

SCAPPOOSE *Oregon*

*Columbia County, Oregon
Annual Financial Report
Year Ending June 30, 2015*



CITY OF SCAPPOOSE, OREGON
CITY OFFICIALS
JUNE 30, 2015

CITY COUNCIL

Scott Burge, Mayor	33470 Chinook Plaza, #272 Scappoose, Oregon 97056
Jeff Erickson, Council President	33980 SE Oakview Drive Scappoose, Oregon 97056
Joel Haugen, Council Member	33568 E Columbia Avenue Scappoose, Oregon 97056
Barbara Hayden, Council Member	33784 SE Kern Court Scappoose, Oregon 97056
Jason Meshell, Council Member	52559 NW Eastview Drive Scappoose, Oregon 97056
Mark Reed, Council Member	P. O. Box 243 Scappoose, Oregon 97056
Rich Riffle, Council Member	33568 E Columbia Avenue Scappoose, Oregon 97056

ADMINISTRATION

Larry Lehman, City Manager	7/14 to 12/14
Michael Sykes, City Manager	1/15 to 6/15
Jill Herr, Finance Administrator	
Susan Reeves, City Recorder/Budget Secretary	
Norman Miller, Chief of Police	Shelby Rihala, City Attorney

CITY OF SCAPPOOSE, OREGON
TABLE OF CONTENTS

FINANCIAL SECTION	Page
Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-8
Basic Financial Statements	
Government-wide Financial Statements	9
Statement of Net Position (Cash Basis)	10
Statement of Activities (Cash Basis)	11
Fund Financial Statements	
Balance Sheet (Cash Basis) -Governmental Funds	12
Statement of Revenues, Expenditures, and Changes in Fund Balances (Cash Basis) - Governmental Funds	13
Statement of Net Position (Cash Basis) - Proprietary Funds	14
Statement of Revenues, Expenditures, and Changes in Fund Net Position (Cash Basis) - Proprietary Funds	15
Notes to Basic Financial Statements	16-40
Supplemental Information	
Reconciliation of Budgetary to Reporting Funds - General Fund - Balance Sheet (Cash Basis)	41
Statement of Revenues, Expenditures and Changes in Fund Balance (Cash Basis)	42
Combining Balance Sheet (Cash Basis) - Nonmajor Governmental Funds	43-44
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Cash Basis) - Nonmajor Governmental Funds	45-46
Schedule of Revenues, Expenditures, and Changes in Fund Balances (Cash Basis) - Budget and Actual	
General Fund	47
Unemployment Fund	48
Watts Fund	49
Streets Fund	50
Street SDC Fund	51
Building Fund	52
PEG Fee Fund	53
Law Enforcement Fund	54
Recreation Reserve Fund	55
Foot Path & Bike Trails Fund	56
Parks SDC Fund	57
Combining Statement of Net Position (Cash Basis) - Nonmajor Proprietary Funds	58
Combining Statement of Revenues, Expenditures, and Changes in Net Position (Cash Basis) - Nonmajor Proprietary Funds	59
Schedules of Revenues, Expenditures, and Changes in Fund Balances (Cash Basis) - Budget and Actual	
Storm Drain Fund	60

CITY OF SCAPPOOSE, OREGON
TABLE OF CONTENTS

Airpark Water Line Fund	63
GO Water Waste Water Bond Fund	64
Water Fund	65
Waste Water Fund	66
Waste Water SDC Fund	67
Other Schedules	
Schedule of Property Tax Transactions	69
Schedule of Long-Term Debt Transactions	70-71
Schedule of Future Debt Requirements by Issue	72-75
REGULATORY SECTION	
Independent Auditor's Report Required by Oregon State Regulations	77-78

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

**DENNIS R. CONNER
CERTIFIED PUBLIC ACCOUNTANT
CLATSKANIE, OREGON 97016**

**INDEPENDENT AUDITOR'S REPORT
Cash Basis Financial Statements**

To the Mayor and Council
City of Scappoose
Scappoose, Oregon

I have audited the accompanying cash financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Scappoose, Oregon (the City), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in the Summary of Significant Accounting Policies in the Notes to the Basic Financial Statements. This includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2015, and the respective changes in cash basis financial position, and, where applicable, cash flows thereof for the year then ended in accordance with the cash basis of accounting as described in the Summary of Significant Accounting Policies in the Notes to the Basic Financial Statements.

Basis of Accounting

I draw attention to the Summary of Significant Accounting Policies in the Notes to the Basic Financial Statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. My opinions are not modified with respect to this matter.

Report on Supplementary and Other Information

My audit was conducted for the purpose of forming opinions on the financial statements as a whole that collectively comprise the City's basic financial statements. The combining and individual fund financial statements, budgetary comparison schedules, and other financial schedules listed in the table of contents, and the management's discussion and analysis are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements, budgetary comparison schedules, and other financial schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole on the basis of accounting described in the Notes to the Basic Financial Statements.

The management's discussion and analysis has 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 such information.

Other Reporting Required by Oregon Minimum Standards

In accordance with Minimum Standards for audits of Oregon Municipal Corporations, I have also issued my report dated December 15, 2015, on my consideration of the City's internal control over financial reporting and on my tests of its compliance with the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules OAR 162-10-240 to 162-10-320. The purpose of that report is to describe my evaluation of internal control over financial reporting and the scope of my testing of compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance.



Dennis R. Conner
Certified Public Accountant
December 15, 2015

CITY OF SCAPPOOSE
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2015

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, 2015.

FINANCIAL HIGHLIGHTS

	June 30		Change
	2015	2014	
Net Position	\$ 7,662,391	\$ 6,186,522	\$ 1,475,869
Governmental net position	4,246,229	3,640,512	\$ 605,717
Proprietary net position	3,416,162	2,546,010	\$ 870,152

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

The Statement of Activities (Cash Basis) The *statement of activities (Cash Basis)* presents information showing how the net position of the City of Scappoose changed over the most recent fiscal year by tracking revenues, expenses and other transactions that increase or reduce net position utilizing the 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, 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. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Proprietary funds. The City of Scappoose charges customers for the services it provides – whether to outside users or to other units of the City and these services are generally reported in proprietary funds. The City's enterprise funds (a component of proprietary funds) are the same as the business-type activities reported in the government-wide statements but provide more detail and additional information.

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 *supplemental information* including the combining statements for the non-major funds and the budgetary comparison schedules.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position (Cash Basis) The Statement of Net Position (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 \$7,662,390 as of June 30, 2015.

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

The Net Position - Unrestricted are funds that are available for general operations of the City of Scappoose.

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Cash and cash equivalents	\$ 4,353,393	\$ 3,789,338	\$ 3,530,208	\$ 2,648,380	\$ 7,883,601	\$ 6,437,718
Deposits	107,164	148,826	114,045	102,370	221,209	251,196
Net position						
Restricted	1,485,591	1,376,049	1,112,044	977,354	2,597,635	2,353,403
Unrestricted	2,760,638	2,264,463	2,304,118	1,568,656	5,064,756	3,833,119
Total net position	\$ 4,246,229	\$ 3,640,512	\$ 3,416,162	\$ 2,546,010	\$ 7,662,391	\$ 6,186,522

Statement of Activities. During the current fiscal year, the City of Scappoose's net position increased by \$1,475,869. The key elements of the change in Scappoose's net position for the year ended June 30, 2015 are as follows:

- Fees, fines and charges for services increased by \$746,512 due in part to an increase in charges for service in the governmental funds.
- Operating grant and contribution income decreased by \$4,463 in total, largely due to increase in operating grant reimbursements.
- Capital grants and contribution income decreased by \$152,173 due to reimbursements related to infrastructure improvement projects.
- Disbursements decreased \$304,006 largely due to reduced spending.

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	
	2015	2014	2015	2014	2015	2014
Revenues						
Program revenues						
Fines, fees, charges for services	\$ 792,559	\$ 473,313	\$ 3,457,674	\$ 3,104,291	\$ 4,250,233	\$ 3,577,604
Operating grants and contributions	482,749	487,212	-	-	482,749	487,212
Capital grants and contributions	186,920	330,915	356,706	364,884	543,626	695,799
General receipts						
Property tax	1,717,770	1,610,843	39,999	37,427	1,757,769	1,648,270
Franchise fees	386,201	380,544	-	-	386,201	380,544
Intergovernmental	-	-	-	-	-	-
Miscellaneous	115,849	18,745	15,133	12,043	130,982	30,788
Total revenues	3,682,048	3,301,572	3,869,512	3,518,645	7,551,560	6,820,217
Expenses						
General government	690,984	486,082	-	-	690,984	486,082
Court and police	1,556,841	1,623,957	-	-	1,556,841	1,623,957
Community services and development	301,948	299,809	-	-	301,948	299,809
Culture and recreation	362,473	484,439	-	-	362,473	484,439
Interest on long-term debt	28,829	40,505	-	-	28,829	40,505
Highways and streets	338,294	658,187	-	-	338,294	658,187
Storm Drain	-	-	-	-	-	-
Water	-	-	1,680,357	1,381,964	1,680,357	1,381,964
Sewer	-	-	1,115,965	1,404,754	1,115,965	1,404,754
Total expenses	3,279,369	3,592,979	2,796,322	2,786,718	6,075,691	6,379,697
net assets before transfers	402,679	(291,407)	1,073,190	731,927	1,475,869	440,520
Transfers	203,038	103,951	(203,038)	(103,951)	-	-
Change in net position	605,717	(187,456)	870,152	627,976	1,475,869	440,520
Net position, beginning of year	3,640,512	3,827,968	2,546,010	1,918,034	6,186,522	5,746,002
Net position, end of year	4,246,229	3,640,512	3,416,162	2,546,010	7,662,391	6,186,522

Governmental funds. The focus of the City of Scappoose's governmental funds is to provide information on relatively short-term cash flow and funding for future basic services. Such information is useful in assessing Scappoose's financing requirements. In particular, *unrestricted 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, 2015, the City's governmental funds reported combined ending fund balances of \$4,246,229.

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 Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balances, the Unemployment Fund and the Watts 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, 2015, unrestricted fund balance was \$2,760,638. The fund balance increased by \$496,175 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, 2015, 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, 2015, Scappoose had invested \$40,531,278 in capital assets, net of depreciation, as shown in the following table:

	Capital Assets					
	As of June 30, 2014 and 2015					
	Governmental Activities		Business-type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Land	\$ 1,765,116	\$ 1,765,116	\$ 389,036	\$ 389,036	\$ 2,154,152	\$ 2,154,152
Buildings	3,517,350	3,497,450	4,809,739	4,809,739	8,327,089	8,307,189
Equipment	417,276	402,260	1,989,290	1,969,651	2,406,566	2,371,911
Vehicles	649,592	496,238	273,771	173,355	923,363	669,593
Construction in progress	-	-	-	-	-	-
Infrastructure	61,809,757	61,804,397	-	-	61,809,757	61,804,397
Water and sewer system	-	-	19,194,658	18,872,441	19,194,658	18,872,441
	68,159,091	67,965,461	26,656,494	26,214,222	94,815,585	94,179,683
Less: accumulated depreciation	(44,407,931)	(42,623,217)	(12,201,959)	(11,681,336)	(56,609,890)	(54,304,553)
Net capital assets	<u>\$ 23,751,160</u>	<u>\$ 25,342,244</u>	<u>\$ 14,454,535</u>	<u>\$ 14,532,886</u>	<u>\$ 38,205,695</u>	<u>\$ 39,875,130</u>

During fiscal year 2014-15, the City's investment in capital assets decreased by \$1,669,435.

