

CITY OF SCAPPOOSE
COLUMBIA COUNTY, OREGON

ANNUAL FINANCIAL REPORT

For the year ended June 30, 2009



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

**CITY OF SCAPPOOSE
COLUMBIA COUNTY, OREGON
June 30, 2009**

MAYOR AND COUNCIL

<u>Name/Address</u>	<u>Position</u>	<u>Term Expires</u>
Scott Burge 33470 Chinook Plaza, #272 Scappoose, Oregon 97056	Mayor	December 31, 2010
Jeff Bernhard 33115 NW Onna Way Scappoose, Oregon 97056	Council President	December 31, 2012
Donna Gedlich 51918 SE 5 th , P O Box 218 Scappoose, Oregon 97056	Councilor	December 31, 2012
Judie Ingham 51836 SE 6 th Street Scappoose, Oregon 97056	Councilor	December 31, 2010
Larry Meres 51704 SE 4 th Street Scappoose, Oregon 97056	Councilor	December 31, 2010
Art Heerwagen 32856 NW Sunset Drive Scappoose, Oregon 97056	Councilor	December 31, 2010
Jeff Erickson 33980 SE Oakview Drive Scappoose, Oregon 97056	Councilor	December 31, 2012

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, 2009**

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**CITY OF SCAPPOOSE
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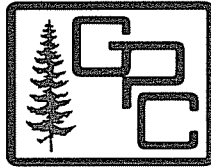
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REPORT OF THE INDEPENDENT AUDITORS



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

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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, 2009, 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.

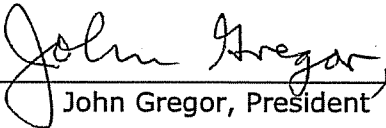
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2009 and the respective 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 26-27 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  CPA
John Gregor, President

Eugene, Oregon
January 29, 2010

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, 2009. 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, 2009 are \$54,955,307.

The City's Total Liabilities at June 30, 2009 are \$8,289,773.

The net assets of the City (assets minus liabilities) at June 30, 2009 are \$46,665,535. This represents a decrease from last year's audited figure of \$1,250,663. 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 governmental 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 three major funds, the General Fund, Parks SDC Fund and Municipal Park 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 page 25-26.

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 governmental-wide financial statements. The City uses enterprise funds to account for its water utility and sewer utility operations.

The City reports water and sewer activities in separate columns in the proprietary fund financial statements.

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 \$46,181,254 at the close of FY'09.

By far the largest portion of the City's net assets (80 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>2009</u>	<u>2008</u> (for the purpose of comparison)
CURRENT AND OTHER ASSETS	\$ 9,010,038	\$11,378,458
CAPITAL ASSETS	<u>\$ 45,054,269</u>	<u>\$45,326,289</u>
TOTAL ASSETS	\$ 54,955,307	\$56,704,747
CURRENT AND OTHER LIABILITIES	\$ 276,008	\$ 1,024,102
NON-CURRENT LIABILITIES	<u>\$ 8,013,685</u>	<u>\$ 8,248,728</u>
TOTAL LIABILITIES	\$ 8,289,773	\$ 9,272,830
NET ASSETS:		
INVESTED IN CAPITAL ASSETS, NET RELATED DEBT	\$ 36,928,857	\$36,942,016
UNRESTRICTED	<u>\$ 9,736,677</u>	<u>\$10,489,901</u>
TOTAL NET ASSETS	\$ 46,665,535	\$47,431,917

CITY OF SCAPPOOSE CHANGE IN REVENUES

The City's total revenues were \$6.1 million, of this \$2.1 million or 34 percent were from Charges for Services. Taxes and franchise fees were \$2.35 million and accounted for 39 percent of revenues, operating grants and contributions were \$0.77 million and accounted for 13 percent of revenues, capital grants and contributions were \$0.68 million and accounted for 11 percent of revenues.

The total cost of all programs and services were \$7.4 million; \$4.7 million or 64 percent were for Government Activities and 36 percent, or \$2.37 million, were for Business-Type Activities.

For the Year ended 06/30/09

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
PROGRAM REVENUES			
Charge for Services	\$ 210,520	\$ 1,927,840	\$2,138,360
Operating Grants & Contributions	\$ 442,578	\$ 329,250	\$ 771,828
Capital Grants & Contributions	\$ 548,815	\$ 93,119	\$ 641,934
GENERAL REVENUES			
Property Taxes, General	\$1,390,037		\$1,390,037
Property Taxes, Debt	\$ 245,698		\$ 245,698
Franchise Fees	\$ 383,379		\$ 383,379
Public Service Taxes	\$ 326,362		\$ 326,362
Investment Earnings	\$ 96,692	\$ 88,259	\$ 184,951
Miscellaneous	\$ 37,203	\$ 4,566	\$ 41,769
Transfers	\$ (66,471)	\$ 66,471	\$ -
TOTAL REVENUES	\$ 3,614,813	\$ 2,509,505	\$ 6,124,318
PROGRAM EXPENSES			
Government Activities			
General Government	\$ 734,785		
Public safety	\$ 1,588,885		
Cultural and recreation	\$ 98,777		
Highway and Streets	\$ 2,242,047		
Interest, LT Debt	\$ 67,377		
Business Activities			
Water		\$1,639,589	
Sewer		\$1,046,339	
TOTAL EXPEDITURES	\$ 4,731,871	\$ 2,685,928	\$ 7,417,799
CHANGE IN NET ASSETS			(\$1,293,481)

For the Year ended 06/30/08
(for the purpose of comparison)

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
PROGRAM REVENUES			
Charge for Services	\$ 423,161	\$1,905,311	\$2,328,472
Operating Grants & Contributions	\$ 345,809	\$ 535,280	\$ 881,089
Capital Grants & Contributions	\$ 501,591	\$ 480,853	\$ 982,444
GENERAL REVENUES			
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	\$ -
TOTAL REVENUES	\$ 3,644,424	\$ 3,289,490	\$6,933,914
PROGRAM EXPENSES			
Government Activities			
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		
Business Activities			
Water		\$1,546,484	
Sewer		\$ 920,418	
TOTAL EXPEDITURES	\$ 4,595,354	\$2,466,902	\$ 7,062,256
CHANGE IN NET ASSETS			\$ (128,342)

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 \$4,610,989, a decrease of \$882,261 in comparison with the prior year. Approximately 93% of this total amount, \$4,321,487 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 \$2,269,657, while the total fund balance for the General Fund was \$2,273,399.

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 \$4,999,640.

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 a decrease of \$28,402 and ending fund balances under budgetary basis of General Fund was \$2,205,663.

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, 2009 was \$45,054,269 (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 \$8,013,685. Of this amount, \$741,863 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 FY 2009-2010 budget.

- Interest rates on investments will continue to be low and projected to be not much more than 2.0%.
- Cautious outlook for improving economic conditions.
- Property tax revenue is anticipated to increase 3% and with residential construction in 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, 2009

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and investments	\$ 4,511,816	\$ 4,193,294	\$ 8,705,110
Restricted cash deposits	33,567	80,870	114,437
Property taxes receivable	157,561	-	157,561
Accounts receivable	78,497	325,249	403,746
Notes receivable-Port of St. Helens	-	484,281	484,281
Inventories	6,593	29,310	35,903
Capital assets, net of accumulated depreciation, where applicable,(Note 2B)	<u>32,256,733</u>	<u>12,797,536</u>	<u>45,054,269</u>
Total assets	<u>\$ 37,044,767</u>	<u>\$ 17,910,540</u>	<u>\$ 54,955,307</u>
LIABILITIES			
Accounts payable	\$ 17,429	\$ 16,644	\$ 34,073
Deposits payable	33,567	80,870	114,437
Accrued interest payable	20,913	106,665	127,578
Noncurrent liabilities:			
Due within one year	677,350	509,189	1,186,539
Due in more than one year	<u>518,267</u>	<u>6,308,879</u>	<u>6,827,146</u>
Total liabilities	<u>1,267,526</u>	<u>7,022,247</u>	<u>8,289,773</u>
NET ASSETS			
Invested in capital assets, net of related debt	31,040,204	5,888,653	36,928,857
Unrestricted	<u>4,737,038</u>	<u>4,999,640</u>	<u>9,736,677</u>
Total net assets	<u>35,777,242</u>	<u>10,888,293</u>	<u>46,665,535</u>
Total liabilities and fund balances:	<u>\$ 37,044,767</u>	<u>\$ 17,910,540</u>	<u>\$ 54,955,307</u>

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, 2009

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities							
General government	\$ 734,785	\$ 191,217	\$ 56,745	\$ 9,616	\$ (477,207)	\$ -	\$ (477,207)
Public safety	1,588,885	15,865	289,927	-	(1,283,093)	-	(1,283,093)
Cultural and recreation	98,777	-	-	480,046	381,269	-	381,269
Highway and Streets	2,242,047	3,438	95,906	59,153	(2,083,550)	-	(2,083,550)
Interest on long-term debt	67,377	-	-	-	(67,377)	-	(67,377)
Total governmental activities	<u>4,731,871</u>	<u>210,520</u>	<u>442,578</u>	<u>548,815</u>	<u>(3,529,958)</u>	<u>-</u>	<u>(3,529,958)</u>
Business-type activities							
Water	1,639,589	886,381	326,060	53,335	-	(373,813)	(373,813)
Sewer	1,046,339	1,041,459	3,190	39,784	-	38,094	38,094
Total business-type activities	<u>2,685,928</u>	<u>1,927,840</u>	<u>329,250</u>	<u>93,119</u>	<u>-</u>	<u>(335,719)</u>	<u>(335,719)</u>
Total Primary government	<u>\$ 7,417,799</u>	<u>\$ 2,138,360</u>	<u>\$ 771,828</u>	<u>\$ 641,934</u>	<u>(3,529,958)</u>	<u>(335,719)</u>	<u>(3,865,677)</u>
General revenues:							
Taxes:							
Property taxes, levied for general purposes				1,390,037	-		1,390,037
Property taxes, levied for debt service				245,698	-		245,698
Franchise taxes				383,379	-		383,379
Public service taxes				326,362	-		326,362
Investment earnings				96,692	88,259		184,951
Miscellaneous				37,203	4,566		41,769
Transfers				(66,471)	66,471		-
Total general revenues and transfers				<u>2,412,900</u>	<u>159,296</u>		<u>2,572,196</u>
Changes in net assets				<u>(1,117,058)</u>	<u>(176,423)</u>		<u>(1,293,481)</u>
Net assets-beginning, as previously stated				36,894,300	10,537,617		47,431,917
Prior period adjustment				-	527,099		527,099
Net assets-beginning, as restated				<u>36,894,300</u>	<u>11,064,716</u>		<u>47,959,016</u>
Net assets-ending				<u>\$ 35,777,242</u>	<u>\$ 10,888,293</u>		<u>\$ 46,665,535</u>

The accompanying notes are an integral part of these financial statements

CITY OF SCAPPOOSE, OREGON

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2009

	<u>General Fund</u>	<u>Parks SDC Fund</u>	<u>Municipal Park Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 2,205,662	\$ 142,978	\$ 243	\$ 2,162,933	\$ 4,511,816
Restricted cash deposits	33,567	-	-	-	33,567
Property taxes receivable	132,351	-	-	25,210	157,561
Accounts receivable	52,490	-	-	26,007	78,497
Inventory	3,742	-	-	2,851	6,593
Total assets	<u>\$ 2,427,812</u>	<u>\$ 142,978</u>	<u>\$ 243</u>	<u>\$ 2,217,001</u>	<u>\$ 4,788,034</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 14,965	\$ -	\$ -	\$ 2,464	\$ 17,429
Deposits payable	33,567	-	-	-	33,567
Deferred tax revenue	105,881	-	-	20,168	126,049
Total liabilities	<u>\$ 154,413</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,632</u>	<u>\$ 177,045</u>
Fund balances:					
Reserved for:					
Inventory	3,742	-	-	2,851	6,593
Debt service	-	142,978	-	139,931	282,909
Unreserved, reported in:					
General Fund	2,269,657	-	-	-	2,269,657
Special Revenue Funds	-	-	243	1,480,408	1,480,651
Capital Projects Funds	-	-	-	571,179	571,179
Total fund balances	<u>2,273,399</u>	<u>142,978</u>	<u>243</u>	<u>2,194,369</u>	<u>4,610,989</u>
Total liabilities and fund balances:	<u>\$ 2,427,812</u>	<u>\$ 142,978</u>	<u>\$ 243</u>	<u>\$ 2,217,001</u>	

