u>2,142,337</u>
Operating income (loss)	<u>86,440</u>	<u>-</u>	<u>-</u>	<u>86,440</u>
Nonoperating Revenues (Expenses):				
Investment earnings	5,593	205	-	5,798
Debt service - interest expense	(231,880)	-	-	(231,880)
Insurance proceeds	-	-	35,000	35,000
Total nonoperating revenues (expenses)	<u>(226,287)</u>	<u>205</u>	<u>35,000</u>	<u>(191,082)</u>
Income (loss) before contributions	(139,847)	205	35,000	(104,642)
Capital contribution	-	86,680	-	86,680
Capital transfers, net	179,365	-	(179,365)	-
Debt transfers, net	80,000	(80,000)	-	-
Transfers within enterprise, net	<u>(427,486)</u>	<u>-</u>	<u>427,486</u>	<u>-</u>
Change in net position	(307,968)	6,885	283,121	(17,962)
Net Position:				
Beginning of year	11,362,483	106,250	825,586	12,294,319
End of year	<u>\$ 11,054,515</u>	<u>\$ 113,135</u>	<u>\$ 1,108,707</u>	<u>\$ 12,276,357</u>

CITY OF WARRENTON, OREGON

WATER ENTERPRISE

Combining Statement of Cash Flows

For the Year Ended June 30, 2015

	Operating (025)	System Development (026)	Capital Reserve (029)	Total Water Enterprise
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 2,205,506	\$ -	\$ -	\$ 2,205,506
Payments to suppliers and contractors	(636,398)	-	-	(636,398)
Payments to employees	(615,422)	-	-	(615,422)
Payments for interfund services	(243,528)	-	-	(243,528)
Net cash provided by (used in) operating activities	<u>710,158</u>	<u>-</u>	<u>-</u>	<u>710,158</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers within enterprise, net	<u>(427,486)</u>	<u>-</u>	<u>427,486</u>	<u>-</u>
Net cash provided by (used in) noncapital financing activities	<u>(427,486)</u>	<u>-</u>	<u>427,486</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital contributions	-	85,580	-	85,580
Acquisition and construction of capital assets	-	-	(96,103)	(96,103)
Principal paid on debt	(410,847)	(80,000)	-	(490,847)
Interest paid on debt	(242,820)	-	-	(242,820)
Net cash used in capital and related financing activities	<u>(653,667)</u>	<u>5,580</u>	<u>(96,103)</u>	<u>(744,190)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and dividends received	<u>5,593</u>	<u>205</u>	<u>-</u>	<u>5,798</u>
Net change in cash and cash equivalents	(365,402)	5,785	331,383	(28,234)
Cash and cash equivalents:				
Beginning of year	<u>961,732</u>	<u>106,250</u>	<u>844,558</u>	<u>1,912,540</u>
End of year	<u>\$ 596,330</u>	<u>\$ 112,035</u>	<u>\$ 1,175,941</u>	<u>\$ 1,884,306</u>

Continued on next page

CITY OF WARRENTON, OREGON
WATER ENTERPRISE
Combining Statement of Cash Flows, Continued
For the Year Ended June 30, 2015

	Operating (025)	System Development (026)	Capital Reserve (029)	Total Water Enterprise
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 86,440	\$ -	\$ -	\$ 86,440
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	726,764	-	-	726,764
Net reduction of expense under GASB 68	(137,142)	-	-	(137,142)
(Increase) decrease in assets:				
Receivables	(23,271)	-	-	(23,271)
Inventory	23,688	-	-	23,688
Prepaid expenses	4,025	-	-	4,025
Increase (decrease) in liabilities:				
Accounts payable and other accrued expenses	27,810	-	-	27,810
Compensated absences	1,844	-	-	1,844
Net cash provided by (used in) operating activities	<u>\$ 710,158</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 710,158</u>

Schedule of noncash transactions:

Insurance proceeds used to purchase capital assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,000</u>	<u>\$ 35,000</u>
Bond proceeds used to pay debt	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Capital assets transferred between funds	<u>\$ 179,365</u>	<u>\$ -</u>	<u>\$ (179,365)</u>	<u>\$ -</u>
Debt principal payments transferred between funds	<u>\$ 80,000</u>	<u>\$ (80,000)</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF WARRENTON, OREGON
SEWER ENTERPRISE
Combining Statement of Net Position
June 30, 2015

