



**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

FISCAL YEAR ENDING

June 30, 2017

City of Canby

Canby, Oregon

Comprehensive Annual Financial Report

Fiscal Year Ending

June 30, 2017

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, 2017

November 30, 2017

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, 2017.

This report presents the financial position of the City as of June 30, 2017 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, 2017 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, 2017, 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 events include the Canby Farmers Market, Clackamas County Fair, Independence Day Celebration, and Canby's Big Night Out. 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 3.8 square miles and a population of 16,660. 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 2016-17, there were four supplemental budget 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.

Tax Base—Due to the economic downturn in Oregon and the rest of the nation, Canby has seen its rate of growth in property tax revenues slow compared to rates before the 2008-09 recession. General fund property tax receipts for the current year were 3.2% 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 per year beginning in 2009-2010—is nearly twice the previous contribution amount from Clackamas County. Library district proceeds replace the county contributions. In FY2016-17 the city's share was over \$830,000.

Special Tax Levy—Voters approved a renewal of a five-year (2018-2022) 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 36% of operating costs.

Accounting System and Reporting

During the year, the City's accounting system is maintained primarily on a modified accrual 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, 2017 the City had \$23,983,529 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 infrastructure development, vehicles and other projects. The City's total debt at the close of 2017 was \$26,608,764 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, 2016.

We greatly appreciate the professionalism, commitment, and effort set forth by the Mayor, City Council, Budget Committee, City Administrator and 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**

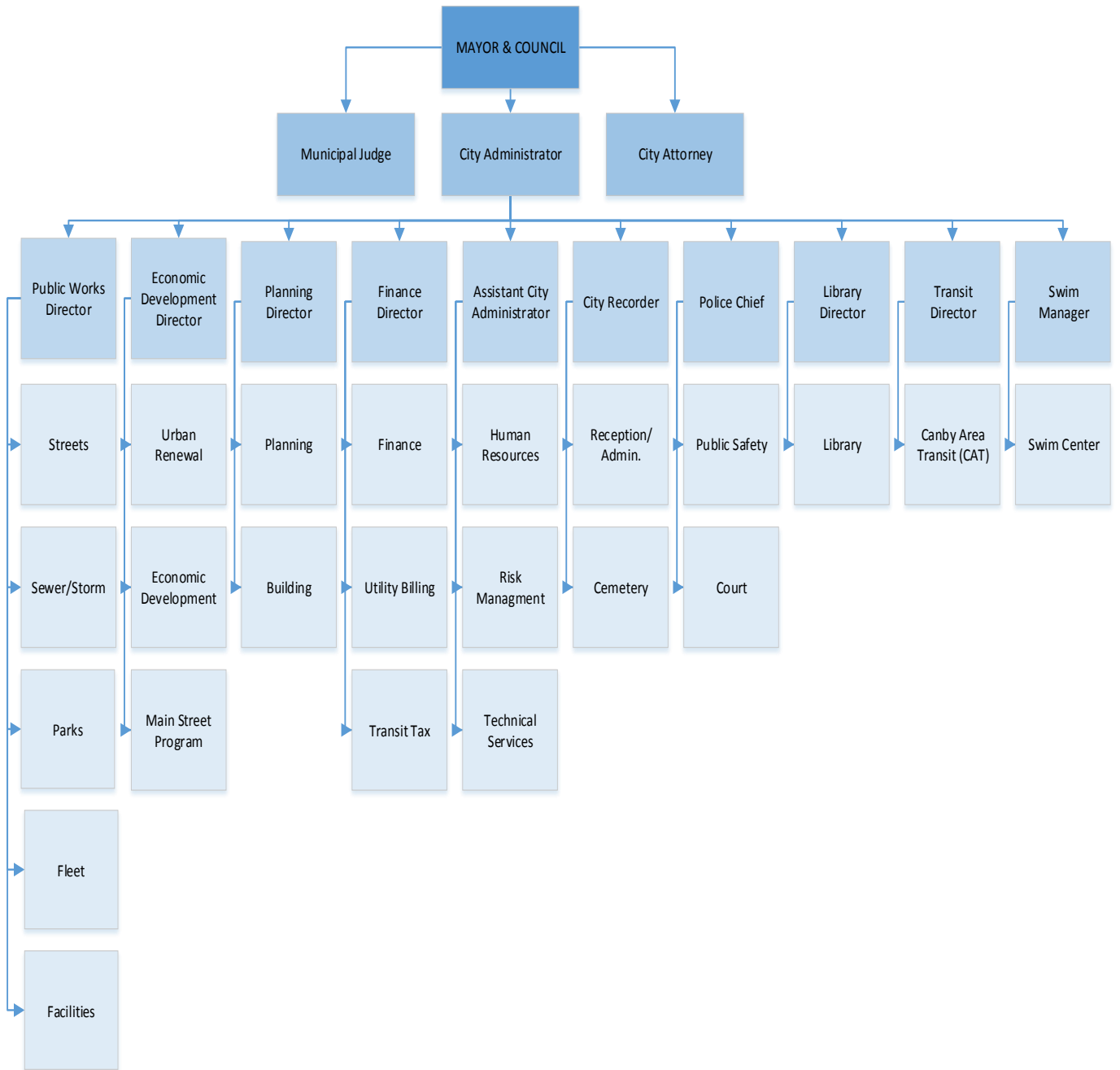
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Christopher P. Morill

Executive Director/CEO

CITY OF CANBY ORGANIZTIONAL CHART – 2016- 2017



**CITY OF CANBY, OREGON
PRINCIPAL OFFICIALS
June 30, 2017**

City Officials

Brian Hodson, Mayor
Canby, Oregon 97013

Term Expires

December 31, 2018

Council Members

Tim Dale, President
Canby, Oregon 97013

December 31, 2020

Tracie Heidt
Canby, Oregon 97013

December 31, 2018

Greg Parker
Canby, Oregon 97013

December 31, 2018

Tyler Smith
Canby, Oregon 97013

December 31, 2018

Traci Hensley
Canby, Oregon 97013

December 31, 2020

Sarah Spoon
Canby, Oregon 97013

December 31, 2020

City Administration

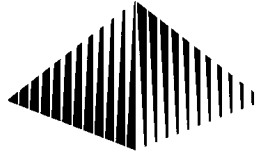
Rick Robinson

City Administrator

Council members receive mail at the City's address:

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

FINANCIAL SECTION



GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS
475 Cottage Street NE, Suite 200, Salem, 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, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents. 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 unity, is based on the report of the other auditors.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Canby Utility Board, which represent 29 percent, 32 percent, and 42 percent, respectively of the assets, net position and revenue of the City. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Canby Utility Board, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Canby, Oregon, as of June 30, 2017, 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 Oregon Minimum Standards

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated November 30, 2017, 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
November 30, 2017

CITY OF CANBY, OREGON
MANAGEMENT'S DISCUSSION & ANALYSIS
June 30, 2017

This section of the City of Canby's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2017 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, 2017 (FY17). 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 \$104.4 million at June 30, 2017. Of this amount, \$4.5 million may be used to meet the City's ongoing obligations to its citizens and creditors (unrestricted net position). Total net position decreased \$158,018 (0.2%) from the prior year.
- Canby's total assets decreased by \$0.3 million (0.2%) during FY17. Total assets consist of current and noncurrent assets. Current assets were \$22.4 million at the end of FY17. Of that amount, \$18.8 million (84%) of current assets were in cash and investments. Capital and long-term assets (net of depreciation) were \$115.8 million at the end of FY17. Capital and long-term assets decreased by \$1.28 million (1.1%) during FY17. The primary reason for the decrease is due to the sale of the old civic block properties.
- Amounts related to pensions continue to increase from FY16 to FY17. In FY16 the City had a net pension liability of \$4.3 million and at the end of FY17 this increased to \$9.6 million, a \$5.3 million (124%) change to the total net position of the City.

Fund Level

- The City's general fund reported an ending fund balance of \$2.4 million, an increase of \$497 thousand (26%) from the prior year; mainly due to an increase in property tax revenue.
- In the aggregate, the governmental funds' ending fund balance was \$15.7 million, an increase of approximately \$1.34 million (9%) for the fiscal year.
- In the aggregate, the Proprietary and Internal Service funds' ending fund balance equivalent, net position, was \$16.6 million, an increase of \$1.16 million (7%) for the year.
- Total FY17 Property Tax revenue was \$7.7 million, an increase of 3.2% from FY16 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

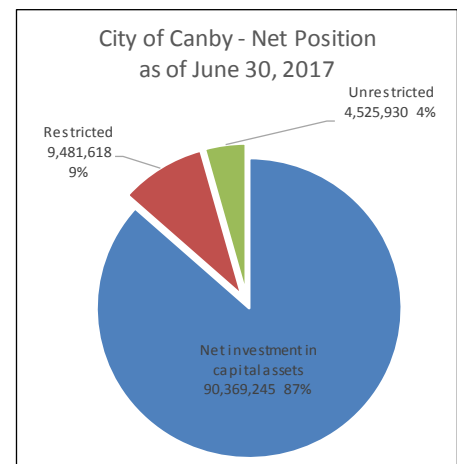
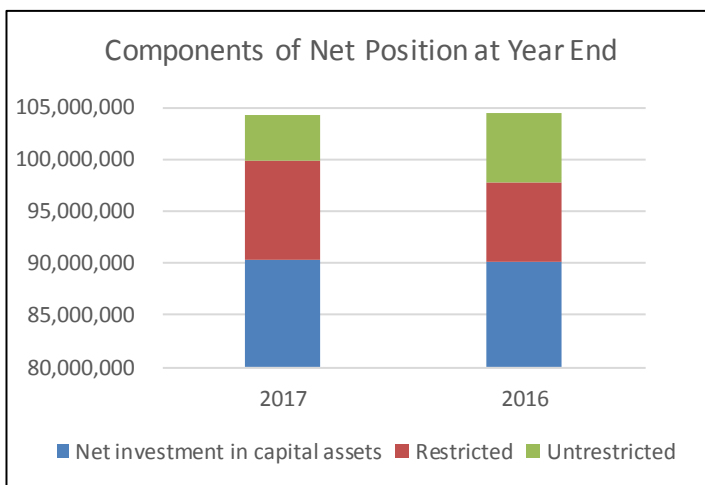
The government wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

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

CITY OF CANBY, OREGON
MANAGEMENT'S DISCUSSION & ANALYSIS
June 30, 2017

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 \$104.4 million as of June 30, 2017. The City's net investment in capital assets accounts for the majority of the City's net position. The City has invested \$90.3 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 (\$9.5 million) relates to amounts that are legally restricted for specific future obligations. Unrestricted net position (\$4.5 million) is available to meet the City's on-going obligations.



Statement of Net Position

	Governmental Activities		Business-Type Activities		Total		
	2017	2016	2017	2016	2017	2016	Change
Assets							
Current and other assets	\$ 17,344,008	\$ 16,180,803	\$ 5,012,963	\$ 5,162,310	\$ 22,356,971	\$ 21,343,113	4.8%
Capital assets	102,771,328	105,579,175	13,043,751	11,518,959	115,815,079	117,098,134	-1.1%
Total assets	120,115,336	121,759,978	18,056,714	16,681,269	138,172,050	138,441,247	-0.2%
Total Deferred Outflows	4,471,524	932,136	615,765	123,806	5,087,289	1,055,942	381.8%
Liabilities							
Long-term liabilities	33,663,964	29,958,819	1,281,429	905,771	34,945,393	30,864,590	13.2%
Other liabilities	2,226,225	2,411,383	853,257	421,748	3,079,482	2,833,131	8.7%
Total liabilities	35,890,189	32,370,202	2,134,686	1,327,519	38,024,875	33,697,721	12.8%
Total Deferred Inflows	753,858	1,116,380	103,812	148,277	857,670	1,264,657	-32.2%
Net Position							
Net investment in capital assets	77,325,494	79,136,218	13,043,751	10,934,463	90,369,245	90,070,681	0.3%
Restricted	9,182,546	7,406,296	299,072	297,050	9,481,618	7,703,346	23.1%
Unrestricted	1,434,772	2,663,018	3,091,158	4,097,766	4,525,930	6,760,784	-33.1%
Total net position	\$ 87,942,812	\$ 89,205,532	\$ 16,433,981	\$ 15,329,279	\$ 104,376,793	\$ 104,534,811	-0.2%

CITY OF CANBY, OREGON
MANAGEMENT'S DISCUSSION & ANALYSIS
June 30, 2017

The **Statement of Activities** presents the changes in net position by detailing the revenues and expenses for the Fiscal Years 2017 and 2016. 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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Revenues						
Program revenues						
Charges for services	\$ 3,381,853	\$ 2,902,755	\$ 3,956,850	\$ 3,920,046	\$ 7,338,703	\$ 6,822,801
Operating grants and contributions	3,057,885	2,701,590	-	-	3,057,885	2,701,590
Capital grants and contributions	2,778,858	2,527,420	-	283,985	2,778,858	2,811,405
General revenues						
Property taxes	7,684,963	7,448,765			7,684,963	7,448,765
Franchise	1,243,135	452,204			1,243,135	452,204
Unrestricted intergovernmental	467,965	1,184,433			467,965	1,184,433
Transit tax	1,358,729	1,284,333			1,358,729	1,284,333
Interest and investment income	159,906	183,483	52,552	32,007	212,458	215,490
Other revenues	138,771	161,506	22,417	45,482	161,188	206,988
Total revenues	<u>20,272,065</u>	<u>18,846,489</u>	<u>4,031,819</u>	<u>4,281,520</u>	<u>24,303,884</u>	<u>23,128,009</u>
Program Expenses						
General government	5,073,134	3,956,415	-	-	5,073,134	3,956,415
Public safety	5,566,041	6,492,885	-	-	5,566,041	6,492,885
Highways and streets	4,982,116	4,940,361	-	-	4,982,116	4,940,361
Transportation	2,041,545	1,791,132	-	-	2,041,545	1,791,132
Culture and recreation	2,306,539	2,513,848	-	-	2,306,539	2,513,848
Community development	994,297	1,084,698	-	-	994,297	1,084,698
Interest on long-term debt	1,069,354	1,100,784	-	-	1,069,354	1,100,784
Sewer operations	-	-	2,428,876	2,556,509	2,428,876	2,556,509
Total expenses	<u>22,033,026</u>	<u>21,880,123</u>	<u>2,428,876</u>	<u>2,556,509</u>	<u>24,461,902</u>	<u>24,436,632</u>
Change in net assets before transfers	(1,760,961)	(3,033,634)	1,602,943	1,725,011	(158,018)	(1,308,623)
Transfers in (out)	498,241	487,698	(498,241)	(487,698)	-	-
Change in net position	(1,262,720)	(2,545,936)	1,104,702	1,237,313	(158,018)	(1,308,623)
Net position, beginning of year	<u>89,205,532</u>	<u>91,751,468</u>	<u>15,329,279</u>	<u>14,091,966</u>	<u>104,534,811</u>	<u>105,843,434</u>
Net position, end of year	<u>\$ 87,942,812</u>	<u>\$ 89,205,532</u>	<u>\$ 16,433,981</u>	<u>\$ 15,329,279</u>	<u>\$ 104,376,793</u>	<u>\$ 104,534,811</u>

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.