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.	32,256,733
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	126,049
Long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore, are not reported in the funds.	(1,216,530)
Net assets of governmental activities (See Page 1)	<u>\$ 35,777,242</u>

The accompanying notes are an integral part of these financial statements

CITY OF SCAPPOOSE, OREGON

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

GOVERNMENTAL FUNDS

For the Year Ended June 30, 2009

	<u>General Fund</u>	<u>Parks SDC Fund</u>	<u>Municipal Park Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES:					
Property taxes	\$ 1,374,309	\$ -	\$ -	\$ 242,702	\$ 1,617,011
Licenses and fees	78,238	30,046	-	116,417	224,701
Fines and forfeits	234,166	-	-	15,865	250,031
Franchise fees	383,379	-	-	-	383,379
Special assessments	-	-	-	68,768	68,768
Intergovernmental	138,207	-	450,000	340,806	929,013
Interest	44,069	9,520	1,741	41,362	96,692
Miscellaneous	91,535	-	-	1,430	92,965
Total revenues	<u>2,343,903</u>	<u>39,566</u>	<u>451,741</u>	<u>827,350</u>	<u>3,662,560</u>
EXPENDITURES:					
Current:					
General government	496,433	-	-	188,599	685,032
Public safety	1,552,610	-	-	10,862	1,563,472
Cultural and recreation	120,240	-	-	4,034	124,274
Highways and streets	-	-	-	336,839	336,839
Debt service	-	47,804	-	268,009	315,813
Capital outlay	29,123	432,636	964,830	155,569	1,582,158
Total expenditures	<u>2,198,406</u>	<u>480,440</u>	<u>964,830</u>	<u>963,912</u>	<u>4,607,588</u>
Excess(deficiency) of revenues over expenditures	<u>145,497</u>	<u>(440,874)</u>	<u>(513,089)</u>	<u>(136,562)</u>	<u>(945,028)</u>
OTHER FINANCING SOURCES (USES):					
Interfund transfers in	317,877	-	200,000	160,031	677,908
Interfund transfers out	(492,173)	(4,752)	-	(58,220)	(555,145)
Total other financing sources (uses)	<u>(174,296)</u>	<u>(4,752)</u>	<u>200,000</u>	<u>101,811</u>	<u>122,763</u>
Net change in fund balances	(28,799)	(445,626)	(313,089)	(34,751)	(822,265)
FUND BALANCES - July 1	<u>2,302,198</u>	<u>588,604</u>	<u>313,332</u>	<u>2,229,120</u>	
FUND BALANCES - June 30	<u>\$ 2,273,399</u>	<u>\$ 142,978</u>	<u>\$ 243</u>	<u>\$ 2,194,369</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.	(305,627)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	18,724
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.	(7,890)
Changes in net assets of governmental activities (See Page 2)	<u>\$ (1,117,058)</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, 2009

	<u>Water Fund</u>	<u>Water SDC Expansion Reserve Fund</u>	<u>Sewer Fund</u>	<u>Nonmajor Proprietary Funds</u>	<u>Totals</u>
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 1,481,920	\$ 197,838	\$ 744,893	\$ 1,768,643	\$ 4,193,294
Restricted cash:					
Meter deposits	80,870	-	-	-	80,870
Receivables:					
Utilities	172,841	-	152,408	-	325,249
Note from Port of St. Helens	-	-	-	484,281	484,281
Inventory	<u>28,765</u>	<u>-</u>	<u>545</u>	<u>-</u>	<u>29,310</u>
Total current assets	<u>1,764,396</u>	<u>197,838</u>	<u>897,846</u>	<u>2,252,924</u>	<u>5,113,004</u>
Noncurrent assets:					
Capital assets:					
Land	286,466	-	92,320	-	378,786
Buildings	1,390,779	-	3,347,047	-	4,737,826
Infrastructure	5,279,680	148,560	1,940,171	-	7,368,411
Construction in progress	413,078	6,777,319	56,159	-	7,246,556
Vehicles	89,991	-	83,365	-	173,356
Equipment	1,103,561	-	730,480	-	1,834,041
Less accumulated depreciation	<u>(4,578,702)</u>	<u>(527,273)</u>	<u>(3,835,465)</u>	<u>-</u>	<u>(8,941,440)</u>
Total non-current assets	<u>3,984,853</u>	<u>6,398,606</u>	<u>2,414,077</u>	<u>-</u>	<u>12,797,536</u>
Total assets	<u>\$ 5,749,249</u>	<u>\$ 6,596,444</u>	<u>\$ 3,311,923</u>	<u>\$ 2,252,924</u>	<u>\$ 17,910,540</u>
LIABILITIES					
Current liabilities:					
Accounts payable	4,582	-	720	11,342	16,644
Deposits payable	80,870	-	-	-	80,870
Accrued interest payable	33,294	59,540	13,831	-	106,665
Compensated absences	30,300	-	17,250	-	47,550
Leases payable	9,354	-	9,354	-	18,707
Notes payable	-	176,038	-	-	176,038
Bonds payable	<u>112,270</u>	<u>-</u>	<u>154,624</u>	<u>-</u>	<u>266,894</u>
Total current liabilities	<u>270,670</u>	<u>235,578</u>	<u>195,779</u>	<u>11,342</u>	<u>713,368</u>
Noncurrent liabilities:					
Compensated absences	10,100	-	5,750	-	15,850
Leases payable	25,205	-	25,205	-	50,411
Notes payable	-	4,947,750	-	-	4,947,750
Bonds payable	<u>1,102,187</u>	<u>-</u>	<u>192,681</u>	<u>-</u>	<u>1,294,868</u>
Total non-current liabilities	<u>1,137,492</u>	<u>4,947,750</u>	<u>223,636</u>	<u>-</u>	<u>6,308,879</u>
Total liabilities	<u>1,408,162</u>	<u>5,183,328</u>	<u>419,415</u>	<u>11,342</u>	<u>7,022,247</u>
NET ASSETS					
Invested in capital assets, net of related debt	2,672,243	1,215,278	2,001,132	-	5,888,653
Unrestricted	<u>1,668,844</u>	<u>197,838</u>	<u>891,376</u>	<u>2,241,582</u>	<u>4,999,640</u>
Total net assets	<u>4,341,087</u>	<u>1,413,116</u>	<u>2,892,508</u>	<u>2,241,582</u>	<u>10,888,293</u>
Total liabilities and net assets	<u>\$ 5,749,249</u>	<u>\$ 6,596,444</u>	<u>\$ 3,311,923</u>	<u>\$ 2,252,924</u>	<u>\$ 17,910,540</u>

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, 2009

	<u>Water Fund</u>	<u>Water SDC Expansion Reserve Fund</u>	<u>Sewer Fund</u>	<u>Nonmajor Proprietary Funds</u>	<u>Totals</u>
Operating revenues					
Charges for services	\$ 886,381	\$ -	\$ 1,041,460	\$ -	\$ 1,927,841
Infrastructure fees	259,119	64,114	3,190	-	326,423
Construction water	2,827	-	-	-	2,827
Miscellaneous revenues	4,491	-	75	-	4,566
Total operating revenues	<u>1,152,818</u>	<u>64,114</u>	<u>1,044,725</u>	<u>-</u>	<u>2,261,657</u>
Operating expenses:					
Personal services	679,685	-	478,792	-	1,158,477
Contractual services	357,702	-	318,901	2,026	678,629
Utilities	20,205	-	8,448	-	28,653
Repairs and maintenance	18,393	-	53,868	-	72,261
Other supplies and expenses	62,078	-	29,780	-	91,858
Insurance claims and expenses	226	-	226	-	452
Depreciation	180,442	173,147	129,316	-	482,905
Total operating expenses	<u>1,318,731</u>	<u>173,147</u>	<u>1,019,331</u>	<u>2,026</u>	<u>2,513,235</u>
Operating income	<u>(165,913)</u>	<u>(109,033)</u>	<u>25,394</u>	<u>(2,026)</u>	<u>(251,578)</u>
Non-operating revenues (expenses)					
Interest income	32,610	5,393	12,706	37,550	88,259
Interest expense	(45,428)	(102,284)	(24,982)	-	(172,694)
Reimbursement from Port of St. Helens	-	-	-	29,092	29,092
Total non-operating revenues (expenses)	<u>(12,818)</u>	<u>(96,891)</u>	<u>(12,276)</u>	<u>66,642</u>	<u>(55,343)</u>
Income before contributions and transfers	<u>(178,731)</u>	<u>(205,924)</u>	<u>13,117</u>	<u>64,616</u>	<u>(306,921)</u>
Capital contribution	23,713	-	-	40,314	64,027
Transfer in	337,735	94,872	310,590	56,434	799,631
Transfer out	<u>(154,018)</u>	<u>(60,014)</u>	<u>(49,607)</u>	<u>(469,520)</u>	<u>(733,160)</u>
Changes in net assets	<u>28,699</u>	<u>(171,066)</u>	<u>274,100</u>	<u>(308,156)</u>	<u>(176,423)</u>
Total net assets-beginning, as previously stated	4,312,388	1,584,182	2,618,408	2,022,639	10,537,617
Prior period adjustment	-	-	-	527,099	527,099
Total net assets-beginning, as restated	<u>4,312,388</u>	<u>1,584,182</u>	<u>2,618,408</u>	<u>2,549,738</u>	<u>11,064,716</u>
Total net assets-ending	<u>\$ 4,341,087</u>	<u>\$ 1,413,116</u>	<u>\$ 2,892,508</u>	<u>\$ 2,241,582</u>	<u>\$ 10,888,293</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, 2009

	<u>Water Fund</u>	<u>Water SDC Expansion Reserve Fund</u>	<u>Sewer Fund</u>	<u>Nonmajor Proprietary Funds</u>	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and others	\$ 1,157,494	\$ 64,114	\$ 1,039,058	\$ -	\$ 2,260,666
Payments to suppliers and others	(464,127)	-	(421,499)	(16,196)	(901,822)
Payments to employees	(675,385)	-	(477,192)	-	(1,152,577)
Net cash provided by operating activities	<u>17,982</u>	<u>64,114</u>	<u>140,367</u>	<u>(16,196)</u>	<u>206,267</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Operating subsidies and transfers to other funds	<u>183,717</u>	<u>34,858</u>	<u>167,511</u>	<u>(319,614)</u>	<u>66,472</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from capital debt	21,999	-	21,999	-	43,998
Capital contribution	23,713	-	-	40,314	64,027
Purchase of fixed assets	(458,721)	-	(57,795)	-	(516,516)
Reimbursement from Port of St. Helens	-	-	-	71,910	71,910
Principal paid on capital debt	(111,802)	(174,561)	(155,611)	-	(441,974)
Interest paid on capital debt	(47,834)	(104,473)	(29,811)	-	(182,118)
Net cash provided (used) by capital and related financing activities	<u>(572,645)</u>	<u>(279,034)</u>	<u>(221,219)</u>	<u>112,224</u>	<u>(960,673)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	<u>32,610</u>	<u>5,393</u>	<u>12,706</u>	<u>37,550</u>	<u>88,259</u>
Net cash provided by investing activities	<u>32,610</u>	<u>5,393</u>	<u>12,706</u>	<u>37,550</u>	<u>88,259</u>
Net increase in cash and cash equivalents	(338,336)	(174,669)	99,366	(186,036)	(599,675)
Balances-beginning of the year	<u>1,820,256</u>	<u>372,507</u>	<u>645,527</u>	<u>1,954,679</u>	<u>4,792,969</u>
Balances-end of the year	<u>\$ 1,481,920</u>	<u>\$ 197,838</u>	<u>\$ 744,893</u>	<u>\$ 1,768,643</u>	<u>\$ 4,193,294</u>
Reconciliation of operating income to cash provided (used) by operating activities					
Operating income(loss)	\$ (165,913)	\$ (109,033)	\$ 25,393	\$ (2,026)	\$ (251,580)
Adjustment to reconcile net income to net cash provided (used) by operating activities:					
Depreciation	180,442	173,147	129,316	-	482,905
Change in assets and liabilities:					
Accounts receivables	4,675	-	(5,666)	-	(991)
Accounts payable	(5,522)	-	(10,276)	(14,170)	(29,967)
Compensated absences payable	4,300	-	1,600	-	5,900
Net cash provided by operating activities	<u>\$ 17,982</u>	<u>\$ 64,114</u>	<u>\$ 140,367</u>	<u>\$ (16,196)</u>	<u>\$ 206,267</u>

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, 2009

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, 2009

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

The *Municipal Park Fund* accounts for contributions to the Scappoose Municipal Park and the expenditures to construct the park.

