

CANBY URBAN RENEWAL AGENCY

(A Component Unit of the City of Canby, Oregon)

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

For the Fiscal Year Ended

June 30, 2021

CANBY URBAN RENEWAL AGENCY
 (A Component Unit of the City of Canby, Oregon)
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INTRODUCTORY SECTION

CANBY URBAN RENEWAL AGENCY
(A Component Unit of the City of Canby, Oregon)
BOARD OF DIRECTORS
JUNE 30, 2021

Board of Directors

Term Expires

Traci Hensley, Chair
Canby, Oregon 97013

December 31, 2024

Brian Hodson, Vice Chair
Canby, Oregon 97013

December 31, 2022

Christopher Bangs, Board Member
Canby, Oregon 97013

December 31, 2024

Greg Parker, Board Member
Canby, Oregon 97013

December 31, 2022

Sarah Spoon, Board Member
Canby, Oregon 97013

December 31, 2024

Jordan Tibbals, Board Member
Canby, Oregon 97013

December 31, 2022

Shawn Varwig, Board Member
Canby, Oregon 97013

December 31, 2022

Agency Administration

Scott Archer

District Director

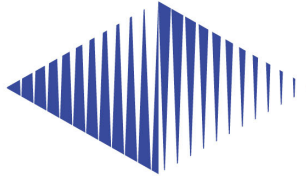
Eric Kytola

Finance Director

Board members receive mail at the City's address:

**City Hall
222 NE 2nd Ave.
PO Box 930
Canby, Oregon 97013**

FINANCIAL SECTION



GROVE, MUELLER & SWANK, P.C.

Certified Public Accountants and Consultants

475 Cottage Street NE, Suite 200, Salem, OR 97301
(503) 581-7788 • FAX (503) 581-0152 • www.gms.cpa

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Canby Urban Renewal Agency
222 NE 2nd Avenue
Canby, Oregon 97013

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Urban Renewal Agency of the City of Canby, Oregon (the Agency), a component unit of the City of Canby, Oregon, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Agency'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 accounting principles generally accepted in the United States of America; this includes 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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Agency'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 Agency's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Urban Renewal Agency of the City of Canby, Oregon, as of June 30, 2021, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to management’s discussion and analysis in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information


Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency’s basic financial statements. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Report on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated June 30, 2022, on our consideration of the Agency’s compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and results of that testing and not to provide an opinion on compliance.

GROVE, MUELLER & SWANK, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

By: 
Ryan T. Pasquarella, A Shareholder
June 30, 2022

CANBY URBAN RENEWAL AGENCY
(A Component Unit of the City of Canby, Oregon)
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021

This discussion is intended to be an easily readable analysis of the City of Canby Urban Renewal Agency's (Agency) financial activities based on currently known facts, decisions and conditions. We encourage readers to consider the information presented here in conjunction with the financial statements that follow. The accompanying notes are also an integral part of this report.

The report consists of agency-wide statements, fund financial statements, notes to the statements and supplementary information. The agency-wide financial statements present an overview of the Agency's entire operations, while the fund level statements present the financial information of each of the two major funds.

Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with Agency management.

The Agency's financial statements have been audited by Grove, Mueller & Swank, P.C., a firm of licensed certified public accountants. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Agency as of June 30, 2021. The independent auditor's report is presented as the first component of the financial section of this report.

AGENCY-WIDE STATEMENTS

Statement of Net Position

The Statement of Net Position presents information on all of the Agency's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether or not the financial position of the Agency is improving or deteriorating. However, completed Agency projects become assets of the City of Canby; therefore, they have been transferred to the City and do not appear as assets of the Agency. Conversely, the Agency incurred debt to finance major capital projects and that debt is recorded as a liability for the Agency, as shown below. This debt has resulted in reporting deficit net position for the Agency. Again, this could typically be interpreted as a deteriorating position except in the case of this governmental structure.

The purpose of an urban renewal district is to make capital investments that revitalize the district, reducing blight and promoting additional private investment. Once complete the assets are contributed to the City or held for sale, this results in a negative net investment in capital assets for the Agency.

