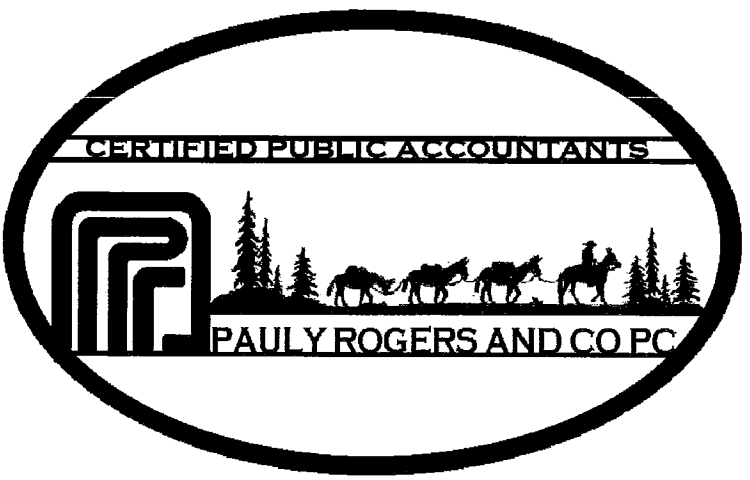
CITY OF NORTH PLAINS
WASHINGTON COUNTY, OREGON

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2012



12700 SW 72nd Ave.
Tigard, OR 97223

CITY OF NORTH PLAINS

WASHINGTON COUNTY, OREGON

2011-2012
FINANCIAL REPORT

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CITY OF NORTH PLAINS
WASHINGTON COUNTY, OREGON

CITY OFFICIALS

2011-2012

CITY COUNCIL	TERM EXPIRES
David Hatcher – Mayor	December 31, 2012
Teri K. Lenahan – President	December 31, 2012
Robert Kindel, Jr.	December 31, 2012
Ana Singh-Gill	December 31, 2012
Michael Broome	December 31, 2014
Michael Demagalski	December 31, 2014
Glen Warren	December 31, 2014

All Council members receive mail at the City address below

CITY MANAGER & PLANNER

Martha DeBry

CONTRACT ACCOUNTANT

Haley Fish

REGISTERED OFFICE

31360 NW Commercial Street
North Plains, Oregon 97133

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CITY OF NORTH PLAINS
WASHINGTON COUNTY, OREGON

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WASHINGTON COUNTY, OREGON

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PAULY, ROGERS AND CO., P.C.
CERTIFIED PUBLIC ACCOUNTANTS

• 12700 SW 72ND AVENUE • TIGARD, OREGON 97223
• (503) 620-2632 • FAX (503) 684-7523

January 15, 2013

Mayor and City Council
City of North Plains
North Plains, Oregon

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of North Plains, Washington County, Oregon as of and for the year ended June 30, 2012, which collectively comprise the basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 1, these financial statements are prepared on the modified cash basis of accounting which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position – modified cash basis of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of North Plains as of June 30, 2012, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended, on the basis of accounting described in Note 1.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Required Supplementary Information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, 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 in accordance with auditing standards generally accepted in the United States of America, which consisted 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 Management's Discussion and Analysis, as listed in the table of contents, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison schedules presented as Required Supplemental Information, as listed in the table of contents, 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 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, and in our opinion are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The supplementary information, as listed in the table of contents, is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison information for all appropriated funds and supplementary information, as listed in the table of contents, is fairly stated in all material respects in relation to the basic financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The listing of board members containing their term expiration dates, located before the table of contents, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financials statements, and accordingly, we do not express an opinion or provide any assurance on it.

Pauly, Rogers and Co. P.C.

PAULY, ROGERS AND CO., P.C.

CITY OF NORTH PLAINS, OREGON

Management Discussion and Analysis
June 30, 2012

MANAGEMENTS DIRECT COMMENTS: The City manages and oversees operation of water distribution system, streets, parks system, land use planning activities, police, library services and general administrative operations needed to provide these services to the citizens. The city discontinued the operation of the municipal court by outsourcing the operations to Washington County Justice Court. The City also endeavored to cultivate community involvement through additional and more involved event planning activities which has been continued into fiscal year 2013.

The economic climate has remained stable in fiscal year 2012. City management has taken steps to maximize the value received from dollars spent by re-evaluating ongoing expenses and stream-lining the personnel structure supplementing staff with technical contractors where needed. Management is committed to taking the appropriate steps necessary to ensure the fiscal integrity of all City operations.

OVERALL FINANCIAL POSITION: The adopted 2011-12 city budget was $5,471,015. Beginning cash balances from all funds equaled $3,296,846. During the year $2,347,698 in revenues were received and $2,186,641 expended leaving a cash reserve balance of $3,342,510 for fiscal year 2012-13.

Major differences in the adopted budget and actual figures account for the fact that 97.5% of the projected revenues were received while 43% of the proposed budget expenditures were made.

STATEMENT OF NET ASSETS – MODIFIED CASH BASIS

			Variance	
	2011	*2012*	*$*	*%*
Cash	**$ 3,296,846**	**$ 3,342,510**	**45,664**	**1%**
Capital assets	**8,664,194**	**8,698,868**	**34,674**	**0%**
Liabilities	**1,836,761**	**1,756,041**	**-80,720**	**-4%**
Net Assets	**10,124,279**	**10,285,337**	**161,058**	**2%**

STATEMENT OF ACTIVITIES- MODIFIED CASH BASIS

			Variance	
	2011	*2012*	*$*	*%*
Receipts	**$ 2,187,352**	**$ 2,333,034**	**145,682**	**7%**
Disbursements	**2,199,723**	**2,161,856**	**-37,867**	**-2%**

SIGNIFICANT CAPITAL ASSET ACTIVITY: Net capital assets remained relatively equal with prior year as additions for the gateway project and start of the Claxter project were offset by disposals of old equipment and depreciation expense. See footnote 4 for additional information.

SIGNIFICANT LONG-TERM DEBT ACTIVITY: The City entered into a new capital lease for a police car and made all required debt service payments on outstanding obligations. See footnote 6 for additional information.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT: This report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's activities and finances to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Martha A. DeBry, City Manager at 503.647.5555 in North Plains, OR.

CITY OF NORTH PLAINS
WASHINGTON COUNTY, OREGON

BASIC FINANCIAL STATEMENTS

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CITY OF NORTH PLAINS
WASHINGTON COUNTY, OREGON

STATEMENT OF NET ASSETS-MODIFIED CASH BASIS
June 30, 2012

ASSETS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Cash and Investments	$ 2,542,009	$ 800,501	$ 3,342,510
Capital Assets, net of depreciation	5,592,959	3,105,909	8,698,868
Total Assets	8,134,968	3,906,410	12,041,378
LIABILITIES			
Due in One Year	22,346	81,999	104,345
Due in More Than One Year	381,421	1,270,275	1,651,696
Total Liabilities	403,767	1,352,274	1,756,041
NET ASSETS			
Invested in Capital Assets Net of Related Debt	5,189,192	1,753,635	6,942,827
Restricted for:			
Capital Projects	608,222	115,689	723,911
Highways and Streets	866,998	-	866,998
Unrestricted	1,066,789	684,812	1,751,601
Total Net Assets - Modified Cash Basis	$ 7,731,201	$ 2,554,136	$ 10,285,337

