

# SCAPPOOSE *Oregon*

*Columbia County, Oregon  
Annual Financial Report  
Year Ending June 30, 2016*



***CITY OF SCAPPOOSE, OREGON***  
***CITY OFFICIALS***  
***JUNE 30, 2016***

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***CITY COUNCIL***

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

***ADMINISTRATION***

Michael Sykes, City Manager

Jill Herr, Finance Administrator

Susan Reeves, City Recorder/Budget Secretary

Norman Miller, Chief of Police

Shelby Rihala, City Attorney

**CITY OF SCAPPOOSE, OREGON**  
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***FINANCIAL SECTION***

***INDEPENDENT AUDITOR'S REPORT***

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

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

To the Mayor & Council  
City of Scappoose  
Columbia County, Oregon

I have audited the accompanying cash basis financial statements of the governmental activities, the business-type activities, each major fund, and aggregate remaining fund information of the City of Scappoose (the City), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

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

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

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

**Opinions**

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2016, and the respective changes in cash basis financial position thereof for the year then ended in accordance with the cash basis of accounting described in Note 1.

**Basis of Accounting**

I draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting

principles generally accepted in the United States of America. My opinions are not modified with respect to this matter.

### **Report on Supplementary and Other Information**

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

The budgetary comparison schedules, and other financial schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole on the basis of accounting described in Note 1.

The management's discussion and analysis has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I do not express an opinion or provide any assurance on such information.

### **Other Reporting Required by Oregon Minimum Standards**

In accordance with Minimum Standards for audits of Oregon Municipal Corporations, I have also issued my report dated December 12, 2016, on my consideration of the City's internal control over financial reporting and on my tests of its compliance with the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules OAR 162-10-240 to 162-10-320. The purpose of that report is to describe my evaluation of internal control over financial reporting and the scope of my testing of compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance.



Dennis R. Conner  
Certified Public Accountant  
December 12, 2016



**CITY OF SCAPPOOSE**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2016**

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, 2016.

**FINANCIAL HIGHLIGHTS**

	June 30		Change
	2016	2015	
Net Position	\$ 8,973,423	\$ 7,662,391	\$ 1,311,032
Governmental net position	4,601,058	4,246,229	\$ 354,829
Proprietary net position	4,372,365	3,416,162	\$ 956,203

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

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

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

*Fund financial statements.* The fund financial statements provide more detailed information about the City of Scappoose’s funds, focusing on its most significant or “major” funds – not the City of Scappoose as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local

governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Scappoose can be divided into two categories: governmental funds and proprietary funds.

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

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

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

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

*Other information.* In addition to the basic financial statements and accompanying notes, this report also presents certain *supplemental information* including the combining statements for the non-major funds and the budgetary comparison schedules.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

*Statement of Net Position (Cash Basis).* The Statement of Net Position (Cash Basis) is provided on a comparative basis.

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Scappoose, assets exceeded liabilities by \$8,973,432 as of June 30, 2016.

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

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

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Cash and cash equivalents	\$ 4,706,783	\$ 4,353,393	\$ 4,495,660	\$ 3,530,208	\$ 9,202,443	\$ 7,883,601
Deposits	105,725	107,164	123,295	114,045	229,020	221,209
Net position						
Restricted	2,038,353	1,485,591	1,221,730	1,112,044	3,260,083	2,597,635
Unrestricted	2,562,705	2,760,638	3,150,635	2,304,118	5,713,340	5,064,756
Total net position	\$ 4,601,058	\$ 4,246,229	\$ 4,372,365	\$ 3,416,162	\$ 8,973,423	\$ 7,662,391

**Statement of Activities.** During the current fiscal year, the City of Scappoose’s net position increased by \$1,318,842. The key elements of the change in Scappoose’s net position for the year ended June 30, 2016 are as follows:

- Fees, fines and charges for services decreased by \$136,438 due in part to a decrease in charges for service in the governmental funds.
- Operating grant and contribution income increased by \$39,266 in total, largely due to increase in operating grant reimbursements.
- Capital grants and contribution income increased by \$232,566 due to reimbursements related to advanced finance reimbursement project and infrastructure improvement projects.
- Disbursements increased \$314,698 largely due to increased spending related to infrastructure projects.

### **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	
	2016	2015	2016	2015	2016	2015
<b>Revenues</b>						
Program revenues						
Fines, fees, charges for services	\$ 612,525	\$ 792,559	\$ 3,499,428	\$ 3,457,674	\$ 4,111,953	\$ 4,250,233
Operating grants and contributions	522,015	482,749	-	-	522,015	482,749
Capital grants and contributions	331,737	186,920	444,455	356,706	776,192	543,626
General receipts						
Property tax	1,745,017	1,717,770	43,916	39,999	1,788,933	1,757,769
Franchise fees	390,687	386,201	-	-	390,687	386,201
Intergovernmental	-	-	-	-	-	-
Miscellaneous	87,858	115,849	23,783	15,133	111,641	130,982
Total revenues	3,689,839	3,682,048	4,011,582	3,869,512	7,701,421	7,551,560
<b>Expenses</b>						
General government	532,124	690,984	-	-	532,124	690,984
Court and police	1,675,486	1,556,841	-	-	1,675,486	1,556,841
Community services and development	311,045	301,948	-	-	311,045	301,948
Culture and recreation	484,954	362,473	-	-	484,954	362,473
Interest on long-term debt	28,100	28,829	-	-	28,100	28,829
Highways and streets	398,891	338,294	-	-	398,891	338,294
Storm Drain	-	-	25,334	-	25,334	-
Water	-	-	1,640,638	1,680,357	1,640,638	1,680,357
Sewer	-	-	1,293,817	1,115,965	1,293,817	1,115,965
Total expenses	3,430,600	3,279,369	2,959,789	2,796,322	6,390,389	6,075,691
net assets before transfers	259,239	402,679	1,051,793	1,073,190	1,311,032	1,475,869
Transfers	95,590	203,038	(95,590)	(203,038)	-	-
Change in net position	354,829	605,717	956,203	870,152	1,311,032	1,475,869
Net position, beginning of year	4,246,229	3,640,512	3,416,162	2,546,010	7,662,391	6,186,522
Net position, end of year	4,601,058	4,246,229	4,372,365	3,416,162	8,973,423	7,662,391

**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, 2016, the City’s governmental funds reported combined ending fund balances of \$4,601,058.

As detailed in the notes to the financial statements, the City adopted the provisions of GASB Statement #54 *Fund Balance Reporting and Governmental Fund Types Definitions*. Among the changes required is that special revenue funds whose primary source of funding is transfers from the General Fund be

reported as part of the General Fund. Therefore in the Governmental Funds Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balances, the Unemployment Fund and the Watts Fund has been combined with the General Fund.

*General Fund.* The General Fund is the primary operating fund of the City. As of June 30, 2016, unrestricted fund balance was \$2,562,705. The fund balance decreased by \$197,501 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, 2016, 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, 2016, Scappoose had invested \$36,421,592 in capital assets, net of depreciation, as shown in the following table:

	<b>Capital Assets</b>					
	<b>As of June 30, 2015 and 2016</b>					
	Governmental Activities		Business-type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Land	\$ 1,765,116	\$ 1,765,116	\$ 389,036	\$ 389,036	\$ 2,154,152	\$ 2,154,152
Buildings	3,567,350	3,517,350	4,809,739	4,809,739	8,377,089	8,327,089
Equipment	586,559	417,276	1,999,290	1,989,290	2,585,849	2,406,566
Vehicles	650,491	649,592	278,271	273,771	928,762	923,363
Construction in progress	-	-	-	-	-	-
Infrastructure	61,809,757	61,809,757	-	-	61,809,757	61,809,757
Water and sewer system	-	-	19,492,268	19,194,658	19,492,268	19,194,658
	68,379,273	68,159,091	26,968,604	26,656,494	95,347,877	94,815,585
Less: accumulated depreciation	(46,193,689)	(44,407,932)	(12,732,596)	(12,201,958)	(58,926,285)	(56,609,890)
Net capital assets	<u>\$ 22,185,584</u>	<u>\$ 23,751,159</u>	<u>\$ 14,236,008</u>	<u>\$ 14,454,536</u>	<u>\$ 36,421,592</u>	<u>\$ 38,205,695</u>

During fiscal year 2015-16, the City's investment in capital assets decreased by \$1,784,103.

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 \$6,462,442 and capital leases in the amount of \$120,859.

During the current fiscal year, the City's total debt decreased by \$693,313.

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, 2015 and 2016**

	Governmental Activities		Business-type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Notes Payable	\$ 703,921	848,574	5,347,023	\$ 5,802,315	\$ 6,050,944	\$ 6,650,889
Bonds Payable	-	-	411,498	468,359	411,498	468,359
Capital lease	72,171	93,578	48,688	63,788	120,859	157,366
	<u>\$ 776,092</u>	<u>942,152</u>	<u>5,807,209</u>	<u>\$ 6,334,462</u>	<u>\$ 6,583,301</u>	<u>\$ 7,276,614</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 2015-16 fiscal year.

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

**REQUESTS FOR INFORMATION**

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

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

***BASIC FINANCIAL STATEMENTS***

**CITY OF SCAPPOOSE, OREGON**  
**STATEMENT OF NET POSITION (CASH BASIS)**  
**JUNE 30, 2016**

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	<i><b>Governmental Activities</b></i>	<i><b>Business-type Activities</b></i>	<i><b>Totals</b></i>
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 4,706,783	\$ 4,495,660	\$ 9,202,443
<b>LIABILITIES</b>			
Deposits	<u>105,725</u>	<u>123,295</u>	<u>229,020</u>
<b>NET ASSETS</b>			
Restricted	2,038,353	1,221,730	3,260,083
Unrestricted	<u>2,562,705</u>	<u>3,150,635</u>	<u>5,713,340</u>
<i>Total Net Position</i>	<u><u>\$ 4,601,058</u></u>	<u><u>\$ 4,372,365</u></u>	<u><u>\$ 8,973,423</u></u>

