



# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FISCAL YEAR ENDING**

**June 30, 2015**

**City of Canby**

**Canby, Oregon**

# Comprehensive Annual Financial Report

Fiscal Year Ending

June 30, 2015

Prepared by

City of Canby, Oregon

Finance Department

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# **INTRODUCTORY SECTION**



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# City of Canby

Finance Office

133 North Second Ave

Canby, Oregon 97013

December 29, 2015

To the Honorable Mayor, City Council, and Citizens of the City of Canby, Oregon:

## Letter of Transmittal

### For the Fiscal Year Ended June 30, 2015

We are pleased to provide you with the Comprehensive Annual Financial Report (CAFR) of the City of Canby, Oregon (the City), for the fiscal year ended June 30, 2015.

This report presents the financial position of the City as of June 30, 2015 and the results of its operations and cash flows for all its fund types for the year then ended. The financial statements and supporting schedules have been prepared in accordance with generally accepted accounting principles and meet the requirements of the standards as prescribed by the Secretary of State. We believe the data, as presented, is accurate in all material respects and presented in a manner designed to fairly set forth the financial position and results of operations of the various funds of the City. This report is published to provide the City Council, staff, citizens and other interested readers with detailed information concerning the financial position and activities of the City.

#### Special points of interest:

- Grove, Mueller & Swank, P.C.
- Financial Statements free of material misstatement.

The accuracy of the City's financial statements and the completeness and fairness of their presentation is the responsibility of City management. The City maintains a system of internal controls over financial reporting designed to provide reasonable assurance that assets are safeguarded against loss of unauthorized use, and that financial records can be relied upon to produce financial statements in accordance with generally accepted accounting principles.

The City's financial statements have been audited by Grove, Mueller & Swank, P.C. a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2015 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, the basic financial statements referred to above present fairly, in all material respects, the financial position of the City as of June 30, 2015, and the results of operation and cash flow for its proprietary fund types. The independent auditor's report is presented as the first component of the financial section of this report.

The Management Discussion & Analysis (MD&A) is a narrative introduction, overview, and analysis to accompany the basic financial statements and should be read in conjunction with the transmittal letter. The basic financial statements include the government-wide financial statements that present an overview of the City's entire operations, while the fund level statements present the financial information of each of the City's major funds, as well as non-major funds in aggregate.

*“Canby is nestled in the heart of the Willamette Valley within the Portland metropolitan region. This Clackamas County community offers all the amenities of a larger city while maintaining a friendly, pro-business attitude. Residents and business owners enjoy the quality of life that Canby offers.”*



Canby is a complete community with residences, schools and approximately 650 businesses. Businesses include retail, medical and other professional services, wholesale, light industrial and manufacturing. Manufacturing makes up 22% of the total workforce. The surrounding area contains some of the richest farmland in Oregon. Local nurseries produce a wide variety of plants, bulbs and seeds.

Local development is actively promoted by the city economic development department. Major annual events include the award winning Clackamas County Fair, General Canby Days and Summer Concerts in the Park. The community is located on the Willamette River and Highway 99E, just 4 miles from I-5.

The City of Canby was incorporated in 1893, operating under the provision of it's own charter and applicable State of Oregon law, with a Council-Administrator form of government. The City currently has a land area of 4.4 square miles and a population of 16,010. The City Council is ultimately responsible for decisions concerning the fiscal policy of the City, and charges the City Administrator to carry out those policies in the day-to-day management of the City's resources and staff.

## City of Canby Profile

The City Council consists of a mayor and six councilors who are elected to serve for two-year and four-year terms respectively. All are elected at-large and the offices are non-partisan. The only requirements for serving on the Council are that the candidate be a registered voter and have lived in Canby for at least 12 months.

The mayor presides over Council meetings and frequently represents the City in a ceremonial capacity. The mayor also makes recommendations to the Council for appointments to the Canby Utility Board.

The City Council is responsible for identifying needs and problems in the community and establishing policy to meet those needs. The Council enacts city laws and changes them as needed, approves contracts, agreements and purchases in excess of \$50,000. Council members are also members of the Budget Committee and therefore, participate in annual fiscal planning and budgeting and decide what resources are available, how much will be spent, and for what purposes. The City Council, appoints the City Administrator, the City Attorney and the Municipal Judge.

The City Administrator has responsibility for all functions with the exception of Canby Utility. The City Administrator appoints or removes the following department directors: Police Chief, City Recorder, Human Resources, Swim Center, Library, Public Works, Transit, Planning and Finance.

In addition to the help that Council receives from the appointed staff and employees, ten standing advisory boards assist the City Council. Some 66 Canby citizens serve on these boards and make a valuable contribution to the City of Canby.

The City provides its residents and businesses with a full range of municipal services consisting of public safety, municipal court, waste water treatment, stormwater management, street maintenance, planning and zoning, economic development, park and recreation, swim center, library, transit, cemetery maintenance, and general



administrative services.

*“Canby is a complete community with residences, schools and 650 businesses. Manufacturing makes up 22% of the total workforce.”*

## Financial Foundation

The annual budget serves as the foundation for Canby's financial planning and control.

The City Management Team proposes a balanced budget which is approved by the Budget Committee, based on strategic plans and programmatic goals that directly respond to the Council's and community's goals and expectations.

The budget includes proposed expenditures and must balance with estimated available resources in accordance with Oregon Local Budget Law.

At least two public hearings are held throughout the budget process in order to obtain taxpayer comments.

The City Council formally adopts the budget and legally appropriates funds on or before the second regular Council meeting in June for the fiscal year commencing the following July 1.

The maximum legal expenditures permitted in accordance with local budget law is the amount appropriated in the adopted budget by program(department) or category.

Management monitors the budget at the line item level by department.

Department appropriations may be amended as necessitated for unforeseen events during the year. Upon the recommendation of the Finance Director, and with the approval of the City Council: (1) transfers may be made from the appropriations for contingencies to other expenditure categories (personnel services, materials and services, capital outlay, debt service or transfers) ; and/or programs (departments) (2) unexpended appropriations may be transferred from one category/program to another.

During 2014-15, there was one supplemental budget resolution and one budget transfer resolution adopted to amend the original budget.

## Strategic Financial Policies

The City of Canby, like other political subdivisions in the State of Oregon continues to face increasing financial challenges in light of voter approved property tax limitations and the on-going, natural increases in cost of service delivery. Expectations are now for very modest revenue growth.

The City has begun to benefit from a local gasoline tax and a street maintenance fee. This revenue is used to upgrade and maintain local streets.

The Budget Committee created long term financial strategies that are focused on achieving and maintaining fiscal stability.

The City's financial policies have been placed into the following major categories: expenditure control, revenue enhancement, and long-term financial health.

The City Council established a Municipal Audit and Financial Oversight Committee which is in the process of evaluating and developing a recommendation to update the City's Financial Policies.

### Adopted Financial Policies:

- Efficiency measures should be utilized whenever possible to reduce costs and/or improve productivity in the organization.
- No new personnel or program will be added to the City organization without a corresponding revenue source identified and a complete analysis of the current and ongoing fiscal impact on that funding source.
- The Finance Director will be responsible for maintaining an expenditure control system to ensure strict adherence to the adopted budget.
- The City will continue efforts to expand its revenue base through new sources of revenue.
- The City will, on an annual basis, review the existing fees and charges for discretionary services.
- For cash-flow purposes, the cash balance in the General Fund at the beginning of the fiscal year should be sufficient to cover operational expenses until such time as property tax revenue is collected in November.
- The General Fund must remain intact. As a source of funding it realizes the smallest rate of growth and the largest rate of expenditures. Transfers from the General Fund are discouraged to preserve the financial health of the fund.
- Contributions to the General Fund reserves should be made whenever possible with a goal to achieve a level in reserve to sustain six months of General Fund supported City operations.
- No future capital improvements will be funded from City or Urban Renewal Agency funds unless accompanied by an analysis of all related ongoing annual maintenance and operational and associated costs and the City's capacity to fund those costs.
- The Finance Director will take steps to ensure that the City's investment policies and cash management practices will achieve maximum investment earnings potential. Funds will be invested as authorized by the Oregon Revised Statutes and investment in stocks, speculative ventures, futures or options will be avoided.
- The City's business-type activities will be self-supporting through appropriate rates and charges. Rate setting of these activities will be based on cost recovery.
- The City will maintain vehicle and equipment replacement schedules based upon recognized, industry-standards for the useful life of such assets.

## Accounting System and Reporting—

During the year, the City's accounting system is maintained primarily on a modified cash basis with certain accruals to provide financial controls. Appropriations are encumbered for major purchase amounts prior to the release of purchase orders to vendors. This system provides budgetary control on all operating funds at a minimum cost. At year-end, journal entries are prepared by the City's Finance Department staff as a preparatory step for completion of the comprehensive annual financial report. The auditors' report on these financial statements accompanies the financial statements following this letter. The City has adopted all recent applicable Governmental Accounting Standards Board (GASB) statements in the preparation of the City's financial statements.



## Factors Affecting the City's Financial Condition

Canby's economic base consists of retail and commercial establishments, nursery production, light industrial and manufacturing businesses.

The downtown business district is home to commercial businesses, government buildings, financial institutions, medical offices, an eight-screen movie theater with adjacent public parking, and a variety of shops and restaurants. Established commercial areas have been improved with the help of funding from the Canby Urban Renewal Agency. Façade and streetscape improvements, gateway sign projects, business recruitment and retention and strategic planning for the business districts have all been funded by urban renewal.

Industrial growth has been spurred by the development of two industrial parks: Logging Road Industrial Park and Canby Pioneer Industrial Park. The development of these parks has resulted from the combined efforts of local landowners and the City of Canby, and funding from private, Canby Urban Renewal, and state sources. An urgent care medical facility, a fire station and other industrial and manufacturing businesses have located in the parks, creating local jobs. Access to industrial properties within the Canby Pioneer Industrial Park has been increased by construction of a new street that provides ready access to several industrial properties.

The volume of inquiries and applications submitted to our planning department indicates growth potential.

**Tax Base**—Due to the economic downturn in Oregon and the rest of the nation, Canby has seen its rate of growth in property tax revenues slow compared to rates before the 2008-09 recession. General fund property tax receipts for the current year were 3% greater than for the previous year. Property is subject to a maximum 3% increase in assessed valuation per year.

In November 2008, the voters of Clackamas County approved a county-wide library district. The City's share of revenues from the library district—in excess of \$700,000 per year beginning in 2009-2010—is nearly twice the previous contribution amount from Clackamas County. Library district proceeds replace the county contributions.



The Canby Swim Center has been under the operation of the City since 1966.

**Special Tax Levy**—Voters approved a five-year (2012-2017) local option levy for Swim Center operations. The levy is based on a fixed rate of \$0.49 per \$1,000 of assessed property value.

The property tax revenue from the local option levy is used to fund current Swim Center services, lifeguards, and provide for pool maintenance. The levy is based on a 5-year operating plan created by the Budget Committee, City Council and City staff.

The Swim Center is fully funded through a combination of levy dollars and user fees. Fees pay for approximately 25% of operating costs.



## Debt Management

The City issues various types of debt for the purpose of carrying out its capital financing activities. As of June 30, 2015 the City had \$26,166,297 of outstanding bonded indebtedness. The City also had entered into a number of other financing arrangements with the State of Oregon and other institutions for energy improvements, infrastructure development, vehicles and other projects. The City's total debt at the close of 2015 was \$28,978,112 for all bond types, loans, capital leases and compensated absences.

*The City's healthy economic base and its sound financial condition have helped maintain the "A2" bond rating from Moody's Investors Services.*



City Hall



## Risk Management

The City is a member of City County Insurance Services (CCIS), which provides for the administration, investigation, and settlement of claims against the City. CCIS maintains an insurance pool for participating local municipalities. The City is represented by a local independent insurance agent to help preserve the City's interests within the pool. We currently contract all insurance needs with CCIS with the exception of health insurance.

We annually review coverage and costs for all types of coverage. The City conducts various loss prevention programs to control claim expenses.

## Acknowledgements

The preparation of this report could not have been accomplished without the dedicated service of the entire staff of the Finance Department.

The City's Finance Department takes great pride in the preparation of the City's Comprehensive Annual Financial Report (CAFR). The City received the Government Finance Officers Association's Certificate of Achievement for Excellence in Financial Reporting for its CAFR for the year ended June 30, 2014.

We greatly appreciate the professionalism, commitment, and effort set forth by the Mayor, City Council, Budget Committee, Municipal Audit and Financial Oversight Committee, City Administrator and the Department Directors whose leadership is integral to the health and vitality of Canby.

Respectfully submitted,

A handwritten signature in blue ink that reads "Haley F.".

Haley Fish, CPA, CFE  
Finance Director

A handwritten signature in black ink that reads "Rick Robinson".

Rick Robinson  
City Administrator

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Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Canby  
Oregon**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

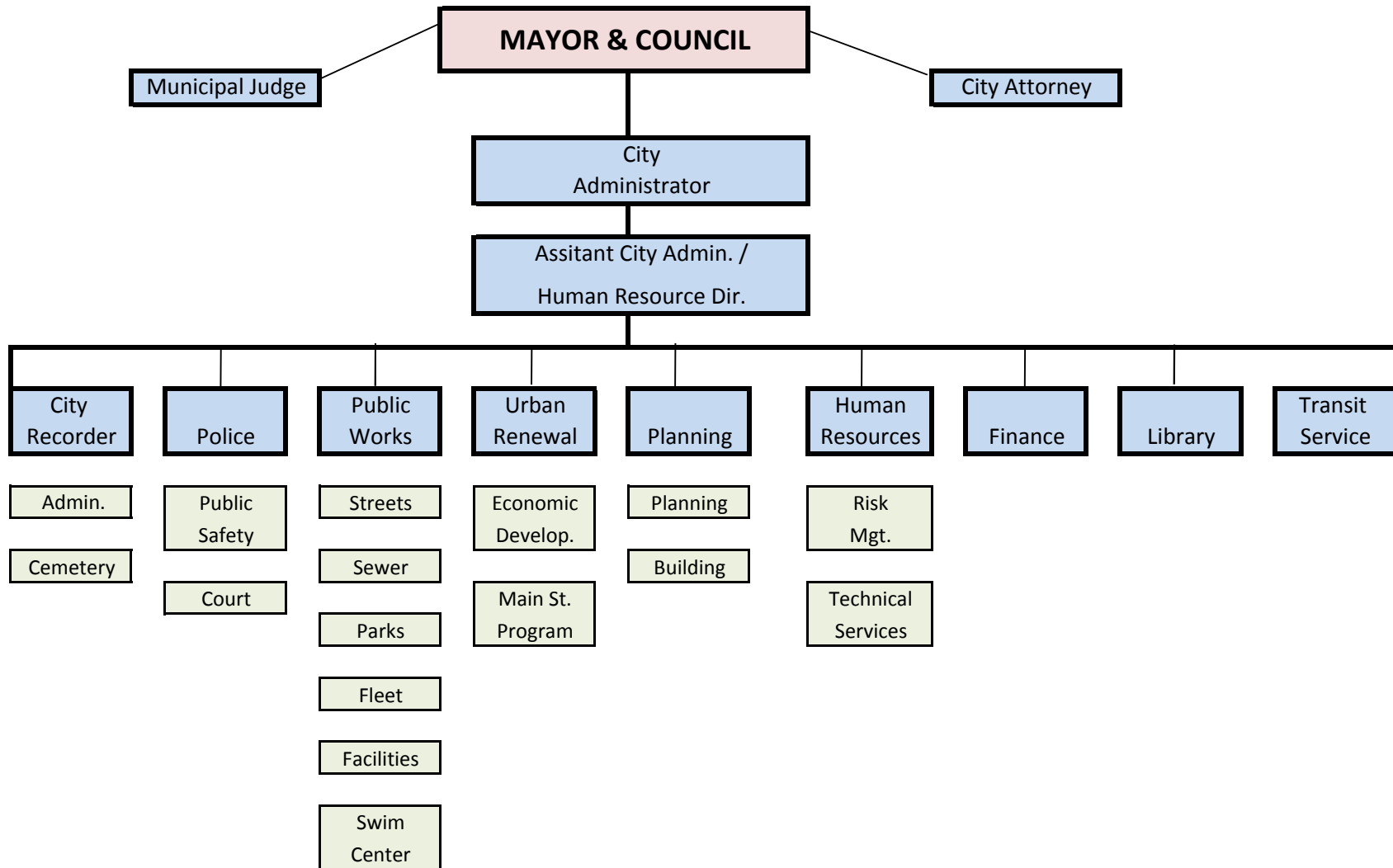
**June 30, 2014**

Executive Director/CEO



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## CITY OF CANBY ORGANIZATIONAL CHART - 2015-2016



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**CITY OF CANBY, OREGON**  
**PRINCIPAL OFFICIALS**  
**June 30, 2015**

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City Officials

Brian Hodson, Mayor  
Canby, Oregon 97013

Term Expires

December 31, 2016

Council Members

Tim Dale, President  
Canby, Oregon 97013

December 31, 2016

Traci Hensley  
Canby, Oregon 97013

December 31, 2016

Tracie Heidt  
Canby, Oregon 97013

December 31, 2018

Todd Rocha  
Canby, Oregon 97013

December 31, 2018

Clint Coleman  
Canby, Oregon 97013

December 31, 2016

Greg Parker  
Canby, Oregon 97013

December 31, 2018

City Administration

Rick Robinson

City Administrator

Joseph Lindsay

City Attorney

Council members receive mail at the City's address:

City Hall  
182 N. Holly Street  
PO Box 930  
Canby, Oregon 97013

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# **FINANCIAL SECTION**

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## GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS  
475 Cottage Street NE, Suite 200, Salem, Oregon 97301  
(503) 581-7788

### ***INDEPENDENT AUDITOR'S REPORT***

Honorable Mayor and Council Members  
City of Canby  
182 N. Holly Street  
P.O. Box 930  
Canby, Oregon 97013

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, 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, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents. We did not audit the financial statements of the discretely presented component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and in our opinion, insofar as it relates to the amounts included for the discretely presented component unit, is based on the report of the other auditors.

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

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

#### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Canby Utility Board, which represent 35 percent, 30 percent, and 41 percent, respectively, of the assets, net position, and revenues of the City. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Canby Utility Board, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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



## ***Opinions***

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Canby, Oregon, as of June 30, 2015, 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.

## ***Emphasis of Matter***

As discussed in notes to the financial statements, the City adopted the accounting requirements of Governmental Accounting Standards Board Statements No. 68, Accounting and Financial Reporting for Pensions, and No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date as of July 1, 2014, which resulted in the adjustment of the beginning balances for the year ended June 30, 2015. Our opinion is not modified with respect to this matter.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-10, the schedule of funding progress, the schedule of the proportionate share of the net pension liability, the schedule of the contributions and schedules of revenues, expenditures and changes in fund balance – budget to actual for the General, Street, Library, and Transit funds on pages 53-56 ("the budgetary schedules") be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to management's discussion and analysis, the schedule of funding progress, the schedule of the proportionate share of the net pension liability and the schedule of the contributions described in the preceding paragraph in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The schedules of revenues, expenditures and changes in fund balance – budget to actual described above were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The budgetary schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary schedules are 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 supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements.


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

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

***Reports on Other Legal and Regulatory Requirements***

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 29, 2015, 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 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  
December 29, 2015

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# Management's Discussion & Analysis

This discussion and analysis presents the highlights of financial activities and financial position for 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, 2015. The analysis focuses on significant financial conditions, major financial activities and resulting changes in financial position, budget changes and variances from the budget. Please read this analysis in conjunction with the City's financial statements, which follow.

