

**SCAPPOOSE**  
*Oregon*

*Columbia County, Oregon*



**Annual Financial Report**

**June 30, 2022**

**CITY OF SCAPPOOSE**

33568 E Columbia Avenue  
Scappoose, OR 97056  
(503) 543-7146

**MAYOR & CITY COUNCIL**

SCOTT BURGE Mayor  
33470 Chinook Plaza #272, Scappoose, OR 97056

MEGAN GREISEN Council President  
33568 E Columbia Ave, Scappoose, OR 97056

JOSH POLING Councilor  
33568 E Columbia Ave, Scappoose, OR 97056

BRANDON LESOWSKE Councilor  
33568 E Columbia Ave, Scappoose, OR 97056

PETER MCHUGH Councilor  
33568 E Columbia Ave, Scappoose, OR 97056

JOEL HAUGEN *(resigned Feb, 2022)* Councilor  
33568 E Columbia Ave, Scappoose, OR 97056

TYLER MILLER Councilor  
33568 E Columbia Ave, Scappoose, OR 97056

JENNET SANTIAGO Councilor  
33568 E Columbia Ave, Scappoose, OR 97056

**ADMINISTRATION**

CAROL ALMER Finance Administrator  
33568 E Columbia Ave, Scappoose, OR 97056

ALEXANDRA RAINS City Manager  
33568 E Columbia Ave, Scappoose, OR 97056

SUSAN REEVES City Recorder  
33568 E Columbia Ave, Scappoose, OR 97056

ISSAC BUTMAN Assistant to the City Manager  
33568 E Columbia Ave, Scappoose, OR 97056

# CITY OF SCAPPOOSE

## AUDIT REPORT

JUNE 30, 2022

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### TABLE OF CONTENTS

	<u>PAGE</u>
<b>INDEPENDENT AUDITOR'S REPORT</b>	i-iii
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b>	1-13
<b>BASIC FINANCIAL STATEMENTS:</b>	
<u><b>Government-wide Financial Statements:</b></u>	
Statement of Net Position	15
Statement of Activities	16
<u><b>Fund Financial Statements:</b></u>	
Balance Sheet - Governmental Funds	18
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position	19
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	20
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities	21
<u><b>Proprietary Fund Financial Statements:</b></u>	
Statement of Net Position - Proprietary Funds	23
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary	24
Statement of Cash Flows - Proprietary Funds	25
<u><b>Notes To The Basic Financial Statements</b></u>	27-61
<b>REQUIRED SUPPLEMENTARY INFORMATION:</b>	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	
General Fund	63
Street Fund	64
Street SDC Fund	65
Scappoose Urban Redevelopment Agency Fund - A Component Unit	66
Schedule of Proportionate Share of the Net Pension Liability	67
Schedule of Employer Contributions	68
Schedule of Proportionate Share of the Net Pension Liability OPEB RHIA	69
Schedule of Employer Contributions	70
Schedule of Related Ratios	71

# CITY OF SCAPPOOSE

## AUDIT REPORT

JUNE 30, 2022

---

### TABLE OF CONTENTS (Cont.)

	<u>PAGE</u>
<b>SUPPLEMENTARY INFORMATION</b>	
<b><u>Proprietary Funds:</u></b>	
<b>Water Funds</b>	
Combining Statement of Net Position	73
Combining Statement of Revenues, Expenses and Changes in Net Position	74
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	
Water Fund	75
Water SDC Fund	76
<b>Wastewater Funds</b>	
Combining Statement of Net Position	78
Combining Statement of Revenues, Expenses and Changes in Net Position	79
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	
Wastewater Fund	80
Wastewater SDC Fund	81
<b>Storm Drainage Funds</b>	
Combining Statement of Net Position	83
Combining Statement of Revenues, Expenses and Changes in Net Position	84
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	
Storm Drainage Fund	85
Storm Drainage SDC Fund	86
<b><u>Non-Major Governmental Funds:</u></b>	
Combining Balance Sheet	88
Combining Statement of Revenues, Expenditures and Changes in Fund Balanc	89
<b><u>Non-Major Special Revenue Funds:</u></b>	
Combining Balance Sheet	91
Combining Statement of Revenues, Expenditures and Changes in Fund Balanc	92
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	
Building Fund	93
Pool Fund	94
Foot Paths & Bike Fund	95
Park System Development Reserve Fund	96
Peg Fee Fund	97
Watts House Fund	98
Unemployment Fund	99
Law Enforcement Fee Fund	100

**CITY OF SCAPPOOSE**

**AUDIT REPORT**

**JUNE 30, 2022**

---

**TABLE OF CONTENTS (Cont.)**

	<b><u>PAGE</u></b>
<b>OTHER INFORMATION</b>	
<b><u>Additional Supporting Schedules:</u></b>	
Schedule of Long-Term Debt Transactions & Future Requirements	102-108
<b>REPORTS ON LEGAL AND OTHER REGULATORY REQUIREMENTS</b>	
Independent Auditor's Report Required by Oregon State Regulations	110



## **Independent Auditors' Report**

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

### **Report on the Audit of the Financial Statements**

#### **Opinions**

We have audited the accompanying financial statements of the governmental activities, 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, 2022, and the related notes to the financial statements, which collectively comprise the City of Scappoose's basic financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Scappoose as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis of Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of City of Scappoose and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about City of Scappoose's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City of Scappoose's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about City of Scappoose's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion on pages 1-13, schedules of revenues, expenditures and changes in fund balances – budget and actuals on pages 63-66, and the pension and OPEB schedules on pages 67-71 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the management's discussion and analysis and the pension and OPEB schedules in accordance with the auditing standards generally accepted in the United States of America, which consisted principally of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The schedules of revenues, expenditures and changes in fund balances – budget and actuals described on pages 63-66 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 schedules of revenues, expenditures and changes in fund balances – budget and actuals have 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 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of revenues, expenditures and changes in fund balances – budget and actuals are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Supplementary Information**

Our 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 supplementary information on pages 73-100 is presented for purposes of additional analysis and is not a required part of the basic financial statements of the City of Scappoose.

The supplementary information on pages 73-100 is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the financial statements taken as a whole.

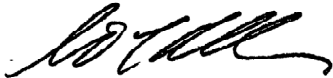
## Other Information

Management is responsible for the other information included in the annual report. The other information comprises the additional schedules listed in the Other Information section of the Table of Contents but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion of any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basis financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it our report.

## Reports on Other Legal and Regulatory Requirements

In accordance with the *Minimum Standards for Audits of Oregon Municipal Corporations*, we have issued our report dated February 13, 2023, 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 Tuhscherer, CPA  
Umpqua Valley Financial, LLC  
Roseburg, Oregon  
February 13, 2023



**MANAGEMENT'S**  
**DISCUSSION**  
**AND ANALYSIS**

**CITY OF SCAPPOOSE**  
**Management's Discussion and Analysis (MD&A)**  
**For the Fiscal Year Ended June 30, 2022**

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The management discussion and analysis of the City of Scappoose, Oregon (the City) financial performance provides an overview of the City's financial activities for the fiscal year that ended June 30, 2022. The intent of this discussion and analysis is to look at the City's financial performance. Readers should also review the basic financial statements and notes to enhance their understanding of the City's financial performance.

**FINANCIAL HIGHLIGHTS**

Key financial highlights for the fiscal year ended June 30, 2022, are as follows:

- The City's net position increased by \$4,228,472 representing a 9.5% increase from the previous year. The year-end net position was \$48,905,296.
- Total revenue for the City was \$16,768,396, reflecting a 62.2% increase from the previous year. General revenues accounted for \$5,186,870 of revenue, exhibiting 30.93% of all revenues. Program-specific revenues accounted for \$11,581,526, representing 69.07% of total revenues. Charges for Services were \$7,152,684. Operating grants were a total of \$703,371. Capital grants were \$3,725,471.
- The City had \$12,527,271 in total program expenses. Of the program expenses, \$4,588,798 was for providing water service and \$1,907,487 was for providing wastewater service.
- The City's long-term liabilities decreased by \$345,319, a 3.8% decrease from the previous year.
- Among the governmental funds, the General Fund had \$4,342,904 in revenues, which primarily consisted of taxes, grants and donations, and franchise fees. The Street Fund had \$2,865,782 in revenues, which primarily consisted of intergovernmental revenues, and grants and donations. The Scappoose Urban Renewal Agency Fund had \$232,188 in revenues.
- Among proprietary funds, the Water Fund had \$4,335,842 in operating revenues, which primarily consisted of user fees. the Wastewater Fund had \$2,368,095 in operating revenues, which primarily consisted of user fees. The Storm Drainage Fund had \$399,795 in operating revenues. The total enterprise revenues were \$7,103,732.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

Management's Discussion and Analysis introduce the City's basic financial statements. The basic financial statements include: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also includes additional supplementary information to supplement the basic financial statements.

*Government-wide Financial Statements*

The first of the government-wide statements is the *Statement of Net Position*. This is the City-wide statement of position presenting information that includes all the City's assets and liabilities. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Evaluation of the overall economic health of the City would extend to other non-financial factors such as the condition of buildings, and water and sewer systems facilities.

**CITY OF SCAPPOOSE**  
**Management's Discussion and Analysis (MD&A)**  
**For the Fiscal Year Ended June 30, 2022**

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The second government-wide statement is the *Statement of Activities* which reports how the City's net position changed during the current fiscal year. All current-year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the *Statement of Activities* is to show the financial reliance of the City's distinct activities or functions of the City that are principally supported by user fee revenues, intergovernmental revenues from grants, and property tax revenues. The governmental activities of the City include general government activities, street construction and maintenance, police services, and providing resources for library, culture, and recreation. The proprietary activities of the City include water and wastewater utilities.

*Fund Financial Statements*

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, Fund Financial Statements focus on the City's most significant funds rather than the City as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for non-major funds is provided in the form of combining and individual fund statements in a later section of this report. The City reports two types of funds:

*Governmental funds* focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. Unlike government-wide financial statements, these statements report short-term fiscal accountability focusing on the use of spendable resources during the year and balances of spendable resources available at the end of the fiscal year.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to government-wide statements to assist in understanding the differences between these two perspectives.

Budgetary comparison schedules are included in the required supplementary information. For the General Fund, the Street Fund, the Street SDC Fund, and the Scappoose Urban Renewal Agency Fund. Budgetary comparison schedules for the other governmental funds can be found in a later section of this report. These statements and schedules demonstrate compliance with the City's adopted and final revised budget.

*Proprietary funds* are used to report the functions presented as business-type activities in the government-wide financial statements, only in more detail. The City maintains one type of proprietary fund - enterprise funds. The City uses enterprise funds to account for water and sewer operations. The proprietary fund financial statements provide separate information for the Water Utility, the Wastewater Utility, and the Storm Drainage Utility

*Notes to the Financial Statements*

The accompanying notes to the basic financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the basic financial statements begin immediately following the basic financial statements.

**CITY OF SCAPPOOSE**  
**Management's Discussion and Analysis (MD&A)**  
**For the Fiscal Year Ended June 30, 2022**

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*Other Information*

In addition to the basic financial statements and accompanying notes, this report also presents as required supplementary information budgetary comparison statements for the General Fund, the Street Fund, the Street SDA Fund, and the Scappoose Urban Renewal Agency Fund. The required supplementary information immediately follows the notes to the financial statements.

Supplementary information includes combining statements, individual fund statements and schedules, and other schedules. These statements and schedules immediately follow the required supplementary information in this report.

**FINANCIAL ANALYSIS OF THE CITY AS A WHOLE**

Recall that the Statement of Net Position provides the perspective of the City as a whole. Net position may serve over time as a useful indicator of a government's financial position.

The City's net position at fiscal year-end is \$48,905,296 this is an increase of \$4,228,472, reflecting a 9.5% increase.

A portion of the City's net position reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, improvements other than buildings, vehicles, and machinery and equipment); less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending.

Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The City's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of the debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

**CITY OF SCAPPOOSE**  
**Management's Discussion and Analysis (MD&A)**  
**For the Fiscal Year Ended June 30, 2022**

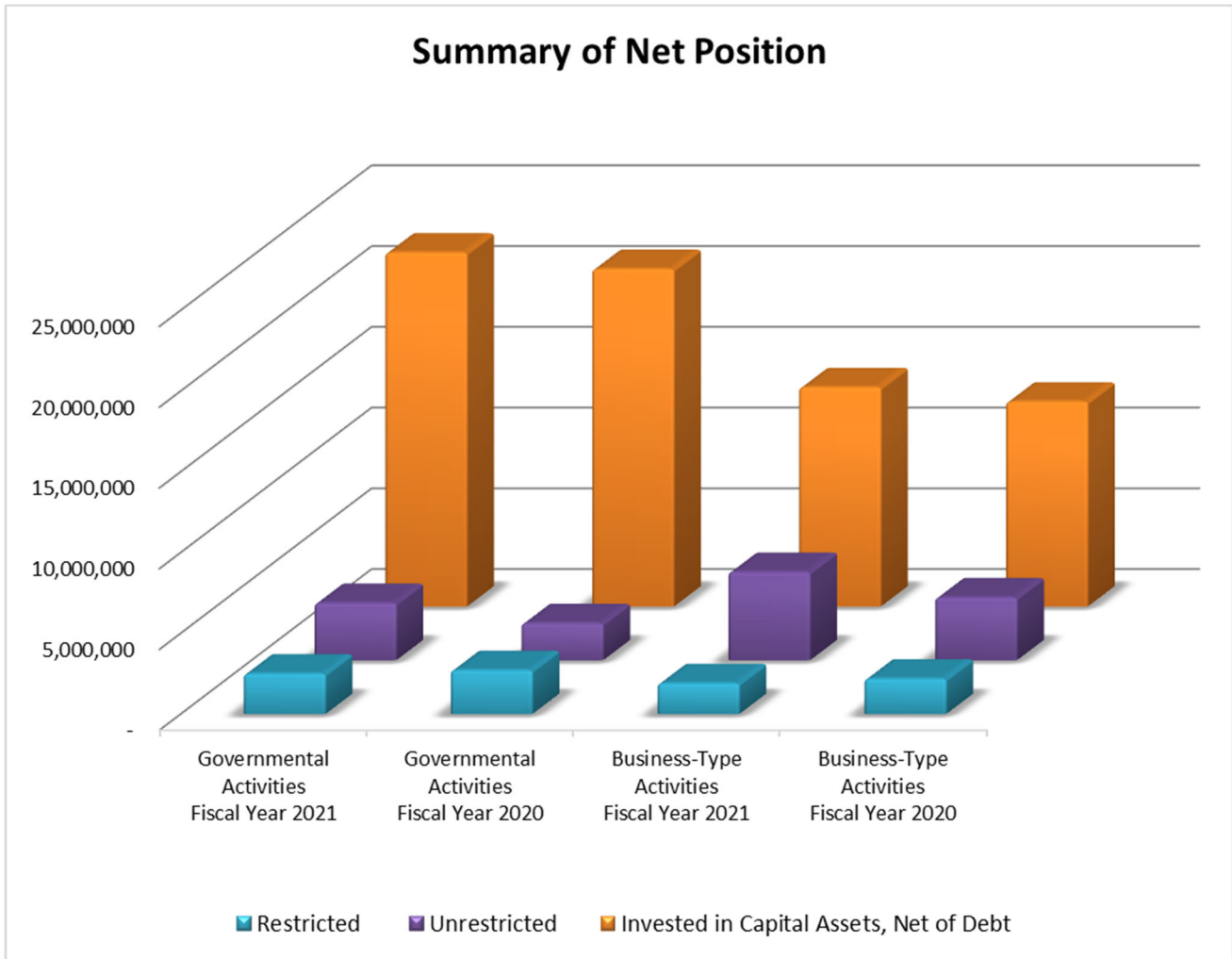
The following table provides a summary of the City's net position for the current and prior year.

	<b>Summary of Net Position</b>					
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
<b>Assets</b>						
Current and Other Assets	\$ 10,030,591	\$ 8,300,349	\$ 12,347,753	\$ 8,402,862	\$ 22,378,344	\$ 16,703,211
Capital Assets	<u>21,918,330</u>	<u>20,918,270</u>	<u>16,818,248</u>	<u>16,334,257</u>	<u>38,736,578</u>	<u>37,252,527</u>
Total Assets	<u>31,948,921</u>	<u>29,218,619</u>	<u>29,166,001</u>	<u>24,737,119</u>	<u>61,114,922</u>	<u>53,955,738</u>
<b>Deferred Outflow of Resources</b>	<u>712,184</u>	<u>815,687</u>	<u>613,698</u>	<u>592,431</u>	<u>1,325,882</u>	<u>1,408,118</u>
<b>Liabilities</b>						
Current Liabilities	1,505,818	619,538	691,311	763,864	2,197,129	1,383,402
Long-Term Liabilities	<u>1,788,295</u>	<u>3,317,045</u>	<u>6,846,581</u>	<u>5,663,150</u>	<u>8,634,876</u>	<u>8,980,195</u>
Total Liabilities	<u>3,294,113</u>	<u>3,936,583</u>	<u>7,537,892</u>	<u>6,427,014</u>	<u>10,832,005</u>	<u>10,363,597</u>
<b>Deferred Inflow of Resources</b>	<u>1,401,351</u>	<u>187,358</u>	<u>1,302,152</u>	<u>136,077</u>	<u>2,703,503</u>	<u>323,435</u>
<b>Net Position - Restated for Prior Year</b>						
Net Investment in Capital Assets	21,918,330	20,900,607	13,564,254	12,687,633	35,482,584	33,588,240
Restricted	2,500,553	2,714,911	1,905,685	2,188,044	4,406,238	4,902,955
Unrestricted	<u>3,546,758</u>	<u>2,294,847</u>	<u>5,469,716</u>	<u>3,890,782</u>	<u>9,016,474</u>	<u>6,185,629</u>
Total Net Position	<u>\$ 27,965,641</u>	<u>\$ 25,910,365</u>	<u>\$ 20,939,655</u>	<u>\$ 18,766,459</u>	<u>\$ 48,905,296</u>	<u>\$ 44,676,824</u>

**CITY OF SCAPPOOSE**  
**Management's Discussion and Analysis (MD&A)**  
**For the Fiscal Year Ended June 30, 2022**

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See the chart below to gain an understanding of the City's actual financial position and how each component relates to the activities performed.



**CITY OF SCAPPOOSE**  
**Management's Discussion and Analysis (MD&A)**  
**For the Fiscal Year Ended June 30, 2022**

**Changes in net position** - The City's total revenues for the fiscal year ended June 30, 2022, were \$16,768,396. The total cost of all programs and services was \$12,539,924. The following table shows a comparative analysis of government-wide revenues, expenses, and changes in net position.

**Summary of Changes in Net Position**

	Governmental Activities		Business-type Activities		Total	
	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21
<b>Revenues</b>						
<b>Program Revenues</b>						
Charges for Services	\$ 48,952	\$ 106,188	\$ 7,103,732	\$ 4,770,675	\$ 7,152,684	\$ 4,876,863
Operating Grants and Contributions	703,371	274,025	-	-	703,371	274,025
Capital Grants and Contributions	1,825,471	295,385	1,900,000	276,788	3,725,471	572,173
Total Program Revenues	2,577,794	675,598	9,003,732	5,047,463	11,581,526	5,723,061
<b>General Revenues</b>						
<b>Local Sources</b>						
Property Taxes, Franchise Fees, & Public Service Taxes	4,446,703	4,072,156	-	-	4,446,703	4,072,156
Interest & Investment Earnings	46,719	50,966	45,861	57,089	92,580	108,055
Licenses and Permits	372,694	235,561	-	-	372,694	235,561
Other Revenues	274,893	196,582	-	-	274,893	196,582
Total General Revenues	5,141,009	4,555,265	45,861	57,089	5,186,870	4,612,354
Total Revenues	7,718,803	5,230,863	9,049,593	5,104,552	16,768,396	10,335,415
<b>Program Expenses</b>						
General Government	1,689,458	1,466,101	-	-	1,689,458	1,466,101
Public Safety	1,404,765	2,026,290	-	-	1,404,765	2,026,290
Public Works	1,978,818	1,887,949	-	-	1,978,818	1,887,949
Culture and Recreation	815,422	768,495	-	-	815,422	768,495
Urban Renewal/Community Dev. Projects	8,303	8,262	-	-	8,303	8,262
Interest and Fees on Long-Term Debt	1,097	2,217	-	-	1,097	2,217
<b>Utility Services</b>						
Water Utilities	-	-	4,588,798	2,181,696	4,588,798	2,181,696
Waste Water Utilities	-	-	1,907,487	1,797,621	1,907,487	1,797,621
Storm Drainage Utilities	-	-	145,776	272,110	145,776	272,110
Total Program Expenses	5,897,863	6,159,313	6,642,061	4,251,427	12,539,924	10,410,740
<b>Transfers</b>	234,336	204,796	(234,336)	(204,796)	-	-
<b>Change in Net Position</b>	2,055,276	(723,654)	2,173,196	648,329	4,228,472	(75,325)
Beginning Net Position	25,910,365	26,634,019	18,766,459	18,118,130	44,676,824	44,752,149
Ending Net Position	<u>\$27,965,641</u>	<u>\$25,910,365</u>	<u>\$20,939,655</u>	<u>\$18,766,459</u>	<u>\$48,905,296</u>	<u>\$44,676,824</u>

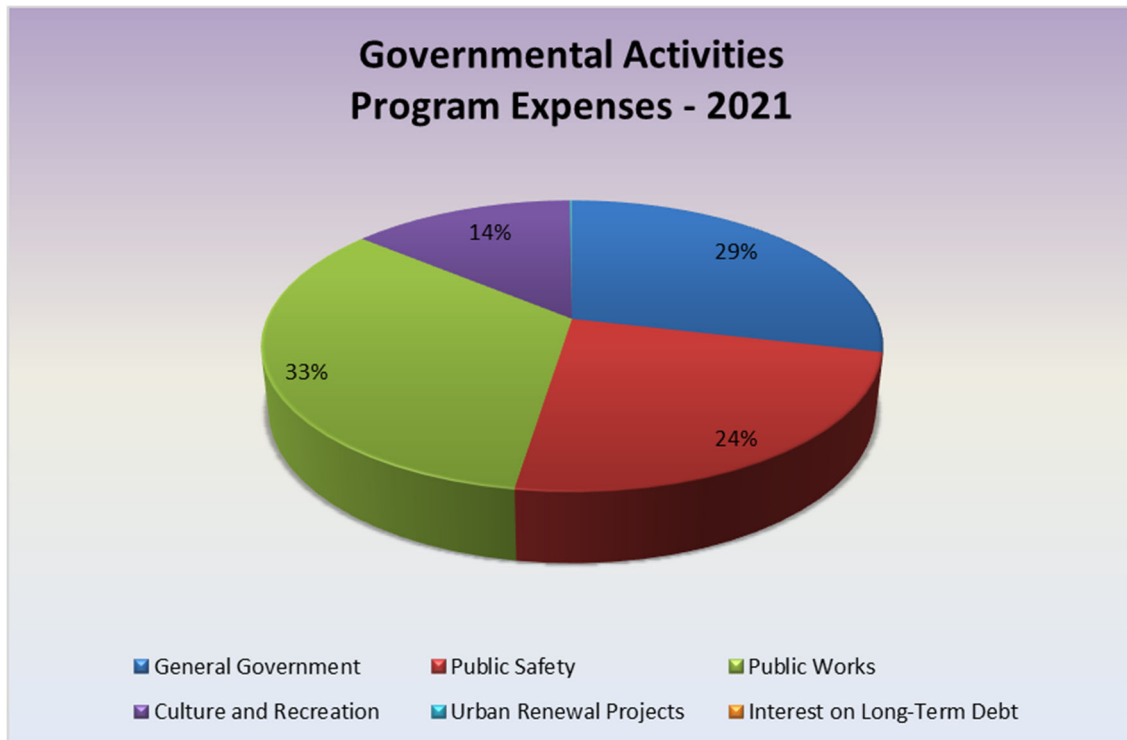
**CITY OF SCAPPOOSE**  
**Management's Discussion and Analysis (MD&A)**  
**For the Fiscal Year Ended June 30, 2022**

The Statement of Activities shows the cost of program services and the charges for services, grants, and contributions offsetting those services. The following table shows, for governmental activity, the total cost of the major functional activities of the City. The table also shows each function's net cost (total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden that was placed on the City's taxpayers by each of these functions.

