

CITY OF NORTH PLAINS
WASHINGTON COUNTY, OREGON
FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2014

CITY OF NORTH PLAINS
WASHINGTON COUNTY, OREGON

CITY OFFICIALS

2013-2014

<u>CITY COUNCIL</u>	<u>TERM EXPIRES</u>
David Hatcher – Mayor	December 31, 2016
Teri K. Lenahan – President	December 31, 2016
Robert Kindel, Jr.	December 31, 2016
Charlynn Newton	December 31, 2016
Michael Broome	December 31, 2014
Michael Demagalski	December 31, 2014
Glen Warren	December 31, 2014

All Council members receive mail at the City address below

CITY MANAGER & PLANNER

Martha DeBry

FINANCE MANAGER

Rachael Lembo, CPA

REGISTERED OFFICE

31360 NW Commercial Street
North Plains, Oregon 97133

**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, 2014, 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.

Opinion

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 remaining fund information of the City as of June 30, 2014, and the respective changes in financial position 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.

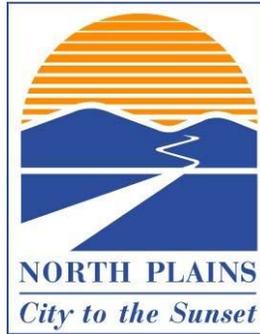
The additional budgetary comparison schedules and other financial schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing 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, 2014, 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, 2014



CITY OF NORTH PLAINS
WASHINGTON COUNTY, OREGON

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014

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 FY2013-14, with multiple projects in process by year end. Highland Court was completed, including the newest city park, LaMordden Park. Community events expanded with the Pumpkin Run in the fall and Smokehouse Summit in the spring. Annual events like the 4th of July celebration and Concerts in the Park were continued.

FY2013-14 Budget

In FY2013-14 the City adopted a budget of \$6.9 million, comprised of \$3.3 million in beginning fund balance, \$2.6 million in revenues, and \$1 million in interfund transfers. During the year the budget was revised up to \$7.6 million, comprised of \$3.8 million in beginning fund balance, \$2.9 million in revenues, \$0.7 million in interfund transfers, and \$0.2 million in debt proceeds. Of the final budget, 91% of revenues were received. Excluding the unused contingency budgets 92% of expenses were incurred.

A supplemental budget in April 2014 closed the Internal Service Fund (ISF) and moved expenses into the General Fund. The ISF was created in FY2012-13 to aggregate shared expenses including City Manager, Finance, Public Works, General Government, City Council, City Recorder, Attorney and Engineer, and allocate them to other funds. Three new departments were created in the General Fund to classify these costs: General Government, Public Works and Culture and Recreation. Allocations to other funds are calculated on specific costs, such as personnel and certain materials and services, and are show as transfers on the budget to actual statements.

The supplemental budget also included an internal loan from the General Fund to the Urban Renewal Agency, to allow for payoff of two bank loans. The amount loaned was \$185,000 and it will be repaid over ten years at 3.25% interest.

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, 2014 AND 2013
in thousands

	Governmental Activities		Business Type Activities		Total City		
	FY14	FY13	FY14	FY13	FY14	FY13	Var
Cash and investments	\$ 2,481	\$ 2,811	\$ 1,034	\$ 937	\$ 3,515	\$ 3,748	\$ (233)
Other assets	62	423	87	85	149	508	(359)
Capital assets	6,558	5,974	3,063	3,049	9,621	9,023	598
Total Assets	9,101	9,208	4,184	4,071	13,285	13,279	6
Other liabilities	154	543	166	195	320	738	(418)
Non current liabilities	268	347	1,097	1,185	1,365	1,532	(167)
Total Liabilities	422	890	1,263	1,380	1,685	2,270	(585)
Net invested in							
capital assets	6,261	5,480	1,878	1,779	8,139	7,259	880
Restricted	1,334	1,726	-	-	1,334	1,726	(392)
Unrestricted	1,084	1,112	1,043	912	2,127	2,024	103
Total Net Position	\$ 8,679	\$ 8,318	\$ 2,921	\$ 2,691	\$ 11,600	\$ 11,009	\$ 591

Assets – Cash decreased in governmental activities, due to the payoff of Urban Renewal Agency bank loans of \$220 thousand and the wrap up of the Claxtar Street project in the Street Fund. Business type activities cash increased due to revenues exceeding expenses. Governmental activities other assets decreased due to a non-recurring \$354 thousand capital projects grant receivable at FY13 year end. Governmental activities capital assets increased due to the final work on the Claxtar Street project of \$387 thousand, plus \$148 thousand in street and parks improvements related to the Highland Court Development

Liabilities – Governmental activities other liabilities decreased due to non-recurring FY13 current liabilities. Governmental activities non-current liabilities decreased \$79 thousand due to refinancing of two bank loans with an internal loan from the General Fund. This loan is excluded from the Statement of Net Position since it is internal. Business type activities non-current liabilities decreased \$88 thousand due to principal payments.

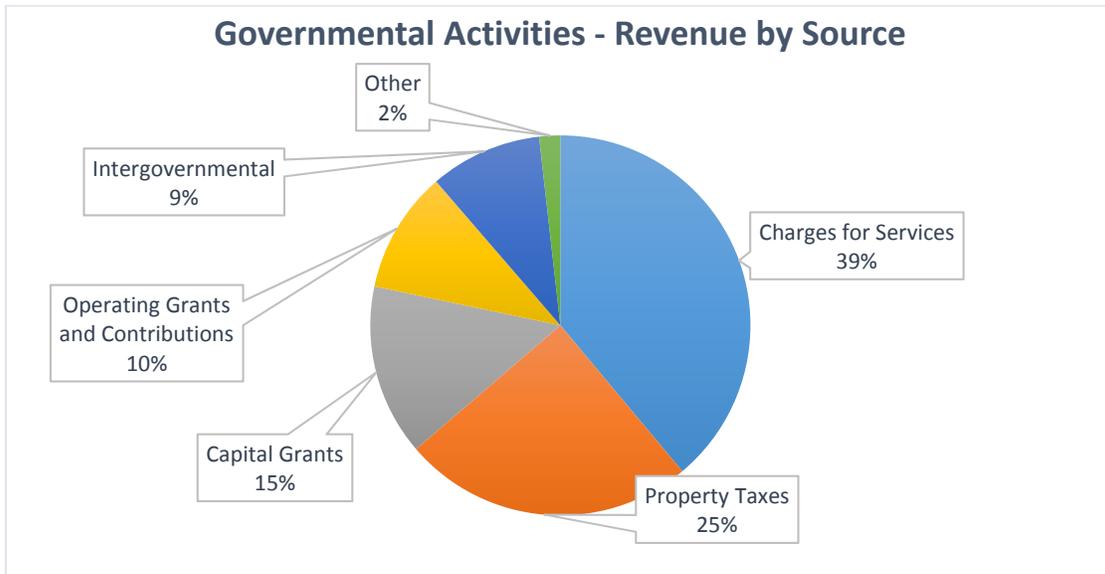
Net Position – At June 30, 2014, total City assets exceeded liabilities by \$11.6 million. The largest portion of the City’s net position is net invested in capital assets, \$8.1 million, which includes land, buildings, equipment, street infrastructure and water improvements. These capital assets are used to provide services to the citizens, and do not represent resources available for future spending. Restricted net position, \$1.3 million, represents the amount legally restricted for capital projects and streets. The unrestricted net position, \$2.1 million, is available to meet the City’s ongoing obligations.

