



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDING

June 30, 2019

City of Canby

Canby, Oregon

Comprehensive Annual Financial Report

Fiscal Year Ending

June 30, 2019

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, 2019

December 17, 2019

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

State law requires that every general purpose local government publish, within six months of the close of each fiscal year, a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2019.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Grove Mueller & Swank, P.C., Certified Public Accountants, have issued an unmodified ("clean") opinion on the City of Canby's financial statements for the year ended June 30, 2019. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

Canby Profile

The City of Canby, incorporated in 1893, is located in the western part of the state, which is considered to be one of the top growth areas in the state. It currently occupies 4.5 square miles and serves a population of 16,800. The City of Canby is empowered to levy a property tax on real property located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation.

The City of Canby operates under the mayor-council form of government consisting of the mayor and six other members, all of whom are elected at large. Council members serve four-year terms, with three members elected every two years. The Mayor is elected for a two-year term. The Mayor, with Council approval, appoints the City of Canby Administrator, who in turn appoints its department heads. Policy-making and legislative authority are vested in the governing council (Council)

The City of Canby provides a full range of 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. Water distribution services are provided through Canby Utility Board (CUB), a legally separate component unit.

CUB provides water services to the City of Canby residents and is reported separately within the City of Canby's financial statements. The City of Canby also is financially accountable for an urban renewal agency which is included as a part of the City of Canby's financial statements. Additional information on CUB can be found in the notes to the financials.

The Council is required to adopt a budget for the fiscal year no later than June 30 preceding the beginning of the fiscal year on July 1. This annual budget serves as the foundation for the City of Canby's financial planning and control. The budget is prepared by fund, and department. Department heads may transfer resources within a department as they see fit. Transfers between departments, however, need special approval from the governing council.

Canby Economy

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 is a suburb of the Portland Metro area with a community of residences, schools, and approximately 680 businesses. Major industries include retail, medical, professional services, financial institutions, insurance companies, wholesale, light industrial, manufacturing, and agriculture. The surrounding area contains some of the richest farmland in Oregon. Local nurseries produce a wide variety of plants, bulbs and seeds. The school district and City of Canby also have a significant economic presence, employing in total approximately 600 people.

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, Canby Urban Renewal, and state sources. Plans are under way to add additional access to industrial properties within the Canby Pioneer Industrial Park to alleviate traffic pressure on commuter roads.

Because of its location in a region with a varied economic base, unemployment rates have declined over the past ten years, the unemployment rate in 2010 was 10.6% and has dropped annually to a low of 3.6% in 2018.

Median household incomes within the City of Canby are significantly higher than for the state as a whole. According to the 2017 census estimates, the government's median family income was \$66,220, the county's was \$72,408, while the state's was \$45,623. Canby's population has seen a steady increase in population since the 2010 census, current estimates are 16,800 as of June 30, 2018. At the end of the second quarter of 2017, the median price of a single family home in the City of Canby was \$273,700.

Moody's Investors Service upgrade the City of Canby's long-term issuer rating in early 2019 from A1 to Aa3. The rating action affects approximately \$22.1 million in rated full faith and credit debt outstanding. The upgrade to Aa3 reflects the city's recovered tax base and improved financial position through consecutive years of structurally balanced operations. Total debt liabilities of the city are below average relative to similarly rated peers and will continue to amortize given no additional near-term debt financing plans.

Long-term Financial Planning and Major Initiatives

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.

Unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) in the general fund at year end was 34% of total general fund revenues. This amount was in line with the policy guidelines set by the Council for budgetary and planning purposes (30-40% of general fund operating revenues).

Upcoming major initiatives include:

- A road connection from Pioneer Industrial Park to Highway 99E. This is a multi-year project with many facets including, right-of-way acquisition, design, geotechnical review, construction and coordination with Clackamas County and the Oregon Department of Transportation (ODOT).
- The construction of a gateway arch on Grant St. that will welcome visitors and citizens to the downtown area.
- Implementation of a railroad quiet zone between Ivy St and Elm St. This project is a multi-year initiative that involves coordination with ODOT, the City and Pacific Railroad. There will be safety improvements at the Ivy St, Grant St, and Elm St intersections that will allow the trains to travel through the downtown area without having to blow their horns disrupting citizens living in the downtown core.
- Property adjacent to the current bus barn will be purchased to house the future Transit Office.
- A new splash park will be constructed at Maple Park and is slated to open Memorial Day weekend 2020.
- Replacement of a 1949 concrete outflow pipe at the waste water treatment plant. This project consists of replacing 900 feet of 18 inch concrete pipe with 24 inch PVC or HDPE pipe to handle the failing infrastructure and the need for increased capacity.
- The City will be adding a second primary clarifier at the treatment plant and doing improvements on the existing clarifier. This is in response to aging infrastructure and the need for increased capacity.
- The instillation of a duplex pumping station with force main and sanitary sewer collection system on Ivy street from Molalla River to the south of 16th Ave. This new pumping station will serve a planned residential and future residential development.

The City of Canby maintains a five-year Capital Improvement Plan which serves as a guide to ensure that its infrastructure is constructed in a manner that fits with the growth of the City. This process gives the City of Canby the ability to plan for its capital needs and allocate short and long-term resources appropriately. As part of this process, the government identifies and quantifies the operational costs associated with its capital projects and budgets resources accordingly. In addition, the Fleet Department monitors the condition of all equipment and vehicles and makes recommendations on their repair and replacement.

Factors Affecting the City's Financial Condition

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

Tax Base—Property is subject to a maximum 3% increase in assessed value per year. *With* the annual 3% increase and booming development the City has seen a steady increase in property tax revenues over the past few years. General fund property tax receipts for the current year were 8% greater than the previous year.

In November 2008, the voters of Clackamas County approved a county-wide library district. The City's share of revenues from the library district in FY19 was \$936,892.

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 31% of operating costs.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Canby for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2018. This was the thirteenth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable program requirements.

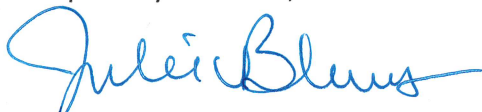
A Certificate of Achievement for Excellence in Financial Reporting is valid for a period of one year only. However, we believe that our current CAFR continues to meet the Certificate of Achievement for Excellence in Financial Reporting Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The City also received the GFOA's Distinguished Budget Presentation Award for its annual budget document dated July 2018 – June 2019. To qualify for the Distinguished Budget Presentation Award, the government's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

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

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



Scott McClure
City Administrator



Government Finance Officers Association

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

Presented to

**City of Canby
Oregon**

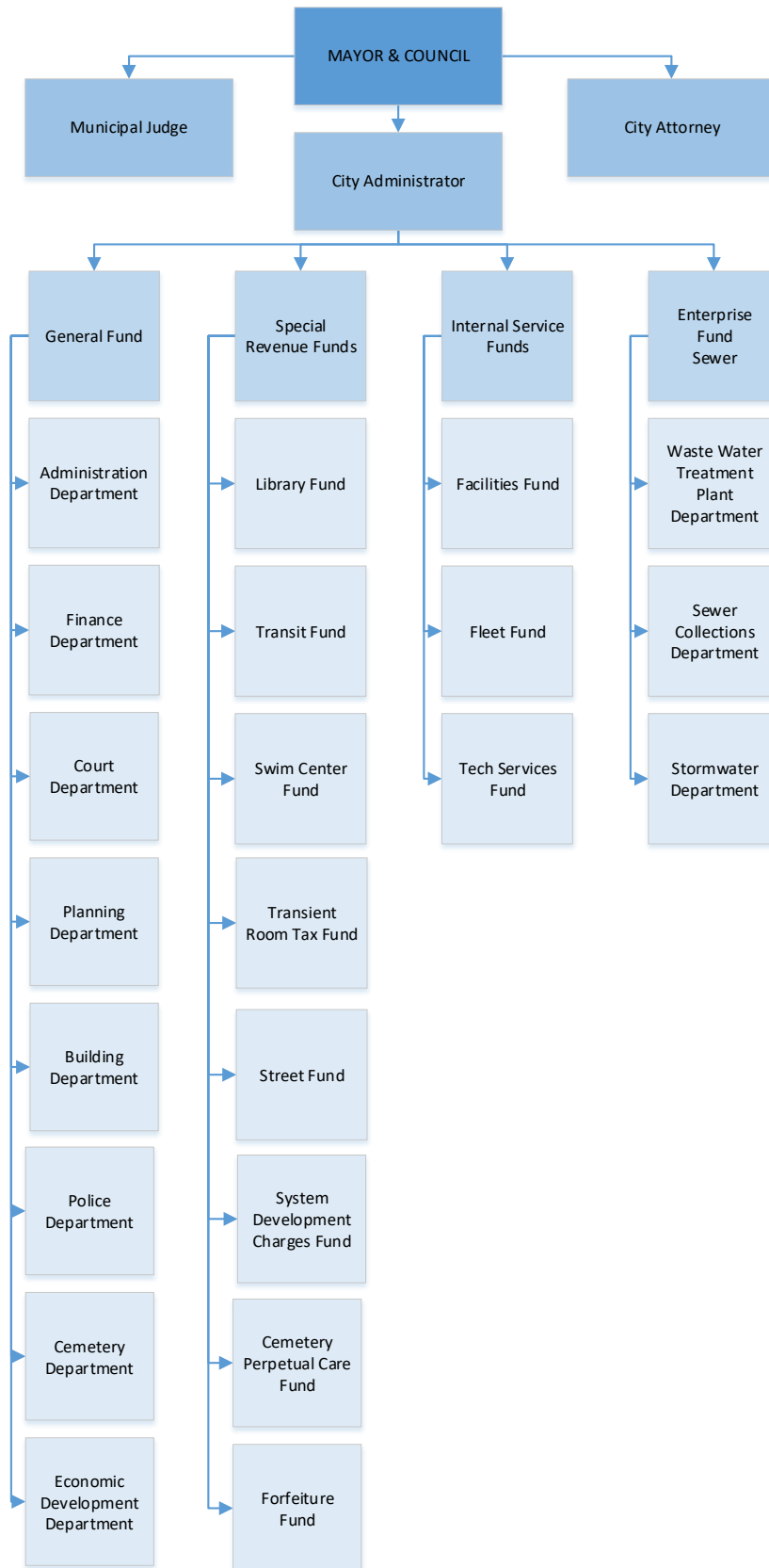
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morill

Executive Director/CEO

CITY OF CANBY ORGANIZTIONAL CHART – 2018- 2019



CITY OF CANBY, OREGON
PRINCIPAL OFFICIALS
June 30, 2019

City Officials

Brian Hodson, Mayor
Canby, Oregon 97013

Term Expires

December 31, 2020

Council Members

Tim Dale, President
Canby, Oregon 97013

December 31, 2020

Shawn Varwig
Canby, Oregon 97013

December 31, 2022

Greg Parker
Canby, Oregon 97013

December 31, 2022

Tracie Heidt
Canby, Oregon 97013

December 31, 2022

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 the 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, 2019, 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 39 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 and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedules, other employee postemployment benefits information, and employee retirement pension benefits information 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, other employee postemployment benefits information, and employee retirement pension benefits information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information 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 comparison 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



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 the 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, 2019, 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 39 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 and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedules, other employee postemployment benefits information, and employee retirement pension benefits information 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, other employee postemployment benefits information, and employee retirement pension benefits information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information 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 comparison 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.

Reporting Required by Legal and Regulatory Requirements

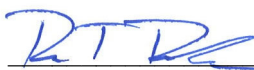
Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2019 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Reporting Required by Oregon Minimum Standards

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 17, 2019, 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 17, 2019

CITY OF CANBY, OREGON
MANAGEMENT'S DISCUSSION & ANALYSIS
June 30, 2019

This section of the City of Canby's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2019 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, 2019 (FY19). 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 \$113.3 million at June 30, 2019. Of this amount, \$7.1 million may be used to meet the City's ongoing obligations to its citizens and creditors (unrestricted net position). Total net position increased \$2.9 million (2.7%) from the prior year.
- Canby's total assets increased by \$2.6 million during FY19. Total assets consist of current and noncurrent assets. Current assets were \$29.6 million at the end of FY19. Of that amount, \$26.9 million (91%) of current assets were in cash and cash equivalents. Capital and long-term assets (net of depreciation) were \$116.7 million at the end of FY19. Capital and long-term assets decreased by \$2.8 million (2.4%) during FY19. The primary reason for the decrease is due to depreciation.
- Amounts related to pensions and OPEB have increased from FY18 to FY19. In FY18 the City had a net pension and OPEB liability of \$9.7 million and at the end of FY19 this increased to \$10.4 million, an 8% change to the total net position of the City.

Fund Level

- The City's General Fund reported an ending fund balance of \$3.2 million, an increase of \$133 thousand (4%) from the prior year; mainly due to an increase in property tax revenue from the Comcast settlement.
- In the aggregate, the Governmental funds' ending fund balance was \$21 million, an increase of approximately \$3.6 million (21%) for the fiscal year.
- In the aggregate, the Enterprise and Internal Service funds' ending fund balance equivalent, net position, was \$20.1 million, an increase of \$2 million (10.8%) for the year.
- Total FY19 Property Tax revenue was \$9 million, an increase of 7.6% from FY18 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

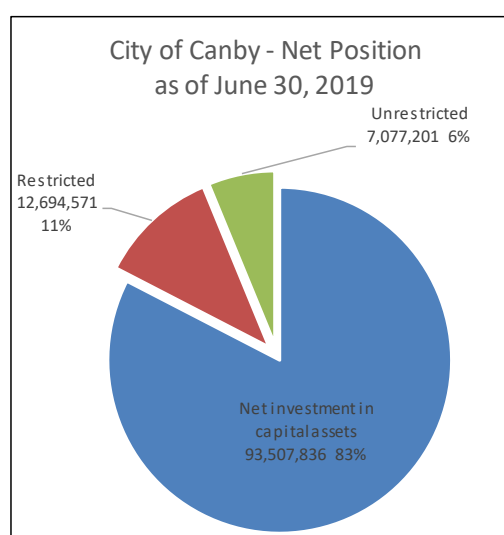
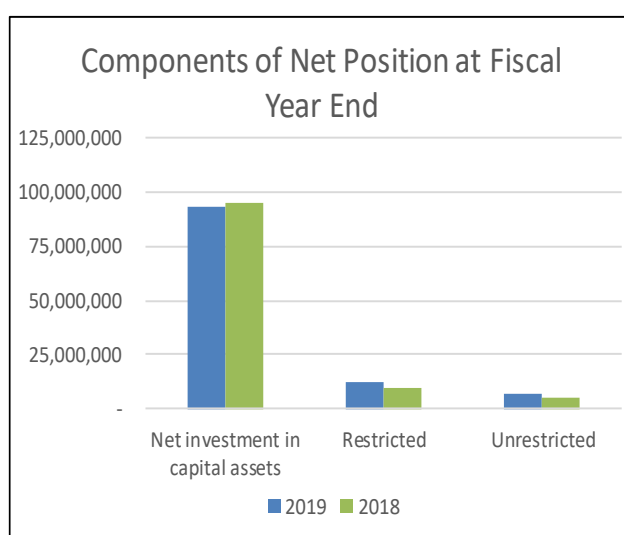
The government wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

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, 2019

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 \$113.3 million as of June 30, 2019. The City's net investment in capital assets accounts for the majority of the City's net position. The City has invested \$93.5 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 (\$12.7 million) relates to amounts that are legally restricted for specific future obligations. Unrestricted net position (\$7.1 million) is available to meet the City's on-going obligations.