	Operating (030)	System Development (036)	Capital Reserve (038)	Storm (028)	Storm System Development (051)	Total Sewer Enterprise
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 798,352	\$ 120,968	\$ 607,607	\$ 192,060	\$ 75,052	\$ 1,794,039
Utility receivables	223,664	-	-	19,215	-	242,879
Accounts receivable	-	-	-	9,807	-	9,807
Inventory, at cost	99,322	-	-	5,514	-	104,836
Prepaid expenses	620	-	-	62	-	682
Total current assets	<u>1,121,958</u>	<u>120,968</u>	<u>607,607</u>	<u>226,658</u>	<u>75,052</u>	<u>2,152,243</u>
Noncurrent assets:						
Restricted cash - loan reserve	52,214	-	-	-	-	52,214
Capital assets:						
Nondepreciable assets	213,084	-	-	18,293	-	231,377
Depreciable assets, net	10,256,316	-	-	586,758	-	10,843,074
Net pension asset	76,241	-	-	10,246	-	86,487
Total noncurrent assets	<u>10,597,855</u>	<u>-</u>	<u>-</u>	<u>615,297</u>	<u>-</u>	<u>11,213,152</u>
Total assets	11,719,813	120,968	607,607	841,955	75,052	13,365,395
DEFERRED OUTFLOWS OF RESOURCES						
Related to pensions	<u>33,628</u>	<u>-</u>	<u>-</u>	<u>4,519</u>	<u>-</u>	<u>38,147</u>
Total assets and deferred outflows of resources	<u>11,753,441</u>	<u>120,968</u>	<u>607,607</u>	<u>846,474</u>	<u>75,052</u>	<u>13,403,542</u>
LIABILITIES						
Current liabilities:						
Accounts payable and other current liabilities	68,068	-	70,572	99,440	-	238,080
Accrued interest payable	13,836	-	-	-	-	13,836
Compensated absences	35,116	-	-	4,878	-	39,994
Loans payable - current	<u>130,650</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>130,650</u>
Total current liabilities	247,670	-	70,572	104,318	-	422,560
Noncurrent liabilities:						
Loans payable	<u>975,505</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>975,505</u>
Total liabilities	1,223,175	-	70,572	104,318	-	1,398,065
DEFERRED INFLOWS OF RESOURCES						
Related to pensions	<u>147,319</u>	<u>-</u>	<u>-</u>	<u>19,799</u>	<u>-</u>	<u>167,118</u>
Total liabilities and deferred inflows of resources	<u>1,370,494</u>	<u>-</u>	<u>70,572</u>	<u>124,117</u>	<u>-</u>	<u>1,565,183</u>
NET POSITION						
Net investment in capital assets	9,363,245	-	-	605,051	-	9,968,296
Restricted for system development	-	120,968	-	-	75,052	196,020
Unrestricted	<u>1,019,702</u>	<u>-</u>	<u>537,035</u>	<u>117,306</u>	<u>-</u>	<u>1,674,043</u>
Total net position	<u>\$ 10,382,947</u>	<u>\$ 120,968</u>	<u>\$ 537,035</u>	<u>\$ 722,357</u>	<u>\$ 75,052</u>	<u>\$ 11,838,359</u>

CITY OF WARRENTON, OREGON
SEWER ENTERPRISE
Combining Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2015

	Operating (030)	System Development (036)	Capital Reserve (038)	Storm (028)	Storm System Development (051)	Total Sewer Enterprise
Operating Revenues:						
Charges for services	\$ 2,023,040	\$ -	\$ -	\$ 173,390	\$ -	\$ 2,196,430
Other operating revenues	4,476	-	-	14,995	-	19,471
Total operating revenues	<u>2,027,516</u>	<u>-</u>	<u>-</u>	<u>188,385</u>	<u>-</u>	<u>2,215,901</u>
Operating Expenses:						
Payroll and payroll benefits	668,699	-	-	78,071	-	746,770
Contracted services	58,539	-	-	63,532	-	122,071
Utilities and telephone	151,768	-	-	6,506	-	158,274
Repairs and maintenance	176,191	-	-	91,768	-	267,959
Other operating expenses	136,170	-	-	5,578	-	141,748
Overhead cost allocation	103,461	-	-	17,944	-	121,405
Depreciation	588,059	-	-	47,906	-	635,965
Total operating expenses	<u>1,882,887</u>	<u>-</u>	<u>-</u>	<u>311,305</u>	<u>-</u>	<u>2,194,192</u>
Operating income (loss)	<u>144,629</u>	<u>-</u>	<u>-</u>	<u>(122,920)</u>	<u>-</u>	<u>21,709</u>
Nonoperating Revenues (Expenses):						
Investment earnings	3,647	407	-	1,280	104	5,438
Debt service - interest expense	(21,490)	(25,680)	-	-	-	(47,170)
Gain/(loss) on disposition of capital assets	(739)	-	-	(300)	-	(1,039)
Total nonoperating revenues (expenses)	<u>(18,582)</u>	<u>(25,273)</u>	<u>-</u>	<u>980</u>	<u>104</u>	<u>(42,771)</u>
Income (loss) before contributions	126,047	(25,273)	-	(121,940)	104	(21,062)
Capital contribution	-	68,765	-	-	42,753	111,518
Capital transfers, net	587,461	-	(587,461)	-	-	-
Debt transfers, net	74,320	(74,320)	-	-	-	-
Transfers within enterprise, net	(555,402)	-	555,402	-	-	-
Change in net position	232,426	(30,828)	(32,059)	(121,940)	42,857	90,456
Net Position:						
Beginning of year	<u>10,150,521</u>	<u>151,796</u>	<u>569,094</u>	<u>844,297</u>	<u>32,195</u>	<u>11,747,903</u>
End of year	<u>\$ 10,382,947</u>	<u>\$ 120,968</u>	<u>\$ 537,035</u>	<u>\$ 722,357</u>	<u>\$ 75,052</u>	<u>\$ 11,838,359</u>

CITY OF WARRENTON, OREGON
SEWER ENTERPRISE
Combining Statement of Cash Flows
For the Year Ended June 30, 2015

	Operating (030)	System Development (036)	Capital Reserve (038)	Storm (028)	Storm System Development (051)	Total Sewer Enterprise
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	\$ 2,032,792	\$ -	\$ -	\$ 178,080	\$ -	\$ 2,210,872
Payments to suppliers and contractors	(486,512)	-	-	(89,484)	-	(575,996)
Payments to employees	(620,871)	-	-	(67,229)	-	(688,100)
Payments for interfund services	(244,564)	-	-	(42,416)	-	(286,980)
Net cash provided by (used in) operating activities	680,845	-	-	(21,049)	-	659,796
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers within enterprise, net	(555,402)	-	555,402	-	-	-
Net cash provided by (used in) noncapital financing activities	(555,402)	-	555,402	-	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Capital contributions	-	68,765	-	-	42,753	111,518
Acquisition and construction of capital assets	-	-	(533,852)	(89,177)	-	(623,029)
Principal paid on debt	(52,767)	(74,320)	-	-	-	(127,087)
Interest paid on debt	(23,463)	(25,680)	-	-	-	(49,143)
Net cash used in capital and related financing activities	(76,230)	(31,235)	(533,852)	(89,177)	42,753	(687,741)
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest and dividends received	3,647	407	-	1,280	104	5,438
Net change in cash and cash equivalents	52,860	(30,828)	21,550	(108,946)	42,857	(22,507)
Cash and cash equivalents:						
Beginning of year	797,706	151,796	586,057	301,006	32,195	1,868,760
End of year	\$ 850,566	\$ 120,968	\$ 607,607	\$ 192,060	\$ 75,052	\$ 1,846,253

