

City of Scappoose
Columbia County, Oregon
Annual Financial Report
Year Ending June 30, 2012



***CITY OF SCAPPOOSE
COLUMBIA COUNTY, OREGON
ANNUAL FINANCIAL REPORT
Year Ended June 30, 2012***

CITY COUNCIL

Scott Burge, Mayor	33470 Chinook Plaza, #272 Scappoose, Oregon 97056
Jeff Bernhard, Council President	33115 NW Onna Way Scappoose, Oregon 97056
Donna Gedlich, Council Member	P.O. Box 218 Scappoose, Oregon 97056
Judie Ingham, Council Member	51836 SE 6 th Street Scappoose, Oregon 97056
Larry Meres, Council Member	51704 SE 4 th Street Scappoose, Oregon 97056
Mark Reed, Council Member	P. O. Box 243 Scappoose, Oregon 97056
Jeff Erickson, Council Member	33980 SE Oakview Drive Scappoose, Oregon 97056

ADMINISTRATION

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

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

INDEPENDENT AUDITOR'S REPORT

To the Mayor and Council
City of Scappoose
Scappoose, Oregon

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Scappoose, Oregon (the City), as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. My responsibility is to express opinions on these financial statements based on my audit.

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

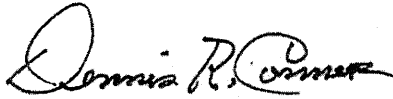
As discussed in Note 1, the City prepares its financial statements on a modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position-modified cash basis of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2012, and the respective changes in financial position-modified cash basis and cash flows-modified cash basis thereof for the year ended in conformity with the basis of accounting described in Note 1.

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

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining statements for non-major funds, individual budgetary comparison schedules and schedule of property tax transactions are presented

for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole on the basis of accounting described in Note 1.

A handwritten signature in black ink, appearing to read "Dennis R. Conner". The signature is fluid and cursive, with the first name "Dennis" being the most prominent.

Dennis R. Conner
Certified Public Accountant
October 8, 2012

CITY OF SCAPPOOSE
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012

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, 2012.

FINANCIAL HIGHLIGHTS

	June 30		Change
	2012	2011	
Total Net Assets	\$ 41,690,392	\$ 43,263,543	\$ 1,573,151
Change in net assets	(495,154)	(988,232)	\$ (493,078)
Governmental activities			
restricted and unassigned net assets	4,018,118	4,148,041	\$ 129,923
Business-type activities net assets			
restricted and unassigned net assets	2,757,422	3,122,647	\$ 365,225

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the City of Scappoose's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Scappoose's finances, in a manner similar to a private-sector business. These statements include:

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

The Statement of Activities.(Modified Cash Basis) The *statement of activities (Modified Cash Basis)* presents information showing how the net assets of the City of Scappoose changed over the most recent fiscal year by tracking receipts, disbursements and other transactions that increase or reduce net assets utilizing the modified cash basis of accounting. In the government-wide financial statements, the City's activities are shown as governmental activities. All basic functions are shown here, such as police, fire, planning, court, parks, community development and administration. These activities are primarily financed through property taxes and other intergovernmental revenues.

Fund financial statements. The fund financial statements provide more detailed information about the City of Scappoose's funds, focusing on its most significant or "major" funds – not the City of Scappoose as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Scappoose can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. The governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. The governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Assets (Modified Cash Basis) The Statement of Net Assets (Modified Cash Basis) is provided on a comparative basis.

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Scappoose, assets exceeded liabilities by \$41,688,112 as of June 30, 2012.

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

Scappoose's largest liability (84%) is for the repayment of long-term debt. Current liabilities, representing less than .025 percent of Scappoose's total liabilities, consist of deferred revenue.

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

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

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

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Cash and investments	\$ 4,058,727	\$ 4,186,728	\$ 2,852,917	\$ 3,215,217	\$ 6,911,644	\$ 7,401,945
Cash deposits	-	-	-	-	-	-
Other assets	342,315	330,937	8,487	29,999	350,802	360,936
Capital assets	28,541,341	29,668,113	14,490,303	14,926,218	43,031,644	44,594,331
	<u>32,942,383</u>	<u>34,185,778</u>	<u>17,351,707</u>	<u>18,171,434</u>	<u>50,294,090</u>	<u>52,357,212</u>
Other liabilities	382,924	369,624	103,982	122,569	486,906	492,193
Long-term debt	1,265,454	1,342,154	6,851,338	7,259,322	8,116,792	8,601,476
	<u>1,648,378</u>	<u>1,711,778</u>	<u>6,955,320</u>	<u>7,381,891</u>	<u>8,603,698</u>	<u>9,093,669</u>
Net assets						
net of debt	27,275,887	28,325,959	7,638,965	7,666,896	34,914,852	35,992,855
Restricted	1,607,823	1,837,404	2,757,422	3,122,647	4,365,245	4,960,051
Unassigned	2,410,295	2,310,637	-	-	2,410,295	2,310,637
	<u>2,410,295</u>	<u>2,310,637</u>	<u>-</u>	<u>-</u>	<u>2,410,295</u>	<u>2,310,637</u>
Total net assets	<u>\$ 31,294,005</u>	<u>\$ 32,474,000</u>	<u>\$ 10,396,387</u>	<u>\$ 10,789,543</u>	<u>\$ 41,690,392</u>	<u>\$ 43,263,543</u>

Statement of Activities. During the current fiscal year, the City of Scappoose's net assets decreased by \$1,573,151. The key elements of the change in Scappoose's net assets for the year ended June 30, 2012 are as follows:

- Fees, fines and charges for services decreased by \$46,180 due in part to a decrease in charges for service in the governmental funds.
- Operating grant and contribution income decreased by \$21,653 in total, largely due to decline in operating grant reimbursements.
- Capital grants and contribution income increased by \$633,945 due to reimbursement related to infrastructure improvement projects.
- Disbursements increased \$543,514 largely due to infrastructure improvement disbursements.
- Capital assets, net of related debt decreased by \$1,080,283.

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	
	2012	2011	2012	2011	2012	2011
Receipts						
Program receipts						
Fines, fees, charges for services	\$ 479,229	\$ 577,724	\$ 2,197,452	\$ 2,145,137	\$ 2,676,681	\$ 2,722,861
Operating grants and contributions	487,031	508,684	-	-	487,031	508,684
Capital grants and contributions	91,655	793,374	192,570	124,796	284,225	918,170
General receipts						
Property tax	2,200,521	1,470,020	20,864	165,384	2,221,385	1,635,404
Franchise fees	401,157	353,405	-	-	401,157	353,405
Intergovernmental	-	-	-	-	-	-
Miscellaneous	30,003	9,851	14,718	17,261	44,721	27,112
Total receipts	3,689,596	3,713,058	2,425,604	2,452,578	6,115,200	6,165,636
Disbursements						
General government	613,830	628,046	-	-	613,830	628,046
Court and police	1,659,665	1,519,223	-	-	1,659,665	1,519,223
Community services and development	110,068	124,254	-	-	110,068	124,254
Culture and recreation	368,671	966,980	-	-	368,671	966,980
Interest on long-term debt	48,541	45,217	-	-	48,541	45,217
Highways and streets	1,131,622	535,842	-	-	1,131,622	535,842
Storm Drain	-	-	-	661	-	661
Water	-	-	1,628,812	2,416,200	1,628,812	2,416,200
Sewer	-	-	1,049,145	917,445	1,049,145	917,445
Total disbursements	3,932,397	3,819,562	2,677,957	3,334,306	6,610,354	7,153,868
Change in restricted and unassigned net assets before transfers	(242,801)	(106,504)	(252,353)	(881,728)	(495,154)	(988,232)
Transfers	112,870	139,076	(112,870)	(139,076)	-	-
Change in restricted and unassigned net assets	(129,931)	32,572	(365,223)	(1,020,804)	(495,154)	(988,232)
Beginning restricted and unassigned net assets	4,148,049	4,115,469	3,122,645	4,143,451	7,270,694	8,258,920
Ending restricted and unassigned net assets	4,018,118	4,148,041	2,757,422	3,122,647	6,775,540	7,270,688
Capital assets	28,541,341	29,668,113	14,490,303	14,926,218	43,031,644	44,594,331
Long-term debt	(1,265,454)	(1,342,154)	(6,851,338)	(7,259,322)	(8,116,792)	(8,601,476)
Net assets	\$ 31,294,005	\$ 32,474,000	\$ 10,396,387	\$ 10,789,543	\$ 41,690,392	\$ 43,263,543

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, 2012, the City's governmental funds reported combined ending fund balances of \$4,1018,118.

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

General Fund. The General Fund is the primary operating fund of the City. As of June 30, 2012, unassigned fund balance was \$2,410,300. The fund balance increased by \$99,655 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, 2012, 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, 2012, Scappoose had invested \$42,362,050 in capital assets, net of depreciation, as shown in the following table:

Capital Assets
As of June 30, 2012 and 2011

	Governmental Activities		Business-type Activities		Totals	
	2012	2011	2012	2011	2012	2011
Land	\$ 1,765,116	\$ 1,765,116	\$ 378,786	\$ 378,786	\$ 2,143,902	\$ 2,143,902
Buildings	3,347,256	3,347,256	4,737,826	4,737,826	8,085,082	8,085,082
Equipment	263,093	263,093	1,944,455	1,944,455	2,207,548	2,207,548
Vehicles	496,238	405,162	173,356	173,355		
Construction in progress	-	-	-	-	-	-
Infrastructure	61,284,888	60,462,036	-	-	61,284,888	60,462,036
Water and sewer system	-	-	17,861,403	17,721,763	17,861,403	17,721,763
	67,156,591	66,242,663	25,095,826	24,956,185	91,582,823	90,620,331
Less: accumulated depreciation	(38,615,250)	(36,574,550)	(10,605,523)	(10,029,967)	(49,220,773)	(46,604,517)
Net capital assets	<u>\$28,541,341</u>	<u>\$29,668,113</u>	<u>\$14,490,303</u>	<u>\$14,926,218</u>	<u>\$42,362,050</u>	<u>\$44,015,814</u>

During fiscal year 2011-12, the City's investment in capital assets decreased by \$1,653,764.

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

Long-term debt. At the end of the current fiscal year, the City of Scappoose had total bonded debt (general obligation and revenue bonds) outstanding of \$8,006,720 and capital leases in the amount of \$110,072.

During the current fiscal year, the City’s total debt decreased by \$518,181 (6%).

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, 2012 and 2011**

	Governmental Activities		Business-type Activities		Totals	
	2012	2011	2012	2011	2012	2011
Notes Payable	\$ 1,163,573	\$ 1,254,195	\$ 6,199,897	\$ 6,896,233	\$ 7,363,470	\$ 8,150,428
Bonds Payable	-	-	643,250	363,089	643,250	363,089
Capital lease	101,881	87,959	8,191	33,497	110,072	121,456
	<u>\$ 1,265,454</u>	<u>\$ 1,342,154</u>	<u>\$ 6,851,338</u>	<u>\$ 7,292,819</u>	<u>\$ 8,116,792</u>	<u>\$ 8,634,973</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 2012-13 fiscal year.

