

CITY OF NORTH PLAINS

Washington County, Oregon

AUDITED FINANCIAL STATEMENTS

Year Ended June 30, 2009

CITY OF NORTH PLAINS

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June 30, 2009

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CITY OF NORTH PLAINS
Washington County, Oregon

CITY OFFICIALS

June 30, 2009

MAYOR

David Hatcher
PO Box 955
North Plains, Oregon 97133

TERM EXPIRES

December 31, 2012

COUNCIL

Teri Lenahan
30822 NW Brooking Ct
North Plains, Oregon 97133

December 31, 2012

Ana Singh-Gill
PO Box 608
North Plains, OR 97133

December 31, 2012

Aaron Johnson
31140 NW Hillcrest St
North Plains, Oregon 97133

December 31, 2010

Robert Kindel, Jr.
PO Box 136
North Plains, Oregon 97133

December 31, 2012

Ed Andrienas
11161 NW Ridgeview Pl
North Plains, Oregon 97133

December 31, 2010

Charlynn Newton
10260 NW 313th Ave
North Plains, Oregon 97133

December 31, 2010

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

DENNIS R. CONNER

Certified Public Accountant

365 South Nehalem

P. O. Box 1078

Clatskanie, Oregon 97016

INDEPENDENT AUDITOR'S REPORT

The Honorable David Hatcher, Mayor
and Members of the City Council
CITY OF NORTH PLAINS
North Plains, Oregon 97138

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 (the City) as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. My responsibility is to express opinions on these financial statements based on my audit.

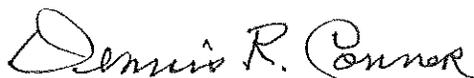
Except as discussed in the following paragraph, I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinions.

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

In my 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 as of June 30, 2009, and the respective changes in financial position-modified cash basis and cash flows-cash basis thereof for the year then ended in conformity with the basis of accounting described in Note 1.

The Management's Discussion and Analysis starting on page 3 and the major fund budgetary comparison information starting on page 25 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America (GAAP). I 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, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining statements and individual budgetary comparison schedules for the non-major funds and the schedule of property tax transactions are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole on the basis of accounting described in Note 1.



Dennis R. Conner
Certified Public Accountant
December 15, 2009

CITY OF NORTH PLAINS, OREGON

Management Discussion and Analysis June 30, 2009

CONSOLIDATED FINANCIAL INFORMATION Modified Cash Basis

	<u>June 30, 2008</u>	<u>June 30, 2009</u>	<u>Increase (Decrease)</u>
Cash and cash equivalents	\$ 2,393,331	\$ 2,587,602	\$ 194,271
Capital assets, net of depreciation	<u>7,794,740</u>	<u>7,638,112</u>	<u>(156,628)</u>
Total assets	10,188,071	10,225,714	37,643
Liabilities - Bonds Payable	<u>1,731,632</u>	<u>1,580,391</u>	<u>(151,241)</u>
Total net assets	<u>\$ 8,456,439</u>	<u>\$ 8,645,323</u>	<u>\$ 188,884</u>
	<u>Fiscal Year Ended June 30, 2008</u>	<u>Fiscal Year Ended June 30, 2009</u>	<u>Increase (Decrease)</u>
Property taxes	\$ 289,239	\$ 294,841	\$ 5,602
Charges for services	667,197	781,427	114,230
Intergovernmental	137,457	133,132	(4,325)
Fines & Forfeitures	373,994	320,156	(53,838)
Licenses & Permits	313,782	280,190	(33,592)
Interest	61,630	39,233	(22,397)
Assessments	182,358	-	(182,358)
URD Reimbursements	7,300	17,400	10,100
Grants	53,889	96,720	42,831
Miscellaneous	90,600	163,568	72,968
Total Revenues	<u>2,177,446</u>	<u>2,126,667</u>	<u>(50,779)</u>
Operating Expenses	(2,067,506)	(1,717,072)	350,434
New Assets less Depreciation	490,885	(156,628)	(647,513)
Interest on Debt	(74,405)	(64,083)	10,322
Total expenses	<u>(1,651,026)</u>	<u>(1,937,783)</u>	<u>(286,757)</u>
Increase (decrease) in assets	<u>\$ 526,420</u>	<u>\$ 188,884</u>	<u>\$ (337,536)</u>

MANAGEMENTS DIRECT COMMENTS: City management oversees operation of water distribution, streets, parks, land use planning, police, municipal court and general personnel needed to provide these services to the citizens. During fiscal year 2008-09 these operational services were continued at the same level as last year.

Hard economic times are being felt by everyone. Statistics predict cities and counties will not feel the effects of the economic hardships for two to four years. 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 2008-09 city budget was \$5,342,471. Beginning cash balances from all funds equaled \$2,412,946. During the year \$2,301,905 in revenues were received and \$2,074,293 expended, leaving a cash forward of \$2,640,561 for fiscal year 2009-10.

Major differences in the adopted budget and actual figures account for the fact that 74% of the projected revenues were received and only 32% of the proposed expenditures were utilized.

RESULTS OF OPERATIONS: Capital expenses throughout the entire budget included a security system installed at city hall, library and community hall storage area; purchase of a phone system with voice mail capabilities; time payments on upgrade of financial and water billing software; leased copy machines; replacement of police vehicle computer software; water rate methodology study; and payments for leased police vehicles.

Scheduled transfers from general, street and water funds were \$141,900. 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>2007-08</u>	<u>2008-09</u>	<u>% Inc/Decrease</u>
Payroll	\$ 950,097	\$964,709	1.5 % Inc.
Materials & Services	833,487	688,524	17.3% Dec.
Capital Outlay	351,223	91,141	74.0 % Dec.
Debt Service Pmts.	299,900	215,312	28.2% Dec.

Payroll increases were only 1.5% 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 strives to hold premium costs down as much as possible. There were slight increases in this fiscal year.

Materials & services costs were reduced 17.3% due to close supervision by departments and the City Manager.

SIGNIFICANT CAPITAL ASSETS: Capital outlays were decreased by 74%. The City purchased a security system and a phone system with voice mail. Payments on the financial and water billing software upgrade and the copier leases are continued. Police car computer equipment was upgraded to meet new technology standards. This ensures the police staff are using quality, safe equipment in the execution of their police duties.

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

The proposed 2009-10 budget is approximately 10% less than last year. The only project planned is the 314th culvert project and FEMA has agreed to provide a grant to cover a portion of the costs. Only previous lease payments (copiers, software upgrades and police vehicles) are planned.

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

URBAN RENEWAL AGENCY: The Agency received \$43,312 in tax increment revenue, earned \$661 in interest, and \$2,196 in property rental fees. During the year the Agency purchased property for the amount of \$157,820 to be paid at \$500 per month for a period of five years. The amount expended this year was \$26,070 for the property down payment, and \$2,000 in loan payments. The property is rented out for \$500 per month, which covers the monthly property payment. The Agency reimbursed the City \$17,400 for administrative expenses during the year.

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; Don@northplains.org

CITY OF NORTH PLAINS

Washington County, Oregon

STATEMENT OF NET ASSETS-MODIFIED CASH BASIS

June 30, 2009

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>Urban Renewal Agency</u>
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 2,088,800	\$ 498,802	\$ 2,587,602	\$ 23,536
Deposit Account	3,689		3,689	
Capital Assets (Note 3B):				
Land	128,051	730	128,781	157,820
Other Capital Assets, Net of Depreciation	<u>4,245,663</u>	<u>3,263,668</u>	<u>7,509,331</u>	
Total Assets	<u>6,466,203</u>	<u>3,763,200</u>	<u>10,229,403</u>	<u>181,356</u>
 <u>LIABILITIES</u>				
Refundable Deposits	3,689		3,689	
Bond Payments:				
Due in One Year	-	73,171	73,171	333
Due in More Than One Year	<u>-</u>	<u>1,507,220</u>	<u>1,507,220</u>	<u>131,101</u>
Total Liabilities	<u>3,689</u>	<u>1,580,391</u>	<u>1,584,080</u>	<u>131,434</u>
 <u>NET ASSETS</u>	 <u>\$ 6,462,514</u>	 <u>\$ 2,182,809</u>	 <u>\$ 8,645,323</u>	 <u>\$ 49,922</u>
 Invested in Capital Assets, Net of Related Debt	 4,373,714	 1,684,007	 6,057,721	 26,386
Restricted For:				
Debt Service	-	-	-	
Other Purposes	1,183,759	498,802	1,682,561	23,536
Unrestricted	<u>905,041</u>	<u>-</u>	<u>905,041</u>	<u>-</u>
Total Net Assets	<u>\$ 6,462,514</u>	<u>\$ 2,182,809</u>	<u>\$ 8,645,323</u>	<u>\$ 49,922</u>

