

***CITY OF SCAPPOOSE
COLUMBIA COUNTY, OREGON
ANNUAL FINANCIAL REPORT
Year Ended June 30, 2011***

CITY OF SCAPPOOSE, OREGON

CITY OFFICIALS

JUNE 30, 2011

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

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

DENNIS R. CONNER
CERTIFIED PUBLIC ACCOUNTANT
P.O. BOX 1078
CLATSKANIE, OREGON 97016

INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Scappoose, Oregon

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 City of Scappoose, Oregon as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City of Scappoose, Oregon'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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that 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 the 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 the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

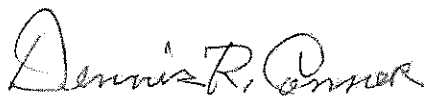
In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Scappoose, Oregon, as of June 30, 2011, and the respective changes in financial position—modified cash basis, thereof for the year then ended in conformity with the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, I have also issued my report dated November 21, 2011, on my consideration of the City of Scappoose, Oregon's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Scappoose, Oregon's financial statements as a whole. The introductory section, combining and individual non-major fund financial statements and statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of

federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining and individual non-major fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and are derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I do not express an opinion or provide any assurance on them.



Dennis R. Conner, CPA
Clatskanie, Oregon
November 21, 2011

CITY OF SCAPPOOSE
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011

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, 2011.

FINANCIAL HIGHLIGHTS

	June 30	
	2011	2010
Net assets	\$43,263,543	\$ 44,339,594
Change in net assets	(988,232)	(446,191)
Governmental activities net assets	4,148,041	4,115,468
Business-type activities net assets	3,122,647	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 (Modified Cash Basis) 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 (Modified Cash Basis) 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. In the government-wide financial statements, the City's activities are shown as governmental activities. All basic functions are shown here, such as police, fire, planning, court, parks, community development and administration. These activities are primarily financed through property taxes and other intergovernmental revenues.

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 (Modified Cash Basis) The Statement of Net Assets(Modified Cash Basis) 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 \$43,263,543 as of June 30, 2011.

Capital assets, which consist of the City's land, buildings, building improvements, construction in progress, vehicles, and equipment, represent about 84 percent of total assets. The remaining assets consist mainly of investments, cash, and property taxes receivable.

The City's largest liability (84%) is for the repayment of long-term debt. Current liabilities, representing less than .025 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 the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be

provided from other sources (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.

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Cash and investments	\$ 4,186,728	\$ 4,115,469	\$ 3,215,217	\$ 4,143,451	\$ 7,401,945	\$ 8,258,920
Cash deposits	-	86,736	-	93,331	-	180,067
Other assets	330,937		29,999	-	360,936	-
Capital assets	29,668,113	30,774,074	14,926,218	14,028,917	44,594,331	44,802,991
	<u>34,185,778</u>	<u>34,976,279</u>	<u>18,171,434</u>	<u>18,265,699</u>	<u>52,357,212</u>	<u>53,241,978</u>
Other liabilities	369,624	86,737	122,569	93,331	492,193	180,068
Long-term debt	1,342,154	1,134,174	7,259,322	7,588,142	8,601,476	8,722,316
	<u>1,711,778</u>	<u>1,220,911</u>	<u>7,381,891</u>	<u>7,681,473</u>	<u>9,093,669</u>	<u>8,902,384</u>
Net assets						
net of debt	28,325,959	29,639,900	7,666,896	6,440,775	35,992,855	36,080,675
Restricted	1,837,404	2,123,689	3,122,647	4,143,451	4,960,051	6,267,140
Unrestricted	2,310,637	1,991,779	-	-	2,310,637	1,991,779
Total net assets	<u>\$ 32,474,000</u>	<u>\$ 33,755,368</u>	<u>\$ 10,789,543</u>	<u>\$ 10,584,226</u>	<u>\$ 43,263,543</u>	<u>\$ 44,339,594</u>

Statement of Activities. During the current fiscal year, the City of Scappoose's net assets decreased by \$988,232. The key elements of the change in Scappoose's net assets for the year ended June 30, 2011 are as follows:

- Fees, fines and charges for services decreased by \$183,088 due in part to a decrease in charges for service in the governmental funds.
- Grant and contribution income increased by \$202,082 in total, largely due to grant reimbursements related to infrastructure improvement projects.
- Disbursements increased \$745,823 largely due to infrastructure improvement disbursements.
- Capital assets, net of related debt decreased by \$253,389.

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,					
	Governmental Activities		Business-type Activities		Totals	
	2011	2010	2011	2010	2011	2010
Receipts						
<i>Program receipts</i>						
Fines, fees, charges for services	\$ 577,724	\$ 748,372	\$ 2,145,137	\$ 2,157,577	\$ 2,722,861	\$ 2,905,949
Operating grants and contributions	508,684	431,398	-	-	508,684	431,398
Capital grants and contributions	793,374	180,550	124,796	442,921	918,170	623,471
<i>General receipts</i>						
Property tax	1,470,020	1,353,174	165,384	238,798	1,635,404	1,591,972
Franchise fees	353,405	367,181	-	-	353,405	367,181
Intergovernmental	-	-	-	-	-	-
Miscellaneous	9,851	14,628	17,261	27,255	27,112	41,883
Total receipts	3,713,058	3,095,303	2,452,578	2,866,551	6,165,636	5,961,854
Disbursements						
General government	628,046	717,715	-	-	628,046	717,715
Court and police	1,519,223	1,424,018	-	-	1,519,223	1,424,018
Community services and development	124,254	83,176	-	-	124,254	83,176
Culture and recreation	966,980	757,161	-	-	966,980	757,161
Interest on long-term debt	45,217	40,692	-	-	45,217	40,692
Highways and streets	535,842	324,348	-	-	535,842	324,348
Storm Drain	-	-	661	93,098	661	93,098
Water	-	-	2,416,200	1,678,013	2,416,200	1,678,013
Sewer	-	-	917,445	1,289,824	917,445	1,289,824
Total disbursements	3,819,562	3,347,110	3,334,306	3,060,935	7,153,868	6,408,045
Change in restricted and unrestricted net assets before transfers	(106,504)	(251,807)	(881,728)	(194,384)	(988,232)	(446,191)
Transfers	139,076	58,586	(139,076)	(58,586)	-	-
Change in restricted and unrestricted net assets	32,572	(193,221)	(1,020,804)	(252,970)	(988,232)	(446,191)
Beginning restricted and unrestricted net assets	4,115,469	4,308,689	4,143,451	4,396,421	8,258,920	8,705,110
Ending restricted and unrestricted net assets	4,148,041	4,115,468	3,122,647	4,143,451	7,270,688	8,258,919
Capital assets	29,668,113	30,774,074	14,926,218	14,028,917	44,594,331	44,802,991
Long-term debt	(1,342,154)	(1,134,174)	(7,259,322)	(7,588,142)	(8,601,476)	(8,722,316)
Net assets	\$ 32,474,000	\$ 33,755,368	\$ 10,789,543	\$ 10,584,226	\$ 43,263,543	\$ 44,339,594

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 the City'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, 2011, the City's governmental funds reported combined ending fund balances of \$4,148,041.

As detailed in the notes to the financial statements, the City adopted the provisions of GASB Statement #54 *Fund Balance Reporting and Governmental Fund Types Definitions*. Among the changes required is that special revenue funds whose primary source of funding is transfers from the General Fund be reported as part of the General Fund. Therefore in the Governmental Funds Statement of Assets and Liabilities and the Statement of Receipts, Disbursements and Changes in Fund Balances, the Unemployment Fund has been combined with the General Fund.

General Fund. The General Fund is the primary operating fund of the City. As of June 30, 2011, unreserved fund balance was \$2,310,637. The fund balance increased by \$313,769 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, 2011, 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, 2011, Scappoose had invested \$44,015,946 in capital assets, net of depreciation, as shown in the following table:

**Capital Assets
As of June 30, 2011 and 2010**

	Governmental Activities		Business-type Activities		Totals	
	2011	2010	2011	2010	2011	2010
Land	\$ 1,765,116	\$ 1,114,736	\$ 378,786	\$ 378,786	\$ 2,143,902	\$ 1,493,522
Buildings	3,347,256	1,257,693	4,737,826	4,737,826	8,085,082	5,995,519
Equipment	263,093	232,964	1,944,455	1,859,034	2,207,548	2,091,998
Vehicles	405,162	360,434	173,356	173,355		
Construction in progress	-	2,300,399	-	1,482,851	-	3,783,250
Infrastructure	60,462,036	60,020,662	-	-	60,462,036	60,020,662
Water and sewer system	-	-	17,721,762	14,850,495	17,721,762	14,850,495
	66,242,663	65,286,888	24,956,185	23,482,347	90,620,330	88,235,446
Less: accumulated depreciation	(36,574,550)	(34,512,814)	(10,029,967)	(9,453,430)	(46,604,517)	(43,966,244)
Net capital assets	<u>\$29,668,113</u>	<u>\$30,774,074</u>	<u>\$14,926,218</u>	<u>\$14,028,917</u>	<u>\$44,015,813</u>	<u>\$44,269,202</u>

During fiscal year 2010-11, the City's investment in capital assets decreased by \$253,256.

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 \$8,513,517 and a capital leases in the amount of \$144,252.

During the current fiscal year, the City’s total debt increased by \$368,809 (4%) 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, 2011 and 2010**

	Governmental Activities		Business-type Activities		Totals	
	2011	2010	2011	2010	2011	2010
Notes Payable	\$ 1,254,195	\$ 784,411	\$ 6,896,233	\$ 6,826,405	\$ 8,150,428	\$ 7,610,816
Bonds Payable	-	-	363,089	558,470	363,089	558,470
Capital lease	87,959	93,119	33,497	51,133	121,456	144,252
Other	376,362	256,644	81,424	152,134	457,786	408,778
	<u>\$ 1,718,516</u>	<u>\$ 1,134,174</u>	<u>\$ 7,374,243</u>	<u>\$ 7,588,142</u>	<u>\$ 9,092,759</u>	<u>\$ 8,722,316</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 2011-12 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, 2011

	<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Totals</i>
ASSETS			
Cash	\$ 4,186,728	\$ 3,215,217	\$ 7,401,945
Property taxes receivable	330,937	29,999	360,936
Nondepreciable capital assets	1,765,116	378,786	2,143,902
Other capital assets, net of depreciation	27,902,997	14,547,432	42,450,429
<i>Total Assets</i>	<u>34,185,778</u>	<u>18,171,434</u>	<u>52,357,212</u>
LIABILITIES			
Deposits	38,687	92,570	131,257
Deferred revenue	330,937	29,999	360,936
Noncurrent liabilities:			
Due within one year:			
Loan and other payables	47,640	361,265	408,905
Bonds payable	90,622	46,232	136,854
Due in more than one year:			
Loan and other payables	1,163,573	6,534,968	7,698,541
Bonds payable	40,319	316,857	357,176
<i>Total Liabilities</i>	<u>1,711,778</u>	<u>7,381,891</u>	<u>9,093,669</u>
NET ASSETS			
Investment in capital assets (net of related debt)	28,325,959	7,666,896	35,992,855
Restricted	1,837,404	3,122,647	4,960,051
Unrestricted	2,310,637	-	2,310,637
<i>Total Net Assets</i>	<u>\$ 32,474,000</u>	<u>\$ 10,789,543</u>	<u>\$ 43,263,543</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, 2011

