

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

**FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2011**



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

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

**2010-2011**  
**FINANCIAL REPORT**

\*\*\*\*\*

This Page Intentionally Left Blank

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

**CITY OFFICIALS**

2010-2011

<u>CITY COUNCIL</u>	<u>TERM EXPIRES</u>
David Hatcher – Mayor	December 31, 2012
Robert Kindel, Jr.	December 31, 2012
Teri K. Lenahan	December 31, 2012
Ana Singh-Gill	December 31, 2012
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 DIRECTOR

Karen-Lee Stolte, CPFA, MMC

CITY RECORDER

Lisa Gibson

REGISTERED OFFICE

31360 NW Commercial Street  
North Plains, Oregon 97133

This Page Intentionally Left Blank

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

**TABLE OF CONTENTS**

	<u>PAGE NUMBER</u>
Independent Auditors' Report	1
Management's Discussion and Analysis	3
FINANCIAL STATEMENTS AND SCHEDULES:	
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets-Modified Cash Basis	5
Statement of Activities-Modified Cash Basis	6
Fund Statements:	
Balance Sheet-Governmental Funds-Cash Basis	7
Reconciliation of the Governmental Funds Balance Sheet-Cash Basis to the Statement of Net Assets-Modified Cash Basis	8
Statement of Receipts, Disbursements and Changes in Fund Balances-Governmental Funds- Cash Basis	9
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balance-Cash Basis To Statement of Activities-Modified Cash Basis	10
Statement of Net Assets-Proprietary Funds-Modified Cash Basis	11
Statement of Receipts, Disbursements and Changes in Net Assets-Proprietary Funds-Modified Cash Basis	12
Statement of Cash Flows-Modified Cash Basis-Proprietary Funds	13
Notes to Basic Financial Statements	14
REQUIRED SUPPLEMENTARY INFORMATION:	
Schedule of Receipts, Disbursements and Changes in Fund Balance – Cash Basis	
– Actual and Budget –	
General Fund	31
Street Tax, Transportation and Storm Drainage Fund	33
Traffic Impact Fees Fund	34
SUPPLEMENTARY INFORMATION:	
Schedule of Receipts, Disbursements and Changes in Fund Balances–Actual and Budget	
Parks Capital Improvement Fund	35
Combining Balance Sheet–Nonmajor Governmental Funds-Cash Basis	36
Combining Schedule of Receipts, Disbursements and Changes in Fund Balances– Nonmajor Governmental Funds-Cash Basis	37
Schedule of Receipts, Disbursements and Changes in Fund Balances–Cash Basis–Actual and Budget	
Transportation Development Tax Fund	38
Vehicle and Equipment Reserve Fund	39
Urban Renewal District	40

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

**TABLE OF CONTENTS (CONTINUED)**

	<u>PAGE</u> <u>NUMBER</u>
Schedule of Receipts, Disbursements and Changes in Fund Balances-Cash Basis-Actual and Budget	
Water Fund	41
Water Systems Improvement Fund	42
Schedule of Property Tax Transactions and Balances of Taxes Uncollected:	
General Fund	43
Urban Renewal Agency	44
 INDEPENDENT AUDITORS' REPORT REQUIRED BY OREGON STATE REGULATIONS	 45



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

**CERTIFIED PUBLIC ACCOUNTANTS**

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

August 9, 2011

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

### **INDEPENDENT AUDITORS' REPORT**

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of North Plains, Washington County, Oregon as of and for the year ended June 30, 2011, which collectively comprise the basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position – modified cash basis of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of North Plains as of June 30, 2011, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended, on the basis of accounting described in Note 1.

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

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

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



# CITY OF NORTH PLAINS

31360 NW Commercial St. North Plains, Oregon 97133

## CITY OF NORTH PLAINS, OREGON

### Management Discussion and Analysis

June 30, 2011

**MANAGEMENTS DIRECT COMMENTS:** The City manages and oversees operation of water distribution system, streets, parks system, land use planning activities, municipal court and general personnel needed to provide these services to the citizens including police. Operational services for fiscal year 2010-11 continued at the same level as the prior year.

The economic climate has not improved much over last year. City management has taken steps to prepare the City for the effects of these economic hardships by minimizing spending. Management is committed to taking the appropriate steps necessary to ensure the fiscal integrity of all City operations.

**OVERALL FINANCIAL POSITION:** The adopted 2010-11 city budget was \$5,835,885. Beginning cash balances from all funds equaled \$2,950,583. During the year \$2,187,352 in revenues were received and \$2,199,723 expended leaving a cash reserve balance of \$3,296,846 for fiscal year 2011-12.

Major differences in the adopted budget and actual figures account for the fact that 95% of the projected revenues were received while 38% of the proposed budget expenditures were made.

**RESULTS OF OPERATIONS:** Capital Outlay expenses throughout the entire budget included: replacement of computers and upgrade of software as scheduled, purchase of E-ticket software for the police department with an interface to the court; copy machine leases (City Hall and Library); final payment on court software upgrade; various special equipment for police vehicles; and payments for leased police vehicles.

Capital Improvement Projects - Glencoe Road and Gateway to the City was constructed and funded through a Local Oregon Capital Assets Program (LOCAP) financing provided by the League of Cities. The parks capital fund provided funding for improvements to several pocket parks located by the water reservoir and Commercial Street; Pacific and NW 307<sup>th</sup>; as well as the trail head for - McKay Creek walking trail.

Scheduled transfers from general, street and water funds equaled \$155,000.00. These funds are to supplement the Water Systems Improvement debt service payment (state drinking water loan) and the Vehicle & Equipment Reserve Fund. Property taxes dedicated to police services increased the 3% allowed by law.

#### SIGNIFICANT BUDGETARY VARIANCES:

	<u>2009-10</u>	<u>2010-2011</u>	<u>% Inc/Decrease</u>
Payroll	\$ 971,237.11	\$ 1,040,373.11	6.6 % Inc.
Materials & Services	647,869.32	735,332.44	11.8 % Inc.
Capital Outlay	21,976.81	34,010.95	3.5 % Inc.
Debt Service Pmts.	134,331.68	176,736.68	23.9% Inc.

Payroll increases were 6.6% over last year. The City belongs to a trust for all three types of insurances (property & liability, health benefits and workers compensation). City County Insurance Services strive to minimize premium costs as much as possible. There were slight increases in this fiscal year.

Materials & Services were increased 11.8% and Capital Outlay increased 3.5 % over last year. Debt service payments increased 23.9% due to the fact that the Urban Renewal Agency has been added to the general accounting.

**SIGNIFICANT CAPITAL ASSETS:** Capital outlays increased by 3.5 % due to purchase of the E-ticket Software made possible through receipt of a \$25,000.00 grant from Oregon Department of Transportation (ODOT) which covered a portion of the cost. Other capital expenses were for scheduled payments on the court software upgrades, copier leases and police vehicle lease program.

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

The Glencoe Road water line replacement and street improvements was constructed this year in coordination with Washington County. The City was able to obtain LOCAP financing in the amount of \$275,000 to complete the Gateway Project. Washington County provided the construction services and payment for the project is scheduled for August, 2011. The debt service payments will be funded by the Urban Renewal Agency via transfers to the General Fund. The actual payments are budgeted for payment out of the Sewer & Bond Administration - General Fund. Term of the loan is 20 years at 5.4% interest.

A new patrol car is scheduled to be purchased for the Police Chief. Final lease payment on the Chevy Tahoe was scheduled in July, 2011. Previous lease payments for copiers are budgeted.

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

The proposed 2011-12 budget is approximately 14.14% greater than last year.