See Notes to Financial Statements

CITY OF NORTH PLAINS

Washington County, Oregon

STATEMENT OF ACTIVITIES-MODIFIED CASH BASIS

Year Ended June 30, 2009

	Program (Expenses)/Revenues				Net Expense and Changes in Net Assets			Component Unit
	New Assets Less Depr.	Cash Expenses	Charges For Services	Grants	Governmental Activities	Business Activities	Total	
PRIMARY GOVERNMENT								
<u>Government Activities</u>								
Building and Parks	(4,399)	\$ (81,941)	\$ -	\$ -	\$ (86,340)		\$ (86,340)	\$ -
City Planning		(112,034)	-	-	(112,034)		(112,034)	
Police	(7,177)	(376,657)	-	-	(383,834)		(383,834)	
Municipal Court		(136,405)	-	-	(136,405)		(136,405)	
Sewer		(10,373)	-	-	(10,373)		(10,373)	
Supporting Services	27,252	(190,067)	-	-	(162,815)		(162,815)	
Library Department		(89,017)	-	96,720	7,703		7,703	
Infrastructure	(88,223)	(140,638)	56,144	-	(172,718)		(172,718)	
	<u>(72,547)</u>	<u>(1,137,133)</u>	<u>56,144</u>	<u>96,720</u>	<u>(1,056,816)</u>		<u>(1,056,816)</u>	
<u>Business-Type Activities</u>								
Water	(84,081)	(579,939)	725,283	-		61,263	61,263	
Interest on Long Term Debt		(64,083)	-	-		(64,083)	(64,083)	
Total	<u>(84,081)</u>	<u>(644,022)</u>	<u>725,283</u>	<u>0</u>		<u>(2,820)</u>	<u>(2,820)</u>	
<u>Component Unit</u>								
Urban Renewal		(17,400)						(17,400)
Interest on Long Term Debt		(1,684)						(1,684)
								<u>(19,084)</u>
<u>General Revenue</u>								
Taxes					294,841	-	294,841	43,312
Intergovernmental					133,132	-	133,132	
Fines and Forfeitures					320,156	-	320,156	
License and Permits					280,190	-	280,190	
Interest					39,233	-	39,233	661
Urban Renewal District Reimbursements					17,400	-	17,400	
Miscellaneous					143,870	19,698	163,568	2,196
Net Funds Transfer					10,000	(10,000)	-	
Total					<u>1,238,822</u>	<u>9,698</u>	<u>1,248,520</u>	<u>46,169</u>
<u>CHANGE IN NET ASSETS</u>					182,006	6,878	188,884	27,085
<u>NET ASSETS, July 1, 2008</u>					<u>6,280,508</u>	<u>2,175,931</u>	<u>8,456,440</u>	<u>22,837</u>
<u>NET ASSETS, June 30, 2009</u>					<u>\$ 6,462,514</u>	<u>\$ 2,182,809</u>	<u>\$ 8,645,323</u>	<u>\$ 49,922</u>

See Notes to Financial Statements

CITY OF NORTH PLAINS

Washington County, Oregon

BALANCE SHEET - MODIFIED CASH BASIS

GOVERNMENTAL FUNDS

June 30, 2009

	<u>General Fund</u>	<u>State Tax, Transportation and Storm Drainage Fund</u>	<u>Traffic Impact Fees Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
ASSETS					
Cash and Cash Equivalents	<u>\$ 905,041</u>	<u>\$ 505,348</u>	<u>\$ 325,341</u>	<u>\$ 353,070</u>	<u>\$ 2,088,800</u>
LIABILITIES AND FUND BALANCES					
Fund Balances:					
Reserved	-	505,348	325,341	-	830,689
Unreserved	905,041	-	-	-	905,041
Reserved, non-major government funds	-	-	-	353,070	353,070
Total	<u>905,041</u>	<u>505,348</u>	<u>325,341</u>	<u>353,070</u>	<u>2,088,800</u>
Total Liabilities and Fund Balances	<u>\$ 905,041</u>	<u>\$ 505,348</u>	<u>\$ 325,341</u>	<u>\$ 353,070</u>	<u>\$ 2,088,800</u>

Reconciliation to Statement of Net Assets

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

Capital assets used in governmental activities net of accumulated depreciation are not financial resources and, therefore, are not reported in the funds.

4,373,714

Capital debt obligations payable are not due and payable in the current period and therefore are not reported in the funds.

-

Net assets of governmental activities

\$ 6,462,514

See Notes to Financial Statements

CITY OF NORTH PLAINS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS

GOVERNMENTAL FUNDS

Year Ended June 30, 2009

	General	State Tax, Transportation and Storm Drainage	Traffic Impact Fees	Other Governmental	Total
REVENUE					
Taxes	\$ 294,841	\$ -	\$ -	\$ -	\$ 294,841
Charges for Services	-	40,352	-	15,792	56,144
Licenses, Permits, & Fees	280,190				280,190
Intergovernmental	52,503	80,629			133,132
Fines and Forfeitures	320,156	-	-	-	320,156
Interest	14,764	7,359	17,110	-	39,233
Grants	96,720				96,720
Urban Renewal Dist. Reimbursements	17,400				17,400
Miscellaneous	127,092	1,118	6,583	9,077	143,870
Total	<u>1,203,666</u>	<u>129,458</u>	<u>23,693</u>	<u>24,869</u>	<u>1,381,686</u>
EXPENDITURES					
Building and Parks	59,797	-	-	22,145	81,941
City Planning	112,034	-	-	-	112,034
Police	351,481	-	-	25,177	376,657
Municipal Court	136,405	-	-	-	136,405
Sewer	10,373	-	-	-	10,373
Supporting Services	190,067	-	-	-	190,067
Library Department	89,017	-	-	-	89,017
Streets	-	112,621	28,018	-	140,638
Total	<u>949,173</u>	<u>112,621</u>	<u>28,018</u>	<u>47,322</u>	<u>1,137,133</u>
EXCESS OF REVENUES OVER EXPENDITURES	254,493	16,837	(4,325)	(22,453)	244,553
OTHER FINANCING SOURCES [USES]					
Transfers In	-	-	-	54,000	54,000
Transfers Out	(43,000)	(1,000)	-	-	(44,000)
INCREASE TO FUND BALANCES	211,493	15,837	(4,325)	31,547	254,553
FUND BALANCES, July 1, 2008	693,547	489,511	329,666	321,523	1,834,247
FUND BALANCES, June 30, 2009	<u>\$ 905,041</u>	<u>\$ 505,348</u>	<u>\$ 325,341</u>	<u>\$ 353,070</u>	<u>\$ 2,088,800</u>

Reconciliation to Statement of Activities:

Net change in fund balances - total governmental funds \$ 254,553

Amounts reported for governmental activities in the Statement of Activities is different because:

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:

Capital assets purchased	32,706
Capital assets transferred to Water Fund	-
Depreciation expense	<u>(105,253)</u>
	<u>(72,547)</u>

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term debt in the Statement of Assets:

Debt obligation	<u>-</u>
-----------------	----------

Change in net assets of governmental activities \$ 182,006

See Notes to Financial Statements

CITY OF NORTH PLAINS

Washington County, Oregon

STATEMENT OF NET ASSETS-MODIFIED CASH BASIS

PROPRIETARY FUNDS

June 30, 2009

	<u>Water Fund</u>	<u>Water Systems Capital Improvement Fund</u>	<u>LID Assessment Fund</u>	<u>Total</u>
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 463,760	\$ 35,042	\$ -	\$ 498,802
Capital Assets (Note 3B):				
Land	730	-	-	730
Other Capital Assets, Net of Depreciation	<u>3,263,668</u>	<u>-</u>	<u>-</u>	<u>3,263,668</u>
Total Assets	<u>3,728,158</u>	<u>35,042</u>	<u>-</u>	<u>3,763,200</u>
<u>LIABILITIES</u>				
Long-term Liabilities (Note 3D):				
Due in One Year	73,171	-	-	73,171
Due in More Than One Year	<u>1,507,220</u>	<u>-</u>	<u>-</u>	<u>1,507,220</u>
Total Liabilities	<u>1,580,391</u>	<u>-</u>	<u>-</u>	<u>1,580,391</u>
<u>NET ASSETS</u>				
Invested in Capital Assets, Net of Related Debt	1,684,007	-	-	1,684,007
Restricted for:				
Debt Service	-	-	-	-
Other Purposes	463,760	35,042	-	498,802
Unrestricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Net Assets	<u>\$ 2,147,767</u>	<u>\$ 35,042</u>	<u>\$ -</u>	<u>\$ 2,182,809</u>