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

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.

Capital Projects Funds account for the resources accumulated and payments made for specific capital projects of the City.

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

**CITY OF SCAPPOOSE
COLUMBIA COUNTY, OREGON**

NOTES TO THE BASIC FINANCIAL STATEMENTS

For the Year Ended June 30, 2009

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

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, 2009

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".

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 \$271,933, 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 one year. 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, 2009

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, 2009.

**CITY OF SCAPPOOSE
COLUMBIA COUNTY, OREGON**

NOTES TO THE BASIC FINANCIAL STATEMENTS

For the Year Ended June 30, 2009

NOTE 3 - DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

The cash and cash equivalents as of June 30, 2009 was as follows:

Petty cash	\$ 1,600
Deposits in financial institution	(28,621)
Deposits in financial institution held for other parties	114,437
Deposits with state local government investment pool	<u>8,732,131</u>
	<u>\$ 8,819,547</u>

Deposits: Deposits with financial institutions are bank deposits. At year-end June 30, 2009, the balance of the bank statements was \$230,300, 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, the Oregon State Treasurer became responsible for monitoring public funds held by bank depositories in excess of FDIC insured amounts, and for assuring that public funds on deposit are collateralized to the extent required by Oregon Revised Statutes (ORS) Chapter 295. ORS Chapter 295 requires depository banks to place and maintain on deposit with a third-party custodian bank securities having a value of 10%, 25% or 110% of public funds on deposit depending primarily on the capitalization level of the depository bank. All amounts above FDIC insurance are covered under the Oregon Public Funds Collateralization Program, which qualifies as a state depository insurance fund.

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, 2009, 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, 2009

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

B. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2009 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities				
Land	\$ 1,079,436	\$ -	\$ -	\$ 1,079,436
Infrastructure	59,914,252	106,410	-	60,020,662
Construction in progress	433,106	1,461,503	-	1,894,609
Buildings	619,645	-	-	619,645
Building improvements	638,047	-	-	638,047
Equipment	200,573	-	(2,448)	198,125
Vehicles	297,885	119,624	(57,075)	360,434
Totals	<u>63,182,944</u>	<u>1,687,537</u>	<u>(59,523)</u>	<u>64,810,959</u>
Less accumulated depreciation for:				
Infrastructure	29,436,846	1,898,869	-	31,335,715
Buildings	619,645	-	-	619,645
Building improvements	293,502	12,761	-	306,263
Equipment	121,634	23,669	(1,307)	143,995
Vehicles	148,952	46,540	(46,884)	148,608
Total accumulated depreciation	<u>30,620,579</u>	<u>1,981,839</u>	<u>(48,191)</u>	<u>32,554,226</u>
Governmental activities capital assets, net	<u>\$ 32,562,365</u>	<u>\$ (294,302)</u>	<u>\$ (11,332)</u>	<u>\$ 32,256,733</u>

**CITY OF SCAPPOOSE
COLUMBIA COUNTY, OREGON**

NOTES TO THE BASIC FINANCIAL STATEMENTS

For the Year Ended June 30, 2009

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business type activities				
Land	\$ 300,906	\$ 77,880	\$ -	\$ 378,786
Buildings	4,737,826	-	-	4,737,826
Infrastructure	14,145,731	-	-	14,145,730
Construction in progress	72,778	396,459	-	469,240
Vehicles	129,358	43,996	-	173,354
Equipment	<u>1,890,832</u>	<u>-</u>	<u>(56,791)</u>	<u>1,834,041</u>
Total capital assets being depreciated	<u>21,277,431</u>	<u>518,335</u>	<u>(56,791)</u>	<u>21,738,977</u>
Less accumulated depreciation for:				
Buildings	1,916,439	116,003	-	2,032,441
Infrastructure	4,839,060	300,481	-	5,139,541
Vehicles	66,166	21,155	-	87,321
Equipment	<u>1,691,842</u>	<u>45,265</u>	<u>(54,971)</u>	<u>1,682,137</u>
Total accumulated depreciation	<u>8,513,507</u>	<u>482,904</u>	<u>(54,971)</u>	<u>8,941,441</u>
Business type activities, capital assets, net	<u>\$ 12,763,924</u>	<u>\$ 35,431</u>	<u>\$ (1,820)</u>	<u>\$ 12,797,536</u>

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

Governmental activities:

General government	\$ 35,569
Public safety	3,159
Culture and recreation	38,912
Highway and streets	<u>1,904,199</u>
Total	<u>\$ 1,981,839</u>

Business-type activities:

Water	\$ 353,589
Sewer	<u>129,316</u>
Total	<u>\$ 482,905</u>

**CITY OF SCAPPOOSE
COLUMBIA COUNTY, OREGON**

NOTES TO THE BASIC FINANCIAL STATEMENTS

For the Year Ended June 30, 2009

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 1. The liability for accrued vacation pay at year-end for governmental activities was \$108,100. For business type activities, it was \$59,100.

2. CAPITAL LEASES

Ford Financing Motor Credit Company

The City has entered into eight separate lease agreements as lessee for financing the acquisition of police vehicles and utility trucks with Ford Financing Motor Credit Company. The lease agreements qualify as 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, 2009 is \$217,252.

Year Ending June 30,	Totals		
	Principal	Interest	Totals
2010	73,000	13,927	86,927
2011	69,831	9,265	79,096
2012	57,341	4,825	62,167
2013	17,080	1,145	18,225
	<u>\$ 217,252</u>	<u>\$ 29,163</u>	<u>\$ 246,415</u>

3. NOTES PAYABLE

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

Purpose	Borrowed from	Loan date	Maturity date	Interest Rates	Balance
Water system	OECD	Sep. 1998	Aug. 2017	5.33%	\$ 396,503
Water system	OECD	Sep. 1997	Aug. 2017	6.00%	193,584
Water system	OECD	July 1998	June 2018	4.74%	229,812
Aquatic and community center	US Bank	Nov. 2004	Oct. 2009	5.00%	506,485
Crown zellerbach project	OTIB	Aug. 2003	2019	4.00%	436,097
WTP Phase 1&2	OECD	Dec. 2002	2028	4.40%	1,518,691
Safedrinking water project	OECD	Apr. 2004	2034	1.00%	3,605,097
				Total	<u>\$ 6,886,269</u>

**CITY OF SCAPPOOSE
COLUMBIA COUNTY, OREGON**

NOTES TO THE BASIC FINANCIAL STATEMENTS

For the Year Ended June 30, 2009

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 June 30	Sep. 1998 Airpark Loan		Sep. 1997 Airpark Loan		July 1998 Airpark Loan		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ 41,852	\$ 21,724	\$ 22,146	\$ 10,508	\$ 18,646	\$ 11,181	\$ 82,644	\$ 43,413
2011	42,222	19,464	22,368	10,286	23,813	10,332	88,403	40,082
2012	47,611	17,184	23,710	8,944	23,990	9,224	95,311	35,352
2013	48,030	14,566	25,132	7,522	24,179	8,084	97,341	30,172
2014	48,472	11,924	26,640	6,014	24,381	6,912	99,493	24,850
2015-2018	168,316	18,847	73,588	8,061	114,803	14,766	356,707	41,674
Totals	<u>\$ 396,503</u>	<u>\$ 103,709</u>	<u>\$ 193,584</u>	<u>\$ 51,335</u>	<u>\$ 229,812</u>	<u>\$ 60,499</u>	<u>\$ 819,899</u>	<u>\$ 215,543</u>

Aquatic and Community Center Loan and Subsequent Event

On November 18, 2004, the City entered into a contract with US Bank National Association to borrow \$600,000 for the purpose of building the Aquatics and Community Center. The interest rate is 5%. The unpaid balance as of June 30, 2009 was \$506,485.

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

Year Ending June 30	Principal	Interest	Total
2010	<u>506,485</u>	<u>12,662</u>	<u>519,147</u>
	<u>\$ 506,485</u>	<u>\$ 12,662</u>	<u>\$ 519,147</u>

Subsequent Event - On September 30, 2009, the City paid \$109,714 and refinanced the remaining balance of \$396,771 on the note. The new note requires semi-annual principal and interest payments due April 1 and October 1 for five years with the balance to be paid in full on October 1, 2014. The interest rate of the note is 3.75%. The schedule for future debt service requirements is as follows:

**CITY OF SCAPPOOSE
COLUMBIA COUNTY, OREGON**

NOTES TO THE BASIC FINANCIAL STATEMENTS

For the Year Ended June 30, 2009

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

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

Year Ending			
June 30	Principal	Interest	Total
2010	\$ 9,973	\$ 7,481	\$ 17,454
2011	20,511	14,314	34,825
2012	21,287	13,538	34,825
2013	22,093	12,732	34,825
2014	22,929	11,896	34,825
2015	299,976	5,625	305,601
	<u>\$ 396,771</u>	<u>\$ 5,625</u>	<u>\$ 402,395</u>

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, 2009 was \$ 436,097.

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

Year Ending			
June 30	Principal	Interest	Total
2010	37,897	18,316	56,213
2011	40,064	16,149	56,213
2012	41,689	14,524	56,213
2013	43,344	12,869	56,213
2014	45,137	11,076	56,213
2015-2019	227,966	26,406	254,372
	<u>\$ 436,097</u>	<u>\$ 99,340</u>	<u>\$ 535,437</u>

**CITY OF SCAPPOOSE
COLUMBIA COUNTY, OREGON**

NOTES TO THE BASIC FINANCIAL STATEMENTS

For the Year Ended June 30, 2009

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

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

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

As of June 30, 2009, the unpaid balance of the WTP phase 1 & 2 loan was \$1,518,691.

As of June 30, 2009, the unpaid balance of the Safe drinking water loan was \$3,605,097.

