

CITY OF SCAPPOOSE  
COLUMBIA COUNTY, OREGON

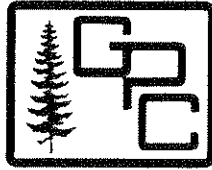
ANNUAL FINANCIAL REPORT

For the year ended June 30, 2008



GREGOR PROFESSIONAL  
C O R P O R A T I O N

450 COUNTRY CLUB ROAD  
SUITE 155  
EUGENE, OREGON 97401-6078



GREGOR PROFESSIONAL  
CORPORATION

Telephone (541) 686-8777  
Facsimile (541) 686-8779  
E-mail: gpcppa@gregorpc.com  
john@gregorpc.com  
becky@gregorpc.com  
chunil@gregorpc.com  
wmb@gregorpc.com  
billt@gregorpc.com  
lingjin@gregorpc.com  
chelsea@gregorpc.com

## Communication with Those Charged with Governance under SAS No. 114

Honorable Mayor and City Council  
City of Scappoose  
33568 E Columbia Ave.  
Scappoose, OR 97056

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Scappoose (the City) for the year ended June 30, 2008, and have issued our report thereon dated January 19, 2009. Professional standards require that we provide you with the following information related to our audit.

### Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated February 18, 2008, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

### Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you about planning matters on June 2, 2008.

### Significant Audit Findings

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year ended June 30, 2008. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no significant accounting estimates noted in the financial statements.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no sensitive disclosures affecting the financial statements noted.

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

*Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated January 19, 2009.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

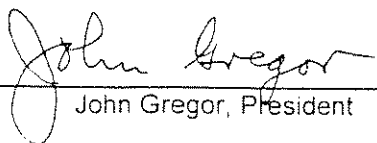
*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Council and management of the City of Scappoose and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely yours,

GREGOR PROFESSIONAL CORPORATION  
Certified Public Accountants

By  \_\_\_\_\_  
John Gregor, President

Eugene, Oregon  
January 19, 2009



450 COUNTRY CLUB ROAD  
SUITE 155  
EUGENE, OREGON 97401-6078

GREGOR PROFESSIONAL  
C O R P O R A T I O N

Telephone (541) 686-8777  
Facsimile (541) 686-8779  
E-mail: gpccpa@gregorpc.com  
john@gregorpc.com  
becky@gregorpc.com  
chunil@gregorpc.com  
wmb@gregorpc.com  
billt@gregorpc.com  
linglin@gregorpc.com  
chelsea@gregorpc.com

**COMMUNICATION OF INTERNAL CONTROL RELATED MATTERS  
IDENTIFIED IN AN AUDIT IN ACCORDANCE WITH SAS 112**

Honorable Mayor and City Council  
City of Scappoose  
33568 E Columbia Avenue  
Scappoose, OR 97056

In planning and performing our audit of the basic financial statements of the City of Scappoose, for the year ended June 30, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered the City's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as described above. However, we identified the following deficiency in internal control that we consider to be a significant deficiency:

- Oversight of Financial Reporting Process: Management is responsible for establishing and maintaining internal controls and for the fair presentation of the financial position, results of operations, cash flows and disclosures in the financial statements, in conformity with U.S. generally accepted accounting principles (GAAP). The City does not have a system of internal controls that would enable management to conclude the financial statements and related disclosures are complete and presented in accordance with GAAP. As such, management requested us to prepare a draft of the financial statements, including related footnote disclosures. The outsourcing of these services is not unusual in cities of your size and is a result

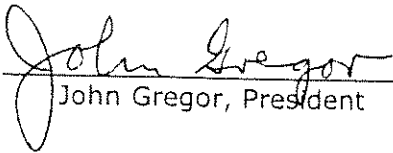
Honorable Mayor and City Council  
City of Scappoose  
Page 2 of 2

of management's cost benefit decision to rely on our accounting expertise rather than incurring this internal resource cost.

We greatly appreciate the cooperation and courtesy extended to us by the City officials and employees during the audit.

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

GREGOR PROFESSIONAL CORPORATION  
Certified Public Accountants

By:   
John Gregor, President

Eugene, Oregon  
January 19, 2009

**CITY OF SCAPPOOSE  
COLUMBIA COUNTY, OREGON  
June 30, 2008**

**MAYOR AND COUNCIL**

| <u>Name/Address</u>  | <u>Position</u>   | <u>Term Expires</u> |
|--|-------------------|---------------------|
| Scott Burge<br>33470 Chinook Plaza, #272<br>Scappoose, Oregon 97056                | Mayor             | December 31, 2008   |
| Judie Ingham<br>51836 SE 6 <sup>th</sup> Street<br>Scappoose, Oregon 97056         | Council President | December 31, 2010   |
| Donna Gedlich<br>51918 SE 5 <sup>th</sup> , P O Box 218<br>Scappoose, Oregon 97056 | Councilor         | December 31, 2008   |
| Art Heerwagen<br>32856 NW Sunset Drive<br>Scappoose, Oregon 97056                  | Councilor         | December 31, 2010   |
| Jeff Bernhard<br>33115 NW Onna Way<br>Scappoose, Oregon 97056                      | Councilor         | December 31, 2008   |
| Charles Judd<br>32937 SW Keys Crest Drive<br>Scappoose, Oregon 97056               | Councilor         | December 31, 2008   |
| Larry Meres<br>51704 SE 4 <sup>th</sup> Street<br>Scappoose, Oregon 97056          | Councilor         | December 31, 2010   |

**ADMINISTRATION**

| <u>Name</u>      | <u>Position</u>                 | <u>Date Appointed</u> |
|------------------|---------------------------------|-----------------------|
| Jon Hanken       | City Manager                    | November 1, 2003      |
| Jill Herr        | Finance Administrator           | July 28, 2002         |
| Susan Reeves     | City Recorder/ Budget Secretary | July 28, 2002         |
| Doug Greisen     | Police Chief                    | September 18, 2000    |
| E. Andrew Jordan | City Attorney                   | June 1, 1990          |

**MAILING ADDRESS**

CITY OF SCAPPOOSE  
33568 E Columbia Avenue  
SCAPPOOSE, OR 97056  
TEL: (503) 543-7146 / FAX: (503) 543-7182

**CITY OF SCAPPOOSE  
COLUMBIA COUNTY, OREGON  
ANNUAL FINANCIAL REPORT  
For the year ended June 30, 2008**

**TABLE OF CONTENTS**

|  | <u>Page</u> |
|--|-------------|
| <b>REPORT OF THE INDEPENDENT AUDITORS</b>  |             |
| <b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b>  |             |
| <b>BASIC FINANCIAL STATEMENTS:</b>   |             |
| <b>Government-wide Financial Statements:</b>   |             |
| Statement of Net Assets .....  | 1           |
| Statement of Activities .....  | 2           |
| <b>Fund Financial Statements:</b>  |             |
| Balance Sheet (Governmental Funds) .....   | 3           |
| Statement of Revenues, Expenditures, and Changes in Fund Balances<br>(Governmental Funds) .....              | 4           |
| Statement of Net Assets (Proprietary Funds) .....  | 5           |
| Statement of Revenues, Expenses, and Changes in Fund Net Assets<br>(Proprietary Funds) .....                 | 6           |
| Statement of Cash Flows (Proprietary Funds) .....  | 7           |
| <b>Notes to the Basic Financial Statements</b> .....   | 8-25        |
| <b>REQUIRED SUPPLEMENTARY INFORMATION:</b>   |             |
| Statement of Revenues, Expenditures, and Changes in Fund Balances -<br>Budget and Actual                     |             |
| - General Fund .....   | 26          |
| - Building Fund .....  | 27          |
| - State Street Tax Fund .....  | 28          |
| - Street SDC Fund .....  | 29          |
| - Parks SDC Fund .....   | 30          |
| <b>OTHER SCHEDULES AND SUPPLEMENTARY INFORMATION:</b>  |             |
| Combining Balance Sheet (Nonmajor Governmental Funds) .....  | 31-32       |
| Combining Statement of Revenues, Expenditures Changes in Fund<br>Balance (Nonmajor Governmental Funds) ..... | 33-34       |
| Schedule of Expenditures-Budget and Actual-  |             |
| - General Fund .....   | 35-37       |
| Statement of Revenues, Expenditures, and Changes in Fund Balance -<br>Budget and Actual                      |             |
| - Parks & Recreation Reserve Fund .....  | 38          |
| - Foot Paths and Bicycle Trails Fund .....   | 39          |
| - Havlik Highway 30 Fund .....   | 40          |
| - Unemployment Insurance Fund .....  | 41          |
| - Municipal Park Fund .....  | 42          |
| - Municipal Skate Park Fund .....  | 43          |
| - Storm Drain SDC Fund .....   | 44          |
| - Scappoose Station Pavilion Fund .....  | 45          |
| - Peg Fee Fund .....   | 46          |
| - Watts House Fund .....   | 47          |
| - Law Enforcement Assessment Fund .....  | 48          |
| - Water/Sewer GO Bond Fund .....   | 49          |

**CITY OF SCAPPOOSE  
COLUMBIA COUNTY, OREGON  
ANNUAL FINANCIAL REPORT**

**For the year ended June 30, 2008**

**TABLE OF CONTENTS (Cont'd)**

**OTHER SCHEDULES AND SUPPLEMENTARY INFORMATION (Cont'd):**

|   |       |
|---|-------|
| Statement of Revenues, Expenses and Changes in Fund Net Assets -<br>Budget and Actual |       |
| - Water Fund .....  | 50-51 |
| - Water SDC Expansion Reserve Fund .....  | 52    |
| - Airpark Water Improvement Fund .....  | 53    |
| - Dutch Canyon Water Line Replacement Fund .....                                      | 54    |
| - Sewer Fund .....  | 55-56 |
| - Sewer SDC Expansion Reserve Fund .....  | 57    |
| Schedule of Property Tax Transactions .....   | 58    |

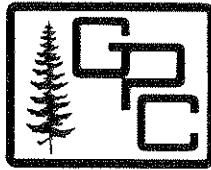
**STATE OF OREGON COMPLIANCE SECTION:**

|   |       |
|---|-------|
| COMMENTS OF THE INDEPENDENT ACCOUNTANTS REQUIRED BY THE<br>STATE OF OREGON MINIMUM STANDARDS FOR AUDITS OF OREGON<br>MUNICIPAL CORPORATIONS ..... | 59-60 |
|---|-------|



*REPORT OF THE INDEPENDENT AUDITORS*

450 COUNTRY CLUB ROAD  
SUITE 155  
EUGENE, OREGON 97401-6078



GREGOR PROFESSIONAL  
CORPORATION

Telephone (541) 686-8777  
Facsimile (541) 686-8779  
E-mail: gpccpa@gregorpc.com  
john@gregorpc.com  
becky@gregorpc.com  
chunil@gregorpc.com  
wmb@gregorpc.com  
billt@gregorpc.com  
linglin@gregorpc.com  
chelsea@gregorpc.com

## REPORT OF THE INDEPENDENT AUDITORS

Honorable Mayor and City Council  
City of Scappoose  
33568 E Columbia Avenue  
Scappoose, Oregon 97056

We have audited the accompanying basic financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Scappoose (the City), Oregon, as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the City. Our responsibility is to express an opinion on these financial statements based on our audit.

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

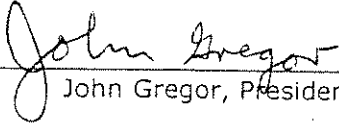
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2008 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages 26-30 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures to the management's discussion and analysis, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Honorable Mayor and City Council  
City of Scappoose  
Page 2 of 2

Our audit was made for the purpose of forming opinions on the collectively comprised basic financial statements of the City. The other supplementary information is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Those statements and information have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

GREGOR PROFESSIONAL CORPORATION  
Certified Public Accountants

By  \_\_\_\_\_  
John Gregor, President

Eugene, Oregon  
January 19, 2009

*MANAGEMENT'S DISCUSSION AND ANALYSIS*

## City of Scappoose Management's Discussion and Analysis

The management of the City of Scappoose, Oregon presents this narrative overview and analysis to facilitate both a short and a long-term analysis of the financial activities of the City for the fiscal year ended June 30, 2008. This Management's Discussion and Analysis (MD&A) is based on currently known facts, decisions, and conditions that existed as of the date of the independent auditor's report. Please read it in conjunction with the City's financial statements, which follow this section. In future years, comparative analysis will be provided as the information becomes available.

### Financial Highlights

The City's Total Assets at June 30, 2008 are \$ 56,704,747.

The City's Total Liabilities at June 30, 2008 are \$9,272,830.

The net assets of the City (assets minus liabilities) at June 30, 2008 are \$47,431,917. This represents a decrease of \$128,342. Net assets for the City at the beginning of the fiscal year were \$46,366,134.

### Overview of the Financial Statements

The following discussion and analysis is intended to serve as an introduction to the City's basic financial statements and other required supplementary information. The City's basic financial statements are comprised of three components:

1. Government-wide Financial Statements
2. Fund Financial Statements
3. Notes to the basic financial statements

The information that is utilized in this section is provided in the *annual financial report*, audited by independent auditors.

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

The **Statement of Net Assets** presents information all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The **Statement of Activities** presents information showing how the City's net assets changed during the most recent fiscal year. All charges in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes, accounts receivable, grants receivable, deferred revenue, accounts payable, and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (**governmental activities**) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (**business-type activities**).

The governmental activities of the City include the following:

- General Government
- Community Development
- Public Safety
- Public Works

The Business-type activities of the City include the following:

- Water Utility
- Sewer Utility

**Fund financial statements** 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 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: Governmental funds and Proprietary funds.

**Governmental funds.** Governmental funds are used to account for activities where the emphasis is placed on available financial resources, rather than upon net income determination. Therefore, unlike the government-wide financial statements, governmental fund financial statements focus on the acquisition and use of current 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 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 government-wide activities in the government-wide financial decisions. By doing so, readers may better understand the long-term impact of the government's near-term financial decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide reconciliation to facilitate this comparison between governmental funds and governmental activities.

**The City maintains 13 individual governmental funds.** Information is presented separately in the governmental fund Balance Sheet and in the Statement of Revenues, Expenditures, and Changes in Governmental Fund Balances for those funds that are considered significant (major) to the City taken as a whole. These financial statements report five major funds, the General Fund, Building Fund, Street SDC Fund, State Street Tax Fund, and Parks SDC Fund. Data from the other governmental funds are combined into a single, aggregated presentation.

The City adopts an annual appropriated budget for all governmental funds. To demonstrate compliance with the budget, budgetary comparison statements have been provided for major governmental funds on pages 26-30.

**Proprietary funds.** Proprietary funds are used to account for activities where the emphasis is placed on net income determination. The City maintains one type of proprietary fund known as an enterprise fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water utility and sewer utility operations.

**Notes to the basic financial statements.** The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. They are an integral part of the financial statements and should be read in conjunction with them.

Government-wide Financial Analysis

As earlier noted, net assets may over time serve as a useful indicator of the City's financial position. In the case of Scappoose, assets exceeded liabilities by \$56,704,748 at the close of FY'08.

By far the largest portion of the City's net assets ( ) percent) reflects its investment in capital assets (e.g. land, buildings, roads, vehicles and equipment); less any related debt used to acquire those assets that is still outstanding. The City of Scappoose uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending unless real estate is sold. Although the City's investment in capital assets is reported as **Net of Related Debt**, it should be noted that the resources needed to repay this debt must be provided from other resources, since the capital assets themselves cannot be used to liquidate these liabilities.

**CITY OF SCAPPOOSE NET ASSETS**

|                               | <u>2008</u>          | <u>2007</u><br>(for the purpose of comparison) |
|-------------------------------|----------------------|--|
| CURRENT AND OTHER ASSETS      | \$11,378,458         | \$10,331,037                                   |
| CAPITAL ASSETS                | <u>\$45,326,289</u>  | <u>\$46,855,289</u>                            |
| TOTAL ASSETS                  | \$56,704,747         | \$57,186,326                                   |
| <br>                          |                      |  |
| CURRENT AND OTHER LIABILITIES | \$ 1,024,102         | \$ 859,062                                     |
| NON-CURRENT LIABILITIES       | <u>\$ 8,248,728</u>  | <u>\$ 8,767,006</u>                            |
| TOTAL LIABILITIES             | \$ 9,272,830         | \$ 9,626,068                                   |
| <br>                          |                      |  |
| NET ASSETS:                   |                      |  |
| <br>                          |                      |  |
| INVESTED IN CAPITAL ASSETS,   |                      |  |
| NET RELATED DEBT              | \$ 36,942,016        | \$38,081,110                                   |
| UNRESTRICTED                  | <u>\$ 10,489,901</u> | <u>\$ 9,479,148</u>                            |
| TOTAL NET ASSETS              | \$ 56,704,748        | \$47,560,258                                   |

**CITY OF SCAPPOOSE  
CHANGE IN REVENUES**

The City's total revenues were \$6.9 million, of this \$2.3 million or 33 percent were from Charges for Services, taxes and franchise fees were \$2.2 million and accounted for 32 percent of revenues, operating grants and contributions were \$0.9 million and accounted for 13 percent of revenues, capital grants and contributions were \$1.0 million and accounted for 14 percent of revenues.

The total cost of all programs and services were \$7.1 million; \$4.6 million or 65 percent were for Government Activities and 35 percent, or \$2.5 million, were for Business-Type Activities.

For the Year ended 06/30/08

|                                     | GOVERNMENTAL<br>ACTIVITIES | BUSINESS-TYPE<br>ACTIVITIES | TOTAL               |
|-------------------------------------|----------------------------|-----------------------------|---------------------|
| <b>PROGRAM REVENUES</b>             |                            |                             |                     |
| Charge for Services                 | \$ 423,161                 | \$ 1,905,311                | \$ 2,328,472        |
| Operating Grants &<br>Contributions | \$ 345,809                 | \$ 535,280                  | \$ 881,089          |
| Capital Grants &<br>Contributions   | \$ 501,591                 | \$ 480,853                  | \$ 982,444          |
| <b>GENERAL REVENUES</b>             |                            |                             |                     |
| Property Taxes, General             | \$ 1,327,614               |                             | \$ 1,327,614        |
| Property Taxes, Debt                | \$ 155,553                 |                             | \$ 155,553          |
| Franchise Fees                      | \$ 347,928                 |                             | \$ 347,928          |
| Public Service Taxes                | \$ 323,591                 |                             | \$ 323,591          |
| Investment Earnings                 | \$ 241,231                 | \$ 256,144                  | \$ 497,375          |
| Miscellaneous                       | \$ 89,780                  | \$ 68                       | \$ 89,848           |
| Transfers                           | \$ (111,834)               | \$ 111,834                  | \$ 0                |
| <b>TOTAL REVENUES</b>               | <b>\$ 3,644,424</b>        | <b>\$ 3,289,490</b>         | <b>\$ 6,933,914</b> |
| <b>PROGRAM EXPENSES</b>             |                            |                             |                     |
| <b>Government Activities</b>        |                            |                             |                     |
| General Government                  | \$ 748,273                 |                             |                     |
| Public safety                       | \$ 1,502,588               |                             |                     |
| Cultural and recreation             | \$ 96,309                  |                             |                     |
| Highway and Streets                 | \$ 2,201,960               |                             |                     |
| Interest, LT Debt                   | \$ 46,224                  |                             |                     |
| <b>Business Activities</b>          |                            |                             |                     |
| Water                               |                            | \$ 1,546,484                |                     |
| Sewer                               |                            | \$ 920,418                  |                     |
| <b>TOTAL EXPEDITURES</b>            | <b>\$ 4,595,354</b>        | <b>\$ 2,466,902</b>         | <b>\$ 7,062,256</b> |
| <b>CHANGE IN NET ASSETS</b>         |                            |                             | <b>\$ (128,342)</b> |



For the Year ended 06/30/07  
(for the purpose of comparison)

|                                     | GOVERNMENTAL<br>ACTIVITIES | BUSINESS-TYPE<br>ACTIVITIES | TOTAL               |
|-------------------------------------|----------------------------|-----------------------------|---------------------|
| <b>PROGRAM REVENUES</b>             |                            |                             |                     |
| Charge for Services                 | \$ 713,026                 | \$ 1,819,327                | \$2,532,353         |
| Operating Grants &<br>Contributions | \$ 555,745                 | \$ 866,847                  | \$1,422,592         |
| Capital Grants &<br>Contributions   | \$ 751,968                 | \$ 565,943                  | \$1,317,911         |
| <b>GENERAL REVENUES</b>             |                            |                             |                     |
| Property Taxes, General             | \$1,179,520                |                             | \$1,179,520         |
| Property Taxes, Debt                | \$ 209,527                 |                             | \$ 209,527          |
| Franchise Fees                      | \$ 354,472                 |                             | \$ 354,472          |
| Public Service Taxes                | \$ 335,515                 |                             | \$ 335,515          |
| Investment Earnings                 | \$ 205,240                 | \$ 177,438                  | \$ 382,678          |
| Miscellaneous                       | \$ 28,163                  | \$ 52,700                   | \$ 80,863           |
| Transfers                           | \$ (162,231)               | \$ 162,231                  | \$ -                |
| <b>TOTAL REVENUES</b>               | <b>\$ 4,170,945</b>        | <b>\$ 3,644,486</b>         | <b>\$ 7,815,431</b> |
| <b>PROGRAM EXPENSES</b>             |                            |                             |                     |
| <b>Government Activities</b>        |                            |                             |                     |
| General Government                  | \$ 2,440,331               |                             |                     |
| Public safety                       | \$ 1,398,942               |                             |                     |
| Cultural and recreation             | \$ 105,496                 |                             |                     |
| Highway and Streets                 | \$ 261,348                 |                             |                     |
| Interest, LT Debt                   | \$ 51,131                  |                             |                     |
| <b>Business Activities</b>          |                            |                             |                     |
| Water                               |                            | \$1,489,703                 |                     |
| Sewer                               |                            | \$ 875,605                  |                     |
| <b>TOTAL EXPEDITURES</b>            | <b>\$ 4,257,248</b>        | <b>\$ 2,365,308</b>         | <b>\$ 6,622,556</b> |
| <b>CHANGE IN NET ASSETS</b>         |                            |                             | <b>\$1,192,875</b>  |

### Fund-based Financial Analysis

As previously discussed, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$5,433,250, an increase of \$416,217 in comparison with the prior year. Approximately 87% of this total amount, \$4,734,765 constitutes unreserved fund balance, which is available for spending at the government's discretion, subject to reporting fund-type limitations.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$2,298,453, while the total fund balance for the General Fund was \$2,302,195.

**Proprietary funds.** The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Total unrestricted net assets are \$5,042,426.

### General Fund Budgetary Highlights

During the year, actual revenues exceeded budgetary estimates and actual expenditures were less than budgetary appropriations. The net change in general fund balances under budgetary basis during the year was an increase of \$71,455 and ending fund balances under budgetary basis of General Fund was \$2,234,064.

