



**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

FISCAL YEAR ENDING

JUNE 30, 2013

City of Canby

Canby, Oregon

Comprehensive Annual Financial Report

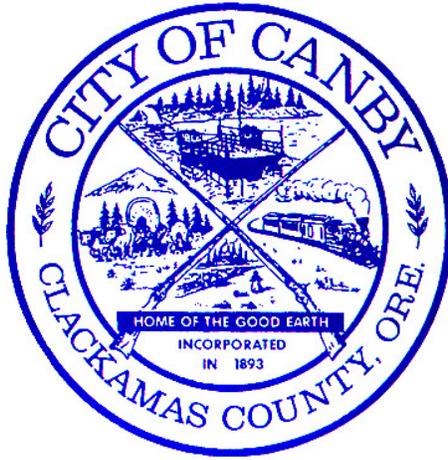
Fiscal Year Ending

June 30, 2013

Prepared by

City of Canby, Oregon

Finance Department



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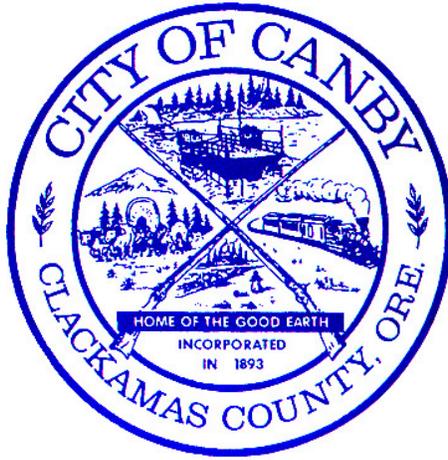
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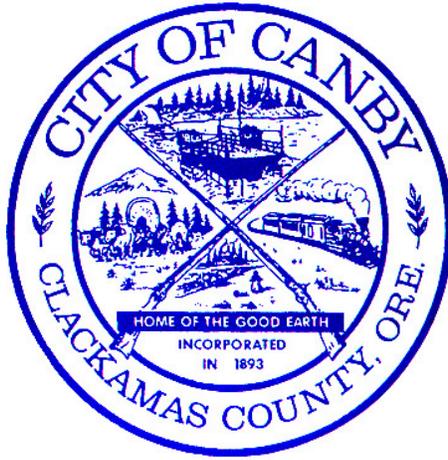
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INTRODUCTORY SECTION



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City of Canby

Finance Office

133 North Second Ave

Canby, Oregon 97013

December 19, 2013

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

Letter of Transmittal

We are pleased to provide you with the Comprehensive Annual Financial Report (CAFR) of the City of Canby, Oregon (the City), for the fiscal year ended June 30, 2013.

For the Fiscal Year Ended June 30, 2013

This report presents the financial position of the City as of June 30, 2013 and the results of its operations and cash flows for all its fund types for the year then ended. The financial statements and supporting schedules have been prepared in accordance with generally accepted accounting principles and meet the requirements of the standards as prescribed by the Secretary of State. We believe the data, as presented, is accurate in all material respects and presented in a manner designed to fairly set forth the financial position and results of operations of the various funds of the City. This report is published to provide the City Council, staff, citizens and other interested readers with detailed information concerning the financial position and activities of the City.

Special points of interest:

- Independent auditors, Pauly Rogers and Co, PC
- Financial Statements free of material misstatement.

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

The City's financial statements have been audited by Pauly Rogers and Co, PC a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2013 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, the basic financial statements referred to above present fairly, in all material respects, the financial position of the City as of June 30, 2013, and the results of operation and cash flow for its proprietary fund types. The independent auditor's report is presented as the first component of the financial section of this report.

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

City of Canby Profile

Canby is a complete community with residences, schools and 650 businesses. Businesses include retail, medical and other professional services, wholesale, light industrial and manufacturing. Manufacturing is 12% of total businesses. The surrounding area contains some of the richest farmland in Oregon. Local nurseries produce a wide variety of plants, bulbs and seeds.

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

The City of Canby was incorporated in 1893, operating under the provision of its own charter and applicable State of Oregon law, with a Council-Administrator form of government. The City currently has a land area of 3.9 square miles and a population of 15,865. The City Council is ultimately responsible for decisions concerning the fiscal policy of the City, and charges the City Administrator to carry out those policies in the day-to-day management of the City's resources and staff.

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

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

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

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

In addition to the help that Council receives from the appointed staff and employees, eight standing advisory boards assist the City Council. Some 44 Canby citizens serve on these boards and make a valuable contribution to the City of Canby.

The City provides its residents and businesses with a full range of municipal services consisting of public safety, public works, planning and building, park and recreation, library, transit, and general administrative services. The City also operates a waste water treatment facility as an enterprise fund.