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

E-mail:

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

Signed: Karen-Lee Stolte

Signed: Martha DeBry

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

**BASIC FINANCIAL STATEMENTS**

This Page Intentionally Left Blank

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

**STATEMENT OF NET ASSETS-MODIFIED CASH BASIS  
June 30, 2011**

ASSETS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Cash and Investments	\$ 2,597,842	\$ 699,004	\$ 3,296,846
Capital Assets, net of depreciation	5,572,644	3,091,550	8,664,194
<b>Total Assets</b>	<b>8,170,486</b>	<b>3,790,554</b>	<b>11,961,040</b>
<b>LIABILITIES</b>			
Due in One Year	5,367	78,944	84,311
Due in More Than One Year	400,176	1,352,274	1,752,450
<b>Total Liabilities</b>	<b>405,543</b>	<b>1,431,218</b>	<b>1,836,761</b>
<b>NET ASSETS</b>			
Invested in Capital Assets Net of Related Debt	5,167,101	1,660,332	6,827,433
Restricted for:			
Capital Projects	361,753	116,259	478,012
Debt Services	-	582,745	582,745
Highways and Streets	286,590	-	286,590
Vehicle and Equipment Reserve	72,874	-	72,874
Urban Renewal	88,644	-	88,644
Unrestricted	1,787,981	-	1,787,981
<b>Total Net Assets - Modified Cash Basis</b>	<b>\$ 7,764,943</b>	<b>\$ 2,359,336</b>	<b>\$ 10,124,279</b>

See accompanying notes to basic financial statements

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

**STATEMENT OF ACTIVITIES-MODIFIED CASH BASIS  
For the Year Ended June 30, 2011**

FUNCTIONS	DISBURSEMENTS	PROGRAM RECEIPTS		NET (DISBURSEMENT) RECEIPT AND CHANGES IN NET ASSETS BUSINESS-TYPE		
		CHARGES FOR SERVICES	OPERATING GRANT AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	ACTIVITIES	TOTAL
<b>Primary Government</b>						
<u>Governmental Activities:</u>						
Building and Parks	\$ 71,481	\$ 47,376	\$ -	\$ (24,105)		\$ (24,105)
City Planning	158,014	-	-	(158,014)		(158,014)
Police	452,041	-	25,000	(427,041)		(427,041)
Municipal Court	138,741	-	-	(138,741)		(138,741)
Sewer	13,242	-	-	(13,242)		(13,242)
Supporting Services	237,282	-	4,086	(233,196)		(233,196)
Library Department	165,692	-	101,967	(63,725)		(63,725)
Infrastructure	157,006	38,526	-	(118,480)		(118,480)
Interest	42,039	-	-	(42,039)		(42,039)
<b>Total Governmental Activities</b>	<b>1,435,538</b>	<b>85,902</b>	<b>131,053</b>	<b>(1,218,583)</b>		<b>(1,218,583)</b>
<u>Business-Type Activities:</u>						
Water	705,856	833,206	-		\$ 127,350	127,350
Interest on Long Term Debt	58,329	-	-		(58,329)	(58,329)
<b>Total Business-Type Activities</b>	<b>764,185</b>	<b>833,206</b>	<b>-</b>		<b>69,021</b>	<b>69,021</b>
<b>Total Primary Government</b>	<b>\$ 2,199,723</b>	<b>\$ 919,108</b>	<b>\$ 131,053</b>	<b>(1,218,583)</b>	<b>69,021</b>	<b>(1,149,562)</b>
<b>General Receipts</b>						
<b>Taxes:</b>						
Property Taxes, Levied for General Purposes				382,338	-	382,338
Intergovernmental				179,187	-	179,187
Fines and Forfeitures				251,624	-	251,624
Licenses, Permits and Fees				248,964	-	248,964
Interest and Investment Earnings				11,290	3,336	14,626
Urban Renewal District Reimbursements				16,405	-	16,405
Miscellaneous				36,146	7,901	44,047
Transfers - Internal Activities				5,000	(5,000)	-
<b>Total General Receipts</b>				<b>1,130,954</b>	<b>6,237</b>	<b>1,137,191</b>
<b>Changes in Net Assets</b>				<b>(87,629)</b>	<b>75,258</b>	<b>(12,371)</b>
<b>Net Assets - Beginning - Modified Cash Basis</b>				<b>7,852,572</b>	<b>2,284,078</b>	<b>10,136,650</b>
<b>Net Assets - Ending - Modified Cash Basis</b>				<b>\$ 7,764,943</b>	<b>\$ 2,359,336</b>	<b>\$ 10,124,279</b>

See accompanying notes to basic financial statements

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

**BALANCE SHEET-CASH BASIS  
GOVERNMENTAL FUNDS  
June 30, 2011**

	GENERAL FUND	STREET TAX, TRANSPORTATION AND STORM DRAINAGE FUND	TRAFFIC IMPACT FEES FUND	PARKS CAPITAL IMPROVEMENT FUND	OTHER GOVERNMENTAL FUNDS	TOTAL
<b>ASSETS:</b>						
Cash and Investments	\$ 1,187,841	\$ 545,495	\$ 286,590	\$ 361,753	\$ 216,163	\$ 2,597,842
Total Assets and Other Debits	<u>\$ 1,187,841</u>	<u>\$ 545,495</u>	<u>\$ 286,590</u>	<u>\$ 361,753</u>	<u>\$ 216,163</u>	<u>\$ 2,597,842</u>
<b>FUND BALANCE:</b>						
Fund Balances:						
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	210,859	286,590	361,753	143,290	1,002,491
Committed	278,998	162,338	-	-	72,874	514,210
Assigned	908,843	172,298	-	-	-	1,081,141
Unassigned	-	-	-	-	-	-
Total Fund Balances-Cash Basis	<u>\$ 1,187,841</u>	<u>\$ 545,495</u>	<u>\$ 286,590</u>	<u>\$ 361,753</u>	<u>\$ 216,163</u>	<u>\$ 2,597,842</u>

See accompanying notes to basic financial statements

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

**RECONCILIATION OF GOVERNMENTAL BALANCE SHEET-CASH BASIS TO  
THE STATEMENT OF NET ASSETS-MODIFIED CASH BASIS**

**June 30, 2011**

---

Total Fund Balances - Governmental Funds	\$ 2,597,842
Capital assets are not financial resources and therefore are not reported in the governmental funds.	5,572,644
Long Term Liabilities	<u>(405,543)</u>
Net Assets	<u><u>\$ 7,764,943</u></u>

See accompanying notes to basic financial statements

CITY OF NORTH PLAINS  
WASHINGTON COUNTY, OREGON

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES-CASH BASIS  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2011