	<u>Disbursements</u>	<u>Program Receipts</u>			<u>Net Changes in Fund Net Assets</u>		
		<u>Fees, Fines and Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
Functions/Programs							
Governmental activities:							
General government	\$ 628,046	\$ 223,353	\$ 94,518	\$ 15,000	\$ (295,175)	\$ -	\$ (295,175)
Public safety	1,519,223	302,353	101,070	-	(1,115,800)	-	(1,115,800)
Culture and recreation	966,980	52,018	-	559,551	(355,411)	-	(355,411)
Community development	124,254	-	-	-	(124,254)	-	(124,254)
Highways and streets	535,842	-	313,096	218,823	(3,923)	-	(3,923)
Interest on long-term debt	45,217	-	-	-	(45,217)	-	(45,217)
<i>Total Governmental Activities</i>	<u>3,819,562</u>	<u>577,724</u>	<u>508,684</u>	<u>793,374</u>	<u>(1,939,780)</u>	<u>-</u>	<u>(1,939,780)</u>
Business-type activities:							
Water	2,416,200	1,090,033	-	120,087	-	(1,206,080)	(1,206,080)
Sewer	917,445	1,055,104	-	-	-	137,659	137,659
Storm Drain	661	-	-	4,709	-	4,048	4,048
<i>Total Business-type Activities</i>	<u>3,334,306</u>	<u>2,145,137</u>	<u>-</u>	<u>124,796</u>	<u>-</u>	<u>(1,064,373)</u>	<u>(1,064,373)</u>
<i>Total Activities</i>	<u>\$ 7,153,868</u>	<u>\$ 2,722,861</u>	<u>\$ 508,684</u>	<u>\$ 918,170</u>	<u>(1,939,780)</u>	<u>(1,064,373)</u>	<u>(3,004,153)</u>
General Receipts:							
Property taxes					1,470,020	165,384	1,635,404
Franchise fees					353,405	-	353,405
Miscellaneous					9,851	17,261	27,112
<i>Total General Receipts</i>					<u>1,833,276</u>	<u>182,645</u>	<u>2,015,921</u>
Transfers					139,076	(139,076)	-
<i>Change in Restricted and Unrestricted Net Assets</i>					<u>32,572</u>	<u>(1,020,804)</u>	<u>(988,232)</u>
<i>Restricted and Unrestricted Net Assets, July 1, 2010</i>					<u>4,115,469</u>	<u>4,143,451</u>	<u>8,258,920</u>
<i>Restricted and Unrestricted Net Assets, June 30, 2011</i>					<u>4,148,041</u>	<u>3,122,647</u>	<u>7,270,688</u>
<i>Capital Assets</i>					<u>29,668,113</u>	<u>14,926,218</u>	<u>44,594,331</u>
<i>Long-term Debt</i>					<u>(1,342,154)</u>	<u>(7,259,322)</u>	<u>(8,601,476)</u>
<i>Net Assets</i>					<u>\$ 32,474,000</u>	<u>\$ 10,789,543</u>	<u>\$ 43,263,543</u>

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, 2011

	<i>Special Revenue</i>			<i>Capital Projects</i>		<i>Other</i>	<i>Totals</i>
	<i>General</i>	<i>Building</i>	<i>Street</i>	<i>Street SDC</i>	<i>Recreation Reserve</i>	<i>Governmental Funds</i>	
ASSETS							
Cash	\$ 2,409,832	\$ 227,930	\$ 211,663	\$ 712,046	\$ 273,084	\$ 352,173	\$ 4,186,728
Property taxes receivable	330,937	-	-	-	-	-	330,937
<i>Total Assets</i>	<u>\$ 2,740,769</u>	<u>\$ 227,930</u>	<u>\$ 211,663</u>	<u>\$ 712,046</u>	<u>\$ 273,084</u>	<u>\$ 352,173</u>	<u>\$ 4,517,665</u>
LIABILITIES AND FUND BALANCES							
<i>Liabilities</i>							
Deposits	\$ 38,687	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 38,687
Deferred revenue	330,937	-	-	-	-	-	330,937
<i>Total Liabilities</i>	<u>369,624</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>369,624</u>
FUND BALANCES							
Restricted for							
Capital Projects	-	-	211,663	712,046	273,084	149,072	1,345,865
Committed for							
Unemployment	60,508	-	-	-	-	-	60,508
Capital Projects	-	-	-	-	-	64,018	64,018
Special Revenue	-	227,930	-	-	-	139,083	367,013
Unassigned	2,310,637	-	-	-	-	-	2,310,637
<i>Total Fund Balances</i>	<u>2,371,145</u>	<u>227,930</u>	<u>211,663</u>	<u>712,046</u>	<u>273,084</u>	<u>352,173</u>	<u>4,148,041</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 2,740,769</u>	<u>\$ 227,930</u>	<u>\$ 211,663</u>	<u>\$ 712,046</u>	<u>\$ 273,084</u>	<u>\$ 352,173</u>	<u>\$ 4,517,665</u>
Fund Balance							\$ 4,148,041
Capital assets, net of depreciation							29,668,113
Long-term debt							(1,342,154)
Net Assets							<u>\$ 32,474,000</u>

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

CITY OF SCAPPOOSE, OREGON
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES -
(MODIFIED CASH BASIS) – GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2011

	<i>General</i>	<i>Building</i>	<i>Street</i>	<i>Street SDC</i>	<i>Recreation Reserve</i>	<i>Other Governmental Funds</i>	<i>Totals</i>
RECEIPTS							
Taxes and assessments	\$ 1,470,020	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,470,020
Licenses and permits	399,130	79,649	-	19,883	-	15,241	513,903
Charges for services	295,176	-	-	-	-	37,257	332,433
Intergovernmental	243,180	-	508,873	-	-	18,163	770,216
Fines and forfeitures	-	-	-	-	-	-	-
Miscellaneous	72,655	1,506	675	3,848	1,578	1,914	82,176
<i>Total Receipts</i>	2,480,161	81,155	509,548	23,731	1,578	72,575	3,168,748
DISBURSEMENTS							
General government	357,160	200,897	-	-	-	-	558,057
Court and police	1,507,125	-	-	-	-	-	1,507,125
Highways and streets	-	-	253,163	-	-	5,348	258,511
Culture and recreation	270,939	-	-	-	1,808	12,500	285,247
Community development	122,368	-	-	-	-	-	122,368
Capital outlay	21,557	-	171,438	21,064	647,515	49,474	911,048
Debt service	50,824	4,010	1,408	56,213	21,599	43,152	177,206
<i>Total Disbursements</i>	2,329,973	204,907	426,009	77,277	670,922	110,474	3,819,562
RECEIPTS OVER (UNDER)							
DISBURSEMENTS	150,188	(123,752)	83,539	(53,546)	(669,344)	(37,899)	(650,814)
OTHER FINANCING SOURCES (USES)							
Transfers in	317,079	-	25,242	-	544,310	12,000	898,631
Transfers out	(153,498)	(21,605)	(11,381)	(2,217)	-	(26,544)	(215,245)
<i>Total Other Financing Sources (Uses)</i>	163,581	(21,605)	13,861	(2,217)	544,310	(14,544)	683,386
NET CHANGE IN FUND BALANCES	313,769	(145,357)	97,400	(55,763)	(125,034)	(52,443)	32,572
FUND BALANCES, Beginning of year	2,057,376	373,287	114,263	767,809	398,118	404,616	4,115,469
FUND BALANCES, End of year	\$ 2,371,145	\$ 227,930	\$ 211,663	\$ 712,046	\$ 273,084	\$ 352,173	\$ 4,148,041

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

CITY OF SCAPPOOSE, OREGON

STATEMENT OF NET ASSETS – (MODIFIED CASH BASIS) – PROPRIETARY FUNDS

JUNE 30, 2011

	<i>Water Utility</i>	<i>Sewer Utility</i>	<i>Sewer SDC</i>	<i>Other Business-type Funds</i>	<i>Totals</i>
ASSETS					
Cash	\$ 1,251,162	\$ 966,653	\$ 485,297	\$ 419,535	\$ 3,122,647
Water deposits	92,570	-	-	-	92,570
Property taxes receivable	-	-	-	29,999	29,999
Accounts receivable	-	-	-	-	-
Due from other funds	-	-	-	-	-
Nondepreciable capital assets	286,466	92,320	-	-	378,786
Other capital assets, net of depreciation	2,943,235	2,007,703	1,885,355	7,711,139	14,547,432
<i>Total Assets</i>	<u>\$ 4,573,433</u>	<u>\$ 3,066,676</u>	<u>\$ 2,370,652</u>	<u>\$ 8,160,673</u>	<u>\$ 18,171,434</u>
LIABILITIES					
Deposits	92,570	-	-	-	92,570
Deferred revenue	-	-	-	29,999	29,999
Noncurrent liabilities:					
Due within one year					
Loan payable	58,448	23,123	-	277,704	359,275
Bond payable	-	13,685	-	32,547	46,232
Due in more than one year					
Loan payable	1,060,347	327,266	-	5,145,559	6,533,172
Bond payable	-	14,677	-	302,180	316,857
<i>Total Liabilities</i>	<u>1,214,689</u>	<u>379,157</u>	<u>-</u>	<u>5,787,989</u>	<u>7,381,835</u>
NET ASSETS					
Investment in capital assets (net of related debt)	2,107,582	1,720,866	1,885,355	1,953,149	7,666,952
Restricted	1,251,162	966,653	485,297	419,535	3,122,647
<i>Total Net Assets</i>	<u>3,358,744</u>	<u>2,687,519</u>	<u>2,370,652</u>	<u>2,372,684</u>	<u>10,789,599</u>
<i>Total Liabilities and Net Assets</i>	<u>\$ 4,573,433</u>	<u>\$ 3,066,676</u>	<u>\$ 2,370,652</u>	<u>\$ 8,160,673</u>	<u>\$ 18,171,434</u>

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 -
(MODIFIED CASH BASIS) – PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2011**

	<i>Water Utility</i>	<i>Sewer Utility</i>	<i>Sewer SDC</i>	<i>Other Business-type Funds</i>	<i>Totals</i>
OPERATING RECEIPTS					
Taxes and assessments	\$ -	\$ -	\$ -	\$ 165,384	\$ 165,384
Charges for services	1,089,549	1,041,654	-	-	2,131,203
Intergovernmental	10,684	-	-	74,907	85,591
Miscellaneous	6,502	18,018	3,314	3,361	31,195
<i>Total Operating Receipts</i>	<u>1,106,735</u>	<u>1,059,672</u>	<u>3,314</u>	<u>243,652</u>	<u>2,413,373</u>
OPERATING DISBURSEMENTS					
Personal services	659,238	511,021	-	-	1,170,259
Materials and services	282,211	375,448	-	661	658,320
Capital outlay	75,301	10,120	1,384,954	3,463	1,473,838
<i>Total Operating Disbursements</i>	<u>1,016,750</u>	<u>896,589</u>	<u>1,384,954</u>	<u>4,124</u>	<u>3,302,417</u>
OPERATING RECEIPTS OVER (UNDER) OPERATING DISBURSEMENTS	89,985	163,083	(1,381,640)	239,528	(889,044)
NON OPERATING RECEIPTS (DISBURSEMENTS)					
Loan proceeds	-	-	705,660	-	705,660
Debt service					
Principal	(59,626)	(18,452)	-	(446,404)	(524,482)
Interest	(40,719)	(2,404)	-	(169,944)	(213,067)
<i>Total Non Operating Receipts (Disbursements)</i>	<u>(100,345)</u>	<u>(20,856)</u>	<u>705,660</u>	<u>(616,348)</u>	<u>(31,889)</u>
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS					
System development revenue		-	9,168	30,037	39,205
Transfers in	302,440	-	-	203,140	505,580
Transfers out	(219,598)	(60,523)	(5,750)	(358,785)	(644,656)
NET CHANGES IN RESTRICTED NET ASSETS	<u>72,482</u>	<u>81,704</u>	<u>(672,562)</u>	<u>(502,428)</u>	<u>(1,020,804)</u>
RESTRICTED					
<i>NET ASSETS, Beginning of year</i>	<u>1,178,680</u>	<u>884,949</u>	<u>1,157,859</u>	<u>921,963</u>	<u>4,143,451</u>
RESTRICTED					
<i>NET ASSETS, End of year</i>	<u>\$ 1,251,162</u>	<u>\$ 966,653</u>	<u>\$ 485,297</u>	<u>\$ 419,535</u>	<u>\$ 3,122,647</u>

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.

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 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, 2011

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.

Fund Balance

In the year ended June 30, 2011, the City adopted GASB Statement #54 *Fund Balance Reporting and Governmental Fund Types Definitions*. In the fund financial statements, the fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Although not a major impact on the financial statements, Governmental Fund type fund balances are now reported in the following classifications. In governmental funds, the City's policy is to first apply the expenditure toward restricted fund balance and then to other, less-restrictive classifications - committed and then assigned fund balances before using unassigned fund balances.

Fund balance is reported as nonspendable when the resources cannot be spent because they are either in a nonspendable form or legally or contractually required to be maintained intact. Resources in nonspendable form include inventories, prepaids and deposits, and assets held for resale.

Fund balance is reported as restricted when the constraints placed on the use of resources are either: (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance (Continued)

Fund balance is reported as committed when the City Council takes formal action that places specific constraints on how the resources may be used. The City Council can modify or rescind the commitment at any time through taking a similar formal action.