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

Year Ending June 30	Principal	Interest	Total
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	60,672	58,825	119,497
2015-2019	355,203	254,242	609,445
2020-2024	439,939	167,503	607,442
2025-2028	433,782	52,427	486,209
	<u>\$ 1,518,691</u>	<u>\$ 789,424</u>	<u>\$ 2,308,115</u>

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

Year Ending June 30	Principal	Interest	Total
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	126,694	31,107	157,801
2015-2019	652,730	136,277	789,007
2020-2024	686,025	102,981	789,006
2025-2029	721,021	67,988	789,009
2030-2034	757,799	31,209	789,008
2035-2036	166,473	1,768	168,241
	<u>\$ 3,605,097</u>	<u>\$ 508,179</u>	<u>\$ 4,113,276</u>

**CITY OF SCAPPOOSE
COLUMBIA COUNTY, OREGON**

NOTES TO THE BASIC FINANCIAL STATEMENTS

For the Year Ended June 30, 2009

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 from	Loan date	Maturity date	Interest rates	Balance
Water system (Water Go Bond)	GMAC	Feb. 1979	Feb. 2019	5.00%	\$ 394,559
Sewer system (SPWF Waste Bond)	OECD	Sep. 1991	Aug. 2011	6.59%	292,690
Sewer system (SPWF Bond II)	OECD	Nov. 1993	Oct. 2013	6.00%	33,721
Sewer system (SPWF Loan III)	OECD	Nov. 1993	Oct. 2011	0.00%	<u>20,893</u>
				Total	\$ 741,863

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 June 30	Principal	Interest	Total
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	35,699	15,138	50,837
2015-2019	205,735	48,450	254,185
2020	<u>25,865</u>	<u>4,005</u>	<u>29,870</u>
	<u>\$ 394,559</u>	<u>\$ 143,681</u>	<u>\$ 538,240</u>

**CITY OF SCAPPOOSE
COLUMBIA COUNTY, OREGON**

NOTES TO THE BASIC FINANCIAL STATEMENTS

For the Year Ended June 30, 2009

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 June 30	SPWF Bond 1991		SPWF Bond II		SPWF Loan III		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
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	6,964	-	13,685	1,284
2013	-	-	7,125	881	-	-	7,125	881
2014	-	-	7,552	453	-	-	7,552	453
Totals	\$ 292,690	\$ 29,231	\$ 33,721	\$ 6,305	\$ 20,892	\$ -	\$ 347,303	\$ 35,536

5. CHANGES IN LONG-TERM LIABILITIES

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts
					Due within One year
Governmental activities					
Compensated absences payable	\$ 93,100	\$ 62,800	\$ (51,000)	\$ 104,900	\$ 78,675
Capital leases	94,720	119,626	(66,211)	148,135	54,293
US Bank notes payable	528,191	-	(21,706)	506,485	506,485
Crown zellerbach notes payable	473,172	-	(37,076)	436,097	37,897
Governmental activities total	1,189,183	182,426	(175,993)	1,195,617	677,350
Business type activities					
Compensated absences payable	57,500	49,800	(43,900)	63,400	47,550
Capital leases	45,286	43,997	(20,165)	69,118	18,707
Airpark notes payable (Sep. 98)	433,005	-	(36,502)	396,503	41,852
Airpark notes payable (Sep. 97)	212,036	-	(18,452)	193,584	22,146
Airpark notes payable (July 98)	248,301	-	(18,489)	229,812	18,646
Water Go bonds payable	422,835	-	(28,276)	394,559	29,626
SPWF waste bonds payable (I)	425,611	-	(132,921)	292,690	141,678
SPWF waste bonds payable (II)	39,364	-	(5,643)	33,721	5,982
SPWF waste bonds payable (III)	27,857	-	(6,964)	20,893	6,964
WTP phase 1 & 2 notes payable (G03003)	1,572,707	-	(54,016)	1,518,691	54,287
Safe drinking water notes payable (S03003)	3,725,642	-	(120,545)	3,605,097	121,751
Business type activities total	7,210,144	93,797	(485,873)	6,818,068	509,189
Total	\$ 8,399,327	\$ 276,223	\$ (661,866)	\$ 8,013,685	\$ 1,186,539

**CITY OF SCAPPOOSE
COLUMBIA COUNTY, OREGON**

NOTES TO THE BASIC FINANCIAL STATEMENTS

For the Year Ended June 30, 2009

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

D. INTERFUND TRANSFERS

Major Interfund transfers for the year ended June 30, 2009, consisted of the following:

	Transfer in							Total
	General Fund	Parks SDC Fund	Nonmajor Governmental Funds	Water Fund	Sewer Fund	Water SDC Fund	Sewer SDC Fund	
Transfer out:								
General Fund	-	4,752	58,220	54,146	49,607	8,580	6,399	181,704
Municipal Park Fund	200,000	-	-	-	-	-	-	200,000
Nonmajor Governmental Funds	156,000	-	-	-	-	-	4,031	160,031
Water SDC Fund	-	-	-	94,872	-	-	-	94,872
Dutch Canyon Water Fund	-	-	-	5,000	-	-	-	5,000
Airpark Water Fund	-	-	-	-	-	51,434	-	51,434
Totals	\$ 356,000	\$ 4,752	\$ 58,220	\$ 154,018	\$ 49,607	\$ 60,014	\$ 10,430	\$ 693,041

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.

E. PRIOR PERIOD ADJUSTMENT

An adjustment was made to the beginning balance in the Airpark Water Improvement Fund. The revenue related to a note receivable from Port of St. Helens was deferred in prior years. The balance of deferred revenue as of June 30, 2008 was \$527,099. An adjustment was made to beginning fund balance to recognize the revenue that was previously deferred.

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, 2009

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, 2009 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, 2009, 2008 and 2007 were \$366,232, \$336,101 and \$324,408, respectively, equal to the required contributions for each year.

B. DEFERRED COMPENSATION PLANS

The City offers all employees a choice of two deferred compensation plans created in accordance with Internal Revenue Code, Section 457. The assets of the plan are owned by the employee and are transferrable when employment ends. The plans are administered by ICMA and Nationwide. There is no waiting period to contribute to the plan. The City is not required to make contributions to the plans and did not make any during the year ended June 30, 2009. In accordance with GASB 32, plan balances and activities are not reflected in the City's financial statements.

**CITY OF SCAPPOOSE
COLUMBIA COUNTY, OREGON**

NOTES TO THE BASIC FINANCIAL STATEMENTS

For the Year Ended June 30, 2009

NOTE 4 - OTHER INFORMATION (Cont'd)

C. 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. 1st Street, Units 120 and 130 in Scappoose, Oregon. On March 1, 2008, the City added Unit 110 at the same address to the lease agreement. 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, 2009, rent expense was \$40,420.

Schedule of future debt service requirement

Year Ending June 30	Space 120/130	Space 110	Total
2010	30,056	11,436	41,492
2011	30,840	11,737	42,577
2012	31,450	12,005	43,455
2013	<u>10,542</u>	<u>8,092</u>	<u>18,634</u>
Total	<u>\$ 102,888</u>	<u>\$ 43,270</u>	<u>\$ 146,158</u>

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, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>Budgetary Basis</u>	<u>Budget to GAAP</u> <u>Differences</u> <u>Over (Under)</u>	<u>Actual Amounts</u> <u>GAAP Basis</u>
	<u>Original</u>	<u>Final</u>			
REVENUES:					
Property taxes	\$ 1,349,530	\$ 1,349,530	\$ 1,372,265 (1)	\$ 2,046	\$ 1,374,311
Licenses and fees	385,000	385,000	312,403	-	312,403
Franchise fees	321,000	321,000	393,052 (1)	(9,674)	383,378
Intergovernmental	124,920	124,920	135,837 (1)	2,368	138,206
Interest	110,000	110,000	44,069	-	44,069
Miscellaneous	85,500	85,500	91,540	-	91,536
Total revenues	<u>2,375,950</u>	<u>2,375,950</u>	<u>2,349,166</u>	<u>(5,260)</u>	<u>2,343,902</u>
EXPENDITURES:					
Administrative	604,263	604,263	417,599 (1)	(118)	417,481
Planning	184,375	184,375	104,660 (1)	(1,611)	103,049
Police	1,712,817	1,712,817	1,477,060 (1)	(7,283)	1,469,777
Court	270,246	270,246	208,453 (1)	5,132	213,585
Parks	166,203	166,203	131,673 (1)	(986)	130,687
Contingency	296,363	296,363	-	-	-
Total expenditures	<u>3,234,267</u>	<u>3,234,267</u>	<u>2,339,445</u>	<u>(4,866)</u>	<u>2,334,579</u>
Excess(deficiency) of revenues over expend	<u>(858,317)</u>	<u>(858,317)</u>	<u>9,721</u>	<u>(394)</u>	<u>9,323</u>
OTHER FINANCING SOURCES (USES):					
Operating transfers in	317,877	317,877	317,877	-	317,877
Operating transfers out	<u>(456,000)</u>	<u>(456,000)</u>	<u>(356,000)</u>	<u>-</u>	<u>(356,000)</u>
Total other financing sources and uses	<u>(138,123)</u>	<u>(138,123)</u>	<u>(38,123)</u>	<u>-</u>	<u>(38,123)</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>(996,440)</u>	<u>(996,440)</u>	<u>(28,402)</u>	<u>(394)</u>	<u>(28,800)</u>
FUND BALANCES - July 1	<u>2,096,440</u>	<u>2,096,440</u>	<u>2,234,065</u> (2)	<u>68,133</u>	<u>2,302,198</u>
FUND BALANCES - June 30	<u>\$ 1,100,000</u>	<u>\$ 1,100,000</u>	<u>\$ 2,205,663</u>	<u>\$ 67,740</u>	<u>\$ 2,273,399</u>

Explanation of differences:

(1) The City budgets revenues only to the extent expected to be received, rather than on the modified accrual basis. \$ (5,260)
The City budgets expenditures only to the extent expected to be paid, rather than on the modified accrual basis. 4,866
Net increase in fund balance-budget to GAAP \$ (394)

(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.

**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, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Budget to GAAP</u>	
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	<u>Differences</u>	<u>Actual Amounts</u>
				<u>Over(Under)</u>	<u>GAAP Basis</u>
REVENUES:					
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and fees	95,040	95,040	30,045	-	30,045
Interest	28,000	28,000	9,520	-	9,520
Miscellaneous	-	-	-	-	-
Total revenues	<u>123,040</u>	<u>123,040</u>	<u>39,565</u>	<u>-</u>	<u>39,565</u>
EXPENDITURES:					
Personal services	-	-	-	-	-
Materials and services	-	-	-	-	-
Debt service-					
Principal	21,428	21,428	21,428	-	21,700
Interest	26,376	26,376	26,376	-	26,104
Capital outlay	325,000	325,000	432,636	-	432,636
Contingency	<u>334,089</u>	<u>334,089</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>706,893</u>	<u>706,893</u>	<u>480,441</u>	<u>-</u>	<u>480,440</u>
Excess(deficiency) of revenues over expend	<u>(583,853)</u>	<u>(583,853)</u>	<u>(440,874)</u>	<u>-</u>	<u>(440,874)</u>
OTHER FINANCING SOURCES (USES):					
Operating transfers in	-	-	-	-	-
Operating transfers out	<u>(4,752)</u>	<u>(4,752)</u>	<u>(4,752)</u>	<u>-</u>	<u>(4,752)</u>
Total other financing sources and uses	<u>(4,752)</u>	<u>(4,752)</u>	<u>(4,752)</u>	<u>-</u>	<u>(4,752)</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>(588,605)</u>	<u>(588,605)</u>	<u>(445,626)</u>	<u>-</u>	<u>(445,626)</u>
FUND BALANCES - July 1	<u>588,605</u>	<u>588,605</u>	<u>588,604</u>	<u>-</u>	<u>588,604</u>
FUND BALANCES - June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 142,978</u>	<u>\$ -</u>	<u>\$ 142,978</u>

