

CITY OF BANKS

Washington County, Oregon

AUDITED FINANCIAL STATEMENTS

Year Ended June 30, 2014

CITY OF BANKS

Washington County, Oregon

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CITY OF BANKS

Washington County, Oregon

CITY OFFICIALS

June 30, 2014

MAYOR

Term Expires

Pete Edison
Banks, Oregon 97106

December 31, 2014

COUNCIL PRESIDENT

Mark Gregg
Banks, Oregon 97106

December 31, 2014

COUNCIL

Dan Keller
Banks, Oregon 97106

December 31, 2014

Rob Fowler
Banks, Oregon 97106

December 31, 2014

Brian Biehl
Banks, Oregon 97106

December 31, 2016

Michael Nelson
Banks, Oregon 97106

December 31, 2016

Teri Branstitre
Banks, Oregon 97106

December 31, 2016

CITY MANAGER

Jolynn Becker
13680 NW Main St.
Banks, Oregon 97106

CITY RECORDER

Angie Lanter
13680 NW Main St.
Banks, Oregon 97106

DENNIS R. CONNER
CERTIFIED PUBLIC ACCOUNTANT
CLATSKANIE, OREGON 97016

INDEPENDENT AUDITOR'S REPORT
Modified Cash Basis Financial Statements

To the Mayor and City Council
City of Banks
Banks, Oregon

I have audited the accompanying modified cash financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Banks, Oregon (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 the modified cash basis of accounting described in Note 1C; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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 error or fraud.

Auditor's Responsibility

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

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

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

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2014, and the respective changes in modified cash financial position, and, where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting as described in Note 1C.

Basis of Accounting

I draw attention to Note 1C of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. My opinions are not modified with respect to this matter.

Report on Supplementary and Other Information

My audit was conducted for the purpose of forming opinions on the financial statements as a whole that collectively comprise the City's basic financial statements. The combining and individual fund financial statements, budgetary comparison schedules, and other financial schedules listed in the table of contents, and the management's discussion and analysis are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements, 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. The 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole on the basis of accounting described in Note 1C.

The management's discussion and analysis has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I do not express an opinion or provide any assurance on such information.

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 August 26, 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
August 26, 2014

City of Banks

Management Discussion and Analysis

FYE June 30, 2014

This Management Discussion and Analysis of the City of Banks financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2014.

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the City as a whole and present a longer-view of the City's finances. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operation in more detail than the government-wide statements by providing information about the City's most significant funds.

Report Components

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to the City's modified cash basis of accounting as described in the notes to financial statements.

Basic Financial Statements

Government-Wide Financial Statements: The Statement of Net Position and the Statement of Activities provide information about the City's government-wide (or "as a whole") activities, and include information about long-term debt, capital assets, and associated depreciation.

Fund Financial Statements: Fund financial statements focus on the individual parts of the City's government. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant ("major") funds. For the City of Banks as a governmental activity, these statements tell how these services were financed in the short term as well as what remains for future spending.

Notes to the Financial Statements: The notes to the financial statements are an integral part of the government-wide and fund financial statements, and provide expanded explanation and detail regarding the information reported in the statements.

Supplementary Information - The General Fund and other fund budgetary comparison schedules, the property tax schedule, and other financial information are provided to address specific needs of various users of the report.

The following is condensed financial information for the prior and current fiscal years, prepared on the modified cash basis of accounting as described in Note 1 of the basic financial statements.

CITY OF BANKS - NET POSITION

	Governmental Activities June 30, 2013	Governmental Activities June 30, 2014	Business-Type Activities June 30, 2013	Business-Type Activities June 30, 2014	Total June 30, 2013	Total June 30, 2014	Increase (Decrease)
ASSETS							
Cash and Cash Equivalents	\$ 1,508,738	\$ 1,666,508	\$ 324,709	\$ 344,038	\$ 1,833,447	\$ 2,010,546	\$ 177,099
Capital Assets, Net of Depreciation	982,620	980,631	4,369,509	4,233,377	5,352,129	5,214,008	(138,121)
Total	2,491,358	2,647,139	4,694,218	4,577,415	7,185,576	7,224,554	38,978
LIABILITIES							
Bonds Payable	138,327	129,403	1,863,811	1,736,504	2,002,138	1,865,907	(136,231)
Total Net Position	\$ 2,353,031	\$ 2,517,736	\$ 2,830,407	\$ 2,840,911	\$ 5,183,438	\$ 5,358,647	\$ 175,209

CITY OF BANKS - CHANGE IN NET POSITION

	Governmental Activities 2012-13	Governmental Activities 2013-14	Business-Type Activities 2012-13	Business-Type Activities 2013-14	Total 2012-13	Total 2013-14	Variance Favorable (Unfavorable)
PROGRAM RECEIPTS							
Charges for Services	\$ 211,569	\$ 197,130	\$ 542,395	\$ 540,336	\$ 753,964	\$ 737,466	\$ (16,498)
Operating Grants	14,096	64,253	-	-	14,096	64,253	50,157
Total	225,665	261,383	542,395	540,336	768,060	801,719	33,659
GENERAL RECEIPTS							
Property Taxes	433,898	447,203	-	-	433,898	447,203	13,305
Intergovernmental	270,859	280,604	-	-	270,859	280,604	9,745
Interest	7,855	8,422	2,024	2,041	9,879	10,463	584
Miscellaneous	36,336	6,406	1,171	1,399	37,507	7,805	(29,702)
Total	748,948	742,635	3,195	3,440	752,143	746,074	(6,069)
Total Receipts	974,613	1,004,018	545,590	543,776	1,520,203	1,547,794	27,591
EXPENDITURES							
Administrative	(255,934)	(238,113)	-	-	(255,934)	(238,113)	17,821
Library	(208,095)	(228,348)	-	-	(208,095)	(228,348)	(20,253)
Police	(198,868)	(209,833)	-	-	(198,868)	(209,833)	(10,965)
Streets & Roads	(64,277)	(58,029)	-	-	(64,277)	(58,029)	6,248
Parks & Other	(62,005)	(55,063)	-	-	(62,005)	(55,063)	6,942
Depreciation	(48,331)	(49,936)	-	-	(48,331)	(49,936)	(1,605)
Water	-	-	(495,228)	(533,271)	(495,228)	(533,271)	(38,043)
Total	(837,510)	(839,322)	(495,228)	(533,271)	(1,332,738)	(1,372,594)	(39,856)
Increase (Decrease) in Net Position	\$ 137,103	\$ 164,695	\$ 50,362	\$ 10,505	\$ 187,465	\$ 175,200	\$ (12,265)

Management's Direct Comments

Overall Financial Position

The City is financially sound. The Budget is balanced. There are sufficient funds to cover all of the accounts. Overall cash assets are adequate to sustain ongoing operations in the City and to provide continued service at the existing level. We operate during the fiscal year from a spending plan, continuously monitoring revenues actually realized and anticipating expenditures appropriately timed. Our income to debt ratio is at a satisfactory level and our financial management, including financial monitoring, is sound and accurate. The City is in compliance with all federal, state and county financial regulations.

Significant Transactions and Changes

During the Fiscal Year ended June 30, 2014 the City of Banks:

- Continued to operate the Public Safety Local Option Levy which expires on June 30, 2017.
- Continued to operate under the Countywide Library Local Option Levy, extended by the electorate of Washington County (including residents of the City of Banks).
- Continued expansion of Unappropriated Ending Fund Balances in regular operating Funds to adequate levels.
- Continued the funding of employee vacation bank liability in regular operating Funds to adequate levels.
- Conducted multiple annual comprehensive insurance and surety reviews with staff and insurance agent representation.
- Continued to institutionalize the Internal Audit Subcommittee of the Banks City Council with ongoing meetings being held.
- Adjusted specific annual Water Rate increases through June 30 2014, incorporating previously adopted automatic annual increases.
- Continued Water System Master Plan Capital Improvement Plan (CIP) project implementation.
- Continued to utilize the City of Banks website to enhance communications with the citizenry.
- Adopted two Resolutions permitting inter-fund loans from the Library Fund #03, and the Police Services Fund #07, to be repaid in the Fiscal Year. It is not anticipated that the authority will be utilized except in extraordinary circumstances. It is also not anticipated that the process will be necessary once the Unappropriated Ending Fund Balance(s) is (are) attained in the appropriate operating funds in the next and follow-on Fiscal Years.
- Adopted Handbooks for the Volunteers.
- Adopted City of Banks Emergency Responses Plan

Variations Between Adopted and Actual Budget Amounts

During the Fiscal Year Ended June 30, 2014 the City of Banks did not make any budget changes to the originally adopted Operating Budget.

Final budget amounts are consistent with final actual budget amounts for the General Fund.

Major Fund ending fund balances are higher than originally projected as tabulated below:

No.	Fund	Budgeted Ending Balance	Actual Ending Balance
1	General	\$ 95,000	\$ 455,681
2	Water	15,000	61,461
3	Library	15,000	43,621
4	Street/Road	70,000	446,717
5	Water Bonded Debt	43,720	44,337
6	Traffic Impact	-	423,789
7	Police	46,000	117,128
8	System Development	-	20,576
9	Water Depreciation	-	211,259
10	Park	19,000	30,049
11	Traffic Development Tax	-	11,434
13	Capital Projects Reserve	-	134,453
14	Capital Projects	-	-
15	Water Equipment Reserve	-	1,005
17	Water Utility Projects	-	5,399
18	Parks SDC	-	3,636
	Total	<u>\$ 303,720</u>	<u>\$ 2,010,546</u>

Capital Asset and Long-Term Debt Activity

While no new capital asset activity is noted, significant capital asset activity has occurred, which has required indebtedness to accomplish replacement and upgrade of Water Utility infrastructure, as well as remodeling of the Banks Public Library and completion of the Public Works Building internal build-out. The Banks City Council had sold Certificates of Participation through the League of Oregon Cities Capital Asset Program (LOCAP) in the amount of \$1,565,000. That amount funded and covered all of the projects currently in process. The projects are all essentially complete with only minor "punch list" items remaining to be accomplished.

