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# **CITY OF BANKS**

Washington County, Oregon

## **AUDITED FINANCIAL STATEMENTS**

Year Ended June 30, 2017

CITY OF BANKS  
Washington County, Oregon

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June 30, 2017

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CITY OF BANKS

Washington County, Oregon

CITY OFFICIALS

June 30, 2017

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MAYOR

Term Expires

Pete Edison  
Banks, Oregon 97106

December 31, 2018

COUNCIL PRESIDENT

Mark Gregg  
Banks, Oregon 97106

December 31, 2018

COUNCIL

Dan Keller  
Banks, Oregon 97106

December 31, 2018

Mark Walsh  
Banks, Oregon 97106

December 31, 2018

Stephanie Jones  
Banks, Oregon 97106

December 31, 2020

Michael Nelson  
Banks, Oregon 97106

December 31, 2020

Teri Branstitre  
Banks, Oregon 97106

December 31, 2020

CITY MANAGER

Jolynn Becker  
13680 NW Main St.  
Banks, Oregon 97106

CITY RECORDER

Angie Lanter  
13680 NW Main St.  
Banks, Oregon 97106

**DENNIS R. CONNER**  
CERTIFIED PUBLIC ACCOUNTANT  
CLATSKANIE, OREGON 97016

**INDEPENDENT AUDITOR'S REPORT**

Modified Cash Basis Financial Statements

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

I have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and aggregate remaining fund information of the City of Banks (the City), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

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

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

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

**Opinions**

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2017, and the respective changes in modified cash basis financial position and, where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

**Basis of Accounting**

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

## **Report on Supplementary and Other Information**

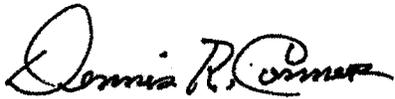
My audit was conducted for the purpose of forming opinions on the financial statements as a whole that collectively comprise the City's basic financial statements. The budgetary comparison schedules, and other financial schedules listed in the table of contents, and the management's discussion and analysis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

The budgetary comparison schedules, and other financial schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole on the basis of accounting described in Note 1.

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

## **Other Reporting Required by Oregon Minimum Standards**

In accordance with Minimum Standards for audits of Oregon Municipal Corporations, I have also issued my report dated October 5, 2017, on my consideration of the City's internal control over financial reporting and on my tests of its compliance with the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules OAR 162-10-240 to 162-10-320. The purpose of that report is to describe my evaluation of internal control over financial reporting and the scope of my testing of compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance.



Dennis R. Conner  
Certified Public Accountant  
October 5, 2017

# City of Banks

## Management Discussion and Analysis

FYE June 30, 2017

This Management Discussion and Analysis of the City of Banks financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2017.

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

### **Report Components**

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

### **Basic Financial Statements**

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

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

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

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

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

**CITY OF BANKS - NET POSITION**

	Governmental Activities June 30, 2016	Governmental Activities June 30, 2017	Business-Type Activities June 30, 2016	Business-Type Activities June 30, 2017	Total June 30, 2016	Total June 30, 2017	Increase (Decrease)
<b>ASSETS</b>							
Cash and Cash Equivalents	\$ 1,929,661	\$ 2,289,508	\$ 248,504	\$ 226,934	\$ 2,178,165	\$ 2,516,443	\$ 338,278
Capital Assets, Net of Depreciation	989,550	1,040,956	3,971,130	3,875,443	4,960,680	4,916,399	(44,281)
<b>Total</b>	<b>2,919,211</b>	<b>3,330,464</b>	<b>4,219,634</b>	<b>4,102,377</b>	<b>7,138,845</b>	<b>7,432,842</b>	<b>293,997</b>
<b>LIABILITIES</b>							
Bonds Payable	111,062	101,643	1,470,893	1,332,389	1,581,955	1,434,032	(147,923)
<b>Total Net Position</b>	<b>\$ 2,808,149</b>	<b>\$ 3,228,822</b>	<b>\$ 2,748,741</b>	<b>\$ 2,769,988</b>	<b>\$ 5,556,890</b>	<b>\$ 5,998,810</b>	<b>\$ 441,920</b>

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

	Governmental Activities 2015-16	Governmental Activities 2016-17	Business-Type Activities 2015-16	Business-Type Activities 2016-17	Total 2015-16	Total 2016-17	Variance Favorable (Unfavorable)
<b>PROGRAM RECEIPTS</b>							
Charges for Services	\$ 211,140	\$ 210,234	\$ 569,194	\$ 573,850	\$ 780,334	\$ 784,084	\$ 3,750
Operating Grants	11,705	10,745	-	-	11,705	10,745	(960)
<b>Total</b>	<b>222,845</b>	<b>220,979</b>	<b>569,194</b>	<b>573,850</b>	<b>792,039</b>	<b>794,829</b>	<b>2,790</b>
<b>GENERAL RECEIPTS</b>							
Property Taxes	509,922	546,132	-	-	509,922	546,132	36,210
Intergovernmental	344,704	340,291	-	-	344,704	340,291	(4,413)
Interest	12,126	22,474	1,816	3,021	13,942	25,494	11,552
Grants & Donations	-	300,000	7,171	35,052	7,171	335,052	327,881
Miscellaneous	4,215	58,726	33	36,844	4,248	95,571	91,323
<b>Total</b>	<b>870,967</b>	<b>1,267,624</b>	<b>9,020</b>	<b>74,917</b>	<b>879,987</b>	<b>1,342,540</b>	<b>462,553</b>
<b>Total Receipts</b>	<b>1,093,812</b>	<b>1,488,602</b>	<b>578,214</b>	<b>648,767</b>	<b>1,672,026</b>	<b>2,137,369</b>	<b>465,343</b>
<b>EXPENSES</b>							
Administrative	(323,064)	(381,101)	-	-	(323,064)	(381,101)	(58,037)
Library	(245,547)	(258,415)	-	-	(245,547)	(258,415)	(12,868)
Police	(218,958)	(227,004)	-	-	(218,958)	(227,004)	(8,046)
Streets & Roads	(54,842)	(76,192)	-	-	(54,842)	(76,192)	(21,350)
Parks & Other	(59,394)	(70,035)	-	-	(59,394)	(70,035)	(10,641)
Depreciation	(54,210)	(55,181)	-	-	(54,210)	(55,181)	(971)
Water	-	-	(608,724)	(627,519)	(608,724)	(627,519)	(18,795)
<b>Total</b>	<b>(956,015)</b>	<b>(1,067,929)</b>	<b>(608,724)</b>	<b>(627,519)</b>	<b>(1,564,739)</b>	<b>(1,695,448)</b>	<b>(130,709)</b>
<b>Increase (Decrease) in Net Position</b>	<b>\$ 137,797</b>	<b>\$ 420,673</b>	<b>\$ (30,510)</b>	<b>\$ 21,248</b>	<b>\$ 107,287</b>	<b>\$ 441,921</b>	<b>\$ 334,634</b>

**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, 2017 the City of Banks:

- Continued to operate the Public Safety Local Option Levy which expires on June 30, 2022.
- Continued to operate under the Countywide Library Local Option Levy, extended by the electorate of Washington County (including residents of the City of Banks).
- Continued expansion of Unappropriated Ending Fund Balances in regular operating Funds to adequate levels.
- Continued the funding of employee vacation bank liability in regular operating Funds to adequate levels.
- Conducted multiple annual comprehensive insurance and surety reviews with staff and insurance agent representation.
- Continued to institutionalize the Internal Audit Subcommittee of the Banks City Council with ongoing meetings being held.
- Continued Water System Master Plan Capital Improvement Plan (CIP) project implementation.
- Continued to utilize the City of Banks website to enhance communications with the citizenry.
- Adopted a Resolution permitting inter-fund loan to the Library Fund #03, to be repaid in the Fiscal Year. It is not anticipated that the authority will be utilized except in extraordinary circumstances.
- Completed a Water Rate Study for the next 5 years. New water rates will be implemented beginning October 1, 2017, which annual increases on July 1, 2018, 2019, 2020, and 2021.

### Variations between Adopted and Actual Budget Amounts

During the Fiscal Year Ended June 30, 2017 the City of Banks did not make budget changes to the originally adopted Operating Budget.

