

SCAPPOOSE *Oregon*

*Columbia County, Oregon
Annual Financial Report
Year Ending June 30, 2017*



CITY OF SCAPPOOSE, OREGON
CITY OFFICIALS
JUNE 30, 2017

CITY COUNCIL

| | |
|--|--|
| Scott Burge, Mayor | 33470 Chinook Plaza, #272 Scappoose, Oregon 97056 |
| Jeff Erickson, Council President Term ended 12/16 | 33980 SE Oakview Drive Scappoose, Oregon 97056 |
| Mark Reed, Council President | 33568 E Columbia Avenue Scappoose, Oregon 97056 |
| Barbara Hayden, Council Member Resigned 03/17 | 33784 SE Kern Court Scappoose, Oregon 97056 |
| Jason Meshell, Council Member Term ended 12/16 | 52559 NW Eastview Drive Scappoose, Oregon 97056 |
| Megan Greisen, Council Member | 33568 E Columbia Avenue Scappoose, Oregon 97056 |
| Joel Haugen, Council Member | 33568 E Columbia Avenue Scappoose, Oregon 97056 |
| Patrick Kessi, Council Member | 33568 E Columbia Avenue Scappoose, Oregon 97056 |
| Rich Riffle, Council Member | 33568 E Columbia Avenue Scappoose, Oregon 97056 |
| Natalie Sanders, Council Member | 33568 E Columbia Avenue Scappoose, Oregon 97056 |

ADMINISTRATION

Michael Sykes, City Manager

Jill Herr, Finance Administrator

Susan Reeves, City Recorder/Budget Secretary

Norman Miller, Chief of Police

Shelby Rihala, City Attorney

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT



INDEPENDENT AUDITOR'S REPORT

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

I have audited the accompanying cash-basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Scappoose as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Scappoose as of June 30, 2017, and the respective changes in cash basis financial position thereof for the year then ended in conformity with the cash basis of accounting described in the "Summary of Significant Accounting Policies" in the notes to the financial statements.

Basis of Accounting

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

Other Matters

Other Information


My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Scappoose's basic financial statements. The combining and individual non-major fund financial statements and additional supporting schedules listed in the table of contents as Supplemental Information are presented for purposes of additional analysis and are not a required part of the basic financial statements of the City of Scappoose.

The budgetary comparison information on pages 40-50 and pages 53-60, and the combining fund financial statements on pages 36-39 and pages 51-52 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with cash basis of accounting. In my opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole on the basis of accounting described in "Summary of Significant Accounting Policies" in the notes to financial statements.

Management's discussion and analysis on pages 3-8 and schedules listed in the table of contents as Other Schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I do not express an opinion or provide any assurance on them.

Report on Other Legal and Regulatory Requirements

In accordance with the *Minimum Standards for Audits of Oregon Municipal Corporations*, we have issued our report dated December 4, 2017, on our consideration of the City of Scappoose's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on the City's compliance.



Steve Tuchscherer, CPA
December 4, 2017

CITY OF SCAPPOOSE
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017

As management of the City of Scappoose, we offer readers of the financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2017.

FINANCIAL HIGHLIGHTS

| | June 30 | | Change |
|--|---------------|--------------|--------------|
| | 2017 | 2016 | |
| Net Position (Cash Basis) | \$ 11,384,112 | \$ 8,973,423 | \$ 2,410,689 |
| Governmental net position (Cash Basis) | 5,617,600 | 4,601,058 | \$ 1,016,542 |
| Proprietary net position (Cash Basis) | 5,766,512 | 4,372,365 | \$ 1,394,147 |

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

The Statement of Net Position (Cash Basis). The *statement of net position (Cash Basis)* presents information on all of the cash the City of Scappoose as of the date on the statement. Over time, increases or decreases in net position serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

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

governmental funds and proprietary funds.

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position (Cash Basis).

As noted earlier, net position serves over time as a useful indicator of a government's cash position. In the case of the City of Scappoose, assets totaled \$11,384,112 at June 30, 2017.

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

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

| | Governmental Activities | | Business-type Activities | | Total | |
|---------------------------|-------------------------|--------------|--------------------------|--------------|---------------|--------------|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| Cash and cash equivalents | \$ 5,617,600 | \$ 4,706,783 | \$ 5,766,512 | \$ 4,495,660 | \$ 11,384,112 | \$ 9,202,443 |
| Net position | | | | | | |
| Restricted | 3,117,795 | 2,038,353 | 2,444,423 | 1,221,730 | 5,562,218 | 3,260,083 |
| Unrestricted | 2,499,805 | 2,562,705 | 3,322,089 | 3,150,635 | 5,821,894 | 5,713,340 |
| Total net position | \$ 5,617,600 | \$ 4,601,058 | \$ 5,766,512 | \$ 4,372,365 | \$ 11,384,112 | \$ 8,973,423 |

Statement of Activities. During the current fiscal year, the City of Scappoose's cash position increased by \$2,410,688. The key elements of the change in Scappoose's cash position for the year ended June 30, 2017 are as follows:

- Fees, fines and charges for services increased by \$921,094 due to increased construction permit activity and related SDC receipts.
- Capital grants and contribution income increased by \$1,947,982 due to reimbursements related to advanced finance reimbursement project and infrastructure improvement projects.
- Disbursements increased \$2,268,317 largely due to increased spending related to infrastructure projects.

Financial Analysis of the City of Scappoose's Funds

As noted earlier, Scappoose uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Statement of Activities
For the years ended June 30,

| | Governmental Activities | | Business-type Activities | | Totals | |
|------------------------------------|-------------------------|------------|--------------------------|--------------|--------------|--------------|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| Revenues | | | | | | |
| Program revenues | | | | | | |
| Fines, fees, charges for services | \$ 1,243,515 | \$ 612,525 | \$ 3,789,532 | \$ 3,499,428 | \$ 5,033,047 | \$ 4,111,953 |
| Operating grants and contributions | 534,921 | 522,015 | - | - | 534,921 | 522,015 |
| Capital grants and contributions | 1,116,040 | 331,737 | 1,608,134 | 444,455 | 2,724,174 | 776,192 |
| General receipts | | | | | - | - |
| Property tax | 1,834,112 | 1,745,017 | 42,179 | 43,916 | 1,876,291 | 1,788,933 |
| Franchise fees | 424,192 | 390,687 | - | - | 424,192 | 390,687 |
| Intergovernmental | - | - | - | - | - | - |
| Miscellaneous | 69,915 | 87,858 | 48,862 | 23,783 | 118,777 | 111,641 |
| Customer Deposits | 230,059 | - | 127,945 | - | - | - |
| Total revenues | 5,452,754 | 3,689,839 | 5,616,652 | 4,011,582 | 11,069,406 | 7,701,421 |
| Expenses | | | | | | |
| General government | 747,624 | 532,124 | - | - | 747,624 | 532,124 |
| Court and police | 1,839,395 | 1,675,486 | - | - | 1,839,395 | 1,675,486 |
| Community services and development | 396,422 | 311,045 | - | - | 396,422 | 311,045 |
| Culture and recreation | 951,191 | 484,954 | - | - | 951,191 | 484,954 |
| Interest on long-term debt | 22,589 | 28,111 | - | - | 22,589 | 28,111 |
| Highways and streets | 712,795 | 398,891 | - | - | 712,795 | 398,891 |
| Storm Drain | - | - | 33,991 | 25,334 | 33,991 | 25,334 |
| Water | - | - | 2,138,833 | 1,640,638 | 2,138,833 | 1,640,638 |
| Sewer | - | - | 1,815,877 | 1,293,817 | 1,815,877 | 1,293,817 |
| Total expenses | 4,670,016 | 3,430,611 | 3,988,701 | 2,959,789 | 8,658,717 | 6,390,400 |
| net assets before transfers | 782,738 | 259,239 | 1,627,951 | 1,051,793 | 2,410,689 | 1,311,021 |
| Transfers | 233,814 | 95,590 | (233,814) | (95,590) | - | - |
| Change in net position | 1,016,552 | 354,829 | 1,394,137 | 956,203 | 2,410,689 | 1,311,021 |
| Net position, beginning of year | 4,601,048 | 4,246,229 | 4,372,375 | 3,416,162 | 8,973,423 | 7,662,391 |
| Net position, end of year | 5,617,600 | 4,601,058 | 5,766,512 | 4,372,365 | 11,384,112 | 8,973,423 |

Governmental funds. The focus of the City of Scappoose's governmental funds is to provide information on relatively short-term cash flow and funding for future basic services. Such information is useful in assessing Scappoose's financing requirements. In particular, *unrestricted fund balance* serves as a useful measure of a government's net cash resources available for spending at the end of a fiscal year.

At June 30, 2017, the City's governmental funds reported combined ending fund balances of \$5,617,600.

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

Statement of Receipts, Disbursements and Changes in Fund Balances, the Unemployment Fund and the Watts Fund has been combined with the General Fund.

General Fund. The General Fund is the primary operating fund of the City. As of June 30, 2017, unrestricted fund balance was \$2,499,805. The fund balance decreased by \$62,156 during the current fiscal year. As a measure of the fund's liquidity, it may be useful to compare total fund balance to total fund disbursements. Fund balance represents 98 percent of total General Fund disbursements.

General Fund Budgetary Highlights

The city council made adjustments to the adopted budget for the fiscal year ended June 30, 2017, which are reflected in the schedules of budget and actual by fund.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. The City of Scappoose's investment in capital assets includes land, buildings and improvements, vehicles and equipment. As of June 30, 2017, Scappoose had invested \$35,957,211 in capital assets, net of depreciation, as shown in the following table:

**Capital Assets
As of June 30, 2016 and 2017**

| | Governmental Activities | | Business-type Activities | | Totals | |
|--------------------------------|-------------------------|---------------------|--------------------------|---------------------|---------------------|---------------------|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| Land | \$ 2,115,103 | \$ 1,765,116 | \$ 389,036 | \$ 389,036 | \$ 2,504,139 | \$ 2,154,152 |
| Buildings | 3,593,246 | 3,567,350 | 4,809,739 | 4,809,739 | 8,402,985 | 8,377,089 |
| Equipment | 819,924 | 586,559 | 1,999,290 | 1,999,290 | 2,819,214 | 2,585,849 |
| Vehicles | 743,413 | 650,491 | 278,271 | 278,271 | 1,021,684 | 928,762 |
| Infrastructure | 61,988,405 | 61,809,757 | - | - | 61,988,405 | 61,809,757 |
| Water and sewer system | | - | 20,509,632 | 19,492,268 | 20,509,632 | 19,492,268 |
| | 69,260,091 | 68,379,273 | 27,985,968 | 26,968,604 | 97,246,059 | 95,347,877 |
| Less: accumulated depreciation | (48,000,178) | (46,193,689) | (13,288,670) | (12,732,596) | (61,288,848) | (58,926,285) |
| Net capital assets | <u>\$21,259,913</u> | <u>\$22,185,584</u> | <u>\$14,697,298</u> | <u>\$14,236,008</u> | <u>\$35,957,211</u> | <u>\$36,421,592</u> |

During fiscal year 2016-17, the City's investment in capital assets decreased by \$464,381.

Additional information regarding the City's capital assets can be found in the notes to basic financial statements of this report. Under the cash basis of accounting expenditures are not required to be reported in the financial statements, and depreciation is not recorded. When a capital asset is retired or sold, any proceeds are recorded as receipts.

Long-term debt. At the end of the current fiscal year, the City of Scappoose had total bonded debt (general obligation and revenue bonds) outstanding of \$5,785,862 and capital leases in the amount of \$82,527. During the current fiscal year, the City's total debt decreased by \$714,912.

Additional information on the City's long-term debt can be found in the notes to the basic financial

statements of this report. Under the cash basis of accounting, long term debt is not recorded in the financial statements. The following information is reported for disclosure purposes only.

As of June 30, 2016 and 2017

| | Governmental Activities | | Business-type Activities | | Totals | |
|---------------|-------------------------|----------------|--------------------------|---------------------|---------------------|---------------------|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| Notes Payable | \$ 557,306 | 703,921 | 4,875,792 | \$ 5,347,024 | \$ 5,433,098 | \$ 6,050,945 |
| Bonds Payable | | - | 352,765 | 411,498 | 352,765 | 411,498 |
| Capital lease | 49,490 | 72,171 | 33,037 | 48,688 | 82,527 | 120,859 |
| | <u>\$ 606,796</u> | <u>776,092</u> | <u>5,261,594</u> | <u>\$ 5,807,210</u> | <u>\$ 5,868,390</u> | <u>\$ 6,583,302</u> |

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET

The City of Scappoose’s Budget Committee considered all the following factors while preparing the budget for the 2016-17 fiscal year.