Statement of Net Position

	Governmental Activities		Business-Type Activities		Total		
	2019	2018	2019	2018	2019	2018	Change
Assets							
Current and other assets	\$ 22,778,926	\$ 19,365,538	\$ 6,808,818	\$ 4,785,190	\$ 29,587,744	\$ 24,150,728	22.5%
Capital assets	102,088,078	105,036,695	14,588,314	14,484,585	116,676,392	119,521,280	-2.4%
Total assets	124,867,004	124,402,233	21,397,132	19,269,775	146,264,136	143,672,008	1.8%
Total Deferred Outflows	3,456,600	3,004,955	450,949	432,031	3,907,549	3,436,986	13.7%
Liabilities							
Long-term liabilities	31,586,539	31,894,427	1,229,478	1,234,877	32,816,017	33,129,304	-0.9%
Other liabilities	2,691,063	2,698,321	178,841	239,077	2,869,904	2,937,398	-2.3%
Total liabilities	34,277,602	34,592,748	1,408,319	1,473,954	35,685,921	36,066,702	-1.1%
Total Deferred Inflows	1,066,960	617,049	139,196	88,715	1,206,156	705,764	70.9%
Net Position							
Net investment in capital assets	78,919,522	80,658,590	14,588,314	14,484,585	93,507,836	95,143,175	-1.7%
Restricted	12,694,571	9,730,454	-	-	12,694,571	9,730,454	30.5%
Unrestricted	1,364,949	1,808,347	5,712,252	3,654,552	7,077,201	5,462,899	29.6%
Total net position	<u>\$ 92,979,042</u>	<u>\$ 92,197,391</u>	<u>\$ 20,300,566</u>	<u>\$ 18,139,137</u>	<u>\$ 113,279,608</u>	<u>\$ 110,336,528</u>	2.7%

CITY OF CANBY, OREGON
MANAGEMENT'S DISCUSSION & ANALYSIS
June 30, 2019

The **Statement of Activities** presents the changes in net position by detailing the revenues and expenses for the Fiscal Years 2019 and 2018. 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	
	2019	2018	2019	2018	2019	2018
Revenues						
Program revenues						
Charges for services	\$ 3,876,025	\$ 3,068,522	\$ 4,415,604	\$ 4,130,067	\$ 8,291,629	\$ 7,198,589
Operating grants and contributions	3,181,745	3,541,170	-	-	3,181,745	3,541,170
Capital grants and contributions	3,702,312	1,813,959	-	-	3,702,312	1,813,959
General revenues						
Property taxes	8,980,719	8,343,809	-	-	8,980,719	8,343,809
Transit tax	1,520,524	1,424,664	-	-	1,520,524	1,424,664
Transient Room Tax	23,111	-	-	-	23,111	-
Franchise	1,626,766	1,300,972	-	-	1,626,766	1,300,972
Unrestricted intergovernmental	982,634	654,701	-	-	982,634	654,701
Interest and investment income	479,505	284,336	131,564	64,876	611,069	349,212
Sale of property	-	1,200,000	-	-	-	1,200,000
Other revenues	240,579	213,418	6,192	43,232	246,771	256,650
Total revenues	24,613,920	21,845,551	4,553,360	4,238,175	29,167,280	26,083,726
Program Expenses						
General government	5,790,769	6,302,251	-	-	5,790,769	6,302,251
Public safety	5,966,589	5,559,605	-	-	5,966,589	5,559,605
Highways and streets	5,326,770	5,282,100	-	-	5,326,770	5,282,100
Transportation	1,930,000	1,816,255	-	-	1,930,000	1,816,255
Culture and recreation	2,902,109	2,549,589	-	-	2,902,109	2,549,589
Community development	799,488	849,462	-	-	799,488	849,462
Interest on long-term debt	1,009,074	1,050,621	-	-	1,009,074	1,050,621
Sewer operations	-	-	2,499,401	2,288,174	2,499,401	2,288,174
Total expenses	23,724,799	23,409,883	2,499,401	2,288,174	26,224,200	25,698,057
Change in net position before transfers	889,121	(1,564,332)	2,053,959	1,950,001	2,943,080	385,669
Transfers in (out)	(107,470)	98,680	107,470	(129,980)	-	(31,300)
Change in net position	781,651	(1,465,652)	2,161,429	1,820,021	2,943,080	354,369
Net position - beginning of year	92,197,391	93,663,043	18,139,137	16,319,116	110,336,528	109,982,159
Net position, end of year	\$ 92,979,042	\$ 92,197,391	\$ 20,300,566	\$ 18,139,137	\$ 113,279,608	\$ 110,336,528

Governmental activities

Governmental activities net position increased by \$0.8 million (0.84%), this is mainly due to an increase in revenue. Total revenue increased by \$2.8 million (10.35%) mainly due to an increase in property taxes, grants, and development revenue. Total expenses increased \$0.3 million (1.35%), this increase is mainly due to an increase in street maintenance projects, the early payoff of police vehicle leases, and additional personnel in the Police and Parks Departments.

CITY OF CANBY, OREGON
MANAGEMENT'S DISCUSSION & ANALYSIS
June 30, 2019

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, 2019, 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 \$2.2 million (11.9%), this increase is mainly due to an increase in cash reserves. Total revenue increased by \$304 thousand (7.2%) mainly due to an increase in charges for services related to development activity. Total expenses increased \$206 thousand (9%) mainly due to an increase in sewer maintenance projects.

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

Fund Financial Statements

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

Governmental Funds

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

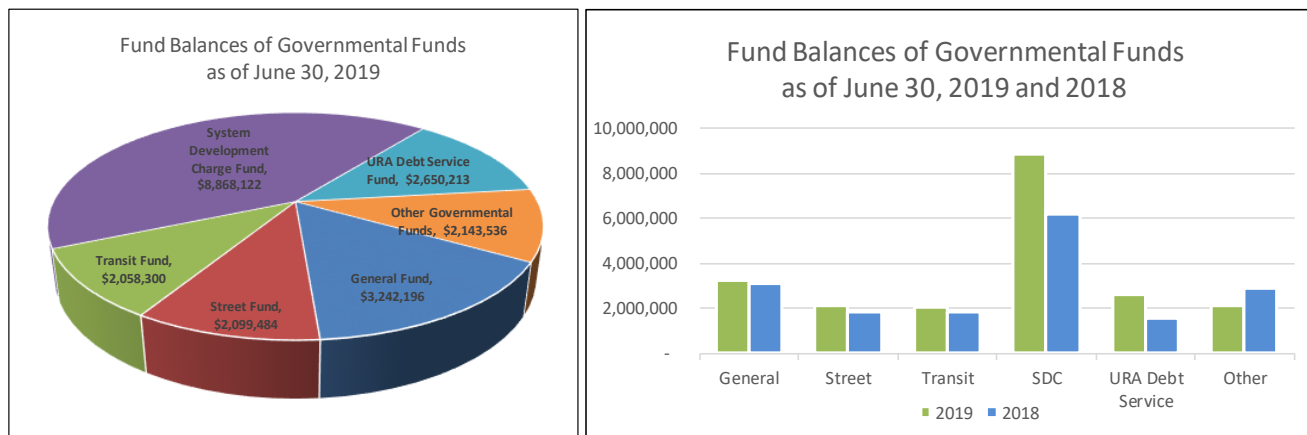
Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Reconciliations are

CITY OF CANBY, OREGON
MANAGEMENT'S DISCUSSION & ANALYSIS
June 30, 2019

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 \$21 million (39.7% unrestricted), an increase in total fund balances of \$3.6 million (20.7%). Changes in fund balance for major funds consisted of the following:

- General Fund - Fund balance increased \$133 thousand (4%) mainly due to increases in property tax revenue.
- Street Fund – Fund balance increased \$223 thousand (12%) due to an increase in Federal Fund Exchange revenue.
- Transit Fund – Fund balance increased \$246 thousand (14%) due to additional grant revenue and higher collection rates on transit taxes.
- SDC Fund – Fund balance increased \$2.7 million (43%) due to continued increases in development activity.
- Urban Renewal Agency – Debt Service Fund – Fund balance increased \$1.1 million (70%) due primarily to a buildup of reserves for capital projects and to pay off debt early.

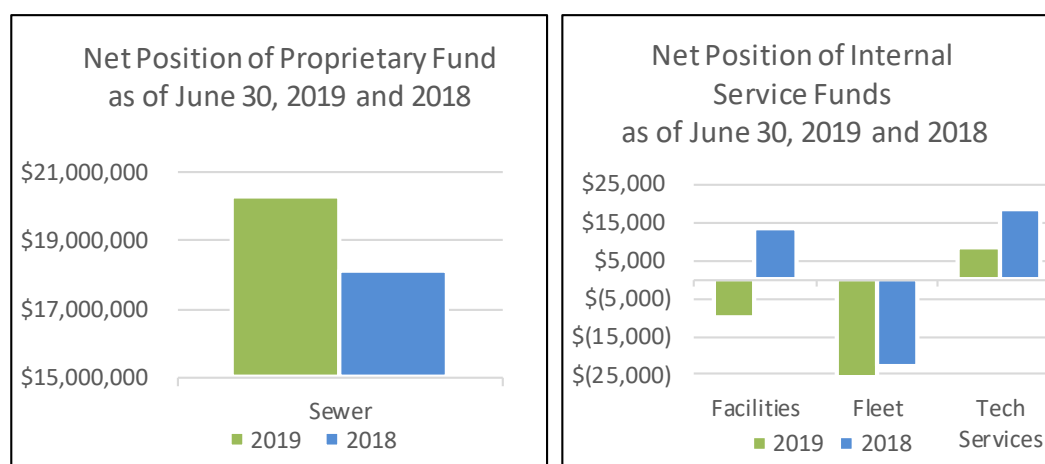


Governmental Funds: Changes in Fund Balance							
Fiscal Year 2019							
On a Modified Accrual Basis							
	General Fund	Street Fund	Transit Fund	System Development Charge Fund	Urban Renewal Debt Service Fund	Other Governmental Funds	Total
Balances June 30, 2018	\$ 3,108,936	\$ 1,876,055	\$ 1,812,278	\$ 6,205,492	\$ 1,563,029	\$ 2,886,185	\$17,451,975
Change in Fund Balance	133,260	223,429	246,022	2,662,630	1,087,184	(742,649)	3,609,876
Fund Balances at June 30, 2019	<u>\$ 3,242,196</u>	<u>\$ 2,099,484</u>	<u>\$ 2,058,300</u>	<u>\$ 8,868,122</u>	<u>\$ 2,650,213</u>	<u>\$ 2,143,536</u>	<u>\$21,061,851</u>

CITY OF CANBY, OREGON
MANAGEMENT'S DISCUSSION & ANALYSIS
June 30, 2019

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 2019					
On an Accrual Basis					
	Internal Service Funds				
	Sewer Fund	Facilities Fund	Fleet Fund	Tech Services Fund	Total
Net Position at June 30, 2018	\$ 18,139,137	\$ 13,227	\$ (22,607)	\$ 18,493	\$ 18,148,250
Change in Net Position	2,161,429	(23,116)	(140,098)	(10,211)	1,988,004
Net Position at June 30, 2019	<u>\$ 20,300,566</u>	<u>\$ (9,889)</u>	<u>\$ (162,705)</u>	<u>\$ 8,282</u>	<u>\$ 20,136,254</u>

Notes to the Financial Statements

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

Required Supplementary Information

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

CITY OF CANBY, OREGON
MANAGEMENT'S DISCUSSION & ANALYSIS
June 30, 2019

GENERAL FUND BUDGET HIGHLIGHTS

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

Final Budget Compared to Actual Results – General Fund

Expenditures of \$10.4 million were originally budgeted in the General Fund including a 4.8% operating contingency. General Fund budget changes approved by the City Council increased appropriations by \$60,000. The increase is mainly due to the need to cover additional legal costs related to union contract negotiations. The year-end general fund balance was \$1.1 million higher than budgeted with major variances as follows:

- Beginning fund balance was \$260 thousand higher than budgeted due to savings in the prior year.
- Expenditures came in \$589 thousand lower than budgeted.
 - \$247 thousand – non-spent contingency
 - \$190 thousand – vacancy savings, lower workers compensation costs, and fewer retirements
 - \$46 thousand – reduced professional services costs in the Court and Planning Departments
 - \$60 thousand – reduced equipment and uniform costs in the Police and Parks Departments
 - \$46 thousand – the remaining reduced expenditures are spread throughout the entire fund and are not related to any specific item.

CAPITAL ASSETS

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

	Capital Assets at Fiscal Year End					
	Net of Depreciation					
	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 11,708,167	\$ 11,708,167	\$ 1,081,277	\$ 1,081,277	\$ 12,789,444	\$ 12,789,444
Intangibles	36,724,734	36,724,734	5,500	5,500	36,730,234	36,730,234
Construction in Process	785,818	96,280	108,784	150,196	894,602	246,476
Infrastructure	32,484,678	35,702,939	3,758,686	3,292,200	36,243,364	38,995,139
Buildings and improvements	18,791,308	19,318,000	9,162,031	9,415,070	27,953,339	28,733,070
Machinery and equipment	316,164	333,308	147,112	155,421	463,276	488,729
Motor vehicles	1,277,209	1,153,267	324,924	384,921	1,602,133	1,538,188
Total Capital Assets	<u>\$102,088,078</u>	<u>\$105,036,695</u>	<u>\$14,588,314</u>	<u>\$14,484,585</u>	<u>\$116,676,392</u>	<u>\$119,521,280</u>

Capital assets used in governmental activities in total decreased approximately \$2.9 million (2.8%) which was the net result of additions, disposals and depreciation. Capital assets used in business-type activities increased by approximately \$0.1 million (0.7%) which was the net result of additions, disposals and depreciation. Additional information about the City's capital assets and depreciation can be found in the Notes to the Financial Statements on pages 30-31.

CITY OF CANBY, OREGON
MANAGEMENT'S DISCUSSION & ANALYSIS
June 30, 2019

DEBT ADMINISTRATION

At year-end, the City had \$24,056,237 in long-term obligations outstanding compared to \$25,247,078 in the prior year. Of the obligations outstanding at June 30, 2019, \$1,664,769 is due within one year. Additional information can be found in the Notes to the Financial Statements on pages 32-33.