See accompanying notes to basic financial statemtents

CITY OF NORTH PLAINS
WASHINGTON COUNTY, OREGON

STATEMENT OF ACTIVITIES-MODIFIED CASH BASIS
For the Year Ended June 30, 2012

FUNCTIONS	DISBURSEMENTS	PROGRAM RECEIPTS CHARGES FOR SERVICES	PROGRAM RECEIPTS OPERATING GRANT AND CONTRIBUTIONS	NET (DISBURSEMENT) RECEIPT AND CHANGES IN NET ASSETS GOVERNMENTAL ACTIVITIES	NET ASSETS BUSINESS-TYPE ACTIVITIES	TOTAL
Primary Government						
Governmental Activities:						
Building and Parks	$ 71,446	$ 40,041	$ 6,311	$ (25,094)		$ (25,094)
City Planning	124,157	38,422	1,000	(84,735)		(84,735)
Police	427,278	-	55,097	(372,181)		(372,181)
Municipal Court	104,733	234,214	-	129,481		129,481
Sewer	8,958	-	-	(8,958)		(8,958)
Supporting Services	179,831	213,032	-	33,201		33,201
Library Department	173,377	6,497	107,685	(59,195)		(59,195)
Street	388,567	58,444	42,120	(288,003)		(288,003)
Interest	15,227	-	-	(15,227)		(15,227)
Total Governmental Activities	1,493,574	590,650	212,213	(690,711)		(690,711)
Business-Type Activities:						
Water	678,402	850,866	5,971		$ 178,435	178,435
Total Business-Type Activities	678,402	850,866	5,971		178,435	178,435
Total Primary Government	$ 2,171,976	$ 1,441,516	$ 218,184	(690,711)	178,435	(512,276)
General Receipts						
Taxes:						
Property Taxes, Levied for General Purposes				404,404	-	404,404
Intergovernmental				209,973	-	209,973
Interest and Investment Earnings				11,790	3,961	15,751
Miscellaneous				24,468	8,474	32,942
Transfers - Internal Activities				(3,930)	3,930	-
Total General Receipts				656,968	16,365	673,333
Changes in Net Assets				(33,743)	194,800	161,057
Net Assets - Beginning - Modified Cash Basis				7,764,944	2,359,336	10,124,280
Net Assets - Ending - Modified Cash Basis				$ 7,731,201	$ 2,554,136	$ 10,285,337

See accompanying notes to basic financial statements

CITY OF NORTH PLAINS
WASHINGTON COUNTY, OREGON

BALANCE SHEET-CASH BASIS
GOVERNMENTAL FUNDS
June 30, 2012

	GENERAL FUND	STREET TAX, TRANSPORTATION AND STORM DRAINAGE FUND	TRAFFIC IMPACT FEES FUND	PARKS CAPITAL IMPROVEMENT FUND	OTHER GOVERNMENTAL FUNDS	TOTAL
ASSETS:						
Cash and Investments	$ 1,020,441	$ 580,964	$ 286,034	$ 383,937	$ 270,633	$ 2,542,009
FUND BALANCE:						
Fund Balances:						
Restricted	$ -	$ 580,964	$ 286,034	$ 383,937	$ 224,285	$ 1,475,220
Committed	-	-	-	-	46,348	46,348
Unassigned	1,020,441	-	-	-	-	1,020,441
Total Fund Balances-Cash Basis	$ 1,020,441	$ 580,964	$ 286,034	$ 383,937	$ 270,633	$ 2,542,009

See accompanying notes to basic financial statements

CITY OF NORTH PLAINS
WASHINGTON COUNTY, OREGON

RECONCILIATION OF GOVERNMENTAL BALANCE SHEET-CASH BASIS TO THE STATEMENT OF NET ASSETS-MODIFIED CASH BASIS
June 30, 2012

Total Fund Balances - Governmental Funds	$	2,542,009
Capital assets are not financial resources and therefore are not reported in the governmental funds.		5,592,959
Long-Term Liabilities		(403,767)
Net Assets	$	7,731,201

See accompanying notes to basic financial statements

CITY OF NORTH PLAINS
WASHINGTON COUNTY, OREGON

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES-CASH BASIS
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2012

	GENERAL FUND	STREET TAX, TRANSPORTATION AND STORM DRAINAGE FUND	TRAFFIC IMPACT FEES FUND	PARKS CAPITAL IMPROVEMENT FUND	OTHER GOVERNMENTAL FUNDS	TOTAL
RECEIPTS:						
Property Taxes	$ 320,257	$ -	$ -	$ -	$ 84,147	$ 404,404
Charges for Services	13,313	-	-	31,280	-	44,593
Licenses/Permits/Fees	237,863	56,951	-	-	6,550	301,364
Intergovernmental	161,054	115,384	-	-	33,367	309,805
Fines and Forfeitures	253,444	-	-	-	-	253,444
Interest on Investments	5,404	3,098	1,512	1,977	1,311	13,302
Grants	62,557	41,100	-	-	-	103,657
Urban Renewal Dist. Reimbursements	-	-	-	-	-	-
Miscellaneous	30,738	2,454	-	-	-	33,192
Total Receipts	1,084,630	218,987	1,512	33,257	125,375	1,463,761
DISBURSEMENTS:						
Personal Services	580,727	60,578	2,068	-	-	643,373
Materials & Services	422,448	85,245	-	-	-	507,693
Capital Outlay	6,750	290,763	-	11,073	79,977	388,563
Debt Services	21,184	-	-	-	6,000	27,184
Total Disbursements	1,031,109	436,586	2,068	11,073	85,977	1,566,813
Excess of Receipts Over, (Under) Disbursements	53,521	(217,599)	(556)	22,184	39,398	(103,052)
Other Financing Sources, (Uses)						
Other Financing Sources - Capital Leases	-	-	-	-	48,258	48,258
Sale of Assets	-	-	-	-	2,890	2,890
Transfers In	38,077	254,068	-	-	2,000	294,145
Transfer Out	(258,998)	(1,000)	-	-	(38,077)	(298,075)
Total Other Financing Sources, (Uses)	(220,921)	253,068	-	-	15,071	47,218
Net Change in Fund Balance-Cash Basis	(167,400)	35,469	(556)	22,184	54,469	(55,834)
Beginning Fund Balance-Cash Basis-	1,187,841	545,495	286,590	361,753	216,164	2,597,843
Ending Fund Balance-Cash Basis	$ 1,020,441	$ 580,964	$ 286,034	$ 383,937	$ 270,633	$ 2,542,009

See accompanying notes to basic financial statements

CITY OF NORTH PLAINS
WASHINGTON COUNTY, OREGON

RECONCILIATION OF STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE-CASH BASIS TO STATEMENT OF ACTIVITIES-MODIFIED CASH BASIS
For the Year Ended June 30, 2012

Net Changes in Fund Balances - Governmental Funds	$	(55,834)
Capital outlays are reported in governmental funds as disbursements. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:		
Capitalized Disbursements		207,426
Depreciation Expense		(160,809)
Disposal of Capital Assets		(26,302)
Repayment of long-term obligations principal is a disbursement in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Assets.		50,034
Proceeds from the addition of a long-term obligation are a source of receipts in the governmental funds, but the acquirement increases long-term obligations in the Statement of Net Assets.		(48,258)
Change in Net Assets	$	(33,743)

See accompanying notes to financial statements

CITY OF NORTH PLAINS
WASHINGTON COUNTY, OREGON

STATEMENT OF NET ASSETS-MODIFIED CASH BASIS
PROPRIETARY FUNDS
June 30, 2012

ASSETS:	WATER FUND	WATER SYSTEMS CAPITAL IMPROVEMENT FUND	TOTAL
Cash and Investments	$ 684,812	$ 115,689	$ 800,501
Capital Assets, Net of Depreciation	3,105,909	-	3,105,909
Total Assets	3,790,721	115,689	3,906,410
LIABILITITES:			
Due in One Year	81,999	-	81,999
Due in More Than One Year	1,270,275	-	1,270,275
Total Liabilities	1,352,274	-	1,352,274
NET ASSETS			
Invested in Capital Assets Net of Related Debt	1,753,635	-	1,753,635
Unrestricted	684,812	115,689	800,501
Total Net Assets - Modified Cash Basis	$ 2,438,447	$ 115,689	$ 2,554,136