See Report of Independent Auditors

*OTHER SCHEDULES AND
SUPPLEMENTARY INFORMATION*

CITY OF SCAPPOOSE
COLUMBIA COUNTY, OREGON
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS

June 30, 2009

	Special Revenue Funds						
	Street Tax	Street SDC	Foot Paths & Bicycle Trails	Unemployment Insurance	Storm Drain	Peg Fee	
	Fund	Fund	Fund	Fund	SDC Fund	Fund	Fund
ASSETS							
Cash and cash equivalents	\$ 345,942	\$ 126,498	\$ 52,649	\$ 43,525	\$ 68,238	\$ 63,378	
Receivables:							
Property taxes receivable	-	-	-	-	-	-	-
Accounts receivable	-	21,382	216	-	-	4,409	-
Inventory	-	2,851	-	-	-	-	-
Total assets	<u>\$ 345,942</u>	<u>\$ 150,731</u>	<u>\$ 52,865</u>	<u>\$ 43,525</u>	<u>\$ 68,238</u>	<u>\$ 67,787</u>	
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	1,510	915	-	-	-	-	-
Deferred tax revenue	-	-	-	-	-	-	-
Total liabilities	<u>1,510</u>	<u>915</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:							
Reserved for:							
Inventory	-	2,851	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-
Unreserved, reported in:							
Special Revenue Funds	344,432	146,965	52,865	43,525	68,238	67,787	
Capital Projects Funds	-	-	-	-	-	-	-
Total fund balances	<u>344,432</u>	<u>149,816</u>	<u>52,865</u>	<u>43,525</u>	<u>68,238</u>	<u>67,787</u>	
Total liabilities and fund balances:	<u>\$ 345,942</u>	<u>\$ 150,731</u>	<u>\$ 52,865</u>	<u>\$ 43,525</u>	<u>\$ 68,238</u>	<u>\$ 67,787</u>	(Cont'd)

**CITY OF SCAPPOOSE
COLUMBIA COUNTY, OREGON
COMBINING BALANCE SHEET**

NONMAJOR GOVERNMENTAL FUNDS (Cont'd)

June 30, 2009

	Special Revenue Funds		Capital Projects Funds			Debt Service Fund		Total Nonmajor Governmental Funds
	Watts House Fund	Enforcement Fee Fund	Recreation Reserve Fund	Havlik Highway 30 Fund	Municipal Skate Park Fund	Water/Sewer GO Bond Fund		
ASSETS								
Cash and cash equivalents	\$ 8,035	\$ 32,575	\$ 429,920	\$ 35,086	\$ 106,173	\$ 134,889	\$ 2,162,933	
Receivables:								
Property taxes receivable	-	-	-	-	-	25,210	25,210	
Accounts receivable	-	-	-	-	-	-	26,007	
Inventory	-	-	-	-	-	-	2,851	
Total assets	\$ 8,035	\$ 32,575	\$ 429,920	\$ 35,086	\$ 106,173	\$ 160,099	\$ 2,217,001	
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	39	-	-	-	-	-	2,464	
Deferred tax revenue	-	-	-	-	-	20,168	20,168	
Total liabilities	39	-	-	-	-	20,168	22,632	
Fund balances:								
Reserved for:								
Inventory	-	-	-	-	-	-	2,851	
Debt Service	-	-	-	-	-	139,931	139,931	
Unreserved, reported in:								
Special Revenue Funds	7,996	32,575	-	-	-	-	1,480,408	
Capital Projects Funds	-	-	429,920	35,086	106,173	-	571,179	
Total fund balances	7,996	32,575	429,920	35,086	106,173	139,931	2,194,369	
Total liabilities and fund balances:	\$ 8,035	\$ 32,575	\$ 429,920	\$ 35,086	\$ 106,173	\$ 160,099	\$ 2,217,001	

CITY OF SCAPPOOSE
COLUMBIA COUNTY, OREGON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE

NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended June 30, 2009

	Special Revenue Funds							Peg Fee Fund		
	Building Fund	Street Tax		Street SDC		Foot Paths & Bicycle Trails			Unemployment Insurance Fund	Storm Drain SDC Fund
		Fund	Fund	Fund	Fund	Fund	Fund			
REVENUES:										
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Licenses and fees	95,326	3,438	-	-	-	-	-	-	17,653	
Fines and forfeits	-	-	-	-	-	-	-	-	-	
Special assessments	-	-	59,152	-	-	-	-	9,616	-	
Intergovernmental	-	338,357	-	2,449	-	-	-	-	-	
Interest	8,059	2,561	14,180	1,061	862	-	1,239	-	1,140	
Miscellaneous	-	1,430	-	-	-	-	-	-	-	
Total revenues	103,385	345,786	73,332	3,510	862	-	10,855	-	18,793	
EXPENDITURES:										
Current:										
General government	188,443	-	-	-	-	-	156	-	-	
Public safety	-	-	-	-	-	-	-	-	-	
Cultural and recreation	-	-	-	-	-	-	-	-	-	
Highways and streets	-	336,839	-	-	-	-	-	-	-	
Debt service	-	-	56,213	-	-	-	-	-	-	
Capital outlay	4,422	97,435	2,800	7,373	-	-	-	-	5,287	
Total expenditures	192,865	434,274	59,013	7,373	156	-	-	-	5,287	
Excess (deficiency) of revenues over expenditures	(89,480)	(88,488)	14,319	(3,863)	706	-	10,855	-	13,506	
OTHER FINANCING SOURCES (USES):										
Transfers in	-	-	-	-	-	-	-	-	-	
Transfers out	(22,249)	(26,407)	(8,103)	-	-	-	(1,461)	-	-	
Total other financing sources (uses)	(22,249)	(26,407)	(8,103)	-	-	-	(1,461)	-	-	
Net change in fund balances	(111,729)	(114,895)	6,216	(3,863)	706	-	9,394	-	13,506	
FUND BALANCES - July 1	456,161	264,711	709,809	56,728	42,819	-	58,844	-	54,281	
FUND BALANCES - June 30	\$ 344,432	\$ 149,816	\$ 716,025	\$ 52,865	\$ 43,525	\$ -	\$ 68,238	\$ -	\$ 67,787	

(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, 2009

	Special Revenue Funds			Capital Projects Funds			Debt Service Fund		Total Nonmajor Governmental Funds
	Watts House Fund	Law Enforcement Fee Fund	Recreation Reserve Fund	Havlik Highway 30 Fund	Municipal Skate Park Fund	Water/Sewer GO Bond Fund			
REVENUES:									
Property taxes	-	\$ -	-	\$ -	-	\$ -	-	\$ 242,702	\$ 242,702
Licenses and fees	-	-	-	-	-	-	-	-	116,417
Fines and forfeits	-	15,865	-	-	-	-	-	-	15,865
Special assessments	-	-	-	-	-	-	-	-	68,768
Intergovernmental	-	-	-	-	-	-	-	-	340,806
Interest	195	567	7,505	1,168	1,119	1,119	-	1,706	41,362
Miscellaneous	-	-	-	-	-	-	-	-	1,430
Total revenues	195	16,432	7,505	1,168	1,119	1,119	244,408		827,350
EXPENDITURES:									
Current:									
General government	-	-	-	-	-	-	-	-	188,599
Public safety	-	10,862	-	-	-	-	-	-	10,862
Cultural and recreation	4,034	-	-	-	-	-	-	-	4,034
Highways and streets	-	-	-	-	-	-	-	-	336,839
Debt service	-	-	-	-	-	-	211,796	-	268,009
Capital outlay	-	-	-	-	-	-	-	-	155,569
Total expenditures	4,034	10,862	-	37,867	385	385	211,796		963,912
Excess (deficiency) of revenues over expenditures	(3,839)	5,570	7,505	(36,699)	734	734	32,612		(136,562)
OTHER FINANCING SOURCES (USES):									
Transfers in	6,000	-	75,000	-	75,000	75,000	4,031		160,031
Transfers out	-	-	-	-	-	-	-		(58,220)
Total other financing sources (uses)	6,000	-	75,000	-	75,000	75,000	4,031		101,811
Net change in fund balances	2,161	5,570	82,505	(36,699)	75,734	75,734	36,643		(34,751)
FUND BALANCES - July 1	5,835	27,005	347,415	71,785	30,439	30,439	103,288		2,229,120
FUND BALANCES - June 30	\$ 7,996	\$ 32,575	\$ 429,920	\$ 35,086	\$ 106,173	\$ 106,173	\$ 139,931		\$ 2,194,369

**CITY OF SCAPPOOSE
COLUMBIA COUNTY, OREGON**

SCHEDULE OF EXPENDITURES-BUDGET AND ACTUAL

GENERAL FUND

For the Year Ended June 30, 2009

	<u>Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Budget Positive (Negative)</u>
Personal Services			
Administration			
Salaries	\$ 33,374	\$ 32,879	\$ 495
Health insurance	6,871	5,755	1,116
Retirement benefits	5,918	6,497	(579)
Social security	3,320	2,495	825
Worker's compensation	343	26	317
Total administration	<u>49,826</u>	<u>47,652</u>	<u>2,174</u>
Police department			
Salaries	733,275	675,568	57,707
Overtime	44,357	33,265	11,092
Health insurance	228,652	159,355	69,297
Retirement benefits	169,092	145,150	23,942
Social security	100,583	53,664	46,919
Worker's compensation	32,745	26,193	6,552
Total police department	<u>1,308,704</u>	<u>1,093,195</u>	<u>215,509</u>
Parks & grounds			
Salaries	72,229	64,538	7,691
Health insurance	20,002	15,457	4,545
Retirement benefits	12,685	10,273	2,412
Social security	8,852	4,896	3,956
Worker's compensation	2,776	2,088	688
Total parks & grounds	<u>116,544</u>	<u>97,251</u>	<u>19,293</u>
Municipal court			
Salaries	43,971	42,806	1,165
Health insurance	9,594	7,686	1,908
Retirement benefits	8,760	8,459	301
Social security	5,445	3,254	2,191
Worker's compensation	225	63	162
Total court	<u>67,995</u>	<u>62,268</u>	<u>5,727</u>
Planning			
Salaries	38,830	38,515	315
Health insurance	9,775	5,941	3,834
Retirement benefits	7,672	7,613	59
Social security	4,680	2,931	1,749
Worker's compensation	525	37	488
Total planning	<u>61,482</u>	<u>55,037</u>	<u>6,445</u>
Total Personal Services	<u>1,604,551</u>	<u>1,355,404</u>	<u>249,147</u>

(to be continued)

**CITY OF SCAPPOOSE
COLUMBIA COUNTY, OREGON**

SCHEDULE OF EXPENDITURES-BUDGET AND ACTUAL

GENERAL FUND

For the Year Ended June 30, 2009 (continued)

	<u>Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Budget Positive (Negative)</u>
Materials and Services			
Administration			
Building/Facilities maintenance	106,950	55,483	51,467
Building lease	40,600	40,420	180
Equipment maintenance	-	-	-
Maintenance agreements	11,675	8,417	3,258
Vehicle maintenance	2,500	93	2,407
Office supplies	12,760	8,398	4,362
Utilities	13,140	6,737	6,403
Contractual/Professional	90,000	53,831	36,169
Elections	3,000	200	2,800
Miscellaneous	1,200	1,197	3
Insurance	151,500	102,938	48,562
Travel/training	14,700	10,194	4,506
Dues/fees/subscriptions	18,959	19,972	(1,013)
Economic development	25,000	8,364	16,636
Publications/notices/advertisement	5,635	2,265	3,370
Emergency management	6,818	6,818	-
Community contributions	40,000	39,583	417
Total administration M&S	<u>544,437</u>	<u>364,911</u>	<u>179,526</u>
Police department			
Building maintenance	8,800	8,861	(61)
Building lease	-	-	-
Equipment maintenance	2,760	2,802	(42)
Maintenance agreements	6,155	3,987	2,168
Vehicle maintenance	69,185	54,329	14,856
Office supplies	9,420	9,867	(447)
Operational supplies	7,890	9,397	(1,507)
Utilities	24,650	23,638	1,012
Contractual/Professional	50,800	52,952	(2,152)
Miscellaneous	500	445	55
Medical mandates	1,600	536	1,064
Insurance	-	5,000	(5,000)
Travel/training	10,000	9,815	185
Dues/fees/subscriptions	1,530	2,070	(540)
Publications/notices/advertisement	1,025	474	551
Uniforms	23,740	18,753	4,987
Special investigation	2,000	1,222	778
Leased cars	56,795	64,186	(7,391)
Total police department M&S	<u>276,850</u>	<u>268,334</u>	<u>8,516</u>

