

**CITY OF BANKS**  
**AUDIT REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2022**

CITY OF BANKS  
YEAR ENDED JUNE 30, 2022  
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CITY OF BANKS

JUNE 30, 2022

CITY OFFICIALS

MAYOR

Term Expires

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

Vacant

Peter Edison  
Banks, Oregon 97106

December 31, 2024

Vacant

CITY MANAGER  
Jolynn Becker  
13680 NW Main Street  
Banks, Oregon 97106

CITY RECORDER  
Angie Lanter  
13680 NW Main Street  
Banks, Oregon 97106

## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Audit of the Financial Statements

#### Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Banks as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City of Banks' basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective 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 of Banks, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Banks and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Banks' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

#### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City of Banks' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about City of Banks' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

### **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, 2022.

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 December 8, 2022, 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  
December 8, 2022

By   
Russell T. Ries, Partner

**CITY OF BANKS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2022**

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, 2022.

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 <u>June 30, 2022</u>	Governmental Activities <u>June 30, 2021</u>	Business-Type Activities <u>June 30, 2022</u>	Business-Type Activities <u>June 30, 2021</u>	Total <u>June 30, 2022</u>	Total <u>June 30, 2021</u>	Increase (Decrease)
<b>ASSETS</b>							
Cash and							
Investments	\$ 2,934,771	\$ 2,776,037	\$ 676,277	\$ 628,478	\$ 3,611,048	\$ 3,404,515	\$ 206,533
Capital Assets, Net of							
Depreciation	<u>3,538,942</u>	<u>3,521,400</u>	<u>8,027,960</u>	<u>5,521,821</u>	<u>11,566,902</u>	<u>9,043,221</u>	<u>2,523,681</u>
Total	<u>6,473,713</u>	<u>6,297,437</u>	<u>8,704,237</u>	<u>6,150,299</u>	<u>15,177,950</u>	<u>12,447,736</u>	<u>2,730,214</u>
<b>LIABILITIES</b>							
Bonds Payable	<u>49,094</u>	<u>60,495</u>	<u>5,402,735</u>	<u>3,011,133</u>	<u>5,451,829</u>	<u>3,071,620</u>	<u>2,380,209</u>
Total Net Position	<u>\$ 6,424,619</u>	<u>\$ 6,236,942</u>	<u>\$ 3,301,502</u>	<u>\$ 3,139,166</u>	<u>\$ 9,726,121</u>	<u>\$ 9,376,108</u>	<u>\$ 350,013</u>

**CITY OF BANKS – CHANGE IN NET POSITION**

PROGRAM	Governmental Activities <u>2021-22</u>	Governmental Activities <u>2020-21</u>	Business-Type Activities <u>2021-22</u>	Business-Type Activities <u>2020-21</u>	Total <u>2021-22</u>	Total <u>2020-21</u>	Variance Favorable (Unfavorable)
<b>RECEIPTS</b>							
Charges for							
Services	\$ 226,403	\$ 498,774	\$ 866,708	\$ 846,067	\$ 1,093,111	\$ 1,344,841	\$ (251,730)
Capital Grants	307,986	239,629	-	-	307,986	239,629	68,357
Operating Grants	<u>44,279</u>	<u>186,284</u>	<u>-</u>	<u>-</u>	<u>44,279</u>	<u>186,284</u>	<u>(142,005)</u>
Total	<u>578,668</u>	<u>924,687</u>	<u>866,708</u>	<u>846,067</u>	<u>1,445,376</u>	<u>1,770,753</u>	<u>(325,377)</u>
<b>GENERAL RECEIPTS</b>							
Property Taxes	640,155	610,404	-	-	640,155	610,404	29,751
Intergovernmental	489,783	469,735	-	-	489,783	469,735	20,048
Interest	16,202	20,900	4,466	4,566	20,668	25,466	(4,798)
Miscellaneous	<u>9,787</u>	<u>4,119</u>	<u>41,975</u>	<u>2,382</u>	<u>51,762</u>	<u>6,501</u>	<u>45,261</u>
Total	<u>1,155,927</u>	<u>1,105,158</u>	<u>46,441</u>	<u>6,948</u>	<u>1,202,368</u>	<u>1,112,106</u>	<u>90,262</u>
Total Receipts	<u>1,734,595</u>	<u>2,029,845</u>	<u>913,149</u>	<u>853,015</u>	<u>2,647,744</u>	<u>2,882,860</u>	<u>(235,116)</u>



<b>EXPENSES</b>							
Administrative	(463,452)	(488,355)	-	-	(463,452)	(488,355)	24,903
Library	(372,797)	(333,865)	-	-	(372,797)	(333,865)	(38,932)
Police	(408,813)	(409,392)	-	-	(408,813)	(409,392)	579
Streets & Roads	(87,519)	(56,312)	-	-	(87,519)	(56,312)	(31,207)
Parks & Other	(61,147)	(58,866)	-	-	(61,147)	(58,866)	(2,281)
Depreciation	(153,190)	(142,723)	-	-	(153,190)	(142,723)	(10,467)
Water	-	-	(750,813)	(758,691)	(750,813)	(758,691)	7,878
Total	<u>(1,546,918)</u>	<u>(1,489,513)</u>	<u>(750,813)</u>	<u>(758,691)</u>	<u>(2,297,731)</u>	<u>(2,248,204)</u>	<u>(49,527)</u>
Transfers In (Out)	-	(10,000)	-	10,000	-	-	-
Increase (Decrease) in Net Position	<u>\$ 187,677</u>	<u>\$ 530,332</u>	<u>\$ 162,336</u>	<u>\$ 104,324</u>	<u>\$ 350,013</u>	<u>\$ 634,656</u>	<u>\$ (284,643)</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, 2022 the City of Banks:

- Continued to operate the Public Safety Local Option Levy which expires on June 30, 2027.
- 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 to utilize the City of Banks website to enhance communications with the citizenry..

Variations between Adopted and Actual Budget Amounts

During the fiscal year ended June 30, 2022, there were no significant variances between adopted and actual budget amounts.

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	\$ 107,350	\$ 498,880
2	Water	184,030	438,524
3	Library	30,260	40,088
4	Street/Road	72,665	334,675
5	Water Bonded Debt	43,750	44,110
6	Traffic Impact	-	430,728
7	Police	75,090	167,518
8	Water SDC	-	150,554
9	Water Depreciation	-	28,761
10	Parks	20,770	43,670
11	Traffic Development Tax	-	387,204
12	Transportation SDC	-	428,012
13	Capital Projects Reserve	-	237,591
14	Capital Projects	-	226,642
15	Transient Lodging	-	360
16	Water Utility Reserve	-	14,327
17	Water Utility Projects	-	-
18	Parks SDC	-	139,311
	Urban Renewal	-	199,917
	Total	<u>\$ 533,915</u>	<u>\$ 3,810,882</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 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.

