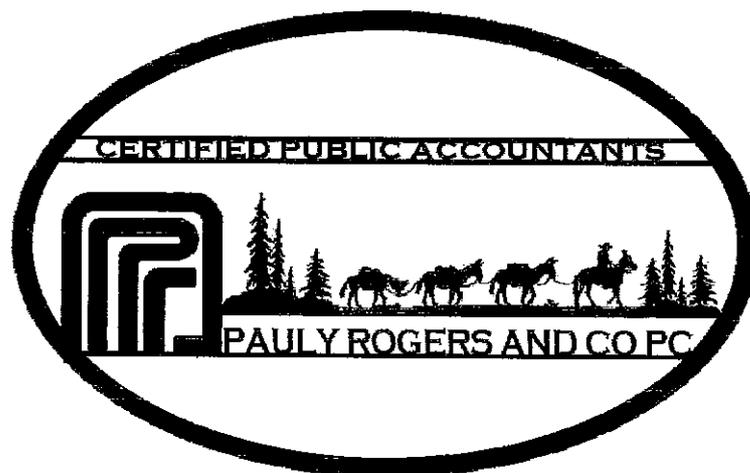


**CITY OF NORTH PLAINS**  
**WASHINGTON COUNTY, OREGON**

**FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2010**



12700 SW 72<sup>nd</sup> Ave.  
Tigard, OR 97223

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

**2009-2010**  
**FINANCIAL REPORT**

\*\*\*\*\*

This Page Intentionally Left Blank

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

**CITY OFFICIALS**

2009-2010

<u>CITY COUNCIL</u>	<u>TERM EXPIRES</u>
David Hatcher - Mayor	December 31, 2012
Teri K. Haas (Lenahan)	December 31, 2012
Ana M. Ogan (Singh-Gill)	December 31, 2012
Aaron Johnson	December 31, 2010
Robert Kindel, Jr.	December 31, 2012
Ed Andrienas	December 31, 2010
Charlynn Newton	December 31, 2010

All Council members receive mail at the City address below

**CITY MANAGER AND REGISTERED AGENT**

Donald H. Otterman

**FINANCE DIRECTOR**

Karen-Lee Stolte, CPFA, MMC

**CITY RECORDER**

Lisa Gibson

**REGISTERED OFFICE**

31360 NW Commercial Street  
North Plains, Oregon 97133

This Page Intentionally Left Blank

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

**TABLE OF CONTENTS**

	<u>PAGE NUMBER</u>
Independent Auditors' Report	1
Management's Discussion and Analysis	3
<b>FINANCIAL STATEMENTS AND SCHEDULES:</b>	
<b>Basic Financial Statements:</b>	
<b>Government-Wide Financial Statements:</b>	
Statement of Net Assets-Modified Cash Basis	5
Statement of Activities-Modified Cash Basis	6
<b>Fund Statements:</b>	
Balance Sheet-Governmental Funds-Cash Basis	7
Reconciliation of the Governmental Funds Balance Sheet-Cash Basis to the Statement of Net Assets-Modified Cash Basis	8
Statement of Receipts, Disbursements and Changes in Fund Balances-Governmental Funds- Cash Basis	9
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balance-Cash Basis To Statement of Activities-Modified Cash Basis	10
Statement of Net Assets-Proprietary Funds-Modified Cash Basis	11
Statement of Receipts, Disbursements and Changes in Net Assets-Proprietary Funds-Modified Cash Basis	12
Statement of Cash Flows-Modified Cash Basis-Proprietary Funds	13
Notes to Basic Financial Statements	14
<b>REQUIRED SUPPLEMENTARY INFORMATION:</b>	
<b>Schedule of Receipts, Disbursements and Changes in Fund Balance – Cash Basis</b>	
– Actual and Budget –	
General Fund	30
Street Tax, Transportation and Storm Drainage Fund	32
Traffic Impact Fees Fund	33
<b>SUPPLEMENTARY INFORMATION:</b>	
<b>Schedules of Receipts, Disbursements and Changes in Fund Balances–Actual and Budget</b>	
Parks Capital Improvement Fund	34
Combining Balance Sheet–Nonmajor Governmental Funds-Cash Basis	35
Combining Schedule of Receipts, Disbursements and Changes in Fund Balances– Nonmajor Governmental Funds-Cash Basis	36
Schedule of Receipts, Disbursements and Changes in Fund Balances–Cash Basis–Actual and Budget	
Transportation Development Tax Fund	37
Vehicle and Equipment Reserve Fund	38
Urban Renewal District	39

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

**TABLE OF CONTENTS (CONTINUED)**

	<u>PAGE</u> <u>NUMBER</u>
Schedule of Receipts, Disbursements and Changes in Fund Balances-Cash Basis-Actual and Budget	
Water Fund	40
Water Systems Improvement Fund	41
Schedule of Property Tax Transactions and Balances of Taxes Uncollected:	
General Fund	42
Urban Renewal Agency	43
 INDEPENDENT AUDITORS' REPORT REQUIRED BY OREGON STATE REGULATIONS	 44



**PAULY, ROGERS AND CO., P.C.**

**CERTIFIED PUBLIC ACCOUNTANTS**

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

November 30, 2010

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

### **INDEPENDENT AUDITORS' REPORT**

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of North Plains, Washington County, Oregon as of and for the year ended June 30, 2010, which collectively comprise the basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. The financial statements of the City of North Plains as of June 30, 2009 were audited by other auditors whose report dated December 15, 2009, expressed an unqualified opinion on those statements.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position – modified cash basis of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of North Plains as of June 30, 2010, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended, on the basis of accounting described in Note 1.

The Management's Discussion and Analysis as listed on the table of contents, is not required parts of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The supplementary information, including budgetary comparison schedules (which are required supplementary information for major governmental funds) as listed in the table of contents, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Pauly, Rogers and Co. P.C.*  
PAULY, ROGERS AND CO., P.C.

# CITY OF NORTH PLAINS. OREGON

## Management Discussion and Analysis June 30, 2010

**MANAGEMENTS DIRECT COMMENTS:** The City manages and oversees operation of water distribution, streets, parks, land use planning, police, municipal court and general personnel needed to provide these services to the citizens. Operational services for fiscal year 2009-10 continued at the same level as the prior year.

The economic climate has not improved much over last year. The statistics predicting cities and counties will feel the effects of the economic hardship is proving to be true. State agencies are taking furlough days without pay. Counties and cities are tightening their belts. City management has taken serious steps to prepare the city for the effects of these economic hardships by holding the line on all spending. Management is committed to taking the appropriate steps necessary to ensure the integrity of all city operations.

**OVERALL FINANCIAL POSITION:** The adopted 2009-106 city budget was \$5,928,512. Beginning cash balances from all funds equaled \$2,611,137. During the year \$2,415,713 in revenues were received and \$2,123,696 expended leaving a cash forward of \$2,903,154 for fiscal year 2010-11.

Major differences in the adopted budget and actual figures account for the fact that 83% of the projected revenues were received and only 35% of the proposed expenditures were utilized.

**RESULTS OF OPERATIONS:** Capital expenses throughout the entire budget included a replacement of computers and upgrade of software as scheduled, time payments on upgrade of financial and water billing software; purchase of laptop computers; lease copy machines; court software upgrade; various special equipment for police vehicles; water rate methodology study; and payments for leased police vehicles. In the capital funds a small cities street overlay was accomplished and replacement of a major culvert on 314<sup>th</sup> Avenue.

The parks capital fund provided improvements to the Louie Wence Park.

Scheduled transfers from general, street and water funds equal \$182,000. These funds are to supplement the Water Systems Improvement debt service payment (state drinking water loan) and the Vehicle & Equipment Reserve Fund. Property taxes dedicated to police services increased the 3% allowed by law.

**SIGNIFICANT BUDGETARY VARIANCES:**

	<u>2008-09</u>	<u>2009-2010</u>	<u>% Inc/Decrease</u>
Payroll	\$ 964,709	\$ 971,242	1 % Inc.
Materials & Services	688,524	647,871	6.3 % Dec.
Capital Outlay	91,141	158,923	42.7 % Inc.
Debt Service Pmts.	215,312	134,332	60.3% Dec.

