

**WESTPORT SEWER SERVICE
DISTRICT
Astoria, Oregon**

ANNUAL FINANCIAL REPORT

June 30, 2015



WESTPORT SEWER SERVICE DISTRICT
Astoria, Oregon

DISTRICT OFFICIALS

June 30, 2015

BOARD OF COMMISSIONERS

Scott Lee
800 Exchange Street, Suite 410
Astoria, Oregon 97103

Sarah Nebeker
800 Exchange Street, Suite 410
Astoria, Oregon 97103

Lisa Clement
800 Exchange Street, Suite 410
Astoria, Oregon 97103

Dirk Rohne
800 Exchange Street, Suite 410
Astoria, Oregon 97103

Lianne Thompson
800 Exchange Street, Suite 410
Astoria, Oregon 97103

REGISTERED AGENT

Scott Somers, County Manager
800 Exchange Street, Suite 410
Astoria, Oregon 97103

WESTPORT SEWER SERVICE DISTRICT
Astoria, Oregon

TABLE OF CONTENTS

June 30, 2015

Page
Number

INTRODUCTORY SECTION

Title Page
District Officials
Table of Contents
Transmittal Letter

FINANCIAL SECTION

Independent Auditor's Report.....	1-3
Management's Discussion and Analysis	4-8
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	9
Statement of Activities	10
Fund Financial Statements	
Statement of Net Position – Proprietary Funds	11
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	12
Statement of Cash Flows – Proprietary Funds.....	13-14
Notes to Basic Financial Statements	15-25
Required Supplementary Information	
Schedule of Revenues, Expenses, and Changes in Fund Net Assets – Budget and Actual – Operating Fund.....	26
Other Supplementary Information – Individual Fund Schedules	
Schedule of Revenues, Expenses, and Changes in Fund Net Assets – Budget and Actual – Equipment Replacement Fund.....	27

OTHER FINANCIAL SCHEDULES

Schedule of Future Requirements for Retirement of Long-Term Debt.....	28
---	----

AUDIT COMMENTS AND DISCLOSURES REQUIRED BY STATE REGULATIONS

Independent Auditor's Report Required by Oregon State Regulations	29-30
---	-------



Clatsop County

Budget & Finance

800 Exchange St., Suite 310
Astoria, Oregon 97103
www.co.clatsop.or.us

Phone (503) 325-8565
Fax (503) 325-8606

December 18, 2015

To the Board of County Commissioners, County Manager, and the
Citizens of Clatsop County, Oregon:

Submitted herein is Westport Sewer Service District's Annual Financial Report for the year ended June 30, 2015. The District's financial report is in compliance with Oregon Revised Statutes which establish that the District's fiscal affairs be audited at least annually by an independent organization of certified public accountants. The District worked with the accounting firm throughout this process to ensure that all necessary information requested by the firm was submitted in a timely and comprehensive manner. The independent audit of the District's financial statements is only a part of a broader, federally mandated 'single audit' process. Standards governing the 'single audit' require the independent auditor to report not only on the fair presentation of the financial statements, but also on the County's system of internal controls and compliance with legal requirements.

Responsibility for the accuracy, completeness, and fairness of the information presented in the financial statements, notes, and disclosures resides with the District. To the best of our knowledge and belief, the financial data and associated information enclosed in this report is accurate in all material respects and is reported in a manner that presents fairly the financial position of the District and the results of operations of the District's business-type activities at June 30, 2015.

I am pleased to report that the accounting firm Koontz, Perdue, Blasquez & Co., P.C. has finished their independent audit of the District and is issuing an 'unmodified opinion' of the District finances. An 'unmodified opinion' is issued when the independent auditor believes the District's finances are sound and the financial statements are fairly and appropriately presented and are in accordance with Generally Accepted Accounting Principles (GAAP).

The preparation of this report could not have been accomplished without the efficient and dedicated service of the entire staff of the County's Budget and Finance Department. I also want to express my sincere appreciation to all County staff for their assistance, contributions, and cooperation in the preparation of this report.

Finally, I want to thank the Board of County Commissioners and the Interim-County Manager whose leadership, interest in, and support of, the County's financial obligations have contributed significantly to the quality of the District's fiscal operations.

Sincerely,

Monica Steele
Budget and Finance Director / County Treasurer
Clatsop County, Oregon

FINANCIAL SECTION



KOONTZ, PERDUE, BLASQUEZ & CO., P.C.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Westport Sewer Service District
Astoria, Oregon 97103

Report on the Basic Financial Statements

We have audited the accompanying financial statements of the business-type activities and each major fund of Westport Sewer Service District, Astoria, Oregon, a component unit of Clatsop County, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Westport Sewer Service District's 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 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 business-type activities and each major fund of Westport Sewer Service District, Astoria, Oregon as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 8 and 26, respectively, 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 management's discussion and analysis 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 management's discussion and analysis because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Westport Sewer Service District's basic financial statements. The individual fund schedules and schedule of future requirements for retirement of long-term debt are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The aforementioned information is the responsibility of management, and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information 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 Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 17, 2015 on our consideration of 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.