**Governmental Activities**

	<u>Total Cost of Services</u>		<u>Net (Cost) Profit of Services</u>	
	<u>2021-22</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2020-21</u>
General Government	\$ 1,689,458	\$ 1,466,101	\$ (967,894)	\$ (1,091,153)
Public Safety	1,404,765	2,026,290	(1,404,765)	(2,026,290)
Public Works	1,978,818	1,887,949	(136,371)	-
Culture and Recreation	815,422	768,495	(801,639)	(597,335)
Urban Renewal/Community Dev. Projects	8,303	8,262	(8,303)	(8,262)
Interest Expense	1,097	2,217	(1,097)	(2,217)
<b>Total Program Expenses</b>	<b><u>\$ 5,897,863</u></b>	<b><u>\$ 6,159,313</u></b>	<b><u>\$ (3,320,069)</u></b>	<b><u>\$ (3,725,257)</u></b>

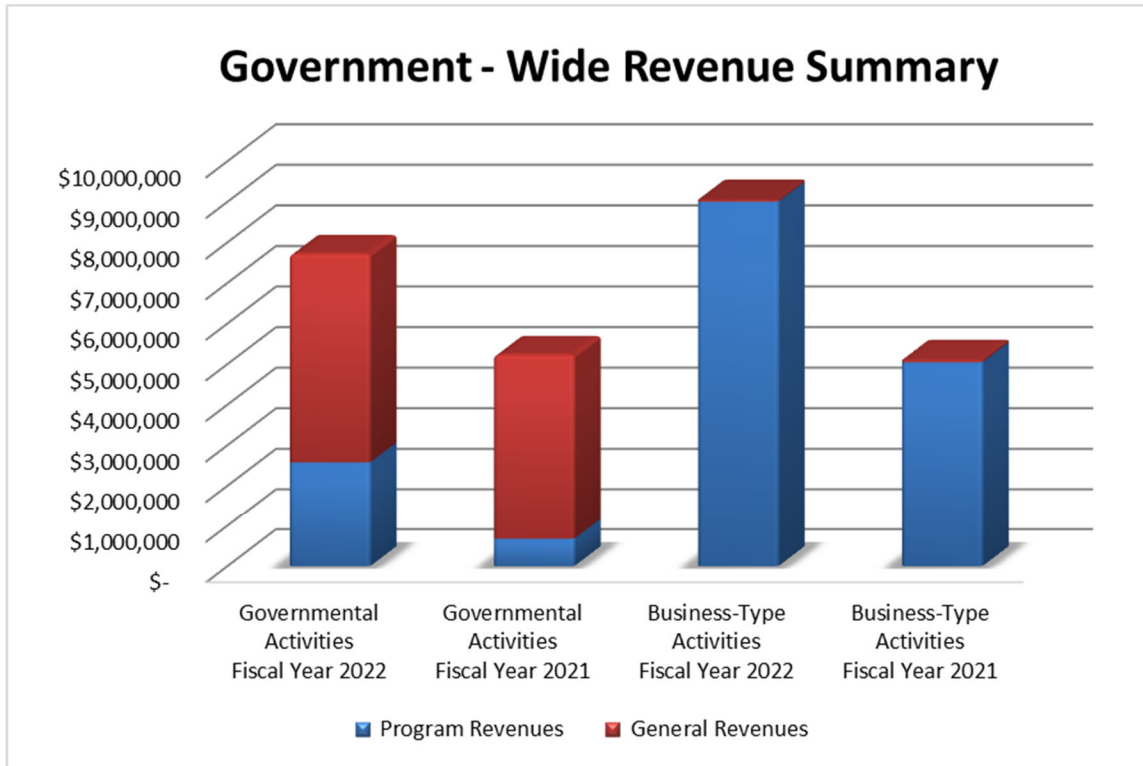
This graph represents the cost of the City's Program expenses by governmental activities.





**CITY OF SCAPPOOSE**  
**Management's Discussion and Analysis (MD&A)**  
**For the Fiscal Year Ended June 30, 2022**

The following chart analyzes the revenue between governmental activities and business-type activities from the prior to the current year.



The Statement of Activities shows the cost of program services and the charges for services, grants, and contributions offsetting those services. The following table shows, for business-type activity, the total cost of the major functional activities of the City. The table also shows each function's net cost (total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden that was placed on the City's taxpayers by each of these functions.

**Business-Type Activities**

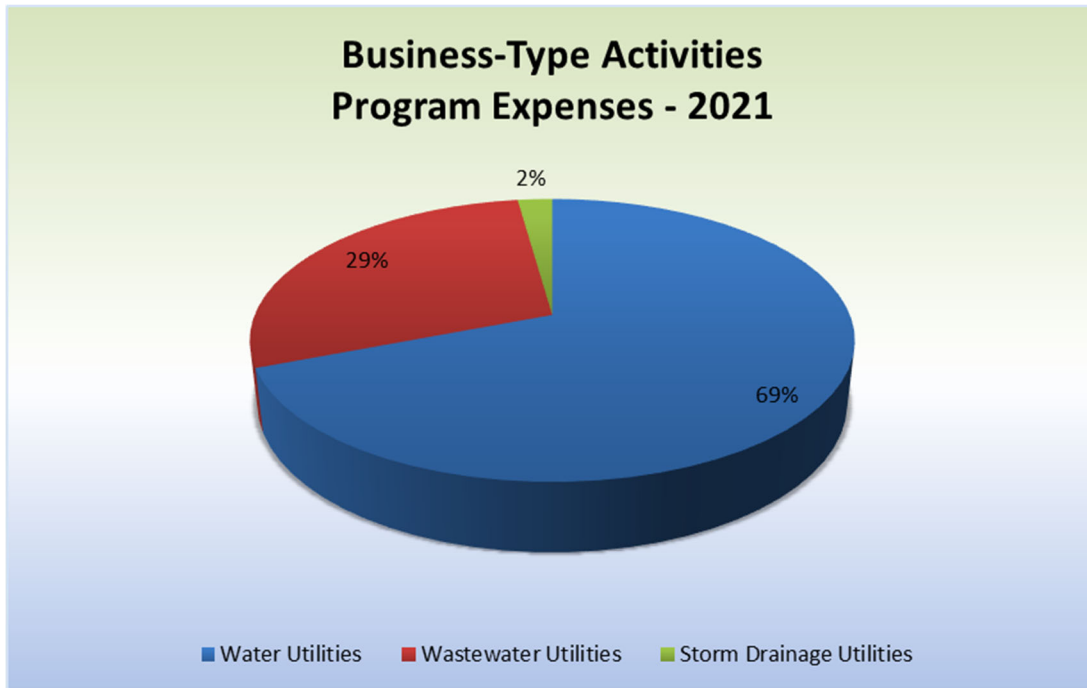
	<u>Total Cost of Services</u>		<u>Net (Cost) Profit of Services</u>	
	2021-22	2020-21	2021-22	2020-21
Water Utilities	\$ 4,588,798	\$ 2,181,696	\$ (252,956)	\$ 231,713
Waste Water Utilities	1,907,487	1,797,621	2,360,608	467,057
Storm Drainage Utilities	145,776	272,110	254,019	97,266
<b>Total Program Expenses</b>	<b><u>\$ 6,642,061</u></b>	<b><u>\$ 4,251,427</u></b>	<b><u>\$ 2,361,671</u></b>	<b><u>\$ 796,036</u></b>

Business-type activities increased the City's net position by approximately \$2,361,671. Of the business-type activities, Water, Wastewater, and Storm Drainage accounted for approximately 69%, 29%, and 2% of the total cost of services, respectively.

**CITY OF SCAPPOOSE**  
**Management's Discussion and Analysis (MD&A)**  
**For the Fiscal Year Ended June 30, 2022**

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This graph represents the cost of the City's Program expenses by business-type activities.



**FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the City's governmental funds is to provide information on short-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. Unreserved fund balance may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year.

***Governmental Funds***

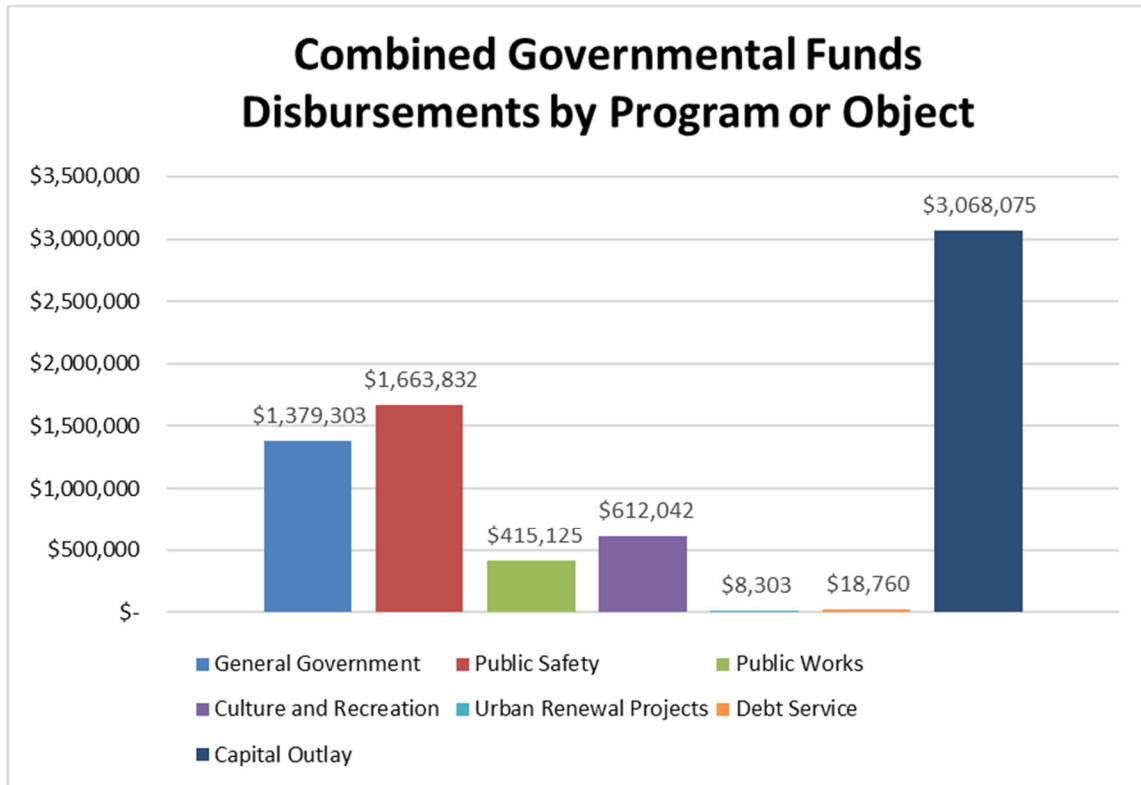
As the City completed the year, its governmental funds reported a combined fund balance of \$ \$8,614,325, an increase of \$884,058. The fund balance constitutes restricted, committed, assigned, and unassigned amounts. Of the current fund balances, \$1,002,920 is restricted for public works projects, \$1,072,156 is restricted for System Development, \$95,874 for employee benefits, and \$285,870 is restricted for urban renewal projects. \$529,430 is committed for various programs, and \$5,628,075 is unassigned and available for spending at the City's discretion.

The General Fund is the principal operating fund of the City. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$5,628,075.

**CITY OF SCAPPOOSE**  
**Management’s Discussion and Analysis (MD&A)**  
**For the Fiscal Year Ended June 30, 2022**

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Following is a comparison of current expenditures by program of the governmental funds.

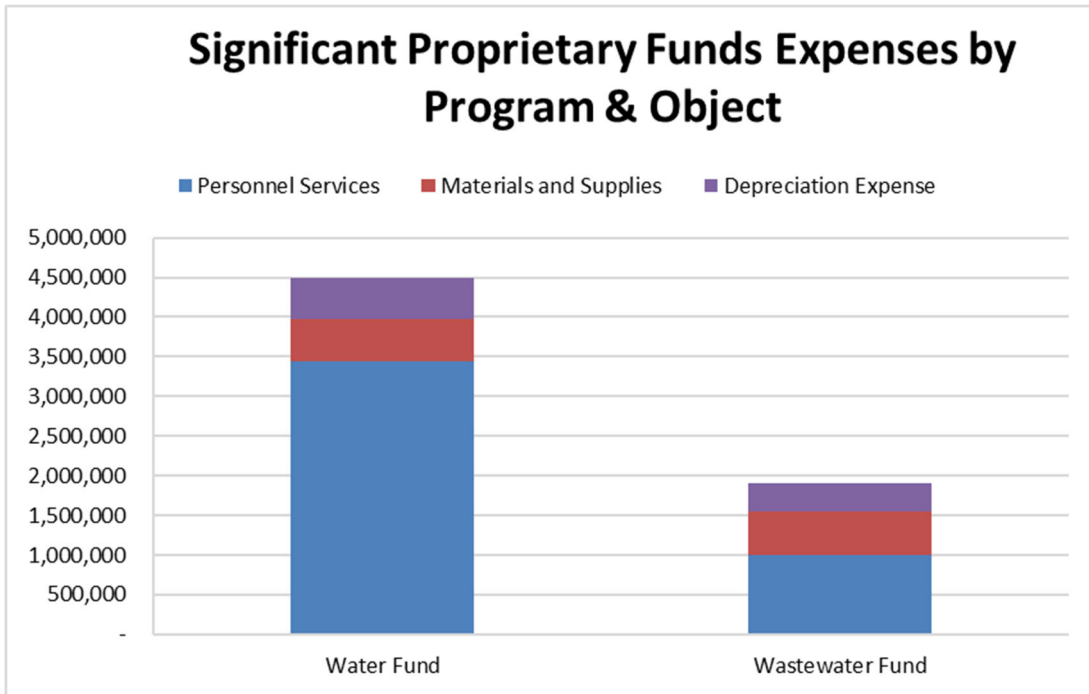


*Proprietary Funds*

The City’s enterprise funds reported a total net position of \$20,939,655, an increase of \$2,173,196 compared to prior year, reflecting a 11.58% increase. The enterprise funds report \$1,905,685 in restricted proprietary funds and \$13,564,254 in net invested in capital assets, and \$5,469,716 in unrestricted proprietary funds.

**CITY OF SCAPPOOSE**  
**Management’s Discussion and Analysis (MD&A)**  
**For the Fiscal Year Ended June 30, 2022**

Following is a comparison of current expenses by program of the proprietary funds.



**Budgetary Highlights**

General Fund resources were budgeted and anticipated to be available in the amount of \$3,549,674 during the fiscal year. Actual resources of \$4,342,904 were available, \$793,230 more than budgeted. The General Fund expenditures budget was under-spent by \$2,812,202. The ending fund balance was greater than what was budgeted by \$3,928,075 and more than the prior year by \$1,088,583.

The Water Fund budgetary fund balance increased by \$1,873,284 during the fiscal year, totaling a fund balance of \$5,327,020. The Water Fund’s actual total revenues were more than budgeted by \$1,850,442 and expenditures were \$1,259,927 less than budgeted. The Wastewater Fund budgetary fund balance increased by \$2,109,085 during the fiscal year, totaling a fund balance of \$3,991,875. The Wastewater Fund’s actual total revenues were more than budgeted by \$1,817,379 and expenditures were \$1,554,993 less than budgeted.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

As of June 30, 2022, the City’s governmental activities has invested \$78,683,138 in capital assets, including land, construction in progress, buildings and building improvements, and infrastructure before net reduction for accumulated depreciation. This amount represents an increase of \$2,591,915, reflecting a 3.41% increase from the prior year. For the governmental activities, there were \$2,780,966 of additions and \$189,051 in deletions in the current year.

As of June 30, 2022, the City business-type activities had invested, before net reduction for accumulated depreciation, \$33,880,232 in capital assets, including, land, construction in progress, utility systems, buildings, and building improvements and infrastructure. This amount represents an increase of \$1,371,482 from the prior year, reflecting an increase of 4.22%. For the business-type activities, there were \$1,371,482 in additions and no deletions in the current year.

**CITY OF SCAPPOOSE**  
**Management's Discussion and Analysis (MD&A)**  
**For the Fiscal Year Ended June 30, 2022**

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Total depreciation expense for the year was \$2,668,397; of which \$1,780,907 is from government activities and \$887,490 is from business type activities. Additional information on the City's capital assets can be found in the Capital Asset Note of the Notes to the Basic Financial Statements section of this report.

**Long-Term Debt**

On June 30, 2022, the City had total long-term debt outstanding of \$3,253,994. The principal paid on the existing debt was \$410,293, and the interest paid on the debt amounted to \$82,984. Additional information on the City's long-term debt can be found in the Long-Term Debt Note of the Notes to the Basic Financial Statements.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

A number of factors were considered by the City's officials during the process of developing the fiscal year 2022-23 budget includes total appropriations of \$43,584,714. The City's budget for the fiscal year ending June 30, 2023, represents an overall increase of \$13,471,542 or 44.73% when compared with the current fiscal year.

Many important projects are included as expenditures in the adopted 2022-23 budget. The City's local economic development needs will be addressed by supporting several key objectives, beginning with the development of the City's 50-year plan. A multi-year effort and includes several complex components. Additional efforts aimed at improving the livability of the City will include the launch of the City's new annual event – Adventure Fest, the expenditure of local fuel tax dollars, continuation, and enhancement of outreach to the community, and support to the Senior Center.

The City's focus on the continued safety of the community will be pursued by the Police Department through various objectives and supported by the addition of the patrol position. The Department will complete an operational needs analysis, increase the transparency of crime data, and coordinate with Columbia 911 on the new radio system.

Other areas of focus for the City of Scappoose addressed in the budget include continued development of parklands and an update to the Parks Master Plan, restoration of the City's Peace Candle, and continued efforts to address aging utility infrastructure.

For the fiscal year 2022-23, the City imposed a property tax rate of \$3.2268 per \$1000 of assessed value.

**CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the resources it receives.

If you have any questions about this report or need additional information, contact the City of Scappoose City Hall at 33568 E. Columbia Avenue, Scappoose, Oregon 97056.

**BASIC FINANCIAL**  
**STATEMENTS**

**Government -Wide**  
**Financial Statements**

**CITY OF SCAPPOOSE**  
**STATEMENT OF NET POSITION**  
**June 30, 2022**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b><u>ASSETS:</u></b>			
Current Assets:			
Cash and Investments	\$ 7,303,635	\$ 10,069,127	\$ 17,372,762
Receivables	226,403	354,525	580,928
Total Current Assets	7,530,038	10,423,652	17,953,690
Restricted Assets:			
Restricted Cash - SDC Funds	2,456,820	1,886,415	4,343,235
Net OPEB Asset (RHIA)	43,733	37,686	81,419
Total Restricted Assets	2,500,553	1,924,101	4,424,654
Capital Assets:			
Land and Construction In Progress	2,846,703	496,536	3,343,239
Depreciable Assets, Net of Depreciation	19,071,627	16,321,712	35,393,339
Total Capital Assets, Net of Depreciation	21,918,330	16,818,248	38,736,578
<b>Total Assets</b>	<b>31,948,921</b>	<b>29,166,001</b>	<b>61,114,922</b>
<b><u>DEFERRED OUTFLOW OF RESOURCES:</u></b>			
Pension Related Deferrals	691,930	596,245	1,288,175
OPEB Related Deferrals - RHIA	1,383	1,192	2,575
OPEB Related Deferrals - CIS	18,871	16,261	35,132
<b>Total Deferred Outflows of Resources</b>	<b>712,184</b>	<b>613,698</b>	<b>1,325,882</b>
<b><u>LIABILITIES:</u></b>			
Current Liabilities:			
Accounts Payable	885,577	157,611	1,043,188
Accrued Compensated Absences	144,044	50,384	194,428
Interest Payable	-	40,539	40,539
Deposits	476,197	134,735	610,932
Current Portion of Long-Term Liabilities:			
Notes Payable	-	290,400	290,400
Bonds Payable	-	17,642	17,642
Total Current Liabilities	1,505,818	691,311	2,197,129
Long-Term Liabilities:			
Noncurrent Portion of Long-Term Liabilities:			
Notes Payable	-	2,804,826	2,804,826
Bonds Payable (Net of unamortized premium)	-	141,126	141,126
Net Pension Liability	1,689,350	3,815,367	5,504,717
Net OPEB Obligation - CIS	98,945	85,262	184,207
Total Long-Term Liabilities	1,788,295	6,846,581	8,634,876
<b>Total Liabilities</b>	<b>3,294,113</b>	<b>7,537,892</b>	<b>10,832,005</b>
<b><u>DEFERRED INFLOW OF RESOURCES:</u></b>			
Pension Related Deferrals	1,336,071	1,245,900	2,581,971
OPEB Related Deferrals - RHIA	14,434	12,438	26,872
OPEB Related Deferrals - CIS	50,846	43,814	94,660
<b>Total Deferred Inflow of Resources</b>	<b>1,401,351</b>	<b>1,302,152</b>	<b>2,703,503</b>
<b><u>NET POSITION:</u></b>			
Net Investment in Capital Assets	21,918,330	13,564,254	35,482,584
Restricted for:			
Public Works	1,002,920	-	1,002,920
Employee Benefits	95,874	-	95,874
Systems Development	1,072,156	1,867,999	2,940,155
Urban Renewal Projects	285,870	-	285,870
Net Pension/ OPEB Assets	43,733	37,686	81,419
Unrestricted	3,546,758	5,469,716	9,016,474
<b>Total Net Position</b>	<b>\$ 27,965,641</b>	<b>\$ 20,939,655</b>	<b>\$ 48,905,296</b>

The accompanying notes to the basic financial statements are an integral part of this statement.

**CITY OF SCAPPOOSE**  
**STATEMENT OF ACTIVITIES**  
**For the Fiscal Year Ended June 30, 2022**

	<u>(Expenses)</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Change in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
<b><u>GOVERNMENTAL ACTIVITIES:</u></b>					
General Government	\$ (1,689,458)	\$ 25,426	\$ 696,138	\$ -	\$ (967,894)
Public Safety	(1,404,765)	-	-	-	(1,404,765)
Public Works	(1,978,818)	16,976	-	1,825,471	(136,371)
Culture and Recreation	(815,422)	6,550	7,233	-	(801,639)
Urban Renewal Projects	(8,303)	-	-	-	(8,303)
Interest and Fees Expense	(1,097)	-	-	-	(1,097)
<b>Total Governmental Activities</b>	<b>\$ (5,897,863)</b>	<b>\$ 48,952</b>	<b>\$ 703,371</b>	<b>\$ 1,825,471</b>	<b>\$ (3,320,069)</b>
<b><u>BUSINESS-TYPE ACTIVITIES:</u></b>					
Water Utilities	\$ (4,588,798)	\$ 4,335,842	\$ -	\$ -	\$ (252,956)
Waste Water Utilities	(1,907,487)	2,368,095	-	1,900,000	2,360,608
Storm Drainage Utilities	(145,776)	399,795	-	-	254,019
<b>Total Business-type Activities</b>	<b>\$ (6,642,061)</b>	<b>\$ 7,103,732</b>	<b>\$ -</b>	<b>\$ 1,900,000</b>	<b>\$ 2,361,671</b>
<b>Total Primary Government</b>	<b>\$ (12,539,924)</b>	<b>\$ 7,152,684</b>	<b>\$ 703,371</b>	<b>\$ 3,725,471</b>	<b>\$ (958,398)</b>
			<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b><u>CHANGES IN NET POSITION:</u></b>					
<b>Net (expense) revenue</b>			\$ (3,320,069)	\$ 2,361,671	\$ (958,398)
General Revenues:					
Property Taxes, levied for general purposes			2,345,439	-	2,345,439
Property Taxes, levied for urban renewal programs			229,939	-	229,939
Intergovernmental Turnovers			1,332,804	-	1,332,804
Franchise Taxes			452,766	-	452,766
Fines and Forfeitures			85,755	-	85,755
Licenses and Permits			372,694	-	372,694
Interest and Investment Earnings			46,719	45,861	92,580
Other Revenue			274,893	-	274,893
Subtotal - General Revenues			5,141,009	45,861	5,186,870
Interfund Transfers			234,336	(234,336)	-
Total general revenues, special items, and transfers			5,375,345	(188,475)	5,186,870
Change in Net Position			2,055,276	2,173,196	4,228,472
Net Position, July 1, 2021			25,910,365	18,766,459	44,676,824
<b>Net Position, June 30, 2022</b>			<b>\$ 27,965,641</b>	<b>\$ 20,939,655</b>	<b>\$48,905,296</b>

The accompanying notes to the basic financial statements are an integral part of this statement.



**BASIC FINANCIAL**  
**STATEMENTS**

**Governmental Fund**  
**Financial Statements**

**CITY OF SCAPPOOSE**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2022**

	<b>General Fund</b>	<b>Street Fund</b>	<b>Street SDC Fund</b>	<b>Component Unit Urban Redevelopment Agency Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS:</b>						
Cash and Investments	\$ 6,035,841	\$ 1,737,311	\$ 822,178	\$ 285,601	\$ 879,524	\$ 9,760,455
Receivables:						
Intergovernmental	-	48,632	-	-	2,353	50,985
Property Tax	109,385	-	-	3,929	-	113,314
Franchise Taxes	62,105	-	-	-	-	62,105
<b>Total Assets</b>	<b>\$ 6,207,331</b>	<b>\$ 1,785,943</b>	<b>\$ 822,178</b>	<b>\$ 289,530</b>	<b>\$ 881,877</b>	<b>\$ 9,986,859</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:</b>						
<b>LIABILITIES:</b>						
Accounts Payable	\$ 95,959	\$ 783,023	\$ -	\$ -	\$ 6,595	\$ 885,577
Deposits	476,197	-	-	-	-	476,197
<b>Total Liabilities</b>	<b>572,156</b>	<b>783,023</b>	<b>-</b>	<b>-</b>	<b>6,595</b>	<b>1,361,774</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>						
Delinquent Property Tax Revenue Not Available	7,100	-	-	3,660	-	10,760
<b>Total Deferred Inflows of Resources</b>	<b>7,100</b>	<b>-</b>	<b>-</b>	<b>3,660</b>	<b>-</b>	<b>10,760</b>
<b>FUND BALANCES:</b>						
Restricted for:						
Public Works	-	1,002,920	-	-	-	1,002,920
Employee Benefits	-	-	-	-	95,874	95,874
Systems Development	-	-	822,178	-	249,978	1,072,156
Urban Renewal Projects	-	-	-	285,870	-	285,870
Committed for:						
Culture and Recreation	-	-	-	-	49,787	49,787
Community Development Projects	-	-	-	-	274,335	274,335
Public Works	-	-	-	-	205,308	205,308
Unassigned	5,628,075	-	-	-	-	5,628,075
<b>Total Fund Balances</b>	<b>5,628,075</b>	<b>1,002,920</b>	<b>822,178</b>	<b>285,870</b>	<b>875,282</b>	<b>8,614,325</b>
<b>Total Liabilities, Deferred Inflows of Resources &amp; Fund Balances</b>	<b>\$ 6,207,331</b>	<b>\$ 1,785,943</b>	<b>\$ 822,178</b>	<b>\$ 289,530</b>	<b>\$ 881,877</b>	<b>\$ 9,986,859</b>

The accompanying notes to the basic financial statements are an integral part of this statement.

