

*City of Scappoose
Columbia County, Oregon
Annual Financial Report
Year Ending June 30, 2014*



CITY COUNCIL

Scott Burge, Mayor	33470 Chinook Plaza, #272 Scappoose, Oregon 97056
Larry Meres, Council President	51704 SE 4 th Street Scappoose, Oregon 97056
Donna Gedlich, Council Member	P.O. Box 218 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
Jeff Erickson, Council Member	33980 SE Oakview Drive Scappoose, Oregon 97056

ADMINISTRATION

Jon Hanken, City Manager 7/13 to 11/13
Mayor Scott Burge Acting City Manager 11/13 to 12/13
Donald Otterman, Interim City Manager 1/14 to 5/14
Larry Lehman, City Manager 5/14 to 6/14

Jill Herr, Finance Administrator

Susan Reeves, City Recorder/Budget Secretary

Norman Miller, Acting 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
Modified Cash Basis Financial Statements

To the Mayor and Council
City of Scappoose
Scappoose, Oregon

I have audited the accompanying modified cash financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Scappoose, Oregon (the City), as of and for the year ended June 30, 2014, 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 modified cash basis of accounting described in the Summary of Significant Accounting Policies in the Notes to the Basic Financial Statements. This includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

Auditor's Responsibility

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

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

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

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective modified 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, 2014, and the respective changes in modified cash financial position, and, where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting as described in the Summary of Significant Accounting Policies in the Notes to the Basic Financial Statements.

Basis of Accounting

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

Report on Supplementary and Other Information

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

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

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

Other Reporting Required by Oregon Minimum Standards

In accordance with Minimum Standards for audits of Oregon Municipal Corporations, I have also issued my report dated November 13, 2014, 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.

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

Dennis R. Conner
Certified Public Accountant
November 13, 2014

CITY OF SCAPPOOSE
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2014

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, 2014.

FINANCIAL HIGHLIGHTS

	June 30		Change
	2014	2013	
Net Position	\$ 6,186,522	\$ 5,746,002	\$ (440,520)
Governmental net position	3,640,512	3,827,968	\$ 187,456
Proprietary net position	2,546,010	1,918,034	\$ (627,976)

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 (Modified Cash Basis) The *statement of net position (Modified Cash Basis)* presents information on all of the assets and liabilities of the City of Scappoose as of the date on the statement. Net 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 (Modified Cash Basis) The *statement of activities (Modified 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 modified cash basis of accounting. In the government-wide financial statements, the City's activities are shown as governmental activities. All basic functions are shown here, such as police, 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 (Modified Cash Basis) The Statement of Net Position (Modified Cash Basis) is provided on a comparative basis.

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Scappoose, assets exceeded liabilities by \$6,186,522 as of June 30, 2014.

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

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

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Cash and cash equivalent	\$ 3,789,338	\$ 3,915,800	\$ 2,648,380	\$ 2,010,529	\$ 6,437,718	\$ 5,926,329
Deposits	148,826	87,832	102,370	92,495	251,196	180,327
Net position						
Restricted	1,376,049	1,362,019	977,354	902,231	2,353,403	2,264,250
Unrestricted	2,264,463	2,465,949	1,568,656	1,015,803	3,833,119	3,481,752
Total net position	\$ 3,640,512	\$ 3,827,968	\$ 2,546,010	\$ 1,918,034	\$ 6,186,522	\$ 5,746,002

Statement of Activities. During the current fiscal year, the City of Scappoose’s net position decreased by \$440,520. The key elements of the change in Scappoose’s net position for the year ended June 30, 2014 are as follows:

- Fees, fines and charges for services increased by \$752,321 due in part to an increase in charges for service in the governmental funds.
- Operating grant and contribution income increased by \$27,220 in total, largely due to increase in operating grant reimbursements.
- Capital grants and contribution income increased by \$516,355 due to reimbursements related to infrastructure improvement projects.
- Disbursements increased \$85,217 largely due to infrastructure improvement disbursements.

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	
	2014	2013	2014	2013	2014	2013
Revenues						
Program revenues						
Fines, fees, charges for services	\$ 473,313	\$ 466,163	\$ 3,104,291	\$ 2,347,747	\$ 3,577,604	\$ 2,813,910
Operating grants and contributions	487,212	459,992	-	-	487,212	459,992
Capital grants and contributions	330,915	73,073	364,884	119,487	695,799	192,560
General receipts						
Property tax	1,610,843	1,556,127	37,427	15,408	1,648,270	1,571,535
Franchise fees	380,544	374,098	-	-	380,544	374,098
Intergovernmental	-	-	-	-	-	-
Miscellaneous	18,745	10,977	12,043	12,300	30,788	23,277
Total revenues	3,301,572	2,940,430	3,518,645	2,494,942	6,820,217	5,435,372
Expenses						
General government	486,082	423,442	-	-	486,082	423,442
Court and police	1,623,957	1,708,037	-	-	1,623,957	1,708,037
Community services and development	299,809	280,070	-	-	299,809	280,070
Culture and recreation	484,439	382,683	-	-	484,439	382,683
Interest on long-term debt	40,505	45,831	-	-	40,505	45,831
Highways and streets	658,187	402,413	-	-	658,187	402,413
Storm Drain	-	-	-	-	-	-
Water	-	-	1,381,964	1,806,245	1,381,964	1,806,245
Sewer	-	-	1,404,754	1,416,193	1,404,754	1,416,193
Total expenses	3,592,979	3,242,476	2,786,718	3,222,438	6,379,697	6,464,914
net assets before transfers	(291,407)	(302,046)	731,927	(727,496)	440,520	(1,029,542)
Transfers	103,951	111,892	(103,951)	(111,892)	-	-
Change in net position	(187,456)	(190,154)	627,976	(839,388)	440,520	(1,029,542)
Net position, beginning of year	3,827,968	4,018,122	1,918,034	2,757,422	5,746,002	6,775,544
Net position, end of year	3,640,512	3,827,968	2,546,010	1,918,034	6,186,522	5,746,002

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, 2014, the City’s governmental funds reported combined ending fund balances of \$3,640,512.

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, 2014, unrestricted fund balance was \$2,220,635. The fund balance decreased by \$225,676 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, 2014, 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, 2014, Scappoose had invested \$39,875,130 in capital assets, net of depreciation, as shown in the following table:

	Capital Assets					
	As of June 30, 2013 and 2012					
	Governmental Activities		Business-type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Land	\$ 1,765,116	\$ 1,765,116	\$ 389,036	\$ 389,036	\$ 2,154,152	\$ 2,154,152
Buildings	3,497,450	3,347,256	4,809,739	4,766,079	8,307,189	8,113,335
Equipment	402,260	325,629	1,969,651	1,944,455	2,371,911	2,270,084
Vehicles	496,238	496,238	173,355	173,355	669,593	669,593
Construction in progress	-	-	-	-	-	-
Infrastructure	61,804,397	61,417,733	-	-	61,804,397	61,417,733
Water and sewer system	-	-	18,872,441	18,482,395	18,872,441	18,482,395
	67,965,461	67,351,972	26,214,222	25,755,320	94,179,683	93,107,292
Less: accumulated depreciation	(42,623,217)	(40,621,468)	(11,681,336)	(11,161,535)	(54,304,552)	(51,783,003)
Net capital assets	<u>\$ 25,342,244</u>	<u>\$ 26,730,504</u>	<u>\$ 14,532,886</u>	<u>\$ 14,593,785</u>	<u>\$ 39,875,130</u>	<u>\$ 41,324,289</u>

During fiscal year 2013-14, the City's investment in capital assets decreased by \$1,449,159.

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

Long-term debt. At the end of the current fiscal year, the City of Scappoose had total bonded debt (general obligation and revenue bonds) outstanding of \$7,761,683 and a capital leases in the amount of \$32,960.

During the current fiscal year, the City's total debt increased by \$199,874.

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

**Outstanding Debt
As of June 30, 2014 and 2013**

	Governmental Activities		Business-type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Notes Payable	\$ 991,341	1,070,468	6,246,908	\$ 5,876,028	\$ 7,238,249	\$ 6,946,496
Bonds Payable	-	-	523,434	584,356	523,434	584,356
Capital lease	32,960	63,917	-	-	32,960	63,917
	<u>\$ 1,024,301</u>	<u>1,134,385</u>	<u>6,770,342</u>	<u>\$ 6,460,384</u>	<u>\$ 7,794,643</u>	<u>\$ 7,594,769</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 2013-14 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 (MODIFIED CASH BASIS)
JUNE 30, 2014

	<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Totals</i>
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents	\$ 3,789,338	\$ 2,648,380	\$ 6,437,718
LIABILITIES			
Deposits	<u>148,826</u>	<u>102,370</u>	<u>251,196</u>
NET ASSETS			
Restricted	1,376,049	977,354	2,353,403
Unrestricted	<u>2,264,463</u>	<u>1,568,656</u>	<u>3,833,119</u>
<i>Total Net Position</i>	<u><u>\$ 3,640,512</u></u>	<u><u>\$ 2,546,010</u></u>	<u><u>\$ 6,186,522</u></u>

