

**CITY OF NORTH PLAINS**  
**WASHINGTON COUNTY, OREGON**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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

**CITY OFFICIALS**

2014-2015

<u>CITY COUNCIL</u>	<u>TERM EXPIRES</u>
David Hatcher – Mayor	December 31, 2016
Teri K. Lenahan – President	December 31, 2016
Robert Kindel, Jr.	December 31, 2016
Charlynn Newton	December 31, 2016
Sandi King	December 31, 2018
Sherrie Simmons	December 31, 2018
Scott Whitehead	December 31, 2018

All Council members receive mail at the City address below

**CITY MANAGER & PUBLIC WORKS DIRECTOR**

Blake Boyles

**FINANCE MANAGER**

Rachael Lembo

**REGISTERED OFFICE**

31360 NW Commercial Street  
North Plains, Oregon 97133

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

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

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

**INDEPENDENT AUDITOR'S REPORT**

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

I have audited the accompanying financial statements of the governmental activities, the business-type activities, the blended component unit (North Plains Urban Renewal Agency), each major fund and the aggregate remaining fund information of the City of North Plains (the City) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

**Opinions**

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, the blended component unit (North Plains Urban Renewal Agency), each major fund, and the aggregate remaining fund information of the City as of June 30, 2015, and the respective changes in financial position, and, where applicable, the cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplemental Information,*

Accounting principles generally accepted in the United States of America require the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational,

economic, or historical context. I have applied certain procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

The budgetary comparison schedules presented as Required Supplementary Information have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and in my opinion is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

#### *Other Information*

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

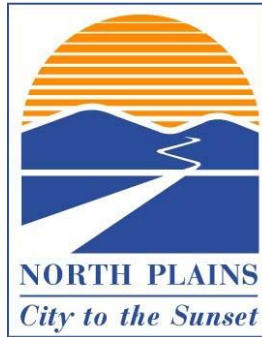
The additional budgetary comparison schedules and other financial schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the additional budgetary comparison schedules and other financial schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

#### **Other Reporting Required by Oregon Minimum Standards**

In accordance with Minimum Standards for audits of Oregon Municipal Corporations, I have also issued my report dated December 11, 2015, on my consideration of the City's internal control over financial reporting and on my tests of its compliance with the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules OAR 162-10-240 to 162-10-320. The purpose of that report is to describe my evaluation of internal control over financial reporting and the scope of my testing of compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance.



Dennis R. Conner  
Certified Public Accountant  
December 11, 2015



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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2015**

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

Housing development continued to increase in FY2014-15, with multiple projects in process by year end. Sunset Ridge, 104 homes, McKay Fields, 33 homes, North, 4 homes, and Pacific, 7 homes, had broken ground by year end. Sunset Terrace, 55 homes, McKay Creek Crossing, 52 homes, and Kemmer Meadows, 27 homes, were in process shortly after fiscal year end.

**FY2014-15 Budget**

In FY2014-15 the City adopted a budget of \$7.3 million, comprised of \$3.6 million in beginning fund balance, \$3.1 million in revenues, and \$0.6 million in interfund transfers. During the year the budget was reduced to \$7.1 million, comprised of \$3.5 million in beginning fund balance, \$3.1 million in revenues and \$0.5 million in interfund transfers. Of the final budget, 108% of revenues were received. Excluding the unused contingency budgets 90% of expenses were incurred.

Each fund budgets a contingency amount for unexpected items that arise during the year. This year contingency amounts were used for: comprehensive plan consultants in the General Fund, additional cost allocation in the Street Fund, additional equipment purchases in the Vehicle/Equipment Reserve Fund and to offset lower than expected Opening Fund Balance in the Water and Transportation Development Tax Funds.

## Government Wide Financial Analysis

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

STATEMENT OF NET POSITION  
JUNE 30, 2015 AND 2014  
in thousands

	Governmental Activities		Business Type Activities		Total City		
	<u>FY15</u>	<u>FY14</u>	<u>FY15</u>	<u>FY14</u>	<u>FY15</u>	<u>FY14</u>	<u>Var</u>
Cash and investments	\$ 3,293	\$ 2,481	\$ 1,562	\$ 1,034	\$ 4,855	\$ 3,515	\$ 1,340
Other assets	71	62	100	87	171	149	22
Net Pension Asset	120	(270)	53	(119)	173	(389)	562
Capital assets	6,472	6,558	3,000	3,063	9,472	9,621	(149)
<b>Total Assets</b>	<b>9,956</b>	<b>8,831</b>	<b>4,715</b>	<b>4,065</b>	<b>14,671</b>	<b>12,896</b>	<b>1,775</b>
Pension Contributions	52	56	23	25	75	81	(6)
Changes in City's Proportion of PERS Net Pension Liab.	6	-	3	-	9	-	9
<b>Total Deferred Outflows</b>	<b>58</b>	<b>56</b>	<b>26</b>	<b>25</b>	<b>84</b>	<b>81</b>	<b>3</b>
Other liabilities	254	154	285	166	539	320	219
Non current liabilities	239	268	1,005	1,097	1,244	1,365	(121)
<b>Total Liabilities</b>	<b>493</b>	<b>422</b>	<b>1,290</b>	<b>1,263</b>	<b>1,783</b>	<b>1,685</b>	<b>98</b>
Investment Earnings	231	-	102	-	333	-	333
<b>Total Deferred Inflows</b>	<b>231</b>	<b>-</b>	<b>102</b>	<b>-</b>	<b>333</b>	<b>-</b>	<b>333</b>
Net invested in capital assets	6,204	6,261	1,904	1,878	8,108	8,139	(31)
Restricted	2,050	1,334	-	-	2,050	1,334	716
Unrestricted	1,036	870	1,445	949	2,481	1,819	662
<b>Total Net Position</b>	<b>\$ 9,290</b>	<b>\$ 8,465</b>	<b>\$ 3,349</b>	<b>\$ 2,827</b>	<b>\$ 12,639</b>	<b>\$ 11,292</b>	<b>\$ 1,347</b>



## City of North Plains – Management’s Discussion and Analysis

**Assets** – Cash increased in both governmental and business type activities, due to positive change in net position. A new asset, Net Pension Asset, was added as a result of implementation of Government Accounting Standards Board (GASB) Statement No. 68. This statement establishes standards for measuring and recognizing liabilities or assets, deferred outflows of resources, deferred inflows of resources, and pension expense. The City’s proportionate share of the net pension liability/(asset) of the Oregon Public Employees Retirement System (PERS) is now reported in the basic financial statements. Capital assets decreased in both governmental and business type activities due depreciation exceeding additions. There were no significant disposals.

**Deferred Outflows** – The City’s proportionate share of the PERS net pension liability/(asset) is measured as of June 30, 2014. As such, it does not include contributions made by the City during FY2014-15. Those contributions are shown as deferred outflows- pension contributions. Also, changes in proportion and differences between employer contributions and proportionate share of contributions are required by GASB Statement No. 68 to be deferred and amortized. This amount is the remaining to be deferred over the next five fiscal periods.

**Liabilities** – Governmental activities other liabilities increased due to higher developer deposits related to ongoing building and a significant accounts payable for street work done near year end. Business type activities other liabilities increased due to a significant accounts payable for pass through SDCs collected from developers and not paid until after year end. Business type activities non-current liabilities decreased due to principal payments.

**Deferred Inflows** – GASB Statement No. 68 requires the net difference between projected and actual earnings on investments to be deferred and amortized. This amount is the remaining to be deferred over the next five fiscal periods.

**Net Position** – At June 30, 2015, total City assets exceeded liabilities by \$12.6 million. The largest portion of the City’s net position is net invested in capital assets, \$8.1 million, which includes land, buildings, equipment, street infrastructure and water improvements. These capital assets are used to provide services to the citizens, and do not represent resources available for future spending. Restricted net position, \$2.0 million, represents the amount legally restricted for capital projects and streets. The unrestricted net position, \$2.5 million, is available to meet the City’s ongoing obligations.

