

CITY OF NORTH PLAINS
WASHINGTON COUNTY, OREGON
FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2016

CITY OF NORTH PLAINS
WASHINGTON COUNTY, OREGON

CITY OFFICIALS

2015-2016

<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
Larry Gonzales	December 31, 2018
Sherrie Simmons	December 31, 2018
Scott Whitehead	December 31, 2018

All Council members receive mail at the City address below

CITY MANAGER & PUBLIC WORKS DIRECTOR

Blake Boyles

FINANCE MANAGER

Rachael Lembo

REGISTERED OFFICE

31360 NW Commercial Street
North Plains, Oregon 97133

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

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CITY OF NORTH PLAINS
WASHINGTON COUNTY, OREGON

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DENNIS R. CONNER
CERTIFIED PUBLIC ACCOUNTANT
CLATSKANIE, OREGON 97016

INDEPENDENT AUDITOR'S REPORT

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

I have audited the accompanying 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, Oregon as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2016, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the Schedule of the City's Proportionate Share of the Net Pension Liability, the Schedule of the City's Pension Contributions, and the Notes to Required Supplementary Information 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

The budgetary comparison schedules presented as Required Supplementary Information 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 to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and in my opinion is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The additional budgetary comparison schedules and other financial schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

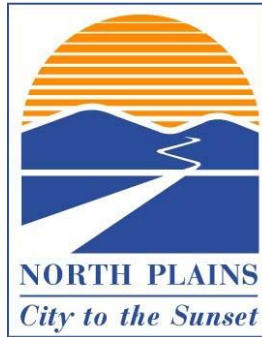
The additional budgetary comparison schedules and other financial schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing 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 my opinion, the additional budgetary comparison schedules and other financial schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Oregon Minimum Standards

In accordance with Minimum Standards for audits of Oregon Municipal Corporations, I have also issued my report dated January 9, 2017, on my consideration of the City's internal control over financial reporting and on my tests of its compliance with the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules OAR 162-10-240 to 162-10-320. The purpose of that report is to describe my evaluation of internal control over financial reporting and the scope of my testing of compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance.



Dennis R. Conner, CPA
January 9, 2017



CITY OF NORTH PLAINS
WASHINGTON COUNTY, OREGON

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016

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.

Housing development continued to increase in FY2015-16, with many subdivisions completed or near completion, including Sunset Ridge, 104 homes, McKay Fields, 33 homes, North, 4 homes, and Pacific, 7 homes. New subdivisions broke ground, including Sunset Terrace, 55 homes, McKay Creek Crossing, 52 homes, and Kemmer Meadows, 27 homes. The passage of Senate Bill 1573 opened the door for two large annexation projects, one north of the City and the other east, which were moving through the application process at year-end.

FY2015-16 Budget

In FY2015-16 the City adopted a budget of \$7.7 million, comprised of \$4.0 million in beginning fund balance and \$3.7 million in revenues. During the year the budget was increased to \$9.6 million, comprised of \$4.6 million in beginning fund balance and \$5.0 million in revenue. Of the final budget, 99% of revenues were received. Excluding the unused contingency budgets 87% of expenses were incurred.

Each fund budgets a contingency amount for unexpected items that arise during the year. This year contingency amounts were used for comprehensive plan consultants in the General Fund, URA downtown parking lot and mural projects, street improvements paid by developers with SDC credits, and to offset lower resources in the Vehicle and Equipment Reserve Fund.

Government Wide Financial Analysis

The following tables are comparative summaries of the Statement of Net Position and the Statement of Activities for the current and prior years. Certain prior year amounts have been adjusted to conform to the current year’s presentation.

STATEMENT OF NET POSITION
JUNE 30, 2016 AND 2015
in thousands

	Governmental Activities		Business Type Activities		Total City		
	<u>FY16</u>	<u>FY15</u>	<u>FY16</u>	<u>FY15</u>	<u>FY16</u>	<u>FY15</u>	<u>Var</u>
Cash and investments	\$ 4,742	\$ 3,293	\$ 2,594	\$ 1,562	\$ 7,336	\$ 4,855	\$ 2,481
Other assets	53	71	108	100	161	171	(10)
Net Pension Asset	-	120	-	53	-	173	(173)
Capital assets	6,895	6,472	2,904	3,000	9,799	9,472	327
Total Assets	11,690	9,956	5,606	4,715	17,296	14,671	2,625
Pension Contributions	50	52	22	23	72	75	(3)
Difference in Expected and Actual Experience	21	-	8	-	29	-	29
Changes in City's Proportion of PERS Net Pension Liab.	29	6	12	3	41	9	32
Total Deferred Outflows	100	58	42	26	142	84	58
Other liabilities	331	254	329	285	660	539	121
Net Pension Liability	400	-	150	-	550	-	550
Non current liabilities	220	239	909	1,005	1,129	1,244	(115)
Total Liabilities	951	493	1,388	1,290	2,339	1,783	556
Investment Earnings	93	231	48	102	141	333	(192)
Total Deferred Inflows	93	231	48	102	141	333	(192)
Net invested in capital assets	6,655	6,204	1,899	1,904	8,554	8,108	446
Restricted	3,351	2,050	-	-	3,351	2,050	1,301
Unrestricted	740	1,036	2,313	1,445	3,053	2,481	572
Total Net Position	\$ 10,746	\$ 9,290	\$ 4,212	\$ 3,349	\$ 14,958	\$ 12,639	\$ 2,319

Assets – Cash increased in both governmental and business type activities, due to positive change in net position. This is driven by System Development Charges on new home builds, which have not yet been spent on capital projects. The Net Pension Asset, a result of last year’s implementation of Government Accounting Standards Board (GASB) Statement No. 68, decreased to zero as this year there is a Net Pension Liability. Capital assets increased in governmental activities due to street improvements by developers paid for with SDC credits. Capital assets decreased in business type activities as there were no additions and only depreciation. There were no significant disposals.

Deferred Outflows – The three items shown as Deferred Outflows are all related to the City’s proportionate share of the PERS net pension liability. Deferred outflows represent 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. This amount is the remaining to be deferred over the next five fiscal periods.

Liabilities – Governmental activities other liabilities increased due to higher developer deposits related to ongoing building. This year presents a Net Pension Liability - the City’s proportionate share of the net pension liability/(asset) of the Oregon Public Employees Retirement System (PERS). The change from an asset to a liability is due to an updated actuarial valuation, which considered the effects of the Oregon Supreme Court decision in *Moro v. State of Oregon*. The *Moro* decision modified the COLA-related changes of Senate Bills 822 and 861 to only apply for benefits earned after the dates of the legislation. Due to the timing of the Supreme Court decision, the COLA change due to *Moro* is reflected in current year but was not in the prior year. Business type activities non-current liabilities decreased due to principal payments.

Deferred Inflows – Deferred Investment Earnings is related to the City’s proportionate share of the PERS net pension liability. It shows the net difference between projected and actual earnings on investments which represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until then. This amount is the remaining to be deferred over the next five fiscal periods.

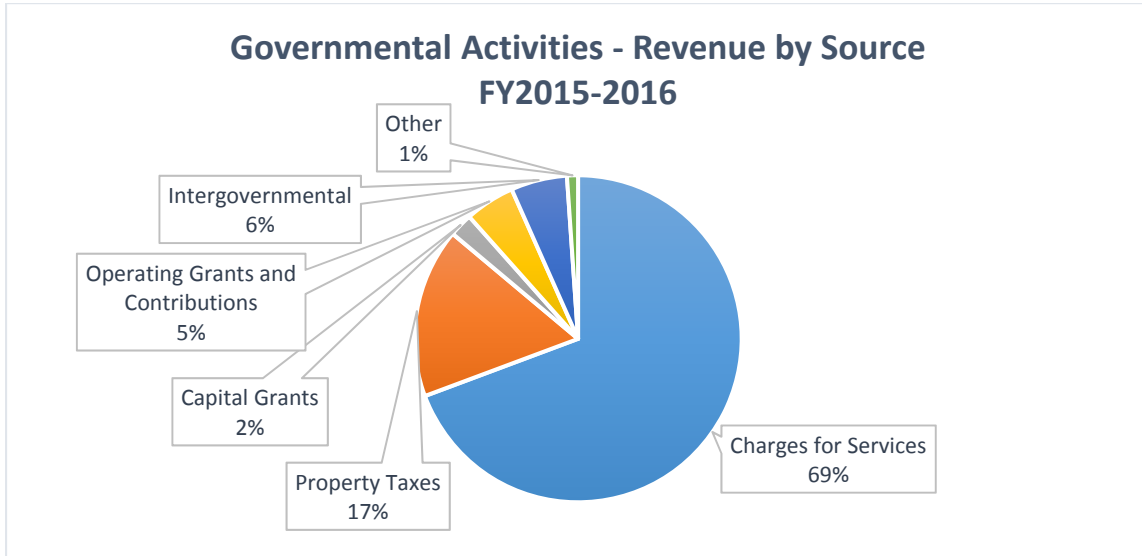
Net Position – At June 30, 2016, total City assets exceeded liabilities by \$15.0 million. The largest portion of the City’s net position is net invested in capital assets, \$8.6 million, which includes land, buildings, equipment, street infrastructure and water improvements. These capital assets are used to provide services to the citizens, and do not represent resources available for future spending. Restricted net position, \$3.4 million, represents the amount legally restricted for capital projects and streets. The unrestricted net position, \$3.1 million, is available to meet the City’s ongoing obligations.