The accompanying notes are an integral part of the financial statements

CITY OF SCAPPOOSE, OREGON
STATEMENT OF ACTIVITIES (MODIFIED CASH BASIS)
YEAR ENDED JUNE 30, 2014

	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
Functions/Programs							
Governmental activities:							
General government	\$ 486,082	\$ 85,502	\$ 102,514	\$ -	\$ (298,066)	\$ -	\$ (298,066)
Public safety	1,623,957	189,600	4,082	-	(1,430,275)	-	(1,430,275)
Culture and recreation	484,439	250	-	73,626	(410,563)	-	(410,563)
Community development	299,809	194,207	-	-	(105,602)	-	(105,602)
Highways and streets	658,187	3,754	380,616	257,289	(16,528)	-	(16,528)
Interest on long-term debt	40,505	-	-	-	(40,505)	-	(40,505)
<i>Total Governmental Activities</i>	<u>3,592,979</u>	<u>473,313</u>	<u>487,212</u>	<u>330,915</u>	<u>(2,301,539)</u>	<u>-</u>	<u>(2,301,539)</u>
Business-type activities:							
Water	1,381,964	1,357,045	-	251,627	-	226,708	226,708
Sewer	1,404,754	1,747,246	-	90,992	-	433,484	433,484
Storm Drain	-	-	-	22,265	-	22,265	22,265
<i>Total Business-type Activities</i>	<u>2,786,718</u>	<u>3,104,291</u>	<u>-</u>	<u>364,884</u>	<u>-</u>	<u>682,457</u>	<u>682,457</u>
<i>Total Activities</i>	<u>\$ 6,379,697</u>	<u>\$ 3,577,604</u>	<u>\$ 487,212</u>	<u>\$ 695,799</u>	<u>(2,301,539)</u>	<u>682,457</u>	<u>(1,619,082)</u>
General Receipts:							
Property taxes	-	-	-	-	1,610,843	37,427	1,648,270
Franchise taxes	-	-	-	-	380,544	-	380,544
Miscellaneous	-	-	-	-	18,745	12,043	30,788
<i>Total General Revenues</i>	-	-	-	-	<u>2,010,132</u>	<u>49,470</u>	<u>2,059,602</u>
Transfers	-	-	-	-	103,951	(103,951)	-
<i>Change in net Position</i>	-	-	-	-	<u>(187,456)</u>	<u>627,976</u>	<u>440,520</u>
<i>Net position, July 1, 2013</i>	-	-	-	-	<u>3,827,968</u>	<u>1,918,034</u>	<u>5,746,002</u>
<i>Net Position, June 30, 2014</i>	-	-	-	-	<u><u>3,640,512</u></u>	<u><u>2,546,010</u></u>	<u><u>6,186,522</u></u>

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

CITY OF SCAPPOOSE, OREGON
BALANCE SHEET (MODIFIED CASH BASIS) - GOVERNMENTAL FUNDS
JUNE 30, 2014

	<i>General</i>	<i>Special Revenue</i> <i>Street</i>	<i>Capital Projects</i> <i>Street</i> <i>SDC</i>	<i>Other</i> <i>Governmental</i> <i>Funds</i>	<i>Totals</i>
ASSETS					
Cash and cash equivalents	\$ 2,460,065	522,457	319,011	487,805	\$ 3,789,338
LIABILITIES AND FUND BALANCES					
<i>Liabilities</i>					
Deposits	\$ 148,826	\$ -	\$ -	\$ -	\$ 148,826
FUND BALANCES					
Restricted for					
Capital Projects				71,938	71,938
Committed for					
Unemployment	46,776				46,776
Capital Projects			319,011	151,201	470,212
Special Revenue		522,457		264,666	787,123
Unassigned	2,264,463				2,264,463
<i>Total Fund Balances</i>	2,311,239	522,457	319,011	487,805	3,640,512
<i>Total Liabilities and Fund Balances</i>	\$ 2,460,065	\$ 522,457	\$ 319,011	\$ 487,805	\$ 3,789,338

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

CITY OF SCAPPOOSE, OREGON
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-
(MODIFIED CASH BASIS) – GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2014

	<u>General</u>	<u>Street</u>	<u>Street SDC</u>	<u>Other Governmental Funds</u>	<u>Totals</u>
REVENUES					
Taxes and assessments	\$ 1,610,843	\$ -	\$ -	\$ -	\$ 1,610,843
Licenses and permits	201,794	-	59,164	235,371	496,329
Charges for services	394,499	-	-	22,617	417,116
Intergovernmental	163,471	574,896	-	3,845	742,212
Fines and forfeitures	-	-	-	-	-
Miscellaneous	17,840	4,929	2,584	9,719	35,072
<i>Total Revenues</i>	2,388,447	579,825	61,748	271,552	3,301,572
EXPENDITURES					
General government	447,770	-	-	178,551	626,321
Court and police	1,586,353	-	-	-	1,586,353
Highways and streets	-	224,758	-	6,647	231,405
Culture and recreation	237,038	-	-	9,967	247,005
Community development	121,258	-	-	-	121,258
Capital outlay	35,096	183,588	204,499	-	423,183
Debt service	225,403	-	56,213	75,838	357,454
<i>Total Expenditures</i>	2,652,918	408,346	260,712	271,003	3,592,979
REVENUES OVER (UNDER) EXPENDITURES	(264,471)	171,479	(198,964)	549	(291,407)
OTHER FINANCING SOURCES (USES)					
Loan Proceeds	-	-	-	-	-
Transfers in	275,613	-	-	88,000	363,613
Transfers out	(222,556)	(15,871)	(1,213)	(20,022)	(259,662)
<i>Total Other Financing Sources (Uses)</i>	53,057	(15,871)	(1,213)	67,978	103,951
NET CHANGE IN FUND BALANCES	(211,414)	155,608	(200,177)	68,527	(187,456)
FUND BALANCES, Beginning of year	2,522,653	366,849	519,188	419,278	3,827,968
FUND BALANCES, End of year	\$ 2,311,239	\$ 522,457	\$ 319,011	\$ 487,805	\$ 3,640,512

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

CITY OF SCAPPOOSE, OREGON

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

JUNE 30, 2014

	<u>Water Utility</u>	<u>Waste Water Utility</u>	<u>Waste Water SDC</u>	<u>Other Business-type Funds</u>	<u>Totals</u>
ASSETS					
Cash and cash equivalents	\$ 714,362	956,664	509,262	468,092	\$ 2,648,380
LIABILITIES					
Deposits	102,370				102,370
NET POSITION					
Restricted	-	-	509,262	468,092	977,354
Unrestricted	611,992	956,664	-	-	1,568,656
<i>Total Net Position</i>	<u>\$ 611,992</u>	<u>\$ 956,664</u>	<u>\$ 509,262</u>	<u>\$ 468,092</u>	<u>\$ 2,546,010</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 -

(MODIFIED CASH BASIS) – PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2014

	<u>Water Utility</u>	<u>Waste Water Utility</u>	<u>Waste Water SDC</u>	<u>Other Business-type Funds</u>	<u>Totals</u>
OPERATING REVENUES					
Taxes and assessments	\$ -	\$ -	\$ -	\$ 37,427	\$ 37,427
Licenses and permits	2,427	-	-	198,973	201,400
Charges for services	1,330,086	1,047,046	90,992	-	2,468,124
Intergovernmental	-	-	-	72,492	72,492
Miscellaneous	29,427	4,658	2,786	2,331	39,202
<i>Total Operating Receipts</i>	<u>1,361,940</u>	<u>1,051,704</u>	<u>93,778</u>	<u>311,223</u>	<u>2,818,645</u>
OPERATING EXPENDITURES					
Personal services	558,463	561,814	-	-	1,120,277
Materials and services	268,945	372,059	-	-	641,004
Capital outlay	22,120	393,121	43,660	-	458,901
<i>Total Operating Disbursements</i>	<u>849,528</u>	<u>1,326,994</u>	<u>43,660</u>	<u>-</u>	<u>2,220,182</u>
OPERATING REVENUES OVER (UNDER) OPERATING EXPENDITURES	512,412	(275,290)	50,118	311,223	598,463
NON OPERATING REVENUES (EXPENDITURES)					
Loan proceeds	-	-	-	-	-
Debt service					
Principal	(44,208)	(25,194)	-	(320,640)	(390,042)
Interest	(37,231)	(8,906)	-	(130,357)	(176,494)
<i>Total Non Operating Receipts (Disbursements)</i>	<u>(81,439)</u>	<u>(34,100)</u>	<u>-</u>	<u>(450,997)</u>	<u>(566,536)</u>
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS					
System development revenue		700,000	-	-	700,000
Transfers in		-	-	194,652	194,652
Transfers out	(212,297)	(56,433)	(1,443)	(28,430)	(298,603)
NET CHANGES IN POSITION	<u>218,676</u>	<u>334,177</u>	<u>48,675</u>	<u>26,448</u>	<u>627,976</u>
NET POSITION, Beginning of year	<u>393,316</u>	<u>622,487</u>	<u>460,587</u>	<u>441,644</u>	<u>1,918,034</u>
NET POSITION, End of year	<u>\$ 611,992</u>	<u>\$ 956,664</u>	<u>\$ 509,262</u>	<u>\$ 468,092</u>	<u>\$ 2,546,010</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 modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) established by the Governmental Accounting Standards Board (GASB). These modified 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 modified cash basis of accounting.

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

The Statement of Net Position (Modified 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 Modified 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 (Modified 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 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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

CITY OF SCAPPOOSE, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2014

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The City reports the following major proprietary funds:

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

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

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

The City reports the following non major proprietary funds:

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

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

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

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

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

Fund Balance

In the 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, 2014

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, 2014

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting

The financial statements are presented on a modified 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 modified 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 modified 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 modified 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, 2014. Actual results may differ from such estimates.