See accompanying notes to financial statements

CITY OF NORTH PLAINS
WASHINGTON COUNTY, OREGON

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN NET ASSETS-MODIFIED CASH BASIS
PROPRIETARY FUNDS
For the year ended June 30, 2012

	WATER FUND	WATER SYSTEMS CAPITAL IMPROVEMENT FUND	TOTAL
OPERATING RECEIPTS:			
Water Sales Receipts	$ 794,692	$ 56,174	$ 850,866
Miscellaneous	8,474	-	8,474
Total Operating Receipts	803,166	56,174	859,340
OPERATING DISBURSEMENTS:			
Water Expenses Paid	494,887	20,059	514,946
Depreciation Expense	108,068	-	108,068
Total Operating Disbursements	602,955	20,059	623,014
Operating Income	200,211	36,115	236,326
OTHER FINANCING SOURCES:			
Interest and Investment Earnings	3,244	717	3,961
Grants	5,971	-	5,971
Interest Paid on Capital Debt	-	(55,388)	(55,388)
Transfers from Other Funds	(14,056)	17,986	3,930
Change in Net Assets	195,370	(570)	194,800
Net Assets, July 1, 2011 - Modified Cash Basis	2,243,077	116,259	2,359,336
Net Assets, June 30, 2012 - Modified Cash Basis	$ 2,438,447	$ 115,689	$ 2,554,136

The accompanying notes are an integral part of this statement.

CITY OF NORTH PLAINS
WASHINGTON COUNTY, OREGON

STATEMENT OF CASH FLOWS-MODIFIED CASH BASIS
PROPRIETARY FUNDS
For the year ended June 30, 2012

	WATER FUND	WATER SYSTEMS CAPITAL IMPROVEMENT FUND	TOTAL
Cash Flows From Operating Activities:			
Cash Received for Services	$ 803,166	$ 56,174	$ 859,340
Cash Paid to Employees	(340,542)	-	(340,542)
Cash Paid to Suppliers	(154,345)	(20,059)	(174,404)
Net cash provided (used) by operating activities	308,279	36,115	344,394
Cash Flows From Non Capital Financing Activities			
Transfers from Other Funds	-	96,930	96,930
Grants available for Operations	5,971	-	5,971
Transfers to Other Funds	(93,000)	-	(93,000)
Net cash provided (used) by financing activities	(87,029)	96,930	9,901
Cash Flows From Capital and Related Financing Activities			
Principal Paid on Debt	-	(78,944)	(78,944)
Interest Paid on Debt	-	(55,388)	(55,388)
Net cash provided (used) by capital and related financing activities	-	(134,332)	(134,332)
Cash Flows From Investing Activities:			
Purchase and Sale of Capital Assets	(122,427)	-	(122,427)
Earnings on Investments	3,244	717	3,961
Net cash provided (used) by investing activities	(119,183)	717	3,961
Net increase (decrease) in cash and investments	102,067	(570)	101,497
Cash and investments, beginning of year	582,745	116,259	699,004
Cash and investments, end of year	$ 684,812	$ 115,689	$ 800,501
Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
Operating Income	$ 200,211	$ 36,115	$ 236,326
Depreciation Expense	108,068	-	108,068
Net Cash Provided by Operating Activities	$ 308,279	$ 36,115	$ 344,394

The accompanying notes are an integral part of this statement.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. THE FINANCIAL REPORTING ENTITY

The City is a municipal corporation. As required by generally accepted accounting principles, these financial statements present the City. Component units, as established by the Governmental Accounting Standards Board (GASB) Statement 39, are separate organizations that are included in the financial statements because of the significance of their operational or financial relationships with the City. There is one blended component unit – North Plains Urban Renewal Agency.

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION

In the *government-wide financial statements,* the Statement of Net Assets and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts, and other non-exchange receipts. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, receipts, and disbursements. Funds are organized into two major categories: governmental and proprietary. An emphasis is placed on major funds within the governmental and proprietary categories.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION (CONT.)

The City reports the following fund types:

Governmental Funds

The *General Fund* is the primary operating fund and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Special Revenue Funds are used to account for the proceeds of the specific receipts sources that are either legally restricted to disbursements for specified purposes or designated to finance particular functions or activities.

Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of capital assets.

Fund	Brief Description
Street Tax, Transportation and Storm Drainage	Accounts for Oregon gasoline tax apportionments and expenditures for those street improvements specified by Oregon Revised Statutes.
Traffic Impact Fees	Accounts for revenue designated for improvements of traffic arterials and traffic safety improvements.
Parks Capital Project Improvement	Accounts for revenues designated for capital improvements of the parks, excluding improvements of the water system.
Other Governmental Funds	The City reports the aggregated activity for its other non-major special revenue and capital projects funds.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION (CONTINUED)

Proprietary Funds

Proprietary Funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges, and the measurement of financial activity focuses on net income measurement similar to the private sector. There are the following enterprise funds, all of which are considered major funds.

Fund	Brief Description
Water	Accounts for the Activities of providing water services to the public.
Water Systems Capital Improvement	Accounts for transfers from the Water Fund for the purpose of Capital improvements and major acquisitions.

BASIS OF ACCOUNTING

In the government-wide Statement of Net Assets, Statement of Activities, and the fund financial statements, the governmental and business-type activities are presented using a modified cash basis of accounting. This basis recognizes assets, liabilities, net assets/fund equity, receipts, and disbursements when they result from cash transactions with a provision for depreciation and interest expense in the government-wide statements and proprietary fund statements. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) *are not recorded* in these financial statements.

The basis of accounting recognized as generally accepted, would present the fund financial statements for governmental funds on the modified accrual basis of accounting and the fund financial statements for proprietary fund types on the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. ASSETS, LIABILITIES, AND EQUITY

CASH AND INVESTMENTS

Cash on hand, demand deposits and short-term, highly liquid investments with a maturity of three months or less when purchased are considered to be cash and cash equivalents. Investments maintained in the Oregon Local Government Investment Pool are carried at cost, which approximates fair value, and are classified as a cash equivalent.

CAPITAL ASSETS

The modified cash basis of accounting reports capital assets resulting from cash transactions and reports depreciation where appropriate. The accounting treatment over property, plant, and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund and whether they are reported in the government-wide or fund financial statements.

In the *government-wide financial statements,* capital assets arising from cash transactions are accounted for as assets in the Statement of Net Assets. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable. Estimated historical cost was used to value the majority of the assets acquired prior to July 1, 1979. Prior to July 1, 1979, governmental funds' infrastructure assets were not capitalized. Infrastructure assets acquired since July 1, 2003 are recorded at cost.

Depreciation of all exhaustible capital assets arising from cash transactions is recorded as an allocated expense in the Statement of Activities with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The capitalization threshold and range of estimated useful lives by type of asset are as follows:

	Life	Capitalization Threshold
Buildings	50 years	$ 100,000
Water System Improvements	50 years	$ 100,000
Equipment	10 years	$ 5,000
Infrastructure	50 years	$ 100,000

In the *fund financial statements*, capital assets arising from cash transactions acquired for use in governmental fund operations are accounted for as capital outlay disbursements of the governmental fund upon acquisition. Capital assets acquired for use in proprietary fund operations are accounted for the same as in government-wide statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

EQUITY CLASSIFICATION

In the *government-wide financial statements,* equity is classified as net assets and displayed in three components:

a. Invested in capital assets, net of related debt - consists of 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 improvements of those assets.

b. Restricted net assets - consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments: or (2) law through constitutional provisions or enabling legislation.

c. Unrestricted net assets - all other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

It is the policy to first use restricted net assets prior to the use of unrestricted net assets when a disbursement is incurred for purposes for which both restricted and unrestricted net assets are available.