## FINANCIAL HIGHLIGHTS

The City's combined net position (total assets less total liabilities) was \$105,753,794 at June 30, 2015. Beginning Net Position was reduced by \$3,027,765 due to the cumulative effect of a change in accounting principle for the implementation of GASB Statement No. 68. Current year change in net position totaled \$1,743,427 resulting in a decrease of \$1,284,338 relative to the prior year as previously stated. The City's General Fund reported an ending fund balance of \$1,402,635, an increase of \$167,865 relative to the prior year.

## 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

The **statement of net position** presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether or not the financial position of the City is improving or deteriorating.

The **statement of activities** presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods, such as revenues pertaining to uncollected taxes and expenses pertaining to earned but unused vacation.

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).

The **governmental activities** of the City include six major funds: general fund, street fund, library fund, transit fund, urban renewal agency general fund, and urban renewal debt service fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, 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.

# Management's Discussion & Analysis

(Continued)

## Government-Wide Financial Statements (Continued)

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

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, 154 NW First Avenue, Canby, Oregon 97013.

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, 2015, may be obtained at Canby City Hall, 182 North Holly Street, 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. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

At the end of the fiscal year, the City's governmental funds reported combined ending fund balances of \$17,493,167 (25% unrestricted), an increase in total fund balances of \$275,623 (1.6%). The net change in the General Fund's fund balance versus the prior year was an increase of \$167,865 (a 14% increase). General Fund transfers-in increased to offset corresponding economic development expenditures funded and

# **Management's Discussion & Analysis**

**(Continued)**

## **Fund Financial Statements (Continued)**

### **Governmental Funds (Continued)**

previously charged directly by the urban renewal general fund. Effective July 1, 2014 two parks positions were eliminated which resulted in approximately \$200,000 in less culture and recreation expenditures. There have been no changes to the funds identified as major. Change in fund balance for major funds consisted of the following:

- Street Fund – Fund balance increased \$731,000 as the street reserve was eliminated in the prior year so funds restricted for street maintenance and available for other street capital projects will accumulate in this fund prospectively.
- Library Fund – Expenditures exceeded revenues by only \$17,920 which is better than we had expected due to excess revenue, primarily library district property tax turnovers of approximately \$34,000, and approximately \$26,000 less in expenditures than we budgeted.
- Transit Fund – Fund balance increased approximately \$55,000. The fund recognized \$110,000 less in internal fleet charges than budgeted and had personnel service savings of approximately \$34,000 due to a change in health care benefit elections of one of its dedicated employees.
- Urban Renewal Agency – General Fund – Fund balance decreased \$1,219,934 as the City proceeded work on the library / civic building project
- Urban Renewal Agency – Debt Service Fund – Fund balance increased approximately \$181,000 due primarily to an increase in tax increment property tax revenue which increases as new development is completed and added to the tax rolls within the Urban Renewal District.

### **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 operations, stormwater operations, debt service and funds reserved for future system capital improvements. 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 Government Activities in the Statement of Net Position and Statement of Activities.

### **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.

# Management's Discussion & Analysis

(Continued)

## Government Wide Financial Statements

### Statement of Net Position

As noted earlier, net position may serve as a useful indicator of a government's financial position. For the City, net position totaled \$105,753,794 as of June 30, 2015. The table below reflects the condensed Government-Wide Statement of Net Position.

The largest portion of the City's net position (87%) reflects its net investment in capital assets of \$91,990,115 (i.e. land, buildings, infrastructure, and equipment). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. The change in net position, excluding the restatement for net pension liability, was \$1,743,247 which indicates a positive financial trend in relation to the negative change in net position of \$2,463,072 for the year ended June 30, 2014.

<b>Statement of Net Position</b>					
	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>	<b>2015</b>
<b>Assets</b>					
Current assets	\$ 19,294,017	\$ 19,393,654	\$ 4,993,425	\$ 5,389,826	\$ 24,287,442
Noncurrent assets	104,051,649	105,377,135	10,517,562	8,564,937	114,569,211
<b>Total assets</b>	<u>123,345,666</u>	<u>124,770,789</u>	<u>15,510,987</u>	<u>13,954,763</u>	<u>138,856,653</u>
<b>Deferred Outflow of Resources</b>					
Deferred resources related to pensions	395,902	-	61,089	-	456,991
<b>Liabilities</b>					
Current liabilities	2,252,815	2,488,026	382,918	351,762	2,635,733
Noncurrent liabilities	27,099,879	27,887,085	676,400	960,547	27,776,279
<b>Total liabilities</b>	<u>29,352,694</u>	<u>30,375,111</u>	<u>1,059,318</u>	<u>1,312,309</u>	<u>30,412,012</u>
<b>Deferred Inflows of Resources</b>					
Deferred resources related to pensions	2,727,046	-	420,792	-	3,147,838
<b>Net Position</b>					
Net investment in capital assets	82,550,388	85,535,781	9,439,727	7,439,593	91,990,115
Restricted	13,083,354	13,778,448	302,285	302,285	13,385,639
Unrestricted	(3,971,914)	(4,918,551)	4,349,954	4,900,576	378,040
<b>Total net position</b>	<u><u>\$ 91,661,828</u></u>	<u><u>\$ 94,395,678</u></u>	<u><u>\$ 14,091,966</u></u>	<u><u>\$ 12,642,454</u></u>	<u><u>\$ 105,753,794</u></u>

# Management's Discussion & Analysis

(Continued)

## Government Wide Financial Statements (Continued)

	Statement of Activities				Total 2015
	Governmental Activities		Business-Type Activities		
	2015	2014	2015	2014	
Revenues					
Program revenues					
Charges for services	\$ 3,217,339	\$ 3,420,181	\$ 3,974,213	\$ 3,702,088	\$ 7,191,552
Operating grants and contributions	1,856,805	2,016,611	-	-	1,856,805
Capital grants and contributions	499,747	1,256,840	-	-	499,747
					-
General revenues					
Property taxes	7,096,541	6,889,702	-	-	7,096,541
Franchise	479,348	442,498	-	-	479,348
Unrestricted intergovernmental	1,903,952	1,828,117	-	-	1,903,952
Transit tax	1,201,314	1,054,412	-	-	1,201,314
Interest and investment income	85,666	97,346	26,789	20,264	112,455
Gain (loss) on sale of equipment	(28,935)	-	6,809	(224,777)	(22,126)
Other revenues	103,059	92,934	58,460	50,489	161,519
Total revenues	16,414,836	17,098,641	4,066,271	3,548,064	20,481,107
Program Expenses					
General government	3,029,144	4,414,531	-	-	3,029,144
Public safety	4,161,977	5,193,708	-	-	4,161,977
Highways and streets	4,544,489	5,429,844	-	-	4,544,489
Transportation	1,603,233	1,629,497	-	-	1,603,233
Culture and recreation	1,721,445	1,998,399	-	-	1,721,445
Community development	843,014	964,019	-	-	843,014
Interest on long-term debt	1,135,641	1,166,925	-	-	1,135,641
Sewer operations	-	-	1,698,737	2,312,854	1,698,737
Total expenses	17,038,943	20,796,923	1,698,737	2,312,854	18,737,680
Change in net position before transfers	(624,107)	(3,698,282)	2,367,534	1,235,210	1,743,427
Transfers in (out)	513,281	488,000	(513,281)	(488,000)	-
Change in net position	(110,826)	(3,210,282)	1,854,253	747,210	1,743,427
Net position, beginning of year	94,395,678	97,605,960	12,642,454	11,895,244	107,038,132
Restatement for net pension liability	(2,623,024)	-	(404,741)	-	(3,027,765)
Net position as restated	91,772,654	97,605,960	12,237,713	11,895,244	104,010,367
Net position, end of year	\$ 91,661,828	\$ 94,395,678	\$ 14,091,966	\$ 12,642,454	\$ 105,753,794



# Management's Discussion & Analysis

(Continued)

## Business-type activities

Business-type activities provided \$1,854,253 to the sewer combined fund's net position. At the end of the year, total net position for the sewer combined fund was \$14,091,966. Of that amount, \$4,349,954 is unrestricted.

## Governmental activities

Governmental activities, excluding the restatement for net pension liabilities which decreased beginning net position by \$2,623,024 for the cumulative effect of the change in accounting principle in accordance with the implementation of GASB Statement No. 68, the City's net position decreased by \$110,826, a decrease of approximately .12%.

## General Fund budget highlights

Expenditures of \$9,533,422 were originally budgeted in the General Fund including a 7% operating contingency. General Fund budget changes approved by the City Council increased appropriations by \$123,489, of which approximately \$47,000, or 8%, of the operating contingency was appropriated. Changes were made due to unexpected expenditures and changes in employee benefit elections.

## Debt Administration

At year-end, the City had \$28,978,112 in long-term obligations outstanding compared to \$29,981,451 in the prior year. Of the obligations outstanding at June 30, 2015, \$1,853,451 is due within one year. Additional information can be found in the Notes to the Financial Statements on pages 36-41.

### Outstanding Obligations at Fiscal Year-End

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Bonds	\$25,301,377	\$25,998,030	\$864,920	\$1,125,344	\$26,166,297	\$27,123,374
Loans	1,877,107	2,064,204	-	-	1,877,107	2,064,204
Capital leases	167,584	126,846	-	-	167,584	126,846
Compensated absences	704,399	599,689	62,725	67,338	767,124	667,027
Total obligations	<u>\$28,050,467</u>	<u>\$28,788,769</u>	<u>\$927,645</u>	<u>\$1,192,682</u>	<u>\$28,978,112</u>	<u>\$29,981,451</u>

During the fiscal year ended June 30, 2015, capital leases were obtained for \$136,169 for public safety vehicles.

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.

# Management's Discussion & Analysis

(Continued)

## Capital Assets

As the schedule below displays, infrastructure and land are the largest components of governmental activities' capital assets which include streets, street improvements, sidewalks, curbs and is land for buildings, parks and roadways. The largest component for business-type activities is the wastewater treatment plant, classified as building and improvements, and infrastructure for the sewer collections. Capital assets used in governmental activities in total decreased approximately \$2.7 million which was the net result of additions, disposals and depreciation. Significant transactions included the purchase of land for the Library/Civic Building for approximately \$890,000. Capital assets used in business-type activities increased by approximately \$1.7 million due largely to construction in progress on sewer treatment plant improvements. Additional information about the City's capital assets and depreciation can be found in the Notes to the Financial Statements (pages 32-33).

	Capital Assets at Fiscal Year End Net of Depreciation					
	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$40,995,883	\$40,106,634	\$1,086,777	\$1,086,777	\$42,082,660	\$41,193,411
Buildings and improvements	13,427,895	13,604,961	5,305,125	5,480,099	18,733,020	19,085,060
Infrastructure	46,314,269	49,765,935	1,780,814	1,815,019	48,095,083	51,580,954
Vehicles and Equipment	1,606,599	1,785,407	473,159	93,396	2,079,758	1,878,803
Construction in Process	327,152	114,198	1,658,772	89,646	1,985,924	203,844
Total Capital Assets	<u>\$102,671,798</u>	<u>\$105,377,135</u>	<u>\$10,304,647</u>	<u>\$8,564,937</u>	<u>\$112,976,445</u>	<u>\$113,942,072</u>

## Economic Factors and Next Year's Budget

Oregon's seasonally adjusted unemployment rate was 5.5% in June 2015, down from 7.0% the prior year. 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% over the prior year in next year's budget.

## Requests for Information

This financial report is designed to provide our citizens, customers, creditors with a general overview of the City's finances and to demonstrate the City's accountability. If you have questions about the report or need additional financial information, please contact the City's Finance Department at 182 North Holly Street, PO Box 930, Canby, Oregon 97013.

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# **BASIC FINANCIAL STATEMENTS**

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**CITY OF CANBY, OREGON**  
**STATEMENT OF NET POSITION**  
**June 30, 2015**

	Governmental Activities	Business-Type Activities	Total	Component Unit Canby Utility Board
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 16,689,104	\$ 4,431,457	\$ 21,120,561	\$ 10,318,815
Due from other governments	29,809	-	29,809	-
Accounts receivable, net	1,160,014	560,119	1,720,133	1,351,019
Property taxes receivable	411,966	1,849	413,815	-
Asset held for sale	997,653	-	997,653	-
Prepays	4,246	-	4,246	26,070
Materials and supplies	-	-	-	988,674
Customer deposits	1,225	-	1,225	-
Restricted cash	-	-	-	454,740
Total current assets	<u>19,294,017</u>	<u>4,993,425</u>	<u>24,287,442</u>	<u>13,139,318</u>
Noncurrent assets:				
Capital assets:				
Nondepreciable	41,323,035	2,745,549	44,068,584	1,570,138
Depreciable, net	61,348,763	7,559,098	68,907,861	36,034,988
Net pension asset	1,379,851	212,915	1,592,766	505,566
Total noncurrent assets	<u>104,051,649</u>	<u>10,517,562</u>	<u>114,569,211</u>	<u>37,605,126</u>
Total assets	<u>123,345,666</u>	<u>15,510,987</u>	<u>138,856,653</u>	<u>50,744,444</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>				
Deferred resources related to pensions	<u>395,902</u>	<u>61,089</u>	<u>456,991</u>	<u>204,466</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	592,065	53,176	645,241	745,966
Accrued expenses	-	-	-	254,774
Interest payable	134,767	2,274	137,041	-
Customer deposits	-	-	-	259,640
Current portion of long-term obligations	<u>1,525,983</u>	<u>327,468</u>	<u>1,853,451</u>	<u>315,000</u>
Total current liabilities	<u>2,252,815</u>	<u>382,918</u>	<u>2,635,733</u>	<u>1,575,380</u>
Noncurrent liabilities:				
Post employment health care benefits	575,395	76,223	651,618	-
Noncurrent portion of long-term obligations	<u>26,524,484</u>	<u>600,177</u>	<u>27,124,661</u>	<u>3,961,000</u>
Total noncurrent liabilities	<u>27,099,879</u>	<u>676,400</u>	<u>27,776,279</u>	<u>3,961,000</u>
Total liabilities	<u>29,352,694</u>	<u>1,059,318</u>	<u>30,412,012</u>	<u>5,536,380</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unearned contributed capital	-	-	-	103,761
Deferred resources related to pensions	<u>2,727,046</u>	<u>420,792</u>	<u>3,147,838</u>	<u>987,882</u>
Total deferred inflows	<u>2,727,046</u>	<u>420,792</u>	<u>3,147,838</u>	<u>1,091,643</u>
<b>NET POSITION</b>				
Net investment in capital assets	82,550,388	9,439,727	91,990,115	33,329,126
Restricted for:				
Drug enforcement and equipment	44,215	-	44,215	-
System development	1,713,144	-	1,713,144	-
Urban renewal projects	7,954,601	-	7,954,601	-
Urban renewal debt service	608,236	-	608,236	-
Capital projects	1,138,241	-	1,138,241	-
Library services	221,684	-	221,684	-
Swim Center	405,580	-	405,580	-
Debt Service	-	302,285	302,285	-
Water system	-	-	-	160,521
Unrestricted	<u>(2,974,261)</u>	<u>4,349,954</u>	<u>1,375,693</u>	<u>11,336,806</u>
Total net position	<u>\$ 91,661,828</u>	<u>\$ 14,091,966</u>	<u>\$ 105,753,794</u>	<u>\$ 44,826,453</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, 2015**

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	
<b>Primary government:</b>								
Governmental activities:								
General government	\$ 3,029,144	\$ 1,594,975	\$ 57,064	\$ -	\$ (1,377,105)	\$ -	\$ (1,377,105)	\$ -
Public safety	4,161,977	642,941	16,557	-	(3,502,479)	-	(3,502,479)	-
Highways and streets	4,544,489	590,344	1,163,678	169,506	(2,620,961)	-	(2,620,961)	-
Transportation	1,603,233	128,973	611,623	15,282	(847,355)	-	(847,355)	-
Culture and recreation	1,721,445	260,106	643	30,517	(1,430,179)	-	(1,430,179)	-
Community development	843,014	-	7,240	284,442	(551,332)	-	(551,332)	-
Interest expense	1,135,641	-	-	-	(1,135,641)	-	(1,135,641)	-
Total governmental activities	17,038,943	3,217,339	1,856,805	499,747	(11,465,052)	-	(11,465,052)	-
Business type activities:								
Sewer operations	1,698,737	3,974,213	-	-	-	2,275,476	2,275,476	-
Total primary government	\$ 18,737,680	\$ 7,191,552	\$ 1,856,805	\$ 499,747	(11,465,052)	2,275,476	(9,189,576)	-
<b>Component Unit:</b>								
Electric system	9,403,935	10,338,326	-	243,474				1,177,865
Water system	2,372,324	2,725,522	-	774,989				1,128,187
Total component unit	\$ 11,776,259	\$ 13,063,848	\$ -	\$ 1,018,463				2,306,052
General revenues:								
Taxes:								
Property taxes					7,096,541	31,707	7,128,248	-
Transit taxes					1,201,314	-	1,201,314	-
Franchise					479,348	-	479,348	-
Unrestricted intergovernmental revenues					1,903,952	-	1,903,952	-
Interest and investment earnings					85,666	26,789	112,455	48,426
Other revenues					103,059	26,753	129,812	-
Gain (loss) on disposal of assets					(28,935)	6,809	(22,126)	-
Transfers in (out)					513,281	(513,281)	-	-
Total general revenues, transfers					11,354,226	(421,223)	10,933,003	48,426
Change in net position					(110,826)	1,854,253	1,743,427	2,354,478
Net position - beginning as previously stated					94,395,678	12,642,454	107,038,132	43,419,290
Cumulative effect of change in accounting principle					(2,623,024)	(404,741)	(3,027,765)	(947,315)
Net position - beginning as restated					91,772,654	12,237,713	104,010,367	42,471,975
Net position - ending					\$ 91,661,828	\$ 14,091,966	\$ 105,753,794	\$ 44,826,453