	GENERAL FUND	STREET TAX, TRANSPORTATION AND STORM DRAINAGE FUND	TRAFFIC IMPACT FEES FUND	PARKS CAPITAL IMPROVEMENT FUND	OTHER GOVERNMENTAL FUNDS	TOTAL
<b>RECEIPTS:</b>						
Property Taxes	\$ 315,305	\$ -	\$ -	\$ -	\$ 67,033	\$ 382,338
Charges for Services	-	38,526	-	47,376	-	85,902
Licenses/Permits/Fees	243,314	-	-	-	5,650	248,964
Intergovernmental	52,020	109,669	-	-	17,498	179,187
Fines and Forfeitures	251,624	-	-	-	-	251,624
Interest on Investments	5,046	1,927	1,529	1,790	998	11,290
Grants	131,053	-	-	-	-	131,053
Urban Renewal Dist. Reimbursements	16,405	-	-	-	-	16,405
Miscellaneous	34,305	1,650	-	-	191	36,146
<b>Total Receipts</b>	<b>1,049,072</b>	<b>151,771</b>	<b>1,529</b>	<b>49,166</b>	<b>91,370</b>	<b>1,342,908</b>
<b>DISBURSEMENTS:</b>						
Personal Services	615,940	68,246	17,093	-	-	701,279
Materials & Services	418,301	47,904	-	-	-	466,204
Capital Outlay	35,860	495	-	18,142	50,013	104,509
Debt Services	-	-	-	-	42,405	42,405
<b>Total Disbursements</b>	<b>1,070,101</b>	<b>116,644</b>	<b>17,093</b>	<b>18,142</b>	<b>92,418</b>	<b>1,314,398</b>
<b>Other Financing Sources, (Uses)</b>						
Bond Proceeds	258,998	-	-	-	16,002	275,000
Transfers In	-	-	-	-	10,000	10,000
Transfer Out	(2,000)	(3,000)	-	-	-	(5,000)
<b>Total Other Financing Sources, (Uses)</b>	<b>256,998</b>	<b>(3,000)</b>	<b>-</b>	<b>-</b>	<b>26,002</b>	<b>280,000</b>
<b>Net Change in Fund Balance-Cash Basis</b>	<b>235,969</b>	<b>32,127</b>	<b>(15,564)</b>	<b>31,025</b>	<b>24,954</b>	<b>308,511</b>
<b>Beginning Fund Balance-Cash Basis-</b>	<b>951,872</b>	<b>513,368</b>	<b>302,154</b>	<b>330,728</b>	<b>191,209</b>	<b>2,289,331</b>
<b>Ending Fund Balance-Cash Basis</b>	<b>\$ 1,187,841</b>	<b>\$ 545,495</b>	<b>\$ 286,590</b>	<b>\$ 361,753</b>	<b>\$ 216,163</b>	<b>\$ 2,597,842</b>

See accompanying notes to basic financial statements

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

**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCE-CASH BASIS TO STATEMENT OF ACTIVITIES-MODIFIED CASH BASIS  
For the Year Ended June 30, 2011**

---

Net Changes in Fund Balances - Governmental Funds	\$ 308,511
<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	39,324
Depreciation Expense	(160,830)
<p>Repayment of long-term obligations principal is a disbursement in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Assets.</p>	366
<p>Proceeds from the addition of a long-term obligation are a source of revenue in the governmental funds, but the acquirement increases long-term obligations in the Statement of Net Assets.</p>	<u>(275,000)</u>
Change in Net Assets	<u><u>\$ (87,629)</u></u>

See accompanying notes to financial statements

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

**STATEMENT OF NET ASSETS-MODIFIED CASH BASIS  
PROPRIETARY FUNDS**

June 30, 2011

ASSETS:	WATER FUND	WATER SYSTEMS CAPITAL IMPROVEMENT FUND	TOTAL
Cash and Investments	\$ 582,745	\$ 116,259	\$ 699,004
Capital Assets, net of depreciation	3,091,550	-	3,091,550
<b>Total Assets</b>	<b>\$ 3,674,295</b>	<b>\$ 116,259</b>	<b>\$ 3,790,554</b>
<b>LIABILITIES:</b>			
Due in One Year	\$ 78,944	\$ -	\$ 78,944
Due in More Than One Year	1,352,274	-	1,352,274
<b>Total Liabilities</b>	<b>1,431,218</b>	<b>-</b>	<b>1,431,218</b>
<b>NET ASSETS</b>			
Invested in Capital Assets Net of Related Debt	1,660,332	-	1,660,332
Restricted	582,745	116,259	699,004
<b>Total Net Assets - Modified Cash Basis</b>	<b>\$ 2,243,077</b>	<b>\$ 116,259</b>	<b>\$ 2,359,336</b>

See accompanying notes to financial statements

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

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN NET ASSETS-MODIFIED CASH BASIS  
PROPRIETARY FUNDS  
For the year ended June 30, 2011**

	WATER FUND	WATER SYSTEMS CAPITAL IMPROVEMENT FUND	TOTAL
<b>OPERATING RECEIPTS:</b>			
Water Sales Receipts	\$ 772,924	\$ 60,282	\$ 833,206
Total Operating Receipts	<u>772,924</u>	<u>60,282</u>	<u>833,206</u>
<b>OPERATING DISBURSEMENTS:</b>			
Water Expenses Paid	590,380	29,551	619,931
Depreciation Expense	85,925	-	85,925
Total Operating Disbursements	<u>676,305</u>	<u>29,551</u>	<u>705,856</u>
Operating Income	96,619	30,731	127,350
<b>OTHER FINANCING SOURCES:</b>			
Interest and Investment Earnings	2,637	699	3,336
Miscellaneous	7,901	-	7,901
Interest Paid on Capital Debt	-	(58,329)	(58,329)
Principal Paid on Debt for Water Fund	76,002	(76,002)	-
Transfers from Other Funds	(155,000)	150,000	(5,000)
Change in Net Assets	28,159	47,099	75,258
Net Assets, July 1, 2010 - Modified Cash Basis	<u>2,214,918</u>	<u>69,160</u>	<u>2,284,078</u>
Net Assets, June 30, 2011 - Modified Cash Basis	<u>\$ 2,243,077</u>	<u>\$ 116,259</u>	<u>\$ 2,359,336</u>

The accompanying notes are an integral part of this statement.

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

**STATEMENT OF CASH FLOWS-MODIFIED CASH BASIS  
PROPRIETARY FUNDS  
For the year ended June 30, 2011**

	WATER FUND	WATER SYSTEMS CAPITAL IMPROVEMENT FUND	TOTAL
<b>Cash Flows From Operating Activities:</b>			
Cash Received for Services	\$ 772,924	\$ 60,282	\$ 833,206
Cash Paid to Employees	(339,095)	-	(339,095)
Cash Paid to Suppliers	(251,285)	(29,551)	(280,836)
Net cash provided (used) by operating activities	<u>182,544</u>	<u>30,731</u>	<u>213,275</u>
<b>Cash Flows From Non Capital Financing Activities</b>			
Transfers from Other Funds	-	150,000	150,000
Transfers to Other Funds	(155,000)	-	(155,000)
Net cash provided (used) by financing activities	<u>(155,000)</u>	<u>150,000</u>	<u>(5,000)</u>
<b>Cash Flows From Capital and Related Financing Activities</b>			
Principal Paid on Debt	-	(76,002)	(76,002)
Interest Paid on Debt	-	(58,329)	(58,329)
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>(134,331)</u>	<u>(134,331)</u>
<b>Cash Flows From Investing Activities:</b>			
Earnings on Investments	2,637	699	3,336
Other	7,901	-	7,901
Net cash provided (used) by investing activities	<u>10,538</u>	<u>699</u>	<u>11,237</u>
Net increase (decrease) in cash and investments	38,082	47,099	85,181
Cash and investments, beginning of year	<u>544,663</u>	<u>69,160</u>	<u>613,823</u>
Cash and investments, end of year	<u>\$ 582,745</u>	<u>\$ 116,259</u>	<u>\$ 699,004</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>			
Operating Income	\$ 96,619	\$ 30,731	\$ 127,350
Depreciation and Amortization	<u>85,925</u>	<u>-</u>	<u>85,925</u>
Net Cash Provided by Operating Activities	<u>\$ 182,544</u>	<u>\$ 30,731</u>	<u>\$ 213,275</u>

The accompanying notes are an integral part of this statement.

This Page Intentionally Left Blank

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. THE FINANCIAL REPORTING ENTITY**

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

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

In the *government-wide financial statements*, the Statement of Net Assets and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental 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, liabilities, fund equity, receipts, and disbursements. Funds are organized into two major categories: governmental and proprietary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

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

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

---

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

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

The funds utilized are described below:

*Governmental Funds*

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

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

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

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

---

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

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

*Proprietary Funds*

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

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

**BASIS OF ACCOUNTING**

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

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

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

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

---

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

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

**CASH AND INVESTMENTS**

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

**CAPITAL ASSETS**

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

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

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

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

In the *fund financial statements*, capital assets arising from cash transactions acquired for use in governmental fund operations are accounted for as capital outlay 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.