Resources that are constrained by the City's intent to use them for a specific purpose, but are neither restricted nor committed, are reported as assigned fund balance. Intent is expressed when the City Council approves which resources should be "reserved" during the adoption of the annual budget. The City's Finance Director uses that information to determine whether those resources should be classified as assigned or unassigned for presentation in the City's Annual Financial Report.

Unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been restricted, committed, or assigned within the General Fund. This classification is also used to report any negative fund balance amounts in other governmental funds.

Definitions of Governmental Fund Types

The General Fund is used to account for all financial resources not accounted for in another fund. In addition, certain Special Revenue Funds are reported as part of the General Fund because their source of funds is primarily transfers from the General Fund.

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The term "proceeds of specific revenues sources" means that the revenue sources for the fund must be from restricted or committed sources, specifically that a substantial portion of the revenue must be from these sources and be expended in accordance with those requirements.

Capital Projects Funds are utilized to account for financial resources to be used for the acquisition or construction of capital equipment and facilities.

The City adopted the provisions of GASB Statement #54 *Fund Balance Reporting and Governmental Fund Types Definitions*. Among the changes required is that Special Revenue Funds whose primary source of funding is transfers from the General Fund be reported as part of the General Fund. Therefore, in the Governmental Funds Statement of Assets and Liabilities and the Statement of Receipts, Disbursements and Changes in Fund Balances, the Unemployment Fund has been combined with the General Fund.

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 modified 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.

Interfund transfers, interfund services provided and used, interfund reimbursements and interfund payables and receivables are all interfund activities. The effect of interfund activities and administrative charges are eliminated from the government-wide financial statements. Interfund services that are provided and used are not eliminated from the government-wide statements since elimination would distort the program receipts and direct costs of the City's functions.

Amounts reported as program receipts in the government-wide statement of activities include: fines, fees, and charges to users for services provided, goods produced or privileges provided, operating grants and contributions; and capital grants and contributions. Taxes, grants and contributions that are not restricted are reported as general receipts. Franchise fees are based on gross receipts and are reported as general receipts.

Proprietary funds distinguish operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's primary ongoing operations. Operating expenses for the proprietary funds include the cost of sales and services, and all revenues and expenses not meeting this definition are reported as non-operating receipts and disbursements.

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.

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.

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.

CITY OF SCAPPOOSE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2011

CASH

Cash and investments are comprised of the following at June 30, 2011:

	<i>Carrying Value</i>	<i>Fair Value</i>
Cash		
Petty cash	\$ 1,600	\$ 1,600
Cash in checking	742	742
Cash deposits	131,257	131,257
Investments		
Local Government Investment Pool	7,268,346	7,268,346
	<u>\$ 7,401,945</u>	<u>\$ 7,401,945</u>

Deposits

At year end, the book balance of the City's bank deposits (checking) was \$743 and the bank balance was \$156,752.55. 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, 2011, 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, 2011, the fair value of the position in the Oregon State

CITY OF SCAPPOOSE, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2011

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, 2011

CAPITAL ASSETS

The summary of capital assets for the business-type activities for the year ended June 30, 2011 is as follows:

	<i>Balances July 1, 2010</i>	<i>Additions</i>	<i>Retirements</i>	<i>Balances June 30, 2011</i>
NON-DEPRECIABLE				
Land	\$ 378,786	\$ -	\$ -	\$ 378,786
Construction in progress	1,482,851	-	1,482,851	\$ -
<i>Total Non-depreciable</i>	1,861,637	-	1,482,851	378,786
DEPRECIABLE				
Buildings and improvements	4,737,826	-	-	4,737,826
Equipment	1,859,034	85,421	-	1,944,455
Vehicles	173,355	-	-	173,355
Water and sewer systems	14,850,495	2,871,268	-	17,721,763
	21,620,710	2,956,689	-	24,577,399
ACCUMULATED DEPRECIATION				
Buildings and improvements	(2,148,539)	(116,096)	-	(2,264,635)
Equipment	(1,735,801)	(59,973)	-	(1,795,774)
Vehicles	(111,409)	(22,559)	-	(133,968)
Water and sewer systems	(5,457,681)	(377,909)	-	(5,835,590)
	(9,453,430)	(576,537)	-	(10,029,967)
<i>Business-type activities capital assets, net</i>	<u>\$ 14,028,917</u>	<u>\$ 2,380,152</u>	<u>\$ 1,482,851</u>	<u>\$ 14,926,218</u>

CITY OF SCAPPOOSE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2011

The changes in the capital assets for governmental activities for the year ended June 30, 2011 are as follows:

	<i>Balances July 1, 2010</i>	<i>Additions</i>	<i>Retirements</i>	<i>Balances June 30, 2011</i>
NON-DEPRECIABLE				
Land	\$ 1,114,736	\$ 650,380	\$ -	\$ 1,765,116
Construction in process	2,300,399	-	2,300,399	-
	<u>3,415,135</u>	<u>650,380</u>	<u>2,300,399</u>	<u>1,765,116</u>
DEPRECIABLE				
Buildings	1,257,693	2,089,563	-	3,347,256
Equipment	232,964	30,129	-	263,093
Vehicles	360,434	44,728	-	405,162
Infrastructure	60,020,662	441,374	-	60,462,036
	<u>61,871,753</u>	<u>2,605,794</u>	<u>-</u>	<u>64,477,547</u>
<i>Total depreciable</i>				
ACCUMULATED DEPRECIATION				
Buildings	(938,669)	(82,413)	-	(1,021,082)
Equipment	(168,030)	(35,264)	-	(203,294)
Vehicles	(202,157)	(61,105)	-	(263,262)
Infrastructure	(33,203,958)	(1,882,954)	-	(35,086,912)
	<u>(34,512,814)</u>	<u>(2,061,736)</u>	<u>-</u>	<u>(36,574,550)</u>
<i>Total accumulated depreciation</i>				
<i>Governmental activities capital assets, net</i>	<u>\$ 30,774,074</u>	<u>\$ 1,194,438</u>	<u>\$ 2,300,399</u>	<u>\$ 29,668,113</u>

CITY OF SCAPPOOSE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2011

LONG-TERM DEBT

	<u>Outstanding July 1, 2010</u>	<u>Issued</u>	<u>Matured/ Redeemed During Year</u>	<u>Outstanding June 30, 2011</u>	<u>Due Within One Year</u>	
Governmental Activities						
US Bank - refinanced	386,798	-	20,511	366,287	21,287	
Crown Zellerbach	397,613	-	40,308	357,305	41,921	
US National Bank		544,310	13,707	530,603	27,414	
	<u>784,411</u>	<u>544,310</u>	<u>74,526</u>	<u>1,254,195</u>	<u>90,622</u>	
Capital leases payable	<u>63,303</u>	<u>89,225</u>	<u>64,569</u>	<u>87,959</u>	<u>47,640</u>	
	<u>847,714</u>	<u>633,535</u>	<u>139,095</u>	<u>1,342,154</u>	<u>138,262</u>	
Compensated absences	<u>256,644</u>	<u>124,943</u>	<u>5,225</u>	<u>376,362</u>	<u>67,745</u>	
	<u>Outstanding July 1, 2010</u>	<u>Issued</u>	<u>Forgiven/ Discounted</u>	<u>Matured/ Redeemed During Year</u>	<u>Outstanding June 30, 2011</u>	<u>Due Within One Year</u>
Business-type Activities						
Airpark Notes Payable	354,651	-	-	42,222	312,429	47,611
Airpark Notes Payable	174,024	-	-	20,732	153,292	21,976
Airpark Notes Payable	211,166	-	-	23,813	187,353	23,990
Water GO Bonds	365,792	-	-	31,065	334,727	32,547
SPWF Wastewater Bonds	151,011	-	-	151,011	-	-
SPWF Wastewater Bonds	27,739	-	-	6,341	21,398	6,721
SPWF Wastewater Bonds	13,928	-	-	6,964	6,964	6,964
Safe Drinking Water notes	1,138,815	-	-	43,351	1,095,464	41,126
WTP phase I & 2 notes	1,464,403	-	-	54,593	1,409,810	59,929
Safe Drinking Water notes	3,483,347	-	-	122,968	3,360,379	124,198
Wastewater DEQ Loan		705,660	352,830	8,821	344,009	17,642
	<u>7,384,876</u>	<u>705,660</u>	<u>352,830</u>	<u>511,881</u>	<u>7,225,825</u>	<u>382,704</u>
Capital leases payable	<u>58,290</u>	<u>-</u>	<u>-</u>	<u>24,793</u>	<u>33,497</u>	<u>24,793</u>
	<u>7,443,166</u>	<u>705,660</u>	<u>352,830</u>	<u>536,674</u>	<u>7,259,322</u>	<u>407,497</u>
Compensated absences	<u>152,134</u>	<u>5,666</u>	<u>-</u>	<u>64,044</u>	<u>81,424</u>	<u>16,285</u>

Note: compensated absences is only shown on this schedule as a disclosure not included in the financials.

CITY OF SCAPPOOSE, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2011

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 purchasing property for the Scappoose Veterans Park. 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.

U S Bank – On August 24, 2010 the City entered in to a loan agreement to purchase land for the purpose of building the Aquatics and Community Center. The loan amount is \$544,310, the interest rate is 2.90%. The note requires semi-annual principal and interest payments due February and August for five years with the balance to be paid in full on August 26, 2015.

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 water system improvement projects phase 1 & 2. Total estimated projects costs are \$6,974,000 which consists of water grants \$500,000, a water 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 in 2010 for the purpose of construction of pump and filter upgrades for the Waste Water Treatment Plant and Springlake Park Pump Station. The loan amount is \$705,660, and the interest rate is 0%. The loan has a provision of 50% loan forgiveness referred to as the "ARRA Forgivable Loan" if the project is completed in compliance and there is no default of terms. The loan matures in 2031.

CITY OF SCAPPOOSE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2011

LONG-TERM DEBT (Continued)

Future debt service requirements are as follows:

Governmental Activities			
Fiscal Year Ending			
June 30,	Principal	Interest	Total
2012	\$ 90,622	\$ 43,019	\$ 133,641
2013	93,105	39,741	132,846
2014	95,685	36,366	132,051
2015	374,545	27,486	402,031
2016	469,990	13,276	483,266
2017-2019	130,248	9,428	139,676
	<u>\$ 1,254,195</u>	<u>\$ 169,316</u>	<u>\$ 1,423,511</u>

Business-type Activities			
Fiscal Year Ending			
June 30,	Principal	Interest	Total
2012	\$ 382,704	\$ 192,340	\$ 575,044
2013	382,736	180,392	563,129
2014	390,042	168,042	558,085
2015	399,668	155,283	554,952
2016	412,153	142,143	554,296
2017-21	1,710,177	525,086	2,235,263
2022-26	1,592,896	303,501	1,896,397
2027-31	1,329,780	96,443	1,426,224
2032-36	625,669	15,977	641,646
2037-40			-
	<u>\$ 7,225,825</u>	<u>\$ 1,779,208</u>	<u>\$ 9,005,033</u>

CITY OF SCAPPOOSE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2011

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.

CAPITAL LEASES

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	65,058	7,375	72,433
2013	25,367	3,124	28,491
2014	8,900	1,366	10,266
2015	9,559	707	10,266
	<u>108,884</u>	<u>12,572</u>	<u>121,456</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, 2010, rent expense was \$42,578.

OFFICE LEASE

<u>Year Ending June 30,</u>	<u>Space 120/130</u>	<u>Space 110</u>	<u>Total</u>
2012	31,450	12,005	43,455
2013	10,542	8,095	18,634
	<u>41,992</u>	<u>20,210</u>	<u>62,089</u>

CITY OF SCAPPOOSE, OREGON
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
 YEAR ENDED JUNE 30, 2011

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 ORSRP 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	10.40%		15.69%
PERS Police and Fire	10.40%	5.29%	15.69%
OPSRP General	6.13%		11.42%
OPSRP Police and Fire	8.84%		14.13%

Annual Pension Cost

The City’s contributions to PERS for the fiscal years ending June 30, 2009, 2010, and 2011

<u>Year Ended June 30</u>	<u>Annual Pension Costs (APC)</u>	<u>Percentage of APC Contributed</u>
2009	\$ 366,112	100%
2010	\$ 304,660	100%
2011	\$ 321,708	100%

CITY OF SCAPPOOSE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2011

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, 2011

INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

	<u>Transfer in</u>	<u>Transfer from</u>
General Fund	\$ 317,079	\$ 153,498
Building Fund	-	21,605
Street SDC Fund	-	2,217
Street Fund	25,242	11,381
Parks SDC Fund	-	1,302
Municipal Skate Park Fund	-	-
Watts House Fund	12,000	-
Havlik Highway Fund	-	25,242
Unemployment Fund	-	-
Water Fund	302,440	219,598
Water SDC Fund	145,531	55,952
Dutch Canyon Water Line Fund	-	302,440
Sewer Fund	-	60,523
Sewer SDC Fund	-	5,750
Storm Drain Fund	-	-
Storm Drain SDC Fund	-	393
Airpark Water Line Fund	53,578	-
GO Water Sewer Bond Fund	4,031	-
	<u>\$ 859,901</u>	<u>\$ 859,901</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, 2011

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.