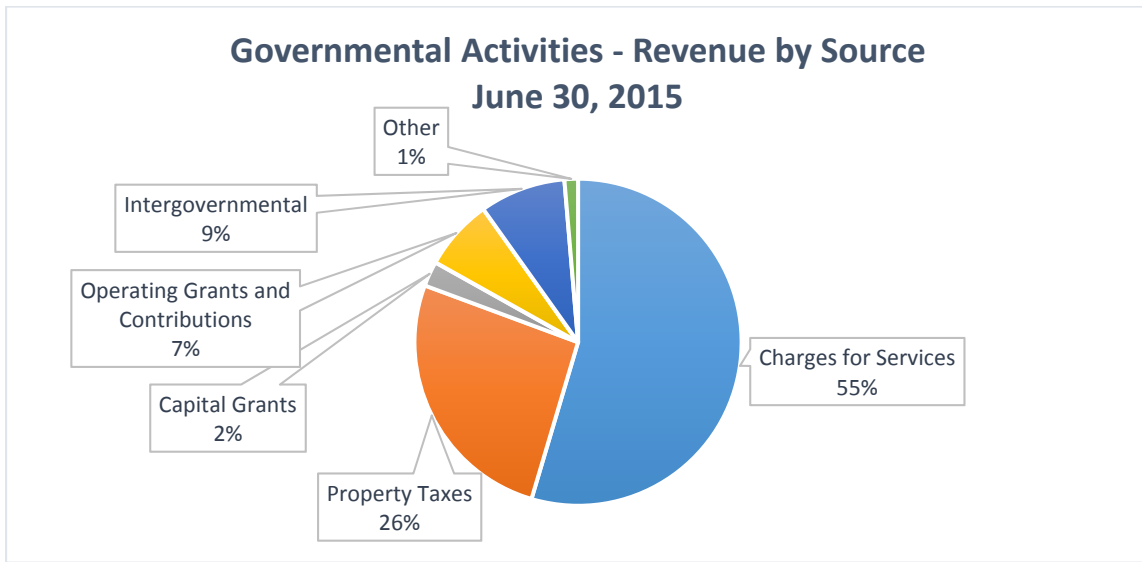
STATEMENT OF ACTIVITIES  
 JUNE 30, 2015 AND 2014  
 in thousands

	Governmental Activities		Business Type Activities		Total City		
	FY15	FY14	FY15	FY14	FY15	FY14	Var
Charges for Services	1,103	694	1,338	1,066	2,441	1,760	681
Operating Grants and Contributions	142	185	-	-	142	185	(43)
Capital Grants	50	260	-	-	50	260	(210)
<b>Total Program Revenues</b>	<b>1,295</b>	<b>1,139</b>	<b>1,338</b>	<b>1,066</b>	<b>2,633</b>	<b>2,205</b>	<b>428</b>
Property Taxes	526	442	-	-	526	442	84
Intergovernmental	172	170	-	-	172	170	2
Other	27	32	4	5	31	37	(6)
<b>Total General Revenues</b>	<b>725</b>	<b>644</b>	<b>4</b>	<b>5</b>	<b>729</b>	<b>649</b>	<b>80</b>
Police	292	387	-	-	292	387	(95)
General Government	263	353	-	-	263	353	(90)
Street	267	309	-	-	267	309	(42)
Library Department	177	195	-	-	177	195	(18)
Building and Parks	140	83	-	-	140	83	57
Culture and Recreation	31	64	-	-	31	64	(33)
Urban Renewal District	6	12	-	-	6	12	(6)
Interest	19	18	-	-	19	18	1
Water	-	-	820	841	820	841	(21)
<b>Total Expense</b>	<b>1,195</b>	<b>1,421</b>	<b>820</b>	<b>841</b>	<b>2,015</b>	<b>2,262</b>	<b>(247)</b>
<b>Changes in Net Position</b>	<b>825</b>	<b>362</b>	<b>522</b>	<b>230</b>	<b>1,347</b>	<b>592</b>	<b>755</b>

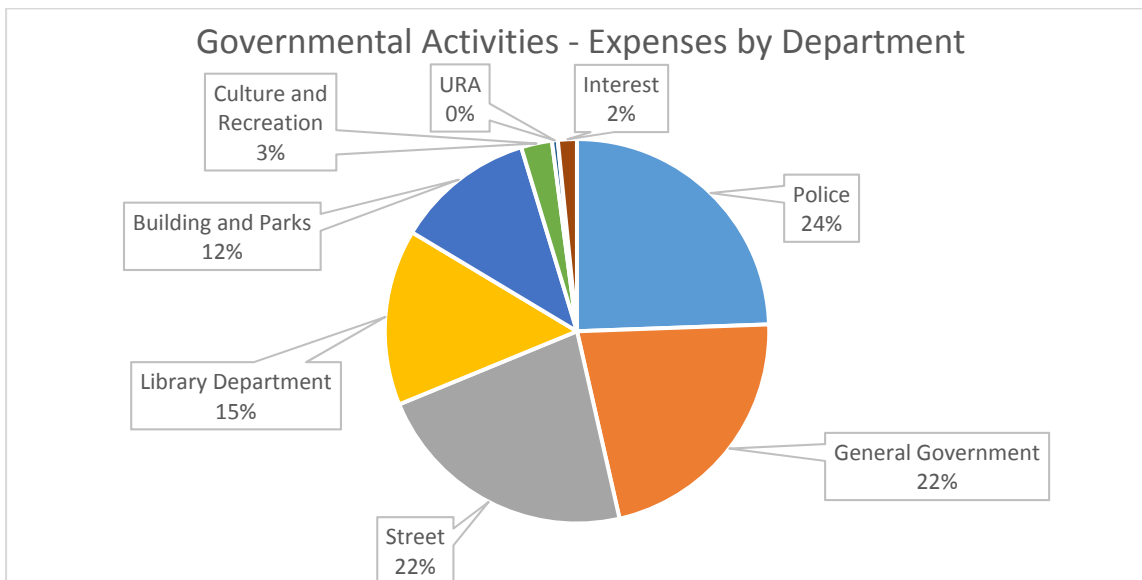
**Program Revenues** – Charges for services revenue in both governmental and business type activities increased from the prior year primarily due to new developments occurring in the City. System Development Charges, collected for transportation, parks and water improvements, more than doubled compared to the prior year. This accounts for \$362 thousand of the increase in governmental activities and \$213 thousand in business type activities. Additionally, a warm summer and new homes increased water sales by \$59 thousand.

**Capital Grants** – Governmental activities capital grant revenue decreased in the current year because the prior year included revenue for the CDBG Claxtar Street project grant completed in FY2013-14.

**Property Taxes** – Property taxes increased 19% due to new homes and a one-time tax charged to a property that changed from farmland to developed land.



**Expenses** – Expenses decreased due to the implementation of GASB No. 68, which resulted in a pension credit instead of an expense this year. That resulted in a decrease of \$247 thousand compared to the prior year. General Government expense also decreased due to staff reductions. Building and Parks increased due to lower allocations to Street and Water Funds.



**Changes in net position** – Governmental activities ended FY2014-15 with an \$825 thousand increase in net position. Business type activities ended the year with a \$522 thousand increase in net position.

## **Significant Activity**

**Developments** – The City has a number of new developments going in, as described above. When all these are completed it will add 282 homes to the City, an increase of over 35% from last year. System Development Charges are collected on all the new homes, which gives the City funding for road, parks and water expansion to accommodate the new residents. In addition, these new homes will generate additional property tax for the City, to cover services such as public safety, library, maintenance for streets, parks and water, and city hall administration.

**Capital assets** –The City completed maintenance on Pacific Street and started a street expansion project on West Union Road and. A water extension was completed for North Avenue. Two parks projects, a walking trail and re-design of Jessie Mays Community Hall, were started.

## **Information requests**

This report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City’s activities and finances to demonstrate the City’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact Rachael Lembo, Finance Manager, at 503-647-555 in North Plains, Oregon.

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

**BASIC FINANCIAL STATEMENTS**

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

**STATEMENT OF NET POSITION  
June 30, 2015**

ASSETS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Cash and Investments	\$ 3,293,156	\$ 1,561,906	\$ 4,855,062
Receivables	34,102	99,577	133,679
Prepaid Expenses	37,269	-	37,269
Net Pension Asset	119,738	52,669	172,407
Capital Assets, net of depreciation	6,472,006	3,000,654	9,472,660
<b>Total Assets</b>	<b>9,956,271</b>	<b>4,714,806</b>	<b>14,671,077</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension Contributions	52,394	23,046	75,440
Changes in City's Proportion of PERS Net Pension Liability	6,062	2,666	8,728
<b>Total Deferred Outflows of Resources</b>	<b>58,455</b>	<b>25,713</b>	<b>84,168</b>
<b>LIABILITIES</b>			
Accounts Payable	86,170	126,988	213,158
Payroll Liabilities	46,277	-	46,277
Refundable Deposits	92,281	66,364	158,645
Debt Payable			
Due in One Year	29,358	91,892	121,250
Due in More Than One Year	239,148	1,004,743	1,243,891
<b>Total Liabilities</b>	<b>493,234</b>	<b>1,289,987</b>	<b>1,783,221</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Investment Earnings	231,046	101,630	332,676
<b>Total Deferred Inflows of Resources</b>	<b>231,046</b>	<b>101,630</b>	<b>332,676</b>
<b>NET POSITION</b>			
Net Invested in Capital Assets	6,203,500	1,904,019	8,107,519
Restricted for:			
Capital Projects	777,792	-	777,792
Highways and Streets	1,272,716	-	1,272,716
Unrestricted	1,036,439	1,444,883	2,481,321
<b>Total Net Position</b>	<b>\$ 9,290,447</b>	<b>\$ 3,348,902</b>	<b>\$ 12,639,348</b>