**CITY OF SCAPPOOSE**

**RECONCILIATION OF THE BALANCE SHEET -- GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION**

**June 30, 2022**

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**Total Fund Balances - Governmental Funds** \$ 8,614,325

**Amounts reported for governmental activities in the Statement of Net Position are different because:**

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.

The cost of the assets is -	\$ 78,872,189	
The accumulated depreciation is -	<u>(56,953,860)</u>	
Net Value of Assets		21,918,329

Net OPEB and pension assets/liabilities reported in governmental activities are not financial resources and therefore are not reported in the governmental funds. (1,744,562)

Certain receivables that will not be available to pay for current-period expenditures are deferred in the governmental funds:

Property Taxes	<u>10,760</u>	10,760
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Deferred inflows and outflows of pension contributions and earnings are not reported in the governmental funds

Net Pension and OPEB Related Deferrals	(689,167)
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Accrued Compensated Absences are not recorded in the governmental funds: (144,044)

**Net Position of Governmental Activities** **\$27,965,641**

The accompanying notes to the basic financial statements are an integral part of this statement.

**CITY OF SCAPPOOSE**

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

**GOVERNMENTAL FUNDS**

**For the Fiscal Year Ended June 30, 2022**

	General Fund	Street Fund	Street SDC Fund	Component Unit		Total Governmental Funds
				Urban Redevelopment Agency Fund	Other Governmental Funds	
<b><u>REVENUES:</u></b>						
Taxes and Assessments	\$ 2,441,798	\$ -	\$ -	\$ 229,939	\$ -	\$ 2,671,737
Intergovernmental	289,901	1,033,347	-	\$ 1,181	15,608	1,340,037
Franchise Taxes	452,766	-	-	-	-	452,766
Licenses & Permits	57,613	-	-	-	315,081	372,694
System Development Charges	-	-	16,976	-	6,550	23,526
Fines and Forfeitures	85,755	-	-	-	-	85,755
Investment Revenue	28,260	6,964	5,575	1,068	4,852	46,719
Grants and Donations	696,138	1,825,471	-	-	-	2,521,609
Other Revenue	290,673	-	-	-	9,646	300,319
<b>Total Revenues</b>	<b>4,342,904</b>	<b>2,865,782</b>	<b>22,551</b>	<b>232,188</b>	<b>351,737</b>	<b>7,815,162</b>
<b><u>EXPENDITURES:</u></b>						
Current Operating:						
General Government	1,353,705	-	-	-	25,598	1,379,303
Public Safety	1,663,832	-	-	-	-	1,663,832
Public Works	-	415,125	-	-	-	415,125
Culture and Recreation	335,256	-	-	-	276,786	612,042
Urban Renewal Projects	-	-	-	8,303	-	8,303
Debt Service:						
Principal	17,663	-	-	-	-	17,663
Interest and Fees	1,097	-	-	-	-	1,097
Capital Outlay	246,637	2,491,591	309,102	-	20,745	3,068,075
<b>Total Expenditures</b>	<b>3,618,190</b>	<b>2,906,716</b>	<b>309,102</b>	<b>8,303</b>	<b>323,129</b>	<b>7,165,440</b>
Excess (Deficiency) of Revenues Over Expenditures	724,714	(40,934)	(286,551)	223,885	28,608	649,722
<b><u>OTHER FINANCING SOURCES (USES):</u></b>						
Interfund Transfers In	510,585	-	-	-	25,000	535,585
Interfund Transfers (Out)	(146,716)	(90,073)	(5,885)	(16,536)	(42,039)	(301,249)
Total Other Financing Sources (Uses)	363,869	(90,073)	(5,885)	(16,536)	(17,039)	234,336
<b>Net Change in Fund Balances</b>	<b>1,088,583</b>	<b>(131,007)</b>	<b>(292,436)</b>	<b>207,349</b>	<b>11,569</b>	<b>884,058</b>
Fund Balances - July 1, 2021	4,539,492	1,133,927	1,114,614	78,521	863,713	7,730,267
<b>Fund Balances - June 30, 2022</b>	<b>\$ 5,628,075</b>	<b>\$ 1,002,920</b>	<b>\$ 822,178</b>	<b>\$ 285,870</b>	<b>\$ 875,282</b>	<b>\$ 8,614,325</b>

The accompanying notes to the basic financial statements are an integral part of this statement.

**CITY OF SCAPPOOSE**  
**RECONCILIATION OF THE STATEMENT**  
**OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**For the Fiscal Year Ended June 30, 2022**

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<b>Net Changes in Fund Balances - Total Governmental Funds</b>		\$ 884,058
<b>Amounts reported for governmental activities in the Statement of Activities are different because:</b>		
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense.		
Expenditures for capitalized assets	\$2,780,966	
Less current year depreciation	<u>(1,780,907)</u>	1,000,059
Some revenues will not be collected for several months after the City's fiscal year end and are therefore not considered "available" revenues in the governmental funds, instead these funds are shown as deferred revenue. However, these funds are recorded as revenue in the Statement of Activities.		
The changes in amounts deferred are as follows:		
Property Taxes	(96,447)	
Assessments	<u>88</u>	(96,359)
Changes to vacation payable are reported as a change in expenses		18,972
Repayment of long-term debt principal amounts are expenditures in the governmental funds, but the repayment reduces long-term debt liabilities in the Statement of Net Position.		
Retirement of debt principal is as follows:		
Leases Payable	<u>17,663</u>	17,663
Adjustment for pension costs on accrued basis		<u>230,882</u>
<b>Change in Net Position of Governmental Activities</b>		<b><u><u>\$ 2,055,275</u></u></b>

The accompanying notes to the basic financial statements are an integral part of this statement.

**BASIC FINANCIAL**  
**STATEMENTS**

**Proprietary Fund**  
**Financial Statements**

**CITY OF SCAPPOOSE**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**June 30, 2022**

	<u>Water Utility</u>	<u>Waste Water Utility</u>	<u>Storm Drain Utility</u>	<u>Total Enterprise Funds</u>
<b><u>ASSETS:</u></b>				
Current Assets:				
Cash and Investments	\$ 5,389,840	\$ 3,872,612	\$ 806,675	\$ 10,069,127
Receivables	175,481	154,578	24,466	354,525
Total Current Assets	<u>5,565,321</u>	<u>4,027,190</u>	<u>831,141</u>	<u>10,423,652</u>
Restricted Assets:				
Restricted Cash- Systems Development	240,547	1,201,570	444,298	1,886,415
Net OPEB Asset (RHIA)	19,027	18,659	-	37,686
Total Restricted Assets	<u>259,574</u>	<u>1,220,229</u>	<u>444,298</u>	<u>1,924,101</u>
Capital Assets:				
Land and Construction In Progress	286,466	102,570	107,500	496,536
Depreciable Assets, Net of Depreciation	<u>10,180,401</u>	<u>5,972,772</u>	<u>168,539</u>	<u>16,321,712</u>
Total Capital Assets	<u>10,466,867</u>	<u>6,075,342</u>	<u>276,039</u>	<u>16,818,248</u>
<b>Total Assets</b>	<b><u>16,291,762</u></b>	<b><u>11,322,761</u></b>	<b><u>1,551,478</u></b>	<b><u>29,166,001</u></b>
<b><u>DEFERRED OUTFLOW OF RESOURCES:</u></b>				
Pension Related Deferrals	301,032	295,213	-	596,245
OPEB Related Deferrals - RHIA	602	590	-	1,192
OPEB Related Deferrals - CIS	8,210	8,051	-	16,261
<b>Total Deferred Outflow of Resources</b>	<b><u>\$ 309,844</u></b>	<b><u>\$ 303,854</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 613,698</u></b>
<b><u>LIABILITIES:</u></b>				
Current Liabilities:				
Accounts Payable	103,566	43,107	10,938	157,611
Accrued Compensated Absences	25,192	25,192	-	50,384
Interest Payable	40,539	-	-	40,539
Customer Deposits	134,735	-	-	134,735
Current Portion of Long-Term Liabilities:				
Note Payable	290,400	-	-	290,400
Bond Payable	-	17,642	-	17,642
Total Current Liabilities	<u>594,432</u>	<u>85,941</u>	<u>10,938</u>	<u>691,311</u>
Long-Term Liabilities:				
Noncurrent Portion of Long-Term Liabilities:				
Note Payable	2,804,826	-	-	2,804,826
Bonds Payable (Net of unamortized premium)	-	141,126	-	141,126
Net Pension Liability	3,094,603	720,764	-	3,815,367
Net OPEB Obligation - CIS	<u>43,047</u>	<u>42,215</u>	<u>-</u>	<u>85,262</u>
Total Long-Term Liabilities	<u>5,942,476</u>	<u>904,105</u>	<u>-</u>	<u>6,846,581</u>
<b>Total Liabilities</b>	<b><u>6,536,908</u></b>	<b><u>990,046</u></b>	<b><u>10,938</u></b>	<b><u>7,537,892</u></b>
<b><u>DEFERRED INFLOW OF RESOURCES:</u></b>				
Pension Related Deferrals	675,862	570,038	-	1,245,900
OPEB Related Deferrals - RHIA	6,280	6,158	-	12,438
OPEB Related Deferrals - CIS	<u>22,121</u>	<u>21,693</u>	<u>-</u>	<u>43,814</u>
<b>Total Deferred Inflow of Resources</b>	<b><u>\$ 704,263</u></b>	<b><u>\$ 597,889</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 1,302,152</u></b>
<b><u>NET POSITION:</u></b>				
Net Investment in Capital Assets	7,371,641	5,916,574	276,039	13,564,254
Restricted for:				
Systems Development	240,547	1,193,779	433,673	1,867,999
Net Pension & OPEB Assets	19,027	18,659	-	37,686
Unrestricted	<u>1,729,220</u>	<u>2,909,668</u>	<u>830,828</u>	<u>5,469,716</u>
<b>Total Net Position</b>	<b><u>\$9,360,435</u></b>	<b><u>\$10,038,680</u></b>	<b><u>\$1,540,540</u></b>	<b><u>\$20,939,655</u></b>

The accompanying notes to the basic financial statements are an integral part of this statement.

**CITY OF SCAPPOOSE**  
**STATEMENT OF REVENUES, EXPENSES,**  
**AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**For the Fiscal Year Ended June 30, 2022**

	<b>Water Utility</b>	<b>Waste Water Utility</b>	<b>Storm Drain Utility</b>	<b>Total Enterprise Funds</b>
<b><u>OPERATING REVENUES:</u></b>				
Charges for Services & Fees	\$ 4,279,561	\$ 2,334,302	\$ 376,008	\$ 6,989,871
Other Revenue	56,281	33,793	23,787	113,861
<b>Total Operating Revenues</b>	<b>4,335,842</b>	<b>2,368,095</b>	<b>399,795</b>	<b>7,103,732</b>
<b><u>OPERATING EXPENSES:</u></b>				
Personnel Services	3,438,747	998,814	102,938	4,540,499
Materials and Supplies	555,379	553,801	29,141	1,138,321
Depreciation Expense	519,760	354,034	13,697	887,491
<b>Total Operating Expenses</b>	<b>4,513,886</b>	<b>1,906,649</b>	<b>145,776</b>	<b>6,566,311</b>
<b>Operating Income (Loss)</b>	<b>(178,044)</b>	<b>461,446</b>	<b>254,019</b>	<b>537,421</b>
<b><u>NON-OPERATING REVENUES (EXPENSES):</u></b>				
Investment Revenue	21,447	17,988	6,426	45,861
Interest Expense	(74,912)	(838)	-	(75,750)
Intergovernmental Grants		1,900,000	-	1,900,000
<b>Total Non-Operating Revenues (Expenses)</b>	<b>(53,465)</b>	<b>1,917,150</b>	<b>6,426</b>	<b>1,863,685</b>
Income Before Other Revenues, Expenses, and Transfers	(231,509)	2,378,596	260,445	2,407,532
<b><u>CAPITAL CONTRIBUTIONS AND TRANSFERS:</u></b>				
Transfers to Other Funds	(172,630)	(154,150)	(3,270)	(330,050)
Transfers from Other Funds	95,714	-	-	95,714
<b>Total Capital Contributions and Transfers</b>	<b>(76,916)</b>	<b>(154,150)</b>	<b>(3,270)</b>	<b>(234,336)</b>
Changes in Net Position	(308,425)	2,224,446	257,175	2,173,196
Net Position, July 1, 2021	9,668,860	7,814,234	1,283,365	18,766,459
<b>Net Position, June 30, 2022</b>	<b>\$ 9,360,435</b>	<b>\$ 10,038,680</b>	<b>\$ 1,540,540</b>	<b>\$ 20,939,655</b>

The accompanying notes to the basic financial statements are an integral part of this statement.



**CITY OF SCAPPOOSE**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**For the Fiscal Year Ended June 30, 2022**

	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Storm Drain Utility</u>	<u>Total Enterprise Funds</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>				
Cash Received from User Charges	\$ 4,323,126	\$ 2,370,797	\$ 399,795	\$ 7,093,718
Cash Payments for Employee Services	(904,580)	(916,109)	(102,938)	(1,923,627)
Cash Payments to Suppliers	(585,202)	(514,251)	(18,203)	(1,117,656)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b><u>2,833,344</u></b>	<b><u>940,437</u></b>	<b><u>278,654</u></b>	<b><u>4,052,435</u></b>
<b><u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</u></b>				
Transfer to Other Funds	(172,630)	(154,150)	(3,270)	(330,050)
Transfer from Other Funds	95,714	-	-	95,714
<b>Net Cash Provided (Used) by Non-capital Financing Activities</b>	<b><u>(76,916)</u></b>	<b><u>(154,150)</u></b>	<b><u>(3,270)</u></b>	<b><u>(234,336)</u></b>
<b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u></b>				
Proceeds from collection of System Development Charges	-	(1)	-	(1)
Acquisition of Capital Assets	(643,691)	(601,312)	(126,479)	(1,371,482)
Principal Paid on Long Term Debt	(374,988)	(17,642)	-	(392,630)
Interest and Fees Paid on Long Term Debt	(79,310)	(838)	-	(80,148)
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b><u>(1,097,989)</u></b>	<b><u>(619,793)</u></b>	<b><u>(126,479)</u></b>	<b><u>(1,844,261)</u></b>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>				
Investment Income	21,447	17,988	6,426	45,861
<b>Net Cash Provided (Used) by Investing Activities</b>	<b><u>21,447</u></b>	<b><u>17,988</u></b>	<b><u>6,426</u></b>	<b><u>45,861</u></b>
Cash and Cash Equivalents at July 1, 2021	3,950,501	2,989,700	1,095,642	8,035,843
<b>Cash and Cash Equivalents at June 30, 2022</b>	<b><u>\$ 5,630,387</u></b>	<b><u>\$ 3,174,182</u></b>	<b><u>\$ 1,250,973</u></b>	<b><u>\$ 10,055,542</u></b>
<b><u>Reconciliation of income (loss) from operations to net cash provided (used) by operating activities:</u></b>				
Income (loss) from operations	\$ (178,044)	\$ 461,446	\$ 254,019	\$ 537,421
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities:				
Depreciation	519,760	354,034	13,697	887,491
Change in assets and liabilities:				
Decrease (increase) in accounts receivable	(7,716)	2,702	-	(5,014)
Increase (decrease) in deposits	(5,000)	-	-	(5,000)
Increase (decrease) in payables	(29,439)	39,934	10,938	21,433
Increase (decrease) in pension related accounts	2,533,783	82,321	-	2,616,104
<b>Net cash provided (used) by operating activities</b>	<b><u>\$ 2,833,344</u></b>	<b><u>\$ 940,437</u></b>	<b><u>\$ 278,654</u></b>	<b><u>\$ 4,052,435</u></b>

The accompanying notes to the basic financial statements are an integral part of this statement.

**BASIC FINANCIAL**  
**STATEMENTS**

**Notes to the Basic**  
**Financial Statements**

# CITY OF SCAPPOOSE

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2022

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### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The City of Scappoose, Oregon (City) is a municipal corporation incorporated under the laws of the State of Oregon. The City is governed by an elected Mayor and an elected seven-member council. Administration officials are appointed by the council and are responsible for the day-to-day operations of the City.

The financial statements of the City have been prepared in accordance with Generally Accepted Accounting Principles (GAAP). GAAP Statements include all relevant Governmental Accounting Standards Board (GASB) pronouncements.

The following is a summary of the more significant policies of the City:

#### Reporting Entity

In determining the financial reporting entity, the City of Scappoose complies with Governmental Accounting Standards Board Statement 14 as amended, "The Financial Reporting Entity." The criteria for including organizations as component units within the City's reporting entity, include whether 1) the organization is legally separate (can sue and be sued in their own name); 2) the City holds the corporate powers of the organization; 3) the City appoints a voting majority of the organization's board; 4) the City is able to impose its will on the organization; 5) the organization has the potential to impose a financial benefit/burden on the City; and 6) there is fiscal dependency by the organization on the City. Based on the criteria, the City of Scappoose has one component unit, the Urban Renewal Agency.

*Blended Component Unit.* The City has included the financial operations of its Urban Redevelopment Agency as a blended component unit in the basic financial statements. The Agency is a legally separate entity, which is governed by a board comprised of the members of the City Council as stipulated in the Agency's bylaws. The City Council has the ability to impose its will on the Agency as determined based on budget adoption, taxing authority, and funding for the Agency. The Agency is reported as a special revenue fund and a debt service fund. Complete financial statements for the Agency can be obtained from the Finance Department of the City.

#### Basis of Presentation

*Government-wide Statements:* The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the overall City. Eliminations have been made to minimize the double counting of internal activities. Governmental activities, which normally are 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. Direct expenses are those that are specifically associated with a program of function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the City.

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

Net position is reported as restricted when constraints placed on net asset use are either externally restricted, imposed by creditors (such as through grantors, contributors, or laws) or through constitutional provisions or enabling resolutions.

# CITY OF SCAPPOOSE

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2022

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### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT):

#### Basis of Presentation (Cont.)

*Fund Financial Statements:* The fund financial statements provide information about the city's funds including those of a fiduciary nature, if applicable. Separate statements for each fund category – governmental and proprietary – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as other governmental funds.

**Governmental Funds** are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses, and balance of current financial resources. The City reports the following major governmental funds:

General Fund - The General Fund is the main operating fund of the City. All financial resources, except those required to be accounted for in another fund, are accounted for in the General Fund. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other funds are accounted for in this fund. General operating expenditures, fixed charges, and capital improvement costs that are not paid through other funds are paid from the General Fund.

Street Fund - This fund accounts for activities related to the construction and maintenance of City streets. Revenues for this fund come from state highway taxes and grants.

Street SDC Fund - This fund is used to account for Street expansion and development costs. Revenues are from system development charges the City collects from various developers and landowners whose property is being developed.

Scappoose Urban Redevelopment Agency Fund – This fund accounts for the General Fund revenues and expenditures of the Urban Redevelopment Agency.

Additionally, the City also reports non-major funds within the governmental fund type.

Special Revenue Funds are used to account for proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. Non-major special revenue funds include Building Fund, Pool Fund, Foot Paths and Bike Fund, Parks SDC Fund, PEG Fee Fund, Watts House Fund, Unemployment Fund, and Law Enforcement Fund.

**Proprietary Funds** are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position, and cash flow. All assets and liabilities are included in the Statement of Net Position. The City has presented the following major proprietary funds, which consist of several budgetary funds combined into each activity fund:

# CITY OF SCAPPOOSE

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2022

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### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.):

#### Basis of Presentation (Cont.)

Water Fund - The Water Fund is used to account for the provision of water services to the residents of the City. Activities of the fund include administration, operations, and maintenance of the water system and billing and collection activities.

Wastewater Fund - The Wastewater Fund is used to account for the provision of sewer services to the residents of the City. Activities of the fund include administration, operations, and maintenance of the sewer system and billing and collection activities.

Storm Drainage Fund - The Storm Drainage Fund is used to account for the provision of storm drainage services to the residents of the City. Activities of the fund include administration, operations, and maintenance of the storm drainage system and billing and collection activities.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for the proprietary funds include the cost of personal and contractual services, supplies, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

#### Measurement Focus/Basis of Accounting

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when liabilities are incurred, regardless of when the related cash flows occur. Non-exchange transactions, in which the city receives value without giving equal value in exchange, include property taxes, grants, entitlements, and donations. On the accrual basis of accounting revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Under terms of grant agreements, the city funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the city's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (when they are measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. The city considers property taxes as available if they are collected within 60 days after year-end. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt, which is recognized when the obligations are expected to be liquidated with expendable available financial resources. Property taxes, interest, and special assessments are susceptible to accrual. Other receipts and taxes become measurable and available when the government receives cash and are recognized as revenue at that time. Entitlements and shared revenues are recorded at the time of receipt or earlier if the "susceptible to accrual" criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. Capital asset acquisitions are reported as expenditures in the governmental funds and proceeds from general long-term debt and acquisitions under capital leases are reported as other financing sources.

# CITY OF SCAPPOOSE

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2022

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### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.):**

#### Measurement Focus/Basis of Accounting (Cont.)

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

#### Budgeting

A budget is prepared for each city fund in accordance with the modified accrual basis of accounting and legal requirements set forth in the Oregon local budget law. The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. Total personnel services, materials and services, capital outlay, contingencies, and debt service by the fund are the levels of control. The detailed budget document, however, is required to contain more specific, detailed information for the above-mentioned expenditure categories. Appropriations lapse on June 30. Unexpected additional resources may be added to the budget by a supplemental budget and appropriations resolution. A supplemental budget may require hearings before the public, publications in newspapers, and approval by the city council. Original and supplemental budgets may be modified by using appropriations transfers between the levels of control. Such transfers require approval by the city council. The city does not utilize encumbrance accounting for budgeted funds.

#### Cash and Investments

For purposes of the statement of cash flows, cash, and cash equivalents include cash on hand, checking, savings, and money market accounts, and any short-term, highly liquid investments with initial maturity dates of three months or less.

The City has adopted an investment policy requiring compliance with Oregon statutes, which authorizes the City to invest in obligations of the United States, the agencies and instrumentalities of the United States and the State of Oregon, and numerous other investment instruments.

The City's investments may consist of time certificates of deposit, banker's acceptances, commercial paper, U.S. Government Agency securities, and the State of Oregon Treasurer's Local Government Investment Pool (LGIP). The City's investments are reported at fair value at year-end. Changes in the fair value of investments are recorded as investment earnings. The LGIP is stated at cost, which approximates fair value. The fair value of the LGIP is the same as the City's value in the pool shares.

The Oregon State Treasury administers the LGIP. It is an open-ended, non-load 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 included in the Oregon Short Term Fund (OSTF) which was established by the State Treasurer.

In seeking to best serve the local governments of Oregon, the Oregon legislature established the Oregon Short-Term Fund Board. The purpose of the Board is to advise the Oregon State Treasury on the management and investment options of the LGIP.

# CITY OF SCAPPOOSE

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2022

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### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.):

#### Accumulated Compensated Absences

Accumulated vested vacation and compensatory pay are accrued as it is earned. For governmental funds, compensation not expected to be liquidated with the current resources are reported as liabilities in the government-wide statements and represent a reconciling item between the fund level and government-wide presentations. In business-type funds, both the current and long-term liabilities are recorded. Sick pay, which does not vest, is recognized in applicable funds when leave is taken.

#### Receivables

Amounts due from individuals and organizations are recorded as receivables at year-end. These amounts include charges for services rendered, or for goods and materials provided by the City. All receivables are expected to be collected. Accordingly, receivables are reported at the gross amount without an allowance for uncollectible accounts.

Receivables are also recognized for property taxes and intergovernmental grants. Property taxes receivable consist of uncollected taxes levied and payable at the end of the fiscal year. All taxes are considered collectible. Consequently, no allowance for uncollectible taxes has been established. In the governmental fund financial statements, property taxes not collected within sixty days of the end of the fiscal year are reported as a deferred inflow of resources.