Cash and cash equivalents are reported on the Statement of Net Position as follows:

Cash and cash equivalents	\$ 798,352	\$ 120,968	\$ 607,607	\$ 192,060	\$ 75,052	\$ 1,794,039
Restricted cash - loan reserve	52,214	-	-	-	-	52,214
	\$ 850,566	\$ 120,968	\$ 607,607	\$ 192,060	\$ 75,052	\$ 1,846,253

Continued on next page

CITY OF WARRENTON, OREGON
SEWER ENTERPRISE
Combining Statement of Cash Flows, Continued
For the Year Ended June 30, 2015

	Operating (030)	System Development (036)	Capital Reserve (038)	Storm (028)	Storm System Development (051)	Total Sewer Enterprise
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:						
Operating income (loss)	\$ 144,629	\$ -	\$ -	\$ (122,920)	\$ -	\$ 21,709
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation	588,059	-	-	47,906	-	635,965
Net reduction of expense under GASB 68	(103,392)	-	-	(13,894)	-	(117,286)
(Increase) decrease in assets:						
Receivables	5,276	-	-	(10,305)	-	(5,029)
Inventory	(3,816)	-	-	591	-	(3,225)
Prepaid expenses	(11)	-	-	(1)	-	(12)
Increase (decrease) in liabilities:						
Accounts payable and other accrued expenses	39,983	-	-	77,310	-	117,293
Compensated absences	10,117	-	-	264	-	10,381
Net cash provided by (used in) operating activities	\$ 680,845	\$ -	\$ -	\$ (21,049)	\$ -	\$ 659,796
 Schedule of noncash transactions:						
Capital assets transferred between funds	\$ 587,461	\$ -	\$ (587,461)	\$ -	\$ -	\$ -
Debt principal payments transferred between funds	\$ 74,320	\$ (74,320)	\$ -	\$ -	\$ -	\$ -

CITY OF WARRENTON, OREGON
SANITATION ENTERPRISE
Combining Statement of Net Position
June 30, 2015

	Operating (032)	Capital Reserve (034)	Total Sanitation Enterprise
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 261,707	\$ 508,384	\$ 770,091
Utility receivables	102,554	-	102,554
Inventory, at cost	17,787	-	17,787
Prepaid expenses	347	-	347
Total current assets	<u>382,395</u>	<u>508,384</u>	<u>890,779</u>
Noncurrent assets:			
Capital assets:			
Nondepreciable assets	29,669	-	29,669
Depreciable assets, net	291,142	-	291,142
Net pension asset	25,110	-	25,110
Total noncurrent assets	<u>345,921</u>	<u>-</u>	<u>345,921</u>
Total assets	728,316	508,384	1,236,700
DEFERRED OUTFLOWS OF RESOURCES			
Related to pensions	<u>11,076</u>	<u>-</u>	<u>11,076</u>
Total assets & deferred outflows	<u>739,392</u>	<u>508,384</u>	<u>1,247,776</u>
LIABILITIES			
Current liabilities:			
Accounts payable and other current liabilities	51,773	-	51,773
Compensated absences	6,571	-	6,571
Landfill postclosure care - current	11,650	-	11,650
Total current liabilities	69,994	-	69,994
Noncurrent liabilities:			
Landfill postclosure care liability	<u>302,667</u>	<u>-</u>	<u>302,667</u>
Total liabilities	372,661	-	372,661
DEFERRED INFLOWS OF RESOURCES			
Related to pensions	<u>48,520</u>	<u>-</u>	<u>48,520</u>
Total liabilities & deferred inflows	<u>421,181</u>	<u>-</u>	<u>421,181</u>
NET POSITION			
Net investment in capital assets	320,811	-	320,811
Unrestricted	(2,600)	508,384	505,784
Total net position	<u>\$ 318,211</u>	<u>\$ 508,384</u>	<u>\$ 826,595</u>

CITY OF WARRENTON, OREGON

SANITATION ENTERPRISE

Combining Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2015

	Operating (032)	Capital Reserve (034)	Total Sanitation Enterprise
Operating Revenues:			
Charges for services	\$ 997,444	\$ -	\$ 997,444
Other operating revenues	2,545	-	2,545
Total operating revenues	<u>999,989</u>	<u>-</u>	<u>999,989</u>
Operating Expenses:			
Payroll and payroll benefits	179,592	-	179,592
Contracted services	532,475	-	532,475
Utilities and telephone	5,395	-	5,395
Repairs and maintenance	52,231	-	52,231
Other operating expenses	97,091	-	97,091
Overhead cost allocation	31,868	-	31,868
Depreciation	65,591	-	65,591
Total operating expenses	<u>964,243</u>	<u>-</u>	<u>964,243</u>
Operating income (loss)	35,746	-	35,746
Nonoperating Revenues (Expenses):			
Investment earnings	<u>1,823</u>	<u>-</u>	<u>1,823</u>
Income (loss) before contributions	37,569	-	37,569
Capital transfers, net	4,550	(4,550)	-
Transfers within enterprise, net	(97,739)	97,739	-
Change in estimate	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	(55,620)	93,189	37,569
Net Position:			
Beginning of year	<u>373,831</u>	<u>415,195</u>	<u>789,026</u>
End of year	<u>\$ 318,211</u>	<u>\$ 508,384</u>	<u>\$ 826,595</u>

