

City of Scappoose
Columbia County, Oregon
Annual Financial Report
Year Ending June 30, 2010



CITY OF SCAPPOOSE, OREGON

CITY OFFICIALS

JUNE 30, 2010

CITY COUNCIL

Scott Burge, Mayor	33470 Chinook Plaza, #272 Scappoose, Oregon 97056
Jeff Bernhard, Council President	33115 NW Onna Way Scappoose, Oregon 97056
Donna Gedlich, Council Member	P.O. Box 218 Scappoose, Oregon 97056
Judie Ingham, Council Member	51836 SE 6 th Street Scappoose, Oregon 97056
Larry Meres, Council Member	51704 SE 4 th Street Scappoose, Oregon 97056
Art Heerwagen, Council Member	32856 NW Sunset Drive Scappoose, Oregon 97056
Jeff Erickson, Council Member	33980 SE Oakview Drive Scappoose, Oregon 97056

ADMINISTRATION

Jon Hanken, City Manager	Jill Herr, Finance Administrator
Susan Reeves, City Recorder/Budget Secretary	
Doug Greisen, Police Chief	E. Andrew Jordan, City Attorney

CITY OF SCAPPOOSE, OREGON

TABLE OF CONTENTS

FINANCIAL SECTION	Page
Independent Auditor's Report	
Management's Discussion and Analysis	3
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Assets (Modified Cash Basis)	9
Statement of Activities (Modified Cash Basis)	10
Fund Financial Statements	
Statement of Assets and Liabilities (Modified Cash Basis) - Governmental Funds	11
Reconciliation of Balance Sheet- Governmental Funds to the Statement of Net Assets	12
Statement of Receipts, Disbursements, and Changes in Fund Balances (Modified Cash Basis) - Governmental Funds	13
Statement of Net Assets (Modified Cash Basis) - Proprietary Funds	14
Reconciliation of Balance Sheet- Proprietary Funds to the Statement of Net Assets	15
Statement of Receipts, Disbursements, and Changes in Fund Net Assets (Modified Cash Basis) - Proprietary Funds	16
Notes to Basic Financial Statements	17-34
Required Supplementary Information	
Schedule of Revenues, Expenditures, and Changes in Fund Balances (Cash Basis) - Budget and Actual	
General Fund	35
Street SDC Fund	36
Other Supplementary Information	
Nonmajor Governmental Funds - Statements and Schedules	
Combining Statement of Assets and Liabilities (Modified Cash Basis)	37-38
Combining Statement of Receipts, Disbursements, and Changes in Fund Balances (Modified Cash Basis)	39-40
Schedules of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - Budget and Actual	
Streets Fund	41
Building Fund	42
PEG Fee Fund	43
Unemployment Fund	44
Law Enforcement Fund	45
Watts House Fund	46
Recreation Reserve Fund	47
Municipal Park Fund	48
Municipal Skate Park Fund	49
Foot Path & Bike Trails Fund	50
Parks SDC Fund	51
Havlik Highway Fund	52

CITY OF SCAPPOOSE, OREGON
TABLE OF CONTENTS

FINANCIAL SECTION (Continued)	Page
Nonmajor Proprietary Funds - Statements and Schedules	
Combining Statement of Net Assets (Modified Cash Basis)	53
Combining Statement of Receipts, Disbursements, and Changes in Net Assets (Modified Cash Basis)	54
Schedules of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - Budget and Actual	
Storm Drain Fund	55
Storm Drain SDC Fund	56
Water SDC Fund	57
Dutch Canyon Water Line Fund	58
Airpark Water Line Fund	59
GO Water Sewer Bond Fund	60
Water Fund	61
Sewer Fund	62
Sewer SDC Fund	63
Other Schedules	
Schedule of Property Tax Transactions	65
Schedule of Long-Term Debt Transactions	66-67
Schedule of Future Debt Requirements by Issue	68-72
REGULATORY SECTION	
Independent Auditor's Report Required by Oregon State Regulations	

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

DENNIS R. CONNER
Certified Public Accountant
365 South Nehalem
Clatskanie, Oregon 97016

INDEPENDENT AUDITOR'S REPORT

The Honorable Scott Burge, Mayor
and Members of the City Council
City of Scappoose
Scappoose, Oregon 97056

I 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 Scappoose, Oregon, as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Scappoose's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinions.

As discussed in Note 1, The City of Scappoose, Oregon prepares its financial statements on a modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

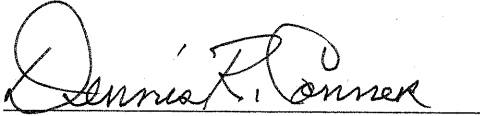
In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position-modified cash basis of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Scappoose, Oregon as of June 30, 2010, and the respective changes in financial position - modified cash basis thereof for the year ended in conformity with the basis of accounting described in Note 1.

The Management's Discussion and Analysis and the budgetary comparison information are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America (GAAP). I have applied certain limited procedures which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

HIGHWAY FUNDS

The City of Scappoose was in compliance with constitutional and statutory law pertaining to the use of highway funds.

This report is intended solely for the information of the Mayor and City Council, management, and the Oregon Secretary of State Audits Division, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Dennis R. Conner", written over a horizontal line.

Dennis R. Conner
Certified Public Accountant

CITY OF SCAPPOOSE
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2010

As management of the City of Scappoose, we offer readers of the financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2010. The 2010 financial statements are prepared on the cash basis of accounting. The previous year's financial statements were prepared on a different basis of accounting. Therefore, comparisons to the prior years are not included.

FINANCIAL HIGHLIGHTS

	<u>June 30, 2010</u>
Net assets	\$44,339,594
Change in net assets	(446,191)
Governmental activities net assets	4,115,468
Business-type activities net assets	4,143,451

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the City of Scappoose's basic financial statements. The City's basic financial statements consist 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 City of Scappoose's finances, in a manner similar to a private-sector business. These statements include:

The Statement of Net Assets. The *statement of net assets (Modified Cash Basis)* presents information on all of the assets and liabilities of the City of Scappoose as of the date on the statement. Net assets are what remain after the liabilities have been paid off or otherwise satisfied. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities. The *statement of activities (Modified Cash Basis)* presents information showing how the net assets of the City of Scappoose changed over the most recent fiscal year by tracking receipts, disbursements and other transactions that increase or reduce net assets utilizing the modified

cash basis of accounting.

Fund financial statements. The fund financial statements provide more detailed information about the City of Scappoose's funds, focusing on its most significant or "major" funds – not the City of Scappoose as a whole. 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 of Scappoose can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. The governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. The 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.

Proprietary funds. The City of Scappoose charges customers for the services it provides. These services are generally reported in proprietary funds.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information related to schedules of revenues, expenditures and changes in fund balance-budget and actual for the General Fund.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Assets *The Statement of Net Assets is provided on a comparative basis.*

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Scappoose, assets exceeded liabilities by \$44,339,594 as of June 30, 2010.

Capital assets, which consist of Scappoose's land, buildings, building improvements, construction in progress, vehicles, and equipment, represent about 89 percent of total assets. The remaining assets consist mainly of investments, cash, and property taxes receivable.

Scappoose's largest liability (95%) is for the repayment of long-term debt. Current liabilities, representing less than .5 percent of Scappoose's total liabilities, consist of deferred revenue.

A large portion of the City of Scappoose's net assets reflects its investment in capital assets (e.g. land, buildings, vehicles and equipment), less any related debt used to acquire those assets that are still outstanding. The City of Scappoose uses these capital assets to provide services; consequently these assets are not available for future spending. Although Scappoose'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 (generally property taxes), since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted net assets represent resources that are subject to external restrictions on their use, such as debt service reserves or construction of capital assets.

Unrestricted net assets are available for general operations of the City of Scappoose.

**Net Assets
As of June 30, 2010**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
Cash and investments	\$ 4,115,469	\$ 4,143,451	\$ 8,258,920
Cash deposits	86,736	93,331	180,067
Other assets	-	-	-
Capital assets	30,774,074	14,028,917	44,802,991
	<hr/>	<hr/>	<hr/>
Total assets	34,976,279	18,265,699	53,241,978
	<hr/>	<hr/>	<hr/>
Other liabilities	86,737	93,331	180,068
Long-term debt	1,134,174	7,588,142	8,722,316
	<hr/>	<hr/>	<hr/>
Total liabilities	1,220,911	7,681,473	8,902,384
	<hr/>	<hr/>	<hr/>
Net assets			
Investment in capital assets, net of debt	29,639,900	6,440,775	36,080,675
Fund net assets			
Restricted	2,123,689	4,143,451	6,267,140
Unrestricted	1,991,779	-	1,991,779
	<hr/>	<hr/>	<hr/>
Total net assets	\$ 33,755,368	\$ 10,584,226	\$ 44,339,594
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Statement of Activities. During the current fiscal year, the City of Scappoose’s net assets increased by \$6,641,830. The key elements of the change in Scappoose’s net assets for the year ended June 30, 2010 are as follows:

- Fees, fines and charges for services increased by \$2,630,696 due in part to an increase in charges for service in the water and sewer funds.
- Grant and contribution income decreased by \$1,246,696 in total, largely due to grant reimbursements related to infrastructure improvement projects.
- Disbursements increased \$535,783 largely due to infrastructure improvement disbursements.
- Capital assets, net of related debt decreased by \$1,226,081.

Financial Analysis of the City of Scappoose's Funds

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

Statement of Activities For the years ended June 30, 2010

	Governmental Activities	Business-type Activities	Totals
Receipts			
Program receipts			
Fines, fees, charges for services	\$ 748,372	\$ 2,157,577	\$ 2,905,949
Operating grants and contributions	431,398	-	431,398
Capital grants and contributions	180,550	442,921	623,471
General receipts			
Property tax	1,353,174	238,798	1,591,972
Franchise fees	367,181	-	367,181
Intergovernmental	-	-	-
Miscellaneous	14,628	27,255	41,883
Total receipts	<u>3,095,303</u>	<u>2,866,551</u>	<u>5,961,854</u>
Disbursements			
General government	717,715	-	717,715
Court and police	1,424,018	-	1,424,018
Community services and development	83,176	-	83,176
Culture and recreation	757,161	-	757,161
Interest on long-term debt	40,692	-	40,692
Highways and streets	324,348	-	324,348
Storm Drain	-	93,098	93,098
Water	-	1,678,013	1,678,013
Sewer	-	1,289,824	1,289,824
Total disbursements	<u>3,347,110</u>	<u>3,060,935</u>	<u>6,408,045</u>
Change in restricted and unrestricted net assets before transfers	(251,807)	(194,384)	(446,191)
Transfers	58,586	(58,586)	-
Change in restricted and unrestricted net assets	<u>(193,221)</u>	<u>(252,970)</u>	<u>(446,191)</u>
Beginning restricted and unrestricted net assets	<u>4,308,689</u>	<u>4,396,421</u>	<u>8,705,110</u>
Ending restricted and unrestricted net assets	4,115,468	4,143,451	8,258,919
Capital assets	30,774,074	14,028,917	44,802,991
Long-term debt	(1,134,174)	(7,588,142)	(8,722,316)
Net assets	<u>\$ 33,755,368</u>	<u>\$ 10,584,226</u>	<u>\$ 44,339,594</u>

Governmental funds. The focus of the City of Scappoose's governmental funds is to provide information on relatively short-term cash flow and funding for future basic services. Such information is useful in assessing Scappoose's financing requirements. In particular, *unreserved fund balance* may serve

as a useful measure of a government's net resources available for spending at the end of a fiscal year.

At June 30, 2010, the City's governmental funds reported combined ending fund balances of \$8,273,881.

General Fund. The General Fund is the primary operating fund of the City. As of June 30, 2010, unreserved fund balance was \$1,991,779. The fund balance decreased by \$213,883 during the current fiscal year. As a measure of the fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. Fund balance represents 95 percent of total General Fund expenditures.

General Fund Budgetary Highlights

The city council made adjustments to the adopted budget for the fiscal year ended June 30, 2010, which are reflected in the schedules of budget and actual by fund.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. The City of Scappoose's investment in capital assets includes land, buildings and improvements, vehicles and equipment, and construction in progress. As of June 30, 2010, Scappoose had invested \$44,268,671 in capital assets, net of depreciation, as shown in the following table:

Capital Assets
As of June 30, 2010 and 2009

	Governmental Activities		Business-type Activities		Totals	
	2010	2009	2010	2009	2010	2009
Land	\$ 1,114,736	\$ 1,079,436	\$ 378,786	\$ 378,786	\$ 1,493,522	\$ 1,458,222
Buildings	1,257,693	1,257,693	4,737,826	4,737,826	5,995,519	5,995,519
Equipment	232,964	198,125	1,859,034	1,834,042	2,091,998	2,032,167
Vehicles	360,434	360,434	173,355	173,355		
Construction in progress	2,300,399	1,894,609	1,482,851	469,237	3,783,250	2,363,846
Infrastructure	60,020,662	60,020,662	-	-	60,020,662	60,020,662
Water and sewer system	-	-	14,850,495	14,145,730	14,850,495	14,145,730
	65,286,888	64,810,959	23,482,347	21,738,976	88,235,446	86,016,146
Less: accumulated depreciation	(34,512,814)	(32,554,226)	(9,453,430)	(8,941,440)	(43,966,244)	(41,495,666)
Net capital assets	<u>\$ 30,774,074</u>	<u>\$ 32,256,733</u>	<u>\$ 14,028,917</u>	<u>\$ 12,797,536</u>	<u>\$ 44,269,202</u>	<u>\$ 44,520,480</u>

During fiscal year 2008-09, the City's investment in capital assets decreased by \$251,809.

Additional information regarding the City's capital assets can be found in the notes to basic financial statements of this report.

Long-term debt. At the end of the current fiscal year, the City of Scappoose had total bonded debt (general obligation and revenue bonds) outstanding of \$8,303,028 and a capital lease in the amount of

\$86,924.

During the current fiscal year, the City's total debt increased by \$974,272 (11%) due to the issuance of water revenue notes.