CANBY URBAN RENEWAL AGENCY
(A Component Unit of the City of Canby, Oregon)
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021

STATEMENT OF NET POSITION

	<u>2021</u>	<u>2020</u>
ASSETS:		
Cash and cash equivalents	\$ 3,002,747	\$ 2,366,659
Other current assets	167,700	157,671
Capital assets - construction in progress	713,858	1,195,848
Total assets	<u>\$ 3,884,305</u>	<u>\$ 3,720,178</u>
LIABILITIES:		
Current liabilities other than debt	\$ 229,478	\$ 260,496
Current portion of long-term obligations	4,184,033	1,034,778
Noncurrent portion of long-term obligations	15,921,131	21,134,770
Total liabilities	<u>20,334,642</u>	<u>22,430,044</u>
NET POSITION:		
Net investment in capital assets	(19,391,306)	(20,973,700)
Restricted for:		
Debt Service	2,883,689	2,232,524
Unrestricted	57,280	31,310
Total net position	<u>\$ (16,450,337)</u>	<u>\$ (18,709,866)</u>

Statement of Activities

The Statement of Activities focuses on the program costs and their matching resources. This Statement summarizes and simplifies the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by general revenues. The Statement of Activities presents information showing how the Agency's net position changed during the most recent fiscal year. The Agency had a change in net position of \$2.3 million. This resulted in a deficit ending net position of \$16.4 million. The deficit reflects a combination of the Agency's reporting of capital-related obligations, without the offset of the capital assets which were transferred to the City.

The Agency's tax levy totaled \$4.3 million and is restricted to repayment of debt and for improvements identified in the urban renewal plan.

CANBY URBAN RENEWAL AGENCY
(A Component Unit of the City of Canby, Oregon)
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021

STATEMENT OF ACTIVITIES

	<u>2021</u>	<u>2020</u>
EXPENSES:		
Community development	\$ (1,205,675)	\$ (1,509,044)
Interest on long-term debt	<u>(905,916)</u>	<u>(972,294)</u>
Total program expenses	(2,111,591)	(2,481,338)
PROGRAM REVENUES	2,000	-
GENERAL REVENUES AND SPECIAL ITEMS:		
Property taxes	4,226,270	3,814,981
Special Assessments	645	924
Interest	68,274	25,919
Miscellaneous	<u>73,931</u>	<u>149,956</u>
Total general revenues	4,369,120	3,991,780
Change in net position	<u>2,259,529</u>	<u>1,510,442</u>
NET POSITION, BEGINNING	<u>(18,709,866)</u>	<u>(20,220,308)</u>
NET POSITION, ENDING	<u>\$ (16,450,337)</u>	<u>\$ (18,709,866)</u>

FUND FINANCIAL STATEMENTS

Fund Statements

Following the agency-wide statements is a section containing fund financial statements. A fund is a grouping of related accounts that have been segregated for specific activities or objectives. The Agency presents each of its two funds as major funds.

Agency funds are used to account for essentially the same functions reported as agency activities in the agency-wide financial statements. However, unlike the agency-wide financial statements, fund financial statements focus on current inflows and outflows of spendable resources as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in determining what financial resources are available in the near future to finance the Agency's programs.

Budgetary Highlights

The budget was based upon a conscious effort by management to start the projects identified in the urban renewal plan as expediently as possible. A budgetary comparison statement is presented in the basic financial statements for the general fund; a budgetary comparison schedule is presented for the debt service fund in the supplementary information.

CANBY URBAN RENEWAL AGENCY
(A Component Unit of the City of Canby, Oregon)
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021

Capital Assets and Debt Administration

The Agency continued work on the railroad quiet zone project and started the Grant Street Arch and the Signal at Sequoia Parkway and Hazel Del in FY20-21. Upon completion of capital projects the assets are transferred from the URA to the City. For more detailed information on the Agency's capital assets activity refer to Note (4) of the Notes to Basic Financial Statements.