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

---

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

**EQUITY CLASSIFICATION**

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

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

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

**FUND EQUITY**

In March 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund-type Definitions*. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund-type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds. Under this standard, the fund balance classifications of reserved, designated, and unreserved/undesignated were replaced with five new classifications – nonspendable, restricted, committed, assigned, and unassigned.

- Nonspendable fund balance represents amounts that are not in a spendable form. The nonspendable fund balance represents inventories and prepaid items.
- 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.
- 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 governing body or by an official to whom that authority has been given by the governing body.
- 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 negative residual fund balance as unassigned.

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

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

**FUND EQUITY**

The governing body 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.

There was no non-spendable fund balances at year end.

Fund Balances:	General Fund	Street Tax, Transport. & Storm Drain. Fund	Transport. Development Tax Fund	Urban Renewal Agency Fund	Parks Improv. Capital Fund	Traffic Impact Fees Fund	Vehicle & Equipment Fund	Total
<b><u>Nonspendable:</u></b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b><u>Restricted:</u></b>								
OP & Maint-Street Dept	-	99,371	-	-	-	-	-	99,371
Constr Street Projects	-	111,488	-	-	-	-	-	111,488
Improv Specific Streets in NP	-	-	54,646	-	-	-	-	54,646
Improv in URA Plan Area	-	-	-	88,644	-	-	-	88,644
Constr New Parks w/ SDCs	-	-	-	-	361,753	-	-	361,753
Improv Extra Capacity Specific Projects	-	-	-	-	-	286,590	-	286,590
	-	210,859	54,646	88,644	361,753	286,590	-	1,002,492
<b><u>Committed to:</u></b>								
OP & Maint-Fin & Admin	258,988	-	-	-	-	-	-	258,988
OP & Maint-Library	20,010	-	-	-	-	-	-	20,010
Constr Street Projects	-	162,338	-	-	-	-	-	162,338
Purchase City Vehicles	-	-	-	-	-	-	72,874	72,874
	278,998	162,338	-	-	-	-	72,874	514,210
<b><u>Assigned to:</u></b>								
OP & Maint-Fin & Admin	341,442	-	-	-	-	-	-	341,442
OP & Maint-Muni Court	187,906	-	-	-	-	-	-	187,906
OP & Maint-Planning Dept	64,884	-	-	-	-	-	-	64,884
OP & Maint-Police Dept	209,072	-	-	-	-	-	-	209,072
Admin Bond Acct-Pay	-	-	-	-	-	-	-	-
Debt Ser	53,084	-	-	-	-	-	-	53,084
OP & Maint-City Parks	28,837	-	-	-	-	-	-	28,837
OP & Maint-Library	23,618	-	-	-	-	-	-	23,618
OP & Maint-Street Dept	-	126,042	-	-	-	-	-	126,042
Constr Street Projects	-	46,255	-	-	-	-	-	46,255
	908,843	172,298	-	-	-	-	-	1,081,141
<b><u>Unassigned:</u></b>	-	-	-	-	-	-	-	-
<b>Total Fund Balances</b>	<b>\$ 1,187,841</b>	<b>\$ 545,495</b>	<b>\$ 54,646</b>	<b>\$ 88,644</b>	<b>\$ 361,753</b>	<b>\$ 286,590</b>	<b>\$ 72,874</b>	<b>\$ 2,597,842</b>

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

---

**D. RECEIPTS, DISBURSEMENTS, AND EXPENSES**

**PROGRAM RECEIPTS**

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

General Government – Grants.

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

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

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

**OPERATING RECEIPTS AND DISBURSEMENTS**

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

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

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

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

1. Internal balances – amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the governmental and business-type activities columns of the Statement of Net Assets, except for the net residual amounts due between governmental and business-type activities, which are reported as Internal Balances. None were reported on the Statement of Net Assets for the year ended June 30, 2011.
2. Internal activities – amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers-Internal Activities. The effects of Interfund services between funds, if any, are not eliminated in the Statement of Activities.

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

---

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

**E. INTERNAL AND INTERFUND BALANCES AND ACTIVITIES (CONTINUED)**

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

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

**F. ESTIMATES**

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

**2. BUDGET**

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

The budget process begins early in each fiscal year with the establishment of the budget committee. Recommendations are developed through late winter with the budget committee approving the budget in early spring. Public notices of the budget hearing are published generally in early spring with a public hearing being held approximately three weeks later. The Council may amend the budget prior to adoption; however, budgeted 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 can not legally exceed the above appropriation levels except in the case of restricted revenues which could not be estimated at the time of budget adoption. Appropriations lapse at the fiscal year end. Management may amend line items in the budget without Council approval as long as appropriation levels (the legal level of control) are not changed. Supplemental appropriations may occur if the Council approves them due to a need which exists which was not determined at the time the budget was adopted. Disbursements of the various funds were within authorized appropriations.

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

**2. BUDGET (CONTINUED)**

The Budget Act recognizes the following object categories as the minimum legal level on control by department within a fund:

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

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

Excess of Disbursements over Appropriations

Disbursements of the various funds were within authorized appropriations.

**3. CASH AND CASH EQUIVALENTS**

Cash and investments were recorded at cost, which approximates fair market value, plus accrued interest at June 30, 2011. Cash and investments at June 30, 2011 were:

Deposits With Financial Institutions:	<u>2010</u>	Reported in:	<u>2010</u>
Petty Cash	\$ 250	Governmental Funds	\$ 2,597,842
Checking	27,052	Proprietary Funds	<u>699,004</u>
Investments	<u>3,269,544</u>		
 Total	 <u>\$ 3,296,846</u>		 <u>\$ 3,296,846</u>

These are the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in months)</u>	
		<u>Less than 3</u>	<u>More than 3</u>
State Treasurer's Investment Pool	\$ 3,269,544	\$ 3,269,544	\$ -
 Total	 <u>\$ 3,269,544</u>	 <u>\$ 3,269,544</u>	 <u>\$ -</u>

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

---

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

**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, 2011, all of the bank balance of \$85,575 was insured by FDIC.

The State Treasurer's Local Government Investment Pool is not registered with the U.S. Securities and Exchange Commission as an investment company. The Oregon Revised Statutes and the Oregon Investment Council govern the State's investment policies. The State Treasurer is the investment officer for the Council and is responsible for all funds in the State Treasury. These funds must be invested, and the investments managed, as a prudent investor would, exercising reasonable care, skill and caution. Investments in the Fund are further governed by portfolio guidelines issued by the Oregon Short-Term Fund Board (OSTFB), which establish diversification percentages and specify the types and maturities of investments. The portfolio guidelines permit securities lending transactions as well as investments in repurchase agreements and reverse repurchase agreements. The fund was in compliance with all portfolio guidelines at June 30, 2011.

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, 2011. There were no known violations of legal or contractual provisions for deposits and investments during the fiscal year.

**Investments**

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

**Credit Risk**

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

**Concentration of Credit Risk**

At June 30, 2011, 100% of total investments were in the State Treasurer's Investment Pool. State statutes do not limit the percentage of investments in either of these instruments. Oregon Revised Statutes require no more than 25 percent of the moneys of local government to be invested in bankers' acceptances of any qualified financial institution. At June 30, 2011, there was compliance with all percentage restrictions.