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

**CITY OF CANBY, OREGON**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**June 30, 2015**

	General Fund	Street Fund	Library Fund	Transit Fund	Urban Renewal Agency - General Fund	Urban Renewal Debt Service Fund	Other Governmental Funds	Total Governmental
<b>ASSETS</b>								
Cash and cash equivalents	\$ 1,358,355	\$ 965,763	\$ 1,375,068	\$ 823,406	\$ 8,105,574	\$ 589,039	\$ 3,048,174	\$ 16,265,379
Due from other governments	17,240	-	-	-	-	10,205	2,364	29,809
Accounts receivable	490,077	172,248	-	388,217	1,738	312,703	7,265	1,372,248
Property taxes receivable	239,192	-	-	-	-	139,232	33,542	411,966
Prepaid expenses	2,746	-	-	1,500	-	-	-	4,246
Asset held for sale	-	-	-	-	997,653	-	-	997,653
Deposits	-	1,225	-	-	-	-	-	1,225
Total assets	<u>\$ 2,107,610</u>	<u>\$ 1,139,236</u>	<u>\$ 1,375,068</u>	<u>\$ 1,213,123</u>	<u>\$ 9,104,965</u>	<u>\$ 1,051,179</u>	<u>\$ 3,091,345</u>	<u>\$ 19,082,526</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>								
<b>LIABILITIES:</b>								
Accounts payable and other current liabilities	\$ 267,940	\$ 31,354	\$ 15,143	\$ 65,509	\$ 152,711	\$ -	\$ 20,835	\$ 553,492
<b>DEFERRED INFLOWS:</b>								
Unavailable revenue	437,035	18,286	-	106,148	-	442,943	31,455	1,035,867
Total liabilities and deferred inflows	<u>704,975</u>	<u>49,640</u>	<u>15,143</u>	<u>171,657</u>	<u>152,711</u>	<u>442,943</u>	<u>52,290</u>	<u>1,589,359</u>
<b>FUND BALANCES:</b>								
Nonspendable	2,746	1,225	-	1,500	997,653	-	-	1,003,124
Restricted for:								
Drug enforcement and equipment	-	-	-	-	-	-	44,215	44,215
System development	-	-	-	-	-	-	1,713,144	1,713,144
Urban renewal projects	-	-	-	-	7,954,601	-	-	7,954,601
Urban renewal debt service	-	-	-	-	-	608,236	-	608,236
Capital projects	-	-	1,138,241	-	-	-	-	1,138,241
Library services	-	-	221,684	-	-	-	-	221,684
Swim center	-	-	-	-	-	-	405,580	405,580
PEG	21,321	-	-	-	-	-	-	21,321
Committed for:								
Transportation services	-	-	-	1,039,966	-	-	-	1,039,966
Street projects	-	1,088,371	-	-	-	-	-	1,088,371
PERS contributions	237,896	-	-	-	-	-	-	237,896
Assigned for:								
Cemetery care	-	-	-	-	-	-	876,116	876,116
Unassigned:	1,140,672	-	-	-	-	-	-	1,140,672
Total fund balance	<u>1,402,635</u>	<u>1,089,596</u>	<u>1,359,925</u>	<u>1,041,466</u>	<u>8,952,254</u>	<u>608,236</u>	<u>3,039,055</u>	<u>17,493,167</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 2,107,610</u>	<u>\$ 1,139,236</u>	<u>\$ 1,375,068</u>	<u>\$ 1,213,123</u>	<u>\$ 9,104,965</u>	<u>\$ 1,051,179</u>	<u>\$ 3,091,345</u>	

Amounts reported in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	102,671,798
Unavailable revenue is reported as a deferred inflow at the fund level but recognized as revenue net of allowance for doubtful accounts on a full accrual basis.	821,554
Post employment benefits are not payable in the current period and therefore are not reported in the funds	(545,801)
Long-term liabilities	(28,033,504)
Accrued interest on long-term liabilities	(134,767)
Internal service fund included as a governmental activity	290,191
Net pension asset	1,306,626
Deferred inflow of resources related to pensions	(2,582,329)
Deferred outflow of resources related to pensions	374,893

Net position \$ 91,661,828

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



**CITY OF CANBY, OREGON**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**For the Fiscal Year Ended June 30, 2015**

	General Fund	Street Fund	Library Fund	Transit Fund	Urban Renewal Agency - General Fund	Urban Renewal Debt Service Fund	Other Governmental Funds	Total Governmental
<b>REVENUES:</b>								
Intergovernmental	\$ 1,120,683	\$ 1,333,184	\$ 783,269	\$ -	\$ -	\$ -	\$ -	\$ 3,237,136
Charges for services	147,741	590,344	28,818	79,425	10,255	-	231,288	1,087,871
Property taxes	4,055,245	-	-	-	-	2,462,027	568,151	7,085,423
Franchise	479,348	-	-	-	-	-	-	479,348
Licenses, fees, permits	150,619	-	-	-	-	-	-	150,619
Fines and forfeitures	617,613	-	-	-	-	-	25,328	642,941
Special assessments	-	-	-	-	-	58,524	-	58,524
Grants and donations	16,557	-	30,517	626,905	7,240	57,064	643	738,926
Interest	8,343	2,992	6,586	4,144	43,620	3,399	14,057	83,141
Miscellaneous	31,393	59,116	-	2,797	1,808	-	-	95,114
System development charges	-	21,658	-	-	-	-	262,784	284,442
Excise taxes	-	49,548	-	-	-	-	-	49,548
Transit taxes	-	-	-	1,180,173	-	-	-	1,180,173
Total revenues	<u>6,627,542</u>	<u>2,056,842</u>	<u>849,190</u>	<u>1,893,444</u>	<u>62,923</u>	<u>2,581,014</u>	<u>1,102,251</u>	<u>15,173,206</u>
<b>EXPENDITURES:</b>								
Current:								
General government	1,601,779	-	-	-	26,425	-	-	1,628,204
Public safety	5,100,791	-	-	-	-	-	18,174	5,118,965
Highways and streets	-	834,575	-	-	-	-	-	834,575
Transportation	-	-	-	1,369,788	-	-	-	1,369,788
Culture and recreation	470,392	-	763,968	-	-	-	609,121	1,843,481
Community development	764,859	-	-	-	-	-	-	764,859
Capital outlay	-	430,759	-	313,343	1,268,838	-	-	2,012,940
Debt service:								
Principal	68,230	-	-	-	-	767,914	-	836,144
Interest	6,596	-	-	-	-	1,131,480	-	1,138,076
Total expenditures	<u>8,012,647</u>	<u>1,265,334</u>	<u>763,968</u>	<u>1,683,131</u>	<u>1,295,263</u>	<u>1,899,394</u>	<u>627,295</u>	<u>15,547,032</u>
Revenues over (under) expenditures	(1,385,105)	791,508	85,222	210,313	(1,232,340)	681,620	474,956	(373,826)
<b>OTHER FINANCING SOURCES (USES):</b>								
Capital leases	136,168	-	-	-	-	-	-	136,168
Transfers in	1,508,179	39,000	-	-	500,000	-	638	2,047,817
Transfers out	(91,377)	(99,287)	(103,142)	(155,216)	(487,594)	(500,000)	(97,920)	(1,534,536)
Total other financing sources (uses)	<u>1,552,970</u>	<u>(60,287)</u>	<u>(103,142)</u>	<u>(155,216)</u>	<u>12,406</u>	<u>(500,000)</u>	<u>(97,282)</u>	<u>649,449</u>
Net changes in fund balances	167,865	731,221	(17,920)	55,097	(1,219,934)	181,620	377,674	275,623
<b>FUND BALANCES, BEGINNING</b>	<u>1,234,770</u>	<u>358,375</u>	<u>1,377,845</u>	<u>986,369</u>	<u>10,172,188</u>	<u>426,616</u>	<u>2,661,381</u>	<u>17,217,544</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 1,402,635</u>	<u>\$ 1,089,596</u>	<u>\$ 1,359,925</u>	<u>\$ 1,041,466</u>	<u>\$ 8,952,254</u>	<u>\$ 608,236</u>	<u>\$ 3,039,055</u>	<u>\$ 17,493,167</u>

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 Fiscal Year Ended June 30, 2015**

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

Net change in fund balances - total governmental funds		\$ 275,623
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 depreciation expense.		
Current year depreciation	(4,614,102)	
Capital acquisitions	<u>1,937,700</u>	(2,676,402)
Disposal of construction in progress		(28,935)
Change in unavailable revenue, net of allowance for doubtful accounts		72,714
Change in accrued interest on long-term liabilities		2,435
Internal service fund reported as governmental activities		6,362
Change in other postemployment benefits		(83,940)
Deferred inflow related to pensions		(2,582,329)
Change in net pension liability		4,248,285
Change in deferred outflow related to pensions		(82,941)
The issuance of long-term debt (e.g., bonds, leases) provides current financial		
Debt service principal payments	979,180	
New capital leases	(136,168)	
Change in compensated absences	<u>(104,710)</u>	<u>738,302</u>
Change in net position of governmental activities		<u><u>\$ (110,826)</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, 2015**

	Enterprise Total Sewer Operations	Internal Service Funds
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 4,431,457	\$ 423,725
Accounts receivables, net	561,968	2,079
Total current assets	4,993,425	425,804
<b>Noncurrent Assets:</b>		
Capital assets, net	10,304,647	-
Net pension asset	212,915	73,225
Total assets	15,510,987	499,029
<b>DEFERRED OUTFLOW OF RESOURCES:</b>		
Deferred resources related to pensions	61,089	21,009
Total assets and deferred outflows	\$ 15,572,076	\$ 520,038
<b>LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>		
<b>LIABILITIES:</b>		
<b>Current Liabilities:</b>		
Accounts payable	\$ 53,176	\$ 38,573
Accrued Interest	2,274	-
Long-term debt - within one year	327,468	12,723
Total current liabilities	382,918	51,296
<b>Noncurrent Liabilities:</b>		
Long-term debt - past one year	600,177	4,240
OPEB liability	76,223	29,594
Total liabilities	1,059,318	85,130
<b>DEFERRED INFLOWS OF RESOURCES:</b>		
Deferred resources related to pensions	420,792	144,717
<b>NET POSITION:</b>		
Net investment in capital assets	9,439,727	-
Restricted for:		
Debt service	302,285	-
Unrestricted	4,349,954	290,191
Total net position	14,091,966	290,191
Total liabilities, deferred inflows and net position	\$ 15,572,076	\$ 520,038

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 Fiscal Year Ended June 30, 2015**

	<u>Enterprise Total Sewer Operations</u>	<u>Internal Service Funds</u>
<b>OPERATING REVENUES:</b>		
Charges for services	\$ 3,898,047	\$ 1,156,246
Miscellaneous	58,460	7,945
System development charges	76,166	-
	<u>4,032,673</u>	<u>1,164,191</u>
<b>OPERATING EXPENSES:</b>		
Cost of sales and services	1,376,028	1,160,354
Depreciation and amortization	286,618	-
	<u>1,662,646</u>	<u>1,160,354</u>
Operating income	2,370,027	3,837
<b>NON-OPERATING INCOME (EXPENSE):</b>		
Interest income	26,789	2,525
Gain on disposal of capital assets	6,809	-
Interest expense	(36,091)	-
	<u>(2,493)</u>	<u>2,525</u>
Total non-operating income (expenses)	(2,493)	2,525
Change in net assets before transfers	2,367,534	6,362
<b>TRANSFERS:</b>		
Transfers in	21,208	-
Transfers out	(534,489)	-
	<u>1,854,253</u>	<u>6,362</u>
Change in net position	1,854,253	6,362
<b>NET POSITION, BEGINNING - as previously stated</b>	12,642,454	423,027
Cumulative effect of change in accounting principle	(404,741)	(139,198)
<b>NET POSITION, BEGINNING - as restated</b>	<u>12,237,713</u>	<u>283,829</u>
<b>NET POSITION, ENDING</b>	<u>\$ 14,091,966</u>	<u>\$ 290,191</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 Fiscal Year Ended June 30, 2015**

	Enterprise Total Sewer Operations	Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from customers	\$ 4,032,673	\$ 1,164,191
Cash paid to employees for salaries and benefits	(1,331,806)	(413,596)
Cash paid to suppliers and others	(472,502)	(817,060)
Net cash from operating activities	2,228,365	(66,465)
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>		
Transfers in	21,208	-
Transfer out	(534,489)	-
Net cash from non-capital financing activities	(513,281)	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Purchase of capital assets	(2,031,752)	-
Payment of principal debt	(255,000)	-
Payment of interest on debt	(36,091)	-
Net cash from capital and related financing activities	(2,322,843)	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Interest received	26,789	2,525
Net increase (decrease) in cash and cash equivalents	(580,970)	(63,940)
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	5,012,427	487,665
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	\$ 4,431,457	\$ 423,725
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>		
Operating income (loss)	\$ 2,370,027	\$ 3,837
Gain (loss) on disposition of assets	6,809	-
Adjustments:		
Depreciation	292,042	-
Amortization	(5,424)	-
Decrease (increase) in:		
Accounts receivable	(184,568)	708
Increase (decrease) in:		
Accounts payable and accrued expenses	15,416	8,550
Accrued interest	(800)	-
OPEB obligation	(2,570)	3,238
Accrued compensated absences	(4,613)	5,917
Pension obligations	(257,954)	(88,715)
Net cash from operating activities	\$ 2,228,365	\$ (66,465)

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

# **NOTES TO THE FINANCIAL STATEMENTS**

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**CITY OF CANBY, OREGON**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2015**

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**I. 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 government.

**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 and assets contributions and management of the primary government as 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, 2015, may be obtained at Canby City Hall, located at 182 N. Holly Street, 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, 2015 may be obtained at CUB's administrative office located at 154 N.W. First 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 to a significant extent 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 (Continued)**  
**June 30, 2015**

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**I. 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 supplemental 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.

**CITY OF CANBY, OREGON**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**June 30, 2015**

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**I. Summary of Significant Accounting Policies (Continued)**

**B. Basic Financial Statements (Continued)**

- **Library Fund**  
This fund accounts for revenues and expenditures for operation of the City Library. The principal resource to this fund is from a county-wide tax district.
- **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 Agency - General Fund**  
This fund accounts for construction and other improvements programs related to revitalization of property within the district boundaries in accordance with the Urban Renewal Plan. The primary source of funds is proceeds from debt issuance.
- **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 sources of funds is property tax increment revenue.

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, systems development and swim center operations. Principal resources include property taxes, intergovernmental revenues, system development charges 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.

**I. Summary of Significant Accounting Policies (Continued)**

**B. Basic Financial Statements (Continued)**

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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. 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 (Continued)**  
**June 30, 2015**

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**I. 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 45 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 GASB 65 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. 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 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.

**I. Summary of Significant Accounting Policies (Continued)**

**C. Measurement Focus and Basis of Accounting (Continued)**

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 principle ongoing operations. The principle 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 enterprise 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.

**D. Assets, Liabilities, Deferred Outflows/Inflows 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**

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 net position on the Governmental Fund Balance Sheet, Government-wide Statement of Net Position and the Proprietary Fund Statement of Net Position.

**Receivables and Payables**

Activity between funds that represent lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. the non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances". There are no interfund loans outstanding as of June 30, 2015. 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 45 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.

**CITY OF CANBY, OREGON**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**June 30, 2015**

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**I. Summary of Significant Accounting Policies (Continued)**

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

**Receivables and Payables (Continued)**

Assessment liens receivable 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 Assets and Depreciation**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, quarries etc.), 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 fixed assets are recorded at their estimated fair market value at the time received.

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 a single reporting period. 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.

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 over the following estimated useful lives:

<u>ASSET</u>	<u>YEARS</u>
Buildings and improvements	5 - 50
Infrastructure	10 - 50
Vehicles and equipment	5 - 20
Utility plant	10 - 50

Depreciation is taken in the year the assets are acquired or retired.

**I. Summary of Significant Accounting Policies (Continued)**

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

**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**

The City's net other postemployment benefit (OPEB) obligation is recognized as a long-term liability in the government-wide financial statements and in the proprietary fund statements, the amount of which is actuarially determined. The annual required contribution is recognized on the accrual basis based upon actuarial accounting principles.

**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.

**I. 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). The City's other restricted net position is temporarily restricted (ultimately expendable) assets. 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, 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.



**I. Summary of Significant Accounting Policies (Continued)**

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

**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. **New accounting pronouncements and accounting standards**

During the fiscal year ended June 30, 2015, the City implemented the following GASB pronouncements:

**E. New accounting pronouncements and accounting standards**

During the fiscal year ended June 30, 2015, the City implemented the following GASB pronouncements:

**GASB Statement No. 68, Accounting and Financial Reporting for Pensions**

This statement was issued to improve accounting and financial reporting by state and local governments for pensions. This statement replaces requirements of statement No. 27, *Accounting for Pensions by State and Local Governmental Employers* as well as requirements of statement No. 50, *Pension Disclosures*. This statement and statement No. 67 (applicable to Pension Plans) establish a definition of a pension plan that reflects the primary activities associated with the pension arrangement – determining pensions, accumulating and managing assets dedicated for pensions and paying benefits to plan members as they come due.

Additional information about the implementation of this statement and statement No. 71 is addressed in the note about a Change in Accounting Principle, as well as in the detailed note for Pensions.

**GASB Statement No. 69, Government Combinations and Disposals of Government Operations**

This statement establishes accounting and financial reporting standards related to government combinations, including mergers, acquisitions and transfers of operations and disposals of government operations.

Management has determined that there is no impact to the City's current financial accounting and reporting for the types of transactions identified in this statement.

**CITY OF CANBY, OREGON**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**June 30, 2015**

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**I. Summary of Significant Accounting Policies (Continued)**

**GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date (an amendment of GASB Statement 68)**

The objective of this statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The statement requires that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability.

**F. Change in Accounting Principle**

In implementing GASB Statement No. 68 and Statement No. 71, the City has restated beginning net position in order to recognize the City's proportionate share of the Net Pension Liability of the Oregon Public Employees Retirement System (OPERS). The restatement also recognizes a deferred outflow of resources related to pensions for contributions made after the June 30, 2014 measurement date.

	Governmental Activities	Business-Type Activities	Total	Component Unit
Net position - beginning (as previously stated)	\$ 94,395,678	\$ 12,642,454	\$ 107,038,132	\$ 43,419,290
Cumulative effect of change in accounting principle	(2,623,024)	(404,741)	(3,027,765)	(947,315)
Net position - beginning (as restated)	<u>\$ 91,772,654</u>	<u>\$ 12,237,713</u>	<u>\$ 104,010,367</u>	<u>\$ 42,471,975</u>

**CITY OF CANBY, OREGON**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**June 30, 2015**

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**II. 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, essentially mirrors the requirements of the Oregon Revised Statutes.

	City	CUB
Cash on hand	\$ 1,194	\$ 700
Cash on deposit	187,948	904,709
Restricted Cash	-	454,740
Oregon State Local Government Investment Pool	20,931,419	9,413,406
Total	<u>\$ 21,120,561</u>	<u>\$ 10,773,555</u>
Reported in the basic financial statements as:		
Governmental activities	\$ 16,689,104	
Business-type activities	4,431,457	
Total	<u>\$ 21,120,561</u>	
Component Unit		
Cash and Cash Equivalents	\$ 10,318,815	
Restricted Cash	454,740	
Total	<u>\$ 10,773,555</u>	

**A. Custodial credit risk**

This is the risk that in the event of a bank failure, the City's deposits may not be returned. The Federal Depositary Insurance Corporation (FDIC) provides insurance for the City's deposits with financial institutions up to \$250,000 for the combined total of all accounts on deposit. 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 depositary insurance, and eliminating the need for certificates of participation. As of June 30, 2015, the City had total bank balances of \$840,220, of which \$250,000 was covered by FDIC and the remainder was collateralized by the statewide pool.

**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.

**CITY OF CANBY, OREGON**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**June 30, 2015**

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**II. Cash and Cash Equivalents (Continued)**

**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. The reported value of the Investment Pool (the Pool) is the same as the fair value of Pool shares. Investments are regulated 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.

**III. 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 3<sup>rd</sup> party collection agencies. The amounts considered uncollectable are \$74,953 and \$139,360 respectively.

Canby Utility Board's accounts receivable primarily represent user charges which are recognized as earned. As of June 30, 2015, an allowance for uncollectible receivables has been provided for the electric and water systems of \$3,588.

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.