STATEMENT OF ACTIVITIES
 JUNE 30, 2016 AND 2015
 in thousands

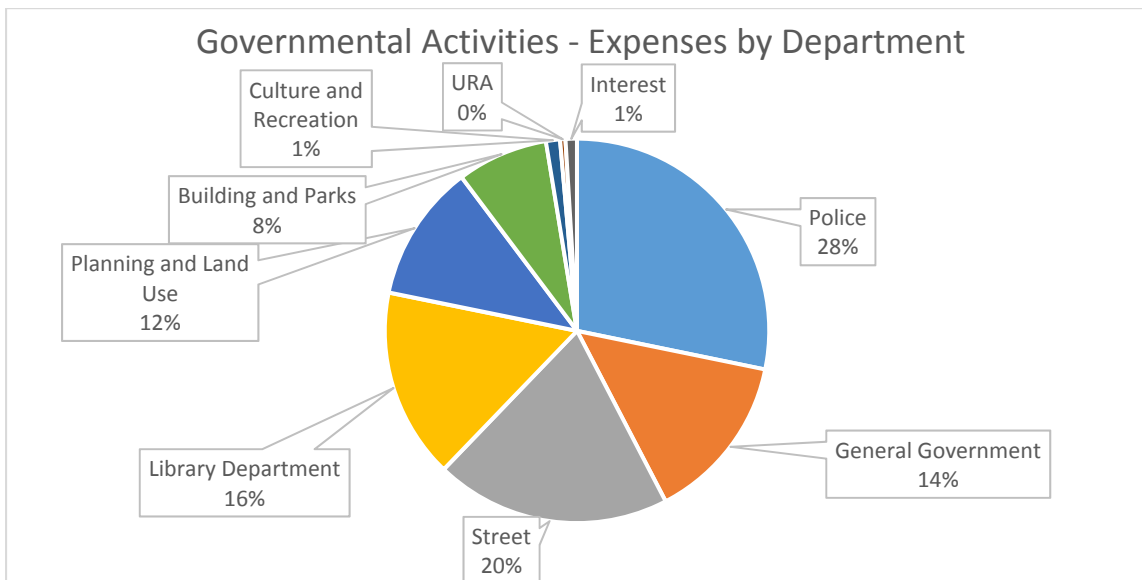
	Governmental Activities		Business Type Activities		Total City		
	FY16	FY15	FY16	FY15	FY16	FY15	Var
Charges for Services	2,238	1,103	1,708	1,338	3,946	2,441	1,505
Operating Grants and Contributions	159	142	-	-	159	142	17
Capital Grants	75	50	-	-	75	50	25
Total Program Revenues	2,472	1,295	1,708	1,338	4,180	2,633	1,547
Property Taxes	542	526	-	-	542	526	16
Intergovernmental	180	172	-	-	180	172	8
Other	35	27	14	4	49	31	18
Total General Revenues	757	725	14	4	771	729	42
Total Revenues	3,229	2,020	1,722	1,342	4,951	3,362	1,589
Police	501	292	-	-	501	292	209
General Government	251	263	-	-	251	263	(12)
Street	352	267	-	-	352	267	85
Library Department	284	177	-	-	284	177	107
Planning and Land Use	205	-	-	-	205	-	205
Building and Parks	136	140	-	-	136	140	(4)
Culture and Recreation	21	31	-	-	21	31	(10)
Urban Renewal District	8	6	-	-	8	6	2
Interest	17	19	-	-	17	19	(2)
Water	-	-	856	820	856	820	36
Total Expense	1,775	1,195	856	820	2,631	2,015	616
Excess (Deficiency) Before Transfers	1,454	825	866	522	2,320	1,347	973
Transfers	2	2	(3)	(2)	(1)	-	(1)
Changes in Net Position	1,456	825	863	522	2,320	1,347	973
Ending Net Position	10,746	9,290	4,212	3,349	14,958	12,639	2,319

Program Revenues – Charges for services revenue in both governmental and business type activities increased from the prior year primarily due to new developments occurring in the City. System Development Charges, collected for transportation, parks and water improvements, more than doubled compared to the prior year. This accounts for \$1.0 million of the increase in governmental activities and \$222 thousand in business type activities.

Governmental activities revenue from review of land use and planning applications, primarily subdivisions and annexations, exceeded the prior year by \$121 thousand. Additionally, new water accounts as new homes sold led to increased water sales of \$148 thousand.



Expenses – Expenses increased due to a pension expense instead of the pension credit recorded in the prior year. This caused a total increase of \$628 thousand compared to the prior year. In addition the Planning and Land Use department, formerly part of General Government, was separated into its own line due to increased activity. This department saw a large jump in expenses due to the processing of land use and planning applications related to new subdivisions and annexations, and continued work on the new comprehensive plan. In the prior year Planning accounted for \$46 thousand in General Government costs.



Changes in net position – Governmental activities ended FY2015-16 with a \$1.5 million increase in net position. Business type activities ended the year with a \$863 thousand increase in net position.

Significant Activity

Developments – The City has a number of new developments going in, as described above. When all these are completed they City will have grown by 285 homes. In addition, the new annexation areas could provide over 500 new homes when developed. With this the City is reevaluating its infrastructure, including planning for a second water tank and creating pedestrian access across McKay Creek to connect the eastern part of town with downtown. This will be funded by System Development Charges collected on all the new homes. In addition, these new homes will generate additional property tax for the City, to cover services such as public safety, library, street maintenance, parks and water, and city hall administration.

Capital assets –Improvements to 307th Avenue, West Union and Jackson School Roads were made by developers working in those areas. Projects in progress include the development of a walking trail and design concepts for Jessie Mays Community Hall. The Urban Renewal Agency funded two downtown projects, the mural project and a parking lot.

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 Blake Boyles, City Manager, at 503-647-555 in North Plains, Oregon.

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

BASIC FINANCIAL STATEMENTS

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

**STATEMENT OF NET POSITION
June 30, 2016**

ASSETS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Cash and Investments	\$ 4,742,302	\$ 2,594,112	\$ 7,336,414
Receivables	33,316	107,951	141,267
Prepaid Expenses	20,066	-	20,066
Capital Assets, net of depreciation	6,894,544	2,904,071	9,798,615
Total Assets	11,690,228	5,606,134	17,296,362
DEFERRED OUTFLOWS OF RESOURCES			
Pension Contributions	49,390	21,873	71,263
Difference Between Expected and Actual Experience	21,310	8,325	29,635
Changes in City's Proportion of PERS Net Pension Liability	28,968	11,614	40,582
Total Deferred Outflows of Resources	99,668	41,812	141,480
LIABILITIES			
Accounts Payable	115,296	156,776	272,072
Payroll Liabilities	19,045	-	19,045
Refundable Deposits	178,245	76,679	254,924
Net Pension Liability	399,427	150,136	549,563
Debt Payable			
Due in One Year	19,148	95,448	114,596
Due in More Than One Year	220,000	909,295	1,129,295
Total Liabilities	951,161	1,388,334	2,339,495
DEFERRED INFLOWS OF RESOURCES			
Investment Earnings	92,684	47,581	140,265
Total Deferred Inflows of Resources	92,684	47,581	140,265
NET POSITION			
Net Invested in Capital Assets	6,655,396	1,899,328	8,554,724
Restricted for:			
Capital Projects	1,424,511	-	1,424,511
Highways and Streets	1,925,992	-	1,925,992
Unrestricted	740,152	2,312,703	3,052,855
Total Net Position	\$ 10,746,051	\$ 4,212,031	\$ 14,958,082

See accompanying notes to basic financial statements

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

**STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2016**

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>							
Police	\$ 501,095	\$ 22,507	\$ 1,273	\$ -	\$ (477,315)		\$ (477,315)
General Government	250,666	290,726	14,838	-	54,898		54,898
Street	351,880	1,129,303	-	-	777,423		777,423
Library	284,346	9,281	134,382	-	(140,683)		(140,683)
Planning and Land Use	205,156	198,084	-	-	(7,072)		(7,072)
Building and Parks	135,986	583,639	-	75,000	522,653		522,653
Culture and Recreation	20,907	-	8,989	-	(11,918)		(11,918)
Urban Renewal District	7,635	4,417	-	-	(3,218)		(3,218)
Interest	17,688	-	-	-	(17,688)		(17,688)
Total Governmental Activities	<u>1,775,358</u>	<u>2,237,957</u>	<u>159,482</u>	<u>75,000</u>	<u>697,081</u>		<u>697,081</u>
<u>Business-Type Activities:</u>							
Water	855,877	1,707,699	-	-		\$ 851,822	851,822
Total Business-Type Activities	<u>855,877</u>	<u>1,707,699</u>	<u>-</u>	<u>-</u>		<u>851,822</u>	<u>851,822</u>
Total Primary Government	<u>\$ 2,631,235</u>	<u>\$ 3,945,656</u>	<u>\$ 159,482</u>	<u>\$ 75,000</u>	<u>697,081</u>	<u>851,822</u>	<u>1,548,903</u>
General Revenues							
Taxes:							
Property Taxes, Levied for General Purposes					541,787	-	541,787
Intergovernmental					179,931	-	179,931
Interest and Investment Earnings					29,561	13,856	43,417
Gain/Loss on Disposal of Asset					4,695	-	4,695
Total General Revenues					<u>755,974</u>	<u>13,856</u>	<u>769,830</u>
Transfers - Internal Activities					<u>2,549</u>	<u>(2,549)</u>	<u>-</u>
Changes in Net Position					1,455,604	863,129	2,318,733
Net Position - Beginning					9,290,447	3,348,902	12,639,349
Net Position - Ending					<u>\$ 10,746,051</u>	<u>\$ 4,212,031</u>	<u>\$ 14,958,082</u>