See Notes to Financial Statements

CITY OF NORTH PLAINS

Washington County, Oregon

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN

NET ASSETS-MODIFIED CASH BASIS

PROPRIETARY FUNDS

Year Ended June 30, 2009

	<u>Water Fund</u>	<u>Water Systems Capital Improvement Fund</u>	<u>LID Assessment Fund</u>	<u>Total</u>
<u>OPERATING REVENUES</u>				
Water Sales Receipts	<u>\$ 708,040</u>	<u>\$ 17,243</u>	<u>\$ -</u>	<u>\$ 725,283</u>
<u>OPERATING EXPENSES</u>				
Water Expenses Paid	<u>549,250</u>	<u>13,339</u>	<u>12,249</u>	<u>574,838</u>
Depreciation Expense	<u>89,182</u>	<u>-</u>	<u>-</u>	<u>89,182</u>
Total	<u>638,432</u>	<u>13,339</u>	<u>12,249</u>	<u>664,020</u>
<u>OPERATING INCOME</u>	<u>69,608</u>	<u>3,904</u>	<u>(12,249)</u>	<u>61,263</u>
<u>NON-OPERATING REVENUES (EXPENSES)</u>				
Miscellaneous Receipts and Interest Income	<u>17,780</u>	<u>1,919</u>	<u>-</u>	<u>19,698</u>
Interest Paid on Capital Debt	<u>-</u>	<u>(63,887)</u>	<u>(196)</u>	<u>(64,083)</u>
Principal Paid on Debt for Water Fund	<u>151,239</u>	<u>(70,444)</u>	<u>(80,794)</u>	<u>-</u>
Capital Assets Purchased by Water System	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Transfer to Water Systems Improvement	<u>(87,900)</u>	<u>87,900</u>	<u>-</u>	<u>-</u>
Transfer to Vehicle and Equipment Fund	<u>(10,000)</u>	<u>-</u>	<u>-</u>	<u>(10,000)</u>
Total Non-Operating Revenue (Expenses)	<u>71,118</u>	<u>(44,513)</u>	<u>(80,990)</u>	<u>(54,385)</u>
<u>CHANGE IN NET ASSETS</u>	<u>140,726</u>	<u>(40,609)</u>	<u>(93,239)</u>	<u>6,878</u>
<u>NET ASSETS, July 1, 2008</u>	<u>2,007,041</u>	<u>75,651</u>	<u>93,239</u>	<u>2,175,931</u>
<u>NET ASSETS, June 30, 2009</u>	<u>\$ 2,147,767</u>	<u>\$ 35,042</u>	<u>\$ (0)</u>	<u>\$ 2,182,809</u>

See Notes to Financial Statements

CITY OF NORTH PLAINS

Washington County, Oregon

STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS

PROPRIETARY FUNDS

Year Ended June 30, 2009

	<u>Water Fund</u>	<u>Water Systems Capital Improvement Fund</u>	<u>LID Assessment Fund</u>	<u>Total</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>				
Receipts From Customers	\$ 708,040	\$ 17,243	\$ -	\$ 725,283
Payment to Suppliers	(225,881)	(13,339)	(12,249)	(251,470)
Payments to Employees	(323,369)	-	-	(323,369)
Net Cash Provided by Operating Activities	<u>158,790</u>	<u>3,904</u>	<u>(12,249)</u>	<u>150,445</u>
<u>CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES</u>				
Grant Receipts	-	-	-	-
Transfers from Other Funds	-	87,900	-	87,900
Transfers to Other Funds	(97,900)	-	-	(97,900)
Net Cash Provided by (Used In) Financing Activities	<u>(97,900)</u>	<u>87,900</u>	<u>-</u>	<u>(10,000)</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>				
Purchase of Capital Assets	(5,101)	-	-	(5,101)
New Debt Issuance	-	-	-	-
Principal Paid on Debt	-	(70,444)	(80,794)	(151,239)
Interest Paid on Debt	-	(63,887)	(196)	(64,083)
Net Cash Provided by (Used In) Capital and Related Financing Activities	<u>(5,101)</u>	<u>(134,332)</u>	<u>(80,990)</u>	<u>(220,422)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>				
Interest and Other Receipts	<u>17,780</u>	<u>1,919</u>	<u>-</u>	<u>19,698</u>
Net Cash Provided by Investing Activities	<u>17,780</u>	<u>1,919</u>	<u>-</u>	<u>19,698</u>
<u>NET INCREASE IN CASH AND CASH EQUIVALENTS</u>	<u>73,569</u>	<u>(40,609)</u>	<u>(93,239)</u>	<u>(60,279)</u>
<u>CASH BALANCE, Beginning</u>	<u>390,191</u>	<u>75,651</u>	<u>93,239</u>	<u>559,081</u>
<u>CASH BALANCE, Ending</u>	<u>\$ 463,760</u>	<u>\$ 35,042</u>	<u>\$ -</u>	<u>\$ 498,802</u>
<u>Reconciliation of operating income to net cash provided by operating activities:</u>				
Operating Income	\$ 69,608	\$ 3,904	\$ (12,249)	\$ 61,263
Adjustment to reconcile operating income to cash provided by operating activities: Depreciation Expense	<u>89,182</u>	<u>-</u>	<u>-</u>	<u>89,182</u>
Net cash provided by operating activities	<u>\$ 158,790</u>	<u>\$ 3,904</u>	<u>\$ (12,249)</u>	<u>\$ 150,445</u>

See Notes to Financial Statements

CITY OF NORTH PLAINS, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2009

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 1.C, 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.

1A FINANCIAL REPORTING ENTITY

The City's financial reporting entity is composed of the following:

Primary Government: CITY OF NORTH PLAINS

In determining the financial reporting entity, the City complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*.

The City established the North Plains Urban Renewal Agency (the Agency) in 2006 in compliance with ORS Chapter 457. Based on the above action, the Agency is a component unit of the City of North Plains. Although it is legally separate from the city, but because of the significance of its financial relationship with the City, the Agency is included as if it were a part of the reporting entity in the financial statements as a component unit of the City.

1B 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 three major categories: government, proprietary and fiduciary. The City has no fiduciary funds. 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.

The funds of the financial reporting entity are described below:

GOVERNMENTAL FUNDS

The *General Fund* is the primary operating fund of the City and 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 of the City. The reporting entity includes the following special revenue funds:

<u>Fund</u>	<u>Brief Description</u>
Parks Capital Improvement	Accounts for revenues designated for capital improvements of the City's parks, excluding improvements of the water system. It is a non-major fund.
State 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 improvement of traffic arterials and traffic safety improvements. 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.

PROPRIETARY FUNDS

Enterprise 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. The reporting entity includes the following enterprise funds, all of which are major.

<u>Fund</u>	<u>Brief Description</u>
Water	Accounts for the activities of the public trust in 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.
Local Improvement City Assessment	Accounts for revenue and payments related to water system improvements in the Eastside Local Improvement District. This fund was paid in full and the fund dissolved via Council resolution.

1C MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

Measurement focus is a term used to describe "how" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

MEASUREMENT FOCUS

In the government-wide Statement of Net Assets and the Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus, within the limitation of the modified cash basis of accounting, as defined in item b below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus, as applied to the modified cash basis of accounting, is used as appropriate.

a. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available expendable financial resources during a given period. These funds use fund balance as their measure of available expendable financial resources at the end of the period.

b. The proprietary funds utilize an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent, financial, or nonfinancial) associated with their activities are reported. Proprietary fund equity is classified as net assets.

BASIS OF ACCOUNTING

In the government-wide Statement of Net Assets and Statement of Activities and the fund financial statements and governmental business-like activities are presented using a modified cash basis of accounting. This basis recognizes assets, liabilities, net assets/fund equity, revenues, and expenditures/expenses 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.

If the City utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

1D ASSETS, LIABILITIES, AND EQUITY

CASH AND INVESTMENTS

The City considers cash on hand, demand deposits and short-term highly liquid investments with a maturity of three months or less, when purchased, 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. Fair value of the investments in the Oregon Local Government Investment Pool is the same as the value of the pool shares.

CAPITAL ASSETS

The City's 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.

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 including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or 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 though 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 City's 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.