#### Deferred Inflows/Outflows of Resources:

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the City has two items that qualify for reporting in this category, deferred pension contributions and OPEB-related deferrals.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two items that qualify for reporting in this category, deferred earnings on pension assets and OPEB-related deferrals.

In the governmental funds' balance sheet, a different category of deferred inflow of resources, delinquent property tax revenue not available, is reported. Property taxes levied and considered receivable at the end of the fiscal year, but not collected within sixty days of the end of the fiscal year are reported in this category. These amounts are recognized as an inflow of resources (revenue) in the period that the amounts become available.

#### Inventory

Inventories are valued at cost, which approximates market value, using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when purchased. The costs of proprietary fund-type inventories are recorded as expenditures when consumed rather than when purchased.

# CITY OF SCAPPOOSE

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2022

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### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.):

#### Restricted Assets and Liabilities

Certain resources are set aside and restricted for future bond payments and related liability; these resources are segregated in the statement of net position and are classified as restricted assets on the Statement of Net Position because their use is limited.

#### Long-Term Debt

All bonds and capital leases to be paid from governmental and business-type resources are reported as liabilities in the government-wide financial statements. Amounts of the long-term debt due within the following fiscal year are included in the current liabilities section of the Statement of Net Position.

Long-term debt for governmental funds is not reported as a liability in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest are reported as expenditures. The accounting for proprietary funds is the same in the fund financial statements as it is in the government-wide statements.

#### Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. Purchased or constructed capital assets are reported at cost or estimated cost when the original cost is not available. Donated capital assets are valued at their estimated fair market value on the date received. Maintenance and repairs of capital assets that do not significantly extend the useful life of an asset are not capitalized, but rather are charged to expenditures in the funds.

Assets capitalized have an original cost of \$5,000 or more and over one year of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method.

The estimated useful lives are as follows:

Buildings and Improvements	10-50 years
Machinery and Equipment	3-20 years
Vehicles	5-10 years
Water and Sewer Systems	20-50 years
Infrastructure	25-35 years

#### Use of Estimates

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amount of assets and liabilities as well as disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.



# CITY OF SCAPPOOSE

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2022

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### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.):

#### Equity Classifications:

##### *Government-wide Statements and Proprietary Fund Financial Statements*

Equity is classified as net position, which represents the difference between assets and liabilities, and deferred accounts. Net position is displayed in three components:

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net positions that do not meet the definition of “restricted” or “invested in capital assets, net of the related debt.”

The City’s policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

##### *Governmental Fund Financial Statements*

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable: This classification includes amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- Restricted: This classification includes fund balance amounts that are constrained for specific purposes which are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- Committed: This classification includes fund balance amounts that are constrained for specific purpose that are internally imposed by the government through resolution of the highest level of decision-making authority, the City Council, and does not lapse at year-end.
- Assigned: This classification includes fund balance amounts that are intended to be used for specific purposes that are neither restricted nor committed. This intent can be expressed by the City Council or through the City Council delegating this responsibility to selected staff members or through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.
- Unassigned: This classification includes positive fund balance within the General Fund which has not been classified within the above-mentioned categories, and negative fund balances of other governmental funds.

The City’s policy is to use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of the constrained fund balances.

# **CITY OF SCAPPOOSE**

## **NOTES TO THE BASIC FINANCIAL STATEMENTS**

June 30, 2022

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### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.):**

#### **Property Taxes**

The assessment date for the tax year is July 1. Personal and real property taxes are a lien on July 1. Total personal property tax becomes due and is delinquent when any installment is not paid by its due date. Real property tax is due and payable on November 15. However, a taxpayer may pay real property taxes in three equal installments, due on the 15th day of November, February, and May. Real property taxes become delinquent if not paid by May 15.

#### **Inter-Fund Transactions**

Quasi-external transactions are accounted for as revenues or expenditures. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. All other inter-fund transactions, except quasi-external transactions and reimbursements, are reported as transfers in the fund financial statements. Non-recurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other inter-fund transfers are reported as operating transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

#### **Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Oregon Public Employees Retirement Fund (OPERF) and the Oregon Public Service Retirement Plan (OPSRP) and additions to/deductions from OPERF's and OPSRP's fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

### **CASH AND INVESTMENTS:**

For discussion of deposit and investment policies and other related information, see Cash and Investments note under the Summary of Significant Accounting Policies.

The City follows the practice of aggregating the cash assets of various funds to maximize cash management efficiency and returns. Various restrictions on deposits and investments are imposed by state statutes. These restrictions are summarized at Cash and Investments note under the Summary of Significant Accounting Policies.

Investments, including amounts held in pool cash and investments are stated at fair value. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, investments with a remaining maturity of more than one year at the time of purchase are stated at fair value. Fair value is determined at the quoted market prices, if available; otherwise, the fair value is estimated based on the amount at which the investment could be exchanged in a current transaction between willing parties, other than a forced liquidation sale. Investments in the State of Oregon Local Government Investment Pool (LGIP) are stated at fair value.

**Deposits** - All cash is deposited in compliance with Oregon statutes. The insurance and collateral requirements for deposits are established by banking regulations and Oregon law. FDIC insurance of \$250,000 applies to the deposits in each depository. ORS 295 governs the collateralization of Oregon public funds and provides the statutory requirements for the Oregon Public Funds Collateralization Program (PFCP). Where balances continually exceed \$250,000, ORS 295 requires the depositor to verify that deposit accounts are only maintained at financial institutions on the list of qualified depositories found on the state treasurer's website.

# CITY OF SCAPPOOSE

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2022

### CASH AND INVESTMENTS (Cont.):

Custodial Credit Risk for Deposits - Custodial credit risk for deposits exists when, in the event of a depository failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk.

As of June 30, 2022, the reported amount of the City's deposits was \$964,813 and the bank balance was \$1,277,300. Of the bank balance, the entire amount was insured by the FDIC or covered by the collateral held in a multiple financial institutions collateral pool administered by the Oregon State Treasurer. The City also reported \$400 in Petty Cash.

Investments - Oregon statutes authorize the City to invest in obligations of the U.S. Treasury and U.S. agencies, banker's acceptances, repurchase agreements, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, and the Local Governmental Investment Pool. The City has no credit risk policy or investment policy that would further limit its investment choices.

*Credit Risk* - Credit risk exists when there is a possibility the issuer or other counterparty to an investment may be unable to fulfill its obligations. As of June 30, 2022, the City's investment in the Oregon State Treasurer's Local Government Investment Pool (LGIP) was unrated.

At June 30, 2022, the City's investments in financial institutions are as follows:

<u>Type of Investment</u>	<u>Fair Value</u>	<u>Credit Rating</u>
Oregon State Treasurer's Local Government Investment Pool (LGIP)	\$ 20,751,184	N/A
Total Investments	<u>\$ 20,751,184</u>	

Investments in the LGIP and federal agency notes do not require disclosure of credit rating quality.

*Concentration of Credit Risk* - An increased risk of loss occurs as more investments are acquired from one issuer. This results in a concentration of credit risk. The City places no limit on the amount that may be invested in any one issuer. More than 5 percent of the City's investments are in the Oregon State Treasurer's Local Government Investment Pool (LGIP). This investment is 100% of the City's total investments.

### RECEIVABLES:

The following is a summary of receivable balances reported on the statement of net position on June 30, 2022:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Accounts, net	\$ -	\$ 354,525
Intergovernmental	\$ 50,985	-
Property Tax	113,314	-
Franchise Taxes	62,105	-
Total	<u>\$ 226,404</u>	<u>\$ 354,525</u>

**CITY OF SCAPPOOSE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

June 30, 2022

**CAPITAL ASSETS:**

The following is a summary of capital asset activity for the fiscal year ended June 30, 2022:

**Depreciable Assets Schedule**  
**For the Fiscal Year Ended June 30, 2022**

<b>Governmental Activities</b>	<u>Beginning Balances</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balances</u>
<b>Assets not being depreciated:</b>				
Land	\$ 2,846,703	\$ -	\$ -	\$ 2,846,703
Total	2,846,703	-	-	2,846,703
<b>Assets being depreciated:</b>				
Building and Building Improvement	4,058,159	-	-	4,058,159
Machinery and Equipment	2,963,838	263,371	189,051	3,038,158
Infrastructure	66,222,523	2,517,595	-	68,740,118
Total Depreciable Assets	73,244,520	2,780,966	189,051	75,836,435
<b>Less: Accumulated Depreciation</b>				
Building and Building Improvement	1,956,970	108,936	-	2,065,906
Machinery and Equipment	1,517,668	151,945	189,051	1,480,562
Infrastructure	51,698,316	1,520,025	-	53,218,340
Total Accumulated Depreciation	55,172,953	1,780,907	189,051	56,764,809
Net Value of Capital Assets Being Depreciated	18,071,567	1,000,060	-	19,071,626
Total Governmental Activities -- Net Value of Capital Assets	<u>\$ 20,918,270</u>	<u>\$ 1,000,060</u>	<u>\$ -</u>	<u>\$ 21,918,330</u>
<b>Depreciation expense was charged to the functions of governmental activities as follows:</b>				
General Government		\$ 41,021		
Public Safety		39,228		
Public Works		1,522,198		
Culture and Recreation		178,459		
Total Depreciation Expense		<u>\$ 1,780,907</u>		

**CITY OF SCAPPOOSE**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

June 30, 2022

**CAPITAL ASSETS (Cont.):**

<b>Business-Type Activities</b>	<u>Beginning Balances</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balances</u>
<b>Assets not being depreciated:</b>				
Land	\$ 389,036	\$ -	\$ -	\$ 389,036
Construction in Progress	-	107,500	-	107,500
Total	389,036	107,500	-	496,536
<b>Assets being depreciated:</b>				
Water and Sewer System	23,287,035	820,565	-	24,107,600
Building and Building Improvement	4,985,402	36,218	-	5,021,620
Machinery and Equipment	3,718,192	407,198	-	4,125,390
Infrastructure	129,086	-	-	129,086
Total Depreciable Assets	32,119,714	1,263,982	-	33,383,696
<b>Less: Accumulated Depreciation</b>				
Water and Sewer System	10,194,501	630,452	-	10,824,953
Building and Building Improvement	3,464,379	130,719	-	3,595,097
Machinery and Equipment	2,501,804	112,509	-	2,614,313
Infrastructure	13,811	13,811	-	27,622
Total Accumulated Depreciation	16,174,494	887,490	-	17,061,985
Net Value of Capital Assets Being Depreciated	15,945,220	376,491	-	16,321,711
Total Business-Type Activities -- Net Value of Capital Assets	<u>\$ 16,334,256</u>	<u>\$ 483,991</u>	<u>\$ -</u>	<u>\$ 16,818,247</u>
Total Net Value of Capital Assets of Primary Government	<u>\$ 37,252,526</u>	<u>\$ 1,484,051</u>	<u>\$ -</u>	<u>\$ 38,736,577</u>
<b>Depreciation expense was charged to the functions of business-type activities as follows:</b>				
Water		\$ 519,760		
Waste Water		354,034		
Storm Drain		13,697		
Total Depreciation Expense		<u>\$ 887,490</u>		

# CITY OF SCAPPOOSE

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2022

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### **LONG-TERM DEBT:**

In the following paragraphs, long-term debt information is presented separately with respect to governmental and business-type activities. The table below presents current year changes in those obligations and the current portions due for each issue.

### **GOVERNMENTAL ACTIVITIES:**

Police Equipment Lease - On June 1, 2018, the City entered into a lease agreement with KS State Bank to purchase 11 body camera systems and 8 in-car camera systems. The original balance is \$83,454. Annual lease payments are made at closing and on June 1 of the four following years for \$18,760. The imputed annual interest rate is 6.21%. The lease agreement is secured by the equipment. The obligation was paid in full during the 2021-22 fiscal year.

### **BUSINESS-TYPE ACTIVITIES:**

2010 Wastewater Treatment Plant Improvement – The City entered a contract with Oregon DEQ in 2010 for the purpose of construction of pump and filter upgrades for the Wastewater Treatment Plant and Springlake Park Pump Station. The original balance is \$705,660 with an interest rate of 0.0% and an annual fee of .5%. 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. Payments are due on the 1st of September and March.

2002 Water Treatment Plant Phase 1 and 2 – On December 4, 2002, the City entered a contract with Oregon Economic and Community Development Department (OECD) for water system improvement projects phase 1 & 2. Total estimated costs for both projects are \$6,974,000 which consists of water grants of \$500,000, a water loan of \$1,814,000 (interest rate 4.4%), a Safe Drinking water revolving loan of \$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 2035.

2002 Storage Reservoir – Bus OR Storage Reservoir Safe Drinking Water Note S03003 dated December 3, 2002. The original balance is \$4,072,495 with an interest rate of 1.00%.

2010 Dutch Canyon Water Line – Dutch Canyon Water Line Note with Business Oregon dated December 2, 2010. 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 balance is \$1,274,143 and carries an interest rate of 3.68%.

2017 Dump Truck Lease – On September 22, 2017, the City entered into a lease agreement with Ford Credit to purchase a 2016 MAC 700 dump truck and accessories. The original balance is \$178,834 Annual lease payments are made at closing and on September 15 of the four following years for \$50,668. The annual interest rate is 5.2%. The lease agreement is secured by the equipment. The loan was paid in full during the 2021-22 fiscal year.

2019 Excavator Lease – On July 15, 2019, the City entered into a lease agreement with Wells Fargo Financial Services to purchase a 2019 Kobelco excavator. Original balance is \$162,709 Annual lease payments are made at closing and on July 8 of the three following years for \$40,677. The annual interest rate is 0.0%. The lease agreement is secured by the equipment. The loan was paid in full during the 2021-22 fiscal year.

2020 Water System Improvement – R80931 – On May 5, 2020, the City entered into a loan agreement with the Oregon Department of Environmental Quality for Water System Improvements. The original balance of the loan is \$6,430,000 and carries an interest rate of 1.88% and a service fee of 0.5%. A reserve of \$141,095 is required. Payments are due on the 1st of April and October of each year beginning with an interest payment on April 1, 2023.

**CITY OF SCAPPOOSE**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

June 30, 2022

**LONG-TERM DEBT (Cont.):**

**CITY OF SCAPPOOSE**

**SCHEDULE OF LONG-TERM DEBT TRANSACTIONS**

**For the Fiscal Year Ended June 30, 2022**

<b><u>Governmental Long-Term Debt</u></b>	Outstanding Balance July 1, 2021	Reductions/ Adjustments	Interest Paid	Outstanding Balance June 30, 2022	Due Within One Year
<b>Leases Payable:</b>					
2018 Police Equipment Lease	\$ 17,663	\$ 17,663	\$ 1,097	\$ -	\$ -
<b>Total Leases Payable</b>	17,663	17,663	1,097	-	-
<b>Total Governmental Long-Term Debt</b>	<u>\$ 17,663</u>	<u>\$ 17,663</u>	<u>\$ 1,097</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Governmental Long-Term Debt net of Unamortized Premiums</b>	<u>\$ 17,663</u>	<u>\$ 17,663</u>	<u>\$ 1,097</u>	<u>\$ -</u>	<u>\$ -</u>
	Outstanding Balance July 1, 2021	Reductions/ Adjustments	Interest Paid	Outstanding Balance June 30, 2022	Due Within One Year
<b><u>Business-Type Long-Term Debt</u></b>					
<b>Leases Payable:</b>					
2017 Dump Truck Lease	\$ 48,163	48,163	\$ 2,504	\$ -	\$ -
2019 Excavator Lease	40,678	40,678	1,739	-	40,678
<b>Total Leases Payable</b>	88,841	88,841	4,243	-	40,678
<b>Bonds Payable:</b>					
2010 Waste Water Treatment Plant Improvement- R6809	\$ 176,410	\$ 17,642	\$ 838	\$ 158,768	\$ 17,642
<b>Total Bonds Payable</b>	176,410	17,642	838	158,768	17,642
<b>Notes from Direct Borrowings:</b>					
2002 Water Treatment Plant Phase 1 and 2	710,793	89,949	33,763	620,844	90,659
2002 Storage Reservoir	2,060,997	137,192	20,610	1,923,805	138,563
2010 Dutch Canyon Water Line	609,583	59,006	22,433	550,577	61,178
<b>Total Notes from Direct Borrowings</b>	<u>3,381,373</u>	<u>286,147</u>	<u>76,806</u>	<u>3,095,226</u>	<u>290,400</u>
<b>Total Business-Type Long-Term Debt</b>	<u>\$ 3,646,624</u>	<u>\$ 392,630</u>	<u>\$ 81,887</u>	<u>\$ 3,253,994</u>	<u>\$ 348,720</u>

**CITY OF SCAPPOOSE**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

June 30, 2022

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**LONG-TERM DEBT (Cont.):**

The debt service requirements on the above debt are as follows:

**General Obligation and Full Faith and Credit Bonds:**

Due Fiscal Year Ending June 30,	Principal	Interest	Total
2023	\$ 17,642	\$ -	\$ 17,642
2024	17,642	-	17,642
2025	17,642	-	17,642
2026	17,642	-	17,642
2027	17,642	-	17,642
2028 - 2032	70,558	-	70,558
Total	<u>\$ 158,768</u>	<u>\$ -</u>	<u>\$ 158,768</u>

**Notes from Direct Borrowings:**

Due Fiscal Year Ending June 30,	Principal	Interest	Total
2023	\$ 290,400	\$ 68,989	\$ 359,389
2024	299,781	61,046	360,827
2025	309,294	52,734	362,028
2026	318,943	44,046	362,989
2027	323,735	34,980	358,715
2028 - 2032	1,078,949	67,835	1,146,784
2033 - 2037	474,124	9,720	483,844
Total	<u>\$ 3,095,226</u>	<u>\$ 339,350</u>	<u>\$ 3,434,576</u>

**Leases Payable:**

Due Fiscal Year Ending June 30,	Principal	Interest	Total
2023	\$ -	\$ -	\$ -
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The City has no unused lines of credit.

The City has assets that are pledged as collateral for debt as noted above.

For further detail on debt service, see the 'Schedule of Long-Term Debt Transactions' in the Other Supplementary Data section of this report.



# CITY OF SCAPPOOSE

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2022

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### PENSION PLAN:

The City of Scappoose offers various retirement plans to qualified employees as described below.

#### Name of Pension Plan

The City of Scappoose participates with other state agencies in the Oregon Public Employees Retirement System (OPERS) which is a cost-sharing multiple-employer defined benefit pension plan.

#### Description of Benefit Terms

##### Plan Benefits

OPERS is administered in accordance with Oregon Revised Statutes (ORS) Chapter 238, Chapter 238A, and Internal Revenue Code Section 401(a). The Oregon Legislature has delegated authority to the Public Employees Retirement Board (PERS Board) to administer and manage the System.

**1. Tier One/Tier Two Retirement Benefit (Chapter 238).** OPERS is a defined benefit pension plan that provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and their beneficiaries. Benefits are established by state statute. This defined benefit pension plan portion of OPERS is closed to new members hired on or after August 29, 2003.

##### *Pension Benefits*

The OPERS 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.

During the 2019 Legislative session, Senate Bill 1049 was approved and signed into law by the governor. Under Senate Bill 1049, several components of the bill have significantly impacted the System, and the bill continues to be implemented.

1. Employer Programs Project (effective July 1, 2019): established the Employer Incentive Fund (EIF) Program, which allows eligible employers to receive matching funds if they apply and make a qualifying deposit into a side account.
2. Salary Limit Project (effective January 1, 2020): A new \$195,000 limitation on subject salary used for PERS benefit calculations and contributions is used to determine member IAP contributions, employer contributions to fund the pension program, and the Final Average Salary (FAS) used in calculating retirement benefits under formula methods. This amount will be indexed annually to the Consumer Price Index (CPI).

# CITY OF SCAPPOOSE

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2022

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### **PENSION PLAN (Cont.):**

3. Work After Retirement Project (effective January 1, 2020): The 1,039-hour Work After Retirement limit for all PERS retirees is removed for calendar years 2020 through 2024. If a member retires on or after normal retirement age, starting in 2020, they can work for a PERS-covered employer and continue receiving their pension benefit (without accruing any new benefits) with no hour limitations. If a member retires earlier than normal retirement age, starting in 2020, they can work for a PERS-covered employer and continue receiving their pension benefit (without accruing any new benefits) with no hour limitations if the date of their employment is more than six months after their retirement date.
4. Member Redirect Project (effective July 1, 2020): For all currently employed Tier One/Tier Two and OPSRP members earning \$2,500/month or more, (adjusted to \$3,333/month in House Bill 2906 effective June 2021), a portion of their 6 percent monthly IAP contributions will be redirected to an “Employee Pension Stability Account.” The Employee Pension Stability Account will be used to pay for part of the member’s future pension benefit.
  - Tier One/Tier Two members: 2.5 percent of each member’s salary, currently contributed to the IAP, (whether paid by the member or employer) will start going into an Employee Pension Stability Account (EPSA). The remaining 3.5 percent of salary will continue to go to the member’s existing IAP account.
  - Members may voluntarily choose to make additional after-tax contributions into their IAP account to make a full, 6 percent contribution to the IAP.
1. Member Choice Project (effective January 1, 2021): IAP accounts are currently invested in Target-Date Funds based on a member’s birth year. Beginning in 2021, members may choose to invest their IAP balance in a fund that is more reflective of their risk tolerance than the default based on their age.
2. Additionally, the Legislature directed the PERS Board to enact a one-time re-amortization of Tier 1/Tier 2 UAL over 22 years. This means that, effective with the December 31, 2019, rate-setting valuation, the entire unamortized Tier 1/Tier 2 UAL for each rate pool and independent employer will be re-amortized over a 22 year period as a level percentage of projected future payroll.

### *Death Benefits*

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

- the member was employed by an OPERS employer at the time of death,
- the member died within 120 days after termination of OPERS-covered employment,
- the member died as a result of injury sustained while employed in an OPERS-covered job, or
- the member was on an official leave of absence from an OPERS-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 OPERS judge members) for disability benefits regardless of the length of OPERS-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 (COLA). The COLA is capped at 2.0 percent.

# CITY OF SCAPPOOSE

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2022

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### PENSION PLAN (Cont.):

**2. OPSRP Defined Benefit Pension Program (OPSRP DB).** The Pension Program (ORS Chapter 238A) provides benefits to members hired on or after August 29, 2003.

#### *Pension Benefits*

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.

During the 2019 Legislative session, Senate Bill 1049 was approved and signed into law by the governor. Under Senate Bill 1049, several components of the bill have significantly impacted the System, and the bill continues to be implemented.

1. Employer Programs Project (effective July 1, 2019): established the Employer Incentive Fund (EIF) Program, which allows eligible employers to receive matching funds if they apply and make a qualifying deposit into a side account.
2. Salary Limit Project (effective January 1, 2020): A new \$195,000 limitation on subject salary used for PERS benefit calculations and contributions is used to determine member IAP contributions, employer contributions to fund the pension program, and the Final Average Salary (FAS) used in calculating retirement benefits under formula methods. This amount will be indexed annually to the Consumer Price Index (CPI).
3. Work After Retirement Project (effective January 1, 2020): The 1,039-hour Work After Retirement limit for all PERS retirees is removed for calendar years 2020 through 2024. If a member retires on or after normal retirement age, starting in 2020, they can work for a PERS-covered employer and continue receiving their pension benefit (without accruing any new benefits) with no hour limitations. If a member retires earlier than normal retirement age, starting in 2020, they can work for a PERS-covered employer and continue receiving their pension benefit (without accruing any new benefits) with no hour limitations if the date of their employment is more than six months after their retirement date.
4. Member Redirect Project (effective July 1, 2020): For all currently employed Tier One/Tier Two and OPSRP members earning \$2,500/month or more, (adjusted to \$3,333/month in House Bill 2906 effective June 2021), a portion of their 6 percent monthly IAP contributions will be redirected to an "Employee Pension Stability Account." The Employee Pension Stability Account will be used to pay for part of the member's future pension benefit.
  - OPSRP members: 0.75 percent of each member's salary, currently contributed to the IAP, (whether paid by the member or employer) will start going into their EPSA. The remaining 5.25 percent of salary will continue to go to the member's existing IAP account.
  - Members may voluntarily choose to make additional after-tax contributions into their IAP account to make a full, 6 percent contribution to the IAP.

# CITY OF SCAPPOOSE

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2022

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### **PENSION PLAN (Cont.):**

5. Member Choice Project (effective January 1, 2021): IAP accounts are currently invested in Target-Date Funds based on a member's birth year. Beginning in 2021, members may choose to invest their IAP balance in a fund that is more reflective of their risk tolerance than the default based on their age.

#### *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.

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

#### *Benefit Terms*

The IAP is an individual account-based program under the PERS tax-qualified governmental plan as defined under ORS 238A.400.

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 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.

#### *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.

### **4. Postemployment Healthcare Benefits.**

ORS 238.420 established the Retirement Health Insurance Account (RHIA) and authorizes a payment of up to \$60 from RHIA toward the monthly cost of health insurance for eligible PERS members. RHIA is a cost-sharing, multiple-employer OPEB plan for 900 participating employers. 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 costs, 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.