Koontz, Perdue, Blasquez & Co., P.C.

By: 

Richard D. Perdue, CPA

Albany, Oregon
December 17, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

WESTPORT SEWER SERVICE DISTRICT

Astoria, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

INTRODUCTION

As management of Westport Sewer Service District, Astoria, Oregon, we offer readers this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2015. It should be read in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- At June 30, 2015, total net position of Westport Sewer Service District amounted to \$555,370. Of this amount, \$526,570 was invested in capital assets and the remaining balance of \$28,800 was unrestricted.
- The District's total net position decreased by \$57,214 during the current fiscal year.
- Overall expenses were \$135,660, which exceeded total revenues of \$78,446 by \$57,214.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to Westport Sewer Service District's basic financial statements. The District's basic financial statements are comprised of 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 District's finances in a manner similar to a private-sector business.

The statement of net position presents information on all of the District's assets and liabilities 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 District is improving or deteriorating.

The statement of activities presents information showing how the District'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, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements present functions of the District that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The business-type activities of the District include a sewer service.

The government-wide financial statements can be found on pages 9 through 10 of this report.

WESTPORT SEWER SERVICE DISTRICT

Astoria, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

Fund Financial Statements

The fund financial statements are designed to demonstrate compliance with finance-related legal requirements overseeing the use of fund accounting. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities and objectives. All of the funds of Westport Sewer Service District are proprietary funds.

Proprietary Funds

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The District maintains two individual enterprise funds.

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Information is presented separately in the proprietary funds statement of net position and in the proprietary funds statement of revenues, expenses, and changes in fund net assets for the Operating and Equipment Replacement Funds, both of which are considered to be major proprietary funds.

Westport Sewer Service District adopts an annual appropriated budget for all of its funds. A budgetary comparison statement has been provided for each fund individually to demonstrate compliance with their respective budgets.

The basic proprietary fund financial statements can be found on pages 11 through 14 of this report.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the financial data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 15 through 25 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information, which includes budgetary comparison information for the Operating Fund. This required supplementary information can be found on page 26 of this report.

The individual fund schedules are presented immediately following the required supplementary information on page 27 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. At June 30, 2015, the District's assets exceeded liabilities by \$555,370.

WESTPORT SEWER SERVICE DISTRICT
Astoria, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

A large portion of the District's net position reflects its investment in capital assets (e.g., land, buildings, and equipment) less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in 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.

District's Net Position

At the end of the current fiscal year, the District was able to report positive balances in all categories of net position. The District's net position decreased by \$57,214 during the current fiscal year.

Condensed statement of net position information is shown below.

Condensed Statement of Net Position

	Business-Type Activities	
	<u>2015</u>	<u>2014</u>
Assets		
Current assets	\$ 107,257	\$ 92,044
Net capital assets	<u>526,570</u>	<u>605,175</u>
Total assets	<u>633,827</u>	<u>697,219</u>
Liabilities		
Current liabilities	7,757	8,520
Noncurrent liabilities	<u>70,700</u>	<u>76,115</u>
Total liabilities	<u>78,457</u>	<u>84,635</u>
Net position		
Net investment in capital assets	526,570	523,794
Unrestricted	<u>28,800</u>	<u>88,790</u>
Total net position	<u>\$ 555,370</u>	<u>\$ 612,584</u>

District's Changes in Net Position

The condensed statement of activities information shown on the following page explains changes in net position.

WESTPORT SEWER SERVICE DISTRICT
Astoria, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

Changes in Net Position

	Business-Type Activities	
	<u>2015</u>	<u>2014</u>
Program revenues		
Charges for services	\$ 77,276	\$ 73,999
General revenues		
Investment earnings	421	398
Special payments	545	-
Miscellaneous	<u>204</u>	<u>176</u>
Total general revenues	<u>1,170</u>	<u>574</u>
Total revenues	<u>78,446</u>	<u>74,573</u>
Program expenses		
Sewer service	133,410	173,364
Interest on long-term debt	<u>2,250</u>	<u>2,347</u>
Total program expenses	<u>135,660</u>	<u>175,711</u>
Change in net position	(57,214)	(101,138)
Net position - beginning of year, as restated	<u>612,584</u>	<u>713,722</u>
Net position - end of year	<u>\$ 555,370</u>	<u>\$ 612,584</u>

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

Proprietary Funds

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

Total net position of the proprietary funds amounted to \$555,370 at year-end. Of this amount, \$526,570 was invested in capital assets and the remaining balance included \$28,800 of unrestricted net position.

The Operating Fund is the chief operating fund of the District. At the end of the current fiscal year, the Operating Fund reported total fund net position of \$573,995, a decrease of \$57,230 from the prior year.

BUDGETARY HIGHLIGHTS

Budget amounts shown in the financial statements reflect the original budget amounts.

WESTPORT SEWER SERVICE DISTRICT
Astoria, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The District's investment in capital assets for its business-type activities as of June 30, 2015 amounted to \$526,570, net of accumulated depreciation. This investment in capital assets includes land, buildings and improvements, and equipment and vehicles.