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, 2022**

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>	<u>Urban Renewal</u> <u>Agency</u>
<b>ASSETS</b>				
Cash and investments	\$ 1,573,828	\$ 632,167	\$ 2,205,995	\$ 199,917
Restricted assets:				
Cash for debt service		44,110	44,110	
Cash for other purposes	1,360,943		1,360,943	
Capital assets:				
Land and projects in progress	816,121	609,854	1,425,975	
Other capital assets, net of depreciation	<u>2,722,821</u>	<u>7,418,106</u>	<u>10,140,927</u>	
<b>Total Assets</b>	<u>6,473,713</u>	<u>8,704,237</u>	<u>15,177,950</u>	<u>199,917</u>
<b>LIABILITIES</b>				
Long-term liabilities:				
Due in one year	11,401	118,640	130,041	
Due in more than one year	<u>37,693</u>	<u>5,284,095</u>	<u>5,321,788</u>	
<b>Total Liabilities</b>	<u>49,094</u>	<u>5,402,735</u>	<u>5,451,829</u>	
<b>NET POSITION</b>				
Invested in capital assets, net of debt	3,489,848	2,625,225	6,115,073	
Restricted for:				
Debt service		44,110	44,110	
Other purposes	1,360,943		1,360,943	199,917
Unrestricted	<u>1,573,828</u>	<u>632,167</u>	<u>2,205,995</u>	
<b>Total Net Position</b>	<u>\$ 6,424,619</u>	<u>3,301,502</u>	<u>9,726,121</u>	<u>199,917</u>

(See accompanying notes to basic financial statements)

**CITY OF BANKS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2022**

	Expenses	Program Revenues			Primary Government			Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Totals	URA
<b>PRIMARY GOVERNMENT</b>								
<b>Governmental Activities</b>								
Administrative	\$ 463,452	\$ 175,222	\$ 37,065		\$ (251,165)	\$ (251,165)		
Library	372,797	1,129	7,214		(364,454)	(364,454)		
Police	408,813				(408,813)	(408,813)		
Streets and roads	87,519			307,986	220,467	220,467		
Parks and other	61,147	50,052			(11,095)	(11,095)		
Depreciation	153,190				(153,190)	(153,190)		
	<u>1,546,918</u>	<u>226,403</u>	<u>44,279</u>	<u>307,986</u>	<u>(968,250)</u>	<u>0</u>	<u>(968,250)</u>	
<b>Business-Type Activities</b>								
Water	750,813	866,708				115,895	115,895	
Total Primary Government	\$ <u>2,297,731</u>	\$ <u>1,093,111</u>	\$ <u>44,279</u>	\$ <u>307,986</u>	\$ <u>(968,250)</u>	\$ <u>115,895</u>	\$ <u>(852,355)</u>	
<b>COMPONENT UNIT</b>								
Urban Renewal Agency	\$ <u>2,075</u>	\$ <u></u>	\$ <u></u>					(2,075)
<b>GENERAL RECEIPTS</b>								
Property taxes					640,155	640,155		71,020
Intergovernmental					489,783	489,783		
Interest					16,202	4,466	20,668	997
Miscellaneous					9,787	41,975	51,762	
					<u>1,155,927</u>	<u>46,441</u>	<u>1,202,368</u>	<u>72,017</u>
<b>TRANSFERS IN (OUT)</b>								
<b>CHANGE IN NET POSITION</b>								
					187,677	162,336	350,013	69,942
<b>NET POSITION, July 1</b>								
					<u>6,236,942</u>	<u>3,139,166</u>	<u>9,376,108</u>	<u>129,975</u>
<b>NET POSITION, June 30</b>								
					\$ <u>6,424,619</u>	\$ <u>3,301,502</u>	\$ <u>9,726,121</u>	\$ <u>199,917</u>

(See accompanying notes to basic financial statements)

**CITY OF BANKS**  
**STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2022**

	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
<b>ASSETS</b>									
Cash	\$ 498,880	\$ 40,088	\$ 334,675	\$ 430,738	\$ 167,518	\$ 387,204	\$ 226,642	\$ 848,944	\$ 2,934,689
<b>FUND BALANCES</b>									
Restricted - special revenue funds	\$	\$	\$ 334,675	\$ 430,738	\$ 167,518	\$	\$	\$ 428,012	\$ 1,360,943
Committed - special revenue funds		40,088						183,341	223,429
Committed - capital projects funds						387,204	226,642	237,591	851,437
Unassigned	498,880								498,880
<b>Total</b>	<b>\$ 498,880</b>	<b>\$ 40,088</b>	<b>\$ 334,675</b>	<b>\$ 430,738</b>	<b>\$ 167,518</b>	<b>\$ 387,204</b>	<b>\$ 226,642</b>	<b>\$ 848,944</b>	<b>\$ 2,934,689</b>

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

Fund balances \$ 2,934,689

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 3,539,024

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.

(49,094)

Net Position of Governmental Activities \$ 6,424,619

(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, 2022**

	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
<b>RECEIPTS:</b>									
Taxes	\$ 292,403	\$	\$	\$	\$ 347,752	\$	\$	\$	\$ 640,155
Intergovernmental	63,986	238,853	186,944						489,783
Fines and forfeitures	11,585	1,129							12,714
Licenses, permits and fees	136,709								163,637
Charges for services								26,928	50,052
Interest	2,875	419	1,620	2,453	1,365	2,125	529	4,816	16,202
Grants and donations	37,065	7,214					307,986		352,265
Miscellaneous	3,438	366	5,240					661	9,705
<b>Total</b>	<b>548,061</b>	<b>247,981</b>	<b>193,804</b>	<b>2,453</b>	<b>349,117</b>	<b>2,125</b>	<b>308,515</b>	<b>82,457</b>	<b>1,734,513</b>
<b>EXPENDITURES:</b>									
<b>Current:</b>									
Administrative	459,081								459,081
Police					408,813				408,813
Library		370,412							370,412
Streets and roads			85,700	1,819					87,519
Parks and other								51,701	51,701
Capital outlay	4,063			24,388			81,873	73,917	184,241
Debt service	1,614	12,480							14,094
<b>Total</b>	<b>464,758</b>	<b>382,892</b>	<b>85,700</b>	<b>26,207</b>	<b>408,813</b>	<b>0</b>	<b>81,873</b>	<b>125,618</b>	<b>1,575,861</b>
<b>RECEIPTS OVER (UNDER) EXPENDITURES</b>	<b>83,303</b>	<b>(134,911)</b>	<b>108,104</b>	<b>(23,754)</b>	<b>(59,696)</b>	<b>2,125</b>	<b>226,642</b>	<b>(43,161)</b>	<b>158,652</b>
<b>OTHER FINANCING SOURCES (USES):</b>									
Transfers in (out)	(161,669)	120,427						41,242	0
<b>NET CHANGE IN FUND BALANCE</b>	<b>(78,366)</b>	<b>(14,484)</b>	<b>108,104</b>	<b>(23,754)</b>	<b>(59,696)</b>	<b>2,125</b>	<b>226,642</b>	<b>(1,919)</b>	<b>158,652</b>
<b>FUND BALANCES, July 1</b>	<b>577,246</b>	<b>54,572</b>	<b>226,571</b>	<b>454,492</b>	<b>227,214</b>	<b>385,079</b>		<b>850,863</b>	<b>2,776,037</b>
<b>FUND BALANCES, June 30</b>	<b>\$ 498,880</b>	<b>40,088</b>	<b>334,675</b>	<b>430,738</b>	<b>167,518</b>	<b>387,204</b>	<b>226,642</b>	<b>848,944</b>	<b>2,934,689</b>

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

Net Change in Fund Balances - Total Governmental Funds \$ 158,652

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 170,814  
 Depreciation expense (153,190)

