



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDING

June 30, 2016

City of Canby

Canby, Oregon

Comprehensive Annual Financial Report

Fiscal Year Ending

June 30, 2016

Prepared by

City of Canby, Oregon

Finance Department

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INTRODUCTORY SECTION



City of Canby

Letter of Transmittal for the Fiscal Year Ended June 30, 2016

December 29, 2016

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

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, 2016.

This report presents the financial position of the City as of June 30, 2016 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.

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, 2016 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, 2016, 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.

City of Canby Profile

Canby is a comprehensive 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's 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 its 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 16,046. 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.

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.

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 following City adopted financial policies will be reviewed over the next year by the Budget Committee.

- 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.

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 2015-16, there was one supplemental budget resolution and four budget transfer resolutions adopted to amend the original budget.

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 4% greater than for the previous year. Property is subject to a maximum 3% increase in assessed value 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.

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 34% of operating costs.

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.

Debt Management

The City issues various types of debt for the purpose of carrying out its capital financing activities. As of June 30, 2016 the City had \$25,099,913 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 2016 was \$27,791,561 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.

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, 2015.

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,

Julie Blums

Finance Director

Rick Robinson

City Administrator



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

**City of Canby
Oregon**

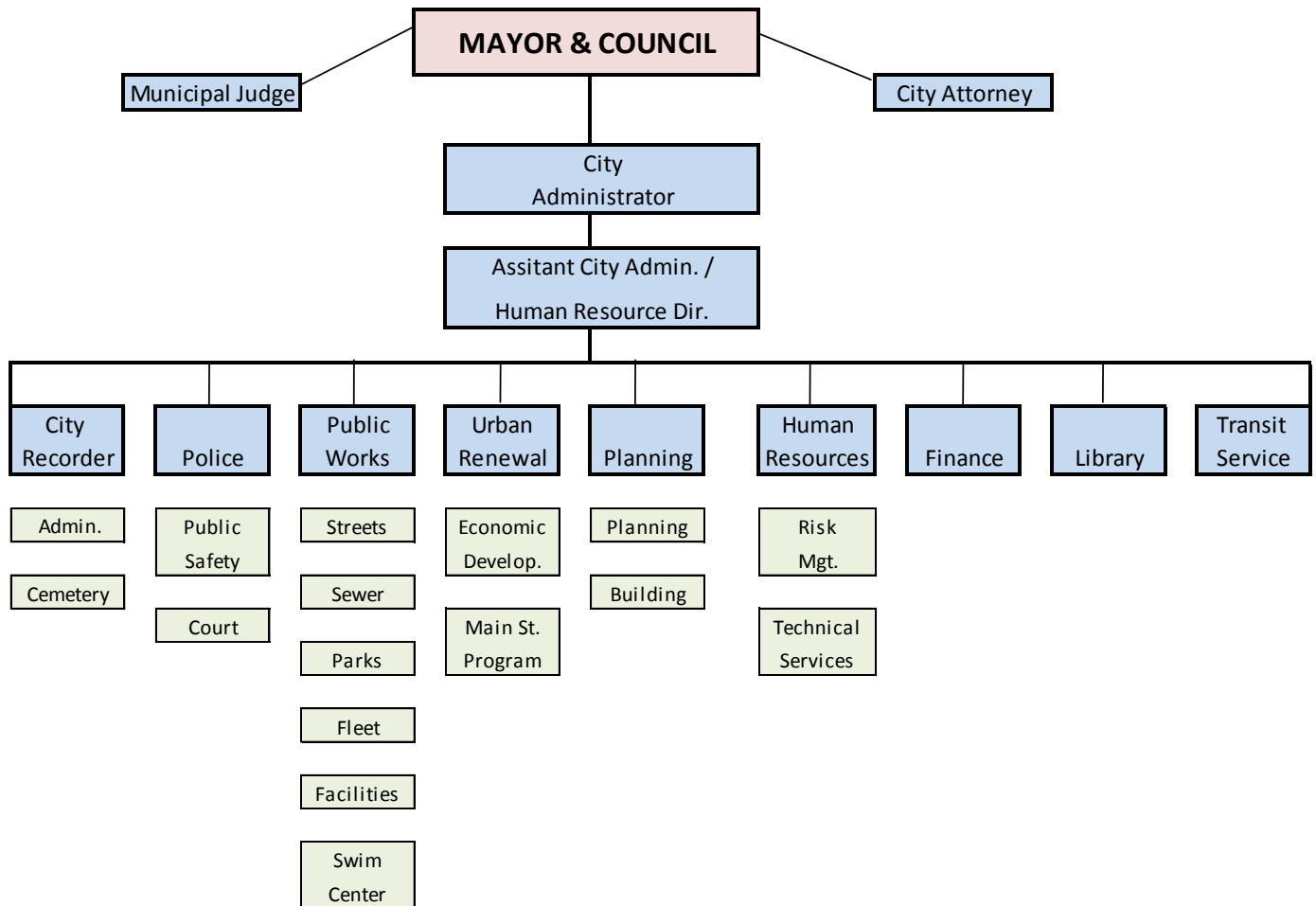
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

A handwritten signature in black ink, reading "Jeffrey R. Emer". The signature is fluid and cursive.

Executive Director/CEO

CITY OF CANBY ORGANIZATIONAL CHART - 2015-2016



CITY OF CANBY, OREGON
PRINCIPAL OFFICIALS
June 30, 2016

City Officials

Brian Hodson, Mayor
Canby, Oregon 97013

Term Expires

December 31, 2016

Council Members

Tim Dale, President
Canby, Oregon 97013

December 31, 2016

Clint Coleman
Canby, Oregon 97013

December 31, 2016

Traci Hensley
Canby, Oregon 97013

December 31, 2016

Tracie Heidt
Canby, Oregon 97013

December 31, 2018

Greg Parker
Canby, Oregon 97013

December 31, 2018

Todd Rocha
Canby, Oregon 97013

December 31, 2018

City Administration

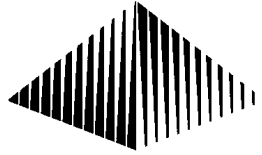
Rick Robinson

City Administrator

Council members receive mail at the City's address:

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

FINANCIAL SECTION



GROVE, MUELLER & SWANK, P.C.

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

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Council Members
City of Canby
222 NE 2nd Avenue
P.O. Box 930
Canby, Oregon 97013

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Canby, Oregon (the City) as of and for the year ended June 30, 2016, 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 (Canby Utility Board). 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 is a discretely presented component unit contained in a separate column on the City's statement of net position. 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of Canby Utility Board were not audited in accordance with *Government Auditing Standards*.

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, 2016, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of funding progress – other postemployment benefits plan, 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 and major special revenue funds (the budgetary schedules) as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to management's discussion and analysis, the schedule of funding progress – other postemployment benefits plan, 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 budgetary schedules 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


Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2016, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Reporting Required by Oregon Minimum Standards

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 29, 2016, 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, 2016

CITY OF CANBY, OREGON
MANAGEMENT'S DISCUSSION & ANALYSIS
June 30, 2016

This section of the City of Canby's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2016 presents the highlights of financial activities and illustrates the financial position of the City of Canby, Oregon (the City) and the Canby Utility Board (CUB), a discretely presented component unit of the City, for the fiscal year ended June 30, 2016 (FY16). This has been prepared by management and should be read in conjunction with the financial statements and notes.

FINANCIAL HIGHLIGHTS

Government-Wide

- The City's combined net position was \$104.5 million at June 30, 2016. Of this amount, \$6.8 million may be used to meet the City's ongoing obligations to its citizens and creditors (unrestricted net position). Total net position decreased \$1.2 million (1.2%) from the prior year.
- Canby's total assets decreased by \$0.4 million (0.3%) during FY16. Total assets consist of current and noncurrent assets. Current assets were \$21.3 million at the end of FY16. Of that amount, \$17.7 million (83%) of current assets were in cash and investments. Capital and long-term assets (net of depreciation) were \$117.1 million at the end of FY16. Capital and long-term assets increased by \$2.5 million (22%) during FY16. The primary reason for the increase is due to the construction of the new civic building.
- Amounts related to pensions shifted greatly from FY15 to FY16. In FY15 the City had a net pension asset of \$1.6 million and at the end of FY16 this changed to a net liability of \$4.3 million, a \$5.9 million (370%) change to the total net position of the City.

Fund Level

- The City's General Fund reported an ending fund balance of \$1.9 million, an increase of \$439 thousand (29%) from the prior year.
- In the aggregate, the governmental funds' ending fund balance was \$14.3 million, a decrease of approximately \$3.3 million (19%) for the fiscal year.
- In the aggregate, the Proprietary and Internal Service funds' ending fund balance equivalent, Net Position, was \$15.5 million, an increase of \$1.1 million (8%) for the year.
- Total FY16 Property Tax revenue was \$7.4 million, an increase of 4.5% from FY15 levels.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

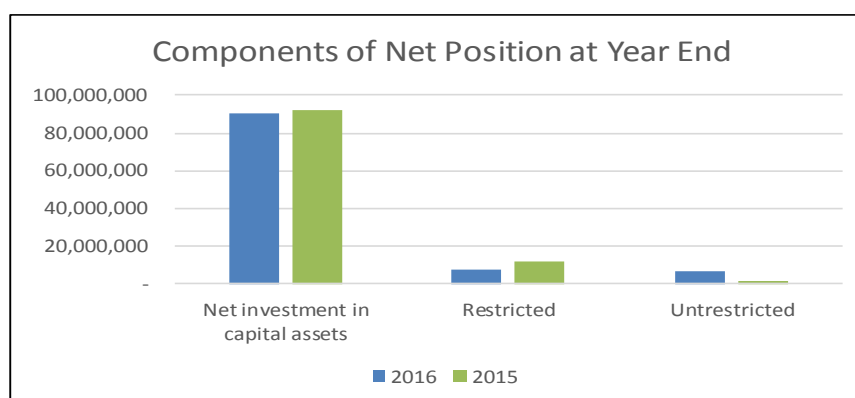
One way to evaluate the City's financial position is by measuring the City's net positions and how they change over time. Both of these government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other

CITY OF CANBY, OREGON
MANAGEMENT'S DISCUSSION & ANALYSIS
June 30, 2016

functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

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

The City's net position totaled \$104.5 million as of June 30, 2016. The City's net investment in capital assets accounts for the majority of the City's net position. The City has invested \$117.1 million in land, buildings, equipment, and infrastructure (less depreciation and outstanding debt used to acquire those assets). The City uses these assets to provide services to its citizens so they are not assets that are available for future spending. Restricted net position (\$7.7 million) relates to amounts that are legally restricted for specific future obligations. Unrestricted net position (\$6.8 million) is available to meet the City's on-going obligations.



Statement of Net Position

	Governmental Activities			Business-Type Activities			Total		
	2016	2015	Change	2016	2015	Change	2016	2015	Change
Assets & Deferred Outflows									
Current assets	\$ 16,180,803	\$ 19,294,017	-16.1%	\$ 5,162,310	\$ 4,993,425	3.4%	\$ 21,343,113	\$ 24,287,442	-12.1%
Noncurrent assets	105,579,175	104,051,649	1.5%	11,518,959	10,517,562	9.5%	117,098,134	114,569,211	2.2%
Deferred Outflows	932,136	395,902	135.4%	123,806	61,089	102.7%	1,055,942	456,991	131.1%
Total assets and deferred outflows	122,692,114	123,345,666	-0.5%	16,805,075	15,510,987	8.3%	139,497,189	138,856,653	0.5%
Liabilities & Deferred Inflows									
Current liabilities	2,411,383	2,252,815	7.0%	421,748	382,918	10.1%	2,833,131	2,635,733	7.5%
Noncurrent liability:	29,958,819	27,099,879	10.5%	905,771	676,400	33.9%	30,864,590	27,776,279	11.1%
Deferred inflows	1,116,380	2,727,046	-59.1%	148,277	420,792	-64.8%	1,264,657	3,147,838	-59.8%
Total liabilities and deferred inflows	33,486,582	32,079,740	4.4%	1,475,796	1,480,110	-0.3%	34,962,378	33,559,850	4.2%
Net Position									
Net investment in capital assets	79,136,218	82,550,388	-4.1%	10,934,463	9,439,727	15.8%	90,070,681	91,990,115	-2.1%
Restricted	7,406,296	12,085,701	-38.7%	297,050	302,285	-1.7%	7,703,346	12,387,986	-37.8%
Unrestricted	2,663,018	(2,974,261)	-189.5%	4,097,766	4,349,954	-5.8%	6,760,784	1,375,693	391.4%
Total net position	\$ 89,205,532	\$ 91,661,828	-2.7%	\$ 15,329,279	\$ 14,091,966	8.8%	\$ 104,534,811	\$ 105,753,794	-1.2%

CITY OF CANBY, OREGON
MANAGEMENT'S DISCUSSION & ANALYSIS
June 30, 2016

The **Statement of Activities** presents the changes in net position by detailing the revenues and expenses for the Fiscal Years 2016 and 2015. This information is broken into Governmental and Business-type Activities. Revenues and expenses are segregated by general categories (revenues) and programs (expenses).

Statement of Activities

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues						
Program revenues						
Charges for services	\$ 2,902,755	\$ 3,217,339	\$ 3,920,046	\$ 3,974,213	\$ 6,822,801	\$ 7,191,552
Operating grants and contributions	2,701,590	1,856,805	-	-	2,701,590	1,856,805
Capital grants and contributions	2,527,420	499,747	283,985	-	2,811,405	499,747
General revenues						
Property taxes	7,448,765	7,096,541			7,448,765	7,096,541
Franchise	452,204	479,348			452,204	479,348
Unrestricted intergovernmental	1,184,433	1,903,952			1,184,433	1,903,952
Transit tax	1,284,333	1,201,314			1,284,333	1,201,314
Interest and investment income	183,483	85,666	32,007	26,789	215,490	112,455
Gain (loss) on sale of equipment	-	(28,935)	-	6,809	-	(22,126)
Other revenues	161,506	103,059	45,482	58,460	206,988	161,519
Total revenues	18,846,489	16,414,836	4,281,520	4,066,271	23,128,009	20,481,107
Program Expenses						
General government	3,956,415	3,029,144	-	-	3,956,415	3,029,144
Public safety	6,492,885	4,161,977	-	-	6,492,885	4,161,977
Highways and streets	4,940,361	4,544,489	-	-	4,940,361	4,544,489
Transportation	1,791,132	1,603,233	-	-	1,791,132	1,603,233
Culture and recreation	2,513,848	1,721,445	-	-	2,513,848	1,721,445
Community development	1,084,698	843,014	-	-	1,084,698	843,014
Interest on long-term debt	1,100,784	1,135,641	-	-	1,100,784	1,135,641
Sewer operations	-	-	2,556,509	1,698,737	2,556,509	1,698,737
Total expenses	21,880,123	17,038,943	2,556,509	1,698,737	24,436,632	18,737,680
Change in net assets before transfers	(3,033,634)	(624,107)	1,725,011	2,367,534	(1,308,623)	1,743,427
Transfers in (out)	487,698	513,281	(487,698)	(513,281)	-	-
Change in net position	(2,545,936)	(110,826)	1,237,313	1,854,253	(1,308,623)	1,743,427
Net position, beginning of year as restated	91,751,468	91,772,654	14,091,966	12,237,713	105,843,434	104,010,367
Net position, end of year	\$ 89,205,532	\$ 91,661,828	\$ 15,329,279	\$ 14,091,966	\$ 104,534,811	\$ 105,753,794

Governmental activities

The governmental activities of the City include seven major funds: general fund, street fund, library fund, transit fund, system development charges 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.

