



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDING

June 30, 2018

City of Canby

Canby, Oregon

Comprehensive Annual Financial Report

Fiscal Year Ending

June 30, 2018

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, 2018

November 30, 2018

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, 2018.

This report presents the financial position of the City as of June 30, 2018 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, 2018 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, 2018, 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 679 businesses. Businesses include retail, medical and other professional services, wholesale, light industrial and manufacturing. Manufacturing makes up 27% 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 Molalla River and Highway 99E, just 4 miles from I-5.

The City of Canby was incorporated in 1893, operating under the provision of its own charter and applicable State of Oregon law, with a Council-Administrator form of government. The City currently has a land area of 4.5 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 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 contingency appropriation 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 FY2017-18, there was one supplemental budget resolution 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. Plans are under way to add additional access to industrial properties within the Canby Pioneer Industrial Park to alleviate traffic pressure on commuter roads.

The volume of inquiries and applications submitted to our planning department indicates residential, commercial, and industrial growth.

Tax Base—The majority of property values in the City are either equivalent too or higher than they were prior to the 2008-09 recession. This along with booming development has resulted in steady increases in property tax revenues over the past few years. General fund property tax receipts for the current year were 4.7% 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 FY2017-18 the City's share was over \$868,000.

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 35% 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, 2018 the City had \$22,838,497 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 2018 was \$25,247,078 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 for the Canby Police Association members.

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, 2017.

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**

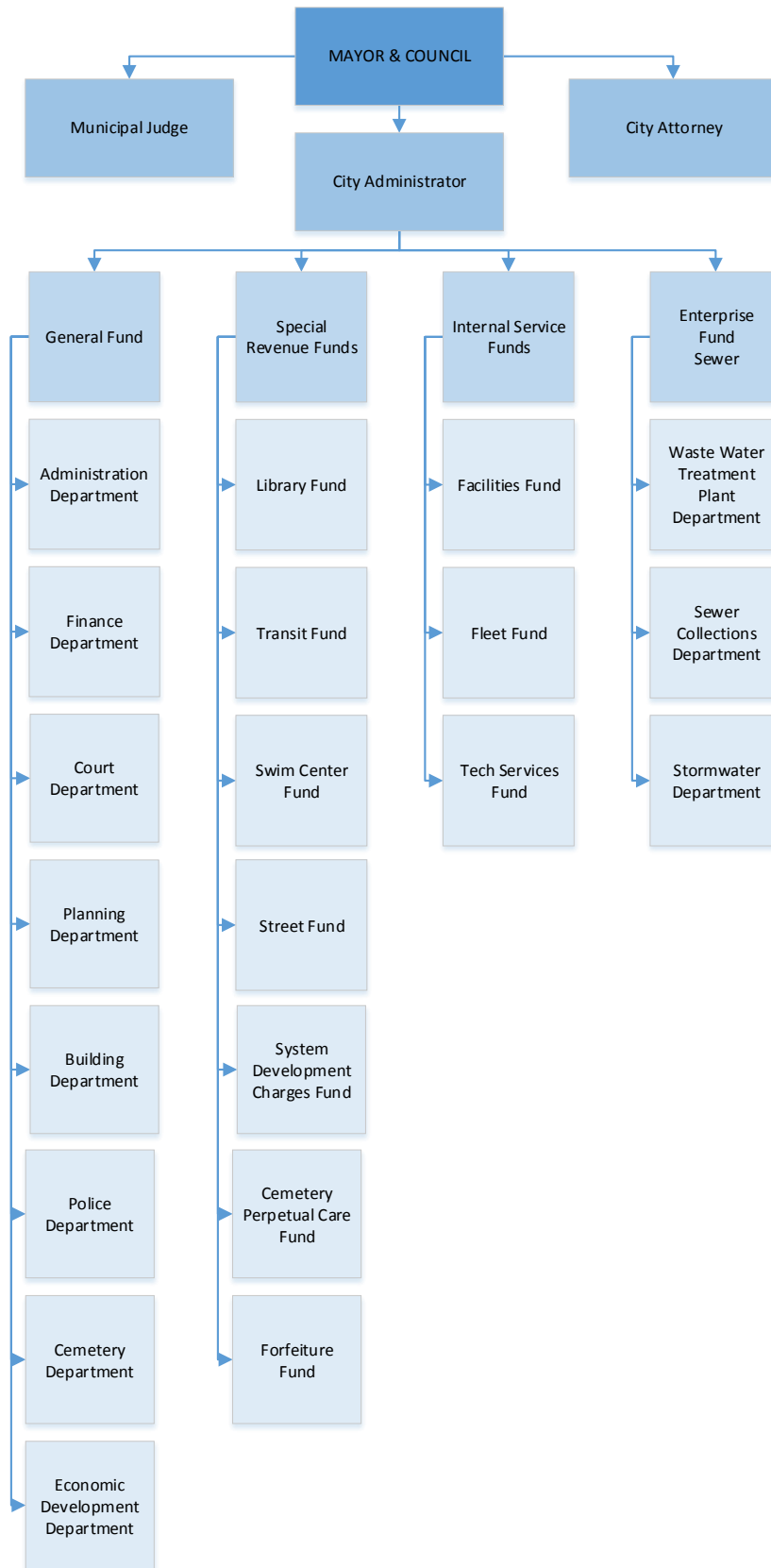
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morill

Executive Director/CEO

CITY OF CANBY ORGANIZTIONAL CHART – 2017- 2018



CITY OF CANBY, OREGON
PRINCIPAL OFFICIALS
June 30, 2018

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

Julie Blums

Finance Director

Council members receive mail at the City's address:

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

FINANCIAL SECTION



GROVE, MUELLER & SWANK, P.C.

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

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Council Members
City of Canby
222 NE 2nd Avenue
Canby, Oregon 97013

Report on Financial Statements

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, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the discretely presented component unit (Canby Utility Board), which represent 30 percent, 33 percent, and 42 percent, respectively of the assets, net position, and revenue of the City. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and in our opinion, insofar as it relates to the amounts included for the discretely presented component unit, is based on the report of the other auditors. 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, 2018, 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.

Change in Accounting Principle

As discussed in the notes to the financial statements, the City adopted the accounting requirements of Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, which resulted in the restatement of the beginning balances for the year ended June 30, 2018. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedules of other postemployment benefits plans, the schedule of the City's proportionate share of the net pension liability, the schedule of the City's 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 schedules of other postemployment benefits plans, the schedule of the City's proportionate share of the net pension liability and the schedule of the City's 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.


Other Information

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.

Report on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 11, 2018, 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, Shareholder
December 11, 2018

CITY OF CANBY, OREGON
MANAGEMENT'S DISCUSSION & ANALYSIS
June 30, 2018

This section of the City of Canby's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2018 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, 2018 (FY18). 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 \$110.3 million at June 30, 2018. Of this amount, \$5.5 million may be used to meet the City's ongoing obligations to its citizens and creditors (unrestricted net position). Total net position increased \$354 thousand (0.3%) from the prior year.
- Canby's total assets increased slightly by \$11 thousand during FY18. Total assets consist of current and noncurrent assets. Current assets were \$24.2 million at the end of FY18. Of that amount, \$21.7 million (90%) of current assets were in cash and investments. Capital and long-term assets (net of depreciation) were \$119.5 million at the end of FY18. Capital and long-term assets decreased by \$1.9 million (1.6%) during FY18. The primary reason for the decrease is due to the sale of property.
- Amounts related to pensions and OPEB have decreased from FY17 to FY18. In FY17 the City had a net pension and OPEB liability of \$10.2 million and at the end of FY18 this decreased to \$9.7 million, a 6% change to the total net position of the City.

Fund Level

- The City's General Fund reported an ending fund balance of \$3.1 million, an increase of \$680 thousand (28%) from the prior year; mainly due to an increase in property tax revenue.
- In the aggregate, the governmental funds' ending fund balance was \$17.5 million, an increase of approximately \$3 million (21%) for the fiscal year.
- In the aggregate, the Proprietary and Internal Service funds' ending fund balance equivalent, net position, was \$18.1 million, an increase of \$1.6 million (9.9%) for the year.
- Total FY18 Property Tax revenue was \$8.3 million, an increase of 8.6% from FY17 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

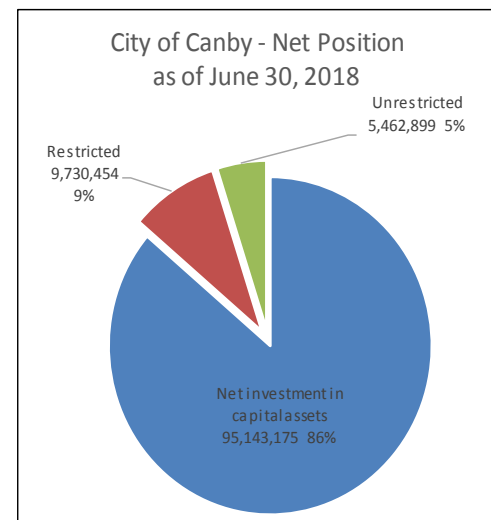
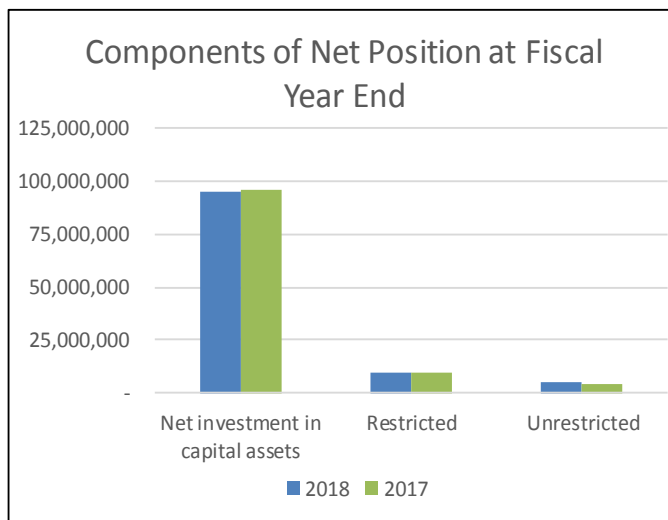
The government wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

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, 2018

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 \$110.3 million as of June 30, 2018. The City's net investment in capital assets accounts for the majority of the City's net position. The City has invested \$95.1 million in land, buildings, equipment, and infrastructure (less depreciation and outstanding debt used to acquire those assets). The City uses these assets to provide services to its citizens so they are not assets that are available for future spending. Restricted net position (\$9.7 million) relates to amounts that are legally restricted for specific future obligations. Unrestricted net position (\$5.5 million) is available to meet the City's on-going obligations.



Statement of Net Position

	Governmental Activities		Business-Type Activities		Total		
	2018	2017 (as Restated)	2018	2017 (as Restated)	2018	2017 (as Restated)	Change
Assets							
Current and other assets	\$ 19,365,538	\$ 17,344,008	\$ 4,785,190	\$ 4,879,764	\$ 24,150,728	\$ 22,223,772	8.7%
Capital assets	105,036,695	108,393,262	14,484,585	13,043,751	119,521,280	121,437,013	-1.6%
Total assets	124,402,233	125,737,270	19,269,775	17,923,515	143,672,008	143,660,785	0.0%
Total Deferred Outflows	3,004,955	4,505,087	432,031	620,587	3,436,986	5,125,674	-32.9%
Liabilities							
Long-term liabilities	31,894,427	33,663,964	1,234,877	1,281,429	33,129,304	34,945,393	-5.2%
Other liabilities	2,698,321	2,124,093	239,077	834,371	2,937,398	2,958,464	-0.7%
Total liabilities	34,592,748	35,788,057	1,473,954	2,115,800	36,066,702	37,903,857	-4.8%
Total Deferred Inflows	617,049	791,256	88,715	109,185	705,764	900,441	-21.6%
Net Position							
Net investment in capital assets	80,658,590	82,947,428	14,484,585	12,910,552	95,143,175	95,857,980	-0.7%
Restricted	9,730,454	9,182,546	-	299,072	9,730,454	9,481,618	2.6%
Unrestricted	1,808,347	1,533,070	3,654,552	3,109,493	5,462,899	4,642,563	17.7%
Total net position	<u>\$ 92,197,391</u>	<u>\$ 93,663,043</u>	<u>\$ 18,139,137</u>	<u>\$ 16,319,116</u>	<u>\$ 110,336,528</u>	<u>\$ 109,982,159</u>	0.3%

CITY OF CANBY, OREGON
MANAGEMENT'S DISCUSSION & ANALYSIS
June 30, 2018

The **Statement of Activities** presents the changes in net position by detailing the revenues and expenses for the Fiscal Years 2018 and 2017. This information is broken into Governmental and Business-type Activities. Revenues and expenses are segregated by general categories (revenues) and programs (expenses).

Statement of Activities

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues						
Program revenues						
Charges for services	\$ 3,068,522	\$ 3,381,853	\$ 4,130,067	\$ 3,956,850	\$ 7,198,589	\$ 7,338,703
Operating grants and contributions	3,541,170	3,057,885	-	-	3,541,170	3,057,885
Capital grants and contributions	1,813,959	2,778,858	-	-	1,813,959	2,778,858
General revenues						
Property taxes	8,343,809	7,684,963	-	-	8,343,809	7,684,963
Transit tax	1,424,664	1,358,729	-	-	1,424,664	1,358,729
Franchise	1,300,972	1,243,135	-	-	1,300,972	1,243,135
Unrestricted intergovernmental	654,701	467,965	-	-	654,701	467,965
Interest and investment income	284,336	159,906	64,876	52,552	349,212	212,458
Sale of property	1,200,000	-	-	-	1,200,000	-
Other revenues	213,418	138,771	43,232	22,417	256,650	161,188
Total revenues	21,845,551	20,272,065	4,238,175	4,031,819	26,083,726	24,303,884
Program Expenses						
General government	6,302,251	5,073,134	-	-	6,302,251	5,073,134
Public safety	5,559,605	5,566,041	-	-	5,559,605	5,566,041
Highways and streets	5,282,100	4,982,116	-	-	5,282,100	4,982,116
Transportation	1,816,255	2,041,545	-	-	1,816,255	2,041,545
Culture and recreation	2,549,589	2,306,539	-	-	2,549,589	2,306,539
Community development	849,462	994,297	-	-	849,462	994,297
Interest on long-term debt	1,050,621	1,069,354	-	-	1,050,621	1,069,354
Sewer operations	-	-	2,288,174	2,428,876	2,288,174	2,428,876
Total expenses	23,409,883	22,033,026	2,288,174	2,428,876	25,698,057	24,461,902
Change in net position before transfers	(1,564,332)	(1,760,961)	1,950,001	1,602,943	385,669	(158,018)
Transfers in (out)	98,680	498,241	(129,980)	(498,241)	(31,300)	-
Change in net position	(1,465,652)	(1,262,720)	1,820,021	1,104,702	354,369	(158,018)
Net position - June 30, 2017 as originally stated	87,942,812	89,205,532	16,433,981	15,329,279	104,376,793	104,534,811
Restatement	5,720,231	-	(114,865)	-	5,605,366	-
Net position - June 30, 2017 as restated	93,663,043	89,205,532	16,319,116	15,329,279	109,982,159	104,534,811
Net position, end of year	\$ 92,197,391	\$ 87,942,812	\$ 18,139,137	\$ 16,433,981	\$ 110,336,528	\$ 104,376,793

CITY OF CANBY, OREGON
MANAGEMENT'S DISCUSSION & ANALYSIS
June 30, 2018

Governmental activities

Governmental activities net position decreased by \$1.5 million (1.6%), this is mainly due to the disposition of capital assets. Total revenue increased by \$1.6 million (6.25%) mainly due to the sale of property and an increase in property tax revenue. Total expenses increased \$1.4 million (6.25%), this increase is mainly due to the disposition of capital assets and an increase in street maintenance projects.

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

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, 2018, 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 \$1.8 million (11.2%), this increase is mainly due to an increase in net capital assets from completed construction projects. Total revenue increased by \$206 thousand (5.1%) mainly due to an increase in charges for services related to development activity. Total expenses decreased \$141 thousand (5.8%) mainly due to fewer construction projects in FY18.