See accompanying notes to basic financial statements

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

**STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2015**

FUNCTIONS	PROGRAM REVENUES				NET (EXPENSES) REVENUES AND CHANGES IN NET POSITION		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Primary Government							
<u>Governmental Activities:</u>							
Police	\$ 292,167	\$ 23,876	\$ 9,181	\$ -	\$ (259,110)		\$ (259,110)
General Government	263,408	392,550	8,000	-	137,142		137,142
Street	266,872	444,758	-	49,644	227,530		227,530
Library	176,754	9,622	113,391	-	(53,741)		(53,741)
Building and Parks	139,886	224,718	-	-	84,832		84,832
Culture and Recreation	30,946	-	11,485	-	(19,461)		(19,461)
Urban Renewal District	6,521	7,200	-	-	679		679
Interest	18,506	-	-	-	(18,506)		(18,506)
Total Governmental Activities	<u>1,195,060</u>	<u>1,102,724</u>	<u>142,057</u>	<u>49,644</u>	<u>99,365</u>		<u>99,365</u>
<u>Business-Type Activities:</u>							
Water	819,809	1,338,504	-	-		\$ 518,695	518,695
Total Business-Type Activities	<u>819,809</u>	<u>1,338,504</u>	<u>-</u>	<u>-</u>		<u>518,695</u>	<u>518,695</u>
Total Primary Government	<u>\$ 2,014,870</u>	<u>\$ 2,441,228</u>	<u>\$ 142,057</u>	<u>\$ 49,644</u>	<u>99,365</u>	<u>518,695</u>	<u>618,059</u>
General Revenues							
Taxes:							
Property Taxes, Levied for General Purposes					526,204	-	526,204
Intergovernmental					172,142	-	172,142
Interest and Investment Earnings					19,849	5,697	25,546
Gain/Loss on Disposal of Asset					5,200	-	5,200
Transfers - Internal Activities					2,156	(2,156)	-
Total General Revenues					<u>725,551</u>	<u>3,541</u>	<u>729,092</u>
Changes in Net Position					824,916	522,236	1,347,151
Net Position - Beginning, As Restated					8,465,531	2,826,666	11,292,197
Net Position - Ending					<u>\$ 9,290,447</u>	<u>\$ 3,348,902</u>	<u>\$ 12,639,349</u>

See accompanying notes to basic financial statements

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

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2015**

	GENERAL FUND	STREET TAX, TRANSPORTATION AND STORM DRAINAGE FUND	TRANSPORTATION DEVELOPMENT TAX
<b>ASSETS:</b>			
Cash and Investments	\$ 983,776	\$ 275,065	\$ 755,758
Taxes Receivable	16,012	-	-
Accounts Receivable	5,390	2,867	-
Prepaid Expenses	37,269	-	-
Interfund Loan Receivable	169,047	-	-
Total Assets	<u>1,211,494</u>	<u>277,932</u>	<u>755,758</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:</b>			
<b>Liabilities:</b>			
Accounts Payable	34,093	51,649	-
Payroll Liabilities	46,277	-	-
Refundable Deposits	92,281	-	-
Interfund Loan Payable	-	-	-
Total Liabilities	<u>172,651</u>	<u>51,649</u>	<u>-</u>
<b>Deferred Inflows of Resources:</b>			
Deferred Revenue	13,525	-	-
Total Deferred Inflows of Resources	<u>13,525</u>	<u>-</u>	<u>-</u>
<b>Fund Balances:</b>			
Nonspendable	37,269	-	-
Restricted	-	226,283	755,758
Committed	-	-	-
Assigned	-	-	-
Unassigned	988,049	-	-
Total Fund Balances	<u>1,025,318</u>	<u>226,283</u>	<u>755,758</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,211,494</u>	<u>\$ 277,932</u>	<u>\$ 755,758</u>

See accompanying notes to basic financial statements



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

**BALANCE SHEET  
GOVERNMENTAL FUNDS (Continued)  
June 30, 2015**

	URBAN RENEWAL AGENCY	PARKS CAPITAL IMPROVEMENT FUND	OTHER GOVERNMENTAL FUNDS	TOTAL
<b>ASSETS:</b>				
Cash and Investments	\$ 307,796	\$ 633,467	\$ 337,294	\$ 3,293,156
Taxes Receivable	4,665	-	-	20,677
Accounts Receivable	600	4,568	-	13,425
Prepaid Expenses	-	-	-	37,269
Interfund Loan Receivable	-	-	-	169,047
Total Assets	<u>313,061</u>	<u>638,035</u>	<u>337,294</u>	<u>3,533,574</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:</b>				
<b>Liabilities:</b>				
Accounts Payable	428	-	-	86,170
Payroll Liabilities	-	-	-	46,277
Refundable Deposits	-	-	-	92,281
Interfund Loan Payable	169,047	-	-	169,047
Total Liabilities	<u>169,475</u>	<u>-</u>	<u>-</u>	<u>393,775</u>
<b>Deferred Inflows of Resources:</b>				
Deferred Revenue	3,829	-	-	17,354
Total Deferred Inflows of Resources	<u>3,829</u>	<u>-</u>	<u>-</u>	<u>17,354</u>
<b>Fund Balances:</b>				
Nonspendable	-	-	-	37,269
Restricted	139,757	638,035	290,675	2,050,508
Committed	-	-	46,619	46,619
Assigned	-	-	-	-
Unassigned	-	-	-	988,049
Total Fund Balances	<u>139,757</u>	<u>638,035</u>	<u>337,294</u>	<u>3,122,445</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 313,061</u>	<u>\$ 638,035</u>	<u>\$ 337,294</u>	<u>\$ 3,533,574</u>

See accompanying notes to basic financial statements

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

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

**June 30, 2015**

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Total Fund Balances - Governmental Funds	\$ 3,122,445
Capital assets are not financial resources and therefore are not reported in the governmental funds.	6,472,006
Property taxes earned but not available are shown as deferred revenue in the governmental funds.	17,354
Pension assets and related deferred outflows and inflows of resources do not require current financial resources and therefore are not reported in the governmental funds.	(52,852)
Long term liabilities do not require current financial resources and therefore are not reported in the governmental funds.	<u>(268,506)</u>
Net Position	<u><u>\$ 9,290,447</u></u>

See accompanying notes to basic financial statements

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

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

**For the Year Ended June 30, 2015**

	GENERAL FUND	STREET TAX, TRANSPORTATION AND STORM DRAINAGE FUND	TRANSPORTATION DEVELOPMENT TAX
<b>REVENUES:</b>			
Property Taxes	\$ 385,890	\$ -	\$ -
Charges for Services	-	-	-
Licenses/Permits/Fees	409,056	55,487	389,271
Intergovernmental	151,974	122,058	0
Fines and Forfeitures	23,876	-	-
Interest on Investments	11,148	979	2,364
Grants	40,167	49,644	-
Miscellaneous	-	-	-
<b>Total Revenues</b>	<b>1,022,111</b>	<b>228,168</b>	<b>391,635</b>
<b>EXPENDITURES:</b>			
Personal Services	627,578	91,937	-
Materials & Services	379,700	50,532	-
Capital Outlay	-	49,644	32,144
Debt Services	-	-	-
<b>Total Expenditures</b>	<b>1,007,278</b>	<b>192,113</b>	<b>32,144</b>
Excess of Revenues Over (Under) Expenditures	14,833	36,055	359,491
<b>Other Financing Sources (Uses)</b>			
Sale of Asset	6,200	-	-
Transfers In	-	10,000	-
Special Payments	(936)	-	-
Transfer Out	(22,328)	(828)	-
<b>Total Other Financing Sources (Uses)</b>	<b>(17,064)</b>	<b>9,172</b>	<b>-</b>
<b>Net Change in Fund Balance</b>	<b>(2,231)</b>	<b>45,227</b>	<b>359,491</b>
<b>Beginning Fund Balance</b>	<b>1,027,549</b>	<b>181,056</b>	<b>396,267</b>
<b>Ending Fund Balance</b>	<b>\$ 1,025,318</b>	<b>\$ 226,283</b>	<b>\$ 755,758</b>

See accompanying notes to basic financial statements

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

**STATEMENT OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCES (USES)**  
**AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS (Continued)**  
**For the Year Ended June 30, 2015**

	URBAN RENEWAL AGENCY	PARKS CAPITAL IMPROVEMENT FUND	OTHER GOVERNMENTAL FUNDS	TOTAL
<b>REVENUES:</b>				
Property Taxes	\$ 140,252	\$ -	\$ -	\$ 526,142
Charges for Services	7,200	-	-	7,200
Licenses/Permits/Fees	-	217,834	-	1,071,648
Intergovernmental	-	-	-	274,032
Fines and Forfeitures	-	-	-	23,876
Interest on Investments	1,353	2,293	1,712	19,849
Grants	-	-	-	89,811
Miscellaneous	-	-	-	-
<b>Total Revenues</b>	<b>148,805</b>	<b>220,127</b>	<b>1,712</b>	<b>2,012,558</b>
<b>EXPENDITURES:</b>				
Personal Services	-	1,831	-	721,346
Materials & Services	5,374	-	-	435,606
Capital Outlay	-	22,990	8,500	113,278
Debt Services	28,506	-	-	28,506
<b>Total Expenditures</b>	<b>33,880</b>	<b>24,821</b>	<b>8,500</b>	<b>1,298,736</b>
Excess of Revenues Over (Under) Expenditures	114,925	195,306	(6,788)	713,822
<b>Other Financing Sources (Uses)</b>				
Sale of Asset	-	-	-	6,200
Transfers In	-	-	15,312	25,312
Special Payments	-	-	-	(936)
Transfer Out	-	-	-	(23,156)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>15,312</b>	<b>7,420</b>
Net Change in Fund Balance	114,925	195,306	8,524	721,242
Beginning Fund Balance	24,832	442,729	328,770	2,401,203
Ending Fund Balance	<u>\$ 139,757</u>	<u>\$ 638,035</u>	<u>\$ 337,294</u>	<u>\$ 3,122,445</u>