1E REVENUES, EXPENDITURES, AND EXPENSES

PROGRAM REVENUES

In the Statement of Activities, modified cash basis revenues that are derived directly from each activity or 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.

1F 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.
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.

1G USE OF ESTIMATES

The preparation of financial statements in conformity with the other comprehensive basis of accounting (OCBOA) used by the City requires management to make estimates and assumptions that affect certain reported amounts and disclosures (such as estimated useful lives in determining depreciation expense); accordingly, actual results could differ from those estimates.

Note 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

By its nature as a local government unit, the City is subject to various federal, state, and local laws and contractual regulations. The City had no instances of non-compliance that were considered material to the financial statements.

Note 3 - DETAIL NOTES - TRANSACTION CLASSES/ACCOUNTS

The following notes present detailed information to support the amounts reported in the basic financial statements for its various assets, liabilities, equity, revenues, and expenditures/expenses.

3A CASH AND CASH EQUIVALENTS

Cash and investments were recorded at cost, which approximates fair market value, plus accrued interest at June 30, 2009. Cash and investments of the City at June 30, 2009 were:

Petty Cash	\$ 250
Cash in Bank - West Coast Bank	20,000
Cash in Local Government Investment Pool	<u>2,567,352</u>
Total Cash & Cash Equivalents	<u>\$ 2,587,602</u>

Cash and investments are reflected in the basic financial statements as follows:

Cash and Investments	\$ 905,041
Restricted Assets - Cash and Investments	<u>1,682,561</u>
Total	<u>\$ 2,587,602</u>

Deposits: The insurance and collateral requirements for deposits are established by banking regulations and Oregon law. Federal depository insurance of \$250,000 applies respectively, to total demand deposits and to total savings accounts at each financial institution. Where balances exceed \$250,000, banks are required to pledge collateral, based on their capital condition. Banks are required to provide quarterly reporting of their public funds deposits to the State Treasurer's office, which will be the basis for their collateral pledging for the next quarter. Treasury monitors each depository bank and ensures compliance with collateralization requirements for all public fund deposits. Banks will pledge 10% if they are well capitalized, 25% if they are adequately capitalized, and in turn, the banks are required to share in the liability of a failed institution, should it ever occur. Undercapitalized banks are required to pledge collateral equal to 110% of their deposits which is monitored on a weekly basis. At June 30, 2009, total demand deposits and savings accounts per bank statements were \$31,714. All these deposits were covered by federal depository insurance.

Investments: At June 30, 2009, the City had invested \$2,567,352 with the Oregon Short-Term Fund (OSTF), which is a cash and investment pool available for use by all state funds and local governments and is maintained by the State Treasurer. The Local Government Investment Pool (LGIP) is an open-ended, no load diversified portfolio offered to eligible participants, including any municipality, political subdivision, or public corporation of the state. Currently there are more than 1,500 participants in the Pool. Local government pooled assets are reported as an Investment Trust Fund in Oregon's Comprehensive Annual financial Report. The Oregon Short-Term Fund board, established by the Oregon Legislature, advises the Oregon Investment Council and the Oregon State Treasury in the management and investments of the LGIP. The carrying value of this investment (cost) approximates the market value at June 30, 2009.

Credit Risk: The State of Oregon 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 Pool's investment policies. The State Treasurer is the investment officer for the LGIP and it is responsible for all funds in the LGIP. 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 funds Board, which establish diversification percentages and specify the types and maturities of investments. The Oregon Audits Division of the Secretary of State's Office audits of the Pool annually. The Division's report on the LGIP as of and for the year ended June 30, 2009 was unqualified.

Concentration Risk: The City had concentrations in the following investment: LGIP 99.2%.

Interest Rate Risk: The City does not have a formal investment policy that explicitly limits investment maturities as a means of managing its exposure to fair value loss arising from increasing interest rates.

3B CAPITAL ASSETS

Capital asset activity, resulting from modified cash basis transactions, for the fiscal year ended June 30, 2009 was as follows:

	Balance at June 30, 2008	Additions	Deductions	Balance at June 30, 2009
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 128,051			\$ 128,051
Total capital assets not being depreciated	<u>\$ 128,051</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 128,051</u>
Capital assets being depreciated:				
Infrastructure	\$ 4,411,101			\$ 4,411,101
Buildings	175,957			175,957
Police	52,564			52,564
Equipment	43,257	32,706		75,963
Total capital assets being depreciated	<u>4,682,879</u>	<u>32,706</u>	<u>-</u>	<u>4,715,585</u>
Less accumulated depreciation for:				
Infrastructure	(244,610)	(88,223)		(332,833)
Buildings	(70,862)	(4,399)		(75,261)
Police	(22,438)	(7,177)		(29,615)
Equipment	(26,759)	(5,454)		(32,213)
Total accumulated depreciation	<u>(364,669)</u>	<u>(105,253)</u>	<u>-</u>	<u>(469,922)</u>
Total capital assets net of depreciation	<u>\$ 4,318,210</u>	<u>\$ (72,547)</u>	<u>\$ -</u>	<u>\$ 4,245,663</u>
Total Capital Assets (Incl. land)	<u>\$ 4,446,261</u>	<u>\$ (72,547)</u>	<u>\$ -</u>	<u>\$ 4,373,714</u>
	Balance at June 30, 2008	Additions	Deductions	Balance at June 30, 2009
Business-type activities:				
Capital assets not being depreciated				
Land	\$ 730	\$ -	\$ -	\$ 730
Construction in progress	-	-	-	-
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	98,930	5,101		104,031
Utility property and improvements	4,205,509			4,205,509
Total other capital assets at historical cost	<u>4,323,613</u>	<u>5,101</u>	<u>-</u>	<u>4,328,714</u>
Less accumulated depreciation for:				
Buildings	(19,174)	-	-	(19,174)
Machinery and equipment	(66,525)	(5,981)		(72,506)
Utility property and improvements	(890,165)	(83,201)		(973,366)
Total accumulated depreciation	<u>(975,864)</u>	<u>(89,182)</u>	<u>-</u>	<u>(1,065,046)</u>
Total capital assets net of depreciation	<u>\$ 3,347,749</u>	<u>\$ (84,081)</u>	<u>\$ -</u>	<u>\$ 3,263,668</u>
Total Capital Assets (Incl. land)	<u>\$ 3,348,479</u>	<u>\$ (84,081)</u>	<u>\$ -</u>	<u>\$ 3,264,398</u>
Total All Assets (net of depreciation)	<u>\$ 7,794,740</u>	<u>\$ (156,628)</u>	<u>\$ -</u>	<u>\$ 7,638,112</u>

	Balance at June 30, 2008	Additions	Deductions	Balance at June 30, 2009
Urban Renewal District				
Capital assets not being depreciated	\$ -	\$ 157,820	\$ -	\$ 157,820
Land	\$ -	\$ 157,820	\$ -	\$ 157,820
Total capital assets not being depreciated	<u>\$ -</u>	<u>\$ 157,820</u>	<u>\$ -</u>	<u>\$ 157,820</u>

3C INTERFUND TRANSFERS AND BALANCES

Transfers between funds of the government for the year ended June 30, 2009, were as follows:

	Transfers In	Transfers Out
Major Funds:		
Governmental:		
General Fund		\$ 43,000
State Tax		1,000
Business-Type:		
Water Fund		97,900
Water Systems	87,900	
Non-Major Fund:		
Governmental:		
Vehicle & Equipment	54,000	
	<u>\$ 141,900</u>	<u>\$ 141,900</u>

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.

INTERFUND BALANCES

At June 30, 2009 there were no interfund balances.

3D LONG-TERM DEBT

The reporting entity's long-term debt arising from cash transactions consists of amounts to be repaid from business-type activities.

Capital debt with West Coast Bank for the Eastside Industrial Area Local Improvement City bonds for the construction of the Eastside local improvements. The City signed bond anticipation notes, series 1997 in the amount of \$2,200,000 to finance the Eastside Industrial Area Local Improvement District. The bond anticipation notes were retired December 1, 1998 by the sale of general obligation bonds in the amount of \$2,200,000. The issue date was November 20, 1998, the interest rate is 4.95%.

The final payment was made in fiscal year 2008-09.