Outstanding Obligations at Fiscal Year-End

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Bonds	\$21,962,537	\$22,838,497	\$ -	\$ -	\$21,962,537	\$22,838,497
Loans	1,206,019	1,435,265	-	-	1,206,019	1,435,265
Capital Leases	-	104,343	-	-	-	104,343
Compensated Absences	781,932	783,468	105,749	85,505	887,681	868,973
Total Obligations	<u>\$23,950,488</u>	<u>\$25,161,573</u>	<u>\$105,749</u>	<u>\$85,505</u>	<u>\$24,056,237</u>	<u>\$25,247,078</u>

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 annual average unemployment rate was 3.9% in June 2019, up from 3.6% 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 5% 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, 2019

	Governmental Activities	Business-Type Activities	Total	Component Unit Canby Utility Board
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 20,719,508	\$ 6,175,293	\$ 26,894,801	\$ 15,187,605
Due from other governments	28,835	183	29,018	-
Accounts receivable, net	1,789,344	633,342	2,422,686	1,684,950
Property taxes receivable	241,239	-	241,239	-
Prepays	-	-	-	31,176
Materials and supplies	-	-	-	1,288,655
Restricted cash	-	-	-	720,417
Total current assets	<u>22,778,926</u>	<u>6,808,818</u>	<u>29,587,744</u>	<u>18,912,803</u>
Noncurrent assets:				
Capital assets:				
Nondepreciable	49,218,719	1,195,561	50,414,280	1,918,766
Depreciable, net	52,869,359	13,392,753	66,262,112	43,297,207
Total noncurrent assets	<u>102,088,078</u>	<u>14,588,314</u>	<u>116,676,392</u>	<u>45,215,973</u>
Total assets	<u>124,867,004</u>	<u>21,397,132</u>	<u>146,264,136</u>	<u>64,128,776</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to OPEB	52,900	6,901	59,801	1,742
Deferred outflows related to pensions	3,403,700	444,048	3,847,748	1,113,223
Total deferred outflows of resources	<u>3,456,600</u>	<u>450,949</u>	<u>3,907,549</u>	<u>1,114,965</u>
LIABILITIES				
Current liabilities:				
Accounts payable	1,003,091	99,529	1,102,620	1,621,932
Accrued expenses	-	-	-	351,669
Interest payable	102,515	-	102,515	-
Customer deposits	-	-	-	326,517
Current portion of long-term obligations	1,585,457	79,312	1,664,769	380,000
Total current liabilities	<u>2,691,063</u>	<u>178,841</u>	<u>2,869,904</u>	<u>2,680,118</u>
Noncurrent liabilities:				
Net OPEB liability	393,158	51,291	444,449	76,347
Noncurrent portion of long-term obligations	22,365,032	26,437	22,391,469	2,613,000
Net pension liability	8,828,349	1,151,750	9,980,099	2,788,142
Total noncurrent liabilities	<u>31,586,539</u>	<u>1,229,478</u>	<u>32,816,017</u>	<u>5,477,489</u>
Total liabilities	<u>34,277,602</u>	<u>1,408,319</u>	<u>35,685,921</u>	<u>8,157,607</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to OPEB	164,199	21,421	185,620	40,475
Deferred inflows related to pensions	902,761	117,775	1,020,536	466,286
Total deferred inflows	<u>1,066,960</u>	<u>139,196</u>	<u>1,206,156</u>	<u>506,761</u>
NET POSITION				
Net investment in capital assets	78,919,522	14,588,314	93,507,836	42,222,973
Restricted for:				
Drug enforcement and equipment	40,937	-	40,937	-
Capital projects	8,868,122	-	8,868,122	-
Urban renewal debt service	2,650,213	-	2,650,213	-
Building services	38,436	-	38,436	-
Library services	74,450	-	74,450	-
Swim center	989,941	-	989,941	-
PEG fees	32,472	-	32,472	-
Water system	-	-	-	377,526
Unrestricted	1,364,949	5,712,252	7,077,201	13,978,874
Total net position	<u>\$ 92,979,042</u>	<u>\$ 20,300,566</u>	<u>\$ 113,279,608</u>	<u>\$ 56,579,373</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, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position			Component Unit Canby Utility Board
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total	
Primary government:								
Governmental activities:								
General government	\$ 5,790,769	\$ 2,033,138	\$ 12,879	\$ -	\$ (3,744,752)	\$ -	\$ (3,744,752)	\$ -
Public safety	5,966,589	41,770	35,510	-	(5,889,309)	-	(5,889,309)	-
Highways and streets	5,326,770	798,136	1,631,736	400,000	(2,496,898)	-	(2,496,898)	-
Transportation	1,930,000	65,424	537,354	362,509	(964,713)	-	(964,713)	-
Culture and recreation	2,902,109	656,134	964,266	78,288	(1,203,421)	-	(1,203,421)	-
Community development	799,488	281,423	-	2,861,515	2,343,450	-	2,343,450	-
Interest expense	1,009,074	-	-	-	(1,009,074)	-	(1,009,074)	-
Total governmental activities	23,724,799	3,876,025	3,181,745	3,702,312	(12,964,717)	-	(12,964,717)	-
Business type activities:								
Sewer operations	2,499,401	4,415,604	-	-	-	1,916,203	1,916,203	-
Total primary government	\$ 26,224,200	\$ 8,291,629	\$ 3,181,745	\$ 3,702,312	(12,964,717)	1,916,203	(11,048,514)	-
Component Unit:								
Electric system	12,182,194	13,147,173	-	535,290				1,500,269
Water system	3,023,412	3,453,176	-	1,116,401				1,546,165
Total component unit	\$ 15,205,606	\$16,600,349	\$ -	\$ 1,651,691				3,046,434
General revenues:								
Taxes:								
Property taxes					8,980,719	-	8,980,719	-
Transit taxes					1,520,524	-	1,520,524	-
Transient room taxes					23,111	-	23,111	-
Franchise					1,626,766	-	1,626,766	-
Unrestricted intergovernmental revenues					982,634	-	982,634	-
Interest and investment earnings					479,505	131,564	611,069	346,610
Other revenues					240,579	6,192	246,771	-
Transfers in (out)					(107,470)	107,470	-	-
Total general revenues, transfers					13,746,368	245,226	13,991,594	346,610
Change in net position					781,651	2,161,429	2,943,080	3,393,044
Net position - beginning					92,197,391	18,139,137	110,336,528	53,186,329
Net position - ending					\$ 92,979,042	\$20,300,566	\$ 113,279,608	\$ 56,579,373

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

CITY OF CANBY, OREGON
BALANCE SHEET – GOVERNMENTAL FUNDS
June 30, 2019

	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	\$ 3,260,586	\$ 1,798,012	\$ 1,769,330	\$ 8,868,122	\$ 2,631,168	\$ 2,218,190	\$ 20,545,408
Due from other governments	15,632	-	-	-	10,776	2,427	28,835
Accounts receivable, net	579,191	621,393	419,243	9,560	134,423	18,190	1,782,000
Property taxes receivable	128,207	-	-	-	91,215	21,817	241,239
Total assets	<u>\$ 3,983,616</u>	<u>\$ 2,419,405</u>	<u>\$ 2,188,573</u>	<u>\$ 8,877,682</u>	<u>\$ 2,867,582</u>	<u>\$ 2,260,624</u>	<u>\$ 22,597,482</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES							
LIABILITIES:							
Accounts payable and other current liabilities	\$ 492,688	\$ 277,448	\$ 89,624	\$ -	\$ -	\$ 97,133	\$ 956,893
DEFERRED INFLOWS:							
Unavailable revenue	248,732	42,473	40,649	9,560	217,369	19,955	578,738
Total liabilities and deferred inflows	<u>741,420</u>	<u>319,921</u>	<u>130,273</u>	<u>9,560</u>	<u>217,369</u>	<u>117,088</u>	<u>1,535,631</u>
FUND BALANCES:							
Restricted for:							
Drug enforcement and equipment	-	-	-	-	-	40,937	40,937
Capital projects	-	-	-	8,868,122	-	-	8,868,122
Urban renewal debt service	-	-	-	-	2,650,213	-	2,650,213
Building services	38,436	-	-	-	-	-	38,436
Library services	-	-	-	-	-	74,450	74,450
Swim center	-	-	-	-	-	989,941	989,941
PEG	32,472	-	-	-	-	-	32,472
Committed for:							
Transportation services	-	-	2,058,300	-	-	-	2,058,300
Street projects	-	2,099,484	-	-	-	-	2,099,484
PERS contributions	175,000	-	-	-	-	-	175,000
Workers Comp Retro Plan	136,830	-	-	-	-	-	136,830
Park Maintenance	195,858	-	-	-	-	-	195,858
Tourism Promotion and Enhancement	-	-	-	-	-	23,367	23,367
Cemetery care	-	-	-	-	-	1,014,841	1,014,841
Unassigned:	<u>2,663,600</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,663,600</u>
Total fund balance	<u>3,242,196</u>	<u>2,099,484</u>	<u>2,058,300</u>	<u>8,868,122</u>	<u>2,650,213</u>	<u>2,143,536</u>	<u>21,061,851</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 3,983,616</u>	<u>\$ 2,419,405</u>	<u>\$ 2,188,573</u>	<u>\$ 8,877,682</u>	<u>\$ 2,867,582</u>	<u>\$ 2,260,624</u>	<u>\$ 22,597,482</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, 2019

TOTAL FUND BALANCE \$ 21,061,851

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	\$ 210,082,357	
Accumulated depreciation	<u>(107,994,279)</u>	102,088,078

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.

578,738

Deferred Inflows - Pension (865,868)

Deferred Outflows - Pension 3,264,601

Deferred Inflows - OPEB (157,488)

Deferred Outflows - OPEB 50,738

Compensated absences not payable in the current year are not recorded as governmental fund liabilities. (761,575)

Internal service funds reported as governmental activities (164,312)

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	\$ (23,168,554)	
Net OPEB liability	(377,090)	
Net Pension liability	(8,467,560)	
Accrued interest payable	<u>(102,515)</u>	<u>(32,115,719)</u>

TOTAL NET POSITION \$ 92,979,042

CITY OF CANBY, OREGON
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended June 30, 2019

	General Fund	Street Fund	Transit Fund	System Development Charge Fund	Urban Renewal Debt Service Fund	Other Governmental Funds	Total Governmental
REVENUES:							
Property taxes	\$ 4,956,467	\$ -	\$ -	\$ -	\$ 3,494,614	\$ 781,379	\$ 9,232,460
Intergovernmental	931,037	2,083,333	-	-	-	936,892	3,951,262
Charges for services	674,178	648,724	66,466	-	-	273,599	1,662,967
Franchise	1,626,766	-	-	-	-	-	1,626,766
Licenses, fees, permits	189,023	-	-	-	-	-	189,023
Fines and forfeitures	641,686	-	-	-	-	-	641,686
Special assessments	-	-	-	-	38,218	-	38,218
Grants and donations	35,070	-	881,867	-	-	40,034	956,971
Interest	83,103	44,190	38,363	179,428	64,756	62,445	472,285
Miscellaneous	175,611	69,323	9,141	-	49,160	4,916	308,151
System development charges	-	-	-	2,867,424	-	-	2,867,424
Transient Occupancy Tax	-	-	-	-	-	23,111	23,111
Excise taxes	-	84,306	-	-	-	-	84,306
Transit taxes	-	-	1,520,524	-	-	-	1,520,524
Total revenues	<u>9,312,941</u>	<u>2,929,876</u>	<u>2,516,361</u>	<u>3,046,852</u>	<u>3,646,748</u>	<u>2,122,376</u>	<u>23,575,154</u>
EXPENDITURES:							
Current:							
General government	2,656,787	-	-	-	-	1,336,216	3,993,003
Public safety	5,315,844	-	-	-	-	22,153	5,337,997
Highways and streets	-	944,520	-	-	-	-	944,520
Transportation	-	-	1,663,744	-	-	-	1,663,744
Culture and recreation	810,096	-	-	-	-	1,655,683	2,465,779
Community development	774,134	-	-	-	-	-	774,134
Capital outlay	234,190	1,655,156	420,658	-	-	185,864	2,495,868
Debt service:							
Principal	104,344	-	-	-	1,058,291	-	1,162,635
Interest	3,595	-	-	-	1,016,533	-	1,020,128
Total expenditures	<u>9,898,990</u>	<u>2,599,676</u>	<u>2,084,402</u>	<u>-</u>	<u>2,074,824</u>	<u>3,199,916</u>	<u>19,857,808</u>
Revenues over (under) expenditures	(586,049)	330,200	431,959	3,046,852	1,571,924	(1,077,540)	3,717,346
OTHER FINANCING SOURCES (USES):							
Transfers in	848,552	88,848	-	-	-	1,534,740	2,472,140
Transfers out	(129,243)	(195,619)	(185,937)	(384,222)	(484,740)	(1,199,849)	(2,579,610)
Total other financing sources (uses)	<u>719,309</u>	<u>(106,771)</u>	<u>(185,937)</u>	<u>(384,222)</u>	<u>(484,740)</u>	<u>334,891</u>	<u>(107,470)</u>
Net changes in fund balances	133,260	223,429	246,022	2,662,630	1,087,184	(742,649)	3,609,876
FUND BALANCE, BEGINNING	<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>
FUND BALANCE, ENDING	<u>\$ 3,242,196</u>	<u>\$ 2,099,484</u>	<u>\$ 2,058,300</u>	<u>\$ 8,868,122</u>	<u>\$ 2,650,213</u>	<u>\$ 2,143,536</u>	<u>\$ 21,061,851</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, 2019

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

Net change in fund balances - total governmental funds		\$ 3,609,876
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	\$ (4,324,131)	
Current year disposals	(75,197)	
Donated capital assets	78,288	
Capital acquisitions	<u>1,372,423</u>	(2,948,617)
Change in unavailable revenue, net of allowance for doubtful accounts		(204,672)
Change in accrued interest on long-term liabilities		11,056
The issuance of long-term debt (e.g., bonds, leases) provides current financial		
Debt service principal payments	1,209,549	
Change in compensated absences	<u>19,253</u>	1,228,802
Internal service fund reported as governmental activities		(173,425)
OPEB expense		20,087
Pension expense		<u>(761,456)</u>
Change in net position of governmental activities		<u><u>\$ 781,651</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, 2019

	Sewer Combined Fund	Internal Service Funds
ASSETS AND DEFERRED OUTFLOWS		
ASSETS:		
Current Assets:		
Cash and cash equivalents	\$ 6,175,293	\$ 174,100
Accounts receivable, net	633,525	7,344
Total current assets	6,808,818	181,444
Noncurrent Assets:		
Capital assets, net	14,588,314	-
Total assets	21,397,132	181,444
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred outflows related to pensions	444,048	139,099
Deferred outflows related to OPEB	6,901	2,162
Total deferred outflows of resources	450,949	141,261
Total assets and deferred outflows	\$ 21,848,081	\$ 322,705
LIABILITIES, DEFERRED INFLOWS AND NET POSITION		
LIABILITIES:		
Current Liabilities:		
Accounts payable	\$ 99,529	\$ 46,198
Long-term debt - within one year	79,312	15,268
Total current liabilities	178,841	61,466
Noncurrent Liabilities:		
Long-term obligations - past one year	26,437	5,090
Net pension liability	1,151,750	360,789
Net OPEB liability	51,291	16,068
Total liabilities	1,408,319	443,413
DEFERRED INFLOWS OF RESOURCES:		
Deferred inflows related to pensions	117,775	36,893
Deferred inflows related to OPEB	21,421	6,711
Total deferred inflows of resources	139,196	43,604
Total liabilities and deferred inflows	1,547,515	487,017
NET POSITION:		
Net investment in capital assets	14,588,314	-
Unrestricted	5,712,252	(164,312)
Total net position	20,300,566	(164,312)
Total liabilities, deferred inflows and net position	\$ 21,848,081	\$ 322,705

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, 2019

	Sewer Combined Fund	Internal Service Funds
OPERATING REVENUES:		
Charges for services	\$ 4,415,604	\$ 1,157,203
Miscellaneous	<u>6,192</u>	<u>726</u>
Total operating revenues	<u>4,421,796</u>	<u>1,157,929</u>
OPERATING EXPENSES:		
Personnel services	1,128,071	471,936
Materials and services	940,368	866,637
Depreciation and amortization	<u>430,962</u>	<u>-</u>
Total operating expenses	<u>2,499,401</u>	<u>1,338,573</u>
Operating income	1,922,395	(180,644)
NON-OPERATING INCOME (EXPENSE):		
Interest income	<u>131,564</u>	<u>7,219</u>
TRANSFERS:		
Transfers in	419,248	-
Transfers out	<u>(311,778)</u>	<u>-</u>
Change in net position	2,161,429	(173,425)
NET POSITION, BEGINNING	18,139,137	9,113
NET POSITION, ENDING	<u><u>\$ 20,300,566</u></u>	<u><u>\$ (164,312)</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, 2019

	Sewer Combined Fund	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from outside customers	\$ 4,219,853	\$ 7,082
Receipts from internal customers	-	1,144,184
Payments to employees	(1,086,724)	(416,201)
Payments to suppliers	(999,787)	(862,635)
Net cash from operating activities	<u>2,133,342</u>	<u>(127,570)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Transfer out	(311,778)	-
Transfer in	419,248	-
Net cash from non-capital financing activities	<u>107,470</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchase of capital assets	(550,691)	-
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received	<u>131,564</u>	<u>7,219</u>
Net increase (decrease) in cash and cash equivalents	1,821,685	(120,351)
CASH AND CASH EQUIVALENTS, BEGINNING	<u>4,353,608</u>	<u>294,451</u>
CASH AND CASH EQUIVALENTS, ENDING	<u><u>\$ 6,175,293</u></u>	<u><u>\$ 174,100</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income (loss)	\$ 1,922,395	\$ (180,644)
Adjustments:		
Depreciation	430,962	-
Loss on disposal of assets	16,000	-
Decrease (increase) in:		
Accounts receivable	(201,943)	(6,663)
Increase (decrease) in:		
Accounts payable and accrued expenses	(75,419)	4,001
OPEB obligation	(9,648)	(297)
Accrued compensated absences	20,244	17,714
Pension obligations	30,751	38,316
Net cash from operating activities	<u><u>\$ 2,133,342</u></u>	<u><u>\$ (127,570)</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS

CITY OF CANBY, OREGON
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

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, 2019, 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, 2019 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, 2019

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.