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 11,401

Change in Net Position of Governmental Activities \$ 187,677

**CITY OF BANKS  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS - COMBINED  
JUNE 30, 2022**

	<u>Water</u>
<b>ASSETS</b>	
Current assets:	
Cash and investments	\$ 632,167
Restricted assets:	
Cash for debt service	44,110
Noncurrent assets:	
Land and projects in progress	609,854
Other capital assets, net of depreciation	<u>7,418,106</u>
<b>Total Assets</b>	<u><b>8,704,237</b></u>
<b>LIABILITIES</b>	
Noncurrent liabilities:	
Portion due or payable within one year:	
Loans payable	118,640
Portion due or payable after one year:	
Loans payable	<u>5,284,095</u>
<b>Total Liabilities</b>	<u><b>5,402,735</b></u>
<b>NET POSITION</b>	
Invested in capital assets, net of debt	2,625,225
Restricted for:	
Debt service	44,110
Unrestricted	<u>632,167</u>
<b>Total Net Position</b>	<u><b>\$ 3,301,502</b></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, 2022**

	Water
<b>OPERATING RECEIPTS:</b>	
Water sales	\$ 866,708
SDC charges	0
Total operating revenues	866,708
<b>OPERATING EXPENSES:</b>	
Personal services	290,574
Materials and services	257,129
Depreciation expense	141,230
Total operating expenses	688,933
Operating income	177,775
<b>Non-operating receipts (expenses):</b>	
Interest income	4,466
Miscellaneous income(expense)	41,975
Interest expense	(61,880)
Total non-operating receipts (expenses)	(15,439)
Transfers in	162,336
Change in net position	162,336
Net Position-July 1,	3,139,166
Net Position-June 30,	\$ 3,301,502

(See accompanying notes to basic financial statements)

**CITY OF BANKS  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS - COMBINED  
FOR THE YEAR ENDED JUNE 30, 2022**

Cash flows from operating activities	
Receipts from customers	\$ 866,708
Payments to suppliers	(257,129)
Payments to employees	(290,574)
Net cash provided by operating activities	<u>319,005</u>
 Cash flows from capital and related financing activities	
Loan proceeds	2,561,412
Acquisition of capital assets	(2,647,370)
Principal paid on long-term debt	(169,809)
Interest paid on long-term debt	(61,880)
Net cash used by capital and related financing activities	<u>(317,647)</u>
 Cash flows from noncapital financing activities	
Transfer from other fund	<u>                    </u>
 Cash flows from investing activities	
Interest income	4,466
Miscellaneous non-operating receipts	41,975
Net cash provided by investing activities	<u>46,441</u>
 Net increase (decrease) in cash and investments	47,799
 Cash Balance-July 1, 2021	<u>628,478</u>
 Cash Balance-June 30, 2022	\$ <u><u>676,277</u></u>
 Reconciliation of operating income to net cash provided by operating activities	
Operating income	\$ 177,775
Adjustments to reconcile operating income to net cash provided by operating activities:	
Cash flows reported in other categories:	
Depreciation expense	<u>141,230</u>
Net cash provided by operating activities	\$ <u><u>319,005</u></u>

(See accompanying notes to basic financial statements)

**CITY OF BANKS  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**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
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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, 2022**

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, 2022**

**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, 2022**

**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, 2022**

**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, 2022**

**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, 2022**

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, 2022**

**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, 2022. Cash and investments of the City at June 30, 2022 were:

US Bank Checking Account	\$ 124,226
Local Government Investment Pool – Debt	49,961
Local Government Investment Pool	3,634,521
Office Petty Cash & Postage Machine	<u>2,257</u>
Total	<u>\$3,810,965</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, 2022, total demand deposits and savings accounts per bank statements were \$187,827.

**CITY OF BANKS  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**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, 2022, the City had invested \$3,684,482 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, 2022.

**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 95.4%

**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, 2022**

NOTE D – CAPITAL ASSETS:

Capital asset activity for the fiscal year ended June 30, 2022 was as follows:

**GOVERNMENTAL ACTIVITIES**

<u>Non-Depreciable Capital</u>	Balance			Balance
<u>Assets</u>	<u>July 1, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2022</u>
Land	\$ 668,557	\$ -	\$ -	\$ 668,557
Construction in progress	-	147,564	-	147,564
Total	<u>668,557</u>	<u>147,564</u>	<u>-</u>	<u>816,121</u>
<u>Depreciable Capital Assets</u>				
Infrastructure	2,113,087	-	-	2,113,087
Buildings & land improvements	1,543,723	7,168	-	1,550,891
Vehicles & equipment	159,921	16,000	(21,014)	154,907
Total	<u>3,816,731</u>	<u>23,168</u>	<u>(21,014)</u>	<u>3,818,885</u>
<u>Less Accumulated</u>				
<u>Depreciation For:</u>				
Infrastructure	(345,585)	(69,678)	-	(415,263)
Buildings & land improvements	(505,531)	(74,734)	-	(580,265)
Vehicles & equipment	(112,772)	(8,778)	21,014	(100,536)
Total	<u>(963,888)</u>	<u>(153,190)</u>	<u>21,014</u>	<u>(1,096,064)</u>
Total Depreciable Capital Assets, Net of Depreciation	<u>\$ 2,852,843</u>	<u>\$ (130,022)</u>	<u>\$ -</u>	<u>\$ 2,722,821</u>
Total Capital Assets, Net of Depreciation	<u>\$ 3,521,400</u>	<u>\$ 17,542</u>	<u>\$ -</u>	<u>\$ 3,538,942</u>

**CITY OF BANKS  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE D – CAPITAL ASSETS (Continued):

**BUSINESS-TYPE ACTIVITIES**

<u>Non-Depreciable Capital</u>	Balance			Balance
<u>Assets</u>	<u>July 1, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2022</u>
Land	\$ 583,133	\$ -	\$ -	\$ 583,133
Construction in progress	2,109,305	2,596,210	(4,678,793)	26,721
Total	<u>2,692,438</u>	<u>2,596,210</u>	<u>(4,678,793)</u>	<u>609,854</u>
 <u>Depreciable Capital Assets</u>				
Water system	4,899,372	4,685,024	-	9,584,396
Buildings	413,638	-	-	413,638
Equipment	220,182	44,929	(13,396)	251,715
Total	<u>5,533,192</u>	<u>4,729,953</u>	<u>(13,396)</u>	<u>10,249,749</u>
 <u>Less Accumulated</u>				
<u>Depreciation For:</u>				
Water system	(2,437,333)	(115,386)	-	(2,552,719)
Buildings	(159,252)	(10,553)	-	(169,805)
Equipment	(107,224)	(15,291)	13,396	(109,119)
Total	<u>(2,703,809)</u>	<u>(141,230)</u>	<u>13,396</u>	<u>(2,831,643)</u>
 Total Depreciable Capital				
Assets, Net of				
Depreciation				
	<u>\$ 2,829,383</u>	<u>\$ 4,588,723</u>	<u>\$ -</u>	<u>\$ 7,418,106</u>
 Total Capital Assets, Net				
of Depreciation				
	<u>\$ 5,521,821</u>	<u>\$ 7,184,933</u>	<u>\$ (4,678,793)</u>	<u>\$ 8,027,960</u>
 TOTAL CAPITAL ASSETS,				
ALL ACTIVITIES				
	<u>\$ 9,043,221</u>	<u>\$ 7,202,475</u>	<u>\$ (4,678,793)</u>	<u>\$ 11,566,902</u>

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

Governmental Activities:	\$153,190
Business-Type Activities:	\$141,230

The major capital expenditures for fiscal year 21-22 included the project for the replacement of the main water transmission line.

