

CITY OF NORTH PLAINS
WASHINGTON COUNTY, OREGON

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2013



12700 SW 72nd Ave.
Tigard, OR 97223

CITY OF NORTH PLAINS
WASHINGTON COUNTY, OREGON

2012-2013
FINANCIAL REPORT

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CITY OF NORTH PLAINS
WASHINGTON COUNTY, OREGON

CITY OFFICIALS

2012-2013

<u>CITY COUNCIL</u>	<u>TERM EXPIRES</u>
David Hatcher – Mayor	December 31, 2016
Teri K. Lenahan – President	December 31, 2016
Robert Kindel, Jr.	December 31, 2016
Charlynn Newton	December 31, 2016
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

FINANCE MANAGER

Rachael Lembo, CPA

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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October 15, 2013

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the blended component unit, North Plains Urban Renewal Agency, each major fund, and the aggregate remaining fund information of the City of North Plains, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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, the blended component unit, North Plains Urban Renewal Agency, each major fund, and the aggregate remaining fund information of the City of North Plains, as of June 30, 2013, 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.

Emphasis of Matter

The City changed its reporting method from the modified cash basis of accounting to the modified accrual basis of accounting for the year ended June 30, 2013. Our opinion is not modified with respect to this matter.

The City adopted the provisions of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, for the year ended June 30, 2013. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and 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 required supplementary information 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 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 Supplementary 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 financial statements or the 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.

Supplementary Information

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 purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information, as listed in the table of contents, 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. Such 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 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.

Other Information

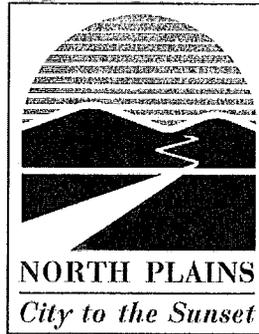
The listing of board members containing their term expiration dates, located before the table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Report on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated October 15, 2013, on our consideration of 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 compliance.



Roy R. Rogers, CPA
PAULY, ROGERS AND CO., P.C.



CITY OF NORTH PLAINS, OREGON

Management's Discussion and Analysis

June 30, 2013

The City manages and oversees operation of the water distribution system, streets, parks, land use planning activities, police, library services, community events and general administrative operations needed to provide these services to the citizens.

The City saw an increase in development in FY2012-13. Permits for new housing starts increased with the introduction of an incentive program for infill and renewed interest in subdivisions by developers. Highland Court subdivision broke ground, and Cottage Pointe subdivision has largely sold out this year. There has been little activity in commercial or industrial sectors.

This was the first fiscal year the City utilized an internal service fund (ISF). The ISF captures shared expenses, including City Council, City Attorney, City Manager, City Recorder, Finance, City Engineer, General Government and Public Works, and allocates them to other funds according to percentages determined in the annual budget. This allocation is shown as a transfer out on the Fund Statements.

Also in FY2012-13 the City switched from a cash basis to a modified accrual basis. There is a restatement to beginning fund balance for some funds as a result.

FY2012-13 Budget

In FY2012-13 the City adopted a budget of \$6.2 million, comprised of \$2.9 million in beginning fund balance, \$2.3 million in revenues, and \$1 million in interfund transfers. During the year the budget was revised up to \$7.0 million, comprised of \$3.3 million in beginning fund balance, \$2.5 million in revenues, and \$1.2 million in interfund transfers. Of the final budget, 114% of revenues were received, and 93% of expenses were incurred.

Government Wide Financial Analysis

The following table is a comparative summary of the Statement of Net Position for the current and prior years. Certain prior year amounts have been adjusted to conform to the current year’s presentation.

COMPARATIVE STATEMENT OF NET POSITION
JUNE 30, 2013 AND 2012
in thousands

	Governmental Activities		Business Type Activities		Total City		
	<u>FY13</u>	<u>FY12</u>	<u>FY13</u>	<u>FY12</u>	<u>FY13</u>	<u>FY12</u>	<u>Var</u>
Cash and investments	\$ 2,811	\$ 2,542	\$ 937	\$ 801	\$ 3,748	\$ 3,343	\$ 405
Other assets	423	3	85	82	508	85	423
Capital assets	5,974	5,593	3,049	3,106	9,023	8,699	324
Total Assets	9,208	8,138	4,071	3,989	13,279	12,127	1,152
Other liabilities	543	22	195	142	738	164	574
Non current liabilities	347	382	1,185	1,270	1,532	1,652	(120)
Total Liabilities	890	404	1,380	1,412	2,270	1,816	454
Invested in capital assets net of related debt	5,480	5,189	1,779	1,754	7,259	6,943	316
Restricted	1,726	1,478	-	116	1,726	1,594	132
Unrestricted	1,112	1,067	912	707	2,024	1,774	250
Total Net Position	\$ 8,318	\$ 7,734	\$ 2,691	\$ 2,577	\$ 11,009	\$ 10,311	\$ 698

Assets – Cash increased for both governmental and business type activities, due to revenues exceeding expenses. Governmental activities other assets increased primarily due to a \$354 thousand capital projects grant receivable at year end. Governmental activities capital assets increased due to \$370 thousand in CIP on the Claxtar Street project and purchase of real property by the Urban Renewal District of \$120 thousand. Business type activities capital assets decreased due to \$94 thousand of depreciation expense.

Liabilities – Governmental activities other liabilities increased due to accounts payable of \$310 thousand related to the Claxtar Street project and \$115 thousand of long term debt that is due within the next year (thus no longer non current). In addition, the prior year was reported on the cash basis and thus reported no outstanding accounts payable. Governmental activities non current liabilities increased \$90 thousand due to a new loan for the Urban Renewal District property purchase, offset by the move of \$115 thousand to current liabilities.

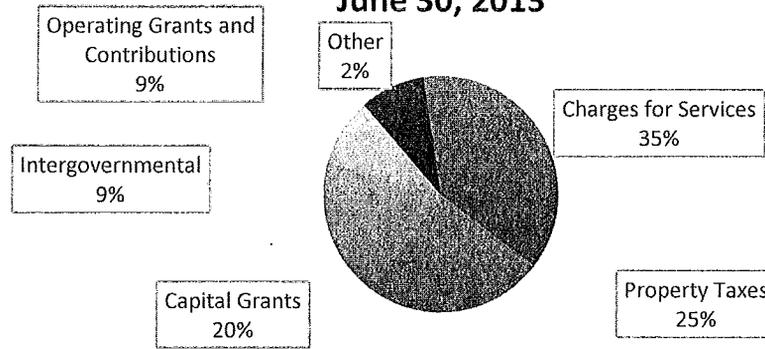
Net Position – At June 30, 2013, total City assets exceeded liabilities by \$11 million. The largest portion of the City’s net position is invested in capital assets net of related debt, \$7.2 million, which includes land, buildings, equipment, street infrastructure and water improvements. These capital assets are used to provide services to the citizens, and do not represent resources available for future spending. Restricted net position, \$1.7 million, represents the amount legally restricted for capital projects and streets. The unrestricted net position, \$2.0 million, is available to meet the City’s ongoing obligations.

COMPARATIVE STATEMENT OF ACTIVITIES
 JUNE 30, 2013 AND 2012
 in thousands

	Governmental Activities		Business Type Activities		Total City		
	<u>FY13</u>	<u>FY12</u>	<u>FY13</u>	<u>FY12</u>	<u>FY13</u>	<u>FY12</u>	<u>Var</u>
Charges for Services	639	624	1,013	851	1,652	1,475	177
Operating Grants and Contributions	164	171	-	6	164	177	(13)
Capital Grants	354	41	-	-	354	41	313
Total Program Revenues	1,157	836	1,013	857	2,170	1,693	477
Property Taxes	441	404	-	-	441	404	37
Intergovernmental	167	177	-	-	167	177	(10)
Other	43	42	7	16	50	58	(8)
Total General Revenues	651	623	7	16	658	639	19
Building and Parks	167	71	-	-	167	71	96
Street	308	383	-	-	308	383	(75)
Police	392	427	-	-	392	427	(35)
Library Department	228	173	-	-	228	173	55
City Planning	87	124	-	-	87	124	(37)
Urban Renewal District	21	6	-	-	21	6	15
General Government	-	189	-	-	-	189	(189)
Municipal Court	-	105	-	-	-	105	(105)
Interest	21	15	-	-	21	15	6
Water	-	-	906	678	906	678	228
Total Expense	1,224	1,493	906	678	2,130	2,171	(41)
Changes in Net Position	584	(34)	114	195	698	161	537