Payroll increases were only 1% over last year. The city belongs to a trust for all three types of insurances (property & liability, health benefits and workers compensation). City County Insurance Services strive to hold the premium costs down as much as possible. There were slight increases in this fiscal year.

Due to close supervision by department supervisors and the City Manager materials & services were reduced by 6.3% over last year.

**SIGNIFICANT CAPITAL ASSETS:** Capital outlays increased by 42.7% due to activity in the small cities overlay program and a grant from FEMA to replace the culvert on 314<sup>th</sup> Avenue. Scheduled payments on the financial and water billing software upgrades, copier leases and police vehicle lease program were made.

**LONG-TERM DEBT ACTIVITY:** The city currently has debt service payments to the state loan program for the installation of the Glencoe 16" water line extension. This loan is a 20-year loan and we have made five payments.

The proposed 2010-11 budget is approximately 1.6% less than last year. The Glencoe Road water line replacement is the only major project planned. Out fitting the patrol cars with wireless access to WebLEDS is scheduled. Previous lease payments (copiers, software upgrades and police vehicles) are budgeted.

The projected revenues will continue to fund existing payroll, materials and services and proposed projects.

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

E-mail:



[Karen-Lee@northplains.org](mailto:Karen-Lee@northplains.org)

[Don@northplains.org](mailto:Don@northplains.org)

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

**BASIC FINANCIAL STATEMENTS**

This Page Intentionally Left Blank

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

**STATEMENT OF NET ASSETS-MODIFIED CASH BASIS**  
**June 30, 2010**

ASSETS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Cash and Investments	\$ 2,289,331	\$ 613,823	\$ 2,903,154
Capital Assets, net of depreciation	5,694,150	3,177,475	8,871,625
<b>Total Assets</b>	<b>7,983,481</b>	<b>3,791,298</b>	<b>11,774,779</b>
<b>LIABILITIES</b>			
Long Term Liabilities:			
Due in One Year	366	76,002	76,368
Due in More Than One Year	130,543	1,431,218	1,561,761
<b>Total Liabilities</b>	<b>130,909</b>	<b>1,507,220</b>	<b>1,638,129</b>
<b>NET ASSETS</b>			
Invested in Capital Assets Net of Related Debt	5,563,241	1,670,255	7,233,496
Restricted for:			
Capital Projects	330,728	69,160	399,888
Debt Services	-	544,663	544,663
Highways and Streets	852,440	-	852,440
Vehicle and Equipment Reserve	96,502	-	96,502
Urban Renewal	57,789	-	57,789
Unrestricted	951,872	-	951,872
<b>Total Net Assets - Modified Cash Basis</b>	<b>\$ 7,852,572</b>	<b>\$ 2,284,078</b>	<b>\$ 10,136,650</b>

See accompanying notes to basic financial statements

CITY OF NORTH PLAINS  
WASHINGTON COUNTY, OREGON

STATEMENT OF ACTIVITIES-MODIFIED CASH BASIS  
For the Year Ended June 30, 2010

FUNCTIONS	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANT AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<b>Primary Government</b>						
<u>Governmental Activities:</u>						
Building and Parks	\$ 69,153	\$ 52,640	\$ -	\$ (16,513)		\$ (16,513)
City Planning	111,325	-	1,000	(110,325)		(110,325)
Police	415,218	-	-	(415,218)		(415,218)
Municipal Court	145,882	-	-	(145,882)		(145,882)
Sewer	12,200	-	-	(12,200)		(12,200)
Supporting Services	184,514	-	4,143	(180,371)		(180,371)
Library Department	111,802	-	99,516	(12,286)		(12,286)
Infrastructure	184,048	50,972	48,124	(84,952)		(84,952)
Interest	28,803	-	-	(28,803)		(28,803)
<b>Total Governmental Activities</b>	<b>1,262,945</b>	<b>103,612</b>	<b>152,783</b>	<b>(1,006,550)</b>		<b>(1,006,550)</b>
<u>Business-Type Activities:</u>						
Water	658,891	815,229	-		\$ 156,338	156,338
Interest on Long Term Debt	61,161	-	-		(61,161)	(61,161)
<b>Total Business-Type Activities</b>	<b>720,052</b>	<b>815,229</b>	<b>-</b>		<b>95,177</b>	<b>95,177</b>
<b>Total Primary Government</b>	<b>\$ 1,982,997</b>	<b>\$ 918,841</b>	<b>\$ 152,783</b>	<b>(1,006,550)</b>	<b>95,177</b>	<b>(911,373)</b>
<b>General Revenues</b>						
<b>Taxes:</b>						
Property Taxes, Levied for General Purposes				362,272	-	362,272
Intergovernmental				201,954	-	201,954
Fines and Forfeitures				290,169	-	290,169
Licenses, Permits and Fees				225,937	-	225,937
Interest and Investment Earnings				12,432	3,674	16,106
Urban Renewal District Reimbursements				23,328	-	23,328
Miscellaneous				34,904	7,418	42,322
Transfers - Internal Activities				5,000	(5,000)	-
<b>Total General Revenues</b>				<b>1,155,996</b>	<b>6,092</b>	<b>1,162,088</b>
Changes in Net Assets				149,446	101,269	250,715
Prior Period Adjustment , Note 11				1,190,690	-	1,190,690
Net Assets - Beginning - Restated, Note 12 - Modified Cash Basis				6,512,436	2,182,809	8,695,245
<b>Net Assets - Ending - Modified Cash Basis</b>				<b>\$ 7,852,572</b>	<b>\$ 2,284,078</b>	<b>\$ 10,136,650</b>

See accompanying notes to basic financial statements

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

**BALANCE SHEET-CASH BASIS  
GOVERNMENTAL FUNDS  
June 30, 2010**

	GENERAL FUND	STREET TAX, TRANSPORTATION AND STORM DRAINAGE FUND	TRAFFIC IMPACT FEES FUND	PARKS CAPITAL IMPROVEMENT FUND	OTHER GOVERNMENTAL FUNDS	TOTAL
<b>ASSETS:</b>						
Cash and Investments	\$ 951,872	\$ 513,368	\$ 302,154	\$ 330,728	\$ 191,209	\$ 2,289,331
Total Assets and Other Debits	<u>\$ 951,872</u>	<u>\$ 513,368</u>	<u>\$ 302,154</u>	<u>\$ 330,728</u>	<u>\$ 191,209</u>	<u>\$ 2,289,331</u>
<b>FUND BALANCE:</b>						
<b>Fund Balances:</b>						
Reserved	\$ -	\$ 513,368	\$ 302,154	\$ 330,728	\$ 191,209	\$ 1,337,459
Unreserved, reported in:						
General Fund	<u>951,872</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>951,872</u>
Total Fund Balances-Cash Basis	<u>\$ 951,872</u>	<u>\$ 513,368</u>	<u>\$ 302,154</u>	<u>\$ 330,728</u>	<u>\$ 191,209</u>	<u>\$ 2,289,331</u>

See accompanying notes to basic financial statements

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

**RECONCILIATION OF GOVERNMENTAL BALANCE SHEET-CASH BASIS TO**  
**THE STATEMENT OF NET ASSETS-MODIFIED CASH BASIS**  
**June 30, 2010**

---

Total Fund Balances - Governmental Funds	\$ 2,289,331
Capital assets are not financial resources and therefore are not reported in the governmental funds.	5,694,150
Long Term Liabilities	<u>(130,909)</u>
Net Assets	<u><u>\$ 7,852,572</u></u>

See accompanying notes to basic financial statements

CITY OF NORTH PLAINS  
WASHINGTON COUNTY, OREGON

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES-CASH BASIS  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2010