**Interest Rate Risk**

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

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

**4. CAPITAL ASSETS**

The changes in Capital assets for 2010-11 are as follows:

	Balance on 07/01/2010	Additions	Deletions	Balance on 6/30/2011
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 128,051	\$ -	\$ -	\$ 128,051
URA Land	157,820	-	-	157,820
Total Capital Assets not being depreciated	<u>\$ 285,871</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 285,871</u>
Capital assets being depreciated:				
Infrastructure	\$ 5,679,810	\$ -	\$ -	\$ 5,679,810
Buildings	175,957	-	-	175,957
Police	165,071	9,000	-	174,071
Equipment	81,577	30,324	-	111,901
Total capital assets being depreciated	<u>6,102,415</u>	<u>39,324</u>	<u>-</u>	<u>6,141,739</u>
Less accumulated depreciation for:				
Infrastructure	(499,225)	(113,596)	-	(612,821)
Buildings	(79,660)	(4,399)	-	(84,059)
Police	(76,295)	(31,478)	-	(107,773)
Equipment	(38,956)	(11,357)	-	(50,313)
Total accumulated depreciation	<u>(694,136)</u>	<u>(160,830)</u>	<u>-</u>	<u>(854,966)</u>
Total capital assets net of depreciation	<u>5,408,279</u>	<u>(121,506)</u>	<u>-</u>	<u>5,286,773</u>
Total Capital Assets	<u>\$ 5,694,150</u>	<u>\$ (121,506)</u>	<u>\$ -</u>	<u>\$ 5,572,644</u>
<b>Business-type activities:</b>				
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	104,031	-	-	104,031
Utility property and improvements	4,205,509	4,014	-	4,209,523
Total capital assets being depreciated	<u>4,328,714</u>	<u>4,014</u>	<u>-</u>	<u>4,332,728</u>
Less accumulated depreciation for:				
Buildings	(19,174)	-	-	(19,174)
Machinery and equipment	(77,931)	(5,425)	-	(83,356)
Utility property and improvements	(1,054,864)	(84,514)	-	(1,139,378)
Total accumulated depreciation	<u>(1,151,969)</u>	<u>(89,939)</u>	<u>-</u>	<u>(1,241,908)</u>
Total capital assets net of depreciation	<u>3,176,745</u>	<u>(85,925)</u>	<u>-</u>	<u>3,090,820</u>
Total Capital Assets	<u>\$ 3,177,475</u>	<u>\$ (85,925)</u>	<u>\$ -</u>	<u>\$ 3,091,550</u>
Total All Assets (net of depreciation)	<u>\$ 8,871,625</u>	<u>\$ (207,431)</u>	<u>\$ -</u>	<u>\$ 8,664,194</u>

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

**4. CAPITAL ASSETS (CONTINUED)**

Depreciation was charged to the following programs:

Building and Parks Expense	\$	9,622
City Planning Expense		23,288
Police Expense		51,236
Municipal Court Expense		15,851
Sewer Expense		1,422
Supporting Services Expense		26,711
Library Department Expense		17,951
Infrastructure Expense		14,748
Total Depreciation Expense	\$	160,830

**5. INTERFUND TRANSFERS AND BALANCES**

Transfers between funds for the year ended June 30, 2011, were as follows:

	Transfers In	Transfers Out
Major Funds:		
Governmental:		
General Fund	\$ -	\$ 2,000
Street Tax, Transportation and Storm Drainage	-	3,000
Business-Type:		
Water Fund	-	155,000
Water Systems Capital Improvement	150,000	-
Non-Major Fund:		
Governmental:		
Vehicle & Equipment	10,000	-
	\$ 160,000	\$ 160,000

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

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

**6. LONG-TERM DEBT**

The following is a summary of changes in long-term debt for the year ended June 30, 2011:

	LOAN ACTIVITY			Ending Balance	Due Within One Year
	Beginning Balance	Additions	Reductions		
Governmental Activities:					
URA	\$ 130,909	\$ -	\$ 366	\$ 130,543	\$ 367
LOCAP Series 2011A	-	275,000	-	275,000	5,000
Total Loan Activity	<u>\$ 130,909</u>	<u>\$ 275,000</u>	<u>\$ 366</u>	<u>\$ 405,543</u>	<u>\$ 5,367</u>
Business-Type Activities:					
Safe Drinking Water	\$ 1,507,220	\$ -	\$ 76,002	\$ 1,431,218	\$ 78,944
Total Loan Activity	<u>\$ 1,507,220</u>	<u>\$ -</u>	<u>\$ 76,002</u>	<u>\$ 1,431,218</u>	<u>\$ 78,944</u>
Total All Loan Activity	<u>\$ 1,638,129</u>	<u>\$ 275,000</u>	<u>\$ 76,368</u>	<u>\$ 1,836,761</u>	<u>\$ 84,311</u>

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

Fiscal Year	Annual Debt Service		Total
	Principal	Interest	
2011-12	\$ 78,944	\$ 55,388	\$ 134,331
2012-13	81,999	52,333	134,332
2013-14	85,172	49,160	134,332
2014-15	88,468	45,864	134,332
2015-16	91,892	42,440	134,332
2016-21	515,636	156,022	671,658
2021-25	<u>489,107</u>	<u>48,218</u>	<u>537,325</u>
Balance	<u>\$ 1,431,218</u>	<u>\$ 449,425</u>	<u>\$ 1,880,642</u>

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

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

Urban Renewal District Loan

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

**Urban Renewal District-Land Acquisition**

Fiscal Year	Annual Debt Service		Total
	Principal	Interest	
2011-12	\$ 367	\$ 5,633	\$ 6,000
2012-13	398	5,602	6,000
2013-14	129,778	3,750	133,528
Balance	<u>\$ 130,543</u>	<u>\$ 14,985</u>	<u>\$ 145,528</u>

**Urban Renewal district Loan Summary-Principal**

	Beginning Balance	Paid	Ending Balance	Due Within One Year	Due After One Year
Columbia Community Bank	<u>\$ 130,909</u>	<u>\$ 366</u>	<u>\$ 130,543</u>	<u>\$ 367</u>	<u>\$ 130,176</u>

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

	Beginning Balance	Principal Paid	Interest Paid	Total Payments	Ending Balance
Columbia Community Bank	<u>\$ 151,528</u>	<u>\$ (366)</u>	<u>\$ (5,634)</u>	<u>\$ (6,000)</u>	<u>\$ 145,528</u>

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

---

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

LOCAP Series 2011A

In March 2011, the City purchased a Series 2011A bond with the Local Oregon Capital Assets Program (LOCAP) which was used for the Capital Improvement Projects on Glencoe Road and the Gateway to the City. The principal amount of the bond is 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

<u>Fiscal Year</u>	<u>Annual Debt Service</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2011-12	\$ 5,000	\$ 16,184	\$ 21,184
2012-13	10,000	13,094	23,094
2013-14	10,000	12,794	22,794
2014-15	10,000	12,494	22,494
2015-16	10,000	12,194	22,194
2016-21	55,000	54,641	109,641
2021-26	75,000	38,344	113,344
2026-31	100,000	14,250	114,250
Balance	<u>\$ 275,000</u>	<u>\$ 173,993</u>	<u>\$ 448,993</u>

This Page Intentionally Left Blank

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

---

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

**A. PLAN DESCRIPTION**

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

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

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

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

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

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

Members of PERS are required to contribute 6.0% of their salary covered under the plan, which is invested in the OPSRP individual Account Program. Currently, the City pays the member required contribution. The contribution rate was determined as part of a December 31, 2001 actuarial evaluation, and subsequent revisions. The contribution rates for plan members are established by ORS Chapter 238 and may be amended by an act of the Oregon Legislature. The rate effective July 1, 2009 is 7.05% of salary covered under the plan for Tier 1 and Tier 2 employees (PERS) and 7.07% for employees covered under the Oregon Public Services Retirement Plan (OPSRP). The contributions to the plan for the years ending June 30, 2011 and 2010 were \$88,988 and \$82,419, respectively, and were equal to the required contributions for each year.