CITY OF CANBY, OREGON
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basic Financial Statements (Continued)

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

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

The City reports the following major enterprise fund:

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

The City reports the following internal service funds:

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

C. Measurement Focus and Basis of Accounting

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

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

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

CITY OF CANBY, OREGON
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

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 proprietary funds include the cost of sales and services, administrative expenses and overheads, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

CITY OF CANBY, OREGON
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

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 two reporting periods. Additions or improvements and other capital outlays that significantly extend the useful life of an asset, or that significantly increase the capacity of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

CITY OF CANBY, OREGON
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

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, 2019

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Deferred Outflows and Inflows of Resources

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

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

Net Position

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

Fund Balance

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. In accordance with GAAP, allowable fund balance classifications include:

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

Use of Restricted Resources

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

CITY OF CANBY, OREGON
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

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	\$ 1,194	\$ 900
Cash on deposit	390,444	704,461
Restricted cash	-	720,417
Oregon State Local Government Investment Pool	26,503,163	14,482,244
Total	<u>\$ 26,894,801</u>	<u>\$ 15,908,022</u>
Reported in the basic financial statements as:		
Governmental activities	\$ 20,719,508	
Business-type activities	6,175,293	
Total	<u>\$ 26,894,801</u>	
Component Unit		
Cash and Cash Equivalents		\$ 15,187,605
Restricted Cash		720,417
Total		<u>\$ 15,908,022</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, 2019, the City had total bank balances of \$924,802, 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, 2019

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 100.65% 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 \$80,317 and \$2,772,276 respectively.

Canby Utility Board's accounts receivable primarily represent user charges which are recognized as earned. As of June 30, 2019, an allowance for uncollectible receivables has been provided for the electric and water systems of \$628.

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, 2019

4) CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2019, was as follows:

Governmental Activities:	Beginning Balance	Additions	Deletions	Ending Balance
<i>Capital assets, not being depreciated:</i>				
Land	\$ 11,708,167	\$ -	\$ -	\$ 11,708,167
Intangibles	36,724,734	-	-	36,724,734
Construction in progress	96,280	689,538	-	785,818
Total capital assets, not being depreciated	48,529,181	689,538	-	49,218,719
<i>Capital assets, being depreciated:</i>				
Infrastructure	131,012,534	88,268	-	131,100,802
Buildings and improvements	24,209,343	51,202	-	24,260,545
Machinery and equipment	944,268	26,778	(9,150)	961,896
Vehicles	4,137,958	594,925	(192,488)	4,540,395
Total capital assets, being depreciated	160,304,103	761,173	(201,638)	160,863,638
<i>Less accumulated depreciation for:</i>				
Infrastructure	(95,309,595)	(3,306,529)	-	(98,616,124)
Buildings and improvements	(4,891,343)	(577,894)	-	(5,469,237)
Machinery and equipment	(610,960)	(43,922)	9,150	(645,732)
Vehicles	(2,984,691)	(395,786)	117,291	(3,263,186)
Total accumulated depreciation	(103,796,589)	(4,324,131)	126,441	(107,994,279)
Total capital assets, being depreciated, net	56,507,514	(3,562,958)	(75,197)	52,869,359
Governmental activities capital assets, net	\$105,036,695	\$ (2,873,420)	\$ (75,197)	\$ 102,088,078

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

General government	\$ 229,555
Public safety	302,384
Highways and streets	3,374,723
Transportation	256,828
Culture and recreation	160,641
Total depreciation expense - governmental activities	<u>\$ 4,324,131</u>

CITY OF CANBY, OREGON
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

4) CAPITAL ASSETS (Continued)

Business-type Activities: Sewer Fund	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 1,081,277	\$ -	\$ -	\$ 1,081,277
Intangibles	5,500	-	-	5,500
Construction in progress	150,196	530,044	(571,456)	108,784
Total capital assets, not being depreciated	1,236,973	530,044	(571,456)	1,195,561
Capital assets, being depreciated:				
Infrastructure	4,188,813	571,456	(8,000)	4,752,269
Buildings and improvements	12,874,549	-	-	12,874,549
Machinery and equipment	1,139,258	20,647	(8,000)	1,151,905
Vehicles	791,416	-	-	791,416
Total capital assets, being depreciated	18,994,036	592,103	(16,000)	19,570,139
Less accumulated depreciation for:				
Infrastructure	(896,613)	(104,970)	8,000	(993,583)
Buildings and improvements	(3,459,479)	(253,039)	-	(3,712,518)
Machinery and equipment	(983,837)	(28,956)	8,000	(1,004,793)
Vehicles	(406,495)	(59,997)	-	(466,492)
Total accumulated depreciation	(5,746,424)	(446,962)	16,000	(6,177,386)
Total capital assets, being depreciated, net	13,247,612	145,141	-	13,392,753
Business-type activities capital assets, net	\$ 14,484,585	\$ 675,185	\$ (571,456)	\$ 14,588,314

Discretely presented component unit

Activity for the Canby Utility Board (CUB) for the year ended June 30, 2019, was as follows:

CUB:	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 1,299,579	\$ -	\$ -	\$ 1,299,579
Property held for future use	3,633	-	-	3,633
Construction in progress	5,904,848	2,898,299	(8,187,593)	615,554
Total capital assets, not being depreciated	7,208,060	2,898,299	(8,187,593)	1,918,766
Capital assets, being depreciated:				
Plant	55,889,850	7,645,409	(14,133)	63,521,126
Equipment	3,204,289	209,375	(8,441)	3,405,223
Office furniture and equipment	862,760	227,968	-	1,090,728
Total capital assets, being depreciated	59,956,899	8,082,752	(22,574)	68,017,077
Less accumulated depreciation for:				
Electric and water plant assets	(23,165,871)	(1,570,664)	16,665	(24,719,870)
Total capital assets, being depreciated, net	36,791,028	6,512,088	(5,909)	43,297,207
CUB capital assets, net	\$ 43,999,088	\$ 9,410,387	\$ (8,193,502)	\$ 45,215,973

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

Electric	\$859,682
Water	710,982
Total depreciation expense – CUB Activities	<u>\$1,570,664</u>

CITY OF CANBY, OREGON
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

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, 2019, was as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Major Governmental Funds		
General Fund	\$ 848,552	\$ 129,243
Street Fund	88,848	195,619
Transit Fund	-	185,937
SDC Fund	-	384,222
Urban Renewal Debt Service Fund	-	484,740
Total Major Governmental Funds	<u>937,400</u>	<u>1,379,761</u>
Non-major Governmental Funds	1,534,740	1,199,849
Proprietary Funds		
Sewer Combined Fund	419,248	311,778
Total All Funds	<u>\$ 2,891,388</u>	<u>\$ 2,891,388</u>

6) LONG-TERM LIABILITIES

A. Debt Service Requirements

The City issues full faith and credit obligation bonds and loans/notes to provide funds for the acquisition and construction of major capital infrastructure and equipment. Full faith and credit obligation bonds and loans/notes outstanding at June 30, 2019, as well as CUB revenue bonds outstanding are as follows:

Fiscal Year Ending June 30,	City of Canby Governmental Activities					CUB		
	URA Loans	Bonds - URA	Total Principal	Interest	Governmental Activities	Principal	Interest	Total
2020	\$ 98,048	\$ 900,960	\$ 999,008	\$ 976,782	\$ 1,975,790	\$ 380,000	\$ 61,281	\$ 441,281
2021	103,818	930,960	1,034,778	939,232	1,974,010	387,000	52,720	439,720
2022	104,532	970,960	1,075,492	896,427	1,971,919	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	116,437	1,045,960	1,162,397	802,398	1,964,795	416,000	25,908	441,908
2025-2029	672,723	6,019,800	6,692,523	3,195,943	9,888,466	1,001,000	37,670	1,038,670
2030-2034	-	8,191,412	8,191,412	1,610,071	9,801,483	-	-	-
2035-2036	-	2,896,525	2,896,525	168,588	3,065,113	-	-	-
Total	<u>\$ 1,206,019</u>	<u>\$ 21,962,537</u>	<u>\$ 23,168,556</u>	<u>\$ 9,439,901</u>	<u>\$ 32,608,457</u>	<u>\$ 2,993,000</u>	<u>\$ 256,642</u>	<u>\$ 3,249,642</u>

The City's outstanding bonds are managed by Bank of New York Mellon and are not direct placement bonds. There is no pledged collateral as all three bonds are Full Faith and Credit Issuances. In the event of default and a majority vote of the owners, the agent has authority to take whatever action necessary to enforce the financing agreement. The agent does not have the right to declare the unpaid principal immediately due.

The City has one outstanding loan through Business Oregon that is not a direct placement and has no pledged collateral. This loan is a Full Faith and Credit Issuance. In the event of default the City has 15 days to cure or the remaining loan becomes payable immediately.

The City does not have any lines of credit.

CITY OF CANBY, OREGON
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

6) LONG-TERM LIABILITIES (Continued)

B. 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.

Long-term liability activity for the year ended June 30, 2019, was as follows:

	<u>Original Amount</u>	<u>6/30/2018 Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>6/30/2019 Balance</u>	<u>Due Within One Year</u>
Governmental Activities						
Bonds URA:						
2010 1st Ave Redevelopment (3.75-7%)	\$ 2,500,000	\$ 1,785,000	\$ -	\$ 110,000	\$ 1,675,000	\$ 115,000
2010 Bond Discount		(28,716)	-	(2,208)	(26,508)	(2,208)
2011 Police Facility (2-5%)	9,000,000	8,815,000	-	115,000	8,700,000	120,000
2011 Bond Discount		(17,100)	-	(950)	(16,150)	(950)
2012 Civic Bldg & Sequoia Pkwy (3-4%)	14,050,000	11,450,000	-	605,000	10,845,000	620,000
2012 Premium		834,313	-	49,118	785,195	49,118
Total Governmental Bonds		<u>22,838,497</u>	<u>-</u>	<u>875,960</u>	<u>21,962,537</u>	<u>900,960</u>
Long-term Loans URA:						
2009 Township, Berg, Sequoia St. (3-5.25%)	1,981,047	1,287,881	-	91,399	1,196,482	97,095
2009 Premium		10,490	-	953	9,537	953
2010 Walnut St (5%)	417,927	136,894	-	136,894	-	-
Total Governmental Loans		<u>1,435,265</u>	<u>-</u>	<u>229,246</u>	<u>1,206,019</u>	<u>98,048</u>
Capital Leases for Police Vehicles						
FORD - Lease no. 5241019		25,444	-	25,444	-	-
FORD - Lease no. 5241020		52,847	-	52,847	-	-
FORD - Lease no. 5241021		26,052	-	26,052	-	-
Total Governmental Leases		<u>104,343</u>	<u>-</u>	<u>104,343</u>	<u>-</u>	<u>-</u>
Compensated Absences		<u>783,468</u>	<u>580,017</u>	<u>581,553</u>	<u>781,932</u>	<u>586,449</u>
Total Governmental Activities		<u>\$ 25,161,573</u>	<u>\$ 580,017</u>	<u>\$ 1,791,102</u>	<u>\$ 23,950,488</u>	<u>\$ 1,585,457</u>
Business-Type Activities						
Compensated Absences		<u>\$ 85,505</u>	<u>\$ 90,624</u>	<u>\$ 70,380</u>	<u>\$ 105,749</u>	<u>\$ 79,312</u>

CUB Discretely Presented Component Unit – Revenue Bonds

	<u>Original Amount</u>	<u>6/30/2018 Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>6/30/2019 Balance</u>	<u>Due Within One Year</u>
2014 Water Rev Refund Bonds (2.3%)	\$ 1,951,000	\$ 1,376,000	\$ -	\$ 191,000	\$ 1,185,000	\$ 197,000
2017 Water Rev Refund Bonds (2.09%)	1,988,000	1,988,000	-	180,000	1,808,000	183,000
Total CUB Bonds		<u>\$ 3,364,000</u>	<u>\$ -</u>	<u>\$ 371,000</u>	<u>\$ 2,993,000</u>	<u>\$ 380,000</u>

CITY OF CANBY, OREGON
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

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:

	<u>Implicit Rate Subsidy Plan</u>	<u>PERS RHIA Plan</u>	<u>Total OPEB on Financials</u>
Deferred Outflows of Resources			
Contributions After the Measurement Date	\$ 28,713	\$ 31,034	\$ 59,747
Change in Proportionate Share	-	54	54
Total OPEB Liability	(509,480)	65,031	(444,449)
Deferred Inflows of Resources			
Differences between expected and actual experience		(3,685)	(3,685)
Change in Assumptions	(167,508)	(206)	(167,714)
Difference in Earnings	261	(14,021)	(13,760)
Change in Proportionate Share	-	(460)	(460)
OPEB Expense/(Income)	47,340	(6,351)	40,989

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, 2018, the number of participants covered by the benefit terms is as follows:

	<u>City</u>	<u>CUB</u>
Inactive employees or beneficiaries receiving benefits	4	23
Active employees	85	1
	<u>89</u>	<u>24</u>

CITY OF CANBY, OREGON
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

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

C. Implicit Rate Study (Continued)

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

The City's total OPEB liability of \$444,449 was measured as of June 30, 2018, and was determined by an actuarial valuation as of July 1, 2018.

For the fiscal year ended June 30, 2019, the City recognized OPEB expense from this plan of \$47,340. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to this OPEB plan 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	\$ 229	\$ -	\$ -	\$ -
Change in Assumptions	-	179,967	-	-
Contributions subsequent to the MD	28,713	-	1,742	40,475
Net Deferred Outflow/(Inflow) of Resources	<u>\$ 28,942</u>	<u>\$ 179,967</u>	<u>\$ 1,742</u>	<u>\$ 40,475</u>

Deferred outflows of resources related to OPEB of \$28,713 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, 2020. 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
2020	\$ (25,464)	\$ (7,477)
2021	(25,464)	(7,477)
2022	(25,464)	(7,477)
2023	(25,464)	(7,477)
2024	(25,464)	(7,289)
Thereafter	(52,418)	(3,278)
Total	<u>\$(179,738)</u>	<u>\$ (40,475)</u>

Actuarial Assumptions and Other Inputs

The total OPEB liability for the June 30, 2019 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 3.87% (change from 3.58% in the previous measurement period), medical and vision varies between 7% and 4.75% (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-2014 Healthy Annuitant, sex distinct mortality tables blended 50/50 blue collar and white collar, set back one year for males. Mortality is projected on a generational basis using the Unisex Social Security Data Scale.