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

REQUESTS FOR INFORMATION

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

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

BASIC FINANCIAL STATEMENTS

CITY OF SCAPPOOSE, OREGON
STATEMENT OF NET ASSETS (MODIFIED CASH BASIS)
JUNE 30, 2012

	Governmental Activities	Business-type Activities	Totals
ASSETS			
Cash	\$ 4,058,727	\$ 2,852,917	\$ 6,911,644
Property taxes receivable	342,315	8,487	350,802
Nondepreciable capital assets	1,765,116	378,786	2,143,902
Other capital assets, net of depreciation	26,776,225	14,111,517	40,887,742
<i>Total Assets</i>	32,942,383	17,351,707	50,294,090
LIABILITIES			
Deposits	40,609	95,495	136,104
Deferred revenue	342,315	8,487	350,802
Noncurrent liabilities:			
Due within one year:			
Loan and other payables	124,061	332,959	457,020
Bonds payable	-	58,894	58,894
Due in more than one year:			
Loan and other payables	1,141,393	5,875,129	7,016,522
Bonds payable	-	584,356	584,356
<i>Total Liabilities</i>	1,648,378	6,955,320	8,603,698
NET ASSETS			
Investment in capital assets (net of related debt)	27,275,887	7,638,965	34,914,852
Restricted	1,607,823	2,757,422	4,365,245
Unassigned	2,410,295	-	2,410,295
<i>Total Net Assets</i>	\$ 31,294,005	\$ 10,396,387	\$ 41,690,392

The accompanying notes are an integral part of the financial statements

CITY OF SCAPPOOSE, OREGON
STATEMENT OF ACTIVITIES (MODIFIED CASH BASIS)
YEAR ENDED JUNE 30, 2012

	<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	\$ 613,830	\$ 225,015	\$ 92,263	\$ -	\$ (296,552)	\$ -	\$ (296,552)
Public safety	1,659,665	254,078	36,458	-	(1,369,129)	-	(1,369,129)
Culture and recreation	368,671	136	-	8,341	(360,194)	-	(360,194)
Community development	110,068	-	-	-	(110,068)	-	(110,068)
Highways and streets	1,131,622	-	358,310	83,314	(689,998)	-	(689,998)
Interest on long-term debt	48,541	-	-	-	(48,541)	-	(48,541)
<i>Total Governmental Activities</i>	<u>3,932,397</u>	<u>479,229</u>	<u>487,031</u>	<u>91,655</u>	<u>(2,874,482)</u>	<u>-</u>	<u>(2,874,482)</u>
Business-type activities:							
Water	1,628,812	1,152,071	-	142,663	-	(334,078)	(334,078)
Sewer	1,049,145	1,045,381	-	18,480	-	14,716	14,716
Storm Drain	-	-	-	31,427	-	31,427	31,427
<i>Total Business-type Activities</i>	<u>2,677,957</u>	<u>2,197,452</u>	<u>-</u>	<u>192,570</u>	<u>-</u>	<u>(287,935)</u>	<u>(287,935)</u>
<i>Total Activities</i>	<u>\$ 6,610,354</u>	<u>\$ 2,676,681</u>	<u>\$ 487,031</u>	<u>\$ 284,225</u>	<u>(2,874,482)</u>	<u>(287,935)</u>	<u>(3,162,417)</u>
General Receipts:							
Property taxes					2,200,521	20,864	2,221,385
Franchise fees					401,157	-	401,157
Miscellaneous					30,003	14,718	44,721
<i>Total General Receipts</i>					<u>2,631,681</u>	<u>35,582</u>	<u>2,667,263</u>
Transfers					112,870	(112,870)	-
<i>Change in Restricted and Unassigned Net Assets</i>					<u>(129,931)</u>	<u>(365,223)</u>	<u>(495,154)</u>
<i>Restricted and Unassigned Net Assets, July 1, 2011</i>					<u>4,148,049</u>	<u>3,122,645</u>	<u>7,270,694</u>
<i>Restricted and Unassigned Net Assets, June 30, 2012</i>					<u>4,018,118</u>	<u>2,757,422</u>	<u>6,775,540</u>
Capital Assets					<u>28,541,341</u>	<u>14,490,303</u>	<u>43,031,644</u>
Long-term Debt					<u>(1,265,454)</u>	<u>(6,851,338)</u>	<u>(8,116,792)</u>
Net Assets					<u>\$ 31,294,005</u>	<u>\$ 10,396,387</u>	<u>\$ 41,690,392</u>

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

CITY OF SCAPPOOSE, OREGON

STATEMENT OF ASSETS AND LIABILITIES - GOVERNMENTAL FUNDS (MODIFIED CASH BASIS)

JUNE 30, 2012

	<i>General</i>	<i>Special Revenue</i> <i>Street</i>	<i>Capital Projects</i> <i>Street</i> <i>SDC</i>	<i>Other</i> <i>Governmental</i> <i>Funds</i>	<i>Totals</i>
ASSETS					
Cash	\$ 2,507,271	\$ 295,283	\$ 588,418	\$ 667,755	\$ 4,058,727
Property taxes receivable	342,315	-	-	-	342,315
<i>Total Assets</i>	\$ 2,849,586	\$ 295,283	\$ 588,418	\$ 667,755	\$ 4,401,042
LIABILITIES AND FUND BALANCES					
Liabilities					
Deposits	\$ 40,609	\$ -	\$ -	\$ -	\$ 40,609
Deferred revenue	342,315	-	-	-	342,315
<i>Total Liabilities</i>	382,924	-	-	-	382,924
FUND BALANCES					
Restricted for					
Capital Projects	-	295,283	588,418	381,394	1,265,095
Committed for					
Unemployment	56,367	-	-	-	56,367
Capital Projects				36,920	36,920
Special Revenue	-	-	-	249,441	249,441
Unassigned	2,410,295	-	-	-	2,410,295
<i>Total Fund Balances</i>	2,466,662	295,283	588,418	667,755	4,018,118
<i>Total Liabilities and Fund Balances</i>	\$ 2,849,586	\$ 295,283	\$ 588,418	\$ 667,755	\$ 4,401,042
Fund Balance					\$ 4,018,119
Capital assets, net of depreciation					28,541,341
Long-term debt					(1,267,760)
Net Assets					\$ 31,291,700

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

CITY OF SCAPPOOSE, OREGON

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES -

(MODIFIED CASH BASIS) – GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2012

	<i>General</i>	<i>Street</i>	<i>Street SDC</i>	<i>Other Governmental Funds</i>	<i>Totals</i>
RECEIPTS					
Taxes and assessments	\$ 2,200,521	\$ -	\$ -	\$ -	\$ 2,200,521
Licenses and permits	417,287	-	79,695	97,623	594,605
Charges for services	254,866	-	-	28,377	283,243
Intergovernmental	180,747	358,310	-	3,619	542,676
Fines and forfeitures	-	-	-	-	-
Miscellaneous	38,747	4,846	3,276	21,681	68,550
<i>Total Receipts</i>	3,092,168	363,156	82,971	151,300	3,689,595
DISBURSEMENTS					
General government	388,199	-	-	206,860	595,059
Court and police	1,595,339	-	-	-	1,595,339
Highways and streets	-	265,563	-	9,535	275,098
Culture and recreation	311,294	-	-	8,676	319,970
Community development	110,068	-	-	-	110,068
Capital outlay	670,674	-	148,908	3,270	822,852
Debt service	58,723	1,408	56,213	97,667	214,011
<i>Total Disbursements</i>	3,134,297	266,971	205,121	326,008	3,932,397
RECEIPTS OVER (UNDER)					
DISBURSEMENTS	(42,129)	96,185	(122,150)	(174,708)	(242,802)
OTHER FINANCING SOURCES (USES)					
Transfers in	250,388	-	-	8,000	258,388
Transfers out	(112,749)	(12,567)	(1,478)	(18,724)	(145,518)
<i>Total Other Financing Sources (Uses)</i>	137,639	(12,567)	(1,478)	(10,724)	112,870
NET CHANGE IN FUND BALANCES	95,510	83,618	(123,628)	(185,432)	(129,932)
FUND BALANCES, Beginning of year	2,371,153	211,663	712,046	853,187	4,148,049
FUND BALANCES, End of year	\$ 2,466,663	\$ 295,283	\$ 588,418	\$ 667,755	\$ 4,018,119

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

CITY OF SCAPPOOSE, OREGON

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

JUNE 30, 2012

	<i>Water Utility</i>	<i>Sewer Utility</i>	<i>Sewer SDC</i>	<i>Other Business-type Funds</i>	<i>Totals</i>
ASSETS					
Cash	\$ 867,430	\$ 940,106	\$ 478,274	\$ 471,612	\$ 2,757,422
Water deposits	95,495	-	-	-	95,495
Property taxes receivable	-	-	-	8,487	8,487
Nondepreciable capital assets	286,466	92,320	-	-	378,786
Other capital assets, net of depreciation	2,853,895	1,907,282	1,870,267	7,480,073	14,111,517
<i>Total Assets</i>	<u>\$ 4,103,286</u>	<u>\$ 2,939,708</u>	<u>\$ 2,348,541</u>	<u>\$ 7,960,172</u>	<u>\$ 17,351,707</u>
LIABILITIES					
Deposits	95,495	-	-	-	95,495
Deferred revenue	-	-	-	8,487	8,487
Noncurrent liabilities:					
Due within one year					
Loan payable	50,830	899	-	281,230	332,959
Bond payable	-	24,767	-	34,101	58,868
Due in more than one year					
Loan payable	1,010,800	-	-	4,864,329	5,875,129
Bond payable	-	316,277	-	268,105	584,382
<i>Total Liabilities</i>	<u>1,157,125</u>	<u>341,943</u>	<u>-</u>	<u>5,456,252</u>	<u>6,955,320</u>
NET ASSETS					
Investment in capital assets (net of related debt)	2,078,731	1,657,659	1,870,267	2,032,308	7,638,965
Restricted	867,430	940,106	478,274	471,612	2,757,422
<i>Total Net Assets</i>	<u>2,946,161</u>	<u>2,597,765</u>	<u>2,348,541</u>	<u>2,503,920</u>	<u>10,396,387</u>
<i>Total Liabilities and Net Assets</i>	<u>\$ 4,103,286</u>	<u>\$ 2,939,708</u>	<u>\$ 2,348,541</u>	<u>\$ 7,960,172</u>	<u>\$ 17,351,707</u>

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

CITY OF SCAPPOOSE, OREGON

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND NET ASSETS -

(MODIFIED CASH BASIS) – PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2012