Additional information on the District's capital assets can be found in Note III-B on page 22 of this report.

Long-Term Debt

At the end of the current fiscal year, the District had total debt outstanding of \$76,115. This amount represents a loan from the Oregon Department of Environmental Quality for wastewater treatment improvements. The District's total debt decreased by \$5,266 during the current fiscal year.

Additional information on the District's long-term debt can be found in Note III-D on pages 23 through 24 of this report.

KEY ECONOMIC FACTORS AND BUDGET INFORMATION FOR THE FUTURE

At the time these financial statements were prepared and audited, the District was aware of the following circumstance that could affect its future financial health:

- The District expects increases in personnel costs and other operating costs.

This factor was considered in preparing the District's budget for fiscal year 2015-2016.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be directed to the following address: Monica Steele, Clatsop County Budget and Finance, 800 Exchange Street, Suite 310, Astoria, Oregon 97103.

BASIC FINANCIAL STATEMENTS

WESTPORT SEWER SERVICE DISTRICT
Astoria, Oregon

STATEMENT OF NET POSITION

June 30, 2015

	<u>Business-Type Activities</u>
ASSETS	
Current assets	
Cash and cash equivalents	\$ 82,029
Accounts receivable	<u>25,228</u>
Total current assets	<u>107,257</u>
Capital assets	
Land	22,039
Capital assets, net of accumulated depreciation	<u>504,531</u>
Total capital assets	<u>526,570</u>
Total assets	<u>633,827</u>
LIABILITIES	
Current liabilities	
Accounts payable and accrued expenses	1,580
Accrued interest payable	762
Long-term liabilities, current portion	<u>5,415</u>
Total current liabilities	7,757
Noncurrent liabilities	
Long-term liabilities, less current portion	<u>70,700</u>
Total liabilities	<u>78,457</u>
NET POSITION	
Net investment in capital assets	526,570
Unrestricted	<u>28,800</u>
Total net position	<u>\$ 555,370</u>

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

WESTPORT SEWER SERVICE DISTRICT
Astoria, Oregon

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for	Operating	Capital	Revenue and
		Services	Grants and	Grants and	Changes in
			Contributions	Contributions	Net Position
					Business-Type
					Activities
Business-type activities					
Sewer service	\$ 133,410	\$ 77,276	\$ -	\$ -	\$ (56,134)
Interest on long-term debt	<u>2,250</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,250)</u>
Total business-type activities	<u>\$ 135,660</u>	<u>\$ 77,276</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(58,384)</u>
General revenues					
Investment earnings					421
Special payments					545
Miscellaneous					<u>204</u>
Total general revenues					<u>1,170</u>
Change in net position					(57,214)
Net position - beginning, as restated					<u>612,584</u>
Net position - ending					<u>\$ 555,370</u>

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

WESTPORT SEWER SERVICE DISTRICT
Astoria, Oregon

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

June 30, 2015

	Business-Type Activities - Enterprise Funds		
	Operating	Equipment Replacement	Totals
ASSETS			
Current assets			
Cash and cash equivalents	\$ 23,777	\$ 58,252	\$ 82,029
Accounts receivable	<u>25,228</u>	<u>-</u>	<u>25,228</u>
Total current assets	<u>49,005</u>	<u>58,252</u>	<u>107,257</u>
Capital assets			
Land	22,039	-	22,039
Capital assets, net of accumulated depreciation	<u>504,531</u>	<u>-</u>	<u>504,531</u>
Total capital assets	<u>526,570</u>	<u>-</u>	<u>526,570</u>
Total assets	<u>575,575</u>	<u>58,252</u>	<u>633,827</u>
LIABILITIES			
Current liabilities			
Accounts payable and accrued expenses	1,580	-	1,580
Accrued interest payable	-	762	762
Long-term liabilities, current portion	<u>-</u>	<u>5,415</u>	<u>5,415</u>
Total current liabilities	1,580	6,177	7,757
Noncurrent liabilities			
Long-term liabilities, less current portion	<u>-</u>	<u>70,700</u>	<u>70,700</u>
Total liabilities	<u>1,580</u>	<u>76,877</u>	<u>78,457</u>
NET POSITION			
Net investment in capital assets	526,570	-	526,570
Unrestricted	<u>47,425</u>	<u>(18,625)</u>	<u>28,800</u>
Total net position	<u>\$ 573,995</u>	<u>\$ (18,625)</u>	<u>\$ 555,370</u>