**CITY OF BANKS  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**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, 2022 were as follows:

Fund	Transfers In	Transfers Out
1 – General	\$ -	\$ 161,669
2 – Water	-	52,000
3 – Library	120,427	-
4 – Street	-	-
5 – Water Bonded Debt	21,000	-
9 – Water Depreciation Reserve	30,000	-
10 – Parks	41,242	-
16 – Water Utility Reserve	1,000	-
Total Transfers	<u>\$ 213,669</u>	<u>\$ 213,669</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.

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>PRIMARY GOVERNMENT</b>					
Governmental activities:					
LOCAP – Library	\$ 53,563	\$ -	\$ 10,095	\$ 43,468	\$ 10,095
LOCAP – General Fund	6,932	-	1,306	5,626	1,306
	<u>60,495</u>	<u>-</u>	<u>11,401</u>	<u>49,094</u>	<u>11,401</u>
Business-type activities:					
Safe drinking water (OED)	51,496	-	51,496	-	-
Water slow sand filter (FVA)	120,294	-	14,714	105,580	15,041
LOCAP – water	549,507	-	103,599	445,908	103,599
Safe drinking water (S18006)	2,139,307	2,539,487	-	4,678,794	-
Safe drinking water (S20011)	150,529	21,924	-	172,453	-
	<u>3,011,133</u>	<u>2,561,411</u>	<u>169,809</u>	<u>5,402,735</u>	<u>118,640</u>
Total	<u>\$3,071,628</u>	<u>\$2,561,411</u>	<u>\$ 181,210</u>	<u>\$5,451,829</u>	<u>\$ 130,041</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 (USDA), Rural Utilities Service issues 40 year bonds. However, in this instance the bonds were issued for 30 years. USDA has a debt service reserve requirement of \$20,820. The balance for the debt service reserve at June 30, 2022 is \$44,110.

**CITY OF BANKS  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE F – LONG-TERM DEBT (Continued):

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>
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>\$495,000</u>	<u>\$ 54,494</u>	<u>\$ 6,000</u>	<u>\$ 555,494</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, 2022, \$4,678,794 was drawn on this loan. An interest payment of \$29,043 was paid during fiscal year 21-22.

**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. As of June 30, 2022 \$172,453 was drawn on this loan, and no payments were made.

**CITY OF BANKS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

**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, 2022 and 2021, were 20.35% and 14.08% (OPERF) and 15.28% and 9.78% (OPSRP), respectively, 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 \$79,790 and \$51,294 for the years ended June 30, 2022 and 2021, respectively.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2022, the City would have reported if not for the fact that they utilize the modified cash basis of accounting, a liability of \$456,060 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2019 and rolled forward to June 30, 2021. 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, 2021, the City's proportion was 0.00381115% as compared to 0.00314551% at June 30, 2020. 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, 2022**

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

For the year ended June 30, 2022, the City would have recognized if not for the fact that they utilize the modified cash basis of accounting, pension expense of \$81,272. At June 30, 2022, 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	\$ 42,690	\$ -
Changes in assumptions	114,166	1,200
Net difference between projected and actual earnings on pension plan investments	-	337,618
Changes in proportion and differences between employer contributions and proportionate share of contributions	173,237	62,317
District contributions subsequent to the measurement date	79,790	N/A
	\$ 409,883	\$ 401,135

\$79,790 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, 2023. 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:	
2023	\$ (6,078)
2024	1,275
2025	(19,854)
2026	(62,909)
2027	16,524
	\$ (71,042)

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, 2022**

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

The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40 percent
Salary increases	3.40 percent overall payroll growth; salaries for individuals are assumed to grow at 3.40 percent plus assumed rates of merit/longevity increases based on service
Investment rate of return	6.90 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, 2021 valuation were based on the results of a 2018 actuarial experience study published July 24, 2019.

Assumed Asset Allocation:

Asset Class/Strategy	OIC <u>Target</u>
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 June 2021 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/2021-ACFR.pdf>.

**CITY OF BANKS  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

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>
Global Equity	30.62%	5.85%
Private Equity	25.50%	7.71%
Core Fixed Income	23.75%	2.73%
Real Estate	12.25%	5.66%
Master Limited Partnerships	0.75%	5.71%
Infrastructure	1.50%	6.26%
Commodities	0.63%	3.10%
Hedge Fund of Funds – Multi-Strategy	1.25%	5.11%
Hedge Fund Equity – Hedge	0.63%	5.31%
Hedge Fund - Macro	5.62%	5.06%
U.S. Cash	-2.50%	1.76%
Assumed Inflation - Mean		2.40%

**CITY OF BANKS  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

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

Discount Rate – The discount rate used to measure the total pension liability was 6.90 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 6.90 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 (5.90 percent) or 1-percentage-point higher (7.90 percent) than the current rate:

	1% Decrease (5.90%)	Discount Rate (6.90%)	1% Increase (7.90%)
City’s proportionate share of the net pension liability	\$ 895,594	\$ 456,060	\$ 88,301

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 1, 2022.

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, 2022**

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, 2022**

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, 2022**

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, 2022**

	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
Cash Receipts				
Property taxes	\$ 265,679	\$ 265,679	\$ 292,403	\$ 26,724
Licenses, permits and fees	106,500	106,500	136,709	30,209
Intergovernmental	40,800	40,800	63,986	23,186
Interest	4,000	4,000	2,875	(1,125)
Grants and donations	23,531	23,531	23,982	451
Court fines	4,500	4,500	11,585	7,085
Community development fees and grants	16,000	16,000	13,083	(2,917)
Miscellaneous	500	500	3,438	2,938
Total receipts	<u>461,510</u>	<u>461,510</u>	<u>548,061</u>	<u>86,551</u>
Cash Expenditures				
Personnel services	181,775	181,775	157,292	24,483
Materials and services	303,884	303,884	301,789	2,095
Capital outlay	11,600	11,600	4,063	7,537
Debt service	1,780	1,780	1,614	166
Contingency	119,762	119,762		119,762
Total cash expenditures	<u>618,801</u>	<u>618,801</u>	<u>464,758</u>	<u>154,043</u>
Excess of receipts over (under) expenditures	(157,291)	(157,291)	83,303	240,594
Other financing sources (uses)				
Operating transfers in				
Operating transfers out	<u>(215,310)</u>	<u>(215,310)</u>	<u>(161,669)</u>	<u>53,641</u>
Excess of revenues and other sources over (under) expenditures and other uses	(372,601)	(372,601)	(78,366)	294,235
Cash balance - July 1, 2021	<u>479,951</u>	<u>479,951</u>	<u>577,246</u>	<u>97,295</u>
Cash balance - June 30, 2022	<u>\$ 107,350</u>	<u>\$ 107,350</u>	<u>\$ 498,880</u>	<u>\$ 391,530</u>