CITY OF CANBY, OREGON
MANAGEMENT'S DISCUSSION & ANALYSIS
June 30, 2016

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

Governmental activities net position decreased by \$2.5 million (2.8%), this is mainly due to the unfunded actuarial PERS liability. Total revenue increased by \$2.4 million (14.8%) mainly due to grants and donations for the new civic building. Total expenses increased \$4.8 million (28.4%), again this increase is mainly due to the change in the unfunded actuarial PERS liability.

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, 2016, may be obtained at Canby City Hall, 222 NE 2nd Ave., Canby, Oregon 97013.

Business-type activities

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

Business-type activities net position increased by \$1.2 million (8.8%), this minimal increase is mainly due to an increase in expenditures from the prior year. Total revenue increased by \$0.2 million (5.3%) mainly due to an increase in SDC revenue. Total expenses increased \$0.9 million (50.5%), mainly due to the change in the unfunded actuarial PERS liability and the capital construction costs.

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.

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.

CITY OF CANBY, OREGON
MANAGEMENT'S DISCUSSION & ANALYSIS
June 30, 2016

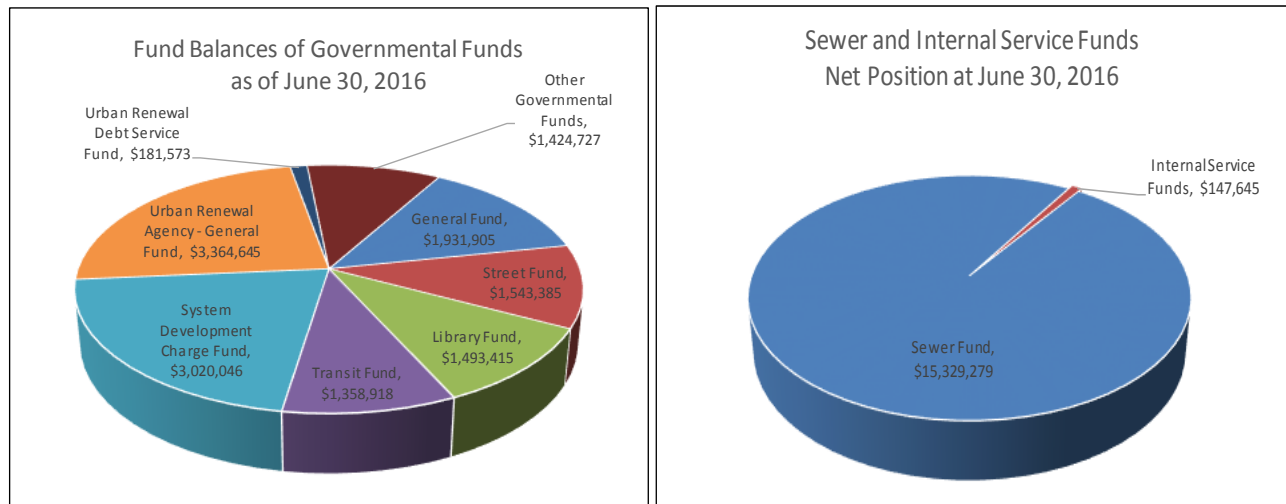
Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so,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

At the end of the fiscal year, the City's governmental funds reported a combined ending fund balances of \$14.3 million (10.6% unrestricted), a decrease in total fund balances of \$3.3 million (18.6%). The System Development Charges (SDC) Fund has been identified as a major fund for FY16. Change in fund balance for major funds consisted of the following:

- General Fund - Fund balance increased \$439 thousand (29%) mainly due to an increase in property tax intergovernmental, and building permit revenue.
- Street Fund – Fund balance increased \$454 thousand (42%) due to an increase in SDC fees related to an increase in development activity.
- Library Fund – Fund balance increased \$133 thousand (10%) due to grants and donation for the new library facility in the new civic building.
- Transit Fund – Fund balance increased \$317 thousand (30%) due to an increase in Federal Grant revenue.
- SDC Fund – Fund balance increased \$1.3 million (76%) due to an increase in development activity.
- Urban Renewal Agency – General Fund – Fund balance decreased \$5.6 million (62%) as the City proceeded with work on the library/civic building project
- Urban Renewal Agency – Debt Service Fund – Fund balance decreased \$427 thousand (70%) due primarily to transfers to the URA General Fund for work on the library/civic building project.

Governmental Funds: Changes in Fund Balance									
Fiscal Year 2016									
On a Modified Accrual Basis									
	General Fund	Street Fund	Library Fund	Transit Fund	System Development Charge Fund	Urban Renewal Agency - General Fund	Urban Renewal Debt Service Fund	Other Governmental Funds	Total
Balances June 30, 2015 as restated	\$ 1,492,275	\$ 1,089,596	\$ 1,359,925	\$ 1,041,466	\$ 1,713,144	\$ 8,952,254	\$ 608,236	\$ 1,325,911	\$ 17,582,807
Change in Fund Balances	439,630	453,789	133,490	317,452	1,306,902	(5,587,609)	(426,663)	98,816	(3,264,193)
Fund Balances June 30, 2016	\$ 1,931,905	\$ 1,543,385	\$ 1,493,415	\$ 1,358,918	\$ 3,020,046	\$ 3,364,645	\$ 181,573	\$ 1,424,727	\$ 14,318,614

CITY OF CANBY, OREGON
MANAGEMENT'S DISCUSSION & ANALYSIS
June 30, 2016



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.

Proprietary and Internal Service Funds: Changes in Net Position					
Fiscal Year 2016					
On an Accrual Basis					
	Sewer Fund	Internal Service Funds			Total
		Facilities Fund	Fleet Fund	Tech Services Fund	
Net Position at June 30, 2015	\$ 14,091,966	\$ 134,560	\$ 55,733	\$ 99,898	\$ 14,382,157
Change in Net Position	1,237,313	(26,646)	(62,961)	(52,939)	1,094,767
Net Position at June 30, 2016	\$ 15,329,279	\$ 107,914	\$ (7,228)	\$ 46,959	\$ 15,476,924

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.

CITY OF CANBY, OREGON
MANAGEMENT'S DISCUSSION & ANALYSIS
June 30, 2016

GENERAL FUND BUDGET HIGHLIGHTS

The General Fund budgetary schedule in the RSI section shows that the original appropriations were altered with a supplemental budget resulting in a zero net change.

Final Budget Compared to Actual Results

Expenditures of \$9.6 million were originally budgeted in the General Fund including an 11.4% operating contingency. General Fund budget changes approved by the City Council increased appropriations by \$72,400, which were offset by increases in revenue and beginning fund balance. Changes were made due to unexpected expenditures.

The year-end fund balance was \$947 thousand higher than budgeted with major variances as follows:

- Beginning fund balance was \$209 thousand higher than budgeted due to savings in the prior year.
- Revenue came in \$404 thousand higher than budgeted mainly due to an increase in court collections, development related charges and cemetery services.
- Expenses came in \$660 thousand lower than budgeted, half of which is due to the community park expansion in the parks department being deferred. Administration expenses came in \$170 thousand lower mainly due to reduced insurance claims. The remaining reduced expenditures are spread throughout the entire fund.

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 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 at Fiscal Year End					
	Net of Depreciation					
	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$40,995,883	\$40,995,883	\$1,081,277	\$1,081,277	\$42,077,160	\$42,077,160
Intangibles	-	-	5,500	5,500	5,500	5,500
Construction in Process	6,709,083	327,152	80,100	1,658,772	6,789,183	1,985,924
Buildings and improvements	12,953,481	13,427,895	7,815,569	5,305,125	20,769,050	18,733,020
Infrastructure	42,986,506	46,314,269	2,116,830	1,780,814	45,103,336	48,095,083
Vehicles and Equipment	1,934,222	1,606,599	419,683	473,159	2,353,905	2,079,758
Total Capital Assets	<u>\$105,579,175</u>	<u>\$102,671,798</u>	<u>\$11,518,959</u>	<u>\$10,304,647</u>	<u>\$117,098,134</u>	<u>\$112,976,445</u>

Capital assets used in governmental activities in total increased approximately \$2.9 million which was the net result of additions, disposals and depreciation. Significant transactions included the construction of the new library/civic building. Capital assets used in business-type activities increased by approximately \$1.2 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.

CITY OF CANBY, OREGON
MANAGEMENT'S DISCUSSION & ANALYSIS
June 30, 2016

DEBT ADMINISTRATION

At year-end, the City had \$27,791,561 in long-term obligations outstanding compared to \$28,978,112 in the prior year. Of the obligations outstanding at June 30, 2016, \$1,913,714 is due within one year. Additional information can be found in the Notes to the Financial Statements.

Outstanding Obligations at Fiscal Year-End

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Bonds	\$24,515,417	\$25,301,377	\$584,496	\$864,920	\$25,099,913	\$26,166,297
Loans	1,737,652	1,877,107	-	-	1,737,652	1,877,107
Capital Leases	199,255	167,584	-	-	199,255	167,584
Compensated Absences	678,645	704,399	76,096	62,725	754,741	767,124
Total Obligations	<u>\$27,130,969</u>	<u>\$28,050,467</u>	<u>\$660,592</u>	<u>\$927,645</u>	<u>\$27,791,561</u>	<u>\$28,978,112</u>

During the fiscal year ended June 30, 2016, capital leases were obtained for \$142,900 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.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Oregon's seasonally adjusted unemployment rate was 4.8% in June 2016, down from 5.5% 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

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

BASIC FINANCIAL STATEMENTS

CITY OF CANBY, OREGON
STATEMENT OF NET POSITION
June 30, 2016

	Governmental Activities	Business-Type Activities	Total	Component Unit Canby Utility Board
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 13,059,056	\$ 4,659,533	\$ 17,718,589	\$ 12,325,400
Due from other governments	25,116	-	25,116	-
Accounts receivable, net	1,464,103	502,777	1,966,880	1,352,729
Property taxes receivable	432,043	-	432,043	-
Asset held for sale	1,200,000	-	1,200,000	-
Prepays	485	-	485	32,082
Materials and supplies	-	-	-	986,926
Customer deposits	-	-	-	-
Restricted cash	-	-	-	466,026
Total current assets	<u>16,180,803</u>	<u>5,162,310</u>	<u>21,343,113</u>	<u>15,163,163</u>
Noncurrent assets:				
Capital assets:				
Nondepreciable	47,704,966	1,166,877	48,871,843	2,069,029
Depreciable, net	<u>57,874,209</u>	<u>10,352,082</u>	<u>68,226,291</u>	<u>35,774,855</u>
Total noncurrent assets	<u>105,579,175</u>	<u>11,518,959</u>	<u>117,098,134</u>	<u>37,843,884</u>
Total assets	<u>121,759,978</u>	<u>16,681,269</u>	<u>138,441,247</u>	<u>53,007,047</u>
DEFERRED OUTFLOW OF RESOURCES				
Deferred resources related to pensions	<u>932,136</u>	<u>123,806</u>	<u>1,055,942</u>	<u>355,879</u>
LIABILITIES				
Current liabilities:				
Accounts payable	709,425	77,897	787,322	801,950
Accrued expenses	-	-	-	250,365
Interest payable	127,647	1,355	129,002	-
Unearned contributed capital	-	-	-	146,267
Customer deposits	-	-	-	270,926
Current portion of long-term obligations	<u>1,574,311</u>	<u>342,496</u>	<u>1,916,807</u>	<u>323,000</u>
Total current liabilities	<u>2,411,383</u>	<u>421,748</u>	<u>2,833,131</u>	<u>1,792,508</u>
Noncurrent liabilities:				
Post employment health care benefits	610,127	84,019	694,146	-
Noncurrent portion of long-term obligations	25,556,658	318,096	25,874,754	3,638,000
Net pension liability	<u>3,792,034</u>	<u>503,656</u>	<u>4,295,690</u>	<u>1,452,943</u>
Total noncurrent liabilities	<u>29,958,819</u>	<u>905,771</u>	<u>30,864,590</u>	<u>5,090,943</u>
Total liabilities	<u>32,370,202</u>	<u>1,327,519</u>	<u>33,697,721</u>	<u>6,883,451</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred resources related to pensions	<u>1,116,380</u>	<u>148,277</u>	<u>1,264,657</u>	<u>384,534</u>
NET POSITION				
Net investment in capital assets	79,136,218	10,934,463	90,070,681	33,882,884
Restricted for:				
Drug enforcement and equipment	35,289	-	35,289	-
System development	3,020,046	-	3,020,046	-
Urban renewal projects	2,164,646	-	2,164,646	-
Urban renewal debt service	181,573	-	181,573	-
Capital projects	1,258,854	-	1,258,854	-
Library services	234,561	-	234,561	-
Swim Center	492,882	-	492,882	-
PEG Fees	18,445	-	18,445	-
Debt Service	-	297,050	297,050	-
Water system	-	-	-	162,822
Unrestricted	<u>2,663,018</u>	<u>4,097,766</u>	<u>6,760,784</u>	<u>12,049,235</u>
Total net position	<u>\$ 89,205,532</u>	<u>\$ 15,329,279</u>	<u>\$ 104,534,811</u>	<u>\$ 46,094,941</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, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position			Component Unit Canby Utility Board
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total	
Primary government:								
Governmental activities:								
General government	\$ 3,956,415	\$ 1,342,053	\$ 221,810	\$ 124,458	\$ (2,268,094)	\$ -	\$ (2,268,094)	\$ -
Public safety	6,492,885	546,743	46,908	-	(5,899,234)	-	(5,899,234)	-
Highways and streets	4,940,361	471,186	1,408,229	130,914	(2,930,032)	-	(2,930,032)	-
Transportation	1,791,132	69,974	177,652	827,312	(716,194)	-	(716,194)	-
Culture and recreation	2,513,848	229,920	846,796	120,613	(1,316,519)	-	(1,316,519)	-
Community development	1,084,698	242,879	195	1,324,123	482,499	-	482,499	-
Interest expense	1,100,784	-	-	-	(1,100,784)	-	(1,100,784)	-
Total governmental activities	21,880,123	2,902,755	2,701,590	2,527,420	(13,748,358)	-	(13,748,358)	-
Business type activities:								
Sewer operations	2,556,509	3,920,046	-	283,985	-	1,647,522	1,647,522	-
Total primary government	<u>\$ 24,436,632</u>	<u>\$ 6,822,801</u>	<u>\$ 2,701,590</u>	<u>\$ 2,811,405</u>	<u>(13,748,358)</u>	<u>1,647,522</u>	<u>(12,100,836)</u>	<u>-</u>
Component Unit:								
Electric system	11,478,906	11,552,199	-	277,429				350,722
Water system	3,035,421	2,950,953	-	931,821				847,353
Total component unit	<u>\$ 14,514,327</u>	<u>\$14,503,152</u>	<u>\$ -</u>	<u>\$ 1,209,250</u>				<u>1,198,075</u>
General revenues:								
Taxes:								
Property taxes					7,448,765	-	7,448,765	-
Transit taxes					1,284,333	-	1,284,333	-
Franchise					452,204	-	452,204	-
Unrestricted intergovernmental revenues					1,184,433	-	1,184,433	-
Interest and investment earnings					183,483	32,007	215,490	70,413
Other revenues					161,506	45,482	206,988	-
Transfers in (out)					487,698	(487,698)	-	-
Total general revenues, transfers					11,202,422	(410,209)	10,792,213	70,413
Change in net position					(2,545,936)	1,237,313	(1,308,623)	1,268,488
Net position - beginning - as previously stated					91,661,828	14,091,966	105,753,794	44,826,453
Cummulative effect of change in accounting method					89,640	-	89,640	-
Net position - beginning - as restated					91,751,468	14,091,966	105,843,434	44,826,453
Net position - ending					<u>\$ 89,205,532</u>	<u>\$15,329,279</u>	<u>\$ 104,534,811</u>	<u>\$ 46,094,941</u>