Additional information on the City's long-term debt can be found in the notes to the basic financial statements of this report.

Outstanding Debt
As of June 30, 2010 and 2009

	Governmental Activities		Business-type Activities		Totals	
	2010	2009	2010	2009	2010	2009
Notes Payable	\$ 784,411	\$ 942,582	\$ 6,826,405	\$ 5,943,687	\$ 7,610,816	\$ 6,886,269
Bonds Payable	-	-	558,470	741,863	558,470	741,863
Capital lease	93,119	54,293	51,133	18,707	144,252	73,000
Other	256,644	78,675	152,134	47,550	408,778	126,225
	<u>\$ 1,134,174</u>	<u>\$ 1,075,550</u>	<u>\$ 7,588,142</u>	<u>\$ 6,751,807</u>	<u>\$ 8,722,316</u>	<u>\$ 7,827,357</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City of Scappoose's Budget Committee considered all the following factors while preparing the budget for the 2009-10 fiscal year.

- Expected rates and consumption for business-type funds
- Staffing requirements and the desired level of service
- Capital outlay

REQUESTS FOR INFORMATION

This financial report is designed to present the user (citizens, taxpayers, investors, and creditors) with a general overview of the City of Scappoose's finances and to demonstrate the City's accountability. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

City of Scappoose
Attn: City Recorder
33568 E Columbia Avenue
Scappoose, OR 97056
(503)543-7146

BASIC FINANCIAL STATEMENTS

CITY OF SCAPPOOSE, OREGON
STATEMENT OF NET ASSETS (MODIFIED CASH BASIS)
JUNE 30, 2010

	<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Totals</i>
ASSETS			
Cash	\$ 4,115,469	\$ 4,143,451	\$ 8,258,920
Cash deposits	86,736	93,331	180,067
Nondepreciable capital assets	3,415,135	1,861,637	5,276,772
Other capital assets, net of depreciation	27,358,939	12,167,280	39,526,219
<i>Total Assets</i>	<u>34,976,279</u>	<u>18,265,699</u>	<u>53,241,978</u>
LIABILITIES			
Deposits	86,737	93,331	180,068
Noncurrent liabilities:			
Due within one year:			
Loan and other payables	155,418	48,812	204,230
Bonds payable	-	503,060	503,060
Due in more than one year:			
Loan and other payables	978,756	154,454	1,133,210
Bonds payable	-	6,881,816	6,881,816
<i>Total Liabilities</i>	<u>1,220,911</u>	<u>7,681,473</u>	<u>8,902,384</u>
NET ASSETS			
Investment in capital assets (net of related debt)	29,639,900	6,440,775	36,080,675
Fund net assets:			
Restricted	2,123,689	4,143,451	6,267,140
Unrestricted	1,991,779	-	1,991,779
<i>Total Net Assets</i>	<u>\$ 33,755,368</u>	<u>\$ 10,584,226</u>	<u>\$ 44,339,594</u>

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

CITY OF SCAPPOOSE, OREGON
STATEMENT OF ACTIVITIES (MODIFIED CASH BASIS)
YEAR ENDED JUNE 30, 2010

	Program Receipts			Net Changes in Fund Net Assets			
	Disbursements	Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Totals
Functions/Programs							
Governmental activities:							
General government	\$ 717,715	\$ 470,970	\$ 77,865	\$ -	\$ (168,880)	\$ -	\$ (168,880)
Public safety	1,424,018	276,917	83,837	-	(1,063,264)	-	(1,063,264)
Culture and recreation	757,161	485	-	71,821	(684,855)	-	(684,855)
Community development	83,176	-	-	-	(83,176)	-	(83,176)
Highways and streets	324,348	-	269,696	108,729	54,077	-	54,077
Interest on long-term debt	40,692	-	-	-	(40,692)	-	(40,692)
Total Governmental Activities	3,347,110	748,372	431,398	180,550	(1,986,790)	-	(1,986,790)
Business-type activities:							
Water	1,678,013	1,129,968	-	312,818	-	(235,227)	(235,227)
Sewer	1,289,824	1,027,609	-	76,785	-	(185,430)	(185,430)
Storm Drain	93,098	-	-	53,318	-	(39,780)	(39,780)
Total Business-type Activities	3,060,935	2,157,577	-	442,921	-	(460,437)	(460,437)
Total Activities	\$ 6,408,045	\$ 2,905,949	\$ 431,398	\$ 623,471	(1,986,790)	(460,437)	(2,447,227)
General Receipts:							
Property taxes					1,553,174	238,798	1,591,972
Franchise fees					367,181	-	367,181
Miscellaneous					14,628	27,255	41,883
Total General Receipts					1,734,983	266,053	2,001,036
Transfers					58,586	(58,586)	-
Change in Restricted and Unrestricted Net Assets					(193,221)	(252,970)	(446,191)
Restricted and Unrestricted Net Assets, July 1, 2009					4,308,689	4,396,421	8,705,110
Restricted and Unrestricted Net Assets, June 30, 2010					4,115,468	4,143,451	8,258,919
Capital Assets					30,774,074	14,028,917	44,802,991
Long-term Debt					(1,134,174)	(7,588,142)	(8,722,316)
Net Assets					\$ 33,755,368	\$ 10,584,226	\$ 44,339,594

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

CITY OF SCAPPOOSE, OREGON
STATEMENT OF ASSETS AND LIABILITIES - GOVERNMENTAL FUNDS (MODIFIED CASH BASIS)
JUNE 30, 2010

	General	Street SDC	Other Governmental Funds	Totals
ASSETS				
Cash	\$ 1,991,780	\$ 767,809	\$ 1,355,880	\$ 4,115,469
Cash deposits	86,737	-	-	86,737
Total Assets	\$ 2,078,517	\$ 767,809	\$ 1,355,880	\$ 4,202,206
LIABILITIES AND FUND BALANCES				
Liabilities				
Deposits	\$ 86,737	-	-	\$ 86,737
Total Liabilities	86,737	-	-	86,737
Cash Balances				
General fund	1,991,779	-	-	1,991,779
Special revenue funds	-	767,809	1,355,880	2,123,689
Total Liabilities and Cash Balances	\$ 2,078,516	\$ 767,809	\$ 1,355,880	\$ 4,202,205

The accompanying notes are an integral part of the financial statements.
- 11 -

CITY OF SCAPPOOSE, OREGON
RECONCILIATION OF BALANCE SHEET – GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS
JUNE 30, 2010

RECONCILIATION TO THE STATEMENT OF NET ASSETS

Fund Balances \$ 4,115,468

Capital assets are not financial resources in governmental funds, but are reported in the Statement of Net Assets at their net depreciable value

Capital assets, (net) 30,774,074

All liabilities are reported in the Statement of Net Assets. However, if they are not due and payable in the current period, they are not recorded in governmental funds.

Notes and Bonds payable (1,134,174)

Net Assets of Governmental Activities

\$ 33,755,368

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

CITY OF SCAPPOOSE, OREGON
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS (MODIFIED CASH BASIS)
YEAR ENDED JUNE 30, 2010

	General	Street SDC	Other Governmental Funds	Totals
RECEIPTS				
Taxes and assessments	\$ 1,353,174	\$ -	\$ -	\$ 1,353,174
Licenses and permits	388,120	106,005	402,955	897,080
Charges for services	278,473	-	34,131	312,604
Intergovernmental	209,063	-	272,420	481,483
Fines and forfeitures	-	-	-	-
Miscellaneous	35,657	4,883	10,422	50,962
<i>Total Receipts</i>	2,264,487	110,888	719,928	3,095,303
DISBURSEMENTS				
General government	335,708	-	295,720	631,428
Court and police	1,415,690	-	-	1,415,690
Highways and streets	-	-	264,393	264,393
Culture and recreation	208,577	-	5,245	213,822
Community development	85,754	-	-	85,754
Capital outlay	33,891	750	441,289	475,930
Debt service	48,386	56,213	155,494	260,093
<i>Total Disbursements</i>	2,128,006	56,963	1,162,141	3,347,110
RECEIPTS OVER (UNDER) DISBURSEMENTS	136,481	53,925	(442,213)	(251,807)
OTHER FINANCING SOURCES (USES)				
Transfers in	333,673	-	507,429	841,102
Transfers out	(684,037)	(2,141)	(96,338)	(782,516)
<i>Total Other Financing Sources (Uses)</i>	(350,364)	(2,141)	411,091	58,586
NET CHANGE IN CASH BALANCES	(213,883)	51,784	(31,122)	(193,221)
CASH BALANCES, Beginning of year	2,205,662	716,025	1,387,002	4,308,689
CASH BALANCES, End of year	\$ 1,991,779	\$ 767,809	\$ 1,355,880	\$ 4,115,468

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

CITY OF SCAPPOOSE, OREGON
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS (MODIFIED CASH BASIS)
JUNE 30, 2010

	Water Utility	Sewer Utility	Sewer SDC	Dutch Canyon Water Line	Other Business-type Funds	Totals
ASSETS						
Cash	\$ 1,178,680	\$ 884,949	\$ 1,157,859	\$ 304,937	\$ 617,026	\$ 4,143,451
Water deposits	93,331	-	-	-	-	93,331
Nondepreciable capital assets	448,528	148,479	-	1,264,630	-	1,861,637
Other capital assets, net of depreciation	1,489,094	2,070,587	537,781	127,615	7,942,203	12,167,280
Total Assets	\$ 3,209,633	\$ 3,104,015	\$ 1,695,640	\$ 1,697,182	\$ 8,559,229	\$ 18,265,699
LIABILITIES						
Deposits	93,331	-	-	-	-	93,331
Noncurrent liabilities:						
Due within one year						
Loan payable	31,816	16,996	-	-	-	48,812
Bond payable	43,351	13,305	-	-	446,404	503,060
Due in more than one year						
Loan payable	94,386	60,068	-	-	-	154,454
Bond payable	1,095,464	28,362	-	-	5,757,990	6,881,816
Total Liabilities	1,358,348	118,731	-	-	6,204,394	7,681,473
NET ASSETS						
Investment in capital assets	672,605	2,100,335	537,781	1,392,245	1,737,809	6,440,775
(net of related debt)	1,178,680	884,949	1,157,859	304,937	617,026	4,143,451
Restricted	1,851,285	2,985,284	1,695,640	1,697,182	2,354,835	10,584,226
Total Net Assets	\$ 3,209,633	\$ 3,104,015	\$ 1,695,640	\$ 1,697,182	\$ 8,559,229	\$ 18,265,699

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

CITY OF SCAPPOOSE, OREGON
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND NET ASSETS -
PROPRIETARY FUNDS (MODIFIED CASH BASIS)
YEAR ENDED JUNE 30, 2010

	Water Utility	Sewer Utility	Sewer SDC	Dutch Canyon Water Line	Other Business-type Funds	Totals
OPERATING RECEIPTS						
Taxes and assessments	\$ -	\$ -	\$ -	\$ -	\$ 238,798	\$ 238,798
Charges for services	1,133,516	1,027,609	-	-	-	2,161,125
Intergovernmental	-	-	-	-	73,491	73,491
Miscellaneous	8,413	4,967	9,635	622	3,618	27,255
<i>Total Operating Receipts</i>	1,141,929	1,032,576	9,635	622	315,907	2,500,669
OPERATING DISBURSEMENTS						
Personal services	637,132	486,437	-	-	-	1,123,569
Materials and services	282,532	297,471	-	-	93,098	673,101
Capital outlay	244,694	19,782	465,280	1,013,614	-	1,743,370
<i>Total Operating Disbursements</i>	1,164,358	803,690	465,280	1,013,614	93,098	3,540,040
OPERATING RECEIPTS OVER (UNDER)	(22,429)	228,886	(455,645)	(1,012,992)	222,809	(1,039,371)
OPERATING DISBURSEMENTS						
NON OPERATING RECEIPTS						
(DISBURSEMENTS)						
Loan proceeds	-	-	-	1,274,143	-	1,274,143
Debt service						
Principal	(150,620)	(17,779)	-	-	(428,639)	(597,038)
Interest	(8,044)	(3,075)	-	-	(186,769)	(197,888)
Total Non Operating Receipts (Disbursements)	(158,664)	(20,854)	-	1,274,143	(615,408)	479,217
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS						
System development revenue	63,630	-	76,785	-	225,355	365,770
Transfers in	-	-	-	5,000	198,398	203,398
Transfers out	(185,777)	(67,976)	(5,689)	-	(2,542)	(261,984)
NET CHANGES IN RESTRICTED NET ASSETS	(303,240)	140,056	(384,549)	266,151	28,612	(252,970)
RESTRICTED						
<i>NET ASSETS, Beginning of year</i>	1,481,920	744,893	1,542,408	38,786	588,414	4,396,421
RESTRICTED						
<i>NET ASSETS, End of year</i>	1,178,680	884,949	1,157,859	304,937	617,026	4,143,451

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

CITY OF SCAPPOOSE, OREGON

RECONCILIATION OF BALANCE SHEET – PROPRIETARY FUNDS TO THE STATEMENT OF NET ASSETS

JUNE 30, 2010

RECONCILIATION TO THE STATEMENT OF NET ASSETS

Fund Balances \$ 4,143,451

Capital assets are not financial resources in governmental funds, but are reported in the Statement of Net Assets at their net depreciable value

Capital assets, (net) 14,028,917

All liabilities are reported in the Statement of Net Assets. However, if they are not due and payable in the current period, they are not recorded in governmental funds.

Notes and Bonds payable (7,588,142)

Net Assets of Governmental Activities \$ 10,584,226

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City is governed by an elected mayor and six council members who comprise the City Council. The City provides various services as authorized by its charter, including water and sewer utilities.

There are certain governmental agencies and various service districts which provide services within the City. These agencies have independently elected governing boards and the City is not financially accountable for these organizations. Therefore, financial information for these agencies is not included in the accompanying basic financial statements.

Basic Financial Statements

Basic financial statements are presented at both the government-wide and fund financial level. Both levels of statements categorize primary activities as either governmental or business-type. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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 Assets (Modified Cash Basis) and the Statement of Activities (Modified Cash Basis).