**IV. Assets Held For Sale**

On March 21, 2012 the City passed Resolution No. 1122 transferring Tax lot #31E34-01707, also known as "Lot 5, Burden, in the City of Canby, Clackamas County Oregon" (the Property), to the Canby Urban Renewal Agency (the Agency) so that the Agency may offer the Property for sale to the public and use the proceeds toward the payment of the construction costs of the new police facility. The property was originally purchased with the intent of locating a new police facility there but a different site was ultimately used for the new police facility. The construction costs for the police facility were funded with the proceeds of the series 2011 obligations, however \$189,500 of the facility costs were for furniture which is not an allowable expense under ORS 457 therefore the proceeds from the sale of this asset will repay a minimum of this portion of the debt. The asset is currently recorded at cost in the amount of \$997,653, which based on our understanding of the current market should not exceed the net realizable value.

**CITY OF CANBY, OREGON**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**June 30, 2015**

**V. Capital Assets**

Capital asset activity for the year ended June 30, 2015, was as follows:

Primary Government:	Beginning Balance	Additions	Deletions	Ending Balance
<b><i>Capital assets, not being depreciated:</i></b>				
Land	\$ 40,106,634	\$ 889,249	\$ -	\$ 40,995,883
Construction in progress	114,198	241,889	(28,935)	327,152
Total capital assets, not being depreciated	40,220,832	1,131,138	(28,935)	41,323,035
<b><i>Capital assets, being depreciated:</i></b>				
Buildings and improvements	17,416,332	303,181	-	17,719,513
Motor vehicles and equipment	4,988,582	213,664	(183,302)	5,018,944
Infrastructure	131,508,468	289,717	-	131,798,185
Total capital assets, being depreciated	153,913,382	806,562	(183,302)	154,536,642
<b><i>Less accumulated depreciation for:</i></b>				
Buildings and improvements	(3,811,371)	(480,247)	-	(4,291,618)
Vehicles and equipment	(3,203,175)	(392,472)	183,302	(3,412,345)
Infrastructure	(81,742,533)	(3,741,383)	-	(85,483,916)
Total accumulated depreciation	(88,757,079)	(4,614,102)	183,302	(93,187,879)
Total capital assets, being depreciated, net	65,156,303	(3,807,540)	-	61,348,763
Governmental activities capital assets, net	<u>\$ 105,377,135</u>	<u>\$ (2,676,402)</u>	<u>\$ (28,935)</u>	<u>\$ 102,671,798</u>

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

Governmental activities:	
General government	\$ 267,703
Public safety	102,067
Highways and streets	3,764,440
Transportation	244,497
Culture and recreation	177,999
Economic development	57,396
Total depreciation expense - governmental activities	<u>\$ 4,614,102</u>

**CITY OF CANBY, OREGON**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**June 30, 2015**

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**V. Capital Assets (Continued)**

Business-type Activities:	Beginning Balance	Additions	Deletions	Ending Balance
<b><i>Capital assets, not being depreciated:</i></b>				
Land	\$ 1,081,277	\$ -	\$ -	\$ 1,081,277
Intangibles	5,500	-	-	5,500
Construction in progress	89,646	1,587,372	(18,246)	1,658,772
Total capital assets, not being depreciated	1,176,423	1,587,372	(18,246)	2,745,549
<b><i>Capital assets, being depreciated:</i></b>				
Buildings and improvements	8,305,015	-	-	8,305,015
Vehicles	283,790	410,679	(12,996)	681,473
Utility plant	3,743,203	54,318	-	3,797,521
Total capital assets, being depreciated	12,332,008	464,997	(12,996)	12,784,009
<b><i>Less accumulated depreciation for:</i></b>				
Buildings and improvements	(2,824,916)	(174,974)		(2,999,890)
Vehicles	(190,394)	(28,545)	10,625	(208,314)
Utility plant	(1,928,184)	(88,523)	-	(2,016,707)
Total accumulated depreciation	(4,943,494)	(292,042)	10,625	(5,224,911)
Total capital assets, being depreciated, net	7,388,514	172,955	(2,371)	7,559,098
Business-type activities capital assets, net	<u>\$ 8,564,937</u>	<u>\$ 1,760,327</u>	<u>\$ (20,617)</u>	<u>\$ 10,304,647</u>

Depreciation expense for Business-type Activities is charged to functions as follows:

Business-type Activities:	
Sewer	<u>\$ 292,042</u>

**CITY OF CANBY, OREGON**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**June 30, 2015**

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**V. Capital Assets (Continued)**

**Discretely presented component unit**

Activity for the Canby Utility Board (CUB) for the year ended June 30, 2015, was as follows:

<b>CUB:</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance</b>
<b><i>Capital assets, not being depreciated:</i></b>				
Land	\$ 1,340,579	\$ -	\$ -	\$ 1,340,579
Property held for future use	3,633	-	-	3,633
Construction in progress	390,582	1,625,246	(1,789,902)	225,926
Total capital assets, not being depreciated	1,734,794	1,625,246	(1,789,902)	1,570,138
<b><i>Capital assets, being depreciated:</i></b>				
Plant	50,125,558	2,167,976	(132,690)	52,160,844
Equipment	2,475,553	25,926	-	2,501,479
Office furniture and equipment	1,136,181	38,643	-	1,174,824
Total capital assets, being depreciated	53,737,292	2,232,545	(132,690)	55,837,147
<b><i>Less accumulated depreciation for:</i></b>				
Electric and water plant assets	(18,544,756)	(1,435,592)	178,189	(19,802,159)
Total capital assets, being depreciated, net	35,192,536	796,953	45,499	36,034,988
CUB capital assets, net	<u>\$ 36,927,330</u>	<u>\$ 2,422,199</u>	<u>\$ (1,744,403)</u>	<u>\$ 37,605,126</u>

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

CUB Activities:	
Electric	\$ 804,599
Water	<u>630,993</u>
Total depreciation expense – CUB Activities	<u>\$ 1,435,592</u>

**CITY OF CANBY, OREGON**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**June 30, 2015**

**V. Interfund Receivables, Payables, and Transfers**

The composition of interfund balances as of June 30, 2015, was as follows:

Interfund Transfers:

	Transfer In	Transfer Out
Major Governmental Funds:		
General Fund	\$ 1,508,179	\$ 91,377
Street Fund	39,000	99,287
Library Fund	-	103,142
Transit Fund	-	155,216
Urban Renewal District – General Fund	500,000	487,594
Urban Renewal Debt Service Fund	-	500,000
Total Major Governmental Funds	2,047,179	1,436,616
Non-major Governmental Funds	638	97,920
Proprietary Funds:		
Sewer Combined Fund	21,208	534,489
Total All Funds	\$ 2,069,025	\$ 2,069,025

Interfund transfers are used to pay administrative services, contribute toward the cost of capital projects, and provide operational resources.

**VI. Long-term liabilities**

The following tables present information on long-term liabilities, presented separately with respect to governmental and business-type activities. The table below presents current year changes in long-term liabilities, and the current portions due for each category of long-term liabilities presented.

Long-term liability activity for the year ended June 30, 2015, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due within One Year
Governmental Activities					
Loans Payable	\$ 2,064,204	\$ -	\$ 187,097	\$ 1,877,107	\$ 139,455
Bonds	25,998,030	-	696,653	25,301,377	785,960
Capital leases	126,846	136,168	95,430	167,584	72,269
Compensated absences	599,689	590,806	486,096	704,399	528,299
Total governmental activities	\$ 28,788,769	\$ 726,974	\$ 1,465,276	\$ 28,050,467	\$ 1,525,983
Business-type Activities					
Bonds	\$ 1,125,344	\$ -	\$ 260,424	\$ 864,920	\$ 280,424
Compensated absences	67,338	59,347	63,960	62,725	47,044
Total business-type activities	\$ 1,192,682	\$ 59,347	\$ 324,384	\$ 927,645	\$ 327,468



**CITY OF CANBY, OREGON**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**June 30, 2015**

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**VI. Long-term liabilities (continued)**

**A. Bonds Payable**

The City issues full faith and credit obligation bonds to provide funds for the acquisition and construction of major capital facilities. Currently outstanding full faith and credit obligation bonds are direct obligations and pledge the full faith and credit of the City however they have been liquidated and are expected to continue to be liquidated by the urban renewal agency debt service fund with resources provided by tax increment revenue. Full faith and credit obligation bonds outstanding at June 30, 2015, are as follows:

Governmental Activities	
In 2012, the City issued \$14,050,000 of bonds to refinance two OECDD loans, to finance extension of Sequoia Parkway, and to finance a new library and refurbish the existing library building for city offices. The bonds carry interest rates from 3.00% to 4.00% and have a final maturity date of December 1, 2034.	\$ 13,355,000
Bond Premium	981,667
In 2011-12, the City issued \$9,000,000 of bonds to finance a new police facility. The bonds carry interest rates from 2.00% to 5.00% and have a final maturity date of June 1, 2036.	8,915,000
Bond Discount	(19,950)
In 2010, the City issued \$2,500,000 of bonds to finance redevelopment of NE 1st Avenue. The bonds carry interest rates from 3.75% to 7.00% and have a final maturity date of December 15, 2030. They are Recovery Zone Economic Development Bonds which provide the City a 45% rebate of the amount of interest paid.	2,105,000
Bond Discount	(35,340)
Total bonds payable	<u>\$ 25,301,377</u>

**CITY OF CANBY, OREGON**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**June 30, 2015**

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**VI. Long-term liabilities (Continued)**

**A. Bonds Payable (Continued)**

Annual debt service requirements to maturity for general obligation bonds are as follows:

**Bank of New York - Bond Series 2010**

	Principal	Interest	Discount
2016	\$ 105,000	\$ 132,950	\$ (2,208)
2017	105,000	128,159	(2,208)
2018	110,000	122,381	(2,208)
2019	110,000	116,469	(2,208)
2020	115,000	110,422	(2,208)
2021-2025	625,000	439,191	(11,040)
2026-2030	765,000	197,925	(11,040)
2031-2035	170,000	5,950	(2,220)
Total	<u>\$ 2,105,000</u>	<u>\$ 1,253,447</u>	<u>\$(35,340)</u>

**Bank of New York - Bond Series 2011**

	Principal	Interest	Discount
2016	\$ 25,000	\$ 425,738	\$ (950)
2017	30,000	425,238	(950)
2018	45,000	424,548	(950)
2019	115,000	423,355	(950)
2020	120,000	418,755	(950)
2021-2025	770,000	2,020,053	(4,750)
2026-2030	2,350,000	1,704,420	(4,750)
2031-2035	4,405,000	960,090	(4,750)
2036-2040	1,055,000	52,750	(950)
Total	<u>\$ 8,915,000</u>	<u>\$ 6,854,947</u>	<u>\$(19,950)</u>

**Bank of New York - Bond Series 2012**

	Principal	Interest	Premium
2016	\$ 610,000	\$ 461,963	\$ 49,118
2017	650,000	443,063	49,118
2018	645,000	425,638	49,118
2019	605,000	408,888	49,118
2020	620,000	390,513	49,118
2021-2025	3,425,000	1,568,165	245,590
2026-2030	3,095,000	921,365	245,590
2031-2035	3,705,000	308,832	244,897
Total	<u>\$ 13,355,000</u>	<u>\$ 4,928,427</u>	<u>\$981,667</u>

**Total Governmental Bonds**

	Principal	Interest
2016	\$ 785,960	\$ 1,020,651
2017	830,960	996,460
2018	845,960	972,567
2019	875,960	948,712
2020	900,960	919,690
2021-2025	5,049,800	4,027,409
2026-2030	6,439,800	2,823,710
2031-2035	8,517,927	1,274,872
2036-2040	1,054,050	52,750
Total	<u>\$ 25,301,377</u>	<u>\$ 13,036,821</u>

**CITY OF CANBY, OREGON**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**June 30, 2015**

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**VI. Long-term liabilities (Continued)**

**A. Bonds Payable (Continued)**

The City also issues bonds where income derived from acquired or constructed assets is pledged to pay debt service. These bonds have been and are expected to continue to be liquidated by sewer combined fund charges for service revenue. Revenue bonds outstanding at June 30, 2015 are as follows:

Business-type Activities	
In 2008, the City issued additional revenue bonds to refund prior borrowings related to improvements in the sanitary sewer collection and treatment system in the amount of \$2,505,000. These bonds carry interest rates ranging from 3.5% to 4.0% over the life of the issue, have a premium amortized with them, and have a final maturity date of December 1, 2017.	\$ 850,000
Bond Premium	14,920
Total bonds payable	<u>\$ 864,920</u>

Annual debt service requirements to maturity for revenue bonds are as follows:

Bank of New York - Sewer Bond Series 2008			Total Enterprise Bonds		
	Principal	Interest	Premium	Principal	Interest
2016	\$ 275,000	\$ 27,284	\$ 5,424	\$ 280,424	\$ 27,284
2017	280,000	17,050	5,424	285,424	17,050
2018	295,000	5,900	4,072	299,072	5,900
Total	<u>\$ 850,000</u>	<u>\$ 50,234</u>	<u>\$ 14,920</u>	<u>\$ 864,920</u>	<u>\$ 50,234</u>

**C. Loans/Notes Payable**

Governmental Activities	
In 1997, a loan through the OECDD in the amount of \$260,000 was taken to finance the Logging Road Industrial Park Phase 2. The loan carries an interest rate of 5.01% over the 20 year term. The loan has a final maturity date of December 1, 2017	\$ 54,725
In 2009, the City borrowed \$1,981,047 through the OECDD to finance completion of Township Road, Berg Parkway and Sequoia Parkway. The loan included a premium of \$19,067 for a total initial amount of \$2,000,114. The loan carries interest rates from 3.00% to 5.25% over its 20 year term, and has a premium associated with it. The loan has a final maturity date of December 1, 2028	1,543,388
Loan Premium	13,349
In 2010, the City borrowed \$417,927 from Business Oregon Infrastructure Finance Authority to finance construction of Walnut Street in the Canby Pioneer Industrial Park. The loan carries an interest rate of 5% over a 10-year term. The loan has a final maturity date of December 1, 2020.	265,645
Total loans payable	<u>\$ 1,877,107</u>

**CITY OF CANBY, OREGON**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**June 30, 2015**

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**VI. Long-term liabilities (Continued)**

**B. Loans/Notes Payable (Continued)**

Annual debt service requirements to maturity for outstanding loan obligations are as follows:

**SPWF 97-007 (OEDD 2)**

	Principal	Interest
2016	\$ 18,083	\$ 2,774
2017	18,238	1,870
2018	18,404	939
Total	<u>\$ 54,725</u>	<u>\$ 5,583</u>

**OECD #B08002**

	Principal	Interest	Premium
2016	\$ 79,578	\$ 71,198	\$ 953
2017	85,161	68,014	953
2018	90,768	64,608	953
2019	91,399	60,977	953
2020	97,095	57,093	953
2021-2025	552,739	216,053	4,765
2026-2030	546,648	68,330	3,819
Total	<u>\$ 1,543,388</u>	<u>\$ 606,273</u>	<u>\$ 13,349</u>

**Business Oregon  
X090004**

	Principal	Interest
2016	\$ 40,841	\$ 13,282
2017	42,883	11,240
2018	45,027	9,096
2019	47,279	6,845
2020	49,643	4,481
2021-2025	39,972	1,999
2026-2030	-	-
	<u>\$ 265,645</u>	<u>\$ 46,943</u>

**Total Government  
Loans**

	Principal	Interest
2016	\$ 139,455	\$ 87,254
2017	147,235	81,124
2018	155,152	74,643
2019	139,631	67,822
2020	147,691	61,574
2021-2025	597,476	218,052
2026-2030	550,467	68,330
Total	<u>\$ 1,877,107</u>	<u>\$ 658,799</u>

**CITY OF CANBY, OREGON**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**June 30, 2015**

**VI. Long-term liabilities (Continued)**

**C. Capital Leases**

The City has entered into lease agreements for financing the acquisition of certain equipment. These lease agreements qualify as capital leases for accounting purposes (title transfers at the end of the lease term) and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception. These leases have been and are expected to continue to be liquidated by the general fund police safety has the assets are used herein.

The following is an analysis of equipment leased under capital leases as of June 30, 2015:

Governmental Activities	Lease Obligation	Net Capitalized Cost
General Fund:		
Police vehicles (Lease #5241014), 4.95%, \$21,878 annual payment including interest, final portion due November 19, 2015	\$ 20,846	\$ 51,780
Police vehicles (Lease #5241015), 5.95%, \$25,001 annual payment including interest, final portion due November 25, 2016	45,869	68,605
Police vehicles (Lease #5241016), 5.95%, \$26,778 annual payment including interest, final portion due February 10, 2018	71,644	91,510
Police vehicle (Lease #5241017), 6.45%, \$8,521 annual payment including interest, final portion due March 17, 2019	29,225	35,902
Total	<u>\$ 167,584</u>	<u>\$ 247,797</u>

The following is a schedule of future minimum lease payments under the capital leases, and the present value of the net minimum lease payments at June 30, 2015.

	Years ending June 30	General Fund Amount
	2016	\$ 82,178
	2017	60,300
	2018	35,299
	2019	8,521
Total minimum lease payments		186,298
Less amount representing interest		(18,714)
Present value of future minimum lease payments		<u>\$ 167,584</u>

**CITY OF CANBY, OREGON**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**June 30, 2015**

**VI. Long-term liabilities (Continued)**

**C. Discretely presented component unit – Revenue Bonds**

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due within One Year
CUB:					
Bonds	\$ 4,370,000	\$ 1,951,000	\$2,045,000	\$ 4,276,000	\$ 315,000

The CUB issued water system revenue bonds. The bond purchase agreement provides that principal and interest on the bonds are payable solely from and secured by the net revenues of the water system. On the 2004 and 2007 water revenue bonds involved the purchase of surety bonds in lieu of setting aside funds for meeting reserve requirements. These would cover the bond holders in the event of a default by CUB, such as a failure to make payments of interest and principal on a timely basis. The surety bonds are rated municipal bonds.

**CUB**

In 2014 the CUB issued water revenue refunding bonds in the amount of \$1,951,000 for the purpose of refunding the outstanding 2004 water revenue bonds. The transaction generated an approximate \$156,069 in net present value savings. These bonds carry an interest rate of 2.3%, and mature in 2025.

\$ 1,916,000

In 2007, the CUB issued water revenue bonds in the amount of \$3,200,000. These bonds carry interest rates ranging from 3.625% to 3.75% over the life of the issue, and mature in 2027.

2,360,000

Total bonds payable

\$ 4,276,000

Annual debt service requirements to maturity for outstanding revenue bonds are as follows:

**CUB**

Year Ending June 30,	Principal
2016	\$ 315,000
2017	323,000
2018	337,000
2019	351,000
2020	362,000
2021-2025	1,923,000
2026-2028	665,000
Total	\$ 4,276,000

**CITY OF CANBY, OREGON**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**June 30, 2015**

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**VII. Post Employment Benefits Other than Pensions**

**A. Plan Description**

The City does not have a formal post-employment benefit plan for employees, however, the City is required by Oregon Revised Statutes 243.303 to provide retirees with access to group health and dental insurance from the date of retirement to age 65 at the same rate provided to current employees. GASB 45 is applicable to the City due only to the implicit rate subsidy. This plan is not a stand-alone plan and therefore does not issue its own financial statements.

**B. Funding Policy**

The City funds the plan only to the extent of current year insurance premium requirement on a pay-as-you-go basis. At June 30, 2015, the City had 86 active employees and three retirees participating in the program. All insurance premium costs for retirees are paid in full by the individual. The City has not established an irrevocable trust to accumulate assets to fund the cost of the OPEB obligation that arises from the implicit subsidy.