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

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

No.	Fund	Budgeted Ending Balance	Actual Ending Balance
1	General	\$ 99,800	\$ 480,027
2	Water	10,000	23,376
3	Library	21,000	62,003
4	Street/Road	70,000	531,175
5	Water Bonded Debt	43,720	44,555
6	Traffic Impact	-	429,280
7	Police	56,000	290,295
8	System Development	-	21,027
9	Water Depreciation	-	136,916
10	Parks	19,000	10,870
11	Traffic Development Tax	-	24,690
13	Capital Projects Reserve	-	206,551
14	Capital Projects	-	250,901
16	Water Utility Reserve	-	1,060
17	Water Utility Projects	-	-
18	Parks SDC	-	3,716
	Total	<u>\$ 319,520</u>	<u>\$ 2,516,443</u>

#### Capital Asset and Long-Term Debt Activity

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

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

#### Changes in Assessed Condition of Infrastructure Assets

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

#### Facts, Decisions, and Conditions Affecting Next Year and Beyond

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

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

- Will complete the Banks Vision 2037 Master Plan
- Will established the Banks Urban Renewal District

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:	Michelle Warren

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

CITY OF BANKS

Washington County, Oregon

STATEMENT OF NET POSITION - MODIFIED CASH BASIS

June 30, 2017

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 2,289,508	\$ 182,379	\$ 2,471,887
Restricted for Debt Service	-	44,555	44,555
Capital Assets:			
Land	107,833	583,133	690,966
Other Capital Assets, Net of Depreciation	933,123	3,292,310	4,225,433
<u>Total Assets</u>	<u>3,330,464</u>	<u>4,102,377</u>	<u>7,432,842</u>
<u>LIABILITIES</u>			
Long-term Liabilities:			
Due in One Year	9,915	145,448	155,363
Due in More Than One Year	91,727	1,186,942	1,278,669
<u>Total Liabilities</u>	<u>101,643</u>	<u>1,332,389</u>	<u>1,434,032</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	939,313	2,543,054	3,482,367
Restricted For:			
Debt Service	-	44,555	44,555
Other Purposes	1,275,440	-	1,275,440
Unrestricted	1,014,068	182,379	1,196,447
<u>Total Net Position</u>	<u>\$ 3,228,822</u>	<u>\$ 2,769,988</u>	<u>\$ 5,998,810</u>

See Notes to Financial Statements

CITY OF BANKS

Washington County, Oregon

**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**

Year Ended June 30, 2017

	<u>Program Receipts and Expenses</u>			<u>Net (Expense) Receipts and Changes in Net Position</u>		
	<u>Expenses</u>	<u>Charges For Services</u>	<u>Grants</u>	<u>Governmental Activities</u>	<u>Business Activities</u>	<u>Total</u>
<b><u>PRIMARY GOVERNMENT</u></b>						
<b><u>Government Activities</u></b>						
Administrative	\$ (381,101)	\$ 170,994	\$ 6,500	\$ (203,607)	\$ -	\$ (203,607)
Library	(258,415)	-	4,245	(254,170)	-	(254,170)
Police	(227,004)	18,734	-	(208,270)	-	(208,270)
Streets and Roads	(76,192)	-	-	(76,192)	-	(76,192)
Parks & Other	(70,035)	20,506	-	(49,530)	-	(49,530)
Depreciation	(55,181)	-	-	(55,181)	-	(55,181)
	<u>(1,067,929)</u>	<u>210,234</u>	<u>10,745</u>	<u>(846,950)</u>	<u>-</u>	<u>(846,950)</u>
<b><u>Business-Type Activities</u></b>						
Water	(627,519)	573,850	-		(53,669)	(53,669)
<b><u>Total Primary Government</u></b>	<u>(1,695,448)</u>	<u>784,084</u>	<u>10,745</u>	<u>(846,950)</u>	<u>(53,669)</u>	<u>(900,619)</u>
<b><u>General Receipts</u></b>						
Property Taxes				546,132	-	546,132
Intergovernmental				340,291	-	340,291
Grants & Donations				300,000	35,052	335,052
Interest				22,474	3,021	25,494
Miscellaneous				58,726	36,844	95,571
				<u>1,267,624</u>	<u>74,917</u>	<u>1,342,540</u>
<b><u>CHANGE IN NET POSITION</u></b>				<u>420,673</u>	<u>21,248</u>	<u>441,921</u>
<b><u>NET POSITION, Beginning</u></b>				<u>2,808,149</u>	<u>2,748,741</u>	<u>5,556,890</u>
<b><u>NET POSITION, Ending</u></b>				<u>\$ 3,228,822</u>	<u>\$ 2,769,989</u>	<u>\$ 5,998,811</u>

See Notes to Financial Statements

CITY OF BANKS

Washington County, Oregon

STATEMENT OF ASSETS AND LIABILITIES - MODIFIED CASH BASIS

GOVERNMENTAL FUNDS

June 30, 2017

	General Fund	Library Fund	Street and Road Fund	Traffic Fee Reserve Fund	Police Fund	Capital Projects Reserve Fund #14	Non- Major Funds	Total
<b>ASSETS</b>								
Cash and Cash Equivalents	\$ 480,027	\$ 62,003	\$ 531,175	\$ 429,280	\$ 290,295	\$ 250,901	\$ 245,826	\$ 2,289,508
<b>FUND BALANCES</b>								
Restricted - Special Revenue Funds	\$ -	\$ -	\$ 531,175	\$ 429,280	\$ 290,295	\$ -	\$ 24,690	\$ 1,275,440
Committed - Special Revenue Funds	-	62,003	-	-	-	-	14,586	76,589
Committed - Capital Project Funds	-	-	-	-	-	250,901	206,551	457,452
Unassigned	480,027	-	-	-	-	-	-	480,027
Total	\$ 480,027	\$ 62,003	\$ 531,175	\$ 429,280	\$ 290,295	\$ 250,901	\$ 245,826	\$ 2,289,508

Reconciliation to Statement of Net Position

Fund Balances	\$ 2,289,508
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities net of accumulated depreciation are not <u>financial</u> resources, and therefore not reported in the fund statements.	1,040,956
Long term debt obligations payable are not due and payable in this reporting period, and therefore are not reported in the fund statements.	(101,643)
Net Position of Government Activities	<u>\$ 3,228,822</u>

See Notes to Financial Statements

CITY OF BANKS

Washington County, Oregon

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

GOVERNMENTAL FUNDS

Year Ended June 30, 2017

	General Fund	Library Fund	Street & Road Fund	Traffic Fee Reserve Fund	Police Fund	Capital Projects Fund #14	Non-Major Funds	Total
<b>RECEIPTS</b>								
Taxes	\$ 249,067	\$ -	\$ -	\$ -	\$ 297,065		\$ -	\$ 546,132
Intergovernmental	50,245	177,053	112,993	-	-		-	340,291
Fines and Forfeitures	11,979	6,755	-	-	-		-	18,734
Licenses, Permits and Fees	138,045	-	-	-	-		32,949	170,994
Charges for Services	-	-	-	-	-		20,506	20,506
Interest	5,406	697	5,515	4,478	3,046	1,015	2,317	22,474
Grants & Donations	6,500	4,245	-	-	-	300,000	-	310,745
Miscellaneous	9,029	472	169	-	1,603	44,656	2,797	58,726
<b>Total</b>	<b>470,271</b>	<b>189,222</b>	<b>118,677</b>	<b>4,478</b>	<b>301,714</b>	<b>345,672</b>	<b>58,569</b>	<b>1,488,602</b>
<b>EXPENDITURES</b>								
Current:								
Administrative	370,769	-	-	-	-	-	-	370,769
Police	-	-	-	-	227,004	-	-	227,004
Library	-	254,479	-	-	-	-	-	254,479
Streets & Roads	-	-	74,948	1,244	-	-	-	76,192
Parks & Other	-	-	-	-	-	-	68,262	68,262
Capital Outlay	2,314	-	19,326	-	-	94,770	1,774	118,185
Debt Service	1,589	12,276	-	-	-	-	-	13,864
<b>Total</b>	<b>374,672</b>	<b>266,755</b>	<b>94,274</b>	<b>1,244</b>	<b>227,004</b>	<b>94,770</b>	<b>70,035</b>	<b>1,128,755</b>
<b>RECEIPTS OVER (UNDER) EXPENDITURES</b>	<b>95,599</b>	<b>(77,533)</b>	<b>24,403</b>	<b>3,233</b>	<b>74,710</b>	<b>250,901</b>	<b>(11,467)</b>	<b>359,848</b>
<b>OTHER FINANCING SOURCES</b>								
Transfers In	-	73,255	-	-	-	-	36,630	109,885
Transfers (Out)	(109,885)	-	-	-	-	-	-	(109,885)
<b>Total</b>	<b>(109,885)</b>	<b>73,255</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>36,630</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(14,286)</b>	<b>(4,278)</b>	<b>24,403</b>	<b>3,233</b>	<b>74,710</b>	<b>250,901</b>	<b>25,163</b>	<b>359,848</b>
<b>FUND BALANCES, Beginning</b>	<b>494,313</b>	<b>66,281</b>	<b>506,772</b>	<b>426,047</b>	<b>215,585</b>	<b>-</b>	<b>220,663</b>	<b>1,929,661</b>
<b>FUND BALANCES, Ending</b>	<b>\$ 480,027</b>	<b>\$ 62,003</b>	<b>\$ 531,175</b>	<b>\$ 429,280</b>	<b>\$ 290,295</b>	<b>\$ 250,901</b>	<b>\$ 245,826</b>	<b>\$ 2,289,508</b>
<b>Reconciliation to Statement of</b>								
Net Change in Fund Balances - Total Governmental Funds								\$ 359,848
Governmental funds report capital outlays as expenditures. In the Statement of Activities, the cost of those assets is allocated over their useful lives and reported as depreciation expense.								
Net Capital Asset Additions								106,587
Depreciation Expense								(55,181)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term debt in the Statement of Activities.								
Loan Payments								9,419
Change in Net Position of Governmental Activities								<b>\$ 420,673</b>