See accompanying notes to basic financial statements

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

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

**For the Year Ended June 30, 2015**

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Net Change in Fund Balances - Governmental Funds	\$ 721,242
<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	104,463
Depreciation Expense	(189,033)
<p>Revenues that do not provide current financial resources are not reported in the governmental funds but are reported in the Statement of Activities:</p>	
Change in property taxes earned but not available	62
<p>Pension expense reported in the governmental funds is based on contributions required by the Oregon Public Employees Retirement System. However, in the Statement of Activities, pension expense is actuarially determined as the City's proportionate share of pension expense.</p>	
	160,992
<p>Repayment of long-term obligations principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Position.</p>	
	28,189
<p>Proceeds from the sale of a capital asset are an other financing source in the governmental funds, but in the Statement of Net Position the asset's net book value must be removed and the net gain or loss is presented.</p>	
	(1,000)
Change in Net Position	<u>\$ 824,916</u>

See accompanying notes to financial statements

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

**STATEMENT OF NET POSITION**  
**PROPRIETARY FUND**

June 30, 2015

	Business-Type Activities Enterprise Fund
	WATER FUND
<b>ASSETS:</b>	
Cash and Investments	\$ 1,561,906
Accounts Receivable	99,577
Net Pension Asset	52,669
Capital Assets, Net of Depreciation	3,000,654
Total Assets	4,714,806
 <b>DEFERRED OUTFLOWS OF RESOURCES:</b>	
Pension Contributions	23,046
Changes in City's Proportion of PERS	
Net Pension Liability	2,666
Total Deferred Outflows of Resources	25,713
 <b>LIABILITIES:</b>	
Accounts Payable	126,988
Refundable Deposits	66,364
Bonds Payable	
Due in One Year	91,892
Due in More Than One Year	1,004,743
Total Liabilities	1,289,987
 <b>DEFERRED INFLOWS OF RESOURCES:</b>	
Investment Earnings	101,630
Total Deferred Inflows of Resources	101,630
 <b>NET POSITION</b>	
Net Invested in Capital Assets	1,904,019
Unrestricted	1,444,883
Total Net Position	\$ 3,348,902

See accompanying notes to financial statements

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

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**June 30, 2015**

	Business-Type Activities - Enterprise Fund
	WATER FUND
<b>OPERATING REVENUES:</b>	
Charges for Services	\$ 1,338,504
Total Operating Revenues	1,338,504
<b>OPERATING EXPENSES:</b>	
Water Expenses Paid	677,171
Depreciation Expense	96,774
Total Operating Expenses	773,945
Operating Income	564,559
<b>OTHER FINANCING SOURCES (USES):</b>	
Interest and Investment Earnings	5,697
Interest Paid on Capital Debt	(45,864)
Transfers Out	(2,156)
Change in Net Position	522,236
Net Position, July 1, 2014, As Restated	2,826,666
Net Position, June 30, 2015	\$ 3,348,902

The accompanying notes are an integral part of this statement.

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

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
For the Year Ended June 30, 2015**

		<u>WATER FUND</u>
Cash Flows From Operating Activities:		
Cash Received for Services	\$	1,329,916
Cash Paid to Employees		-
Cash Paid to Suppliers		(267,517)
Cash Paid for Interfund Services		(366,198)
Net cash provided (used) by operating activities		<u>696,201</u>
Cash Flows From Non Capital Financing Activities		
Transfers to Other Funds		(2,156)
Net cash provided (used) by financing activities		<u>(2,156)</u>
Cash Flows From Capital and Related Financing Activities		
Principal Paid on Debt		(88,468)
Interest Paid on Debt		(45,864)
Net cash provided (used) by capital and related financing activities		<u>(134,332)</u>
Cash Flows From Investing Activities:		
Purchase and Sale of Capital Assets		(34,332)
Loans made to others		-
Earnings on Investments		5,697
Net cash provided (used) by investing activities		<u>(28,635)</u>
Net increase (decrease) in cash and investments		531,078
Cash and investments, beginning of year		<u>1,033,494</u>
Cash and investments, end of year	\$	<u><u>1,564,572</u></u>
Reconciliation of Operating Income to		
Net Cash Provided by Operating Activities		
Operating Income	\$	564,559
Depreciation Expense		96,774
Change in current assets and liabilities		
Receivables		(12,411)
Accounts payable		111,606
Refundable deposits		3,823
Difference between actuarially determined pension expense and funded pension expense		(70,816)
Net Cash Provided by Operating Activities	\$	<u><u>693,535</u></u>

The accompanying notes are an integral part of this statement.



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

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. THE FINANCIAL REPORTING ENTITY**

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

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

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

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

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

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

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

---

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

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

The City reports the following fund types:

*Governmental Funds*

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

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

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

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

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

**NOTES TO 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.

<u>Fund</u>	<u>Brief Description</u>
Water	Accounts for the activities of providing water services to the public, including capital improvements and major acquisitions.

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

**CASH AND INVESTMENTS**

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

**RECEIVABLES**

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

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

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

**CAPITAL ASSETS**

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

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

---

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

**C. ASSETS, LIABILITIES, AND EQUITY (CONTINUED)**

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

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

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

**DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

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

**NET POSITION**

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

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

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

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

---

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

**C. ASSETS, LIABILITIES, AND EQUITY (CONTINUED)**

**FUND BALANCE**

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

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

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

**D. REVENUES AND EXPENDITURES**

**PROGRAM REVENUES**

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

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

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

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

**E. ESTIMATES**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**F. PENSIONS**

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

**2. BUDGET**

A budget is prepared and legally adopted for each fund on a budgetary basis of accounting, which is similar to the modified accrual basis of accounting with certain differences, in the main program categories required by the Oregon Local Budget Law.

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

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

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

**Excess of Disbursements over Appropriations**

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

General Fund	Planning Department	\$ 359
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**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, at June 30, 2015. Cash and investments at June 30, 2015 were:

	2015	Reported In:	2015
Petty Cash	\$ 900	Governmental Funds	\$ 3,293,156
Deposits with Financial Institutions	404,042	Proprietary Funds	1,561,906
Certificate of Deposit	204,845		\$ 4,855,062
LGIP	4,245,275		
	\$ 4,855,062		

**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, 2015, the deposits with financial institutions exceeded FDIC insurance by \$154,042 and the certificate of deposit was fully insured by FDIC.

The State Treasurer’s Local Government Investment Pool is not registered with the U.S. Securities and Exchange Commission as an investment company. The Oregon Revised Statutes and the Oregon Investment Council govern the State’s investment policies. The State Treasurer is the investment officer for the Council and is responsible for all funds in the State Treasury. These funds must be invested, and the investments managed, as a prudent investor would, exercising reasonable care, skill and caution. Investments in the Fund are further governed by portfolio guidelines issued by the Oregon Short-Term Fund Board (OSTFB), which establish diversification percentages and specify the types and maturities of investments. The portfolio guidelines permit securities lending transactions as well as investments in repurchase agreements and reverse repurchase agreements. The fund was in compliance with all portfolio guidelines at June 30, 2015.

Amounts in the State Treasurer’s Local Government Investment Pool are not required to be collateralized. There is no material difference between fair value of the City’s position in the Pool and the value of the pool shares at June 30, 2015. There were no known violations of legal or contractual provisions for deposits and investments during the fiscal year.

**4. ACCOUNTS RECEIVABLE**

Governmental accounts receivable at June 30, 2015 were:

	<u>General Fund</u>	<u>Street Fund</u>	<u>Urban Renewal Agency</u>	<u>Parks Capital Fund</u>	<u>Total Governmental Funds</u>
Accounts	\$ 5,390	\$ 2,867	\$ 600	\$ 4,568	\$ 13,425
Property Taxes	16,012	-	4,665	-	20,677
Total	\$ 21,402	\$ 2,867	\$ 5,265	\$ 4,568	\$ 34,102

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

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

**5. CAPITAL ASSETS**

The changes in capital assets for 2014-15 are as follows:

	Balance on 07/01/2014	Additions	Disposals	Balance on 6/30/2015
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 182,855	\$ -	\$ -	\$ 182,855
URA land	231,943	-	-	231,943
CIP	-	48,550	-	48,550
Total capital assets not being depreciated	414,798	48,550	-	463,348
Capital assets being depreciated:				
Infrastructure	6,845,928	49,644	-	6,895,572
Buildings	175,957	-	-	175,957
URA buildings	45,877	-	-	45,877
Equipment and vehicles	369,419	6,269	(5,000)	370,688
Total capital assets being depreciated	7,437,181	55,913	(5,000)	7,488,094
Less accumulated depreciation for:				
Infrastructure	(989,798)	(146,235)	-	(1,136,033)
Buildings	(96,806)	(4,249)	-	(101,055)
URA buildings	(2,294)	(1,147)	-	(3,441)
Equipment and vehicles	(205,504)	(37,402)	4,000	(238,906)
Total accumulated depreciation	(1,294,403)	(189,033)	4,000	(1,479,436)
Total capital assets net of depreciation	\$ 6,557,576	\$ (84,570)	\$ (1,000)	\$ 6,472,006
<b>Business Type Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 730	\$ -	\$ -	\$ 730
Total capital assets not being depreciated	730	-	-	730
Capital assets being depreciated:				
Buildings	19,174	-	-	19,174
Machinery and equipment	84,443	-	-	84,443
Utility property and improvements	4,460,580	34,332	-	4,494,912
Total capital assets being depreciated	4,564,197	34,332	-	4,598,529
Less accumulated depreciation for:				
Buildings	(19,174)	-	-	(19,174)
Machinery and equipment	(73,774)	(3,397)	-	(77,171)
Utility property and improvements	(1,408,883)	(93,377)	-	(1,502,260)
Total accumulated depreciation	(1,501,831)	(96,774)	-	(1,598,605)
Total capital assets net of depreciation	\$ 3,063,096	\$ (62,442)	\$ -	\$ 3,000,654