The Agency issued new debt in FY20-21 to refund the existing Series 2010, Series 2011 and Series 2012 totaling \$18,435,000 of new debt. For more detailed information on the Agency's debt and amortization terms refer to Note (5) of the Notes to the Financial Statements.

Economic Factors

The Urban Renewal Agency continues to be an important partner in economic development within the City of Canby, providing necessary infrastructure improvements to support continued growth and quality of service to those within the Agency's boundaries. Increasing property values within the boundaries of the Agency translate into increasing tax increment available. That tax increment will then be used to pay debt service on loans issued to fund projects and improvements.

Next Year's Budget

In FY21-22 the Agency is budgeted continue work on several major construction projects including the completion of the railroad quiet zone; installation of a new signal at Sequoia Parkway and Hazel Dell to aid in traffic flow for the industrial area; and an arch over Grant Street to welcome people to the downtown area. There are also funds budgeted towards the façade improvement program.

Financial Contact

The Agency's financial statements are designed to present users (citizens, taxpayers, customers, investors and creditors) with a general overview of the Agency's finances and to demonstrate the Agency's accountability. If you have questions about the report or need additional financial information, you should contact the Agency's Finance Director at City of Canby, City Hall, 222 NE 2nd Ave, Canby, Oregon 97013.

BASIC FINANCIAL STATEMENTS

CANBY URBAN RENEWAL AGENCY
(A Component Unit of the City of Canby, Oregon)
STATEMENT OF NET POSITION
JUNE 30, 2021

ASSETS:

Cash and cash equivalents	\$ 3,002,747
Accounts receivable	55,254
Property taxes receivable	112,446
Nondepreciable capital assets	<u>713,858</u>
Total assets	<u>\$ 3,884,305</u>

LIABILITIES:

Current liabilities:

Accounts payable	\$ 164,768
Interest payable	64,710
Current portion of long-term obligations	<u>4,184,033</u>
Total current liabilities	<u>4,413,511</u>

Noncurrent liabilities:

Noncurrent portion of long-term obligations	<u>15,921,131</u>
Total liabilities	<u>20,334,642</u>

NET POSITION:

Net investment in capital assets	(19,391,306)
Restricted for:	
Debt Service	2,883,689
Unrestricted	<u>57,280</u>
Total net position	<u>(16,450,337)</u>
Total liabilities and net position	<u>\$ 3,884,305</u>

The accompanying notes are an integral part of these financial statements

CANBY URBAN RENEWAL AGENCY
(A Component Unit of the City of Canby, Oregon)
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Expenses</u>	<u>Program Revenues Operating Grants and Contributions</u>	<u>Net Revenue (Expenses) and Changes in Net Position</u>
EXPENSES:			
Community development	\$ 1,205,675	\$ 2,000	\$ (1,203,675)
Interest on long-term debt	905,916	-	(905,916)
Total activities	<u>\$ 2,111,591</u>	<u>\$ 2,000</u>	<u>(2,109,591)</u>
GENERAL REVENUES AND SPECIAL ITEMS:			
Property taxes			4,226,270
Special assessments			645
Interest			68,274
Miscellaneous			<u>73,931</u>
Total general revenues and special items			<u>4,369,120</u>
Change in net position			2,259,529
NET POSITION, BEGINNING			<u>(18,709,866)</u>
NET POSITION, ENDING			<u>\$ (16,450,337)</u>

The accompanying notes are an integral part of these financial statements

CANBY URBAN RENEWAL AGENCY
(A Component Unit of the City of Canby, Oregon)
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2021

	Urban Renewal General	Urban Renewal Debt Service	Total Governmental Funds
Assets:			
Cash and cash equivalents	\$ 164,768	\$ 2,837,979	\$ 3,002,747
Accounts receivable	-	15,262	15,262
LID assessments receivable	-	39,992	39,992
Property taxes receivable	-	112,446	112,446
Total assets	<u>\$ 164,768</u>	<u>\$ 3,005,679</u>	<u>\$ 3,170,447</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 164,768	\$ -	\$ 164,768
DEFERRED INFLOWS:			
Unavailable revenue	-	121,990	121,990
Total liabilities and deferred inflows	<u>164,768</u>	<u>121,990</u>	<u>286,758</u>
Fund Balances:			
Restricted for:			
Debt Service	-	2,883,689	2,883,689
Total fund balance, liabilities, and deferred inflows	<u>\$ 164,768</u>	<u>\$ 3,005,679</u>	<u>\$ 3,170,447</u>