See Notes to Financial Statements

CITY OF BANKS

Washington County, Oregon

STATEMENT OF NET POSITION - MODIFIED CASH BASIS

PROPRIETARY FUNDS - COMBINED

June 30, 2017

	<u>Water</u>
<u>ASSETS</u>	
<u>Current Assets:</u>	
Cash and Cash Equivalents	\$ 182,379
Cash Restricted for Debt Service	44,555
<u>Noncurrent Assets:</u>	
Land	583,133
Other Capital Assets, Net of Depreciation	<u>3,292,310</u>
<u>Total Assets</u>	<u>4,102,377</u>
<u>LIABILITIES</u>	
<u>Current Liabilities:</u>	
Loans Payable	145,448
<u>Noncurrent Liabilities:</u>	
Loans Payable	<u>1,186,942</u>
<u>Total Liabilities</u>	<u>1,332,389</u>
<u>NET POSITION</u>	
Net Investment in Capital Assets	2,543,054
Restricted for Debt Service	44,555
Unrestricted	<u>182,379</u>
<u>Total Net Position</u>	<u>\$ 2,769,988</u>

See Notes to Financial Statements

CITY OF BANKS

Washington County, Oregon

STATEMENT OF RECEIPTS, EXPENSES, AND

CHANGES IN NET POSITION - MODIFIED CASH BASIS

PROPRIETARY FUNDS - COMBINED

Year Ended June 30, 2017

	<u>Water</u>
<u>OPERATING RECEIPTS</u>	
Water Sales	\$ 573,850
SDC Charges	-
Total	<u>573,850</u>
 <u>OPERATING EXPENSES</u>	
Water Expenses Paid	(429,906)
Depreciation Expense	(135,520)
Total	<u>(565,426)</u>
 OPERATING INCOME (LOSS)	 <u>8,424</u>
 <u>NON-OPERATING RECEIPTS</u>	
Interest Earned	3,021
Grants	35,052
Other Receipts	36,844
Total	<u>74,917</u>
 <u>NON-OPERATING EXPENSES</u>	
Interest Expense	<u>(62,093)</u>
 CHANGE IN NET POSITION	 <u>21,248</u>
 <u>NET POSITION, Beginning</u>	 <u>2,748,741</u>
 <u>NET POSITION, Ending</u>	 <u>\$ 2,769,989</u>

See Notes to Financial Statements

CITY OF BANKS

Washington County, Oregon

STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS

PROPRIETARY FUNDS - COMBINED

Year Ended June 30, 2017

	<u>Water</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	
Receipts From Customers	\$ 573,850
Payment to Suppliers	(230,806)
Payments to Employees	(199,100)
Net Cash Provided by (Used In) Operating Activities	<u>143,944</u>
<u>CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES</u>	
Transfers From Other Funds	32,000
Transfers To Other Funds	(32,000)
Grants Received	35,052
Net Cash Provided by (Used In) Financing Activities	<u>35,052</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>	
Purchase of Capital Assets	(39,833)
Payments of Debt Principal	(138,504)
Payments of Debt Interest	(62,093)
Net Cash Used in Capital and Related Financing Activities	<u>(240,429)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>	
Interest and Other Receipts	<u>39,865</u>
<u>NET INCREASE [DECREASE] IN CASH AND CASH EQUIVALENTS</u>	(21,569)
<u>CASH BALANCE, Beginning</u>	<u>248,504</u>
<u>CASH BALANCE, Ending</u>	<u>\$ 226,935</u>
Reconciliation of Operating Income to net cash provided by Operating Activities:	
Operating Income	\$ 8,424
Adjustment for Depreciation Expense	<u>135,520</u>
Net Cash Provided by Operating Activities	<u>\$ 143,944</u>

See Notes to Financial Statements

CITY OF BANKS

Washington County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2017

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**GASB Statement No. 68 and 71**

The Governmental Accounting Standards Board (GASB) has issued Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. GASB Statement No. 68 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. GASB Statement No. 71 addresses an issue regarding application of the transition provisions of GASB Statement No. 68. Adoption of these statements has no effect on the financial statements of entities using the modified cash basis of accounting, and therefore does not apply for the City of Banks..

**1A FINANCIAL REPORTING ENTITY**

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

Primary Government: CITY OF BANKS

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

**1B BASIS OF PRESENTATION**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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

**FUND FINANCIAL STATEMENTS**

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

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

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

The funds of the financial reporting entity are described below:

## GOVERNMENTAL FUNDS

### General Fund

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

### Special Revenue Funds

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

The City includes the following special revenue funds:

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

### Capital Projects Funds

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

The City has the following capital projects funds:

<u>Fund</u>	<u>Brief Description</u>
<u>Traffic Impact Fees Reserve Fund #06</u>	This fund accounts for revenue designated for street and road improvements. It is a major fund.
<u>Transportation Development Tax Reserve Fund #11</u>	This fund accounts for revenue designated for street and road improvements. It is a non-major fund.
<u>Transportation SDC Fund #12</u>	This fund accounts for funds spent on transportation capital projects. It is funded by transportation SDC charges. It is a non-major fund.

<u>Capital Project Reserve Fund #13</u>	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.
<u>Capital Projects Fund #14</u>	This funds accounts for funds being spent on building capital projects. It is a major fund.
<u>Park SDC Fund</u>	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:

- 1) **Non-spendable** - resources that must be maintained intact due to legal or contractual requirements, such as the principal of an endowment.
- 2) **Restricted** - that portion of a fund balance that reflects resources that are subject to externally enforceable legal restrictions imposed by creditors, contributors, or laws and regulations.
- 3) **Committed** - that portion of a fund balance that reflects limitations the City imposes on itself by action of the Council.
- 4) **Assigned** - that portion of a fund balance that reflects its intended use. Authority for an assigned fund balance can be delegated by the Council to another body (such as a committee) or an official of the City.
- 5) **Unassigned** - that portion of the General Fund balance that does not fall within one of the categories above.

**Special Revenue Funds:**

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

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

**PROPRIETARY FUNDS**

Enterprise Funds

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

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

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

## MEASUREMENT FOCUS

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

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

## BASIS OF ACCOUNTING

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

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

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

## **1D ASSETS, LIABILITIES, AND NET POSITION**

### CASH AND CASH EQUIVALENTS

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

### CAPITAL ASSETS

#### Government-Wide Financial Statements

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

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000, and an estimated useful life in excess of one year.

Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

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

### **Fund Financial Statements**

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

### **NET POSITION CLASSIFICATION**

#### **Government-Wide Financial Statements**

Net Position is classified and displayed in three components:

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

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

### **Fund Financial Statements**

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

## **1E RECEIPTS, EXPENDITURES, AND EXPENSES**

### **PROGRAM RECEIPTS**

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

Charges for Water Service:      Charges to water customers for usage of City water.

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

### **OPERATING RECEIPTS AND EXPENDITURES**

Operating receipts and 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.

## 1F INTERNAL AND INTERFUND BALANCES AND ACTIVITIES

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

### Government-Wide Financial Statements

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

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

### Fund Financial Statements

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

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

## 1G USE OF ESTIMATES

The preparation of financial statements in conformity with the 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.

### Note 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

## 2A BUDGETARY INFORMATION

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

## 2B CONTRACTUAL REGULATIONS

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

### Note 3 - DETAIL NOTES - TRANSACTION CLASSES/ACCOUNTS

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

## 3A CASH AND INVESTMENTS

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

Cash and investments are recorded at cost, which approximates fair market value, plus accrued interest at June 30, 2017. Cash and investments of the City at June 30, 2017 were:

US Bank Checking Account	\$ 14,329
Local Government Investment Pool -	46,195
Local Government Investment Pool	2,454,960
Office Petty Cash & Postage Machine	958
Total	<u>\$ 2,516,442</u>

**Deposits:** The insurance and collateral requirements for deposits are established by banking regulations and Oregon law. Federal depository insurance of \$250,000 applies respectively, to total demand deposits and to total savings accounts at each financial institution. Where balances exceed \$250,000, banks are required to pledge collateral, based on their capital condition. Banks are required to provide quarterly reporting of their public funds deposits to the State Treasurer's office, which will be the basis for their collateral pledging for the next quarter. Treasury monitors each depository bank and ensures compliance with collateralization requirements for all public fund deposits. Banks will pledge 10% if they are well capitalized, 25% if they are adequately capitalized, and in turn, the banks are required to share in the liability of a failed institution, should it ever occur. Undercapitalized banks are required to pledge collateral equal to 110% of their deposits which is monitored on a weekly basis. At June 30, 2017, total demand deposits and savings accounts per bank statements were \$63,147. All these deposits were covered by federal depository insurance.

**Investments:** The City's cash management policies are governed by state statutes. Statutes authorize the City to invest in bankers' acceptances, time certificates of deposit, repurchase agreements, obligations of the United States' agencies and instrumentalities and the Oregon State Treasurer's Local Government Investment Pool (LGIP). On June 30, 2017, the City had invested \$2,501,155 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, 2017.