	GENERAL FUND	STREET TAX, TRANSPORTATION AND STORM DRAINAGE FUND	TRAFFIC IMPACT FEES FUND	PARKS CAPITAL IMPROVEMENT FUND	OTHER GOVERNMENTAL FUNDS	TOTAL
<b>RECEIPTS:</b>						
Property Taxes	\$ 305,159	\$ -	\$ -	\$ -	\$ 57,113	\$ 362,272
Charges for Services	-	50,972	-	52,640	-	103,612
Licenses/Permits/Fees	219,837	-	-	-	6,100	225,937
Intergovernmental	47,615	113,869	-	-	40,470	201,954
Fines and Forfeitures	290,169	-	-	-	-	290,169
Interest on Investments	5,791	2,512	2,099	2,030	-	12,432
Grants	104,659	48,124	-	-	-	152,783
Urban Renewal Dist. Reimbursements	23,328	-	-	-	-	23,328
Miscellaneous	31,874	1,950	-	-	1,080	34,904
<b>Total Receipts</b>	<b>1,028,432</b>	<b>217,427</b>	<b>2,099</b>	<b>54,670</b>	<b>104,763</b>	<b>1,407,391</b>
<b>DISBURSEMENTS:</b>						
Personal Services	566,699	63,849	25,286	-	-	655,834
Materials & Services	337,396	65,355	-	-	3,680	406,431
Capital Outlay	36,506	78,203	-	7,117	21,977	143,803
Debt Services	-	-	-	-	29,328	29,328
<b>Total Disbursements</b>	<b>940,601</b>	<b>207,407</b>	<b>25,286</b>	<b>7,117</b>	<b>54,985</b>	<b>1,235,396</b>
Excess of Receipts Over, -Under Disbursements	87,831	10,020	(23,187)	47,553	49,778	171,995
<b>Other Financing Sources, -Uses</b>						
Transfers In	-	-	-	-	48,000	48,000
Transfer Out	(41,000)	(2,000)	-	-	-	(43,000)
<b>Total Other Financing Sources, -Uses</b>	<b>(41,000)</b>	<b>(2,000)</b>	<b>-</b>	<b>-</b>	<b>48,000</b>	<b>5,000</b>
Net Change in Fund Balance-Cash Basis	46,831	8,020	(23,187)	47,553	97,778	176,995
Beginning Fund Balance-Cash Basis- Restated, Note 12	905,041	505,348	325,341	283,175	93,431	2,112,336
Ending Fund Balance-Cash Basis	\$ 951,872	\$ 513,368	\$ 302,154	\$ 330,728	\$ 191,209	\$ 2,289,331

See accompanying notes to basic financial statements

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

**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCE-CASH BASIS TO STATEMENT OF ACTIVITIES-MODIFIED CASH BASIS**  
**For the Year Ended June 30, 2010**

---

Net Changes in Fund Balances - Governmental Funds	\$ 176,995
<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	126,342
Depreciation Expense	(154,416)
Repayment of long-term obligations principal is a disbursement in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Assets.	<u>525</u>
Change in Net Assets	<u><u>\$ 149,446</u></u>

See accompanying notes to basic financial statements

CITY OF NORTH PLAINS  
WASHINGTON COUNTY, OREGON  
**STATEMENT OF NET ASSETS-MODIFIED CASH BASIS**  
**PROPRIETARY FUNDS**  
June 30, 2010

ASSETS:	WATER FUND	WATER SYSTEMS CAPITAL IMPROVEMENT FUND	TOTAL
Cash and Investments	\$ 544,663	\$ 69,160	\$ 613,823
Capital Assets, net of depreciation	<u>3,177,475</u>	<u>-</u>	<u>3,177,475</u>
Total Assets	<u>\$ 3,722,138</u>	<u>\$ 69,160</u>	<u>\$ 3,791,298</u>
 LIABILITIES:			
Long-Term Liabilities:			
Due in One Year	\$ 76,002	\$ -	\$ 76,002
Due in More Than One Year	<u>1,431,218</u>	<u>-</u>	<u>1,431,218</u>
Total Liabilities	<u>1,507,220</u>	<u>-</u>	<u>1,507,220</u>
 NET ASSETS			
Invested in Capital Assets Net of Related Debt	1,670,255	-	1,670,255
Restricted for Other Purposes	<u>544,663</u>	<u>69,160</u>	<u>613,823</u>
Total Net Assets - Modified Cash Basis	<u>\$ 2,214,918</u>	<u>\$ 69,160</u>	<u>\$ 2,284,078</u>

See accompanying notes to basic financial statements

**CITY OF NORTH PLAINS**  
**WASHINGTON COUNTY, OREGON**  
**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN NET ASSETS-MODIFIED CASH BASIS**  
**PROPRIETARY FUNDS**  
**For the year ended June 30, 2010**

	WATER FUND	WATER SYSTEMS CAPITAL IMPROVEMENT FUND	TOTAL
<b>OPERATING RECEIPTS:</b>			
Water Sales Receipts	\$ 745,368	\$ 69,861	\$ 815,229
Total Operating Receipts	<u>745,368</u>	<u>69,861</u>	<u>815,229</u>
<b>OPERATING DISBURSEMENTS:</b>			
Water Expenses Paid	535,884	36,084	571,968
Depreciation Expense	<u>86,923</u>	<u>-</u>	<u>86,923</u>
Total Operating Disbursements	<u>622,807</u>	<u>36,084</u>	<u>658,891</u>
Operating Income	122,561	33,777	156,338
<b>OTHER FINANCING SOURCES:</b>			
Interest and Investment Earnings	3,001	673	3,674
Miscellaneous	7,418	-	7,418
Interest Paid on Capital Debt	-	(61,161)	(61,161)
Principal Paid on Debt for Water Fund	73,171	(73,171)	-
Transfers from Other Funds	<u>(139,000)</u>	<u>134,000</u>	<u>(5,000)</u>
Change in Net Assets	67,151	34,118	101,269
Net Assets, July 1, 2009 - Modified Cash Basis	<u>2,147,767</u>	<u>35,042</u>	<u>2,182,809</u>
Net Assets, June 30, 2010 - Modified Cash Basis	<u>\$ 2,214,918</u>	<u>\$ 69,160</u>	<u>\$ 2,284,078</u>

The accompanying notes are an integral part of this statement.

**CITY OF NORTH PLAINS  
WASHINGTON COUNTY, OREGON  
STATEMENT OF CASH FLOWS-MODIFIED CASH BASIS  
PROPRIETARY FUNDS  
For the year ended June 30, 2010**

	WATER FUND	WATER SYSTEMS CAPITAL IMPROVEMENT FUND	TOTAL
<b>Cash Flows From Operating Activities:</b>			
Cash Received for Services	\$ 745,368	\$ 69,861	\$ 815,229
Cash Paid to Employees	(315,408)	-	(315,408)
Cash Paid to Suppliers	(220,476)	(36,084)	(256,560)
Net cash provided (used) by operating activities	<u>209,484</u>	<u>33,777</u>	<u>243,261</u>
<b>Cash Flows From Non Capital Financing Activities</b>			
Transfers from Other Funds	-	134,000	134,000
Transfers to Other Funds	(139,000)	-	(139,000)
Net cash provided (used) by financing activities	<u>(139,000)</u>	<u>134,000</u>	<u>(5,000)</u>
<b>Cash Flows From Capital and Related Financing Activities</b>			
Principal Paid on Debt	-	(73,171)	(73,171)
Interest Paid on Debt	-	(61,161)	(61,161)
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>(134,332)</u>	<u>(134,332)</u>
<b>Cash Flows From Investing Activities:</b>			
Earnings on Investments	3,001	673	3,674
Other	7,418	-	7,418
Net cash provided (used) by investing activities	<u>10,419</u>	<u>673</u>	<u>11,092</u>
Net increase (decrease) in cash and investments	<u>80,903</u>	<u>34,118</u>	<u>115,021</u>
Cash and investments, beginning of year	<u>463,760</u>	<u>35,042</u>	<u>498,802</u>
Cash and investments, end of year	<u>\$ 544,663</u>	<u>\$ 69,160</u>	<u>\$ 613,823</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>			
Operating Income	\$ 122,561	\$ 33,777	\$ 156,338
Depreciation and Amortization	<u>86,923</u>	<u>-</u>	<u>86,923</u>
Net Cash Provided by Operating Activities	<u>\$ 209,484</u>	<u>\$ 33,777</u>	<u>\$ 243,261</u>

The accompanying notes are an integral part of this statement.