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



**CITY OF SCAPPOOSE, OREGON**  
**STATEMENT OF ACTIVITIES (CASH BASIS)**  
**YEAR ENDED JUNE 30, 2016**

	Disbursements	Program Receipts			Net Changes in Fund Net Assets		
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Totals
<b>Functions/Programs</b>							
<b>Governmental activities:</b>							
General government	\$ 532,124	\$ 92,614	\$ 127,429	\$ 20,000	\$ (292,081)	\$ -	\$ (292,081)
Public safety	1,675,486	223,852	-	-	(1,451,634)	-	(1,451,634)
Culture and recreation	484,954	1,205	-	56,853	(426,896)	-	(426,896)
Community development	311,045	257,723	-	-	(53,322)	-	(53,322)
Highways and streets	398,891	37,131	394,586	254,884	287,710	-	287,710
Interest on long-term debt	28,100	-	-	-	(28,100)	-	(28,100)
<i>Total Governmental Activities</i>	<u>3,430,600</u>	<u>612,525</u>	<u>522,015</u>	<u>331,737</u>	<u>(1,964,323)</u>	<u>-</u>	<u>(1,964,323)</u>
<b>Business-type activities:</b>							
Water	1,640,638	1,884,043	-	308,857	-	552,262	552,262
Sewer	1,293,817	1,537,313	-	79,352	-	322,848	322,848
Storm Drain	25,334	78,072	-	56,246	-	108,984	108,984
<i>Total Business-type Activities</i>	<u>2,959,789</u>	<u>3,499,428</u>	<u>-</u>	<u>444,455</u>	<u>-</u>	<u>984,094</u>	<u>984,094</u>
<i>Total Activities</i>	<u>\$ 6,390,389</u>	<u>\$ 4,111,953</u>	<u>\$ 522,015</u>	<u>\$ 776,192</u>	<u>(1,964,323)</u>	<u>984,094</u>	<u>(980,229)</u>
<b>General Receipts:</b>							
Property taxes					1,745,017	43,916	1,788,933
Franchise taxes					390,687		390,687
Miscellaneous					87,858	23,783	111,641
<i>Total General Revenues</i>					<u>2,223,562</u>	<u>67,699</u>	<u>2,291,261</u>
Transfers					<u>95,590</u>	<u>(95,590)</u>	<u>-</u>
<i>Change in net Position</i>					<u>354,829</u>	<u>956,203</u>	<u>1,311,032</u>
<i>Net position, July 1, 2015</i>					<u>4,246,229</u>	<u>3,416,162</u>	<u>7,662,391</u>
<i>Net Position, June 30, 2016</i>					<u>4,601,058</u>	<u>4,372,365</u>	<u>8,973,423</u>

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

**CITY OF SCAPPOOSE, OREGON**  
**BALANCE SHEET (CASH BASIS) - GOVERNMENTAL FUNDS**  
**JUNE 30, 2016**

	<u>General</u>	<u>Special Revenue</u> <u>Street</u>	<u>Capital Projects</u> <u>Street</u> <u>SDC</u>	<u>Other</u> <u>Governmental</u> <u>Funds</u>	<u>Totals</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 2,738,588	556,206	542,296	869,693	\$ 4,706,783
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Deposits	\$ 105,725	\$ -	\$ -	\$ -	\$ 105,725
<b>FUND BALANCES</b>					
Restricted for					
Capital Projects				128,387	128,387
Committed for					
Unemployment	70,158				70,158
Capital Projects			542,296	423,127	965,423
Special Revenue		556,206		318,179	874,385
Unassigned	2,562,705				2,562,705
<b>Total Fund Balances</b>	<b>2,632,863</b>	<b>556,206</b>	<b>542,296</b>	<b>869,693</b>	<b>4,601,058</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 2,738,588</b>	<b>\$ 556,206</b>	<b>\$ 542,296</b>	<b>\$ 869,693</b>	<b>\$ 4,706,783</b>

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

**CITY OF SCAPPOOSE, OREGON**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-**  
**(CASH BASIS) – GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2016**

	<u>General</u>	<u>Street</u>	<u>Street SDC</u>	<u>Other Governmental Funds</u>	<u>Totals</u>
<b>REVENUES</b>					
Taxes and assessments	\$ 1,745,017	\$ -	\$ -	\$ -	\$ 1,745,017
Licenses and permits	413,595	37,131	250,898	284,144	985,768
Charges for services	235,334	-	-	28,354	263,688
Intergovernmental	207,626	394,586	-	3,986	606,198
Fines and forfeitures	-	-	-	-	-
Miscellaneous	60,811	5,200	3,261	19,896	89,168
<i>Total Revenues</i>	2,662,383	436,917	254,159	336,380	3,689,839
<b>EXPENDITURES</b>					
General government	469,378	-	-	191,496	660,874
Court and police	1,630,255	-	-	-	1,630,255
Highways and streets	-	339,825	-	8,304	348,129
Culture and recreation	251,943	-	-	7,506	259,449
Community development	117,549	-	-	-	117,549
Capital outlay	194,639	5,900	-	19,645	220,184
Debt service	26,975	-	56,213	110,972	194,160
<i>Total Expenditures</i>	2,690,739	345,725	56,213	337,923	3,430,600
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(28,356)	91,192	197,946	(1,543)	259,239
<b>OTHER FINANCING SOURCES (USES)</b>					
Loan Proceeds	-	-	-	-	-
Transfers in	353,483	-	-	404,000	757,483
Transfers out	(522,628)	(106,977)	(6,792)	(25,496)	(661,893)
<i>Total Other Financing Sources (Uses)</i>	(169,145)	(106,977)	(6,792)	378,504	95,590
<b>NET CHANGE IN FUND BALANCES</b>	(197,501)	(15,785)	191,154	376,961	354,829
<b>FUND BALANCES, Beginning of year</b>	2,830,364	571,991	351,142	492,732	4,246,229
<b>FUND BALANCES, End of year</b>	\$ 2,632,863	\$ 556,206	\$ 542,296	\$ 869,693	\$ 4,601,058

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

**CITY OF SCAPPOOSE, OREGON**

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

**JUNE 30, 2016**

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	<u>Water Utility</u>	<u>Waste Water Utility</u>	<u>Waste Water SDC</u>	<u>Other Business-type Funds</u>	<u>Totals</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 2,170,756	1,103,174	585,451	636,279	\$ 4,495,660
<b>LIABILITIES</b>					
Deposits	123,295				123,295
<b>NET POSITION</b>					
Restricted	-	-	585,451	636,279	1,221,730
Unrestricted	2,047,461	1,103,174	-	-	3,150,635
<i>Total Net Position</i>	<u>\$ 2,047,461</u>	<u>\$ 1,103,174</u>	<u>\$ 585,451</u>	<u>\$ 636,279</u>	<u>\$ 4,372,365</u>

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

**CITY OF SCAPPOOSE, OREGON**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION -**  
**(CASH BASIS) – PROPRIETARY FUNDS**  
**YEAR ENDED JUNE 30, 2016**

	<u>Water Utility</u>	<u>Waste Water Utility</u>	<u>Waste Water SDC</u>	<u>Other Business-type Funds</u>	<u>Totals</u>
<b>OPERATING REVENUES</b>					
Taxes and assessments	\$ -	\$ -	\$ -	\$ 43,916	\$ 43,916
Licenses and permits	38,304	34,205	-	185,831	258,340
Charges for services	1,833,928	1,500,133	79,352	182,890	3,596,303
Intergovernmental	-	-	-	74,454	74,454
Miscellaneous	23,111	8,717	3,821	2,920	38,569
<i>Total Operating Receipts</i>	<u>1,895,343</u>	<u>1,543,055</u>	<u>83,173</u>	<u>490,011</u>	<u>4,011,582</u>
<b>OPERATING EXPENDITURES</b>					
Personal services	624,967	608,207	-	-	1,233,174
Materials and services	298,914	404,948	-	25,334	729,196
Capital outlay	162,675	42,181	107,254	-	312,110
<i>Total Operating Disbursements</i>	<u>1,086,556</u>	<u>1,055,336</u>	<u>107,254</u>	<u>25,334</u>	<u>2,274,480</u>
<b>OPERATING REVENUES OVER (UNDER) OPERATING EXPENDITURES</b>	808,787	487,719	(24,081)	464,677	1,737,102
<b>NON OPERATING REVENUES (EXPENDITURES)</b>					
Loan proceeds	-	-	-	-	-
Debt service					
Principal	(62,622)	(117,642)	-	(345,203)	(525,467)
Interest	(36,245)	(13,585)	-	(110,012)	(159,842)
<i>Total Non Operating Receipts (Disbursements)</i>	<u>(98,867)</u>	<u>(131,227)</u>	<u>-</u>	<u>(455,215)</u>	<u>(685,309)</u>
<b>INCOME BEFORE CONTRIBUTIONS AND TRANSFERS</b>					
System development revenue		-	-	-	-
Transfers in		-	-	169,353	169,353
Transfers out	(156,794)	(63,101)	(7,458)	(37,590)	(264,943)
<b>NET CHANGES IN POSITION</b>	<u>553,126</u>	<u>293,391</u>	<u>(31,539)</u>	<u>141,225</u>	<u>956,203</u>
<b>NET POSITION, Beginning of year</b>	<u>1,494,335</u>	<u>809,783</u>	<u>616,990</u>	<u>495,054</u>	<u>3,416,162</u>
<b>NET POSITION, End of year</b>	<u>\$ 2,047,461</u>	<u>\$ 1,103,174</u>	<u>\$ 585,451</u>	<u>\$ 636,279</u>	<u>\$ 4,372,365</u>

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

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

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

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

*Basic Financial Statements*

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

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

The Statement of Net Position (Cash Basis) presents all the assets and liabilities of the City, including capital assets and related debt. Net position, representing assets less liabilities, is shown in three components; Investment in capital assets, less related outstanding debt used to acquire them, restricted for special purposes, amounts which must be spent in accordance with legal restrictions, and unrestricted, the amount available for ongoing City activities. In a Cash Basis presentation assets are defined as Cash and Cash equivalents, liabilities are generally only deposits and net assets are the shown as restricted and unrestricted.

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

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

identifiable with a specific function or segment. *Program receipts* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

*Fund financial statements* display information at the individual fund level. Each fund is considered to be a separate accounting entity. Funds are classified and summarized as governmental, proprietary, or fiduciary. Currently, the City has governmental and proprietary type funds. Major individual governmental funds, and major individual enterprise funds are reported as separate columns in the fund financial statements. Non-major funds are consolidated into a single column within each fund type in the financial section of the basic financial statements and are detailed in the other supplementary information.

Accounting principles generally accepted in the United States of America set forth minimum criteria (percentage of the assets, liabilities, receipts or disbursements of either fund category or the government and enterprise combined) for the determination of major funds.

*Basis of Presentation*

The City reports the following major governmental funds:

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

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

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

*Street SDC Fund* - accounts for the system development charges.

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

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

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

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

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

**CITY OF SCAPPOOSE, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2016

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

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

The City reports the following major proprietary funds:

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

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

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

The City reports the following non major proprietary funds:

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

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

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

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

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

**Fund Balance**

In the fund financial statements, the fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Governmental Fund type fund balances are reported in the following classifications.

