

Annual Financial Report

Fiscal Year Ended

June 30, 2022

Prepared by

City of Canby, Oregon

Finance Department

This Page Intentionally Left Blank

CITY OF CANBY, OREGON

TABLE OF CONTENTS

June 30, 2022

INTRODUCTORY SECTION:	<u>Page</u>
Principal Officials	i
FINANCIAL SECTION:	
Independent Auditor’s Report	2
Management’s Discussion and Analysis	6
BASIC FINANCIAL STATEMENTS:	
Government-Wide Financial Statements:	
Statement of Net Position	15
Statement of Activities	16
Governmental Funds Financial Statements:	
Balance Sheet – Governmental Funds	17
Reconciliation of the Balance Sheet to the Statement of Net Position	18
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds	19
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities	20
Proprietary Funds Financial Statements:	
Statement of Net Position	21
Statement of Revenues, Expenses, and Changes in Fund Net Position	22
Statement of Cash Flows	23
Notes to the Financial Statements	24
REQUIRED SUPPLEMENTARY INFORMATION:	
Schedules of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual:	
General Fund	50
Street Fund	51
Transit Fund	52
Urban Renewal Agency - General Fund	53
System Development Charges Fund	54
Other Postemployment Benefit Plans Schedules	55
Schedule of Proportionate Share of the Net Pension (Asset)/Liability - PERS	56
Schedule of Contributions - PERS	57
Notes to the Required Supplementary Information	58
SUPPLEMENTARY INFORMATION:	
Governmental Funds:	
Schedules of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual:	
Urban Renewal Agency - Debt Service Fund	60
Non-Major Special Revenue Funds:	
Combining Balance Sheet	61
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance	62
Schedules of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual:	
Transient Room Tax Fund	63
Forfeiture Fund	64
Cemetery Perpetual Care Fund	65

CITY OF CANBY, OREGON
TABLE OF CONTENTS (Continued)
June 30, 2022

SUPPLEMENTARY INFORMATION (Continued):	<u>Page</u>
Governmental Funds (Continued)	
Swim Center Local Option Tax Levy Fund	66
Library Fund	67
Proprietary Fund:	
Schedules of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual:	
Sewer Combined Fund	68
Internal Service Funds:	
Combining Balance Sheet	69
Combining Statement of Revenues, Expenditures, and Changes in Fund Net Position	70
Combining Statement of Cash Flows	71
Schedules of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual:	
Facilities Fund	72
Fleet Services Fund	73
Technical Services Fund	74
COMPLIANCE SECTION:	
Independent Auditor’s Report Required by Oregon State Regulations	76

INTRODUCTORY SECTION

CITY OF CANBY, OREGON
PRINCIPAL OFFICIALS
June 30, 2022

City Officials

Brian Hodson, Mayor
Canby, Oregon 97013

Term Expires

December 31, 2022

Council Members

Traci Hensley, President
Canby, Oregon 97013

December 31, 2024

Christopher Bangs
Canby, Oregon 97013

December 31, 2024

Greg Parker
Canby, Oregon 97013

December 31, 2022

Sarah Spoon
Canby, Oregon 97013

December 31, 2024

Jordan Tibbals
Canby, Oregon 97013

December 31, 2022

Shawn Varwig
Canby, Oregon 97013

December 31, 2022

City Administration

Scott Archer

City Administrator

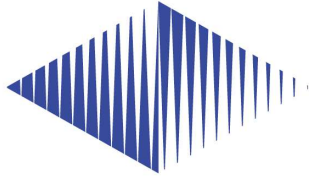
Eric Kytola

Finance Director

Council members receive mail at the City's address:

City Hall
222 NE 2nd Avenue
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

Honorable Mayor and Council Members
City of Canby
Canby, Oregon

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Canby, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Canby Utility Board (CUB), which represent 32 percent, 34 percent, and 36 percent, respectively, of the assets, net position, and revenues of the City. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for CUB, is based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in the notes to the financial statements, the City has implemented Governmental Accounting Standards Board (GASB) Statement No. 87 *Leases*, in the current period, which resulted in changes to the presentation of lease related activity. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

The City's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis (MD&A) and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 the required supplementary information 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 (except as mentioned in the following paragraph) because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The other supplementary information as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Reports on Other Legal and Regulatory Requirements


Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2023 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Other Reporting Required by Oregon Minimum Standards

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated March 31, 2023, on our consideration of the City'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 the 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
March 31, 2023

CITY OF CANBY, OREGON
MANAGEMENT'S DISCUSSION & ANALYSIS
June 30, 2022

This section of the City of Canby's Annual Financial Report for the fiscal year ended June 30, 2022 presents the highlights of financial activities and illustrates the financial position of the City of Canby, Oregon (the City) and the Canby Utility Board (CUB), a discretely presented component unit of the City, for the fiscal year ended June 30, 2022 (FY2022). This has been prepared by management and should be read in conjunction with the financial statements and notes.

FINANCIAL HIGHLIGHTS

Government-Wide

- The City's combined net position was \$136.2 million at June 30, 2022. Of this amount, \$20.3 million may be used to meet the City's ongoing obligations to its citizens and creditors (unrestricted net position). Total net position increased \$12.5 million (10.1%) from the prior year.
- Canby's total assets increased by \$7.7 million during FY22. Total assets consist of current and noncurrent assets. Current assets were \$48.1 million at the end of FY22. Of that amount, \$41.2 million (85.6%) of current assets were in cash and cash equivalents. Capital and long-term assets (net of depreciation) were \$116.8 million at the end of FY22. Capital and long-term assets decreased by \$1.2 million (1.0%) during FY22. The primary reason for the decrease is due to depreciation and the sale of the library building and land by the city.
- Amounts related to pensions and OPEB have increased. In FY21 the City had a net pension and OPEB liability of \$14.8 million and at the end of FY22 this decreased to \$8.4 million, a 43.2% change to the total noncurrent liabilities of the City.

Fund Level

- The City's General Fund reported an ending fund balance of \$7.0 million, an increase of \$3.1 million (80.9%) from the prior year, mainly due to ARPA funds and less capital outlay than budgeted.
- The total Governmental funds' ending fund balance was \$35.6 million, an increase of 27.2% in FY22.
- In the aggregate, the Enterprise and Internal Service funds' ending fund balance equivalent, net position, was \$26.1 million, an increase of \$1.7 million (6.8 %) for the year.
- Total FY22 Property Tax revenue was \$11.2 million, an increase of 5.6% from FY21 levels.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis serves as an introduction and summary of the City's basic financial statements. It is followed by the basic financial statements themselves, which are comprised of three elements: Government-Wide Financial Statements, Fund Financial Statements, and Notes to the Financial Statements. This report also contains required and other supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements

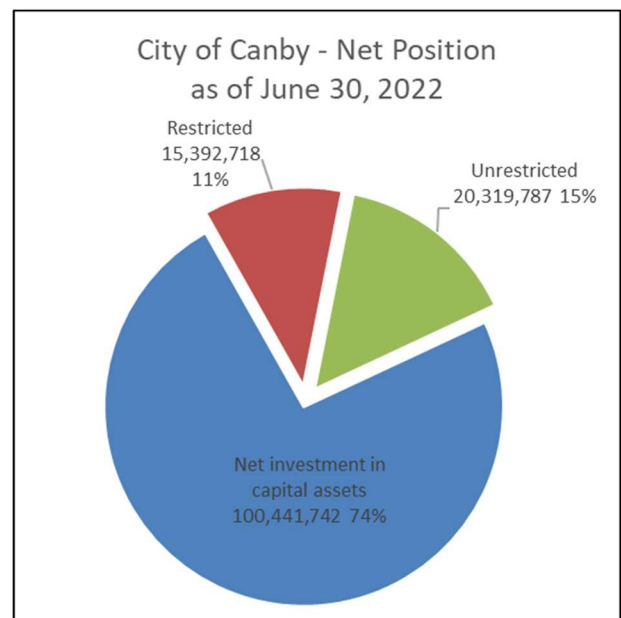
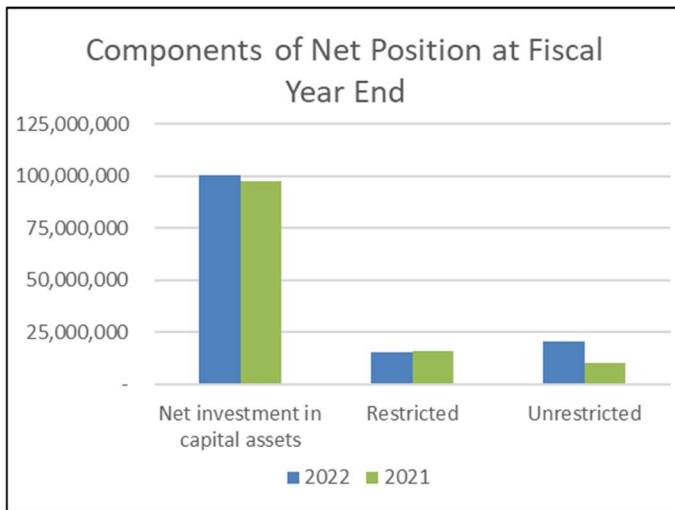
The government wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

One way to evaluate the City's financial position is by measuring the City's net positions and how they change over time. Both of these government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

CITY OF CANBY, OREGON
MANAGEMENT’S DISCUSSION & ANALYSIS
June 30, 2022

The **Statement of Net Position** includes the City’s assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of improvements or deterioration of the City’s financial position.

The City’s net position totaled \$136.2 million as of June 30, 2022. The City’s net investment in capital assets accounts for the majority of the City’s net position. The City has invested \$100.4 million in land, buildings, equipment, and infrastructure (net of depreciation and outstanding debt used to acquire those assets). The City uses these assets to provide services to its citizens, so they are not assets that are available for future spending. Restricted net position (\$15.4 million) relates to amounts that are legally restricted for specific future obligations. Unrestricted net position (\$20.3 million) is available to meet the City’s on-going obligations.



	Governmental Activities		Business-Type Activities		Total		Change
	2022	2021	2022	2021	2022	2021	
Assets							
Current and other assets	\$ 38,002,551	\$ 30,859,621	\$10,139,335	\$ 8,419,661	\$ 48,141,886	\$ 39,279,282	22.6%
Capital assets	99,322,657	100,300,176	17,488,907	17,673,977	116,811,564	117,974,153	-1.0%
Total assets	137,325,208	131,159,797	27,628,242	26,093,638	164,953,450	157,253,435	4.9%
Total Deferred Outflows	4,325,430	4,527,920	462,155	486,335	4,787,585	5,014,255	-4.5%
Liabilities							
Long-term liabilities	20,312,570	29,457,505	780,748	1,467,017	21,093,318	30,924,522	-31.8%
Other liabilities	5,855,805	6,783,805	277,943	328,944	6,133,748	7,112,749	-13.8%
Total liabilities	26,168,375	36,241,310	1,058,691	1,795,961	27,227,066	38,037,271	-28.4%
Total Deferred Inflows	5,688,724	501,023	670,998	51,530	6,359,722	552,553	1051.0%
Net Position							
Net investment in capital assets	82,952,835	80,195,011	17,488,907	17,673,977	100,441,742	97,868,988	2.6%
Restricted	15,392,718	15,681,220	-	-	15,392,718	15,681,220	-1.8%
Unrestricted	11,447,986	3,069,153	8,871,801	7,058,505	20,319,787	10,127,658	100.6%
Total net position	<u>\$ 109,793,539</u>	<u>\$ 98,945,384</u>	<u>\$ 26,360,708</u>	<u>\$ 24,732,482</u>	<u>\$ 136,154,247</u>	<u>\$ 123,677,866</u>	10.1%

CITY OF CANBY, OREGON
MANAGEMENT'S DISCUSSION & ANALYSIS
June 30, 2022

The **Statement of Activities** presents the changes in net position by detailing the revenues and expenses for the Fiscal Years 2022 and 2021. This information is broken into Governmental and Business-type Activities. Revenues and expenses are segregated by general categories (revenues) and programs (expenses).

Statement of Activities

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues						
Program revenues						
Charges for services	\$ 4,671,366	\$ 4,737,591	\$ 4,482,355	\$ 4,460,413	\$ 9,153,721	\$ 9,198,004
Operating grants and contributions	6,392,951	3,955,933	-	-	6,392,951	3,955,933
Capital grants and contributions	6,199,048	3,397,960	-	-	6,199,048	3,397,960
General revenues						
Property taxes	11,217,872	10,625,478	-	-	11,217,872	10,625,478
Transit taxes	1,923,043	1,790,583	-	-	1,923,043	1,790,583
Transient Room Taxes	31,348	21,000	-	-	31,348	21,000
Franchise	1,690,710	1,672,933	-	-	1,690,710	1,672,933
Unrestricted intergovernmental	648,144	1,045,263	-	-	648,144	1,045,263
Interest and investment income	170,412	195,651	44,808	59,584	215,220	255,235
Other revenues	319,851	205,712	15,046	9,025	334,897	214,737
Total revenues	33,264,745	27,648,104	4,542,209	4,529,022	37,806,954	32,177,126
Program Expenses						
General government	3,064,385	5,700,556	-	-	3,064,385	5,700,556
Public safety	6,234,208	6,008,163	-	-	6,234,208	6,008,163
Highways and streets	6,365,821	4,497,361	-	-	6,365,821	4,497,361
Transportation	2,374,220	1,839,235	-	-	2,374,220	1,839,235
Culture and recreation	2,963,177	2,483,163	-	-	2,963,177	2,483,163
Community development	976,773	878,645	-	-	976,773	878,645
Interest expense	530,054	905,915	-	-	530,054	905,915
Sewer operations	-	-	2,824,995	2,830,771	2,824,995	2,830,771
Total expenses	22,508,638	22,313,038	2,824,995	2,830,771	25,333,633	25,143,809
Change in net position before transfers	10,756,107	5,335,066	1,717,214	1,698,251	12,473,321	7,033,317
Transfers in (out)	88,989	(798,478)	(88,988)	798,478	1	-
Change in net position	10,845,096	4,536,588	1,628,226	2,496,729	12,473,322	7,033,317
Net position - beginning of year	98,945,384	94,408,796	24,732,482	22,235,753	123,677,866	116,644,549
Net position, end of year	\$ 109,790,480	\$ 98,945,384	\$ 26,360,708	\$ 24,732,482	\$ 136,151,188	\$ 123,677,866

Governmental activities

Governmental activities net position increased by \$10.8 million (11.0%), this is mainly due to an increase in revenue. Total revenue increased by \$5.6 million (20.3%) mainly due to an increase in property taxes and the ARPA grant funds. Total expenses increased \$192 thousand (.9%), this increase is mainly due to a increase in capital outlay in street and road construction projects.

The governmental activities of the City include six major funds: general fund, street fund, transit fund, system development charges fund, urban renewal general fund and the urban renewal debt service fund. Information is

CITY OF CANBY, OREGON
MANAGEMENT'S DISCUSSION & ANALYSIS
June 30, 2022

expenditures, and changes in fund balance for each of these major funds. Data from the remaining governmental funds are combined into a single, aggregated presentation.

Individual fund data for each of the non-major governmental funds is provided in the form of combining statements elsewhere in the report.

The City also has one blended component unit, the Urban Renewal Agency (URA). Blended component units, although legally separate entities are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. The activities of the URA are reported within a capital projects fund and a debt service fund for the City. Complete financial statements for the URA for the year ended June 30, 2022, may be obtained at Canby City Hall, 222 NE 2nd Ave., Canby, Oregon 97013.

Business-type activities

The business-type activity of the City encompasses the sewer treatment, collection, and stormwater operations.

Business-type activities net position increased by \$1.6 million (6.6%), this increase is mainly due to delaying the pump station removal and decrease in long term liabilities. Total revenue increased by \$13 thousand (0.3%) mainly due to an increase in charges for services. Total expenses decreased \$6 thousand (.2%).

The Canby Utility Board (CUB) is responsible for providing water and electric services to residential and commercial customers within the city limits of Canby. CUB is a legally separate entity from the City, governed by a board appointed by the Mayor of the City and confirmed by the majority of the City Council. CUB is reported as a discretely presented component unit, consistent with GASB Statement No. 61. Complete financial statements may be obtained at CUB's administrative office, 1265 SE 3rd Avenue, Canby, Oregon 97013.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the City can be divided into the following two categories: **Governmental** Funds and **Proprietary** Funds.