# CITY OF SCAPPOOSE

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2022

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### PENSION PLAN (Cont.):

#### Description of Funding and Contributions for PERS Benefit Plans

OPERS' funding policy provides for periodic member and employer contributions at rates established by the Public Employees Retirement Board, subject to limits set in statute. Contributions for employers are recognized on the accrual basis of accounting. Employer contributions to OPERS are calculated based on creditable compensation for active members reported by employers. The rates established for member and employer contributions were approved based on the recommendations of the System's third-party actuary. The contribution rate for every employer has at least two major components; Normal Cost Rate and Unfunded Actuarial Liability (UAL) Rate.

The City's employer contributions for the year ended June 30, 2022, were \$614,386 excluding amounts to fund employer specific liabilities. The contribution rates in effect for the period July 1, 2021, to June 30, 2023 were: Tier1/Tier2 – 26.62%, OPSRP General Service – 21.06%, and OPSRP Police and Fire – 25.42%.

#### *Member Contributions*

Beginning January 1, 2004, all member contributions, except for contributions by judge members, were placed in the OPSRP Individual Account Program (IAP). Prior to that date, all member contributions were credited to the Defined Benefit Pension Plan. Member contributions are set by statute at 6.0 percent of salary and are remitted by participating employers. The contributions are either deducted from member salaries or paid by the employers on the members behalf.

During FY 2021-2022, no employee IAP contributions were paid or picked up by the City.

#### *Employer 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 OPEB (Other Post Employment Benefit) Plans. Employer contribution rates during the period were based on the December 31, 2019, actuarial valuation, which became effective July 1, 2021. The state of Oregon and certain schools, community colleges, and political subdivisions have made supplemental unfunded actuarial liability payments, and their rates have been reduced. Effective January 1, 2020, Senate Bill 1049 required employers to pay contributions on re-employed PERS retirees' salary as if they were an active member, excluding IAP (6 percent) contributions.

For **Oregon PERS Defined Benefit Plans**, based on the actuarial valuation as of December 31, 2019, the state agencies, the judiciary, schools, and political subdivisions had increases in employer contribution rates on July 1, 2021. These rate changes are measured against the actual average rates paid since the last rate-setting valuation. Every two years, the PERS Board adjusts contributions so that, over time, those contributions will be sufficient to fund the benefits earned, if earnings follow assumptions.

For **Oregon PERS OPSRP Benefit Plans**, all OPERS employers with OPSRP Pension Program members are actuarially pooled and share the same contribution rate. Each of these rates includes a component related to disability benefits for General Service and Police and Fire members.

Members of OPSRP are required to contribute six percent of their salary covered under the plan which is invested in the IAP. For employees in Tier One / Tier two, the Employer makes this contribution on behalf of its members.

# CITY OF SCAPPOOSE

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2022

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### PENSION PLAN (Cont.):

For **Oregon PERS Postemployment Benefit Plans**, for the fiscal year ended June 30, 2022, PERS employers contributed 0.06 percent of PERS-covered salaries for Tier One and Tier Two members to fund the normal cost portion of RHIA benefits. No UAL rate was assigned for the RHIA program as it was funded at 126.4 percent as of December 31, 2017. These rates were based on the December 31, 2017, actuarial valuation.

Employer contributions are advance funded on an actuarially determined basis. There is no inflation assumption for RHIA postemployment benefits because the payment amount is set by statute and is not adjusted for increases in healthcare costs.

ORS 238.415 established the Retiree Health Insurance Premium Account (RHIPA) and requires the Board on or before January 1 of each year to calculate the average difference between the health insurance premiums paid by retired state employees under contracts entered into by the Board and health insurance premiums paid by active state employees.

For **OPSRP Pension Program**, all OPERS employers with OPSRP Pension Program members are actuarially pooled and share the same contribution rate. Each of these rates includes a component related to disability benefits for General Service and Police and Fire members.

### Pension Plan CAFR /ACFR

Oregon PERS produces an independently audited ACFR which can be found at:  
<https://www.oregon.gov/pers/Documents/Financials/CAFR/2021-ACFR.pdf>

### Actuarial Valuations

The employer contribution rates effective July 1, 2021, through June 30, 2023, were set using the Entry Age Normal actuarial cost method.

For the Tier One/Tier Two component of the OPERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years by ongoing Board policy. However, upon passage of Senate Bill 1049, the Legislature directed the PERS Board to enact a one-time re-amortization of Tier 1/Tier 2 UAL over 22 years. This means that, effective with the December 31, 2019 rate-setting valuation, the entire unamortized Tier 1/Tier 2 UAL for each rate pool and independent employer will be re-amortized over a 22 year period as a level percentage of projected future payroll.

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

For the Postemployment Healthcare component, the RHIA plan fiduciary net position balance represents the program's accumulation of employer contributions and investment earnings less premium subsidies and administrative expenses. No UAL rate was assigned for the RHIA program as it was funded at 126.4 percent as of December 31, 2017. Typically, PERS employers contribute an actuarially determined percent of all PERS-covered salaries to amortize the unfunded actuarial accrued liability over a fixed period with new unfunded actuarial accrued liabilities being amortized over 10 years.

**CITY OF SCAPPOOSE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

June 30, 2022

**PENSION PLAN (Cont.):**

Actuarial Methods and Assumptions Used in Developing Total Pension Liability

<b>Actuarial Methods and Assumptions Used in Developing Total Pension Liability:</b>	
Valuation Date	December 31, 2019
Measurement Date	June 30, 2021
Experience Study	2018, published July 24, 2019
Actuarial cost method	Entry Age Normal
Actuarial assumptions:	
Inflation rate	2.40 percent
Long-term expected rate of return	6.90 percent
Discount rate	6.90 percent
Projected salary increases	3.40 percent
Cost of living adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with Moro decision; blend based on service.
Mortality	<p><b>Healthy retirees and beneficiaries:</b>  Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p><b>Active members:</b>  Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p><b>Disabled retirees:</b>  Pub-2010 Disable Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p>

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2018 Experience Study which reviewed experience for the four-year period ending on December 31, 2018.

*Discount Rate*

The discount rate used to measure the total pension liability was 6.90 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

**CITY OF SCAPPOOSE**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

June 30, 2022

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**PENSION PLAN (Cont.):**

*Depletion Date Projection*

GASB 67 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan’s Fiduciary Net Position is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 67 will often require that the actuary perform complex projections of future benefit payments and pension plan investments. GASB 67 (paragraph 43) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

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

- OPERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100% funded position by the end of the amortization period if future experience follows assumption.
- GASB 67 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan’s funded position.

Based on these circumstances, it is our independent actuary’s opinion that the detailed depletion date projections outlined in GASB 67 would clearly indicate that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

*OIC Target and Actual Investment Allocation as of June 30, 2021*

<u>Asset Class/Strategy</u>	<u>OIC Policy Range</u>	<u>OIC Target Allocation</u>	<u>Asset Class/Strategy</u>	<u>Actual Allocation<sup>2</sup></u>
Debt Securities	15.0% - 25.0%	20.0%	Debt Securities	20.8%
Public Equity	27.5% - 37.5%	32.5%	Public Equity	29.4%
Real estate	9.5% - 15.5%	12.5%	Real estate	10.5%
Private Equity	14.0% - 21.0%	17.5%	Private Equity	25.1%
Alternative Equity	7.5% - 17.5%	15.0%	Alternative Equity	9.5%
Opportunity Portfolio <sup>1</sup>	0.0% - 5.0%	0.0%	Opportunity Portfolio	2.3%
Risk Parity	0.0% - 2.5%	2.5%	Risk Parity	2.4%
Total		<u>100%</u>	Total	<u>100%</u>

<sup>1</sup>Opportunity Portfolio is an investment strategy and it may be invested up to 5% of total plan net position.

<sup>2</sup>Based on the actual investment value at 6/30/2021.



# CITY OF SCAPPOOSE

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2022

### PENSION PLAN (Cont.):

#### *Long-Term Expected Rate of Return*

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in June 2021 the Oregon PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. Each asset class assumption is based on a consistent set of underlying assumptions and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below.

<u>Long Term Expected Rate of Return<sup>1</sup></u>	Target	Annual	20-Year	Annual
Asset Class	Allocation	Arithmetic	Annualized	Standard
		Return <sup>2</sup>	Geometric Mean	Deviation
Global Equity	30.62%	7.11%	5.85%	17.05%
Private Equity	25.50%	11.35%	7.71%	30.00%
Core Fixed Income	23.75%	2.80%	2.73%	3.85%
Real Estate	12.25%	6.29%	5.66%	12.00%
Master Limited Partnerships	0.75%	7.65%	5.71%	21.30%
Infrastructure	1.50%	7.24%	6.26%	15.00%
Commodities	0.63%	4.68%	3.10%	18.85%
Hedge Fund of Funds - Multistrategy	1.25%	5.42%	5.11%	8.45%
Hedge Fund Equity - Hedge	0.63%	5.85%	5.31%	11.05%
Hedge Fund - Macro	5.62%	5.33%	5.06%	7.90%
US Cash <sup>3</sup>	-2.50%	1.77%	1.76%	1.20%
<b>Assumed Inflation - Mean</b>			<b>2.40%</b>	<b>1.65%</b>

<sup>1</sup>Based on the Oregon Investment Council's (OIC) Statement of Investment Objectives and Policy Framework for the Oregon Public Employees Retirement Fund as most recently revised on June 2, 2021.

<sup>2</sup>The arithmetic mean is a component that goes into calculating the geometric mean. Expected rates of return are presented using the geometric mean, which the Board uses in setting the discount rate.

<sup>3</sup>Negative allocation to cash represents leveraged exposure from allocation to Risk Parity strategy.

#### Sensitivity Analysis

The following presents the employer's proportionate share of the net pension liability calculated using the discount rate of 6.90 percent, as well as what the employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.90 percent) or 1-percentage-point higher (7.90 percent) than the current rate:

	1% Decrease	Discount Rate	1% Increase
	5.90%	6.90%	7.90%
Employer's proportionate share of the net pension liability	\$ 6,176,193	\$ 3,145,084	\$ 609,146

**CITY OF SCAPPOOSE**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

June 30, 2022

**PENSION PLAN (Cont.):**

Changes in Actuarial Methods and Allocation Procedures

There were no changes in actuarial methods and allocation procedures since the December 31,2020 actuarial valuation.

Changes in Assumptions

There were no changes in actuarial methods and allocation procedures since the December 31,2020 actuarial valuation.

Mortality Rates

A summary of the current assumed mortality rates and recommended changes is shown below:

<b>Assumption</b>	<b>Recommended December 31, 2018 and 2019 Valuations</b>	<b>Recommended December 31, 2020 and 2021 Valuations</b>
<b>Healthy Annuitant Mortality</b>	<b>Pub-2010 Healthy Retiree, Sex Distinct, Generational Projection with Unisex Social Security Data Scale</b>	<b>Pub-2010 Healthy Retiree, Sex Distinct, Generational Projection with Unisex Social Security Data Scale</b>
School District male beneficiary)	Teachers, no set back	Blend 80% Teachers and 20% General Employees, no set back
Police & Fire male	General Employees, set back 12 months	No change
School District female	Public Safety, no set back	No change
Other female (and female beneficiary)	Teachers, no set back	No change
Police & Fire female	General Employees, no set back	No change
<b>Disabled Retiree Mortality</b>	<b>Pub-2010 Disabled Retiree, Sex Distinct, Generational Projection with Unisex Social Security Data Scale</b>	<b>Pub-2010 Disabled Retiree, Sex Distinct, Generational Projection with Unisex Social Security Data Scale</b>
Police & Fire male	Blended 50% Public Safety, 50% Non-Safety, no set back	No change
Other General Service male	Non-Safety, set forward 24 months	No change
Police & Fire female	Blended 50% Public Safety, 50% Non-Safety, no set back	No change
Other General Service female	Non-Safety, set forward 12 months	No change
<b>Non-Annuitant Mortality</b>	<b>Pub-2010 Employee, Sex Distinct, Generational Projection with Unisex Social Security Data Scale</b>	<b>Pub-2010 Employee, Sex Distinct, Generational Projection with Unisex Social Security Data Scale</b>
School District male	120% of same table and set back as Healthy Annuitant assumption	125% of same table and set back as Healthy Annuitant assumption
Other General Service male	115% of same table and set back as Healthy Annuitant assumption	No change
Police & Fire male	100% of same table and set back as Healthy Annuitant assumption	No change
School District female	100% of same table and set back as Healthy Annuitant assumption	No change
Other General Service female	125% of same table and set back as Healthy Annuitant assumption	No change
Police & Fire female	100% of same table and set back as Healthy Annuitant assumption	No change

**CITY OF SCAPPOOSE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

June 30, 2022

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**PENSION PLAN (Cont.):**

Changes Subsequent to the Measurement Date

There were no changes subsequent to the measurement date, that we are aware of.

*Deferred Items*

Deferred items are calculated at the system-wide level and are allocated to employers based on their proportionate share. For the measurement period ending June 30, 2020, employers will report the following deferred items:

- A difference between expected and actual experience, which is being amortized over the remaining service lives of all plan participants, including retirees. One year of this amortization is included in the employer's total pension expense for the measurement period.

Employer Contributions

OPERS includes accrued contributions when due pursuant to legal requirements, as of June 30 in its Statement of Changes in Fiduciary Net Position.

Beginning with fiscal year 2016, OPERS will be able to report cash contributions and UAL side account amortization by employer, and will publish this information on the OPERS Website. Prior to fiscal year 2016, contributions to the OPSRP Defined Benefit plan were not accounted for by employer, as all employers were pooled for actuarial purposes.

Elements of Changes in Net Position

This information can be found in the Schedule of Changes in Net Pension Liability found on page 76, of the June 30, 2021 Oregon PERS ACFR.

*Pension Liabilities/(Assets), Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions*

At June 30, 2022, the employer reported a liability of \$3,145,084 for its proportionate share of the net pension liability. The net pension liability/(asset) was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer's proportion of the net pension liability was based on a projection of the employer's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

**CITY OF SCAPPOOSE**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

June 30, 2022

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**PENSION PLAN (Cont.):**

At June 30, 2022, the employer's proportion was 0.02628245%.

For the year ended June 30, 2022, the employer recognized pension expense of \$538,483. On June 30, 2021, the employer reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 294,400	\$ -
Changes of assumptions	787,309	8,277
Net difference between projected and actual earnings on investments	-	2,328,281
Changes in proportionate share	172,047	117,273
Differences between employer contributions and employer's proportionate share of system contributions	34,418	33,553
Total Deferred Outflows/Inflows	<u>\$ 1,288,174</u>	<u>\$ 2,487,384</u>
Post-measurement date contributions	614,386	N/A
Total Deferred Outflow/(Inflow) of Resources	<u>\$ 1,902,560</u>	<u>\$ 2,487,384</u>
Net Deferred Outflow/(Inflow) of Resources prior to post-measurement date contributions		<u>(1,199,210)</u>

Contributions of \$614,386 for PERS defined benefits, were made subsequent to the measurement date, but prior to the end of the District's reporting period. These contributions, which are reported as deferred outflows of resources related to pensions, will be included as a reduction of the net pension liability in next fiscal year.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense/(income) as follows:

<u>Employer subsequent fiscal years</u>	<u>Deferred Outflow/(Inflow) of Resources (prior to post-measurement date contributions)</u>
1st Fiscal Year	\$ (166,205)
2nd Fiscal Year	(232,292)
3rd Fiscal Year	(341,141)
4th Fiscal Year	(543,557)
5th Fiscal Year	83,985
Thereafter	-
Total	<u>\$ (1,199,210)</u>

# CITY OF SCAPPOOSE

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2022

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### OTHER POST-EMPLOYMENT BENEFITS (OPEB) RHIA:

#### *Oregon Public Employees Retirement Systems' (OPERS) Retiree Health Insurance Account (RHIA)*

##### Plan Description

The City contributes to the Oregon Public Employees Retirement Systems' (OPERS) 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 OPERS 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 OPERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in OPERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in an OPERS-sponsored health plan. A surviving spouse or dependent of a deceased OPERS 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 OPERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

Employer contributions are advance-funded on an actuarially determined basis. There is no inflation assumption for RHIA postemployment benefits because the payment amount is set by statute and is not adjusted for increases in healthcare costs.

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 OPERS web site at <https://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>.

##### Funding Policy

Participating employers are contractually required to contribute at a rate assessed bi-annually by the OPERB. For the fiscal year ended June 30, 2021, state agencies contributed 0.06 and 0.12 percent of PERS-covered salaries for Tier One and Tier Two members to fund the normal cost portion of RHIA and RHIPA benefits, respectively. No UAL rate was assigned for the RHIA program as it was funded at 126.4 percent as of December 31, 2017. Typically, PERS employers contribute an actuarially determined percent of all PERS-covered salaries to amortize the unfunded actuarial accrued liability over a fixed period with new unfunded actuarial accrued liabilities being amortized over 10 years.

##### Contributions

The City's contributions to OPERS' RHIA for the years ended June 30, 2022, 2021, and 2020 were \$541, \$634, and \$1,458 respectively, which equaled the required contributions for the year.

##### Actuarial Methods and Assumptions Used in Developing Total Pension Liability

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS Retirement Health Insurance Account Cost Sharing Multiple Employer Other Postemployment Benefit (OPEB) Plan Schedules of Employer Allocations and OPEB Amounts by Employer report, as of and for the Year Ended June 30, 2021. That independently audited report was dated February 25, 2022 and can be found at:

<https://sos.oregon.gov/audits/Documents/2022-09.pdf>

**CITY OF SCAPPOOSE**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

June 30, 2022

**OTHER POST-EMPLOYMENT BENEFITS (OPEB) RHIA (Cont.):**

Actuarial Methods and Assumptions Used in Developing Total OPEB (RHIA) Liability:

Actuarial Methods and Assumptions - OPEB Plans - RHIA	
	RHIA
Valuation Date	December 31, 2019
Measurement Date	June 30, 2021
Experience Study	2018, published July 24, 2019
Actuarial cost method	Entry Age Normal
Actuarial assumptions:	
Inflation rate	2.40 percent
Long-term expected rate of return	6.90 percent
Discount rate	6.90 percent
Projected salary increases	3.40 percent
Retiree healthcare participation	Healthy retirees: 32% Disabled retirees: 20%
Healthcare cost trend rate	Not applicable
Mortality	<p><b>Healthy retirees and beneficiaries:</b> Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p><b>Active members:</b> Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p><b>Disabled retirees:</b> Pub-2010 Disable Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p>

Actuarial valuations of an ongoing plan involve estimates of value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The method and assumptions shown are based on the 2018 Experience Study which is reviewed for the four-year period ending December 31, 2018.

**Discount Rate**

The discount rate used to measure the total OPEB liability was 6.90 percent. The projection of cash flows used to determine the discount rate assumed that contributions from contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the RHIA plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on OPEB plan investments for the RHIA plan was applied to all periods of projected benefit payments to determine the total OPEB liability.

# CITY OF SCAPPOOSE

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2022

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### OTHER POST-EMPLOYMENT BENEFITS (OPEB) RHIA (Cont.):

#### Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in June 2021 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. Table 31 on page 74 shows Milliman's assumptions for each of the asset classes in which the plans were invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown on page 74. Each asset class assumption is based on a consistent set of underlying assumptions and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model. For more information on the Plan's portfolio, assumed asset allocation, and the long-term expected rate of return for each major class, calculated using both arithmetic and geometric means, see Pension Plan note disclosure above or the PERS' audited financial statements at: <https://www.oregon.gov/pers/Documents/Financials/CAFR/2021-ACFR.pdf>

#### Sensitivity Analysis

The following presents the employer's proportionate share of the net OPEB liability/(asset) calculated using the discount rate of 6.90 percent, as well as what the employer's proportionate share of the OPEB liability/(asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.90 percent) or 1-percentage-point higher (7.90 percent) than the current rate:

	1% Decrease 5.90%	Discount Rate 6.90%	1% Increase 7.90%
Employer's proportionate share of the net OPEB liability	\$ (72,003)	\$ (81,419)	\$ (89,462)

#### OPEB Liabilities/(Assets), OPEB Expense, and Deferred Outflows and Inflows of Resources Related to OPEB

At June 30, 2022, the City reported a net OPEB RHIA liability/(asset) of \$(81,419) for its proportionate share of the net OPEB RHIA liability/(asset). The OPEB liability/(asset) was measured as of June 30, 2021, and the total OPEB RHIA liability/(asset) used to calculate the net OPEB RHIA liability/(asset) was determined by an actuarial valuation as of December 31, 2019. Consistent with GASB Statement No. 75, paragraph 59(a), The City's proportion of the net OPEB RHIA liability/(asset) is determined by comparing the employer's actual, legally required contributions made during the fiscal year to the Plan with the total actual contributions made in the fiscal year of all employers. As of the measurement date of June 30, 2021, the City's proportion was 0.02370960 percent. OPEB RHIA expense/(income) recorded for the year ended June 30, 2022 was \$(14,746).

**CITY OF SCAPPOOSE**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

June 30, 2022

**OTHER POST-EMPLOYMENT BENEFITS (OPEB) RHIA:**

At June 30, 2022, the employer reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 2,265
Changes of assumptions	1,602	1,211
Net difference between projected and actual earnings on investements	-	19,349
Changes in proportionate share	973	4,047
Differences between employer contributions and	-	-
Total Deferred Outflows/Inflows	\$ 2,575	\$ 26,872
Post-measurement date contributions	541	N/A
Total Deferred Outflow/(Inflow) of Resources	\$ 3,116	\$ 26,872
Net Deferred Outflow/(Inflow) of Resources prior to post-measurement date contributions		(24,297)

Contributions of \$541 were made subsequent to the measurement date, but prior to the end of the City’s reporting period. These contributions, which are reported as deferred outflows (inflows) of resources related to OPEB, will be included as a reduction of the net OPEB liability in the next fiscal year.

Deferred outflows of resources and deferred inflows of resources related to OPEB’s will be recognized in OBEB expense as follows:

Employer subsequent fiscal years	Deferred Outflow/(Inflow) of Resources (prior to post-measurement date contributions)
1st Fiscal Year	\$ (8,204)
2nd Fiscal Year	(5,564)
3rd Fiscal Year	(4,418)
4th Fiscal Year	(6,111)
5th Fiscal Year	-
Thereafter	-
Total	\$ (24,297)

**Changes Subsequent to the Measurement Date**

We are not aware of any changes subsequent to the June 30, 2021 Measurement Date that meet this requirement and thus require a brief description under the GASB standard.



# CITY OF SCAPPOOSE

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2022

### OTHER POST-EMPLOYMENT BENEFITS (OPEB) CIS:

#### *Retiree Healthcare Insurance Premiums Subsidy*

#### Plan Description

The City operates a single employer retiree benefit plan through the City county Insurance Services that provides post-employment health, dental vision and life insurance benefits to eligible employees and their spouses. The City is required by Oregon Revised Statutes 243.303 to provide retirees and their dependents with group health insurance from the date of retirement to age 65 at the same rate provided to current employees. Premiums for retirees are tiered and based upon the premium rates available to active employees. The retiree is responsible for any portion of the premiums not paid by the Employer. The implicit employer subsidy is measured as the expected health care cost per retiree and dependent, less the gross premiums charged by the insurance carrier for that coverage. 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. GASB Statement 75 is applicable to the City due only to this implicit rate subsidy. This “plan” is not a stand-alone plan, and therefore, does not issue its own financial statements.

#### Funding Policy

When the City has retirees participating in their health insurance plan, it will, when applicable, collect insurance premiums from all retirees each month and deposit them. The City will then pay healthcare insurance premiums for all retirees at the applicable rate for each family classification.

At June 30, 2022, the City reported a net OPEB IRSP liability/(asset) of \$194,056 for its proportionate share of the net OPEB IRSP liability/(asset). The OPEB IRSP liability/(asset) was measured as of June 30, 2021, and the total OPEB IRSP liability/(asset) used to calculate the net OPEB IRSP liability/(asset) was determined by an actuarial valuation as of July 1, 2020. Consistent with GASB Statement No. 75, paragraph 59(a), The City’s proportion of the net OPEB IRSP liability/(asset) is determined by comparing the employer’s actual, legally required contributions made during the fiscal year to the Plan with the total actual contributions made in the fiscal year of all employers. As of the measurement date of June 30, 2021, the City’s OPEB IRSP expense/(income) for the year ended June 30, 2022, was \$11,830.