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 \$7,119,248 and a capital leases in the amount of \$157,366.

During the current fiscal year, the City's total debt decreased by \$518,029.

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, 2014 and 2015**

	Governmental Activities		Business-type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Notes Payable	\$ 848,574	991,341	5,802,315	\$ 6,246,908	\$ 6,650,889	\$ 7,238,249
Bonds Payable	-	-	468,359	523,434	468,359	523,434
Capital lease	93,578	32,960	63,788	-	157,366	32,960
	<u>\$ 942,152</u>	<u>1,024,301</u>	<u>6,334,462</u>	<u>\$ 6,770,342</u>	<u>\$ 7,276,614</u>	<u>\$ 7,794,643</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 2014-15 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 POSITION (CASH BASIS)
JUNE 30, 2015

	<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Totals</i>
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents	\$ 4,353,393	\$ 3,530,208	\$ 7,883,601
LIABILITIES			
Deposits	<u>107,164</u>	<u>114,045</u>	<u>221,209</u>
NET ASSETS			
Restricted	1,485,591	1,112,044	2,597,635
Unrestricted	<u>2,760,638</u>	<u>2,304,118</u>	<u>5,064,756</u>
<i>Total Net Position</i>	<u><u>\$ 4,246,229</u></u>	<u><u>\$ 3,416,162</u></u>	<u><u>\$ 7,662,391</u></u>

The accompanying notes are an integral part of the financial statements

CITY OF SCAPPOOSE, OREGON
STATEMENT OF ACTIVITIES (CASH BASIS)
YEAR ENDED JUNE 30, 2015

	<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	\$ 690,984	\$ 282,312	\$ 105,495	\$ -	\$ (303,177)	\$ -	\$ (303,177)
Public safety	1,556,841	197,658			(1,359,183)	-	(1,359,183)
Culture and recreation	362,473	875		93,095	(268,503)	-	(268,503)
Community development	301,948	304,469			2,521	-	2,521
Highways and streets	338,294	7,245	377,254	93,825	140,030	-	140,030
Interest on long-term debt	28,829		-		(28,829)	-	(28,829)
<i>Total Governmental Activities</i>	<u>3,279,369</u>	<u>792,559</u>	<u>482,749</u>	<u>186,920</u>	<u>(1,817,141)</u>	<u>-</u>	<u>(1,817,141)</u>
Business-type activities:							
Water	1,680,357	2,272,708		324,828	-	917,179	917,179
Sewer	1,115,965	1,184,966		-	-	69,001	69,001
Storm Drain				31,878	-	31,878	31,878
<i>Total Business-type Activities</i>	<u>2,796,322</u>	<u>3,457,674</u>	<u>-</u>	<u>356,706</u>	<u>-</u>	<u>1,018,058</u>	<u>1,018,058</u>
<i>Total Activities</i>	<u>\$ 6,075,691</u>	<u>\$ 4,250,233</u>	<u>\$ 482,749</u>	<u>\$ 543,626</u>	<u>(1,817,141)</u>	<u>1,018,058</u>	<u>(799,083)</u>
General Receipts:							
Property taxes					1,717,770	39,999	1,757,769
Franchise taxes					386,201		386,201
Miscellaneous					115,849	15,133	130,982
<i>Total General Revenues</i>					<u>2,219,820</u>	<u>55,132</u>	<u>2,274,952</u>
Transfers					<u>203,038</u>	<u>(203,038)</u>	<u>-</u>
Change in net Position					<u>605,717</u>	<u>870,152</u>	<u>1,475,869</u>
Net position, July 1, 2014					<u>3,640,512</u>	<u>2,546,010</u>	<u>6,186,522</u>
Net Position, June 30, 2015					<u>4,246,229</u>	<u>3,416,162</u>	<u>7,662,391</u>

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

CITY OF SCAPPOOSE, OREGON
BALANCE SHEET (CASH BASIS) - GOVERNMENTAL FUNDS
JUNE 30, 2015

	<u>General</u>	<u>Special Revenue</u> <u>Street</u>	<u>Capital Projects</u> <u>Street</u> <u>SDC</u>	<u>Other</u> <u>Governmental</u> <u>Funds</u>	<u>Totals</u>
ASSETS					
Cash and cash equivalents	\$ 2,937,528	571,991	351,142	492,732	\$ 4,353,393
LIABILITIES AND FUND BALANCES					
Liabilities					
Deposits	\$ 107,164	\$ -	\$ -	\$ -	\$ 107,164
FUND BALANCES					
Restricted for					
Capital Projects				120,943	120,943
Committed for					
Unemployment	69,726				69,726
Capital Projects			351,142	83,970	435,112
Special Revenue		571,991		287,819	859,810
Unassigned	2,760,638				2,760,638
Total Fund Balances	2,830,364	571,991	351,142	492,732	4,246,229
Total Liabilities and Fund Balances	\$ 2,937,528	\$ 571,991	\$ 351,142	\$ 492,732	\$ 4,353,393

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

CITY OF SCAPPOOSE, OREGON
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-
(CASH BASIS) – GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2015

	<u>General</u>	<u>Street</u>	<u>Street SDC</u>	<u>Other Governmental Funds</u>	<u>Totals</u>
REVENUES					
Taxes and assessments	\$ 1,717,770	\$ -	\$ -	\$ -	\$ 1,717,770
Licenses and permits	402,516	2,375	90,014	307,567	802,472
Charges for services	242,098	-	-	25,099	267,197
Intergovernmental	165,210	377,254	-	3,811	546,275
Fines and forfeitures	-	-	-	-	-
Miscellaneous	306,839	7,451	1,615	32,429	348,334
<i>Total Revenues</i>	2,834,433	387,080	91,629	368,906	3,682,048
EXPENDITURES					
General government	684,296	-	-	195,535	879,831
Court and police	1,462,803	-	-	-	1,462,803
Highways and streets	-	270,171	-	14,434	284,605
Culture and recreation	233,816	-	-	7,295	241,111
Community development	106,413	-	-	-	106,413
Capital outlay	32,438	20,637	-	-	53,075
Debt service	82,070	-	56,213	113,248	251,531
<i>Total Expenditures</i>	2,601,836	290,808	56,213	330,512	3,279,369
REVENUES OVER (UNDER) EXPENDITURES	232,597	96,272	35,416	38,394	402,679
OTHER FINANCING SOURCES (USES)					
Loan Proceeds	-	-	-	-	-
Transfers in	496,052	-	-	-	496,052
Transfers out	(209,524)	(46,738)	(3,285)	(33,467)	(293,014)
<i>Total Other Financing Sources (Uses)</i>	286,528	(46,738)	(3,285)	(33,467)	203,038
NET CHANGE IN FUND BALANCES	519,125	49,534	32,131	4,927	605,717
FUND BALANCES, Beginning of year	2,311,239	522,457	319,011	487,805	3,640,512
FUND BALANCES, End of year	\$ 2,830,364	\$ 571,991	\$ 351,142	\$ 492,732	\$ 4,246,229

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

CITY OF SCAPPOOSE, OREGON

STATEMENT OF NET POSITION – (CASH BASIS) – PROPRIETARY FUNDS

JUNE 30, 2015

	<u>Water Utility</u>	<u>Waste Water Utility</u>	<u>Waste Water SDC</u>	<u>Other Business-type Funds</u>	<u>Totals</u>
ASSETS					
Cash and cash equivalents	\$ 1,608,381	809,783	616,990	495,054	\$ 3,530,208
LIABILITIES					
Deposits	114,045				114,045
NET POSITION					
Restricted	-	-	616,990	495,054	1,112,044
Unrestricted	1,494,335	809,783	-	-	2,304,118
<i>Total Net Position</i>	<u>\$ 1,494,335</u>	<u>\$ 809,783</u>	<u>\$ 616,990</u>	<u>\$ 495,054</u>	<u>\$ 3,416,162</u>

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

CITY OF SCAPPOOSE, OREGON
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION -
(CASH BASIS) – PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2015

	<u>Water Utility</u>	<u>Waste Water Utility</u>	<u>Waste Water SDC</u>	<u>Other Business-type Funds</u>	<u>Totals</u>
OPERATING REVENUES					
Taxes and assessments	\$ -	\$ -	\$ -	\$ 39,999	\$ 39,999
Licenses and permits	5,526	-	-	279,601	285,127
Charges for services	1,557,069	1,052,564	129,552	-	2,739,185
Intergovernmental	-	-	-	73,554	73,554
Miscellaneous	719,870	6,727	2,880	2,170	731,647
<i>Total Operating Receipts</i>	<u>2,282,465</u>	<u>1,059,291</u>	<u>132,432</u>	<u>395,324</u>	<u>3,869,512</u>
OPERATING EXPENDITURES					
Personal services	552,620	523,215	-	-	1,075,835
Materials and services	323,016	347,981	-	-	670,997
Capital outlay	249,984	90,050	21,022	-	361,056
<i>Total Operating Disbursements</i>	<u>1,125,620</u>	<u>961,246</u>	<u>21,022</u>	<u>-</u>	<u>2,107,888</u>
OPERATING REVENUES OVER (UNDER) OPERATING EXPENDITURES	<u>1,156,845</u>	<u>98,045</u>	<u>111,410</u>	<u>395,324</u>	<u>1,761,624</u>
NON OPERATING REVENUES (EXPENDITURES)					
Loan proceeds	-	-	-	-	-
Debt service					
Principal	(63,263)	(117,642)	-	(336,191)	(517,096)
Interest	(35,604)	(16,055)	-	(119,679)	(171,338)
<i>Total Non Operating Receipts (Disbursements)</i>	<u>(98,867)</u>	<u>(133,697)</u>	<u>-</u>	<u>(455,870)</u>	<u>(688,434)</u>
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS					
System development revenue		-	-	-	-
Transfers in		-	-	121,449	121,449
Transfers out	(175,635)	(111,229)	(3,682)	(33,941)	(324,487)
NET CHANGES IN POSITION	<u>882,343</u>	<u>(146,881)</u>	<u>107,728</u>	<u>26,962</u>	<u>870,152</u>
NET POSITION, Beginning of year	<u>611,992</u>	<u>956,664</u>	<u>509,262</u>	<u>468,092</u>	<u>2,546,010</u>
NET POSITION, End of year	<u>\$ 1,494,335</u>	<u>\$ 809,783</u>	<u>\$ 616,990</u>	<u>\$ 495,054</u>	<u>\$ 3,416,162</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.

As discussed further under *Measurement Focus and Basis of Accounting*, these financial statements are presented on a cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) established by the Governmental Accounting Standards Board (GASB). These cash basis financial statements generally meet the presentation and disclosure requirements applicable to GAAP, in substance, but are limited to the elements presented in the financial statements and the constraints of the measurement and recognition criteria of the cash basis of accounting.