Governmental Funds

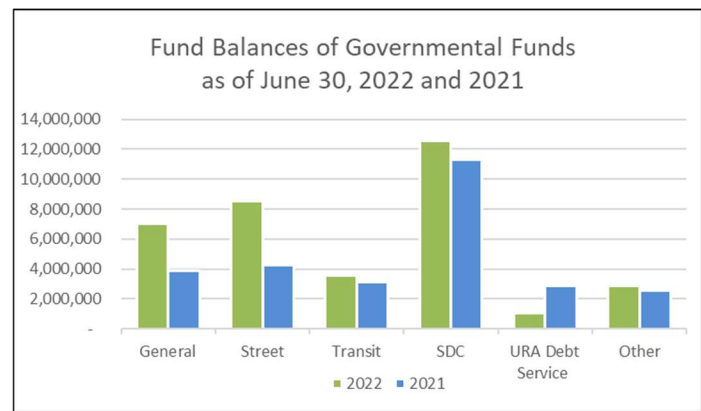
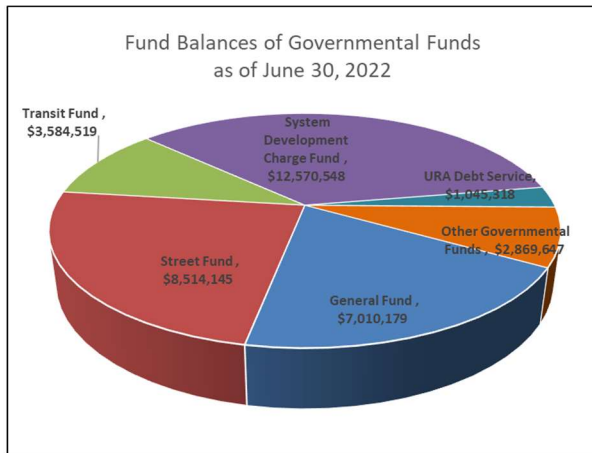
Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable 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 City's programs.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Reconciliations are provided for both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances to facilitate this comparison between governmental funds and governmental activities.

At the end of the fiscal year, the City's governmental funds reported a combined ending fund balances of \$35.6 million, an increase \$7.6 million (27.2%). Changes in fund balance for major funds consisted of the following:

CITY OF CANBY, OREGON
MANAGEMENT’S DISCUSSION & ANALYSIS
June 30, 2022

- General Fund - Fund balance increased \$3.1 million (80.9%) mainly due to the ARPA grant funds.
- Street Fund – Fund balance increased \$4.3 million (100.6%) due to ARPA ODOT grant funds and reduction in capital outlay expenditures.
- Transit Fund – Fund balance increased \$0.4 million (14.3%) due to reduction in capital outlay expenditures.
- SDC Fund – Fund balance increased \$1.3 million (11.3%) due to continued increases in development activity coupled with the reduction in capital outlay expenditures.
- Urban Renewal General Fund – Fund balance increased \$628.
- Urban Renewal Debt Service Fund – Fund balance decreased \$1.8 million (63.8%) due to an increase in debt service expenditures.

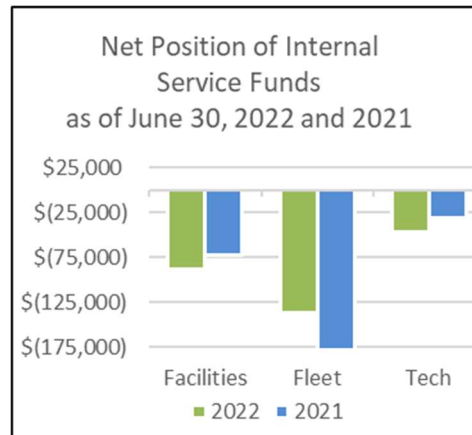
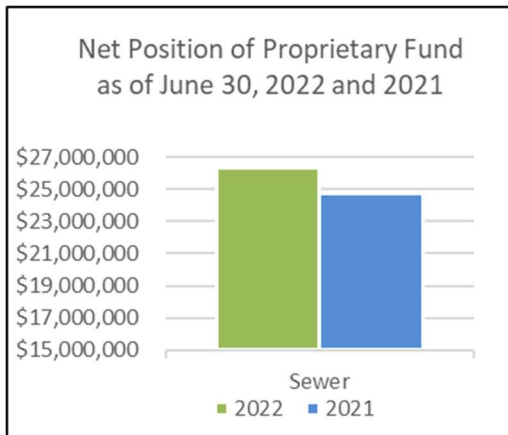


Governmental Funds: Changes in Fund Balance								
Fiscal Year 2022								
<i>On a Modified Accrual Basis</i>								
	General Fund	Street Fund	Transit Fund	System Development Charge Fund	Urban Renewal General Fund	Urban Renewal Debt Service Fund	Other Governmental Funds	Total
Balances June 30, 2021	\$ 3,875,546	\$ 4,243,849	\$ 3,135,215	\$ 11,298,015	\$ -	\$ 2,883,689	\$ 2,536,351	\$ 27,972,665
Change in Fund Balance	3,134,633	4,270,296	449,304	1,272,533	628	(1,838,371)	333,296	7,622,319
Fund Balances at June 30, 2022	<u>\$ 7,010,179</u>	<u>\$ 8,514,145</u>	<u>\$ 3,584,519</u>	<u>\$ 12,570,548</u>	<u>\$ 628</u>	<u>\$ 1,045,318</u>	<u>\$ 2,869,647</u>	<u>\$ 35,594,984</u>

Proprietary Funds

Proprietary Funds are generally used to account for services for which the City charges customers. Proprietary Funds provide the same type of information as shown in the government-wide financial statements, only in more detail. The City maintains four proprietary funds. The Sewer Combined Fund is an enterprise fund (Business-Type Activities) which accounts for the operations of the sewer treatment plant, sewer collection system, and the stormwater system. The fund is treated as a major fund of the City. The City also maintains three internal services funds for Facilities, Technical Services and Fleet; these are proprietary funds as they operate on a charge for service basis but as their primary client base is other City departments/programs these funds are reported as Governmental Activities in the Statement of Net Position and Statement of Activities.

CITY OF CANBY, OREGON
MANAGEMENT’S DISCUSSION & ANALYSIS
June 30, 2022



Proprietary and Internal Service Funds: Changes in Net Position					
Fiscal Year 2022					
<i>On an Accrual Basis</i>					
	Internal Service Funds				
	Sewer Fund	Facilities Fund	Fleet Fund	Tech Services Fund	Total
Net Position at June 30, 2021	\$ 24,732,482	\$ (73,067)	\$ (205,642)	\$ (30,929)	\$ 24,422,844
Change in Net Position	1,628,226	(15,054)	68,789	(16,458)	1,665,503
Net Position at June 30, 2022	<u>\$ 26,360,708</u>	<u>\$ (88,121)</u>	<u>\$ (136,853)</u>	<u>\$ (47,387)</u>	<u>\$ 26,088,347</u>

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information (RSI) concerning the City. The RSI (excluding the MD&A) is presented immediately following the notes to the financial statements.

GENERAL FUND BUDGET HIGHLIGHTS

The General Fund budgetary schedule in the RSI section shows that the original appropriations were altered with a supplemental budget and an appropriation transfer resulting in an increase to overall expenditure appropriations.

Final Budget Compared to Actual Results – General Fund

Expenditures of \$12.6 million were originally budgeted in the General Fund including a 1.6% operating contingency. There were no general fund budget changes in the fiscal year. The year-end general fund balance was \$.8 million higher than budgeted with major variances as follows:

- Beginning fund balance was \$1.7 million lower than budgeted due to decreases in the prior year.

CITY OF CANBY, OREGON
MANAGEMENT’S DISCUSSION & ANALYSIS
June 30, 2022

- Revenues were \$688 thousand higher than budgeted.
 - \$222 thousand – more property taxes
 - \$1.6 million – less intergovernmental revenues
 - \$2.1 million – more grants due to ARPA funds
- Expenditures came in \$1.1 million lower than budgeted.
 - \$186 thousand – vacancy savings and associated lower insurance costs
 - \$460 thousand – less equipment expenditures
 - \$132 thousand – police vacancy savings and associated lower insurance costs
 - the remaining reduced expenditures are spread throughout the entire fund and are not related to any specific item.

CAPITAL ASSETS

As the schedule below displays, infrastructure intangibles and land are the largest components of governmental activities’ capital assets which include streets improvements and land for buildings, parks, and roadways. The largest component for business-type activities is the wastewater treatment plant and sewer collections infrastructure.

	Capital Assets at Fiscal Year End					
	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 13,218,130	\$ 13,279,710	\$ 1,155,911	\$ 1,155,911	\$ 14,374,041	\$ 14,435,621
Intangibles	36,724,734	36,724,734	5,500	5,500	36,730,234	36,730,234
Construction in Progress	3,603,815	1,347,529	39,820	1,800,226	3,643,635	3,147,755
Infrastructure	25,202,975	27,950,264	5,323,228	5,470,393	30,526,203	33,420,657
Buildings and improvements	18,050,660	18,772,383	10,518,443	8,893,410	28,569,103	27,665,793
Machinery and equipment	425,178	318,886	159,422	122,095	584,600	440,981
Vehicles	1,648,475	1,906,670	286,583	226,442	1,935,058	2,133,112
Total Capital Assets	\$98,873,967	\$100,300,176	\$17,488,907	\$17,673,977	\$116,362,874	\$117,974,153

Capital assets used in governmental activities in total decreased approximately \$1.4 million (1.4%) which was the net result of additions, disposals, and depreciation. Capital assets used in business-type activities decreased by approximately \$185 thousand (1.1%) which was the net result of additions, disposals, and depreciation. Additional information about the City’s capital assets and depreciation can be found in the Notes to the Financial Statements on pages 32-33.

DEBT ADMINISTRATION

At year-end, the City had \$16,670,030 in long-term obligations outstanding compared to \$20,791,746 in the prior year. Of the obligations outstanding at June 30, 2022, \$4,415,707 is due within one year. Additional information can be found in the Notes to the Financial Statements on pages 34-35.

**CITY OF CANBY, OREGON
MANAGEMENT’S DISCUSSION & ANALYSIS
June 30, 2022**

Under Oregon Revised Statutes, general obligation debt issues are limited to 3% of the real market value of all taxable property within the City’s boundaries. The City is well within the limitation.

Outstanding Obligations at Fiscal Year-End

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Bonds	\$15,921,132	\$20,105,165	\$ -	\$ -	\$15,921,132	\$20,105,165
Compensated Absences	748,898	686,581	118,554	114,719	867,452	801,300
Total Obligations	<u>\$16,670,030</u>	<u>\$20,791,746</u>	<u>\$118,554</u>	<u>\$114,719</u>	<u>\$16,788,584</u>	<u>\$20,906,465</u>

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET

Oregon’s annual average unemployment rate was 5.4% in June 2022, down from 11.6% the prior year. The main reason for the decrease is the State’s recovery from the pandemic. The ultimate effects of the pandemic are still unfolding, due to the unusual nature of the situation it is not possible to accurately predict unemployment levels for the coming year.

The General Fund is the one fund in the City that is the narrowest in its ability to grow in terms of increased revenues (due to property tax limitations), yet it supports a wide range of critical governmental functions such as public safety, municipal court services, parks and community development. The City estimated that property tax revenues would increase approximately 3.0% over the prior year in next year’s budget.

REQUESTS FOR INFORMATION

If you have questions about the report or need additional financial information, please contact the City’s Finance Department at 222 NE 2nd Ave., PO Box 930, Canby, Oregon 97013.

BASIC FINANCIAL STATEMENTS

CITY OF CANBY, OREGON
STATEMENT OF NET POSITION
June 30, 2022

	Governmental Activities	Business-Type Activities	Total	Component Unit Canby Utility Board
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 31,818,673	\$ 9,385,914	\$ 41,204,587	\$ 14,453,009
Due from other governments	26,269	245	26,514	-
Accounts receivable, net	5,778,857	753,176	6,532,033	1,621,343
Property taxes receivable	378,752	-	378,752	-
Prepays	-	-	-	48,721
Materials and supplies	-	-	-	1,867,187
Restricted cash	-	-	-	712,233
Total current assets	<u>38,002,551</u>	<u>10,139,335</u>	<u>48,141,886</u>	<u>18,702,493</u>
Noncurrent assets:				
Capital assets:				
Nondepreciable	53,546,679	1,201,231	54,747,910	3,316,740
Depreciable, net	45,324,229	16,287,676	61,611,905	55,102,882
Lease assets	448,690	-	448,690	-
Total noncurrent assets	<u>99,319,598</u>	<u>17,488,907</u>	<u>116,808,505</u>	<u>58,419,622</u>
Total assets	<u>137,322,149</u>	<u>27,628,242</u>	<u>164,950,391</u>	<u>77,122,115</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to OPEB	115,579	12,356	127,935	19,410
Deferred outflows related to pensions	4,209,851	449,799	4,659,650	2,204,091
Total deferred outflows of resources	<u>4,325,430</u>	<u>462,155</u>	<u>4,787,585</u>	<u>2,223,501</u>
LIABILITIES				
Current liabilities:				
Accounts payable	1,410,615	189,028	1,599,643	892,466
Accrued expenses	-	-	-	217,420
Interest payable	29,483	-	29,483	-
Customer deposits	-	-	-	318,333
Current portion of long-term obligations	4,418,881	88,915	4,507,796	410,000
Total current liabilities	<u>5,858,979</u>	<u>277,943</u>	<u>6,136,922</u>	<u>1,838,219</u>
Noncurrent liabilities:				
Net OPEB liability	442,016	46,655	488,671	86,832
Noncurrent portion of long-term obligations	12,251,149	29,639	12,280,788	1,417,000
Lease payable	448,690	-	448,690	-
Net pension liability	7,167,541	704,454	7,871,995	2,898,986
Total noncurrent liabilities	<u>20,309,396</u>	<u>780,748</u>	<u>21,090,144</u>	<u>4,402,818</u>
Total liabilities	<u>26,168,375</u>	<u>1,058,691</u>	<u>27,227,066</u>	<u>6,241,037</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to OPEB	163,803	17,793	181,596	24,018
Deferred inflows related to pensions	5,524,921	653,205	6,178,126	2,274,110
Total deferred inflows	<u>5,688,724</u>	<u>670,998</u>	<u>6,359,722</u>	<u>2,298,128</u>
NET POSITION				
Net investment in capital assets	83,401,525	17,488,907	100,890,432	56,583,622
Restricted for:				
Drug enforcement and equipment	19,485	-	19,485	-
Capital projects	12,570,548	-	12,570,548	-
Urban renewal debt service	1,045,946	-	1,045,946	-
Building services	74,785	-	74,785	-
Cemetery care	1,151,668	-	1,151,668	-
PEG fees	49,187	-	49,187	-
Water system	-	-	-	383,994
Unrestricted	11,477,336	8,871,801	20,349,137	13,838,835
Total net position	<u>\$ 109,790,480</u>	<u>\$ 26,360,708</u>	<u>\$ 136,151,188</u>	<u>\$ 70,806,451</u>

The accompanying notes are an integral part of the basic financial statements.

CITY OF CANBY, OREGON
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position			Component Unit Canby Utility Board
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total	
Primary government:								
Governmental activities:								
General government	\$ 3,064,385	\$ 2,657,987	\$ 1,991,482	\$ -	\$ 1,585,084	\$ -	\$ 1,585,084	\$ -
Public safety	6,234,208	41,949	30,208	-	(6,162,051)	-	(6,162,051)	-
Highways and streets	6,365,821	721,789	2,298,439	3,847,425	501,832	-	501,832	-
Transportation	2,374,220	37,405	969,102	-	(1,367,713)	-	(1,367,713)	-
Culture and recreation	2,963,177	677,974	1,103,720	-	(1,181,483)	-	(1,181,483)	-
Community development	976,773	534,262	-	2,351,623	1,909,112	-	1,909,112	-
Interest expense	530,054	-	-	-	(530,054)	-	(530,054)	-
Total governmental activities	<u>22,508,638</u>	<u>4,671,366</u>	<u>6,392,951</u>	<u>6,199,048</u>	<u>(5,245,273)</u>	<u>-</u>	<u>(5,245,273)</u>	<u>-</u>
Business type activities:								
Sewer operations	<u>2,824,995</u>	<u>4,482,355</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,657,360</u>	<u>1,657,360</u>	<u>-</u>
Total primary government	<u>\$ 25,333,633</u>	<u>\$ 9,153,721</u>	<u>\$ 6,392,951</u>	<u>\$ 6,199,048</u>	<u>(5,245,273)</u>	<u>1,657,360</u>	<u>(3,587,913)</u>	<u>-</u>
Component Unit:								
Electric system	12,661,841	14,000,321	-	1,289,342	-	-	-	2,627,822
Water system	<u>3,350,939</u>	<u>3,830,815</u>	<u>-</u>	<u>2,454,338</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,934,214</u>
Total component unit	<u>\$ 16,012,780</u>	<u>\$17,831,136</u>	<u>\$ -</u>	<u>\$ 3,743,680</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,562,036</u>
General revenues:								
Taxes:								
Property taxes					11,217,872	-	11,217,872	-
Transit taxes					1,923,043	-	1,923,043	-
Transient room taxes					31,348	-	31,348	-
Franchise					1,690,710	-	1,690,710	-
Unrestricted intergovernmental revenues					648,144	-	648,144	-
Interest and investment earnings					170,412	44,808	215,220	76,340
Other revenues					91,642	15,046	106,688	1,514
Gain on Sale of Assets					228,209	-	228,209	-
Transfers in (out)					<u>88,989</u>	<u>(88,988)</u>	<u>1</u>	<u>-</u>
Total general revenues, transfers					<u>16,090,369</u>	<u>(29,134)</u>	<u>16,061,235</u>	<u>77,854</u>
Change in net position					<u>10,845,096</u>	<u>1,628,226</u>	<u>12,473,322</u>	<u>5,639,890</u>
Net position - beginning					<u>98,945,384</u>	<u>24,732,482</u>	<u>123,677,866</u>	<u>65,166,561</u>
Net position - ending					<u>\$ 109,790,480</u>	<u>\$26,360,708</u>	<u>\$ 136,151,188</u>	<u>\$ 70,806,451</u>

The accompanying notes are an integral part of the basic financial statements.