**CITY OF BANKS**  
**BUDGETARY COMPARISON SCHEDULE**  
**LIBRARY FUND**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		Favorable (Unfavorable)
Cash Receipts				
Circulation reimbursement	\$ 238,853	\$ 238,853	\$ 238,853	\$ 0
Fines and fees	1,600	1,600	1,129	(471)
Interest	1,200	1,200	419	(781)
Grants and donations	29,500	29,500	7,214	(22,286)
Miscellaneous	3,500	3,500	366	(3,134)
Total receipts	<u>274,653</u>	<u>274,653</u>	<u>247,981</u>	<u>(26,672)</u>
Cash Expenditures				
Personnel services	309,225	309,225	303,934	5,291
Materials and services	87,680	87,680	66,478	21,202
Capital outlay	5,000	5,000		5,000
Debt service	13,735	13,735	12,480	1,255
Contingency	182	182		
Total cash expenditures	<u>415,822</u>	<u>415,822</u>	<u>382,892</u>	<u>32,930</u>
Excess of receipts over (under) expenditures	(141,169)	(141,169)	(134,911)	6,258
Other financing sources (uses)				
Operating transfers in	130,660	130,660	120,427	(10,233)
Operating transfers out				
Excess of revenues and other sources over (under) expenditures and other uses	(10,509)	(10,509)	(14,484)	(3,975)
Cash balance - July 1, 2021	<u>40,769</u>	<u>40,769</u>	<u>54,572</u>	<u>13,803</u>
Cash balance - June 30, 2022	<u>\$ 30,260</u>	<u>\$ 30,260</u>	<u>\$ 40,088</u>	<u>\$ 9,828</u>

**CITY OF BANKS**  
**BUDGETARY COMPARISON SCHEDULE**  
**STREETS AND ROADS FUND**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
Cash Receipts				
Intergovernmental	\$ 158,460	\$ 158,460	\$ 186,944	\$ 28,484
Interest	500	500	1,620	1,120
Miscellaneous	100	100	5,240	5,140
Total receipts	<u>159,060</u>	<u>159,060</u>	<u>193,804</u>	<u>34,744</u>
Cash Expenditures				
Personnel services	37,375	22,375	22,146	229
Materials and services	62,785	77,785	63,554	14,231
Capital outlay	185,000	185,000		185,000
Contingency	30,718	30,718		
Total cash expenditures	<u>315,878</u>	<u>315,878</u>	<u>85,700</u>	<u>230,178</u>
Excess of receipts over (under) expenditures	(156,818)	(156,818)	108,104	264,922
Other financing sources (uses)				
Operating transfers in				
Operating transfers out				0
Excess of revenues and other sources over (under) expenditures and other uses	(156,818)	(156,818)	108,104	264,922
Cash balance - July 1, 2021	<u>229,483</u>	<u>229,483</u>	<u>226,571</u>	<u>(2,912)</u>
Cash balance - June 30, 2022	<u>\$ 72,665</u>	<u>\$ 72,665</u>	<u>\$ 334,675</u>	<u>\$ 262,010</u>

**CITY OF BANKS  
BUDGETARY COMPARISON SCHEDULE  
TRAFFIC IMPACT FEES RESERVE FUND  
FOR THE YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
Cash Receipts				
Charges for services	\$	\$	\$	\$
Interest	3,000	3,000	2,453	(547)
Total receipts	<u>3,000</u>	<u>3,000</u>	<u>2,453</u>	<u>(547)</u>
Cash Expenditures				
Personnel services				
Materials and services	2,000	2,000	1,819	181
Capital outlay	455,485	455,485	24,388	431,097
Contingency				
Total cash expenditures	<u>457,485</u>	<u>457,485</u>	<u>26,207</u>	<u>431,278</u>
Excess of receipts over (under) expenditures	(454,485)	(454,485)	(23,754)	430,731
Other financing sources (uses)				
Operating transfers in				
Operating transfers out				
Excess of revenues and other sources over (under) expenditures and other uses	(454,485)	(454,485)	(23,754)	430,731
Cash balance - July 1, 2021	<u>454,485</u>	<u>454,485</u>	<u>454,492</u>	<u>7</u>
Cash balance - June 30, 2022	\$ <u><u>0</u></u>	\$ <u><u>0</u></u>	\$ <u><u>430,738</u></u>	\$ <u><u>430,738</u></u>

**CITY OF BANKS  
BUDGETARY COMPARISON SCHEDULE  
POLICE SERVICES FUND  
FOR THE YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
Cash Receipts				
Local option tax	\$ 318,000	\$ 318,000	\$ 347,752	\$ 29,752
Interest	4,000	4,000	1,365	(2,635)
Total receipts	<u>322,000</u>	<u>322,000</u>	<u>349,117</u>	<u>27,117</u>
Cash Expenditures				
Personnel services	2,370	2,370	2,115	255
Materials and services	457,105	457,105	406,698	50,407
Capital outlay	0	0		0
Contingency	14,044	14,044		14,044
Total cash expenditures	<u>473,519</u>	<u>473,519</u>	<u>408,813</u>	<u>64,706</u>
Excess of receipts over (under) expenditures	(151,519)	(151,519)	(59,696)	91,823
Other financing sources (uses)				
Operating transfers in				
Operating transfers out				
Excess of revenues and other sources over (under) expenditures and other uses	(151,519)	(151,519)	(59,696)	91,823
Cash balance - July 1, 2021	<u>226,609</u>	<u>226,609</u>	<u>227,214</u>	<u>605</u>
Cash balance - June 30, 2022	<u>\$ 75,090</u>	<u>\$ 75,090</u>	<u>\$ 167,518</u>	<u>\$ 92,428</u>

**CITY OF BANKS**  
**BUDGETARY COMPARISON SCHEDULE**  
**TRANSPORTATION DEVELOPMENT TAX RESERVE FUND**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
Cash Receipts				
Traffic development tax reserve	\$ 172,651	\$ 172,651	\$	(172,651)
Interest			2,125	2,125
Total receipts	<u>172,651</u>	<u>172,651</u>	<u>2,125</u>	<u>(170,526)</u>
Cash Expenditures				
Personnel services				
Materials and services				
Capital outlay	557,912	557,912		557,912
Contingency				
Total cash expenditures	<u>557,912</u>	<u>557,912</u>	<u>0</u>	<u>557,912</u>
Excess of receipts over (under) expenditures	(385,261)	(385,261)	2,125	387,386
Other financing sources (uses)				
Operating transfers in				
Operating transfers out				
Excess of revenues and other sources over (under) expenditures and other uses	(385,261)	(385,261)	2,125	387,386
Cash balance - July 1, 2021	<u>385,261</u>	<u>385,261</u>	<u>385,079</u>	<u>(182)</u>
Cash balance - June 30, 2022	\$ <u><u>0</u></u>	\$ <u><u>0</u></u>	\$ <u><u>387,204</u></u>	\$ <u><u>387,204</u></u>

**CITY OF BANKS  
BUDGETARY COMPARISON SCHEDULE  
GOVERNMENTAL CAPITAL PROJECTS FUND  
FOR THE YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
Cash Receipts				
Grants	\$ 655,000	\$ 655,000	\$ 307,986	\$ (347,014)
Interest			529	529
Total receipts	<u>655,000</u>	<u>655,000</u>	<u>308,515</u>	<u>(346,485)</u>
Cash Expenditures				
Personnel services				
Materials and services				
Capital outlay	655,000	655,000	81,873	573,127
Contingency				
Total cash expenditures	<u>655,000</u>	<u>655,000</u>	<u>81,873</u>	<u>573,127</u>
Excess of receipts over (under) expenditures	0	0	226,642	226,642
Other financing sources (uses)				
Operating transfers in				
Operating transfers out				
Excess of revenues and other sources over (under) expenditures and other uses	0	0	226,642	226,642
Cash balance - July 1, 2021	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash balance - June 30, 2022	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 226,642</u>	<u>\$ 226,642</u>