**C. Annual OPEB Cost and Net OPEB Obligation**

The City's annual other post employment benefit cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the fiscal year ending June 30, 2015, the amount actually contributed to the plans, and changes in the City's net OPEB obligation:

Normal cost at year end	\$	71,089
Amortization of UAAL		<u>95,698</u>
Annual required contribution		166,787
Interest on prior year Net OPEB Obligation		19,871
Adjustment to ARC		(68,267)
Implicit benefit payments		<u>(34,526)</u>
Increase in Net OPEB Obligation		83,865
Net OPEB obligation at beginning of year		<u>567,753</u>
Net OPEB obligation at end of year	\$	<u>651,618</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the past three fiscal years was as follows:

<u>Fiscal Year End</u>	<u>Annual OPEB Cost</u>	<u>Percent of Annual OPEB Cost Contribution</u>	<u>Net OPEB Obligation</u>
06/30/13	\$ 125,875	28%	\$ 486,906
06/30/14	114,390	29	567,753
06/30/15	118,391	29	651,618

**VII. Post Employment Benefits Other than Pensions (Continued)**

**D. Funded Status and Funding Progress**

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amount determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future. As of August 1, 2014 the actuarial accrued liability for benefits was \$527,483, and the actuarial value of assets was zero, resulting in an unfunded accrued liability of \$527,483.

**E. Actuarial Methods and Assumptions**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the August 1, 2014 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumption included a 3.5% rate for discounting future liabilities, an annual healthcare cost trend rate of 5.75%, varying in future years until settling to an ultimate rate of 4.75%, and a general inflation rate of 2.75% per year, used to develop other economic assumptions. The UAAL is being amortized using the level a level dollar amount over an open period of ten years.

**F. Retirement Health Insurance Account (RHIA)**

**Plan Description**

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



**CITY OF CANBY, OREGON**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**June 30, 2015**

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**VII. Post Employment Benefits Other than Pensions (Continued)**

**F. Retirement Health Insurance Account (RHIA) (Continued)**

**Funding Policy**

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

Participating cities are contractually required to contribute to RHIA at a rate assessed each year by PERS, currently 0.59% of annual covered payroll for Tier 1/Tier 2 members and 0.49% for OPSRP members. The PERS Board of Trustees sets the employer contribution rate based on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The City's contributions to RHIA for the year ended June, 30, 2015, were included with contributions to PERS.

**G. 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 2014-2015, \$63,694 in costs were recognized. At the entity wide level the city recognized a liability and corresponding expense for retirement benefits of eligible employees calculated based on sick leave accrued as of June 30, 2015.

**CITY OF CANBY, OREGON**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**June 30, 2015**

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**VIII. 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 CAFR which can be found at:

[http://www.oregon.gov/pers/Pages/section/financial\\_reports/financials.aspx](http://www.oregon.gov/pers/Pages/section/financial_reports/financials.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.

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 (Continued)**  
**June 30, 2015**

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**VIII. Pension Plan (Continued)**

**B. Benefits Provided (Continued)**

**Tier One/Tier Two Retirement Benefits (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. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25% on the first \$60,000 of annual benefit and 0.15% on annual benefits above \$60,000.

**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.

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

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

Benefit Changes After Retirement. Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal

**CITY OF CANBY, OREGON**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**June 30, 2015**

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**VIII. Pension Plan (Continued)**

**B. Benefits Provided (Continued)**

year 2015 and beyond will vary based on 1.25% on the first \$60,000 of annual benefit and 0.15% on annual benefits above \$60,000.

**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, 2011 actuarial valuation as subsequently modified by 2013 legislated changes in benefit provisions. The rates based on a percentage of payroll, first became effective July 1, 2013. The City's contribution rates for the period were 15.33% and for Tier One/Tier Two members, 11.08% for OPSRP General Service members, and 13.81% for OPSRP Police and Fire members. The City's total contributions exclusive of the 6% "pick-up" was \$573,996. CUB employer contributions for the year ended June 30, 2015 were \$308,603, 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 \$331,446 of the employees' contribution.

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

At June 30, 2015, the City reported an asset of \$1,592,766 for its proportionate share of the OPERS net pension asset. The net pension asset was measured as of June 30, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2012 rolled forward to June 30, 2014. The City's proportion of the net pension asset 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, 2014, the City's and CUB's proportion was 0.07026762% and 0.02230393% respectively, which is unchanged from its proportion measured as of June 30, 2013.

The Oregon Supreme Court (Court) ruled on April 30, 2015 that certain provisions of Senate Bill (SB) 861, signed into law in October 2013, were unconstitutional. SB 861 included provisions that limited post-retirement COLA on benefits accrued prior to the signing of the law. The Court ruled that benefits could be modified prospectively, but not retrospectively. As a result, those who retired before the bills were passed will continue to receive a COLA tied to the Consumer Price Index that normally results in a 2% increase annually. OPERS members who have accrued benefits before and after the effective dates of the 2013 legislation will have a blended COLA rate when they retire. This is a change in benefit terms subsequent to the measurement date of June 30, 2014, and has not been included in the net pension asset/liability proportionate shares calculated by OPERS.

**CITY OF CANBY, OREGON**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**June 30, 2015**

**VIII. Pension Plan (Continued)**

**D. Pension Assets, Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

For the year ended June 30, 2015, the City and CUB recognized pension expense of \$(1,478,300) and \$(464,999) respectively. At June 30, 2015, 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
Net difference between projected and actual earnings on investments	\$ -	\$ 3,073,394	\$ -	\$ 975,538
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	74,444	-	12,344
Contributions subsequent to the MD	456,991	-	204,466	-
Net Deferred Outflow/(Inflow) of Resources	<u>\$ 456,991</u>	<u>\$ 3,147,838</u>	<u>\$ 204,466</u>	<u>\$ 987,882</u>

Deferred outflows of resources related to pensions of \$456,991 and \$204,466 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 in the year ending June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	City	CUB
2016	\$ (784,532)	\$ (246,568)
2017	(784,532)	(246,568)
2018	(784,532)	(246,568)
2019	(784,532)	(246,566)
2020	(9,710)	(1,612)
Total	<u>\$ (3,147,838)</u>	<u>\$ (987,882)</u>

**CITY OF CANBY, OREGON**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**June 30, 2015**

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**VIII. Pension Plan (Continued)**

**F. Actuarial Methods and Assumptions**

The total pension liability in the December 31, 2012 actuarial valuation was determined using the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Amortized as a level percentage of payroll as layered amortization bases over a closed period; Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years
Asset Valuation Method	Market value of assets
Actuarial Assumptions:	
Inflation Rate	2.75%
Investment Rate of Return	7.75%
Projected Salary Increases	3.75% overall payroll growth; salaries for individuals are assumed to grow at 3.75% plus assumed rates of merit/longevity increases based on service
Mortality	<p>Healthy retirees and beneficiaries:</p> <p>RP-2000 Sex-distinct, generational per Scale AA, with collar adjustments and set-backs as described in the valuation.</p> <p>Active members:</p> <p>Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation.</p> <p>Disabled retirees:</p> <p>Mortality rates are a percentage (65% for males, 90% for females) of the RP-2000 static combined disabled mortality sex-distinct table.</p>

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2012 experience study which reviewed experience for the four-year period ending on December 31, 2012.

**CITY OF CANBY, OREGON**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**June 30, 2015**

**VIII. Pension Plan (Continued)**

**G. 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 2013 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.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Compounded Annual Return (Geometric)</u>
Core Fixed Income	7.20%	4.50%
Short-Term Bonds	8.00%	3.70%
Intermediate -Term Bonds	3.00%	4.10%
High Yield Bonds	1.80%	6.66%
Large Cap US Equities	11.65%	7.20%
Mid Cap US Equities	3.88%	7.30%
Small Cap US Equities	2.27%	7.45%
Developed Foreign Equities	14.21%	6.90%
Emerging Foreign Equities	5.49%	7.40%
Private Equities	20.00%	8.26%
Opportunity Funds/Absolute Return	5.00%	6.01%
Real Estate (Property)	13.75%	6.51%
Real Estate (REITS)	2.50%	6.76%
Commodities	1.25%	6.07%
<b>Total</b>	<b>100.00%</b>	
Assumed Inflation - Mean		2.75%

**CITY OF CANBY, OREGON**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**June 30, 2015**

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**VIII. Pension Plan (Continued)**

**H. Discount Rate**

The discount rate used to measure the total pension liability was 7.75% 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.

**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 7.75%, 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 (6.75%) or one percentage point higher (8.75%) than the current rate:

Proportionate share of the net pension liability (asset)	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
City	\$ 372,904	\$ (1,592,776)	\$ (5,792,559)
CUB	1,070,600	(505,566)	(1,839,300)

**J. Pension Plan Fiduciary Net Position**

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

**IX. 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, vehicle inspection bond and employee dishonesty coverage. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.



**CITY OF CANBY, OREGON**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**June 30, 2015**

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**X. 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, 2015, the City had outstanding commitments for construction and equipment totaling approximately \$7,200,000.

**XI. Related Party**

The City receives payments from CUB for contributions in lieu of taxes. For the year ended June 30, 2015, contributions totaled \$505,213 for electric and \$132,018 for water. The receivable amounts at June 30, 2015, \$38,208 for electric and \$11,808 for water.

# **REQUIRED SUPPLEMENTARY INFORMATION**

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**CITY OF CANBY, OREGON**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2015**

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ 1,117,030	\$ 1,117,030	\$ 1,120,683	\$ 3,653
Charges for services	142,925	145,175	147,741	2,566
Property taxes	4,046,557	4,046,557	4,055,245	8,688
Franchise	462,000	462,000	479,348	17,348
Licenses, fees, permits	166,715	166,715	150,619	(16,096)
Fines and forfeitures	364,000	369,082	617,613	248,531
Grants & donations	11,500	11,500	16,557	5,057
Interest	7,000	7,000	8,343	1,343
Miscellaneous	10,690	10,690	31,393	20,703
Total revenues	6,328,417	6,335,749	6,627,542	291,793
<b>EXPENDITURES:</b>				
Administration	1,199,390	1,295,497	1,248,753	46,744
Court	320,817	325,899	318,314	7,585
Planning	214,384	216,634	175,370	41,264
Parks	994,859	1,029,026	470,392	558,634
Building	44,185	44,185	33,736	10,449
Police	4,808,206	4,808,206	4,646,309	161,897
Cemetery	102,170	118,199	116,940	1,259
Finance	437,821	439,021	427,852	11,169
Economic Development	484,900	500,646	438,813	61,833
Contingency	835,313	788,221	-	788,221
Total expenditures	9,442,045	9,565,534	7,876,479	1,689,055
Revenues over (under) expenditures	(3,113,628)	(3,229,785)	(1,248,937)	1,980,848
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	2,072,353	2,086,392	1,508,179	(578,213)
Transfers out	(91,377)	(91,377)	(91,377)	-
Total other financing sources (uses)	1,980,976	1,995,015	1,416,802	(578,213)
Net changes in fund balances	(1,132,652)	(1,234,770)	167,865	1,402,635
<b>FUND BALANCE, BEGINNING</b>	1,132,652	1,234,770	1,234,770	-
<b>FUND BALANCE, ENDING</b>	\$ -	\$ -	\$ 1,402,635	\$ 1,402,635

**Budget to GAAP Differences:**

The City entered into capital leases in the amount of \$136,168 for police cars; the proceeds and expenditures are recorded as other financing sources and public safety expenditures respectively on the General Fund Statement of Revenues, Expenditures and Changes in Fund Balance.

**CITY OF CANBY, OREGON**  
**STREET FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2015**

	Budget			Variance Positive (Negative)
	Original	Final	Actual	
<b>REVENUES:</b>				
Intergovernmental	\$ 1,330,033	\$ 1,405,005	\$ 1,333,184	\$ (71,821)
Charges for services	541,300	566,775	590,344	23,569
Interest	4,500	4,500	2,992	(1,508)
Miscellaneous	1,350	1,350	59,116	57,766
System development charges	34,033	34,033	21,658	(12,375)
Excise tax	25,481	25,481	49,548	24,067
Total revenues	1,936,697	2,037,144	2,056,842	19,698
<b>EXPENDITURES:</b>				
Personal service	587,748	587,748	518,048	69,700
Materials and service	350,044	375,519	316,527	58,992
Capital outlay	1,134,821	828,940	430,759	398,181
Contingency	393,954	544,025	-	544,025
Total expenditures	2,466,567	2,336,232	1,265,334	1,070,898
Revenues over (under) expenditures	(529,870)	(299,088)	791,508	1,090,596
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	40,000	40,000	39,000	(1,000)
Transfers out	(98,649)	(99,287)	(99,287)	-
Total other financing sources (uses)	(58,649)	(59,287)	(60,287)	(1,000)
Net changes in fund balance	(588,519)	(358,375)	731,221	1,089,596
<b>FUND BALANCE, BEGINNING</b>	588,519	358,375	358,375	-
<b>FUND BALANCE, ENDING</b>	\$ -	\$ -	\$ 1,089,596	\$ 1,089,596

**CITY OF CANBY, OREGON**  
**LIBRARY FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2015**

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ 749,246	\$ 749,246	\$ 783,269	\$ 34,023
Charges for services	27,500	27,500	28,818	1,318
Grants & donations	19,500	27,242	30,517	3,275
Interest	6,000	6,000	6,586	586
Total revenues	802,246	809,988	849,190	39,202
<b>EXPENDITURES:</b>				
Personal service	615,832	615,832	601,900	13,932
Materials and service	167,905	175,647	162,068	13,579
Contingency	1,305,389	1,305,389	-	1,305,389
Total expenditures	2,089,126	2,096,868	763,968	1,332,900
Revenues over (under) expenditures	(1,286,880)	(1,286,880)	85,222	1,372,102
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(103,142)	(103,142)	(103,142)	-
Net changes in fund balance	(1,390,022)	(1,390,022)	(17,920)	1,372,102
<b>FUND BALANCE, BEGINNING</b>	1,390,022	1,390,022	1,377,845	(12,177)
<b>FUND BALANCE, ENDING</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,359,925</u>	<u>\$ 1,359,925</u>

**CITY OF CANBY, OREGON**  
**TRANSIT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2015**

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Charges for services	\$ 75,000	\$ 75,000	\$ 79,425	\$ 4,425
Grants & donations	723,217	723,217	626,905	(96,312)
Interest	3,200	3,200	4,144	944
Miscellaneous	20,000	20,000	2,797	(17,203)
Transit Tax	1,036,000	1,036,000	1,180,173	144,173
Total revenues	1,857,417	1,857,417	1,893,444	36,027
<b>EXPENDITURES:</b>				
Personal service	290,194	292,243	252,679	39,564
Materials and service	1,332,393	1,332,393	1,117,109	215,284
Capital outlay	165,000	330,000	313,343	16,657
Contingency	777,374	625,325	-	625,325
Total expenditures	2,564,961	2,579,961	1,683,131	896,830
Revenues over (under) expenditures	(707,544)	(722,544)	210,313	932,857
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(155,216)	(155,216)	(155,216)	-
Net changes in fund balance	(862,760)	(877,760)	55,097	932,857
<b>FUND BALANCE, BEGINNING</b>	862,760	877,760	986,369	108,609
<b>FUND BALANCE, ENDING</b>	\$ -	\$ -	\$ 1,041,466	\$ 1,041,466

**CITY OF CANBY, OREGON**  
**SCHEDULE OF FUNDING PROGRESS**  
**June 30, 2015**

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Other Postemployment Benefits Plan

Valuation Date	Assets	Actuarial Accrued Liability	Unfunded Accrued Liability	Funded Ratio	Covered Payroll	UAL/ Payroll
8/1/2008	\$ -	\$ 826,003	\$ 826,003	0%	\$ 4,904,324	16.84%
8/1/2010	-	722,154	722,154	0%	5,652,834	12.78%
8/1/2012	-	716,841	716,841	0%	5,822,556	12.31%
8/1/2014	-	527,483	527,483	0%	5,845,405	9.02%

\* Information prior to 2008 is not available.



**CITY OF CANBY, OREGON**  
**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**LAST TEN YEARS\***

<u>Year Ended June 30,</u>	<u>Proportion of the net pension liability (asset)</u>	<u>Proportionate share of the net pension liability (asset)</u>	<u>Covered payroll</u>	<u>Proportionate share of the net pension liability (asset) as a percentage of its covered payroll</u>	<u>Plan fiduciary net position as a percentage of the total pension liability</u>
City					
2015	0.07026762%	\$ (1,592,766)	\$ 6,055,435	-26.30%	103.60%
2014	0.07026762%	3,585,860	6,108,489	58.70%	91.97%
Canby Utility Board					
2015	0.02230393%	\$ 505,566	\$ 1,592,085	31.75%	103.60%

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**  
**LAST TEN YEARS\***

<u>Year Ended June 30,</u>	<u>Statutorily required contribution</u>	<u>Contributions in relation to the statutorily required contribution</u>	<u>Contribution deficiency (excess)</u>	<u>Covered payroll</u>	<u>Contributions as a percent of covered payroll</u>
City					
2015	\$ 456,991	\$ 456,991	\$ -	\$ 6,055,435	7.55%
2014	558,095	558,095	-	6,108,489	9.1%
Canby Utility Board					
2015	\$ 204,466	\$ 204,466	\$ -	\$ 1,592,085	12.84%

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 REQUIRED SUPPLEMENTARY INFORMATION**  
**June 30, 2015**

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**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 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 the General Fund is at the department level. The level of control for all other funds, except the Cemetery Perpetual Care and Debt Service Funds, which are controlled at the fund level, is by the expenditure categories of personal services, materials and services, capital outlay, service agencies and transfers. The City discloses budgetary expenditures by function. The budget document contains more specific, detailed information for the aforementioned expenditure categories. Appropriations lapse as of the year-end.

The City Council may change the budget throughout the year by transferring appropriations between levels of control and by adopting supplemental budgets 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 requires hearings before the public, 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 year-ended June 30, 2015, the city had two supplemental budgets.