	<i>Water Utility</i>	<i>Sewer Utility</i>	<i>Sewer SDC</i>	<i>Other Business-type Funds</i>	<i>Totals</i>
OPERATING RECEIPTS					
Taxes and assessments	\$ -	\$ -	\$ -	\$ 20,864	\$ 20,864
Licenses and permits	987	-	18,480	96,926	116,393
Charges for services	1,147,557	1,043,151	-	-	2,190,708
Intergovernmental	-	-	-	76,177	76,177
Miscellaneous	9,697	7,012	2,539	2,214	21,462
<i>Total Operating Receipts</i>	<u>1,158,241</u>	<u>1,050,163</u>	<u>21,019</u>	<u>196,181</u>	<u>2,425,604</u>
OPERATING DISBURSEMENTS					
Personal services	699,273	545,760	-	-	1,245,033
Materials and services	280,639	411,086	-	-	691,725
Capital outlay	87,561	29,216	22,865	-	139,642
<i>Total Operating Disbursements</i>	<u>1,067,473</u>	<u>986,062</u>	<u>22,865</u>	<u>-</u>	<u>2,076,400</u>
OPERATING RECEIPTS OVER (UNDER) OPERATING DISBURSEMENTS	90,768	64,101	(1,846)	196,181	349,204
NON OPERATING RECEIPTS (DISBURSEMENTS)					
Loan proceeds	-	-	-	-	-
Debt service					
Principal	(58,448)	(3,410)	-	(310,225)	(372,083)
Interest	(41,897)	(36,808)	-	(150,769)	(229,474)
<i>Total Non Operating Receipts (Disbursements)</i>	<u>(100,345)</u>	<u>(40,218)</u>	<u>-</u>	<u>(460,994)</u>	<u>(601,557)</u>
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS					
System development revenue		-	-	-	-
Transfers in		-	-	372,326	372,326
Transfers out	(374,153)	(50,430)	(5,177)	(55,436)	(485,196)
NET CHANGES IN RESTRICTED NET ASSETS	<u>(383,730)</u>	<u>(26,547)</u>	<u>(7,023)</u>	<u>52,077</u>	<u>(365,223)</u>
RESTRICTED NET ASSETS, Beginning of year	<u>1,251,160</u>	<u>966,653</u>	<u>485,297</u>	<u>419,535</u>	<u>3,122,645</u>
RESTRICTED NET ASSETS, End of year	<u>\$ 867,430</u>	<u>\$ 940,106</u>	<u>\$ 478,274</u>	<u>\$ 471,612</u>	<u>\$ 2,757,422</u>

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Basic Financial Statements

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

Government-wide financial statements display information about the reporting government as a whole. For the most part, the effect of interfund activity has been removed from these statements. These statements focus on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. These aggregated statements consist of the Statement of Net Assets (Modified Cash Basis) and the Statement of Activities (Modified Cash Basis).

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

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

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

CITY OF SCAPPOOSE, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2012

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation

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

The City reports the following major governmental funds:

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

Combined with the General Fund is the Unemployment Fund – accounts for unemployment expenditures

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.

Watts House Fund – accounts for donations and improvements

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

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

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

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

CITY OF SCAPPOOSE, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2012

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

The City reports the following non major proprietary funds:

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

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

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

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

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

Fund Balance

In the year ended June 30, 2012, the City adopted GASB Statement #54 *Fund Balance Reporting and Governmental Fund Types Definitions*. In the fund financial statements, the fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Although not a major impact on the financial statements, Governmental Fund type fund balances are now reported in the following classifications. In governmental funds, the City's policy is to first apply the expenditure toward restricted fund balance and then to other, less-restrictive classifications - committed and then assigned fund balances before using unassigned fund balances.

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

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

CITY OF SCAPPOOSE, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2012

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance (Continued)

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

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

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

Definitions of Governmental Fund Types

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

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

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

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

CITY OF SCAPPOOSE, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2012

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

CITY OF SCAPPOOSE, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2012

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash

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

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

Receivables and Deferred Revenues

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

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

Capital Assets

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

Accrued Compensated Absences

Accumulated unpaid vacation pay is not accrued. Earned but unpaid sick pay is recorded as an expenditure when paid.

Budgets and Budgetary Accounting

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

CITY OF SCAPPOOSE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2012

CASH

Cash and investments are comprised of the following at June 30, 2012:

	<i>Carrying Value</i>	<i>Fair Value</i>
Cash		
Petty cash	\$ 1,600	\$ 1,600
Cash in checking	276,720	276,720
Cash deposits	136,102	136,102
Investments		
Local Government Investment Pool	6,497,222	6,497,222
	<u>\$ 6,911,644</u>	<u>\$ 6,911,644</u>

Deposits

At year end, the book balance of the City's bank deposits (checking) was \$276,720 and the bank balance was \$611,138. 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, 2012, 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, 2012, the fair value of the position in the Oregon State

CITY OF SCAPPOOSE, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2012

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, 2012

CAPITAL ASSETS

The summary of capital assets for the business-type activities for the year ended June 30, 2012 is as follows:

	<i>Balances July 1, 2011</i>	<i>Additions</i>	<i>Retirements</i>	<i>Balances June 30, 2012</i>
NON-DEPRECIABLE				
Land	\$ 378,786	\$ -	\$ -	\$ 378,786
DEPRECIABLE				
Buildings and improvements	4,737,826	-	-	4,737,826
Equipment	1,944,455	-	-	1,944,455
Vehicles	173,355	-	-	173,355
Water and sewer systems	17,721,763	139,641	-	17,861,404
	<u>24,577,399</u>	<u>139,641</u>	<u>-</u>	<u>24,717,040</u>
ACCUMULATED DEPRECIATION				
Buildings and improvements	(2,264,635)	(116,098)	-	(2,380,733)
Equipment	(1,795,774)	(55,901)	-	(1,851,675)
Vehicles	(133,968)	(22,157)	-	(156,125)
Water and sewer systems	(5,835,590)	(381,400)	-	(6,216,990)
	<u>(10,029,967)</u>	<u>(575,556)</u>	<u>-</u>	<u>(10,605,523)</u>
<i>Business-type activities capital assets, net</i>	<u>\$ 14,926,218</u>	<u>\$ (435,915)</u>	<u>\$ -</u>	<u>\$ 14,490,303</u>

CITY OF SCAPPOOSE, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2012

The changes in the capital assets for governmental activities for the year ended June 30, 2012 are as follows:

	<i>Balances July 1, 2011</i>	<i>Additions</i>	<i>Retirements</i>	<i>Balances June 30, 2012</i>
NON-DEPRECIABLE				
Land	\$ 1,765,116	\$ -	\$ -	\$ 1,765,116
DEPRECIABLE				
Buildings	3,347,256	-	-	3,347,256
Equipment	263,093	-	-	263,093
Vehicles	405,162	91,076	-	496,238
Infrastructure	60,462,036	822,852	-	61,284,888
<i>Total depreciable</i>	64,477,547	913,928	-	65,391,475
ACCUMULATED DEPRECIATION				
Buildings	(1,021,082)	(82,413)	-	(1,103,495)
Equipment	(203,294)	(23,638)	-	(226,932)
Vehicles	(263,262)	(79,634)	-	(342,896)
Infrastructure	(35,086,912)	(1,855,015)	-	(36,941,927)
<i>Total accumulated depreciation</i>	(36,574,550)	(2,040,700)	-	(38,615,250)
<i>Governmental activities capital assets, net</i>	\$ 29,668,113	\$ (1,126,772)	\$ -	\$ 28,541,341

CITY OF SCAPPOOSE, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2012

LONG-TERM DEBT

	<i>Outstanding July 1, 2011</i>	<i>Issued</i>	<i>Adjusted Discounted</i>	<i>Matured/ Redeemed During Year</i>	<i>Outstanding June 30, 2012</i>	<i>Due Within One Year</i>
Governmental Activities						
US Bank - refinanced	366,285	-		21,287	344,998	22,093
Crown Zellerbach	357,305	-		41,921	315,384	43,598
US National Bank	530,605	-		27,414	503,191	27,414
	<u>1,254,195</u>	<u>-</u>		<u>90,622</u>	<u>1,163,573</u>	<u>93,105</u>
Capital leases payable	87,959	91,076	(2,306)	74,848	101,881	30,956
	<u>1,342,154</u>	<u>91,076</u>	<u>(2,306)</u>	<u>165,470</u>	<u>1,265,454</u>	<u>124,061</u>
	<i>Outstanding July 1, 2011</i>	<i>Issued</i>	<i>Adjusted Discounted</i>	<i>Matured/ Redeemed During Year</i>	<i>Outstanding June 30, 2012</i>	<i>Due Within One Year</i>
Business-type Activities						
Airpark Notes Payable	312,429	-	-	47,611	264,818	48,030
Airpark Notes Payable	153,292	-	-	21,976	131,316	23,295
Airpark Notes Payable	187,353	-	-	23,990	163,363	24,179
Water GO Bonds	334,727	-	-	32,521	302,206	34,101
SPWF Wastewater Bonds	21,398	-	-	6,721	14,677	7,125
SPWF Wastewater Bonds	6,964	-	-	6,964	-	-
Safe Drinking Water notes	1,095,464	-	-	41,126	1,054,338	42,639
WTP phase I & 2 notes	1,409,810	-	-	59,929	1,349,881	60,286
Safe Drinking Water notes	3,360,379	-	-	124,198	3,236,181	125,440
Wastewater DEQ Loan	344,009	-	-	17,642	326,367	17,642
	<u>7,225,825</u>	<u>-</u>	<u>-</u>	<u>382,678</u>	<u>6,843,147</u>	<u>382,737</u>
Capital leases payable	33,497	-	(2,503)	22,803	8,191	8,191
	<u>7,259,322</u>	<u>-</u>	<u>(2,503)</u>	<u>405,481</u>	<u>6,851,338</u>	<u>390,928</u>

CITY OF SCAPPOOSE, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2012

LONG-TERM DEBT (Continued)

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

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

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

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

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

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

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

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

Clean Water DEQ Bond – The City entered into a contract in 2010 for the purpose of construction of pump and filter upgrades for the Waste Water Treatment Plant and Springlake Park Pump Station. The loan amount is \$705,660, and the interest rate is 0%. The loan has a provision of 50% loan forgiveness referred to as the "ARRA Forgivable Loan" if the project is completed in compliance and there is no default of terms. The loan matures in 2031.

CITY OF SCAPPOOSE, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2012

LONG-TERM DEBT (Continued)

Future debt service requirements are as follows:

Governmental Activities			
Fiscal Year Ending	Principal	Interest	Total
June 30,			
2013	93,105	39,741	132,846
2014	95,685	36,366	132,051
2015	374,545	27,486	402,031
2016	469,990	13,276	483,266
2017-2019	130,248	9,428	139,676
	<u>\$ 1,163,573</u>	<u>\$ 126,297</u>	<u>\$ 1,289,870</u>
Business-type Activities			
Fiscal Year Ending	Principal	Interest	Total
June 30,			
2013	382,736	180,392	563,129
2014	390,042	168,042	558,085
2015	399,668	155,283	554,952
2016	412,153	142,143	554,296
2017-21	1,710,203	525,086	2,235,289
2022-26	1,592,896	303,501	1,896,397
2027-31	1,329,780	96,443	1,426,224
2032-36	625,669	15,977	641,646
2037-40			-
	<u>\$ 6,843,147</u>	<u>\$ 1,586,868</u>	<u>\$ 8,430,015</u>

CITY OF SCAPPOOSE, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2012

LONG-TERM DEBT (Continued)

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

CAPITAL LEASES

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	46,155	7,165	53,320
2014	30,956	4,139	35,095
2015	32,960	2,135	35,095
2016			
	<u>110,071</u>	<u>13,439</u>	<u>123,510</u>

On November 12, 2007, the City entered into a 5-year lease agreement with Brian Rosenthal to rent office space at 52610 NE 1st Street, Units 120 and 130 in Scappoose, Oregon. On March 1, 2008, the City added Unit 110 at the same address to the lease agreement. For the fiscal year ended June 30, 2010, rent expense was \$42,578.