SUBSEQUENT EVENTS

The City follows the provisions of Statement of Financial Accounting Standards ("SFAS") No. 165, "Subsequent Events" (ASC 855). ASC 855 establishes accounting and disclosure requirements for subsequent events. Management has evaluated subsequent events through November 21, 2011, the date on which the financial statements were available to be issued. Management is not aware of any subsequent events that require recognition or disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SCAPPOOSE, OREGON

SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE

(CASH BASIS) - BUDGET AND ACTUAL - GENERAL FUND

YEAR ENDED JUNE 30, 2011

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Taxes and assessments	\$ 1,516,796	\$ 1,516,796	\$ 1,470,020	\$ (46,776)
Licenses and permits	399,900	399,900	399,130	(770)
Charges for services	278,150	278,150	295,176	17,026
Intergovernmental	161,321	161,321	243,180	81,859
Miscellaneous	16,000	16,000	72,329	56,329
Total Receipts	2,372,167	2,372,167	2,479,835	107,668
DISBURSEMENTS				
General government	502,755	502,755	351,737	151,018
Police	1,578,298	1,501,298	1,285,049	216,249
Court	231,021	231,021	222,076	8,945
Culture and recreation	406,802	380,824	270,939	109,885
Community development	175,281	175,281	122,368	52,913
Capital outlay	-	52,154	21,557	30,597
Debt service	-	50,824	50,824	-
Contingency	465,523	465,523	-	465,523
Total Disbursements	3,359,680	3,359,680	2,324,550	1,035,130
RECEIPTS OVER (UNDER)				
DISBURSEMENTS	(987,513)	(987,513)	155,285	1,142,798
OTHER FINANCING SOURCES (USES)				
Transfer in	317,079	317,079	317,079	-
Transfers out	(12,000)	(12,000)	(153,498)	(141,498)
Total Other Financing Sources (Uses)	305,079	305,079	163,581	(141,498)
NET CHANGE IN FUND BALANCE	(682,434)	(682,434)	318,866	1,001,300
FUND BALANCE, Beginning of year	1,782,434	1,782,434	1,991,779	209,345
FUND BALANCE, End of year	\$ 1,100,000	\$ 1,100,000	\$ 2,310,645	\$ 1,210,645

CITY OF SCAPPOOSE, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE
(CASH BASIS) - BUDGET AND ACTUAL - STREET SDC FUND
YEAR ENDED JUNE 30, 2011**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Licenses and permits	\$ 44,340	\$ 44,340	\$ 19,883	\$ (24,457)
Miscellaneous	5,000	5,000	3,848	(1,152)
<i>Total Receipts</i>	49,340	49,340	23,731	(25,609)
DISBURSEMENTS				
Capital outlay	500,000	500,000	21,064	478,936
Debt service	56,213	56,213	56,213	-
Contingency	230,831	230,831	-	230,831
<i>Total Disbursements</i>	787,044	787,044	77,277	709,767
RECEIPTS OVER (UNDER) DISBURSEMENTS	(737,704)	(737,704)	(53,546)	684,158
OTHER FINANCING SOURCES (USES)				
Transfers out	(2,217)	(2,217)	(2,217)	-
<i>Total Other Financing Sources (Uses)</i>	(2,217)	(2,217)	(2,217)	-
NET CHANGE IN FUND BALANCE	(739,921)	(739,921)	(55,763)	684,158
FUND BALANCE, Beginning of year	739,921	739,921	767,809	27,888
FUND BALANCE, End of year	\$ -	\$ -	\$ 712,046	\$ 712,046

OTHER SUPPLEMENTARY INFORMATION

CITY OF SCAPPOOSE, OREGON
RECONCILIATION OF BUDGETARY TO REPORTING FUNDS
STATEMENT OF ASSETS AND LIABILITIES – GENERAL FUND
YEAR ENDED JUNE 30, 2011

	<i>Budgetary funds</i>		<i>Total</i>
	<i>General</i>	<i>Unemployment</i>	<i>(reported as General Fund)</i>
ASSETS			
Cash and investments	\$ 2,349,322	\$ 60,508	\$ 2,409,830
Property taxes receivable	330,937	-	330,937
<i>Total Assets</i>	<u>\$ 2,680,259</u>	<u>\$ 60,508</u>	<u>\$ 2,740,767</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Deposits	\$ 38,687	\$ -	\$ 38,687
Deferred revenue	330,937	-	330,937
<i>Total Liabilities</i>	<u>369,624</u>	<u>-</u>	<u>369,624</u>
Fund Balances			
Committed for:			
Unemployment	-	60,508	60,508
Unassigned:	2,310,635	-	2,310,635
<i>Total Fund Balances</i>	<u>2,310,635</u>	<u>60,508</u>	<u>2,371,143</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 2,680,259</u>	<u>\$ 60,508</u>	<u>\$ 2,740,767</u>

CITY OF SCAPPOOSE, OREGON**RECONCILIATION OF BUDGETARY TO REPORTING FUNDS****STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE- GENERAL FUND**

YEAR ENDED JUNE 30, 2011

	<i>Budgetary funds</i>		<i>Total</i>
	<i>General</i>	<i>Unemployment</i>	<i>(reported as General Fund)</i>
RECEIPTS			
Taxes and assessments	\$ 1,470,020	\$ -	\$ 1,470,020
Licenses and permits	399,130	-	399,130
Charges for services	295,176	-	295,176
Intergovernmental	243,180	-	243,180
Miscellaneous	72,319	334	72,653
<i>Total Receipts</i>	2,479,825	334	2,480,159
DISBURSEMENTS			
General government	351,737	5,423	357,160
Court and police	1,507,125	-	1,507,125
Community services & development	122,368	-	122,368
Culture and recreation	270,939	-	270,939
Capital outlay	21,557	-	21,557
Debt service	50,824	-	50,824
<i>Total Disbursements</i>	2,324,550	5,423	2,329,973
RECEIPTS OVER (UNDER) DISBURSEMENTS	155,275	(5,089)	150,186
OTHER FINANCING SOURCES (USES)			
Transfers in	317,079	-	317,079
Transfers out	(153,498)	-	(153,498)
<i>Total Other Financing Sources (Uses)</i>	163,581	-	163,581
NET CHANGE IN FUND BALANCES	318,856	(5,089)	313,767
FUND BALANCES, Beginning of year	1,991,779	65,597	2,057,376
FUND BALANCES, End of year	\$ 2,310,635	\$ 60,508	\$ 2,371,143

CITY OF SCAPPOOSE, OREGON
COMBINING STATEMENT OF ASSETS AND LIABILITIES (MODIFIED CASH BASIS) -
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2011

	<u>Peg Fee</u>	<u>Law Enforcement</u>	<u>Watts House</u>
ASSETS			
Cash and investments	\$ 100,761	\$ 38,322	\$ 8,431
LIABILITIES AND FUND BALANCES			
<i>Liabilities</i>	\$ -	\$ -	\$ -
FUND BALANCES			
Restricted for			
Capital Projects	-	-	8,431
Special Revenue			
Committed for			
Unemployment	-	-	-
Capital Projects			
Special Revenue	100,761	38,322	
Unassigned			
<i>Total Fund Balances</i>	<u>100,761</u>	<u>38,322</u>	<u>8,431</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 100,761</u>	<u>\$ 38,322</u>	<u>\$ 8,431</u>

CITY OF SCAPPOOSE, OREGON
COMBINING STATEMENT OF ASSETS AND LIABILITIES (MODIFIED CASH BASIS) -
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2011

	<u>Municipal Skate Park</u>	<u>Foot Path & Bike Trails</u>	<u>Parks SDC</u>	<u>Havlik Hwy</u>	<u>Totals</u>
ASSETS					
Cash and investments	\$ 123,475	\$ 17,166	\$ 64,018	\$ -	\$ 352,173
LIABILITIES AND FUND BALANCES					
Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -
FUND BALANCES					
Restricted for					
Capital Projects	123,475	17,166	-	-	149,072
Special Revenue					-
Committed for					
Unemployment	-	-	-	-	-
Capital Projects			64,018		64,018
Special Revenue					139,083
Unassigned					-
Total Fund Balances	<u>123,475</u>	<u>17,166</u>	<u>64,018</u>	<u>-</u>	<u>352,173</u>
Total Liabilities and Fund Balances	<u>\$ 123,475</u>	<u>\$ 17,166</u>	<u>\$ 64,018</u>	<u>\$ -</u>	<u>\$ 352,173</u>

CITY OF SCAPPOOSE, OREGON

COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES

(MODIFIED CASH BASIS) - NONMAJOR GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2011

	<u>PEG Fee</u>	<u>Law Enforcement</u>	<u>Watts House</u>
RECEIPTS			
Licenses and permits	\$ -	\$ -	\$ -
Charges for services	18,582	18,675	-
Intergovernmental	-	-	-
Miscellaneous	477	161	56
<i>Total Receipts</i>	<u>19,059</u>	<u>18,836</u>	<u>56</u>
DISBURSEMENTS			
Current operating			
General government	-	-	-
Highways and streets	-	5,348	-
Culture and recreation	-	-	12,500
Capital outlay	-	-	-
Debt service	-	8,327	-
<i>Total Disbursements</i>	<u>-</u>	<u>13,675</u>	<u>12,500</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	19,059	5,161	(12,444)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	12,000
Transfers out	-	-	-
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>-</u>	<u>12,000</u>
NET CHANGE IN FUND BALANCES	19,059	5,161	(444)
FUND BALANCES, Beginning of year	81,702	33,161	8,875
FUND BALANCES, End of year	<u>\$ 100,761</u>	<u>\$ 38,322</u>	<u>\$ 8,431</u>

CITY OF SCAPPOOSE, OREGON

COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES

(MODIFIED CASH BASIS) - NONMAJOR GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2011

	<i>Municipal Skate Park</i>	<i>Foot Paths & Bicycle Trails</i>	<i>Parks SDC</i>	<i>Havlik Hwy</i>	<i>Totals</i>
RECEIPTS					
Licenses and permits	\$ -	\$ -	\$ 15,241	\$ -	\$ 15,241
Charges for services	-	-	-	-	37,257
Intergovernmental	-	18,163	-	-	18,163
Miscellaneous	638	109	385	88	1,914
<i>Total Receipts</i>	<u>638</u>	<u>18,272</u>	<u>15,626</u>	<u>88</u>	<u>72,575</u>
DISBURSEMENTS					
Current operating					
General government	-	-	-	-	-
Highways and streets	-	-	-	-	5,348
Culture and recreation	-	-	-	-	12,500
Capital outlay	-	40,902	-	8,572	49,474
Debt service	-	-	34,825	-	43,152
<i>Total Disbursements</i>	<u>-</u>	<u>40,902</u>	<u>34,825</u>	<u>8,572</u>	<u>110,474</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	638	(22,630)	(19,199)	(8,484)	(37,899)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	12,000
Transfers out	-	-	(1,302)	(25,242)	(26,544)
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>-</u>	<u>(1,302)</u>	<u>(25,242)</u>	<u>(14,544)</u>
NET CHANGE IN FUND BALANCES	638	(22,630)	(20,501)	(33,726)	(52,443)
FUND BALANCES, Beginning of year	122,837	39,796	84,519	33,726	404,616
CASH BALANCES, End of year	<u>\$ 123,475</u>	<u>\$ 17,166</u>	<u>\$ 64,018</u>	<u>\$ -</u>	<u>\$ 352,173</u>