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

CITY OF CANBY, OREGON
BALANCE SHEET – GOVERNMENTAL FUNDS
June 30, 2016

	General Fund	Street Fund	Library Fund	Transit Fund	System Development Charge Fund	Urban Renewal Agency - General Fund	Urban Renewal Debt Service Fund	Other Governmental Funds	Total Governmental
ASSETS									
Cash and cash equivalents	\$ 1,845,814	\$ 1,416,985	\$ 1,510,207	\$ 791,400	\$ 3,020,046	\$ 2,444,606	\$ 166,373	\$ 1,432,194	\$ 12,627,625
Due from other governments	14,291	-	-	-	-	-	8,835	1,990	25,116
Accounts receivable, net	343,499	175,277	6,666	646,496	17,509	3,600	258,379	9,621	1,461,047
Property taxes receivable	248,190	-	-	-	-	-	149,111	34,742	432,043
Prepaid expenses	485	-	-	-	-	-	-	-	485
Asset held for sale	-	-	-	-	-	1,200,000	-	-	1,200,000
Total assets	<u>\$ 2,452,279</u>	<u>\$ 1,592,262</u>	<u>\$ 1,516,873</u>	<u>\$ 1,437,896</u>	<u>\$ 3,037,555</u>	<u>\$ 3,648,206</u>	<u>\$ 582,698</u>	<u>\$ 1,478,547</u>	<u>\$ 15,746,316</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES									
LIABILITIES:									
Accounts payable and other current liabilities	\$ 246,450	\$ 32,410	\$ 23,458	\$ 78,978	\$ -	\$ 283,560	\$ -	\$ 20,519	\$ 685,375
DEFERRED INFLOWS:									
Unavailable revenue	273,924	16,467	-	-	17,509	-	401,125	33,301	742,326
Total liabilities and deferred inflows	<u>520,374</u>	<u>48,877</u>	<u>23,458</u>	<u>78,978</u>	<u>17,509</u>	<u>283,560</u>	<u>401,125</u>	<u>53,820</u>	<u>1,427,701</u>
FUND BALANCES:									
Nonspendable	485	-	-	-	-	1,200,000	-	-	1,200,485
Restricted for:									
Drug enforcement and equipment	-	-	-	-	-	-	-	35,289	35,289
System development	-	-	-	-	3,020,046	-	-	-	3,020,046
Urban renewal projects	-	-	-	-	-	2,164,646	-	-	2,164,646
Urban renewal debt service	-	-	-	-	-	-	181,573	-	181,573
Capital projects	-	-	1,258,854	-	-	-	-	-	1,258,854
Library services	-	-	234,561	-	-	-	-	-	234,561
Swim center	-	-	-	-	-	-	-	492,882	492,882
PEG	18,445	-	-	-	-	-	-	-	18,445
Committed for:									
Transportation services	-	-	-	1,358,918	-	-	-	-	1,358,918
Street projects	-	1,543,385	-	-	-	-	-	-	1,543,385
PERS contributions	224,600	-	-	-	-	-	-	-	224,600
Workers Comp Retro Plan	174,180	-	-	-	-	-	-	-	174,180
Cemetery care	-	-	-	-	-	-	-	896,556	896,556
Unassigned:	1,514,195	-	-	-	-	-	-	-	1,514,195
Total fund balance	<u>1,931,905</u>	<u>1,543,385</u>	<u>1,493,415</u>	<u>1,358,918</u>	<u>3,020,046</u>	<u>3,364,646</u>	<u>181,573</u>	<u>1,424,727</u>	<u>14,318,615</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 2,452,279</u>	<u>\$ 1,592,262</u>	<u>\$ 1,516,873</u>	<u>\$ 1,437,896</u>	<u>\$ 3,037,555</u>	<u>\$ 3,648,206</u>	<u>\$ 582,698</u>	<u>\$ 1,478,547</u>	<u>\$ 15,746,316</u>

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

CITY OF CANBY, OREGON
GOVERNMENTAL FUNDS
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
For the Fiscal Year Ended June 30, 2016

TOTAL FUND BALANCE		\$ 14,318,615
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Total net position shown in the Statement of Net Position is different because:

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

Cost	\$ 202,895,467	
Accumulated depreciation	<u>(97,316,292)</u>	105,579,175

A portion of the City's receivables are collected after year-end but they are not collected soon enough to be available as financial resources for the current year. The revenues related to these receivables are unavailable and not reported in the governmental funds.	742,326
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Deferred Inflows - Pension	(1,058,887)
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Deferred Outflows - Pension	884,132
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Post employment benefits are not payable in the current period and therefore are not reported in the funds	(580,759)
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Compensated absences not payable in the current year are not recorded as governmental fund liabilities.	(649,999)
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Internal service fund reported as governmental activities	147,646
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Long-term assets, are not reported as governmental fund assets and liabilities not payable in the current year are not reported as governmental fund liabilities. Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expense when it is due. These long-term assets and liabilities consist of:

Long-term liabilities	\$ (26,452,324)	
Net Pension liability	\$ (3,596,744)	
Accrued interest payable	<u>(127,647)</u>	<u>(30,176,715)</u>
Total		

TOTAL NET POSITION	<u>\$ 89,205,532</u>
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The accompanying notes are an integral part of the basic financial statements.

CITY OF CANBY, OREGON
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended June 30, 2016

	General Fund	Street Fund	Library Fund	Transit Fund	System Development Charge Fund	Urban Renewal Agency - General Fund	Urban Renewal Debt Service Fund	Other Governmental Funds	Total Governmental
REVENUES:									
Intergovernmental	\$ 1,184,433	\$ 1,229,682	\$ 794,394	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,208,509
Charges for services	279,919	594,146	5,753	69,974	-	-	-	238,901	1,188,693
Property taxes	4,195,333	-	-	-	-	-	2,638,488	586,403	7,420,224
Franchise	452,204	-	-	-	-	-	-	-	452,204
Licenses, fees, permits	205,535	-	-	-	-	-	-	-	205,535
Fines and forfeitures	487,601	-	-	-	-	-	-	5,763	493,364
Special assessments	-	-	-	-	-	-	54,995	-	54,995
Grants and donations	34,316	-	173,015	1,004,964	-	27,870	-	-	1,240,165
Interest	12,019	8,323	8,894	6,027	15,817	40,047	24,568	9,044	124,739
Miscellaneous	118,836	44,174	31,111	3,246	-	213,082	55,759	-	466,208
System development charges	-	130,914	-	-	1,324,123	-	-	-	1,455,037
Excise taxes	-	163,218	-	-	-	-	-	-	163,218
Transit taxes	-	-	-	1,284,333	-	-	-	-	1,284,333
Total revenues	<u>6,970,196</u>	<u>2,170,457</u>	<u>1,013,167</u>	<u>2,368,544</u>	<u>1,339,940</u>	<u>280,999</u>	<u>2,773,810</u>	<u>840,111</u>	<u>17,757,224</u>
EXPENDITURES:									
Current:									
General government	1,569,252	-	-	-	-	17,418	-	-	1,586,670
Public safety	5,130,066	-	-	-	-	-	-	14,943	5,145,009
Highways and streets	-	982,630	-	-	-	-	-	-	982,630
Transportation	-	-	-	1,476,637	-	-	-	-	1,476,637
Culture and recreation	464,024	-	785,323	-	-	-	-	629,797	1,879,144
Community development	833,806	-	-	-	-	-	-	-	833,806
Capital outlay	198,478	615,483	-	404,061	-	6,533,027	-	14,165	7,765,214
Debt service:									
Principal	18,083	-	-	-	-	-	860,419	-	878,502
Interest	2,774	-	-	-	-	-	1,105,130	-	1,107,904
Total expenditures	<u>8,216,483</u>	<u>1,598,113</u>	<u>785,323</u>	<u>1,880,698</u>	<u>-</u>	<u>6,550,445</u>	<u>1,965,549</u>	<u>658,905</u>	<u>21,655,516</u>
Revenues over (under) expenditures	(1,246,287)	572,344	227,844	487,846	1,339,940	(6,269,446)	808,261	181,206	(3,898,292)
OTHER FINANCING SOURCES (USES):									
Transfers in	1,615,447	-	-	-	-	1,234,924	-	-	2,850,371
Transfers out	(72,430)	(118,555)	(94,354)	(170,394)	(33,038)	(553,087)	(1,234,924)	(82,390)	(2,359,172)
Capital leases	142,900	-	-	-	-	-	-	-	142,900
Total other financing sources (uses)	<u>1,685,917</u>	<u>(118,555)</u>	<u>(94,354)</u>	<u>(170,394)</u>	<u>(33,038)</u>	<u>681,837</u>	<u>(1,234,924)</u>	<u>(82,390)</u>	<u>634,099</u>
Net changes in fund balances	439,630	453,789	133,490	317,452	1,306,902	(5,587,609)	(426,663)	98,816	(3,264,194)
FUND BALANCE, BEGINNING - as previously stated	<u>1,402,635</u>	<u>1,089,596</u>	<u>1,359,925</u>	<u>1,041,466</u>	<u>1,713,144</u>	<u>8,952,254</u>	<u>608,236</u>	<u>1,325,911</u>	<u>17,493,167</u>
Cummulative effect of change in accounting method	89,640	-	-	-	-	-	-	-	89,640
FUND BALANCE, BEGINNING - as restated	<u>1,492,275</u>	<u>1,089,596</u>	<u>1,359,925</u>	<u>1,041,466</u>	<u>1,713,144</u>	<u>8,952,254</u>	<u>608,236</u>	<u>1,325,911</u>	<u>17,582,807</u>
FUND BALANCES, ENDING	<u>\$ 1,931,905</u>	<u>\$ 1,543,385</u>	<u>\$ 1,493,415</u>	<u>\$ 1,358,918</u>	<u>\$ 3,020,046</u>	<u>\$ 3,364,646</u>	<u>\$ 181,573</u>	<u>\$ 1,424,727</u>	<u>\$ 14,318,615</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, 2016

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

Net change in fund balances - total governmental funds		\$ (3,264,194)
The statement of revenues, expenditures, and changes in fund balances report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as		
Current year depreciation	\$ (4,227,614)	
Capital acquisitions	<u>7,134,991</u>	2,907,377
Change in unavailable revenue, net of allowance for doubtful accounts		(79,227)
Change in accrued interest on long-term liabilities		7,120
The issuance of long-term debt (e.g., bonds, leases) provides current financial		
Debt service principal payments	1,036,644	
New capital leases	(142,900)	
Change in compensated absences	<u>37,436</u>	931,180
Internal service fund reported as governmental activities		(142,546)
Change in other postemployment benefits		(34,957)
Pension Expense		<u>(2,870,689)</u>
Change in net position of governmental activities		<u>\$ (2,545,936)</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, 2016

	Enterprise Total Sewer Operations	Internal Service Funds
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 4,659,533	\$ 431,431
Accounts receivables, net	502,777	3,057
Total current assets	5,162,310	434,488
Noncurrent Assets:		
Capital assets, net	11,518,959	-
Total assets	16,681,269	434,488
DEFERRED OUTFLOW OF RESOURCES:		
Deferred resources related to pensions	123,806	48,004
Total assets and deferred outflows	\$ 16,805,075	\$ 482,492
LIABILITIES, DEFERRED INFLOWS AND NET POSITION		
LIABILITIES:		
Current Liabilities:		
Accounts payable	\$ 77,897	\$ 24,049
Accrued interest	1,355	-
Long-term debt - within one year	342,496	21,484
Total current liabilities	421,748	45,533
Noncurrent Liabilities:		
Long-term debt - past one year	318,096	7,162
Net Pension Liability	503,656	195,290
OPEB liability	84,019	29,368
Total liabilities	1,327,519	277,353
DEFERRED INFLOWS OF RESOURCES:		
Deferred resources related to pensions	148,277	57,493
Total liabilities and deferred inflows	\$ 1,475,796	\$ 334,846
NET POSITION:		
Net investment in capital assets	10,934,463	-
Restricted for:		
Debt service	297,050	-
Unrestricted	4,097,766	147,646
Total net position	15,329,279	147,646
Total liabilities, deferred inflows and net position	\$ 16,805,075	\$ 482,492

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, 2016

	Enterprise Total Sewer Operations	Internal Service Funds
OPERATING REVENUES:		
Charges for services	\$ 3,920,046	\$ 1,158,679
Miscellaneous	45,482	6,831
Total operating revenues	<u>3,965,528</u>	<u>1,165,510</u>
OPERATING EXPENSES:		
Personal services	1,544,403	566,667
Materials and services	647,010	740,874
Depreciation and amortization	338,731	-
Total operating expenses	<u>2,530,144</u>	<u>1,307,541</u>
Operating income	1,435,384	(142,031)
NON-OPERATING INCOME (EXPENSE):		
System development charges	283,985	-
Interest income	32,007	2,986
Interest expense	(26,365)	-
Total non-operating income (expenses)	<u>289,627</u>	<u>2,986</u>
TRANSFERS:		
Transfers in	33,038	-
Transfers out	(520,736)	(3,501)
Change in net position	1,237,313	(142,546)
NET POSITION, BEGINNING	<u>14,091,966</u>	<u>290,191</u>
NET POSITION, ENDING	<u>\$ 15,329,279</u>	<u>\$ 147,646</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, 2016

	Enterprise Total Sewer Operations	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	\$ 4,024,719	\$ 1,164,532
Payments to employees	(1,141,897)	(400,913)
Payments to suppliers	(622,289)	(755,398)
Net cash from operating activities	2,260,533	8,221
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Transfers in	33,038	-
Transfer out	(520,736)	(3,501)
Net cash from non-capital financing activities	(487,698)	(3,501)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
SDC receipts	283,985	-
Purchase of capital assets	(1,558,467)	-
Payment of principal debt	(275,000)	-
Payment of interest on debt	(27,284)	-
Net cash from capital and related financing activities	(1,576,766)	-
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received	32,007	2,986
Net increase (decrease) in cash and cash equivalents	228,076	7,706
CASH AND CASH EQUIVALENTS, BEGINNING	4,431,457	423,725
CASH AND CASH EQUIVALENTS, ENDING	\$ 4,659,533	\$ 431,431
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income (loss)	\$ 1,435,384	\$ (142,031)
Adjustments:		
Depreciation	344,155	-
Amortization	(5,424)	-
Decrease (increase) in:		
Accounts receivable	59,191	(978)
Increase (decrease) in:		
Accounts payable and accrued expenses	24,721	(14,524)
OPEB obligation	7,796	(226)
Accrued compensated absences	13,371	11,683
Pension obligations	381,339	154,296
Net cash from operating activities	\$ 2,260,533	\$ 8,221

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

NOTES TO THE FINANCIAL STATEMENTS

CITY OF CANBY, OREGON
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

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, 2016, may be obtained at Canby City Hall, located at 222 NE 2nd Ave., Canby, Oregon 97013.