### Capital Asset and Debt Administration

**Capital assets.** The City's investment in capital assets for its governmental and business-type activities as of June 30, 2008 was \$45,326,289 (net of accumulated depreciation). This investment in capital assets includes land, right-of-way, buildings and improvements, improvements other than buildings (such as parks and park improvements), equipment, and infrastructure (transportation, water, and wastewater).

**Bonded Debt.** At the end of the current fiscal year, the City had total long-term liabilities of \$8,248,728. Of this amount, \$915,667 represented outstanding bonded indebtedness. Outstanding bonded debt is general obligation bonds to finance the water facility. Net revenues of the facility are pledged to the payment of the bonds, though the City Council has the authority to levy taxes sufficient to make scheduled debt payments.

### Economic Factors and Next Year's Budgets and Rates

During the preparation of the budget for the ensuing fiscal year, the long-term impacts of the local economy were examined in conjunction with business decisions made by the City. The following are the major assumptions used in developing the fiscal year 2009 budget.

- Interest rates on investments will continue to be low and projected to be not much more than 2.0%.
- Expectation that economic conditions will remain in decline.
- Property tax revenue is anticipated to increase 3% and with residential construction in several new subdivisions there should be some new tax revenue from the new homes.
- Health benefits and liability insurance continue to increase above inflation.

### Requests for Information

The financial report is designed to provide a general overview of the City's finances for those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Jon G. Hanken  
City of Scappoose  
33568 E Columbia Avenue  
Scappoose, OR 97056

*BASIC FINANCIAL STATEMENTS*

CITY OF SCAPPOOSE  
COLUMBIA COUNTY, OREGON

STATEMENT OF NET ASSETS

June 30, 2008

|  | <u>Governmental</u><br><u>Activities</u> | <u>Business-type</u><br><u>Activities</u> | <u>Total</u>                |
|--|--|---|-----------------------------|
| <b>ASSETS</b>  |  |   |                             |
| Cash and investments   | \$ 5,347,984                             | \$ 4,792,969                              | \$ 10,140,953               |
| Restricted cash deposits   | 31,873                                   | 97,015                                    | 128,888                     |
| Property taxes receivable  | 136,402                                  | -   | 136,402                     |
| Accounts receivable  | 84,955                                   | 324,258                                   | 409,213                     |
| Notes receivable-Port of St. Helens  | -  | 527,099                                   | 527,099                     |
| Inventories  | 6,593                                    | 29,310                                    | 35,903                      |
| Capital assets, net of accumulated<br>depreciation, where applicable,(Note 2B) | <u>32,562,365</u>                        | <u>12,763,924</u>                         | <u>45,326,289</u>           |
| <b>Total assets</b>  | <b><u>\$ 38,170,172</u></b>              | <b><u>\$ 18,534,575</u></b>               | <b><u>\$ 56,704,747</u></b> |
| <b>LIABILITIES</b>   |  |   |                             |
| Accounts payable   | \$ 35,359                                | \$ 46,611                                 | \$ 81,970                   |
| Deposits payable   | 31,873                                   | 97,015                                    | 128,888                     |
| Deferred revenue-Port of St. Helens  | -  | 527,099                                   | 527,099                     |
| Accrued interest payable   | 19,456                                   | 116,089                                   | 135,545                     |
| Compensated absences payable   | 93,100                                   | 57,500                                    | 150,600                     |
| Noncurrent liabilities:  |  |   |                             |
| Due within one year  | 93,529                                   | 433,647                                   | 527,176                     |
| Due in more than one year  | <u>1,002,555</u>                         | <u>6,718,997</u>                          | <u>7,721,552</u>            |
| <b>Total liabilities</b>   | <b><u>1,275,872</u></b>                  | <b><u>7,996,958</u></b>                   | <b><u>9,272,830</u></b>     |
| <b>NET ASSETS</b>  |  |   |                             |
| Invested in capital assets, net of related debt                                | 31,446,825                               | 5,495,191                                 | 36,942,016                  |
| Unrestricted   | <u>5,447,475</u>                         | <u>5,042,426</u>                          | <u>10,489,901</u>           |
| <b>Total net assets</b>  | <b><u>36,894,300</u></b>                 | <b><u>10,537,617</u></b>                  | <b><u>47,431,917</u></b>    |
| <b>Total liabilities and fund balances:</b>                                    | <b><u>\$ 38,170,172</u></b>              | <b><u>\$ 18,534,575</u></b>               | <b><u>\$ 56,704,748</u></b> |

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

CITY OF SCAPPOOSE  
COLUMBIA COUNTY, OREGON

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2008

| Functions/Programs  | Program Revenues    |                         |  | Net (Expenses) Revenues and<br>Changes in Net Assets |                            |                             |                     |
|---|---------------------|-------------------------|--|--|----------------------------|-----------------------------|---------------------|
|   | Expenses            | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions               | Governmental<br>Activities | Business-type<br>Activities | Total               |
| <b>Governmental activities</b>                              |                     |                         |  |  |                            |                             |                     |
| General government  | \$ 748,273          | \$ 394,969              | \$ 54,528                                | \$ 38,960  | \$ (259,816)               | \$ -                        | \$ (259,816)        |
| Public safety   | 1,502,588           | -                       | 291,281                                  | -  | (1,211,307)                | -                           | (1,211,307)         |
| Cultural and recreation                                     | 96,309              | -                       | -  | 142,387  | 46,078                     | -                           | 46,078              |
| Highway and Streets   | 2,201,960           | 28,192                  | -  | 320,244  | (1,853,524)                | -                           | (1,853,524)         |
| Interest on long-term debt                                  | 46,224              | -                       | -  | -  | (46,224)                   | -                           | (46,224)            |
| Total governmental activities                               | <u>4,595,354</u>    | <u>423,161</u>          | <u>345,809</u>                           | <u>501,591</u>                                       | <u>(3,324,793)</u>         | <u>-</u>                    | <u>(3,324,793)</u>  |
| <b>Business-type activities</b>                             |                     |                         |  |  |                            |                             |                     |
| Water   | 1,546,484           | 884,771                 | 505,636                                  | 281,623  | -                          | 125,546                     | 125,546             |
| Sewer   | 920,418             | 1,020,540               | 29,644                                   | 199,230  | -                          | 328,996                     | 328,996             |
| Total business-type activities                              | <u>2,466,902</u>    | <u>1,905,311</u>        | <u>535,280</u>                           | <u>480,853</u>                                       | <u>-</u>                   | <u>454,542</u>              | <u>454,542</u>      |
| Total Primary government                                    | <u>\$ 7,062,256</u> | <u>\$ 2,328,472</u>     | <u>\$ 881,089</u>                        | <u>\$ 982,444</u>                                    | <u>(3,324,793)</u>         | <u>454,542</u>              | <u>(2,870,251)</u>  |
| General revenues:   |                     |                         |  |  |                            |                             |                     |
| Taxes:  |                     |                         |  |  |                            |                             |                     |
| Property taxes, levied for general purposes                 |                     |                         |  | 1,327,614  | -                          |                             | 1,327,614           |
| Property taxes, levied for debt service                     |                     |                         |  | 155,553  | -                          |                             | 155,553             |
| Franchise taxes   |                     |                         |  | 347,928  | -                          |                             | 347,928             |
| Public service taxes  |                     |                         |  | 323,591  | -                          |                             | 323,591             |
| Grants and contributions not restricted to specific program |                     |                         |  | -  | -                          |                             | -                   |
| Investment earnings   |                     |                         |  | 241,231  | 256,144                    |                             | 497,375             |
| Miscellaneous   |                     |                         |  | 89,780   | 68                         |                             | 89,848              |
| Transfers   |                     |                         |  | (111,834)  | 111,834                    |                             | -                   |
| Total general revenues and transfers                        |                     |                         |  | <u>2,373,863</u>                                     | <u>368,046</u>             |                             | <u>2,741,909</u>    |
| Changes in net assets                                       |                     |                         |  | (950,930)  | 822,588                    |                             | (128,342)           |
| Net assets-beginning  |                     |                         |  | 37,845,230   | 9,715,029                  |                             | 46,366,134          |
| Net assets-ending   |                     |                         |  | <u>\$ 36,894,300</u>                                 | <u>\$ 10,537,617</u>       |                             | <u>\$47,431,917</u> |

The accompanying notes are an integral part of these financial statements

CITY OF SCAPPOOSE, OREGON

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2008

|   | General Fund        | Building Fund     | Street Tax Fund   | Street SDC Fund   | Parks SDC Fund    | Other Governmental Funds | Total Governmental Funds |
|---|---------------------|-------------------|-------------------|-------------------|-------------------|--------------------------|--------------------------|
| <b>ASSETS</b>                               |                     |                   |                   |                   |                   |                          |                          |
| Cash and cash equivalents                   | \$ 2,234,065        | \$ 465,998        | \$ 245,839        | \$ 709,809        | \$ 588,604        | \$ 1,103,669             | \$ 5,347,984             |
| Restricted cash deposits                    | 31,873              | -                 | -                 | -                 | -                 | -                        | 31,873                   |
| Property taxes receivable                   | 114,578             | -                 | -                 | -                 | -                 | 21,824                   | 136,402                  |
| Accounts receivable                         | 99,793              | -                 | 20,575            | -                 | -                 | 4,587                    | 84,955                   |
| Inventory                                   | 3,742               | -                 | 2,851             | -                 | -                 | -                        | 6,593                    |
| <b>Total assets</b>                         | <b>\$ 2,444,051</b> | <b>\$ 465,998</b> | <b>\$ 269,265</b> | <b>\$ 709,809</b> | <b>\$ 588,604</b> | <b>\$ 1,130,080</b>      | <b>\$ 5,607,807</b>      |
| <b>LIABILITIES AND FUND BALANCES</b>        |                     |                   |                   |                   |                   |                          |                          |
| <b>Liabilities:</b>                         |                     |                   |                   |                   |                   |                          |                          |
| Accounts payable                            | \$ 19,830           | \$ 9,837          | \$ 4,555          | \$ -              | \$ -              | \$ 1,137                 | \$ 35,359                |
| Deposits payable                            | 31,873              | -                 | -                 | -                 | -                 | -                        | 31,873                   |
| Deferred tax revenue                        | 99,153              | -                 | -                 | -                 | -                 | 17,172                   | 107,325                  |
| <b>Total liabilities</b>                    | <b>\$ 141,856</b>   | <b>\$ 9,837</b>   | <b>\$ 4,555</b>   | <b>\$ -</b>       | <b>\$ -</b>       | <b>\$ 18,309</b>         | <b>\$ 174,557</b>        |
| <b>Fund balances:</b>                       |                     |                   |                   |                   |                   |                          |                          |
| <b>Reserved for:</b>                        |                     |                   |                   |                   |                   |                          |                          |
| Inventory                                   | 3,742               | -                 | 2,851             | -                 | -                 | -                        | 6,593                    |
| Debt service                                | -                   | -                 | -                 | -                 | 588,604           | 103,288                  | 691,892                  |
| <b>Unreserved, reported in:</b>             |                     |                   |                   |                   |                   |                          |                          |
| General Fund                                | 2,298,453           | -                 | -                 | -                 | -                 | -                        | 2,298,453                |
| Special Revenue Funds                       | -                   | 456,161           | 261,859           | 709,809           | -                 | 1,008,483                | 2,436,312                |
| <b>Total fund balances</b>                  | <b>2,302,195</b>    | <b>456,161</b>    | <b>264,710</b>    | <b>709,809</b>    | <b>588,604</b>    | <b>1,111,771</b>         | <b>5,433,250</b>         |
| <b>Total liabilities and fund balances:</b> | <b>\$ 2,444,051</b> | <b>\$ 465,998</b> | <b>\$ 269,265</b> | <b>\$ 709,809</b> | <b>\$ 588,604</b> | <b>\$ 1,130,080</b>      |                          |

Amounts reported for governmental activities in the statement of net assets are different because:

|   |                      |
|---|----------------------|
| Capital assets used in the governmental activities are not financial resources and, therefore, are not reported in the funds.                 | 32,562,365           |
| Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.                    | 107,325              |
| Long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore, are not reported in the funds. | (1,208,640)          |
| Net assets of governmental activities (See Page 1)  | <u>\$ 36,894,300</u> |

The accompanying notes are an integral part of these financial statements

CITY OF SCAPOOSE, OREGON

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

GOVERNMENTAL FUNDS

For the Year Ended June 30, 2008

|  | General Fund        | Building Fund     | Street Tax Fund   | Street SDC Fund   | Parks SDC Fund    | Other Governmental Funds | Total Governmental Funds |
|--|---------------------|-------------------|-------------------|-------------------|-------------------|--------------------------|--------------------------|
| <b>REVENUES:</b>                                 |                     |                   |                   |                   |                   |                          |                          |
| Property taxes                                   | \$ 1,308,605        | \$ -              | \$ -              | \$ -              | \$ -              | \$ 155,827               | \$ 1,464,432             |
| Licenses and fees                                | 102,098             | 276,587           | 28,192            | 320,244           | 142,388           | 16,285                   | 885,794                  |
| Fines and forfeits                               | 268,003             | -                 | -                 | -                 | -                 | 23,278                   | 291,281                  |
| Franchise fees                                   | 347,928             | -                 | -                 | -                 | -                 | -                        | 347,928                  |
| Special assessments                              | -                   | -                 | -                 | -                 | -                 | 38,960                   | 38,960                   |
| Intergovernmental                                | 118,421             | -                 | 257,293           | -                 | -                 | -                        | 378,119                  |
| Interest   | 99,495              | 21,923            | 10,943            | 41,258            | 24,910            | 2,405                    | 241,232                  |
| Miscellaneous                                    | 89,780              | -                 | -                 | -                 | -                 | 42,703                   | 89,780                   |
| Total revenues                                   | <u>3,334,330</u>    | <u>298,510</u>    | <u>296,428</u>    | <u>361,502</u>    | <u>167,298</u>    | <u>279,458</u>           | <u>3,737,526</u>         |
| <b>EXPENDITURES:</b>                             |                     |                   |                   |                   |                   |                          |                          |
| Current:   |                     |                   |                   |                   |                   |                          |                          |
| General government                               | 472,288             | 329,055           | -                 | -                 | -                 | -                        | 701,343                  |
| Public safety                                    | 1,455,364           | -                 | -                 | -                 | -                 | -                        | 1,480,534                |
| Cultural and recreation                          | 84,951              | -                 | -                 | -                 | -                 | 25,170                   | 89,138                   |
| Highways and streets                             | -                   | -                 | 289,028           | -                 | -                 | 4,187                    | 289,028                  |
| Debt service                                     | -                   | -                 | -                 | 56,213            | 47,804            | 211,797                  | 315,814                  |
| Capital outlay                                   | 31,770              | -                 | 15,164            | 308,137           | -                 | 190,814                  | 545,885                  |
| Contingency                                      | -                   | -                 | -                 | -                 | -                 | -                        | -                        |
| Total expenditures                               | <u>2,044,373</u>    | <u>229,055</u>    | <u>304,192</u>    | <u>364,350</u>    | <u>47,804</u>     | <u>431,968</u>           | <u>3,421,742</u>         |
| Excess(deficiency) of revenues over expenditures | <u>289,957</u>      | <u>69,455</u>     | <u>(7,764)</u>    | <u>(2,848)</u>    | <u>119,494</u>    | <u>(152,510)</u>         | <u>315,784</u>           |
| <b>OTHER FINANCING SOURCES (USES):</b>           |                     |                   |                   |                   |                   |                          |                          |
| Interfund transfers in                           | 242,669             | 5,600             | -                 | -                 | -                 | 381,731                  | 630,000                  |
| Interfund transfers out                          | (460,938)           | (9,803)           | (42,123)          | (9,454)           | (5,544)           | (1,705)                  | (529,567)                |
| Total other financing sources (uses)             | <u>(218,269)</u>    | <u>(4,203)</u>    | <u>(42,123)</u>   | <u>(9,454)</u>    | <u>(5,544)</u>    | <u>380,026</u>           | <u>100,433</u>           |
| <b>Net change in fund balances</b>               | <b>71,688</b>       | <b>65,252</b>     | <b>(49,887)</b>   | <b>(12,302)</b>   | <b>113,950</b>    | <b>227,516</b>           | <b>416,217</b>           |
| FUND BALANCES - July 1                           | <u>2,230,507</u>    | <u>390,909</u>    | <u>314,597</u>    | <u>722,111</u>    | <u>474,654</u>    | <u>884,255</u>           |                          |
| FUND BALANCES - June 30                          | <u>\$ 2,302,195</u> | <u>\$ 456,161</u> | <u>\$ 264,710</u> | <u>\$ 709,809</u> | <u>\$ 588,604</u> | <u>\$ 1,111,771</u>      |                          |

Amounts reported for governmental activities in the statement of activities are different because:

|   |                     |
|---|---------------------|
| Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. | (1,394,683)         |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds   | 18,736              |
| Governmental funds report debt (including bonds and compensated absences payable) principal payments as expenditures. However, in the statement of activities this payment is a decrease of long-term debt.   | 8,800               |
| Changes in net assets of governmental activities (See Page 2)   | <u>\$ (950,930)</u> |

The accompanying notes are an integral part of these financial statements



CITY OF SCAPPOOSE, OREGON  
COLUMBIA-COUNTY, OREGON

STATEMENT OF NET ASSETS

PROPRIETARY FUNDS

June 30, 2008

|   | Business-type Activities - Enterprise Funds |                                  |                                |                     |                                  |  | Totals               |
|---|---|----------------------------------|--------------------------------|---------------------|----------------------------------|--|----------------------|
|   | Water Fund                                  | Water SDC Expansion Reserve Fund | Airpark Water Improvement Fund | Sewer Fund          | Sewer SDC Expansion Reserve Fund | Dutch Canyon Water Line Replacement Fund |                      |
| <b>ASSETS</b>                                   |   |                                  |                                |                     |                                  |  |                      |
| Current assets:                                 |   |                                  |                                |                     |                                  |  |                      |
| Cash and cash equivalents                       | \$ 1,820,256                                | \$ 372,507                       | \$ 181,588                     | \$ 645,527          | \$ 1,538,249                     | \$ 234,842                               | \$ 4,792,969         |
| Restricted cash:                                |   |                                  |                                |                     |                                  |  |                      |
| Meter deposits                                  | 97,015                                      | -                                | -                              | -                   | -                                | -  | 97,015               |
| Receivables:                                    |   |                                  |                                |                     |                                  |  |                      |
| Utilities                                       | 177,516                                     | -                                | -                              | 146,742             | -                                | -  | 324,258              |
| Note from Port of St. Helens                    | -   | -                                | 527,099                        | -                   | -                                | -  | 527,099              |
| Inventory                                       | 28,765                                      | -                                | -                              | 545                 | -                                | -  | 29,310               |
| Total current assets                            | <u>2,123,552</u>                            | <u>372,507</u>                   | <u>708,687</u>                 | <u>792,814</u>      | <u>1,538,249</u>                 | <u>234,842</u>                           | <u>5,770,651</u>     |
| Noncurrent assets:                              |   |                                  |                                |                     |                                  |  |                      |
| Capital assets:                                 |   |                                  |                                |                     |                                  |  |                      |
| Land  | 208,586                                     | -                                | -                              | 92,320              | -                                | -  | 300,906              |
| Buildings                                       | 1,390,779                                   | -                                | -                              | 3,347,047           | -                                | -  | 4,737,826            |
| Infrastructure                                  | 4,895,052                                   | 148,560                          | -                              | 1,888,226           | 99,087                           | -  | 7,030,925            |
| Construction in progress                        | 437,747                                     | 6,777,319                        | -                              | -                   | -                                | -  | 7,215,066            |
| Vehicles  | 67,992                                      | -                                | -                              | 61,366              | -                                | -  | 129,358              |
| Equipment                                       | 1,148,517                                   | -                                | -                              | 714,832             | -                                | -  | 1,863,349            |
| Less accumulated depreciation                   | (4,442,099)                                 | (354,126)                        | -                              | (3,711,666)         | (5,615)                          | -  | (8,513,506)          |
| Total non-current assets                        | <u>3,706,574</u>                            | <u>6,571,753</u>                 | <u>-</u>                       | <u>2,392,125</u>    | <u>93,472</u>                    | <u>-</u>                                 | <u>12,763,924</u>    |
| <b>Total assets</b>                             | <b>\$ 5,830,126</b>                         | <b>\$ 6,944,260</b>              | <b>\$ 708,687</b>              | <b>\$ 3,184,939</b> | <b>\$ 1,631,721</b>              | <b>\$ 234,842</b>                        | <b>\$ 18,534,575</b> |
| <b>LIABILITIES</b>                              |   |                                  |                                |                     |                                  |  |                      |
| Current liabilities:                            |   |                                  |                                |                     |                                  |  |                      |
| Accounts payable                                | 10,104                                      | -                                | -                              | 10,995              | -                                | 25,512                                   | 46,611               |
| Deposits payable                                | 97,015                                      | -                                | -                              | -                   | -                                | -  | 97,015               |
| Deferred revenue                                | -   | -                                | 527,099                        | -                   | -                                | -  | 527,099              |
| Accrued interest payable                        | 35,700                                      | 61,729                           | -                              | 18,660              | -                                | -  | 116,089              |
| Leases payable                                  | 5,135                                       | -                                | -                              | 5,135               | -                                | -  | 10,270               |
| Notes payable                                   | -   | 174,561                          | -                              | -                   | -                                | -  | 174,561              |
| Bonds payable                                   | 103,288                                     | -                                | -                              | 145,528             | -                                | -  | 248,816              |
| Total current liabilities                       | <u>251,242</u>                              | <u>236,290</u>                   | <u>527,099</u>                 | <u>180,318</u>      | <u>-</u>                         | <u>25,512</u>                            | <u>1,220,461</u>     |
| Noncurrent liabilities:                         |   |                                  |                                |                     |                                  |  |                      |
| Compensated absences                            | 36,100                                      | -                                | -                              | 21,400              | -                                | -  | 57,500               |
| Leases payable                                  | 17,508                                      | -                                | -                              | 17,508              | -                                | -  | 35,016               |
| Notes payable                                   | -   | 5,123,788                        | -                              | -                   | -                                | -  | 5,123,788            |
| Bonds payable                                   | 1,212,888                                   | -                                | -                              | 347,305             | -                                | -  | 1,560,193            |
| Total non-current liabilities                   | <u>1,266,496</u>                            | <u>5,123,788</u>                 | <u>-</u>                       | <u>386,213</u>      | <u>-</u>                         | <u>-</u>                                 | <u>6,776,497</u>     |
| Total liabilities                               | <u>1,517,738</u>                            | <u>5,360,078</u>                 | <u>527,099</u>                 | <u>566,531</u>      | <u>-</u>                         | <u>25,512</u>                            | <u>7,996,958</u>     |
| <b>NET ASSETS</b>                               |   |                                  |                                |                     |                                  |  |                      |
| Invested in capital assets, net of related debt | 2,332,095                                   | 1,211,675                        | -                              | 1,857,989           | 93,472                           | -  | 5,495,191            |
| Unrestricted                                    | 1,280,333                                   | 372,507                          | 181,588                        | 760,419             | 1,538,249                        | 209,330                                  | 5,042,426            |
| Total net assets                                | <u>4,312,388</u>                            | <u>1,584,182</u>                 | <u>181,588</u>                 | <u>2,618,408</u>    | <u>1,631,721</u>                 | <u>209,330</u>                           | <u>10,537,617</u>    |
| <b>Total liabilities and net assets</b>         | <b>\$ 5,830,126</b>                         | <b>\$ 6,944,260</b>              | <b>\$ 708,687</b>              | <b>\$ 3,184,939</b> | <b>\$ 1,631,721</b>              | <b>\$ 234,842</b>                        | <b>\$ 18,534,575</b> |