**RECONCILIATION OF THE STATEMENT OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION - JUNE 30, 2021**

Total Fund Balance	\$ 2,883,689
Amounts reported in the Statement of Net Position are different because:	
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	
Unavailable revenue	121,990
Capital assets are not financial resources and are not reported in the governmental funds.	713,858
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Accrued interest payable	(64,710)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	<u>(20,105,164)</u>
Net position	<u>\$ (16,450,337)</u>

The accompanying notes are an integral part of these financial statements

CANBY URBAN RENEWAL AGENCY
(A Component Unit of the City of Canby, Oregon)
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Urban Renewal General	Urban Renewal Debt Service	Total Governmental Funds
REVENUES:			
Property taxes	\$ -	\$ 4,215,618	\$ 4,215,618
Special assessments	-	18,644	18,644
Grants & donations	2,000	-	2,000
Interest	876	67,398	68,274
Miscellaneous	52,283	21,648	73,931
Total revenues	<u>55,159</u>	<u>4,323,308</u>	<u>4,378,467</u>
EXPENDITURES:			
Community development	803,682	-	803,682
Debt service:			
Principal	-	1,984,387	1,984,387
Interest	-	939,233	939,233
Bond issuance costs	-	145,763	145,763
Total expenditures	<u>803,682</u>	<u>3,069,383</u>	<u>3,873,065</u>
Revenues over (under) expenditures	<u>(748,523)</u>	<u>1,253,925</u>	<u>505,402</u>
OTHER FINANCING SOURCES (USES):			
Proceeds from sale of bonds	-	18,435,000	18,435,000
Bond premiums	-	995,165	995,165
Bond refunding escrow	-	(19,284,402)	(19,284,402)
Transfers in (out)	748,523	(748,523)	-
Total other financing sources (uses)	<u>748,523</u>	<u>(602,760)</u>	<u>145,763</u>
Net change in fund balances	-	651,165	651,165
FUND BALANCES, BEGINNING	<u>-</u>	<u>2,232,524</u>	<u>2,232,524</u>
FUND BALANCES, ENDING	<u>\$ -</u>	<u>\$ 2,883,689</u>	<u>\$ 2,883,689</u>

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2021

Amounts reported in the Statement of Activities are different because:

Net change in fund balance	\$ 651,165
Some revenue reported in the Statement of Activities does not provide current financial resources in the governmental funds.	(7,347)
Governmental funds report all capital outlay as expenditures. However, in the Statement of Activities the cost of certain assets is allocated over their estimated useful lives and reported as depreciation expense.	
Additions to CIP	443,807
Dispositions/adjustments	(925,797)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Change in accrued interest payable	33,317
Principal and premium/discount payments on long-term debt	<u>2,064,384</u>
Change in net position	<u>\$ 2,259,529</u>

The accompanying notes are an integral part of these financial statements

CANBY URBAN RENEWAL AGENCY

(A Component Unit of the City of Canby, Oregon)

GENERAL FUND**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021**

	Budget		Actual	Variance
	Original	Final		
REVENUES:				
Grants & donations	\$ 137,951	\$ 137,951	\$ 2,000	\$ (135,951)
Interest	2,800	2,800	876	(1,924)
Miscellaneous	-	-	52,283	52,283
Total revenues	<u>140,751</u>	<u>140,751</u>	<u>55,159</u>	<u>(85,592)</u>
EXPENDITURES:				
Urban Renewal	<u>2,029,561</u>	<u>2,029,561</u>	<u>803,682</u>	<u>1,225,879</u>
Revenues over (under) expenditures	(1,888,810)	(1,888,810)	(748,523)	1,140,287
OTHER FINANCING SOURCES (USES):				
Transfers in	<u>1,888,810</u>	<u>1,888,810</u>	<u>748,523</u>	<u>(1,140,287)</u>
Net changes in fund balances	-	-	-	-
FUND BALANCES, BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

CANBY URBAN RENEWAL AGENCY
(A Component Unit of the City of Canby, Oregon)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

1) Summary of Significant Accounting Policies

The financial statements of the Agency have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). GAAP statements include all relevant Governmental Accounting Standards Board (GASB) pronouncements. The financial statements have incorporated all applicable GASB pronouncements.