CITY OF WARRENTON, OREGON
SANITATION ENTERPRISE
Combining Statement of Cash Flows
For the Year Ended June 30, 2015

	Operating (032)	Capital Reserve (034)	Total Sanitation Enterprise
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 998,644	\$ -	\$ 998,644
Payments to suppliers and contractors	(669,930)	-	(669,930)
Payments to employees	(169,483)	-	(169,483)
Payments for interfund services	(75,330)	-	(75,330)
Net cash provided by (used in) operating activities	<u>83,901</u>	<u>-</u>	<u>83,901</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers within enterprise, net	<u>(97,739)</u>	<u>97,739</u>	<u>-</u>
Net cash provided by (used in) noncapital financing activities	<u>(97,739)</u>	<u>97,739</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	<u>-</u>	<u>(4,550)</u>	<u>(4,550)</u>
Net cash used in capital and related financing activities	<u>-</u>	<u>(4,550)</u>	<u>(4,550)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends received	<u>1,823</u>	<u>-</u>	<u>1,823</u>
Net change in cash and cash equivalents	(12,015)	93,189	81,174
Cash and cash equivalents:			
Beginning of year	<u>273,722</u>	<u>415,195</u>	<u>688,917</u>
End of year	<u>\$ 261,707</u>	<u>\$ 508,384</u>	<u>\$ 770,091</u>

Continued on next page

CITY OF WARRENTON, OREGON
SANITATION ENTERPRISE
Combining Statement of Cash Flows, Continued
For the Year Ended June 30, 2015

	Operating (032)	Capital Reserve (034)	Total Sanitation Enterprise
	<u> </u>	<u> </u>	<u> </u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ 35,746	\$ -	\$ 35,746
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	65,591	-	65,591
Net reduction of expense under GASB 68	(34,052)	-	(34,052)
(Increase) decrease in assets:			
Receivables	(1,345)	-	(1,345)
Inventory	8,720	-	8,720
Prepaid expenses	(6)	-	(6)
Increase (decrease) in liabilities:			
Accounts payable and other accrued expenses	(19,011)	-	(19,011)
Compensated absences	699	-	699
Landfill postclosure care liability	<u>27,559</u>	<u>-</u>	<u>27,559</u>
Net cash provided by (used in) operating activities	<u>\$ 83,901</u>	<u>\$ -</u>	<u>\$ 83,901</u>
 Schedule of noncash transactions:			
Capital assets transferred between funds	<u>\$ 4,550</u>	<u>\$ (4,550)</u>	<u>\$ -</u>

CITY OF WARRENTON, OREGON
NONMAJOR ENTERPRISE FUNDS
Combining Statement of Net Position
June 30, 2015

	Warrenton Marina (010)	Warrenton Marina Capital Reservie (012)	Hammond Marina (011)	Hammond Marina Capital Reserve (013)	Total Nonmajor Enterprise Funds
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 93,783	\$ 144,477	\$ 166,482	\$ 334,687	\$ 739,429
Accounts receivable	26,353	-	1,931	-	28,284
Intergovernmental receivables	-	-	-	31,989	31,989
Grants receivable	-	-	9,375	-	9,375
Total current assets	<u>120,136</u>	<u>144,477</u>	<u>177,788</u>	<u>366,676</u>	<u>809,077</u>
Noncurrent assets:					
Capital assets:					
Nondepreciable assets	36,953	-	67,245	-	104,198
Depreciable assets, net	461,944	-	748,588	-	1,210,532
Net pension asset	<u>31,729</u>	<u>-</u>	<u>19,874</u>	<u>-</u>	<u>51,603</u>
Total noncurrent assets	<u>530,626</u>	<u>-</u>	<u>835,707</u>	<u>-</u>	<u>1,366,333</u>
Total assets	650,762	144,477	1,013,495	366,676	2,175,410
DEFERRED OUTFLOWS OF RESOURCES					
Related to pensions	<u>13,995</u>	<u>-</u>	<u>8,766</u>	<u>-</u>	<u>22,761</u>
Total assets & deferred outflows	<u>664,757</u>	<u>144,477</u>	<u>1,022,261</u>	<u>366,676</u>	<u>2,198,171</u>
LIABILITIES					
Current liabilities:					
Accounts payable and other current liabilities	15,035	-	13,211	931	29,177
Compensated absences	15,132	-	7,021	-	22,153
Unearned revenue	<u>389</u>	<u>-</u>	<u>2,498</u>	<u>-</u>	<u>2,887</u>
Total liabilities	30,556	-	22,730	931	54,217
DEFERRED INFLOWS OF RESOURCES					
Related to pensions	<u>61,310</u>	<u>-</u>	<u>38,402</u>	<u>-</u>	<u>99,712</u>
Total liabilities & deferred inflows	<u>91,866</u>	<u>-</u>	<u>61,132</u>	<u>931</u>	<u>153,929</u>
NET POSITION					
Net investment in capital assets	498,897	-	815,833	-	1,314,730
Unrestricted	<u>73,994</u>	<u>144,477</u>	<u>145,296</u>	<u>365,745</u>	<u>729,512</u>
Total net position	<u>\$ 572,891</u>	<u>\$ 144,477</u>	<u>\$ 961,129</u>	<u>\$ 365,745</u>	<u>\$ 2,044,242</u>

CITY OF WARRENTON, OREGON
NONMAJOR ENTERPRISE FUNDS
Combining Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2015