The accompanying notes are an integral part of these financial statements

CITY OF SCAPPOOSE, OREGON  
COLUMBIA COUNTY, OREGON

STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET ASSETS

PROPRIETARY FUNDS

For the Year Ended June 30, 2008

|   | Business-type Activities - Enterprise Funds |                                  |                                |                     |                                  |  | Totals               |
|---|---|----------------------------------|--------------------------------|---------------------|----------------------------------|--|----------------------|
|   | Water Fund                                  | Water SOC Expansion Reserve Fund | Airpark Water Improvement Fund | Sewer Fund          | Sewer SDC Expansion Reserve Fund | Dutch Canyon Water Line Replacement Fund |                      |
| <b>Operating revenues</b>                 |   |                                  |                                |                     |                                  |  |                      |
| Charges for services                      | \$ 884,771                                  | \$ -                             | \$ -                           | \$ 1,020,541        | \$ -                             | \$ -                                     | \$ 1,905,312         |
| Infrastructure fees                       | 277,535                                     | 221,963                          | -                              | 29,644              | -                                | -  | 529,142              |
| Construction water                        | 6,138                                       | -                                | -                              | -                   | -                                | -  | 6,138                |
| Miscellaneous revenues                    | 68  | -                                | -                              | -                   | -                                | -  | 68                   |
| Total operating revenues                  | <u>1,168,512</u>                            | <u>221,963</u>                   | <u>-</u>                       | <u>1,050,185</u>    | <u>-</u>                         | <u>-</u>                                 | <u>2,440,660</u>     |
| <b>Operating expenses:</b>                |   |                                  |                                |                     |                                  |  |                      |
| Personal services                         | 651,940                                     | -                                | -                              | 431,890             | -                                | -  | 1,083,830            |
| Contractual services                      | 219,591                                     | -                                | -                              | 266,101             | -                                | 24,921                                   | 510,613              |
| Utilities                                 | 19,880                                      | -                                | -                              | 7,537               | -                                | -  | 27,417               |
| Repairs and maintenance                   | 24,316                                      | -                                | -                              | 56,895              | -                                | -  | 81,211               |
| Other supplies and expenses               | 78,334                                      | -                                | -                              | 32,379              | -                                | -  | 110,713              |
| Insurance claims and expenses             | -   | -                                | -                              | 781                 | -                                | -  | 781                  |
| Depreciation                              | 174,093                                     | 173,147                          | -                              | 87,879              | 3,006                            | -  | 438,125              |
| Total operating expenses                  | <u>1,168,154</u>                            | <u>173,147</u>                   | <u>-</u>                       | <u>883,462</u>      | <u>3,006</u>                     | <u>24,921</u>                            | <u>2,252,690</u>     |
| Operating income                          | <u>358</u>                                  | <u>48,816</u>                    | <u>-</u>                       | <u>166,723</u>      | <u>(3,006)</u>                   | <u>(24,921)</u>                          | <u>187,920</u>       |
| <b>Non-operating revenues (expenses)</b>  |   |                                  |                                |                     |                                  |  |                      |
| Interest income                           | 81,415                                      | 18,310                           | 57,140                         | 23,306              | 65,136                           | 10,837                                   | 256,144              |
| Interest expense                          | (74,101)                                    | (106,161)                        | -                              | (33,950)            | -                                | -  | (214,212)            |
| Reimbursement from Port of St. Helens     | -   | -                                | 73,216                         | -                   | -                                | -  | 73,216               |
| Total non-operating revenues (expenses)   | <u>7,314</u>                                | <u>(87,851)</u>                  | <u>130,356</u>                 | <u>(10,644)</u>     | <u>65,136</u>                    | <u>10,837</u>                            | <u>115,149</u>       |
| Income before contributions and transfers | 7,672                                       | (39,035)                         | 130,356                        | 156,079             | 62,130                           | (14,084)                                 | 303,118              |
| Capital contribution                      | 157,710                                     | -                                | 50,697                         | -                   | 199,230                          | -  | 407,637              |
| Transfer in                               | 219,134                                     | 95,331                           | 51,752                         | 160,960             | -                                | 5,000                                    | 532,177              |
| Transfer out                              | (141,686)                                   | (61,867)                         | (124,106)                      | (39,020)            | (11,353)                         | (42,312)                                 | (420,344)            |
| Changes in net assets                     | 242,830                                     | (5,571)                          | 108,699                        | 278,019             | 250,007                          | (51,396)                                 | 822,588              |
| Total net assets-beginning                | <u>4,069,558</u>                            | <u>1,589,753</u>                 | <u>72,889</u>                  | <u>2,340,389</u>    | <u>1,381,714</u>                 | <u>260,726</u>                           | <u>9,715,029</u>     |
| Total net assets-ending                   | <u>\$ 4,312,388</u>                         | <u>\$ 1,584,182</u>              | <u>\$ 181,588</u>              | <u>\$ 2,618,408</u> | <u>\$ 1,631,721</u>              | <u>\$ 209,330</u>                        | <u>\$ 10,537,617</u> |

The accompanying notes are an integral part of these financial statements

CITY OF SCAPPOOSE, OREGON  
COLUMBIA COUNTY, OREGON

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

For the Year Ended June 30, 2008

|   | Business-type Activities - Enterprise Funds |                                  |                                |              |                                  |  | Totals       |
|---|---|----------------------------------|--------------------------------|--------------|----------------------------------|--|--------------|
|   | Water Fund                                  | Water SDC Expansion Reserve Fund | Airpark Water Improvement Fund | Sewer Fund   | Sewer SDC Expansion Reserve Fund | Dutch Canyon Water Line Replacement Fund |              |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |   |                                  |                                |              |                                  |  |              |
| Receipts from customers and others  | \$ 1,182,351                                | \$ 221,963                       | \$ -                           | \$ 1,020,726 | \$ -                             | \$ -                                     | \$ 2,425,040 |
| Payments to suppliers and others  | (337,539)                                   | -                                | -                              | (355,558)    | -                                | -  | (693,097)    |
| Payments to employees   | (647,840)                                   | -                                | -                              | (434,390)    | -                                | -  | (1,082,230)  |
| Net cash provided by operating activities   | 196,972                                     | 221,963                          | -                              | 230,778      | -                                | -  | 649,713      |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>                                    |   |                                  |                                |              |                                  |  |              |
| Operating subsidies and transfers to other funds  | 77,448                                      | 33,464                           | (72,354)                       | 121,940      | (11,353)                         | (37,312)                                 | 111,833      |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>                           |   |                                  |                                |              |                                  |  |              |
| Proceeds from capital debt  | 29,259                                      | -                                | -                              | 29,259       | -                                | -  | 58,518       |
| Capital contribution  | 157,710                                     | -                                | 50,697                         | -            | 199,230                          | -  | 407,637      |
| Principal paid on capital debt  | (105,528)                                   | (168,106)                        | -                              | (143,610)    | -                                | -  | (417,244)    |
| Interest paid on capital debt   | (75,105)                                    | (108,478)                        | -                              | (38,009)     | -                                | -  | (221,592)    |
| Net cash provided (used) by capital and related financing activities                      | 6,336                                       | (276,584)                        | 50,697                         | (152,360)    | 199,230                          | -  | (172,681)    |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |   |                                  |                                |              |                                  |  |              |
| Purchase of fixed assets  | (200,444)                                   | (23,317)                         | -                              | (34,902)     | (45,144)                         | -  | (303,807)    |
| Reimbursement from Port of St. Helens   | -   | -                                | 73,216                         | -            | -                                | -  | 73,216       |
| Interest received   | 81,415                                      | 18,310                           | 57,140                         | 23,306       | 65,136                           | 10,837                                   | 256,144      |
| Net cash provided by investing activities   | (119,029)                                   | (5,007)                          | 130,356                        | (11,596)     | 19,992                           | 10,837                                   | 25,553       |
| Net increase in cash and cash equivalents   | 161,727                                     | (26,164)                         | 108,699                        | 188,762      | 207,869                          | (26,475)                                 | 614,418      |
| Balances-beginning of the year  | 1,658,529                                   | 398,671                          | 72,889                         | 456,765      | 1,330,380                        | 261,317                                  | 4,178,551    |
| Balances-end of the year  | \$ 1,820,256                                | \$ 372,507                       | \$ 181,588                     | \$ 645,527   | \$ 1,538,249                     | \$ 234,842                               | \$ 4,792,969 |
| <b>Reconciliation of operating income to cash provided (used) by operating activities</b> |   |                                  |                                |              |                                  |  |              |
| Operating income(loss)  | \$ 358                                      | \$ 48,816                        | \$ -                           | \$ 166,723   | \$ (3,006)                       | \$ (24,921)                              | \$ 187,970   |
| Adjustment to reconcile net income to net cash provided (used) by operating activities:   |   |                                  |                                |              |                                  |  |              |
| Depreciation  | 174,093                                     | 173,147                          | -                              | 87,879       | 3,006                            | -  | 438,125      |
| Change in assets and liabilities:   |   |                                  |                                |              |                                  |  |              |
| Accounts receivables  | 13,839                                      | -                                | -                              | (29,460)     | -                                | -  | (15,621)     |
| Inventories   | (3,232)                                     | -                                | -                              | 50           | -                                | -  | (3,182)      |
| Accounts payable  | 7,814                                       | -                                | -                              | 8,086        | -                                | 24,921                                   | 40,821       |
| Compensated absences payable  | 4,100                                       | -                                | -                              | (2,500)      | -                                | -  | 1,600        |
| Net cash provided by operating activities   | \$ 196,972                                  | \$ 221,963                       | \$ -                           | \$ 230,778   | \$ -                             | \$ -                                     | \$ 649,713   |

The accompanying notes are an integral part of these financial statements

*NOTES TO THE BASIC FINANCIAL STATEMENTS*

CITY OF SCAPPOOSE  
COLUMBIA COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS

For the Year Ended June 30, 2008

---

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. REPORTING ENTITY

The City of Scappoose operates under a charter granted by the State of Oregon in 1961. The City is governed by the City Council, composed of an elected Mayor and six elected council members. A Council -City Manager form of government is allowed by the charter, where the City Council hires a City Manager to administer policies and to coordinate the activities of the City. The heads of the various departments, formed to provide various services, are under the direct supervision of the City Manager.

The City of Scappoose, Oregon, is a primary government. A primary government is a financial reporting entity, which has a separately elected governing body, is legally separate and is fiscally independent of other state and local governments. The City has considered all organizations for which the City is financially accountable. Financial accountability may be evidenced by the ability to appoint the voting majority of the governing body, and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific burdens on, the primary government; or a fiscal dependency or intergovernmental relationship so close that exclusion from the primary government would render the financial statements incomplete or misleading. The City has determined that there is no component units required to be included in these financial statements.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on the entire City. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 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.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting* as are proprietary funds financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

CITY OF SCAPPOOSE  
COLUMBIA COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS

For the Year Ended June 30, 2008

---

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Building Fund* accounts for financial resources set aside for enforcing building, plumbing, mechanical and fire and life safety codes of the State of Oregon.

The *State Street Tax Fund* accounts for receipts for the state revenue sharing program, state gasoline taxes, and interest. The monies are expended primarily for the repair and maintenance of City roads.

The *Street SDC Fund* accounts for receipts from street development charges and the usage of such resources.

The *Parks SDC Fund* accounts for the collection and expenditure of parks system development charges.

The City reports the following major proprietary funds:

The *Water Fund* accounts for the operations of the City's water department. Primary revenues are charge for services, sale of water to users, connection fees and interest on invested funds.

The *Water SDC Expansion Reserve Fund* collects funds from developers to both pay for previous excess capacity improvements and to have funds available to pay for future improvement needs generated by development.

The *Airpark Water Improvement Fund* is used to pay for the debt service associated with the waterline constructed along West Lane Road to the Scappoose Airpark.

The *Sewer Fund* accounts for the operation of the City's sewer department. Primary revenues are charges for services and interest on invested funds.

The *Sewer SDC Expansion Reserve Fund* collects funds from developers to both pay for previous excess capacity improvements and to have funds available to pay for future improvement needs generated by development.

CITY OF SCAPPOOSE  
COLUMBIA COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS

For the Year Ended June 30, 2008

---

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

Additionally, the City reports the following fund types:

*Special Revenue Funds* are primarily operating funds that are derived from specific taxes or other revenue sources, which are legally restricted to finance particular function or activities.

*Debt Service Funds* account for the resources accumulated and payments made for principal and interest on long-term debt of governmental and proprietary funds.

For proprietary funds, the City applies all applicable Government Accounting Standards Board (GASB) guidance as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Statements and Interpretations of the Financial Accounting Standards Board (FASB), Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARBs) of the Committee on Accounting Procedure.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City enterprise funds are charges to customers for sales and services. The City recognize revenues as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

**D. ASSETS, LIABILITIES AND NET ASSETS**

**1. DEPOSITS AND INVESTMENTS**

The cash and cash equivalents include petty cash and change funds, demand deposits held by financial institutions and deposits with the Local Government Investment Pool of the Oregon Short-Term Fund, which is managed by the State Treasurer's office. The Local Government Investment Pool is managed in accordance with the "prudent person rule" and administrative regulations of the State Treasurer, which may change from time to time. Eligible investments include U.S. Treasury obligations, US Agency securities, bankers' acceptances, high grade commercial paper, and repurchase agreements, all subject to certain size and maturity limitations. The pool has the general characteristics of a demand deposit account in that investors may deposit additional cash at any time and may withdraw cash at any time without prior notice or penalty. The City reports the fair value of the position in the pool as the same as the value of the pool shares.

**CITY OF SCAPPOOSE  
COLUMBIA COUNTY, OREGON**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**For the Year Ended June 30, 2008**

---

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

**2. RECEIVABLES AND PAYABLES**

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" or "advances to/from other funds" on the funds financial statements. All other outstanding balances between funds are reported as "due to/from other funds".

Receivables are recorded on government wide and fund financial statements in accordance with the policies enumerated in paragraph above.

Property taxes are levied and attach as an enforceable lien on property on July 1 of each fiscal year. Taxes are payable in three installments on November 15, February 15 and May 15. A 3% discount is allowed for payment in full on November 15. Columbia County, Oregon, makes all assessments of property value, and levies and collects the taxes for the City of Scappoose, and all other taxing entities within the county.

For the current year, the City levied taxes at the rate of 3.2268 per \$1,000 of assessed value of all taxable property within the City. Measure 50 establishes the permanent rate and allows for an increase of the assessed value of property of 3% per year.

The City also levied \$241,007, which is excluded from the limitation, to cover general obligation water and wastewater debt payments.

**3. INVENTORIES**

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when purchased rather than when consumed.

**4. CAPITAL ASSETS**

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Property, plant and equipment of the City are depreciated using the straight-line method over the following estimated useful lives:

| Assets                | Years |
|-----------------------|-------|
| Infrastructure        | 20-30 |
| Buildings             | 40-50 |
| Building improvements | 45-50 |
| Vehicles              | 5-7   |
| Equipment             | 5-26  |



**CITY OF SCAPPOOSE  
COLUMBIA COUNTY, OREGON**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**For the Year Ended June 30, 2008**

---

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

**5. LONG-TERM DEBT OBLIGATION**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities and business-type activities. In governmental fund types, bond discounts and issuance costs are recognized in the current period. Bond discounts and issuance costs for proprietary fund types are deferred and amortized over the term of the bonds using the bonds-outstanding method, which approximates the effective interest method. Bond discounts are presented as a reduction of the face amount of bonds payable whereas issuance costs are recorded as deferred charges.

**6. COMPENSATED ABSENCES PAYABLE**

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the general long-term debt account group. No expenditure is reported for these amounts. Vested or accumulated vacation leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

**NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. BUDGETARY INFORMATION**

Budgets are prepared and adopted, and expenditures are appropriated, in accordance with Oregon Local Budget Law. Budgets are adopted on the cash-basis of accounting, which is not in conformity with generally accepted accounting principles, but is an acceptable method for Oregon Municipal Corporations under Oregon Local Budget Law. All annual appropriations lapse at fiscal year end. The City does not use encumbrance accounting.

On or before June 30 of each year, the City enacts a resolution approving the budget, appropriating the expenditures, and levying the property taxes. Prior to enacting this resolution, the proposed budget is presented to the City Council for a budget hearing by a budget committee.

The budget is prepared by fund, department, activity and line item, and includes information of the past year, current year estimates, and requested appropriations for the next fiscal year. Expenditures may not exceed budgeted appropriations at the level of Personal Services, Material and Services, Capital Outlay, Debt Service, Contingency, or other expenditures for each fund, or for each department of the General Fund, at the level of : Administration, Police, Parks and Grounds, and Non-Departmental.

**B. EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

No expenditures exceeded the budgeted appropriations for major funds for the fiscal year ended June 30, 2008.

CITY OF SCAPPOOSE  
COLUMBIA COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS

For the Year Ended June 30, 2008

---

**NOTE 3 - DETAILED NOTES ON ALL FUNDS**

A. DEPOSITS AND INVESTMENTS

The cash and cash equivalents as of June 30, 2008 was as follows:

|  |                      |
|--|----------------------|
| Petty cash   | \$ 1,800             |
| Deposits in financial institution                        | 217,864              |
| Deposits in financial institution held for other parties | 128,888              |
| Deposits with state local government investment pool     | <u>9,921,289</u>     |
|  | <u>\$ 10,269,841</u> |

**Deposits:** Deposits with financial institutions are bank deposits. Oregon Revised Statutes require the depository institution to maintain on deposit with custodian bank collateral pool securities having a value of not less than 25% of the outstanding certificates of participation issued by the pool manager. At year-end June 30, 2008, the balance of the bank statements was \$599,185, all of which were covered by federal depository insurance or collateralized to the extent required by law.

*Custodial credit risk - deposits:* In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. In order to minimize this risk, Oregon Revised Statutes require cash on deposits in any one bank not exceed federal depository insurance without procuring collateral certificates of participation from the bank's pool manager.

**Investments:** The City's investments in the Oregon State Local Government Investment Pool (LGIP) managed by the State Treasurer in accordance with the "prudent person rule" and administrative rules that may be subject to change. The investments that make up the State Local Government Pool are those allowed by Oregon Statute and the reported fair value of the investment is the same as the value of the pool shares. The City's investments are internally pooled and are not subject to risk categorization.

*Credit risk and Concentration of credit risk:* State law limits investments in commercial paper and corporate bonds to the top two ratings issued by nationally recognized statistical rating organizations. As of June 30, 2008, all of the City's investments were in the Local Government Investment Pool. LGIP was unrated.

**CITY OF SCAPPOOSE  
COLUMBIA COUNTY, OREGON**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**For the Year Ended June 30, 2008**

**NOTE 3 - DETAILED NOTES ON ALL FUNDS (Cont'd)**

**B. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2008 was as follows:

|  | <u>Beginning<br/>Balance</u> | <u>Increases</u>      | <u>Decreases</u> | <u>Ending<br/>Balance</u> |
|--|------------------------------|-----------------------|------------------|---------------------------|
| <b>Governmental activities</b>               |                              |                       |                  |                           |
| Capital assets, not being depreciated:       |                              |                       |                  |                           |
| Land   | \$ 771,299                   | \$ 308,137            | \$ -             | \$ 1,079,436              |
| Capital assets, being depreciated:           |                              |                       |                  |                           |
| Infrastructure                               | 59,914,252                   | -                     | -                | 59,914,252                |
| Construction in progress                     | 240,387                      | 192,719               | -                | 433,106                   |
| Buildings                                    | 619,645                      | -                     | -                | 619,645                   |
| Building improvements                        | 638,047                      | -                     | -                | 638,047                   |
| Equipment                                    | 194,763                      | 5,810                 | -                | 200,573                   |
| Vehicles                                     | <u>227,570</u>               | <u>70,315</u>         | -                | <u>297,885</u>            |
| Total capital assets being depreciated:      | <u>61,834,664</u>            | <u>268,844</u>        | -                | <u>62,103,508</u>         |
| Less accumulated depreciation for:           |                              |                       |                  |                           |
| Infrastructure                               | 27,535,260                   | 1,901,586             | -                | 29,436,846                |
| Construction in progress                     | -                            | -                     | -                | -                         |
| Buildings                                    | 619,645                      | -                     | -                | 619,645                   |
| Building improvements                        | 280,741                      | 12,761                | -                | 293,502                   |
| Equipment                                    | 102,963                      | 18,671                | -                | 121,634                   |
| Vehicles                                     | <u>110,307</u>               | <u>38,645</u>         | -                | <u>148,952</u>            |
| Total accumulated depreciation               | <u>28,648,916</u>            | <u>1,971,663</u>      | -                | <u>30,620,579</u>         |
| Total capital assets being depreciated, net  | <u>33,185,748</u>            | <u>(1,702,819)</u>    | -                | <u>31,482,929</u>         |
| Governmental activities, capital assets, net | <u>\$ 33,957,047</u>         | <u>\$ (1,394,682)</u> | \$ -             | <u>\$ 32,562,365</u>      |

**CITY OF SCAPPOOSE  
COLUMBIA COUNTY, OREGON**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**For the Year Ended June 30, 2008**

**NOTE 3 - DETAILED NOTES ON ALL FUNDS (Cont'd)**

|   | <u>Beginning<br/>Balance</u> | <u>Increases</u>    | <u>Decreases</u> | <u>Ending<br/>Balance</u> |
|---|------------------------------|---------------------|------------------|---------------------------|
| <b>Business type activities</b>               |                              |                     |                  |                           |
| Capital assets, not being depreciated:        |                              |                     |                  |                           |
| Land  | \$ 300,906                   | \$ -                | \$ -             | \$ 300,906                |
| Capital assets, being depreciated:            |                              |                     |                  |                           |
| Buildings                                     | 4,737,826                    | -                   | -                | 4,737,826                 |
| Infrastructure                                | 13,965,102                   | 180,629             | -                | 14,145,731                |
| Construction in progress                      | 30,466                       | 42,312              | -                | 72,778                    |
| Vehicles                                      | 64,614                       | 64,744              | -                | 129,358                   |
| Equipment                                     | <u>1,874,710</u>             | <u>16,122</u>       | -                | <u>1,890,832</u>          |
| Total capital assets being depreciated        | <u>20,672,718</u>            | <u>303,807</u>      | -                | <u>20,976,525</u>         |
| Less accumulated depreciation for:            |                              |                     |                  |                           |
| Buildings                                     | 1,800,435                    | 116,004             | -                | 1,916,439                 |
| Infrastructure                                | 4,539,162                    | 299,898             | -                | 4,839,060                 |
| Construction in progress                      | -                            | -                   | -                | -                         |
| Vehicles                                      | 57,833                       | 8,333               | -                | 66,166                    |
| Equipment                                     | <u>1,677,952</u>             | <u>13,890</u>       | -                | <u>1,691,842</u>          |
| Total accumulated depreciation                | <u>8,075,382</u>             | <u>438,125</u>      | -                | <u>8,513,507</u>          |
| Total capital assets being depreciated, net   | <u>12,597,336</u>            | <u>(134,318)</u>    | -                | <u>12,463,018</u>         |
| Business type activities, capital assets, net | <u>\$ 12,898,242</u>         | <u>\$ (134,318)</u> | <u>\$ -</u>      | <u>\$ 12,763,924</u>      |

Depreciation expense was charged to funds of the City as follows:

**Governmental activities:**

|                        |                     |
|------------------------|---------------------|
| General government     | \$ 37,060           |
| Public safety          | 27,367              |
| Culture and recreation | 2,380               |
| Highway and streets    | <u>1,904,856</u>    |
| Total                  | <u>\$ 1,971,663</u> |

**Business-type activities:**

|       |                   |
|-------|-------------------|
| Water | \$ 347,240        |
| Sewer | <u>90,886</u>     |
| Total | <u>\$ 438,126</u> |

**CITY OF SCAPPOOSE  
COLUMBIA COUNTY, OREGON**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**For the Year Ended June 30, 2008**

**NOTE 3 - DETAILED NOTES ON ALL FUNDS (Cont'd)**

**C. LONG-TERM DEBT**

**1. COMPENSATED ABSENCES PAYABLE**

The City has accrued earned vacation pay as outlined in Note I. The liability for accrued vacation pay at year-end for governmental activities was \$93,100. For business type activities, it was \$57,500.