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

Fund Financial Statements

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

CITY OF CANBY, OREGON
MANAGEMENT'S DISCUSSION & ANALYSIS
June 30, 2018

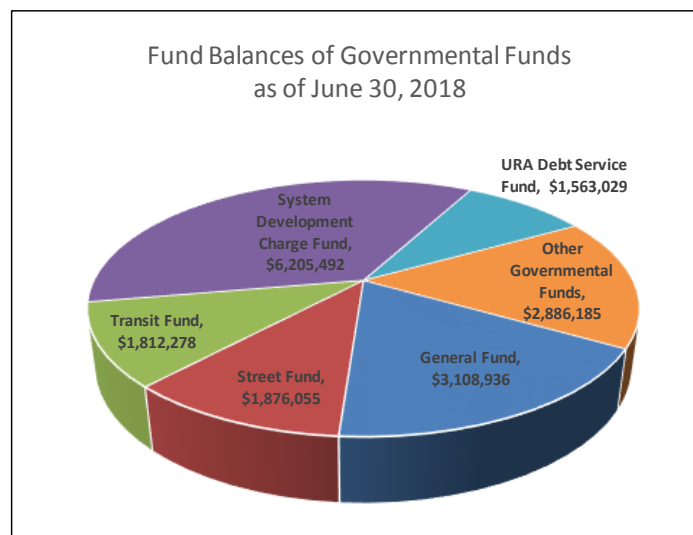
Governmental Funds

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

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

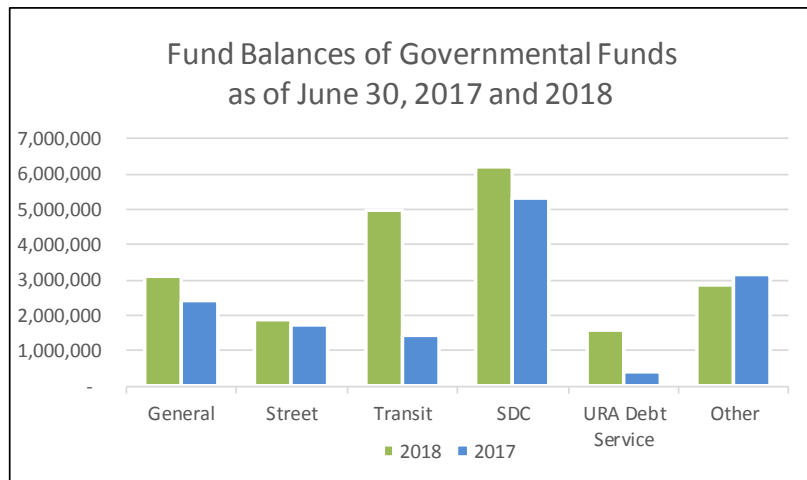
At the end of the fiscal year, the City's governmental funds reported a combined ending fund balances of \$17.5 million (15.3% unrestricted), an increase in total fund balances of \$3 million (21%). The Urban Renewal General Fund has been identified as a non-major fund for FY18. Changes in fund balance for major funds consisted of the following:

- General Fund - Fund balance increased \$680 thousand (28%) mainly due to increases in property tax revenue, franchise fee revenue, and other fee/license revenue.
- Street Fund – Fund balance increased \$147 thousand (8.5%) due to a decrease in capital project work.
- Transit Fund – Fund balance increased \$394 thousand (28%) due to no capital purchases in preparation for the purchase of three busses in FY18-19.
- SDC Fund – Fund balance increased \$0.9 million (17%) due to continued increases in development activity.
- Urban Renewal Agency – Debt Service Fund – Fund balance increased \$1.1 million (269%) due primarily to a buildup of reserves to pay off debt early.



CITY OF CANBY, OREGON
MANAGEMENT'S DISCUSSION & ANALYSIS
June 30, 2018

Governmental Funds: Changes in Fund Balance							
Fiscal Year 2018							
On a Modified Accrual Basis							
	General Fund	Street Fund	Transit Fund	System Development Charge Fund	Urban Renewal Debt Service Fund	Other Governmental Funds	Total
Balances June 30, 2017	\$ 2,428,810	\$ 1,729,319	\$ 1,417,964	\$ 5,325,116	\$ 423,261	\$ 3,137,526	\$ 14,461,996
Change in Fund Balance	680,126	146,736	394,314	880,376	1,139,768	(251,341)	2,989,979
Fund Balances at June 30, 2018	<u>\$ 3,108,936</u>	<u>\$ 1,876,055</u>	<u>\$ 1,812,278</u>	<u>\$ 6,205,492</u>	<u>\$ 1,563,029</u>	<u>\$ 2,886,185</u>	<u>\$ 17,451,975</u>

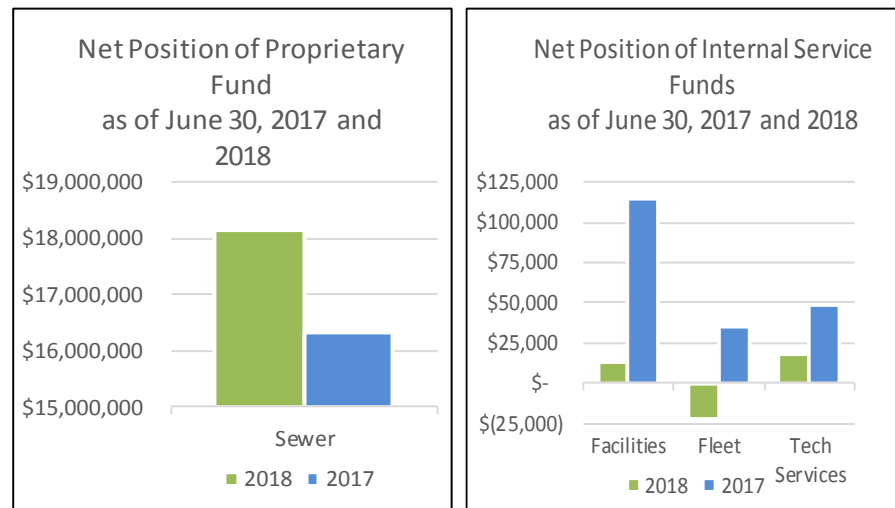


Proprietary Funds

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

Proprietary and Internal Service Funds: Changes in Net Position					
Fiscal Year 2018					
On an Accrual Basis					
	Sewer Fund	Internal Service Funds			Total
		Facilities Fund	Fleet Fund	Tech Services Fund	
Net Position at June 30, 2017 as restated	\$ 16,319,116	\$ 114,721	\$ 35,220	\$ 48,587	\$ 16,517,644
Change in Net Position	1,820,021	(101,495)	(57,829)	(30,094)	1,630,603
Net Position at June 30, 2018	<u>\$ 18,139,137</u>	<u>\$ 13,226</u>	<u>\$ (22,609)</u>	<u>\$ 18,493</u>	<u>\$ 18,148,247</u>

CITY OF CANBY, OREGON
MANAGEMENT'S DISCUSSION & ANALYSIS
June 30, 2018



Notes to the Financial Statements

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

Required Supplementary Information

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

GENERAL FUND BUDGET HIGHLIGHTS

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

Final Budget Compared to Actual Results – General Fund

Expenditures of \$9.7 million were originally budgeted in the General Fund including a 5.7% operating contingency. General Fund budget changes approved by the City Council increased appropriations by \$30,000. The increase is mainly due to the need to cover additional engineering costs related to the increase in development activity.

The year-end general fund balance was \$1.1 million higher than budgeted with major variances as follows:

- Beginning fund balance was \$188 thousand higher than budgeted due to savings in the prior year.
- Expenditures came in \$917 thousand lower than budgeted.
 - \$548 thousand - not spending any of our budgeted contingency.
 - \$87 thousand – vacancy savings in our Court department
 - \$82 thousand – switch from contracting with Public Works to direct charging personal services for Cemetery maintenance and services
 - \$56 thousand – savings for the Economic Development department related to less staff time being allocated than was budgeted
 - \$75 thousand – savings from lower insurance and no prior year workers compensation claims
 - \$69 thousand – the remaining reduced expenditures are spread throughout the entire fund and are not related to any specific item.

CITY OF CANBY, OREGON
MANAGEMENT'S DISCUSSION & ANALYSIS
June 30, 2018

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	
	2018	2017	2018	2017	2018	2017
Land	\$ 11,708,167	\$ 11,262,206	\$ 1,081,277	\$ 1,081,277	\$ 12,789,444	\$ 12,343,483
Intangibles	36,724,734	36,724,734	5,500	5,500	36,730,234	36,730,234
Construction in Process	96,280	87,028	150,196	1,784,449	246,476	1,871,477
Infrastructure	35,702,939	38,997,193	3,292,200	1,936,281	38,995,139	40,933,474
Buildings and improvements	19,318,000	19,537,967	9,415,070	7,493,945	28,733,070	27,031,912
Machinery and equipment	333,308	365,205	155,421	163,281	488,729	528,486
Motor vehicles	1,153,267	1,418,929	384,921	445,819	1,538,188	1,864,748
Total Capital Assets	<u>\$105,036,695</u>	<u>\$108,393,262</u>	<u>\$14,484,585</u>	<u>\$12,910,552</u>	<u>\$119,521,280</u>	<u>\$121,303,814</u>

Capital assets used in governmental activities in total decreased approximately \$3.4 million (3.1%) which was the net result of additions, disposals and depreciation. Capital assets used in business-type activities increased by approximately \$1.6 million (12.2%) due largely to the completion of the sewer treatment plant improvements. Additional information about the City's capital assets and depreciation can be found in the Notes to the Financial Statements on pages 30-31.

DEBT ADMINISTRATION

At year-end, the City had \$25,247,078 in long-term obligations outstanding compared to \$26,608,764 in the prior year. Of the obligations outstanding at June 30, 2018, \$1,721,675 is due within one year. Additional information can be found in the Notes to the Financial Statements on pages 32-34.

	Outstanding Obligations at Fiscal Year-End					
	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Bonds	\$22,838,497	\$23,684,457	\$ -	\$299,072	\$22,838,497	\$23,983,529
Loans	1,435,265	1,572,013	-	-	1,435,265	1,572,013
Capital Leases	104,343	189,364	-	-	104,343	189,364
Compensated Absenses	783,468	781,407	85,505	82,451	868,973	863,858
Total Obligations	<u>\$25,161,573</u>	<u>\$26,227,241</u>	<u>\$85,505</u>	<u>\$381,523</u>	<u>\$25,247,078</u>	<u>\$26,608,764</u>

During the fiscal year ended June 30, 2018, capital leases were obtained for \$35,789 for public safety vehicles.

CITY OF CANBY, OREGON
MANAGEMENT'S DISCUSSION & ANALYSIS
June 30, 2018

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Oregon's seasonally adjusted unemployment rate was 4% in June 2018, up from 3.8% 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, 2018

	Governmental Activities	Business-Type Activities	Total	Component Unit Canby Utility Board
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 17,391,538	\$ 4,353,608	\$ 21,745,146	\$ 13,229,954
Due from other governments	26,815	-	26,815	-
Accounts receivable, net	1,451,782	431,582	1,883,364	1,674,405
Property taxes receivable	495,403	-	495,403	-
Prepays	-	-	-	18,648
Materials and supplies	-	-	-	1,098,176
Restricted cash	-	-	-	726,406
Total current assets	<u>19,365,538</u>	<u>4,785,190</u>	<u>24,150,728</u>	<u>16,747,589</u>
Noncurrent assets:				
Capital assets:				
Nondepreciable	48,529,181	1,236,973	49,766,154	7,208,060
Depreciable, net	<u>56,507,514</u>	<u>13,247,612</u>	<u>69,755,126</u>	<u>36,791,028</u>
Total noncurrent assets	<u>105,036,695</u>	<u>14,484,585</u>	<u>119,521,280</u>	<u>43,999,088</u>
Total assets	<u>124,402,233</u>	<u>19,269,775</u>	<u>143,672,008</u>	<u>60,746,677</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to OPEB	40,378	5,805	46,183	14,219
Deferred outflows related to pensions	<u>2,964,577</u>	<u>426,226</u>	<u>3,390,803</u>	<u>999,563</u>
Total deferred outflows of resources	<u>3,004,955</u>	<u>432,031</u>	<u>3,436,986</u>	<u>1,013,782</u>
LIABILITIES				
Current liabilities:				
Accounts payable	877,217	174,948	1,052,165	1,415,675
Accrued expenses	-	-	-	247,381
Interest payable	113,569	-	113,569	-
Unearned contributed capital	-	-	-	98,916
Customer deposits	-	-	-	332,506
Current portion of long-term obligations	<u>1,707,535</u>	<u>64,129</u>	<u>1,771,664</u>	<u>371,000</u>
Total current liabilities	<u>2,698,321</u>	<u>239,077</u>	<u>2,937,398</u>	<u>2,465,478</u>
Noncurrent liabilities:				
Net OPEB liability	521,492	74,977	596,469	120,788
Noncurrent portion of long-term obligations	23,454,040	21,376	23,475,416	2,993,000
Net pension liability	<u>7,918,895</u>	<u>1,138,524</u>	<u>9,057,419</u>	<u>2,666,670</u>
Total noncurrent liabilities	<u>31,894,427</u>	<u>1,234,877</u>	<u>33,129,304</u>	<u>5,780,458</u>
Total liabilities	<u>34,592,748</u>	<u>1,473,954</u>	<u>36,066,702</u>	<u>8,245,936</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to OPEB	43,727	6,287	50,014	5,356
Deferred inflows related to pensions	<u>573,322</u>	<u>82,428</u>	<u>655,750</u>	<u>322,838</u>
Total deferred inflows	<u>617,049</u>	<u>88,715</u>	<u>705,764</u>	<u>328,194</u>
NET POSITION				
Net investment in capital assets	80,658,590	14,484,585	95,143,175	40,635,088
Restricted for:				
Drug enforcement and equipment	62,029	-	62,029	-
Capital projects	6,205,492	-	6,205,492	-
Urban renewal projects	1,006,770	-	1,006,770	-
Urban renewal debt service	1,563,029	-	1,563,029	-
Building services	9,800	-	9,800	-
Library services	89,162	-	89,162	-
Swim center	759,172	-	759,172	-
PEG fees	35,000	-	35,000	-
Water system	-	-	-	375,469
Unrestricted	<u>1,808,347</u>	<u>3,654,552</u>	<u>5,462,899</u>	<u>12,175,772</u>
Total net position	<u>\$ 92,197,391</u>	<u>\$ 18,139,137</u>	<u>\$ 110,336,528</u>	<u>\$ 53,186,329</u>

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

CITY OF CANBY, OREGON
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2018

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	\$ 6,302,251	\$ 1,616,403	\$ 10,812	\$ -	\$ (4,675,036)	\$ -	\$ (4,675,036)	\$ -
Public safety	5,559,605	70,455	64,734	-	(5,424,416)	-	(5,424,416)	-
Highways and streets	5,282,100	633,105	1,496,613	-	(3,152,382)	-	(3,152,382)	-
Transportation	1,816,255	55,942	566,786	-	(1,193,527)	-	(1,193,527)	-
Culture and recreation	2,549,589	452,430	888,851	616,222	(592,086)	-	(592,086)	-
Community development	849,462	240,187	513,374	1,197,737	1,101,836	-	1,101,836	-
Interest expense	1,050,621	-	-	-	(1,050,621)	-	(1,050,621)	-
Total governmental activities	23,409,883	3,068,522	3,541,170	1,813,959	(14,986,232)	-	(14,986,232)	-
Business type activities:								
Sewer operations	2,288,174	4,130,067	-	-	-	1,841,893	1,841,893	-
Total primary government	<u>\$ 25,698,057</u>	<u>\$ 7,198,589</u>	<u>\$ 3,541,170</u>	<u>\$ 1,813,959</u>	<u>(14,986,232)</u>	<u>1,841,893</u>	<u>(13,144,339)</u>	<u>-</u>
Component Unit:								
Electric system	11,804,160	12,965,889	-	759,592				1,921,321
Water system	3,107,962	3,403,742	-	1,302,479				1,598,259
Total component unit	<u>\$ 14,912,122</u>	<u>\$16,369,631</u>	<u>\$ -</u>	<u>\$ 2,062,071</u>				<u>3,519,580</u>
General revenues:								
Taxes:								
Property taxes					8,343,809	-	8,343,809	-
Transit taxes					1,424,664	-	1,424,664	-
Franchise					1,300,972	-	1,300,972	-
Unrestricted intergovernmental revenues					654,701	-	654,701	-
Interest and investment earnings					284,336	64,876	349,212	250,488
Other revenues					213,418	43,232	256,650	-
Transfers in (out)/Special pmts					98,680	(129,980)	(31,300)	-
Sale of Property					1,200,000	-	1,200,000	-
Total general revenues, transfers					13,520,580	(21,872)	13,498,708	250,488
Change in net position					(1,465,652)	1,820,021	354,369	3,770,068
Net position - June 30, 2017 as originally stated					87,942,812	16,433,981	104,376,793	49,531,155
Restatement					5,720,231	(114,865)	5,605,366	(114,894)
Net position - June 30, 2017 as restated					93,663,043	16,319,116	109,982,159	49,416,261
Net position - ending					<u>\$ 92,197,391</u>	<u>\$18,139,137</u>	<u>\$ 110,336,528</u>	<u>\$ 53,186,329</u>