Actuarial Methods and Assumptions - The City engaged an actuary to perform an evaluation as of July 1, 2020, using entry age normal Actuarial Cost Method. The total OPEB liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions below, and was then projected forward to the measurement date:

<b>Discount Rate</b>	3.50%	2.21%	2.16%
<b>Other Key Actuarial Assumptions and Methods</b>			
Valuation date	July 1, 2018	July 1, 2020	July 1, 2020
Measurement date	June 30, 2019	June 30, 2020	June 30, 2021
Inflation	2.50%	2.50%	2.50%
Salary increases	3.50%	3.50%	3.50%
Withdrawal, retirement, and mortality rates	December 31, 2017 Oregon PERS valuation	December 31, 2019 Oregon PERS valuation	December 31, 2019 Oregon PERS valuation
Election and Lapse Rates	40% of eligible employees 60% of male members and 35% of females members will elect spouse coverage. 5% annual lapse rate	40% of eligible employees 60% of male members and 35% of females members will elect spouse coverage. 5% annual lapse rate	40% of eligible employees 60% of male members and 35% of females members will elect spouse coverage. 5% annual lapse rate
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal

# CITY OF SCAPPOOSE

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2022

### OTHER POST-EMPLOYMENT BENEFITS (OPEB) CIS (Cont.):

#### Discount Rate

Under GASB 75, unfunded plans must use a discount rate that reflects a 20-year tax-exempt municipal bond yield or index rate. The assumptions in this report reflect the Bond Buyer 20-Year General Obligation Bond Index. The discount rate in effect for the June 30, 2021 reporting date is 2.21%, and the discount rate in effect for the June 30, 2022 reporting date is 2.16%.

#### Health Care Cost Trend

The assumed medical and vision costs will increase 5.25% for FYE June 30, 2022. In future years, the medical and vision cost trend varies between 5.00% and 4.00% due to the timing of the excise tax scheduled to affect health care benefits. The trend then settles to an ultimate rate of 4.00%.

#### Withdrawal, Retirement and Mortality Rates

They are generally using the rates adopted by the Oregon Public Employees Retirement System (PERS) for its December 31, 2019 actuarial valuation of retirement benefits.

#### Election and Lapse Rates

They have assumed that a portion of future retirees and their spouses' elect benefits, and that some of those later lapse (drop) from those benefits. The assumptions are based on historical data for similar benefits for other public employers in Oregon. For larger employers, they also consider specific historical experience; and for unique arrangements they consider the incentives provided by those arrangements.

#### Sensitivity Analysis

The following presents the total OPEB liability of the Plan, calculated using the disclosure discount rate as well as what the Plan's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate. A similar sensitivity analysis is then presented for changes in the healthcare cost trend assumption.

	1% Decrease	Discount Rate	1% Increase
	1.16%	2.16%	3.16%
Total OPEB liability from Implicit Rate Subsidy	\$ 207,766	\$ 194,056	\$ 180,815
	1% Decrease	Trend Rate	1% Increase
Trend Rate			
Total OPEB liability from Implicit Rate Subsidy	\$ 172,540	\$ 194,056	\$ 219,104

**CITY OF SCAPPOOSE**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

June 30, 2022

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**OTHER POST-EMPLOYMENT BENEFITS (OPEB) CIS (Cont.):**

Participation

The following table represents the number of the City's covered retiree participants:

<u>July 1, 2020</u>	<u>PERS Police &amp; Fire</u>	<u>PERS General Service</u>	<u>Total</u>
Number of Members			
Active	8	24	32
Retired Members	0	1	1
Spouses of Ineligible Retirees	0	0	0
Total Participants	8	25	33
Spouses of Eligible Retirees	0	0	0

Changes in Net OPEB IRSP Liability

<b>Changes in Total OPEB Liability</b>	<b>Increase (Decrease) Total OPEB Liability</b>	
Balance as of June 30, 2021	\$	184,207
<b>Changes for the year:</b>		
Service Cost		15,893
Interest		4,301
Effect of assumptions or other inputs		682
Employer Contributions		
Benefit payments		(11,027)
<b>Net OPEB Liability at June 30, 2022</b>	\$	<b>194,056</b>

**CITY OF SCAPPOOSE**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

June 30, 2022

**OTHER POST-EMPLOYMENT BENEFITS (OPEB) CIS (Cont.):**

Components of OPEB IRSP Expense

<b>OPEB Expense</b>	July 1, 2021 to June 30, 2022
Service cost	\$ 15,893
Interest on total OPEB liability	4,301
Recognition of economic/demographic (gains) or losses	(984)
Recognition of assumption changes	(7,380)
Administrative Expense	n/a*
OPEB Expense	\$ 11,830

Schedule of Deferred Inflows and Outflows of Resources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 25,395	\$ 32,000
Changes of assumptions or inputs	5,553	49,430
Total Deferred Outflows/Inflows	\$ 30,948	\$ 81,430
Post-measurement date contributions	-	N/A
Total Deferred Outflow/(Inflow) of Resources	\$ 30,948	\$ 81,430
Net Deferred Outflow/(Inflow) of Resources		(50,482)

Other amounts currently reported as deferred outflows of resources and deferred inflows of resources related to other postemployment benefits will be recognized in OPEB expense as follows:

Employer subsequent fiscal years	Deferred Outflow/(Inflow) of Resources (prior to post-measurement date contributions)
1st Fiscal Year	\$ (8,364)
2nd Fiscal Year	(8,364)
3rd Fiscal Year	(8,364)
4th Fiscal Year	(8,364)
5th Fiscal Year	(8,364)
Thereafter	(8,662)
Total	\$ (50,482)

# CITY OF SCAPPOOSE

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2022

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### CONTINGENT LIABILITIES:

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

The City of Scappoose has elected the "reimbursement" basis for unemployment claims to the State of Oregon Department of Human Resources Employment Division. If a terminated employee collects unemployment compensation based upon earnings from the City, the City will be required to reimburse the State of Oregon for unemployment compensation paid. Amounts billed by the State of Oregon are charged to expenditures but amounts for which the City is potentially liable as a result of claims not yet filed is unknown.

### RISK MANAGEMENT:

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City is a member of City-County Insurance Services (CIS), a public entity risk pool currently operating a common risk management and insurance program. The City pays an annual premium to CIS for insurance coverage.

Based on the experience of the City and pool, the City may be liable for an additional premium of up to approximately 20% of its initial premium or it may receive a refund. The City has never had to pay an additional premium. Predetermined limits and deductible amounts are stated in the policy. There have been no significant reductions in coverage from the prior years and settlements have not exceeded insurance coverage in the past three years.

### INTERFUND TRANSFERS:

Interfund transfers for the year ended June 30, 2022, were as follows:

	Transfers Out	Transfers In
General Fund	\$ 146,716	510,585
Building Fund	36,337	-
Street Fund	90,073	-
Foot Paths & Bike	-	25,000
Street SDC Fund	5,885	-
Parks SDC Fund	5,702	-
Urban Renewal Fund	16,536	-
Water Fund	158,014	-
Wastewater Fund	138,568	-
Wastewater SDC Fund	15,582	-
Storm Drainage SDC Fund	3,270	-
Water SDC Fund	14,616	95,714
Total	<u>\$ 631,299</u>	<u>\$ 631,299</u>

These transfers occur on a routine basis and are used by the recipient funds for the normal operations of the funds.

**REQUIRED**  
**SUPPLEMENTARY**  
**INFORMATION**

# CITY OF SCAPPOOSE

## Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

### GENERAL FUND

For the Fiscal Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Over (Under)
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES:</u></b>				
Taxes and Assessments	\$ 2,322,515	\$ 2,322,515	\$ 2,441,798	\$ 119,283
Intergovernmental	291,828	291,828	289,901	(1,927)
Franchise Fees	436,600	436,600	452,766	16,166
Licenses and Permits	60,340	60,340	57,613	(2,727)
Fines and Forfeitures	100,000	100,000	85,755	(14,245)
Investment Revenue	32,500	32,500	28,260	(4,240)
Grants and Donations	-	-	696,138	696,138
Other Revenue	305,891	305,891	290,673	(15,218)
<b>Total Revenues</b>	<b>3,549,674</b>	<b>3,549,674</b>	<b>4,342,904</b>	<b>793,230</b>
<b><u>EXPENDITURES:</u></b>				
Administration	1,640,641	1,640,641	843,016	(797,625)
Police	2,505,569	2,505,569	1,794,438	(711,131)
Parks & Grounds	729,722	729,722	427,091	(302,631)
Municipal Court	331,695	331,695	223,211	(108,484)
Planning	512,370	512,370	330,434	(181,936)
Contingency	710,395	710,395	-	(710,395)
<b>Total Expenditures</b>	<b>6,430,392</b>	<b>6,430,392</b>	<b>3,618,190</b>	<b>(2,812,202)</b>
Excess (Deficiency) of Revenues Over Expenditures	(2,880,718)	(2,880,718)	724,714	3,605,432
<b><u>OTHER FINANCING SOURCES / (USES):</u></b>				
Operating Transfer In	510,585	510,585	510,585	-
Operating Transfer (Out)	-	-	(146,716)	(146,716)
<b>Total Other Financing Sources (Uses)</b>	<b>510,585</b>	<b>510,585</b>	<b>363,869</b>	<b>(146,716)</b>
Net Change in Fund Balance	(2,370,133)	(2,370,133)	1,088,583	3,458,716
Fund Balance - July 1, 2021	4,070,133	4,070,133	4,539,492	469,359
<b>Fund Balance - June 30, 2022</b>	<b>\$ 1,700,000</b>	<b>\$ 1,700,000</b>	<b>\$ 5,628,075</b>	<b>\$ 3,928,075</b>

# CITY OF SCAPPOOSE

## Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

### STREET FUND

For the Fiscal Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Over (Under)
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES:</u></b>				
Intergovernmental Tax Turnovers	\$ 822,601	\$ 822,601	\$ 1,033,347	\$ 210,746
Investment Revenue	7,000	7,000	6,964	(36)
Intergovernmental Grants	4,607,296	4,607,296	1,825,471	(2,781,825)
Miscellaneous Revenue	-	-	-	-
<b>Total Revenues</b>	<b><u>5,436,897</u></b>	<b><u>5,436,897</u></b>	<b><u>2,865,782</u></b>	<b><u>(2,571,115)</u></b>
<b><u>EXPENDITURES:</u></b>				
Personnel Services	321,679	321,679	258,547	(63,132)
Materials and Services	268,225	268,225	156,578	(111,647)
Capital Outlay	5,160,000	5,160,000	2,491,591	(2,668,409)
Contingency	591,160	591,160	-	(591,160)
<b>Total Expenditures</b>	<b><u>6,341,064</u></b>	<b><u>6,341,064</u></b>	<b><u>2,906,716</u></b>	<b><u>(3,434,348)</u></b>
Excess (Deficiency) of Revenues Over Expenditures	(904,167)	(904,167)	(40,934)	863,233
<b><u>OTHER FINANCING SOURCES / (USES):</u></b>				
Operating Transfer (Out)	(90,073)	(90,073)	(90,073)	0
<b>Total Other Financing Sources (Uses)</b>	<b><u>(90,073)</u></b>	<b><u>(90,073)</u></b>	<b><u>(90,073)</u></b>	<b><u>0</u></b>
Net Change In Fund Balance	(994,240)	(994,240)	(131,007)	863,233
Fund Balance - July 1, 2021 - Restated	994,240	994,240	1,133,927	139,687
<b>Fund Balance - June 30, 2022</b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 1,002,920</u></b>	<b><u>\$ 1,002,920</u></b>



# CITY OF SCAPPOOSE

## Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

### STREET SDC FUND

For the Fiscal Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Over (Under)
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES:</u></b>				
System Development Charges	\$ 117,703	\$ 117,703	\$ 16,976	\$ (100,727)
Investment Revenue	9,500	9,500	5,575	(3,925)
<b>Total Revenues</b>	<b><u>127,203</u></b>	<b><u>127,203</u></b>	<b><u>22,551</u></b>	<b><u>(104,652)</u></b>
<b><u>EXPENDITURES:</u></b>				
Capital Outlay	500,000	500,000	309,102	(190,898)
Contingency	727,217	727,217	-	(727,217)
<b>Total Expenditures</b>	<b><u>1,227,217</u></b>	<b><u>1,227,217</u></b>	<b><u>309,102</u></b>	<b><u>(918,115)</u></b>
Excess (Deficiency) of Revenues Over Expenditures	(1,100,014)	(1,100,014)	(286,551)	813,463
<b><u>Other Financing Sources / (Uses)</u></b>				
Operating Transfer (Out)	<u>(5,885)</u>	<u>(5,885)</u>	<u>(5,885)</u>	<u>-</u>
<b>Total Other Financing Sources</b>	<b><u>(5,885)</u></b>	<b><u>(5,885)</u></b>	<b><u>(5,885)</u></b>	<b><u>-</u></b>
Net Change in Fund Balance	(1,105,899)	(1,105,899)	(292,436)	813,463
Fund Balance - July 1, 2021	<u>1,105,899</u>	<u>1,105,899</u>	<u>1,114,614</u>	<u>8,715</u>
<b>Fund Balance - June 30, 2022</b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 822,178</u></b>	<b><u>\$ 822,178</u></b>

# CITY OF SCAPPOOSE

## Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual URBAN RENEWAL AGENCY FUND - A COMPONENT UNIT For the Fiscal Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts (Budgetary Basis) (See Note 1)	Final Budget Over (Under)
<b><u>REVENUES:</u></b>				
Taxes and Assessments	\$ 122,082	\$ 122,082	\$ 229,939	\$ 107,857
Investment Revenue	100	100	1,068	968
Intergovernmental Revenue	-	-	1,181	1,181
<b>Total Revenues</b>	<b>122,182</b>	<b>122,182</b>	<b>232,188</b>	<b>110,006</b>
<b><u>EXPENDITURES:</u></b>				
Materials and Supplies	75,227	75,227	8,303	(66,924)
Contingency	106,349	106,349	-	(106,349)
<b>Total Expenditures</b>	<b>181,576</b>	<b>181,576</b>	<b>8,303</b>	<b>(173,273)</b>
Excess (Deficiency) of Revenues Over Expenditures	(59,394)	(59,394)	223,885	283,279
<b><u>OTHER FINANCING SOURCES / (USES):</u></b>				
Operating Transfer (Out)	(16,536)	(16,536)	(16,536)	-
<b>Total Other Financing Sources</b>	<b>(16,536)</b>	<b>(16,536)</b>	<b>(16,536)</b>	<b>-</b>
Net Change In Fund Balance	(75,930)	(75,930)	207,349	283,279
Fund Balance - July 1, 2021	75,930	75,930	78,521	2,591
<b>Fund Balance - June 30, 2022</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 285,870</b>	<b>\$ 285,870</b>

# **CITY OF SCAPPOOSE**

## **SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

### **PERS**

**Last 10 Fiscal Years \***

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<b>Measurement Date June 30,</b>	<b>(a) Employer's proportion of the net pension liability (asset)</b>	<b>(b) Employer's proportionate share of the net pension liability (asset)</b>	<b>(c) Employer's covered payroll</b>	<b>(b/c) Employer's proportionate share of the net pension liability (asset) as a percentage of its covered payroll</b>	<b>Plan fiduciary net position as a percentage of the total pension liability</b>
2022	0.02628245%	\$ 3,145,084	\$ 2,410,225	130.49%	87.6%
2021	0.02539468%	5,541,993	2,473,401	224.06%	75.8%
2020	0.02669477%	4,617,556	2,473,401	186.69%	80.2%
2019	0.02641673%	4,001,787	2,421,131	165.29%	82.1%
2018	0.02578031%	3,475,196	2,292,482	151.59%	83.1%
2017	0.02176332%	3,267,180	2,227,031	146.71%	91.9%
2016	0.02557334%	1,468,283	2,019,317	72.71%	91.9%
2015	0.03476529%	\$ (788,030)	\$ 1,620,585	-48.63%	103.6%

\*This schedule is presented to illustrate the requirement to show information for 10 years. However the full 10-year trend will be presented for those years for which information is available

**CITY OF SCAPPOOSE**

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

**PERS**

**Last 10 Fiscal Years\***

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Year Ended June 30,	(a) Contractually required contribution	(b) Contributions in relation to the contractually required contribution	(a-b) Contribution deficiency (excess)	(c) Employer's covered payroll	(b/c) Contributions as a percent of covered payroll
2022	\$ 614,386	\$ 614,386	\$ -	\$ 2,410,225	25.49%
2021	579,884	579,884	-	1,939,335	29.90%
2020	553,955	553,955	-	2,473,401	22.40%
2019	440,266	440,266	-	2,421,131	18.18%
2018	415,011	415,011	-	2,292,482	18.10%
2017	333,524	333,524	-	2,227,031	14.98%
2016	301,313	301,313	-	2,019,317	14.92%
2015	\$ 227,373	\$ 227,373	\$ -	\$ 1,620,585	14.03%

\*This schedule is presented to illustrate the requirement to show information for 10 years. However the full 10-year trend will be presented for those years for which information is available

**CITY OF SCAPPOOSE**

**SCHEDULE OF PROPORTIONATE SHARE OF THE  
NET OPEB LIABILITY  
OPEB RHIA**

**Last 10 Fiscal Years\***

Measurement Date June 30,	(a)	(b)	(c)	(b/c)	Plan fiduciary net position as a percentage of the total OPEB liability
	Employer's proportion of the net OPEB liability (asset)	Employer's proportionate share of the net OPEB liability (asset)	Employer's covered payroll	Employer's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	
2022	0.02370960%	\$ (81,419)	\$ 2,410,225	-3.38%	183.9%
2021	0.02042091%	(41,610)	1,939,335	-2.15%	150.1%
2020	0.02243497%	(43,352)	2,473,401	-1.75%	144.4%
2019	0.02190876%	(24,456)	2,421,131	-1.01%	124.0%
2018	0.02182097%	(9,107)	2,292,482	-0.40%	108.9%
2017	0.02121709%	\$ 5,762	\$ 2,227,031	0.26%	94.2%

\*This schedule is presented to illustrate the requirement to show information for 10 years. However the full 10-year trend will be presented for those years for which information is available

**CITY OF SCAPPOOSE**

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

**OPEB RHIA**

**Last 10 Fiscal Years\***

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Year Ended June 30,	(a) Contractually required contribution	(b) Contributions in relation to the contractually required contribution	(a-b) Contribution deficiency (excess)	(c) Employer's covered employee payroll	(b/c) Contributions as a percent of covered payroll
2022	\$ 541	\$ 541	\$ -	\$ 2,410,225	0.02%
2021	634	634	-	1,939,335	0.03%
2020	1,458	1,458	-	2,473,401	0.06%
2019	11,119	11,119	-	2,421,131	0.46%
2018	10,608	10,608	-	2,292,482	0.46%
2017	10,921	10,921	-	2,227,031	0.49%
2016	9,991	9,991	-	2,019,317	0.49%
2015	\$ 8,849	\$ 8,849	\$ -	\$ 1,620,585	0.55%

\*This schedule is presented to illustrate the requirement to show information for 10 years. However the full 10-year trend will be presented for those years for which information is available

**CITY OF SCAPPOOSE**

**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY  
AND RELATED RATIOS  
CITY/COUNTY INSURANCE SERVICES**

**Last 10 Fiscal Years\***

	2022	2021	2020	2019	2018
<b>Total OPEB Liability (in thousands)</b>					
Service cost	\$ 16	\$ 16	\$ 14	\$ 17	\$ 18
Interest on total OPEB liability	4	8	9	8	6
Effect of changes to benefit terms	-	-	-	-	-
Effect of economic/demographic gains or (losses)	-	(42)	-	42	-
Effect of assumption changes or inputs	1	(17)	7	(49)	(13)
Benefit payments	(11)	(10)	(13)	(1)	(6)
Net change in total OPEB liability *	10	(45)	17	17	5
Total OPEB liability, beginning	184	229	212	195	190
Total OPEB liability, ending (a) *	194	184	229	212	195
Covered payroll	\$ 3,145	\$ 2,410	\$ 2,473	\$ 2,421	\$ 2,292
Total OPEB liability as a % of covered payroll **	6.2%	7.6%	9.3%	8.8%	8.5%

This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the current GASB standards, they should not be reported.

\* Totals may not agree due to rounding.

**SUPPLEMENTARY**  
**INFORMATION**

**Proprietary Funds**

**Water Funds**



**CITY OF SCAPPOOSE**  
**COMBINING STATEMENT OF NET POSITION**  
**WATER FUNDS**  
**June 30, 2022**

	Water Fund	Water SDC Fund	Total Water Fund
<b><u>ASSETS:</u></b>			
Current Assets:			
Cash and Investments	\$ 5,389,839	\$ -	\$ 5,389,839
Accounts Receivable	175,481	-	175,481
Total Current Assets	<u>5,565,320</u>	-	<u>5,565,320</u>
Non-Current Assets:			
Restricted Cash - Systems Development	-	240,547	240,547
Net OPEB Asset (RHIA)	19,027	-	19,027
Capital Assets:			
Land and Construction In Progress	286,466	-	286,466
Capital Assets, Net of Depreciation	<u>10,180,402</u>	-	<u>10,180,402</u>
Total Capital Assets	<u>10,466,868</u>	-	<u>10,466,868</u>
<b>Total Assets</b>	<b><u>\$ 16,051,215</u></b>	<b><u>\$ 240,547</u></b>	<b><u>\$ 16,291,762</u></b>
<b><u>DEFERRED OUTFLOW OF RESOURCES:</u></b>			
Pension Related Deferrals	301,032	-	301,032
OPEB Related Deferrals - RHIA	602	-	602
OPEB Related Deferrals - CIS	<u>8,210</u>	-	<u>8,210</u>
<b>Total Deferred Outflow of Resources</b>	<b><u>\$ 309,844</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 309,844</u></b>
<b><u>LIABILITIES:</u></b>			
Current Liabilities:			
Accounts Payable	\$ 103,566	\$ -	\$ 103,566
Compensated Absences Payable	25,192	-	25,192
Accrued Interest Payable	11,713	28,826	40,539
Customer Deposits	134,735	-	134,735
Current Portion of Long-Term Liabilities:			
Note Payable	<u>61,178</u>	<u>229,222</u>	<u>290,400</u>
Total Current Liabilities	336,384	258,048	594,432
Long-Term Liabilities:			
Noncurrent Portion of Long-Term Liabilities:			
Note Payable	489,399	2,315,427	2,804,826
Net Pension Liability	3,094,603	-	3,094,603
Net OPEB Obligation - CIS	<u>43,047</u>	-	<u>43,047</u>
Total Long-Term Liabilities	<u>3,627,049</u>	<u>2,315,427</u>	<u>5,942,476</u>
<b>Total Liabilities</b>	<b><u>\$ 3,963,433</u></b>	<b><u>\$ 2,573,475</u></b>	<b><u>\$ 6,536,908</u></b>
<b><u>DEFERRED INFLOW OF RESOURCES:</u></b>			
Pension Related Deferrals	675,862	-	675,862
OPEB Related Deferrals - RHIA	6,280	-	6,280
OPEB Related Deferrals - CIS	<u>22,121</u>	-	<u>22,121</u>
<b>Total Deferred Inflow of Resources</b>	<b><u>\$ 704,263</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 704,263</u></b>
<b><u>NET POSITION:</u></b>			
Net Investment in Capital Assets	\$ 9,916,291	\$ -	\$ 9,916,291
Restricted for:			
Systems Development	-	240,547	240,547
Net Pension Asset	19,027	-	19,027
Unrestricted	<u>1,758,045</u>	<u>(2,573,475)</u>	<u>(815,430)</u>
<b>Total Net Position</b>	<b><u>\$ 11,693,363</u></b>	<b><u>\$ (2,332,928)</u></b>	<b><u>\$ 9,360,435</u></b>

# CITY OF SCAPPOOSE

## Combining Statement of Revenues, Expenses, and Changes in Net Position

### WATER FUNDS

For the Fiscal Year Ended June 30, 2022

	Water Fund	Water SDC Fund	Total Water Fund
<b><u>OPERATING REVENUES:</u></b>			
Charges for Services:			
Water Charges	\$ 4,279,561	.	\$ 4,279,561
Other Revenue	8,240	48,041	56,281
<b>Total Operating Revenues</b>	<b>4,287,801</b>	<b>48,041</b>	<b>4,335,842</b>
<b><u>OPERATING EXPENSES:</u></b>			
Personnel Services	3,438,747	-	3,438,747
Materials and Supplies	555,379	-	555,379
Depreciation	519,760	-	519,760
<b>Total Operating Expenses</b>	<b>4,513,886</b>	<b>-</b>	<b>4,513,886</b>
Operating Income (Loss)	(226,085)	48,041	(178,044)
<b><u>NON-OPERATING REVENUES (EXPENSES):</u></b>			
Interest Income	19,932	1,515	21,447
Debt Service Interest Expense	(21,706)	(53,206)	(74,912)
<b>Total Non-Operating Revenues (Expenses)</b>	<b>(1,774)</b>	<b>(51,691)</b>	<b>(53,465)</b>
Income Before Other Revenues, Expenses, and Transf	(227,859)	(3,650)	(231,509)
<b><u>CAPITAL CONTRIBUTIONS AND TRANSFERS:</u></b>			
Transfers In	-	95,714	95,714
Transfers (Out)	(158,014)	(14,616)	(172,630)
<b>Total Capital Contributions and Transfers</b>	<b>(158,014)</b>	<b>81,098</b>	<b>(76,916)</b>
Change in Net Position	(385,873)	77,448	(308,425)
Net Position, July 1, 2021	12,079,236	(2,410,376)	9,668,860
<b>Net Position, June 30, 2022</b>	<b>\$11,693,363</b>	<b>\$(2,332,928)</b>	<b>\$9,360,435</b>

