

CITY OF BANKS

Washington County, Oregon

AUDITED FINANCIAL STATEMENTS

Year Ended June 30, 2013

CITY OF BANKS

Washington County, Oregon

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June 30, 2013

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CITY OF BANKS

Washington County, Oregon

CITY OFFICIALS

June 30, 2013

MAYOR

Term Expires

Pete Edison
Banks, Oregon 97106

December 31, 2014

COUNCIL PRESIDENT

Christy Greagor
Banks, Oregon 97106

December 31, 2016

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

Mark Gregg
Banks, Oregon 97106

December 31, 2014

One Vacancy

CITY MANAGER

Jolynn Becker
120 South Main Street
Banks, Oregon 97106

CITY RECORDER

Angie Lanter
120 South Main Street
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 financial statements of the City of Banks (the City), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District'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 an opinion 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 opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position -modified cash basis- of the governmental activities, business-type activities, and the aggregate remaining fund information of the City, as of June 30, 2013, and the respective changes in financial position - modified cash basis-, thereof for the year then ended in accordance with the 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 opinion is not modified with respect to that matter.

Opinion on Supplementary Information and Disclosures Required by Oregon State Regulations

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City's basic financial statements. The Required Supplementary Information, Supplementary Information, and Budgetary Comparison Information, which are the responsibility of management, and the Auditor's Comments and Disclosures Required by Oregon State Regulations, on pages 33 through 55, are presented for purposes of additional analysis and are not a required part of the basic financial statements. In my opinion, the Supplementary Information and State of Oregon Disclosures referred to above are presented fairly, in all material respects on the modified cash basis of accounting.



Dennis R. Conner
Certified Public Accountant
November 18, 2013

City of Banks

Management Discussion and Analysis

FYE June 30, 2013

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, 2013.

This annual report consists of a series of financial statements. The Statement of Net Assets 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 Assets 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. These statements also include information about long-term debt, capital assets and associated depreciation.

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.

Required Supplementary Information: This Management's Discussion and Analysis and the General Fund and other major fund Budgetary Comparison Schedules represent financial information required by GASB to be presented. Such information provides users of this report with additional data that supplements the government-wide statements, fund financial statements and notes (referred to as "the basic financial statements").

Other Supplementary Information: This part of the annual report includes the non-major and proprietary fund Budgetary Comparison Schedules, the property tax schedule, and auditor's comments. This other supplemental financial information is provided to address certain specific needs of various users of the City's annual 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 - CHANGE IN NET ASSETS

	Governmental Activities 2011-12	Governmental Activities 2012-13	Business-Type Activities 2011-12	Business-Type Activities 2012-13	Total 2011-12	Total 2012-13	Variance Favorable (Unfavorable)
PROGRAM RECEIPTS							
Charges for Services	\$ 32,525	\$ 20,517	\$ 481,253	\$ 542,395	\$ 513,778	\$ 562,912	\$ 49,134
Operating Grants	19,002	14,096	-	-	19,002	14,096	(4,906)
Total	51,527	34,613	481,253	542,395	532,780	577,008	44,228
GENERAL RECEIPTS							
Property Taxes	380,023	433,898	-	-	380,023	433,898	53,875
Intergovernmental	268,368	270,859	-	-	268,368	270,859	2,491
Fines & Forfeitures	30,421	19,651	-	-	30,421	19,651	(10,770)
Licenses & Permits	181,030	171,401	-	-	181,030	171,401	(9,629)
Interest	9,799	7,855	3,757	2,024	13,556	9,880	(3,676)
Miscellaneous	5,962	36,336	706	1,171	6,668	37,507	30,839
Total	875,603	940,000	4,463	3,195	880,066	943,195	63,129
Total Receipts	927,130	974,613	485,716	545,590	1,412,846	1,520,203	107,357
EXPENDITURES							
Police	(201,023)	(198,868)	-	-	(201,023)	(198,868)	2,155
Administrative	(247,899)	(258,428)	-	-	(247,899)	(258,428)	(10,529)
Library	(228,070)	(233,160)	-	-	(228,070)	(233,160)	(5,090)
Streets & Roads	(63,768)	(64,277)	-	-	(63,768)	(64,277)	(509)
Parks & Other	(234,451)	(62,005)	-	-	(234,451)	(62,005)	172,446
Water	-	-	(472,762)	(495,228)	(472,762)	(495,228)	(22,466)
Total	(975,211)	(816,739)	(472,762)	(495,228)	(1,447,973)	(1,311,967)	136,006
INTERFUND TRANSFERS	146,708	-	(146,708)	-	-	-	-
CAPITAL CONTRIBUTIONS							
Net Change Capital Assets	139,293	(29,198)	-	-	139,293	(29,198)	(168,491)
Decrease (Increase) Debt	8,428	8,428	-	-	8,428	8,428	(0)
Capital Assets Purchased for							
Library & General Fund	-	-	-	-	-	-	-
Total	147,721	(20,770)	-	-	147,721	(20,770)	(168,491)
Increase (Decrease) in Net Assets	\$ 246,348	\$ 137,104	\$ (133,754)	\$ 50,361	\$ 112,594	\$ 187,466	\$ 74,872

CITY OF BANKS - NET ASSETS

	Governmental Activities <u>June 30, 2012</u>	Governmental Activities <u>June 30, 2013</u>	Business-Type Activities <u>June 30, 2012</u>	Business-Type Activities <u>June 30, 2013</u>	Total <u>June 30, 2012</u>	Total <u>June 30, 2013</u>	Increase (Decrease)
<u>ASSETS</u>							
Cash and Cash Equivalents	\$ 1,350,864	\$ 1,508,738	\$ 378,554	\$ 324,709	\$ 1,729,418	\$ 1,833,447	\$ 104,029
Capital Assets, Net of Depreciation	<u>1,011,818</u>	<u>982,620</u>	<u>4,386,070</u>	<u>4,369,509</u>	<u>5,397,888</u>	<u>5,352,129</u>	<u>(45,759)</u>
Total	<u>2,362,682</u>	<u>2,491,358</u>	<u>4,764,624</u>	<u>4,694,218</u>	<u>7,127,306</u>	<u>7,185,576</u>	<u>58,270</u>
<u>LIABILITIES</u>							
Bonds Payable	<u>146,755</u>	<u>138,327</u>	<u>1,984,578</u>	<u>1,863,811</u>	<u>2,131,333</u>	<u>2,002,138</u>	<u>(129,195)</u>
Total Net Assets	<u>\$ 2,215,927</u>	<u>\$ 2,353,031</u>	<u>\$ 2,780,046</u>	<u>\$ 2,830,407</u>	<u>\$ 4,995,973</u>	<u>\$ 5,183,438</u>	<u>\$ 187,465</u>

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, 2013 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.
- Added the Quail Valley Golf Course to the Banks Urban Growth Boundary (UGB)
- 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.
- Create Job Descriptions and formalized Annual Performance Review process.
- Transitioned streetlights to LED technology in main section of town.
- Replaced and upgraded traffic and street signage throughout the City.

Variations Between Adopted and Actual Budget Amounts

During the Fiscal Year Ended June 30, 2013 the City of Banks made one budget change to the originally adopted Operating Budget. The change was necessary to adjust for emergent requirements not predictable when the original

budget proposal was drafted. The change adjusted categories of expenditures to end the fiscal year with accurate tabulation of information.