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

REQUESTS FOR INFORMATION

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

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

BASIC FINANCIAL STATEMENTS

CITY OF SCAPPOOSE, OREGON
STATEMENT OF NET POSITION (CASH BASIS)
YEAR ENDED JUNE 30, 2017

| | <i>Governmental Activities</i> | <i>Business-type Activities</i> | <i>Totals</i> |
|---------------------------------------|------------------------------------|-------------------------------------|-----------------------------|
| | <u> </u> | <u> </u> | <u> </u> |
| ASSETS | | | |
| Cash and cash equivalents | \$ 5,617,600 | \$ 5,766,512 | \$ 11,384,112 |
| <i>Total Assets</i> | 5,617,600 | 5,766,512 | 11,384,112 |
| | | | |
| Cash Restricted for Customer Deposits | - | - | - |
| | <u> </u> | <u> </u> | <u> </u> |
| NET POSITION | | | |
| Restricted | | | - |
| Customer Deposits | 230,059 | 127,945 | 358,004 |
| Capital Projects | 1,423,512 | 2,316,478 | 3,739,990 |
| Unemployment | 70,894 | | 70,894 |
| Special Revenue | 1,393,330 | | 1,393,330 |
| Unrestricted | 2,499,805 | 3,322,089 | 5,821,894 |
| | <u> </u> | <u> </u> | <u> </u> |
| <i>Total Net Position</i> | \$ 5,617,600 | \$ 5,766,512 | \$ 11,384,112 |
| | <u> </u> | <u> </u> | <u> </u> |

The accompanying notes are an integral part of the financial statements

CITY OF SCAPPOOSE, OREGON
STATEMENT OF ACTIVITIES (CASH BASIS)
YEAR ENDED JUNE 30, 2017

| EPTS | Cash Disbursements | Program Receipts | | | Net Changes in Net Position | | |
|---------------------------------------|-----------------------|--|--|--|-----------------------------|-----------------------------|--------------------|
| | | Fees, Fines and Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-type Activities | Totals |
| Functions/Programs | | | | | | | |
| Governmental activities: | | | | | | | |
| General government | \$ 747,624 | \$ 395,621 | \$ 133,653 | \$ - | \$ (218,350) | \$ - | \$ (218,350) |
| Public safety | 1,839,395 | 232,587 | - | 20,992 | (1,585,816) | - | (1,585,816) |
| Culture and recreation | 951,191 | 5,469 | - | 218,322 | (727,400) | - | (727,400) |
| Community development | 396,422 | 609,838 | - | - | 213,416 | - | 213,416 |
| Highways and streets | 712,795 | - | 401,268 | 876,726 | 565,199 | - | 565,199 |
| Interest on long-term debt | 22,589 | - | - | - | (22,589) | - | (22,589) |
| <i>Total Governmental Activities</i> | <u>4,670,016</u> | <u>1,243,515</u> | <u>534,921</u> | <u>1,116,040</u> | <u>(1,775,540)</u> | <u>-</u> | <u>(1,775,540)</u> |
| Business-type activities: | | | | | | | |
| Water | 2,138,833 | 1,955,790 | - | 875,577 | - | 692,534 | 692,534 |
| Sewer | 1,815,877 | 1,673,511 | - | 528,610 | - | 386,244 | 386,244 |
| Storm Drain | 33,991 | 160,231 | - | 203,947 | - | 330,187 | 330,187 |
| <i>Total Business-type Activities</i> | <u>3,988,701</u> | <u>3,789,532</u> | <u>-</u> | <u>1,608,134</u> | <u>-</u> | <u>1,408,965</u> | <u>1,408,965</u> |
| <i>Total Activities</i> | <u>\$ 8,658,717</u> | <u>\$ 5,033,047</u> | <u>\$ 534,921</u> | <u>\$ 2,724,174</u> | <u>(1,775,540)</u> | <u>1,408,965</u> | <u>(366,575)</u> |
| General Receipts: | | | | | | | |
| Property taxes | | | | | 1,834,112 | 42,179 | 1,876,291 |
| Franchise taxes | | | | | 424,192 | - | 424,192 |
| Miscellaneous | | | | | 69,915 | 48,862 | 118,777 |
| Customer Deposits | | | | | 230,059 | 127,945 | 358,004 |
| <i>Total General Receipts</i> | | | | | <u>2,558,278</u> | <u>218,986</u> | <u>2,777,264</u> |
| Transfers | | | | | 233,814 | (233,814) | - |
| <i>Change in net Position</i> | | | | | <u>1,016,552</u> | <u>1,394,137</u> | <u>2,410,689</u> |
| <i>Net position, July 1, 2016</i> | | | | | <u>4,601,048</u> | <u>4,372,375</u> | <u>8,973,423</u> |
| <i>Net Position, June 30, 2017</i> | | | | | <u>5,617,600</u> | <u>5,766,512</u> | <u>11,384,112</u> |

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

CITY OF SCAPPOOSE, OREGON

STATEMENT OF CASH ASSETS AND FUND BALANCES (CASH BASIS) - GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2017

| | <u>General</u> | <u>Special Revenue</u> <i>Street</i> | <u>Capital Projects</u> <i>Street</i> <i>SDC</i> | <u>Other</u> <i>Governmental</i> <i>Funds</i> | <u>Totals</u> |
|----------------------------|---------------------|---|--|---|---------------------|
| CASH ASSETS | | | | | |
| Cash and cash equivalents | \$ 2,800,758 | 849,055 | 765,637 | 1,202,150 | \$ 5,617,600 |
| FUND BALANCES | | | | | |
| Restricted for | | | | | |
| Capital Projects | | | | 295,715 | 295,715 |
| Customer Deposits | 230,059 | | | | 230,059 |
| Unemployment | 70,894 | | | | 70,894 |
| Capital Projects | | | 765,637 | 362,160 | 1,127,797 |
| Special Revenue | | 849,055 | | 544,275 | 1,393,330 |
| Unassigned | 2,499,805 | | | | 2,499,805 |
| <i>Total Fund Balances</i> | <u>\$ 2,800,758</u> | <u>\$ 849,055</u> | <u>\$ 765,637</u> | <u>\$ 1,202,150</u> | <u>\$ 5,617,600</u> |

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

CITY OF SCAPPOOSE, OREGON

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES-

(CASH BASIS) – GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2017

| | <u>General</u> | <u>Special Revenue</u> <i>Street</i> | <u>Capital Projects</u> <i>Street SDC</i> | <u>Other Governmental Funds</u> | <u>Totals</u> |
|--|----------------|---|--|---|---------------|
| CASH RECEIPTS | | | | | |
| Taxes and assessments | \$ 1,834,112 | \$ - | \$ - | \$ - | \$ 1,834,112 |
| Licenses and permits | 446,950 | 44,133 | 297,673 | 777,360 | 1,566,116 |
| Charges for services | 293,428 | - | - | 30,538 | 323,966 |
| Intergovernmental | 210,483 | 976,268 | - | 4,053 | 1,190,804 |
| Miscellaneous | 282,876 | 6,287 | 6,170 | 12,365 | 307,698 |
| Customer Deposits | 230,059 | | | | |
| <i>Total Receipts</i> | 3,297,908 | 1,026,688 | 303,843 | 824,316 | 5,452,755 |
| DISBURSEMENTS | | | | | |
| General government | 738,678 | | - | 274,116 | 1,012,794 |
| Court and police | 1,712,458 | | - | - | 1,712,458 |
| Highways and streets | - | 440,216 | - | 9,546 | 449,762 |
| Culture and recreation | 256,479 | | - | 43,512 | 299,991 |
| Community development | 122,311 | | - | - | 122,311 |
| Capital outlay | 291,307 | 211,758 | 9,815 | 367,937 | 880,817 |
| Debt service | 26,975 | - | 56,213 | 108,697 | 191,885 |
| <i>Total Disbursements</i> | 3,148,207 | 651,974 | 66,028 | 803,808 | 4,670,017 |
| RECEIPTS OVER (UNDER) DISBURSEMENTS | 149,701 | 374,714 | 237,815 | 20,508 | 782,738 |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers in | 516,214 | - | - | 350,000 | 866,214 |
| Transfers out | (498,012) | (81,865) | (14,475) | (38,048) | (632,400) |
| <i>Total Other Financing Sources (Uses)</i> | 18,202 | (81,865) | (14,475) | 311,952 | 233,814 |
| NET CHANGE IN FUND BALANCES | 167,903 | 292,849 | 223,340 | 332,460 | 1,016,552 |
| FUND BALANCES, Beginning of year | 2,632,855 | 556,206 | 542,297 | 869,690 | 4,601,048 |
| FUND BALANCES, End of year | \$ 2,800,758 | \$ 849,055 | \$ 765,637 | \$ 1,202,150 | \$ 5,617,600 |

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

CITY OF SCAPPOOSE, OREGON

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

YEAR ENDED JUNE 30, 2017

| | <u>Water Utility</u> | <u>Waste Water Utility</u> | <u>Waste Water SDC</u> | <u>Other Business-type Funds</u> | <u>Totals</u> |
|---|--------------------------|--------------------------------|----------------------------|--|---------------------|
| CASH ASSETS | | | | | |
| Cash and cash equivalents | \$ 2,478,532 | 971,502 | 1,000,306 | 1,316,172 | \$ 5,766,512 |
| NET POSITION | | | | | |
| Restricted | 127,945 | - | 1,000,306 | 1,316,172 | 2,444,423 |
| Unrestricted | 2,350,587 | 971,502 | - | - | 3,322,089 |
| <i>Total Net Position</i> | <u>\$ 2,478,532</u> | <u>\$ 971,502</u> | <u>\$ 1,000,306</u> | <u>\$ 1,316,172</u> | <u>\$ 5,766,512</u> |
| <i>Total Liabilities and Net Assets</i> | <u>\$ 2,478,532</u> | <u>\$ 971,502</u> | <u>\$ 1,000,306</u> | <u>\$ 1,316,172</u> | <u>\$ 5,766,512</u> |

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

CITY OF SCAPPOOSE, OREGON

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH POSITION -

(CASH BASIS) – PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2017

| | <i>Water Utility</i> | <i>Waste Water Utility</i> | <i>Waste Water SDC</i> | <i>Other Business-type Funds</i> | <i>Totals</i> |
|--|--------------------------|--------------------------------|----------------------------|--|---------------------|
| OPERATING RECEIPTS | | | | | |
| Taxes and assessments | \$ - | \$ - | \$ - | \$ 42,179 | \$ 42,179 |
| Licenses and permits | 46,838 | 40,232 | - | 825,305 | 912,375 |
| Charges for services | 1,902,362 | 1,633,176 | 528,610 | 160,231 | 4,224,379 |
| Intergovernmental | 179,020 | - | - | 75,199 | 254,219 |
| Fines and forfeitures | - | - | - | - | - |
| Miscellaneous | 29,649 | 10,227 | 7,143 | 8,536 | 55,555 |
| Customer water security deposits | 127,945 | | | | 127,945 |
| <i>Total Operating Receipts</i> | <u>2,285,814</u> | <u>1,683,635</u> | <u>535,753</u> | <u>1,111,450</u> | <u>5,616,652</u> |
| OPERATING DISBURSEMENTS | | | | | |
| Personal services | 691,840 | 687,667 | - | - | 1,379,507 |
| Materials and services | 302,906 | 568,081 | - | 33,991 | 904,978 |
| Capital outlay | 585,984 | 337,206 | 94,174 | - | 1,017,364 |
| <i>Total Operating Disbursements</i> | <u>1,580,730</u> | <u>1,592,954</u> | <u>94,174</u> | <u>33,991</u> | <u>3,301,849</u> |
| OPERATING RECEIPTS OVER (UNDER) OPERATING DISBURSEMENTS | 705,084 | 90,681 | 441,579 | 1,077,459 | 2,314,803 |
| NON OPERATING RECEIPTS (DISBURSEMENTS) | | | | | |
| Loan proceeds | - | - | - | - | - |
| Debt service | | | | | |
| Principal | (64,922) | (117,642) | - | (363,052) | (545,616) |
| Interest | (33,945) | (11,107) | - | (96,184) | (141,236) |
| <i>Total Non Operating Receipts (Disbursements)</i> | <u>(98,867)</u> | <u>(128,749)</u> | <u>-</u> | <u>(459,236)</u> | <u>(686,852)</u> |
| INCOME BEFORE CONTRIBUTIONS AND TRANSFERS | | | | | |
| System development revenue | | - | - | - | - |
| Transfers in | | - | - | 95,504 | 95,504 |
| Transfers out | (175,150) | (93,607) | (26,725) | (33,836) | (329,318) |
| NET CHANGES IN POSITION | 431,067 | (131,675) | 414,854 | 679,891 | 1,394,137 |
| NET POSITION, Beginning of year | <u>2,047,465</u> | <u>1,103,177</u> | <u>585,452</u> | <u>636,281</u> | <u>4,372,375</u> |
| NET POSITION, End of year | <u>\$ 2,478,532</u> | <u>\$ 971,502</u> | <u>\$ 1,000,306</u> | <u>\$ 1,316,172</u> | <u>\$ 5,766,512</u> |

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

Basic Financial Statements

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

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

The Statement of Net Position (Cash Basis) presents information about the reporting government as a whole. The information includes all funds of the reporting entity. The statement distinguishes between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues and other revenues. Business-type activities are financed in whole or in part by fees charged to external parties for services.

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

and are detailed in the other supplementary information.

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

Basis of Presentation

The City reports the following major governmental funds:

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

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

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

Street SDC Fund - accounts for the system development charges.

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

PEG Fee Fund – accounts for Public Education Governmental receipts from cable fees and disbursements related to public access and education.