**CITY OF SCAPPOOSE**

**Schedule of Revenues, Expenditures,  
and Changes in Fund Balance - Budget and Actual  
WATER FUND**

**For the Fiscal Year Ended June 30, 2022**

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Over (Under)
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES:</u></b>				
Charges for Services	\$ 2,428,291	\$ 2,428,291	\$ 4,279,561	\$ 1,851,270
Investment Revenue	29,000	29,000	19,932	(9,068)
Miscellaneous Revenue	-	-	8,240	8,240
<b>Total Revenues</b>	<b><u>2,457,291</u></b>	<b><u>2,457,291</u></b>	<b><u>4,307,733</u></b>	<b><u>1,850,442</u></b>
<b><u>EXPENDITURES:</u></b>				
Personnel Services	1,060,902	1,060,902	904,582	(156,320)
Materials and supplies	914,383	914,383	455,791	(458,592)
Capital Outlay	865,000	865,000	743,279	(121,721)
Debt Service				
Principal	147,846	147,846	147,846	-
Interest	24,937	24,937	24,937	-
Contingency	523,294	523,294	-	(523,294)
<b>Total Expenditures</b>	<b><u>3,536,362</u></b>	<b><u>3,536,362</u></b>	<b><u>2,276,435</u></b>	<b><u>(1,259,927)</u></b>
Excess (Deficiency) of Revenues Over Expenditures	(1,079,071)	(1,079,071)	2,031,298	3,110,369
<b><u>OTHER FINANCING SOURCES / (USES):</u></b>				
Operating Transfer (Out)	(158,014)	(158,014)	(158,014)	-
<b>Total Other Financing Sources (Uses)</b>	<b><u>(158,014)</u></b>	<b><u>(158,014)</u></b>	<b><u>(158,014)</u></b>	<b><u>-</u></b>
Net Change In Fund Balance	(1,237,085)	(1,237,085)	1,873,284	3,110,369
Fund Balance - July 1, 2021	3,037,085	3,037,085	3,453,736	416,651
<b>Fund Balance - June 30, 2022</b>	<b><u>\$ 1,800,000</u></b>	<b><u>\$ 1,800,000</u></b>	<b><u>\$ 5,327,020</u></b>	<b><u>\$ 3,527,020</u></b>

**Reconciliation to generally accepted accounting principles basis**

Net Change in Fund Balance - from above	1,873,284
Change in Compensated Absences	(384)
Change in Accrued Interest	3,231
Change in Pension Expense	(2,533,783)
Debt Principal Payments	147,847
Capital outlay that is capitalized	643,691
Depreciation Expense	(519,760)
Change in Net Position as Reported in Proprietary Funds Statement of Revenues, Expenses, and Changes in Net Position	<u>\$ (385,874)</u>

**CITY OF SCAPPOOSE**

**Schedule of Revenues, Expenditures,  
and Changes in Fund Balance - Budget and Actual**

**WATER SDC FUND**

**For the Fiscal Year Ended June 30, 2022**

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Over (Under)
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES:</u></b>				
System Development Charges	\$ 306,940	\$ 306,940	\$ 48,041	\$ (258,899)
Investment Revenue	3,300	3,300	1,515	(1,785)
<b>Total Revenues</b>	<b>310,240</b>	<b>310,240</b>	<b>49,556</b>	<b>(260,684)</b>
<b><u>EXPENDITURES:</u></b>				
Capital Outlay	100,000	100,000	-	(100,000)
Debt Service	281,514	281,514	281,514	-
Contingency	414,238	414,238	-	(414,238)
<b>Total Expenditures</b>	<b>795,752</b>	<b>795,752</b>	<b>281,514</b>	<b>(514,238)</b>
Excess (Deficiency) of Revenues Over Expenditures	(485,512)	(485,512)	(231,958)	253,554
<b><u>Other Financing Sources / (Uses)</u></b>				
Operating Transfer In	95,714	95,714	95,714	-
Operating Transfer (Out)	(14,616)	(14,616)	(14,616)	-
<b>Total Other Financing Sources</b>	<b>81,098</b>	<b>81,098</b>	<b>81,098</b>	<b>-</b>
Net Change in Fund Balance	(404,414)	(404,414)	(150,860)	253,554
Fund Balance - July 1, 2021	404,414	404,414	391,407	(13,007)
<b>Fund Balance - June 30, 2022</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 240,547</b>	<b>\$ 240,547</b>

**Reconciliation to generally accepted accounting principles basis**

Net Change in Fund Balance - from above	(150,860)
Change in Accrued Interest	1,167
Debt Principal Payments	227,141
Change in Net Position as Reported in Proprietary Funds Statement of Revenues, Expenses, and Changes in Net Position	<u>\$ 77,448</u>

**SUPPLEMENTARY**  
**INFORMATION**

**Proprietary Funds**

**Wastewater Funds**

**CITY OF SCAPPOOSE**

**COMBINING STATEMENT OF NET POSITION**

**WASTEWATER FUNDS**

**June 30, 2022**

	<u>Wastewater Fund</u>	<u>Wastewater SDC Fund</u>	<u>Total Wastewater Fund</u>
<b><u>ASSETS:</u></b>			
Current Assets:			
Cash and Investments	\$ 3,872,612	\$ -	\$ 3,872,612
Accounts Receivable	154,578	-	154,578
Total Current Assets	4,027,190	-	4,027,190
Non-Current Assets:			
Restricted Cash - Systems Development	-	1,201,570	1,201,570
Net OPEB Asset (RHIA)	18,659	-	18,659
Total Non-Current Assets	18,659	1,201,570	1,220,229
Capital Assets:			
Land and Construction In Progress	102,570	-	102,570
Depreciable Assets, Net of Depreciation	5,972,772	-	5,972,772
Total Capital Assets	6,075,342	-	6,075,342
<b>Total Assets</b>	<b>\$ 10,121,191</b>	<b>\$ 1,201,570</b>	<b>\$ 11,322,761</b>
<b><u>DEFERRED OUTFLOW OF RESOURCES:</u></b>			
Pension Related Deferrals	295,213	-	295,213
OPEB Related Deferrals - RHIA	590	-	590
OPEB Related Deferrals - CIS	8,051	-	8,051
<b>Total Deferred Outflow of Resources</b>	<b>\$ 303,854</b>	<b>\$ -</b>	<b>\$ 303,854</b>
<b><u>LIABILITIES:</u></b>			
Current Liabilities:			
Accounts Payable	\$ 35,316	\$ 7,791	\$ 43,107
Compensated Absences Payable	25,192	-	25,192
Current Portion of Long-Term Liabilities:			
Bond Payable	17,642	-	17,642
Total Current Liabilities	78,150	7,791	85,941
Long-Term Liabilities:			
Noncurrent Portion of Long-Term Liabilities:			
Bonds Payable (Net of unamortized premium)	141,126	-	141,126
Net Pension Liability	720,764	-	720,764
Net OPEB Obligation - CIS	42,215	-	42,215
Total Long-Term Liabilities	904,105	-	904,105
<b>Total Liabilities</b>	<b>\$ 982,255</b>	<b>\$ 7,791</b>	<b>\$ 990,046</b>
<b><u>DEFERRED INFLOW OF RESOURCES:</u></b>			
Pension Related Deferrals	570,038	-	570,038
OPEB Related Deferrals - RHIA	6,158	-	6,158
OPEB Related Deferrals - CIS	21,693	-	21,693
<b>Total Deferred Inflow of Resources</b>	<b>\$ 597,889</b>	<b>\$ -</b>	<b>\$ 597,889</b>
<b><u>NET POSITION:</u></b>			
Net Investment in Capital Assets	\$ 5,916,574	\$ -	\$ 5,916,574
Restricted for:			
Systems Development	-	1,193,779	1,193,779
Net Pension Asset	18,659	-	18,659
Unrestricted	2,909,668	-	2,909,668
<b>Total Net Position</b>	<b>\$ 8,844,901</b>	<b>\$ 1,193,779</b>	<b>\$ 10,038,680</b>

**CITY OF SCAPPOOSE**

**Combining Statement of Revenues, Expenses, and Changes in Net Position**

**WASTEWATER FUNDS**

**For the Fiscal Year Ended June 30, 2022**

	Wastewater Fund	Wastewater SDC Fund	Total Wastewater Fund
<b><u>OPERATING REVENUES:</u></b>			
Charges for Services:			
Sewer Charges	\$ 2,334,302	\$ -	\$ 2,334,302
Other Revenue	2,929	30,864	33,793
<b>Total Operating Revenues</b>	<b><u>2,337,231</u></b>	<b><u>30,864</u></b>	<b><u>2,368,095</u></b>
<b><u>OPERATING EXPENSES:</u></b>			
Personnel Services	998,814	-	998,814
Materials and Supplies	553,801	-	553,801
Depreciation	354,034	-	354,034
<b>Total Operating Expenses</b>	<b><u>1,906,649</u></b>	<b><u>-</u></b>	<b><u>1,906,649</u></b>
Operating Income (Loss)	430,582	30,864	461,446
<b><u>NON-OPERATING REVENUES (EXPENSES):</u></b>			
Interest Income	11,373	6,615	17,988
Interest Expense	(838)	-	(838)
<b>Total Non-Operating Revenues (Expenses)</b>	<b><u>10,535</u></b>	<b><u>6,615</u></b>	<b><u>17,150</u></b>
Income Before Other Revenues, Expenses, and Transfers	441,117	37,479	478,596
<b><u>CAPITAL CONTRIBUTIONS AND TRANSFERS:</u></b>			
Intergovernmental Grants	1,900,000	-	1,900,000
Transfers (Out)	(138,568)	(15,582)	(154,150)
Capital Asset Transfers In	88,752	-	88,752
Capital Asset Transfers (Out)	-	(88,752)	(88,752)
<b>Total Capital Contributions and Transfers</b>	<b><u>1,850,184</u></b>	<b><u>(104,334)</u></b>	<b><u>1,745,850</u></b>
Change In Net Position	2,291,301	(66,855)	2,224,446
Net Position, July 1, 2021 - Restated	6,553,600	1,260,634	7,814,234
<b>Net Position, June 30, 2022</b>	<b><u>\$ 8,844,901</u></b>	<b><u>\$ 1,193,779</u></b>	<b><u>\$ 10,038,680</u></b>

**CITY OF SCAPPOOSE**

**Schedule of Revenues, Expenditures,  
and Changes in Fund Balance - Budget and Actual**

**WASTEWATER FUND**

**For the Fiscal Year Ended June 30, 2022**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts (Budgetary Basis) (See Note 1)	Final Budget Over (Under)
<b><u>REVENUES:</u></b>				
Charges for Services	\$ 2,417,725	\$ 2,417,725	\$ 2,334,302	\$ (83,423)
Investment Revenue	13,500	13,500	11,373	(2,127)
Intergovernmental Grants	-	-	1,900,000	1,900,000
Miscellaneous Revenue	-	-	2,929	2,929
<b>Total Revenues</b>	<b>2,431,225</b>	<b>2,431,225</b>	<b>4,248,604</b>	<b>1,817,379</b>
<b><u>EXPENDITURES:</u></b>				
Personnel Services	1,074,622	1,074,622	916,109	(158,513)
Materials and supplies	740,353	740,353	501,268	(239,085)
Capital Outlay	1,042,000	1,042,000	565,094	(476,906)
Debt Service:				
Principal	17,642	17,642	17,642	-
Interest	100,838	100,838	838	(100,000)
Contingency	580,489	580,489	-	(580,489)
<b>Total Expenditures</b>	<b>3,555,944</b>	<b>3,555,944</b>	<b>2,000,951</b>	<b>(1,554,993)</b>
Excess (Deficiency) of Revenues Over Expenditures	(1,124,719)	(1,124,719)	2,247,653	3,372,372
<b><u>OTHER FINANCING SOURCES / (USES):</u></b>				
Operating Transfer (Out)	(138,568)	(138,568)	(138,568)	-
<b>Total Other Financing Sources (Uses)</b>	<b>(138,568)</b>	<b>(138,568)</b>	<b>(138,568)</b>	<b>-</b>
Net Change In Fund Balance	(1,263,287)	(1,263,287)	2,109,085	3,372,372
Fund Balance - July 1, 2021 - Restated	1,263,287	1,263,287	1,882,790	619,503
<b>Fund Balance - June 30, 2022</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,991,875</b>	<b>\$ 3,991,875</b>

**Reconciliation to generally accepted accounting principles basis**

Net change in fund balance from above	2,109,085
Change in Compensated Absences	(384)
Change in Pension and OPEB Expense	(82,321)
Debt Principal Payments	17,642
Capital outlay that is capitalized	601,313
Depreciation Expense	(354,034)
Change in Net Position as Reported in Proprietary Funds Statement of Revenues, Expenses, and Changes in Net Position	<u>\$ 2,291,301</u>



# CITY OF SCAPPOOSE

## Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

### WASTEWATER SDC FUND

For the Fiscal Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Over (Under)
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES:</u></b>				
System Development Charges	\$ 173,133	\$ 173,133	\$ 30,864	\$ (142,269)
Investment Revenue	10,000	10,000	6,615	(3,385)
<b>Total Revenues</b>	<b><u>183,133</u></b>	<b><u>183,133</u></b>	<b><u>37,479</u></b>	<b><u>(145,654)</u></b>
<b><u>EXPENDITURES:</u></b>				
Capital Outlay	448,000	448,000	88,752	(359,248)
Contingency	985,419	985,419	-	(985,419)
<b>Total Expenditures</b>	<b><u>1,433,419</u></b>	<b><u>1,433,419</u></b>	<b><u>88,752</u></b>	<b><u>(1,344,667)</u></b>
Excess (Deficiency) of Revenues Over Expenditures	(1,250,286)	(1,250,286)	(51,273)	1,199,013
<b><u>Other Financing Sources / (Uses)</u></b>				
Operating Transfer (Out)	(15,582)	(15,582)	(15,582)	-
<b>Total Other Financing Sources</b>	<b><u>(15,582)</u></b>	<b><u>(15,582)</u></b>	<b><u>(15,582)</u></b>	<b><u>-</u></b>
Net Change in Fund Balance	(1,265,868)	(1,265,868)	(66,855)	1,199,013
Fund Balance - July 1, 2021	<u>1,265,868</u>	<u>1,265,868</u>	<u>1,260,634</u>	<u>(5,234)</u>
<b>Fund Balance - June 30, 2022</b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 1,193,779</u></b>	<b><u>\$ 1,193,779</u></b>

#### Reconciliation to generally accepted accounting principles basis

Net change in fund balance from above	(66,855)
Capital outlay that is capitalized	36,218
Change in Net Position as Reported in Proprietary Funds Statement of Revenues, Expenses, and Changes in Net Position	<u>\$ (30,637)</u>

**SUPPLEMENTARY**  
**INFORMATION**

**Proprietary Funds**

**Storm Drainage Funds**

**CITY OF SCAPPOOSE**  
**COMBINING STATEMENT OF NET POSITION**  
**STORM DRAINAGE FUNDS**

**June 30, 2022**

	Storm Drain Fund	Storm Drain SDC Fund	Total Storm Drain Fund
<b><u>ASSETS:</u></b>			
Current Assets:			
Cash and Investments	\$ 806,675	\$ -	\$ 806,675
Accounts Receivable	24,466	-	24,466
Total Current Assets	831,141	-	831,141
Non-Current Assets:			
Restricted Cash - Systems Development	-	444,298	444,298
Total Non-Current Assets	-	444,298	444,298
Capital Assets:			
Depreciable Assets, Net of Depreciation	168,539	-	168,539
Total Capital Assets	276,039	-	276,039
<b>Total Assets</b>	<b>\$ 1,107,180</b>	<b>\$ 444,298</b>	<b>\$ 1,551,478</b>
<b><u>LIABILITIES:</u></b>			
Current Liabilities:			
Accounts Payable	\$ 313	\$ 10,625	\$ 10,938
Total Current Liabilities	313	10,625	10,938
<b>Total Liabilities</b>	<b>\$ 313</b>	<b>\$ 10,625</b>	<b>\$ 10,938</b>
<b><u>NET POSITION:</u></b>			
Net Investment in Capital Assets	\$ 276,039	\$ -	\$ 276,039
Restricted for:			
Systems Development	-	433,673	433,673
Unrestricted	830,828	-	830,828
<b>Total Net Position</b>	<b>\$ 1,106,867</b>	<b>\$ 433,673</b>	<b>\$ 1,540,540</b>

# CITY OF SCAPPOOSE

## Combining Statement of Revenues, Expenses, and Changes in Net Position STORM DRAINAGE FUNDS

For the Fiscal Year Ended June 30, 2022

	Storm Drain Fund	Storm Drain SDC Fund	Total Storm Drain Fund
<b><u>OPERATING REVENUES:</u></b>			
Charges for Services:			
Storm Drain Charges	\$ 376,008	\$ -	\$ 376,008
Other Revenue	476	23,311	23,787
<b>Total Operating Revenues</b>	<b>376,484</b>	<b>23,311</b>	<b>399,795</b>
<b><u>OPERATING EXPENSES:</u></b>			
Personnel Services	102,938	-	102,938
Materials and Supplies	29,141	-	29,141
Depreciation	13,697	-	13,697
<b>Total Operating Expenses</b>	<b>145,776</b>	<b>-</b>	<b>145,776</b>
Operating Income (Loss)	230,708	23,311	254,019
<b><u>NON-OPERATING REVENUES (EXPENSES):</u></b>			
Interest Income	3,791	2,635	6,426
<b>Total Non-Operating Revenues (Expenses)</b>	<b>3,791</b>	<b>2,635</b>	<b>6,426</b>
Income Before Other Revenues, Expenses, and Transfer	234,499	25,946	260,445
<b><u>CAPITAL CONTRIBUTIONS AND TRANSFERS:</u></b>			
Transfers (Out)	-	(3,270)	(3,270)
Capital Asset Transfers In	107,500	-	107,500
Capital Asset Transfers (Out)	-	(107,500)	(107,500)
<b>Total Capital Contributions and Transfers</b>	<b>107,500</b>	<b>(110,770)</b>	<b>(3,270)</b>
Change In Net Position	341,999	(84,824)	257,175
Net Position, July 1, 2021	764,868	518,497	1,283,365
<b>Net Position, June 30, 2022</b>	<b>\$1,106,867</b>	<b>\$ 433,673</b>	<b>\$ 1,540,540</b>

**CITY OF SCAPPOOSE**

**Schedule of Revenues, Expenditures,  
and Changes in Fund Balance - Budget and Actual  
STORM DRAINAGE FUND**

**For the Fiscal Year Ended June 30, 2022**

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Over (Under)
	Original	Final		
<b><u>REVENUES:</u></b>				
Investment Revenue	\$ 3,200	\$ 3,200	\$ 3,791	\$ 591
General Revenue	358,436	358,436	376,008	17,572
Miscellaneous Revenue	-	-	476	476
<b>Total Revenues</b>	<b>361,636</b>	<b>361,636</b>	<b>380,275</b>	<b>18,639</b>
<b><u>EXPENDITURES:</u></b>				
Personnel Services	113,069	113,069	102,938	(10,131)
Materials and Services	183,050	183,050	29,141	(153,909)
Capital Outlay	167,000	167,000	18,978	(148,022)
Contingency	417,907	417,907	-	(417,907)
<b>Total Expenditures</b>	<b>881,026</b>	<b>881,026</b>	<b>151,057</b>	<b>(729,969)</b>
Net Change In Fund Balance	(519,390)	(519,390)	229,218	748,608
Fund Balance - July 1, 2021	519,390	519,390	601,611	82,221
<b>Fund Balance - June 30, 2022</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 830,829</b>	<b>\$ 830,829</b>

**Reconciliation to Generally Accepted Accounting Principal Basis (GAAP):**

Net change in fund balance from above	229,218
Capital Asset Interfund Transfer	107,500
Capital outlay that is capitalized	18,978
Depreciation Expense	(13,697)
Change in Net Position as Reported in Proprietary Funds Statement of of Revenues, Expenditures, and Changes in Net Position	<u>\$ 341,999</u>

**CITY OF SCAPPOOSE**

**Schedule of Revenues, Expenditures,  
and Changes in Fund Balance - Budget and Actual**

**STORM DRAINAGE SDC FUND**

**For the Fiscal Year Ended June 30, 2022**

	<u>Budgeted Amounts</u>		Actual	Variance with
	<u>Original</u>	<u>Final</u>	Amounts (Budgetary Basis) (See Note 1)	Final Budget Over (Under)
<b><u>REVENUES:</u></b>				
System Development Charges	\$ 65,395	\$ 65,395	\$ 23,311	\$ (42,084)
Investment Revenue	5,000	5,000	2,635	(2,365)
<b>Total Revenues</b>	<b>70,395</b>	<b>70,395</b>	<b>25,946</b>	<b>(44,449)</b>
<b><u>EXPENDITURES:</u></b>				
Capital Outlay	312,000	312,000	107,500	(204,500)
Contingency	238,132	238,132	-	(238,132)
<b>Total Expenditures</b>	<b>550,132</b>	<b>550,132</b>	<b>107,500</b>	<b>(442,632)</b>
Excess (Deficiency) of Revenues Over Expenditures	(479,737)	(479,737)	(81,554)	398,183
<b><u>Other Financing Sources / (Uses)</u></b>				
Operating Transfer (Out)	(3,270)	(3,270)	(3,270)	-
<b>Total Other Financing Sources</b>	<b>(3,270)</b>	<b>(3,270)</b>	<b>(3,270)</b>	<b>-</b>
Net Change in Fund Balance	(483,007)	(483,007)	(84,824)	398,183
Fund Balance - July 1, 2021	483,007	483,007	518,497	35,490
<b>Fund Balance - June 30, 2022</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 433,673</b>	<b>\$ 433,673</b>

**Reconciliation to generally accepted accounting principles basis**

Net change in fund balance from above	(84,824)
Change in Net Position as Reported in Proprietary Funds Statement of Revenues, Expenses, and Changes in Net Position	<u>\$ (84,824)</u>

**SUPPLEMENTARY**  
**INFORMATION**

**Non-Major**  
**Governmental Funds**

**CITY OF SCAPPOOSE**  
**COMBINING BALANCE SHEET**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**(By Fund Type)**  
**June 30, 2022**

	<u>Combined Non-Major Special Revenue Funds</u>	<u>Total</u>
<b><u>ASSETS:</u></b>		
Cash & Investments	\$ 879,524	\$ 879,524
Accounts Receivable	2,353	2,353
<b>Total Assets</b>	<b><u>\$ 881,877</u></b>	<b><u>\$ 881,877</u></b>
<b><u>LIABILITIES:</u></b>		
Accounts Payable	6,595	6,595
<b>Total Liabilities</b>	<b><u>6,595</u></b>	<b><u>6,595</u></b>
<b><u>FUND BALANCES:</u></b>		
Restricted for:		
Systems Development	249,978	249,978
Employee Benefits	95,874	95,874
Committed for:		
Parks and Recreation Programs	49,787	49,787
Community Development Projects	274,335	274,335
Public Works	205,308	205,308
<b>Total Fund Balances</b>	<b><u>875,282</u></b>	<b><u>875,282</u></b>
<b>Total Liabilities, Deferred Inflows of Resources &amp; Fund Balances</b>	<b><u>\$ 881,877</u></b>	<b><u>\$ 881,877</u></b>



**CITY OF SCAPPOOSE**

**Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances**

**NON-MAJOR GOVERNMENTAL FUNDS**

**(By Fund Type)**

**For the Fiscal Year Ended June 30, 2022**

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	Combined Non-Major Special Revenue Funds	Total
	<u>Funds</u>	<u>Total</u>
<b><u>REVENUES:</u></b>		
Licenses and Permits	\$ 315,081	\$ 315,081
Intergovernmental	15,608	15,608
System Development Charges	6,550	6,550
Investment Revenue	4,852	4,852
Other Revenue	9,646	9,646
<b>Total Revenues</b>	<b><u>351,737</u></b>	<b><u>351,737</u></b>
<b><u>EXPENDITURES:</u></b>		
General Government	25,598	25,598
Culture and Recreation	276,786	276,786
Capital Outlay	20,745	20,745
<b>Total Expenditures</b>	<b><u>323,129</u></b>	<b><u>323,129</u></b>
Excess (Deficiency) of Revenues Over Expenditures	28,608	28,608
<b><u>OTHER FINANCING SOURCES (USES):</u></b>		
Operating Transfers In	25,000	25,000
Operating Transfers Out	(42,039)	(42,039)
<b>Total Other Financing Sources (Uses)</b>	<b><u>(17,039)</u></b>	<b><u>(17,039)</u></b>
Net Change in Fund Balances	11,569	11,569
Fund Balances - July 1, 2021	<u>863,713</u>	<u>863,713</u>
<b>Fund Balances - June 30, 2022</b>	<b><u><u>\$875,282</u></u></b>	<b><u><u>\$875,282</u></u></b>

**SUPPLEMENTARY**  
**INFORMATION**

**Non-Major**  
**Special Revenue Funds**

**CITY OF SCAPPOOSE**  
**COMBINING BALANCE SHEET**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**June 30, 2022**