CITY OF SCAPPOOSE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2014

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

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

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

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

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

Property Taxes

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

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, 2014

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, 2014

CASH

Cash and investments are comprised of the following at June 30, 2014:

	<i>Carrying Value</i>	<i>Fair Value</i>
Cash		
Petty cash	\$ 400	\$ 400
Cash in checking	282,634	282,634
Restricted cash-deposits for business activities	102,370	102,370
Cash deposits	148,825	148,825
Investments		
Local Government Investment Pool	5,903,489	5,903,489
	<u>\$ 6,437,718</u>	<u>\$ 6,437,718</u>

Deposits

At year end, the book balance of the City’s bank deposits (checking) was \$282,637 and the bank balance was \$343,432. 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, 2014, 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, 2014, the fair value of the position in the Oregon State

CITY OF SCAPPOOSE, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2014

CASH (continued)

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

Interest Rate Risk

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

Custodial Risk - Investments

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

CITY OF SCAPPOOSE, OREGON**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)****YEAR ENDED JUNE 30, 2014****CAPITAL ASSETS**

The summary of capital assets for the business-type activities for the year ended June 30, 2014 is as follows:

	<i>Balances July 1, 2013</i>	<i>Additions</i>	<i>Retirements</i>	<i>Balances June 30, 2014</i>
NON-DEPRECIABLE				
Land	\$ 389,036	\$ -	\$ -	\$ 389,036
Construction in progress	-	-	-	\$ -
<i>Total Non-depreciable</i>	389,036	-	-	389,036
DEPRECIABLE				
Buildings and improvements	4,766,079	43,660	-	4,809,739
Equipment	1,944,455	25,195	-	1,969,650
Vehicles	173,355	-	-	173,355
Water and sewer systems	18,482,396	390,046	-	18,872,442
	25,366,285	458,901	-	25,825,186
ACCUMULATED DEPRECIATION				
Buildings and improvements	(2,497,537)	(117,898)	-	(2,615,435)
Equipment	(1,879,662)	(16,060)	-	(1,895,722)
Vehicles	(170,421)	(2,934)	-	(173,355)
Water and sewer systems	(6,613,915)	(382,908)	-	(6,996,823)
	(11,161,535)	(519,800)	-	(11,681,335)
<i>Business-type activities capital assets, net</i>	<u>\$ 14,593,786</u>	<u>\$ (60,898)</u>	<u>\$ -</u>	<u>\$ 14,532,888</u>

CITY OF SCAPPOOSE, OREGON**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)****YEAR ENDED JUNE 30, 2014**

The changes in the capital assets for governmental activities for the year ended June 30, 2014 are as follows:

	<i>Balances July 1, 2013</i>	<i>Additions</i>	<i>Retirements</i>	<i>Balances June 30, 2014</i>
NON-DEPRECIABLE				
Land	\$ 1,765,116	\$ -	\$ -	\$ 1,765,116
Construction in process	-	-	-	-
	<u>1,765,116</u>	<u>-</u>	<u>-</u>	<u>1,765,116</u>
 DEPRECIABLE				
Buildings	3,347,256	150,194	-	3,497,450
Equipment	325,629	76,632	-	402,261
Vehicles	496,238	-	-	496,238
Infrastructure	61,417,733	386,664	-	61,804,397
	<u>65,586,856</u>	<u>613,489</u>	<u>-</u>	<u>66,200,345</u>
<i>Total depreciable</i>				
 ACCUMULATED DEPRECIATION				
Buildings	(1,185,908)	(87,420)	-	(1,273,328)
Equipment	(247,594)	(29,456)	-	(277,050)
Vehicles	(408,994)	(34,940)	-	(443,934)
Infrastructure	(38,778,972)	(1,849,933)	-	(40,628,905)
	<u>(40,621,468)</u>	<u>(2,001,749)</u>	<u>-</u>	<u>(42,623,217)</u>
<i>Total accumulated depreciation</i>				
 <i>Governmental activities capital assets, net</i>	<u>\$ 26,730,504</u>	<u>\$ (1,388,259)</u>	<u>\$ -</u>	<u>\$ 25,342,245</u>

CITY OF SCAPPOOSE, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2014

LONG-TERM DEBT

As a result of the use of the modified 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, 2013</i>	<i>Issued</i>	<i>Matured/ Redeemed During Year</i>	<i>Outstanding June 30, 2014</i>	<i>Due Within One Year</i>
Governmental Activities					
US Bank - refinanced	798,680	-	798,680	-	-
Crown Zellerbach	271,786	-	45,342	226,444	47,155
US National Bank	-	764,897	-	764,897	57,315
	<u>1,070,466</u>	<u>764,897</u>	<u>844,022</u>	<u>991,341</u>	<u>104,470</u>
Capital leases payable	<u>63,917</u>		<u>30,957</u>	<u>32,960</u>	<u>32,960</u>
	<u><u>1,134,383</u></u>	<u><u>764,897</u></u>	<u><u>874,979</u></u>	<u><u>1,024,301</u></u>	<u><u>137,430</u></u>

	<i>Outstanding July 1, 2013</i>	<i>Issued</i>	<i>Forgiven/ Discounted</i>	<i>Matured/ Redeemed During Year</i>	<i>Outstanding June 30, 2014</i>	<i>Due Within One Year</i>
Business-type Activities						
Airpark Notes Payable	216,788	-	-	48,472	168,316	53,938
Airpark Notes Payable	108,021	-	-	24,693	83,328	26,174
Airpark Notes Payable	139,184	-	-	24,381	114,803	24,597
Water GO Bonds	268,079	-	-	35,728	232,351	37,433
SPWF Wastewater Bonds	7,552	-	-	7,552	-	-
Safe Drinking Water notes	1,011,699	-	-	44,208	967,491	45,835
WTP phase I & 2 notes	1,289,595	-	-	60,672	1,228,923	66,088
Safe Drinking Water notes	3,110,741	-	-	126,694	2,984,047	127,961
Wastewater DEQ Loan	308,725	-	-	17,642	291,083	17,642
Wastewater US Bank Loan	-	700,000	-	-	700,000	100,000
	<u>6,460,384</u>	<u>700,000</u>	<u>-</u>	<u>390,042</u>	<u>6,770,342</u>	<u>499,668</u>
Capital leases payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u><u>6,460,384</u></u>	<u><u>700,000</u></u>	<u><u>-</u></u>	<u><u>390,042</u></u>	<u><u>6,770,342</u></u>	<u><u>499,668</u></u>

CITY OF SCAPPOOSE, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2014

LONG-TERM DEBT *(Continued)*

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

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

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

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

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

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

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

U S Bank – On December 2013 the City entered in to a loan agreement to provide funds to move the waste water line located on JP West Road. Columbia County constructed a new wider bridge and requiring our waste water line to be relocated. The loan amount is \$700,000, the interest rate is 2.47%. The agreement requires semi-annual principal and interest payments due December and June for 7 years, the balance will be paid in full 12/1/2020.

CITY OF SCAPPOOSE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2014

LONG-TERM DEBT (Continued)

Future debt service requirements are as follows:

Governmental Activities			
Fiscal Year Ending	Principal	Interest	Total
June 30,			
2015	142,767	26,694	169,461
2016	144,653	22,532	167,185
2017	146,615	18,295	164,910
2018	148,655	13,979	162,634
2019-23	408,651 -	21,528	430,179
	991,341	103,027	1,094,368
Business-type Activities			
Fiscal Year Ending	Principal	Interest	Total
June 30,			
2015	499,668	171,338	671,007
2016	512,153	155,728	667,881
2017	529,965	139,467	669,433
2018	446,449	122,291	568,741
2019-23	1,845,639 -	439,951	2,285,591
2024-28	1,673,766 -	218,440	1,892,207
2029-33	941,638 -	46,751	988,390
2034-38	321,064 -	4,979	326,043
	\$ 6,770,342	\$ 1,298,947	\$ 8,069,290

CITY OF SCAPPOOSE, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2014

LONG-TERM DEBT (Continued)

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

CAPITAL LEASES

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	32,961	2,135	35,096
	<u>32,961</u>	<u>2,135</u>	<u>35,096</u>

On November 12, 2007, the City entered into a 5-year lease agreement with Brian Rosenthal to rent office space at 52610 NE 1st Street, Units 120 and 130 in Scappoose, Oregon. On March 1, 2008, the City added Unit 110 at the same address to the lease agreement. For the fiscal year ended June 30, 2014, rent expense was \$44,541.

OFFICE LEASE

<u>Year Ending June 30,</u>	<u>Space 120/130</u>	<u>Space 110</u>	<u>Total</u>
2015	32,409	12,132	44,541
2016	32,409	12,132	44,541
2017	32,409	12,132	44,541
2018	10,803	8,088	18,891
	<u>108,030</u>	<u>44,484</u>	<u>152,514</u>

PENSION PLAN

Plan Description

The City contributes to two pension plans administered by the Oregon Public Employees Retirement System (PERS). The Oregon Public Employees Retirement Fund (OPERF) applies to the City's contribution for qualifying employees who were hired before August 29, 2003, and is a cost-sharing multiple-employer defined benefit pension plan. The City participates in the state and local government rate pool (SLGRP). The Oregon Public Service Retirement Plan (OPSRP) is a hybrid successor plan to the OPERF and consists of two programs: The Pension Program, the defined benefit portion of the plan, applies to qualifying City employees hired after August 29, 2003, and to inactive

CITY OF SCAPPOOSE, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2014

employees who return to employment following a six-month or greater break in service. Benefits are calculated by a formula for members who attain normal retirement age. The formula takes into account final average salary and years of service. Beginning January 1, 2004, all PERS member contributions go into the Individual Account Program (IAP), the defined contribution portion of the plan. PERS members retain their existing PERS accounts, but any future member contributions are deposited into the member's IAP, not the member's PERS account.