CITY OF CANBY, OREGON
BALANCE SHEET – GOVERNMENTAL FUNDS
June 30, 2022

	General Fund	Street Fund	Transit Fund	System Development Charge Fund	Urban Renewal Agency General Fund	Urban Renewal Debt Service Fund	Other Governmental Funds	Total Governmental
ASSETS								
Cash and cash equivalents	\$ 7,455,646	\$ 4,682,435	\$ 2,824,515	\$ 12,570,548	\$ 58,917	\$ 1,028,125	\$ 2,923,952	\$ 31,544,138
Due from other governments	13,911	-	-	-	-	10,191	2,167	26,269
Accounts receivable, net	846,372	3,936,778	956,471	-	-	17,126	21,455	5,778,202
Property taxes receivable	200,786	-	-	-	-	146,681	31,285	378,752
Total assets	<u>\$ 8,516,715</u>	<u>\$ 8,619,213</u>	<u>\$ 3,780,986</u>	<u>\$ 12,570,548</u>	<u>\$ 58,917</u>	<u>\$ 1,202,123</u>	<u>\$ 2,978,859</u>	<u>\$ 37,727,361</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES								
LIABILITIES:								
Accounts payable and other current liabilities	\$ 892,644	\$ 64,701	\$ 178,830	\$ -	\$ 58,289	\$ -	\$ 79,424	\$ 1,273,888
DEFERRED INFLOWS:								
Unavailable revenue	613,892	40,367	17,637	-	-	156,805	29,788	858,489
Total liabilities and deferred inflows	<u>1,506,536</u>	<u>105,068</u>	<u>196,467</u>	<u>-</u>	<u>58,289</u>	<u>156,805</u>	<u>109,212</u>	<u>2,132,377</u>
FUND BALANCES:								
Restricted for:								
Drug enforcement and equipment	-	-	-	-	-	-	19,485	19,485
Capital projects	-	-	-	12,570,548	-	-	-	12,570,548
Urban renewal debt service	-	-	-	-	628	1,045,318	-	1,045,946
Building services	74,785	-	-	-	-	-	-	74,785
Cemetery care	-	-	-	-	-	-	1,151,668	1,151,668
PEG	49,187	-	-	-	-	-	-	49,187
Committed for:								
Transportation services	-	-	3,584,519	-	-	-	-	3,584,519
Street projects	-	8,514,145	-	-	-	-	-	8,514,145
Workers comp retro plan	121,863	-	-	-	-	-	-	121,863
Park maintenance	192,509	-	-	-	-	-	-	192,509
Tourism promotion and enhancement	-	-	-	-	-	-	65,727	65,727
Swim center	-	-	-	-	-	-	1,592,176	1,592,176
Library services	-	-	-	-	-	-	40,591	40,591
Unassigned:	<u>6,571,835</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,571,835</u>
Total fund balance	<u>7,010,179</u>	<u>8,514,145</u>	<u>3,584,519</u>	<u>12,570,548</u>	<u>628</u>	<u>1,045,318</u>	<u>2,869,647</u>	<u>35,594,984</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 8,516,715</u>	<u>\$ 8,619,213</u>	<u>\$ 3,780,986</u>	<u>\$ 12,570,548</u>	<u>\$ 58,917</u>	<u>\$ 1,202,123</u>	<u>\$ 2,978,859</u>	<u>\$ 37,727,361</u>

The accompanying notes are an integral part of the basic financial statements.

CITY OF CANBY, OREGON
GOVERNMENTAL FUNDS
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
June 30, 2022

TOTAL FUND BALANCE \$ 35,594,984

Total net position shown in the Statement of Net Position is different because:

Capital assets are not financial resources for budgetary purposes and therefore are not reported in the governmental funds.

Cost	\$ 217,718,111	
Accumulated depreciation	<u>(118,844,144)</u>	98,873,967

A portion of the City's receivables are collected after year-end but they are not collected soon enough to be available as financial resources for the current year. The revenues related to these receivables are unavailable and not reported in the governmental funds.

858,489

Deferred Inflows - Pension (5,275,791)

Deferred Outflows - Pension 4,032,744

Deferred Inflows - OPEB (155,897)

Deferred Outflows - OPEB 113,992

Compensated absences not payable in the current year are not recorded as governmental fund liabilities. (719,668)

Internal service funds reported as governmental activities (272,361)

Long-term assets, are not reported as governmental fund assets and liabilities not payable in the current year are not reported as governmental fund liabilities. Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expense when it is due. These long-term assets and liabilities consist of:

Long-term debt	(15,921,132)	
Net OPEB liability	(423,621)	
Net pension liability	(6,882,685)	
Accrued interest payable	<u>(29,483)</u>	<u>(23,256,919)</u>

TOTAL NET POSITION \$109,793,539

CITY OF CANBY, OREGON
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
For the Year Ended June 30, 2022

	General Fund	Street Fund	Transit Fund	System Development Charges Fund	Urban Renewal Agency General Fund	Urban Renewal Debt Service Fund	Other Governmental Funds	Total Governmental
REVENUES:								
Property taxes	\$ 5,909,126	\$ -	\$ -	\$ -	\$ -	\$ 4,332,491	\$ 920,683	\$ 11,162,300
Intergovernmental	648,144	6,141,547	-	-	-	-	1,055,558	7,845,249
Charges for services	1,297,188	691,987	37,405	-	-	-	238,710	2,265,290
Franchise	1,690,710	-	-	-	-	-	-	1,690,710
Licenses, fees, permits	212,276	-	-	-	-	-	-	212,276
Fines and forfeitures	556,030	51,155	-	-	-	-	12,761	619,946
Special assessments	-	-	-	-	-	-	-	-
Grants and donations	2,062,672	-	969,102	-	-	-	13,162	3,044,936
Interest	33,449	21,635	14,701	63,525	2,904	18,287	14,894	169,395
Miscellaneous	77,746	31,005	500	-	200	-	10,127	119,578
System development charges	-	-	-	2,300,468	-	-	-	2,300,468
Transient occupancy taxes	-	-	-	-	-	-	31,348	31,348
Transit taxes	-	-	1,928,261	-	-	-	-	1,928,261
Total revenues	12,487,341	6,937,329	2,949,969	2,363,993	3,104	4,350,778	2,297,243	31,389,757
EXPENDITURES:								
Current:								
General government	2,729,813	-	-	-	8,727	-	-	2,738,540
Public safety	6,045,217	-	-	-	-	-	6,390	6,051,607
Highways and streets	-	2,311,887	-	-	-	-	-	2,311,887
Transportation	-	-	2,097,072	-	-	-	-	2,097,072
Culture and recreation	1,075,041	-	-	-	-	-	1,812,458	2,887,499
Community development	1,001,919	-	-	-	-	-	-	1,001,919
Capital outlay	660,680	626,320	167,408	-	1,236,556	-	6,000	2,696,964
Debt service:								
Principal	-	-	-	-	-	3,985,000	-	3,985,000
Interest	-	-	-	-	-	565,281	-	565,281
Total expenditures	11,512,670	2,938,207	2,264,480	-	1,245,283	4,550,281	1,824,848	24,335,769
Revenues over (under) expenditures	974,671	3,999,122	685,489	2,363,993	(1,242,179)	(199,503)	472,395	7,053,988
OTHER FINANCING SOURCES (USES):								
Special payments	(18,302)	-	-	-	-	-	-	(18,302)
Proceeds on Sale of Assets	497,645	-	-	-	-	-	-	497,645
Transfers in	1,944,380	418,431	-	-	1,638,868	-	1,172,409	5,174,088
Transfers out	(263,761)	(147,257)	(236,185)	(1,091,460)	(396,061)	(1,638,868)	(1,311,508)	(5,085,100)
Total other financing sources (uses)	2,159,962	271,174	(236,185)	(1,091,460)	1,242,807	(1,638,868)	(139,099)	568,331
Net changes in fund balances	3,134,633	4,270,296	449,304	1,272,533	628	(1,838,371)	333,296	7,622,319
FUND BALANCE, BEGINNING	3,875,546	4,243,849	3,135,215	11,298,015	-	2,883,689	2,536,351	27,972,665
FUND BALANCE, ENDING	\$ 7,010,179	\$ 8,514,145	\$ 3,584,519	\$ 12,570,548	\$ 628	\$ 1,045,318	\$ 2,869,647	\$ 35,594,984

The accompanying notes are an integral part of the basic financial statements.

CITY OF CANBY, OREGON
GOVERNMENTAL FUNDS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2022

Amounts reported for governmental activities in the Statement of Activities are different because:

Net change in fund balances - total governmental funds		\$ 7,622,319
The statement of revenues, expenditures, and changes in fund balances report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as		
Current year depreciation	\$ (3,822,354)	
Current year disposals	(269,437)	
Capital acquisitions	<u>2,662,510</u>	(1,429,281)
Change in unavailable revenue, net of allowance for doubtful accounts		104,466
Change in accrued interest on long-term liabilities		35,227
The issuance of long-term debt (e.g., bonds, leases) provides current financial		
Debt service principal payments	4,184,033	
Change in compensated absences	<u>(57,406)</u>	4,126,627
Internal service fund reported as governmental activities		37,277
OPEB expense		19,333
Pension expense		<u>329,125</u>
Change in net position of governmental activities		<u><u>\$10,845,096</u></u>

The accompanying notes are an integral part of the basic financial statements.

CITY OF CANBY, OREGON
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
June 30, 2022

	Sewer Combined Fund	Internal Service Funds
ASSETS AND DEFERRED OUTFLOWS		
ASSETS:		
Current Assets:		
Cash and cash equivalents	\$ 9,385,914	\$ 274,535
Accounts receivable, net	753,421	654
Total current assets	10,139,335	275,189
Noncurrent Assets:		
Capital assets, net	17,488,907	-
Total assets	27,628,242	275,189
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred outflows related to pensions	449,799	177,107
Deferred outflows related to OPEB	12,356	1,587
Total deferred outflows of resources	462,155	178,694
Total assets and deferred outflows	\$ 28,090,397	\$ 453,883
LIABILITIES, DEFERRED INFLOWS AND NET POSITION		
LIABILITIES:		
Current Liabilities:		
Accounts payable	\$ 189,028	\$ 136,727
Long-term debt - within one year	88,915	21,924
Total current liabilities	277,943	158,651
Noncurrent Liabilities:		
Long-term obligations - non-current portion	29,639	7,306
Net pension liability	704,454	284,856
Net OPEB liability	46,655	18,395
Total noncurrent liabilities	780,748	310,557
Total liabilities	1,058,691	469,208
DEFERRED INFLOWS OF RESOURCES:		
Deferred inflows related to pensions	653,205	249,130
Deferred inflows related to OPEB	17,793	7,906
Total deferred inflows of resources	670,998	257,036
Total liabilities and deferred inflows	1,729,689	726,244
NET POSITION:		
Net investment in capital assets	17,488,907	-
Unrestricted	8,871,801	(272,361)
Total net position	26,360,708	(272,361)
Total liabilities, deferred inflows and net position	\$ 28,090,397	\$ 453,883

The accompanying notes are an integral part of the basic financial statements.

CITY OF CANBY, OREGON
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
For the Year Ended June 30, 2022

	<u>Sewer Combined Fund</u>	<u>Internal Service Funds</u>
OPERATING REVENUES:		
Charges for services	\$ 4,482,355	\$ 1,585,616
Miscellaneous	<u>15,046</u>	<u>575</u>
Total operating revenues	<u>4,497,401</u>	<u>1,586,191</u>
OPERATING EXPENSES:		
Personnel services	1,266,490	549,041
Materials and services	1,051,223	1,000,888
Depreciation and amortization	<u>507,282</u>	<u>-</u>
Total operating expenses	<u>2,824,995</u>	<u>1,549,929</u>
Operating income (loss)	1,672,406	36,262
NON-OPERATING INCOME (EXPENSE):		
Interest income	<u>44,808</u>	<u>1,015</u>
TRANSFERS AND CAPITAL CONTRIBUTIONS:		
Transfers in	207,942	-
Transfers out	<u>(296,930)</u>	<u>-</u>
Change in net position	1,628,226	37,277
FUND NET POSITION, BEGINNING	<u>24,732,482</u>	<u>(309,638)</u>
FUND NET POSITION, ENDING	<u>\$ 26,360,708</u>	<u>\$ (272,361)</u>

The accompanying notes are an integral part of the basic financial statements.

CITY OF CANBY, OREGON
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2022

	<u>Sewer Combined Fund</u>	<u>Internal Service Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from outside customers	\$ 4,434,529	\$ 2,316
Cash received from internal customers	-	1,583,655
Cash paid to employees for salaries and benefits	(1,306,236)	(560,663)
Cash paid to suppliers and others	<u>(1,105,100)</u>	<u>(968,520)</u>
Net cash from operating activities	<u>2,023,193</u>	<u>56,788</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Transfers in	207,942	-
Transfer out	<u>(296,930)</u>	<u>-</u>
Net cash from non-capital financing activities	<u>(88,988)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchase of capital assets	<u>(322,212)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received	<u>44,808</u>	<u>1,015</u>
Net increase (decrease) in cash and cash equivalents	1,656,801	57,803
CASH AND CASH EQUIVALENTS, BEGINNING	<u>7,729,112</u>	<u>216,732</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 9,385,913</u>	<u>\$ 274,535</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income (loss)	\$ 1,672,406	\$ 36,262
Adjustments:		
Depreciation	507,282	-
Loss on disposal of assets	-	-
Decrease (increase) in:		
Accounts receivable	(62,872)	(220)
Increase (decrease) in:		
Accounts payable and accrued expenses	(53,877)	32,368
OPEB obligation	(2,417)	(918)
Accrued compensated absences	3,834	4,912
Pension obligations	<u>(41,163)</u>	<u>(15,616)</u>
Net cash from operating activities	<u>\$ 2,023,193</u>	<u>\$ 56,788</u>

The accompanying notes are an integral part of the basic financial statements.

NOTES TO THE FINANCIAL STATEMENTS

CITY OF CANBY, OREGON
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Reporting Entity

The City of Canby, Oregon, (the City) is located in Clackamas County 21 miles south of Portland, Oregon, and 35 miles north of Salem, Oregon. The City was incorporated as a municipal corporation in 1893 and operates under a council-administrator form of government. The City Council consists of a mayor elected for a two-year term, and six members each elected to four-year terms. The City Council appoints the City Administrator, who is responsible for the day-to-day management of the City.

The accompanying financial statements present the City and its component units, entities for which the City is considered financially responsible. The City is the primary government. A primary government is a financial reporting entity, which has a separately elected governing body, is legally separate, and is fiscally independent of other state and local governments. As required by accounting principles generally accepted in the United States of America (GAAP), these financial statements present the City and its component units. Blended component units, although legally separate entities are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the combined financial statement to emphasize it is legally separate from the City.

Blended Component Unit

The City has one blended component unit, the Urban Renewal Agency (the Agency). The Agency was formed to plan, direct, and manage certain projects within the City. Pursuant to ORS 457.055, the City Council has been appointed governing body of the Agency, which is the same governing board as the primary government. In accordance with GASB 61 the Agency meets the criteria of a blended component unit because the governing body is the same, there is a financial benefit/burden relationship between the entities in relation to debt burden, asset contributions, and management of the primary government has operational responsibility for the component unit. The Urban Renewal District General Fund and Urban Renewal Debt Service Fund are reported as governmental fund types. Complete financial statements for the Urban Renewal Agency for the year ended June 30, 2022, may be obtained at Canby City Hall, located at 222 NE 2nd Ave., Canby, Oregon 97013.

Discretely Presented Component Unit

The Canby Utility Board (CUB) is responsible for providing water and electricity services to residential and commercial customers within the city limits of Canby. CUB is a legally separate entity from the City, which is currently governed by a board appointed by the members of the City Council. A financial benefit exists. Complete financial statements for CUB for the year ended June 30, 2022 may be obtained at CUB's administrative office located at 1265 SE 3rd Avenue, Canby, Oregon 97013.

B. Basic Financial Statements

Basic financial statements are presented at both the government-wide and fund financial level. Both levels of statements categorize primary activities as either governmental or business-type. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely significantly on fees and charges for support. Separate fund financial statements are provided for governmental funds and proprietary funds.

CITY OF CANBY, OREGON
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basic Financial Statements (Continued)

Government-wide financial statements

Government-wide financial statements display information about the City as a whole. These statements focus on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. These aggregated statements consist of the Statement of Net Position and the Statement of Activities. Eliminations have been made to minimize the double-counting of internal activities.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the City's activities. Direct expenses are those that are specifically associated and therefore clearly identifiable with a program or function. Indirect expense allocations that have been made in the funds have been eliminated in the Statement of Activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs, 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

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 or proprietary. Major individual funds are reported as separate columns in the fund financial statements. Non-major funds are consolidated into a single column within each fund type in the financial section of the basic financial statements and are detailed in the supplementary information.