**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, 2017 was unqualified.

**Concentration Risk:** The City had concentrations in the following investment: LGIP 99.4%.

**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.

### 3B CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2017, was as follows:

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
<b>GOVERNMENTAL ACTIVITIES</b>				
<u>Non-Depreciable Capital Assets</u>				
Land	\$ 35,557	\$ -	\$ -	\$ 35,557
Construction in Progress	-	72,276	-	72,276
Equipment not in Service	22,485	-	(22,485)	-
	<u>\$ 58,042</u>	<u>\$ 72,276</u>	<u>\$ (22,485)</u>	<u>\$ 107,833</u>
<u>Depreciable Capital Assets</u>				
Land Improvements	582,265	19,326	-	601,591
Buildings	783,621	-	-	783,621
Vehicles & Equipment	81,000	37,470	-	118,470
Total	<u>1,446,886</u>	<u>56,796</u>	<u>-</u>	<u>1,503,682</u>
<u>Less Accumulated Depreciation For:</u>				
Land Improvements	(141,308)	(28,155)	-	(169,463)
Buildings	(303,223)	(20,171)	-	(323,394)
Vehicles & Equipment	(70,847)	(6,855)	-	(77,702)
Total	<u>(515,378)</u>	<u>(55,181)</u>	<u>-</u>	<u>(570,559)</u>
Total Depreciable Capital Assets, Net of Depreciation	<u>\$ 931,508</u>	<u>\$ 1,615</u>	<u>\$ -</u>	<u>\$ 933,123</u>
Total Capital Assets, Net of Depreciation	<u>\$ 989,550</u>	<u>\$ 73,891</u>	<u>\$ (22,485)</u>	<u>\$ 1,040,956</u>
<b>BUSINESS-TYPE ACTIVITIES</b>				
<u>Non-Depreciable Capital Assets</u>				
Land	\$ 583,133	\$ -	\$ -	\$ 583,133
Equipment not in Service	6,038	-	(6,038)	-
	<u>\$ 589,171</u>	<u>\$ -</u>	<u>\$ (6,038)</u>	<u>\$ 583,133</u>
<u>Depreciable Capital Assets</u>				
Water System	4,822,580	26,493	-	4,849,073
Buildings	413,638	-	-	413,638
Equipment	174,796	19,378	-	194,174
Total	<u>5,411,014</u>	<u>45,871</u>	<u>-</u>	<u>5,456,885</u>
<u>Less Accumulated Depreciation For:</u>				
Water System	(1,851,363)	(116,899)	-	(1,968,262)
Buildings	(100,894)	(11,950)	-	(112,844)
Equipment	(76,798)	(6,671)	-	(83,469)
Total	<u>(2,029,055)</u>	<u>(135,520)</u>	<u>-</u>	<u>(2,164,575)</u>
Total Depreciable Capital Assets, Net of Depreciation	<u>\$3,381,959</u>	<u>\$ (89,649)</u>	<u>\$ -</u>	<u>\$ 3,292,310</u>
Total Capital Assets, Net of Depreciation	<u>\$3,971,130</u>	<u>\$ (89,649)</u>	<u>\$ (6,038)</u>	<u>\$ 3,875,443</u>
<b>TOTAL CAPITAL ASSETS, ALL ACTIVITIES</b>	<u>\$4,960,680</u>	<u>\$ (15,758)</u>	<u>\$ (28,523)</u>	<u>\$ 4,916,399</u>

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

Governmental Activities:	\$55,181
Business-Type Activities:	\$135,520

Capital expenditures for FY 16-17 included attachments for the Public Works shop truck, a weather station, and replacement sand for half of the sand filter at the water treatment plant. Construction in progress includes a remodeling project for the library..

**3C INTERFUND TRANSFERS AND BALANCES**

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

Transfers between funds of the government for the year ended June 30, 2017, were as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
1-General	\$ -	\$ 109,885
2-Water	-	32,000
3-Library	73,255	-
5-Water Bonded Debt	21,000	-
9-Water Depreciation Reserve	10,000	-
10-Parks	36,630	-
15-Water Equipment Reserve	-	-
<u>Total Transfers</u>	<u>\$ 140,885</u>	<u>\$ 141,885</u>

INTERFUND BALANCES

At June 30, 2017 there were no interfund balances.

### 3D LONG-TERM DEBT

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

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

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

The repayment schedule for this debt is shown below:

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

Fiscal Year	Principal	Interest	Payment
2017-18	43,183	10,630	53,813
2018-19	45,126	8,688	53,814
2019-20	47,156	6,657	53,813
2020-21	49,278	4,535	53,813
2021-22	51,496	2,317	53,813
Balance 6/30/17	<u>\$ 236,239</u>	<u>\$ 32,827</u>	<u>\$ 269,066</u>

**WATER BONDED DEBT FUND**  
Water Slow Sand Filter  
Farmers Home Administration  
Interest Rate 5.0%

Fiscal Year	Principal	Interest	Payment
2017-18	12,180	8,640	20,820
2018-19	12,789	8,031	20,820
2019-20	13,428	7,392	20,820
2020-21	14,100	6,720	20,820
2021-22	14,805	6,015	20,820
2022-23	15,545	5,275	20,820
2023-24	16,322	4,498	20,820
2024-25	17,138	3,682	20,820
2025-26	17,995	2,825	20,820
2026-27	18,895	1,925	20,820
2027-28	19,594	991	20,585
Balance 6/30/17	<u>\$ 172,791</u>	<u>\$ 55,994</u>	<u>\$ 228,785</u>

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

The repayment schedule for this loan is shown below:

Fiscal year	Coupon	MULTIPLE FUNDS			
		Principal	Interest	Expenses	Payment
2017-18	3.25%	100,000	40,478	1,500	141,978
2018-19	3.50%	100,000	37,228	1,500	138,728
2019-20	3.70%	105,000	33,728	1,500	140,228
2020-21	3.85%	110,000	29,843	1,500	141,343
2021-22	4.00%	115,000	25,608	1,500	142,108
2022-26	4.0-4.4%	495,000	54,493	6,000	555,493
Balance 6/30/17		<u>\$ 1,025,000</u>	<u>\$ 221,376</u>	<u>\$ 13,500</u>	<u>\$ 1,259,876</u>

Debt principal activity for the year ended June 30, 2017, was as follows:

Loan	PRINCIPAL				
	Beginning Balance	Paid	Ending Balance	Due Within One Year	Due After One Year
<b>Business-Type</b>					
Safe Drinking Water Loan (OED)	\$ 277,562	\$ (41,323)	\$ 236,239	\$ 43,183	\$ 193,056
Water Slow Sand Filter (FHA)	184,391	(11,600)	172,791	12,180	160,611
LOCAP Loan - Water	1,008,940	(85,581)	923,359	90,085	833,275
Total	<u>1,470,893</u>	<u>(138,504)</u>	<u>1,332,389</u>	<u>145,448</u>	<u>1,186,942</u>
<b>Governmental</b>					
LOCAP Loan - Library	\$ 98,336	\$ (8,340)	\$ 89,996	\$ 8,779	\$ 81,217
LOCAP Loan - General Fund	12,726	(1,079)	11,647	1,136	10,511
Total	<u>111,062</u>	<u>(9,419)</u>	<u>101,643</u>	<u>9,915</u>	<u>91,727</u>
Total All Debt	<u>\$ 1,581,955</u>	<u>\$(147,923)</u>	<u>\$ 1,434,032</u>	<u>\$ 155,363</u>	<u>\$ 1,278,669</u>

Total payment activity for the year ended June 30, 2017, was as follows:

<b>TOTAL PAYMENTS</b>				
Loan	Fund	Principal	Interest & Fees	Total
<b>Business-Type</b>				
Safe Drinking Water Loan (OED)	Water	\$ 41,323	\$ 12,490	\$ 53,813
Water Slow Sand Filter (FHA)	Water Debt	11,600	9,220	20,820
LOCAP Loan	Water	85,581	40,383	125,963
Total		<u>138,504</u>	<u>62,093</u>	<u>200,596</u>
<b>Governmental</b>				
LOCAP Loan	Library	8,340	3,935	12,276
LOCAP Loan	General	1,079	509	1,589
Total		<u>9,419</u>	<u>4,445</u>	<u>13,864</u>
Total All Debt		<u>\$ 147,923</u>	<u>\$ 66,538</u>	<u>\$ 214,461</u>

### 3E OPERATING LEASE

In December 2014 the City entered into an agreement with Unifi Equipment Finance to lease a Kyocera copier. The term of the lease is 60 months with a monthly payment of \$355. The future lease payments are shown below:

Year Ended June 30	Future Minimum Rental Payments
2018	4,260
2019	4,260
2020	4,260
2021	2,130

### Note 4 - OTHER NOTES

#### 4A EMPLOYEE PENSION PLAN

##### General Information about the Pension Plan

##### Plan Description

Employees of the City are provided with pensions through the Oregon Public Employees Retirement System (OPERS) a cost-sharing multiple-employer defined benefit pension plan, the Oregon Legislature has delegated authority to the Public Employees Retirement Board to administer and manage the system. All benefits of the System are established by the legislature pursuant to ORS Chapters 238 and 238A. Tier One/Tier Two Retirement Benefit plan, established by ORS Chapter 238, is closed to new members hired on or after August 29, 2003. The Pension Program, established by ORS Chapter 238A, provides benefits to members hired on or after August 29, 2003. OPERS issues a publicly available Comprehensive Annual Financial Report and Actuarial Valuation that can be obtained at [http://www.oregon.gov/pers/Pages/section/financial\\_reports/financials.aspx](http://www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx).