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

WESTPORT SEWER SERVICE DISTRICT
Astoria, Oregon

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION

PROPRIETARY FUNDS

For the Year Ended June 30, 2015

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Operating</u>	<u>Equipment Replacement</u>	<u>Totals</u>
Operating revenues			
Charges for services	\$ 77,276	\$ -	\$ 77,276
Operating expenses			
Personnel services	10,482	-	10,482
Materials and services	36,708	7,575	44,283
Other charges	39	-	39
Depreciation	<u>78,606</u>	<u>-</u>	<u>78,606</u>
Total operating expenses	<u>125,835</u>	<u>7,575</u>	<u>133,410</u>
Operating income (loss)	<u>(48,559)</u>	<u>(7,575)</u>	<u>(56,134)</u>
Nonoperating revenues (expenses)			
Investment earnings	96	325	421
Special payments	545	-	545
Miscellaneous	204	-	204
Interest expense	<u>(2,250)</u>	<u>-</u>	<u>(2,250)</u>
Total nonoperating revenues (expenses)	<u>(1,405)</u>	<u>325</u>	<u>(1,080)</u>
Income (loss) before contributions and transfers	(49,964)	(7,250)	(57,214)
Capital contributions	(5,266)	5,266	-
Transfers in	-	2,000	2,000
Transfers out	<u>(2,000)</u>	<u>-</u>	<u>(2,000)</u>
Change in net position	(57,230)	16	(57,214)
Net position - beginning, as restated	<u>631,225</u>	<u>(18,641)</u>	<u>612,584</u>
Net position - ending	<u>\$ 573,995</u>	<u>\$ (18,625)</u>	<u>\$ 555,370</u>

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

WESTPORT SEWER SERVICE DISTRICT
Astoria, Oregon

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

For the Year Ended June 30, 2015

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Operating</u>	<u>Equipment Replacement</u>	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 71,399	\$ -	\$ 71,399
Other receipts	204	-	204
Payments to employees for services	(10,482)	-	(10,482)
Payments to suppliers for goods and services	(37,620)	(7,575)	(45,195)
Other charges	<u>(39)</u>	<u>-</u>	<u>(39)</u>
Net cash provided (used) by operating activities	<u>23,462</u>	<u>(7,575)</u>	<u>15,887</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Capital contributions	(5,266)	5,266	-
Special payments	545	-	545
Transfers in	-	2,000	2,000
Transfers out	<u>(2,000)</u>	<u>-</u>	<u>(2,000)</u>
Net cash provided (used) by noncapital financing activities	<u>(6,721)</u>	<u>7,266</u>	<u>545</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Principal payments on long-term liabilities	-	(5,266)	(5,266)
Interest paid on long-term liabilities	<u>(2,250)</u>	<u>-</u>	<u>(2,250)</u>
Total cash provided (used) by capital and related financing activities	<u>(2,250)</u>	<u>(5,266)</u>	<u>(7,516)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest	<u>96</u>	<u>325</u>	<u>421</u>
Net cash provided (used) by investing activities	<u>96</u>	<u>325</u>	<u>421</u>
Net increase (decrease) in cash and cash equivalents	14,587	(5,250)	9,337
Cash and cash equivalents - beginning	<u>9,190</u>	<u>63,502</u>	<u>72,692</u>
Cash and cash equivalents - ending	<u>\$ 23,777</u>	<u>\$ 58,252</u>	<u>\$ 82,029</u>

(Continued)

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

WESTPORT SEWER SERVICE DISTRICT
Astoria, Oregon

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

For the Year Ended June 30, 2015

(Continued)

	Business-Type Activities - Enterprise Funds		
	Operating	Equipment Replacement	Totals
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (48,559)	\$ (7,575)	\$ (56,134)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	78,606	-	78,606
Miscellaneous	204	-	204
(Increase) decrease in accounts receivable	(5,877)	-	(5,877)
Increase (decrease) in accounts payable and accrued expenses	<u>(912)</u>	<u>-</u>	<u>(912)</u>
Net cash provided (used) by operating activities	<u>\$ 23,462</u>	<u>\$ (7,575)</u>	<u>\$ 15,887</u>

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

NOTES TO BASIC FINANCIAL STATEMENTS

WESTPORT SEWER SERVICE DISTRICT
Astoria, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Westport Sewer Service District have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

A. Reporting Entity

Westport Sewer Service District was formed for the purpose of providing sewer service to the residents of the unincorporated area of Westport, Oregon, located 25 miles east of Astoria. The District serves 90 connections and is funded by user fees.

Westport Sewer Service District is governed by Clatsop County's five-member board of commissioners.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the District.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges for goods and services provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Investment earnings and other items not properly included among program revenues are reported instead as general revenues.

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 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 incurred, regardless of the timing of the related cash flows.

Proprietary 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 District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenses are generally recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt are recorded when payment is due.

WESTPORT SEWER SERVICE DISTRICT
Astoria, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Changes for services associated with the current fiscal year are all considered to be susceptible to accrual and have therefore 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 District.

The District reports the following major proprietary funds:

Enterprise Funds

Operating Fund – The Operating Fund accounts for the disposal of solid waste. The principal funding sources are collection fees and assessments from property owners.

Equipment Replacement Fund – The Equipment Replacement Fund accounts for monies accumulated for future equipment acquisitions and loan service payments for prior wastewater treatment improvements.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989 are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

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.