OFFICE LEASE

<u>Year Ending June 30,</u>	<u>Space 120/130</u>	<u>Space 110</u>	<u>Total</u>
2013	32,329	12,272	44,601
2014	32,409	12,607	45,016
2015	32,409	12,874	45,283
2016	32,409	13,242	45,651
2017	32,409	13,543	45,952
2018	10,803	9,163	19,966
	<u>172,768</u>	<u>73,701</u>	<u>246,469</u>

CITY OF SCAPPOOSE, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2012

PENSION PLAN

Plan Description

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

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

Funding Policy

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

<u>Rate Category</u>	<u>Normal Rate</u>	<u>Combined UAL Rate</u>	<u>Net Rate</u>
PERS General	10.40%		15.69%
PERS Police and Fire	10.40%	5.29%	15.69%
OPSRP General	6.13%		11.42%
OPSRP Police and Fire	8.84%		14.13%

Annual Pension Cost

The City’s contributions to PERS for the fiscal years ending June 30, 2009, 2010, 2011 and 2012,

<u>Year Ended June 30</u>	<u>Annual Pension Costs (APC)</u>	<u>Percentage of APC Contributed</u>
2009	\$ 366,112	100%
2010	\$ 304,660	100%
2011	\$ 321,708	100%
2012	\$ 408,567	100%

CITY OF SCAPPOOSE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2012

PENSION PLAN (continued)

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

PERS Funding Status*

Latest Valuation Date	12/31/2010
Unfunded Actuarial Liability (UAL)	2,068,890
Combined Valuation Payroll	1,825,631
Net UAL as a Percent of Payroll	113%

*per Mercer Consulting report dated 12/31/2010

CITY OF SCAPPOOSE, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2012

**INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS
TRANSFERS**

	<u>Transfer in</u>	<u>Transfer from</u>
General Fund	\$ 250,388	\$ 112,749
Building Fund	-	17,856
Street SDC Fund	-	1,478
Street Fund		12,567
Parks SDC Fund	-	868
Watts House Fund	8,000	-
Water Fund		374,153
Water SDC Fund	315,289	55,174
Sewer Fund	-	50,430
Sewer SDC Fund	-	5,177
Storm Drain SDC Fund	-	262
Airpark Water Line Fund	53,006	-
GO Water Sewer Bond Fund	4,031	-
	<u>\$ 630,714</u>	<u>\$ 630,714</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, 2012

CONTINGENCIES

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

SUBSEQUENT EVENTS

The City follows the provisions of Statement of Financial Accounting Standards ("SFAS") No. 165, "Subsequent Events" (ASC 855). ASC 855 establishes accounting and disclosure requirements for subsequent events. Management has evaluated subsequent events through November 21, 2012, the date on which the financial statements were available to be issued. Management is not aware of any subsequent events that require recognition or disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SCAPPOOSE, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE****(CASH BASIS) - BUDGET AND ACTUAL - GENERAL FUND****YEAR ENDED JUNE 30, 2012**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Taxes and assessments	\$ 1,462,500	\$ 2,135,001	\$ 2,200,521	\$ 65,520
Licenses and permits	387,400	387,400	417,287	29,887
Charges for services	268,600	268,600	254,866	(13,734)
Intergovernmental	229,857	229,857	180,747	(49,110)
Miscellaneous	13,375	13,375	38,455	25,080
Total Receipts	2,361,732	3,034,233	3,091,876	57,643
DISBURSEMENTS				
General government	484,222	484,222	383,762	100,460
Police and court	1,708,716	1,708,539	1,595,339	113,200
Culture and recreation	351,783	351,783	311,294	40,489
Community development	136,540	136,540	110,068	26,472
Capital outlay	46,500	719,001	670,674	48,327
Debt service	58,548	58,725	58,723	2
Contingency	896,960	896,960	-	896,960
Total Disbursements	3,683,269	4,355,770	3,129,860	1,225,910
RECEIPTS OVER (UNDER)				
DISBURSEMENTS	(1,321,537)	(1,321,537)	(37,984)	1,283,553
OTHER FINANCING SOURCES (USES)				
Transfer in	250,388	250,388	250,388	-
Transfers out	(112,749)	(112,749)	(112,749)	-
Total Other Financing Sources (Uses)	137,639	137,639	137,639	-
NET CHANGE IN FUND BALANCE	(1,183,898)	(1,183,898)	99,655	1,283,553
FUND BALANCE, Beginning of year	2,283,898	2,283,898	2,310,645	26,747
FUND BALANCE, End of year	\$ 1,100,000	\$ 1,100,000	\$ 2,410,300	\$ 1,310,300

CITY OF SCAPPOOSE, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE****(CASH BASIS) - BUDGET AND ACTUAL - STREET FUND****YEAR ENDED JUNE 30, 2012**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Licenses and permits	\$ -	\$ -	\$ -	\$ -
Intergovernmental	472,985	472,985	358,310	(114,675)
Miscellaneous	225	225	4,846	4,621
<i>Total Receipts</i>	473,210	473,210	363,156	(110,054)
DISBURSEMENTS				
Personal services	154,491	154,491	144,073	10,418
Materials and services	147,263	147,263	121,490	25,773
Capital outlay	106,000	106,000	-	106,000
Debt service	1,408	1,408	1,408	-
Contingency	247,533	247,533	-	247,533
<i>Total Disbursements</i>	656,695	656,695	266,971	389,724
RECEIPTS OVER (UNDER) DISBURSEMENTS	(183,485)	(183,485)	96,185	279,670
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(12,567)	(12,567)	(12,567)	-
<i>Total Other Financing Sources (Uses)</i>	(12,567)	(12,567)	(12,567)	-
NET CHANGE IN FUND BALANCE	(196,052)	(196,052)	83,618	279,670
FUND BALANCE, Beginning of year	196,052	196,052	211,663	15,611
FUND BALANCE, End of year	\$ -	\$ -	\$ 295,281	\$ 295,281

CITY OF SCAPPOOSE, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE****(CASH BASIS) - BUDGET AND ACTUAL - STREET SDC FUND****YEAR ENDED JUNE 30, 2012**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Licenses and permits	\$ 29,560	\$ 29,560	\$ 79,695	\$ 50,135
Miscellaneous	3,975	3,975	3,276	(699)
<i>Total Receipts</i>	<u>33,535</u>	<u>33,535</u>	<u>82,971</u>	<u>49,436</u>
DISBURSEMENTS				
Capital outlay	583,000	583,000	148,908	434,092
Debt service	56,213	56,213	56,213	-
Contingency	112,637	112,637	-	112,637
<i>Total Disbursements</i>	<u>751,850</u>	<u>751,850</u>	<u>205,121</u>	<u>546,729</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	(718,315)	(718,315)	(122,150)	596,165
OTHER FINANCING SOURCES (USES)				
Transfers out	(1,478)	(1,478)	(1,478)	-
<i>Total Other Financing Sources (Uses)</i>	<u>(1,478)</u>	<u>(1,478)</u>	<u>(1,478)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(719,793)	(719,793)	(123,628)	596,165
FUND BALANCE, Beginning of year	<u>719,793</u>	<u>719,793</u>	<u>712,046</u>	<u>(7,747)</u>
FUND BALANCE, End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 588,418</u>	<u>\$ 588,418</u>

OTHER SUPPLEMENTARY INFORMATION

CITY OF SCAPPOOSE, OREGON
RECONCILIATION OF BUDGETARY TO REPORTING FUNDS
STATEMENT OF ASSETS AND LIABILITIES – GENERAL FUND
YEAR ENDED JUNE 30, 2012

	<i>Budgetary funds</i>		<i>Total</i>
	<i>General</i>	<i>Unemployment</i>	<i>(reported as General Fund)</i>
ASSETS			
Cash and investments	\$ 2,450,904	\$ 56,367	\$ 2,507,271
Property taxes receivable	342,315	-	342,315
<i>Total Assets</i>	<u>\$ 2,793,219</u>	<u>\$ 56,367</u>	<u>\$ 2,849,586</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Deposits	\$ 40,609	\$ -	\$ 40,609
Deferred revenue	342,315	-	342,315
<i>Total Liabilities</i>	<u>382,924</u>	<u>-</u>	<u>382,924</u>
Fund Balances			
Committed for:			
Unemployment	-	56,367	56,367
Unassigned:	2,410,295	-	2,410,295
<i>Total Fund Balances</i>	<u>2,410,295</u>	<u>56,367</u>	<u>2,466,662</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 2,793,219</u>	<u>\$ 56,367</u>	<u>\$ 2,849,586</u>

CITY OF SCAPPOOSE, OREGON**RECONCILIATION OF BUDGETARY TO REPORTING FUNDS****STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE- GENERAL FUND
YEAR ENDED JUNE 30, 2012**

	<i>Budgetary funds</i>		<i>Total</i>
	<i>General</i>	<i>Unemployment</i>	<i>(reported as General Fund)</i>
RECEIPTS			
Taxes and assessments	\$ 2,200,521	\$ -	\$ 2,200,521
Licenses and permits	417,287	-	417,287
Charges for services	254,866	-	254,866
Intergovernmental	180,747	-	180,747
Miscellaneous	38,455	296	38,751
<i>Total Receipts</i>	<u>3,091,876</u>	<u>296</u>	<u>3,092,172</u>
DISBURSEMENTS			
General government	383,762	4,437	388,199
Court and police	1,595,339	-	1,595,339
Community services & development	110,068	-	110,068
Culture and recreation	311,294	-	311,294
Capital outlay	670,674	-	670,674
Debt service	58,723	-	58,723
<i>Total Disbursements</i>	<u>3,129,860</u>	<u>4,437</u>	<u>3,134,297</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	(37,984)	(4,141)	(42,125)
OTHER FINANCING SOURCES (USES)			
Transfers in	250,388	-	250,388
Transfers out	(112,749)	-	(112,749)
<i>Total Other Financing Sources (Uses)</i>	<u>137,639</u>	<u>-</u>	<u>137,639</u>
NET CHANGE IN FUND BALANCES	99,655	(4,141)	95,514
FUND BALANCES, Beginning of year	2,310,645	60,508	2,371,153
FUND BALANCES, End of year	<u>\$ 2,410,300</u>	<u>\$ 56,367</u>	<u>\$ 2,466,667</u>

CITY OF SCAPPOOSE, OREGON

COMBINING STATEMENT OF ASSETS AND LIABILITIES (MODIFIED CASH BASIS) -

NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2012

	<u><i>Building</i></u>	<u><i>Peg Fee</i></u>	<u><i>Law Enforcement</i></u>	<u><i>Watts House</i></u>
ASSETS				
Cash and investments	\$ 95,311	\$ 119,947	\$ 34,183	\$ 7,797
LIABILITIES AND FUND BALANCES				
<i>Liabilities</i>	-	\$ -	\$ -	\$ -
FUND BALANCES				
Restricted for				
Capital Projects	-	-	-	7,797
Special Revenue	-			
Committed for				
Unemployment	-	-	-	-
Capital Projects	-			
Special Revenue	95,311	119,947	34,183	
Unassigned				
<i>Total Fund Balances</i>	<u>95,311</u>	<u>119,947</u>	<u>34,183</u>	<u>7,797</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 95,311</u>	<u>\$ 119,947</u>	<u>\$ 34,183</u>	<u>\$ 7,797</u>