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

**NOTES TO BASIC FINANCIAL STATEMENTS**

**5. CAPITAL ASSETS (CONTINUED)**

Depreciation was charged to the following programs:

Building and Parks Expense	\$ 18,182
Street Expense	146,235
Police Expense	23,469
Urban Renewal Agency Expense	<u>1,147</u>
Total Depreciation Expense	\$ 189,033

**6. INTERFUND TRANSFERS AND BALANCES**

Transfers are used to move resources collected by one fund to another fund authorized to spend those resources. On the budgetary statements transfers are also used to allocate shared costs from the General Fund to other funds, however those costs are stated by category on the fund statements.

Transfers for the year ended June 30, 2015, were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
<b>Governmental Activities</b>		
General Fund	\$ -	\$ 22,328
Street Tax, Transportation and Storm Drainage	10,000	828
Non-major funds	15,312	-
<b>Business-Type Activities</b>		
Water Fund	<u>-</u>	<u>2,156</u>
	25,312	25,312

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Urban Renewal Agency	\$ 185,000	\$ -	\$ 15,953	\$ 169,047	\$ 16,471

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

**7. LONG-TERM OBLIGATIONS**

The following is a summary of changes in long-term obligations for the year ended June 30, 2015:

	LOAN ACTIVITY				
	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
LOCAP Series 2011A	\$ 250,000	\$ -	\$ 10,000	\$ 240,000	\$ 10,000
Capital Lease	46,695	-	18,189	28,506	19,358
Total Loan Activity	\$ 296,695	\$ -	\$ 28,189	\$ 268,506	\$ 29,358
Business-Type Activities:					
Safe Drinking Water	\$ 1,185,103	\$ -	\$ 88,468	\$ 1,096,635	\$ 91,892
Total Loan Activity	\$ 1,185,103	\$ -	\$ 88,468	\$ 1,096,635	\$ 91,892

**LOCAP SERIES 2011A**

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

Local Oregon Capital Assets Program (LOCAP), Series 2011A			
Year Ending June 30,	Annual Debt Service		Total
	Principal	Interest	
2016	\$ 10,000	\$ 12,194	\$ 22,194
2017	10,000	11,825	21,825
2018	10,000	11,388	21,388
2019	10,000	10,950	20,950
2020	10,000	10,513	20,513
2021-25	75,000	42,216	117,216
2026-30	95,000	19,774	114,774
2031	20,000	570	20,570
Balance	\$ 240,000	\$ 119,430	\$ 359,430

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

**7. LONG-TERM OBLIGATIONS (Continued)**

**CAPITAL LEASE PAYABLE**

Three police vehicles were purchased with capital leases with no stated interest rates. The intent is to purchase the vehicles after they have been paid for. The amounts capitalized were \$40,478 in FY12, \$41,066 in FY13 and \$35,803 in FY14. The vehicles have estimated useful lives of five years, and \$71,343 has been depreciated to date.

Capital Leases			
Year Ending June 30,	Annual Debt Service		Total
	Principal	Interest	
2016	\$ 19,358	\$ 1,683	\$ 21,041
2017	9,148	435	9,583
Balance	\$ 28,506	\$ 2,118	\$ 30,624

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

Safe Drinking Water Revolving Loan			
Year Ending June 30,	Annual Debt Service		Total
	Principal	Interest	
2016	\$ 91,892	\$ 42,440	\$ 134,332
2017	95,448	38,884	134,332
2018	99,142	35,190	134,332
2019	102,979	31,353	134,332
2020	106,964	27,368	134,332
2021-25	600,211	71,446	671,657
Balance	\$ 1,096,636	\$ 246,681	\$ 1,343,317

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

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

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

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

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

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

*Pension Benefits*

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

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

*Death Benefits*

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

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

*Disability Benefits*

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

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**8. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)**

*Benefit Changes After Retirement*

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

Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits above \$60,000.

2. OPSRP Pension Program (OPSRP DB)

*Pension Benefits.*

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

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

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

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

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

*Death Benefits*

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

*Disability Benefits*

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

*Benefit Changes After Retirement*

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

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

**8. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)**

**CONTRIBUTIONS**

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

Employer contribution rates during the period were based on the December 31, 2011 actuarial valuation as subsequently modified by 2013 legislated changes in benefit provisions. The rates based on a percentage of payroll, first became effective July 1, 2013. The state of Oregon and certain schools, community colleges, and political subdivisions have made lump sum payments to establish side accounts, and their rates have been reduced.

Employer contributions for the year ended June 30, 2015 were \$75,440.

A 10 year schedule of Defined Benefit Pension Plan Contributions can be found beginning on page 58 of the June 30, 2014 PERS CAFR. Oregon PERS produces an independently audited CAFR which can be found at: [http://www.oregon.gov/pers/Pages/section/financial\\_reports/financials.aspx](http://www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx)

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

At June 30, 2015, the City reported an asset of \$172,407 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2012. The City's proportion of the net pension asset was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2014, the City's proportion was 0.0076 percent, which was unchanged from its proportion measured as of June 30, 2013. For the year ended June 30, 2015, the City recognized a pension expense / (credit) of (\$156,368). At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on investments	-	332,676
Changes in proportion and differences between employer contributions and proportionate share of contributions	8,728	-
Contributions subsequent to the measurement date	75,440	-
<b>Total</b>	<b>\$ 84,168</b>	<b>\$ 332,676</b>

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

**8. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)**

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

Employer subsequent fiscal years	Deferred Outflow/(Inflow) of Resources
1st Fiscal Year	\$ (81,272)
2nd Fiscal Year	(81,272)
3rd Fiscal Year	(81,272)
4th Fiscal Year	(81,272)
5th Fiscal Year	1,140
Total	\$ (323,948)

**ACTUARIAL VALUATIONS**

The employer contribution rates effective July 1, 2013, through June 30, 2015, were set using the projected unit credit actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years. For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

**Actuarial Methods and Assumptions Used in Developing Total Pension Liability:**

Valuation Date	December 31, 2012 rolled forward to June 30, 2014.
Experience Study Report	2012, published September 18, 2013
Actuarial cost method	Entry Age Normal
Amortization method	Amortized as a level percentage of payroll as layered amortization bases over a closed period; Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years.
Asset valuation method	Market value of assets
Actuarial assumptions:	
Inflation rate	2.75 percent
Investment rate of return	7.75 percent
Projected salary increases	3.75 percent overall payroll growth; salaries for individuals are assumed to grow at 3.75 percent plus assumed rates of merit/longevity increases based on service
Mortality	Healthy retirees and beneficiaries: RP-2000 Sex-distinct, generational per Scale AA, with collar adjustments and set-backs as described in the valuation. Active members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation. Disabled retirees: Mortality rates are a percentage (65% for males, 90% for females) of the RP-2000 static combined disabled mortality sex-distinct table.

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**8. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)**

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2012 Experience Study which reviewed experience for the four-year period ending on December 31, 2012.

*Discount Rate*

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

*Depletion Date Projection*

GASB 67 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position (fair market value of assets) is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 67 will often require that the actuary perform complex projections of future benefit payments and asset values. GASB 67 (paragraph 43) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

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

- Oregon PERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100% funded position by the end of the amortization period if future experience follows assumption.
- GASB 67 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

Based on these circumstances, it is our independent actuary's opinion that the detailed depletion date projections outlined in GASB 67 would clearly indicate that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.



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

**NOTES TO BASIC FINANCIAL STATEMENTS**

**8. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)**

*Assumed Asset Allocation*

<b>Asset Class/Strategy</b>	<b>Low Range</b>	<b>High Range</b>	<b>OIC Target</b>
Cash	0.0 %	3.0 %	0.0 %
Debt Securities	15.0	25.0	20.0
Public Equity	32.5	42.5	37.5
Private Equity	16.0	24.0	20.0
Real Estate	9.5	15.5	12.5
Alternative Equity	0.0	10.0	10.0
Opportunity Portfolio	0.0	3.0	0.0
 Total			 100.0 %

*Long-Term Expected Rate of Return*

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

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

*Sensitivity analysis*

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

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**8. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)**

	1% decrease (6.75%)	Current discount rate (7.75%)	1% increase (8.75%)
City's proportionate share of net pension liability/(asset)	365,096	(172,407)	(627,008)

**CHANGES IN PLAN PROVISIONS SUBSEQUENT TO MEASUREMENT DATE**

The Oregon Supreme Court on April 30, 2015, ruled that the provisions of Senate Bill 861, signed into law in October 2013, that limited the post-retirement COLA on benefits accrued prior to the signing of the law was unconstitutional. Benefits could be modified prospectively, but not retrospectively. As a result, those who retired before the bills were passed will continue to receive a COLA tied to the Consumer Price Index that normally results in a 2% increase annually. OPERS will make restoration payments to those benefit recipients.