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 Westport Sewer Service District's proprietary funds are charges to customers for service. Operating expenses for the proprietary funds include the costs of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

WESTPORT SEWER SERVICE DISTRICT
Astoria, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities, and Equity

1. Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the District to invest in legally issued general obligations of the United States, the agencies and instrumentalities of the United States and the states of Oregon, Washington, Idaho, or California, certain interest-bearing bonds, time deposit open accounts, certificates of deposit, and savings accounts in banks, mutual savings banks, and savings and loan associations that maintain a head office or a branch in this state in the capacity of a bank, mutual savings bank, or savings and loan association, and share accounts and savings accounts in credit unions in the name of, or for the benefit of, a member of the credit union pursuant to a plan of deferred compensation.

2. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost where no historical records exist. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance or repairs that do not add to the value of an asset or materially extend its life are charged to expenditures as incurred and are not capitalized.

Major capital outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Vehicles, machinery, and equipment	5
Buildings and improvements	25-40

WESTPORT SEWER SERVICE DISTRICT
Astoria, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may vary from those estimates.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

The District budgets all funds in accordance with the requirements of state law. Annual appropriated budgets are adopted for the enterprise funds. All funds are budgeted on the cash basis of accounting.

The District begins its budgeting process by appointing budget committee members. Management prepares a budget, which is reviewed by the budget committee. The budget is then published in proposed form and is presented at public hearings to obtain taxpayer comments and approval from the budget committee. The budget is legally adopted by the board of commissioners by resolution prior to the beginning of the District's fiscal year. The board resolution authorizing appropriations for the fund sets the level by which expenditures cannot legally exceed appropriations. Total personnel services, materials and services, debt service, and contingency for each fund are the levels of control established by the resolution. The detailed budget document, however, is required to contain more specific detailed information for the aforementioned expenditure categories and management may revise the detailed line item budgets within appropriation categories. Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriation resolution. Supplemental budgets less than 10% of a fund's original budget may be adopted by the board of commissioners at a regular board meeting. A supplemental budget greater than 10% of a fund's original budget requires hearings before the public, publication in newspapers, and approval by the board of commissioners. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control. Such transfers require approval by the board of commissioners. During the year, there were no supplemental budgets. The District does not use encumbrances and appropriations lapse at year-end.

Budget amounts shown in the financial statements reflect the original budget amounts.

WESTPORT SEWER SERVICE DISTRICT
Astoria, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Deposits and Investments

Westport Sewer Service District's deposits and investments are held by Clatsop County in a pool of cash and cash equivalents that is available for use by the District and all funds of the County. The District's fund's portion of this pool is displayed on the fund financial statements as cash and cash equivalents. Interest earned on pooled cash and investments is allocated to participating funds based upon their combined cash and investment balances.

Investments, including amounts held in pooled cash and investments, are stated at fair value. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, investments with a remaining maturity of more than one year at the time of purchase are stated at fair value. Fair value is determined at the quoted market price, if available; otherwise, the fair value is estimated based on the amount at which the investment could be exchanged in a current transaction between willing parties other than a forced liquidation sale. Investments in the State of Oregon Local Government Investment Pool (LGIP) are stated at fair value.

The Oregon State Treasury administers the LGIP. The LGIP is an open-ended, no-load, diversified portfolio offered to any agency, political subdivision, or public corporation of the state that by law is made the custodian of, or has control of, any fund. The LGIP is commingled with the State's short-term funds. To provide regulatory oversight, the Oregon Legislature established the Oregon Short-Term Fund Board and LGIP investments are approved by the Oregon Investment Council. The fair value of Clatsop County's position in the LGIP is the same as the value of the pool shares.

Credit Risk

Oregon statutes authorize the County to invest in obligations of the U.S. Treasury and U.S. agencies, bankers' acceptances, repurchase agreements, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, and the Local Government Investment Pool. The County has an adopted investment policy that was reviewed by the Oregon Short Term Fund Board and complies with state statutes.

Investments

As of June 30, 2015, the County had the following investments:

	Credit Quality Rating	Maturities	Fair Value
Oregon Local Government Investment Pool	Unrated	-	<u>\$ 25,811,725</u>

As of June 30, 2015, the District's portion of Clatsop County investments amounted to \$82,029.

WESTPORT SEWER SERVICE DISTRICT
Astoria, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

A. Deposits and Investments (Continued)

Interest Rate Risk

The County's policy limits investment maturities to 18 months as a means of managing its exposure to fair value losses arising from increases in interest rates.

Concentration of Credit Risk

The County's policy places a limit on the amount that may be invested in any one insurer, as follows:

	<u>Amount</u>
Oregon Local Government Investment Pool	100%
Certificates of deposit	25%
United States Treasury bills, bonds, notes	25%
Banker's acceptance (BAs) OR issue	25%
Repurchase agreements (all to be fully collateralized by US government and US obligation mark to market)	10%

Custodial Credit Risk – Investments

This is the risk that, in the event of the failure of a counterparty, the County will not be able to recover the value of its investments that are in the possession of an outside party. The County does not have a policy that limits the amount of investments that can be held by counterparties.