**2. CAPITAL LEASES**

**FORD FINANCING MOTOR CREDIT COMPANY**

The City has entered into five 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 a capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the inception date as part of the long-term liabilities. The liability for capital leases as of June 30, 2008 is \$140,007.

Schedule of future debt service requirement on the capital lease  
(2005 Chevy Tahoe)

| Year Ending    | Principal        | Interest        | Total            |
|----------------|------------------|-----------------|------------------|
| <u>June 30</u> |                  |                 |                  |
| 2009           | 6,885            | 946             | 7,831            |
| 2010           | 7,343            | 488             | 7,831            |
|                | <u>\$ 14,228</u> | <u>\$ 1,434</u> | <u>\$ 15,662</u> |

Schedule of future debt service requirement on the capital lease  
(2006 Ford Victoria)

| Year Ending    | Principal       | Interest      | Total           |
|----------------|-----------------|---------------|-----------------|
| <u>June 30</u> |                 |               |                 |
| 2009           | 7,940           | 470           | 8,410           |
|                | <u>\$ 7,940</u> | <u>\$ 470</u> | <u>\$ 8,410</u> |

Schedule of future debt service requirement on the capital lease  
(2007 Ford Victoria)

| Year Ending    | Principal        | Interest        | Total            |
|----------------|------------------|-----------------|------------------|
| <u>June 30</u> |                  |                 |                  |
| 2009           | 6,210            | 1,196           | 7,406            |
| 2010           | 6,585            | 821             | 7,406            |
| 2011           | 6,984            | 422             | 7,406            |
|                | <u>\$ 19,779</u> | <u>\$ 2,439</u> | <u>\$ 22,218</u> |

**CITY OF SCAPPOOSE  
COLUMBIA COUNTY, OREGON**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**For the Year Ended June 30, 2008**

**NOTE 3 - DETAILED NOTES ON ALL FUNDS (Cont'd)**

Schedule of future debt service requirement on the capital lease  
(2008 Ford Rangers (3), F250, F350)

| Year Ending<br>June 30 | Principal        | Interest         | Total            |
|------------------------|------------------|------------------|------------------|
| 2009                   | 16,489           | 4,763            | 21,252           |
| 2010                   | 17,569           | 3,683            | 21,252           |
| 2011                   | 18,720           | 2,532            | 21,252           |
| 2012                   | 19,945           | 1,307            | 21,252           |
|                        | <u>\$ 72,723</u> | <u>\$ 12,285</u> | <u>\$ 85,008</u> |

Schedule of future debt service requirement on the capital lease  
(2008 Ford Victoria)

| Year Ending<br>June 30 | Principal        | Interest        | Total            |
|------------------------|------------------|-----------------|------------------|
| 2009                   | 7,940            | 1,582           | 9,522            |
| 2010                   | 8,435            | 1,087           | 9,522            |
| 2011                   | 8,962            | 560             | 9,522            |
|                        | <u>\$ 25,337</u> | <u>\$ 3,229</u> | <u>\$ 28,566</u> |

**3. NOTES PAYABLE**

The City has following notes payable outstanding at year-end.

| <u>Purpose</u>               | <u>Borrowed<br/>from</u> | <u>Loan date</u> | <u>Maturity<br/>date</u> | <u>Interest<br/>Rates</u> | <u>Balance</u>      |
|------------------------------|--------------------------|------------------|--------------------------|---------------------------|---------------------|
| Water system                 | OECD                     | Sep. 1998        | Aug. 2017                | 5.33%                     | \$ 433,005          |
| Water system                 | OECD                     | Sep. 1997        | Aug. 2017                | 6.00%                     | 212,036             |
| Water system                 | OECD                     | July 1998        | June 2018                | 4.74%                     | 248,301             |
| Aquatic and community center | US Bank                  | Nov. 2004        | Oct. 2009                | 5.00%                     | 528,186             |
| Crown zellerbach project     | OTIB                     | Aug. 2003        | 2019                     | 4.00%                     | 473,172             |
| WTP Phase 1&2                | OECD                     | Dec. 2002        | 2028                     | 4.40%                     | 1,572,707           |
| Safedrinking water project   | OECD                     | Apr. 2004        | 2034                     | 1.00%                     | 3,725,642           |
|                              |                          |                  |                          | Total                     | <u>\$ 7,193,049</u> |

**CITY OF SCAPPOOSE  
COLUMBIA COUNTY, OREGON**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**For the Year Ended June 30, 2008**

**NOTE 3 - DETAILED NOTES ON ALL FUNDS (Cont'd)**

Airpark Water Improvement Loan

The City entered 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 and payments from Port of St. Helens.

Annual debt service requirements to maturity for Airpark Loan

| Year Ending<br>June 30 | Sep. 1998 Airpark Loan |                   | Sep. 1997 Airpark Loan |                  | July 1998 Airpark Loan |                  | Totals            |                   |
|------------------------|------------------------|-------------------|------------------------|------------------|------------------------|------------------|-------------------|-------------------|
|                        | Principal              | Interest          | Principal              | Interest         | Principal              | Interest         | Principal         | Interest          |
| 2009                   | 36,502                 | 23,686            | 19,932                 | 12,722           | 18,489                 | 12,013           | 74,923            | 48,421            |
| 2010                   | 41,852                 | 21,724            | 21,128                 | 11,526           | 18,646                 | 11,181           | 81,626            | 44,431            |
| 2011                   | 42,222                 | 19,464            | 22,395                 | 10,259           | 23,813                 | 10,332           | 88,430            | 40,055            |
| 2012                   | 47,611                 | 17,184            | 23,739                 | 8,915            | 23,990                 | 9,224            | 95,340            | 35,323            |
| 2013                   | 48,030                 | 14,566            | 25,164                 | 7,490            | 24,179                 | 8,084            | 97,373            | 30,140            |
| 2014-2018              | 216,788                | 30,771            | 99,678                 | 13,930           | 139,184                | 21,678           | 455,650           | 66,379            |
|                        | <u>\$ 433,005</u>      | <u>\$ 127,395</u> | <u>\$ 212,036</u>      | <u>\$ 64,843</u> | <u>\$ 248,301</u>      | <u>\$ 72,512</u> | <u>\$ 893,342</u> | <u>\$ 264,750</u> |

Aquatic and Community Center Loan Refinance

On November 18, 2004, the City entered a contract with US Bank National Association to borrow \$600,000 for the purpose of building Aquatics and Community Center. The interest rate is 5%. The unpaid balance as of June 30, 2008 is \$528,186.

Schedule of future debt service requirement on the notes payable  
Aquatic and community center (US Bank)

| Year Ending<br>June 30 | Principal         | Interest         | Total             |
|------------------------|-------------------|------------------|-------------------|
| 2009                   | 21,662            | 26,143           | 47,805            |
| 2010                   | 506,530           | 12,664           | 519,194           |
|                        | <u>\$ 528,192</u> | <u>\$ 38,807</u> | <u>\$ 566,999</u> |

**CITY OF SCAPPOOSE  
COLUMBIA COUNTY, OREGON**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**For the Year Ended June 30, 2008**

**NOTE 3 - DETAILED NOTES ON ALL FUNDS (Cont'd)**

Crown Zellerbach Project Loan

On November 8, 2002, the City entered a contract with State of Oregon, Department of Transportation to construct of roadway with traffic signal and a signalized railroad crossing from 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 in the principal amount of \$625,000(interest rate 4%) with Oregon Department of Transportation on August 28, 2003. The unpaid balance as of June 30, 2008 was \$ 473,172.

Schedule of future debt service requirement on the notes payable  
Crown Zellerbach Project Loan(OTIB)

| Year Ending | Principal         | Interest          | Total             |
|-------------|-------------------|-------------------|-------------------|
| June 30     |                   |                   |                   |
| 2009        | 37,202            | 19,011            | 56,213            |
| 2010        | 38,690            | 17,523            | 56,213            |
| 2011        | 40,238            | 15,975            | 56,213            |
| 2012        | 41,847            | 14,366            | 56,213            |
| 2013        | 43,521            | 12,692            | 56,213            |
| 2014-2018   | 245,153           | 35,912            | 281,065           |
| 2019        | 26,521            | 1,141             | 27,662            |
|             | <u>\$ 473,172</u> | <u>\$ 116,620</u> | <u>\$ 589,792</u> |

WTP Phase 1 & 2 Loan and Safe Drinking Water Project Loan

On December 4, 2002, the City entered contract with Oregon Economic and Community Development Department (OECD) for waste system improvement projects phase 1&2. Total estimated projects costs are \$6,974,000, which consists of water/wastewater grants \$500,000, water/wastewater loan \$1,814,000 (interest rate 4.4%), Safe drinking water revolving loan \$4,000,000 (interest rate 1%), including forgivable note \$250,000 and the City's matching fund \$660,000.

As of June 30, 2008, the unpaid balance of the WTP phase 1 &2 loan was \$1,572,707.

As of June 30, 2008, the unpaid balance of the Safe drinking water loan was \$3,725,624.



**CITY OF SCAPPOOSE  
COLUMBIA COUNTY, OREGON**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**For the Year Ended June 30, 2008**

**NOTE 3 - DETAILED NOTES ON ALL FUNDS (Cont'd)**

Schedule of future debt service requirement on the notes payable  
WTP Phase 1 & 2 Loan(G03003)

| Year Ending<br>June 30 | Principal           | Interest          | Total               |
|------------------------|---------------------|-------------------|---------------------|
| 2009                   | 54,016              | 68,566            | 122,582             |
| 2010                   | 54,287              | 66,945            | 121,232             |
| 2011                   | 54,593              | 65,154            | 119,747             |
| 2012                   | 59,929              | 63,243            | 123,172             |
| 2013                   | 60,286              | 61,085            | 121,371             |
| 2014-2018              | 337,812             | 268,213           | 606,025             |
| 2019-2023              | 421,599             | 187,173           | 608,772             |
| 2024-2028              | 530,185             | 77,612            | 607,797             |
|                        | <u>\$ 1,572,707</u> | <u>\$ 857,991</u> | <u>\$ 2,430,698</u> |

Schedule of future debt service requirement on the notes payable  
Safe Drinking Loan(S03003)

| Year Ending<br>June 30 | Principal           | Interest          | Total               |
|------------------------|---------------------|-------------------|---------------------|
| 2009                   | 120,545             | 37,256            | 157,801             |
| 2010                   | 121,750             | 36,051            | 157,801             |
| 2011                   | 122,968             | 34,833            | 157,801             |
| 2012                   | 124,197             | 33,604            | 157,801             |
| 2013                   | 125,440             | 32,361            | 157,801             |
| 2014-2018              | 646,266             | 142,739           | 789,005             |
| 2019-2023              | 679,233             | 109,772           | 789,005             |
| 2024-2028              | 713,882             | 75,123            | 789,005             |
| 2029-2033              | 750,296             | 38,709            | 789,005             |
| 2034-2036              | 321,065             | 4,979             | 326,044             |
|                        | <u>\$ 3,725,642</u> | <u>\$ 545,427</u> | <u>\$ 4,271,069</u> |

**CITY OF SCAPPOOSE  
COLUMBIA COUNTY, OREGON**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**For the Year Ended June 30, 2008**

**NOTE 3 - DETAILED NOTES ON ALL FUNDS (Cont'd)**

**4. GENERAL OBLIGATION BONDS**

The City issued general obligation bonds to provide funds for the acquisition and construction of utility system. General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds generally are issued as 35 to 40 years serial bonds with equal amounts of principal maturing each year. General obligation bonds currently outstanding are as follows:

| Purpose                        | Borrowed<br>From | Loan<br>Date | Maturity<br>Date | Interest<br>Rates | Balance           |
|--------------------------------|------------------|--------------|------------------|-------------------|-------------------|
| Water system (Water GO Bond)   | GMAC             | Feb. 1979    | Feb. 2019        | 5.00%             | \$ 422,835        |
| Sewer system (SPWF Waste Bond) | OECDD            | Sep. 1991    | Aug. 2011        | 6.59%             | 425,611           |
| Sewer system (SPWF Bond II)    | OECDD            | Nov. 1993    | Oct. 2013        | 6.00%             | 39,364            |
| Sewer system (SPWF Loan III)   | OECDD            | Nov. 1993    | Oct. 2011        | 0.00%             | 27,857            |
|                                |                  |              |                  | Total             | <u>\$ 915,667</u> |

Water GO Bonds Payable

In February, 1979, the City issued water go bonds to finance the water system construction.

Schedule of future debt service requirement on the bonds payable  
Water Go Bond

| Year Ending<br>June 30 | Principal         | Interest          | Total             |
|------------------------|-------------------|-------------------|-------------------|
| 2009                   | 28,276            | 22,561            | 50,837            |
| 2010                   | 29,626            | 21,211            | 50,837            |
| 2011                   | 31,040            | 19,797            | 50,837            |
| 2012                   | 32,521            | 18,316            | 50,837            |
| 2013                   | 34,073            | 16,764            | 50,837            |
| 2014-2018              | 196,364           | 57,821            | 254,185           |
| 2019-2020              | 70,935            | 9,772             | 80,707            |
|                        | <u>\$ 422,835</u> | <u>\$ 166,242</u> | <u>\$ 589,077</u> |

**CITY OF SCAPPOOSE  
COLUMBIA COUNTY, OREGON**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**For the Year Ended June 30, 2008**

**NOTE 3 - DETAILED NOTES ON ALL FUNDS (Cont'd)**

SPWF Waste Bonds Payable

The City issued SPWF waste bonds to finance the sewer system construction on Sep. 1991 and Nov. 1993.

Schedule of future debt service requirement on the bonds payable  
SPWF Waste Bond

| Year Ending<br>June 30 | SPWF Bond 1991    |                  | SPWF Bond II     |                 | SPWF Loan III    |             | Totals            |                  |
|------------------------|-------------------|------------------|------------------|-----------------|------------------|-------------|-------------------|------------------|
|                        | Principal         | Interest         | Principal        | Interest        | Principal        | Interest    | Principal         | Interest         |
| 2009                   | 132,921           | 28,038           | 5,643            | 2,362           | 6,964            | -           | 145,528           | 30,400           |
| 2010                   | 141,678           | 19,282           | 5,982            | 2,023           | 6,964            | -           | 154,624           | 21,305           |
| 2011                   | 151,012           | 9,949            | 6,341            | 1,664           | 6,964            | -           | 164,317           | 11,613           |
| 2012                   | -                 | -                | 6,721            | 1,284           | 6,965            | -           | 13,686            | 1,284            |
| 2013                   | -                 | -                | 7,125            | 881             | -                | -           | 7,125             | 881              |
| 2014                   | -                 | -                | 7,552            | 453             | -                | -           | 7,552             | 453              |
|                        | <u>\$ 425,611</u> | <u>\$ 57,269</u> | <u>\$ 39,364</u> | <u>\$ 8,667</u> | <u>\$ 27,857</u> | <u>\$ -</u> | <u>\$ 492,832</u> | <u>\$ 65,936</u> |

**5. CHANGES IN LONG-TERM LIABILITIES**

|  | Beginning           |                   |                     | Ending<br>Balance   | Amounts<br>Due within<br>One year |
|--|---------------------|-------------------|---------------------|---------------------|-----------------------------------|
|  | Balance             | Additions         | Reductions          |                     |                                   |
| <b>Governmental activities</b>             |                     |                   |                     |                     |                                   |
| Compensated absences payable               | \$ 78,100           | \$ 84,500         | \$ (69,500)         | \$ 93,100           | \$ -                              |
| Capital lease                              | 61,756              | 70,315            | (37,351)            | 94,720              | 35,194                            |
| US Bank notes payable                      | 548,835             | -                 | (20,644)            | 528,191             | 21,133                            |
| Crown zellerbach notes payable             | 511,045             | -                 | (37,873)            | 473,172             | 37,202                            |
| <b>Governmental activities total</b>       | <u>1,199,736</u>    | <u>154,815</u>    | <u>(165,368)</u>    | <u>1,189,183</u>    | <u>93,529</u>                     |
| <b>Business type activities</b>            |                     |                   |                     |                     |                                   |
| Compensated absences payable               | 55,900              | 44,600            | (43,000)            | 57,500              | -                                 |
| Capital lease                              | -                   | 58,518            | (13,232)            | 45,286              | 10,270                            |
| Airpark notes payable (Sep. 98)            | 469,183             | -                 | (36,178)            | 433,005             | 36,502                            |
| Airpark notes payable (Sep. 97)            | 229,443             | -                 | (17,407)            | 212,036             | 20,021                            |
| Airpark notes payable (July 98)            | 266,640             | -                 | (18,339)            | 248,301             | 18,489                            |
| Water Go bonds payable                     | 449,823             | -                 | (26,988)            | 422,835             | 28,276                            |
| SPWF waste bonds payable (I)               | 550,317             | -                 | (124,706)           | 425,611             | 132,921                           |
| SPWF waste bonds payable (II)              | 44,688              | -                 | (5,324)             | 39,364              | 5,643                             |
| SPWF waste bonds payable (III)             | 34,821              | -                 | (6,964)             | 27,857              | 6,964                             |
| WTP phase 1 & 2 notes payable (G03003)     | 1,621,461           | -                 | (48,754)            | 1,572,707           | 54,016                            |
| Safe drinking water notes payable (S03003) | 3,844,994           | -                 | (119,352)           | 3,725,642           | 120,545                           |
| <b>Business type activities total</b>      | <u>7,567,270</u>    | <u>103,118</u>    | <u>(460,244)</u>    | <u>7,210,144</u>    | <u>433,647</u>                    |
| <b>Total</b>                               | <u>\$ 8,767,006</u> | <u>\$ 257,933</u> | <u>\$ (625,612)</u> | <u>\$ 8,399,327</u> | <u>\$ 527,176</u>                 |

**CITY OF SCAPPOOSE  
COLUMBIA COUNTY, OREGON**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**For the Year Ended June 30, 2008**

**NOTE 3 - DETAILED NOTES ON ALL FUNDS (Cont'd)**

**D. INTERFUND TRANSFERS**

Major Interfund transfers for the year ended June 30, 2008, consisted of the following:

|                                | Transfer in       |                  |                                   |                   | Total             |
|--------------------------------|-------------------|------------------|-----------------------------------|-------------------|-------------------|
|                                | General<br>Fund   | Building<br>Fund | Nonmajor<br>Governmental<br>Funds | Water<br>Funds    |                   |
| Transfer out:                  |                   |                  |                                   |                   |                   |
| General Fund                   | -                 | 2,240            | 357,700                           | -                 | 359,940           |
| Building Fund                  | 9,803             | -                | -                                 | -                 | 9,803             |
| Street Tax Fund                | 21,003            | 1,120            | 20,000                            | -                 | 42,123            |
| Street SDC Fund                | 9,454             | -                | -                                 | -                 | 9,454             |
| Parks SDC Fund                 | 5,544             | -                | -                                 | -                 | 5,544             |
| Nonmajor Governmental<br>Funds | 1,705             | -                | -                                 | -                 | 1,705             |
| Water Funds                    | 50,350            | 1,120            | -                                 | 152,083           | 203,553           |
| Sewer Funds                    | 43,812            | 1,120            | 4,031                             | -                 | 48,963            |
| <b>Totals</b>                  | <b>\$ 141,671</b> | <b>\$ 5,600</b>  | <b>\$ 381,731</b>                 | <b>\$ 152,083</b> | <b>\$ 681,085</b> |

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.

**NOTE 4 - OTHER INFORMATION**

**A. PENSION PLAN**

**1. 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 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 District employees hired after August 29, 2003, and to inactive 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 contributions are deposited into the member's IAP, not the member's PERS account.

**CITY OF SCAPPOOSE  
COLUMBIA COUNTY, OREGON**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**For the Year Ended June 30, 2008**

**NOTE 4 - OTHER INFORMATION (Cont'd)**

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.

**2. FUNDING POLICY**

Members of PERS are required to contribute 6.00% of their salary covered under the plan, which is invested in the OPSRP Individual Account Program. The City is required by ORS 238.225 to contribute at an actuarially determined rate for the qualifying employees under the OPERF plan, and a general service rate for the qualifying employees under the OPSRP plan. The employer contributions rates are based on an actuarial valuation report dated December 31, 2007. The OPERF and the OPSRP rates in effect for the year ending June 30, 2008 are 13.76% (OPERF) and 13.77% (OPSRP - General Service) and 17.04% (OPSRP – Police and Fire), respectively. The contribution requirements for plan members are established by ORS Chapter 238 and may be amended by an act of the Oregon Legislature.