STATEMENT OF ACTIVITIES
 JUNE 30, 2014 AND 2013
 in thousands

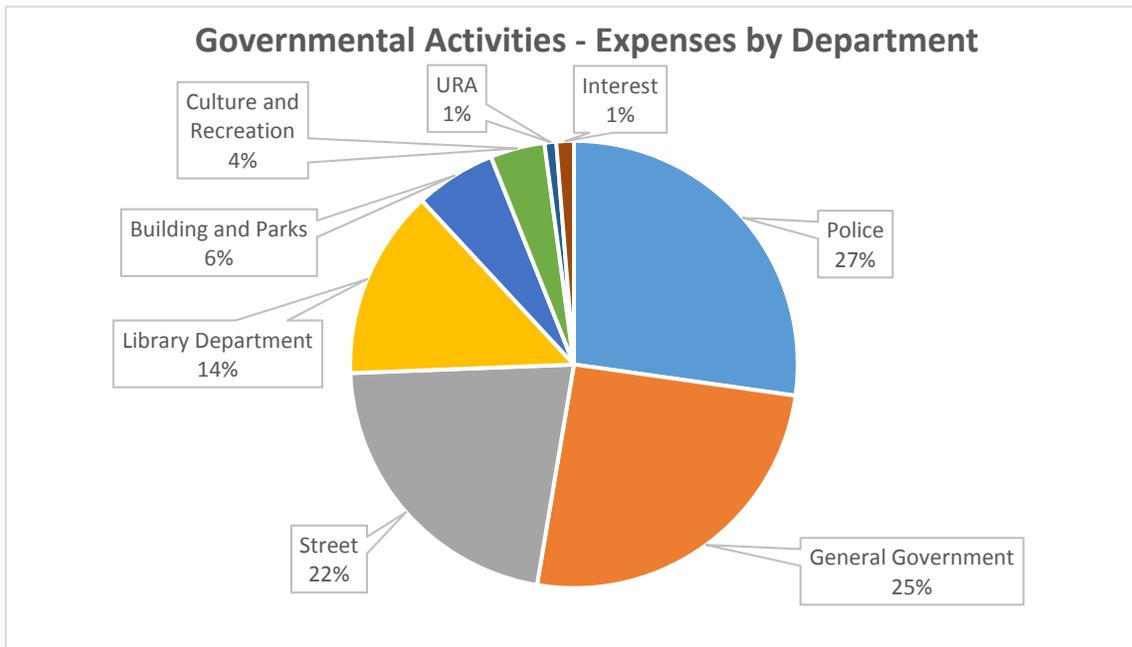
	Governmental Activities		Business Type Activities		Total City		
	<u>FY14</u>	<u>FY13</u>	<u>FY14</u>	<u>FY13</u>	<u>FY14</u>	<u>FY13</u>	<u>Var</u>
Charges for Services	694	639	1,066	1,013	1,760	1,652	108
Operating Grants and Contributions	185	164	-	-	185	164	21
Capital Grants	260	354	-	-	260	354	(94)
Total Program Revenues	1,139	1,157	1,066	1,013	2,205	2,170	35
Property Taxes	442	441	-	-	442	441	1
Intergovernmental	170	167	-	-	170	167	3
Other	32	43	5	7	37	50	(13)
Total General Revenues	644	651	5	7	649	658	(9)
Police	387	336	-	-	387	336	51
General Government	361	215	-	-	361	215	146
Street	309	308	-	-	309	308	1
Library Department	195	175	-	-	195	175	20
Building and Parks	83	120	-	-	83	120	(37)
Culture and Recreation	56	28	-	-	56	28	28
Urban Renewal District	12	21	-	-	12	21	(9)
Interest	18	21	-	-	18	21	(3)
Water	-	-	841	906	841	906	(65)
Total Expense	1,421	1,224	841	906	2,262	2,130	132
Changes in Net Position	362	584	230	114	592	698	(106)

Program Revenues – Governmental activities charges for services revenue increased from the prior year primarily due to an increase of \$40 thousand in franchise fees which included \$28 thousand from the Recology Fund, previously restricted to the Street Fund. In addition, building and engineering review fees were up as four housing developments were beginning. Business type activities charges for services revenue increased from the prior year due to an increase of \$45 thousand in System Development Charges.

Capital Grants – Governmental activities capital grant revenue decreased in the current year because the majority of the CDBG Claxtar Street project grant was earned in FY2012-13.



Expenses – The closure of the Internal Service Fund and new methodology of allocating shared expenses had a significant impact on some funds. General Government expense is higher due to a lower allocation of costs to the Water Fund of \$128 thousand. Building and Parks expense is lower due to a higher allocation to the Water Fund of \$75 thousand and a lower allocation to the Street Fund of \$24 thousand. A new part time officer position increased costs in the Police department. A grant to provide support to citizens applying for Cover Oregon funded additional Library expenses. New community events and staff to support the planning of them increased costs in Culture and Recreation.



Changes in net position – Governmental activities ended FY2013-14 with a \$362 thousand increase in net position. Business type activities ended the year with a \$230 thousand increase in net position.

Significant Activity

Capital assets –The City completed a large capital street project on Claxtar Street. The project took several years and cost \$798 thousand, with \$448 thousand in funding from CDBG. A new park, LaMordden Park, was built by a developer and funded by System Development Charges in the Parks Capital Fund.

Long term debt – The Urban Renewal Agency paid off two bank loans with the proceeds of an internal loan from the General Fund. The internal loan is for \$185 thousand and will be paid off in ten years at 3.25%. A new police vehicle was purchased with a capital lease. All required debt service payments on outstanding obligations were made.

