

CITY OF BANKS
AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2021

CITY OF BANKS

JUNE 30, 2021

CITY OFFICIALS

Term Expires

MAYOR

Stephanie Jones
Banks, Oregon 97106

December 31, 2022

COUNCIL PRESIDENT

Mark Gregg
Banks, Oregon 97106

December 31, 2022

COUNCIL

Marsha Kirk
Banks, Oregon 97106

December 31, 2022

Jeff Thompson
Banks, Oregon 97106

December 31, 2024

Erica Harold-Heine
Banks, Oregon 97106

December 31, 2022

Peter Edison
Banks, Oregon 97106

December 31, 2024

Mike Rainey
Banks, Oregon 97106

December 31, 2024

CITY MANAGER

Jolynn Becker
13680 NW Main Street
Banks, Oregon 97106

CITY RECORDER

Angie Lanter
13680 NW Main Street
Banks, Oregon 97106

CITY OF BANKS
YEAR ENDED JUNE 30, 2021
TABLE OF CONTENTS

	Page
INTRODUCTORY SECTION	
List of Officials	1
FINANCIAL SECTION	
Independent Auditors' Report	2-3
Management's Discussion and Analysis	4-7
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position – Modified Cash Basis	8
Statement of Activities – Modified Cash Basis	9
Fund Financial Statements:	
Statement of Assets and Liabilities – Modified Cash Basis – Governmental Funds	10
Statement of Receipts, Expenditures and Changes in Fund Balances – Modified Cash Basis – Governmental Funds	11
Statement of Net Position – Modified Cash Basis – Proprietary Funds	12
Statement of Receipts, Expenses, and Changes in Net Position – Modified Cash Basis – Proprietary Funds	13
Statement of Cash Flows – Modified Cash Basis – Proprietary Funds	14
Notes to Financial Statements	15-34
SUPPLEMENTARY INFORMATION	
Notes to Budgetary Comparison Schedules	35-36
Budgetary Comparison Schedules – Cash Basis (General Fund & Special Revenue Funds)	
General Fund	37
Library Fund	38
Street and Road Fund	39
Traffic Impact Fees Reserve Fund	40
Police Fund	41
Transportation Development Tax Reserve Fund #11	42
Capital Projects Fund #14	43
Combining Statement of Assets & Liabilities – Modified Cash Basis – Non-Major Governmental Funds	44
Combining Statement of Receipts, Expenditures and Changes in Fund Balances – Modified Cash Basis – Non-Major Governmental Funds	45
Budgetary Comparison Schedules – Cash Basis (Other Funds):	
Parks & Trees Fund	46
Park SDC Fund	47
Transportation System Development Charge Reserve Fund #12	48
Capital Projects Reserve Fund #13	49
Transient Lodge Tax Fund	50
Water Fund	51
Water Bonded Debt Fund	52

Water SDC Fund	53
Water Depreciation Reserve Fund	54
Water Utility Reserve Fund	55
Water Utility Projects Fund	56
Urban Renewal Fund	57
Comparative Balance Sheets – Water and Related Funds	58
Comparative Statements of Revenues, Expenses, and Changes in Fund Equity – Water and Related Funds	59
Schedule of Proportionate Share of the Net Pension Liability and Related Ratios	60
Schedule of Required Contributions	61
 INDEPENDENT AUDITORS' REPORT REQUIRED BY OREGON STATE REGULATIONS	 62-63

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and aggregate remaining fund information of the City of Banks (the "City") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note A; 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

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of June 30, 2021, and the respective changes in modified cash basis financial position and, where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting described in Note A.

Basis of Accounting

We draw attention to Note A 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. Our opinions are not modified with respect to that matter.

Other Matters

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

The budgetary comparison information and combining schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the budgetary comparison information and combining schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended June 30, 2021.

Disclaimer of Opinion on Supplementary Information


Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The management's discussion and analysis and introductory section and the Schedule of Proportionate Share of the Net Pension Liability (Asset) and Schedule of Required Contributions and Notes to Supplementary Information, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Report on Other Legal and Regulatory Requirements

In accordance with *Minimum Standards for Audits of Oregon Municipal Corporations*, we have also issued our report dated November 9, 2021, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules OAR 162-10-240 to 162-10-320. The purpose of that report is to describe our evaluation of internal control over financing reporting and the scope of our testing of compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance.

JARRARD, SEIBERT, POLLARD & COMPANY, LLC
Certified Public Accountants

West Linn, Oregon
November 9, 2021

By 
Russell T. Ries, Partner

**CITY OF BANKS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021**

This discussion and analysis of the City of Banks' financial performance provides an overview of the City's modified cash basis financial activity for the fiscal year ended June 30, 2021.

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.

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 A of the basic financial statements.

CITY OF BANKS – NET POSITION

	Governmental Activities June 30, 2021	Governmental Activities June 30, 2020	Business-Type Activities June 30, 2021	Business-Type Activities June 30, 2020	Total June 30, 2021	Total June 30, 2020	Increase (Decrease)
ASSETS							
Cash and Investments	\$ 2,776,037	\$ 2,599,039	\$ 628,478	\$ 477,444	\$ 3,404,515	\$ 3,076,483	\$ 328,032
Capital Assets, Net of Depreciation	<u>3,521,400</u>	<u>3,178,973</u>	<u>5,521,821</u>	<u>4,369,854</u>	<u>9,043,221</u>	<u>7,548,827</u>	<u>1,494,394</u>
Total	<u>6,297,437</u>	<u>5,778,012</u>	<u>6,150,299</u>	<u>4,847,298</u>	<u>12,447,736</u>	<u>10,625,310</u>	<u>1,822,426</u>
LIABILITIES							
Bonds Payable	<u>60,495</u>	<u>71,402</u>	<u>3,011,133</u>	<u>1,812,456</u>	<u>3,071,620</u>	<u>1,883,858</u>	<u>1,187,762</u>
Total Net Position	<u>\$ 6,236,942</u>	<u>\$ 5,706,610</u>	<u>\$ 3,139,166</u>	<u>\$ 3,034,842</u>	<u>\$ 9,376,108</u>	<u>\$ 8,741,452</u>	<u>\$ 634,656</u>

CITY OF BANKS – CHANGE IN NET POSITION

	Governmental Activities 2020-21	Governmental Activities 2019-20	Business-Type Activities 2020-21	Business-Type Activities 2019-20	Total 2020-21	Total 2019-20	Variance Favorable (Unfavorable)
PROGRAM RECEIPTS							
Charges for Services	\$ 498,774	\$ 363,264	\$ 846,067	\$ 779,024	\$ 1,344,841	\$ 1,142,288	\$ 202,553
Capital Grants	239,629	-	-	-	239,629	-	239,629
Operating Grants	<u>186,284</u>	<u>74,350</u>	<u>-</u>	<u>-</u>	<u>186,284</u>	<u>74,350</u>	<u>111,934</u>
Total	<u>924,687</u>	<u>437,613</u>	<u>846,067</u>	<u>779,024</u>	<u>1,770,753</u>	<u>1,216,638</u>	<u>554,115</u>
GENERAL RECEIPTS							
Property Taxes	610,404	560,359	-	-	610,404	560,359	50,045
Intergovernmental	469,735	470,307	-	-	469,735	470,307	(572)
Interest	20,900	52,969	4,566	9,671	25,466	62,640	(37,174)
Grants & Donations	-	229,585	-	-	-	229,585	(229,585)
Miscellaneous	<u>4,119</u>	<u>19,950</u>	<u>2,382</u>	<u>323</u>	<u>6,501</u>	<u>20,273</u>	<u>(13,772)</u>
Total	<u>1,105,158</u>	<u>1,333,169</u>	<u>6,948</u>	<u>9,994</u>	<u>1,112,106</u>	<u>1,343,163</u>	<u>(231,057)</u>
Total Receipts	<u>2,029,845</u>	<u>1,770,783</u>	<u>853,015</u>	<u>789,018</u>	<u>2,882,860</u>	<u>2,559,801</u>	<u>323,059</u>

EXPENSES							
Administrative	(488,355)	(369,187)	-	-	(488,355)	(369,187)	(119,168)
Library	(333,865)	(326,128)	-	-	(333,865)	(326,128)	(7,737)
Police	(409,392)	(335,663)	-	-	(409,392)	(335,663)	(73,729)
Streets & Roads	(56,312)	(93,655)	-	-	(56,312)	(93,655)	37,343
Parks & Other	(58,866)	(79,697)	-	-	(58,866)	(79,697)	20,831
Depreciation	(142,723)	(98,349)	-	-	(142,723)	(98,349)	(44,374)
Water	-	-	(758,691)	(758,331)	(758,691)	(758,331)	(360)
Total	<u>(1,489,513)</u>	<u>(1,302,679)</u>	<u>(758,691)</u>	<u>(758,331)</u>	<u>(2,248,204)</u>	<u>(2,061,010)</u>	<u>(187,194)</u>
Transfers In (Out)	<u>(10,000)</u>	<u>-</u>	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Increase (Decrease) in Net Position	<u>\$ 530,332</u>	<u>\$ 468,104</u>	<u>\$ 104,324</u>	<u>\$ 30,687</u>	<u>\$ 634,656</u>	<u>\$ 498,791</u>	<u>\$ 135,865</u>

Report Components

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

Basic Financial Statements

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

Fund Financial Statements: Fund financial statements focus on the individual parts of the City 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 entity, these statements tell how these services were financed in the short term as well as what remains for future spending.