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

CITY OF CANBY, OREGON
BALANCE SHEET – GOVERNMENTAL FUNDS
June 30, 2018

	General Fund	Street Fund	Transit Fund	System Development Charge Fund	Urban Renewal Debt Service Fund	Other Governmental Funds	Total Governmental
ASSETS							
Cash and cash equivalents	\$ 3,186,843	\$ 1,866,961	\$ 1,359,678	\$ 6,205,492	\$ 1,542,509	\$ 2,935,604	\$ 17,097,087
Due from other governments	15,010	-	-	-	9,537	2,268	26,815
Accounts receivable, net	450,423	214,004	582,228	15,469	170,816	18,161	1,451,101
Property taxes receivable	276,699	-	-	-	174,060	44,644	495,403
Total assets	<u>\$ 3,928,975</u>	<u>\$ 2,080,965</u>	<u>\$ 1,941,906</u>	<u>\$ 6,220,961</u>	<u>\$ 1,896,922</u>	<u>\$ 3,000,677</u>	<u>\$ 19,070,406</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES							
LIABILITIES:							
Accounts payable and other current liabilities	\$ 493,944	\$ 163,215	\$ 105,933	\$ -	\$ -	\$ 71,929	\$ 835,021
DEFERRED INFLOWS:							
Unavailable revenue	326,095	41,695	23,695	15,469	333,893	42,563	783,410
Total liabilities and deferred inflows	<u>820,039</u>	<u>204,910</u>	<u>129,628</u>	<u>15,469</u>	<u>333,893</u>	<u>114,492</u>	<u>1,618,431</u>
FUND BALANCES:							
Nonspendable	-	-	-	-	-	-	-
Restricted for:							
Drug enforcement and equipment	-	-	-	-	-	62,029	62,029
Capital projects	-	-	-	6,205,492	-	-	6,205,492
Urban renewal projects	-	-	-	-	-	1,006,770	1,006,770
Urban renewal debt service	-	-	-	-	1,563,029	-	1,563,029
Building services	9,800	-	-	-	-	-	9,800
Library services	-	-	-	-	-	89,162	89,162
Swim center	-	-	-	-	-	759,172	759,172
PEG	35,000	-	-	-	-	-	35,000
Committed for:							
Transportation services	-	-	1,812,278	-	-	-	1,812,278
Street projects	-	1,876,055	-	-	-	-	1,876,055
PERS contributions	200,000	-	-	-	-	-	200,000
Workers Comp Retro Plan	98,013	-	-	-	-	-	98,013
Park Maintenance	97,778	-	-	-	-	-	97,778
Cemetery care	-	-	-	-	-	969,052	969,052
Unassigned:	<u>2,668,345</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,668,345</u>
Total fund balance	<u>3,108,936</u>	<u>1,876,055</u>	<u>1,812,278</u>	<u>6,205,492</u>	<u>1,563,029</u>	<u>2,886,185</u>	<u>17,451,975</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 3,928,975</u>	<u>\$ 2,080,965</u>	<u>\$ 1,941,906</u>	<u>\$ 6,220,961</u>	<u>\$ 1,896,922</u>	<u>\$ 3,000,677</u>	<u>\$ 19,070,406</u>

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

CITY OF CANBY, OREGON
GOVERNMENTAL FUNDS
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
June 30, 2018

TOTAL FUND BALANCE \$ 17,451,975

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	\$ 208,833,284	
Accumulated depreciation	<u>(103,796,589)</u>	105,036,695

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.	783,410
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Deferred Inflows - Pension	(550,476)
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Deferred Outflows - Pension	2,846,443
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Deferred Inflows - OPEB	(41,985)
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Deferred Outflows - OPEB	38,769
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Compensated absences not payable in the current year are not recorded as governmental fund liabilities.	(780,828)
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Internal service funds reported as governmental activities	9,113
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Long-term assets, are not reported as governmental fund assets and liabilities not payable in the current year are not reported as governmental fund liabilities. Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expense when it is due. These long-term assets and liabilities consist of:

Long-term debt	\$ (24,378,105)	
Net OPEB liability	(500,711)	
Net Pension liability	(7,603,338)	
Accrued interest payable	<u>(113,569)</u>	<u>(32,595,723)</u>

TOTAL NET POSITION	<u><u>\$ 92,197,391</u></u>
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CITY OF CANBY, OREGON
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended June 30, 2018

	General Fund	Street Fund	Transit Fund	System Development Charge Fund	Urban Renewal Debt Service Fund	Other Governmental Funds	Total Governmental
REVENUES:							
Property taxes	\$ 4,591,154	\$ -	\$ -	\$ -	\$ 2,989,222	\$ 719,017	\$ 8,299,393
Intergovernmental	1,126,807	1,548,106	-	-	-	868,029	3,542,942
Charges for services	232,712	579,066	55,942	-	-	273,919	1,141,639
Franchise	1,300,972	-	-	-	-	-	1,300,972
Licenses, fees, permits	357,637	-	-	-	-	-	357,637
Fines and forfeitures	552,625	-	-	-	-	43,567	596,192
Special assessments	-	-	-	-	58,019	-	58,019
Grants and donations	60,245	-	566,786	-	-	31,548	658,579
Interest	50,880	24,567	21,258	96,523	23,154	60,744	277,126
Miscellaneous	85,570	19,208	1,112	-	51,440	1,206,369	1,363,699
System development charges	-	-	-	1,203,280	-	-	1,203,280
Excise taxes	-	71,832	-	-	-	-	71,832
Transit taxes	-	-	1,428,603	-	-	-	1,428,603
Total revenues	<u>8,358,602</u>	<u>2,242,779</u>	<u>2,073,701</u>	<u>1,299,803</u>	<u>3,121,835</u>	<u>3,203,193</u>	<u>20,299,913</u>
EXPENDITURES:							
Current:							
General government	2,133,522	-	-	-	-	1,448,359	3,581,881
Public safety	5,035,177	-	-	-	-	13,261	5,048,438
Highways and streets	-	854,844	-	-	-	-	854,844
Transportation	-	-	1,503,511	-	-	-	1,503,511
Culture and recreation	525,489	-	-	-	-	1,550,051	2,075,540
Community development	779,406	-	-	-	-	-	779,406
Capital outlay	135,407	1,118,816	-	-	-	232,880	1,487,103
Debt service on capital leases:							
Principal	120,810	-	-	-	935,796	-	1,056,606
Interest	10,803	-	-	-	1,046,271	-	1,057,074
Total expenditures	<u>8,740,614</u>	<u>1,973,660</u>	<u>1,503,511</u>	<u>-</u>	<u>1,982,067</u>	<u>3,244,551</u>	<u>17,444,403</u>
Revenues over (under) expenditures	(382,012)	269,119	570,190	1,299,803	1,139,768	(41,358)	2,855,510
OTHER FINANCING SOURCES (USES):							
Transfers in	1,142,852	-	-	-	-	-	1,142,852
Transfers out	(85,203)	(122,383)	(175,876)	(419,427)	-	(209,983)	(1,012,872)
Special Payments - PEG	(31,300)	-	-	-	-	-	(31,300)
Capital leases	35,789	-	-	-	-	-	35,789
Total other financing sources (uses)	<u>1,062,138</u>	<u>(122,383)</u>	<u>(175,876)</u>	<u>(419,427)</u>	<u>-</u>	<u>(209,983)</u>	<u>134,469</u>
Net changes in fund balances	680,126	146,736	394,314	880,376	1,139,768	(251,341)	2,989,979
FUND BALANCE, BEGINNING	<u>2,428,810</u>	<u>1,729,319</u>	<u>1,417,964</u>	<u>5,325,116</u>	<u>423,261</u>	<u>3,137,526</u>	<u>14,461,996</u>
FUND BALANCES, ENDING	<u>\$ 3,108,936</u>	<u>\$ 1,876,055</u>	<u>\$ 1,812,278</u>	<u>\$ 6,205,492</u>	<u>\$ 1,563,029</u>	<u>\$ 2,886,185</u>	<u>\$ 17,451,975</u>

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

CITY OF CANBY, OREGON
GOVERNMENTAL FUNDS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2018

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

Net change in fund balances - total governmental funds		\$ 2,989,979
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	\$ (4,351,599)	
Current year disposals	(34,907)	
Donated capital assets	616,222	
Capital acquisitions	<u>413,717</u>	(3,356,567)
Sale of assets held for sale		(1,200,000)
Change in unavailable revenue, net of allowance for doubtful accounts		6,258
Change in accrued interest on long-term liabilities		6,453
The issuance of long-term debt (e.g., bonds, leases) provides current financial		
Debt service principal payments	1,103,518	
New capital leases	(35,789)	
Change in compensated absences	<u>(5,886)</u>	1,061,843
Internal service fund reported as governmental activities		(189,418)
OPEB expense		15,918
Pension expense		<u>(800,118)</u>
Change in net position of governmental activities		<u><u>\$ (1,465,652)</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, 2018

	Sewer Combined Fund	Internal Service Funds
ASSETS AND DEFERRED OUTFLOWS		
ASSETS:		
Current Assets:		
Cash and cash equivalents	\$ 4,353,608	\$ 294,451
Accounts receivable, net	431,582	681
Total current assets	4,785,190	295,132
Noncurrent Assets:		
Capital assets, net	14,484,585	-
Total assets	19,269,775	295,132
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred outflows related to pensions	426,226	118,134
Deferred outflows related to OPEB	5,805	1,610
Total deferred outflows of resources	432,031	119,744
Total assets and deferred outflows	\$ 19,701,806	\$ 414,876
LIABILITIES, DEFERRED INFLOWS AND NET POSITION		
LIABILITIES:		
Current Liabilities:		
Accounts payable	\$ 174,948	\$ 42,196
Long-term debt - within one year	64,129	1,982
Total current liabilities	239,077	44,178
Noncurrent Liabilities:		
Long-term obligations - past one year	21,376	660
Net pension liability	1,138,524	315,557
Net OPEB liability	74,977	20,780
Total liabilities	1,473,954	381,175
DEFERRED INFLOWS OF RESOURCES:		
Deferred inflows related to pensions	82,428	22,846
Deferred inflows related to OPEB	6,287	1,742
Total deferred inflows of resources	88,715	24,588
Total liabilities and deferred inflows	1,562,669	405,763
NET POSITION:		
Net investment in capital assets	14,484,585	-
Unrestricted	3,654,552	9,113
Total net position	18,139,137	9,113
Total liabilities, deferred inflows and net position	\$ 19,701,806	\$ 414,876

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, 2018

	Sewer Combined Fund	Internal Service Funds
OPERATING REVENUES:		
Charges for services	\$ 4,130,067	\$ 914,464
Miscellaneous	43,232	1,485
Total operating revenues	<u>4,173,299</u>	<u>915,949</u>
OPERATING EXPENSES:		
Personnel services	1,313,851	350,003
Materials and services	570,642	762,574
Depreciation and amortization	398,250	-
Total operating expenses	<u>2,282,743</u>	<u>1,112,577</u>
Operating income	1,890,556	(196,628)
NON-OPERATING INCOME (EXPENSE):		
Interest income	64,876	7,210
Interest expense	(5,431)	-
Total non-operating income (expense)	<u>59,445</u>	<u>7,210</u>
TRANSFERS:		
Transfers in	414,313	-
Transfers out	(544,293)	-
Change in net position	1,820,021	(189,418)
Net position - June 30, 2017 as originally stated	16,433,981	199,228
Restatement	(114,865)	(700)
Net position - June 30, 2017 as restated	<u>16,319,116</u>	<u>198,528</u>
NET POSITION, ENDING	<u><u>\$ 18,139,137</u></u>	<u><u>\$ 9,113</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, 2018

	Sewer Combined Fund	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from outside customers	\$ 4,191,644	\$ 11,823
Receipts from internal customers	-	906,035
Payments to employees	(1,171,141)	(366,863)
Payments to suppliers	(887,572)	(746,114)
Net cash from operating activities	2,132,931	(195,119)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Transfer out	(544,293)	-
Transfer in	414,313	-
Net cash from non-capital financing activities	(129,980)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchase of capital assets	(1,976,355)	-
Payment of principal debt	(295,000)	-
Payment of interest on debt	(5,900)	-
Net cash from capital and related financing activities	(2,277,255)	-
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received	64,876	7,210
Net increase (decrease) in cash and cash equivalents	(209,428)	(187,909)
CASH AND CASH EQUIVALENTS, BEGINNING	4,563,036	482,360
CASH AND CASH EQUIVALENTS, ENDING	\$ 4,353,608	\$ 294,451
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income (loss)	\$ 1,890,556	\$ (196,628)
Adjustments:		
Depreciation	397,982	-
Loss on disposal of assets	4,340	-
Amortization	(4,072)	-
Decrease (increase) in:		
Accounts receivable	18,345	1,909
Increase (decrease) in:		
Accounts payable and accrued expenses	(316,930)	16,460
OPEB obligation	(2,998)	(5,377)
Accrued compensated absences	3,054	(3,825)
Pension obligations	142,654	(7,661)
Net cash from operating activities	\$ 2,132,931	\$ (195,119)

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, 2018

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Reporting Entity

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

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

Blended Component Unit

The City has one blended component unit, the Urban Renewal Agency (the Agency). The Agency was formed to plan, direct, and manage certain projects within the City. Pursuant to ORS 457.055, the City Council has been appointed governing body of the Agency, which is the same governing board as the primary government. In accordance with GASB 61 the Agency meets the criteria of a blended component unit because the governing body is the same, there is a financial benefit/burden relationship between the entities in relation to debt burden 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, 2018, 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, 2018 may be obtained at CUB's administrative office located at 1265 SE 3rd Avenue, Canby, Oregon 97013.

B. Basic Financial Statements

Basic financial statements are presented at both the government-wide and fund financial level. Both levels of statements categorize primary activities as either governmental or business-type. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely 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, 2018

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basic Financial Statements (Continued)

Government-wide financial statements

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

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the City's activities. Direct expenses are those that are specifically associated and therefore clearly identifiable with a program or function. Indirect expense allocations that have been made in the funds have been eliminated in the Statement of Activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund financial statements

These statements display information at the individual fund level. Each fund is considered to be a separate accounting entity. Funds are classified and summarized as governmental or proprietary. Major individual funds are reported as separate columns in the fund financial statements. Non-major funds are consolidated into a single column within each fund type in the financial section of the basic financial statements and are detailed in the 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.
- *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 - 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.

CITY OF CANBY, OREGON
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basic Financial Statements (Continued)

- *Special Revenue Funds* - These funds are used to account for proceeds of specific revenue sources that are earmarked for specific purposes including Urban Renewal construction and operations, 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.