Information requests

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

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

BASIC FINANCIAL STATEMENTS

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

**STATEMENT OF NET POSITION
June 30, 2014**

ASSETS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Cash and Investments	\$ 2,481,398	\$ 1,033,494	\$ 3,514,892
Receivables	27,726	87,166	114,892
Prepaid Expenses	34,092	-	34,092
Capital Assets, net of depreciation	6,557,576	3,063,096	9,620,672
Total Assets	9,100,792	4,183,756	13,284,548
LIABILITIES			
Accounts Payable	31,144	15,382	46,526
Payroll Liabilities	48,163	-	48,163
Refundable Deposits	45,414	62,541	107,955
Debt Payable			
Due in One Year	28,189	88,468	116,657
Due in More Than One Year	268,506	1,096,635	1,365,141
Total Liabilities	421,416	1,263,026	1,684,442
NET POSITION			
Net Invested in Capital Assets	6,260,881	1,877,993	8,138,874
Restricted for:			
Capital Projects	467,561	-	467,561
Highways and Streets	866,533	-	866,533
Unrestricted	1,084,401	1,042,737	2,127,138
Total Net Position	\$ 8,679,376	\$ 2,920,730	\$ 11,600,106

See accompanying notes to basic financial statements

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

**STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2014**

FUNCTIONS	EXPENSES	PROGRAM REVENUES			NET (EXPENSES) REVENUES AND CHANGES IN NET POSITION		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Primary Government							
<u>Governmental Activities:</u>							
Police	\$ 386,694	\$ 52,090	\$ 20,617	\$ -	\$ (313,987)		\$ (313,987)
Street	308,684	204,756	-	260,219	156,291		156,291
General Government	347,271	264,877	5,500	-	(76,894)		(76,894)
Library	195,122	10,054	119,114	-	(65,954)		(65,954)
Building and Parks	82,756	102,699	-	-	19,943		19,943
Culture and Recreation	64,355	-	39,243	-	(25,112)		(25,112)
Urban Renewal District	11,995	7,800	-	-	(4,195)		(4,195)
City Planning	5,848	51,450	1,000	-	46,602		46,602
Interest	18,334	-	-	-	(18,334)		(18,334)
Total Governmental Activities	<u>1,421,059</u>	<u>693,726</u>	<u>185,474</u>	<u>260,219</u>	<u>(281,640)</u>		<u>(281,640)</u>
<u>Business-Type Activities:</u>							
Water	840,901	1,066,141	-	-		\$ 225,240	225,240
Total Business-Type Activities	<u>840,901</u>	<u>1,066,141</u>	<u>-</u>	<u>-</u>		<u>225,240</u>	<u>225,240</u>
Total Primary Government	<u>\$ 2,261,960</u>	<u>\$ 1,759,867</u>	<u>\$ 185,474</u>	<u>\$ 260,219</u>	<u>(281,640)</u>	<u>225,240</u>	<u>(56,400)</u>
General Revenues							
Taxes:							
Property Taxes, Levied for General Purposes					441,762	-	441,762
Intergovernmental					170,448	-	170,448
Interest and Investment Earnings					14,129	4,657	18,786
Miscellaneous					18,637	15	18,652
Gain/Loss on Disposal of Asset					(1,400)	-	(1,400)
Total General Revenues					<u>643,576</u>	<u>4,672</u>	<u>648,248</u>
Changes in Net Position					361,936	229,912	591,848
Net Position - Beginning					8,317,440	2,690,818	11,008,258
Net Position - Ending					<u>\$ 8,679,376</u>	<u>\$ 2,920,730</u>	<u>\$ 11,600,106</u>

See accompanying notes to basic financial statements

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

**BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2014**

	GENERAL FUND	STREET TAX, TRANSPORTATION AND STORM DRAINAGE FUND	TRANSPORTATION DEVELOPMENT TAX
ASSETS:			
Cash and Investments	\$ 924,376	\$ 180,663	\$ 396,267
Taxes Receivable	16,084	-	-
Accounts Receivable	4,743	2,234	-
Prepaid Expenses	34,092	-	-
Interfund Loan Receivable	185,000	-	-
Total Assets	<u>1,164,295</u>	<u>182,897</u>	<u>396,267</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:			
Liabilities:			
Accounts Payable	29,303	1,841	-
Payroll Liabilities	48,163	-	-
Refundable Deposits	45,414	-	-
Interfund Loan Payable	-	-	-
Total Liabilities	<u>122,880</u>	<u>1,841</u>	<u>-</u>
Deferred Inflows of Resources:			
Deferred Revenue	13,866	-	-
Total Deferred Inflows of Resources	<u>13,866</u>	<u>-</u>	<u>-</u>
Fund Balances:			
Nonspendable	34,092	-	-
Restricted	-	181,056	396,267
Committed	-	-	-
Assigned	-	-	-
Unassigned	993,457	-	-
Total Fund Balances	<u>1,027,549</u>	<u>181,056</u>	<u>396,267</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,164,295</u>	<u>\$ 182,897</u>	<u>\$ 396,267</u>

See accompanying notes to basic financial statements

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

**BALANCE SHEET
GOVERNMENTAL FUNDS (Continued)
June 30, 2014**

	URBAN RENEWAL AGENCY	PARKS CAPITAL IMPROVEMENT FUND	OTHER GOVERNMENTAL FUNDS	TOTAL
ASSETS:				
Cash and Investments	\$ 208,593	\$ 442,729	\$ 328,770	\$ 2,481,398
Taxes Receivable	4,065	-	-	20,149
Accounts Receivable	600	-	-	7,577
Prepaid Expenses	-	-	-	34,092
Interfund Loan Receivable	-	-	-	185,000
Total Assets	<u>213,258</u>	<u>442,729</u>	<u>328,770</u>	<u>2,728,216</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:				
Liabilities:				
Accounts Payable	-	-	-	31,144
Payroll Liabilities	-	-	-	48,163
Refundable Deposits	-	-	-	45,414
Interfund Loan Payable	185,000	-	-	185,000
Total Liabilities	<u>185,000</u>	<u>-</u>	<u>-</u>	<u>309,721</u>
Deferred Inflows of Resources:				
Deferred Revenue	3,426	-	-	17,292
Total Deferred Inflows of Resources	<u>3,426</u>	<u>-</u>	<u>-</u>	<u>17,292</u>
Fund Balances:				
Nonspendable	-	-	-	34,092
Restricted	24,832	442,729	289,210	1,334,094
Committed	-	-	39,560	39,560
Assigned	-	-	-	-
Unassigned	-	-	-	993,457
Total Fund Balances	<u>24,832</u>	<u>442,729</u>	<u>328,770</u>	<u>2,401,203</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 213,258</u>	<u>\$ 442,729</u>	<u>\$ 328,770</u>	<u>\$ 2,728,216</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, 2014

Total Fund Balances - Governmental Funds	\$ 2,401,203
Capital assets are not financial resources and therefore are not reported in the governmental funds.	6,557,576
Property taxes earned but not available are shown as deferred revenue in the governmental funds.	17,292
Long term liabilities do not require current financial resources and therefore are not reported in the governmental funds.	<u>(296,695)</u>
Net Position	<u><u>\$ 8,679,376</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, 2014

	GENERAL FUND	STREET TAX, TRANSPORTATION AND STORM DRAINAGE FUND	TRANSPORTATION DEVELOPMENT TAX
REVENUES:			
Property Taxes	\$ 339,306	\$ -	\$ -
Charges for Services	6,904	-	-
Licenses/Permits/Fees	326,381	38,229	166,527
Intergovernmental	147,492	122,361	0
Fines and Forfeitures	52,090	-	-
Interest on Investments	6,238	1,210	1,706
Grants	86,069	52,132	-
Miscellaneous	9,364	9,273	-
Total Revenues	973,844	223,205	168,233
EXPENDITURES:			
Personal Services	634,861	120,727	2,614
Materials & Services	422,632	40,101	-
Capital Outlay	35,803	400,574	32,677
Debt Services	-	-	-
Total Expenditures	1,093,296	561,402	35,291
Excess of Revenues Over (Under) Expenditures	(119,452)	(338,197)	132,942
Other Financing Sources (Uses)			
Proceeds of debt	35,803	-	-
Sale of Asset	5,000	-	-
Transfers In	50,983	-	-
Special Payments	(2,009)	-	-
Transfer Out	(13,800)	(50,983)	-
Total Other Financing Sources (Uses)	75,977	(50,983)	-
Net Change in Fund Balance	(43,475)	(389,180)	132,942
Beginning Fund Balance	1,071,024	570,236	263,325
Ending Fund Balance	<u>\$ 1,027,549</u>	<u>\$ 181,056</u>	<u>\$ 396,267</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 (Continued)