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

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

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, 2021 the City of Banks:

- Continued to operate the Public Safety Local Option Levy which expires on June 30, 2022.
- 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 the use of the Unappropriated Ending Fund Balances in regular operating funds to adequate levels.
- Continued the funding of employee vacation bank liability and percent of the sick leave liability in regular operating funds to adequate levels.
- Conducted multiple annual comprehensive insurance and surety reviews with staff and insurance agent representation.
- Continued to institutionalize the Internal Audit Subcommittee of the Banks City Council with ongoing meetings being held.
- 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.
- Completed a Water Rate Study that spans the next 5 years. New water rates were implemented beginning October 1, 2017, with annual increases on July 1, 2018, 2019, 2020, and 2021.

Variations between Adopted and Actual Budget Amounts

During the fiscal year ended June 30, 2021, the City of Banks increased the General Fund's material and services appropriations by \$124,000 due to the receipt of an unexpected grant.

Ending fund balances are higher than originally projected as tabulated below:

<u>No.</u>	<u>Fund</u>	<u>Budgeted Ending Balance</u>	<u>Actual Ending Balance</u>
1	General	\$ 104,645	\$ 577,246
2	Water	178,955	349,113
3	Library	25,030	54,572
4	Street/Road	71,915	226,571
5	Water Bonded Debt	43,720	44,259
6	Traffic Impact	-	454,492
7	Police	75,410	227,214
8	Water SDC	-	176,330
9	Water Depreciation	-	24,989
10	Parks	20,250	47,878
11	Traffic Development Tax	-	385,079
12	Transportation SDC	-	428,350
13	Capital Projects Reserve	-	232,835
14	Capital Projects	-	-
15	Transient Lodging	-	99
16	Water Utility Reserve	-	3,785
17	Water Utility Projects	-	30,002
18	Parks SDC	-	141,701
	Urban Renewal	-	129,975
	Total	<u>\$ 519,925</u>	<u>\$ 3,534,490</u>

Capital Asset and Long-Term Debt Activity

Significant capital asset activity has occurred (transmission line replacement) which has required indebtedness to accomplish replacement and upgrade of Water Utility infrastructure. This project is being funded with Safe Drinking Water Revolving Loan in the amount of \$4,830,000.

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

Changes in Assessed Condition of Infrastructure Assets

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

Facts, Decisions, and Conditions Affecting Next Year and Beyond

In the coming fiscal year and beyond the City of Banks:

- Will receive a credit for Public Employee Retirement System (PERS) contributions.
- Will continue full funding of employee vacation bank liability.
- Will continue to implement the new water rates for the Water Utility.
- Will continue replacement of approximately 6 miles of water distribution main from the municipal spring water source to the main reservoir.
- Will continue to repair water distribution system infrastructure.
- Will accept annexation petitions when presented.
- Will complete the looping of water mains in the City.
- Will replace water lines along Cedar Canyon Road and Banks Road.
- Will complete the upgrades to Greenville City Park.

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
Public Works Administrative Assistant/Water Clerk:	Chrystina Vilar

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
STATEMENT OF NET POSITION
JUNE 30, 2021

	Governmental Activities	Business-Type Activities	Total	Urban Renewal Agency
ASSETS				
Cash and investments	\$ 1,439,410	\$ 584,219	\$ 2,023,629	\$ 129,975
Restricted assets:				
Cash for debt service		44,259	44,259	
Cash for other purposes	1,336,627		1,336,627	
Capital assets:				
Land and projects in progress	668,557	2,692,438	3,360,995	
Other capital assets, net of depreciation	2,852,843	2,829,383	5,682,226	
Total Assets	6,297,437	6,150,299	12,447,736	129,975
LIABILITIES				
Long-term liabilities:				
Due in one year	11,408	169,893	181,301	
Due in more than one year	49,087	2,841,240	2,890,327	
Total Liabilities	60,495	3,011,133	3,071,628	
NET POSITION				
Invested in capital assets, net of debt	3,460,905	2,510,688	5,971,593	
Restricted for:				
Debt service		44,259	44,259	
Other purposes	1,336,627		1,336,627	129,975
Unrestricted	1,439,410	584,144	2,023,554	
Total Net Position	\$ 6,236,942	3,139,166	9,376,108	129,975

(See accompanying notes to basic financial statements)

**CITY OF BANKS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

	Program Revenues						Primary Government		Component
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Totals	Unit	
								URA	
PRIMARY GOVERNMENT									
Governmental Activities									
Administrative	\$ 488,355	\$ 460,990	\$ 156,333		\$ 128,968	\$ 128,968			
Library	333,865	1,224	29,951		(302,690)	(302,690)			
Police	409,392				(409,392)	(409,392)			
Streets and roads	56,312			239,629	183,317	183,317			
Parks and other	58,866	36,560			(22,306)	(22,306)			
Depreciation	142,723				(142,723)	(142,723)			
	<u>1,489,513</u>	<u>498,774</u>	<u>186,284</u>	<u>239,629</u>	<u>(564,826)</u>	<u>0</u>	<u>(564,826)</u>		
Business-Type Activities									
Water	758,691	846,067				87,376	87,376		
Total Primary Government	\$ <u>2,248,204</u>	\$ <u>1,344,841</u>	\$ <u>186,284</u>	\$ <u>239,629</u>	\$ <u>(564,826)</u>	\$ <u>87,376</u>	\$ <u>(477,450)</u>		
COMPONENT UNIT									
Urban Renewal Agency	\$ <u>7,597</u>	\$ <u></u>	\$ <u></u>					(7,597)	
GENERAL RECEIPTS									
Property taxes					610,404	610,404		57,400	
Intergovernmental					469,735	469,735			
Interest					20,900	4,566	25,466	831	
Miscellaneous					4,119	2,382	6,501		
					<u>1,105,158</u>	<u>6,948</u>	<u>1,112,106</u>	<u>58,231</u>	
TRANSFERS IN (OUT)									
					(10,000)	10,000			
CHANGE IN NET POSITION									
					530,332	104,324	634,656	50,634	
NET POSITION, July 1									
					<u>5,706,610</u>	<u>3,034,842</u>	<u>8,741,452</u>	<u>79,341</u>	
NET POSITION, June 30									
					\$ <u>6,236,942</u>	\$ <u>3,139,166</u>	\$ <u>9,376,108</u>	\$ <u>129,975</u>	

(See accompanying notes to basic financial statements)

CITY OF BANKS
STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES
GOVERNMENTAL FUNDS
JUNE 30, 2021

	General Fund	Library Fund	Street and Road Fund	Traffic Fee Reserve Fund	Police Fund	Transportation Development Tax Reserve Fund	Non- Major Funds	Totals
ASSETS								
Cash	\$ 577,246	\$ 54,572	\$ 226,571	\$ 454,492	\$ 227,214	\$ 385,079	\$ 850,863	\$ 2,776,037
FUND BALANCES								
Restricted - special revenue funds	\$	\$	\$ 226,571	\$ 454,492	\$ 227,214	\$	\$ 428,350	\$ 1,336,627
Committed - special revenue funds		54,572					189,678	244,250
Committed - capital projects funds						385,079	232,835	617,914
Unassigned	577,246							577,246
Total	\$ 577,246	\$ 54,572	\$ 226,571	\$ 454,492	\$ 227,214	\$ 385,079	\$ 850,863	\$ 2,776,037

Reconciliation of Statement of Assets,
Liabilities and Fund Balances - Cash Basis
to Statement of Net of Net Position -
Modified Cash Basis:

Fund balances \$ 2,776,037

The cost of capital assets purchased or constructed
is reported as an expenditure in governmental
funds. The Statement of Net Position includes those
capital assets among the assets of the City as a whole.

Net Capital Assets 3,521,400

Long-term liabilities applicable to the City's
governmental activities are not due and payable in the
current period and accordingly are not reported as
fund liabilities. Long-term liabilities are reported
in the Statement of Net Position.

(60,495)

Net Position of Governmental Activities \$ 6,236,942

(See accompanying notes to basic financial statements)

CITY OF BANKS
STATEMENT OF RECEIPTS, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	General Fund	Library Fund	Street and Road Fund	Traffic Fee Reserve Fund	Police Fund	Transportation Development Tax Reserve Fund	Governmental Capital Projects Fund	Non-Major Funds	Totals
RECEIPTS:									
Taxes	\$ 278,358				\$ 332,046				\$ 610,404
Intergovernmental	61,023	231,896	176,816						469,735
Fines and forfeitures	17,407	1,224							18,631
Licenses, permits and fees	195,014							248,668	443,682
Charges for services								36,560	36,560
Interest	3,936	424	1,664	3,422	2,347	2,978		6,129	20,900
Grants and donations	156,333	29,951					239,629		425,913
Miscellaneous	761	206	2,317					735	4,019
Total	712,832	263,701	180,797	3,422	334,393	2,978	239,629	292,092	2,029,844
EXPENDITURES:									
Current:									
Administrative	514,229								514,229
Police					409,392				409,392
Library		331,113							331,113
Streets and roads			54,831	1,481					56,312
Parks and other								58,866	58,866
Capital outlay			199,822				239,629	19,469	458,920
Debt service	1,606	12,409							14,015
Total	515,835	343,522	254,653	1,481	409,392	0	239,629	78,335	1,842,847
RECEIPTS OVER (UNDER) EXPENDITURES	196,997	(79,821)	(73,856)	1,941	(74,999)	2,978	0	213,757	186,997
OTHER FINANCING SOURCES (USES):									
Transfers in (out)	(125,576)	91,556	(10,000)					34,020	(10,000)
NET CHANGE IN FUND BALANCE	71,421	11,735	(83,856)	1,941	(74,999)	2,978	0	247,777	176,997
FUND BALANCES, July 1	505,825	42,837	310,427	452,551	302,213	382,101		603,086	2,599,040
FUND BALANCES, June 30	\$ 577,246	54,572	226,571	454,492	227,214	385,079	0	850,863	2,776,037

Reconciliation of Statement of Receipts,
Expenditures and Changes in Fund Balances
to Statement of Activities:

Net Change in Fund Balances - Total Governmental Funds \$ 176,997

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.