Both PERS plans provide retirement and disability benefits, post-employment healthcare benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS is administered under Oregon Revised Statute Chapter 238, which establishes the Public Employees Retirement Board as the governing body of PERS. PERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to PERS, PO Box 23700, Tigard, OR, 97281-3700 or by calling 503-598-7377.

Funding Policy

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

<u>Rate Category</u>	<u>Normal Rate</u>	<u>Combined UAL Rate</u>	<u>Net Rate</u>
PERS General	10.34%		15.87%
PERS Police and Fire	10.34%	5.53%	15.87%
OPSRP General	6.27%		11.80%
OPSRP Police and Fire	9.00%		14.53%

Annual Pension Cost

The City's contributions to PERS for the fiscal years ending June 30, 2011, 2012 2013 and 2014,

<u>Year Ended June 30</u>	<u>Annual Pension Costs (APC)</u>	<u>Percentage of APC Contributed</u>
2011	\$ 321,708	100%
2012	\$ 408,567	100%
2013	\$ 428,819	100%
2014	\$ 378,434	100%

CITY OF SCAPPOOSE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2014

PENSION PLAN (continued)

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

PERS Funding Status*

Latest Valuation Date	12/31/2012
Unfunded Actuarial Liability (UAL)	2,050,649
Combined Valuation Payroll	2,142,426
Net UAL as a Percent of Payroll	96%

*per Milliman report dated 12/31/13

CITY OF SCAPPOOSE, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2014

INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

	<u>Transfer in</u>	<u>Transfer from</u>
General Fund	\$ 247,613	\$ 222,556
Building Fund	88,000	18,930
Street SDC Fund	-	1,213
Street Fund		15,871
Parks SDC Fund	-	1,092
Watts House Fund	28,000	-
Water Fund		212,297
Water SDC Fund	169,281	28,101
Sewer Fund	-	56,433
Sewer SDC Fund	-	1,443
Storm Drain SDC Fund	-	329
Airpark Water Line Fund	25,371	-
	<u>\$ 558,265</u>	<u>\$ 558,265</u>

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

CITY OF SCAPPOOSE, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2014

CONTINGENCIES

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

NEW PRONOUNCEMENTS

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

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

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

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

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

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

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

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

CITY OF SCAPPOOSE, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2014

SUBSEQUENT EVENTS

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

SUPPLEMENTAL INFORMATION

CITY OF SCAPPOOSE, OREGON
RECONCILIATION OF BUDGETARY TO REPORTING FUNDS
BALANCE SHEET (MODIFIED CASH BASIS) – GENERAL FUND
YEAR ENDED JUNE 30, 2014

	<i>Budgetary funds</i>			<i>Total</i>
	<i>General</i>	<i>Unemployment</i>	<i>Watts House</i>	<i>(reported as General Fund)</i>
ASSETS				
Cash and cash equivalents	\$ 2,369,461	\$ 46,776	\$ 43,828	\$ 2,460,065
LIABILITIES AND FUND BALANCES				
Liabilities				
Deposits	\$ 148,826			\$ 148,826
Fund Balances				
Committed for:				
Unemployment	-	46,776		46,776
Unassigned:	2,220,635		43,828	2,264,463
<i>Total Fund Balances</i>	2,220,635	46,776	43,828	2,311,239
<i>Total Liabilities and Fund Balances</i>	\$ 2,369,461	\$ 46,776	\$ 43,828	\$ 2,460,065

CITY OF SCAPPOOSE, OREGON
RECONCILIATION OF BUDGETARY TO REPORTING FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
(MODIFIED CASH BASIS) GENERAL FUND
YEAR ENDED JUNE 30, 2014

	<i>Budgetary funds</i>			<i>Total</i>
	<i>General</i>	<i>Unemployment</i>	<i>Watts House</i>	<i>(reported as General Fund)</i>
REVENUES				
Taxes and assessments	\$ 1,610,843			\$ 1,610,843
Licenses and permits	201,794			201,794
Charges for services	394,499			394,499
Intergovernmental	163,471			163,471
Miscellaneous	17,382	294	164	17,840
<i>Total Revenues</i>	2,387,989	294	164	2,388,447
EXPENDITURES				
General government	433,574	10,222	3,974	447,770
Court and police	1,586,353			1,586,353
Community services & development	121,258			121,258
Culture and recreation	237,038			237,038
Capital outlay	35,096			35,096
Debt service	225,403			225,403
<i>Total Expenditures</i>	2,638,722	10,222	3,974	2,652,918
REVENUES OVER (UNDER)				
EXPENDITURES	(250,733)	(9,928)	(3,810)	(264,471)
OTHER FINANCING SOURCES (USES)				
Transfers in	247,613	-	28,000	275,613
Transfers out	(222,556)	-	-	(222,556)
<i>Total Other Financing Sources (Uses)</i>	25,057	-	28,000	53,057
NET CHANGE IN FUND BALANCES	(225,676)	(9,928)	24,190	(211,414)
FUND BALANCES, Beginning of year	2,446,311	56,704	19,638	2,522,653
FUND BALANCES, End of year	\$ 2,220,635	\$ 46,776	\$ 43,828	\$ 2,311,239

CITY OF SCAPPOOSE, OREGON
COMBINING BALANCE SHEET (MODIFIED CASH BASIS) -
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2014

	<u>Special Revenue</u>		
	<u>Building</u>	<u>Peg Fee</u>	<u>Enforcement</u>
ASSETS			
Cash and cash equivalents	\$ 92,388	131,367	40,911
	<u>92,388</u>	<u>131,367</u>	<u>40,911</u>
LIABILITIES AND FUND BALANCES			
Liabilities	-	\$ -	\$ -
FUND BALANCES			
Restricted for			
Capital Projects			
Special Revenue			
Committed for			
Capital Projects			
Special Revenue	92,388	131,367	40,911
	<u>92,388</u>	<u>131,367</u>	<u>40,911</u>
<i>Total Liabilities and</i>			
<i>Fund Balances</i>	\$ 92,388	\$ 131,367	\$ 40,911
	<u>92,388</u>	<u>131,367</u>	<u>40,911</u>

CITY OF SCAPPOOSE, OREGON
COMBINING BALANCE SHEET (MODIFIED CASH BASIS) -
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2014

	<u>Reserve</u>	<u>Bike Trails</u>	<u>SDC</u>	<u>Totals</u>
ASSETS				
Cash and cash equivalents	\$ 151,201	25,105	46,833	\$ 487,805
LIABILITIES AND FUND BALANCES				
<i>Liabilities</i>	-	\$ -	\$ -	\$ -
FUND BALANCES				
Restricted for				
Capital Projects		25,105	46,833	71,938
Special Revenue				-
Committed for				-
Capital Projects	151,201			151,201
Special Revenue				264,666
<i>Total Liabilities and Fund Balances</i>	\$ 151,201	\$ 25,105	\$ 46,833	\$ 487,805

CITY OF SCAPPOOSE, OREGON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

(MODIFIED CASH BASIS) - NONMAJOR GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2014

	Special Revenue		
	Building	PEG Fee	Law Enforcement
REVENUES			
Licenses and permits	\$ 161,745	\$ -	\$ -
Charges for services	-	9,501	13,116
Intergovernmental	-	-	-
Miscellaneous	7,573	719	195
<i>Total Revenues</i>	<u>169,318</u>	<u>10,220</u>	<u>13,311</u>
EXPENDITURES			
Current operating	-	-	-
General government	178,551	-	-
Highways and streets	-	-	6,647
Culture and recreation	-	9,967	-
Capital outlay	-	-	-
Debt service	-	-	-
<i>Total Expenditures</i>	<u>178,551</u>	<u>9,967</u>	<u>6,647</u>
REVENUES OVER (UNDER)			
EXPENDITURES	(9,233)	253	6,664
OTHER FINANCING SOURCES (USES)			
Transfers in	88,000	-	-
Transfers out	(18,930)	-	-
<i>Total Other Financing Sources (Uses)</i>	<u>69,070</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	59,837	253	6,664
FUND BALANCES, Beginning of year	32,551	131,114	34,247
FUND BALANCES, End of year	<u><u>92,388</u></u>	<u><u>\$ 131,367</u></u>	<u><u>\$ 40,911</u></u>

CITY OF SCAPPOOSE, OREGON

COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES

(MODIFIED CASH BASIS) - NONMAJOR GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2014

	Recreation Reserve	Foot Paths & Bicycle Trails	Parks SDC	Totals
REVENUES				
Licenses and permits	\$ -	-	73,626	\$ 235,371
Charges for services	-	-	-	22,617
Intergovernmental	-	3,845	-	3,845
Miscellaneous	916	125	191	9,719
<i>Total Revenues</i>	<u>916</u>	<u>3,970</u>	<u>73,817</u>	<u>271,552</u>
EXPENDITURES				
Current operating				
General government	-	-	-	178,551
Highways and streets	-	-	-	6,647
Culture and recreation	-	-	-	9,967
Capital outlay	-	-	-	-
Debt service	41,013	-	34,825	75,838
<i>Total Expenditures</i>	<u>41,013</u>	<u>-</u>	<u>34,825</u>	<u>271,003</u>
REVENUES OVER (UNDER) EXPENDITURES	(40,097)	3,970	38,992	549
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	88,000
Transfers out	-	-	(1,092)	(20,022)
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>-</u>	<u>(1,092)</u>	<u>67,978</u>
NET CHANGE IN FUND BALANCES	(40,097)	3,970	37,900	68,527
FUND BALANCES, Beginning of year	191,298	21,135	8,933	419,278
FUND BALANCES, End of year	<u>\$ 151,201</u>	<u>25,105</u>	<u>46,833</u>	<u>\$ 487,805</u>