A. Description of Reporting Entity

The Canby Urban Renewal Agency (the Agency), a component unit of the City of Canby, was organized December 24, 1999 under the provisions of Oregon Revised Statutes, Chapter 457, to assist in the redevelopment of the City of Canby. The City Council and the Mayor of the City of Canby comprise the Board of Directors of the Agency.

The Agency's financial statements include all funds of the Agency. There are no known entities that should be included in the Agency's financial statements as a component unit based on their operational or financial relationship with the Agency in accordance with GAAP. The Agency is a component unit of the City of Canby and, as such is included in the annual comprehensive financial report of the City of Canby for the year ended June 30, 2021.

B. Basic Financial Statements

The Agency's financial operations are presented at both the agency-wide and fund financial levels. The statement of net position and the statement of activities display information about the Agency as a whole.

Agency-wide financial statements

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Agency's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the program, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund financial statements

The Agency uses funds to report its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions and activities.

These statements display information at the individual fund level. Each fund is considered to be a separate accounting entity. Funds are classified and summarized as governmental, proprietary, and fiduciary. Currently the Agency has only governmental fund types.

CANBY URBAN RENEWAL AGENCY
(A Component Unit of the City of Canby, Oregon)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

1) Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation

The financial transactions of the Agency are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The GASB 34 model sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and proprietary combined) for the determination of major funds. For purposes of presentation, each of the Agency's funds are presented as major funds.

The General Fund is used to execute the Urban Renewal plan by utilizing debt proceeds and directly contracted goods and services to accomplish designated projects and programs within the Urban Renewal District.

The Debt Service Fund is used to account for tax increment revenues and debt service activities for debt incurred to finance Urban Renewal contracts and capital projects.

D. Measurement Focus and Bases of Accounting

Measurement focus is a term used to describe which transactions are recorded with the various financial statements. Basis of accounting refers to when transactions are recorded.

The Agency-wide financial statements are reported using the *economic resources measurement focus* and the *full accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Agency considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the agency-wide statements, reconciliation is necessary to explain the adjustments needed to transform the fund based financial statements into the agency-wide presentation. The reconciliations are presented with the fund financial statements.

E. Cash and Cash Equivalents

The Agency considers cash equivalents as all highly liquid investments with maturity of three months or less from the date of purchase. Investments included in cash and cash equivalents are reported at fair value.

CANBY URBAN RENEWAL AGENCY
(A Component Unit of the City of Canby, Oregon)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

1) Summary of Significant Accounting Policies (Continued)

F. Receivables and Property Tax Calendar

Uncollected property taxes receivable, which have been collected within 60 days following year-end are considered measurable and available and are recognized as revenue. The remaining balance is recorded as unavailable revenue in the fund financial statements because it is not deemed available to finance operations of the current period. Real and personal property taxes are levied in July of each fiscal year. Property taxes attach as an enforceable lien on property as of July 1, and are payable in three installments on November 15, February 15, and May 15. All property taxes are billed and collected by Clackamas County and remitted to the City. Uncollected taxes, including delinquent amounts, are considered substantially collectible or recoverable through liens, and accordingly no allowance for uncollected taxes has been established. All property taxes receivable are due from property owners within the Agency's boundaries.

G. Capital Assets

Capital assets are stated at historical cost or estimated historical cost if actual historical cost is not available. Capital assets include land, buildings and improvements and street infrastructure costing over \$5,000 with an estimated life of more than two years. Capital assets acquired, or at the completion of construction, are transferred to the City of Canby.

H. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financial sources while premiums and discounts on debt proceeds received are reported as other financing sources and uses, respectively. Bond issue costs, whether paid directly or from proceeds of issuance, are reported as debt service expenditures.

I. Fund Balance

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the Agency is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. In accordance with GAAP allowable fund balance classifications include:

- *Non Spendable* – Includes items not immediately converted to cash, such as prepaid items.
- *Restricted* – Includes items that are restricted by external creditors, grantors or contributors, or restricted by legal constitutional provisions.
- *Committed* – Includes items committed by the Board of Directors, by formal board action. Commitments of fund balance must be made prior to the end of the fiscal year.
- *Assigned* – Includes items assigned for specific uses, authorized by the Agency. Assignments of fund balance can be done at any time, including after the fiscal year end date. In accordance with the Agency's fund balance policy, amounts may be assigned by the Agency administrator.
- *Unassigned* – This is the residual classification of the General Fund, used for those balances not assigned to another category.

CANBY URBAN RENEWAL AGENCY
(A Component Unit of the City of Canby, Oregon)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

1) Summary of Significant Accounting Policies (Continued)

J. Net Position

Net position comprise the various net earnings from operations, non-operating revenues, expenses and contributions of capital assets. In accordance with GAAP allowable net position classifications include:

- *Net investment in capital assets* – consist of all capital assets, net of accumulated depreciation less outstanding debt attributable to the acquisition of capital assets net of unspent bond proceeds.
- *Restricted* – consists of external constraints placed on assets use by creditors, grantors, contributors, laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted* – consists of all other assets that are not included in the other classifications.

K. Use of Restricted Resources

When both restricted and unrestricted resources are available for use, it is the Agency’s policy to use restricted resources first, then unrestricted resources, as they are needed. When unrestricted resources (committed, assigned, and unassigned) are available for use, it is the Agency’s policy to use committed resources first, then assigned, and then unassigned as they are needed.

L. Use of Estimates

In preparing the Agency’s financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2) Budget

A budget is prepared for each governmental fund in accordance with the legal requirements set forth in Oregon Local Budget Law. The Agency budgets its funds on the modified accrual basis of accounting. Budget appropriations lapse at the end of each fiscal year. Appropriations are adopted in the categories of materials and services, capital outlay, debt service, contingency and transfers. Actual expenditures may not legally exceed appropriations in any of the categories. Expenditures in all funds were within authorized appropriations.

3) Cash and Cash Equivalents

At June 30, 2021, cash and cash equivalents consisted of the following:

	<u>Fair Value</u>
Cash on deposit	\$ 90,082
Oregon State Local Government Investment Pool	<u>2,912,665</u>
Total	<u>\$ 3,002,747</u>

CANBY URBAN RENEWAL AGENCY
(A Component Unit of the City of Canby, Oregon)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

3) Cash and Cash Equivalents (continued)

A. Custodial credit risk – deposits

This is the risk that in the event of a bank failure, the Agency’s deposits may not be returned. Effective July 1, 2008, the State of Oregon formed the Oregon Public Funds Collateralization Program under ORS 295. The collateralization program creates a statewide pool of qualified bank depositories for local governments, providing collateralization for bank balances that exceed the limits of federal depository insurance, and eliminating the need for certificates of participation. As of June 30, 2021, the Agency had total bank balances of \$90,082 which were fully covered by FDIC.

B. Interest rate risk

The Agency does not have a formal investment policy that limits investments maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Currently, the Agency maintains excess cash in the Local Government Investment Pool.

C. Credit risk

State statutes authorize the Agency to invest in general obligations of the U.S. Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers’ acceptances, and the State Treasurer’s Oregon Local Government Investment Pool, among others. The Agency has no investment policy that would further limit its investment choices.

D. Concentration of credit risk

The Agency does not currently have an investment policy for concentration of credit risk.