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

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

---

**8. PROPERTY TAX LIMITATIONS**

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

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

**9. RISK MANAGEMENT**

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

**10. CONTINGENCIES**

**A. GRANT PROGRAM INVOLVEMENT**

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

**B. LITIGATION**

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

**C. COMMITMENTS**

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

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

**REQUIRED SUPPLEMENTARY INFORMATION**

This Page Intentionally Left Blank

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

**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE-CASH BASIS  
ACTUAL AND BUDGET  
For the Year Ended June 30, 2011**

	<u>GENERAL FUND</u>			
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE -NEGATIVE</u>
<b>RECEIPTS:</b>				
Property Taxes - Current	\$ 312,669	\$ 312,669	\$ 307,608	\$ (5,061)
Property Taxes - Delinquent	2,000	2,000	7,697	5,697
Licenses/Permits/Fees	289,000	289,000	243,314	(45,686)
Intergovernmental	49,830	49,830	52,020	2,190
Fines and Forfeitures	305,800	305,800	251,624	(54,176)
Interest on Investments	6,200	6,200	5,046	(1,154)
Grants	131,967	156,967	131,053	(25,914)
Urban Renewal Dist. Reimbursements	17,005	17,005	16,405	(600)
Miscellaneous	37,750	37,750	34,305	(3,445)
<b>Total Receipts</b>	<b>\$ 1,152,221</b>	<b>\$ 1,177,221</b>	<b>\$ 1,049,072</b>	<b>\$ (128,149)</b>

Continued on page - 32 -

CITY OF NORTH PLAINS  
WASHINGTON COUNTY, OREGON

SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE-CASH BASIS  
ACTUAL AND BUDGET  
For the Year Ended June 30, 2011

	GENERAL FUND			VARIANCE POSITIVE -NEGATIVE
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
<b>DISBURSEMENTS:</b>				
Building and Park				
Personal Services	\$ 55,750	\$ 55,750 (1)	\$ 46,627	\$ 9,123
Materials and Services:	22,280	22,280 (1)	11,332	10,948
Total Building and Park	<u>78,030</u>	<u>78,030</u>	<u>57,959</u>	<u>20,071</u>
City Planning				
Personal Services	81,462	81,462 (1)	68,500	12,962
Materials and Services	162,410	162,410 (1)	65,673	96,737
Total City Planning	<u>243,872</u>	<u>243,872</u>	<u>134,173</u>	<u>109,699</u>
Police Department				
Personal Services	281,534	274,534 (1)	204,824	69,710
Materials and Services	177,080	171,580 (1)	169,365	2,215
Capital Outlay	20,260	54,043 (1)	13,942	40,101
Total Police Department	<u>478,874</u>	<u>500,157</u>	<u>388,130</u>	<u>112,027</u>
Municipal Court				
Personal Services	92,405	87,905 (1)	68,107	19,798
Materials and Services	78,046	88,046 (1)	48,359	39,687
Capital Outlay	8,900	8,900 (1)	8,900	-
Total Municipal Court	<u>179,351</u>	<u>184,851</u>	<u>125,366</u>	<u>59,485</u>
Sewer Administration				
Personal Services	9,790	9,790 (1)	8,567	1,223
Materials and Services	3,100	3,100 (1)	2,677	423
Total Sewer Administration	<u>12,890</u>	<u>12,890</u>	<u>11,244</u>	<u>1,646</u>
Finance and Administration Services				
Personal Services	128,128	133,628 (1)	115,539	18,089
Materials and Services	136,881	135,541 (1)	84,205	51,336
Contingency	62,286	37,343 (1)	-	37,343
Capital Outlay	29,207	23,207 (1)	11,512	11,695
Total Finance and Administration Services	<u>356,502</u>	<u>329,719</u>	<u>211,256</u>	<u>118,463</u>
Library Department				
Personal Services	116,730	116,730 (1)	103,776	12,954
Materials and Services	40,130	40,130 (1)	36,690	3,440
Capital Outlay	1,800	1,800 (1)	1,507	293
Total Library Department	<u>158,660</u>	<u>158,660</u>	<u>141,972</u>	<u>16,688</u>
Total Disbursements	<u>1,508,179</u>	<u>1,508,179</u>	<u>1,070,101</u>	<u>438,078</u>
Excess of Receipts Over, (Under) Disbursements	(355,958)	(330,958)	(21,029)	309,929
Other Financing Sources, (Uses):				
Bond Proceeds	-	-	258,998	258,998
Transfers Out				
Finance and Administration Services	(2,000)	(2,000) (1)	(2,000)	-
Total Other Financing Sources, (Uses)	<u>(2,000)</u>	<u>(2,000)</u>	<u>256,998</u>	<u>258,998</u>
Net Change in Fund Balance	(357,958)	(332,958)	235,969	568,927
Beginning Fund Balance	940,003	940,003	951,872	11,869
Ending Fund Balance	<u>\$ 582,045</u>	<u>\$ 607,045</u>	<u>\$ 1,187,841</u>	<u>\$ 580,796</u>

(1) Appropriation Level

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

**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE-CASH BASIS  
ACTUAL AND BUDGET  
For the Year Ended June 30, 2011**

STREET TAX, TRANSPORTATION AND STORM DRAINAGE FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE -NEGATIVE
<b>RECEIPTS:</b>				
Charges for Services	\$ 229,284	\$ 229,284	\$ 38,526	\$ (190,758)
Intergovernmental	152,576	152,576	109,669	(42,907)
Interest on Investments	2,796	2,796	1,927	(869)
Grants	-	4,089	0	(4,089)
Miscellaneous	2,000	2,000	1,650	(350)
<b>Total Receipts</b>	<b>386,656</b>	<b>390,745</b>	<b>151,771</b>	<b>(238,974)</b>
<b>DISBURSEMENTS:</b>				
<b>Street Tax</b>				
Personal Services	72,513	83,480 (1)	68,246	15,234
Materials and Services	84,212	73,245 (1)	42,571	30,674
Capital Outlay	200	200 (1)	-	200
Contingency	34,320	34,320 (1)	-	34,320
<b>Total Street Tax</b>	<b>191,245</b>	<b>191,245</b>	<b>110,818</b>	<b>80,427</b>
<b>Transportation and Storm Drainage</b>				
Personal Services	-	- (1)	-	-
Materials and Services	130,320	130,320 (1)	5,332	124,988
Capital Outlay	492,091	477,035 (1)	495	476,541
<b>Total Transportation and Storm Drainage</b>	<b>622,411</b>	<b>607,355</b>	<b>5,827</b>	<b>601,528</b>
<b>Total Disbursements</b>	<b>813,656</b>	<b>798,600</b>	<b>116,644</b>	<b>681,956</b>
<b>Other Financing Sources, (Uses):</b>				
<b>Transfers Out</b>				
Street Tax	(3,000)	(3,000) (1)	(3,000)	-
<b>Total Other Financing Sources,(Uses)</b>	<b>(3,000)</b>	<b>(3,000)</b>	<b>(3,000)</b>	<b>-</b>
<b>Net Change In Fund Balance</b>	<b>(430,000)</b>	<b>(410,855)</b>	<b>32,127</b>	<b>442,982</b>
<b>Beginning Fund Balance</b>	<b>510,000</b>	<b>510,000</b>	<b>513,368</b>	<b>3,368</b>
<b>Ending Fund Balance</b>	<b>\$ 80,000</b>	<b>\$ 99,145</b>	<b>\$ 545,495</b>	<b>\$ 446,350</b>