CITY OF SCAPPOOSE, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE****(CASH BASIS) - BUDGET AND ACTUAL - STREET FUND****YEAR ENDED JUNE 30, 2011**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Licenses and permits	\$ -	\$ -	\$ -	\$ -
Intergovernmental	617,209	617,209	508,873	(108,336)
Miscellaneous	710	710	675	(35)
<i>Total Receipts</i>	617,919	617,919	509,548	(108,371)
DISBURSEMENTS				
Personal services	148,164	148,164	134,266	13,898
Materials and services	155,400	155,400	118,897	36,503
Capital outlay	294,407	292,999	171,438	121,561
Debt service	-	1,408	1,408	-
Contingency	124,313	124,313	-	124,313
<i>Total Disbursements</i>	722,284	722,284	426,009	296,275
RECEIPTS OVER (UNDER) DISBURSEMENTS	(104,365)	(104,365)	83,539	187,904
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	25,242	25,242
Transfers out	(11,381)	(11,381)	(11,381)	-
<i>Total Other Financing Sources (Uses)</i>	(11,381)	(11,381)	13,861	25,242
NET CHANGE IN FUND BALANCE	(115,746)	(115,746)	97,400	213,146
FUND BALANCE, Beginning of year	115,746	115,746	114,263	(1,483)
FUND BALANCE, End of year	\$ -	\$ -	\$ 211,663	\$ 211,663

CITY OF SCAPPOOSE, OREGON
SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE
(CASH BASIS) - BUDGET AND ACTUAL - BUILDING FUND
YEAR ENDED JUNE 30, 2011

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Licenses and permits	\$ 132,500	\$ 132,500	\$ 79,649	\$ (52,851)
Miscellaneous	2,500	2,500	1,506	(994)
<i>Total Receipts</i>	<u>135,000</u>	<u>135,000</u>	<u>81,155</u>	<u>(53,845)</u>
DISBURSEMENTS				
Personal services	153,358	153,358	142,724	10,634
Materials and services	103,390	103,390	58,173	45,217
Capital outlay	7,010	3,000		3,000
Debt service		4,010	4,010	-
Contingency	184,764	184,764	-	184,764
<i>Total Disbursements</i>	<u>448,522</u>	<u>448,522</u>	<u>204,907</u>	<u>243,615</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	(313,522)	(313,522)	(123,752)	189,770
OTHER FINANCING SOURCES (USES)				
Transfers out	(21,605)	(21,605)	(21,605)	-
<i>Total Other Financing Sources (Uses)</i>	<u>(21,605)</u>	<u>(21,605)</u>	<u>(21,605)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(335,127)	(335,127)	(145,357)	189,770
FUND BALANCE, Beginning of year	<u>335,127</u>	<u>335,127</u>	<u>373,287</u>	<u>38,160</u>
FUND BALANCE, End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 227,930</u>	<u>\$ 227,930</u>

CITY OF SCAPPOOSE, OREGON

SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE

(CASH BASIS) - BUDGET AND ACTUAL – PEG FEE FUND

YEAR ENDED JUNE 30, 2011

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Charges for services	\$ 16,000	\$ 16,000	\$ 18,582	\$ 2,582
Miscellaneous	500	500	477	(23)
<i>Total Receipts</i>	16,500	16,500	19,059	2,559
DISBURSEMENTS				
Capital outlay	50,000	50,000	-	50,000
Contingency	46,298	46,298	-	46,298
<i>Total Disbursements</i>	96,298	96,298	-	96,298
RECEIPTS OVER (UNDER) DISBURSEMENTS	(79,798)	(79,798)	19,059	98,857
NET CHANGE IN FUND BALANCE	(79,798)	(79,798)	19,059	98,857
FUND BALANCE, Beginning of year	79,798	79,798	81,702	1,904
FUND BALANCE, End of year	\$ -	\$ -	\$ 100,761	\$ 100,761

CITY OF SCAPPOOSE, OREGON

SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE

(CASH BASIS) - BUDGET AND ACTUAL - UNEMPLOYMENT FUND

YEAR ENDED JUNE 30, 2011

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Miscellaneous	\$ 345	\$ 345	\$ 334	\$ (11)
<i>Total Receipts</i>	345	345	334	(11)
DISBURSEMENTS				
Personal services	25,000	25,000	5,423	19,577
Contingency	38,390	38,390	-	38,390
<i>Total Disbursements</i>	63,390	63,390	5,423	57,967
RECEIPTS OVER (UNDER) DISBURSEMENTS	(63,045)	(63,045)	(5,089)	57,956
NET CHANGE IN FUND BALANCE	(63,045)	(63,045)	(5,089)	57,956
FUND BALANCE, Beginning of year	63,045	63,045	65,597	2,552
FUND BALANCE, End of year	\$ -	\$ -	\$ 60,508	\$ 60,508

CITY OF SCAPPOOSE, OREGON

SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE

(CASH BASIS) - BUDGET AND ACTUAL – LAW ENFORCEMENT FUND

YEAR ENDED JUNE 30, 2011

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Charges for services	\$ 13,000	\$ 13,000	\$ 18,675	\$ 5,675
Miscellaneous	200	200	161	(39)
<i>Total Receipts</i>	13,200	13,200	18,836	5,636
DISBURSEMENTS				
Materials and services	10,000	10,000	5,348	4,652
Capital outlay	8,328	-	-	-
Debt service	-	8,328	8,327	1
Contingency	26,672	26,672	-	26,672
<i>Total Disbursements</i>	45,000	45,000	13,675	31,325
RECEIPTS OVER (UNDER) DISBURSEMENTS	(31,800)	(31,800)	5,161	36,961
NET CHANGE IN FUND BALANCE	(31,800)	(31,800)	5,161	36,961
FUND BALANCE, Beginning of year	31,800	31,800	33,161	1,361
FUND BALANCE, End of year	\$ -	\$ -	\$ 38,322	\$ 38,322

CITY OF SCAPPOOSE, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE****(CASH BASIS) - BUDGET AND ACTUAL - WATTS HOUSE FUND****YEAR ENDED JUNE 30, 2011**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Miscellaneous	\$ 80	\$ 80	\$ 56	\$ (24)
<i>Total Receipts</i>	80	80	56	(24)
DISBURSEMENTS				
Materials and services	18,000	18,000	12,500	5,500
Contingency	605	605	-	605
<i>Total Disbursements</i>	18,605	18,605	12,500	6,105
RECEIPTS OVER (UNDER) DISBURSEMENTS				
	(18,525)	(18,525)	(12,444)	6,081
OTHER FINANCING SOURCES (USES)				
Transfers in	12,000	12,000	12,000	-
<i>Total Other Financing Sources (Uses)</i>	12,000	12,000	12,000	-
NET CHANGE IN FUND BALANCE				
	(6,525)	(6,525)	(444)	6,081
FUND BALANCE, Beginning of year				
	6,525	6,525	8,875	2,350
FUND BALANCE, End of year				
	\$ -	\$ -	\$ 8,431	\$ 8,431

CITY OF SCAPPOOSE, OREGON

SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE

(CASH BASIS) - BUDGET AND ACTUAL – RECREATION RESERVE FUND

YEAR ENDED JUNE 30, 2011

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Miscellaneous	\$ 2,875	\$ 2,875	\$ 1,578	\$ (1,297)
<i>Total Receipts</i>	2,875	2,875	1,578	(1,297)
DISBURSEMENTS				
Materials and services	-	1,810	1,808	2
Capital outlay	150,000	647,520	647,515	5
Debt service	230,000	230,000	21,599	208,401
Contingency	20,644	65,624	-	65,624
<i>Total Disbursements</i>	400,644	944,954	670,922	274,032
RECEIPTS OVER (UNDER)				
DISBURSEMENTS	(397,769)	(942,079)	(669,344)	272,735
OTHER FINANCING SOURCES (USES)				
Loan proceeds	-	544,310	544,310	-
Transfers out	-	-	-	-
<i>Total Other Financing Sources (Uses)</i>	-	544,310	544,310	-
NET CHANGE IN FUND BALANCE	(397,769)	(397,769)	(125,034)	272,735
FUND BALANCE, Beginning of year	397,769	397,769	398,118	349
FUND BALANCE, End of year	\$ -	\$ -	\$ 273,084	\$ 273,084

CITY OF SCAPPOOSE, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE****(CASH BASIS) - BUDGET AND ACTUAL – MUNICIPAL SKATE PARK FUND****YEAR ENDED JUNE 30, 2011**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Miscellaneous	\$ 775	\$ 775	\$ 638	\$ (137)
<i>Total Receipts</i>	775	775	638	(137)
DISBURSEMENTS				
Capital outlay	15,000	15,000	-	15,000
Contingency	108,631	108,631	-	108,631
<i>Total Disbursements</i>	123,631	123,631	-	123,631
RECEIPTS OVER (UNDER) DISBURSEMENTS	(122,856)	(122,856)	638	123,494
NET CHANGE IN FUND BALANCE	(122,856)	(122,856)	638	123,494
FUND BALANCE, Beginning of year	122,856	122,856	122,837	(19)
FUND BALANCE, End of year	\$ -	\$ -	\$ 123,475	\$ 123,475

CITY OF SCAPPOOSE, OREGON

SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE

(CASH BASIS) - BUDGET AND ACTUAL – FOOT PATH & BIKE TRAILS FUND

YEAR ENDED JUNE 30, 2011

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Intergovernmental	\$ 18,305	\$ 18,305	\$ 18,163	\$ (142)
Miscellaneous	375	375	109	(266)
<i>Total Receipts</i>	18,680	18,680	18,272	(408)
DISBURSEMENTS				
Capital outlay	27,000	47,000	40,902	6,098
Contingency	37,378	17,378	-	17,378
<i>Total Disbursements</i>	64,378	64,378	40,902	23,476
RECEIPTS OVER (UNDER) DISBURSEMENTS	(45,698)	(45,698)	(22,630)	23,068
NET CHANGE IN FUND BALANCE	(45,698)	(45,698)	(22,630)	23,068
FUND BALANCE, Beginning of year	45,698	45,698	39,796	(5,902)
FUND BALANCE, End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,166</u>	<u>\$ 17,166</u>

CITY OF SCAPPOOSE, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE****(CASH BASIS) - BUDGET AND ACTUAL - PARKS SDC FUND****YEAR ENDED JUNE 30, 2011**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Licenses and permits	\$ 26,040	\$ 26,040	\$ 15,241	\$ (10,799)
Miscellaneous	1,000	1,000	385	(615)
<i>Total Receipts</i>	27,040	27,040	15,626	(11,414)
DISBURSEMENTS				
Debt service	34,827	34,827	34,825	2
Contingency	70,300	70,300	-	70,300
<i>Total Disbursements</i>	105,127	105,127	34,825	70,302
RECEIPTS OVER (UNDER) DISBURSEMENTS	(78,087)	(78,087)	(19,199)	58,888
OTHER FINANCING SOURCES (USES)				
Transfers out	(1,302)	(1,302)	(1,302)	-
<i>Total Other Financing Sources (Uses)</i>	(1,302)	(1,302)	(1,302)	-
NET CHANGE IN FUND BALANCE	(79,389)	(79,389)	(20,501)	58,888
FUND BALANCE, Beginning of year	79,389	79,389	84,519	5,130
FUND BALANCE, End of year	\$ -	\$ -	\$ 64,018	\$ 64,018

CITY OF SCAPPOOSE, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE****(CASH BASIS) - BUDGET AND ACTUAL - HAVLIK HIGHWAY FUND****YEAR ENDED JUNE 30, 2011**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Miscellaneous	\$ 200	\$ 200	\$ 88	\$ (112)
<i>Total Receipts</i>	200	200	88	(112)
DISBURSEMENTS				
Capital outlay	33,936	8,572	8,572	-
<i>Total Disbursements</i>	33,936	8,572	8,572	-
RECEIPTS OVER (UNDER) DISBURSEMENTS	(33,736)	(8,372)	(8,484)	(112)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out		(25,242)	(25,242)	-
<i>Total Other Financing Sources (Uses)</i>	-	(25,242)	(25,242)	-
NET CHANGE IN FUND BALANCE	(33,736)	(33,614)	(33,726)	(112)
FUND BALANCE, Beginning of year	33,736	33,726	33,726	-
FUND BALANCE, End of year	\$ -	\$ 112	\$ -	\$ (112)

CITY OF SCAPPOOSE, OREGON
COMBINING STATEMENT OF NET ASSETS (MODIFIED CASH BASIS) -
NONMAJOR PROPRIETARY FUNDS
JUNE 30, 2011