	Warrenton Marina (010)	Warrenton Marina Capital Reservie (012)	Hammond Marina (011)	Hammond Marina Capital Reserve (013)	Total Nonmajor Enterprise Funds
Operating Revenues:					
Charges for services	\$ 450,181	\$ -	\$ 235,063	\$ -	\$ 685,244
Lease receipts	27,614	-	12,981	-	40,595
Other operating revenues	7,827	-	5,709	-	13,536
Total operating revenues	<u>485,622</u>	<u>-</u>	<u>253,753</u>	<u>-</u>	<u>739,375</u>
Operating Expenses:					
Payroll and payroll benefits	219,163	-	99,017	-	318,180
Contracted services	3,931	-	7,908	-	11,839
Utilities and telephone	86,567	-	41,599	-	128,166
Repairs and maintenance	28,066	-	15,081	-	43,147
Other operating expenses	22,111	-	24,463	-	46,574
Overhead cost allocation	21,599	-	10,014	-	31,613
Depreciation	57,095	-	55,601	-	112,696
Total operating expenses	<u>438,532</u>	<u>-</u>	<u>253,683</u>	<u>-</u>	<u>692,215</u>
Operating income (loss)	<u>47,090</u>	<u>-</u>	<u>70</u>	<u>-</u>	<u>47,160</u>
Nonoperating Revenues (Expenses):					
Investment earnings	3,200	-	1,498	-	4,698
Taxes	-	-	-	121,673	121,673
Intergovernmental	3,225	-	10,975	-	14,200
Gain/(loss) on disposition of capital assets	-	-	(28,447)	-	(28,447)
Total nonoperating revenues (expenses)	<u>6,425</u>	<u>-</u>	<u>(15,974)</u>	<u>121,673</u>	<u>112,124</u>
Income (loss) before contributions	53,515	-	(15,904)	121,673	159,284
Capital transfers, net	-	-	64,310	(64,310)	-
Change in net position	53,515	-	48,406	57,363	159,284
Net Position:					
Beginning of year	<u>519,376</u>	<u>144,477</u>	<u>912,723</u>	<u>308,382</u>	<u>1,884,958</u>
End of year	<u>\$ 572,891</u>	<u>\$ 144,477</u>	<u>\$ 961,129</u>	<u>\$ 365,745</u>	<u>\$ 2,044,242</u>

CITY OF WARRENTON, OREGON
NONMAJOR ENTERPRISE FUNDS
Combining Statement of Cash Flows
For the Year Ended June 30, 2015

	Warrenton Warrenton Marina (010)	Warrenton Marina Capital Reservie (012)	Hammond Marina (011)	Hammond Marina Capital Reserve (013)	Total Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$ 403,212	\$ -	\$ 214,209	\$ -	\$ 617,421
Payments to suppliers and contractors	(138,661)	-	(84,524)	-	(223,185)
Payments to employees	(231,744)	-	(114,053)	-	(345,797)
Payments for interfund services	(51,056)	-	(23,671)	-	(74,727)
Net cash provided by (used in) operating activities	<u>(18,249)</u>	<u>-</u>	<u>(8,039)</u>	<u>-</u>	<u>(26,288)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Intergovernmental operating grants received	3,225	-	1,600	-	4,825
Taxes collected	<u>-</u>	<u>-</u>	<u>-</u>	<u>117,266</u>	<u>117,266</u>
Net cash provided by (used in) noncapital financing activities	<u>3,225</u>	<u>-</u>	<u>1,600</u>	<u>117,266</u>	<u>122,091</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>(63,379)</u>	<u>(63,379)</u>
Net cash used in capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(63,379)</u>	<u>(63,379)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest and dividends received	<u>3,200</u>	<u>-</u>	<u>1,498</u>	<u>-</u>	<u>4,698</u>
Net change in cash and cash equivalents	(11,824)	-	(4,941)	53,887	37,122
Cash and cash equivalents:					
Beginning of year	<u>105,607</u>	<u>144,477</u>	<u>171,423</u>	<u>280,800</u>	<u>702,307</u>
End of year	<u>\$ 93,783</u>	<u>\$ 144,477</u>	<u>\$ 166,482</u>	<u>\$ 334,687</u>	<u>\$ 739,429</u>

Continued on next page

CITY OF WARRENTON, OREGON
NONMAJOR ENTERPRISE FUNDS
Combining Statement of Cash Flows, Continued
For the Year Ended June 30, 2015

	Warrenton Marina (010)	Warrenton Marina Capital Reservie (012)	Hammond Marina (011)	Hammond Marina Capital Reserve (013)	Total Nonmajor Enterprise Funds
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ 47,090	\$ -	\$ 70	\$ -	\$ 47,160
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	57,095	-	55,601	-	112,696
Net reduction of expense under GASB 68	(43,028)	-	(26,952)	-	(69,980)
(Increase) decrease in assets:					
Receivables	(11,518)	-	790	-	(10,728)
Increase (decrease) in liabilities:					
Accounts payable and other accrued expenses	2,014	-	4,527	-	6,541
Compensated absences	990	-	(1,741)	-	(751)
Unearned revenue	(70,892)	-	(40,334)	-	(111,226)
Net cash provided by (used in) operating activities	<u>\$ (18,249)</u>	<u>\$ -</u>	<u>\$ (8,039)</u>	<u>\$ -</u>	<u>\$ (26,288)</u>

Schedule of noncash transactions:

Capital assets transferred between funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 64,310</u>	<u>\$ (64,310)</u>	<u>\$ -</u>
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CITY OF WARRENTON, OREGON