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

CITY OF CANBY, OREGON
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

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

B. Implicit Rate Study (Continued)

Changes in the Total OPEB Liability

	Total OPEB Liability	
	City	CUB
Balance as of June 30, 2018	\$620,928	\$120,788
Changes for the year:		
Service cost	49,118	8,015
Interest on total OPEB liability	23,686	4,359
Effect of economic/demographic gains or losses	261	(19,723)
Effect of assumptions changes or inputs	(167,508)	(22,873)
Benefit payments	(17,005)	(14,219)
Balance as of June 30, 2019	<u>\$509,480</u>	<u>\$76,347</u>

The effect of changes in assumptions is the result of the change in the discount rate from 3.58 to 3.87.

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 (2.87 percent) or 1 percentage point higher (4.87 percent) than the current discount rate. A similar sensitivity analysis is then presented for changes in the healthcare trend assumption.

	City			CUB		
	1% Decrease (2.87%)	Discount Rate (3.87%)	1% Increase (4.87%)	1% Decrease (2.58%)	Discount Rate (3.87%)	1% Increase (4.58%)
Total OPEB Liability	\$ 551,700	\$ 509,480	\$ 470,577	\$ 81,865	\$ 76,347	\$ 71,237

	City			CUB		
	1% Decrease (6% to 3.5%)	Trend Rate (7% to 4.5%)	1% Increase (8% to 5.5%)	1% Decrease (6% to 3.5%)	Trend Rate (7% to 4.5%)	1% Increase (8% to 5.5%)
Total OPEB Liability	\$ 455,640	\$ 509,480	\$ 572,868	\$ 68,987	\$ 76,347	\$ 85,107

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

CITY OF CANBY, OREGON
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

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

C. PERS Retirement Health Insurance Account (Continued)

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.

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, 2016 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, 2019 contributions was \$27,962.

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

At June 30, 2019, the City reported an asset of \$65,031 for its proportionate share of the OPERS net OPEB asset. The net OPEB asset was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2016 rolled forward to June 30, 2018. 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, 2018, the City's proportionate share was 0.0583%, which is a decrease from its proportion of 0.0586% as of June 30, 2017.

For the year ended June 30, 2019, the City recognized OPEB income from this plan of \$6,351. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to this OPEB plan from the following sources:

	City	
	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ -	\$ 3,685
Changes of assumptions	-	206
Net Difference between Projected and Actual Earnings	-	14,021
Change in Proportionate Share	54	460
Contributions subsequent to the MD	31,034	-
Total	<u>\$ 31,088</u>	<u>\$ 18,372</u>

CITY OF CANBY, OREGON
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

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

C. PERS Retirement Health Insurance Account (Continued)

Deferred outflows of resources related to OPEB of \$31,034 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
2020	\$ (6,148)
2021	(6,066)
2022	(4,711)
2023	(1,394)
Total	<u>\$ (18,319)</u>

Actuarial Methods and Assumptions

Valuation Date	December 31, 2016
Measurement Date	June 30, 2018
Experience Study Report	2016, published July 26, 2017
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Inflation Rate	2.50 percent
Long-term expected rate of return	7.20 percent
Discount rate	7.20 percent
Projected Salary Increases	3.50 percent
Retiree health care participation	Healthy retirees: 38%; Disabled retirees: 20%
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>

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

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

The following presents the City's proportionate share of the net OPEB liability (asset) calculated using the discount rate of 7.20%, 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 (6.20%) or 1 percentage point higher (8.20%) than the current rate:

CITY OF CANBY, OREGON
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

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

C. PERS Retirement Health Insurance Account (Continued)

	City		
	1%	Current	1%
	Decrease	Discount	Increase
	(6.20%)	Rate (7.20%)	(8.20%)
Net OPEB Liability (Asset)	\$ (37,864)	\$ (65,031)	\$ (88,155)

OPEB Plan Fiduciary Net Position

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

D Post-Retirement Benefits – Sick Leave

In addition to pension benefits, the City has contractually agreed to pay employees 50% of accumulated sick leave with a maximum payout of 500 hours at the time of retirement. The City recognizes this cost at the fund level when employees retire and benefit is paid. During 2018-2019, \$58,874 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, 2019.

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.

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.

CITY OF CANBY, OREGON
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

8) PENSION PLAN (Continued)

B. Benefits Provided (Continued)

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.

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.

CITY OF CANBY, OREGON
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

8) PENSION PLAN (Continued)
B. Benefits Provided (Continued)

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, 2016 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 \$985,762. CUB employer contributions for the year ended June 30, 2019 were \$305,600, 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 \$409,027 of the employees' contribution.

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

At June 30, 2019, the City and CUB reported a liability of \$9,980,098 and \$2,788,142 respectively for its proportionate share of the OPERS net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016 rolled forward to June 30, 2018. 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, 2019, the City's and CUB's proportionate share were 0.0659% and 0.0184% respectively, which changed from its proportionate share measured as of June 30, 2018 by 0.0014% and 0.0014%, respectively.

For the year ended June 30, 2019, the City and CUB recognized pension expense of \$830,520 and \$151,261 respectively. At June 30, 2019, the City and CUB reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

CITY OF CANBY, OREGON
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

8) PENSION PLAN (Continued)

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

	City		CUB	
	Deferred Outflow of Resources	Deferred Inflow of Resources	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ 339,493	\$ -	\$ 94,844	\$ -
Changes of assumptions	2,320,354	-	648,238	-
Net difference between projected and actual earnings on investments	-	443,173	-	123,809
Changes in proportionate share	187,631	418,100	16,400	318,496
Differences between employer contributions and employer's proportionate share of system contributions	56,513	159,263	48,141	23,981
Contributions subsequent to the MD	943,757	-	305,600	-
Net Deferred Outflow/(Inflow) of Resources	<u>\$3,847,748</u>	<u>\$1,020,535</u>	<u>\$1,113,223</u>	<u>\$466,286</u>

Deferred outflows of resources related to pensions of \$943,757 and \$305,600 resulting from the City's and CUB's respectively 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
2020	\$ 1,090,682	\$ 254,227
2021	761,581	155,064
2022	(122,279)	(87,094)
2023	101,785	6,701
2024	51,686	12,439
Total	<u>\$ 1,883,455</u>	<u>\$ 341,337</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 2016 experience study which reviewed experience for the four-year period ending on December 31, 2016.

Valuation Date	December 31, 2016
Measurement Date	June 30, 2018
Experience Study Report	2016, published July 26, 2017
Actuarial Cost Method	Entry Age Normal

CITY OF CANBY, OREGON
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

8) PENSION PLAN (Continued)

E. Actuarial Methods and Assumptions (Continued)

Actuarial Assumptions	
Inflation rate	2.50 percent
Long-term expected rate of return	7.20 percent
Discount rate	7.20 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-2014 Healthy annuitant, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.</p> <p>Active members: RP-2014 Employees, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.</p> <p>Disabled retirees: RP-2014 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale.</p>

The total pension liability in the December 31, 2016 actuarial valuation was determined using the actuarial methods and assumptions shown in the prior table.

F. Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 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 7.20% 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, 2019

8) PENSION PLAN (Continued)

H. Long-Term Expected Rate of Return

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Compounded Annual Return (Geometric)</u>
Core Fixed Income	8.00%	3.49%
Short-Term Bonds	8.00%	3.38%
Bank/Leveraged Loans	3.00%	5.09%
High Yield Bonds	1.00%	6.45%
Large/Mid Cap US Equities	15.75%	6.30%
Small Cap US Equities	1.31%	6.69%
Micro Cap US Equities	1.31%	6.80%
Developed Foreign Equities	13.13%	6.71%
Emerging Market Equities	4.13%	7.45%
Non-US Small Cap Equities	1.88%	7.01%
Private Equities	17.50%	7.82%
Real Estate (Property)	10.00%	5.51%
Real Estate (REITS)	2.50%	6.37%
Hedge Funds - Diversified	2.50%	4.09%
Hedge Funds - Event Driven	0.63%	5.86%
Timber	1.88%	5.62%
Farmland	1.88%	6.15%
Infrastructure	3.75%	6.60%
Commodities	1.88%	3.84%
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 7.20%, 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 (6.20%) or one percentage point higher (8.20%) than the current rate:

<u>Proportionate share of the net pension liability (asset)</u>	<u>1% Decrease (6.20%)</u>	<u>Discount Rate (7.20%)</u>	<u>1% Increase (8.20%)</u>
City	\$ 16,678,629	\$ 9,980,098	\$ 4,451,009
CUB	4,659,513	2,788,142	1,243,479

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, 2019

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

GASB Statement No. 88 "Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements", requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses.

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, 2019, the City had outstanding commitments for consulting, construction and equipment totaling approximately \$1,448,238.

The City participates in a workers compensation retroactive plan and the maximum outstanding workers compensation exposure is \$136,830.

12) RELATED PARTY

The City receives payments from CUB for contributions in lieu of taxes; for the year ended June 30, 2019, contributions totaled \$819,409. The receivable amounts at June 30, 2019 are, \$135,260 for contributions in lieu of taxes and shared expenses.

13) SUBSEQUENT EVENTS

- In July 2019 a property purchase of \$603,000 was made from the Street fund and funded by the URD. This property will be used for future access from the Pioneer Industrial Park to Hwy 99E.
- In August 2019 a property purchase of \$382,509 was made from the Transit fund for a new office.

14) DEFICIT NET POSITION/FUND BALANCES

The Facilities and Fleet Internal Service Fund reported deficit net position balances of \$9,889 and \$162,705 respectively as of June 30, 2019. 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, 2019

	Budget			Variance
	Original	Final	Actual	Positive (Negative)
REVENUES:				
Property taxes	\$ 4,800,000	\$ 4,800,000	\$ 4,956,467	\$ 156,467
Intergovernmental	1,092,552	1,092,552	931,037	(161,515)
Charges for services	555,518	555,518	674,178	118,660
Franchise	1,600,400	1,600,400	1,626,766	26,366
Licenses, fees, permits	155,950	155,950	189,023	33,073
Fines and forfeitures	496,900	496,900	641,686	144,786
Grants & donations	31,600	31,600	35,070	3,470
Interest	30,000	30,000	83,103	53,103
Miscellaneous	37,200	102,200	175,611	73,411
Total revenues	8,800,120	8,865,120	9,312,941	447,821
EXPENDITURES:				
Administration	1,126,873	1,326,873	1,287,463	39,410
Finance	476,610	542,610	533,246	9,364
Court	432,937	499,937	487,288	12,649
Planning	323,645	478,645	418,156	60,489
Building	53,387	23,387	20,956	2,431
Police	5,713,347	5,719,347	5,649,895	69,452
Parks	959,611	883,611	818,174	65,437
Cemetery	139,326	139,326	134,054	5,272
Economic Development	533,955	403,955	335,022	68,933
Unallocated				
Personnel services	90,000	145,000	136,401	8,599
Materials & services	46,672	46,672	46,672	-
Contingency	500,000	247,000	-	247,000
Total expenditures	10,396,363	10,456,363	9,867,327	589,036
Revenues over (under) expenditures	(1,596,243)	(1,591,243)	(554,386)	1,036,857
OTHER FINANCING SOURCES (USES):				
Special Payments	(30,000)	(35,000)	(31,663)	3,337
Transfers in	1,042,352	1,042,352	848,552	(193,800)
Transfers out	(129,243)	(129,243)	(129,243)	-
Total other financing sources (uses)	883,109	878,109	687,646	(190,463)
Net changes in fund balances	(713,134)	(713,134)	133,260	846,394
FUND BALANCE, BEGINNING	2,847,805	2,847,805	3,108,936	261,131
FUND BALANCE, ENDING	<u>\$ 2,134,671</u>	<u>\$ 2,134,671</u>	<u>\$ 3,242,196</u>	<u>\$ 1,107,525</u>

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, 2019

	Budget			Variance
	Original	Final	Actual	Positive (Negative)
REVENUES:				
Intergovernmental	\$ 1,936,000	\$ 1,936,000	\$ 2,083,333	\$ 147,333
Charges for services	664,300	664,300	648,724	(15,576)
Interest	18,000	18,000	44,190	26,190
Miscellaneous	5,000	5,000	69,323	64,323
Excise tax	50,000	50,000	84,306	34,306
Total revenues	2,673,300	2,673,300	2,929,876	256,576
EXPENDITURES:				
Street department	4,883,259	4,883,259	2,599,676	2,283,583
Contingency	110,000	110,000	-	110,000
Total expenditures	4,993,259	4,993,259	2,599,676	2,393,583
Revenues over (under) expenditures	(2,319,959)	(2,319,959)	330,200	2,650,159
OTHER FINANCING SOURCES (USES):				
Transfers in	1,431,378	1,431,378	88,848	(1,342,530)
Transfers out	(220,345)	(220,345)	(195,619)	24,726
Total other financing sources (uses)	1,211,033	1,211,033	(106,771)	(1,317,804)
Net changes in fund balance	(1,108,926)	(1,108,926)	223,429	1,332,355
FUND BALANCE, BEGINNING	1,734,960	1,734,960	1,876,055	141,095
FUND BALANCE, ENDING	<u>\$ 626,034</u>	<u>\$ 626,034</u>	<u>\$ 2,099,484</u>	<u>\$ 1,473,450</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, 2019

	Budget			Variance
	Original	Final	Actual	Positive (Negative)
REVENUES:				
Transit tax	\$ 1,381,000	\$ 1,381,000	\$ 1,520,524	\$ 139,524
Grants & donations	959,342	959,342	881,867	(77,475)
Charges for services	47,160	47,160	66,466	19,306
Interest	8,000	8,000	38,363	30,363
Miscellaneous	8,000	8,000	9,141	1,141
Total revenues	2,403,502	2,403,502	2,516,361	112,859
EXPENDITURES:				
Transit	2,187,427	2,187,427	2,084,402	103,025
Contingency	175,000	175,000	-	175,000
Total expenditures	2,362,427	2,362,427	2,084,402	278,025
Revenues over (under) expenditures	41,075	41,075	431,959	390,884
OTHER FINANCING SOURCES (USES):				
Transfers out	(185,937)	(185,937)	(185,937)	-
Net changes in fund balance	(144,862)	(144,862)	246,022	390,884
FUND BALANCE, BEGINNING	1,624,427	1,624,427	1,812,278	187,851
FUND BALANCE, ENDING	\$1,479,565	\$1,479,565	\$2,058,300	\$ 578,735

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, 2019

	Budget		Actual	Variance
	Original	Final		Positive (Negative)
REVENUES:				
Interest	\$ 80,000	\$ 80,000	\$ 179,428	\$ 99,428
System development charges	1,682,724	1,682,724	2,867,424	1,184,700
Total revenues	1,762,724	1,762,724	3,046,852	1,284,128
OTHER FINANCING SOURCES (USES):				
Transfers out	(1,837,378)	(1,837,378)	(384,222)	1,453,156
Net change in fund balance	(74,654)	(74,654)	2,662,630	2,737,284
FUND BALANCE, BEGINNING	6,023,102	6,023,102	6,205,492	182,390
FUND BALANCE, ENDING	<u>\$5,948,448</u>	<u>\$5,948,448</u>	<u>\$ 8,868,122</u>	<u>\$ 2,919,674</u>

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

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

	2019	2018	2017
Proportion of the net OPEB liability (asset)	0.0583%	0.0586%	0.0623%
Proportionate share of the net OPEB liability (asset)	\$ (65,031)	\$ (24,459)	\$ 16,918
Covered Payroll	6,078,300	5,997,812	6,038,627
Proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	-1%	-0.4%	0.3%
Plan fiduciary net position as a percentage of the total OPEB liability	124.0%	108.9%	94.2%