Net Capital Asset Additions 485,150
Depreciation expense (142,723)

Repayment of debt principal is an expenditure in the
governmental funds, but the repayment reduces long-
term debt in the Statement of Activities.

Loan principal payments 10,908

Change in Net Position of Governmental Activities \$ 530,332

**CITY OF BANKS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS - COMBINED
JUNE 30, 2021**

	<u>Water</u>
ASSETS	
Current assets:	
Cash and investments	\$ 584,219
Restricted assets:	
Cash for debt service	44,259
Noncurrent assets:	
Land and projects in progress	2,692,438
Other capital assets, net of depreciation	<u>2,829,383</u>
Total Assets	<u>6,150,299</u>
LIABILITIES	
Noncurrent liabilities:	
Portion due or payable within one year:	
Loans payable	169,893
Portion due or payable after one year:	
Loans payable	<u>2,841,240</u>
Total Liabilities	<u>3,011,133</u>
NET POSITION	
Invested in capital assets, net of debt	2,510,688
Restricted for:	
Debt service	44,259
Unrestricted	<u>584,144</u>
Total Net Position	<u>\$ 3,139,166</u>

(See accompanying notes to basic financial statements)

**CITY OF BANKS
STATEMENT OF RECEIPTS, EXPENSES,
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS - COMBINED
FOR THE YEAR ENDED JUNE 30, 2021**

	Water
OPERATING RECEIPTS:	
Water sales	\$ 811,633
SDC charges	34,434
Total operating revenues	846,067
OPERATING EXPENSES:	
Personal services	266,365
Materials and services	304,623
Depreciation expense	139,133
Total operating expenses	710,121
Operating income	135,946
Non-operating receipts (expenses):	
Interest income	4,566
Miscellaneous income(expense)	2,382
Interest expense	(48,570)
Total non-operating receipts (expenses)	(41,622)
Transfers in	10,000
Change in net position	104,324
Net Position-July 1,	3,034,842
Net Position-June 30,	\$ 3,139,166

(See accompanying notes to basic financial statements)

**CITY OF BANKS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS - COMBINED
FOR THE YEAR ENDED JUNE 30, 2021**

Cash flows from operating activities	
Receipts from customers	\$ 846,067
Payments to suppliers	(304,623)
Payments to employees	(266,365)
Net cash provided by operating activities	<u>275,079</u>
Cash flows from capital and related financing activities	
Loan proceeds	1,361,147
Acquisition of capital assets	(1,291,100)
Principal paid on long-term debt	(162,471)
Interest paid on long-term debt	(48,570)
Net cash used by capital and related financing activities	<u>(140,994)</u>
Cash flows from noncapital financing activities	
Transfer from other fund	<u>10,000</u>
Cash flows from investing activities	
Interest income	4,566
Miscellaneous non-operating receipts	2,382
Net cash provided by investing activities	<u>6,948</u>
Net increase (decrease) in cash and investments	151,033
Cash Balance-July 1, 2020	<u>477,445</u>
Cash Balance-June 30, 2021	\$ <u><u>628,478</u></u>
Reconciliation of operating income to net cash provided by operating activities	
Operating income	\$ 135,946
Adjustments to reconcile operating income to net cash provided by operating activities:	
Cash flows reported in other categories:	
Depreciation expense	<u>139,133</u>
Net cash provided by operating activities	\$ <u><u>275,079</u></u>

(See accompanying notes to basic financial statements)

**CITY OF BANKS
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

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.

BASIS OF PRESENTATION

Government-Wide Financial Statements

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

FUND FINANCIAL STATEMENTS

Fund financial statements of the reporting entity is 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.

**CITY OF BANKS
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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:

Library Fund – The 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.

Street and Road Fund – This fund accounts for Oregon gasoline tax apportionments and expenditures for those street improvements specified by Oregon Revised Statutes. It is a major fund.

Police Fund – 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.

Parks and Trees Fund – This fund accounts for operations 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:

Traffic Impact Fees Reserve Fund #06 – This fund accounts for revenue designated for street and road improvements. It is a major fund.

Transportation Development Tax Reserve Fund #11 – This fund accounts for revenue designated for street and road improvements. It is a major fund.

Transportation SDC Fund #12 – This fund accounts for funds spent on transportation capital projects. It is funded by transportation SDC charges. It is a non-major fund.

**CITY OF BANKS
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Capital Project Reserve Fund #13 – This fund accounts for funds set aside for purchase of capital projects. It is funded by revenue not designated for other uses. It is a non-major fund.

Capital Projects Fund #14 – This fund accounts for funds being spent on building capital projects. It is a major fund.

Park SDC Fund – This fund accounts for revenue designated for park system improvements. It is a non-major fund.

FUND BALANCE

Governmental fund balances are categorized in five ways:

Nonspendable – resources that must be maintained intact due to legal or contractual requirements, such as the principal of an endowment.

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.

Committed – that portion of a fund balance that reflects limitations the City imposes on itself by action of the Council.

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.

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

**CITY OF BANKS
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

purposes. The City has one enterprise fund for water service.

URBAN RENEWAL DISTRICT

The Banks Urban Renewal Plan (Plan) was developed for the Banks City Council (City Council) with cooperative input from an Advisory Committee that was formed for this purpose. The Plan also includes input from the community received at a public open house and public meeting and hearings before the Planning Commission, City Council, and Washington County Board of Commissioners.

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

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

BASIS OF ACCOUNTING

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

**CITY OF BANKS
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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

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

ASSETS, LIABILITIES, AND NET POSITION

CASH AND CASH EQUIVALENTS

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

CAPITAL ASSETS

Government-Wide Financial Statements

In the government-wide financial statements, capital assets are accounting for as assets in the Statement of Net Position. All capital assets are valued at historical cost, or estimated historical cost if actual is unavailable. Donated capital assets are recorded at their fair market value at the time of acquisition.

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

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

CITY OF BANKS
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Fund Financial Statements

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

NET POSITION CLASSIFICATION

Government-Wide Financial Statements

Net Position is classified and displayed in three components:

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

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

Fund Financial Statements

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

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

**CITY OF BANKS
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

INTERNAL AND INTERFUND BALANCES AND ACTIVITIES

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

Government-Wide Financial Statements

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

- a. Internal balances – amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the governmental and business-type activities columns of the Statement of Net Position, except for the net residual amounts due between governmental and business-type activities, which are reported as Internal Balances.
- b. Internal activities – amount reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers – Internal Activities. The effects of interfund services between funds, if any, are not eliminated in the Statement of Activities.

Fund Financial Statements

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

- a. Interfund loans – amounts provided with a requirement for repayment are reported as interfund receivables and payable.
- b. Interfund services – sales or purchases of good 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.

USE OF ESTIMATES

The preparation of financial statements in conformity with the modified cash 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.

**CITY OF BANKS
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE B – 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.

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.

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 C – 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 Investments. 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, 2021. Cash and investments of the City at June 30, 2021 were:

US Bank Checking Account	\$ 73,718
Local Government Investment Pool – Debt	49,679
Local Government Investment Pool	3,409,529
Office Petty Cash & Postage Machine	<u>1,564</u>
Total	<u>\$3,534,490</u>

Deposits: The insurance and collateral requirements for deposits are established by banking regulations and Oregon law. Federal depository insurance of \$250,000 applied 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, 2021, total demand deposits and savings accounts per bank statements were \$557,061.

CITY OF BANKS
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE C – CASH AND INVESTMENTS (Continued):

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, 2021, the City had invested \$3,459,208 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, 2021.

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, 2021 was unqualified.

Concentration Risk: The City had concentrations in the following investment: LGIP 97.9%

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.

CITY OF BANKS
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE D – CAPITAL ASSETS:

Capital asset activity for the fiscal year ended June 30, 2021 was as follows:

GOVERNMENTAL ACTIVITIES

<u>Non-Depreciable Capital</u>	Balance			Balance
<u>Assets</u>	July 1, 2020	Additions	Deletions	June 30, 2021
Land	\$ 668,557	\$ -	\$ -	\$ 668,557
Construction in progress	<u>229,585</u>	465,681	<u>(695,266)</u>	<u>-</u>
Total	<u>898,142</u>	<u>465,681</u>	<u>(695,266)</u>	<u>668,557</u>
<u>Depreciable Capital Assets</u>				
Infrastructure	1,417,821	695,266	-	2,113,087
Buildings & land improvements	1,524,254	19,469	-	1,543,723
Vehicles & equipment	<u>159,921</u>	<u>-</u>	<u>-</u>	<u>159,921</u>
Total	<u>3,101,996</u>	<u>714,735</u>	<u>-</u>	<u>3,816,731</u>
<u>Less Accumulated Depreciation For:</u>				
Infrastructure	(284,598)	(60,987)	-	(345,585)
Buildings & land improvements	(432,573)	(72,958)	-	(505,531)
Vehicles & equipment	<u>(103,994)</u>	<u>(8,778)</u>	<u>-</u>	<u>(112,772)</u>
Total	<u>(821,165)</u>	<u>(142,723)</u>	<u>-</u>	<u>(963,888)</u>
Total Depreciable Capital Assets, Net of Depreciation	<u>\$ 2,280,831</u>	<u>\$ 572,012</u>	<u>\$ -</u>	<u>\$ 2,852,843</u>
Total Capital Assets, Net of Depreciation	<u>\$ 3,178,973</u>	<u>\$ 1,037,693</u>	<u>\$ (695,266)</u>	<u>\$ 3,521,400</u>