Discretely Presented Component Unit

The Canby Utility Board (CUB) is responsible for providing water and electricity services to residential and commercial customers within the city limits of Canby. CUB is a legally separate entity from the City, which is currently governed by a board appointed by the members of the City Council. A financial benefit exists. Complete financial statements for CUB for the year ended June 30, 2016 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
For the Year Ended June 30, 2016

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.
- *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.

CITY OF CANBY, OREGON
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

I. Summary of Significant Accounting Policies (Continued)

B. Basic Financial Statements (Continued)

- *System Development Fund* - This fund accounts for the collection and use of system development charges for capital project funding.
- *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, and swim center operations. Principal resources include property taxes, intergovernmental revenues, and charges for services.

The City reports the following major proprietary fund:

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

The City reports the following internal service funds:

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

CITY OF CANBY, OREGON
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

I. Summary of Significant Accounting Policies (Continued)

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.

Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, long-term compensated absences are recorded only when payment is due.

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

In accordance with 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.

CITY OF CANBY, OREGON
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

I. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services, and producing and delivering goods in connection with a proprietary fund's 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

The only asset that is reported as restricted is CUB restricted cash which is restricted for deposits and debt service. Restrictions for construction, debt service, by other agreement or for specific purposes by state statute are properly classified within 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

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.

CITY OF CANBY, OREGON
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

I. Summary of Significant Accounting Policies (Continued)

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

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

Assessment liens 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 and is taken in the year the assets are acquired or retired.

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

CITY OF CANBY, OREGON
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

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.

CITY OF CANBY, OREGON
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

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.

CITY OF CANBY, OREGON
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

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.

E. New Accounting Pronouncements and Accounting Standards

During the fiscal year ended June 30, 2016, the City implemented the following GASB pronouncement:

GASB Statement No. 72, Fair Value Measurement and Application

This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

Management recorded additional revenue to bring the asset held for sale to fair market value in accordance with GASB72.

F. Change in Accounting Method

In prior years the City was recording workers compensation exposure related to a retroactive plan as a liability in the General Fund. This methodology was reviewed and management decided this should be recorded as a restricted fund balance instead of a liability. This resulted in a change to beginning fund balance in the General Fund and a change to beginning net position in the Governmental Funds.

	<u>Governmental Activities</u>
Net position - beginning (as previously stated)	\$ 91,661,828
Cumulative effect of change in accounting method	<u>89,640</u>
Net position - beginning (as restated)	<u><u>\$ 91,751,468</u></u>

CITY OF CANBY, OREGON
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

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	\$ 1,244	\$ 700
Cash on deposit	478,847	790,881
Restricted Cash	-	466,026
Oregon State Local Government Investment Pool	17,238,498	11,533,819
Total	<u>\$ 17,718,589</u>	<u>\$ 12,791,426</u>
Reported in the basic financial statements as:		
Governmental activities	\$ 13,059,056	
Business-type activities	4,659,533	
Total	<u>\$ 17,718,589</u>	
Component Unit		
Cash and Cash Equivalents		\$ 12,325,400
Restricted Cash		466,026
Total		<u>\$ 12,791,426</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. Effective July 1, 2008, the State of Oregon formed the Oregon Public Funds Collateralization Program under ORS 295. The collateralization program creates a statewide pool of qualified bank depositories for local governments, providing collateralization for bank balances that exceed the limits of federal depository insurance, and eliminating the need for certificates of participation. As of June 30, 2016, the City had total bank balances of \$2,767,316, of which \$250,000 was covered by FDIC and the remainder was collateralized by the statewide pool.

B. Interest rate risk

The City does not have a formal investment policy that limits investments maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

CITY OF CANBY, OREGON
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

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 3rd party collection agencies. The amounts considered uncollectable are \$72,287 and \$2,215,861 respectively.

Canby Utility Board's accounts receivable primarily represent user charges which are recognized as earned. As of June 30, 2016, an allowance for uncollectible receivables has been provided for the electric and water systems of \$4,700.

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 for a new police facility, ultimately a different site was 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 a fair market value of \$1,200,000.

CITY OF CANBY, OREGON
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

V. Capital Assets

Capital asset activity for the year ended June 30, 2016, was as follows:

Primary Government:	Beginning Balance	Additions	Deletions	Ending Balance
<i>Capital assets, not being depreciated:</i>				
Land	\$ 40,995,883	\$ -	\$ -	\$ 40,995,883
Construction in progress	327,152	6,381,931	-	6,709,083
Total capital assets, not being depreciated	41,323,035	6,381,931	-	47,704,966
<i>Capital assets, being depreciated:</i>				
Buildings and improvements	17,719,513	16,933	-	17,736,446
Motor vehicles and equipment	5,018,944	736,127	(99,201)	5,655,870
Infrastructure	131,798,185	-	-	131,798,185
Total capital assets, being depreciated	154,536,642	753,060	(99,201)	155,190,501
<i>Less accumulated depreciation for:</i>				
Buildings and improvements	(4,291,618)	(491,347)	-	(4,782,965)
Vehicles and equipment	(3,412,345)	(408,504)	99,201	(3,721,648)
Infrastructure	(85,483,916)	(3,327,763)	-	(88,811,679)
Total accumulated depreciation	(93,187,879)	(4,227,614)	99,201	(97,316,292)
Total capital assets, being depreciated, net	61,348,763	(3,474,554)	-	57,874,209
Governmental activities capital assets, net	<u>\$ 102,671,798</u>	<u>\$ 2,907,377</u>	<u>\$ -</u>	<u>\$ 105,579,175</u>

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

Governmental activities:	
General Government	\$ 265,190
Public Safety	123,118
Highways and streets	3,353,543
Transportation	256,932
Culture and recreation	171,581
Community development	57,250
Total depreciation expense - governmental activities	<u>\$4,227,614</u>

CITY OF CANBY, OREGON
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

Business-type Activities: Sewer Fund	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 1,081,277	\$ -	\$ -	\$ 1,081,277
Intangibles	5,500	-	-	5,500
Construction in progress	1,658,772	142,115	(1,720,787)	80,100
Total capital assets, not being depreciated	2,745,549	142,115	(1,720,787)	1,166,877
Capital assets, being depreciated:				
Buildings and improvements	8,305,015	2,712,091	-	11,017,106
Vehicles	681,473	-	-	681,473
Utility plant	3,797,521	425,048	-	4,222,569
Total capital assets, being depreciated	12,784,009	3,137,139	-	15,921,148
Less accumulated depreciation for:				
Buildings and improvements	(2,999,890)	(201,647)	-	(3,201,537)
Vehicles	(208,314)	(53,476)	-	(261,790)
Utility plant	(2,016,707)	(89,032)	-	(2,105,739)
Total accumulated depreciation	(5,224,911)	(344,155)	-	(5,569,066)
Total capital assets, being depreciated, net	7,559,098	2,792,984	-	10,352,082
Business-type activities capital assets, net	<u>\$ 10,304,647</u>	<u>\$ 2,935,099</u>	<u>\$ (1,720,787)</u>	<u>\$ 11,518,959</u>

Discretely presented component unit

Activity for the Canby Utility Board (CUB) for the year ended June 30, 2016, was as follows:

CUB:	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 1,340,579	\$ -	\$ -	\$ 1,340,579
Property held for future use	3,633	-	-	3,633
Construction in progress	225,926	1,558,605	(1,059,714)	724,817
Total capital assets, not being depreciated	1,570,138	1,558,605	(1,059,714)	2,069,029
Capital assets, being depreciated:				
Plant	52,160,844	978,298	(50,495)	53,088,647
Equipment	2,501,479	158,959	(24,532)	2,635,906
Office furniture and equipment	1,174,824	34,035	-	1,208,859
Total capital assets, being depreciated	55,837,147	1,171,292	(75,027)	56,933,412
Less accumulated depreciation for:				
Electric and water plant assets	(19,802,159)	(1,460,849)	104,451	(21,158,557)
Total capital assets, being depreciated, net	36,034,988	(289,557)	29,424	35,774,855
CUB capital assets, net	<u>\$ 37,605,126</u>	<u>\$ 1,269,048</u>	<u>\$ (1,030,290)</u>	<u>\$ 37,843,884</u>

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

CUB Activities:	
Electric	\$811,095
Water	649,754
Total depreciation expense – CUB Activities	<u>\$1,460,849</u>

CITY OF CANBY, OREGON
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

V. Interfund Receivables, Payables, and Transfers

The composition of interfund transfers as of June 30, 2016, was as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Major Governmental Funds		
General Fund	\$ 1,615,447	\$ 72,430
Street Fund	-	118,555
Library Fund	-	94,354
Transit Fund	-	170,394
SDC Fund	-	33,038
Urban Renewal District - General Fund	1,234,924	553,087
Urban Renewal Debt Service Fund	-	1,234,924
Total Major Governmental Funds	<u>2,850,371</u>	<u>2,276,782</u>
Non-major Governmental Funds	-	82,390
Proprietary Funds		
Sewer Combined Fund	33,038	520,736
Internal Service Funds	-	3,501
Total All Funds	<u><u>\$ 2,883,409</u></u>	<u><u>\$ 2,883,409</u></u>

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

VI. Long-term liabilities

A. Debt Outstanding

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.

Future minimum lease obligations and the present value of these minimum lease payments at June 30, 2016.

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>
2017	\$ 99,260
2018	74,259
2019	47,480
Less amount representing interest	<u>(21,743)</u>
Present value of future minimum lease pmts	<u><u>\$ 199,255</u></u>

CITY OF CANBY, OREGON
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

VI. Long-term liabilities (continued)

A. Debt Outstanding (continued)

Long-term liability activity for the year ended June 30, 2016, was as follows:

	Original Amount	6/30/2015 Balance	Additions	Reductions	6/30/2016 Balance	Due Within One Year
Governmental Activities						
Bonds URA:						
2010 1st Ave Redevelopment (3.75-7%)	\$ 2,500,000	\$ 2,105,000	\$ -	\$ 105,000	\$ 2,000,000	\$ 105,000
2010 Bond Discount		(35,340)	-	(2,208)	(33,132)	(2,208)
2011 Police Facility (2-5%)	9,000,000	8,915,000	-	25,000	8,890,000	30,000
2011 Bond Discount		(19,950)	-	(950)	(19,000)	(950)
2012 Civic Bldg & Sequoia Pkwy (3-4%)	14,050,000	13,355,000	-	610,000	12,745,000	650,000
2012 Premium		981,667	-	49,118	932,549	49,118
Total Governmental Bonds		25,301,377	-	785,960	24,515,417	830,960
Long-term Loans:						
1997 Logging Rd Industrial Park Phs2 (5.01%)	260,000	54,725	-	18,083	36,642	18,238
Long-term Loans URA:						
2009 Township, Berg, Sequoia St. (3-5.25%)	1,981,047	1,543,388	-	79,578	1,463,810	85,161
2009 Premium		13,349	-	953	12,396	953
2010 Walnut St (5%)	417,927	265,645	-	40,841	224,804	42,883
Total Governmental Loans		1,877,107	-	139,455	1,737,652	147,235
Capital Leases for Police Vehicles						
FORD - Lease no. 5241014		20,846	-	20,846	-	-
FORD - Lease no. 5241015 (5.95%)		45,869	-	22,272	23,597	23,597
FORD - Lease no. 5241016 (5.95%)		71,644	-	22,515	49,129	23,855
FORD - Lease no. 5241017 (6.45%)		29,225	-	6,636	22,589	7,064
FORD - Lease no. 5241018 (6.45%)		-	43,818	12,002	31,816	9,950
FORD - Lease no. 5241019 (5.95%)		-	99,082	26,958	72,124	22,666
Total Governmental Leases		167,584	142,900	111,229	199,255	87,132
Compensated Absences		704,399	565,066	590,820	678,645	508,984
Total Governmental Activities		\$ 28,050,467	\$ 707,966	\$ 1,627,464	\$ 27,130,969	\$ 1,574,311
Business-Type Activities						
Enterprise Bonds						
2008 Sewer Bonds (3.5-4%)	\$ 2,505,000	\$ 850,000	\$ -	\$ 275,000	\$ 575,000	\$ 280,000
Bond Premium		14,920	-	5,424	9,496	5,424
Total Enterprise Bonds		864,920	-	280,424	584,496	285,424
Compensated Absences		62,725	85,408	72,037	76,096	57,072
Total Business-Type Activities		\$ 927,645	\$ 85,408	\$ 352,461	\$ 660,592	\$ 342,496

CITY OF CANBY, OREGON
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

VI. Long-term liabilities (continued)

B. Debt Service Requirements

The City issues full faith and credit obligation bonds, loans/notes, and capital leases to provide funds for the acquisition and construction of major capital infrastructure and equipment. Full faith and credit obligation bonds, loans/notes, and capital leases outstanding at June 30, 2016, are as follows:

Fiscal Year Ending June 30,	Governmental Activities							Business - Type Activities		
	Bonds - URA	City Loans	URA Loans	Capital Leases	Total Principal	Interest	Total Governmental Activities	Principal	Interest	Total Business Type Activities
2017	\$ 830,960	\$ 18,238	\$ 128,997	\$ 87,132	\$ 1,065,327	\$ 1,089,712	\$ 2,155,039	\$ 285,424	\$ 17,050	\$ 302,474
2018	845,960	18,404	136,748	67,400	1,068,512	1,054,068	2,122,580	299,072	5,900	304,972
2019	875,960	-	139,631	44,723	1,060,314	1,019,291	2,079,605	-	-	-
2020	900,960	-	147,691	-	1,048,651	981,264	2,029,915	-	-	-
2021	930,960	-	143,788	-	1,074,748	941,232	2,015,980	-	-	-
2022-2026	5,274,800	-	582,007	-	5,856,807	4,006,580	9,863,387	-	-	-
2027-2031	6,859,791	-	422,148	-	7,281,939	2,575,094	9,857,033	-	-	-
2032-2036	7,996,026	-	-	-	7,996,026	942,213	8,938,239	-	-	-
Total	<u>\$ 24,515,417</u>	<u>\$ 36,642</u>	<u>\$ 1,701,010</u>	<u>\$ 199,255</u>	<u>\$ 26,452,324</u>	<u>\$ 12,609,454</u>	<u>\$ 39,061,778</u>	<u>\$ 584,496</u>	<u>\$ 22,950</u>	<u>\$ 607,446</u>

C. Discretely Presented Component Unit – Revenue Bonds

	Original Amount	6/30/2015 Balance	Additions	Reductions	6/30/2016 Balance	Due Within One Year
CUB - Discretely presented component unit - Revenue Bonds						
2007 Water Revenue Bonds (3.625-3.75%)	\$ 3,200,000	\$ 2,360,000	\$ -	\$ 140,000	\$ 2,220,000	\$ 145,000
2014 Water Revenue Refunding Bonds (2.3%)	1,951,000	1,916,000	-	175,000	1,741,000	178,000
Total CUB Bonds		<u>\$ 4,276,000</u>	<u>\$ -</u>	<u>\$ 315,000</u>	<u>\$ 3,961,000</u>	<u>\$ 323,000</u>

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

CUB			
Year Ending June 30,	Principal	Interest	Total
2017	\$ 323,000	\$ 124,249	\$ 447,249
2018	337,000	114,499	451,499
2019	351,000	104,239	455,239
2020	362,000	93,604	455,604
2021	372,000	82,438	454,438
2022-2026	1,766,000	232,600	1,998,600
2027-2029	450,000	18,883	468,883
Total	<u>\$3,961,000</u>	<u>\$ 770,512</u>	<u>\$4,731,512</u>

CITY OF CANBY, OREGON
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

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, 2016, the City had 75 active employees and two 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, 2016, the amount actually contributed to the plans, and changes in the City's net OPEB obligation:

Normal cost at year end	\$ 49,420
Amortization of UAAL	65,457
Annual required contribution	114,877
Interest on prior year Net OPEB Obligation	22,807
Adjustment to ARC	(78,351)
Implicit benefit payments	(16,805)
Increase in Net OPEB Obligation	42,528
Net OPEB obligation at beginning of year	651,618
Net OPEB obligation at end of year	<u>\$ 694,146</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>
06/30/14	\$ 114,390	29%	\$ 567,753
06/30/15	118,391	29	651,618
06/30/16	59,333	28	694,146

CITY OF CANBY, OREGON
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

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. The annual payroll of active employees covered by the City's healthcare plan was \$5,845,405, and the ratio of the unfunded actuarially accrued liability (UAAL) to covered payroll was 9.02%. The schedule of funding progress included as required supplementary information presents multi-year trend information.

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
For the Year Ended June 30, 2016

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, 2016, 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 2015-2016, \$57,753 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, 2016.

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.

CITY OF CANBY, OREGON
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

VIII. Pension Plan (Continued)

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.

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.

CITY OF CANBY, OREGON
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

VIII. Pension Plan (Continued)

B. Benefits Provided (Continued)

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.

OPSRP Individual Account Program (IAP)

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

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

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

CITY OF CANBY, OREGON
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

VIII. Pension Plan (Continued)

B. Benefits Provided (Continued)

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

C. Contributions

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. Employer contribution rates for the period were based on the December 31, 2013 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2015. The City's contribution rates for the period were 14.33% for Tier One/Tier Two members, 7.08% for OPSRP General Service members, and 11.19% for OPSRP Police and Fire members. The City's total contributions exclusive of the 6% "pick-up" was \$423,384. CUB employer contributions for the year ended June 30, 2016 were \$225,984, 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 \$362,318 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, 2016, the City and CUB reported a liability of \$4,295,690 and \$1,452,943 respectively for its proportionate share of the OPERS net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2013 rolled forward to June 30, 2015. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2015, the City's and CUB's proportion were 0.0748% and 0.0253% respectively, which changed from its proportion measured as of June 30, 2014 by 0.00455% and 0.003% respectively.

For the year ended June 30, 2016, the City and CUB recognized pension expense of \$3,406,325 and \$1,203,749 respectively. At June 30, 2016, the City and CUB reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	City		CUB	
	Deferred Outflow of Resources	Deferred Inflow of Resources	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ 231,645	\$ -	\$ 78,350	\$ -
Net difference between projected and actual earnings on investments	-	900,474	-	304,570
Changes in proportion share	78,139	-	51,545	-
Differences between employer contributions and employer's proportionate share of system contributions	-	364,183	-	79,964
Contributions subsequent to the MD	746,158	-	225,984	-
Net Deferred Outflow/(Inflow) of Resources	<u>\$ 1,055,942</u>	<u>\$ 1,264,657</u>	<u>\$ 355,879</u>	<u>\$ 384,534</u>

CITY OF CANBY, OREGON
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

VIII. Pension Plan (Continued)

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

Deferred outflows of resources related to pensions of \$746,158 and \$225,984 resulting from the City's and CUB's respective contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability or an increase in the net pension asset in the year ending June 30, 2017. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30:</u>	<u>City</u>	<u>CUB</u>
2017	\$ (444,952)	\$ (63,502)
2018	(444,952)	(63,502)
2019	(444,952)	(63,502)
2020	379,632	(62,427)
2021	352	(1,706)
Total	<u>\$ (954,873)</u>	<u>\$ (254,639)</u>

E. Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown below are based on the 2014 experience study which reviewed experience for the four-year period ending on December 31, 2014.

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
Cost of living adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with Moro decision; blend based on service.
Mortality	<p>Healthy retirees and beneficiaries: RP-2000 Sex-distinct, generational per Scale AA, with collar adjustments and set-backs as described in the valuation.</p> <p>Active members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation.</p> <p>Disabled retirees: Mortality rates are a percentage (65% for males, 90% for females) of the RP-2000 static combined disabled mortality sex-distinct table.</p>

CITY OF CANBY, OREGON
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

VIII. Pension Plan (Continued)

E. Actuarial Methods and Assumptions (Continued)

The total pension liability in the December 31, 2013 actuarial valuation was determined using the actuarial methods and assumptions shown in the prior table.

F. Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 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.

G. Long-Term Expected Rate of Return

<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%
Total	<u>100.00%</u>	
Assumed Inflation - Mean		2.75%

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.

CITY OF CANBY, OREGON
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

VIII. Pension Plan (Continued)

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

The following presents the City's proportionate share of the net pension liability (asset) calculated using the discount rate of 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%)	Discount Rate (7.75%)	1% Increase (8.75%)
City	\$ 10,367,490	\$ 4,295,691	\$ (821,241)
CUB	3,506,600	1,452,943	(277,800)

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 four years.

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, 2016, the City had outstanding commitments for consulting, construction and equipment totaling approximately \$2,500,000.

The city participates in a workers compensation retroactive plan and the maximum outstanding workers compensation exposure is \$174,180,

CITY OF CANBY, OREGON
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

XI. Related Party

The City receives payments from CUB for contributions in lieu of taxes. For the year ended June 30, 2016, contributions totaled \$555,389 for electric and \$149,084 for water. The receivable amounts at June 30, 2016 are, \$42,637 for electric and \$12,802 for water.

XII. Over-Expenditure of Appropriations

Oregon law prohibits expenditures in excess of Council-approved appropriations. The City has the following over-expenditure of appropriations during the current year.

Technical Services Fund	<u>Appropriation over Budget</u>
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Personal Services	\$151
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The Technical Services Fund has an over-expenditure of appropriations due to year end accruals of personal services costs.

REQUIRED SUPPLEMENTARY INFORMATION

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, 2016

	Budget			Variance
	Original	Final	Actual	Positive (Negative)
REVENUES:				
Property taxes	\$ 4,220,280	\$ 4,220,280	\$ 4,195,333	\$ (24,947)
Intergovernmental	1,185,237	1,185,237	1,184,433	(804)
Charges for services	105,980	114,980	315,004	200,024
Franchise	463,000	463,000	452,204	(10,796)
Licenses, fees, permits	144,930	146,130	205,535	59,405
Fines and forfeitures	441,000	441,000	487,601	46,601
Grants & donations	8,000	8,000	34,316	26,316
Interest	8,300	8,300	12,019	3,719
Miscellaneous	13,935	13,935	118,836	104,901
Total revenues	6,590,662	6,600,862	7,005,281	404,419
EXPENDITURES:				
Administration	1,026,647	1,036,647	983,370	53,277
Court	346,661	348,661	324,196	24,465
Planning	217,464	217,464	211,554	5,910
Parks	798,526	810,526	464,024	346,502
Building	31,808	33,008	32,804	204
Police	4,914,255	4,929,255	4,829,449	99,806
Cemetery	76,650	78,650	74,398	4,252
Finance	444,789	444,789	428,404	16,385
Economic Development	513,713	537,913	515,050	22,863
Unallocated				
Personnel services	75,000	130,000	118,609	11,391
Materials & services	128,892	128,892	35,269	93,623
Capital Outlay	66,030	66,030	35,599	30,431
Debt service	20,857	20,857	20,857	-
Contingency	984,548	984,548	-	984,548
Total expenditures	9,645,840	9,767,240	8,073,583	1,693,657
Revenues over (under) expenditures	(3,055,178)	(3,166,378)	(1,068,302)	2,098,076
OTHER FINANCING SOURCES (USES):				
Transfers in	1,895,933	1,895,933	1,580,362	(315,571)
Transfers out	(72,430)	(72,430)	(72,430)	-
Total other financing sources (uses)	1,823,503	1,823,503	1,507,932	(315,571)
Net changes in fund balances	(1,231,675)	(1,342,875)	439,630	1,782,505
FUND BALANCE, BEGINNING - as previously stated	1,231,675	1,342,875	1,402,635	59,760
Cummulative effect of change in accounting method			89,640	89,640
FUND BALANCE, BEGINNING - as restated			1,492,275	1,492,275
FUND BALANCE, ENDING	\$ -	\$ -	\$ 1,931,905	\$ 1,931,905

Budget to GAAP Differences:

The City entered into capital leases in the amount of \$142,900 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, 2016

	Budget			Variance
	Original	Final	Actual	Positive (Negative)
REVENUES:				
Intergovernmental	\$ 1,328,033	\$ 1,328,033	\$ 1,229,682	\$ (98,351)
Charges for services	564,325	564,325	594,146	29,821
Interest	2,200	2,200	8,323	6,123
Miscellaneous	57,630	57,630	44,174	(13,456)
System development charges	36,725	36,725	130,914	94,189
Excise tax	33,000	33,000	163,218	130,218
Total revenues	2,021,913	2,021,913	2,170,457	148,544
EXPENDITURES:				
Personal service	607,428	609,928	605,957	3,971
Materials and service	398,429	398,429	386,219	12,210
Capital outlay	1,137,550	1,137,550	615,483	522,067
Contingency	844,377	844,377	-	844,377
Total expenditures	2,987,784	2,990,284	1,607,659	1,382,625
Revenues over (under) expenditures	(965,871)	(968,371)	562,798	1,531,169
OTHER FINANCING SOURCES (USES):				
Transfers in	261,000	261,000	-	(261,000)
Transfers out	(109,009)	(109,009)	(109,009)	-
Total other financing sources (uses)	151,991	151,991	(109,009)	(261,000)
Net changes in fund balance	(813,880)	(816,380)	453,789	1,270,169
FUND BALANCE, BEGINNING	813,880	816,380	1,089,596	273,216
FUND BALANCE, ENDING	\$ -	\$ -	\$ 1,543,385	\$ 1,543,385

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, 2016

	Budget			Variance
	Original	Final	Actual	Positive (Negative)
REVENUES:				
Intergovernmental	\$ 789,404	\$ 789,404	\$ 794,394	\$ 4,990
Charges for services	4,500	4,500	5,753	1,253
Grants & donations	21,500	21,500	173,015	151,515
Miscellaneous	23,000	30,500	31,111	611
Interest	6,700	6,700	8,894	2,194
Total revenues	845,104	852,604	1,013,167	160,563
EXPENDITURES:				
Personal service	626,783	626,783	619,320	7,463
Materials and service	163,735	173,735	166,602	7,133
Contingency	1,267,964	1,267,964	-	1,267,964
Total expenditures	2,058,482	2,068,482	785,922	1,282,560
Revenues over (under) expenditures	(1,213,378)	(1,215,878)	227,245	1,443,123
OTHER FINANCING SOURCES (USES):				
Transfers out	(93,755)	(93,755)	(93,755)	-
Net changes in fund balance	(1,307,133)	(1,309,633)	133,490	1,443,123
FUND BALANCE, BEGINNING	1,307,133	1,309,633	1,359,925	50,292
FUND BALANCE, ENDING	\$ -	\$ -	\$ 1,493,415	\$ 1,493,415

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, 2016

	Budget			Variance
	Original	Final	Actual	Positive (Negative)
REVENUES:				
Charges for services	\$ 70,000	\$ 70,000	\$ 69,974	\$ (26)
Grants & donations	1,066,531	1,066,531	1,004,964	(61,567)
Interest	4,000	4,000	6,027	2,027
Miscellaneous	15,000	15,000	3,246	(11,754)
Transit Tax	1,141,000	1,141,000	1,284,333	143,333
Total revenues	2,296,531	2,296,531	2,368,544	72,013
EXPENDITURES:				
Personal service	275,605	280,105	274,280	5,825
Materials and service	1,303,434	1,303,434	1,202,635	100,799
Capital outlay	656,561	656,561	404,061	252,500
Contingency	792,651	792,651	-	792,651
Total expenditures	3,028,251	3,032,751	1,880,976	1,151,775
Revenues over (under) expenditures	(731,720)	(736,220)	487,568	1,223,788
OTHER FINANCING SOURCES (USES):				
Transfers out	(170,116)	(170,116)	(170,116)	-
Net changes in fund balance	(901,836)	(906,336)	317,452	1,223,788
FUND BALANCE, BEGINNING	901,836	906,336	1,041,466	135,130
FUND BALANCE, ENDING	\$ -	\$ -	\$1,358,918	\$1,358,918

CITY OF CANBY, OREGON
SYSTEM DEVELOPMENT CHARGES FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2016

	Budget			Variance
	Original	Final	Actual	Positive (Negative)
REVENUES:				
Interest	\$ 7,000	\$ 7,000	\$ 15,817	\$ 8,817
System development charges	410,426	410,426	1,324,123	913,697
Total revenues	417,426	417,426	1,339,940	922,514
EXPENDITURES:				
Contingency	1,617,386	1,617,386	-	1,617,386
Revenues over (under) expenditures	(1,199,960)	(1,199,960)	1,339,940	2,539,900
OTHER FINANCING SOURCES (USES):				
Transfers out	(560,038)	(560,038)	(33,038)	527,000
Net change in fund balance	(1,759,998)	(1,759,998)	1,306,902	527,000
FUND BALANCE, BEGINNING	1,759,998	1,759,998	1,713,144	(46,854)
FUND BALANCE, ENDING	\$ -	\$ -	\$ 3,020,046	\$ 480,146

CITY OF CANBY, OREGON
SCHEDULE OF FUNDING PROGRESS
June 30, 2016

Other Postemployment Benefits Plan

<u>Valuation Date</u>	<u>Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Accrued Liability</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAL/ Payroll</u>
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%

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

Year Ended June 30,	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered Payroll	Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
City					
2016	0.07481877%	\$ 4,295,691	\$6,038,627	71.14%	91.90%
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					
2016	0.02530615%	\$ 1,452,943	\$1,810,490	80.25%	99.27%
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*

Year Ended June 30,	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percent of covered payroll
City					
2016	\$ 746,158	\$ 746,158	\$ -	\$6,038,627	12.4%
2015	456,991	456,991	-	6,055,435	7.5%
2014	558,095	558,095	-	6,108,489	9.1%
Canby Utility Board					
2016	\$ 225,984	\$ 225,984	\$ -	\$1,810,490	12.48%
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, 2016

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, 2016, the city had one supplemental budget.

