

“Making a difference through excellence of service”



CITY OF WARRENTON

FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION

FOR THE YEAR ENDED JUNE 30, 2016

WITH

INDEPENDENT AUDITOR'S REPORT

CITY OF WARRENTON, OREGON
FINANCIAL STATEMENTS AND SUPPLEMENTAL
INFORMATION
FOR THE YEAR ENDED JUNE 30, 2016
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INDEPENDENT AUDITOR'S REPORT

CITY OF WARRENTON, OREGON
 Financial Statements and Supplemental Information
 For the Year Ended June 30, 2016

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CITY OF WARRENTON

INTRODUCTORY SECTION

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CITY OF WARRENTON

CITY OF WARRENTON, OREGON

List of Elected and Appointed Officials

June 30, 2016

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 Pro Tem	Linda Engbretson
City Recorder	Linda Engbretson
City Attorney	Harold Snow

Mailing Address

PO Box 250
Warrenton, Oregon 97146

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CITY OF WARRENTON

FINANCIAL SECTION

"Making a difference through excellence of service"



CITY OF WARRENTON



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, 2016, 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, 2016, 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.

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 are 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 December 21, 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
December 21, 2016

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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, 2016. 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, 2016 were \$53,672,841.
- The City's total liabilities and deferred inflows at June 30, 2016 were \$18,752,193.
- The net position of the City at June 30, 2016 was \$34,920,648. Of this amount, \$1,377,739 represents unrestricted net position, which may be used to meet the government's ongoing obligations to citizens and creditors.
- At June 30, 2016, the City's governmental funds reported combined ending fund balances of \$6,254,941.
- At the end of the fiscal year, the City's total combined governmental funds had a restricted fund balance of \$3,751,381, a committed fund balance of \$154,686, an assigned fund balance of \$270,224, and an unassigned fund balance of \$1,269,406.
- The General Fund's unassigned fund balance is \$1,269,406 at the end of the current fiscal year, or 33.2% 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 outflows/inflows 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 the 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 (nonmajor 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 and supplemental information 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 nonmajor funds.

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, 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 and deferred outflows exceeded liabilities and deferred inflows by \$34,920,648 at the close of the most recent fiscal year.

By far, the largest portion of the City's net position, 84.2%, 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, 11.9%, represents resources that are subject to external restrictions on how they may be used. The remaining portion represents 3.9% 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 activities category, unrestricted, is reported as negative \$3,548,849. The negative balance in unrestricted net position is a result of the City issuing general obligation bonded debt for the Wastewater Treatment Facility (an asset in the Sewer Enterprise). The debt reduces unrestricted net position in the governmental activities column by \$4,948,360 while the related capital asset increases net investment in capital assets for business-type activities. 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	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 6,987,072	\$ 6,536,334	\$ 7,368,224	\$ 6,470,681	\$ 14,355,296	\$ 13,007,015
Capital assets, net	9,821,428	9,874,876	28,936,040	29,828,816	38,757,468	39,703,692
Total assets	16,808,500	16,411,210	36,304,264	36,299,497	53,112,764	52,710,707
Deferred outflows	332,966	187,712	227,111	116,590	560,077	304,302
Noncurrent liabilities	8,309,839	7,243,904	8,352,751	8,199,807	16,662,590	15,443,711
Other liabilities	615,712	808,349	979,299	719,969	1,595,011	1,528,318
Total liabilities	8,925,551	8,052,253	9,332,050	8,919,776	18,257,601	16,972,029
Deferred inflows	294,035	822,330	200,557	510,758	494,592	1,333,088
Net position:						
Net investment in capital assets	7,702,910	7,998,104	21,688,263	21,943,326	29,391,173	29,941,430
Restricted	3,767,819	3,313,825	383,917	309,155	4,151,736	3,622,980
Unrestricted	(3,548,849)	(3,587,590)	4,926,588	4,733,072	1,377,739	1,145,482
Total net position	\$ 7,921,880	\$ 7,724,339	\$ 26,998,768	\$ 26,985,553	\$ 34,920,648	\$ 34,709,892

The government's net position increased by \$210,756. A prior period adjustment to inventory increased net position by \$52,609. Transactions occurring during the current fiscal year increased net position by \$158,147.

The City's total assets and deferred outflows at June 30, 2016 increased \$657,832 from \$53,015,009 to \$53,672,841, or 1.24% from the prior year. Cash increased by \$1,026,245, or 9.6% from the prior year. Receivables increased by \$122,420, or 9.6% from the prior year. Inventories increased by \$83,275, or 26% from the prior year. Capital assets, net, decreased by \$946,224, or 2.4%, from the prior year. The remaining current assets, prepayments, increased by \$806,244, or 103.8%, from the prior year.

The City's total liabilities and deferred inflows at June 30, 2016 increased by \$447,076, or 2.4%, from the prior year. Accounts payable increased \$45,347, or 3.9%, from the prior year. Interest payable on long term debt decreased by \$6,614 or 4.1% from the prior year. The City's outstanding debt decreased \$801,033, or 5%.

City of Warrenton's Change in Net Position

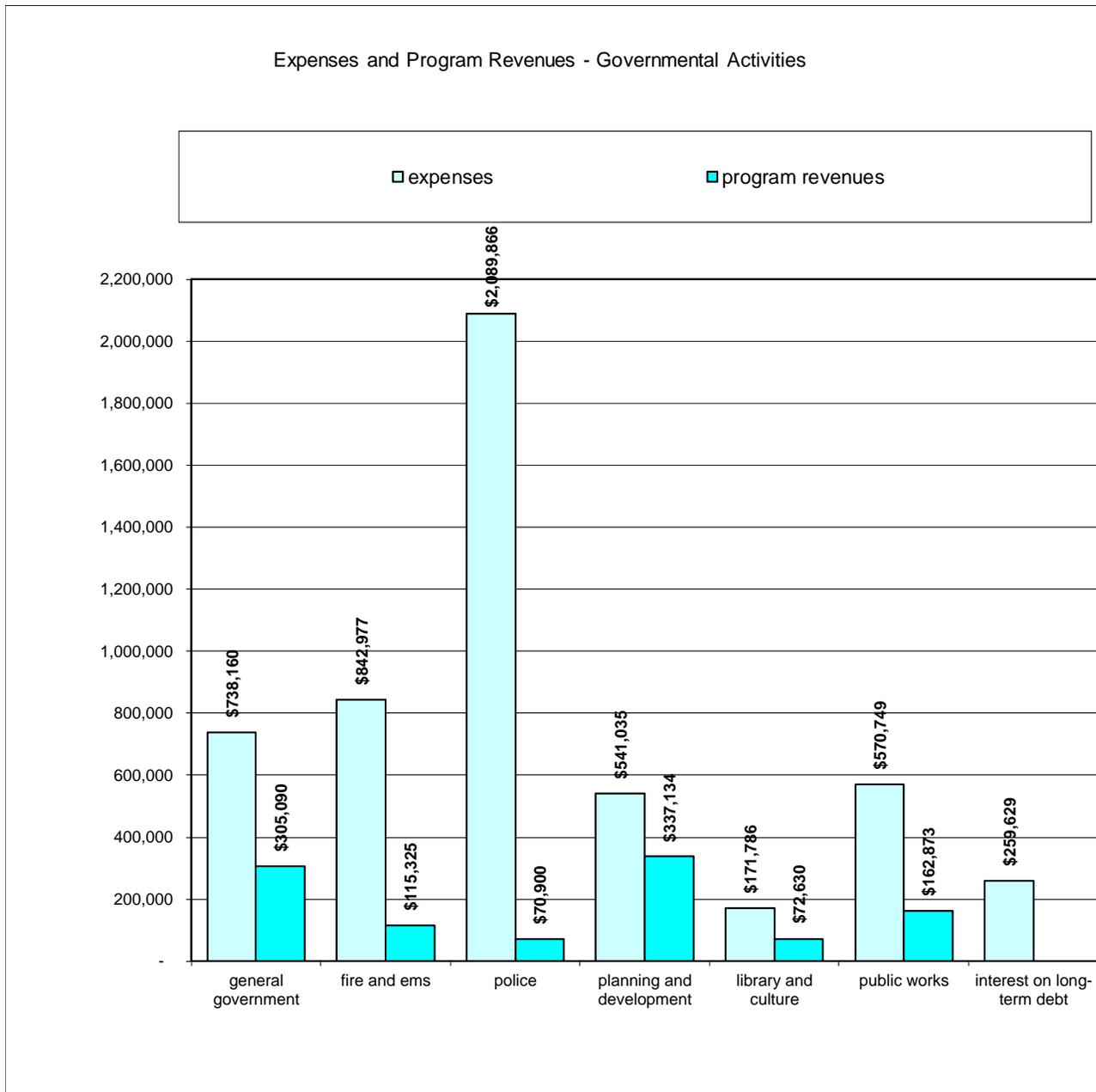
	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues:						
Fines, fees, and charges for services	\$ 835,006	\$ 852,841	\$ 7,028,427	\$ 6,184,042	\$ 7,863,433	\$ 7,036,883
Operating grants and contributions	69,985	29,391	4,975	4,825	74,960	34,216
Capital grants and contributions	158,961	513,743	173,268	207,573	332,229	721,316
General revenues:						
Property taxes	2,175,672	2,054,143	-	-	2,175,672	2,054,143
Other taxes	1,467,106	1,354,426	140,003	121,673	1,607,109	1,476,099
Franchise fees	676,705	650,020	-	-	676,705	650,020
Unrestricted investment earnings	28,308	22,890	17,294	17,757	45,602	40,647
Other	-	-	-	35,000	-	35,000
Total revenues	5,411,743	5,477,454	7,363,967	6,570,870	12,775,710	12,048,324
Expenses:						
General government	738,160	284,836			738,160	284,836
Fire and emergency medical services	842,977	549,317			842,977	549,317
Police	2,089,866	1,063,784			2,089,866	1,063,784
Planning and development	541,035	415,341			541,035	415,341
Library and cultural services	171,786	124,182			171,786	124,182
Public Works	570,749	388,429			570,749	388,429
Interest on long-term liabilities	259,629	273,548			259,629	273,548
Water utility			2,639,989	2,374,217	2,639,989	2,374,217
Sewer utility			2,771,520	2,242,401	2,771,520	2,242,401
Sanitation utility			1,044,746	964,243	1,044,746	964,243
Marinas			947,106	720,662	947,106	720,662
Total expenses	5,214,202	3,099,437	7,403,361	6,301,523	12,617,563	9,400,960
Increase in net position before transfers	197,541	2,378,017	(39,394)	269,347	158,147	2,647,364
Transfers	-	-	-	-	-	-
Increase (decrease) in net position	197,541	2,378,017	(39,394)	269,347	158,147	2,647,364
Net position, July 1	7,724,339	6,164,689	26,985,553	27,172,311	34,709,892	33,337,000
Restatements	-	(818,367)	52,609	(456,105)	52,609	(1,274,472)
Net position, July 1, as restated	7,724,339	5,346,322	27,038,162	26,716,206	34,762,501	32,062,528
Net position, June 30	\$ 7,921,880	\$ 7,724,339	\$ 26,998,768	\$ 26,985,553	\$ 34,920,648	\$ 34,709,892

Governmental activities. Governmental activities increased the City's net position by \$197,541. The primary elements of the change in total net position are as follows:

- Revenues overall decreased \$65,711 as fines, fees and charges for service and capital grants and contributions show decreases of \$17,835 and \$354,782, respectively. These decreases are mainly from planning fees, building permits and system development charges.
- The General Fund permanent rate tax increased \$49,987, the Urban Renewal Agency's tax increased \$45,237, local option taxes for the Police Department and the Library increased \$2,879, and taxes to pay debt increased \$23,426.
- Franchise fees increased by \$26,685 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 by \$5,418 during the year.
- Interest expense on debt decreased \$13,919 from the prior year.

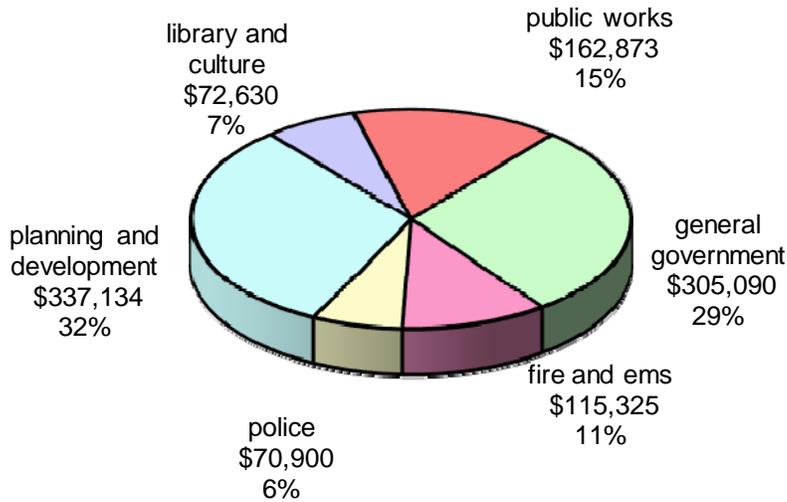
- Total expenses increased by \$2,114,765. Most of this increase is a result of recording additional pension liability related to future PERS contributions.

The following graph summarizes the 2015-2016 governmental activity program revenues and corresponding expenses. The revenues shown total \$1,063,952, a decrease from the prior year of \$332,023, 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 \$4,347,791 and increased by \$266,312 from the prior year.



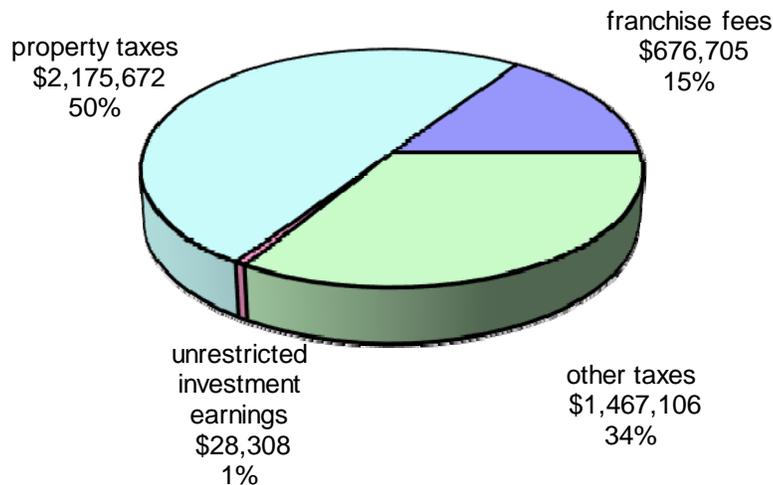
This next chart shows the total functional revenues for each program in the amount of \$1,063,952 and the percentage of the total.

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



As the next chart reflects, most 2015-2016 governmental activities relied on general discretionary revenues to support the function. This graph shows total discretionary revenues in the amount of \$4,347,791 and the percentage in each category.

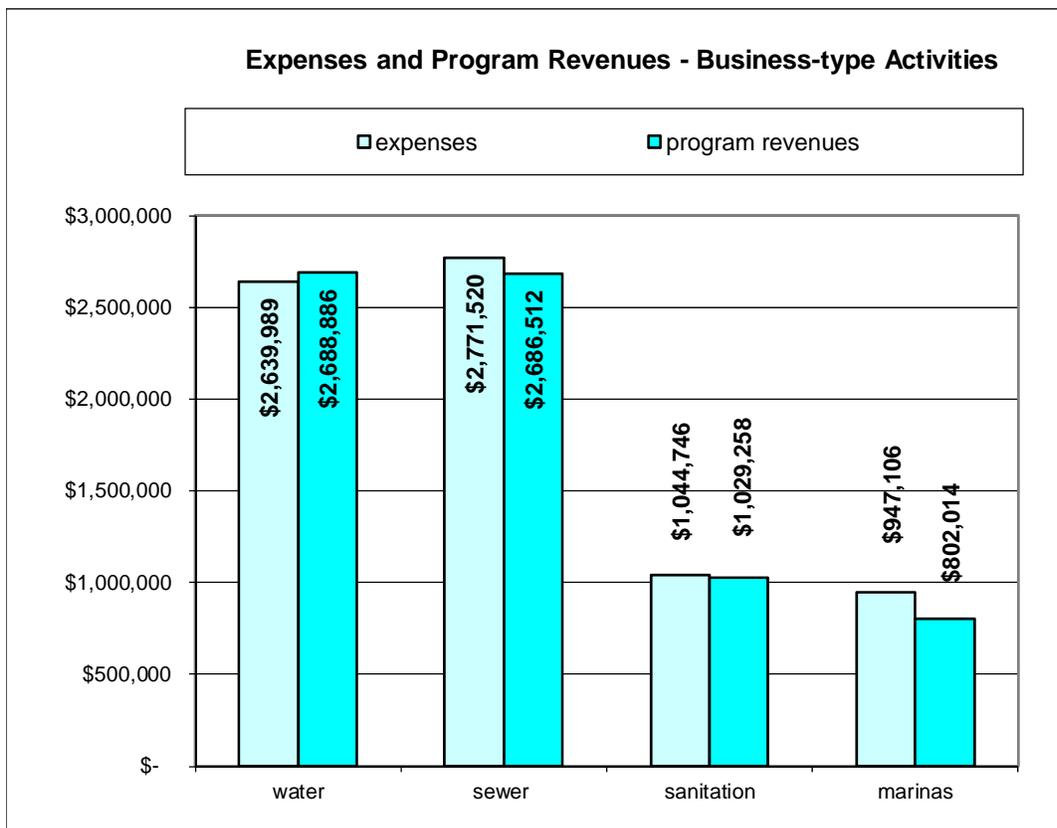
Discretionary Revenues by Source - Governmental Activities



Business-type activities. Business-type activities increased the City's net position by \$13,215. A prior period adjustment increased net position by \$52,609. Transactions occurring during the current fiscal year decreased net position by \$39,394. Key elements of this decrease are as follows:

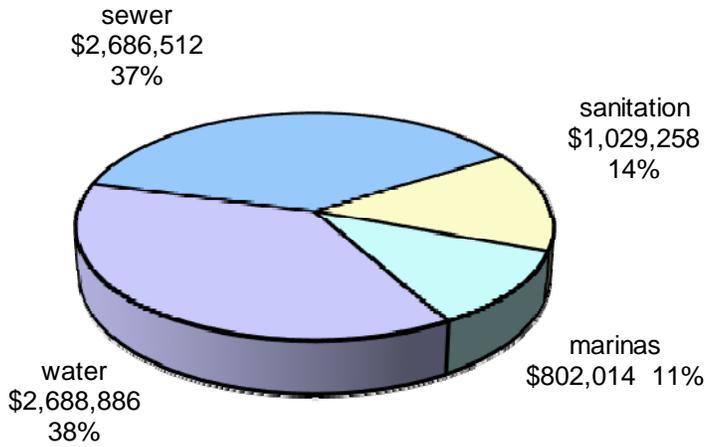
- Fines, fees, and charges for services had a net increase this year of 844,385 from the prior year. Revenues increased in the Water fund, this year by \$376,656, they increased in the Sewer Fund by \$391,664, and increased in the Sanitation Fund by \$29,906, and the Marinas show increases of \$60,846. Gross water sales increased by \$363,263, or 17.1%, from the prior year, as a result of water consumption increases of approximately 8.5 million gallons and a rate increase of 15% that was effective on July 1, 2015.
- Combined operating and capital grants and contributions decreased this year by \$34,155 and are mostly due to a decrease in SDC (System Development Charges) revenue, included in this category, of \$24,930 and a decrease of \$9,225 in Oregon State Marine Board Grants for the Marinas.
- Unrestricted investment earnings (interest from bank accounts) decreased by \$463 during the year.
- Total business-type activity revenues increased by \$793,097.
- Total operating expenses increased from the prior year in the amount of \$1,101,838.