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

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



**CITY OF SCAPPOOSE, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2016

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Fund Balance (Continued)*

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

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

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

*Definitions of Governmental Fund Types*

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

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

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

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

**CITY OF SCAPPOOSE, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2016

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Measurement Focus and Basis of Accounting*

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

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

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

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

The City's policy, although not in accordance with accounting principles generally accepted in the United States of America, is acceptable under Oregon Law (ORS 294.333), which leaves the selection of the method of accounting to the discretion of the municipal corporation.

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

*Use of Estimates*

The preparation of financial statements in conformity with the cash basis of accounting requires management to make estimates and assumptions that affect reporting amounts of certain assets, liabilities, revenues and expenditures as of and for the year ended June 30, 2016. Actual results may differ from such estimates.

**CITY OF SCAPPOOSE, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2016**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Cash and Cash Equivalents*

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

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

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

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

*Property Taxes*

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

*Capital Assets*

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

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

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

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

**CITY OF SCAPPOOSE, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2016**

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

*Long-Term Debt*

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

*Use of Restricted Assets*

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

*Accrued Compensated Absences*

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

*Budgets and Budgetary Accounting*

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

**CITY OF SCAPPOOSE, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2016**

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**CASH**

Cash and investments are comprised of the following at June 30, 2016:

	<i>Carrying Value</i>	<i>Fair Value</i>
<b>Cash</b>		
Petty cash	\$ 400	\$ 400
Cash in checking	414,092	414,092
Restricted cash-deposits for business activities	123,295	123,295
Cash deposits	105,725	105,725
<b>Investments</b>		-
Local Government Investment Pool	8,558,931	8,558,931
	<u>\$ 9,202,443</u>	<u>\$ 9,202,443</u>

*Deposits*

At year end, the book balance of the City’s bank deposits (checking) was \$414,093 and the bank balance was \$545,701. 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, 2016, 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, 2016, the fair value of the position in the Oregon State

**CITY OF SCAPPOOSE, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2016

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**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, there is the risk that, in the event of a counterparty failure, the City will not be able to recover the value of its investments or collateralized securities 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, 2016

**CAPITAL ASSETS**

The summary of capital assets for the business-type activities for the year ended June 30, 2016 is as follows:

	<i>Balances July 1, 2015</i>	<i>Additions</i>	<i>Retirements</i>	<i>Balances June 30, 2016</i>
<b>NON-DEPRECIABLE</b>				
Land	\$ 389,036	\$ -	\$ -	\$ 389,036
Construction in progress	-	-	-	\$ -
<i>Total Non-depreciable</i>	389,036	-	-	389,036
<b>DEPRECIABLE</b>				
Buildings and improvements	4,809,739	-	-	4,809,739
Equipment	1,989,290	10,000	-	1,999,290
Vehicles	273,771	4,500	-	278,271
Water and sewer systems	19,194,658	297,610	-	19,492,268
	26,267,458	312,110	-	26,579,568
<b>ACCUMULATED DEPRECIATION</b>				
Buildings and improvements	(2,733,331)	(117,896)	-	(2,851,227)
Equipment	(1,910,118)	(15,063)	-	(1,925,181)
Vehicles	(193,438)	(20,983)	-	(214,421)
Water and sewer systems	(7,365,071)	(376,696)	-	(7,741,767)
	(12,201,958)	(530,638)	-	(12,732,596)
<i>Business-type activities capital assets, net</i>	<u>\$ 14,454,536</u>	<u>\$ (218,528)</u>	<u>\$ -</u>	<u>\$ 14,236,008</u>

**CITY OF SCAPPOOSE, OREGON****NOTES TO BASIC FINANCIAL STATEMENTS (Continued)****YEAR ENDED JUNE 30, 2016**

The changes in the capital assets for governmental activities for the year ended June 30, 2016 are as follows:

	<i>Balances July 1, 2015</i>	<i>Additions</i>	<i>Retirements</i>	<i>Balances June 30, 2016</i>
<b>NON-DEPRECIABLE</b>				
Land	\$ 1,765,116	\$ -	\$ -	\$ 1,765,116
Construction in process	-	-	-	-
	<u>1,765,116</u>	<u>-</u>	<u>-</u>	<u>1,765,116</u>
<b>DEPRECIABLE</b>				
Buildings	3,517,350	50,000	-	3,567,350
Equipment	417,276	169,283	-	586,559
Vehicles	649,591	900	-	650,491
Infrastructure	61,809,757	-	-	61,809,757
	<u>66,393,974</u>	<u>220,183</u>	<u>-</u>	<u>66,614,157</u>
<i>Total depreciable</i>	66,393,974	220,183	-	66,614,157
<b>ACCUMULATED DEPRECIATION</b>				
Buildings	(1,361,411)	(89,333)	-	(1,450,744)
Equipment	(301,951)	(34,233)	-	(336,184)
Vehicles	(499,210)	(52,160)	-	(551,370)
Infrastructure	(42,245,360)	(1,610,031)	-	(43,855,391)
	<u>(44,407,932)</u>	<u>(1,785,757)</u>	<u>-</u>	<u>(46,193,689)</u>
<i>Total accumulated depreciation</i>	(44,407,932)	(1,785,757)	-	(46,193,689)
<i>Governmental activities capital assets, net</i>	<u>\$ 23,751,158</u>	<u>\$ (1,565,574)</u>	<u>\$ -</u>	<u>\$ 22,185,584</u>



**CITY OF SCAPPOOSE, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2016**

**LONG-TERM DEBT**

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

	<i>Outstanding July 1, 2015</i>	<i>Issued</i>	<i>Matured/ Redeemed During Year</i>	<i>Outstanding June 30, 2016</i>	<i>Due Within One Year</i>
<b>Governmental Activities</b>					
Crown Zellerbach	179,289	-	49,041	130,248	51,003
US National Bank	669,285	-	95,612	573,673	95,612
	<u>848,574</u>	<u>-</u>	<u>144,653</u>	<u>703,921</u>	<u>146,615</u>
Capital leases payable	<u>93,578</u>	<u>-</u>	<u>21,407</u>	<u>72,171</u>	<u>22,681</u>
	<u>942,152</u>	<u>-</u>	<u>166,060</u>	<u>776,092</u>	<u>169,296</u>

	<i>Outstanding July 1, 2015</i>	<i>Issued</i>	<i>Forgiven/ Discounted</i>	<i>Matured/ Redeemed During Year</i>	<i>Outstanding June 30, 2016</i>	<i>Due Within One Year</i>
<b>Business-type Activities</b>						
Airpark Notes Payable	114,378	-	-	54,429	59,949	59,949
Airpark Notes Payable	57,154	-	-	27,745	29,409	29,409
Airpark Notes Payable	90,206	-	-	29,823	60,383	30,065
Water GO Bonds	194,918	-	-	39,219	155,699	41,091
Safe Drinking Water notes	921,656	-	-	47,522	874,134	49,271
WTP phase I & 2 notes	1,162,835	-	-	66,532	1,096,303	72,005
Safe Drinking Water notes	2,856,086	-	-	129,241	2,726,845	130,533
Wastewater DEQ Loan	273,441	-	-	17,642	255,799	17,642
Wastewater US Bank Loan	600,000	-	-	100,000	500,000	100,000
	<u>6,270,674</u>	<u>-</u>	<u>-</u>	<u>512,153</u>	<u>5,758,521</u>	<u>529,965</u>
Capital leases payable	<u>63,788</u>	<u>-</u>	<u>-</u>	<u>15,100</u>	<u>48,688</u>	<u>15,651</u>
	<u>6,334,462</u>	<u>-</u>	<u>-</u>	<u>527,253</u>	<u>5,807,209</u>	<u>545,616</u>

## **CITY OF SCAPPOOSE, OREGON**

*NOTES TO BASIC FINANCIAL STATEMENTS (Continued)*

*YEAR ENDED JUNE 30, 2016*

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### **LONG-TERM DEBT** *(Continued)*

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

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

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

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

WTP Phase 1 & 2 and Safe Drinking Water Project Loan – On December 4, 2002, the City entered into a contract with Oregon Economic and Community Development Department (OECDD) for water system improvement projects phase 1 & 2. Total estimated costs for both projects 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 a forgivable note of \$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 pump and filter upgrades for the Waste Water Treatment Plant and Springlake Park Pump Station. The loan amount is \$705,660, and the interest rate is 0%. The loan has a provision of 50% loan forgiveness referred to as the "ARRA Forgivable Loan" if the project is completed in compliance and there is no default of terms. The loan matures in 2031.

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

**CITY OF SCAPPOOSE, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2016**

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**LONG-TERM DEBT (Continued)**

Future debt service requirements are as follows:

<b>Governmental Activities</b>			
<b>Fiscal Year Ending</b>			
<b>June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2017	146,615	18,295	164,910
2018	148,655	13,979	162,634
2019	121,814	9,580	131,394
2020	95,612	6,258	101,870
2021	95,612	3,982	99,594
2022	95,613	1,708	97,321
	703,921	53,802	757,723 # #
<b>Business-type Activities</b>			
<b>Fiscal Year Ending</b>			
<b>June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2017	529,965	139,467	669,432
2018	446,449	122,291	568,740
2019	426,932	109,879	536,811
2020	412,142	98,891	511,033
2021	394,687	85,432	480,119
2022-2026	1,592,896 #	303,500	1,896,396
2027-3031	1,329,781 -	96,442	1,426,223
2032-2036	625,669 -	15,976	641,645
	\$ 5,758,522	\$ 971,879	\$ 6,730,401

**CITY OF SCAPPOOSE, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2016**

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**LONG-TERM DEBT (Continued)**

The City has entered into two separate lease agreements as lessee for financing the acquisition of police vehicles and heavy equipment with Ford Financing Motor Credit Company. The lease agreements qualify as capital leases for accounting purposes.

**CAPITAL LEASES**

<b>Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2017	38,332	6,071	44,403
2018	40,252	4,151	44,403
2019	42,274	2,129	44,403
	<u>120,858</u>	<u>12,351</u>	<u>133,209</u>

On November 12, 2007, the City entered into a 5-year lease agreement with Brian Rosenthal to rent office space at 52610 NE 1<sup>st</sup> Street, Units 120 and 130 in Scappoose, Oregon. On March 1, 2008, the City added Unit 110 at the same address to the lease agreement. In January of 2013 the City signed an extension of lease agreement for an additional 5-years. On March 31, 2016 the City removed Unit 110 at the same address from the lease agreement. Within the next fiscal year, the City intends to sign another extension of the lease for an additional 5-years. For the fiscal year ended June 30, 2016, rent expense was \$42,518.