CITY OF BANKS
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE D – CAPITAL ASSETS (Continued):

BUSINESS-TYPE ACTIVITIES

<u>Non-Depreciable Capital</u>	Balance			Balance
<u>Assets</u>	<u>July 1, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2021</u>
Land	\$ 583,133	\$ -	\$ -	\$ 583,133
Construction in progress	847,242	1,262,063	-	2,109,305
Total	<u>1,430,375</u>	<u>1,262,063</u>	<u>-</u>	<u>2,692,438</u>
<u>Depreciable Capital Assets</u>				
Water system	4,899,372	-	-	4,899,372
Buildings	413,638	-	-	413,638
Equipment	201,159	29,037	(10,014)	220,182
Total	<u>5,514,169</u>	<u>29,037</u>	<u>(10,014)</u>	<u>5,533,192</u>
<u>Less Accumulated</u>				
<u>Depreciation For:</u>				
Water system	(2,320,856)	(116,477)	-	(2,437,333)
Buildings	(148,699)	(10,553)	-	(159,252)
Equipment	(105,135)	(12,103)	10,014	(107,224)
Total	<u>(2,574,690)</u>	<u>(139,133)</u>	<u>10,014</u>	<u>(2,703,809)</u>
Total Depreciable Capital Assets, Net of Depreciation	<u>\$ 2,939,479</u>	<u>\$ (110,096)</u>	<u>\$ -</u>	<u>\$ 2,829,383</u>
Total Capital Assets, Net of Depreciation	<u>\$ 4,369,854</u>	<u>\$ 1,151,967</u>	<u>\$ -</u>	<u>\$ 5,521,821</u>
TOTAL CAPITAL ASSETS, ALL ACTIVITIES	<u>\$ 7,548,827</u>	<u>\$ 2,189,660</u>	<u>\$ (695,266)</u>	<u>\$ 9,043,221</u>

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

Governmental Activities:	\$142,723
Business-Type Activities:	\$139,133

The major capital expenditures for fiscal year 20-21 included the project for the Park Street waterline and replacement of the main water transmission line. The Park Street project was completed in December, 2020.

**CITY OF BANKS
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE E – 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, 2021 were as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
1 – General	\$ -	\$ 125,576
2 – Water	-	53,500
3 – Library	91,556	-
4 – Street	-	10,000
5 – Water Bonded Debt	18,500	-
9 – Water Depreciation Reserve	20,000	-
10 – Parks	34,020	-
16 – Water Utility Reserve	<u>25,000</u>	<u>-</u>
Total Transfers	<u>\$ 189,076</u>	<u>\$ 189,076</u>

NOTE F – LONG-TERM DEBT:

A summary of long-term liability activity for the year ended is as follows. Additional detailed information is available on the following pages.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
PRIMARY GOVERNMENT					
Governmental activities:					
LOCAP – Library	\$ 63,220	\$ -	\$ 9,657	\$ 53,563	\$ 10,097
LOCAP – General Fund	<u>8,182</u>	<u>-</u>	<u>1,250</u>	<u>6,932</u>	<u>1,311</u>
	<u>71,402</u>	<u>-</u>	<u>10,907</u>	<u>60,495</u>	<u>11,408</u>
Business-type activities:					
Safe drinking water (OED)	100,774	-	49,278	51,496	51,496
Water slow sand filter (FVA)	134,394	-	14,100	120,294	14,805
LOCAP – water	648,600	-	99,093	549,507	103,592
Safe drinking water (518006)	847,242	1,292,065	-	2,139,307	-
Safe drinking water (520011)	<u>81,446</u>	<u>69,083</u>	<u>-</u>	<u>150,529</u>	<u>-</u>
	<u>1,812,456</u>	<u>1,361,148</u>	<u>162,471</u>	<u>3,011,133</u>	<u>169,893</u>
Total	<u>\$1,883,858</u>	<u>\$1,361,148</u>	<u>\$ 173,378</u>	<u>\$3,071,628</u>	<u>\$ 181,301</u>

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.

**CITY OF BANKS
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE F – LONG-TERM DEBT (Continued):

The repayment schedule for this debt is shown below:

WATER FUND
Safe Drinking Water Loan
Oregon Economic & Community Development Dept.
Interest Rate 4.5%

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Payment</u>
2021-22	<u>\$ 51,496</u>	<u>\$ 2,317</u>	<u>\$ 53,813</u>

LOCAP Certificates of Participation, Series 2010B: In October, 2010 the City borrowed \$1,565,500 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:

MULTIPLE FUNDS

<u>Fiscal year</u>	<u>Coupon</u>	<u>Principal</u>	<u>Interest</u>	<u>Expenses</u>	<u>Payment</u>
2021-22	4.00%	\$ 115,000	\$ 25,608	\$ 1,500	\$ 142,108
2022-23	4.10%	115,000	21,008	1,500	137,508
2023-24	4.20%	120,000	16,293	1,500	137,793
2024-25	4.25%	125,000	11,253	1,500	137,753
2025-26	4.40%	<u>135,000</u>	<u>5,940</u>	<u>1,500</u>	<u>142,440</u>
Balance 6/30/21		<u>\$610,000</u>	<u>\$ 80,102</u>	<u>\$ 7,500</u>	<u>\$ 697,602</u>

NEW LOAN – S18006

In November 2017, the Council authorized a loan from the Safe Drinking Water Revolving Loan Fund sponsored by the Oregon Infrastructure Finance Authority to finance several water system projects. The maximum amount of this loan was originally \$3,830,000. During fiscal year 19-20 the agreement was amended to raise the maximum amount of \$4,830,000. Up to \$530,000 of this loan will be forgiven if certain conditions are met. The interest rate is not to exceed 2.15%. As of June 30, 2021, \$2,139,307 was drawn on this loan. An interest payment of \$9,079 was paid during fiscal year 20-21.

NEW LOAN – S20011

During fiscal year 19-20 the Council authorized an additional loan from the Safe Drinking Water Revolving Loan Fund sponsored by the Oregon Infrastructure Finance Authority to finance phase 1 of the City's water supply development. The estimated amount of this loan is \$172,954 with an interest rate of 2.08%, and the estimated forgivable amount is \$17,295. During fiscal year 20-21 \$150,529 was drawn on this loan, and no payment were made.

**CITY OF BANKS
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE G – PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS):

Plan Description - The City contributes to two pension plans administered by Oregon Public Employees Retirement System (PERS). The Oregon Public Employees Retirement Fund (OPERF) applies to the District's contribution 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 and consists of two programs: the Pension Program, the defined benefit portion of the plan, applies to qualifying District 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. Beginning January 1, 2004, all PERS member contributions go into the Individual Account Program (IAP), the defined contribution portion of the plan. 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.

Both PERS plans provide retirement and disability benefits, post employment healthcare benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS is administered under Oregon Revised Statute Chapter 238, which establishes the Public Employees Retirement Board as the governing body of PERS. PERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to PERS, PO Box 23700, Tigard, OR, 97281-3700 or by calling 503-598-7377.

Contributions – Per ORS 238.225, contribution requirements of the active employees and the participating City is established and may be amended by an act of the Oregon Legislature. Employees are required to contribute 6.00 percent of their annual pay. The City pays this contribution. The City's contractually required contribution rate for the years ended June 30, 2021 and 2020, were 14.08% (OPERF) and 9.78% (OPSRP) of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the City were \$51,294 and \$50,322 for the years ended June 30, 2021 and 2020, respectively.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2021, the City would have reported if not for the fact that they utilize the modified cash basis of accounting, a liability of \$686,458 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2018 and rolled forward to June 30, 2020. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating districts, actuarially determined. At June 30, 2020, the City's proportion was 0.00314551% as compared to 0.00260251% at June 30, 2019. For purposes of measuring the net pension liability, deferred outflows of resources related to pensions, and pension expense, information about the fiduciary net position and additions to/deductions from fiduciary net position has been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Pension investments are reported at fair value.

**CITY OF BANKS
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE G – PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS) (Continued):

For the year ended June 30, 2021, the City would have recognized if not for the fact that they utilize the modified cash basis of accounting, pension expense of \$159,682. At June 30, 2021, the City's deferred outflows of resources and deferred inflows under GAAP accounting of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 30,212	\$ -
Changes in assumptions	36,840	1,291
Net difference between projected and actual earnings on pension plan investments	80,719	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	111,229	69,450
District contributions subsequent to the measurement date	51,294	N/A
	\$ 310,294	\$ 70,741

\$51,294 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2022	\$ 32,589
2023	51,483
2024	59,487
2025	40,934
2026	3,766
	\$ 188,259

Actuarial Cost Method and Assumptions

Changes Subsequent to the Measurement Date

As described above, GASB 67 and GASB 68 require the Total Pension Liability to be determined based on the benefit terms in effect at the Measurement Date. Any changes to benefit terms that occurs after that date are reflected in amounts reported for the subsequent Measurement Date. However, paragraph 80f of GASB 68 requires employers to briefly describe any changes between the Measurement Date and the employer's reporting date that are expected to have a significant effect on the employer's share of the collective Net Pension Liability, along with an estimate of the resulting changes, if available.

**CITY OF BANKS
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE G – PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS) (Continued):

The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.50 percent overall payroll growth; salaries for individuals are assumed to grow at 3.50 percent plus assumed rates of merit/longevity increases based on service
Investment rate of return	7.20 percent, net of pension plan investment expense, including inflation
Cost of living adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with <i>Moro</i> decision; blend based on service

Healthy retirees and beneficiaries: Pub-2010 Healthy retiree, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Active members: Pub – 2010 Employee, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Disabled retirees: Pub-2010 Disabled retiree, sex-distinct, generational with Unisex, Social Security Data Scale.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of a 2018 actuarial experience study published July 24, 2019.