CITY OF SCAPPOOSE, OREGON

COMBINING STATEMENT OF ASSETS AND LIABILITIES (MODIFIED CASH BASIS) -

NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2012

	<u>Recreation Reserve</u>	<u>Municipal Skate Park</u>	<u>Foot Path & Bike Trails</u>	<u>Parks SDC</u>	<u>Totals</u>
ASSETS					
Cash and investments	\$ 231,868	\$ 124,126	\$ 17,603	\$ 36,920	\$ 667,755
LIABILITIES AND FUND BALANCES					
Liabilities	-	\$ -	\$ -	\$ -	\$ -
FUND BALANCES					
Restricted for					
Capital Projects	231,868	124,126	17,603	-	381,394
Special Revenue					-
Committed for		-	-	-	-
Unemployment		-	-	-	-
Capital Projects				36,920	36,920
Special Revenue					249,441
Unassigned					-
Total Fund Balances	<u>231,868</u>	<u>124,126</u>	<u>17,603</u>	<u>36,920</u>	<u>667,755</u>
Total Liabilities and Fund Balances	<u>\$ 231,868</u>	<u>\$ 124,126</u>	<u>\$ 17,603</u>	<u>\$ 36,920</u>	<u>\$ 667,755</u>

CITY OF SCAPPOOSE, OREGON**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES****(MODIFIED CASH BASIS) - NONMAJOR GOVERNMENTAL FUNDS**

YEAR ENDED JUNE 30, 2012

	<i>Building</i>	<i>PEG Fee</i>	<i>Law Enforcement</i>	<i>Watts House</i>
RECEIPTS				
Licenses and permits	\$ 89,282	\$ -	\$ -	\$ -
Charges for services		18,596	9,781	-
Intergovernmental		-	-	-
Miscellaneous	6,824	590	11,846	42
<i>Total Receipts</i>	<u>96,106</u>	<u>19,186</u>	<u>21,627</u>	<u>42</u>
DISBURSEMENTS				
Current operating				
General government	206,860	-	-	-
Highways and streets		-	9,535	-
Culture and recreation		-	-	8,676
Capital outlay		-	-	-
Debt service	4,010	-	16,231	-
<i>Total Disbursements</i>	<u>210,870</u>	<u>-</u>	<u>25,766</u>	<u>8,676</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	(114,764)	19,186	(4,139)	(8,634)
OTHER FINANCING SOURCES (USES)				
Transfers in		-	-	8,000
Transfers out	(17,856)	-	-	-
<i>Total Other Financing Sources (Uses)</i>	<u>(17,856)</u>	<u>-</u>	<u>-</u>	<u>8,000</u>
NET CHANGE IN FUND BALANCES	(132,620)	19,186	(4,139)	(634)
FUND BALANCES, Beginning of year	227,930	100,761	38,322	8,431
FUND BALANCES, End of year	<u>95,311</u>	<u>\$ 119,947</u>	<u>\$ 34,183</u>	<u>\$ 7,797</u>

CITY OF SCAPPOOSE, OREGON

COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES

(MODIFIED CASH BASIS) - NONMAJOR GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2012

	<u>Recreation Reserve</u>	<u>Municipal Skate Park</u>	<u>Foot Paths & Bicycle Trails</u>	<u>Parks SDC</u>	<u>Totals</u>
RECEIPTS					
Licenses and permits	\$ -	\$ -	\$ -	\$ 8,341	\$ 97,623
Charges for services	-	-	-	-	28,377
Intergovernmental	-	-	3,619	-	3,619
Miscellaneous	1,386	651	88	254	21,681
<i>Total Receipts</i>	<u>1,386</u>	<u>651</u>	<u>3,707</u>	<u>8,595</u>	<u>151,300</u>
DISBURSEMENTS					
Current operating					
General government	-	-	-	-	206,860
Highways and streets	-	-	-	-	9,535
Culture and recreation	-	-	-	-	8,676
Capital outlay	-	-	3,270	-	3,270
Debt service	42,601	-	-	34,825	97,667
<i>Total Disbursements</i>	<u>42,601</u>	<u>-</u>	<u>3,270</u>	<u>34,825</u>	<u>326,008</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	(41,215)	651	437	(26,230)	(174,708)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	8,000
Transfers out	-	-	-	(868)	(18,724)
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(868)</u>	<u>(10,724)</u>
NET CHANGE IN FUND BALANCES	(41,215)	651	437	(27,098)	(185,432)
FUND BALANCES, Beginning of year	273,084	123,475	17,166	64,018	853,187
CASH BALANCES, End of year	<u>\$ 231,868</u>	<u>\$ 124,126</u>	<u>\$ 17,603</u>	<u>\$ 36,920</u>	<u>\$ 667,755</u>

CITY OF SCAPPOOSE, OREGON

SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE

(CASH BASIS) - BUDGET AND ACTUAL - BUILDING FUND

YEAR ENDED JUNE 30, 2012

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Licenses and permits	\$ 70,000	\$ 70,000	\$ 89,282	\$ 19,282
Miscellaneous	1,600	1,600	6,824	5,224
<i>Total Receipts</i>	<u>71,600</u>	<u>71,600</u>	<u>96,106</u>	<u>24,506</u>
DISBURSEMENTS				
Personal services	156,896	156,896	148,853	8,043
Materials and services	36,200	76,200	58,007	18,193
Capital outlay	-	-	-	-
Debt service	4,011	4,011	4,010	1
Contingency	96,760	56,760	-	56,760
<i>Total Disbursements</i>	<u>293,867</u>	<u>293,867</u>	<u>210,870</u>	<u>82,997</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	(222,267)	(222,267)	(114,764)	107,503
OTHER FINANCING SOURCES (USES)				
Transfers out	(17,856)	(17,856)	(17,856)	-
<i>Total Other Financing Sources (Uses)</i>	<u>(17,856)</u>	<u>(17,856)</u>	<u>(17,856)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(240,123)	(240,123)	(132,620)	107,503
FUND BALANCE, Beginning of year	<u>240,123</u>	<u>240,123</u>	<u>227,930</u>	<u>(12,193)</u>
FUND BALANCE, End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 95,310</u>	<u>\$ 95,310</u>

CITY OF SCAPPOOSE, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE****(CASH BASIS) - BUDGET AND ACTUAL - PEG FEE FUND****YEAR ENDED JUNE 30, 2012**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Charges for services	\$ 19,000	\$ 19,000	\$ 18,596	\$ (404)
Miscellaneous	475	475	590	115
<i>Total Receipts</i>	19,475	19,475	19,186	(289)
DISBURSEMENTS				
Capital outlay	50,000	50,000	-	50,000
Contingency	70,228	70,228	-	70,228
<i>Total Disbursements</i>	120,228	120,228	-	120,228
RECEIPTS OVER (UNDER) DISBURSEMENTS	(100,753)	(100,753)	19,186	119,939
NET CHANGE IN FUND BALANCE	(100,753)	(100,753)	19,186	119,939
FUND BALANCE, Beginning of year	100,753	100,753	100,761	8
FUND BALANCE, End of year	\$ -	\$ -	\$ 119,947	\$ 119,947

CITY OF SCAPPOOSE, OREGON

SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE

(CASH BASIS) - BUDGET AND ACTUAL - UNEMPLOYMENT FUND

YEAR ENDED JUNE 30, 2012

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Miscellaneous	\$ 350	\$ 350	\$ 296	\$ (54)
<i>Total Receipts</i>	350	350	296	(54)
DISBURSEMENTS				
Personnel services	25,000	25,000	4,437	20,563
Contingency	30,296	30,296	-	30,296
<i>Total Disbursements</i>	55,296	55,296	4,437	50,859
RECEIPTS OVER (UNDER) DISBURSEMENTS	(54,946)	(54,946)	(4,141)	50,805
NET CHANGE IN FUND BALANCE	(54,946)	(54,946)	(4,141)	50,805
FUND BALANCE, Beginning of year	54,946	54,946	60,508	5,562
FUND BALANCE, End of year	\$ -	\$ -	\$ 56,367	\$ 56,367

CITY OF SCAPPOOSE, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE****(CASH BASIS) - BUDGET AND ACTUAL - LAW ENFORCEMENT FUND****YEAR ENDED JUNE 30, 2012**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Charges for services	\$ 18,000	\$ 18,000	\$ 9,781	\$ (8,219)
Miscellaneous	150	150	11,846	11,696
<i>Total Receipts</i>	18,150	18,150	21,627	3,477
DISBURSEMENTS				
Materials and services	10,000	10,000	9,535	465
Debt service	16,656	16,656	16,231	425
Contingency	24,477	24,477	-	24,477
<i>Total Disbursements</i>	51,133	51,133	25,766	25,367
RECEIPTS OVER (UNDER) DISBURSEMENTS	(32,983)	(32,983)	(4,139)	28,844
NET CHANGE IN FUND BALANCE	(32,983)	(32,983)	(4,139)	28,844
FUND BALANCE, Beginning of year	32,983	32,983	38,322	5,339
FUND BALANCE, End of year	\$ -	\$ -	\$ 34,183	\$ 34,183

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, 2012**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Miscellaneous	\$ 50	\$ 50	\$ 42	\$ (8)
<i>Total Receipts</i>	50	50	42	(8)
DISBURSEMENTS				
Materials and services	8,000	14,000	8,676	5,324
Capital outlay	6,000	-	-	-
Contingency	585	585	-	585
<i>Total Disbursements</i>	14,585	14,585	8,676	5,909
RECEIPTS OVER (UNDER) DISBURSEMENTS	(14,535)	(14,535)	(8,634)	5,901
OTHER FINANCING SOURCES (USES)				
Transfers in	8,000	8,000	8,000	-
<i>Total Other Financing Sources (Uses)</i>	8,000	8,000	8,000	-
NET CHANGE IN FUND BALANCE	(6,535)	(6,535)	(634)	5,901
FUND BALANCE, Beginning of year	6,535	6,535	8,431	1,896
FUND BALANCE, End of year	\$ -	\$ -	\$ 7,797	\$ 7,797

CITY OF SCAPPOOSE, OREGON

SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE

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

YEAR ENDED JUNE 30, 2012

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Miscellaneous	\$ 1,700	\$ 1,700	\$ 1,386	\$ (314)
<i>Total Receipts</i>	1,700	1,700	1,386	(314)
DISBURSEMENTS				
Materials and services	-	-	-	-
Capital outlay	-	-	-	-
Debt service	42,603	42,603	42,601	2
Contingency	232,253	232,253	-	232,253
<i>Total Disbursements</i>	274,856	274,856	42,601	232,255
RECEIPTS OVER (UNDER)				
DISBURSEMENTS	(273,156)	(273,156)	(41,215)	231,941
NET CHANGE IN FUND BALANCE	(273,156)	(273,156)	(41,215)	231,941
FUND BALANCE, Beginning of year	273,156	273,156	273,084	(72)
FUND BALANCE, End of year	\$ -	\$ -	\$ 231,869	\$ 231,869