FUND BALANCE

The City reports fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is bound to observe constraints imposed on the use of the resources reported in governmental funds. The fund balance categories are as follows:

- Non-spendable fund balance represents amounts that are not in a spendable form.
- Restricted fund balance represents amounts that are legally restricted by outside parties for a specific purpose (such as debt covenants, grant requirements, donor requirements, or other governments) or are restricted by law (constitutionally or by enabling legislation).
- Committed fund balance represents funds formally set aside by the governing body for a particular purpose. The use of committed funds would be approved by resolution of the council.
- Assigned fund balance represents amounts that are constrained by the expressed intent to use resources for specific purposes that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the council or by an official to whom that authority has been given by the council.
- Unassigned fund balance is the residual classification of the General Fund. Only the General Fund may report a positive unassigned fund balance. Other governmental funds would report any deficit fund balance as unassigned.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FUND BALANCE (CONTINUED)

The council has approved the following order of spending regarding fund balance categories: Restricted resources are spent first when both restricted and unrestricted (committed, assigned or unassigned) resources are available for expenditures. When unrestricted resources are spent, the order of spending is committed (if applicable), assigned (if applicable) and unassigned.

There were no non-spendable and assigned fund balances at year end.

D. RECEIPTS AND DISBURSEMENTS

PROGRAM RECEIPTS

In the Statement of Activities, modified cash basis receipts that are derived directly from each activity from parties outside the City's taxpayers are reported as program receipts. There are the following program receipts in each activity:

General Government – Grants.

Streets – Commercial vehicle and gasoline excise tax shared by the State and operating grants.

All other governmental receipts are reported as general. All property taxes are classified as general receipts even if restricted for a specific purpose.

OPERATING RECEIPTS AND DISBURSEMENTS

Operating receipts and disbursements for proprietary funds result from providing services and producing and delivering goods and/or services. There are the following receipts:

Water – Charges to water customers for usage of City water.

E. INTERNAL AND INTERFUND BALANCES AND ACTIVITIES

In the process of aggregating the financial information for the government-wide Statement of Net Assets and Statement of Activities, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Interfund activity and balances, if any, are eliminated or reclassified in the *government-wide financial statements* as follows:

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. INTERNAL AND INTERFUND BALANCES AND ACTIVITIES (CONTINUED)

Internal activities – amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers-Internal Activities. The effects of Interfund services between funds, if any, are not eliminated in the Statement of Activities.

F. ESTIMATES

The preparation of financial statements on the modified cash basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of receipts and disbursements during the reporting period. Actual results could differ from those estimates.

2. BUDGET

A budget is prepared and legally adopted for each fund on the cash basis of accounting in the main program categories required by the Oregon Local Budget Law.

The budget process begins early in each fiscal year with the establishment of the budget committee. Recommendations are developed through late winter with the budget committee approving the budget in early spring. Public notices of the budget hearing are published generally in early spring with a public hearing being held approximately three weeks later. The Council may amend the budget prior to adoption; however, budgeted disbursements for each fund may not be increased by more than ten percent. The budget is then adopted, appropriations are made and the tax levy declared no later than June 30th.

Disbursements can not legally exceed the above appropriation levels except in the case of restricted revenues which could not be estimated at the time of budget adoption. Appropriations lapse at the fiscal year end. Management may amend line items in the budget without Council approval as long as appropriation levels (the legal level of control) are not changed. Supplemental appropriations may occur if the Council approves them due to a need which exists which was not determined at the time the budget was adopted. Disbursements of the various funds were within authorized appropriations, except as noted on pg. 21.

2. BUDGET (CONTINUED)

The City recognizes the general fund by department and other funds by the following categories:

Personal Services
Material and Supplies
Capital Outlay
Debt Service
Interfund Transfers

All transfers of appropriations between departments and supplemental appropriations require City Council approval.

Excess of Disbursements over Appropriations

Disbursements of the various funds were within authorized appropriations, except as noted. The General Fund was over-disbursed for materials and services in the police department by $4,318. The street tax fund was over-disbursed for materials and services in the street tax department by $14,175. The Parks Capital Improvement Fund was over-disbursed on capital outlay by $11,073. The Vehicle and Equipment Reserve Fund exceeded appropriations by $403 for capital outlay. The Urban Renewal District fund exceeded appropriations by $271 for transfers out.

3. CASH AND CASH EQUIVALENTS

Cash and investments were recorded at cost, which approximates fair market value, plus accrued interest at June 30, 2012. Cash and investments at June 30, 2012 were:

Deposits With Financial Institutions:	2012
Petty Cash	$ 300
Checking	52,679
LGIP	3,289,531
Total	$ 3,342,510

Reported in:	2012
Governmental Funds	$ 2,542,009
Proprietary Funds	800,501
	$ 3,342,510

3. CASH AND CASH EQUIVALENTS (CONTINUED)

CREDIT RISK – DEPOSITS

In the case of deposits, this is the risk that in the event of a bank failure, deposits may not be returned. As of June 30, 2012, all of the bank balance of $70,971 was insured by FDIC.

The State Treasurer's Local Government Investment Pool is not registered with the U.S. Securities and Exchange Commission as an investment company. The Oregon Revised Statutes and the Oregon Investment Council govern the State's investment policies. The State Treasurer is the investment officer for the Council and is responsible for all funds in the State Treasury. These funds must be invested, and the investments managed, as a prudent investor would, exercising reasonable care, skill and caution. Investments in the Fund are further governed by portfolio guidelines issued by the Oregon Short-Term Fund Board (OSTFB), which establish diversification percentages and specify the types and maturities of investments. The portfolio guidelines permit securities lending transactions as well as investments in repurchase agreements and reverse repurchase agreements. The fund was in compliance with all portfolio guidelines at June 30, 2012.

Amounts in the State Treasurer's Local Government Investment Pool are not required to be collateralized. There is no material difference between fair value of the City's position in the Pool and the value of the pool shares at June 30, 2012. There were no known violations of legal or contractual provisions for deposits and investments during the fiscal year.

4. CAPITAL ASSETS

The changes in capital assets for 2011-12 are as follows:

	Balance on 07/01/2011	Additions	Deletions	Balance on 6/30/2012
Governmental Activities:				
Capital assets not being depreciated:				
Land	$ 128,051	$ 4,804	$ -	$ 132,855
URA Land	157,820	-	-	157,820
CIP	-	41,100	-	41,100
Total Capital Assets not being depreciated	$ 285,871	$ 45,904	$ -	$ 331,775
Capital assets being depreciated:				
Infrastructure	$ 5,679,810	$ 113,545	$ -	$ 5,793,355
Buildings	175,957	-	-	175,957
Equipment	285,972	47,978	(56,581)	277,369
Total capital assets being depreciated	6,141,739	161,523	(56,581)	6,246,681
Less accumulated depreciation for:				
Infrastructure	(612,821)	(115,868)	-	(728,689)
Buildings	(84,059)	(4,249)	-	(88,308)
Equipment	(158,086)	(40,693)	30,279	(168,500)
Total accumulated depreciation	(854,966)	(160,810)	30,279	(985,497)
Total capital assets net of depreciation	5,286,773	713	(26,302)	5,261,184
Total Capital Assets	$ 5,572,644	$ 46,617	$ (26,302)	$ 5,592,959
Business-type activities:				
Capital assets not being depreciated:				
Land	$ 730	$ -	$ -	$ 730
Total Capital Assets not being depreciated	$ 730	$ -	$ -	$ 730
Capital assets being depreciated:				
Buildings	$ 19,174	$ -	$ -	$ 19,174
Machinery and equipment	104,031	5,920	(10,200)	99,751
Utility property and improvements	4,209,523	126,707	-	4,336,230
Total capital assets being depreciated	4,332,728	132,627	(10,200)	4,455,155
Less accumulated depreciation for:				
Buildings	(19,174)	-	-	(19,174)
Machinery and equipment	(83,356)	(4,797)	(5,865)	(82,288)
Utility property and improvements	(1,139,378)	(109,136)	-	(1,248,514)
Total accumulated depreciation	(1,241,908)	(113,933)	(5,865)	(1,349,976)
Total capital assets net of depreciation	3,090,820	18,694	(4,335)	3,105,179
Total Capital Assets	$ 3,091,550	$ 18,694	$ (4,335)	$ 3,105,909
Total All Assets (net of depreciation)	$ 8,664,194	$ 65,311	$ (30,637)	$ 8,698,868