SCHEDULE OF CONTRIBUTIONS - LAST TEN YEARS*

	2019	2018	2017
Statutorily required contribution	\$ 27,962	\$ 29,178	\$ 27,777
Contributions in relation to the statutorily required contribution	27,962	29,178	27,777
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered Payroll	6,817,117	6,078,300	5,997,812
Contributions as a percent of covered payroll	0.4%	0.5%	0.5%

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

	2019	2018
Total City OPEB Liability		
Service cost	\$ 49,118	\$ 52,481
Interest on total OPEB liability	23,686	18,539
Effect of economic/demographic gains or losses	261	-
Effect of assumption changes or inputs	(167,508)	(42,771)
Benefit payments	(17,005)	(10,607)
Net Change in Total OPEB liability	(111,448)	17,642
Balance Beginning	620,928	603,286
Balance Ending	<u>\$ 509,480</u>	<u>\$ 620,928</u>
	2019	2018
Total CUB OPEB Liability		
Service cost	\$ 8,015	\$ 8,507
Interest on total OPEB liability	4,359	3,667
Effect of economic/demographic gains or losses	(19,723)	-
Effect of assumption changes or inputs	(22,873)	(6,280)
Benefit payments	(14,219)	(10,457)
Net Change in Total OPEB liability	(44,441)	(4,563)
Balance Beginning	120,788	125,351
Balance Ending	<u>\$ 76,347</u>	<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)						
	2019	2018	2017	2016	2015	2014
Proportion of the net pension liability (asset)	0.0659%	0.0672%	0.0641%	0.0748%	0.0703%	0.0703%
Proportionate share of the net pension liability (asset)	\$ 9.98	\$ 9.06	\$ 9.62	\$ 4.30	\$ (1.59)	\$ 3.59
Covered Payroll	6.08	6.00	6.04	5.85	5.82	5.65
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	164.1%	151.0%	159.3%	73.5%	-27.3%	63.5%
Plan fiduciary net position as a percentage of the total pension liability	82.1%	83.1%	80.5%	91.9%	103.6%	92.0%

Canby Utility Board (Dollars in millions)						
	2019	2018	2017	2016	2015	2014
Proportion of the net pension liability (asset)	0.0184%	0.0198%	0.0218%	0.0253%	0.0223%	N/A
Proportionate share of the net pension liability (asset)	\$ 2.79	\$ 2.67	\$ 3.27	\$ 1.45	\$ (0.51)	N/A
Covered Payroll	1.69	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	165.1%	155.2%	186.9%	80.1%	-32.1%	N/A
Plan fiduciary net position as a percentage of the total pension liability	82.1%	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					
	2019	2018	2017	2016	2015	2014
Statutorily required contribution	\$ 943,757	\$ 872,666	\$ 652,149	\$ 746,158	\$ 456,991	\$ 558,095
Contributions in relation to the statutorily required contribution	943,757	872,666	652,149	746,158	456,991	558,095
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	6,817,117	6,078,300	5,997,812	6,038,627	5,845,405	5,822,556
Contributions as a percent of covered payroll	13.8%	14.4%	10.9%	12.4%	7.8%	9.6%

	Canby Utility Board					
	2019	2018	2017	2016	2015	2014
Statutorily required contribution	\$ 305,600	\$ 306,220	\$ 230,179	\$ 225,984	\$ 204,466	N/A
Contributions in relation to the statutorily required contribution	305,600	306,220	230,179	225,984	204,466	N/A
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
Covered Payroll	1,898,808	1,692,959	1,719,358	1,747,999	1,810,490	N/A
Contributions as a percent of covered payroll	16.1%	18.1%	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
For the Fiscal Year Ended June 30, 2019

Budgetary Information

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

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

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

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

The City Council may change the budget throughout the year by transferring appropriations between levels of control by adopting appropriation transfers as authorized by Oregon Revised Statutes. Unexpected additional resources may be added to the budget through the use of a supplemental budget. A supplemental budget may require hearings before the public, and requires publications in newspapers and approval by the City Council. Expenditure appropriations may not be legally over-expended except in the case of grant receipts that could not be reasonably estimated at the time the budget was adopted, and for debt service on new debt issued during the budget year. Management may transfer budget amounts between individual line items within the legally adopted appropriation levels, but cannot make changes to those levels themselves. During the fiscal year ended June 30, 2019, the City had one supplemental budget and two appropriation transfer resolutions.

SUPPLEMENTARY INFORMATION

CITY OF CANBY, OREGON
NON-MAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
June 30, 2019

	Transient Room Tax Fund	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	\$ 17,327	\$ 40,937	\$ 1,014,666	\$ 1,006,358	\$ 110,102	\$ 28,800	\$ 2,218,190
Due from other governments	-	-	-	2,427	-	-	2,427
Accounts receivable	6,040	-	175	10,434	214	1,327	18,190
Property taxes receivable	-	-	-	21,817	-	-	21,817
Total assets	<u>\$ 23,367</u>	<u>\$ 40,937</u>	<u>\$ 1,014,841</u>	<u>\$ 1,041,036</u>	<u>\$ 110,316</u>	<u>\$ 30,127</u>	<u>\$ 2,260,624</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES							
LIABILITIES							
Accounts payable and other current liabilities	\$ -	\$ -	\$ -	\$ 31,140	\$ 35,866	\$ 30,127	\$ 97,133
DEFERRED INFLOWS							
Unavailable revenue	-	-	-	19,955	-	-	19,955
Total liabilities and deferred inflows	-	-	-	51,095	35,866	30,127	117,088
FUND BALANCES							
Restricted for:							
Drug enforcement and equipment	-	40,937	-	-	-	-	40,937
Library	-	-	-	-	74,450	-	74,450
Swim center	-	-	-	989,941	-	-	989,941
Committed:							
Tourism Promotion/Enhancement	23,367	-	-	-	-	-	23,367
Cemetery care	-	-	1,014,841	-	-	-	1,014,841
Total fund balances	<u>23,367</u>	<u>40,937</u>	<u>1,014,841</u>	<u>989,941</u>	<u>74,450</u>	<u>-</u>	<u>2,143,536</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 23,367</u>	<u>\$ 40,937</u>	<u>\$ 1,014,841</u>	<u>\$ 1,041,036</u>	<u>\$ 110,316</u>	<u>\$ 30,127</u>	<u>\$ 2,260,624</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, 2019

	Transient Room Tax Fund	Forfeiture Fund	Cemetery Perpetual Care Fund	Swim Center Local Option Tax Levy Fund	Library Fund	Urban Renewal General Fund	Total
REVENUES:							
Charges for services	\$ -	\$ -	\$ 21,130	\$ 219,471	\$ 32,998	\$ -	\$ 273,599
Intergovernmental	-	-	-	-	936,892	-	936,892
Property taxes	-	-	-	781,379	-	-	781,379
Room Taxes	23,111	-	-	-	-	-	23,111
Grants & donations	-	-	-	-	27,374	12,660	40,034
Miscellaneous	-	-	-	-	3,693	1,223	4,916
Interest	256	1,061	24,659	24,108	1,242	11,119	62,445
Total revenues	23,367	1,061	45,789	1,024,958	1,002,199	25,002	2,122,376
EXPENDITURES:							
General Government	-	-	-	-	-	1,336,216	1,336,216
Public safety	-	22,153	-	-	-	-	22,153
Culture and recreation	-	-	-	700,550	955,133	-	1,655,683
Capital outlay	-	-	-	5,568	-	180,296	185,864
Total expenditures	-	22,153	-	706,118	955,133	1,516,512	3,199,916
Revenues over (under) expenditures	23,367	(21,092)	45,789	318,840	47,066	(1,491,510)	(1,077,540)
OTHER FINANCING SOURCES (USES):							
Transfers in	-	-	500,000	-	550,000	484,740	1,534,740
Transfers out	-	-	(500,000)	(88,071)	(611,778)	-	(1,199,849)
Total other financing sources (uses)	-	-	-	(88,071)	(61,778)	484,740	334,891
Net changes in fund balances	23,367	(21,092)	45,789	230,769	(14,712)	(1,006,770)	(742,649)
FUND BALANCES, BEGINNING	-	62,029	969,052	759,172	89,162	1,006,770	2,886,185
FUND BALANCES, ENDING	\$ 23,367	\$ 40,937	\$ 1,014,841	\$ 989,941	\$ 74,450	\$ -	\$ 2,143,536

CITY OF CANBY, OREGON
TRANSIENT ROOM TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2019

	Budget			Variance
	Original	Final	Actual	Positive (Negative)
REVENUES:				
Room Tax	\$ -	\$ -	\$ 23,111	\$ 23,111
Interest	-	-	256	256
Total revenues	-	-	23,367	23,367
Net changes in fund balances	-	-	23,367	23,367
FUND BALANCE, BEGINNING	-	-	-	-
FUND BALANCE, ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,367</u>	<u>\$ 23,367</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, 2019

	Budget			Variance
	Original	Final	Actual	Positive (Negative)
REVENUES:				
Interest	\$ 450	\$ 450	\$ 1,061	\$ 611
EXPENDITURES:				
Police	52,015	52,015	22,153	29,862
Net changes in fund balances	(51,565)	(51,565)	(21,092)	30,473
FUND BALANCE, BEGINNING	51,565	51,565	62,029	10,464
FUND BALANCE, ENDING	\$ -	\$ -	\$ 40,937	\$ 40,937

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, 2019

	Budget		Actual	Variance
	Original	Final		Positive (Negative)
REVENUES:				
Charges for services	\$ 20,000	\$ 20,000	\$ 21,130	\$ 1,130
Interest	12,000	12,000	24,659	12,659
Total revenues	32,000	32,000	45,789	13,789
OTHER FINANCING SOURCES (USES):				
Transfers in	502,000	502,000	500,000	(2,000)
Transfers out	(500,000)	(500,000)	(500,000)	-
Total other financing sources (uses)	2,000	2,000	-	(2,000)
Net changes in fund balance	34,000	34,000	45,789	11,789
FUND BALANCE, BEGINNING	967,367	967,367	969,052	1,685
FUND BALANCE, ENDING	<u>\$ 1,001,367</u>	<u>\$ 1,001,367</u>	<u>\$ 1,014,841</u>	<u>\$ 13,474</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, 2019

	Budget			Variance
	Original	Final	Actual	Positive (Negative)
REVENUES:				
Property taxes	\$ 743,000	\$ 743,000	\$ 781,379	\$ 38,379
Charges for services	209,400	209,400	219,471	10,071
Interest	9,000	9,000	24,108	15,108
Total revenues	961,400	961,400	1,024,958	63,558
EXPENDITURES:				
Swim Center	1,264,555	1,264,555	706,118	558,437
Contingency	75,000	75,000	-	75,000
Total expenditures	1,339,555	1,339,555	706,118	633,437
Revenues over (under) expenditures	(378,155)	(378,155)	318,840	696,995
OTHER FINANCING SOURCES (USES):				
Transfers out	(88,071)	(88,071)	(88,071)	-
Net changes in fund balance	(466,226)	(466,226)	230,769	696,995
FUND BALANCE, BEGINNING	700,260	700,260	759,172	58,912
FUND BALANCE, ENDING	<u>\$ 234,034</u>	<u>\$ 234,034</u>	<u>\$ 989,941</u>	<u>\$ 755,907</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, 2019

	Budget			Variance
	Original	Final	Actual	Positive (Negative)
REVENUES:				
Intergovernmental	\$ 881,525	\$ 881,525	\$ 936,892	\$ 55,367
Charges for services	30,000	30,000	32,998	2,998
Grants & donations	21,143	21,143	27,374	6,231
Miscellaneous	-	-	3,693	3,693
Interest	2,000	2,000	1,242	(758)
Total revenues	934,668	934,668	1,002,199	67,531
EXPENDITURES:				
Library Services	957,644	957,644	955,133	2,511
Contingency	3,370	1,370	-	1,370
Total expenditures	961,014	959,014	955,133	3,881
Revenues over (under) expenditures	(26,346)	(24,346)	47,066	71,412
OTHER FINANCING SOURCES (USES):				
Transfers in	550,000	550,000	550,000	-
Pass-Thru Revenue	12,000	12,000	14,482	2,482
Transfers out	(613,778)	(613,778)	(611,778)	2,000
Pass-Thru Payments	(12,000)	(14,000)	(14,482)	(482)
Total other financing sources (uses)	(63,778)	(65,778)	(61,778)	4,000
Net changes in fund balance	(90,124)	(90,124)	(14,712)	75,412
FUND BALANCE, BEGINNING	90,124	90,124	89,162	(962)
FUND BALANCE, ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 74,450</u>	<u>\$ 74,450</u>

CITY OF CANBY, OREGON
URBAN RENEWAL AGENCY – GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2019

	Budget			Variance
	Original	Final	Actual	Positive (Negative)
REVENUES:				
Grants and donations	\$ -	\$ -	\$ 12,660	\$ 12,660
Interest	10,000	10,000	11,119	1,119
Miscellaneous	-	-	1,223	1,223
Total revenues	10,000	10,000	25,002	15,002
EXPENDITURES:				
Urban Renewal	2,217,626	2,217,626	1,516,512	701,114
Contingency	50,000	50,000	-	50,000
Total expenditures	2,267,626	2,267,626	1,516,512	751,114
Revenues over (under) expenditures	(2,257,626)	(2,257,626)	(1,491,510)	766,116
OTHER FINANCING SOURCES (USES):				
Transfers in	1,518,796	1,518,796	484,740	(1,034,056)
Transfers out	-	-	-	-
Total other financing sources (uses)	1,518,796	1,518,796	484,740	(1,034,056)
Net change in fund balance	(738,830)	(738,830)	(1,006,770)	(267,940)
FUND BALANCE, BEGINNING	738,830	738,830	1,006,770	267,940
FUND BALANCE, ENDING	\$ -	\$ -	\$ -	\$ -

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, 2019

	Budget			Variance
	Original	Final	Actual	Positive (Negative)
REVENUES:				
Property taxes	\$ 3,160,000	\$ 3,160,000	\$ 3,494,614	\$ 334,614
Special assessments	65,863	65,863	38,218	(27,645)
Miscellaneous	51,000	51,000	49,160	(1,840)
Interest	8,000	8,000	64,756	56,756
Total revenues	3,284,863	3,284,863	3,646,748	361,885
EXPENDITURES:				
Debt service	3,277,987	3,277,987	2,074,824	1,203,163
Revenues over (under) expenditures	6,876	6,876	1,571,924	1,565,048
OTHER FINANCING SOURCES (USES):				
Transfers out	(1,518,796)	(1,518,796)	(484,740)	1,034,056
Net change in fund balance	(1,511,920)	(1,511,920)	1,087,184	2,599,104
FUND BALANCE, BEGINNING	1,585,400	1,585,400	1,563,029	(22,371)
FUND BALANCE, ENDING	<u>\$ 73,480</u>	<u>\$ 73,480</u>	<u>\$ 2,650,213</u>	<u>\$ 2,576,733</u>

CITY OF CANBY, OREGON
SEWER COMBINED FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2019