Assumed Asset Allocation:

Asset Class/Strategy	OIC Target
Cash	0.0%
Debt Securities	20.0%
Public Equity	32.5%
Private Equity	17.5%
Real Estate	12.5%
Alternative Equity	15.0%
Risk Parity	2.5%
Total	100.00%

Long-Term Expected Rate of Return:

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in May 2019 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model. For more information on the Plan's portfolio, assumed asset allocation, and the long-term expected rate of return for each major asset class, calculated using both arithmetic and geometric means, see PERS' audited financial statements at: <http://www.oregon.gov/pers/documents/financials/CAFR/2020-cafr.pdf>.

**CITY OF BANKS
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE G – PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS) (Continued):

Depletion Date Projection

GASB 68 generally requires that a blended discount rate be used to measure the total pension liability (the actuarial accrued liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's fiduciary net position is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods whether the fiduciary net position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 68 will often require that the actuary perform complex projections of future benefit payments and pension plan investments. GASB 68 (paragraph 67) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method of making an alternative evaluation of sufficiency; it is left to professional judgment.

The following circumstances justify an alternative evaluation of sufficiency for the Plan:

- PERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100% funded position by the end of the amortization period if future experience follows assumption.
- GASB 68 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

Based on these circumstances, it is PERS' independent actuary's opinion that the detailed depletion date projections outlined in GASB 68 would clearly indicate that the fiduciary net position is always projected to be sufficient to cover benefit payments and administrative expenses.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>20-Year Annualized Geometric Mean</u>
Core Fixed Income	9.60%	4.07%
Short-Term Bonds	9.60%	3.68%
Bank/Leveraged Loans	3.60%	5.19%
High Yield Bonds	1.20%	5.74%
Large/Mid Cap US Equities	16.17%	6.30%
Small Cap US Equities	1.35%	6.68%
Micro Cap US Equities	1.35%	6.79%
Developed Foreign Equities	13.48%	6.91%
Emerging Market Equities	4.24%	7.69%
Non-US Small Cap Equities	1.93%	7.25%
Private Equity	17.50%	8.33%
Real Estate (Property)	10.00%	5.55%
Real Estate (REITS)	2.50%	6.69%

**CITY OF BANKS
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE G – PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS) (Continued):

Hedge Fund of Funds – Diversified	1.50%	4.06%
Hedge Fund – Event-driven	0.38%	5.59%
Timber	1.13%	5.61%
Farmland	1.13%	6.12%
Infrastructure	2.25%	6.67%
Commodities	1.13%	3.79%
 Assumed Inflation - Mean		 2.50%

Discount Rate – The discount rate used to measure the total pension liability was 7.20 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City’s proportionate share of the net pension liability (asset) to changes in the discount rate – The following presents the City’s proportionate share of the net pension liability (asset) calculated using the discount rate of 7.20 percent, as well as what the City’s proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	1% Decrease <u>(6.20%)</u>	Discount Rate <u>(7.20%)</u>	1% Increase <u>(8.20%)</u>
City’s proportionate share of the net pension liability	\$ 1,019,334	\$ 686,458	\$ 407,327

Pension plan fiduciary net position – Detailed information about the pension plan’s fiduciary net position, assumptions, methods and plan provisions used in the calculations are described in the Oregon PERS system-wide – GASB 68 reporting summary dated March 12, 2021.

NOTE H – OTHER POST-EMPLOYMENT HEALTH BENEFITS:

Retirement Health Insurance Account (RHIA)

Plan Description

The City contributes to the PERS Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit other postemployment benefit plan administered by PERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible retirees. ORS 238.420 established this trust fund. Authority to establish and amend the benefit provisions of RHIA reside with the Oregon Legislature. The plan is closed to new entrants after January 1, 2004, PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, P.O. Box 23700, Tigard, OR 97281-3700.

**CITY OF BANKS
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE H – OTHER POST-EMPLOYMENT HEALTH BENEFITS (Continued):

Funding Policy

Because RHIA was created by enabling legislation (ORS 238.420), contribution requirements of the plan members and the participating employers were established and may be amended only by the Oregon Legislature. ORS require that an amount equal to \$60 or the total monthly cost of Medicare companion health insurance premiums coverage, whichever is less, shall be paid from the RHIA established by the employer, and any monthly cost in excess of \$60 shall be paid by the eligible retired member in the manner provided in ORS 238.410. To be eligible to receive this monthly payment toward the premium cost the member must: (1) have eight years or more of qualifying service in PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in a PERS-sponsored health plan. A surviving spouse or dependent of a deceased PERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from PERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

Participating employers are contractually required to contribute to RHIA at a rate assessed each year by PERS, currently 0.50% of Tier 1 and Tier 2 payroll and 0.43% of OPSRP annual covered payroll. The Oregon PERS Board of Trustees sets the employer contribution rate. It is based on the annual required contribution of the combined participant employers. This is an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a closed period not to exceed 30 years.

NOTE I – 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; 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 & 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.

**CITY OF BANKS
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE J – COMMITMENTS AND CONTINGENCIES:

Grant Program Involvement

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

Litigation

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

SUPPLEMENTARY INFORMATION

**CITY OF BANKS
NOTES TO BUDGETARY COMPARISON SCHEDULES
FOR THE YEAR ENDED JUNE 30, 2021**

Budget Law

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

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

Phase 1 begins the process. The budget officer puts together a proposed budget. The budget officer must prepare the proposed budget in a format designed by the Department of Revenue. The format meets the requirements set out in the statutes.

Phase 2 is when the budget committee approves the budget. The budget committee reviews the proposed budget, listens to comments from citizens, and then approves the budget. Special public notices are required before the budget committee's first meeting.

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

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

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

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

All transfers of appropriations between departments and supplemental appropriations require City Council approval. The City Manager and Recorder may transfer appropriations between object categories within a department with City Council approval. Supplemental appropriations must also be filed with the Office of State Auditor and inspector.

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

PROPERTY TAX CALENDAR

The budget officer prepares a proposed budget.

Notice of the budget committee meeting is published.

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

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

The budget committee approves the budget.

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

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

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

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

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

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

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

**CITY OF BANKS
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
Cash Receipts				
Property taxes	\$ 236,113	\$ 236,113	\$ 278,358	\$ 42,245
Licenses, permits and fees	97,000	97,000	145,117	48,117
Intergovernmental	33,800	33,800	61,023	27,223
Interest	4,000	4,000	3,936	(64)
Grants and donations	13,500	137,500	156,333	18,833
Court fines	5,000	5,000	17,407	12,407
Community development fees and grants	26,200	126,200	49,897	(76,303)
Miscellaneous	500	500	761	261
Total receipts	<u>416,113</u>	<u>640,113</u>	<u>712,832</u>	<u>72,719</u>
Cash Expenditures				
Personnel services	160,210	160,210	130,782	29,428
Materials and services	302,740	526,740	383,447	143,293
Capital outlay	2,000	2,000		2,000
Debt service	1,795	1,795	1,606	189
Contingency	109,961	109,961		109,961
Total cash expenditures	<u>576,706</u>	<u>800,706</u>	<u>515,835</u>	<u>284,871</u>
Excess of receipts over (under) expenditures	(160,593)	(160,593)	196,997	357,590
Other financing sources (uses)				
Operating transfers in				
Operating transfers out	<u>(178,307)</u>	<u>(178,307)</u>	<u>(125,576)</u>	<u>52,731</u>
Excess of revenues and other sources over (under) expenditures and other uses	(338,900)	(338,900)	71,421	410,321
Cash balance - July 1, 2020	<u>443,545</u>	<u>443,545</u>	<u>505,825</u>	<u>62,280</u>
Cash balance - June 30, 2021	<u>\$ 104,645</u>	<u>\$ 104,645</u>	<u>\$ 577,246</u>	<u>\$ 472,601</u>

CITY OF BANKS
BUDGETARY COMPARISON SCHEDULE
LIBRARY FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
Cash Receipts				
Circulation reimbursement	\$ 236,896	\$ 236,896	\$ 231,896	\$ (5,000)
Fines and fees	2,500	2,500	1,224	(1,276)
Interest	1,500	1,500	424	(1,076)
Grants and donations	22,600	22,600	29,951	7,351
Miscellaneous	4,000	4,000	206	(3,794)
Total receipts	<u>267,496</u>	<u>267,496</u>	<u>263,701</u>	<u>(3,795)</u>
Cash Expenditures				
Personnel services	293,760	293,760	272,803	20,957
Materials and services	77,039	77,039	58,310	18,729
Capital outlay	5,000	5,000		5,000
Debt service	13,850	13,850	12,409	1,441
Contingency				
Total cash expenditures	<u>389,649</u>	<u>389,649</u>	<u>343,522</u>	<u>46,127</u>
Excess of receipts over (under) expenditures	(122,153)	(122,153)	(79,821)	42,332
Other financing sources (uses)				
Operating transfers in	104,907	104,907	91,556	(13,351)
Operating transfers out				
Excess of revenues and other sources over (under) expenditures and other uses	(17,246)	(17,246)	11,735	28,981
Cash balance - July 1, 2020	<u>42,276</u>	<u>42,276</u>	<u>42,837</u>	<u>561</u>
Cash balance - June 30, 2021	<u>\$ 25,030</u>	<u>\$ 25,030</u>	<u>\$ 54,572</u>	<u>\$ 29,542</u>