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

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

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

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

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

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

The City reports the following major proprietary funds:

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The City reports the following non major proprietary funds:

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

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

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

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

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

Fund Balance

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

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

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

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

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

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

CITY OF SCAPPOOSE, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2017

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Definitions of Governmental Fund Types

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

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

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

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

Measurement Focus and Basis of Accounting

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

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

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

Enterprise funds distinguish between operating receipts and disbursements and non-operating items. Operating receipts and disbursements result from providing services to customers in connection with ongoing utility operations. The principal operating revenues are charges to customers for service. Operating disbursements

CITY OF SCAPPOOSE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2017

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

include payroll and related costs, and materials and supplies. All receipts not considered operating are reported as non-operating items.

Use of Estimates

The preparation of financial statements in conformity with the cash basis of accounting do not require management to make estimates or assumptions that affect reporting amounts. Capital Asset values and depreciation amounts reported in the M D & A notes include estimates, but these amounts are not included in the financial statements.

Cash and Cash Equivalents

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

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

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

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

Property Taxes

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

Capital Assets

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

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

CITY OF SCAPPOOSE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
 YEAR ENDED JUNE 30, 2017

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

Long-Term Debt

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

Use of Restricted Assets

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

Accrued Compensated Absences

Accumulated unpaid vacation pay is not accrued. Earned but unpaid sick pay is recorded as a disbursement when paid.

Budgets and Budgetary Accounting

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

CASH

Cash and investments are comprised of the following at June 30, 2017:

| | <u>Carrying Value</u> | <u>Fair Value</u> |
|--|---------------------------|-----------------------|
| Cash | | |
| Petty cash | \$ 400 | \$ 400 |
| Cash in checking | 274,459 | 274,459 |
| Restricted cash-deposits for business activities | 127,945 | 127,945 |
| Cash deposits | 230,059 | 230,059 |
| Investments | | |
| Local Government Investment Pool | 10,751,249 | 10,751,249 |
| | <u>\$ 11,384,112</u> | <u>\$ 11,384,112</u> |

CITY OF SCAPPOOSE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2017

Deposits

At year end, the book balance of the City's bank deposits (checking) was \$274,459 and the bank balance was \$338,838. The difference is due to transactions in process. All deposits not covered by FDIC insurance are covered by the Public Funds Collateralization Program (PFCP) of the State of Oregon.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the City's deposits may not be returned. The Federal Depository Insurance Corporation (FDIC) provides insurance for the City's deposits with financial institutions up to \$250,000 each for the aggregate of all non-interest bearing accounts and the aggregate of all interest bearing accounts at each institution. Deposits in excess of FDIC coverage are with institutions participating in the Oregon Public Funds Collateralization Program. The PFCP is a shared liability structure for participating bank depositories, better protecting public funds though still not guaranteeing that all funds are 100% protected. Barring any exceptions, a bank depository is required to pledge collateral valued at least 10% of their quarter-end public fund deposits if they are well capitalized, 25% of their quarter-end public fund deposits if they are adequately capitalized, or 110% of their quarter-end public fund deposits if they are undercapitalized or assigned to pledge 110% by the Office of the State Treasurer. In the event of a bank failure, the entire pool of collateral pledged by all qualified Oregon public funds bank depositories is available to repay deposits of public funds of government entities. As of June 30, 2017, none of the City's bank balances were exposed to custodial credit risk as the balances are under FDIC insurance limits.

Investments

The State Treasurer of the State of Oregon maintains the Oregon Short-Term Fund, of which the Local Government Investment Pool is part. Participation by local governments is voluntary. The State of Oregon investment policies are governed by statute and the Oregon Investment Council. In accordance with Oregon Statutes, the investment funds are invested as a prudent investor would do, exercising reasonable care, skill and caution. The Oregon Short-Term Fund is the LGIP for local governments and was established by the State Treasurer. It was created to meet the financial and administrative responsibilities of federal arbitrage regulations. The investments are regulated by the Oregon Short-Term Fund Board and approved by the Oregon Investment Council (ORS 294.805 to 294.895). At June 30, 2017, the fair value of the position in the Oregon State

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

Interest Rate Risk

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

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

CASH (continued)

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

Interest Rate Risk

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

Custodial Risk - Investments

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

CAPITAL ASSETS

As a result of the use of the cash basis of accounting in this report capital assets are not reported in the financial statements. The summary of capital assets for the business-type activities for the year ended June 30, 2017 are as follows:

| | <i>Balances July 1, 2016</i> | <i>Additions</i> | <i>Retirements</i> | <i>Balances June 30, 2017</i> |
|---|--------------------------------------|-------------------|--------------------|---------------------------------------|
| NON-DEPRECIABLE | | | | |
| Land | \$ 389,036 | \$ - | \$ - | \$ 389,036 |
| Construction in progress | - | | - | \$ - |
| <i>Total Non-depreciable</i> | 389,036 | - | - | 389,036 |
| DEPRECIABLE | | | | |
| Buildings and improvements | 4,809,739 | | - | 4,809,739 |
| Equipment | 1,999,290 | | - | 1,999,290 |
| Vehicles | 278,271 | | - | 278,271 |
| Water and sewer systems | 19,492,268 | 1,017,364 | - | 20,509,632 |
| | 26,579,568 | 1,017,364 | - | 27,596,932 |
| ACCUMULATED DEPRECIATION | | | | |
| Buildings and improvements | (2,851,227) | (117,896) | - | (2,969,123) |
| Equipment | (1,925,181) | (15,063) | - | (1,940,244) |
| Vehicles | (214,421) | (20,983) | - | (235,404) |
| Water and sewer systems | (7,741,767) | (402,131) | - | (8,143,898) |
| | (12,732,596) | (556,073) | - | (13,288,669) |
| <i>Business-type activities capital assets, net</i> | <u>\$ 14,236,008</u> | <u>\$ 461,291</u> | <u>\$ -</u> | <u>\$ 14,697,299</u> |

CITY OF SCAPPOOSE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2017

As a result of the use of the cash basis of accounting in this report capital assets are not reported in the financial statements. The changes in the capital assets for governmental activities for the year ending June 30, 2017 are as follows:

| | <i>Balances July 1, 2016</i> | <i>Additions</i> | <i>Retirements</i> | <i>Balances June 30, 2017</i> |
|--|--------------------------------------|---------------------|--------------------|---------------------------------------|
| NON-DEPRECIABLE | | | | |
| Land | \$ 1,765,116 | \$ 349,987 | \$ - | \$ 2,115,103 |
| Construction in process | - | - | - | - |
| | <u>1,765,116</u> | <u>349,987</u> | <u>-</u> | <u>2,115,103</u> |
| DEPRECIABLE | | | | |
| Buildings | 3,567,350 | 25,896 | - | 3,593,246 |
| Equipment | 586,559 | 233,365 | - | 819,924 |
| Vehicles | 650,491 | 92,921 | - | 743,412 |
| Infrastructure | 61,809,757 | 178,648 | - | 61,988,405 |
| | <u>66,614,157</u> | <u>530,830</u> | <u>-</u> | <u>67,144,987</u> |
| <i>Total depreciable</i> | 66,614,157 | 530,830 | - | 67,144,987 |
| ACCUMULATED DEPRECIATION | | | | |
| Buildings | (1,450,744) | (91,282) | - | (1,542,026) |
| Equipment | (336,184) | (44,923) | - | (381,107) |
| Vehicles | (551,370) | (55,825) | - | (607,195) |
| Infrastructure | (43,855,391) | (1,614,460) | - | (45,469,851) |
| | <u>(46,193,689)</u> | <u>(1,806,489)</u> | <u>-</u> | <u>(48,000,178)</u> |
| <i>Total accumulated depreciation</i> | (46,193,689) | (1,806,489) | - | (48,000,178) |
| <i>Governmental activities capital assets, net</i> | <u>\$ 22,185,584</u> | <u>\$ (925,673)</u> | <u>\$ -</u> | <u>\$ 21,259,911</u> |

CITY OF SCAPPOOSE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2017

LONG-TERM DEBT

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

| | <i>Outstanding July 1, 2016</i> | <i>Issued</i> | <i>Matured/ Redeemed During Year</i> | <i>Outstanding June 30, 2017</i> | <i>Due Within One Year</i> |
|--------------------------------|---|---------------|--|--|--------------------------------|
| Governmental Activities | | | | | |
| Crown Zellerbach Road | 130,248 | - | 51,003 | 79,245 | 53,043 |
| US National Bank- Park Land | 573,673 | - | 95,612 | 478,061 | 95,612 |
| | <u>703,921</u> | <u>-</u> | <u>146,615</u> | <u>557,306</u> | <u>148,655</u> |
| Capital leases payable | <u>72,171</u> | <u>-</u> | <u>22,681</u> | <u>49,490</u> | <u>24,030</u> |
| | <u>776,092</u> | <u>-</u> | <u>169,296</u> | <u>606,796</u> | <u>172,685</u> |

| | <i>Outstanding July 1, 2016</i> | <i>Issued</i> | <i>Forgiven/ Discounted</i> | <i>Matured/ Redeemed During Year</i> | <i>Outstanding June 30, 2017</i> | <i>Due Within One Year</i> |
|---|---|---------------|---------------------------------|--|--|--------------------------------|
| Business-type Activities | | | | | | |
| Airpark Waterline Notes Payable | 59,949 | - | - | 59,949 | - | - |
| Airpark Waterline Notes Payable | 29,409 | - | - | 29,409 | - | - |
| Airpark Waterline Notes Payable | 60,383 | - | - | 30,065 | 30,318 | 30,318 |
| Water Treatment Plant GO Bonds | 155,699 | - | - | 41,091 | 114,608 | 43,052 |
| Water Line Safe Drinking Water Notes | 874,133 | - | - | 49,271 | 824,862 | 51,084 |
| Water Treatment Plant Water Notes | 1,096,304 | - | - | 72,005 | 1,024,299 | 72,515 |
| Storage Reservoir Safe Drinking Water Notes | 2,726,846 | - | - | 130,533 | 2,596,313 | 131,838 |
| Wastewater Plant Improvements DEQ Loan | 255,799 | - | - | 17,642 | 238,157 | 17,642 |
| Wastewater Line Relocation US Bank Loan | 500,000 | - | - | 100,000 | 400,000 | 100,000 |
| | <u>5,758,522</u> | <u>-</u> | <u>-</u> | <u>529,965</u> | <u>5,228,557</u> | <u>446,449</u> |
| Capital leases payable | <u>48,688</u> | <u>-</u> | <u>-</u> | <u>15,651</u> | <u>33,037</u> | <u>16,222</u> |
| | <u>5,807,210</u> | <u>-</u> | <u>-</u> | <u>545,616</u> | <u>5,261,594</u> | <u>462,671</u> |

CITY OF SCAPPOOSE, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2017

LONG-TERM DEBT (Continued)

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

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

Airpark Water Line Notes Payable – The City entered into loan contracts with the Oregon Economic Development Department to extend water to the Scappoose Airport project. The loans are payable from Water and Wastewater SDC charges. The loans were issued in Sept 1997 and in July and Sept of 1998 totaling \$1,372,245. The interest rate is 6% and the loans mature in 2017 and 2018.

Treatment Plant General Obligation Bonds- The City issued general obligation bonds in the amount of \$2,581,300 to provide funds for the acquisition and construction of utility systems. The interest rate is 5%. The water bonds mature in 2019.

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

Dutch Canyon Waterline Notes is at 3.68% interest. This project was contingent and part of the financing of the Water Treatment Plant Phase 1 & 2. Upon completion of the Water Treatment Plant Phase 1 & 2 project the Dutch Canyon water line was constructed. The original loan amount was \$1,274,143 and the loan matures in 2029.

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

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

CITY OF SCAPPOOSE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2017

LONG-TERM DEBT (Continued)

Future debt service requirements are as follows:

| Governmental Activities | | | |
|---------------------------------|---------------------|-------------------|---------------------|
| Fiscal Year Ending | Principal | Interest | Total |
| <u>June 30,</u> | | | |
| 2018 | 148,655 | 13,979 | 162,634 |
| 2019 | 121,814 | 9,580 | 131,394 |
| 2020 | 95,612 | 6,258 | 101,870 |
| 2021 | 95,612 | 3,982 | 99,594 |
| 2022 | 95,613 | 1,708 | 97,321 |
| | <u>557,306</u> | <u>35,507</u> | <u>592,813</u> |
| Business-type Activities | | | |
| Fiscal Year Ending | Principal | Interest | Total |
| <u>June 30,</u> | | | |
| 2018 | 446,449 | 122,291 | 568,740 |
| 2019 | 426,932 | 109,879 | 536,811 |
| 2020 | 412,142 | 98,891 | 511,033 |
| 2021 | 394,687 | 85,432 | 480,119 |
| 2022 | 303,811 | 76,783 | 380,594 |
| 2023-2027 | 1,630,489 | 261,670 | 1,892,159 |
| 2028-2032 | 1,139,922 | 67,747 | 1,207,669 |
| 2033-2036 | 474,124 | 9,719 | 483,843 |
| | <u>\$ 5,228,556</u> | <u>\$ 832,412</u> | <u>\$ 6,060,968</u> |

LONG-TERM DEBT (Continued)

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

CAPITAL LEASES

| Year Ending | Principal | Interest | Total |
|--------------------|------------------|-----------------|---------------|
| <u>June 30,</u> | | | |
| 2018 | 40,252 | 4,151 | 44,403 |
| 2019 | 42,274 | 2,129 | 44,403 |
| | <u>82,526</u> | <u>6,280</u> | <u>88,806</u> |

On November 12, 2007, the City entered into a 5-year lease agreement with Brian Rosenthal to rent office space at 52610 NE 1st Street, Units 120 and 130 in Scappoose, Oregon. On March 1, 2008, the City added Unit 110 at the same address to the lease agreement. In January of 2013 the City signed an extension of lease agreement for an additional 5-years. On March 31, 2016 the City removed Unit 110 at the same address from the lease agreement. On March 8, 2017 the City signed an extension of lease agreement for an additional 5-years commencing on 11/1/2017. For the fiscal year ended June 30, 2017, rent expense was \$32,409.