4. CAPITAL ASSETS (CONTINUED)

Depreciation was charged to the following programs:

Building and Parks Expense	$	7,261
City Planning Expense		12,617
Police Expense		45,156
Municipal Court Expense		10,643
Sewer Expense		910
Supporting Services Expense		18,275
Library Department Expense		17,619
Street Expense		48,328
Total Depreciation Expense	$	160,809

5. INTERFUND TRANSFERS AND BALANCES

Transfers between funds for the year ended June 30, 2012, were as follows:

	Transfers In	Transfers Out
Major Funds:		
Governmental:		
General Fund	$ 38,077	$ 258,998
Street Tax, Transportation and Storm Drainage	254,068	1,000
Business-Type:		
Water Fund	-	93,000
Water Systems Capital Improvement	96,930	-
Non-Major Fund:		
Governmental:		
Urban Renewal Agency	-	38,077
Vehicle & Equipment	2,000	-
	$ 391,075	$ 391,075

The transfers reflected in the above schedule were used to move resources collected by the different funds to the funds authorized to spend the resources.

6. LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations for the year ended June 30, 2012:

	LOAN ACTIVITY				
	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
URA	$ 130,543	$ -	$ 21,420	$ 109,123	$ 398
LOCAP Series 2011A	275,000	-	5,000	270,000	10,000
Capital Lease	-	48,258	23,614	24,644	11,948
Total Loan Activity	$ 405,543	$ 48,258	$ 50,034	$ 403,767	$ 22,346
Business-Type Activities:					
Safe Drinking Water	$ 1,431,218	$ -	$ 78,944	$ 1,352,274	$ 81,999
Total Loan Activity	$ 1,431,218	$ -	$ 78,944	$ 1,352,274	$ 81,999
Total All Loan Activity	$ 1,836,761	$ 48,258	$ 128,979	$ 1,756,040	$ 104,345

LOCAP Series 2011A

In March 2011, the City purchased a Series 2011A bond with the Local Oregon Capital Assets Program (LOCAP) which was used for the Capital Improvement Projects on Glencoe Road and the Gateway to the City. The principal amount of the bond was for $275,000 at an increasing coupon rate of 3%-5.7%, and set to mature in 2031. The amortization schedule for this bond is shown below:

Local Oregon Capital Assets Program (LOCAP), Series 2011A

	Annual Debt Service		
Fiscal Year	Principal	Interest	Total
2013	$ 10,000	$ 13,094	$ 23,094
2014	10,000	12,794	22,794
2015	10,000	12,494	22,494
2016	10,000	12,194	22,194
2017	10,000	11,825	21,825
2018-22	60,000	52,060	112,060
2023-27	80,000	34,230	114,230
2028-31	80,000	9,120	89,120
Balance	$ 270,000	$ 157,810	$ 427,810

CAPITAL LEASE PAYABLE

Capital lease property was purchased which has no stated interest rates. The intent is to purchase the capital lease property after it has been paid for. Payments are set to be complete in 2014. The amount capitalized was $48,258. The property has an estimated useful life of five years, and $7,780 has been depreciated to date.

6. LONG-TERM OBLIGATIONS (CONTINUED)

CAPITAL LEASE PAYABLE (CONTINUED)

Fiscal Year	Principal	Interest	Total
2012-13	$ 11,947	$ 1,545	$ 13,492
2013-14	12,697	796	13,493
	$ 24,644	$ 2,341	$ 26,985

Urban Renewal District Loan

In February 2009, the Urban Renewal Agency entered into a loan agreement with Columbia Community Bank for the purchase of property. The initial amount of the loan was $131,750 at an interest rate of 4.25%. The amortization schedule and loan summary are shown below:

Urban Renewal District-Land Acquisition

	Annual Debt Service		
Fiscal Year	Principal	Interest	Total
2012-13	$ 398	$ 5,602	$ 6,000
2013-14	108,725	3,750	112,475
Balance	$ 109,123	$ 9,352	$ 118,475

Urban Renewal District Loan Summary-Principal

	Beginning Balance	Paid	Ending Balance	Due Within One Year	Due After One Year
Columbia Community Bank	$ 130,543	$ 21,421	$ 109,123	$ 398	$ 108,725

Total Loan Activity (Including Interest to be Paid)

	Beginning Balance	Principal Paid	Interest Paid	Total Payments	Ending Balance
Columbia Community Bank	$ 130,543	$ (21,420)	$ (4,744)	$ (26,164)	$ 109,123

6. LONG-TERM OBLIGATIONS (CONTINUED)

During the fiscal year 2004-05, work was begun on the Glencoe Road Water Transmission Main project. Funding for this project was provided by an Environmental Protection Agency Grant and a Safe Drinking Water Revolving Loan issued by the Oregon Economic & Community Development Department. As of June 30, 2007, the available maximum of $1,846,808 was drawn. The first payment on the loan was made on December 1, 2005. The loan has an annual interest rate of 3.87% and a term of 20 years. The amortization schedule for this debt follows:

SAFE DRINKING WATER REVOLVING LOAN

Fiscal Year	Annual Debt Service Principal	Interest	Total
2013	$ 81,999	$ 52,333	$ 134,331
2014	85,172	49,160	134,332
2015	88,468	45,864	134,332
2016	91,892	42,440	134,332
2017	95,448	38,884	134,332
2018-22	535,592	136,067	671,659
2023-25	373,703	29,290	402,993
Balance	$ 1,352,274	$ 394,038	$ 1,746,311

7. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

A. PLAN DESCRIPTION

The Oregon Public Employees Retirement System ("PERS"), an agent multiple-employer public employee retirement system established under Oregon Revised Statutes 238.600 that acts as a common investment and administrative agent for public employers in the State of Oregon is participated in. PERS 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.

The Oregon Legislative Assembly created a second level or "Tier" of PERS benefits that modified service and disability retirement allowances payable to persons who established PERS membership on or after January 1, 1996 ("Tier Two" members). Future interest credits are assumed at 8.0% for Tier One and there is no guaranty of future interest credits for Tier Two members.

The Oregon Public Employees Retirement Fund (OPERF) applies to contributions made for qualifying employees who were hired before August 29, 2003, and is a cost-sharing multiple-employer defined benefit pension plan. The Oregon Public Service Retirement Plan (OPSRP) is a hybrid successor plan to the OPERF. There are two programs, the Pension Program and the PERS program.

7. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

The Pension Program, the defined benefit portion of the plan, applies to qualifying employees hired after August 29, 2003, and were to inactive employees who return to employment following a six-month or greater break in service. Benefits are calculated by a formula for members who attain normal retirement age. The formula takes into account final average salary and years of service.

The PERS program requires that beginning January 1, 2004, all PERS member contributions go into the IAP portion of OPSRP. PERS members retain their existing PERS accounts, but any future member contributions are deposited into the member's IAP, not the member's PERS account. Those employees who had established a PERS membership prior to creation of OPSRP will be members of both the PERS and OPSRP system as long as they remain in covered employment.