During the fiscal year 2004-05, the City began work 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 City had drawn the available maximum of \$1,846,808. 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:

Year Ended June 30, 2009

SAFE DRINKING WATER REVOLVING LOAN

Fiscal Year	Annual Debt Service		Total
	Principal	Interest	
2009-10	73,171	61,161	134,332
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
2015-16	91,892	42,440	134,332
2016-17	95,448	38,884	134,332
2017-18	99,142	35,190	134,332
2018-19	102,979	31,353	134,332
2019-20	106,964	27,368	134,332
2020-21	111,104	23,228	134,332
2021-22	115,403	18,928	134,331
2022-23	119,869	14,462	134,331
2023-24	124,508	9,823	134,331
2024-25	129,327	5,005	134,332
Balance	<u>\$ 1,580,391</u>	<u>\$ 568,916</u>	<u>\$ 2,149,307</u>

The following is a summary of changes in long-term debt for the year ended June 30, 2009

PRINCIPAL					
	Beginning		Ending	Due Within	Due After
	Balance	Paid	Balance	One Year	One Year
Safe Drinking Water	\$ 1,650,835	\$ (70,444)	\$ 1,580,391	\$ 73,171	\$ 1,507,220
Local Improvement District	80,794	(80,794)	-	-	-
Total	<u>\$ 1,731,629</u>	<u>\$ (151,238)</u>	<u>\$ 1,580,391</u>	<u>\$ 73,171</u>	<u>\$ 1,507,220</u>

TOTAL LOAN ACTIVITY (Including Interest to be Paid)					
	Beginning	Principal	Interest	Total	Ending
	Balance	Paid	Paid	Payments	Balance
Safe Drinking Water	\$ 2,283,639	\$ (70,444)	\$ (63,887)	\$ (134,332)	\$ 2,149,307
Local Improvement District	80,990	(80,794)	(196)	(80,990)	0
Total	<u>\$ 2,364,629</u>	<u>\$ (151,239)</u>	<u>\$ (64,083)</u>	<u>\$ (215,321)</u>	<u>\$ 2,149,307</u>

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 amortization schedule and loan summary are shown below.

URBAN RENEWAL DISTRICT - LAND ACQUISITION

Fiscal Year	Annual Debt Service		Total
	Princlpal	Interest	
2009-10	333	5,667	6,000
2010-11	347	5,653	6,000
2011-12	362	5,638	6,000
2012-13	378	5,622	6,000
2013-14	130,014	3,739	133,752
Balance	<u>\$ 131,434</u>	<u>\$ 26,318</u>	<u>\$ 157,752</u>

URBAN RENEWAL DISTRICT LOAN SUMMARY

PRINCIPAL

	Beginning Balance	Paid	Ending Balance	Due Within One Year	Due After One Year
Columbia Community Bank	<u>\$ 131,750</u>	<u>\$ (316)</u>	<u>\$ 131,434</u>	<u>\$ 333</u>	<u>\$ 131,101</u>

TOTAL LOAN ACTIVITY (Including Interest to be Paid)

	Beginning Balance	Princlpal Paid	Interest Paid	Total Payments	Ending Balance
Columbia Community Bank	<u>\$ 159,752</u>	<u>\$ (316)</u>	<u>\$ (1,684)</u>	<u>\$ (2,000)</u>	<u>\$ 157,752</u>

Note 4 - OTHER NOTES

4A EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

Multiple-Employer Defined Benefit Plan

Plan Description

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

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

The Pension Program, the defined benefit portion of the plan, applies to qualifying employees hired after August 29,

2003, and to inactive employees who return to employment following a six-month or greater break in service. Benefits are calculated by a formula for members who attain normal retirement age. The formula takes into account final average salary and years of service.

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

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

Funding Policy - Members of PERS are required to contribute 6.00% 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 City's 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 City's PERS contribution rates for the year ended June 30, 2009 are shown below.

<u>Rate Category</u>	<u>Normal Rate</u>	<u>Combined UAL Rate</u>	<u>Net Rate</u>
PERS General	5.79%		7.05%
PERS Police & Fire	5.79%	1.26%	7.05%
OPSRP General	5.81%		7.07%
OPSRP Police & Fire	8.52%		9.78%

Annual Pension Cost - The City's contributions to the pension plan for the last four Fiscal Years are shown below.

<u>Year Ended by 30-Jun</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>
2007	\$ 105,980	100%
2008	\$ 111,693	100%
2009	\$ 109,029	100%

4B RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employees' health and life; and natural disasters.

The City manages these various risks of loss as follows:

<u>Type of Loss</u>	<u>Method Managed</u>	<u>Risk of Loss Retained</u>
a. Torts, errors and omissions	Purchased Commercial Insurance	None
b. Workers compensation, health and life insurance	Purchased Commercial Insurance	None
c. Physical property loss and natural disasters	Purchased Commercial Insurance	None

Management believes such coverage is sufficient to preclude any significant uninsured losses to the City. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

4C CONTINGENCIES

Grant Program Involvement

In the normal course of operations, the City participates in various federal or state grant loan programs 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 it is believed the amount, if any, would not be material.

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 proceeding. 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, the City feels that any settlement or judgment not covered by insurance would not have a material adverse effect on the financial condition of the City.

4D COMMITMENTS

The City has entered into an intergovernmental agreement with the North Plains Urban Renewal Agency whereby the City will provide administrative services for the Agency and the Agency will reimburse the City for these expenses.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF NORTH PLAINS, OREGON

NOTES TO BUDGETARY COMPARISON SCHEDULES

June 30, 2009

BUDGET LAW

The City prepares its annual operating budget under the provisions of the Oregon Municipal Budget Law. In accordance with those provisions, the following process is used to adopt the annual budget:

Local Budget law process requires that certain, specific actions must happen as a local government prepares its annual budget. The process can be broken down into four phases.

Phase 1 begins the process. The budget officer puts together a proposed budget. In larger local governments, department heads or program managers may help. The budget officer must prepare the proposed budget in a format designed by the Department of Revenue. The format meets the requirements set out in the statutes.

Phase 2 is when the budget committee approves the budget. Statutes spell out who can be on the budget committee and who cannot. The budget committee reviews the proposed budget, listens to comments from citizens, and then approves the budget. Special public notices are required before the budget committee's first meeting.

Phase 3 includes adopting the budget and, when appropriate, certifying property taxes to the county tax assessor. This phase includes a special hearing of the government body and specific public notices, including a summary of the approved budget. Special forms must also be used to notify the county assessor of the local government's property tax levy.

Phase 4 occurs during the fiscal year when the local government is operating under the adopted budget. This phase includes changes to the adopted budget. Changes to the adopted budget must be made before additional money is spent or money is spent for a difference purpose than described in the adopted budget.

The level of control at which expenditures may not legally exceed appropriations is the object category level by department within a fund. 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. Supplemental appropriations must also be filed with the Office of State Auditor and Inspector.

Basis of Accounting

The Budget is prepared on the cash basis of accounting, reporting revenues and expenditures when they result from cash transactions.

CITY OF NORTH PLAINS

Washington County, Oregon

BUDGETARY COMPARISON SCHEDULE - CASH BASIS

GENERAL FUND

Year Ended June 30, 2009

<u>CASH RECEIPTS</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Receipts</u>	<u>Variance Favorable (Unfavorable)</u>
Taxes and Related Items	\$ 297,122	\$ 297,122	\$ 294,841	\$ (2,281)
Licenses, Permits and Fees	307,730	307,730	280,190	(27,540)
Intergovernmental	48,362	48,362	52,503	4,141
Fines and Forfeitures	370,500	370,500	320,156	(50,344)
Interest	20,000	20,000	14,764	(5,236)
Grants	84,623	84,623	96,720	12,097
Urban Renewal Dist. Reimbursements	14,500	14,500	17,400	2,900
Miscellaneous	37,301	37,301	127,092	89,791
TOTAL RECEIPTS	1,180,138	1,180,138	1,203,666	23,528