(To be continued)

**CITY OF SCAPPOOSE
COLUMBIA COUNTY, OREGON**

SCHEDULE OF EXPENDITURES-BUDGET AND ACTUAL

GENERAL FUND

For the Year Ended June 30, 2009 (continued)

	<u>Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Budget Positive (Negative)</u>
Parks department			
Building/Facilities maintenance	2,000	402	1,598
Building lease	-	-	-
Equipment maintenance	2,000	1,763	237
Maintenance agreements	940	485	455
Vehicle maintenance	1,800	1,249	551
Fuel, oil, lube	1,010	2,122	(1,112)
Office supplies	1,100	534	566
Operational supplies	6,520	4,020	2,500
Shop maintenance supplies	250	90	160
Utilities	2,400	3,780	(1,380)
Contractual/Professional	16,900	7,164	9,736
Miscellaneous	250	-	250
Insurance	-	283	(283)
Travel/training	1,000	580	420
Dues/fees/subscriptions	300	234	66
Publications/notices/advertisement	250	330	(80)
Uniforms/safety/equipment	500	939	(439)
Equipment rental	1,100	-	1,100
Total Parks department M&S	<u>38,320</u>	<u>23,975</u>	<u>14,345</u>
Municipal court			
Building/Facilities maintenance	800	979	(179)
Building lease	-	-	-
Equipment maintenance	-	-	-
Maintenance agreements	5,300	2,757	2,543
Office supplies	3,500	1,473	2,027
Utilities	4,620	3,623	997
Contractual/professional	91,920	65,399	26,521
Miscellaneous	100	-	100
Insurance	-	-	-
Travel/training	2,500	1,818	682
Dues/fees/subscriptions	590	50	540
Publications/notices/advertisements	-	-	-
Jail/jury	550	-	550
Assessments	75,000	54,865	20,135
Total court M&S	<u>184,880</u>	<u>130,964</u>	<u>53,916</u>
Planning			
Building/Facilities maintenance	-	-	-
Building lease	-	-	-
Equipment maintenance	-	-	-
Maintenance agreements	5,300	2,664	2,636
Vehicle maintenance	1,040	237	803
Fuel, oil, lube	653	318	335
Office supplies	3,700	1,553	2,147
Utilities	2,700	1,755	945
Contractual/professional	72,400	19,021	53,379
Contract project planner	-	-	-
Miscellaneous	250	32	218
Travel/training	2,000	991	1,009
Dues/fees/subscriptions	5,200	346	4,854
Publications/notices/advertisement	6,750	3,643	3,107
Total planning M&S	<u>99,993</u>	<u>30,561</u>	<u>69,432</u>
Total materials and services	<u>1,144,480</u>	<u>818,745</u>	<u>325,735</u>
Capital Outlay	<u>52,700</u>	<u>29,124</u>	<u>23,576</u>
Contingency	<u>296,363</u>	<u>-</u>	<u>296,363</u>
Transfers	<u>136,173</u>	<u>136,173</u>	<u>-</u>
Total Expenditures	<u>\$ 3,234,267</u>	<u>\$ 2,339,445</u>	<u>\$ 894,822</u>

COLUMBIA COUNTY, OREGON

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

MUNICIPAL PARK FUND

For the Year Ended June 30, 2009

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Budget Positive (Negative)</u>
REVENUES:			
Park revenue	\$ 500,000	\$ 450,000	\$ (50,000)
Interest	7,500	1,741	(5,759)
Total revenues	<u>507,500</u>	<u>451,741</u>	<u>(55,759)</u>
EXPENDITURES:			
Capital outlay	<u>973,734</u>	<u>965,343</u>	<u>8,391</u>
Total expenditures	<u>973,734</u>	<u>965,343</u>	<u>8,391</u>
Excess of revenues over (under) expenditures	<u>(466,234)</u>	<u>(513,602)</u>	<u>(47,368)</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	200,000	200,000	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>200,000</u>	<u>200,000</u>	<u>-</u>
Net change in fund balance	(266,234)	(313,602)	(47,368)
Fund balances - beginning	<u>266,234</u>	<u>313,845</u>	<u>47,611</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ 243</u>	<u>\$ 243</u>

**CITY OF SCAPPOOSE
COLUMBIA COUNTY, OREGON**

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

BUILDING FUND

For the Year Ended June 30, 2009

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Budget Positive (Negative)</u>
REVENUES:			
Building permits	\$ 195,000	\$ 95,326	\$ (99,674)
Interest	24,000	8,059	(15,941)
Miscellaneous	<u>200</u>	<u>-</u>	<u>(200)</u>
Total revenues	<u>219,200</u>	<u>103,385</u>	<u>(115,815)</u>
EXPENDITURES:			
Personal services	167,281	154,936	12,345
Materials and services	92,940	41,835	51,105
Capital outlay	5,500	4,422	1,078
Contingency	<u>381,502</u>	<u>-</u>	<u>381,502</u>
Total expenditures	<u>647,223</u>	<u>201,193</u>	<u>446,030</u>
Deficiency of revenues under expenditures	<u>(428,023)</u>	<u>(97,808)</u>	<u>330,215</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	-	-	-
Transfers out	<u>(22,249)</u>	<u>(22,249)</u>	<u>-</u>
Total other financing sources (uses)	<u>(22,249)</u>	<u>(22,249)</u>	<u>-</u>
Net change in fund balance	(450,272)	(120,057)	330,215
Fund balances - beginning	<u>450,272</u>	<u>465,998</u>	<u>15,726</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ 345,942</u>	<u>\$ 345,942</u>
Reconciliation to GAAP basis:			
Accounts payable		<u>(1,510)</u>	
Fund balance (GAAP basis)		<u>\$ 344,432</u>	

**CITY OF SCAPPOOSE
COLUMBIA COUNTY, OREGON**

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

STREET TAX FUND

For the Year Ended June 30, 2009

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Budget Positive (Negative)</u>
REVENUES:			
Surface transportation program funds	\$ 275,000	\$ 95,906	\$ (179,094)
Licenses and fees	35,000	3,438	(31,562)
Intergovernmental	263,775	241,644	(22,131)
Interest	12,000	2,561	(9,439)
Miscellaneous	500	1,430	930
Total revenues	<u>586,275</u>	<u>344,979</u>	<u>(241,296)</u>
EXPENDITURES:			
Personal services	183,205	168,532	14,673
Materials and services	233,297	171,946	61,351
Capital outlay	380,450	97,435	283,015
Contingency	46,222	-	46,222
Total expenditures	<u>843,174</u>	<u>437,913</u>	<u>405,260</u>
Deficiency of revenues under expenditures	<u>(256,899)</u>	<u>(92,934)</u>	<u>163,964</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	100,000	-	(100,000)
Transfers out	(26,407)	(26,407)	-
Total other financing sources (uses)	<u>73,593</u>	<u>(26,407)</u>	<u>(100,000)</u>
Net change in fund balance	(183,306)	(119,341)	63,964
Fund balances - beginning	<u>183,306</u>	<u>245,839</u>	<u>62,533</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ 126,498</u>	<u>\$ 126,498</u>

Reconciliation to GAAP basis:

Accounts receivable	21,382
Materials inventory	2,851
Accounts payable	(915)
Fund balance (GAAP basis)	<u>\$ 149,816</u>

**CITY OF SCAPPOOSE
COLUMBIA COUNTY, OREGON**

SCHEDULE OF EXPENDITURES-BUDGET AND ACTUAL

STREET SDC FUND

For the Year Ended June 30, 2009

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Budget Positive (Negative)</u>
REVENUES:			
SDC Fees	\$ 162,060	\$ 59,152	\$ (102,908)
Interest on investments	45,000	14,180	(30,820)
Total revenues	<u>207,060</u>	<u>73,332</u>	<u>(133,728)</u>
EXPENDITURES:			
Capital outlay	500,000	2,800	497,200
Debt Services:			
Principal	36,515	36,515	-
Interest	19,698	19,698	-
Contingency	<u>362,323</u>	<u>-</u>	<u>362,323</u>
Total expenditures	<u>918,536</u>	<u>59,013</u>	<u>859,523</u>
Excess of revenues over (under) expenditures	<u>(711,476)</u>	<u>14,319</u>	<u>725,795</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	-	-	-
Transfers out	<u>(8,103)</u>	<u>(8,103)</u>	<u>-</u>
Total other financing sources (uses)	<u>(8,103)</u>	<u>(8,103)</u>	<u>-</u>
Net change in fund balance	(719,579)	6,216	725,795
Fund balances - beginning	<u>719,579</u>	<u>709,809</u>	<u>(9,770)</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ 716,025</u>	<u>\$ 716,025</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, 2009

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Budget Positive (Negative)</u>
REVENUES:			
Interest on investments	\$ 17,000	\$ 7,505	\$ (9,495)
Total revenues	<u>17,000</u>	<u>7,505</u>	<u>(9,495)</u>
EXPENDITURES:			
Personal services	-	-	-
Materials and services	-	-	-
Capital outlay	-	-	-
Contingency	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	<u>17,000</u>	<u>7,505</u>	<u>(9,495)</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	75,000	75,000	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>75,000</u>	<u>75,000</u>	<u>-</u>
Net change in fund balance	92,000	82,505	(9,495)
Fund balances - beginning	<u>348,582</u>	<u>347,415</u>	<u>(1,167)</u>
Fund balances - ending	<u>\$ 440,582</u>	<u>\$ 429,920</u>	<u>\$ (10,662)</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, 2009

	Final Budgeted Amounts	Actual Amounts	Variance with Budget Positive (Negative)
REVENUES:			
Intergovernmental	\$ 2,680	\$ 2,441	\$ (239)
Interest on investments	2,800	1,061	(1,739)
Total revenues	5,480	3,501	(1,979)
EXPENDITURES:			
Personal services	-	-	-
Materials and services	-	-	-
Capital outlay	58,000	7,373	50,627
Contingency	3,007	-	3,007
Total expenditures	61,007	7,373	53,634
Net change in fund balance	(55,527)	(3,872)	51,655
Fund balances - beginning	55,527	56,520	993
Fund balances - ending	\$ -	\$ 52,649	\$ 52,649
Reconciliation to GAAP basis:			
Accounts receivable		216	
Fund balance (GAAP basis)		\$ 52,865	

**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, 2009

	Final Budgeted Amounts	Actual Amounts	Variance with Budget Positive (Negative)
REVENUES:			
Intergovernmental	\$ 160,000	\$ -	\$ (160,000)
Interest on investments	4,500	1,168	(3,332)
Total revenues	164,500	1,168	(163,332)
EXPENDITURES:			
Personal services	-	-	-
Materials and services	-	-	-
Capital outlay	296,862	38,287	258,575
Contingency	-	-	-
Total expenditures	296,862	38,287	258,575
Net change in fund balance	(132,362)	(37,118)	95,244
Fund balances - beginning	132,362	72,205	(60,157)
Fund balances - ending	\$ -	\$ 35,086	\$ 35,086

**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, 2009

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Budget Positive (Negative)</u>
REVENUES:			
Interest on investments	\$ 1,900	\$ 861	\$ (1,039)
Total revenues	<u>1,900</u>	<u>861</u>	<u>(1,039)</u>
EXPENDITURES:			
Personal services	10,000	156	9,844
Contingency	<u>34,741</u>	<u>-</u>	<u>34,741</u>
Total expenditures	<u>44,741</u>	<u>156</u>	<u>44,585</u>
Net change in fund balance	(42,841)	706	43,547
Fund balances - beginning	<u>42,841</u>	<u>42,819</u>	<u>(22)</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ 43,525</u>	<u>\$ 43,525</u>