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Charges for services	\$ 4,217,300	\$ 4,217,300	\$ 4,239,877	\$ 22,577
Interest	54,000	54,000	131,564	77,564
Miscellaneous	-	-	6,192	6,192
Total revenues	4,271,300	4,271,300	4,377,633	106,333
EXPENDITURES:				
Wastewater Treatment	1,303,283	1,303,283	1,196,873	106,410
Collections	1,501,517	1,457,017	702,831	754,186
Stormwater	292,850	292,850	266,674	26,176
Unallocated				
Personnel services	48,810	48,810	33,405	15,405
Materials & services	330,000	374,500	362,000	12,500
Contingency	235,000	235,000	-	235,000
Total expenditures	3,711,460	3,711,460	2,561,782	1,149,677
Revenues over (under) expenditures	559,840	559,840	1,815,851	1,256,010
OTHER FINANCING SOURCES (USES):				
Transfers in	514,000	514,000	419,248	(94,752)
Transfers out	(466,978)	(466,978)	(311,778)	155,200
Total other financing sources (uses)	47,022	47,022	107,470	60,448
Net change in fund balance	606,862	606,862	1,923,321	1,316,458
FUND BALANCE, BEGINNING BUDGETARY BASIS	4,336,674	4,336,674	4,513,368	176,694
FUND BALANCE, ENDING BUDGETARY BASIS	<u>\$ 4,943,536</u>	<u>\$ 4,943,536</u>	<u>\$ 6,436,688</u>	<u>\$ 1,493,152</u>

Change in fund balance - budgetary basis	\$ 1,923,321	Fund balance - budgetary basis	\$ 6,436,688
Expenditures capitalized	550,691	Capital assets net	14,588,314
Disposal of assets	(16,000)	Deferred inflow sewer charges	272,601
Depreciation expense	(430,962)	OPEB Liability	(51,291)
Change in Deferred Revenue - Sewer Charges	175,727	Deferred inflow related to OPEB	(21,421)
Change in OPEB Liability	23,687	Deferred outflow related to OPEB	6,901
Change in deferred inflow related to OPEB	(15,135)	Net pension liability	(1,151,750)
Change in deferred outflow related to OPEB	1,096	Deferred inflow related to pensions	(117,775)
Change in pension liability (asset)	(13,226)	Deferred outflow related to pensions	444,048
Change in deferred inflow related to pensions	(35,347)	Compensated Absences	(105,749)
Change in deferred outflow related to pensions	17,822	Net position - GAAP basis	<u>\$ 20,300,566</u>
Change in compensated absences	(20,244)		
Change in net position - GAAP basis	<u>\$ 2,161,429</u>		

CITY OF CANBY, OREGON
INTERNAL SERVICE FUNDS
COMBINING BALANCE SHEET
June 30, 2019

	Facilities Fund	Fleet Services Fund	Technical Services Fund	Total Internal Services Funds
ASSETS:				
Cash and cash equivalents	\$ 59,642	\$ 31,625	\$ 82,833	\$ 174,100
Accounts receivable	6,394	950	-	7,344
Total assets	66,036	32,575	82,833	181,444
DEFERRED OUTFLOW OF RESOURCES:				
Deferred outflows related to pensions	27,063	79,592	32,444	139,099
Deferred outflows related to OPEB	421	1,237	504	2,162
Total deferred outflow of resources	27,484	80,829	32,948	141,261
Total assets and deferred outflows	\$ 93,520	\$ 113,404	\$ 115,781	\$ 322,705
LIABILITIES, DEFERRED INFLOWS AND NET POSITION:				
Current liabilities				
Accounts payable and other current liabilities	\$ 19,296	\$ 22,105	\$ 4,797	\$ 46,198
Current portion of long-term obligations	1,731	10,064	3,473	15,268
Total current liabilities	21,027	32,169	8,270	61,466
Noncurrent liabilities				
Net OPEB liability	3,126	9,194	3,748	16,068
Net pension liability	70,195	206,441	84,153	360,789
Noncurrent portion of long-term obligations	577	3,355	1,158	5,090
Total noncurrent liabilities	73,898	218,990	89,059	381,947
Total liabilities	94,925	251,159	97,329	443,413
DEFERRED INFLOWS OF RESOURCES:				
Deferred inflows related to pensions	7,178	21,110	8,605	36,893
Deferred inflows related to OPEB	1,306	3,840	1,565	6,711
Total deferred inflows of resources	8,484	24,950	10,170	43,604
NET POSITION:				
Unrestricted	(9,889)	(162,705)	8,282	(164,312)
Total liabilities, deferred inflows and net position	\$ 93,520	\$ 113,404	\$ 115,781	\$ 322,705

CITY OF CANBY, OREGON
INTERNAL SERVICE FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND NET POSITION
For Fiscal Year Ended June 30, 2019

	Facilities Fund	Fleet Services Fund	Technical Services Fund	Total Internal Services Funds
OPERATING REVENUES:				
Charges for services	\$ 372,382	\$ 478,138	\$ 306,683	\$ 1,157,203
Miscellaneous	243	483	-	726
Total revenues	<u>372,625</u>	<u>478,621</u>	<u>306,683</u>	<u>1,157,929</u>
OPERATING EXPENSES:				
Personnel services	127,453	245,137	99,346	471,936
Materials and services	207,206	377,030	186,115	770,351
Capital outlays	<u>62,978</u>	<u>-</u>	<u>33,308</u>	<u>96,286</u>
Total operating expense	<u>397,637</u>	<u>622,167</u>	<u>318,769</u>	<u>1,338,573</u>
Operating income (loss)	(25,012)	(143,546)	(12,086)	(180,644)
NON-OPERATING INCOME (EXPENSE):				
Interest	<u>1,896</u>	<u>3,448</u>	<u>1,875</u>	<u>7,219</u>
Net change in net position	(23,116)	(140,098)	(10,211)	(173,425)
NET POSITION - BEGINNING	13,227	(22,607)	18,493	9,113
NET POSITION, ENDING	<u>\$ (9,889)</u>	<u>\$ (162,705)</u>	<u>\$ 8,282</u>	<u>\$ (164,312)</u>

CITY OF CANBY, OREGON
INTERNAL SERVICE FUNDS
COMBINING SCHEDULE OF CASH FLOWS
For Fiscal Year Ended June 30, 2019

	Facilities Fund	Fleet Services Fund	Technical Services Fund	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from outside customers	\$ 1,962	\$ 5,120	\$ -	\$ 7,082
Cash received from internal customers	364,560	472,941	306,683	1,144,184
Cash paid to employees for salaries and benefits	(99,355)	(225,967)	(90,879)	(416,201)
Cash paid to suppliers and others	(263,943)	(370,232)	(228,460)	(862,635)
Net cash from operating activities	3,224	(118,138)	(12,656)	(127,570)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest received	1,896	3,448	1,875	7,219
Net increase (decrease) in cash and cash equivalents	5,120	(114,690)	(10,781)	(120,351)
CASH AND CASH EQUIVALENTS, BEGINNING	<u>54,522</u>	<u>146,315</u>	<u>93,614</u>	<u>294,451</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 59,642</u>	<u>\$ 31,625</u>	<u>\$ 82,833</u>	<u>\$ 174,100</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating income (loss)	\$ (25,012)	\$ (143,546)	\$ (12,086)	\$ (180,644)
Adjustments:				
Decrease (increase) in:				
Accounts receivable	(6,103)	(560)	-	(6,663)
Increase (decrease) in:				
Accounts payable and accrued expenses	6,240	6,798	(9,037)	4,001
Net OPEB liability	1,597	(1,443)	(451)	(297)
Accrued compensated absences	1,588	12,103	4,023	17,714
Net pension liability	24,913	8,508	4,895	38,316
Net cash from operating activities	<u>\$ 3,224</u>	<u>\$ (118,138)</u>	<u>\$ (12,656)</u>	<u>\$ (127,570)</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, 2019

	Budget			Variance
	Original	Final	Actual	Positive (Negative)
REVENUES:				
Charges for services	\$ 369,561	\$ 369,561	\$ 372,382	\$ 2,821
Miscellaneous	-	-	263	263
Interest	2,100	2,100	1,896	(204)
Total revenues	371,661	371,661	374,541	2,880
EXPENDITURES:				
Facilities	384,295	394,295	369,541	24,754
Contingency	30,047	20,047	-	20,047
Total expenditures	414,342	414,342	369,541	44,801
Revenues over (under) expenditures	(42,681)	(42,681)	5,000	47,681
FUND BALANCE, BEGINNING BUDGETARY BASIS	42,681	42,681	41,740	(941)
FUND BALANCE, ENDING BUDGETARY BASIS	\$ -	\$ -	\$ 46,740	\$ 46,740

Change in fund balance - budgetary basis	\$ 5,000
Change in deferred revenue	(20)
Change in compensated absences	(1,588)
Change in accrued OPEB liability	(730)
Change in deferred inflow related to OPEB	(1,105)
Change in deferred outflow related to OPEB	238
Change in pension liability	(33,807)
Change in deferred inflow related to pensions	(4,544)
Change in deferred outflow related to pensions	13,441
Change in net position - GAAP basis	<u>\$ (23,116)</u>

Fund balance - budgetary basis	\$ 46,740
Compensated absences	(2,308)
OPEB liability	(3,126)
Deferred inflow related to OPEB	(1,306)
Deferred outflow related to OPEB	421
Net pension liability	(70,195)
Deferred inflow related to pensions	(7,178)
Deferred outflow related to pensions	27,063
Net position - GAAP basis	<u>\$ (9,889)</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, 2019

	Budget			Variance
	Original	Final	Actual	Positive (Negative)
REVENUES:				
Charges for services	\$601,225	\$601,225	\$ 477,686	\$ (123,539)
Interest	3,200	3,200	3,448	248
Miscellaneous	1,000	1,000	483	(517)
Total revenues	605,425	605,425	481,617	(123,808)
EXPENDITURES:				
Fleet Services	632,554	632,554	602,997	29,557
Contingency	67,363	67,363	-	67,363
Total expenditures	699,917	699,917	602,997	96,920
Revenues over (under) expenditures	(94,492)	(94,492)	(121,380)	(26,888)
FUND BALANCE, BEGINNING BUDGETARY BASIS	94,492	94,492	131,396	36,904
FUND BALANCE, ENDING BUDGETARY BASIS	\$ -	\$ -	\$ 10,016	\$ 10,016

Change in fund balance - budgetary basis	\$ (121,380)
change in deferred revenue	452
Change in compensated absences	(12,105)
Change in accrued OPEB liability	3,962
Change in deferred inflow related to OPEB	(2,737)
Change in deferred outflow related to OPEB	218
Change in pension liability	(6,664)
Change in deferred inflow related to pensions	(6,646)
Change in deferred outflow related to pensions	4,802
Change in net position - GAAP basis	<u>\$ (140,098)</u>

Fund balance - budgetary basis	\$ 10,016
Deferred Revenue	454
Compensated absences	(13,419)
OPEB liability	(9,194)
Deferred inflow related to OPEB	(3,840)
Deferred outflow related to OPEB	1,237
Net pension liability	(206,441)
Deferred inflow related to pensions	(21,110)
Deferred outflow related to pensions	79,592
Net position - GAAP basis	<u>\$ (162,705)</u>

CITY OF CANBY, OREGON
TECHNICAL SERVICES FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For Fiscal Year Ended June 30, 2019

	Budget			Variance
	Original	Final	Actual	Positive (Negative)
REVENUES:				
Charges for services	\$ 306,681	\$ 306,681	\$306,683	\$ (2)
Interest	1,200	1,200	1,875	675
Total revenues	307,881	307,881	308,558	673
EXPENDITURES:				
Tech Services	335,205	335,205	310,302	24,903
Contingency	30,543	30,543	-	30,543
Total expenditures	365,748	365,748	310,302	55,446
Revenues over (under) expenditures	(57,867)	(57,867)	(1,744)	56,119
FUND BALANCE, BEGINNING BUDGETARY BASIS	57,867	57,867	79,780	21,913
FUND BALANCE, ENDING BUDGETARY BASIS	\$ -	\$ -	\$ 78,036	\$ 78,032
Change in fund balance - budgetary basis			\$ (1,744)	
Change in compensated absences			(4,024)	
Change in accrued OPEB liability			1,480	
Change in deferred inflow related to OPEB			(1,127)	
Change in deferred outflow related to OPEB			99	
Change in pension liability			(4,761)	
Change in deferred inflow related to pensions			(2,857)	
Change in deferred outflow related to pensions			2,723	
Change in net position - GAAP basis			<u>\$ (10,211)</u>	
Fund balance - budgetary basis			\$ 78,036	
Compensated absences			(4,631)	
OPEB liability			(3,748)	
Deferred inflow related to OPEB			(1,565)	
Deferred outflow related to OPEB			504	
Net pension liability			(84,153)	
Deferred inflow related to pensions			(8,605)	
Deferred outflow related to pensions			32,444	
Net position - GAAP basis			<u>\$ 8,282</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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities										
Net investment in capital assets	\$ 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	\$ 78,919,522
Restricted	-	3,969,331	6,012,709	14,954,045	13,778,448	13,083,354	7,406,296	9,182,546	9,730,454	12,694,571
Unrestricted	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	1,248,879
Total governmental activities net position	<u>\$ 100,733,253</u>	<u>\$ 100,469,543</u>	<u>\$ 98,924,084</u>	<u>\$ 97,605,960</u>	<u>\$ 94,395,678</u>	<u>\$ 91,661,828</u>	<u>\$ 89,205,532</u>	<u>\$ 87,942,812</u>	<u>\$ 92,197,391</u>	<u>\$ 92,862,972</u>
Business-type activities										
Net investment in capital assets	\$ 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	\$ 14,588,314
Restricted for: Debt service	250,500	250,500	250,500	302,285	302,285	302,285	297,500	299,072	-	-
Unrestricted	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	5,690,680
Total business-type activities net position	<u>\$ 9,567,993</u>	<u>\$ 10,357,227</u>	<u>\$ 11,501,362</u>	<u>\$ 11,895,244</u>	<u>\$ 12,642,454</u>	<u>\$ 14,091,966</u>	<u>\$ 15,329,729</u>	<u>\$ 16,433,981</u>	<u>\$ 18,139,137</u>	<u>\$ 20,278,994</u>
Primary government										
Net investment in capital assets	\$ 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	\$ 93,507,836
Restricted	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	12,694,571
Unrestricted	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	6,939,559
Total primary government net position	<u>\$ 110,301,246</u>	<u>\$ 110,826,770</u>	<u>\$ 110,425,446</u>	<u>\$ 109,501,204</u>	<u>\$ 107,038,132</u>	<u>\$ 105,753,794</u>	<u>\$ 104,535,261</u>	<u>\$ 104,376,793</u>	<u>\$ 110,336,528</u>	<u>\$ 113,141,966</u>

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

Expenses	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities:										
General government	\$ 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	\$ 5,813,351
Public safety	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	6,024,611
Highways and streets	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	5,333,142
Transportation	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	1,933,763
Culture and recreation	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	2,917,805
Community development	757,344	657,712	644,529	731,776	964,019	843,014	1,084,698	994,297	849,462	808,104
Interest on long-term debt	300,883	340,041	745,573	1,077,103	1,166,925	1,135,641	1,100,784	1,069,354	1,050,621	1,010,093
Total governmental activities expenses	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	23,840,869
Business-type activities:										
Sewer Operations	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	2,509,461
Total business-type activities expenses	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	2,509,461
Total primary government expenses	\$ 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	\$ 26,350,330
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 122,984	\$ 669,801	\$ 535,139	\$ 356,315	\$ 2,026,761	\$ 1,594,975	\$ 1,342,053	\$ 1,935,370	\$ 1,616,403	\$ 2,033,138
Public safety	681,157	704,506	506,205	464,128	477,488	642,941	546,743	178,770	70,455	41,770
Highways and streets	537,347	565,788	531,122	532,962	549,222	590,344	471,186	734,798	633,105	798,136
Transportation	-	9,133	1,005	123,271	128,437	128,973	69,974	59,901	55,942	65,424
Culture and recreation	4,314	276,095	213,339	255,577	238,273	260,106	229,920	200,671	452,430	656,134
Community development	133,158	261,095	-	-	-	-	242,879	272,343	240,187	281,423
Operating grants and contributions	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	3,181,745
Capital grants and contributions	-	285,355	534,089	1,966,349	1,256,840	499,747	2,527,420	2,778,858	1,813,959	3,702,312
Total governmental activities program revenues	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	10,760,082
Business-type activities:										
Charges for services:										
Sewer Operations	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	4,399,082
Capital grants and contributions	-	-	-	-	-	-	283,985	(7,601)	-	-
Total business-type activities program revenues	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	4,399,082
Total primary government program revenues	\$ 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	\$ 15,159,164