See Notes to Financial Statements

Expenditures on following page

GENERAL FUND

<u>CASH EXPENDITURES</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Expenditures</u>	<u>Favorable (Unfavorable)</u>
<u>Building and Park</u>				
Personal Services	47,004	47,004	45,640	1,364
Material and Services	19,740	19,740	12,415	7,325
Capital Outlay	1,990	1,794	1,741	53
Total	<u>68,734</u>	<u>68,538</u>	<u>59,797</u>	<u>8,741</u>
<u>City Planning</u>				
Personal Services	65,460	65,460	57,266	8,194
Material and Services	138,138	138,138	54,768	83,370
Total	<u>203,598</u>	<u>203,598</u>	<u>112,034</u>	<u>91,564</u>
<u>Police</u>				
Personal Services	230,684	230,684	216,418	14,266
Material and Services	176,990	189,710	125,970	63,740
Capital Outlay	13,893	13,893	9,093	4,801
Total	<u>421,567</u>	<u>434,287</u>	<u>351,481</u>	<u>82,806</u>
<u>Municipal Court</u>				
Personal Services	95,323	95,323	83,070	12,253
Material and Services	88,340	88,060	51,335	36,725
Capital Outlay	6,200	2,000	2,000	-
Total	<u>189,863</u>	<u>185,383</u>	<u>136,405</u>	<u>48,978</u>
<u>Sewer Administration</u>				
Personal Services	7,950	7,950	7,902	48
Material and Services	2,500	3,000	2,471	530
Total	<u>10,450</u>	<u>10,950</u>	<u>10,373</u>	<u>577</u>
<u>Finance & Admin. Services</u>				
Personal Services	87,868	87,868	81,160	6,708
Material and Services	113,055	132,372	96,891	35,481
Capital Outlay	46,794	42,394	12,016	30,378
Operating Contingencies	93,259	61,162	-	61,162
Total	<u>340,976</u>	<u>323,796</u>	<u>190,067</u>	<u>133,729</u>
<u>Library Department</u>				
Personal Services	74,320	60,965	60,883	82
Material and Services	29,644	29,584	24,022	5,562
Capital Outlay	3,986	4,182	4,112	70
Total	<u>107,950</u>	<u>94,731</u>	<u>89,017</u>	<u>5,714</u>
<u>CASH TRANSFERS</u>				
Vehicle and Equipment Reserve Fund (PD)	43,000	43,000	43,000	-
Vehicle and Equipment Reserve Fund (Pks)	-	-	-	-
Total	<u>43,000</u>	<u>43,000</u>	<u>43,000</u>	<u>-</u>
TOTAL EXPENDITURES AND TRANSFERS	<u>1,386,138</u>	<u>1,364,283</u>	<u>992,173</u>	<u>372,110</u>
UNAPPROPRIATED FUND BALANCE	<u>440,000</u>	<u>440,000</u>	<u>-</u>	<u>440,000</u>
NET CHANGE IN FUND BALANCE	(646,000)	(624,145)	211,493	835,638
CASH BALANCE, Beginning	<u>646,000</u>	<u>646,000</u>	<u>693,547</u>	<u>47,547</u>
CASH BALANCE, Ending	<u>\$ -</u>	<u>\$ 21,855</u>	<u>\$ 905,041</u>	<u>\$ 883,186</u>

See Notes to Financial Statements

CITY OF NORTH PLAINS

Washington County, Oregon

BUDGETARY COMPARISON SCHEDULE - CASH BASIS

STREET TAX FUND

Year Ended June 30, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Receipts</u>	<u>Variance Favorable (Unfavorable)</u>
<u>CASH RECEIPTS</u>				
Charge for Services	\$ 261,860	\$ 261,860	\$ 40,352	\$ (221,508)
Intergovernmental	114,987	114,987	80,629	(34,358)
Interest	11,000	11,000	7,359	
Miscellaneous	<u>3,000</u>	<u>3,000</u>	<u>1,118</u>	<u>(1,882)</u>
TOTAL RECEIPTS	<u>390,847</u>	<u>390,847</u>	<u>129,458</u>	<u>(261,389)</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Expenditures</u>	<u>Variance Favorable (Unfavorable)</u>
<u>CASH EXPENDITURES</u>				
<u>Street Tax</u>				
Personal Services	38,936	38,936	35,534	3,402
Material and Services	67,936	67,936	37,672	30,264
Capital Outlay	447	447	447	-
Contingency	<u>50,000</u>	<u>48,000</u>	<u>-</u>	<u>48,000</u>
Total	<u>157,319</u>	<u>155,319</u>	<u>73,653</u>	<u>81,666</u>
<u>Transportation and Storm Drainage</u>				
Personal Services	29,608	31,608	27,597	4,011
Material and Services	127,600	127,600	10,798	116,802
Capital Outlay	<u>475,320</u>	<u>107,819</u>	<u>572</u>	<u>107,247</u>
Total	<u>632,528</u>	<u>267,027</u>	<u>38,967</u>	<u>228,060</u>
<u>CASH TRANSFERS</u>				
Vehicle and Equipment Reserve Fund	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>-</u>
TOTAL EXPENDITURES AND TRANSFERS	<u>790,847</u>	<u>423,346</u>	<u>113,621</u>	<u>309,725</u>
<u>UNAPPROPRIATED FUND BALANCE</u>	<u>80,000</u>	<u>80,000</u>	<u>-</u>	<u>80,000</u>
NET CHANGE IN FUND BALANCE	(480,000)	(112,499)	15,837	128,336
CASH BALANCE, Beginning	<u>480,000</u>	<u>480,000</u>	<u>489,511</u>	<u>9,511</u>
CASH BALANCE, Ending	<u>\$ -</u>	<u>\$ 367,501</u>	<u>\$ 505,348</u>	<u>\$ 137,847</u>

See Notes to Financial Statements

CITY OF NORTH PLAINS

Washington County, Oregon

BUDGETARY COMPARISON SCHEDULE - CASH BASIS

TRAFFIC IMPACT FEES FUND

Year Ended June 30, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Receipts</u>	<u>Variance Favorable (Unfavorable)</u>
<u>CASH RECEIPTS</u>				
License, Permits and Fees	\$ 137,840	\$ 137,840	\$ 17,110	\$ (120,730)
Interest	5,000	5,000	6,583	1,583
TOTAL RECEIPTS	<u>142,840</u>	<u>142,840</u>	<u>23,693</u>	<u>(119,147)</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Expenditures</u>	<u>Variance Favorable (Unfavorable)</u>
<u>CASH EXPENDITURES</u>				
Personal Services	27,036	27,036	25,870	1,166
Materials and Services	-	-	-	-
Capital Outlay	443,804	443,804	2,148	441,656
TOTAL EXPENDITURES	<u>470,840</u>	<u>470,840</u>	<u>28,018</u>	<u>442,822</u>
NET CHANGE IN FUND BALANCE	(328,000)	(328,000)	(4,325)	323,675
<u>CASH BALANCE, Beginning</u>	<u>328,000</u>	<u>328,000</u>	<u>329,666</u>	<u>1,666</u>
<u>CASH BALANCE, Ending</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 325,341</u>	<u>\$ 325,341</u>

See Notes to Financial Statements

SUPPLEMENTARY INFORMATION

CITY OF NORTH PLAINS

Washington County, Oregon

COMBINING BALANCE SHEET - MODIFIED CASH BASIS

NON-MAJOR GOVERNMENTAL FUNDS

June 30, 2009

	<u>SPECIAL REVENUE FUNDS</u>		
	<u>Parks Capital Improvement</u>	<u>Vehicle and Equipment Reserve</u>	<u>Total Non-major Governmental Funds</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	<u>\$ 283,175</u>	<u>\$ 69,895</u>	<u>\$ 353,070</u>
TOTAL ASSETS	<u><u>\$ 283,175</u></u>	<u><u>\$ 69,895</u></u>	<u><u>\$ 353,070</u></u>
<u>FUND BALANCES</u>			
Restricted for Debt Service Reserved, Reported in Non-major Special Revenue Funds	<u>283,175</u>	<u>69,895</u>	<u>353,070</u>
TOTAL FUND BALANCES	<u><u>\$ 283,175</u></u>	<u><u>\$ 69,895</u></u>	<u><u>\$ 353,070</u></u>

See Notes to Financial Statements

CITY OF NORTH PLAINS

Washington County, Oregon

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -

MODIFIED CASH BASIS

NON-MAJOR GOVERNMENTAL FUNDS

Year Ended June 30, 2009

	<u>SPECIAL REVENUE FUNDS</u>		
	<u>Parks Capital Improvement</u>	<u>Vehicle and Equipment Reserve</u>	<u>Total Non-major Governmental Funds</u>
<u>REVENUES</u>			
Taxes and Related Items	\$ -	\$ -	\$ -
Charges for Services	15,792	-	15,792
Miscellaneous	<u>5,737</u>	<u>3,340</u>	<u>9,077</u>
Total	<u>21,529</u>	<u>3,340</u>	<u>24,869</u>
<u>EXPENDITURES</u>			
Debt Service	-	-	-
Equipment	-	25,177	25,177
Parks	<u>22,145</u>	-	<u>22,145</u>
Total	<u>22,145</u>	<u>25,177</u>	<u>47,322</u>
<u>REVENUES OVER EXPENDITURES</u>	(616)	(21,837)	(22,453)
<u>OTHER FINANCING SOURCES [USES]</u>			
Operating Transfers In	-	54,000	54,000
Close to General Fund	-	-	-
<u>FUND BALANCES, Beginning</u>	<u>283,791</u>	<u>37,732</u>	<u>321,523</u>
<u>FUND BALANCES, Ending</u>	<u>\$ 283,175</u>	<u>\$ 69,895</u>	<u>\$ 353,070</u>