**CITY OF BANKS
BUDGETARY COMPARISON SCHEDULE
STREETS AND ROADS FUND
FOR THE YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
Cash Receipts				
Intergovernmental	\$ 158,455	\$ 158,455	\$ 176,816	\$ 18,361
Interest	500	500	1,664	1,164
Miscellaneous	100	100	2,317	2,217
Total receipts	<u>159,055</u>	<u>159,055</u>	<u>180,797</u>	<u>21,742</u>
Cash Expenditures				
Personnel services	26,775	16,775	12,520	4,255
Materials and services	68,235	68,235	42,311	25,924
Capital outlay	195,000	205,000	199,822	5,178
Contingency	3,775	3,775		
Total cash expenditures	<u>293,785</u>	<u>293,785</u>	<u>254,653</u>	<u>39,132</u>
Excess of receipts over (under) expenditures	(134,730)	(134,730)	(73,856)	60,874
Other financing sources (uses)				
Operating transfers in				
Operating transfers out	<u>(15,000)</u>	<u>(15,000)</u>	<u>(10,000)</u>	<u>5,000</u>
Excess of revenues and other sources over (under) expenditures and other uses	(149,730)	(149,730)	(83,856)	65,874
Cash balance - July 1, 2020	<u>221,645</u>	<u>221,645</u>	<u>310,427</u>	<u>88,782</u>
Cash balance - June 30, 2021	<u>\$ 71,915</u>	<u>\$ 71,915</u>	<u>\$ 226,571</u>	<u>\$ 154,656</u>

**CITY OF BANKS
BUDGETARY COMPARISON SCHEDULE
TRAFFIC IMPACT FEES RESERVE FUND
FOR THE YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
Cash Receipts				
Charges for services	\$	\$	\$	\$
Interest	3,000	3,000	3,422	422
Total receipts	<u>3,000</u>	<u>3,000</u>	<u>3,422</u>	<u>422</u>
Cash Expenditures				
Personnel services				
Materials and services	1,440	1,440	1,481	(41)
Capital outlay	454,743	454,743		454,743
Contingency				
Total cash expenditures	<u>456,183</u>	<u>456,183</u>	<u>1,481</u>	<u>454,702</u>
Excess of receipts over (under) expenditures	(453,183)	(453,183)	1,941	455,124
Other financing sources (uses)				
Operating transfers in				
Operating transfers out				
Excess of revenues and other sources over (under) expenditures and other uses	(453,183)	(453,183)	1,941	455,124
Cash balance - July 1, 2020	<u>453,183</u>	<u>453,183</u>	<u>452,551</u>	<u>(632)</u>
Cash balance - June 30, 2021	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 454,492</u>	<u>\$ 454,492</u>

**CITY OF BANKS
BUDGETARY COMPARISON SCHEDULE
POLICE SERVICES FUND
FOR THE YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
Cash Receipts				
Local option tax	\$ 280,483	\$ 280,483	\$ 332,046	\$ 51,563
Interest	4,000	4,000	2,347	(1,653)
Total receipts	<u>284,483</u>	<u>284,483</u>	<u>334,393</u>	<u>49,910</u>
Cash Expenditures				
Personnel services	8,000	10,000	9,302	698
Materials and services	404,461	402,461	400,090	2,371
Capital outlay	0	0		0
Contingency	93,026	93,026		93,026
Total cash expenditures	<u>505,487</u>	<u>505,487</u>	<u>409,392</u>	<u>96,095</u>
Excess of receipts over (under) expenditures	(221,004)	(221,004)	(74,999)	146,005
Other financing sources (uses) Operating transfers in Operating transfers out				
Excess of revenues and other sources over (under) expenditures and other uses	(221,004)	(221,004)	(74,999)	146,005
Cash balance - July 1, 2020	<u>296,414</u>	<u>296,414</u>	<u>302,213</u>	<u>5,799</u>
Cash balance - June 30, 2021	<u>\$ 75,410</u>	<u>\$ 75,410</u>	<u>\$ 227,214</u>	<u>\$ 151,804</u>

**CITY OF BANKS
BUDGETARY COMPARISON SCHEDULE
TRANSPORTATION DEVELOPMENT TAX RESERVE FUND
FOR THE YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
Cash Receipts				
Traffic development tax reserve	\$ 176,010	\$ 176,010	\$	\$(176,010)
Interest			2,978	2,978
Total receipts	176,010	176,010	2,978	(173,032)
Cash Expenditures				
Personnel services				
Materials and services				
Capital outlay	540,639	540,639		540,639
Contingency				
Total cash expenditures	540,639	540,639	0	540,639
Excess of receipts over (under) expenditures	(364,629)	(364,629)	2,978	367,607
Other financing sources (uses)				
Operating transfers in				
Operating transfers out				
Excess of revenues and other sources over (under) expenditures and other uses	(364,629)	(364,629)	2,978	367,607
Cash balance - July 1, 2020	364,629	364,629	382,101	17,472
Cash balance - June 30, 2021	\$ 0	\$ 0	\$ 385,079	\$ 385,079

CITY OF BANKS
BUDGETARY COMPARISON SCHEDULE
GOVERNMENTAL CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
Cash Receipts				
Grants	\$ 400,000	\$ 400,000	\$ 239,629	\$ (160,371)
Interest				0
Total receipts	<u>400,000</u>	<u>400,000</u>	<u>239,629</u>	<u>(160,371)</u>
Cash Expenditures				
Personnel services				
Materials and services				
Capital outlay	400,000	400,000	239,629	160,371
Contingency				
Total cash expenditures	<u>400,000</u>	<u>400,000</u>	<u>239,629</u>	<u>160,371</u>
Excess of receipts over (under) expenditures	0	0	0	0
Other financing sources (uses)				
Operating transfers in				
Operating transfers out				
Excess of revenues and other sources over (under) expenditures and other uses	0	0	0	0
Cash balance - July 1, 2020	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash balance - June 30, 2021	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

CITY OF BANKS
COMBINING SCHEDULE OF ASSETS, LIABILITIES AND FUND BALANCES-CASH BASIS
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2021

	Parks and Trees Fund	Park SDC Fund	Transportation System Development Charge Fund	Governmental Capital Project Reserve Fund	Transient Lodging Tax Fund	Totals
ASSETS						
Cash	\$ 47,878	\$ 141,701	\$ 428,350	\$ 232,835	\$ 99	\$ 850,863
FUND BALANCES						
Restricted - special revenue funds			\$ 428,350			\$ 428,350
Committed - special revenue funds	47,878	141,701			99	189,678
Committed - capital projects funds				232,835		232,835
Total	<u>\$ 47,878</u>	<u>\$ 141,701</u>	<u>\$ 428,350</u>	<u>\$ 232,835</u>	<u>\$ 99</u>	<u>\$ 850,863</u>

**CITY OF BANKS
COMBINING SCHEDULE OF RECEIPTS, EXPENDITURES,
AND CHANGES IN FUND BALANCES - CASH BASIS
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

	Parks and Trees Fund	Park SDC Fund	Transportation System Development Charge Fund	Governmental Capital Project Reserve Fund	Transient Lodging Tax Fund	Totals
CASH RECEIPTS:						
Licenses, permits and fees	\$	\$ 67,260	\$ 156,120	\$ 25,189	\$ 99	\$ 248,668
Charges for services	36,560					36,560
Interest	329	994	3,066	1,740		6,129
Miscellaneous	735					735
Total	<u>37,624</u>	<u>68,254</u>	<u>159,186</u>	<u>26,929</u>	<u>99</u>	<u>292,092</u>
EXPENDITURES:						
Personal services	12,397					12,397
Materials and services	46,469					46,469
Capital outlay				19,469		19,469
Total	<u>58,866</u>			<u>19,469</u>		<u>78,335</u>
RECEIPTS OVER (UNDER) EXPENDITURES	<u>(21,242)</u>	<u>68,254</u>	<u>159,186</u>	<u>7,460</u>	<u>99</u>	<u>213,757</u>
OTHER FINANCING SOURCES (USES):						
Transfers in (out)	<u>34,020</u>					<u>34,020</u>
NET CHANGE IN CASH BALANCES	12,778	68,254	159,186	7,460	99	247,777
FUND BALANCES - July 1, 2020	<u>35,100</u>	<u>73,447</u>	<u>269,164</u>	<u>225,375</u>		<u>603,086</u>
FUND BALANCES - June 30, 2021	\$ <u>47,878</u>	\$ <u>141,701</u>	\$ <u>428,350</u>	\$ <u>232,835</u>	\$ <u>99</u>	\$ <u>850,863</u>

CITY OF BANKS
BUDGETARY COMPARISON SCHEDULE - CASH BASIS
PARKS AND TREES FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		Favorable (Unfavorable)
Cash Receipts				
Grants	\$ 260,000	\$ 260,000	\$	(260,000)
Charges for services	41,000	41,000	36,560	(4,440)
Interest	100	100	329	229
Miscellaneous	100	100	735	635
Total receipts	<u>301,200</u>	<u>301,200</u>	<u>37,624</u>	<u>(263,576)</u>
Cash Expenditures				
Personnel services	24,970	24,970	12,397	12,573
Materials and services	63,845	63,845	46,469	17,376
Capital outlay	300,000	300,000		300,000
Contingency	366	366		366
Total cash expenditures	<u>389,181</u>	<u>389,181</u>	<u>58,866</u>	<u>330,315</u>
Excess of receipts over (under) expenditures	(87,981)	(87,981)	(21,242)	66,739
Other financing sources (uses)				
Operating transfers in	73,400	73,400	34,020	(39,380)
Operating transfers out				
Excess of revenues and other sources over (under) expenditures and other uses	(14,581)	(14,581)	12,778	27,359
Cash balance - July 1, 2020	<u>34,831</u>	<u>34,831</u>	<u>35,100</u>	<u>269</u>
Cash balance - June 30, 2021	<u>\$ 20,250</u>	<u>\$ 20,250</u>	<u>\$ 47,878</u>	<u>\$ 27,628</u>