The Statement of Net Assets (Modified Cash Basis) presents all the assets and liabilities of the City, including capital assets and related debt. Net assets, representing assets less liabilities, is shown in three components. Investment in capital assets, less related outstanding debt used to acquire them, restricted for special purposes, amounts which must be spent in accordance with legal restrictions, and unrestricted, the amount available for ongoing City activities.

The Statement of Activities (Modified Cash Basis) demonstrates the degree to which the direct disbursements of a given function or segment are offset by program receipts. *Direct disbursements* are those that are clearly identifiable with a specific function or segment. *Program receipts* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general receipts*.

Fund financial statements display information at the individual fund level. Each fund is considered to be a separate accounting entity. Funds are classified and summarized as governmental, proprietary, or fiduciary. Currently, the City has governmental (general, special revenue, capital projects) and proprietary type funds. Accounting principles generally accepted in the United States of America set forth minimum criteria (percentage of the assets, liabilities, receipts or disbursements of either fund category or the government and enterprise combined) for the determination of major funds. Major individual funds are reported as separate columns in the fund financial statements. Non-major funds are consolidated into a single column in the financial section of the financial statements and are detailed in the supplemental information.

CITY OF SCAPPOOSE, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2010

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation

The financial transactions of the City are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, receipts and disbursements. The various funds are reported by generic classification within the financial statements.

The City reports the following major governmental funds:

General Fund - to account for the financial operations of the City not accounted for in any other fund. Principal sources of revenue are property taxes, licenses and permits, franchise fees and State shared revenues. Primary expenditures are for police protection, insurance and general administration.

Street SDC Fund - accounts for the system development charges.

Special Revenue Funds are used to account for the proceeds of the specific revenue sources that are either legally restricted to expenditures for specified purposes or designated to finance particular functions or activities of the City. The City reports the following non major governmental funds:

Street Fund – accounts for gasoline tax apportionments and expenditures for street improvements

PEG Fee Fund – accounts for Public Education Governmental revenue from cable fees and expenditures related to public access and education

Building Fund - accounts for the operations of the City's building revenue.

Unemployment Fund – accounts for unemployment expenditures

Law Enforcement Fund – accounts for municipal court revenues assessed for the purpose of law enforcement activities.

Watts House Fund – accounts for donations and improvements

Recreation Reserve Fund – accounts for revenue and future construction of the City's pool

Municipal Park Fund - accounts for contributions and expenditures to the Scappoose Municipal Park and construction of the park.

Municipal Skate Park Fund – accounts for skate park revenue and improvements

Foot Path and Bike Trails Fund – accounts for 1% of gasoline tax and improvements to foot path and bike trails

Parks SDC Fund – to account for receipts and disbursements associated with parks capital projects

Havlik Highway Fund – account for receipts and disbursements associated with construction of street.

CITY OF SCAPPOOSE, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2010

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The proprietary funds are used to account for the acquisition, operation, and maintenance of the sewer and water systems. These funds are entirely or predominantly self-supported through user charges to customers. The City reports the following major proprietary funds:

Water Utility Fund - to account for the operation of the City's water system.

Sewer Utility Fund - to account for the operation of the City's sewer system.

Sewer SDC Fund - to account for receipts and disbursements associated with sewer capital projects.

Dutch Canyon Water Line Fund- to account for receipts and disbursements associated with capital project

The City reports the following non major proprietary funds:

Storm Drain Fund - to account for the operation of the City's storm drain system.

Storm Drain SDC Fund - to account for receipts and disbursements associated with storm drain capital projects.

Water SDC Fund -. to account for receipts and disbursements associated with water capital projects

Airpark Water Line – to accounts for receipts and disbursements associated with capital project

G O Bond Water-Sewer Fund - to account for revenue applicable to the retirement of bonds and related interest.

CITY OF SCAPPOOSE, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2010

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting

Accounting principles generally accepted in the United States of America, as promulgated by the Governmental Accounting Standards Board, define principles that should be used to report financial transactions. Accounting principles generally accepted in the United States of America require the use of the modified accrual basis of accounting by governmental type funds. Under this system, revenues are recorded when they become both measurable and available, while expenditures are recorded when the related liability is incurred.

Government-wide and proprietary funds are to be accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

The City's policy is to prepare its financial statements on the cash basis of accounting. Consequently, certain receipts and the related assets are recognized when received rather than when earned, and certain disbursements and purchases of assets are recognized when cash is disbursed rather than when the obligation is incurred. Also, assets that are measurable but not yet collected are recorded on the City's statement of assets and liabilities as an asset and deferred revenue. The City's policy, although not in accordance with accounting principles generally accepted in the United States of America, is acceptable under Oregon Law (ORS 294.445), which leaves the selection of the method of accounting to the discretion of the municipal corporation.

The City has adopted Governmental Accounting Standards Board (GASB) Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting." The City has elected to apply all applicable GASB pronouncements, as well as Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions, issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. As allowed under GASB No. 20, the City has elected not to apply FASB guidance issued subsequent to November 30, 1989, unless specifically adopted by the GASB.

CITY OF SCAPPOOSE, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2010

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash

The City maintains cash in a common pool that is available for use by all funds.

Oregon Revised Statutes authorize the City to invest in certificates of deposit, savings accounts, bank repurchase agreements, bankers' acceptances, general obligations of U.S. Government and its agencies, certain bonded obligations of Oregon municipalities and the State Treasurer's Local Government Investment Pool, among others.

Receivables and Deferred Revenues

Property taxes are levied by the County Assessor and collected by the County tax collector. The taxes are levied and become a lien as of July 1. They may be paid in three installments payable in equal payments due November 15, February 15, and May 15. Uncollected property taxes levied for the current year are recorded as receivable at year-end. The City's property tax collection records show that most of the property taxes due are collected during the year of levy and delinquent taxes are collected in the next few years.

Property tax receivables are offset by deferred revenue and, accordingly, have not been recorded as revenues.

Capital Assets

The City's modified cash basis of accounting reports capital assets resulting from cash transactions on the government wide Statement of Net Assets for the governmental funds. In the fund financial statements, capital assets arising from cash transactions are accounted for as capital outlay disbursements. Proprietary funds are reported the same as the governmental funds. Accumulated depreciation is reflected on the Statement of Net of Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. A capitalization threshold of \$5,000 is used to report capital assets. Purchases of public domain capital assets (streets, sidewalks, lighting systems, curbs and gutters and similar assets) that are immovable and of value only to the City as a governmental unit are reported as disbursements as incurred and are not capitalized.

Accrued Compensated Absences

Accumulated unpaid vacation pay is not accrued. Earned but unpaid sick pay is recorded as an expenditure when paid. The amount payable for accumulated unpaid vacation and earned but unpaid sick pay at June 30, 2010 is recorded as a liability on the government-wide Statement of Net Assets..

Budgets and Budgetary Accounting

The City adopts the budget on an object (personnel services, materials and services, capital outlay, debt service) basis, therefore, disbursements of a specific object may not legally exceed that object's appropriation. The City Council may amend the budget to expend unforeseen receipts by supplemental appropriations. All supplemental appropriations are included in the budget comparison statements. Appropriations lapse at year-end and may not be carried over. The City does not use encumbrance accounting.

Use of Restricted Assets

When disbursements are paid for purposes in which both restricted and unrestricted net assets are available, the City deems restricted net assets to be spent first.

CITY OF SCAPPOOSE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2010

CASH

Cash is reflected on the Statement of Net Assets (MODIFIED CASH BASIS) at June 30, 2010 as follows:

	<i>Carrying Value</i>	<i>Fair Value</i>
Cash		
Petty cash	\$ 1,600	\$ 1,600.00
Cash in checking	206,581	206,581
Cash deposits	180,068	180,068
Investments		
Local Government Investment Pool	8,050,739	8,050,739
	<u>\$ 8,438,988</u>	<u>\$ 8,438,988</u>

Deposits

At year end, the book balance of the City's bank deposits (checking) was \$206,581 and the bank balance was \$475,244.75. The difference is due to transactions in process. All deposits not covered by FDIC insurance are covered by the Public Funds Collateralization Program (PFCP) of the State of Oregon.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the City's deposits may not be returned. The Federal Depository Insurance Corporation (FDIC) provides insurance for the City's deposits with financial institutions up to \$250,000 each for the aggregate of all non-interest bearing accounts and the aggregate of all interest bearing accounts at each institution. Deposits in excess of FDIC coverage are with institutions participating in the Oregon Public Funds Collateralization Program. The PFCP is a shared liability structure for participating bank depositories, better protecting public funds though still not guaranteeing that all funds are 100% protected. 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 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. As of June 30, 2010, none of the City's bank balances were exposed to custodial credit risk as the balances are under FDIC insurance limits.

Investments

The State Treasurer of the State of Oregon maintains the Oregon Short-Term Fund, of which the Local Government Investment Pool is part. Participation by local governments is voluntary. The State of Oregon investment policies are governed by statute and the Oregon Investment Council. In accordance with Oregon Statutes, the investment funds are invested as a prudent investor would do, exercising reasonable care, skill and caution. The Oregon Short-Term Fund is the LGIP for local governments and was established by the State Treasurer. It was created to meet the financial and administrative responsibilities of federal arbitrage regulations. The investments are regulated by the Oregon Short-Term Fund Board and approved by the Oregon Investment Council (ORS 294.805 to 294.895). At June 30, 2010, the fair value of the position in the Oregon State

CITY OF SCAPPOOSE, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2010

CASH (continued)

Treasurer's Short-Term Investment Pool was approximately equal to the value of the pool shares. The investment in the Oregon Short-Term Fund is not rated for credit quality. Separate financial statements for the Oregon Short-Term Fund are available from the Oregon State Treasurer.

Interest Rate Risk

In accordance with its investment policy, the City manages its exposure to declines in fair value of its investments by limiting the weighted average maturity of its investments through use of the Local Government Investment Pool.

Custodial Risk - Investments

For an investment, this is the risk that, in the event of a failure of the counterparty, the City will not be able to recover the value of its investments or collateralized securities that are in the possession of an outside party. The City's investment policy limits the types of investments that may be held and does not allow securities to be held by the counterparty. The LGIP is administered by the Oregon State Treasury with the advice of other state agencies and is not registered with the U.S. Securities and Exchange Commission. The LGIP is an open-ended no-loan 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. In seeking to best serve local governments of Oregon, the Oregon Legislature established the Oregon Short Term Fund Board, which has established diversification percentages and specifies the types and maturities of the investments. The purpose of the Board is to advise the Oregon State Treasury in the management and investment of the LGIP. These investments within the LGIP must be invested and managed as a prudent investor would, exercising reasonable care, skill and caution. Professional standards indicate that the investments in external investment pools are not subject to custodial risk because they are not evidenced by securities that exist in physical or book entry form. Nevertheless, management does not believe that there is any substantial custodial risk related to investments in the LGIP.

CITY OF SCAPPOOSE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2010

CAPITAL ASSETS

The summary of capital assets for the business-type activities for the year ended June 30, 2010 is as follows:

	<i>Balances July 1, 2009</i>	<i>Additions</i>	<i>Retirements</i>	<i>Balances June 30, 2010</i>
NON-DEPRECIABLE				
Land	\$ 378,786	\$ -	\$ -	\$ 378,786
Construction in progress	469,237	1,013,614	-	1,482,851
<i>Total Non-depreciable</i>	848,023	1,013,614	-	1,861,637
DEPRECIABLE				
Buildings and improvements	4,737,826	-	-	4,737,826
Equipment	1,834,042	24,992	-	1,859,034
Vehicles	173,355	-	-	173,355
Water and sewer systems	14,145,730	704,765	-	14,850,495
	20,890,953	729,757	-	21,620,710
ACCUMULATED DEPRECIATION				
Buildings and improvements	(2,032,441)	(116,098)	-	(2,148,539)
Equipment	(1,682,137)	(53,664)	-	(1,735,801)
Vehicles	(87,321)	(24,088)	-	(111,409)
Water and sewer systems	(5,139,541)	(318,140)	-	(5,457,681)
	(8,941,440)	(511,990)	-	(9,453,430)
<i>Business-type activities capital assets, net</i>	<u>\$ 12,797,536</u>	<u>\$ 1,231,381</u>	<u>\$ -</u>	<u>\$ 14,028,917</u>

CITY OF SCAPPOOSE, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2010

The changes in the capital assets for governmental activities for the year ended June 30, 2010 are as follows:

	<i>Balances July 1, 2009</i>	<i>Additions</i>	<i>Retirements</i>	<i>Balances June 30, 2010</i>
NON-DEPRECIABLE				
Land	\$ 1,079,436	\$ 35,300	\$ -	\$ 1,114,736
Construction in process	1,894,609	405,790	-	2,300,399
	<u>2,974,045</u>	<u>441,090</u>	<u>-</u>	<u>3,415,135</u>
DEPRECIABLE				
Buildings	1,257,693	-	-	1,257,693
Equipment	198,125	34,839	-	232,964
Vehicles	360,434	-	-	360,434
Infrastructure	60,020,662	-	-	60,020,662
	<u>61,836,914</u>	<u>34,839</u>	<u>-</u>	<u>61,871,753</u>
<i>Total depreciable</i>	61,836,914	34,839	-	61,871,753
ACCUMULATED DEPRECIATION				
Buildings	(925,908)	(12,761)	-	(938,669)
Equipment	(143,995)	(24,035)	-	(168,030)
Vehicles	(148,608)	(53,549)	-	(202,157)
Infrastructure	(31,335,715)	(1,868,243)	-	(33,203,958)
	<u>(32,554,226)</u>	<u>(1,958,588)</u>	<u>-</u>	<u>(34,512,814)</u>
<i>Total accumulated depreciation</i>	(32,554,226)	(1,958,588)	-	(34,512,814)
<i>Governmental activities capital assets, net</i>	<u>\$ 32,256,733</u>	<u>\$ (1,482,659)</u>	<u>\$ -</u>	<u>\$ 30,774,074</u>