The Governmental Accounting Standards Board (GASB) has issued Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. GASB Statement No. 68 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. GASB Statement No. 71 addresses an issue regarding application of the transition provisions of GASB Statement No. 68. Adoption of these statements has no effect on the financial statements of entities using the cash basis of accounting, and therefore does not apply for the City of Scappoose.

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 Position (Cash Basis) and the Statement of Activities (Cash Basis).

The Statement of Net Position (Cash Basis) presents all the assets and liabilities of the City, including capital assets and related debt. Net position, 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. In a Cash Basis presentation assets are defined as Cash and Cash equivalents, liabilities are generally only deposits and net assets are the shown as restricted and unrestricted.

The Statement of Activities (Cash Basis) demonstrates the degree to which the direct disbursements of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 revenues*.

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 and proprietary type funds. Major individual governmental funds, and major individual enterprise funds are reported as separate columns in the fund financial statements. Non-major funds are consolidated into a single column within each fund type in the financial section of the basic financial statements and are detailed in the other supplementary information.

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.

Basis of Presentation

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.

Combined with the General Fund are the Unemployment Fund and the Watts House Fund— accounts for unemployment expenditures and repairs and improvement of the Watts House

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

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:

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.

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

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

CITY OF SCAPPOOSE, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2015

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

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

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

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 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. Governmental Fund type fund balances are reported in the following classifications.

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, prepaid 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.

CITY OF SCAPPOOSE, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2015

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 unrestricted for presentation in the City's Annual Financial Report.

Unrestricted 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 Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balances, the Unemployment Fund and the Watts Fund has been combined with the General Fund.

CITY OF SCAPPOOSE, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2015

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting

The financial statements are presented on a cash basis of accounting, which is a basis of accounting other than GAAP as established by GASB. This basis of accounting involves modifications to the cash basis of accounting to report in the statements of net position or balance sheets cash transactions or events that provide a benefit or result in an obligation that covers a period greater than the period in which the cash transaction or event occurred. Such reported balances include:

1. Interfund receivables and payables that are temporary borrowing and result from transactions involving cash or cash equivalents are recognized.
2. Assets that normally convert to cash or cash equivalents (e.g., certificates of deposit, external cash pools, and marketable investments) that arise from transactions and events involving cash or cash equivalents are recognized.
3. Liabilities for cash (or cash equivalents) held on behalf of others or held in escrow are recognized.

The cash basis of accounting differs from GAAP primarily because certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected and other accrued revenue and receivables) and certain liabilities and their related expenses or expenditures (such as accounts payable and expenses for goods and services received but not yet paid and other accrued expenses and liabilities) are not recorded in these financial statements. In addition, other economic assets, deferred outflows, liabilities, and deferred inflows that do not arise from a cash transaction or event are not reported, and the measurement of reported assets and liabilities does not involve adjustment to fair value. Additionally, capital assets such as property and equipment, and long-term liabilities such as debt are only reported in the notes to the financial statements.

If the City utilized the basis of accounting recognized as generally accepted in the United States of America, the fund financial statements for the governmental funds would use the accrual basis of accounting, and the fund financial statements for the enterprise funds would use the accrual basis of accounting. All government-wide financial statements would be presented on the accrual basis of accounting.

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 294.333), which leaves the selection of the method of accounting to the discretion of the municipal corporation.

Enterprise funds distinguish between operating revenues and expenses and nonoperating items. Operating revenues and expenses result from providing services to customers in connection with ongoing utility operations. The principal operating revenues are charges to customers for service. Operating expenses include payroll and related costs, and materials and supplies. All revenues not considered operating are reported as nonoperating items.

Use of Estimates

The preparation of financial statements in conformity with the cash basis of accounting requires management to make estimates and assumptions that affect reporting amounts of certain assets, liabilities, revenues and expenditures as of and for the year ended June 30, 2015. Actual results may differ from such estimates.

CITY OF SCAPPOOSE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2015

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

The City maintains cash in a common pool that is available for use by all funds. Each fund type's portion of this pool is displayed as cash and cash equivalents. The City considers cash on hand, demand deposits and savings accounts, and short-term investments with an original maturity of three months or less from the date of acquisition to be cash and cash equivalents.

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.

For the purpose of financial reporting, cash and cash equivalents includes all demand and savings accounts and certificates of deposit or short-term investments with an original maturity of three months or less.

Investments in the Local Governmental Investment Pool are stated at cost, which approximates fair value.

Property Taxes

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. 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.

Capital Assets

Capital assets (items costing more than \$5,000 and lasting more than one year) are reported in the applicable governmental or business-type activities in the notes to the financial statements. In the fund statements, capital assets are charged as expenditures as purchased. Capital assets are recorded at cost or estimated historical cost where records are available. Donated assets are not recorded. Maintenance and repairs are expensed as incurred. Replacements which improve or extend the lives of property are capitalized.

Capital assets are depreciated unless they are inexhaustible in nature (e.g., land and right-of-ways). Depreciation is an accounting process to allocate the cost of capital assets in a systematic and rational manner to those periods expected to benefit from the use of capital assets. Depreciation is not intended to represent an estimate in the decline of fair market value, nor are capital assets, net of accumulated depreciation, intended to represent an estimate of the current condition of the assets, or the maintenance requirements needed to maintain the assets at their current level of condition.

Depreciation is computed over the estimated useful lives of the capital assets. Depreciation is calculated on the straight-line basis. The estimated useful lives of the various categories of assets are as follows:

Buildings and improvements	30 - 40 years
Water and Sewer Systems	20 - 50 years
Infrastructure	20 - 50 years
Equipment	5 - 30 years

CITY OF SCAPPOOSE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2015

Upon disposal of capital assets, cost and accumulated depreciation are removed from the accounts.

Long-Term Debt

Long-term debt is presented only in the notes to the financial statements. Payments of principal and interest are recorded as expenditures/expenses when paid.

Use of Restricted Assets

When expenditures/expenses are paid for purposes in which both net position - restricted and net position - unrestricted are available, the City deems net position - restricted to be spent first.

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, 2015

CASH

Cash and investments are comprised of the following at June 30, 2015:

	<i>Carrying Value</i>	<i>Fair Value</i>
Cash		
Petty cash	\$ 400	\$ 400
Cash in checking	213,096	213,096
Restricted cash-deposits for business activities	114,045	114,045
Cash deposits	107,164	107,164
Investments		
Local Government Investment Pool	7,448,896	7,448,896
	<u>\$ 7,883,601</u>	<u>\$ 7,883,601</u>

Deposits

At year end, the book balance of the City's bank deposits (checking) was \$213,096 and the bank balance was \$513,653. 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, 2015, 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, 2015, the fair value of the position in the Oregon State

CITY OF SCAPPOOSE, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2015

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, 2015****CAPITAL ASSETS**

The summary of capital assets for the business-type activities for the year ended June 30, 2015 is as follows:

	<i>Balances July 1, 2014</i>	<i>Additions</i>	<i>Retirements</i>	<i>Balances June 30, 2015</i>
NON-DEPRECIABLE				
Land	\$ 389,036	\$ -	\$ -	\$ 389,036
Construction in progress	-	-	-	\$ -
<i>Total Non-depreciable</i>	389,036	-	-	389,036
DEPRECIABLE				
Buildings and improvements	4,809,739	-	-	4,809,739
Equipment	1,969,650	19,639	-	1,989,289
Vehicles	173,355	100,416	-	273,771
Water and sewer systems	18,872,442	322,217	-	19,194,659
	25,825,186	442,272	-	26,267,458
ACCUMULATED DEPRECIATION				
Buildings and improvements	(2,615,435)	(117,896)	-	(2,733,331)
Equipment	(1,895,722)	(14,396)	-	(1,910,118)
Vehicles	(173,355)	(20,083)	-	(193,438)
Water and sewer systems	(6,996,823)	(368,248)	-	(7,365,071)
	(11,681,335)	(520,623)	-	(12,201,958)
<i>Business-type activities capital assets, net</i>	<u>\$ 14,532,887</u>	<u>\$ (78,351)</u>	<u>\$ -</u>	<u>\$ 14,454,536</u>

CITY OF SCAPPOOSE, OREGON**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)****YEAR ENDED JUNE 30, 2015**

The changes in the capital assets for governmental activities for the year ended June 30, 2015 are as follows:

	Balances July 1, 2014	Additions	Retirements	Balances June 30, 2015
NON-DEPRECIABLE				
Land	\$ 1,765,116	\$ -	\$ -	\$ 1,765,116
Construction in process	-	-	-	-
	<u>1,765,116</u>	<u>-</u>	<u>-</u>	<u>1,765,116</u>
DEPRECIABLE				
Buildings	3,497,450	19,900	-	3,517,350
Equipment	402,261	15,015	-	417,276
Vehicles	496,238	153,353	-	649,591
Infrastructure	61,804,397	5,360	-	61,809,757
	<u>66,200,346</u>	<u>193,628</u>	<u>-</u>	<u>66,393,974</u>
<i>Total depreciable</i>				
	66,200,346	193,628	-	66,393,974
ACCUMULATED DEPRECIATION				
Buildings	(1,273,328)	(88,083)	-	(1,361,411)
Equipment	(277,050)	(24,901)	-	(301,951)
Vehicles	(443,934)	(55,276)	-	(499,210)
Infrastructure	(40,628,905)	(1,616,455)	-	(42,245,360)
	<u>(42,623,217)</u>	<u>(1,784,715)</u>	<u>-</u>	<u>(44,407,932)</u>
<i>Total accumulated depreciation</i>				
	(42,623,217)	(1,784,715)	-	(44,407,932)
<i>Governmental activities capital assets, net</i>	<u>\$ 25,342,245</u>	<u>\$ (1,591,087)</u>	<u>\$ -</u>	<u>\$ 23,751,158</u>

CITY OF SCAPPOOSE, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2015

LONG-TERM DEBT

As a result of the use of the cash basis of accounting in this report, obligations related to long-term debt and other obligations are not reported as liabilities in the financial statements. Long-term debt transactions for the year were as follows:

	<i>Outstanding July 1, 2014</i>	<i>Issued</i>	<i>Matured/ Redeemed During Year</i>	<i>Outstanding June 30, 2015</i>	<i>Due Within One Year</i>
Governmental Activities					
Crown Zellerbach	226,444	-	47,155	179,289	49,041
US National Bank	764,897	-	95,612	669,285	95,612
	<u>991,341</u>	<u>-</u>	<u>142,767</u>	<u>848,574</u>	<u>144,653</u>
Capital leases payable	<u>32,960</u>	<u>140,553</u>	<u>79,935</u>	<u>93,578</u>	<u>36,507</u>
	<u>1,024,301</u>	<u>140,553</u>	<u>222,702</u>	<u>942,152</u>	<u>181,160</u>

	<i>Outstanding July 1, 2014</i>	<i>Issued</i>	<i>Forgiven/ Discounted</i>	<i>Matured/ Redeemed During Year</i>	<i>Outstanding June 30, 2015</i>	<i>Due Within One Year</i>
Business-type Activities						
Airpark Notes Payable	168,316	-	-	53,938	114,378	54,429
Airpark Notes Payable	83,328	-	-	26,174	57,154	27,745
Airpark Notes Payable	114,803	-	-	24,597	90,206	29,823
Water GO Bonds	232,351	-	-	37,433	194,918	39,219
Safe Drinking Water notes	967,491	-	-	45,835	921,656	47,521
WTP phase I & 2 notes	1,228,923	-	-	66,088	1,162,835	66,532
Safe Drinking Water notes	2,984,047	-	-	127,961	2,856,086	129,241
Wastewater DEQ Loan	291,083	-	-	17,642	273,441	17,642
Wastewater US Bank Loan	<u>700,000</u>	<u>-</u>	<u>-</u>	<u>100,000</u>	<u>600,000</u>	<u>100,000</u>
	<u>6,770,342</u>	<u>-</u>	<u>-</u>	<u>499,668</u>	<u>6,270,674</u>	<u>512,152</u>
Capital leases payable	<u>-</u>	<u>81,216</u>	<u>-</u>	<u>17,428</u>	<u>63,788</u>	<u>15,100</u>
	<u>6,770,342</u>	<u>81,216</u>	<u>-</u>	<u>517,096</u>	<u>6,334,462</u>	<u>527,252</u>

CITY OF SCAPPOOSE, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2015

LONG-TERM DEBT (Continued)

U S Bank – On June 13th 2014, the City entered into a contract with US Bank to borrow \$764,897 for the purpose of refinancing the Veteran Park property and the Aquatics and Community Center property. The interest rate is 2.38%. The repayment source will be the Pool Fund and the Parks SDC Fund. The loan requires semi-annual principal and interest payments dues December and June for eight years with the balance to be paid in full on June 13, 2022.