##### Benefits Provided

##### 1. Tier One/Tier Two Retirement Benefit ORS Chapter 238

##### Pension Benefits

The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0 percent for police and fire employees, 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police and fire members). General service employees may retire after reaching age 55. Police and fire members are eligible after reaching age 50. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police and fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier Two members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

### **Death Benefits**

Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following conditions are met:

- the member was employed by a PERS employer at the time of death,
- the member died within 120 days after termination of PERS-covered employment,
- the member died as a result of injury sustained while employed in a PERS-covered job, or
- the member was on an official leave of absence from a PERS-covered job at the time of death.

### **Disability Benefits**

A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including PERS judge members) for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.

### **Benefit Changes**

After Retirement Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits above \$60,000.

## **2. OPSRP Pension Program (OPSRP DB)**

### **Pension Benefits**

The Pension Program (ORS Chapter 238A) provides benefits to members hired on or after August 29, 2003. This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:

Police and fire: 1.8 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.

General service: 1.5 percent is multiplied by the number of years of service and the final average salary. Normal

retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.

A member of the OPSRP Pension Program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.

#### **Death Benefits**

Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50 percent of the pension that would otherwise have been paid to the deceased member.

#### **Disability Benefits**

A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.

#### **Benefit Changes After Retirement**

Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits above \$60,000.

### **3. OPSRP Individual Account Program (OPSRP IAP)**

#### **Pension Benefits**

An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies.

Upon retirement, a member of the OPSRP Individual Account Program (IAP) may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment or in equal installments over a 5-, 10-, 15-, 20-year period or an anticipated life span option. Each distribution option has a \$200 minimum distribution limit.

#### **Death Benefits**

Upon the death of a non-retired member, the beneficiary receives in a lump sum the member's account balance, rollover account balance, and vested employer optional contribution account balance. If a retired member dies before the installment payments are completed, the beneficiary may receive the remaining installment payments or choose a lump-sum payment.

#### **Recordkeeping**

OPERS contracts with VOYA Financial to maintain IAP participant records.

#### **Contributions**

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2013 actuarial valuation as subsequently modified by 2015 legislated changes in benefit provisions. The rates based on a percentage of payroll, first became effective July 1, 2015. Employer contributions for the year ended June 30,

2016 were \$11,301, excluding amounts to fund employer specific liabilities. The employer contribution rates are updated every two years. The City's PERS contribution rates for the year ended June 30, 2016 and the rates for the new year are shown below:

Rate Category	FY 16-17 Net Rate	FY 17-18 Net Rate
Tier 1 / Tier 2	6.95%	9.57%
OPSRP General	3.63%	5.26%
OPSRP Police & Fire	7.74%	10.03%

The contribution rate for the OPSRP Individual Account Program is 6 percent.

### Actuarial Assumptions

The employer contribution rates effective July 1, 2013, through June 30, 2015 and effective July 1, 2015, through June 30, 2017, were set using the projected unit credit actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years.

For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions:

Valuation date	December 31, 2014
Measurement date	June 30, 2016
Experience Study	2014, published September 2015
Actuarial assumptions:	
Inflation rate	2.50% (reduced from 2.75%)
Long term expected rate of return	7.50% (reduced from 7.75%)
Discount rate	7.50% (reduced from 7.75%)
Projected salary increases	3.50% (reduced from 3.75%)
Cost of living adjustments (COLA)	Blend of 2.0% and graded COLA (1.25% / .15%) in accordance with Moro decision; blend based on service
Mortality	<i>Healthy retirees and beneficiaries:</i>
	RP-2000 sex-distinct, generational per Scale BB, with collar adjustments and set-backs as described in the valuation.
	<i>Active members:</i>
	Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation.
	<i>Disabled retirees:</i>
	Mortality rates are a percentage (70% for males, 95% for females) of the RP-2000 Sex-distinct, generational per scale BB, disabled mortality table.

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual

revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2014 Experience Study which reviewed experience for the four-year period ending on December 31, 2014.

### **Long-term Expected Rate of Return**

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2015 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/docs/financial\\_reports/2016\\_cafr.pdf](http://www.oregon.gov/pers/docs/financial_reports/2016_cafr.pdf)

### **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 where 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 for making an alternative evaluation of sufficiency; it is left to professional judgment.

The following circumstances justify an alternative evaluation of sufficiency for PERS:

- 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 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 our 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.

### **Discount Rate**

The discount rate used to measure the total pension liability was 7.50 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.

### **Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued OPERS financial report.

This change in benefit terms were reflected in the current valuation.

#### Changes in Plan Provisions Subsequent to Measurement Date

There were no changes subsequent to the June 30, 2016 measurement date.

### 4B RISK MANAGEMENT

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

The City manages these various risks of loss as follows:

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

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

### 4C COMMITMENTS AND CONTINGENCIES

#### Grant Program Involvement

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

#### Litigation

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

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SUPPLEMENTARY INFORMATION

CITY OF BANKS, OREGON

NOTES TO BUDGETARY COMPARISON SCHEDULES

June 30, 2017

**BUDGET LAW**

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

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

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

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

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

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

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

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

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

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

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## PROPERTY TAX CALENDAR

The budget officer prepares a proposed budget.

Notice of the budget committee meeting is published.

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

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

The budget committee approves the budget.

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

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

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

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

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

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

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

CITY OF BANKS

Washington County, Oregon

BUDGETARY COMPARISON SCHEDULE - CASH BASIS

GENERAL FUND

Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
<u>CASH RECEIPTS</u>				
Property Taxes and Related Items	\$ 213,500	\$ 213,500	\$ 249,067	\$ 35,567
Licenses, Permits, Fees	115,600	115,050	111,605	(3,445)
Intergovernmental	34,000	34,000	50,245	16,245
Interest	1,500	1,500	5,406	3,906
Grants	6,000	6,000	6,500	500
Court Fines, etc.	4,501	4,500	11,979	7,479
Community Development Fees	23,500	23,500	26,440	2,940
Miscellaneous	200	550	9,029	8,479
Total	<u>398,801</u>	<u>398,600</u>	<u>470,271</u>	<u>71,671</u>
 <u>CASH EXPENDITURES</u>				
Personal Services	95,504	95,504	91,982	3,522
Material and Services	307,263	307,263	278,787	28,476
Capital Outlay	107,000	107,000	2,314	104,686
Debt Service	1,600	1,600	1,589	11
Operating Contingencies	42,747	42,746	-	42,746
Total	<u>554,114</u>	<u>554,113</u>	<u>374,672</u>	<u>179,441</u>
RECEIPTS OVER (UNDER) EXPENDITURES	<u>(155,313)</u>	<u>(155,513)</u>	<u>95,599</u>	<u>251,112</u>
 <u>OTHER FINANCING SOURCES (USES)</u>				
Transfer to Water Fund	(30,000)	(30,000)	-	30,000
Transfer to Library Fund	(94,054)	(94,054)	(73,255)	20,799
Transfer to Park Fund	(68,600)	(68,600)	(36,630)	31,970
Total	<u>(192,654)</u>	<u>(192,654)</u>	<u>(109,885)</u>	<u>82,769</u>
NET CHANGE IN CASH BALANCE	(347,967)	(348,167)	(14,286)	333,881
<u>CASH BALANCE, Beginning</u>	<u>447,967</u>	<u>447,967</u>	<u>494,313</u>	<u>46,346</u>
<u>CASH BALANCE, Ending</u>	<u>\$ 100,000</u>	<u>\$ 99,800</u>	<u>\$ 480,027</u>	<u>\$ 380,227</u>

See Notes to Financial Statements

CITY OF BANKS

Washington County, Oregon

BUDGETARY COMPARISON SCHEDULE - CASH BASIS

LIBRARY FUND

Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>CASH RECEIPTS</u>				
Circulation Reimbursement	\$ 167,705	\$ 167,705	\$ 177,053	\$ 9,348
Fines and Fees	8,600	8,600	6,755	(1,845)
Interest	600	600	697	97
Grants/Donations	13,500	13,500	4,245	(9,255)
Miscellaneous	1,000	1,000	472	(528)
Total	<u>191,405</u>	<u>191,405</u>	<u>189,222</u>	<u>(2,183)</u>
 <u>CASH EXPENDITURES</u>				
Personal Services	229,190	229,190	203,738	25,452
Material and Services	60,292	60,292	50,742	9,550
Capital Outlay	8,200	8,200	-	8,200
Debt Service	12,276	12,276	12,276	-
Operating Contingencies	840	840	-	840
Total	<u>310,798</u>	<u>310,798</u>	<u>266,755</u>	<u>44,043</u>
RECEIPTS OVER (UNDER) EXPENDITURES	<u>(119,393)</u>	<u>(119,393)</u>	<u>(77,533)</u>	<u>41,860</u>
 <u>OTHER FINANCING SOURCES (USES)</u>				
Transfer From General Fund	94,054	94,054	73,255	(20,799)
Transfer to Capital Reserve Fund #14	(25,000)	(25,000)	-	25,000
Total	<u>69,054</u>	<u>69,054</u>	<u>73,255</u>	<u>4,201</u>
NET CHANGE IN CASH BALANCE	(50,339)	(50,339)	(4,278)	46,061
CASH BALANCE, Beginning	<u>71,339</u>	<u>71,339</u>	<u>66,281</u>	<u>(5,058)</u>
CASH BALANCE, Ending	<u>\$ 21,000</u>	<u>\$ 21,000</u>	<u>\$ 62,003</u>	<u>\$ 41,003</u>