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	\$ 90,000	\$ 441,717
2	Water	18,000	59,476
3	Library	19,000	37,461
4	Street/Road	70,000	384,876
5	Water Bonded Debt	43,720	43,838
6	Traffic Impact	-	422,846
7	Police	36,000	82,507
8	System Development	-	20,471
9	Water Depreciation	-	194,999
10	Park	15,000	15,292
11	Traffic Development Tax	-	11,376
13	Capital Projects Reserve	-	109,047
14	Capital Projects	-	-
17	Water Utility Projects	-	5,925
18	Parks SDC	-	3,617
	Total	\$ 291,720	\$ 1,833,447

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. It is noted that much of the infrastructure (including decorative street lights) in the newest subdivision development (Arbor Village) is reaching the end of its normal life and that capital maintenance will most probably be increasing in the near future. In order to address this issue the City of Banks worked with Portland General Electric to effect transfer of ownership from city-owned streetlights (Option B program) to utility-owned lights (Option A program) during FY 2011-2012. All but one of the streetlights in the City of Banks are now utility-owned (Option A program.) In addition, the City has entered into an agreement with PGE to upgrade the lighting on Banks Road within the city limits, and to be a pilot project for Light Emitting Diode (LED) streetlight technology.

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 2013 for implementation in 2015.
- Will begin “streaming” of City Council meetings on the enhanced City website.
- Will implement the Banks Transportation System Plan.
- Will implement the adopted Urban Growth Boundary expansion (land use) process.
- 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 begin the Banks Urban Reserves designation process.
- 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 ASSETS - MODIFIED CASH BASIS

June 30, 2013

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 1,508,738	\$ 280,871	\$ 1,789,609
Restricted for Debt Service	-	43,838	43,838
Capital Assets:			
Land & Projects in Progress	35,557	583,133	618,690
Other Capital Assets, Net of Depreciation	947,063	3,786,376	4,733,439
<u>Total Assets</u>	<u>2,491,358</u>	<u>4,694,218</u>	<u>7,185,576</u>
<u>LIABILITIES</u>			
Long-term Liabilities:			
Due in One Year	8,924	127,307	136,231
Due in More Than One Year	129,403	1,736,504	1,865,907
<u>Total Liabilities</u>	<u>138,327</u>	<u>1,863,811</u>	<u>2,002,138</u>
<u>NET ASSETS</u>	<u>\$ 2,353,031</u>	<u>\$ 2,830,407</u>	<u>\$ 5,183,438</u>
<u>NET ASSETS</u>			
Invested in Capital Assets, Net of Related Debt	\$ 844,293	\$ 2,505,698	\$ 3,349,991
Restricted For:			
Debt Service	-	43,838	43,838
Other Purposes	901,605	-	901,605
Unrestricted	607,133	280,871	888,004
<u>Total Net Assets</u>	<u>\$ 2,353,031</u>	<u>\$ 2,830,407</u>	<u>\$ 5,183,438</u>

See Notes to Financial Statements

CITY OF BANKS

Washington County, Oregon

STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS

Year Ended June 30, 2013

	Program Receipts and Expenditures			Net (Expenditures) Receipts and Changes in Net Assets		
	Expenditures	Charges For Services	Grants	Governmental Activities	Business Activities	Total
<u>PRIMARY GOVERNMENT</u>						
<u>Government Activities</u>						
Police	\$ (198,868)	\$ -	\$ -	\$ (198,868)	\$ -	\$ (198,868)
Administrative	(258,428)	-	8,922	(249,506)	-	(249,506)
Library	(233,160)	-	5,174	(227,986)	-	(227,986)
Streets and Roads	(64,277)	-	-	(64,277)	-	(64,277)
Parks & Other	(62,005)	20,517	-	(41,488)	-	(41,488)
Net Change Capital Assets	(29,198)	-	-	(29,198)	-	(29,198)
Net Change Long Term Debt	8,428	-	-	8,428	-	8,428
	(837,509)	20,517	14,096	(802,895)	-	(802,895)
<u>Business-Type Activities</u>						
Water	(495,228)	542,395	-		47,166	47,166
<u>Total Primary Government</u>	(1,332,737)	562,912	14,096	(802,895)	47,166	(755,729)
<u>General Receipts</u>						
Taxes				433,898	-	433,898
Intergovernmental				270,859	-	270,859
Fines and Forfeitures				19,651	-	19,651
License and Permits				171,401	-	171,401
Interest				7,855	2,024	9,880
Miscellaneous				36,336	1,171	37,507
				940,000	3,195	943,195
Transfers				-	-	-
<u>CHANGE IN NET ASSETS</u>				137,104	50,361	187,466
<u>NET ASSETS, Beginning (as reported)</u>				2,160,518	2,835,454	4,995,972
Prior Period Adjustment (Note 4D)				55,408	(55,408)	-
<u>NET ASSETS, Beginning (as adjusted)</u>				2,215,926	2,780,046	4,995,972
<u>NET ASSETS, Ending</u>				\$ 2,353,030	\$ 2,830,407	\$ 5,183,438

See Notes to Financial Statements

CITY OF BANKS

Washington County, Oregon

STATEMENT OF ASSETS AND LIABILITIES - MODIFIED CASH BASIS

GOVERNMENTAL FUNDS

June 30, 2013

	<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>\$441,717</u>	<u>\$37,461</u>	<u>\$ 384,876</u>	<u>\$ 422,846</u>	<u>\$ 82,507</u>	<u>\$ 139,332</u>	<u>\$ 1,508,738</u>
<u>FUND BALANCES</u>							
Restricted - Special Revenue Funds	\$ -	\$ -	\$ 384,876	\$ 422,846	\$ 82,507	\$ 11,376	\$ 901,605
Committed - Special Revenue Funds	-	37,461	-	-	-	18,908	56,369
Committed - Capital Project Funds						109,047	109,047
Unassigned	<u>441,717</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>441,717</u>
Total	<u>\$441,717</u>	<u>\$37,461</u>	<u>\$ 384,876</u>	<u>\$ 422,846</u>	<u>\$ 82,507</u>	<u>\$ 139,332</u>	<u>\$ 1,508,738</u>

Reconciliation to Statement of Net Assets

Fund Balances	\$ 1,508,738
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities net of accumulated depreciation are not <u>financial</u> resources, and therefore not reported in the fund statements.	982,620
Long term debt obligations payable are not due and payable in this reporting period, and therefore are not reported in the fund statements.	<u>(138,327)</u>
Net Assets of Government Activities	<u>\$ 2,353,031</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, 2013