Governmental Activities - Revenue by Source

June 30, 2013

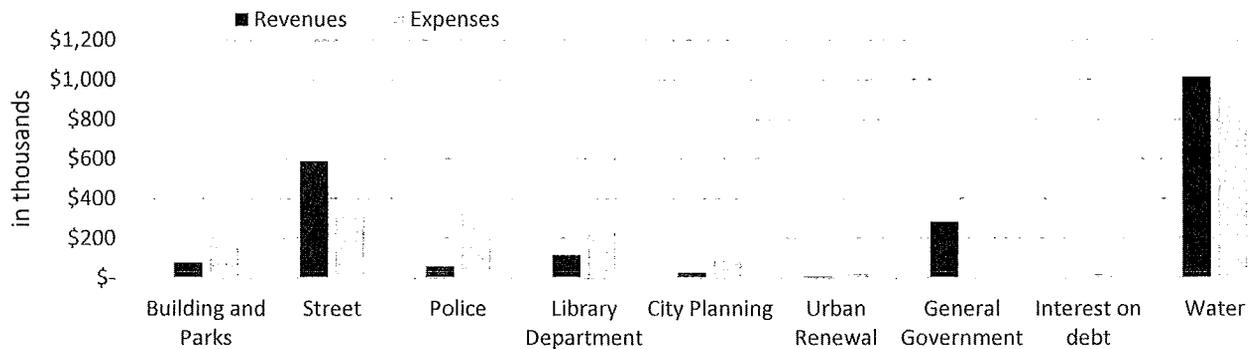


Program Revenues – Governmental activities charges for services revenue increased from the prior year due to development fees in various funds, offset by the elimination of the municipal court and related revenue. Business type activities charges for services revenue increased from the prior year due to water charges, an increase of \$61 thousand or 8%, and SDCs, an increase of \$101 thousand or 180%.

Capital Grants – Governmental activities capital grant revenue reflects the portion of the CDBG Claxtar Street project grant earned in FY2012-13.

Property Taxes – Governmental activities property tax revenue increased from the prior year; General Fund revenue increased \$11 thousand, or 4%, and Urban Renewal District revenue increased \$7 thousand, or 8%. In addition, in the accrual accounting method taxes receivable is recorded as revenue on the Statement of Activities, which resulted in an additional \$19 thousand in revenue.

Statement of Activities Expense and Program Revenues by Function FY2012-13



Expenses – The implementation of the ISF resulted in new departments and changes in how shared expenses are allocated, which makes comparison between years difficult. The departments displayed include the following activities:

- Building and Parks – Parks department, Parks Capital Improvement Fund and building depreciation

City of North Plains – Management’s Discussion and Analysis

- Street – Street Tax, Transportation and Storm Drainage Fund and street depreciation
- Police – Police department, police depreciation
- Library – Library department
- City Planning – Planning department
- Urban Renewal District – Urban Renewal District Fund
- General Government – All general government activities are now allocated to other departments through the Internal Service Fund
- Municipal Court – Department closed and activity outsourced to Washington County
- Interest – Interest on long term debt

Overall, governmental activities expenses decreased \$269 thousand, as a result of the elimination of the municipal court, increased allocation of shared costs to the Water Fund, and streamlining of expenses. Business type activities expenses increased \$228 thousand due to increases in pass through SDCs to the Joint Water Commission (directly related to increased SDC revenue), water purchase expense, and ISF allocation.

Changes in net position – Governmental activities ended FY2012-13 with a \$584 thousand increase in net position, a significant increase from the prior year decrease of \$34 thousand. Business type activities ended the year with a \$114 thousand increase in net position, below the prior year increase of \$195 thousand.

Significant Activity

Capital assets –The City continued work on a large capital project on Claxtar Street, partially funded by a CDBG grant. A new building was purchased by the Urban Renewal District for use in future development.

Long term debt – The City entered into a new capital lease for a police car and a new loan for the Urban Renewal District building purchase. All required debt service payments on outstanding obligations were made.

Information requests

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 Rachael Lembo, CPA, Finance Manager, at 503-647-555 in North Plains, Oregon.

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CITY OF NORTH PLAINS
WASHINGTON COUNTY, OREGON

BASIC FINANCIAL STATEMENTS

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**CITY OF NORTH PLAINS
WASHINGTON COUNTY, OREGON**

STATEMENT OF NET POSITION

June 30, 2013

ASSETS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Cash and Investments	\$ 2,810,690	\$ 936,743	\$ 3,747,433
Receivables	382,607	85,134	467,741
Prepaid Expenses	40,460	-	40,460
Capital Assets, Net of Depreciation	5,973,588	3,048,983	9,022,571
Total Assets	9,207,345	4,070,860	13,278,205
LIABILITIES			
Accounts Payable	343,437	49,641	393,078
Payroll Liabilities	47,153	-	47,153
Refundable Deposits	5,258	60,126	65,384
Debt Payable			
Due in One Year	147,224	85,172	232,396
Due in More Than One Year	346,833	1,185,103	1,531,936
Total Liabilities	889,905	1,380,042	2,269,947
NET POSITION			
Invested in Capital Assets Net of Related Debt	5,479,531	1,778,708	7,258,239
Restricted for:			
Capital Projects	1,155,792	-	1,155,792
Highways and Streets	570,236	-	570,236
Unrestricted	1,111,881	912,110	2,023,991
Total Net Position	\$ 8,317,440	\$ 2,690,818	\$ 11,008,258

See accompanying notes to basic financial statements

CITY OF NORTH PLAINS
WASHINGTON COUNTY, OREGON

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2013

FUNCTIONS	EXPENSES	PROGRAM REVENUES			NET (EXPENSES) REVENUES AND CHANGES IN NET POSITION		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Primary Government							
<u>Governmental Activities:</u>							
Building and Parks	\$ 167,254	\$ 79,178	\$ -	\$ -	\$ (88,076)		\$ (88,076)
Street	307,497	233,749	-	354,269	280,521		280,521
Police	392,296	48,497	9,295	-	(334,504)		(334,504)
Library	228,132	11,431	104,607	-	(112,094)		(112,094)
City Planning	86,835	24,915	-	-	(61,920)		(61,920)
Urban Renewal District	21,175	6,800	-	-	(14,375)		(14,375)
General Government	-	233,955	49,839	-	283,794		283,794
Interest	21,078	-	-	-	(21,078)		(21,078)
Total Governmental Activities	<u>1,224,267</u>	<u>638,525</u>	<u>163,741</u>	<u>354,269</u>	<u>(67,732)</u>		<u>(67,732)</u>
<u>Business-Type Activities:</u>							
Water	905,764	1,012,900	-	-		\$ 107,136	107,136
Total Business-Type Activities	<u>905,764</u>	<u>1,012,900</u>	<u>-</u>	<u>-</u>		<u>107,136</u>	<u>107,136</u>
Total Primary Government	<u>\$ 2,130,031</u>	<u>\$ 1,651,425</u>	<u>\$ 163,741</u>	<u>\$ 354,269</u>	<u>(67,732)</u>	<u>107,136</u>	<u>39,404</u>
General Revenues:							
Property Taxes					441,256	-	441,256
Intergovernmental					167,138	-	167,138
Interest and Investment Earnings					14,561	4,438	18,999
Miscellaneous					25,315	2,533	27,848
Gain/Loss on Disposal of Asset					3,100	-	3,100
Total General Revenues					<u>651,370</u>	<u>6,971</u>	<u>658,341</u>
Changes in Net Position					583,638	114,107	697,745
Net Position - Beginning, As Restated					<u>7,733,802</u>	<u>2,576,711</u>	<u>10,310,513</u>
Net Position - Ending					<u>\$ 8,317,440</u>	<u>\$ 2,690,818</u>	<u>\$ 11,008,258</u>

See accompanying notes to basic financial statements

**CITY OF NORTH PLAINS
WASHINGTON COUNTY, OREGON**

**BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2013**

	GENERAL FUND	STREET TAX, TRANSPORTATION AND STORM DRAINAGE FUND	PARKS CAPITAL IMPROVEMENT FUND	OTHER GOVERNMENTAL FUNDS	TOTAL
ASSETS:					
Cash and Investments	\$ 1,082,222	\$ 516,059	\$ 458,181	\$ 722,478	\$ 2,778,940
Taxes Receivable	15,435	-	-	3,528	18,963
Accounts Receivable	3,937	356,707	-	-	360,644
Prepaid Expenses	6,173	9,347	-	-	15,520
Total Assets	<u>1,107,767</u>	<u>882,113</u>	<u>458,181</u>	<u>726,006</u>	<u>3,174,067</u>
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts Payable	6,298	311,877	-	-	318,175
Payroll Liabilities	12,725	-	-	-	12,725
Unearned Revenue	12,462	-	-	2,815	15,277
Refundable Deposits	5,258	-	-	-	5,258
Total Liabilities	<u>36,743</u>	<u>311,877</u>	<u>-</u>	<u>2,815</u>	<u>351,435</u>
Fund Balances:					
Nonspendable	6,173	-	-	-	6,173
Restricted	-	570,236	458,181	697,611	1,726,028
Committed	-	-	-	25,580	25,580
Unassigned	1,064,851	-	-	-	1,064,851
Total Fund Balances	<u>1,071,024</u>	<u>570,236</u>	<u>458,181</u>	<u>723,191</u>	<u>2,822,632</u>
Total Liabilities and Fund Balances	<u>\$ 1,107,767</u>	<u>\$ 882,113</u>	<u>\$ 458,181</u>	<u>\$ 726,006</u>	<u>\$ 3,174,067</u>