**CITY OF BANKS**  
**COMBINING SCHEDULE OF ASSETS, LIABILITIES AND FUND BALANCES-CASH BASIS**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2022**

	Parks and Trees Fund	Park SDC Fund	Transportation System Development Charge Fund	Governmental Capital Project Reserve Fund	Transient Lodging Tax Fund	Totals
<b>ASSETS</b>						
Cash	\$ 43,670	\$ 139,311	\$ 428,012	\$ 237,591	\$ 360	\$ 848,944
<b>FUND BALANCES</b>						
Restricted - special revenue funds			\$ 428,012			\$ 428,012
Committed - special revenue funds	43,670	139,311			360	183,341
Committed - capital projects funds				237,591		237,591
<b>Total</b>	<u>\$ 43,670</u>	<u>\$ 139,311</u>	<u>\$ 428,012</u>	<u>\$ 237,591</u>	<u>\$ 360</u>	<u>\$ 848,944</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, 2022**

	Parks and Trees Fund	Park SDC Fund	Transportation System Development Charge Fund	Governmental Capital Project Reserve Fund	Transient Lodging Tax Fund	Totals
<b>CASH RECEIPTS:</b>						
Licenses, permits and fees	\$	\$	\$	26,668	\$ 260	\$ 26,928
Charges for services	50,052					50,052
Interest	421	778	2,360	1,256	1	4,816
Miscellaneous	661					661
<b>Total</b>	<u>51,134</u>	<u>778</u>	<u>2,360</u>	<u>27,924</u>	<u>261</u>	<u>82,457</u>
<b>EXPENDITURES:</b>						
Personal services	22,139					22,139
Materials and services	29,562					29,562
Capital outlay	44,883	3,168	2,698	23,168		73,917
<b>Total</b>	<u>96,584</u>	<u>3,168</u>	<u>2,698</u>	<u>23,168</u>		<u>125,618</u>
<b>RECEIPTS OVER (UNDER) EXPENDITURES</b>	<u>(45,450)</u>	<u>(2,390)</u>	<u>(338)</u>	<u>4,756</u>	<u>261</u>	<u>(43,161)</u>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in (out)	41,242					41,242
<b>NET CHANGE IN CASH BALANCES</b>	(4,208)	(2,390)	(338)	4,756	261	(1,919)
<b>FUND BALANCES - July 1, 2021</b>	<u>47,878</u>	<u>141,701</u>	<u>428,350</u>	<u>232,835</u>	<u>99</u>	<u>850,863</u>
<b>FUND BALANCES - June 30, 2022</b>	<u>\$ 43,670</u>	<u>\$ 139,311</u>	<u>\$ 428,012</u>	<u>\$ 237,591</u>	<u>\$ 360</u>	<u>\$ 848,944</u>

**CITY OF BANKS**  
**BUDGETARY COMPARISON SCHEDULE - CASH BASIS**  
**PARKS AND TREES FUND**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
Cash Receipts				
Grants	\$	\$	\$	\$ 0
Charges for services	43,000	43,000	50,052	7,052
Interest	100	100	421	321
Miscellaneous	100	100	661	561
Total receipts	<u>43,200</u>	<u>43,200</u>	<u>51,134</u>	<u>7,934</u>
Cash Expenditures				
Personnel services	25,885	25,885	22,139	3,746
Materials and services	68,157	68,157	29,562	38,595
Capital outlay	60,000	60,000	44,883	15,117
Contingency	418	418		418
Total cash expenditures	<u>154,460</u>	<u>154,460</u>	<u>96,584</u>	<u>57,876</u>
Excess of receipts over (under) expenditures	(111,260)	(111,260)	(45,450)	65,810
Other financing sources (uses)				
Operating transfers in	84,650	84,650	41,242	(43,408)
Operating transfers out	<u></u>	<u></u>	<u></u>	<u></u>
Excess of revenues and other sources over (under) expenditures and other uses	(26,610)	(26,610)	(4,208)	22,402
Cash balance - July 1, 2021	<u>47,380</u>	<u>47,380</u>	<u>47,878</u>	<u>498</u>
Cash balance - June 30, 2022	<u>\$ 20,770</u>	<u>\$ 20,770</u>	<u>\$ 43,670</u>	<u>\$ 22,900</u>

**CITY OF BANKS**  
**BUDGETARY COMPARISON SCHEDULE - CASH BASIS**  
**PARKS SDC FUND**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
Cash Receipts				
SDC fee - parks	\$	\$	\$	\$ 0
Interest			778	778
Total receipts	<u>0</u>	<u>0</u>	<u>778</u>	<u>778</u>
Cash Expenditures				
Personnel services				
Materials and services				
Capital outlay	141,702	141,702	3,168	138,534
Contingency				
Total cash expenditures	<u>141,702</u>	<u>141,702</u>	<u>3,168</u>	<u>138,534</u>
Excess of receipts over (under) expenditures	(141,702)	(141,702)	(2,390)	139,312
Other financing sources (uses)				
Operating transfers in				
Operating transfers out				
Excess of revenues and other sources over (under) expenditures and other uses	(141,702)	(141,702)	(2,390)	139,312
Cash balance - July 1, 2021	<u>141,702</u>	<u>141,702</u>	<u>141,701</u>	<u>(1)</u>
Cash balance - June 30, 2022	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 139,311</u>	<u>\$ 139,311</u>

**CITY OF BANKS**  
**BUDGETARY COMPARISON SCHEDULE - CASH BASIS**  
**TRANSPORTATION SYSTEM DEVELOPMENT CHARGE RESERVE FUND**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
Cash Receipts				
SDC fee - transportation	\$	\$	\$	\$ 0
Interest	4,000	4,000	2,360	(1,640)
Total receipts	<u>4,000</u>	<u>4,000</u>	<u>2,360</u>	<u>(1,640)</u>
Cash Expenditures				
Personnel services				
Materials and services				
Capital outlay	432,334	432,334	2,698	429,636
Contingency				
Total cash expenditures	<u>432,334</u>	<u>432,334</u>	<u>2,698</u>	<u>429,636</u>
Excess of receipts over (under) expenditures	(428,334)	(428,334)	(338)	427,996
Other financing sources (uses)				
Operating transfers in				
Operating transfers out				
Excess of revenues and other sources over (under) expenditures and other uses	(428,334)	(428,334)	(338)	427,996
Cash balance - July 1, 2021	<u>428,334</u>	<u>428,334</u>	<u>428,350</u>	<u>16</u>
Cash balance - June 30, 2022	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 428,012</u>	<u>\$ 428,012</u>