OPERS members who have accrued benefits before and after the effective dates of the 2013 legislation will have a blended COLA rate when they retire.

This is a change in benefit terms subsequent to the measurement date of June 30, 2014, and has not been included in the net pension liability (asset) proportionate shares provided by OPERS.

**9. PROPERTY TAX LIMITATIONS**

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

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

**10. RISK MANAGEMENT**

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

**11. CONTINGENCIES**

**A. GRANT PROGRAM INVOLVEMENT**

In the normal course of operations, various federal or state grant loan programs are participated in from year to year. The grant loan programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. Any liability of

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

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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.

**12. NEW ACCOUNTING PRONOUNCEMENT – GASB STATEMENT NO. 68 AND 71**

The Governmental Accounting Standards Board (GASB) has issued Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27 and Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68. GASB Statement No. 68 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. GASB Statement No. 71 addresses an issue regarding application of the transition provisions of GASB Statement No. 68. The City implemented GASB Statement No. 68 and 71 in the year ending June 30, 2015. Additional information can be found in Note 8 – Employee Retirement Systems and Pension Plans and Note 13 - Change in Accounting Principle.

**13. CHANGE IN ACCOUNTING PRINCIPLE AND PRIOR PERIOD RESTATEMENT**

Based on implementation of GASB Statement No. 68 and 71, the City restated the beginning net position for the Governmental Activities and Business-Type Activities. Net position has been restated as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Net Position - beginning (as originally reported)	8,679,376	2,920,730	11,600,106
Cumulative effect of change in accounting principle	<u>(213,845)</u>	<u>(94,064)</u>	<u>(307,909)</u>
Net Position - beginning (as restated)	8,465,531	2,826,666	11,292,197

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

**REQUIRED SUPPLEMENTARY INFORMATION**

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

**SCHEDULE OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCES (USES)  
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended June 30, 2015**

<u>GENERAL FUND</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE -NEGATIVE</u>
REVENUES:				
Property Taxes - Current & Delinquent	\$ 352,500	\$ 384,575	\$ 385,890	\$ 1,315
Licenses/Permits/Fees	380,250	361,471	409,056	47,585
Intergovernmental	148,690	148,690	151,974	3,284
Fines and Forfeitures	51,000	25,000	23,876	(1,124)
Interest	16,340	16,340	11,148	(5,192)
Grants and Donations	103,295	64,663	40,167	(24,496)
 Total Revenues	 \$ 1,052,075	 \$ 1,000,739	 \$ 1,022,111	 \$ 21,372

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

**SCHEDULE OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCES (USES)  
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended June 30, 2015**

	<u>GENERAL FUND</u>			VARIANCE
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	POSITIVE -NEGATIVE
<b>EXPENDITURES:</b>				
General Government Department				
Personal Services	\$ 318,374	\$ 319,329	\$ 314,583	\$ 4,746
Materials and Services	<u>176,565</u>	<u>213,561</u>	<u>206,619</u>	<u>6,942</u>
Total Gen Govt Department	<u>494,939</u>	<u>532,890</u> (1)	<u>521,202</u>	<u>11,688</u>
Police Department				
Personal Services	292,410	272,197	244,250	27,947
Materials and Services	<u>96,616</u>	<u>97,916</u>	<u>99,348</u>	<u>(1,432)</u>
Total Police Department	<u>389,026</u>	<u>370,113</u> (1)	<u>343,598</u>	<u>26,515</u>
Public Works Department				
Personal Services	329,954	310,774	298,332	12,442
Materials and Services	<u>58,420</u>	<u>40,420</u>	<u>30,033</u>	<u>10,387</u>
Total Public Works Department	<u>388,374</u>	<u>351,194</u> (1)	<u>328,365</u>	<u>22,829</u>
Library Department				
Personal Services	164,234	164,234	158,107	6,127
Materials and Services	<u>40,994</u>	<u>44,419</u>	<u>46,548</u>	<u>(2,129)</u>
Total Library Department	<u>205,228</u>	<u>208,653</u> (1)	<u>204,655</u>	<u>3,998</u>
Culture and Recreation Department				
Personal Services	7,765	3,094	3,094	-
Materials and Services	<u>65,090</u>	<u>28,650</u>	<u>27,852</u>	<u>798</u>
Total Culture and Rec Department	<u>72,855</u>	<u>31,744</u> (1)	<u>30,946</u>	<u>798</u>
Parks Department				
Materials and Services:	<u>13,090</u>	<u>13,090</u>	<u>11,270</u>	<u>1,820</u>
Total Parks Department	<u>13,090</u>	<u>13,090</u> (1)	<u>11,270</u>	<u>1,820</u>
Planning Department				
Materials and Services	<u>5,000</u>	<u>46,000</u>	<u>46,359</u>	<u>(359)</u>
Total Planning Department	<u>5,000</u>	<u>46,000</u> (1)	<u>46,359</u>	<u>(359)</u>
Contingency	<u>95,000</u>	<u>54,000</u> (1)	<u>-</u>	<u>54,000</u>
Total Expenditures	<u>1,663,512</u>	<u>1,607,684</u>	<u>1,486,395</u>	<u>121,289</u>
Excess of Revenues Over (Under)				
Expenditures	(611,437)	(606,945)	(464,284)	142,661

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

**SCHEDULE OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCES (USES)  
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended June 30, 2015**

	<u>GENERAL FUND</u>			VARIANCE POSITIVE -NEGATIVE
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
Other Financing Sources (Uses):				
Sale of Asset	-	-	6,200	6,200
Transfers In	535,998	519,373	479,117	(40,256)
Repayment of URA Interfund Loan	-	-	15,953	15,953
Special Payments - Court Payments	(2,000)	(2,000) (1)	(936)	1,064
Transfers Out	<u>(22,328)</u>	<u>(22,328) (1)</u>	<u>(22,328)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>511,670</u>	<u>495,045</u>	<u>478,006</u>	<u>(17,039)</u>
Net Change in Fund Balance	(99,767)	(111,900)	13,722	125,622
Beginning Fund Balance	<u>810,772</u>	<u>842,549</u>	<u>842,549</u>	<u>-</u>
Ending Fund Balance	<u>\$ 711,005</u>	<u>\$ 730,649</u>	<u>\$ 856,271</u>	<u>\$ 125,622</u>

(1) Appropriation Level

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

Total Expenditures - budgetary basis	\$ 1,486,395
Personal Services allocated to other Funds	(390,788)
Materials and Services allocated to other Funds	(88,329)
Total Expenditures - modified accrual basis	<u>1,007,278</u>
Other Financing Sources (Uses) - budgetary basis	478,006
Overhead allocated to other Funds	(479,117)
Repayment of principal on long term loan to governmental fund reported as reduction of receivable rather than other financing source	(15,953)
Other Financing Sources (Uses) - modified accrual basis	<u>(17,064)</u>
Ending Fund Balance - budgetary basis	856,271
Long term loan to governmental fund reported as receivable rather than other financing source	169,047
Ending Fund Balance - modified accrual basis	<u>\$ 1,025,318</u>

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

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

**For the Year Ended June 30, 2015**

STREET TAX, TRANSPORTATION AND STORM DRAINAGE FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE -NEGATIVE
<b>REVENUES:</b>				
Licenses, Permits, Fees	\$ 51,100	\$ 51,100	\$ 55,487	\$ 4,387
Intergovernmental	122,500	122,500	122,058	(442)
Interest	1,030	1,030	979	(51)
Grants	-	50,000	49,644	(356)
	<u>174,630</u>	<u>224,630</u>	<u>228,168</u>	<u>3,538</u>
<b>EXPENDITURES:</b>				
Street Department				
Materials and Services	30,800	30,800	29,225	1,575
Capital Outlay	-	50,000	49,644	356
Total Street Department	<u>30,800</u>	<u>80,800</u>	<u>78,869</u>	<u>1,931</u>
Contingency	14,000	9,786 (1)	-	9,786
Total Expenditures	<u>44,800</u>	<u>90,586</u>	<u>78,869</u>	<u>11,717</u>
Excess of Revenues Over (Under) Expenditures	129,830	134,044	149,299	15,255
<b>Other Financing Sources (Uses):</b>				
Transfers In	10,000	10,000	10,000	
Transfers Out	(113,125)	(117,339) (1)	(114,072)	3,267
Total Other Financing Sources (Uses)	<u>(103,125)</u>	<u>(107,339)</u>	<u>(104,072)</u>	<u>3,267</u>
Net Change In Fund Balance	26,705	26,705	45,227	18,522
Beginning Fund Balance	143,167	181,056	181,056	-
Ending Fund Balance	<u>\$ 169,872</u>	<u>\$ 207,761</u>	<u>\$ 226,283</u>	<u>\$ 18,522</u>