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

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

Water 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 2019.

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.

U S Bank – On December 2013 the City entered in to a loan agreement to provide funds to move the waste water line located on JP West Road. Columbia County constructed a new wider bridge and requiring our waste water line to be relocated. The loan amount is \$700,000, the interest rate is 2.47%. The agreement requires semi-annual principal and interest payments due December and June for 7 years, the balance will be paid in full 2020.

CITY OF SCAPPOOSE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2015

LONG-TERM DEBT (Continued)

Future debt service requirements are as follows:

Governmental Activities			
Fiscal Year Ending	Principal	Interest	Total
June 30,			
2016	144,653	22,532	167,185
2017	146,615	18,295	164,910
2018	148,655	13,979	162,634
2019	121,814	9,581	131,395
2020	95,612	6,258	101,870
2021-2022	191,225	5,689	196,914
	848,574	76,334	924,908
Business-type Activities			
Fiscal Year Ending	Principal	Interest	Total
June 30,			
2016	512,153	155,728	667,881
2017	529,965	139,467	669,432
2018	446,449	122,291	568,740
2019	426,932 -	109,879	536,811
2020	412,142 -	98,891	511,033
2021-2025	1,650,972 -	344,913	1,995,885
2026-2030	1,507,537 -	132,704	1,640,241
2031-2035	774,188	23,630	797,818
2036-2040	10,336	104	10,440
	\$ 6,270,674	\$ 1,127,607	\$ 7,398,281

CITY OF SCAPPOOSE, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2015

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.

CAPITAL LEASES

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	36,507	7,896	44,403
2017	38,332	6,071	44,403
2018	40,252	4,151	44,403
2019	42,274	2,129	44,403
	<u>157,365</u>	<u>20,247</u>	<u>177,612</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. In January of 2013 the City signed an extension of lease agreement for an additional 5-years. For the fiscal year ended June 30, 2015, rent expense was \$44,541.

OFFICE LEASE

<u>Year Ending June 30,</u>	<u>Space 120/130</u>	<u>Space 110</u>	<u>Total</u>
2016	32,409	12,132	44,541
2017	32,409	12,132	44,541
2018	10,803	8,088	18,891
	<u>75,621</u>	<u>32,352</u>	<u>107,973</u>

PENSION PLAN**Plan Description**

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

CITY OF SCAPPOOSE, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2015

Tier One/Tier Two Retirement Benefit ORS Chapter 238

Pension Benefits

The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0 percent for police and fire employees, 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police and fire members). General service employees may retire after reaching age 55. Police and fire members are eligible after reaching age 50. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police and fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier Two members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

Death Benefits

Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following conditions are met:

- the member was employed by a PERS employer at the time of death,
- the member died within 120 days after termination of PERS-covered employment,
- the member died as a result of injury sustained while employed in a PERS covered job, or
- the member was on an official leave of absence from a PERS-covered job at the time of death.

Disability Benefits

A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including PERS judge members) for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.

Benefit Changes

After Retirement Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes.

CITY OF SCAPPOOSE, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2015

Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits above \$60,000.

OPSRP Pension Program (OPSRP DB)

Pension Benefits

The Pension Program (ORS Chapter 238A) provides benefits to members hired on or after August 29, 2003. This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:

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

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

A member of the OPSRP Pension Program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.

Death Benefits

Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50 percent of the pension that would otherwise have been paid to the deceased member.

Disability Benefits

A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.

Benefit Changes after Retirement

Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits above \$60,000.

OPSRP Individual Account Program (OPSRP IAP)

Pension Benefits

An IAP member becomes vested on the date the employee account is established or on the date the rollover

CITY OF SCAPPOOSE, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2015

account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies.

Upon retirement, a member of the OPSRP Individual Account Program (IAP) may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment or in equal installments over a 5-, 10-, 15-, 20-year period or an anticipated life span option. Each distribution option has a \$200 minimum distribution limit.

Death Benefits

Upon the death of a non-retired member, the beneficiary receives in a lump sum the member's account balance, rollover account balance, and vested employer optional contribution account balance. If a retired member dies before the installment payments are completed, the beneficiary may receive the remaining installment payments or choose a lump-sum payment.

Recordkeeping

OPERS contracts with VOYA Financial to maintain IAP participant records.

Contributions

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2011 actuarial valuation as subsequently modified by 2013 legislated changes in benefit provisions. The rates based on a percentage of payroll, first became effective July 1, 2013. Employer contributions for the year ended June 30, 2015 were \$227,373, excluding amounts to fund employer specific liabilities. The employer contribution rates are updated every two years. The City's PERS contribution rates for the year ended June 30, 2015 and the rates for the new year are shown below:

Rate Category	FY 14-15 Net Rate	FY 15-16 Net Rate
Tier 1 / Tier 2	15.87%	17.95%
OPSRP General	11.80%	11.26%
OPSRP Police and Fire	14.53%	15.37%

The contribution rate for the OPSRP Individual Account Program is 6 percent.

CITY OF SCAPPOOSE, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2015

Actuarial assumptions

The employer contribution rates effective July 1, 2013, through June 30, 2015, were set using the projected unit credit actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years. For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years. The total pension liability in the December 31, 2012 actuarial valuation was determined using the following actuarial assumptions:

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

CITY OF SCAPPOOSE, OREGON**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)****YEAR ENDED JUNE 30, 2015**

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2012 Experience Study which reviewed experience for the four-year period ending on December 31, 2012.

Long-term expected rate of return

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Compounded Annual Return (Geometric)</u>
Core Fixed Income	7.20%	4.50%
Short-Term Bonds	8.00%	3.70%
Intermediate -Term Bonds	3.00%	4.10%
High Yield Bonds	1.80%	6.66%
Large Cap US Equities	11.65%	7.20%
Mid Cap US Equities	3.88%	7.30%
Small Cap US Equities	2.27%	7.45%
Developed Foreign Equities	14.21%	6.90%
Emerging Foreign Equities	5.49%	7.40%
Private Equities	20.00%	8.26%
Opportunity Funds/Absolute Return	5.00%	6.01%
Real Estate (Property)	13.75%	6.51%
Real Estate (REITS)	2.50%	6.76%
Commodities	1.25%	6.07%
	<u>100.00%</u>	
		2.75%
Assumed Inflation - Mean		

Discount rate

The discount rate used to measure the total pension liability was 7.75 percent for the Defined Benefit Pension Plan.

CITY OF SCAPPOOSE, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2015

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

Pension plan fiduciary net position

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

Changes in Plan Provisions Subsequent to Measurement Date

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

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

This is a change in benefit terms subsequent to the measurement date of June 30, 2014, and has not been included in the net pension liability (asset) proportionate shares provided by OPERS.

Changes in Plan Provisions

A summary of key changes in plan provisions are described in the PERS GASB 68 Disclosure Information which can be found at:

http://www.oregon.gov/pers/EMP/docs/er_general_information/opers_gasb_68_disclosure_information_revised.pdf

Changes of assumptions

A summary of key changes implemented since the December 31, 2011 valuation are described in the PERS GASB 68 Disclosure Information which can be found at:

http://www.oregon.gov/pers/EMP/docs/er_general_information/opers_gasb_68_disclosure_information_revised.pdf

Additional details and a comprehensive list of changes in methods and assumptions can be found in the 2012 Experience Study for the System, which was published on September 18, 2013, and can be found at:

<http://www.oregon.gov/pers/docs/2012%20Exp%20Study%20Updated.pdf>

CITY OF SCAPPOOSE, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2015

The City's contributions to PERS for the fiscal years ending June 30, 2012, 2013, 2014 and 2015.

Year Ended June 30	Annual Pension Costs (APC)	Percentage of APC Contributed
2012	\$ 408,567	100%
2013	\$ 428,819	100%
2014	\$ 378,434	100%
2015	\$ 343,565	100%

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

PERS Funding Status*

Latest Valuation Date	12/31/2014
Unfunded Actuarial Liability (UAL)	2,466,681
Combined Valuation Payroll	1,593,077
Net UAL as a Percent of Payroll	155%

*per Milliman report dated 12/31/14

CITY OF SCAPPOOSE, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2015

INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

	<u>Transfer in</u>	<u>Transfer from</u>
General Fund	\$ 448,076	\$ 209,524
Building Fund	-	30,679
Street SDC Fund	-	3,285
Street Fund		46,738
Parks SDC Fund	-	2,788
Watts House Fund	-	-
Unemployment Fund	47,976	-
Recreation Reserve Fund		
Water Fund		175,635
Water SDC Fund	95,319	33,099
Wastewater Fund	-	111,229
Wastewater SDC Fund	-	3,682
Storm Drain Fund	-	-
Storm Drain SDC Fund	-	842
Airpark Water Line Fund	26,130	-
	<u>\$ 617,501</u>	<u>\$ 617,501</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, 2015

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.

NEW PRONOUNCEMENTS

GASB Statement No. 61 “The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34.” This Statement modifies certain requirements for inclusion of component units in the financial reporting entity. This Statement also amends the criteria for reporting component units as if they were part of the primary government. The statement was implemented in the current year.

GASB Statement No. 62 “Codification of Accounting and Financial Reporting Guidance Contained in Pre- November 30, 1989 FASB and AICPA Pronouncements.” The objective of this Statement is to incorporate into GASB's authoritative literature certain accounting and financial reporting guidance that were issued on or before November 30, 1989, which do not conflict with or contradict GASB pronouncements. The statement was implemented in the current year.

GASB Statement No. 63 “Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.” The statement provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position. The statement was implemented in the current year.

The City will implement new GASB pronouncements no later than the required fiscal year. Management has not determined the effect on the financial statements from implementing any of the pronouncements.

GASB Statement No. 65 “Items Previously Reported as Assets and Liabilities.” The statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The statement is effective for fiscal years beginning after December 15, 2012.