See accompanying notes to basic financial statements

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

**BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2016**

	GENERAL FUND	STREET TAX, TRANSPORTATION AND STORM DRAINAGE FUND	TRANSPORTATION DEVELOPMENT TAX
ASSETS:			
Cash and Investments	\$ 1,166,097	\$ 321,880	\$ 1,328,398
Taxes Receivable	17,605	-	-
Accounts Receivable	7,590	2,290	-
Prepaid Expenses	20,066	-	-
Interfund Loan Receivable	152,576	-	-
Total Assets	<u>1,363,934</u>	<u>324,170</u>	<u>1,328,398</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:			
Liabilities:			
Accounts Payable	92,121	2,540	16,556
Payroll Liabilities	19,045	-	-
Refundable Deposits	178,245	-	-
Interfund Loan Payable	-	-	-
Total Liabilities	<u>289,411</u>	<u>2,540</u>	<u>16,556</u>
Deferred Inflows of Resources:			
Deferred Revenue	15,143	-	-
Total Deferred Inflows of Resources	<u>15,143</u>	<u>-</u>	<u>-</u>
Fund Balances:			
Nonspendable	20,066	-	-
Restricted	-	321,630	1,311,842
Committed	-	-	-
Assigned	-	-	-
Unassigned	1,039,314	-	-
Total Fund Balances	<u>1,059,380</u>	<u>321,630</u>	<u>1,311,842</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,363,934</u>	<u>\$ 324,170</u>	<u>\$ 1,328,398</u>

See accompanying notes to basic financial statements

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

**BALANCE SHEET
GOVERNMENTAL FUNDS (Continued)
June 30, 2016**

	URBAN RENEWAL AGENCY	PARKS CAPITAL IMPROVEMENT FUND	OTHER GOVERNMENTAL FUNDS	TOTAL
ASSETS:				
Cash and Investments	\$ 390,826	\$ 1,189,374	\$ 345,727	\$ 4,742,302
Taxes Receivable	5,831	-	-	23,436
Accounts Receivable	-	-	-	9,880
Prepaid Expenses	-	-	-	20,066
Interfund Loan Receivable	-	-	-	152,576
Total Assets	<u>396,657</u>	<u>1,189,374</u>	<u>345,727</u>	<u>4,948,260</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:				
Liabilities:				
Accounts Payable	4,079	-	-	115,296
Payroll Liabilities	-	-	-	19,045
Refundable Deposits	-	-	-	178,245
Interfund Loan Payable	152,576	-	-	152,576
Total Liabilities	<u>156,655</u>	<u>-</u>	<u>-</u>	<u>465,162</u>
Deferred Inflows of Resources:				
Deferred Revenue	4,865	-	-	20,008
Total Deferred Inflows of Resources	<u>4,865</u>	<u>-</u>	<u>-</u>	<u>20,008</u>
Fund Balances:				
Nonspendable	-	-	-	20,066
Restricted	235,137	1,189,374	292,520	3,350,503
Committed	-	-	53,207	53,207
Assigned	-	-	-	-
Unassigned	-	-	-	1,039,314
Total Fund Balances	<u>235,137</u>	<u>1,189,374</u>	<u>345,727</u>	<u>4,463,090</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 396,657</u>	<u>\$ 1,189,374</u>	<u>\$ 345,727</u>	<u>\$ 4,948,260</u>

See accompanying notes to basic financial statements

CITY OF NORTH PLAINS
WASHINGTON COUNTY, OREGON

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

June 30, 2016

Total Fund Balances - Governmental Funds	\$ 4,463,090
Capital assets are not financial resources and therefore are not reported in the governmental funds.	6,894,544
Property taxes earned but not available are shown as deferred revenue in the governmental funds.	20,008
Pension assets and related deferred outflows and inflows of resources do not require current financial resources and therefore are not reported in the governmental funds.	(392,443)
Long term liabilities do not require current financial resources and therefore are not reported in the governmental funds.	<u>(239,148)</u>
Net Position	<u><u>\$ 10,746,051</u></u>

See accompanying notes to basic financial statements

CITY OF NORTH PLAINS
WASHINGTON COUNTY, OREGON

STATEMENT OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCES (USES)
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

For the Year Ended June 30, 2016

	GENERAL FUND	STREET TAX, TRANSPORTATION AND STORM DRAINAGE FUND	TRANSPORTATION DEVELOPMENT TAX
REVENUES:			
Property Taxes	\$ 376,512	\$ -	\$ -
Charges for Services	-	-	-
Licenses/Permits/Fees	506,162	107,065	1,022,238
Intergovernmental	172,534	127,081	-
Fines and Forfeitures	22,507	-	-
Grants	39,798	-	-
Interest on Investments	10,335	1,993	6,944
Total Revenues	1,127,848	236,139	1,029,182
EXPENDITURES:			
Personal Services	641,834	76,142	-
Materials & Services	437,280	57,262	-
Capital Outlay	-	16,840	473,098
Debt Services	-	-	-
Total Expenditures	1,079,114	150,244	473,098
Excess of Revenues Over (Under) Expenditures	48,734	85,895	556,084
Other Financing Sources (Uses)			
Sale of Asset	4,695	-	-
Transfers In	-	10,000	-
Transfer Out	(19,368)	(547)	-
Total Other Financing Sources (Uses)	(14,673)	9,453	-
Net Change in Fund Balance	34,061	95,348	556,084
Beginning Fund Balance	1,025,319	226,282	755,758
Ending Fund Balance	\$ 1,059,380	\$ 321,630	\$ 1,311,842

See accompanying notes to basic financial statements

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

**STATEMENT OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCES (USES)
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS (Continued)**

For the Year Ended June 30, 2016

	URBAN RENEWAL AGENCY	PARKS CAPITAL IMPROVEMENT FUND	OTHER GOVERNMENTAL FUNDS	TOTAL
REVENUES:				
Property Taxes	\$ 162,621	\$ -	\$ -	\$ 539,133
Charges for Services	4,417	-	-	4,417
Licenses/Permits/Fees	-	575,568	-	2,211,033
Intergovernmental	-	-	-	299,615
Fines and Forfeitures	-	-	-	22,507
Grants	-	75,000	-	114,798
Interest on Investments	2,269	5,837	2,183	29,561
Total Revenues	169,307	656,405	2,183	3,221,064
EXPENDITURES:				
Personal Services	2,740	1,248	-	721,964
Materials & Services	4,245	180	-	498,967
Capital Outlay	39,254	103,638	6,214	639,044
Debt Services	27,688	-	-	27,688
Total Expenditures	73,927	105,066	6,214	1,887,663
Excess of Revenues Over (Under) Expenditures	95,380	551,339	(4,031)	1,333,401
Other Financing Sources (Uses)				
Sale of Asset	-	-	-	4,695
Transfers In	-	-	12,464	22,464
Transfer Out	-	-	-	(19,915)
Total Other Financing Sources (Uses)	-	-	12,464	7,244
Net Change in Fund Balance	95,380	551,339	8,433	1,340,645
Beginning Fund Balance	139,757	638,035	337,294	3,122,445
Ending Fund Balance	<u>\$ 235,137</u>	<u>\$ 1,189,374</u>	<u>\$ 345,727</u>	<u>\$ 4,463,090</u>

See accompanying notes to basic financial statements

CITY OF NORTH PLAINS
WASHINGTON COUNTY, OREGON

**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, OTHER FINANCING
SOURCES (USES) AND CHANGE IN FUND BALANCE TO STATEMENT OF ACTIVITIES**

For the Year Ended June 30, 2016

Net Change in Fund Balances - Governmental Funds	\$ 1,340,645
<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	620,139
Depreciation Expense	(197,601)
<p>Revenues that do not provide current financial resources are not reported in the governmental funds but are reported in the Statement of Activities:</p>	
Change in property taxes earned but not available	2,654
<p>Pension expense reported in the governmental funds is based on contributions required by the Oregon Public Employees Retirement System. However, in the Statement of Activities, pension expense is actuarially determined as the City's proportionate share of pension expense.</p>	
	(339,591)
<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>	
	29,358
Change in Net Position	<u>\$ 1,455,604</u>