For the Year Ended June 30, 2014

	URBAN RENEWAL AGENCY	PARKS CAPITAL IMPROVEMENT FUND	OTHER GOVERNMENTAL FUNDS	TOTAL
REVENUES:				
Property Taxes	\$ 100,441	\$ -	\$ -	\$ 439,747
Charges for Services	7,800	-	-	14,704
Licenses/Permits/Fees	-	95,795	-	626,932
Intergovernmental	-	-	-	269,853
Fines and Forfeitures	-	-	-	52,090
Interest on Investments	908	2,346	1,721	14,129
Grants	-	-	-	138,201
Miscellaneous	-	-	-	18,637
Total Revenues	109,149	98,141	1,721	1,574,293
EXPENDITURES:				
Personal Services	-	8,133	-	766,335
Materials & Services	10,848	-	-	473,581
Capital Outlay	-	105,460	-	574,514
Debt Services	220,086	-	-	220,086
Total Expenditures	230,934	113,593	-	2,034,516
Excess of Revenues Over (Under) Expenditures	(121,785)	(15,452)	1,721	(460,223)
Other Financing Sources (Uses)				
Proceeds of debt	-	-	-	35,803
Sale of Asset	-	-	-	5,000
Transfers In	-	-	13,800	64,783
Special Payments	-	-	-	(2,009)
Transfer Out	-	-	-	(64,783)
Total Other Financing Sources (Uses)	-	-	13,800	38,794
Net Change in Fund Balance	(121,785)	(15,452)	15,521	(421,429)
Beginning Fund Balance	146,617	458,181	313,249	2,822,632
Ending Fund Balance	\$ 24,832	\$ 442,729	\$ 328,770	\$ 2,401,203

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, 2014

Net Change in Fund Balances - Governmental Funds	\$ (421,429)
<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	570,714
Depreciation Expense	(188,413)
<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>	
Donations of capital assets	208,087
Change in property taxes earned but not available	2,015
<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>	233,165
<p>Proceeds from the addition of long-term obligations are an other financing source in the governmental funds, but increase long-term debt in the Statement of Net Position.</p>	(35,803)
<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>	(6,400)
Change in Net Position	<u>\$ 361,936</u>

See accompanying notes to financial statements

CITY OF NORTH PLAINS
WASHINGTON COUNTY, OREGON

STATEMENT OF NET POSITION
PROPRIETARY FUND

June 30, 2014

	Business-Type Activities Enterprise Fund
	WATER FUND
ASSETS:	
Cash and Investments	\$ 1,033,494
Accounts Receivable	87,166
Capital Assets, Net of Depreciation	3,063,096
Total Assets	4,183,756
LIABILITIES:	
Accounts Payable	15,382
Refundable Deposits	62,541
Bonds Payable	
Due in One Year	88,468
Due in More Than One Year	1,096,635
Total Liabilities	1,263,026
NET POSITION	
Net Invested in Capital Assets	1,877,993
Unrestricted	1,042,737
Total Net Position	\$ 2,920,730

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, 2014

	Business-Type Activities - Enterprise Fund
	WATER FUND
OPERATING REVENUES:	
Charges for Services	\$ 864,327
Licenses, Permits, Fees	201,814
Miscellaneous	15
Total Operating Revenues	1,066,156
OPERATING EXPENSES:	
Water Expenses Paid	695,654
Depreciation Expense	96,087
Total Operating Expenses	791,741
Operating Income	274,415
OTHER FINANCING SOURCES:	
Interest and Investment Earnings	4,657
Interest Paid on Capital Debt	(49,160)
Change in Net Position	229,912
Net Position, July 1, 2013	2,690,818
Net Position, June 30, 2014	\$ 2,920,730

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, 2014

		<u>WATER FUND</u>
Cash Flows From Operating Activities:		
Cash Received for Services	\$	1,066,539
Cash Paid to Employees		-
Cash Paid to Suppliers		(308,205)
Cash Paid for Interfund Services		(421,708)
Net cash provided (used) by operating activities		<u>336,626</u>
Cash Flows From Capital and Related Financing Activities		
Principal Paid on Debt		(85,172)
Interest Paid on Debt		(49,160)
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		(110,200)
Loans made to others		-
Earnings on Investments		4,657
Net cash provided (used) by investing activities		<u>(105,543)</u>
Net increase (decrease) in cash and investments		96,751
Cash and investments, beginning of year		<u>936,743</u>
Cash and investments, end of year	\$	<u><u>1,033,494</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating Income	\$	274,415
Depreciation Expense		96,087
Change in current assets and liabilities		
Receivables		(2,032)
Accounts payable		(34,259)
Refundable deposits		2,415
Net Cash Provided by Operating Activities	\$	<u><u>336,626</u></u>

The accompanying notes are an integral part of this statement.

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

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. THE FINANCIAL REPORTING ENTITY

The City is a municipal corporation. As required by generally accepted accounting principles, these financial statements present the City. Component units, as established by the Governmental Accounting Standards Board (GASB) Statement 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. There are no deferred outflows. 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. Property taxes earned but not yet available are reported as deferred inflows on the Governmental Funds Balance Sheet.

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. ASSETS, LIABILITIES, AND EQUITY (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.

2. BUDGET

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

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

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

The City recognizes the General Fund by department and other funds by the following categories:

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

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

Excess of Disbursements over Appropriations

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

General Fund – Police	Materials and Services	\$ 3,988
Parks Capital Improvement	Capital Outlay	460

**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, 2014. Cash and investments at June 30, 2014 were:

	2014	Reported In:	2014
Petty Cash	\$ 1,462	Governmental Funds	\$ 2,481,398
Deposits with Financial Institutions	180,661	Proprietary Funds	1,033,494
Certificate of Deposit	203,010		\$ 3,514,892
LGIP	3,129,759		
	\$ 3,514,892		

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, 2014, the deposits with financial institutions and the certificate of deposit were both 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, 2014.