# **SUPPLEMENTARY INFORMATION**

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**CITY OF CANBY, OREGON**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**COMBINING BALANCE SHEET**  
**June 30, 2015**

	Forfeiture Fund	Cemetery Perpetual Care Fund	Swim Center Local Option Tax Levy Fund	System Development Charge Fund	Total
<b>ASSETS</b>					
Cash and cash equivalents	\$ 45,858	\$ 876,116	\$ 413,056	\$ 1,713,144	\$ 3,048,174
Due from other governments	-	-	2,364	-	2,364
Accounts receivable	-	-	7,265	-	7,265
Property taxes receivable	-	-	33,542	-	33,542
Total assets	<u>\$ 45,858</u>	<u>\$ 876,116</u>	<u>\$ 456,227</u>	<u>\$ 1,713,144</u>	<u>\$ 3,091,345</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE</b>					
<b>LIABILITIES</b>					
Accounts payable and other current liabilities	\$ 1,643	\$ -	\$ 19,192	\$ -	\$ 20,835
<b>DEFERRED INFLOWS</b>					
Unavailable revenue	-	-	31,455	-	31,455
Total liabilities and deferred inflows	<u>1,643</u>	<u>-</u>	<u>50,647</u>	<u>-</u>	<u>52,290</u>
<b>FUND BALANCES:</b>					
Restricted for:					
Drug enforcement and equipment	44,215	-	-	-	44,215
Swim center	-	-	405,580	-	405,580
System Development	-	-	-	1,713,144	1,713,144
Committed:					
Cemetery care	-	876,116	-	-	876,116
Total fund balances	<u>44,215</u>	<u>876,116</u>	<u>405,580</u>	<u>1,713,144</u>	<u>3,039,055</u>
Total liabilities and fund balances	<u>\$ 45,858</u>	<u>\$ 876,116</u>	<u>\$ 456,227</u>	<u>\$ 1,713,144</u>	<u>\$ 3,091,345</u>

**CITY OF CANBY, OREGON**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**For the Fiscal Year Ended June 30, 2015**

	Forfeiture Fund	Cemetery Perpetual Care Fund	Swim Center Local Option Tax Levy Fund	System Development Charge Fund	Total
<b>REVENUES:</b>					
Charges for services	\$ -	\$ 12,170	\$ 219,118	\$ -	\$ 231,288
Property taxes	-	-	568,151	-	568,151
Fines and forfeitures	25,328	-	-	-	25,328
Grants & donations	-	-	643	-	643
Interest	221	4,364	1,905	7,567	14,057
System development charges	-	-	-	262,784	262,784
Total revenues	25,549	16,534	789,817	270,351	1,102,251
<b>EXPENDITURES:</b>					
Public safety	18,174	-	-	-	18,174
Culture and recreation	-	-	609,121	-	609,121
Total expenditures	18,174	-	609,121	-	627,295
Revenues over (under) expenditures	7,375	16,534	180,696	270,351	474,956
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	-	-	-	638	638
Transfers out	-	-	(76,712)	(21,208)	(97,920)
Total other financing sources (uses)	-	-	(76,712)	(20,570)	(97,282)
Net changes in fund balances	7,375	16,534	103,984	249,781	377,674
<b>FUND BALANCES, BEGINNING</b>	36,840	859,582	301,596	1,463,363	2,661,381
<b>FUND BALANCES, ENDING</b>	<u>\$ 44,215</u>	<u>\$ 876,116</u>	<u>\$ 405,580</u>	<u>\$ 1,713,144</u>	<u>\$ 3,039,055</u>

**CITY OF CANBY, OREGON**  
**FORFEITURE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2015**

	Budget			Variance
	Original	Final	Actual	Positive (Negative)
<b>REVENUES:</b>				
Fines and forfeitures	\$ -	\$ -	\$ 25,328	\$ 25,328
Interest	-	-	221	221
Total revenues	-	-	25,549	25,549
<b>EXPENDITURES:</b>				
Materials and service	36,950	36,950	18,174	18,776
Revenues over (under) expenditures	(36,950)	(36,950)	7,375	44,325
<b>FUND BALANCE, BEGINNING</b>	36,950	36,950	36,840	(110)
<b>FUND BALANCE, ENDING</b>	\$ -	\$ -	\$ 44,215	\$ 44,215



**CITY OF CANBY, OREGON**  
**CEMETERY PERPETUAL CARE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2015**

	Budget			Variance
	Original	Final	Actual	Positive (Negative)
<b>REVENUES:</b>				
Charges for services	\$ 13,000	\$ 13,000	\$ 12,170	\$ (830)
Interest	5,000	5,000	4,364	(636)
Total revenues	18,000	18,000	16,534	(1,466)
<b>FUND BALANCE, BEGINNING</b>	858,099	858,099	859,582	1,483
<b>FUND BALANCE, ENDING</b>	<u>\$ 876,099</u>	<u>\$ 876,099</u>	<u>\$ 876,116</u>	<u>\$ 17</u>

**CITY OF CANBY, OREGON**  
**SWIM CENTER LOCAL OPTION LEVY FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2015**

	Budget			Variance
	Original	Final	Actual	Positive (Negative)
<b>REVENUES:</b>				
Charges for services	\$ 180,700	\$ 180,700	\$ 219,118	\$ 38,418
Property taxes	565,795	565,795	568,151	2,356
Interest	1,200	1,200	1,905	705
Donations	-	-	643	643
Total revenues	747,695	747,695	789,817	42,122
<b>EXPENDITURES:</b>				
Personal service	492,865	509,685	497,525	12,160
Materials and service	126,960	126,960	111,596	15,364
Capital outlay	15,000	15,000	-	15,000
Contingency	316,720	299,900	-	299,900
Total expenditures	951,545	951,545	609,121	342,424
Revenues over (under) expenditures	(203,850)	(203,850)	180,696	384,546
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(76,712)	(76,712)	(76,712)	-
Net changes in fund balance	(280,562)	(280,562)	103,984	384,546
<b>FUND BALANCE, BEGINNING</b>	280,562	280,562	301,596	21,034
<b>FUND BALANCE, ENDING</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 405,580</u>	<u>\$ 405,580</u>

**CITY OF CANBY, OREGON**  
**SYSTEM DEVELOPMENT CHARGE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2015**

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Interest	\$ 5,200	\$ 5,200	\$ 7,567	\$ 2,367
System development charges	301,901	306,183	262,784	(43,399)
Total revenues	307,101	311,383	270,351	(41,032)
<b>EXPENDITURES:</b>				
Contingency	1,430,258	1,228,684	-	1,228,684
Revenues over (under) expenditures	(1,123,157)	(917,301)	270,351	1,187,652
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	638	638	-
Transfers out	(521,700)	(546,700)	(21,208)	525,492
Total other financing sources (uses)	(521,700)	(546,062)	(20,570)	525,492
Net change in fund balance	(1,644,857)	(1,463,363)	249,781	525,492
<b>FUND BALANCE, BEGINNING</b>	1,644,857	1,463,363	1,463,363	-
<b>FUND BALANCE, ENDING</b>	\$ -	\$ -	\$ 1,713,144	\$ 525,492

**CITY OF CANBY, OREGON**  
**URBAN RENEWAL AGENCY - GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2015**

	Budget			Variance
	Original	Final	Actual	Positive (Negative)
<b>REVENUES:</b>				
Charges for services	\$ 10,255	\$ 10,255	\$ 10,255	\$ -
Grants amd donations	3,000	3,000	7,240	4,240
Interest	35,000	35,000	43,620	8,620
Miscellaneous	25	25	1,808	1,783
Total revenues	48,280	48,280	62,923	14,643
<b>EXPENDITURES:</b>				
Materials and service	556,310	556,310	514,019	42,291
Capital outlay	8,922,161	8,922,161	1,268,838	7,653,323
Contingency	264,100	264,100	-	264,100
Total expenditures	9,742,571	9,742,571	1,782,857	7,959,714
Revenues over (under) expenditures	(9,694,291)	(9,694,291)	(1,719,934)	7,974,357
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	500,000	500,000	500,000	-
Net change in fund balance	(9,194,291)	(9,194,291)	(1,219,934)	7,974,357
<b>FUND BALANCE, BEGINNING BUDGETARY BASIS</b>	9,194,291	9,194,291	9,174,535	(19,756)
<b>FUND BALANCE, ENDING BUDGETARY BASIS</b>	<u>\$ -</u>	<u>\$ -</u>	\$ 7,954,601	<u>\$ 7,954,601</u>
Asset held for sale			997,653	
Total fund balance - GAAP			<u>\$ 8,952,254</u>	

**CITY OF CANBY, OREGON**  
**URBAN RENEWAL DEBT SERVICE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2015**

	Budget			Variance
	Original	Final	Actual	Positive (Negative)
<b>REVENUES:</b>				
Property taxes	\$ 2,461,000	\$ 2,461,000	\$ 2,462,027	\$ 1,027
Special assessments	69,461	69,461	58,524	(10,937)
Grants and donations	57,125	57,125	57,064	(61)
Interest	2,500	2,500	3,399	899
Total revenues	2,590,086	2,590,086	2,581,014	(9,072)
<b>EXPENDITURES:</b>				
Debt service:				
Principal	1,365,377	1,365,377	767,914	597,463
Interest	1,131,482	1,131,482	1,131,480	2
Total expenditures	2,496,859	2,496,859	1,899,394	597,465
Revenues over (under) expenditures	93,227	93,227	681,620	588,393
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfer out	(500,000)	(500,000)	(500,000)	-
Net change in fund balance	(406,773)	(406,773)	181,620	588,393
<b>FUND BALANCE, BEGINNING</b>	406,773	406,773	426,616	19,843
<b>FUND BALANCE, ENDING</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 608,236</u>	<u>\$ 608,236</u>

**CITY OF CANBY, OREGON**  
**SEWER COMBINED FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2015**

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Charges for services	\$ 3,700,000	\$ 3,700,000	\$ 3,766,369	\$ 66,369
Interest	10,000	10,000	26,789	16,789
Miscellaneous	6,000	6,000	58,460	52,460
System development charges	65,414	65,414	67,150	1,736
Total revenues	3,781,414	3,781,414	3,918,768	137,354
<b>EXPENDITURES:</b>				
Personal service	1,285,575	1,285,575	1,066,669	218,906
Materials and service	723,527	748,527	568,760	179,767
Capital outlay	5,575,938	5,705,644	2,030,680	3,674,964
Debt service:				
Principal	557,285	557,285	255,000	302,285
Interest	36,891	36,891	36,891	-
Contingency	295,413	295,413	-	295,413
Total expenditures	8,474,629	8,629,335	3,958,000	4,671,335
Revenues over (under) expenditures	(4,693,215)	(4,847,921)	(39,232)	4,808,689
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	25,000	21,208	(3,792)
Transfers out	(535,761)	(535,761)	(534,489)	1,272
Total other financing sources (uses)	(535,761)	(510,761)	(513,281)	(2,520)
Net change in fund balance	(5,228,976)	(5,358,682)	(552,513)	4,806,169
<b>FUND BALANCE, BEGINNING BUDGETARY BASIS</b>	5,228,976	5,358,682	7,457,581	2,098,899
<b>FUND BALANCE, ENDING BUDGETARY BASIS</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,905,068</u>	<u>\$ 6,905,068</u>
Budget basis net change in fund balance				\$ (552,513)
Expenditures capitalized				2,024,944
Debt service principal payments				255,000
Amortization of bond premium				5,424
Depreciation expense				(292,042)
Change in accrued interest				800
Change in accrued OPEB liability				2,570
Change in accrued vacation				4,613
Change in accounts receivable				(11,000)
Gain on disposal of asset				6,809
Revenue earned but not received net of allowance for doubtful accounts				151,694
Deferred inflow related to pensions				(420,792)
Change in net pension liability				692,261
Change in deferred outflow related to pensions				(13,515)
GAAP net change in net position				<u>\$ 1,854,253</u>

**CITY OF CANBY, OREGON**  
**INTERNAL SERVICE FUNDS**  
**COMBINING BALANCE SHEET**  
**June 30, 2015**

	Facilities Fund	Fleet Services	Technical Services	Total Internal Service Funds
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 165,372	\$ 128,962	\$ 129,391	\$ 423,725
Accounts receivable	141	1,938	-	2,079
Net pension asset	16,407	38,293	18,525	73,225
Total assets	<u>181,920</u>	<u>169,193</u>	<u>147,916</u>	<u>499,029</u>
<b>DEFERRED OUTFLOW OF RESOURCES:</b>				
Deferred resources related to pensions	<u>4,707</u>	<u>10,987</u>	<u>5,315</u>	<u>21,009</u>
Total assets and deferred outflows	<u>\$ 186,627</u>	<u>\$ 180,180</u>	<u>\$ 153,231</u>	<u>\$ 520,038</u>
<b>LIABILITIES, DEFERRED INFLOWS AND NET POSITION LIABILITIES:</b>				
<b>Current liabilities</b>				
Accounts payable and other current liabilities	\$ 5,346	\$ 25,490	\$ 7,737	\$ 38,573
Current portion of long-term obligations	<u>5,506</u>	<u>5,277</u>	<u>1,940</u>	<u>12,723</u>
Total current liabilities	10,852	30,767	9,677	51,296
<b>Noncurrent liabilities</b>				
OPEB liability	6,954	16,241	6,399	29,594
Noncurrent portion of long-term obligations	<u>1,836</u>	<u>1,759</u>	<u>645</u>	<u>4,240</u>
Total liabilities	<u>19,642</u>	<u>48,767</u>	<u>16,721</u>	<u>85,130</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Deferred resources related to pensions	<u>32,425</u>	<u>75,680</u>	<u>36,612</u>	<u>144,717</u>
<b>NET POSITION:</b>				
<b>Assigned for:</b>				
Capital asset acquisition/maintenance	134,560	55,733	-	190,293
Information Technology Services	<u>-</u>	<u>-</u>	<u>99,898</u>	<u>99,898</u>
Total net position	<u>134,560</u>	<u>55,733</u>	<u>99,898</u>	<u>290,191</u>
Total liabilities and net position	<u>\$ 186,627</u>	<u>\$ 180,180</u>	<u>\$ 153,231</u>	<u>\$ 520,038</u>

**CITY OF CANBY, OREGON**  
**INTERNAL SERVICE FUNDS**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND NET POSITION**  
**For the Fiscal Year Ended June 30, 2015**

	Facilities Fund	Fleet Services Fund	Technical Services Fund	Total Internal Service Funds
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 300,005	\$ 559,230	\$ 297,011	\$ 1,156,246
Miscellaneous	3,786	4,159	-	7,945
Total revenues	303,791	563,389	297,011	1,164,191
<b>OPERATING EXPENSES:</b>				
Personal service	79,497	185,281	69,258	334,036
Materials and service	138,562	429,467	181,203	749,232
Capital outlay	19	51,093	25,974	77,086
Cost of sales and services	218,078	665,841	276,435	1,160,354
Operating income	85,713	(102,452)	20,576	3,837
<b>NON-OPERATING INCOME (EXPENSE):</b>				
Interest	640	1,180	705	2,525
Net change in net position	86,353	(101,272)	21,281	6,362
<b>NET POSITION, BEGINNING - as previously state</b>	79,396	229,799	113,832	423,027
<b>Restatement for net pension liability</b>	(31,189)	(72,794)	(35,215)	(139,198)
<b>NET POSITION, BEGINNING - as restated</b>	48,207	157,005	78,617	283,829
<b>NET POSITION, ENDING</b>	<u>\$ 134,560</u>	<u>\$ 55,733</u>	<u>\$ 99,898</u>	<u>\$ 290,191</u>



**CITY OF CANBY, OREGON**  
**INTERNAL SERVICE FUNDS**  
**COMBINING SCHEDULE OF CASH FLOWS**  
**For the Fiscal Year Ended June 30, 2015**

	<b>Facilities Fund</b>	<b>Fleet Services Fund</b>	<b>Technical Services Fund</b>	<b>Total Internal Service Funds</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash received from customers	\$ 303,791	\$ 563,389	\$ 297,011	\$ 1,164,191
Cash paid to employees for salaries and benefits	(96,824)	(226,792)	(89,980)	(413,596)
Cash paid to suppliers and others	(137,358)	(471,651)	(208,051)	(817,060)
Net cash from operating activities	69,609	(135,054)	(1,020)	(66,465)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest received	640	1,180	705	2,525
Net increase (decrease) in cash and cash equivalents	70,249	(133,874)	(315)	(63,940)
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	<u>95,123</u>	<u>262,836</u>	<u>129,706</u>	<u>487,665</u>
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	<u><u>\$ 165,372</u></u>	<u><u>\$ 128,962</u></u>	<u><u>\$ 129,391</u></u>	<u><u>\$ 423,725</u></u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>				
Operating income (loss)	\$ 85,713	\$ (102,452)	\$ 20,576	\$ 3,837
Adjustments:				
Decrease (increase) in:				
Accounts receivable	23	685	-	708
Increase (decrease) in:				
Accounts payable and accrued expenses	1,200	8,224	(874)	8,550
OPEB obligation	882	2,813	(457)	3,238
Accrued compensated absences	1,669	2,070	2,178	5,917
Pension obligations	(19,878)	(46,394)	(22,443)	(88,715)
Net cash from operating activities	<u><u>\$ 69,609</u></u>	<u><u>\$ (135,054)</u></u>	<u><u>\$ (1,020)</u></u>	<u><u>\$ (66,465)</u></u>

**CITY OF CANBY, OREGON**  
**FACILITIES FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2015**

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Charges for services	\$ 300,947	\$ 300,947	\$ 300,005	\$ (942)
Miscellaneous	-	-	3,786	3,786
Interest	300	300	640	340
Total revenues	301,247	301,247	304,431	3,184
<b>EXPENDITURES:</b>				
Personal service	100,222	100,222	96,824	3,398
Materials and service	171,300	171,300	138,562	32,738
Capital outlay	27,800	27,800	19	27,781
Contingency	71,073	71,073	-	71,073
Total expenditures	370,395	370,395	235,405	134,990
Revenues over (under) expenditures	(69,148)	(69,148)	69,026	138,174
<b>FUND BALANCE, BEGINNING BUDGETARY BASIS</b>	69,148	69,148	91,141	21,993
<b>FUND BALANCE, ENDING BUDGETARY BASIS</b>	\$ -	\$ -	\$ 160,167	\$ 160,167
Budget basis net change in fund balance				\$ 69,026
Change in accrued OPEB liability				(882)
Change in accrued vacation				(1,669)
Deferred inflow related to pensions				(32,425)
Change in net pension liability				53,344
Change in deferred outflow related to pensions				(1,041)
GAAP net change in net position				\$ 86,353

**CITY OF CANBY, OREGON**  
**FLEET SERVICES FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2015**

	Budget			Variance
	Original	Final	Actual	Positive (Negative)
<b>REVENUES:</b>				
Charges for services	\$ 733,590	\$ 733,590	\$ 559,230	\$ (174,360)
Interest	1,500	1,500	1,180	(320)
Miscellaneous	2,300	2,300	4,159	1,859
Total revenues	<u>737,390</u>	<u>737,390</u>	<u>564,569</u>	<u>(172,821)</u>
<b>EXPENDITURES:</b>				
Personal service	241,890	241,890	226,792	15,098
Materials and service	515,846	515,846	429,467	86,379
Capital outlay	-	57,654	51,093	6,561
Contingency	<u>157,556</u>	<u>157,556</u>	<u>-</u>	<u>157,556</u>
Total expenditures	<u>915,292</u>	<u>972,946</u>	<u>707,352</u>	<u>265,594</u>
Revenues over (under) expenditures	(177,902)	(235,556)	(142,783)	92,773
<b>FUND BALANCE, BEGINNING BUDGETARY BASIS</b>	<u>177,902</u>	<u>235,556</u>	<u>248,193</u>	<u>12,637</u>
<b>FUND BALANCE, ENDING BUDGETARY BASIS</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 105,410</u>	<u>\$ 105,410</u>
Budget basis net change in fund balance				\$ (142,783)
Change in accrued OPEB liability				(2,070)
Change in accrued vacation				(2,813)
Deferred inflow related to pensions				(75,680)
Change in net pension liability				124,505
Change in deferred outflow related to pensions				(2,431)
GAAP net change in net position				<u>\$ (101,272)</u>

**CITY OF CANBY, OREGON**  
**TECHNICAL SERVICES FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2015**

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Charges for services	\$ 297,011	\$ 297,011	\$ 297,011	\$ -
Interest	500	500	705	205
Total revenues	297,511	297,511	297,716	205
<b>EXPENDITURES:</b>				
Personal service	95,369	95,369	89,979	5,390
Materials and service	183,375	183,375	181,203	2,172
Capital outlay	71,589	71,589	25,974	45,615
Contingency	69,029	69,029	-	69,029
Total expenditures	419,362	419,362	297,156	122,206
Revenues over (under) expenditures	(121,851)	(121,851)	560	122,411
<b>FUND BALANCE, BEGINNING BUDGETARY BASIS</b>	121,851	121,851	121,094	(757)
<b>FUND BALANCE, ENDING BUDGETARY BASIS</b>	\$ -	\$ -	\$ 121,654	\$ 121,654
Budget basis net change in fund balance				\$ 560
Change in accrued OPEB liability				457
Change in accrued vacation				(2,179)
Deferred inflow related to pensions				(36,612)
Change in net pension liability				60,231
Change in deferred outflow related to pensions				(1,176)
GAAP net change in net position				\$ 21,281

**CITY OF CANBY, OREGON**  
**SCHEDULE OF PROPERTY TAX TRANSACTIONS**  
**AND OUTSTANDING BALANCES**  
**For the Fiscal Year Ended June 30, 2015**

Fiscal Year	Uncollected Balance June 30, 2014	Levy	Collections	Interest	Discounts and Adjustments	Uncollected Balance June 30, 2015
2014-15	\$ -	\$ 7,308,933	\$ (6,940,631)	\$ 2,198	\$ (197,835)	\$ 170,467
2013-14	177,585	-	(85,141)	5,042	(3,131)	89,313
2012-13	96,393	-	(34,076)	4,909	(451)	61,866
2011-12	64,617	-	(26,008)	6,084	(455)	38,154
2010-11	37,189	-	(11,216)	3,284	(511)	25,462
Prior years	35,315	-	(5,182)	1,761	(1,580)	28,553
Totals	<u>\$ 411,099</u>	<u>\$ 7,308,933</u>	<u>\$ (7,102,254)</u>	<u>\$ 23,278</u>	<u>\$ (203,963)</u>	<u>\$ 413,815</u>

Taxes receivable classified by fund:

General fund	\$ 239,192
Urban renewal debt service fund	139,232
Non-major funds	33,542
Sewer combined fund	1,849
	<u>\$ 413,815</u>

Modified accrual revenue:

Collections per above	\$ 7,102,254
Change in receivables	2,716
Change in deferred revenue	12,160
	<u>\$ 7,117,130</u>

Full accrual revenue:

Levy	\$ 7,308,933
Discounts and adjustments	(203,963)
Interest	23,278
	<u>\$ 7,128,248</u>

# **STATISTICAL SECTION**

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## Statistical Section

This section provides further details as a context for better understanding the financial statements.