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 2015-2016 expenses and revenues of those funds.



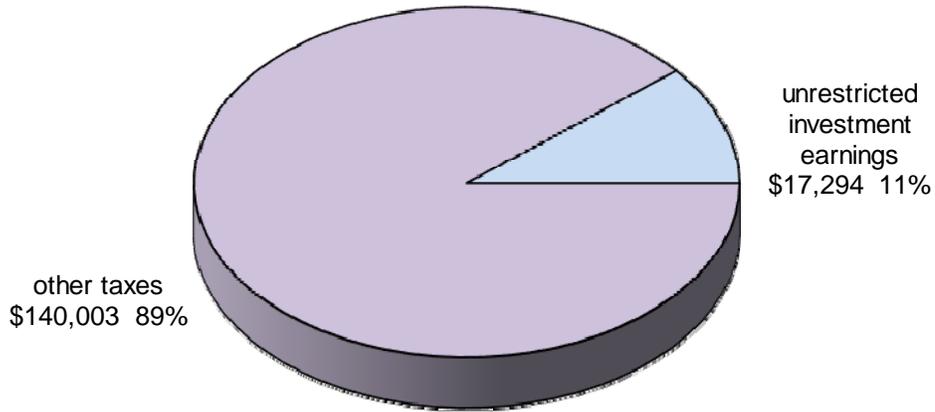
Total program revenues in the business-type activities of the City total \$7,206,670 as represented by the percentages in the chart below for 2015-2016.

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



In the following graph, discretionary revenues amount to \$157,297. Other taxes are transient room tax dedicated to the Hammond Marina.

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 \$6,254,941 an increase of \$1,091,280 in comparison with the prior year. Approximately 20% of this amount (\$1,269,406) constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of the fund balance is either, *nonspendable, restricted, committed, or assigned* to indicate that it is 1) not in spendable form (\$809,244), 2) restricted for particular purposes (\$3,751,381), 3) committed for particular purposes (\$154,686), or 4) assigned for particular purposes (\$270,224).

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 \$1,269,879 of which \$473 is reserved for prepaid expenses. This balance decreased from the prior year, in the amount of \$72,749. 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 33.2% of total General Fund expenditures and transfers out, while total fund balance represents 33.3% of that same amount.

The fund balance of the City's General Fund decreased by \$72,749 during the current fiscal year. While revenues increased \$309,177, expenses also increased by \$500,037. Key elements of the decrease to fund balance are as follows:

- Taxes increased by \$110,013 during the year. Revenue in this category comes mostly from property taxes and land sales which increased by \$45,974 and transient room tax which increased by \$64,039.
- Franchise fees increased by \$26,078. This revenue stream can be quite cyclical.
- Intergovernmental receipts from Oregon state revenue sharing for cigarette, and liquor increased by \$6,648.
- Charges for services decreased by \$33,574. This decrease is mainly from a decrease in Planning Application Fees of \$43,064. Police fees which are in this category decreased by \$5,686.
- Lease receipts increased by \$71,657 due to scheduled increases per lease agreements.
- Fines and fees from Municipal Court decreased by \$1,634.
- Investment (interest) earnings increased by \$569.
- Other revenues decreased by \$3,131.
- Expenditures and other uses in the General Fund increased \$500,037 from the prior year. Most of the increase occurred in Police (\$241,822) although there were increases in other departments as follows: General Government (Administration, Commission, Finance), \$143,572, Public Works (Parks) \$9,596, General Government (Municipal Court), \$16,439, Fire and Emergency Medical Services, \$66,083 which includes the debt service cost of \$41,466, and Transfers, \$50,974. The Planning Department showed a decrease of \$28,449.

The State Tax Street Fund has a total fund balance of \$1,421,947, all of which is restricted to road maintenance. The net increase in fund balance during the current year in the State Tax Street Fund was \$266,029.

- Revenue, from all sources, decreased from the prior year by \$5,097. State and City fuel taxes decreased by \$4,115. Other nominal revenues decreased by \$982.
- Total expenses, including capital outlay, decreased this year by \$418,789. Operational expenses increased this year by \$23,900 and capital project costs this year decreased by \$442,689.

The Warrenton Urban Renewal Capital Projects Fund, has a total fund balance of \$42,123, all of which is restricted for community development as set forth in the Warrenton Urban Renewal District Plan document. The net increase in fund balance during the current year was \$20,275 and is attributable to the following:

- Revenue, from all sources, decreased from the prior year by \$22,387 mainly from loan proceeds from a credit line with Columbia Bank of \$180,000. In the prior year \$200,000 was drawn from this credit line.
- Total expenses, including capital outlay, decreased this year by \$486,969. Operational expenses increased this year by \$12,363 and capital project costs this year decreased by \$499,332.

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 \$4,140,509, and those for the marinas, the nonmajor funds, amount to \$784,939.

The total change in net position for all funds was a negative \$40,534. 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 General Fund, Water Fund, Water Capital Reserve Fund, Storm Sewer Fund, State Tax Street Fund, Quincy Robinson Park Trust Fund, and Tansy Point Dock Capital Reserve Fund show the original budget, final budget, actual revenues, expenditures and transfers in and out for the fiscal year ended June 30, 2016. As shown, the Commission approved changes to the original budget during the year ended.

In the General Fund a transfer was made in the Admin/Commission Department to provide spending authority in materials and services in the amount of \$25,000, to allow for increased legal services. An adjustment was also made in the Planning Department to increase revenues and expenses, which would be reimbursed by another entity, related to a land use application in the amount of \$52,000.

Transfers made in the Water Fund (\$55,481), Water Capital Reserve Fund (\$55,481), Storm Sewer Fund (\$3,046) and State Tax Street Fund (\$34,588) were to allow for additional spending authority for completion of a capital project not completed in the prior year.

A transfer was made in the Tansy Point Capital Reserve Fund from capital outlay to allow for additional spending authority in materials and services for a reimbursement to Warrenton Fiber for an inspection report in the amount of \$10,000.

A transfer was made in the Quincy Robinson Park Trust Fund from contingency to allow for additional spending authority in capital outlay in the amount of \$15,000 to complete projects at the ballfields and purchase of playground equipment.

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

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$ 2,410,432	\$ 2,410,432	\$ 379,622	\$ 379,622	\$ 2,790,054	\$ 2,790,054
Buildings	3,364,207	3,469,993	1,351,338	1,342,872	4,715,545	4,812,865
Equipment	715,769	848,302	1,084,340	915,572	1,800,109	1,763,874
Improvements	399,637	364,540	518,874	563,024	918,511	927,564
Facilities	-	-	25,150,909	26,325,630	25,150,909	26,325,630
Infrastructure	2,381,897	2,302,632	-	-	2,381,897	2,302,632
Construction in progress	549,486	478,977	450,957	302,096	1,000,443	781,073
Total	\$ 9,821,428	\$ 9,874,876	\$ 28,936,040	\$ 29,828,816	\$ 38,757,468	\$ 39,703,692

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business-type activities as of June 30, 2016, amounts to \$38,757,468. 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 decreased by \$946,224 during the year because capital asset additions of \$1,061,797 less current year depreciation, in the amount of \$2,008,021, net to the overall decrease 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 \$362,002, which includes a public works service truck for \$23,889 and a garbage collection truck purchased by Public Works for \$325,113. The fire department had initial financing costs for an Aerial Ladder Truck to be purchased in the following year, in the amount of \$13,000.

Major capital improvements were as follows:

Engineering costs for construction of the core conveyance amounted to \$97,945.

Final construction costs for Holbrook Slough Bridge Water Main Crossing in the amount of \$97,260.

Bank Stabilization at the Hammond Marina in the amount of \$56,247.

Park improvements to ballfield drainage, bleachers and dugouts in the amount of \$55,193.

Improvements were made to the Food Bank Roadway on Chokeberry Avenue in the amount of \$55,023.

Construction of a storage building at the Waste Water Treatment Plant in the amount of \$40,137.

Engineering costs for SE 2nd Street and Marlin Avenue Sewer Pump Station in the amount of \$25,013.

Engineering costs for SE 4th & Main Storm Water Pump Station in the amount of \$18,835.

A new sound system for the Commission Chambers in the amount of \$13,763.

The Warrenton Urban Renewal Agency incurred \$133,918 of capital improvements this year for Marina Phase I improvements. Of this amount, \$133,157 was for engineering and project management for F-Dock improvements and \$761 was for NE Heron street/utility improvements.

Overall, these construction and equipment additions total \$955,337 and represent approximately 90% 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 \$14,642,678. Of this amount, \$7,247,777 is proprietary fund secured loans, \$285,900 is the outstanding liability for landfill post closure care costs, \$116,863 is a capital lease, and \$6,370,367 represents outstanding bonded indebtedness. The bonded indebtedness represents debt backed by the full faith and credit of the government.

City of Warrenton's Outstanding Debt						
General Obligation and Revenue Bonds						
	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
General Obligation Bonds	\$5,083,360	\$5,610,284	\$ -	\$ -	\$ 5,083,360	\$ 5,610,284
Urban Renewal Bonds Series 2012	1,287,007	1,380,186			1,287,007	1,380,186
Notes Payable	621,771	100,000	7,247,777	7,885,490	7,869,548	7,985,490
Capital Lease payable	116,863	153,434	-	-	116,863	153,434
Landfill Postclosure Care	-	-	285,900	314,317	285,900	314,317
Total	\$7,109,001	\$7,243,904	\$7,533,677	\$8,199,807	\$14,642,678	\$15,443,711

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 2017 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 7% increase in water utility rates, a 6% increase in sewer utility rates and storm sewer rates 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

"Making a difference through excellence of service"



CITY OF WARRENTON

CITY OF WARRENTON, OREGON

Statement of Net Position

June 30, 2016

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 5,490,271	\$ 6,197,379	\$ 11,687,650
Receivables	687,557	710,851	1,398,408
Inventory, at cost	-	403,016	403,016
Prepaid items	809,244	4,764	814,008
Restricted cash - loan reserve	-	52,214	52,214
Capital assets:			
Nondepreciable assets	2,959,918	830,579	3,790,497
Depreciable assets (net of accumulated depreciation)	<u>6,861,510</u>	<u>28,105,461</u>	<u>34,966,971</u>
 Total assets	 16,808,500	 36,304,264	 53,112,764
DEFERRED OUTFLOWS OF RESOURCES			
Related to pensions	<u>332,966</u>	<u>227,111</u>	<u>560,077</u>
 Total assets and deferred outflows	 <u>17,141,466</u>	 <u>36,531,375</u>	 <u>53,672,841</u>
LIABILITIES			
Accounts payable and other current liabilities	466,117	721,602	1,187,719
Accrued interest payable	24,555	130,513	155,068
Compensated absences	123,408	111,168	234,576
Unearned revenue	1,632	16,016	17,648
Noncurrent liabilities:			
Due within one year	732,908	651,415	1,384,323
Due in more than one year	6,376,093	6,882,262	13,258,355
Net pension liability	<u>1,200,838</u>	<u>819,074</u>	<u>2,019,912</u>
 Total liabilities	 8,925,551	 9,332,050	 18,257,601
DEFERRED INFLOWS OF RESOURCES			
Related to pensions	<u>294,035</u>	<u>200,557</u>	<u>494,592</u>
 Total liabilities and deferred inflows	 <u>9,219,586</u>	 <u>9,532,607</u>	 <u>18,752,193</u>
NET POSITION			
Net investment in capital assets	7,702,910	21,688,263	29,391,173
Restricted for:			
Road maintenance	1,418,940	-	1,418,940
Debt service	1,290,124	-	1,290,124
Library and culture	31,995	-	31,995
Public works	141,784	-	141,784
Building inspection program	258,609	-	258,609
System development	626,367	383,917	1,010,284
Unrestricted (deficit)	<u>(3,548,849)</u>	<u>4,926,588</u>	<u>1,377,739</u>
 Total net position	 <u>\$ 7,921,880</u>	 <u>\$ 26,998,768</u>	 <u>\$ 34,920,648</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, 2016

<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	\$ 1,724,355	\$ (986,195)	\$ 305,090	\$ -	\$ -
Fire and emergency medical services	790,589	52,388	115,325	-	-
Police	2,042,113	47,753	14,576	56,324	-
Planning and development	524,412	16,623	337,134	-	-
Library and culture	148,010	23,776	61,574	10,336	720
Public works	507,179	63,570	1,307	3,325	158,241
Interest on long-term liabilities	<u>259,629</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total governmental activities	<u>5,996,287</u>	<u>(782,085)</u>	<u>835,006</u>	<u>69,985</u>	<u>158,961</u>
Business-type activities:					
Water utilities	2,334,731	305,258	2,598,641	-	90,245
Sewer utilities	2,463,039	308,481	2,603,489	-	83,023
Sanitation utilities	973,015	71,731	1,029,258	-	-
Marinas	<u>850,491</u>	<u>96,615</u>	<u>797,039</u>	<u>4,975</u>	<u>-</u>
Total business-type activities	<u>6,621,276</u>	<u>782,085</u>	<u>7,028,427</u>	<u>4,975</u>	<u>173,268</u>
Total activities	<u>\$ 12,617,563</u>	<u>\$ -</u>	<u>\$ 7,863,433</u>	<u>\$ 74,960</u>	<u>\$ 332,229</u>

General revenues:

Taxes:

Property taxes levied for general purposes

Property taxes levied for debt service

Other taxes

Franchise fees

Unrestricted investment earnings

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
\$ (433,070)	\$ -	\$ (433,070)
(727,652)	-	(727,652)
(2,018,966)	-	(2,018,966)
(203,901)	-	(203,901)
(99,156)	-	(99,156)
(407,876)	-	(407,876)
<u>(259,629)</u>	<u>-</u>	<u>(259,629)</u>
<u>(4,150,250)</u>	<u>-</u>	<u>(4,150,250)</u>
-	48,897	48,897
-	(85,008)	(85,008)
-	(15,488)	(15,488)
<u>-</u>	<u>(145,092)</u>	<u>(145,092)</u>
<u>-</u>	<u>(196,691)</u>	<u>(196,691)</u>
<u>(4,150,250)</u>	<u>(196,691)</u>	<u>(4,346,941)</u>
943,362	-	943,362
1,232,310	-	1,232,310
1,467,106	140,003	1,607,109
676,705	-	676,705
28,308	17,294	45,602
<u>4,347,791</u>	<u>157,297</u>	<u>4,505,088</u>
197,541	(39,394)	158,147
<u>7,724,339</u>	<u>27,038,162</u>	<u>34,762,501</u>
<u>\$ 7,921,880</u>	<u>\$ 26,998,768</u>	<u>\$ 34,920,648</u>

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

CITY OF WARRENTON, OREGON

GOVERNMENTAL FUNDS

Balance Sheet

June 30, 2016

	General (001)	State Tax Street (040)	Warrenton Urban Renewal Agency Capital Projects (200)	Nonmajor Governmental Funds	Total
ASSETS					
Cash and cash equivalents	\$ 1,355,027	\$ 1,356,242	\$ 69,480	\$ 2,709,522	\$ 5,490,271
Receivables:					
Taxes	74,113	-	-	106,600	180,713
Accounts	245,479	-	250	65,709	311,438
Rehabilitation loans	70,427	-	-	-	70,427
Intergovernmental	26,686	83,933	-	-	110,619
Grants	-	-	-	14,170	14,170
Other	-	190	-	-	190
Due from other funds	13,335	-	-	-	13,335
Prepaid items	473	-	-	808,771	809,244
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 1,785,540</u>	<u>\$ 1,440,365</u>	<u>\$ 69,730</u>	<u>\$ 3,704,772</u>	<u>\$ 7,000,407</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable and other					
current liabilities	\$ 331,874	\$ 18,418	\$ 27,607	\$ 88,218	\$ 466,117
Unearned revenues	558	-	-	1,074	1,632
Due to other funds	-	-	-	13,335	13,335
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	332,432	18,418	27,607	102,627	481,084
Deferred Inflows of Resources:					
Unavailable revenues	183,229	-	-	81,153	264,382
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities & deferred inflows	515,661	18,418	27,607	183,780	745,466
Fund Balances:					
Nonspendable - Prepaid items	473	-	-	808,771	809,244
Restricted for:					
Road maintenance	-	1,421,947	-	-	1,421,947
Debt service	-	-	-	1,226,376	1,226,376
Library and culture	-	-	-	31,129	31,129
Public works	-	-	-	141,784	141,784
Community development	-	-	42,123	-	42,123
Building inspection programs	-	-	-	261,655	261,655
System development	-	-	-	626,367	626,367
Committed to:					
Library and culture	-	-	-	149,542	149,542
Grant expenditures	-	-	-	5,144	5,144
Assigned to:					
Capital projects	-	-	-	270,224	270,224
Unassigned	1,269,406	-	-	-	1,269,406
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	1,269,879	1,421,947	42,123	3,520,992	6,254,941
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,785,540</u>	<u>\$ 1,440,365</u>	<u>\$ 69,730</u>	<u>\$ 3,704,772</u>	<u>\$ 7,000,407</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, 2016

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

Fund balances - governmental funds		\$ 6,254,941
Receivables are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.		264,382
Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds:		
Nondepreciable assets	\$ 2,959,918	
Depreciable assets	11,351,133	
Accumulated depreciation	<u>(4,489,623)</u>	
		9,821,428
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:		
Deferred outflows of resources related to pensions	332,966	
Net pension liability	(1,200,838)	
Deferred inflows of resources related to pensions	<u>(294,035)</u>	
		(1,161,907)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:		
Compensated absences	(123,408)	
Accrued interest payable	(24,555)	
Capital leases	(116,863)	
Long-term debt	<u>(6,992,138)</u>	
		<u>(7,256,964)</u>
Net position of governmental activities		<u>\$ 7,921,880</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, 2016