CITY OF SCAPPOOSE, OREGON

SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE

(CASH BASIS) - BUDGET AND ACTUAL - MUNICIPAL SKATE PARK FUND

YEAR ENDED JUNE 30, 2012

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Miscellaneous	\$ 650	\$ 650	\$ 651	\$ 1
<i>Total Receipts</i>	650	650	651	1
DISBURSEMENTS				
Capital outlay	15,000	15,000	-	15,000
Contingency	109,137	109,137	-	109,137
<i>Total Disbursements</i>	124,137	124,137	-	124,137
RECEIPTS OVER (UNDER) DISBURSEMENTS	(123,487)	(123,487)	651	124,138
NET CHANGE IN FUND BALANCE	(123,487)	(123,487)	651	124,138
FUND BALANCE, Beginning of year	123,487	123,487	123,475	(12)
FUND BALANCE, End of year	\$ -	\$ -	\$ 124,126	\$ 124,126

CITY OF SCAPPOOSE, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE****(CASH BASIS) - BUDGET AND ACTUAL - FOOT PATH & BIKE TRAILS FUND****YEAR ENDED JUNE 30, 2012**

	Budgeted Amounts		Actual	Variance
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 3,768	\$ 3,768	\$ 3,619	\$ (149)
Miscellaneous	120	120	88	(32)
<i>Total Receipts</i>	3,888	3,888	3,707	(181)
DISBURSEMENTS				
Capital outlay	6,500	6,500	3,270	3,230
Contingency	14,325	14,325	-	14,325
<i>Total Disbursements</i>	20,825	20,825	3,270	17,555
RECEIPTS OVER (UNDER) DISBURSEMENTS	(16,937)	(16,937)	437	17,374
NET CHANGE IN FUND BALANCE	(16,937)	(16,937)	437	17,374
FUND BALANCE, Beginning of year	16,937	16,937	17,166	229
FUND BALANCE, End of year	\$ -	\$ -	\$ 17,603	\$ 17,603

CITY OF SCAPPOOSE, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE****(CASH BASIS) - BUDGET AND ACTUAL - PARKS SDC FUND****YEAR ENDED JUNE 30, 2012**

	Budgeted Amounts		Actual	Variance
	Original	Final		
RECEIPTS				
Licenses and permits	\$ 17,360	\$ 17,360	\$ 8,341	\$ (9,019)
Miscellaneous	400	400	254	(146)
<i>Total Receipts</i>	17,760	17,760	8,595	(9,165)
DISBURSEMENTS				
Debt service	34,826	34,826	34,825	1
Contingency	40,893	40,893	-	40,893
<i>Total Disbursements</i>	75,719	75,719	34,825	40,894
RECEIPTS OVER (UNDER) DISBURSEMENTS				
	(57,959)	(57,959)	(26,230)	31,729
OTHER FINANCING SOURCES (USES)				
Transfers out	(868)	(868)	(868)	-
<i>Total Other Financing Sources (Uses)</i>	(868)	(868)	(868)	-
NET CHANGE IN FUND BALANCE				
	(58,827)	(58,827)	(27,098)	31,729
FUND BALANCE, Beginning of year				
	58,827	58,827	64,018	5,191
FUND BALANCE, End of year				
	\$ -	\$ -	\$ 36,920	\$ 36,920

CITY OF SCAPPOOSE, OREGON
COMBINING STATEMENT OF NET ASSETS (MODIFIED CASH BASIS) -
NONMAJOR PROPRIETARY FUNDS
JUNE 30, 2012

	<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 investments	\$ 6,387	\$ 158,884	\$ 66,485	\$ 140,192	\$ 99,664	\$ 471,612
Property taxes receivable	-	-	-	-	8,487	8,487
Nondepreciable capital assets	-	-	-	-	-	-
Other capital assets, net of depreciation	-	-	6,082,020	1,398,053	-	7,480,073
<i>Total Assets</i>	<u>\$ 6,387</u>	<u>\$ 158,884</u>	<u>\$ 6,148,505</u>	<u>\$ 1,538,245</u>	<u>\$ 108,151</u>	<u>\$ 7,960,172</u>
LIABILITIES						
Deferred revenue	\$ -	\$ -	\$ -	\$ -	\$ 8,487	\$ 8,487
Noncurrent liabilities:						
Due within one year						
Loan payable	-	-	185,726	95,504	-	281,230
Bond payable	-	-	-	-	34,101	34,101
Due in more than one year						
Loan payable	-	-	4,400,336	463,993	-	4,864,329
Bond payable	-	-	-	-	268,105	268,105
<i>Total Liabilities</i>	<u>-</u>	<u>-</u>	<u>4,586,062</u>	<u>559,497</u>	<u>310,693</u>	<u>5,456,252</u>
NET ASSETS						
Investment in capital assets (net of related debt)	-	-	1,495,958	838,556	(302,206)	2,032,308
Restricted	6,387	158,884	66,485	140,192	99,664	471,612
<i>Total net assets</i>	<u>\$ 6,387</u>	<u>\$ 158,884</u>	<u>\$ 6,148,505</u>	<u>\$ 1,538,245</u>	<u>\$ 108,151</u>	<u>\$ 7,960,172</u>

CITY OF SCAPPOOSE, OREGON

COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND NET ASSETS

(MODIFIED CASH BASIS) - NONMAJOR PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2012

	<i>Storm Drain</i>	<i>Storm Drain SDC</i>	<i>Water SDC</i>	<i>Airpark Water Line</i>	<i>G.O. Water-Sewer</i>	<i>Totals</i>
OPERATING RECEIPTS						
Taxes and assessments	\$ -	\$ -	\$ -	\$ -	\$ 20,864	\$ 20,864
Licenses and permits	-	31,427	65,499	-	-	96,926
Intergovernmental	-	-	-	76,177	-	76,177
Miscellaneous	33	799	159	643	580	2,214
<i>Total Operating Receipts</i>	<u>33</u>	<u>32,226</u>	<u>65,658</u>	<u>76,820</u>	<u>21,444</u>	<u>196,181</u>
NON OPERATING RECEIPTS (DISBURSEMENTS)						
Debt proceeds	-	-	-	-	-	-
Debt service						
Principal	-	-	184,127	93,577	32,521	310,225
Interest	-	-	96,847	35,606	18,316	150,769
<i>Total Non Operating Receipts (Disbursements)</i>	<u>-</u>	<u>-</u>	<u>280,974</u>	<u>129,183</u>	<u>50,837</u>	<u>460,994</u>
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS						
Transfers in	-	-	315,289	53,006	4,031	372,326
Transfers out	-	(262)	(55,174)	-	-	(55,436)
NET CHANGE IN RESTRICTED AND UNASSIGNED NET ASSETS	<u>33</u>	<u>31,964</u>	<u>44,799</u>	<u>643</u>	<u>(25,362)</u>	<u>52,077</u>
RESTRICTED AND UNASSIGNED NET ASSETS, Beginning of the year	<u>6,354</u>	<u>126,920</u>	<u>21,686</u>	<u>139,549</u>	<u>125,026</u>	<u>419,535</u>
RESTRICTED AND UNASSIGNED NET ASSETS, End of the year	<u>\$ 6,387</u>	<u>\$ 158,884</u>	<u>\$ 66,485</u>	<u>\$ 140,192</u>	<u>\$ 99,664</u>	<u>\$ 471,612</u>

CITY OF SCAPPOOSE, OREGON

SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE

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

YEAR ENDED JUNE 30, 2012

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Charges for services	\$ -	\$ -	\$ -	\$ -
Miscellaneous	40	40	33	(7)
<i>Total Receipts</i>	40	40	33	(7)
DISBURSEMENTS				
Materials and services	6,100	6,100	-	6,100
Contingency	294	294	-	294
<i>Total Disbursements</i>	6,394	6,394	-	6,394
RECEIPTS OVER (UNDER)				
DISBURSEMENTS	(6,354)	(6,354)	33	6,387
NET CHANGE IN FUND BALANCE	(6,354)	(6,354)	33	6,387
FUND BALANCE,				
<i>Beginning of year</i>	6,354	6,354	6,354	-
FUND BALANCE,				
<i>End of year</i>	\$ -	\$ -	\$ 6,387	\$ 6,387

CITY OF SCAPPOOSE, OREGON

**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE
(CASH BASIS) - BUDGET AND ACTUAL - STORM DRAINAGE SDC FUND
YEAR ENDED JUNE 30, 2012**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Licenses and permits	\$ 5,240	\$ 5,240	\$ 31,427	\$ 26,187
Miscellaneous	650	650	799	149
<i>Total Receipts</i>	5,890	5,890	32,226	26,336
DISBURSEMENTS				
Capital outlay	25,000	25,000	-	25,000
Contingency	105,979	105,979	-	105,979
<i>Total Disbursements</i>	130,979	130,979	-	130,979
RECEIPTS OVER (UNDER) DISBURSEMENTS	(125,089)	(125,089)	32,226	157,315
OTHER FINANCING SOURCES (USES)				
Transfers out	(262)	(262)	(262)	-
<i>Total Other Financing Sources (Uses)</i>	(262)	(262)	(262)	-
NET CHANGE IN FUND BALANCE	(125,351)	(125,351)	31,964	157,315
FUND BALANCE, Beginning of year	125,351	125,351	126,920	1,569
FUND BALANCE, End of year	\$ -	\$ -	\$ 158,884	\$ 158,884

CITY OF SCAPPOOSE, OREGON

SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE

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

YEAR ENDED JUNE 30, 2012

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Licenses and permits	\$ 43,369	\$ 43,369	\$ 65,499	\$ 22,130
Miscellaneous	500	500	159	(341)
<i>Total Receipts</i>	43,869	43,869	65,658	21,789
DISBURSEMENTS				
Capital outlay	-	-	-	-
Debt service	280,974	280,974	280,974	-
Contingency	35,314	35,314	-	35,314
<i>Total Disbursements</i>	316,288	316,288	280,974	35,314
RECEIPTS OVER (UNDER) DISBURSEMENTS				
	(272,419)	(272,419)	(215,316)	57,103
OTHER FINANCING SOURCES (USES)				
Transfers in	315,289	315,289	315,289	-
Transfers out	(55,174)	(55,174)	(55,174)	-
<i>Total Other Financing Sources (Uses)</i>	260,115	260,115	260,115	-
NET CHANGE IN FUND BALANCE				
	(12,304)	(12,304)	44,799	57,103
FUND BALANCE, Beginning of year				
	12,304	12,304	21,686	9,382
FUND BALANCE, End of year				
	\$ -	\$ -	\$ 66,485	\$ 66,485