SUPPLEMENTARY INFORMATION

CITY OF CANBY, OREGON
NON-MAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
June 30, 2016

	Forfeiture Fund	Cemetery Perpetual Care Fund	Swim Center Local Option Tax Levy Fund	Total
ASSETS				
Cash and cash equivalents	\$ 35,289	\$ 896,556	\$ 500,349	\$ 1,432,194
Due from other governments	-	-	1,990	1,990
Accounts receivable	-	-	9,621	9,621
Property taxes receivable	-	-	34,742	34,742
Total assets	<u>\$ 35,289</u>	<u>\$ 896,556</u>	<u>\$ 546,702</u>	<u>\$ 1,478,547</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
LIABILITIES				
Accounts payable and other current liabilities	\$ -	\$ -	\$ 20,519	\$ 20,519
DEFERRED INFLOWS				
Unavailable revenue	-	-	33,301	33,301
Total liabilities and deferred inflows	-	-	53,820	53,820
FUND BALANCES:				
Restricted for:				
Drug enforcement and equipment	35,289	-	-	35,289
Swim center	-	-	492,882	492,882
Committed:				
Cemetery care	-	896,556	-	896,556
Total fund balances	<u>35,289</u>	<u>896,556</u>	<u>492,882</u>	<u>1,424,727</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 35,289</u>	<u>\$ 896,556</u>	<u>\$ 546,702</u>	<u>\$ 1,478,547</u>

CITY OF CANBY, OREGON
NON-MAJOR SPECIAL REVENUE FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2016

	Forfeiture Fund	Cemetery Perpetual Care Fund	Swim Center Local Option Tax Levy Fund	Total
REVENUES:				
Charges for services	\$ -	\$ 14,735	\$ 224,166	\$ 238,901
Property taxes	-	-	586,403	586,403
Fines and forfeitures	5,763	-	-	5,763
Interest	254	5,705	3,085	9,044
Total revenues	6,017	20,440	813,654	840,111
EXPENDITURES:				
Public safety	14,943	-	-	14,943
Culture and recreation	-	-	629,797	629,797
Capital Outlay	-	-	14,165	14,165
Total expenditures	14,943	-	643,962	658,905
Revenues over (under) expenditures	(8,926)	20,440	169,692	181,206
OTHER FINANCING SOURCES (USES):				
Transfers out	-	-	(82,390)	(82,390)
Total other financing sources (uses)	-	-	(82,390)	(82,390)
Net changes in fund balances	(8,926)	20,440	87,302	98,816
FUND BALANCES, BEGINNING	44,215	876,116	405,580	1,325,911
FUND BALANCES, ENDING	<u>\$ 35,289</u>	<u>\$ 896,556</u>	<u>\$ 492,882</u>	<u>\$1,424,727</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, 2016

	Budget		Actual	Variance
	Original	Final		Positive (Negative)
REVENUES:				
Fines and forfeitures	\$ -	\$ -	\$ 5,763	\$ 5,763
Interest	-	-	254	254
Total revenues	-	-	6,017	6,017
EXPENDITURES:				
Materials and service	45,002	45,002	14,943	30,059
Revenues over (under) expenditure:	(45,002)	(45,002)	(8,926)	36,076
FUND BALANCE, BEGINNING	45,002	45,002	44,215	(787)
FUND BALANCE, ENDING	\$ -	\$ -	\$ 35,289	\$ 35,289

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, 2016

	Budget		Actual	Variance
	Original	Final		Positive (Negative)
REVENUES:				
Charges for services	\$ 14,000	\$ 14,000	\$ 14,735	\$ 735
Interest	4,500	4,500	5,705	1,205
Total revenues	18,500	18,500	20,440	1,940
EXPENDITURES:				
Total expenditures	-	-	-	-
Revenues over (under) expenditures	18,500	18,500	20,440	1,940
FUND BALANCE, BEGINNING	877,982	877,982	876,116	(1,866)
FUND BALANCE, ENDING	<u>\$ 896,482</u>	<u>\$ 896,482</u>	<u>\$ 896,556</u>	<u>\$ 74</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, 2016

	Budget			Variance Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Charges for services	\$ 191,900	\$ 191,900	\$ 224,166	\$ 32,266
Property taxes	590,682	590,682	586,403	(4,279)
Interest	1,800	1,800	3,085	1,285
Total revenues	784,382	784,382	813,654	29,272
EXPENDITURES:				
Personal service	519,238	529,238	515,942	13,296
Materials and service	130,630	130,630	119,953	10,677
Capital outlay	22,500	30,000	14,165	15,835
Contingency	436,354	418,854	-	418,854
Total expenditures	1,108,722	1,108,722	650,060	458,662
Revenues over (under) expenditures	(324,340)	(324,340)	163,594	487,934
OTHER FINANCING SOURCES (USES):				
Transfers out	(76,292)	(76,292)	(76,292)	-
Net changes in fund balance	(400,632)	(400,632)	87,302	487,934
FUND BALANCE, BEGINNING	400,632	400,632	405,580	4,948
FUND BALANCE, ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 492,882</u>	<u>\$ 492,882</u>

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, 2016

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Grants and donations	\$ 9,275	\$ 9,275	\$ 27,870	\$ 18,595
Interest	25,000	25,000	40,047	15,047
Miscellaneous	10,255	10,255	10,735	480
Total revenues	44,530	44,530	78,652	34,122
EXPENDITURES:				
Materials and service	582,134	582,134	570,505	11,629
Capital outlay	7,729,678	7,729,678	6,533,027	1,196,651
Contingency	665,922	665,922	-	665,922
Total expenditures	8,977,734	8,977,734	7,103,532	1,874,202
Revenues over (under) expenditures	(8,933,204)	(8,933,204)	(7,024,880)	1,908,324
OTHER FINANCING SOURCES (USES):				
Transfers in	1,234,924	1,234,924	1,234,924	-
Net change in fund balance	(7,698,280)	(7,698,280)	(5,789,956)	1,908,324
FUND BALANCE, BEGINNING BUDGETARY BASIS	7,698,280	7,698,280	7,954,601	256,321
FUND BALANCE, ENDING BUDGETARY BASIS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,164,646</u>	<u>\$ 2,164,645</u>
Change in fund balance - budgetary basis			\$ (5,789,956)	
GASB72 adj to bring asset held for sale to FMV			202,347	
Change in net position - GAAP basis			<u>\$ (5,587,609)</u>	
Fund balance - budgetary basis			\$ 2,164,646	
Asset held for sale			1,200,000	
Total fund balance - GAAP			<u>\$ 3,364,646</u>	

CITY OF CANBY, OREGON
URBAN RENEWAL AGENCY – DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2016

	Budget			Variance Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Property taxes	\$ 2,562,619	\$ 2,562,619	\$ 2,638,488	\$ 75,869
Special assessments	50,976	50,976	54,995	4,019
Miscellaneous	55,460	55,460	55,759	299
Interest	21,485	21,485	24,568	3,083
Total revenues	2,690,540	2,690,540	2,773,810	83,270
EXPENDITURES:				
Debt service	2,093,473	2,093,473	1,965,549	127,924
Revenues over (under) expenditures	597,067	597,067	808,261	(44,654)
OTHER FINANCING SOURCES (USES):				
Transfer out	(1,234,924)	(1,234,924)	(1,234,924)	-
Net change in fund balance	(637,857)	(637,857)	(426,663)	(44,654)
FUND BALANCE, BEGINNING	637,857	637,857	608,236	(29,621)
FUND BALANCE, ENDING	\$ -	\$ -	\$ 181,573	\$ (74,275)

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, 2016

	Budget			Variance
	Original	Final	Actual	Positive (Negative)
REVENUES:				
Charges for services	\$ 3,880,000	\$ 3,880,000	\$ 3,817,484	\$ (62,516)
Interest	25,000	25,000	32,007	7,007
Miscellaneous	5,300	5,300	45,482	40,182
System development charges	103,210	103,210	276,384	173,174
Total revenues	4,013,510	4,013,510	4,171,357	157,847
EXPENDITURES:				
Wastewater Treatment	2,062,749	2,354,764	2,110,653	244,111
Collections	727,812	907,812	808,863	98,949
Stormwater	341,396	366,396	349,986	16,410
Unallocated				
Personnel services	50,200	50,300	50,000	300
Materials & services	64,100	64,100	42,935	21,165
Capital Outlay	3,756,281	3,284,266	-	3,284,266
Debt service	599,334	599,334	302,284	297,050
Contingency	250,322	225,222	-	225,222
Total expenditures	7,852,194	7,852,194	3,664,721	4,187,473
Revenues over (under) expenditures	(3,838,684)	(3,838,684)	506,636	4,345,320
OTHER FINANCING SOURCES (USES):				
Transfers in	33,038	33,038	33,038	-
Transfers out	(550,960)	(550,960)	(505,673)	45,287
Total other financing sources (uses)	(517,922)	(517,922)	(472,635)	45,287
Net change in fund balance	(4,356,606)	(4,356,606)	34,001	4,390,607
FUND BALANCE, BEGINNING BUDGETARY BASIS	4,356,606	4,356,606	4,940,249	583,643
FUND BALANCE, ENDING BUDGETARY BASIS	\$ -	\$ -	\$ 4,974,250	\$ 4,974,250

Change in fund balance - budgetary basis	\$ 34,001	Fund balance - budgetary basis	\$ 4,974,250
Expenditures capitalized	3,279,254	Net pension liability	(503,656)
Disposal of assets	(1,720,787)	Deferred inflow related to pensions	(148,277)
Depreciation expense	(344,155)	Deferred outflow related to pensions	123,806
Debt service principal payments	275,000	OPEB Liability	(84,019)
Amortization of bond premium	5,424	Capital assets net	11,518,959
Change in accrued interest	919	Long-term obligations and related premium	(584,496)
Change in Deferred Revenue - SDC's	7,601	Compensated Absences	(76,096)
Change in Deferred Revenue - Sewer Charges	102,562	Deferred Inflows for SDC's & Sewer Rates	110,163
Change in OPEB Liability	(7,796)	Accrued interest on long-term obligations	(1,355)
Change in Pension Liability (Asset)	(716,571)	Net position - GAAP basis	<u>\$ 15,329,279</u>
Change in deferred inflow related to pensions	272,515		
Change in deferred outflow related to pensions	62,717		
Change in accrued vacation	(13,371)		
Change in net position - GAAP basis	<u>\$ 1,237,313</u>		

CITY OF CANBY, OREGON
INTERNAL SERVICE FUNDS
COMBINING BALANCE SHEET
June 30, 2016

	Facilities Fund	Fleet Services	Technical Services	Total Internal Service Funds
ASSETS:				
Cash and cash equivalents	\$ 161,532	\$ 162,081	\$ 107,818	\$ 431,431
Accounts receivable	2,623	434	-	3,057
Total assets	164,155	162,515	107,818	434,488
DEFERRED OUTFLOW OF RESOURCES:				
Deferred resources related to pensions	11,238	26,323	10,443	48,004
Total assets and deferred outflows	<u>\$ 175,393</u>	<u>\$ 188,838</u>	<u>\$ 118,261</u>	<u>\$ 482,492</u>
LIABILITIES, DEFERRED INFLOWS AND NET POSITION:				
Current liabilities				
Accounts payable and other current liabilities	\$ 1,610	\$ 14,075	\$ 8,364	\$ 24,049
Current portion of long-term obligations		19,616	1,868	21,484
Total current liabilities	1,610	33,691	10,232	45,533
Noncurrent liabilities				
OPEB liability	6,692	17,223	5,453	29,368
Net pension liability	45,718	107,086	42,486	195,290
Noncurrent portion of long-term obligations		6,539	623	7,162
Total liabilities	54,020	164,539	58,794	277,353
DEFERRED INFLOWS OF RESOURCES:				
Deferred resources related to pensions	13,459	31,526	12,508	57,493
NET POSITION:				
Unrestricted	107,914	(7,227)	46,959	147,646
Total liabilities, deferred inflows and net position	<u>\$ 175,393</u>	<u>\$ 188,838</u>	<u>\$ 118,261</u>	<u>\$ 482,492</u>

CITY OF CANBY, OREGON
INTERNAL SERVICE FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND NET POSITION
For Fiscal Year Ended June 30, 2016

	Facilities Fund	Fleet Services Fund	Technical Services Fund	Total Internal Service Funds
OPERATING REVENUES:				
Charges for services	\$ 239,215	\$ 656,245	\$ 263,219	\$ 1,158,679
Miscellaneous	-	6,296	535	6,831
Total revenues	239,215	662,541	263,754	1,165,510
OPERATING EXPENSES:				
Personal service	120,056	340,851	105,760	566,667
Materials and service	133,973	383,478	180,605	698,056
Capital outlay	11,773	-	31,045	42,818
Total operating expense	265,802	724,329	317,410	1,307,541
Operating income (Loss)	(26,587)	(61,788)	(53,656)	(142,031)
NON-OPERATING INCOME (EXPENSE):				
Interest	1,060	1,136	790	2,986
TRANSFERS IN AND (OUT)	(1,119)	(2,309)	(73)	(3,501)
Net change in net position	(26,646)	(62,961)	(52,939)	(142,546)
NET POSITION, BEGINNING	134,560	55,733	99,898	290,191
NET POSITION, ENDING	<u>\$ 107,914</u>	<u>\$ (7,227)</u>	<u>\$ 46,959</u>	<u>\$ 147,646</u>