C. Measurement Focus and Basis of Accounting

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

The government-wide financial statements and the proprietary funds financial statements are presented using the *economic resources measurement focus* and the *accrual basis of accounting*. An economic resource focus concentrates on an entity or fund's net position. All transactions and events that affect the total economic resources (net position) during the period are reported. An economic resources measurement focus is inextricably connected with full accrual accounting. Under the full accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

CITY OF CANBY, OREGON
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

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

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

In accordance with GASB 65 unavailable revenue which occurs on the modified accrual basis of accounting when revenue does not meet both the measurable and available criteria for recognition in the current period is no longer classified as a liability but instead as a deferred inflow. Unavailable revenue consists of uncollected property taxes, assessments, court fines and estimated transit tax revenue not received in time to be considered available to fund current operations. In the government-wide Statement of Activities, with a full accrual basis of accounting, revenue must be recognized as soon as it is earned regardless of its availability. Thus, the deferred inflow reported on the Governmental Fund Balance Sheet for unavailable revenue is eliminated and revenue is recognized net of allowance for doubtful accounts.

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

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

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.

CITY OF CANBY, OREGON
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Receivables and Payables

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

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

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

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

Capital 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, works of art, and similar items received in a service concession arrangement are recorded at acquisition value.

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.

CITY OF CANBY, OREGON
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Depreciation on exhaustible assets is recorded as an allocated expense in the Statement of Activities with accumulated depreciation reflected in the Statement of Net Position, and is provided on the straight-line basis and is taken in the year the assets are acquired or retired.

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

Compensated Absences

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

Other Postemployment Benefit Obligations (OPEB)

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

Net Pension Liability

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

Long-Term Debt

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs as period costs. The face amount of debt issued is reported as other financial sources while discounts or premiums on debt proceeds received are reported as other financing sources or uses, respectively. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as materials and services expenditures.

CITY OF CANBY, OREGON
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Deferred Outflows and Inflows of Resources

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

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

Net Position

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

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.

CITY OF CANBY, OREGON
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

2) CASH AND CASH EQUIVALENTS

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

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

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

	City	CUB
Cash on hand	\$ 994	\$ 700
Cash on deposit	777,125	443,621
Restricted cash	-	726,406
Oregon State Local Government Investment Pool	20,967,027	12,785,633
Total	<u>\$ 21,745,146</u>	<u>\$ 13,956,360</u>
Reported in the basic financial statements as:		
Governmental activities	\$ 17,391,538	
Business-type activities	4,353,608	
Total	<u>\$ 21,745,146</u>	
Component Unit		
Cash and Cash Equivalents		\$ 13,229,954
Restricted Cash		726,406
Total		<u>\$ 13,956,360</u>

A. Custodial Credit Risk

This is the risk that in the event of a bank failure, the City's deposits may not be returned. Effective July 1, 2008, the State of Oregon formed the Oregon Public Funds Collateralization Program under ORS 295. The collateralization program creates a statewide pool of qualified bank depositories for local governments, providing collateralization for bank balances that exceed the limits of federal depository insurance, and eliminating the need for certificates of participation. As of June 30, 2018, the City had total bank balances of \$941,316, of which \$250,000 was covered by FDIC and the remainder was collateralized by the statewide pool.

B. Interest Rate risk

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

CITY OF CANBY, OREGON
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

2) CASH AND CASH EQUIVALENTS (Continued)

C. Credit Risk

State statutes authorize the City to invest in general obligations of the U.S. Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, and the LGIP, among others. The City has no investment policy that would further limit its investment choices. The LGIP operates in accordance with appropriate state laws and regulations, but is not regulated by other laws, organizations or regulations. The reported value of the Investment Pool (the Pool) is 100.13% 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.

3) RECEIVABLES

An allowance for doubtful accounts is not deemed necessary for the City's property taxes receivable because a lien is placed on the property. An allowance for doubtful accounts for the City's sewer and street maintenance fees receivable is not considered necessary as the City has lien's on property which are to be settled through the closing process of a sales transaction and the City is able to certify delinquent sewer charges to the properties' property tax bill in accordance with ORS 454.225. The City has estimated allowances for doubtful accounts for both estimated unfiled transit tax returns and court fines receivables based on historical collection rates for similar accounts placed with 3rd party collection agencies. The amounts considered uncollectable are \$70,997 and \$2,543,830 respectively.

Canby Utility Board's accounts receivable primarily represent user charges which are recognized as earned. As of June 30, 2018, an allowance for uncollectible receivables has been provided for the electric and water systems of \$1,905.

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, 2018

4) CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018, was as follows:

Governmental Activities:	Restated Beginning Balance	Additions	Deletions	Ending Balance
<i>Capital assets, not being depreciated:</i>				
Land	\$ 11,262,206	\$ 445,961	\$ -	\$ 11,708,167
Intangibles	36,724,734	-	-	36,724,734
Construction in progress	87,028	15,752	(6,500)	96,280
Total capital assets, not being depreciated	48,073,968	461,713	(6,500)	48,529,181
<i>Capital assets, being depreciated:</i>				
Infrastructure	131,003,481	9,053	-	131,012,534
Buildings and improvements	23,866,513	367,405	(24,575)	24,209,343
Machinery and equipment	929,358	21,777	(6,867)	944,268
Vehicles	4,016,570	169,991	(48,603)	4,137,958
Total capital assets, being depreciated	159,815,922	568,226	(80,045)	160,304,103
<i>Less accumulated depreciation for:</i>				
Infrastructure	(92,006,288)	(3,303,307)	-	(95,309,595)
Buildings and improvements	(4,328,546)	(587,372)	24,575	(4,891,343)
Machinery and equipment	(564,153)	(53,674)	6,867	(610,960)
Vehicles	(2,597,641)	(407,246)	20,196	(2,984,691)
Total accumulated depreciation	(99,496,628)	(4,351,599)	51,638	(103,796,589)
Total capital assets, being depreciated, net	60,319,294	(3,783,373)	(28,407)	56,507,514
Governmental activities capital assets, net	\$ 108,393,262	\$ (3,321,660)	\$ (34,907)	\$ 105,036,695

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

General government	\$ 226,691
Public safety	316,684
Highways and streets	3,371,551
Transportation	268,108
Culture and recreation	168,565
Total depreciation expense - governmental activities	<u>\$ 4,351,599</u>

CITY OF CANBY, OREGON
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

4) CAPITAL ASSETS (Continued)

Business-type Activities: Sewer Fund	Restated Beginning Balance	Additions	Deletions	Ending Balance
<i>Capital assets, not being depreciated:</i>				
Land	\$ 1,081,277	\$ -	\$ -	\$ 1,081,277
Intangibles	5,500	-	-	5,500
Construction in progress	1,784,449	1,957,172	(3,591,425)	150,196
Total capital assets, not being depreciated	2,871,226	1,957,172	(3,591,425)	1,236,973
<i>Capital assets, being depreciated:</i>				
Infrastructure	2,771,880	1,431,933	(15,000)	4,188,813
Buildings and improvements	10,715,057	2,159,492	-	12,874,549
Machinery and equipment	1,135,075	19,183	(15,000)	1,139,258
Vehicles	791,416	-	-	791,416
Total capital assets, being depreciated	15,413,428	3,610,608	(30,000)	18,994,036
<i>Less accumulated depreciation for:</i>				
Infrastructure	(835,599)	(71,674)	10,660	(896,613)
Buildings and improvements	(3,221,112)	(238,367)	-	(3,459,479)
Machinery and equipment	(971,794)	(27,043)	15,000	(983,837)
Vehicles	(345,597)	(60,898)	-	(406,495)
Total accumulated depreciation	(5,374,102)	(397,982)	25,660	(5,746,424)
Total capital assets, being depreciated, net	10,039,326	3,212,626	(4,340)	13,247,612
Business-type activities capital assets, net	<u>\$ 12,910,552</u>	<u>\$ 5,169,798</u>	<u>\$ (3,595,765)</u>	<u>\$ 14,484,585</u>

Discretely presented component unit

Activity for the Canby Utility Board (CUB) for the year ended June 30, 2018, was as follows:

CUB:	Beginning Balance	Additions	Deletions	Ending Balance
<i>Capital assets, not being depreciated:</i>				
Land	\$ 1,299,579	\$ -	\$ -	\$ 1,299,579
Property held for future use	3,633	-	-	3,633
Construction in progress	1,457,100	6,514,448	(2,066,700)	5,904,848
Total capital assets, not being depreciated	2,760,312	6,514,448	(2,066,700)	7,208,060
<i>Capital assets, being depreciated:</i>				
Plant	53,731,325	2,193,898	(35,373)	55,889,850
Equipment	2,974,523	321,624	(91,858)	3,204,289
Office furniture and equipment	862,760	-	-	862,760
Total capital assets, being depreciated	57,568,608	2,515,522	(127,231)	59,956,899
<i>Less accumulated depreciation for:</i>				
Electric and water plant assets	(21,773,534)	(1,507,620)	115,283	(23,165,871)
Total capital assets, being depreciated, net	35,795,074	1,007,902	(11,948)	36,791,028
CUB capital assets, net	<u>\$ 38,555,386</u>	<u>\$ 7,522,350</u>	<u>\$ (2,078,648)</u>	<u>\$ 43,999,088</u>

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

Electric	\$831,911
Water	675,709
Total depreciation expense – CUB Activities	<u>\$1,507,620</u>

CITY OF CANBY, OREGON
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

5) INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

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

The composition of interfund transfers for the year ended June 30, 2018, was as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Major Governmental Funds		
General Fund	\$ 1,142,852	\$ 85,203
Street Fund	-	122,383
Transit Fund	-	175,876
SDC Fund	-	419,427
Total Major Governmental Funds	<u>1,142,852</u>	<u>802,889</u>
Non-major Governmental Funds	-	209,983
Proprietary Funds		
Sewer Combined Fund	414,313	544,293
Total All Funds	<u>\$ 1,557,165</u>	<u>\$ 1,557,165</u>

6) LONG-TERM LIABILITIES

A. Debt Outstanding

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

As of June 30, 2018 the minimum present value of future lease payments was \$104,343. These remaining three capital leases were paid in full in July 2018.

Long-term liability activity for the year ended June 30, 2018, was as follows:

	<u>Original Amount</u>	<u>6/30/2017 Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>6/30/2018 Balance</u>	<u>Due Within One Year</u>
Governmental Activities						
Bonds URA:						
2010 1st Ave Redevelopment (3.75-7%)	\$ 2,500,000	\$ 1,895,000	\$ -	\$ 110,000	\$ 1,785,000	\$ 110,000
2010 Bond Discount		(30,924)	-	(2,208)	(28,716)	(2,208)
2011 Police Facility (2-5%)	9,000,000	8,860,000	-	45,000	8,815,000	115,000
2011 Bond Discount		(18,050)	-	(950)	(17,100)	(950)
2012 Civic Bldg & Sequoia Pkwy (3-4%)	14,050,000	12,095,000	-	645,000	11,450,000	605,000
2012 Premium		883,431	-	49,118	834,313	49,118
Total Governmental Bonds		<u>23,684,457</u>	<u>-</u>	<u>845,960</u>	<u>22,838,497</u>	<u>875,960</u>
Long-term Loans URA:						
2009 Township, Berg, Sequoia St. (3-5.25%)	1,981,047	1,378,649	-	90,768	1,287,881	91,399
2009 Premium		11,443	-	953	10,490	953
2010 Walnut St (5%)	417,927	181,921	-	45,027	136,894	47,279
Total Governmental Loans		<u>1,572,013</u>	<u>-</u>	<u>136,748</u>	<u>1,435,265</u>	<u>139,631</u>
Capital Leases for Police Vehicles						
FORD - Lease no. 5241016		25,274	-	25,274	-	-
FORD - Lease no. 5241017		15,525	-	15,525	-	-
FORD - Lease no. 5241018		21,866	-	21,866	-	-
FORD - Lease no. 5241019		49,458	-	24,014	25,444	25,444
FORD - Lease no. 5241020		77,241	-	24,394	52,847	52,847
FORD - Lease no. 5241021		-	35,789	9,737	26,052	26,052
Total Governmental Leases		<u>189,364</u>	<u>35,789</u>	<u>120,810</u>	<u>104,343</u>	<u>104,343</u>
Compensated Absences		<u>781,407</u>	<u>547,002</u>	<u>544,941</u>	<u>783,468</u>	<u>587,601</u>
Total Governmental Activities		<u>\$ 26,227,241</u>	<u>\$ 582,791</u>	<u>\$ 1,648,459</u>	<u>\$ 25,161,573</u>	<u>\$ 1,707,535</u>

CITY OF CANBY, OREGON
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

6) LONG-TERM LIABILITIES (Continued)

A. Debt Outstanding (Continued)

	<u>Original Amount</u>	<u>6/30/2017 Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>6/30/2018 Balance</u>	<u>Due Within One Year</u>
Business-Type Activities						
Enterprise Bonds						
2008 Sewer Bonds (3.5-4%)	\$ 2,505,000	\$ 295,000	\$ -	\$ 295,000	\$ -	\$ -
Bond Premium		4,072	-	4,072	-	-
Total Enterprise Bonds		299,072	-	299,072	-	-
Compensated Absences		82,451	65,887	62,833	85,505	64,129
Total Business-Type Activities		<u>\$ 381,523</u>	<u>\$ 65,887</u>	<u>\$ 361,905</u>	<u>\$ 85,505</u>	<u>\$ 64,129</u>

Discretely Presented Component Unit – Revenue Bonds

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 and pay for the costs of issuance.

	<u>Original Amount</u>	<u>6/30/2017 Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>6/30/2018 Balance</u>	<u>Due Within One Year</u>
CUB - Discretely presented component unit - Revenue Bonds						
2007 Water Revenue Bonds (3.625-3.75%)	\$ 3,200,000	\$ 2,075,000	\$ -	\$ 2,075,000	\$ -	\$ -
2014 Water Revenue Refunding Bonds (2.3%)	1,951,000	1,563,000	-	187,000	1,376,000	191,000
2017 Water Revenue Refunding Bonds (2.09%)	1,988,000	-	1,988,000	-	1,988,000	180,000
Total CUB Bonds		<u>\$ 3,638,000</u>	<u>\$ 1,988,000</u>	<u>\$ 2,262,000</u>	<u>\$ 3,364,000</u>	<u>\$ 371,000</u>

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, 2018, as well as CUB revenue bonds outstanding are as follows:

Fiscal Year Ending June 30,	<u>City of Canby Governmental Activities</u>						<u>CUB</u>		
	<u>Capital Leases</u>	<u>URA Loans</u>	<u>Bonds - URA</u>	<u>Total Principal</u>	<u>Interest</u>	<u>Total Governmental Activities</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 104,343	\$ 139,631	\$ 875,960	\$ 1,119,934	\$ 1,022,477	\$ 2,142,411	\$ 371,000	\$ 69,535	\$ 440,535
2020	-	147,691	900,960	1,048,651	983,804	2,032,455	380,000	61,281	441,281
2021	-	143,790	930,960	1,074,750	941,777	2,016,527	387,000	52,720	439,720
2022	-	104,532	970,960	1,075,492	896,426	1,971,918	399,000	44,013	443,013
2023	-	110,461	1,005,960	1,116,421	850,460	1,966,881	410,000	35,050	445,050
2024-2028	-	642,183	5,759,800	6,401,983	3,481,997	9,883,980	1,417,000	63,578	1,480,578
2029-2033	-	146,977	7,729,204	7,876,181	1,937,558	9,813,739	-	-	-
2034-2036	-	-	4,664,693	4,664,693	357,444	5,022,137	-	-	-
Total	<u>\$ 104,343</u>	<u>\$ 1,435,265</u>	<u>\$ 22,838,497</u>	<u>\$ 24,378,105</u>	<u>\$ 10,471,944</u>	<u>\$ 34,850,048</u>	<u>\$ 3,364,000</u>	<u>\$ 326,177</u>	<u>\$ 3,690,177</u>

CITY OF CANBY, OREGON
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

7) POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

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

A. Financial Statement Presentation

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

	City		
	Implicit Rate Subsidy Plan	PERS RHIA Plan	Total OPEB on Financials
Deferred Outflows of Resources			
Contributions After the Measurement Date	\$ 17,005	\$ 29,178	\$ 46,183
Total OPEB Liability	(620,928)	24,459	(596,469)
Deferred Inflows of Resources			
Change in Proportionate Share	-	(731)	(731)
Change in Assumptions	(37,955)	-	(37,955)
Difference in Earnings	-	(11,328)	(11,328)
OPEB Expense/(Income)	66,204	(140)	66,064

B. Implicit Rate Study

Plan Description

The City's single-employer defined benefit postemployment healthcare plan is administered by City County Insurance Services (CIS). Benefit provisions are established through negotiations between the City and representatives of City or through resolutions passed by City Council. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

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

Benefits Provided

The plan provides eligible retirees and their dependents under age 65 the same health care coverage at the same premium rates as offered to active employees. The retiree is responsible for the premiums. As of the valuation date of July 1, 2016, the number of participants covered by the benefit terms is as follows:

	City	CUB
Inactive employees or beneficiaries receiving benefits	1	2
Active employees	86	23
	87	25

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

The City's total OPEB liability of \$596,469 was measured as of June 30, 2017, and was determined by an actuarial valuation as of July 1, 2016.