CITY OF SCAPPOOSE, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2010

LONG-TERM DEBT

	<i>Outstanding July 1, 2009</i>	<i>Issued</i>	<i>Matured/ Redeemed During Year</i>	<i>Outstanding June 30, 2010</i>	<i>Due Within One Year</i>
Governmental Activities					
US Bank	506,485	-	506,485	-	-
US Bank - refinanced	-	396,771	9,973	386,798	20,511
Crown Zellerbach	436,371	-	38,758	397,613	40,308
	942,856	396,771	555,216	784,411	60,819
Capital leases payable	144,691	-	51,572	93,119	48,403
Compensated absences	104,900	230,419	78,675	256,644	46,196
	<u>1,192,447</u>	<u>627,190</u>	<u>685,463</u>	<u>1,134,174</u>	<u>155,418</u>

	<i>Outstanding July 1, 2009</i>	<i>Issued</i>	<i>Matured/ Redeemed During Year</i>	<i>Outstanding June 30, 2010</i>	<i>Due Within One Year</i>
Business-type Activities					
Airpark Notes Payable	396,503	-	41,852	354,651	42,222
Airpark Notes Payable	193,584	-	19,560	174,024	20,732
Airpark Notes Payable	229,812	-	18,646	211,166	23,813
Water GO Bonds	395,442	-	29,650	365,792	31,065
SPWF Wastewater Bonds	292,690	-	141,679	151,011	151,011
SPWF Wastewater Bonds	33,721	-	5,982	27,739	6,341
SPWF Wastewater Bonds	20,893	-	6,965	13,928	6,964
Safe Drinking Water notes	-	1,274,143	135,329	1,138,815	43,351
WTP phase I & 2 notes	1,518,691	-	54,288	1,464,403	54,593
Safe Drinking Water notes	3,605,097	-	121,750	3,483,347	122,968
	6,686,433	1,274,143	575,701	7,384,875	503,060
Capital leases payable	72,561	-	21,428	51,133	21,429
Compensated absences	63,400	136,284	47,550	152,134	27,384
	<u>6,822,394</u>	<u>1,410,427</u>	<u>644,679</u>	<u>7,588,142</u>	<u>551,873</u>

CITY OF SCAPPOOSE, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2010

LONG-TERM DEBT (Continued)

U S Bank – On November 18, 2004, the City entered into a contract with US Bank to borrow \$600,000 for the purpose of building the Aquatics and Community Center. The interest rate was 5%. On September 30, 2009, the City paid \$109,714 and refinanced the remaining balance of \$396,771 on the note. The new note requires semi-annual principal and interest payments due April and October for five years with the balance to be paid in full on October 1, 2014. The interest rate of the note is 3.75%.

Crown Zellerbach – On November 8, 2002, the City entered a contract with the State of Oregon, Department of Transportation to construct a roadway with traffic signal and a signalized railroad crossing for US 30 to West Lane to improve truck access on to Crown Zellerbach Road. Total estimate project cost \$2,562,850 consisted of Oregon Transportation Investment (OTIA) grants \$1,782,850 and the City's matching fund \$780,000. To cover this matching amount the City made a loan agreement with the principal amount of \$625,000 (interest rate 4%) with Oregon Department of Transportation on August 28, 2003.

Airpark Water Improvement Loans – The City entered into loan contracts with the Oregon Economic Development Department to extend water to the Scappoose Airport project. The loans are payable from Water and Sewer SDC charges. The loans were issued in Sept and July 1998 and Sept 1997. The interest rate is 6% and the loans mature in 2017 and 2018.

Water – Sewer General Obligation Bonds- The City issued general obligation bonds to provide funds for the acquisition and construction of utility systems. The interest rate is 5%. The water bonds mature in 2011 and the sewer bonds mature in 2019.

SPWF Waste Bonds Payable- The City issued SPWF waste bonds to finance the sewer system construction on September 1991 and November 1993. The interest rate is 6% and the bonds mature in 2011 and 2013.

WTP Phase 1 & 2 and Safe Drinking Water Project Loan – On December 4, 2002, the City entered into a contract with Oregon Economic and Community Development Department (OECDD) for wastewater system improvement projects phase 1 & 2. Total estimated projects costs are \$6,974,000 which consists of water/wastewater grants \$500,000, a water/wastewater loan \$1,814,000 (interest rate 4.4%), a Safe drinking water revolving loan \$4,000,000 (interest 1%), including forgivable note \$250,000 and the City's matching funds of \$660,000. The loans mature in 2028 and 2034.

Dutch Canyon Waterline loan is at 3.68% interest. This project was contingent and part of the financing of the WTP Phase 1 & 2. Upon completion of the WTP Phase 1 & 2 project the Dutch Canyon water line was constructed. The loan matures in 2029.

Clean Water DEQ Bond – The City entered into a contract for the purpose of construction of pump and filter upgrades for the Waste Water Treatment Plant. The interest rate is 0% and the loan matures in 2031.

CITY OF SCAPPOOSE, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2010

LONG-TERM DEBT (Continued)

Future debt service requirements are as follows:

Governmental Activities			
Fiscal Year Ending			
June 30,	Principal	Interest	Total
2011	\$ 60,819	\$ 30,220	\$ 91,039
2012	63,208	27,831	91,039
2013	65,691	25,348	91,039
2014	68,271	22,767	91,038
2015	347,131	14,682	361,813
2016-19	179,289	16,600	195,889
	<u>\$ 784,409</u>	<u>\$ 137,448</u>	<u>\$ 921,857</u>

Business-type Activities			
Fiscal Year Ending			
June 30,	Principal	Interest	Total
2011	\$ 503,060	\$ 209,698	\$ 712,758
2012	365,062	192,340	557,402
2013	365,095	180,392	545,487
2014	372,400	168,042	540,442
2015	382,026	155,283	537,309
2016-20	1,739,432	583,033	2,322,465
2021-25	1,462,762	343,679	1,806,441
2026-30	1,419,326	132,706	1,552,032
2031-35	765,377	23,630	789,007
2036-40	10,336	103	10,439
	<u>\$ 7,384,876</u>	<u>\$ 1,988,906</u>	<u>\$ 9,373,782</u>

CITY OF SCAPPOOSE, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2010

LONG-TERM DEBT (Continued)

The City has entered into eight separate lease agreements as lessee for financing the acquisition of police vehicles and utility trucks with Ford Financing Motor Credit Company. The lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the inception date as part of the long-term liabilities. The liability for capital leases as of June 30, 2010 is \$159,487.

CAPITAL LEASES

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	69,831	9,265	79,096
2012	57,341	4,825	62,167
2013	17,080	1,145	18,225
	<u>144,252</u>	<u>15,236</u>	<u>159,487</u>

On November 12, 2007, the City entered into a 5-year lease agreement with Brian Rosenthal to rent office space at 52610 NE 1st Street, Units 120 and 130 in Scappoose, Oregon. On March 1, 2008, the City added Unit 110 at the same address to the lease agreement. For the fiscal year ended June 30, 2009, rent expense was \$41,492.

OFFICE LEASE

<u>Year Ending June 30,</u>	<u>Space 120/130</u>	<u>Space 110</u>	<u>Total</u>
2011	30,840	11,737	42,577
2012	31,450	12,005	43,455
2013	10,542	8,095	18,634
	<u>72,832</u>	<u>31,947</u>	<u>104,666</u>

CITY OF SCAPPOOSE, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2010

PENSION PLAN

Plan Description

The City is a participating employer in the Oregon Public Employees Retirement System (“OPERS”), a cost-sharing multiple-employer defined benefit pension plan. The 2003 legislature adopted certain changes in the Oregon Public Employee Retirement System, and created a new system for all people hired after August 29, 2003. The Public Employee Retirement System (PERS), which was established under Oregon Revised Statute (ORS) 238.600, applies to all employees who had established membership prior to August 29, 2003. The Oregon Public Service Retirement Plan (OPSRP), which was established under ORS 238A and went into effect on January 1, 2004, applies to all people who are first employed with a public employer after August 29, 2003. The Public Employees Retirement Board (PERB) governs and acts as a common investment and administrative agent for both plans which are the retirement plans for most public employers in the State of Oregon. Benefits are established by state statute, and employer contributions are made at the actuarially determined rate for each system as adopted by the PERB. The Oregon Public Employees Retirement System, a component unit of the State of Oregon, issues a comprehensive annual financial report, which may be obtained by writing to Public Employees Retirement System, P.O. Box 23700, Tigard, Oregon 97281-3700.

Both PERS and OPSRP plans provide retirement and disability benefits, post-employment healthcare benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries.

Funding Policy

Covered employees are required by state statute to contribute 6.0 percent of their salary to the plan which is invested in the OPSRP Individual Account Program (IAP). Employers are permitted to pay employee contributions to the fund.

<u>Rate Category</u>	<u>Normal Rate</u>	<u>Combined UAL Rate</u>	<u>Net Rate</u>
PERS General	8.27%		11.74%
PERS Police and Fire	8.27%	3.47%	11.74%
OPSRP General	5.81%		9.28%
OPSRP Police and Fire	8.52%		11.99%

Annual Pension Cost

The City’s contributions to PERS for the fiscal years ending June 30, 2008, 2009, and 2010

<u>Year Ended June 30</u>	<u>Annual Pension Costs (APC)</u>	<u>Percentage of APC Contributed</u>
2008	\$ 333,999	100%
2009	\$ 366,112	100%
2010	\$ 304,660	100%

CITY OF SCAPPOOSE, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2010

PENSION PLAN (continued)

Funding Status: The latest funding status of the City's pension plan is shown below:

PERS Funding Status*

Latest Valuation Date	12/31/2009
Unfunded Actuarial Liability (UAL)	2,077,160
Combined Valuation Payroll	1,751,771
Net UAL as a Percent of Payroll	119%
*per Mercer Consulting report dated	12/31/2009

CITY OF SCAPPOOSE, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2010

INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2010, consisted of the following:

	<u>Transfer in</u>	<u>Transfer from</u>
General Fund	\$ 333,673	\$ 684,037
Building Fund	-	20,154
Street SDC Fund	-	2,141
Municipal Park Fund	388,326	-
Street Fund	-	24,929
Parks SDC Fund	62,500	51,255
Municipal Skate Park Fund	15,918	-
Watts House Fund	6,000	-
Unemployment Fund	34,685	-
Water Fund	-	185,777
Water SDC Fund	94,367	2,290
Dutch Canyon Water Line Fund	5,000	-
Sewer Fund	-	67,976
Sewer SDC Fund	-	5,689
Storm Drain Fund	100,000	-
Storm Drain SDC Fund	-	252
GO Water Sewer Bond Fund	4,031	-
	<u>\$ 1,044,500</u>	<u>\$ 1,044,500</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

CITY OF SCAPPOOSE, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2010

RESTATEMENT OF ORIGINAL ENDING FUND BALANCE (GAAP TO MODIFIED CASH BASIS)

	Original Ending Fund Balance June 30, 2009	Adjusted Assets	Adjusted Liabilities	Restated Ending Cash Balance June 30, 2009
General Fund	2,273,399	(222,150)	154,413	2,205,662
Foot Path & Bike Trails	52,865	(216)		52,649
Street	149,816	(24,233)	915	126,498
Building	344,432		1,510	345,942
PEG Fee	67,787	(4,409)		63,378
Watts House	7,996		39	8,035
Water Utility	4,341,087	(4,267,329)	1,408,162	1,481,920
Sewer Utility	2,892,508	(2,567,030)	419,415	744,893
Sewer SDC	1,540,382		2,026	1,542,408
Dutch Canyon Water Line	29,470		9,316	38,786
Water SDC	1,413,116	(6,398,606)	5,183,328	197,838
Airpark Water Line	671,730	(484,281)		187,449
G.O. Water-Sewer	139,931	(25,210)	20,168	134,889

Airpark Water Line Fund includes a Note Receivable from the Port of St Helens in the amount of \$484,281. This Note Receivable was incorrectly recorded on the financial statements as of June 30, 2009. If the City of Scappoose had issued the current years financial statements using the GAAP basis of accounting this would have been noted as a prior period adjustment to this fund. This Note Receivable is not an asset of the City of Scappoose.

CITY OF SCAPPOOSE, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2010

OVEREXPENDITURES OF APPROPRIATIONS

The City had the following over expenditures during the current year

	Budget	Actual	Difference
General			
Debt service	\$ -	\$ 48,386	\$ (48,386)
Water Utility			
Debt Service	139,752	158,644	(18,892)

CONTINGENCIES

The City purchases commercial insurance to cover all commonly insurable risks, which includes property damage, liability and employee bonds. Most policies carry a small deductible amount. No insurance claims settled in each of the prior three years have exceeded policy coverage.

GASB PRONOUNCEMENTS ISSUED, NOT YET IN EFFECT

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that have future effective dates that may impact future financial presentations.

Management has not currently determined what, if any, impact implementation of the following statements may have on future financial statements.

GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions", issued February, 2009 will be effective for the City Beginning with its fiscal year ending June 30, 2011. The Statement establishes new classifications for fund equity and new definitions for governmental fund types.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SCAPPOOSE, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCE****(CASH BASIS) - BUDGET AND ACTUAL - GENERAL FUND****YEAR ENDED JUNE 30, 2010**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Taxes and assessments	\$ 1,423,000	\$ 1,423,000	\$ 1,353,174	\$ (69,826)
Licenses and permits	386,000	386,000	388,120	2,120
Charges for services	283,150	283,150	278,473	(4,677)
Intergovernmental	148,110	148,110	209,063	60,953
Miscellaneous	58,600	58,600	35,657	(22,943)
Total Receipts	2,298,860	2,298,860	2,264,487	(34,373)
DISBURSEMENTS				
General government	504,926	514,926	335,708	179,218
Police	1,384,062	1,374,062	1,222,098	151,964
Court	211,612	211,612	193,592	18,020
Culture and recreation	266,998	266,998	208,577	58,421
Community development	140,071	140,071	85,754	54,317
Capital outlay	113,099	123,099	33,891	89,208
Debt service	-	-	48,386	(48,386)
Contingency	395,621	185,621	-	185,621
Total Disbursements	3,016,389	2,816,389	2,128,006	688,383
RECEIPTS OVER (UNDER)				
DISBURSEMENTS	(717,529)	(517,529)	136,481	654,010
OTHER FINANCING SOURCES (USES)				
Transfer in	333,673	333,673	333,673	-
Transfers out	(545,711)	(745,711)	(684,037)	61,674
Total Other Financing Sources (Uses)	(212,038)	(412,038)	(350,364)	61,674
NET CHANGE IN CASH BALANCE	(929,567)	(929,567)	(213,883)	715,684
CASH BALANCE, Beginning of year	2,029,567	2,029,567	2,205,662	176,095
CASH BALANCE, End of year	\$ 1,100,000	\$ 1,100,000	\$ 1,991,779	\$ 891,779

CITY OF SCAPPOOSE, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCE****(CASH BASIS) - BUDGET AND ACTUAL - STREET SDC FUND****YEAR ENDED JUNE 30, 2010**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Licenses and permits	\$ 42,813	\$ 42,813	\$ 106,005	\$ 63,192
Miscellaneous	17,500	17,500	4,883	(12,617)
<i>Total Receipts</i>	60,313	60,313	110,888	50,575
DISBURSEMENTS				
Capital outlay	500,000	500,000	750	499,250
Debt service	56,213	56,213	56,213	-
Contingency	216,752	216,752	-	216,752
<i>Total Disbursements</i>	772,965	772,965	56,963	716,002
RECEIPTS OVER (UNDER) DISBURSEMENTS				
	(712,652)	(712,652)	53,925	766,577
OTHER FINANCING SOURCES (USES)				
Transfers out	(2,141)	(2,141)	(2,141)	-
<i>Total Other Financing Sources (Uses)</i>	(2,141)	(2,141)	(2,141)	-
NET CHANGE IN CASH BALANCE	(714,793)	(714,793)	51,784	766,577
CASH BALANCE, Beginning of year	714,793	714,793	716,025	1,232
CASH BALANCE, End of year	\$ -	\$ -	\$ 767,809	\$ 767,809

OTHER SUPPLEMENTARY INFORMATION

CITY OF SCAPPOOSE, OREGON
COMBINING STATEMENT OF ASSETS AND LIABILITIES (MODIFIED CASH BASIS) -
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2010

	<u>Street</u>	<u>Building</u>	<u>Peg Fee</u>	<u>Unemployment</u>	<u>Law Enforcement</u>	<u>Watts House</u>
ASSETS						
Cash and investments	\$ 114,263	\$ 373,287	\$ 81,702	\$ 65,597	\$ 33,161	\$ 8,875
LIABILITIES AND CASH BALANCES						
<i>Liabilities</i>	\$ -	-	\$ -	-	\$ -	\$ -
Cash Balances						
Unreserved (deficit), reported in:						
Special revenue funds	114,263	373,287	81,702	65,597	33,161	8,875
<i>Total Cash Balances</i>	114,263	-	81,702	65,597	33,161	8,875
<i>Total Liabilities and Cash Balances</i>	\$ 114,263	\$ 373,287	\$ 81,702	\$ 65,597	\$ 33,161	\$ 8,875

CITY OF SCAPPOOSE, OREGON
COMBINING STATEMENT OF ASSETS AND LIABILITIES (MODIFIED CASH BASIS) -
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2010

	<i>Recreation Reserve</i>	<i>Municipal Parks</i>	<i>Municipal Skate Park</i>	<i>Foot Path & Bike Trails</i>	<i>Parks SDC</i>	<i>Havik Hwy</i>	<i>Totals</i>
ASSETS							
Cash and investments	\$ 398,118	\$ -	\$ 122,837	\$ 39,796	\$ 84,519	\$ 33,725	\$ 1,355,880
LIABILITIES AND CASH BALANCES							
<i>Liabilities</i>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash Balances							
Unreserved (deficit), reported in:							
Special revenue funds	398,118	-	122,837	39,796	84,519	33,725	1,355,880
<i>Total Cash Balances</i>	398,118	-	122,837	39,796	84,519	33,725	1,355,880
<i>Total Liabilities and Cash Balances</i>	\$ 398,118	\$ -	\$ 122,837	\$ 39,796	\$ 84,519	\$ 33,725	\$ 1,355,880

CITY OF SCAPPOOSE, OREGON
COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES
(MODIFIED CASH BASIS) - NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2010

	<i>Street</i>	<i>Building</i>	<i>PEG Fee</i>	<i>Unemployment</i>	<i>Law Enforcement</i>	<i>Watts House</i>
RECEIPTS						
Licenses and permits	\$ -	\$ 331,811	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	17,844	-	16,287	-
Intergovernmental	269,696	-	-	-	-	-
Miscellaneous	1,211	2,469	480	336	214	85
<i>Total Receipts</i>	270,907	334,280	18,324	336	16,501	85
DISBURSEMENTS						
Current operating						
General government	-	282,771	-	12,949	-	-
Highways and streets	256,806	-	-	-	7,587	-
Culture and recreation	-	-	-	-	-	5,245
Capital outlay	-	-	-	-	-	-
Debt service	1,407	4,010	-	-	8,328	-
<i>Total Disbursements</i>	258,213	286,781	-	12,949	15,915	5,245
RECEIPTS OVER (UNDER) DISBURSEMENTS	12,694	47,499	18,324	(12,613)	586	(5,160)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	34,685	-	6,000
Transfers out	(24,929)	(20,154)	-	-	-	-
<i>Total Other Financing Sources (Uses)</i>	(24,929)	(20,154)	-	34,685	-	6,000
NET CHANGE IN CASH BALANCES	(12,235)	27,345	18,324	22,072	586	840
CASH BALANCES, Beginning of year	126,498	345,942	63,378	43,525	32,575	8,035
CASH BALANCES, End of year	\$ 114,263	\$ 373,287	\$ 81,702	\$ 65,597	\$ 33,161	\$ 8,875

CITY OF SCAPPOOSE, OREGON
COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES
(MODIFIED CASH BASIS) - NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2010

	<i>Recreation Reserve</i>	<i>Municipal Parks</i>	<i>Municipal Skate Park</i>	<i>Foot Paths & Bicycle Trails</i>	<i>Parks SDC</i>	<i>Hwy</i>	<i>Totals</i>
RECEIPTS							
Licenses and permits	\$ -	\$ -	\$ -	\$ -	\$ 71,144	\$ -	\$ 402,955
Charges for services	-	-	-	-	-	-	34,131
Intergovernmental	-	-	-	2,724	-	-	272,420
Miscellaneous	2,748	677	746	331	901	224	10,422
<i>Total Receipts</i>	2,748	677	746	3,055	72,045	224	719,928
DISBURSEMENTS							
Current operating							
General government	-	-	-	-	-	-	295,720
Highways and streets	-	-	-	-	-	-	264,393
Culture and recreation	-	-	-	-	-	-	5,245
Capital outlay	34,550	389,246	-	15,908	-	1,585	441,289
Debt service	-	-	-	-	141,749	-	155,494
<i>Total Disbursements</i>	34,550	389,246	-	15,908	141,749	1,585	1,162,141
RECEIPTS OVER (UNDER) DISBURSEMENTS	(31,802)	(388,569)	746	(12,853)	(69,704)	(1,361)	(442,213)
OTHER FINANCING SOURCES (USES)							
Transfers in	-	388,326	15,918	-	62,500	-	507,429
Transfers out	-	-	-	-	(51,255)	-	(96,338)
<i>Total Other Financing Sources (Uses)</i>	-	388,326	15,918	-	11,245	-	411,091
NET CHANGE IN CASH BALANCES	(31,802)	(243)	16,664	(12,853)	(58,459)	(1,361)	(31,122)
CASH BALANCES, Beginning of year	429,920	243	106,173	52,649	142,978	35,086	1,387,002
CASH BALANCES, End of year	\$ 398,118	\$ -	\$ 122,837	\$ 39,796	\$ 84,519	\$ 33,725	\$ 1,355,880

CITY OF SCAPPOOSE, OREGON

SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCE

(CASH BASIS) - BUDGET AND ACTUAL - STREET FUND

YEAR ENDED JUNE 30, 2010

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Licenses and permits	\$ 197,000	\$ 197,000	\$ -	\$ (197,000)
Intergovernmental	274,378	274,378	269,696	(4,682)
Miscellaneous	3,200	3,200	1,211	(1,989)
<i>Total Receipts</i>	<u>474,578</u>	<u>474,578</u>	<u>270,907</u>	<u>(203,671)</u>
DISBURSEMENTS				
Personal services	140,636	140,636	125,813	14,823
Materials and services	151,233	151,233	130,993	20,240
Capital outlay	200,407	200,407	-	200,407
Debt service	-	-	1,407	(1,407)
Contingency	32,327	32,327	-	32,327
<i>Total Disbursements</i>	<u>524,603</u>	<u>524,603</u>	<u>258,213</u>	<u>266,390</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	(50,025)	(50,025)	12,694	62,719
OTHER FINANCING SOURCES (USES)				
Transfers out	(24,929)	(24,929)	(24,929)	-
<i>Total Other Financing Sources (Uses)</i>	<u>(24,929)</u>	<u>(24,929)</u>	<u>(24,929)</u>	<u>-</u>
NET CHANGE IN CASH BALANCE	(74,954)	(74,954)	(12,235)	62,719
CASH BALANCE, Beginning of year	<u>74,954</u>	<u>74,954</u>	<u>126,498</u>	<u>51,544</u>
CASH BALANCE, End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 114,263</u>	<u>\$ 114,263</u>

CITY OF SCAPPOOSE, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCE****(CASH BASIS) - BUDGET AND ACTUAL – BUILDING FUND****YEAR ENDED JUNE 30, 2010**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Licenses and permits	\$ 132,500	\$ 132,500	\$ 331,811	\$ 199,311
Miscellaneous	10,000	10,000	2,469	(7,531)
<i>Total Receipts</i>	<u>142,500</u>	<u>142,500</u>	<u>334,280</u>	<u>191,780</u>
DISBURSEMENTS				
Personal services	152,574	152,574	140,518	12,056
Materials and services	76,470	226,470	142,253	84,217
Capital outlay	7,010	7,010		7,010
Debt service	-	-	4,010	(4,010)
Contingency	216,043	66,043	-	66,043
<i>Total Disbursements</i>	<u>452,097</u>	<u>452,097</u>	<u>286,781</u>	<u>165,316</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	(309,597)	(309,597)	47,499	357,096
OTHER FINANCING SOURCES (USES)				
Transfers out	(20,154)	(20,154)	(20,154)	-
<i>Total Other Financing Sources (Uses)</i>	<u>(20,154)</u>	<u>(20,154)</u>	<u>(20,154)</u>	<u>-</u>
NET CHANGE IN CASH BALANCE	(329,751)	(329,751)	27,345	357,096
CASH BALANCE, Beginning of year	<u>329,751</u>	<u>329,751</u>	<u>345,942</u>	<u>16,191</u>
CASH BALANCE, End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 373,287</u>	<u>\$ 373,287</u>

CITY OF SCAPPOOSE, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCE****(CASH BASIS) - BUDGET AND ACTUAL - PEG FEE FUND****YEAR ENDED JUNE 30, 2010**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Charges for services	\$ 17,000	\$ 17,000	\$ 17,844	\$ 844
Miscellaneous	1,430	1,430	480	(950)
<i>Total Receipts</i>	18,430	18,430	18,324	(106)
DISBURSEMENTS				
Capital outlay	50,000	50,000	-	50,000
Contingency	31,395	31,395	-	31,395
<i>Total Disbursements</i>	81,395	81,395	-	81,395
RECEIPTS OVER (UNDER) DISBURSEMENTS	(62,965)	(62,965)	18,324	81,289
NET CHANGE IN CASH BALANCE	(62,965)	(62,965)	18,324	81,289
CASH BALANCE, Beginning of year	62,965	62,965	63,378	413
CASH BALANCE, End of year	\$ -	\$ -	\$ 81,702	\$ 81,702

CITY OF SCAPPOOSE, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCE****(CASH BASIS) - BUDGET AND ACTUAL - UNEMPLOYMENT FUND****YEAR ENDED JUNE 30, 2010**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Miscellaneous	\$ 1,000	\$ 1,000	\$ 336	\$ (664)
<i>Total Receipts</i>	1,000	1,000	336	(664)
DISBURSEMENTS				
Personal services	50,000	50,000	12,949	37,051
Contingency	29,329	29,329	-	29,329
<i>Total Disbursements</i>	79,329	79,329	12,949	66,380
RECEIPTS OVER (UNDER) DISBURSEMENTS	(78,329)	(78,329)	(12,613)	65,716
OTHER FINANCING SOURCES (USES)				
Transfers in	34,685	34,685	34,685	-
<i>Total Other Financing Sources (Uses)</i>	34,685	34,685	34,685	-
NET CHANGE IN CASH BALANCE	(43,644)	(43,644)	22,072	65,716
CASH BALANCE, Beginning of year	43,644	43,644	43,525	(119)
CASH BALANCE, End of year	\$ -	\$ -	\$ 65,597	\$ 65,597

CITY OF SCAPPOOSE, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCE****(CASH BASIS) - BUDGET AND ACTUAL - LAW ENFORCEMENT FUND****YEAR ENDED JUNE 30, 2010**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Charges for services	\$ 16,000	\$ 16,000	\$ 16,287	\$ 287
Miscellaneous	500	500	214	(286)
<i>Total Receipts</i>	16,500	16,500	16,501	1
DISBURSEMENTS				
Materials and services	7,672	7,672	7,587	85
Capital outlay	8,328	8,328	-	8,328
Debt service	-	-	8,328	(8,328)
Contingency	32,205	32,205	-	32,205
<i>Total Disbursements</i>	48,205	48,205	15,915	32,290
RECEIPTS OVER (UNDER) DISBURSEMENTS	(31,705)	(31,705)	586	32,291
NET CHANGE IN CASH BALANCE	(31,705)	(31,705)	586	32,291
CASH BALANCE, Beginning of year	31,705	31,705	32,575	870
CASH BALANCE, End of year	\$ -	\$ -	\$ 33,161	\$ 33,161