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#### Financial Trends

These schedules contain trend information to help the reader understand how financial performance has changed over time.....Page 78

#### Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue source, property tax.....Page 83

#### Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current level of outstanding debt and the City's ability to issue additional debt in the future..... Page 88

#### Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.....Page 93

#### Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.....Page 94

Sources: The information in these schedules is derived from the comprehensive annual financial reports or annual financial statements for the relevant year, unless otherwise noted. The City implemented GASB Statement 34 in fiscal year 2003, GASB Statement 54 in fiscal year 2011, GASB Statements 62 and 63 in fiscal year 2013, GASB Statements 65 and 66 in fiscal year 2014, and GASB Statement 68 in 2015.



**CITY OF CANBY, OREGON**  
**NET POSITION BY COMPONENT**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities										
Net investment in capital assets	\$ 94,970,574	\$ 93,915,584	\$ 96,860,818	\$ 92,938,045	\$ 92,387,365	\$ 93,081,870	\$ 90,930,273	\$ 88,969,778	\$ 85,535,781	\$ 82,550,388
Restricted	-	-	-	191,500	-	3,969,331	6,012,709	14,954,045	13,778,448	13,083,354
Unrestricted	8,146,929	9,102,279	8,642,876	10,469,038	8,345,888	3,418,342	1,981,102	(6,317,863)	(4,918,551)	(3,971,914)
Total governmental activities net position	\$ 103,117,503	\$ 103,017,863	\$ 105,503,694	\$ 103,598,583	\$ 100,733,253	\$ 100,469,543	\$ 98,924,084	\$ 97,605,960	\$ 94,395,678	\$ 91,661,828
Business-type activities										
Net investment in capital assets	\$ 3,601,028	\$ 4,120,266	\$ 5,142,642	\$ 5,976,467	\$ 7,195,320	\$ 8,532,340	\$ 8,683,592	\$ 8,656,986	\$ 7,439,593	\$ 9,439,727
Restricted for: Debt service	-	-	-	250,500	250,500	250,500	250,500	302,285	302,285	302,285
Unrestricted	3,827,293	4,045,984	3,354,199	2,883,513	2,122,173	1,574,387	2,567,270	2,935,973	4,900,576	4,349,954
Total business-type activities net position	\$ 7,428,321	\$ 8,166,250	\$ 8,496,841	\$ 9,110,480	\$ 9,567,993	\$ 10,357,227	\$ 11,501,362	\$ 11,895,244	\$ 12,642,454	\$ 14,091,966
Primary government										
Net investment in capital assets	\$ 98,571,602	\$ 98,035,850	\$ 102,003,460	\$ 98,914,512	\$ 99,582,685	\$ 101,614,210	\$ 99,613,865	\$ 97,626,764	\$ 92,975,374	\$ 91,990,115
Restricted	-	-	-	191,500	250,500	4,219,831	6,263,209	15,256,330	14,080,733	13,385,639
Unrestricted	11,974,222	13,148,263	11,997,075	13,352,551	10,468,061	4,992,729	4,548,372	(3,381,890)	(17,975)	378,040
Total primary government net position	\$ 110,545,824	\$ 111,184,113	\$ 114,000,535	\$ 112,458,563	\$ 110,301,246	\$ 110,826,770	\$ 110,425,446	\$ 109,501,204	\$ 107,038,132	\$ 105,753,794

**CITY OF CANBY, OREGON**  
**CHANGES IN NET POSITION**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

<b>Expenses</b>	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities:										
General government	\$ 1,763,108	\$ 1,975,006	\$ 2,092,600	\$ 2,020,409	\$ 2,061,735	\$ 2,820,495	\$ 3,284,765	\$ 4,774,376	\$ 4,414,531	\$ 3,029,144
Public safety	3,735,926	3,687,446	4,161,197	4,221,405	4,081,875	4,168,007	4,516,634	4,488,123	5,193,708	4,161,977
Highways and streets	4,703,762	4,605,655	4,210,949	4,520,725	4,981,906	3,826,242	3,942,233	4,007,187	5,429,844	4,544,489
Transportation	1,191,610	1,272,614	1,728,422	1,841,758	1,989,289	1,304,747	1,134,285	1,101,690	1,629,497	1,603,233
Community development	1,459,534	699,835	1,391,106	682,282	757,344	657,712	644,529	731,776	964,019	843,014
Culture and recreation	691,087	1,371,076	808,945	1,485,754	1,752,634	1,920,450	2,108,559	1,927,998	1,998,399	1,721,445
Interest on long-term debt	166,494	203,650	158,326	235,520	300,883	340,041	745,573	1,077,103	1,166,925	1,135,641
Total governmental activities expenses	13,711,521	13,815,282	14,551,545	15,007,853	15,925,666	15,037,694	16,376,578	18,108,253	20,796,923	17,038,943
Business-type activities:										
Sewer Operations	1,524,620	1,567,159	1,730,630	1,662,222	1,606,323	1,517,463	1,807,247	2,234,837	2,312,854	1,698,737
Total business-type activities expenses	1,524,620	1,567,159	1,730,630	1,662,222	1,606,323	1,517,463	1,807,247	2,234,837	2,312,854	1,698,737
Total primary government expenses	\$ 15,236,141	\$ 15,382,441	\$ 16,282,175	\$ 16,670,075	\$ 17,531,989	\$ 16,555,157	\$ 18,183,825	\$ 20,343,090	\$ 23,109,777	\$ 18,737,680
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	\$ 903,727	\$ 1,581,413	\$ 610,163	\$ 382,313	\$ 122,984	\$ 669,801	\$ 535,139	\$ 356,315	\$ 2,026,761	\$ 1,594,975
Public safety	758,098	509,852	589,066	662,994	681,157	704,506	506,205	464,128	477,488	642,941
Highways and streets	1,348,669	1,427,278	1,447,744	443,341	537,347	565,788	531,122	532,962	549,222	590,344
Transportation	-	-	-	-	-	9,133	1,005	123,271	128,437	128,973
Culture and recreation	1,181,382	661,631	679,938	209,869	4,314	276,095	213,339	255,577	238,273	260,106
Community development	178,644	117,761	100,283	197,449	133,158	261,095	-	-	-	-
Operating grants and contributions	932,838	2,132,594	1,617,995	1,820,849	190,372	576,493	2,456,959	2,460,668	2,016,611	1,856,805
Capital grants and contributions	1,835	15,368	1,940,316	15,300	-	285,355	534,089	1,966,349	1,256,840	499,747
Total governmental activities program revenues	5,305,193	6,445,897	6,985,505	3,732,115	1,669,332	3,348,266	4,777,858	6,159,270	6,693,632	5,573,891
Business-type activities:										
Charges for services:										
Sewer Operations	2,485,329	2,375,247	2,381,987	2,525,053	2,393,574	2,576,118	3,230,157	3,417,449	3,702,088	3,974,213
Total primary government program revenues	\$ 7,790,522	\$ 8,821,144	\$ 9,367,492	\$ 6,257,168	\$ 4,062,906	\$ 5,924,384	\$ 8,008,015	\$ 9,576,719	\$ 10,395,720	\$ 9,548,104

**CITY OF CANBY, OREGON**  
**CHANGES IN NET POSITION (CONTINUED)**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	2006	2007	2008	2009	2010	2012	2012	2013	2014	2015
Net(expense)/revenue										
Governmental activities	\$ (8,406,328)	\$ (7,305,601)	\$ (7,566,040)	\$ (11,275,738)	\$ (13,071,979)	\$ (11,689,428)	\$ (11,598,720)	\$ (11,948,983)	\$ (14,103,291)	\$ (11,465,052)
Business-type activities	960,709	808,088	651,357	862,831	787,251	1,058,655	1,419,245	1,182,612	1,389,234	2,275,476
Total primary government net expense	\$ (7,445,619)	\$ (6,497,513)	\$ (6,914,683)	\$ (10,412,907)	\$ (12,284,728)	\$ (10,630,773)	\$ (10,179,475)	\$ (10,766,371)	\$ (12,714,057)	\$ (9,189,576)

**General Revenues and Other Changes in Net Position**

Governmental activities:

Taxes										
Property taxes	\$ 3,747,820	\$ 4,056,995	\$ 4,422,054	\$ 5,229,096	\$ 5,826,797	\$ 5,968,707	\$ 6,150,855	\$ 6,498,735	\$ 6,889,702	\$ 7,096,541
Franchise	824,999	908,269	905,840	923,987	925,246	428,301	463,062	459,100	442,498	479,348
Unrestricted intergovernmental revenues	880,438	650,398	826,592	1,699,027	2,170,566	2,924,817	2,001,883	1,728,834	1,828,117	1,903,952
Transit tax	728,355	763,301	858,196	813,290	797,622	849,806	946,398	1,006,388	1,054,412	1,201,314
Interest and investment earnings	391,665	506,212	610,810	228,993	80,933	71,184	110,052	87,778	97,346	85,666
Other Revenues	149,391	122,641	72,597	163,256	46,935	49,858	86,428	27,487	92,934	103,059
Gain on sale of capital assets	-	-	-	-	-	-	-	-	-	(28,935)
Transfers in (out)	185,245	261,929	(205,464)	312,978	358,550	282,303	294,583	822,537	488,000	513,281
Total governmental activities	6,907,913	7,269,745	7,490,625	9,370,627	10,206,649	10,574,976	10,053,261	10,630,859	10,893,009	11,354,226
Business-type activities:										
Interest and investment earnings	127,903	191,754	182,170	61,369	20,166	9,295	11,753	13,888	20,264	26,789
Other revenues	540	16	141	2,417	19,834	3,587	7,720	19,919	50,489	58,460
Gain on sale of capital assets	(10,826)	-	(297,613)	-	(11,188)	-	-	-	(224,777)	6,809
Transfers in (out)	(185,245)	(261,929)	(205,464)	(312,978)	(358,550)	(282,303)	(294,583)	(822,537)	(488,000)	(513,281)
Total business-type activities	(67,628)	(70,159)	(320,766)	(249,192)	(329,738)	(269,421)	(275,110)	(788,730)	(642,024)	(421,223)
Total primary government	\$ 6,840,285	\$ 7,199,586	\$ 7,169,859	\$ 9,121,435	\$ 9,876,911	\$ 10,305,555	\$ 9,778,151	\$ 9,842,129	\$ 10,250,985	\$ 10,933,003

**Change in Net Position**

Governmental activities	\$ (1,498,415)	\$ (99,640)	\$ 245,351	\$ (1,905,111)	\$ (2,865,330)	\$ (11,689,428)	\$ (1,545,459)	\$ (1,318,124)	\$ (3,210,282)	\$ (110,826)
Business-type activities	893,081	737,929	330,591	613,639	457,513	1,058,655	1,144,135	393,882	747,210	1,864,253
Total primary government	\$ (605,334)	\$ 638,289	\$ 575,942	\$ (1,291,472)	\$ (2,407,817)	\$ (10,630,773)	\$ (401,324)	\$ (924,242)	\$ (2,463,072)	\$ 1,753,427

**CITY OF CANBY, OREGON**  
**FUND BALANCE OF GOVERNMENTAL FUNDS**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General fund										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,746
Reserved	-	-	2,099,741	1,183,265	581,068	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-	21,321
Committed	-	-	-	-	-	-	-	-	306,150	237,896
Assigned	-	-	-	-	-	600,835	637,074	-	-	-
Unreserved	3,005,649	3,010,375	642,284	1,262,712	1,477,133	-	-	-	-	-
Unassigned	-	-	-	-	-	1,715,774	1,609,373	1,279,941	928,620	1,140,672
Total general fund	\$ 3,005,649	\$ 3,010,375	\$ 2,742,025	\$ 2,445,977	\$ 2,058,201	\$ 2,316,609	\$ 2,246,447	\$ 1,279,941	\$ 1,234,770	\$ 1,399,889
All other governmental funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,000,378
Reserved	943,790	937,114	2,845,400	818,853	-	-	-	-	-	-
Restricted	-	-	-	-	-	3,969,331	6,012,709	14,954,045	13,778,448	12,085,701
Committed	-	-	-	-	-	-	25,783	2,209,306	1,344,744	2,128,337
Assigned	-	-	-	-	-	4,224,592	2,406,976	840,599	859,582	876,116
Unassigned	-	-	-	-	-	(230,347)	(38,867)	-	-	-
Unreserved, reported in:										
Special revenue funds	3,127,208	3,763,444	1,822,006	2,899,748	3,032,216	-	-	-	-	-
Capital project funds	1,385,125	2,050,832	1,343,928	4,442,115	3,375,665	-	-	-	-	-
Total other governmental funds	\$ 5,456,123	\$ 6,751,390	\$ 6,011,334	\$ 8,160,716	\$ 6,407,881	\$ 7,963,576	\$ 8,406,601	\$ 18,003,950	\$ 15,982,774	\$ 15,090,154

**CITY OF CANBY, OREGON**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Revenues</b>										
Taxes	\$ 4,781,182	\$ 5,018,424	\$ 5,384,310	\$ 6,086,281	\$ 6,667,745	\$ 6,923,675	\$ 7,122,889	\$ 7,551,489	\$ 8,008,525	\$ 8,315,144
Licenses and permits	751,503	536,069	440,652	236,200	175,797	269,191	309,404	170,976	164,721	150,619
Intergovernmental	1,300,149	1,357,083	1,497,278	2,847,244	2,629,636	2,836,815	3,489,998	2,863,296	2,967,637	3,237,136
Franchise	295,674	372,082	375,480	380,917	393,741	428,301	463,062	459,100	442,498	479,348
Charges for services	376,567	354,456	806,208	499,369	931,949	1,015,900	922,288	996,993	1,378,850	1,087,871
Fines & forfeitures	707,442	708,044	607,934	608,661	548,191	505,002	506,205	464,128	477,488	642,941
Investment earnings	391,665	506,212	428,640	228,993	80,933	71,184	110,052	83,632	93,485	83,141
Special assessments	170,144	701,105	26,178	8,217	15,652	265,245	48,913	66,641	68,288	58,524
State highway fund	690,437	676,497	648,863	-	-	-	-	-	-	-
Grants & donations	748,313	1,774,336	1,526,153	1,407,503	1,052,461	993,742	1,153,253	3,019,171	1,664,156	738,926
System development charges	1,674,427	1,321,764	912,734	161,370	18,603	41,512	262,552	207,172	296,674	284,442
Miscellaneous	149,391	122,641	72,456	163,256	46,935	49,858	85,113	25,024	93,421	95,114
Total revenues	12,036,894	13,448,713	12,726,886	12,628,011	12,561,643	13,400,425	14,473,729	15,907,622	15,655,743	15,173,206
<b>Expenditures</b>										
General government	1,375,489	1,486,777	1,820,855	1,874,941	1,899,810	2,751,290	2,903,077	2,726,692	2,219,798	1,628,204
Public safety	2,986,894	3,218,555	3,978,306	4,124,030	3,823,117	3,931,437	4,088,104	4,427,707	5,148,129	5,118,965
Highways and streets	892,865	954,503	506,953	700,001	492,991	528,822	525,337	560,865	831,183	834,575
Transportation	868,036	955,343	1,654,988	1,708,319	1,819,432	1,126,670	919,224	992,595	1,423,173	1,369,788
Community development	476,382	608,118	759,503	668,987	594,136	547,949	549,763	673,417	388,909	764,859
Culture and recreation	1,258,777	1,217,733	1,306,114	1,358,843	1,512,554	1,727,713	1,809,357	1,752,753	1,825,566	1,843,481
Capital outlay	3,044,594	1,889,058	3,701,468	3,743,531	3,874,711	3,227,700	10,948,814	6,534,688	5,625,102	2,012,940
Debt service										
Principal	91,184	152,034	248,930	596,209	968,040	635,813	681,788	2,937,007	758,734	836,144
Interest	66,496	166,966	166,750	227,908	268,662	343,299	741,981	1,059,487	1,173,847	1,138,076
Total expenditures	11,060,717	10,649,087	14,143,867	15,002,769	15,253,453	14,820,693	23,167,445	21,665,211	19,394,441	15,547,032
Excess of revenues over (under) expenditures	976,177	2,799,626	(1,416,981)	(2,374,758)	(2,691,810)	(1,420,268)	(8,693,716)	(5,757,589)	(3,738,698)	(373,826)
<b>Other financing sources (uses)</b>										
Transfers in	2,131,606	1,684,340	2,746,603	3,350,643	4,563,049	4,405,346	4,365,052	6,004,690	4,103,226	2,047,817
Transfers out	(1,973,347)	(1,499,095)	(2,448,990)	(3,037,665)	(4,204,499)	(4,123,043)	(4,353,883)	(6,244,610)	(3,520,420)	(1,534,536)
Issuance of capital leases	52,714	-	110,962	-	192,649	103,510	4,260	85,713	91,892	136,168
Issuance of debt	1,740,059	320,076	-	3,915,114	-	2,848,558	74,899	15,179,711	-	-
Total other financing sources (uses)	1,951,032	505,321	408,575	4,228,092	551,199	3,234,371	9,066,579	15,025,504	674,698	649,449
Net change in fund balances	\$ 2,927,209	\$ 3,304,947	\$ (1,008,406)	\$ 1,853,334	\$ (2,140,611)	\$ 1,814,103	\$ 372,863	\$ 9,267,915	\$ (3,064,000)	\$ 275,623
Debt service as a percentage of noncapital expenditures	2.0%	3.8%	4.1%	7.8%	11.2%	9.2%	13.2%	35.9%	16.3%	17.1%