Custodial Credit Risk – Deposits

This is the risk that, in the event of a bank failure, the County's deposits may not be returned. All County deposits not covered by Federal Depository Insurance Corporation (FDIC) insurance are covered by the Public Funds Collateralization Program (PFCP) of the State of Oregon, organized in accordance with ORS 295. The PFCP is a shared liability structure for participating bank depositories. Barring any exceptions, a bank depository is required to pledge collateral valued at a minimum of 10% of their quarter-end public fund deposits if they are considered well capitalized, 25% of their quarter-end public fund deposits if they are considered adequately capitalized, or 110% of their quarter-end public fund deposits if they are considered undercapitalized or assigned to pledge 110% by the Office of the 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.

WESTPORT SEWER SERVICE DISTRICT
Astoria, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

A. Deposits and Investments (Continued)

The County holds accounts at US Bank and Columbia Bank, for which the FDIC provides insurance coverage of \$250,000 for demand deposit accounts and an additional \$250,000 for time and savings accounts per institution. At June 30, 2015, the County had deposits of \$276,129 insured by the FDIC and \$869,610 covered by the PFCP.

Deposits

The County's deposits and investments and amounts allocable to the District at June 30, 2015 are as follows:

	<u>Clatsop County</u>	<u>Allocable to District</u>
Cash on hand	\$ 4,190	\$ -
Checking accounts	1,005,781	-
Total investments	<u>25,811,725</u>	<u>82,029</u>
 Total deposits and investments	 <u>\$ 26,821,696</u>	 <u>\$ 82,029</u>

Cash and investments by fund:

Operating Fund	\$ 23,777
Equipment Replacement Fund	<u>58,252</u>
 Total cash and investments	 <u>\$ 82,029</u>

WESTPORT SEWER SERVICE DISTRICT
Astoria, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

B. Capital Assets

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

	Beginning Balance, <u>as Restated</u>	<u>Increases</u>	<u>Decreases</u>	Ending Balance
Business-type activities				
Capital assets not being depreciated				
Land	\$ 22,039	\$ -	\$ -	\$ 22,039
Capital assets being depreciated				
Buildings and improvements	2,332,748	-	-	2,332,748
Equipment and vehicles	<u>24,062</u>	<u>-</u>	<u>-</u>	<u>24,062</u>
Total capital assets being depreciated	<u>2,356,810</u>	<u>-</u>	<u>-</u>	<u>2,356,810</u>
Less accumulated depreciation for				
Buildings and improvements	(1,749,611)	(78,606)	-	(1,828,217)
Equipment and vehicles	<u>(24,062)</u>	<u>-</u>	<u>-</u>	<u>(24,062)</u>
Total accumulated depreciation	<u>(1,773,673)</u>	<u>(78,606)</u>	<u>-</u>	<u>(1,852,279)</u>
Total capital assets being depreciated, net	<u>583,137</u>	<u>(78,606)</u>	<u>-</u>	<u>504,531</u>
Business-type activities capital assets, net	<u>\$ 605,176</u>	<u>\$ (78,606)</u>	<u>\$ -</u>	<u>\$ 526,570</u>

Capital assets are reported on the statement of net position as follows:

	<u>Capital Assets</u>	<u>Accumulated Depreciation</u>	<u>Net Capital Assets</u>
Business-type activities			
Land	\$ 22,039	\$ -	\$ 22,039
Buildings and improvements	2,332,748	(1,828,217)	504,531
Equipment and vehicles	<u>24,062</u>	<u>(24,062)</u>	<u>-</u>
Total capital assets	<u>\$ 2,378,849</u>	<u>\$ (1,852,279)</u>	<u>\$ 526,570</u>

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

Business-type activities	
Sewer service	<u>\$ 78,606</u>

WESTPORT SEWER SERVICE DISTRICT
Astoria, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

C. Interfund Transfers

Operating transfers are reflected as other financing sources (uses) in the proprietary funds. Interfund transfers during the year consisted of:

	<u>Transfers in:</u>
	Equipment
	Replacement
	<u>Fund</u>
Transfers out:	
Operating Fund	\$ <u>2,000</u>

The principal purposes of the interfund transfers in were to provide funds for future equipment purchases and for the payment of principal and interest on long-term debt.

D. Long-Term Liabilities

1. Changes in Long-Term Liabilities

The following is a summary of long-term liabilities transactions for the year:

	<u>Interest</u>	<u>Original</u>	<u>Beginning</u>			<u>Ending</u>	<u>Due Within</u>
	<u>Rate</u>	<u>Amount</u>	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>One Year</u>
Business-type activities							
Loan - Department							
of Environmental							
Quality	2.81%	\$ <u>112,250</u>	\$ <u>81,381</u>	\$ -	\$ <u>5,266</u>	\$ <u>76,115</u>	\$ <u>5,415</u>

2. Loan Payable – Department of Environmental Quality

On August 1, 2005, Westport Sewer Service District signed an agreement with the Oregon Department of Environmental Quality (DEQ) Clean Water State Revolving Fund (CWSRF) to finance wastewater system improvements. Interest is fixed at 2.81%. Payments of \$3,758 are made semiannually on February 1 and August 1.