For the fiscal year ended June 30, 2018, the City recognized OPEB expense from this plan of \$66,204. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to this OPEB plan from the following sources:

CITY OF CANBY, OREGON
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

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

B. Implicit Rate Study (Continued)

	City		CUB	
	Deferred Outflow of Resources	Deferred Inflow of Resources	Deferred Outflow of Resources	Deferred Inflow of Resources
Change in Assumptions	\$ -	\$ 37,955		\$ 5,356
Contributions subsequent to the MD	17,005	-	14,219	
Net Deferred Outflow/(Inflow) of Resources	<u>\$ 17,005</u>	<u>\$ 37,955</u>	<u>\$ 14,219</u>	<u>\$ 5,356</u>

Deferred outflows of resources related to OPEB of \$17,005 resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	City	CUB
2019	\$ (4,816)	\$ (924)
2020	(4,816)	(924)
2021	(4,816)	(924)
2022	(4,816)	(924)
2023	(4,816)	(924)
Thereafter	(13,875)	(736)
Total	<u>\$ (37,955)</u>	<u>\$ (5,356)</u>

Actuarial Assumptions and Other Inputs

The total OPEB liability for the June 30, 2018 valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified: inflation rate of 2.50%, projected salary increases of 3.50%, discount rate of 3.58% (change from 2.85% in the previous measurement period), medical and vision varies between 7.50% and 5.00% (due to the timing of the excise tax scheduled to affect health care benefits), dental at 4.50%, and mortality rates based on the RP-2000 sex-distinct mortality tables, with generational adjustments per scale BB.

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

Changes in the Total OPEB Liability

	Total OPEB Liability	
	City	CUB
Balance as of June 30, 2017	\$603,286	\$125,351
Changes for the year:		
Service cost	52,481	8,507
Interest on total OPEB liability	18,539	3,667
Effect of assumptions changes or inputs	(42,771)	(6,280)
Benefit payments	(10,607)	(10,457)
Balance as of June 30, 2018	<u>\$620,928</u>	<u>\$120,788</u>

The effect of changes in assumptions is the result of the change in the discount rate from 2.85 to 3.58.

CITY OF CANBY, OREGON
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

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

B. Implicit Rate Study (Continued)

Sensitivity of the Total OPEB Liability

The following presents the City's total OPEB liability, as well as what the liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.58 percent) or 1 percentage point higher (4.58 percent) than the current discount rate. A similar sensitivity analysis is then presented for changes in the healthcare trend assumption.

Discount Rate:	City			CUB		
	1% Decrease (2.58%)	Current Discount Rate (3.58%)	1% Increase (4.58%)	1% Decrease (2.58%)	Current Discount Rate (3.58%)	1% Increase (4.58%)
Total OPEB Liability	\$ 681,556	\$ 620,928	\$ 565,600	\$ 129,222	\$ 120,788	\$ 113,041

Healthcare Cost Trend:	City			CUB		
	1% Decrease (6.5% decreasing to 4.0%)	Current Healthcare Trend Rate (7.5% decreasing to 5.0%)	1% Increase (8.5% decreasing to 6.0%)	1% Decrease (6.5% decreasing to 4.0%)	Current Healthcare Trend Rate (7.5% decreasing to 5.0%)	1% Increase (8.5% decreasing to 6.0%)
Total OPEB Liability	\$ 543,087	\$ 620,928	\$ 713,930	\$ 104,949	\$ 120,788	\$ 133,817

C. PERS Retirement Health Insurance Account

Plan Description

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

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

Benefits Provided

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

CITY OF CANBY, OREGON
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

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

C. PERS Retirement Health Insurance Account (Continued)

Contributions

PERS funding policy provides for employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. Employer contribution rates for the period were based on the December 31, 2015 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2017. The City's contribution rates for the period were 0.50% for Tier One/Tier Two members, and 0.43% for OPSRP members. The City's total for the year ended June 30, 2018 contributions was \$29,178.

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

At June 30, 2018, the City reported an asset of \$24,459 for its proportionate share of the OPERS net OPEB asset. The net OPEB asset was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2015 rolled forward to June 30, 2017. The City's proportion of the net OPEB asset was based on the City's contributions to the RHIA program during the measurement period relative to contributions from all participating employers. At June 30, 2017, the City's proportionate share was 0.0586%, which is a decrease from its proportion of 0.0623% as of June 30, 2016.

For the year ended June 30, 2018, the City recognized OPEB income from this plan of \$140. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to this OPEB plan from the following sources:

	City	
	Deferred Outflow of Resources	Deferred Inflow of Resources
Net Difference between Projected and Actual Earnings	\$ -	\$ 11,328
Change in Proportionate Share	-	731
Contributions subsequent to the MD	29,178	-
Total	<u>\$ 29,178</u>	<u>\$ 12,059</u>

Deferred outflows of resources related to OPEB of \$29,178 resulting from the City's contributions subsequent to the measurement date will be recognized as either a reduction of the net OPEB liability or an increase in the net OPEB asset in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended	
June 30:	City
2019	\$ (3,103)
2020	(3,103)
2021	(3,021)
2022	(2,832)
Total	<u>\$ (12,059)</u>

Actuarial Methods and Assumptions

The healthcare cost trend rate ranges from 6.30% in 2016 to 4.40% in 2094. See OPERS Pension Plan footnote for additional information on actuarial assumptions and methods, the long-term expected rate of return, and the discount rate.

CITY OF CANBY, OREGON
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

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

C. PERS Retirement Health Insurance Account (Continued)

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

The following presents the City's proportionate share of the net OPEB liability (asset) calculated using the discount rate of 7.50%, as well as what the City's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (6.50%) or 1 percentage point higher (8.50%) than the current rate:

	City		
	1%	Current	1%
	Decrease	Discount	Increase
	(6.50%)	Rate (7.50%)	(8.50%)
Net OPEB Liability (Asset)	\$ 3,410	\$ (24,459)	\$ (48,163)

OPEB Plan Fiduciary Net Position

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

Changes in Plan Provisions Subsequent to Measurement Date

The PERS Board lowered the assumed rate of return from 7.50% to 7.20% on July 28, 2017. This change is effective January 1, 2018, and will decrease the net OPEB asset or increase the net OPEB liability in future periods.

D Post-Retirement Benefits – Sick Leave

In addition to pension benefits, the City has contractually agreed to pay employees 50% of accumulated sick leave with a maximum payout of 500 hours at the time of retirement. The City recognizes this cost at the fund level when employees retire and benefit is paid. During 2017-2018, \$24,291 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, 2018.

8) 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: www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx.

B. Benefits Provided

Tier One/Tier Two Retirement Benefits

Pension Benefits. The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0% for police and fire employees, 1.67% for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.

CITY OF CANBY, OREGON
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

8) PENSION PLAN (Continued)

B. Benefits Provided (Continued)

A member is considered vested and will be eligible at a minimum retirement age for a service retirement allowance if he or she has had contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police and fire members). General Service employees may retire after reaching age 55. Police and fire members are eligible after reaching age 50. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police and fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier Two members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

Death Benefits - Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following conditions are met:

- the member was employed by a PERS employer at the time of death,
- the member died within 120 days after termination of PERS-covered employment,
- the member died as a result of injury sustained while employed in a PERS-covered job,
- the member was on an official leave of absence from a PERS-covered job at the time of death.

Disability Benefits - A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member for disability benefit regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.

Benefit Changes After Retirement - Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes.

OPSRP Pension Program

Pension Benefits. The Pension Program (ORS Chapter 238A) provides benefits to members hired on or after August 29, 2003. This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated by formula for members who attain normal retirement age. For general service members, 1.5% is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit. For police and fire members, 1.8% is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.

A member of the OPSRP Pension Program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and if the pension program is terminated, the date on which termination becomes effective.

CITY OF CANBY, OREGON
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

8) PENSION PLAN (Continued)

B. Benefits Provided (Continued)

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

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

Benefit Changes After Retirement - Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes.

OPSRP Individual Account Program (IAP)

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

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

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, 2015 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2017. The City's contribution rates for the period were 18.39% for Tier One/Tier Two members, 9.34% for OPSRP General Service members, and 14.11% for OPSRP Police and Fire members. The City's total contributions exclusive of the 6% "pick-up" was \$872,666. CUB employer contributions for the year ended June 30, 2018 were \$306,220, 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 \$366,381 of the employees' contribution.

CITY OF CANBY, OREGON
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

8) PENSION PLAN (Continued)

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

At June 30, 2018, the City and CUB reported a liability of \$9,057,418 and \$2,666,670 respectively for its proportionate share of the OPERS net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015 rolled forward to June 30, 2017. 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, 2018, the City's and CUB's proportionate share were 0.0672% and 0.0198% respectively, which changed from its proportionate share measured as of June 30, 2017 by 0.0031% and 0.002%, respectively.

For the year ended June 30, 2018, the City and CUB recognized pension expense of \$935,110 and \$196,304 respectively. At June 30, 2018, 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	\$ 438,021	\$ -	\$ 128,961	\$ -
Changes of assumptions	1,651,006	-	486,086	-
Net difference between projected and actual earnings on investments	93,313	-	27,473	-
Changes in proportionate share	254,714	444,502	28,115	280,196
Differences between employer contributions and employer's proportionate share of system contributions	81,083	211,249	22,708	42,642
Contributions subsequent to the MD	872,666	-	306,220	-
Net Deferred Outflow/(Inflow) of Resources	<u>\$ 3,390,803</u>	<u>\$ 655,750</u>	<u>\$ 999,563</u>	<u>\$ 322,838</u>

Deferred outflows of resources related to pensions of \$872,666 and \$306,220 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, 2019. 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	\$ 297,063	\$ 49,714
2019	1,038,244	267,097
2020	701,786	160,202
2021	(201,599)	(102,476)
2022	26,891	(4,032)
Total	<u>\$ 1,862,385</u>	<u>\$ 370,505</u>

E. Actuarial Methods and Assumptions

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

CITY OF CANBY, OREGON
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

8) PENSION PLAN (Continued)

E. Actuarial Methods and Assumptions (Continued)

Valuation Date	December 31, 2015
Measurement Date	June 30, 2017
Experience Study Report	2014, published September 23, 2015
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions	
Inflation rate	2.50 percent
Long-term expected rate of return	7.50 percent
Discount rate	7.50 percent
Projected salary increases	3.50 percent
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>

The total pension liability in the December 31, 2015 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. 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.

CITY OF CANBY, OREGON
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

8) PENSION PLAN (Continued)

H. 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 Market 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%

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 (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
City	\$ 15,435,494	\$ 9,057,418	\$ 3,724,165
CUB	4,544,500	2,666,670	1,096,500

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.

CITY OF CANBY, OREGON
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

9) RISK MANAGEMENT

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

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

10) NEW PRONOUNCEMENTS

The City implemented the following pronouncements during the current fiscal year:

GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions", addresses reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments. It requires governments in all types of OPEB plans to present more extensive note disclosures and required supplementary information (RSI) about their OPEB liabilities. This statement is effective for fiscal years beginning after June 15, 2017.

GASB Statement No. 82, "An Amendment of GASB Statements No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68." This statement will improve financial reporting by enhancing consistency in the application of financial reporting requirements to certain pension issues. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. This statement is effective for the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017.

11) 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, 2018, the City had outstanding commitments for consulting, construction and equipment totaling approximately \$1,348,000.

The City participates in a workers compensation retroactive plan and the maximum outstanding workers compensation exposure is \$98,013.

CITY OF CANBY, OREGON
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

12) RELATED PARTY

The City receives payments from CUB for contributions in lieu of taxes; for the year ended June 30, 2018, contributions totaled \$784,114. The receivable amounts at June 30, 2018 are, \$71,504 for contributions in lieu of taxes and shared expenses.

13) SUBSEQUENT EVENTS

- In December 2018 the 2010 Walnut St URA loan was paid in full, two years prior to the expiration date.

14) RESTATEMENT OF NET POSITION

In implementing GASB Statement No. 75, the City has restated beginning net position in order to recognize the correct Total OPEB Liability for the City's Implicit Rate Subsidy plan and to recognize the City's proportionate share of the Net OPEB Asset of the Oregon Public Employees Retirement Systems (OPERS). The City had previously reported a Net OPEB Obligation in accordance with GASB Statement No. 45 related to the Implicit Rate Subsidy plan, which has been replaced with the Total OPEB Liability. The restatement also recognizes a deferred outflow of resources related to OPEB for contributions from each plan made after the June 30, 2017 measurement date.

During FY17-18 the City underwent a project to update and review the Capital Asset lists prior to a software conversion of the fixed assets module. In doing this review staff found assets that had not been recorded and assets that had been disposed of that were not recorded. The majority of the assets that were added related to donations of park land from developers in past years.

	Governmental Activities	Proprietary Type Activities	Total
Net position - June 30, 2017 as originally reported	\$ 87,942,812	\$ 16,433,981	\$ 104,376,793
Restatement related to:			
Change due to GASB 75	98,297	18,334	116,631
Correction to capital assets	5,621,934	(133,199)	5,488,735
Net position - June 30, 2017 as restated	<u>\$ 93,663,043</u>	<u>\$ 16,319,116</u>	<u>\$ 109,982,159</u>

15) OVER-EXPENDITURE OF APPROPRIATIONS

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

General Fund - Planning Department \$7,235

The Planning department has an over-expenditure due to additional costs related to development activity review by the contracted City Engineer. The City receives fees for these services that are then passes on to the contracted Engineer.

16) DEFICIT NET POSITION/FUND BALANCES

The Fleet Internal Service Fund reported a deficit net position balance of \$22,607 as of June 30, 2018. The deficit net position is due to changes in net pension and OPEB liabilities during the year.