See accompanying notes to basic financial statements

CITY OF NORTH PLAINS
WASHINGTON COUNTY, OREGON

RECONCILIATION OF GOVERNMENTAL BALANCE SHEET TO
STATEMENT OF NET POSITION
June 30, 2013

Total Fund Balances - Governmental Funds	\$ 2,822,632
Capital assets are not financial resources and therefore are not reported in the governmental funds.	5,973,588
Internal Service Fund - Change in Net Position	-
Property taxes earned but not available are shown as deferred revenue in the governmental funds	15,277
Long term liabilities do not require current financial resources and therefore are not reported in the governmental funds	<u>(494,057)</u>
Net Position	<u><u>\$ 8,317,440</u></u>

See accompanying notes to basic financial statements

**CITY OF NORTH PLAINS
WASHINGTON COUNTY, OREGON**

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Year Ended June 30, 2013**

	GENERAL FUND	STREET TAX, TRANSPORTATION AND STORM DRAINAGE FUND	PARKS CAPITAL IMPROVEMENT FUND	OTHER GOVERNMENTAL FUNDS	TOTAL
REVENUES:					
Property Taxes	\$ 334,445	\$ -	\$ -	\$ 91,534	\$ 425,979
Charges for Services	9,161	-	79,178	-	88,339
Licenses, Permits, Fees	261,140	59,423	-	181,126	501,689
Intergovernmental	148,091	116,027	-	-	264,118
Fines and Forfeitures	48,497	-	-	-	48,497
Interest on Investments	5,974	3,220	2,192	3,175	14,561
Grants	66,761	354,269	-	-	421,030
Miscellaneous	9,653	15,497	-	165	25,315
Total Revenues	883,722	548,436	81,370	276,000	1,789,528
EXPENDITURES:					
Personal Services	383,819	-	-	-	383,819
Materials & Services	162,961	24,469	-	2,109	189,539
Capital Outlay	41,066	370,135	6,635	130,006	547,842
Debt Services	-	-	-	38,449	38,449
Special Payments	3,441	-	-	-	3,441
Total Expenditures	591,287	394,604	6,635	170,564	1,163,090
Excess of Revenues Over (Under) Expenditures	292,435	153,832	74,735	105,436	626,438
Other Financing Sources (Uses):					
Proceeds of Debt	41,066	-	-	90,000	131,066
Sale of Asset	3,100	-	-	-	3,100
Transfers In	28,000	-	-	7,000	35,000
Transfer Out	(314,018)	(167,161)	(491)	(35,913)	(517,583)
Total Other Financing Sources (Uses)	(241,852)	(167,161)	(491)	61,087	(348,417)
Net Change in Fund Balance	50,583	(13,329)	74,244	166,523	278,021
Beginning Fund Balance, As Restated	1,020,441	583,565	383,937	556,668	2,544,611
Ending Fund Balance	<u>\$ 1,071,024</u>	<u>\$ 570,236</u>	<u>\$ 458,181</u>	<u>\$ 723,191</u>	<u>\$ 2,822,632</u>

See accompanying notes to basic financial statements

CITY OF NORTH PLAINS
WASHINGTON COUNTY, OREGON

RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE TO STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2013

Net Change in Fund Balances - Governmental Funds	\$ 278,021
<p>Capital outlays are reported in governmental funds as expenditures. 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:</p>	
Capitalized Expenditures	536,336
Depreciation Expense	(155,706)
<p>Property taxes earned but not available are shown as deferred revenue in the governmental funds, and as revenue in the Statement of Activities.</p>	15,277
<p>Repayment of long-term obligations principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Position.</p>	40,776
<p>Proceeds from the addition of long-term obligations are an other financing source in the governmental funds, but increase long-term debt in the Statement of Net Position.</p>	<u>(131,066)</u>
Change in Net Position	<u>\$ 583,638</u>

See accompanying notes to basic financial statements

CITY OF NORTH PLAINS
WASHINGTON COUNTY, OREGON

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2013

	Business-Type Activities Enterprise Fund	Governmental-Type Activities Internal Service Fund
	WATER FUND	INTERNAL SERVICE FUND
ASSETS:		
Cash and Investments	\$ 936,743	\$ 31,750
Accounts Receivable	85,134	3,000
Prepaid Expenses	-	24,940
Capital Assets, Net of Depreciation	3,048,983	-
Total Assets	\$ 4,070,860	\$ 59,690
LIABILITIES:		
Accounts Payable	\$ 49,641	\$ 25,262
Payroll Liabilities	-	34,428
Refundable Deposits	60,126	-
Bonds Payable		
Due in One Year	85,172	-
Due in More Than One Year	1,185,103	-
Total Liabilities	1,380,042	59,690
NET POSITION:		
Invested in Capital Assets Net of Related Debt	1,778,708	-
Unrestricted	912,110	-
Total Net Position	\$ 2,690,818	\$ -

See accompanying notes to basic financial statements

**CITY OF NORTH PLAINS
WASHINGTON COUNTY, OREGON**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2013**

	Business-Type Activities Enterprise Funds		Governmental-Type Activities Internal Service Fund	
	WATER FUND	WATER SYSTEMS IMPROVEMENT FUND	INTERNAL SERVICE FUND	
OPERATING REVENUES:				
Charges for Services	\$ 856,073	\$ -	\$ -	
Licenses, Permits, Fees	156,827	-	-	
Miscellaneous	2,533	-	-	
Total Operating Revenues	1,015,433	-	-	
OPERATING EXPENSES:				
Water Expenses Paid	304,035	-	-	
Personal Services	-	-	631,602	
Materials and Services	-	-	329,301	
Depreciation Expense	71,076	-	-	
Total Operating Expenses	375,111	-	960,903	
Operating Income	640,322	-	(960,903)	
OTHER FINANCING SOURCES (USES):				
Interest and Investment Earnings	4,438	-	-	
Interest Paid on Capital Debt	(52,333)	-	-	
Transfers In	115,689	-	967,903	
Transfers Out	(478,320)	(115,689)	(7,000)	
Total Other Financing Sources (Uses)	(410,526)	(115,689)	960,903	
Change in Net Position	229,796	(115,689)	-	
Net Position, July 1, 2012, As Restated	2,461,022	115,689	-	
Net Position, June 30, 2013	\$ 2,690,818	\$ -	\$ -	

See accompanying notes to basic financial statements.

**CITY OF NORTH PLAINS
WASHINGTON COUNTY, OREGON**

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2013**

	Business-Type Activities Enterprise Funds		Governmental-Type Activities Internal Service Fund
	WATER FUND	WATER SYSTEMS IMPROVEMENT FUND	INTERNAL SERVICE FUND
Cash Flows From Operating Activities:			
Cash Received for Services	\$ 1,013,000	\$ -	\$ -
Cash Paid to Employees	-	-	(597,174)
Cash Paid to Suppliers	(254,394)	-	(328,979)
Net cash provided (used) by operating activities	<u>758,606</u>	<u>-</u>	<u>(926,153)</u>
Cash Flows From Non Capital Financing Activities:			
Transfers from Other Funds	115,689	-	967,903
Transfers to Other Funds	(478,320)	(115,689)	(7,000)
Net cash provided (used) by financing activities	<u>(362,631)</u>	<u>(115,689)</u>	<u>960,903</u>
Cash Flows From Capital and Related Financing Activities:			
Principal Paid on Debt	(81,999)	-	-
Interest Paid on Debt	(52,333)	-	-
Net cash provided (used) by capital and related financing activities	<u>(134,332)</u>	<u>-</u>	<u>-</u>
Cash Flows From Investing Activities:			
Purchase and Sale of Capital Assets	(14,150)	-	-
Earnings on Investments	4,438	-	-
Loans Made to Others	-	-	(3,000)
Net cash provided (used) by investing activities	<u>(9,712)</u>	<u>-</u>	<u>(3,000)</u>
Net increase (decrease) in cash and investments	251,931	(115,689)	31,750
Cash and investments, beginning of year	<u>684,812</u>	<u>115,689</u>	<u>-</u>
Cash and investments, end of year	<u>\$ 936,743</u>	<u>\$ -</u>	<u>\$ 31,750</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
Operating Income	\$ 640,322	\$ -	\$ (960,903)
Depreciation Expense	71,076	-	-
Change in current assets and liabilities			
Receivables	(2,806)	-	-
Prepaid expenses	-	-	(24,940)
Accounts payable	49,641	-	59,690
Refundable deposits	373	-	-
Net Cash Provided by Operating Activities	<u>\$ 758,606</u>	<u>\$ -</u>	<u>\$ (926,153)</u>

See accompanying notes to basic financial statements

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CITY OF NORTH PLAINS
WASHINGTON COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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 61, 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 Position 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 revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund financial statements 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, revenues and expenditures. Funds are organized into two major categories: governmental and proprietary. An emphasis is placed on major funds within the governmental and proprietary categories.