E. Custodial credit risk – investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the Agency will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

4) Capital Assets

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

	Beginning Balance	Additions	Disposals	Ending Balance
Construction in progress	\$ 1,195,848	\$ 443,807	\$ (925,797)	\$ 713,858
Total capital assets, not being depreciated	<u>\$ 1,195,848</u>	<u>\$ 443,807</u>	<u>\$ (925,797)</u>	<u>\$ 713,858</u>

5) Long-Term Obligations

A. Debt Outstanding

The following table presents current year changes in long-term liabilities, and the current portions due for each category of long-term liability.

CANBY URBAN RENEWAL AGENCY
(A Component Unit of the City of Canby, Oregon)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

5) Long-Term Obligations (continued)

	<u>Original Amount</u>	<u>June 30, 2020 Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2021 Balance</u>	<u>Due Within One Year</u>
Bonds:						
2010 1st Ave Redevelopment (3.75-7%)	\$ 2,500,000	\$ 1,560,000	\$ -	\$ 1,560,000	\$ -	\$ -
2010 Bond Discount		(24,300)	-	(24,300)	-	-
2011 Police Facility (2-5%)	9,000,000	8,580,000	-	8,580,000	-	-
2011 Bond Discount		(15,200)	-	(15,200)	-	-
2012 Civic Bldg & Sequoia Pkwy (3-4%)	14,050,000	10,225,000	-	9,550,000	675,000	675,000
2012 Premium		736,077	-	736,077	-	-
2021 Full Faith and Credit Obligations	18,435,000	-	18,435,000	-	18,435,000	3,310,000
2021 Premium	995,165	-	995,165	-	995,165	199,033
Long-term Loans:						
2009 Township, Berg, Sequoia St. (3-5.25%)	1,981,047	1,099,387	-	1,099,387	-	-
2009 Premium		8,584	-	8,584	-	-
Total URA Bonds and Loans		<u>\$ 22,169,548</u>	<u>\$ 19,430,165</u>	<u>\$ 21,494,548</u>	<u>\$ 20,105,165</u>	<u>\$ 4,184,033</u>

B. Debt Service Requirements

The URA issues full faith and credit obligation bonds and loans/notes to provide funds for the acquisition and construction of major capital infrastructure and equipment. Full faith and credit obligation bonds and loans/notes outstanding at June 30, 2021 are as follows:

Fiscal Year Ending June 30,	Urban Renewal Activities			Total URA Activities
	Bonds	Total Principal	Interest	
2022	\$ 3,985,000	\$ 3,985,000	\$ 387,575	\$ 4,372,575
2023	3,655,000	3,655,000	353,792	4,008,792
2024	3,740,000	3,740,000	277,149	4,017,149
2025	3,820,000	3,820,000	192,358	4,012,358
2026	3,910,000	3,910,000	99,184	4,009,184
2027-2031	-	-	-	-
2032-2036	-	-	-	-
Total	<u>\$ 19,110,000</u>	<u>\$ 19,110,000</u>	<u>\$ 1,310,058</u>	<u>\$ 20,420,058</u>

The URA's outstanding bonds are managed by Bank of New York Mellon and are not direct placement bonds. There is no pledged collateral as all three bonds are Full Faith and Credit Issuances. In the event of default and a majority vote of the owners, the agent has authority to take whatever action necessary to enforce the financing agreement. The agent does not have the right to declare the unpaid principal immediately due.

During the fiscal year ended June 30, 2021, the URA issued Full Faith and Credit Refunding Obligations, Series 2021 to provide funds for advance refunding of Series 2010 1st Ave Redevelopment, Series 2011 Police Facility, and Series 2012 Civic Bldg & Sequoia Pkwy bonds. The \$18,435,000 issue closed on June 15, 2021 at an interest rate ranging between 0.20% and 4.00% maturing in 2026. Net present value of the savings, due to the lower interest rate on the refunding bonds, is \$5,580,848.

CANBY URBAN RENEWAL AGENCY
(A Component Unit of the City of Canby, Oregon)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

6) Long-Term Obligations (continued)

The URA had one outstanding loan through Business Oregon that is not a direct placement and has no pledged collateral. This loan was a Full Faith and Credit Issuance. In the event of default the URA has 15 days to cure or the remaining loan becomes payable immediately. The loan was fully paid off during the current year.