**3. ANNUAL PENSION COST**

The City's contributions to PERS for the years ending June 30, 2008, 2007 and 2006 were \$336,101, \$324,408 and \$294,241 respectively, equal to the required contributions for each year.

**B. OFFICE LEASE**

On November 12, 2007, the City entered into 5-year lease agreement with Brian Rosenthal to rent office space at 52610 N.E. 1<sup>st</sup> Street, Units 120 and 130 in Scappoose, Oregon. On March 1, 2008, the City added Unit 110 at the same address to the lease agreement. The City is billed \$1.10 per square foot for the first year, increasing \$0.03 per square foot each year of the lease agreement. For the year ended June 30, 2008, rent expense was \$21,977 and security deposits were paid in the amount of \$6,631.

Schedule of future debt service requirement

| Year Ending<br>June 30 | Space<br>120/130  | Space<br>110     | Total             |
|------------------------|-------------------|------------------|-------------------|
| 2009                   | 29,284            | 11,136           | 40,420            |
| 2010                   | 30,056            | 11,436           | 41,492            |
| 2011                   | 30,840            | 11,737           | 42,577            |
| 2012                   | 31,450            | 12,005           | 43,455            |
| 2013                   | 10,542            | 8,092            | 18,634            |
| Total                  | <u>\$ 132,172</u> | <u>\$ 54,406</u> | <u>\$ 186,578</u> |

CITY OF SCAPPOOSE  
COLUMBIA COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS

For the Year Ended June 30, 2008

---

**NOTE 4 - OTHER INFORMATION (Cont'd)**

**C. CONTINGENT LIABILITIES**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor agencies cannot be determined at this time although management expects such amounts, if any, to be immaterial.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably being estimated.

Management has represented that there are no other contingent liabilities which were understood to include among other things: notes or accounts receivable which have been discounted; pending suits, proceedings, hearings, or negotiations possibly involving retroactive judgments or claims; taxes in dispute; endorsements or guarantees; and options given that would require disclosure.

**D. RISK MANAGEMENT**

The City is operated under various risks and the City participates in various insurance programs to hedge against those risks. The insurance coverage include property liability, general liability, ethics complaint defense liability, pesticide/herbicide application liability, auto liability, boiler, pressure vessel, mechanical and electrical objects liability and others. There have been no losses in excess of insurance coverage for the past three years.

*REQUIRED SUPPLEMENTARY INFORMATION*

CITY OF SCAPPOOSE  
COLUMBIA COUNTY, OREGON

STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

GENERAL FUND

For the Year Ended June 30, 2008

|  | Budgeted Amounts    |                     | Actual Amounts<br>Budgetary Basis | Budget to GAAP<br>Differences<br>Over (Under) | Actual Amounts<br>GAAP Basis |
|--|---------------------|---------------------|-----------------------------------|---|------------------------------|
|  | Original            | Final               |                                   |   |                              |
| <b>REVENUES:</b>   |                     |                     |                                   |   |                              |
| Property taxes   | \$ 1,192,360        | \$ 1,192,360        | \$ 1,310,496 (1)                  | \$ (1,891)                                    | \$ 1,308,605                 |
| Licenses and fees  | 389,000             | 389,000             | 370,101                           | -   | 370,101                      |
| Franchise fees   | 305,000             | 305,000             | 334,491 (1)                       | 13,438  | 347,929                      |
| Intergovernmental  | 108,300             | 108,300             | 123,708 (1)                       | (5,288)                                       | 118,420                      |
| Interest   | 100,000             | 100,000             | 99,495                            | -   | 99,495                       |
| Miscellaneous  | 65,500              | 65,500              | 89,780                            | -   | 89,780                       |
| Total revenues   | <u>2,160,160</u>    | <u>2,160,160</u>    | <u>2,328,071</u>                  | <u>6,259</u>                                  | <u>2,334,330</u>             |
| <b>EXPENDITURES:</b>   |                     |                     |                                   |   |                              |
| Administrative   | 455,830             | 455,830             | 364,640 (1)                       | (88)  | 364,552                      |
| Planning   | 124,854             | 124,854             | 119,958 (1)                       | (606)   | 119,352                      |
| Police   | 1,387,361           | 1,387,361           | 1,260,222 (1)                     | 8,445   | 1,268,667                    |
| Court  | 264,675             | 264,675             | 204,670 (1)                       | (2,363)                                       | 202,307                      |
| Parks  | 121,292             | 121,292             | 88,866 (1)                        | 629   | 89,495                       |
| Contingency  | 480,583             | 480,583             | -                                 | -   | -                            |
| Total expenditures   | <u>2,834,595</u>    | <u>2,834,595</u>    | <u>2,038,356</u>                  | <u>6,017</u>                                  | <u>2,044,373</u>             |
| Excess(deficiency) of revenues over expend                                       | <u>(674,435)</u>    | <u>(674,435)</u>    | <u>289,715</u>                    | <u>242</u>                                    | <u>289,957</u>               |
| <b>OTHER FINANCING SOURCES (USES):</b>   |                     |                     |                                   |   |                              |
| Operating transfers in   | 242,669             | 242,669             | 242,669                           | -   | 242,669                      |
| Operating transfers out  | <u>(460,938)</u>    | <u>(460,938)</u>    | <u>(460,938)</u>                  | <u>-</u>                                      | <u>(460,938)</u>             |
| Total other financing sources and uses   | <u>(218,269)</u>    | <u>(218,269)</u>    | <u>(218,269)</u>                  | <u>-</u>                                      | <u>(218,269)</u>             |
| Excess of revenues and other sources over<br>(under) expenditures and other uses | <u>(892,704)</u>    | <u>(892,704)</u>    | <u>71,445</u>                     | <u>242</u>                                    | <u>71,688</u>                |
| <b>FUND BALANCES - July 1</b>  | <u>1,892,704</u>    | <u>1,892,704</u>    | <u>2,162,619</u> (2)              | <u>67,888</u>                                 | <u>2,230,507</u>             |
| <b>FUND BALANCES - June 30</b>   | <u>\$ 1,000,000</u> | <u>\$ 1,000,000</u> | <u>\$ 2,234,064</u>               | <u>\$ 68,130</u>                              | <u>\$ 2,302,195</u>          |

**Explanation of differences:**

- (1) The City budgets revenues only to the extent expected to be received, rather than on the modified accrual basis.  
The City budgets expenditures only to the extent expected to be paid, rather than on the modified accrual basis.  
Net increase in fund balance-budget to GAAP
- \$ 6,259  
(6,017)  
\$ 242
- (2) The amount reported as "fund balance" on the budgetary basis of accounting derives from the basis of accounting used in preparing the City's budget. (See Note 2 for a description of the City's budgetary accounting method.) This amount differs from the fund balance reported in the statement of revenues, expenditures, and changes in fund balances because of the cumulative effect of transactions such as those described above.

See Report of Independent Auditors



CITY OF SCAPPOOSE  
COLUMBIA COUNTY, OREGON  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

BUILDING FUND

For the Year Ended June 30, 2008

|  | Budgeted Amounts |                  | Actual Amounts<br>Budgetary Basis | Budget to GAAP             | Actual Amounts<br>GAAP Basis |
|--|------------------|------------------|-----------------------------------|----------------------------|------------------------------|
|  | Original         | Final            |                                   | Differences<br>Over(Under) |                              |
| <b>REVENUES:</b>   |                  |                  |                                   |                            |                              |
| Taxes  | \$ -             | \$ -             | \$ -                              | \$ -                       | \$ -                         |
| Licenses and fees  | 206,400          | 206,400          | 276,587                           | -                          | 276,587                      |
| Franchise fees   | -                | -                | -                                 | -                          | -                            |
| Intergovernmental  | -                | -                | -                                 | -                          | -                            |
| Interest   | 8,000            | 8,000            | 21,923                            | -                          | 21,923                       |
| Miscellaneous  | 200              | 200              | -                                 | -                          | -                            |
| Total revenues   | <u>214,600</u>   | <u>214,600</u>   | <u>298,510</u>                    | <u>-</u>                   | <u>298,510</u>               |
| <b>EXPENDITURES:</b>   |                  |                  |                                   |                            |                              |
| Personal services  | 182,574          | 170,074          | 128,880                           | -                          | 128,880                      |
| Materials and services   | 81,250           | 91,250           | 81,863 (1)                        | 8,940                      | 90,803                       |
| Capital outlay   | 7,000            | 9,500            | 9,371                             | -                          | 9,371                        |
| Contingency  | 215,656          | 215,656          | -                                 | -                          | -                            |
| Total expenditures   | <u>486,480</u>   | <u>486,480</u>   | <u>220,115</u>                    | <u>8,940</u>               | <u>229,055</u>               |
| Excess(deficiency) of revenues over expend                                       | <u>(271,880)</u> | <u>(271,880)</u> | <u>78,395</u>                     | <u>(8,940)</u>             | <u>69,455</u>                |
| <b>OTHER FINANCING SOURCES (USES):</b>   |                  |                  |                                   |                            |                              |
| Operating transfers in   | 5,600            | 5,600            | 5,600                             | -                          | 5,600                        |
| Operating transfers out  | <u>(9,803)</u>   | <u>(9,803)</u>   | <u>(9,803)</u>                    | <u>-</u>                   | <u>(9,803)</u>               |
| Total other financing sources and uses   | <u>(4,203)</u>   | <u>(4,203)</u>   | <u>(4,203)</u>                    | <u>-</u>                   | <u>(4,203)</u>               |
| Excess of revenues and other sources over<br>(under) expenditures and other uses | <u>(276,083)</u> | <u>(276,083)</u> | <u>74,192</u>                     | <u>(8,940)</u>             | <u>65,252</u>                |
| <b>FUND BALANCES - July 1</b>  | <u>276,083</u>   | <u>276,083</u>   | <u>391,806</u> (2)                | <u>(897)</u>               | <u>390,909</u>               |
| <b>FUND BALANCES - June 30</b>   | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ 465,998</u>                 | <u>\$ (9,837)</u>          | <u>\$ 456,161</u>            |

**Explanation of differences:**

- (1) The City budgets revenues only to the extent expected to be received, rather than on the modified accrual basis.  
The City budgets expenditures only to the extent expected to be paid, rather than on the modified accrual basis.  
Net increase in fund balance-budget to GAAP
- |                   |
|-------------------|
| \$ -              |
| <u>8,940</u>      |
| <u>\$ (8,940)</u> |
- (2) The amount reported as "fund balance" on the budgetary basis of accounting derives from the basis of accounting used in preparing the City's budget. (See Note 2 for a description of the City's budgetary accounting method.) This amount differs from the fund balance reported in the statement of revenues, expenditures, and changes in fund balances because of the cumulative effect of transactions such as those described above.

See Report of Independent Auditors

CITY OF SCAPPOOSE  
COLUMBIA COUNTY, OREGON

STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

STATE STREET TAX FUND

For the Year Ended June 30, 2008

|  | Budgeted Amounts |                  | Actual Amounts<br>Budgetary Basis | Budget to GAAP<br>Differences |                              |
|--|------------------|------------------|-----------------------------------|-------------------------------|------------------------------|
|  | Original         | Final            |                                   | Over(Under)                   | Actual Amounts<br>GAAP Basis |
| <b>REVENUES:</b>   |                  |                  |                                   |                               |                              |
| Surface trans program funds  | \$ 214,539       | \$ 214,539       | \$ -                              | \$ -                          | \$ -                         |
| Licenses and fees  | 50,000           | 50,000           | 28,192                            | -                             | 28,192                       |
| Franchise fees   | -                | -                | -                                 | -                             | -                            |
| Intergovernmental  | 265,375          | 265,375          | 258,534 (1)                       | (1,241)                       | 257,293                      |
| Interest   | 10,700           | 10,700           | 10,943                            | -                             | 10,943                       |
| Miscellaneous  | 500              | 500              | -                                 | -                             | -                            |
| Total revenues   | <u>541,114</u>   | <u>541,114</u>   | <u>297,669</u>                    | <u>(1,241)</u>                | <u>296,428</u>               |
| <b>EXPENDITURES:</b>   |                  |                  |                                   |                               |                              |
| Personal services  | 189,132          | 189,132          | 155,367                           | -                             | 155,367                      |
| Materials and services   | 155,411          | 155,411          | 130,649 (1)                       | 3,012                         | 133,661                      |
| Capital outlay   | 217,950          | 217,950          | 15,164                            | -                             | 15,164                       |
| Contingency  | 194,825          | 194,825          | -                                 | -                             | -                            |
| Total expenditures   | <u>757,318</u>   | <u>757,318</u>   | <u>301,180</u>                    | <u>3,012</u>                  | <u>304,192</u>               |
| Excess(deficiency) of revenues over expend                                       | <u>(216,204)</u> | <u>(216,204)</u> | <u>(3,511)</u>                    | <u>(4,253)</u>                | <u>(7,764)</u>               |
| <b>OTHER FINANCING SOURCES (USES):</b>   |                  |                  |                                   |                               |                              |
| Operating transfers in   | -                | -                | -                                 | -                             | -                            |
| Operating transfers out  | <u>(42,123)</u>  | <u>(42,123)</u>  | <u>(42,123)</u>                   | <u>-</u>                      | <u>(42,123)</u>              |
| Total other financing sources and uses   | <u>(42,123)</u>  | <u>(42,123)</u>  | <u>(42,123)</u>                   | <u>-</u>                      | <u>(42,123)</u>              |
| Excess of revenues and other sources over<br>(under) expenditures and other uses | <u>(258,327)</u> | <u>(258,327)</u> | <u>(45,634)</u>                   | <u>(4,253)</u>                | <u>(49,887)</u>              |
| <b>FUND BALANCES - July 1</b>  | <u>258,327</u>   | <u>258,327</u>   | <u>291,475 (2)</u>                | <u>23,122</u>                 | <u>314,597</u>               |
| <b>FUND BALANCES - June 30</b>   | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ 245,841</u>                 | <u>\$ 18,869</u>              | <u>\$ 264,710</u>            |

**Explanation of differences:**

- (1) The City budgets revenues only to the extent expected to be received, rather than on the modified accrual basis. \$ (1,241)  
The City budgets expenditures only to the extent expected to be paid, rather than on the modified accrual basis. (3,012)  
Net increase in fund balance-budget to GAAP \$ (4,253)

- (2) The amount reported as "fund balance" on the budgetary basis of accounting derives from the basis of accounting used in preparing the City's budget. (See Note 2 for a description of the City's budgetary accounting method.) This amount differs from the fund balance reported in the statement of revenues, expenditures, and changes in fund balances because of the cumulative effect of transactions such as those described above.

See Report of Independent Auditors

CITY OF SCAPPOOSE  
COLUMBIA COUNTY, OREGON

STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

STREET SDC FUND

For the Year Ended June 30, 2008

|  | Budgeted Amounts |                  | Actual Amounts<br>Budgetary Basis | Budget to GAAP             |                              |
|--|------------------|------------------|-----------------------------------|----------------------------|------------------------------|
|  | Original         | Final            |                                   | Differences<br>Over(Under) | Actual Amounts<br>GAAP Basis |
| <b>REVENUES:</b>   |                  |                  |                                   |                            |                              |
| Taxes  | \$ -             | \$ -             | \$ -                              | \$ -                       | \$ -                         |
| Licenses and fees  | 189,070          | 189,070          | 320,244                           | -                          | 320,244                      |
| Franchise fees   | -                | -                | -                                 | -                          | -                            |
| Intergovernmental  | -                | -                | -                                 | -                          | -                            |
| Interest   | 30,000           | 30,000           | 41,258                            | -                          | 41,258                       |
| Miscellaneous  | -                | -                | -                                 | -                          | -                            |
| Total revenues   | <u>219,070</u>   | <u>219,070</u>   | <u>361,502</u>                    | -                          | <u>361,502</u>               |
| <b>EXPENDITURES:</b>   |                  |                  |                                   |                            |                              |
| Personal services  | -                | -                | -                                 | -                          | -                            |
| Materials and services   | -                | -                | -                                 | -                          | -                            |
| Capital outlay   | 500,000          | 500,000          | 308,137                           | -                          | 308,137                      |
| Debt service-  |                  |                  |                                   |                            |                              |
| Principal  | 35,110           | 35,110           | 37,873                            | -                          | 37,873                       |
| Interest   | 21,103           | 21,103           | 18,340                            | -                          | 18,340                       |
| Contingency  | 56,820           | 56,820           | -                                 | -                          | -                            |
| Total expenditures   | <u>613,033</u>   | <u>613,033</u>   | <u>364,350</u>                    | -                          | <u>364,350</u>               |
| Excess(deficiency) of revenues over expend                                       | <u>(393,963)</u> | <u>(393,963)</u> | <u>(2,848)</u>                    | -                          | <u>(2,848)</u>               |
| <b>OTHER FINANCING SOURCES (USES):</b>   |                  |                  |                                   |                            |                              |
| Operating transfers in   | -                | -                | -                                 | -                          | -                            |
| Operating transfers out  | (9,454)          | (9,454)          | (9,454)                           | -                          | (9,454)                      |
| Total other financing sources and uses   | <u>(9,454)</u>   | <u>(9,454)</u>   | <u>(9,454)</u>                    | -                          | <u>(9,454)</u>               |
| Excess of revenues and other sources over<br>(under) expenditures and other uses | <u>(403,417)</u> | <u>(403,417)</u> | <u>(12,302)</u>                   | -                          | <u>(12,302)</u>              |
| <b>FUND BALANCES - July 1</b>  | <u>403,417</u>   | <u>403,417</u>   | <u>722,111</u>                    | -                          | <u>722,111</u>               |
| <b>FUND BALANCES - June 30</b>   | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ 709,809</u>                 | <u>\$ -</u>                | <u>\$ 709,809</u>            |

See Report of Independent Auditors

CITY OF SCAPPOOSE  
COLUMBIA COUNTY, OREGON

STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

PARKS SDC FUND

For the Year Ended June 30, 2008

|  | Budgeted Amounts |                  | Actual Amounts<br>Budgetary Basis | Budget to GAAP             |                              |
|--|------------------|------------------|-----------------------------------|----------------------------|------------------------------|
|  | Original         | Final            |                                   | Differences<br>Over(Under) | Actual Amounts<br>GAAP Basis |
| <b>REVENUES:</b>   |                  |                  |                                   |                            |                              |
| Intergovernmental  | \$ -             | \$ -             | \$ -                              | \$ -                       | \$ -                         |
| Licenses and fees  | 110,880          | 110,880          | 142,387                           | -                          | 142,387                      |
| Interest   | 20,000           | 20,000           | 24,910                            | -                          | 24,910                       |
| Miscellaneous  | -                | -                | -                                 | -                          | -                            |
| Total revenues   | <u>130,880</u>   | <u>130,880</u>   | <u>167,297</u>                    | <u>-</u>                   | <u>167,297</u>               |
| <b>EXPENDITURES:</b>   |                  |                  |                                   |                            |                              |
| Personal services  | -                | -                | -                                 | -                          | -                            |
| Materials and services   | -                | -                | -                                 | -                          | -                            |
| Debt service-  |                  |                  |                                   |                            |                              |
| Principal  | 20,395           | 20,395           | 20,649                            | -                          | 20,649                       |
| Interest   | 27,409           | 27,409           | 27,155                            | -                          | 27,155                       |
| Capital outlay   | 275,000          | 275,000          | -                                 | -                          | -                            |
| Contingency  | 86,315           | 86,315           | -                                 | -                          | -                            |
| Total expenditures   | <u>409,119</u>   | <u>409,119</u>   | <u>47,804</u>                     | <u>-</u>                   | <u>47,803</u>                |
| Excess(deficiency) of revenues over expend                                       | <u>(278,239)</u> | <u>(278,239)</u> | <u>119,494</u>                    | <u>-</u>                   | <u>119,494</u>               |
| <b>OTHER FINANCING SOURCES (USES):</b>   |                  |                  |                                   |                            |                              |
| Operating transfers in   | -                | -                | -                                 | -                          | -                            |
| Operating transfers out  | (5,544)          | (5,544)          | (5,544)                           | -                          | (5,544)                      |
| Total other financing sources and uses   | <u>(5,544)</u>   | <u>(5,544)</u>   | <u>(5,544)</u>                    | <u>-</u>                   | <u>(5,544)</u>               |
| Excess of revenues and other sources over<br>(under) expenditures and other uses | <u>(283,783)</u> | <u>(283,783)</u> | <u>113,950</u>                    | <u>-</u>                   | <u>113,950</u>               |
| <b>FUND BALANCES - July 1</b>  | <u>283,783</u>   | <u>283,783</u>   | <u>474,654</u>                    | <u>-</u>                   | <u>474,654</u>               |
| <b>FUND BALANCES - June 30</b>   | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ 588,604</u>                 | <u>\$ -</u>                | <u>\$ 588,604</u>            |