Government-wide financial statements and proprietary fund financial statements are presented using the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Capital assets are capitalized and depreciated and debt is reported as a liability.

Governmental fund financial statements are presented using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period, generally within 60 days. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. Expenditures generally are recorded when a liability is incurred, as under full accrual accounting. However, debt service, compensated absences, and claims and judgments are recorded only when payment is due.

The following fund types are reported:

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 revenue sources that are either legally restricted to expenditures 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.

**CITY OF NORTH PLAINS
WASHINGTON COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

<u>Fund</u>	<u>Brief Description</u>
Street Tax, Transportation and Storm Drainage	Accounts for Oregon gasoline tax apportionments and expenditures for those street improvements specified by Oregon Revised Statutes.
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.

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. Included within the proprietary fund type is the Internal Service Fund. There are the following enterprise funds, all of which are considered major funds.

<u>Fund</u>	<u>Brief Description</u>
Water	Accounts for the activities of providing water services to the public, including capital improvements and major acquisitions.
Water Systems Capital Improvement	Accounts for transfers from the Water Fund for the purpose of Capital improvements and major acquisitions.
Internal Service	Accounts for shared administrative and occupancy costs. These costs are allocated to other funds through transfers. This fund is reported in the Statement of Net Position in the governmental activities.

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 cash equivalents.

CITY OF NORTH PLAINS
WASHINGTON COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. ASSETS, LIABILITIES, AND EQUITY (CONTINUED)

RECEIVABLES

Property taxes are assessed as of January 1 and become a lien as of July 1 on all taxable property. Property taxes are due on November 15. Collection dates are November 15, February 15, and May 15. Discounts are allowed if the amount due or two-thirds of the amount due is received by November 15. Taxes unpaid and outstanding on May 16 are considered delinquent.

In the government-wide financial statements, property taxes are recognized as revenue in the year for which they are levied. In the fund financial statements, property taxes receivable which have been collected within 60 days subsequent to year-end are considered "measurable" and "available" and are recognized as revenues. All other property taxes receivable are offset by unearned revenue as they are deemed unavailable to finance operations of the current period.

Receivables of the Water Fund are recorded as revenue when earned. An allowance for uncollectible accounts has been recorded based on management's consideration of collectability and historical trends.

CAPITAL ASSETS

In the *government-wide financial statements*, capital assets are accounted for as assets in the Statement of Net Position. A capitalization policy was adopted that established a dollar threshold of \$5,000 for assets and a useful life greater than one year. 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.

In the *fund financial statements*, capital assets acquired for use in governmental fund operations are accounted for as capital outlay expenditures 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.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities with accumulated depreciation reflected in the Statement of Net Position. 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:

	<u>Life</u>	<u>Capitalization Threshold</u>
Buildings	20-50 years	\$ 100,000
Infrastructure	20-50 years	\$ 100,000
Water System Improvements	10-50 years	\$ 100,000
Equipment	5-15 years	\$ 5,000

EQUITY CLASSIFICATION

In the *government-wide financial statements*, equity is classified as net position 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.

**CITY OF NORTH PLAINS
WASHINGTON COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. ASSETS, LIABILITIES, AND EQUITY (CONTINUED)

EQUITY CLASSIFICATION (CONTINUED)

b. Restricted - consists of 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 - all other asset amounts 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 position prior to the use of unrestricted net position when an expenditure is incurred for purposes for which both restricted and unrestricted net positions are available.

DEFERRED OUTFLOWS/INFLOWS 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 future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. There are no deferred outflows.

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 future periods and so will not be recognized as an inflow of resources (revenue) until that time. There are no deferred inflows.

FUND BALANCE

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 are 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.

There are no assigned balances at June 30, 2013.

**CITY OF NORTH PLAINS
WASHINGTON COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. ASSETS, LIABILITIES, AND EQUITY (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.

D. REVENUES AND EXPENDITURES

PROGRAM REVENUES

In the Statement of Activities, revenues that are derived directly from each activity from parties outside the City's taxpayers are reported as program revenues. These revenues include charges for services and program specific grants and contributions. All other governmental revenues are reported as general. All property taxes are classified as general revenues even if restricted for a specific purpose.

OPERATING REVENUES AND EXPENSES

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

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

Internal Service – Revenues from other funds for shared costs.

E. ESTIMATES

The preparation of financial statements 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. BUDGET

A budget is prepared and legally adopted for each fund on a budgetary basis of accounting, which is similar to the modified accrual basis of accounting with certain difference, 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 expenditures 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.

**CITY OF NORTH PLAINS
WASHINGTON COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

2. BUDGET (CONTINUED)

Expenditures cannot 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.

The City budgets the General Fund and Internal Services Fund by department and other funds by the following categories:

- Personal Services
- Material and Supplies
- Capital Outlay
- Debt Service
- Special Payments
- Interfund Transfers

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

Excess of Expenditures over Appropriations

Expenditures of the various funds were within authorized appropriations, except as noted below:

General Fund:			
Police Department	Capital Outlay	\$	41,066
Urban Renewal District	Capital Outlay		78,006
Internal Service Fund:			
City Attorney	Materials and Services		1,202
City Manager	Personal Services		480
City Manager	Materials and Services		1
Public Works	Personal Services		5,786
Water Fund	Special Payments		22,724
Water Fund	Transfers Out		8,954
Water Systems Improvement Fund	Transfers Out		115,689

3. CASH AND CASH EQUIVALENTS

Cash and investments were recorded at cost, which approximates fair market value, at June 30, 2013. Cash and investments at June 30, 2013 were:

	<u>2013</u>	Reported In:	<u>2013</u>
Petty Cash	\$ 700	Governmental Funds	\$ 2,778,940
Deposits with Financial Institutions	328,774	Internal Service Fund	31,750
Certificate of Deposit	200,993	Proprietary Funds	936,743
LGIP	3,216,966		
	<u>\$ 3,747,433</u>		<u>\$ 3,747,433</u>

**CITY OF NORTH PLAINS
WASHINGTON COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

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, 2013, \$250,000 of the \$335,252 bank balance was insured by FDIC. The remainder was covered by the collateral held in multiple financial institutions' collateral pool administered by the Oregon State Treasurer. The certificate of deposit was fully 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, 2013.

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, 2013. There were no known violations of legal or contractual provisions for deposits and investments during the fiscal year.

Investment Type	Fair Value	Investment Maturities (in months)	
		Less than 3	More than 3
State Treasurer's Investment Pool	\$ 3,216,966	\$ 3,216,966	\$ -
Total	\$ 3,216,966	\$ 3,216,966	\$ -

4. ACCOUNTS RECEIVABLE

Governmental accounts receivable at June 20, 2013 were:

	General Fund	Street Fund	Non Major Governmental Funds	Total Governmental Funds	Internal Service Fund	Total Governmental Activities
Accounts	\$ 3,937	\$ 2,438	\$ -	\$ 6,375	\$ 3,000	\$ 9,375
Property Taxes	15,435	-	3,528	18,963	-	18,963
Grants	-	354,269	-	354,269	-	354,269
Total	\$ 19,372	\$ 356,707	\$ 3,528	\$ 379,607	\$ 3,000	\$ 382,607

In the fund financial statements, governmental funds report deferred revenues in connection with receivables for revenues that are not considered measurable and available. The portion of property tax receivable that is not received within 60 days of year end is reported as deferred revenue.