	General (001)	State Tax Street (040)	Warrenton Urban Renewal Agency Capital Projects (200)	Nonmajor Governmental Funds	Total
Revenues:					
Taxes	\$ 1,387,943	\$ 317,430	\$ -	\$ 1,516,103	\$ 3,221,476
Franchise fees	675,339	-	-	-	675,339
Licenses and permits	650	-	-	262,470	263,120
Intergovernmental	123,365	306,134	-	56,324	485,823
Charges for services	230,393	-	-	11,975	242,368
Lease receipts	181,996	-	-	-	181,996
Fines and forfeits	119,328	-	-	275	119,603
Investment earnings	7,058	7,107	16	14,124	28,305
Donations	3,325	-	-	56,281	59,606
Indirect cost allocation	1,007,452	-	-	-	1,007,452
Other revenues	9,041	1,076	250	14,740	25,107
Total revenues	<u>3,745,890</u>	<u>631,747</u>	<u>266</u>	<u>1,932,292</u>	<u>6,310,195</u>
Expenditures:					
Current:					
General government	1,125,401	-	26,073	293,873	1,445,347
Fire and emergency medical services	621,564	-	-	-	621,564
Police	1,494,316	-	-	56,297	1,550,613
Planning and development	239,307	-	-	206,895	446,202
Library and culture	-	-	-	138,789	138,789
Public works	137,078	365,718	-	80,394	583,190
Debt service:					
Principal retirement	36,571	-	-	900,104	936,675
Interest	4,895	-	-	247,973	252,868
Capital outlay	-	-	133,918	26,886	160,804
Total expenditures	<u>3,659,132</u>	<u>365,718</u>	<u>159,991</u>	<u>1,951,211</u>	<u>6,136,052</u>
Excess (deficiency) of revenues over (under) expenditures	<u>86,758</u>	<u>266,029</u>	<u>(159,725)</u>	<u>(18,919)</u>	<u>174,143</u>
Other Financing Sources (Uses):					
Transfers in	-	-	-	159,507	159,507
Transfers out	(159,507)	-	-	-	(159,507)
Proceeds from sale of capital assets	-	-	-	2,350	2,350
Loan proceeds	-	-	180,000	621,771	801,771
Capital contributions	-	-	-	113,016	113,016
Total other financing sources (uses)	<u>(159,507)</u>	<u>-</u>	<u>180,000</u>	<u>896,644</u>	<u>917,137</u>
Net change in fund balances	<u>(72,749)</u>	<u>266,029</u>	<u>20,275</u>	<u>877,725</u>	<u>1,091,280</u>
Fund Balances:					
Beginning of year, as restated	<u>1,342,628</u>	<u>1,155,918</u>	<u>21,848</u>	<u>2,643,267</u>	<u>5,163,661</u>
End of year	<u>\$ 1,269,879</u>	<u>\$ 1,421,947</u>	<u>\$ 42,123</u>	<u>\$ 3,520,992</u>	<u>\$ 6,254,941</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, 2016

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

Net change in fund balances - governmental funds \$ 1,091,280

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 (6,366)

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	386,120	
Current year depreciation	<u>(439,568)</u>	
		(53,448)

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	\$ (9,203)	
Interest	(6,761)	
Expenses related to pension obligations	<u>(952,864)</u>	
		(968,828)

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	(801,771)	
Repayment of long-term debt	<u>936,674</u>	
		<u>134,903</u>

Change in net position of governmental activities \$ 197,541

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, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Taxes	\$ 1,282,707	\$ 1,282,707	\$ 1,387,943	\$ 105,236
Franchise fees	631,377	631,377	675,339	43,962
Licenses and permits	600	600	650	50
Intergovernmental	141,024	141,024	123,365	(17,659)
Charges for services	185,152	237,152	230,393	(6,759)
Lease receipts	181,996	181,996	181,996	-
Fines and forfeits	133,645	133,645	119,328	(14,317)
Investment earnings	5,000	5,000	7,058	2,058
Indirect cost allocation	955,176	955,176	1,007,452	52,276
Donations	-	-	3,325	3,325
Other revenue	<u>2,400</u>	<u>2,400</u>	<u>9,041</u>	<u>6,641</u>
Total revenues	<u>3,519,077</u>	<u>3,571,077</u>	<u>3,745,890</u>	<u>174,813</u>
Expenditures:				
Municipal Court	123,741	123,741	117,949	5,792
Administration/Commission/Finance	960,176	985,176	1,007,452	(22,276)
Planning/Development	223,682	275,682	239,307	36,375
Police	1,592,493	1,592,493	1,494,316	98,177
Fire	729,145	729,145	663,030	66,115
Parks	151,786	151,786	137,078	14,708
Contingency	<u>265,777</u>	<u>240,777</u>	<u>-</u>	<u>240,777</u>
Total expenditures	<u>4,046,800</u>	<u>4,098,800</u>	<u>3,659,132</u>	<u>439,668</u>
Excess (deficiency) of revenues over (under) expenditures	(527,723)	(527,723)	86,758	614,481
Other financing sources (uses):				
Transfers out	<u>(159,507)</u>	<u>(159,507)</u>	<u>(159,507)</u>	<u>-</u>
Net change in fund balance	(687,230)	(687,230)	(72,749)	614,481
Fund Balance:				
Beginning of year	<u>950,000</u>	<u>950,000</u>	<u>1,342,628</u>	<u>392,628</u>
End of year	<u>\$ 262,770</u>	<u>\$ 262,770</u>	<u>\$ 1,269,879</u>	<u>\$ 1,007,109</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, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Taxes	\$ 288,000	\$ 288,000	\$ 317,430	\$ 29,430
Intergovernmental	398,391	398,391	306,134	(92,257)
Investment earnings	5,000	5,000	7,107	2,107
Other revenue	-	-	1,076	1,076
Total revenues	<u>691,391</u>	<u>691,391</u>	<u>631,747</u>	<u>(59,644)</u>
Expenditures:				
Personal services	73,643	73,643	69,080	4,563
Materials and services	374,033	374,033	134,910	239,123
Capital outlay	938,326	972,914	161,728	811,186
Contingency	89,535	54,947	-	54,947
Total expenditures	<u>1,475,537</u>	<u>1,475,537</u>	<u>365,718</u>	<u>1,109,819</u>
Net change in fund balance	(784,146)	(784,146)	266,029	1,050,175
Fund Balance:				
Beginning of year	<u>1,050,000</u>	<u>1,050,000</u>	<u>1,155,918</u>	<u>105,918</u>
End of year	<u>\$ 265,854</u>	<u>\$ 265,854</u>	<u>\$ 1,421,947</u>	<u>\$ 1,156,093</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, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Investment earnings	\$ -	\$ -	\$ 16	\$ 16
Other revenue	<u>-</u>	<u>-</u>	<u>250</u>	<u>250</u>
Total revenues	<u>-</u>	<u>-</u>	<u>266</u>	<u>266</u>
Expenditures:				
Materials and services	129,000	129,000	26,073	102,927
Capital outlay	<u>4,289,499</u>	<u>4,289,499</u>	<u>133,918</u>	<u>4,155,581</u>
Total expenditures	<u>4,418,499</u>	<u>4,418,499</u>	<u>159,991</u>	<u>4,258,508</u>
Excess (deficiency) of revenues over (under) expenditures	(4,418,499)	(4,418,499)	(159,725)	4,258,774
Other financing sources (uses):				
Loan proceeds	<u>4,402,122</u>	<u>4,402,122</u>	<u>180,000</u>	<u>(4,222,122)</u>
Net change in fund balance	(16,377)	(16,377)	20,275	36,652
Fund Balance:				
Beginning of year	<u>16,377</u>	<u>16,377</u>	<u>21,848</u>	<u>5,471</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42,123</u>	<u>\$ 42,123</u>

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

CITY OF WARRENTON, OREGON

PROPRIETARY FUNDS

Statement of Net Position

June 30, 2016

	Business-type Activities - Enterprise Funds					Business-type
	Water	Sewer	Sanitation	Nonmajor	Total	Activities
	Enterprise	Enterprise	Enterprise	Enterprise		Engineering
Fund	Fund	Fund	Funds		Internal Service	
						Fund (042)
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 2,197,708	\$ 2,190,491	\$ 889,480	\$ 906,970	\$ 6,184,649	\$ 12,730
Utility receivables	245,522	270,724	107,519	-	623,765	-
Accounts receivable	-	-	-	33,234	33,234	-
Intergovernmental receivables	-	-	-	40,005	40,005	-
Other receivables	10,262	3,013	-	572	13,847	-
Inventory, at cost	225,591	140,506	36,919	-	403,016	-
Prepaid expenses	6,907	3,068	347	-	10,322	-
Total current assets	<u>2,685,990</u>	<u>2,607,802</u>	<u>1,034,265</u>	<u>980,781</u>	<u>7,308,838</u>	<u>12,730</u>
Noncurrent assets:						
Restricted cash - loan reserve	-	52,214	-	-	52,214	-
Capital assets:						
Nondepreciable assets	273,646	366,819	29,669	160,445	830,579	-
Depreciable assets, net	<u>16,196,289</u>	<u>10,255,161</u>	<u>553,593</u>	<u>1,100,418</u>	<u>28,105,461</u>	<u>-</u>
Total noncurrent assets	<u>16,469,935</u>	<u>10,674,194</u>	<u>583,262</u>	<u>1,260,863</u>	<u>28,988,254</u>	<u>-</u>
Total assets	19,155,925	13,281,996	1,617,527	2,241,644	36,297,092	12,730
DEFERRED OUTFLOWS OF RESOURCES						
Related to pensions	<u>77,514</u>	<u>88,436</u>	<u>22,683</u>	<u>38,478</u>	<u>227,111</u>	<u>-</u>
Total assets & deferred outflows	<u>19,233,439</u>	<u>13,370,432</u>	<u>1,640,210</u>	<u>2,280,122</u>	<u>36,524,203</u>	<u>12,730</u>
LIABILITIES						
Current liabilities:						
Accounts payable and other						
current liabilities	129,799	136,573	435,627	19,457	721,456	146
Accrued interest payable	118,701	11,812	-	-	130,513	-
Compensated absences	35,386	40,109	3,687	26,573	105,755	5,413
Unearned revenue	-	-	-	15,543	15,543	6,031
Loans payable - current	505,416	134,349	-	-	639,765	-
Landfill postclosure care - current	-	-	11,650	-	11,650	-
Total current liabilities	<u>789,302</u>	<u>322,843</u>	<u>450,964</u>	<u>61,573</u>	<u>1,624,682</u>	<u>11,590</u>
Noncurrent liabilities:						
Loans payable	5,766,853	841,159	-	-	6,608,012	-
Landfill postclosure care liability	-	-	274,250	-	274,250	-
Net pension liability	<u>279,556</u>	<u>318,944</u>	<u>81,806</u>	<u>138,768</u>	<u>819,074</u>	<u>-</u>
Total liabilities	6,835,711	1,482,946	807,020	200,341	9,326,018	11,590
DEFERRED INFLOWS OF RESOURCES						
Related to pensions	<u>68,451</u>	<u>78,096</u>	<u>20,031</u>	<u>33,979</u>	<u>200,557</u>	<u>-</u>
Total liabilities & deferred inflows	<u>6,904,162</u>	<u>1,561,042</u>	<u>827,051</u>	<u>234,320</u>	<u>9,526,575</u>	<u>11,590</u>
NET POSITION						
Net investment in capital assets	10,197,666	9,646,472	583,262	1,260,863	21,688,263	-
Restricted for system development	104,480	279,437	-	-	383,917	-
Unrestricted	<u>2,027,131</u>	<u>1,883,481</u>	<u>229,897</u>	<u>784,939</u>	<u>4,925,448</u>	<u>1,140</u>
Total net position	<u>\$ 12,329,277</u>	<u>\$ 11,809,390</u>	<u>\$ 813,159</u>	<u>\$ 2,045,802</u>	<u>\$ 26,997,628</u>	<u>\$ 1,140</u>

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

CITY OF WARRENTON, OREGON
Reconciliation of the Statement of Net Position of Enterprise
Funds to the Statement of Net Position
June 30, 2016

Net position - enterprise funds \$ 26,997,628

Amounts reported for business-type activities in the statement of net position are different because:

Internal service funds are used by management to charge the cost of engineering to individual funds. The assets, deferred outflows of resources, liabilities and deferred inflows of resources of the internal service fund are included in business-type activities in the statement of net position.

1,140

Net position of business-type activities \$ 26,998,768

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, 2016

	Business-type Activities - Enterprise Funds					Business-type
	Water	Sewer	Sanitation	Nonmajor	Total	Activities
	Enterprise Fund	Enterprise Fund	Enterprise Fund	Enterprise Funds		Engineering Internal Service Fund (042)
Operating Revenues:						
Charges for services	\$ 2,594,014	\$ 2,588,094	\$ 1,027,350	\$ 746,090	\$ 6,955,548	\$ 50,742
Lease receipts	-	-	-	41,778	41,778	-
Other operating revenues	4,627	15,395	1,908	9,171	31,101	-
Total operating revenues	2,598,641	2,603,489	1,029,258	797,039	7,028,427	50,742
Operating Expenses:						
Payroll and payroll benefits	972,847	1,189,175	304,682	547,253	3,013,957	49,329
Contracted services	88,699	92,798	541,849	10,879	734,225	12
Utilities and telephone	95,477	190,056	4,679	129,200	419,412	263
Repairs and maintenance	278,527	321,399	26,484	60,058	686,468	-
Other operating expenses	137,072	140,881	71,060	48,899	397,912	-
Overhead cost allocation	128,638	129,996	30,228	40,714	329,576	-
Depreciation	726,154	666,421	65,764	110,114	1,568,453	-
Total operating expenses	2,427,414	2,730,726	1,044,746	947,117	7,150,003	49,604
Operating income (loss)	171,227	(127,237)	(15,488)	(150,078)	(121,576)	1,138
Nonoperating Revenues (Expenses):						
Investment earnings	4,240	4,342	2,052	6,660	17,294	2
Taxes	-	-	-	140,003	140,003	-
Intergovernmental	-	-	-	4,975	4,975	-
Debt service - interest expense	(212,792)	(41,706)	-	-	(254,498)	-
Total nonoperating revenues (expenses)	(208,552)	(37,364)	2,052	151,638	(92,226)	2
Income (loss) before contributions	(37,325)	(164,601)	(13,436)	1,560	(213,802)	1,140
Capital contributions	90,245	83,023	-	-	173,268	-
Change in net position	52,920	(81,578)	(13,436)	1,560	(40,534)	1,140
Net Position:						
Beginning of year, as restated	12,276,357	11,890,968	826,595	2,044,242	27,038,162	-
End of year	\$ 12,329,277	\$ 11,809,390	\$ 813,159	\$ 2,045,802	\$ 26,997,628	\$ 1,140

Reconciliation of the Statement of Revenues, Expenses, and Changes
in Net Position of Enterprise Funds to the Statement of Activities

Change in net position - enterprise funds	\$ (40,534)
Amounts reported for business-type activities in the statement of activities are different because:	
The internal service fund is used by management to charge the cost of engineering services to individual funds. The net revenue is reported with business-type activities in the statement of activities	<u>1,140</u>
Change in net position - business-type activities	<u>\$ (39,394)</u>

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

CITY OF WARRENTON, OREGON
PROPRIETARY FUNDS
Statement of Cash Flows
For the Year Ended June 30, 2016

	Business-type Activities - Enterprise Funds					Business-type
	Water	Sewer	Sanitation	Nonmajor	Total	Activities
	Enterprise	Enterprise	Enterprise	Enterprise		Engineering
Fund	Fund	Fund	Funds		Internal Service	
						Fund (042)
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	\$ 2,558,938	\$ 2,582,438	\$ 1,024,293	\$ 804,173	\$ 6,969,842	\$ -
Receipts from interfund charges	-	-	-	-	-	56,773
Payments to suppliers and contractors	(579,401)	(770,166)	(631,610)	(257,825)	(2,239,002)	(275)
Payments to employees	(577,454)	(744,455)	(199,243)	(378,011)	(1,899,163)	(43,916)
Payments for interfund services	(305,258)	(308,481)	(71,731)	(96,615)	(782,085)	-
Net cash provided by (used in) operating activities	<u>1,096,825</u>	<u>759,336</u>	<u>121,709</u>	<u>71,722</u>	<u>2,049,592</u>	<u>12,582</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Intergovernmental operating grants received	-	-	-	14,350	14,350	-
Taxes collected	-	-	-	131,987	131,987	-
Net cash provided by (used in) noncapital financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>146,337</u>	<u>146,337</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Capital contributions	88,045	83,023	-	-	171,068	-
Acquisition and construction of capital assets	(144,499)	(275,872)	(4,372)	(57,178)	(481,921)	146
Principal paid on debt	(507,066)	(130,647)	-	-	(637,713)	-
Interest paid on debt	(224,143)	(43,730)	-	-	(267,873)	-
Net cash used in capital and related financing activities	<u>(787,663)</u>	<u>(367,226)</u>	<u>(4,372)</u>	<u>(57,178)</u>	<u>(1,216,439)</u>	<u>146</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest and dividends received	<u>4,240</u>	<u>4,342</u>	<u>2,052</u>	<u>6,660</u>	<u>17,294</u>	<u>2</u>
Net change in cash and cash equivalents	313,402	396,452	119,389	167,541	996,784	12,730
Cash and cash equivalents:						
Beginning of year	<u>1,884,306</u>	<u>1,846,253</u>	<u>770,091</u>	<u>739,429</u>	<u>5,240,079</u>	<u>-</u>
End of year	<u>\$ 2,197,708</u>	<u>\$ 2,242,705</u>	<u>\$ 889,480</u>	<u>\$ 906,970</u>	<u>\$ 6,236,863</u>	<u>\$ 12,730</u>

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

Cash and cash equivalents	\$ 2,197,708	\$ 2,190,491	\$ 889,480	\$ 906,970	\$ 6,184,649	\$ 12,730
Restricted cash - loan reserve	-	52,214	-	-	52,214	-
	<u>\$ 2,197,708</u>	<u>\$ 2,242,705</u>	<u>\$ 889,480</u>	<u>\$ 906,970</u>	<u>\$ 6,236,863</u>	<u>\$ 12,730</u>

Continued on next page

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

CITY OF WARRENTON, OREGON

PROPRIETARY FUNDS

Statement of Cash Flows, Continued

For the Year Ended June 30, 2016

	Business-type Activities - Enterprise Funds					Business-type
	Water	Sewer	Sanitation	Nonmajor	Total	Activities
	Enterprise Fund	Enterprise Fund	Enterprise Fund	Enterprise Funds		Engineering Internal Service Fund (042)
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:						
Operating income (loss)	\$ 171,227	\$ (127,237)	\$ (15,488)	\$ (150,078)	\$ (121,576)	\$ 1,138
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation	726,154	666,421	65,764	110,114	1,568,453	-
Net reduction of expense under GASB 68	220,819	266,120	66,820	108,921	662,680	-
(Increase) decrease in assets:						
Receivables	(39,703)	(21,051)	(4,965)	(5,522)	(71,241)	-
Inventory	(28,473)	16,939	(19,132)	-	(30,666)	-
Prepaid expenses	(172)	(2,386)	-	-	(2,558)	-
Increase (decrease) in liabilities:						
Accounts payable and other accrued expenses	49,019	(39,585)	60,011	(8,789)	60,656	-
Compensated absences	(2,046)	115	(2,884)	4,420	(395)	5,413
Unearned revenue	-	-	-	12,656	12,656	6,031
Landfill postclosure care liability	-	-	(28,417)	-	(28,417)	-
Net cash provided by (used in) operating activities	<u>\$ 1,096,825</u>	<u>\$ 759,336</u>	<u>\$ 121,709</u>	<u>\$ 71,722</u>	<u>\$ 2,049,592</u>	<u>\$ 12,582</u>

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

CITY OF WARRENTON, OREGON

Notes to the Financial Statements

June 30, 2016

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, 2016

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 *engineering internal service fund* to account for the cost of providing engineering services to other departments of the City. Internal user fees provide revenue to the fund.