CITY OF SCAPPOOSE, OREGON

**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE
(CASH BASIS) - BUDGET AND ACTUAL - AIRPARK WATER LINE FUND
YEAR ENDED JUNE 30, 2012**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Intergovernmental	\$ 76,177	\$ 76,177	\$ 76,177	\$ -
Miscellaneous	725	725	643	(82)
<i>Total Receipts</i>	76,902	76,902	76,820	(82)
DISBURSEMENTS				
Debt service	129,183	129,183	129,183	-
Contingency	140,334	140,334	-	140,334
<i>Total Disbursements</i>	269,517	269,517	129,183	140,334
RECEIPTS OVER (UNDER) DISBURSEMENTS				
	(192,615)	(192,615)	(52,363)	140,252
OTHER FINANCING SOURCES (USES)				
Transfers in	53,006	53,006	53,006	-
Transfers out	-	-	-	-
<i>Total Other Financing Sources (Uses)</i>	53,006	53,006	53,006	-
NET CHANGE IN FUND BALANCE				
	(139,609)	(139,609)	643	140,252
FUND BALANCE,				
<i>Beginning of year</i>	139,609	139,609	139,549	(60)
FUND BALANCE,				
<i>End of year</i>	\$ -	\$ -	\$ 140,192	\$ 140,192

CITY OF SCAPPOOSE, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE****(CASH BASIS) - BUDGET AND ACTUAL - GO WATER- SEWER BOND FUND****YEAR ENDED JUNE 30, 2012**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Taxes and assessments	\$ 40,500	\$ 40,500	\$ 20,864	\$ (19,636)
Miscellaneous	300	300	580	280
<i>Total Receipts</i>	40,800	40,800	21,444	(19,356)
DISBURSEMENTS				
Debt service	50,837	50,837	50,837	-
Contingency	119,683	119,683	-	119,683
<i>Total Disbursements</i>	170,520	170,520	50,837	119,683
RECEIPTS OVER (UNDER) DISBURSEMENTS				
	(129,720)	(129,720)	(29,393)	100,327
OTHER FINANCING SOURCES (USES)				
Transfers in	4,031	4,031	4,031	-
<i>Total Other Financing Sources (Uses)</i>	4,031	4,031	4,031	-
NET CHANGE IN FUND BALANCE				
FUND BALANCE, <i>Beginning of year</i>	125,689	125,689	125,026	(663)
FUND BALANCE, <i>End of year</i>	\$ -	\$ -	\$ 99,664	\$ 99,664

CITY OF SCAPPOOSE, OREGON

SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE

(CASH BASIS) - BUDGET AND ACTUAL - WATER FUND

YEAR ENDED JUNE 30, 2012

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Licenses and permits	\$ 4,000	\$ 4,000	\$ 987	\$ (3,013)
Charges for services	1,102,850	1,102,850	1,147,557	44,707
Miscellaneous	6,500	6,500	9,697	3,197
<i>Total Receipts</i>	1,113,350	1,113,350	1,158,241	44,891
DISBURSEMENTS				
Personal services	747,930	747,930	699,273	48,657
Materials and services	357,812	357,812	280,639	77,173
Capital outlay	418,000	418,000	87,561	330,439
Debt service	100,347	100,347	100,345	2
Contingency	360,904	360,904	-	360,904
<i>Total Disbursements</i>	1,984,993	1,984,993	1,167,818	817,175
RECEIPTS OVER (UNDER) DISBURSEMENTS				
	(871,643)	(871,643)	(9,577)	862,066
OTHER FINANCING SOURCES (USES)				
Transfers out	(374,153)	(374,153)	(374,153)	-
<i>Total Other Financing Sources (Uses)</i>	(374,153)	(374,153)	(374,153)	-
NET CHANGE IN FUND BALANCE				
	(1,245,796)	(1,245,796)	(383,730)	862,066
FUND BALANCE, Beginning of year				
	1,245,796	1,245,796	1,251,160	5,364
FUND BALANCE, End of year				
	\$ -	\$ -	\$ 867,430	\$ 867,430

CITY OF SCAPPOOSE, OREGON

*SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE
(CASH BASIS) - BUDGET AND ACTUAL - SEWER FUND
YEAR ENDED JUNE 30, 2012*

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Charges for services	\$ 1,040,750	\$ 1,040,750	\$ 1,043,151	\$ 2,401
Miscellaneous	4,600	4,600	7,012	2,412
<i>Total Receipts</i>	1,045,350	1,045,350	1,050,163	4,813
DISBURSEMENTS				
Personal services	584,832	584,832	545,760	39,072
Materials and services	476,323	476,323	411,086	65,237
Capital outlay	40,000	40,000	29,216	10,784
Debt service	40,220	40,220	40,218	2
Contingency	767,612	767,612		767,612
<i>Total Disbursements</i>	1,908,987	1,908,987	1,026,280	882,707
RECEIPTS OVER (UNDER) DISBURSEMENTS	(863,637)	(863,637)	23,883	887,520
OTHER FINANCING SOURCES (USES)				
Transfers out	(50,430)	(50,430)	(50,430)	-
<i>Total Other Financing Sources (Uses)</i>	(50,430)	(50,430)	(50,430)	-
NET CHANGE IN FUND BALANCE	(914,067)	(914,067)	(26,547)	887,520
FUND BALANCE, Beginning of year	914,067	914,067	966,653	52,586
FUND BALANCE, End of year	\$ -	\$ -	\$ 940,106	\$ 940,106

CITY OF SCAPPOOSE, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE****(CASH BASIS) - BUDGET AND ACTUAL - SEWER SDC FUND****YEAR ENDED JUNE 30, 2012**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Licenses and permits	\$ 22,920	\$ 22,920	\$ 18,480	\$ (4,440)
Miscellaneous	3,600	3,600	2,539	(1,061)
<i>Total Receipts</i>	26,520	26,520	21,019	(5,501)
DISBURSEMENTS				
Capital outlay	105,000	105,000	22,865	82,135
Contingency	222,116	222,116	-	222,116
<i>Total Disbursements</i>	327,116	327,116	22,865	304,251
RECEIPTS OVER (UNDER) DISBURSEMENTS				
	(300,596)	(300,596)	(1,846)	298,750
OTHER FINANCING SOURCES (USES)				
Transfers out	(5,177)	(5,177)	(5,177)	-
<i>Total Other Financing Sources (Uses)</i>	(5,177)	(5,177)	(5,177)	-
NET CHANGE IN FUND BALANCE				
	(305,773)	(305,773)	(7,023)	298,750
FUND BALANCE, Beginning of year				
	305,773	305,773	485,297	179,524
FUND BALANCE, End of year				
	\$ -	\$ -	\$ 478,274	\$ 478,274

OTHER SCHEDULES

CITY OF SCAPPOOSE, OREGON
SCHEDULE OF PROPERTY TAX TRANSACTIONS
YEAR ENDED JUNE 30, 2012

Schedule of Property Tax Transactions

<u>Tax Year</u>	<u>Uncollected Balances July 1, 2011</u>	<u>2011-2012 Levy</u>	<u>Interest, Discounts & Adjustments</u>	<u>Turnovers</u>	<u>Uncollected Balances June 30, 2012</u>
2011-2012	\$ -	\$ 1,594,532	\$ (38,622)	\$ (1,455,527)	\$ 100,383
2010-2011	97,799	-	2,919	(48,167)	52,552
2009-2010	165,759	-	3,547	(19,552)	149,754
2008-2009	49,538	-	4,608	(16,686)	37,460
2007-2008	10,244	-	3,341	(10,236)	3,349
2006-2007	2,956	-	113	(254)	2,815
2005-2006	2,679	-	67	(135)	2,610
2004-2005	421	-	122	(202)	340
Prior Years	1,541	-	2	(3)	1,540
Total	\$ 330,937	\$ 1,594,532	\$ (23,904)	\$ (1,550,763)	\$ 350,802

CITY OF SCAPPOOSE, OREGON
SCHEDULE OF LONG-TERM DEBT TRANSACTIONS
YEAR ENDED JUNE 30, 2012

	<i>Interest Rates</i>	<i>Date of Issue</i>	<i>Fiscal Year of Maturity</i>	<i>Outstanding July 1, 2011</i>	<i>Issued</i>	<i>Forgiven/ Discounted</i>	<i>Paid</i>	<i>Outstanding June 30, 2012</i>
PRINCIPAL TRANSACTIONS								
General Obligations								
US Bank-Refinanced	3.75%	2009	2014	366,285	-	-	21,287	344,998
Crown Zellerbach	4%	2002	2019	357,305	-	-	41,921	315,384
US Bank	2.90%	2010	2015	530,603	-	-	27,414	503,189
Enterprise Obligations								
Airpark Notes Payable	5.33%	1998	2017	312,429	-	-	47,611	264,818
Airpark Notes Payable	6.00%	1997	2017	153,292	-	-	21,976	131,316
Airpark Notes Payable	4.74%	1998	2018	187,353	-	-	23,990	163,363
Water GO Bonds	5.00%	1979	2020	334,727	-	-	32,521	302,206
SPWF Wastewater Bonds	6.00%	1993	2013	21,398	-	-	6,721	14,677
SPWF Wastewater Bonds	0.00%	1993	2011	6,964	-	-	6,964	-
Safe Drinking Water Revolvin	0.00%	2010	2031	1,095,464	-	-	41,126	1,054,338
WTP phase I & 2 notes	4.40%	2002	2028	1,409,810	-	-	59,929	1,349,881
Safe Drinking Water notes	1.00%	2004	2034	3,360,379	-	-	124,198	3,236,181
Wastewater DEQ Loan	0.00%	2011	2031	344,009	-	-	17,642	326,367
				<u>\$ 8,480,018</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 473,300</u>	<u>\$ 8,006,718</u>

CITY OF SCAPPOOSE, OREGON
SCHEDULE OF LONG-TERM DEBT TRANSACTIONS
YEAR ENDED JUNE 30, 2012

	<i>Interest Rates</i>	<i>Date of Issue</i>	<i>Unmatured Interest July 1, 2011</i>	<i>New Issues</i>	<i>Interest Paid</i>	<i>Unmatured Interest June 30, 2012</i>
INTEREST TRANSACTIONS						
General Obligations						
US Bank-Refinanced	3.75%	2009	43,793	-	13,538	30,255
Crown Zellerbach	4%	2002	62,622	-	14,292	48,330
US Bank	2.90%	2010	62,088	-	15,187	46,901
Enterprise Obligations						
Airpark Notes Payable	5.33%	1998	62,521	-	17,184	45,337
Airpark Notes Payable	6.00%	1997	33,752	-	9,198	24,554
Airpark Notes Payable	4.74%	1998	38,986	-	9,224	29,762
Water GO Bonds	5.00%	1979	102,423	-	18,316	84,107
SPWF Wastewater Bonds	6.00%	1993	2,618	-	1,284	1,334
SPWF Wastewater Bonds	0.00%	1993	-	-	-	-
Safe Drinking Water Revolvin	0.00%	2010	444,286	-	40,313	403,973
WTP phase I & 2 notes	4.40%	2002	657,325	-	63,243	594,082
Safe Drinking Water notes	1.00%	2004	437,297	-	33,604	403,693
Wastewater DEQ Loan	0.00%	2011	-	-	-	-
			<u>\$ 1,947,711</u>	<u>\$ -</u>	<u>\$ 235,383</u>	<u>\$ 1,712,328</u>