The long-term Water Utility debt will remain relatively moderate as we proceed with normal capital maintenance of the water distribution system, and execution of the Water System Master Plan Capital Improvement Plan.

Changes in Assessed Condition of Infrastructure Assets

There have been no significant changes in the assessed condition of eligible infrastructure assets of the City.

Facts, Decisions, and Conditions Affecting Next Year and Beyond

In the coming Fiscal Year, and beyond, the City of Banks:

- Will to receive a credit for Public Employee Retirement System (PERS) contributions.
- Will continue full funding of employee vacation bank liability.
- Will refine the size of the Unappropriated Ending Fund Balances in regular operating Funds.
- Will continue to implement the updated Water Utility Rate Study.
- Will begin the next Water Utility rate study in 2014 for implementation in 2015.
- Will implement the Banks Transportation System Plan.
- Will begin replacement of approximately 6 miles of water distribution main from the municipal spring water source to the main reservoir.
- Will continue to repair water distribution system infrastructure.
- Will accept annexation petitions when presented.
- Will begin Phase II of the Banks Public Library renovation and expansion plan.
- Will install solar panels on the Public Library.
- Will complete the upgrade of energy efficiency measures in City Hall.
- Will continue the phased repair and upgrade of sidewalks throughout the City.
- Will complete the looping of water mains in the City.

- Will replace water lines along Cedar Canyon Road.
- Will complete the installation of the Greenville City Park Outdoor Educational Arbor.
- Will establish a Water Utility Asset Management program.

Financial and Managerial Personnel

City Manager:	Jolynn Becker
City Recorder:	Angie Lanter
Finance Director:	Jolynn Becker
Public Works Director:	Jolynn Becker
Library Director:	Denise Holmes
Community Development Director:	Jolynn Becker
Parks & Trees Director:	Jolynn Becker
Public Works Administrative Assistant / Water Clerk:	Michelle Warren

For questions about this MD&A, or additional financial information, contact the City of Banks Finance Director at 13680 NW Main Street, Banks, Oregon 97106, or by telephone at 503-324-5112, extension 102.

CITY OF BANKS

Washington County, Oregon

STATEMENT OF NET POSITION - MODIFIED CASH BASIS

June 30, 2014

	Governmental Activities	Business-Type Activities	Total
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 1,666,508	\$ 299,701	\$ 1,966,209
Restricted for Debt Service	-	44,337	44,337
Capital Assets:			
Land & Projects in Progress	35,557	583,133	618,690
Other Capital Assets, Net of Depreciation	945,074	3,650,244	4,595,318
<u>Total Assets</u>	2,647,139	4,577,415	7,224,554
<u>LIABILITIES</u>			
Long-term Liabilities:			
Due in One Year	8,924	129,438	138,362
Due in More Than One Year	120,480	1,607,065	1,727,545
<u>Total Liabilities</u>	129,403	1,736,504	1,865,907
<u>NET POSITION*</u>	\$ 2,517,736	\$ 2,840,911	\$ 5,358,647
 <u>NET POSITION</u>			
Net Investment in Capital Assets	\$ 851,228	\$ 2,496,873	\$ 3,348,101
Restricted For:			
Debt Service	-	44,337	44,337
Other Purposes	999,068	-	999,068
Unrestricted	667,440	299,701	967,140
<u>Total Net Position</u>	\$ 2,517,736	\$ 2,840,911	\$ 5,358,647

* Previously classified as Net Assets

See Notes to Financial Statements

CITY OF BANKS

Washington County, Oregon

STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS

Year Ended June 30, 2014

	Program Receipts and Expenditures			Net (Expenditures) Receipts and Changes in Net Position		
	Expenditures	Charges For Services	Grants	Governmental Activities	Business Activities	Total
<u>PRIMARY GOVERNMENT</u>						
<u>Government Activities</u>						
Administrative	\$ (238,113)	\$ 157,944	\$ 6,380	\$ (73,789)	\$ -	\$ (73,789)
Library	(228,348)	-	8,893	(219,455)	-	(219,455)
Police	(209,833)	15,332	-	(194,501)	-	(194,501)
Streets and Roads	(58,029)	-	48,980	(9,049)	-	(9,049)
Parks & Other	(55,063)	23,854	-	(31,209)	-	(31,209)
Depreciation	(49,936)	-	-	(49,936)	-	(49,936)
	(839,322)	197,130	64,253	(577,939)	-	(577,939)
<u>Business-Type Activities</u>						
Water	(533,271)	540,336	-		7,065	7,065
<u>Total Primary Government</u>	(1,372,594)	737,466	64,253	(577,939)	7,065	(570,874)
<u>General Receipts</u>						
Property Taxes				447,203	-	447,203
Intergovernmental				280,604	-	280,604
Interest				8,422	2,041	10,463
Miscellaneous				6,406	1,399	7,805
				742,635	3,440	746,074
<u>CHANGE IN NET POSITION</u>				164,695	10,505	175,200
<u>NET POSITION, Beginning</u>				2,353,040	2,830,407	5,183,447
<u>NET POSITION, Ending</u>				\$ 2,517,735	\$ 2,840,912	\$ 5,358,647

See Notes to Financial Statements

CITY OF BANKS

Washington County, Oregon

STATEMENT OF ASSETS AND LIABILITIES - MODIFIED CASH BASIS

GOVERNMENTAL FUNDS

June 30, 2014

	<u>General Fund</u>	<u>Library Fund</u>	<u>Street and Road Fund</u>	<u>Traffic Fee Reserve Fund</u>	<u>Police Fund</u>	<u>Non- Major Funds</u>	<u>Total</u>
<u>ASSETS</u>							
Cash and Cash Equivalents	<u>\$455,681</u>	<u>\$43,621</u>	<u>\$ 446,717</u>	<u>\$ 423,789</u>	<u>\$117,128</u>	<u>\$ 179,572</u>	<u>\$ 1,666,508</u>
<u>FUND BALANCES</u>							
Restricted - Special Revenue Funds	\$ -	\$ -	\$ 446,717	\$ 423,789	\$117,128	\$ 11,434	\$ 999,068
Committed - Special Revenue Funds	-	43,621	-	-	-	33,685	77,306
Committed - Capital Project Funds	-	-	-	-	-	134,453	134,453
Unassigned	<u>455,681</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>455,681</u>
Total	<u>\$455,681</u>	<u>\$43,621</u>	<u>\$ 446,717</u>	<u>\$ 423,789</u>	<u>\$117,128</u>	<u>\$ 179,572</u>	<u>\$ 1,666,508</u>

Reconciliation to Statement of Net Position

Fund Balances	\$ 1,666,508
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities net of accumulated depreciation are not <u>financial</u> resources, and therefore not reported in the fund statements.	980,631
Long term debt obligations payable are not due and payable in this reporting period, and therefore are not reported in the fund statements.	<u>(129,403)</u>
Net Position of Government Activities	<u>\$ 2,517,736</u>

See Notes to Financial Statements

CITY OF BANKS

Washington County, Oregon

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

GOVERNMENTAL FUNDS

Year Ended June 30, 2014

	<u>General Fund</u>	<u>Library Fund</u>	<u>Street & Road Fund</u>	<u>Traffic Fee Reserve Fund</u>	<u>Police Fund</u>	<u>Non- Major Funds</u>	<u>Total</u>
<u>RECEIPTS</u>							
Taxes	\$ 203,463	\$ -	\$ -	\$ -	\$ 243,740	\$ -	\$ 447,203
Intergovernmental	43,056	129,062	108,486	-	-	-	280,604
Fines and Forfeitures	8,298	7,034	-	-	-	-	15,332
Licenses, Permits and Fees	136,237	-	-	-	-	21,707	157,944
Charges for Services	-	-	-	-	-	23,854	23,854
Interest	2,293	315	2,099	2,168	706	842	8,422
Grants	6,380	8,893	48,980	-	-	-	64,253
Miscellaneous	2,192	362	-	-	-	3,852	6,406
Total	<u>401,918</u>	<u>145,665</u>	<u>159,565</u>	<u>2,168</u>	<u>244,446</u>	<u>50,255</u>	<u>1,004,018</u>
<u>EXPENDITURES</u>							
Current:							
Administrative	230,394	-	-	-	-	-	230,394
Police	-	-	-	-	209,833	-	209,833
Library	-	223,843	-	-	-	-	223,843
Streets & Roads	-	-	56,805	1,224	-	-	58,029
Parks & Other	-	-	-	-	-	55,063	55,063
Capital Outlay	7,136	7,027	40,920	-	-	-	55,082
Debt Service	1,605	12,405	-	-	-	-	14,011
Total	<u>239,135</u>	<u>243,275</u>	<u>97,725</u>	<u>1,224</u>	<u>209,833</u>	<u>55,063</u>	<u>846,257</u>
<u>RECEIPTS OVER (UNDER)</u>	<u>162,783</u>	<u>(97,610)</u>	<u>61,840</u>	<u>943</u>	<u>34,613</u>	<u>(4,809)</u>	<u>157,761</u>
<u>OTHER FINANCING SOURCES</u>							
Transfers In	-	103,770	-	-	-	45,048	148,818
Transfers (Out)	<u>(148,818)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(148,818)</u>
Total	<u>(148,818)</u>	<u>103,770</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,048</u>	<u>-</u>
<u>NET CHANGE IN FUND BALANCES</u>	13,965	6,160	61,840	943	34,613	40,239	157,761
<u>FUND BALANCES, Beginning</u>	<u>441,716</u>	<u>37,461</u>	<u>384,876</u>	<u>422,846</u>	<u>82,515</u>	<u>139,333</u>	<u>1,508,747</u>
<u>FUND BALANCES, Ending</u>	<u>\$ 455,681</u>	<u>\$ 43,621</u>	<u>\$ 446,717</u>	<u>\$423,789</u>	<u>\$117,128</u>	<u>\$ 179,572</u>	<u>\$ 1,666,508</u>