	<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	\$ 198,994	\$ -	\$ -	\$ -	\$ 234,904	\$ -	\$ 433,898
Intergovernmental	41,453	125,915	103,491	-	-	-	270,859
Fines and Forfeitures	8,801	6,519	-	-	4,332	-	19,651
Licenses, Permits and Fees	140,545	-	-	183	-	30,673	171,401
Charges for Services	-	-	-	-	-	20,517	20,517
Interest	2,402	117	1,986	2,161	542	648	7,855
Grants	8,922	5,174	-	-	-	-	14,096
Miscellaneous	30,025	490	5,170	-	10	641	36,336
Total	<u>431,143</u>	<u>138,215</u>	<u>110,647</u>	<u>2,343</u>	<u>239,787</u>	<u>52,479</u>	<u>974,613</u>
<u>EXPENDITURES</u>							
Personal Services	73,892	163,360	15,198	-	6,011	20,550	279,011
Materials & Services	182,971	46,409	33,077	1,300	192,857	33,617	490,231
Capital Outlay	-	11,294	14,703	-	-	7,838	33,835
Debt Service & Loan Fees	1,565	12,097	-	-	-	-	13,663
Total	<u>258,428</u>	<u>233,160</u>	<u>62,977</u>	<u>1,300</u>	<u>198,868</u>	<u>62,005</u>	<u>816,739</u>
<u>RECEIPTS OVER (UNDER) EXPENDITURES</u>							
	<u>172,714</u>	<u>(94,945)</u>	<u>47,670</u>	<u>1,043</u>	<u>40,919</u>	<u>(9,526)</u>	<u>157,875</u>
<u>OTHER FINANCING SOURCES</u>							
Transfers In	-	96,747	-	-	-	30,500	127,247
Transfers (Out)	(127,247)	-	-	-	-	-	(127,247)
Total	<u>(127,247)</u>	<u>96,747</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,500</u>	<u>-</u>
<u>NET CHANGE IN FUND BALANCES</u>							
	45,468	1,801	47,670	1,043	40,919	20,974	157,875
<u>FUND BALANCES, Beginning</u>							
	<u>396,249</u>	<u>35,660</u>	<u>337,206</u>	<u>421,803</u>	<u>41,588</u>	<u>118,358</u>	<u>1,350,863</u>
<u>FUND BALANCES, Ending</u>							
	<u>\$ 441,717</u>	<u>\$ 37,461</u>	<u>\$ 384,876</u>	<u>\$ 422,846</u>	<u>\$ 82,507</u>	<u>\$ 139,332</u>	<u>\$ 1,508,738</u>
<u>Reconciliation to Statement of</u>							
Net Change in Fund Balances - Total Governmental Funds							\$ 157,875
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							19,133
Depreciation Expense							(48,331)
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>8,428</u>
Change in Net Assets of Governmental Activities							<u>\$ 137,104</u>

See Notes to Financial Statements

CITY OF BANKS

Washington County, Oregon

STATEMENT OF NET ASSETS - MODIFIED CASH BASIS

PROPRIETARY FUNDS - COMBINED

June 30, 2013

	<u>Water</u>
<u>ASSETS</u>	
Cash and Cash Equivalents	\$ 280,871
Cash Restricted for Debt Service	43,838
Capital Assets:	
Land & Projects in Progress	583,133
Other Capital Assets, Net of Depreciation	<u>3,786,376</u>
Total	<u>4,694,218</u>
<u>LIABILITIES</u>	
Bonds Payable:	
Due Within One Year	127,307
Due in More Than One Year	<u>1,736,504</u>
Total	<u>1,863,811</u>
<u>NET ASSETS</u>	<u>\$ 2,830,407</u>
<u>NET ASSETS</u>	
Invested in Capital Assets, Net of Related Debt	2,505,698
Restricted for Debt Service	43,838
Unrestricted	<u>280,871</u>
<u>Total Net Assets</u>	<u>\$ 2,830,407</u>

See Notes to Financial Statements

CITY OF BANKS

Washington County, Oregon

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

PROPRIETARY FUNDS - COMBINED

Year Ended June 30, 2013

	<u>Water</u>
<u>OPERATING RECEIPTS</u>	
Water Sales	\$ 539,570
SDC Charges	2,825
Total	<u>542,395</u>
<u>OPERATING EXPENDITURES</u>	
Water Expenses Paid	(308,933)
Depreciation Expense	(108,297)
Total	<u>(417,230)</u>
OPERATING INCOME (LOSS)	<u>125,165</u>
<u>NON-OPERATING RECEIPTS</u>	
Interest Earned	2,024
Other Receipts	1,171
Total	<u>3,195</u>
<u>NON-OPERATING EXPENDITURES</u>	
Interest Expense	<u>(77,998)</u>
NET INCOME (LOSS)	<u>50,361</u>
<u>INTERFUND TRANSFERS</u>	
Transfers In	41,100
Transfers (Out)	(41,100)
Total	<u>-</u>
CHANGE IN NET ASSETS	50,361
<u>NET ASSETS, Beginning</u>	<u>2,780,046</u>
<u>NET ASSETS, Ending</u>	<u>\$ 2,830,407</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, 2013

	<u>Water</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	
Receipts From Customers	\$ 542,395
Payment to Suppliers	(135,488)
Payments to Employees	(173,445)
Net Cash Provided by (Used In) Operating Activities	<u>233,462</u>
 <u>CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES</u>	
Transfers From Other Funds	41,100
Transfers To Other Funds	(41,100)
Net Cash Provided by (Used In) Financing Activities	<u>-</u>
 <u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>	
Purchase of Capital Assets	(91,736)
Payments of Debt Principal	(120,767)
Payments of Debt Interest	(77,998)
Net Cash Used in Capital and Related Financing Activities	<u>(290,501)</u>
 <u>CASH FLOWS FROM INVESTING ACTIVITIES</u>	
Interest and Other Receipts	<u>3,195</u>
 <u>NET INCREASE [DECREASE] IN CASH AND CASH EQUIVALENTS</u>	
	(53,844)
<u>CASH BALANCE, Beginning</u>	<u>378,554</u>
<u>CASH BALANCE, Ending</u>	<u>\$ 324,710</u>
 Reconciliation of Operating Income to net cash provided by Operating Activities:	
Operating Income	\$ 125,165
Adjustment for Depreciation Expense	<u>108,297</u>
Net Cash Provided by Operating Activities	<u>\$ 233,462</u>

See Notes to Financial Statements

CITY OF BANKS

Washington County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 1.C, these financial statements are presented on a modified cash basis of accounting. This modified basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the modified cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. As allowed under GASB, the City does not apply FASB guidance issued after November 30, 1989, unless specifically adopted by GASB.

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

FUND FINANCIAL STATEMENTS

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.

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 the following enterprise funds:

<u>Fund</u>	<u>Brief Description</u>
<u>Water Fund</u>	This fund accounts for revenues and expenditures related to the City’s water system. It is a major fund.
<u>Water Depreciation Reserve Fund</u>	This fund accounts for revenue designated for water systems improvement. It is a major fund.
<u>Water Bonded Debt Fund</u>	This fund accounts for paying off water system improvement debt. It is funded primarily by transfers from the Water Fund. It is a non-major fund.
<u>Water SDC Fund</u>	This fund accounts for revenue generated by systems development charges and is designated to be spent on authorized water system improvements. It is a non-major fund.
<u>Water Utility Projects Fund</u>	This fund is designated for expenditures on water systems improvement projects. It is funded by LOCAP Certificates of Participation. It is a major fund.

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

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

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

1D ASSETS, LIABILITIES, AND NET ASSETS

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 Assets. 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 Assets. 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 two years. 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 ASSET CLASSIFICATION

Government-Wide Financial Statements

Net assets are classified and displayed in three components:

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

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

Fund Financial Statements

Governmental fund net assets are classified as fund balances. Proprietary fund net assets are 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 Assets 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 Assets, 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, 2013. Cash and investments of the City at June 30, 2013 were:

US Bank Checking Account	\$ 80,144
Local Government Investment Pool -	43,838
Local Government Investment Pool	1,708,713
Office Petty Cash & Postage Machine	752
Total	<u>\$ 1,833,447</u>

Deposits: The insurance and collateral requirements for deposits are established by banking regulations and Oregon law. Federal depository insurance of \$250,000 applies respectively, to total demand deposits and to total savings accounts at each financial institution. Where balances exceed \$250,000, banks are required to pledge collateral, based on their capital condition. Banks are required to provide quarterly reporting of their public funds deposits to the State Treasurer's office, which will be the basis for their collateral pledging for the next quarter. Treasury monitors each depository bank and ensures compliance with collateralization requirements for all public fund deposits. Banks will pledge 10% if they are well capitalized, 25% if they are adequately capitalized, and in turn, the banks are required to share in the liability of a failed institution, should it ever occur. Undercapitalized banks are required to pledge collateral equal to 110% of their deposits which is monitored on a weekly basis. At June 30, 2013, total demand deposits and savings accounts per bank statements were \$107,554. 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, 2013, the City had invested \$1,708,713 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, 2013.