CITY OF SCAPPOOSE
SCHEDULE OF FUTURE DEBT REQUIREMENTS - GOVERNMENT-WIDE
JUNE 30, 2012

Fiscal Year Ending June 30,	US Bank-Refinanced			Crown Zellerbach		
	Principal	Interest	Total	Principal	Interest	Total
2013	22,093	12,733	34,826	43,598	12,615	56,213
2014	22,929	11,896	34,825	45,342	10,871	56,213
2015	299,976	5,624	305,600	47,155	9,058	56,213
2016	-	-	-	49,041	7,172	56,213
2017	-	-	-	51,003	5,210	56,213
2018	-	-	-	53,043	3,170	56,213
2019	-	-	-	26,202	1,048	27,250
	-	-	-	-	-	-
	<u>\$ 344,998</u>	<u>\$ 30,253</u>	<u>\$ 375,251</u>	<u>\$ 315,384</u>	<u>\$ 49,144</u>	<u>\$ 364,528</u>

CITY OF SCAPPOOSE

SCHEDULE OF FUTURE DEBT REQUIREMENTS - GOVERNMENT-WIDE

JUNE 30, 2012

Fiscal Year Ending June 30,	US Bank Loan #34			Total Governmental		
	Principal	Interest	Total	Principal	Interest	Total
2013	27,414	14,393	41,807	93,105	39,741	132,846
2014	27,414	13,599	41,013	95,685	36,366	132,051
2015	27,414	12,804	40,218	374,545	27,486	402,031
2016	420,949	6,104	427,053	469,990	13,276	483,266
2017	-	-	-	51,003	5,210	56,213
2018	-	-	-	53,043	3,170	56,213
2019	-	-	-	26,202	1,048	27,250
	-	-	-	-	-	-
	<u>\$ 503,191</u>	<u>\$ 46,900</u>	<u>\$ 550,091</u>	<u>\$ 1,163,573</u>	<u>\$ 126,297</u>	<u>\$ 1,289,870</u>

CITY OF SCAPPOOSE, OREGON
SCHEDULE OF FUTURE DEBT BY ISSUE BUSINESS-TYPE
JUNE 30, 2012

Fiscal Year Ending June 30,	SPWF Wastewater II (41) B92001B			Water GO Bonds (45) GMAC 01-0507801		
	Principal	Interest	Total	Principal	Interest	Total
2013	7,125	881	8,005	34,101	16,736	50,837
2014	7,552	453	8,005	35,728	15,109	50,837
2015	-	-	-	37,433	13,404	50,837
2016	-	-	-	39,219	11,618	50,837
2017	-	-	-	41,091	9,746	50,837
2018	-	-	-	43,052	7,785	50,837
2019	-	-	-	45,107	5,730	50,837
2020	-	-	-	26,475	4,005	30,480
2021	-	-	-	-	-	-
2022	-	-	-	-	-	-
2023	-	-	-	-	-	-
2024	-	-	-	-	-	-
2025	-	-	-	-	-	-
2026	-	-	-	-	-	-
2027	-	-	-	-	-	-
2028	-	-	-	-	-	-
2029	-	-	-	-	-	-
2030	-	-	-	-	-	-
2031	-	-	-	-	-	-
2032	-	-	-	-	-	-
2033	-	-	-	-	-	-
2034	-	-	-	-	-	-
2035	-	-	-	-	-	-
2036	-	-	-	-	-	-
2037	-	-	-	-	-	-
2038	-	-	-	-	-	-
2039	-	-	-	-	-	-
2040	-	-	-	-	-	-
2041	-	-	-	-	-	-
	<u>14,677</u>	<u>1,334</u>	<u>16,010</u>	<u>302,206</u>	<u>84,133</u>	<u>386,339</u>

CITY OF SCAPPOOSE, OREGON
SCHEDULE OF FUTURE DEBT BY ISSUE BUSINESS-TYPE
JUNE 30, 2012

Fiscal Year Ending June 30,	WTP Phases 1 & 2 #GO 3003 (50)			Safe Drinking Water #SO3003 (50)		
	Principal	Interest	Total	Principal	Interest	Total
2013	60,286	61,085	121,371	125,440	32,362	157,802
2014	60,672	58,825	119,497	126,694	31,107	157,802
2015	66,088	56,459	122,547	127,961	29,840	157,802
2016	66,532	53,815	120,347	129,241	28,561	157,802
2017	72,005	51,087	123,092	130,533	27,268	157,802
2018	72,515	48,027	120,542	131,838	25,963	157,802
2019	78,063	44,854	122,917	133,157	24,645	157,802
2020	78,650	41,342	119,992	134,488	23,313	157,802
2021	84,278	37,724	122,002	135,833	21,968	157,802
2022	89,949	33,763	123,712	137,192	20,610	157,802
2023	90,659	29,490	120,149	138,563	19,238	157,802
2024	96,403	25,184	121,587	139,949	17,852	157,802
2025	102,182	20,605	122,787	141,349	16,453	157,802
2026	107,998	15,751	123,749	142,762	15,039	157,802
2027	108,853	10,621	119,474	144,190	13,612	157,802
2028	114,748	5,450	120,198	145,632	12,170	157,802
2029	-	-	-	147,088	10,714	157,802
2030	-	-	-	148,559	9,243	157,802
2031	-	-	-	150,044	7,757	157,802
2032	-	-	-	151,545	6,257	157,802
2033	-	-	-	153,060	4,741	157,802
2034	-	-	-	154,591	3,211	157,802
2035	-	-	-	156,137	1,665	157,802
2036	-	-	-	10,336	104	10,440
2037	-	-	-	-	-	-
2038	-	-	-	-	-	-
2039	-	-	-	-	-	-
2040	-	-	-	-	-	-
2041	-	-	-	-	-	-
	<u>1,349,881</u>	<u>594,082</u>	<u>1,943,963</u>	<u>3,236,181</u>	<u>403,693</u>	<u>3,639,875</u>

CITY OF SCAPPOOSE, OREGON
SCHEDULE OF FUTURE DEBT BY ISSUE BUSINESS-TYPE
JUNE 30, 2012

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
	2013	48,030	14,566	62,596	23,295	7,879	31,174	24,179	8,084
2014	48,472	11,924	60,396	24,693	6,481	31,174	24,381	6,912	31,293
2015	53,938	9,258	63,196	26,174	5,000	31,174	24,597	5,718	30,315
2016	54,429	6,291	60,720	27,745	3,429	31,174	29,823	4,512	34,335
2017	59,949	3,298	63,247	29,409	1,765	31,174	30,065	3,020	33,085
2018	-	-	-	-	-	-	30,318	1,516	31,834
2019	-	-	-	-	-	-	-	-	-
2020	-	-	-	-	-	-	-	-	-
2021	-	-	-	-	-	-	-	-	-
2022	-	-	-	-	-	-	-	-	-
2023	-	-	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-	-	-
2025	-	-	-	-	-	-	-	-	-
2026	-	-	-	-	-	-	-	-	-
2027	-	-	-	-	-	-	-	-	-
2028	-	-	-	-	-	-	-	-	-
2029	-	-	-	-	-	-	-	-	-
2030	-	-	-	-	-	-	-	-	-
2031	-	-	-	-	-	-	-	-	-
2032	-	-	-	-	-	-	-	-	-
2033	-	-	-	-	-	-	-	-	-
2034	-	-	-	-	-	-	-	-	-
2035	-	-	-	-	-	-	-	-	-
2036	-	-	-	-	-	-	-	-	-
2037	-	-	-	-	-	-	-	-	-
2038	-	-	-	-	-	-	-	-	-
2039	-	-	-	-	-	-	-	-	-
2040	-	-	-	-	-	-	-	-	-
2041	-	-	-	-	-	-	-	-	-
	<u>264,818</u>	<u>45,337</u>	<u>310,155</u>	<u>131,316</u>	<u>24,554</u>	<u>155,870</u>	<u>163,363</u>	<u>29,762</u>	<u>193,125</u>

CITY OF SCAPPOOSE, OREGON
SCHEDULE OF FUTURE DEBT BY ISSUE BUSINESS-TYPE
JUNE 30, 2012

Fiscal Year Ending June 30,	Dutch Canyon (40) Safe Drinking Water S03003B			Wastewater(41) DEQ State Revolving Fund			Total Business-Type		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
	2013	42,639	38,800	81,439	17,642	-	17,642	382,736	180,392
2014	44,208	37,231	81,439	17,642	-	17,642	390,042	168,042	558,085
2015	45,835	35,604	81,439	17,642	-	17,642	399,668	155,283	554,952
2016	47,522	33,917	81,439	17,642	-	17,642	412,153	142,143	554,296
2017	49,271	32,168	81,439	17,642	-	17,642	429,965	128,352	558,318
2018	51,084	30,355	81,439	17,642	-	17,642	346,449	113,646	460,096
2019	52,964	28,475	81,439	17,642	-	17,642	326,933	103,704	430,637
2020	54,913	26,526	81,439	17,642	-	17,642	312,168	95,186	407,355
2021	56,934	24,505	81,439	17,642	-	17,642	294,687	84,197	378,885
2022	59,029	22,410	81,439	17,642	-	17,642	303,812	76,783	380,595
2023	61,201	20,238	81,439	17,642	-	17,642	308,065	68,966	377,032
2024	63,453	17,986	81,439	17,642	-	17,642	317,447	61,022	378,470
2025	65,788	15,651	81,439	17,642	-	17,642	326,961	52,709	379,670
2026	68,209	13,230	81,439	17,642	-	17,642	336,611	44,020	380,632
2027	70,719	10,720	81,439	17,642	-	17,642	341,404	34,953	376,357
2028	73,322	8,117	81,439	17,642	-	17,642	351,344	25,737	377,081
2029	76,020	5,419	81,439	17,642	-	17,642	240,750	16,133	256,883
2030	71,227	2,621	73,848	17,642	-	17,642	237,428	11,864	249,292
2031	-	-	-	8,811	-	-	158,855	7,757	166,613
2032	-	-	-	-	-	-	151,545	6,257	157,802
2033	-	-	-	-	-	-	153,060	4,741	157,802
2034	-	-	-	-	-	-	154,591	3,211	157,802
2035	-	-	-	-	-	-	156,137	1,665	157,802
2036	-	-	-	-	-	-	10,336	104	10,440
2037	-	-	-	-	-	-	-	-	-
2038	-	-	-	-	-	-	-	-	-
2039	-	-	-	-	-	-	-	-	-
2040	-	-	-	-	-	-	-	-	-
2041	-	-	-	-	-	-	-	-	-
	<u>1,054,338</u>	<u>403,973</u>	<u>1,458,311</u>	<u>326,367</u>	<u>-</u>	<u>317,556</u>	<u>6,843,147</u>	<u>1,586,868</u>	<u>8,430,015</u>

REGULATORY SECTION

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INDEPENDENT AUDITOR'S REPORT
REQUIRED BY OREGON STATE REGULATIONS

To the Mayor and Council
City of Scappoose
Scappoose, Oregon

I have audited the basic financial statements of the City of Scappoose, Oregon (the City) as of and for the year ended June 30, 2012, and have issued our report thereon dated October 8, 2012. I conducted the audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, 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.

Authorized investment of surplus funds (ORS Chapter 294).

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

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

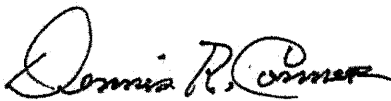
OAR 162-10-230 (Internal Control)

In planning and performing our 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.

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
October 8, 2012