Both PERS and OPSRP are administered by the Oregon Public Employees Retirement Board ("OPERB"). The comprehensive annual financial report of the funds administered by the OPERB may be obtained by writing to Oregon Public Employees Retirement System, P.O. Box 23700, Tigard, OR 97281-3700, by calling (503) 598-7377 or by accessing the PERS web site at www.oregon.gov/PERS/section/financial.

Members of PERS are required to contribute 6.0% of their salary covered under the plan, which is invested in the OPSRP individual Account Program. Currently, the City pays the member required contribution. The contribution rate was determined as part of a December 31, 2001 actuarial evaluation, and subsequent revisions. The contribution rates for plan members are established by ORS Chapter 238 and may be amended by an act of the Oregon Legislature. The rate effective July 1, 2011 is 11.86% of salary covered under the plan for Tier 1 and Tier 2 employees (PERS) and 8.94% for employees covered under the Oregon Public Services Retirement Plan (OPSRP). The contributions to the plan for the years ending June 30, 2012 and 2011 were $95,287 and $88,988, respectively, and were equal to the required contributions for each year.

8. PROPERTY TAX LIMITATIONS

The State of Oregon has a constitutional limit on property taxes for governmental operations. Under the limitation, tax receipts are separated into those for public schools and those for local governments other than public schools. The limitation specifies a maximum rate for all local government operations of $10.00 per $1,000 of real market value, while schools are similarly limited to a $5.00 maximum rate. Local government taxes in the City currently do not exceed the $10.00 rate limit; however, this limitation may affect the availability of future tax receipts for the City.

In May 1997, voters approved Measure 50 which rolled back assessed values to 90% of 1995-96 and limits future increases of taxable assessed values to 3% per year, exclusive of new construction and property that is improved, rezoned, subdivided, or ceases to qualify for exemption. Tax rates are now fixed and not subject to change. Voters may approve local initiatives above the fixed rate provided a majority approves at either (i) a general election in an even numbered year, or (ii) at any other election in which at least 50% of registered voters cast a ballot.

9. RISK MANAGEMENT

There is exposure 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. Commercial insurance is purchased to minimize exposure to these risks. Settled claims have not exceeded this commercial coverage for the last three years.

10. CONTINGENCIES

A. GRANT PROGRAM INVOLVEMENT

In the normal course of operations, various federal or state grant loan programs are participated in from year to year. The grant loan programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. Any liability of reimbursement that may arise as a result of these audits cannot be reasonably determined at this time, although management believes the amount, if any, would not be material.

B. LITIGATION

The City is a party to various legal proceedings that normally occur in the course of governmental operations. As a result of the modified cash basis of accounting, the financial statements do not include accrual or provisions for loss contingencies that may result from these proceedings. While the outcome of the above noted proceedings cannot be predicted, due to the insurance coverage maintained by the City and the State statute relating to judgments, management feels that any settlement or judgment not covered by insurance would not have a material adverse effect on the financial condition.

C. COMMITMENTS

An intergovernmental agreement with the North Plains Urban Renewal Agency was entered into whereby the City will provide administrative service for the Agency and the Agency will reimburse the City for those disbursements.

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CITY OF NORTH PLAINS
WASHINGTON COUNTY, OREGON

REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF NORTH PLAINS
WASHINGTON COUNTY, OREGON

SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE-CASH BASIS
ACTUAL AND BUDGET
For the Year Ended June 30, 2012

GENERAL FUND

RECEIPTS:	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE -NEGATIVE
Property Taxes - Current & Delenquent	$ 326,776	$ 326,776	$ 320,257	$ (6,519)
Charges for Services	-	-	13,313	13,313
Licenses/Permits/Fees	300,060	223,760	237,863	14,103
Intergovernmental	198,244	183,643	161,054	(22,589)
Fines and Forfeitures	223,900	168,300	253,444	85,144
Interest on Investments	4,500	3,600	5,404	1,804
Grants	86,484	80,132	62,557	(17,575)
Urban Renewal Dist. Reimbursements	54,788	71,750	-	(71,750)
Miscellaneous	27,900	28,350	30,738	2,388
Total Receipts	$ 1,222,652	$ 1,086,311	$ 1,084,630	$ (1,681)

Continued on page - 31 -

CITY OF NORTH PLAINS
WASHINGTON COUNTY, OREGON

SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE-CASH BASIS
ACTUAL AND BUDGET
For the Year Ended June 30, 2012

GENERAL FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE -NEGATIVE
DISBURSEMENTS:				
Building and Park				
Personal Services	$ 54,182	$ 53,948 (1)	$ 38,778	$ 15,170
Materials and Services:	16,390	16,390 (1)	16,054	336
Total Building and Park	70,572	70,338	54,832	15,506
City Planning				
Personal Services	84,352	93,673 (1)	80,555	13,118
Materials and Services	79,800	49,150 (1)	33,972	15,178
Total City Planning	164,152	142,823	114,527	28,296
Police Department				
Personal Services	300,320	254,736 (1)	235,921	18,815
Materials and Services	199,065	162,891 (1)	167,209	(4,318)
Capital Outlay	14,270	8,200 (1)	6,750	1,450
Total Police Department	513,655	425,827	409,880	15,947
Municipal Court				
Personal Services	82,818	46,637 (1)	46,499	138
Materials and Services	100,188	57,057 (1)	50,111	6,946
Capital Outlay	5,000	- (1)	-	-
Total Municipal Court	188,006	103,694	96,610	7,084
Sewer Administration				
Personal Services	10,078	6,955 (1)	5,155	1,800
Materials and Services	5,200	3,800 (1)	3,108	692
Debt Service	37,806	37,806 (1)	21,184	16,622
Total Sewer Administration	53,084	48,561	29,447	19,114
Finance and Administration Services				
Personal Services	117,574	87,472 (1)	59,324	28,148
Materials and Services	104,719	106,606 (1)	106,559	47
Contingency	119,594	119,594 (1)	-	119,594
Capital Outlay	25,070	- (1)	-	-
Total Finance and Administration Services	366,957	313,672	165,883	147,789
Library Department				
Personal Services	112,632	115,245 (1)	114,495	750
Materials and Services	46,096	45,974 (1)	45,435	539
Capital Outlay	2,600	- (1)	-	-
Total Library Department	161,328	161,219	159,930	1,289
Total Disbursements	1,517,754	1,266,134	1,031,109	235,025
Excess of Receipts Over, (Under) Disbursements	(295,102)	(179,823)	53,521	233,344
Other Financing Sources, (Uses):				
Transfers In	-	-	38,077	38,077
Transfers Out	(258,998)	(258,998) (1)	(258,998)	-
Total Other Financing Sources, (Uses)	(258,998)	(258,998)	(220,921)	38,077
Net Change in Fund Balance	(554,100)	(438,821)	(167,400)	271,421
Beginning Fund Balance	1,200,000	1,187,840	1,187,841	1
Ending Fund Balance	$ 645,900	$ 749,019	$ 1,020,441	$ 271,422

(1) Appropriation Level

CITY OF NORTH PLAINS
WASHINGTON COUNTY, OREGON

SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE-CASH BASIS
ACTUAL AND BUDGET
For the Year Ended June 30, 2012