CITY OF SCAPPOOSE, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2017

OFFICE LEASE

| <u>Year Ending June 30,</u> | <u>Space 120/130</u> | <u>Total</u> |
|---------------------------------|--------------------------|----------------|
| 2018 | 33,003 | 33,003 |
| 2019 | 33,300 | 33,300 |
| 2020 | 33,300 | 33,300 |
| 2021 | 33,300 | 33,300 |
| 2022 | 11,100 | 11,100 |
| | <u>144,003</u> | <u>144,003</u> |

PENSION PLAN

Plan Description

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

Benefits Provided

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

Pension Benefits

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

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

Death Benefits

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

CITY OF SCAPPOOSE, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2017

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

Disability Benefits

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

Benefit Changes

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

2. OPSRP Pension Program (OPSRP DB)

Pension Benefits

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

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

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

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

Death Benefits

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

Disability Benefits

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

Benefit Changes after Retirement

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

3. OPSRP Individual Account Program (OPSRP IAP)

Pension Benefits

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

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

Death Benefits

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

Recordkeeping

OPERS contracts with VOYA Financial to maintain IAP participant records.

Contributions

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2013 actuarial valuation as subsequently modified by 2015 legislated changes in benefit provisions. The rates based on a percentage of payroll, first became effective July 1, 2015. Employer contributions for the year ended June 30, 2016 were \$301,313, excluding amounts to fund employer specific liabilities. The employer contribution rates are updated every two years. The City's PERS contribution rates for the year ended June 30, 2017 and the rates for the new year are shown below:

CITY OF SCAPPOOSE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2017

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

The City's contributions to PERS for the fiscal years ending June 30, 2014, 2015, 2016 and 2017.

| Year Ended June 30 | Annual Pension Costs (APC) | Percentage of APC Contributed |
|---------------------------|---|--|
| 2014 | \$ 378,434 | 100% |
| 2015 | \$ 343,565 | 100% |
| 2016 | \$ 436,244 | 100% |
| 2017 | \$ 478,985 | 100% |

4. Oregon Public Employees Retirement Systems' (PERS) Retiree Health Insurance Account (RHIA)

Plan Description

The District contributes to the Oregon Public Employees Retirement Systems' (PERS) Retiree Health Insurance Account (RHIA), a cost-sharing multiple-employer defined benefit post-employment healthcare plan administered by the Oregon Public Employees Retirement Board (OPERB). The plan, which was established under Oregon Revised Statutes 238.420, provides a payment of up to \$60 per month towards the costs of health insurance for eligible PERS retirees. RHIA post-employment benefits are set by state statute. The plan was closed to new entrants hired on or after August 29, 2003.

To be eligible to receive this monthly payment toward the premium cost the member must: (1) have eight years or more of qualifying service in PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in a PERS-sponsored health plan. A surviving spouse or dependent of a deceased PERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from PERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

A comprehensive annual financial report of the funds administered by the OPERB may be obtained by writing to Oregon Public Employees Retirement System, P.O. Box 23700, Tigard, OR 97281-3700, by calling (503) 598-7377, or by accessing the PERS web site at <http://oregon.gov/PERS/>.

Funding Policy

Participating employers are contractually required to contribute at a rate assessed bi-annually by the OPERB, currently 0.53% of annual covered PERS payroll and 0.45% for OPSRP payroll. The OPERB sets the employer contribution rate based on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that,

CITY OF SCAPPOOSE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
 YEAR ENDED JUNE 30, 2017

if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years.

5. Other Post-Employment Benefits

Implicit Employer Benefits – The City provides post-employment benefits to eligible employees, retirees, spouses, and dependents through a multi-employer health insurance plan through Citycounty Insurance Services (CIS).

As required by ORS 243.303(2), retirees are allowed to continue, at the retiree's expense, coverage under the group health insurance plan of the City until age 65. The difference between retiree claims cost, which because of the

effect of age is generally higher in comparison to all plan members, and the amount of retiree healthcare premiums represents the City's implicit employer contribution. The City did not establish an irrevocable trust (or equivalent arrangement) to account for the plan.

The subsidy is only measured for retirees and spouses younger than age 65, at which point such retirees and spouses typically become eligible for Medicare.

The City does not pay for any retiree OPEB under GASB 45. CIS and its actuary, Milliman, have determined that the City does not have a liability related to this post-employment benefit.

INTERFUND TRANSFERS

| | <u>Transfer in</u> | <u>Transfer from</u> |
|----------------------|--------------------|----------------------|
| General Fund | \$ 496,214 | 498,012 |
| Building Fund | - | 25,967 |
| Street SDC Fund | - | 14,475 |
| Street Fund | - | 81,865 |
| Parks SDC Fund | 350,000 | 12,081 |
| Watts House Fund | 20,000 | - |
| Water Fund | - | 175,150 |
| Water SDC Fund | 95,504 | 30,192 |
| Wastewater Fund | - | 93,607 |
| Wastewater SDC Fund | - | 26,725 |
| Storm Drain SDC Fund | - | 3,644 |
| | <u>\$ 961,718</u> | <u>\$ 961,718</u> |

CITY OF SCAPPOOSE, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2017

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

CONTINGENCIES

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

SUPPLEMENTAL INFORMATION

CITY OF SCAPPOOSE, OREGON
RECONCILIATION OF BUDGETARY TO REPORTING FUNDS
BALANCE SHEET (CASH BASIS) – GENERAL FUND
YEAR ENDED JUNE 30, 2017

| | <i>Budgetary funds</i> | | | <i>Total (reported as General Fund)</i> |
|--|------------------------|---------------------|--------------------|---|
| | <i>General</i> | <i>Unemployment</i> | <i>Watts House</i> | |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 2,700,460 | \$ 70,894 | \$ 29,404 | \$ 2,800,758 |
| Fund Balances | | | | |
| Committed for: | | | | |
| Customer Deposits | 230,059 | | | |
| Unemployment | - | 70,894 | | 70,894 |
| Unassigned: | 2,470,401 | | 29,404 | 2,499,805 |
| <i>Total Fund Balances</i> | <u>2,700,460</u> | <u>70,894</u> | <u>29,404</u> | <u>2,800,758</u> |
| <i>Total Liabilities and Fund Balances</i> | <u>\$ 2,700,460</u> | <u>\$ 70,894</u> | <u>\$ 29,404</u> | <u>\$ 2,800,758</u> |

CITY OF SCAPPOOSE, OREGON
RECONCILIATION OF BUDGETARY TO REPORTING FUNDS
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE-
(CASH BASIS) GENERAL FUND
YEAR ENDED JUNE 30, 2017

| | <i>Budgetary funds</i> | | | <i>Total</i> |
|---|------------------------|---------------------|--------------------|---------------------------------------|
| | <i>General</i> | <i>Unemployment</i> | <i>Watts House</i> | <i>(reported as General Fund)</i> |
| CASH RECEIPTS | | | | |
| Taxes and assessments | \$ 1,834,112 | | | \$ 1,834,112 |
| Licenses and permits | 446,950 | | | 446,950 |
| Charges for services | 293,428 | | | 293,428 |
| Intergovernmental | 210,483 | | - | 210,483 |
| Fines and forfeitures | - | | | - |
| Miscellaneous | 281,916 | 736 | 224 | 282,876 |
| Customer Deposits | 230,059 | | | 230,059 |
| <i>Total Receipts</i> | 3,296,948 | 736 | 224 | 3,297,908 |
| DISBURSEMENTS | | | | |
| General government | 733,563 | - | 5,115 | 738,678 |
| Court and police | 1,712,458 | | | 1,712,458 |
| Community services & development | 122,311 | | | 122,311 |
| Culture and recreation | 256,479 | | | 256,479 |
| Capital outlay | 291,307 | | - | 291,307 |
| Debt service | 26,975 | | | 26,975 |
| <i>Total Disbursements</i> | 3,143,092 | - | 5,115 | 3,148,207 |
| RECEIPTS OVER (UNDER) | | | | |
| DISBURSEMENTS | 153,856 | 736 | (4,891) | 149,701 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 496,214 | - | 20,000 | 516,214 |
| Transfers out | (498,012) | - | - | (498,012) |
| <i>Total Other Financing Sources (Uses)</i> | (1,798) | - | 20,000 | 18,202 |
| NET CHANGE IN FUND BALANCES | 152,058 | 736 | 15,109 | 167,903 |
| FUND BALANCES, Beginning of year | 2,548,402 | 70,158 | 14,295 | 2,632,855 |
| FUND BALANCES, End of year | \$ 2,700,460 | \$ 70,894 | \$ 29,404 | \$ 2,800,758 |

CITY OF SCAPPOOSE, OREGON
COMBINING BALANCE SHEET (CASH BASIS) -
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2017

Special Revenue

| | <u>Building</u> | <u>Peg Fee</u> | <u>Law Enforcement</u> | <u>Recreation Reserve</u> | <u>Bike Trails</u> | <u>Parks SDC</u> | <u>Totals</u> |
|----------------------------|-----------------|----------------|------------------------|---------------------------|--------------------|------------------|---------------|
| ASSETS | | | | | | | |
| Cash and cash equivalents | \$ 402,142 | 108,323 | 33,810 | 362,160 | 33,123 | 262,592 | \$ 1,202,150 |
| FUND BALANCES | | | | | | | |
| Restricted for | | | | | | | |
| Capital Projects | | | | | 33,123 | 262,592 | 295,715 |
| Committed for | | | | | | | - |
| Capital Projects | | | | 362,160 | | | 362,160 |
| Special Revenue | 402,142 | 108,323 | 33,810 | | | | 544,275 |
| <i>Total Fund Balances</i> | \$ 402,142 | \$ 108,323 | \$ 33,810 | \$ 362,160 | \$ 33,123 | \$ 262,592 | \$ 1,202,150 |

CITY OF SCAPPOOSE, OREGON

COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES

(CASH BASIS) - NONMAJOR GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2017

| | Special Revenue | | | | | | Totals |
|--|-------------------|-------------------|--------------------|-----------------------|--------------------------------|-------------------|---------------------|
| | Building | PEG Fee | Law Enforcement | Recreation Reserve | Foot Paths & Bicycle Trails | Parks SDC | |
| RECEIPTS | | | | | | | |
| Licenses and permits | \$ 559,038 | - | - | - | - | 218,322 | \$ 777,360 |
| Charges for services | - | 9,546 | 20,992 | - | - | - | 30,538 |
| Intergovernmental | - | - | - | - | 4,053 | - | 4,053 |
| Miscellaneous | 1,937 | 5,414 | 261 | 4,192 | 323 | 238 | 12,365 |
| <i>Total Receipts</i> | <u>560,975</u> | <u>14,960</u> | <u>21,253</u> | <u>4,192</u> | <u>4,376</u> | <u>218,560</u> | <u>824,316</u> |
| DISBURSEMENTS | | | | | | | |
| Current operating | - | - | - | - | - | - | - |
| General government | 274,116 | - | - | - | - | - | 274,116 |
| Highways and streets | - | - | 9,546 | - | - | - | 9,546 |
| Culture and recreation | - | 43,512 | - | - | - | - | 43,512 |
| Capital outlay | - | - | 17,950 | - | - | 349,987 | 367,937 |
| Debt service | - | - | - | 65,159 | - | 43,538 | 108,697 |
| <i>Total Disbursements</i> | <u>274,116</u> | <u>43,512</u> | <u>27,496</u> | <u>65,159</u> | <u>-</u> | <u>393,525</u> | <u>803,808</u> |
| RECEIPTS OVER (UNDER) DISBURSEMENTS | 286,859 | (28,552) | (6,243) | (60,967) | 4,376 | (174,965) | 20,508 |
| OTHER FINANCING SOURCES (USES) | | | | | | | |
| Transfers in | - | - | - | - | - | 350,000 | 350,000 |
| Transfers out | (25,967) | - | - | - | - | (12,081) | (38,048) |
| <i>Total Other Financing Sources (Uses)</i> | <u>(25,967)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>337,919</u> | <u>311,952</u> |
| NET CHANGE IN FUND BALANCES | 260,892 | (28,552) | (6,243) | (60,967) | 4,376 | 162,954 | 332,460 |
| FUND BALANCES, Beginning of year | 141,250 | 136,875 | 40,053 | 423,127 | 28,747 | 99,638 | 869,690 |
| FUND BALANCES, End of year | <u>\$ 402,142</u> | <u>\$ 108,323</u> | <u>\$ 33,810</u> | <u>\$ 362,160</u> | <u>\$ 33,123</u> | <u>\$ 262,592</u> | <u>\$ 1,202,150</u> |