This Page Intentionally Left Blank

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

These financial statements are presented on a modified cash basis of accounting. This modified basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the Government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the modified cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails.

**A. THE FINANCIAL REPORTING ENTITY**

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

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

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

*Fund financial statements* of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into two major categories: governmental and proprietary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type.
- b. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

The funds utilized are described below:

*Governmental Funds*

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

*Special Revenue Funds* are used to account for the proceeds of the specific revenue sources that are either legally restricted to expenditures for specified purposes or designated to finance particular functions or activities. There are the following special revenue funds:

<u>Fund</u>	<u>Brief Description</u>
Street Tax, Transportation and Storm Drainage	Accounts for Oregon gasoline tax apportionments and expenditures for those street improvements specified by Oregon Revised Statutes. It is a major fund.
Traffic Impact Fees	Accounts for revenue designated for improvements of traffic arterials and traffic safety improvements. It is a major fund.
Parks Capital Project Improvement	Accounts for revenues designated for capital improvements of the City's parks, excluding improvements of the water system. It is a major fund.
Transportation Development Tax	Accounts for revenue designated for development of public transportation. It is a major fund.
Vehicle and Equipment Reserve	Accounts for transfers from other funds designated for replacement of vehicles and equipment. It is a non-major fund.
North Plains Urban Renewal Agency	This fund accounts for the payment of principal and interest on tax increment bonds and other contractual obligations. It is a non-major fund.

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

*Proprietary Funds*

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

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

**BASIS OF ACCOUNTING**

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

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

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

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. ASSETS, LIABILITIES, AND EQUITY**

**CASH AND INVESTMENTS**

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

**CAPITAL ASSETS**

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

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

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

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

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

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**EQUITY CLASSIFICATION**

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

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

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

In the *fund financial statements*, fund equity is classified as fund balance. Proprietary fund equity is classified the same as in the government-wide statements.

**D. REVENUES, EXPENDITURES, AND EXPENSES**

**PROGRAM REVENUES**

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

General Government – Grants.

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

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

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

**OPERATING REVENUE AND EXPENSES**

Operating revenue and expenses for proprietary funds result from providing services and producing and delivering goods and/or services. They also include all revenues and expenses not related to capital and related financing, noncapital financing, or investing activities.

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. INTERNAL AND INTERFUND BALANCES AND ACTIVITIES**

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

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

1. Internal balances – amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the governmental and business-type activities columns of the Statement of Net Assets, except for the net residual amounts due between governmental and business-type activities, which are reported as Internal Balances. None were reported on the Statement of Net Assets for the year ended June 30, 2010.
2. Internal activities – amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers-Internal Activities. The effects of Interfund services between funds, if any, are not eliminated in the Statement of Activities.

Interfund activity, if any, within and among the governmental and proprietary fund categories is reported as follows in the *fund financial statements*:

1. Interfund loans – amounts provided with a requirement for repayment are reported as interfund receivables and payables.
2. Interfund services – sales or purchases of goods and services between funds are reported as revenues and expenditures/expenses.
3. Interfund reimbursements – repayments from funds responsible for certain expenditures/expenses to the funds that initially paid for them are not reported as reimbursements but as adjustment to expenditures/expenses in the respective funds.
4. Interfund transfers – flow of assets from one fund to another where repayment is not expected are reported as transfers in and out.

**F. ESTIMATES**

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

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

---

**2. BUDGET**

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

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

Expenditures can not legally exceed the above appropriation levels except in the case of restricted revenues which could not be estimated at the time of budget adoption. Appropriations lapse at the fiscal year end. Management may amend line items in the budget without Council approval as long as appropriation levels (the legal level of control) are not changed. Supplemental appropriations may occur if the Council approves them due to a need which exists which was not determined at the time the budget was adopted. Expenditures of the various funds were within authorized appropriations. The Budget Act recognizes the following object categories as the minimum legal level on control by department within a fund:

Personal Services  
Material and Supplies  
Other Services and Charges  
Capital Outlay  
Debt Service  
Interfund Transfers

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

**Excess of Expenditures over Appropriations**

Expenditures of the various funds were within authorized appropriations.

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

**3. CASH AND CASH EQUIVALENTS**

Cash and investments were recorded at cost, which approximates fair market value, plus accrued interest at June 30, 2010. Cash and investments at June 30, 2010 were:

Deposits With Financial Institutions:	<u>2010</u>	Reported in:	<u>2010</u>
Petty Cash	\$ 250	Governmental Funds	\$ 2,289,331
Checking	27,403	Proprietary Funds	<u>613,823</u>
Investments	<u>2,875,501</u>		
Total	<u>\$ 2,903,154</u>		<u>\$ 2,903,154</u>

These are the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in months)	
		Less than 3	More than 3
State Treasurer's Investment Pool	\$ 2,875,501	\$ 2,875,501	\$ -
Total	<u>\$ 2,875,501</u>	<u>\$ 2,875,501</u>	<u>\$ -</u>

**CREDIT RISK – DEPOSITS**

In the case of deposits, this is the risk that in the event of a bank failure, deposits may not be returned. As of June 30, 2010, all of the bank balance of \$58,981 was insured by FDIC.

The State Treasurer's Local Government Investment Pool is not registered with the U.S. Securities and Exchange Commission as an investment company. The Oregon Revised Statutes and the Oregon Investment Council govern the State's investment policies. The State Treasurer is the investment officer for the Council and is responsible for all funds in the State Treasury. These funds must be invested, and the investments managed, as a prudent investor would, exercising reasonable care, skill and caution. Investments in the Fund are further governed by portfolio guidelines issued by the Oregon Short-Term Fund Board (OSTFB), which establish diversification percentages and specify the types and maturities of investments. The portfolio guidelines permit securities lending transactions as well as investments in repurchase agreements and reverse repurchase agreements. The fund was in compliance with all portfolio guidelines at June 30, 2010.

Amounts in the State Treasurer's Local Government Investment Pool are not required to be collateralized. As of June 30, 2010 the fair value of the position in the LGIP is 99.56% of the value of the pool shares as reported in the Oregon Short Term Fund audited financial statements. There were no known violations of legal or contractual provisions for deposits and investments during the fiscal year.

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

---

**3. CASH AND CASH EQUIVALENTS (CONTINUED)**

Investments

Investments are reported at fair value in accordance with GASB 31. The investments, authorized under state statutes, are comprised of investments in the state administered Oregon State Treasurer's Local Government Investment Pool.

Credit Risk

Oregon Revised Statutes does not limit investments as to credit rating for securities purchased from US Government Agencies or USGSE.

Concentration of Credit Risk

At June 30, 2010, 100% of total investments were in the State Treasurer's Investment Pool. State statutes do not limit the percentage of investments in either of these instruments. Oregon Revised Statutes require no more than 25 percent of the moneys of local government to be invested in bankers' acceptances of any qualified financial institution. At June 30, 2010, there was compliance with all percentage restrictions.

Interest Rate Risk

Oregon Revised Statutes require investments to not exceed a maturity of 18 months, except when the local government has adopted a written investment policy that was submitted to and reviewed by the OSTFB. There are no investments that have a maturity date over 3 months.