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, 2013 was unqualified.

Concentration Risk: The City had concentrations in the following investment: LGIP 93.2%.

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

3B CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2013, was as follows:

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
GOVERNMENTAL ACTIVITIES				
<u>Non-Depreciable Capital Assets</u>				
Land	\$ 35,557	\$ -	\$ -	\$ 35,557
Projects in Progress	177,874	-	(177,874)	-
Total	<u>\$ 213,431</u>	<u>\$ -</u>	<u>\$ (177,874)</u>	<u>\$ 35,557</u>
<u>Depreciable Capital Assets</u>				
Land Improvements	447,186	-	-	447,186
Buildings	596,392	187,229	-	783,621
Vehicles & Equipment	64,195	9,778	-	73,973
Total	<u>1,107,773</u>	<u>197,007</u>	<u>-</u>	<u>1,304,780</u>
<u>Less Accumulated Depreciation For:</u>				
Land Improvements	(55,621)	(17,039)	-	(72,660)
Buildings	(220,617)	(20,124)	-	(240,741)
Vehicles & Equipment	(33,148)	(11,168)	-	(44,316)
Total	<u>(309,386)</u>	<u>(48,331)</u>	<u>-</u>	<u>(357,717)</u>
Total Depreciable Capital Assets, Net of Depreciation	<u>\$ 798,387</u>	<u>\$ 148,676</u>	<u>\$ -</u>	<u>\$ 947,063</u>
Total Capital Assets, Net of Depreciation	<u>\$1,011,818</u>	<u>\$ 148,676</u>	<u>\$ (177,874)</u>	<u>\$ 982,620</u>
	Balance at July 1, 2012	Additions	Deletions	Balance at June 30, 2013
BUSINESS-TYPE ACTIVITIES				
<u>Non-Depreciable Capital Assets</u>				
Land	\$ 583,133	\$ -	\$ -	\$ 583,133
Projects in Progress	1,319,185	-	(1,319,185)	-
Total	<u>\$1,902,318</u>	<u>\$ -</u>	<u>\$ (1,319,185)</u>	<u>\$ 583,133</u>
<u>Depreciable Capital Assets</u>				
Water System	3,607,267	1,215,313	-	4,822,580
Buildings	218,030	195,608	-	413,638
Equipment	174,796	-	-	174,796
Total	<u>4,000,093</u>	<u>1,410,921</u>	<u>-</u>	<u>5,411,014</u>
<u>Less Accumulated Depreciation For:</u>				
Water System	(1,411,634)	(89,362)	-	(1,500,996)
Buildings	(53,497)	(11,544)	-	(65,041)
Equipment	(51,210)	(7,391)	-	(58,601)
Total	<u>(1,516,341)</u>	<u>(108,297)</u>	<u>-</u>	<u>(1,624,638)</u>
Total Depreciable Capital Assets, Net of Depreciation	<u>\$2,483,752</u>	<u>\$ 1,302,624</u>	<u>\$ -</u>	<u>\$ 3,786,376</u>
Total Capital Assets, Net of Depreciation	<u>\$4,386,070</u>	<u>\$ 1,302,624</u>	<u>\$ (1,319,185)</u>	<u>\$ 4,369,509</u>
<u>TOTAL CAPITAL ASSETS, ALL ACTIVITIES</u>	<u>\$5,397,888</u>	<u>\$ 1,451,300</u>	<u>\$ (1,497,059)</u>	<u>\$ 5,352,129</u>

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

Governmental Activities: General	\$48,331
Business-Type Activities: Water	\$108,297

Governmental fund capital spending included the following:

- The library remodel project was completed
- The governmental portion of the public works building was completed
- The library purchased a self check machine

Proprietary fund capital spending included the following:

- The water system improvements project was completed
- The water utility portion of the public works building was completed.

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, 2013, were as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
1-General	\$ -	\$ 127,248
3-Library	96,747	-
10-Parks	30,500	-
4-Streets	-	-
6-Traffic Impact Reserve	-	-
7-Police	-	-
11-Traffic Development	-	-
18-Parks SDC	-	-
13-Capital Project Reserve	-	-
14-Capital Projects	-	-
2-Water	-	41,100
9-Water Depreciation Reserve	20,000	-
5-Water Bonded Debt	21,100	-
8-SDC	-	-
17-Water Utility Projects	-	-
	<hr/>	<hr/>
Total Transfers	<u>\$ 168,347</u>	<u>\$ 168,348</u>

INTERFUND BALANCES

At June 30, 2013 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. Interest Rate 4.5%		Farmers Home Admin. Interest Rate 5.0%	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 34,652	\$ 19,161	\$ 9,543	\$ 11,277
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 6/30/13	<u>\$ 391,158</u>	<u>\$ 93,162</u>	<u>\$ 215,980</u>	<u>\$ 96,085</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
2013	1.75%	\$ 85,000	\$ 51,295	\$ 1,500	\$ 137,795
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 6/30/13		<u>\$ 1,395,000</u>	<u>\$ 408,410</u>	<u>\$ 19,500</u>	<u>\$ 1,822,910</u>

Debt principal activity for the year ended June 30, 2013, was as follows:

PRINCIPAL

Loan	Beginning Balance	Paid	Ending Balance	Due Within One Year	Due After One Year
Safe Drinking Water Loan (OED)	\$ 425,810	\$ (34,652)	\$ 391,158	\$ 36,211	\$ 354,947
Water Slow Sand Filter (FHA)	225,523	(9,543)	215,980	10,020	205,960
LOCAP Loan - Water	1,333,245	(76,572)	1,256,673	81,076	1,175,597
LOCAP Loan - Library	129,940	(7,462)	122,478	7,901	114,577
LOCAP Loan - General Fund	16,815	(966)	15,849	1,022	14,827
	<u>\$ 2,131,333</u>	<u>\$(129,195)</u>	<u>\$ 2,002,138</u>	<u>\$ 136,231</u>	<u>\$ 1,865,907</u>

Total payment activity for the year ended June 30, 2013, was as follows:

TOTAL PAYMENTS

Loan	Fund	Principal	Interest & Fees	Total
Safe Drinking Water Loan (OED)	Water	\$ 34,652	\$ 19,161	\$ 53,813
Water Slow Sand Filter (FHA)	Water Debt	9,543	11,277	20,820
LOCAP Loan	Water	76,572	47,560	124,132
LOCAP Loan	Library	7,462	4,635	12,097
LOCAP Loan	General	966	600	1,565
		<u>\$ 129,195</u>	<u>\$ 83,233</u>	<u>\$ 212,428</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 \$233. Lease expense for the year ended June 30, 2013 was \$3,192. The future minimum rental payments are as follows:

<u>Year Ended June 30</u>	<u>Future Minimum Rental Payments</u>
2014	\$3,192
2015	\$2,394

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, 2013 and the rates for the new fiscal year are shown below:

Rate Category	FY 12-13 Net Rate	FY 13-14 Net Rate
Tier 1 / Tier 2	7.09%	7.83%
OPSRP General	3.24%	3.58%
OPSRP Police & Fire	5.95%	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
2011	\$18,662	100%
2012	\$32,108	100%
2013	\$34,838	100%

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

PERS FUNDING STATUS*	
Latest Valuation Date	12/31/11
Unfunded Actuarial Liability (UAL)	\$169,122
Combined Valuation Payroll	\$318,238
Net UAL as a Percent of Payroll	53%
*per Milliman Consulting report dated:	9/28/12

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.