See accompanying notes to financial statements

CITY OF NORTH PLAINS
WASHINGTON COUNTY, OREGON

STATEMENT OF NET POSITION
PROPRIETARY FUND

June 30, 2016

	Business-Type Activities Enterprise Fund
	WATER FUND
ASSETS:	
Cash and Investments	\$ 2,594,112
Accounts Receivable	107,951
Capital Assets, Net of Depreciation	2,904,071
Total Assets	5,606,134
 DEFERRED OUTFLOWS OF RESOURCES:	
Pension Contributions	21,873
Difference Between Expected and Actual Experience	8,325
Changes in City's Proportion of PERS Net Pension Liability	11,614
Total Deferred Outflows of Resources	41,812
 LIABILITIES:	
Accounts Payable	156,776
Refundable Deposits	76,679
Net Pension Liability	150,136
Bonds Payable	
Due in One Year	95,448
Due in More Than One Year	909,295
Total Liabilities	1,388,334
 DEFERRED INFLOWS OF RESOURCES:	
Investment Earnings	47,581
Total Deferred Inflows of Resources	47,581
 NET POSITION	
Net Invested in Capital Assets	1,899,328
Unrestricted	2,312,703
Total Net Position	\$ 4,212,031

See accompanying notes to financial statements

CITY OF NORTH PLAINS
WASHINGTON COUNTY, OREGON

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
June 30, 2016

	Business-Type Activities - Enterprise Fund
	WATER FUND
OPERATING REVENUES:	
Charges for Services	\$ 1,707,699
Total Operating Revenues	1,707,699
OPERATING EXPENSES:	
Water Expenses Paid	716,854
Depreciation Expense	96,583
Total Operating Expenses	813,437
Operating Income	894,262
OTHER FINANCING SOURCES (USES):	
Interest and Investment Earnings	13,856
Interest Paid on Capital Debt	(42,440)
Transfers Out	(2,549)
Change in Net Position	863,129
Net Position, July 1, 2015	3,348,902
Net Position, June 30, 2016	\$ 4,212,031

The accompanying notes are an integral part of this statement.

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

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2016**

		<u>WATER FUND</u>
Cash Flows From Operating Activities:		
Cash Received for Services	\$	1,709,640
Cash Paid to Employees		(237,956)
Cash Paid to Suppliers		(316,453)
Net cash provided (used) by operating activities		<u>1,155,231</u>
Cash Flows From Non Capital Financing Activities		
Transfers to Other Funds		<u>(2,549)</u>
Net cash provided (used) by financing activities		<u>(2,549)</u>
Cash Flows From Capital and Related Financing Activities		
Principal Paid on Debt		(91,892)
Interest Paid on Debt		<u>(42,440)</u>
Net cash provided (used) by capital and related financing activities		<u>(134,332)</u>
Cash Flows From Investing Activities:		
Earnings on Investments		<u>13,856</u>
Net cash provided (used) by investing activities		<u>13,856</u>
Net increase (decrease) in cash and investments		1,032,206
Cash and investments, beginning of year		<u>1,561,906</u>
Cash and investments, end of year	\$	<u><u>2,594,112</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating Income	\$	894,262
Depreciation Expense		96,583
Change in current assets and liabilities		
Receivables		(8,374)
Accounts payable		29,788
Refundable deposits		10,315
Difference between actuarially determined pension expense and funded pension expense		132,657
Net Cash Provided by Operating Activities	\$	<u><u>1,155,231</u></u>

The accompanying notes are an integral part of this statement.

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

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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 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 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, deferred outflows, liabilities, deferred inflows, fund balance, 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. The effect of interfund activity has been removed from these statements except for interfund services provided and used and reimbursements between funds which, if eliminated, would distort the direct costs and program revenues reported for the various functions.

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.

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

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

<u>Fund</u>	<u>Brief Description</u>
<i>Major Funds</i>	
Street Tax, Transportation and Storm Drainage	Accounts for Oregon gasoline tax apportionments and expenditures for those street improvements specified by Oregon Revised Statutes.
Transportation Development Tax	Accounts for Transportation Development Tax fees charged on building activity for the construction of new or expanded vehicle capacity projects.
Urban Renewal Agency	Accounts for urban renewal property taxes and development activities.
Parks Capital Project Improvement	Accounts for revenues designated for capital improvements of the parks.
<i>Non-Major Funds</i>	
Traffic Impact Fee	The predecessor fee to the Transportation Development Tax. Accounts for interest earnings and construction of new or expanded vehicle capacity projects.
Vehicle and Equipment Reserve	Accounts for transfers in from other funds to build reserves for vehicle and equipment capital purchases.

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

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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.

<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.

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. Investments also include certificates of deposit.

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 deferred 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. Capital assets are defined by the City as assets with an initial cost of \$5,000 or more and an estimated useful life of more 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.

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

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. ASSETS, LIABILITIES, AND EQUITY (CONTINUED)

In the *fund financial statements*, capital assets 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.

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

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets and liabilities, the Governmental Funds Balance Sheet and Statement of Net Position will sometimes report deferred outflows and inflows of resources. Deferred outflows represent 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. Deferred outflows may include items related to pensions, such as contributions made after the measurement date. Deferred inflows represent an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until then. Deferred inflows may include items related to pensions, such as the difference between projected and actual investment earnings. Deferred inflows may also include property taxes earned but not yet available.

NET POSITION

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

- Net invested in capital assets 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.
- Restricted net position consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments: or (2) law through constitutional provisions or enabling legislation.
- Unrestricted net position all other net position that do not meet the definition of "restricted" or "net invested in capital assets."

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

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

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. ASSETS, LIABILITIES, AND EQUITY (CONTINUED)

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.

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 for proprietary funds result from charges to water customers and for the purchase and delivery of water.

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

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

F. PENSIONS

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

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 differences, 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 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. Disbursements of the various funds were within authorized appropriations, except as noted below.

The City appropriates by Organizational Unit (departments) and items not allocated to an Organizational Unit, such as Debt Service, Interfund Transfers and Contingency.

Excess of Disbursements over Appropriations

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

<u>Fund</u>	<u>Category</u>	<u>Amount</u>
General-Public Works	Personal Services	\$ 196
General-Library	Personal Services	\$ 5,445
	Materials & Services	\$ 1,024
General-Parks	Personal Services	\$ 716
General-Planning	Materials & Services	\$ 2,955
Street	Personal Services	\$ 735
Urban Renewal	Personal Services	\$ 2,740
Water	Personal Services	\$ 1,536

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

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

3. CASH AND CASH EQUIVALENTS

Cash and investments were recorded at cost, which approximates fair market value, at June 30, 2016. Cash and investments at June 30, 2016 were:

	<u>2016</u>		<u>2016</u>
Petty Cash	\$ 600	Reported In:	
Deposits with Financial Institutions	171,530		
Certificate of Deposit	206,087	Governmental Funds	\$ 4,742,302
LGIP	6,958,197	Proprietary Funds	<u>2,594,112</u>
	<u>\$ 7,336,414</u>		<u>\$ 7,336,414</u>

CREDIT RISK – DEPOSITS

Custodial credit risk is the risk that in the event of a bank failure, deposits may not be returned. As of June 30, 2016, the deposits with financial institutions and the certificate of deposit were both fully insured by FDIC.

The City's only investments are with the State Treasurer's Local Government Investment Pool (LGIP). The LGIP 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, 2016.

Credit risk is the risk that an issuer or other counterparty will not fulfill its obligations. 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, 2016. There were no known violations of legal or contractual provisions for deposits and investments during the fiscal year.

4. ACCOUNTS RECEIVABLE

Governmental accounts receivable at June 30, 2016 were:

	General <u>Fund</u>	Street <u>Fund</u>	Urban Renewal <u>Agency</u>		Total Governmental <u>Funds</u>
Accounts	\$ 7,590	\$ 2,290	\$ -	\$	9,880
Property Taxes	17,605	-	5,831		<u>23,436</u>
Total	<u>\$ 25,195</u>	<u>\$ 2,290</u>	<u>\$ 5,831</u>	<u>\$</u>	<u>33,316</u>

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.