**OFFICE LEASE**

<b>Year Ending June 30,</b>	<b>Space 120/130</b>	<b>Total</b>
2017	32,409	32,409
2018	10,803	10,803
	<u>43,212</u>	<u>43,212</u>

**PENSION PLAN**

**Plan Description**

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

## **Benefits Provided**

### **1. Tier One/Tier Two Retirement Benefit ORS Chapter 238**

#### **Pension Benefits**

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

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

#### **Death Benefits**

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

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

#### **Disability Benefits**

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

#### **Benefit Changes**

After Retirement Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits above \$60,000.

**2. OPSRP Pension Program (OPSRP DB)**

**Pension Benefits**

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

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

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

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

**Death Benefits**

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

**Disability Benefits**

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

**Benefit Changes After Retirement**

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

**3. OPSRP Individual Account Program (OPSRP IAP)**

**Pension Benefits**

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

**CITY OF SCAPPOOSE, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2016**

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

**Death Benefits**

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

**Recordkeeping**

OPERS contracts with VOYA Financial to maintain IAP participant records.

**Contributions**

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2013 actuarial valuation as subsequently modified by 2015 legislated changes in benefit provisions. The rates based on a percentage of payroll, first became effective July 1, 2015. Employer contributions for the year ended June 30, 2016 were \$301,313, excluding amounts to fund employer specific liabilities. The employer contribution rates are updated every two years. The City’s PERS contribution rates for the year ended June 30, 2016 and the rates for the new year are shown below:

<b>Rate Category</b>	<b>FY 15-16 Net Rate</b>	<b>FY 16-17 Net Rate</b>
Tier 1 / Tier 2	17.95%	17.95%
OPSRP General	11.26%	11.26%
OPSRP Police and Fire	15.37%	15.37%

**CITY OF SCAPPOOSE, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2016**

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**Actuarial Assumptions**

The employer contribution rates effective July 1, 2013, through June 30, 2015 and effective July 1, 2015, through June 30, 2017, were set using the projected unit credit actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years.

For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

The total pension liability in the December 31, 2013 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2013
Measurement Date	June 30, 2015
Experience Study Report	2014, published September 2015
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Inflation Rate	2.75 percent
Long-Term Expected Rate of Return	7.75 percent
Discount Rate	7.75 percent
Projected Salary Increases	3.75 percent overall payroll growth
Cost of Living Adjustments (COLA)	Blend of 2.00% COLA and grade COLA
Mortality	Health retirees and beneficiaries: RP-2000 Sex-distinct, generational per Scale AA, with collar adjustments and set-backs as described in the valuation.  Active Members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation.  Disabled retirees: Mortality rates are a percentage (65% for males, 90% for females) of the RP-2000 statistic combined disabled mortality sex-distinct table.

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2014 Experience Study which reviewed experience for the four-year period ending on December 31, 2014.



**CITY OF SCAPPOOSE, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2016

**Long-term Expected Rate of Return**

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

Asset Class/Strategy	Assumed Asset Allocation		
	Low Range	High Range	Target
Cash	0.0%	3.0%	0.0%
Debt Securities	15.0%	25.0%	20.0%
Public Equity	32.5%	42.5%	37.5%
Private Equity	16.0%	24.0%	20.0%
Real Estate	9.5%	15.5%	12.5%
Alternative Equity	0.0%	10.0%	10.0%
Opportunity Portfolio	0.0%	3.0%	0.0%
Total			100.0%

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

Assumed Inflation - Mean

2.75%

## **CITY OF SCAPPOOSE, OREGON**

*NOTES TO BASIC FINANCIAL STATEMENTS (Continued)*  
*YEAR ENDED JUNE 30, 2016*

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### **Depletion Date Projection**

GASB 68 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 68 will often require that the actuary perform complex projections of future benefit payments and pension plan investments. GASB 68 (paragraph 67) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

The following circumstances justify an alternative evaluation of sufficiency for PERS:

- PERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100% funded position by the end of the amortization period if future experience follows assumption.
- GASB 68 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

Based on these circumstances, it is our independent actuary's opinion that the detailed depletion date projections outlined in GASB 68 would clearly indicate that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

### **Discount Rate**

The discount rate used to measure the total pension liability was 7.75 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

### **Pension Plan Fiduciary Net Position**

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

### **Changes in Plan Provisions During the Measurement Period**

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

**CITY OF SCAPPOOSE, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2016**

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in a 2% increase annually. OPERS will make restoration payments to those benefit recipients.

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

This change in benefit terms were reflected in the current valuation.

**Changes in Plan Provisions Subsequent to Measurement Date**

There were no changes subsequent to the June 30, 2015 measurement date.

The City's contributions to PERS for the fiscal years ending June 30, 2013, 2014, 2015 and 2016.

<b>Year Ended June 30</b>	<b>Annual Pension Costs (APC)</b>	<b>Percentage of APC Contributed</b>
2013	\$ 428,819	100%
2014	\$ 378,434	100%
2015	\$ 343,565	100%
2016	\$ 436,244	100%

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

**PERS Funding Status\***

Latest Valuation Date	12/31/2015
Unfunded Acuarial Liability (UAL)	3,938,150
Combined Valuation Payroll	2,049,930
Net UAL as a Percent of Payroll	192%

\*per Milliman report dated 12/31/15

**CITY OF SCAPPOOSE, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2016**

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**INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

	<u>Transfer in</u>	<u>Transfer from</u>
General Fund	\$ 343,483	\$ 522,628
Building Fund	-	19,850
Street SDC Fund	-	6,792
Municipal Park Fund	-	-
Street Fund	-	106,977
Foot Paths and Bike Trail Fund	-	-
Parks SDC Fund	-	5,646
Municipal Skate Park Fund	-	-
PEG Fund	-	-
Municipal Skate Park Fund	-	-
Watts House Fund	10,000	-
Havlik Highway Fund	-	-
Unemployment Fund	-	-
Law Enforcement Fund	-	-
Recreation Reserve Fund	404,000	-
Water Fund	-	156,794
Water SDC Fund	94,571	35,886
Dutch Canyon Water Line Fund	-	-
Airpark Water Line Fund	-	-
Wastewater Fund	-	63,101
Wastewater SDC Fund	-	7,458
Storm Drain Fund	53,008	-
Storm Drain SDC Fund	-	1,704
Airpark Water Line Fund	21,774	-
	<u>\$ 926,836</u>	<u>\$ 926,836</u>

Transfers are used to (1) move revenues from the fund that is required by statute or budget to collect them to the fund required by statute or budget to expend them, (2) move receipts restricted to debt service from the collector fund 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.

**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.

**CITY OF SCAPPOOSE, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2016**

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**SUBSEQUENT EVENTS**

***SUPPLEMENTAL INFORMATION***

**CITY OF SCAPPOOSE, OREGON**  
**RECONCILIATION OF BUDGETARY TO REPORTING FUNDS**  
**BALANCE SHEET (CASH BASIS) – GENERAL FUND**  
**YEAR ENDED JUNE 30, 2016**

	<i>Budgetary funds</i>			<i>Total</i>
	<i>General</i>	<i>Unemployment</i>	<i>Watts House</i>	<i>(reported as General Fund)</i>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,654,136	\$ 70,158	\$ 14,294	\$ 2,738,588
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Deposits	\$ 105,725			\$ 105,725
<b>Fund Balances</b>				
Committed for:				
Unemployment	-	70,158		70,158
Unassigned:	2,548,411		14,294	2,562,705
<i>Total Fund Balances</i>	2,548,411	70,158	14,294	2,632,863
<i>Total Liabilities and Fund Balances</i>	\$ 2,654,136	\$ 70,158	\$ 14,294	\$ 2,738,588



**CITY OF SCAPPOOSE, OREGON**  
**RECONCILIATION OF BUDGETARY TO REPORTING FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-**  
**(CASH BASIS) GENERAL FUND**  
**YEAR ENDED JUNE 30, 2016**

	<i>Budgetary funds</i>			<i>Total</i>
	<i>General</i>	<i>Unemployment</i>	<i>Watts House</i>	<i>(reported as General Fund)</i>
<b>REVENUES</b>				
Taxes and assessments	\$ 1,745,017			\$ 1,745,017
Licenses and permits	413,595			413,595
Charges for services	235,334			235,334
Intergovernmental	187,626		20,000	207,626
Miscellaneous	60,283	432	96	60,811
<i>Total Revenues</i>	2,641,855	432	20,096	2,662,383
<b>EXPENDITURES</b>				
General government	463,190	-	6,188	469,378
Court and police	1,630,255			1,630,255
Community services & development	117,549			117,549
Culture and recreation	251,943			251,943
Capital outlay	144,639		50,000	194,639
Debt service	26,975			26,975
<i>Total Expenditures</i>	2,634,551	-	56,188	2,690,739
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	7,304	432	(36,092)	(28,356)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	343,483	-	10,000	353,483
Transfers out	(522,628)	-	-	(522,628)
<i>Total Other Financing Sources (Uses)</i>	(179,145)	-	10,000	(169,145)
<b>NET CHANGE IN FUND BALANCES</b>	(171,841)	432	(26,092)	(197,501)
<b>FUND BALANCES, Beginning of year</b>	2,720,252	69,726	40,386	2,830,364
<b>FUND BALANCES, End of year</b>	\$ 2,548,411	\$ 70,158	\$ 14,294	\$ 2,632,863

**CITY OF SCAPPOOSE, OREGON**  
**COMBINING BALANCE SHEET (CASH BASIS) -**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2016**

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	<b>Special Revenue</b>		
	<b><i>Building</i></b>	<b><i>Peg Fee</i></b>	<b><i>Law Enforcement</i></b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 141,252	136,874	40,053
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities</b>	-	\$ -	\$ -
<b>FUND BALANCES</b>			
Restricted for			
Capital Projects			
Special Revenue			
Committed for			
Capital Projects			
Special Revenue	141,252	136,874	40,053
<b>Total Liabilities and Fund Balances</b>	<b>\$ 141,252</b>	<b>\$ 136,874</b>	<b>\$ 40,053</b>

**CITY OF SCAPPOOSE, OREGON**  
**COMBINING BALANCE SHEET (CASH BASIS) -**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2016**

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	<u>Recreation Reserve</u>	<u>Bike Trails</u>	<u>Parks SDC</u>	<u>Totals</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 423,127	28,748	99,639	\$ 869,693
<b>LIABILITIES AND FUND BALANCES</b>				
<i>Liabilities</i>	-	\$ -	\$ -	\$ -
<b>FUND BALANCES</b>				
Restricted for				
Capital Projects		28,748	99,639	128,387
Special Revenue				-
Committed for				-
Capital Projects	423,127			423,127
Special Revenue				318,179
<i>Total Liabilities and Fund Balances</i>	<u>\$ 423,127</u>	<u>\$ 28,748</u>	<u>\$ 99,639</u>	<u>\$ 869,693</u>