The financial transactions of the City 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 City reports the following major governmental funds:

- *General Fund* - This is the City's primary operating fund. It accounts for the financial resources of the City that are not accounted for in any other fund. Principal sources of revenue are property taxes, intergovernmental proceeds from the State of Oregon and Clackamas County, licenses and permits, and fines. Primary expenditures are for general administration, public safety, and culture and recreation.
- *Street Fund* - This fund accounts for revenues from gas tax apportionments received from the State of Oregon and the local street maintenance fee and expenditures for maintenance of public streets.
- *Transit Fund* - This fund accounts for payroll taxes collected from the local business community as well as grants received and used to fund the City's mass transit program.
- *Urban Renewal – General Fund* - This fund is used to account for the operations and construction of capital projects. The main source of funding is a transfer from the URA Debt Service Fund.
- *System Development Charges Fund* - This fund accounts for the collection and use of system development charges for capital project funding.
- *Urban Renewal - Debt Service Fund* - This fund is used to account for the payment of principal and interest on bonds and loans issued to fund projects as planned and executed through the Urban Renewal Agency – General Fund. The primary source of funds is property tax increment revenue.

CITY OF CANBY, OREGON
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basic Financial Statements (Continued)

Additionally, the City reports non-major funds within the governmental fund type.

- *Special Revenue Funds* - These funds are used to account for proceeds of specific revenue sources that are earmarked for specific purposes including cemetery operations, transient room tax, forfeiture, swim center operations and library operations. Principal resources include property taxes, intergovernmental revenues, room taxes, and charges for services.

The City reports the following major enterprise fund:

- *Sewer Combined Fund* - The fund accounts for business type activities of the City that receive a significant portion of funding through user charges with the intent to fully recover the cost of service. The fund accounts for the day-to-day operation of the City's sanitary sewer collection and treatment processes as well as stormwater operations.

The City reports the following internal service funds:

- *Facilities Fund* - The facilities fund accounts for utilities and maintenance for all City operating locations with the intent of then recovering the cost by charging all operating units based on their applicable portion, attributed based on a percentage of square footage.
- *Fleet Services Fund* - The facilities fund accounts for operation and maintenance of the vehicle fleet and other equipment with the intent of then recovering the cost by charging for the services provided.
- *Technical Services Fund* - The technical services fund accounts for operation and maintenance of computers and the phone system with the intent of recovering the cost by charging operating units based on the number of computers in use.

C. Measurement Focus and Basis of Accounting

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

The government-wide financial statements and the proprietary funds financial statements are presented using the *economic resources measurement focus* and the *accrual basis of accounting*. An economic resource focus concentrates on an entity or fund's net position. All transactions and events that affect the total economic resources (net position) during the period are reported. An economic resources measurement focus is inextricably connected with full accrual accounting. Under 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.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. This measurement focus concentrates on the fund's resources available for spending currently or in the near future. Only transactions and events affecting the fund's current financial resources during the period are reported. Similar to the connection between an economic resource measurement focus and full accrual accounting, a current financial resource measurement focus is inseparable from the modified accrual basis of accounting. Under modified accrual accounting, revenues are recognized as soon as they are both measurable and available.

CITY OF CANBY, OREGON
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

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 City 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. However, long-term compensated absences are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

In accordance with GAAP unavailable revenue which occurs on the modified accrual basis of accounting when revenue does not meet both the measurable and available criteria for recognition in the current period is no longer classified as a liability but instead as a deferred inflow of resources. Unavailable revenue consists of uncollected property taxes, assessments, court fines and estimated transit tax revenue not received in time to be considered available to fund current operations. In the government-wide Statement of Activities, with a full accrual basis of accounting, revenue must be recognized as soon as it is earned regardless of its availability. Thus, the deferred inflow of resources reported on the Governmental Fund Balance Sheet for unavailable revenue is eliminated and revenue is recognized net of allowance for doubtful accounts.

Similar to the way revenues are recorded, governmental funds only record those expenditures that affect current financial resources. Principal and interest on general long-term debt are recorded as fund liabilities only when due, or when amounts have been accumulated in the debt service fund for payments to be made early in the following year. In the government-wide financial statements, however, with a full accrual basis of accounting, all expenditures affecting the economic resource status of the government must be recognized. Thus, the expense and related accrued liability for long-term portions of debt and compensated absences must be included.

Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is necessary to explain the adjustments needed to transform the fund based financial statements into the governmental column of the government-wide presentation. This reconciliation is part of the financial statements.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's sewer operations are charges to customers for sales and services. These funds also recognize fees intended to recover the cost of connecting new customers to the City's utility systems as operating revenue. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses and overheads, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

CITY OF CANBY, OREGON
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance

Cash and Cash Equivalents

The cash and cash equivalents reported on the balance sheet include cash on hand, deposits with financial institutions, and the investment in the Local Government Investment Pool (LGIP). Investments are reported at fair value.

Restricted Assets

The only asset that is reported as restricted is CUB restricted cash which is restricted for deposits and debt service. Restrictions for construction, debt service, by other agreement or for specific purposes by state statute are properly classified within fund balance on the Governmental Fund Balance Sheet, Government-wide Statement of Net Position and the Proprietary Fund Statement of Net Position.

Receivables and Payables

Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

Recorded property taxes receivable that are collected within 60 days after year-end are considered measurable and available and, therefore, are recognized as revenue. The remaining balance is recorded as unavailable revenue because it is not deemed available to finance operations of the current period. An allowance for doubtful accounts is not deemed necessary by management, as uncollectible taxes become a lien on the property. Property taxes are levied and become a lien on July 1. Collection dates are November 15, February 15, and May 15. Discounts are allowed if the amount due is received by November 15 or February 15. Taxes unpaid and outstanding on May 15 are considered delinquent.

Assessment liens are recognized at the time property owners are assessed for property improvements, and under full accrual accounting, those assessments are recognized in the government-wide financial statements as revenue when assessed. Assessment liens receivable are offset by unavailable revenue in the fund financial statements and, accordingly, have not been recognized as revenue in those statements.

Receivables of the enterprise funds are recognized as revenue when earned, including service provided but not yet billed. Receivables in government-wide statements and enterprise funds are stated net of any allowance for uncollectible amounts.

Capital and Lease Assets and Depreciation

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, quarries etc.), and lease assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital costs are charged to expenditures as purchased in the governmental fund statements, and capitalized in the proprietary fund statements. Capital assets are recorded at historical cost, or estimated historical cost if actual cost is not available. Donated capital assets, works of art, and similar items received in a service concession arrangement are recorded at fair market value. Lease assets are recorded at their net present value of future lease payments.

Capital assets are defined by the City as assets with an initial, individual cost of \$5,000 or more, and having useful lives extending beyond two reporting periods. Additions or improvements and other capital outlays that significantly extend the useful life of an asset, or that significantly increase the capacity of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

CITY OF CANBY, OREGON
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, Deferred Outflows/Inflows and Net Position/Fund Balance (Continued)

Depreciation on exhaustible assets is recorded as an allocated expense in the Statement of Activities with accumulated depreciation reflected in the Statement of Net Position, and is provided on the straight-line basis and is taken in the year the assets are acquired or retired. Lease assets (right to use building space) are amortized over the useful life of the underlying asset or the remaining term of the lease, whichever is shorter.

Buildings and improvements are depreciated over 5-50 years; infrastructure and utility plants are depreciated over 10-50 years; and vehicles and equipment are depreciated over 5-20 years.

Compensated Absences

Accumulated vacation pay is accrued as it is earned. Compensated absences are only reported in the entity-wide governmental financial statements. Based on historical trends, 75% of compensated absences are reported as current or expected to be paid out within the next reporting year. No liability is recorded for non-vested accumulated rights to receive sick pay benefits. However, upon retirement under the City's retirement plan, an employee shall be compensated for 50% of his/her accumulated but unused sick leave; the number of hours of sick leave compensated shall not exceed 500. A liability is recognized for the portion of accumulated sick leave benefits that is eligible to be paid out under that policy as of year-end.

Other Postemployment Benefit Obligations (OPEB)

The City reports its proportionate share of the Net OPEB Liability of the Oregon Public Employees Retirement System (OPERS). A negative Net OPEB Liability is reported as a Net OPEB Asset. For purposes of measuring the net OPEB liability or asset, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of OPERS and additions to/deductions from OPERS's fiduciary net position have been determined on the same basis as they are reported by OPERS. For this purpose, benefits are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

Net Pension Liability

The City reports its proportionate share of the Net Pension Liability of the Oregon Public Employees Retirement System (OPERS). A negative Net Pension Liability is reported as a Net Pension Asset. For purposes of measuring the net pension liability or asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of OPERS and additions to/deductions from OPERS's fiduciary net position have been determined on the same basis as they are reported by OPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

Long-Term Debt

In the government-wide financial statements, and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type 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 as period costs. The face amount of debt issued is reported as other financial sources while discounts or premiums on debt proceeds received are reported as other financing sources or uses, respectively. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as materials and services expenditures.

CITY OF CANBY, OREGON
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, Deferred Outflows/Inflows and Net Position/Fund Balance (Continued)

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that apply to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that apply to a future period and so will not be recognized as an inflow of resources (revenue) until then.

Net Position

In the government-wide financial statements and proprietary funds financial statements, net position is reported in three categories: net investment in capital assets, restricted net position, and unrestricted net position. Net investment in capital assets represents capital assets less accumulated depreciation less outstanding principal of related debt. Net investment in capital assets does not include the unspent proceeds of capital debt. Restricted net position represents net position restricted by parties outside of the City (such as creditors, grantors, contributors, laws, and regulations of other governments). All other net position amounts are considered unrestricted.

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 City 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 and inventory.
- *Restricted* – Includes items that are restricted by external creditors, such as property held for sale, grantors or contributors, or restricted by legal or constitutional provisions.
- *Committed* – Includes items committed by the City Council, by formal council action through the adoption of an ordinance. 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 City. Assignments of fund balance can be done at any time, including after the fiscal year end date. In accordance with the City’s fund balance policy, amounts may be assigned by the City Administrator.
- *Unassigned* – This is the residual classification used for those balances not assigned to another category in the General Fund.

Use of Restricted Resources

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

Use of Estimates

The preparation of financial statements in conformity with GAAP requires that management make estimates and assumptions which affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

CITY OF CANBY, OREGON
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

2) CASH AND CASH EQUIVALENTS

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Investments consist of funds held in the Oregon State Treasurer’s Local Government Investment Pool (LGIP). The individual funds’ portion of the LGIP’s fair value is presented as cash and cash equivalents in the basic financial statements.

The LGIP is administered by the Oregon State Treasury. The LGIP is an open-ended no-load diversified portfolio offered to any agency, political subdivision or public corporation of the State who by law is made the custodian of, or has control of, any public funds. The LGIP is commingled with the States short-term funds. In seeking to best serve local governments of Oregon, the Oregon Legislature established the Oregon Short Term Fund Board. The purpose of the Board is to advise the Oregon State Treasury in the management and investment of the LGIP.

The City’s investment policy, adopted by the City Council, mirrors the requirements of Oregon Revised Statutes.

	City	CUB
Cash on hand	\$ 1,194	\$ 800
Cash on deposit	4,480,727	554,702
Restricted cash	-	712,233
Oregon State Local Government Investment Pool	36,722,666	13,897,507
Total	\$ 41,204,587	\$ 15,165,242
Reported in the basic financial statements as:		
Governmental activities	\$ 31,818,673	
Business-type activities	9,385,914	
Total	\$ 41,204,587	
Component Unit		
Cash and cash equivalents		\$ 14,453,009
Restricted cash		712,233
Total		\$ 15,165,242

A. Custodial Credit Risk

This is the risk that in the event of a bank failure, the City’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, 2022, the City had total bank balances of \$4,170,406, of which \$250,000 was covered by FDIC and the remainder was collateralized by the statewide pool.

B. Interest Rate risk

The City 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.

C. Credit Risk

State statutes authorize the City 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 LGIP, among others. The City has no investment policy that would further limit its investment choices. The LGIP operates in accordance with appropriate state laws and regulations, but is not regulated by other laws, organizations or regulations. There is no material difference between the fair value and carrying value of the City’s position in the LGIP. Investments are regulated

CITY OF CANBY, OREGON
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

by the Oregon Short-Term Fund Board and approved by the Oregon Investment Council (ORS 294.805 to 294.895). The Pool is not registered with the SEC as an investment company, nor is the Pool rated.

3) RECEIVABLES

An allowance for doubtful accounts is not deemed necessary for the City's property taxes receivable because a lien is placed on the property. An allowance for doubtful accounts for the City's sewer and street maintenance fees receivable is not considered necessary as the City has lien's on property which are to be settled through the closing process of a sales transaction and the City is able to certify delinquent sewer charges to the properties' property tax bill in accordance with ORS 454.225. The City has estimated allowances for doubtful accounts for both estimated unfiled transit tax returns and court fines receivables based on historical collection rates for similar accounts placed with 3rd party collection agencies. The amounts considered uncollectable are \$43,180 and \$2,998,995 respectively.

Canby Utility Board's accounts receivable primarily represent user charges which are recognized as earned. As of June 30, 2022, an allowance for uncollectible receivables has been provided for the electric and water systems of \$4,270.

Governmental funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unavailable revenue and unearned revenue included delinquent property taxes receivable, estimated unfiled transit tax, court fines, financed system development charges and special assessments not yet due.

4) CAPITAL ASSETS

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

	Restated Beginning Balance	Additions	Deletions & Transfers	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 13,279,710	\$ -	\$(61,580.00)	\$ 13,218,130
Intangibles	36,724,734	-	-	36,724,734
Construction in progress	1,347,529	2,256,286	-	3,603,815
Total capital assets, not being depreciated	51,351,973	2,256,286	(61,580)	53,546,679
Capital and lease assets, being depreciated or amortized:				
Infrastructure	132,620,358	-	-	132,620,358
Buildings and improvements	25,375,565	42,582	(593,457)	24,824,690
Machinery and equipment	1,064,071	167,085	(5,000)	1,226,156
Vehicles	5,313,671	196,557	(10,000)	5,500,228
Capital assets, being depreciated	164,373,665	406,224	(608,457)	164,171,432
Right to use lease asset	451,749	-	-	451,749
Total capital and lease assets being depreciated or amortized	164,825,414	406,224	(608,457)	164,623,181
Less accumulated depreciation and amortization for:				
Infrastructure	(104,670,094)	(2,747,289)	-	(107,417,383)
Buildings and improvements	(6,603,182)	(556,448)	385,600	(6,774,030)
Machinery and equipment	(745,185)	(60,793)	5,000	(800,978)
Vehicles	(3,407,001)	(454,752)	10,000	(3,851,753)
Accumulated depreciation	(115,425,462)	(3,819,282)	400,600	(118,844,144)
Right to use lease asset - amortization	-	(3,059)	-	(3,059)
Total accumulated depreciation and amortization	(115,425,462)	(3,822,341)	400,600	(118,847,203)
Total capital assets, being depreciated, net	49,399,952	(3,416,117)	(207,857)	45,775,978
Governmental activities capital assets, net	\$100,751,925	\$ (1,159,831)	\$ (269,437)	\$ 99,322,657

CITY OF CANBY, OREGON
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

4) CAPITAL ASSETS (Continued)

Depreciation and amortization expense was charged to functions/programs of governmental activities as follows:

General government	\$ 256,226
Public safety	329,103
Highways and streets	2,807,193
Transportation	286,459
Culture and recreation	143,360
Total depreciation expense - governmental activities	<u>\$ 3,822,341</u>

<u>Business-type Activities:</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions & Transfers</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 1,155,911	\$ -	\$ -	\$ 1,155,911
Intangibles	5,500	-	-	5,500
Construction in progress	1,800,226	138,947	(1,899,353)	39,820
Total capital assets, not being depreciated	<u>2,961,637</u>	<u>138,947</u>	<u>(1,899,353)</u>	<u>1,201,231</u>
Capital assets, being depreciated:				
Infrastructure	6,683,477	-	-	6,683,477
Buildings and improvements	13,119,870	16,434	1,875,560	15,011,864
Machinery and equipment	1,129,154	62,526	(28,000)	1,163,680
Vehicles	791,416	109,654	-	901,070
Total capital assets, being depreciated	<u>21,723,917</u>	<u>188,614</u>	<u>1,847,560</u>	<u>23,760,091</u>
Less accumulated depreciation for:				
Infrastructure	(1,213,084)	(147,165)	-	(1,360,249)
Buildings and improvements	(4,226,460)	(285,405)	18,444	(4,493,421)
Machinery and equipment	(1,007,059)	(25,199)	28,000	(1,004,258)
Vehicles	(564,974)	(49,513)	-	(614,487)
Total accumulated depreciation	<u>(7,011,577)</u>	<u>(507,282)</u>	<u>46,444</u>	<u>(7,472,415)</u>
Total capital assets, being depreciated, net	<u>14,712,340</u>	<u>(318,668)</u>	<u>1,894,004</u>	<u>16,287,676</u>
Business-type activities capital assets, net	<u>\$ 17,673,977</u>	<u>\$ (179,721)</u>	<u>\$ (5,349)</u>	<u>\$ 17,488,907</u>

Discretely presented component unit

Activity for the Canby Utility Board (CUB) for the year ended June 30, 2022, was as follows:

<u>CUB:</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 3,049,579	\$ -	\$ -	\$ 3,049,579
Property held for future use	3,633	-	-	3,633
Construction in progress	5,792,999	4,141,818	(9,671,289)	263,528
Total capital assets, not being depreciated	<u>8,846,211</u>	<u>4,141,818</u>	<u>(9,671,289)</u>	<u>3,316,740</u>
Capital assets, being depreciated:				
Plant	68,278,874	11,143,419	(38,203)	79,384,090
Equipment	3,680,936	136,839	(180,659)	3,637,116
Office furniture and equipment	1,158,205	203,503	(13,773)	1,347,935
Total capital assets, being depreciated	<u>73,118,015</u>	<u>11,483,761</u>	<u>(232,635)</u>	<u>84,369,141</u>
Less accumulated depreciation for:				
Electric and water plant assets	(27,567,218)	(1,920,333)	221,292	(29,266,259)
Total capital assets, being depreciated, net	<u>45,550,797</u>	<u>9,563,428</u>	<u>(11,343)</u>	<u>55,102,882</u>
CUB capital assets, net	<u>\$ 54,397,008</u>	<u>\$ 13,705,246</u>	<u>\$ (9,682,632)</u>	<u>\$ 58,419,622</u>

Depreciation expense for CUB Activities is charged to functions as follows:

Electric system	\$ 1,126,566
Water system	793,767
Total depreciation expense - CUB Activities	<u>\$ 1,920,333</u>

CITY OF CANBY, OREGON
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

5) INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund transfers are used to pay administrative services, contribute toward the cost of capital projects, and provide operational resources. The composition of interfund transfers for the year ended June 30, 2022, was as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Funds		
General Fund	\$ 1,944,380	\$ 263,761
Street Fund	418,431	147,257
Transit Fund	-	236,185
SDC Fund	-	1,091,460
Urban Renewal General Fund	1,638,868	396,061
Urban Renewal Debt Service Fund	-	1,638,868
Non-major Governmental Funds	<u>1,172,409</u>	<u>1,311,508</u>
Total Governmental Funds	5,174,088	5,085,100
Proprietary Funds		
Sewer Combined Fund	207,942	296,930
Total All Funds	<u>\$ 5,382,030</u>	<u>\$ 5,382,030</u>

6) LONG-TERM LIABILITIES

A. Debt Outstanding

The following tables present current year changes in long-term liabilities, and the current portions due for each category of long-term liability, presented separately with respect to governmental and business-type activities. Governmental compensated absences include the General Fund, Streets, Transit, and other Governmental funds.