WATER FUND

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Charges for services	\$ 2,203,550	\$ 2,203,550	\$ 2,217,358	\$ 13,808
Investment earnings	8,700	8,700	5,593	(3,107)
Other revenue	<u>1,000</u>	<u>1,000</u>	<u>11,419</u>	<u>10,419</u>
Total revenues	<u>2,213,250</u>	<u>2,213,250</u>	<u>2,234,370</u>	<u>21,120</u>
Expenditures:				
Personal services	803,243	803,243	755,927	47,316
Materials and services	1,032,416	1,032,416	794,944	237,472
Debt service	653,669	653,669	653,667	2
Contingency	<u>498,461</u>	<u>498,461</u>	<u>-</u>	<u>498,461</u>
Total expenditures	<u>2,987,789</u>	<u>2,987,789</u>	<u>2,204,538</u>	<u>783,251</u>
Excess (deficiency) of revenues over (under) expenditures	(774,539)	(774,539)	29,832	804,371
Other financing sources (uses):				
Transfers out	<u>(427,486)</u>	<u>(427,486)</u>	<u>(427,486)</u>	<u>-</u>
Net change in fund balance	(1,202,025)	(1,202,025)	(397,654)	804,371
Fund Balance:				
Beginning of year	<u>1,205,000</u>	<u>1,205,000</u>	<u>1,329,838</u>	<u>124,838</u>
End of year	<u>\$ 2,975</u>	<u>\$ 2,975</u>	932,184	<u>\$ 929,209</u>
Reconciliation to GAAP Basis:				
Capital assets			17,118,824	
Net pension asset			101,128	
Deferred outflows of resources related to pensions			44,606	
Accrued interest payable			(130,052)	
Compensated absences			(37,432)	
Loans payable			(6,779,335)	
Deferred inflows of resources related to pensions			<u>(195,408)</u>	
GAAP Net Position - end of year			<u>\$ 11,054,515</u>	

CITY OF WARRENTON, OREGON

WATER SYSTEMS DEVELOPMENT

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Investment earnings	\$ 185	\$ 185	\$ 205	\$ 20
System development charges	<u>30,000</u>	<u>30,000</u>	<u>86,680</u>	<u>56,680</u>
Total revenues	<u>30,185</u>	<u>30,185</u>	<u>86,885</u>	<u>56,700</u>
Expenditures:				
Capital outlay	32,676	32,676	-	32,676
Debt service	<u>80,000</u>	<u>80,000</u>	<u>80,000</u>	<u>-</u>
Total expenditures	<u>112,676</u>	<u>112,676</u>	<u>80,000</u>	<u>32,676</u>
Net change in fund balance	(82,491)	(82,491)	6,885	89,376
Fund Balance:				
Beginning of year	<u>82,491</u>	<u>82,491</u>	<u>106,250</u>	<u>23,759</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 113,135</u>	<u>\$ 113,135</u>

CITY OF WARRENTON, OREGON

WATER CAPITAL RESERVE FUND

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Expenditures:				
Capital outlay	\$ 186,700	\$ 186,700	\$ 144,365	\$ 42,335
Other financing sources (uses):				
Transfers in	<u>427,486</u>	<u>427,486</u>	<u>427,486</u>	<u>-</u>
Net change in fund balance	240,786	240,786	283,121	42,335
Fund Balance:				
Beginning of year	<u>825,000</u>	<u>825,000</u>	<u>825,586</u>	<u>586</u>
End of year	<u>\$ 1,065,786</u>	<u>\$ 1,065,786</u>	<u>\$ 1,108,707</u>	<u>\$ 42,921</u>

CITY OF WARRENTON, OREGON

SEWER FUND

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Charges for services	\$ 1,834,115	\$ 1,834,115	\$ 2,023,040	\$ 188,925
Investment earnings	3,000	3,000	3,647	647
Other revenue	<u>-</u>	<u>-</u>	<u>4,476</u>	<u>4,476</u>
Total revenues	<u>1,837,115</u>	<u>1,837,115</u>	<u>2,031,163</u>	<u>194,048</u>
Expenditures:				
Personal services	776,314	776,314	761,974	14,340
Materials and services	866,968	866,968	626,129	240,839
Debt service	76,230	76,230	76,230	-
Contingency	<u>396,714</u>	<u>396,714</u>	<u>-</u>	<u>396,714</u>
Total expenditures	<u>2,116,226</u>	<u>2,116,226</u>	<u>1,464,333</u>	<u>651,893</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(279,111)</u>	<u>(279,111)</u>	<u>566,830</u>	<u>845,941</u>
Other financing sources (uses):				
Transfers out	(2,475,706)	(2,475,706)	(555,402)	1,920,304
Loan proceeds	<u>1,920,304</u>	<u>1,920,304</u>	<u>-</u>	<u>(1,920,304)</u>
Total other financing sources (uses)	<u>(555,402)</u>	<u>(555,402)</u>	<u>(555,402)</u>	<u>-</u>
Net change in fund balance	(834,513)	(834,513)	11,428	845,941
Fund Balance:				
Beginning of year	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,094,676</u>	<u>94,676</u>
End of year	<u>\$ 165,487</u>	<u>\$ 165,487</u>	1,106,104	<u>\$ 940,617</u>
Reconciliation to GAAP Basis:				
Capital assets			10,469,400	
Net pension asset			76,241	
Deferred outflows of resources related to pensions			33,628	
Accrued interest payable			(13,836)	
Compensated absences			(35,116)	
Loans payable			(1,106,155)	
Deferred inflows of resources related to pensions			<u>(147,319)</u>	
GAAP Net Position - end of year			<u>\$ 10,382,947</u>	

CITY OF WARRENTON, OREGON
SEWER SYSTEMS DEVELOPMENT FUND
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Investment earnings	\$ 565	\$ 565	\$ 407	\$ (158)
System development charges	<u>24,000</u>	<u>24,000</u>	<u>68,765</u>	<u>44,765</u>
Total revenues	<u>24,565</u>	<u>24,565</u>	<u>69,172</u>	<u>44,607</u>
Expenditures:				
Capital outlay	57,837	57,837	-	57,837
Debt service	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Total expenditures	<u>157,837</u>	<u>157,837</u>	<u>100,000</u>	<u>57,837</u>
Net change in fund balance	(133,272)	(133,272)	(30,828)	102,444
Fund Balance:				
Beginning of year	<u>133,272</u>	<u>133,272</u>	<u>151,796</u>	<u>18,524</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 120,968</u>	<u>\$ 120,968</u>