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

**4. CAPITAL ASSETS**

The changes in Capital assets for 2009-10 are as follows:

	Balance on 07/01/2009	Adjustments	Additions	Balance on 6/30/2010
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 128,051	\$ -	\$ -	\$ 128,051
URA Land	157,820	-	-	157,820
<b>Total Capital Assets not being depreciated</b>	<b>\$ 285,871</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 285,871</b>
Capital assets being depreciated:				
Infrastructure	\$ 4,411,101	\$ 1,217,981	\$ 50,728	\$ 5,679,810
Buildings	175,957	-	-	175,957
Police	52,564	42,507	70,000	165,071
Equipment	75,963	-	5,614	81,577
<b>Total capital assets being depreciated</b>	<b>4,715,585</b>	<b>1,260,488</b>	<b>126,342</b>	<b>6,102,415</b>
Less accumulated depreciation for:				
Infrastructure	(332,833)	(52,796)	(113,596)	(499,225)
Buildings	(75,261)	-	(4,399)	(79,660)
Police	(29,615)	(17,002)	(29,678)	(76,295)
Equipment	(32,213)	-	(6,743)	(38,956)
<b>Total accumulated depreciation</b>	<b>(469,922)</b>	<b>(69,798)</b>	<b>(154,416)</b>	<b>(694,136)</b>
<b>Total capital assets net of depreciation</b>	<b>4,245,663</b>	<b>1,190,690</b>	<b>(28,074)</b>	<b>5,408,279</b>
<b>Total Capital Assets</b>	<b>\$ 4,531,534</b>	<b>\$ 1,190,690</b>	<b>\$ (28,074)</b>	<b>\$ 5,694,150</b>
<b>Business-type activities:</b>				
Capital assets not being depreciated:				
Land	\$ 730	\$ -	\$ -	\$ 730
<b>Total Capital Assets not being depreciated</b>	<b>\$ 730</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 730</b>
Capital assets being depreciated:				
Buildings	\$ 19,174	\$ -	\$ -	\$ 19,174
Machinery and equipment	104,031	-	-	104,031
Utility property and improvements	4,205,509	-	-	4,205,509
<b>Total capital assets being depreciated</b>	<b>4,328,714</b>	<b>-</b>	<b>-</b>	<b>4,328,714</b>
Less accumulated depreciation for:				
Buildings	(19,174)	-	-	(19,174)
Machinery and equipment	(72,506)	-	(5,425)	(77,931)
Utility property and improvements	(973,366)	-	(81,498)	(1,054,864)
<b>Total accumulated depreciation</b>	<b>(1,065,046)</b>	<b>-</b>	<b>(86,923)</b>	<b>(1,151,969)</b>
<b>Total capital assets net of depreciation</b>	<b>3,263,668</b>	<b>-</b>	<b>(86,923)</b>	<b>3,176,745</b>
<b>Total Capital Assets</b>	<b>\$ 3,264,398</b>	<b>\$ -</b>	<b>\$ (86,923)</b>	<b>\$ 3,177,475</b>
<b>Total All Assets (net of depreciation)</b>	<b>\$ 7,795,932</b>	<b>\$ 1,190,690</b>	<b>\$ (114,997)</b>	<b>\$ 8,871,625</b>

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

**4. CAPITAL ASSETS (CONTINUED)**

**Allocation of Depreciation Expense**

Building and Parks Expense	\$	8,547
City Planning Expense		12,475
Police Expense		52,902
Municipal Court Expense		17,020
Sewer Expense		1,367
Supporting Services Expense		22,709
Library Department Expense		12,841
Infrastructure Expense		26,555
Total Depreciation Expense	\$	154,416

The adjustments are to reflect subdivisions and other capital improvements that were not included in prior years' capital assets.

**5. INTERFUND TRANSFERS AND BALANCES**

Transfers between funds of the government for the year ended June 30, 2010, were as follows:

	Transfers In	Transfers Out
Major Funds:		
Governmental:		
General Fund	\$ -	\$ 41,000
Street Tax, Transportation and Storm Drainage	-	2,000
Business-Type:		
Water Fund	-	139,000
Water Systems Capital Improvement	134,000	-
Non-Major Fund:		
Governmental:		
Vehicle & Equipment	48,000	-
	\$ 182,000	\$ 182,000

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

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

**6. LONG-TERM DEBT**

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

SAFE DRINKING WATER REVOLVING LOAN

For Year Ending June 30, 2010

Fiscal Year	Annual Debt Service		Total
	Principal	Interest	
2010-11	\$ 76,002	\$ 58,329	\$ 134,331
2011-12	78,943	55,388	134,331
2012-13	81,999	52,333	134,332
2013-14	85,172	49,160	134,332
2014-15	88,468	45,864	134,332
2015-20	496,425	175,235	671,660
2020-25	600,211	71,446	671,657
Balance	\$ 1,507,220	\$ 507,755	\$ 2,014,975

The following is a summary of changes in long-term debt for the year ended June 30, 2010:

	LOAN ACTIVITY				
	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
URA	\$ 131,434	\$ -	\$ 525	\$ 130,909	\$ 366
Total Loan Activity	\$ 131,434	\$ -	\$ 525	\$ 130,909	\$ 366
Business-Type Activities:					
Safe Drinking Water	\$ 1,580,391	\$ -	\$ 73,171	\$ 1,507,220	\$ 76,002
Total Loan Activity	\$ 1,580,391	\$ -	\$ 73,171	\$ 1,507,220	\$ 76,002
Total All Loan Activity	\$ 1,711,825	\$ -	\$ 73,696	\$ 1,638,129	\$ 76,368

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

**6. LONG-TERM DEBT (CONTINUED)**

Urban Renewal District Loan

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

**Urban Renewal District-Land Acquisition**

Fiscal Year	Annual Debt Service		Total
	Principal	Interest	
2010-11	\$ 366	\$ 5,634	\$ 6,000
2011-12	367	5,633	6,000
2012-13	398	5,602	6,000
2013-14	129,778	3,750	133,528
Balance	<u>\$ 130,909</u>	<u>\$ 20,619</u>	<u>\$ 151,528</u>

**Urban Renewal district Loan Summary-Principal**

	Beginning Balance	Paid	Ending Balance	Due Within One Year	Due After One Year
Columbia Community Bank	<u>\$ 131,434</u>	<u>\$ 525</u>	<u>\$ 130,909</u>	<u>\$ 366</u>	<u>\$ 130,543</u>

**Total Loan Activity (Including Interest to be Paid)**

	Beginning Balance	Principal Paid	Interest Paid	Total Payments	Ending Balance
Columbia Community Bank	<u>\$ 157,613</u>	<u>\$ (525)</u>	<u>\$ (5,560)</u>	<u>\$ (6,085)</u>	<u>\$ 151,528</u>

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

---

**7. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS**

**A. PLAN DESCRIPTION**

There is participation in the Oregon Public Employees Retirement System ("PERS"), an agent multiple-employer public employee retirement system established under Oregon Revised Statutes 238.600 that acts as a common investment and administrative agent for public employers in the State of Oregon. PERS is a defined benefit pension plan that provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and their beneficiaries. Benefits are established by state statute.

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

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

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

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

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

Members of PERS are required to contribute 6.0% of their salary covered under the plan, which is invested in the OPSRP individual Account Program. Currently, the City pays the member required contribution. The contribution rate was determined as part of a December 31, 2001 actuarial evaluation, and subsequent revisions. The contribution rates for plan members are established by ORS Chapter 238 and may be amended by an act of the Oregon Legislature. The rate effective July 1, 2009 is 7.05% of salary covered under the plan for Tier 1 and Tier 2 employees (PERS) and 7.07% for employees covered under the Oregon Public Services Retirement Plan (OPSRP). The contributions to the plan for the years ending June 30, 2010 and 2009 were \$82,419 and \$109,029, respectively, and were equal to the required contributions for each year.

The actuary has determined that there is no implicit rate subsidy to recognize under GASB 45.

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

---

**8. PROPERTY TAX LIMITATIONS**

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

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

**9. RISK MANAGEMENT**

There is exposure to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Commercial insurance is purchased to minimize exposure to these risks. Settled claims have not exceeded this commercial coverage for the last three years.