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

CITY OF CANBY, OREGON
MANAGEMENT'S DISCUSSION & ANALYSIS
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Governmental activities net position decreased by \$1.3 million (1.4%), this is mainly due to the unfunded actuarial PERS liability. Total revenue increased by \$1.4 million (7.6%) mainly due to an increase in property taxes and development related fees. Total expenses increased \$153 thousand (0.7%), this small increase is mainly due to management's ability to efficiently use the City's limited resources.

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, 2017, 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 \$1.1 million (7.2%), this increase is mainly due to the building of reserves for future capital projects. Total revenue decreased by \$0.25 million (5.8%) mainly due to the reallocation of SDC revenue to the SDC fund. Total expenses decreased \$0.13 million (5%), mainly due to vacancies in personnel services.

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.

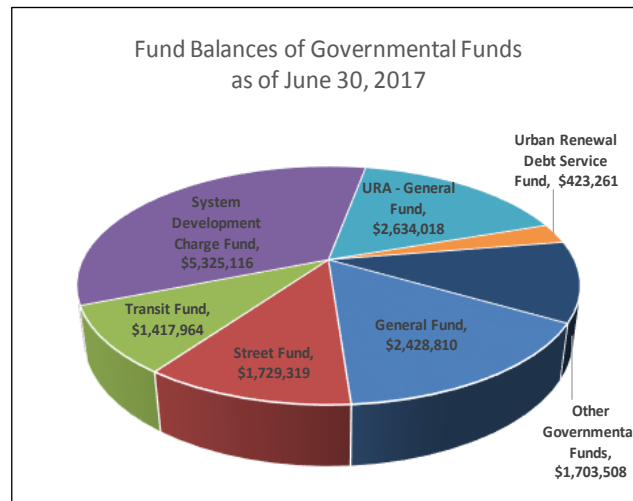
Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, 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,

CITY OF CANBY, OREGON
MANAGEMENT’S DISCUSSION & ANALYSIS
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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 \$15.7 million (13.8% unrestricted), an increase in total fund balances of \$1.34 million (9%). The Library Fund has been identified as a non-major fund for FY17. Change in fund balance for major funds consisted of the following:

- General Fund - Fund balance increased \$497 thousand (26%) mainly due to an increase in property tax revenue and a continued effort to keep expenditures down.
- Street Fund – Fund balance increased \$186 thousand (12%) due to an increase in intergovernmental revenue for capital project work.
- Transit Fund – Fund balance increased \$59 thousand (4%).
- SDC Fund – Fund balance increased \$2.3 million (76%) due to an increase in development activity.
- Urban Renewal Agency – General Fund – Fund balance decreased \$731 thousand (22%) as the City finished work on the library/civic building project.
- Urban Renewal Agency – Debt Service Fund – Fund balance increased \$242 thousand (133%) due primarily to a buildup of reserves to pay off debt earlier than required.

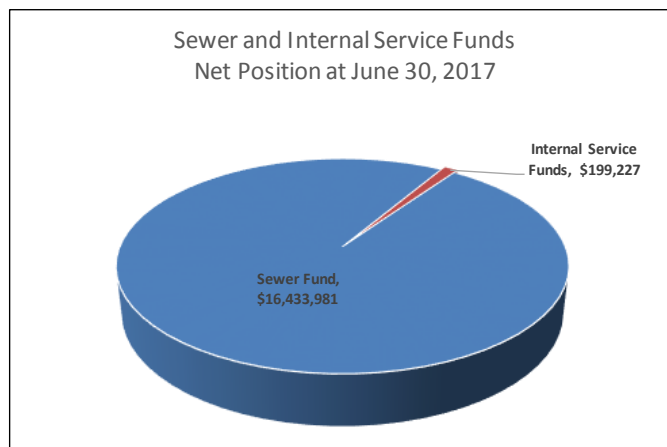


Governmental Funds: Changes in Fund Balance								
Fiscal Year 2017								
On a Modified Accrual Basis								
	General Fund	Street Fund	Transit Fund	System Development Charge Fund	URA - General Fund	Urban Renewal Debt Service Fund	Other Governmental Funds	Total
Balances June 30, 2016	\$ 1,931,904	\$ 1,543,385	\$ 1,358,918	\$ 3,020,046	\$ 3,364,646	\$ 181,573	\$ 2,918,143	\$14,318,615
Change in Fund Balance	496,906	185,934	59,046	2,305,070	(730,628)	241,688	(1,214,635)	1,343,381
Fund Balances at June 30, 2017	<u>\$ 2,428,810</u>	<u>\$ 1,729,319</u>	<u>\$ 1,417,964</u>	<u>\$ 5,325,116</u>	<u>\$ 2,634,018</u>	<u>\$ 423,261</u>	<u>\$ 1,703,508</u>	<u>\$15,661,996</u>

CITY OF CANBY, OREGON
MANAGEMENT'S DISCUSSION & ANALYSIS
June 30, 2017

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 2017					
On an Accrual Basis					
	Sewer Fund	Internal Service Funds			Total
		Facilities Fund	Fleet Fund	Tech Services Fund	
Net Position at June 30, 2016	\$ 15,329,279	\$ 107,914	\$ (7,227)	\$ 46,959	\$ 15,476,925
Change in Net Position	1,104,702	9,829	41,567	185	1,156,283
Net Position at June 30, 2017	<u>\$ 16,433,981</u>	<u>\$ 117,743</u>	<u>\$ 34,340</u>	<u>\$ 47,144</u>	<u>\$ 16,633,208</u>

Notes to the Financial Statements

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

Required Supplementary Information

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

CITY OF CANBY, OREGON
MANAGEMENT’S DISCUSSION & ANALYSIS
June 30, 2017

GENERAL FUND BUDGET HIGHLIGHTS

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

Final Budget Compared to Actual Results

Expenditures of \$10.1 million were originally budgeted in the General Fund including a 9.1% operating contingency. General Fund budget changes approved by the City Council increased appropriations by \$86,889. The increase is mainly due to the need to replace a police car that was totaled and to cover additional engineering costs related to the increase in development activity.

The year-end fund balance was \$1.3 million higher than budgeted with major variances as follows:

- Beginning fund balance was \$367 thousand higher than budgeted due to savings in the prior year.
- Expenditures came in \$1 million lower than budgeted. \$320 thousand of which is due to the community park expansion in the parks department being deferred. \$234 thousand is from cost savings in the Police department, the Administration expenses came in \$175 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	
	2017	2016	2017	2016	2017	2016
Land	\$ 41,014,405	\$40,995,883	\$ 1,081,277	\$1,081,277	\$42,095,682	\$42,077,160
Intangibles	-	-	5,500	5,500	5,500	5,500
Construction in Process	87,028	6,709,083	1,784,449	80,100	1,871,477	6,789,183
Buildings and improvements	19,494,011	12,953,481	7,596,646	7,815,569	27,090,657	20,769,050
Vehicles and Equipment	1,684,596	1,934,222	481,216	419,683	2,165,812	2,353,905
Infrastructure	40,491,288	42,986,506	2,094,663	2,116,830	42,585,951	45,103,336
Total Capital Assets	\$102,771,328	\$105,579,175	\$13,043,751	\$11,518,959	\$115,815,079	\$117,098,134

Capital assets used in governmental activities in total decreased approximately \$2.8 million which was the net result of additions, disposals and depreciation. Significant transactions included the disposition of the Civic Block properties. Capital assets used in business-type activities increased by approximately \$1.5 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, 2017

DEBT ADMINISTRATION

At year-end, the City had \$26,608,764 in long-term obligations outstanding compared to \$27,791,561 in the prior year. Of the obligations outstanding at June 30, 2017, \$2,021,468 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	
	2017	2016	2017	2016	2017	2016
Bonds	\$23,684,457	\$24,515,417	\$299,072	\$584,496	\$23,983,529	\$25,099,913
Loans	1,572,013	1,737,652	-	-	1,572,013	1,737,652
Capital Leases	189,364	199,255	-	-	189,364	199,255
Compensated Absences	781,407	678,645	82,451	76,096	863,858	754,741
Total Obligations	\$26,227,241	\$27,130,969	\$381,523	\$660,592	\$26,608,764	\$27,791,561

During the fiscal year ended June 30, 2017, capital leases were obtained for \$105,844 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 3.8% in June 2017, down from 4.7% 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 NE 2nd Ave., PO Box 930, Canby, Oregon 97013.

BASIC FINANCIAL STATEMENTS

CITY OF CANBY, OREGON
STATEMENT OF NET POSITION
June 30, 2017

	Governmental Activities	Business-Type Activities	Total	Component Unit Canby Utility Board
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 14,213,616	\$ 4,563,036	\$ 18,776,652	\$ 15,050,857
Due from other governments	31,451	-	31,451	-
Accounts receivable, net	1,453,708	449,927	1,903,635	1,552,229
Property taxes receivable	445,233	-	445,233	-
Asset held for sale	1,200,000	-	1,200,000	-
Prepays	-	-	-	17,640
Materials and supplies	-	-	-	1,171,823
Restricted cash	-	-	-	488,280
Total current assets	<u>17,344,008</u>	<u>5,012,963</u>	<u>22,356,971</u>	<u>18,280,829</u>
Noncurrent assets:				
Capital assets:				
Nondepreciable	41,101,433	2,871,226	43,972,659	2,760,312
Depreciable, net	<u>61,669,895</u>	<u>10,172,525</u>	<u>71,842,420</u>	<u>35,795,074</u>
Total noncurrent assets	<u>102,771,328</u>	<u>13,043,751</u>	<u>115,815,079</u>	<u>38,555,386</u>
Total assets	<u>120,115,336</u>	<u>18,056,714</u>	<u>138,172,050</u>	<u>56,836,215</u>
DEFERRED OUTFLOW OF RESOURCES				
Deferred resources related to pensions	<u>4,471,524</u>	<u>615,765</u>	<u>5,087,289</u>	<u>1,724,312</u>
LIABILITIES				
Current liabilities:				
Accounts payable	445,645	491,878	937,523	832,181
Accrued expenses	-	-	-	252,545
Interest payable	120,022	469	120,491	-
Unearned contributed capital	-	-	-	495,514
Customer deposits	-	-	-	293,180
Current portion of long-term obligations	<u>1,660,558</u>	<u>360,910</u>	<u>2,021,468</u>	<u>337,000</u>
Total current liabilities	<u>2,226,225</u>	<u>853,257</u>	<u>3,079,482</u>	<u>2,210,420</u>
Noncurrent liabilities:				
Post employment health care benefits	644,430	96,791	741,221	-
Noncurrent portion of long-term obligations	24,566,685	20,613	24,587,298	3,301,000
Net pension liability	<u>8,452,849</u>	<u>1,164,025</u>	<u>9,616,874</u>	<u>3,265,221</u>
Total noncurrent liabilities	<u>33,663,964</u>	<u>1,281,429</u>	<u>34,945,393</u>	<u>6,566,221</u>
Total liabilities	<u>35,890,189</u>	<u>2,134,686</u>	<u>38,024,875</u>	<u>8,776,641</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred resources related to pensions	<u>753,858</u>	<u>103,812</u>	<u>857,670</u>	<u>252,731</u>
NET POSITION				
Net investment in capital assets	77,325,494	13,043,751	90,369,245	34,917,386
Restricted for:				
Drug enforcement and equipment	30,857	-	30,857	-
Capital projects	5,325,116	-	5,325,116	-
Urban renewal projects	2,634,018	-	2,634,018	-
Urban renewal debt service	423,261	-	423,261	-
Library services	165,748	-	165,748	-
Swim center	566,536	-	566,536	-
PEG fees	37,010	-	37,010	-
Debt service	-	299,072	299,072	-
Water system	-	-	-	165,204
Unrestricted	<u>1,434,772</u>	<u>3,091,158</u>	<u>4,525,931</u>	<u>14,448,565</u>
Total net position	<u>\$ 87,942,812</u>	<u>\$ 16,433,981</u>	<u>\$ 104,376,793</u>	<u>\$ 49,531,155</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, 2017

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	\$ 5,073,134	\$ 1,935,370	\$ 75,576	\$ 2,964	\$ (3,059,224)	\$ -	\$ (3,059,224)	\$ -
Public safety	5,566,041	178,770	56,779	-	(5,330,492)	-	(5,330,492)	-
Highways and streets	4,982,116	734,798	1,343,798	523,717	(2,379,803)	-	(2,379,803)	-
Transportation	2,041,545	59,901	664,703	17,267	(1,299,674)	-	(1,299,674)	-
Culture and recreation	2,306,539	272,343	917,029	-	(1,117,167)	-	(1,117,167)	-
Community development	994,297	200,671	-	2,234,910	1,441,284	-	1,441,284	-
Interest expense	1,069,354	-	-	-	(1,069,354)	-	(1,069,354)	-
Total governmental activities	22,033,026	3,381,853	3,057,885	2,778,858	(12,814,430)	-	(12,814,430)	-
Business type activities:								
Sewer operations	2,428,876	3,956,850	-	-	-	1,527,974	1,527,974	-
Total primary government	\$ 24,461,902	\$ 7,338,703	\$ 3,057,885	\$ 2,778,858	(12,814,430)	1,527,974	(11,286,456)	-
Component Unit:								
Electric system	11,101,220	12,923,563	-	244,118	-	-	-	2,066,461
Water system	2,774,797	3,112,779	-	880,444	-	-	-	1,218,426
Total component unit	\$ 13,876,017	\$ 16,036,342	\$ -	\$ 1,124,562	-	-	-	3,284,887
General revenues:								
Taxes:								
Property taxes					7,684,963	-	7,684,963	-
Transit taxes					1,358,729	-	1,358,729	-
Franchise					1,243,135	-	1,243,135	-
Unrestricted intergovernmental revenues					467,965	-	467,965	-
Interest and investment earnings					159,906	52,552	212,458	151,327
Other revenues					138,771	22,417	161,188	-
Transfers in (out)					498,241	(498,241)	-	-
Total general revenues, transfers					11,551,710	(423,272)	11,128,438	151,327
Change in net position					(1,262,720)	1,104,702	(158,018)	3,436,214
Net position - beginning					89,205,532	15,329,279	104,534,811	46,094,941
Net position - ending					\$ 87,942,812	\$ 16,433,981	\$ 104,376,793	\$ 49,531,155