See Notes to Financial Statements

CITY OF BANKS

Washington County, Oregon

BUDGETARY COMPARISON SCHEDULE - CASH BASIS

STREETS AND ROADS FUND

Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b><u>CASH RECEIPTS</u></b>				
Intergovernmental	\$ 95,000	\$ 95,000	\$ 112,993	\$ 17,993
Interest	2,000	2,000	5,515	3,515
Miscellaneous	100	100	169	69
Total	<u>97,100</u>	<u>97,100</u>	<u>118,677</u>	<u>21,577</u>
<b><u>CASH EXPENDITURES</u></b>				
Personal Services	24,038	24,038	22,781	1,257
Material and Services	78,160	78,160	52,167	25,993
Capital Outlay	121,000	121,000	19,326	101,674
Contingency	344,217	344,217	-	344,217
Total	<u>567,415</u>	<u>567,415</u>	<u>94,274</u>	<u>473,141</u>
 NET CHANGE IN CASH BALANCE	 (470,315)	 (470,315)	 24,403	 494,718
 <u>CASH BALANCE, Beginning</u>	 <u>540,315</u>	 <u>540,315</u>	 <u>506,772</u>	 <u>(33,543)</u>
 <u>CASH BALANCE, Ending</u>	 <u>\$ 70,000</u>	 <u>\$ 70,000</u>	 <u>\$ 531,175</u>	 <u>\$ 461,175</u>

See Notes to Financial Statements

CITY OF BANKS

Washington County, Oregon

BUDGETARY COMPARISON SCHEDULE - CASH BASIS

POLICE SERVICES FUND

Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>CASH RECEIPTS</u>				
Local Option Tax	\$ 259,565	\$ 259,565	\$ 297,065	\$ 37,500
Interest	1,000	1,000	3,046	2,046
Miscellaneous	-	-	1,603	1,603
Total	<u>260,565</u>	<u>260,565</u>	<u>301,714</u>	<u>41,149</u>
<u>CASH EXPENDITURES</u>				
Personal Services	9,130	9,130	7,929	1,201
Material and Services	221,044	221,044	219,075	1,969
Operating Contingency	186,601	186,601	-	186,601
Total	<u>416,775</u>	<u>416,775</u>	<u>227,004</u>	<u>189,771</u>
NET CHANGE IN CASH BALANCE	(156,210)	(156,210)	74,710	230,920
<u>CASH BALANCE, Beginning</u>	<u>212,210</u>	<u>212,210</u>	<u>215,585</u>	<u>3,375</u>
<u>CASH BALANCE, Ending</u>	<u>\$ 56,000</u>	<u>\$ 56,000</u>	<u>\$ 290,295</u>	<u>\$ 234,295</u>

See Notes to Financial Statements

CITY OF BANKS

Washington County, Oregon

BUDGETARY COMPARISON SCHEDULE - CASH BASIS

TRAFFIC IMPACT FEES RESERVE FUND

Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>CASH RECEIPTS</u>				
Interest	\$ 1,980	\$ 1,980	\$ 4,478	\$ 2,498
<u>CASH EXPENDITURES</u>				
Materials & Services	1,300	1,300	1,244	56
Capital Outlay	250,000	250,000	-	250,000
Operating Contingency	176,403	176,403	-	176,403
Total	<u>427,703</u>	<u>427,703</u>	<u>1,244</u>	<u>426,459</u>
NET CHANGE IN CASH BALANCE	(425,723)	(425,723)	3,233	428,956
CASH BALANCE, Beginning	<u>425,723</u>	<u>425,723</u>	<u>426,047</u>	<u>324</u>
CASH BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 429,280</u>	<u>\$ 429,280</u>

See Notes to Financial Statements

CITY OF BANKS

Washington County, Oregon

BUDGETARY COMPARISON SCHEDULE - CASH BASIS

GOVERNMENTAL CAPITAL PROJECTS FUND #14

Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>CASH RECEIPTS</u>				
Grants	294,000	294,000	150,000	(144,000)
Donations	300,000	300,000	150,000	(150,000)
Interest	-	-	1,015	1,015
Misc.	-	-	44,656	44,656
Total	<u>594,000</u>	<u>594,000</u>	<u>345,672</u>	<u>(248,328)</u>
<u>CASH EXPENDITURES</u>				
Capital Outlay	<u>619,000</u>	<u>619,000</u>	<u>94,770</u>	<u>524,230</u>
RECEIPTS OVER (UNDER) EXPENDITURES	<u>(25,000)</u>	<u>(25,000)</u>	<u>250,901</u>	<u>275,901</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfer From Library Fund	<u>25,000</u>	<u>25,000</u>	<u>-</u>	<u>(25,000)</u>
NET CHANGE IN CASH BALANCE	-	-	250,901	250,901
<u>CASH BALANCE</u> , Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>CASH BALANCE</u> , Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 250,901</u>	<u>\$ 250,901</u>

See Notes to Financial Statements

CITY OF BANKS

Washington County, Oregon

COMBINING STATEMENT OF ASSETS & LIABILITIES - MODIFIED CASH BASIS

NON-MAJOR GOVERNMENTAL FUNDS

June 30, 2017

	Park Fund	Traffic Development Tax Reserve Fund	Parks SDC Fund	Capital Projects Reserve Fund #13	Total
<u>ASSETS</u>					
Cash and Cash Equivalents	<u>\$10,870</u>	<u>\$ 24,690</u>	<u>\$ 3,716</u>	<u>\$ 206,551</u>	<u>\$ 245,826</u>
<u>FUND BALANCES</u>					
Restricted - Special Revenue Funds	\$ -	\$ 24,690	\$ -	\$ -	\$ 24,690
Committed - Special Revenue Funds	10,870	-	3,716	-	14,586
Committed - Capital Projects Fund	-	-	-	206,551	206,551
Total	<u>\$10,870</u>	<u>\$ 24,690</u>	<u>\$ 3,716</u>	<u>\$ 206,551</u>	<u>\$ 245,826</u>

See Notes to Financial Statements

CITY OF BANKS

Washington County, Oregon

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

MODIFIED CASH BASIS

NON-MAJOR GOVERNMENTAL FUNDS

Year Ended June 30, 2017

	<u>Park Fund</u>	<u>Traffic Development Tax Reserve Fund</u>	<u>Parks SDC Fund</u>	<u>Capital Projects Reserve Fund #13</u>	<u>Total</u>
<u>RECEIPTS</u>					
Licenses, Permits and Fees	\$ -	\$ 12,991	\$ -	\$ 19,958	\$ 32,949
Charges for Services	20,506	-	-	-	20,506
Interest	100	136	39	2,043	2,317
Miscellaneous	2,797	-	-	-	2,797
Total	<u>23,402</u>	<u>13,127</u>	<u>39</u>	<u>22,001</u>	<u>58,569</u>
<u>EXPENDITURES</u>					
Personal Services	15,852	-	-	-	15,852
Materials & Services	52,410	-	-	-	52,410
Capital Outlay	-	-	-	1,774	1,774
Total	<u>68,262</u>	<u>-</u>	<u>-</u>	<u>1,774</u>	<u>70,035</u>
<u>RECEIPTS OVER (UNDER) EXPENDITURES</u>	<u>(44,860)</u>	<u>13,127</u>	<u>39</u>	<u>20,227</u>	<u>(11,467)</u>
<u>OTHER FINANCING SOURCES [USES]</u>					
Transfers In	36,630	-	-	-	36,630
<u>NET CHANGE IN CASH BALANCES</u>	<u>(8,230)</u>	<u>13,127</u>	<u>39</u>	<u>20,227</u>	<u>25,163</u>
<u>FUND BALANCES, Beginning</u>	<u>19,099</u>	<u>11,563</u>	<u>3,677</u>	<u>186,324</u>	<u>220,663</u>
<u>FUND BALANCES, Ending</u>	<u>\$ 10,870</u>	<u>\$ 24,690</u>	<u>\$ 3,716</u>	<u>\$ 206,551</u>	<u>\$ 245,826</u>