Reconciliation to Statement of

Net Change in Fund Balances - Total Governmental Funds	\$ 157,761
Governmental funds report capital outlays as expenditures. In the Statement of Activities, the cost of those assets is allocated over their useful lives and reported as depreciation expense.	
Capital Asset Additions	47,947
Depreciation Expense	(49,936)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term debt in the Statement of Activities.	
Loan Payments	<u>8,924</u>
Change in Net Position of Governmental Activities	<u>\$ 164,696</u>

See Notes to Financial Statements

STATEMENT OF NET POSITION - MODIFIED CASH BASIS

PROPRIETARY FUNDS - COMBINED

June 30, 2014

	<u>Water</u>
<u>ASSETS</u>	
<u>Current Assets:</u>	
Cash and Cash Equivalents	\$ 299,701
Cash Restricted for Debt Service	44,337
<u>Noncurrent Assets:</u>	
Land & Projects in Progress	583,133
Other Capital Assets, Net of Depreciation	<u>3,650,244</u>
Total	<u>4,577,415</u>
<u>LIABILITIES</u>	
<u>Current Liabilities:</u>	
Loans Payable	129,438
<u>Noncurrent Liabilities:</u>	
Loans Payable	<u>1,607,065</u>
Total	<u>1,736,504</u>
<u>NET POSITION</u>	<u>\$ 2,840,911</u>
<u>NET POSITION</u>	
Net Investment in Capital Assets	2,496,873
Restricted for Debt Service	44,337
Unrestricted	<u>299,701</u>
 <u>Total Net Position</u>	 <u>\$ 2,840,911</u>

See Notes to Financial Statements

CITY OF BANKS

Washington County, Oregon

**STATEMENT OF RECEIPTS, EXPENDITURES AND
CHANGES IN NET POSITION - MODIFIED CASH BASIS**

PROPRIETARY FUNDS - COMBINED

Year Ended June 30, 2014

	<u>Water</u>
<u>OPERATING RECEIPTS</u>	
Water Sales	\$ 540,336
SDC Charges	-
Total	<u>540,336</u>
<u>OPERATING EXPENDITURES</u>	
Water Expenses Paid	(322,517)
Depreciation Expense	<u>(136,132)</u>
Total	<u>(458,649)</u>
OPERATING INCOME (LOSS)	<u>81,687</u>
<u>NON-OPERATING RECEIPTS</u>	
Interest Earned	2,041
Other Receipts	<u>1,399</u>
Total	<u>3,440</u>
<u>NON-OPERATING EXPENDITURES</u>	
Interest Expense	<u>(74,622)</u>
NET INCOME (LOSS)	<u>10,505</u>
<u>INTERFUND TRANSFERS</u>	
Transfers In	52,200
Transfers (Out)	<u>(52,200)</u>
Total	<u>-</u>
CHANGE IN NET POSITION	10,505
<u>NET POSITION, Beginning</u>	<u>2,830,407</u>
<u>NET POSITION, Ending</u>	<u>\$ 2,840,912</u>

See Notes to Financial Statements

CITY OF BANKS

Washington County, Oregon

STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS

PROPRIETARY FUNDS - COMBINED

Year Ended June 30, 2014

	<u>Water</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	
Receipts From Customers	\$ 540,336
Payment to Suppliers	(150,736)
Payments to Employees	(171,781)
Net Cash Provided by (Used In) Operating Activities	<u>217,819</u>
 <u>CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES</u>	
Transfers From Other Funds	52,200
Transfers To Other Funds	(52,200)
Net Cash Provided by (Used In) Financing Activities	<u>-</u>
 <u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>	
Purchase of Capital Assets	-
Payments of Debt Principal	(127,307)
Payments of Debt Interest	(74,622)
Net Cash Used in Capital and Related Financing Activities	<u>(201,930)</u>
 <u>CASH FLOWS FROM INVESTING ACTIVITIES</u>	
Interest and Other Receipts	<u>3,440</u>
 <u>NET INCREASE [DECREASE] IN CASH AND CASH EQUIVALENTS</u>	
	19,329
<u>CASH BALANCE, Beginning</u>	<u>324,709</u>
<u>CASH BALANCE, Ending</u>	<u>\$ 344,038</u>
 Reconciliation of Operating Income to net cash provided by Operating Activities:	
Operating Income	\$ 81,687
Adjustment for Depreciation Expense	<u>136,132</u>
Net Cash Provided by Operating Activities	<u>\$ 217,819</u>

See Notes to Financial Statements

CITY OF BANKS

Washington County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 1.C, these financial statements are presented on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) established by the Governmental Accounting Standards Board (GASB). These modified cash financial statements generally meet the presentation and disclosure requirements applicable to GAAP, in substance, but are limited to the elements presented in the financial statements and the constraints of the measurement and recognition criteria of the modified cash basis of accounting.

1A FINANCIAL REPORTING ENTITY

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

Primary Government: CITY OF BANKS

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

1B BASIS OF PRESENTATION

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 revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

FUND FINANCIAL STATEMENTS

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

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

The funds of the financial reporting entity are described below:

GOVERNMENTAL FUNDS

General Fund

The General Fund is the primary operating fund of the City 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

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

The City includes the following special revenue funds:

<u>Fund</u>	<u>Brief Description</u>
<u>Library Fund</u>	This fund accounts for revenues and expenditures designated for operating the library. The principal funding sources are intergovernmental receipts from Washington County and transfers from the General Fund. It is a major fund.
<u>Street and Road Fund</u>	This fund accounts for Oregon gasoline tax apportionments and expenditures for those street improvements specified by Oregon Revised Statutes. It is a major fund.
<u>Police Fund</u>	This fund accounts for revenues and expenditures designated for operating the police department. It is funded by local option tax receipts. It is a major fund.
<u>Parks and Trees Fund</u>	This fund accounts for operation of the city parks and trees. It is partially funded by park maintenance fees paid by a local homeowner's association and transfers from the General Fund. It is a non-major fund.

Capital Projects Funds

Capital projects funds are used to account for resources that are restricted, committed, or assigned to expenditures for capital outlays.

The City has the following capital projects funds:

<u>Fund</u>	<u>Brief Description</u>
<u>Traffic Impact Fees Reserve Fund</u>	This fund accounts for revenue designated for street and road improvements. It is a major fund.
<u>Capital Projects Fund-Governmental</u>	This fund accounts for funds spent on capital projects. It is funded by LOCAP Certificates of Participation. It is a non-major fund.
<u>Capital Project Reserve Fund</u>	This fund accounts for funds set aside for capital projects. It is funded by revenue not designated for other uses. It is a non-major fund.
<u>Park SDC Fund</u>	This fund accounts for revenue designated for park system improvements. It is a non-major fund.
<u>Transportation Development Tax Reserve Fund</u>	This fund accounts for revenue designated for street and road improvements. It is a non-major fund.

GASB 54:

The Governmental Accounting Standards Board (GASB) has issued their Statement 54 - *"Fund Balance Reporting and Governmental Fund Type Definitions"* for financial reports for periods beginning after June 15, 2010. This statement applies to the governmental funds statements on pages 12 and 13.

Fund balances will now be categorized in five ways:

- 1) **Non-spendable** - resources that must be maintained intact due to legal or contractual requirements, such as the principal of an endowment.
- 2) **Restricted** - that portion of a fund balance that reflects resources that are subject to externally enforceable legal restrictions imposed by creditors, contributors, or laws and regulations.

- 3) **Committed** - that portion of a fund balance that reflects limitations the City imposes on itself by action of the Council.
- 4) **Assigned** - that portion of a fund balance that reflects its intended use. Authority for an assigned fund balance can be delegated by the Council to another body (such as a committee) or an official of the City.
- 5) **Unassigned** - that portion of the General Fund balance that does not fall within one of the categories above.

GASB 63 & 65:

The Governmental Accounting Standards Board (GASB) has issued Statements 63 and 65 “Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, and “Items Previously Reported as Assets & Liabilities.” As applied to modified cash financial statements, Net Assets are now classified as Net Position.

Special Revenue Funds:

If a special revenue fund (other than debt service or capital projects funds) does not have a substantial portion of its revenues coming from a source (or sources) with restrictions specified for the use of those funds, it will be considered to be part of the General Fund in the governmental funds financial statements. Funds whose principal source of revenue is transfers from other funds will generally be combined into the General Fund.

The City has no special revenue funds that need to be combined with the General Fund.

PROPRIETARY FUNDS

Enterprise Funds

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises: 1) where the intent of the government’s council is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or 2) where the government’s council has decided that periodic determination of net income is appropriate for accountability purposes. The City has one enterprise fund for water service.

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

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

MEASUREMENT FOCUS

The governmental fund financial statements use a flow of current financial resources measurement focus. With this measurement focus, generally only current assets and current liabilities are included in the balance sheet. Operating statements of these funds present increases (i.e. revenues and other financing sources) and decreases (i.e. expenditures and other financing uses) in net current assets. The governmental fund types are maintained using the modified accrual basis of accounting whereby revenues are recorded in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures are recorded at the time the related fund liabilities are incurred except for interest expense on long-term debt, which is recorded as due.

Revenue is determined to be measurable when the transaction amount is determinable and available when it is collectible within the current fiscal year or soon enough thereafter to pay liabilities of the current fiscal year. The City considers revenues available if they are collected within 60 days of year-end with the exception of investment interest, which is recognized when earned. Significant revenues, which are measurable and available under the modified accrual basis of accounting, are property tax revenues.