CITY OF SCAPPOOSE, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

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

YEAR ENDED JUNE 30, 2014

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Taxes and assessments	\$ 1,577,274	1,577,274	\$ 1,610,843	\$ 33,569
Licenses and permits	416,500	416,500	201,794	(214,706)
Charges for services	277,575	277,575	394,499	116,924
Intergovernmental	185,505	185,505	163,471	(22,034)
Miscellaneous	15,400	15,400	17,382	1,982
Total Receipts	2,472,254	2,472,254	2,387,989	(84,265)
EXPENDITURES				
General government	523,859	548,859	433,574	115,285
Police and court	1,871,556	1,871,556	1,586,353	285,203
Culture and recreation	313,811	313,811	237,038	76,773
Community development	137,093	144,093	121,258	22,835
Capital outlay	160,000	227,100	35,096	192,004
Debt service	35,096	35,096	225,403	(190,307)
Contingency	567,382	468,282	-	468,282
Total Disbursements	3,608,797	3,608,797	2,638,722	970,075
REVENUES OVER (UNDER)				
EXPENDITURES	(1,136,543)	(1,136,543)	(250,733)	885,810
OTHER FINANCING SOURCES (USES)				
Transfer in	247,613	247,613	247,613	-
Transfers out	(266,556)	(266,556)	(222,556)	44,000
Total Other Financing Sources (Uses)	(18,943)	(18,943)	25,057	44,000
NET CHANGE IN FUND BALANCE	(1,155,486)	(1,155,486)	(225,676)	929,810
FUND BALANCE, Beginning of year	2,255,486	2,255,486	2,446,311	190,825
FUND BALANCE, End of year	\$ 1,100,000	1,100,000	\$ 2,220,635	\$ 1,120,635

CITY OF SCAPPOOSE, OREGON**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES****(MODIFIED CASH BASIS) - BUDGET AND ACTUAL – UNEMPLOYMENT FUND****YEAR ENDED JUNE 30, 2014**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Miscellaneous	\$ 350	350	\$ 294	(56)
<i>Total Receipts</i>	350	350	294	(56)
EXPENDITURES				
Materials and services	25,000	25,000	10,222	14,778
Contingency	32,067	32,067	-	32,067
<i>Total Disbursements</i>	57,067	57,067	10,222	46,845
REVENUES OVER (UNDER) EXPENDITURES	(56,717)	(56,717)	(9,928)	46,789
NET CHANGE IN FUND BALANCE	(56,717)	(56,717)	(9,928)	46,789
FUND BALANCE, Beginning of year	56,717	56,717	56,704	(13)
FUND BALANCE, End of year	\$ -	\$ -	\$ 46,776	\$ 46,776

CITY OF SCAPPOOSE, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE****(MODIFIED CASH BASIS) - BUDGET AND ACTUAL – WATTS HOUSE FUND****YEAR ENDED JUNE 30, 2014**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Miscellaneous	\$ 20,045	20,045	\$ 164	(19,881)
<i>Total Receipts</i>	20,045	20,045	164	(19,881)
EXPENDITURES				
Materials and services	13,000	13,000	3,974	9,026
Capital outlay	49,000	49,000	-	49,000
Contingency	897	897	-	897
<i>Total Disbursements</i>	62,897	62,897	3,974	58,923
REVENUES OVER (UNDER) EXPENDITURES	(42,852)	(42,852)	(3,810)	39,042
OTHER FINANCING SOURCES (USES)				
Transfers in	28,000	28,000	28,000	-
<i>Total Other Financing Sources (Uses)</i>	28,000	28,000	28,000	-
NET CHANGE IN FUND BALANCE	(14,852)	(14,852)	24,190	39,042
FUND BALANCE, Beginning of year	14,852	14,852	19,638	4,786
FUND BALANCE, End of year	\$ -	\$ -	\$ 43,828	\$ 43,828

CITY OF SCAPPOOSE, OREGON**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES****(MODIFIED CASH BASIS)- BUDGET AND ACTUAL - STREET FUND****YEAR ENDED JUNE 30, 2014**

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES				
Intergovernmental	\$ 570,889	570,889	\$ 574,896	4,007
Miscellaneous	1,600	1,600	4,929	3,329
<i>Total Receipts</i>	572,489	572,489	579,825	7,336
EXPENDITURES				
Personal services	135,648	150,648	124,908	25,740
Materials and services	163,143	163,143	99,850	63,293
Capital outlay	212,000	212,000	183,588	28,412
Debt service	-	-	-	-
Contingency	411,879	396,879	-	396,879
<i>Total Disbursements</i>	922,670	922,670	408,346	514,324
REVENUES OVER (UNDER) EXPENDITURES	(350,181)	(350,181)	171,479	521,660
OTHER FINANCING SOURCES (USES)				
Transfers out	(15,871)	(15,871)	(15,871)	-
<i>Total Other Financing Sources (Uses)</i>	(15,871)	(15,871)	(15,871)	-
NET CHANGE IN FUND BALANCE	(366,052)	(366,052)	155,608	521,660
FUND BALANCE, Beginning of year	366,052	366,052	366,849	797
FUND BALANCE, End of year	\$ -	\$ -	\$ 522,457	\$ 522,457

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, 2014**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses and permits	\$ 24,264	24,264	\$ 59,164	34,900
Miscellaneous	3,565	3,565	2,584	(981)
<i>Total Receipts</i>	27,829	27,829	61,748	33,919
EXPENDITURES				
Capital outlay	235,000	235,000	204,499	30,501
Debt service	56,213	56,213	56,213	-
Contingency	194,796	194,796	-	194,796
<i>Total Disbursements</i>	486,009	486,009	260,712	225,297
REVENUES OVER (UNDER) EXPENDITURES	(458,180)	(458,180)	(198,964)	259,216
OTHER FINANCING SOURCES (USES)				
Transfers out	(1,213)	(1,213)	(1,213)	-
<i>Total Other Financing Sources (Uses)</i>	(1,213)	(1,213)	(1,213)	-
NET CHANGE IN FUND BALANCE	(459,393)	(459,393)	(200,177)	259,216
FUND BALANCE, Beginning of year	459,393	459,393	519,188	59,795
FUND BALANCE, End of year	\$ -	\$ -	\$ 319,011	\$ 319,011

CITY OF SCAPPOOSE, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
(MODIFIED CASH BASIS) - BUDGET AND ACTUAL – BUILDING FUND
YEAR ENDED JUNE 30, 2014

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses and permits	\$ 67,000	67,000	\$ 161,745	94,745
Miscellaneous	200	200	7,573	7,373
<i>Total Receipts</i>	<u>67,200</u>	<u>67,200</u>	<u>169,318</u>	<u>102,118</u>
EXPENDITURES				
Personal services	173,782	173,782	162,235	11,547
Materials and services	24,735	24,735	16,316	8,419
Contingency	166	166	-	166
<i>Total Disbursements</i>	<u>198,683</u>	<u>198,683</u>	<u>178,551</u>	<u>20,132</u>
REVENUES OVER (UNDER)	(131,483)	(131,483)	(9,233)	122,250
EXPENDITURES				
OTHER FINANCING SOURCES (USES)				
Transfers in	132,000	132,000	88,000	(44,000)
Transfers out	(18,930)	(18,930)	(18,930)	-
<i>Total Other Financing Sources (Uses)</i>	<u>113,070</u>	<u>113,070</u>	<u>69,070</u>	<u>(44,000)</u>
NET CHANGE IN FUND BALANCE	(18,413)	(18,413)	59,837	78,250
FUND BALANCE, Beginning of year	<u>18,413</u>	<u>18,413</u>	<u>32,551</u>	<u>14,138</u>
FUND BALANCE, End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 92,388</u>	<u>\$ 92,388</u>

CITY OF SCAPPOOSE, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

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

YEAR ENDED JUNE 30, 2014

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Charges for services	\$ 9,600	9,600	\$ 9,501	(99)
Miscellaneous	700	700	719	19
<i>Total Receipts</i>	10,300	10,300	10,220	(80)
EXPENDITURES				
Materials and services	14,500	14,500	9,967	4,533
Capital outlay	123,548	123,548	-	123,548
Contingency	-	-	-	-
<i>Total Disbursements</i>	138,048	138,048	9,967	128,081
REVENUES OVER (UNDER) EXPENDITURES	(127,748)	(127,748)	253	128,001
NET CHANGE IN FUND BALANCE	(127,748)	(127,748)	253	128,001
FUND BALANCE, Beginning of year	127,748	127,748	131,114	3,366
FUND BALANCE, End of year	\$ -	\$ -	\$ 131,367	\$ 131,367

CITY OF SCAPPOOSE, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

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

YEAR ENDED JUNE 30, 2014

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Charges for services	\$ 10,000	10,000	\$ 13,116	3,116
Miscellaneous	230	230	195	(35)
<i>Total Receipts</i>	10,230	10,230	13,311	3,081
EXPENDITURES				
Materials and services	15,000	15,000	6,647	8,353
Debt service				-
Contingency	29,141	29,141	-	29,141
<i>Total Disbursements</i>	44,141	44,141	6,647	37,494
REVENUES OVER (UNDER) EXPENDITURES	(33,911)	(33,911)	6,664	40,575
NET CHANGE IN FUND BALANCE	(33,911)	(33,911)	6,664	40,575
FUND BALANCE, Beginning of year	33,911	33,911	34,247	336
FUND BALANCE, End of year	\$ -	\$ -	\$ 40,911	\$ 40,911