**CITY OF SCAPPOOSE, OREGON**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**

**(CASH BASIS) - NONMAJOR GOVERNMENTAL FUNDS**

**YEAR ENDED JUNE 30, 2016**

	<b>Special Revenue</b>		
	<b><i>Building</i></b>	<b><i>PEG Fee</i></b>	<b><i>Law Enforcement</i></b>
<b>REVENUES</b>			
Licenses and permits	\$ 227,291	\$ -	\$ -
Charges for services	-	9,404	18,950
Intergovernmental	-	-	-
Miscellaneous	16,330	842	219
<i>Total Revenues</i>	<u>243,621</u>	<u>10,246</u>	<u>19,169</u>
<b>EXPENDITURES</b>			
Current operating	-	-	-
General government	191,496	-	-
Highways and streets	-	-	8,304
Culture and recreation	-	7,506	-
Capital outlay	2,000	-	13,520
Debt service	-	-	-
<i>Total Expenditures</i>	<u>193,496</u>	<u>7,506</u>	<u>21,824</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>50,125</u>	<u>2,740</u>	<u>(2,655)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	-
Transfers out	<u>(19,850)</u>	<u>-</u>	<u>-</u>
<i>Total Other Financing Sources (Uses)</i>	<u>(19,850)</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>30,275</u>	<u>2,740</u>	<u>(2,655)</u>
<b>FUND BALANCES, Beginning of year</b>	<u>110,977</u>	<u>134,134</u>	<u>42,708</u>
<b>FUND BALANCES, End of year</b>	<u><u>141,252</u></u>	<u><u>\$ 136,874</u></u>	<u><u>\$ 40,053</u></u>

**CITY OF SCAPPOOSE, OREGON**

**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES**

**(CASH BASIS) - NONMAJOR GOVERNMENTAL FUNDS**

**YEAR ENDED JUNE 30, 2016**

	<b>Recreation Reserve</b>	<b>Foot Paths &amp; Bicycle Trails</b>	<b>Parks SDC</b>	<b>Totals</b>
<b>REVENUES</b>				
Licenses and permits	\$ -	-	56,853	\$ 284,144
Charges for services	-	-	-	28,354
Intergovernmental	-	3,986	-	3,986
Miscellaneous	1,680	168	657	19,896
<i>Total Revenues</i>	<u>1,680</u>	<u>4,154</u>	<u>57,510</u>	<u>336,380</u>
<b>EXPENDITURES</b>				
Current operating				
General government	-	-	-	191,496
Highways and streets	-	-	-	8,304
Culture and recreation	-	-	-	7,506
Capital outlay	-	4,125	-	19,645
Debt service	66,523	-	44,449	110,972
<i>Total Expenditures</i>	<u>66,523</u>	<u>4,125</u>	<u>44,449</u>	<u>337,923</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(64,843)	29	13,061	(1,543)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	404,000	-	-	404,000
Transfers out	-	-	(5,646)	(25,496)
<i>Total Other Financing Sources (Uses)</i>	<u>404,000</u>	<u>-</u>	<u>(5,646)</u>	<u>378,504</u>
<b>NET CHANGE IN FUND BALANCES</b>	339,157	29	7,415	376,961
<b>FUND BALANCES, Beginning of year</b>	83,970	28,719	92,224	492,732
<b>FUND BALANCES, End of year</b>	<u>\$ 423,127</u>	<u>28,748</u>	<u>99,639</u>	<u>\$ 869,693</u>

**CITY OF SCAPPOOSE, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**

**(CASH BASIS) - BUDGET AND ACTUAL - GENERAL FUND**

**YEAR ENDED JUNE 30, 2016**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Taxes and assessments	\$ 1,684,568	1,684,568	\$ 1,745,017	\$ 60,449
Licenses and permits	414,300	414,300	413,595	(705)
Charges for services	255,250	255,250	235,334	(19,916)
Intergovernmental	150,098	150,098	187,626	37,528
Miscellaneous	53,400	53,400	60,283	6,883
<b>Total Receipts</b>	<b>2,557,616</b>	<b>2,557,616</b>	<b>2,641,855</b>	<b>84,239</b>
<b>EXPENDITURES</b>				
General government	663,510	663,510	463,190	200,320
Police and court	1,779,599	1,779,599	1,630,255	149,344
Culture and recreation	321,304	321,304	251,943	69,361
Community development	141,589	141,589	117,549	24,040
Capital outlay	147,275	335,725	144,639	191,086
Debt service	26,975	26,975	26,975	-
Contingency	725,804	537,354	-	537,354
<b>Total Disbursements</b>	<b>3,806,056</b>	<b>3,806,056</b>	<b>2,634,551</b>	<b>1,171,505</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(1,248,440)</b>	<b>(1,248,440)</b>	<b>7,304</b>	<b>1,255,744</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer in	343,483	343,483	343,483	-
Transfers out	(522,629)	(522,629)	(522,628)	1
<i>Total Other Financing Sources (Uses)</i>	<i>(179,146)</i>	<i>(179,146)</i>	<i>(179,145)</i>	<i>1</i>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(1,427,586)</b>	<b>(1,427,586)</b>	<b>(171,841)</b>	<b>1,255,745</b>
<b>FUND BALANCE, Beginning of year</b>	<b>2,527,586</b>	<b>2,527,586</b>	<b>2,720,252</b>	<b>192,666</b>
<b>FUND BALANCE, End of year</b>	<b>\$ 1,100,000</b>	<b>1,100,000</b>	<b>\$ 2,548,411</b>	<b>\$ 1,448,411</b>

**CITY OF SCAPPOOSE, OREGON****SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES****(CASH BASIS) - BUDGET AND ACTUAL – UNEMPLOYMENT FUND****YEAR ENDED JUNE 30, 2016**

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	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Miscellaneous	\$ 250	250	\$ 432	182
<i>Total Receipts</i>	250	250	432	182
<b>EXPENDITURES</b>				
Materials and services	35,500	35,500	-	35,500
Contingency	24,237	24,237	-	24,237
<i>Total Disbursements</i>	59,737	59,737	-	59,737
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(59,487)	(59,487)	432	59,919
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
<i>Total Other Financing Sources (Uses)</i>	-	-	-	-
<b>NET CHANGE IN FUND BALANCE</b>	(59,487)	(59,487)	432	59,919
<b>FUND BALANCE, Beginning of year</b>	59,487	59,487	69,726	10,239
<b>FUND BALANCE, End of year</b>	\$ -	\$ -	\$ 70,158	\$ 70,158

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**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, 2016**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Intergovernmental	\$ 20,000	20,000	\$ 20,000	-
Miscellaneous	225	225	96	(129)
<i>Total Receipts</i>	20,225	20,225	20,096	(129)
<b>EXPENDITURES</b>				
Materials and services	10,000	10,000	6,188	3,812
Capital outlay	50,000	50,000	50,000	-
Contingency	6,775	6,775	-	6,775
<i>Total Disbursements</i>	66,775	66,775	56,188	10,587
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(46,550)	(46,550)	(36,092)	10,458
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	10,000	10,000	10,000	-
<i>Total Other Financing Sources (Uses)</i>	10,000	10,000	10,000	-
<b>NET CHANGE IN FUND BALANCE</b>	(36,550)	(36,550)	(26,092)	10,458
<b>FUND BALANCE, Beginning of year</b>	36,550	36,550	40,386	3,836
<b>FUND BALANCE, End of year</b>	\$ -	\$ -	\$ 14,294	\$ 14,294



**CITY OF SCAPPOOSE, OREGON**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**(CASH BASIS)- BUDGET AND ACTUAL - STREET FUND**  
**YEAR ENDED JUNE 30, 2016**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Intergovernmental	\$ 583,758	583,758	\$ 394,586	(189,172)
Licenses and permits	1,500	1,500	37,131	35,631
Miscellaneous	7,550	7,550	5,200	(2,350)
<i>Total Receipts</i>	592,808	592,808	436,917	(155,891)
<b>EXPENDITURES</b>				
Personal services	264,838	264,838	241,294	23,544
Materials and services	166,850	166,850	98,531	68,319
Capital outlay	309,433	309,433	5,900	303,533
Debt service	-	-	-	-
Contingency	251,463	251,463	-	251,463
<i>Total Disbursements</i>	992,584	992,584	345,725	646,859
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(399,776)	(399,776)	91,192	490,968
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(106,977)	(106,977)	(106,977)	-
<i>Total Other Financing Sources (Uses)</i>	(106,977)	(106,977)	(106,977)	-
<b>NET CHANGE IN FUND BALANCE</b>	(506,753)	(506,753)	(15,785)	490,968
<b>FUND BALANCE, Beginning of year</b>	506,753	506,753	571,991	65,238
<b>FUND BALANCE, End of year</b>	\$ -	\$ -	\$ 556,206	\$ 556,206

**CITY OF SCAPPOOSE, OREGON****SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES****(CASH BASIS) - BUDGET AND ACTUAL – STREET SDC FUND****YEAR ENDED JUNE 30, 2016**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Licenses and permits	\$ 135,840	135,840	\$ 250,898	115,058
Miscellaneous	1,850	1,850	3,261	1,411
<i>Total Receipts</i>	137,690	137,690	254,159	116,469
<b>EXPENDITURES</b>				
Capital outlay	-	-	-	-
Debt service	56,213	56,213	56,213	-
Contingency	410,308	410,308	-	410,308
<i>Total Disbursements</i>	466,521	466,521	56,213	410,308
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(328,831)	(328,831)	197,946	526,777
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(6,792)	(6,792)	(6,792)	-
<i>Total Other Financing Sources (Uses)</i>	(6,792)	(6,792)	(6,792)	-
<b>NET CHANGE IN FUND BALANCE</b>	(335,623)	(335,623)	191,154	526,777
<b>FUND BALANCE, Beginning of year</b>	335,623	335,623	351,142	15,519
<b>FUND BALANCE, End of year</b>	\$ -	\$ -	\$ 542,296	\$ 542,296