Business type activities accounts receivable at June 20, 2013 were:

	Water Fund
Accounts	\$ 85,134

**CITY OF NORTH PLAINS
WASHINGTON COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

5. CAPITAL ASSETS

The changes in capital assets for 2012-13 are as follows:

	Balance on 07/01/2012	Additions	Disposals	Balance on 6/30/2013
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 132,855	\$ -	\$ -	\$ 132,855
URA land	157,820	74,123	-	231,943
CIP	41,100	370,135	-	411,235
Total capital assets not being depreciated	<u>331,775</u>	<u>444,258</u>	<u>-</u>	<u>776,033</u>
Capital assets being depreciated:				
Infrastructure	5,793,355	-	-	5,793,355
Buildings	175,957	-	-	175,957
URA buildings	-	45,877	-	45,877
Equipment and vehicles	277,369	46,201	(9,614)	313,956
Total capital assets being depreciated	<u>6,246,681</u>	<u>92,078</u>	<u>(9,614)</u>	<u>6,329,145</u>
Less accumulated depreciation for:				
Infrastructure	(728,689)	(115,867)	-	(844,556)
Buildings	(88,308)	(4,249)	-	(92,557)
URA buildings	-	(1,147)	-	(1,147)
Equipment and vehicles	(168,500)	(34,443)	9,614	(193,329)
Total accumulated depreciation	<u>(985,497)</u>	<u>(155,706)</u>	<u>9,614</u>	<u>(1,131,590)</u>
Total capital assets net of depreciation	<u>\$ 5,592,959</u>	<u>\$ 380,630</u>	<u>\$ -</u>	<u>\$ 5,973,588</u>
Business Type Activities:				
Capital assets not being depreciated:				
Land	\$ 730	\$ -	\$ -	\$ 730
Total capital assets not being depreciated	<u>730</u>	<u>-</u>	<u>-</u>	<u>730</u>
Capital assets being depreciated:				
Buildings	19,174	-	-	19,174
Machinery and equipment	99,751	-	-	99,751
Utility property and improvements	4,336,230	14,150	-	4,350,380
Total capital assets being depreciated	<u>4,455,155</u>	<u>14,150</u>	<u>-</u>	<u>4,469,305</u>
Less accumulated depreciation for:				
Buildings	(19,174)	-	-	(19,174)
Machinery and equipment	(82,288)	(3,397)	-	(85,685)
Utility property and improvements	(1,248,514)	(67,679)	-	(1,316,193)
Total accumulated depreciation	<u>(1,349,976)</u>	<u>(71,076)</u>	<u>-</u>	<u>(1,421,052)</u>
Total capital assets net of depreciation	<u>\$ 3,105,909</u>	<u>\$ (56,926)</u>	<u>\$ -</u>	<u>\$ 3,048,983</u>
Total all capital assets net of depreciation	<u>\$ 8,698,868</u>	<u>\$ 323,704</u>	<u>\$ -</u>	<u>\$ 9,022,571</u>

**CITY OF NORTH PLAINS
WASHINGTON COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

5. CAPITAL ASSETS (CONTINUED)

Depreciation was charged to the following programs:

Building and Parks Expense	\$	14,111
Street Expense		115,867
Police Expense		24,581
Urban Renewal Agency Expense		1,147
Total Depreciation Expense	<u>\$</u>	<u>155,706</u>

6. INTERFUND TRANSFERS AND BALANCES

Transfers are used to allocate shared costs from the Internal Service Fund to other funds, and to move resources collected by one fund to another fund authorized to spend those resources.

Transfers for internal service allocations for the year ended June 30, 2013, were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental:		
General Fund	\$ -	\$ 314,018
Street Tax, Transportation and Storm Drainage	-	167,161
Parks Capital Improvement	-	491
Non-major funds	-	7,913
Business-Type:		
Water Fund	-	478,320
Internal Service Fund	<u>967,903</u>	<u>-</u>
Total	<u>\$ 967,903</u>	<u>\$ 967,903</u>

The Internal Service Fund is combined with Governmental Activities in the government-wide Statement of Activities, and the above transfers are eliminated.

**CITY OF NORTH PLAINS
WASHINGTON COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

6. INTERFUND TRANSFERS AND BALANCES (CONTINUED)

Transfers to move resources for the year ended June 30, 2013, were as follows:

	Transfers In	Transfers Out
Governmental:		
General Fund	\$ 28,000	\$ -
Non-major Funds	7,000	28,000
Business-Type:		
Water Fund	115,689	-
Water Systems Capital Improvement	-	115,689
Internal Service Fund	-	7,000
Total	\$ 150,689	\$ 150,689

The above transfers are eliminated in the government-wide Statement of Activities.

7. LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations for the year ended June 30, 2013:

	LOAN ACTIVITY				
	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
URA	\$ 109,123	\$ 90,000	\$ 7,371	\$ 191,752	\$ 115,394
LOCAP Series 2011A	270,000	-	10,000	260,000	10,000
Capital Lease	24,644	41,066	23,405	42,305	21,830
Total Loan Activity	\$ 403,767	\$ 131,066	\$ 40,776	\$ 494,057	\$ 147,224
Business-Type Activities:					
Safe Drinking Water	\$ 1,352,274	\$ -	\$ 81,999	\$ 1,270,275	\$ 85,172
Total Loan Activity	\$ 1,352,274	\$ -	\$ 81,999	\$ 1,270,275	\$ 85,172
Total All Loan Activity	\$ 1,756,041	\$ 131,066	\$ 122,775	\$ 1,764,332	\$ 232,396

**CITY OF NORTH PLAINS
WASHINGTON COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

7. LONG-TERM OBLIGATIONS (CONTINUED)

LOCAP Series 2011A

In March 2011, a Series 2011A bond was entered into 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

Year Ending June 30,	Annual Debt Service		Total
	Principal	Interest	
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	10,000	11,388	21,388
2019-23	65,000	49,129	114,129
2024-28	85,000	29,764	114,764
2029-31	60,000	5,130	65,130
Balance	<u>\$ 260,000</u>	<u>\$ 144,717</u>	<u>\$ 404,717</u>

CAPITAL LEASE PAYABLE

Two police vehicles were purchased with capital leases with no stated interest rates. The intent is to purchase the vehicles after they have been paid for. The amounts capitalized were \$48,258 in 2012 and \$41,066 in 2013. The vehicles have estimated useful lives of five years, and \$24,404 has been depreciated to date.

Capital Leases

Year Ending June 30,	Annual Debt Service		Total
	Principal	Interest	
2014	\$ 21,830	\$ 3,120	\$ 24,950
2015	9,851	1,607	11,458
2016	10,624	834	11,458
Balance	<u>\$ 42,305</u>	<u>\$ 5,561</u>	<u>\$ 47,866</u>

Urban Renewal District Loans

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%. In August 2012, the Urban Renewal Agency entered into a second loan agreement with Columbia Community Bank for the purchase of another property. The initial amount of the loan was \$90,000 at an interest rate of 4.5% for five years and then variable. The amortization schedule and loan summary are shown below.

**CITY OF NORTH PLAINS
WASHINGTON COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

7. LONG-TERM OBLIGATIONS (CONTINUED)

Urban Renewal District Loans (Continued)

URA Loan #1			
Year Ending June 30,	Annual Debt Service		Total
	Principal	Interest	
2014	\$ 107,825	\$ 3,750	\$ 111,575
Balance	\$ 107,825	\$ 3,750	\$ 111,575

URA Loan #2			
Year Ending June 30,	Annual Debt Service		Total
	Principal	Interest	
2014	\$ 7,569	\$ 3,651	\$ 11,220
2015	7,900	3,321	11,221
2016	8,259	2,961	11,220
2017	8,650	2,568	11,218
2018	9,003	2,288	11,291
2019-22	42,546	4,560	47,106
Balance	\$ 83,927	\$ 19,349	\$ 103,276

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			
Year Ending June 30,	Annual Debt Service		Total
	Principal	Interest	
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	99,142	35,190	134,332
2019-23	556,318	115,339	671,657
2024-25	253,835	14,828	268,663
Balance	\$ 1,270,275	\$ 341,705	\$ 1,611,980

**CITY OF NORTH PLAINS
WASHINGTON COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

8. 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.

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

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 for the two year period beginning July 1, 2011 is 11.86% of salary covered under the plan for Tier 1 and Tier 2 employees (PERS), 8.94% for employees covered under the Oregon Public Services Retirement Plan (OPSRP) – General, and 11.65% for OPSRP – Police and Fire. The contributions to the plan for the years ending June 30, 2013, 2012 and 2011 were \$109,911, \$95,287 and \$88,988 respectively, and were equal to the required contributions for each year.