The URA does not have any lines of credit.

6) Risk Management

The Agency is exposed to various risks of loss and insurance coverage is provided by the City of Canby, which carries commercial insurance. Settled claims resulting from risks of loss have not exceeded commercial insurance coverage in any of the past three years.

7) Related Party Transactions

The Agency paid the City \$315,998 for salary and benefits for services performed by the City's employees on behalf of the Agency and for support services.

SUPPLEMENTARY INFORMATION

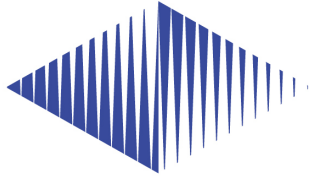
CANBY URBAN RENEWAL AGENCY

(A Component Unit of the City of Canby, Oregon)

DEBT SERVICE FUND**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021**

	Budget		Actual	Variance
	Original	Final		
REVENUES:				
Property taxes	\$ 3,983,000	\$ 3,983,000	\$ 4,215,618	\$ 232,618
Special assessments	29,429	29,429	18,644	(10,785)
Interest	60,000	60,000	21,648	(38,352)
Miscellaneous	41,000	41,000	67,398	26,398
Total revenues	<u>4,113,429</u>	<u>4,113,429</u>	<u>4,323,308</u>	<u>209,879</u>
EXPENDITURES:				
Debt service				
Principal	2,684,387	2,684,387	1,984,387	700,000
Interest	939,233	939,233	939,233	-
Bond issuance costs	-	-	145,763	(145,763)
Total expenditures	<u>3,623,620</u>	<u>3,623,620</u>	<u>3,069,383</u>	<u>554,237</u>
Revenues over (under) expenditures	<u>489,809</u>	<u>489,809</u>	<u>1,253,925</u>	<u>764,116</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of bonds	-	-	18,435,000	(18,435,000)
Bond premiums	-	-	995,165	(995,165)
Bond refunding escrow	-	-	(19,284,402)	19,284,402
Transfers out	<u>(1,888,810)</u>	<u>(1,888,810)</u>	<u>(748,523)</u>	<u>1,140,287</u>
Total other financing sources (uses)	<u>(1,888,810)</u>	<u>(1,888,810)</u>	<u>(602,760)</u>	<u>994,524</u>
Net changes in fund balances	<u>(1,399,001)</u>	<u>(1,399,001)</u>	<u>651,165</u>	<u>1,758,640</u>
FUND BALANCES, BEGINNING	<u>2,255,145</u>	<u>2,255,145</u>	<u>2,232,524</u>	<u>(22,621)</u>
FUND BALANCES, ENDING	<u>\$ 856,144</u>	<u>\$ 856,144</u>	<u>\$ 2,883,689</u>	<u>\$ 1,736,019</u>

COMPLIANCE SECTION



GROVE, MUELLER & SWANK, P.C.

Certified Public Accountants and Consultants

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INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

Board of Directors
Canby Urban Renewal Agency
222 NE 2nd Avenue
Canby, Oregon 97013

We have audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the Urban Renewal Agency of the City of Canby, Oregon as of and for the year ended June 30, 2021 and have issued our report thereon dated June 30, 2022.

Compliance and Other Matters

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

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

- **Deposit of public funds with financial institutions (ORS Chapter 295).**
- **Indebtedness limitations, restrictions and repayment.**
- **Budgets legally required (ORS Chapter 294).**
- **Insurance and fidelity bonds in force or required by law.**
- **Programs funded from outside sources.**
- **Authorized investment of surplus funds (ORS Chapter 294).**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).**
- **Accountability for collecting or receiving money by elected officials – no money was collected or received by elected officials.**

In connection with our testing nothing came to our attention that caused us to believe the Agency was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations except the URA did not timely file the audited financial statements for the year ended June 30, 2021 with the Oregon Audits Division.


Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

Restriction on Use

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

GROVE, MUELLER & SWANK, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

By: 

Ryan T. Pasquarella, A Shareholder
June 30, 2022