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

CITY OF CANBY, OREGON
BALANCE SHEET – GOVERNMENTAL FUNDS
June 30, 2017

	General Fund	Street Fund	Transit Fund	System Development Charge Fund	Urban Renewal Agency - General Fund	Urban Renewal Debt Service Fund	Other Governmental Funds	Total Governmental
ASSETS								
Cash and cash equivalents	\$ 2,388,619	\$ 1,593,562	\$ 835,644	\$ 5,325,116	\$ 1,454,948	\$ 404,438	\$ 1,728,929	\$ 13,731,256
Due from other governments	17,874	-	-	-	-	11,102	2,475	31,451
Accounts receivable, net	308,612	198,014	691,588	21,012	6,193	214,052	11,647	1,451,118
Property taxes receivable	255,286	-	-	-	-	154,073	35,874	445,233
Asset held for sale	-	-	-	-	1,200,000	-	-	1,200,000
Total assets	\$ 2,970,391	\$ 1,791,576	\$ 1,527,232	\$ 5,346,128	\$ 2,661,141	\$ 783,665	\$ 1,778,925	\$ 16,859,058
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES								
LIABILITIES:								
Accounts payable and other current liabilities	\$ 246,993	\$ 23,109	\$ 81,634	\$ -	\$ 27,123	\$ -	\$ 41,050	\$ 419,909
DEFERRED INFLOWS:								
Unavailable revenue	294,588	39,148	27,634	21,012	-	360,404	34,367	777,153
Total liabilities and deferred inflows	541,581	62,257	109,268	21,012	27,123	360,404	75,417	1,197,062
FUND BALANCES:								
Restricted for:								
Drug enforcement and equipment	-	-	-	-	-	-	30,857	30,857
Capital projects	-	-	-	5,325,116	-	-	-	5,325,116
Urban renewal projects	-	-	-	-	2,634,018	-	-	2,634,018
Urban renewal debt service	-	-	-	-	-	423,261	-	423,261
Library services	-	-	-	-	-	-	165,748	165,748
Swim center	-	-	-	-	-	-	566,536	566,536
PEG	37,010	-	-	-	-	-	-	37,010
Committed for:								
Transportation services	-	-	1,417,964	-	-	-	-	1,417,964
Street projects	-	1,729,319	-	-	-	-	-	1,729,319
PERS contributions	200,000	-	-	-	-	-	-	200,000
Workers Comp Retro Plan	26,829	-	-	-	-	-	-	26,829
Cemetery care	-	-	-	-	-	-	940,367	940,367
Unassigned:	2,164,971	-	-	-	-	-	-	2,164,971
Total fund balance	2,428,810	1,729,319	1,417,964	5,325,116	2,634,018	423,261	1,703,508	15,661,996
Total liabilities, deferred inflows and fund balance	\$ 2,970,391	\$ 1,791,576	\$ 1,527,232	\$ 5,346,128	\$ 2,661,141	\$ 783,665	\$ 1,778,925	\$ 16,859,058

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, 2017

TOTAL FUND BALANCE		\$15,661,996
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	\$ 203,294,495	
Accumulated depreciation	<u>(100,523,167)</u>	102,771,328
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.		
		777,156
Deferred Inflows - Pension		(717,571)
Deferred Outflows - Pension		4,256,285
Post employment benefits are not payable in the current period and therefore are not reported in the funds		(618,842)
Compensated absences not payable in the current year are not recorded as governmental fund liabilities.		(774,942)
Internal service fund reported as governmental activities		199,228
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	\$ (25,445,834)	
Net Pension liability	(8,045,967)	
Accrued interest payable	<u>(120,022)</u>	<u>(33,611,823)</u>
Total		
TOTAL NET POSITION		<u><u>\$87,942,812</u></u>

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, 2017

	General Fund	Street Fund	Transit Fund	System Development Charge Fund	Urban Renewal Agency - General Fund	Urban Renewal Debt Service Fund	Other Governmental Funds	Total Governmental
REVENUES:								
Property taxes	\$ 4,386,744	\$ -	\$ -	\$ -	\$ -	\$ 2,678,668	\$ 607,171	\$ 7,672,583
Intergovernmental	537,148	1,727,541	-	-	-	-	830,972	3,095,661
Charges for services	242,841	572,958	59,901	-	-	-	300,863	1,176,563
Franchise	1,243,135	-	-	-	-	-	-	1,243,135
Licenses, fees, permits	142,649	-	-	-	-	-	-	142,649
Fines and forfeitures	510,411	-	-	-	-	-	510	510,921
Special assessments	-	-	-	-	-	48,381	-	48,381
Grants and donations	58,086	-	681,970	-	75,421	-	86,057	901,534
Interest	25,906	12,733	10,252	46,619	13,859	16,529	27,808	153,706
Miscellaneous	116,258	63,542	7,226	-	10,465	53,692	-	251,183
System development charges	-	-	-	2,231,407	-	-	-	2,231,407
Excise taxes	-	118,089	-	-	-	-	-	118,089
Transit taxes	-	-	1,331,095	-	-	-	-	1,331,095
Total revenues	7,263,178	2,494,863	2,090,444	2,278,026	99,745	2,797,270	1,853,381	18,876,907
EXPENDITURES:								
Current:								
General government	1,950,245	-	-	-	115,752	-	-	2,065,997
Public safety	5,025,231	-	-	-	-	-	5,297	5,030,528
Highways and streets	-	907,434	-	-	-	-	-	907,434
Transportation	-	-	1,606,223	-	-	-	-	1,606,223
Culture and recreation	482,168	-	-	-	-	-	1,575,480	2,057,648
Community development	800,678	-	-	-	-	-	-	800,678
Capital outlay	77,477	1,260,370	260,788	-	2,019,208	-	24,594	3,642,437
Debt service:								
Principal	36,642	-	-	-	-	913,044	-	949,686
Interest	1,267	-	-	-	-	1,075,713	-	1,076,980
Total expenditures	8,373,708	2,167,804	1,867,011	-	2,134,960	1,988,757	1,605,371	18,137,611
Revenues over (under) expenditures	(1,110,530)	327,059	223,433	2,278,026	(2,035,215)	808,513	248,010	739,296
OTHER FINANCING SOURCES (USES):								
Transfers in	1,575,753	-	-	27,044	1,851,792	-	-	3,454,589
Transfers out	(74,161)	(141,125)	(164,387)	-	(547,205)	(566,825)	(1,462,645)	(2,956,348)
Capital leases	105,844	-	-	-	-	-	-	105,844
Total other financing sources (uses)	1,607,436	(141,125)	(164,387)	27,044	1,304,587	(566,825)	(1,462,645)	604,085
Net changes in fund balances	496,906	185,934	59,046	2,305,070	(730,628)	241,688	(1,214,635)	1,343,381
FUND BALANCE, BEGINNING	1,931,904	1,543,385	1,358,918	3,020,046	3,364,646	181,573	2,918,143	14,318,615
FUND BALANCES, ENDING	\$ 2,428,810	\$ 1,729,319	\$ 1,417,964	\$ 5,325,116	\$ 2,634,018	\$ 423,261	\$ 1,703,508	\$ 15,661,996

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, 2017

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

Net change in fund balances - total governmental funds		\$ 1,343,381
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	\$ (4,226,709)	
Current year disposals	(936,247)	
Capital acquisitions	<u>2,355,109</u>	(2,807,847)
Change in unavailable revenue, net of allowance for doubtful accounts		34,829
Change in accrued interest on long-term liabilities		7,626
The issuance of long-term debt (e.g., bonds, leases) provides current financial		
Debt service principal payments	1,112,334	
New capital leases	(105,844)	
Change in compensated absences	<u>(124,943)</u>	881,547
Internal service fund reported as governmental activities		51,581
Change in other postemployment benefits		(38,083)
Pension expense		<u>(735,754)</u>
Change in net position of governmental activities		<u><u>\$ (1,262,720)</u></u>

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

CITY OF CANBY, OREGON
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
June 30, 2017

	Sewer Combined Fund	Internal Service Funds
	<u> </u>	<u> </u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 4,563,036	\$ 482,360
Accounts receivables, net	449,927	2,590
	<u> </u>	<u> </u>
Total current assets	5,012,963	484,950
Noncurrent Assets:		
Capital assets, net	13,043,751	-
	<u> </u>	<u> </u>
Total assets	18,056,714	484,950
DEFERRED OUTFLOW OF RESOURCES:		
Deferred outflows related to pensions	615,765	215,239
	<u> </u>	<u> </u>
Total assets and deferred outflows	<u>\$ 18,672,479</u>	<u>\$ 700,189</u>
LIABILITIES, DEFERRED INFLOWS AND NET POSITION		
LIABILITIES:		
Current Liabilities:		
Accounts payable	\$ 491,878	\$ 25,736
Accrued interest	469	-
Long-term debt - within one year	360,910	4,850
	<u> </u>	<u> </u>
Total current liabilities	853,257	30,586
Noncurrent Liabilities:		
Long-term debt - past one year	20,613	1,617
Net Pension Liability	1,164,025	406,882
OPEB liability	96,791	25,588
	<u> </u>	<u> </u>
Total liabilities	2,134,686	464,673
DEFERRED INFLOWS OF RESOURCES:		
Deferred inflows related to pensions	103,812	36,288
	<u> </u>	<u> </u>
Total liabilities and deferred inflows	2,238,498	500,961
NET POSITION:		
Net investment in capital assets	13,043,751	-
Restricted for:		
Debt service	299,072	-
Unrestricted	3,091,158	199,228
	<u> </u>	<u> </u>
Total net position	16,433,981	199,228
Total liabilities, deferred inflows and net position	<u>\$ 18,672,479</u>	<u>\$ 700,189</u>

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, 2017

	Enterprise Total Sewer Operations	Internal Service Funds
	<u> </u>	<u> </u>
OPERATING REVENUES:		
Charges for services	\$ 3,956,850	\$ 1,165,684
Miscellaneous	22,417	3,846
	<u>3,979,267</u>	<u>1,169,530</u>
OPERATING EXPENSES:		
Personal services	1,415,766	333,647
Materials and services	631,156	790,102
Depreciation and amortization	365,790	-
	<u>2,412,712</u>	<u>1,123,749</u>
Total operating expenses	<u>2,412,712</u>	<u>1,123,749</u>
Operating income	1,566,555	45,781
NON-OPERATING INCOME (EXPENSE):		
Interest income	52,552	5,800
Interest expense	(16,164)	-
	<u>36,388</u>	<u>5,800</u>
Total non-operating income (expenses)	<u>36,388</u>	<u>5,800</u>
TRANSFERS:		
Tranfers out	(498,241)	-
	<u>1,104,702</u>	<u>51,581</u>
Change in net position	<u>1,104,702</u>	<u>51,581</u>
NET POSITION, BEGINNING	<u>15,329,279</u>	<u>147,646</u>
NET POSITION, ENDING	<u><u>\$ 16,433,981</u></u>	<u><u>\$ 199,228</u></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, 2017

	Enterprise Total Sewer Operations	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	\$ 4,032,117	\$ 1,169,998
Payments to employees	(1,272,694)	(336,453)
Payments to suppliers	(217,175)	(788,416)
Net cash from operating activities	<u>2,542,248</u>	<u>45,129</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Transfer out	(498,241)	-
Net cash from non-capital financing activities	<u>(498,241)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchase of capital assets	(1,896,006)	-
Payment of principal debt	(280,000)	-
Payment of interest on debt	(17,050)	-
Net cash from capital and related financing activities	<u>(2,193,056)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received	52,552	5,800
Net increase (decrease) in cash and cash equivalents	(96,497)	50,929
CASH AND CASH EQUIVALENTS, BEGINNING	<u>4,659,533</u>	<u>431,431</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 4,563,036</u>	<u>\$ 482,360</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income (loss)	\$ 1,566,555	\$ 45,781
Adjustments:		
Depreciation	371,214	-
Amortization	(5,424)	-
Decrease (increase) in:		
Accounts receivable	52,850	467
Increase (decrease) in:		
Accounts payable and accrued expenses	413,981	1,687
OPEB obligation	12,772	(3,779)
Accrued compensated absences	6,355	(22,179)
Pension obligations	123,945	23,152
Net cash from operating activities	<u>\$ 2,542,248</u>	<u>\$ 45,129</u>

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

NOTES TO THE FINANCIAL STATEMENTS

CITY OF CANBY, OREGON
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

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 City.

Blended Component Unit

The City has one blended component unit, the Urban Renewal Agency (the Agency). The Agency was formed to plan, direct, and manage certain projects within the City. Pursuant to ORS 457.055, the City Council has been appointed governing body of the Agency, which is the same governing board as the primary government. In accordance with GASB 61 the Agency meets the criteria of a blended component unit because the governing body is the same, there is a financial benefit/burden relationship between the entities in relation to debt burden 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, 2017, 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, 2017 may be obtained at CUB's administrative office located at 154 NW 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, 2017

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.
- *System Development Fund* - This fund accounts for the collection and use of system development charges for capital project funding.