**CITY OF NORTH PLAINS
WASHINGTON COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

8. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

The most current Schedule of Funding Progress:

<u>Dec. 31</u> <u>Valuation</u> <u>Date</u>	<u>Actuarial</u> <u>Value of</u> <u>Assets</u>	<u>Actuarial</u> <u>Accrued</u> <u>Liability</u>	<u>Unfunded</u> <u>Actuarial Accrued</u> <u>Liability</u>	<u>Funded</u> <u>Percent</u>	<u>Covered</u> <u>Payroll</u>	<u>Unfunded</u> <u>Actuarial Accrued</u> <u>Liability/Payroll</u>
2011	\$ 23,241	\$ 31,109	\$ (606,938)	75%	\$ 555,373	-109%
2010	\$ 23,879	\$ 30,285	\$ (539,834)	79%	\$ 654,269	-83%

An actuary has determined that no material implicit rate subsidy exists and therefore there is no OPEB obligation for implicit post-employment benefits.

9. PROPERTY TAX LIMITATIONS

The State of Oregon has a constitutional limit on property taxes for governmental operations. Under the limitation, tax revenue is 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 revenue 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.

10. 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.

11. 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.

**CITY OF NORTH PLAINS
WASHINGTON COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

11. CONTINGENCIES (CONTINUED)

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

At June 30, 2013, the City had one contract commitment for the Claxtar Street Project, for approximately \$250,000. 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 expenditures.

12. PRIOR PERIOD RESTATEMENT

The City changed its reporting method from a cash basis to an accrual basis in 2012-13. As a result of this the City made a restatement to its June 30, 2012 fund balance in the Street and Water funds.

	<u>Beginning Fund Balance</u>	<u>Result of Change in Accounting Principle</u>	<u>Restated Beginning Fund Balance</u>
Governmental:			
Street Tax, Transportation and Storm Drainage Fund	\$ 580,964	\$ 2,601	\$ 583,565
Business-Type:			
Water Fund	\$ 684,812	\$ 22,575	\$ 707,387

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**CITY OF NORTH PLAINS
WASHINGTON COUNTY, OREGON**

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF NORTH PLAINS
WASHINGTON COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2013**

	<u>GENERAL FUND</u>			
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
REVENUES:				
Property Taxes - Current and Delinquent	\$ 333,930	\$ 342,643	\$ 334,445	\$ (8,198)
Charges for Services	7,000	7,000	9,161	2,161
Licenses, Permits, Fees	213,700	224,093	261,140	37,047
Intergovernmental	135,970	140,826	148,091	7,265
Fines and Forfeitures	9,800	30,000	48,497	18,497
Interest on Investments	3,600	3,600	5,974	2,374
Grants and Donations	4,000	70,418	66,761	(3,657)
Miscellaneous	12,572	6,000	9,653	3,653
 Total Revenues	 \$ 720,572	 \$ 824,580	 \$ 883,722	 \$ 59,142

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**CITY OF NORTH PLAINS
WASHINGTON COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2013**

	<u>GENERAL FUND</u>			VARIANCE TO FINAL BUDGET
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
EXPENDITURES:				
Police Department				
Personal Services	\$ 221,399	\$ 227,097 (1)	\$ 226,995	\$ 102
Materials and Services	94,595	108,837 (1)	104,993	3,844
Capital Outlay	-	- (1)	41,066	(41,066)
Special Payments	-	5,000 (1)	3,441	1,559
Total Police Department	<u>315,994</u>	<u>340,934</u>	<u>376,495</u>	<u>(35,561)</u>
Library Department				
Personal Services	119,257	139,644 (1)	137,681	1,963
Materials and Services	35,400	40,382 (1)	37,165	3,217
Capital Outlay	7,700	- (1)	-	-
Total Library Department	<u>162,357</u>	<u>180,026</u>	<u>174,846</u>	<u>5,180</u>
Parks Department				
Materials and Services	32,300	19,500 (1)	17,796	1,704
Total Parks Department	<u>32,300</u>	<u>19,500</u>	<u>17,796</u>	<u>1,704</u>
City Planning Department				
Personal Services	18,827	20,327 (1)	19,143	1,184
Materials and Services	9,000	4,600 (1)	3,007	1,593
Total City Planning Department	<u>27,827</u>	<u>24,927</u>	<u>22,150</u>	<u>2,777</u>
Contingency	100,000	100,000 (1)	-	100,000
Total Expenditures	<u>638,478</u>	<u>665,387</u>	<u>591,287</u>	<u>74,100</u>
Excess of Revenues Over (Under)				
Expenditures	82,094	159,193	292,435	133,242
Other Financing Sources (Uses):				
Proceeds of Debt	-	-	41,066	41,066
Sale of Asset	-	-	3,100	3,100
Transfers In	28,000	28,000	28,000	-
Transfers Out	(264,161)	(332,898) (1)	(314,018)	18,880
Total Other Financing Sources (Uses)	<u>(236,161)</u>	<u>(304,898)</u>	<u>(241,852)</u>	<u>63,046</u>
Net Change in Fund Balance	(154,067)	(145,705)	50,583	196,288
Beginning Fund Balance	868,613	1,020,441	1,020,441	-
Ending Fund Balance	<u>\$ 714,546</u>	<u>\$ 874,736</u>	<u>\$ 1,071,024</u>	<u>\$ 196,288</u>

(1) Appropriation Level

**CITY OF NORTH PLAINS
WASHINGTON COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2013**

STREET TAX, TRANSPORTATION AND STORM DRAINAGE FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES:				
Licenses, Permits, Fees	\$ 62,744	\$ 68,712	\$ 59,423	\$ (9,289)
Intergovernmental	112,500	112,500	116,027	3,527
Interest on Investments	2,000	2,000	3,220	1,220
Grants	388,116	388,116	354,269	(33,847)
Miscellaneous	1,000	1,000	15,497	14,497
Total Revenues	566,360	572,328	548,436	(23,892)
EXPENDITURES:				
Materials and Services	41,400	28,300 (1)	24,469	3,831
Capital Outlay	450,116	447,501 (1)	370,135	77,366
Contingency	50,000	50,000 (1)	-	50,000
Total Expenditures	541,516	525,801	394,604	131,197
Excess of Revenues Over (Under) Expenditures	24,844	46,527	153,832	107,305
Other Financing Sources (Uses):				
Transfers Out	(147,628)	(173,772) (1)	(167,161)	6,611
Total Other Financing Sources (Uses)	(147,628)	(173,772)	(167,161)	6,611
Net Change In Fund Balance	(122,784)	(127,245)	(13,329)	113,916
Beginning Fund Balance, As Restated	650,707	580,964	583,565	2,601
Ending Fund Balance	<u>\$ 527,923</u>	<u>\$ 453,719</u>	<u>\$ 570,236</u>	<u>\$ 116,517</u>

(1) Appropriation Level

**CITY OF NORTH PLAINS
WASHINGTON COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2013**

PARKS CAPITAL IMPROVEMENT FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
REVENUES:				
Charges for Services	\$ 31,280	\$ 32,280	\$ 79,178	\$ 46,898
Interest	<u>1,300</u>	<u>1,300</u>	<u>2,192</u>	<u>892</u>
Total Revenues	<u>32,580</u>	<u>33,580</u>	<u>81,370</u>	<u>47,790</u>
EXPENDITURES:				
Capital Outlay	25,000	25,000 (1)	6,635	18,365
Contingency	<u>100,000</u>	<u>100,000 (1)</u>	<u>-</u>	<u>100,000</u>
Total Expenditures	<u>125,000</u>	<u>125,000</u>	<u>6,635</u>	<u>118,365</u>
Excess of Revenues Over (Under) Expenditures	(92,420)	(91,420)	74,735	166,155
Other Financing Sources (Uses):				
Transfers Out	<u>-</u>	<u>(1,000) (1)</u>	<u>(491)</u>	<u>509</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>(1,000)</u>	<u>(491)</u>	<u>509</u>
Net Change in Fund Balance	(92,420)	(92,420)	74,244	166,664
Beginning Fund Balance	<u>389,130</u>	<u>383,937</u>	<u>383,937</u>	<u>-</u>
Ending Fund Balance	<u>\$ 296,710</u>	<u>\$ 291,517</u>	<u>\$ 458,181</u>	<u>\$ 166,664</u>