GASB Statement No. 68 “Accounting and Reporting for Pension Plans—an amendment of GASB Statement No. 27.” The statement establishes accounting and financial reporting requirements related to pensions provided by governments. The statement is effective for fiscal years beginning after June 15, 2014.

GASB Statement No. 69 “Government Combinations and Disposals of Government Operations.” The statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The statement is effective for fiscal years beginning after December 15, 2013.

GASB Statement No. 70 “Accounting and Financial Reporting for Nonexchange Financial Guarantees.” The objective of the statement is to improve accounting and financial reporting by State and local governments that extend and receive nonexchange financial guarantees. The statement is effective for fiscal years beginning after June 15, 2013.

CITY OF SCAPPOOSE, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2015

SUBSEQUENT EVENTS

The City of Scappoose terminated an employment contract May 8, 2014. A lawsuit against the City for damages in the amount of \$500,000 has been filed. The City intends to contest the lawsuit and believes the likelihood of an unfavorable outcome is doubtful.

SUPPLEMENTAL INFORMATION

CITY OF SCAPPOOSE, OREGON
RECONCILIATION OF BUDGETARY TO REPORTING FUNDS
BALANCE SHEET (CASH BASIS) – GENERAL FUND
YEAR ENDED JUNE 30, 2015

	<i>Budgetary funds</i>			<i>Total (reported as General Fund)</i>
	<i>General</i>	<i>Unemployment</i>	<i>Watts House</i>	
ASSETS				
Cash and cash equivalents	\$ 2,827,416	\$ 69,726	\$ 40,386	\$ 2,937,528
LIABILITIES AND FUND BALANCES				
<i>Liabilities</i>				
Deposits	\$ 107,164			\$ 107,164
<i>Fund Balances</i>				
Committed for:				
Unemployment	-	69,726		69,726
Unassigned:	2,720,252		40,386	2,760,638
<i>Total Fund Balances</i>	2,720,252	69,726	40,386	2,830,364
<i>Total Liabilities and Fund Balances</i>	\$ 2,827,416	\$ 69,726	\$ 40,386	\$ 2,937,528

CITY OF SCAPPOOSE, OREGON
RECONCILIATION OF BUDGETARY TO REPORTING FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
(CASH BASIS) GENERAL FUND
YEAR ENDED JUNE 30, 2015

	<i>Budgetary funds</i>			<i>Total</i>
	<i>General</i>	<i>Unemployment</i>	<i>Watts House</i>	<i>(reported as General Fund)</i>
REVENUES				
Taxes and assessments	\$ 1,717,770			\$ 1,717,770
Licenses and permits	402,516			402,516
Charges for services	242,098			242,098
Intergovernmental	165,210			165,210
Miscellaneous	306,367	260	212	306,839
<i>Total Revenues</i>	<u>2,833,961</u>	<u>260</u>	<u>212</u>	<u>2,834,433</u>
EXPENDITURES				
General government	655,356	25,286	3,654	684,296
Court and police	1,462,803			1,462,803
Community services & development	106,413			106,413
Culture and recreation	233,816			233,816
Capital outlay	32,438			32,438
Debt service	82,070			82,070
<i>Total Expenditures</i>	<u>2,572,896</u>	<u>25,286</u>	<u>3,654</u>	<u>2,601,836</u>
REVENUES OVER (UNDER)				
EXPENDITURES	261,065	(25,026)	(3,442)	232,597
OTHER FINANCING SOURCES (USES)				
Transfers in	448,076	47,976	-	496,052
Transfers out	(209,524)	-	-	(209,524)
<i>Total Other Financing Sources (Uses)</i>	<u>238,552</u>	<u>47,976</u>	<u>-</u>	<u>286,528</u>
NET CHANGE IN FUND BALANCES	499,617	22,950	(3,442)	519,125
FUND BALANCES, Beginning of year	2,220,635	46,776	43,828	2,311,239
FUND BALANCES, End of year	<u>\$ 2,720,252</u>	<u>\$ 69,726</u>	<u>\$ 40,386</u>	<u>\$ 2,830,364</u>

CITY OF SCAPPOOSE, OREGON
COMBINING BALANCE SHEET (CASH BASIS) -
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015

	<u>Special Revenue</u>		
	<u>Building</u>	<u>Peg Fee</u>	<u>Law Enforcement</u>
ASSETS			
Cash and cash equivalents	\$ 110,977	134,134	42,708
LIABILITIES AND FUND BALANCES			
Liabilities	-	\$ -	\$ -
FUND BALANCES			
Restricted for			
Capital Projects			
Special Revenue			
Committed for			
Capital Projects			
Special Revenue	110,977	134,134	42,708
Total Liabilities and Fund Balances	<u>\$ 110,977</u>	<u>\$ 134,134</u>	<u>\$ 42,708</u>

CITY OF SCAPPOOSE, OREGON
COMBINING BALANCE SHEET (CASH BASIS) -
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015

	<u>Recreation Reserve</u>	<u>Bike Trails</u>	<u>Parks SDC</u>	<u>Totals</u>
ASSETS				
Cash and cash equivalents	\$ 83,970	28,719	92,224	\$ 492,732
LIABILITIES AND FUND BALANCES				
<i>Liabilities</i>	-	\$ -	\$ -	\$ -
FUND BALANCES				
Restricted for				
Capital Projects		28,719	92,224	120,943
Special Revenue				-
Committed for				-
Capital Projects	83,970			83,970
Special Revenue				287,819
<i>Total Liabilities and Fund Balances</i>	<u>\$ 83,970</u>	<u>\$ 28,719</u>	<u>\$ 92,224</u>	<u>\$ 492,732</u>

CITY OF SCAPPOOSE, OREGON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

(CASH BASIS) - NONMAJOR GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2015

	Special Revenue		
	Building	PEG Fee	Law Enforcement
REVENUES			
Licenses and permits	\$ 214,472	\$ -	\$ -
Charges for services	-	9,389	15,710
Intergovernmental	-	-	-
Miscellaneous	30,331	673	190
<i>Total Revenues</i>	<u>244,803</u>	<u>10,062</u>	<u>15,900</u>
EXPENDITURES			
Current operating	-	-	-
General government	195,535	-	-
Highways and streets	-	-	14,103
Culture and recreation	-	7,295	-
Capital outlay	-	-	-
Debt service	-	-	-
<i>Total Expenditures</i>	<u>195,535</u>	<u>7,295</u>	<u>14,103</u>
REVENUES OVER (UNDER)			
EXPENDITURES	49,268	2,767	1,797
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	<u>(30,679)</u>	<u>-</u>	<u>-</u>
<i>Total Other Financing Sources (Uses)</i>	<u>(30,679)</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	18,589	2,767	1,797
FUND BALANCES, Beginning of year	92,388	131,367	40,911
FUND BALANCES, End of year	<u><u>110,977</u></u>	<u><u>\$ 134,134</u></u>	<u><u>\$ 42,708</u></u>

CITY OF SCAPPOOSE, OREGON**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES****(CASH BASIS) - NONMAJOR GOVERNMENTAL FUNDS****YEAR ENDED JUNE 30, 2015**

	<i>Recreation Reserve</i>	<i>Foot Paths & Bicycle Trails</i>	<i>Parks SDC</i>	<i>Totals</i>
REVENUES				
Licenses and permits	\$ -	-	93,095	\$ 307,567
Charges for services	-	-	-	25,099
Intergovernmental	-	3,811	-	3,811
Miscellaneous	656	134	445	32,429
<i>Total Revenues</i>	<u>656</u>	<u>3,945</u>	<u>93,540</u>	<u>368,906</u>
EXPENDITURES				
Current operating				
General government	-	-	-	195,535
Highways and streets	-	331	-	14,434
Culture and recreation	-	-	-	7,295
Capital outlay	-	-	-	-
Debt service	67,887	-	45,361	113,248
<i>Total Expenditures</i>	<u>67,887</u>	<u>331</u>	<u>45,361</u>	<u>330,512</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(67,231)</u>	<u>3,614</u>	<u>48,179</u>	<u>38,394</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	(2,788)	(33,467)
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>-</u>	<u>(2,788)</u>	<u>(33,467)</u>
NET CHANGE IN FUND BALANCES	<u>(67,231)</u>	<u>3,614</u>	<u>45,391</u>	<u>4,927</u>
FUND BALANCES, Beginning of year	<u>151,201</u>	<u>25,105</u>	<u>46,833</u>	<u>487,805</u>
FUND BALANCES, End of year	<u>\$ 83,970</u>	<u>28,719</u>	<u>92,224</u>	<u>\$ 492,732</u>

CITY OF SCAPPOOSE, OREGON**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE****(CASH BASIS) - BUDGET AND ACTUAL - GENERAL FUND****YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES				
Taxes and assessments	\$ 1,639,902	1,639,902	\$ 1,717,770	\$ 77,868
Licenses and permits	403,500	403,500	402,516	(984)
Charges for services	245,250	245,250	242,098	(3,152)
Intergovernmental	153,850	153,850	165,210	11,360
Miscellaneous	14,500	74,500	306,367	231,867
Total Receipts	2,457,002	2,517,002	2,833,961	316,959
EXPENDITURES				
General government	680,392	680,392	655,356	25,036
Police and court	1,763,079	1,763,079	1,462,803	300,276
Culture and recreation	280,607	280,607	233,816	46,791
Community development	164,517	164,517	106,413	58,104
Capital outlay	75,252	75,252	32,438	42,814
Debt service	45,347	82,072	82,070	2
Contingency	640,128	640,128	-	640,128
Total Disbursements	3,649,322	3,686,047	2,572,896	1,113,151
REVENUES OVER (UNDER)				
EXPENDITURES	(1,192,320)	(1,169,045)	261,065	1,430,110
OTHER FINANCING SOURCES (USES)				
Transfer in	448,075	448,075	448,076	1
Transfers out	(209,524)	(209,524)	(209,524)	-
Total Other Financing Sources (Uses)	238,551	238,551	238,552	1
NET CHANGE IN FUND BALANCE	(953,769)	(930,494)	499,617	1,430,111
FUND BALANCE, Beginning of year	2,053,769	2,053,769	2,220,635	166,866
FUND BALANCE, End of year	\$ 1,100,000	1,123,275	\$ 2,720,252	\$ 1,596,977

CITY OF SCAPPOOSE, OREGON**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES****(CASH BASIS) - BUDGET AND ACTUAL – UNEMPLOYMENT FUND****YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES				
Miscellaneous	\$ 325	325	\$ 260	(65)
<i>Total Receipts</i>	325	325	260	(65)
EXPENDITURES				
Materials and services	41,964	41,964	25,286	16,678
Contingency	53,667	53,667	-	53,667
<i>Total Disbursements</i>	95,631	95,631	25,286	70,345
REVENUES OVER (UNDER) EXPENDITURES	(95,306)	(95,306)	(25,026)	70,280
OTHER FINANCING SOURCES (USES)				
Transfers in	47,976	47,976	47,976	-
<i>Total Other Financing Sources (Uses)</i>	47,976	47,976	47,976	-
NET CHANGE IN FUND BALANCE	(47,330)	(47,330)	22,950	70,280
FUND BALANCE, Beginning of year	47,330	47,330	46,776	(554)
FUND BALANCE, End of year	\$ -	\$ -	\$ 69,726	\$ 69,726