Fields in bloom during Canby's annual dahlia festival.

“Canby is a complete community with residences, schools and 650 businesses. Manufacturing is 12% of total businesses.”

“Some 44 Canby citizens serve on eight standing advisory boards”

Financial Foundation

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

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

The budget includes proposed expenditures and the means of financing them.

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

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

The expenditure appropriations in the adopted budget are by department and category. The maximum legal expenditure permitted for the fiscal year is the total budget as adopted.

Department appropriations may be amended as necessitated by unforeseen events during the year. Upon the recommendation of the Finance Director, and with the approval of the City Council: (1) transfers may be made from the appropriations for contingencies to departments; and (2) unexpended appropriations may be transferred from one department to another. Management control of budgets is further maintained at a line item level with the departments.

During 2012-13, there were two supplemental budget resolutions adopted to amend the original budget.

Strategic Financial Policies

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

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

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

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

Pursuant to the City Council's direction, these financial policies will be reviewed on a regular basis so as to ensure they remain contemporary, meaningful and relevant.

Adopted Financial Policies:

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

Factors Affecting the City's Financial Condition

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



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

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

Residential construction was almost at a standstill because of economic conditions in Oregon and the rest of the country however the volume of inquires our planning department is receiving indicates modest growth potential.

Tax Base—Due to the economic downturn in Oregon and the rest of the nation, Canby has seen its rate of growth in property tax revenues slow compared to rates before the 2008-09 recession. General fund property tax receipts for the current year were 1.8% greater than for the previous year. Property is subject to a maximum 3% increase in assessed valuation per year.

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

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

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

The Swim Center is fully funded through a combination of levy dollars and user fees. Fees, which have recently been updated, pay for approximately 35% of operating costs.



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

Other Financial Information

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

We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions. It is further our intention to review these controls in depth on an ongoing basis for continued refinements and improvements.

“Business and industry are discovering the geographic and service amenities of Canby”

Debt Management



Sequoia Parkway opens 151 acres for industrial development within the city.

The City issues various types of debt for the purpose of carrying out its capital financing activities, as of June 30, 2013 the City has \$28,004,758 of outstanding bonded indebtedness.

The City also has entered into a number of other financing arrangements with the State of Oregon and other institutions for energy improvements, infrastructure development, vehicles and other projects.

The City's total debt at the close of 2013 was \$31,066,056 for all bond types, loans, capital leases and compensated absences. Urban Renewal debt is repaid from tax increment revenues collected under the urban renewal system.

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

Risk Management

The City is a member of City County Insurance Services (CCIS), which provides for the administration, investigation, and settlement of claims against the City. CCIS maintains an insurance pool for participating local municipalities.

The City is represented by a local independent insurance agent to help preserve the City's interests within the pool. We currently contract all insurance needs with CCIS with the exception of health insurance.

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

Acknowledgements

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

The City's Finance Department takes great pride in the preparation of the City's Comprehensive Annual Financial Report (CAFR). We greatly appreciate the professionalism, commitment, and effort set forth by the Mayor, City Council, Budget Committee, City Administrator and the Department Directors whose leadership is vital to the health and vitality of Canby.