**10. CONTINGENCIES**

**A. GRANT PROGRAM INVOLVEMENT**

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

**B. LITIGATION**

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

**C. COMMITMENTS**

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

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

---

**11. PRIOR PERIOD ADJUSTMENT**

A prior period adjustment in the amount of \$1,190,690 was made to the beginning net assets of the governmental activities in the Statement of Activities – Modified Cash Basis. This adjustment was made to correctly report capital assets as a result of subdivisions and other capital improvements that were not included in prior years' capital assets.

**12. RESTATEMENT**

The financial statements were restated in the current year due to the Urban Renewal Agency being presented as a blended component unit rather than a discretely presented component unit. The URA shares the same governing body as the city, so it meets the criteria to be presented as a blended component unit. In prior years, it was presented as a discretely presented component unit, so the financial statements must be restated in the current year to account for this change.

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

**REQUIRED SUPPLEMENTARY INFORMATION**

This Page Intentionally Left Blank

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

**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE-CASH BASIS  
ACTUAL AND BUDGET  
For the Year Ended June 30, 2010**

	<u>GENERAL FUND</u>			VARIANCE
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	POSITIVE -NEGATIVE
RECEIPTS:				
Property Taxes - Current	\$ 294,728	\$ 294,728	\$ 296,673	\$ 1,945
Property Taxes - Delinquent	2,000	2,000	8,486	6,486
Licenses/Permits/Fees	304,500	304,500	219,837	(84,663)
Intergovernmental	51,918	51,918	47,615	(4,303)
Fines and Forfeitures	410,400	410,400	290,169	(120,231)
Interest on Investments	15,000	15,000	5,791	(9,209)
Grants	218,909	218,909	104,659	(114,250)
Urban Renewal Dist. Reimbursements	31,220	31,220	23,328	(7,892)
Miscellaneous	<u>25,177</u>	<u>25,177</u>	<u>31,874</u>	<u>6,697</u>
<b>Total Receipts</b>	<b>\$ 1,353,852</b>	<b>\$ 1,353,852</b>	<b>\$ 1,028,432</b>	<b>\$ (325,420)</b>

Continued on page - 31 -

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

**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE-CASH BASIS  
ACTUAL AND BUDGET  
For the Year Ended June 30, 2010**

	<u>GENERAL FUND</u>			VARIANCE POSITIVE -NEGATIVE
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
<b>DISBURSEMENTS:</b>				
<b>Building and Park</b>				
Personal Services	\$ 47,686	\$ 47,686 (1)	\$ 44,851	\$ 2,835
Materials and Services:	21,975	21,975 (1)	14,789	-
Total Building and Park	<u>69,661</u>	<u>69,661</u>	<u>59,640</u>	<u>2,835</u>
<b>City Planning</b>				
Personal Services	63,988	63,988 (1)	60,471	3,517
Materials and Services	289,150	289,150 (1)	33,288	255,862
Total City Planning	<u>353,138</u>	<u>353,138</u>	<u>93,759</u>	<u>259,379</u>
<b>Police Department</b>				
Personal Services	295,544	295,544 (1)	224,736	70,808
Materials and Services	189,207	189,207 (1)	131,598	57,609
Capital Outlay	14,237	15,806 (1)	9,593	6,213
Total Police Department	<u>498,988</u>	<u>500,557</u>	<u>365,927</u>	<u>134,630</u>
<b>Municipal Court</b>				
Personal Services	92,248	92,248 (1)	78,096	14,152
Materials and Services	108,600	114,600 (1)	48,841	65,759
Capital Outlay	6,000	6,000 (1)	6,000	-
Total Municipal Court	<u>206,848</u>	<u>212,848</u>	<u>132,937</u>	<u>79,911</u>
<b>Sewer Administration</b>				
Personal Services	7,826	7,826 (1)	7,769	57
Materials and Services	3,000	3,000 (1)	2,909	91
Total Sewer Administration	<u>10,826</u>	<u>10,826</u>	<u>10,678</u>	<u>148</u>
<b>Finance and Administration Services</b>				
Personal Services	89,462	89,462 (1)	84,641	4,821
Materials and Services	114,030	128,701 (1)	74,597	54,104
Contingency	82,549	43,959 (1)	-	43,959
Capital Outlay	47,880	46,311 (1)	18,129	28,182
Total Finance and Administration Services	<u>333,921</u>	<u>308,433</u>	<u>177,367</u>	<u>131,066</u>
<b>Library Department</b>				
Personal Services	75,804	92,723 (1)	66,135	26,588
Materials and Services	32,780	33,780 (1)	31,374	2,406
Capital Outlay	5,886	5,886 (1)	2,784	3,102
Total Library Department	<u>114,470</u>	<u>132,389</u>	<u>100,293</u>	<u>32,096</u>
Total Disbursements	<u>1,587,852</u>	<u>1,587,852</u>	<u>940,601</u>	<u>426,105</u>
Excess of Receipts Over, -Under Disbursements	(234,000)	(234,000)	87,831	321,831
Other Financing Sources, -Uses:				
Transfers Out	(71,000)	(71,000) (1)	(41,000)	30,000
Total Other Financing Sources, -Uses	<u>(71,000)</u>	<u>(71,000)</u>	<u>(41,000)</u>	<u>30,000</u>
Net Change in Fund Balance	(305,000)	(305,000)	46,831	351,831
Beginning Fund Balance	905,000	905,000	905,041	41
Ending Fund Balance	<u>\$ 600,000</u>	<u>\$ 600,000</u>	<u>\$ 951,872</u>	<u>\$ 351,872</u>

(1) Appropriation Level

CITY OF NORTH PLAINS  
WASHINGTON COUNTY, OREGON

SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE-CASH BASIS  
ACTUAL AND BUDGET  
For the Year Ended June 30, 2010

STREET TAX, TRANSPORTATION AND STORM DRAINAGE FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE -NEGATIVE
<b>RECEIPTS:</b>				
Charges for Services	\$ 262,060	\$ 262,060	\$ 50,972	\$ (211,088)
Intergovernmental	123,586	123,586	113,869	(9,717)
Interest on Investments	5,000	5,000	2,512	(2,488)
Grants	265,000	265,000	48,124	(216,876)
Miscellaneous	1,000	1,000	1,950	950
<b>Total Receipts</b>	<b>656,646</b>	<b>656,646</b>	<b>217,427</b>	<b>(439,219)</b>
<b>DISBURSEMENTS:</b>				
<b>Street Tax</b>				
Personal Services	68,780	68,780 (1)	54,269	14,511
Materials and Services	72,330	72,330 (1)	37,727	34,603
Capital Outlay	847	847 (1)	477	370
Contingency	14,000	14,000 (1)	-	14,000
<b>Total Street Tax</b>	<b>155,957</b>	<b>155,957</b>	<b>92,473</b>	<b>63,484</b>
<b>Transportation and Storm Drainage</b>				
Personal Services	10,272	10,272 (1)	9,580	692
Materials and Services	129,300	129,300 (1)	27,628	101,672
Capital Outlay	830,117	830,117 (1)	77,726	752,391
<b>Total Transportation and Storm Drainage</b>	<b>969,689</b>	<b>969,689</b>	<b>114,934</b>	<b>854,755</b>
<b>Total Disbursements</b>	<b>1,125,646</b>	<b>1,125,646</b>	<b>207,407</b>	<b>918,239</b>
Excess of Receipts, Over-Under Disbursements	(469,000)	(469,000)	10,020	479,020
<b>Other Financing Sources, -Uses:</b>				
Transfers Out	(2,000)	(2,000) (1)	(2,000)	-
<b>Total Other Financing Sources, -Uses</b>	<b>(2,000)</b>	<b>(2,000)</b>	<b>(2,000)</b>	<b>-</b>
<b>Net Change In Fund Balance</b>	<b>(471,000)</b>	<b>(471,000)</b>	<b>8,020</b>	<b>479,020</b>
<b>Beginning Fund Balance</b>	<b>506,000</b>	<b>506,000</b>	<b>505,348</b>	<b>(652)</b>
<b>Ending Fund Balance</b>	<b>\$ 35,000</b>	<b>\$ 35,000</b>	<b>\$ 513,368</b>	<b>\$ 478,368</b>