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

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

5. CAPITAL ASSETS

The changes in capital assets for 2015-16 are as follows:

Governmental Activities:	Balance on 07/01/2015	Additions	Disposals	Balance on 6/30/2016
Capital assets not being depreciated:				
Land	\$ 182,855	\$ -	\$ -	\$ 182,855
URA land	231,943	-	-	231,943
CIP	48,550	105,066	(32,144)	121,472
URA CIP	-	8,612	-	8,612
Total capital assets not being depreciated	<u>463,348</u>	<u>113,678</u>	<u>(32,144)</u>	<u>544,882</u>
Capital assets being depreciated:				
Infrastructure	6,895,572	505,242	-	7,400,814
Buildings	175,957	-	-	175,957
URA buildings	45,877	-	-	45,877
URA Improvements other than buildings	-	33,363	-	33,363
Equipment and vehicles	<u>370,688</u>	<u>-</u>	<u>(7,500)</u>	<u>363,188</u>
Total capital assets being depreciated	<u>7,488,094</u>	<u>538,605</u>	<u>(7,500)</u>	<u>8,019,199</u>
Less accumulated depreciation for:				
Infrastructure	(1,136,033)	(156,340)	-	(1,292,373)
Buildings	(101,055)	(4,249)	-	(105,304)
URA buildings	(3,441)	(1,147)	-	(4,588)
URA Improvements other than buildings	-	(2,224)	-	(2,224)
Equipment and vehicles	<u>(238,906)</u>	<u>(33,641)</u>	<u>7,500</u>	<u>(265,047)</u>
Total accumulated depreciation	<u>(1,479,436)</u>	<u>(197,601)</u>	<u>7,500</u>	<u>(1,669,537)</u>
Total capital assets net of depreciation	<u>\$ 6,472,006</u>	<u>\$ 454,682</u>	<u>\$ (32,144)</u>	<u>\$ 6,894,544</u>

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

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

5. CAPITAL ASSETS (CONTINUED)

Business-type activities:	<u>Balance on 07/01/2015</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance on 6/30/2016</u>
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	84,443	-	(10,725)	73,718
Utility property and improvements	<u>4,494,912</u>	<u>-</u>	<u>-</u>	<u>4,494,912</u>
Total capital assets being depreciated	<u>4,598,529</u>	<u>-</u>	<u>(10,725)</u>	<u>4,587,804</u>
Less accumulated depreciation for:				
Buildings	(19,174)	-	-	(19,174)
Machinery and equipment	(77,171)	(3,206)	10,725	(69,652)
Utility property and improvements	<u>(1,502,260)</u>	<u>(93,377)</u>	<u>-</u>	<u>(1,595,637)</u>
Total accumulated depreciation	<u>(1,598,605)</u>	<u>(96,583)</u>	<u>10,725</u>	<u>(1,684,463)</u>
Total capital assets net of depreciation	<u>\$ 3,000,654</u>	<u>\$ (96,583)</u>	<u>\$ -</u>	<u>\$ 2,904,071</u>

Depreciation was charged to the following programs:

Building and Parks Expense	\$ 14,421
Street Expense	156,340
Police Expense	23,469
Urban Renewal Agency Expense	<u>3,371</u>
Total Governmental Activities Depreciation Expense	\$ 197,601

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

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

6. INTERFUND TRANSFERS AND BALANCES

Transfers are used to move resources collected by one fund to another fund authorized to spend those resources.

Transfers for the year ended June 30, 2016, were as follows:

	Transfers In	Transfers Out
Governmental Activities		
General Fund	\$ -	\$ 19,368
Street Tax, Transportation and Storm Drainage	10,000	547
Non-major funds	12,464	-
Business-Type Activities		
Water Fund	-	2,549
	22,464	22,464

In January 2014 the General Fund loaned \$185,000 to the Urban Renewal Agency to allow the Agency to repay bank loans. The interest rate is 3.25% and the loan will be repaid over ten years. This inter-fund activity is shown on the Governmental Funds Balance Sheet but is eliminated on the government wide statements.

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Urban Renewal Agency	\$ 169,047	\$ -	\$ 16,471	\$ 152,576	\$ 17,007

7. LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations for the year ended June 30, 2016:

LOAN ACTIVITY					
	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
LOCAP Series 2011A	\$ 240,000	\$ -	\$ 10,000	\$ 230,000	\$ 10,000
Capital Lease	28,506	-	19,358	9,148	9,148
Total Loan Activity	\$ 268,506	\$ -	\$ 29,358	\$ 239,148	\$ 19,148
Business-Type Activities:					
Safe Drinking Water	\$ 1,096,635	\$ -	\$ 91,892	\$ 1,004,743	\$ 95,448
Total Loan Activity	\$ 1,096,635	\$ -	\$ 91,892	\$ 1,004,743	\$ 95,448

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

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

7. LONG-TERM OBLIGATIONS (CONTINUED)

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			
Year Ending June 30,	Annual Debt Service		Total
	Principal	Interest	
2017	\$ 10,000	\$ 11,825	\$ 21,825
2018	10,000	11,388	21,388
2019	10,000	10,950	20,950
2020	10,000	10,513	20,513
2021	15,000	9,966	24,966
2022-26	75,000	38,344	113,344
2027-31	100,000	14,250	114,250
Balance	\$ 230,000	\$ 107,236	\$ 337,236

CAPITAL LEASE PAYABLE

One police vehicle was purchased with a capital lease with no stated interest rate. The intent is to purchase the vehicle after it has been paid for. The amount capitalized was \$35,803 in FY14. The vehicle has an estimated useful life of five years, and \$21,482 has been depreciated to date.

Capital Leases			
Year Ending June 30,	Annual Debt Service		Total
	Principal	Interest	
2017	9,148	435	9,583
Balance	\$ 9,148	\$ 435	\$ 9,583

SAFE DRINKING WATER REVOLVING LOAN

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:

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

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

7. LONG-TERM OBLIGATIONS (CONTINUED)

Safe Drinking Water Revolving Loan			
Year Ending June 30,	Annual Debt Service		Total
	Principal	Interest	
2017	\$ 95,448	\$ 38,884	\$ 134,332
2018	99,142	35,190	134,332
2019	102,979	31,353	134,332
2020	106,964	27,368	134,332
2021	111,104	23,228	134,332
2022-25	489,106	48,218	537,324
Balance	\$ 1,004,743	\$ 204,241	\$ 1,208,984

8. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

Employees of the City are provided with pensions through the Oregon Public Employees Retirement System (PERS), which consists of a single cost-sharing multiple employer defined benefit pension plan.

All benefits of the System are established by the legislature pursuant to ORS Chapters 238 and 238A.

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

Tier One/Tier Two Retirement Benefit plan is closed to new members hired on or after August 29, 2003.

Pension Benefits

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

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

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

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

8. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Death Benefits

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

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

Disability Benefits

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

Benefit Changes After Retirement

Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments.

Monthly benefits are adjusted annually through cost-of-living changes up to 2% for service on or before October 1, 2013 and a blended rate for subsequent service.

2. OPSRP Pension Program (OPSRP DB)

Pension Benefits.

The Pension Program (ORS Chapter 238A) provides benefits to members hired on or after August 29, 2003.

This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:

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

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

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

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

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

8. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Death Benefits

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

Disability Benefits

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

Benefit Changes After Retirement

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

CONTRIBUTIONS

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans.

Employer contribution rates during the period were based on the December 31, 2013 actuarial valuation. The rates, based on a percentage of payroll, first became effective July 1, 2015.

Employer contributions for the year ended June 30, 2016 were \$71,263.

A 10 year schedule of Defined Benefit Pension Plan Contributions can be found beginning on page 62 of the June 30, 2015 PERS CAFR. Oregon PERS produces an independently audited CAFR which can be found at: http://www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx

PENSION LIABILITIES/(ASSET), PENSION EXPENSE/(CREDIT) AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

At June 30, 2016, the City reported a liability of \$549,563 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2013. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2015, the City's proportion was 0.0096 percent, an increase of 0.0020 from the proportion measured as of June 30, 2014. For the year ended June 30, 2016, the City recognized a pension expense of \$543,511. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

8. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ 29,635	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on investments	-	115,200
Changes in proportion and differences between employer contributions and proportionate share of contributions	40,582	25,065
Contributions subsequent to the measurement date	71,263	-
Total	\$ 141,480	\$ 140,265

Amounts reported as deferred outflow or inflow of resources related to pension will be recognized in pension expense/(income) as follows:

Employer subsequent fiscal years	Deferred Outflow/(Inflow) of Resources
1st Fiscal Year	\$ (44,359)
2nd Fiscal Year	(44,359)
3rd Fiscal Year	(44,359)
4th Fiscal Year	59,548
5th Fiscal Year	3,480
Total	\$ (70,049)

ACTUARIAL VALUATIONS

The actuarial valuation calculations are based on the benefits provided under the terms of the plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members as of the December 31, 2013 valuation rolled forward to June 30, 2015.

The actuarial valuation calculations are based on the benefits provided under the terms of the PERS Defined Benefit Plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members as of the December 31, 2013 valuation rolled forward to June 30, 2015. The Oregon Supreme Court decision in *Moro v. State of Oregon* (issued on April 30, 2015) occurred after the December 31, 2013 valuation date but affected the plan provisions reflected for financial reporting purposes. The *Moro* decision modified the COLA-related changes of Senate Bills 822 and 861 to only apply for benefits earned after the dates of the legislation. Due to the timing of the Supreme Court decision, the COLA change due to *Moro* is reflected in the June 30, 2015 Total Pension Liability, but was not reflected in the June 30, 2014 Total Pension Liability.

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

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

8. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Actuarial Methods and Assumptions Used in Developing Total Pension Liability:

Valuation Date	December 31, 2013
Experience Study Report	2014, published September 2015
Actuarial cost method	Entry Age Normal
Amortization method	Amortized as a level percentage of payroll as layered amortization bases over a closed period; Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years.
Asset valuation method	Market value of assets
Actuarial assumptions:	
Inflation rate	2.75 percent
Investment rate of return	7.75 percent
Projected salary increases	3.75 percent
Cost of living adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with <i>Moro</i> decision; blend based on service
Mortality	Healthy retirees and beneficiaries: RP-2000 Sex-distinct, generational per Scale AA, with collar adjustments and set-backs as described in the valuation. Active members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation. Disabled retirees: Mortality rates are a percentage (65% for males, 90% for females) of the RP-2000 static combined disabled mortality sex-distinct table.