**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, 2009

	Final Budgeted Amounts	Actual Amounts	Variance with Budget Positive (Negative)
REVENUES:			
Skate park revenue	\$ -	\$ -	\$ -
Interest on investments	2,500	1,120	(1,380)
Total revenues	2,500	1,120	(1,380)
EXPENDITURES:			
Capital outlay	15,000	385	14,615
Contingency	93,039	-	93,039
Total expenditures	108,039	385	107,654
Excess of revenues over (under) expenditures	(105,539)	734	106,273
OTHER FINANCING SOURCES (USES):			
Transfers in	75,000	75,000	-
Transfers out	-	-	-
Total other financing sources (uses)	75,000	75,000	-
Net change in fund balance	(30,539)	75,734	106,273
Fund balances - beginning	30,539	30,439	(100)
Fund balances - ending	\$ -	\$ 106,173	\$ 106,173

**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, 2009

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Budget Positive (Negative)</u>
REVENUES:			
SDC fees	\$ 29,220	\$ 9,617	\$ (19,603)
Interest	<u>2,000</u>	<u>1,239</u>	<u>(761)</u>
Total revenues	<u>31,220</u>	<u>10,856</u>	<u>(20,364)</u>
EXPENDITURES:			
Capital outlay	15,000	-	15,000
Contingency	<u>72,554</u>	<u>-</u>	<u>72,554</u>
Total expenditures	<u>87,554</u>	<u>-</u>	<u>87,554</u>
Excess of revenues over (under) expenditures	<u>(56,334)</u>	<u>10,856</u>	<u>67,190</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	-	-	-
Transfers out	<u>(1,461)</u>	<u>(1,461)</u>	<u>-</u>
Total other financing sources (uses)	<u>(1,461)</u>	<u>(1,461)</u>	<u>-</u>
Net change in fund balance	(57,795)	9,395	67,190
Fund balances - beginning	<u>57,795</u>	<u>58,844</u>	<u>1,049</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ 68,238</u>	<u>\$ 68,238</u>

**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, 2009

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Budget Positive (Negative)</u>
REVENUES:			
Peg fees	\$ 12,000	\$ 17,624	\$ 5,624
Interest on investments	1,900	1,140	(760)
Total revenues	<u>13,900</u>	<u>18,763</u>	<u>4,863</u>
EXPENDITURES:			
Personal services	-	-	-
Materials and services	-	-	-
Capital outlay	15,000	5,287	9,713
Contingency	44,486	-	44,486
Total expenditures	<u>59,486</u>	<u>5,287</u>	<u>54,199</u>
Net change in fund balance	(45,586)	13,476	59,062
Fund balances - beginning	<u>45,586</u>	<u>49,902</u>	<u>4,316</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ 63,378</u>	<u>\$ 63,378</u>
Reconciliation to GAAP basis:			
Accounts receivable		<u>4,409</u>	
Fund balance (GAAP basis)		<u>\$ 67,787</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, 2009

	Final Budgeted Amounts	Actual Amounts	Variance with Budget Positive (Negative)
REVENUES:			
Watts House donations	\$ -	\$ -	\$ -
Interest	400	195	(205)
Total revenues	400	195	(205)
EXPENDITURES:			
Materials and services	8,000	4,199	3,801
Contingency	697	-	697
Total expenditures	8,697	4,199	4,498
Excess of revenues over (under) expenditures	(8,297)	(4,004)	4,293
OTHER FINANCING SOURCES (USES):			
Transfers in	6,000	6,000	-
Transfers out	-	-	-
Total other financing sources (uses)	6,000	6,000	-
Net change in fund balance	(2,297)	1,996	4,293
Fund balances - beginning	2,297	6,039	3,742
Fund balances - ending	\$ -	\$ 8,035	\$ 8,035

Reconciliation to GAAP basis:

Accounts payable	(39)
Fund balance (GAAP basis)	\$ 7,996

**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, 2009

	Final Budgeted Amounts	Actual Amounts	Variance with Budget Positive (Negative)
REVENUES:			
Municipal court assessments	\$ 23,000	\$ 15,865	\$ (7,135)
Interest on investments	1,400	568	(832)
Total revenues	24,400	16,433	(7,967)
EXPENDITURES:			
Personal services	-	-	-
Materials and services	23,000	10,862	12,138
Capital outlay	-	-	-
Contingency	27,654	-	27,654
Total expenditures	50,654	10,862	39,792
Net change in fund balance	(26,254)	5,571	31,825
Fund balances - beginning	26,254	27,005	751
Fund balances - ending	\$ -	\$ 32,575	\$ 32,575

**CITY OF SCAPPOOSE
COLUMBIA COUNTY, OREGON**

SCHEDULE OF EXPENDITURES-BUDGET AND ACTUAL

WATER/SEWER GO BOND FUND

For the Year Ended June 30, 2009

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Budget Positive (Negative)</u>
REVENUES:			
Property taxes	\$ 259,460	\$ 242,312	\$ (17,148)
Interest on investments	6,000	1,707	(4,293)
Total revenues	<u>265,460</u>	<u>244,019</u>	<u>(21,441)</u>
EXPENDITURES:			
Debt Services:			
Principal	161,197	161,197	-
Interest	50,599	50,599	-
Contingency	<u>154,609</u>	<u>-</u>	<u>154,609</u>
Total expenditures	<u>366,405</u>	<u>211,797</u>	<u>154,609</u>
Excess of revenues over (under) expenditures	<u>(100,945)</u>	<u>32,222</u>	<u>133,168</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	4,031	4,031	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>4,031</u>	<u>4,031</u>	<u>-</u>
Net change in fund balance	(96,914)	36,253	133,168
Fund balances - beginning	<u>96,914</u>	<u>98,636</u>	<u>1,722</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ 134,889</u>	<u>\$ 134,890</u>
Reconciliation to GAAP basis:			
Property taxes receivable		25,210	
Deferred revenue		<u>(20,168)</u>	
Fund balance (GAAP basis)		<u>\$ 139,931</u>	

**CITY OF SCAPPOOSE, OREGON
COLUMBIA COUNTY, OREGON**

COMBINING STATEMENT OF NET ASSETS

NONMAJOR PROPRIETARY FUNDS

June 30, 2009

	Airpark Water Improvement Fund	Dutch Canyon Water Line Replacement Fund	Sewer SDC Expansion Reserve Fund	Totals
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 187,449	\$ 38,786	\$ 1,542,408	\$ 1,768,643
Receivables:				
Note from Port of St. Helens	484,281	-	-	484,281
Total current assets	671,730	38,786	1,542,408	2,252,924
Total assets	\$ 671,730	\$ 38,786	\$ 1,542,408	\$ 2,252,924
LIABILITIES				
Current liabilities:				
Accounts payable	-	9,316	2,026	11,342
Total current liabilities	-	9,316	2,026	11,342
Total liabilities	-	9,316	2,026	11,342
NET ASSETS				
Unrestricted	671,730	29,470	1,540,382	2,241,582
Total net assets	671,730	29,470	1,540,382	2,241,582
Total liabilities and net assets	\$ 671,730	\$ 38,786	\$ 1,542,408	\$ 2,252,924

**CITY OF SCAPPOOSE, OREGON
COLUMBIA COUNTY, OREGON**

**COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS**

NONMAJOR PROPRIETARY FUNDS

For the Year Ended June 30, 2009

	<u>Airpark Water Improvement Fund</u>	<u>Dutch Canyon Water Line Replacement Fund</u>	<u>Sewer SDC Expansion Reserve Fund</u>	<u>Totals</u>
Operating revenues	\$ -	\$ -	\$ -	\$ -
Operating expenses:				
Contractual services	-	-	2,026	2,026
Total operating expenses	-	-	2,026	2,026
Operating income	-	-	(2,026)	(2,026)
Non-operating revenues (expenses)				
Interest income	3,853	2,733	30,964	37,550
Reimbursement from Port of St. Helens	29,092	-	-	29,092
Total non-operating revenues (expenses)	32,945	2,733	30,964	66,642
Income before contributions and transfers	32,945	2,733	28,938	64,616
Capital contribution	530	-	39,784	40,314
Transfer in	51,434	5,000	-	56,434
Transfer out	(121,866)	(187,593)	(160,061)	(469,520)
Changes in net assets	(36,957)	(179,860)	(91,339)	(308,156)
Total net assets-beginning, as previously stated	181,588	209,330	1,631,721	2,022,639
Prior period adjustment	527,099	-	-	527,099
Total net assets-beginning, as restated	708,687	209,330	1,631,721	2,549,738
Total net assets-ending	\$ 671,730	\$ 29,470	\$ 1,540,382	\$ 2,241,582

**CITY OF SCAPPOOSE, OREGON
COLUMBIA COUNTY, OREGON**

COMBINING STATEMENT OF CASH FLOWS

NONMAJOR PROPRIETARY FUNDS

For the Year Ended June 30, 2009

	Airpark Water Improvement Fund	Dutch Canyon Water Line Replacement Fund	Sewer SDC Expansion Reserve Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Payments to suppliers and others	-	(16,196)	-	(16,196)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Operating subsidies and transfers to other funds	(70,432)	(182,593)	(66,589)	(319,614)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital contribution	530	-	39,784	40,314
Reimbursement from Port of St. Helens	71,910	-	-	71,910
Net cash provided (used) by capital and related financing activities	72,440	-	39,784	112,224
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	3,853	2,733	30,964	37,550
Net increase in cash and cash equivalents	5,861	(196,056)	4,159	(186,036)
Balances-beginning of the year	181,588	234,842	1,538,249	1,954,679
Balances-end of the year	\$ 187,449	\$ 38,786	\$ 1,542,408	\$ 1,768,643
Reconciliation of operating income to cash provided (used) by operating activities				
Operating income(loss)	\$ -	\$ -	\$ (2,026)	\$ (2,026)
Change in assets and liabilities:				
Accounts payable	-	(16,196)	2,026	(14,170)
Net cash provided by operating activities	\$ -	\$ (16,196)	\$ -	\$ (16,196)

**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, 2009

	<u>Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Budget Positive (Negative)</u>
Revenues			
Charges for services	\$ 919,600	\$ 899,591	\$ (20,009)
Infrastructure fees	243,000	253,411	10,411
Miscellaneous	1,000	4,489	3,489
Interest income	90,000	32,610	(57,390)
SDC charges	65,396	23,713	(41,683)
Total Revenues	<u>1,318,996</u>	<u>1,213,813</u>	<u>(105,183)</u>
Expenditures			
Personal services			
Salaries	457,662	430,862	26,800
Overtime	6,084	3,429	2,655
Health insurance	130,613	104,181	26,432
Retirement benefits	92,903	87,378	5,525
Social security	57,443	33,919	23,524
Worker's compensation	17,486	15,617	1,869
Total Personal Services	<u>762,191</u>	<u>675,385</u>	<u>86,806</u>
Material and services			
Building/facilities maintenance	20,542	8,043	12,499
Building lease	-	-	-
Equipment maintenance	14,121	16,348	(2,227)
Maintenance agreements	2,405	2,100	305
Vehicle maintenance	5,000	5,027	(27)
Fuel/oil/lube	7,825	5,503	2,322
Office supplies	9,425	4,715	4,710
Operational supplies	59,768	17,887	41,881
Shop maintenance supplies	650	766	(116)
Lab supplies	3,210	2,252	958
Chemicals	23,915	24,402	(487)
Electrical operation-treatment	60,000	67,750	(7,750)
Utilities	28,260	20,359	7,901
Electrical operation-pump	13,200	10,258	2,942
Contractual/professional	235,138	141,695	93,443
Miscellaneous	500	1,440	(940)
Insurance	-	226	(226)
Travel/training	10,360	5,485	4,875
Dues/fees/subscriptions	3,775	3,223	552
Publications/notices/advertisement	2,400	98	2,302
Uniform safety	5,810	2,378	3,432
Equipment rental	4,500	-	4,500
Total Materials and Services	<u>510,804</u>	<u>339,954</u>	<u>170,850</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, 2009