4D PRIOR PERIOD ADJUSTMENT

The LOCAP loan proceeds have been used for a water system project and the library and other general government projects. The original allocation between governmental and proprietary funds was based on the first interest-only payment. The allocation was changed when the first principal payment was made. The prior period adjustment reflects the change to the current allocation percentages.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BANKS

Banks, Oregon

June 30, 2013

BUDGETARY INFORMATION

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

The City Council adopts the original budget by resolution prior to the beginning of the City's fiscal year (July 1 through June 30). The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. Total personal services, materials and services, capital outlay, debt service and other expenditures for the fund are the levels of control established by the resolution. The detailed budget document, however, is required to contain more specific detailed information for the above mentioned expenditure categories, and management may revise the detailed line item budgets within appropriation categories.

Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriation resolution. Supplemental budgets less than 10% of the fund's original budget may be adopted by the City Council at a regular Council meeting. A supplemental budget greater than 10% of the fund's original budget requires hearings before the public, publication in newspapers and approval by the City Council.

The City Council can make resolution transfers to move appropriations from one category to another within the same fund. A resolution can also be used to transfer resources and appropriation authority from the general fund to any other fund in the budget. However, a supplemental budget must be used to transfer resources and appropriation authority from a special revenue fund to the general fund. The City may appropriate funds from the contingency category up to a maximum of 15% of the total appropriation of that fund. A supplemental budget is required to appropriate any remaining balance in the contingency category.

Appropriations lapse at year-end.

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, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Receipts</u>	<u>Favorable (Unfavorable)</u>
<u>CASH RECEIPTS</u>				
Taxes and Related Items	\$ 184,950	\$ 184,950	\$ 198,994	\$ 14,044
Licenses, Permits and Fees	115,200	115,200	140,545	25,345
Intergovernmental	24,950	24,950	41,453	16,503
Interest	1,000	1,000	2,402	1,402
Grants	7,000	7,000	8,922	1,922
Court Fines, etc.	18,000	18,000	8,801	(9,199)
Miscellaneous	350	350	30,025	29,675
TOTAL RECEIPTS	<u>351,450</u>	<u>351,450</u>	<u>431,143</u>	<u>79,693</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Expenditures</u>	<u>Variance Favorable (Unfavorable)</u>
<u>CASH EXPENDITURES</u>				
Personal Services	103,418	103,418	73,892	29,526
Material and Services	219,877	219,877	182,971	36,906
Capital Outlay	47,000	47,000	-	47,000
Debt Service	1,566	1,566	1,565	1
Operating Contingencies	106,108	106,108	-	106,108
Total	<u>477,969</u>	<u>477,969</u>	<u>258,428</u>	<u>219,541</u>
<u>TRANSFERS</u>				
To Library Fund	99,476	99,476	96,747	2,729
To Park Fund	46,965	46,965	30,500	16,465
To Water Fund	4,726	4,726	-	-
Total	<u>151,167</u>	<u>151,167</u>	<u>127,247</u>	<u>19,194</u>
TOTAL EXPENDITURES AND TRANSFERS	<u>629,136</u>	<u>629,136</u>	<u>385,675</u>	<u>238,735</u>
NET CHANGE IN FUND BALANCE	(277,686)	(277,686)	45,468	318,428
<u>CASH BALANCE</u> , Beginning	<u>367,686</u>	<u>367,686</u>	<u>396,249</u>	<u>28,563</u>
<u>CASH BALANCE</u> , Ending	<u>\$ 90,000</u>	<u>\$ 90,000</u>	<u>\$ 441,717</u>	<u>\$ 346,991</u>

See Notes to Financial Statements

CITY OF BANKS

Washington County, Oregon

BUDGETARY COMPARISON SCHEDULE - CASH BASIS

LIBRARY FUND

Year Ended June 30, 2013

	Original Budget	Final Budget	Receipts	Variance Favorable (Unfavorable)
<u>CASH RECEIPTS</u>				
Circulation Reimbursement	\$ 126,161	\$ 126,161	\$ 125,915	\$ (246)
Fines and Fees	8,500	8,500	6,519	(1,981)
Interest	150	150	117	(33)
Grants/Donations	34,000	34,000	5,174	(28,826)
Miscellaneous	1,200	1,200	490	(710)
Total	170,011	170,011	138,215	(31,796)
<u>TRANSFERS</u>				
From General Fund	99,476	99,476	96,747	(2,729)
TOTAL RECEIPTS AND TRANSFERS	269,487	269,487	234,961	(34,526)
<u>CASH EXPENDITURES</u>				
Personal Services	189,360	189,360	163,360	26,000
Material and Services	46,660	46,660	46,409	251
Capital Outlay	37,957	37,957	11,294	26,663
Debt Service	12,098	12,098	12,097	1
Operating Contingencies	2,955	2,955	-	2,955
TOTAL EXPENDITURES	289,030	289,030	233,160	55,870
NET CHANGE IN FUND BALANCE	(19,543)	(19,543)	1,801	21,344
<u>CASH BALANCE</u> , Beginning	38,543	38,543	35,660	(2,884)
<u>CASH BALANCE</u> , Ending	\$ 19,000	\$ 19,000	\$ 37,461	\$ 18,461

See Notes to Financial Statements

CITY OF BANKS

Washington County, Oregon

BUDGETARY COMPARISON SCHEDULE - CASH BASIS

STREETS AND ROADS FUND

Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Receipts</u>	<u>Variance Favorable (Unfavorable)</u>
<u>CASH RECEIPTS</u>				
Intergovernmental	\$ 79,500	\$ 79,500	\$ 103,491	\$ 23,991
Interest	1,000	1,000	1,986	986
Miscellaneous	4,457	4,457	5,170	713
TOTAL RECEIPTS	84,957	84,957	110,647	25,690
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Expenditures</u>	<u>Variance Favorable (Unfavorable)</u>
<u>CASH EXPENDITURES</u>				
Personal Services	36,064	36,064	15,198	20,866
Material and Services	42,732	42,732	33,077	9,655
Capital Outlay	165,500	165,500	14,703	150,797
Contingency	40,584	40,584	-	40,584
TOTAL EXPENDITURES	284,880	284,880	62,977	221,903
NET CHANGE IN FUND BALANCE	(199,923)	(199,923)	47,670	247,593
<u>CASH BALANCE</u> , Beginning	269,923	269,923	337,206	67,283
<u>CASH BALANCE</u> , Ending	<u>\$ 70,000</u>	<u>\$ 70,000</u>	<u>\$ 384,876</u>	<u>\$ 314,876</u>