CITY OF SCAPPOOSE, OREGON

SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE

(CASH BASIS) - BUDGET AND ACTUAL - GENERAL FUND

YEAR ENDED JUNE 30, 2017

| | <i>Budgeted Amounts</i> | | <i>Actual</i> | <i>Variance</i> |
|---|-------------------------|--------------------|---------------------|---------------------|
| | <i>Original</i> | <i>Final</i> | | |
| RECEIPTS | | | | |
| Taxes and assessments | \$ 1,778,100 | 1,778,100 | \$ 1,834,112 | \$ 56,012 |
| Licenses and permits | 416,500 | 416,500 | 446,950 | 30,450 |
| Charges for services | 255,450 | 255,450 | 293,428 | 37,978 |
| Intergovernmental | 391,224 | 391,224 | 210,483 | (180,741) |
| Miscellaneous | 30,500 | 30,500 | 281,916 | 251,416 |
| Customer Deposits | | | 230,059 | |
| Total Receipts | 2,871,774 | 2,871,774 | 3,296,948 | 195,115 |
| DISBURSEMENTS | | | | |
| General government | 840,143 | 840,143 | 733,563 | 106,580 |
| Police and court | 1,937,809 | 1,937,809 | 1,712,458 | 225,351 |
| Culture and recreation | 304,662 | 304,662 | 256,479 | 48,183 |
| Community development | 163,217 | 163,217 | 122,311 | 40,906 |
| Capital outlay | 456,420 | 456,420 | 291,307 | 165,113 |
| Debt service | 26,975 | 26,975 | 26,975 | - |
| Contingency | 627,852 | 277,852 | - | 277,852 |
| Total Disbursements | 4,357,078 | 4,007,078 | 3,143,092 | 863,986 |
| RECEIPTS OVER (UNDER) DISBURSEMENTS | (1,485,304) | (1,135,304) | 153,856 | 1,289,160 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfer in | 496,214 | 496,214 | 496,214 | - |
| Transfers out | (148,012) | (498,012) | (498,012) | - |
| Total Other Financing Sources (Uses) | 348,202 | (1,798) | (1,798) | - |
| NET CHANGE IN FUND BALANCE | (1,137,102) | (1,137,102) | 152,058 | 1,289,160 |
| FUND BALANCE, Beginning of year | 2,237,102 | 2,237,102 | 2,548,402 | 311,300 |
| FUND BALANCE, End of year | \$ 1,100,000 | 1,100,000 | \$ 2,700,460 | \$ 1,600,460 |

CITY OF SCAPPOOSE, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES****(CASH BASIS) - BUDGET AND ACTUAL - UNEMPLOYMENT FUND****YEAR ENDED JUNE 30, 2017**

| | <i>Budgeted Amounts</i> | | <i>Actual</i> | <i>Variance</i> |
|--|-------------------------|--------------|---------------|-----------------|
| | <i>Original</i> | <i>Final</i> | | |
| RECEIPTS | | | | |
| Miscellaneous | \$ 400 | 400 | \$ 736 | 336 |
| <i>Total Receipts</i> | 400 | 400 | 736 | 336 |
| DISBURSEMENTS | | | | |
| Materials and services | 35,500 | 35,500 | - | 35,500 |
| Contingency | 35,026 | 35,026 | - | 35,026 |
| <i>Total Disbursements</i> | 70,526 | 70,526 | - | 70,526 |
| RECEIPTS OVER (UNDER) DISBURSEMENTS | (70,126) | (70,126) | 736 | 70,862 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | - | - | - | - |
| <i>Total Other Financing Sources (Uses)</i> | - | - | - | - |
| NET CHANGE IN FUND BALANCE | (70,126) | (70,126) | 736 | 70,862 |
| FUND BALANCE, Beginning of year | 70,126 | 70,126 | 70,158 | 32 |
| FUND BALANCE, End of year | \$ - | \$ - | \$ 70,894 | \$ 70,894 |

CITY OF SCAPPOOSE, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE****(CASH BASIS) - BUDGET AND ACTUAL - WATTS HOUSE FUND****YEAR ENDED JUNE 30, 2017**

| | <i>Budgeted Amounts</i> | | <i>Actual</i> | <i>Variance</i> |
|--|-------------------------|--------------|---------------|-----------------|
| | <i>Original</i> | <i>Final</i> | | |
| RECEIPTS | | | | |
| Intergovernmental | \$ 20,000 | 20,000 | \$ - | (20,000) |
| Miscellaneous | 100 | 100 | 224 | 124 |
| <i>Total Receipts</i> | 20,100 | 20,100 | 224 | (19,876) |
| DISBURSEMENTS | | | | |
| Materials and services | 10,000 | 10,000 | 5,115 | 4,885 |
| Capital outlay | 40,000 | 40,000 | - | 40,000 |
| Contingency | 3,186 | 3,186 | - | 3,186 |
| <i>Total Disbursements</i> | 53,186 | 53,186 | 5,115 | 48,071 |
| RECEIPTS OVER (UNDER) DISBURSEMENTS | (33,086) | (33,086) | (4,891) | 28,195 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 20,000 | 20,000 | 20,000 | - |
| <i>Total Other Financing Sources (Uses)</i> | 20,000 | 20,000 | 20,000 | - |
| NET CHANGE IN FUND BALANCE | (13,086) | (13,086) | 15,109 | 28,195 |
| FUND BALANCE, Beginning of year | 13,086 | 13,086 | 14,295 | 1,209 |
| FUND BALANCE, End of year | \$ - | \$ - | \$ 29,404 | \$ 29,404 |

CITY OF SCAPPOOSE, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES****(CASH BASIS)- BUDGET AND ACTUAL - STREET FUND****YEAR ENDED JUNE 30, 2017**

| | <i>Budgeted Amounts</i> | | <i>Actual</i> | <i>Variance</i> |
|--|-------------------------|--------------|---------------|-----------------|
| | <i>Original</i> | <i>Final</i> | | |
| RECEIPTS | | | | |
| Intergovernmental | \$ 698,355 | 698,355 | \$ 976,268 | 277,913 |
| Licenses and permits | 40,000 | 40,000 | 44,133 | 4,133 |
| Miscellaneous | 3,000 | 3,000 | 6,287 | 3,287 |
| <i>Total Receipts</i> | 741,355 | 741,355 | 1,026,688 | 285,333 |
| DISBURSEMENTS | | | | |
| Personal services | 334,342 | 334,342 | 305,659 | 28,683 |
| Materials and services | 259,865 | 259,865 | 134,557 | 125,308 |
| Capital outlay | 376,096 | 376,096 | 211,758 | 164,338 |
| Debt service | - | - | - | - |
| Contingency | 99,995 | 99,995 | - | 99,995 |
| <i>Total Disbursements</i> | 1,070,298 | 1,070,298 | 651,974 | 418,324 |
| RECEIPTS OVER (UNDER) DISBURSEMENTS | (328,943) | (328,943) | 374,714 | 703,657 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | (108,865) | (108,865) | (81,865) | (27,000) |
| <i>Total Other Financing Sources (Uses)</i> | (108,865) | (108,865) | (81,865) | (27,000) |
| NET CHANGE IN FUND BALANCE | (437,808) | (437,808) | 292,849 | 676,657 |
| FUND BALANCE, Beginning of year | 437,808 | 437,808 | 556,206 | 118,398 |
| FUND BALANCE, End of year | \$ - | \$ - | \$ 849,055 | \$ 795,055 |

CITY OF SCAPPOOSE, OREGON
SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES
(CASH BASIS) - BUDGET AND ACTUAL - STREET SDC FUND
YEAR ENDED JUNE 30, 2017

| | <i>Budgeted Amounts</i> | | <i>Actual</i> | <i>Variance</i> |
|--|-------------------------|--------------|---------------|-----------------|
| | <i>Original</i> | <i>Final</i> | | |
| RECEIPTS | | | | |
| Licenses and permits | \$ 289,500 | 289,500 | \$ 297,673 | 8,173 |
| Miscellaneous | 2,900 | 2,900 | 6,170 | 3,270 |
| <i>Total Receipts</i> | 292,400 | 292,400 | 303,843 | 11,443 |
| DISBURSEMENTS | | | | |
| Capital outlay | 225,000 | 225,000 | 9,815 | 215,185 |
| Debt service | 56,213 | 56,213 | 56,213 | - |
| Contingency | 545,049 | 545,049 | - | 545,049 |
| <i>Total Disbursements</i> | 826,262 | 826,262 | 66,028 | 760,234 |
| RECEIPTS OVER (UNDER) DISBURSEMENTS | (533,862) | (533,862) | 237,815 | 771,677 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | (14,475) | (14,475) | (14,475) | - |
| <i>Total Other Financing Sources (Uses)</i> | (14,475) | (14,475) | (14,475) | - |
| NET CHANGE IN FUND BALANCE | (548,337) | (548,337) | 223,340 | 771,677 |
| FUND BALANCE, Beginning of year | 548,337 | 548,337 | 542,297 | (6,040) |
| FUND BALANCE, End of year | \$ - | \$ - | \$ 765,637 | \$ 765,637 |

CITY OF SCAPPOOSE, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES****(CASH BASIS) - BUDGET AND ACTUAL – BUILDING FUND****YEAR ENDED JUNE 30, 2017**

| | <i>Budgeted Amounts</i> | | <i>Actual</i> | <i>Variance</i> |
|--|-------------------------|-----------------|-------------------|-------------------|
| | <i>Original</i> | <i>Final</i> | | |
| RECEIPTS | | | | |
| Licenses and permits | \$ 235,000 | 255,000 | \$ 559,038 | 304,038 |
| Miscellaneous | 700 | 700 | 1,937 | 1,237 |
| <i>Total Receipts</i> | <u>235,700</u> | <u>255,700</u> | <u>560,975</u> | <u>305,275</u> |
| DISBURSEMENTS | | | | |
| Personal services | 231,693 | 231,693 | 205,024 | 26,669 |
| Materials and services | 56,297 | 76,297 | 69,092 | 7,205 |
| Capital outlay | - | - | - | - |
| Contingency | 10,299 | 10,299 | - | 10,299 |
| <i>Total Disbursements</i> | <u>298,289</u> | <u>318,289</u> | <u>274,116</u> | <u>44,173</u> |
| RECEIPTS OVER (UNDER) DISBURSEMENTS | (62,589) | (62,589) | 286,859 | 349,448 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | - | - | - | - |
| Transfers out | (25,967) | (25,967) | (25,967) | - |
| <i>Total Other Financing Sources (Uses)</i> | <u>(25,967)</u> | <u>(25,967)</u> | <u>(25,967)</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCE | (88,556) | (88,556) | 260,892 | 349,448 |
| FUND BALANCE, Beginning of year | <u>88,556</u> | <u>88,556</u> | <u>141,250</u> | <u>52,694</u> |
| FUND BALANCE, End of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 402,142</u> | <u>\$ 402,142</u> |

CITY OF SCAPPOOSE, OREGON
SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES
(CASH BASIS) - BUDGET AND ACTUAL - PEG FEE FUND
YEAR ENDED JUNE 30, 2017

| | <i>Budgeted Amounts</i> | | <i>Actual</i> | <i>Variance</i> |
|--|-------------------------|--------------|---------------|-----------------|
| | <i>Original</i> | <i>Final</i> | | |
| RECEIPTS | | | | |
| Charges for services | \$ 9,600 | 9,600 | \$ 9,546 | (54) |
| Miscellaneous | 650 | 650 | 5,414 | 4,764 |
| <i>Total Receipts</i> | 10,250 | 10,250 | 14,960 | 4,710 |
| DISBURSEMENTS | | | | |
| Materials and services | 60,600 | 60,600 | 43,512 | 17,088 |
| Capital outlay | - | - | - | - |
| Contingency | 77,934 | 77,934 | - | 77,934 |
| <i>Total Disbursements</i> | 138,534 | 138,534 | 43,512 | 95,022 |
| RECEIPTS OVER (UNDER) DISBURSEMENTS | (128,284) | (128,284) | (28,552) | 99,732 |
| NET CHANGE IN FUND BALANCE | (128,284) | (128,284) | (28,552) | 99,732 |
| FUND BALANCE, Beginning of year | 128,284 | 128,284 | 136,875 | 8,591 |
| FUND BALANCE, End of year | \$ - | \$ - | \$ 108,323 | \$ 108,323 |

CITY OF SCAPPOOSE, OREGON

SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES

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

YEAR ENDED JUNE 30, 2017

| | <i>Budgeted Amounts</i> | | <i>Actual</i> | <i>Variance</i> |
|--|-------------------------|--------------|---------------|-----------------|
| | <i>Original</i> | <i>Final</i> | | |
| RECEIPTS | | | | |
| Charges for services | \$ 15,000 | 15,000 | \$ 20,992 | 5,992 |
| Miscellaneous | 190 | 190 | 261 | 71 |
| <i>Total Receipts</i> | 15,190 | 15,190 | 21,253 | 6,063 |
| DISBURSEMENTS | | | | |
| Materials and services | 10,000 | 10,000 | 9,546 | 454 |
| Capital outlay | 18,000 | 18,000 | 17,950 | 50 |
| Debt service | - | - | - | - |
| Contingency | 26,568 | 26,568 | - | 26,568 |
| <i>Total Disbursements</i> | 54,568 | 54,568 | 27,496 | 27,072 |
| RECEIPTS OVER (UNDER) | | | | |
| DISBURSEMENTS | (39,378) | (39,378) | (6,243) | 33,135 |
| NET CHANGE IN FUND BALANCE | (39,378) | (39,378) | (6,243) | 33,135 |
| FUND BALANCE, Beginning of year | 39,378 | 39,378 | 40,053 | 675 |
| FUND BALANCE, End of year | \$ - | \$ - | \$ 33,810 | \$ 33,810 |