3. Loan Covenant Violation

The District is required to set aside 1.5 times the average annual debt service into a reserve account and provide the DEQ with rate reviews and audited financial statements. As of June 30, 2015, it was determined that this was not taking place.

WESTPORT SEWER SERVICE DISTRICT
Astoria, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

D. Long-Term Liabilities (Continued)

4. Future Maturities of Long-Term Liabilities

Fiscal Year Ending June 30	Loan		
	Principal	Interest	Total
2016	\$ 5,415	\$ 2,101	\$ 7,516
2017	5,569	1,947	7,516
2018	5,726	1,790	7,516
2019	5,887	1,629	7,516
2020	6,054	1,462	7,516
2021-2025	32,941	4,639	37,580
2026-2030	<u>14,523</u>	<u>513</u>	<u>15,036</u>
Total	<u>\$ 76,115</u>	<u>\$ 14,081</u>	<u>\$ 90,196</u>

IV. OTHER INFORMATION

A. Risk Management

The District 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 District carries commercial insurance. There was no significant reduction in insurance coverage from the previous year. There were no insurance settlements exceeding insurance coverage in any of the past three years.

B. Retirement Plan

The District has no employees; however, employees of Clatsop County perform services for the District. Employees of the County participate in the Oregon Public Employees Retirement Fund (OPERF) administered by the Oregon Public Employees Retirement System (PERS) and the County's other post-employment benefits (OPEB). Detailed information concerning PERS and the OPEB can be found in the County's 2015 annual financial report and notes to the basic financial statements.

WESTPORT SEWER SERVICE DISTRICT
Astoria, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

IV. OTHER INFORMATION (Continued)

C. Restatement

Government-Wide Statements

Beginning net position has been restated to correct a misstatement of the beginning balance of accumulated depreciation as follows:

	<u>Business-Type Activities</u>
Net position - beginning, as originally reported	\$ 650,263
Accumulated depreciation adjustment	<u>(37,679)</u>
Net position - beginning, as restated	<u><u>\$ 612,584</u></u>

GAAP Basis Statements

Beginning fund net position has been restated to correct a misstatement of the beginning balance of accumulated depreciation as follows:

	<u>Westport Sewer Operating Fund</u>
Net position - beginning, as originally reported	\$ 668,904
Accumulated depreciation adjustment	<u>(37,679)</u>
Net position - beginning, as restated	<u><u>\$ 631,225</u></u>

D. New Pronouncements

The Governmental Accounting Standards Board (GASB) has issued the following pronouncement that has a future effective date that will impact future financial presentations. Management has not currently determined what impact implementation of the following statement will have on future financial statements.

GASB Statement No. 72, *Fair Value Measurement and Application* will be effective for the District beginning with its fiscal year ending June 30, 2016. This statement addresses accounting and financial reporting issues related to fair value measurements. It provides guidance for determining a fair value measurement for financial reporting purposes, as well as guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

E. Subsequent Events

Management has evaluated subsequent events through December 17, 2015, which was the date that the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

WESTPORT SEWER SERVICE DISTRICT
Astoria, Oregon

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION -
BUDGET AND ACTUAL

OPERATING FUND

For the Year Ended June 30, 2015

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		
			Budget Basis	Adjustments	GAAP Basis
REVENUES					
Charges for services	\$ 73,000	\$ 4,276	\$ 77,276	\$ -	\$ 77,276
Investment earnings	100	(4)	96	-	96
Miscellaneous	<u>-</u>	<u>204</u>	<u>204</u>	<u>-</u>	<u>204</u>
Total revenues	<u>73,100</u>	<u>4,476</u>	<u>77,576</u>	<u>-</u>	<u>77,576</u>
EXPENSES					
Current					
Personnel services	11,720	(1,238)	10,482	-	10,482
Materials and services	47,250	(10,542)	36,708	-	36,708
Other charges	60	(21)	39	-	39
Depreciation	-	-	-	78,606	78,606
Debt service	7,520	(4)	7,516	(5,266)	2,250
Contingency	<u>27,370</u>	<u>(27,370)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenses	<u>93,920</u>	<u>(39,175)</u>	<u>54,745</u>	<u>73,340</u>	<u>128,085</u>
Excess (deficiency) of revenues over (under) expenses	<u>(20,820)</u>	<u>43,651</u>	<u>22,831</u>	<u>(73,340)</u>	<u>(50,509)</u>
OTHER FINANCING SOURCES (USES)					
Capital contributions	-	-	-	(5,266)	(5,266)
Special payments	540	5	545		545
Transfers out	<u>(2,000)</u>	<u>-</u>	<u>(2,000)</u>	<u>-</u>	<u>(2,000)</u>
Total other financing sources (uses)	<u>(1,460)</u>	<u>5</u>	<u>(1,455)</u>	<u>(5,266)</u>	<u>(6,721)</u>
Change in net position	(22,280)	43,656	21,376	(78,606)	(57,230)
Net position - beginning, as restated	<u>22,280</u>	<u>3,770</u>	<u>26,050</u>	<u>605,175</u>	<u>631,225</u>
Net position - ending	<u>\$ -</u>	<u>\$ 47,426</u>	<u>\$ 47,426</u>	<u>\$ 526,569</u>	<u>\$ 573,995</u>