(1) Appropriation Level

CITY OF NORTH PLAINS  
WASHINGTON COUNTY, OREGON

SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE-CASH BASIS  
 ACTUAL AND BUDGET  
 For the Year Ended June 30, 2010

TRAFFIC IMPACT FEES FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE -NEGATIVE</u>
<b>RECEIPTS:</b>				
Interest	\$ 4,000	\$ 4,000	\$ 2,099	\$ (1,901)
Total Receipts	<u>4,000</u>	<u>4,000</u>	<u>2,099</u>	<u>(1,901)</u>
<b>DISBURSEMENTS:</b>				
Personal Services	26,424	26,424 (1)	25,286	1,138
Capital Outlay	<u>302,576</u>	<u>302,576 (1)</u>	<u>-</u>	<u>302,576</u>
Total Disbursements	<u>329,000</u>	<u>329,000</u>	<u>25,286</u>	<u>303,714</u>
Net Change in Fund Balance	(325,000)	(325,000)	(23,187)	301,813
Beginning Fund Balance	<u>325,000</u>	<u>325,000</u>	<u>325,341</u>	<u>341</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 302,154</u>	<u>\$ 302,154</u>

(1) Appropriation Level

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

This Page Intentionally Left Blank

CITY OF NORTH PLAINS  
WASHINGTON COUNTY, OREGON

SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE-CASH BASIS  
ACTUAL AND BUDGET  
For the Year Ended June 30, 2010

PARKS CAPITAL IMPROVEMENT FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE -NEGATIVE
<b>RECEIPTS:</b>				
Charges for Services	\$ 105,280	\$ 105,280	\$ 52,640	\$ (52,640)
Interest	5,000	5,000	2,030	(2,970)
Total Receipts	<u>110,280</u>	<u>110,280</u>	<u>54,670</u>	<u>(55,610)</u>
<b>DISBURSEMENTS:</b>				
Materials and Services	1,500	1,500 (1)	-	1,500
Capital Outlay	391,780	391,780 (1)	7,117	384,663
Total Disbursements	<u>393,280</u>	<u>393,280</u>	<u>7,117</u>	<u>386,163</u>
Net Change in Fund Balance	(283,000)	(283,000)	47,553	330,553
Beginning Fund Balance	<u>283,000</u>	<u>283,000</u>	<u>283,175</u>	<u>(175)</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 330,728</u>	<u>\$ 330,728</u>

(1) Appropriations Level

CITY OF NORTH PLAINS  
WASHINGTON COUNTY, OREGON

COMBINING BALANCE SHEET  
NON MAJOR GOVERNMENTAL FUNDS-CASH BASIS  
June 30, 2010

	SPECIAL REVENUE FUNDS			
	TRANSPORTATION DEVELOPMENT TAX	VEHICLE AND EQUIPMENT RESERVE	URBAN RENEWAL AGENCY	TOTAL
ASSETS:				
Cash and Cash Equivalents	\$ 36,918	\$ 96,502	\$ 57,789	\$ 191,209
Total Assets	<u>\$ 36,918</u>	<u>\$ 96,502</u>	<u>\$ 57,789</u>	<u>\$ 191,209</u>
LIABILITIES AND FUND BALANCES:				
Fund Balances:				
Restricted for Other Purposes	\$ 36,918	\$ 96,502	\$ 57,789	\$ 191,209
Total Liabilities and Fund Balances	<u>\$ 36,918</u>	<u>\$ 96,502</u>	<u>\$ 57,789</u>	<u>\$ 191,209</u>

CITY OF NORTH PLAINS  
WASHINGTON COUNTY, OREGON

COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES-CASH BASIS  
NON MAJOR GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2010

	SPECIAL REVENUE FUNDS			TOTAL NON-MAJOR GOVERNMENTAL FUNDS
	TRANSPORTATION DEVELOPMENT TAX	VEHICLE AND EQUIPMENT RESERVE	URBAN RENEWAL AGENCY	
<b>RECEIPTS:</b>				
Property Taxes	\$ -	\$ -	\$ 57,113	\$ 57,113
Intergovernmental	40,470	-	-	40,470
Licences, Permits & Fees	-	-	6,100	6,100
Interest	128	584	368	1,080
<b>Total Receipts</b>	<b>40,598</b>	<b>584</b>	<b>63,581</b>	<b>104,763</b>
<b>DISBURSEMENTS:</b>				
Materials and Services	-	21,977	-	21,977
Capital Outlay	3,680	-	-	3,680
Debt Services	-	-	29,328	29,328
<b>Total Disbursements</b>	<b>3,680</b>	<b>21,977</b>	<b>29,328</b>	<b>54,985</b>
Excess of Receipts Over, -Under Disbursements	36,918	(21,393)	34,253	49,778
Other Financing Sources, -Uses Transfers In	-	48,000	-	48,000
<b>Total Other Sources, -Uses</b>	<b>-</b>	<b>48,000</b>	<b>-</b>	<b>48,000</b>
<b>Net Change in Fund Balance</b>	<b>36,918</b>	<b>26,607</b>	<b>34,253</b>	<b>97,778</b>
<b>Beginning Fund Balances</b>	<b>-</b>	<b>69,895</b>	<b>23,536</b>	<b>93,431</b>
<b>Ending Fund Balances</b>	<b>\$ 36,918</b>	<b>\$ 96,502</b>	<b>\$ 57,789</b>	<b>\$ 191,209</b>

CITY OF NORTH PLAINS  
WASHINGTON COUNTY, OREGON

SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE-CASH BASIS  
ACTUAL AND BUDGET  
For the Year Ended June 30, 2010

TRANSPORTATION DEVELOPMENT TAX FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE -NEGATIVE
<b>RECEIPTS:</b>				
Intergovernmental	\$ 101,980	\$ 101,980	\$ 40,470	\$ (61,510)
Interest	200	200	128	(72)
Total Receipts	<u>102,180</u>	<u>102,180</u>	<u>40,598</u>	<u>(61,582)</u>
<b>DISBURSEMENTS:</b>				
Personal Services	700	700 (1)	-	700
Capital Outlay	101,480	101,480 (1)	3,680	97,800
Total Disbursements	<u>102,180</u>	<u>102,180</u>	<u>3,680</u>	<u>98,500</u>
Net Change in Fund Balance	-	-	36,918	36,918
Beginning Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36,918</u>	<u>\$ 36,918</u>

(1) Appropriations Level

CITY OF NORTH PLAINS  
WASHINGTON COUNTY, OREGON

SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE-CASH BASIS  
ACTUAL AND BUDGET  
For the Year Ended June 30, 2010

VEHICLE AND EQUIPMENT RESERVE FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE -NEGATIVE
<b>RECEIPTS:</b>				
Interest	\$ 714	\$ 714	\$ 584	\$ (130)
Total Receipts	714	714	584	(130)
<b>DISBURSEMENTS:</b>				
Capital Outlay	118,514	118,514 (1)	21,977	96,537
Total Disbursements	118,514	118,514	21,977	96,537
Excess of Receipts Over, -Under Disbursements	(117,800)	(117,800)	(21,393)	96,407
<b>Other Financing Sources, -Uses:</b>				
Transfers in	48,000	48,000	48,000	-
Total Other Sources, -Uses	48,000	48,000	48,000	-
Net Change in Fund Balance	(69,800)	(69,800)	26,607	96,407
Beginning Fund Balance	69,800	69,800	69,895	95
Ending Fund Balance	\$ -	\$ -	\$ 96,502	\$ 96,502

(1) Appropriations Level

CITY OF NORTH PLAINS  
WASHINGTON COUNTY, OREGON

SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE-CASH BASIS  
ACTUAL AND BUDGET  
For the Year Ended June 30, 2010