CITY OF BANKS
BUDGETARY COMPARISON SCHEDULE - CASH BASIS
PARKS SDC FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
Cash Receipts				
SDC fee - parks	\$ 72,330	\$ 72,330	\$ 67,260	\$ (5,070)
Interest			994	994
Total receipts	<u>72,330</u>	<u>72,330</u>	<u>68,254</u>	<u>(4,076)</u>
Cash Expenditures				
Personnel services				
Materials and services				
Capital outlay	140,764	140,764		140,764
Contingency				
Total cash expenditures	<u>140,764</u>	<u>140,764</u>	<u>0</u>	<u>140,764</u>
Excess of receipts over (under) expenditures	(68,434)	(68,434)	68,254	136,688
Other financing sources (uses)				
Operating transfers in				
Operating transfers out				
Excess of revenues and other sources over (under) expenditures and other uses	(68,434)	(68,434)	68,254	136,688
Cash balance - July 1, 2020	<u>68,434</u>	<u>68,434</u>	<u>73,447</u>	<u>5,013</u>
Cash balance - June 30, 2021	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 141,701</u>	<u>\$ 141,701</u>

CITY OF BANKS
BUDGETARY COMPARISON SCHEDULE - CASH BASIS
TRANSPORTATION SYSTEM DEVELOPMENT CHARGE RESERVE FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
Cash Receipts				
SDC fee - transportation	\$ 160,120	\$ 160,120	\$ 156,120	\$ (4,000)
Interest			3,066	3,066
Total receipts	<u>160,120</u>	<u>160,120</u>	<u>159,186</u>	<u>(934)</u>
Cash Expenditures				
Personnel services				
Materials and services				
Capital outlay	414,440	414,440		414,440
Contingency				
Total cash expenditures	<u>414,440</u>	<u>414,440</u>	<u>0</u>	<u>414,440</u>
Excess of receipts over (under) expenditures	(254,320)	(254,320)	159,186	413,506
Other financing sources (uses)				
Operating transfers in				
Operating transfers out				
Excess of revenues and other sources over (under) expenditures and other uses	(254,320)	(254,320)	159,186	413,506
Cash balance - July 1, 2020	<u>254,320</u>	<u>254,320</u>	<u>269,164</u>	<u>14,844</u>
Cash balance - June 30, 2021	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 428,350</u>	<u>\$ 428,350</u>

CITY OF BANKS
BUDGETARY COMPARISON SCHEDULE - CASH BASIS
GOVERNMENTAL CAPITAL PROJECT RESERVE FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
Cash Receipts				
Franchise fees	\$ 26,500	\$ 26,500	\$ 25,189	\$ (1,311)
Interest			1,740	1,740
Total receipts	<u>26,500</u>	<u>26,500</u>	<u>26,929</u>	<u>429</u>
Cash Expenditures				
Personnel services				
Materials and services				
Capital outlay	252,079	252,079	19,469	232,610
Contingency				
Total cash expenditures	<u>252,079</u>	<u>252,079</u>	<u>19,469</u>	<u>232,610</u>
Excess of receipts over (under) expenditures	(225,579)	(225,579)	7,460	233,039
Other financing sources (uses)				
Operating transfers in				
Operating transfers out				
Excess of revenues and other sources over (under) expenditures and other uses	(225,579)	(225,579)	7,460	233,039
Cash balance - July 1, 2020	<u>225,579</u>	<u>225,579</u>	<u>225,375</u>	<u>(204)</u>
Cash balance - June 30, 2021	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 232,835</u>	<u>\$ 232,835</u>

CITY OF BANKS
BUDGETARY COMPARISON SCHEDULE - CASH BASIS
TRANSIENT LODGING TAX FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
Cash Receipts				
Transient lodging tax	\$ 100	\$ 100	\$ 99	\$ (1)
Interest				0
Total receipts	<u>100</u>	<u>100</u>	<u>99</u>	<u>(1)</u>
Cash Expenditures				
Personnel services				
Materials and services				
Capital outlay				
Contingency	100	100		100
Total cash expenditures	<u>100</u>	<u>100</u>	<u>0</u>	<u>100</u>
Excess of receipts over (under) expenditures	0	0	99	99
Other financing sources (uses)				
Operating transfers in				
Operating transfers out				
Excess of revenues and other sources over (under) expenditures and other uses	0	0	99	99
Cash balance - July 1, 2020	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash balance - June 30, 2021	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 99</u>	<u>\$ 99</u>

CITY OF BANKS
BUDGETARY COMPARISON SCHEDULE - CASH BASIS
WATER FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
Cash Receipts				
Charges for services	\$ 772,850	\$ 772,850	\$ 811,633	\$ 38,783
Interest	2,000	2,000	2,589	589
Miscellaneous	500	500	431	(69)
Total receipts	775,350	775,350	814,653	39,303
Cash Expenditures				
Personnel services	305,425	305,425	266,365	39,060
Materials and services	387,911	387,911	265,273	122,638
Capital outlay	3,000	3,000		3,000
Debt service	225,939	225,939	190,221	35,718
Contingency	11,294	11,294		11,294
Total cash expenditures	933,569	933,569	721,859	211,710
Excess of receipts over (under) expenditures	(158,219)	(158,219)	92,794	251,013
Other financing sources (uses)				
Loan proceeds	170,000	170,000	69,083	(100,917)
Operating transfers in (out)	(59,500)	(59,500)	(53,500)	6,000
Excess of revenues and other sources over (under) expenditures and other uses	(47,719)	(47,719)	108,377	156,096
Cash balance - July 1, 2020	226,674	226,674	240,736	14,062
Cash balance - June 30, 2021	\$ 178,955	\$ 178,955	\$ 349,113	\$ 170,158

CITY OF BANKS
BUDGETARY COMPARISON SCHEDULE - CASH BASIS
WATER BONDED DEBT FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
Cash Receipts				
Interest	\$ 1,000	\$ 1,000	\$ 392	\$ (608)
Charges for services	0	0	0	0
Interest	0	0	0	0
Miscellaneous	0	0	0	0
Total receipts	<u>1,000</u>	<u>1,000</u>	<u>392</u>	<u>(608)</u>
Cash Expenditures				
Personnel services				0
Materials and services	635	635	500	135
Debt service	20,820	20,820	20,820	0
Contingency	1,075	1,075		1,075
Total cash expenditures	<u>22,530</u>	<u>22,530</u>	<u>21,320</u>	<u>1,210</u>
Excess of receipts over (under) expenditures	(21,530)	(21,530)	(20,928)	602
Other financing sources (uses)				
Operating transfers in	18,500	18,500	18,500	0
Operating transfers out				
Excess of revenues and other sources over (under) expenditures and other uses	(3,030)	(3,030)	(2,428)	602
Cash balance - July 1, 2020	<u>46,750</u>	<u>46,750</u>	<u>46,687</u>	<u>(63)</u>
Cash balance - June 30, 2021	<u>\$ 43,720</u>	<u>\$ 43,720</u>	<u>\$ 44,259</u>	<u>\$ 539</u>

CITY OF BANKS
BUDGETARY COMPARISON SCHEDULE - CASH BASIS
WATER SDC FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
Cash Receipts				
System development - water	\$ 29,992	\$ 29,992	\$ 34,434	\$ 4,442
Interest	500	500	1,291	791
Total receipts	<u>30,492</u>	<u>30,492</u>	<u>35,725</u>	<u>5,233</u>
Cash Expenditures				
Personnel services				
Materials and services				
Capital outlay	161,289	161,289		161,289
Contingency				
Total cash expenditures	<u>161,289</u>	<u>161,289</u>	<u>0</u>	<u>161,289</u>
Excess of receipts over (under) expenditures	(130,797)	(130,797)	35,725	166,522
Other financing sources (uses)				
Operating transfers in				
Operating transfers out				
Excess of revenues and other sources over (under) expenditures and other uses	(130,797)	(130,797)	35,725	166,522
Cash balance - July 1, 2020	<u>130,797</u>	<u>130,797</u>	<u>140,605</u>	<u>9,808</u>
Cash balance - June 30, 2021	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 176,330</u>	<u>\$ 176,330</u>

CITY OF BANKS
BUDGETARY COMPARISON SCHEDULE - CASH BASIS
WATER UTILITY DEPRECIATION FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
Cash Receipts				
Interest	\$ 650	\$ 650	\$ 265	\$ (385)
Charges for services	0	0	0	0
Interest	0	0	0	0
Miscellaneous	0	0	0	0
Total receipts	<u>650</u>	<u>650</u>	<u>265</u>	<u>(385)</u>
Cash Expenditures				
Personnel services				0
Materials and services	350	350	411	(61)
Capital outlay	65,300	65,300	38,439	26,861
Contingency	355	355		355
Total cash expenditures	<u>66,005</u>	<u>66,005</u>	<u>38,850</u>	<u>27,155</u>
Excess of receipts over (under) expenditures	(65,355)	(65,355)	(38,585)	26,770
Other financing sources (uses)				
Operating transfers in	20,000	20,000	20,000	0
Operating transfers out				
Excess of revenues and other sources over (under) expenditures and other uses	(45,355)	(45,355)	(18,585)	26,770
Cash balance - July 1, 2020	<u>45,355</u>	<u>45,355</u>	<u>43,574</u>	<u>(1,781)</u>
Cash balance - June 30, 2021	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 24,989</u>	<u>\$ 24,989</u>