CITY OF CANBY, OREGON
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

I. Summary of Significant Accounting Policies (Continued)

B. Basic Financial Statements (Continued)

- *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 source 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, swim center operations and library 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, 2017

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, 2017

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 principal ongoing operations. The principal operating revenues of the City's sewer operations are charges to customers for sales and services. These funds also recognize fees intended to recover the cost of connecting new customers to the City's utility systems as operating revenue. Operating expenses for 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, 2017

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 capital 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, 2017

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, 2017

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, such as property held for sale, grantors or contributors, or restricted by legal or constitutional provisions.

Committed – Includes items committed by the City Council, by formal council action through the adoption of an ordinance. Commitments of fund balance must be made prior to the end of the fiscal year.

Assigned – Includes items assigned for specific uses, authorized by the City. Assignments of fund balance can be done at any time, including after the fiscal year end date. In accordance with the City's fund balance policy, amounts may be assigned by the City Administrator.

Unassigned – This is the residual classification used for those balances not assigned to another category in the General Fund.

CITY OF CANBY, OREGON
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

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.

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.

	<u>City</u>	<u>CUB</u>
Cash on hand	\$ 894	\$ 700
Cash on deposit	415,107	315,012
Restricted cash	-	488,280
Oregon State Local Government Investment Pool	18,360,651	14,735,145
Total	<u>\$ 18,776,652</u>	<u>\$ 15,539,137</u>
Reported in the basic financial statements as:		
Governmental activities	\$ 14,250,987	
Business-type activities	4,525,665	
Total	<u>\$ 18,776,652</u>	
Component Unit		
Cash and Cash Equivalents		\$ 15,050,857
Restricted Cash		488,280
Total		<u>\$ 15,539,137</u>

CITY OF CANBY, OREGON
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

II. Cash and Cash Equivalents (Continued)

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, 2017, the City had total bank balances of \$616,502, of which \$250,000 was covered by FDIC and the remainder was collateralized by the statewide pool.

B. Interest Rate risk

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

C. Credit Risk

State statutes authorize the City to invest in general obligations of the U.S. Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, and the LGIP, among others. The City has no investment policy that would further limit its investment choices. The LGIP operates in accordance with appropriate state laws and regulations, but is not regulated by other laws, organizations or regulations. 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 \$74,070 and \$2,322,758 respectively.

Canby Utility Board's accounts receivable primarily represent user charges which are recognized as earned. As of June 30, 2017, an allowance for uncollectible receivables has been provided for the electric and water systems of \$2,793.

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.

CITY OF CANBY, OREGON
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

II. Cash and Cash Equivalents (Continued)

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.

V. Capital Assets

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

Governmental Activities:	Beginning Balance	Additions	Deletions	Ending Balance
<i>Capital assets, not being depreciated:</i>				
Land	\$ 40,995,883	\$ 237,631	\$ (219,109)	\$ 41,014,405
Construction in progress	6,709,083	2,034,283	(8,656,338)	87,028
Total capital assets, not being depreciated	47,704,966	2,271,914	(8,875,447)	41,101,433
<i>Capital assets, being depreciated:</i>				
Buildings and improvements	17,736,446	7,679,610	(1,422,804)	23,993,252
Motor vehicles and equipment	5,655,870	217,737	(314,168)	5,559,439
Infrastructure	131,798,185	842,186	-	132,640,371
Total capital assets, being depreciated	155,190,501	8,739,533	(1,736,972)	162,193,062
<i>Less accumulated depreciation for:</i>				
Buildings and improvements	(4,782,965)	(450,618)	734,342	(4,499,241)
Vehicles and equipment	(3,721,648)	(438,687)	285,492	(3,874,843)
Infrastructure	(88,811,679)	(3,337,404)	-	(92,149,083)
Total accumulated depreciation	(97,316,292)	(4,226,709)	1,019,834	(100,523,167)
Total capital assets, being depreciated, net	57,874,209	4,512,824	(717,138)	61,669,895
Governmental activities capital assets, net	\$ 105,579,175	\$ 6,784,738	\$ (9,592,585)	\$ 102,771,328

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

Governmental activities:	
General government	\$ 238,355
Public safety	111,769
Highways and streets	3,375,614
Transportation	271,267
Culture and recreation	167,650
Community development	62,054
Total depreciation expense - governmental activities	\$ 4,226,709

CITY OF CANBY, OREGON
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

V. Capital Assets (Continued)

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	80,100	1,704,349	-	1,784,449
Total capital assets, not being depreciated	1,166,877	1,704,349	-	2,871,226
Capital assets, being depreciated:				
Buildings and improvements	11,017,106	-	-	11,017,106
Vehicles	681,473	118,863	-	800,336
Utility plant	4,222,569	72,794	-	4,295,363
Total capital assets, being depreciated	15,921,148	191,657	-	16,112,805
Less accumulated depreciation for:				
Buildings and improvements	(3,201,537)	(218,923)	-	(3,420,460)
Vehicles	(261,790)	(57,330)	-	(319,120)
Utility plant	(2,105,739)	(94,961)	-	(2,200,700)
Total accumulated depreciation	(5,569,066)	(371,214)	-	(5,940,280)
Total capital assets, being depreciated, net	10,352,082	(179,557)	-	10,172,525
Business-type activities capital assets, net	\$ 11,518,959	\$ 1,524,792	\$ -	\$ 13,043,751

Discretely presented component unit

Activity for the Canby Utility Board (CUB) for the year ended June 30, 2017, was as follows:

CUB:	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 1,340,579	\$ -	\$ (41,000)	\$ 1,299,579
Property held for future use	3,633	-	-	3,633
Construction in progress	724,817	2,549,255	(1,816,972)	1,457,100
Total capital assets, not being depreciated	2,069,029	2,549,255	(1,857,972)	2,760,312
Capital assets, being depreciated:				
Plant	53,088,647	1,136,286	(493,608)	53,731,325
Equipment	2,669,618	407,553	(102,648)	2,974,523
Office furniture and equipment	1,175,147	90,559	(402,946)	862,760
Total capital assets, being depreciated	56,933,412	1,634,398	(999,202)	57,568,608
Less accumulated depreciation for:				
Electric and water plant assets	(21,158,557)	(1,466,692)	851,715	(21,773,534)
Total capital assets, being depreciated, net	35,774,855	167,706	(147,487)	35,795,074
CUB capital assets, net	\$ 37,843,884	\$ 2,716,961	\$ (2,005,459)	\$ 38,555,386

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

CUB Activities:	
Electric	\$817,122
Water	649,570
Total depreciation expense – CUB Activities	\$1,466,692

CITY OF CANBY, OREGON
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

VI. Interfund Receivables, Payables, and Transfers

The composition of interfund transfers as of June 30, 2017, was as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Major Governmental Funds		
General Fund	\$ 1,575,753	\$ 74,161
Street Fund	-	141,125
Transit Fund	-	164,387
SDC Fund	27,044	-
Urban Renewal District - General Fund	1,851,792	547,205
Urban Renewal Debt Service Fund	-	566,825
Total Major Governmental Funds	<u>3,454,589</u>	<u>1,493,703</u>
Non-major Governmental Funds	-	1,462,645
Proprietary Funds		
Sewer Combined Fund	-	498,241
Total All Funds	<u><u>\$ 3,454,589</u></u>	<u><u>\$ 3,454,589</u></u>

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

VII. 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, 2017.

<u>Year Ending June 30,</u>
2018
2019
2020
Less amount representing interest
Present value of future minimum lease

CITY OF CANBY, OREGON
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

VII. Long-term liabilities (Continued)

A. Debt Outstanding (Continued)

Long-term liability activity for the year ended June 30, 2017, was as follows:

	Original Amount	6/30/2016 Balance	Additions	Reductions	6/30/2017 Balance	Due Within One Year
Governmental Activities						
Bonds URA:						
2010 1st Ave Redevelopment (3.75-7%)	\$ 2,500,000	\$ 2,000,000	\$ -	\$ 105,000	\$ 1,895,000	\$ 110,000
2010 Bond Discount		(33,132)	-	(2,208)	(30,924)	(2,208)
2011 Police Facility (2-5%)	9,000,000	8,890,000	-	30,000	8,860,000	45,000
2011 Bond Discount		(19,000)	-	(950)	(18,050)	(950)
2012 Civic Bldg & Sequoia Pkwy (3-4%)	14,050,000	12,745,000	-	650,000	12,095,000	645,000
2012 Premium		932,549	-	49,118	883,431	49,118
Total Governmental Bonds		<u>24,515,417</u>	<u>-</u>	<u>830,960</u>	<u>23,684,457</u>	<u>845,960</u>
Long-term Loans:						
1997 Logging Rd Industrial Park Phs2 (5.01%)	260,000	36,642	-	36,642	-	-
Long-term Loans URA:						
2009 Township, Berg, Sequoia St. (3-5.25%)	1,981,047	1,463,810	-	85,161	1,378,649	90,768
2009 Premium		12,396	-	953	11,443	953
2010 Walnut St (5%)	417,927	224,804	-	42,883	181,921	45,027
Total Governmental Loans		<u>1,737,652</u>	<u>-</u>	<u>165,639</u>	<u>1,572,013</u>	<u>136,748</u>
Capital Leases for Police Vehicles						
FORD - Lease no. 5241015 (5.95%)		23,597	-	23,597	-	-
FORD - Lease no. 5241016 (5.95%)		49,129	-	23,855	25,274	25,274
FORD - Lease no. 5241017 (6.45%)		22,589	-	7,064	15,525	7,520
FORD - Lease no. 5241018 (6.45%)		31,816	-	9,950	21,866	10,592
FORD - Lease no. 5241019 (5.95%)		72,124	-	22,666	49,458	24,015
FORD - Lease no. 5241020 (5.45%)		-	105,844	28,603	77,241	24,394
Total Governmental Leases		<u>199,255</u>	<u>105,844</u>	<u>115,735</u>	<u>189,364</u>	<u>91,795</u>
Compensated Absences		<u>678,645</u>	<u>654,516</u>	<u>551,754</u>	<u>781,407</u>	<u>586,055</u>
Total Governmental Activities		<u>\$ 27,130,969</u>	<u>\$ 760,360</u>	<u>\$ 1,664,088</u>	<u>\$ 26,227,241</u>	<u>\$ 1,660,558</u>
Business-Type Activities						
Enterprise Bonds						
2008 Sewer Bonds (3.5-4%)	\$ 2,505,000	\$ 575,000	\$ -	\$ 280,000	\$ 295,000	\$ 295,000
Bond Premium		9,496	-	5,424	4,072	4,072
Total Enterprise Bonds		<u>584,496</u>	<u>-</u>	<u>285,424</u>	<u>299,072</u>	<u>299,072</u>
Compensated Absences		<u>76,096</u>	<u>65,889</u>	<u>59,534</u>	<u>82,451</u>	<u>61,838</u>
Total Business-Type Activities		<u>\$ 660,592</u>	<u>\$ 65,889</u>	<u>\$ 344,958</u>	<u>\$ 381,523</u>	<u>\$ 360,910</u>

CITY OF CANBY, OREGON
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

VII. 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, 2017, are as follows:

Fiscal Year Ending June 30,	Governmental Activities					Total Governmental Activities	Business - Type Activities		
	Bonds - URA	URA Loans	Capital Leases	Total Principal	Interest		Principal	Interest	Total Business- Type Activities
2018	\$ 845,960	\$ 136,748	\$ 91,795	\$ 1,074,503	\$ 1,057,338	\$ 2,131,841	\$ 299,072	\$ 5,900	\$ 304,972
2019	875,960	139,631	70,444	1,086,035	1,022,170	2,108,205	-	-	-
2020	900,960	147,691	27,125	1,075,776	982,741	2,058,517	-	-	-
2021	930,960	143,790	-	1,074,750	941,230	2,015,980	-	-	-
2022	970,960	104,532	-	1,075,492	896,426	1,971,918	-	-	-
2023-2027	5,509,800	611,971	-	6,121,771	3,752,543	9,874,314	-	-	-
2028-2032	7,286,996	287,650	-	7,574,646	2,258,659	9,833,305	-	-	-
2033-2036	6,362,861	-	-	6,362,861	616,256	6,979,117	-	-	-
Total	<u>\$23,684,457</u>	<u>\$1,572,013</u>	<u>\$ 189,364</u>	<u>\$ 25,445,834</u>	<u>\$11,527,363</u>	<u>\$36,973,197</u>	<u>\$299,072</u>	<u>\$5,900</u>	<u>\$ 304,972</u>

C. Discretely Presented Component Unit – Revenue Bonds

	Original Amount	6/30/2016 Balance	Additions	Reductions	6/30/2017 Balance	Due Within One Year
CUB - Discretely presented component unit - Revenue Bonds						
2007 Water Revenue Bonds (3.625-3.75%)	\$ 3,200,000	\$ 2,220,000	\$ -	\$ 145,000	\$ 2,075,000	\$ 150,000
2014 Water Revenue Refunding Bonds (2.3%)	1,951,000	1,741,000	-	178,000	1,563,000	187,000
Total CUB Bonds		<u>\$ 3,961,000</u>	<u>\$ -</u>	<u>\$ 323,000</u>	<u>\$ 3,638,000</u>	<u>\$ 337,000</u>

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

CUB			
Fiscal Year Ending June 30,	Principal	Interest	Total
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	386,000	63,739	449,739
2023-2027	1,600,000	128,049	1,728,049
2028-2029	230,000	4,773	234,773
Total	<u>\$ 3,638,000</u>	<u>\$ 591,341</u>	<u>\$ 4,229,341</u>

CITY OF CANBY, OREGON
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

VIII. 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, 2017, the City had 74 active employees, one retiree and one COBRA member 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 (ARC) of the employer, 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, 2017, the amount actually contributed to the plans, and changes in the City's net OPEB obligation:

Normal cost at year end	\$ 48,578
Amortization of UAAL	68,275
Annual required contribution	116,853
Interest on prior year Net OPEB Obligation	24,295
Adjustment to ARC	(83,465)
Implicit benefit payments	(10,607)
Increase in Net OPEB Obligation	47,076
Net OPEB obligation at beginning of year	694,146
Net OPEB obligation at end of year	<u>\$ 741,222</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:

Fiscal Year End	Annual OPEB Cost	Percent of Annual OPEB Cost Contribution	Net OPEB Obligation
06/30/15	\$118,391	29%	\$651,618
06/30/16	59,333	28%	694,146
06/30/17	57,683	18%	741,222

CITY OF CANBY, OREGON
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

VIII. 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, 2016 the actuarial accrued liability for benefits was \$567,819, and the actuarial value of assets was zero, resulting in an unfunded accrued liability of \$567,819. The annual payroll of active employees covered by the City's healthcare plan was \$6,038,627, and the ratio of the unfunded actuarially accrued liability (UAAL) to covered payroll was 9.40%. 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, 2016 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 7.00%, varying in future years until settling to an ultimate rate of 5.00%, and a general inflation rate of 2.50% 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, 2017

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 0.53% of annual covered payroll for Tier 1/Tier 2 members and 0.45% for OPSRP members. The PERS Board of Trustees sets the employer contribution rate based on the annual required contribution (ARC) of the employers, 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, 2017, 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 2016-2017, \$21,922 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, 2017.