CITY OF WARRENTON, OREGON

SEWER FUND CAPITAL RESERVE

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Expenditures:				
Capital outlay	\$ 2,672,954	\$ 2,672,954	\$ 587,461	\$ 2,085,493
Other financing sources (uses):				
Transfers in	<u>2,475,706</u>	<u>2,475,706</u>	<u>555,402</u>	<u>(1,920,304)</u>
Net change in fund balance	(197,248)	(197,248)	(32,059)	165,189
Fund Balance:				
Beginning of year	<u>450,000</u>	<u>450,000</u>	<u>569,094</u>	<u>119,094</u>
End of year	<u>\$ 252,752</u>	<u>\$ 252,752</u>	<u>\$ 537,035</u>	<u>\$ 284,283</u>

CITY OF WARRENTON, OREGON

STORM SEWER FUND

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Charges for services	\$ 165,763	\$ 165,763	\$ 173,390	\$ 7,627
Investment earnings	1,500	1,500	1,280	(220)
Other revenue	<u>-</u>	<u>-</u>	<u>14,995</u>	<u>14,995</u>
Total revenues	<u>167,263</u>	<u>167,263</u>	<u>189,665</u>	<u>22,402</u>
Expenditures:				
Personal services	98,690	98,690	91,701	6,989
Materials and services	193,901	212,691	185,331	27,360
Capital outlay	116,050	130,730	89,174	41,556
Contingency	<u>58,622</u>	<u>25,152</u>	<u>-</u>	<u>25,152</u>
Total expenditures	<u>467,263</u>	<u>467,263</u>	<u>366,206</u>	<u>101,057</u>
Net change in fund balance	(300,000)	(300,000)	(176,541)	123,459
Fund Balance:				
Beginning of year	<u>300,000</u>	<u>300,000</u>	<u>303,759</u>	<u>3,759</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>127,218</u>	<u>\$ 127,218</u>
Reconciliation to GAAP Basis:				
Capital assets			605,051	
Net pension asset			10,246	
Deferred outflows of resources related to pensions			4,519	
Compensated absences			(4,878)	
Deferred inflows of resources related to pensions			<u>(19,799)</u>	
GAAP Net Position - end of year			<u>\$ 722,357</u>	

CITY OF WARRENTON, OREGON
STORM SEWER SYSTEM DEVELOPMENT CHARGES
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Investment earnings	\$ 100	\$ 100	\$ 104	\$ 4
System development charges	<u>6,000</u>	<u>6,000</u>	<u>42,753</u>	<u>36,753</u>
Total revenues	6,100	6,100	42,857	36,757
Expenditures:				
Capital outlay	<u>36,681</u>	<u>36,681</u>	-	<u>36,681</u>
Net change in fund balance	(30,581)	(30,581)	42,857	73,438
Fund Balance:				
Beginning of year	<u>30,581</u>	<u>30,581</u>	<u>32,195</u>	<u>1,614</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 75,052</u>	<u>\$ 75,052</u>

CITY OF WARRENTON, OREGON

SANITATION FUND

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Charges for services	\$ 965,000	\$ 965,000	\$ 997,444	\$ 32,444
Investment earnings	1,700	1,700	1,823	123
Other revenue	<u>-</u>	<u>-</u>	<u>2,545</u>	<u>2,545</u>
Total revenues	<u>966,700</u>	<u>966,700</u>	<u>1,001,812</u>	<u>35,112</u>
Expenditures:				
Personal services	223,912	223,912	212,945	10,967
Materials and services	774,307	774,307	691,501	82,806
Contingency	<u>199,826</u>	<u>199,826</u>	<u>-</u>	<u>199,826</u>
Total expenditures	<u>1,198,045</u>	<u>1,198,045</u>	<u>904,446</u>	<u>293,599</u>
Excess (deficiency) of revenues over (under) expenditures	(231,345)	(231,345)	97,366	328,711
Other financing sources (uses):				
Transfers out	<u>(97,739)</u>	<u>(97,739)</u>	<u>(97,739)</u>	<u>-</u>
Net change in fund balance	(329,084)	(329,084)	(373)	328,711
Fund Balance:				
Beginning of year	<u>330,000</u>	<u>330,000</u>	<u>330,995</u>	<u>995</u>
End of year	<u>\$ 916</u>	<u>\$ 916</u>	330,622	<u>\$ 329,706</u>
Reconciliation to GAAP Basis:				
Capital assets			320,811	
Net pension asset			25,110	
Deferred outflows of resources related to pensions			11,076	
Compensated absences			(6,571)	
Landfill postclosure care liability			(314,317)	
Deferred inflows of resources related to pensions			<u>(48,520)</u>	
GAAP Net Position - end of year			<u>\$ 318,211</u>	

CITY OF WARRENTON, OREGON
SANITATION FUND CAPITAL RESERVE
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Expenditures:				
Capital outlay	\$ 4,550	\$ 4,550	\$ 4,550	\$ -
Other financing sources (uses):				
Transfers in	<u>97,739</u>	<u>97,739</u>	<u>97,739</u>	<u>-</u>
Net change in fund balance	93,189	93,189	93,189	-
Fund Balance:				
Beginning of year	<u>415,000</u>	<u>415,000</u>	<u>415,195</u>	<u>195</u>
End of year	<u>\$ 508,189</u>	<u>\$ 508,189</u>	<u>\$ 508,384</u>	<u>\$ 195</u>