Long-term liability activity for the year ended June 30, 2022, was as follows:

	<u>Original Amount</u>	<u>Restated 6/30/2021 Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>6/30/2022 Balance</u>	<u>Due Within One Year</u>
Governmental Activities						
Bonds URA:						
2012 Civic Bldg & Sequoia Pkwy (3-4%)	\$ 14,050,000	\$ 675,000	\$ -	\$ 675,000	\$ -	\$ -
Bonds City:						
2021 Full Faith and Credit Obligations	18,435,000	18,435,000	-	3,310,000	15,125,000	3,655,000
2021 Premium	995,165	995,165	-	199,033	796,132	199,033
Total Bonds City:		<u>19,430,165</u>	<u>-</u>	<u>3,509,033</u>	<u>15,921,132</u>	<u>3,854,033</u>
Lease Payable	451,749	451,749	-	3,059	448,690	3,174
Compensated Absences		<u>686,581</u>	<u>583,333</u>	<u>521,016</u>	<u>748,898</u>	<u>561,674</u>
Total Governmental Activities		<u>\$ 21,243,495</u>	<u>\$ 583,333</u>	<u>\$ 4,708,108</u>	<u>\$ 17,118,720</u>	<u>\$ 4,418,881</u>
Business-Type Activities						
Compensated Absences		<u>\$ 114,719</u>	<u>\$ 89,874</u>	<u>\$ 86,039</u>	<u>\$ 118,554</u>	<u>\$ 88,915</u>
CUB - Discretely presented component unit - Revenue Bonds						
2014 Water Rev Refund Bonds (2.3%)	\$ 1,951,000	\$ 786,000	\$ -	\$ 206,000	\$ 580,000	\$ 217,000
2017 Water Rev Refund Bonds (2.09%)	1,988,000	<u>1,440,000</u>	<u>-</u>	<u>193,000</u>	<u>1,247,000</u>	<u>193,000</u>
Total CUB Bonds		<u>\$ 2,226,000</u>	<u>\$ -</u>	<u>\$ 399,000</u>	<u>\$ 1,827,000</u>	<u>\$ 410,000</u>

CITY OF CANBY, OREGON
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

6) LONG-TERM LIABILITIES (continued)

B. Debt Service Requirements

Bonds – The City 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, 2022, as well as CUB revenue bonds outstanding are as follows:

Fiscal Year Ending June 30,	City of Canby Governmental Activities			CUB		
	Bonds - URA	Interest	Governmental Activities	Principal	Interest	Total
2023	\$ 3,655,000	\$ 353,792	\$ 4,008,792	\$ 410,000	\$ 35,050	\$ 445,050
2024	3,740,000	277,149	4,017,149	416,000	25,908	441,908
2025	3,820,000	192,358	4,012,358	357,000	17,377	374,377
2026	3,910,000	99,184	4,009,184	213,000	11,234	224,234
2027	-	-	-	213,000	6,782	219,782
2028	-	-	-	218,000	2,278	220,278
Total	<u>\$ 15,125,000</u>	<u>\$ 922,483</u>	<u>\$ 16,047,483</u>	<u>\$ 1,827,000</u>	<u>\$ 98,629</u>	<u>\$ 1,925,629</u>

The City’s outstanding bond is managed by Bank of New York Mellon and is not a direct placement bond. There is no pledged collateral as the bond is a 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.

Lease Payables – The City has a ground lease agreement with Canby School District No. 86 for property that the Canby Swim Center and Adult Center are built on. The current agreement, which began August 3, 2016, calls for annual rent of \$20,000 per year payable in monthly installments. The agreement includes automatic renewal in one year periods with no set termination date. The lease payable was calculated using a discount rate of 3.75%.

At June 30, 2022, future principal and interest payments for the lease payable is as follows:

Fiscal Year Ending June 30,	Ground Lease Agreement	
	Principal	Interest
2023	\$ 3,174	\$ 16,826
2024	3,293	16,707
2025	3,417	16,583
2026	3,545	16,455
2027	3,678	16,322
2028 - 72	431,583	468,417
Total	<u>\$ 448,690</u>	<u>\$ 551,310</u>

The City does not have any lines of credit.

7) POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

The other postemployment benefits (OPEB) for the City combines two separate plans. The City provides an implicit rate subsidy for retiree health insurance premiums, and a contribution to the State of Oregon’s PERS cost-sharing multiple-employer defined health insurance benefit plan.

CITY OF CANBY, OREGON
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

7) POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

A. Financial Statement Presentation

The City's two OPEB plans are presented in the aggregate on the Statement of Net Position. The amounts on the financial statements relate to the plans as follows:

	Implicit Rate Subsidy Plan	PERS RHIA Plan	Total OPEB on Financials
Deferred Outflows of Resources			
Contributions After the Measurement Date	\$ 39,053	\$ 1,257	\$ 40,310
Differences between expected and actual experience	59,777	-	59,777
Change in Assumptions	12,450	3,816	16,266
Difference in Earnings	9,352	-	9,352
Change in Proportionate Share	-	11,580	11,580
Total OPEB Liability	(682,588)	193,917	(488,671)
Deferred Inflows of Resources			
Differences between expected and actual experience	-	(5,395)	(5,395)
Change in Assumptions	(105,254)	(2,885)	(108,139)
Change in Proportionate Share	-	(21,978)	(21,978)
Difference in Earnings	-	(46,085)	(46,085)
OPEB Expense/(Income)	50,648	(32,840)	17,808

B. Implicit Rate Study

Plan Description

The City's single employer defined benefit postemployment healthcare plan is administered by City County Insurance Services (CIS). Benefit provisions are established through negotiations between the City and representatives of City or through resolutions passed by City Council. No assets are accumulated in a trust that meet the criteria in GASB Statement 75.

The City's postemployment healthcare plan administrator issues a publicly available financial report that includes financial statements and required supplementary information for CIS. This report may be obtained by writing to the CIS Main Office, 1212 Court Street NE, Salem OR 97301.

Benefits Provided

The plan provides eligible retirees and their dependents under age 65 the same health care coverage at the same premium rates as offered to active employees. The retiree is responsible for the premiums. As of the valuation date of July 1, 2020, the number of participants covered by the benefit terms is as follows:

	City	CUB
Inactive employees or beneficiaries receiving benefits	5	2
Active employees	88	25
	93	27

Total Liability, Expense, Deferred Outflows and Inflows of Resources Related to OPEB

The City's total OPEB liability of \$682,588 was measured as of June 30, 2021 and was determined by an actuarial valuation as of July 1, 2020.

For the fiscal year ended June 30, 2022, the City recognized OPEB expense from this plan of \$50,648. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to this OPEB plan from the following sources:

CITY OF CANBY, OREGON
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

7) POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

B. Implicit Rate Study (Continued)

	City		CUB	
	Deferred Outflow of Resources	Deferred Inflow of Resources	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ 59,777	\$ -	\$ 6,073	\$ 7,587
Change in Assumptions	12,450	105,254	1,456	16,431
Contributions subsequent to the MD	39,053	-	11,881	-
Net Deferred Outflow/(Inflow) of Resources	<u>\$ 111,280</u>	<u>\$ 105,254</u>	<u>\$ 19,410</u>	<u>\$ 24,018</u>

Deferred outflows of resources related to OPEB of \$39,053 resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended	City	CUB
June 30:		
2023	(14,117)	(7,068)
2024	(14,117)	(6,880)
2025	(14,117)	(2,869)
2026	(13,544)	241
2027	9,284	60
Thereafter	13,584	27
Total	<u>\$ (33,027)</u>	<u>\$ (16,489)</u>

Actuarial Assumptions and Other Inputs

The total OPEB liability for the June 30, 2021 valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified: inflation rate of 2.50%, projected salary increases of 3.50%, discount rate of 2.21% (change from 3.50% in the previous measurement period), medical and vision varies between 5% and 3.75% (due to the timing of the excise tax scheduled to affect health care benefits), dental at 4.00%, and mortality rates based on the Pub-2010 General and Safety Employee and Healthy Retiree tables, sex distinct for members and dependents, with a one-year setback for male general service employees and female safety employees.

The discount rate was based on Bond Buyer 20-Year General Obligation Bond Index.

Changes in the Total OPEB Liability

	Total OPEB Liability	
	City	CUB
Balance as of June 30, 2021	\$ 659,578	\$ 91,728
Changes for the year:		
Service cost	49,580	9,270
Interest on total OPEB liability	15,185	2,050
Effect of economic/demographic gains or losses	9,352	-
Effect of assumptions changes or inputs	(23,469)	321
Benefit payments	<u>(27,638)</u>	<u>(16,537)</u>
Balance as of June 30, 2021	<u>\$ 682,588</u>	<u>\$ 86,832</u>

The effect of changes in assumptions is the result of the change in the discount rate from 2.21 to 2.16.

CITY OF CANBY, OREGON
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

7) POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Sensitivity of the Total OPEB Liability

The following presents the City’s total OPEB liability, as well as what the liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.16 percent) or 1 percentage point higher (3.16 percent) than the current discount rate. A similar sensitivity analysis is then presented for changes in the healthcare trend assumption.

Discount Rate:	City			CUB		
	1% Decrease (1.16%)	Discount Rate (2.16%)	1% Increase (3.16%)	1% Decrease (1.16%)	Discount Rate (2.16%)	1% Increase (3.16%)
Total OPEB Liability	\$ 734,287	\$ 682,588	\$ 634,180	\$ 92,391	\$ 86,832	\$ 81,552

Healthcare Cost Trend:	City			CUB		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability	\$ 609,041	\$ 682,588	\$ 770,184	\$ 77,821	\$ 86,832	\$ 97,860

C. PERS Retirement Health Insurance Account

Plan Description

The City contributes to the PERS Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit other postemployment benefit plan administered by PERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums for eligible retirees. ORS 238.420 established this trust fund. Authority to establish and amend the benefit provisions of RHIA reside with the Oregon Legislature. The plan is closed to new entrants hired after August 29, 2003.

PERS issues publicly available financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, PO Box 23700, Tigard, OR 97281-3700, or online at: www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx

Benefits Provided

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

CITY OF CANBY, OREGON
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

7) POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)
C. PERS Retirement Health Insurance Account (Continued)

Contributions

PERS funding policy provides for 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. Employer contribution rates for the period were based on the December 31, 2019 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2021. The City's contribution rates for the period were 0.06% for Tier One/Tier Two members. The City's total for the year ended June 30, 2020 contributions was \$1,257.

Assets, Liabilities, Expense, and Deferred Outflows and Inflows of Resources Related to OPEB

At June 30, 2022, the City reported an asset of \$193,917 for its proportionate share of the OPERS net OPEB asset. The net OPEB asset was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2019 rolled forward to June 30, 2021. The City's proportion of the net OPEB asset was based on the City's contributions to the RHIA program during the measurement period relative to contributions from all participating employers. At June 30, 2021, the City's proportionate share was 0.0565%, which is an increase from its proportion of 0.0386% as of June 30, 2020.

For the year ended June 30, 2022, the City recognized OPEB expense from this plan of (\$32,840). At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to this OPEB plan from the following sources:

	City	
	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ -	\$ 5,395
Changes of assumptions	3,816	2,885
Net Difference between Projected and Actual Earnings	-	46,085
Change in Proportionate Share	11,580	21,978
Contributions subsequent to the measurement date	1,257	-
Total	<u>\$ 16,653</u>	<u>\$ 76,343</u>

Deferred outflows of resources related to OPEB of \$1,257 resulting from the City's contributions subsequent to the measurement date will be recognized as either a reduction of the net OPEB liability or an increase in the net OPEB asset in the subsequent fiscal period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	City
2023	\$ (17,571)
2024	(18,298)
2025	(10,521)
2026	(14,558)
Thereafter	-
Total	<u>\$ (60,948)</u>

CITY OF CANBY, OREGON
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

7) POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)
C. PERS Retirement Health Insurance Account (Continued)

Actuarial Methods and Assumptions

Valuation Date	July 1, 2020
Measurement Date	June 30, 2021
Experience Study Report	2018, published July 24, 2019
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Inflation Rate	2.40 percent
Long-term expected rate of return	6.90 percent
Discount rate	7.20 percent
Projected Salary Increases	3.40 percent
Cost of living adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with <i>Moro</i> decision; blend based on service.
Mortality	<p>Health retirees and beneficiaries: Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p>Active Members: Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p>Disabled retirees: Pub-2010 Disable Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p>

See OPERS Pension Plan footnote for additional information on actuarial assumptions and methods, the long-term expected rate of return, and the discount rate.

Sensitivity of the proportionate share of the net OPEB liability (asset) to changes in the discount rate

The following presents the City's proportionate share of the net OPEB liability (asset) calculated using the discount rate of 6.90% down from 7.20% in the prior year, as well as what the City's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (5.90%) or 1 percentage point higher (7.90%) than the current rate:

	City		
	1%	Current	1%
	Decrease	Discount	Increase
	(5.90%)	Rate (6.90%)	(7.90%)
Net OPEB Liability (Asset)	\$(171,492)	\$ (193,917)	\$(213,075)

OPEB Plan Fiduciary Net Position

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

D Post-Retirement Benefits – Sick Leave

In addition to pension benefits, the City has contractually agreed to pay employees 50% of accumulated sick leave with a maximum payout of 500 hours at the time of retirement. The City recognizes this cost at the fund level when employees retire and benefit is paid. During 2021-2022, an increase of \$66,152 in costs were recognized. At the entity wide level

CITY OF CANBY, OREGON
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

8) POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

D Post-Retirement Benefits – Sick Leave

the City recognized a liability and corresponding expense for retirement benefits of eligible employees calculated based on sick leave accrued as of June 30, 2022.

9) PENSION PLAN

A. Plan Description

Substantially all City and CUB employees are members in the Oregon Public Employees Retirement System (OPERS); a cost-sharing multiple-employer defined benefit pension plan that acts as a common investment and administrative agent for government units in the State of Oregon. Employees hired before August 29, 2003 belong to the Tier One/Tier Two Retirement Benefit Program (established pursuant to ORS Chapter 238), while employees hired on or after August 29, 2003 belong to the OPSRP Pension Program (established pursuant to ORS Chapter 238A). OPERS produces an independently audited ACFR which can be found at: www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx.

B. Benefits Provided

Tier One/Tier Two Retirement Benefits

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% for police and fire employees, 1.67% 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.

Tier One/Tier Two Retirement Benefits (Continued)

A member is considered vested and will be eligible at a minimum retirement age for a service retirement allowance if he or she has had 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,
- the member was on an official leave of absence from a PERS-covered job at the time of death.

CITY OF CANBY, OREGON
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

8) PENSION PLAN (Continued)

B. Benefits Provided (Continued)

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 for disability benefit 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.

OPSRP Pension Program

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 by formula for members who attain normal retirement age. For general service members, 1.5% 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. For police and fire members, 1.8% 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.

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.

OPSRP Pension Program (Continued)

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.

OPSRP Individual Account Program (IAP)

Pension Benefits. The 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 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.