IX. 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:// http://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx](http://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx).

CITY OF CANBY, OREGON
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

IX. 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, 2017

IX. 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.

CITY OF CANBY, OREGON
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

IX. Pension Plan (Continued)

B. Benefits Provided (Continued)

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

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

C. Contributions

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. Employer contribution rates for the period were based on the December 31, 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 \$652,149. CUB employer contributions for the year ended June 30, 2017 were \$230,179, 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 \$359,740 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, 2017, the City and CUB reported a liability of \$9,616,874 and \$3,265,221 respectively for its proportionate share of the OPERS net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014 rolled forward to June 30, 2016. 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, 2016, the City's and CUB's proportion were 0.0641% and 0.0218% respectively, which changed from its proportion measured as of June 30, 2015 by 0.0107% and 0.0253%, respectively.

For the year ended June 30, 2017, the City and CUB recognized pension expense of \$882,851 and \$312,042 respectively. At June 30, 2017, 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	\$ 318,168	\$ -	\$ 108,028	\$ -
Changes of assumptions	2,051,048	-	696,393	-
Net difference between projected and actual earnings on investments	1,899,891	-	645,071	-
Changes in proportion share	60,380	579,199	39,830	191,428
Differences between employer contributions and employer's proportionate share of system contributions	105,653	278,472	4,811	61,303
Contributions subsequent to the MD	652,149	-	230,179	-
Net Deferred Outflow/(Inflow) of Resources	<u>\$ 5,087,289</u>	<u>\$ 857,670</u>	<u>\$ 1,724,312</u>	<u>\$ 252,731</u>

CITY OF CANBY, OREGON
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

IX. 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 \$652,149 and \$230,179 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, 2018. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	City	CUB
2018	\$ 590,225	\$ 210,517
2019	590,225	210,517
2020	1,297,166	449,418
2021	978,289	331,475
2022	121,564	39,475
Total	<u>\$3,577,469</u>	<u>\$1,241,402</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 two-year period ending on December 31, 2016.

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	2.50 percent (reduced from 2.75%)
Long-term expected rate of return	7.50 percent (reduced from 7.75%)
Discount rate	7.50 percent (reduced from 7.75%)
Projected salary increases	3.50 percent (reduced from 3.75%)
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>Health retirees and beneficiaries: RP-2000 Sex-distinct, generational per Scale BB, 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 (70% for males, 95% for females) of the RP-2000 sex-distinct, generational per Scale BB, disabled mortality table.</p>

CITY OF CANBY, OREGON
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

IX. Pension Plan (Continued)

E. Actuarial Methods and Assumptions (Continued)

The total pension liability in the December 31, 2014 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 June 2015 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption was based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

G. Long-Term Expected Rate of Return

Asset Class	Target Allocation	Compounded Annual Return (Geometric)
Core Fixed Income	8.00%	4.00%
Short-Term Bonds	8.00%	3.61%
Bank/Leveraged Loans	3.00%	5.42%
High Yield Bonds	1.00%	6.20%
Large/Mid Cap US Equities	15.75%	6.70%
Small Cap US Equities	1.31%	6.99%
Micro Cap US Equities	1.31%	7.01%
Developed Foreign Equities	13.13%	6.73%
Emerging Foreign Equities	4.12%	7.25%
Non-US Small Cap Equities	1.88%	7.22%
Private Equities	17.50%	7.97%
Real Estate (Property)	10.00%	5.84%
Real Estate (REITS)	2.50%	6.69%
Hedge Funds - Diversified	2.50%	4.64%
Hedge Funds - Event Driven	0.63%	6.72%
Timber	1.88%	5.85%
Farmland	1.88%	6.37%
Infrastructure	3.75%	7.13%
Commodities	1.88%	4.58%
Total	100%	
Assumed Inflation - Mean		2.50%

CITY OF CANBY, OREGON
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

IX. Pension Plan (Continued)

H. Discount Rate

The discount rate used to measure the total pension liability was 7.50% for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the City's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.50%, 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 (6.50%) or one percentage point higher (8.50%) than the current rate:

Proportionate share of the net pension liability (asset)	1% Decrease <u>(6.50%)</u>	Discount Rate <u>(7.50%)</u>	1% Increase <u>(8.50%)</u>
City	\$ 15,528,045	\$ 9,616,874	\$ 4,676,169
CUB	5,272,200	3,265,221	(1,587,700)

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.

X. Risk Management

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

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

CITY OF CANBY, OREGON
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

XI. 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, 2017, the City had outstanding commitments for consulting, construction and equipment totaling approximately \$966,000.

The City participates in a workers compensation retroactive plan and the maximum outstanding workers compensation exposure is \$26,829,

XII. Related Party

The City receives payments from CUB for contributions in lieu of taxes. For the year ended June 30, 2017, contributions totaled \$756,038 for electric and water. The receivable amounts at June 30, 2017 are, \$66,642 for electric and water.

XIII. Subsequent Events

In July 2017, the property being held for sale was sold for \$1,200,000.

In October 2017, Canby Utility Board issued \$1,988,000 in 2017 water revenue refunding bonds and utilized the proceeds to redeem the remaining balance on the 2007 water revenue bonds to pay for the costs of issuance.

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, 2017

	Budget		Actual	Variance
	Original	Final		Positive (Negative)
REVENUES:				
Property taxes	\$ 4,339,897	\$ 4,339,897	\$ 4,386,744	\$ 46,847
Intergovernmental	535,492	535,492	537,148	1,656
Charges for services	122,825	156,825	242,841	86,016
Franchise	1,210,980	1,210,980	1,243,135	32,155
Licenses, fees, permits	144,963	144,963	142,649	(2,314)
Fines and forfeitures	478,000	478,000	510,411	32,411
Grants & donations	60,300	60,300	58,086	(2,214)
Interest	9,600	9,600	25,906	16,306
Miscellaneous	16,935	54,350	116,258	61,908
Total revenues	6,918,992	6,990,407	7,263,178	272,771
EXPENDITURES:				
Administration	1,076,477	1,076,973	1,019,391	57,582
Court	389,678	389,957	356,103	33,854
Planning	217,633	251,757	236,329	15,428
Parks	852,696	853,046	482,168	370,878
Building	33,257	33,286	32,656	630
Police	5,179,030	5,220,192	4,985,819	234,373
Cemetery	79,631	79,643	58,604	21,039
Finance	456,653	456,953	439,179	17,774
Economic Development	540,366	556,238	531,693	24,545
Unallocated				
Personnel services	75,000	75,067	39,699	35,368
Materials & services	211,868	211,868	37,269	174,599
Capital Outlay	45,558	45,558	11,045	34,513
Debt service	37,802	37,912	37,909	3
Contingency	916,474	910,562	-	910,562
Total expenditures	10,112,123	10,199,012	8,267,864	1,931,148
Revenues over (under) expenditures	(3,193,131)	(3,208,605)	(1,004,686)	2,203,919
OTHER FINANCING SOURCES (USES):				
Transfers in	1,932,784	1,942,385	1,575,753	(366,632)
Transfers out	(74,161)	(74,161)	(74,161)	-
Total other financing sources (uses)	1,858,623	1,868,224	1,501,592	(366,632)
Net changes in fund balances	(1,334,508)	(1,340,381)	496,906	1,837,287
FUND BALANCE, BEGINNING	1,559,108	1,564,981	1,931,904	366,923
FUND BALANCE, ENDING	\$ 224,600	\$ 224,600	\$ 2,428,810	\$ 1,837,287

Budget to GAAP Differences:

The City entered into capital leases in the amount of \$105,844 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, 2017

	Budget		Actual	Variance
	Original	Final		Positive (Negative)
REVENUES:				
Intergovernmental	\$ 1,551,900	\$ 1,551,900	\$ 1,727,541	\$ 175,641
Charges for services	581,900	581,900	572,958	(8,942)
Interest	5,600	5,600	12,733	7,133
Miscellaneous	50,000	50,000	63,542	13,542
System development charges	115,711	115,711	-	(115,711)
Excise tax	101,688	101,688	118,089	16,401
Total revenues	2,406,799	2,406,799	2,494,863	88,064
EXPENDITURES:				
Street Department	3,294,128	3,267,657	2,167,804	1,099,853
Contingency	1,146,980	1,146,407	-	1,146,407
Total expenditures	4,441,108	4,414,064	2,167,804	2,246,260
Revenues over (under) expenditures	(2,034,309)	(2,007,265)	327,059	2,334,324
OTHER FINANCING SOURCES (USES):				
Transfers in	718,812	718,812	-	(718,812)
Transfers out	(114,081)	(141,125)	(141,125)	-
Total other financing sources (uses)	604,731	577,687	(141,125)	(718,812)
Net changes in fund balance	(1,429,578)	(1,429,578)	185,934	1,615,512
FUND BALANCE, BEGINNING	1,429,578	1,429,578	1,543,385	113,807
FUND BALANCE, ENDING	\$ -	\$ -	\$ 1,729,319	\$ 1,729,319

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, 2017

	Budget		Actual	Variance
	Original	Final		Positive (Negative)
REVENUES:				
Transit Tax	\$ 1,260,000	\$ 1,260,000	\$ 1,331,095	\$ 71,095
Grants & donations	651,292	650,692	681,970	31,278
Charges for services	68,000	68,000	59,901	(8,099)
Interest	5,000	5,000	10,252	5,252
Miscellaneous	5,000	5,600	7,226	1,626
Total revenues	<u>1,989,292</u>	<u>1,989,292</u>	<u>2,090,444</u>	<u>101,152</u>
EXPENDITURES:				
Transit	1,677,471	1,887,748	1,867,011	20,737
Contingency	1,246,574	1,246,297	-	1,246,297
Total expenditures	<u>2,924,045</u>	<u>3,134,045</u>	<u>1,867,011</u>	<u>1,267,034</u>
Revenues over (under) expenditures	(934,753)	(1,144,753)	223,433	1,368,186
OTHER FINANCING SOURCES (USES):				
Transfers out	(164,387)	(164,387)	(164,387)	-
Net changes in fund balance	(1,099,140)	(1,309,140)	59,046	1,368,186
FUND BALANCE, BEGINNING	<u>1,099,140</u>	<u>1,309,140</u>	<u>1,358,918</u>	<u>49,778</u>
FUND BALANCE, ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,417,964</u>	<u>\$ 1,417,964</u>

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, 2017

	Budget		Actual	Variance
	Original	Final		Positive (Negative)
REVENUES:				
Interest	\$ 11,990	\$ 11,990	\$ 46,619	\$ 34,629
System development charges	1,910,389	1,910,389	2,231,407	321,018
Total revenues	1,922,379	1,922,379	2,278,026	355,647
EXPENDITURES:				
Contingency	3,636,995	3,664,039	-	3,664,039
Revenues over (under) expenditures	(1,714,616)	(1,741,660)	2,278,026	4,019,686
OTHER FINANCING SOURCES (USES):				
Transfers in	-	27,044	27,044	-
Transfers out	(948,339)	(1,005,429)	-	1,005,429
Total other financing sources (uses)	(948,339)	(978,385)	27,044	1,005,429
Net change in fund balance	(2,662,955)	(2,720,045)	2,305,070	1,005,429
FUND BALANCE, BEGINNING	2,662,955	2,720,045	3,020,046	300,001
FUND BALANCE, ENDING	\$ -	\$ -	\$ 5,325,116	\$ 1,305,430

CITY OF CANBY, OREGON
SCHEDULE OF FUNDING PROGRESS
OTHER POSTEMPLOYEMENT BENEFIT PLANS
June 30, 2017

<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>
8/1/2012	\$ -	\$ 716,841	\$ 716,841	0%	\$ 5,822,556	12.31%
8/1/2014	-	527,483	527,483	0%	5,845,405	9.02%
7/1/2016	-	567,819	567,819	0%	6,038,627	9.40%

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
<u>City</u>					
2017	0.0641%	\$ 9,616,874	\$6,038,627	159.3%	80.5%
2016	0.0748%	4,295,691	5,845,405	73.5%	91.9%
2015	0.0703%	(1,592,766)	5,822,556	-27.4%	103.6%
2014	0.0703%	3,585,860	5,652,834	63.4%	92.0%
<u>Canby Utility Board</u>					
2017	0.0218%	\$ 3,265,221	\$1,747,999	186.8%	80.5%
2016	0.0253%	1,452,943	1,810,490	80.3%	91.9%
2015	0.0223%	(505,566)	1,592,085	-31.8%	103.6%

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

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

CITY OF CANBY, OREGON
SCHEDULE OF CONTRIBUTIONS
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					
2017	\$ 652,149	\$ 652,149	\$ -	\$5,997,812	10.9%
2016	746,158	746,158	-	6,038,627	12.4%
2015	456,991	456,991	-	5,845,405	7.8%
2014	558,095	558,095	-	5,822,556	9.6%
Canby Utility Board					
2017	\$ 230,179	\$ 230,179	\$ -	\$1,759,669	13.08%
2016	225,984	225,984	-	1,747,999	12.93%
2015	204,466	204,466	-	1,810,490	11.29%

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, 2017

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, 2017, the city had four supplemental budgets.