CITY OF CANBY, OREGON
INTERNAL SERVICE FUNDS
COMBINING SCHEDULE OF CASH FLOWS
For Fiscal Year Ended June 30, 2016

	Facilities Fund	Fleet Services Fund	Technical Services Fund	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$ 236,733	\$ 664,045	\$ 263,754	\$ 1,164,532
Cash paid to employees for salaries and benefits	(91,032)	(234,860)	(75,021)	(400,913)
Cash paid to suppliers and others	(149,482)	(394,893)	(211,023)	(755,398)
Net cash from operating activities	(3,781)	34,292	(22,290)	8,221
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:				
Transfers in (out)	(1,119)	(2,309)	(73)	(3,501)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest received	1,060	1,136	790	2,986
Net increase (decrease) in cash and cash equivalents	(3,840)	33,119	(21,573)	7,706
CASH AND CASH EQUIVALENTS, BEGINNING	165,372	128,962	129,391	423,725
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 161,532</u>	<u>\$ 162,081</u>	<u>\$ 107,818</u>	<u>\$ 431,431</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating income (loss)	\$ (26,587)	\$ (61,788)	\$ (53,656)	\$ (142,030)
Adjustments:				
Decrease (increase) in:				
Accounts receivable	(2,482)	1,504	-	(978)
Increase (decrease) in:				
Accounts payable and accrued expenses	(3,736)	(11,415)	627	(14,524)
OPEB obligation	(262)	982	(946)	(226)
Accrued compensated absences	(7,342)	19,119	(94)	11,683
Pension obligations	36,628	85,891	31,779	154,296
Net cash from operating activities	<u>\$ (3,781)</u>	<u>\$ 34,292</u>	<u>\$ (22,290)</u>	<u>\$ 8,221</u>

CITY OF CANBY, OREGON
FACILITIES FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For Fiscal Year Ended June 30, 2016

	Budget			Variance
	Original	Final	Actual	Positive (Negative)
REVENUES:				
Charges for services	\$ 236,003	\$ 236,003	\$ 239,215	\$ 3,212
Interest	500	500	1,060	560
Total revenues	236,503	236,503	240,275	3,772
EXPENDITURES:				
Personal service	102,367	103,867	92,151	11,716
Materials and service	165,500	165,500	133,973	31,527
Capital outlay	27,900	27,900	11,773	16,127
Contingency	68,168	68,168	-	68,168
Total expenditures	363,935	365,435	237,897	127,538
Revenues over (under) expenditures	(127,432)	(128,932)	2,378	131,310
FUND BALANCE, BEGINNING BUDGETARY BASIS	127,432	128,932	160,167	31,235
FUND BALANCE, ENDING BUDGETARY BASIS	\$ -	\$ -	\$ 162,545	\$ 162,545
Change in fund balance - budgetary basis			\$ 2,378	
Change in accrued OPEB liability			262	
Change in accrued vacation			7,342	
Change in pension liability (asset)			(62,125)	
Change in deferred inflow related to pensions			18,966	
Change in deferred outflow related to pensions			6,531	
Change in net position - GAAP basis			\$ (26,646)	
Fund balance - budgetary basis			\$ 162,545	
Net pension liability			(45,718)	
Deferred inflow related to pensions			(13,459)	
Deferred outflow related to pensions			11,238	
OPEB liability			(6,692)	
Compensated absences			-	
Net position - GAAP basis			\$ 107,914	

CITY OF CANBY, OREGON
FLEET FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For Fiscal Year Ended June 30, 2016

	Budget			Variance Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Charges for services	\$699,487	\$699,487	\$ 656,245	\$ (43,242)
Interest	1,300	1,300	1,136	(164)
Miscellaneous	1,000	1,000	6,296	5,296
Total revenues	701,787	701,787	663,677	(38,110)
EXPENDITURES:				
Personal service	238,324	239,324	237,168	2,156
Materials and service	476,840	475,840	383,478	92,362
Contingency	71,834	71,834	-	71,834
Total expenditures	786,998	786,998	620,646	166,352
Revenues over (under) expenditures	(85,211)	(85,211)	43,031	128,242
FUND BALANCE, BEGINNING BUDGETARY BASIS	85,211	85,211	105,410	20,199
FUND BALANCE, ENDING BUDGETARY BASIS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 148,440</u>	<u>\$ 148,441</u>
Change in fund balance - budgetary basis			\$ 43,031	
Change in accrued OPEB liability			(982)	
Change in accrued vacation			(19,119)	
Change in pension liability (asset)			(145,379)	
Change in deferred inflow related to pensions			44,153	
Change in deferred outflow related to pensions			15,335	
Change in net position - GAAP basis			<u>\$ (62,961)</u>	
Fund balance - budgetary basis			\$ 148,440	
Net pension liability			(107,086)	
Deferred inflow related to pensions			(31,526)	
Deferred outflow related to pensions			26,323	
OPEB liability			(17,223)	
Compensated absences			(26,155)	
Net position - GAAP basis			<u>\$ (7,227)</u>	

CITY OF CANBY, OREGON
TECHNICAL SERVICES FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For Fiscal Year Ended June 30, 2016

	Budget			Variance
	Original	Final	Actual	Positive (Negative)
REVENUES:				
Charges for services	\$ 263,219	\$ 263,219	\$263,219	\$ -
Miscellaneous	-	-	535	535
Interest	500	500	790	290
Total revenues	263,719	263,719	264,544	825
EXPENDITURES:				
Personal service	74,443	74,943	75,094	(151)
Materials and service	185,178	185,178	180,605	4,573
Capital outlay	66,739	66,739	31,045	35,694
Contingency	51,397	51,397	-	51,397
Total expenditures	377,757	378,257	286,744	91,513
Revenues over (under) expenditures	(114,038)	(114,538)	(22,200)	92,338
FUND BALANCE, BEGINNING BUDGETARY BASIS	114,038	114,538	121,654	7,116
FUND BALANCE, ENDING BUDGETARY BASIS	\$ -	\$ -	\$ 99,454	\$ 99,454
Change in fund balance - budgetary basis			\$ (22,200)	
Change in accrued OPEB liability			946	
Change in accrued vacation			94	
Change in pension liability (asset)			(61,011)	
Change in deferred inflow related to pensions			24,104	
Change in deferred outflow related to pensions			5,128	
Change in net position - GAAP basis			<u>\$ (52,939)</u>	
Fund balance - budgetary basis			\$ 99,454	
Net pension liability			(42,486)	
Deferred inflow related to pensions			(12,508)	
Deferred outflow related to pensions			10,443	
OPEB liability			(5,453)	
Compensated absences			(2,491)	
Net position - GAAP basis			<u>\$ 46,959</u>	

CITY OF CANBY, OREGON
SCHEDULE OF PROPERTY TAX TRANSACTIONS AND OUTSTANDING BALANCES
For Fiscal Year Ended June 30, 2016

Fiscal Year	Uncollected Balance June 30, 2015	Levy	Collections	Interest	Discounts and Adjustments	Uncollected Balance June 30, 2016
2015-16	\$ -	\$7,737,450	\$(7,358,209)	\$ 2,342	\$ (209,847)	\$ 169,394
2014-15	170,467	-	(76,914)	4,580	(2,969)	90,584
2013-14	89,313	-	(27,652)	4,002	(521)	61,140
2012-13	61,867	-	(23,044)	5,304	(354)	38,469
2011-12	38,054	-	(10,267)	2,906	(139)	27,648
Prior years	54,020	-	(3,204)	1,024	(240)	50,576
Totals	<u>\$ 413,721</u>	<u>\$7,737,450</u>	<u>\$(7,499,290)</u>	<u>\$ 20,158</u>	<u>\$ (214,070)</u>	<u>\$ 437,811</u>

Taxes receivable classified by fund:

General fund	\$ 248,187
Urban renewal debt service fund	149,111
Non-major funds	34,742
Sewer combined fund	5,770
	<u>\$ 437,810</u>

Modified accrual revenue:

Collections per above	\$ 7,499,290
Change in receivables	24,090
Change in unavailable revenue	32,472
	<u>\$ 7,555,852</u>

Full accrual revenue:

Levy	\$ 7,737,450
Discounts and adjustments	(214,070)
Interest	20,158
	<u>\$ 7,543,538</u>

STATISTICAL SECTION

Statistical Section

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

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Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue source, property tax.....Page 77

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 82

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 87

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 89

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, GASB Statement 68 in 2015, and GASB Statement 72 in 2016.

CITY OF CANBY, OREGON
NET POSITION BY COMPONENT
Last Ten Fiscal Years

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities										
Net investment in capital assets	\$ 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	\$ 79,136,218
Restricted	-	-	191,500	-	3,969,331	6,012,709	14,954,045	13,778,448	13,083,354	7,406,296
Unrestricted	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)	2,663,018
Total governmental activities net position	\$ 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	\$ 89,205,532
Business-type activities										
Net investment in capital assets	\$ 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	\$ 10,934,463
Restricted for: Debt service	-	-	250,500	250,500	250,500	250,500	302,285	302,285	302,285	297,500
Unrestricted	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	4,097,766
Total business-type activities net position	\$ 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	\$ 15,329,729
Primary government										
Net investment in capital assets	\$ 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	\$ 90,070,681
Restricted	-	-	191,500	250,500	4,219,831	6,263,209	15,256,330	14,080,733	13,385,639	7,703,796
Unrestricted	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	6,760,784
Total primary government net position	\$ 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	\$ 104,535,261

CITY OF CANBY, OREGON
CHANGES IN NET POSITION
Last Ten Fiscal Years

Expenses	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities:										
General government	\$ 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	\$ 3,956,415
Public safety	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	6,492,885
Highways and streets	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	4,940,361
Transportation	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	1,791,132
Community development	699,835	1,391,106	682,282	757,344	657,712	644,529	731,776	964,019	843,014	1,084,698
Culture and recreation	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	2,513,848
Interest on long-term debt	203,650	158,326	235,520	300,883	340,041	745,573	1,077,103	1,166,925	1,135,641	1,100,784
Total governmental activities expenses	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	21,880,123
Business-type activities:										
Sewer Operations	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	2,556,509
Total business-type activities expenses	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	2,556,509
Total primary government expenses	\$ 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	\$ 24,436,632
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 1,581,413	\$ 610,163	\$ 382,313	\$ 122,984	\$ 669,801	\$ 535,139	\$ 356,315	\$ 2,026,761	\$ 1,594,975	\$ 1,342,053
Public safety	509,852	589,066	662,994	681,157	704,506	506,205	464,128	477,488	642,941	546,743
Highways and streets	1,427,278	1,447,744	443,341	537,347	565,788	531,122	532,962	549,222	590,344	471,186
Transportation	-	-	-	-	9,133	1,005	123,271	128,437	128,973	69,974
Culture and recreation	661,631	679,938	209,869	4,314	276,095	213,339	255,577	238,273	260,106	229,920
Community development	117,761	100,283	197,449	133,158	261,095	-	-	-	-	242,879
Operating grants and contributions	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	2,701,590
Capital grants and contributions	15,368	1,940,316	15,300	-	285,355	534,089	1,966,349	1,256,840	499,747	2,527,420
Total governmental activities program revenues	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	8,131,765
Business-type activities:										
Charges for services:										
Sewer Operations	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	3,920,046
Capital grants and contributions										283,985
Total business-type activities program revenues	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	4,204,031
Total primary government program revenues	\$ 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	\$ 12,335,796

CITY OF CANBY, OREGON
CHANGES IN NET POSITION (CONTINUED)
Last Ten Fiscal Years

	2007	2008	2009	2010	2012	2012	2013	2014	2015	2016
Net(expense)/revenue										
Governmental activities	\$ (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)	\$ (13,748,358)
Business-type activities	808,088	651,357	862,831	787,251	1,058,655	1,419,245	1,182,612	1,389,234	2,275,476	1,647,522
Total primary government net expense	\$ (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)	\$ (12,100,836)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 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	\$ 7,448,765
Franchise	908,269	905,840	923,987	925,246	428,301	463,062	459,100	442,498	479,348	452,204
Unrestricted intergovernmental revenues	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	1,184,433
Transit tax	763,301	858,196	813,290	797,622	849,806	946,398	1,006,388	1,054,412	1,201,314	1,284,333
Interest and investment earnings	506,212	610,810	228,993	80,933	71,184	110,052	87,778	97,346	85,666	183,483
Other Revenues	122,641	72,597	163,256	46,935	49,858	86,428	27,487	92,934	103,059	161,506
Gain on sale of capital assets	-	-	-	-	-	-	-	-	(28,935)	-
Transfers in (out)	261,929	(205,464)	312,978	358,550	282,303	294,583	822,537	488,000	513,281	487,698
Total governmental activities	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	11,202,422
Business-type activities:										
Interest and investment earnings	191,754	182,170	61,369	20,166	9,295	11,753	13,888	20,264	26,789	32,007
Other revenues	16	141	2,417	19,834	3,587	7,720	19,919	50,489	58,460	45,482
Gain on sale of capital assets	-	(297,613)	-	(11,188)	-	-	-	(224,777)	6,809	-
Transfers in (out)	(261,929)	(205,464)	(312,978)	(358,550)	(282,303)	(294,583)	(822,537)	(488,000)	(513,281)	(487,698)
Total business-type activities	(70,159)	(320,766)	(249,192)	(329,738)	(269,421)	(275,110)	(788,730)	(642,024)	(421,223)	(410,209)
Total primary government	\$ 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	\$ 10,792,213
Change in Net Position										
Governmental activities	\$ (99,640)	\$ 245,351	\$ (1,905,111)	\$ (2,865,330)	\$ (11,689,428)	\$ (1,545,459)	\$ (1,318,124)	\$ (3,210,282)	\$ (110,826)	\$ (2,545,935)
Business-type activities	737,929	330,591	613,639	457,513	1,058,655	1,144,135	393,882	747,210	1,864,253	1,237,313
Total primary government	\$ 638,289	\$ 575,942	\$ (1,291,472)	\$ (2,407,817)	\$ (10,630,773)	\$ (401,324)	\$ (924,242)	\$ (2,463,072)	\$ 1,753,427	\$ (1,308,622)