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, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Miscellaneous	\$ 20,150	20,150	\$ 212	(19,938)
<i>Total Receipts</i>	20,150	20,150	212	(19,938)
EXPENDITURES				
Materials and services	10,000	10,000	3,654	6,346
Capital outlay	40,000	40,000	-	40,000
Contingency	9,238	9,238	-	9,238
<i>Total Disbursements</i>	59,238	59,238	3,654	55,584
REVENUES OVER (UNDER) EXPENDITURES	(39,088)	(39,088)	(3,442)	35,646
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
<i>Total Other Financing Sources (Uses)</i>	-	-	-	-
NET CHANGE IN FUND BALANCE	(39,088)	(39,088)	(3,442)	35,646
FUND BALANCE, Beginning of year	39,088	39,088	43,828	4,740
FUND BALANCE, End of year	\$ -	\$ -	\$ 40,386	\$ 40,386

CITY OF SCAPPOOSE, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
(CASH BASIS)- BUDGET AND ACTUAL - STREET FUND
YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES				
Intergovernmental	\$ 542,917	542,917	\$ 377,254	(165,663)
Licenses and permits	2,000	2,000	2,375	375
Miscellaneous	1,600	1,600	7,451	5,851
<i>Total Receipts</i>	546,517	546,517	387,080	(159,437)
EXPENDITURES				
Personal services	172,276	172,276	142,410	29,866
Materials and services	168,460	168,460	127,761	40,699
Capital outlay	201,309	201,309	20,637	180,672
Debt service	-	-	-	-
Contingency	426,396	426,396	-	426,396
<i>Total Disbursements</i>	968,441	968,441	290,808	677,633
REVENUES OVER (UNDER) EXPENDITURES	(421,924)	(421,924)	96,272	518,196
OTHER FINANCING SOURCES (USES)				
Transfers out	(46,738)	(46,738)	(46,738)	-
<i>Total Other Financing Sources (Uses)</i>	(46,738)	(46,738)	(46,738)	-
NET CHANGE IN FUND BALANCE	(468,662)	(468,662)	49,534	518,196
FUND BALANCE, Beginning of year	468,662	468,662	522,457	53,795
FUND BALANCE, End of year	\$ -	\$ -	\$ 571,991	\$ 571,991

CITY OF SCAPPOOSE, OREGON**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES****(CASH BASIS) - BUDGET AND ACTUAL – STREET SDC FUND****YEAR ENDED JUNE 30, 2015**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses and permits	\$ 65,700	65,700	\$ 90,014	24,314
Miscellaneous	2,200	2,200	1,615	(585)
<i>Total Receipts</i>	67,900	67,900	91,629	23,729
EXPENDITURES				
Capital outlay	-	-	-	-
Debt service	56,213	56,213	56,213	-
Contingency	328,624	328,624	-	328,624
<i>Total Disbursements</i>	384,837	384,837	56,213	328,624
REVENUES OVER (UNDER) EXPENDITURES	(316,937)	(316,937)	35,416	352,353
OTHER FINANCING SOURCES (USES)				
Transfers out	(3,285)	(3,285)	(3,285)	-
<i>Total Other Financing Sources (Uses)</i>	(3,285)	(3,285)	(3,285)	-
NET CHANGE IN FUND BALANCE	(320,222)	(320,222)	32,131	352,353
FUND BALANCE, Beginning of year	320,222	320,222	319,011	(1,211)
FUND BALANCE, End of year	\$ -	\$ -	\$ 351,142	\$ 351,142

CITY OF SCAPPOOSE, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
(CASH BASIS) - BUDGET AND ACTUAL – BUILDING FUND
YEAR ENDED JUNE 30, 2015

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses and permits	\$ 130,000	130,000	\$ 214,472	84,472
Miscellaneous	30,340	30,340	30,331	(9)
<i>Total Receipts</i>	<u>160,340</u>	<u>160,340</u>	<u>244,803</u>	<u>84,463</u>
EXPENDITURES				
Personal services	172,301	172,301	160,781	11,520
Materials and services	23,150	43,150	34,754	8,396
Contingency	29,181	9,181	-	9,181
<i>Total Disbursements</i>	<u>224,632</u>	<u>224,632</u>	<u>195,535</u>	<u>29,097</u>
REVENUES OVER (UNDER)	(64,292)	(64,292)	49,268	113,560
EXPENDITURES				
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(30,679)	(30,679)	(30,679)	-
<i>Total Other Financing Sources (Uses)</i>	<u>(30,679)</u>	<u>(30,679)</u>	<u>(30,679)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(94,971)	(94,971)	18,589	113,560
FUND BALANCE, Beginning of year	<u>94,971</u>	<u>94,971</u>	<u>92,388</u>	<u>(2,583)</u>
FUND BALANCE, End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 110,977</u>	<u>\$ 110,977</u>

CITY OF SCAPPOOSE, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
(CASH BASIS) - BUDGET AND ACTUAL – PEG FEE FUND
YEAR ENDED JUNE 30, 2015

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Charges for services	\$ 9,600	9,600	\$ 9,389	(211)
Miscellaneous	740	740	673	(67)
<i>Total Receipts</i>	10,340	10,340	10,062	(278)
EXPENDITURES				
Materials and services	41,700	41,700	7,295	34,405
Capital outlay	-	-	-	-
Contingency	95,495	95,495	-	95,495
<i>Total Disbursements</i>	137,195	137,195	7,295	129,900
REVENUES OVER (UNDER)				
EXPENDITURES	(126,855)	(126,855)	2,767	129,622
NET CHANGE IN FUND BALANCE	(126,855)	(126,855)	2,767	129,622
FUND BALANCE, Beginning of year	126,855	126,855	131,367	4,512
FUND BALANCE, End of year	\$ -	\$ -	\$ 134,134	\$ 134,134

CITY OF SCAPPOOSE, OREGON**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES****(CASH BASIS) - BUDGET AND ACTUAL – LAW ENFORCEMENT FUND****YEAR ENDED JUNE 30, 2015**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Charges for services	\$ 10,000	10,000	\$ 15,710	5,710
Miscellaneous	190	190	190	-
<i>Total Receipts</i>	10,190	10,190	15,900	5,710
EXPENDITURES				
Materials and services	15,000	15,000	14,103	897
Debt service		-		-
Contingency	32,626	32,626	-	32,626
<i>Total Disbursements</i>	47,626	47,626	14,103	33,523
REVENUES OVER (UNDER) EXPENDITURES	(37,436)	(37,436)	1,797	39,233
NET CHANGE IN FUND BALANCE	(37,436)	(37,436)	1,797	39,233
FUND BALANCE, Beginning of year	37,436	37,436	40,911	3,475
FUND BALANCE, End of year	\$ -	\$ -	\$ 42,708	\$ 42,708

CITY OF SCAPPOOSE, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

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

YEAR ENDED JUNE 30, 2015

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Miscellaneous	\$ 1,000	1,000	\$ 656	(344)
<i>Total Receipts</i>	1,000	1,000	656	(344)
EXPENDITURES				
Materials and services	-	-	-	-
Capital outlay	-	-	-	-
Debt service	72,684	72,684	67,887	4,797
Contingency	79,577	79,577	-	79,577
<i>Total Disbursements</i>	152,261	152,261	67,887	84,374
REVENUES OVER (UNDER)				
EXPENDITURES	(151,261)	(151,261)	(67,231)	84,030
NET CHANGE IN FUND BALANCE	(151,261)	(151,261)	(67,231)	84,030
FUND BALANCE, Beginning of year	151,261	151,261	151,201	(60)
FUND BALANCE, End of year	\$ -	\$ -	\$ 83,970	\$ 83,970

CITY OF SCAPPOOSE, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

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

YEAR ENDED JUNE 30, 2015

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Intergovernmental	\$ 3,834	3,834	\$ 3,811	(23)
Miscellaneous	125	125	134	9
<i>Total Receipts</i>	<u>3,959</u>	<u>3,959</u>	<u>3,945</u>	<u>(14)</u>
EXPENDITURES				
Materials and services	5,750	5,750	331	5,419
Capital outlay	-	-	-	-
Contingency	22,319	22,319	-	22,319
<i>Total Disbursements</i>	<u>28,069</u>	<u>28,069</u>	<u>331</u>	<u>27,738</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(24,110)</u>	<u>(24,110)</u>	<u>3,614</u>	<u>27,724</u>
NET CHANGE IN FUND BALANCE	<u>(24,110)</u>	<u>(24,110)</u>	<u>3,614</u>	<u>27,724</u>
FUND BALANCE, Beginning of year	<u>24,110</u>	<u>24,110</u>	<u>25,105</u>	<u>995</u>
FUND BALANCE, End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,719</u>	<u>\$ 28,719</u>

CITY OF SCAPPOOSE, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
(CASH BASIS) - BUDGET AND ACTUAL – PARKS SDC FUND
YEAR ENDED JUNE 30, 2015

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses and permits	\$ 55,758	55,758	\$ 93,095	37,337
Miscellaneous	175	175	445	270
<i>Total Receipts</i>	55,933	55,933	93,540	37,607
EXPENDITURES				
Debt service	50,800	50,800	45,361	5,439
Contingency	54,728	54,728	-	54,728
<i>Total Disbursements</i>	105,528	105,528	45,361	60,167
REVENUES OVER (UNDER) EXPENDITURES	(49,595)	(49,595)	48,179	97,774
OTHER FINANCING SOURCES (USES)				
Transfers out	(2,788)	(2,788)	(2,788)	-
<i>Total Other Financing Sources (Uses)</i>	(2,788)	(2,788)	(2,788)	-
NET CHANGE IN FUND BALANCE	(52,383)	(52,383)	45,391	97,774
FUND BALANCE, Beginning of year	52,383	52,383	46,833	(5,550)
FUND BALANCE, End of year	\$ -	\$ -	\$ 92,224	\$ 92,224

CITY OF SCAPPOOSE, OREGON
COMBINING STATEMENT OF NET POSITION (CASH BASIS) -
NONMAJOR PROPRIETARY FUNDS
JUNE 30, 2015

	<u>Storm Drain</u>	<u>Storm Drain SDC</u>	<u>Water SDC</u>	<u>Airpark Water Line</u>	<u>G.O. Water-Sewer</u>	<u>Totals</u>
ASSETS						
Cash and cash equivalents	\$ 6,494	226,298	154,787	66,708	40,767	\$ 495,054
LIABILITIES	-	-	-	-	-	-
NET POSITION:						
Restricted	6,494	226,298	154,787	66,708	40,767	495,054
<i>Total net position</i>	<u>\$ 6,494</u>	<u>\$ 226,298</u>	<u>\$ 154,787</u>	<u>\$ 66,708</u>	<u>\$ 40,767</u>	<u>\$ 495,054</u>

CITY OF SCAPPOOSE, OREGON

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

(CASH BASIS) - NONMAJOR PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2015