**CITY OF SCAPPOOSE, OREGON**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**(CASH BASIS) - BUDGET AND ACTUAL – BUILDING FUND**  
**YEAR ENDED JUNE 30, 2016**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Licenses and permits	\$ 200,000	200,000	\$ 227,291	27,291
Miscellaneous	25,475	25,475	16,330	(9,145)
<i>Total Receipts</i>	<u>225,475</u>	<u>225,475</u>	<u>243,621</u>	<u>18,146</u>
<b>EXPENDITURES</b>				
Personal services	184,531	184,531	159,879	24,652
Materials and services	51,452	51,452	31,617	19,835
Capital outlay	2,000	2,000	2,000	-
Contingency	43,258	43,258	-	43,258
<i>Total Disbursements</i>	<u>281,241</u>	<u>281,241</u>	<u>193,496</u>	<u>87,745</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(55,766)	(55,766)	50,125	105,891
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	(19,850)	(19,850)	(19,850)	-
<i>Total Other Financing Sources (Uses)</i>	<u>(19,850)</u>	<u>(19,850)</u>	<u>(19,850)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(75,616)	(75,616)	30,275	105,891
<b>FUND BALANCE, Beginning of year</b>	<u>75,616</u>	<u>75,616</u>	<u>110,977</u>	<u>35,361</u>
<b>FUND BALANCE, End of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 141,252</u>	<u>\$ 141,252</u>

**CITY OF SCAPPOOSE, OREGON**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**(CASH BASIS) - BUDGET AND ACTUAL – PEG FEE FUND**  
**YEAR ENDED JUNE 30, 2016**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Charges for services	\$ 9,600	9,600	\$ 9,404	(196)
Miscellaneous	650	650	842	192
<i>Total Receipts</i>	10,250	10,250	10,246	(4)
<b>EXPENDITURES</b>				
Materials and services	37,600	37,600	7,506	30,094
Capital outlay	-	-	-	-
Contingency	102,393	102,393	-	102,393
<i>Total Disbursements</i>	139,993	139,993	7,506	132,487
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(129,743)	(129,743)	2,740	132,483
<b>NET CHANGE IN FUND BALANCE</b>	(129,743)	(129,743)	2,740	132,483
<b>FUND BALANCE, Beginning of year</b>	129,743	129,743	134,134	4,391
<b>FUND BALANCE, End of year</b>	\$ -	\$ -	\$ 136,874	\$ 136,874

**CITY OF SCAPPOOSE, OREGON**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**(CASH BASIS) - BUDGET AND ACTUAL – LAW ENFORCEMENT FUND**  
**YEAR ENDED JUNE 30, 2016**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Charges for services	\$ 10,000	10,000	\$ 18,950	8,950
Miscellaneous	190	190	219	29
<i>Total Receipts</i>	10,190	10,190	19,169	8,979
<b>EXPENDITURES</b>				
Materials and services	10,000	10,000	8,304	1,696
Capital outlay	14,400	14,400	13,520	880
Debt service	-	-	-	-
Contingency	25,390	25,390	-	25,390
<i>Total Disbursements</i>	49,790	49,790	21,824	27,966
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	(39,600)	(39,600)	(2,655)	36,945
<b>NET CHANGE IN FUND BALANCE</b>	(39,600)	(39,600)	(2,655)	36,945
<b>FUND BALANCE, Beginning of year</b>	39,600	39,600	42,708	3,108
<b>FUND BALANCE, End of year</b>	\$ -	\$ -	\$ 40,053	\$ 40,053

**CITY OF SCAPPOOSE, OREGON**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**(CASH BASIS) - BUDGET AND ACTUAL – RECREATION RESERVE FUND**  
**YEAR ENDED JUNE 30, 2016**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Miscellaneous	\$ 500	500	\$ 1,680	1,180
<i>Total Receipts</i>	500	500	1,680	1,180
<b>EXPENDITURES</b>				
Materials and services	-	-	-	-
Capital outlay	-	-	-	-
Debt service	66,523	66,523	66,523	-
Contingency	421,991	421,991	-	421,991
<i>Total Disbursements</i>	488,514	488,514	66,523	421,991
<b>REVENUES OVER (UNDER) EXPENDITURES</b>				
	(488,014)	(488,014)	(64,843)	423,171
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	404,000	404,000	404,000	
Transfers out				
<i>Total Other Financing Sources (Uses)</i>	404,000	404,000	404,000	421,991
<b>NET CHANGE IN FUND BALANCE</b>				
	(84,014)	(84,014)	339,157	423,171
<b>FUND BALANCE, Beginning of year</b>				
	84,014	84,014	83,970	(44)
<b>FUND BALANCE, End of year</b>				
	\$ -	\$ -	\$ 423,127	\$ 423,127

**CITY OF SCAPPOOSE, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**

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

**YEAR ENDED JUNE 30, 2016**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Intergovernmental	\$ 3,468	3,468	\$ 3,986	518
Miscellaneous	135	135	168	33
<i>Total Receipts</i>	3,603	3,603	4,154	551
<b>EXPENDITURES</b>				
Materials and services	6,000	6,000	-	6,000
Capital outlay	4,500	4,500	4,125	375
Contingency	20,277	20,277	-	20,277
<i>Total Disbursements</i>	30,777	30,777	4,125	26,652
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(27,174)	(27,174)	29	27,203
<b>NET CHANGE IN FUND BALANCE</b>	(27,174)	(27,174)	29	27,203
<b>FUND BALANCE, Beginning of year</b>	27,174	27,174	28,719	1,545
<b>FUND BALANCE, End of year</b>	\$ -	\$ -	\$ 28,748	\$ 28,748

**CITY OF SCAPPOOSE, OREGON****SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES****(CASH BASIS) - BUDGET AND ACTUAL – PARKS SDC FUND****YEAR ENDED JUNE 30, 2016**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Licenses and permits	\$ 112,920	112,920	\$ 56,853	(56,067)
Miscellaneous	400	400	657	257
<i>Total Receipts</i>	113,320	113,320	57,510	(55,810)
<b>EXPENDITURES</b>				
Debt service	44,449	44,449	44,449	-
Contingency	156,389	156,389	-	156,389
<i>Total Disbursements</i>	200,838	200,838	44,449	156,389
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(87,518)	(87,518)	13,061	100,579
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(5,646)	(5,646)	(5,646)	-
<i>Total Other Financing Sources (Uses)</i>	(5,646)	(5,646)	(5,646)	-
<b>NET CHANGE IN FUND BALANCE</b>	(93,164)	(93,164)	7,415	100,579
<b>FUND BALANCE, Beginning of year</b>	93,164	93,164	92,224	(940)
<b>FUND BALANCE, End of year</b>	\$ -	\$ -	\$ 99,639	\$ 99,639



**CITY OF SCAPPOOSE, OREGON**  
**COMBINING STATEMENT OF NET POSITION (CASH BASIS) -**  
**NONMAJOR PROPRIETARY FUNDS**  
**JUNE 30, 2016**

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	<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>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 6,494	226,298	154,787	66,708	40,767	\$ 495,054
<b>LIABILITIES</b>	-	-	-	-	-	-
<b>NET POSITION:</b>						
Restricted	112,478	282,610	65,301	141,892	33,998	636,279
<i>Total net position</i>	<u>\$ 112,478</u>	<u>\$ 282,610</u>	<u>\$ 65,301</u>	<u>\$ 141,892</u>	<u>\$ 33,998</u>	<u>\$ 636,279</u>

**CITY OF SCAPPOOSE, OREGON**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**(CASH BASIS) - NONMAJOR PROPRIETARY FUNDS**  
**YEAR ENDED JUNE 30, 2016**

	<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>
<b>OPERATING REVENUES</b>						
Taxes and assessments	\$ -	\$ -	\$ -	\$ -	\$ 43,916	\$ 43,916
Licenses and permits	-	56,246	129,585	-	-	185,831
Charges for services	78,072	-	-	104,818	-	182,890
Intergovernmental	-	-	-	74,454	-	74,454
Fines and forfeitures	-	-	-	-	-	-
Miscellaneous	238	1,770	393	367	152	2,920
<i>Total Operating Revenues</i>	<u>78,310</u>	<u>58,016</u>	<u>129,978</u>	<u>179,639</u>	<u>44,068</u>	<u>490,011</u>
<b>OPERATING DISBURSEMENTS</b>						
Personal services	-	-	-	-	-	-
Materials and services	25,334	-	-	-	-	25,334
Capital outlay	-	-	-	-	-	-
<i>Total Operating Disbursements</i>	<u>25,334</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,334</u>
<b>OPERATING RECEIPTS OVER (UNDER)</b>						
<b>OPERATING DISBURSEMENTS</b>	52,976	58,016	129,978	179,639	44,068	464,677
<b>NON OPERATING REVENUES</b>						
<b>(EXPENSES)</b>						
Debt proceeds	-	-	-	-	-	-
Debt service	-	-	195,773	111,997	37,433	345,203
Principal	-	-	195,773	111,997	37,433	345,203
Interest	-	-	82,376	14,232	13,404	110,012
Total Non Operating Revenues (Expenses)	-	-	278,149	126,229	50,837	455,215
<b>INCOME BEFORE CONTRIBUTIONS AND TRANSFERS</b>						
Transfers in	53,008	-	94,571	21,774	-	169,353
Transfers out	-	(1,704)	(35,886)	-	-	(37,590)
<b>CHANGE IN NET POSITION</b>	<u>105,984</u>	<u>56,312</u>	<u>(89,486)</u>	<u>75,184</u>	<u>(6,769)</u>	<u>141,225</u>
<b>NET POSITION, Beginning of the year</b>	<u>6,494</u>	<u>226,298</u>	<u>154,787</u>	<u>66,708</u>	<u>40,767</u>	<u>495,054</u>
<b>NET POSITION, End of the year</b>	<u>\$ 112,478</u>	<u>\$ 282,610</u>	<u>\$ 65,301</u>	<u>\$ 141,892</u>	<u>\$ 33,998</u>	<u>\$ 636,279</u>

**CITY OF SCAPPOOSE, OREGON**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**(CASH BASIS) - BUDGET AND ACTUAL – STORM DRAINAGE FUND**  
**YEAR ENDED JUNE 30, 2016**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Charges for services	\$		\$ 78,072	78,072
Miscellaneous		35	238	203
<i>Total Receipts</i>		35	78,310	78,275
<b>EXPENDITURES</b>				
Materials and services		59,108	25,334	33,774
Contingency		426	-	426
<i>Total Disbursements</i>		59,534	25,334	34,200
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>		(59,499)	52,976	112,475
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in		53,008	53,008	-
Transfers out				
<i>Total Other Financing Sources (Uses)</i>		53,008	53,008	-
<b>NET CHANGE IN FUND BALANCE</b>		(6,491)	105,984	112,475
<b>FUND BALANCE,</b>				
<i>Beginning of year</i>		6,491	6,494	3
<b>FUND BALANCE,</b>				
<i>End of year</i>	\$	-	\$ 112,478	\$ 112,478