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

	2010	2012	2012	2013	2014	2015	2016	2017	2018	2019
Net(expense)/revenue										
Governmental activities	\$ (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)	\$ (13,080,787)
Business-type activities	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	1,889,621
Total primary government net expense	\$ (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)	\$ (11,191,166)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 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	\$ 8,980,719
Franchise	925,246	428,301	463,062	459,100	442,498	479,348	452,204	1,243,135	1,300,972	1,626,766
Unrestricted intergovernmental revenues	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	982,634
Transient room taxes	-	-	-	-	-	-	-	-	-	23,111
Transit tax	797,622	849,806	946,398	1,006,388	1,054,412	1,201,314	1,284,333	1,358,729	1,424,664	1,520,524
Interest and investment earnings	80,933	71,184	110,052	87,778	97,346	85,666	183,483	159,906	284,336	479,505
Other Revenues	46,935	49,858	86,428	27,487	92,934	103,059	161,506	138,771	213,418	240,579
Gain on sale of capital assets	-	-	-	-	-	(28,935)	-	-	-	-
Transfers in (out)/Special pmts	358,550	282,303	294,583	822,537	488,000	513,281	487,698	498,241	1,298,680	(107,470)
Total governmental activities	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	13,746,368
Business-type activities:										
Interest and investment earnings	20,166	9,295	11,753	13,888	20,264	26,789	32,007	52,552	64,876	131,564
Other revenues	19,834	3,587	7,720	19,919	50,489	58,460	45,482	22,417	43,232	11,202
Gain on sale of capital assets	(11,188)	-	-	-	(224,777)	6,809	-	-	-	-
Transfers in (out)	(358,550)	(282,303)	(294,583)	(822,537)	(488,000)	(513,281)	(487,698)	(498,241)	(129,980)	107,470
Total business-type activities	(329,738)	(269,421)	(275,110)	(788,730)	(642,024)	(421,223)	(410,209)	(423,272)	(21,872)	250,236
Total primary government	\$ 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	\$ 13,996,604
Change in Net Position										
Governmental activities	\$ (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)	\$ 665,581
Business-type activities	457,513	1,058,655	1,144,135	393,882	747,210	1,864,253	1,237,313	1,104,702	1,820,021	2,139,857
Total primary government	\$ (2,407,817)	\$ (10,630,773)	\$ (401,324)	\$ (924,242)	\$ (2,463,072)	\$ 1,753,427	\$ (1,308,622)	\$ (158,028)	\$ 354,369	\$ 2,805,438

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General fund										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,746	\$ 485	\$ -	\$ -	\$ -
Reserved	581,068	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	21,321	18,445	37,010	44,800	70,908
Committed	-	-	-	-	306,150	237,896	398,780	226,829	395,791	507,688
Assigned	-	600,835	637,074	-	-	-	-	-	-	-
Unreserved	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	2,663,600
Total general fund	\$ 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	\$ 3,242,196
All other governmental funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,000,378	\$ 1,200,000	\$ -	\$ -	\$ -
Reserved	-	-	-	-	-	-	-	-	-	-
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	12,623,663
Committed	-	-	25,783	2,209,306	1,344,744	2,128,337	2,902,303	4,087,650	4,657,385	5,195,992
Assigned	-	4,224,592	2,406,976	840,599	859,582	876,116	896,556	-	-	-
Unassigned	-	(230,347)	(38,867)	-	-	-	-	-	-	-
Unreserved, reported in:										
Special revenue funds	3,032,216	-	-	-	-	-	-	-	-	-
Capital project funds	3,375,665	-	-	-	-	-	-	-	-	-
Total other governmental funds	\$ 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	\$ 17,819,655

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Taxes	\$ 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	\$ 10,860,401
Licenses and permits	175,797	269,191	309,404	170,976	164,721	150,619	205,535	142,649	357,637	189,023
Intergovernmental	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	3,951,262
Franchise	393,741	428,301	463,062	459,100	442,498	479,348	452,204	1,243,135	1,300,972	1,626,766
Charges for services	931,949	1,015,900	922,288	996,993	1,378,850	1,087,871	1,188,693	1,176,563	1,141,639	1,662,967
Fines & forfeitures	548,191	505,002	506,205	464,128	477,488	642,941	493,364	510,921	596,192	641,686
Investment earnings	80,933	71,184	110,052	83,632	93,485	83,141	180,498	153,706	277,126	472,285
Special assessments	15,652	265,245	48,913	66,641	68,288	58,524	54,995	48,381	58,019	38,218
Grants & donations	1,052,461	993,742	1,153,253	3,019,171	1,664,156	738,926	1,240,165	901,534	658,579	956,972
System development charges	18,603	41,512	262,552	207,172	296,674	284,442	1,455,036	2,231,407	1,203,280	2,867,424
Miscellaneous	46,935	49,858	85,113	25,024	93,421	95,114	410,449	251,183	1,363,699	308,153
Total revenues	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	23,575,157
Expenditures										
General government	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	3,953,754
Public safety	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	5,469,962
Highways and streets	492,991	528,822	525,337	560,865	831,183	834,575	982,630	907,434	854,844	1,480,860
Transportation	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	2,084,402
Community development	594,136	547,949	549,763	673,417	388,909	764,859	833,806	800,678	779,406	774,134
Culture and recreation	1,512,554	1,727,713	1,809,357	1,752,753	1,825,566	1,843,481	1,893,309	2,057,648	2,075,540	2,424,830
Capital outlay	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	1,487,103
Debt service										
Principal	968,040	635,813	681,788	2,937,007	758,734	836,144	878,502	949,686	1,056,606	1,162,635
Interest	268,662	343,299	741,981	1,059,487	1,173,847	1,138,076	1,107,904	1,076,980	1,057,074	1,020,128
Total expenditures	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	19,857,808
Excess of revenues over (under) expen	(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	3,717,349
Other financing sources (uses)										
Transfers in	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	2,472,140
Transfers out/Special payments	(4,204,499)	(4,123,043)	(4,353,883)	(6,244,610)	(3,520,420)	(1,534,536)	(2,359,172)	(2,956,348)	(1,044,172)	(2,579,610)
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	-	2,848,558	74,899	15,179,711	-	-	-	-	-	-
Total other financing sources (uses)	551,199	3,234,371	9,066,579	15,025,504	674,698	649,449	634,099	604,085	134,469	(107,470)
Net change in fund balances	\$ (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	\$ 3,609,879
Debt service as a percentage of noncapital expenditures	12.2%	9.2%	13.2%	35.9%	16.3%	17.1%	16.5%	16.3%	15.3%	13.5%

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

Fiscal Year	Property Tax	Franchise	Unrestricted		Transient	
			Intergovernmental	Transit Tax	Room Tax	Total
			Revenues			
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
2019	8,980,719	1,626,766	982,634	1,520,524	23,111	13,133,754

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		
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%	3.55
2015	1,261,732,523	1,499,078,973	32,869,970	32,869,670	11,533,061	12,071,580	30,759,490	33,576,969	1,336,895,044	1,577,597,192	84.7%	3.55
2016	1,310,364,807	1,644,762,342	35,935,708	35,935,708	12,436,695	12,995,710	32,291,900	35,355,967	1,391,029,110	1,729,049,727	80.5%	3.53
2017	1,372,801,744	1,873,232,786	36,944,850	36,944,850	13,555,393	14,260,000	30,669,400	32,246,879	1,453,971,387	1,956,684,515	74.3%	3.54
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
2019	1,559,089,343	2,381,227,230	37,622,154	37,622,154	16,057,158	18,189,850	32,857,600	35,451,128	1,645,626,255	2,472,490,362	66.6%	3.52

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
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
2019	3.52	5.81	0.96	2.89	3.98	17.16

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	2019				2010			
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value		Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	
Fred Meyer Stores Inc. #651	\$ 24,863,054	1	1.51%		\$ 17,017,110	1	1.47%	
Hope Village Inc.	23,778,964	2	1.44%		16,970,643	2	1.47%	
Sequoia Grove Apartments LLC	18,972,161	3	1.15%				0.00%	
American Steel Corporation	18,904,440	4	1.15%		12,204,646	4	1.05%	
Canby Telephone Assn.	16,908,900	5	1.03%		16,234,000	3	1.40%	
Johnson Controls Battery Group Inc	16,025,833	6	0.97%		11,912,171	5	1.03%	
Shimadzu USA Manufacturing	15,723,941	7	0.96%		8,147,717	8	0.70%	
Argo Canby LLC	13,318,038	8	0.81%		10,809,816	6	0.93%	
Kogap Enterprises Inc.	11,317,157	9	0.69%		8,198,031	7	0.71%	
Jorken Oregon LLC	9,011,821	10	0.55%		6,809,569	10	0.59%	
Willamette Valley Country Club					7,276,234	9	0.63%	
Subtotal	168,824,309		10.26%		115,579,937		9.98%	
All Other	1,476,801,946		89.74%		1,041,678,921		90.00%	
Totals	\$ 1,645,626,255		100.0%		\$ 1,157,258,858		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
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%
2019	9,376,148	8,966,232	95.63%	304,277	9,270,509	98.87%	359,181	250,970	2.68%

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		
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
2019	21,962,537	1,206,019	-	-	23,168,556	1,379

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

Fiscal Year				Less:		Ratio of	
Ended	Population	Assessed	Full Faith &	Amounts	Net Bonded	Net	Debt per
June 30	(1)	Value(2)	Credit Bond	Available in	Debt	Bonded	Capita
				Debt Service		Debt to	
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
2019	16,800	1,645,626,255	21,962,537	2,650,213	19,312,324	0.0117	1,307

(1) Portland State University

(2) Clackamas County Assessor's Office

CITY OF CANBY, OREGON
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
June 30, 2019

Jurisdiction	Total Net Debt	Percent Within City	City's Pro Rata Share
Direct:			
City of Canby	\$ 23,168,556	100%	\$ 23,168,556
Overlapping:			
Clackamas County	129,945,000	3.14%	4,086,770
Clackamas County School District No 86	50,166,039	47.64%	23,900,706
Clackamas Soil & Water Conservation	6,815,000	3.15%	214,332
Clackamas Community College	93,763,913	4.28%	4,009,907
Clackamas County ESD	20,970,000	3.30%	691,800
Canby Rural Fire Protection District 62	4,900,000	70.59%	3,458,954
Total overlapping	306,559,952		36,362,469
TOTAL	\$ 329,728,508		\$ 59,531,025

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt Limit	\$ 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	\$ 74,174,711
Total net debt application to limit	1,055,000	3,330,831	11,935,239	26,623,990	25,998,030	25,301,377	24,515,417	23,684,457	22,838,497	21,962,537
Legal debt margin	<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>\$ 42,740,344</u>	<u>\$ 52,212,174</u>
Total net debt applicable to the limit as a percentage of debt limit	2.04%	7.18%	28.40%	65.83%	60.51%	53.46%	47.26%	40.35%	34.83%	29.61%

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	
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	
2019	4,350,776	2,556,832	1,793,944	-	-	-	

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)
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	486,262	29,614	37	3.8%	3,588
2018	16,660	*	*	*	3.6%	*
2019	16,800	*	*	*	3.9%	*

*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	2019			2012		
	Employees	Rank	Percentage of total city employment	Employees	Rank	Percentage of total city employment
Canby School District	508	1	6.21%	394	1	7.20%
Johnson Controls - Battery Division	240	2	2.93%	240	2	4.38%
Kendal Floral LLC	200	3	2.45%	170	4	3.11%
Shimadzu USA Mfg. Inc.	198	4	2.42%	113	7	2.06%
Milwaukie Electronics	177	5	2.16%	130	6	2.37%
Fred Meyer Stores Inc.	169	6	2.07%	187	3	3.42%
ICC Northwest	142	7	1.74%			
Marquis Care @ Hope Village	114	8	1.39%			
Cutsforth's Thriftway/GEF Inc.	110	9	1.34%			
S R Smith LLC	109	10	1.33%	135	5	2.47%
JV Northwest Inc.				111	8	2.03%
City of Canby				92	9	1.68%
Wilson Construction Co				82	10	1.50%
Subtotal	1,967		24.04%	1,654		30.22%
All Other	6,212		75.95%	3,821		69.78%
Total	8,179		100.0%	5,475		100.0%

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

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

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

	Budgeted*	Actual								
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Function										
General Government	20.49	20.99	20.51	20.65	20.46	17.57	17.81	16.96	14.85	24.06
Public Safety										
Police Officers	25.00	23.45	23.85	23.23	24.40	24.98	24.39	24.30	24.58	25.41
Civilians	4.60	4.60	4.60	4.60	4.55	3.30	2.90	3.30	3.30	3.96
Highways and streets	4.32	4.16	5.01	4.63	5.12	5.64	6.11	5.73	5.26	5.96
Culture and recreation	16.88	17.91	18.88	18.11	16.85	17.85	17.58	17.58	22.37	18.15
Community development	5.30	7.49	8.97	7.68	5.24	4.54	4.67	4.99	4.98	5.39
Transportation	2.25	1.60	1.91	1.89	2.20	2.76	2.76	2.75	2.56	2.47
Sewer	10.14	8.07	8.17	10.58	11.15	10.50	11.02	11.36	10.09	9.28
Total	88.98	88.27	91.90	91.37	89.97	87.14	87.24	86.97	87.99	94.68

*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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Function										
Police										
Physical arrests	1,365	1,056	883	900	552	537	488	375	526	693
Parking violations	164	83	50	112	76	65	124	100	109	140
Traffic violations	3,619	2,496	2,786	2,962	3,990	4,302	3,616	3,867	3,594	4,660
Culture and recreation										
Swim Center Admissions	74,600	72,368	73,370	74,584	73,363	80,290	78,557	75,496	77,500	75,654
Library Circulation	317,084	342,968	338,713	332,465	326,524	310,938	291,876	312,049	287,249	283,225
Library Patron Visits	*	*	*	*	*	*	*	*	122,882	132,993
Transportation										
Ridership	214,007	218,440	150,186	124,878	103,649	106,903	90,260	76,294	75,112	82,255
Community development										
Various Applications Reviewed	36	43	18	28	53	65	63	78	89	79
Site Plan/Building Permit Apps. Reviewed	43	34	22	93	104	107	169	135	165	219
Wastewater										
Average daily sewage treatment (millions of gallons)	1.0063	1.0037	0.9744	0.9752	0.9481	0.9962	1.0059	1.0049	0.9983	0.9952

Source: City Departments

*Added to schedule 2019

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Function										
Public Safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	14	14	14	16	16	19	16	17	17	19
Highways and streets										
Streets (center lane miles)	54.15	54.17	54.17	54.55	55.24	56.00	56.28	57.25	57.68	59.29
Streetlights	1309	1311	1325	1319	1362	1379	1399	1413	1445	1473
Culture and recreation										
Parks acreage	187	187	187	187	187	187	187	187	294	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	6,220	6,221	6,232	6,246	6,276	6,301	6,385	6,443	6,469	6530
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	2.8

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, 2019 and have issued our report thereon dated December 17, 2019.

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 17, 2019