See Notes to Financial Statements

CITY OF BANKS

Washington County, Oregon

BUDGETARY COMPARISON SCHEDULE - CASH BASIS

POLICE SERVICES FUND

Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Receipts</u>	<u>Variance Favorable (Unfavorable)</u>
<u>CASH RECEIPTS</u>				
Local Option Tax	\$ 220,048	\$ 220,048	\$ 234,904	\$ 14,856
911 Telephone Tax	8,750	8,750	4,332	(4,418)
Interest	200	200	542	342
Miscellaneous	-	-	10	10
TOTAL RECEIPTS	<u>228,998</u>	<u>228,998</u>	<u>239,787</u>	<u>10,789</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Expenditures</u>	<u>Variance Favorable (Unfavorable)</u>
<u>CASH EXPENDITURES</u>				
Personal Services	11,147	11,147	6,011	5,136
Material and Services	198,529	198,529	192,857	5,672
Operating Contingency	11,241	11,241	-	11,241
TOTAL EXPENDITURES	<u>220,917</u>	<u>220,917</u>	<u>198,868</u>	<u>22,049</u>
NET CHANGE IN FUND BALANCE	8,081	8,081	40,919	32,838
<u>CASH BALANCE</u> , Beginning	<u>27,919</u>	<u>27,919</u>	<u>41,588</u>	<u>13,669</u>
<u>CASH BALANCE</u> , Ending	<u>\$ 36,000</u>	<u>\$ 36,000</u>	<u>\$ 82,507</u>	<u>\$ 46,507</u>

See Notes to Financial Statements

CITY OF BANKS

Washington County, Oregon

BUDGETARY COMPARISON SCHEDULE - CASH BASIS

PARKS & TREES FUND

Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Receipts</u>	<u>Variance Favorable (Unfavorable)</u>
<u>CASH RECEIPTS</u>				
Charges for Services	\$ 30,867	\$ 30,867	\$ 20,517	\$ (10,350)
Interest	50	50	78	28
Miscellaneous	100	100	641	541
Total	<u>31,017</u>	<u>31,017</u>	<u>21,237</u>	<u>(9,780)</u>
<u>TRANSFERS</u>				
From General Fund	<u>46,965</u>	<u>46,965</u>	<u>30,500</u>	<u>(16,465)</u>
TOTAL RECEIPTS AND TRANSFERS	<u>77,982</u>	<u>77,982</u>	<u>51,737</u>	<u>(26,245)</u>
<u>CASH EXPENDITURES</u>				
Personal Services	29,369	29,369	20,550	8,819
Material and Services	44,454	44,454	33,617	10,837
Operating Contingencies	331	331	-	331
TOTAL EXPENDITURES	<u>74,154</u>	<u>74,154</u>	<u>54,167</u>	<u>19,987</u>
NET CHANGE IN FUND BALANCE	3,828	3,828	(2,430)	(6,258)
<u>CASH BALANCE, Beginning</u>	<u>11,172</u>	<u>11,172</u>	<u>17,721</u>	<u>6,549</u>
<u>CASH BALANCE, Ending</u>	<u>\$ 15,000</u>	<u>\$ 15,000</u>	<u>\$ 15,292</u>	<u>\$ 292</u>

See Notes to Financial Statements

SUPPLEMENTARY INFORMATION

CITY OF BANKS

Washington County, Oregon

COMBINING STATEMENT OF NET ASSETS - MODIFIED CASH BASIS

NON-MAJOR GOVERNMENTAL FUNDS

June 30, 2013

	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>\$ 15,292</u>	<u>\$ 11,376</u>	<u>\$ 3,617</u>	<u>\$ 109,047</u>	<u>\$ -</u>	<u>\$ 139,332</u>
<u>FUND BALANCES</u>						
Restricted - Special Revenue Funds	\$ -	\$ 11,376	\$ -	\$ -	\$ -	\$ 11,376
Committed - Special Revenue Funds	15,292	-	3,617	-	-	18,908
Committed - Capital Projects Fund	-	-	-	109,047	-	109,047
Total	<u>\$ 15,292</u>	<u>\$ 11,376</u>	<u>\$ 3,617</u>	<u>\$ 109,047</u>	<u>\$ -</u>	<u>\$ 139,332</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, 2013

	Park Fund	Traffic Development Tax Reserve Fund	Parks SDC Fund	Capital Projects Reserve Fund #13	Capital Projects Fund #14	Total
<u>RECEIPTS</u>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-
Fines and Forfeitures	-	-	-	-	-	-
Licenses, Permits and Fees	-	4,665	1,800	24,208	-	30,673
Charges for Services	20,517	-	-	-	-	20,517
Interest	78	39	11	511	8	648
Grants	-	-	-	-	-	-
Miscellaneous	641	-	-	-	-	641
Total	<u>21,237</u>	<u>4,704</u>	<u>1,811</u>	<u>24,719</u>	<u>8</u>	<u>52,479</u>
<u>EXPENDITURES</u>						
Personal Services	20,550	-	-	-	-	20,550
Materials & Services	33,617	-	-	-	-	33,617
Capital Outlay	-	-	-	-	7,838	7,838
Debt Service & Loan Fees	-	-	-	-	-	-
Total	<u>54,167</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,838</u>	<u>62,005</u>
<u>RECEIPTS OVER (UNDER) EXPENDITURES</u>	<u>(32,930)</u>	<u>4,704</u>	<u>1,811</u>	<u>24,719</u>	<u>(7,830)</u>	<u>(9,526)</u>
<u>OTHER FINANCING SOURCES [USES]</u>						
Transfers In	30,500	-	-	-	-	30,500
Transfers (Out)	-	-	-	-	-	-
Total	<u>30,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,500</u>
<u>NET CHANGE IN FUND BALANCES</u>	<u>(2,430)</u>	<u>4,704</u>	<u>1,811</u>	<u>24,719</u>	<u>(7,830)</u>	<u>20,974</u>
<u>FUND BALANCES, Beginning</u>	<u>17,721</u>	<u>6,672</u>	<u>1,806</u>	<u>84,329</u>	<u>7,830</u>	<u>118,358</u>
<u>FUND BALANCES, Ending</u>	<u>\$ 15,292</u>	<u>\$ 11,376</u>	<u>\$ 3,617</u>	<u>\$ 109,047</u>	<u>\$ -</u>	<u>\$ 139,332</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, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Receipts</u>	Variance Favorable (Unfavorable)
<u>CASH RECEIPTS</u>				
Traffic Impact Fee	\$ -	\$ -	\$ 183	\$ 183
Interest	1,900	1,900	2,161	261
TOTAL RECEIPTS	<u>1,900</u>	<u>1,900</u>	<u>2,343</u>	<u>443</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Expenditures</u>	Variance Favorable (Unfavorable)
<u>CASH EXPENDITURES</u>				
Materials & Services	1,300	1,300	1,300	-
Capital Outlay	100,000	100,000	-	
Operating Contingency	320,168	320,168	-	320,168
TOTAL EXPENDITURES	<u>421,468</u>	<u>421,468</u>	<u>1,300</u>	<u>320,168</u>
NET CHANGE IN FUND BALANCE	(419,568)	(419,568)	1,043	320,611
<u>CASH BALANCE, Beginning</u>	<u>419,568</u>	<u>419,568</u>	<u>421,803</u>	<u>2,235</u>
<u>CASH BALANCE, Ending</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 422,846</u>	<u>\$ 322,846</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, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Receipts</u>	<u>Variance Favorable (Unfavorable)</u>
<u>CASH RECEIPTS</u>				
Traffic Development Tax Reserve	\$ 100	\$ 100	\$ 4,665	\$ 4,565
Interest	1	1	39	38
TOTAL RECEIPTS	<u>101</u>	<u>101</u>	<u>4,704</u>	<u>4,603</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Expenditures</u>	<u>Variance Favorable (Unfavorable)</u>
<u>CASH EXPENDITURES</u>				
Operating Contingency	101	101	-	101
NET CHANGE IN FUND BALANCE	-	-	4,704	4,704
<u>CASH BALANCE, Beginning</u>	-	-	6,672	6,672
<u>CASH BALANCE, Ending</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,376</u>	<u>\$ 11,376</u>