**CITY OF SCAPPOOSE, OREGON**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**(CASH BASIS) - BUDGET AND ACTUAL – STORM DRAINAGE SDC FUND**  
**YEAR ENDED JUNE 30, 2016**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Licenses and permits	\$ 34,080	34,080	\$ 56,246	22,166
Miscellaneous	1,075	1,075	1,770	695
<i>Total Receipts</i>	35,155	35,155	58,016	22,861
<b>EXPENDITURES</b>				
Capital outlay	25,000	25,000	-	25,000
Contingency	231,361	231,361	-	231,361
<i>Total Disbursements</i>	256,361	256,361	-	256,361
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(221,206)	(221,206)	58,016	279,222
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(1,704)	(1,704)	(1,704)	-
<i>Total Other Financing Sources (Uses)</i>	(1,704)	(1,704)	(1,704)	-
<b>NET CHANGE IN FUND BALANCE</b>	(222,910)	(222,910)	56,312	279,222
<b>FUND BALANCE, Beginning of year</b>	222,910	222,910	226,298	3,388
<b>FUND BALANCE, End of year</b>	\$ -	\$ -	\$ 282,610	\$ 282,610

**CITY OF SCAPPOOSE, OREGON**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**(CASH BASIS) - BUDGET AND ACTUAL – WATER SDC FUND**  
**YEAR ENDED JUNE 30, 2016**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Licenses and permits	\$ 282,240	282,240	\$ 129,585	(152,655)
Miscellaneous	600	600	393	(207)
	<u>282,840</u>	<u>282,840</u>	<u>129,978</u>	<u>(152,862)</u>
<i>Total Receipts</i>				
<b>EXPENDITURES</b>				
Capital outlay	-	-	-	-
Debt service	278,149	278,149	278,149	-
Contingency	227,899	227,899	-	227,899
	<u>506,048</u>	<u>506,048</u>	<u>278,149</u>	<u>227,899</u>
<i>Total Disbursements</i>				
<b>REVENUES OVER (UNDER)</b>	(223,208)	(223,208)	(148,171)	75,037
<b>EXPENDITURES</b>				
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	94,571	94,571	94,571	-
Transfers out	(35,886)	(35,886)	(35,886)	-
	<u>58,685</u>	<u>58,685</u>	<u>58,685</u>	<u>-</u>
<i>Total Other Financing Sources (Uses)</i>				
<b>NET CHANGE IN FUND BALANCE</b>	(164,523)	(164,523)	(89,486)	75,037
<b>FUND BALANCE,</b>				
<i>Beginning of year</i>	<u>164,523</u>	<u>164,523</u>	<u>154,787</u>	<u>(9,736)</u>
<b>FUND BALANCE,</b>				
<i>End of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 65,301</u>	<u>\$ 65,301</u>

**CITY OF SCAPPOOSE, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**

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

YEAR ENDED JUNE 30, 2016

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Taxes and assessments	\$		\$	
Licenses and permits				
Charges for services			104,818	
Intergovernmental	\$ 74,455	74,455	\$ 74,454	(1)
Fines and forfeitures				-
Miscellaneous	250	250	367	117
<i>Total Receipts</i>	<u>74,705</u>	<u>74,705</u>	<u>179,639</u>	<u>104,934</u>
<b>EXPENDITURES</b>				
Debt service	126,229	126,229	126,229	-
Contingency	36,986	36,986	-	36,986
<i>Total Disbursements</i>	<u>163,215</u>	<u>163,215</u>	<u>126,229</u>	<u>36,986</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(88,510)	(88,510)	53,410	141,920
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	21,774	21,774	21,774	-
<i>Total Other Financing Sources (Uses)</i>	<u>21,774</u>	<u>21,774</u>	<u>21,774</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(66,736)	(66,736)	75,184	141,920
<b>FUND BALANCE, Beginning of year</b>	<u>66,736</u>	<u>66,736</u>	<u>66,708</u>	<u>(28)</u>
<b>FUND BALANCE, End of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 141,892</u>	<u>\$ 141,892</u>

**CITY OF SCAPPOOSE, OREGON****SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES****(CASH BASIS) - BUDGET AND ACTUAL - GO WATER- WASTEWATER BOND FUND****YEAR ENDED JUNE 30, 2016**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Taxes and assessments	\$ 41,951	41,951	\$ 43,916	1,965
Miscellaneous	110	110	152	42
<i>Total Receipts</i>	42,061	42,061	44,068	2,007
<b>EXPENDITURES</b>				
Debt service	50,837	50,837	50,837	-
Contingency	1,984	1,984	-	1,984
<i>Total Disbursements</i>	52,821	52,821	50,837	1,984
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(10,760)	(10,760)	(6,769)	3,991
<b>OTHER FINANCING SOURCES (USES)</b>				
<b>NET CHANGE IN FUND BALANCE</b>	(10,760)	(10,760)	(6,769)	3,991
<b>FUND BALANCE, Beginning of year</b>	40,760	40,760	40,767	7
<b>FUND BALANCE, End of year</b>	\$ 30,000	\$ 30,000	\$ 33,998	3,998

**CITY OF SCAPPOOSE, OREGON**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**(CASH BASIS) - BUDGET AND ACTUAL - WATER FUND**  
**YEAR ENDED JUNE 30, 2016**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Licenses and permits	\$ 3,200	3,200	\$ 38,304	35,104
Charges for services	1,665,500	1,665,500	1,833,928	168,428
Miscellaneous	6,500	6,500	23,111	16,611
<i>Total Receipts</i>	1,675,200	1,675,200	1,895,343	220,143
<b>EXPENDITURES</b>				
Personal services	664,327	664,327	624,967	39,360
Materials and services	474,412	474,412	298,914	175,498
Capital outlay	359,500	359,500	162,675	196,825
Debt service	98,867	98,867	98,867	-
Contingency	622,148	622,148	-	622,148
<i>Total Disbursements</i>	2,219,254	2,219,254	1,185,423	1,033,831
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(544,054)	(544,054)	709,920	1,253,974
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(156,794)	(156,794)	(156,794)	-
<i>Total Other Financing Sources (Uses)</i>	(156,794)	(156,794)	(156,794)	-
<b>NET CHANGE IN FUND BALANCE</b>	(700,848)	(700,848)	553,126	1,253,974
<b>FUND BALANCE, Beginning of year</b>	1,400,848	1,400,848	1,494,335	93,487
<b>FUND BALANCE, End of year</b>	\$ 700,000	\$ 700,000	\$ 2,047,461	\$ 1,347,461



**CITY OF SCAPPOOSE, OREGON**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**(CASH BASIS) - BUDGET AND ACTUAL – WASTEWATER FUND**  
**YEAR ENDED JUNE 30, 2016**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Licenses and permits	\$ 2,000	2,000	\$ 34,205	32,205
Charges for services	1,067,500	1,067,500	1,500,133	432,633
Miscellaneous	4,000	4,000	8,717	4,717
<i>Total Receipts</i>	1,073,500	1,073,500	1,543,055	469,555
<b>EXPENDITURES</b>				
Personal services	650,678	650,678	608,207	42,471
Materials and services	629,691	629,691	404,948	224,743
Capital outlay	340,000	340,000	42,181	297,819
Debt service	131,227	131,227	131,227	-
Contingency	23,819	23,819	-	23,819
<i>Total Disbursements</i>	1,775,415	1,775,415	1,186,563	588,852
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(701,915)	(701,915)	356,492	1,058,407
<b>OTHER FINANCING SOURCES (USES)</b>				
Loan Proceeds	-	-	-	-
Transfers out	(63,101)	(63,101)	(63,101)	-
<i>Total Other Financing Sources (Uses)</i>	(63,101)	(63,101)	(63,101)	-
<b>NET CHANGE IN FUND BALANCE</b>	(765,016)	(765,016)	293,391	1,058,407
<b>FUND BALANCE, Beginning of year</b>	765,016	765,016	809,783	44,767
<b>FUND BALANCE, End of year</b>	\$ -	\$ -	\$ 1,103,174	\$ 1,103,174

**CITY OF SCAPPOOSE, OREGON**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**(CASH BASIS) - BUDGET AND ACTUAL – WASTEWATER SDC FUND**  
**YEAR ENDED JUNE 30, 2016**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Licenses and permits	\$ 149,160	149,160	\$ 79,352	(69,808)
Miscellaneous	2,900	2,900	3,821	921
<i>Total Receipts</i>	152,060	152,060	83,173	(68,887)
<b>EXPENDITURES</b>				
Capital outlay	650,000	650,000	107,254	542,746
Contingency	100,532	100,532	-	100,532
<i>Total Disbursements</i>	750,532	750,532	107,254	643,278
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	(598,472)	(598,472)	(24,081)	574,391
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(7,458)	(7,458)	(7,458)	-
<i>Total Other Financing Sources (Uses)</i>	(7,458)	(7,458)	(7,458)	-
<b>NET CHANGE IN FUND BALANCE</b>	(605,930)	(605,930)	(31,539)	574,391
<b>FUND BALANCE,</b>				
<i>Beginning of year</i>	605,930	605,930	616,990	11,060
<b>FUND BALANCE,</b>				
<i>End of year</i>	\$ -	\$ -	\$ 585,451	\$ 585,451

***OTHER SCHEDULES***

**CITY OF SCAPPOOSE, OREGON**  
**SCHEDULE OF PROPERTY TAX TRANSACTIONS**  
**YEAR ENDED JUNE 30, 2016**

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Schedule of Property Tax Transactions

<i><b>Tax Year</b></i>	<i><b>Uncollected Balances July 1, 2015</b></i>	<i><b>2014-2015 Levy</b></i>	<i><b>Interest, Discounts &amp; Adjustments</b></i>	<i><b>Turnovers</b></i>	<i><b>Uncollected Balances June 30, 2016</b></i>
2015	\$ 60,093	\$ 1,827,995	\$ (114,979)	\$ (1,714,156)	\$ 58,953
2014	30,184	-	31,468	(31,039)	30,613
2013	19,811	-	12,508	(17,755)	14,564
2012	4,110	-	18,464	(16,083)	6,491
2011	3,126	-	2,265	(6,583)	(1,192)
2010	2,220	-	1,253	(1,736)	1,737
2009	1,007	-	1,462	(1,219)	1,250
2008	768	-	218	(142)	844
Prior Years	1,645	-	760	(231)	2,174
<b>Total</b>	<b>\$ 122,964</b>	<b>1,827,995</b>	<b>(46,581)</b>	<b>(1,788,944)</b>	<b>115,434</b>