**CITY OF CANBY, OREGON**  
**GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

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Fiscal Year	Property Tax	Franchise	Unrestricted Intergovernmental Revenues	Transit Tax	Total
2006	\$ 3,747,820	\$ 824,999	\$ 880,438	\$ 728,355	\$ 6,181,612
2007	4,056,995	908,268	650,398	763,301	6,378,962
2008	4,422,054	905,840	826,592	858,196	7,012,682
2009	5,229,096	923,987	1,699,027	813,290	8,665,400
2011	5,968,707	428,301	2,924,817	849,806	10,171,631
2010	5,826,797	925,246	2,170,566	797,622	9,720,231
2012	6,150,855	463,062	1,914,755	946,398	9,475,070
2013	6,498,735	459,100	1,728,834	1,006,388	9,693,057
2014	6,889,702	442,498	1,828,117	1,054,412	10,214,729
2015	7,096,541	479,348	1,903,952	1,201,314	10,681,155

**CITY OF CANBY, OREGON**  
**ASSESSED VALUES AND ESTIMATED ACTUAL VALUE**  
**OF TAXABLE PROPERTY**  
**Last Ten Fiscal Years**

Fiscal Year Ended June 30	REAL PROPERTY		PERSONAL PROPERTY		MANUFACTURED STRUCTURES		UTILITIES		TOTAL		Ratio of Total Assessed to Total Estimated Actual Value	Total Direct Tax Rate/ Thousand
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value		
2006	\$ 781,204,858	\$ 1,043,294,945	\$ 26,371,767	\$ 26,371,772	\$ 11,900,522	\$ 11,933,007	\$ 14,962,943	\$ 15,026,680	\$ 834,440,090	\$ 1,096,626,404	76.1%	3.65
2007	875,987,346	1,393,190,671	24,383,765	24,383,765	12,534,518	12,657,120	17,676,550	17,930,019	930,582,179	1,448,161,575	64.3%	3.62
2008	950,407,566	1,643,695,530	27,136,770	27,136,770	12,863,377	13,097,450	20,383,070	21,141,627	1,010,790,783	1,705,071,377	59.3%	3.63
2009	1,019,487,037	1,744,286,902	31,104,972	31,104,972	13,153,640	13,846,620	21,007,740	21,269,052	1,084,753,389	1,810,507,546	59.9%	3.60
2010	1,082,280,874	1,644,999,076	33,579,468	33,579,468	12,589,316	13,269,930	28,809,200	29,037,415	1,157,258,858	1,720,885,889	67.2%	3.55
2011	1,115,023,552	1,473,235,320	34,018,902	34,018,092	11,310,278	11,869,760	27,769,240	27,976,802	1,188,121,972	1,547,099,974	76.8%	3.55
2012	1,140,571,946	1,324,670,444	32,253,454	32,253,454	11,005,866	11,435,400	31,866,590	32,256,433	1,215,697,856	1,400,615,731	86.8%	3.54
2013	1,172,664,142	1,273,481,188	34,481,956	34,481,956	11,100,825	11,598,860	28,248,284	28,652,805	1,246,495,207	1,348,214,809	92.5%	3.56
2014	1,222,677,112	1,355,829,043	36,777,433	36,777,433	11,088,542	11,575,900	27,527,820	28,035,278	1,298,070,907	1,432,217,654	90.6%	3.56
2015	1,261,732,523	1,499,078,973	32,869,970	32,869,670	11,533,061	12,071,580	30,759,490	33,576,969	1,336,895,044	1,577,597,192	84.7%	3.55

Source: Clackamas County Assessor's Office

**CITY OF CANBY, OREGON**  
**PROPERTY TAX RATES**  
**Last Ten Fiscal Years**

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<b>Fiscal Year Ended June 30</b>	<b>City of Canby</b>	<b>Canby School District</b>	<b>Clackamas CC &amp; ESD</b>	<b>Clackamas County</b>	<b>Other Taxing Districts</b>	<b>Total</b>
2006	\$ 3.65	\$ 7.11	\$ 1.07	\$ 2.50	\$ 2.55	\$ 16.88
2007	3.62	6.58	1.03	2.44	2.63	16.30
2008	3.63	6.25	1.02	2.63	2.94	16.47
2009	3.60	6.09	1.01	2.62	3.05	16.37
2010	3.55	6.26	0.98	3.03	3.31	17.13
2011	3.55	6.22	0.96	3.02	3.33	17.08
2012	3.54	6.17	0.94	3.00	3.38	17.03
2013	3.56	6.01	0.95	2.98	3.54	17.04
2014	3.55	6.13	0.95	2.84	3.62	17.09
2015	3.55	6.10	0.95	2.84	3.62	17.06

Source: Clackamas County Assessor's Office

Tax rates expressed in dollars and cents per \$1,000 of assessed value of taxable property



**CITY OF CANBY, OREGON**  
**PRINCIPAL PROPERTY TAX PAYERS**  
**Current Year and Nine Years Ago**

Taxpayer	2015			2006		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Hope Village Inc.	\$ 19,875,119	1	1.49%	\$ 13,571,276	2	1.63%
Fred Meyer Stores Inc. #651	19,252,247	2	1.44%	15,572,876	1	1.87%
Canby Telephone Assn.	17,024,400	3	1.27%	10,116,800	3	1.21%
American Steel Corporation	15,790,460	4	1.18%			
Shimadzu USA Manufacturing	12,836,682	5	0.96%	6,686,052	7	0.80%
Johnson Controls Battery Group Inc	10,944,162	6	0.82%	10,106,436	4	1.21%
Kogap Enterprises Inc.	10,055,148	7	0.75%	6,688,309	6	0.80%
Argo Canby LLC	9,703,754	8	0.73%	9,594,560	5	1.15%
Jorken Oregon LLC	7,960,059	9	0.60%			
FPA4 Royal Ascot LLC	7,235,280	10	0.54%	5,545,239	9	0.66%
Willamette Valley Ctry Club				6,411,893	8	0.77%
Grand Oaks Willamette LLC				4,979,887	10	0.60%
Subtotal	130,677,311		9.78%	89,273,328		10.70%
All Other	1,206,217,733		90.23%	745,166,762		89.29%
Totals	\$ 1,336,895,044		100.0%	\$ 834,440,090		100.0%

Source: Clackamas County Assessor's Office

**CITY OF CANBY, OREGON**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**Last Ten Fiscal Years**

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<b>Fiscal Year Ended June 30</b>	<b>Taxes Levied by Assessor</b>	<b>Current Tax Collections</b>	<b>Percent of Levy Collections</b>	<b>Delinquent Taxes Collected</b>	<b>Total Tax Collections</b>	<b>Percent of Total Tax Collections to Tax Levy</b>	<b>Adjustments &amp; Discounts</b>	<b>Uncollected Taxes</b>	<b>Percent of Delinquent Taxes to Tax Levy</b>
2006	\$ 3,858,467	\$ 3,665,410	95.00%	\$ 73,063	\$ 3,738,473	96.89%	\$ 99,934	\$ 93,123	2.41%
2007	3,522,095	3,218,438	91.38%	87,302	3,305,740	93.86%	91,911	138,682	3.94%
2008	4,901,307	4,607,105	94.00%	99,474	4,706,579	96.03%	129,552	233,506	4.76%
2009	5,363,848	4,993,705	93.10%	129,864	5,123,569	95.52%	145,085	328,700	6.13%
2010	5,977,208	5,598,031	93.66%	178,821	5,793,374	96.92%	164,623	364,434	6.10%
2011	6,170,088	5,743,341	93.08%	242,526	5,985,867	97.01%	198,134	347,907	5.64%
2012	6,293,904	5,908,951	93.88%	173,954	6,082,905	96.65%	181,262	415,857	6.61%
2013	6,686,668	6,303,201	94.27%	168,017	6,471,218	96.78%	209,091	422,217	6.31%
2014	7,065,651	6,697,090	94.78%	178,928	6,876,018	97.32%	200,749	411,100	5.82%
2015	7,308,933	6,940,631	94.96%	161,623	7,102,254	97.17%	203,963	413,815	5.66%

Source: Clackamas County Assessor's Office and City Records

**CITY OF CANBY, OREGON**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**Last Ten Fiscal Years**

Fiscal Year	Governmental Activities				Business-Type Activities		Total Primary Government	Per Capita
	General Obligation Bonds	Full Faith & Credit Bonds	Loans	Capital Leases	Bonds			
2006	\$ -	\$ -	\$ 3,653,683	\$ 81,548	\$ 3,945,000	\$	7,680,231	\$ 522
2007	-	-	3,483,254	532,009	3,695,000		7,710,263	509
2008	-	-	3,310,524	490,719	2,557,888		6,359,131	419
2009	-	1,580,000	5,135,621	407,783	2,312,464		9,435,868	620
2010	-	1,055,000	4,885,158	406,902	2,097,040		8,444,100	554
2011	-	3,330,831	5,044,592	312,178	1,866,616		10,554,217	667
2012	-	11,935,239	4,736,852	184,991	1,626,192		18,483,274	1,168
2013	-	26,623,990	2,243,892	164,026	1,380,768		30,412,676	1,921
2014	-	25,998,030	2,064,204	126,846	1,125,344		29,314,424	1,848
2015	-	25,301,377	1,877,107	167,584	864,920		28,210,988	1,762

**CITY OF CANBY, OREGON**  
**RATIOS OF GENERAL BONDED DEBT OUTSTANDING**  
**Last Ten Fiscal Years**

<b>Fiscal Year Ended June 30</b>	<b>Population(1)</b>	<b>Assessed Value(2)</b>	<b>Full Faith &amp; Credit Bond</b>	<b>Less Debt Service Fund</b>	<b>Net Bonded Debt</b>	<b>Ratio of Net Bonded Debt to Assessed Value</b>	<b>Debt per Capita</b>
2006	14,705	\$ 834,440,090	\$ -	\$ -	\$ -	0.0000	\$ -
2007	15,140	930,582,179	-	-	-	0.0000	-
2008	15,165	1,010,790,783	-	-	-	0.0000	-
2009	15,230	1,084,753,389	1,580,000	814,464	765,536	0.0007	104
2010	15,230	1,157,258,858	1,055,000	467,340	587,660	0.0005	69
2011	15,830	1,188,121,972	3,375,000	456,548	2,918,452	0.0025	213
2012	15,830	1,215,697,856	12,000,000	169,733	11,830,267	0.0097	758
2013	15,865	1,246,495,207	26,623,990	252,749	26,371,241	0.0212	1,678
2014	15,910	1,298,070,907	25,998,030	426,616	25,571,414	0.0197	1,634
2015	16,010	1,336,895,044	25,301,377	608,236	24,693,141	0.0185	1,580

(1) Portland State University

(2) Clackamas County Assessor's Office

**CITY OF CANBY, OREGON**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**June 30, 2015**

<u>Jurisdiction</u>	<u>Total Net Debt</u>	<u>Percent Within City</u>	<u>City's Pro Rata Share</u>
Direct:			
City of Canby	\$ 27,346,764	100%	\$ 27,346,764
Overlapping:			
Clackamas County	98,780,000	2.97%	2,936,038
Clackamas County School District No 86	72,197,179	44.98%	32,472,920
Clackamas Community College	66,116,012	4.07%	2,692,310
Canby Rural Fire Protection District 62	325,000	68.93%	224,015
Total overlapping	237,418,191		38,325,283
<b>TOTAL</b>	<b>\$ 264,764,955</b>		<b>\$ 65,672,047</b>

Source: Debt Management Division, Oregon State Treasury  
Excluding Revenue Bonds

**CITY OF CANBY, OREGON**  
**LEGAL DEBT MARGIN INFORMATION**  
**Last Ten Fiscal Years**

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt Limit	\$ 32,898,792	\$ 43,444,847	\$ 51,152,141	\$ 54,315,226	\$ 51,626,577	\$ 46,412,999	\$ 42,018,472	\$ 40,446,444	\$ 42,966,530	\$ 47,327,916
Total net debt application to limit	-	-	-	1,580,000	1,055,000	3,330,831	11,935,239	26,623,990	25,998,030	25,301,377
Legal debt margin	\$ 32,898,792	\$ 43,444,847	\$ 51,152,141	\$ 52,735,226	\$ 50,571,577	\$ 43,082,168	\$ 30,083,233	\$ 13,822,454	\$ 16,968,500	\$ 22,026,539
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	2.91%	2.04%	7.18%	28.40%	65.83%	60.51%	53.46%

**CITY OF CANBY, OREGON**  
**PLEDGED-REVENUE COVERAGE**  
**Last Ten Fiscal Years**

Sewer Revenue Bonds						
Fiscal Year	Sewer Charges and Other	Less: Operating Expenses	Net Available Revenue	Coverage ratio	Debt Service	
					Principal	Interest
2006	\$ 2,613,772	\$ 1,535,446	\$ 1,078,326	20%	\$ 3,945,000	\$ 1,350,288
2007	2,567,017	1,567,159	999,858	21%	3,695,000	1,157,677
2008	2,554,316	1,515,131	1,039,185	35%	2,505,000	491,019
2009	2,588,171	1,974,532	613,639	23%	2,265,000	403,256
2010	2,433,136	1,975,623	457,513	19%	2,055,000	323,500
2011	2,576,118	1,058,655	1,517,463	73%	1,830,000	251,628
2012	3,230,157	1,492,413	1,737,744	97%	1,595,000	188,094
2013	3,417,448	1,914,093	1,503,355	101%	1,355,000	133,169
2014	3,702,088	1,954,396	1,747,692	147%	1,105,000	87,125
2015	3,974,213	1,376,028	2,598,185	289%	850,000	50,234

**CITY OF CANBY, OREGON**  
**DEMOGRAPHIC STATISTICS**  
**Last Ten Fiscal Years**

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Fiscal Year	Population (1)	Total personal income (in thousands)	Per capita personal income (2)	Median age (2)	Unemployment rate (3)
2006	14,705	\$ *	\$ *	33.2	4.9%
2007	15,140	*	*	33.8	4.6%
2008	15,165	*	*	32.9	5.3%
2009	15,230	376,013	24,689	36.1	11.0%
2010	15,829	382,318	24,153	35.1	10.1%
2011	15,830	392,172	24,774	35.2	9.0%
2012	15,830	390,447	24,665	34.9	7.8%
2013	15,865	387,233	24,408	34.9	7.2%
2014	15,910	404,512	25,425	35.4	6.4%
2015	16,010	*	*	*	5.8%

\*Information unavailable at this time

(1) Source: Portland State University Population Research Center

(2) United States Census Bureau

(3) for Clackamas County (Source: US Bureau of Labor Statistics)



**CITY OF CANBY, OREGON**  
**FULL-TIME EQUIVALENT CITY GOVERNMENT**  
**EMPLOYEES BY FUNCTION**  
**Last Ten Fiscal Years**

Function	Full-time Equivalent Employees									
	Budgeted*					Actual				
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government	13.25	12.44	16.88	21.20	20.49	20.99	20.51	20.65	20.46	17.57
Public Safety										
Police Officers	23.00	29.60	25.00	25.00	25.00	23.45	23.85	23.23	24.40	24.98
Civilians	6.85	6.60	4.60	4.60	4.60	4.60	4.60	4.60	4.55	3.30
Highways and streets	5.53	4.53	5.05	4.85	4.32	4.16	5.01	4.63	5.12	5.64
Culture and recreation	18.30	17.65	15.02	14.97	16.88	17.91	18.88	18.11	16.85	17.85
Community development	5.74	3.85	7.20	7.15	5.30	7.49	8.97	7.68	5.24	4.54
Transportation	2.65	2.10	1.15	1.15	2.25	1.60	1.91	1.89	2.20	2.76
Sewer	8.67	8.67	8.95	10.01	10.14	8.07	8.17	10.58	11.15	10.50
Total	83.99	85.44	83.85	88.93	88.98	88.27	91.90	91.37	89.97	87.14

\*Only budgeted information available prior to 2011

Source: Annual Adopted Budget Book and City Records

**CITY OF CANBY, OREGON**  
**OPERATING INDICATORS BY FUNCTION**  
**Last Ten Fiscal Years**

Function	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Police										
Physical arrests	795	870	831	882	1,365	1,056	883	900	552	537
Parking violations	304	208	161	140	164	83	50	112	76	65
Traffic violations	4,555	4,215	3,692	2,618	3,619	2,496	2,786	2,962	3,990	4,302
Culture and recreation										
Swim Center Admissions	64,962	66,253	61,710	70,972	74,600	72,368	73,370	74,584	73,363	80,290
Park Acreage <sup>1</sup>	180	180	180	182	200	200	200	200	222	215
Community development										
Various Application Reviewed	544	567	470	294	300	231	294	25	53	65
Inspections Performed <sup>2</sup>	2,789	2,906	2,962	1,002	668	516	-	-	-	-
Site Plan/Building Permit Applications Reviewed	-	-	-	-	-	-	806	106	120	118
Wastewater										
Average daily sewage treatment (millions of gallons)	1.0837	1.1292	0.9947	0.9718	1.0063	1.0037	0.9744	0.9752	0.9481	0.9962

<sup>1</sup> Includes non-park land maintained by Parks department.

<sup>2</sup> Effective December 2011 new building permits and associated inspections were contracted to Clackamas County.

Source: City Departments

**CITY OF CANBY, OREGON**  
**CAPITAL ASSET STATISTICS BY FUNCTION**  
**Last Ten Fiscal Years**

Function	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Public Safety										
Police:										
Stations	2	2	1	1	1	1	1	1	1	1
Patrol units	11	11	14	14	14	14	14	16	16	19
Highways and streets										
Streets (center lane miles)	53.09	54.12	54.12	54.12	54.15	54.17	54.17	54.55	55.24	56.00
Streetlights	1,223	1,259	1,264	1,304	1309	1311	1325	1319	1362	1379
Traffic signals <sup>1</sup>	-	-	-	-	-	-	-	-	-	-
Culture and recreation										
Parks acreage	185	185	187	187	187	187	187	187	187	187
Swimming pools	1	1	1	1	1	1	1	1	1	1
Tennis courts	2	2	2	2	2	2	2	2	2	2
Community centers	1	1	1	1	1	1	1	1	1	1
Sewer										
Number of connections	5,498	6,136	6,200	6,214	6,220	6,221	6,232	6,246	6,276	6,301
Maximum daily treatment capacity (millions of gallons)	2.27	2.53	2.80	2.80	2.80	2.80	2.80	2.80	2.80	2.80

<sup>1</sup>There are no traffic signals on city-owned streets, only on county and state roads.

Source: City Departments

# **COMPLIANCE SECTION**

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## GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS  
475 Cottage Street NE, Suite 200, Salem, Oregon 97301  
(503) 581-7788

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

Honorable Mayor and Council Members  
City of Canby  
182 N. Holly Street  
P.O. Box 930  
Canby, Oregon 97013

We have audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the City of Canby, Oregon (the City) as of and for the year ended June 30, 2015 and have issued our report thereon dated December 29, 2015.

#### ***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.

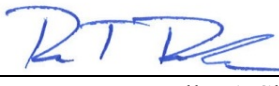
### ***Internal Control Over Financial Reporting***

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  
December 29, 2015