CITY OF CANBY, OREGON
FUND BALANCE OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General fund										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,746	\$ 485
Reserved	-	2,099,741	1,183,265	581,068	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	21,321	18,445
Committed	-	-	-	-	-	-	-	306,150	237,896	398,780
Assigned	-	-	-	-	600,835	637,074	-	-	-	-
Unreserved	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	1,514,195
Total general fund	<u>\$ 3,010,375</u>	<u>\$ 2,742,025</u>	<u>\$ 2,445,977</u>	<u>\$ 2,058,201</u>	<u>\$ 2,316,609</u>	<u>\$ 2,246,447</u>	<u>\$ 1,279,941</u>	<u>\$ 1,234,770</u>	<u>\$ 1,402,635</u>	<u>\$ 1,931,905</u>
All other governmental funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,000,378	\$ 1,200,000
Reserved	937,114	2,845,400	818,853	-	-	-	-	-	-	-
Restricted	-	-	-	-	3,969,331	6,012,709	14,954,045	13,778,448	12,085,701	7,387,850
Committed	-	-	-	-	-	25,783	2,209,306	1,344,744	2,128,337	2,902,303
Assigned	-	-	-	-	4,224,592	2,406,976	840,599	859,582	876,116	896,556
Unassigned	-	-	-	-	(230,347)	(38,867)	-	-	-	-
Unreserved, reported in:										
Special revenue funds	3,763,444	1,822,006	2,899,748	3,032,216	-	-	-	-	-	-
Capital project funds	2,050,832	1,343,928	4,442,115	3,375,665	-	-	-	-	-	-
Total other governmental funds	<u>\$ 6,751,390</u>	<u>\$ 6,011,334</u>	<u>\$ 8,160,716</u>	<u>\$ 6,407,881</u>	<u>\$ 7,963,576</u>	<u>\$ 8,406,601</u>	<u>\$ 18,003,950</u>	<u>\$ 15,982,774</u>	<u>\$ 16,090,532</u>	<u>\$ 12,386,709</u>

CITY OF CANBY, OREGON
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Taxes	\$ 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	\$ 8,867,775
Licenses and permits	536,069	440,652	236,200	175,797	269,191	309,404	170,976	164,721	150,619	205,535
Intergovernmental	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	3,208,509
Franchise	372,082	375,480	380,917	393,741	428,301	463,062	459,100	442,498	479,348	452,204
Charges for services	354,456	806,208	499,369	931,949	1,015,900	922,288	996,993	1,378,850	1,087,871	1,188,693
Fines & forfeitures	708,044	607,934	608,661	548,191	505,002	506,205	464,128	477,488	642,941	493,364
Investment earnings	506,212	428,640	228,993	80,933	71,184	110,052	83,632	93,485	83,141	180,498
Special assessments	701,105	26,178	8,217	15,652	265,245	48,913	66,641	68,288	58,524	54,995
State highway fund	676,497	648,863	-	-	-	-	-	-	-	-
Grants & donations	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	1,240,165
System development charges	1,321,764	912,734	161,370	18,603	41,512	262,552	207,172	296,674	284,442	1,455,036
Miscellaneous	122,641	72,456	163,256	46,935	49,858	85,113	25,024	93,421	95,114	410,449
Total revenues	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	17,757,224
Expenditures										
General government	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	1,586,670
Public safety	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	5,287,909
Highways and streets	954,503	506,953	700,001	492,991	528,822	525,337	560,865	831,183	834,575	982,630
Transportation	955,343	1,654,988	1,708,319	1,819,432	1,126,670	919,224	992,595	1,423,173	1,369,788	1,476,637
Community development	608,118	759,503	668,987	594,136	547,949	549,763	673,417	388,909	764,859	833,806
Culture and recreation	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	1,893,309
Capital outlay	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	7,608,149
Debt service										
Principal	152,034	248,930	596,209	968,040	635,813	681,788	2,937,007	758,734	836,144	878,502
Interest	166,966	166,750	227,908	268,662	343,299	741,981	1,059,487	1,173,847	1,138,076	1,107,904
Total expenditures	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	21,655,516
Excess of revenues over (under) expen	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)	(3,898,292)
Other financing sources (uses)										
Transfers in	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	2,850,371
Transfers out	(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)	(2,359,172)
Issuance of capital leases	-	110,962	-	192,649	103,510	4,260	85,713	91,892	136,168	142,900
Issuance of debt	320,076	-	3,915,114	-	2,848,558	74,899	15,179,711	-	-	-
Total other financing sources (uses)	505,321	408,575	4,228,092	551,199	3,234,371	9,066,579	15,025,504	674,698	649,449	634,099
Net change in fund balances	\$ 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	\$ (3,264,193)
Debt service as a percentage of noncapital expenditures	3.8%	4.1%	7.8%	11.2%	9.2%	13.2%	35.9%	16.3%	17.1%	16.5%

CITY OF CANBY, OREGON
GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE
Last Ten Fiscal Years

Fiscal Year	Property Tax	Franchise	Unrestricted Intergovernmental		Transit Tax	Total
			Revenues			
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
2016	7,448,856	452,204	1,184,433		1,284,333	10,369,826

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		
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
2016	1,310,364,807	1,644,762,342	35,935,708	35,935,708	12,436,695	12,995,710	32,291,900	35,355,967	1,391,029,110	1,729,049,727	80.5%	3.53

Source: Clackamas County Assessor's Office

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

Fiscal Year Ended June 30	City of Canby	Canby School District	Clackamas CC & ESD	Clackamas County	Other Taxing Districts	Total
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
2016	3.53	6.04	0.98	2.83	3.67	17.05

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	2016				2007			
	Taxable Assessed		Total Taxable		Taxable		Total Taxable	
	Value	Rank	Value		Assessed Value	Rank	Value	
Hope Village Inc.	\$ 20,459,759	1	1.47%		\$ 14,455,862	2	1.55%	
Fred Meyer Stores Inc. #651	19,805,882	2	1.42%		15,825,204	1	1.70%	
Canby Telephone Assn.	17,636,900	3	1.27%		10,185,000	3	1.09%	
American Steel Corporation	15,377,958	4	1.11%					
Shimadzu USA Manufacturing	12,196,524	5	0.88%		7,169,866	6	0.77%	
Johnson Controls Battery Group Inc	10,844,548	6	0.78%		9,487,257	5	1.02%	
Argo Canby LLC	10,573,464	7	0.76%		9,886,700	4	1.06%	
Kogap Enterprises Inc.	10,356,802	8	0.74%		6,921,722	7	0.74%	
Jorken Oregon LLC	8,198,861	9	0.59%					
Truamerica Multifamily LLC	7,452,339	10	0.54%		5,711,596	9	0.61%	
Willamette Valley Ctry Club					6,604,249	8	0.71%	
Grand Oaks Willamette LLC					5,129,284	10	0.55%	
Subtotal	132,903,037		9.56%		91,376,740		9.80%	
All Other	1,258,126,073		90.45%		839,205,439		90.17%	
Totals	\$ 1,391,029,110		100.0%		\$ 930,582,179		100.0%	

Source: Clackamas County Assessor's Office

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

Fiscal Year Ended June 30	Taxes Levied by Assessor	Current Tax Collections	Percent of Levy Collections	Delinquent Taxes Collected	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Adjustment s & Discounts	Uncollecte d Taxes	Percent of Delinquent Taxes to Tax Levy
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%
2016	7,737,450	7,358,209	95.10%	141,080	7,499,289	96.92%	214,069	437,810	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									
	General		Full Faith & Credit Bonds	Loans	Capital Leases	Bonds	Total Primary Government	Per Capita						
	Obligation													
	Bonds													
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		533
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		1,917
2014		-		25,998,030		2,064,204		126,846		1,125,344		29,314,424		1,843
2015		-		25,301,377		1,877,107		167,584		864,920		28,210,988		1,762
2016		-		24,515,417		1,737,652		199,255		584,496		27,036,820		1,689

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

Fiscal Year Ended June 30	Population(1)	Assessed Value(2)	Full Faith & Credit Bond	Less Debt Service Fund	Net Bonded Debt	Ratio of Net Bonded Debt to	Debt per Capita
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
2016	16,010	1,391,029,110	24,515,417	181,573	24,333,844	0.0175	1,531

(1) Portland State University

(2) Clackamas County Assessor's Office

CITY OF CANBY, OREGON
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
June 30, 2016

Jurisdiction	Total Net Debt	Percent Within City	City's Pro Rata Share
Direct:			
City of Canby	\$ 26,452,324	100%	\$ 26,452,324
Overlapping:			
Clackamas County	101,775,136	2.96%	3,010,814
Clackamas County School District No 86	66,658,030	45.56%	30,369,132
Clackamas Community College	62,061,012	4.05%	2,510,492
Clackamas County ESD	22,960,637	3.11%	715,155
Canby Rural Fire Protection District 62	243,750	69.26%	168,821
Total overlapping	253,698,565		36,774,414
TOTAL	\$ 280,150,889		\$ 63,226,738

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

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt Limit	\$ 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	\$ 51,871,492
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	24,515,417
Legal debt margin	<u>\$ 43,444,847</u>	<u>\$ 51,152,141</u>	<u>\$ 52,735,226</u>	<u>\$ 50,571,577</u>	<u>\$ 43,082,168</u>	<u>\$ 30,083,233</u>	<u>\$ 13,822,454</u>	<u>\$ 16,968,500</u>	<u>\$ 22,026,539</u>	<u>\$ 27,356,075</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	2.91%	2.04%	7.18%	28.40%	65.83%	60.51%	53.46%	47.26%

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
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
2016	4,204,031	2,191,413	2,012,618	337%	575,000	22,950

CITY OF CANBY, OREGON
DEMOGRAPHIC STATISTICS
Last Ten Fiscal Years

Fiscal Year	Population (1)	Total personal income (in thousands)	Per capita personal income (2)	Median age (2)	Unemployment rate (3)
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%
2016	16,010	*	*	*	5.3%

*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
PRINCIPAL EMPLOYERS
Current Year and Nine Years Ago

Employer	2016			2012		
	Employees	Rank	Percentage of total city employment	Employees	Rank	Percentage of total city employment
Canby School District	429	1	5.54%	394	1	7.20%
Johnson Controls - Battery Division	220	2	2.84%	240	2	4.38%
Kendal Floral LLC	206	3	2.66%	170	4	3.11%
Fred Meyer Stores Inc.	195	4	2.52%	187	3	3.42%
Milwaukie Electronics	130	5	1.68%	130	6	2.37%
S R Smith LLC	120	6	1.55%	135	5	2.47%
Shimadzu USA Mfg. Inc.	113	7	1.46%	113	7	2.06%
JV Northwest Inc.	111	8	1.43%	111	8	2.03%
City of Canby	87	9	1.12%	92	9	1.68%
Wilson Construction Co	82	10	1.06%	82	10	1.50%
Cutsforth's Thriftway/GEF Inc.	75	11	0.97%	75	11	1.37%
American Metals Corp dba American S	72	12	0.93%	41	17	0.75%
Marquis Care @ Hope Village	60	13	0.78%	60	12	1.10%
Canby Telephone Association	58	14	0.75%	58	13	1.06%
Hawksoft, Inc.	57	15	0.74%			
Countryside Living of Canby	48	16	0.62%			
OBC Northwest Inc.	44	17	0.57%	42	16	0.77%
Pioneer Pump Inc.	43	18	0.56%	43	15	0.79%
Canby Disposal Company/K B Recyclin	40	19	0.52%			
Hot Off the Press Inc.	40	20	0.52%	40	18	0.73%
McDonald's	40	21	0.52%			
Student Transportation of America	40	22	0.52%			
Ruan Transport Corporation	39	23	0.50%			
Pacific Rim Ventures Inc.	39	24	0.50%			
Package Containers Inc.	38	25	0.49%	50	14	0.91%
Spectrum Woodworking				34	19	0.62%
Pump Tech				22	20	0.40%
Potter's Industries				21	21	0.38%
Subtotal	2,426		31.35%	2,140		39.10%
All Other	5,314		68.66%	3,335		60.90%
Total	7,740		100.0%	5,475		100.0%

Historical information from nine years ago is unavailable; the most recent available data is presented.

Source: City of Canby Business License data, 2012 Market Analysis, Oregon Employment Department and Canby School District

CITY OF CANBY, OREGON
FULL-TIME EQUIVALENT CITY GOVERNMENT
Last Ten Fiscal Years

Function	Full-time Equivalent Employees									
	Budgeted*				Actual					
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Government	12.44	16.88	21.20	20.49	20.99	20.51	20.65	20.46	17.57	17.34
Public Safety										
Police Officers	29.60	25.00	25.00	25.00	23.45	23.85	23.23	24.40	24.98	24.27
Civilians	6.60	4.60	4.60	4.60	4.60	4.60	4.60	4.55	3.30	2.90
Highways and streets	4.53	5.05	4.85	4.32	4.16	5.01	4.63	5.12	5.64	6.10
Culture and recreation	17.65	15.02	14.97	16.88	17.91	18.88	18.11	16.85	17.85	17.49
Community development	3.85	7.20	7.15	5.30	7.49	8.97	7.68	5.24	4.54	4.91
Transportation	2.10	1.15	1.15	2.25	1.60	1.91	1.89	2.20	2.76	2.69
Sewer	8.67	8.95	10.01	10.14	8.07	8.17	10.58	11.15	10.50	11.01
Total	85.44	83.85	88.93	88.98	88.27	91.90	91.37	89.97	87.14	86.71

*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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Function										
Police										
Physical arrests	870	831	882	1,365	1,056	883	900	552	537	488
Parking violations	208	161	140	164	83	50	112	76	65	124
Traffic violations	4,215	3,692	2,618	3,619	2,496	2,786	2,962	3,990	4,302	3,616
Culture and recreation										
Swim Center Admissions	66,253	61,710	70,972	74,600	72,368	73,370	74,584	73,363	80,290	78,557
Park Acreage ¹	180	180	182	200	200	200	200	222	215	215
Community development										
Various Application Reviewed	567	470	294	300	231	294	25	53	63	63
Inspections Performed ²	2,906	2,962	1,002	668	516	-	-	-	-	-
Site Plan/Building Permit Applications Reviewed	-	-	-	-	-	806	106	120	118	169
Wastewater										
Average daily sewage treatment (millions of gallons)	1.1292	0.9947	0.9718	1.0063	1.0037	0.9744	0.9752	0.9481	0.9962	1.0059

¹ Includes non-park land maintained by Parks department.

² 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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Function										
Public Safety										
Police:										
Stations	2	1	1	1	1	1	1	1	1	1
Patrol units	11	14	14	14	14	14	16	16	19	16
Highways and streets										
Streets (center lane miles)	54.12	54.12	54.12	54.15	54.17	54.17	54.55	55.24	56.00	56.28
Streetlights	1,259	1,264	1,304	1309	1311	1325	1319	1362	1379	1399
Traffic signals ¹	-	-	-	-	-	-	-	-	-	-
Culture and recreation										
Parks acreage	185	187	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	6,136	6,200	6,214	6,220	6,221	6,232	6,246	6,276	6,301	6,385
Maximum daily treatment capacity (millions of gallons)	2.53	2.80	2.80	2.80	2.80	2.80	2.80	2.80	2.80	2.80

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

Source: City Departments

COMPLIANCE SECTION



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
222 NE 2nd Avenue
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, 2016 and have issued our report thereon dated December 29, 2016.

Compliance and Other Matters

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

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

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

In connection with our testing nothing came to our attention that caused us to believe the City was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations except that there were expenditures in excess of appropriations for the technical services fund.


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, 2016