	Budgeted Amounts	Actual Amounts	Variance with Budget Positive (Negative)
Capital outlay	909,000	382,793	526,207
Contingency	736,766	-	736,766
Total Expenditures	2,918,761	1,398,132	1,520,629
Excess(deficiency) of revenue over (under) expenditures	(1,599,765)	(184,319)	1,415,446
Other Financing Sources			
Transfers in	-	-	-
Transfers out	(154,018)	(154,018)	-
Net income(loss)	(1,753,783)	(338,337)	1,415,446
Fund Net Assets-Beginning	1,753,783	1,820,256	66,473
Fund Net Assets-Ending	\$ -	\$ 1,481,919	\$ 1,481,919
Reconciliation to GAAP basis			
Invested in capital assets, net of related debt		2,702,543	
Accounts receivable		172,841	
Inventory		28,765	
Accounts payable		(4,582)	
Compensated absences		(40,400)	
Fund Net Assets - GAAP basis		\$ 4,341,087	

**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, 2009

	<u>Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Budget Positive (Negative)</u>
Revenues			
Intergovernmental	\$ -	\$ -	\$ -
Interest income	21,000	5,393	(15,607)
SDC charges	171,600	64,114	(107,486)
Long term debt proceeds	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>192,600</u>	<u>69,507</u>	<u>(123,093)</u>
Expenditures			
Capital outlay	250,000	-	250,000
Debt service	279,034	279,034	-
Contingency	<u>80,675</u>	<u>-</u>	<u>80,675</u>
Total Expenditures	<u>609,709</u>	<u>279,034</u>	<u>330,675</u>
Excess(deficiency) of revenue over (under) expenditures	<u>(417,109)</u>	<u>(209,527)</u>	<u>207,582</u>
Other Financing Sources			
Transfers in	94,872	94,872	-
Transfers out	<u>(60,014)</u>	<u>(60,014)</u>	<u>-</u>
Net income(loss)	(382,251)	(174,669)	207,582
Fund Net Assets-Beginning	<u>382,251</u>	<u>372,507</u>	<u>(9,744)</u>
Fund Net Assets-Ending	<u>\$ -</u>	<u>\$ 197,838</u>	<u>\$ 197,838</u>
Reconciliation to GAAP Basis			
Invested in capital assets, net of related debt		1,274,818	
Interest payable		<u>(59,540)</u>	
Fund Net Assets-GAAP Basis		<u>\$ 1,413,116</u>	

**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, 2009

	<u>Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Budget Positive (Negative)</u>
Revenues			
Intergovernmental	\$ 71,910	\$ 71,910	\$ -
SDC charges	-	530	530
Interest income	<u>5,000</u>	<u>3,853</u>	<u>(1,147)</u>
Total Revenues	<u>76,910</u>	<u>76,293</u>	<u>(617)</u>
Expenditures			
Debt service	121,864	121,866	(2)
Contingency	<u>188,177</u>	<u>-</u>	<u>188,177</u>
Total Expenditures	<u>310,041</u>	<u>121,866</u>	<u>188,175</u>
 Excess(deficiency) of revenue over (under) expenditures	 <u>(233,131)</u>	 <u>(45,573)</u>	 <u>187,558</u>
 Other Financing Sources			
Transfers in	51,434	51,434	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>
 Net income(loss)	 (181,697)	 5,861	 187,558
 Fund Net Assets-Beginning	 <u>181,697</u>	 <u>181,588</u>	 <u>(109)</u>
 Fund Net Assets-Ending	 <u>\$ -</u>	 187,449	 <u>\$ 187,449</u>
 Reconciliation to GAAP Basis			
Notes receivable		<u>484,281</u>	
Fund Net Assets-GAAP Basis		<u>\$ 671,730</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, 2009

	Budgeted Amounts	Actual Amounts	Variance with Budget Positive (Negative)
Revenues			
Interest income	\$ 12,000	\$ 2,733	\$ (9,267)
Long term debt proceeds	1,879,250	-	(1,879,250)
Total Revenues	1,891,250	2,733	(1,888,517)
Expenditures			
Capital Outlay	2,123,568	203,789	1,919,779
Contingency	-	-	-
Total Expenditures	2,123,568	203,789	1,919,779
Excess(deficiency) revenue over (under) expenditures	(232,318)	(201,056)	(433,374)
Other Financing Sources			
Transfers in	5,000	5,000	-
Transfers out	-	-	-
Net income(loss)	(227,318)	(196,056)	31,262
Fund Net Assets-Beginning	227,318	234,842	7,524
Fund Net Assets-Ending	\$ -	\$ 38,786	\$ 38,786
Reconciliation to GAAP Basis			
Accounts payable		(9,316)	
Fund Net Assets-GAAP Basis		\$ 29,470	

**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, 2009

	<u>Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Budget Positive (Negative)</u>
Revenues			
Charges for services	\$ 924,500	\$ 1,035,793	\$ 111,293
Interest income	25,000	12,706	(12,294)
Infrastructure fees	35,000	3,190	(31,810)
Miscellaneous	1,000	75	(925)
Total Revenues	<u>985,500</u>	<u>1,051,764</u>	<u>66,264</u>
Expenditures			
Personal services			
Salaries	299,783	316,336	(16,553)
Overtime	3,235	385	2,850
Health insurance	85,057	70,812	14,245
Retirement benefits	61,982	59,237	2,745
Social security	37,332	23,093	14,239
Workers' compensation	9,885	7,328	2,557
Total Personal Services	<u>497,274</u>	<u>477,191</u>	<u>20,083</u>
Materials and services			
Building/facility maintenance	8,144	7,265	879
Equipment maintenance	46,264	36,334	9,930
Maintenance agreements	2,000	1,808	192
Vehicle maintenance	3,373	3,248	125
Fuel/Oil/Lube	6,525	4,970	1,555
Office supplies	7,700	4,342	3,358
Operational supplies	7,692	6,392	1,300
Shop maintenance supplies	484	458	26
Lab supplies	4,179	4,290	(111)
Chemicals	2,005	356	1,649
Electrical operations	120,000	100,555	19,445
Utilities	12,120	8,532	3,588
Electrical operations pumps	6,960	4,645	2,315
Contractual/professional	216,750	194,205	22,545
Miscellaneous	-	119	(119)
Property tax	1,550	1,102	448
Insurance	-	226	(226)
Travel/training	6,175	5,608	567
Dues/fees/subscriptions	5,560	3,440	2,120
Publications/notices/advertisement	2,000	240	1,760
Uniform/safety	3,584	1,958	1,627
Equipment rental	2,000	1,760	240
Total Materials and services	<u>465,065</u>	<u>391,855</u>	<u>73,210</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, 2009

	Budgeted Amounts	Actual Amounts	Variance with Budget Positive (Negative)
Debt Service			
Principal B92001B	5,643	5,643	-
Interest B92001B	2,362	2,362	-
Principal B95001C	6,964	6,964	-
Total Debt services	14,969	14,969	-
 Capital outlay	25,950	18,777	7,173
 Contingency	527,905	-	527,905
 Total Expenditures	1,531,163	902,792	628,371
 Excess (deficiency) of revenue over (under) expenditures	(545,663)	148,972	694,635
 Other Financing Sources			
Transfers in	-	-	-
Transfers out	(49,607)	(49,607)	-
 Net income (loss)	(595,270)	99,365	694,635
 Fund Net Assets-Beginning	595,270	645,527	50,257
 Fund Net Assets-Ending	\$ -	\$ 744,892	\$ 744,892
 Reconciliation to GAAP Basis			
Invested in capital assets, net of related debt		2,018,382	
Accounts receivable		152,408	
Inventory		545	
Accounts payable		(720)	
Compensated absences payable		(23,000)	
Fund Net Assets-GAAP Basis		\$ 2,892,508	

**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, 2009

	Budgeted Amounts	Actual Amounts	Variance with Budget Positive (Negative)
Revenues			
System development charges	\$ 127,980	\$ 39,784	\$ (88,196)
Interest income	68,000	30,964	(37,036)
Total Revenues	195,980	70,748	(125,232)
Expenditures			
Capital outlay	750,000	56,159	693,841
Contingency	978,589	-	978,589
Total expenditures	1,728,589	56,159	1,672,430
Excess(deficiency) revenue over (under) expenditures	(1,532,609)	14,589	568,609
Other Financing Sources			
Transfers in	-	-	-
Transfers out	(10,430)	(10,430)	-
Net income(loss)	(1,543,039)	4,159	568,609
Fund Net Assets-Beginning	1,543,039	1,538,249	(4,790)
Fund Net Assets-Ending	\$ -	\$ 1,542,408	\$ 1,542,408
Reconciliation to GAAP Basis			
Accounts payable		(2,026)	
Fund Net Assets-GAAP Basis		\$ 1,540,382	

**CITY OF SCAPPOOSE
COLUMBIA COUNTY, OREGON**

SCHEDULE OF PROPERTY TAX TRANSACTIONS

For the Year Ended June 30, 2009

	Balance 7/1/2008	Levy 2008/09	Interest Discounts & Adjustments	Collections	Balance 6/30/2009
2007-2008	\$ -	\$ 1,679,464	\$ (44,250)	\$ 1,539,645	\$ 95,568
2006-2007	85,354	-	754	49,795	36,313
2005-2006	27,816	-	1,126	12,581	16,362
2004-2005	13,778	-	1,181	8,633	6,326
2003-2004	6,190	-	580	5,764	1,007
2002-2003	1,215	-	(390)	260	565
2001-2002	789	-	(220)	120	449
Prior years	1,260	-	(75)	213	972
	-	-	-	-	-
Total	\$ 136,403	\$ 1,679,464	\$ (41,295)	\$ 1,617,011	\$ 157,561

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



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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, 2009, and have issued our report thereon dated January 29, 2010.

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:

Internal Control

In planning and performing our audit, 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control.

Communication on the City's internal control over financial reporting was issued under separate cover.

Indebtedness

The City's short-term and long-term debts were found to be within legal limitations on the amount of debt which was incurred, liquidation of debt were within the prescribed period of time, and indentures were in compliance with provisions of bond or other agreements, including restrictions on the use of monies available to retire indebtedness.

Adequacy of Collateral Securing Depository Balances

Based on our testing, the City complied with legal requirements contained in ORS 295.

Budget Compliance

The City has complied with Local Budget Laws in the preparation, adoption and execution for the current fiscal year, and preparation and adoption for the next succeeding year except as reported in Note 2 of the financial statements.

Insurance and Fidelity Bonds

We have reviewed the City's insurance and fidelity bond coverage at June 30, 2009. We ascertained that such policies did appear to be in force, and do comply with legal requirements relating to insurance and fidelity bond coverage. We are not experts in insurance and make no representation as to the adequacy of coverage.

Investments

Our review of the investment of public funds indicated that the City was in compliance with ORS 294 during the year ended June 30, 2009.

Programs Funded from Outside Sources

We reviewed and tested, to the extent we considered necessary in the circumstances, transactions and reports relative to federal and state grant programs.

Highway Funds

The City used revenue from taxes on motor vehicle use in compliance with ORS 373.240 and 373.250.

Public Contracts and Purchasing

The City constructed public improvements in accordance with the requirements of ORS 279.

Schedule of Accountability of Independently Elected Officials

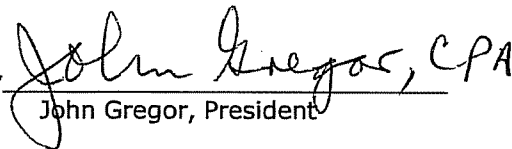
To our knowledge, no independently elected official was accountable for collecting or receiving cash.

Accounting Records

The accounting records were generally adequate for 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 29, 2010