(1) Appropriation Level

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

Total Expenditures - budgetary basis	\$ 78,869
General Fund Personal Services allocation	91,937
General Fund Materials and Services allocation	21,307
Total Expenditures - modified accrual basis	192,113
Other Financing Sources (Uses) - budgetary basis	(104,072)
Allocation of overhead in the General Fund	113,244
Other Financing Sources (Uses) - modified accrual basis	\$ 9,172



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

**SCHEDULE OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCES (USES)  
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended June 30, 2015**

URBAN RENEWAL DISTRICT

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE -NEGATIVE
<b>REVENUES:</b>				
Taxes	\$ 100,000	\$ 100,000	\$ 140,252	\$ 40,252
Property Rental Fees	7,200	7,200	7,200	-
Interest	590	590	1,353	763
Miscellaneous	-	-	-	-
Total Revenues	107,790	107,790	148,805	41,015
<b>EXPENDITURES:</b>				
URA Department				
Materials and Services	8,000	8,000	5,374	2,626
Debt Service	44,460	44,460	44,459	1
Total URA Department	52,460	52,460 (1)	49,833	2,627
Contingency	5,000	5,000 (1)	-	5,000
Total Expenditures	57,460	57,460	49,833	7,627
Excess of Revenues Over (Under) Expenditures	50,330	50,330	98,972	48,642
<b>Other Financing Sources (Uses):</b>				
Transfers Out	(2,500)	(2,500) (1)	-	2,500
Total Other Financing Sources (Uses)	(2,500)	(2,500)	-	2,500
Net Change in Fund Balance	47,830	47,830	98,972	51,142
Beginning Fund Balance	207,185	207,185	209,832	2,647
Ending Fund Balance	\$ 255,015	\$ 255,015	\$ 308,804	\$ 53,789

(1) Appropriations Level

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

Total Expenditures - budgetary basis	\$ 49,833
Repayment of principal on long term loan from primary government reported as reduction of liability rather than debt service	(15,953)
Total Expenditures - modified accrual basis	33,880
Ending Fund Balance - budgetary basis	308,804
Long term loan to governmental fund reported as receivable rather than other financing source	(169,047)
Ending Fund Balance - modified accrual basis	\$ 139,757

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

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

	as of June 30,	
	2014	2013
City's proportion of the net pension liability/(asset)	0.0076%	0.0076%
City's proportionate share of the net pension liability/(asset)	(172,407)	388,147
City's covered-employee payroll	826,381	753,615
City's proportionate share of the net pension liability/(asset) as a percentage of its covered-employee payroll	-20.86%	51.50%
Plan fiduciary net position as a percentage of the total pension liability	103.59%	91.97%

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

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

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

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

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

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

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

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**CHANGES IN PLAN PROVISIONS**

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

[http://www.oregon.gov/pers/EMP/docs/er\\_general\\_information/opers\\_gasb\\_68\\_disclosure\\_information\\_revised.pdf](http://www.oregon.gov/pers/EMP/docs/er_general_information/opers_gasb_68_disclosure_information_revised.pdf)

**CHANGES OF ASSUMPTIONS**

A summary of key changes implemented since the December 31, 2011 valuation are described in the Oregon Public Employees Retirement System's GASB 68 Disclosure Information which can be found at: [http://www.oregon.gov/pers/EMP/docs/er\\_general\\_information/opers\\_gasb\\_68\\_disclosure\\_information\\_revised.pdf](http://www.oregon.gov/pers/EMP/docs/er_general_information/opers_gasb_68_disclosure_information_revised.pdf) Additional details and a comprehensive list of changes in methods and assumptions can be found in the 2012 Experience Study for the System, which was published on September 18, 2013, and can be found at: <http://www.oregon.gov/pers/docs/2012%20Exp%20Study%20Updated.pdf>

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

**OTHER SUPPLEMENTARY INFORMATION**

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

**SCHEDULE OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCES (USES)  
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended June 30, 2015**

TRANSPORTATION DEVELOPMENT TAX FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE -NEGATIVE</u>
<b>REVENUES:</b>				
Licenses, Permits, Fees	\$ 333,250	\$ 333,250	\$ 389,271	\$ 56,021
Interest	1,795	1,795	2,364	569
Total Revenues	<u>335,045</u>	<u>335,045</u>	<u>391,635</u>	<u>56,590</u>
<b>EXPENDITURES:</b>				
TDT Department				
Capital Outlay	-	66,650	32,144	34,506
Total TDT Department	<u>-</u>	<u>66,650</u>	<u>(1) 32,144</u>	<u>34,506</u>
Contingency	<u>200,000</u>	<u>33,421</u>	<u>(1) -</u>	<u>33,421</u>
Total Expenditures	<u>200,000</u>	<u>100,071</u>	<u>32,144</u>	<u>67,927</u>
Net Change in Fund Balance	135,045	234,974	359,491	124,517
Beginning Fund Balance	<u>496,196</u>	<u>396,267</u>	<u>396,267</u>	<u>-</u>
Ending Fund Balance	<u>\$ 631,241</u>	<u>\$ 631,241</u>	<u>\$ 755,758</u>	<u>\$ 124,517</u>

(1) Appropriations Level

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

**SCHEDULE OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCES (USES)  
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended June 30, 2015**

<u>PARKS CAPITAL IMPROVEMENT FUND</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE -NEGATIVE</u>
<b>REVENUES:</b>				
Licenses, Permits, Fees	\$ 195,500	\$ 195,500	\$ 217,834	\$ 22,334
Interest	2,580	2,580	2,293	(287)
<b>Total Revenues</b>	<b>198,080</b>	<b>198,080</b>	<b>220,127</b>	<b>22,047</b>
<b>EXPENDITURES:</b>				
Parks Capital Department				
Capital Outlay	175,000	100,000	22,990	77,010
<b>Total Parks Capital Department</b>	<b>175,000</b>	<b>100,000</b>	<b>(1) 22,990</b>	<b>77,010</b>
Contingency	512,210	532,809	(1) -	532,809
<b>Total Expenditures</b>	<b>687,210</b>	<b>632,809</b>	<b>22,990</b>	<b>609,819</b>
Excess of Revenues Over (Under) Expenditures	(489,130)	(434,729)	197,137	631,866
<b>Other Financing Sources (Uses):</b>				
Transfers Out	(14,000)	(8,000)	(1) (1,831)	6,169
<b>Total Other Financing Sources (Uses)</b>	<b>(14,000)</b>	<b>(8,000)</b>	<b>(1,831)</b>	<b>6,169</b>
Net Change in Fund Balance	(503,130)	(442,729)	195,306	638,035
Beginning Fund Balance	503,130	442,729	442,729	-
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 638,035</u>	<u>\$ 638,035</u>

(1) Appropriations Level

Total Expenditures - budgetary basis	\$ 22,990
General Fund Personal Services allocation	1,831
Total Expenditures - modified accrual basis	<u>24,821</u>
Other Financing Sources (Uses) - budgetary basis	(1,831)
Allocation of overhead in the General Fund	1,831
Other Financing Sources (Uses) - modified accrual basis	<u>\$ 0</u>

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

**COMBINING BALANCE SHEET  
NON MAJOR GOVERNMENTAL FUNDS  
June 30, 2015**

	TRAFFIC IMPACT FEE	VEHICLE AND EQUIPMENT RESERVE	TOTAL
<b>ASSETS:</b>			
Cash and Cash Equivalents	\$ 290,675	\$ 46,619	\$ 337,294
Total Assets	<u>290,675</u>	<u>46,619</u>	<u>337,294</u>
<b>LIABILITIES AND FUND BALANCES:</b>			
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances:</b>			
Restricted	290,675	-	290,675
Committed	-	46,619	46,619
Total Fund Balances	<u>290,675</u>	<u>46,619</u>	<u>337,294</u>
Total Liabilities and Fund Balances	<u>\$ 290,675</u>	<u>\$ 46,619</u>	<u>\$ 337,294</u>



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

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCES (USES)  
AND CHANGE IN FUND BALANCE - NON-MAJOR GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2015**

	TRAFFIC IMPACT FEE	VEHICLE AND EQUIPMENT RESERVE	TOTAL
<b>REVENUES:</b>			
Interest	\$ 1,465	\$ 247	\$ 1,712
Total Revenues	<u>1,465</u>	<u>247</u>	<u>1,712</u>
<b>EXPENDITURES:</b>			
Total Expenditures	<u>-</u>	<u>8,500</u>	<u>8,500</u>
Excess of Revenues Over Expenditures	<u>1,465</u>	<u>(8,253)</u>	<u>(6,788)</u>
Other Financing Sources			
Transfers In	<u>-</u>	<u>15,312</u>	<u>15,312</u>
Total Other Sources	<u>-</u>	<u>15,312</u>	<u>15,312</u>
Net Change in Fund Balance	1,465	7,059	8,524
Beginning Fund Balances	<u>289,210</u>	<u>39,560</u>	<u>328,770</u>
Ending Fund Balances	<u>\$ 290,675</u>	<u>\$ 46,619</u>	<u>\$ 337,294</u>