(1) Appropriation Level

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**CITY OF NORTH PLAINS
WASHINGTON COUNTY, OREGON**

OTHER SUPPLEMENTARY INFORMATION

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**CITY OF NORTH PLAINS
WASHINGTON COUNTY, OREGON**

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2013**

	<u>TRANSPORTATION DEVELOPMENT TAX</u>	<u>TRAFFICE IMPACT FEE</u>	<u>VEHICLE AND EQUIPMENT RESERVE</u>	<u>URBAN RENEWAL AGENCY</u>	<u>TOTAL</u>
ASSETS:					
Cash and Cash Equivalents	\$ 263,325	\$ 287,669	\$ 25,580	\$ 145,904	\$ 722,478
Taxes Receivable	-	-	-	3,528	3,528
Total Assets	<u>\$ 263,325</u>	<u>\$ 287,669</u>	<u>\$ 25,580</u>	<u>\$ 149,432</u>	<u>\$ 726,006</u>
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Deferred Revenue	\$ -	\$ -	\$ -	\$ 2,815	\$ 2,815
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,815</u>	<u>2,815</u>
Fund Balances:					
Restricted	263,325	287,669	-	146,617	697,611
Committed	-	-	25,580	-	25,580
Total Fund Balances	<u>263,325</u>	<u>287,669</u>	<u>25,580</u>	<u>146,617</u>	<u>723,191</u>
Total Liabilities and Fund Balances	<u>\$ 263,325</u>	<u>\$ 287,669</u>	<u>\$ 25,580</u>	<u>\$ 149,432</u>	<u>\$ 726,006</u>

**CITY OF NORTH PLAINS
WASHINGTON COUNTY, OREGON**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2013**

	TRANSPORTATION DEVELOPMENT TAX	TRAFFIC IMPACT FEE	VEHICLE AND EQUIPMENT RESERVE	URBAN RENEWAL AGENCY	TOTAL
REVENUES:					
Property Taxes	\$ -	\$ -	\$ -	\$ 91,534	\$ 91,534
Licenses, Permits, Fees	174,326	-	-	6,800	181,126
Interest	597	1,635	232	711	3,175
Miscellaneous	-	-	-	165	165
Total Revenues	174,923	1,635	232	99,210	276,000
EXPENDITURES:					
Materials and Services	-	-	-	2,109	2,109
Capital Outlay	-	-	-	130,006	130,006
Debt Services	-	-	-	38,449	38,449
Total Expenditures	-	-	-	170,564	170,564
Excess of Revenues Over (Under) Expenditures	174,923	1,635	232	(71,354)	105,436
Other Financing Sources (Uses):					
Proceeds of Debt	-	-	-	90,000	90,000
Transfers In	-	-	7,000	-	7,000
Transfers Out	-	-	(28,000)	(7,913)	(35,913)
Total Other Sources (Uses)	-	-	(21,000)	82,087	61,087
Net Change in Fund Balance	174,923	1,635	(20,768)	10,733	166,523
Beginning Fund Balances	88,402	286,034	46,348	135,884	556,668
Ending Fund Balances	\$ 263,325	\$ 287,669	\$ 25,580	\$ 146,617	\$ 723,191

**CITY OF NORTH PLAINS
WASHINGTON COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2013**

TRANSPORTATION DEVELOPMENT TAX FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES:				
Licenses, Permits, Fees	\$ 31,200	\$ 62,000	\$ 174,326	\$ 112,326
Interest	200	-	597	597
Total Revenues	<u>31,400</u>	<u>62,000</u>	<u>174,923</u>	<u>112,923</u>
EXPENDITURES:				
Contingency	<u>50,000</u>	<u>50,000 (1)</u>	<u>-</u>	<u>50,000</u>
Total Expenditures	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>50,000</u>
Net Change in Fund Balance	(18,600)	12,000	174,923	162,923
Beginning Fund Balance	<u>80,200</u>	<u>88,402</u>	<u>88,402</u>	<u>-</u>
Ending Fund Balance	<u>\$ 61,600</u>	<u>\$ 100,402</u>	<u>\$ 263,325</u>	<u>\$ 162,923</u>

(1) Appropriation Level

**CITY OF NORTH PLAINS
WASHINGTON COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2013**

TRAFFIC IMPACT FEES FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
REVENUES:				
Interest	\$ 1,000	\$ 1,000	\$ 1,635	\$ 635
Total Revenues	<u>1,000</u>	<u>1,000</u>	<u>1,635</u>	<u>635</u>
EXPENDITURES:				
Contingency	<u>50,000</u>	<u>50,000 (1)</u>	<u>-</u>	<u>50,000</u>
Total Expenditures	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>50,000</u>
Net Change in Fund Balance	(49,000)	(49,000)	1,635	50,635
Beginning Fund Balance	<u>283,560</u>	<u>286,033</u>	<u>286,034</u>	<u>1</u>
Ending Fund Balance	<u><u>\$ 234,560</u></u>	<u><u>\$ 237,033</u></u>	<u><u>\$ 287,669</u></u>	<u><u>\$ 50,636</u></u>

(1) Appropriation Level

**CITY OF NORTH PLAINS
WASHINGTON COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2013**

VEHICLE AND EQUIPMENT RESERVE FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES:				
Interest	\$ 140	\$ 140	\$ 232	\$ 92
Total Revenues	140	140	232	92
EXPENDITURES:				
Contingency	10,000	10,000 (1)	-	10,000
Total Expenditures	10,000	10,000	-	10,000
Excess of Revenues Over (Under) Expenditures	(9,860)	(9,860)	232	10,092
Other Financing Sources (Uses):				
Transfers In	7,000	7,000	7,000	-
Transfers Out	(28,000)	(28,000) (1)	(28,000)	-
Total Other Sources (Uses)	(21,000)	(21,000)	(21,000)	-
Net Change in Fund Balance	(30,860)	(30,860)	(20,768)	10,092
Beginning Fund Balance	43,664	46,348	46,348	-
Ending Fund Balance	<u>\$ 12,804</u>	<u>\$ 15,488</u>	<u>\$ 25,580</u>	<u>\$ 10,092</u>

(1) Appropriation Level

**CITY OF NORTH PLAINS
WASHINGTON COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2013**

URBAN RENEWAL DISTRICT

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
REVENUES:				
Taxes	\$ 70,000	\$ 81,329	\$ 91,534	\$ 10,205
Property Rental Fees	6,000	6,750	6,800	50
Interest	300	-	711	711
Miscellaneous	-	-	165	165
Total Revenues	<u>76,300</u>	<u>88,079</u>	<u>99,210</u>	<u>11,131</u>
EXPENDITURES:				
Materials and Services	-	3,000 (1)	2,109	891
Capital Outlay	10,000	52,000 (1)	130,006	(78,006)
Debt Service	32,793	44,093 (1)	38,449	5,644
Contingency	45,000	75,000 (1)	-	75,000
Total Expenditures	<u>87,793</u>	<u>174,093</u>	<u>170,564</u>	<u>3,529</u>
Excess of Revenues Over (Under) Expenditures	<u>(11,493)</u>	<u>(86,014)</u>	<u>(71,354)</u>	<u>14,660</u>
Other Financing Sources (Uses):				
Proceeds of Debt	-	-	90,000	90,000
Transfers Out	(6,546)	(8,125) (1)	(7,913)	212
Total Other Sources (Uses)	<u>(6,546)</u>	<u>(8,125)</u>	<u>82,087</u>	<u>90,212</u>
Net Change in Fund Balance	<u>(18,039)</u>	<u>(94,139)</u>	<u>10,733</u>	<u>104,872</u>
Beginning Fund Balance	<u>23,380</u>	<u>135,884</u>	<u>135,884</u>	<u>-</u>
Ending Fund Balance	<u>\$ 5,341</u>	<u>\$ 41,745</u>	<u>\$ 146,617</u>	<u>\$ 104,872</u>

(1) Appropriation Level

**CITY OF NORTH PLAINS
WASHINGTON COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2013**

	<u>INTERNAL SERVICES FUND</u>			VARIANCE TO FINAL BUDGET
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
EXPENDITURES:				
City Council				
Materials and Services	\$ 6,350	\$ 30,950 (1)	\$ 28,322	\$ 2,628
City Attorney				
Materials and Services	20,000	20,000 (1)	21,202	(1,202)
City Manager				
Personal Services	102,143	110,951 (1)	111,431	(480)
Materials and Services	1,000	1,500 (1)	1,501	(1)
Total City Manager	<u>103,143</u>	<u>112,451</u>	<u>112,932</u>	<u>(481)</u>
City Recorder				
Personal Services	5,383	5,383 (1)	4,319	1,064
Materials and Services	16,000	9,500 (1)	5,511	3,989
Total City Recorder	<u>21,383</u>	<u>14,883</u>	<u>9,830</u>	<u>5,053</u>
Finance Department				
Personal Services	108,600	173,730 (1)	169,794	3,936
Materials and Services	38,670	64,400 (1)	63,526	874
Total Finance Department	<u>147,270</u>	<u>238,130</u>	<u>233,320</u>	<u>4,810</u>
City Engineer				
Materials and Services	8,500	10,000 (1)	4,907	5,093
General Government				
Materials and Services	130,574	192,366 (1)	168,228	24,138
Public Works Department				
Personal Services	335,051	340,272 (1)	346,058	(5,786)
Materials and Services	26,900	42,296 (1)	36,104	6,192
Capital Outlay	7,000	- (1)	-	-
Total Public Works Department	<u>368,951</u>	<u>382,568</u>	<u>382,162</u>	<u>406</u>
Total Expenditures	<u>806,171</u>	<u>1,001,348</u>	<u>960,903</u>	<u>40,445</u>
Excess of Revenues Over (Under) Expenditures	(806,171)	(1,001,348)	(960,903)	40,445
Other Financing Sources (Uses):				
Transfers In	834,171	1,036,348	967,903	(68,445)
Transfers Out	(28,000)	(35,000) (1)	(7,000)	28,000
Total Other Sources (Uses)	<u>806,171</u>	<u>1,001,348</u>	<u>960,903</u>	<u>(40,445)</u>
Net Change in Fund Balance	-	-	-	-
Beginning Fund Balance	-	-	-	-
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(1) Appropriation Level