See Report of Independent Auditors

*OTHER SCHEDULES AND  
SUPPLEMENTARY INFORMATION*

CITY OF SCAPOOSE  
COLUMBIA COUNTY, OREGON

COMBINING BALANCE SHEET -

NONMAJOR GOVERNMENTAL FUNDS

June 30, 2008

|   | Special Revenue Funds             |                |                                  |               |                        |               |                             |               |                     |                |                           |               |                      |               |
|---|-----------------------------------|----------------|----------------------------------|---------------|------------------------|---------------|-----------------------------|---------------|---------------------|----------------|---------------------------|---------------|----------------------|---------------|
|   | Parks and Recreation Reserve Fund |                | Foot Paths & Bicycle Trails Fund |               | Havlik Highway 30 Fund |               | Unemployment Insurance Fund |               | Municipal Park Fund |                | Municipal Skate Park Fund |               | Storm Drain SDC Fund |               |
|   |                                   |                |                                  |               |                        |               |                             |               |                     |                |                           |               |                      |               |
| <b>ASSETS</b>                               |                                   |                |                                  |               |                        |               |                             |               |                     |                |                           |               |                      |               |
| Cash and cash equivalents                   | \$                                | 347,415        | \$                               | 56,520        | \$                     | 72,205        | \$                          | 42,819        | \$                  | 313,845        | \$                        | 30,439        | \$                   | 58,844        |
| Receivables:                                |                                   |                |                                  |               |                        |               |                             |               |                     |                |                           |               |                      |               |
| Property taxes receivable                   | -                                 | -              | -                                | -             | -                      | -             | -                           | -             | -                   | -              | -                         | -             | -                    | -             |
| Accounts receivable                         | -                                 | -              | 208                              | -             | -                      | -             | -                           | -             | -                   | -              | -                         | -             | -                    | -             |
| Inventory                                   | -                                 | -              | -                                | -             | -                      | -             | -                           | -             | -                   | -              | -                         | -             | -                    | -             |
| <b>Total assets</b>                         | \$                                | <u>347,415</u> | \$                               | <u>56,728</u> | \$                     | <u>72,205</u> | \$                          | <u>42,819</u> | \$                  | <u>313,845</u> | \$                        | <u>30,439</u> | \$                   | <u>58,844</u> |
| <b>LIABILITIES AND FUND BALANCES</b>        |                                   |                |                                  |               |                        |               |                             |               |                     |                |                           |               |                      |               |
| <b>Liabilities:</b>                         |                                   |                |                                  |               |                        |               |                             |               |                     |                |                           |               |                      |               |
| Accounts payable                            | -                                 | -              | -                                | -             | 420                    | -             | -                           | -             | 513                 | -              | -                         | -             | -                    | -             |
| Deferred tax revenue                        | -                                 | -              | -                                | -             | -                      | -             | -                           | -             | -                   | -              | -                         | -             | -                    | -             |
| <b>Total liabilities</b>                    | -                                 | -              | -                                | -             | -                      | 420           | -                           | -             | 513                 | -              | -                         | -             | -                    | -             |
| <b>Fund balances:</b>                       |                                   |                |                                  |               |                        |               |                             |               |                     |                |                           |               |                      |               |
| Reserved for:                               |                                   |                |                                  |               |                        |               |                             |               |                     |                |                           |               |                      |               |
| Debt Service                                | -                                 | -              | -                                | -             | -                      | -             | -                           | -             | -                   | -              | -                         | -             | -                    | -             |
| Unreserved, reported in:                    |                                   |                |                                  |               |                        |               |                             |               |                     |                |                           |               |                      |               |
| Special Revenue Funds                       | 347,415                           | 56,728         | 71,785                           | 42,819        | 313,332                | 30,439        | 58,844                      |               |                     |                |                           |               |                      |               |
| <b>Total fund balances</b>                  | <u>347,415</u>                    | <u>56,728</u>  | <u>71,785</u>                    | <u>42,819</u> | <u>313,332</u>         | <u>30,439</u> | <u>58,844</u>               |               |                     |                |                           |               |                      |               |
| <b>Total liabilities and fund balances:</b> | \$                                | <u>347,415</u> | \$                               | <u>56,728</u> | \$                     | <u>72,205</u> | \$                          | <u>42,819</u> | \$                  | <u>313,845</u> | \$                        | <u>30,439</u> | \$                   | <u>58,844</u> |

(Cont'd)

CITY OF SCAPOOSE  
COLUMBIA COUNTY, OREGON  
COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS (Cont'd)

June 30, 2008

|   | Special Revenue Funds            |                  |                  |                          |                          | Debt Service Fund |   | Total Nonmajor Governmental Funds |
|---|----------------------------------|------------------|------------------|--------------------------|--------------------------|-------------------|---|-----------------------------------|
|   | Scappoose Station Pavillion Fund | Peg Fee Fund     | Watts House Fund | Law Enforcement Fee Fund | Water/Sewer GO Bond Fund |                   |   |                                   |
|   | -                                | -                | -                | -                        | -                        | -                 | - |                                   |
| <b>ASSETS</b>                               |                                  |                  |                  |                          |                          |                   |   |                                   |
| Cash and cash equivalents                   | \$ -                             | \$ 49,902        | \$ 6,039         | \$ 27,005                | \$ 98,636                |                   |   | \$ 1,103,669                      |
| Receivables:                                |                                  |                  |                  |                          |                          |                   |   |                                   |
| Property taxes receivable                   | -                                | -                | -                | -                        | 21,824                   |                   |   | 21,824                            |
| Accounts receivable                         | -                                | 4,379            | -                | -                        | -                        |                   |   | 4,587                             |
| Inventory                                   | -                                | -                | -                | -                        | -                        |                   |   | -                                 |
| <b>Total assets</b>                         | <b>\$ -</b>                      | <b>\$ 54,281</b> | <b>\$ 6,039</b>  | <b>\$ 27,005</b>         | <b>\$ 120,460</b>        |                   |   | <b>\$ 1,130,080</b>               |
| <b>LIABILITIES AND FUND BALANCES</b>        |                                  |                  |                  |                          |                          |                   |   |                                   |
| <b>Liabilities:</b>                         |                                  |                  |                  |                          |                          |                   |   |                                   |
| Accounts payable                            | -                                | -                | 204              | -                        | -                        |                   |   | 1,137                             |
| Deferred tax revenue                        | -                                | -                | -                | -                        | 17,172                   |                   |   | 17,172                            |
| <b>Total liabilities</b>                    | <b>-</b>                         | <b>-</b>         | <b>204</b>       | <b>-</b>                 | <b>17,172</b>            |                   |   | <b>18,309</b>                     |
| <b>Fund balances:</b>                       |                                  |                  |                  |                          |                          |                   |   |                                   |
| Reserved for:                               |                                  |                  |                  |                          |                          |                   |   |                                   |
| Debt Service                                | -                                | -                | -                | -                        | 103,288                  |                   |   | 103,288                           |
| Unreserved, reported in:                    |                                  |                  |                  |                          |                          |                   |   |                                   |
| Special Revenue Funds                       | -                                | 54,281           | 5,835            | 27,005                   | -                        |                   |   | 1,008,483                         |
| <b>Total fund balances</b>                  | <b>-</b>                         | <b>54,281</b>    | <b>5,835</b>     | <b>27,005</b>            | <b>103,288</b>           |                   |   | <b>1,111,771</b>                  |
| <b>Total liabilities and fund balances:</b> | <b>\$ -</b>                      | <b>\$ 54,281</b> | <b>\$ 6,039</b>  | <b>\$ 27,005</b>         | <b>\$ 120,460</b>        |                   |   | <b>\$ 1,130,080</b>               |

CITY OF SCAPOOSE  
COLUMBIA COUNTY, OREGON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE

NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended June 30, 2008

|   | Special Revenue Funds             |                                  |                        |                             |                     |                           |                      |
|---|-----------------------------------|----------------------------------|------------------------|-----------------------------|---------------------|---------------------------|----------------------|
|   | Parks and Recreation Reserve Fund | Foot Paths & Bicycle Trails Fund | Havlik Highway 30 Fund | Unemployment Insurance Fund | Municipal Park Fund | Municipal Skate Park Fund | Storm Drain SDC Fund |
| <b>REVENUES:</b>                                  |                                   |                                  |                        |                             |                     |                           |                      |
| Property taxes                                    | -                                 | -                                | -                      | -                           | -                   | -                         | -                    |
| Licenses and fees                                 | -                                 | -                                | -                      | -                           | -                   | -                         | -                    |
| Fines and forfeits                                | -                                 | -                                | -                      | -                           | -                   | -                         | -                    |
| Special assessments                               | -                                 | -                                | -                      | -                           | -                   | -                         | -                    |
| Intergovernmental                                 | -                                 | 2,405                            | -                      | -                           | -                   | -                         | 38,960               |
| Interest  | 14,834                            | 2,611                            | 4,106                  | 1,828                       | 7,567               | 1,300                     | 1,589                |
| Miscellaneous                                     | -                                 | -                                | -                      | -                           | -                   | -                         | -                    |
| Total revenues                                    | 14,834                            | 5,016                            | 4,106                  | 1,828                       | 7,567               | 1,300                     | 40,549               |
| <b>EXPENDITURES:</b>                              |                                   |                                  |                        |                             |                     |                           |                      |
| Current:  |                                   |                                  |                        |                             |                     |                           |                      |
| General government                                | -                                 | -                                | -                      | -                           | -                   | -                         | -                    |
| Public safety                                     | -                                 | -                                | -                      | -                           | -                   | -                         | -                    |
| Cultural and recreation                           | -                                 | -                                | -                      | -                           | -                   | -                         | -                    |
| Highways and streets                              | -                                 | -                                | -                      | -                           | -                   | -                         | -                    |
| Debt service                                      | -                                 | -                                | -                      | -                           | -                   | -                         | -                    |
| Capital outlay                                    | -                                 | 2,035                            | 70,411                 | -                           | 113,196             | -                         | -                    |
| Contingency                                       | -                                 | -                                | -                      | -                           | -                   | -                         | -                    |
| Total expenditures                                | -                                 | 2,035                            | 70,411                 | -                           | 113,196             | -                         | -                    |
| Excess (deficiency) of revenues over expenditures | 14,834                            | 2,981                            | (66,305)               | 1,828                       | (105,629)           | 1,300                     | 40,549               |
| <b>OTHER FINANCING SOURCES (USES):</b>            |                                   |                                  |                        |                             |                     |                           |                      |
| Transfers in                                      | -                                 | -                                | -                      | -                           | -                   | -                         | 20,000               |
| Transfers out                                     | -                                 | -                                | -                      | -                           | 350,000             | -                         | (1,705)              |
| Total other financing sources (uses)              | -                                 | -                                | -                      | -                           | 350,000             | -                         | 18,295               |
| <b>Net change in fund balances</b>                | 14,834                            | 2,981                            | (66,305)               | 1,828                       | 244,371             | 1,300                     | 58,844               |
| FUND BALANCES - July 1                            | 332,581                           | 53,747                           | 138,090                | 40,991                      | 68,961              | 29,139                    | -                    |
| FUND BALANCES - June 30                           | \$ 347,415                        | \$ 56,728                        | \$ 71,785              | \$ 42,819                   | \$ 313,332          | \$ 30,439                 | \$ 58,844            |

(Cont'd)



CITY OF SCAPPOOSE  
COLUMBIA COUNTY, OREGON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE

NONMAJOR GOVERNMENTAL FUNDS (Cont'd)

For the Year Ended June 30, 2008

|   | Special Revenue Funds            |              |            |                  |                          |                          | Debt Service Fund |              | Total Nonmajor Governmental Funds |
|---|----------------------------------|--------------|------------|------------------|--------------------------|--------------------------|-------------------|--------------|-----------------------------------|
|   | Scappoose Station Pavillion Fund | Peg Fee Fund | House Fund | Watts House Fund | Law Enforcement Fee Fund | Water/Sewer GO Bond Fund |                   |              |                                   |
| <b>REVENUES:</b>                                  |                                  |              |            |                  |                          |                          |                   |              |                                   |
| Property taxes                                    | -                                | \$ -         | \$ -       | \$ -             | -                        | \$ -                     | 155,827           | \$ 155,827   |                                   |
| Licenses and fees                                 | -                                | 16,285       | -          | -                | -                        | -                        | -                 | 16,285       |                                   |
| Fines and forfeits                                | -                                | -            | -          | -                | 23,278                   | -                        | -                 | 23,278       |                                   |
| Special assessments                               | -                                | -            | -          | -                | -                        | -                        | -                 | 38,960       |                                   |
| Intergovernmental                                 | -                                | -            | -          | -                | -                        | -                        | -                 | 2,405        |                                   |
| Interest  | 181                              | 1,777        | 330        | 330              | 1,343                    | -                        | 5,237             | 42,703       |                                   |
| Miscellaneous                                     | -                                | -            | -          | -                | -                        | -                        | -                 | -            |                                   |
| Total revenues                                    | 181                              | 18,062       | 330        | 330              | 24,621                   | -                        | 161,064           | 279,458      |                                   |
| <b>EXPENDITURES:</b>                              |                                  |              |            |                  |                          |                          |                   |              |                                   |
| Current:  |                                  |              |            |                  |                          |                          |                   |              |                                   |
| General government                                | -                                | -            | -          | -                | -                        | -                        | -                 | -            |                                   |
| Public safety                                     | -                                | -            | -          | -                | 25,170                   | -                        | -                 | 25,170       |                                   |
| Cultural and recreation                           | -                                | -            | -          | 4,187            | -                        | -                        | -                 | 4,187        |                                   |
| Highways and streets                              | -                                | -            | -          | -                | -                        | -                        | -                 | -            |                                   |
| Debt service                                      | -                                | -            | -          | -                | -                        | 211,797                  | -                 | 211,797      |                                   |
| Capital outlay                                    | 5,172                            | -            | -          | -                | -                        | -                        | -                 | 190,814      |                                   |
| Contingency                                       | -                                | -            | -          | -                | -                        | -                        | -                 | -            |                                   |
| Total expenditures                                | 5,172                            | -            | -          | 4,187            | 25,170                   | -                        | 211,797           | 431,968      |                                   |
| Excess (deficiency) of revenues over expenditures | (4,991)                          | 18,062       | (3,857)    | (3,857)          | (549)                    | (50,733)                 |                   | (152,510)    |                                   |
| <b>OTHER FINANCING SOURCES (USES):</b>            |                                  |              |            |                  |                          |                          |                   |              |                                   |
| Interfund transfers in                            | -                                | -            | -          | 7,700            | -                        | 4,031                    | -                 | 381,731      |                                   |
| Interfund transfers out                           | -                                | -            | -          | -                | -                        | -                        | -                 | (1,705)      |                                   |
| Total other financing sources (uses)              | -                                | -            | -          | 7,700            | -                        | 4,031                    | -                 | 380,026      |                                   |
| <b>Net change in fund balances</b>                | (4,991)                          | 18,062       | 3,843      | 3,843            | (549)                    | (46,702)                 |                   | 227,516      |                                   |
| FUND BALANCES - July 1                            | 4,991                            | 36,219       | 1,992      | 1,992            | 27,554                   | 149,990                  |                   | 884,255      |                                   |
| FUND BALANCES - June 30                           | -                                | \$ 54,281    | \$ 5,835   | \$ 5,835         | \$ 27,005                | \$ 103,288               |                   | \$ 1,111,771 |                                   |

**CITY OF SCAPPOOSE  
COLUMBIA COUNTY, OREGON**

**SCHEDULE OF EXPENDITURES-BUDGET AND ACTUAL**

**GENERAL FUND**

For the Year Ended June 30, 2008

|                                  | <u>Budgeted<br/>Amounts</u> | <u>Actual<br/>Amounts</u> | <u>Variance with<br/>Budget<br/>Positive<br/>(Negative)</u> |
|----------------------------------|-----------------------------|---------------------------|---|
| <b>Personal Services</b>         |                             |                           |   |
| <b>Administration</b>            |                             |                           |   |
| Salaries                         | \$ 31,067                   | \$ 31,007                 | \$ 60   |
| Health insurance                 | 6,470                       | 4,760                     | 1,710   |
| Retirement benefits              | 5,471                       | 6,169                     | (698)   |
| Social security                  | 3,073                       | 2,372                     | 701   |
| Worker's compensation            | 287                         | 244                       | 43  |
| <b>Total administration</b>      | <u>46,368</u>               | <u>44,552</u>             | <u>1,816</u>  |
| <b>Police department</b>         |                             |                           |   |
| Salaries                         | 636,742                     | 637,739                   | (997)   |
| Overtime                         | 33,584                      | 38,079                    | (4,495)   |
| Health insurance                 | 193,351                     | 147,189                   | 46,162  |
| Retirement benefits              | 146,253                     | 132,069                   | 14,184  |
| Social security                  | 87,674                      | 51,700                    | 35,974  |
| Worker's compensation            | 29,084                      | 22,799                    | 6,285   |
| <b>Total police department</b>   | <u>1,126,688</u>            | <u>1,029,575</u>          | <u>97,113</u>   |
| <b>Parks &amp; grounds</b>       |                             |                           |   |
| Salaries                         | 45,541                      | 44,338                    | 1,203   |
| Health insurance                 | 11,417                      | 8,346                     | 3,071   |
| Retirement benefits              | 9,048                       | 8,610                     | 438   |
| Social security                  | 5,557                       | 3,392                     | 2,165   |
| Worker's compensation            | 1,724                       | 1,358                     | 366   |
| <b>Total parks &amp; grounds</b> | <u>73,287</u>               | <u>66,045</u>             | <u>7,242</u>  |
| <b>Municipal court</b>           |                             |                           |   |
| Salaries                         | 39,397                      | 39,842                    | (445)   |
| Health insurance                 | 9,015                       | 7,146                     | 1,869   |
| Retirement benefits              | 7,723                       | 7,928                     | (205)   |
| Social security                  | 4,796                       | 3,048                     | 1,748   |
| Worker's compensation            | 524                         | 462                       | 62  |
| <b>Total court</b>               | <u>61,455</u>               | <u>58,426</u>             | <u>3,029</u>  |
| <b>Planning</b>                  |                             |                           |   |
| Salaries                         | 32,092                      | 32,683                    | (591)   |
| Health insurance                 | 7,582                       | 4,360                     | 3,222   |
| Retirement benefits              | 6,312                       | 6,392                     | (80)  |
| Social security                  | 3,840                       | 2,500                     | 1,340   |
| Worker's compensation            | 398                         | 335                       | 63  |
| <b>Total planning</b>            | <u>50,224</u>               | <u>46,270</u>             | <u>3,954</u>  |
| <b>Total Personal Services</b>   | <u>1,358,022</u>            | <u>1,244,869</u>          | <u>113,153</u>  |

(to be continued)

CITY OF SCAPPOOSE  
COLUMBIA COUNTY, OREGON

SCHEDULE OF EXPENDITURES-BUDGET AND ACTUAL

GENERAL FUND

For the Year Ended June 30, 2008 (continued)

|  | <u>Budgeted<br/>Amounts</u> | <u>Actual<br/>Amounts</u> | <u>Variance with<br/>Budget<br/>Positive<br/>(Negative)</u> |
|--|-----------------------------|---------------------------|---|
| <b>Materials and Services</b>          |                             |                           |   |
| <b>Administration</b>                  |                             |                           |   |
| Building/Facilities maintenance        | 51,550                      | 42,969                    | 8,581   |
| Building lease                         | -                           | 65                        | (65)  |
| Equipment maintenance                  | 250                         | -                         | 250   |
| Maintenance agreements                 | 11,800                      | 8,206                     | 3,594   |
| Vehicle maintenance                    | 2,500                       | 767                       | 1,733   |
| Office supplies                        | 11,360                      | 9,804                     | 1,556   |
| Utilities                              | 12,240                      | 12,668                    | (428)   |
| Contractual/Professional               | 75,000                      | 40,802                    | 34,198  |
| Elections                              | 3,000                       | -                         | 3,000   |
| Miscellaneous                          | 600                         | (3,001)                   | 3,601   |
| Insurance                              | 136,000                     | 123,457                   | 12,543  |
| Travel/training                        | 12,700                      | 10,897                    | 1,803   |
| Dues/fees/subscriptions                | 17,044                      | 15,582                    | 1,462   |
| Economic development                   | 25,000                      | 5,064                     | 19,936  |
| Publications/notices/advertisement     | 5,600                       | 2,365                     | 3,235   |
| Emergency management                   | 6,818                       | 6,818                     | -   |
| Community contributions                | 30,000                      | 38,000                    | (8,000)   |
| <b>Total administration M&amp;S</b>    | <u>401,462</u>              | <u>314,463</u>            | <u>86,999</u>   |
| <b>Police department</b>               |                             |                           |   |
| Building maintenance                   | 27,000                      | 7,196                     | 19,804  |
| Building lease                         | -                           | 2,026                     | (2,026)   |
| Equipment maintenance                  | 2,460                       | 2,299                     | 161   |
| Maintenance agreements                 | 3,905                       | 1,393                     | 2,512   |
| Vehicle maintenance                    | 69,327                      | 43,058                    | 26,269  |
| Office supplies                        | 8,000                       | 9,530                     | (1,530)   |
| Operational supplies                   | 5,178                       | 10,035                    | (4,857)   |
| Utilities                              | 23,498                      | 26,855                    | (3,357)   |
| Contractual/Professional               | 36,800                      | 56,287                    | (19,487)  |
| Miscellaneous                          | 300                         | 512                       | (212)   |
| Medical mandates                       | 1,390                       | -                         | 1,390   |
| Insurance                              | -                           | -                         | -   |
| Travel/training                        | 9,500                       | 7,181                     | 2,319   |
| Dues/fees/subscriptions                | 1,085                       | 1,348                     | (263)   |
| Publications/notices/advertisement     | 825                         | 1,528                     | (703)   |
| Uniforms                               | 12,062                      | 11,270                    | 792   |
| Special investigation                  | 2,000                       | 2,289                     | (289)   |
| Leased cars                            | 32,648                      | 33,169                    | (521)   |
| <b>Total police department M&amp;S</b> | <u>235,978</u>              | <u>215,976</u>            | <u>20,002</u>   |

(To be continued)

CITY OF SCAPPOOSE  
COLUMBIA COUNTY, OREGON

SCHEDULE OF EXPENDITURES-BUDGET AND ACTUAL

GENERAL FUND

For the Year Ended June 30, 2008 (continued)

|                                       | Budgeted<br>Amounts | Actual<br>Amounts   | Variance with<br>Budget<br>Positive<br>(Negative) |
|---------------------------------------|---------------------|---------------------|---|
| <b>Parks department</b>               |                     |                     |   |
| Building/Facilities maintenance       | 1,000               | 372                 | 628   |
| Building lease                        | -                   | 166                 | (166)   |
| Equipment maintenance                 | 1,500               | 1,661               | (161)   |
| Maintenance agreements                | 640                 | 449                 | 191   |
| Vehicle maintenance                   | 1,800               | 1,426               | 374   |
| Fuel, oil, lube                       | 2,185               | 1,801               | 384   |
| Office supplies                       | 560                 | 555                 | 5   |
| Operational supplies                  | 5,070               | 3,361               | 1,709   |
| Shop maintenance supplies             | 250                 | 25                  | 225   |
| Utilities                             | 2,400               | 3,705               | (1,305)   |
| Contractual/Professional              | 18,500              | 3,351               | 15,149  |
| Miscellaneous                         | 250                 | -                   | 250   |
| Insurance                             | 2,000               | -                   | 2,000   |
| Travel/training                       | 500                 | 339                 | 161   |
| Dues/fees/subscriptions               | 300                 | 412                 | (112)   |
| Publications/notices/advertisement    | 250                 | 259                 | (9)   |
| Uniforms/safety/equipment             | 500                 | 398                 | 102   |
| <b>Total Parks department M&amp;S</b> | <u>37,705</u>       | <u>18,278</u>       | <u>19,427</u>                                     |
| <b>Municipal court</b>                |                     |                     |   |
| Building/Facilities maintenance       | 800                 | 459                 | 341   |
| Building lease                        | -                   | 167                 | (167)   |
| Equipment maintenance                 | -                   | -                   | -   |
| Maintenance agreements                | 3,380               | 3,007               | 373   |
| Office supplies                       | 3,200               | 2,331               | 869   |
| Utilities                             | 1,020               | 5,232               | (4,212)   |
| Contractual/professional              | 90,780              | 70,592              | 20,188  |
| Miscellaneous                         | 100                 | -                   | 100   |
| Insurance                             | -                   | -                   | -   |
| Travel/training                       | 1,000               | 1,139               | (139)   |
| Dues/fees/subscriptions               | 390                 | 315                 | 75  |
| Publications/notices/advertisements   | -                   | 36                  | (36)  |
| Jail/jury                             | 550                 | -                   | 550   |
| Assessments                           | 100,000             | 62,027              | 37,973  |
| <b>Total court M&amp;S</b>            | <u>201,220</u>      | <u>145,305</u>      | <u>55,915</u>                                     |
| <b>Planning</b>                       |                     |                     |   |
| Building/Facilities maintenance       | 1,000               | 4,074               | (3,074)   |
| Building lease                        | -                   | 7,730               | (7,730)   |
| Equipment maintenance                 | -                   | -                   | -   |
| Maintenance agreements                | 3,000               | 3,481               | (481)   |
| Vehicle maintenance                   | 3,600               | 59                  | 3,542   |
| Fuel, oil, lube                       | 740                 | 138                 | 602   |
| Office supplies                       | 2,600               | 3,161               | (561)   |
| Utilities                             | 3,540               | 4,212               | (672)   |
| Contractual/professional              | 41,200              | 26,399              | 14,801  |
| Contract project planner              | -                   | 11,747              | (11,747)  |
| Miscellaneous                         | 250                 | 17                  | 233   |
| Travel/training                       | 1,500               | 1,218               | 282   |
| Dues/fees/subscriptions               | 5,200               | 469                 | 4,731   |
| Publications/notices/advertisement    | 6,000               | 4,991               | 1,009   |
| <b>Total planning M&amp;S</b>         | <u>68,630</u>       | <u>67,696</u>       | <u>934</u>  |
| <b>Total materials and services</b>   | <u>944,995</u>      | <u>761,717</u>      | <u>183,278</u>                                    |
| <b>Capital Outlay</b>                 | <u>50,995</u>       | <u>31,769</u>       | <u>19,226</u>                                     |
| <b>Contingency</b>                    | <u>480,583</u>      | <u>-</u>            | <u>480,583</u>                                    |
| <b>Total Expenditures</b>             | <u>\$ 2,834,595</u> | <u>\$ 2,038,356</u> | <u>\$ 796,239</u>                                 |