	<u>Storm Drain</u>	<u>Storm Drain SDC</u>	<u>Water SDC</u>	<u>Airpark Water Line</u>	<u>G.O. Water-Sewer</u>	<u>Totals</u>
OPERATING REVENUES						
Taxes and assessments	\$ -	\$ -	\$ -	\$ -	\$ 39,999	\$ 39,999
Licenses and permits	-	31,878	247,723	-	-	279,601
Intergovernmental	-	-	-	73,554	-	73,554
Miscellaneous	33	1,069	588	348	132	2,170
<i>Total Operating Revenues</i>	<u>33</u>	<u>32,947</u>	<u>248,311</u>	<u>73,902</u>	<u>40,131</u>	<u>395,324</u>
NON OPERATING REVENUES						
(EXPENSES)						
Debt proceeds	-	-	-	-	-	-
Debt service						
Principal	-	-	194,049	104,709	37,433	336,191
Interest	-	-	86,299	19,976	13,404	119,679
<i>Total Non Operating Revenue</i> <i>(Expenses)</i>	<u>-</u>	<u>-</u>	<u>280,348</u>	<u>124,685</u>	<u>50,837</u>	<u>455,870</u>
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS						
Transfers in	-	-	95,319	26,130	-	121,449
Transfers out	-	(842)	(33,099)	-	-	(33,941)
CHANGE IN NET POSITION	<u>33</u>	<u>32,105</u>	<u>30,183</u>	<u>(24,653)</u>	<u>(10,706)</u>	<u>26,962</u>
NET POSITION, Beginning of the year	<u>6,461</u>	<u>194,193</u>	<u>124,604</u>	<u>91,361</u>	<u>51,473</u>	<u>468,092</u>
NET POSITION, End of the year	<u>\$ 6,494</u>	<u>\$ 226,298</u>	<u>\$ 154,787</u>	<u>\$ 66,708</u>	<u>\$ 40,767</u>	<u>\$ 495,054</u>

CITY OF SCAPPOOSE, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
(CASH BASIS) - BUDGET AND ACTUAL – STORM DRAINAGE FUND
YEAR ENDED JUNE 30, 2015

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Charges for services	\$		\$	
Miscellaneous	40	40	33	(7)
<i>Total Receipts</i>	40	40	33	(7)
EXPENDITURES				
Materials and services	6,100	6,100	-	6,100
Contingency	401	401	-	401
<i>Total Disbursements</i>	6,501	6,501	-	6,501
REVENUES OVER (UNDER)				
EXPENDITURES	(6,461)	(6,461)	33	6,494
NET CHANGE IN FUND BALANCE	(6,461)	(6,461)	33	6,494
FUND BALANCE,				
<i>Beginning of year</i>	6,461	6,461	6,461	-
FUND BALANCE,				
<i>End of year</i>	\$ -	\$ -	\$ 6,494	\$ 6,494

CITY OF SCAPPOOSE, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
(CASH BASIS) - BUDGET AND ACTUAL – STORM DRAINAGE SDC FUND
YEAR ENDED JUNE 30, 2015

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses and permits	\$ 16,830	16,830	\$ 31,878	15,048
Miscellaneous	1,025	1,025	1,069	44
<i>Total Receipts</i>	17,855	17,855	32,947	15,092
EXPENDITURES				
Capital outlay	-	-	-	-
Contingency	212,893	212,893	-	212,893
<i>Total Disbursements</i>	212,893	212,893	-	212,893
REVENUES OVER (UNDER) EXPENDITURES	(195,038)	(195,038)	32,947	227,985
OTHER FINANCING SOURCES (USES)				
Transfers out	(842)	(842)	(842)	-
<i>Total Other Financing Sources (Uses)</i>	(842)	(842)	(842)	-
NET CHANGE IN FUND BALANCE	(195,880)	(195,880)	32,105	227,985
FUND BALANCE, Beginning of year	195,880	195,880	194,193	(1,687)
FUND BALANCE, End of year	\$ -	\$ -	\$ 226,298	\$ 226,298

CITY OF SCAPPOOSE, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
(CASH BASIS) - BUDGET AND ACTUAL – WATER SDC FUND
YEAR ENDED JUNE 30, 2015

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses and permits	\$ 139,380	139,380	\$ 247,723	108,343
Miscellaneous	465	465	588	123
	<u>139,845</u>	<u>139,845</u>	<u>248,311</u>	<u>108,466</u>
<i>Total Receipts</i>				
EXPENDITURES				
Capital outlay	-	-	-	-
Debt service	280,349	280,349	280,348	1
Contingency	55,604	55,604	-	55,604
	<u>335,953</u>	<u>335,953</u>	<u>280,348</u>	<u>55,605</u>
<i>Total Disbursements</i>				
REVENUES OVER (UNDER) EXPENDITURES	(196,108)	(196,108)	(32,037)	164,071
OTHER FINANCING SOURCES (USES)				
Transfers in	95,319	95,319	95,319	-
Transfers out	(33,099)	(33,099)	(33,099)	-
	<u>62,220</u>	<u>62,220</u>	<u>62,220</u>	<u>-</u>
<i>Total Other Financing Sources (Uses)</i>				
NET CHANGE IN FUND BALANCE	(133,888)	(133,888)	30,183	164,071
FUND BALANCE, Beginning of year	133,888	133,888	124,604	(9,284)
FUND BALANCE, End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 154,787</u>	<u>\$ 154,787</u>

CITY OF SCAPPOOSE, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

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

YEAR ENDED JUNE 30, 2015

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Intergovernmental	\$ 73,555	73,555	\$ 73,554	(1)
Miscellaneous	550	550	348	(202)
<i>Total Receipts</i>	74,105	74,105	73,902	(203)
EXPENDITURES				
Debt service	124,685	124,685	124,685	-
Contingency	66,948	66,948	-	66,948
<i>Total Disbursements</i>	191,633	191,633	124,685	66,948
REVENUES OVER (UNDER) EXPENDITURES	(117,528)	(117,528)	(50,783)	66,745
OTHER FINANCING SOURCES (USES)				
Transfers in	26,130	26,130	26,130	-
<i>Total Other Financing Sources (Uses)</i>	26,130	26,130	26,130	-
NET CHANGE IN FUND BALANCE	(91,398)	(91,398)	(24,653)	66,745
FUND BALANCE, Beginning of year	91,398	91,398	91,361	(37)
FUND BALANCE, End of year	\$ -	\$ -	\$ 66,708	\$ 66,708

CITY OF SCAPPOOSE, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

(CASH BASIS) - BUDGET AND ACTUAL - GO WATER- WASTEWATER BOND FUND

YEAR ENDED JUNE 30, 2015

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Taxes and assessments	\$ 39,738	39,738	\$ 39,999	261
Miscellaneous	300	300	132	(168)
<i>Total Receipts</i>	40,038	40,038	40,131	93
EXPENDITURES				
Debt service	50,837	50,837	50,837	-
Contingency	759	759	-	759
<i>Total Disbursements</i>	51,596	51,596	50,837	759
REVENUES OVER (UNDER) EXPENDITURES	(11,558)	(11,558)	(10,706)	852
OTHER FINANCING SOURCES (USES)				
NET CHANGE IN FUND BALANCE	(11,558)	(11,558)	(10,706)	852
FUND BALANCE, Beginning of year	51,558	51,558	51,473	(85)
FUND BALANCE, End of year	\$ 40,000	\$ 40,000	\$ 40,767	767

CITY OF SCAPPOOSE, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
(CASH BASIS) - BUDGET AND ACTUAL - WATER FUND
YEAR ENDED JUNE 30, 2015

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses and permits	\$ 2,720	2,720	\$ 5,526	2,806
Charges for services	1,762,902	1,762,902	1,557,069	(205,833)
Miscellaneous	552,800	552,800	719,870	167,070
<i>Total Receipts</i>	2,318,422	2,318,422	2,282,465	(35,957)
EXPENDITURES				
Personal services	612,406	612,406	552,620	59,786
Materials and services	406,227	406,227	323,016	83,211
Capital outlay	573,500	573,500	249,984	323,516
Debt service	117,426	117,426	98,867	18,559
Contingency	1,079,525	1,079,525	-	1,079,525
<i>Total Disbursements</i>	2,789,084	2,789,084	1,224,487	1,564,597
REVENUES OVER (UNDER) EXPENDITURES				
	(470,662)	(470,662)	1,057,978	1,528,640
OTHER FINANCING SOURCES (USES)				
Transfers out	(175,635)	(175,635)	(175,635)	-
<i>Total Other Financing Sources (Uses)</i>	(175,635)	(175,635)	(175,635)	-
NET CHANGE IN FUND BALANCE				
FUND BALANCE, Beginning of year	(646,297)	(646,297)	882,343	1,528,640
FUND BALANCE, End of year	646,297	646,297	611,992	(34,305)
	\$ -	\$ -	\$ 1,494,335	\$ 1,494,335

CITY OF SCAPPOOSE, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
(CASH BASIS) - BUDGET AND ACTUAL – WASTEWATER FUND
YEAR ENDED JUNE 30, 2015

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Charges for services	\$ 1,060,250	1,060,250	1,052,564	(7,686)
Miscellaneous	6,000	6,000	6,727	727
<i>Total Receipts</i>	1,066,250	1,066,250	1,059,291	(6,959)
EXPENDITURES				
Personal services	595,237	595,237	523,215	72,022
Materials and services	461,798	461,798	347,981	113,817
Capital outlay	126,500	126,500	90,050	36,450
Debt service	141,702	141,702	133,697	8,005
Contingency	519,757	519,757	-	519,757
<i>Total Disbursements</i>	1,844,994	1,844,994	1,094,943	750,051
REVENUES OVER (UNDER) EXPENDITURES	(778,744)	(778,744)	(35,652)	743,092
OTHER FINANCING SOURCES (USES)				
Loan Proceeds	-	-	-	-
Transfers out	(111,229)	(111,229)	(111,229)	-
<i>Total Other Financing Sources (Uses)</i>	(111,229)	(111,229)	(111,229)	-
NET CHANGE IN FUND BALANCE	(889,973)	(889,973)	(146,881)	743,092
FUND BALANCE, Beginning of year	889,973	889,973	956,664	66,691
FUND BALANCE, End of year	\$ -	\$ -	\$ 809,783	\$ 809,783

CITY OF SCAPPOOSE, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
(CASH BASIS) - BUDGET AND ACTUAL – WASTEWATER SDC FUND
YEAR ENDED JUNE 30, 2015

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses and permits	\$ 73,648	73,648	\$ 129,552	55,904
Miscellaneous	3,000	3,000	2,880	(120)
<i>Total Receipts</i>	76,648	76,648	132,432	55,784
EXPENDITURES				
Capital outlay	450,000	450,000	21,022	428,978
Contingency	148,310	148,310	-	148,310
<i>Total Disbursements</i>	598,310	598,310	21,022	577,288
REVENUES OVER (UNDER) EXPENDITURES	(521,662)	(521,662)	111,410	633,072
OTHER FINANCING SOURCES (USES)				
Transfers out	(3,682)	(3,682)	(3,682)	-
<i>Total Other Financing Sources (Uses)</i>	(3,682)	(3,682)	(3,682)	-
NET CHANGE IN FUND BALANCE	(525,344)	(525,344)	107,728	633,072
FUND BALANCE, Beginning of year	525,344	525,344	509,262	(16,082)
FUND BALANCE, End of year	\$ -	\$ -	\$ 616,990	\$ 616,990