SUPPLEMENTARY INFORMATION

CITY OF CANBY, OREGON
NON-MAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
June 30, 2017

	Forfeiture Fund	Cemetery Perpetual Care Fund	Swim Center Local Option Tax Levy Fund	Library Fund	Total
ASSETS					
Cash and cash equivalents	\$ 31,083	\$ 940,367	\$ 572,264	\$ 185,215	\$ 1,728,929
Due from other governments	-	-	2,475	-	2,475
Accounts receivable	-	-	10,410	1,237	11,647
Property taxes receivable	-	-	35,874	-	35,874
Total assets	<u>\$ 31,083</u>	<u>\$ 940,367</u>	<u>\$ 621,023</u>	<u>\$ 186,452</u>	<u>\$ 1,778,925</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES					
LIABILITIES					
Accounts payable and other current liabilities	\$ 226	\$ -	\$ 20,120	\$ 20,704	\$ 41,050
DEFERRED INFLOWS					
Unavailable revenue	-	-	34,367	-	34,367
Total liabilities and deferred inflows	<u>226</u>	<u>-</u>	<u>54,487</u>	<u>20,704</u>	<u>75,417</u>
FUND BALANCES:					
Restricted for:					
Drug enforcement and equipment	30,857	-	-	-	30,857
Library	-	-	-	165,748	165,748
Swim center	-	-	566,536	-	566,536
Committed:					
Cemetery care	-	940,367	-	-	940,367
Total fund balances	<u>30,857</u>	<u>940,367</u>	<u>566,536</u>	<u>165,748</u>	<u>1,703,508</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 31,083</u>	<u>\$ 940,367</u>	<u>\$ 621,023</u>	<u>\$ 186,452</u>	<u>\$ 1,778,925</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, 2017

	Forfeiture Fund	Cemetery Perpetual Care Fund	Swim Center Local Option Tax Levy Fund	Library Fund	Total
REVENUES:					
Charges for services	\$ -	\$ 34,030	\$ 221,675	\$ 45,158	\$ 300,863
Intergovernmental	-	-	-	830,972	830,972
Property taxes	-	-	607,171	-	607,171
Fines and forfeitures	510	-	-	-	510
Grants & donations	-	-	161	85,896	86,057
Interest	355	9,781	6,381	11,291	27,808
Total revenues	865	43,811	835,388	973,317	1,853,381
EXPENDITURES:					
Public safety	5,297	-	-	-	5,297
Culture and recreation	-	-	680,352	919,722	1,600,074
Total expenditures	5,297	-	680,352	919,722	1,605,371
Revenues over (under) expenditures	(4,432)	43,811	155,036	53,595	248,010
OTHER FINANCING SOURCES (USES):					
Transfers out	-	-	(81,383)	(1,381,262)	(1,462,645)
Net changes in fund balances	(4,432)	43,811	73,653	(1,327,667)	(1,214,635)
FUND BALANCES, BEGINNING	35,289	896,556	492,883	1,493,415	2,918,143
FUND BALANCES, ENDING	<u>\$ 30,857</u>	<u>\$ 940,367</u>	<u>\$ 566,536</u>	<u>\$ 165,748</u>	<u>\$ 1,703,508</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, 2017

	Budget		Actual	Variance
	Original	Final		Positive (Negative)
REVENUES:				
Fines and forfeitures	\$ -	\$ -	\$ 510	\$ 510
Interest	-	-	355	355
Total revenues	-	-	865	865
EXPENDITURES:				
Police	35,289	35,289	5,297	29,992
Revenues over (under) expenditure:	(35,289)	(35,289)	(4,432)	30,857
FUND BALANCE, BEGINNING	35,289	35,289	35,289	-
FUND BALANCE, ENDING	\$ -	\$ -	\$ 30,857	\$ 30,857

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, 2017

	Budget		Actual	Variance
	Original	Final		Positive (Negative)
REVENUES:				
Charges for services	\$ 12,000	\$ 12,000	\$ 34,030	\$ 22,030
Interest	4,800	4,800	9,781	4,981
Total revenues	16,800	16,800	43,811	27,011
EXPENDITURES:				
Contingency	909,716	909,716	-	909,716
Revenues over (under) expenditures	(892,916)	(892,916)	43,811	936,727
FUND BALANCE, BEGINNING	892,916	892,916	896,556	3,640
FUND BALANCE, ENDING	\$ -	\$ -	\$ 940,367	\$ 940,367

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, 2017

	Budget		Actual	Variance
	Original	Final		Positive (Negative)
REVENUES:				
Property taxes	\$ 606,561	\$ 606,561	\$ 607,171	\$ 610
Charges for services	183,000	183,000	221,675	38,675
Interest	2,400	2,400	6,381	3,981
Donations	-	-	161	161
Total revenues	<u>791,961</u>	<u>791,961</u>	<u>835,388</u>	<u>43,427</u>
EXPENDITURES:				
Swim Center	730,958	731,448	680,352	51,096
Contingency	429,237	428,747	-	428,747
Total expenditures	<u>1,160,195</u>	<u>1,160,195</u>	<u>680,352</u>	<u>479,843</u>
Revenues over (under) expenditures	(368,234)	(368,234)	155,036	523,270
OTHER FINANCING SOURCES (USES):				
Transfers out	<u>(81,383)</u>	<u>(81,383)</u>	<u>(81,383)</u>	<u>-</u>
Net changes in fund balance	(449,617)	(449,617)	73,653	523,270
FUND BALANCE, BEGINNING	<u>449,617</u>	<u>449,617</u>	<u>492,883</u>	<u>43,266</u>
FUND BALANCE, ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 566,536</u>	<u>\$ 566,536</u>

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, 2017

	Budget		Actual	Variance
	Original	Final		Positive (Negative)
REVENUES:				
Intergovernmental	\$ 818,849	\$ 818,849	\$ 830,972	\$ 12,123
Charges for services	30,000	30,000	33,029	3,029
Grants & donations	41,737	87,998	85,896	(2,102)
Miscellaneous	14,400	14,400	12,129	(2,271)
Interest	2,500	2,500	11,291	8,791
Total revenues	907,486	953,747	973,317	19,570
EXPENDITURES:				
Library Services	895,588	942,190	919,722	22,468
Contingency	114,885	114,303	-	114,303
Total expenditures	1,010,473	1,056,493	919,722	136,771
Revenues over (under) expenditures	(102,987)	(102,746)	53,595	156,341
OTHER FINANCING SOURCES (USES):				
Transfers out	(1,334,549)	(1,381,262)	(1,381,262)	-
Net changes in fund balance	(1,437,536)	(1,484,008)	(1,327,667)	156,341
FUND BALANCE, BEGINNING	1,437,536	1,484,008	1,493,415	9,407
FUND BALANCE, ENDING	\$ -	\$ -	\$ 165,748	\$ 165,748

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, 2017

	Budget		Actual	Variance
	Original	Final		Positive (Negative)
REVENUES:				
Grants and donations	\$ 68,650	\$ 128,650	\$ 75,421	\$ (53,229)
Interest	25,440	25,440	13,859	(11,581)
Miscellaneous	10,255	10,255	10,466	211
Total revenues	104,345	164,345	99,746	(64,599)
EXPENDITURES:				
Urban Renewal	3,546,533	3,653,033	2,134,960	1,518,073
Contingency	990,219	943,719	-	943,719
Total expenditures	4,536,752	4,596,752	2,134,960	2,461,792
Revenues over (under) expenditures	(4,432,407)	(4,432,407)	(2,035,214)	2,397,193
OTHER FINANCING SOURCES (USES):				
Transfers in	2,098,389	2,098,389	1,851,792	(246,597)
Transfers out	(572,794)	(572,794)	(547,205)	25,589
Total other financing sources (uses)	1,525,595	1,525,595	1,304,587	(221,008)
Net change in fund balance	(2,906,812)	(2,906,812)	(730,627)	2,176,185
FUND BALANCE, BEGINNING BUDGETARY BASIS	2,906,812	2,906,812	2,164,645	(742,167)
FUND BALANCE, ENDING BUDGETARY BASIS	\$ -	\$ -	\$ 1,434,018	\$ 1,434,018
Fund balance - budgetary basis			\$ 1,434,018	
Asset held for sale			1,200,000	
Total fund balance - GAAP			\$ 2,634,018	

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, 2017

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 2,713,681	\$ 2,713,681	\$ 2,678,668	\$ (35,013)
Special assessments	51,494	51,494	48,381	(3,113)
Miscellaneous	53,750	53,750	53,692	(58)
Interest	19,695	19,695	16,529	(3,166)
Total revenues	<u>2,838,620</u>	<u>2,838,620</u>	<u>2,797,270</u>	<u>(41,350)</u>
EXPENDITURES:				
Debt service	<u>2,113,697</u>	<u>2,113,697</u>	<u>1,988,757</u>	<u>124,940</u>
Revenues over (under) expenditures	<u>724,923</u>	<u>724,923</u>	<u>808,513</u>	<u>83,590</u>
OTHER FINANCING SOURCES (USES):				
Transfer out	<u>(860,135)</u>	<u>(860,135)</u>	<u>(566,825)</u>	<u>293,310</u>
Net change in fund balance	<u>(135,212)</u>	<u>(135,212)</u>	<u>241,688</u>	<u>376,900</u>
FUND BALANCE, BEGINNING	<u>135,212</u>	<u>135,212</u>	<u>181,573</u>	<u>46,361</u>
FUND BALANCE, ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 423,261</u>	<u>\$ 423,261</u>

CITY OF CANBY, OREGON
SEWER COMBINED FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2017

	Budget		Actual	Variance
	Original	Final		Positive (Negative)
REVENUES:				
Charges for services	\$ 3,961,000	\$ 3,961,000	\$ 3,951,063	\$ (9,937)
Interest	26,900	26,900	52,552	25,652
Miscellaneous	25,000	25,000	22,417	(2,583)
System development charges	201,053	201,053	-	(201,053)
Total revenues	<u>4,213,953</u>	<u>4,213,953</u>	<u>4,026,032</u>	<u>(187,921)</u>
EXPENDITURES:				
Wastewater Treatment	3,320,516	3,321,074	2,569,512	751,562
Collections	2,189,924	2,200,083	720,319	1,479,764
Stormwater	1,277,961	1,278,227	408,008	870,219
Unallocated				
Personnel services	51,573	51,619	51,556	63
Materials & services	164,360	164,360	50,461	113,899
Capital Outlay	690,747	737,962	-	737,962
Debt service	597,950	597,950	297,050	300,900
Contingency	215,433	214,279	-	214,279
Total expenditures	<u>8,508,464</u>	<u>8,565,554</u>	<u>4,096,906</u>	<u>4,468,648</u>
Revenues over (under) expenditures	(4,294,511)	(4,351,601)	(70,874)	4,280,727
OTHER FINANCING SOURCES (USES):				
Transfers in	151,397	208,487	-	(208,487)
Transfers out	(751,553)	(751,553)	(498,241)	253,312
Total other financing sources (uses)	<u>(600,156)</u>	<u>(543,066)</u>	<u>(498,241)</u>	<u>44,825</u>
Net change in fund balance	(4,894,667)	(4,894,667)	(569,115)	4,325,552
FUND BALANCE, BEGINNING BUDGETARY BASIS	<u>4,894,667</u>	<u>4,894,667</u>	<u>4,974,250</u>	<u>79,583</u>
FUND BALANCE, ENDING BUDGETARY BASIS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,405,135</u>	<u>\$ 4,405,135</u>

Change in fund balance - budgetary basis	\$ (569,115)	Fund balance - budgetary basis	\$ 4,405,135
Expenditures capitalized	1,896,006	Capital assets net	13,043,751
Disposal of assets	-	Long-term obligations and related premium	(299,072)
Depreciation expense	(371,214)	Accrued interest on long-term obligations	(469)
Debt service principal payments	280,000	Deferred Inflows Sewer Rates	115,950
Amortization of bond premium	5,424	OPEB Liability	(96,791)
Change in accrued interest	886	Net pension liability	(1,164,025)
Change in Deferred Revenue - SDC's	(7,601)	Deferred inflow related to pensions	(103,812)
Change in Deferred Revenue - Sewer Charges	13,388	Deferred outflow related to pensions	615,765
Change in OPEB Liability	(12,772)	Compensated Absences	(82,451)
Change in Pension Liability (Asset)	(660,369)	Net position - GAAP basis	<u>\$16,433,981</u>
Change in deferred inflow related to pensions	44,465		
Change in deferred outflow related to pensions	491,959		
Change in accrued vacation	(6,355)		
Change in net position - GAAP basis	<u>\$ 1,104,702</u>		

CITY OF CANBY, OREGON
INTERNAL SERVICE FUNDS
COMBINING BALANCE SHEET
June 30, 2017

	Facilities Fund	Fleet Services	Technical Services	Total Internal Service Funds
ASSETS:				
Cash and cash equivalents	\$ 176,759	\$ 199,482	\$ 106,119	\$ 482,360
Accounts receivable	696	1,894	-	2,590
Total assets	<u>177,455</u>	<u>201,376</u>	<u>106,119</u>	<u>484,950</u>
DEFERRED OUTFLOW OF RESOURCES:				
Deferred resources related to pensions	49,045	126,227	39,967	215,239
Total assets and deferred outflows	<u>\$ 226,500</u>	<u>\$ 327,603</u>	<u>\$ 146,086</u>	<u>\$ 700,189</u>
LIABILITIES, DEFERRED INFLOWS AND NET POSITION:				
Current liabilities				
Accounts payable and other current liabilities	\$ 4,361	\$ 12,394	\$ 8,981	\$ 25,736
Current portion of long-term obligations	334	3,506	1,010	4,850
Total current liabilities	4,695	15,900	9,991	30,586
Noncurrent liabilities				
OPEB liability	2,968	16,296	6,324	25,588
Net pension liability	92,714	238,616	75,552	406,882
Noncurrent portion of long-term obligations	111	1,169	337	1,617
Total liabilities	<u>100,488</u>	<u>271,981</u>	<u>92,204</u>	<u>464,673</u>
DEFERRED INFLOWS OF RESOURCES:				
Deferred resources related to pensions	8,269	21,281	6,738	36,288
NET POSITION:				
Unrestricted	117,743	34,341	47,144	199,228
Total net position	<u>117,743</u>	<u>34,341</u>	<u>47,144</u>	<u>199,228</u>
Total liabilities, deferred inflows and net position	<u>\$ 226,500</u>	<u>\$ 327,603</u>	<u>\$ 146,086</u>	<u>\$ 700,189</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, 2017