BASIS OF ACCOUNTING

In the government-wide Statement of Net Position and Statement of Activities and the fund financial statements and governmental business-like activities are presented using a modified cash basis of accounting. This basis recognizes assets, liabilities, net position/fund equity, revenues, and expenditures/expenses when they result from cash transactions with a provision for depreciation and interest expense in the government-wide statements and proprietary fund

statements. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

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

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

1D ASSETS, LIABILITIES, AND NET POSITION

CASH AND CASH EQUIVALENTS

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

CAPITAL ASSETS

Government-Wide Financial Statements

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. Donated capital assets are recorded at their fair market value at the time of acquisition.

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. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000, and an estimated useful life in excess of one year. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

	<u>Life</u>
Land	Permanent
Buildings	20-40 Years
Equipment	2-10 Years
Vehicles	2-10 Years

Fund Financial Statements

In the fund financial statements, capital assets acquired for use in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

NET POSITION CLASSIFICATION

Government-Wide Financial Statements

Net Position is classified and displayed in three components:

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

- b. Restricted - Consists of assets with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments: or (2) law though constitutional provisions or enabling legislation.
- c. Unrestricted - All other assets that do not meet the definition of “restricted” or “net investment in capital assets.”

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

Fund Financial Statements

Governmental fund net position is classified as fund balances. Proprietary fund net position is classified the same as in the government-wide statements.

1E RECEIPTS, EXPENDITURES, AND EXPENSES

PROGRAM RECEIPTS

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

Charges for Water Service: 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 EXPENDITURES

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

1F INTERNAL AND INTERFUND BALANCES AND ACTIVITIES

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

Government-Wide Financial Statements

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

- a. 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 Position, except for the net residual amounts due between governmental and business-type activities, which are reported as Internal Balances.
- b. Internal activities - Amount 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.

Fund Financial Statements

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

- a. Interfund loans - Amounts provided with a requirement for repayment are reported as interfund receivables and payables.

- b. Interfund services - Sales or purchases of goods and services between funds are reported as revenues and expenditures/expenses.
- c. Interfund reimbursements - Repayments from funds responsible for certain expenditures/expenses to the funds that initially paid for them are not reported as reimbursements but as adjustment to expenditures/expenses in the respective funds.
- d. Interfund transfers - Flow of assets from one fund to another where repayment is not expected are reported as transfers in and out.

1G USE OF ESTIMATES

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

Note 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

By its nature as a local government unit, the City is subject to various federal, state, and local laws and contractual regulations. The following instances of noncompliance are considered material to the financial statements.

2A BUDGETARY INFORMATION

The City budgets all funds in accordance with the requirements of state law. All funds are budgeted on the modified cash basis of accounting.

2B CONTRACTUAL REGULATIONS

By its nature as a local government unit, the City is subject to various federal, state, and local laws and contractual regulations. The City has no instances of noncompliance that are considered material to the financial statements.

Note 3 - DETAIL NOTES - TRANSACTION CLASSES/ACCOUNTS

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

3A CASH AND INVESTMENTS

The City maintains a cash pool that is available for use by all funds. Each fund type's portion of this pool is reported on a combined balance sheet as Cash and Cash Equivalents. Deposits with financial institutions consist of bank demand deposits.

Cash and investments are recorded at cost, which approximates fair market value, plus accrued interest at June 30, 2014. Cash and investments of the City at June 30, 2014 were:

US Bank Checking Account	\$ 91,772
Local Government Investment Pool -	44,337
Local Government Investment Pool	1,871,238
Office Petty Cash & Postage Machine	3,198
Total	\$ 2,010,546

Deposits: The insurance and collateral requirements for deposits are established by banking regulations and Oregon law. Federal depository insurance of \$250,000 applies respectively, to total demand deposits and to total savings accounts at each financial institution. Where balances exceed \$250,000, banks are required to pledge collateral, based on their capital condition. Banks are required to provide quarterly reporting of their public funds deposits to the State Treasurer's

office, which will be the basis for their collateral pledging for the next quarter. Treasury monitors each depository bank and ensures compliance with collateralization requirements for all public fund deposits. Banks will pledge 10% if they are well capitalized, 25% if they are adequately capitalized, and in turn, the banks are required to share in the liability of a failed institution, should it ever occur. Undercapitalized banks are required to pledge collateral equal to 110% of their deposits which is monitored on a weekly basis. At June 30, 2014, total demand deposits and savings accounts per bank statements were \$107,494. All these deposits were covered by federal depository insurance.

Investments: The City's cash management policies are governed by state statutes. Statutes authorize the City to invest in bankers' acceptances, time certificates of deposit, repurchase agreements, obligations of the United States' agencies and instrumentalities and the Oregon State Treasurer's Local Government Investment Pool (LGIP). On June 30, 2014, the City had invested \$1,915,575 with the Oregon Short-Term Fund (ORTF), which is a cash and investment pool available for use by all state funds and local governments and is maintained by the State Treasurer. The Local Government Investment Pool (LGIP) is an open-ended, no-load diversified portfolio offered to eligible participants, including any municipality, political subdivision, or public corporation of the state. Currently, there are more than 1,500 participants in the Pool. Local government pooled assets are reported as an Investment Trust Fund in Oregon's comprehensive Annual Financial Report. The Oregon Short-Term Fund Board, established by the Oregon Legislature, advises the Oregon Investment Council and the Oregon State Treasury in the management and investments of the LGIP. The carrying value of this investment (cost) approximates the market value on June 30, 2014.

Credit Risk: The State of Oregon LGIP is not registered with the U.S. Securities and Exchange Commission as an investment company. The Oregon revised Statutes and the Oregon Investment Council govern the Pool's investment policies. The State Treasurer is the investment office for the LGIP and it is responsible for all funds in the LGIP. These funds must be invested and the investments managed, as a prudent investor would, exercising reasonable care, skill and caution. Investments in the fund are further governed by portfolio guidelines issued by the Oregon Short-Term Funds Board, which establish diversification percentages and specify the types and maturities of the investments. The overall credit quality of the pool is not rated. The Oregon Audits Division of the Secretary of State's Office audits the Pool annually. The Division's report on the LGIP as of and for the year ended June 30, 2014 was unqualified.

Concentration Risk: The City had concentrations in the following investment: LGIP 95.3%.

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

3B CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2014, was as follows:

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
GOVERNMENTAL ACTIVITIES				
<u>Non-Depreciable Capital Assets</u>				
Land	\$ 35,557	\$ -	\$ -	\$ 35,557
Projects in Progress	-	-	-	-
Total	<u>\$ 35,557</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,557</u>
<u>Depreciable Capital Assets</u>				
Land Improvements	447,186	40,920	-	488,106
Buildings	783,621	-	-	783,621
Vehicles & Equipment	73,973	7,027	-	81,000
Total	<u>1,304,780</u>	<u>47,947</u>	<u>-</u>	<u>1,352,727</u>
<u>Less Accumulated Depreciation For:</u>				
Land Improvements	(72,660)	(18,129)	-	(90,789)
Buildings	(240,741)	(20,827)	-	(261,568)
Vehicles & Equipment	(44,316)	(10,980)	-	(55,296)
Total	<u>(357,717)</u>	<u>(49,936)</u>	<u>-</u>	<u>(407,653)</u>
Total Depreciable Capital Assets, Net of Depreciation	<u>\$ 947,063</u>	<u>\$ (1,989)</u>	<u>\$ -</u>	<u>\$ 945,074</u>
Total Capital Assets, Net of Depreciation	<u>\$ 982,620</u>	<u>\$ (1,989)</u>	<u>\$ -</u>	<u>\$ 980,631</u>
	Balance at July 1, 2013	Additions	Deletions	Balance at June 30, 2014
BUSINESS-TYPE ACTIVITIES				
<u>Non-Depreciable Capital Assets</u>				
Land	\$ 583,133	\$ -	\$ -	\$ 583,133
Projects in Progress	-	-	-	-
Total	<u>\$ 583,133</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 583,133</u>
<u>Depreciable Capital Assets</u>				
Water System	4,822,580	-	-	4,822,580
Buildings	413,638	-	-	413,638
Equipment	174,796	-	-	174,796
Total	<u>5,411,014</u>	<u>-</u>	<u>-</u>	<u>5,411,014</u>
<u>Less Accumulated Depreciation For:</u>				
Water System	(1,500,996)	(116,791)	-	(1,617,787)
Buildings	(65,041)	(11,950)	-	(76,991)
Equipment	(58,601)	(7,391)	-	(65,992)
Total	<u>(1,624,638)</u>	<u>(136,132)</u>	<u>-</u>	<u>(1,760,770)</u>
Total Depreciable Capital Assets, Net of Depreciation	<u>\$3,786,376</u>	<u>\$ (136,132)</u>	<u>\$ -</u>	<u>\$ 3,650,244</u>
Total Capital Assets, Net of Depreciation	<u>\$4,369,509</u>	<u>\$ (136,132)</u>	<u>\$ -</u>	<u>\$ 4,233,377</u>
<u>TOTAL CAPITAL ASSETS, ALL ACTIVITIES</u>	<u>\$5,352,129</u>	<u>\$ (138,121)</u>	<u>\$ -</u>	<u>\$ 5,214,008</u>

Depreciation expense was charged to functions as follows in the Statement of Activities:

Governmental Activities:	\$49,936
Business-Type Activities:	\$136,132

Governmental fund capital spending included the following:

- Server for the library
- Paving on Devonmoor Ave.

3C INTERFUND TRANSFERS AND BALANCES

Transfers are used to move unrestricted revenues to finance various expenditures that the City must account for in other funds in accordance with budgetary authorization. Transfers within the proprietary funds are generally used to finance debt payments and capital expenditures.