	<u>Storm Drain</u>	<u>Storm Drain SDC</u>	<u>Water SDC</u>	<u>Dutch Canyon Water</u>	<u>Airpark Water Line</u>	<u>G.O. Water-Sewer</u>	<u>Totals</u>
ASSETS							
Cash and investments	\$ 6,354	\$ 126,920	\$ 21,686	\$ -	\$ 139,549	\$ 125,026	\$ 419,535
Property taxes receivable	-	-	-	-	-	29,999	29,999
Nondepreciable capital assets	-	-	-	-	-	-	-
Other capital assets, net of depreciation	-	-	6,262,247	-	1,448,892	-	7,711,139
<i>Total Assets</i>	<u>\$ 6,354</u>	<u>\$ 126,920</u>	<u>\$ 6,283,933</u>	<u>\$ -</u>	<u>\$ 1,588,441</u>	<u>\$ 155,025</u>	<u>\$ 8,160,673</u>
LIABILITIES							
Deferred revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 29,999	\$ 29,999
Noncurrent liabilities:							
Due within one year							
Loan payable	-	-	184,127	-	93,577	-	277,704
Bond payable	-	-	-	-	-	32,547	32,547
Due in more than one year							
Loan payable	-	-	4,586,062	-	559,497	-	5,145,559
Bond payable	-	-	-	-	-	302,180	302,180
<i>Total Liabilities</i>	<u>-</u>	<u>-</u>	<u>4,770,189</u>	<u>-</u>	<u>653,074</u>	<u>364,726</u>	<u>5,787,989</u>
NET ASSETS							
Investment in capital assets (net of related debt)	-	-	1,492,058	-	795,818	(334,727)	1,953,149
Restricted	6,354	126,920	21,686	-	139,549	125,026	419,535
<i>Total net assets</i>	<u>\$ 6,354</u>	<u>\$ 126,920</u>	<u>\$ 6,283,933</u>	<u>\$ -</u>	<u>\$ 1,588,441</u>	<u>\$ 155,025</u>	<u>\$ 8,160,673</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, 2011

	<i>Storm Drain</i>	<i>Storm Drain SDC</i>	<i>Water SDC</i>	<i>Dutch Canyon Water Line</i>	<i>Airpark Water Line</i>	<i>G.O. Water-Sewer</i>	<i>Totals</i>
OPERATING RECEIPTS							
Taxes and assessments	\$ -	\$ -	\$ -	-	\$ -	\$ 165,384	\$ 165,384
Intergovernmental	-	-	-	-	74,907	-	74,907
Miscellaneous	35	648	393	966	666	653	3,361
<i>Total Operating Receipts</i>	35	648	393	966	75,573	166,037	243,652
OPERATING DISBURSEMENTS							
Materials and services	661	-	-	-	-	-	661
Capital outlay	-	-	-	3,463	-	-	3,463
<i>Total Operating Disbursements</i>	661	-	-	3,463	-	-	4,124
OPERATING RECEIPTS OVER (UNDER) OPERATING DISBURSEMENTS	(626)	648	393	(2,497)	75,573	166,037	239,528
NON OPERATING RECEIPTS (DISBURSEMENTS)							
Debt proceeds	-	-	-	-	-	-	-
Debt service							
Principal	-	-	177,561	-	86,767	182,076	446,404
Interest	-	-	99,987	-	40,237	29,720	169,944
<i>Total Non Operating Receipts (Disbursements)</i>	-	-	277,548	-	127,004	211,796	616,348
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS							
System development revenue	-	4,709	25,328	-	-	-	30,037
Transfers in	-	-	145,531	-	53,578	4,031	203,140
Transfers out	-	(393)	(55,952)	(302,440)	-	-	(358,785)
NET CHANGE IN RESTRICTED AND UNRESTRICTED NET ASSETS	(626)	4,964	(162,248)	(304,937)	2,147	(41,728)	(502,428)
RESTRICTED AND UNRESTRICTED NET ASSETS, Beginning of the year	6,980	121,956	183,934	304,937	137,402	166,754	921,963
RESTRICTED AND UNRESTRICTED NET ASSETS, End of the year	\$ 6,354	\$ 126,920	\$ 21,686	-	\$ 139,549	\$ 125,026	\$ 419,535

CITY OF SCAPPOOSE, OREGON

SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE

(CASH BASIS) - BUDGET AND ACTUAL – STORM DRAINAGE FUND

YEAR ENDED JUNE 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
RECEIPTS				
Charges for services	\$ 104,949	\$ 104,949	\$ -	\$ (104,949)
Miscellaneous	-	-	35	35
<i>Total Receipts</i>	104,949	104,949	35	(104,914)
DISBURSEMENTS				
Materials and services	114,500	114,500	661	113,839
Contingency	529	529	-	529
<i>Total Disbursements</i>	115,029	115,029	661	114,368
RECEIPTS OVER (UNDER) DISBURSEMENTS	(10,080)	(10,080)	(626)	9,454
NET CHANGE IN FUND BALANCE	(10,080)	(10,080)	(626)	9,454
FUND BALANCE, Beginning of year	10,080	10,080	6,980	(3,100)
FUND BALANCE, End of year	\$ -	\$ -	\$ 6,354	\$ 6,354

CITY OF SCAPPOOSE, OREGON

SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE

(CASH BASIS) - BUDGET AND ACTUAL – STORM DRAINAGE SDC FUND

YEAR ENDED JUNE 30, 2011

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Licenses and permits	\$ 7,860	\$ 7,860	\$ 4,709	\$ (3,151)
Miscellaneous	650	650	648	(2)
<i>Total Receipts</i>	<u>8,510</u>	<u>8,510</u>	<u>5,357</u>	<u>(3,153)</u>
DISBURSEMENTS				
Capital outlay	25,000	25,000	-	25,000
Contingency	103,503	103,503	-	103,503
<i>Total Disbursements</i>	<u>128,503</u>	<u>128,503</u>	<u>-</u>	<u>128,503</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	(119,993)	(119,993)	5,357	125,350
OTHER FINANCING SOURCES (USES)				
Transfers out	(393)	(393)	(393)	-
<i>Total Other Financing Sources (Uses)</i>	<u>(393)</u>	<u>(393)</u>	<u>(393)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(120,386)	(120,386)	4,964	125,350
FUND BALANCE, Beginning of year	120,386	120,386	121,956	1,570
FUND BALANCE, End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 126,920</u>	<u>\$ 126,920</u>

CITY OF SCAPPOOSE, OREGON

SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE

(CASH BASIS) - BUDGET AND ACTUAL - WATER SDC FUND

YEAR ENDED JUNE 30, 2011

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Licenses and permits	\$ 47,489	\$ 47,489	\$ 25,328	\$ (22,161)
Miscellaneous	1,000	1,000	393	(607)
<i>Total Receipts</i>	<u>48,489</u>	<u>48,489</u>	<u>25,721</u>	<u>(22,768)</u>
DISBURSEMENTS				
Capital outlay	-	-	-	-
Debt service	280,974	280,974	277,548	3,426
Contingency	29,524	29,524	-	29,524
<i>Total Disbursements</i>	<u>310,498</u>	<u>310,498</u>	<u>277,548</u>	<u>32,950</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	(262,009)	(262,009)	(251,827)	10,182
OTHER FINANCING SOURCES (USES)				
Transfers in	145,531	145,531	145,531	-
Transfers out	(55,952)	(55,952)	(55,952)	-
<i>Total Other Financing Sources (Uses)</i>	<u>89,579</u>	<u>89,579</u>	<u>89,579</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(172,430)	(172,430)	(162,248)	10,182
FUND BALANCE, Beginning of year	<u>172,430</u>	<u>172,430</u>	<u>183,934</u>	<u>11,504</u>
FUND BALANCE, End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,686</u>	<u>\$ 21,686</u>

CITY OF SCAPPOOSE, OREGON

SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE

(CASH BASIS) - BUDGET AND ACTUAL - DUTCH CANYON WATER LINE FUND

YEAR ENDED JUNE 30, 2011

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Miscellaneous	\$ -	\$ -	\$ 966	\$ 966
<i>Total Receipts</i>	-	-	966	966
DISBURSEMENTS				
Capital outlay	305,576	3,463	3,463	-
<i>Total Disbursements</i>	305,576	3,463	3,463	-
RECEIPTS OVER (UNDER) DISBURSEMENTS	(305,576)	(3,463)	(2,497)	966
OTHER FINANCING SOURCES (USES)				
Bond proceeds	-	-	-	-
Transfers out	-	(302,441)	(302,440)	1
<i>Total Other Financing Sources (Uses)</i>	-	(302,441)	(302,440)	1
NET CHANGE IN FUND BALANCE	(305,576)	(305,904)	(304,937)	967
FUND BALANCE, Beginning of year	305,576	305,576	304,937	(639)
FUND BALANCE, End of year	\$ -	\$ (328)	\$ -	\$ 328

CITY OF SCAPPOOSE, OREGON

SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE

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

YEAR ENDED JUNE 30, 2011

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Intergovernmental	\$ 74,907	\$ 74,907	\$ 74,907	\$ -
Miscellaneous	2,000	2,000	666	(1,334)
<i>Total Receipts</i>	<u>76,907</u>	<u>76,907</u>	<u>75,573</u>	<u>(1,334)</u>
DISBURSEMENTS				
Debt service	128,485	128,485	127,004	1,481
Contingency	140,364	140,364	-	140,364
<i>Total Disbursements</i>	<u>268,849</u>	<u>268,849</u>	<u>127,004</u>	<u>141,845</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>(191,942)</u>	<u>(191,942)</u>	<u>(51,431)</u>	<u>140,511</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	53,578	53,578	53,578	-
Transfers out	-	-	-	-
<i>Total Other Financing Sources (Uses)</i>	<u>53,578</u>	<u>53,578</u>	<u>53,578</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(138,364)</u>	<u>(138,364)</u>	<u>2,147</u>	<u>140,511</u>
FUND BALANCE, Beginning of year	<u>138,364</u>	<u>138,364</u>	<u>137,402</u>	<u>(962)</u>
FUND BALANCE, End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 139,549</u>	<u>\$ 139,549</u>

CITY OF SCAPPOOSE, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE****(CASH BASIS) - BUDGET AND ACTUAL - GO WATER- SEWER BOND FUND****YEAR ENDED JUNE 30, 2011**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Taxes and assessments	\$ 165,977	\$ 165,977	\$ 165,384	\$ (593)
Miscellaneous	825	825	653	(172)
<i>Total Receipts</i>	<u>166,802</u>	<u>166,802</u>	<u>166,037</u>	<u>(765)</u>
DISBURSEMENTS				
Debt service	211,796	211,796	211,796	-
Contingency	124,265	124,265	-	124,265
<i>Total Disbursements</i>	<u>336,061</u>	<u>336,061</u>	<u>211,796</u>	<u>124,265</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>(169,259)</u>	<u>(169,259)</u>	<u>(45,759)</u>	<u>123,500</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 FUND BALANCE	<u>(165,228)</u>	<u>(165,228)</u>	<u>(41,728)</u>	<u>123,500</u>
FUND BALANCE, Beginning of year	<u>165,228</u>	<u>165,228</u>	<u>166,754</u>	<u>1,526</u>
FUND BALANCE, End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 125,026</u>	<u>\$ 125,026</u>

CITY OF SCAPPOOSE, OREGON

SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE

(CASH BASIS) - BUDGET AND ACTUAL - WATER FUND

YEAR ENDED JUNE 30, 2011

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Licenses and permits	\$ 21,564	\$ 21,564	\$ 10,684	\$ (10,880)
Charges for services	1,152,100	1,152,100	1,089,549	(62,551)
Miscellaneous	9,300	9,300	6,502	(2,798)
<i>Total Receipts</i>	<u>1,182,964</u>	<u>1,182,964</u>	<u>1,106,735</u>	<u>(76,229)</u>
DISBURSEMENTS				
Personal services	721,057	721,057	659,238	61,819
Materials and services	365,978	365,978	282,211	83,767
Capital outlay	230,612	230,612	75,301	155,311
Debt service	139,752	139,752	100,345	39,407
Contingency	601,657	601,657	-	601,657
<i>Total Disbursements</i>	<u>2,059,056</u>	<u>2,059,056</u>	<u>1,117,095</u>	<u>941,961</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	(876,092)	(876,092)	(10,360)	865,732
OTHER FINANCING SOURCES (USES)				
Transfers In			302,440	302,440
Transfers out	(219,598)	(219,598)	(219,598)	-
<i>Total Other Financing Sources (Uses)</i>	<u>(219,598)</u>	<u>(219,598)</u>	<u>(219,598)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(1,095,690)	(1,095,690)	(229,958)	865,732
FUND BALANCE, Beginning of year	<u>1,095,690</u>	<u>1,095,690</u>	<u>1,178,680</u>	<u>82,990</u>
FUND BALANCE, End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 948,722</u>	<u>\$ 948,722</u>