CITY OF CANBY, OREGON
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

8) PENSION PLAN (Continued)

B. Benefits Provided (Continued)

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 - PERS contracts with VOYA Financial to maintain IAP participant records.

C. 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. Employer contribution rates for the period were based on the December 31, 2017 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2019. The City's contribution rates for the period were 22.33% for Tier One/Tier Two members, 16.4% for OPSRP General Service members, and 20.76% for OPSRP Police and Fire members. The City's total contributions exclusive of the 6% "pick-up" was \$1,499,156. CUB employer contributions for the year ended June 30, 2022 were \$447,346, excluding amounts to fund employer specific liabilities.

Covered employees are required to contribute 6% of their salary to the Plan, but the employer is allowed to pay any or all of the employees' contribution in addition to the required employers' contribution. The City has elected to contribute the 6% "pick-up" or \$405,016 of the employees' contribution.

D. Assets, Liabilities, Expense, and Deferred Outflows and Inflows of Resources Related to Pensions

At June 30, 2022, the City and CUB reported a liability of \$7,871,994 and \$2,898,986 respectively for its proportionate share of the OPERS net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019 rolled forward to June 30, 2021. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2022, the City's and CUB's proportionate share were 0.06578% and 0.02422% respectively, which changed from its proportionate share measured as of June 30, 2021 by 0.06517% and 0.01920%, respectively.

For the year ended June 30, 2022, the City and CUB recognized pension expense of \$1,936,870 and \$446,860 respectively. At June 30, 2022, the City and CUB reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	City		CUB	
	Deferred Outflow of Resources	Deferred Inflow of Resources	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ 736,870	\$ -	\$ 271,364	\$ -
Changes of assumptions	1,970,603	20,717	725,704	7,629
Net difference between projected and actual earnings on investments	-	5,827,576	-	2,146,097
Changes in proportionate share	253,027	150,591	747,540	51,060
Differences between employer contributions and employer's proportionate share of system contributions	199,994	179,242	12,137	69,324
Contributions subsequent to the MD	1,499,156	-	447,346	-
Net Deferred Outflow/(Inflow) of Resources	<u>\$ 4,659,650</u>	<u>\$ 6,178,126</u>	<u>\$ 2,204,091</u>	<u>\$ 2,274,110</u>

CITY OF CANBY, OREGON
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

8) PENSION PLAN (Continued)

D. Assets, Liabilities, Expense, and Deferred Outflows and Inflows of Resources Related to Pensions

Deferred outflows of resources related to pensions of \$1,499,156 and \$447,346 resulting from the City’s and CUB’s respective contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability or an increase in the net pension asset in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	City	CUB
2023	\$ (509,239)	\$ (56,007)
2024	(559,243)	(55,964)
2025	(742,118)	(157,035)
2026	(1,382,458)	(372,561)
2027	175,416	124,202
Total	<u>\$ (3,017,642)</u>	<u>\$ (517,365)</u>

E. Actuarial Methods and Assumptions

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 below are based on the 2018 experience study which reviewed experience for the four-year period ending on December 31, 2018.

Valuation Date	December 31, 2019
Measurement Date	June 30, 2021
Experience Study Report	2018, published July 24, 2019
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Inflation Rate	2.40 percent
Long-term expected rate of return	6.90 percent
Discount rate	6.90 percent
Projected Salary Increases	3.40 percent
Cost of living adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with <i>Moro</i> decision; blend based on service.
Mortality	<p>Health retirees and beneficiaries: Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p>Active Members: Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p>Disabled retirees: Pub-2010 Disable Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p>

The total pension liability in the December 31, 2020 actuarial valuation was determined using the actuarial methods and assumptions shown in the prior table.

CITY OF CANBY, OREGON
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

8) PENSION PLAN (Continued)

F. 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. The table below shows Milliman’s assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC’s description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption was 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.

G. Discount Rate

The discount rate used to measure the total pension liability was 6.90% 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 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.

H. Long-Term Expected Rate of Return

<u>Long-Term Expected Rate of Return</u> ¹				
Asset Class	Target Allocation	Annual Arithmetic Return ²	20-Year Annualized Geometric Mean	Annual Standard Deviation
Global Equity	30.62 %	7.11 %	5.85 %	17.05 %
Private Equity	25.50	11.35	7.71	30.00
Core Fixed Income	23.75	2.80	2.73	3.85
Real Estate	12.25	6.29	5.66	12.00
Master Limited Partnerships	0.75	7.65	5.71	21.30
Infrastructure	1.50	7.24	6.26	15.00
Commodities	0.63	4.68	3.10	18.85
Hedge Fund of Funds - Multistrategy	1.25	5.42	5.11	8.45
Hedge Fund Equity - Hedge	0.63	5.85	5.31	11.05
Hedge Fund - Macro	5.62	5.33	5.06	7.90
US Cash	-2.50 ³	1.77	1.76	1.20
Assumed Inflation - Mean			2.40 %	1.65 %

¹ Based on the OIC Statement of Investment Objectives and Policy Framework for the Oregon Public Employees Retirement Fund, including revisions adopted at the OIC meeting on June 2, 2021.

² The arithmetic mean is a component that goes into calculating the geometric mean. Expected rates of return are presented using the geometric mean, which the Board uses in setting the discount rate.

³ Negative allocation to cash represents levered exposure from allocation to Risk Parity strategy.

CITY OF CANBY, OREGON
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

8) PENSION PLAN (Continued)

I. Sensitivity of the City’s proportionate share of the net pension liability to changes in the discount rate

The following presents the City’s proportionate share of the net pension liability (asset) calculated using the discount rate of 6.90%, as well as what the City’s proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (5.90%) or one percentage point higher (7.90%) than the current rate:

Proportionate share of the net pension liability (asset)	1% Decrease (5.90%)	Discount Rate (6.90%)	1% Increase (7.90%)
City	\$ 15,458,714	\$ 7,871,994	\$ 1,524,664
CUB	5,692,916	2,898,986	561,482

I. Pension Plan Fiduciary Net Position

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

9) RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City is a member of the City/County Insurance Services Trust and pays an annual premium to the Trust for its general and automobile liability, automobile physical damage and property coverage. Under the membership agreement with the Trust, the Trust is to be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of certain limits.

The City carries commercial insurance for other risks of loss including workers compensation, boiler and machinery, public official bond, and employee dishonesty coverage. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past four years.

10) COMMITMENTS AND CONTINGENCIES

Grants receivable and grant receipts are subject to adjustment by grantor agencies, principally the Federal Government. Any disallowed claims, including claims already collected, could become a liability to the City. Management believes such amounts, if any, will have no material effect on the financial statements.

Management of the City believes that the total amount of liability, if any, which may arise from claims and lawsuits pending against the City beyond that, which is covered by insurance, would not have a material effect on the City’s financial condition.

At June 30, 2022, the City had outstanding commitments for consulting, construction and equipment totaling approximately \$1,060,407.

The City participates in a workers compensation retroactive plan and the maximum outstanding workers compensation exposure is \$68,418.

CITY OF CANBY, OREGON
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

11) TAX ABATEMENTS

Vertical Housing Program

The City enters into property tax abatement agreements with local businesses under the state Vertical Housing Program, authorized by ORS 307.841 through ORS 307.867. The purpose of the Program is to encourage investment in and rehabilitation of properties in targeted areas of a city or community, to augment the availability of appropriate housing, and to revitalize communities. The program encourages mixed-use developments that contain both non-residential and residential uses in areas (zones) designated by local jurisdictions. The City has one Vertical Housing Tax exemption for the residential portion of the Dahlia building in downtown Canby. The exemption is 60% of the residential property taxes for 10 years. The FY21-22 abatement is approximately \$16,571 for the City and \$10,510 for Urban Renewal.

12) RELATED PARTY

The City receives payments from CUB for contributions in lieu of taxes; for the year ended June 30, 2022, contributions totaled \$880,430. The receivable amounts at June 30, 2022 are, \$60,857 for contributions in lieu of taxes and shared expenses.

13) DEFICIT NET POSITION/FUND BALANCES

The Facilities, Fleet and Technical Services Internal Service Funds reported deficit net position balances of \$88,121, 136,853, and \$47,387 respectively as of June 30, 2022. The deficit net position is due to changes in net pension and OPEB liabilities during the year.

14) NEW ACCOUNTING STANDARD IMPLEMENTED

For the fiscal year ended June 30, 2022, the City implemented GASB Statement No. 87, *Leases*. This Statement addresses the accounting and financial reporting for leases by governments, requiring recognition of certain lease assets and liabilities for leases that were previously classified as operating leases where the government is the lessee.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CANBY, OREGON
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2022

	Budget		Actual	Variance
	Original	Final		
REVENUES:				
Property taxes	\$ 5,687,000	\$ 5,687,000	\$ 5,909,126	\$ 222,126
Intergovernmental	2,254,551	2,254,551	648,144	(1,606,407)
Franchise	1,666,300	1,666,300	1,690,710	24,410
Charges for services	1,216,150	1,216,150	1,297,188	81,038
Licenses, fees, permits	203,700	203,700	212,276	8,576
Fines and forfeitures	503,000	503,000	556,030	53,030
Grants and donations	41,491	41,491	2,062,672	2,021,181
Interest	28,000	28,000	33,449	5,449
Miscellaneous	199,143	199,143	77,746	(121,397)
Total revenues	<u>11,799,335</u>	<u>11,799,335</u>	<u>12,487,341</u>	<u>688,006</u>
EXPENDITURES:				
Administration	862,878	862,878	803,523	59,355
HR/Risk Management	708,075	708,075	521,988	186,087
Finance	1,132,756	1,132,756	672,194	460,562
Court	521,774	521,774	488,873	32,901
Planning	582,893	582,893	569,437	13,456
Building	102,506	102,506	44,196	58,310
Police	6,320,746	6,374,746	6,241,774	132,972
Parks	1,325,783	1,338,283	1,492,397	(154,114)
Cemetery	221,142	221,142	202,358	18,784
Economic Development	472,404	472,404	388,286	84,118
Unallocated				
Personnel services	75,000	75,000	-	75,000
Materials & services	51,833	51,833	87,644	(35,811)
Contingency	200,000	133,500	-	133,500
Total expenditures	<u>12,577,790</u>	<u>12,577,790</u>	<u>11,512,670</u>	<u>1,065,120</u>
Revenues over (under) expenditures	(778,455)	(778,455)	974,671	1,753,126
OTHER FINANCING SOURCES (USES):				
Special Payments	(25,000)	(25,000)	(18,302)	6,698
Proceeds on Sale of Assets	-	-	497,645	497,645
Transfers in	1,648,097	1,648,097	1,944,380	296,283
Transfers out	(263,761)	(263,761)	(263,761)	-
Total other financing sources (uses)	<u>1,359,336</u>	<u>1,359,336</u>	<u>2,159,962</u>	<u>800,626</u>
Net changes in fund balances	580,881	580,881	3,134,633	2,553,752
FUND BALANCE, BEGINNING	<u>5,607,753</u>	<u>5,607,753</u>	<u>3,875,546</u>	<u>(1,732,207)</u>
FUND BALANCE, ENDING	<u>\$ 6,188,634</u>	<u>\$ 6,188,634</u>	<u>\$ 7,010,179</u>	<u>\$ 821,545</u>

See notes to RSI

CITY OF CANBY, OREGON
STREET FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2022

	Budget		Actual	Variance
	Original	Final		
REVENUES:				
Intergovernmental	\$ 2,530,798	\$ 2,530,798	\$ 6,141,547	\$ 3,610,749
Charges for services	717,500	717,500	691,987	(25,513)
Fines and forfeitures	-	-	51,155	51,155
Interest	20,000	20,000	21,635	1,635
Miscellaneous	52,433	52,433	31,005	(21,428)
Total revenues	<u>3,320,731</u>	<u>3,320,731</u>	<u>6,937,329</u>	<u>3,616,598</u>
EXPENDITURES:				
Street department	5,910,351	5,910,351	2,938,207	2,972,144
Contingency	100,000	100,000	-	100,000
Total expenditures	<u>6,010,351</u>	<u>6,010,351</u>	<u>2,938,207</u>	<u>3,072,144</u>
Revenues over (under) expenditures	(2,689,620)	(2,689,620)	3,999,122	6,688,742
OTHER FINANCING SOURCES (USES):				
Transfers in	2,219,607	2,219,607	418,431	(1,801,176)
Transfers out	(203,007)	(203,007)	(147,257)	55,750
Total other financing sources (uses)	<u>2,016,600</u>	<u>2,016,600</u>	<u>271,174</u>	<u>(1,745,426)</u>
Net changes in fund balance	(673,020)	(673,020)	4,270,296	4,943,316
FUND BALANCE, BEGINNING	<u>3,883,839</u>	<u>3,883,839</u>	<u>4,243,849</u>	<u>360,010</u>
FUND BALANCE, ENDING	<u><u>\$ 3,210,819</u></u>	<u><u>\$ 3,210,819</u></u>	<u><u>\$ 8,514,145</u></u>	<u><u>\$ 5,303,326</u></u>

CITY OF CANBY, OREGON
TRANSIT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2022

	Budget		Actual	Variance
	Original	Final		
REVENUES:				
Transit taxes	\$1,939,000	\$1,939,000	\$1,928,261	\$ (10,739)
Grants and donations	1,338,897	1,338,897	969,102	(369,795)
Charges for services	60,000	60,000	37,405	(22,595)
Interest	23,000	23,000	14,701	(8,299)
Miscellaneous	2,000	2,000	500	(1,500)
Total revenues	<u>3,362,897</u>	<u>3,362,897</u>	<u>2,949,969</u>	<u>(412,928)</u>
EXPENDITURES:				
Transit	4,673,713	4,673,713	2,264,480	2,409,233
Contingency	100,000	100,000	-	100,000
Total expenditures	<u>4,773,713</u>	<u>4,773,713</u>	<u>2,264,480</u>	<u>2,509,233</u>
Revenues over (under) expenditures	(1,410,816)	(1,410,816)	685,489	2,096,305
OTHER FINANCING SOURCES (USES):				
Transfers out	(236,185)	(236,185)	(236,185)	-
Net changes in fund balance	(1,647,001)	(1,647,001)	449,304	2,096,305
FUND BALANCE, BEGINNING	<u>3,077,988</u>	<u>3,077,988</u>	<u>3,135,215</u>	<u>57,227</u>
FUND BALANCE, ENDING	<u><u>\$1,430,987</u></u>	<u><u>\$1,430,987</u></u>	<u><u>\$3,584,519</u></u>	<u><u>\$ 2,153,532</u></u>

CITY OF CANBY, OREGON
URBAN RENEWAL AGENCY – GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2022

	Budget		Actual	Variance
	Original	Final		
REVENUES:				
Grants and donations	\$ 137,951	\$ 137,951	\$ -	\$ (137,951)
Interest	900	900	2,904	2,004
Miscellaneous	-	-	200	200
Total revenues	<u>138,851</u>	<u>138,851</u>	<u>3,104</u>	<u>(135,747)</u>
EXPENDITURES:				
General Government	25,000	25,000	8,727	16,273
Urban Renewal - Capital Outlay	<u>485,000</u>	<u>1,217,860</u>	<u>1,236,556</u>	
Total expenditures	<u>510,000</u>	<u>1,242,860</u>	<u>1,245,283</u>	<u>16,273</u>
Revenues over (under) expenditures	(371,149)	(1,104,009)	(1,242,179)	(119,474)
OTHER FINANCING SOURCES (USES):				
Transfers in	821,514	1,554,374	1,638,868	84,494
Transfers out	<u>(450,365)</u>	<u>(450,365)</u>	<u>(396,061)</u>	<u>54,304</u>
Total other financing sources (uses)	<u>371,149</u>	<u>1,104,009</u>	<u>1,242,807</u>	<u>138,798</u>
Net change in fund balance	-	-	628	19,324
FUND BALANCE, BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 628</u>	<u>\$ 19,324</u>

CITY OF CANBY, OREGON
SYSTEM DEVELOPMENT CHARGES FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2022

	Budget		Actual	Variance
	Original	Final		
REVENUES:				
System development charges	\$ 2,136,645	\$ 2,136,645	\$ 2,300,468	\$ 163,823
Interest	95,000	95,000	63,525	(31,475)
Total revenues	<u>2,231,645</u>	<u>2,231,645</u>	<u>2,363,993</u>	<u>132,348</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	<u>(2,279,607)</u>	<u>(2,279,607)</u>	<u>(1,091,460)</u>	<u>1,188,147</u>
Net change in fund balance	(47,962)	(47,962)	1,272,533	1,320,495
FUND BALANCE, BEGINNING	<u>10,936,906</u>	<u>10,936,906</u>	<u>11,298,015</u>	<u>361,109</u>
FUND BALANCE, ENDING	<u><u>\$ 10,888,944</u></u>	<u><u>\$ 10,888,944</u></u>	<u><u>\$ 12,570,548</u></u>	<u><u>\$ 1,681,604</u></u>