CITY OF SCAPPOOSE, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
(MODIFIED CASH BASIS) - BUDGET AND ACTUAL – RECREATION RESERVE FUND
YEAR ENDED JUNE 30, 2014**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Miscellaneous	\$ 1,350	1,350	\$ 916	(434)
<i>Total Receipts</i>	1,350	1,350	916	(434)
EXPENDITURES				
Materials and services	-	-	-	-
Capital outlay	-	-	-	-
Debt service	41,013	41,013	41,013	-
Contingency	151,748	151,748	-	151,748
<i>Total Disbursements</i>	192,761	192,761	41,013	151,748
REVENUES OVER (UNDER) EXPENDITURES				
	(191,411)	(191,411)	(40,097)	151,314
NET CHANGE IN FUND BALANCE				
	(191,411)	(191,411)	(40,097)	151,314
FUND BALANCE, Beginning of year				
	191,411	191,411	191,298	(113)
FUND BALANCE, End of year				
	\$ -	\$ -	\$ 151,201	\$ 151,201

CITY OF SCAPPOOSE, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
(MODIFIED CASH BASIS) - BUDGET AND ACTUAL – FOOT PATH & BIKE TRAILS FUND
YEAR ENDED JUNE 30, 2014**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Intergovernmental	\$ 3,827	3,827	\$ 3,845	18
Miscellaneous	110	110	125	15
<i>Total Receipts</i>	<u>3,937</u>	<u>3,937</u>	<u>3,970</u>	<u>33</u>
EXPENDITURES				
Materials and services	3,750	3,750	-	3,750
Capital outlay	-	-	-	-
Contingency	21,077	21,077	-	21,077
<i>Total Disbursements</i>	<u>24,827</u>	<u>24,827</u>	<u>-</u>	<u>24,827</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(20,890)</u>	<u>(20,890)</u>	<u>3,970</u>	<u>24,860</u>
NET CHANGE IN FUND BALANCE	<u>(20,890)</u>	<u>(20,890)</u>	<u>3,970</u>	<u>24,860</u>
FUND BALANCE, Beginning of year	<u>20,890</u>	<u>20,890</u>	<u>21,135</u>	<u>245</u>
FUND BALANCE, End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,105</u>	<u>\$ 25,105</u>

CITY OF SCAPPOOSE, OREGON**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES****(MODIFIED CASH BASIS) - BUDGET AND ACTUAL - PARKS SDC FUND****YEAR ENDED JUNE 30, 2014**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses and permits	\$ 21,842	21,842	\$ 73,626	51,784
Miscellaneous	160	160	191	31
<i>Total Receipts</i>	22,002	22,002	73,817	51,815
EXPENDITURES				
Debt service	34,825	34,825	34,825	-
Contingency	340	340	-	340
<i>Total Disbursements</i>	35,165	35,165	34,825	340
REVENUES OVER (UNDER) EXPENDITURES	(13,163)	(13,163)	38,992	52,155
OTHER FINANCING SOURCES (USES)				
Transfers out	(1,092)	(1,092)	(1,092)	-
<i>Total Other Financing Sources (Uses)</i>	(1,092)	(1,092)	(1,092)	-
NET CHANGE IN FUND BALANCE	(14,255)	(14,255)	37,900	52,155
FUND BALANCE, Beginning of year	14,255	14,255	8,933	(5,322)
FUND BALANCE, End of year	\$ -	\$ -	\$ 46,833	\$ 46,833

CITY OF SCAPPOOSE, OREGON
COMBINING STATEMENT OF NET POSITION (MODIFIED CASH BASIS) -
NONMAJOR PROPRIETARY FUNDS
JUNE 30, 2014

	<u>Storm Drain</u>	<u>Storm Drain SDC</u>	<u>Water SDC</u>	<u>Airpark Water Line</u>	<u>G.O. Water-Sewer</u>	<u>Totals</u>
ASSETS						
Cash and cash equivalents	\$ 6,461	194,193	124,604	91,361	51,473	\$ 468,092
LIABILITIES	-	-	-	-	-	-
NET POSITION:						
Restricted	6,461	194,193	124,604	91,361	51,473	468,092
<i>Total net position</i>	<u>\$ 6,461</u>	<u>\$ 194,193</u>	<u>\$ 124,604</u>	<u>\$ 91,361</u>	<u>\$ 51,473</u>	<u>\$ 468,092</u>

CITY OF SCAPPOOSE, OREGON
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
(MODIFIED CASH BASIS) - NONMAJOR PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2014

	<u>Storm Drain</u>	<u>Storm Drain SDC</u>	<u>Water SDC</u>	<u>Airpark Water Line</u>	<u>G.O. Water-Sewer</u>	<u>Totals</u>
OPERATING REVENUES						
Taxes and assessments	\$ -	\$ -	\$ -	\$ -	\$ 37,427	\$ 37,427
Licenses and permits	-	22,265	176,708	-	-	198,973
Intergovernmental	-	-	-	72,492	-	72,492
Miscellaneous	36	1,023	473	512	287	2,331
<i>Total Operating Revenues</i>	<u>36</u>	<u>23,288</u>	<u>177,181</u>	<u>73,004</u>	<u>37,714</u>	<u>311,223</u>
NON OPERATING REVENUES (EXPENSES)						
Debt proceeds	-	-	-	-	-	-
Debt service						
Principal	-	-	187,366	97,546	35,728	320,640
Interest	-	-	89,932	25,317	15,108	130,357
<i>Total Non Operating Revenue (Expenses)</i>	<u>-</u>	<u>-</u>	<u>277,298</u>	<u>122,863</u>	<u>50,836</u>	<u>450,997</u>
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS						
Transfers in	-	-	169,281	25,371	-	194,652
Transfers out	-	(329)	(28,101)	-	-	(28,430)
CHANGE IN NET POSITION	<u>36</u>	<u>22,959</u>	<u>41,063</u>	<u>(24,488)</u>	<u>(13,122)</u>	<u>26,448</u>
NET POSITION, Beginning of the year	<u>6,425</u>	<u>171,234</u>	<u>83,541</u>	<u>115,849</u>	<u>64,595</u>	<u>441,644</u>
NET POSITION, End of the year	<u>\$ 6,461</u>	<u>\$ 194,193</u>	<u>\$ 124,604</u>	<u>\$ 91,361</u>	<u>\$ 51,473</u>	<u>\$ 468,092</u>

CITY OF SCAPPOOSE, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
(MODIFIED CASH BASIS) - BUDGET AND ACTUAL – STORM DRAINAGE FUND
YEAR ENDED JUNE 30, 2014

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Charges for services	\$		\$	
Miscellaneous	40	40	36	(4)
<i>Total Receipts</i>	40	40	36	(4)
EXPENDITURES				
Materials and services	6,100	6,100	-	6,100
Contingency	368	368	-	368
<i>Total Disbursements</i>	6,468	6,468	-	6,468
REVENUES OVER (UNDER)				
EXPENDITURES	(6,428)	(6,428)	36	6,464
NET CHANGE IN FUND BALANCE	(6,428)	(6,428)	36	6,464
FUND BALANCE,				
<i>Beginning of year</i>	6,428	6,428	6,425	(3)
FUND BALANCE,				
<i>End of year</i>	\$ -	\$ -	\$ 6,461	\$ 6,461

CITY OF SCAPPOOSE, OREGON**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
(MODIFIED CASH BASIS) - BUDGET AND ACTUAL – STORM DRAINAGE SDC FUND
YEAR ENDED JUNE 30, 2014**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses and permits	\$ 6,586	6,586	\$ 22,265	15,679
Miscellaneous	1,035	1,035	1,023	(12)
<i>Total Receipts</i>	7,621	7,621	23,288	15,667
EXPENDITURES				
Capital outlay	-	-	-	-
Contingency	180,153	180,153	-	180,153
<i>Total Disbursements</i>	180,153	180,153	-	180,153
REVENUES OVER (UNDER) EXPENDITURES	(172,532)	(172,532)	23,288	195,820
OTHER FINANCING SOURCES (USES)				
Transfers out	(329)	(329)	(329)	-
<i>Total Other Financing Sources (Uses)</i>	(329)	(329)	(329)	-
NET CHANGE IN FUND BALANCE	(172,861)	(172,861)	22,959	195,820
FUND BALANCE, Beginning of year	172,861	172,861	171,234	(1,627)
FUND BALANCE, End of year	\$ -	\$ -	\$ 194,193	\$ 194,193

CITY OF SCAPPOOSE, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

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

YEAR ENDED JUNE 30, 2014

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses and permits	\$ 54,591	54,591	\$ 176,708	122,117
Miscellaneous	330	330	473	143
	<u>54,921</u>	<u>54,921</u>	<u>177,181</u>	<u>122,260</u>
<i>Total Receipts</i>				
EXPENDITURES				
Capital outlay	-	-	-	-
Debt service	277,298	277,298	277,298	-
Contingency	11,502	11,502	-	11,502
	<u>288,800</u>	<u>288,800</u>	<u>277,298</u>	<u>11,502</u>
<i>Total Disbursements</i>				
REVENUES OVER (UNDER) EXPENDITURES	(233,879)	(233,879)	(100,117)	133,762
OTHER FINANCING SOURCES (USES)				
Transfers in	169,281	169,281	169,281	-
Transfers out	(28,101)	(28,101)	(28,101)	-
	<u>141,180</u>	<u>141,180</u>	<u>141,180</u>	<u>-</u>
<i>Total Other Financing Sources (Uses)</i>				
NET CHANGE IN FUND BALANCE	(92,699)	(92,699)	41,063	133,762
FUND BALANCE, Beginning of year	92,699	92,699	83,541	(9,158)
FUND BALANCE, End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 124,604</u>	<u>\$ 124,604</u>