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2014 Experience Study which reviewed experience for the four-year period ending on December 31, 2014.

Discount Rate

The discount rate used to measure the total pension liability of the Plan was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Depletion Date Projection

GASB 68 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position (fair market value of assets) is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 68 will often require that the actuary perform complex projections of future benefit payments and

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

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

8. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Depletion Date Projection (Continued)

asset values. GASB 68 (paragraph 67) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

The following circumstances justify an alternative evaluation of sufficiency for Oregon PERS:

- Oregon PERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100% funded position by the end of the amortization period if future experience follows assumption.
- GASB 68 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

Based on these circumstances, it is the opinion of the PERS independent actuary that the detailed depletion date projections outlined in GASB 68 would clearly indicate that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2013 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

Asset Class	Target	Compound Annual Return (Geometric)
Core Fixed Income	7.20%	4.50%
Short-Term Bonds	8.00	3.70
Intermediate-Term Bonds	3.00	4.10
High Yield Bonds	1.80	6.66
Large Cap US Equities	11.65	7.20
Mid Cap US Equities	3.88	7.30
Small Cap US Equities	2.27	7.45
Developed Foreign Equities	14.21	6.90
Emerging Foreign Equities	5.49	7.40
Private Equity	20.00	8.26
Opportunity Funds/Absolute Return	5.00	6.01
Real Estate (Property)	13.75	6.51
Real Estate (REITS)	2.50	6.76
Commodities	7.71	6.07
Assumed Inflation – Mean		2.75

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

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

8. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Sensitivity analysis

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

	1% decrease (6.75%)	Current discount rate (7.75%)	1% increase (8.75%)
City's proportionate share of net pension liability / (asset)	\$1,326,350	\$549,563	(\$105,064)

9. 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.

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 REQUIRED SUPPLEMENTARY INFORMATION

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.

12. SUBSEQUENT EVENTS

In September 2016 the City purchased land at a cost of \$695,432 with the intent to build a secondary water tank on the site. This will provide essential backup and storage for the expanded City area to the east.

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

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF NORTH PLAINS
WASHINGTON COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCES (USES)
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2016

<u>GENERAL FUND</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE -NEGATIVE</u>
REVENUES:				
Property Taxes - Current & Delinquent	\$ 391,882	\$ 376,556	\$ 376,512	\$ (44)
Licenses/Permits/Fees	345,649	497,297	506,162	8,865
Intergovernmental	165,797	169,984	172,534	2,550
Fines and Forfeitures	18,000	21,188	22,507	1,319
Grants and Donations	28,200	47,723	39,798	(7,925)
Interest	9,244	10,845	10,335	(510)
 Total Revenues	 \$ 958,772	 \$ 1,123,593	 \$ 1,127,848	 \$ 4,255

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

**SCHEDULE OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCES (USES)
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2016**

	<u>GENERAL FUND</u>			VARIANCE
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	POSITIVE -NEGATIVE
EXPENDITURES:				
General Government Department				
Personal Services	\$ 110,203	\$ 112,171	\$ 112,125	\$ 46
Materials and Services	<u>77,809</u>	<u>89,081</u>	<u>85,016</u>	<u>4,065</u>
Total Gen Govt Department	<u>188,012</u>	<u>201,252</u> (1)	<u>197,141</u>	<u>4,111</u>
Police Department				
Personal Services	240,645	275,614	274,593	1,021
Materials and Services	<u>84,210</u>	<u>78,669</u>	<u>76,718</u>	<u>1,951</u>
Total Police Department	<u>324,855</u>	<u>354,283</u> (1)	<u>351,311</u>	<u>2,972</u>
Public Works Department				
Personal Services	13,699	12,534	12,730	(196)
Materials and Services	<u>1,813</u>	<u>1,241</u>	<u>1,045</u>	<u>196</u>
Total Public Works Department	<u>15,512</u>	<u>13,775</u> (1)	<u>13,775</u>	<u>-</u>
Library Department				
Personal Services	165,515	161,528	166,973	(5,445)
Materials and Services	<u>46,893</u>	<u>60,502</u>	<u>61,526</u>	<u>(1,024)</u>
Total Library Department	<u>212,408</u>	<u>222,030</u> (1)	<u>228,499</u>	<u>(6,469)</u>
Culture and Recreation Department				
Materials and Services	<u>23,810</u>	<u>21,176</u>	<u>20,907</u>	<u>269</u>
Total Culture and Rec Department	<u>23,810</u>	<u>21,176</u> (1)	<u>20,907</u>	<u>269</u>
Parks Department				
Personal Services	50,231	45,958	46,674	(716)
Materials and Services:	<u>19,738</u>	<u>20,639</u>	<u>15,651</u>	<u>4,988</u>
Total Parks Department	<u>69,969</u>	<u>66,597</u> (1)	<u>62,325</u>	<u>4,272</u>
Planning Department				
Personal Services	-	31,812	28,739	3,073
Materials and Services	<u>51,000</u>	<u>173,462</u>	<u>176,417</u>	<u>(2,955)</u>
Total Planning Department	<u>51,000</u>	<u>205,274</u> (1)	<u>205,156</u>	<u>118</u>
Contingency	<u>100,000</u>	<u>61,500</u> (1)	<u>-</u>	<u>61,500</u>
Total Expenditures	<u>985,566</u>	<u>1,145,887</u>	<u>1,079,114</u>	<u>66,773</u>
Excess of Revenues Over (Under)				
Expenditures	(26,794)	(22,294)	48,734	71,028

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

**SCHEDULE OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCES (USES)
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2016**

	<u>GENERAL FUND</u>			VARIANCE
	<u>ORIGINAL</u> <u>BUDGET</u>	<u>FINAL</u> <u>BUDGET</u>	<u>ACTUAL</u>	POSITIVE -NEGATIVE
Other Financing Sources (Uses):				
Sale of Asset	-	4,695	4,695	-
Repayment of URA Interfund Loan	16,471	16,471	16,471	-
Special Payments - Court Payments	(600)	- (1)	-	-
Transfers Out	<u>(19,368)</u>	<u>(19,368) (1)</u>	<u>(19,368)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(3,497)</u>	<u>1,798</u>	<u>1,798</u>	<u>-</u>
Net Change in Fund Balance	(30,291)	(20,496)	50,532	71,028
Beginning Fund Balance	<u>808,634</u>	<u>856,271</u>	<u>856,272</u>	<u>1</u>
Ending Fund Balance	<u>\$ 778,343</u>	<u>\$ 835,775</u>	<u>\$ 906,804</u>	<u>\$ 71,029</u>

(1) Appropriation Level

Reconciliation to Statement of Revenues, Expenditures, Other Financing Sources (Uses)
and Changes in Fund Balances - Governmental Funds

Other Financing Sources (Uses) - budgetary basis	1,798
Repayment of principal on long term loan to governmental fund reported as reduction of receivable rather than other financing source	<u>(16,471)</u>
Other Financing Sources (Uses) - modified accrual basis	(14,673)
Ending Fund Balance - budgetary basis	906,804
Long term loan to governmental fund reported as receivable rather than other financing source	<u>152,576</u>
Ending Fund Balance - modified accrual basis	\$ 1,059,380

CITY OF NORTH PLAINS
WASHINGTON COUNTY, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCES (USES)
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL**

For the Year Ended June 30, 2016

STREET TAX, TRANSPORTATION AND STORM DRAINAGE FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE -NEGATIVE
REVENUES:				
Licenses, Permits, Fees	\$ 63,960	\$ 105,512	\$ 107,065	\$ 1,553
Intergovernmental	123,890	127,800	127,081	(719)
Interest	1,000	1,551	1,993	442
Total Revenues	188,850	234,863	236,139	1,276
EXPENDITURES:				
Street Department				
Personal Services	79,393	75,407	76,142	(735)
Materials and Services	57,989	66,901	57,262	9,639
Capital Outlay	20,000	16,840	16,840	-
Total Street Department	157,382	159,148 (1)	150,244	8,904
Contingency	27,000	27,000 (1)	-	27,000
Total Expenditures	184,382	186,148	150,244	35,904
Excess of Revenues Over (Under) Expenditures	4,468	48,715	85,895	37,180
Other Financing Sources (Uses):				
Transfers In	10,000	10,000	10,000	-
Transfers Out	(547)	(547) (1)	(547)	-
Total Other Financing Sources (Uses)	9,453	9,453	9,453	-
Net Change In Fund Balance	13,921	58,168	95,348	37,180
Beginning Fund Balance	210,935	226,283	226,282	(1)
Ending Fund Balance	\$ 224,856	\$ 284,451	\$ 321,630	\$ 37,179

(1) Appropriation Level

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

**SCHEDULE OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCES (USES)
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2016**