See Notes to Financial Statements

CITY OF BANKS

Washington County, Oregon

BUDGETARY COMPARISON SCHEDULE - CASH BASIS

PARK SDC FUND

Year Ended June 30, 2013

	<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	\$ 1,800	\$ (7,200)
Interest	-	-	11	11
TOTAL RECEIPTS	<u>9,000</u>	<u>9,000</u>	<u>1,811</u>	<u>(7,189)</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Expenditures</u>	<u>Variance Favorable (Unfavorable)</u>
<u>CASH EXPENDITURES</u>				
Capital Outlay	<u>9,000</u>	<u>9,000</u>	-	<u>9,000</u>
NET CHANGE IN FUND BALANCE	-	-	1,811	1,811
<u>CASH BALANCE, Beginning</u>	<u>-</u>	<u>-</u>	<u>1,806</u>	<u>1,806</u>
<u>CASH BALANCE, Ending</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,617</u>	<u>\$ 3,617</u>

See Notes to Financial Statements

CITY OF BANKS

Washington County, Oregon

BUDGETARY COMPARISON SCHEDULE - CASH BASIS

GOVERNMENTAL CAPITAL PROJECT RESERVE FUND #13

Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Receipts</u>	Variance Favorable (Unfavorable)
<u>CASH RECEIPTS</u>				
Franchise Fees	\$ 20,000	\$ 20,000	\$ 24,208	\$ 4,208
Interest	360	360	511	151
TOTAL RECEIPTS	<u>20,360</u>	<u>20,360</u>	<u>24,719</u>	<u>4,359</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Expenditures</u>	Variance Favorable (Unfavorable)
<u>CASH EXPENDITURES</u>				
Capital Outlay	100,340	100,340	-	100,340
NET CHANGE IN FUND BALANCE	(79,980)	(79,980)	24,719	104,699
<u>CASH BALANCE, Beginning</u>	<u>79,980</u>	<u>79,980</u>	<u>84,329</u>	<u>4,349</u>
<u>CASH BALANCE, Ending</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 109,047</u>	<u>\$ 109,047</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, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Receipts</u>	Variance Favorable (Unfavorable)
<u>CASH RECEIPTS</u>				
Interest	\$ 100	\$ 100	\$ 8	\$ (92)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Expenditures</u>	Variance Favorable (Unfavorable)
<u>CASH EXPENDITURES</u>				
Capital Outlay				
Library	12,902	12,902	6,310	6,592
Public Works Bldg.	3,652	3,652	1,529	2,123
TOTAL EXPENDITURES	16,554	16,554	7,838	8,716
NET CHANGE IN FUND BALANCE	(16,454)	(16,454)	(7,830)	8,624
<u>CASH BALANCE, Beginning</u>	16,454	16,454	7,830	(8,624)
<u>CASH BALANCE, Ending</u>	\$ -	\$ -	\$ -	\$ -

See Notes to Financial Statements

CITY OF BANKS

Washington County, Oregon

BUDGETARY COMPARISON SCHEDULE - CASH BASIS

WATER FUND

Year Ended June 30, 2013

	Original Budget	Final Budget	Receipts	Variance Favorable (Unfavorable)
<u>CASH RECEIPTS</u>				
Charge for Services (Water Sales, etc.)	\$ 577,080	\$ 577,080	\$ 539,570	\$ (37,510)
Interest	250	250	534	284
Misc.	250	250	1,171	921
Total	577,580	577,580	541,274	(36,306)
<u>TRANSFERS</u>				
From General Fund	4,726	4,726	-	(4,726)
 TOTAL RECEIPTS AND TRANSFERS	 582,306	 582,306	 541,274	 (41,032)
	Original Budget	Final Budget	Expenditures	Variance Favorable (Unfavorable)
<u>CASH EXPENDITURES</u>				
Personal Services	195,888	195,888	173,445	22,443
Material and Services	176,700	176,700	128,863	47,837
Capital Outlay	2,000	2,000	2,000	-
Debt Service	177,947	177,947	177,946	1
Operating Contingencies	10	10	-	10
Total	552,545	552,545	482,254	70,291
<u>TRANSFERS</u>				
To Water Depreciation Reserve Fund	20,000	20,000	20,000	-
To Water Bonded Debt Fund	21,100	21,100	21,100	-
Total	41,100	41,100	41,100	-
 TOTAL EXPENDITURES AND TRANSFERS	 593,645	 593,645	 523,354	 70,291
 NET CHANGE IN CASH BALANCE	 (11,339)	 (11,339)	 17,920	 29,259
 <u>CASH BALANCE</u> , Beginning	 29,339	 29,339	 41,556	 12,217
 <u>CASH BALANCE</u> , Ending	 \$ 18,000	 \$ 18,000	 \$ 59,476	 \$ 41,476

See Notes to Financial Statements

CITY OF BANKS

Washington County, Oregon

BUDGETARY COMPARISON SCHEDULE - CASH BASIS

WATER UTILITY DEPRECIATION FUND

Year Ended June 30, 2013

	Original Budget	Final Budget	Receipts	Variance Favorable (Unfavorable)
<u>CASH RECEIPTS</u>				
Interest	\$ -	\$ -	\$ 1,063	\$ 1,063
 <u>TRANSFERS</u>				
From Water Fund	20,000	20,000	20,000	-
 TOTAL RECEIPTS AND TRANSFERS	20,000	20,000	21,063	1,063
	Original Budget	Final Budget	Expenditures	Variance Favorable (Unfavorable)
<u>CASH EXPENDITURES</u>				
Materials & Services	500	500	400	100
Capital Outlay	111,673	111,673	3,605	108,068
Operating Contingency	47,242	47,242	-	47,242
 TOTAL EXPENDITURES	159,415	159,415	4,005	155,410
NET CHANGE IN CASH BALANCE	(139,415)	(139,415)	17,059	156,474
<u>CASH BALANCE, Beginning</u>	139,415	139,415	177,940	38,525
 <u>CASH BALANCE, Ending</u>	\$ -	\$ -	\$ 194,999	\$ 194,999

See Notes to Financial Statements

CITY OF BANKS

Washington County, Oregon

BUDGETARY COMPARISON SCHEDULE - CASH BASIS

WATER BONDED DEBT FUND

Year Ended June 30, 2013

	Original Budget	Final Budget	Receipts	Variance Favorable (Unfavorable)
<u>CASH RECEIPTS</u>				
Interest Earned	\$ 225	\$ 225	\$ 222	\$ (3)
<u>TRANSFERS</u>				
From Water Fund	21,100	21,100	21,100	-
TOTAL RECEIPTS AND TRANSFERS	21,325	21,325	21,322	(3)
	Original Budget	Final Budget	Expenditures	Variance Favorable (Unfavorable)
<u>CASH EXPENDITURES</u>				
Materials & Services	625	625	620	5
Debt Service	20,820	20,820	20,820	-
Operating Contingency	98	98	-	98
TOTAL EXPENDITURES	21,543	21,543	21,440	103
NET CHANGE IN CASH BALANCE	(218)	(218)	(118)	100
<u>CASH BALANCE, Beginning</u>	43,938	43,938	43,956	18
<u>CASH BALANCE, Ending</u>	\$ 43,720	\$ 43,720	\$ 43,838	\$ 118