CITY OF SCAPPOOSE, OREGON

SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES

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

YEAR ENDED JUNE 30, 2017

| | <i>Budgeted Amounts</i> | | <i>Actual</i> | <i>Variance</i> |
|--|-------------------------|--------------|---------------|-----------------|
| | <i>Original</i> | <i>Final</i> | | |
| RECEIPTS | | | | |
| Miscellaneous | \$ 1,150 | 1,150 | \$ 4,192 | 3,042 |
| <i>Total Receipts</i> | 1,150 | 1,150 | 4,192 | 3,042 |
| DISBURSEMENTS | | | | |
| Materials and services | - | - | - | - |
| Capital outlay | - | - | - | - |
| Debt service | 65,159 | 65,159 | 65,159 | - |
| Contingency | 358,588 | 358,588 | - | 358,588 |
| <i>Total Disbursements</i> | 423,747 | 423,747 | 65,159 | 358,588 |
| RECEIPTS OVER (UNDER) DISBURSEMENTS | (422,597) | (422,597) | (60,967) | 361,630 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| <i>Total Other Financing Sources (Uses)</i> | - | - | - | 358,588 |
| NET CHANGE IN FUND BALANCE | (422,597) | (422,597) | (60,967) | 361,630 |
| FUND BALANCE, Beginning of year | 422,597 | 422,597 | 423,127 | 530 |
| FUND BALANCE, End of year | \$ - | \$ - | \$ 362,160 | \$ 362,160 |

CITY OF SCAPPOOSE, OREGON
SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES
(CASH BASIS) - BUDGET AND ACTUAL – FOOT PATH & BIKE TRAILS FUND
YEAR ENDED JUNE 30, 2017

| | <i>Budgeted Amounts</i> | | <i>Actual</i> | <i>Variance</i> |
|--|-------------------------|--------------|---------------|-----------------|
| | <i>Original</i> | <i>Final</i> | | |
| RECEIPTS | | | | |
| Intergovernmental | \$ 3,838 | 3,838 | \$ 4,053 | 215 |
| Miscellaneous | 150 | 150 | 323 | 173 |
| <i>Total Receipts</i> | 3,988 | 3,988 | 4,376 | 388 |
| DISBURSEMENTS | | | | |
| Materials and services | 3,000 | 3,000 | - | 3,000 |
| Capital outlay | 28,000 | 28,000 | - | 28,000 |
| Contingency | 1,597 | 1,597 | - | 1,597 |
| <i>Total Disbursements</i> | 32,597 | 32,597 | - | 32,597 |
| RECEIPTS OVER (UNDER) | | | | |
| DISBURSEMENTS | (28,609) | (28,609) | 4,376 | 32,985 |
| NET CHANGE IN FUND BALANCE | (28,609) | (28,609) | 4,376 | 32,985 |
| FUND BALANCE, Beginning of year | 28,609 | 28,609 | 28,747 | 138 |
| FUND BALANCE, End of year | \$ - | \$ - | \$ 33,123 | \$ 33,123 |

CITY OF SCAPPOOSE, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES****(CASH BASIS) - BUDGET AND ACTUAL - PARKS SDC FUND****YEAR ENDED JUNE 30, 2017**

| | <i>Budgeted Amounts</i> | | <i>Actual</i> | <i>Variance</i> |
|--|-------------------------|--------------|---------------|-----------------|
| | <i>Original</i> | <i>Final</i> | | |
| RECEIPTS | | | | |
| Licenses and permits | \$ 241,625 | 241,625 | \$ 218,322 | (23,303) |
| Miscellaneous | 570 | 570 | 238 | (332) |
| <i>Total Receipts</i> | 242,195 | 242,195 | 218,560 | (23,635) |
| DISBURSEMENTS | | | | |
| Capital outlay | - | 350,000 | 349,987 | 13 |
| Debt service | 43,538 | 43,538 | 43,538 | - |
| Contingency | 290,430 | 290,430 | - | 290,430 |
| <i>Total Disbursements</i> | 333,968 | 683,968 | 393,525 | 290,443 |
| RECEIPTS OVER (UNDER) DISBURSEMENTS | (91,773) | (441,773) | (174,965) | 266,808 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | - | 350,000 | 350,000 | - |
| Transfers out | (12,081) | (12,081) | (12,081) | - |
| <i>Total Other Financing Sources (Uses)</i> | (12,081) | 337,919 | 337,919 | - |
| NET CHANGE IN FUND BALANCE | (103,854) | (103,854) | 162,954 | 266,808 |
| FUND BALANCE, Beginning of year | 103,854 | 103,854 | 99,638 | (4,216) |
| FUND BALANCE, End of year | \$ - | \$ - | \$ 262,592 | \$ 262,592 |

CITY OF SCAPPOOSE, OREGON
COMBINING STATEMENT OF NET POSITION (CASH BASIS) -
NONMAJOR PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2017

| | <u>Storm Drain</u> | <u>Storm Drain SDC</u> | <u>Water SDC</u> | <u>Airpark Water Line</u> | <u>G.O. Water-Sewer</u> | <u>Totals</u> |
|---------------------------|------------------------|----------------------------|----------------------|-------------------------------|-----------------------------|---------------------|
| ASSETS | | | | | | |
| Cash and cash equivalents | \$ 240,669 | 486,938 | 472,291 | 90,655 | 25,619 | \$ 1,316,172 |
| NET POSITION: | | | | | | |
| Restricted | 240,669 | 486,938 | 472,291 | 90,655 | 25,619 | 1,316,172 |
| <i>Total net position</i> | <u>\$ 240,669</u> | <u>\$ 486,938</u> | <u>\$ 472,291</u> | <u>\$ 90,655</u> | <u>\$ 25,619</u> | <u>\$ 1,316,172</u> |

CITY OF SCAPPOOSE, OREGON

COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN NET POSITION

(CASH BASIS) - NONMAJOR PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2017

| | <i>Storm Drain</i> | <i>Storm Drain SDC</i> | <i>Water SDC</i> | <i>Airpark Water Line</i> | <i>G.O. Water-Sewer</i> | <i>Totals</i> |
|--|------------------------|----------------------------|----------------------|-------------------------------|-----------------------------|---------------|
| OPERATING RECEIPTS | | | | | | |
| Taxes and assessments | \$ - | \$ - | \$ - | \$ - | \$ 42,179 | \$ 42,179 |
| Licenses and permits | - | 203,947 | 621,358 | - | - | 825,305 |
| Charges for services | 160,231 | - | - | - | - | 160,231 |
| Intergovernmental | - | - | - | 75,199 | - | 75,199 |
| Fines and forfeitures | - | - | - | - | - | - |
| Miscellaneous | 1,950 | 4,025 | 1,212 | 1,069 | 280 | 8,536 |
| <i>Total Operating Receipts</i> | 162,181 | 207,972 | 622,570 | 76,268 | 42,459 | 1,111,450 |
| OPERATING DISBURSEMENTS | | | | | | |
| Personal services | - | - | - | - | - | - |
| Materials and services | 33,991 | - | - | - | - | 33,991 |
| Capital outlay | - | - | - | - | - | - |
| <i>Total Operating Disbursements</i> | 33,991 | - | - | - | - | 33,991 |
| OPERATING RECEIPTS OVER (UNDER) | | | | | | |
| OPERATING DISBURSEMENTS | 128,190 | 207,972 | 622,570 | 76,268 | 42,459 | 1,077,459 |
| NON OPERATING REVENUES (DISBURSEMENTS) | | | | | | |
| Debt proceeds | - | - | - | - | - | - |
| Debt service | - | - | 202,538 | 119,423 | 41,091 | 363,052 |
| Principal | - | - | 78,355 | 8,083 | 9,746 | 96,184 |
| Interest | - | - | - | - | - | - |
| Total Non Operating Revenues (Disbursements) | - | - | 280,893 | 127,506 | 50,837 | 459,236 |
| INCOME BEFORE CONTRIBUTIONS AND TRANSFERS | | | | | | |
| Transfers in | - | - | 95,504 | - | - | 95,504 |
| Transfers out | - | (3,644) | (30,192) | - | - | (33,836) |
| CHANGE IN NET POSITION | 128,190 | 204,328 | 406,989 | (51,238) | (8,378) | 679,891 |
| NET POSITION, Beginning of the year | 112,479 | 282,610 | 65,302 | 141,893 | 33,997 | 636,281 |
| NET POSITION, End of the year | \$ 240,669 | \$ 486,938 | \$ 472,291 | \$ 90,655 | \$ 25,619 | \$ 1,316,172 |

CITY OF SCAPPOOSE, OREGON

SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES

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

YEAR ENDED JUNE 30, 2017

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance</u> |
|---|-------------------------|--------------|---------------|-----------------|
| | <u>Original</u> | <u>Final</u> | | |
| RECEIPTS | | | | |
| Charges for services | \$ 157,122 | 157,122 | \$ 160,231 | 3,109 |
| Miscellaneous | 35 | 35 | 1,950 | 1,915 |
| <i>Total Receipts</i> | 157,157 | 157,157 | 162,181 | 5,024 |
| DISBURSEMENTS | | | | |
| Materials and services | 91,100 | 91,100 | 33,991 | 57,109 |
| Capital outlay | - | - | - | - |
| Debt service | 54,000 | 54,000 | - | 54,000 |
| Contingency | 138,542 | 138,542 | - | 138,542 |
| <i>Total Disbursements</i> | 283,642 | 283,642 | 33,991 | 249,651 |
| RECEIPTS OVER (UNDER) | | | | |
| DISBURSEMENTS | (126,485) | (126,485) | 128,190 | 254,675 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 27,000 | 27,000 | - | 27,000 |
| <i>Total Other Financing Sources (Uses)</i> | 27,000 | 27,000 | - | 27,000 |
| NET CHANGE IN FUND BALANCE | (99,485) | (99,485) | 128,190 | 281,675 |
| FUND BALANCE, | | | | |
| <i>Beginning of year</i> | 99,485 | 99,485 | 112,479 | 12,994 |
| FUND BALANCE, | | | | |
| <i>End of year</i> | \$ - | \$ - | \$ 240,669 | \$ 294,669 |

CITY OF SCAPPOOSE, OREGON
SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES
(CASH BASIS) - BUDGET AND ACTUAL – STORM DRAINAGE SDC FUND
YEAR ENDED JUNE 30, 2017

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance</u> |
|--|-------------------------|--------------|---------------|-----------------|
| | <u>Original</u> | <u>Final</u> | | |
| RECEIPTS | | | | |
| Licenses and permits | \$ 72,875 | 72,875 | \$ 203,947 | 131,072 |
| Miscellaneous | 1,605 | 1,605 | 4,025 | 2,420 |
| <i>Total Receipts</i> | 74,480 | 74,480 | 207,972 | 133,492 |
| DISBURSEMENTS | | | | |
| Capital outlay | 200,000 | 200,000 | - | 200,000 |
| Contingency | 158,195 | 158,195 | - | 158,195 |
| <i>Total Disbursements</i> | 358,195 | 358,195 | - | 358,195 |
| RECEIPTS OVER (UNDER) DISBURSEMENTS | (283,715) | (283,715) | 207,972 | 491,687 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | (3,644) | (3,644) | (3,644) | - |
| <i>Total Other Financing Sources (Uses)</i> | (3,644) | (3,644) | (3,644) | - |
| NET CHANGE IN FUND BALANCE | (287,359) | (287,359) | 204,328 | 491,687 |
| FUND BALANCE, Beginning of year | 287,359 | 287,359 | 282,610 | (4,749) |
| FUND BALANCE, End of year | \$ - | \$ - | \$ 486,938 | \$ 486,938 |

CITY OF SCAPPOOSE, OREGON

SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES

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

YEAR ENDED JUNE 30, 2017

| | <i>Budgeted Amounts</i> | | <i>Actual</i> | <i>Variance</i> |
|---|-------------------------|----------------|-------------------|-------------------|
| | <i>Original</i> | <i>Final</i> | | |
| RECEIPTS | | | | |
| Licenses and permits | \$ 603,841 | 603,841 | \$ 621,358 | 17,517 |
| Miscellaneous | 400 | 400 | 1,212 | 812 |
| | <u>604,241</u> | <u>604,241</u> | <u>622,570</u> | <u>18,329</u> |
| <i>Total Receipts</i> | | | | |
| DISBURSEMENTS | | | | |
| Capital outlay | 100,000 | 100,000 | - | 100,000 |
| Debt service | 280,893 | 280,893 | 280,893 | - |
| Contingency | 353,505 | 353,505 | - | 353,505 |
| | <u>734,398</u> | <u>734,398</u> | <u>280,893</u> | <u>453,505</u> |
| <i>Total Disbursements</i> | | | | |
| RECEIPTS OVER (UNDER) DISBURSEMENTS | (130,157) | (130,157) | 341,677 | 471,834 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 95,504 | 95,504 | 95,504 | - |
| Transfers out | (77,175) | (77,175) | (30,192) | (46,983) |
| | <u>18,329</u> | <u>18,329</u> | <u>65,312</u> | <u>(46,983)</u> |
| <i>Total Other Financing Sources (Uses)</i> | | | | |
| NET CHANGE IN FUND BALANCE | (111,828) | (111,828) | 406,989 | 424,851 |
| FUND BALANCE, Beginning of year | 111,828 | 111,828 | 65,302 | (46,526) |
| FUND BALANCE, End of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 472,291</u> | <u>\$ 378,325</u> |