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, 2016

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, 2016

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, 2016

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, are 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 position. 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, 2016

Note I - Summary of significant accounting policies, continued

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

10. Pensions

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

11. 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.

12. 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.

13. 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, 2016

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, 2016, the City Commission approved two budget adjustments through supplemental budgets and three adjustments through resolution.

B. Excess of expenditures over appropriations

For the year ended June 30, 2016, Administration/Commission/Finance expenditures exceeded appropriations in the General fund by \$22,276. The excess of expenditures over appropriations occurred due to the payment of a severance package at year-end.

For the year ended June 30, 2016, personal service expenditures exceeded appropriations in the Warrenton Business Association fund by \$313.

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	6,341,479
Investments - State of Oregon Local Government Investment Pool	<u>5,397,185</u>
Total	<u>\$ 11,739,864</u>

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

Cash and cash equivalents	\$ 11,687,650
Temporarily restricted cash	<u>52,214</u>
Total	<u>\$ 11,739,864</u>

CITY OF WARRENTON, OREGON

Notes to the Financial Statements

June 30, 2016

Note III - Detailed notes on all funds, continued

A. Deposits and investments, continued

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. 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, 2016, 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:

	General Fund	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Total
Delinquent property taxes receivable	\$ 56,471	\$ 3,018	\$ 78,135	\$ 137,624
Franchise fees	56,331	-	-	56,331
Rehabilitation loans	<u>70,427</u>	<u>-</u>	<u>-</u>	<u>70,427</u>
Total unavailable revenues	<u>\$ 183,229</u>	<u>\$ 3,018</u>	<u>\$ 78,135</u>	<u>\$ 264,382</u>

CITY OF WARRENTON, OREGON

Notes to the Financial Statements

June 30, 2016

Note III - Detailed notes on all funds, continued

C. Capital assets

Capital asset activity for the year ended June 30, 2016 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	\$ 2,410,432	\$ -	\$ -	\$ -	\$ 2,410,432
Construction in progress	<u>478,977</u>	<u>216,847</u>	<u>-</u>	<u>(146,338)</u>	<u>549,486</u>
Total capital assets, not being depreciated	<u>2,889,409</u>	<u>216,847</u>	<u>-</u>	<u>(146,338)</u>	<u>2,959,918</u>
Capital assets, being depreciated:					
Parking and land improvements	716,543	50,304	-	14,237	781,084
Buildings	4,721,040	-	-	-	4,721,040
Equipment and vehicles	2,154,604	16,389	(100,396)	-	2,070,597
Infrastructure	<u>3,543,731</u>	<u>102,580</u>	<u>-</u>	<u>132,101</u>	<u>3,778,412</u>
Total capital assets being depreciated	11,135,918	169,273	(100,396)	146,338	11,351,133
Less accumulated depreciation for:					
Parking and land improvements	(352,003)	(29,444)	-	-	(381,447)
Buildings	(1,251,047)	(105,786)	-	-	(1,356,833)
Equipment and vehicles	(1,306,302)	(148,922)	100,396	-	(1,354,828)
Infrastructure	<u>(1,241,099)</u>	<u>(155,416)</u>	<u>-</u>	<u>-</u>	<u>(1,396,515)</u>
Total accumulated depreciation	<u>(4,150,451)</u>	<u>(439,568)</u>	<u>100,396</u>	<u>-</u>	<u>(4,489,623)</u>
Total capital assets, being depreciated, net	<u>6,985,467</u>	<u>(270,295)</u>	<u>-</u>	<u>146,338</u>	<u>6,861,510</u>
Governmental activities capital assets, net	<u>\$ 9,874,876</u>	<u>\$ (53,448)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,821,428</u>

CITY OF WARRENTON, OREGON

Notes to the Financial Statements

June 30, 2016

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	\$ 379,622	\$ -	\$ -	\$ -	\$ 379,622
Construction in progress	<u>302,096</u>	<u>223,670</u>	<u>-</u>	<u>(74,809)</u>	<u>450,957</u>
Total capital assets, not being depreciated	<u>681,718</u>	<u>223,670</u>	<u>-</u>	<u>(74,809)</u>	<u>830,579</u>
Capital assets, being depreciated:					
Parking areas	920,676	-	-	-	920,676
Buildings	2,420,278	40,137	(32,799)	19,754	2,447,370
Equipment and vehicles	4,630,791	346,376	-	-	4,977,167
Utility facilities	<u>41,500,678</u>	<u>65,494</u>	<u>-</u>	<u>55,055</u>	<u>41,621,227</u>
Total capital assets being depreciated	49,472,423	452,007	(32,799)	74,809	49,966,440
Less accumulated depreciation for:					
Parking areas	(357,652)	(44,150)	-	-	(401,802)
Buildings	(1,077,406)	(51,425)	32,799	-	(1,096,032)
Equipment and vehicles	(3,715,219)	(177,608)	-	-	(3,892,827)
Utility facilities	<u>(15,175,048)</u>	<u>(1,295,270)</u>	<u>-</u>	<u>-</u>	<u>(16,470,318)</u>
Total accumulated depreciation	<u>(20,325,325)</u>	<u>(1,568,453)</u>	<u>32,799</u>	<u>-</u>	<u>(21,860,979)</u>
Total capital assets, being depreciated, net	<u>29,147,098</u>	<u>(1,116,446)</u>	<u>-</u>	<u>74,809</u>	<u>28,105,461</u>
Business-type activities capital assets, net	<u>\$ 29,828,816</u>	<u>\$ (892,776)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,936,040</u>

CITY OF WARRENTON, OREGON

Notes to the Financial Statements

June 30, 2016

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	\$ 99,485
Fire and emergency medical services	79,253
Police	52,931
Planning and development	4,499
Library and culture	23,635
Public works	<u>179,765</u>
Total depreciation expense - governmental activities	<u>\$ 439,568</u>
Business-type activities:	
Water utilities	\$ 726,154
Sewer utilities	666,421
Sanitation utilities	65,764
Marinas	<u>110,114</u>
Total depreciation expense - business-type activities	<u>\$ 1,568,453</u>

D. Interfund receivables, payables, and transfers

At June 30, 2016 the grants fund, a nonmajor governmental fund, owed \$13,335 to the general fund to cover expenditures which have not yet been reimbursed by the granting agency.

The interfund transfer activity for the year ended June 30, 2016 was as follows:

	Transfers
	<u>Out:</u>
	General
	Fund
Transfers In:	
<u>Nonmajor Governmental Funds</u>	<u>\$ 159,507</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, 2016

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	(75,140)
Total	\$ 206,636

The future minimum lease payments under the capital lease at June 30, 2016, are as follows:

<u>Year ending June 30.</u>	Future Minimum Lease Payments		
	Present Value	Interest	Total
2017	\$ 37,737	\$ 3,728	\$ 41,465
2018	38,941	2,525	41,466
2019	40,185	1,282	41,466
Total minimum lease payments	116,863	\$ 7,535	\$ 124,397
Less current maturities	(37,737)		
Long-term portion	\$ 79,126		

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%	\$ 135,000
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	4,948,360

CITY OF WARRENTON, OREGON

Notes to the Financial Statements

June 30, 2016

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%	1,287,007
<p>The Full Faith and Credit Note, Series 2015, in the original amount of \$621,771, was used as a deposit on the purchase of an aerial fire truck that is expected to be purchased in FY2017. The loan is secured by Warrenton Fiber Revenues and matures on December 29, 2025.</p>	2.7690%	621,771
<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%	151,106
<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%	28,123
<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%	1,447,450
<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%	775,770
<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%	178,154
<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%	1,515,264
<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%	2,264,226
<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%	284,161
<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%	62,523

CITY OF WARRENTON, OREGON

Notes to the Financial Statements

June 30, 2016

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>541,000</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, 2016 the City withdrew \$180,000 and made repayments on the line of \$280,000. 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>-</u></p>
<p>Total debt outstanding</p>		<p>14,239,915</p>
<p>Less current portion</p>		<p><u>1,334,936</u></p>
<p>Long-term portion</p>		<p><u>\$ 12,904,979</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	\$ 5,083,360	\$ 543,680
Governmental activities - Tax Increment Financial Bonds	1,287,007	96,674
Governmental activities - Notes/loan payable	621,771	54,817
Business-type activities - Loans payable	<u>7,247,777</u>	<u>639,765</u>
Total	<u>\$ 14,239,915</u>	<u>\$ 1,334,936</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.

CITY OF WARRENTON, OREGON

Notes to the Financial Statements

June 30, 2016

Note III - Detailed notes on all funds, continued

F. Long-term debt, continued

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

Year ending June 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2017	\$ 695,171	\$ 238,457	\$ 639,765	\$ 242,865
2018	577,418	212,387	664,661	218,522
2019	595,200	192,469	611,281	191,801
2020	613,538	171,934	621,246	168,146
2021	632,443	150,765	629,597	145,388
2022 - 2026	3,467,093	412,584	2,308,345	399,324
2027 - 2031	411,275	8,780	1,205,273	154,271
2032 - 2034	-	-	567,609	29,234
Total	<u>\$ 6,992,138</u>	<u>\$ 1,387,376</u>	<u>\$ 7,247,777</u>	<u>\$ 1,549,551</u>

Changes in long-term liabilities

Long-term liability activity for the year ended June 30, 2016 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
General obligation bonds payable	\$ 5,610,284	\$ -	\$ (526,924)	\$ 5,083,360	\$ 543,680
Tax Incremental Financial Bonds	1,380,186	-	(93,179)	1,287,007	96,674
Notes/loan payable	100,000	801,771	(280,000)	621,771	54,817
Total long-term debt	7,090,470	801,771	(900,103)	6,992,138	695,171
Capital leases	153,434	-	(36,571)	116,863	37,737
Total noncurrent liabilities	7,243,904	801,771	(936,674)	7,109,001	732,908
Compensated absences	114,205	123,408	(114,205)	123,408	123,408
Governmental activities long-term liabilities	<u>\$ 7,358,109</u>	<u>\$ 925,179</u>	<u>\$ (1,050,879)</u>	<u>\$ 7,232,409</u>	<u>\$ 856,316</u>
Business-type activities:					
Loans payable	\$ 7,885,490	\$ -	\$ (637,713)	\$ 7,247,777	\$ 639,765
Landfill postclosure care (see note IV D)	314,317	-	(28,417)	285,900	11,650
Total noncurrent liabilities	8,199,807	-	(666,130)	7,533,677	651,415
Compensated absences	106,150	111,168	(106,150)	111,168	111,168
Business-type activities long-term liabilities	<u>\$ 8,305,957</u>	<u>\$ 111,168</u>	<u>\$ (772,280)</u>	<u>\$ 7,644,845</u>	<u>\$ 762,583</u>

CITY OF WARRENTON, OREGON

Notes to the Financial Statements

June 30, 2016

Note III - Detailed notes on all funds, continued

G. Pension plan

Employees of the City are provided with pensions through the Oregon Public Employees Retirement System (OPERS) a cost-sharing multiple-employer defined benefit pension plan. The Oregon Legislature has delegated authority to the Public Employees Retirement Board to administer and manage the system. All benefits of the System are established by the legislature pursuant to ORS Chapters 238 and 238A. Tier One/Tier Two Retirement Benefit plan, established by ORS Chapter 238, is closed to new members hired on or after August 29, 2003. The Pension Program, established by ORS Chapter 238A, provides benefits to members hired on or after August 29, 2003. OPERS issues a publicly available Comprehensive Annual Financial Report and Actuarial Valuation that can be obtained at

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

Benefits Provided

1. Tier One/Tier Two Retirement Benefit (ORS 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, 2016

Note III - Detailed notes on all funds, continued

G. Pension plan, 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 age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.

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, 2016

Note III - Detailed notes on all funds, continued

G. Pension plan, 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.

Recordkeeping

OPERS contracts with VOYA Financial to maintain IAP participant records.

Contributions:

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2013 actuarial valuation as subsequently modified by 2015 legislated changes in benefit provisions. The rates based on a percentage of payroll, first became effective July 1, 2015. Employer contributions for the year ended June 30, 2016 were \$545,611 excluding amounts to fund employer specific liabilities. The rates in effect for the fiscal year ended June 30, 2016 were 17.56 percent for Tier One/Tier Two General Service Member, 17.56 percent for Tier One/Tier Two Police and Fire, 10.36 percent for OPSRP Pension Program General Services, 14.47 percent for OPSRP Police and Fire members and 6 percent for OPSRP Individual Account Program.

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

At June 30, 2016 the City reported a liability of \$2,019,912 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2013 rolled forward to June 30, 2015. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2015, the City's proportion was 0.03518114 percent, which was a changed from its proportion measured as of June 30, 2014 of 0.03043630 percent.

CITY OF WARRENTON, OREGON

Notes to the Financial Statements

June 30, 2016

Note III - Detailed notes on all funds, continued

G. Pension plan, continued

For the year ended June 30, 2016 the City recognized pension expense (income) of \$1,985,232. At June 30, 2016, 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>
Difference between expected and actual experience	\$ 108,924	\$ -
Net difference between projected and actual earnings on pension plan investments	-	423,419
Changes in proportionate share	81,465	-
Differences between City contributions and proportionate share of contributions	-	71,173
City contributions subsequent to the measurement date	<u>369,688</u>	<u>-</u>
Total	<u>\$ 560,077</u>	<u>\$ 494,592</u>

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

<u>Year Ended June 30,</u>	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
2017	\$ 412,958	\$ 218,276
2018	43,270	218,276
2019	43,270	218,276
2020	43,270	(166,577)
2021	<u>17,309</u>	<u>6,341</u>
Total	<u>\$ 560,077</u>	<u>\$ 494,592</u>

Actuarial Assumptions:

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

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.

CITY OF WARRENTON, OREGON

Notes to the Financial Statements

June 30, 2016

Note III - Detailed notes on all funds, continued

G. Pension plan, continued

The total pension liability in the December 31, 2013 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2013
Measurement Date	June 30, 2015
Experience Study Report	2014, published September 18, 2015
Actuarial Cost Method	Entry Age normal
Actuarial Assumptions:	
Inflation Rate	2.75 percent
Long-Term Expected Rate of Return	7.75 percent
Discount Rate	7.25 percent
Project Salary Increases	3.75 percent overall payroll growth
Cost of Living Adjustments (COLA)	Blend of 2.00% COLA and Grade COLA
Mortality	<p>Healthy retirees and beneficiaries: RP-2000 Sex-distinct, generational per Scale AA, with collar adjustments and set-backs as described in the valuation.</p> <p>Active Members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation.</p> <p>Disabled retirees: Mortality rates are a percentage (65% for males, 90% for females) of the RP-2000 statistic combined disabled mortality sex-distinct table.</p>

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2014 Experience Study which reviewed experience for the four-year period ending on December 31, 2014.

Long-term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2013 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

CITY OF WARRENTON, OREGON

Notes to the Financial Statements

June 30, 2016

Note III - Detailed notes on all funds, continued

G. Pension plan, continued

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 %	0.0
Total			<u>100.0 %</u>

<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 %

Depletion Date Projection

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

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

- PERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.

CITY OF WARRENTON, OREGON

Notes to the Financial Statements

June 30, 2016

Note III - Detailed notes on all funds, continued

G. Pension plan, continued

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

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

Discount Rate

The discount rate used to measure the total pension liability was 7.75 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share 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:

	1% Decrease (6.75%)	Discount Rate (7.75%)	1% Increase (8.75%)
Proportionate Share of Net Pension Liability (Asset)	\$ 4,874,981	\$ (2,019,912)	\$ (386,162)

Pension Plan Fiduciary Net Position

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

Changes in Plan Provisions During the Measurement Period

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

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

Changes in Plan Provisions Subsequent to Measurement Date

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

CITY OF WARRENTON, OREGON

Notes to the Financial Statements

June 30, 2016

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.

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, 2016 the City's estimated liability changed as follows:

	<u>Landfill postclosure care liability</u>
Balance at June 30, 2015	\$ 314,317
Change in estimate	(16,767)
Maintenance costs paid in 2016	<u>(11,650)</u>
Balance at June 30, 2016	<u>\$ 285,900</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, 2016

Note IV - Other information, continued

E. Restatement of Net Position

The City discovered during their inventory count that pumps and actuators had been purchased in prior years and not included in inventory counts for the wastewater treatment plant. The value of these items (\$52,609) has been adjusted into beginning net position for the sewer fund as follows:

<u>Opinion Unit</u>	<u>Beginning Net Position</u>	<u>Record inventory items purchased in prior years</u>	<u>Restated Net Position</u>
Business-type Activities	\$ 26,985,553	\$ 52,609	\$ 27,038,162
Sewer Enterprise	11,838,359	52,609	11,890,968

"Making a difference through excellence of service"



CITY OF WARRENTON

REQUIRED SUPPLEMENTARY INFORMATION

"Making a difference through excellence of service"



CITY OF WARRENTON

CITY OF WARRENTON

Required Supplementary Information

June 30, 2016

Schedule of the Proportionate Share of the Net Pension Liability

Oregon Public Employees Retirement System

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Proportion of the net pension liability (asset)	0.03518114 %	0.03043630 %	0.03043630 %
Proportionate share of the net pension liability (asset)	\$ 2,019,912	\$ (689,904)	\$ 1,553,209
Covered payroll	\$ 3,036,331	\$ 2,744,201	\$ 2,744,201
Proportionate share of the pension liability (asset) as a percentage of its covered employee payroll	66.52 %	(25.14)%	56.60 %
Plan net position as a percentage of the total pension liability	91.88 %	103.59 %	92.00 %

Schedule of Pension Contributions

Oregon Public Employees Retirement System

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 545,611	\$ 475,054	\$ 448,503
Contributions in relation to the contractually required contribution	<u>545,611</u>	<u>475,054</u>	<u>448,503</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 3,036,331	\$ 2,744,201	\$ 2,594,589
Contributions as a percentage of covered employee payroll	17.97 %	17.31 %	17.29 %

Notes to Required Supplementary Information

Note I - Changes in Benefit Terms

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

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

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

Note II - Changes in Assumptions

Details and a comprehensive list of changes in methods and assumptions can be found in the 2012 and 2014 Experience Study for the System, which were published on September 18, 2013 and September 23, 2015. These reports can be found at: http://www.oregon.gov/pers/Pages/section/financial_reports/mercero_reports.aspx.