OTHER SUPPLEMENTARY INFORMATION

INDIVIDUAL FUND SCHEDULES

WESTPORT SEWER SERVICE DISTRICT
Astoria, Oregon

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION -
BUDGET AND ACTUAL

EQUIPMENT REPLACEMENT FUND

For the Year Ended June 30, 2015

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		
			Budget Basis	Adjustments	GAAP Basis
REVENUES					
Investment earnings	\$ 300	\$ 25	\$ 325	\$ -	\$ 325
EXPENSES					
Current					
Materials and services	20,200	(12,625)	7,575	-	7,575
Contingency	<u>47,230</u>	<u>(47,230)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenses	<u>67,430</u>	<u>(59,855)</u>	<u>7,575</u>	<u>-</u>	<u>7,575</u>
Excess (deficiency) of revenues over (under) expenses	<u>(67,130)</u>	<u>59,880</u>	<u>(7,250)</u>	<u>-</u>	<u>(7,250)</u>
OTHER FINANCING SOURCES (USES)					
Capital contributions	-	-	-	5,266	5,266
Transfers in	<u>2,000</u>	<u>-</u>	<u>2,000</u>	<u>-</u>	<u>2,000</u>
Total other financing sources (uses)	<u>2,000</u>	<u>-</u>	<u>2,000</u>	<u>5,266</u>	<u>7,266</u>
Change in net position	(65,130)	59,880	(5,250)	5,266	16
Net position - beginning	<u>65,130</u>	<u>(1,628)</u>	<u>63,502</u>	<u>(82,143)</u>	<u>(18,641)</u>
Net position - ending	<u>\$ -</u>	<u>\$ 58,252</u>	<u>\$ 58,252</u>	<u>\$ (76,877)</u>	<u>\$ (18,625)</u>

OTHER FINANCIAL SCHEDULES

WESTPORT SEWER SERVICE DISTRICT
Astoria, Oregon

SCHEDULE OF FUTURE REQUIREMENTS FOR RETIREMENT OF LONG-TERM DEBT

For the Year Ended June 30, 2015

Fiscal Year	DEQ Loan		
	Principal	Interest	Total
2015-2016	\$ 5,415	\$ 2,101	\$ 7,516
2016-2017	5,569	1,947	7,516
2017-2018	5,726	1,790	7,516
2018-2019	5,887	1,629	7,516
2019-2020	6,054	1,462	7,516
2020-2021	6,226	1,290	7,516
2021-2022	6,402	1,114	7,516
2022-2023	6,583	933	7,516
2023-2024	6,769	747	7,516
2024-2025	6,961	555	7,516
Thereafter	<u>14,523</u>	<u>513</u>	<u>15,036</u>
Total	<u>\$ 76,115</u>	<u>\$ 14,081</u>	<u>\$ 90,196</u>

**AUDIT COMMENTS AND DISCLOSURES REQUIRED BY
STATE REGULATIONS**



KOONTZ, PERDUE, BLASQUEZ & CO., P.C.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

Board of Commissioners
Westport Sewer Service District
Astoria, Oregon 97103

We have audited the basic financial statements of Westport Sewer Service District as of and for the year ended June 30, 2015, and have issued our report thereon dated December 17, 2015. 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 Westport Sewer Service District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes, as specified in Oregon Administrative Rules 162-010-0000 through 162-010-0320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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:

Accounting records

Deposit of public funds with financial institutions (ORS Chapter 295)

Indebtedness limitations, restrictions, and repayment

Budgets legally required (ORS Chapter 294)

Insurance and fidelity bonds in force or required by law

Programs funded from outside sources

Authorized investment of surplus funds (ORS Chapter 294)

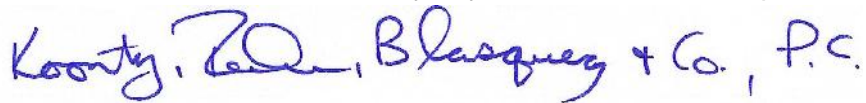
Public contracts and purchasing (ORS Chapters 279A, 279B, 279C)

In connection with our testing, nothing came to our attention that caused us to believe the District was not in substantial compliance with certain provisions of laws, contracts, and grants, including the provisions of Oregon Revised Statutes, as specified in Oregon Administrative Rules 162-010-0000 through 162-010-0320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

OAR 162-010-0230 Internal Control

In planning and performing our audit, we considered Westport Sewer Service District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Westport Sewer Service District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Westport Sewer Service District's internal control over financial reporting. However, we noted certain matters that we have reported to management of the District in a separate letter dated December 17, 2015.

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

A handwritten signature in blue ink that reads "Koontz, Perdue, Blasquez & Co., P.C." The signature is written in a cursive, flowing style.

Koontz, Perdue, Blasquez & Co., P.C.

December 17, 2015