CITY OF SCAPPOOSE, OREGON**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
(MODIFIED CASH BASIS) - BUDGET AND ACTUAL – AIRPARK WATER LINE FUND
YEAR ENDED JUNE 30, 2014**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Intergovernmental	\$ 72,492	72,492	\$ 72,492	-
Miscellaneous	701	701	512	(189)
<i>Total Receipts</i>	73,193	73,193	73,004	(189)
EXPENDITURES				
Debt service	122,863	122,863	122,863	-
Contingency	91,591	91,591	-	91,591
<i>Total Disbursements</i>	214,454	214,454	122,863	91,591
REVENUES OVER (UNDER) EXPENDITURES	(141,261)	(141,261)	(49,859)	91,402
OTHER FINANCING SOURCES (USES)				
Transfers in	25,371	25,371	25,371	-
<i>Total Other Financing Sources (Uses)</i>	25,371	25,371	25,371	-
NET CHANGE IN FUND BALANCE	(115,890)	(115,890)	(24,488)	91,402
FUND BALANCE, Beginning of year	115,890	115,890	115,849	(41)
FUND BALANCE, End of year	\$ -	\$ -	\$ 91,361	\$ 91,361

CITY OF SCAPPOOSE, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

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

YEAR ENDED JUNE 30, 2014

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Taxes and assessments	\$ 33,000	33,000	\$ 37,427	4,427
Miscellaneous	351	351	287	(64)
<i>Total Receipts</i>	33,351	33,351	37,714	4,363
EXPENDITURES				
Debt service	50,837	50,837	50,836	1
<i>Total Disbursements</i>	50,837	50,837	50,836	1
REVENUES OVER (UNDER) EXPENDITURES	(17,486)	(17,486)	(13,122)	4,364
OTHER FINANCING SOURCES (USES)				
NET CHANGE IN FUND BALANCE	(17,486)	(17,486)	(13,122)	4,364
FUND BALANCE, Beginning of year	68,323	68,323	64,595	(3,728)
FUND BALANCE, End of year	\$ 50,837	\$ 50,837	\$ 51,473	636

CITY OF SCAPPOOSE, OREGON**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
(MODIFIED CASH BASIS) - BUDGET AND ACTUAL - WATER FUND
YEAR ENDED JUNE 30, 2014**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses and permits	\$ 720	720	\$ 2,427	1,707
Charges for services	1,228,663	1,228,663	1,330,086	101,423
Miscellaneous	444,800	444,800	29,427	(415,373)
<i>Total Receipts</i>	1,674,183	1,674,183	1,361,940	(312,243)
EXPENDITURES				
Personal services	629,593	629,593	558,463	71,130
Materials and services	341,379	341,379	268,945	72,434
Capital outlay	600,000	600,000	22,120	577,880
Debt service	81,439	81,439	81,439	-
Contingency	164,897	164,897	-	164,897
<i>Total Disbursements</i>	1,817,308	1,817,308	930,967	886,341
REVENUES OVER (UNDER) EXPENDITURES	(143,125)	(143,125)	430,973	574,098
OTHER FINANCING SOURCES (USES)				
Transfers out	(212,487)	(212,487)	(212,297)	-
<i>Total Other Financing Sources (Uses)</i>	(212,297)	(212,297)	(212,297)	-
NET CHANGE IN FUND BALANCE	(355,422)	(355,422)	218,676	574,098
FUND BALANCE, Beginning of year	355,422	355,422	393,316	37,894
FUND BALANCE, End of year	\$ -	\$ -	\$ 611,992	\$ 611,992

CITY OF SCAPPOOSE, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
(MODIFIED CASH BASIS) - BUDGET AND ACTUAL – WASTE WATER FUND
YEAR ENDED JUNE 30, 2014

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Charges for services	\$ 1,050,900	1,050,900	1,047,046	(3,854)
Miscellaneous	33,900	33,900	4,658	(29,242)
<i>Total Receipts</i>	1,084,800	1,084,800	1,051,704	(33,096)
EXPENDITURES				
Personal services	639,616	639,616	561,814	77,802
Materials and services	433,744	433,744	372,059	61,685
Capital outlay	978,500	969,957	393,121	576,836
Debt service	25,647	34,190	34,100	90
Contingency	186,941	186,941	-	186,941
<i>Total Disbursements</i>	2,264,448	2,264,448	1,361,094	903,354
REVENUES OVER (UNDER) EXPENDITURES	(1,179,648)	(1,179,648)	(309,390)	870,258
OTHER FINANCING SOURCES (USES)				
Loan Proceeds	700,000	700,000	700,000	
Transfers out	(56,433)	(56,433)	(56,433)	-
<i>Total Other Financing Sources (Uses)</i>	643,567	643,567	643,567	-
NET CHANGE IN FUND BALANCE	(536,081)	(536,081)	334,177	870,258
FUND BALANCE, Beginning of year	536,081	536,081	622,487	86,406
FUND BALANCE, End of year	\$ -	\$ -	\$ 956,664	\$ 956,664

CITY OF SCAPPOOSE, OREGON**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
(MODIFIED CASH BASIS) - BUDGET AND ACTUAL – WASTE WATER SDC FUND
YEAR ENDED JUNE 30, 2014**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses and permits	\$ 28,850	28,850	\$ 90,992	62,142
Miscellaneous	3,000	3,000	2,786	(214)
<i>Total Receipts</i>	31,850	31,850	93,778	61,928
EXPENDITURES				
Capital outlay	250,000	250,000	43,660	206,340
Contingency	244,241	244,241	-	244,241
<i>Total Disbursements</i>	494,241	494,241	43,660	450,581
REVENUES OVER (UNDER) EXPENDITURES	(462,391)	(462,391)	50,118	512,509
OTHER FINANCING SOURCES (USES)				
Transfers out	(1,443)	(1,443)	(1,443)	-
<i>Total Other Financing Sources (Uses)</i>	(1,443)	(1,443)	(1,443)	-
NET CHANGE IN FUND BALANCE	(463,834)	(463,834)	48,675	512,509
FUND BALANCE, Beginning of year	463,834	463,834	460,587	(3,247)
FUND BALANCE, End of year	\$ -	\$ -	\$ 509,262	\$ 509,262

OTHER SCHEDULES

CITY OF SCAPPOOSE, OREGON
SCHEDULE OF PROPERTY TAX TRANSACTIONS
YEAR ENDED JUNE 30, 2014

Schedule of Property Tax Transactions

<i>Tax Year</i>	<i>Uncollected Balances July 1, 2013</i>	<i>2013-2014 Levy</i>	<i>Interest, Discounts & Adjustments</i>	<i>Turnovers</i>	<i>Uncollected Balances June 30, 2014</i>
2013-2014	\$ -	\$ 1,674,786	\$ (55,838)	\$ (1,555,441)	\$ 63,508
2012-2013	110,409	-	(31,750)	(41,827)	36,832
2011-2012	50,202	-	(9,068)	(20,055)	21,079
20010-2011	33,647	-	(465)	(21,807)	11,375
2009-2010	135,349	-	(115,754)	(15,499)	4,096
2008-2009	27,556	-	(23,760)	(1,995)	1,801
2007-2008	3,097	-	(654)	(1,564)	879
2006-2007	2,725	-	(2,105)	(204)	416
Prior Years	4,471	-	(2,416)	(626)	1,428
Total	\$ 367,456	\$ 1,674,786	\$ (241,810)	\$ (1,659,019)	\$ 141,413

CITY OF SCAPPOOSE, OREGON
SCHEDULE OF LONG-TERM DEBT TRANSACTIONS
YEAR ENDED JUNE 30, 2014

	<i>Interest Rates</i>	<i>Date of Issue</i>	<i>Fiscal Year of Maturity</i>	<i>Outstanding July 1, 2013</i>	<i>Issued</i>	<i>Redeemed/Refinanced</i>	<i>Paid</i>	<i>Outstanding June 30, 2014</i>
PRINCIPAL TRANSACTIONS								
General Obligations								
US Bank-Refinanced	3.75%	2010	2014	798,680		748,337	50,343	-
Crown Zellerbach	4%	2002	2019	271,786	-		45,342	226,444
US Bank	2.38%	2014	2022		764,897			764,897
Enterprise Obligations								
Airpark Notes Payable	5.33%	1998	2017	216,788	-		48,472	168,316
Airpark Notes Payable	6.00%	1997	2017	108,021	-		24,693	83,328
Airpark Notes Payable	4.74%	1998	2018	139,184	-		24,381	114,803
Water GO Bonds	5.00%	1979	2020	268,079	-		35,728	232,351
SPWF Wastewater Bonds	6.00%	1993	2013	7,552	-		7,552	-
Safe Drinking Water Revolving	0.00%	2010	2031	1,011,699	-		44,208	967,491
WTP phase I & 2 notes	4.40%	2002	2028	1,289,595	-		60,672	1,228,923
Safe Drinking Water notes	1.00%	2004	2034	3,110,741	-		126,694	2,984,047
Wastewater DEQ Loan	0.00%	2011	2031	308,725			17,642	291,083
Wastewater US Bank Loan	0.00%	2014	2020	-	700,000	-	-	700,000
				<u>\$ 7,530,850</u>	<u>\$ 1,464,897</u>	<u>\$ 748,337</u>	<u>\$ 485,727</u>	<u>\$ 7,761,683</u>