"Making a difference through excellence of service"



CITY OF WARRENTON

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

"Making a difference through excellence of service"



CITY OF WARRENTON

CITY OF WARRENTON, OREGON
NONMAJOR GOVERNMENTAL FUNDS
 Combining Balance Sheet
 June 30, 2016

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 598,185	\$ 1,202,947	\$ 908,390	\$ 2,709,522
Receivables:				
Taxes	3,966	102,634	-	106,600
Accounts	65,709	-	-	65,709
Grants	14,170	-	-	14,170
Prepaid items	-	-	808,771	808,771
Total assets	\$ 682,030	\$ 1,305,581	\$ 1,717,161	\$ 3,704,772
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable and other current liabilities	\$ 75,349	\$ 1,070	\$ 11,799	\$ 88,218
Unearned revenues	1,074	-	-	1,074
Due to other funds	13,335	-	-	13,335
Total liabilities	89,758	1,070	11,799	102,627
Deferred Inflows of Resources:				
Unavailable revenues	3,018	78,135	-	81,153
Total liabilities & deferred inflows	92,776	79,205	11,799	183,780
Fund Balances:				
Nonspendable - Prepaid items	-	-	808,771	808,771
Restricted for:				
Debt service	-	1,226,376	-	1,226,376
Library and culture	31,129	-	-	31,129
Public works	141,784	-	-	141,784
Building inspection programs	261,655	-	-	261,655
Capital projects	-	-	626,367	626,367
Committed to:				
Library and culture	149,542	-	-	149,542
Grant expenditures	5,144	-	-	5,144
Assigned to:				
Capital projects	-	-	270,224	270,224
Total fund balances	589,254	1,226,376	1,705,362	3,520,992
Total liabilities, deferred inflows of resources and fund balances	\$ 682,030	\$ 1,305,581	\$ 1,717,161	\$ 3,704,772

CITY OF WARRENTON, OREGON
NONMAJOR GOVERNMENTAL FUNDS
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2016

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:				
Taxes	\$ 279,408	\$ 1,236,695	\$ -	\$ 1,516,103
Licenses and permits	262,470	-	-	262,470
Intergovernmental	56,324	-	-	56,324
Charges for services	11,975	-	-	11,975
Fines and forfeits	275	-	-	275
Investment earnings	2,140	10,230	1,754	14,124
Donations	56,281	-	-	56,281
Other revenues	3,658	-	11,082	14,740
Total revenues	<u>672,531</u>	<u>1,246,925</u>	<u>12,836</u>	<u>1,932,292</u>
Expenditures:				
Current:				
General government	231,060	-	62,813	293,873
Police	56,297	-	-	56,297
Planning and development	206,895	-	-	206,895
Library and culture	138,190	-	599	138,789
Public works	80,394	-	-	80,394
Debt service:				
Principal retirement	-	900,104	-	900,104
Interest	-	247,973	-	247,973
Capital outlay	-	-	26,886	26,886
Total expenditures	<u>712,836</u>	<u>1,148,077</u>	<u>90,298</u>	<u>1,951,211</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(40,305)</u>	<u>98,848</u>	<u>(77,462)</u>	<u>(18,919)</u>
Other Financing Sources (Uses):				
Transfers in	7,629	-	151,878	159,507
Proceeds from sale of capital assets	-	-	2,350	2,350
Loan proceeds	-	-	621,771	621,771
Capital contributions	-	-	113,016	113,016
Total other financing sources (uses)	<u>7,629</u>	<u>-</u>	<u>889,015</u>	<u>896,644</u>
Net change in fund balances	(32,676)	98,848	811,553	877,725
Fund Balances:				
Beginning of year, as restated	<u>621,930</u>	<u>1,127,528</u>	<u>893,809</u>	<u>2,643,267</u>
End of year	<u>\$ 589,254</u>	<u>\$ 1,226,376</u>	<u>\$ 1,705,362</u>	<u>\$ 3,520,992</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, 2016

	Community Center (005)	Warrenton Business Association (006)	Grant (015)	Library (020)	Building Department (021)
ASSETS					
Cash and cash equivalents	\$ 14,333	\$ 140,042	\$ 4,309	\$ 31,188	\$ 266,152
Receivables:					
Taxes	-	-	-	3,966	-
Accounts	-	70	-	-	-
Grants	-	-	14,170	-	-
	-	-	14,170	-	-
Total assets	\$ 14,333	\$ 140,112	\$ 18,479	\$ 35,154	\$ 266,152
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable and other current liabilities	\$ 1,458	\$ 2,371	\$ -	\$ 1,007	\$ 4,497
Unearned revenues	1,074	-	-	-	-
Due to other funds	-	-	13,335	-	-
	-	-	13,335	-	-
Total liabilities	2,532	2,371	13,335	1,007	4,497
Deferred Inflows of Resources:					
Unavailable revenues	-	-	-	3,018	-
	-	-	-	3,018	-
Total liabilities & deferred inflows	2,532	2,371	13,335	4,025	4,497
Fund Balances:					
Restricted for:					
Library and culture	-	-	-	31,129	-
Public works	-	-	-	-	-
Building inspection programs	-	-	-	-	261,655
Committed to:					
Library and culture	11,801	137,741	-	-	-
Grant expenditures	-	-	5,144	-	-
	11,801	137,741	5,144	31,129	261,655
Total fund balances	11,801	137,741	5,144	31,129	261,655
Total liabilities, deferred inflows of resources and fund balances	\$ 14,333	\$ 140,112	\$ 18,479	\$ 35,154	\$ 266,152

Transient Room Tax (024)	Quincy Robinson Park Trust (065)	Total Nonmajor Special Revenue Funds
\$ 377	\$ 141,784	\$ 598,185
-	-	3,966
65,639	-	65,709
<u>-</u>	<u>-</u>	<u>14,170</u>
<u>\$ 66,016</u>	<u>\$ 141,784</u>	<u>\$ 682,030</u>
\$ 66,016	\$ -	\$ 75,349
-	-	1,074
<u>-</u>	<u>-</u>	<u>13,335</u>
66,016	-	89,758
<u>-</u>	<u>-</u>	<u>3,018</u>
<u>66,016</u>	<u>-</u>	<u>92,776</u>
-	-	31,129
-	141,784	141,784
-	-	261,655
-	-	149,542
-	-	5,144
<u>-</u>	<u>-</u>	<u>589,254</u>
<u>-</u>	<u>141,784</u>	<u>589,254</u>
<u>\$ 66,016</u>	<u>\$ 141,784</u>	<u>\$ 682,030</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, 2016

	Community Center (005)	Warrenton Business Association (006)	Grant (015)	Library (020)	Building Department (021)
Revenues:					
Taxes	\$ -	\$ -	\$ -	\$ 48,375	\$ -
Licenses and permits	-	45,830	-	-	216,640
Intergovernmental	-	-	56,324	-	-
Charges for services	11,975	-	-	-	-
Fines and forfeits	-	-	-	275	-
Investment earnings	17	913	-	108	802
Donations	4,423	5	-	6,628	-
Other revenues	25	-	-	3,410	223
Total revenues	<u>16,440</u>	<u>46,748</u>	<u>56,324</u>	<u>58,796</u>	<u>217,665</u>
Expenditures:					
Current:					
General government	-	-	27	-	-
Police	-	-	56,297	-	-
Planning and development	-	-	-	-	206,895
Library and culture	19,807	62,338	-	56,045	-
Public works	-	-	-	-	-
Total expenditures	<u>19,807</u>	<u>62,338</u>	<u>56,324</u>	<u>56,045</u>	<u>206,895</u>
Excess (deficiency) of revenues over (under) expenditures	(3,367)	(15,590)	-	2,751	10,770
Other Financing Sources (Uses):					
Transfers in	<u>7,629</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	4,262	(15,590)	-	2,751	10,770
Fund Balances:					
Beginning of year	<u>7,539</u>	<u>153,331</u>	<u>5,144</u>	<u>28,378</u>	<u>250,885</u>
End of year	<u>\$ 11,801</u>	<u>\$ 137,741</u>	<u>\$ 5,144</u>	<u>\$ 31,129</u>	<u>\$ 261,655</u>

Transient Room Tax (024)	Quincy Robinson Park Trust (065)	Total Nonmajor Special Revenue Funds
\$ 231,033	\$ -	\$ 279,408
-	-	262,470
-	-	56,324
-	-	11,975
-	-	275
-	300	2,140
-	45,225	56,281
-	-	3,658
<u>231,033</u>	<u>45,525</u>	<u>672,531</u>
231,033	-	231,060
-	-	56,297
-	-	206,895
-	-	138,190
-	80,394	80,394
<u>231,033</u>	<u>80,394</u>	<u>712,836</u>
-	(34,869)	(40,305)
-	-	7,629
-	(34,869)	(32,676)
-	176,653	621,930
<u>\$ -</u>	<u>\$ 141,784</u>	<u>\$ 589,254</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, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Charges for services	\$ 8,800	\$ 8,800	\$ 11,975	\$ 3,175
Investment earnings	15	15	17	2
Donations	1,600	1,600	4,423	2,823
Other revenue	<u>-</u>	<u>-</u>	<u>25</u>	<u>25</u>
Total revenues	<u>10,415</u>	<u>10,415</u>	<u>16,440</u>	<u>6,025</u>
Expenditures:				
Personal services	7,739	7,739	6,940	799
Materials and services	12,952	12,952	12,867	85
Contingency	<u>953</u>	<u>953</u>	<u>-</u>	<u>953</u>
Total expenditures	<u>21,644</u>	<u>21,644</u>	<u>19,807</u>	<u>1,837</u>
Transfers in	<u>7,629</u>	<u>7,629</u>	<u>7,629</u>	<u>-</u>
Net change in fund balance	(3,600)	(3,600)	4,262	7,862
Fund Balance:				
Beginning of year	<u>3,600</u>	<u>3,600</u>	<u>7,539</u>	<u>3,939</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,801</u>	<u>\$ 11,801</u>

CITY OF WARRENTON, OREGON
WARRENTON BUSINESS ASSOCIATION FUND
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Licenses and permits	\$ 45,000	\$ 45,000	\$ 45,830	\$ 830
Investment earnings	660	660	913	253
Donations	-	-	5	5
Total revenues	<u>45,660</u>	<u>45,660</u>	<u>46,748</u>	<u>1,088</u>
Expenditures:				
Personal services	7,381	7,381	7,694	(313)
Materials and services	117,024	117,024	54,644	62,380
Contingency	<u>10,000</u>	<u>10,000</u>	-	<u>10,000</u>
Total expenditures	<u>134,405</u>	<u>134,405</u>	<u>62,338</u>	<u>72,067</u>
Net change in fund balance	(88,745)	(88,745)	(15,590)	73,155
Fund Balance:				
Beginning of year	<u>166,950</u>	<u>166,950</u>	<u>153,331</u>	<u>(13,619)</u>
End of year	<u>\$ 78,205</u>	<u>\$ 78,205</u>	<u>\$ 137,741</u>	<u>\$ 59,536</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, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Intergovernmental	\$ 75,518	\$ 75,518	\$ 56,324	\$ (19,194)
Donations	<u>300</u>	<u>300</u>	<u>-</u>	<u>(300)</u>
Total revenues	<u>75,818</u>	<u>75,818</u>	<u>56,324</u>	<u>(19,494)</u>
Expenditures:				
Personal services	64,018	64,018	54,136	9,882
Materials and services	<u>13,909</u>	<u>13,909</u>	<u>2,188</u>	<u>11,721</u>
Total expenditures	<u>77,927</u>	<u>77,927</u>	<u>56,324</u>	<u>21,603</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, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Taxes	\$ 46,803	\$ 46,803	\$ 48,375	\$ 1,572
Fines and forfeits	400	400	275	(125)
Investment earnings	100	100	108	8
Donations	1,400	1,400	6,628	5,228
Other revenue	<u>1,275</u>	<u>1,275</u>	<u>3,410</u>	<u>2,135</u>
Total revenues	<u>49,978</u>	<u>49,978</u>	<u>58,796</u>	<u>8,818</u>
Expenditures:				
Personal services	37,048	37,048	36,796	252
Materials and services	20,667	20,667	19,249	1,418
Contingency	<u>19,238</u>	<u>19,238</u>	<u>-</u>	<u>19,238</u>
Total expenditures	<u>76,953</u>	<u>76,953</u>	<u>56,045</u>	<u>20,908</u>
Net change in fund balance	(26,975)	(26,975)	2,751	29,726
Fund Balance:				
Beginning of year	<u>29,000</u>	<u>29,000</u>	<u>28,378</u>	<u>(622)</u>
End of year	<u>\$ 2,025</u>	<u>\$ 2,025</u>	<u>\$ 31,129</u>	<u>\$ 29,104</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, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Licenses and permits	\$ 87,434	\$ 87,434	\$ 216,640	\$ 129,206
Investment earnings	700	700	802	102
Other revenue	-	-	223	223
Total revenues	<u>88,134</u>	<u>88,134</u>	<u>217,665</u>	<u>129,531</u>
Expenditures:				
Personal services	188,453	188,453	185,091	3,362
Materials and services	29,362	29,362	21,804	7,558
Contingency	<u>43,563</u>	<u>43,563</u>	-	43,563
Total expenditures	<u>261,378</u>	<u>261,378</u>	<u>206,895</u>	<u>54,483</u>
Net change in fund balance	(173,244)	(173,244)	10,770	184,014
Fund Balance:				
Beginning of year	<u>250,000</u>	<u>250,000</u>	<u>250,885</u>	<u>885</u>
End of year	<u>\$ 76,756</u>	<u>\$ 76,756</u>	<u>\$ 261,655</u>	<u>\$ 184,899</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, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Taxes	\$ 250,000	\$ 250,000	\$ 231,033	\$ (18,967)
Expenditures:				
Materials and services	<u>250,000</u>	<u>250,000</u>	<u>231,033</u>	<u>18,967</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 FUND
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Investment earnings	\$ 300	\$ 300	\$ 300	\$ -
Donations	<u>51,000</u>	<u>51,000</u>	<u>45,225</u>	<u>(5,775)</u>
Total revenues	<u>51,300</u>	<u>51,300</u>	<u>45,525</u>	<u>(5,775)</u>
Expenditures:				
Capital outlay	78,250	93,250	80,394	12,856
Contingency	<u>15,650</u>	<u>650</u>	<u>-</u>	<u>650</u>
Total expenditures	<u>93,900</u>	<u>93,900</u>	<u>80,394</u>	<u>13,506</u>
Net change in fund balance	(42,600)	(42,600)	(34,869)	7,731
Fund Balance:				
Beginning of year	<u>167,584</u>	<u>167,584</u>	<u>176,653</u>	<u>9,069</u>
End of year	<u>\$ 124,984</u>	<u>\$ 124,984</u>	<u>\$ 141,784</u>	<u>\$ 16,800</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.

"Making a difference through excellence of service"



CITY OF WARRENTON

CITY OF WARRENTON, OREGON
NONMAJOR DEBT SERVICE FUNDS
 Combining Balance Sheet
 June 30, 2016

	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	\$ 24,526	\$ 96,896	\$ 917,525	\$ 164,000	\$ 1,202,947
Receivables:					
Taxes	<u>11,836</u>	<u>48,058</u>	<u>42,740</u>	<u>-</u>	<u>102,634</u>
 Total assets	 <u>\$ 36,362</u>	 <u>\$ 144,954</u>	 <u>\$ 960,265</u>	 <u>\$ 164,000</u>	 <u>\$ 1,305,581</u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable and other current liabilities	\$ -	\$ -	\$ 1,070	\$ -	\$ 1,070
Deferred Inflows of Resources:					
Unavailable revenues	<u>9,022</u>	<u>36,769</u>	<u>32,344</u>	<u>-</u>	<u>78,135</u>
 Total liabilities & deferred inflows	 <u>9,022</u>	 <u>36,769</u>	 <u>33,414</u>	 <u>-</u>	 <u>79,205</u>
Fund Balances:					
Restricted for:					
Debt service	<u>27,340</u>	<u>108,185</u>	<u>926,851</u>	<u>164,000</u>	<u>1,226,376</u>
Total fund balances	<u>27,340</u>	<u>108,185</u>	<u>926,851</u>	<u>164,000</u>	<u>1,226,376</u>
 Total liabilities, deferred inflows of resources and fund balances	 <u>\$ 36,362</u>	 <u>\$ 144,954</u>	 <u>\$ 960,265</u>	 <u>\$ 164,000</u>	 <u>\$ 1,305,581</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, 2016

	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	\$ 138,902	\$ 566,682	\$ 531,111	\$ -	\$ 1,236,695
Investment earnings	688	1,852	7,690	-	10,230
Total revenues	<u>139,590</u>	<u>568,534</u>	<u>538,801</u>	<u>-</u>	<u>1,246,925</u>
Expenditures:					
Debt service:					
Principal retirement	130,000	396,924	373,180	-	900,104
Interest	<u>13,250</u>	<u>179,997</u>	<u>54,726</u>	<u>-</u>	<u>247,973</u>
Total expenditures	<u>143,250</u>	<u>576,921</u>	<u>427,906</u>	<u>-</u>	<u>1,148,077</u>
Net change in fund balances	(3,660)	(8,387)	110,895	-	98,848
Fund Balances:					
Beginning of year	<u>31,000</u>	<u>116,572</u>	<u>815,956</u>	<u>164,000</u>	<u>1,127,528</u>
End of year	<u>\$ 27,340</u>	<u>\$ 108,185</u>	<u>\$ 926,851</u>	<u>\$ 164,000</u>	<u>\$ 1,226,376</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, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Taxes	\$ 136,410	\$ 136,410	\$ 138,902	\$ 2,492
Investment earnings	<u>300</u>	<u>300</u>	<u>688</u>	<u>388</u>
Total revenues	136,710	136,710	139,590	2,880
Expenditures:				
Debt service	<u>143,250</u>	<u>143,250</u>	<u>143,250</u>	<u>-</u>
Net change in fund balance	(6,540)	(6,540)	(3,660)	2,880
Fund Balance:				
Beginning of year	<u>18,000</u>	<u>18,000</u>	<u>31,000</u>	<u>13,000</u>
End of year	<u>\$ 11,460</u>	<u>\$ 11,460</u>	<u>\$ 27,340</u>	<u>\$ 15,880</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, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Taxes	\$ 558,175	\$ 558,175	\$ 566,682	\$ 8,507
Investment earnings	<u>900</u>	<u>900</u>	<u>1,852</u>	<u>952</u>
Total revenues	559,075	559,075	568,534	9,459
Expenditures:				
Debt service	<u>576,921</u>	<u>576,921</u>	<u>576,921</u>	<u>-</u>
Net change in fund balance	(17,846)	(17,846)	(8,387)	9,459
Fund Balance:				
Beginning of year	<u>64,000</u>	<u>64,000</u>	<u>116,572</u>	<u>52,572</u>
End of year	<u>\$ 46,154</u>	<u>\$ 46,154</u>	<u>\$ 108,185</u>	<u>\$ 62,031</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, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Taxes	\$ 508,982	\$ 508,982	\$ 531,111	\$ 22,129
Investment earnings	<u>6,365</u>	<u>6,365</u>	<u>7,690</u>	<u>1,325</u>
Total revenues	515,347	515,347	538,801	23,454
Expenditures:				
Debt service	<u>645,800</u>	<u>645,800</u>	<u>427,906</u>	<u>217,894</u>
Excess (deficiency) of revenues over (under) expenditures	(130,453)	(130,453)	110,895	241,348
Other financing sources (uses):				
Transfers out	<u>(300,000)</u>	<u>(300,000)</u>	<u>-</u>	<u>300,000</u>
Net change in fund balance	(430,453)	(430,453)	110,895	541,348
Fund Balance:				
Beginning of year	<u>909,710</u>	<u>909,710</u>	<u>815,956</u>	<u>(93,754)</u>
End of year	<u>\$ 479,257</u>	<u>\$ 479,257</u>	<u>\$ 926,851</u>	<u>\$ 447,594</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, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Expenditures:				
Debt service	<u>\$ 464,000</u>	<u>\$ 464,000</u>	<u>\$ -</u>	<u>\$ 464,000</u>
Excess (deficiency) of revenues over (under) expenditures	(464,000)	(464,000)	-	464,000
Other financing sources (uses):				
Transfers in	<u>300,000</u>	<u>300,000</u>	<u>-</u>	<u>(300,000)</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, 2016