See Notes to Financial Statements

CITY OF BANKS

Washington County, Oregon

BUDGETARY COMPARISON SCHEDULE - CASH BASIS

PARKS & TREES FUND

Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>CASH RECEIPTS</u>				
Charges for Services	\$ 48,900	\$ 48,900	\$ 20,506	\$ (28,394)
Interest	60	60	100	40
Grants	80,000	80,000	-	(80,000)
Miscellaneous	200	200	2,797	2,597
Total	<u>129,160</u>	<u>129,160</u>	<u>23,402</u>	<u>(105,758)</u>
<u>CASH EXPENDITURES</u>				
Personal Services	19,415	19,415	15,852	3,563
Material and Services	76,781	76,781	52,410	24,371
Capital Outlay	100,000	100,000	-	100,000
Contingency	1,564	1,564	-	1,564
Total	<u>197,760</u>	<u>197,760</u>	<u>68,262</u>	<u>129,498</u>
RECEIPTS OVER (UNDER) EXPENDITURES	<u>(68,600)</u>	<u>(68,600)</u>	<u>(44,860)</u>	<u>23,740</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfer From General Fund	<u>68,600</u>	<u>68,600</u>	<u>36,630</u>	<u>(31,970)</u>
NET CHANGE IN CASH BALANCE	-	-	(8,230)	(8,230)
<u>CASH BALANCE</u> , Beginning	<u>19,000</u>	<u>19,000</u>	<u>19,099</u>	<u>99</u>
<u>CASH BALANCE</u> , Ending	<u>\$ 19,000</u>	<u>\$ 19,000</u>	<u>\$ 10,870</u>	<u>\$ (8,130)</u>

See Notes to Financial Statements

CITY OF BANKS

Washington County, Oregon

BUDGETARY COMPARISON SCHEDULE - CASH BASIS

TRANSPORTATION DEVELOPMENT TAX RESERVE FUND

Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>CASH RECEIPTS</u>				
Traffic Development Tax Reserve	\$ 24,300	\$ 24,300	\$ 12,991	\$ (11,309)
Interest	50	50	136	86
Total	<u>24,350</u>	<u>24,350</u>	<u>13,127</u>	<u>(11,223)</u>
<u>CASH EXPENDITURES</u>				
Operating Contingency	<u>35,904</u>	<u>35,904</u>	<u>-</u>	<u>35,904</u>
NET CHANGE IN CASH BALANCE	(11,554)	(11,554)	13,127	24,681
<u>CASH BALANCE</u> , Beginning	<u>11,554</u>	<u>11,554</u>	<u>11,563</u>	<u>9</u>
<u>CASH BALANCE</u> , Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,690</u>	<u>\$ 24,690</u>

See Notes to Financial Statements

CITY OF BANKS

Washington County, Oregon

BUDGETARY COMPARISON SCHEDULE - CASH BASIS

PARK SDC FUND

Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>CASH RECEIPTS</u>				
SDC Fee - Parks	\$ 5,400	\$ 5,400	\$ -	\$ (5,400)
Interest	16	16	39	23
Total	<u>5,416</u>	<u>5,416</u>	<u>39</u>	<u>(5,377)</u>
<u>CASH EXPENDITURES</u>				
Capital Outlay	<u>9,090</u>	<u>9,090</u>	<u>-</u>	<u>9,090</u>
NET CHANGE IN CASH BALANCE	(3,674)	(3,674)	39	3,713
CASH BALANCE, Beginning	<u>3,674</u>	<u>3,674</u>	<u>3,677</u>	<u>3</u>
CASH BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,716</u>	<u>\$ 3,716</u>

See Notes to Financial Statements

CITY OF BANKS

Washington County, Oregon

BUDGETARY COMPARISON SCHEDULE - CASH BASIS

TRANSPORTATION SYSTEM DEVELOPMENT CHARGE RESERVE FUND - #12

Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>CASH RECEIPTS</u>				
SDC - Transportation	<u>\$ 21,600</u>	<u>\$ 21,600</u>	<u>\$ -</u>	<u>\$ (21,600)</u>
<u>CASH EXPENDITURES</u>				
Operating Contingency	<u>21,600</u>	<u>21,600</u>	<u>-</u>	<u>21,600</u>
NET CHANGE IN CASH BALANCE	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>CASH BALANCE, Beginning</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>CASH BALANCE, Ending</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Notes to Financial Statements

CITY OF BANKS

Washington County, Oregon

BUDGETARY COMPARISON SCHEDULE - CASH BASIS

GOVERNMENTAL CAPITAL PROJECT RESERVE FUND #13

Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>CASH RECEIPTS</u>				
Franchise Fees	\$ 20,000	\$ 20,000	\$ 19,958	\$ (42)
Interest	600	600	2,043	1,443
Total	<u>20,600</u>	<u>20,600</u>	<u>22,001</u>	<u>1,401</u>
<u>CASH EXPENDITURES</u>				
Capital Outlay	100,000	100,000	1,774	98,226
Operating Contingency	32,084	32,084	-	32,084
Total	<u>132,084</u>	<u>132,084</u>	<u>1,774</u>	<u>130,310</u>
NET CHANGE IN CASH BALANCE	(111,484)	(111,484)	20,227	131,711
<u>CASH BALANCE, Beginning</u>	<u>111,484</u>	<u>111,484</u>	<u>186,324</u>	<u>74,840</u>
<u>CASH BALANCE, Ending</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 206,551</u>	<u>\$ 206,551</u>

See Notes to Financial Statements

CITY OF BANKS

Washington County, Oregon

BUDGETARY COMPARISON SCHEDULE - CASH BASIS

WATER FUND

Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>CASH RECEIPTS</u>				
Charge for Services (Water Sales, etc.)	\$ 609,640	\$ 609,640	\$ 573,850	\$ (35,790)
Grants	102,191	102,191	35,052	(67,139)
Interest	350	350	679	329
Misc.	250	250	35,794	35,544
Total	<u>712,431</u>	<u>712,431</u>	<u>645,375</u>	<u>(67,056)</u>
 <u>CASH EXPENDITURES</u>				
Personal Services	209,553	209,553	199,100	10,453
Material and Services	302,080	302,080	211,294	90,786
Capital Outlay	19,340	19,340	16,736	2,604
Debt Service	179,778	179,778	179,777	1
Operating Contingencies	827	827	-	827
Total	<u>711,578</u>	<u>711,578</u>	<u>606,907</u>	<u>104,671</u>
RECEIPTS OVER (UNDER) EXPENDITURES	<u>853</u>	<u>853</u>	<u>38,468</u>	<u>37,615</u>
 <u>OTHER FINANCING SOURCES (USES)</u>				
Transfer From General Fund	30,000	30,000	-	30,000
Transfer to Water Depreciation Reserve Fund	(10,000)	(10,000)	(10,000)	-
Transfer to Water Bonded Debt Fund	(21,000)	(21,000)	(21,000)	-
Transfer to Water Utility Eq. Reserve Fund #16	(1,000)	(1,000)	(1,000)	-
Total	<u>(2,000)</u>	<u>(2,000)</u>	<u>(32,000)</u>	<u>30,000</u>
NET CHANGE IN CASH BALANCE	(1,147)	(1,147)	6,468	67,615
<u>CASH BALANCE</u> , Beginning	<u>11,147</u>	<u>11,147</u>	<u>16,908</u>	<u>5,761</u>
<u>CASH BALANCE</u> , Ending	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ 23,376</u>	<u>\$ 73,376</u>

See Notes to Financial Statements

CITY OF BANKS

Washington County, Oregon

BUDGETARY COMPARISON SCHEDULE - CASH BASIS

WATER UTILITY DEPRECIATION FUND

Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>CASH RECEIPTS</u>				
Interest	<u>\$ 650</u>	<u>\$ 650</u>	<u>\$ 1,606</u>	<u>\$ 956</u>
<u>CASH EXPENDITURES</u>				
Materials & Services	350	350	344	6
Capital Outlay	100,000	100,000	40,645	59,355
Operating Contingency	75,842	75,842	-	75,842
Total	<u>176,192</u>	<u>176,192</u>	<u>40,990</u>	<u>135,202</u>
RECEIPTS OVER (UNDER) EXPENDITURES	<u>(175,542)</u>	<u>(175,542)</u>	<u>(39,383)</u>	<u>136,159</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfer From Water Fund	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>-</u>
NET CHANGE IN CASH BALANCE	<u>(165,542)</u>	<u>(165,542)</u>	<u>(29,383)</u>	<u>136,159</u>
<u>CASH BALANCE</u> , Beginning	<u>165,542</u>	<u>165,542</u>	<u>166,299</u>	<u>757</u>
<u>CASH BALANCE</u> , Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 136,916</u>	<u>\$ 136,916</u>

See Notes to Financial Statements

CITY OF BANKS

Washington County, Oregon

BUDGETARY COMPARISON SCHEDULE - CASH BASIS

WATER BONDED DEBT FUND

Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Receipts</u>	<u>Variance Favorable (Unfavorable)</u>
<u>CASH RECEIPTS</u>				
Interest Earned	\$ 220	\$ 220	\$ 506	\$ 286
<u>CASH EXPENDITURES</u>				
Materials & Services	635	635	620	15
Debt Service	20,820	20,820	20,820	-
Operating Contingency	484	484	-	484
Total	<u>21,939</u>	<u>21,939</u>	<u>21,440</u>	<u>499</u>
RECEIPTS OVER (UNDER) EXPENDITURES	<u>(21,719)</u>	<u>(21,719)</u>	<u>(20,934)</u>	<u>785</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfer From Water Fund	<u>21,000</u>	<u>21,000</u>	<u>21,000</u>	<u>-</u>
NET CHANGE IN CASH BALANCE	(719)	(719)	66	785
<u>CASH BALANCE, Beginning</u>	<u>44,439</u>	<u>44,439</u>	<u>44,489</u>	<u>50</u>
<u>CASH BALANCE, Ending</u>	<u>\$ 43,720</u>	<u>\$ 43,720</u>	<u>\$ 44,555</u>	<u>\$ 835</u>