CITY OF SCAPPOOSE, OREGON

SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE

(CASH BASIS) - BUDGET AND ACTUAL - SEWER FUND

YEAR ENDED JUNE 30, 2011

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Charges for services	\$ 1,041,125	\$ 1,041,125	\$ 1,041,654	\$ 529
Miscellaneous	5,000	5,000	18,018	13,018
<i>Total Receipts</i>	1,046,125	1,046,125	1,059,672	13,547
DISBURSEMENTS				
Personal services	562,606	562,606	511,021	51,585
Materials and services	460,048	460,048	375,448	84,600
Capital outlay	17,385	17,385	10,120	7,265
Debt service	34,331	34,331	20,856	13,475
Contingency	724,092	724,092	-	724,092
<i>Total Disbursements</i>	1,798,462	1,798,462	917,445	881,017
RECEIPTS OVER (UNDER) DISBURSEMENTS	(752,337)	(752,337)	142,227	894,564
OTHER FINANCING SOURCES (USES)				
Transfers out	(60,523)	(60,523)	(60,523)	-
<i>Total Other Financing Sources (Uses)</i>	(60,523)	(60,523)	(60,523)	-
NET CHANGE IN FUND BALANCE	(812,860)	(812,860)	81,704	894,564
FUND BALANCE, Beginning of year	812,860	812,860	884,949	72,089
FUND BALANCE, End of year	\$ -	\$ -	\$ 966,653	\$ 966,653

CITY OF SCAPPOOSE, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE****(CASH BASIS) - BUDGET AND ACTUAL - SEWER SDC FUND****YEAR ENDED JUNE 30, 2011**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Licenses and permits	\$ 34,380	\$ 34,380	\$ 9,168	\$ (25,212)
Miscellaneous	10,000	10,000	3,314	(6,686)
<i>Total Receipts</i>	44,380	44,380	12,482	(31,898)
DISBURSEMENTS				
Capital outlay	1,900,400	1,900,400	1,384,954	515,446
Contingency	22,309	22,309	-	22,309
<i>Total Disbursements</i>	1,922,709	1,922,709	1,384,954	537,755
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,878,329)	(1,878,329)	(1,372,472)	505,857
OTHER FINANCING SOURCES (USES)				
Loan proceeds	705,660	705,660	705,660	-
Transfers out	(5,750)	(5,750)	(5,750)	-
<i>Total Other Financing Sources (Uses)</i>	699,910	699,910	699,910	-
NET CHANGE IN FUND BALANCE	(1,178,419)	(1,178,419)	(672,562)	505,857
FUND BALANCE, Beginning of year	1,178,419	1,178,419	1,157,859	(20,560)
FUND BALANCE, End of year	\$ -	\$ -	\$ 485,297	\$ 485,297

OTHER SCHEDULES

CITY OF SCAPPOOSE, OREGON
SCHEDULE OF PROPERTY TAX TRANSACTIONS
YEAR ENDED JUNE 30, 2011

<i>Tax Year</i>	<i>Uncollected Balances July 1, 2010</i>	<i>2010-2011 Levy</i>	<i>Interest, Discounts & Adjustments</i>	<i>Turnovers</i>	<i>Uncollected Balances June 30, 2011</i>
2010-2011	\$ -	\$ 1,701,589	\$ (48,849)	\$ (1,554,941)	\$ 97,799
2009-2010	202,075	-	735	(37,051)	165,759
2008-2009	63,936	-	1,908	(16,306)	49,538
2007-2008	20,971	-	220	(10,947)	10,244
2006-2007	7,067	-	1,063	(5,174)	2,956
2005-2006	2,871	-	47	(239)	2,679
2004-2005	593	-	47	(219)	421
Prior Years	1,730	-	(74)	(115)	1,541
Total	\$ 299,243	\$ 1,701,589	\$ (44,903)	\$ (1,624,992)	\$ 330,937

CITY OF SCAPPOOSE, OREGON
SCHEDULE OF LONG-TERM DEBT TRANSACTIONS
YEAR ENDED JUNE 30, 2011

	<i>Interest Rates</i>	<i>Date of Issue</i>	<i>Fiscal Year of Maturity</i>	<i>Outstanding July 1, 2010</i>	<i>Issued</i>	<i>Forgiven/ Discounted</i>	<i>Paid</i>	<i>Outstanding June 30, 2011</i>
PRINCIPAL TRANSACTIONS								
General Obligations								
US Bank-Refinanced	3.75%	2009	2014	386,796	-		20,511	366,285
Crown Zellerbach	4%	2002	2019	397,613	-		40,308	357,305
US Bank	2.90%	2010	2015		544,310		13,707	530,603
Enterprise Obligations								
Airpark Notes Payable	5.33%	1998	2017	354,651	-		42,222	312,429
Airpark Notes Payable	6.00%	1997	2017	174,024	-		20,732	153,292
Airpark Notes Payable	4.74%	1998	2018	211,166	-		23,813	187,353
Water GO Bonds	5.00%	1979	2020	365,792	-		31,065	334,727
SPWF Wastewater Bonds	6.59%	1991	2011	151,011	-		151,011	-
SPWF Wastewater Bonds	6.00%	1993	2013	27,739	-		6,341	21,398
SPWF Wastewater Bonds	0.00%	1993	2011	13,928	-		6,964	6,964
Safe Drinking Water Revolving	0.00%	2010	2031	1,138,815	-		43,351	1,095,464
WTP phase I & 2 notes	4.40%	2002	2028	1,464,403	-		54,593	1,409,810
Safe Drinking Water notes	1.00%	2004	2034	3,483,347	-		122,968	3,360,379
Wastewater DEQ Loan	0.00%	2011	2031		705,660	352,830	8,821	344,009
				<u>\$ 8,169,285</u>	<u>\$ 1,249,970</u>	<u>\$ 352,830</u>	<u>\$ 586,407</u>	<u>\$ 8,480,018</u>

CITY OF SCAPPOOSE, OREGON
SCHEDULE OF LONG-TERM DEBT TRANSACTIONS
YEAR ENDED JUNE 30, 2011

	<i>Interest Rates</i>	<i>Date of Issue</i>	<i>Unmatured Interest July 1, 2010</i>	<i>New Issues</i>	<i>Interest Paid</i>	<i>Unmatured Interest June 30, 2011</i>
INTEREST TRANSACTIONS						
General Obligations						
US Bank-Refinanced	3.75%	2009	58,107	-	14,314	43,793
Crown Zellerbach	4%	2002	79,341	-	16,719	62,622
US Bank	2.90%	2010		69,981	7,893	62,088
Enterprise Obligations						
Airpark Notes Payable	5.33%	1998	81,985	-	19,464	62,521
Airpark Notes Payable	6.00%	1997	44,193	-	10,441	33,752
Airpark Notes Payable	4.74%	1998	49,318	-	10,332	38,986
Water GO Bonds	5.00%	1979	122,195	-	19,772	102,423
SPWF Wastewater Bonds	6.59%	1991	9,949	-	9,948	1
SPWF Wastewater Bonds	6.00%	1993	4,282	-	1,664	2,618
SPWF Wastewater Bonds	0.00%	1993	-	-	-	-
Safe Drinking Water Revolving	0.00%	2010	482,374	-	38,088	444,286
WTP phase I & 2 notes	4.40%	2002	722,479	-	65,154	657,325
Safe Drinking Water notes	1.00%	2004	472,130	-	34,833	437,297
Wastewater DEQ Loan	0.00%	2011	-	-	-	-
			<u>\$ 2,126,353</u>	<u>\$ 69,981</u>	<u>\$ 248,622</u>	<u>\$ 1,947,712</u>

CITY OF SCAPPOOSE
SCHEDULE OF FUTURE DEBT REQUIREMENTS - GOVERNMENT-WIDE
JUNE 30, 2011

Fiscal Year Ending June 30,	US Bank-Refinanced			Crown Zellerbach		
	Principal	Interest	Total	Principal	Interest	Total
2012	\$ 21,287	\$ 13,539	\$ 34,826	\$ 41,921	\$ 14,292	\$ 56,213
2013	22,093	12,733	34,826	43,598	12,615	56,213
2014	22,929	11,896	34,825	45,342	10,871	56,213
2015	299,976	5,624	305,600	47,155	9,058	56,213
2016	-	-	-	49,041	7,172	56,213
2017	-	-	-	51,003	5,210	56,213
2018	-	-	-	53,043	3,170	56,213
2019	-	-	-	26,202	1,048	27,250
	-	-	-	-	-	-
	<u>\$ 366,285</u>	<u>\$ 43,792</u>	<u>\$ 410,077</u>	<u>\$ 357,305</u>	<u>\$ 63,436</u>	<u>\$ 420,741</u>

CITY OF SCAPPOOSE

SCHEDULE OF FUTURE DEBT REQUIREMENTS - GOVERNMENT-WIDE

JUNE 30, 2011

Fiscal Year Ending June 30,	US Bank Loan #34			Total Governmental		
	Principal	Interest	Total	Principal	Interest	Total
2012	\$ 27,414	\$ 15,188	\$ 42,602	\$ 90,622	\$ 43,019	\$ 133,641
2013	27,414	14,393	41,807	93,105	39,741	132,846
2014	27,414	13,599	41,013	95,685	36,366	132,051
2015	27,414	12,804	40,218	374,545	27,486	402,031
2016	420,949	6,104	427,053	469,990	13,276	483,266
2017	-	-	-	51,003	5,210	56,213
2018	-	-	-	53,043	3,170	56,213
2019	-	-	-	26,202	1,048	27,250
	-	-	-	-	-	-
	<u>\$ 530,605</u>	<u>\$ 62,088</u>	<u>\$ 592,693</u>	<u>\$ 1,254,195</u>	<u>\$ 169,316</u>	<u>\$ 1,423,511</u>

CITY OF SCAPPOOSE, OREGON
SCHEDULE OF FUTURE DEBT BY ISSUE BUSINESS-TYPE
JUNE 30, 2011

Fiscal Year Ending June 30,	SPWF Wastewater II (41) B92001B			SPWF Wastewater III (41) B92001C			Water GO Bonds (45) GMAC 01-0507801		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2012	6,721	1,284	8,005	6,964	-	6,964	32,547	18,290	50,837
2013	7,125	881	8,005	-	-	-	34,101	16,736	50,837
2014	7,552	453	8,005	-	-	-	35,728	15,109	50,837
2015	-	-	-	-	-	-	37,433	13,404	50,837
2016	-	-	-	-	-	-	39,219	11,618	50,837
2017	-	-	-	-	-	-	41,091	9,746	50,837
2018	-	-	-	-	-	-	43,052	7,785	50,837
2019	-	-	-	-	-	-	45,107	5,730	50,837
2020	-	-	-	-	-	-	26,449	4,005	30,454
2021	-	-	-	-	-	-	-	-	-
2022	-	-	-	-	-	-	-	-	-
2023	-	-	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-	-	-
2025	-	-	-	-	-	-	-	-	-
2026	-	-	-	-	-	-	-	-	-
2027	-	-	-	-	-	-	-	-	-
2028	-	-	-	-	-	-	-	-	-
2029	-	-	-	-	-	-	-	-	-
2030	-	-	-	-	-	-	-	-	-
2031	-	-	-	-	-	-	-	-	-
2032	-	-	-	-	-	-	-	-	-
2033	-	-	-	-	-	-	-	-	-
2034	-	-	-	-	-	-	-	-	-
2035	-	-	-	-	-	-	-	-	-
2036	-	-	-	-	-	-	-	-	-
2037	-	-	-	-	-	-	-	-	-
2038	-	-	-	-	-	-	-	-	-
2039	-	-	-	-	-	-	-	-	-
2040	-	-	-	-	-	-	-	-	-
2041	-	-	-	-	-	-	-	-	-
	<u>21,398</u>	<u>2,618</u>	<u>24,016</u>	<u>6,964</u>	<u>-</u>	<u>6,964</u>	<u>334,727</u>	<u>102,423</u>	<u>437,150</u>