**CITY OF NORTH PLAINS
WASHINGTON COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2013**

<u>WATER FUND</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
REVENUES:				
Charges for Services	\$ 761,100	\$ 814,400	\$ 856,073	\$ 41,673
Licenses, Permits, Fees	69,384	69,384	156,827	87,443
Interest	1,500	1,500	4,438	2,938
Miscellaneous	6,000	1,000	2,533	1,533
Total Revenues	<u>837,984</u>	<u>886,284</u>	<u>1,019,871</u>	<u>133,587</u>
EXPENDITURES:				
Materials and Services	214,670	219,950 (1)	217,011	2,939
Capital Outlay	51,000	51,000 (1)	14,150	36,850
Debt Services	134,333	134,332 (1)	134,332	-
Special Payments	34,300	64,300 (1)	87,024	(22,724)
Contingency	50,000	50,000 (1)	-	50,000
Total Expenditures	<u>484,303</u>	<u>519,582</u>	<u>452,517</u>	<u>67,065</u>
Excess of Revenues Over (Under) Expenditures	353,681	366,702	567,354	200,652
Other Financing Sources (Uses):				
Transfers In	116,258	115,689	115,689	-
Transfers Out	(388,626)	(469,366) (1)	(478,320)	(8,954)
Total Other Sources (Uses)	<u>(272,368)</u>	<u>(353,677)</u>	<u>(362,631)</u>	<u>(8,954)</u>
Net Change in Fund Balance	81,313	13,025	204,723	191,698
Beginning Fund Balance, As Restated	<u>563,358</u>	<u>684,812</u>	<u>707,387</u>	<u>22,575</u>
Ending Fund Balance	<u>\$ 644,671</u>	<u>\$ 697,837</u>	<u>\$ 912,110</u>	<u>\$ 214,273</u>

(1) Appropriation Level

Reconciliation of Budgetary Basis to Full Accrual Basis on page - 43 -

**CITY OF NORTH PLAINS
WASHINGTON COUNTY, OREGON**

**RECONCILIATION OF BUDGETARY BASIS TO FULL ACCRUAL BASIS
For the Year Ended June 30, 2013**

WATER FUND

Net Change in Fund Balance - Budgetary Basis	\$ 204,723
Depreciation Expense	(71,076)
Expenditures Capitalized	14,150
Principal Payments on Long Term Debt	<u>81,999</u>
Change in Net Position - GAAP Basis	<u><u>\$ 229,796</u></u>

Ending Fund Balance - Budgetary Basis	\$ 912,110
Capital Assets, Net	3,048,983
Bonds Payable	<u>(1,270,275)</u>
Ending Net Position - GAAP Basis	<u><u>\$ 2,690,818</u></u>

**CITY OF NORTH PLAINS
WASHINGTON COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2013**

WATER SYSTEMS IMPROVEMENT FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
Other Financing Sources (Uses):				
Transfers Out	\$ -	\$ -	(1) \$ (115,689)	\$ (115,689)
Total Other Sources (Uses)	<u>-</u>	<u>-</u>	<u>(115,689)</u>	<u>(115,689)</u>
Net Change in Fund Balance	-	-	(115,689)	(115,689)
Beginning Fund Balance	<u>116,258</u>	<u>115,689</u>	<u>115,689</u>	<u>-</u>
Ending Fund Balance	<u>\$ 116,258</u>	<u>\$ 115,689</u>	<u>\$ -</u>	<u>\$ (115,689)</u>

(1) Appropriation Level

**CITY OF NORTH PLAINS
WASHINGTON COUNTY, OREGON**

**SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES
OF TAXES UNCOLLECTED
For the Year Ended June 30, 2013**

<u>GENERAL FUND</u>						
<u>TAX YEAR</u>	<u>ORIGINAL LEVY OR BALANCE UNCOLLECTED 7/01/12</u>	<u>DEDUCT DISCOUNTS</u>	<u>ADJUSTMENTS TO ROLLS</u>	<u>ADD INTEREST</u>	<u>CASH COLLECTIONS BY COUNTY TREASURER</u>	<u>BALANCE UNCOLLECTED OR UNSEGREGATED 6/30/13</u>
<u>General Fund:</u>						
CURRENT:						
2012-13	\$ 341,681	\$ 8,880	\$ 478	\$ 105	\$ 326,245	\$ 7,140
PRIOR YEARS:						
2011-12	8,220	(19)	(2,635)	273	2,286	3,592
2010-11	4,652	(15)	(1,210)	250	1,034	2,673
2009-10	2,637	(1)	(35)	315	1,318	1,599
2008-09	454	-	(14)	109	388	161
2007-08 & Prior	399	-	(47)	57	140	269
Total Prior	<u>16,362</u>	<u>(35)</u>	<u>(3,941)</u>	<u>1,003</u>	<u>5,165</u>	<u>8,294</u>
Total All Funds	<u>\$ 358,043</u>	<u>\$ 8,844</u>	<u>\$ (3,463)</u>	<u>\$ 1,109</u>	<u>\$ 331,410</u>	<u>\$ 15,435</u>

RECONCILIATION OF REVENUE:

	<u>Revenue</u>
Per County Treasurer Above	\$ 331,410
Adjustment to Modified Accrual Basis	<u>3,035</u>
Total Revenue per Fund Statements	<u>\$ 334,445</u>

**CITY OF NORTH PLAINS
WASHINGTON COUNTY, OREGON**

**SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES
OF TAXES UNCOLLECTED
For the Year Ended June 30, 2013**

URBAN RENEWAL AGENCY

TAX YEAR	ORIGINAL LEVY OR BALANCE UNCOLLECTED 7/01/12	DEDUCT DISCOUNTS	ADJUSTMENTS TO ROLLS	ADD INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED 6/30/13
<u>Urban Renewal Agency:</u>						
CURRENT:						
2012-13	\$ 94,196	\$ 2,448	\$ 132	\$ 29	\$ 89,941	\$ 1,968
PRIOR YEARS:						
2011-12	2,178	(5)	(698)	72	605	952
2010-11	1,014	(3)	(264)	54	225	583
2009-10	-	-	-	-	-	-
2008-09	69	-	(2)	17	59	24
2007-08 & Prior	-	-	-	-	-	-
Total Prior	<u>3,261</u>	<u>(8)</u>	<u>(964)</u>	<u>143</u>	<u>890</u>	<u>1,559</u>
Total All Funds	<u>\$ 97,457</u>	<u>\$ 2,439</u>	<u>\$ (832)</u>	<u>\$ 172</u>	<u>\$ 90,830</u>	<u>\$ 3,528</u>

RECONCILIATION OF REVENUE:

	<u>Revenue</u>
Per County Treasurer Above	\$ 90,830
Adjustment to Modified Accrual Basis	<u>704</u>
Total Revenue per Fund Statements	<u>\$ 91,534</u>

**CITY OF NORTH PLAINS
WASHINGTON COUNTY, OREGON**

INDEPENDENT AUDITORS' REPORT
REQUIRED BY OREGON STATE REGULATIONS

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October 15, 2013

Independent Auditors' Report Required by Oregon State Regulations

We have audited the financial statements of the governmental activities, the business-type activities, the blended component unit, North Plains Urban Renewal Agency, each major fund and the aggregate remaining fund information of the City of North Plains as of and for the year ended June 30, 2013, and have issued our report thereon dated October 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 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, 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. Expenditures of the various funds were within authorized appropriations except as noted on page 22.

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.

We noted matters involving the internal control structure and its operation that we consider to be significant deficiencies under standards established by the American Institute of Certified Public Accountants, which are noted in our management letter dated October 15, 2013.

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.



Roy R. Rogers, CPA
PAULY, ROGERS AND CO., P.C.