See Notes to Financial Statements

CITY OF NORTH PLAINS

Washington County, Oregon

BUDGETARY COMPARISON SCHEDULE - CASH BASIS

PARKS CAPITAL IMPROVEMENT FUND

Year Ended June 30, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Receipts</u>	<u>Variance Favorable (Unfavorable)</u>
<u>CASH RECEIPTS</u>				
SDC Charges	\$ 105,280	\$ 105,280	\$ 15,792	\$ (89,488)
Interest	8,000	8,000	5,737	(2,263)
Grant	<u>93,750</u>	<u>93,750</u>	<u>-</u>	<u>-</u>
TOTAL RECEIPTS	<u>207,030</u>	<u>207,030</u>	<u>21,529</u>	<u>(91,751)</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Expenditures</u>	<u>Variance Favorable (Unfavorable)</u>
<u>CASH EXPENDITURES</u>				
Materials & Services	27,820	27,820	-	27,820
Capital Outlay	<u>368,460</u>	<u>368,460</u>	<u>22,145</u>	<u>346,315</u>
TOTAL EXPENDITURES	<u>396,280</u>	<u>396,280</u>	<u>22,145</u>	<u>374,135</u>
UNAPPROPRIATED FUND BALANCE	<u>93,750</u>	<u>93,750</u>	<u>-</u>	<u>93,750</u>
<u>NET CHANGE IN FUND BALANCE</u>	(283,000)	(283,000)	(616)	376,134
<u>CASH BALANCE, Beginning</u>	<u>283,000</u>	<u>283,000</u>	<u>283,791</u>	<u>791</u>
<u>CASH BALANCE, Ending</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 283,175</u>	<u>\$ 376,925</u>

See Notes to Financial Statements

CITY OF NORTH PLAINS

Washington County, Oregon

BUDGETARY COMPARISON SCHEDULE - CASH BASIS

VEHICLE AND EQUIPMENT RESERVE FUND

Year Ended June 30, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Receipts</u>	<u>Variance Favorable (Unfavorable)</u>
<u>CASH RECEIPTS</u>				
Interest	\$ 700	\$ 700	\$ 1,340	\$ 640
Miscellaneous	2,000	2,000	2,000	-
Total	<u>2,700</u>	<u>2,700</u>	<u>3,340</u>	<u>640</u>
<u>CASH TRANSFERS</u>				
General Fund	43,000	43,000	43,000	-
Water Fund	10,000	10,000	10,000	-
Street Tax, Transportation, and Storm Drainage Fund	1,000	1,000	1,000	-
Total	<u>54,000</u>	<u>54,000</u>	<u>54,000</u>	<u>-</u>
<u>TOTAL RECEIPTS AND TRANSFERS</u>	<u>56,700</u>	<u>56,700</u>	<u>57,340</u>	<u>640</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Expenditures</u>	<u>Variance Favorable (Unfavorable)</u>
<u>CASH EXPENDITURES</u>				
Capital Outlay	<u>94,300</u>	<u>94,300</u>	25,177	69,123
<u>NET CHANGE IN FUND BALANCE</u>	(37,600)	(37,600)	32,163	69,763
<u>CASH BALANCE, Beginning</u>	<u>37,600</u>	<u>37,600</u>	<u>37,732</u>	<u>132</u>
<u>CASH BALANCE, Ending</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 69,895</u>	<u>\$ 69,895</u>

See Notes to Financial Statements

CITY OF NORTH PLAINS

Washington County, Oregon

BUDGETARY COMPARISON SCHEDULE - CASH BASIS

WATER FUND

Year Ended June 30, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Receipts</u>	<u>Variance Favorable (Unfavorable)</u>
<u>CASH RECEIPTS</u>				
Charges for Services	\$ 744,900	\$ 744,900	\$ 708,040	\$ (36,860)
Interest	10,000	10,000	7,809	(2,191)
Miscellaneous	8,000	8,000	9,971	1,971
	<u>762,900</u>	<u>762,900</u>	<u>725,820</u>	<u>(37,080)</u>
TOTAL RECEIPTS				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Expenditures</u>	<u>Variance Favorable (Unfavorable)</u>
<u>CASH EXPENDITURES</u>				
Personal Services	338,469	338,469	323,369	15,100
Material and Services	308,703	323,444	217,143	106,301
Capital Outlay	39,689	34,948	13,839	21,109
Operating Contingencies	73,139	63,139	-	63,139
Total	<u>760,000</u>	<u>760,000</u>	<u>554,351</u>	<u>205,649</u>
<u>TRANSFERS</u>				
Water Systems Improvement	87,900	87,900	87,900	-
Vehicle and Equipment Reserve Fund	10,000	10,000	10,000	-
Total	<u>97,900</u>	<u>97,900</u>	<u>97,900</u>	<u>-</u>
TOTAL CASH EXPENDITURES AND TRANSFERS	<u>857,900</u>	<u>857,900</u>	<u>652,251</u>	<u>205,649</u>
UNAPPROPRIATED FUND BALANCE	<u>275,000</u>	<u>275,000</u>	<u>-</u>	<u>275,000</u>
NET CHANGE IN FUND BALANCE	<u>(370,000)</u>	<u>(370,000)</u>	<u>73,569</u>	<u>443,569</u>
CASH BALANCE, Beginning	<u>370,000</u>	<u>370,000</u>	<u>390,191</u>	<u>20,191</u>
CASH BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 463,760</u>	<u>\$ 463,760</u>

See Notes to Financial Statements

CITY OF NORTH PLAINS

Washington County, Oregon

BUDGETARY COMPARISON SCHEDULE - CASH BASIS

WATER SYSTEMS IMPROVEMENT FUND

Year Ended June 30, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Receipts</u>	<u>Variance Favorable (Unfavorable)</u>
<u>CASH RECEIPTS</u>				
Charges for Services	\$ 195,720	\$ 195,720	\$ 17,243	\$ (178,477)
Interest	6,000	6,000	1,919	(4,081)
Miscellaneous	-	-	-	-
Total	<u>201,720</u>	<u>201,720</u>	<u>19,162</u>	<u>(182,558)</u>
<u>TRANSFER FROM WATER FUND</u>	<u>87,900</u>	<u>87,900</u>	<u>87,900</u>	<u>-</u>
<u>TOTAL RECEIPTS & TRANSFERS</u>	<u>289,620</u>	<u>289,620</u>	<u>107,062</u>	<u>(182,558)</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Expenditures</u>	<u>Variance Favorable (Unfavorable)</u>
<u>CASH EXPENDITURES</u>				
Materials and Services	139,442	139,442	5,700	133,742
Capital Outlay	40,845	40,845	7,639	33,206
Debt Service	134,333	134,333	134,332	1
<u>TOTAL EXPENDITURES</u>	<u>314,620</u>	<u>314,620</u>	<u>147,671</u>	<u>166,949</u>
<u>UNAPPROPRIATED FUND BALANCE</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>50,000</u>
<u>NET CHANGE IN FUND BALANCE</u>	<u>(75,000)</u>	<u>(75,000)</u>	<u>(40,609)</u>	<u>34,391</u>
<u>CASH BALANCE, Beginning</u>	<u>75,000</u>	<u>75,000</u>	<u>75,651</u>	<u>651</u>
<u>CASH BALANCE, Ending</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,042</u>	<u>\$ 35,042</u>

See Notes to Financial Statements

CITY OF NORTH PLAINS

Washington County, Oregon

BUDGETARY COMPARISON SCHEDULE - CASH BASIS

LOCAL IMPROVEMENT DISTRICT ASSESSMENT FUND

Year Ended June 30, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Receipts</u>	<u>Variance Favorable (Unfavorable)</u>
<u>CASH RECEIPTS</u>				
<u>Assessments</u>				
Assessment Principal	\$ -	\$ -	\$ -	\$ -
Assessment Interest	-	-	-	-
Total	-	-	-	-
<u>Other</u>				
Interest on Investments	-	-	-	-
Total	-	-	-	-
TOTAL RECEIPTS	-	-	-	-
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Expenditures</u>	<u>Variance Favorable (Unfavorable)</u>
<u>CASH EXPENDITURES</u>				
<u>Debt Service</u>				
Bond Principal	81,181	81,181	80,794	387
Bond Interest	1,604	1,604	196	1,408
Total	82,785	82,785	80,990	1,795
<u>Other</u>				
Legal Services	10,011	10,011	12,249	(2,238)
TOTAL EXPENDITURES	92,796	92,796	93,239	(443)
 NET CHANGE IN FUND BALANCE	 (92,796)	 (92,796)	 (93,239)	 (443)
 <u>CASH BALANCE, Beginning</u>	 92,796	 92,796	 93,239	 443
<u>CASH BALANCE, Ending</u>	\$ -	\$ -	\$ -	\$ 0