	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	\$ 56,113	\$ 1,587	\$ 79,247	\$ 570,254	\$ 34,758
Prepaid items	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 56,113</u>	<u>\$ 1,587</u>	<u>\$ 79,247</u>	<u>\$ 570,254</u>	<u>\$ 34,758</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable and other current liabilities	\$ -	\$ -	\$ 11,799	\$ -	\$ -
Fund Balances:					
Nonspendable - Prepaid items	-	-	-	-	-
Restricted for:					
System development	56,113	-	-	570,254	-
Assigned to:					
Capital projects	<u>-</u>	<u>1,587</u>	<u>67,448</u>	<u>-</u>	<u>34,758</u>
Total fund balances	<u>56,113</u>	<u>1,587</u>	<u>67,448</u>	<u>570,254</u>	<u>34,758</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 56,113</u>	<u>\$ 1,587</u>	<u>\$ 79,247</u>	<u>\$ 570,254</u>	<u>\$ 34,758</u>

Fire Apparatus Replacement (071)	Tansy Point Dock Capital Reserve (072)	Total Nonmajor Capital Projects Funds
\$ 84,266	\$ 82,165	\$ 908,390
<u>808,771</u>	<u>-</u>	<u>808,771</u>
<u>\$ 893,037</u>	<u>\$ 82,165</u>	<u>\$ 1,717,161</u>
\$ -	\$ -	\$ 11,799
808,771	-	808,771
-	-	626,367
<u>84,266</u>	<u>82,165</u>	<u>270,224</u>
<u>893,037</u>	<u>82,165</u>	<u>1,705,362</u>
<u>\$ 893,037</u>	<u>\$ 82,165</u>	<u>\$ 1,717,161</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, 2016

	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	\$ 51	\$ -	\$ 295	\$ 349	\$ 16
Other revenues	-	-	-	-	-
Total revenues	<u>51</u>	<u>-</u>	<u>295</u>	<u>349</u>	<u>16</u>
Expenditures:					
Current:					
General government	-	-	43,370	-	-
Library and culture	-	599	-	-	-
Capital outlay	-	-	13,886	-	-
Total expenditures	<u>-</u>	<u>599</u>	<u>57,256</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>51</u>	<u>(599)</u>	<u>(56,961)</u>	<u>349</u>	<u>16</u>
Other Financing Sources (Uses):					
Transfers in	-	-	55,000	-	30,000
Proceeds from sale of capital assets	-	-	-	-	2,350
Loan proceeds	-	-	-	-	-
Capital contributions	27,500	-	-	85,516	-
Total other financing sources (uses)	<u>27,500</u>	<u>-</u>	<u>55,000</u>	<u>85,516</u>	<u>32,350</u>
Net change in fund balances	27,551	(599)	(1,961)	85,865	32,366
Fund Balances:					
Beginning of year	28,562	2,186	69,409	484,389	2,392
End of year	<u>\$ 56,113</u>	<u>\$ 1,587</u>	<u>\$ 67,448</u>	<u>\$ 570,254</u>	<u>\$ 34,758</u>

Fire Apparatus Replacement (071)	Tansy Point Dock Capital Reserve (072)	Total Nonmajor Capital Projects Funds
\$ 688	\$ 355	\$ 1,754
<u>11,082</u>	<u>-</u>	<u>11,082</u>
<u>11,770</u>	<u>355</u>	<u>12,836</u>
-	19,443	62,813
-	-	599
<u>13,000</u>	<u>-</u>	<u>26,886</u>
<u>13,000</u>	<u>19,443</u>	<u>90,298</u>
<u>(1,230)</u>	<u>(19,088)</u>	<u>(77,462)</u>
40,000	26,878	151,878
-	-	2,350
621,771	-	621,771
<u>-</u>	<u>-</u>	<u>113,016</u>
<u>661,771</u>	<u>26,878</u>	<u>889,015</u>
660,541	7,790	811,553
<u>232,496</u>	<u>74,375</u>	<u>893,809</u>
<u>\$ 893,037</u>	<u>\$ 82,165</u>	<u>\$ 1,705,362</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, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Investment earnings	\$ -	\$ -	\$ 51	\$ 51
System development charges	<u>12,000</u>	<u>12,000</u>	<u>27,500</u>	<u>15,500</u>
Total revenues	12,000	12,000	27,551	15,551
Expenditures:				
Capital outlay	<u>37,060</u>	<u>37,060</u>	<u>-</u>	<u>37,060</u>
Net change in fund balance	(25,060)	(25,060)	27,551	52,611
Fund Balance:				
Beginning of year	<u>25,060</u>	<u>25,060</u>	<u>28,562</u>	<u>3,502</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 56,113</u>	<u>\$ 56,113</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, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Expenditures:				
Materials and services	<u>\$ 2,186</u>	<u>\$ 2,186</u>	<u>\$ 599</u>	<u>\$ 1,587</u>
Net change in fund balance	(2,186)	(2,186)	(599)	(1,587)
Fund Balance:				
Beginning of year	<u>2,186</u>	<u>2,186</u>	<u>2,186</u>	<u>-</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,587</u>	<u>\$ 1,587</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, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Investment earnings	\$ 270	\$ 270	\$ 295	\$ 25
Expenditures:				
Materials and services	59,812	59,812	43,370	16,442
Capital outlay	43,000	43,000	13,886	29,114
Contingency	<u>27,458</u>	<u>27,458</u>	<u>-</u>	<u>27,458</u>
Total expenditures	<u>130,270</u>	<u>130,270</u>	<u>57,256</u>	<u>73,014</u>
Excess (deficiency) of revenues over (under) expenditures	(130,000)	(130,000)	(56,961)	73,039
Other financing sources (uses):				
Transfers in	<u>55,000</u>	<u>55,000</u>	<u>55,000</u>	<u>-</u>
Net change in fund balance	(75,000)	(75,000)	(1,961)	73,039
Fund Balance:				
Beginning of year	<u>75,000</u>	<u>75,000</u>	<u>69,409</u>	<u>(5,591)</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 67,448</u>	<u>\$ 67,448</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, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Investment earnings	\$ 2,300	\$ 2,300	\$ 349	\$ (1,951)
System development charges	<u>72,000</u>	<u>72,000</u>	<u>85,516</u>	<u>13,516</u>
Total revenues	74,300	74,300	85,865	11,565
Expenditures:				
Capital outlay	<u>550,650</u>	<u>550,650</u>	<u>-</u>	<u>550,650</u>
Net change in fund balance	(476,350)	(476,350)	85,865	562,215
Fund Balance:				
Beginning of year	<u>476,350</u>	<u>476,350</u>	<u>484,389</u>	<u>8,039</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 570,254</u>	<u>\$ 570,254</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, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Investment earnings	\$ 25	\$ 25	\$ 16	\$ (9)
Expenditures:				
Capital outlay	<u>32,410</u>	<u>32,410</u>	<u>-</u>	<u>32,410</u>
Excess (deficiency) of revenues over (under) expenditures	(32,385)	(32,385)	16	32,401
Other financing sources (uses):				
Transfers in	30,000	30,000	30,000	-
Sale of capital assets	<u>-</u>	<u>-</u>	<u>2,350</u>	<u>2,350</u>
Net change in fund balance	(2,385)	(2,385)	32,366	34,751
Fund Balance:				
Beginning of year	<u>2,385</u>	<u>2,385</u>	<u>2,392</u>	<u>7</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,758</u>	<u>\$ 34,758</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, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Investment earnings	\$ 825	\$ 825	\$ 688	\$ (137)
Other revenue	-	-	11,082	11,082
Expenditures:				
Capital outlay	<u>278,466</u>	<u>278,466</u>	<u>13,000</u>	<u>265,466</u>
Excess (deficiency) of revenues over (under) expenditures	(277,641)	(277,641)	(1,230)	276,411
Other financing sources (uses):				
Transfers in	40,000	40,000	40,000	-
Loan proceeds	<u>-</u>	<u>-</u>	<u>621,771</u>	<u>621,771</u>
Net change in fund balances	(237,641)	(237,641)	660,541	898,182
Fund Balance:				
Beginning of year	<u>237,641</u>	<u>237,641</u>	<u>232,496</u>	<u>(5,145)</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 893,037</u>	<u>\$ 893,037</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, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Investment earnings	\$ 300	\$ 300	\$ 355	\$ 55
Expenditures:				
Materials and services	10,000	20,000	19,443	557
Capital outlay	<u>91,538</u>	<u>81,538</u>	<u>-</u>	<u>81,538</u>
Excess (deficiency) of revenues over (under) expenditures	(101,238)	(101,238)	(19,088)	82,150
Other financing sources (uses):				
Transfers in	<u>26,878</u>	<u>26,878</u>	<u>26,878</u>	<u>-</u>
Net change in fund balances	(74,360)	(74,360)	7,790	82,150
Fund Balance:				
Beginning of year	<u>74,360</u>	<u>74,360</u>	<u>74,375</u>	<u>15</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 82,165</u>	<u>\$ 82,165</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.

"Making a difference through excellence of service"



CITY OF WARRENTON

CITY OF WARRENTON, OREGON
WATER ENTERPRISE
Combining Statement of Net Position
June 30, 2016

	Operating (025)	System Development (026)	Capital Reserve (029)	Total Water Enterprise
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 785,309	\$ 101,180	\$ 1,311,219	\$ 2,197,708
Utility receivables	245,522	-	-	245,522
Other receivables	6,962	3,300	-	10,262
Inventory, at cost	225,591	-	-	225,591
Prepaid expenses	6,907	-	-	6,907
Total current assets	<u>1,270,291</u>	<u>104,480</u>	<u>1,311,219</u>	<u>2,685,990</u>
Noncurrent assets:				
Capital assets:				
Nondepreciable assets	273,646	-	-	273,646
Depreciable assets, net	16,196,289	-	-	16,196,289
Total noncurrent assets	<u>16,469,935</u>	<u>-</u>	<u>-</u>	<u>16,469,935</u>
Total assets	17,740,226	104,480	1,311,219	19,155,925
DEFERRED OUTFLOWS OF RESOURCES				
Related to pensions	77,514	-	-	77,514
Total assets & deferred outflows	<u>17,817,740</u>	<u>104,480</u>	<u>1,311,219</u>	<u>19,233,439</u>
LIABILITIES				
Current liabilities:				
Accounts payable and other current liabilities	129,799	-	-	129,799
Accrued interest payable	118,701	-	-	118,701
Compensated absences	35,386	-	-	35,386
Loans payable - current	505,416	-	-	505,416
Total current liabilities	<u>789,302</u>	<u>-</u>	<u>-</u>	<u>789,302</u>
Noncurrent liabilities:				
Loans payable	5,766,853	-	-	5,766,853
Net pension liability	279,556	-	-	279,556
Total liabilities	6,835,711	-	-	6,835,711
DEFERRED INFLOWS OF RESOURCES				
Related to pensions	68,451	-	-	68,451
Total liabilities & deferred inflows	<u>6,904,162</u>	<u>-</u>	<u>-</u>	<u>6,904,162</u>
NET POSITION				
Net investment in capital assets	10,197,666	-	-	10,197,666
Restricted for system development	-	104,480	-	104,480
Unrestricted	715,912	-	1,311,219	2,027,131
Total net position	<u>\$ 10,913,578</u>	<u>\$ 104,480</u>	<u>\$ 1,311,219</u>	<u>\$ 12,329,277</u>

CITY OF WARRENTON, OREGON

WATER ENTERPRISE

Combining Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2016

	Operating (025)	System Development (026)	Capital Reserve (029)	Total Water Enterprise
Operating Revenues:				
Charges for services	\$ 2,594,014	\$ -	\$ -	\$ 2,594,014
Other operating revenues	4,627	-	-	4,627
Total operating revenues	<u>2,598,641</u>	<u>-</u>	<u>-</u>	<u>2,598,641</u>
Operating Expenses:				
Payroll and payroll benefits	972,847	-	-	972,847
Contracted services	88,699	-	-	88,699
Utilities and telephone	95,477	-	-	95,477
Repairs and maintenance	278,527	-	-	278,527
Other operating expenses	137,072	-	-	137,072
Overhead cost allocation	128,638	-	-	128,638
Depreciation	726,154	-	-	726,154
Total operating expenses	<u>2,427,414</u>	<u>-</u>	<u>-</u>	<u>2,427,414</u>
Operating income (loss)	<u>171,227</u>	<u>-</u>	<u>-</u>	<u>171,227</u>
Nonoperating Revenues (Expenses):				
Investment earnings	4,140	100	-	4,240
Debt service - interest expense	<u>(212,792)</u>	<u>-</u>	<u>-</u>	<u>(212,792)</u>
Total nonoperating revenues (expenses)	<u>(208,652)</u>	<u>100</u>	<u>-</u>	<u>(208,552)</u>
Income (loss) before contributions	(37,425)	100	-	(37,325)
Capital contributions	-	90,245	-	90,245
Capital transfers, net	77,264	-	(77,264)	-
Debt transfers, net	99,000	(99,000)	-	-
Transfers within enterprise, net	<u>(279,776)</u>	<u>-</u>	<u>279,776</u>	<u>-</u>
Change in net position	(140,937)	(8,655)	202,512	52,920
Net Position:				
Beginning of year	11,054,515	113,135	1,108,707	12,276,357
End of year	<u>\$ 10,913,578</u>	<u>\$ 104,480</u>	<u>\$ 1,311,219</u>	<u>\$ 12,329,277</u>

CITY OF WARRENTON, OREGON

WATER ENTERPRISE

Combining Statement of Cash Flows

For the Year Ended June 30, 2016

	Operating (025)	System Development (026)	Capital Reserve (029)	Total Water Enterprise
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 2,558,938	\$ -	\$ -	\$ 2,558,938
Payments to suppliers and contractors	(579,401)	-	-	(579,401)
Payments to employees	(577,454)	-	-	(577,454)
Payments for interfund services	(305,258)	-	-	(305,258)
Net cash provided by (used in) operating activities	<u>1,096,825</u>	<u>-</u>	<u>-</u>	<u>1,096,825</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers within enterprise, net	<u>(279,776)</u>	<u>-</u>	<u>279,776</u>	<u>-</u>
Net cash provided by (used in) noncapital financing activities	<u>(279,776)</u>	<u>-</u>	<u>279,776</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital contributions	-	88,045	-	88,045
Acquisition and construction of capital assets	(1)	-	(144,498)	(144,499)
Principal paid on debt	(408,066)	(99,000)	-	(507,066)
Interest paid on debt	<u>(224,143)</u>	<u>-</u>	<u>-</u>	<u>(224,143)</u>
Net cash used in capital and related financing activities	<u>(632,210)</u>	<u>(10,955)</u>	<u>(144,498)</u>	<u>(787,663)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and dividends received	<u>4,140</u>	<u>100</u>	<u>-</u>	<u>4,240</u>
Net change in cash and cash equivalents	188,979	(10,855)	135,278	313,402
Cash and cash equivalents:				
Beginning of year	<u>596,330</u>	<u>112,035</u>	<u>1,175,941</u>	<u>1,884,306</u>
End of year	<u>\$ 785,309</u>	<u>\$ 101,180</u>	<u>\$ 1,311,219</u>	<u>\$ 2,197,708</u>

Continued on next page

CITY OF WARRENTON, OREGON
WATER ENTERPRISE
Combining Statement of Cash Flows, Continued
For the Year Ended June 30, 2016

	Operating (025)	System Development (026)	Capital Reserve (029)	Total Water Enterprise
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 171,227	\$ -	\$ -	\$ 171,227
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	726,154	-	-	726,154
Net increase of expense under GASB 68	220,819	-	-	220,819
(Increase) decrease in assets:				
Receivables	(39,703)	-	-	(39,703)
Inventory	(28,473)	-	-	(28,473)
Prepaid expenses	(172)	-	-	(172)
Increase (decrease) in liabilities:				
Accounts payable and other accrued expenses	49,019	-	-	49,019
Compensated absences	(2,046)	-	-	(2,046)
Net cash provided by (used in) operating activities	\$ 1,096,825	\$ -	\$ -	\$ 1,096,825
 Schedule of noncash transactions:				
Capital assets transferred between funds	\$ 77,264	\$ -	\$ (77,264)	\$ -
Debt principal payments transferred between funds	\$ 99,000	\$ (99,000)	\$ -	\$ -

CITY OF WARRENTON, OREGON
SEWER ENTERPRISE
Combining Statement of Net Position
June 30, 2016

	Operating (030)	System Development (036)	Capital Reserve (038)	Storm (028)	Storm System Development (051)	Total Sewer Enterprise
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 1,053,109	\$ 181,739	\$ 598,868	\$ 259,077	\$ 97,698	\$ 2,190,491
Utility receivables	233,523	-	-	37,201	-	270,724
Other receivables	2,564	-	-	449	-	3,013
Inventory, at cost	134,033	-	-	6,473	-	140,506
Prepaid expenses	3,006	-	-	62	-	3,068
Total current assets	<u>1,426,235</u>	<u>181,739</u>	<u>598,868</u>	<u>303,262</u>	<u>97,698</u>	<u>2,607,802</u>
Noncurrent assets:						
Restricted cash - loan reserve	52,214	-	-	-	-	52,214
Capital assets:						
Nondepreciable assets	325,619	-	-	41,200	-	366,819
Depreciable assets, net	9,714,025	-	-	541,136	-	10,255,161
Total noncurrent assets	<u>10,091,858</u>	<u>-</u>	<u>-</u>	<u>582,336</u>	<u>-</u>	<u>10,674,194</u>
Total assets	11,518,093	181,739	598,868	885,598	97,698	13,281,996
DEFERRED OUTFLOWS OF RESOURCES						
Related to pensions	82,611	-	-	5,825	-	88,436
Total assets and deferred outflows of resources	<u>11,600,704</u>	<u>181,739</u>	<u>598,868</u>	<u>891,423</u>	<u>97,698</u>	<u>13,370,432</u>
LIABILITIES						
Current liabilities:						
Accounts payable and other current liabilities	108,991	-	8,650	18,932	-	136,573
Accrued interest payable	11,812	-	-	-	-	11,812
Compensated absences	36,940	-	-	3,169	-	40,109
Loans payable - current	134,349	-	-	-	-	134,349
Total current liabilities	292,092	-	8,650	22,101	-	322,843
Noncurrent liabilities:						
Loans payable	841,159	-	-	-	-	841,159
Net pension liability	297,937	-	-	21,007	-	318,944
Total liabilities	1,431,188	-	8,650	43,108	-	1,482,946
DEFERRED INFLOWS OF RESOURCES						
Related to pensions	72,952	-	-	5,144	-	78,096
Total liabilities and deferred inflows of resources	<u>1,504,140</u>	<u>-</u>	<u>8,650</u>	<u>48,252</u>	<u>-</u>	<u>1,561,042</u>
NET POSITION						
Net investment in capital assets	9,064,136	-	-	582,336	-	9,646,472
Restricted for system development	-	181,739	-	-	97,698	279,437
Unrestricted	1,032,428	-	590,218	260,835	-	1,883,481
Total net position	<u>\$ 10,096,564</u>	<u>\$ 181,739</u>	<u>\$ 590,218</u>	<u>\$ 843,171</u>	<u>\$ 97,698</u>	<u>\$ 11,809,390</u>