**CITY OF SCAPPOOSE, OREGON**  
**SCHEDULE OF LONG-TERM DEBT TRANSACTIONS**  
**YEAR ENDED JUNE 30, 2016**

	<i>Interest Rates</i>	<i>Date of Issue</i>	<i>Fiscal Year of Maturity</i>	<i>Outstanding July 1, 2015</i>	<i>Issued</i>	<i>Redeemed/ Refinanced</i>	<i>Paid</i>	<i>Outstanding June 30, 2016</i>
<b>PRINCIPAL TRANSACTIONS</b>								
General Obligations								
Crown Zellerbach	4.00%	2002	2019	179,289	-	-	49,041	130,248
US Bank	2.38%	2014	2022	669,285	-	-	95,612	573,673
Enterprise Obligations								
Airpark Notes Payable	5.33%	1998	2017	114,378	-	-	54,429	59,949
Airpark Notes Payable	6.00%	1997	2017	57,154	-	-	27,745	29,409
Airpark Notes Payable	4.74%	1998	2018	90,206	-	-	29,823	60,383
Water GO Bonds	5.00%	1979	2020	194,918	-	-	39,219	155,699
Safe Drinking Water Revolving	3.68%	2010	2031	921,656	-	-	47,522	874,134
WTP phase I & 2 notes	4.43%	2002	2028	1,162,835	-	-	66,532	1,096,303
Safe Drinking Water notes	1.00%	2004	2034	2,856,086	-	-	129,241	2,726,845
Wastewater DEQ Loan	0.00%	2011	2031	273,441	-	-	17,642	255,799
Wastewater US Bank Loan	2.47%	2014	2020	600,000	-	-	100,000	500,000
				<u>\$ 7,119,248</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 656,806</u>	<u>\$ 6,462,442</u>

**CITY OF SCAPPOOSE, OREGON**  
**SCHEDULE OF LONG-TERM DEBT TRANSACTIONS**  
**YEAR ENDED JUNE 30, 2016**

	<i>Interest Rates</i>	<i>Date of Issue</i>	<i>Unmatured Interest July 1, 2015</i>	<i>New Issues</i>	<i>Redeemed/ Refinanced</i>	<i>Interest Paid</i>	<i>Unmatured Interest June 30, 2016</i>
<b>INTEREST TRANSACTIONS</b>							
General Obligations							
Crown Zellerbach	4.00%	2002	16,600	-	-	7,172	9,428
US Bank	2.38%	2014	59,734	-	-	15,360	44,374
Enterprise Obligations							
Airpark Notes Payable	5.33%	1998	9,589	-	-	6,291	3,298
Airpark Notes Payable	6.00%	1997	5,194	-	-	3,429	1,765
Airpark Notes Payable	4.74%	1998	9,048	-	-	4,512	4,536
Water GO Bonds	5.00%	1979	38,885	-	-	11,618	27,267
Safe Drinking Water Revolving	3.68%	2010	292,338	-	-	33,917	258,421
WTP phase I & 2 notes	4.43%	2002	417,713	-	-	53,815	363,898
Safe Drinking Water notes	1.00%	2004	310,385	-	-	28,561	281,824
Wastewater DEQ Loan	0.00%	2011	-	-	-	-	-
Wastewater US Bank Loan	2.47%	2014	44,460	-	-	13,585	30,875
			<u>\$ 1,203,946</u>	<u>\$ -</u>	<u>\$ -</u>	<u>178,260</u>	<u>1,025,686</u>

**CITY OF SCAPPOOSE**  
**SCHEDULE OF FUTURE DEBT REQUIREMENTS - GOVERNMENT-WIDE**  
**JUNE 30, 2016**

Fiscal Year Ending June 30,	Crown Zellerbach			US Bank Loan			Total Governmental		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2017	51,003	5,210	56,213	95,612	13,085	108,697	146,615	18,295	164,910
2018	53,043	3,170	56,213	95,612	10,809	106,421	148,655	13,979	162,634
2019	26,202	1,048	27,250	95,612	8,532	104,144	121,814	9,580	131,394
2020			-	95,612	6,258	101,870	95,612	6,258	101,870
2021			-	95,612	3,982	99,594	95,612	3,982	99,594
2022			-	95,613	1,708	97,321	95,613	1,708	97,321
	-	-	-	-	-	-	-	-	-
	\$ 130,248	\$ 9,428	\$ 139,676	\$ 573,673	\$ 44,374	\$ 618,047	\$ 703,921	\$ 53,802	\$ 757,723

**CITY OF SCAPPOOSE, OREGON**  
**SCHEDULE OF FUTURE DEBT BY ISSUE BUSINESS-TYPE**  
**JUNE 30, 2016**

Fiscal Year Ending June 30,	Water GO Bonds (45) GMAC 01-0507801			WTP Phases 1 & 2 #GO 3003 (50)			Safe Drinking Water #SO3003 (50)		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2017	41,091	9,746	50,837	72,005	51,087	123,092	130,533	27,268	157,802
2018	43,052	7,785	50,837	72,515	48,027	120,542	131,838	25,963	157,802
2019	45,107	5,730	50,837	78,063	44,854	122,917	133,157	24,645	157,802
2020	26,449	4,005	30,454	78,650	41,342	119,992	134,488	23,313	157,802
2021	-	-	-	84,278	37,724	122,002	135,833	21,968	157,802
2022	-	-	-	89,949	33,763	123,712	137,192	20,610	157,802
2023	-	-	-	90,659	29,490	120,149	138,563	19,238	157,802
2024	-	-	-	96,403	25,184	121,587	139,949	17,852	157,802
2025	-	-	-	102,182	20,605	122,787	141,349	16,453	157,802
2026	-	-	-	107,998	15,751	123,749	142,762	15,039	157,802
2027	-	-	-	108,853	10,621	119,474	144,190	13,612	157,802
2028	-	-	-	114,749	5,450	120,199	145,632	12,170	157,802
2029	-	-	-	-	-	-	147,088	10,714	157,802
2030	-	-	-	-	-	-	148,559	9,243	157,802
2031	-	-	-	-	-	-	150,044	7,757	157,802
2032	-	-	-	-	-	-	151,545	6,257	157,802
2033	-	-	-	-	-	-	153,060	4,741	157,802
2034	-	-	-	-	-	-	154,591	3,211	157,802
2035	-	-	-	-	-	-	156,137	1,665	157,802
2036	-	-	-	-	-	-	10,336	103	10,439
2037	-	-	-	-	-	-	-	-	-
2038	-	-	-	-	-	-	-	-	-
2039	-	-	-	-	-	-	-	-	-
2040	-	-	-	-	-	-	-	-	-
2041	-	-	-	-	-	-	-	-	-
	155,699	27,266	182,965	1,096,304	363,898	1,460,202	2,726,846	281,822	3,008,668



**CITY OF SCAPPOOSE, OREGON**  
**SCHEDULE OF FUTURE DEBT BY ISSUE BUSINESS-TYPE**  
**JUNE 30, 2016**

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
	2017	59,949	3,298	63,247	29,409	1,765	31,174	30,065	3,020
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>59,949</u>	<u>3,298</u>	<u>63,247</u>	<u>29,409</u>	<u>1,765</u>	<u>31,174</u>	<u>60,383</u>	<u>4,536</u>	<u>64,919</u>

**CITY OF SCAPPOOSE, OREGON**  
**SCHEDULE OF FUTURE DEBT BY ISSUE BUSINESS-TYPE**  
**JUNE 30, 2016**

Fiscal Year Ending June 30,	Dutch Canyon (40) Safe Drinking Water S03003B			Wastewater( 41) DEQ State Revolving Fund			Wastewater( 41) US Bank Sewer Line Loan			Total Business-Type		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2017	49,271	32,168	81,439	17,642	-	17,642	100,000	11,115	111,115	529,965	139,467	669,432
2018	51,084	30,355	81,439	17,642	-	17,642	100,000	8,645	108,645	446,449	122,291	568,740
2019	52,964	28,475	81,439	17,642	-	17,642	100,000	6,175	106,175	426,932	109,879	536,811
2020	54,913	26,526	81,439	17,642	-	17,642	100,000	3,705	103,705	412,142	98,891	511,033
2021	56,934	24,505	81,439	17,642	-	17,642	100,000	1,235	101,235	394,687	85,432	480,119
2022	59,029	22,410	81,439	17,642	-	17,642	-	-	-	303,811	76,783	380,594
2023	61,201	20,238	81,439	17,642	-	17,642	-	-	-	308,065	68,966	377,032
2024	63,453	17,986	81,439	17,642	-	17,642	-	-	-	317,447	61,022	378,470
2025	65,788	15,651	81,439	17,642	-	17,642	-	-	-	326,961	52,709	379,670
2026	68,209	13,229	81,438	17,642	-	17,642	-	-	-	336,611	44,019	380,631
2027	70,719	10,719	81,438	17,642	-	17,642	-	-	-	341,404	34,952	376,356
2028	73,322	8,117	81,439	17,642	-	17,642	-	-	-	351,344	25,737	377,081
2029	76,020	5,419	81,439	17,642	-	17,642	-	-	-	240,750	16,133	256,883
2030	71,227	2,621	73,848	17,642	-	17,642	-	-	-	237,427	11,864	249,291
2031	-	-	-	8,811	-	8,811	-	-	-	158,855	7,757	166,613
2032	-	-	-	-	-	-	-	-	-	151,545	6,257	157,802
2033	-	-	-	-	-	-	-	-	-	153,060	4,741	157,802
2034	-	-	-	-	-	-	-	-	-	154,591	3,211	157,802
2035	-	-	-	-	-	-	-	-	-	156,137	1,665	157,802
2036	-	-	-	-	-	-	-	-	-	10,336	103	10,439
2037	-	-	-	-	-	-	-	-	-	-	-	-
2038	-	-	-	-	-	-	-	-	-	-	-	-
2039	-	-	-	-	-	-	-	-	-	-	-	-
2040	-	-	-	-	-	-	-	-	-	-	-	-
2041	-	-	-	-	-	-	-	-	-	-	-	-
	874,133	258,419	1,132,552	255,799	-	255,799	500,000	30,875	530,875	5,758,522	971,879	6,730,401

***REGULATORY SECTION***

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

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

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

I have audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the City of Scappoose, Oregon (the City) as of and for the year ended June 30, 2016, and have issued my report thereon dated December 12, 2016.

**Compliance**

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

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

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

Indebtedness limitations, restrictions, and repayment.

Budgets legally required (ORS Chapter 294).

Insurance and fidelity bonds in force or required by law.

Programs funded by outside sources.

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

Authorized investment of surplus funds (ORS Chapter 294).

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

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

## OAR 162-10-230 (Internal Control)

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

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

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

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

### Inadequate Segregation of Accounting Duties

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

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



Dennis R. Conner, CPA  
December 12, 2016