CITY OF CANBY, OREGON
OTHER POSTEMPLOYMENT BENEFIT PLANS SCHEDULES
LAST TEN YEARS*

SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET) - LAST TEN YEARS*

	2022	2021	2020	2019	2018	2017
Proportion of the net OPEB liability (asset)	0.0564%	0.0386%	0.0626%	0.0583%	0.0586%	0.0623%
Proportionate share of the net OPEB liability (asset)	\$ (193,917)	\$ (78,733)	\$ (120,999)	\$ (65,031)	\$ (24,459)	\$ 16,918
Covered Payroll	\$ 7,002,147	\$ 6,953,971	\$ 6,817,117	\$ 6,078,300	\$ 5,997,812	\$ 6,038,627
Proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	-3%	-1%	-2%	-1%	-0.4%	0.3%
Plan fiduciary net position as a percentage of the total OPEB liability	194.6%	150.1%	144.4%	124.0%	108.9%	94.2%

SCHEDULE OF CONTRIBUTIONS - LAST TEN YEARS*

	2022	2021	2020	2019	2018	2017
Statutorily required contribution	\$ 1,257	\$ 2,457	\$ 31,068	\$ 27,962	\$ 29,178	\$ 27,777
Contributions in relation to the statutorily required contribution	1,257	2,457	31,068	27,962	29,178	27,777
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 7,941,176	\$ 7,002,147	\$ 6,953,971	\$ 6,817,117	\$ 6,078,300	\$ 5,997,812
Contributions as a percent of covered payroll	0.0%	0.0%	0.4%	0.4%	0.5%	0.5%

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIO'S - LAST 10 YEARS*

	2022	2021	2020	2019	2018
Total City OPEB Liability					
Service cost	\$ 49,580	\$ 38,726	\$ 34,471	\$ 49,118	\$ 52,481
Interest on total OPEB liability	15,185	20,200	20,501	23,686	18,539
Effect of economic/demographic gains or losses	9,352	78,284	-	261	-
Effect of assumption changes or inputs	(23,469)	(2,329)	16,192	(167,508)	(42,771)
Benefit payments	(27,638)	(27,234)	(28,713)	(17,005)	(10,607)
Net Change in Total OPEB liability	23,010	107,647	42,451	(111,448)	17,642
Balance Beginning	659,578	551,931	509,480	620,928	603,286
Balance Ending	\$ 682,588	\$ 659,578	\$ 551,931	\$ 509,480	\$ 620,928
	2022	2021	2020	2019	2018
Total CUB OPEB Liability					
Service cost	\$ 9,270	\$ 7,789	\$ 6,975	\$ 8,015	\$ 8,507
Interest on total OPEB liability	2,050	3,206	3,191	4,359	3,667
Effect of economic/demographic gains or losses	-	8,773	-	(19,723)	-
Effect of assumption changes or inputs	321	(8,630)	2,198	(22,873)	(6,280)
Benefit payments	(16,537)	(6,379)	(1,742)	(14,219)	(10,457)
Net Change in Total OPEB liability	(4,896)	4,759	10,622	(44,441)	(4,563)
Balance Beginning	91,728	86,969	76,347	120,788	125,351
Balance Ending	\$ 86,832	\$ 91,728	\$ 86,969	\$ 76,347	\$ 120,788

*These schedules are presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

CITY OF CANBY, OREGON

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION (ASSET)/LIABILITY - PERS
LAST TEN YEARS***

	City of Canby (Dollars in millions)									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	
Proportion of the net pension liability (asset)	0.0657%	0.0651%	0.0635%	0.0659%	0.0672%	0.0641%	0.0748%	0.0703%	0.0703%	
Proportionate share of the net pension liability (asset)	\$ 7.87	\$ 14.22	\$ 10.98	\$ 9.98	\$ 9.06	\$ 9.62	\$ 4.30	\$ (1.59)	\$ 3.59	
Covered Payroll	7.00	6.95	6.82	6.08	6.00	6.04	5.85	5.82	5.65	
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	112.4%	204.6%	161.0%	164.1%	151.0%	159.3%	73.5%	-27.3%	63.5%	
Plan fiduciary net position as a percentage of the total pension liability	87.6%	75.8%	80.2%	82.1%	83.1%	80.5%	91.9%	103.6%	92.0%	

	Canby Utility Board (Dollars in millions)							
	2022	2021	2020	2019	2018	2017	2016	2015
Proportion of the net pension liability (asset)	0.0242%	0.0192%	0.0193%	0.0184%	0.0198%	0.0218%	0.0253%	0.0223%
Proportionate share of the net pension liability (asset)	\$ 2.90	\$ 4.19	\$ 3.34	\$ 2.79	\$ 2.67	\$ 3.27	\$ 1.45	\$ (0.51)
Covered Payroll	2.30	1.63	1.72	1.69	1.72	1.75	1.81	1.59
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	126.1%	257.1%	194.2%	165.1%	155.2%	186.9%	80.1%	-32.1%
Plan fiduciary net position as a percentage of the total pension liability	87.6%	75.8%	80.2%	82.1%	83.1%	80.5%	91.9%	103.6%

The amounts presented for each fiscal year were actuarial determined at December 31 and rolled forward to the measurement date.

*This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

CITY OF CANBY, OREGON
SCHEDULE OF CONTRIBUTIONS - PERS
LAST TEN YEARS*

	City of Canby								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
Statutorily required contribution	\$ 1,499,156	\$ 1,261,775	\$ 1,243,554	\$ 943,757	\$ 872,666	\$ 652,149	\$ 746,158	\$ 456,991	\$ 558,095
Contributions in relation to the statutorily required contribution	1,499,156	1,261,775	1,243,554	943,757	872,666	652,149	746,158	456,991	558,095
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	7,002,147	7,002,147	6,953,971	6,817,117	6,078,300	5,997,812	6,038,627	5,845,405	5,822,556
Contributions as a percent of covered payroll	21.4%	18.0%	17.9%	13.8%	14.4%	10.9%	12.4%	7.8%	9.6%
	Canby Utility Board								
	2022	2021	2020	2019	2018	2017	2016	2015	
Statutorily required contribution	\$ 447,346	\$ 448,205	\$ 463,247	\$ 305,600	\$ 306,220	\$ 230,179	\$ 225,984	\$ 204,466	
Contributions in relation to the statutorily required contribution	447,346	448,205	463,247	305,600	306,220	230,179	225,984	204,466	
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Covered Payroll	2,081,336	2,325,953	2,314,659	1,718,146	1,692,959	1,719,358	1,747,999	1,810,490	
Contributions as a percent of covered payroll	21.5%	19.3%	20.0%	17.8%	18.1%	13.4%	12.9%	11.3%	

The amounts presented for each fiscal year were actuarial determined at December 31 and rolled forward to the measurement date.

*This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

CITY OF CANBY, OREGON
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2022

Budgetary Information

Annual budgets for all funds are adopted on a basis consistent with Oregon Revised Statutes (ORS 294—Local Budget Law). The process under which the budget is adopted is described in the following paragraphs.

Each spring, the City Administrator submits a proposed budget to the Budget Committee (consisting of the City Council and an equal number of citizens of the City). The City is required to budget all funds except the Agency Fund. The City budgets each governmental fund type on a modified accrual basis. Differences between budget basis and the GAAP fund basis of accounting generally arise due to capital leases and interfund loans.

The Budget Committee conducts public hearings for the purpose of obtaining citizens' comments, and then approves a budget and submits it to the City Council for final adoption. The approved expenditures for each fund may not be increased by more than 10% by the City Council without returning to the Budget Committee for a second approval. After the Council adopts the budget and certifies the total of ad valorem taxes to be levied, no additional tax levy may be made for that fiscal year.

The City Council legally adopts the budget by resolution before July 1. The resolution establishes appropriations for each fund and expenditures cannot legally exceed these appropriations. The level of control established by the resolution for all Funds is at the department level. The City budget document contains more specific, detailed information for personnel services, materials and services, capital outlay, and transfers. Appropriations lapse as of the year-end.

The City Council may change the budget throughout the year by transferring appropriations between levels of control by adopting appropriation transfers as authorized by Oregon Revised Statutes. Unexpected additional resources may be added to the budget through the use of a supplemental budget. A supplemental budget may require hearings before the public and requires publications in newspapers and approval by the City Council. Expenditure appropriations may not be legally over-expended except in the case of grant receipts that could not be reasonably estimated at the time the budget was adopted, and for debt service on new debt issued during the budget year. Management may transfer budget amounts between individual line items within the legally adopted appropriation levels but cannot make changes to those levels themselves. During the fiscal year ended June 30, 2022, the City had one supplemental budget and one appropriation transfer resolution.

SUPPLEMENTARY INFORMATION

CITY OF CANBY, OREGON
URBAN RENEWAL AGENCY – DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2022

	Budget		Actual	Variance
	Original	Final		
REVENUES:				
Property taxes	\$ 4,390,617	\$ 4,390,617	\$ 4,332,491	\$ (58,126)
Special assessments	17,126	17,126	-	(17,126)
Interest	22,000	22,000	18,287	(3,713)
Miscellaneous	43,627	43,627	-	(43,627)
Total revenues	<u>4,473,370</u>	<u>4,473,370</u>	<u>4,350,778</u>	<u>(122,592)</u>
EXPENDITURES:				
Debt service	<u>4,772,818</u>	<u>4,772,818</u>	<u>4,550,281</u>	<u>222,537</u>
Revenues over (under) expenditures	<u>(299,448)</u>	<u>(299,448)</u>	<u>(199,503)</u>	<u>(345,129)</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	<u>(821,514)</u>	<u>(1,690,825)</u>	<u>(1,638,868)</u>	<u>51,957</u>
Net change in fund balance	<u>(1,120,962)</u>	<u>(1,990,273)</u>	<u>(1,838,371)</u>	<u>(293,172)</u>
FUND BALANCE, BEGINNING	<u>2,149,642</u>	<u>2,149,642</u>	<u>2,883,689</u>	<u>734,047</u>
FUND BALANCE, ENDING	<u><u>\$ 1,028,680</u></u>	<u><u>\$ 159,369</u></u>	<u><u>\$ 1,045,318</u></u>	<u><u>\$ 440,875</u></u>

CITY OF CANBY, OREGON
NON-MAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
June 30, 2022

	Transient Room Tax Fund	Forfeiture Fund	Cemetery Perpetual Care Fund	Swim Center Local Option Tax Levy Fund	Library Fund	Total
ASSETS						
Cash and cash equivalents	\$ 58,190	\$ 19,505	\$ 1,151,668	\$ 1,596,625	\$ 97,964	\$ 2,923,952
Due from other governments	-	-	-	2,167	-	2,167
Accounts receivable	7,537	-	-	9,179	4,739	21,455
Property taxes receivable	-	-	-	31,285	-	31,285
Total assets	<u>\$ 65,727</u>	<u>\$ 19,505</u>	<u>\$ 1,151,668</u>	<u>\$ 1,639,256</u>	<u>\$ 102,703</u>	<u>\$ 2,978,859</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES						
LIABILITIES						
Accounts payable and other current liabilities	\$ -	\$ 20	\$ -	\$ 17,292	\$ 62,112	\$ 79,424
DEFERRED INFLOWS						
Unavailable revenue	-	-	-	29,788	-	29,788
Total liabilities and deferred inflows	<u>-</u>	<u>20</u>	<u>-</u>	<u>47,080</u>	<u>62,112</u>	<u>109,212</u>
FUND BALANCES						
Restricted for:						
Drug enforcement and equipment	-	19,485	-	-	-	19,485
Cemetery care	-	-	1,151,668	-	-	1,151,668
Committed:						
Tourism promotion and enhancement	65,727	-	-	-	-	65,727
Library services	-	-	-	-	40,591	40,591
Swim Center	-	-	-	1,592,176	-	1,592,176
Total fund balances	<u>65,727</u>	<u>19,485</u>	<u>1,151,668</u>	<u>1,592,176</u>	<u>40,591</u>	<u>2,869,647</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 65,727</u>	<u>\$ 19,505</u>	<u>\$ 1,151,668</u>	<u>\$ 1,639,256</u>	<u>\$ 102,703</u>	<u>\$ 2,978,859</u>

CITY OF CANBY, OREGON
NON-MAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
For the Year Ended June 30, 2022

	Transient Room Tax Fund	Forfeiture Fund	Cemetery Perpetual Care Fund	Swim Center Local Option Tax Levy Fund	Library Fund	Total
REVENUES:						
Property taxes	\$ -	\$ -	\$ -	\$ 920,683	\$ -	\$ 920,683
Intergovernmental	-	-	-	-	1,055,558	1,055,558
Charges for services	-	-	24,660	197,351	16,699	238,710
Fines and forfeitures	-	12,761	-	-	-	12,761
Grants and donations	-	-	-	-	13,162	13,162
Interest	255	64	6,243	8,048	284	14,894
Transient occupancy taxes	31,348	-	-	-	-	31,348
Miscellaneous	-	-	-	-	10,127	10,127
Total revenues	<u>31,603</u>	<u>12,825</u>	<u>30,903</u>	<u>1,126,082</u>	<u>1,095,830</u>	<u>2,297,243</u>
EXPENDITURES:						
Public safety	-	6,390	-	-	-	6,390
Culture and recreation	5,917	-	-	680,531	1,126,010	1,812,458
Capital outlay	-	-	-	6,000	-	6,000
Total expenditures	<u>5,917</u>	<u>6,390</u>	<u>-</u>	<u>686,531</u>	<u>1,126,010</u>	<u>1,824,848</u>
Revenues over (under) expenditures	25,686	6,435	30,903	439,551	(30,180)	472,395
OTHER FINANCING SOURCES (USES):						
Transfers in	-	-	500,000	-	672,409	1,172,409
Transfers out	-	-	(500,000)	(139,099)	(672,409)	(1,311,508)
Total other financing sources (uses)	-	-	-	(139,099)	-	(139,099)
Net changes in fund balances	25,686	6,435	30,903	300,452	(30,180)	333,296
FUND BALANCES, BEGINNING	<u>40,041</u>	<u>13,050</u>	<u>1,120,765</u>	<u>1,291,724</u>	<u>70,771</u>	<u>2,536,351</u>
FUND BALANCES, ENDING	<u>\$ 65,727</u>	<u>\$ 19,485</u>	<u>\$ 1,151,668</u>	<u>\$ 1,592,176</u>	<u>\$ 40,591</u>	<u>\$ 2,869,647</u>

**CITY OF CANBY, OREGON
 TRANSIENT ROOM TAX FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 For the Year Ended June 30, 2022**

	Budget		Actual	Variance
	Original	Final		
REVENUES:				
Transient occupancy taxes	\$ 23,110	\$ 23,110	\$ 31,348	\$ 8,238
Interest	280	280	255	(25)
Total revenues	<u>23,390</u>	<u>23,390</u>	<u>31,603</u>	<u>8,213</u>
EXPENDITURES:				
Tourism promotion	24,000	24,000	5,917	18,083
Net changes in fund balances	<u>(610)</u>	<u>(610)</u>	<u>25,686</u>	<u>(9,870)</u>
FUND BALANCE, BEGINNING	<u>610</u>	<u>610</u>	<u>40,041</u>	<u>39,431</u>
FUND BALANCE, ENDING	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 65,727</u></u>	<u><u>\$ 29,561</u></u>

**CITY OF CANBY, OREGON
 FORFEITURE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 For the Year Ended June 30, 2022**

	Budget		Actual	Variance
	Original	Final		
REVENUES:				
Fines and forfeitures	\$ -	\$ -	\$ 12,761	\$ 12,761
Interest	175	175	64	(111)
Total revenues	175	175	12,825	12,650
EXPENDITURES:				
Police	12,132	12,132	6,390	5,742
Net changes in fund balances	(11,957)	(11,957)	6,435	18,392
FUND BALANCE, BEGINNING	11,957	11,957	13,050	1,093
FUND BALANCE, ENDING	\$ -	\$ -	\$ 19,485	\$ 19,485

CITY OF CANBY, OREGON
CEMETERY PERPETUAL CARE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2022

	Budget		Actual	Variance
	Original	Final		
REVENUES:				
Charges for services	\$ 30,000	\$ 30,000	\$ 24,660	\$ (5,340)
Interest	9,000	9,000	6,243	(2,757)
Total revenues	39,000	39,000	30,903	(8,097)
OTHER FINANCING SOURCES (USES):				
Transfers in	500,000	500,000	500,000	-
Transfers out	(500,000)	(500,000)	(500,000)	-
Net changes in fund balance	39,000	39,000	30,903	(8,097)
FUND BALANCE, BEGINNING	<u>1,110,672</u>	<u>1,110,672</u>	<u>1,120,765</u>	<u>10,093</u>
FUND BALANCE, ENDING	<u><u>\$ 1,149,672</u></u>	<u><u>\$ 1,149,672</u></u>	<u><u>\$ 1,151,668</u></u>	<u><u>\$ 1,996</u></u>