**CITY OF BANKS**  
**BUDGETARY COMPARISON SCHEDULE - CASH BASIS**  
**GOVERNMENTAL CAPITAL PROJECT RESERVE FUND**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
Cash Receipts				
Franchise fees	\$ 23,000	\$ 23,000	\$ 26,668	\$ 3,668
Interest	2,000	2,000	1,256	(744)
Total receipts	<u>25,000</u>	<u>25,000</u>	<u>27,924</u>	<u>2,924</u>
Cash Expenditures				
Personnel services				
Materials and services				
Capital outlay	24,500	24,500	23,168	1,332
Contingency	228,133	228,133		
Total cash expenditures	<u>252,633</u>	<u>252,633</u>	<u>23,168</u>	<u>229,465</u>
Excess of receipts over (under) expenditures	(227,633)	(227,633)	4,756	232,389
Other financing sources (uses)				
Operating transfers in				
Operating transfers out				
Excess of revenues and other sources over (under) expenditures and other uses	(227,633)	(227,633)	4,756	232,389
Cash balance - July 1, 2021	<u>227,633</u>	<u>227,633</u>	<u>232,835</u>	<u>5,202</u>
Cash balance - June 30, 2022	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 237,591</u>	<u>\$ 237,591</u>

**CITY OF BANKS**  
**BUDGETARY COMPARISON SCHEDULE - CASH BASIS**  
**TRANSIENT LODGING TAX FUND**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
Cash Receipts				
Transient lodging tax	\$ 50	\$ 50	\$ 260	\$ 210
Interest			1	1
Total receipts	<u>50</u>	<u>50</u>	<u>261</u>	<u>211</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	(50)	(50)	261	311
Other financing sources (uses)				
Operating transfers in				
Operating transfers out				
Excess of revenues and other sources over (under) expenditures and other uses	(50)	(50)	261	311
Cash balance - July 1, 2021	<u>50</u>	<u>50</u>	<u>99</u>	<u>49</u>
Cash balance - June 30, 2022	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 360</u>	<u>\$ 360</u>

**CITY OF BANKS**  
**BUDGETARY COMPARISON SCHEDULE - CASH BASIS**  
**WATER FUND**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		Favorable (Unfavorable)
Cash Receipts				
Charges for services	\$ 845,550	\$ 845,550	\$ 866,708	\$ 21,158
Grants	207,500	207,500		(207,500)
Interest	2,000	2,000	2,967	967
Miscellaneous	500	500	28,475	27,975
Total receipts	<u>1,055,550</u>	<u>1,055,550</u>	<u>898,150</u>	<u>(157,400)</u>
Cash Expenditures				
Personnel services	325,795	325,795	290,574	35,221
Materials and services	245,355	245,355	242,031	3,324
Capital outlay	241,500	241,500	35,189	206,311
Debt service	234,719	234,719	210,869	23,850
Contingency	83,959	83,959		83,959
Total cash expenditures	<u>1,131,328</u>	<u>1,131,328</u>	<u>778,663</u>	<u>352,665</u>
Excess of receipts over (under) expenditures	(75,778)	(75,778)	119,487	195,265
Other financing sources (uses)				
Loan proceeds	40,000	40,000	21,924	(18,076)
Operating transfers in (out)	<u>(52,000)</u>	<u>(52,000)</u>	<u>(52,000)</u>	<u>0</u>
Excess of revenues and other sources over (under) expenditures and other uses	(87,778)	(87,778)	89,411	177,189
Cash balance - July 1, 2021	<u>271,808</u>	<u>271,808</u>	<u>349,113</u>	<u>77,305</u>
Cash balance - June 30, 2022	<u>\$ 184,030</u>	<u>\$ 184,030</u>	<u>\$ 438,524</u>	<u>\$ 254,494</u>



**CITY OF BANKS**  
**BUDGETARY COMPARISON SCHEDULE - CASH BASIS**  
**WATER BONDED DEBT FUND**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
Cash Receipts				
Interest	\$ 500	\$ 500	\$ 282	\$ (218)
Charges for services	0	0	0	0
Interest	0	0	0	0
Miscellaneous	0	0	0	0
Total receipts	<u>500</u>	<u>500</u>	<u>282</u>	<u>(218)</u>
Cash Expenditures				
Personnel services				0
Materials and services	1,000	1,000	611	389
Debt service	20,820	20,820	20,820	0
Contingency	187	187		187
Total cash expenditures	<u>22,007</u>	<u>22,007</u>	<u>21,431</u>	<u>576</u>
Excess of receipts over (under) expenditures	(21,507)	(21,507)	(21,149)	358
Other financing sources (uses)				
Operating transfers in	21,000	21,000	21,000	0
Operating transfers out				
Excess of revenues and other sources over (under) expenditures and other uses	(507)	(507)	(149)	358
Cash balance - July 1, 2021	<u>44,257</u>	<u>44,257</u>	<u>44,259</u>	<u>2</u>
Cash balance - June 30, 2022	<u>\$ 43,750</u>	<u>\$ 43,750</u>	<u>\$ 44,110</u>	<u>\$ 360</u>

**CITY OF BANKS**  
**BUDGETARY COMPARISON SCHEDULE - CASH BASIS**  
**WATER SDC FUND**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
Cash Receipts				
System development - water	\$	\$	\$	\$
Interest	500	500	945	445
Total receipts	<u>500</u>	<u>500</u>	<u>945</u>	<u>445</u>
Cash Expenditures				
Personnel services				
Materials and services				
Capital outlay	176,829	176,829	26,721	150,108
Contingency				
Total cash expenditures	<u>176,829</u>	<u>176,829</u>	<u>26,721</u>	<u>150,108</u>
Excess of receipts over (under) expenditures	(176,329)	(176,329)	(25,776)	150,553
Other financing sources (uses)				
Operating transfers in				
Operating transfers out				
Excess of revenues and other sources over (under) expenditures and other uses	(176,329)	(176,329)	(25,776)	150,553
Cash balance - July 1, 2021	<u>176,329</u>	<u>176,329</u>	<u>176,330</u>	<u>1</u>
Cash balance - June 30, 2022	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 150,554</u>	<u>\$ 150,554</u>

**CITY OF BANKS**  
**BUDGETARY COMPARISON SCHEDULE - CASH BASIS**  
**WATER UTILITY DEPRECIATION FUND**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
Cash Receipts				
Interest	\$ 100	\$ 100	\$ 230	\$ 130
Charges for services	0	0	0	0
Interest	0	0	0	0
Miscellaneous	0	0	0	0
Total receipts	<u>100</u>	<u>100</u>	<u>230</u>	<u>130</u>
Cash Expenditures				
Personnel services				0
Materials and services	500	500	498	2
Capital outlay	29,000	29,000	25,960	3,040
Contingency	19,028	19,028		19,028
Total cash expenditures	<u>48,528</u>	<u>48,528</u>	<u>26,458</u>	<u>22,070</u>
Excess of receipts over (under) expenditures	(48,428)	(48,428)	(26,228)	22,200
Other financing sources (uses)				
Operating transfers in	30,000	30,000	30,000	0
Operating transfers out				
Excess of revenues and other sources over (under) expenditures and other uses	(18,428)	(18,428)	3,772	22,200
Cash balance - July 1, 2021	<u>18,428</u>	<u>18,428</u>	<u>24,989</u>	<u>6,561</u>
Cash balance - June 30, 2022	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 28,761</u>	<u>\$ 28,761</u>