CITY OF SCAPPOOSE, OREGON
SCHEDULE OF FUTURE DEBT BY ISSUE BUSINESS-TYPE
JUNE 30, 2011

Fiscal Year Ending June 30,	WTP Phases 1 & 2 #GO 3003 (50)			Safe Drinking Water #SO3003 (50)		
	Principal	Interest	Total	Principal	Interest	Total
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	104	10,440
2037	-	-	-	-	-	-
2038	-	-	-	-	-	-
2039	-	-	-	-	-	-
2040	-	-	-	-	-	-
2041	-	-	-	-	-	-
	<u>1,409,810</u>	<u>657,325</u>	<u>2,067,135</u>	<u>3,360,379</u>	<u>437,297</u>	<u>3,797,676</u>

CITY OF SCAPPOOSE, OREGON
SCHEDULE OF FUTURE DEBT BY ISSUE BUSINESS-TYPE
JUNE 30, 2011

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	Total	Principal	Interest	Total	Principal	Interest	Total
	2012	47,611	17,184	64,795	21,976	9,198	31,174	23,990	9,224
2013	48,030	14,566	62,596	23,295	7,879	31,174	24,179	8,084	32,263
2014	48,472	11,924	60,396	24,693	6,481	31,174	24,381	6,912	31,293
2015	53,938	9,258	63,196	26,174	5,000	31,174	24,597	5,718	30,315
2016	54,429	6,291	60,720	27,745	3,429	31,174	29,823	4,512	34,335
2017	59,949	3,298	63,247	29,409	1,765	31,174	30,065	3,020	33,085
2018	-	-	-	-	-	-	30,318	1,516	31,834
2019	-	-	-	-	-	-	-	-	-
2020	-	-	-	-	-	-	-	-	-
2021	-	-	-	-	-	-	-	-	-
2022	-	-	-	-	-	-	-	-	-
2023	-	-	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-	-	-
2025	-	-	-	-	-	-	-	-	-
2026	-	-	-	-	-	-	-	-	-
2027	-	-	-	-	-	-	-	-	-
2028	-	-	-	-	-	-	-	-	-
2029	-	-	-	-	-	-	-	-	-
2030	-	-	-	-	-	-	-	-	-
2031	-	-	-	-	-	-	-	-	-
2032	-	-	-	-	-	-	-	-	-
2033	-	-	-	-	-	-	-	-	-
2034	-	-	-	-	-	-	-	-	-
2035	-	-	-	-	-	-	-	-	-
2036	-	-	-	-	-	-	-	-	-
2037	-	-	-	-	-	-	-	-	-
2038	-	-	-	-	-	-	-	-	-
2039	-	-	-	-	-	-	-	-	-
2040	-	-	-	-	-	-	-	-	-
2041	-	-	-	-	-	-	-	-	-
	<u>312,429</u>	<u>62,521</u>	<u>374,950</u>	<u>153,292</u>	<u>33,752</u>	<u>187,044</u>	<u>187,353</u>	<u>38,986</u>	<u>226,339</u>

CITY OF SCAPPOOSE, OREGON
SCHEDULE OF FUTURE DEBT BY ISSUE BUSINESS-TYPE
JUNE 30, 2011

Fiscal Year Ending June 30,	Dutch Canyon (40) Safe Drinking Water S03003B			Wastewater(41) DEQ State Revolving Fund			Total Business-Type		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2012	41,126	40,313	81,439	17,642	-	17,642	382,704	192,340	575,044
2013	42,639	38,800	81,439	17,642	-	17,642	382,736	180,392	563,129
2014	44,208	37,231	81,439	17,642	-	17,642	390,042	168,042	558,085
2015	45,835	35,604	81,439	17,642	-	17,642	399,668	155,283	554,952
2016	47,522	33,917	81,439	17,642	-	17,642	412,153	142,143	554,296
2017	49,271	32,168	81,439	17,642	-	17,642	429,965	128,352	558,318
2018	51,084	30,355	81,439	17,642	-	17,642	346,449	113,646	460,096
2019	52,964	28,475	81,439	17,642	-	17,642	326,933	103,704	430,637
2020	54,913	26,526	81,439	17,642	-	17,642	312,142	95,186	407,329
2021	56,934	24,505	81,439	17,642	-	17,642	294,687	84,197	378,885
2022	59,029	22,410	81,439	17,642	-	17,642	303,812	76,783	380,595
2023	61,201	20,238	81,439	17,642	-	17,642	308,065	68,966	377,032
2024	63,453	17,986	81,439	17,642	-	17,642	317,447	61,022	378,470
2025	65,788	15,651	81,439	17,642	-	17,642	326,961	52,709	379,670
2026	68,209	13,230	81,439	17,642	-	17,642	336,611	44,020	380,632
2027	70,719	10,720	81,439	17,642	-	17,642	341,404	34,953	376,357
2028	73,322	8,117	81,439	17,642	-	17,642	351,344	25,737	377,081
2029	76,020	5,419	81,439	17,642	-	17,642	240,750	16,133	256,883
2030	71,227	2,621	73,848	17,642	-	17,642	237,428	11,864	249,292
2031	-	-	-	8,811	-	-	158,855	7,757	166,613
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	104	10,440
2037	-	-	-	-	-	-	-	-	-
2038	-	-	-	-	-	-	-	-	-
2039	-	-	-	-	-	-	-	-	-
2040	-	-	-	-	-	-	-	-	-
2041	-	-	-	-	-	-	-	-	-
	<u>1,095,464</u>	<u>444,286</u>	<u>1,539,750</u>	<u>344,009</u>	<u>-</u>	<u>335,198</u>	<u>7,225,825</u>	<u>1,779,208</u>	<u>9,005,033</u>

REGULATORY SECTION

DENNIS R. CONNER

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AUDITOR'S COMMENTS AND DISCLOSURES
REQUIRED BY STATE REGULATIONS

November 21, 2011

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, 2011, and have issued my report thereon dated November 21, 2011. 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, 2011.

INVESTMENTS

My review of deposit and investment balances indicated that, during the year ended June 30, 2011, 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, 2011, and the preparation and adoption of its budget for the year ending June 30, 2012.

INSURANCE POLICIES AND FIDELITY BONDS

I have reviewed the City's insurance and fidelity bond coverage at June 30, 2011. 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, 2011.

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.



Dennis R. Conner
Certified Public Accountant

DENNIS R. CONNER
CERTIFIED PUBLIC ACCOUNTANT
P.O. BOX 1078
CLATSKANIE, OREGON 97016

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the City Council,
City of Scappoose, Oregon

I have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Scappoose, Oregon, as of and for the year ended June 30, 2011, which collectively comprise the City of Scappoose, Oregon's basic financial statements and have issued my report thereon dated November 21, 2011. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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

Internal Control Over Financial Reporting

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

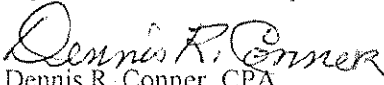
A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination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

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

This report is intended solely for the information and use of management, City Council, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.


Dennis R. Conner, CPA
Clatskanie, Oregon
November 21, 2011

DENNIS R. CONNER
CERTIFIED PUBLIC ACCOUNTANT
P.O. BOX 1078
CLATSKANIE, OREGON 97016

REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the City Council
City of Scappoose, Oregon

Compliance

I have audited City of Scappoose, Oregon's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of City of Scappoose, Oregon's major federal programs for the year ended June 30, 2011. City of Scappoose, Oregon's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of City of Scappoose, Oregon's management. My responsibility is to express an opinion on City of Scappoose, Oregon's compliance based on my audit.

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

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Scappoose, Oregon's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination of City of Scappoose, Oregon's compliance with those requirements.

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, 2011, and the respective changes in financial position – modified cash basis, thereof for the year then ended in conformity with the basis of accounting described in Note 1.

In my opinion, City of Scappoose, Oregon, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. However, the results of my auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 2011-1.

Internal Control over Compliance

Management of City of Scappoose, Oregon, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing my audit, I considered City of Scappoose, Oregon's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of City of Scappoose, Oregon's internal control over compliance.

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

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as defined above.

City of Scappoose, Oregon's responses to the findings identified in my audit are described in the accompanying schedule of findings and questioned costs. I did not audit City of Scappoose, Oregon's responses and, accordingly, I express no opinion on the responses.

This report is intended solely for the information and use of management, City Council, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Dennis R. Conner, CPA
Clatskanie, Oregon
November 21, 2011

CITY OF SCAPPOOSE – STATE OF OREGON

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For Year Ending June 30, 2011

- A. Sponsor: Capitalization Grants for State Revolving Funds
Project: Wastewater Treatment Plant Upgrade
CFDA No: 66.458
Expenditures: District Owner's Match - \$705,660

CITY OF SCAPPOOSE – STATE OF OREGON
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR YEAR ENDING JUNE 30, 2011

Note A – Purpose of the Schedule

The accompanying Schedule of Expenditures of Federal Awards is a supplementary schedule to the City of Scappoose's financial statements and is presented for the purpose of additional analysis. Because the Schedule presents only a selected portion of the activities of the City of Scappoose, it is not intended to and does not present either the financial position, results of operations, or changes in fund balances of the entity.

Note B – Significant Accounting Policies:

Reporting Entity

The reporting entity is fully described in Note 1 to the City of Scappoose basis financial statements. The Schedule includes all federal programs administrated by the City of Scappoose for the year ending June 30, 2011.

Basis of Presentation

The information in the Schedule is presented in accordance with OMB Circular A-133.

Federal Financial Assistance

Pursuant to the Single Audit Act and OMB Circular A-133, federal financial assistance is defined as assistance provided by a federal agency, either directly or indirectly, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance property, is included in federal financial assistance and is reported on the Schedule, if applicable. Federal financial assistance does not include direct federal cash assistance to individuals. Solicited contracts between the City and the federal government for which the federal government procures tangible goods or services which are not considered federal financial assistance.

Major Program

The Single Audit Act and OMB A-133 establish criteria to be used in defining major programs. Major programs for the City of Scappoose are those programs selected for testing by the auditor using a risk-assessment model, as well as certain minimum expenditure requirements as outlined in OMB A-133. Programs with similar requirements may be grouped into a cluster for testing purposes.

Revenue Recognition

The receipt and recognition of federal awards are accounted for under the cash basis of accounting. Revenues are recorded when funds are received and expenditures are recorded when bills are paid.

Note C – Administrative Cost Pool

Funds for local administration are not allocated to any specific federal award. The City participates in the project by infusion of funds from its revenue stream and loan proceeds.

CITY OF SCAPPOOSE – STATE OF OREGON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR YEAR ENDING JUNE 30, 2011

Summary of Auditor's Results

A significant deficiency relating to the audit of financial statements was reported in the Report on Internal Control Over Financial Reporting and in Compliance and other Matters Based on an Audit of financial Statements Performed in Accordance with *Government Auditing Standards*.

No significant deficiencies relating to the audit of federal awards programs were reported in the Report on Compliance with Requirements Applicable to each major program in Internal Control Compliance in Accordance with OMB Circular A-133.

The auditor's report issued on compliance for federal awards program was unqualified.

There were no audit findings that are required to be reported under Section 510(a) of OMB Circular A-133.

Dollar threshold for distinguishing type A and B programs was identified as \$300,000.

This auditee is considered high risk.

Findings and Questioned Costs – Major Federal Award Programs Audit

NONE

Prior Audit Findings

NONE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT.)

Findings – Financial Statements Audit

Internal controls over financial reporting

The auditor identified no material weaknesses.

The auditor identified a significant deficiency not considered to be a material weakness.

2011-1: Lack of segregation of accounting duties

Condition:

There is a lack of segregation of accounting duties in the administrative department.

Criteria:

Sufficient internal controls should be implemented to provide reasonable assurance that accounting information is properly stated in the financial statements.

Cause:

The small administrative staff size in this area is not adequate and should be increased to ensure adequate segregation of accounting duties, to ensure that all data is properly recorded.

Effect:

Because internal controls in this area are not adequate, financial information may be intentionally or unintentionally misstated.

Recommendation:

Although the City has already developed financial control procedures to address the lack of segregation of accounting duties, I recommend that the City further segregates duties in the administrative area.

Response of Client:

The City plans to improve controls over financial information to the extent possible given the size of its administrative staff.