CITY OF WARRENTON, OREGON
SEWER ENTERPRISE
Combining Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2016

	Operating (030)	System Development (036)	Capital Reserve (038)	Storm (028)	Storm System Development (051)	Total Sewer Enterprise
Operating Revenues:						
Charges for services	\$ 2,226,010	\$ -	\$ -	\$ 362,084	\$ -	\$ 2,588,094
Other operating revenues	3,412	-	-	11,983	-	15,395
Total operating revenues	<u>2,229,422</u>	<u>-</u>	<u>-</u>	<u>374,067</u>	<u>-</u>	<u>2,603,489</u>
Operating Expenses:						
Payroll and payroll benefits	1,101,254	-	-	87,921	-	1,189,175
Contracted services	63,268	-	-	29,530	-	92,798
Utilities and telephone	181,804	-	-	8,252	-	190,056
Repairs and maintenance	260,635	-	4,425	56,339	-	321,399
Other operating expenses	137,718	-	-	3,163	-	140,881
Overhead cost allocation	112,972	-	-	17,024	-	129,996
Depreciation	614,793	-	-	51,628	-	666,421
Total operating expenses	<u>2,472,444</u>	<u>-</u>	<u>4,425</u>	<u>253,857</u>	<u>-</u>	<u>2,730,726</u>
Operating income (loss)	<u>(243,022)</u>	<u>-</u>	<u>(4,425)</u>	<u>120,210</u>	<u>-</u>	<u>(127,237)</u>
Nonoperating Revenues (Expenses):						
Investment earnings	3,344	264	-	604	130	4,342
Debt service - interest expense	<u>(41,706)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(41,706)</u>
Total nonoperating revenues (expenses)	<u>(38,362)</u>	<u>264</u>	<u>-</u>	<u>604</u>	<u>130</u>	<u>(37,364)</u>
Income (loss) before contributions	(281,384)	264	(4,425)	120,814	130	(164,601)
Capital contributions	-	60,507	-	-	22,516	83,023
Capital transfers, net	179,837	-	(179,837)	-	-	-
Transfers within enterprise, net	<u>(237,445)</u>	<u>-</u>	<u>237,445</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	(338,992)	60,771	53,183	120,814	22,646	(81,578)
Net Position:						
Beginning of year, as restated	<u>10,435,556</u>	<u>120,968</u>	<u>537,035</u>	<u>722,357</u>	<u>75,052</u>	<u>11,890,968</u>
End of year	<u>\$ 10,096,564</u>	<u>\$ 181,739</u>	<u>\$ 590,218</u>	<u>\$ 843,171</u>	<u>\$ 97,698</u>	<u>\$ 11,809,390</u>

CITY OF WARRENTON, OREGON

SEWER ENTERPRISE

Combining Statement of Cash Flows

For the Year Ended June 30, 2016

	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	\$ 2,216,999	\$ -	\$ -	\$ 365,439	\$ -	\$ 2,582,438
Payments to suppliers and contractors	(586,990)	-	(4,425)	(178,751)	-	(770,166)
Payments to employees	(693,491)	-	-	(50,964)	-	(744,455)
Payments for interfund services	<u>(268,083)</u>	<u>-</u>	<u>-</u>	<u>(40,398)</u>	<u>-</u>	<u>(308,481)</u>
Net cash provided by (used in) operating activities	<u>668,435</u>	<u>-</u>	<u>(4,425)</u>	<u>95,326</u>	<u>-</u>	<u>759,336</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers within enterprise, net	<u>(237,445)</u>	<u>-</u>	<u>237,445</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net cash provided by (used in) noncapital financing activities	<u>(237,445)</u>	<u>-</u>	<u>237,445</u>	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Capital contributions	-	60,507	-	-	22,516	83,023
Acquisition and construction of capital assets	(5,200)	-	(241,759)	(28,913)	-	(275,872)
Principal paid on debt	(130,647)	-	-	-	-	(130,647)
Interest paid on debt	<u>(43,730)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(43,730)</u>
Net cash provided by (used in) capital and related financing activities	<u>(179,577)</u>	<u>60,507</u>	<u>(241,759)</u>	<u>(28,913)</u>	<u>22,516</u>	<u>(367,226)</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest and dividends received	<u>3,344</u>	<u>264</u>	<u>-</u>	<u>604</u>	<u>130</u>	<u>4,342</u>
Net change in cash and cash equivalents	254,757	60,771	(8,739)	67,017	22,646	396,452
Cash and cash equivalents:						
Beginning of year	<u>850,566</u>	<u>120,968</u>	<u>607,607</u>	<u>192,060</u>	<u>75,052</u>	<u>1,846,253</u>
End of year	<u>\$ 1,105,323</u>	<u>\$ 181,739</u>	<u>\$ 598,868</u>	<u>\$ 259,077</u>	<u>\$ 97,698</u>	<u>\$ 2,242,705</u>

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

Cash and cash equivalents	\$ 1,053,109	\$ 181,739	\$ 598,868	\$ 259,077	\$ 97,698	\$ 2,190,491
Restricted cash - loan reserve	<u>52,214</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>52,214</u>
	<u>\$ 1,105,323</u>	<u>\$ 181,739</u>	<u>\$ 598,868</u>	<u>\$ 259,077</u>	<u>\$ 97,698</u>	<u>\$ 2,242,705</u>

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CITY OF WARRENTON, OREGON
SEWER ENTERPRISE
Combining Statement of Cash Flows, Continued
For the Year Ended June 30, 2016

	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)	\$ (243,022)	\$ -	\$ (4,425)	\$ 120,210	\$ -	\$ (127,237)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation	614,793	-	-	51,628	-	666,421
Net increase of expense under GASB 68	250,828	-	-	15,292	-	266,120
(Increase) decrease in assets:						
Receivables	(12,423)	-	-	(8,628)	-	(21,051)
Inventory	17,898	-	-	(959)	-	16,939
Prepaid expenses	(2,386)	-	-	-	-	(2,386)
Increase (decrease) in liabilities:						
Accounts payable and other accrued expenses	40,923	-	-	(80,508)	-	(39,585)
Compensated absences	1,824	-	-	(1,709)	-	115
Net cash provided by (used in) operating activities	<u>\$ 668,435</u>	<u>\$ -</u>	<u>\$ (4,425)</u>	<u>\$ 95,326</u>	<u>\$ -</u>	<u>\$ 759,336</u>
 Schedule of noncash transactions:						
Capital assets transferred between funds	<u>\$ 179,837</u>	<u>\$ -</u>	<u>\$ (179,837)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF WARRENTON, OREGON
SANITATION ENTERPRISE
Combining Statement of Net Position
June 30, 2016

	Operating (032)	Capital Reserve (034)	Total Sanitation Enterprise
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 321,472	\$ 568,008	\$ 889,480
Utility receivables	107,519	-	107,519
Inventory, at cost	36,919	-	36,919
Prepaid expenses	347	-	347
Total current assets	466,257	568,008	1,034,265
Noncurrent assets:			
Capital assets:			
Nondepreciable assets	29,669	-	29,669
Depreciable assets, net	553,593	-	553,593
Total noncurrent assets	583,262	-	583,262
Total assets	1,049,519	568,008	1,617,527
DEFERRED OUTFLOWS OF RESOURCES			
Related to pensions	22,683	-	22,683
Total assets & deferred outflows	1,072,202	568,008	1,640,210
LIABILITIES			
Current liabilities:			
Accounts payable and other current liabilities	111,784	323,843	435,627
Compensated absences	3,687	-	3,687
Landfill postclosure care - current	11,650	-	11,650
Total current liabilities	127,121	323,843	450,964
Noncurrent liabilities:			
Landfill postclosure care liability	274,250	-	274,250
Net pension liability	81,806	-	81,806
Total liabilities	483,177	323,843	807,020
DEFERRED INFLOWS OF RESOURCES			
Related to pensions	20,031	-	20,031
Total liabilities & deferred inflows	503,208	323,843	827,051
NET POSITION			
Net investment in capital assets	583,262	-	583,262
Unrestricted	(14,268)	244,165	229,897
Total net position	\$ 568,994	\$ 244,165	\$ 813,159

CITY OF WARRENTON, OREGON

SANITATION ENTERPRISE

Combining Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2016

	Operating (032)	Capital Reserve (034)	Total Sanitation Enterprise
Operating Revenues:			
Charges for services	\$ 1,027,350	\$ -	\$ 1,027,350
Other operating revenues	<u>1,908</u>	<u>-</u>	<u>1,908</u>
Total operating revenues	<u>1,029,258</u>	<u>-</u>	<u>1,029,258</u>
Operating Expenses:			
Payroll and payroll benefits	304,682	-	304,682
Contracted services	541,849	-	541,849
Utilities and telephone	4,679	-	4,679
Repairs and maintenance	26,484	-	26,484
Other operating expenses	71,060	-	71,060
Overhead cost allocation	30,228	-	30,228
Depreciation	<u>65,764</u>	<u>-</u>	<u>65,764</u>
Total operating expenses	<u>1,044,746</u>	<u>-</u>	<u>1,044,746</u>
Operating income (loss)	(15,488)	-	(15,488)
Nonoperating Revenues (Expenses):			
Investment earnings	<u>2,052</u>	<u>-</u>	<u>2,052</u>
Income (loss) before contributions	(13,436)	-	(13,436)
Capital transfers, net	328,215	(328,215)	-
Transfers within enterprise, net	<u>(63,996)</u>	<u>63,996</u>	<u>-</u>
Change in net position	250,783	(264,219)	(13,436)
Net Position:			
Beginning of year	<u>318,211</u>	<u>508,384</u>	<u>826,595</u>
End of year	<u>\$ 568,994</u>	<u>\$ 244,165</u>	<u>\$ 813,159</u>

CITY OF WARRENTON, OREGON
SANITATION ENTERPRISE
Combining Statement of Cash Flows
For the Year Ended June 30, 2016

	Operating (032)	Capital Reserve (034)	Total Sanitation Enterprise
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 1,024,293	\$ -	\$ 1,024,293
Payments to suppliers and contractors	(631,610)	-	(631,610)
Payments to employees	(199,243)	-	(199,243)
Payments for interfund services	(71,731)	-	(71,731)
Net cash provided by (used in) operating activities	<u>121,709</u>	<u>-</u>	<u>121,709</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers within enterprise, net	<u>(63,996)</u>	<u>63,996</u>	<u>-</u>
Net cash provided by (used in) noncapital financing activities	<u>(63,996)</u>	<u>63,996</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	<u>-</u>	<u>(4,372)</u>	<u>(4,372)</u>
Net cash used in capital and related financing activities	<u>-</u>	<u>(4,372)</u>	<u>(4,372)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends received	<u>2,052</u>	<u>-</u>	<u>2,052</u>
Net change in cash and cash equivalents	59,765	59,624	119,389
Cash and cash equivalents:			
Beginning of year	<u>261,707</u>	<u>508,384</u>	<u>770,091</u>
End of year	<u>\$ 321,472</u>	<u>\$ 568,008</u>	<u>\$ 889,480</u>

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CITY OF WARRENTON, OREGON
SANITATION ENTERPRISE
Combining Statement of Cash Flows, Continued
For the Year Ended June 30, 2016

	Operating (032)	Capital Reserve (034)	Total Sanitation Enterprise
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ (15,488)	\$ -	\$ (15,488)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	65,764	-	65,764
Net increase of expense under GASB 68	66,820	-	66,820
(Increase) decrease in assets:			
Receivables	(4,965)	-	(4,965)
Inventory	(19,132)	-	(19,132)
Increase (decrease) in liabilities:			
Accounts payable and other accrued expenses	60,011	-	60,011
Compensated absences	(2,884)	-	(2,884)
Landfill postclosure care liability	(28,417)	-	(28,417)
Net cash provided by (used in) operating activities	\$ 121,709	\$ -	\$ 121,709
 Schedule of noncash transactions:			
Capital assets transferred between funds	\$ 328,215	\$ (328,215)	\$ -

CITY OF WARRENTON, OREGON
NONMAJOR ENTERPRISE FUNDS
Combining Statement of Net Position
June 30, 2016

	Warrenton Marina (010)	Warrenton Marina Capital Reserve (012)	Hammond Marina (011)	Hammond Marina Capital Reserve (013)	Total Nonmajor Enterprise Funds
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 177,099	\$ 144,477	\$ 175,898	\$ 409,496	\$ 906,970
Accounts receivable	29,838	-	3,396	-	33,234
Intergovernmental receivables	-	-	-	40,005	40,005
Other receivables	<u>572</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>572</u>
Total current assets	<u>207,509</u>	<u>144,477</u>	<u>179,294</u>	<u>449,501</u>	<u>980,781</u>
Noncurrent assets:					
Capital assets:					
Nondepreciable assets	36,953	-	123,492	-	160,445
Depreciable assets, net	<u>410,168</u>	<u>-</u>	<u>690,250</u>	<u>-</u>	<u>1,100,418</u>
Total noncurrent assets	<u>447,121</u>	<u>-</u>	<u>813,742</u>	<u>-</u>	<u>1,260,863</u>
Total assets	654,630	144,477	993,036	449,501	2,241,644
DEFERRED OUTFLOWS OF RESOURCES					
Related to pensions	<u>24,028</u>	<u>-</u>	<u>14,450</u>	<u>-</u>	<u>38,478</u>
Total assets & deferred outflows	<u>678,658</u>	<u>144,477</u>	<u>1,007,486</u>	<u>449,501</u>	<u>2,280,122</u>
LIABILITIES					
Current liabilities:					
Accounts payable and other current liabilities	9,298	-	10,159	-	19,457
Compensated absences	16,652	-	9,921	-	26,573
Unearned revenue	<u>13,801</u>	<u>-</u>	<u>1,742</u>	<u>-</u>	<u>15,543</u>
Total current liabilities	39,751	-	21,822	-	61,573
Noncurrent liabilities:					
Net pension liability	<u>86,654</u>	<u>-</u>	<u>52,114</u>	<u>-</u>	<u>138,768</u>
Total liabilities	126,405	-	73,936	-	200,341
DEFERRED INFLOWS OF RESOURCES					
Related to pensions	<u>21,219</u>	<u>-</u>	<u>12,760</u>	<u>-</u>	<u>33,979</u>
Total liabilities & deferred inflows	<u>147,624</u>	<u>-</u>	<u>86,696</u>	<u>-</u>	<u>234,320</u>
NET POSITION					
Net investment in capital assets	447,121	-	813,742	-	1,260,863
Unrestricted	<u>83,913</u>	<u>144,477</u>	<u>107,048</u>	<u>449,501</u>	<u>784,939</u>
Total net position	<u>\$ 531,034</u>	<u>\$ 144,477</u>	<u>\$ 920,790</u>	<u>\$ 449,501</u>	<u>\$ 2,045,802</u>

CITY OF WARRENTON, OREGON
NONMAJOR ENTERPRISE FUNDS
Combining Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2016

	Warrenton Marina (010)	Warrenton Marina Capital Reserve (012)	Hammond Marina (011)	Hammond Marina Capital Reserve (013)	Total Nonmajor Enterprise Funds
Operating Revenues:					
Charges for services	\$ 483,399	\$ -	\$ 262,691	\$ -	\$ 746,090
Lease receipts	28,657	-	13,121	-	41,778
Other operating revenues	5,886	-	3,285	-	9,171
Total operating revenues	<u>517,942</u>	<u>-</u>	<u>279,097</u>	<u>-</u>	<u>797,039</u>
Operating Expenses:					
Payroll and payroll benefits	339,896	-	207,357	-	547,253
Contracted services	4,233	-	6,646	-	10,879
Utilities and telephone	84,367	-	44,833	-	129,200
Repairs and maintenance	32,586	-	27,472	-	60,058
Other operating expenses	30,030	-	18,869	-	48,899
Overhead cost allocation	25,515	-	15,199	-	40,714
Depreciation	51,776	-	58,338	-	110,114
Total operating expenses	<u>568,403</u>	<u>-</u>	<u>378,714</u>	<u>-</u>	<u>947,117</u>
Operating income (loss)	<u>(50,461)</u>	<u>-</u>	<u>(99,617)</u>	<u>-</u>	<u>(150,078)</u>
Nonoperating Revenues (Expenses):					
Investment earnings	4,859	-	1,801	-	6,660
Taxes	-	-	-	140,003	140,003
Intergovernmental	3,745	-	1,230	-	4,975
Total nonoperating revenues (expenses)	<u>8,604</u>	<u>-</u>	<u>3,031</u>	<u>140,003</u>	<u>151,638</u>
Income (loss) before contributions	(41,857)	-	(96,586)	140,003	1,560
Capital transfers, net	<u>-</u>	<u>-</u>	<u>56,247</u>	<u>(56,247)</u>	<u>-</u>
Change in net position	(41,857)	-	(40,339)	83,756	1,560
Net Position:					
Beginning of year	<u>572,891</u>	<u>144,477</u>	<u>961,129</u>	<u>365,745</u>	<u>2,044,242</u>
End of year	<u>\$ 531,034</u>	<u>\$ 144,477</u>	<u>\$ 920,790</u>	<u>\$ 449,501</u>	<u>\$ 2,045,802</u>

CITY OF WARRENTON, OREGON
NONMAJOR ENTERPRISE FUNDS
Combining Statement of Cash Flows
For the Year Ended June 30, 2016