Transfers between funds of the government for the year ended June 30, 2014, were as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
1-General	\$ -	\$ 148,818
2-Water	-	52,200
3-Library	103,770	-
5-Water Bonded Debt	21,200	-
9-Water Depreciation Reserve	30,000	-
10-Parks	45,048	-
15-Water Equipment Reserve	1,000	-
<u>Total Transfers</u>	<u>\$ 201,018</u>	<u>\$ 201,018</u>

INTERFUND BALANCES

At June 30, 2014 there were no interfund balances.

3D LONG-TERM DEBT

General Obligation Bonds - The government issues general obligation bonds to provide funds for the acquisition and construction of major capital assets. General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds generally are issued as 20 year serial bonds, except for refunding issues.

The Safe Drinking Water Revolving Loan funded by the Oregon Economic and Community Development Department is payable from water user fees only.

The Water Revenue Bonds funded by the United States Department of Agriculture, Rural Utilities Service, are payable from water user fees only. Generally the United States Department of Agriculture, Rural Utilities Service issues 40 year bonds. However, in this instance the bonds were issued for 30 years.

The repayment schedule for this debt is shown below:

Year Ending June 30	<u>WATER FUND</u>		<u>WATER BONDED DEBT FUND</u>	
	Safe Drinking Water Loan		Water Slow Sand Filter	
	Oregon Economic Develop.		Farmers Home Admin.	
	Interest Rate 4.5%		Interest Rate 5.0%	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 36,211	\$ 17,602	\$ 10,020	\$ 10,800
2015	37,841	15,973	10,521	10,299
2016	39,544	14,270	11,048	9,772
2017	41,323	12,490	11,600	9,220
2018	43,183	10,630	12,180	8,640
2019	45,126	8,688	12,789	8,031
2020	47,156	6,657	13,428	7,392
2021	49,278	4,535	14,100	6,720
2022	51,496	2,317	14,805	6,015
2023			15,545	5,275
2024			16,322	4,498
2025			17,138	3,682
2026			17,995	2,825
2027			18,895	1,925
2028			19,594	991
Bal 6/30/14	<u>\$ 354,947</u>	<u>\$ 75,560</u>	<u>\$ 205,960</u>	<u>\$ 85,285</u>

LOCAP Certificates of Participation, Series 2010B: In October, 2010 the City borrowed \$1,565,000 from US Bank through the League of Oregon Cities Cooperative Asset Financing Program, underwritten by Wedbush Securities. The funds will be used for upgrades to the City's water system, remodeling of the library, and a portion of the expansion of the public works building. The final payment is due on 7/1/2026. The underwriting and loan fees totaled \$52,163, resulting in a net to the City of \$1,512,838.

The repayment schedule for this loan is shown below:

LOCAP Certificates of Participation, Series 2010B

Year Ending June 30	MULTIPLE FUNDS				
	Coupon	Principal	Interest	Expenses	Payment
2014	2.00%	\$ 90,000	\$ 49,808	\$ 1,500	\$ 141,308
2015	2.35%	90,000	48,008	1,500	139,508
2016	2.70%	95,000	45,893	1,500	142,393
2017	3.00%	95,000	43,328	1,500	139,828
2018	3.25%	100,000	40,478	1,500	141,978
2019	3.50%	100,000	37,228	1,500	138,728
2020	3.70%	105,000	33,728	1,500	140,228
2021	3.85%	110,000	29,843	1,500	141,343
2022	4.00%	115,000	25,608	1,500	142,108
2023	4.10%	115,000	21,008	1,500	137,508
2024	4.20%	120,000	16,293	1,500	137,793
2025	4.25%	125,000	11,253	1,500	137,753
2026	4.40%	135,000	5,940	1,500	142,440
Balance 6/30/14		\$ 1,305,000	\$ 358,603	\$ 18,000	\$ 1,681,603

Debt principal activity for the year ended June 30, 2014, was as follows:

PRINCIPAL

Loan	Beginning Balance	Paid	Ending Balance	Due Within One Year	Due After One Year
Business-Type					
Safe Drinking Water Loan (OED)	\$ 391,158	\$ (36,211)	\$ 354,947	\$ 37,841	\$ 317,106
Water Slow Sand Filter (FHA)	215,980	(10,020)	205,960	10,521	195,439
LOCAP Loan - Water	1,256,673	(81,076)	1,175,597	81,076	1,094,520
Total	1,863,811	(127,307)	1,736,504	129,438	1,607,065
Governmental					
LOCAP Loan - Library	\$ 122,478	\$ (7,901)	\$ 114,577	\$ 7,901	\$ 106,676
LOCAP Loan - General Fund	15,849	(1,022)	14,827	1,022	13,804
Total	138,327	(8,924)	129,403	8,924	120,480
Total All Debt	\$ 2,002,138	\$ (136,231)	\$ 1,865,907	\$ 138,362	\$ 1,727,545

Total payment activity for the year ended June 30, 2014, was as follows:

TOTAL PAYMENTS

Loan	Fund	Principal	Interest & Fees	Total
Business-Type				
Safe Drinking Water Loan (OED)	Water	\$ 36,211	\$ 17,602	\$ 53,813
Water Slow Sand Filter (FHA)	Water Debt	10,020	10,800	20,820
LOCAP Loan	Water	81,076	46,220	127,297
Total		<u>127,307</u>	<u>74,622</u>	<u>201,930</u>
Governmental				
LOCAP Loan	Library	7,901	4,504	12,405
LOCAP Loan	General	1,022	583	1,605
Total		<u>8,924</u>	<u>5,087</u>	<u>14,011</u>
Total All Debt		<u>\$ 136,231</u>	<u>\$ 79,710</u>	<u>\$ 215,941</u>

3E OPERATING LEASE

On December 16, 2009, the City entered into a lease agreement with GE Commercial Finance to rent a copier. The lease terms are for 63 months with monthly payments of \$295. Lease expense for the year ended June 30, 2014 was \$3,540. The future minimum rental payments are as follows:

<u>Year Ended June 30</u>	<u>Future Minimum Rental Payments</u>
2015	\$2,655

Note 4 - OTHER NOTES

4A EMPLOYEE PENSION AND OTHER BENEFIT PLANS

Multiple-Employer Defined Benefit Plan

Plan Description

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

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

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

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 Individual Account Program requires that beginning January 1, 2004, all PERS member contributions go into the IAP portion of OPSRP. PERS members retain their existing PERS accounts, but any future member contributions are

deposited into the member's IAP, not the member's PERS account. Those employees who had established a PERS membership prior to creation of OPSRP will be members of both the PERS and OPSRP system as long as they remain in covered employment.

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

Funding Policy - Members of PERS are required to contribute 6.00% of their salary covered under the plan, which is invested in the OPSRP Individual Account Program. Currently, the City pays the member required contribution. The contribution requirements for plan members are established by ORS Chapter 238 and may be amended by an act of the Oregon Legislature.

The employer contribution rates are updated every two years. The City's PERS contribution rates for the year ended June 30, 2014 and the rates for the new fiscal year are shown below:

Rate Category	FY 13-14 Net Rate	FY 14-15 Net Rate
Tier 1 / Tier 2	7.83%	7.83%
OPSRP General	3.58%	3.58%
OPSRP Police & Fire	6.31%	6.31%

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

Year Ended by June 30	Annual Pension Cost (APC)	Percentage of APC Contributed
2012	\$32,108	100%
2013	\$34,838	100%
2014	\$32,675	100%

The latest funding status of the City's pension plan is shown below:

PERS FUNDING STATUS*	
Latest Valuation Date	12/31/12
Unfunded Actuarial Liability (UAL)	-\$24,442
Combined Valuation Payroll	\$283,583
Net UAL as a Percent of Payroll	-9%

*per Milliman Consulting report dated: December 2013

4B RISK MANAGEMENT

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

The City manages these various risks of loss as follows:

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

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

4C COMMITMENTS AND CONTINGENCIES

Grant Program Involvement

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

Litigation

The City is a party to various legal proceedings that normally occur in the course of governmental operations. While the outcome of the above noted proceedings cannot be predicted, due to the insurance coverage maintained by the City and the State statute relating to judgments, the City feels that any settlement or judgment not covered by insurance would not have a material adverse effect on the financial condition of the City.

SUPPLEMENTARY INFORMATION

CITY OF BANKS, OREGON

NOTES TO BUDGETARY COMPARISON SCHEDULES

June 30, 2014

BUDGET LAW

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

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

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

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

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

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

The level of control at which expenditures may not legally exceed appropriations is the object category level by department within a fund. The Budget Act recognizes the following object categories as the minimum legal level on control by department within a fund:

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

All transfers of appropriations between departments and supplemental appropriations require City Council approval. The Mayor may transfer appropriations between object categories within a department without City Council approval. Supplemental appropriations must also be filed with the Office of State Auditor and Inspector.

The Budget is prepared on the cash basis of accounting. Revenues and expenditures are reported when they result from cash transactions.

PROPERTY TAX CALENDAR

The budget officer prepares a proposed budget.

Notice of the budget committee meeting is published.

The budget document is made available at or before the budget committee meeting at which the budget is presented.

The budget committee conducts at least one public meeting for receiving the budget message and the budget document, as well as providing opportunity for public questions or comments.

The budget committee approves the budget.

Notice of the public hearing and a summary of the approved budget is published.

The governing body conducts a public hearing on the approved budget.

The governing body, after public comment and deliberations, adopts the budget and enacts resolutions or ordinances accordingly by June 30.

The governing body certifies the entity's tax, if any, by July 15.

The lien and levy date of the tax is July 1.

Full payment receives a 3% discount if paid by November 15 of each year.

Real property taxes are delinquent if not paid in full by May 15 of the following year.