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

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

**For the Year Ended June 30, 2015**

TRAFFIC IMPACT FEES FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE -NEGATIVE</u>
<b>REVENUES:</b>				
Interest	\$ 1,400	\$ 1,400	\$ 1,465	\$ 65
<b>EXPENDITURES:</b>				
TIF Department				
Capital Outlay	269,093	50,000	-	50,000
Total TIF Department	269,093	50,000 (1)	-	50,000
Contingency	-	236,610 (1)	-	236,610
Total Expenditures	269,093	286,610	-	286,610
Excess of Revenues Over (Under) Expenditures	(267,693)	(285,210)	1,465	286,675
<b>Other Financing Sources (Uses):</b>				
Transfers Out	(21,527)	(4,000) (1)	-	4,000
Total Other Financing Sources (Uses)	(21,527)	(4,000)	-	4,000
Net Change in Fund Balance	(289,220)	(289,210)	1,465	290,675
Beginning Fund Balance	289,220	289,210	289,210	-
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 290,675</u>	<u>\$ 290,675</u>

(1) Appropriation Level

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

**SCHEDULE OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCES (USES)**  
**AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Year Ended June 30, 2015**

VEHICLE AND EQUIPMENT RESERVE FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE -NEGATIVE</u>
<b>REVENUES:</b>				
Interest	\$ 196	\$ 196	\$ 247	\$ 51
Total Revenues	<u>196</u>	<u>196</u>	<u>247</u>	<u>51</u>
<b>EXPENDITURES:</b>				
VERF Department				
Capital Outlay	7,500	8,500	8,500	-
Total VERF Department	<u>7,500</u>	<u>8,500 (1)</u>	<u>8,500</u>	<u>-</u>
Contingency	<u>1,000</u>	<u>- (1)</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>8,500</u>	<u>8,500</u>	<u>8,500</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	<u>(8,304)</u>	<u>(8,304)</u>	<u>(8,253)</u>	<u>51</u>
<b>Other Financing Sources:</b>				
Transfers in	<u>15,312</u>	<u>15,312</u>	<u>15,312</u>	<u>-</u>
Total Other Sources	<u>15,312</u>	<u>15,312</u>	<u>15,312</u>	<u>-</u>
Net Change in Fund Balance	7,008	7,008	7,059	51
Beginning Fund Balance	<u>39,540</u>	<u>39,560</u>	<u>39,560</u>	<u>-</u>
Ending Fund Balance	<u>\$ 46,548</u>	<u>\$ 46,568</u>	<u>\$ 46,619</u>	<u>\$ 51</u>

(1) Appropriations Level

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

**SCHEDULE OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCES (USES)  
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended June 30, 2015**

<u>WATER FUND</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE -NEGATIVE</u>
<b>REVENUES:</b>				
Charges for Services	\$ 1,250,300	\$ 1,250,300	\$ 1,338,504	\$ 88,204
Interest	4,275	4,275	5,697	1,422
Total Revenues	<u>1,254,575</u>	<u>1,254,575</u>	<u>1,344,201</u>	<u>89,626</u>
<b>EXPENDITURES:</b>				
Water Department				
Materials and Services	228,780	235,590	230,639	4,951
Capital Outlay	76,000	38,332	34,332	4,000
Total Water Department	<u>304,780</u>	<u>273,922</u> (1)	<u>264,971</u>	<u>8,951</u>
Debt Services	134,332	134,332 (1)	134,332	-
Contingency	500,000	416,959 (1)	-	416,959
Total Expenditures	<u>939,112</u>	<u>825,213</u>	<u>399,303</u>	<u>425,910</u>
Excess of Revenues Over (Under) Expenditures	315,463	429,362	944,898	515,536
<b>Other Financing (Uses):</b>				
Special Payments - Pass through to JWC	(145,400)	(145,400) (1)	(153,306)	(7,906)
Transfers out	(377,829)	(380,518) (1)	(366,198)	14,320
Total Other (Uses)	<u>(523,229)</u>	<u>(525,918)</u>	<u>(519,504)</u>	<u>6,414</u>
Net Change in Fund Balance	(207,766)	(96,556)	425,394	521,950
Beginning Fund Balance	<u>1,153,947</u>	<u>1,042,737</u>	<u>1,042,737</u>	<u>-</u>
Ending Fund Balance	<u>\$ 946,181</u>	<u>\$ 946,181</u>	<u>\$ 1,468,131</u>	<u>\$ 521,950</u>

(1) Appropriations Level

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

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

**RECONCILIATION OF BUDGETARY BASIS TO FULL ACCRUAL BASIS**  
**For the Year Ended June 30, 2015**

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WATER FUND

Net Change in Fund Balance - Budgetary Basis	425,394
Depreciation expense	(96,774)
Expenditures capitalized	34,332
Difference between actuarially determined pension expense and funded pension expense	70,816
Principal payments on long term debt	<u>88,468</u>
Change in Net Position - GAAP Basis	522,236
Ending Fund Balance - Budgetary Basis	1,468,131
Capital Assets, Net	3,000,654
Net Pension Asset	52,669
Deferred Outflows -Pension Contributions	23,046
Deferred Outflows -Changes in City's Proportion of PERS Net Pension Liability	2,666
Bonds Payable	(1,096,635)
Deferred Inflows - Investment Earnings	<u>(101,630)</u>
Ending Net Position - GAAP Basis	<u><u>\$ 3,348,902</u></u>

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

**SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES  
OF TAXES UNCOLLECTED  
For the Year Ended June 30, 2015**

<u>GENERAL FUND</u>						
<u>TAX YEAR</u>	<u>ORIGINAL LEVY OR BALANCE UNCOLLECTED 7/01/14</u>	<u>DEDUCT DISCOUNTS</u>	<u>ADJUSTMENTS TO ROLLS</u>	<u>ADD INTEREST</u>	<u>CASH COLLECTIONS BY COUNTY TREASURER</u>	<u>BALANCE UNCOLLECTED OR UNSEGREGATED 6/30/15</u>
<u>General Fund:</u>						
<b>CURRENT:</b>						
2014-15	\$ 396,485	\$ 10,488	\$ (387)	\$ 98	\$ 379,023	\$ 6,685
<b>PRIOR YEARS:</b>						
2013-14	6,930	13	(95)	206	3,853	3,175
2012-13	3,451	5	(197)	158	1,091	2,316
2011-12	2,494	4	(339)	242	1,005	1,388
2010-11	1,745	3	(354)	115	340	1,163
2009-10 & Prior	1,464	-	(34)	90	235	1,285
Total Prior	16,084	25	(1,019)	811	6,524	9,327
Total All Funds	<u>\$ 412,569</u>	<u>\$ 10,513</u>	<u>\$ (1,406)</u>	<u>\$ 909</u>	<u>\$ 385,547</u>	<u>\$ 16,012</u>

RECONCILIATION OF REVENUE:

	<u>Revenue</u>
Per County Treasurer Above	\$ 385,547
Adjustment to modified accrual basis	<u>343</u>
Total revenue per Fund Statements	<u>\$ 385,890</u>

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

**SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES  
OF TAXES UNCOLLECTED  
For the Year Ended June 30, 2015**

URBAN RENEWAL AGENCY

TAX YEAR	ORIGINAL LEVY OR BALANCE UNCOLLECTED 7/01/14	DEDUCT DISCOUNTS	ADJUSTMENTS TO ROLLS	ADD INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED 6/30/15
<u>Urban Renewal Agency:</u>						
<b>CURRENT:</b>						
2014-15	\$ 144,629	\$ 3,826	\$ (141)	\$ 36	\$ 138,259	\$ 2,439
<b>PRIOR YEARS:</b>						
2013-14	2,058	4	(28)	61	1,144	943
2012-13	951	1	(54)	43	301	638
2011-12	661	1	(90)	64	266	368
2010-11	382	1	(77)	25	74	255
2009-10 & Prior	13		17	9	17	22
Total Prior	4,065	7	(232)	202	1,802	2,226
Total All Funds	<u>\$ 148,694</u>	<u>\$ 3,833</u>	<u>\$ (373)</u>	<u>\$ 238</u>	<u>\$ 140,061</u>	<u>\$ 4,665</u>

RECONCILIATION OF REVENUE:

	<u>Revenue</u>
Per County Treasurer Above	\$ 140,061
Adjustment to modified accrual basis	<u>191</u>
Total revenue per Fund Statements	<u>\$ 140,252</u>

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

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



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

AUDITOR'S COMMENTS AND DISCLOSURES  
REQUIRED BY STATE REGULATIONS

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

I have audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the City of North Plains, Oregon (the City) as of and for the year ended June 30, 2015, and have issued my report thereon dated December 11, 2015.

**Compliance**

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

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

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

Indebtedness limitations, restrictions, and repayment.

Budgets legally required (ORS Chapter 294).

Insurance and fidelity bonds in force or required by law.

Programs funded by outside sources.

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

Authorized investment of surplus funds (ORS Chapter 294).

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

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

The Planning Dept. in the General Fund was over-expended by \$359.

OAR 162-10-230 (Internal Control)

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

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


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

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

Inadequate Segregation of Accounting Duties

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

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



Dennis R. Conner, CPA  
December 11, 2015