URBAN RENEWAL DISTRICT

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE -NEGATIVE
REVENUES:				
Taxes	\$ 173,070	\$ 165,855	\$ 162,621	\$ (3,234)
Charges for Services	7,200	4,800	4,417	(383)
Interest	1,500	1,500	2,269	769
Total Revenues	181,770	172,155	169,307	(2,848)
EXPENDITURES:				
URA Department				
Personal Services	-	-	2,740	(2,740)
Materials and Services	1,500	5,000	4,245	755
Capital Outlay	-	45,000	39,254	5,746
Debt Service	44,160	44,160	44,159	1
Total URA Department	45,660	94,160 (1)	90,398	3,762
Contingency	250,000	189,774 (1)	-	189,774
Total Expenditures	295,660	283,934	90,398	193,536
Net Change in Fund Balance	(113,890)	(111,779)	78,909	190,688
Beginning Fund Balance	310,915	308,804	308,804	-
Ending Fund Balance	\$ 197,025	\$ 197,025	\$ 387,713	\$ 190,688

(1) Appropriations Level

Reconciliation to Combining Schedule of Revenues, Expenditures, Other Financing Sources (Uses)
and Change in Fund Balance - Non major Governmental Funds

Total Expenditures - budgetary basis	\$ 90,398
Repayment of principal on long term loan from primary government reported as reduction of liability rather than debt service	(16,471)
Total Expenditures - modified accrual basis	73,927
Ending Fund Balance - budgetary basis	387,713
Long term loan to governmental fund reported as receivable rather than other financing source	(152,576)
Ending Fund Balance - modified accrual basis	\$ 235,137

CITY OF NORTH PLAINS
WASHINGTON COUNTY, OREGON

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Oregon Public Employees Retirement System
Last 10 Fiscal Years* (for which information is available)

	as of June 30,	
	2015	2014
City's proportion of the net pension liability/(asset)	0.0096%	0.0076%
City's proportionate share of the net pension liability/(asset)	549,563	(172,407)
City's covered-employee payroll	741,745	826,381
City's proportionate share of the net pension liability/(asset) as a percentage of its covered-employee payroll	74.09%	-20.86%
Plan fiduciary net position as a percentage of the total pension liability	91.88%	103.59%

* Measurement dates are determined by Oregon Public Employees Retirement System audited schedules.

CITY OF NORTH PLAINS
WASHINGTON COUNTY, OREGON

SCHEDULE OF CITY PENSION CONTRIBUTIONS
Oregon Public Employees Retirement System
Last 10 Fiscal Years* (for which information is available)

	as of June 30,		
	2016	2015	2014
Contractually required contribution	71,263	75,440	80,238
Contributions in relation to the contractually required contribution	71,263	75,440	80,238
Contribution deficiency/(excess)	0	0	0
City's covered-employee payroll	702,425	741,745	826,381
Contributions as a percentage of covered-employee payroll	10.15%	10.17%	9.71%

* Measurement dates are determined by Oregon Public Employees Retirement System audited schedules.

CITY OF NORTH PLAINS
WASHINGTON COUNTY, OREGON

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

CHANGES IN PLAN PROVISIONS

A summary of key changes in plan provisions are described in the Oregon Public Employees Retirement System's GASB 68 Disclosure Information which can be found at:

http://www.oregon.gov/pers/EMP/docs/er_general_information/opers_gasb_68_disclosure_information_revised.pdf

CHANGES OF ASSUMPTIONS

Additional details including the audit report and letters from the actuary can be at the found at the Oregon Public Employees Retirement System's website under June 30, 2015 Measurement Date:

https://www.oregon.gov/pers/EMP/Pages/section/er_general_information/gasb-68.aspx

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

OTHER SUPPLEMENTARY INFORMATION

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

**SCHEDULE OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCES (USES)
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2016**

TRANSPORTATION DEVELOPMENT TAX FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE -NEGATIVE</u>
REVENUES:				
Licenses, Permits, Fees	\$ 486,780	\$ 1,006,012	\$ 1,022,238	\$ 16,226
Interest	3,000	5,504	6,944	1,440
Total Revenues	<u>489,780</u>	<u>1,011,516</u>	<u>1,029,182</u>	<u>17,666</u>
EXPENDITURES:				
TDT Department				
Capital Outlay	-	476,542	473,098	3,444
Total TDT Department	<u>-</u>	<u>476,542</u>	<u>473,098</u>	<u>3,444</u>
Contingency	<u>1,005,963</u>	<u>631,659</u>	<u>(1) -</u>	<u>631,659</u>
Total Expenditures	<u>1,005,963</u>	<u>1,108,201</u>	<u>473,098</u>	<u>635,103</u>
Net Change in Fund Balance	(516,183)	(96,685)	556,084	652,769
Beginning Fund Balance	<u>516,183</u>	<u>755,758</u>	<u>755,758</u>	<u>-</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ 659,073</u>	<u>\$ 1,311,842</u>	<u>\$ 652,769</u>

(1) Appropriations Level

CITY OF NORTH PLAINS
WASHINGTON COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCES (USES)
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2016

PARKS CAPITAL IMPROVEMENT FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE -NEGATIVE</u>
REVENUES:				
Licenses, Permits, Fees	\$ 274,080	\$ 566,432	\$ 575,568	\$ 9,136
Grants	200,000	200,000	75,000	(125,000)
Interest	<u>2,500</u>	<u>4,436</u>	<u>5,837</u>	<u>1,401</u>
Total Revenues	<u>476,580</u>	<u>770,868</u>	<u>656,405</u>	<u>(114,463)</u>
EXPENDITURES:				
Parks Capital Department				
Personal Services	-	1,248	1,248	-
Materials and Services	-	533	180	353
Capital Outlay	<u>300,000</u>	<u>298,219</u>	<u>103,638</u>	<u>194,581</u>
Total Parks Capital Department	<u>300,000</u>	<u>300,000</u>	(1) <u>105,066</u>	<u>194,934</u>
Contingency	<u>667,669</u>	<u>667,669</u>	(1) <u>-</u>	<u>667,669</u>
Total Expenditures	<u>967,669</u>	<u>967,669</u>	<u>105,066</u>	<u>862,603</u>
Net Change in Fund Balance	(491,089)	(196,801)	551,339	748,140
Beginning Fund Balance	<u>491,089</u>	<u>638,035</u>	<u>638,035</u>	<u>-</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ 441,234</u>	<u>\$ 1,189,374</u>	<u>\$ 748,140</u>

(1) Appropriations Level

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

**COMBINING BALANCE SHEET
NON MAJOR GOVERNMENTAL FUNDS
June 30, 2016**

	TRAFFIC IMPACT FEE	VEHICLE AND EQUIPMENT RESERVE	TOTAL
ASSETS:			
Cash and Cash Equivalents	\$ 292,520	\$ 53,207	\$ 345,727
Total Assets	<u>292,520</u>	<u>53,207</u>	<u>345,727</u>
LIABILITIES AND FUND BALANCES:			
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:			
Restricted	292,520	-	292,520
Committed	-	53,207	53,207
Total Fund Balances	<u>292,520</u>	<u>53,207</u>	<u>345,727</u>
Total Liabilities and Fund Balances	<u>\$ 292,520</u>	<u>\$ 53,207</u>	<u>\$ 345,727</u>

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

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCES (USES)
AND CHANGE IN FUND BALANCE - NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2016**

	TRAFFIC IMPACT FEE	VEHICLE AND EQUIPMENT RESERVE	TOTAL
REVENUES:			
Interest	\$ 1,845	\$ 338	\$ 2,183
Total Revenues	<u>1,845</u>	<u>338</u>	<u>2,183</u>
EXPENDITURES:			
Total Expenditures	<u>-</u>	<u>6,214</u>	<u>6,214</u>
Excess of Revenues Over Expenditures	<u>1,845</u>	<u>(5,876)</u>	<u>(4,031)</u>
Other Financing Sources			
Transfers In	<u>-</u>	<u>12,464</u>	<u>12,464</u>
Total Other Sources	<u>-</u>	<u>12,464</u>	<u>12,464</u>
Net Change in Fund Balance	1,845	6,588	8,433
Beginning Fund Balances	<u>290,675</u>	<u>46,619</u>	<u>337,294</u>
Ending Fund Balances	<u>\$ 292,520</u>	<u>\$ 53,207</u>	<u>\$ 345,727</u>

CITY OF NORTH PLAINS
WASHINGTON COUNTY, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCES (USES)
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL**

For the Year Ended June 30, 2016

<u>TRAFFIC IMPACT FEES FUND</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE -NEGATIVE</u>
REVENUES:				
Interest	\$ 1,445	\$ 1,567	\$ 1,845	\$ 278
EXPENDITURES:				
TIF Department				
Capital Outlay	150,000	150,000	-	150,000
Total TIF Department	<u>150,000</u>	<u>150,000</u>	(1) -	<u>150,000</u>
Contingency	<u>142,055</u>	<u>142,055</u>	(1) -	<u>142,055</u>
Total Expenditures	<u>292,055</u>	<u>292,055</u>	-	<u>292,055</u>
Net Change in Fund Balance	(290,610)	(290,488)	1,845	292,333
Beginning Fund Balance	<u>290,610</u>	<u>290,675</u>	<u>290,675</u>	<u>-</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ 187</u>	<u>\$ 292,520</u>	<u>\$ 292,333</u>

(1) Appropriation Level

CITY OF NORTH PLAINS
WASHINGTON COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCES (USES)
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2016