CITY OF BANKS

Washington County, Oregon

BUDGETARY COMPARISON SCHEDULE - CASH BASIS

GENERAL FUND

Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Receipts</u>	<u>Favorable (Unfavorable)</u>
<u>CASH RECEIPTS</u>				
Property Taxes and Related Items	\$ 187,176	\$ 187,176	\$ 203,463	\$ 16,287
Licenses, Permits and Fees	118,000	118,000	136,237	18,237
Intergovernmental	31,750	31,750	43,056	11,306
Interest	1,000	1,000	2,293	1,293
Grants	119,400	119,400	6,380	(113,020)
Court Fines, etc.	18,000	18,000	8,298	(9,702)
Miscellaneous	500	500	2,192	1,692
TOTAL RECEIPTS	<u>475,826</u>	<u>475,826</u>	<u>401,918</u>	<u>(73,908)</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Expenditures</u>	<u>Variance Favorable (Unfavorable)</u>
<u>CASH EXPENDITURES</u>				
Personal Services	126,375	126,375	61,896	64,479
Material and Services	369,242	370,242	168,499	201,743
Capital Outlay	50,000	50,000	7,136	42,864
Debt Service	1,700	1,700	1,605	95
Operating Contingencies	52,680	52,680	-	52,680
Total	<u>599,997</u>	<u>600,997</u>	<u>239,135</u>	<u>361,862</u>
<u>TRANSFERS</u>				
To Library Fund	106,627	106,627	103,770	2,857
To Park Fund	60,463	60,463	45,048	15,415
Total	<u>167,090</u>	<u>167,090</u>	<u>148,818</u>	<u>18,272</u>
TOTAL EXPENDITURES AND TRANSFERS	<u>767,087</u>	<u>768,087</u>	<u>387,953</u>	<u>380,134</u>
NET CHANGE IN FUND BALANCE	(291,261)	(292,261)	13,965	306,226
<u>CASH BALANCE, Beginning</u>	<u>387,261</u>	<u>387,261</u>	<u>441,716</u>	<u>54,455</u>
<u>CASH BALANCE, Ending</u>	<u>\$ 96,000</u>	<u>\$ 95,000</u>	<u>\$ 455,681</u>	<u>\$ 360,681</u>

See Notes to Financial Statements

CITY OF BANKS

Washington County, Oregon

BUDGETARY COMPARISON SCHEDULE - CASH BASIS

LIBRARY FUND

Year Ended June 30, 2014

	Original Budget	Final Budget	Receipts	Variance Favorable (Unfavorable)
<u>CASH RECEIPTS</u>				
Circulation Reimbursement	\$ 129,315	\$ 129,315	\$ 129,062	\$ (253)
Fines and Fees	8,750	8,750	7,034	(1,716)
Interest	150	150	315	165
Grants/Donations	11,000	11,000	8,893	(2,107)
Miscellaneous	1,000	1,000	362	(638)
Total	150,215	150,215	145,665	(4,550)
<u>TRANSFERS</u>				
From General Fund	106,627	106,627	103,770	(2,857)
TOTAL RECEIPTS AND TRANSFERS	256,842	256,842	249,435	(7,407)
	Original Budget	Final Budget	Expenditures	Variance Favorable (Unfavorable)
<u>CASH EXPENDITURES</u>				
Personal Services	208,512	208,512	175,949	32,563
Material and Services	48,602	48,602	47,895	707
Capital Outlay	9,700	9,700	7,027	2,673
Debt Service	12,406	12,406	12,405	1
Operating Contingencies	199	199	-	199
Total	279,419	279,419	243,275	36,144
NET CHANGE IN FUND BALANCE	(22,577)	(22,577)	6,160	28,737
<u>CASH BALANCE</u> , Beginning	37,577	37,577	37,461	(116)
<u>CASH BALANCE</u> , Ending	\$ 15,000	\$ 15,000	\$ 43,621	\$ 28,621

See Notes to Financial Statements

CITY OF BANKS

Washington County, Oregon

BUDGETARY COMPARISON SCHEDULE - CASH BASIS

STREETS AND ROADS FUND

Year Ended June 30, 2014

	Original Budget	Final Budget	Receipts	Variance Favorable (Unfavorable)
<u>CASH RECEIPTS</u>				
Intergovernmental	\$ 85,000	\$ 85,000	\$ 108,486	\$ 23,486
Interest	1,300	1,300	2,099	799
Grants	49,999	49,999	48,980	(1,019)
Miscellaneous	100	100	-	(100)
TOTAL RECEIPTS	136,399	136,399	159,565	23,166
	Original Budget	Final Budget	Expenditures	Variance Favorable (Unfavorable)
<u>CASH EXPENDITURES</u>				
Personal Services	33,853	33,853	17,575	16,278
Material and Services	57,425	57,425	39,230	18,195
Capital Outlay	166,999	166,999	40,920	126,079
Contingency	31,966	31,966	-	31,966
TOTAL EXPENDITURES	290,243	290,243	97,725	192,518
NET CHANGE IN FUND BALANCE	(153,844)	(153,844)	61,840	215,684
<u>CASH BALANCE</u> , Beginning	223,844	223,844	384,876	161,032
<u>CASH BALANCE</u> , Ending	\$ 70,000	\$ 70,000	\$ 446,717	\$ 376,717

See Notes to Financial Statements

CITY OF BANKS

Washington County, Oregon

BUDGETARY COMPARISON SCHEDULE - CASH BASIS

POLICE SERVICES FUND

Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Receipts</u>	Variance Favorable (Unfavorable)
<u>CASH RECEIPTS</u>				
Local Option Tax	\$ 222,457	\$ 222,457	\$ 243,740	\$ 21,283
Interest	300	300	706	406
TOTAL RECEIPTS	<u>222,757</u>	<u>222,757</u>	<u>244,446</u>	<u>21,689</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Expenditures</u>	Variance Favorable (Unfavorable)
<u>CASH EXPENDITURES</u>				
Personal Services	11,189	11,189	6,125	5,064
Material and Services	204,008	204,008	203,708	300
Operating Contingency	31,604	31,604	-	31,604
TOTAL EXPENDITURES	<u>246,801</u>	<u>246,801</u>	<u>209,833</u>	<u>36,968</u>
NET CHANGE IN FUND BALANCE	(24,044)	(24,044)	34,613	58,657
<u>CASH BALANCE, Beginning</u>	<u>70,044</u>	<u>70,044</u>	<u>82,515</u>	<u>12,471</u>
<u>CASH BALANCE, Ending</u>	<u>\$ 46,000</u>	<u>\$ 46,000</u>	<u>\$ 117,128</u>	<u>\$ 71,128</u>

See Notes to Financial Statements

CITY OF BANKS

Washington County, Oregon

BUDGETARY COMPARISON SCHEDULE - CASH BASIS

TRAFFIC IMPACT FEES RESERVE FUND

Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Receipts</u>	<u>Variance Favorable (Unfavorable)</u>
<u>CASH RECEIPTS</u>				
Interest	<u>\$ 2,542</u>	<u>\$ 2,542</u>	<u>\$ 2,168</u>	<u>\$ (374)</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Expenditures</u>	<u>Variance Favorable (Unfavorable)</u>
<u>CASH EXPENDITURES</u>				
Materials & Services	1,300	1,300	1,224	76
Capital Outlay	100,000	100,000	-	100,000
Operating Contingency	<u>323,044</u>	<u>323,044</u>	<u>-</u>	<u>323,044</u>
TOTAL EXPENDITURES	<u>424,344</u>	<u>424,344</u>	<u>1,224</u>	<u>423,120</u>
NET CHANGE IN FUND BALANCE	(421,802)	(421,802)	943	422,745
<u>CASH BALANCE, Beginning</u>	<u>421,802</u>	<u>421,802</u>	<u>422,846</u>	<u>1,044</u>
<u>CASH BALANCE, Ending</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 423,789</u>	<u>\$ 423,789</u>

See Notes to Financial Statements

CITY OF BANKS

Washington County, Oregon

COMBINING STATEMENT OF ASSETS & LIABILITIES - MODIFIED CASH BASIS

NON-MAJOR GOVERNMENTAL FUNDS

June 30, 2014

	Park Fund	Traffic Development Tax Reserve Fund	Parks SDC Fund	Capital Projects Reserve Fund #13	Capital Projects Fund #14	Total
<u>ASSETS</u>						
Cash and Cash Equivalents	<u>\$30,049</u>	<u>\$ 11,434</u>	<u>\$ 3,636</u>	<u>\$ 134,453</u>	<u>\$ -</u>	<u>\$ 179,572</u>
<u>FUND BALANCES</u>						
Restricted - Special Revenue Funds	\$ -	\$ 11,434	\$ -	\$ -	\$ -	\$ 11,434
Committed - Special Revenue Funds	30,049	-	3,636	-	-	33,685
Committed - Capital Projects Fund	-	-	-	134,453	-	134,453
Total	<u>\$30,049</u>	<u>\$ 11,434</u>	<u>\$ 3,636</u>	<u>\$ 134,453</u>	<u>\$ -</u>	<u>\$ 179,572</u>

See Notes to Financial Statements

CITY OF BANKS

Washington County, Oregon

COMBINING STATEMENT OF RECEIPTS, EXPENDITURES, AND CHANGES IN FUND BALANCES

MODIFIED CASH BASIS

NON-MAJOR GOVERNMENTAL FUNDS

Year Ended June 30, 2014

	Park Fund	Traffic Development Tax Reserve Fund	Parks SDC Fund	Capital Projects Reserve Fund #13	Capital Projects Fund #14	Total
<u>RECEIPTS</u>						
Licenses, Permits and Fees	\$ -	\$ -	\$ -	\$ 21,707	\$ -	\$ 21,707
Charges for Services	23,854	-	-	-	-	23,854
Interest	156	58	19	608	-	842
Miscellaneous	762	-	-	3,090	-	3,852
Total	<u>24,773</u>	<u>58</u>	<u>19</u>	<u>25,405</u>	<u>-</u>	<u>50,255</u>
<u>EXPENDITURES</u>						
Personal Services	18,264	-	-	-	-	18,264
Materials & Services	36,799	-	-	-	-	36,799
Total	<u>55,063</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>55,063</u>
<u>RECEIPTS OVER (UNDER) EXPENDITURES</u>	<u>(30,291)</u>	<u>58</u>	<u>19</u>	<u>25,405</u>	<u>-</u>	<u>(4,809)</u>
<u>OTHER FINANCING SOURCES [USES]</u>						
Transfers In	45,048	-	-	-	-	45,048
Transfers (Out)	-	-	-	-	-	-
Total	<u>45,048</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,048</u>
<u>NET CHANGE IN FUND BALANCES</u>	14,757	58	19	25,405	-	40,239
<u>FUND BALANCES, Beginning</u>	<u>15,292</u>	<u>11,376</u>	<u>3,618</u>	<u>109,047</u>	<u>-</u>	<u>139,333</u>
<u>FUND BALANCES, Ending</u>	<u>\$30,049</u>	<u>\$ 11,434</u>	<u>\$ 3,636</u>	<u>\$134,453</u>	<u>\$ -</u>	<u>\$ 179,572</u>