URBAN RENEWAL DISTRICT

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE -NEGATIVE
<b>RECEIPTS:</b>				
Taxes	\$ 40,100	\$ 40,100	\$ 57,113	\$ 17,013
Property Rental Fees	6,000	6,000	6,100	100
Interest	600	600	368	(232)
<b>Total Receipts</b>	<b>46,700</b>	<b>46,700</b>	<b>63,581</b>	<b>16,881</b>
<b>DISBURSEMENTS:</b>				
Capital Expenses	38,592	38,592 (1)	-	38,592
Debt Service	30,008	30,008 (1)	29,328	680
<b>Total Disbursements</b>	<b>68,600</b>	<b>68,600</b>	<b>29,328</b>	<b>39,272</b>
<b>Net Change in Fund Balance</b>	<b>(21,900)</b>	<b>(21,900)</b>	<b>34,253</b>	<b>(22,391)</b>
<b>Beginning Fund Balance</b>	<b>21,900</b>	<b>21,900</b>	<b>23,536</b>	<b>1,636</b>
<b>Ending Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 57,789</b>	<b>\$ 57,789</b>

(1) Appropriations Level

CITY OF NORTH PLAINS  
WASHINGTON COUNTY, OREGON

SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE-CASH BASIS  
ACTUAL AND BUDGET  
For the Year Ended June 30, 2010

<u>WATER FUND</u>				
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE -NEGATIVE
<b>RECEIPTS:</b>				
Charges for Services	\$ 766,900	\$ 766,900	\$ 745,368	\$ (21,532)
Interest	7,500	7,500	3,001	(4,499)
Miscellaneous	8,500	8,500	7,418	(1,082)
Total Receipts	<u>782,900</u>	<u>782,900</u>	<u>755,787</u>	<u>(27,113)</u>
<b>DISBURSEMENTS:</b>				
Personal Services	326,653	326,653 (1)	315,408	11,245
Materials and Services	317,442	323,042 (1)	214,894	108,148
Capital Outlay	56,102	56,920 (1)	5,582	51,338
Contingency	46,203	39,785 (1)	-	39,785
Total Disbursements	<u>746,400</u>	<u>746,400</u>	<u>535,884</u>	<u>210,516</u>
Excess of Receipts Over, -Under Disbursements	36,500	36,500	219,903	183,403
<b>Other Financing Sources, -Uses:</b>				
Transfers out	(139,000)	(139,000) (1)	(139,000)	-
Total Other Sources, -Uses	<u>(139,000)</u>	<u>(139,000)</u>	<u>(139,000)</u>	<u>-</u>
Net Change in Fund Balance	(102,500)	(102,500)	80,903	183,403
Beginning Fund Balance	410,000	410,000	463,760	53,760
Ending Fund Balance	<u>\$ 307,500</u>	<u>\$ 307,500</u>	<u>\$ 544,663</u>	<u>\$ 237,163</u>
<b>RECONCILIATION TO NET ASSETS:</b>				
Capital Assets, Net			3,177,475	
Bonds Payable			<u>(1,507,220)</u>	
<b>TOTAL NET ASSETS</b>			<u>\$ 2,214,918</u>	

(1) Appropriations Level

CITY OF NORTH PLAINS  
WASHINGTON COUNTY, OREGON

SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE-CASH BASIS  
ACTUAL AND BUDGET  
For the Year Ended June 30, 2010

WATER SYSTEMS IMPROVEMENT FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE -NEGATIVE
<b>RECEIPTS:</b>				
Charges for Service	\$ 207,140	\$ 207,140	\$ 69,861	\$ (137,279)
Interest	1,000	1,000	673	(327)
Total Receipts	<u>208,140</u>	<u>208,140</u>	<u>70,534</u>	<u>(137,606)</u>
<b>DISBURSEMENTS:</b>				
Materials and Services	139,342	139,342 (1)	26,546	112,796
Capital Outlay	57,466	57,466 (1)	9,538	47,928
Debt Service	134,332	134,332 (1)	134,332	-
Total Disbursements	<u>331,140</u>	<u>331,140</u>	<u>170,416</u>	<u>160,724</u>
Excess of Receipts Over, -Under Disbursements	(123,000)	(123,000)	(99,882)	23,118
<b>Other Financing Sources, -Uses:</b>				
Transfers In	134,000	134,000	134,000	-
Total Other Sources, -Uses	<u>134,000</u>	<u>134,000</u>	<u>134,000</u>	<u>-</u>
Net Change in Fund Balance	11,000	11,000	34,118	23,118
Beginning Fund Balance	<u>29,000</u>	<u>29,000</u>	<u>35,042</u>	<u>6,042</u>
Ending Fund Balance	<u>\$ 40,000</u>	<u>\$ 40,000</u>	<u>\$ 69,160</u>	<u>\$ 29,160</u>

(1) Appropriations Level

CITY OF NORTH PLAINS  
WASHINGTON COUNTY, OREGON

SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES  
OF TAXES UNCOLLECTED  
For The Year Ended June 30, 2010

<u>GENERAL FUND</u>						
TAX YEAR	ORIGINAL LEVY OR BALANCE UNCOLLECTED 7/01/09	DEDUCT DISCOUNTS	ADJUSTMENTS TO ROLLS	ADD INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED 6/30/10
<u>General Fund:</u>						
<b>CURRENT:</b>						
2009-10	\$ 314,890	\$ 7,917	\$ (883)	\$ 112	\$ 297,312	\$ 8,778
<b>PRIOR YEARS:</b>						
2008-09	9,080	(11)	(40)	370	5,746	3,304
2007-08	2,161	(4)	276	203	1,204	1,237
2006-07	702	(1)	180	140	588	296
2005-06	157	(1)	143	62	217	84
2004-05& Prior	253	(2)	49	34	50	254
Total Prior	12,353	(19)	608	809	7,805	5,175
Total All Funds	\$ 327,243	\$ 7,898	\$ (275)	\$ 921	\$ 305,117	\$ 13,953

RECONCILIATION OF REVENUE:

	<u>Revenue</u>
Per County Treasurer Above	\$ 305,117
Other Taxes	42
Total Fund Collections per Financial Statements	<u>\$ 305,159</u>

CITY OF NORTH PLAINS  
WASHINGTON COUNTY, OREGON

SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES  
OF TAXES UNCOLLECTED  
For The Year Ended June 30, 2010

URBAN RENEWAL AGENCY

TAX YEAR	ORIGINAL LEVY OR BALANCE UNCOLLECTED 7/01/09	DEDUCT DISCOUNTS	ADJUSTMENTS TO ROLLS	ADD INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED 6/30/10
<u>Urban Renewal Agency:</u>						
CURRENT:						
2009-10	\$ 57,850	\$ 1,454	\$ (162)	\$ 21	\$ 54,621	\$ 1,613
PRIOR YEARS:						
2008-09 & Prior	1,391	(2)	(3)	57	880	506
Total Prior	1,391	(2)	(3)	57	880	506
Total All Funds	<u>\$ 59,241</u>	<u>\$ 1,452</u>	<u>\$ (165)</u>	<u>\$ 78</u>	<u>\$ 55,501</u>	<u>\$ 2,119</u>

RECONCILIATION OF REVENUE:

	Revenue
Per County Treasurer Above	\$ 55,501
Other Taxes	1,612
Total Fund Collections per Financial Statements	<u>\$ 57,113</u>

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

**2009-2010 INDEPENDENT AUDITORS' REPORT  
REQUIRED BY OREGON STATE REGULATIONS**

This Page Intentionally Left Blank



# PAULY, ROGERS AND CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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

## Independent Auditors' Report Required by Oregon State Regulations

We have audited the basic financial statements of the City of North Plains as of and for the year ended June 30, 2010, and have issued our report thereon dated November 30, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

### Compliance

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

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

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

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

1. Items on the LB-2 form did not match the detailed budget sheet's adopted budget amounts for the Street Fund.

### OAR 162-10-0230 Internal Control

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

We noted matters involving the internal control structure and its operation that we consider to be significant deficiencies under standards established by the American Institute of Certified Public Accountants, which are noted in our management letter dated November 30, 2010.

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

*Pauly, Rogers and Co. P.C.*  
PAULY, ROGERS AND CO., P.C.