THIS FUND WAS CLOSED IN FY 2008-09

See Notes to Financial Statements

CITY OF NORTH PLAINS

Washington County, Oregon

BUDGETARY COMPARISON SCHEDULE - CASH BASIS

URBAN RENEWAL DISTRICT

Year Ended June 30, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Receipts</u>	<u>Variance Favorable (Unfavorable)</u>
<u>CASH RECEIPTS</u>				
Taxes	\$ 29,000	\$ 29,000	\$ 43,312	\$ 14,312
Property Rental Fees	-	-	2,196	2,196
Loan Proceeds	-	-	131,750	131,750
Interest	50	50	661	611
Miscellaneous	-	-	-	-
<u>TOTAL RECEIPTS</u>	<u>29,050</u>	<u>29,050</u>	<u>177,919</u>	<u>148,869</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Expenditures</u>	<u>Variance Favorable (Unfavorable)</u>
<u>CASH EXPENDITURES</u>				
Reimbursement to City	17,600	17,600	17,400	200
UR District Improvements	125	125	-	125
Property Acquisition	30,000	30,000	157,820	(127,820)
Debt Payment	-	-	2,000	(2,000)
<u>TOTAL EXPENDITURES</u>	<u>47,725</u>	<u>47,725</u>	<u>177,220</u>	<u>(127,495)</u>
<u>UNAPPROPRIATED FUND BALANCE</u>	<u>500</u>	<u>500</u>	<u>-</u>	<u>500</u>
<u>NET CHANGE IN FUND BALANCE</u>	<u>(19,175)</u>	<u>(19,175)</u>	<u>699</u>	<u>21,874</u>
<u>CASH BALANCE, Beginning</u>	<u>19,175</u>	<u>19,175</u>	<u>22,836</u>	<u>3,661</u>
<u>CASH BALANCE, Ending</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,535</u>	<u>\$ 25,535</u>

CITY OF NORTH PLAINS

Washington County, Oregon

SCHEDULE OF PROPERTY TAX TRANSACTIONS

Year Ended June 30, 2009

<u>Year of Levy</u>	<u>Levy & Taxes Receivable, Beginning</u>	<u>Discounts</u>	<u>Adjustments</u>	<u>Collections</u>	<u>Levy & Taxes Receivable, Ending</u>
2008-09	\$ 300,491	\$ (7,506)	\$ (572)	\$ (283,332)	\$ 9,080
2007-08	7,248	11	(508)	(4,590)	2,161
2006-07	1,672	2	(103)	(870)	702
2005-06	754	2	(73)	(526)	157
2004-05	359	1	(26)	(261)	72
2003-04	99	0	(10)	(25)	64
2002-03 & Prior	<u>219</u>	<u>0</u>	<u>(39)</u>	<u>(63)</u>	<u>117</u>
Total	<u>\$ 310,841</u>	<u>\$ (7,490)</u>	<u>\$ (1,330)</u>	<u>\$ (289,666)</u>	<u>\$ 12,355</u>

URBAN RENEWAL DISTRICT

<u>Year of Levy</u>	<u>Levy & Taxes Receivable, Beginning</u>	<u>Discounts</u>	<u>Adjustments</u>	<u>Collections</u>	<u>Levy & Taxes Receivable, Ending</u>
2008-09	\$ 46,039	\$ (1,150)	\$ (88)	\$ (43,410)	\$ 1,391
Total	<u>\$ 46,039</u>	<u>\$ (1,150)</u>	<u>\$ (88)</u>	<u>\$ (43,410)</u>	<u>\$ 1,391</u>

See Notes to Financial Statements

AUDITOR'S COMMENTS AND
DISCLOSURES REQUIRED BY STATE REGULATIONS

DENNIS R. CONNER

Certified Public Accountant

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P. O. Box 1078

Clatskanie, Oregon 97016

Facsimile (503)728-2944

Telephone (503)728-2038

AUDITOR'S COMMENTS AND DISCLOSURES REQUIRED BY STATE REGULATIONS

December 15, 2009

City Council
CITY OF NORTH PLAINS
North Plains, Oregon

I have audited the basic financial statements of the CITY OF NORTH PLAINS (the City) as of and for the year ended June 30, 2009, and have issued my report thereon dated December 15, 2009. 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 general purpose financial statements are free of material misstatement.

REPORT ON INTERNAL ACCOUNTING CONTROL

In planning and performing my audit of the general purpose financial statements of the City for the year ended June 30, 2009, I obtained an understanding of the internal control structure. With respect to the internal control structure, I obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and I assessed control risk in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, I do not express such an opinion.

My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the basis financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be a material weakness except for the following:

Financial Reporting

The District does not have the capabilities to prepare or determine if the financial statements and related disclosures are complete and presented in accordance with generally accepted accounting principles. Limited staffing prevents the District from complying with this recommendation. Since controls at that level are not available within the District, the cost benefit of having the auditor prepare the financial statements, including the related footnote disclosures, far out weigh the cost of hiring additional staff or hiring an independent outside source to do the same job. The District believes the outsourcing of the financial preparation service to the auditor is not unusual for smaller governments.

Inadequate Segregation of Accounting Duties

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

ACCOUNTING RECORDS

The City's accounting records were adequate for audit purposes, except as noted above.

ADEQUACY OF COLLATERAL SECURING DEPOSITORY BALANCES

The City's bank is listed as a qualified depository of public funds in conformity with Oregon Revised Statutes Chapter 295. Public funds depositors are no longer required to request the issuance of "Certificates of Participation" for balances over the Federal Deposit Insurance corporation insured amount. Banks are now required to provide quarterly reporting of their public funds deposits to the State Treasurer's office, which will be the basis for their collateral pledging for the next quarter. Treasury will monitor each depository bank and ensure compliance with collateralization requirements for all public fund deposits. Banks will be able to pledge a reduced amount, 10% vs. 25%, if they are well capitalized; and in turn, the banks are required to share in the liability of a failed institution, should it ever occur. Poorly capitalized banks will still be required to pledge collateral equal to 110% of their deposits which will be monitored on a weekly basis. If you have any questions on Oregon public funds collateralization, call Wendy Finley at (503) 378-3400.

My review of adequacy of collateral securing depository balances indicated the collateral was sufficient for the year ended June 30, 2009.

INVESTMENTS

My review of deposit and investment balances indicated that, during the year ended June 30, 2009, the City was in compliance with ORS 294 as it pertains to investment of public funds.

LEGAL REQUIREMENTS RELATING TO DEBT

The general obligation bonded debt of the City is in compliance with the limitation imposed by state statute. I noted no defaults in principal, interest, sinking fund, or redemption provisions with respect to any of this bonded debt.

BUDGET COMPLIANCE

The City appears to have complied with Local Budget Law (ORS 294.305 to 294.520) in the preparation, adoption and execution of its budget and tax levy for the year ended June 30, 2009, and the preparation and adoption of its budget for the year ending June 30, 2010.

INSURANCE POLICIES AND FIDELITY BONDS

I have reviewed the City's insurance and fidelity bond coverage at June 30, 2009. I ascertained that such policies appeared to be in force and in compliance with legal requirements relating to insurance and fidelity bond coverage. I am not competent by training to comment on the adequacy of the insurance policies covering the City-owned property at June 30, 2009.

PUBLIC CONTRACTS

The City's procedures for awarding public contracts were reviewed and found to be in accordance with ORS Chapter 279.

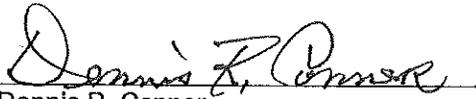
PROGRAMS FUNDED FROM OUTSIDE SOURCES

I reviewed and tested, to the extent I considered necessary in the circumstances, transactions and reports relative to federal and state grant programs. These activities and reports appeared to meet the requirements of the grantors.

HIGHWAY FUNDS

The City of North Plains appeared to be in compliance with constitutional and statutory law pertaining to the use of highway funds.

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

A handwritten signature in black ink, appearing to read "Dennis R. Conner", written over a horizontal line.

Dennis R. Conner
Certified Public Accountant