VEHICLE AND EQUIPMENT RESERVE FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE -NEGATIVE</u>
REVENUES:				
Interest	\$ 235	\$ 287	\$ 338	\$ 51
Total Revenues	<u>235</u>	<u>287</u>	<u>338</u>	<u>51</u>
EXPENDITURES:				
VERF Department				
Capital Outlay	13,175	13,175	6,214	6,961
Total VERF Department	<u>13,175</u>	<u>13,175</u> (1)	<u>6,214</u>	<u>6,961</u>
Contingency	10,000	9,582 (1)	-	9,582
Total Expenditures	<u>23,175</u>	<u>22,757</u>	<u>6,214</u>	<u>16,543</u>
Excess of Revenues Over (Under) Expenditures	<u>(22,940)</u>	<u>(22,470)</u>	<u>(5,876)</u>	<u>16,594</u>
Other Financing Sources:				
Transfers in	12,466	12,466	12,464	(2)
Total Other Sources	<u>12,466</u>	<u>12,466</u>	<u>12,464</u>	<u>(2)</u>
Net Change in Fund Balance	(10,474)	(10,004)	6,588	16,592
Beginning Fund Balance	<u>47,037</u>	<u>46,619</u>	<u>46,619</u>	<u>-</u>
Ending Fund Balance	<u>\$ 36,563</u>	<u>\$ 36,615</u>	<u>\$ 53,207</u>	<u>\$ 16,592</u>

(1) Appropriations Level

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

**SCHEDULE OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCES (USES)
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2016**

<u>WATER FUND</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE -NEGATIVE</u>
REVENUES:				
Charges for Services	\$ 1,386,520	\$ 1,676,872	\$ 1,707,699	\$ 30,827
Interest	5,445	10,250	13,856	3,606
Total Revenues	<u>1,391,965</u>	<u>1,687,122</u>	<u>1,721,555</u>	<u>34,433</u>
EXPENDITURES:				
Water Department				
Personal Services	243,584	236,420	237,956	(1,536)
Materials and Services	303,114	356,118	346,240	9,878
Capital Outlay	51,000	-	-	-
Total Water Department	<u>597,698</u>	<u>592,538</u> (1)	<u>584,196</u>	<u>8,342</u>
Debt Services	<u>134,332</u>	<u>134,332</u> (1)	<u>134,332</u>	<u>-</u>
Contingency	<u>500,000</u>	<u>500,000</u> (1)	<u>-</u>	<u>500,000</u>
Total Expenditures	<u>1,232,030</u>	<u>1,226,870</u>	<u>718,528</u>	<u>508,342</u>
Excess of Revenues Over (Under) Expenditures	159,935	460,252	1,003,027	542,775
Other Financing (Uses):				
Special Payments - Pass through to JWC	(180,360)	- (1)	-	-
Transfers out	<u>(2,549)</u>	<u>(2,549)</u> (1)	<u>(2,549)</u>	<u>-</u>
Total Other (Uses)	<u>(182,909)</u>	<u>(2,549)</u>	<u>(2,549)</u>	<u>-</u>
Net Change in Fund Balance	(22,974)	457,703	1,000,478	542,775
Beginning Fund Balance	<u>1,277,092</u>	<u>1,468,131</u>	<u>1,468,130</u>	<u>(1)</u>
Ending Fund Balance	<u>\$ 1,254,118</u>	<u>\$ 1,925,834</u>	<u>\$ 2,468,608</u>	<u>\$ 542,774</u>

(1) Appropriations Level

Reconciliation of Budgetary Basis to Full Accrual Basis on page - 54 -

CITY OF NORTH PLAINS
WASHINGTON COUNTY, OREGON

RECONCILIATION OF BUDGETARY BASIS TO FULL ACCRUAL BASIS
For the Year Ended June 30, 2016

WATER FUND

Net Change in Fund Balance - Budgetary Basis	1,000,478
Depreciation expense	(96,583)
Expenditures capitalized	-
Difference between actuarially determined pension expense and funded pension expense	(132,658)
Principal payments on long term debt	<u>91,892</u>
Change in Net Position - GAAP Basis	863,129
Ending Fund Balance - Budgetary Basis	2,468,608
Capital Assets, Net	2,904,071
Deferred Outflows -Pension Contributions	21,873
Deferred Outflows -Difference Between Expected and Actual Experience	8,325
Deferred Outflows -Changes in City's Proportion of PERS Net Pension Liability	11,614
Net Pension Liability	(150,136)
Bonds Payable	(1,004,743)
Deferred Inflows - Investment Earnings	<u>(47,581)</u>
Ending Net Position - GAAP Basis	<u><u>\$ 4,212,031</u></u>

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

**SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES
OF TAXES UNCOLLECTED
For the Year Ended June 30, 2016**

<u>GENERAL FUND</u>						
<u>TAX YEAR</u>	<u>ORIGINAL LEVY OR BALANCE UNCOLLECTED 7/01/15</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 6/30/16</u>
<u>General Fund:</u>						
CURRENT:						
2015-16	\$ 388,206	\$ 10,423	\$ (378)	\$ 91	\$ 371,003	\$ 6,493
PRIOR YEARS:						
2014-15	6,685	(1)	(120)	205	3,201	3,570
2013-14	3,175	-	(25)	143	872	2,421
2012-13	2,316	-	(21)	211	880	1,626
2011-12	1,388	-	(5)	88	321	1,150
2010-11 & Prior	2,448	-	(5)	71	169	2,345
Total Prior	16,012	(1)	(176)	718	5,443	11,112
Total All Funds	<u>\$ 404,218</u>	<u>\$ 10,422</u>	<u>\$ (554)</u>	<u>\$ 809</u>	<u>\$ 376,446</u>	<u>\$ 17,605</u>

RECONCILIATION OF REVENUE:

	<u>Revenue</u>
Per County Treasurer Above	\$ 376,446
Adjustment to modified accrual basis	<u>66</u>
Total revenue per Fund Statements	<u>\$ 376,512</u>

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

**SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES
OF TAXES UNCOLLECTED
For the Year Ended June 30, 2016**

URBAN RENEWAL AGENCY

TAX YEAR	ORIGINAL LEVY OR BALANCE UNCOLLECTED 7/01/15	DEDUCT DISCOUNTS	ADJUSTMENTS TO ROLLS	ADD INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED 6/30/16
<u>Urban Renewal Agency:</u>						
CURRENT:						
2015-16	\$ 168,181	\$ 4,515	\$ (164)	\$ 40	\$ 160,728	\$ 2,814
PRIOR YEARS:						
2014-15	2,439	-	(44)	75	1,168	1,302
2013-14	943	-	(8)	42	259	718
2012-13	638	-	(6)	58	242	448
2011-12	368	-	(1)	24	85	306
2010-11 & Prior	277	-	(20)	5	19	243
Total Prior	4,665	-	(79)	204	1,773	3,017
Total All Funds	<u>\$ 172,846</u>	<u>\$ 4,515</u>	<u>\$ (243)</u>	<u>\$ 244</u>	<u>\$ 162,501</u>	<u>\$ 5,831</u>

RECONCILIATION OF REVENUE:

	<u>Revenue</u>
Per County Treasurer Above	\$ 162,501
Adjustment to modified accrual basis	<u>120</u>
Total revenue per Fund Statements	<u>\$ 162,621</u>

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

**INDEPENDENT AUDITORS' REPORT
REQUIRED BY OREGON STATE REGULATION**

**DENNIS R. CONNER
CERTIFIED PUBLIC ACCOUNTANT
CLATSKANIE, OREGON 97016**

**AUDITOR'S COMMENTS AND DISCLOSURES
REQUIRED BY STATE REGULATIONS**

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

I have audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the City of North Plains, Oregon (the City) as of and for the year ended June 30, 2016, and have issued my report thereon dated January 9, 2017.

Compliance

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

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

Deposit of public funds with financial institutions (ORS Chapter 295).

Indebtedness limitations, restrictions, and repayment.

Budgets legally required (ORS Chapter 294).

Insurance and fidelity bonds in force or required by law.

Programs funded by outside sources.

Highway revenues used for public highways, roads, and streets.

Authorized investment of surplus funds (ORS Chapter 294).

Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).

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

There were over-expenditures in the following funds and categories;

<u>Fund</u>	<u>Category</u>	<u>Amount</u>
General-Public Works	Personal Services	\$ 196
General-Library	Personal Services	\$ 5,445
	Materials & Services	\$ 1,024
General-Parks	Personal Services	\$ 716
General-Planning	Materials & Services	\$ 2,955
Street	Personal Services	\$ 735
Urban Renewal	Personal Services	\$ 2,740
Water	Personal Services	\$ 1,536

OAR 162-10-230 (Internal Control)

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. I consider the following deficiencies in the City's internal control to be significant deficiencies:

Inadequate Segregation of Accounting Duties

The City does not have sufficient staff to adequately segregate accounting duties. The City has adopted financial controls that are relevant to smaller governmental units. The City believes there is a substantial cost benefit by not increasing staffing levels at this time. However, the City acknowledges the need for extra vigilance on the part of upper management and the Council.

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



Dennis R. Conner, CPA
January 9, 2017