CITY OF CANBY, OREGON
SWIM CENTER LOCAL OPTION TAX LEVY FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2022

	Budget		Actual	Variance
	Original	Final		
REVENUES:				
Property taxes	\$ 903,000	\$ 903,000	\$ 920,683	\$ 17,683
Charges for services	219,471	219,471	197,351	(22,120)
Interest	8,500	8,500	8,048	(452)
Total revenues	<u>1,130,971</u>	<u>1,130,971</u>	<u>1,126,082</u>	<u>(4,889)</u>
EXPENDITURES:				
Swim Center	1,408,842	1,408,842	686,531	722,311
Contingency	37,942	37,942	-	37,942
Total expenditures	<u>1,446,784</u>	<u>1,446,784</u>	<u>686,531</u>	<u>760,253</u>
Revenues over (under) expenditures	(315,813)	(315,813)	439,551	755,364
OTHER FINANCING SOURCES (USES):				
Transfers out	<u>(139,099)</u>	<u>(139,099)</u>	<u>(139,099)</u>	<u>-</u>
Net changes in fund balance	(454,912)	(454,912)	300,452	755,364
FUND BALANCE, BEGINNING	<u>1,635,367</u>	<u>1,635,367</u>	<u>1,291,724</u>	<u>(343,643)</u>
FUND BALANCE, ENDING	<u><u>\$ 1,180,455</u></u>	<u><u>\$ 1,180,455</u></u>	<u><u>\$ 1,592,176</u></u>	<u><u>\$ 411,721</u></u>

CITY OF CANBY, OREGON
LIBRARY FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2022

	Budget		Actual	Variance
	Original	Final		
REVENUES:				
Intergovernmental	\$ 1,007,316	\$ 1,007,316	\$ 1,055,558	\$ 48,242
Charges for services	20,000	20,000	16,699	(3,301)
Grants & donations	18,712	18,712	13,162	(5,550)
Miscellaneous	24,998	24,998	10,127	(14,871)
Interest	-	-	284	284
Total revenues	<u>1,071,026</u>	<u>1,071,026</u>	<u>1,095,830</u>	<u>24,804</u>
EXPENDITURES:				
Library services	1,118,704	1,118,704	1,115,930	2,774
Contingency	<u>31,137</u>	<u>31,137</u>	-	<u>31,137</u>
Total expenditures	<u>1,149,841</u>	<u>1,149,841</u>	<u>1,115,930</u>	<u>33,911</u>
Revenues over (under) expenditures	(78,815)	(78,815)	(20,100)	58,715
OTHER FINANCING SOURCES (USES):				
Transfers in	672,409	672,409	672,409	-
Transfers out	(672,409)	(672,409)	(672,409)	-
Pass-thru payments	<u>(12,000)</u>	<u>(12,000)</u>	<u>(10,080)</u>	<u>1,920</u>
Total other financing sources (uses)	<u>(12,000)</u>	<u>(12,000)</u>	<u>(10,080)</u>	<u>1,920</u>
Net changes in fund balance	(90,815)	(90,815)	(30,180)	60,635
FUND BALANCE, BEGINNING	<u>90,815</u>	<u>90,815</u>	<u>70,771</u>	<u>(20,044)</u>
FUND BALANCE, ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40,591</u>	<u>\$ 40,591</u>

CITY OF CANBY, OREGON
SEWER COMBINED FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2022

	Budget		Actual	Variance
	Original	Final		
REVENUES:				
Charges for services	\$ 4,392,000	\$ 4,392,000	\$ 4,459,642	\$ 67,642
Interest	68,000	68,000	44,808	(23,192)
Miscellaneous	-	-	15,046	15,046
Total revenues	<u>4,460,000</u>	<u>4,460,000</u>	<u>4,519,496</u>	<u>59,496</u>
EXPENDITURES:				
Wastewater Treatment	1,404,103	1,436,603	1,419,791	16,812
Collections	1,989,549	1,989,549	653,852	1,335,697
Stormwater	223,316	223,316	215,921	7,395
Unallocated				
Personnel services	33,214	33,214	28,922	4,292
Materials & services	354,800	356,800	361,185	(4,385)
Contingency	200,000	165,500	-	165,500
Total expenditures	<u>4,204,981</u>	<u>4,204,981</u>	<u>2,679,670</u>	<u>1,525,311</u>
Revenues over (under) expenditures	255,019	255,019	1,839,826	1,584,807
OTHER FINANCING SOURCES (USES):				
Transfers in	41,250	41,250	207,942	166,692
Transfers out	(336,930)	(336,930)	(296,930)	40,000
Total other financing sources (uses)	<u>(295,680)</u>	<u>(295,680)</u>	<u>(88,988)</u>	<u>206,692</u>
Net change in fund balance	(40,661)	(40,661)	1,750,838	1,791,499
FUND BALANCE, BEGINNING BUDGETARY BASIS	<u>7,431,474</u>	<u>7,431,474</u>	<u>7,881,279</u>	<u>449,805</u>
FUND BALANCE, ENDING BUDGETARY BASIS	<u>\$ 7,390,812</u>	<u>\$ 7,390,812</u>	<u>\$ 9,632,116</u>	<u>\$ 2,241,304</u>

Change in fund balance - budgetary basis	\$ 1,750,838	Fund balance - budgetary basis	\$ 9,632,116
Expenditures capitalized	322,212	Capital assets net	17,488,907
Depreciation expense	(507,282)	Deferred inflow sewer charges	318,189
Change in Deferred Revenue - Sewer Charges	22,712	OPEB Liability	(46,655)
Change in OPEB Liability	9,832	Deferred inflow related to OPEB	(17,793)
Change in deferred inflow related to OPEB	(3,956)	Deferred outflow related to OPEB	12,356
Change in deferred outflow related to OPEB	(3,459)	Net pension liability	(704,454)
Change in pension liability (asset)	677,396	Deferred inflow related to pensions	(653,205)
Change in deferred inflow related to pensions	(615,512)	Deferred outflow related to pensions	449,799
Change in deferred outflow related to pensions	(20,721)	Compensated absences	(118,553)
Change in compensated absences	(3,834)	Net position - GAAP basis	<u>\$26,360,708</u>
Change in net position - GAAP basis	<u>\$ 1,628,226</u>		

CITY OF CANBY, OREGON
INTERNAL SERVICE FUNDS
COMBINING BALANCE SHEET
June 30, 2022

	Facilities Fund	Fleet Services Fund	Technical Services Fund	Total Internal Services Funds
ASSETS:				
Cash and cash equivalents	\$ 43,578	\$ 115,725	\$ 115,232	\$ 274,535
Accounts receivable, net	-	654	-	654
Total assets	<u>43,578</u>	<u>116,379</u>	<u>115,232</u>	<u>275,189</u>
DEFERRED OUTFLOW OF RESOURCES:				
Deferred outflows related to pensions	42,079	93,681	41,347	177,107
Deferred outflows related to OPEB	361	805	421	1,587
Total deferred outflow of resources	<u>42,440</u>	<u>94,486</u>	<u>41,768</u>	<u>178,694</u>
Total assets and deferred outflows	<u>\$ 86,018</u>	<u>\$ 210,865</u>	<u>\$ 157,000</u>	<u>\$ 453,883</u>
LIABILITIES, DEFERRED INFLOWS AND NET POSITION:				
Current liabilities				
Accounts payable and other current liabilities	\$ 26,453	\$ 43,180	\$ 67,094	\$ 136,727
Current portion of long-term obligations	10,994	7,502	3,428	21,924
Total current liabilities	<u>37,447</u>	<u>50,682</u>	<u>70,522</u>	<u>158,651</u>
Noncurrent liabilities				
Net OPEB liability	4,331	9,596	4,468	18,395
Net pension liability	65,166	155,369	64,321	284,856
Noncurrent portion of long-term obligations	3,664	2,500	1,142	7,306
Total noncurrent liabilities	<u>73,161</u>	<u>167,465</u>	<u>69,931</u>	<u>310,557</u>
Total liabilities	110,608	218,147	140,453	469,208
DEFERRED INFLOWS OF RESOURCES:				
Deferred inflows related to pensions	61,627	125,308	62,195	249,130
Deferred inflows related to OPEB	1,904	4,263	1,739	7,906
Total deferred inflows of resources	<u>63,531</u>	<u>129,571</u>	<u>63,934</u>	<u>257,036</u>
Total liabilities and deferred inflows	174,139	347,718	204,387	726,244
NET POSITION:				
Unrestricted	<u>(88,121)</u>	<u>(136,853)</u>	<u>(47,387)</u>	<u>(272,361)</u>
Total liabilities, deferred inflows and net position	<u>\$ 86,018</u>	<u>\$ 210,865</u>	<u>\$ 157,000</u>	<u>\$ 453,883</u>

CITY OF CANBY, OREGON
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND NET POSITION
For Year Ended June 30, 2022

	Facilities Fund	Fleet Services Fund	Technical Services Fund	Total Internal Services Funds
OPERATING REVENUES:				
Charges for services	\$ 348,252	\$ 829,470	\$ 407,894	\$ 1,585,616
Miscellaneous	-	575	-	575
Total revenues	<u>348,252</u>	<u>830,045</u>	<u>407,894</u>	<u>1,586,191</u>
OPERATING EXPENSES:				
Personnel services	149,853	273,787	125,401	549,041
Materials and services	213,659	468,437	286,724	968,820
Capital outlay	-	19,390	12,678	32,068
Total operating expense	<u>363,512</u>	<u>761,614</u>	<u>424,803</u>	<u>1,549,929</u>
Operating income (loss)	(15,260)	68,431	(16,909)	36,262
NON-OPERATING INCOME (EXPENSE):				
Interest income	<u>206</u>	<u>358</u>	<u>451</u>	<u>1,015</u>
Net change in net position	(15,054)	68,789	(16,458)	37,277
NET POSITION, BEGINNING	<u>(73,067)</u>	<u>(205,642)</u>	<u>(30,929)</u>	<u>(309,638)</u>
NET POSITION, ENDING	<u><u>\$ (88,121)</u></u>	<u><u>\$ (136,853)</u></u>	<u><u>\$ (47,387)</u></u>	<u><u>\$ (272,361)</u></u>

CITY OF CANBY, OREGON
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2022

	Facilities Fund	Fleet Services Fund	Technical Services Fund	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from outside customers	\$ 213	\$ 2,103	\$ -	\$ 2,316
Cash received from internal customers	348,039	827,722	407,894	1,583,655
Cash paid to employees for salaries and benefits	(156,697)	(277,607)	(126,359)	(560,663)
Cash paid to suppliers and others	(204,403)	(478,734)	(285,383)	(968,520)
Net cash from operating activities	(12,848)	73,484	(3,848)	56,788
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest received	206	358	451	1,015
Net increase (decrease) in cash and cash equivalents	(12,642)	73,842	(3,397)	57,803
CASH AND CASH EQUIVALENTS, BEGINNING	<u>56,220</u>	<u>41,883</u>	<u>118,629</u>	<u>216,732</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 43,578</u>	<u>\$ 115,725</u>	<u>\$ 115,232</u>	<u>\$ 274,535</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating income (loss)	\$ (15,260)	\$ 68,431	\$ (16,909)	\$ 36,262
Adjustments:				
Decrease (increase) in:				
Accounts receivable	-	(220)	-	(220)
Increase (decrease) in:				
Accounts payable and accrued expenses	9,256	9,093	14,019	32,368
Accrued compensated absences	(2,752)	4,296	3,368	4,912
OPEB obligations	(227)	(451)	(240)	(918)
Pension obligations	(3,865)	(7,665)	(4,086)	(15,616)
Net cash from operating activities	<u>\$ (12,848)</u>	<u>\$ 73,484</u>	<u>\$ (3,848)</u>	<u>\$ 56,788</u>

CITY OF CANBY, OREGON
FACILITIES FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2022

	Budget		Actual	Variance
	Original	Final		
REVENUES:				
Charges for services	\$ 348,540	\$ 348,540	\$ 348,252	\$ (288)
Interest	400	400	207	(193)
Total revenues	<u>348,940</u>	<u>348,940</u>	<u>348,459</u>	<u>(481)</u>
EXPENDITURES:				
Facilities	363,348	373,185	370,357	2,828
Contingency	9,837	-	-	-
Total expenditures	<u>373,185</u>	<u>373,185</u>	<u>370,357</u>	<u>2,828</u>
Revenues over (under) expenditures	(24,245)	(24,245)	(21,898)	2,347
FUND BALANCE, BEGINNING BUDGETARY BASIS	<u>24,245</u>	<u>24,245</u>	<u>39,024</u>	<u>14,779</u>
FUND BALANCE, ENDING BUDGETARY BASIS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,126</u>	<u>\$ 17,126</u>

Change in fund balance - budgetary basis	\$ (21,898)
Change in compensated absences	2,752
Change in accrued OPEB liability	924
Change in deferred inflow related to OPEB	(372)
Change in deferred outflow related to OPEB	(325)
Change in pension liability	63,606
Change in deferred inflow related to pensions	(57,795)
Change in deferred outflow related to pensions	(1,946)
Change in net position - GAAP basis	<u>\$ (15,054)</u>

Fund balance - budgetary basis	\$ 17,126
Compensated absences	(14,658)
OPEB liability	(4,331)
Deferred inflow related to OPEB	(1,904)
Deferred outflow related to OPEB	361
Net pension liability	(65,166)
Deferred inflow related to pensions	(61,627)
Deferred outflow related to pensions	42,079
Net position - GAAP basis	<u>\$ (88,121)</u>

CITY OF CANBY, OREGON
FLEET SERVICES FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2022

	Budget		Actual	Variance
	Original	Final		
REVENUES:				
Charges for services	\$ 829,717	\$ 829,717	\$ 829,470	\$ (247)
Interest	900	900	358	(542)
Miscellaneous	1,000	1,000	575	(425)
Total revenues	<u>831,617</u>	<u>831,617</u>	<u>830,403</u>	<u>(1,214)</u>
EXPENDITURES:				
Fleet Services	838,511	838,511	765,434	73,077
Contingency	28,030	28,030	-	28,030
Total expenditures	<u>866,541</u>	<u>866,541</u>	<u>765,434</u>	<u>101,107</u>
Revenues over (under) expenditures	(34,924)	(34,924)	64,969	99,893
FUND BALANCE, BEGINNING BUDGETARY BASIS	<u>34,924</u>	<u>34,924</u>	<u>8,230</u>	<u>(26,694)</u>
FUND BALANCE, ENDING BUDGETARY BASIS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 73,199</u>	<u>\$ 73,199</u>
Change in fund balance - budgetary basis			\$ 64,969	
Change in compensated absences			(4,296)	
Change in accrued OPEB liability			1,831	
Change in deferred inflow related to OPEB			(736)	
Change in deferred outflow related to OPEB			(644)	
Change in pension liability			126,130	
Change in deferred inflow related to pensions			(114,607)	
Change in deferred outflow related to pensions			(3,858)	
Change in net position - GAAP basis			<u>\$ 68,789</u>	
Fund balance - budgetary basis			\$ 73,199	
Compensated absences			(10,002)	
OPEB liability			(9,596)	
Deferred inflow related to OPEB			(4,263)	
Deferred outflow related to OPEB			805	
Net pension liability			(155,369)	
Deferred inflow related to pensions			(125,308)	
Deferred outflow related to pensions			93,681	
Net position - GAAP basis			<u>\$ (136,853)</u>	

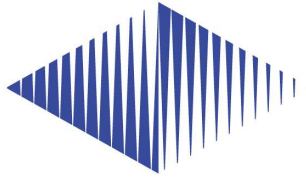
CITY OF CANBY, OREGON
TECHNICAL SERVICES FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2022

	Budget		Actual	Variance
	Original	Final		
REVENUES:				
Charges for services	\$ 407,892	\$ 407,892	\$ 407,894	\$ 2
Interest	700	700	451	(249)
Total revenues	<u>408,592</u>	<u>408,592</u>	<u>408,345</u>	<u>(247)</u>
EXPENDITURES:				
Tech services	430,515	430,515	425,761	4,754
Contingency	21,525	21,525	-	21,525
Total expenditures	<u>452,040</u>	<u>452,040</u>	<u>425,761</u>	<u>26,279</u>
Revenues over (under) expenditures	(43,448)	(43,448)	(17,416)	26,032
FUND BALANCE, BEGINNING BUDGETARY BASIS	<u>43,448</u>	<u>43,448</u>	<u>65,554</u>	<u>22,106</u>
FUND BALANCE, ENDING BUDGETARY BASIS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 48,138</u>	<u>\$ 48,138</u>

Change in fund balance - budgetary basis	\$ (17,416)
Change in compensated absences	(3,368)
Change in accrued OPEB liability	976
Change in deferred inflow related to OPEB	(393)
Change in deferred outflow related to OPEB	(343)
Change in pension liability	67,245
Change in deferred inflow related to pensions	(61,102)
Change in deferred outflow related to pensions	(2,057)
Change in net position - GAAP basis	<u>\$ (16,458)</u>

Fund balance - budgetary basis	\$ 48,138
Compensated absences	(4,570)
OPEB liability	(4,468)
Deferred inflow related to OPEB	(1,739)
Deferred outflow related to OPEB	421
Net pension liability	(64,321)
Deferred inflow related to pensions	(62,195)
Deferred outflow related to pensions	41,347
Net position - GAAP basis	<u>\$ (47,387)</u>

COMPLIANCE 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 REQUIRED BY OREGON STATE REGULATIONS

Honorable Mayor and Council Members
City of Canby
Canby, Oregon

We have audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the City of Canby, Oregon (the City) as of and for the year ended June 30, 2022 and have issued our report thereon dated March 31, 2023.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City'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.**
- **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).**
- **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 City was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, except the City did not timely file the audited financial statements for the year ended June 30, 2022 with the Oregon Audits Division and processed a supplemental budget that did not balance.


Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City'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 City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Restriction on Use

This report is intended solely for the information and use of the council members and management 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
March 31, 2023