See Notes to Financial Statements

CITY OF BANKS

Washington County, Oregon

BUDGETARY COMPARISON SCHEDULE - CASH BASIS

WATER SDC FUND

Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>CASH RECEIPTS</u>				
System Development - Water	\$ 8,476	\$ 8,476	\$ -	\$ (8,476)
Interest	75	75	219	144
Total	<u>8,551</u>	<u>8,551</u>	<u>219</u>	<u>(8,332)</u>
<u>CASH EXPENDITURES</u>				
Capital Outlay	<u>29,345</u>	<u>29,345</u>	<u>-</u>	<u>29,345</u>
NET CHANGE IN CASH BALANCE	(20,794)	(20,794)	219	21,013
<u>CASH BALANCE</u> , Beginning	<u>20,794</u>	<u>20,794</u>	<u>20,808</u>	<u>14</u>
<u>CASH BALANCE</u> , Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,027</u>	<u>\$ 21,027</u>

See Notes to Financial Statements

CITY OF BANKS

Washington County, Oregon

BUDGETARY COMPARISON SCHEDULE - CASH BASIS

WATER UTILITY RESERVE FUND #16

Year Ended June 30, 2017

	Original Budget	Final Budget	Receipts	Variance Favorable (Unfavorable)
<u>CASH RECEIPTS</u>				
Interest	\$ -	\$ -	\$ 10	\$ 10
Miscellaneous	-	-	1,050	1,050
Total	-	-	1,060	1,060
<u>CASH EXPENDITURES</u>				
Capital Outlay	1,000	1,000	1,000	-
RECEIPTS OVER (UNDER) EXPENDITURES	(1,000)	(1,000)	60	1,060
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfer From Water Fund	1,000	1,000	1,000	-
NET CHANGE IN CASH BALANCE	-	-	1,060	1,060
<u>CASH BALANCE, Beginning</u>	-	-	-	-
<u>CASH BALANCE, Ending</u>	\$ -	\$ -	\$ 1,060	\$ 1,060

See Notes to Financial Statements

CITY OF BANKS

Washington County, Oregon

BUDGETARY COMPARISON SCHEDULE - CASH BASIS

WATER UTILITY PROJECTS FUND #17

Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>CASH RECEIPTS</u>				
Interest	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>CASH EXPENDITURES</u>				
Capital Outlay	<u>3,511,503</u>	<u>3,511,503</u>	<u>-</u>	<u>3,511,503</u>
RECEIPTS OVER (UNDER) EXPENDITURES	<u>(3,511,503)</u>	<u>(3,511,503)</u>	<u>-</u>	<u>3,511,503</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Loan Funds Received	<u>3,511,503</u>	<u>3,511,503</u>	<u>-</u>	<u>(3,511,503)</u>
NET CHANGE IN CASH BALANCE	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>CASH BALANCE, Beginning</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>CASH BALANCE, Ending</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Notes to Financial Statements

CITY OF BANKS

Washington County, Oregon

SCHEDULE OF PROPERTY TAX TRANSACTIONS

Year Ended June 30, 2017

<u>Year of Levy</u>	<u>Levy &amp; Taxes Receivable, Beginning</u>	<u>Adjustments</u>	<u>Discounts</u>	<u>Collections</u>	<u>Levy &amp; Taxes Receivable, Ending</u>
<b>General Fund</b>					
2016-17	\$ 257,905	\$ (628)	\$ (6,932)	\$ (246,205)	\$ 4,199
2015-16	4,018	(304)	(5)	(1,895)	1,920
2014-15	1,956	(14)	-	(473)	1,543
2013-14	1,455	(14)	-	(462)	1,088
2012-13	973	(14)	-	(179)	828
2011-12	698	(9)	-	(22)	675
2010-11 & Prior	1,403	(14)	-	(41)	1,367
Total	<u>\$ 268,407</u>	<u>\$ (996)</u>	<u>\$ (6,938)</u>	<u>\$ (249,275)</u>	<u>\$ 11,618</u>
<b>Police Fund</b>					
2016-17	\$ 307,652	\$ (749)	\$ (8,269)	\$ (293,695)	\$ 5,009
2015-16	4,793	(362)	(6)	(2,260)	2,290
2014-15	2,334	(17)	-	(564)	1,840
2013-14	1,735	(17)	-	(551)	1,297
2012-13	1,161	(16)	-	(214)	987
2011-12	669	(9)	-	(21)	647
2010-11 & Prior	1,346	(13)	-	(39)	1,311
Total	<u>\$ 319,690</u>	<u>\$ (1,182)</u>	<u>\$ (8,276)</u>	<u>\$ (297,344)</u>	<u>\$ 13,382</u>
Total Both Funds	<u>\$ 588,096</u>	<u>\$ (2,178)</u>	<u>\$ (15,213)</u>	<u>\$ (546,619)</u>	<u>\$ 25,000</u>

Note: Collections include interest on delinquent taxes.

See Notes to Financial Statements

CITY OF BANKS

Washington County, Oregon

WATER AND RELATED FUNDS

COMPARATIVE BALANCE SHEETS\*

June 30, 2015, 2016, 2017

	<u>June 30,</u> <u>2015</u>	<u>June 30,</u> <u>2016</u>	<u>June 30,</u> <u>2017</u>
<u>ASSETS</u>			
Cash	\$ 242,457	\$ 204,015	\$ 182,379
Cash Restricted - USDA, Rural Utility Service	45,133	44,489	44,555
Capital Assets	5,994,147	6,000,185	6,040,018
Accumulated Depreciation	<u>(1,895,421)</u>	<u>(2,029,055)</u>	<u>(2,164,575)</u>
<u>Total Assets</u>	<u>\$4,386,316</u>	<u>\$4,219,634</u>	<u>\$ 4,102,377</u>
 <u>LIABILITIES AND FUND EQUITY</u>			
<u>LIABILITIES</u>			
Long Term Debt	<u>\$1,607,066</u>	<u>\$1,470,893</u>	<u>\$ 1,332,389</u>
 <u>FUND EQUITY</u>			
<u>Total Liabilities and Fund Equity</u>	<u>\$4,386,316</u>	<u>\$4,219,634</u>	<u>\$ 4,102,377</u>

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

CITY OF BANKS

Washington County, Oregon

WATER AND RELATED FUNDS

COMPARATIVE STATEMENTS OF RECEIPTS, EXPENSES, AND CHANGES IN FUND EQUITY\*

For the Fiscal Years Ended June 30, 2015, 2016, and 2017

	<u>June 30,</u> <u>2015</u>	<u>June 30,</u> <u>2016</u>	<u>June 30,</u> <u>2017</u>
<u>OPERATING RECEIPTS</u>			
Charge for Services	\$ 568,728	\$ 569,194	\$ 573,850
Miscellaneous	2,304	9,021	74,917
Total	<u>571,032</u>	<u>578,215</u>	<u>648,767</u>
<u>OPERATING EXPENSES</u>			
Personal Services	180,073	193,068	199,100
Debt - Interest	70,871	66,735	62,093
Materials and Services	247,098	215,287	230,806
Depreciation Expense	134,651	133,634	135,520
Total	<u>632,693</u>	<u>608,724</u>	<u>627,519</u>
NET OPERATING INCOME (LOSS)	<u>(61,661)</u>	<u>(30,509)</u>	<u>21,248</u>
<u>FUND EQUITY, Beginning</u>	<u>2,840,912</u>	<u>2,779,250</u>	<u>2,748,741</u>
<u>FUND EQUITY, Ending</u>	<u>\$2,779,251</u>	<u>\$2,748,741</u>	<u>\$ 2,769,989</u>

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

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**AUDITOR'S COMMENTS AND  
DISCLOSURES REQUIRED BY STATE REGULATIONS**

DENNIS R. CONNER  
Certified Public Accountant  
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P. O. Box 1078  
Clatskanie, Oregon 97016  
Telephone(503)728-2038

AUDITOR'S COMMENTS AND DISCLOSURES  
REQUIRED BY STATE REGULATIONS

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

I have audited the basic financial statements of the City of Banks, Oregon (the City) as of and for the year ended June 30, 2017, and have issued my report thereon dated October 5, 2017. I conducted the audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

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

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

Deposit of public funds with financial institutions (ORS Chapter 295).

Indebtedness limitations, restrictions, and repayment.

Budgets legally required (ORS Chapter 294).

Insurance and fidelity bonds in force or required by law.

Programs funded by outside sources.

Highway revenues used for public highways, roads, and streets

Authorized investment of surplus funds (ORS Chapter 294).

Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).

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

OAR 162-10-230 (Internal Control)

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. I consider the following deficiencies in the City's internal control to be significant deficiencies:

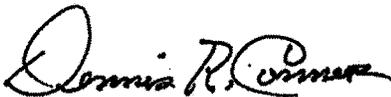
Financial Reporting

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

Inadequate Segregation of Accounting Duties

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

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



Dennis R. Conner, CPA  
October 5, 2017