**CITY OF BANKS**  
**BUDGETARY COMPARISON SCHEDULE - CASH BASIS**  
**WATER UTILITY RESERVE FUND**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
Cash Receipts				
Interest	\$ 100	\$ 100	\$ 42	(58)
Charges for services	0	0	0	0
Surplus property	0	0	13,500	13,500
Miscellaneous	0	0	0	0
Total receipts	<u>100</u>	<u>100</u>	<u>13,542</u>	<u>13,442</u>
Cash Expenditures				
Personnel services				0
Materials and services				0
Capital outlay	4,883	4,883	4,000	883
Contingency				0
Total cash expenditures	<u>4,883</u>	<u>4,883</u>	<u>4,000</u>	<u>883</u>
Excess of receipts over (under) expenditures	(4,783)	(4,783)	9,542	14,325
Other financing sources (uses)				
Operating transfers in	1,000	1,000	1,000	0
Operating transfers out				
Excess of revenues and other sources over (under) expenditures and other uses	(3,783)	(3,783)	10,542	14,325
Cash balance - July 1, 2021	<u>3,783</u>	<u>3,783</u>	<u>3,785</u>	<u>2</u>
Cash balance - June 30, 2022	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 14,327</u>	<u>\$ 14,327</u>

**CITY OF BANKS**  
**BUDGETARY COMPARISON SCHEDULE - CASH BASIS**  
**WATER UTILITY CAPITAL PROJECTS FUND**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	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	4,000,000	4,000,000	2,569,489	1,430,511
Contingency				0
Total cash expenditures	<u>4,000,000</u>	<u>4,000,000</u>	<u>2,569,489</u>	<u>1,430,511</u>
Excess of receipts over (under) expenditures	(4,000,000)	(4,000,000)	(2,569,489)	1,430,511
Other financing sources (uses)				
Loan proceeds	4,000,000	4,000,000	2,539,487	(1,460,513)
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, 2021	<u>0</u>	<u>0</u>	<u>30,002</u>	<u>30,002</u>
Cash balance - June 30, 2022	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>0</u>

**CITY OF BANKS**  
**BUDGETARY COMPARISON SCHEDULE - CASH BASIS**  
**URBAN RENEWAL AGENCY**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		Favorable (Unfavorable)
Cash Receipts				
Property taxes	\$ 60,000	\$ 60,000	\$ 71,020	\$ 11,020
Interest	700	700	997	297
Miscellaneous				0
Total receipts	<u>60,700</u>	<u>60,700</u>	<u>72,017</u>	<u>11,317</u>
Cash Expenditures				
Personnel services				0
Materials and services	2,100	2,100	2,075	25
Capital outlay	150,000	150,000		150,000
Contingency	74,600	74,600		74,600
Total cash expenditures	<u>226,700</u>	<u>226,700</u>	<u>2,075</u>	<u>224,625</u>
Excess of receipts over (under) expenditures	(166,000)	(166,000)	69,942	235,942
Other financing sources (uses)				
Operating transfers in				
Operating transfers out				
Excess of revenues and other sources over (under) expenditures and other uses	(166,000)	(166,000)	69,942	235,942
Cash balance - July 1, 2021	<u>166,000</u>	<u>166,000</u>	<u>129,975</u>	<u>(36,025)</u>
Cash balance - June 30, 2022	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 199,917</u>	<u>\$ 199,917</u>

**CITY OF BANKS  
WATER AND RELATED FUNDS  
COMPARATIVE BALANCE SHEETS\*  
JUNE 30, 2020, 2021, 2022**

	<u>June 30, 2020</u>	<u>June 30, 2021</u>	<u>June 30, 2022</u>
<b>ASSETS:</b>			
Cash	\$ 430,757	\$ 584,294	\$ 632,167
Cash restricted – USDA Rural			
Utility Service	46,687	44,259	44,110
Capital assets	6,944,544	8,225,630	10,859,603
Accumulated depreciation	<u>(2,574,690)</u>	<u>(2,703,809)</u>	<u>(2,831,643)</u>
Total assets	<u>\$ 4,847,298</u>	<u>\$ 6,150,374</u>	<u>\$ 8,704,237</u>
<b>LIABILITIES AND FUND EQUITY:</b>			
Liabilities:			
Credit card balance	\$ -	\$ -	\$ -
Long-term debt	<u>1,812,456</u>	<u>3,011,133</u>	<u>5,402,735</u>
Total liabilities	<u>1,812,456</u>	<u>3,011,133</u>	<u>5,402,735</u>
<b>FUND EQUITY</b>	<u>3,034,842</u>	<u>3,139,241</u>	<u>3,301,502</u>
Total liabilities and fund equity	<u>\$ 4,847,298</u>	<u>\$ 6,150,374</u>	<u>\$ 8,704,237</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, 2020, 2021, 2022**

	<u>June 30, 2020</u>	<u>June 30, 2021</u>	<u>June 30, 2022</u>
<b>OPERATING RECEIPTS:</b>			
Charge for services	\$ 779,024	\$ 846,067	\$ 866,708
Miscellaneous	9,994	16,948	46,366
Total	<u>789,018</u>	<u>863,015</u>	<u>913,074</u>
<b>OPERATING EXPENSES:</b>			
Personal services	286,820	266,365	290,574
Debt – Interest	51,472	48,570	61,880
Materials and services	283,346	304,548	257,129
Depreciation expense	<u>136,694</u>	<u>139,133</u>	<u>141,230</u>
Total	<u>758,331</u>	<u>758,616</u>	<u>750,813</u>
<b>NET OPERATING INCOME (LOSS)</b>	<u>30,687</u>	<u>104,399</u>	<u>162,261</u>
<b>FUND EQUITY, beginning</b>	<u>3,004,155</u>	<u>3,034,842</u>	<u>3,139,241</u>
<b>FUND EQUITY, ending</b>	<u>\$ 3,034,842</u>	<u>\$ 3,139,241</u>	<u>\$ 3,301,502</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	2022
City's proportion of the net pension liability (asset)	0.00146179%	0.00253233%	0.00309074%	0.00237984%	0.00197774%	0.00260251%	0.00314551%	0.00381115%
City's proportionate share of the net pension liability (asset)	\$ (33,135)	\$ 145,393	\$ 463,992	\$ 320,803	\$ 299,602	\$ 450,172	\$ 686,458	\$ 456,060
City's covered-employee payroll	\$ 321,483	\$ 354,452	\$ 363,182	\$ 344,191	\$ 402,839	\$ 461,754	\$ 498,032	\$ 465,868
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%	97.89%
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%	87.6%

**Changes in Benefit Terms and Assumptions:**

**Benefit Terms:** The 2013 Oregon Legislature mad 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. For June 30, 2021, the long-term expected rate of return was lowered to 6.90 percent.

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>	<u>2022</u>
Contractually required contributions	\$ 15,341	\$ 11,301	\$ 23,247	\$ 23,768	\$ 33,796	\$ 50,322	\$ 51,294	\$ 79,790
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>	<u>(79,790)</u>
Contribution deficiency (excess)	\$ <u>          </u> -	\$ <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	\$ 475,998
Contributions as a percentage of covered-employee payroll	4.33%	3.11%	6.75%	5.90%	7.32%	10.10%	11.01%	16.76%

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, 2022, and have issued our report thereon dated December 8, 2022. 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**

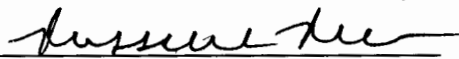
In planning and performing our audit, we considered City of Banks' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of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

December 8, 2022