(1) Appropriation Level

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

**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE-CASH BASIS  
ACTUAL AND BUDGET  
For the Year Ended June 30, 2011**

TRAFFIC IMPACT FEES FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE -NEGATIVE</u>
<b>RECEIPTS:</b>				
Interest	\$ 600	\$ 600	\$ 1,529	\$ 929
Total Receipts	<u>600</u>	<u>600</u>	<u>1,529</u>	<u>929</u>
<b>DISBURSEMENTS:</b>				
Personal Services	19,420	19,420 (1)	17,093	2,327
Capital Outlay	<u>283,180</u>	<u>283,180 (1)</u>	<u>-</u>	<u>283,180</u>
Total Disbursements	<u>302,600</u>	<u>302,600</u>	<u>17,093</u>	<u>285,507</u>
Net Change in Fund Balance	(302,000)	(302,000)	(15,564)	286,436
Beginning Fund Balance	<u>302,000</u>	<u>302,000</u>	<u>302,154</u>	<u>154</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 286,590</u>	<u>\$ 286,590</u>

(1) Appropriation Level

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

This Page Intentionally Left Blank

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

**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE-CASH BASIS  
ACTUAL AND BUDGET  
For the Year Ended June 30, 2011**

PARKS CAPITAL IMPROVEMENT FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE -NEGATIVE
<b>RECEIPTS:</b>				
Charges for Services	\$ 105,280	\$ 105,280	\$ 47,376	\$ (57,904)
Interest	2,000	2,000	1,790	(210)
Total Receipts	107,280	107,280	49,166	(58,114)
 <b>DISBURSEMENTS:</b>				
Materials and Services	1,500	1,500 (1)	-	1,500
Capital Outlay	435,780	435,780 (1)	18,142	417,638
Total Disbursements	437,280	437,280	18,142	419,138
Net Change in Fund Balance	(330,000)	(330,000)	31,025	361,025
Beginning Fund Balance	330,000	330,000	330,728	728
Ending Fund Balance	\$ -	\$ -	\$ 361,753	\$ 361,753

(1) Appropriations Level

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

**COMBINING BALANCE SHEET  
NON MAJOR GOVERNMENTAL FUNDS-CASH BASIS  
June 30, 2011**

	SPECIAL REVENUE FUNDS			
	TRANSPORTATION DEVELOPMENT TAX	VEHICLE AND EQUIPMENT RESERVE	URBAN RENEWAL AGENCY	TOTAL
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 54,646	\$ 72,874	\$ 88,644	\$ 216,163
Total Assets	<u>\$ 54,646</u>	<u>\$ 72,874</u>	<u>\$ 88,644</u>	<u>\$ 216,163</u>
<b>LIABILITIES AND FUND BALANCES:</b>				
<b>Fund Balances:</b>				
Restricted	\$ 54,646	\$ -	\$ 88,644	\$ 143,290
Committed	-	72,874	-	72,874
Total Liabilities and Fund Balances	<u>\$ 54,646</u>	<u>\$ 72,874</u>	<u>\$ 88,644</u>	<u>\$ 216,163</u>

CITY OF NORTH PLAINS  
WASHINGTON COUNTY, OREGON

COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES-CASH BASIS  
NON MAJOR GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2011

	SPECIAL REVENUE FUNDS			TOTAL NON-MAJOR GOVERNMENTAL FUNDS
	TRANSPORTATION DEVELOPMENT TAX	VEHICLE AND EQUIPMENT RESERVE	URBAN RENEWAL AGENCY	
<b>RECEIPTS:</b>				
Property Taxes	\$ -	\$ -	\$ 67,033	\$ 67,033
Intergovernmental	17,498	-	-	17,498
Licenses, Permits & Fees	-	-	5,650	5,650
Interest	229	383	386	998
Miscellaneous	-	-	191	191
<b>Total Receipts</b>	<b>17,728</b>	<b>383</b>	<b>73,260</b>	<b>91,370</b>
<b>DISBURSEMENTS:</b>				
Capital Outlay	-	34,011	16,002	50,013
Debt Services	-	-	42,405	42,405
<b>Total Disbursements</b>	<b>-</b>	<b>34,011</b>	<b>58,407</b>	<b>92,418</b>
<b>Other Financing Sources, (Uses)</b>				
Bond Proceeds	-	-	16,002	16,002
Transfers In	-	10,000	-	10,000
<b>Total Other Sources, (Uses)</b>	<b>-</b>	<b>10,000</b>	<b>16,002</b>	<b>26,002</b>
Net Change in Fund Balance	17,728	(23,628)	30,855	24,954
Beginning Fund Balances	36,918	96,502	57,789	191,209
Ending Fund Balances	\$ 54,646	\$ 72,874	\$ 88,644	\$ 216,163

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

**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE-CASH BASIS  
ACTUAL AND BUDGET  
For the Year Ended June 30, 2011**

TRANSPORTATION DEVELOPMENT TAX FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE -NEGATIVE
<b>RECEIPTS:</b>				
Intergovernmental	\$ 84,000	\$ 84,000	\$ 17,498	\$ (66,502)
Interest	60	60	229	169
Total Receipts	<u>84,060</u>	<u>84,060</u>	<u>17,728</u>	<u>(66,332)</u>
<b>DISBURSEMENTS:</b>				
Personal Services	1,800	1,800 (1)	-	1,800
Capital Outlay	119,160	119,160 (1)	-	119,160
Total Disbursements	<u>120,960</u>	<u>120,960</u>	<u>-</u>	<u>120,960</u>
Net Change in Fund Balance	(36,900)	(36,900)	17,728	54,628
Beginning Fund Balance	<u>36,900</u>	<u>36,900</u>	<u>36,918</u>	<u>18</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 54,646</u>	<u>\$ 54,646</u>

(1) Appropriations Level

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

**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE-CASH BASIS  
ACTUAL AND BUDGET  
For the Year Ended June 30, 2011**

VEHICLE AND EQUIPMENT RESERVE FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE -NEGATIVE</u>
<b>RECEIPTS:</b>				
Interest	\$ 450	\$ 450	\$ 383	\$ (67)
Total Receipts	<u>450</u>	<u>450</u>	<u>383</u>	<u>(67)</u>
<b>DISBURSEMENTS:</b>				
Capital Outlay	<u>106,950</u>	<u>106,950 (1)</u>	<u>34,011</u>	<u>72,939</u>
Total Disbursements	<u>106,950</u>	<u>106,950</u>	<u>34,011</u>	<u>72,939</u>
<b>Other Financing Sources, (Uses):</b>				
Transfers in	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>-</u>
Total Other Sources, (Uses)	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>-</u>
Net Change in Fund Balance	(96,500)	(96,500)	(23,628)	72,872
Beginning Fund Balance	<u>96,500</u>	<u>96,500</u>	<u>96,502</u>	<u>2</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 72,874</u>	<u>\$ 72,874</u>

(1) Appropriations Level

CITY OF NORTH PLAINS  
WASHINGTON COUNTY, OREGON

SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE-CASH BASIS  
ACTUAL AND BUDGET  
For the Year Ended June 30, 2011

URBAN RENEWAL DISTRICT

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE -NEGATIVE
<b>RECEIPTS:</b>				
Taxes	\$ 56,600	\$ 56,600	\$ 67,033	\$ 10,433
Property Rental Fees	6,000	6,000	5,650	(350)
Interest	400	400	386	(14)
Miscellaneous	-	-	191	191
<b>Total Receipts</b>	<b>63,000</b>	<b>63,000</b>	<b>73,260</b>	<b>10,260</b>
<b>DISBURSEMENTS:</b>				
Capital Expenses	77,000	77,000 (1)	16,002	60,998
Debt Service	43,006	43,006 (1)	42,405	601
<b>Total Disbursements</b>	<b>120,006</b>	<b>120,006</b>	<b>58,407</b>	<b>61,599</b>
<b>Other Financing Sources, (Uses):</b>				
Bond Proceeds	-	-	16,002	16,002
<b>Total Other Sources, (Uses)</b>	<b>-</b>	<b>-</b>	<b>16,002</b>	<b>16,002</b>
<b>Net Change in Fund Balance</b>	<b>(57,006)</b>	<b>(57,006)</b>	<b>30,855</b>	<b>(35,338)</b>
<b>Beginning Fund Balance</b>	<b>57,700</b>	<b>57,700</b>	<b>57,789</b>	<b>89</b>
<b>Ending Fund Balance</b>	<b>\$ 694</b>	<b>\$ 694</b>	<b>\$ 88,644</b>	<b>\$ 87,950</b>

(1) Appropriations Level

Note: This is a compent unit for which activity is budgeted with the city budget.