CITY OF WARRENTON, OREGON

WARRENTON MARINA FUND

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Intergovernmental	\$ 2,375	\$ 2,375	\$ 3,225	\$ 850
Charges for services	372,000	372,000	411,580	39,580
Lease receipts	31,277	31,277	27,614	(3,663)
Investment earnings	4,000	4,000	3,200	(800)
Other revenue	<u>-</u>	<u>-</u>	<u>7,827</u>	<u>7,827</u>
Total revenues	<u>409,652</u>	<u>409,652</u>	<u>453,446</u>	<u>43,794</u>
Expenditures:				
Personal services	267,076	268,076	261,201	6,875
Materials and services	193,461	192,461	162,275	30,186
Contingency	<u>92,232</u>	<u>92,232</u>	<u>-</u>	<u>92,232</u>
Total expenditures	<u>552,769</u>	<u>552,769</u>	<u>423,476</u>	<u>129,293</u>
Excess (deficiency) of revenues over (under) expenditures	(143,117)	(143,117)	29,970	173,087
Other financing sources (uses):				
Transfers out	<u>(26,259)</u>	<u>(26,259)</u>	<u>-</u>	<u>26,259</u>
Net change in fund balance	(169,376)	(169,376)	29,970	199,346
Fund Balance:				
Beginning of year	<u>170,000</u>	<u>170,000</u>	<u>74,742</u>	<u>(95,258)</u>
End of year	<u>\$ 624</u>	<u>\$ 624</u>	104,712	<u>\$ 104,088</u>
Reconciliation to GAAP Basis:				
Capital assets			498,897	
Net pension asset			31,729	
Deferred outflows of resources related to pensions			13,995	
Compensated absences			(15,132)	
Deferred inflows of resources related to pensions			<u>(61,310)</u>	
GAAP Net Position - end of year			<u>\$ 572,891</u>	

CITY OF WARRENTON, OREGON
WARRENTON MARINA CAPITAL RESERVE FUND
 Schedule of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual (Budgetary Basis)
 For the Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Expenditures:				
Capital outlay	\$ 170,736	\$ 170,736	\$ -	\$ 170,736
Other financing sources (uses):				
Transfers in	<u>26,259</u>	<u>26,259</u>	<u>-</u>	<u>(26,259)</u>
Net change in fund balance	(144,477)	(144,477)	-	144,477
Fund Balance:				
Beginning of year	<u>144,477</u>	<u>144,477</u>	<u>144,477</u>	<u>-</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 144,477</u>	<u>\$ 144,477</u>

CITY OF WARRENTON, OREGON

HAMMOND MARINA FUND

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Intergovernmental	\$ 24,100	\$ 24,100	\$ 10,975	\$ (13,125)
Charges for services	182,000	182,000	232,363	50,363
Lease receipts	12,901	12,901	12,981	80
Investment earnings	2,200	2,200	1,498	(702)
Other revenue	<u>-</u>	<u>-</u>	<u>5,709</u>	<u>5,709</u>
Total revenues	<u>221,201</u>	<u>221,201</u>	<u>263,526</u>	<u>42,325</u>
Expenditures:				
Personal services	125,424	130,424	127,710	2,714
Materials and services	136,186	131,186	99,065	32,121
Contingency	<u>40,261</u>	<u>40,261</u>	<u>-</u>	<u>40,261</u>
Total expenditures	<u>301,871</u>	<u>301,871</u>	<u>226,775</u>	<u>75,096</u>
Excess (deficiency) of revenues over (under) expenditures	(80,670)	(80,670)	36,751	117,421
Other financing sources (uses):				
Transfers out	<u>(104,040)</u>	<u>(104,040)</u>	<u>-</u>	<u>104,040</u>
Net change in fund balance	(184,710)	(184,710)	36,751	221,461
Fund Balance:				
Beginning of year	<u>185,000</u>	<u>185,000</u>	<u>125,328</u>	<u>(59,672)</u>
End of year	<u>\$ 290</u>	<u>\$ 290</u>	<u>162,079</u>	<u>\$ 161,789</u>
Reconciliation to GAAP Basis:				
Capital assets			815,833	
Net pension asset			19,874	
Deferred outflows of resources related to pensions			8,766	
Compensated absences			(7,021)	
Deferred inflows of resources related to pensions			<u>(38,402)</u>	
GAAP Net Position - end of year			<u>\$ 961,129</u>	

CITY OF WARRENTON, OREGON
HAMMOND MARINA CAPITAL RESERVE FUND
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Taxes	\$ 103,000	\$ 103,000	\$ 121,673	\$ 18,673
Expenditures:				
Capital outlay	<u>470,543</u>	<u>470,543</u>	<u>64,310</u>	<u>406,233</u>
Excess (deficiency) of revenues over (under) expenditures	(367,543)	(367,543)	57,363	424,906
Other financing sources (uses):				
Transfers in	<u>104,040</u>	<u>104,040</u>	<u>-</u>	<u>(104,040)</u>
Net change in fund balance	(263,503)	(263,503)	57,363	320,866
Fund Balance:				
Beginning of year	<u>263,503</u>	<u>263,503</u>	<u>308,382</u>	<u>44,879</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 365,745</u>	<u>\$ 365,745</u>

COMPLIANCE SECTION



COMMENTS AND DISCLOSURES OF INDEPENDENT AUDITORS REQUIRED BY STATE STATUTE

Honorable Mayor and City Commission
City of Warrenton, Oregon

An Independently Owned Member
McGLADREY ALLIANCE



We have audited the basic financial statements of the City of Warrenton, Oregon (City) as of and for the year ended June 30, 2015, and have issued our report thereon dated January 29, 2016. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants including provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 to 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on 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:

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

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

OAR 162-10-0230 Internal Control

In planning and performing our audit, we considered the City'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 City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting

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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

This report is intended for the information of the City Commission and the Secretary of State Division of Audits of the State of Oregon. However, this report is a matter of public record and is not intended to be and should not be used by anyone other than these parties.

ISLER CPA

by:



Paul Nielson, CPA, a member of the firm

Eugene, Oregon

January 29, 2016