CITY OF SCAPPOOSE, OREGON
SCHEDULE OF LONG-TERM DEBT TRANSACTIONS
YEAR ENDED JUNE 30, 2014

	<i>Interest Rates</i>	<i>Date of Issue</i>	<i>Unmatured Interest July 1, 2013</i>	<i>New Issues</i>	<i>Redeemed/ Refinanced</i>	<i>Interest Paid</i>	<i>Unmatured Interest June 30, 2014</i>
INTEREST TRANSACTIONS							
General Obligations							
US Bank-Refinanced	3.75%	2010	50,027		24,532	25,495	-
Crown Zellerbach	4%	2002	36,529	-	-	10,871	25,658
US Bank	2.38%	2014	-	77,369	-	-	77,369
Enterprise Obligations							
Airpark Notes Payable	5.33%	1998	30,771	-	-	11,924	18,847
Airpark Notes Payable	6.00%	1997	16,675	-	-	6,481	10,194
Airpark Notes Payable	4.74%	1998	21,678	-	-	6,912	14,766
Water GO Bonds	5.00%	1979	67,397	-	-	15,108	52,289
SPWF Wastewater Bonds	6.00%	1993	453	-	-	453	-
Safe Drinking Water Revolving	0.00%	2010	365,173	-	-	37,231	327,942
WTP phase I & 2 notes	4.40%	2002	532,997	-	-	58,825	474,172
Safe Drinking Water notes	1.00%	2004	371,332	-	-	31,107	340,225
Wastewater DEQ Loan	0.00%	2011	-	-	-	-	-
Wastewater US Bank Loan	2.47%	2014	-	68,968	-	8,453	60,515
			<u>\$ 1,493,032</u>	<u>\$ 146,337</u>	<u>\$ 24,532</u>	<u>212,860</u>	<u>1,401,977</u>

CITY OF SCAPPOOSE
SCHEDULE OF FUTURE DEBT REQUIREMENTS - GOVERNMENT-WIDE
JUNE 30, 2014

Fiscal Year Ending June 30,	Crown Zellerbach			US Bank Loan			Total Governmental		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2015	47,155	9,058	56,213	95,612	17,636	113,248	142,767	26,694	169,461
2016	49,041	7,172	56,213	95,612	15,360	110,972	144,653	22,532	167,185
2017	51,003	5,210	56,213	95,612	13,085	108,697	146,615	18,295	164,910
2018	53,043	3,170	56,213	95,612	10,809	106,421	148,655	13,979	162,634
2019	26,202	1,048	27,250	95,612	8,533	104,145	121,814	9,581	131,395
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	1,707	97,320	95,613	1,707	97,320
			-				-	-	-
			-				-	-	-
	\$ 226,444	\$ 25,658	\$ 252,102	\$ 764,897	\$ 77,369	\$ 842,266	\$ 991,341	\$ 103,027	\$ 1,094,368

CITY OF SCAPPOOSE, OREGON
SCHEDULE OF FUTURE DEBT BY ISSUE BUSINESS-TYPE
JUNE 30, 2014

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
2015	37,433	13,404	50,837	66,088	56,459	122,547	127,961	29,840	157,802
2016	39,219	11,618	50,837	66,532	53,815	120,347	129,241	28,561	157,802
2017	41,091	9,746	50,837	72,005	51,087	123,092	130,533	27,268	157,802
2018	43,052	7,785	50,837	72,515	48,027	120,542	131,838	25,963	157,802
2019	45,107	5,730	50,837	78,063	44,854	122,917	133,157	24,645	157,802
2020	26,449	4,005	30,454	78,650	41,342	119,992	134,488	23,313	157,802
2021	-	-	-	84,278	37,724	122,002	135,833	21,968	157,802
2022	-	-	-	89,949	33,763	123,712	137,192	20,610	157,802
2023	-	-	-	90,659	29,490	120,149	138,563	19,238	157,802
2024	-	-	-	96,403	25,184	121,587	139,949	17,852	157,802
2025	-	-	-	102,182	20,605	122,787	141,349	16,453	157,802
2026	-	-	-	107,998	15,751	123,749	142,762	15,039	157,802
2027	-	-	-	108,853	10,621	119,474	144,190	13,612	157,802
2028	-	-	-	114,748	5,450	120,198	145,632	12,170	157,802
2029	-	-	-	-	-	-	147,088	10,714	157,802
2030	-	-	-	-	-	-	148,559	9,243	157,802
2031	-	-	-	-	-	-	150,044	7,757	157,802
2032	-	-	-	-	-	-	151,545	6,257	157,802
2033	-	-	-	-	-	-	153,060	4,741	157,802
2034	-	-	-	-	-	-	154,591	3,211	157,802
2035	-	-	-	-	-	-	156,137	1,665	157,802
2036	-	-	-	-	-	-	10,336	104	10,440
2037	-	-	-	-	-	-	-	-	-
2038	-	-	-	-	-	-	-	-	-
2039	-	-	-	-	-	-	-	-	-
2040	-	-	-	-	-	-	-	-	-
2041	-	-	-	-	-	-	-	-	-
	<u>232,351</u>	<u>52,288</u>	<u>284,639</u>	<u>1,228,923</u>	<u>474,172</u>	<u>1,703,095</u>	<u>2,984,047</u>	<u>340,224</u>	<u>3,324,272</u>

CITY OF SCAPPOOSE, OREGON
SCHEDULE OF FUTURE DEBT BY ISSUE BUSINESS-TYPE
JUNE 30, 2014

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
	2015	53,938	9,258	63,196	26,174	5,000	31,174	24,597	5,718
2016	54,429	6,291	60,720	27,745	3,429	31,174	29,823	4,512	34,335
2017	59,949	3,298	63,247	29,409	1,765	31,174	30,065	3,020	33,085
2018	-	-	-	-	-	-	30,318	1,516	31,834
2019	-	-	-	-	-	-	-	-	-
2020	-	-	-	-	-	-	-	-	-
2021	-	-	-	-	-	-	-	-	-
2022	-	-	-	-	-	-	-	-	-
2023	-	-	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-	-	-
2025	-	-	-	-	-	-	-	-	-
2026	-	-	-	-	-	-	-	-	-
2027	-	-	-	-	-	-	-	-	-
2028	-	-	-	-	-	-	-	-	-
2029	-	-	-	-	-	-	-	-	-
2030	-	-	-	-	-	-	-	-	-
2031	-	-	-	-	-	-	-	-	-
2032	-	-	-	-	-	-	-	-	-
2033	-	-	-	-	-	-	-	-	-
2034	-	-	-	-	-	-	-	-	-
2035	-	-	-	-	-	-	-	-	-
2036	-	-	-	-	-	-	-	-	-
2037	-	-	-	-	-	-	-	-	-
2038	-	-	-	-	-	-	-	-	-
2039	-	-	-	-	-	-	-	-	-
2040	-	-	-	-	-	-	-	-	-
2041	-	-	-	-	-	-	-	-	-
	<u>168,316</u>	<u>18,847</u>	<u>187,163</u>	<u>83,328</u>	<u>10,194</u>	<u>93,522</u>	<u>114,803</u>	<u>14,766</u>	<u>129,569</u>

CITY OF SCAPPOOSE, OREGON
SCHEDULE OF FUTURE DEBT BY ISSUE BUSINESS-TYPE
JUNE 30, 2014

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
2015	45,835	35,604	81,439	17,642	-	17,642	100,000	16,055	116,055	499,668	171,338	671,007
2016	47,522	33,917	81,439	17,642	-	17,642	100,000	13,585	113,585	512,153	155,728	667,881
2017	49,271	32,168	81,439	17,642	-	17,642	100,000	11,115	111,115	529,965	139,467	669,433
2018	51,084	30,355	81,439	17,642	-	17,642	100,000	8,645	108,645	446,449	122,291	568,741
2019	52,964	28,475	81,439	17,642	-	17,642	100,000	6,175	106,175	426,933	109,879	536,812
2020	54,913	26,526	81,439	17,642	-	17,642	100,000	3,705	103,705	412,142	98,891	511,034
2021	56,934	24,505	81,439	17,642	-	17,642	100,000	1,235	101,235	394,687	85,432	480,120
2022	59,029	22,410	81,439	17,642	-	17,642	-	-	-	303,812	76,783	380,595
2023	61,201	20,238	81,439	17,642	-	17,642	-	-	-	308,065	68,966	377,032
2024	63,453	17,986	81,439	17,642	-	17,642	-	-	-	317,447	61,022	378,470
2025	65,788	15,651	81,439	17,642	-	17,642	-	-	-	326,961	52,709	379,670
2026	68,209	13,230	81,439	17,642	-	17,642	-	-	-	336,611	44,020	380,632
2027	70,719	10,719	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	-	-	-	237,428	11,864	249,292
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	104	10,440
2037	-	-	-	-	-	-	-	-	-	-	-	-
2038	-	-	-	-	-	-	-	-	-	-	-	-
2039	-	-	-	-	-	-	-	-	-	-	-	-
2040	-	-	-	-	-	-	-	-	-	-	-	-
2041	-	-	-	-	-	-	-	-	-	-	-	-
	967,491	327,941	1,295,432	291,083	-	291,083	700,000	60,515	760,515	6,770,342	1,298,947	8,069,290

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, 2014, and have issued my report thereon dated November 13, 2014.

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, except as follows:

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.

A handwritten signature in black ink, appearing to read "Dennis R. Conner". The signature is written in a cursive, flowing style.

Dennis R. Conner, CPA

November 13, 2014