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, 2018

	Budget			Variance
	Original	Final	Actual	Positive (Negative)
REVENUES:				
Property taxes	\$ 4,563,145	\$ 4,563,145	\$ 4,591,154	\$ 28,009
Intergovernmental	1,072,249	1,072,249	1,126,807	54,558
Charges for services	129,000	159,000	232,712	73,712
Franchise	1,512,300	1,512,300	1,591,527	79,227
Licenses, fees, permits	119,500	119,500	357,637	238,137
Fines and forfeitures	481,200	481,200	552,625	71,425
Grants & donations	53,072	53,072	60,245	7,173
Interest	16,000	16,000	50,880	34,880
Miscellaneous	24,113	24,113	85,570	61,457
Total revenues	7,970,579	8,000,579	8,649,157	648,578
EXPENDITURES:				
Administration	1,180,757	1,180,757	1,137,228	43,529
Court	433,764	433,764	347,034	86,730
Planning	235,504	265,504	272,739	(7,235)
Parks	590,733	590,733	566,749	23,984
Building	33,988	33,988	33,047	941
Police	5,250,313	5,250,313	5,225,148	25,165
Cemetery	170,001	170,001	88,266	81,735
Finance	481,256	481,256	464,221	17,035
Economic Development	537,787	537,787	473,620	64,167
Unallocated				
Personnel services	75,000	75,000	72,605	2,395
Materials & services	55,168	55,168	24,168	31,000
Contingency	552,876	547,876	-	547,876
Total expenditures	9,597,147	9,622,147	8,704,825	917,322
Revenues over (under) expenditures	(1,626,568)	(1,621,568)	(55,668)	1,565,900
OTHER FINANCING SOURCES (USES):				
Special Payments	(30,000)	(35,000)	(31,300)	3,700
Transfers in	925,620	925,620	852,297	(73,323)
Transfers out	(85,203)	(85,203)	(85,203)	-
Total other financing sources (uses)	810,417	805,417	735,794	(69,623)
Net changes in fund balances	(816,151)	(816,151)	680,126	1,496,277
FUND BALANCE, BEGINNING	2,240,796	2,240,796	2,428,810	188,014
FUND BALANCE, ENDING	<u>\$ 1,424,645</u>	<u>\$ 1,424,645</u>	<u>\$ 3,108,936</u>	<u>\$ 1,496,277</u>

Budget to GAAP Differences:

The City entered into capital leases in the amount of \$35,789 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, 2018

	Budget			Variance
	Original	Final	Actual	Positive (Negative)
REVENUES:				
Intergovernmental	\$ 1,511,000	\$ 1,511,000	\$ 1,548,106	\$ 37,106
Charges for services	563,100	563,100	579,066	15,966
Interest	10,000	10,000	24,567	14,567
Miscellaneous	5,000	5,000	19,208	14,208
Excise tax	64,477	64,477	71,832	7,355
Total revenues	2,153,577	2,153,577	2,242,779	89,202
EXPENDITURES:				
Street Department	2,734,676	2,734,676	1,973,660	761,016
Contingency	109,306	109,306	-	109,306
Total expenditures	2,843,982	2,843,982	1,973,660	870,322
Revenues over (under) expenditures	(690,405)	(690,405)	269,119	959,524
OTHER FINANCING SOURCES (USES):				
Transfers in	175,000	175,000	-	(175,000)
Transfers out	(122,383)	(122,383)	(122,383)	-
Total other financing sources (uses)	52,617	52,617	(122,383)	(175,000)
Net changes in fund balance	(637,788)	(637,788)	146,736	784,524
FUND BALANCE, BEGINNING	1,692,030	1,692,030	1,729,319	37,289
FUND BALANCE, ENDING	<u>\$ 1,054,242</u>	<u>\$ 1,054,242</u>	<u>\$ 1,876,055</u>	<u>\$ 821,813</u>

CITY OF CANBY, OREGON
TRANSIT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2018

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Transit Tax	\$ 1,260,000	\$ 1,260,000	\$ 1,428,603	\$ 168,603
Grants & donations	642,672	642,672	566,786	(75,886)
Charges for services	55,000	55,000	55,942	942
Interest	4,000	4,000	21,258	17,258
Miscellaneous	8,000	8,000	1,112	(6,888)
Total revenues	1,969,672	1,969,672	2,073,701	104,029
EXPENDITURES:				
Transit	1,929,382	1,929,382	1,503,511	425,871
Contingency	196,526	196,526	-	196,526
Total expenditures	2,125,908	2,125,908	1,503,511	622,397
Revenues over (under) expenditures	(156,236)	(156,236)	570,190	726,426
OTHER FINANCING SOURCES (USES):				
Transfers out	(175,876)	(175,876)	(175,876)	-
Net changes in fund balance	(332,112)	(332,112)	394,314	726,426
FUND BALANCE, BEGINNING	1,307,006	1,307,006	1,417,964	110,958
FUND BALANCE, ENDING	<u>\$ 974,894</u>	<u>\$ 974,894</u>	<u>\$1,812,278</u>	<u>\$ 837,384</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, 2018

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Interest	\$ 36,000	\$ 36,000	\$ 96,523	\$ 60,523
System development charges	1,084,695	1,084,695	1,203,280	118,585
Total revenues	1,120,695	1,120,695	1,299,803	179,108
OTHER FINANCING SOURCES (USES):				
Transfers out	(420,000)	(420,000)	(419,427)	573
Net change in fund balance	700,695	700,695	880,376	573
FUND BALANCE, BEGINNING	4,678,673	4,678,673	5,325,116	646,443
FUND BALANCE, ENDING	<u>\$5,379,368</u>	<u>\$5,379,368</u>	<u>\$ 6,205,492</u>	<u>\$ 647,016</u>

CITY OF CANBY, OREGON
SCHEDULES OF OTHER POSTEMPLOYMENT BENEFIT PLANS
June 30, 2018

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

	2018	2017
Proportion of the net OPEB liability (asset)	0.0586%	0.0623%
Proportionate share of the net OPEB liability (asset)	\$ (24,459)	\$ 16,918
Covered Payroll	5,997,812	6,038,627
Proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	(0.4%)	0.3%
Plan fiduciary net position as a percentage of the total OPEB liability	108.9%	94.2%

SCHEDULE OF CONTRIBUTIONS
LAST TEN YEARS*

	2018	2017
Statutorily required contribution	\$ 29,178	\$ 27,777
Contributions in relation to the statutorily required contribution	29,178	27,777
Contribution deficiency (excess)	\$ -	\$ -
Covered Payroll	6,342,017	5,997,812
Contributions as a percent of covered payroll	0.5%	0.5%

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

	2018
Total City OPEB Liability	
Service cost	\$ 52,481
Interest on total OPEB liability	18,539
Effect of assumption changes or inputs	(42,771)
Benefit payments	(10,607)
Net Change in Total OPEB liability	17,642
Balance as of June 30, 2017	603,286
Balance as of June 30, 2018	<u>\$ 620,928</u>
	2018
Total CUB OPEB Liability	
Service cost	\$ 8,507
Interest on total OPEB liability	3,667
Effect of assumption changes or inputs	(6,280)
Benefit payments	(10,457)
Net Change in Total OPEB liability	(4,563)
Balance as of June 30, 2017	125,351
Balance as of June 30, 2018	<u>\$ 120,788</u>

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

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

City of Canby					
(Dollars in millions)					
	2018	2017	2016	2015	2014
Proportion of the net pension liability (asset)	0.0672%	0.0641%	0.0748%	0.0703%	0.0703%
Proportionate share of the net pension liability (asset)	\$ 9.06	\$ 9.62	\$ 4.30	\$ (1.59)	\$ 3.59
Covered Payroll	6.00	6.04	5.85	5.82	5.65
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	151.0%	159.3%	73.5%	-27.3%	63.5%
Plan fiduciary net position as a percentage of the total pension liability	83.1%	80.5%	91.9%	103.6%	92.0%

Canby Utility Board					
(Dollars in millions)					
	2018	2017	2016	2015	2014
Proportion of the net pension liability (asset)	0.0198%	0.0218%	0.0253%	0.0223%	N/A
Proportionate share of the net pension liability (asset)	\$ 2.67	\$ 3.27	\$ 1.45	\$ (0.51)	N/A
Covered Payroll	1.72	1.75	1.81	1.59	N/A
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	155.2%	186.9%	80.1%	-32.1%	N/A
Plan fiduciary net position as a percentage of the total pension liability	83.1%	80.5%	91.9%	103.6%	N/A

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*

	City of Canby				
	2018	2017	2016	2015	2014
Statutorily required contribution	\$ 872,666	\$ 652,149	\$ 746,158	\$ 456,991	\$ 558,095
Contributions in relation to the statutorily required contribution	872,666	652,149	746,158	456,991	558,095
Contribution deficiency (excess)	-	-	-	-	-
Covered Payroll	6,342,017	5,997,812	6,038,627	5,845,405	5,822,556
Contributions as a percent of covered payroll	13.8%	10.9%	12.4%	7.8%	9.6%

	Canby Utility Board				
	2018	2017	2016	2015	2014
Statutorily required contribution	\$ 306,220	\$ 230,179	\$ 225,984	\$ 204,466	N/A
Contributions in relation to the statutorily required contribution	306,220	230,179	225,984	204,466	N/A
Contribution deficiency (excess)	-	-	-	-	N/A
Covered Payroll	1,838,667	1,719,358	1,747,999	1,810,490	N/A
Contributions as a percent of covered payroll	16.7%	13.4%	12.9%	11.3%	N/A

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, 2018

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 fiscal year ended June 30, 2018, the city had one supplemental budget.

SUPPLEMENTARY INFORMATION

CITY OF CANBY, OREGON
NON-MAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
June 30, 2018

	Forfeiture Fund	Cemetery Perpetual Care Fund	Swim Center Local Option Tax Levy Fund	Library Fund	Urban Renewal General Fund	Total
ASSETS						
Cash and cash equivalents	\$ 62,029	\$ 969,052	\$ 778,620	\$ 114,732	\$ 1,011,171	\$ 2,935,604
Due from other governments	-	-	2,268	-	-	2,268
Accounts receivable	-	-	10,226	7,782	153	18,161
Property taxes receivable	-	-	44,644	-	-	44,644
Total assets	<u>\$ 62,029</u>	<u>\$ 969,052</u>	<u>\$ 835,758</u>	<u>\$ 122,514</u>	<u>\$ 1,011,324</u>	<u>\$ 3,000,677</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES						
LIABILITIES						
Accounts payable and other current liabilities	\$ -	\$ -	\$ 34,023	\$ 33,352	\$ 4,554	\$ 71,929
DEFERRED INFLOWS						
Unavailable revenue	-	-	42,563	-	-	42,563
Total liabilities and deferred inflows	<u>-</u>	<u>-</u>	<u>76,586</u>	<u>33,352</u>	<u>4,554</u>	<u>114,492</u>
FUND BALANCES						
Restricted for:						
Drug enforcement and equipment	62,029	-	-	-	-	62,029
Library	-	-	-	89,162	-	89,162
Swim center	-	-	759,172	-	-	759,172
Urban Renewal	-	-	-	-	1,006,770	1,006,770
Committed:						
Cemetery care	-	969,052	-	-	-	969,052
Total fund balances	<u>62,029</u>	<u>969,052</u>	<u>759,172</u>	<u>89,162</u>	<u>1,006,770</u>	<u>2,886,185</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 62,029</u>	<u>\$ 969,052</u>	<u>\$ 835,758</u>	<u>\$ 122,514</u>	<u>\$ 1,011,324</u>	<u>\$ 3,000,677</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, 2018

	Forfeiture Fund	Cemetery Perpetual Care Fund	Swim Center Local Option Tax Levy Fund	Library Fund	Urban Renewal General Fund	Total
REVENUES:						
Charges for services	\$ -	\$ 12,675	\$ 226,174	\$ 35,070	\$ -	\$ 273,919
Intergovernmental	-	-	-	868,029	-	868,029
Property taxes	-	-	719,017	-	-	719,017
Fines and forfeitures	43,567	-	-	-	-	43,567
Grants & donations	-	-	-	20,823	10,725	31,548
Miscellaneous	-	-	6,216	-	153	6,369
Interest	866	16,010	12,579	1,511	29,778	60,744
Total revenues	44,433	28,685	963,986	925,433	40,656	2,003,193
EXPENDITURES:						
General Government	-	-	-	-	1,667,904	1,667,904
Public safety	13,261	-	-	-	-	13,261
Culture and recreation	-	-	680,398	882,988	-	1,563,386
Total expenditures	13,261	-	680,398	882,988	1,667,904	3,244,551
Revenues over (under) expenditures	31,172	28,685	283,588	42,445	(1,627,248)	(1,241,358)
OTHER FINANCING SOURCES (USES):						
Transfers out	-	-	(90,952)	(119,031)	-	(209,983)
Sale of property	-	-	-	-	1,200,000	1,200,000
Total other financing sources (uses)	-	-	(90,952)	(119,031)	1,200,000	990,017
Net changes in fund balances	31,172	28,685	192,636	(76,586)	(427,248)	(251,341)
FUND BALANCES, BEGINNING	30,857	940,367	566,536	165,748	1,434,018	3,137,526
FUND BALANCES, ENDING	<u>\$ 62,029</u>	<u>\$ 969,052</u>	<u>\$ 759,172</u>	<u>\$ 89,162</u>	<u>\$ 1,006,770</u>	<u>\$ 2,886,185</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, 2018

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Fines and forfeitures	\$ -	\$ -	\$ 43,567	\$ 43,567
Interest	325	325	866	541
Total revenues	325	325	44,433	44,108
EXPENDITURES:				
Police	31,449	31,449	13,261	18,188
Net changes in fund balances	(31,124)	(31,124)	31,172	62,296
FUND BALANCE, BEGINNING	31,124	31,124	30,857	(267)
FUND BALANCE, ENDING	\$ -	\$ -	\$ 62,029	\$ 62,029

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, 2018

	Budget		Actual	Variance
	Original	Final		Positive (Negative)
REVENUES:				
Charges for services	\$ 14,000	\$ 14,000	\$ 12,675	\$ (1,325)
Interest	8,500	8,500	16,010	7,510
Total revenues	22,500	22,500	28,685	6,185
FUND BALANCE, BEGINNING	929,955	929,955	940,367	10,412
FUND BALANCE, ENDING	<u>\$952,455</u>	<u>\$952,455</u>	<u>\$ 969,052</u>	<u>\$ 16,597</u>

CITY OF CANBY, OREGON
SWIM CENTER LOCAL OPTION LEVY FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2018

	Budget			Variance
	Original	Final	Actual	Positive (Negative)
REVENUES:				
Property taxes	\$ 624,940	\$ 624,940	\$ 719,017	\$ 94,077
Charges for services	202,400	202,400	226,174	23,774
Miscellaneous	-	-	6,216	6,216
Interest	5,200	5,200	12,579	7,379
Total revenues	832,540	832,540	963,986	131,446
EXPENDITURES:				
Swim Center	786,207	786,207	680,398	105,809
Contingency	82,066	82,066	-	82,066
Total expenditures	868,273	868,273	680,398	187,875
Revenues over (under) expenditures	(35,733)	(35,733)	283,588	319,321
OTHER FINANCING SOURCES (USES):				
Transfers out	(90,952)	(90,952)	(90,952)	-
Net changes in fund balance	(126,685)	(126,685)	192,636	319,321
FUND BALANCE, BEGINNING	535,229	535,229	566,536	31,307
FUND BALANCE, ENDING	<u>\$ 408,544</u>	<u>\$ 408,544</u>	<u>\$ 759,172</u>	<u>\$ 350,628</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, 2018

	Budget			Variance
	Original	Final	Actual	Positive (Negative)
REVENUES:				
Intergovernmental	\$ 862,813	\$ 862,813	\$ 868,029	\$ 5,216
Charges for services	30,000	30,000	35,070	5,070
Grants & donations	22,915	22,915	20,823	(2,092)
Interest	2,000	2,000	1,511	(489)
Total revenues	917,728	917,728	925,433	7,705
EXPENDITURES:				
Library Services	917,837	917,837	882,988	34,849
Contingency	38,608	38,608	-	38,608
Total expenditures	956,445	956,445	882,988	73,457
Revenues over (under) expenditures	(38,717)	(38,717)	42,445	81,162
OTHER FINANCING SOURCES (USES):				
Pass-Thru Revenue	14,400	14,400	13,537	(863)
Transfers out	(119,031)	(119,031)	(119,031)	-
Pass-Thru Payments	(14,400)	(14,400)	(13,537)	863
Total other financing sources (uses)	(119,031)	(119,031)	(119,031)	-
Net changes in fund balance	(157,748)	(157,748)	(76,586)	81,162
FUND BALANCE, BEGINNING	157,748	157,748	165,748	8,000
FUND BALANCE, ENDING	\$ -	\$ -	\$ 89,162	\$ 89,162

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, 2018

	Budget			Variance
	Original	Final	Actual	Positive (Negative)
REVENUES:				
Grants and donations	\$ -	\$ -	\$ 10,725	\$ 10,725
Interest	5,001	5,001	29,778	24,777
Miscellaneous	-	-	153	153
Total revenues	5,001	5,001	40,656	35,655
EXPENDITURES:				
Urban Renewal	2,600,192	2,600,192	1,667,904	932,288
Contingency	43,257	43,257	-	43,257
Total expenditures	2,643,449	2,643,449	1,667,904	975,545
Revenues over (under) expenditures	(2,638,448)	(2,638,448)	(1,627,248)	1,011,200
OTHER FINANCING SOURCES (USES):				
Transfers in	1,125,965	1,125,965	-	(1,125,965)
Sale of Property	-	-	1,200,000	1,200,000
Total other financing sources (uses)	1,125,965	1,125,965	1,200,000	74,035
Net change in fund balance	(1,512,483)	(1,512,483)	(427,248)	1,085,235
FUND BALANCE, BEGINNING	1,512,483	1,512,483	1,434,018	(78,465)
FUND BALANCE, ENDING	\$ -	\$ -	\$ 1,006,770	\$ 1,006,770