CITY OF SCAPPOOSE, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCE****(CASH BASIS) - BUDGET AND ACTUAL - WATTS HOUSE FUND****YEAR ENDED JUNE 30, 2010**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Miscellaneous	\$ 240	\$ 240	\$ 85	\$ (155)
<i>Total Receipts</i>	240	240	85	(155)
DISBURSEMENTS				
Materials and services	8,360	8,360	5,245	3,115
Contingency	5,159	5,159	-	5,159
<i>Total Disbursements</i>	13,519	13,519	5,245	8,274
RECEIPTS OVER (UNDER) DISBURSEMENTS	(13,279)	(13,279)	(5,160)	8,119
OTHER FINANCING SOURCES (USES)				
Transfers in	6,000	6,000	6,000	-
<i>Total Other Financing Sources (Uses)</i>	6,000	6,000	6,000	-
NET CHANGE IN CASH BALANCE	(7,279)	(7,279)	840	8,119
CASH BALANCE, Beginning of year	7,279	7,279	8,035	756
CASH BALANCE, End of year	\$ -	\$ -	\$ 8,875	\$ 8,875

CITY OF SCAPPOOSE, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCE****(CASH BASIS) - BUDGET AND ACTUAL – RECREATION RESERVE FUND****YEAR ENDED JUNE 30, 2010**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Miscellaneous	\$ 8,500	\$ 8,500	\$ 2,748	\$ (5,752)
<i>Total Receipts</i>	8,500	8,500	2,748	(5,752)
DISBURSEMENTS				
Capital outlay	300,000	300,000	34,550	265,450
Contingency	149,415	149,415	-	149,415
<i>Total Disbursements</i>	449,415	449,415	34,550	414,865
RECEIPTS OVER (UNDER) DISBURSEMENTS	(440,915)	(440,915)	(31,802)	409,113
NET CHANGE IN CASH BALANCE	(440,915)	(440,915)	(31,802)	409,113
CASH BALANCE, Beginning of year	440,915	440,915	429,920	(10,995)
CASH BALANCE, End of year	\$ -	\$ -	\$ 398,118	\$ 398,118

CITY OF SCAPPOOSE, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCE****(CASH BASIS) - BUDGET AND ACTUAL - MUNICIPAL PARK FUND****YEAR ENDED JUNE 30, 2010**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Charges for services	\$ 50,000	\$ 50,000	\$ -	\$ (50,000)
Intergovernmental	-	-	-	-
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	677	677
<i>Total Receipts</i>	50,000	50,000	677	(49,323)
DISBURSEMENTS				
Capital outlay	350,243	500,243	389,246	110,997
<i>Total Disbursements</i>	350,243	500,243	389,246	110,997
RECEIPTS OVER (UNDER) DISBURSEMENTS	(300,243)	(450,243)	(388,569)	61,674
OTHER FINANCING SOURCES (USES)				
Transfers in	300,000	450,000	388,326	(61,674)
<i>Total Other Financing Sources (Uses)</i>	300,000	450,000	388,326	(61,674)
NET CHANGE IN CASH BALANCE	(243)	(243)	(243)	-
CASH BALANCE, Beginning of year	243	243	243	-
CASH BALANCE, End of year	\$ -	\$ -	\$ -	\$ -

CITY OF SCAPPOOSE, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCE****(CASH BASIS) - BUDGET AND ACTUAL – MUNICIPAL SKATE PARK FUND****YEAR ENDED JUNE 30, 2010**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Miscellaneous	\$ 1,200	\$ 1,200	\$ 746	\$ (454)
<i>Total Receipts</i>	1,200	1,200	746	(454)
DISBURSEMENTS				
Capital outlay	15,000	15,000	-	15,000
Contingency	108,357	108,357	-	108,357
<i>Total Disbursements</i>	123,357	123,357	-	123,357
RECEIPTS OVER (UNDER) DISBURSEMENTS	(122,157)	(122,157)	746	122,903
OTHER FINANCING SOURCES (USES)				
Transfers in	15,918	15,918	15,918	-
<i>Total Other Financing Sources (Uses)</i>	15,918	15,918	15,918	-
NET CHANGE IN CASH BALANCE	(106,239)	(106,239)	16,664	122,903
CASH BALANCE, Beginning of year	106,239	106,239	106,173	(66)
CASH BALANCE, End of year	\$ -	\$ -	\$ 122,837	\$ 122,837

CITY OF SCAPPOOSE, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCE****(CASH BASIS) - BUDGET AND ACTUAL - FOOT PATH & BIKE TRAILS FUND****YEAR ENDED JUNE 30, 2010**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Intergovernmental	\$ 2,772	\$ 2,772	\$ 2,724	\$ (48)
Miscellaneous	1,440	1,440	331	(1,109)
<i>Total Receipts</i>	4,212	4,212	3,055	(1,157)
DISBURSEMENTS				
Capital outlay	17,500	17,500	15,908	1,592
Contingency	6,682	6,682	-	6,682
<i>Total Disbursements</i>	24,182	24,182	15,908	8,274
RECEIPTS OVER (UNDER) DISBURSEMENTS	(19,970)	(19,970)	(12,853)	7,117
NET CHANGE IN CASH BALANCE	(19,970)	(19,970)	(12,853)	7,117
CASH BALANCE, Beginning of year	19,970	19,970	52,649	32,679
CASH BALANCE, End of year	\$ -	\$ -	\$ 39,796	\$ 39,796

CITY OF SCAPPOOSE, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCE****(CASH BASIS) - BUDGET AND ACTUAL – PARKS SDC FUND****YEAR ENDED JUNE 30, 2010**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Licenses and permits	\$ 25,100	\$ 25,100	\$ 71,144	\$ 46,044
Miscellaneous	5,000	5,000	901	(4,099)
<i>Total Receipts</i>	30,100	30,100	72,045	41,945
DISBURSEMENTS				
Debt service	122,500	142,500	141,749	751
Contingency	84,407	14,407	-	14,407
<i>Total Disbursements</i>	206,907	156,907	141,749	15,158
RECEIPTS OVER (UNDER) DISBURSEMENTS	(176,807)	(126,807)	(69,704)	57,103
OTHER FINANCING SOURCES (USES)				
Transfers in	62,500	62,500	62,500	-
Transfers out	(1,255)	(51,255)	(51,255)	-
<i>Total Other Financing Sources (Uses)</i>	61,245	11,245	11,245	-
NET CHANGE IN CASH BALANCE	(115,562)	(115,562)	(58,459)	57,103
CASH BALANCE, Beginning of year	115,562	115,562	142,978	27,416
CASH BALANCE, End of year	\$ -	\$ -	\$ 84,519	\$ 84,519

CITY OF SCAPPOOSE, OREGON

**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCE
(CASH BASIS) - BUDGET AND ACTUAL – HAVLIK HIGHWAY FUND
YEAR ENDED JUNE 30, 2010**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Miscellaneous	\$ 1,600	\$ 1,600	\$ 224	\$ (1,376)
<i>Total Receipts</i>	1,600	1,600	224	(1,376)
DISBURSEMENTS				
Capital outlay	50,214	50,214	1,585	48,629
<i>Total Disbursements</i>	50,214	50,214	1,585	48,629
RECEIPTS OVER (UNDER) DISBURSEMENTS	(48,614)	(48,614)	(1,361)	47,253
NET CHANGE IN CASH BALANCE	(48,614)	(48,614)	(1,361)	47,253
CASH BALANCE, Beginning of year	48,614	48,614	35,086	(13,528)
CASH BALANCE, End of year	\$ -	\$ -	\$ 33,725	\$ 33,725

CITY OF SCAPPOOSE, OREGON
COMBINING STATEMENT OF NET ASSETS (MODIFIED CASH BASIS) -
NONMAJOR PROPRIETARY FUNDS
JUNE 30, 2010

	<i>Storm Drain</i>	<i>Storm Drain SDC</i>	<i>Water SDC</i>	<i>Airpark Water Line</i>	<i>G.O. Water-Sewer</i>	<i>Totals</i>
ASSETS						
Cash and investments	\$ 6,980	\$ 121,956	\$ 183,934	\$ 137,402	\$ 166,754	\$ 617,026
Other capital assets, net of depreciation	-	-	6,442,473	1,499,730	-	7,942,203
<i>Total Assets</i>	<u>\$ 6,980</u>	<u>\$ 121,956</u>	<u>\$ 6,626,407</u>	<u>\$ 1,637,132</u>	<u>\$ 166,754</u>	<u>\$ 8,559,229</u>
LIABILITIES						
Debt service	\$ -	\$ -	\$ 4,947,750	\$ 739,841	\$ 516,803	\$ 6,204,394
<i>Total Liabilities</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,947,750</u>	<u>\$ 739,841</u>	<u>\$ 516,803</u>	<u>\$ 6,204,394</u>
NET ASSETS						
Investment in capital assets (net of related debt)	-	-	1,494,723	759,889	(516,803)	1,737,809
Restricted	6,980	121,956	183,934	137,402	166,754	617,026
<i>Total net assets</i>	<u>\$ 6,980</u>	<u>\$ 121,956</u>	<u>\$ 6,626,407</u>	<u>\$ 1,637,132</u>	<u>\$ 166,754</u>	<u>\$ 8,559,229</u>

CITY OF SCAPPOOSE, OREGON
COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND NET ASSETS
(MODIFIED CASH BASIS) - NONMAJOR PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2010

	Storm Drain	Storm Drain SDC	Water SDC	Airpark Water Line	G.O. Water-Sewer	Totals
OPERATING RECEIPTS						
Taxes and assessments	\$ -	\$ -	\$ -	\$ -	\$ 238,798	\$ 238,798
Intergovernmental	-	-	-	73,491	-	73,491
Miscellaneous	78	652	1,016	1,039	833	3,618
<i>Total Operating Receipts</i>	78	652	1,016	74,530	239,631	315,907
OPERATING DISBURSEMENTS						
Materials and services	93,098	-	-	-	-	93,098
Capital outlay	-	-	-	-	-	-
<i>Total Operating Disbursements</i>	93,098	-	-	-	-	93,098
OPERATING RECEIPTS OVER (UNDER)	(93,020)	652	1,016	74,530	239,631	222,809
NON OPERATING RECEIPTS (DISBURSEMENTS)						
Debt proceeds	-	-	-	-	-	-
Debt service	-	-	(177,254)	(80,057)	(171,328)	(428,639)
Principal	-	-	(101,780)	(44,520)	(40,469)	(186,769)
Interest	-	-	-	-	-	-
Total Non Operating Receipts (Disbursements)	-	-	(279,034)	(124,577)	(211,797)	(615,408)
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS						
System development revenue	-	53,318	172,037	-	-	225,355
Transfers in	100,000	-	94,367	-	4,031	198,398
Transfers out	-	(252)	(2,290)	-	-	(2,542)
NET CHANGE IN RESTRICTED AND UNRESTRICTED NET ASSETS	6,980	53,718	(13,904)	(50,047)	31,865	28,612
RESTRICTED AND UNRESTRICTED NET ASSETS, Beginning of the year	-	68,238	197,838	187,449	134,889	588,414
RESTRICTED AND UNRESTRICTED NET ASSETS, End of the year	\$ 6,980	\$ 121,956	\$ 183,934	\$ 137,402	\$ 166,754	\$ 617,026

CITY OF SCAPPOOSE, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCE****(CASH BASIS) - BUDGET AND ACTUAL - STORM DRAINAGE FUND****YEAR ENDED JUNE 30, 2010**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Charges for services	\$ 248,400	\$ 248,400	\$ -	\$ (248,400)
Miscellaneous	5,000	5,000	78	(4,922)
<i>Total Receipts</i>	253,400	253,400	78	(253,322)
DISBURSEMENTS				
Materials and services	131,100	131,100	93,098	38,002
Contingency	122,300	222,300	-	222,300
<i>Total Disbursements</i>	253,400	353,400	93,098	260,302
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	(100,000)	(93,020)	6,980
OTHER FINANCING SOURCES (USES)				
Transfers in	-	100,000	100,000	-
NET CHANGE IN CASH BALANCE	-	-	6,980	6,980
CASH BALANCE, Beginning of year	-	-	-	-
CASH BALANCE, End of year	\$ -	\$ -	\$ 6,980	\$ 6,980

CITY OF SCAPPOOSE, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCE****(CASH BASIS) - BUDGET AND ACTUAL - STORM DRAINAGE SDC FUND****YEAR ENDED JUNE 30, 2010**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Licenses and permits	\$ 5,045	\$ 5,045	\$ 53,318	\$ 48,273
Miscellaneous	1,600	1,600	652	(948)
<i>Total Receipts</i>	6,645	6,645	53,970	47,325
DISBURSEMENTS				
Capital outlay	15,000	15,000	-	15,000
Contingency	60,226	60,226	-	60,226
<i>Total Disbursements</i>	75,226	75,226	-	75,226
RECEIPTS OVER (UNDER) DISBURSEMENTS	(68,581)	(68,581)	53,970	122,551
OTHER FINANCING SOURCES (USES)				
Transfers out	(252)	(252)	(252)	-
<i>Total Other Financing Sources (Uses)</i>	(252)	(252)	(252)	-
NET CHANGE IN CASH BALANCE	(68,833)	(68,833)	53,718	122,551
CASH BALANCE, Beginning of year	68,833	68,833	68,238	(595)
CASH BALANCE, End of year	\$ -	\$ -	\$ 121,956	\$ 121,956