See Notes to Financial Statements

CITY OF BANKS

Washington County, Oregon

BUDGETARY COMPARISON SCHEDULE - CASH BASIS

WATER SDC FUND

Year Ended June 30, 2013

	<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	\$ 2,825	\$ (27,175)
Interest	-	-	99	99
TOTAL RECEIPTS	<u>30,000</u>	<u>30,000</u>	<u>2,924</u>	<u>(27,076)</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Expenditures</u>	<u>Variance Favorable (Unfavorable)</u>
<u>CASH EXPENDITURES</u>				
Capital Outlay	<u>44,706</u>	<u>44,706</u>	<u>-</u>	<u>44,706</u>
NET CHANGE IN CASH BALANCE	(14,706)	(14,706)	2,924	17,630
<u>CASH BALANCE</u> , Beginning	<u>14,706</u>	<u>14,706</u>	<u>17,547</u>	<u>2,841</u>
<u>CASH BALANCE</u> , Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,471</u>	<u>\$ 20,471</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, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Receipts</u>	<u>Variance Favorable (Unfavorable)</u>
<u>CASH RECEIPTS</u>				
Interest	\$ 50	\$ 50	\$ 106	\$ 56
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Expenditures</u>	<u>Variance Favorable (Unfavorable)</u>
<u>CASH EXPENDITURES</u>				
Capital Outlay				
Public Works Bldg.	20,816	20,816	937	19,879
Water System Improvement Project	99,188	99,188	90,798	8,390
TOTAL EXPENDITURES	<u>120,004</u>	<u>120,004</u>	<u>91,736</u>	<u>28,268</u>
NET CHANGE IN FUND BALANCE	(119,954)	(119,954)	(91,630)	28,324
CASH BALANCE, Beginning	<u>119,954</u>	<u>119,954</u>	<u>97,555</u>	<u>(22,400)</u>
CASH BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,925</u>	<u>\$ 5,925</u>

See Notes to Financial Statements

CITY OF BANKS

Washington County, Oregon

SCHEDULE OF PROPERTY TAX TRANSACTIONS

Year Ended June 30, 2013

<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>					
2012-13	\$ 204,412	\$ 286	\$ (5,312)	\$ (195,178)	\$ 4,272
2011-12	4,981	(1,596)	12	(1,385)	2,177
2010-11	2,777	(722)	9	(617)	1,596
2009-10	1,577	(21)	0	(788)	956
2008-09	287	(9)	0	(245)	102
2007-08	79	(6)	0	(39)	49
2006-07 & Prior	<u>157</u>	<u>(9)</u>	<u>-</u>	<u>(48)</u>	<u>121</u>
Total	<u>\$ 214,271</u>	<u>\$ (2,077)</u>	<u>\$ (5,291)</u>	<u>\$ (198,300)</u>	<u>\$ 9,274</u>
<u>Police Fund</u>					
2012-13	\$ 243,841	\$ 341	\$ (6,337)	\$ (232,826)	\$ 5,096
2011-12	4,779	(1,531)	11	(1,329)	2,089
2010-11	2,665	(693)	9	(592)	1,531
2009-10	1,513	(20)	0	(756)	917
2008-09	275	(8)	0	(235)	98
2007-08	76	(6)	0	(38)	47
2006-07 & Prior	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 253,149</u>	<u>\$ (1,917)</u>	<u>\$ (6,316)</u>	<u>\$ (235,775)</u>	<u>\$ 9,778</u>
Total Both Funds	<u>\$ 467,420</u>	<u>\$ (3,994)</u>	<u>\$ (11,607)</u>	<u>\$ (434,075)</u>	<u>\$ 19,052</u>

Note: Collections include interest on delinquent taxes.

See Notes to Financial Statements

AUDITOR'S COMMENTS AND
DISCLOSURES REQUIRED BY STATE REGULATIONS

DENNIS R. CONNER
Certified Public Accountant
365 South Nehalem
P. O. Box 1078
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, 2013, and have issued my report thereon dated November 18, 2013. 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.

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 District'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
November 18, 2013

CITY OF BANKS

Washington County, Oregon

WATER AND RELATED FUNDS

COMPARATIVE BALANCE SHEETS*

June 30, 2011, 2012, and 2013

	<u>June 30,</u> <u>2011</u>	<u>June 30,</u> <u>2012</u>	<u>June 30,</u> <u>2013</u>
<u>ASSETS</u>			
Cash	\$1,680,587	\$ 334,598	\$ 280,871
Cash Restricted - USDA, Rural Utility Service	44,162	43,956	43,838
Capital Assets	4,796,341	5,902,411	5,994,147
Accumulated Depreciation	<u>(1,416,730)</u>	<u>(1,516,341)</u>	<u>(1,624,638)</u>
<u>Total Assets</u>	<u>\$5,104,360</u>	<u>\$4,764,624</u>	<u>\$ 4,694,218</u>
 <u>LIABILITIES AND FUND EQUITY</u>			
<u>LIABILITIES</u>			
Long Term Debt	<u>\$2,047,990</u>	<u>\$ 1,929,169</u>	<u>\$ 1,863,811</u>
 <u>FUND EQUITY</u>			
<u>Total Liabilities and Fund Equity</u>	<u>\$5,104,360</u>	<u>\$4,764,624</u>	<u>\$ 4,694,218</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, 2011, 2012, and 2013

	<u>June 30,</u> <u>2011</u>	<u>June 30,</u> <u>2012</u>	<u>June 30,</u> <u>2013</u>
<u>OPERATING RECEIPTS</u>			
Charge for Services	\$ 417,219	\$ 481,253	\$ 542,395
Miscellaneous	8,408	4,463	3,195
Total	<u>425,627</u>	<u>485,716</u>	<u>545,590</u>
 <u>OPERATING EXPENDITURES</u>			
Personal Services	161,713	163,500	173,445
Debt - Interest	36,522	81,093	77,998
Materials and Services	141,350	128,558	135,488
Depreciation Expense	99,576	99,611	108,297
Total	<u>439,161</u>	<u>472,762</u>	<u>495,228</u>
 NET OPERATING INCOME (LOSS)	 <u>(13,534)</u>	 <u>12,954</u>	 <u>50,361</u>
 <u>NON-OPERATING RECEIPTS (EXPENDITURES)</u>			
Interfund Transfers	(33,185)	(146,708)	-
Capital Assets Purchased for Library & General Fund	(8,961)	-	-
Debt Acquired for Library & General Fund	210,592	-	-
Total	<u>168,446</u>	<u>(146,708)</u>	<u>-</u>
 NET CHANGE IN FUND EQUITY	 154,912	 (133,754)	 50,361
 <u>FUND EQUITY, Beginning</u>	 <u>2,814,296</u>	 <u>2,969,208</u>	 <u>2,780,046</u> **
 <u>FUND EQUITY, Ending</u>	 <u>\$2,969,208</u>	 <u>\$2,835,454</u>	 <u>\$ 2,830,407</u>

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

**Beginning Equity after prior period adjustment.
See Note 4D, page 31.