	Facilities Fund	Fleet Services Fund	Technical Services Fund	Total Internal Service Funds
OPERATING REVENUES:				
Charges for services	\$ 242,125	\$ 619,970	\$ 303,589	\$ 1,165,684
Miscellaneous	-	2,327	1,519	3,846
Total revenues	<u>242,125</u>	<u>622,297</u>	<u>305,108</u>	<u>1,169,530</u>
OPERATING EXPENSES:				
Personal service	39,747	213,248	80,652	333,647
Materials and service	194,660	370,012	203,566	768,238
Capital outlay	-	-	21,864	21,864
Total operating expense	<u>234,407</u>	<u>583,260</u>	<u>306,082</u>	<u>1,123,749</u>
Operating income (Loss)	7,718	39,037	(974)	45,781
NON-OPERATING INCOME (EXPENSE):				
Interest	<u>2,111</u>	<u>2,530</u>	<u>1,159</u>	<u>5,800</u>
Net change in net position	9,829	41,567	185	51,581
NET POSITION, BEGINNING	<u>107,914</u>	<u>(7,227)</u>	<u>46,959</u>	<u>147,646</u>
NET POSITION, ENDING	<u><u>\$ 117,743</u></u>	<u><u>\$ 34,341</u></u>	<u><u>\$ 47,144</u></u>	<u><u>\$ 199,228</u></u>

CITY OF CANBY, OREGON
INTERNAL SERVICE FUNDS
COMBINING SCHEDULE OF CASH FLOWS
For Fiscal Year Ended June 30, 2017

	Facilities Fund	Fleet Services Fund	Technical Services Fund	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$ 244,052	\$ 620,837	\$ 305,109	\$ 1,169,998
Cash paid to employees for salaries and benefits	(39,027)	(214,273)	(83,153)	(336,453)
Cash paid to suppliers and others	(191,909)	(371,693)	(224,814)	(788,416)
Net cash from operating activities	13,116	34,871	(2,858)	45,129
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest received	2,111	2,530	1,159	5,800
Net increase (decrease) in cash and cash equivalents	15,227	37,401	(1,699)	50,929
CASH AND CASH EQUIVALENTS, BEGINNING	<u>161,532</u>	<u>162,081</u>	<u>107,818</u>	<u>431,431</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 176,759</u>	<u>\$ 199,482</u>	<u>\$ 106,119</u>	<u>\$ 482,360</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating income (loss)	\$ 7,718	\$ 39,037	\$ (974)	\$ 45,781
Adjustments:				
Decrease (increase) in:				
Accounts receivable	1,927	(1,460)	-	467
Increase (decrease) in:				
Accounts payable and accrued expenses	2,751	(1,681)	617	1,687
OPEB obligation	(3,724)	(926)	871	(3,779)
Accrued compensated absences	445	(21,480)	(1,144)	(22,179)
Pension obligations	3,999	21,381	(2,228)	23,152
Net cash from operating activities	<u>\$ 13,116</u>	<u>\$ 34,871</u>	<u>\$ (2,858)</u>	<u>\$ 45,129</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, 2017

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Charges for services	\$ 239,347	\$ 239,347	\$ 242,125	\$ 2,778
Interest	900	900	2,111	1,211
Total revenues	<u>240,247</u>	<u>240,247</u>	<u>244,236</u>	<u>3,989</u>
EXPENDITURES:				
Facilities	297,639	297,735	233,688	64,047
Contingency	68,172	68,076	-	68,076
Total expenditures	<u>365,811</u>	<u>365,811</u>	<u>233,688</u>	<u>132,123</u>
Revenues over (under) expenditures	(125,564)	(125,564)	10,548	136,112
FUND BALANCE, BEGINNING BUDGETARY BASIS	<u>125,564</u>	<u>125,564</u>	<u>162,546</u>	<u>36,982</u>
FUND BALANCE, ENDING BUDGETARY BASIS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 173,094</u>	<u>\$ 173,094</u>
Change in fund balance - budgetary basis			\$ 10,548	
Change in accrued OPEB liability			3,725	
Change in accrued vacation			(445)	
Change in pension liability (asset)			(46,996)	
Change in deferred inflow related to pensions			5,190	
Change in deferred outflow related to pensions			37,807	
Change in net position - GAAP basis			<u>\$ 9,829</u>	
Fund balance - budgetary basis			\$ 173,094	
OPEB liability			(2,968)	
Compensated absences			(445)	
Net pension liability			(92,714)	
Deferred inflow related to pensions			(8,269)	
Deferred outflow related to pensions			49,045	
Net position - GAAP basis			<u>\$ 117,743</u>	

CITY OF CANBY, OREGON
FLEET FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For Fiscal Year Ended June 30, 2017

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Charges for services	\$724,976	\$724,976	\$ 619,970	\$ (105,006)
Interest	900	900	2,530	1,630
Miscellaneous	540	540	2,327	1,787
Total revenues	<u>726,416</u>	<u>726,416</u>	<u>624,827</u>	<u>(101,589)</u>
EXPENDITURES:				
Fleet Services	735,058	735,279	584,285	150,994
Contingency	<u>73,676</u>	<u>73,455</u>	-	<u>73,455</u>
Total expenditures	<u>808,734</u>	<u>808,734</u>	<u>584,285</u>	<u>224,449</u>
Revenues over (under) expenditures	(82,318)	(82,318)	40,542	122,860
FUND BALANCE, BEGINNING BUDGETARY BASIS	<u>82,318</u>	<u>82,318</u>	<u>148,440</u>	<u>66,122</u>
FUND BALANCE, ENDING BUDGETARY BASIS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 188,982</u>	<u>\$ 188,982</u>
Change in fund balance - budgetary basis			\$ 40,542	
Change in accrued OPEB liability			926	
Change in accrued vacation			21,480	
Change in pension liability (asset)			(131,530)	
Change in deferred inflow related to pensions			10,245	
Change in deferred outflow related to pensions			<u>99,904</u>	
Change in net position - GAAP basis			<u>\$ 41,567</u>	
Fund balance - budgetary basis			\$ 188,982	
OPEB liability			(16,296)	
Compensated absences			(4,675)	
Net pension liability			(238,616)	
Deferred inflow related to pensions			(21,281)	
Deferred outflow related to pensions			<u>126,227</u>	
Net position - GAAP basis			<u>\$ 34,341</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, 2017

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Charges for services	\$ 303,589	\$ 303,589	\$303,589	\$ -
Miscellaneous	-	-	1,519	1,519
Interest	700	700	1,159	459
Total revenues	304,289	304,289	306,267	1,978
EXPENDITURES:				
Tech Services	337,262	337,336	308,583	28,753
Contingency	58,066	57,992	-	57,992
Total expenditures	395,328	395,328	308,583	86,745
Revenues over (under) expenditures	(91,039)	(91,039)	(2,316)	88,723
FUND BALANCE, BEGINNING BUDGETARY BASIS	91,039	91,039	99,454	8,415
FUND BALANCE, ENDING BUDGETARY BASIS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 97,138</u>	<u>\$ 97,138</u>
Change in fund balance - budgetary basis			\$ (2,316)	
Change in accrued OPEB liability			(870)	
Change in accrued vacation			1,144	
Change in pension liability (asset)			(33,066)	
Change in deferred inflow related to pensions			5,770	
Change in deferred outflow related to pensions			29,523	
Change in net position - GAAP basis			<u>\$ 185</u>	
Fund balance - budgetary basis			\$ 97,138	
OPEB liability			(6,324)	
Compensated absences			(1,347)	
Net pension liability			(75,552)	
Deferred inflow related to pensions			(6,738)	
Deferred outflow related to pensions			39,967	
Net position - GAAP basis			<u>\$ 47,144</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 75

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 80

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 85

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 87

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 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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental activities										
Net investment in capital assets	\$ 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	\$ 77,325,494
Restricted	-	191,500	-	3,969,331	6,012,709	14,954,045	13,778,448	13,083,354	7,406,296	9,182,546
Unrestricted	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	1,434,772
Total governmental activities net position	\$ 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	\$ 87,942,812
Business-type activities										
Net investment in capital assets	\$ 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	\$ 13,043,751
Restricted for: Debt service	-	250,500	250,500	250,500	250,500	302,285	302,285	302,285	297,500	299,072
Unrestricted	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	3,091,158
Total business-type activities net position	\$ 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	\$ 16,433,981
Primary government										
Net investment in capital assets	\$ 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	\$ 90,369,245
Restricted	-	191,500	250,500	4,219,831	6,263,209	15,256,330	14,080,733	13,385,639	7,703,796	9,481,618
Unrestricted	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	4,525,930
Total primary government net position	\$ 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	\$ 104,376,793

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

Expenses	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental activities:										
General government	\$ 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	\$ 5,073,134
Public safety	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	5,566,041
Highways and streets	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	4,982,116
Transportation	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	2,041,545
Community development	1,391,106	682,282	757,344	657,712	644,529	731,776	964,019	843,014	1,084,698	994,297
Culture and recreation	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	2,306,539
Interest on long-term debt	158,326	235,520	300,883	340,041	745,573	1,077,103	1,166,925	1,135,641	1,100,784	1,069,354
Total governmental activities expenses	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	22,033,026
Business-type activities:										
Sewer Operations	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	2,428,876
Total business-type activities expenses	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	2,428,876
Total primary government expenses	\$ 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	\$ 24,461,902
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 610,163	\$ 382,313	\$ 122,984	\$ 669,801	\$ 535,139	\$ 356,315	\$ 2,026,761	\$ 1,594,975	\$ 1,342,053	\$ 1,935,370
Public safety	589,066	662,994	681,157	704,506	506,205	464,128	477,488	642,941	546,743	178,770
Highways and streets	1,447,744	443,341	537,347	565,788	531,122	532,962	549,222	590,344	471,186	734,798
Transportation	-	-	-	9,133	1,005	123,271	128,437	128,973	69,974	59,901
Culture and recreation	679,938	209,869	4,314	276,095	213,339	255,577	238,273	260,106	229,920	200,671
Community development	100,283	197,449	133,158	261,095	-	-	-	-	242,879	272,343
Operating grants and contributions	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	3,057,885
Capital grants and contributions	1,940,316	15,300	-	285,355	534,089	1,966,349	1,256,840	499,747	2,527,420	2,778,858
Total governmental activities program revenues	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	9,218,596
Business-type activities:										
Charges for services:										
Sewer Operations	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	3,964,451
Capital grants and contributions	-	-	-	-	-	-	-	-	283,985	(7,601)
Total business-type activities program revenues	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	3,956,850
Total primary government program revenues	\$ 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	\$ 13,175,446

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

	2008	2009	2010	2012	2012	2013	2014	2015	2016	2017
Net(expense)/revenue										
Governmental activities	\$ (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)	\$ (12,814,430)
Business-type activities	651,357	862,831	787,251	1,058,655	1,419,245	1,182,612	1,389,234	2,275,476	1,647,522	1,527,974
Total primary government net expense	\$ (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)	\$ (11,286,456)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 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	\$ 7,684,963
Franchise	905,840	923,987	925,246	428,301	463,062	459,100	442,498	479,348	452,204	1,243,135
Unrestricted intergovernmental revenues	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	467,965
Transit tax	858,196	813,290	797,622	849,806	946,398	1,006,388	1,054,412	1,201,314	1,284,333	1,358,729
Interest and investment earnings	610,810	228,993	80,933	71,184	110,052	87,778	97,346	85,666	183,483	159,906
Other Revenues	72,597	163,256	46,935	49,858	86,428	27,487	92,934	103,059	161,506	138,771
Gain on sale of capital assets	-	-	-	-	-	-	-	(28,935)	-	-
Transfers in (out)	(205,464)	312,978	358,550	282,303	294,583	822,537	488,000	513,281	487,698	498,241
Total governmental activities	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	11,551,710
Business-type activities:										
Interest and investment earnings	182,170	61,369	20,166	9,295	11,753	13,888	20,264	26,789	32,007	52,552
Other revenues	141	2,417	19,834	3,587	7,720	19,919	50,489	58,460	45,482	22,417
Gain on sale of capital assets	(297,613)	-	(11,188)	-	-	-	(224,777)	6,809	-	-
Transfers in (out)	(205,464)	(312,978)	(358,550)	(282,303)	(294,583)	(822,537)	(488,000)	(513,281)	(487,698)	(498,241)
Total business-type activities	(320,766)	(249,192)	(329,738)	(269,421)	(275,110)	(788,730)	(642,024)	(421,223)	(410,209)	(423,272)
Total primary government	\$ 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	\$ 11,128,438
Change in Net Position										
Governmental activities	\$ 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)	\$ (1,262,730)
Business-type activities	330,591	613,639	457,513	1,058,655	1,144,135	393,882	747,210	1,864,253	1,237,313	1,104,702
Total primary government	\$ 575,942	\$ (1,291,472)	\$ (2,407,817)	\$ (10,630,773)	\$ (401,324)	\$ (924,242)	\$ (2,463,072)	\$ 1,753,427	\$ (1,308,622)	\$ (158,028)

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General fund										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,746	\$ 485	\$ -
Reserved	2,099,741	1,183,265	581,068	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	21,321	18,445	37,010
Committed	-	-	-	-	-	-	306,150	237,896	398,780	226,829
Assigned	-	-	-	600,835	637,074	-	-	-	-	-
Unreserved	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	2,164,971
Total general fund	\$ 2,742,025	\$ 2,445,977	\$ 2,058,201	\$ 2,316,609	\$ 2,246,447	\$ 1,279,941	\$ 1,234,770	\$ 1,402,635	\$ 1,931,905	\$ 2,428,810
All other governmental funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,000,378	\$ 1,200,000	\$ -
Reserved	2,845,400	818,853	-	-	-	-	-	-	-	-
Restricted	-	-	-	3,969,331	6,012,709	14,954,045	13,778,448	12,085,701	7,387,850	9,145,536
Committed	-	-	-	-	25,783	2,209,306	1,344,744	2,128,337	2,902,303	4,087,650
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	1,822,006	2,899,748	3,032,216	-	-	-	-	-	-	-
Capital project funds	1,343,928	4,442,115	3,375,665	-	-	-	-	-	-	-
Total other governmental funds	\$ 6,011,334	\$ 8,160,716	\$ 6,407,881	\$ 7,963,576	\$ 8,406,601	\$ 18,003,950	\$ 15,982,774	\$ 16,090,532	\$ 12,386,709	\$ 13,233,186