CITY OF SCAPPOOSE, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCE****(CASH BASIS) - BUDGET AND ACTUAL - WATER SDC FUND****YEAR ENDED JUNE 30, 2010**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Licenses and permits	\$ 45,795	\$ 45,795	\$ 172,037	\$ 126,242
Miscellaneous	7,000	7,000	1,016	(5,984)
<i>Total Receipts</i>	<u>52,795</u>	<u>52,795</u>	<u>173,053</u>	<u>120,258</u>
DISBURSEMENTS				
Capital outlay	50,000	50,000	-	50,000
Debt service	279,034	279,034	279,034	-
Contingency	16,920	16,920	-	16,920
<i>Total Disbursements</i>	<u>345,954</u>	<u>345,954</u>	<u>279,034</u>	<u>66,920</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	(293,159)	(293,159)	(105,981)	187,178
OTHER FINANCING SOURCES (USES)				
Transfers in	94,367	94,367	94,367	-
Transfers out	(2,290)	(2,290)	(2,290)	-
<i>Total Other Financing Sources (Uses)</i>	<u>92,077</u>	<u>92,077</u>	<u>92,077</u>	<u>-</u>
NET CHANGE IN CASH BALANCE	(201,082)	(201,082)	(13,904)	187,178
CASH BALANCE, Beginning of year	201,082	201,082	197,838	(3,244)
CASH BALANCE, End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 183,934</u>	<u>\$ 183,934</u>

CITY OF SCAPPOOSE, OREGON

**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCE
(CASH BASIS) - BUDGET AND ACTUAL – DUTCH CANYON WATER LINE FUND
YEAR ENDED JUNE 30, 2010**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Miscellaneous	\$ 3,500	\$ 3,500	\$ 622	\$ (2,878)
<i>Total Receipts</i>	3,500	3,500	622	(2,878)
DISBURSEMENTS				
Capital outlay	1,906,042	1,906,042	1,013,614	892,428
<i>Total Disbursements</i>	1,906,042	1,906,042	1,013,614	892,428
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,902,542)	(1,902,542)	(1,012,992)	889,550
OTHER FINANCING SOURCES (USES)				
Bond proceeds	1,879,250	1,879,250	1,274,143	(605,107)
Transfers in	5,000	5,000	5,000	-
<i>Total Other Financing Sources (Uses)</i>	1,884,250	1,884,250	1,279,143	-
NET CHANGE IN CASH BALANCE	(18,292)	(18,292)	266,151	284,443
CASH BALANCE, Beginning of year	18,292	18,292	38,786	20,494
CASH BALANCE, End of year	\$ -	\$ -	\$ 304,937	\$ 304,937

CITY OF SCAPPOOSE, OREGON

SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCE

(CASH BASIS) - BUDGET AND ACTUAL – AIRPARK WATER LINE FUND

YEAR ENDED JUNE 30, 2010

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Intergovernmental	\$ 73,492	\$ 73,492	\$ 73,491	\$ (1)
Miscellaneous	4,500	4,500	1,039	(3,461)
<i>Total Receipts</i>	77,992	77,992	74,530	(3,462)
DISBURSEMENTS				
Debt service	124,577	124,577	124,577	-
Contingency	141,420	141,420	-	141,420
<i>Total Disbursements</i>	265,997	265,997	124,577	141,420
RECEIPTS OVER (UNDER) DISBURSEMENTS	(188,005)	(188,005)	(50,047)	137,958
NET CHANGE IN CASH BALANCE	(188,005)	(188,005)	(50,047)	137,958
CASH BALANCE, Beginning of year	188,005	188,005	187,449	(556)
CASH BALANCE, End of year	\$ -	\$ -	\$ 137,402	\$ 137,402

CITY OF SCAPPOOSE, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BALANCE****(CASH BASIS) - BUDGET AND ACTUAL - GO WATER- SEWER BOND FUND****YEAR ENDED JUNE 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
RECEIPTS				
Taxes and assessments	\$ 262,591	\$ 262,591	\$ 238,798	\$ (23,793)
Miscellaneous	2,000	2,000	833	(1,167)
<i>Total Receipts</i>	<u>264,591</u>	<u>264,591</u>	<u>239,631</u>	<u>(24,960)</u>
DISBURSEMENTS				
Debt service	211,797	211,797	211,797	-
Contingency	189,546	189,546	-	189,546
<i>Total Disbursements</i>	<u>401,343</u>	<u>401,343</u>	<u>211,797</u>	<u>189,546</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>(136,752)</u>	<u>(136,752)</u>	<u>27,834</u>	<u>164,586</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	4,031	4,031	4,031	-
<i>Total Other Financing Sources (Uses)</i>	<u>4,031</u>	<u>4,031</u>	<u>4,031</u>	<u>-</u>
NET CHANGE IN CASH BALANCE	<u>(132,721)</u>	<u>(132,721)</u>	<u>31,865</u>	<u>164,586</u>
CASH BALANCE, Beginning of year	<u>132,721</u>	<u>132,721</u>	<u>134,889</u>	<u>2,168</u>
CASH BALANCE, End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 166,754</u>	<u>\$ 166,754</u>

CITY OF SCAPPOOSE, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCE****(CASH BASIS) - BUDGET AND ACTUAL - WATER FUND****YEAR ENDED JUNE 30, 2010**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Licenses and permits	\$ 20,938	\$ 20,938	\$ 67,290	\$ 46,352
Charges for services	1,138,800	1,138,800	1,129,856	(8,944)
Miscellaneous	40,500	40,500	8,413	(32,087)
<i>Total Receipts</i>	1,200,238	1,200,238	1,205,559	5,321
DISBURSEMENTS				
Personal services	695,590	695,590	637,132	58,458
Materials and services	350,013	350,013	282,532	67,481
Capital outlay	104,912	329,912	158,664	171,248
Debt service	139,752	139,752	244,694	(104,942)
Contingency	997,532	772,532	-	772,532
<i>Total Disbursements</i>	2,287,799	2,287,799	1,323,022	964,777
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,087,561)	(1,087,561)	(117,463)	970,098
OTHER FINANCING SOURCES (USES)				
Transfers out	(185,777)	(185,777)	(185,777)	-
<i>Total Other Financing Sources (Uses)</i>	(185,777)	(185,777)	(185,777)	-
NET CHANGE IN CASH BALANCE	(1,273,338)	(1,273,338)	(303,240)	970,098
CASH BALANCE, Beginning of year	1,273,338	1,273,338	1,481,920	208,582
CASH BALANCE, End of year	\$ -	\$ -	\$ 1,178,680	\$ 1,178,680

CITY OF SCAPPOOSE, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCE****(CASH BASIS) - BUDGET AND ACTUAL – SEWER FUND****YEAR ENDED JUNE 30, 2010**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Charges for services	\$ 994,125	\$ 994,125	\$ 1,027,609	\$ 33,484
Miscellaneous	16,500	16,500	4,967	(11,533)
<i>Total Receipts</i>	1,010,625	1,010,625	1,032,576	21,951
DISBURSEMENTS				
Personal services	536,593	536,593	486,437	50,156
Materials and services	408,845	408,845	297,471	111,374
Capital outlay	27,885	27,885	19,782	8,103
Debt service	31,046	31,046	20,854	10,192
Contingency	605,332	605,332	-	605,332
<i>Total Disbursements</i>	1,609,701	1,609,701	824,544	785,157
RECEIPTS OVER (UNDER) DISBURSEMENTS				
	(599,076)	(599,076)	208,032	807,108
OTHER FINANCING SOURCES (USES)				
Transfers out	(67,976)	(67,976)	(67,976)	-
<i>Total Other Financing Sources (Uses)</i>	(67,976)	(67,976)	(67,976)	-
NET CHANGE IN CASH BALANCE				
CASH BALANCE, <i>Beginning of year</i>	667,052	667,052	744,893	77,841
CASH BALANCE, <i>End of year</i>	\$ -	\$ -	\$ 884,949	\$ 884,949

CITY OF SCAPPOOSE, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCE****(CASH BASIS) - BUDGET AND ACTUAL - SEWER SDC FUND****YEAR ENDED JUNE 30, 2010**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Licenses and permits	\$ 33,153	\$ 33,153	\$ 76,785	\$ 43,632
Miscellaneous	38,000	38,000	9,635	(28,365)
<i>Total Receipts</i>	71,153	71,153	86,420	15,267
DISBURSEMENTS				
Capital outlay	2,142,400	2,142,400	465,280	1,677,120
Contingency	186,045	186,045	-	186,045
<i>Total Disbursements</i>	2,328,445	2,328,445	465,280	1,863,165
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,257,292)	(2,257,292)	(378,860)	1,878,432
OTHER FINANCING SOURCES (USES)				
Loan proceeds	705,660	705,660	-	(705,660)
Transfers out	(5,689)	(5,689)	(5,689)	-
<i>Total Other Financing Sources (Uses)</i>	699,971	699,971	(5,689)	(705,660)
NET CHANGE IN CASH BALANCE	(1,557,321)	(1,557,321)	(384,549)	1,172,772
CASH BALANCE, Beginning of year	1,557,321	1,557,321	1,542,408	(14,913)
CASH BALANCE, End of year	\$ -	\$ -	\$ 1,157,859	\$ 1,157,859

OTHER SCHEDULES

CITY OF SCAPPOOSE, OREGON
SCHEDULE OF PROPERTY TAX TRANSACTIONS
YEAR ENDED JUNE 30, 2010

<i>Tax Year</i>	<i>Uncollected Balances July 1, 2009</i>	<i>2009-2010 Levy</i>	<i>Interest, Discounts & Adjustments</i>	<i>Turnovers</i>	<i>Uncollected Balances June 30, 2010</i>
2009-2008	\$ -	\$ 1,760,193	\$ (41,933)	\$ (1,516,184)	\$ 202,075
2008-2007	95,568	-	2,162	(33,793)	63,936
2007-2006	36,313	-	2,125	(17,467)	20,971
2006-2005	16,362	-	1,998	(11,293)	7,067
2005-2004	6,326	-	263	(3,718)	2,871
2004-2003	1,007	-	274	(688)	593
2003-2002	565	-	174	(316)	423
2002-2001	449	-	26	(51)	424
Prior Years	972	-	68	(157)	883
Total	\$ 157,562	\$ 1,760,193	\$ (34,844)	\$ (1,583,668)	\$ 299,243

**CITY OF SCAPPOOSE, OREGON
 SCHEDULE OF LONG-TERM DEBT TRANSACTIONS
 YEAR ENDED JUNE 30, 2010**

	Interest Rates	Date of Issue	Fiscal Year of Maturity	Outstanding July 1, 2009	Issued	Paid	Outstanding June 30, 2010
PRINCIPAL TRANSACTIONS							
General Obligations							
US Bank	5%	2005	2009	\$ 506,486	\$ -	\$ 506,486	\$ -
US Bank-Refinanced	3.75%	2009	2014	-	396,771	9,975	386,796
Crown Zellerbach	4%	2002	2019	436,371	-	38,758	397,613
Enterprise Obligations							
Airpark Notes Payable	5.33%	1998	2017	396,503	-	41,852	354,651
Airpark Notes Payable	6.00%	1997	2017	193,584	-	19,560	174,024
Airpark Notes Payable	4.74%	1998	2018	229,812	-	18,646	211,166
Water GO Bonds	5.00%	1979	2020	395,442	-	29,650	365,792
SPWF Wastewater Bonds	6.59%	1991	2011	292,690	-	141,679	151,011
SPWF Wastewater Bonds	6.00%	1993	2013	33,721	-	5,982	27,739
SPWF Wastewater Bonds	0.00%	1993	2011	20,893	-	6,965	13,928
Safe Drinking Water Revolving	0.00%	2010	2031	-	1,274,144	135,329	1,138,815
WTP phase I & 2 notes payable	4.40%	2002	2028	1,518,691	-	54,288	1,464,403
Safe Drinking Water notes Payable	1.00%	2004	2034	3,605,097	-	121,750	3,483,347
				<u>\$ 7,629,290</u>	<u>\$ 1,670,915</u>	<u>\$ 1,130,920</u>	<u>\$ 8,169,285</u>

CITY OF SCAPPOOSE, OREGON
SCHEDULE OF LONG-TERM DEBT TRANSACTIONS
YEAR ENDED JUNE 30, 2010

	Interest Rates	Date of Issue	Unmatured Interest July 1, 2009	New Issues	Interest Paid	Unmatured Interest June 30, 2010
INTEREST TRANSACTIONS						
General Obligations						
US Bank	5%	2005	\$ 12,580	\$ -	12,580	\$ -
US Bank-Refinanced	3.75%	2009	-	65,588	7,481	58,107
Crown Zellerbach	4%	2002	96,796	-	17,455	79,341
Enterprise Obligations						
Airpark Notes Payable	5.33%	1998	103,709	-	21,724	81,985
Airpark Notes Payable	6.00%	1997	55,808	-	11,615	44,193
Airpark Notes Payable	4.74%	1998	60,499	-	11,181	49,318
Water GO Bonds	5.00%	1979	143,382	-	21,187	122,195
SPWF Wastewater Bonds	6.59%	1991	29,231	-	19,282	9,949
SPWF Wastewater Bonds	6.00%	1993	6,305	-	2,023	4,282
SPWF Wastewater Bonds	0.00%	1993	-	-	-	-
Safe Drinking Water Revolving	0.00%	2010	-	486,794	4,420	482,374
WTP phase I & 2 notes payable	4.40%	2002	789,424	-	66,945	722,479
Safe Drinking Water notes Payable	1.00%	2004	508,181	-	36,051	472,130
			<u>\$ 1,805,915</u>	<u>\$ 552,382</u>	<u>\$ 231,944</u>	<u>\$ 2,126,353</u>

CITY OF SCAPPOOSE
SCHEDULE OF FUTURE DEBT REQUIREMENTS - GOVERNMENT-WIDE
JUNE 30, 2010

Fiscal Year Ending June 30,	US Bank-Refinanced		Crown Zellerbach		Total Governmental	
	Principal	Interest	Principal	Interest	Principal	Interest
	Total	Total	Total	Total	Total	Total
2011	\$ 20,511	\$ 14,315	\$ 40,308	\$ 15,905	\$ 60,819	\$ 30,220
2012	21,287	13,539	41,921	14,292	63,208	27,831
2013	22,093	12,733	43,598	12,615	65,691	25,348
2014	22,929	11,896	45,342	10,871	68,271	22,767
2015	299,976	5,624	47,155	9,058	347,131	14,682
2016	-	-	49,041	7,172	49,041	7,172
2017	-	-	51,003	5,210	51,003	5,210
2018	-	-	53,043	3,170	53,043	3,170
2019	-	-	26,202	1,048	26,202	1,048
	\$ 386,796	\$ 58,107	\$ 444,903	\$ 79,341	\$ 784,409	\$ 137,448
				\$ 476,954		\$ 921,857