	Warrenton Warrenton Marina (010)	Warrenton Marina Capital Reserve (012)	Hammond Marina (011)	Hammond Marina Capital Reserve (013)	Total Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$ 527,297	\$ -	\$ 276,876	\$ -	\$ 804,173
Payments to suppliers and contractors	(156,953)	-	(100,872)	-	(257,825)
Payments to employees	(235,084)	-	(142,927)	-	(378,011)
Payments for interfund services	(60,548)	-	(36,067)	-	(96,615)
Net cash provided by (used in) operating activities	<u>74,712</u>	<u>-</u>	<u>(2,990)</u>	<u>-</u>	<u>71,722</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Intergovernmental operating grants received	3,745	-	10,605	-	14,350
Taxes collected	-	-	-	131,987	131,987
Net cash provided by (used in) noncapital financing activities	<u>3,745</u>	<u>-</u>	<u>10,605</u>	<u>131,987</u>	<u>146,337</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets	-	-	-	(57,178)	(57,178)
Net cash used in capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(57,178)</u>	<u>(57,178)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest and dividends received	4,859	-	1,801	-	6,660
Net change in cash and cash equivalents	83,316	-	9,416	74,809	167,541
Cash and cash equivalents:					
Beginning of year	<u>93,783</u>	<u>144,477</u>	<u>166,482</u>	<u>334,687</u>	<u>739,429</u>
End of year	<u>\$ 177,099</u>	<u>\$ 144,477</u>	<u>\$ 175,898</u>	<u>\$ 409,496</u>	<u>\$ 906,970</u>

Continued on next page

CITY OF WARRENTON, OREGON
NONMAJOR ENTERPRISE FUNDS
Combining Statement of Cash Flows, Continued
For the Year Ended June 30, 2016

	Warrenton Marina (010)	Warrenton Marina Capital Reserve (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)	\$ (50,461)	\$ -	\$ (99,617)	\$ -	\$ (150,078)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	51,776	-	58,338	-	110,114
Net increase of expense under GASB 68	68,259	-	40,662	-	108,921
(Increase) decrease in assets:					
Receivables	(4,057)	-	(1,465)	-	(5,522)
Increase (decrease) in liabilities:					
Accounts payable and other accrued expenses	(5,737)	-	(3,052)	-	(8,789)
Compensated absences	1,520	-	2,900	-	4,420
Unearned revenue	13,412	-	(756)	-	12,656
Net cash provided by (used in) operating activities	<u>\$ 74,712</u>	<u>\$ -</u>	<u>\$ (2,990)</u>	<u>\$ -</u>	<u>\$ 71,722</u>

Schedule of noncash transactions:

Capital assets transferred between funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 56,247</u>	<u>\$ (56,247)</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, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Charges for services	\$ 2,479,500	\$ 2,479,500	\$ 2,594,014	\$ 114,514
Investment earnings	6,000	6,000	4,140	(1,860)
Other revenue	<u>1,000</u>	<u>1,000</u>	<u>4,628</u>	<u>3,628</u>
Total revenues	<u>2,486,500</u>	<u>2,486,500</u>	<u>2,602,782</u>	<u>116,282</u>
Expenditures:				
Personal services	794,564	794,564	754,074	40,490
Materials and services	995,025	995,025	728,414	266,611
Debt service	632,211	632,211	632,210	1
Contingency	<u>484,360</u>	<u>428,879</u>	<u>-</u>	<u>428,879</u>
Total expenditures	<u>2,906,160</u>	<u>2,850,679</u>	<u>2,114,698</u>	<u>735,981</u>
Excess (deficiency) of revenues over (under) expenditures	(419,660)	(364,179)	488,084	852,263
Other financing sources (uses):				
Transfers out	(1,909,776)	(1,965,257)	(279,776)	1,685,481
Loan proceeds	<u>1,630,000</u>	<u>1,630,000</u>	<u>-</u>	<u>(1,630,000)</u>
Net change in fund balance	(699,436)	(699,436)	208,308	907,744
Fund Balance:				
Beginning of year	<u>900,000</u>	<u>900,000</u>	<u>932,184</u>	<u>32,184</u>
End of year	<u>\$ 200,564</u>	<u>\$ 200,564</u>	1,140,492	<u>\$ 939,928</u>
Reconciliation to GAAP Basis:				
Capital assets			16,469,935	
Deferred outflows of resources related to pensions			77,514	
Accrued interest payable			(118,701)	
Compensated absences			(35,386)	
Net pension liability			(279,556)	
Loans payable			(6,272,269)	
Deferred inflows of resources related to pensions			<u>(68,451)</u>	
GAAP Net Position - end of year			<u>\$ 10,913,578</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, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Investment earnings	\$ 200	\$ 200	\$ 100	\$ (100)
System development charges	<u>50,800</u>	<u>50,800</u>	<u>90,245</u>	<u>39,445</u>
Total revenues	<u>51,000</u>	<u>51,000</u>	<u>90,345</u>	<u>39,345</u>
Expenditures:				
Capital outlay	51,440	51,440	-	51,440
Debt service	<u>99,000</u>	<u>99,000</u>	<u>99,000</u>	<u>-</u>
Total expenditures	<u>150,440</u>	<u>150,440</u>	<u>99,000</u>	<u>51,440</u>
Net change in fund balance	(99,440)	(99,440)	(8,655)	90,785
Fund Balance:				
Beginning of year	<u>99,440</u>	<u>99,440</u>	<u>113,135</u>	<u>13,695</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 104,480</u>	<u>\$ 104,480</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, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Expenditures:				
Capital outlay	\$ 1,679,960	\$ 1,735,441	\$ 77,264	\$ 1,658,177
Other financing sources (uses):				
Transfers in	<u>1,909,776</u>	<u>1,965,257</u>	<u>279,776</u>	<u>(1,685,481)</u>
Net change in fund balance	229,816	229,816	202,512	(27,304)
Fund Balance:				
Beginning of year	<u>1,054,470</u>	<u>1,054,470</u>	<u>1,108,707</u>	<u>54,237</u>
End of year	<u>\$ 1,284,286</u>	<u>\$ 1,284,286</u>	<u>\$ 1,311,219</u>	<u>\$ 26,933</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, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Charges for services	\$ 1,964,115	\$ 1,964,115	\$ 2,226,010	\$ 261,895
Investment earnings	4,000	4,000	3,344	(656)
Other revenue	<u>-</u>	<u>-</u>	<u>3,412</u>	<u>3,412</u>
Total revenues	<u>1,968,115</u>	<u>1,968,115</u>	<u>2,232,766</u>	<u>264,651</u>
Expenditures:				
Personal services	883,263	883,263	848,602	34,661
Materials and services	959,032	959,032	761,597	197,435
Debt service	174,377	174,377	174,377	-
Contingency	<u>445,548</u>	<u>445,548</u>	<u>-</u>	<u>445,548</u>
Total expenditures	<u>2,462,220</u>	<u>2,462,220</u>	<u>1,784,576</u>	<u>677,644</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(494,105)</u>	<u>(494,105)</u>	<u>448,190</u>	<u>942,295</u>
Other financing sources (uses):				
Transfers out	(2,157,749)	(2,157,749)	(237,445)	1,920,304
Loan proceeds	1,920,304	1,920,304	-	(1,920,304)
Other (sources) uses	<u>-</u>	<u>-</u>	<u>52,609</u>	<u>52,609</u>
Total other financing sources (uses)	<u>(237,445)</u>	<u>(237,445)</u>	<u>(184,836)</u>	<u>52,609</u>
Net change in fund balance	(731,550)	(731,550)	263,354	994,904
Fund Balance:				
Beginning of year	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,106,104</u>	<u>106,104</u>
End of year	<u>\$ 268,450</u>	<u>\$ 268,450</u>	<u>1,369,458</u>	<u>\$ 1,101,008</u>
Reconciliation to GAAP Basis:				
Capital assets			10,039,644	
Deferred outflows of resources related to pensions			82,611	
Accrued interest payable			(11,812)	
Compensated absences			(36,940)	
Loans payable			(975,508)	
Net pension liability			(297,937)	
Deferred inflows of resources related to pensions			<u>(72,952)</u>	
GAAP Net Position - end of year			<u>\$ 10,096,564</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, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Investment earnings	\$ 400	\$ 400	\$ 264	\$ (136)
System development charges	<u>44,000</u>	<u>44,000</u>	<u>60,507</u>	<u>16,507</u>
Total revenues	<u>44,400</u>	<u>44,400</u>	<u>60,771</u>	<u>16,371</u>
Expenditures:				
Capital outlay	<u>183,400</u>	<u>183,400</u>	<u>-</u>	<u>183,400</u>
Total expenditures	<u>183,400</u>	<u>183,400</u>	<u>-</u>	<u>183,400</u>
Net change in fund balance	(139,000)	(139,000)	60,771	199,771
Fund Balance:				
Beginning of year	<u>139,000</u>	<u>139,000</u>	<u>120,968</u>	<u>(18,032)</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 181,739</u>	<u>\$ 181,739</u>

CITY OF WARRENTON, OREGON

SEWER CAPITAL RESERVE FUND

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Expenditures:				
Capital outlay	\$ 2,241,084	\$ 2,241,084	\$ 184,262	\$ 2,056,822
Other financing sources (uses):				
Transfers in	<u>2,157,749</u>	<u>2,157,749</u>	<u>237,445</u>	<u>(1,920,304)</u>
Net change in fund balance	(83,335)	(83,335)	53,183	136,518
Fund Balance:				
Beginning of year	<u>500,000</u>	<u>500,000</u>	<u>537,035</u>	<u>37,035</u>
End of year	<u>\$ 416,665</u>	<u>\$ 416,665</u>	<u>\$ 590,218</u>	<u>\$ 173,553</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, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Charges for services	\$ 348,500	\$ 348,500	\$ 362,084	\$ 13,584
Investment earnings	1,500	1,500	604	(896)
Other revenue	<u>-</u>	<u>-</u>	<u>11,983</u>	<u>11,983</u>
Total revenues	<u>350,000</u>	<u>350,000</u>	<u>374,671</u>	<u>24,671</u>
Expenditures:				
Personal services	80,382	80,382	74,338	6,044
Materials and services	156,481	156,481	100,121	56,360
Capital outlay	200,140	203,186	43,100	160,086
Contingency	<u>47,373</u>	<u>44,327</u>	<u>-</u>	<u>44,327</u>
Total expenditures	<u>484,376</u>	<u>484,376</u>	<u>217,559</u>	<u>266,817</u>
Net change in fund balance	(134,376)	(134,376)	157,112	291,488
Fund Balance:				
Beginning of year	<u>140,000</u>	<u>140,000</u>	<u>127,218</u>	<u>(12,782)</u>
End of year	<u>\$ 5,624</u>	<u>\$ 5,624</u>	284,330	<u>\$ 278,706</u>
Reconciliation to GAAP Basis:				
Capital assets			582,335	
Deferred outflows of resources related to pensions			5,825	
Compensated absences			(3,169)	
Net pension liability			(21,007)	
Deferred inflows of resources related to pensions			<u>(5,144)</u>	
GAAP Net Position - end of year			<u>\$ 843,170</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, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Investment earnings	\$ 100	\$ 100	\$ 130	\$ 30
System development charges	<u>6,000</u>	<u>6,000</u>	<u>22,516</u>	<u>16,516</u>
Total revenues	6,100	6,100	22,646	16,546
Expenditures:				
Capital outlay	<u>78,270</u>	<u>78,270</u>	<u>-</u>	<u>78,270</u>
Net change in fund balance	(72,170)	(72,170)	22,646	94,816
Fund Balance:				
Beginning of year	<u>72,170</u>	<u>72,170</u>	<u>75,052</u>	<u>2,882</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 97,698</u>	<u>\$ 97,698</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, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Charges for services	\$ 980,000	\$ 980,000	\$ 1,027,350	\$ 47,350
Investment earnings	2,000	2,000	2,052	52
Other revenue	<u>-</u>	<u>-</u>	<u>1,908</u>	<u>1,908</u>
Total revenues	<u>982,000</u>	<u>982,000</u>	<u>1,031,310</u>	<u>49,310</u>
Expenditures:				
Personal services	251,030	251,030	240,746	10,284
Materials and services	764,654	764,654	702,717	61,937
Contingency	<u>202,320</u>	<u>202,320</u>	<u>-</u>	<u>202,320</u>
Total expenditures	<u>1,218,004</u>	<u>1,218,004</u>	<u>943,463</u>	<u>274,541</u>
Excess (deficiency) of revenues over (under) expenditures	(236,004)	(236,004)	87,847	323,851
Other financing sources (uses):				
Transfers out	<u>(63,996)</u>	<u>(63,996)</u>	<u>(63,996)</u>	<u>-</u>
Net change in fund balance	(300,000)	(300,000)	23,851	323,851
Fund Balance:				
Beginning of year	<u>300,000</u>	<u>300,000</u>	<u>330,622</u>	<u>30,622</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>354,473</u>	<u>\$ 354,473</u>
Reconciliation to GAAP Basis:				
Capital assets			583,262	
Deferred outflows of resources related to pensions			22,683	
Compensated absences			(3,687)	
Landfill postclosure care liability			(285,900)	
Net pension liability			(81,806)	
Deferred inflows of resources related to pensions			<u>(20,031)</u>	
GAAP Net Position - end of year			<u>\$ 568,994</u>	

CITY OF WARRENTON, OREGON
SANITATION CAPITAL RESERVE FUND
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Expenditures:				
Capital outlay	\$ 337,940	\$ 337,940	\$ 328,215	\$ 9,725
Other financing sources (uses):				
Transfers in	<u>63,996</u>	<u>63,996</u>	<u>63,996</u>	<u>-</u>
Net change in fund balance	(273,944)	(273,944)	(264,219)	9,725
Fund Balance:				
Beginning of year	<u>508,000</u>	<u>508,000</u>	<u>508,384</u>	<u>384</u>
End of year	<u>\$ 234,056</u>	<u>\$ 234,056</u>	<u>\$ 244,165</u>	<u>\$ 10,109</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, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Intergovernmental	\$ 3,175	\$ 3,175	\$ 3,745	\$ 570
Charges for services	434,848	434,848	494,016	59,168
Lease receipts	27,749	27,749	28,657	908
Investment earnings	4,500	4,500	4,859	359
Other revenue	<u>-</u>	<u>-</u>	<u>5,887</u>	<u>5,887</u>
Total revenues	<u>470,272</u>	<u>470,272</u>	<u>537,164</u>	<u>66,892</u>
Expenditures:				
Personal services	279,255	279,255	270,117	9,138
Materials and services	204,184	204,184	176,732	27,452
Contingency	<u>65,333</u>	<u>65,333</u>	<u>-</u>	<u>65,333</u>
Total expenditures	<u>548,772</u>	<u>548,772</u>	<u>446,849</u>	<u>101,923</u>
Excess (deficiency) of revenues over (under) expenditures	(78,500)	(78,500)	90,315	168,815
Other financing sources (uses):				
Net change in fund balance	(78,500)	(78,500)	90,315	168,815
Fund Balance:				
Beginning of year	<u>78,500</u>	<u>78,500</u>	<u>104,712</u>	<u>26,212</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>195,027</u>	<u>\$ 195,027</u>
Reconciliation to GAAP Basis:				
Allowance for doubtful accounts			(10,617)	
Capital assets			447,121	
Deferred outflows of resources related to pensions			24,028	
Compensated absences			(16,652)	
Net pension liability			(86,654)	
Deferred inflows of resources related to pensions			<u>(21,219)</u>	
GAAP Net Position - end of year			<u>\$ 531,034</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, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Expenditures:				
Capital outlay	\$ 144,477	\$ 144,477	\$ -	\$ 144,477
Other financing sources (uses):				
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, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Intergovernmental	\$ 1,600	\$ 1,600	\$ 1,230	\$ (370)
Charges for services	244,680	244,680	263,309	18,629
Lease receipts	12,901	12,901	13,121	220
Investment earnings	2,200	2,200	1,801	(399)
Other revenue	<u>1,500</u>	<u>1,500</u>	<u>3,285</u>	<u>1,785</u>
Total revenues	<u>262,881</u>	<u>262,881</u>	<u>282,746</u>	<u>19,865</u>
Expenditures:				
Personal services	173,012	173,012	163,795	9,217
Materials and services	137,286	137,286	113,019	24,267
Contingency	<u>62,060</u>	<u>62,060</u>	<u>-</u>	<u>62,060</u>
Total expenditures	<u>372,358</u>	<u>372,358</u>	<u>276,814</u>	<u>95,544</u>
Excess (deficiency) of revenues over (under) expenditures	(109,477)	(109,477)	5,932	115,409
Other financing sources (uses):				
Net change in fund balance	(109,477)	(109,477)	5,932	115,409
Fund Balance:				
Beginning of year	<u>140,000</u>	<u>140,000</u>	<u>162,079</u>	<u>22,079</u>
End of year	<u>\$ 30,523</u>	<u>\$ 30,523</u>	168,011	<u>\$ 137,488</u>
Reconciliation to GAAP Basis:				
Allowance for doubtful accounts			(618)	
Capital assets			813,742	
Deferred outflows of resources related to pensions			14,450	
Compensated absences			(9,921)	
Net pension liability			(52,114)	
Deferred inflows of resources related to pensions			<u>(12,760)</u>	
GAAP Net Position - end of year			<u>\$ 920,790</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, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Taxes	\$ 120,000	\$ 120,000	\$ 140,003	\$ 20,003
Expenditures:				
Capital outlay	<u>419,000</u>	<u>419,000</u>	<u>56,247</u>	<u>362,753</u>
Excess (deficiency) of revenues over (under) expenditures	(299,000)	(299,000)	83,756	382,756
Other financing sources (uses):				
Net change in fund balance	(299,000)	(299,000)	83,756	382,756
Fund Balance:				
Beginning of year	<u>299,000</u>	<u>299,000</u>	<u>365,745</u>	<u>66,745</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 449,501</u>	<u>\$ 449,501</u>

INTERNAL SERVICE FUND

Internal Service Funds are used to report activity that provides goods or services to other funds, departments, or agencies of the primary government and its component units, or other governments, on a cost reimbursement basis. Funds included in this category are:

Engineering Internal Service Fund - The City began using an in-house engineer in 2016. The costs associated with the engineer are accumulated in this fund and reimbursed by the appropriate departments and projects.

"Making a difference through excellence of service"



CITY OF WARRENTON

CITY OF WARRENTON, OREGON
ENGINEERING INTERNAL SERVICE FUND
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Charges for services	\$ 156,826	\$ 156,826	\$ 50,742	\$ (106,084)
Investment earnings	<u>-</u>	<u>-</u>	<u>2</u>	<u>2</u>
Total revenues	<u>156,826</u>	<u>156,826</u>	<u>50,744</u>	<u>(106,082)</u>
Expenditures:				
Personal services	124,026	124,026	43,916	80,110
Materials and services	<u>32,800</u>	<u>32,800</u>	<u>275</u>	<u>32,525</u>
Total expenditures	<u>156,826</u>	<u>156,826</u>	<u>44,191</u>	<u>112,635</u>
Net change in fund balances	-	-	6,553	6,553
Fund Balance:				
Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	6,553	<u>\$ 6,553</u>
Reconciliation to GAAP Basis:				
Compensated absences			<u>(5,413)</u>	
GAAP Net Position - end of year			<u>\$ 1,140</u>	

"Making a difference through excellence of service"



CITY OF WARRENTON

COMPLIANCE SECTION

"Making a difference through excellence of service"



CITY OF WARRENTON



COMMENTS AND DISCLOSURES OF INDEPENDENT AUDITOR 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, 2016, and have issued our report thereon dated December 21, 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, except for the excess of expenditures over appropriations, which are described in Note II.B.

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

December 21, 2016