STREET TAX, TRANSPORTATION AND STORM DRAINAGE FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE -NEGATIVE
RECEIPTS:				
Licenses, Permits, Fees	$ 130,420	$ 6,252	$ 56,951	$ 50,699
Intergovernmental	272,244	149,244	115,384	(33,860)
Interest on Investments	2,700	2,700	3,098	398
Grants	198,116	198,116	41,100	(157,016)
Miscellaneous	800	-	2,454	2,454
Total Receipts	604,280	356,312	218,987	(137,325)
DISBURSEMENTS:				
Street Tax				
Personal Services	73,506	72,642 (1)	60,578	12,064
Materials and Services	59,293	55,683 (1)	69,858	(14,175)
Capital Outlay	890	- (1)	-	-
Contingency	59,115	59,115 (1)	-	59,115
Total Street Tax	192,804	187,440	130,436	57,004
Transportation and Storm Drainage				
Materials and Services	121,680	59,180 (1)	15,387	43,793
Capital Outlay	967,864	514,284 (1)	290,763	223,521
Total Transportation and Storm Drainage	1,089,544	573,464	306,150	267,314
Total Disbursements	1,282,348	760,904	436,586	324,318
Excess of Receipts, Over(Under) Disbursements	(678,068)	(404,592)	(217,599)	186,993
Other Financing Sources, (Uses):				
Transfers In	254,068	254,068	254,068	-
Transfers Out	(1,000)	(1,000) (1)	(1,000)	-
Total Other Financing Sources,(Uses)	253,068	253,068	253,068	-
Net Change In Fund Balance	(425,000)	(151,524)	35,469	186,993
Beginning Fund Balance	545,000	545,000	545,495	495
Ending Fund Balance	$ 120,000	$ 393,476	$ 580,964	$ 187,488

(1) Appropriation Level

CITY OF NORTH PLAINS
WASHINGTON COUNTY, OREGON

SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE-CASH BASIS
ACTUAL AND BUDGET
For the Year Ended June 30, 2012

TRAFFIC IMPACT FEES FUND

	ORIGINAL BUDGET	FINAL BUDGET		ACTUAL	VARIANCE POSITIVE -NEGATIVE
RECEIPTS:					
Interest	$ 1,000	$ 1,000		$ 1,512	$ 512
DISBURSEMENTS:					
Personal Services	4,204	3,900	(1)	2,068	1,832
Capital Outlay	283,256	-	(1)	-	-
Total Disbursements	287,460	3,900		2,068	1,832
Net Change in Fund Balance	(286,460)	(2,900)		(556)	2,344
Beginning Fund Balance	286,460	286,460		286,590	130
Ending Fund Balance	$ -	$ 283,560		$ 286,034	$ 2,474

(1) Appropriation Level

CITY OF NORTH PLAINS
WASHINGTON COUNTY, OREGON

OTHER SUPPLEMENTARY INFORMATION

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CITY OF NORTH PLAINS
WASHINGTON COUNTY, OREGON

SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE-CASH BASIS
ACTUAL AND BUDGET
For the Year Ended June 30, 2012

PARKS CAPITAL IMPROVEMENT FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE -NEGATIVE
RECEIPTS:				
Charges for Services	$ 105,280	$ 63,168	$ 31,280	$ (31,888)
Interest	1,300	1,300	1,977	677
Total Receipts	106,580	64,468	33,257	(31,211)
DISBURSEMENTS:				
Capital Outlay	467,580	- (1)	11,073	(11,073)
Total Disbursements	467,580	-	11,073	(11,073)
Net Change in Fund Balance	(361,000)	64,468	22,184	(42,284)
Beginning Fund Balance	361,000	361,000	361,753	753
Ending Fund Balance	$ -	$ 425,468	$ 383,937	$ (41,531)

(1) Appropriations Level

CITY OF NORTH PLAINS
WASHINGTON COUNTY, OREGON

COMBINING BALANCE SHEET
NON MAJOR GOVERNMENTAL FUNDS-CASH BASIS
June 30, 2012

	TRANSPORTATION DEVELOPMENT TAX	VEHICLE AND EQUIPMENT RESERVE	URBAN RENEWAL AGENCY	TOTAL
ASSETS:				
Cash and Cash Equivalents	$ 88,402	$ 46,348	$ 135,883	$ 270,633
LIABILITIES AND FUND BALANCES:				
Fund Balances:				
Restricted	$ 88,402	$ -	$ 135,883	$ 224,285
Committed	-	46,348	-	46,348
Total Liabilities and Fund Balances	$ 88,402	$ 46,348	$ 135,883	$ 270,633

CITY OF NORTH PLAINS
WASHINGTON COUNTY, OREGON

COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES-CASH BASIS
NON NAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2012

	TRANSPORTATION DEVELOPMENT TAX	VEHICLE AND EQUIPMENT RESERVE	URBAN RENEWAL AGENCY	TOTAL NON-MAJOR GOVERNMENTAL FUNDS
RECEIPTS:				
Property Taxes	$ -	$ -	$ 84,147	$ 84,147
Intergovernmental	33,367	-	-	33,367
Licenses, Permits & Fees	-	-	6,550	6,550
Interest	389	303	619	1,311
Total Receipts	33,756	303	91,316	125,375
DISBURSEMENTS:				
Capital Outlay	-	79,977	-	79,977
Debt Services	-	-	6,000	6,000
Total Disbursements	-	79,977	6,000	85,977
Other Financing Sources, (Uses)				
Sale of Asset	-	2,890	-	2,890
Other Financing Sources - Capital Leases	-	48,258	-	48,258
Transfers In	-	2,000	-	2,000
Transfers Out	-	-	(38,077)	(38,077)
Total Other Sources, (Uses)	-	53,148	(38,077)	15,071
Net Change in Fund Balance	33,756	(26,526)	47,239	54,469
Beginning Fund Balances	54,646	72,874	88,644	216,164
Ending Fund Balances	$ 88,402	$ 46,348	$ 135,883	$ 270,633

CITY OF NORTH PLAINS
WASHINGTON COUNTY, OREGON

SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE-CASH BASIS
ACTUAL AND BUDGET
For the Year Ended June 30, 2012

TRANSPORTATION DEVELOPMENT TAX FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE -NEGATIVE
RECEIPTS:				
Intergovernmental	$ 92,189	$ 79,980	$ 33,367	$ (46,613)
Interest	126	150	389	239
Total Receipts	92,315	80,130	33,756	(46,374)
DISBURSEMENTS:				
Personal Services	1,800	- (1)	-	-
Capital Outlay	145,115	- (1)	-	-
Total Disbursements	146,915	-	-	-
Net Change in Fund Balance	(54,600)	80,130	33,756	(46,374)
Beginning Fund Balance	54,600	54,600	54,646	46
Ending Fund Balance	$ -	$ 134,730	$ 88,402	$ (46,328)

(1) Appropriations Level

CITY OF NORTH PLAINS
WASHINGTON COUNTY, OREGON

SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE-CASH BASIS
ACTUAL AND BUDGET
For the Year Ended June 30, 2012

VEHICLE AND EQUIPMENT RESERVE FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE -NEGATIVE
RECEIPTS:				
Interest	$ 180	$ 180	$ 303	$ 123
Total Receipts	180	180	303	123
DISBURSEMENTS:				
Capital Outlay	74,980	31,316 (1)	31,719	(403)
Total Disbursements	74,980	31,316	31,719	(403)
Excess of Receipts Over, (Under) Disbursements	(74,800)	(31,136)	(31,416)	(280)
Other Financing Sources, (Uses):				
Sale of Capital Assets	-	-	2,890	2,890
Transfers in	2,000	2,000	2,000	-
Total Other Sources, (Uses)	2,000	2,000	4,890	2,890
Net Change in Fund Balance	(72,800)	(29,136)	(26,526)	2,610
Beginning Fund Balance	72,800	72,800	72,874	74
Ending Fund Balance	$ -	$ 43,664	$ 46,348	$ 2,684

(1) Appropriations Level

CITY OF NORTH PLAINS
WASHINGTON COUNTY, OREGON

SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE-CASH BASIS
ACTUAL AND BUDGET
For the Year Ended June 30, 2012