CITY OF SCAPPOOSE, OREGON
SCHEDULE OF FUTURE DEBT BY ISSUE BUSINESS-TYPE
JUNE 30, 2010

Fiscal Year Ending June 30,	SPWF Wastewater II (41) B92001B		SPWF Wastewater III (41) B92001C		Water GO Bonds (45) GMAC 01-0507801	
	Principal	Interest	Principal	Interest	Principal	Interest
2011	6,341	1,664	6,964	-	31,065	19,772
2012	6,721	1,284	6,964	-	32,547	18,290
2013	7,125	881	-	-	34,101	16,736
2014	7,552	453	-	-	35,728	15,109
2015	-	-	-	-	37,433	13,404
2016	-	-	-	-	39,219	11,618
2017	-	-	-	-	41,091	9,746
2018	-	-	-	-	43,052	7,785
2019	-	-	-	-	45,107	5,730
2020	-	-	-	-	26,449	4,005
2021	-	-	-	-	-	-
2022	-	-	-	-	-	-
2023	-	-	-	-	-	-
2024	-	-	-	-	-	-
2025	-	-	-	-	-	-
2026	-	-	-	-	-	-
2027	-	-	-	-	-	-
2028	-	-	-	-	-	-
2029	-	-	-	-	-	-
2030	-	-	-	-	-	-
2031	-	-	-	-	-	-
2032	-	-	-	-	-	-
2033	-	-	-	-	-	-
2034	-	-	-	-	-	-
2035	-	-	-	-	-	-
2036	-	-	-	-	-	-
2037	-	-	-	-	-	-
2038	-	-	-	-	-	-
2039	-	-	-	-	-	-
2040	-	-	-	-	-	-
2041	-	-	-	-	-	-
	<u>27,739</u>	<u>4,282</u>	<u>32,021</u>	<u>-</u>	<u>365,792</u>	<u>122,195</u>
				<u>13,928</u>		<u>487,987</u>

CITY OF SCAPPOOSE, OREGON
SCHEDULE OF FUTURE DEBT BY ISSUE BUSINESS-TYPE
JUNE 30, 2010

Fiscal Year	SPWF Wastewater I (45) B92001A		WTP Phases 1 & 2 #GO 3003 (50)		Safe Drinking Water #SO3003 (50)			
	Ending June 30,	Principal	Interest	Total	Principal	Interest	Total	
2011	151,011	9,949	54,593	65,154	119,747	122,968	34,834	157,802
2012	-	-	59,929	63,243	123,172	124,198	33,604	157,802
2013	-	-	60,286	61,085	121,371	125,440	32,362	157,802
2014	-	-	60,672	58,825	119,497	126,694	31,107	157,802
2015	-	-	66,088	56,459	122,547	127,961	29,840	157,802
2016	-	-	66,532	53,815	120,347	129,241	28,561	157,802
2017	-	-	72,005	51,087	123,092	130,533	27,268	157,802
2018	-	-	72,515	48,027	120,542	131,838	25,963	157,802
2019	-	-	78,063	44,854	122,917	133,157	24,645	157,802
2020	-	-	78,650	41,342	119,992	134,488	23,313	157,802
2021	-	-	84,278	37,724	122,002	135,833	21,968	157,802
2022	-	-	89,949	33,763	123,712	137,192	20,610	157,802
2023	-	-	90,659	29,490	120,149	138,563	19,238	157,802
2024	-	-	96,403	25,184	121,587	139,949	17,852	157,802
2025	-	-	102,182	20,605	122,787	141,349	16,453	157,802
2026	-	-	107,998	15,751	123,749	142,762	15,039	157,802
2027	-	-	108,853	10,621	119,474	144,190	13,612	157,802
2028	-	-	114,748	5,450	120,198	145,632	12,170	157,802
2029	-	-	-	-	-	147,088	10,714	157,802
2030	-	-	-	-	-	148,559	9,243	157,802
2031	-	-	-	-	-	150,044	7,757	157,802
2032	-	-	-	-	-	151,545	6,257	157,802
2033	-	-	-	-	-	153,060	4,741	157,802
2034	-	-	-	-	-	154,591	3,211	157,802
2035	-	-	-	-	-	156,137	1,665	157,802
2036	-	-	-	-	-	10,336	103	10,439
2037	-	-	-	-	-	-	-	-
2038	-	-	-	-	-	-	-	-
2039	-	-	-	-	-	-	-	-
2040	-	-	-	-	-	-	-	-
2041	-	-	-	-	-	-	-	-
	<u>151,011</u>	<u>9,949</u>	<u>1,464,403</u>	<u>722,479</u>	<u>2,067,135</u>	<u>3,483,347</u>	<u>472,130</u>	<u>3,797,675</u>

CITY OF SCAPPOOSE, OREGON
SCHEDULE OF FUTURE DEBT BY ISSUE BUSINESS-TYPE
JUNE 30, 2010

Fiscal Year Ending June 30,	Airpark Loan (89) 1996 OEDD (\$793K) B95010A		Airpark Loan (89) 1996 OEDD (\$232K) B95010B		Airpark Loan (89) 1996 OEDD (\$400K) B95010C	
	Principal	Interest	Principal	Interest	Principal	Interest
2011	42,222	19,464	20,732	10,441	23,813	10,332
2012	47,611	17,184	21,976	9,198	23,990	9,224
2013	48,030	14,566	23,295	7,879	24,179	8,084
2014	48,472	11,924	24,693	6,481	24,381	6,912
2015	53,938	9,258	26,174	5,000	24,597	5,718
2016	54,429	6,291	27,745	3,429	29,823	4,512
2017	59,949	3,298	29,409	1,765	30,065	3,020
2018	-	-	-	-	30,318	1,516
2019	-	-	-	-	-	-
2020	-	-	-	-	-	-
2021	-	-	-	-	-	-
2022	-	-	-	-	-	-
2023	-	-	-	-	-	-
2024	-	-	-	-	-	-
2025	-	-	-	-	-	-
2026	-	-	-	-	-	-
2027	-	-	-	-	-	-
2028	-	-	-	-	-	-
2029	-	-	-	-	-	-
2030	-	-	-	-	-	-
2031	-	-	-	-	-	-
2032	-	-	-	-	-	-
2033	-	-	-	-	-	-
2034	-	-	-	-	-	-
2035	-	-	-	-	-	-
2036	-	-	-	-	-	-
2037	-	-	-	-	-	-
2038	-	-	-	-	-	-
2039	-	-	-	-	-	-
2040	-	-	-	-	-	-
2041	-	-	-	-	-	-
	<u>354,651</u>	<u>81,985</u>	<u>436,636</u>	<u>44,193</u>	<u>211,166</u>	<u>49,318</u>
			<u>174,024</u>	<u>218,217</u>	<u>260,484</u>	

CITY OF SCAPPOOSE, OREGON
SCHEDULE OF FUTURE DEBT BY ISSUE BUSINESS-TYPE
JUNE 30, 2010

Fiscal Year Ending June 30,	Dutch Canyon (40)			Safe Drinking Water S03003B			Total Business-Type		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2011	43,351	38,088	81,439	503,060	209,698	712,758			
2012	41,126	40,313	81,439	365,062	192,340	557,402			
2013	42,639	38,800	81,439	365,094	180,392	545,487			
2014	44,208	37,231	81,439	372,400	168,042	540,443			
2015	45,835	35,604	81,439	382,026	155,283	537,310			
2016	47,522	33,917	81,439	394,511	142,143	536,654			
2017	49,271	32,168	81,439	412,323	128,352	540,676			
2018	51,084	30,355	81,439	328,807	113,646	442,454			
2019	52,964	28,475	81,439	309,291	103,704	412,995			
2020	54,913	26,526	81,439	294,500	95,186	389,687			
2021	56,934	24,505	81,439	277,045	84,197	361,243			
2022	59,029	22,410	81,439	286,170	76,783	362,953			
2023	61,201	20,238	81,439	290,423	68,966	359,390			
2024	63,453	17,986	81,439	299,805	61,022	360,828			
2025	65,788	15,651	81,439	309,319	52,709	362,028			
2026	68,209	13,230	81,439	318,969	44,020	362,990			
2027	70,719	10,720	81,439	323,762	34,953	358,715			
2028	73,322	8,117	81,439	333,702	25,737	359,439			
2029	76,020	5,419	81,439	223,108	16,133	239,241			
2030	71,227	2,621	73,848	219,786	11,864	231,650			
2031	-	-	-	150,044	7,757	157,802			
2032	-	-	-	151,545	6,257	157,802			
2033	-	-	-	153,060	4,741	157,802			
2034	-	-	-	154,591	3,211	157,802			
2035	-	-	-	156,137	1,665	157,802			
2036	-	-	-	10,336	103	10,439			
2037	-	-	-	-	-	-			
2038	-	-	-	-	-	-			
2039	-	-	-	-	-	-			
2040	-	-	-	-	-	-			
2041	-	-	-	-	-	-			
	<u>1,138,815</u>	<u>482,374</u>	<u>1,621,189</u>	<u>7,384,876</u>	<u>1,988,905</u>	<u>9,373,782</u>			

REGULATORY SECTION

DENNIS R. CONNER

Certified Public Accountant
365 South Nehalem
P. O. Box 1078
Clatskanie, Oregon 97016
Facsimile (503)728-2944
Telephone(503)728-2038

AUDITOR'S COMMENTS AND DISCLOSURES REQUIRED BY STATE REGULATIONS

December 8, 1, 2010

Mayor and Council
City of Scappoose, Oregon

I have audited the basic financial statements of the CITY OF SCAPPOOSE (the City) as of and for the year ended June 30, 2010, and have issued my report thereon dated December 8, 2010. I conducted my audit in accordance with auditing standards generally accepted in the United States of America.

ACCOUNTING AND INTERNAL CONTROL

In planning and performing my audit, I considered the City's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the basic financial statements and not to provide an opinion on the internal control over financial reporting. Accordingly, I do not express such an opinion.

My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be significant deficiencies. A significant deficiency is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the basic financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be significant deficiencies except the following:

Inadequate Segregation of Accounting Duties

The City does not have sufficient staff to adequately segregate accounting duties. The City has adopted financial controls that are relevant to smaller governmental units. The City believes there is a substantial cost benefit by not increasing staffing levels at this time. However, the City acknowledges the need for extra vigilance on the part of upper management and the council.

ADEQUACY OF COLLATERAL SECURING DEPOSITORY BALANCES

Oregon Revised Statutes Chapter 295 requires that deposits with financial institutions in excess of the amount insured by the Federal Deposit Insurance Corporation be held at qualifying institutions under the Public Funds Collateralization Program, and that public officials provide the Office of the Oregon State Treasurer with the names of all bank depositories in which they

currently deposit their public funds. The City's bank is listed as a qualified depository of public funds in conformity with ORS 295.

Public funds depositors are no longer required to request the issuance of "Certificates of Participation" for balances over the Federal Deposit Insurance corporation insured amount. Banks are now required to provide quarterly reporting of their public funds deposits to the State Treasurer's office, which will be the basis for their collateral pledging for the next quarter. Treasury will monitor each depository bank and ensure compliance with collateralization requirements for all public fund deposits. Banks will be able to pledge a reduced amount, 10% vs. 25%, if they are well capitalized; and in turn, the banks are required to share in the liability of a failed institution, should it ever occur. Poorly capitalized banks will still be required to pledge collateral equal to 110% of their deposits which will be monitored on a weekly basis. If you have any questions on Oregon public funds collateralization, call Wendy Finley at (503) 378-3400. My review of adequacy of collateral securing depository balances indicated the collateral was sufficient for the year ended June 30, 2010.

INVESTMENTS

My review of deposit and investment balances indicated that, during the year ended June 30, 2010, the City was in compliance with ORS 294 as it pertains to investment of public funds.

LEGAL REQUIREMENTS RELATED TO DEBT

The general obligation bonded debt of the City is in compliance with the limitation imposed by state statute. I noted no defaults in principal, interest, sinking fund, or redemption provisions with respect to any of this bonded debt.

BUDGET COMPLIANCE

The City appears to have complied with Local Budget Law (ORS 294.305 to 294.520) in the preparation, adoption and execution of its budget and tax levy for the year ended June 30, 2010, and the preparation and adoption of its budget for the year ending June 30, 2011. The General Fund debt service had an unbudgeted expenditure of \$48,386, and there was an over expenditure of \$18,892 in the debt service for the Water Fund.

INSURANCE POLICIES AND FIDELITY BONDS

I have reviewed the City's insurance and fidelity bond coverage at June 30, 2010. I ascertained that such policies appeared to be in force and in compliance with legal requirements relating to insurance and fidelity bond coverage. I am not competent by training to comment on the adequacy of the insurance policies covering the City-owned property at June 30, 2010.

PUBLIC CONTRACTS

The City's procedures for awarding public contracts were reviewed and found to be in accordance with ORS Chapter 279.

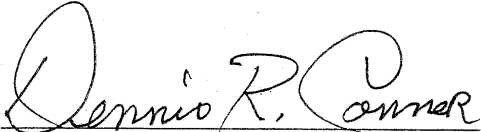
PROGRAMS FUNDED FROM OUTSIDE SOURCES

I reviewed and tested, to the extent I considered necessary in the circumstances, transactions and reports relative to federal and state grant programs. These activities and reports appeared to meet the requirements of the grantors.

HIGHWAY FUNDS

The City of Scappoose was in compliance with constitutional and statutory law pertaining to the use of highway funds.

This report is intended solely for the information of the Mayor and City Council, management, and the Oregon Secretary of State Audits Division, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Dennis R. Conner". The signature is written in a cursive style with a large initial "D" and "C".

Dennis R. Conner
Certified Public Accountant