OTHER SCHEDULES

CITY OF SCAPPOOSE, OREGON
SCHEDULE OF PROPERTY TAX TRANSACTIONS
YEAR ENDED JUNE 30, 2015

Schedule of Property Tax Transactions

<i>Tax Year</i>	<i>Uncollected Balances July 1, 2014</i>	<i>2013-2014 Levy</i>	<i>Interest, Discounts & Adjustments</i>	<i>Turnovers</i>	<i>Uncollected Balances June 30, 2015</i>
2014	\$ 63,508	\$ 1,775,565	\$ (114,549)	\$ (1,652,633)	\$ 71,891
2013	36,832	-	45,071	(49,980)	31,923
2012	21,079	-	21,721	(20,912)	21,888
2011	11,375	-	15,776	(20,543)	6,608
2010	4,096	-	13,426	(13,944)	3,578
2009	1,801	-	2,578	(1,677)	2,702
2008	879	-	1,109	(839)	1,149
2007	416	-	495	(137)	774
Prior Years	1,428	-	465	(162)	1,731
Total	<u>\$ 141,414</u>	<u>1,775,565</u>	<u>(13,908)</u>	<u>(1,760,827)</u>	<u>142,244</u>

CITY OF SCAPPOOSE, OREGON
SCHEDULE OF LONG-TERM DEBT TRANSACTIONS
YEAR ENDED JUNE 30, 2015

	<i>Interest Rates</i>	<i>Date of Issue</i>	<i>Fiscal Year of Maturity</i>	<i>Outstanding July 1, 2014</i>	<i>Issued</i>	<i>Redeemed/Refinanced</i>	<i>Paid</i>	<i>Outstanding June 30, 2015</i>
PRINCIPAL TRANSACTIONS								
General Obligations								
Crown Zellerbach	4.00%	2002	2019	226,444	-	-	47,155	179,289
US Bank	2.38%	2014	2022	764,897	-	-	95,612	669,285
Enterprise Obligations								
Airpark Notes Payable	5.33%	1998	2017	168,316	-	-	53,938	114,378
Airpark Notes Payable	6.00%	1997	2017	83,328	-	-	26,174	57,154
Airpark Notes Payable	4.74%	1998	2018	114,803	-	-	24,597	90,206
Water GO Bonds	5.00%	1979	2020	232,351	-	-	37,433	194,918
Safe Drinking Water Revolving	3.68%	2010	2031	967,491	-	-	45,835	921,656
WTP phase I & 2 notes	4.43%	2002	2028	1,228,923	-	-	66,088	1,162,835
Safe Drinking Water notes	1.00%	2004	2034	2,984,047	-	-	127,961	2,856,086
Wastewater DEQ Loan	0.00%	2011	2031	291,083	-	-	17,642	273,441
Wastewater US Bank Loan	2.47%	2014	2020	700,000	-	-	100,000	600,000
				<u>\$ 7,761,683</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 642,435</u>	<u>\$ 7,119,248</u>

CITY OF SCAPPOOSE, OREGON
SCHEDULE OF LONG-TERM DEBT TRANSACTIONS
YEAR ENDED JUNE 30, 2015

	<i>Interest Rates</i>	<i>Date of Issue</i>	<i>Unmatured Interest July 1, 2014</i>	<i>New Issues</i>	<i>Redeemed/ Refinanced</i>	<i>Interest Paid</i>	<i>Unmatured Interest June 30, 2015</i>
INTEREST TRANSACTIONS							
General Obligations							
Crown Zellerbach	4.00%	2002	25,658	-	-	9,058	16,600
US Bank	2.38%	2014	77,369	-	-	17,635	59,734
Enterprise Obligations							
Airpark Notes Payable	5.33%	1998	18,847	-	-	9,258	9,589
Airpark Notes Payable	6.00%	1997	10,194	-	-	5,000	5,194
Airpark Notes Payable	4.74%	1998	14,766	-	-	5,718	9,048
Water GO Bonds	5.00%	1979	52,289	-	-	13,404	38,885
Safe Drinking Water Revolving	3.68%	2010	327,942	-	-	35,604	292,338
WTP phase I & 2 notes	4.43%	2002	474,172	-	-	56,459	417,713
Safe Drinking Water notes	1.00%	2004	340,225	-	-	29,840	310,385
Wastewater DEQ Loan	0.00%	2011	-	-	-	-	-
Wastewater US Bank Loan	2.47%	2014	60,515	-	-	16,055	44,460
			<u>\$ 1,401,977</u>	<u>\$ -</u>	<u>\$ -</u>	<u>198,031</u>	<u>1,203,946</u>

CITY OF SCAPPOOSE
SCHEDULE OF FUTURE DEBT REQUIREMENTS - GOVERNMENT-WIDE
JUNE 30, 2015

Fiscal Year Ending June 30,	Crown Zellerbach			US Bank Loan			Total Governmental		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2016	49,041	7,172	56,213	95,612	15,360	110,972	144,653	22,532	167,185
2017	51,003	5,210	56,213	95,612	13,085	108,697	146,615	18,295	164,910
2018	53,043	3,170	56,213	95,612	10,809	106,421	148,655	13,979	162,634
2019	26,202	1,048	27,250	95,612	8,532	104,144	121,814	9,580	131,394
2020			-	95,612	6,258	101,870	95,612	6,258	101,870
2021			-	95,612	3,982	99,594	95,612	3,982	99,594
2022			-	95,613	1,708	97,321	95,613	1,708	97,321
	-	-	-	-	-	-	-	-	-
	\$ 179,289	\$ 16,600	\$ 195,889	\$ 669,285	\$ 59,734	\$ 729,019	\$ 848,574	\$ 76,334	\$ 924,908

CITY OF SCAPPOOSE, OREGON
SCHEDULE OF FUTURE DEBT BY ISSUE BUSINESS-TYPE
JUNE 30, 2015

Fiscal Year Ending June 30,	Water GO Bonds (45) GMAC 01-0507801			WTP Phases 1 & 2 #GO 3003 (50)			Safe Drinking Water #SO3003 (50)		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2016	39,219	11,618	50,837	66,532	53,815	120,347	129,241	28,561	157,802
2017	41,091	9,746	50,837	72,005	51,087	123,092	130,533	27,268	157,802
2018	43,052	7,785	50,837	72,515	48,027	120,542	131,838	25,963	157,802
2019	45,107	5,730	50,837	78,063	44,854	122,917	133,157	24,645	157,802
2020	26,449	4,005	30,454	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	-	-	-	114,749	5,450	120,199	145,632	12,170	157,802
2029	-	-	-	-	-	-	147,088	10,714	157,802
2030	-	-	-	-	-	-	148,559	9,243	157,802
2031	-	-	-	-	-	-	150,044	7,757	157,802
2032	-	-	-	-	-	-	151,545	6,257	157,802
2033	-	-	-	-	-	-	153,060	4,741	157,802
2034	-	-	-	-	-	-	154,591	3,211	157,802
2035	-	-	-	-	-	-	156,137	1,665	157,802
2036	-	-	-	-	-	-	10,336	103	10,439
2037	-	-	-	-	-	-	-	-	-
2038	-	-	-	-	-	-	-	-	-
2039	-	-	-	-	-	-	-	-	-
2040	-	-	-	-	-	-	-	-	-
2041	-	-	-	-	-	-	-	-	-
	194,918	38,884	233,802	1,162,836	417,713	1,580,549	2,856,086	310,383	3,166,469

CITY OF SCAPPOOSE, OREGON
SCHEDULE OF FUTURE DEBT BY ISSUE BUSINESS-TYPE
JUNE 30, 2015

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
	2016	54,429	6,291	60,720	27,745	3,429	31,174	29,823	4,512
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>114,378</u>	<u>9,589</u>	<u>123,967</u>	<u>57,154</u>	<u>5,194</u>	<u>62,348</u>	<u>90,206</u>	<u>9,048</u>	<u>99,254</u>

CITY OF SCAPPOOSE, OREGON
SCHEDULE OF FUTURE DEBT BY ISSUE BUSINESS-TYPE
JUNE 30, 2015

Fiscal Year Ending June 30,	Dutch Canyon (40) Safe Drinking Water S03003B			Wastewater(41) DEQ State Revolving Fund			Wastewater(41) US Bank Sewer Line Loan			Total Business-Type		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2016	47,522	33,917	81,439	17,642	-	17,642	100,000	13,585	113,585	512,153	155,728	667,880
2017	49,271	32,168	81,439	17,642	-	17,642	100,000	11,115	111,115	529,965	139,467	669,432
2018	51,084	30,355	81,439	17,642	-	17,642	100,000	8,645	108,645	446,449	122,291	568,740
2019	52,964	28,475	81,439	17,642	-	17,642	100,000	6,175	106,175	426,932	109,879	536,811
2020	54,913	26,526	81,439	17,642	-	17,642	100,000	3,705	103,705	412,142	98,891	511,033
2021	56,934	24,505	81,439	17,642	-	17,642	100,000	1,235	101,235	394,687	85,432	480,119
2022	59,029	22,410	81,439	17,642	-	17,642	-	-	-	303,811	76,783	380,594
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	13,229	81,438	17,642	-	17,642	-	-	-	336,611	44,019	380,631
2027	70,719	10,719	81,438	17,642	-	17,642	-	-	-	341,404	34,952	376,356
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	-	-	-	237,427	11,864	249,291
2031	-	-	-	8,811	-	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	103	10,439
2037	-	-	-	-	-	-	-	-	-	-	-	-
2038	-	-	-	-	-	-	-	-	-	-	-	-
2039	-	-	-	-	-	-	-	-	-	-	-	-
2040	-	-	-	-	-	-	-	-	-	-	-	-
2041	-	-	-	-	-	-	-	-	-	-	-	-
	<u>921,654.92</u>	<u>292,336</u>	<u>1,213,991</u>	<u>273,441</u>	<u>-</u>	<u>273,441</u>	<u>600,000</u>	<u>44,460</u>	<u>644,460</u>	<u>6,270,674</u>	<u>1,127,607</u>	<u>7,398,281</u>

REGULATORY SECTION

**DENNIS R. CONNER
CERTIFIED PUBLIC ACCOUNTANT
CLATSKANIE, OREGON 97016**

**AUDITOR'S COMMENTS AND DISCLOSURES
REQUIRED BY STATE REGULATIONS**

To the Mayor and City Council
City of Scappoose
Scappoose, Oregon

I have audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the City of Scappoose, Oregon (the City) as of and for the year ended June 30, 2015, and have issued my report thereon dated December 15, 2015.

Compliance

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, I do not express such an opinion.

I performed procedures to the extent I considered necessary to address the required comments and disclosures which included, but were not limited to the following:

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

Indebtedness limitations, restrictions, and repayment.

Budgets legally required (ORS Chapter 294).

Insurance and fidelity bonds in force or required by law.

Programs funded by outside sources.

Highway revenues used for public highways, roads, and streets.

Authorized investment of surplus funds (ORS Chapter 294).

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

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

OAR 162-10-230 (Internal Control)

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. I consider the following deficiencies in the City's internal control to be significant deficiencies:

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.

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



Dennis R. Conner, CPA
December 15, 2015