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, 2014. 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 20, 2014 were:

	General Fund	Street Fund	Urban Renewal Agency	Total Governmental Funds
Accounts	\$ 4,743	\$ 2,234	\$ 600	\$ 7,577
Property				
Taxes	16,084	-	4,065	20,149
Total	\$ 20,827	\$ 2,234	\$ 4,665	\$ 27,726

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 2013-14 are as follows:

	Balance on 07/01/2013	Additions	Disposals	Balance on 6/30/2014
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 132,855	\$ 50,000	\$ -	\$ 182,855
URA land	231,943	-	-	231,943
CIP	411,235	-	(411,235)	-
Total capital assets not being depreciated	<u>776,033</u>	<u>50,000</u>	<u>(411,235)</u>	<u>414,798</u>
Capital assets being depreciated:				
Infrastructure	5,793,355	1,052,573	-	6,845,928
Buildings	175,957	-	-	175,957
URA buildings	45,877	-	-	45,877
Equipment and vehicles	313,956	87,463	(32,000)	369,419
Total capital assets being depreciated	<u>6,329,145</u>	<u>1,140,036</u>	<u>(32,000)</u>	<u>7,437,181</u>
Less accumulated depreciation for:				
Infrastructure	(844,556)	(145,242)	-	(989,798)
Buildings	(92,557)	(4,249)	-	(96,806)
URA buildings	(1,147)	(1,147)	-	(2,294)
Equipment and vehicles	(193,329)	(37,775)	25,600	(205,504)
Total accumulated depreciation	<u>(1,131,590)</u>	<u>(188,413)</u>	<u>25,600</u>	<u>(1,294,403)</u>
Total capital assets net of depreciation	<u>\$ 5,973,588</u>	<u>\$ 1,001,623</u>	<u>\$ (417,635)</u>	<u>\$ 6,557,576</u>
Business Type Activities:				
Capital assets not being depreciated:				
Land	\$ 730	\$ -	\$ -	\$ 730
Total capital assets not being depreciated	<u>730</u>	<u>-</u>	<u>-</u>	<u>730</u>
Capital assets being depreciated:				
Buildings	19,174	-	-	19,174
Machinery and equipment	99,751	-	(15,308)	84,443
Utility property and improvements	4,350,380	110,200	-	4,460,580
Total capital assets being depreciated	<u>4,469,305</u>	<u>110,200</u>	<u>(15,308)</u>	<u>4,564,197</u>
Less accumulated depreciation for:				
Buildings	(19,174)	-	-	(19,174)
Machinery and equipment	(85,685)	(3,397)	15,308	(73,774)
Utility property and improvements	(1,316,193)	(92,690)	-	(1,408,883)
Total accumulated depreciation	<u>(1,421,052)</u>	<u>(96,087)</u>	<u>15,308</u>	<u>(1,501,831)</u>
Total capital assets net of depreciation	<u>\$ 3,048,983</u>	<u>\$ 14,113</u>	<u>\$ -</u>	<u>\$ 3,063,096</u>

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

NOTES TO BASIC FINANCIAL STATEMENTS

5. CAPITAL ASSETS (CONTINUED)

Depreciation was charged to the following programs:

Building and Parks Expense	\$ 17,555
Street Expense	145,242
Police Expense	24,469
Urban Renewal Agency Expense	<u>1,147</u>
Total Depreciation Expense	\$ 188,413

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, 2014, were as follows:

	Transfers <u>In</u>	Transfers <u>Out</u>
General Fund	\$ 50,983	\$ 13,800
Street Tax, Transportation and Storm Drainage	-	50,983
Non-major funds	<u>13,800</u>	<u>-</u>
	64,783	64,783

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

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

**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, 2014:

	LOAN ACTIVITY				
	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Urban Renewal Agency	\$ 191,752	\$ -	\$ 191,752	\$ -	\$ -
LOCAP Series 2011A	260,000	-	10,000	250,000	10,000
Capital Lease	42,305	35,803	31,413	46,695	18,189
Total Loan Activity	\$ 494,057	\$ 35,803	\$ 233,165	\$ 296,695	\$ 28,189
Business-Type Activities:					
Safe Drinking Water	\$ 1,270,275	\$ -	\$ 85,172	\$ 1,185,103	\$ 88,468
Total Loan Activity	\$ 1,270,275	\$ -	\$ 85,172	\$ 1,185,103	\$ 88,468

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.

Year Ending June 30,	Annual Debt Service		Total
	Principal	Interest	
2015	\$ 10,000	\$ 12,494	\$ 22,494
2016	10,000	12,194	22,194
2017	10,000	11,825	21,825
2018	10,000	11,388	21,388
2019	10,000	10,950	20,950
2020-24	70,000	45,848	115,848
2025-29	90,000	24,945	114,945
2030-31	40,000	2,280	42,280
Balance	\$ 250,000	\$ 131,924	\$ 381,924

**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 \$47,874 has been depreciated to date.

Capital Leases			
Year Ending June 30,	Annual Debt Service		Total
	Principal	Interest	
2015	\$ 18,189	\$ 2,852	\$ 21,041
2016	19,358	1,683	21,041
2017	9,148	435	9,583
Balance	\$ 46,695	\$ 4,970	\$ 51,665

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	
2015	\$ 88,468	\$ 45,864	\$ 134,332
2016	91,892	42,440	134,332
2017	95,448	38,884	134,332
2018	99,142	35,190	134,332
2019	102,979	31,353	134,332
2020-24	577,847	93,809	671,656
2025	129,327	5,005	134,332
Balance	\$ 1,185,103	\$ 292,545	\$ 1,477,648

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

NOTES TO BASIC FINANCIAL STATEMENTS

8. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

A. PLAN DESCRIPTION

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

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

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

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

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

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

Members of PERS are required to contribute 6.0% of their salary covered under the plan, which is invested in the OPSRP individual Account Program. Currently, the City pays the member required contribution. The contribution rate was determined as part of a December 31, 2001 actuarial evaluation, and subsequent revisions. The contribution rates for plan members are established by ORS Chapter 238 and may be amended by an act of the Oregon Legislature. The rate effective July 1, 2013 is 14.60% of salary covered under the plan for Tier 1 and Tier 2 employees (PERS), 8.41% for OPSRP General Service employees and 11.14% for OPSRP Police employees. The contributions to the plan for the years ending June 30, 2014 and 2013 were \$133,551 and \$109,911, respectively, and were equal to the required contributions for each year.

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

NOTES TO BASIC FINANCIAL STATEMENTS

9. PROPERTY TAX LIMITATIONS

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

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

10. RISK MANAGEMENT

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

11. CONTINGENCIES

A. GRANT PROGRAM INVOLVEMENT

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

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.