CITY OF BANKS
BUDGETARY COMPARISON SCHEDULE - CASH BASIS
WATER UTILITY RESERVE FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		Favorable (Unfavorable)
Cash Receipts				
Interest	\$ 100	\$ 100	\$ 29	\$ (71)
Charges for services	0	0	0	0
Interest	0	0	0	0
Miscellaneous	0	0	1,950	1,950
Total receipts	<u>100</u>	<u>100</u>	<u>1,979</u>	<u>1,879</u>
Cash Expenditures				
Personnel services				0
Materials and services				0
Capital outlay	40,948	40,948	29,037	11,911
Contingency				0
Total cash expenditures	<u>40,948</u>	<u>40,948</u>	<u>29,037</u>	<u>11,911</u>
Excess of receipts over (under) expenditures	(40,848)	(40,848)	(27,058)	13,790
Other financing sources (uses)				
Operating transfers in	35,000	35,000	25,000	(10,000)
Operating transfers out				
Excess of revenues and other sources over (under) expenditures and other uses	(5,848)	(5,848)	(2,058)	3,790
Cash balance - July 1, 2020	<u>5,848</u>	<u>5,848</u>	<u>5,843</u>	<u>(5)</u>
Cash balance - June 30, 2021	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,785</u>	<u>\$ 3,785</u>

CITY OF BANKS
BUDGETARY COMPARISON SCHEDULE - CASH BASIS
WATER UTILITY CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
Cash Receipts				
Interest	\$ 0	\$ 0	\$ 0	\$ 0
Charges for services	0	0	0	0
Interest	0	0	0	0
Miscellaneous	0	0	0	0
Total receipts	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Expenditures				
Personnel services				0
Materials and services				0
Capital outlay	5,000,000	5,000,000	1,262,063	3,737,937
Contingency				0
Total cash expenditures	<u>5,000,000</u>	<u>5,000,000</u>	<u>1,262,063</u>	<u>3,737,937</u>
Excess of receipts over (under) expenditures	(5,000,000)	(5,000,000)	(1,262,063)	3,737,937
Other financing sources (uses)				
Loan proceeds	5,000,000	5,000,000	1,292,065	(3,707,935)
Operating transfers in (out)				
Excess of revenues and other sources over (under) expenditures and other uses	0	0	30,002	30,002
Cash balance - July 1, 2020	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash balance - June 30, 2021	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 30,002</u>	<u>\$ 30,002</u>

CITY OF BANKS
BUDGETARY COMPARISON SCHEDULE - CASH BASIS
URBAN RENEWAL AGENCY
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
Cash Receipts				
Property taxes	\$ 45,000	\$ 45,000	\$ 57,400	\$ 12,400
Interest	500	500	831	331
Miscellaneous				0
Total receipts	45,500	45,500	58,231	12,731
Cash Expenditures				
Personnel services				0
Materials and services	2,100	2,100	1,003	1,097
Capital outlay	75,000	75,000	6,594	68,406
Contingency	47,833	47,833		47,833
Total cash expenditures	124,933	124,933	7,597	117,336
Excess of receipts over (under) expenditures	(79,433)	(79,433)	50,634	130,067
Other financing sources (uses)				
Operating transfers in				
Operating transfers out				
Excess of revenues and other sources over (under) expenditures and other uses	(79,433)	(79,433)	50,634	130,067
Cash balance - July 1, 2020	79,433	79,433	79,341	(92)
Cash balance - June 30, 2021	\$ 0	\$ 0	\$ 129,975	\$ 129,975

**CITY OF BANKS
WATER AND RELATED FUNDS
COMPARATIVE BALANCE SHEETS*
JUNE 30, 2019, 2020, 2021**

	<u>June 30, 2019</u>	<u>June 30, 2020</u>	<u>June 30, 2021</u>
ASSETS:			
Cash	\$ 359,832	\$ 430,757	\$ 584,294
Cash restricted – USDA Rural Utility Service	45,944	46,687	44,259
Capital assets	6,610,970	6,944,544	8,225,630
Accumulated depreciation	<u>(2,437,996)</u>	<u>(2,574,690)</u>	<u>(2,703,809)</u>
Total assets	<u>\$ 4,578,750</u>	<u>\$ 4,847,298</u>	<u>\$ 6,150,374</u>
LIABILITIES AND FUND EQUITY:			
Liabilities:			
Credit card balance	\$ -	\$ -	\$ -
Long-term debt	<u>1,574,594</u>	<u>1,812,456</u>	<u>3,011,133</u>
Total liabilities	<u>1,574,594</u>	<u>1,812,456</u>	<u>3,011,133</u>
FUND EQUITY	<u>3,004,156</u>	<u>3,034,842</u>	<u>3,139,241</u>
Total liabilities and fund equity	<u>\$ 4,578,750</u>	<u>\$ 4,847,298</u>	<u>\$ 6,150,374</u>

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

**CITY OF BANKS
WATER AND RELATED FUNDS
COMPARATIVE STATEMENTS OF RECEIPTS, EXPENSES, AND
CHANGES IN FUND EQUITY*
JUNE 30, 2019, 2020, 2021**

	<u>June 30, 2019</u>	<u>June 30, 2020</u>	<u>June 30, 2021</u>
OPERATING RECEIPTS:			
Charge for services	\$ 821,126	\$ 779,024	\$ 846,067
Miscellaneous	<u>19,230</u>	<u>9,994</u>	<u>16,948</u>
Total	<u>840,356</u>	<u>789,018</u>	<u>863,015</u>
OPERATING EXPENSES:			
Personal services	249,769	286,820	266,365
Debt – Interest	51,607	51,472	48,570
Materials and services	190,522	283,346	304,548
Depreciation expense	<u>137,275</u>	<u>136,694</u>	<u>139,133</u>
Total	<u>629,173</u>	<u>758,331</u>	<u>758,616</u>
NET OPERATING INCOME (LOSS)	<u>211,183</u>	<u>30,687</u>	<u>104,399</u>
FUND EQUITY, beginning	<u>2,792,972</u>	<u>3,004,155</u>	<u>3,034,842</u>
FUND EQUITY, ending	<u>\$ 3,004,155</u>	<u>\$ 3,034,842</u>	<u>\$ 3,139,241</u>

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

CITY OF BANKS
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30,

	2015	2016	2017	2018	2019	2020	2021
City's proportion of the net pension liability (asset)	0.00146179%	0.00253233%	0.00309074%	0.00237984%	0.00197774%	0.00260251%	0.00314551%
City's proportionate share of the net pension liability (asset)	\$ (33,135)	\$ 145,393	\$ 463,992	\$ 320,803	\$ 299,602	\$ 450,172	\$ 686,458
City's covered-employee payroll	\$ 321,483	\$ 354,452	\$ 363,182	\$ 344,191	\$ 402,839	\$ 461,754	\$ 498,032
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-10.31%	41.02%	127.76%	93.20%	74.37%	97.49%	137.83%
Plan fiduciary net position as a percentage of the total pension liability	103.6%	91.9%	80.5%	83.1%	82.1%	80.2%	75.8%

Changes in Benefit Terms and Assumptions:

Benefit Terms: The 2013 Oregon Legislature made a series of changes to PERS that lowered projected future benefit payments from the System. These changes included reductions to future Cost of Living Adjustments made through Senate Bills 822 and 861. Senate Bill 822 also required the contribution rates scheduled to be in effect from July 2013 to June 2015 to be reduced. The Oregon Supreme Court decision in *Moro v. State of Oregon*, issued on April 30, 2015, reversed a significant portion of the reductions the 2013 Oregon Legislature made to future System Cost of Living Adjustments through Senate Bill 822 and 861. This reversal increased the total pension liability as of June 30, 2015 compared to June 30, 2014 total pension liability.

Assumptions: The PERS Board adopted assumption changes that were used to measure the June 30, 2016 total pension liability and June 30, 2018 total pension liability. For June 30, 2016, the changes included the lowering of the long-term expected rate of return to 7.50 percent and lowering of the assumed inflation to 2.50 percent. For June 30, 2018, the long-term expected rate of return was lowered to 7.20 percent. In addition, the healthy mortality assumption was changed to reflect an updated mortality improvement scale for all groups, and assumptions were updated for merit increases, unused sick leave and vacation pay were updated.

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

CITY OF BANKS
SCHEDULE OF REQUIRED CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30,

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Contractually required contributions	\$ 15,341	\$ 11,301	\$ 23,247	\$ 23,768	\$ 33,796	\$ 50,322	\$ 51,294
Contributions in relation to the contractually required contribution	<u>(15,341)</u>	<u>(11,301)</u>	<u>(23,247)</u>	<u>(23,768)</u>	<u>(33,796)</u>	<u>(50,322)</u>	<u>(51,294)</u>
Contribution deficiency (excess)	\$ <u> </u> -	\$ <u> </u> -	\$ <u> </u> -	\$ <u> </u> -	\$ <u> </u> -	\$ <u> </u> -	\$ <u> </u> -
City's covered-employee payroll	\$ 354,452	\$ 363,182	\$ 344,191	\$ 402,839	\$ 461,754	\$ 498,032	\$ 465,868
Contributions as a percentage of covered-employee payroll	4.33%	3.11%	6.75%	5.90%	7.32%	10.10%	11.01%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

**INDEPENDENT AUDITOR'S REPORT
REQUIRED BY OREGON STATE REGULATIONS**

**INDEPENDENT AUDITOR'S REPORT
REQUIRED BY OREGON STATE REGULATIONS**

We have audited the basic financial statements of City of Banks, as of and for the year ended June 30, 2021, and have issued our report thereon dated November 9, 2021. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether City of Banks' financial statements are free of material misstatement, we 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 statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

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

In connection with our testing nothing came to our attention that caused us to believe the City of Banks 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.

OAR 162-10-0230 Internal Control

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

Our consideration of the 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 the internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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

JARRARD, SEIBERT, POLLARD & COMPANY, LLC
Certified Public Accountants
West Linn, Oregon

By 
Russell T. Ries, Partner

November 9, 2021