CITY OF SCAPPOOSE, OREGON

SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES

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

YEAR ENDED JUNE 30, 2017

| | <i>Budgeted Amounts</i> | | <i>Actual</i> | <i>Variance</i> |
|--|-------------------------|--------------|---------------|-----------------|
| | <i>Original</i> | <i>Final</i> | | |
| RECEIPTS | | | | |
| Intergovernmental | \$ 75,199 | 75,199 | \$ 75,199 | - |
| Miscellaneous | 225 | 225 | 1,069 | 844 |
| <i>Total Receipts</i> | 75,424 | 75,424 | 76,268 | 844 |
| DISBURSEMENTS | | | | |
| Debt service | 127,506 | 127,506 | 127,506 | - |
| Contingency | 31,834 | 31,834 | - | 31,834 |
| <i>Total Disbursements</i> | 159,340 | 159,340 | 127,506 | 31,834 |
| RECEIPTS OVER (UNDER) DISBURSEMENTS | (83,916) | (83,916) | (51,238) | 32,678 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 46,983 | 46,983 | - | 46,983 |
| Transfers out | - | - | - | - |
| <i>Total Other Financing Sources (Uses)</i> | 46,983 | 46,983 | - | 46,983 |
| NET CHANGE IN FUND BALANCE | (36,933) | (36,933) | (51,238) | 79,661 |
| FUND BALANCE, Beginning of year | 36,933 | 36,933 | 141,893 | 104,960 |
| FUND BALANCE, End of year | \$ - | \$ - | \$ 90,655 | \$ 184,621 |

CITY OF SCAPPOOSE, OREGON
SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES
(CASH BASIS) - BUDGET AND ACTUAL - GO WATER- WASTEWATER BOND FUND
YEAR ENDED JUNE 30, 2017

| | <i>Budgeted Amounts</i> | | <i>Actual</i> | <i>Variance</i> |
|--|-------------------------|--------------|---------------|-----------------|
| | <i>Original</i> | <i>Final</i> | | |
| RECEIPTS | | | | |
| Taxes and assessments | \$ 42,192 | 42,192 | \$ 42,179 | (13) |
| Miscellaneous | 110 | 110 | 280 | 170 |
| <i>Total Receipts</i> | 42,302 | 42,302 | 42,459 | 157 |
| DISBURSEMENTS | | | | |
| Debt service | 50,837 | 50,837 | 50,837 | - |
| Contingency | 438 | 438 | - | 438 |
| <i>Total Disbursements</i> | 51,275 | 51,275 | 50,837 | 438 |
| RECEIPTS OVER (UNDER) DISBURSEMENTS | (8,973) | (8,973) | (8,378) | 595 |
| OTHER FINANCING SOURCES (USES) | | | | |
| NET CHANGE IN FUND BALANCE | (8,973) | (8,973) | (8,378) | 595 |
| FUND BALANCE, Beginning of year | 33,973 | 33,973 | 33,997 | 24 |
| FUND BALANCE, End of year | \$ 25,000 | \$ 25,000 | \$ 25,619 | 619 |

CITY OF SCAPPOOSE, OREGON
SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES
(CASH BASIS) - BUDGET AND ACTUAL - WATER FUND
YEAR ENDED JUNE 30, 2017

| | <i>Budgeted Amounts</i> | | <i>Actual</i> | <i>Variance</i> |
|---|-------------------------|--------------|---------------|-----------------|
| | <i>Original</i> | <i>Final</i> | | |
| RECEIPTS | | | | |
| Licenses and permits | \$ 42,500 | 42,500 | \$ 46,838 | 4,338 |
| Charges for services | 2,077,021 | 2,077,021 | 1,902,362 | (174,659) |
| Intergovernmental | - | - | 179,020 | 179,020 |
| Miscellaneous | 9,500 | 9,500 | 29,649 | 20,149 |
| Customer water security deposits | | | 127,945 | 127,945 |
| <i>Total Receipts</i> | 2,129,021 | 2,129,021 | 2,285,814 | 156,793 |
| DISBURSEMENTS | | | | |
| Personal services | 760,078 | 760,078 | 691,840 | 68,238 |
| Materials and services | 566,864 | 566,864 | 302,906 | 263,958 |
| Capital outlay | 1,123,250 | 1,123,250 | 585,984 | 537,266 |
| Debt service | 98,867 | 98,867 | 98,867 | - |
| Contingency | 398,710 | 398,710 | - | 398,710 |
| <i>Total Disbursements</i> | 2,947,769 | 2,947,769 | 1,679,597 | 1,268,172 |
| RECEIPTS OVER (UNDER) DISBURSEMENTS | (818,748) | (818,748) | 606,217 | 1,424,965 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | (175,150) | (175,150) | (175,150) | - |
| <i>Total Other Financing Sources (Uses)</i> | (175,150) | (175,150) | (175,150) | - |
| NET CHANGE IN FUND BALANCE | (993,898) | (993,898) | 431,067 | 1,424,965 |
| FUND BALANCE, Beginning of year | 1,993,898 | 1,993,898 | 2,047,465 | 53,567 |
| FUND BALANCE, End of year | \$ 1,000,000 | \$ 1,000,000 | \$ 2,478,532 | \$ 1,478,532 |

CITY OF SCAPPOOSE, OREGON
SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES
(CASH BASIS) - BUDGET AND ACTUAL – WASTEWATER FUND
YEAR ENDED JUNE 30, 2017

| | <i>Budgeted Amounts</i> | | <i>Actual</i> | <i>Variance</i> |
|---|-------------------------|--------------|---------------|-----------------|
| | <i>Original</i> | <i>Final</i> | | |
| RECEIPTS | | | | |
| Licenses and permits | \$ 40,000 | 40,000 | \$ 40,232 | 232 |
| Charges for services | 1,659,375 | 1,659,375 | 1,633,176 | (26,199) |
| Miscellaneous | 4,500 | 4,500 | 10,227 | 5,727 |
| <i>Total Receipts</i> | 1,703,875 | 1,703,875 | 1,683,635 | (20,240) |
| DISBURSEMENTS | | | | |
| Personal services | 744,651 | 744,651 | 687,667 | 56,984 |
| Materials and services | 805,268 | 805,268 | 568,081 | 237,187 |
| Capital outlay | 368,000 | 368,000 | 337,206 | 30,794 |
| Debt service | 128,757 | 128,757 | 128,749 | 8 |
| Contingency | 245,696 | 245,696 | - | 245,696 |
| <i>Total Disbursements</i> | 2,292,372 | 2,292,372 | 1,721,703 | 570,669 |
| RECEIPTS OVER (UNDER) DISBURSEMENTS | (588,497) | (588,497) | (38,068) | 550,429 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | (93,607) | (93,607) | (93,607) | - |
| <i>Total Other Financing Sources (Uses)</i> | (93,607) | (93,607) | (93,607) | - |
| NET CHANGE IN FUND BALANCE | (682,104) | (682,104) | (131,675) | 550,429 |
| FUND BALANCE, Beginning of year | 982,104 | 982,104 | 1,103,177 | 121,073 |
| FUND BALANCE, End of year | \$ 300,000 | \$ 300,000 | \$ 971,502 | \$ 671,502 |

CITY OF SCAPPOOSE, OREGON
SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES
(CASH BASIS) - BUDGET AND ACTUAL – WASTEWATER SDC FUND
YEAR ENDED JUNE 30, 2017

| | <i>Budgeted Amounts</i> | | <i>Actual</i> | <i>Variance</i> |
|---|-------------------------|--------------|---------------|-----------------|
| | <i>Original</i> | <i>Final</i> | | |
| RECEIPTS | | | | |
| Licenses and permits | \$ 534,505 | 534,505 | \$ 528,610 | (5,895) |
| Miscellaneous | 3,400 | 3,400 | 7,143 | 3,743 |
| <i>Total Receipts</i> | 537,905 | 537,905 | 535,753 | (2,152) |
| DISBURSEMENTS | | | | |
| Capital outlay | 200,000 | 200,000 | 94,174 | 105,826 |
| Contingency | 929,636 | 929,636 | - | 929,636 |
| <i>Total Disbursements</i> | 1,129,636 | 1,129,636 | 94,174 | 1,035,462 |
| RECEIPTS OVER (UNDER) DISBURSEMENTS | (591,731) | (591,731) | 441,579 | 1,033,310 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | (26,725) | (26,725) | (26,725) | - |
| <i>Total Other Financing Sources (Uses)</i> | (26,725) | (26,725) | (26,725) | - |
| NET CHANGE IN FUND BALANCE | (618,456) | (618,456) | 414,854 | 1,033,310 |
| FUND BALANCE, Beginning of year | 618,456 | 618,456 | 585,452 | (33,004) |
| FUND BALANCE, End of year | \$ - | \$ - | \$ 1,000,306 | \$ 1,000,306 |

OTHER SCHEDULES

CITY OF SCAPPOOSE, OREGON**OTHER SCHEDULES-SCHEDULE OF PROPERTY TAX TRANSACTIONS (CASH BASIS)**

YEAR ENDED JUNE 30, 2017

SCHEDULE OF PROPERTY TAXES

| <i>Tax Year</i> | <i>Uncollected Balances July 1, 2016</i> | <i>2015-2016 Levy</i> | <i>Interest, Discounts & Adjustments</i> | <i>Turnovers</i> | <i>Uncollected Balances June 30, 2017</i> |
|-----------------|--|---------------------------|--|------------------|---|
| 2016 | \$ - | \$ 1,935,197 | \$ (59,495) | \$ (1,800,050) | \$ 75,652 |
| 2015 | 58,953 | - | 13,678 | (39,874) | 32,757 |
| 2014 | 30,613 | - | 4,352 | (16,549) | 18,416 |
| 2013 | 14,564 | - | 2,871 | (9,672) | 7,763 |
| 2012 | 6,491 | - | 4,007 | (8,164) | 2,334 |
| 2011 | (1,192) | - | 3,291 | (616) | 1,483 |
| 2010 | 1,737 | - | (143) | (462) | 1,132 |
| 2009 | 1,250 | - | 207 | (291) | 1,166 |
| Prior Years | 3,018 | - | 495 | (982) | 2,531 |
| Total | \$ 115,434 | 1,935,197 | (30,737) | (1,876,660) | 143,234 |

CITY OF SCAPPOOSE, OREGON

**OTHER SCHEDULES-SCHEDULE OF LONG-TERM DEBT TRANSACTIONS (CASH BASIS)-
YEAR ENDED JUNE 30, 2017**

SCHEDULE OF LONG-TERM DEBT TRANSACTIONS (PRINCIPAL)

| | <i>Interest Rates</i> | <i>Date of Issue</i> | <i>Fiscal Year of Maturity</i> | <i>Outstanding July 1, 2016</i> | <i>New Issued</i> | <i>Redeemed/ Refinanced</i> | <i>Principal Paid</i> | <i>Outstanding June 30, 2017</i> |
|---|-----------------------|----------------------|--------------------------------|---------------------------------|-------------------|-----------------------------|-----------------------|----------------------------------|
| PRINCIPAL TRANSACTIONS | | | | | | | | |
| General Obligations | | | | | | | | |
| Crown Zellerbach Road | 4.00% | 2002 | 2019 | 130,248 | - | - | 51,003 | 79,245 |
| US Bank-Park Land | 2.38% | 2014 | 2022 | 573,673 | - | - | 95,612 | 478,061 |
| Enterprise Obligations | | | | | | | | |
| Airpark Line Notes Payable | 5.33% | 1998 | 2017 | 59,949 | - | - | 59,949 | - |
| Airpark Line Notes Payable | 6.00% | 1997 | 2017 | 29,409 | - | - | 29,409 | - |
| Airpark Line Notes Payable | 4.74% | 1998 | 2018 | 60,383 | - | - | 30,065 | 30,318 |
| Water Treatment Plant GO Bonds | 5.00% | 1979 | 2020 | 155,699 | - | - | 41,091 | 114,608 |
| Safe Drinking Water Line Notes | 3.68% | 2010 | 2031 | 874,133 | - | - | 49,271 | 824,862 |
| Water Treatment Plant Notes | 4.43% | 2002 | 2028 | 1,096,304 | - | - | 72,005 | 1,024,299 |
| Safe Drinking Water Reservoir Notes | 1.00% | 2004 | 2034 | 2,726,846 | - | - | 130,533 | 2,596,313 |
| Wastewater Plant Improvements DEQ Loan | 0.00% | 2011 | 2031 | 255,799 | - | - | 17,642 | 238,157 |
| Wastewater Line Relocation US Bank Loan | 2.47% | 2014 | 2020 | 500,000 | - | - | 100,000 | 400,000 |
| | | | | <u>\$ 6,462,443</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 676,580</u> | <u>\$ 5,785,863</u> |