See Notes to Financial Statements

CITY OF BANKS

Washington County, Oregon

BUDGETARY COMPARISON SCHEDULE - CASH BASIS

PARKS & TREES FUND

Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Receipts</u>	<u>Variance Favorable (Unfavorable)</u>
<u>CASH RECEIPTS</u>				
Charges for Services	\$ 31,441	\$ 31,441	\$ 23,854	\$ (7,587)
Interest	60	60	156	96
Miscellaneous	100	100	762	662
Total	<u>31,601</u>	<u>31,601</u>	<u>24,773</u>	<u>(6,828)</u>
<u>TRANSFERS</u>				
From General Fund	<u>60,463</u>	<u>60,463</u>	<u>45,048</u>	<u>(15,415)</u>
TOTAL RECEIPTS AND TRANSFERS	<u>92,064</u>	<u>92,064</u>	<u>69,821</u>	<u>(22,243)</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Expenditures</u>	<u>Variance Favorable (Unfavorable)</u>
<u>CASH EXPENDITURES</u>				
Personal Services	34,104	34,104	18,264	15,840
Material and Services	54,916	54,916	36,799	18,117
Capital Outlay	200	200	-	200
TOTAL EXPENDITURES	<u>89,220</u>	<u>89,220</u>	<u>55,063</u>	<u>34,157</u>
NET CHANGE IN FUND BALANCE	2,844	2,844	14,757	11,913
<u>CASH BALANCE</u> , Beginning	<u>16,156</u>	<u>16,156</u>	<u>15,292</u>	<u>(865)</u>
<u>CASH BALANCE</u> , Ending	<u>\$ 19,000</u>	<u>\$ 19,000</u>	<u>\$ 30,049</u>	<u>\$ 11,049</u>

See Notes to Financial Statements

CITY OF BANKS

Washington County, Oregon

BUDGETARY COMPARISON SCHEDULE - CASH BASIS

TRANSPORTATION DEVELOPMENT TAX RESERVE FUND

Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Receipts</u>	<u>Variance Favorable (Unfavorable)</u>
<u>CASH RECEIPTS</u>				
Traffic Development Tax Reserve	\$ 30,000	\$ 30,000	\$ -	\$ (30,000)
Interest	-	-	58	58
TOTAL RECEIPTS	<u>30,000</u>	<u>30,000</u>	<u>58</u>	<u>(29,942)</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Expenditures</u>	<u>Variance Favorable (Unfavorable)</u>
<u>CASH EXPENDITURES</u>				
Operating Contingency	<u>36,711</u>	<u>36,711</u>	-	<u>36,711</u>
NET CHANGE IN FUND BALANCE	<u>(6,711)</u>	<u>(6,711)</u>	<u>58</u>	<u>6,769</u>
<u>CASH BALANCE, Beginning</u>	<u>6,711</u>	<u>6,711</u>	<u>11,376</u>	<u>4,665</u>
<u>CASH BALANCE, Ending</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,434</u>	<u>\$ 11,434</u>

See Notes to Financial Statements

CITY OF BANKS

Washington County, Oregon

BUDGETARY COMPARISON SCHEDULE - CASH BASIS

PARK SDC FUND

Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Receipts</u>	<u>Variance Favorable (Unfavorable)</u>
<u>CASH RECEIPTS</u>				
SDC Fee - Parks	\$ 9,000	\$ 9,000	\$ -	\$ (9,000)
Interest	11	11	19	8
TOTAL RECEIPTS	<u>9,011</u>	<u>9,011</u>	<u>19</u>	<u>(8,992)</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Expenditures</u>	<u>Variance Favorable (Unfavorable)</u>
<u>CASH EXPENDITURES</u>				
Capital Outlay	<u>10,822</u>	<u>10,822</u>	<u>-</u>	<u>10,822</u>
NET CHANGE IN FUND BALANCE	(1,811)	(1,811)	19	1,830
<u>CASH BALANCE, Beginning</u>	<u>1,811</u>	<u>1,811</u>	<u>3,618</u>	<u>1,807</u>
<u>CASH BALANCE, Ending</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,636</u>	<u>\$ 3,636</u>

See Notes to Financial Statements

CITY OF BANKS

Washington County, Oregon

BUDGETARY COMPARISON SCHEDULE - CASH BASIS

GOVERNMENTAL CAPITAL PROJECTS FUND #14

Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Receipts</u>	<u>Variance Favorable (Unfavorable)</u>
<u>CASH RECEIPTS</u>				
Interest	\$ -			\$ -
Grants	526,400	526,400	-	(526,400)
Donations	12,320	12,320	-	(12,320)
TOTAL RECEIPTS	<u>538,720</u>	<u>538,720</u>	<u>-</u>	<u>(538,720)</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Expenditures</u>	<u>Variance Favorable (Unfavorable)</u>
<u>CASH EXPENDITURES</u>				
Capital Outlay				
Library	538,720	538,720	-	538,720
NET CHANGE IN FUND BALANCE	-	-	-	-
<u>CASH BALANCE</u> , Beginning	-	-	-	-
<u>CASH BALANCE</u> , Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Notes to Financial Statements

CITY OF BANKS

Washington County, Oregon

BUDGETARY COMPARISON SCHEDULE - CASH BASIS

WATER FUND

Year Ended June 30, 2014

	Original Budget	Final Budget	Receipts	Variance Favorable (Unfavorable)
<u>CASH RECEIPTS</u>				
Charge for Services (Water Sales, etc.)	\$ 556,150	\$ 556,150	\$ 540,336	\$ (15,814)
Interest	350	350	528	178
Misc.	250	250	1,399	1,149
TOTAL RECEIPTS	556,750	556,750	542,263	(14,487)
	Original Budget	Final Budget	Expenditures	Variance Favorable (Unfavorable)
<u>CASH EXPENDITURES</u>				
Personal Services	202,366	202,366	171,781	30,585
Material and Services	146,161	146,161	135,186	10,975
Capital Outlay	7,500	7,500	-	7,500
Debt Service	181,112	181,112	181,110	2
Operating Contingencies	40	40	-	40
Total	537,179	537,179	488,078	49,101
<u>TRANSFERS</u>				
To Water Depreciation Reserve Fund	30,000	30,000	30,000	-
To Water Bonded Debt Fund	21,200	21,200	21,200	-
To Water Utility Reserve Fund #15	1,000	1,000	1,000	-
Total	52,200	52,200	52,200	-
TOTAL EXPENDITURES AND TRANSFERS	589,379	589,379	540,278	49,101
NET CHANGE IN CASH BALANCE	(32,629)	(32,629)	1,985	34,614
<u>CASH BALANCE</u>, Beginning	47,629	47,629	59,476	11,847
<u>CASH BALANCE</u>, Ending	\$ 15,000	\$ 15,000	\$ 61,461	\$ 46,461

See Notes to Financial Statements

CITY OF BANKS

Washington County, Oregon

BUDGETARY COMPARISON SCHEDULE - CASH BASIS

WATER UTILITY DEPRECIATION FUND

Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Receipts</u>	<u>Variance Favorable (Unfavorable)</u>
<u>CASH RECEIPTS</u>				
Interest	\$ 500	\$ 500	\$ 1,135	\$ 635
<u>TRANSFERS</u>				
From Water Fund	30,000	30,000	30,000	-
TOTAL RECEIPTS AND TRANSFERS	30,500	30,500	31,135	635
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Expenditures</u>	<u>Variance Favorable (Unfavorable)</u>
<u>CASH EXPENDITURES</u>				
Materials & Services	400	400	324	76
Capital Outlay	194,977	194,977	14,551	180,426
Operating Contingency	8,735	8,735	-	8,735
TOTAL EXPENDITURES	204,112	204,112	14,875	189,237
NET CHANGE IN CASH BALANCE	(173,612)	(173,612)	16,260	189,872
<u>CASH BALANCE, Beginning</u>	173,612	173,612	194,999	21,387
<u>CASH BALANCE, Ending</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 211,259</u>	<u>\$ 211,259</u>

See Notes to Financial Statements

CITY OF BANKS

Washington County, Oregon

BUDGETARY COMPARISON SCHEDULE - CASH BASIS

WATER BONDED DEBT FUND

Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Receipts</u>	<u>Variance Favorable (Unfavorable)</u>
<u>CASH RECEIPTS</u>				
Interest Earned	<u>\$ 225</u>	<u>\$ 225</u>	<u>\$ 239</u>	<u>\$ 14</u>
<u>TRANSFERS</u>				
From Water Fund	<u>21,200</u>	<u>21,200</u>	<u>21,200</u>	<u>-</u>
TOTAL RECEIPTS AND TRANSFERS	<u>21,425</u>	<u>21,425</u>	<u>21,439</u>	<u>14</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Expenditures</u>	<u>Variance Favorable (Unfavorable)</u>
<u>CASH EXPENDITURES</u>				
Materials & Services	625	625	120	505
Debt Service	20,820	20,820	20,820	-
Operating Contingency	<u>106</u>	<u>106</u>	<u>-</u>	<u>106</u>
TOTAL EXPENDITURES	<u>21,551</u>	<u>21,551</u>	<u>20,940</u>	<u>611</u>
NET CHANGE IN CASH BALANCE	(126)	(126)	499	625
<u>CASH BALANCE, Beginning</u>	<u>43,846</u>	<u>43,846</u>	<u>43,838</u>	<u>(8)</u>
<u>CASH BALANCE, Ending</u>	<u>\$ 43,720</u>	<u>\$ 43,720</u>	<u>\$ 44,337</u>	<u>\$ 617</u>