URBAN RENEWAL DISTRICT

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE -NEGATIVE
RECEIPTS:				
Taxes	$ 59,730	$ 59,730	$ 84,147	$ 24,417
Property Rental Fees	6,050	6,050	6,550	500
Interest	300	300	619	319
Total Receipts	66,080	66,080	91,316	25,236
DISBURSEMENTS:				
Capital Expenses	33,380	10,000 (1)	-	10,000
Debt Service	82,894	82,894 (1)	6,000	76,894
Total Disbursements	116,274	92,894	6,000	86,894
Excess of Receipts Over, (Under) Disbursements	(50,194)	(26,814)	85,316	112,130
Other Financing Sources, (Uses):				
Transfers Out	(37,806)	(37,806) (1)	(38,077)	(271)
Total Other Sources, (Uses)	(37,806)	(37,806)	(38,077)	(271)
Net Change in Fund Balance	(88,000)	(64,620)	47,239	111,859
Beginning Fund Balance	88,000	88,000	88,644	644
Ending Fund Balance	$ -	$ 23,380	$ 135,883	$ 112,503

(1) Appropriations Level

CITY OF NORTH PLAINS
WASHINGTON COUNTY, OREGON

SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE-CASH BASIS
ACTUAL AND BUDGET
For the Year Ended June 30, 2012

WATER FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE -NEGATIVE
RECEIPTS:				
Charges for Services	$ 764,680	$ 761,080	$ 794,692	$ 33,612
Interest	1,800	1,800	3,244	1,444
Grants	-	-	5,971	5,971
Miscellaneous	6,000	6,000	8,474	2,474
Total Receipts	772,480	768,880	812,381	43,501
DISBURSEMENTS:				
Personal Services	378,761	366,533 (1)	340,542	25,991
Materials and Services	317,756	300,941 (1)	276,772	24,169
Capital Outlay	112,450	- (1)	-	-
Contingency	50,513	50,513 (1)	-	50,513
Total Disbursements	859,480	717,987	617,314	100,673
Excess of Receipts Over, (Under) Disbursements	(87,000)	50,893	195,067	144,174
Other Financing Sources, (Uses):				
Transfers out	(93,000)	(93,000) (1)	(93,000)	-
Total Other Sources, (Uses)	(93,000)	(93,000)	(93,000)	-
Net Change in Fund Balance	(180,000)	(42,107)	102,067	144,174
Beginning Fund Balance	520,000	598,000	582,745	(15,255)
Ending Fund Balance	$ 340,000	$ 555,893	$ 684,812	$ 128,919

RECONCILIATION TO NET ASSETS:	
Capital Assets, Net	3,105,909
Bonds Payable	(1,352,274)
TOTAL NET ASSETS	$ 2,438,447

(1) Appropriations Level

CITY OF NORTH PLAINS
WASHINGTON COUNTY, OREGON

SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE-CASH BASIS
ACTUAL AND BUDGET
For the Year Ended June 30, 2012

WATER SYSTEMS IMPROVEMENT FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE -NEGATIVE
RECEIPTS:				
Charges for Service	$ 202,920	$ 76,752	$ 56,174	$ (20,578)
Interest	700	400	717	317
Total Receipts	203,620	77,152	56,891	(20,261)
DISBURSEMENTS:				
Materials and Services	145,162	- (1)	-	-
Capital Outlay	49,125	34,248 (1)	20,059	14,189
Debt Service	134,333	134,333 (1)	134,332	1
Total Disbursements	328,620	168,581	154,391	14,190
Excess of Receipts Over, -Under Disbursements	(125,000)	(91,429)	(97,500)	(6,071)
Other Financing Sources, -Uses:				
Transfers In	92,000	92,000	96,930	4,930
Total Other Sources, -Uses	92,000	92,000	96,930	4,930
Net Change in Fund Balance	(33,000)	571	(570)	(1,141)
Beginning Fund Balance	116,000	116,000	116,259	259
Ending Fund Balance	$ 83,000	$ 116,571	$ 115,689	$ (882)

(1) Appropriations Level

CITY OF NORTH PLAINS
WASHINGTON COUNTY, OREGON

SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES OF TAXES UNCOLLECTED
For The Year Ended June 30, 2012

GENERAL FUND

TAX YEAR	ORIGINAL LEVY OR BALANCE UNCOLLECTED 7/01/11	DEDUCT DISCOUNTS	ADJUSTMENTS TO ROLLS	ADD INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED 6/30/12
General Fund:						
CURRENT:						
2011-12	$ 330,652	$ 8,475	$ 501	$ 112	$ 314,570	$ 8,220
PRIOR YEARS:						
2010-11	7,663	(54)	(359)	358	3,064	4,652
2009-10	3,186	(33)	(186)	297	693	2,637
2008-09	1,573	-	(51)	326	1,394	454
2007-08	423	-	(19)	106	378	132
2006-07	108	-	(9)	10	26	83
2005-06 & Prior	270	36	(34)	27	43	184
Total Prior	13,223	(51)	(658)	1,124	5,598	8,142
Total All Funds	$ 343,875	$ 8,424	$ (157)	$ 1,236	$ 320,168	$ 16,362

RECONCILIATION OF RECEIPTS:	Receipts
Per County Treasurer Above	$ 320,168
Other Taxes	89
Total Fund Collections per Financial Statements	$ 320,257

CITY OF NORTH PLAINS
WASHINGTON COUNTY, OREGON

SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES
OF TAXES UNCOLLECTED
For The Year Ended June 30, 2012

URBAN RENEWAL AGENCY

TAX YEAR	ORIGINAL LEVY OR BALANCE UNCOLLECTED 7/01/11	DEDUCT DISCOUNTS	ADJUSTMENTS TO ROLLS	ADD INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED 6/30/12
Urban Renewal Agency:						
CURRENT:						
2011-12	$ 87,566	$ 2,244	$ 133	$ 30	$ 83,307	$ 2,178
PRIOR YEARS:						
2010-11	1,670	(12)	(78)	78	668	1,014
2009-10 & Prior	241	-	(8)	50	214	69
Total Prior	1,911	(12)	(86)	128	882	1,083
Total All Funds	$ 89,477	$ 2,232	$ 47	$ 158	$ 84,189	$ 3,261

RECONCILIATION OF RECEIPTS:	Receipts
Per County Treasurer Above	$ 84,189
Adjustments	(42)
Total Fund Collections per Financial Statements	$ 84,147

CITY OF NORTH PLAINS
WASHINGTON COUNTY, OREGON

INDEPENDENT AUDITORS' REPORT
REQUIRED BY OREGON STATE REGULATIONS

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PAULY, ROGERS AND CO., P.C.
CERTIFIED PUBLIC ACCOUNTANTS

• 12700 SW 72ND AVENUE • TIGARD, OREGON 97223
• (503) 620-2632 • FAX (503) 684-7523

January 15, 2013

Independent Auditors' Report Required by Oregon State Regulations

We have audited the basic financial statements of the City of North Plains as of and for the year ended June 30, 2012, and have issued our report thereon dated January 15, 2013. 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 financial statements are free of material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statues 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, 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.**
- **Highway revenues used for public highways, roads, and streets.**
- **Authorized investment of surplus funds (ORS Chapter 294).**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).**

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

1. The notice for budget hearing was not advertised 5-30 days prior to the budget hearing.
2. The notice for the supplemental budget was not advertised 5 days prior to the supplemental budget hearing.
3. Disbursements of funds were within budget except as noted on page 21.
4. Bid documentation was not retained for some purchases over $5,000.

OAR 162-10-0230 Internal Control

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

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

Pauly, Rogers and Co. P.C.

PAULY, ROGERS AND CO., P.C.