**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, 2014

<u>GENERAL FUND</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE -NEGATIVE</u>
REVENUES:				
Property Taxes - Current & Delenquent	\$ 352,922	\$ 352,922	\$ 339,306	\$ (13,616)
Charges for Services	7,000	7,000	6,904	(96)
Licenses/Permits/Fees	278,650	324,650	326,381	1,731
Intergovernmental	138,205	138,205	147,492	9,287
Fines and Forfeitures	52,229	52,229	52,090	(139)
Interest	4,410	4,410	6,238	1,828
Grants and Donations	30,500	145,403	86,069	(59,334)
Miscellaneous	10,000	10,000	9,364	(636)
 Total Revenues	 <u>\$ 873,916</u>	 <u>\$ 1,034,819</u>	 <u>\$ 973,844</u>	 <u>\$ (60,975)</u>

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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, 2014**

	<u>GENERAL FUND</u>			VARIANCE
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	POSITIVE -NEGATIVE
EXPENDITURES:				
General Government Department				
Personal Services	\$ -	\$ 386,992 (1)	\$ 374,482	\$ 12,510
Materials and Services	-	209,352 (1)	198,302	11,050
Total Gen Govt Department	<u>-</u>	<u>596,344</u>	<u>572,784</u>	<u>23,560</u>
Police Department				
Personal Services	264,333	288,974 (1)	265,774	23,200
Materials and Services	107,717	121,867 (1)	125,855	(3,988)
Capital Outlay	-	35,803 (1)	35,803	-
Total Police Department	<u>372,050</u>	<u>446,644</u>	<u>427,432</u>	<u>19,212</u>
Public Works Department				
Personal Services	-	358,450 (1)	341,552	16,898
Materials and Services	-	67,770 (1)	34,444	33,326
Total Public Works Department	<u>-</u>	<u>426,220</u>	<u>375,996</u>	<u>50,224</u>
Library Department				
Personal Services	147,099	172,260 (1)	153,238	19,022
Materials and Services	45,930	50,350 (1)	41,884	8,466
Total Library Department	<u>193,029</u>	<u>222,610</u>	<u>195,122</u>	<u>27,488</u>
Culture and Recreation Department				
Personal Services	-	10,691 (1)	8,613	2,078
Materials and Services	-	75,191 (1)	55,742	19,449
Total Culture and Rec Department	<u>-</u>	<u>85,882</u>	<u>64,355</u>	<u>21,527</u>
Parks Department				
Materials and Services:	26,760	19,760 (1)	18,081	1,679
Total Parks Department	<u>26,760</u>	<u>19,760</u>	<u>18,081</u>	<u>1,679</u>
Planning Department				
Personal Services	9,816	- (1)	-	-
Materials and Services	5,850	7,100 (1)	5,848	1,252
Total Planning Department	<u>15,666</u>	<u>7,100</u>	<u>5,848</u>	<u>1,252</u>
Contingency	<u>100,000</u>	<u>85,000 (1)</u>	<u>-</u>	<u>85,000</u>
Total Expenditures	<u>707,505</u>	<u>1,889,560</u>	<u>1,659,618</u>	<u>229,942</u>
Excess of Revenues Over (Under)				
Expenditures	166,411	(854,741)	(685,774)	168,967

**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, 2014**

	<u>GENERAL FUND</u>			VARIANCE POSITIVE -NEGATIVE
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
Other Financing Sources (Uses):				
Proceeds of Debt	-	35,803	35,803	-
Sale of Asset	6,000	6,000	5,000	(1,000)
Transfers In	62,000	708,277	617,305	(90,972)
Special Payments - Loan to URA	-	(185,000) (1)	(185,000)	-
Special Payments - Court Payments	(3,000)	(3,000) (1)	(2,009)	991
Transfers Out	(318,406)	(13,800) (1)	(13,800)	-
Total Other Financing Sources (Uses)	<u>(253,406)</u>	<u>548,280</u>	<u>457,299</u>	<u>(90,981)</u>
Net Change in Fund Balance	(86,995)	(306,461)	(228,475)	77,986
Beginning Fund Balance	<u>1,017,900</u>	<u>1,071,024</u>	<u>1,071,024</u>	<u>-</u>
Ending Fund Balance	<u>\$ 930,905</u>	<u>\$ 764,563</u>	<u>\$ 842,549</u>	<u>\$ 77,986</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	\$ 1,659,618
Personal Services allocated to other Funds	(508,798)
Materials and Services allocated to other Funds	(57,524)
Total Expenditures - modified accrual basis	<u>1,093,296</u>
Other Financing Sources (Uses) - budgetary basis	457,299
Overhead allocated to other Funds	(566,322)
Long term loan to governmental fund reported as receivable rather than other financing source	<u>185,000</u>
Other Financing Sources (Uses) - modified accrual basis	75,977
Net Change in Fund Balance - budgetary basis	(228,475)
Long term loan to governmental fund reported as receivable rather than other financing source	<u>185,000</u>
Net Change in Fund Balance - modified accrual basis	<u>\$ (43,475)</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, 2014

STREET TAX, TRANSPORTATION AND STORM DRAINAGE FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE -NEGATIVE
REVENUES:				
Licenses, Permits, Fees	\$ 38,150	\$ 45,920	\$ 38,229	\$ (7,691)
Intergovernmental	115,500	115,500	122,361	6,861
Interest	2,900	2,900	1,210	(1,690)
Grants	268,000	52,000	52,132	132
Miscellaneous	1,000	6,500	9,273	2,773
Total Revenues	425,550	222,820	223,205	385
EXPENDITURES:				
Materials and Services	33,952	29,952 (1)	26,961	2,991
Capital Outlay	368,000	416,000 (1)	400,574	15,426
Contingency	50,000	-	-	-
Total Expenditures	451,952	445,952	427,535	18,417
Excess of Revenues Over (Under) Expenditures	(26,402)	(223,132)	(204,330)	18,802
Other Financing Sources (Uses):				
Transfers Out	(231,966)	(237,449) (1)	(184,850)	52,599
Total Other Financing Sources (Uses)	(231,966)	(237,449)	(184,850)	52,599
Net Change In Fund Balance	(258,368)	(460,581)	(389,180)	71,401
Beginning Fund Balance	513,369	570,236	570,236	-
Ending Fund Balance	\$ 255,001	\$ 109,655	\$ 181,056	\$ 71,401

(1) Appropriation Level

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

Total Expenditures - budgetary basis	\$ 427,535
General Fund Personal Services allocation	120,727
General Fund Materials and Services allocation	13,140
Total Expenditures - modified accrual basis	561,402
Other Financing Sources (Uses) - budgetary basis	(184,850)
Allocation of overhead in the General Fund	133,867
Other Financing Sources (Uses) - modified accrual basis	\$ (50,983)

**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, 2014**

TRANSPORTATION DEVELOPMENT TAX FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE -NEGATIVE
REVENUES:				
Licenses, Permits, Fees	\$ 99,400	\$ 266,600	\$ 166,527	\$ (100,073)
Interest	420	420	1,706	1,286
Total Revenues	99,820	267,020	168,233	(98,787)
EXPENDITURES:				
Capital Outlay	50,000	50,000 (1)	32,677	17,323
Contingency	50,000	50,000 (1)	-	50,000
Total Expenditures	100,000	100,000	32,677	67,323
Excess of Revenues Over (Under) Expenditures	(180)	167,020	135,556	(31,464)
Other Financing Sources (Uses):				
Transfers Out	-	(4,000) (1)	(2,614)	1,386
Total Other Sources (Uses)	-	(4,000)	(2,614)	1,386
Net Change in Fund Balance	(180)	163,020	132,942	(30,078)
Beginning Fund Balance	173,836	263,325	263,325	-
Ending Fund Balance	\$ 173,656	\$ 426,345	\$ 396,267	\$ (30,078)