See Notes to Financial Statements

CITY OF BANKS

Washington County, Oregon

BUDGETARY COMPARISON SCHEDULE - CASH BASIS

WATER SDC FUND

Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Receipts</u>	<u>Variance Favorable (Unfavorable)</u>
<u>CASH RECEIPTS</u>				
System Development - Water	\$ 30,000	\$ 30,000	\$ -	\$ (30,000)
Interest	100	100	105	5
TOTAL RECEIPTS	<u>30,100</u>	<u>30,100</u>	<u>105</u>	<u>(29,995)</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Expenditures</u>	<u>Variance Favorable (Unfavorable)</u>
<u>CASH EXPENDITURES</u>				
Capital Outlay	<u>47,762</u>	<u>47,762</u>	<u>-</u>	<u>47,762</u>
NET CHANGE IN CASH BALANCE	(17,662)	(17,662)	105	17,767
<u>CASH BALANCE, Beginning</u>	<u>17,662</u>	<u>17,662</u>	<u>20,471</u>	<u>2,809</u>
<u>CASH BALANCE, Ending</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,576</u>	<u>\$ 20,576</u>

See Notes to Financial Statements

CITY OF BANKS

Washington County, Oregon

BUDGETARY COMPARISON SCHEDULE - CASH BASIS

WATER UTILITY EQUIPMENT RESERVE FUND #15

Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Receipts</u>	<u>Variance Favorable (Unfavorable)</u>
<u>CASH RECEIPTS</u>				
Interest	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5</u>	<u>\$ 5</u>
<u>TRANSFERS</u>				
From Water Fund	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>-</u>
TOTAL RECEIPTS	<u>1,000</u>	<u>1,000</u>	<u>1,005</u>	<u>5</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Expenditures</u>	<u>Variance Favorable (Unfavorable)</u>
<u>CASH EXPENDITURES</u>				
Capital Outlay	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>1,000</u>
Operating Contingency	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>1,000</u>
NET CHANGE IN FUND BALANCE	<u>-</u>	<u>-</u>	<u>1,005</u>	<u>1,005</u>
<u>CASH BALANCE, Beginning</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>CASH BALANCE, Ending</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,005</u>	<u>\$ 1,005</u>

See Notes to Financial Statements

CITY OF BANKS

Washington County, Oregon

BUDGETARY COMPARISON SCHEDULE - CASH BASIS

WATER UTILITY PROJECTS FUND #17

Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Receipts</u>	<u>Variance Favorable (Unfavorable)</u>
<u>CASH RECEIPTS</u>				
Interest	\$ 50	\$ 50	\$ 29	\$ (21)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Expenditures</u>	<u>Variance Favorable (Unfavorable)</u>
<u>CASH EXPENDITURES</u>				
Capital Outlay				
Water System Improvement Project	2,699	2,699	554	2,145
TOTAL EXPENDITURES	2,699	2,699	554	2,145
NET CHANGE IN FUND BALANCE	(2,649)	(2,649)	(525)	2,124
<u>CASH BALANCE, Beginning</u>	2,649	2,649	5,925	3,276
<u>CASH BALANCE, Ending</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,399</u>	<u>\$ 5,399</u>

See Notes to Financial Statements

CITY OF BANKS

Washington County, Oregon

SCHEDULE OF PROPERTY TAX TRANSACTIONS

Year Ended June 30, 2014

<u>Year of Levy</u>	<u>Levy & Taxes Receivable, Beginning</u>	<u>Adjustments</u>	<u>Discounts</u>	<u>Collections</u>	<u>Levy & Taxes Receivable, Ending</u>
<u>General Fund</u>					
2013-14	\$ 209,873	\$ (573)	\$ (5,529)	\$ (199,663)	\$ 4,163
2012-13	4,272	(92)	(20)	(2,236)	2,065
2011-12	2,177	47	0	(837)	1,512
2010-11	1,596	54	0	(768)	1,042
2009-10	956	(43)	0	(248)	734
2008-09	102	(20)	0	(44)	53
2007-08 & Prior	<u>158</u>	<u>(41)</u>	<u>-</u>	<u>(41)</u>	<u>92</u>
Total	<u>\$ 219,134</u>	<u>\$ (670)</u>	<u>\$ (5,549)</u>	<u>\$ (203,838)</u>	<u>\$ 9,660</u>
<u>Police Fund</u>					
2013-14	\$ 250,355	\$ (684)	\$ (6,596)	\$ (238,177)	\$ 4,966
2012-13	5,096	(110)	(24)	(2,668)	2,463
2011-12	2,089	45	0	(803)	1,451
2010-11	1,531	51	0	(737)	1,000
2009-10	917	(42)	0	(238)	704
2008-09	98	(20)	0	(42)	51
2007-08 & Prior	<u>152</u>	<u>(39)</u>	<u>-</u>	<u>(40)</u>	<u>88</u>
Total	<u>\$ 260,238</u>	<u>\$ (798)</u>	<u>\$ (6,620)</u>	<u>\$ (242,704)</u>	<u>\$ 10,722</u>
Total Both Funds	<u>\$ 479,372</u>	<u>\$ (1,467)</u>	<u>\$ (12,169)</u>	<u>\$ (446,542)</u>	<u>\$ 20,381</u>

Note: Collections include interest on delinquent taxes.

See Notes to Financial Statements

CITY OF BANKS

Washington County, Oregon

WATER AND RELATED FUNDS

COMPARATIVE BALANCE SHEETS*

June 30, 2012, 2013, and 2014

	<u>June 30,</u> <u>2012</u>	<u>June 30,</u> <u>2013</u>	<u>June 30,</u> <u>2014</u>
<u>ASSETS</u>			
Cash	\$ 334,598	\$ 280,871	\$ 299,701
Cash Restricted - USDA, Rural Utility Service	43,956	43,838	44,337
Capital Assets	5,902,411	5,994,147	5,994,147
Accumulated Depreciation	<u>(1,516,341)</u>	<u>(1,624,638)</u>	<u>(1,760,770)</u>
<u>Total Assets</u>	<u>\$4,764,624</u>	<u>\$4,694,218</u>	<u>\$ 4,577,415</u>
 <u>LIABILITIES AND FUND EQUITY</u>			
<u>LIABILITIES</u>			
Long Term Debt	<u>\$1,929,169</u>	<u>\$1,863,811</u>	<u>\$ 1,736,504</u>
 <u>FUND EQUITY</u>	 <u>2,835,455</u>	 <u>2,830,407</u>	 <u>2,840,911</u>
<u>Total Liabilities and Fund Equity</u>	<u>\$4,764,624</u>	<u>\$4,694,218</u>	<u>\$ 4,577,415</u>

* Required by United States Department
of Agriculture - Rural Utilities Service

CITY OF BANKS

Washington County, Oregon

WATER AND RELATED FUNDS

COMPARATIVE STATEMENTS OF RECEIPTS, EXPENDITURES, AND CHANGES IN FUND EQUITY*

For the Fiscal Years Ended June 30, 2012, 2013, and 2014

	<u>June 30,</u> <u>2012</u>	<u>June 30,</u> <u>2013</u>	<u>June 30,</u> <u>2014</u>
<u>OPERATING RECEIPTS</u>			
Charge for Services	\$ 481,253	\$ 542,395	\$ 540,336
Miscellaneous	4,463	3,195	3,440
Total	<u>485,716</u>	<u>545,590</u>	<u>543,776</u>
 <u>OPERATING EXPENDITURES</u>			
Personal Services	163,500	173,445	171,781
Debt - Interest	81,093	77,998	74,622
Materials and Services	128,558	135,488	150,736
Depreciation Expense	99,611	108,297	136,132
Total	<u>472,762</u>	<u>495,228</u>	<u>533,271</u>
 NET OPERATING INCOME (LOSS)	 <u>12,954</u>	 <u>50,361</u>	 <u>10,505</u>
 <u>NON-OPERATING RECEIPTS (EXPENDITURES)</u>			
Interfund Transfers	<u>(146,708)</u>	<u>-</u>	<u>-</u>
 NET CHANGE IN FUND EQUITY	 (133,754)	 50,361	 10,505
 <u>FUND EQUITY, Beginning</u>	 <u>2,969,208</u>	 <u>2,780,046</u>	 <u>2,830,407</u>
 <u>FUND EQUITY, Ending</u>	 <u>\$2,835,454</u>	 <u>\$2,830,407</u>	 <u>\$ 2,840,912</u>

* Required by United States Department
of Agriculture - Rural Utilities service

AUDITOR'S COMMENTS AND
DISCLOSURES REQUIRED BY STATE REGULATIONS

DENNIS R. CONNER
Certified Public Accountant
365 South Nehalem
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Clatskanie, Oregon 97016
Telephone(503)728-2038

AUDITOR'S COMMENTS AND DISCLOSURES
REQUIRED BY STATE REGULATIONS

To the Mayor and City Council
City of Banks
Banks, Oregon

I have audited the basic financial statements of the City of Banks, Oregon (the City) as of and for the year ended June 30, 2014, and have issued my report thereon dated August 26, 2014. I conducted the audit in accordance with auditing standards generally accepted in the United States of America.

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:

Financial Reporting

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

Inadequate Segregation of Accounting Duties

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

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



Dennis R. Conner, CPA
August 26, 2014