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, 2018

	Budget			Variance
	Original	Final	Actual	Positive (Negative)
REVENUES:				
Property taxes	\$ 2,852,000	\$ 2,852,000	\$ 2,989,222	\$ 137,222
Special assessments	67,500	67,500	58,019	(9,481)
Miscellaneous	51,200	51,200	51,440	240
Interest	3,500	3,500	23,154	19,654
Total revenues	2,974,200	2,974,200	3,121,835	147,635
EXPENDITURES:				
Debt service	1,982,068	1,982,068	1,982,067	1
Revenues over (under) expenditures	992,132	992,132	1,139,768	147,636
OTHER FINANCING SOURCES (USES):				
Transfer out	(1,125,965)	(1,125,965)	-	1,125,965
Net change in fund balance	(133,833)	(133,833)	1,139,768	1,273,601
FUND BALANCE, BEGINNING	133,833	133,833	423,261	289,428
FUND BALANCE, ENDING	\$ -	\$ -	\$ 1,563,029	\$ 1,563,029

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, 2018

	Budget			Variance Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Charges for services	\$ 4,030,000	\$ 4,045,000	\$ 4,149,143	\$ 104,143
Interest	40,000	40,000	64,876	24,876
Miscellaneous	15,000	15,000	43,232	28,232
Total revenues	4,085,000	4,100,000	4,257,251	157,251
EXPENDITURES:				
Wastewater Treatment	1,977,932	1,977,932	1,609,401	368,531
Collections	1,993,595	1,993,595	1,737,828	255,767
Stormwater	401,185	401,185	291,462	109,723
Unallocated				
Personnel services	49,985	49,985	37,170	12,815
Materials & services	322,260	337,260	332,833	4,427
Debt service	300,900	300,900	300,900	-
Contingency	227,497	227,497	-	227,497
Total expenditures	5,273,354	5,288,354	4,309,594	978,760
Revenues over (under) expenditures	(1,188,354)	(1,188,354)	(52,343)	1,136,011
OTHER FINANCING SOURCES (USES):				
Transfers in	405,000	405,000	414,313	9,313
Transfers out	(428,738)	(428,738)	(253,738)	175,000
Total other financing sources (uses)	(23,738)	(23,738)	160,575	184,313
Net change in fund balance	(1,212,092)	(1,212,092)	108,232	1,320,324
FUND BALANCE, BEGINNING BUDGETARY BASIS	5,036,758	5,036,758	4,405,136	(631,622)
FUND BALANCE, ENDING BUDGETARY BASIS	<u>\$ 3,824,666</u>	<u>\$ 3,824,666</u>	<u>\$ 4,513,368</u>	<u>\$ 688,702</u>

Change in fund balance - budgetary basis	\$ 108,232	Fund balance - budgetary basis	\$ 4,513,368
Expenditures capitalized	1,976,355	Capital assets net	14,484,585
Disposal of assets	(4,340)	Deferred Inflows Sewer Charges	96,874
Depreciation expense	(397,982)	OPEB Liability	(74,977)
Debt service principal payments	295,000	Deferred inflow related to OPEB	(6,287)
Amortization of bond premium	4,072	Deferred outflow related to OPEB	5,805
Change in accrued interest	469	Net pension liability	(1,138,524)
Change in Deferred Revenue - Sewer Charges	(19,076)	Deferred inflow related to pensions	(82,428)
Change in OPEB Liability	2,929	Deferred outflow related to pensions	426,226
Change in deferred inflow related to OPEB	(914)	Compensated Absences	(85,505)
Change in deferred outflow related to OPEB	984	Net position - GAAP basis	<u>\$ 18,139,137</u>
Change in pension liability (asset)	25,502		
Change in deferred inflow related to pensions	21,384		
Change in deferred outflow related to pensions	(189,539)		
Change in compensated absences	(3,054)		
Change in net position - GAAP basis	<u>\$ 1,820,021</u>		

CITY OF CANBY, OREGON
INTERNAL SERVICE FUNDS
COMBINING BALANCE SHEET
June 30, 2018

	Facilities Fund	Fleet Services	Technical Services	Total Internal Service Funds
ASSETS:				
Cash and cash equivalents	\$ 54,522	\$ 146,315	\$ 93,614	\$ 294,451
Accounts receivable	291	390	-	681
Total assets	54,813	146,705	93,614	295,132
DEFERRED OUTFLOW OF RESOURCES:				
Deferred outflows related to pensions	13,622	74,790	29,722	118,134
Deferred outflows related to OPEB	186	1,019	405	1,610
Total deferred outflow of resources	13,808	75,809	30,127	119,744
Total assets and deferred outflows	<u>\$ 68,621</u>	<u>\$ 222,514</u>	<u>\$ 123,741</u>	<u>\$ 414,876</u>
LIABILITIES, DEFERRED INFLOWS AND NET POSITION:				
Current liabilities				
Accounts payable and other current liabilities	\$ 13,055	\$ 15,307	\$ 13,834	\$ 42,196
Current portion of long-term obligations	540	986	456	1,982
Total current liabilities	13,595	16,293	14,290	44,178
Noncurrent liabilities				
Net OPEB liability	2,396	13,156	5,228	20,780
Net pension liability	36,388	199,777	79,392	315,557
Noncurrent portion of long-term obligations	180	328	152	660
Total noncurrent liabilities	38,964	213,261	84,772	336,997
Total liabilities	52,559	229,554	99,062	381,175
DEFERRED INFLOWS OF RESOURCES:				
Deferred inflows related to pensions	2,634	14,464	5,748	22,846
Deferred inflows related to OPEB	201	1,103	438	1,742
Total deferred inflows of resources	2,835	15,567	6,186	24,588
NET POSITION:				
Unrestricted	13,227	(22,607)	18,493	9,113
Total liabilities, deferred inflows and net position	<u>\$ 68,621</u>	<u>\$ 222,514</u>	<u>\$ 123,741</u>	<u>\$ 414,876</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, 2018

	Facilities Fund	Fleet Services Fund	Technical Services Fund	Total Internal Service Funds
OPERATING REVENUES:				
Charges for services	\$ 142,458	\$ 491,102	\$ 280,904	\$ 914,464
Miscellaneous	581	904	-	1,485
Total revenues	143,039	492,006	280,904	915,949
OPERATING EXPENSES:				
Personnel services	41,536	210,162	98,305	350,003
Materials and services	188,531	343,518	196,157	728,206
Capital outlays	16,289	-	18,079	34,368
Total operating expense	246,356	553,680	312,541	1,112,577
Operating income (loss)	(103,317)	(61,674)	(31,637)	(196,628)
NON-OPERATING INCOME (EXPENSE):				
Interest	1,822	3,845	1,543	7,210
Net change in net position	(101,495)	(57,829)	(30,094)	(189,418)
NET POSITION - JUNE 30, 2017 AS ORIGINALLY STATED	117,743	34,341	47,144	199,228
Restatement	(3,022)	879	1,443	(700)
NET POSITION - JUNE 30, 2017 AS RESTATED	114,721	35,220	48,587	198,528
NET POSITION, ENDING	<u>\$ 13,227</u>	<u>\$ (22,607)</u>	<u>\$ 18,493</u>	<u>\$ 9,113</u>

CITY OF CANBY, OREGON
INTERNAL SERVICE FUNDS
COMBINING SCHEDULE OF CASH FLOWS
For Fiscal Year Ended June 30, 2018

	Facilities Fund	Fleet Services Fund	Technical Services Fund	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from outside customers	\$ 5,494	\$ 6,329	\$ -	\$ 11,823
Cash received from internal customers	137,950	487,181	280,904	906,035
Cash paid to employees for salaries and benefits	(71,377)	(209,917)	(85,569)	(366,863)
Cash paid to suppliers and others	(196,126)	(340,605)	(209,383)	(746,114)
Net cash from operating activities	(124,059)	(57,012)	(14,048)	(195,119)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest received	1,822	3,845	1,543	7,210
Net increase (decrease) in cash and cash equivalents	(122,237)	(53,167)	(12,505)	(187,909)
CASH AND CASH EQUIVALENTS, BEGINNING	176,759	199,482	106,119	482,360
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 54,522</u>	<u>\$ 146,315</u>	<u>\$ 93,614</u>	<u>\$ 294,451</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating income (loss)	\$ (103,317)	\$ (61,674)	\$ (31,637)	\$ (196,628)
Adjustments:				
Decrease (increase) in:				
Accounts receivable	405	1,504	-	1,909
Increase (decrease) in:				
Accounts payable and accrued expenses	8,694	2,913	4,853	16,460
Net OPEB liability	(3,580)	(2,177)	380	(5,377)
Accrued compensated absences	275	(3,361)	(739)	(3,825)
Net pension liability	(26,537)	5,781	13,095	(7,661)
Net cash from operating activities	<u>\$ (124,059)</u>	<u>\$ (57,012)</u>	<u>\$ (14,048)</u>	<u>\$ (195,119)</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, 2018

	Budget			Variance
	Original	Final	Actual	Positive (Negative)
REVENUES:				
Charges for services	\$ 140,450	\$ 140,450	\$ 142,458	\$ 2,008
Miscellaneous	-	-	563	563
Interest	1,800	1,800	1,822	22
Total revenues	142,250	142,250	144,843	2,593
EXPENDITURES:				
Facilities	314,583	314,583	276,197	38,386
Contingency	24,805	24,805	-	24,805
Total expenditures	339,388	339,388	276,197	63,191
Revenues over (under) expenditures	(197,138)	(197,138)	(131,354)	65,784
FUND BALANCE, BEGINNING BUDGETARY BASIS	197,138	197,138	173,094	(24,044)
FUND BALANCE, ENDING BUDGETARY BASIS	\$ -	\$ -	\$ 41,740	\$ 41,740
Change in fund balance - budgetary basis			\$ (131,354)	
Change in deferred revenue			18	
Change in compensated absences			(276)	
Change in accrued OPEB liability			3,552	
Change in deferred inflow related to OPEB			209	
Change in deferred outflow related to OPEB			(183)	
Change in pension liability			56,326	
Change in deferred inflow related to pensions			5,634	
Change in deferred outflow related to pensions			(35,423)	
Change in net position - GAAP basis			<u>\$ (101,495)</u>	
Fund balance - budgetary basis			\$ 41,740	
Deferred inflows			18	
Compensated absences			(720)	
OPEB liability			(2,396)	
Deferred inflow related to OPEB			(201)	
Deferred outflow related to OPEB			186	
Net pension liability			(36,388)	
Deferred inflow related to pensions			(2,634)	
Deferred outflow related to pensions			13,622	
Net position - GAAP basis			<u>\$ 13,227</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, 2018

	Budget			Variance
	Original	Final	Actual	Positive (Negative)
REVENUES:				
Charges for services	\$642,785	\$642,785	\$ 491,102	\$ (151,683)
Interest	2,000	2,000	3,845	1,845
Miscellaneous	500	500	902	402
Total revenues	645,285	645,285	495,849	(149,436)
EXPENDITURES:				
Fleet Services	714,253	714,253	553,435	160,818
Contingency	71,134	71,134	-	71,134
Total expenditures	785,387	785,387	553,435	231,952
Revenues over (under) expenditures	(140,102)	(140,102)	(57,586)	82,516
FUND BALANCE, BEGINNING BUDGETARY BASIS	140,102	140,102	188,982	48,880
FUND BALANCE, ENDING BUDGETARY BASIS	\$ -	\$ -	\$ 131,396	\$ 131,396
Change in fund balance - budgetary basis			\$ (57,586)	
Change in deferred revenue			2	
Change in compensated absences			3,361	
Change in accrued OPEB liability			2,152	
Change in deferred inflow related to OPEB			(47)	
Change in deferred outflow related to OPEB			71	
Change in pension liability			38,839	
Change in deferred inflow related to pensions			6,817	
Change in deferred outflow related to pensions			(51,437)	
Change in net position - GAAP basis			\$ (57,829)	
Fund balance - budgetary basis			\$ 131,396	
Deferred inflows			2	
Compensated absences			(1,314)	
OPEB liability			(13,156)	
Deferred inflow related to OPEB			(1,103)	
Deferred outflow related to OPEB			1,019	
Net pension liability			(199,777)	
Deferred inflow related to pensions			(14,464)	
Deferred outflow related to pensions			74,790	
Net position - GAAP basis			\$ (22,607)	

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, 2018

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Charges for services	\$ 280,904	\$ 280,904	\$280,904	\$ -
Interest	1,000	1,000	1,543	543
Total revenues	281,904	281,904	282,447	543
EXPENDITURES:				
Tech Services	332,862	332,862	299,805	33,057
Contingency	29,977	29,977	-	29,977
Total expenditures	362,839	362,839	299,805	63,034
Revenues over (under) expenditures	(80,935)	(80,935)	(17,358)	63,577
FUND BALANCE, BEGINNING BUDGETARY BASIS	80,935	80,935	97,138	16,203
FUND BALANCE, ENDING BUDGETARY BASIS	\$ -	\$ -	\$ 79,780	\$ 79,780
Change in fund balance - budgetary basis			\$ (17,358)	
Change in compensated absences			739	
Change in accrued OPEB liability			(381)	
Change in deferred inflow related to OPEB			(104)	
Change in deferred outflow related to OPEB			105	
Change in pension liability			(3,840)	
Change in deferred inflow related to pensions			990	
Change in deferred outflow related to pensions			(10,245)	
Change in net position - GAAP basis			<u>\$ (30,094)</u>	
Fund balance - budgetary basis			\$ 79,780	
Compensated absences			(608)	
OPEB liability			(5,228)	
Deferred inflow related to OPEB			(438)	
Deferred outflow related to OPEB			405	
Net pension liability			(79,392)	
Deferred inflow related to pensions			(5,748)	
Deferred outflow related to pensions			29,722	
Net position - GAAP basis			<u>\$ 18,493</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 76

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 81

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 86

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 88

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities										
Net investment in capital assets	\$ 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	\$ 80,658,590
Restricted	191,500	-	3,969,331	6,012,709	14,954,045	13,778,448	13,083,354	7,406,296	9,182,546	9,730,454
Unrestricted	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	1,808,347
Total governmental activities net position	\$ 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	\$ 92,197,391
Business-type activities										
Net investment in capital assets	\$ 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	\$ 14,484,585
Restricted for: Debt service	250,500	250,500	250,500	250,500	302,285	302,285	302,285	297,500	299,072	-
Unrestricted	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	3,654,552
Total business-type activities net position	\$ 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	\$ 18,139,137
Primary government										
Net investment in capital assets	\$ 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	\$ 95,143,175
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	9,730,454
Unrestricted	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	5,462,899
Total primary government net position	\$ 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	\$ 110,336,528

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

Expenses	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities:										
General government	\$ 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	\$ 6,302,251
Public safety	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	5,559,605
Highways and streets	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	5,282,100
Transportation	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	1,816,255
Community development	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	2,549,589
Culture and recreation	682,282	757,344	657,712	644,529	731,776	964,019	843,014	1,084,698	994,297	849,462
Interest on long-term debt	235,520	300,883	340,041	745,573	1,077,103	1,166,925	1,135,641	1,100,784	1,069,354	1,050,621
Total governmental activities expenses	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	23,409,883
Business-type activities:										
Sewer Operations	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	2,288,174
Total business-type activities expenses	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	2,288,174
Total primary government expenses	\$ 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	\$ 25,698,057
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 382,313	\$ 122,984	\$ 669,801	\$ 535,139	\$ 356,315	\$ 2,026,761	\$ 1,594,975	\$ 1,342,053	\$ 1,935,370	\$ 1,616,403
Public safety	662,994	681,157	704,506	506,205	464,128	477,488	642,941	546,743	178,770	70,455
Highways and streets	443,341	537,347	565,788	531,122	532,962	549,222	590,344	471,186	734,798	633,105
Transportation	-	-	9,133	1,005	123,271	128,437	128,973	69,974	59,901	55,942
Culture and recreation	209,869	4,314	276,095	213,339	255,577	238,273	260,106	229,920	200,671	452,430
Community development	197,449	133,158	261,095	-	-	-	-	242,879	272,343	240,187
Operating grants and contributions	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	3,541,170
Capital grants and contributions	15,300	-	285,355	534,089	1,966,349	1,256,840	499,747	2,527,420	2,778,858	1,813,959
Total governmental activities program revenues	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	8,423,651
Business-type activities:										
Charges for services:										
Sewer Operations	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	4,130,067
Capital grants and contributions								283,985	(7,601)	-
Total business-type activities program revenues	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	4,130,067
Total primary government program revenues	\$ 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	\$ 12,553,718