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Taxes	\$ 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	\$ 9,121,767
Licenses and permits	440,652	236,200	175,797	269,191	309,404	170,976	164,721	150,619	205,535	142,649
Intergovernmental	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	3,095,661
Franchise	375,480	380,917	393,741	428,301	463,062	459,100	442,498	479,348	452,204	1,243,135
Charges for services	806,208	499,369	931,949	1,015,900	922,288	996,993	1,378,850	1,087,871	1,188,693	1,176,563
Fines & forfeitures	607,934	608,661	548,191	505,002	506,205	464,128	477,488	642,941	493,364	510,921
Investment earnings	428,640	228,993	80,933	71,184	110,052	83,632	93,485	83,141	180,498	153,706
Special assessments	26,178	8,217	15,652	265,245	48,913	66,641	68,288	58,524	54,995	48,381
State highway fund	648,863	-	-	-	-	-	-	-	-	-
Grants & donations	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	901,534
System development charges	912,734	161,370	18,603	41,512	262,552	207,172	296,674	284,442	1,455,036	2,231,407
Miscellaneous	72,456	163,256	46,935	49,858	85,113	25,024	93,421	95,114	410,449	251,183
Total revenues	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	18,876,907
Expenditures										
General government	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	2,065,997
Public safety	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	5,030,528
Highways and streets	506,953	700,001	492,991	528,822	525,337	560,865	831,183	834,575	982,630	907,434
Transportation	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	1,606,223
Community development	759,503	668,987	594,136	547,949	549,763	673,417	388,909	764,859	833,806	800,678
Culture and recreation	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	2,057,648
Capital outlay	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	3,642,437
Debt service										
Principal	248,930	596,209	968,040	635,813	681,788	2,937,007	758,734	836,144	878,502	949,686
Interest	166,750	227,908	268,662	343,299	741,981	1,059,487	1,173,847	1,138,076	1,107,904	1,076,980
Total expenditures	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	18,137,611
Excess of revenues over (under) expen	(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)	739,296
Other financing sources (uses)										
Transfers in	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	3,454,589
Transfers out	(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)	(2,956,348)
Issuance of capital leases	110,962	-	192,649	103,510	4,260	85,713	91,892	136,168	142,900	105,844
Issuance of debt	-	3,915,114	-	2,848,558	74,899	15,179,711	-	-	-	-
Total other financing sources (uses)	408,575	4,228,092	551,199	3,234,371	9,066,579	15,025,504	674,698	649,449	634,099	604,085
Net change in fund balances	\$ (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)	\$ 1,343,381
Debt service as a percentage of noncapital expenditures	4.0%	7.3%	10.9%	8.4%	11.7%	26.4%	14.0%	14.6%	14.1%	14.0%

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

Fiscal Year	Property Tax	Franchise	Unrestricted		Total	
			Intergovernmental	Revenues		
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	7,448,765	452,204		1,184,433	1,284,333	10,369,735
2017	7,684,963	1,243,135		467,965	1,358,729	10,754,792

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		
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%	3.55
2017	1,372,801,744	1,873,232,786	36,944,850	36,944,850	13,555,393	14,260,000	30,669,400	32,246,879	1,453,971,387	1,956,684,515	74.3%	3.54

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
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
2017	3.54	6.03	0.98	2.83	3.76	17.14

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	2017			2008		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Hope Village Inc.	\$ 21,722,311	1	1.49%	\$ 15,280,976	2	1.51%
Fred Meyer Stores Inc. #651	20,808,256	2	1.43%	15,988,624	1	1.58%
Canby Telephone Assn.	16,685,800	3	1.15%	11,176,000	3	1.11%
Shimadzu USA Manufacturing	15,862,262	4	1.09%	7,309,348	7	0.72%
American Steel Corporation	15,587,829	5	1.07%			
Johnson Controls Battery Group Inc	12,267,699	6	0.84%	9,732,110	5	0.96%
Argo Canby LLC	12,216,435	7	0.84%	10,183,301	4	1.01%
Kogap Enterprises Inc.	10,667,506	8	0.73%	7,727,431	6	0.76%
Jorken Oregon LLC	8,452,458	9	0.58%			
Truamerica Multifamily LLC	7,675,909	10	0.53%	5,882,944	9	0.58%
Willamette Valley Ctry Club				6,867,044	8	0.68%
Grand Oaks LLC				5,283,163	10	0.52%
Subtotal	141,946,465		9.75%	95,430,941		9.43%
All Other	1,312,024,922		90.24%	915,359,842		90.55%
Totals	\$ 1,453,971,387		100.0%	\$ 1,010,790,783		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
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%
2017	7,952,870	7,579,692	95.31%	131,614	7,711,306	96.96%	226,930	452,449	5.69%

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	Total Primary	Per Capita
	Full Faith & Credit Bonds	Loans	Capital Leases	Activities Bonds		
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
2017	23,684,457	1,572,013	189,364	299,072	25,744,906	1,568

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

Fiscal Year						Ratio of	
Ended		Assessed	Full Faith &	Less Debt	Net Bonded	Bonded	Debt per
June 30	Population(1)	Value(2)	Credit Bond	Service Fund	Debt	Debt to	Capita
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
2017	16,420	1,453,971,387	23,684,457	423,261	23,261,196	0.0160	1,442

(1) Portland State University

(2) Clackamas County Assessor's Office

CITY OF CANBY, OREGON
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
June 30, 2017

<u>Jurisdiction</u>	<u>Total Net Debt</u>	<u>Percent Within City</u>	<u>City's Pro Rata Share</u>
Direct:			
City of Canby	\$ 25,445,834	100%	\$ 25,445,834
Overlapping:			
Clackamas County	155,330,136	2.98%	4,631,013
Clackamas County School District No 86	60,820,573	46.14%	28,061,031
Clackamas Community College	102,608,913	4.07%	4,176,080
Clackamas County ESD	22,820,637	3.13%	714,720
Canby Rural Fire Protection District 62	162,500	69.97%	113,709
Total overlapping	<u>341,742,759</u>		<u>37,696,553</u>
 TOTAL	 <u>\$ 367,188,593</u>		 <u>\$ 63,142,387</u>

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

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Debt Limit	\$ 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	\$ 58,700,535
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	23,684,457
Legal debt margin	<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>	<u>\$ 35,016,078</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	2.91%	2.04%	7.18%	28.40%	65.83%	60.51%	53.46%	47.26%	40.35%

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

Sewer Revenue Bonds								
Fiscal Year	Sewer Charges		Less: Operating		Net Available	Coverage	Debt Service	
	and Other		Expenses				Revenue	Ratio
2008	\$	2,554,316	\$	1,515,131	\$ 1,039,185	7014%	\$ -	\$ 14,816
2009		2,588,171		2,090,054	498,117	152%	240,000	87,763
2010		2,433,136		2,526,182	(93,046)	-32%	210,000	79,756
2011		2,588,320		2,541,273	47,047	16%	225,000	71,872
2012		3,248,920		1,672,914	1,576,006	528%	235,000	63,534
2013		3,430,951		2,022,018	1,408,933	478%	240,000	54,925
2014		4,877,449		2,105,742	2,771,707	936%	250,000	46,044
2015		3,918,768		3,666,109	252,659	87%	255,000	36,891
2016		4,171,357		3,362,437	808,920	268%	275,000	27,284
2017		4,026,032		3,799,856	226,176	76%	280,000	17,050

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)	School Enrollment K-12 (2)
2008	15,165	\$ *	\$ *	32.9	5.2%	*
2009	15,230	376,013	24,689	36.1	9.5%	2,808
2010	15,829	382,318	24,153	35.1	10.6%	2,848
2011	15,830	392,172	24,774	35.2	9.2%	3,036
2012	15,830	390,447	24,665	34.9	8.5%	2,892
2013	15,865	387,233	24,408	34.9	7.3%	2,991
2014	15,910	404,512	25,425	35.4	6.1%	3,187
2015	16,010	428,043	26,736	37.0	5.2%	3,300
2016	16,010	*	*	*	4.7%	*
2017	16,420	*	*	*	3.8%	*

*Information unavailable at this time

(1) Source: Portland State University Population Research Center

(2) United States Census Bureau American Community Survey 5-year Estimates

(3) annual average (Source: State of Oregon Employment Department)

CITY OF CANBY, OREGON
PRINCIPAL EMPLOYERS
Current Year and Nine Years Ago

Employer	2017			2012		
	Employees	Rank	Percentage of total city employment	Employees	Rank	Percentage of total city employment
Canby School District	499	1	6.19%	394	1	7.20%
Johnson Controls - Battery Division	220	2	2.73%	240	2	4.38%
Kendal Floral LLC	206	3	2.56%	170	4	3.11%
Fred Meyer Stores Inc.	195	4	2.42%	187	3	3.42%
Shimadzu USA Mfg. Inc.	135	5	1.67%	113	7	2.06%
Milwaukie Electronics	130	6	1.61%	130	6	2.37%
S R Smith LLC	120	7	1.49%	135	5	2.47%
JV Northwest Inc.	105	8	1.30%	111	8	2.03%
City of Canby	87	9	1.08%	92	9	1.68%
Wilson Construction Co	82	10	1.02%	82	10	1.50%
Cutsforth's Thriftway/GEF Inc.	75	11	0.93%	75	11	1.37%
American Metals Corp dba American S	72	12	0.89%	41	17	0.75%
Cascade Engineering Technologies Inc	70	13	0.87%			
Canby Telephone Association	64	14	0.79%	58	13	1.06%
Marquis Care @ Hope Village	60	15	0.74%	60	12	1.10%
Hawksoft, Inc.	57	16	0.71%			
Northwest Service Enterprises Inc	50	17	0.62%			
Countryside Living of Canby	48	18	0.60%			
OBC Northwest Inc.	44	19	0.55%	42	16	0.77%
Pioneer Pump Inc.	43	20	0.53%	43	15	0.79%
Canby Disposal Company/K B Recyclin	40	21	0.50%			
Hot Off the Press Inc.	40	22	0.50%	40	18	0.73%
McDonald's	40	23	0.50%			
Student Transportation of America	40	24	0.50%			
Ruan Transport Corporation	39	25	0.48%			
Pacific Rim Ventures Inc.	39	26	0.48%			
Package Containers Inc.				50	14	0.91%
Spectrum Woodworking				34	19	0.62%
Pump Tech				22	20	0.40%
Potter's Industries				21	21	0.38%
Subtotal	2,600		32.26%	2,140		39.10%
All Other	5,460		67.74%	3,335		60.90%
Total	8,060		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	Budgeted*			Actual						
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Government	16.88	21.20	20.49	20.99	20.51	20.65	20.46	17.57	17.81	16.96
Public Safety										
Police Officers	25.00	25.00	25.00	23.45	23.85	23.23	24.40	24.98	24.39	24.30
Civilians	4.60	4.60	4.60	4.60	4.60	4.60	4.55	3.30	2.90	3.30
Highways and streets	5.05	4.85	4.32	4.16	5.01	4.63	5.12	5.64	6.11	5.73
Culture and recreation	15.02	14.97	16.88	17.91	18.88	18.11	16.85	17.85	17.58	17.58
Community development	7.20	7.15	5.30	7.49	8.97	7.68	5.24	4.54	4.67	4.99
Transportation	1.15	1.15	2.25	1.60	1.91	1.89	2.20	2.76	2.76	2.75
Sewer	8.95	10.01	10.14	8.07	8.17	10.58	11.15	10.50	11.02	11.36
Total	<u>83.85</u>	<u>88.93</u>	<u>88.98</u>	<u>88.27</u>	<u>91.90</u>	<u>91.37</u>	<u>89.97</u>	<u>87.14</u>	<u>87.24</u>	<u>86.97</u>

*Only budgeted information available prior to 2011

Source: Annual Adopted Budget Book and City Records

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

Function	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Police										
Physical arrests	831	882	1,365	1,056	883	900	552	537	488	375
Parking violations	161	140	164	83	50	112	76	65	124	100
Traffic violations	3,692	2,618	3,619	2,496	2,786	2,962	3,990	4,302	3,616	3,867
Culture and recreation										
Swim Center Admissions	61,710	70,972	74,600	72,368	73,370	74,584	73,363	80,290	78,557	75,496
Park Acreage ¹	180	182	200	200	200	200	222	215	215	215
Community development										
Various Application Reviewed	470	294	300	231	294	25	53	63	63	78
Inspections Performed ²	2,962	1,002	668	516	-	-	-	-	-	-
Site Plan/Building Permit Applications Reviewed	-	-	-	-	806	106	120	118	169	135
Wastewater										
Average daily sewage treatment (millions of gallons)	0.9947	0.9718	1.0063	1.0037	0.9744	0.9752	0.9481	0.9962	1.0059	1.0049

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

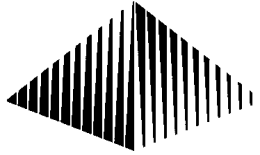
CITY OF CANBY, OREGON
CAPITAL ASSET STATISTICS BY FUNCTION
Last Ten Fiscal Years

Function	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Public Safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	14	14	14	14	14	16	16	19	16	17
Highways and streets										
Streets (center lane miles)	54.12	54.12	54.15	54.17	54.17	54.55	55.24	56.00	56.28	57.25
Streetlights	1,264	1,304	1309	1311	1325	1319	1362	1379	1399	1413
Traffic signals ¹	-	-	-	-	-	-	-	-	-	-
Culture and recreation										
Parks acreage	187	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	6,200	6,214	6,220	6,221	6,232	6,246	6,276	6,301	6,385	6,443
Maximum daily treatment capacity (millions of gallons)	2.80	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, 2017 and have issued our report thereon dated November 30, 2017.

Compliance and Other Matters

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

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

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

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


Internal Control Over Financial Reporting

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

Restriction on Use

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

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

By: 

Ryan T. Pasquarella, A Shareholder
November 30, 2017