CITY OF SCAPPOOSE  
COLUMBIA COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL

PARKS & RECREATION RESERVE FUND

For the Year Ended June 30, 2008

|                            | <u>Final Budgeted<br/>Amounts</u> | <u>Actual<br/>Amounts</u> | <u>Variance with<br/>Budget<br/>Positive<br/>(Negative)</u> |
|----------------------------|-----------------------------------|---------------------------|---|
| <b>REVENUES:</b>           |                                   |                           |   |
| Interest on investments    | \$ 15,000                         | \$ 14,834                 | \$ (166)  |
| Total revenues             | <u>15,000</u>                     | <u>14,834</u>             | <u>(166)</u>  |
| <b>EXPENDITURES:</b>       |                                   |                           |   |
| Personal services          | -                                 | -                         | -   |
| Materials and services     | -                                 | -                         | -   |
| Capital outlay             | -                                 | -                         | -   |
| Contingency                | -                                 | -                         | -   |
| Total expenditures         | <u>-</u>                          | <u>-</u>                  | <u>-</u>  |
| Net change in fund balance | 15,000                            | 14,834                    | (166)   |
| Fund balances - beginning  | <u>331,739</u>                    | <u>332,581</u>            | <u>842</u>  |
| Fund balances - ending     | <u>\$ 346,739</u>                 | <u>\$ 347,415</u>         | <u>\$ 676</u>   |

CITY OF SCAPPOOSE  
COLUMBIA COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL

FOOT PATHS & BICYCLE TRAILS FUND

For the Year Ended June 30, 2008

|                                      | <u>Final Budgeted<br/>Amounts</u> | <u>Actual<br/>Amounts</u> | <u>Variance with<br/>Budget<br/>Positive<br/>(Negative)</u> |
|--------------------------------------|-----------------------------------|---------------------------|---|
| <b>REVENUES:</b>                     |                                   |                           |   |
| Intergovernmental                    | \$ 2,680                          | \$ 2,417                  | \$ (263)  |
| Interest on investments              | 2,500                             | 2,611                     | 111   |
| Total revenues                       | <u>5,180</u>                      | <u>5,029</u>              | <u>(151)</u>  |
| <b>EXPENDITURES:</b>                 |                                   |                           |   |
| Personal services                    | -                                 | -                         | -   |
| Materials and services               | -                                 | -                         | -   |
| Capital outlay                       | 45,000                            | 2,035                     | 42,965  |
| Contingency                          | 5,929                             | -                         | 5,929   |
| Total expenditures                   | <u>50,929</u>                     | <u>2,035</u>              | <u>48,894</u>   |
| Net change in fund balance           | (45,749)                          | 2,994                     | 48,743  |
| Fund balances - beginning            | <u>45,749</u>                     | <u>53,527</u>             | <u>7,778</u>  |
| Fund balances - ending               | <u>\$ -</u>                       | <u>\$ 56,520</u>          | <u>\$ 56,520</u>  |
| <b>Reconciliation to GAAP basis:</b> |                                   |                           |   |
| Accounts receivable                  |                                   | <u>208</u>                |   |
| Fund balance (GAAP basis)            |                                   | <u>\$ 56,728</u>          |   |

CITY OF SCAPPOOSE  
COLUMBIA COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL

HAVLIK HIGHWAY 30 FUND

For the Year Ended June 30, 2008

|                                      | Final Budgeted<br>Amounts | Actual<br>Amounts | Variance with<br>Budget<br>Positive<br>(Negative) |
|--------------------------------------|---------------------------|-------------------|---|
| <b>REVENUES:</b>                     |                           |                   |   |
| Intergovernmental                    | \$ 160,000                | \$ -              | \$ (160,000)                                      |
| Interest on investments              | 6,000                     | 4,105             | (1,895)   |
| Total revenues                       | 166,000                   | 4,105             | (161,895)   |
| <b>EXPENDITURES:</b>                 |                           |                   |   |
| Personal services                    | -                         | -                 | -   |
| Materials and services               | -                         | -                 | -   |
| Capital outlay                       | 258,728                   | 70,063            | 188,665   |
| Contingency                          | -                         | -                 | -   |
| Total expenditures                   | 258,728                   | 70,063            | 188,665   |
| Net change in fund balance           | (92,728)                  | (65,958)          | 26,770  |
| Fund balances - beginning            | 92,728                    | 138,162           | 45,434  |
| Fund balances - ending               | \$ -                      | \$ 72,205         | \$ 72,205   |
| <b>Reconciliation to GAAP basis:</b> |                           |                   |   |
| Accounts payable                     |                           | (420)             |   |
| Fund balance (GAAP basis)            |                           | \$ 71,785         |   |

CITY OF SCAPPOOSE  
COLUMBIA COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL

UNEMPLOYMENT INSURANCE FUND

For the Year Ended June 30, 2008

|                            | <u>Final Budgeted<br/>Amounts</u> | <u>Actual<br/>Amounts</u> | <u>Variance with<br/>Budget<br/>Positive<br/>(Negative)</u> |
|----------------------------|-----------------------------------|---------------------------|---|
| <b>REVENUES:</b>           |                                   |                           |   |
| Interest on investments    | \$ 2,500                          | \$ 1,828                  | \$ (672)  |
| Total revenues             | <u>2,500</u>                      | <u>1,828</u>              | <u>(672)</u>  |
| <b>EXPENDITURES:</b>       |                                   |                           |   |
| Personal services          | 10,000                            | -                         | 10,000  |
| Materials and services     | -                                 | -                         | -   |
| Capital outlay             | -                                 | -                         | -   |
| Contingency                | 33,558                            | -                         | 33,558  |
| Total expenditures         | <u>43,558</u>                     | <u>-</u>                  | <u>43,558</u>   |
| Net change in fund balance | (41,058)                          | 1,828                     | 42,886  |
| Fund balances - beginning  | <u>41,058</u>                     | <u>40,991</u>             | <u>(67)</u>   |
| Fund balances - ending     | <u>\$ -</u>                       | <u>\$ 42,819</u>          | <u>\$ 42,819</u>  |



CITY OF SCAPPOOSE  
COLUMBIA COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL

MUNICIPAL PARK FUND

For the Year Ended June 30, 2008

|   | Final Budgeted<br>Amounts | Actual<br>Amounts | Variance with<br>Budget<br>Positive<br>(Negative) |
|---|---------------------------|-------------------|---|
| <b>REVENUES:</b>                                |                           |                   |   |
| Park revenue                                    | \$ 500,000                | \$ -              | \$ (500,000)                                      |
| Interest  | 3,500                     | 7,567             | 4,067   |
| Total revenues                                  | 503,500                   | 7,567             | (495,933)   |
| <b>EXPENDITURES:</b>                            |                           |                   |   |
| Personal services                               | -                         | -                 | -   |
| Materials and services                          | -                         | -                 | -   |
| Capital outlay                                  | 854,000                   | 122,656           | 731,344   |
| Contingency                                     | -                         | -                 | -   |
| Total expenditures                              | 854,000                   | 122,656           | 731,344   |
| Excess of revenues over<br>(under) expenditures | (350,500)                 | (115,089)         | 235,411   |
| <b>OTHER FINANCING SOURCES (USES):</b>          |                           |                   |   |
| Transfers in                                    | 350,000                   | 350,000           | -   |
| Transfers out                                   | -                         | -                 | -   |
| Total other financing sources (uses)            | 350,000                   | 350,000           | -   |
| Net change in fund balance                      | (500)                     | 234,911           | 235,411   |
| Fund balances - beginning                       | 500                       | 78,934            | 78,434  |
| Fund balances - ending                          | \$ -                      | \$ 313,845        | \$ 313,845  |

**Reconciliation to GAAP basis:**

|                           |            |
|---------------------------|------------|
| Accounts payable          | (513)      |
| Fund balance (GAAP basis) | \$ 313,332 |

CITY OF SCAPPOOSE  
COLUMBIA COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL

MUNICIPAL SKATE PARK FUND

For the Year Ended June 30, 2008

|                            | <u>Final Budgeted<br/>Amounts</u> | <u>Actual<br/>Amounts</u> | <u>Variance with<br/>Budget<br/>Positive<br/>(Negative)</u> |
|----------------------------|-----------------------------------|---------------------------|---|
| <b>REVENUES:</b>           |                                   |                           |   |
| Skate park revenue         | \$ -                              | \$ -                      | \$ -  |
| Interest on investments    | <u>1,500</u>                      | <u>1,300</u>              | <u>(200)</u>  |
| Total revenues             | <u>1,500</u>                      | <u>1,300</u>              | <u>(200)</u>  |
| <b>EXPENDITURES:</b>       |                                   |                           |   |
| Personal services          | -                                 | -                         | -   |
| Materials and services     | -                                 | -                         | -   |
| Capital outlay             | 15,000                            | -                         | 15,000  |
| Contingency                | <u>15,587</u>                     | <u>-</u>                  | <u>15,587</u>   |
| Total expenditures         | <u>30,587</u>                     | <u>-</u>                  | <u>30,587</u>   |
| Net change in fund balance | (29,087)                          | 1,300                     | 30,387  |
| Fund balances - beginning  | <u>29,087</u>                     | <u>29,139</u>             | <u>52</u>   |
| Fund balances - ending     | <u>\$ -</u>                       | <u>\$ 30,439</u>          | <u>\$ 30,439</u>  |

CITY OF SCAPPOOSE  
COLUMBIA COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL

STORM DRAIN SDC FUND

For the Year Ended June 30, 2008

|   | Final Budgeted<br>Amounts | Actual<br>Amounts | Variance with<br>Budget<br>Positive<br>(Negative) |
|---|---------------------------|-------------------|---|
| <b>REVENUES:</b>                                |                           |                   |   |
| SDC fees  | \$ 34,090                 | \$ 38,960         | \$ 4,870  |
| Interest  | 2,000                     | 1,589             | (411)   |
| Total revenues                                  | <u>36,090</u>             | <u>40,549</u>     | <u>4,459</u>                                      |
| <b>EXPENDITURES:</b>                            |                           |                   |   |
| Personal services                               | -                         | -                 | -   |
| Materials and services                          | -                         | -                 | -   |
| Capital outlay                                  | 15,000                    | -                 | 15,000  |
| Contingency                                     | 39,385                    | -                 | 39,385  |
| Total expenditures                              | <u>54,385</u>             | <u>-</u>          | <u>54,385</u>                                     |
| Excess of revenues over<br>(under) expenditures | <u>(18,295)</u>           | <u>40,549</u>     | <u>58,844</u>                                     |
| <b>OTHER FINANCING SOURCES (USES):</b>          |                           |                   |   |
| Transfers in                                    | 20,000                    | 20,000            | -   |
| Transfers out                                   | (1,705)                   | (1,705)           | -   |
| Total other financing sources (uses)            | <u>18,295</u>             | <u>18,295</u>     | <u>-</u>  |
| Net change in fund balance                      | -                         | 58,844            | 58,844  |
| Fund balances - beginning                       | -                         | -                 | -   |
| Fund balances - ending                          | <u>\$ -</u>               | <u>\$ 58,844</u>  | <u>\$ 58,844</u>                                  |

CITY OF SCAPPOOSE  
COLUMBIA COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL

SCAPPOOSE STATION PAVILION FUND

For the Year Ended June 30, 2008

|                            | Final Budgeted<br>Amounts | Actual<br>Amounts | Variance with<br>Budget<br>Positive<br>(Negative) |
|----------------------------|---------------------------|-------------------|---|
| <b>REVENUES:</b>           |                           |                   |   |
| Farmer's market revenue    | \$ 40,000                 | \$ -              | \$ (40,000)                                       |
| Farmer's market grant      | 40,000                    | -                 | (40,000)  |
| Interest on investments    | 1,200                     | 181               | (1,019)   |
| Total revenues             | 81,200                    | 181               | (81,019)  |
| <b>EXPENDITURES:</b>       |                           |                   |   |
| Personal services          | -                         | -                 | -   |
| Materials and services     | -                         | -                 | -   |
| Capital outlay             | 86,200                    | 5,172             | 81,028  |
| Contingency                | -                         | -                 | -   |
| Total expenditures         | 86,200                    | 5,172             | 81,028  |
| Net change in fund balance | (5,000)                   | (4,991)           | 9   |
| Fund balances - beginning  | 5,000                     | 4,991             | (9)   |
| Fund balances - ending     | \$ -                      | \$ -              | \$ -  |

CITY OF SCAPPOOSE  
COLUMBIA COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL

PEG FEE FUND

For the Year Ended June 30, 2008

|                                      | <u>Final Budgeted<br/>Amounts</u> | <u>Actual<br/>Amounts</u> | <u>Variance with<br/>Budget<br/>Positive<br/>(Negative)</u> |
|--------------------------------------|-----------------------------------|---------------------------|---|
| <b>REVENUES:</b>                     |                                   |                           |   |
| Peg fees                             | \$ 12,500                         | \$ 15,338                 | \$ 2,838  |
| Interest on investments              | 1,500                             | 1,777                     | 277   |
| Total revenues                       | <u>14,000</u>                     | <u>17,116</u>             | <u>3,116</u>  |
| <b>EXPENDITURES:</b>                 |                                   |                           |   |
| Personal services                    | -                                 | -                         | -   |
| Materials and services               | -                                 | -                         | -   |
| Capital outlay                       | 15,000                            | -                         | 15,000  |
| Contingency                          | 31,330                            | -                         | 31,330  |
| Total expenditures                   | <u>46,330</u>                     | <u>-</u>                  | <u>46,330</u>   |
| Net change in fund balance           | (32,330)                          | 17,116                    | 49,446  |
| Fund balances - beginning            | <u>32,330</u>                     | <u>32,786</u>             | <u>456</u>  |
| Fund balances - ending               | <u>\$ -</u>                       | <u>\$ 49,902</u>          | <u>\$ 49,902</u>  |
| <b>Reconciliation to GAAP basis:</b> |                                   |                           |   |
| Accounts receivable                  |                                   | <u>4,379</u>              |   |
| Fund balance (GAAP basis)            |                                   | <u>\$ 54,281</u>          |   |

CITY OF SCAPPOOSE  
COLUMBIA COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL

WATTS HOUSE FUND

For the Year Ended June 30, 2008

|   | Final Budgeted<br>Amounts | Actual<br>Amounts | Variance with<br>Budget<br>Positive<br>(Negative) |
|---|---------------------------|-------------------|---|
| <b>REVENUES:</b>                                |                           |                   |   |
| Watts House donations                           | \$ -                      | \$ -              | \$ -  |
| Interest  | 100                       | 330               | 230   |
| Total revenues                                  | 100                       | 330               | 230   |
| <b>EXPENDITURES:</b>                            |                           |                   |   |
| Personal services                               | -                         | -                 | -   |
| Materials and services                          | 7,800                     | 4,063             | 3,737   |
| Capital outlay                                  | -                         | -                 | -   |
| Contingency                                     | -                         | -                 | -   |
| Total expenditures                              | 7,800                     | 4,063             | 3,737   |
| Excess of revenues over<br>(under) expenditures | (7,700)                   | (3,733)           | 3,967   |
| <b>OTHER FINANCING SOURCES (USES):</b>          |                           |                   |   |
| Transfers in                                    | 7,700                     | 7,700             | -   |
| Transfers out                                   | -                         | -                 | -   |
| Total other financing sources (uses)            | 7,700                     | 7,700             | -   |
| Net change in fund balance                      | -                         | 3,967             | 3,967   |
| Fund balances - beginning                       | -                         | 2,072             | 2,072   |
| Fund balances - ending                          | \$ -                      | \$ 6,039          | \$ 6,039  |

**Reconciliation to GAAP basis:**

|                           |          |
|---------------------------|----------|
| Accounts payable          | (204)    |
| Fund balance (GAAP basis) | \$ 5,835 |

CITY OF SCAPPOOSE  
COLUMBIA COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL

LAW ENFORCEMENT ASSESSMENT FUND

For the Year Ended June 30, 2008

|                             | Final Budgeted<br>Amounts | Actual<br>Amounts | Variance with<br>Budget<br>Positive<br>(Negative) |
|-----------------------------|---------------------------|-------------------|---|
| <b>REVENUES:</b>            |                           |                   |   |
| Municipal court assessments | \$ 25,000                 | \$ 23,278         | \$ (1,722)  |
| Interest on investments     | 1,000                     | 1,343             | 343   |
| Total revenues              | 26,000                    | 24,621            | (1,379)   |
| <b>EXPENDITURES:</b>        |                           |                   |   |
| Personal services           | -                         | -                 | -   |
| Materials and services      | 25,700                    | 25,170            | 530   |
| Capital outlay              | -                         | -                 | -   |
| Contingency                 | 26,000                    | -                 | 26,000  |
| Total expenditures          | 51,700                    | 25,170            | 26,530  |
| Net change in fund balance  | (25,700)                  | (550)             | 25,150  |
| Fund balances - beginning   | 25,700                    | 27,554            | 1,854   |
| Fund balances - ending      | \$ -                      | \$ 27,005         | \$ 27,005   |

CITY OF SCAPPOOSE  
COLUMBIA COUNTY, OREGON

SCHEDULE OF EXPENDITURES-BUDGET AND ACTUAL

WATER/SEWER GO BOND FUND

For the Year Ended June 30, 2008

|   | Final Budgeted<br>Amounts | Actual<br>Amounts | Variance with<br>Budget<br>Positive<br>(Negative) |
|---|---------------------------|-------------------|---|
| <b>REVENUES:</b>                                |                           |                   |   |
| Property taxes                                  | \$ 229,700                | \$ 152,293        | \$ (77,407)                                       |
| Interest on investments                         | 8,000                     | 5,237             | (2,763)   |
| Total revenues                                  | 237,700                   | 157,530           | (80,170)  |
| <b>EXPENDITURES:</b>                            |                           |                   |   |
| Debt Services:                                  |                           |                   |   |
| Water-Principal                                 | 26,988                    | 26,988            | -   |
| Water-Interest                                  | 23,848                    | 23,849            | (1)   |
| Sewer-Principal                                 | 124,706                   | 124,706           | -   |
| Sewer-Interest                                  | 36,255                    | 36,254            | 1   |
| Contingency                                     | 184,261                   | -                 | 184,261   |
| Total expenditures                              | 396,058                   | 211,797           | 184,261   |
| Excess of revenues over<br>(under) expenditures | (158,358)                 | (54,267)          | 104,091   |
| <b>OTHER FINANCING SOURCES (USES):</b>          |                           |                   |   |
| Transfers in                                    | 4,031                     | 4,031             | -   |
| Transfers out                                   | -                         | -                 | -   |
| Total other financing sources (uses)            | 4,031                     | 4,031             | -   |
| Net change in fund balance                      | (154,327)                 | (50,236)          | 104,091   |
| Fund balances - beginning                       | 154,327                   | 148,872           | (5,455)   |
| Fund balances - ending                          | \$ -                      | \$ 98,636         | \$ 98,636   |

**Reconciliation to GAAP basis:**

|                           |            |
|---------------------------|------------|
| Property taxes receivable | 21,824     |
| Deferred revenue          | (17,172)   |
| Fund balance (GAAP basis) | \$ 103,288 |



CITY OF SCAPPOOSE  
COLUMBIA COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND NET ASSETS-BUDGET AND ACTUAL

WATER FUND

For the Year Ended June 30, 2008

|                                     | Budgeted<br>Amounts | Actual<br>Amounts | Variance with<br>Budget<br>Positive<br>(Negative) |
|-------------------------------------|---------------------|-------------------|---|
| <b>Revenues</b>                     |                     |                   |   |
| Charges for services                | \$ 973,480          | \$ 937,148        | \$ (36,332)                                       |
| Infrastructure fees                 | 196,440             | 245,139           | 48,699  |
| Miscellaneous                       | 1,000               | 68                | (932)   |
| Interest income                     | 70,000              | 81,415            | 11,415  |
| SDC charges                         | 74,900              | 157,710           | 82,810  |
| <b>Total Revenues</b>               | <u>1,315,820</u>    | <u>1,421,480</u>  | <u>105,660</u>                                    |
| <b>Expenditures</b>                 |                     |                   |   |
| <b>Personal services</b>            |                     |                   |   |
| Salaries                            | 463,198             | 420,903           | 42,295  |
| Overtime                            | 5,101               | 3,653             | 1,448   |
| Health insurance                    | 128,922             | 93,128            | 35,794  |
| Retirement benefits                 | 92,974              | 83,576            | 9,398   |
| Social security                     | 58,529              | 32,479            | 26,050  |
| Worker's compensation               | 18,003              | 14,102            | 3,901   |
| <b>Total Personal Services</b>      | <u>766,727</u>      | <u>647,841</u>    | <u>118,886</u>                                    |
| <b>Material and services</b>        |                     |                   |   |
| Building/facilities maintenance     | 26,192              | 11,286            | 14,906  |
| Building lease                      | -                   | 4,136             | (4,136)   |
| Equipment maintenance               | 5,850               | 8,229             | (2,379)   |
| Maintenance agreements              | 2,355               | 1,616             | 739   |
| Vehicle maintenance                 | 8,800               | 7,554             | 1,246   |
| Fuel/oil/lube                       | 6,250               | 5,488             | 762   |
| Office supplies                     | 8,465               | 6,088             | 2,377   |
| Operational supplies                | 37,729              | 36,587            | 1,142   |
| Shop maintenance supplies           | 650                 | 452               | 198   |
| Lab supplies                        | 1,500               | 1,117             | 383   |
| Chemicals                           | 22,665              | 14,860            | 7,805   |
| Electrical operation-treatment      | 60,000              | 51,960            | 8,040   |
| Utilities                           | 24,660              | 19,883            | 4,777   |
| Electrical operation-pump           | 13,200              | 7,135             | 6,065   |
| Contractual/professional            | 132,968             | 111,141           | 21,827  |
| Miscellaneous                       | 500                 | 19                | 481   |
| Travel/training                     | 7,405               | 7,926             | (521)   |
| Dues/fees/subscriptions             | 3,875               | 3,597             | 278   |
| Publications/notices/advertisement  | 4,500               | 2,089             | 2,411   |
| Uniform safety                      | 4,650               | 4,087             | 563   |
| Equipment rental                    | 2,000               | 1,884             | 116   |
| <b>Total Materials and Services</b> | <u>374,214</u>      | <u>307,135</u>    | <u>67,079</u>                                     |