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

	2009	2010	2012	2012	2013	2014	2015	2016	2017	2018
Net(expense)/revenue										
Governmental activities	\$ (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)	\$ (14,986,232)
Business-type activities	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	1,841,893
Total primary government net expense	\$ (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)	\$ (13,144,339)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 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	\$ 8,343,809
Franchise	923,987	925,246	428,301	463,062	459,100	442,498	479,348	452,204	1,243,135	1,300,972
Unrestricted intergovernmental revenues	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	654,701
Transit tax	813,290	797,622	849,806	946,398	1,006,388	1,054,412	1,201,314	1,284,333	1,358,729	1,424,664
Interest and investment earnings	228,993	80,933	71,184	110,052	87,778	97,346	85,666	183,483	159,906	284,336
Other Revenues	163,256	46,935	49,858	86,428	27,487	92,934	103,059	161,506	138,771	213,418
Gain on sale of capital assets	-	-	-	-	-	-	(28,935)	-	-	-
Transfers in (out)	312,978	358,550	282,303	294,583	822,537	488,000	513,281	487,698	498,241	1,298,680
Total governmental activities	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	13,520,580
Business-type activities:										
Interest and investment earnings	61,369	20,166	9,295	11,753	13,888	20,264	26,789	32,007	52,552	64,876
Other revenues	2,417	19,834	3,587	7,720	19,919	50,489	58,460	45,482	22,417	43,232
Gain on sale of capital assets	-	(11,188)	-	-	-	(224,777)	6,809	-	-	-
Transfers in (out)	(312,978)	(358,550)	(282,303)	(294,583)	(822,537)	(488,000)	(513,281)	(487,698)	(498,241)	(129,980)
Total business-type activities	(249,192)	(329,738)	(269,421)	(275,110)	(788,730)	(642,024)	(421,223)	(410,209)	(423,272)	(21,872)
Total primary government	\$ 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	\$ 13,498,708
Change in Net Position										
Governmental activities	\$ (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)	\$ (1,465,652)
Business-type activities	613,639	457,513	1,058,655	1,144,135	393,882	747,210	1,864,253	1,237,313	1,104,702	1,820,021
Total primary government	\$ (1,291,472)	\$ (2,407,817)	\$ (10,630,773)	\$ (401,324)	\$ (924,242)	\$ (2,463,072)	\$ 1,753,427	\$ (1,308,622)	\$ (158,028)	\$ 354,369

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General fund										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,746	\$ 485	\$ -	\$ -
Reserved	1,183,265	581,068	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	21,321	18,445	37,010	44,800
Committed	-	-	-	-	-	306,150	237,896	398,780	226,829	395,791
Assigned	-	-	600,835	637,074	-	-	-	-	-	-
Unreserved	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	2,668,345
Total general fund	\$ 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	\$ 3,108,936
All other governmental funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,000,378	\$ 1,200,000	\$ -	\$ -
Reserved	818,853	-	-	-	-	-	-	-	-	-
Restricted	-	-	3,969,331	6,012,709	14,954,045	13,778,448	12,085,701	7,387,850	9,145,536	9,685,654
Committed	-	-	-	25,783	2,209,306	1,344,744	2,128,337	2,902,303	4,087,650	4,657,385
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	2,899,748	3,032,216	-	-	-	-	-	-	-	-
Capital project funds	4,442,115	3,375,665	-	-	-	-	-	-	-	-
Total other governmental funds	\$ 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	\$ 14,343,039

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Taxes	\$ 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	\$ 9,799,828
Intergovernmental	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	3,542,942
Franchise	380,917	393,741	428,301	463,062	459,100	442,498	479,348	452,204	1,243,135	1,300,972
Charges for services	499,369	931,949	1,015,900	922,288	996,993	1,378,850	1,087,871	1,188,693	1,176,563	1,141,639
Fines & forfeitures	608,661	548,191	505,002	506,205	464,128	477,488	642,941	493,364	510,921	596,192
Licenses and permits	236,200	175,797	269,191	309,404	170,976	164,721	150,619	205,535	142,649	357,637
Investment earnings	228,993	80,933	71,184	110,052	83,632	93,485	83,141	180,498	153,706	277,126
Special assessments	8,217	15,652	265,245	48,913	66,641	68,288	58,524	54,995	48,381	58,019
Grants & donations	1,407,503	1,052,461	993,742	1,153,253	3,019,171	1,664,156	738,926	1,240,165	901,534	658,579
System development charges	161,370	18,603	41,512	262,552	207,172	296,674	284,442	1,455,036	2,231,407	1,203,280
Miscellaneous	163,256	46,935	49,858	85,113	25,024	93,421	95,114	410,449	251,183	1,363,699
Total revenues	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	20,299,913
Expenditures										
General government	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	3,581,881
Public safety	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	5,048,438
Highways and streets	700,001	492,991	528,822	525,337	560,865	831,183	834,575	982,630	907,434	854,844
Transportation	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	1,503,511
Community development	668,987	594,136	547,949	549,763	673,417	388,909	764,859	833,806	800,678	2,075,540
Culture and recreation	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	779,406
Capital outlay	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	1,487,103
Debt service										
Principal	596,209	968,040	635,813	681,788	2,937,007	758,734	836,144	878,502	949,686	1,056,606
Interest	227,908	268,662	343,299	741,981	1,059,487	1,173,847	1,138,076	1,107,904	1,076,980	1,057,074
Total expenditures	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	17,444,403
Excess of revenues over (under) expen	(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	2,855,510
Other financing sources (uses)										
Transfers in	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	1,142,852
Transfers out	(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)	(1,012,872)
Special pass through payments	-	-	-	-	-	-	-	-	-	(31,300)
Issuance of capital leases	-	192,649	103,510	4,260	85,713	91,892	136,168	142,900	105,844	35,789
Issuance of debt	3,915,114	-	2,848,558	74,899	15,179,711	-	-	-	-	-
Total other financing sources (uses)	4,228,092	551,199	3,234,371	9,066,579	15,025,504	674,698	649,449	634,099	604,085	134,469
Net change in fund balances	\$ 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	\$ 2,989,979
Debt service as a percentage of noncapital expenditures	7.3%	10.1%	8.4%	12.0%	155.9%	19.4%	14.5%	13.7%	12.8%	12.1%

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

Fiscal Year	Property Tax	Franchise	Unrestricted Intergovernmental		Transit Tax	Total
			Revenues			
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
2018	8,343,809	1,300,972	654,701		1,424,664	11,724,146

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		
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%	3.53
2018	1,463,345,780	2,097,943,370	36,456,013	36,456,013	14,916,467	16,107,760	33,046,500	35,454,237	1,547,764,760	2,185,961,380	70.8%	3.55

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
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
2018	3.55	5.93	0.97	2.92	3.85	17.22

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	2018				2009			
	Taxable Assessed		Percentage of		Taxable		Percentage of	
	Value	Rank	Assessed Value		Assessed Value	Rank	Assessed Value	
Fred Meyer Stores Inc. #651	\$ 24,247,648	1	1.57%		\$ 16,272,400	2	1.50%	
Hope Village Inc.	22,857,694	2	1.48%		16,486,915	1	1.52%	
Canby Telephone Assn.	17,055,700	3	1.10%		11,735,000	3	1.08%	
American Steel Corporation	16,320,020	4	1.05%		5,459,951	10	0.50%	
Shimadzu USA Manufacturing	15,348,321	5	0.99%		7,616,525	7	0.70%	
Johnson Controls Battery Group Inc	13,233,976	6	0.86%		10,494,738	4	0.97%	
Argo Canby LLC	12,898,116	7	0.83%		10,488,799	5	0.97%	
Kogap Enterprises Inc.	10,987,531	8	0.71%		7,959,253	6	0.73%	
Jorken Oregon LLC	8,706,032	9	0.56%					
Truamerica Multifamily LLC	7,906,186	10	0.51%		6,059,433	9	0.56%	
Willamette Valley Ctry Club					7,073,055	8	0.65%	
Subtotal	149,561,224		9.66%		99,646,069		9.18%	
All Other	1,398,203,536		90.34%		985,107,320		90.80%	
Totals	\$ 1,547,764,760		100.0%		\$ 1,084,753,389		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	Uncollected Taxes	Percent of Delinquent Taxes to Tax Levy
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%
2018	8,643,447	8,229,881	95.22%	107,853	8,337,734	96.46%	253,650	504,512	5.84%

Source: Clackamas County Assessor's Office and City Records

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

Fiscal Year	Governmental Activities			Business-Type Activities	Total Primary Government	Per Capita
	Full Faith & Credit Bonds	Loans	Capital Leases	Bonds		
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	1,608
2018	22,838,497	1,435,263	104,343	-	24,378,103	1,463

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

Fiscal Year Ended June 30	Population(1)	Assessed Value(2)	Full Faith & Credit Bond	Less: Amounts Available in Debt Service	Net Bonded Debt	Ratio of Net Bonded Debt to	Debt per Capita
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
2018	16,660	1,547,764,760	22,838,497	1,563,028	21,275,469	0.0137	1,371

(1) Portland State University

(2) Clackamas County Assessor's Office

(3) This is the amount restricted for debt service principal payments

CITY OF CANBY, OREGON
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
June 30, 2018

Jurisdiction	Total Net Debt	Percent Within City	City's Pro Rata Share
Direct:			
City of Canby	\$ 24,378,105	100%	\$ 24,378,105
Overlapping:			
Clackamas County	138,185,000	3.04%	4,195,988
Clackamas County School District No 86	57,353,536	46.90%	26,897,776
Clackamas Community College	98,403,913	4.13%	4,061,031
Clackamas County ESD	22,100,000	3.19%	704,106
Canby Rural Fire Protection District 62	81,250	70.58%	57,350
Total overlapping	316,123,699		35,916,251
TOTAL	\$ 340,501,804		\$ 60,294,356

Source: Debt Management Division, Oregon State Treasury

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. The State of Oregon provides overlapping debt data based on real market valuation of properties for each jurisdiction.

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

	<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>	<u>2018</u>
Debt Limit	\$ 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	\$ 65,578,841
Total net debt application to limit	<u>1,580,000</u>	<u>1,055,000</u>	<u>3,330,831</u>	<u>11,935,239</u>	<u>26,623,990</u>	<u>25,998,030</u>	<u>25,301,377</u>	<u>24,515,417</u>	<u>23,684,457</u>	<u>22,838,497</u>
Legal debt margin	<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>	<u>\$ 35,016,078</u>
Total net debt applicable to the limit as a percentage of debt limit	2.91%	2.04%	7.18%	28.40%	65.83%	60.51%	53.46%	47.26%	40.35%	34.83%

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	Principal	Interest	
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	
2018	4,671,564	4,262,432	409,132	136%	295,000	5,900	

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)
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	454,652	28,398	36	4.7%	3,446
2017	16,420	*	*	*	3.8%	*
2018	16,660	*	*	*	3.6%	*

*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	2018			2012		
	Employees	Rank	Percentage of total city employment	Employees	Rank	Percentage of total city employment
Canby School District	504	1	6.36%	394	1	7.20%
Johnson Controls - Battery Division	220	2	2.78%	240	2	4.38%
Kendal Floral LLC	206	3	2.60%	170	4	3.11%
Fred Meyer Stores Inc.	195	4	2.46%	187	3	3.42%
Shimadzu USA Mfg. Inc.	135	5	1.70%	113	7	2.06%
Milwaukie Electronics	130	6	1.64%	130	6	2.37%
S R Smith LLC	120	7	1.51%	135	5	2.47%
JV Northwest Inc.	105	8	1.33%	111	8	2.03%
City of Canby	88	9	1.11%	92	9	1.68%
Hawksoft, Inc.	85	10	1.07%			
Wilson Construction Co	82	11	1.03%	82	10	1.50%
Cutsforth's Thriftway/GEF Inc.	75	12	0.95%	75	11	1.37%
American Metals Corp dba American Steel	72	13	0.91%	41	17	0.75%
Cascade Engineering Technologies Inc	70	14	0.88%			
Canby Telephone Association	64	15	0.81%	58	13	1.06%
Safeway	62	16	0.78%			
Marquis Care @ Hope Village	60	17	0.76%	60	12	1.10%
Northwest Service Enterprises Inc	50	18	0.63%			
Countryside Living of Canby	48	19	0.61%			
OBC Northwest Inc.	44	20	0.56%	42	16	0.77%
Pioneer Pump Inc.	43	21	0.54%	43	15	0.79%
Canby Disposal Company/K B Recycling	40	22	0.50%			
Hot Off the Press Inc.	40	23	0.50%	40	18	0.73%
McDonald's	40	24	0.50%			
Student Transportation of America	40	25	0.50%			
Subtotal	2,618		33.02%	2,013		36.79%
All Other	5,306		66.96%	3,462		63.22%
Total	7,924		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							
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government	21.20	20.49	20.99	20.51	20.65	20.46	17.57	17.81	16.96	14.85
Public Safety										
Police Officers	25.00	25.00	23.45	23.85	23.23	24.40	24.98	24.39	24.30	24.58
Civilians	4.60	4.60	4.60	4.60	4.60	4.55	3.30	2.90	3.30	3.30
Highways and streets	4.85	4.32	4.16	5.01	4.63	5.12	5.64	6.11	5.73	5.26
Culture and recreation	14.97	16.88	17.91	18.88	18.11	16.85	17.85	17.58	17.58	22.37
Community development	7.15	5.30	7.49	8.97	7.68	5.24	4.54	4.67	4.99	4.98
Transportation	1.15	2.25	1.60	1.91	1.89	2.20	2.76	2.76	2.75	2.56
Sewer	10.01	10.14	8.07	8.17	10.58	11.15	10.50	11.02	11.36	10.09
Total	88.93	88.98	88.27	91.90	91.37	89.97	87.14	87.24	86.97	87.99

*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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Function										
Police										
Physical arrests	882	1,365	1,056	883	900	552	537	488	375	526
Parking violations	140	164	83	50	112	76	65	124	100	109
Traffic violations	2,618	3,619	2,496	2,786	2,962	3,990	4,302	3,616	3,867	3,594
Culture and recreation										
Swim Center Admissions	70,972	74,600	72,368	73,370	74,584	73,363	80,290	78,557	75,496	77,500
Library Circulation	289,104	317,084	342,968	338,713	332,465	326,524	310,938	291,876	312,049	287,249
Community development										
Various Application Reviewed	58	36	43	18	28	53	65	63	78	89
Site Plan/Building Permit Applications Reviewed	76	43	34	22	93	104	107	169	135	165
Wastewater										
Average daily sewage treatment (millions of gallons)	1	1.0063	1.0037	0.9744	0.9752	0.9481	0.9962	1.0059	1.0049	0.9983

Source: City Departments

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Function										
Public Safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	14	14	14	14	16	16	19	16	17	17
Highways and streets										
Streets (center lane miles)	54.12	54.15	54.17	54.17	54.55	55.24	56.00	56.28	57.25	57.68
Streetlights	1,304	1309	1311	1325	1319	1362	1379	1399	1413	1445
Culture and recreation										
Parks acreage	187	187	187	187	187	187	187	187	187	294
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	6,214	6,220	6,221	6,232	6,246	6,276	6,301	6,385	6,443	6,469
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

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, 2018 and have issued our report thereon dated December 11, 2018.

Compliance and Other Matters

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

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

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

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


Internal Control Over Financial Reporting

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

Restriction on Use

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

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

By: 
Ryan T. Pasquarella, A Shareholder
December 11, 2018