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

**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE-CASH BASIS  
ACTUAL AND BUDGET  
For the Year Ended June 30, 2011**

<u>WATER FUND</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE -NEGATIVE</u>
<b>RECEIPTS:</b>				
Charges for Services	\$ 781,755	\$ 781,755	\$ 772,924	\$ (8,831)
Interest	3,000	3,000	2,637	(363)
Miscellaneous	6,000	6,000	7,901	1,901
Total Receipts	<u>790,755</u>	<u>790,755</u>	<u>783,462</u>	<u>(7,293)</u>
<b>DISBURSEMENTS:</b>				
Personal Services	390,560	390,560 (1)	339,095	51,465
Materials and Services	344,282	344,282 (1)	242,400	101,882
Capital Outlay	81,413	81,413 (1)	8,885	72,528
Contingency	44,000	44,000 (1)	-	44,000
Total Disbursements	<u>860,255</u>	<u>860,255</u>	<u>590,380</u>	<u>269,875</u>
Excess of Receipts Over, (Under) Disbursements	(69,500)	(69,500)	193,082	262,582
<b>Other Financing Sources, (Uses):</b>				
Transfers out	(155,000)	(155,000) (1)	(155,000)	-
Total Other Sources, (Uses)	<u>(155,000)</u>	<u>(155,000)</u>	<u>(155,000)</u>	<u>-</u>
Net Change in Fund Balance	(224,500)	(224,500)	38,082	262,582
Beginning Fund Balance	<u>544,500</u>	<u>544,500</u>	<u>544,663</u>	<u>163</u>
Ending Fund Balance	<u>\$ 320,000</u>	<u>\$ 320,000</u>	<u>\$ 582,745</u>	<u>\$ 262,745</u>
<b>RECONCILIATION TO NET ASSETS:</b>				
Capital Assets, Net			3,091,550	
Bonds Payable			<u>(1,431,218)</u>	
TOTAL NET ASSETS			<u>\$ 2,243,077</u>	

(1) Appropriations Level

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

**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE-CASH BASIS  
ACTUAL AND BUDGET  
For the Year Ended June 30, 2011**

WATER SYSTEMS IMPROVEMENT FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE -NEGATIVE
<b>RECEIPTS:</b>				
Charges for Service	\$ 203,460	\$ 203,460	\$ 60,282	\$ (143,178)
Interest	800	800	699	(101)
Total Receipts	<u>204,260</u>	<u>204,260</u>	<u>60,981</u>	<u>(143,279)</u>
<b>DISBURSEMENTS:</b>				
Materials and Services	137,662	137,662 (1)	23,048	114,614
Capital Outlay	95,265	95,265 (1)	6,503	88,762
Debt Service	134,333	134,333 (1)	134,331	2
Total Disbursements	<u>367,260</u>	<u>367,260</u>	<u>163,882</u>	<u>203,378</u>
Excess of Receipts Over, -Under Disbursements	(163,000)	(163,000)	(102,901)	60,099
<b>Other Financing Sources, -Uses:</b>				
Transfers In	150,000	150,000	150,000	-
Total Other Sources, -Uses	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>	<u>-</u>
Net Change in Fund Balance	(13,000)	(13,000)	47,099	60,099
Beginning Fund Balance	69,000	69,000	69,160	160
Ending Fund Balance	<u>\$ 56,000</u>	<u>\$ 56,000</u>	<u>\$ 116,259</u>	<u>\$ 60,259</u>

(1) Appropriations Level

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

**SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES  
OF TAXES UNCOLLECTED  
For The Year Ended June 30, 2011**

<u>GENERAL FUND</u>						
<u>TAX YEAR</u>	<u>ORIGINAL LEVY OR BALANCE UNCOLLECTED 7/01/10</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 6/30/11</u>
<u>General Fund:</u>						
<b>CURRENT:</b>						
2010-11	\$ 324,203	\$ 8,255	\$ (1,475)	\$ 113	\$ 306,923	\$ 7,663
<b>PRIOR YEARS:</b>						
2009-10	8,778	(2)	(171)	374	5,797	3,186
2008-09	3,304	(2)	(153)	305	1,886	1,573
2007-08	1,237	(0)	(52)	233	995	423
2006-07	296	-	(13)	68	243	108
2005-06	84	-	(35)	11	-	60
2004-05 & Prior	259	(0)	(47)	30	31	211
Total Prior	13,957	(4)	(471)	1,021	8,951	5,560
Total All Funds	\$ 338,161	\$ 8,251	\$ (1,946)	\$ 1,133	\$ 315,874	\$ 13,223

**RECONCILIATION OF RECEIPTS:**

	<u>Receipts</u>
Per County Treasurer Above	\$ 315,874
Other Taxes	(569)
Total Fund Collections per Financial Statements	\$ 315,305

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

**SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES  
OF TAXES UNCOLLECTED  
For The Year Ended June 30, 2011**

URBAN RENEWAL AGENCY

TAX YEAR	ORIGINAL LEVY OR BALANCE UNCOLLECTED 7/01/10	DEDUCT DISCOUNTS	ADJUSTMENTS TO ROLLS	ADD INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED 6/30/11
<u>Urban Renewal Agency:</u>						
<b>CURRENT:</b>						
2010-11	\$ 70,639	\$ 1,799	\$ (321)	\$ 25	\$ 66,874	\$ 1,670
<b>PRIOR YEARS:</b>						
2009-10 & Prior	2,119	(0)	(1,636)	47	289	241
Total Prior	2,119	(0)	(1,636)	47	289	241
Total All Funds	<u>\$ 72,758</u>	<u>\$ 1,798</u>	<u>\$ (1,957)</u>	<u>\$ 71</u>	<u>\$ 67,163</u>	<u>\$ 1,911</u>

RECONCILIATION OF RECEIPTS:

	<u>Receipts</u>
Per County Treasurer Above	\$ 67,163
Other Taxes	<u>(130)</u>
Total Fund Collections per Financial Statements	<u>\$ 67,033</u>

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

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

This Page Intentionally Left Blank



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

CERTIFIED PUBLIC ACCOUNTANTS

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

## Independent Auditors' Report Required by Oregon State Regulations

We have audited the basic financial statements of the City of North Plains as of and for the year ended June 30, 2011, and have issued our report thereon dated August 9, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

### Compliance

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

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

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

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

1. Items on the LB-2 form did not match the detailed budget sheet's adopted budget amounts for the General Fund – Municipal Court, and the Parks Improvements Capital Fund.

### OAR 162-10-0230 Internal Control

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

We noted matters involving the internal control structure and its operation that we consider to be significant deficiencies under standards established by the American Institute of Certified Public Accountants, which are noted in our management letter dated August 9, 2011.

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

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