(1) Appropriations Level

Total Expenditures - budgetary basis	\$ 32,677
General Fund Personal Services allocation	2,614
Total Expenditures - modified accrual basis	35,291
Other Financing Sources (Uses) - budgetary basis	(2,614)
Allocation of overhead in the General Fund	2,614
Other Financing Sources (Uses) - modified accrual basis	\$ 0

**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, 2014**

URBAN RENEWAL DISTRICT

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE -NEGATIVE</u>
REVENUES:				
Taxes	\$ 85,751	\$ 94,500	\$ 100,441	\$ 5,941
Property Rental Fees	6,000	6,000	7,800	1,800
Interest	590	590	908	318
Miscellaneous	-	-	-	-
Total Revenues	<u>92,341</u>	<u>101,090</u>	<u>109,149</u>	<u>8,059</u>
EXPENDITURES:				
Materials and Services	-	11,000 (1)	10,848	152
Debt Service	46,577	220,272 (1)	220,086	186
Contingency	50,000	50,000 (1)	-	50,000
Total Expenditures	<u>96,577</u>	<u>281,272</u>	<u>230,934</u>	<u>50,338</u>
Excess of Revenues Over (Under) Expenditures	<u>(4,236)</u>	<u>(180,182)</u>	<u>(121,785)</u>	<u>58,397</u>
Other Financing Sources (Uses):				
Proceeds of Debt	-	185,000	185,000	-
Transfers Out	(8,086)	- (1)	-	-
Total Other Sources (Uses)	<u>(8,086)</u>	<u>185,000</u>	<u>185,000</u>	<u>-</u>
Net Change in Fund Balance	(12,322)	4,818	63,215	58,397
Beginning Fund Balance	<u>116,745</u>	<u>186,623</u>	<u>146,617</u>	<u>(40,006)</u>
Ending Fund Balance	<u>\$ 104,423</u>	<u>\$ 191,441</u>	<u>\$ 209,832</u>	<u>\$ 18,391</u>

(1) Appropriations Level

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

Other Financing Sources (Uses) - budgetary basis	\$ 185,000
Long term loan from primary government reported as liability rather than other financing source	(185,000)
Other Financing Sources (Uses) - modified accrual basis	<u>0</u>
Net Change in Fund Balance - budgetary basis	63,215
Long term loan to governmental fund reported as receivable rather than other financing source	(185,000)
Net Change in Fund Balance - modified accrual basis	<u>\$ (121,785)</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, 2014**

PARKS CAPITAL IMPROVEMENT FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE -NEGATIVE
REVENUES:				
Licenses, Permits, Fees	\$ 97,750	\$ 156,400	\$ 95,795	\$ (60,605)
Interest	1,925	1,925	2,346	421
Total Revenues	99,675	158,325	98,141	(60,184)
EXPENDITURES:				
Capital Outlay	75,000	105,000 (1)	105,460	(460)
Contingency	100,000	100,000 (1)	-	100,000
Total Expenditures	175,000	205,000	105,460	99,540
Excess of Revenues Over (Under) Expenditures	(75,325)	(46,675)	(7,319)	39,356
Other Financing Sources (Uses):				
Transfers Out	-	(8,400) (1)	(8,133)	267
Total Other Financing Sources (Uses)	-	(8,400)	(8,133)	267
Net Change in Fund Balance	(75,325)	(55,075)	(15,452)	39,623
Beginning Fund Balance	391,517	458,181	458,181	-
Ending Fund Balance	\$ 316,192	\$ 403,106	\$ 442,729	\$ 39,623

(1) Appropriations Level

Total Expenditures - budgetary basis	\$ 105,460
General Fund Personal Services allocation	8,133
Total Expenditures - modified accrual basis	113,593
Other Financing Sources (Uses) - budgetary basis	(8,133)
Allocation of overhead in the General Fund	8,133
Other Financing Sources (Uses) - modified accrual basis	\$ 0

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

OTHER SUPPLEMENTARY INFORMATION

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

**COMBINING BALANCE SHEET
NON MAJOR GOVERNMENTAL FUNDS
June 30, 2014**

	TRAFFIC IMPACT FEE	VEHICLE AND EQUIPMENT RESERVE	TOTAL
ASSETS:			
Cash and Cash Equivalents	\$ 289,210	\$ 39,560	\$ 328,770
Total Assets	<u>289,210</u>	<u>39,560</u>	<u>328,770</u>
LIABILITIES AND FUND BALANCES:			
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:			
Restricted	289,210	-	289,210
Committed	-	39,560	39,560
Total Fund Balances	<u>289,210</u>	<u>39,560</u>	<u>328,770</u>
Total Liabilities and Fund Balances	<u>\$ 289,210</u>	<u>\$ 39,560</u>	<u>\$ 328,770</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, 2014**

	TRAFFIC IMPACT FEE	VEHICLE AND EQUIPMENT RESERVE	TOTAL
REVENUES:			
Interest	\$ 1,541	\$ 180	\$ 1,721
Total Revenues	<u>1,541</u>	<u>180</u>	<u>1,721</u>
EXPENDITURES:			
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues Over Expenditures	<u>1,541</u>	<u>180</u>	<u>1,721</u>
Other Financing Sources			
Transfers In	<u>-</u>	<u>13,800</u>	<u>13,800</u>
Total Other Sources	<u>-</u>	<u>13,800</u>	<u>13,800</u>
Net Change in Fund Balance	1,541	13,980	15,521
Beginning Fund Balances	<u>287,669</u>	<u>25,580</u>	<u>313,249</u>
Ending Fund Balances	<u>\$ 289,210</u>	<u>\$ 39,560</u>	<u>\$ 328,770</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, 2014

TRAFFIC IMPACT FEES FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE -NEGATIVE</u>
REVENUES:				
Interest	\$ 1,435	\$ 1,435	\$ 1,541	\$ 106
EXPENDITURES:				
Capital Outlay	50,000	50,000 (1)	-	50,000
Contingency	50,000	50,000 (1)	-	50,000
Total Expenditures	<u>100,000</u>	<u>100,000</u>	<u>-</u>	<u>100,000</u>
Net Change in Fund Balance	(98,565)	(98,565)	1,541	100,106
Beginning Fund Balance	<u>287,033</u>	<u>287,669</u>	<u>287,669</u>	<u>-</u>
Ending Fund Balance	<u>\$ 188,468</u>	<u>\$ 189,104</u>	<u>\$ 289,210</u>	<u>\$ 100,106</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, 2014

VEHICLE AND EQUIPMENT RESERVE FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE -NEGATIVE</u>
REVENUES:				
Interest	\$ 225	\$ 225	\$ 180	\$ (45)
Total Revenues	<u>225</u>	<u>225</u>	<u>180</u>	<u>(45)</u>
EXPENDITURES:				
Contingency	<u>10,000</u>	<u>10,000 (1)</u>	<u>-</u>	<u>10,000</u>
Total Expenditures	<u>10,000</u>	<u>10,000</u>	<u>-</u>	<u>10,000</u>
Excess of Revenues Over (Under) Expenditures	<u>(9,775)</u>	<u>(9,775)</u>	<u>180</u>	<u>9,955</u>
Other Financing Sources:				
Transfers in	<u>13,800</u>	<u>13,800</u>	<u>13,800</u>	<u>-</u>
Total Other Sources	<u>13,800</u>	<u>13,800</u>	<u>13,800</u>	<u>-</u>
Net Change in Fund Balance	4,025	4,025	13,980	9,955
Beginning Fund Balance	<u>25,488</u>	<u>25,580</u>	<u>25,580</u>	<u>-</u>
Ending Fund Balance	<u>\$ 29,513</u>	<u>\$ 29,605</u>	<u>\$ 39,560</u>	<u>\$ 9,955</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, 2014**