(to be continued)

CITY OF SCAPPOOSE  
COLUMBIA COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND NET ASSETS-BUDGET AND ACTUAL

WATER FUND (Cont'd)

For the Year Ended June 30, 2008

|  | Budgeted<br>Amounts | Actual<br>Amounts   | Variance with<br>Budget<br>Positive<br>(Negative) |
|--|---------------------|---------------------|---|
| Capital outlay   | 545,000             | 163,090             | 381,910   |
| <b>Total Expenditures</b>                                  | <b>1,685,941</b>    | <b>1,118,066</b>    | <b>567,875</b>                                    |
| Excess(deficiency) of revenue<br>over (under) expenditures | (370,121)           | 303,413             | (462,215)   |
| Contingency  | (1,137,176)         | -                   | 1,137,176   |
| <b>Other Financing Sources</b>                             |                     |                     |   |
| Transfers in   | -                   | -                   | -   |
| Transfers out  | (141,686)           | (141,686)           | -   |
| <b>Net income(loss)</b>                                    | <b>(1,648,983)</b>  | <b>161,727</b>      | <b>1,810,710</b>                                  |
| <b>Fund Net Assets-Beginning</b>                           | <b>1,648,983</b>    | <b>1,658,529</b>    | <b>9,546</b>                                      |
| <b>Fund Net Assets-Ending</b>                              | <b>\$ -</b>         | <b>\$ 1,820,256</b> | <b>\$ 1,820,256</b>                               |
| <b>Reconciliation to GAAP basis</b>                        |                     |                     |   |
| Invested in capital assets, net of related debt            |                     | 2,332,055           |   |
| Accounts receivable  |                     | 177,516             |   |
| Inventory  |                     | 28,765              |   |
| Accounts payable   |                     | (10,104)            |   |
| Compensated absences                                       |                     | (36,100)            |   |
| <b>Fund Net Assets - GAAP basis</b>                        |                     | <b>\$ 4,312,388</b> |   |

CITY OF SCAPPOOSE  
COLUMBIA COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND NET ASSETS-BUDGET AND ACTUAL

WATER SDC EXPANSION RESERVE FUND

For the Year Ended June 30, 2008

|  | Budgeted<br>Amounts | Actual<br>Amounts | Variance with<br>Budget<br>Positive<br>(Negative) |
|--|---------------------|-------------------|---|
| <b>Revenues</b>  |                     |                   |   |
| Intergovernmental  | \$ -                | \$ -              | \$ -  |
| Interest income  | 8,000               | 18,310            | 10,310  |
| SDC charges  | 202,300             | 221,963           | 19,663  |
| Long term debt proceeds  | -                   | -                 | -   |
| <b>Total Revenues</b>  | 210,300             | 240,273           | 29,973  |
| <b>Expenditures</b>  |                     |                   |   |
| Capital outlay   | 125,000             | 23,317            | 101,683   |
| Debt service   |                     |                   |   |
| Principal G03003   | 54,016              | 54,016            | -   |
| Interest G03003  | 68,565              | 64,766            | 3,799   |
| Principal S03003   | 120,545             | 120,545           | -   |
| Interest S03003  | 37,257              | 37,257            | -   |
| Contingency  | 138,316             | -                 | 138,316   |
| <b>Total Expenditures</b>  | 543,699             | 299,901           | 243,798   |
| <b>Excess(deficiency) of revenue over<br/>(under) expenditures</b> | (333,399)           | (59,628)          | 273,771   |
| <b>Other Financing Sources</b>                                     |                     |                   |   |
| Transfers in   | 95,330              | 95,331            | 1   |
| Transfers out  | (61,868)            | (61,867)          | 1   |
| <b>Net income(loss)</b>  | (299,937)           | (26,164)          | 273,773   |
| <b>Fund Net Assets-Beginning</b>                                   | 299,937             | 398,671           | 98,734  |
| <b>Fund Net Assets-Ending</b>                                      | \$ -                | \$ 372,507        | \$ 372,507  |
| <b>Reconciliation to GAAP Basis</b>                                |                     |                   |   |
| Invested in capital assets, net of related debt                    |                     | 1,211,675         |   |
| <b>Fund Net Assets-GAAP Basis</b>                                  |                     | \$ 1,584,182      |   |

CITY OF SCAPPOOSE  
COLUMBIA COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND NET ASSETS-BUDGET AND ACTUAL

AIRPARK WATER IMPROVEMENT FUND

For the Year Ended June 30, 2008

|  | Budgeted<br>Amounts | Actual<br>Amounts | Variance with<br>Budget<br>Positive<br>(Negative) |
|--|---------------------|-------------------|---|
| <b>Revenues</b>  |                     |                   |   |
| Intergovernmental  | \$ 72,354           | \$ 73,216         | \$ 862  |
| SDC charges  | -                   | 50,697            | 50,697  |
| Interest income  | 2,600               | 57,140            | 54,540  |
| <b>Total Revenues</b>  | <u>74,954</u>       | <u>181,053</u>    | <u>106,099</u>                                    |
| <b>Expenditures</b>  |                     |                   |   |
| Debt service   | 124,106             | 124,106           | -   |
| Contingency  | 75,119              | -                 | 75,119  |
| <b>Total Expenditures</b>  | <u>199,225</u>      | <u>124,106</u>    | <u>75,119</u>                                     |
| <b>Excess(deficiency) of revenue<br/>over (under) expenditures</b> | <u>(124,271)</u>    | <u>56,947</u>     | <u>181,218</u>                                    |
| <b>Other Financing Sources</b>                                     |                     |                   |   |
| Transfers in   | 51,752              | 51,752            | -   |
| Transfers out  | -                   | -                 | -   |
| <b>Net income(loss)</b>  | <u>(72,519)</u>     | <u>108,699</u>    | <u>181,218</u>                                    |
| <b>Fund Net Assets-Beginning</b>                                   | <u>72,519</u>       | <u>72,889</u>     | <u>370</u>  |
| <b>Fund Net Assets-Ending</b>                                      | <u>\$ -</u>         | <u>\$ 181,588</u> | <u>\$ 181,588</u>                                 |

CITY OF SCAPPOOSE  
COLUMBIA COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND NET ASSETS-BUDGET AND ACTUAL

DUTCH CANYON WATER LINE REPLACEMENT FUND

For the Year Ended June 30, 2008

|   | <u>Budgeted<br/>Amounts</u> | <u>Actual<br/>Amounts</u> | <u>Variance with<br/>Budget<br/>Positive<br/>(Negative)</u> |
|---|-----------------------------|---------------------------|---|
| <b>Revenues</b>   |                             |                           |   |
| Interest income   | \$ 12,000                   | \$ 10,837                 | \$ (1,163)  |
| Long term debt proceeds   | 1,879,250                   | -                         | (1,879,250)   |
| <b>Total Revenues</b>   | <u>1,891,250</u>            | <u>10,837</u>             | <u>(1,880,413)</u>  |
| <b>Expenditures</b>   |                             |                           |   |
| Capital Outlay  | 2,137,662                   | 42,312                    | 2,095,350   |
| Contingency   | -                           | -                         | -   |
| <b>Total Expenditures</b>                                       | <u>2,137,662</u>            | <u>42,312</u>             | <u>2,095,350</u>  |
| <b>Excess(deficiency) revenue over<br/>(under) expenditures</b> | (246,412)                   | (31,475)                  | (277,887)   |
| <b>Other Financing Sources</b>                                  |                             |                           |   |
| Transfers in  | 5,000                       | 5,000                     | -   |
| Transfers out   | -                           | -                         | -   |
| <b>Net income(loss)</b>   | (241,412)                   | (26,475)                  | 214,937   |
| <b>Fund Net Assets-Beginning</b>                                | <u>241,412</u>              | <u>261,317</u>            | <u>19,905</u>   |
| <b>Fund Net Assets-Ending</b>                                   | <u>\$ -</u>                 | <u>\$ 234,842</u>         | <u>\$ 234,842</u>   |
| <b>Reconciliation to GAAP Basis</b>                             |                             |                           |   |
| Accounts payable  |                             | (25,512)                  |   |
| <b>Fund Net Assets-GAAP Basis</b>                               |                             | <u>\$ 209,330</u>         |   |

CITY OF SCAPPOOSE  
COLUMBIA COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND NET ASSETS- BUDGET AND ACTUAL

SEWER FUND

For the Year Ended June 30, 2008

|                                     | Budgeted<br>Amounts | Actual<br>Amounts | Variance with<br>Budget<br>Positive<br>(Negative) |
|-------------------------------------|---------------------|-------------------|---|
| <b>Revenues</b>                     |                     |                   |   |
| Charges for services                | \$ 855,250          | \$ 991,079        | \$ 135,829  |
| Interest income                     | 20,000              | 23,306            | 3,306   |
| Infrastructure fees                 | 50,000              | 29,644            | (20,356)  |
| Miscellaneous                       | 1,000               | -                 | (1,000)   |
| <b>Total Revenues</b>               | <u>926,250</u>      | <u>1,044,030</u>  | <u>117,780</u>                                    |
| <b>Expenditures</b>                 |                     |                   |   |
| <b>Personal services</b>            |                     |                   |   |
| Salaries                            | 313,149             | 283,746           | 29,403  |
| Overtime                            | 3,025               | 2,054             | 971   |
| Health insurance                    | 90,116              | 64,529            | 25,587  |
| Retirement benefits                 | 62,210              | 54,022            | 8,188   |
| Social security                     | 39,226              | 21,864            | 17,362  |
| Workers' compensation               | 10,368              | 8,175             | 2,193   |
| <b>Total Personal Services</b>      | <u>518,094</u>      | <u>434,390</u>    | <u>83,704</u>                                     |
| <b>Materials and services</b>       |                     |                   |   |
| Building/facility maintenance       | 10,644              | 3,874             | 6,770   |
| Building lease                      | -                   | 3,417             | (3,417)   |
| Equipment maintenance               | 31,514              | 39,941            | (8,427)   |
| Maintenance agreements              | 1,606               | 1,609             | (3)   |
| Vehicle maintenance                 | 4,873               | 6,226             | (1,353)   |
| Fuel/Oil/Lube                       | 6,500               | 4,812             | 1,688   |
| Office supplies                     | 6,240               | 4,669             | 1,571   |
| Operational supplies                | 6,197               | 3,858             | 2,339   |
| Shop maintenance supplies           | 484                 | 286               | 198   |
| Lab supplies                        | 3,079               | 4,536             | (1,457)   |
| Chemicals                           | 1,935               | 2,161             | (226)   |
| Electrical operations               | 120,000             | 94,160            | 25,840  |
| Utilities                           | 7,296               | 7,416             | (120)   |
| Electrical operations pumps         | 6,960               | 5,222             | 1,738   |
| Contractual/professional            | 156,500             | 145,521           | 10,979  |
| Miscellaneous                       | 250                 | 19                | 231   |
| Property tax                        | 1,550               | 1,015             | 535   |
| Insurance                           | -                   | 781               | (781)   |
| Travel/training                     | 4,675               | 5,396             | (721)   |
| Dues/fees/subscriptions             | 4,560               | 3,996             | 564   |
| Publications/notices/advertisement  | 900                 | 1,303             | (403)   |
| Uniform/safety                      | 3,291               | 3,051             | 240   |
| Equipment rental                    | 1,360               | 1,884             | (524)   |
| <b>Total Materials and services</b> | <u>380,414</u>      | <u>345,152</u>    | <u>35,262</u>                                     |

(to be continued)

CITY OF SCAPPOOSE  
COLUMBIA COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND NET ASSETS-BUDGET AND ACTUAL

SEWER FUND (Cont'd)

For the Year Ended June 30, 2008

|  | <u>Budgeted<br/>Amounts</u> | <u>Actual<br/>Amounts</u> | <u>Variance with<br/>Budget<br/>Positive<br/>(Negative)</u> |
|--|-----------------------------|---------------------------|---|
| <b>Debt Service</b>  |                             |                           |   |
| Principal B92001B  | 5,324                       | 5,324                     | -   |
| Interest B92001B   | 2,681                       | 2,681                     | -   |
| Principal B95001C  | 6,964                       | 6,964                     | -   |
| <b>Total Debt services</b>   | <u>14,969</u>               | <u>14,969</u>             | <u>-</u>  |
| <br>   |                             |                           |   |
| <b>Capital outlay</b>  | <u>40,500</u>               | <u>23,147</u>             | <u>17,353</u>   |
| <br>   |                             |                           |   |
| <b>Contingency</b>   | <u>350,636</u>              | <u>-</u>                  | <u>(350,636)</u>  |
| <br>   |                             |                           |   |
| <b>Total Expenditures</b>  | <u>1,304,613</u>            | <u>817,658</u>            | <u>(214,317)</u>  |
| <br>   |                             |                           |   |
| <b>Excess(deficiency) of revenue over<br/>(under) expenditures</b> | <u>(378,363)</u>            | <u>226,372</u>            | <u>604,735</u>  |
| <br>   |                             |                           |   |
| <b>Other Financing Sources</b>                                     |                             |                           |   |
| Transfers in   | -                           | -                         | -   |
| Transfers out  | (37,610)                    | (37,610)                  | -   |
| <b>Net income(loss)</b>  | <u>(415,973)</u>            | <u>188,762</u>            | <u>604,735</u>  |
| <br>   |                             |                           |   |
| <b>Fund Net Assets-Beginning</b>                                   | <u>415,973</u>              | <u>456,765</u>            | <u>40,792</u>   |
| <br>   |                             |                           |   |
| <b>Fund Net Assets-Ending</b>                                      | <u>\$ -</u>                 | <u>\$ 645,527</u>         | <u>\$ 645,527</u>   |
| <br>   |                             |                           |   |
| <b>Reconciliation to GAAP Basis</b>                                |                             |                           |   |
| Invested in capital assets, net of related debt                    |                             | 1,857,989                 |   |
| Accounts receivable  |                             | 146,742                   |   |
| Inventory  |                             | 545                       |   |
| Accounts payable   |                             | (10,995)                  |   |
| Compensated absences payable                                       |                             | (21,400)                  |   |
| <b>Fund Net Assets-GAAP Basis</b>                                  |                             | <u>\$ 2,618,408</u>       |   |

CITY OF SCAPPOOSE  
COLUMBIA COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND NET ASSETS-BUDGET AND ACTUAL

SEWER SDC EXPANSION RESERVE FUND

For the Year Ended June 30, 2008

|   | <u>Budgeted<br/>Amounts</u> | <u>Actual<br/>Amounts</u> | <u>Variance with<br/>Budget<br/>Positive<br/>(Negative)</u> |
|---|-----------------------------|---------------------------|---|
| <b>Revenues</b>   |                             |                           |   |
| System development charges                                      | \$ 146,440                  | \$ 199,230                | \$ 52,790   |
| Interest income   | 53,800                      | 65,136                    | 11,336  |
| <b>Total Revenues</b>   | <u>200,240</u>              | <u>264,366</u>            | <u>64,126</u>   |
| <b>Expenditures</b>   |                             |                           |   |
| Capital outlay  | 500,000                     | 45,143                    | 454,857   |
| Contingency   | 396,747                     | -                         | 396,747   |
| <b>Total expenditures</b>                                       | <u>896,747</u>              | <u>45,143</u>             | <u>851,604</u>  |
| <b>Excess(deficiency) revenue over<br/>(under) expenditures</b> | <u>(696,507)</u>            | <u>219,223</u>            | <u>518,983</u>  |
| <b>Other Financing Sources</b>                                  |                             |                           |   |
| Transfers in  | -                           | -                         | -   |
| Transfers out   | (11,353)                    | (11,353)                  | -   |
| <b>Net income(loss)</b>   | (707,860)                   | 207,870                   | 518,983   |
| <b>Fund Net Assets-Beginning</b>                                | <u>707,860</u>              | <u>1,330,380</u>          | <u>622,520</u>  |
| <b>Fund Net Assets-Ending</b>                                   | <u>\$ -</u>                 | <u>\$ 1,538,250</u>       | <u>\$ 1,538,250</u>   |
| <b>Reconciliation to GAAP Basis</b>                             |                             |                           |   |
| Invested in capital assets, net of related debt                 |                             | 93,471                    |   |
| <b>Fund Net Assets-GAAP Basis</b>                               |                             | <u>\$ 1,631,721</u>       |   |



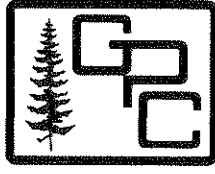
CITY OF SCAPPOOSE  
COLUMBIA COUNTY, OREGON

SCHEDULE OF PROPERTY TAX TRANSACTIONS

For the Year Ended June 30, 2008

|             | <u>Balance</u><br><u>7/1/2007</u> | <u>Levy</u><br><u>2007/2008</u> | <u>Interest</u><br><u>Discounts &amp;</u><br><u>Adjustments</u> | <u>Collections</u>  | <u>Balance</u><br><u>6/30/2008</u> |
|-------------|-----------------------------------|---------------------------------|---|---------------------|------------------------------------|
| 2007-2008   | \$ -                              | \$ 1,519,015                    | \$ (38,240)   | \$ 1,395,421        | \$ 85,354                          |
| 2006-2007   | 71,206                            | -                               | 179   | 43,568              | 27,816                             |
| 2005-2006   | 23,449                            | -                               | 1,180   | 10,851              | 13,778                             |
| 2004-2005   | 12,447                            | -                               | 1,025   | 7,282               | 6,190                              |
| 2003-2004   | 6,085                             | -                               | 1,075   | 5,945               | 1,215                              |
| 2002-2003   | 1,494                             | -                               | 106   | 812                 | 789                                |
| 2001-2002   | 516                               | -                               | 157   | 326                 | 347                                |
| Prior years | 826                               | -                               | 313   | 226                 | 913                                |
|             | -                                 | -                               | -   | -                   | -                                  |
| Total       | <u>\$ 116,024</u>                 | <u>\$ 1,519,015</u>             | <u>\$ (34,206)</u>  | <u>\$ 1,464,431</u> | <u>\$ 136,402</u>                  |

*COMMENTS OF THE INDEPENDENT AUDITORS  
REQUIRED BY THE STATE OF OREGON MINIMUM  
STANDARDS FOR AUDITS OF OREGON  
MUNICIPAL CORPORATIONS*



450 COUNTRY CLUB ROAD  
SUITE 155  
EUGENE, OREGON 97401-6078

GREGOR PROFESSIONAL  
C O R P O R A T I O N

Telephone (541) 686-8777  
Facsimile (541) 686-8779  
E-mail: gpcpa@gregorpc.com  
john@gregorpc.com  
becky@gregorpc.com  
chutil@gregorpc.com  
wmb@gregorpc.com  
billt@gregorpc.com  
linglin@gregorpc.com  
chelsea@gregorpc.com

COMMENTS OF THE INDEPENDENT ACCOUNTANTS REQUIRED BY THE STATE OF OREGON  
MINIMUM STANDARDS FOR AUDITS OF OREGON MUNICIPAL CORPORATIONS

Honorable Mayor and City Council  
City of Scappoose  
33568 E Columbia Avenue  
Scappoose, Oregon 97056

We have audited the basic financial statements of City of Scappoose, Oregon, as of and for the year ended June 30, 2008, and have issued our report thereon dated January 19, 2009.

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

The State of Oregon *Minimum Standards for Audits of Oregon Municipal Corporations* requires that we make comments and disclosures relating to our review of fiscal affairs and compliance with legal requirements and the applicable provisions of the Oregon Revised Statutes as follow:

- A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as described above. However, we identified the following deficiency in internal control that we consider to be a significant deficiency:

Oversight of Financial Reporting Process

Management is responsible for establishing and maintaining internal controls and for the fair presentation of the financial position, results of operations, cash flows and disclosures in the financial statements, in conformity with U.S. generally accepted accounting principles (GAAP). The City does not have a system of internal controls that would enable management to conclude the financial statements and related disclosures are complete and presented in accordance with GAAP. As such, management requested us to prepare a draft of the financial statements, including related footnote disclosures. The outsourcing of these services is not unusual in cities of your size and is a result of management's cost benefit decision to rely on our accounting expertise rather than incurring this internal resource cost.

- The amount and adequacy of collateral pledged by depositories to secure the deposit of public funds.
- The legal requirements relating to short-term and long-term debt.
- Compliance with the requirements of Local Budget Law in the preparation, adoption and execution of the annual budget for the current fiscal year and preparation and adoption of the annual budget for the subsequent fiscal year.
- The legal requirements relating to insurance and fidelity bond coverage.
- Compliance with the laws and regulations of programs funded wholly or partially by other government agencies.
- The legal requirements covering the use of revenue from motor vehicle fuel tax.
- The policies and procedures pertaining to the investment of public funds.
- The legal requirements covering the awarding of public contracts and construction of public improvements.
- To our knowledge no independently elected official was accountable for collecting or receiving cash.

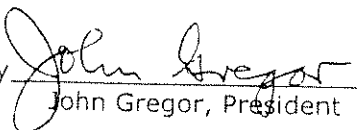
The results of our tests disclosed no other instances of noncompliance by the City with the foregoing requirements. However, it should be noted that our audit was not directed primarily toward obtaining knowledge of noncompliance with these requirements.

Additionally, we make the following comments:

- The accounting records were adequate for the audit.
- Our review of the insurance and fidelity bond was limited to the existing coverage for the period. We are not experts in insurance and make no representation as to the adequacy of coverage.

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

GREGOR PROFESSIONAL CORPORATION  
Certified Public Accountants

By   
John Gregor, President

Eugene, Oregon  
January 19, 2009