	Building Fund	Pool Fund	Foot Paths & Bike Fund	Parks SDC Fund	PEG Fee Fund	Watts House Fund	Unemployment Fund	Law Enforcement Fund	Total
<b><u>ASSETS:</u></b>									
Cash & Investments	\$ 218,210	\$ 8,968	\$ 185,550	\$ 253,221	\$ 57,000	\$ 40,943	\$ 95,874	\$ 19,758	\$ 879,524
Accounts Receivable	-	-	-	-	2,371	(18)	-	-	2,353
<b>Total Assets</b>	<b><u>\$ 218,210</u></b>	<b><u>\$ 8,968</u></b>	<b><u>\$ 185,550</u></b>	<b><u>\$ 253,221</u></b>	<b><u>\$ 59,371</u></b>	<b><u>\$ 40,925</u></b>	<b><u>\$ 95,874</u></b>	<b><u>\$ 19,758</u></b>	<b><u>\$ 881,877</u></b>
<b><u>LIABILITIES:</u></b>									
Accounts Payable	3,246	-	-	3,243	-	106	-	-	6,595
<b>Total Liabilities</b>	<b><u>3,246</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>3,243</u></b>	<b><u>-</u></b>	<b><u>106</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>6,595</u></b>
<b><u>FUND BALANCES:</u></b>									
Restricted for:									
Systems Development	-	-	-	249,978	-	-	-	-	249,978
Employee Benefits	-	-	-	-	-	-	95,874	-	95,874
Committed for:									
Parks and Recreation Programs	-	8,968	-	-	-	40,819	-	-	49,787
Community Development Projects	214,964	-	-	-	59,371	-	-	-	274,335
Public Works	-	-	185,550	-	-	-	-	19,758	205,308
<b>Total Fund Balances</b>	<b><u>214,964</u></b>	<b><u>8,968</u></b>	<b><u>185,550</u></b>	<b><u>249,978</u></b>	<b><u>59,371</u></b>	<b><u>40,819</u></b>	<b><u>95,874</u></b>	<b><u>19,758</u></b>	<b><u>875,282</u></b>
<b>Total Liabilities, Deferred Inflows, and Fund Balances</b>	<b><u>\$ 218,210</u></b>	<b><u>\$ 8,968</u></b>	<b><u>\$ 185,550</u></b>	<b><u>\$ 253,221</u></b>	<b><u>\$ 59,371</u></b>	<b><u>\$ 40,925</u></b>	<b><u>\$ 95,874</u></b>	<b><u>\$ 19,758</u></b>	<b><u>\$ 881,877</u></b>

**CITY OF SCAPPOOSE**

**Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances**

**NON-MAJOR SPECIAL REVENUE FUNDS**

**For the Fiscal Year Ended June 30, 2022**

	Building Fund	Pool Fund	Foot Paths & Bike Fund	Parks SDC	Peg Fee Fund	Watts House Fund	Unemployment Fund	Law Enforcement Fund	Total
<b><u>REVENUES:</u></b>									
Licenses and Permits	\$ 315,081	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 315,081
Intergovernmental	-	-	7,233	-	-	-	-	8,375	15,608
System Development Charges	-	-	-	6,550	-	-	-	-	6,550
Investment Revenue	1,298	48	914	1,402	315	233	555	87	4,852
Other Revenue	-	-	-	-	9,646	-	-	-	9,646
<b>Total Revenues</b>	<b>316,379</b>	<b>48</b>	<b>8,147</b>	<b>7,952</b>	<b>9,961</b>	<b>233</b>	<b>555</b>	<b>8,462</b>	<b>351,737</b>
<b><u>EXPENDITURES:</u></b>									
General Government	-	-	-	-	16,069	-	9,529	-	25,598
Culture and Recreation	272,555	-	-	-	-	4,231	-	-	276,786
Capital Outlay	-	-	490	11,169	-	-	-	9,086	20,745
<b>Total Expenditures</b>	<b>272,555</b>	<b>-</b>	<b>490</b>	<b>11,169</b>	<b>16,069</b>	<b>4,231</b>	<b>9,529</b>	<b>9,086</b>	<b>323,129</b>
Excess (Deficiency) of Revenues Over Expenditures	43,824	48	7,657	(3,217)	(6,108)	(3,998)	(8,974)	(624)	28,608
<b><u>OTHER FINANCING SOURCES (USES):</u></b>									
Operating Transfers In	-	-	25,000	-	-	-	-	-	25,000
Operating Transfers (Out)	(36,337)	-	-	(5,702)	-	-	-	-	(42,039)
<b>Total Other Financing Sources (Uses)</b>	<b>(36,337)</b>	<b>-</b>	<b>25,000</b>	<b>(5,702)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(17,039)</b>
Net Change in Fund Balances	7,487	48	32,657	(8,919)	(6,108)	(3,998)	(8,974)	(624)	11,569
Fund Balances - July 1, 2021	207,477	8,920	152,893	258,897	65,479	44,817	104,848	20,382	863,713
<b>Fund Balances - June 30, 2022</b>	<b>\$ 214,964</b>	<b>\$ 8,968</b>	<b>\$ 185,550</b>	<b>\$ 249,978</b>	<b>\$ 59,371</b>	<b>\$ 40,819</b>	<b>\$ 95,874</b>	<b>\$ 19,758</b>	<b>\$ 875,282</b>

# CITY OF SCAPPOOSE

## Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

### BUILDING FUND

For the Fiscal Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts (Budgetary Basis) (See Note 1)	Final Budget Over (Under)
<b><u>REVENUES:</u></b>				
Investment Revenue	\$ 2,400	\$ 2,400	\$ 1,298	\$ (1,102)
Licenses and Permits	443,480	443,480	314,586	(128,894)
Miscellaneous Revenue	-	-	495	495
<b>Total Revenues</b>	<b>445,880</b>	<b>445,880</b>	<b>316,379</b>	<b>(129,501)</b>
<b><u>EXPENDITURES:</u></b>				
Personnel Services	250,565	250,565	229,612	(20,953)
Materials and Services	78,754	78,754	42,943	(35,811)
Capital Outlay	40,000	40,000	-	(40,000)
Contingency	276,262	276,262	-	(276,262)
<b>Total Expenditures</b>	<b>645,581</b>	<b>645,581</b>	<b>272,555</b>	<b>(373,026)</b>
Excess (Deficiency) of Revenues Over Expenditures	(199,701)	(199,701)	43,824	243,525
<b><u>OTHER FINANCING SOURCES / (USES):</u></b>				
Operating Transfer (Out)	(36,337)	(36,337)	(36,337)	-
<b>Total Other Financing Sources (Uses)</b>	<b>(36,337)</b>	<b>(36,337)</b>	<b>(36,337)</b>	<b>-</b>
Net Change In Fund Balance	(236,038)	(236,038)	7,487	243,525
Fund Balance - July 1, 2021	236,038	236,038	207,477	(28,561)
<b>Fund Balance - June 30, 2022</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 214,964</b>	<b>\$ 214,964</b>

**CITY OF SCAPPOOSE**

**Schedule of Revenues, Expenditures,  
and Changes in Fund Balance - Budget and Actual**

**POOL FUND**

**For the Fiscal Year Ended June 30, 2022**

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	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Over (Under)
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES:</u></b>				
Investment Revenue	\$ 80	\$ 80	\$ 48	\$ (32)
<b>Total Revenues</b>	<b>80</b>	<b>80</b>	<b>48</b>	<b>(32)</b>
<b><u>EXPENDITURES:</u></b>				
Contingency	9,007	9,007	-	(9,007)
<b>Total Expenditures</b>	<b>9,007</b>	<b>9,007</b>	<b>-</b>	<b>(9,007)</b>
Net Change In Fund Balance	(8,927)	(8,927)	48	8,975
Fund Balance - July 1, 2021	8,927	8,927	8,920	(7)
<b>Fund Balance - June 30, 2022</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 8,968</b>	<b>\$ 8,968</b>

# CITY OF SCAPPOOSE

## Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

### FOOT PATHS & BICYCLE TRAILS FUND

For the Fiscal Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Over (Under)
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Intergovernmental	\$ 5,582	\$ 5,582	\$ 7,233	\$ 1,651
Investment Revenue	1,250	1,250	914	(336)
<b>Total Revenues</b>	6,832	6,832	8,147	1,315
<b>EXPENDITURES:</b>				
Materials and Services	3,000	3,000	-	(3,000)
Capital Outlay	50,000	50,000	490	(49,510)
Contingency	125,435	125,435	-	(125,435)
<b>Total Expenditures</b>	178,435	178,435	490	(177,945)
Excess (Deficiency) of Revenues Over Expenditures	(171,603)	(171,603)	7,657	179,260
<b>OTHER FINANCING SOURCES / (USES):</b>				
Operating Transfer In	25,000	25,000	25,000	-
<b>Total Other Financing Sources (Uses)</b>	25,000	25,000	25,000	-
Net Change In Fund Balance	(146,603)	(146,603)	32,657	179,260
Fund Balance - July 1, 2021	146,603	146,603	152,893	6,290
<b>Fund Balance - June 30, 2022</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 185,550</b>	<b>\$ 185,550</b>

**CITY OF SCAPPOOSE**

**Schedule of Revenues, Expenditures,  
and Changes in Fund Balance - Budget and Actual**

**PARKS SDC FUND**

**For the Fiscal Year Ended June 30, 2022**

	<u>Budgeted Amounts</u>		Actual	Variance with
	<u>Original</u>	<u>Final</u>	Amounts (Budgetary Basis) (See Note 1)	Final Budget Over (Under)
<b><u>REVENUES:</u></b>				
System Development Charges	\$ 114,032	\$ 114,032	\$ 6,550	\$ (107,482)
Investment Revenue	1,100	1,100	1,402	302
<b>Total Revenues</b>	<b>115,132</b>	<b>115,132</b>	<b>7,952</b>	<b>(107,180)</b>
<b><u>EXPENDITURES:</u></b>				
Capital Outlay	200,000	200,000	11,169	(188,831)
Contingency	115,578	115,578	-	(115,578)
<b>Total Expenditures</b>	<b>315,578</b>	<b>315,578</b>	<b>11,169</b>	<b>(304,409)</b>
Excess (Deficiency) of Revenues Over Expenditures	(200,446)	(200,446)	(3,217)	197,229
<b><u>Other Financing Sources / (Uses)</u></b>				
Operating Transfer (Out)	(5,702)	(5,702)	(5,702)	-
<b>Total Other Financing Sources</b>	<b>(5,702)</b>	<b>(5,702)</b>	<b>(5,702)</b>	<b>-</b>
Net Change in Fund Balance	(206,148)	(206,148)	(8,919)	197,229
Fund Balance - July 1, 2021	206,148	206,148	258,897	52,749
<b>Fund Balance - June 30, 2022</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 249,978</b>	<b>\$ 249,978</b>



# CITY OF SCAPPOOSE

## Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

### PEG FEE FUND

For the Fiscal Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts (Budgetary Basis) (See Note 1)	Final Budget Over (Under)
<b><u>REVENUES:</u></b>				
Investment Revenue	\$ 625	\$ 625	\$ 315	\$ (310)
Miscellaneous Revenue	10,500	10,500	9,646	(854)
<b>Total Revenues</b>	<b>11,125</b>	<b>11,125</b>	<b>9,961</b>	<b>(1,164)</b>
<b><u>EXPENDITURES:</u></b>				
Materials and Services	48,195	48,195	16,069	(32,126)
Contingency	21,184	21,184	-	(21,184)
<b>Total Expenditures</b>	<b>69,379</b>	<b>69,379</b>	<b>16,069</b>	<b>(53,310)</b>
Net Change In Fund Balance	(58,254)	(58,254)	(6,108)	52,146
Fund Balance - July 1, 2021	58,254	58,254	65,479	7,225
<b>Fund Balance - June 30, 2022</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 59,371</b>	<b>\$ 59,371</b>

**CITY OF SCAPPOOSE**

**Schedule of Revenues, Expenditures,  
and Changes in Fund Balance - Budget and Actual**

**WATTS HOUSE FUND**

**For the Fiscal Year Ended June 30, 2022**

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	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Over (Under)
	<u>Original</u>	<u>Final</u>		<u>(Under)</u>
<b><u>REVENUES:</u></b>				
Investment Revenue	\$ 400	\$ 400	\$ 233	\$ (167)
<b>Total Revenues</b>	<b>400</b>	<b>400</b>	<b>233</b>	<b>(167)</b>
<b><u>EXPENDITURES:</u></b>				
Material & Services	10,600	10,600	4,231	(6,369)
Capital Outlay	5,000	5,000	-	(5,000)
Contingency	29,348	29,348	-	(29,348)
<b>Total Expenditures</b>	<b>44,948</b>	<b>44,948</b>	<b>4,231</b>	<b>(40,717)</b>
Net Change in Fund Balance	(44,548)	(44,548)	(3,998)	40,550
Fund Balance - July 1, 2021	44,548	44,548	44,817	269
<b>Fund Balance - June 30, 2022</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 40,819</b>	<b>\$ 40,819</b>

**CITY OF SCAPPOOSE**

**Schedule of Revenues, Expenditures,  
and Changes in Fund Balance - Budget and Actual**

**UNEMPLOYMENT FUND**

**For the Fiscal Year Ended June 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u> <u>(Budgetary Basis)</u> <u>(See Note 1)</u>	<u>Final Budget</u> <u>Over</u> <u>(Under)</u>
<b><u>REVENUES:</u></b>				
Investment Revenue	\$ 1,000	\$ 1,000	\$ 555	\$ (445)
<b>Total Revenues</b>	<b>1,000</b>	<b>1,000</b>	<b>555</b>	<b>(445)</b>
<b><u>EXPENDITURES:</u></b>				
Personnel Services	50,000	50,000	9,529	(40,471)
Contingency	55,945	55,945	-	(55,945)
<b>Total Expenditures</b>	<b>105,945</b>	<b>105,945</b>	<b>9,529</b>	<b>(96,416)</b>
Fund Balance - July 1, 2021	104,945	104,945	104,848	(97)
<b>Fund Balance - June 30, 2022</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 95,874</b>	<b>\$ 95,874</b>

**CITY OF SCAPPOOSE**

**Schedule of Revenues, Expenditures,  
and Changes in Fund Balance - Budget and Actual**

**LAW ENFORCEMENT FUND**

**For the Fiscal Year Ended June 30, 2022**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>	(Budgetary Basis) (See Note 1)	Over (Under)
<b><u>REVENUES:</u></b>				
Investment Revenue	\$ 100	\$ 100	\$ 87	\$ (13)
Intergovernmental Revenue	7,500	7,500	8,375	875
<b>Total Revenues</b>	<b>7,600</b>	<b>7,600</b>	<b>8,462</b>	<b>862</b>
<b><u>EXPENDITURES:</u></b>				
Capital Outlay	10,000	10,000	9,086	(914)
Contingency	14,944	14,944	-	(14,944)
<b>Total Expenditures</b>	<b>24,944</b>	<b>24,944</b>	<b>9,086</b>	<b>(15,858)</b>
Excess (Deficiency) of Revenues Over Expenditures	(17,344)	(17,344)	(624)	16,720
Net Change In Fund Balance	(17,344)	(17,344)	(624)	16,720
Fund Balance - July 1, 2021	17,344	17,344	20,382	3,038
<b>Fund Balance - June 30, 2022</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 19,758</b>	<b>\$ 19,758</b>

**OTHER**  
**INFORMATION**

**Additional**  
**Supporting Schedules**

**CITY OF SCAPPOOSE**  
**SCHEDULE OF LONG-TERM DEBT TRANSACTIONS**  
**For the Fiscal Year Ended June 30, 2022**

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**2010 Waste Water Treatment Plant Improvement- R6809**

The City entered into a contract with Oregon DEQ in 2010 for the purpose of construction pump and filter upgrades for the Wastewater Treatment Plant and Springlake Park Pump Station. Original balance is \$705,660 with an interest rate of 0.0% and an annual fee of .5%. 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. Payments are due the 1st of September and March.

**Current Year Activity:**

	Outstanding Balance July 1, 2021	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2022	Due Within One Year
Principal	\$ 176,410	\$ -	\$ 17,642	\$ 158,768	\$ 17,642
Interest	-	838	838	-	-
Total	<u>\$ 176,410</u>	<u>\$ 838</u>	<u>\$ 18,480</u>	<u>\$ 158,768</u>	<u>\$ 17,642</u>

**Future Requirements:**

	Fiscal Year Ended June 30,	Principal	Interest	Total	Interest Rate
	2023	\$ 17,642	\$ -	\$ 17,642	0.00%
	2024	17,642	-	17,642	0.00%
	2025	17,642	-	17,642	0.00%
	2026	17,642	-	17,642	0.00%
	2027	17,642	-	17,642	0.00%
	2028	17,642	-	17,642	0.00%
	2029	17,642	-	17,642	0.00%
	2030	17,642	-	17,642	0.00%
	2031	17,632	-	17,632	0.00%
Total		<u>\$ 158,768</u>	<u>\$ -</u>	<u>\$ 158,768</u>	

**CITY OF SCAPPOOSE**  
**SCHEDULE OF LONG-TERM DEBT TRANSACTIONS**  
**For the Fiscal Year Ended June 30, 2022**

**2002 Water Treatment Plant Phase 1 and 2**

On December 4, 2002, the City entered into a contract with Oregon Economic and Community Development Department (OECD) 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 2035.

**Current Year Activity:**

	Outstanding Balance July 1, 2021	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2022	Due Within One Year
Principal	\$ 710,793	\$ -	\$ 89,949	\$ 620,844	\$ 90,659
Interest	-	33,763	33,763	-	29,490
<b>Total</b>	<b>\$ 710,793</b>	<b>\$ 33,763</b>	<b>\$ 123,712</b>	<b>\$ 620,844</b>	<b>\$ 120,149</b>

**Future Requirements:**

	Fiscal Year Ended June 30,	Principal	Interest	Total	Interest Rate
	2023	\$ 90,659	\$ 29,490	\$ 120,149	4.40%
	2024	96,403	25,184	121,587	4.40%
	2025	102,182	20,605	122,787	4.40%
	2026	107,998	15,751	123,749	4.40%
	2027	108,853	10,621	119,474	4.40%
	2028	114,749	5,450	120,199	4.40%
<b>Total</b>		<b>\$ 620,844</b>	<b>\$ 107,101</b>	<b>\$ 727,945</b>	

**CITY OF SCAPPOOSE**  
**SCHEDULE OF LONG-TERM DEBT TRANSACTIONS**  
**For the Fiscal Year Ended June 30, 2022**

**2002 Storage Reservoir**

Business Oregon Storage Reservoir Safe Drinking Water Note S03003 dated December 3, 2002. Original balance is \$4,072,495 with an interest rate of 1.00%.

**Current Year Activity:**

	Outstanding Balance July 1, 2021	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2022	Due Within One Year
Principal	\$ 2,060,997	\$ -	\$ 137,192	\$ 1,923,805	\$ 138,563
Interest	-	20,610	20,610	-	19,238
Total	<u>\$ 2,060,997</u>	<u>\$ 20,610</u>	<u>\$ 157,802</u>	<u>\$ 1,923,805</u>	<u>\$ 157,801</u>

**Future Requirements:**

	Fiscal Year Ended June 30,	Principal	Interest	Total	Interest Rate
	2023	\$ 138,563	\$ 19,238	\$ 157,801	1.00%
	2024	139,949	17,852	157,801	1.00%
	2025	141,349	16,453	157,802	1.00%
	2026	142,762	15,039	157,801	1.00%
	2027	144,190	13,612	157,802	1.00%
	2028	145,632	12,170	157,802	1.00%
	2029	147,088	10,714	157,802	1.00%
	2030	148,559	9,243	157,802	1.00%
	2031	150,044	7,757	157,801	1.00%
	2032	151,545	6,257	157,802	1.00%
	2033	153,060	4,741	157,801	1.00%
	2034	154,591	3,211	157,802	1.00%
	2035	156,137	1,665	157,802	1.00%
	2036	10,336	103	10,439	1.00%
Total		<u>\$ 1,923,805</u>	<u>\$ 138,055</u>	<u>\$ 2,061,860</u>	



**CITY OF SCAPPOOSE**  
**SCHEDULE OF LONG-TERM DEBT TRANSACTIONS**  
**For the Fiscal Year Ended June 30, 2022**

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**2010 Dutch Canyon Water Line**

Dutch Canyon Water Line Note with Business Oregon dated December 2, 2010. 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. Original balance is \$1,274,143 and carries an interest rate of 3.68%.

**Current Year Activity:**

	Outstanding Balance July 1, 2021	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2022	Due Within One Year
Principal	\$ 609,583	\$ -	\$ 59,006	\$ 550,577	\$ 61,178
Interest	-	22,433	22,433	-	20,261
Total	<u>\$ 609,583</u>	<u>\$ 22,433</u>	<u>\$ 81,439</u>	<u>\$ 550,577</u>	<u>\$ 81,439</u>

**Future Requirements:**

Fiscal Year Ended June 30,	Principal	Interest	Total	Interest Rate
2023	\$ 61,178	\$ 20,261	\$ 81,439	3.68%
2024	63,429	18,010	81,439	3.68%
2025	65,763	15,676	81,439	3.68%
2026	68,183	13,256	81,439	3.68%
2027	70,692	10,747	81,439	3.68%
2028	73,294	8,145	81,439	3.68%
2029	75,991	5,448	81,439	3.68%
2030	72,047	2,651	74,698	3.68%
Total	<u>\$ 550,577</u>	<u>\$ 94,194</u>	<u>\$ 644,771</u>	

**CITY OF SCAPPOOSE**  
**SCHEDULE OF LONG-TERM DEBT TRANSACTIONS**  
**For the Fiscal Year Ended June 30, 2022**

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**2018 Police Equipment Lease**

On June 1, 2018, the City entered into a lease agreement with KS State Bank to purchase 11 body camera systems and 8 in-car camera systems. Original balance is \$83,454. Annual lease payments are made at closing and on June 1 of the four following years for \$18,760. The imputed annual interest rate is 6.21%. The lease agreement is secured by the equipment.

**Current Year Activity:**

	Outstanding Balance July 1, 2021	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2022	Due Within One Year
Principal	\$ 17,663	\$ -	\$ 17,663	\$ -	\$ -
Interest	-	1,097	1,097	-	-
<b>Total</b>	<b>\$ 17,663</b>	<b>\$ 1,097</b>	<b>\$ 18,760</b>	<b>\$ -</b>	<b>\$ -</b>

**Future Requirements:**

	Fiscal Year Ended June 30,	Principal	Interest	Total	Interest Rate
<b>Total</b>		<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	

**CITY OF SCAPPOOSE**  
**SCHEDULE OF LONG-TERM DEBT TRANSACTIONS**  
**For the Fiscal Year Ended June 30, 2022**

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**2017 Dump Truck Lease**

On September 22, 2017, the City entered into a lease agreement with Ford Credit to purchase a 2016 MAC 700 dump truck and accessories. Original balance is \$178,834 Annual lease payments are made at closing and on September 15 of the four following years for \$50,668. The annual interest rate is 5.2%. The lease agreement is secured by the equipment.

**Current Year Activity:**

	Outstanding Balance July 1, 2021	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2022	Due Within One Year
Principal	\$ 48,163	\$ -	\$ 48,163	\$ -	\$ -
Interest	-	2,504	2,504	-	-
<b>Total</b>	<b>\$ 48,163</b>	<b>\$ 2,504</b>	<b>\$ 50,667</b>	<b>\$ -</b>	<b>\$ -</b>

**Future Requirements:**

	Fiscal Year Ended June 30,	Principal	Interest	Total	Interest Rate
<b>Total</b>		<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	

**CITY OF SCAPPOOSE**  
**SCHEDULE OF LONG-TERM DEBT TRANSACTIONS**  
**For the Fiscal Year Ended June 30, 2022**

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**2019 Excavator Lease**

On July 15, 2019, the City entered into a lease agreement with Wells Fargo Financial Services to purchase a 2019 Kobelco excavator. Original balance is \$162,709 Annual lease payments are made at closing and on July 8 of the three following years for \$40,677. The annual interest rate is 0.0%. The lease agreement is secured by the equipment.

**Current Year Activity:**

	Outstanding Balance <u>July 1, 2021</u>	New Issues and Interest <u>Matured</u>	Principal and Interest <u>Retired</u>	Outstanding Balance <u>June 30, 2022</u>	Due Within <u>One Year</u>
Principal	\$ 40,678	\$ -	\$ 40,678	\$ -	\$ -
Interest	-	1,739	1,739	-	-
Total	<u>\$ 40,678</u>	<u>\$ 1,739</u>	<u>\$ 42,417</u>	<u>\$ -</u>	<u>\$ -</u>

**Future Requirements:**

	Fiscal Year Ended June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	Interest Rate
Total		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	

**REPORTS ON LEGAL**  
**AND OTHER**  
**REGULATORY REQUIREMENTS**

**CITY OF SCAPPOOSE**  
**INDEPENDENT AUDITOR'S REPORT**  
**REQUIRED BY OREGON STATE REGULATIONS**  
**As of June 30, 2022**

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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, 2022 and have issued our report thereon dated February 13, 2023. 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' 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 and roads (ORS Chapters 294, 368 & 373).**
- **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 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 Tuhscherer, CPA  
Umpqua Valley Financial  
Roseburg, Oregon  
February 13, 2023