	<u>INTERNAL SERVICES FUND</u>			VARIANCE POSITIVE -NEGATIVE
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
EXPENDITURES:				
City Council				
Materials and Services	\$ 30,950	\$ - (1)	\$ -	\$ -
City Attorney				
Materials and Services	25,000	- (1)	-	-
City Manager				
Personal Services	121,567	- (1)	-	-
Materials and Services	1,500	- (1)	-	-
Total City Manager	<u>123,067</u>	<u>-</u>	<u>-</u>	<u>-</u>
City Recorder				
Materials and Services	7,000	- (1)	-	-
Finance Department				
Personal Services	231,574	- (1)	-	-
Materials and Services	31,260	- (1)	-	-
Total Finance Department	<u>262,834</u>	<u>-</u>	<u>-</u>	<u>-</u>
City Engineer				
Materials and Services	5,000	- (1)	-	-
General Government				
Materials and Services:	122,669	- (1)	-	-
Public Works Department				
Personal Services	374,841	- (1)	-	-
Materials and Services	34,020	- (1)	-	-
Total Public Works Department	<u>408,861</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>985,381</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	(985,381)	-	-	-
Other Financing Sources (Uses):				
Transfers In	992,381	-	-	-
Transfers Out	(7,000)	- (1)	-	-
Total Other Sources (Uses)	<u>985,381</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	-	-	-	-
Beginning Fund Balance	-	-	-	-
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(1) Appropriation Level

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

**SCHEDULE OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCES (USES)
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2014**

<u>WATER FUND</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE -NEGATIVE</u>
REVENUES:				
Charges for Services	\$ 805,977	\$ 805,977	\$ 864,327	\$ 58,350
Licenses, Permits, Fees	180,150	308,240	201,814	(106,426)
Interest	3,845	3,845	4,657	812
Miscellaneous	200	200	15	(185)
Total Revenues	990,172	1,118,262	1,070,813	(47,449)
EXPENDITURES:				
Materials and Services	195,880	200,880 (1)	188,177	12,703
Capital Outlay	51,000	115,000 (1)	110,200	4,800
Debt Services	134,332	134,332 (1)	134,332	-
Contingency	50,000	50,000 (1)	-	50,000
Total Expenditures	431,212	500,212	432,709	67,503
Excess of Revenues Over (Under) Expenditures	558,960	618,050	638,104	20,054
Other Financing (Uses):				
Special Payments - Pass through to JWC	(72,700)	(126,320) (1)	(85,769)	40,551
Transfers out	(502,724)	(458,428) (1)	(421,708)	36,720
Total Other (Uses)	(575,424)	(584,748)	(507,477)	77,271
Net Change in Fund Balance	(16,464)	33,302	130,627	97,325
Beginning Fund Balance	747,837	912,110	912,110	-
Ending Fund Balance	<u>\$ 731,373</u>	<u>\$ 945,412</u>	<u>\$ 1,042,737</u>	<u>\$ 97,325</u>

(1) Appropriations Level

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

CITY OF NORTH PLAINS
WASHINGTON COUNTY, OREGON

RECONCILIATION OF BUDGETARY BASIS TO FULL ACCRUAL BASIS
For the Year Ended June 30, 2014

WATER FUND

Net Change in Fund Balance - Budgetary Basis	130,627
Depreciation expense	(96,087)
Expenditures capitalized	110,200
Principal payments on long term debt	<u>85,172</u>
Change in Net Position - GAAP Basis	229,912
Ending Fund Balance - Budgetary Basis	1,042,737
Capital Assets, Net	3,063,096
Bonds Payable	<u>(1,185,103)</u>
Ending Net Position - GAAP Basis	<u><u>\$ 2,920,730</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, 2014**

<u>GENERAL FUND</u>						
<u>TAX YEAR</u>	<u>ORIGINAL LEVY OR BALANCE UNCOLLECTED 7/01/13</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 6/30/14</u>
<u>General Fund:</u>						
CURRENT:						
2013-14	\$ 349,460	\$ 9,207	\$ (955)	\$ 93	\$ 332,461	\$ 6,930
PRIOR YEARS:						
2012-13	7,140	34	(155)	238	3,738	3,451
2011-12	3,592	-	78	205	1,381	2,494
2010-11	2,673	-	90	269	1,287	1,745
2009-10	1,599	-	(72)	116	415	1,228
2008-09 & Prior	431	-	(106)	49	138	236
Total Prior	15,435	34	(165)	877	6,959	9,154
Total All Funds	<u>\$ 364,895</u>	<u>\$ 9,241</u>	<u>\$ (1,120)</u>	<u>\$ 970</u>	<u>\$ 339,420</u>	<u>\$ 16,084</u>

RECONCILIATION OF REVENUE:

	<u>Revenue</u>
Per County Treasurer Above	\$ 339,420
Adjustment to modified accrual basis	<u>(114)</u>
Total revenue per Fund Statements	<u>\$ 339,306</u>

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

**SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES
OF TAXES UNCOLLECTED
For the Year Ended June 30, 2014**

URBAN RENEWAL AGENCY

TAX YEAR	ORIGINAL LEVY OR BALANCE UNCOLLECTED 7/01/13	DEDUCT DISCOUNTS	ADJUSTMENTS TO ROLLS	ADD INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED 6/30/14
<u>Urban Renewal Agency:</u>						
CURRENT:						
2013-14	\$ 103,767	\$ 2,734	\$ (283)	\$ 28	\$ 98,720	\$ 2,058
PRIOR YEARS:						
2012-13	1,968	9	(43)	66	1,031	951
2011-12	952	-	21	54	366	661
2010-11	583	-	20	59	280	382
2009-10 & Prior	25	-	(5)	4	11	13
Total Prior	3,528	9	(7)	183	1,688	2,007
Total All Funds	<u>\$ 107,295</u>	<u>\$ 2,743</u>	<u>\$ (290)</u>	<u>\$ 211</u>	<u>\$ 100,408</u>	<u>\$ 4,065</u>

RECONCILIATION OF REVENUE:

	<u>Revenue</u>
Per County Treasurer Above	\$ 100,408
Adjustment to modified accrual basis	<u>33</u>
Total revenue per Fund Statements	<u>\$ 100,441</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, 2014, and have issued my report thereon dated December 11, 2014.

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 as follows:

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.

Budget Compliance

During FY 2013-14, the City had expenses in excess of appropriations in the areas shown below:

General Fund-Police	Materials and Services	\$3,988
Parks Capital Improvement Fund	Capital Outlay	460

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, 2014