SCHEDULE OF LONG-TERM DEBT TRANSACTIONS (INTEREST)

| | <i>Interest Rates</i> | <i>Date of Issue</i> | <i>Unmatured Interest July 1, 2016</i> | <i>New Issued</i> | <i>Redeemed/ Refinanced</i> | <i>Interest Paid</i> | <i>Unmatured Interest June 30, 2017</i> |
|---|-----------------------|----------------------|--|-------------------|-----------------------------|----------------------|---|
| INTEREST TRANSACTIONS | | | | | | | |
| General Obligations | | | | | | | |
| Crown Zellerbach Road | 4.00% | 2002 | 9,428 | - | - | 5,210 | 4,218 |
| US Bank-Park Land | 2.38% | 2014 | 44,374 | - | - | 13,085 | 31,289 |
| Enterprise Obligations | | | | | | | |
| Airpark Line Notes Payable | 5.33% | 1998 | 3,298 | - | - | 3,298 | - |
| Airpark Line Notes Payable | 6.00% | 1997 | 1,765 | - | - | 1,765 | - |
| Airpark Line Notes Payable | 4.74% | 1998 | 4,536 | - | - | 3,020 | 1,516 |
| Water Treatment Plant GO Bonds | 5.00% | 1979 | 27,266 | - | - | 9,746 | 17,520 |
| Safe Drinking Water Line Notes | 3.68% | 2010 | 258,419 | - | - | 32,168 | 226,251 |
| Water Treatment Plant Notes | 4.43% | 2002 | 363,898 | - | - | 51,087 | 312,811 |
| Safe Drinking Water Reservoir Notes | 1.00% | 2004 | 281,819 | - | - | 27,268 | 254,551 |
| Wastewater Line Relocation US Bank Loan | 2.47% | 2014 | 30,867 | - | - | 11,107 | 19,760 |
| | | | <u>\$ 1,025,670</u> | <u>\$ -</u> | <u>\$ -</u> | <u>157,754</u> | <u>867,916</u> |

CITY OF SCAPPOOSE, OREGON

**OTHER SCHEDULES-SCHEDULE OF FUTURE DEBT REQUIREMENTS-GOVERNMENT WIDE (CASH BASIS)-
YEAR ENDED JUNE 30, 2017**

SCHEDULE OF FUTURE DEBT REQUIREMENTS - GOVERNMENT-WIDE

| Fiscal Year Ending June 30, | Crown Zellerbach Road | | | US Bank Loan Park Land | | | Total Governmental | | |
|-----------------------------------|-----------------------|----------|-----------|------------------------|-----------|------------|--------------------|-----------|------------|
| | Principal | Interest | Total | Principal | Interest | Total | Principal | Interest | Total |
| 2018 | 53,043 | 3,170 | 56,213 | 95,612 | 10,809 | 106,421 | 148,655 | 13,979 | 162,634 |
| 2019 | 26,202 | 1,048 | 27,250 | 95,612 | 8,532 | 104,144 | 121,814 | 9,580 | 131,394 |
| 2020 | | | - | 95,612 | 6,258 | 101,870 | 95,612 | 6,258 | 101,870 |
| 2021 | | | - | 95,612 | 3,982 | 99,594 | 95,612 | 3,982 | 99,594 |
| 2022 | | | - | 95,613 | 1,708 | 97,321 | 95,613 | 1,708 | 97,321 |
| | \$ 79,245 | \$ 4,218 | \$ 83,463 | \$ 478,061 | \$ 31,289 | \$ 509,350 | \$ 557,306 | \$ 35,507 | \$ 592,813 |

CITY OF SCAPPOOSE, OREGON

OTHER SCHEDULES-SCHEDULE OF FUTURE DEBT BY ISSUE BUSINESS-TYPE (CASH BASIS)

YEAR ENDED JUNE 30, 2017

SCHEDULE OF FUTURE DEBT REQUIREMENTS - BUSINESS TYPE

| Fiscal Year Ending June 30, | Water Treatment Plant GO Bonds (45) GMAC 01-0507801 | | | Miller Road Water Treatment Plant Safe Drinking Water #GO 3003 (50) | | | Storage Reservoir Safe Drinking Water #SO3003 (50) | | |
|-----------------------------------|--|---------------|----------------|--|----------------|------------------|---|----------------|------------------|
| | Principal | Interest | Total | Principal | Interest | Total | Principal | Interest | Total |
| | 2018 | 43,052 | 7,785 | 50,837 | 72,515 | 48,027 | 120,542 | 131,838 | 25,963 |
| 2019 | 45,107 | 5,730 | 50,837 | 78,063 | 44,854 | 122,917 | 133,157 | 24,645 | 157,802 |
| 2020 | 26,449 | 4,005 | 30,454 | 78,650 | 41,342 | 119,992 | 134,488 | 23,313 | 157,802 |
| 2021 | - | - | - | 84,278 | 37,724 | 122,002 | 135,833 | 21,968 | 157,802 |
| 2022 | - | - | - | 89,949 | 33,763 | 123,712 | 137,192 | 20,610 | 157,802 |
| 2023 | - | - | - | 90,659 | 29,490 | 120,149 | 138,563 | 19,238 | 157,802 |
| 2024 | - | - | - | 96,403 | 25,184 | 121,587 | 139,949 | 17,852 | 157,802 |
| 2025 | - | - | - | 102,182 | 20,605 | 122,787 | 141,349 | 16,453 | 157,802 |
| 2026 | - | - | - | 107,998 | 15,751 | 123,749 | 142,762 | 15,039 | 157,802 |
| 2027 | - | - | - | 108,853 | 10,621 | 119,474 | 144,190 | 13,612 | 157,802 |
| 2028 | - | - | - | 114,749 | 5,450 | 120,199 | 145,632 | 12,170 | 157,802 |
| 2029 | - | - | - | - | - | - | 147,088 | 10,714 | 157,802 |
| 2030 | - | - | - | - | - | - | 148,559 | 9,243 | 157,802 |
| 2031 | - | - | - | - | - | - | 150,044 | 7,757 | 157,802 |
| 2032 | - | - | - | - | - | - | 151,545 | 6,257 | 157,802 |
| 2033 | - | - | - | - | - | - | 153,060 | 4,741 | 157,802 |
| 2034 | - | - | - | - | - | - | 154,591 | 3,211 | 157,802 |
| 2035 | - | - | - | - | - | - | 156,137 | 1,665 | 157,802 |
| 2036 | - | - | - | - | - | - | 10,336 | 103 | 10,439 |
| 2037 | - | - | - | - | - | - | - | - | - |
| 2038 | - | - | - | - | - | - | - | - | - |
| 2039 | - | - | - | - | - | - | - | - | - |
| 2040 | - | - | - | - | - | - | - | - | - |
| 2041 | - | - | - | - | - | - | - | - | - |
| | <u>114,608</u> | <u>17,520</u> | <u>132,128</u> | <u>1,024,299</u> | <u>312,811</u> | <u>1,337,110</u> | <u>2,596,313</u> | <u>254,553</u> | <u>2,850,866</u> |

CITY OF SCAPPOOSE, OREGON

OTHER SCHEDULES-SCHEDULE OF FUTURE DEBT BY ISSUE BUSINESS-TYPE (CASH BASIS)

YEAR ENDED JUNE 30, 2017

| Fiscal Year Ending June 30, | Airpark Water Line Loan (89) 1996 OEDD (\$400K) B95010C | | |
|-----------------------------------|--|--------------|---------------|
| | Principal | Interest | Total |
| 2018 | 30,318 | 1,516 | 31,834 |
| 2019 | - | - | - |
| 2020 | - | - | - |
| 2021 | - | - | - |
| 2022 | - | - | - |
| 2023 | - | - | - |
| 2024 | - | - | - |
| 2025 | - | - | - |
| 2026 | - | - | - |
| 2027 | - | - | - |
| 2028 | - | - | - |
| 2029 | - | - | - |
| 2030 | - | - | - |
| 2031 | - | - | - |
| 2032 | - | - | - |
| 2033 | - | - | - |
| 2034 | - | - | - |
| 2035 | - | - | - |
| 2036 | - | - | - |
| 2037 | - | - | - |
| 2038 | - | - | - |
| 2039 | - | - | - |
| 2040 | - | - | - |
| 2041 | - | - | - |
| | <u>30,318</u> | <u>1,516</u> | <u>31,834</u> |

1,516

31,834

CITY OF SCAPPOOSE, OREGON

OTHER SCHEDULES-SCHEDULE OF FUTURE DEBT BY ISSUE BUSINESS-TYPE (CASH BASIS)

YEAR ENDED JUNE 30, 2017

SCHEDULE OF FUTURE DEBT REQUIREMENTS - BUSINESS TYPE

| Fiscal Year Ending June 30, | Dutch Canyon Water Line (40) Safe Drinking Water S03003B | | | Wastewater Plant Improvements (41) DEQ State Revolving Fund | | | Wastewater Line Relocation (41) US Bank Sewer Loan | | | Total Business-Type | | |
|-----------------------------------|---|----------------|------------------|--|----------|----------------|---|---------------|----------------|---------------------|----------------|------------------|
| | Principal | Interest | Total | Principal | Interest | Total | Principal | Interest | Total | Principal | Interest | Total |
| 2018 | 51,084 | 30,355 | 81,439 | 17,642 | - | 17,642 | 100,000 | 8,645 | 108,645 | 446,449 | 122,291 | 568,740 |
| 2019 | 52,964 | 28,475 | 81,439 | 17,642 | - | 17,642 | 100,000 | 6,175 | 106,175 | 426,932 | 109,879 | 536,811 |
| 2020 | 54,913 | 26,526 | 81,439 | 17,642 | - | 17,642 | 100,000 | 3,705 | 103,705 | 412,142 | 98,891 | 511,033 |
| 2021 | 56,934 | 24,505 | 81,439 | 17,642 | - | 17,642 | 100,000 | 1,235 | 101,235 | 394,687 | 85,432 | 480,119 |
| 2022 | 59,029 | 22,410 | 81,439 | 17,642 | - | 17,642 | - | - | - | 303,811 | 76,783 | 380,594 |
| 2023 | 61,201 | 20,238 | 81,439 | 17,642 | - | 17,642 | - | - | - | 308,065 | 68,966 | 377,032 |
| 2024 | 63,453 | 17,986 | 81,439 | 17,642 | - | 17,642 | - | - | - | 317,447 | 61,022 | 378,470 |
| 2025 | 65,788 | 15,651 | 81,439 | 17,642 | - | 17,642 | - | - | - | 326,961 | 52,709 | 379,670 |
| 2026 | 68,209 | 13,229 | 81,438 | 17,642 | - | 17,642 | - | - | - | 336,611 | 44,019 | 380,631 |
| 2027 | 70,719 | 10,719 | 81,438 | 17,642 | - | 17,642 | - | - | - | 341,404 | 34,952 | 376,356 |
| 2028 | 73,322 | 8,117 | 81,439 | 17,642 | - | 17,642 | - | - | - | 351,344 | 25,737 | 377,081 |
| 2029 | 76,020 | 5,419 | 81,439 | 17,642 | - | 17,642 | - | - | - | 240,750 | 16,133 | 256,883 |
| 2030 | 71,227 | 2,621 | 73,848 | 17,642 | - | 17,642 | - | - | - | 237,427 | 11,864 | 249,291 |
| 2031 | - | - | - | 8,811 | - | 8,811 | - | - | - | 158,855 | 7,757 | 166,613 |
| 2032 | - | - | - | - | - | - | - | - | - | 151,545 | 6,257 | 157,802 |
| 2033 | - | - | - | - | - | - | - | - | - | 153,060 | 4,741 | 157,802 |
| 2034 | - | - | - | - | - | - | - | - | - | 154,591 | 3,211 | 157,802 |
| 2035 | - | - | - | - | - | - | - | - | - | 156,137 | 1,665 | 157,802 |
| 2036 | - | - | - | - | - | - | - | - | - | 10,336 | 103 | 10,439 |
| 2037 | - | - | - | - | - | - | - | - | - | - | - | - |
| 2038 | - | - | - | - | - | - | - | - | - | - | - | - |
| 2039 | - | - | - | - | - | - | - | - | - | - | - | - |
| 2040 | - | - | - | - | - | - | - | - | - | - | - | - |
| 2041 | - | - | - | - | - | - | - | - | - | - | - | - |
| | <u>824,862</u> | <u>226,251</u> | <u>1,051,113</u> | <u>238,157</u> | <u>-</u> | <u>238,157</u> | <u>400,000</u> | <u>19,760</u> | <u>419,760</u> | <u>5,228,557</u> | <u>832,411</u> | <u>6,060,968</u> |

REGULATORY SECTION



CITY OF SCAPPOOSE
Independent Auditor's Report
Required by Oregon State Regulations
As of June 30, 2017

To the Governing Body of the City of Scappoose
Scappoose, Oregon

We have audited the basic financial statements of the City of Scappoose as of and for the year ended June 30, 2017, and have issued our report thereon dated December 4, 2017. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

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

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

- **Deposit of public funds with financial institutions (ORS Chapter 295).**
- **Indebtedness limitations, restrictions and repayment.**
- **Budgets legally required (ORS Chapter 294).**
- **Insurance and fidelity bonds in force or required by law.**
- **Programs funded from outside sources.**
- **Highway revenues used for public highways, roads, and streets.**
- **Authorized investment of surplus funds (ORS Chapter 294).**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).**

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

OAR 162-10-0230 Internal Control

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

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

Steve Tuchscherer, CPA, PC
Roseburg, Oregon
December 4, 2017