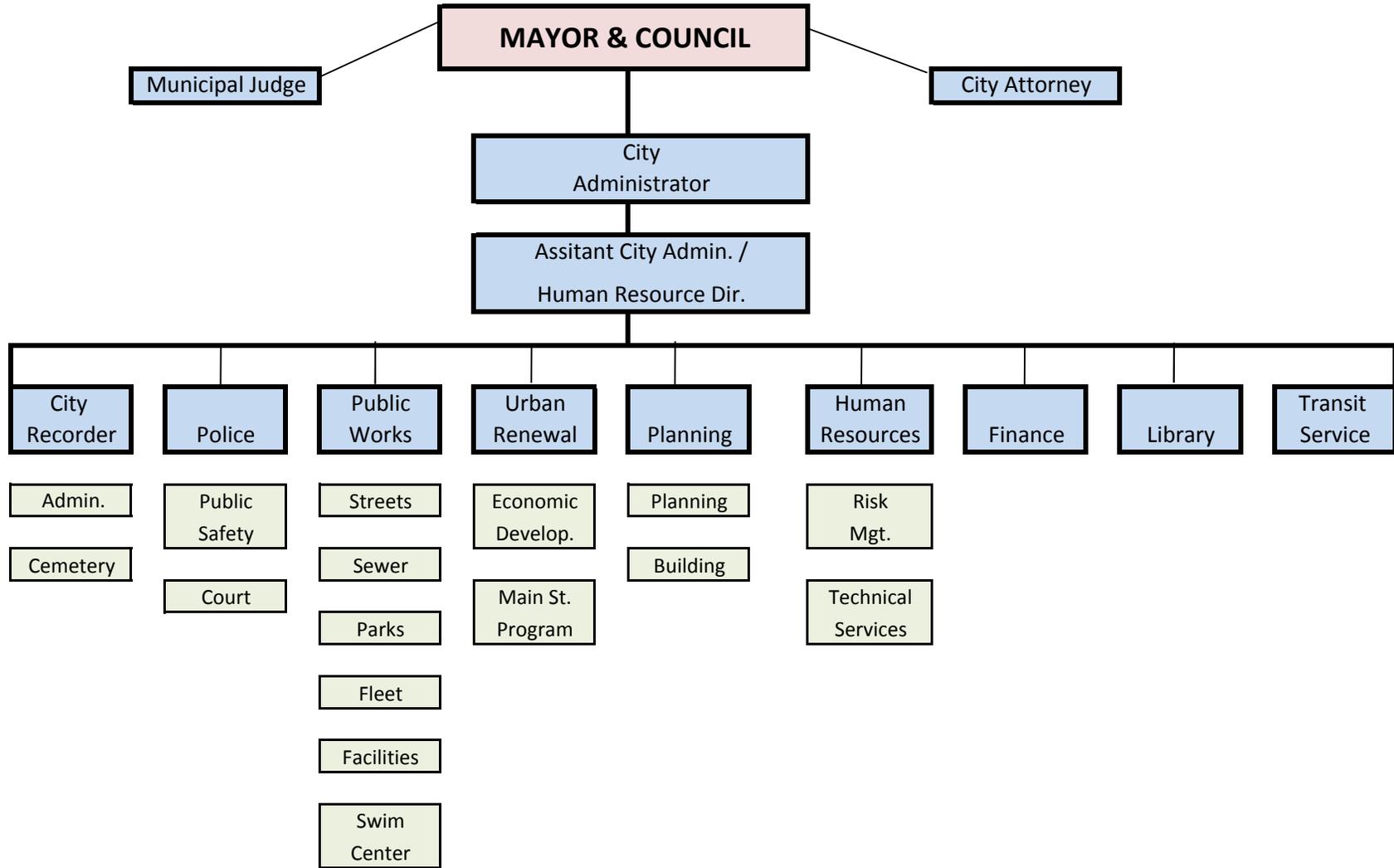
City Hall

Respectfully submitted,

Haley Fish
Finance Director

Greg Ellis
City Administrator

CITY OF CANBY ORGANIZATIONAL CHART



**CITY OF CANBY, OREGON
PRINCIPAL OFFICIALS
June 30, 2013**

City Officials

Brian Hodson, Mayor
Canby, Oregon 97013

Term Expires

December 31, 2014

Council Members

Tim Dale, President
Canby, Oregon 97013

December 31, 2016

Traci Hensley
Canby, Oregon 97013

December 31, 2016

Ken Rider
Canby, Oregon 97013

December 31, 2016

Richard Ares
Canby, Oregon 97013

December 31, 2014

Clint Coleman
Canby, Oregon 97013

December 31, 2014

Greg Parker
Canby, Oregon 97013

December 31, 2014

City Administration

Greg Ellis

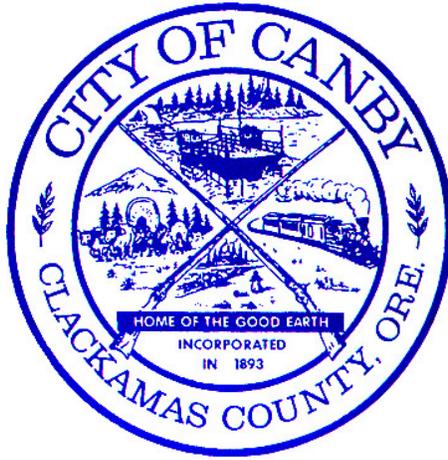
City Administrator

Joseph Lindsay

City Attorney

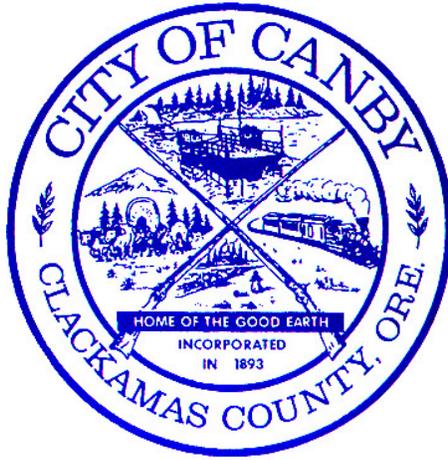
Council members receive mail at the City's address:

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



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FINANCIAL SECTION



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12700 SW 72nd Ave. Tigard, OR 97223
(503) 620-2632 (503) 684-7523 FAX
www.paulyrogersandcocpas.com

December 19, 2013

INDEPENDENT AUDITORS' REPORT

To the City Council
City of Canby
Clackamas County, Oregon

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 as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents. We did not audit the financial statements of the discretely presented component unit. Those financial statements were audited by others auditors whose report thereon has been furnished to us, and in our opinion, insofar as it relates to the amounts included for the discretely presented component unit, is based on the report of the other auditors.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Canby Utility Board, which represent 25 percent, 28 percent, and 41 percent, respectively, of the assets, net position, and revenues of the City. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Canby Utility Board is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 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 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, 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, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

The City adopted the provisions of GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and required supplementary 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 the required supplementary 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 management's discussion and analysis or the schedule of funding progress for other post-employment benefits because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The budgetary comparison schedules presented as required supplementary information, as listed in the table of contents, 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 records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and in our opinion are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The supplementary information, as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The supplementary information, as listed in the table of contents, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate 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, as listed in the table of contents, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

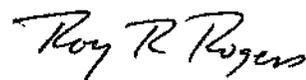
Other Information

The listing of council members containing their term expiration dates, located before the table of contents, and the introductory and statistical sections, as listed in the table of contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Reports on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our reports dated December 19, 2013 on our consideration of the internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of the reports is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. The reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control over financial reporting and compliance.

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 19, 2013, on our consideration of 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 the results of that testing and not to provide an opinion on compliance.



ROY R. ROGERS, CPA
PAULY, ROGERS AND CO., P.C.

Management's Discussion & Analysis

This discussion and analysis presents the highlights of financial activities and financial position for the City of Canby, Oregon (the City) and the Canby Utility Board (CUB), a discretely presented component unit of the City, for the fiscal year ended June 30, 2013. The analysis focuses on significant financial issues, major financial activities and resulting changes in financial position, budget changes and variances from the budget. Please read this analysis in conjunction with the City's financial statements, which follow.

FINANCIAL HIGHLIGHTS

The City's combined net position (total assets less total liabilities) was \$109,501,204 at June 30, 2013, a decrease of \$924,242 relative to the prior year. The City's General Fund reported an ending fund balance of \$1,279,941, a decrease of \$329,432 versus the prior year with consideration of the reclassification of Technical Services and Fleet as internal service funds.

The City issued \$14.05 million in full faith and credit obligations during the year in support of construction related to urban renewal projects and for refinancing of prior debt.

Government-Wide Financial Statements

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

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

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

Both of these government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

The **governmental activities** of the city include six major funds: general fund, street fund, library fund, transit fund, urban renewal agency general fund, and urban renewal debt service fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balance for each of these major funds. Data from the remaining governmental funds are combined into a single, aggregated presentation.

Management's Discussion & Analysis (Continued)

Government-Wide Financial Statements (Continued)

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

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

The Canby Utility Board (CUB) is responsible for providing water and electric services to residential and commercial customers within the city limits of Canby. CUB is a legally separate entity from the City, governed by a board appointed by the Mayor of the City and confirmed by the majority of the City Council. CUB is reported as a discretely presented component unit, consistent with GASB Statement No. 61. Complete financial statements may be obtained at CUB's administrative office, 154 NW First Avenue, Canby, Oregon 97013.

The City also has one blended component unit, the Urban Renewal Agency (URA). Blended component units, although legally separate entities are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. The activities of the URA are reported within a capital projects fund and a debt service fund for the City. Complete financial statements for the URA for the year ended June 30, 2013, may be obtained at Canby City Hall, 182 North Holly Street, Canby, Oregon 97013.

Fund Financial Statements

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

Governmental Funds

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

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

Management's Discussion & Analysis (Continued)

Fund Financial Statements (Continued)

Governmental Funds (Continued)

At the end of the fiscal year, the City's governmental funds reported combined ending fund balances of \$19,283,891 (20% unrestricted), an increase in total fund balances of \$8,630,843.

The Technical Services Fund and Fleet Services Fund were reclassified as internal service funds as their primary purpose is to provide service to other departments of the city with the intention of breaking even over time. Excluding the reclassification of the internal services funds which were previously reported with the general fund in the fund statements in accordance with GASB 54 the net change in the General Fund's fund balance versus the prior year was a decrease of \$329,432 (a 20% decrease).

Significant changes in the City's other major funds consisted of the following:

- Library Fund – is a new major fund primarily due to the \$1 million dollar capital grant received from Clackamas County, previously reported with the aggregate non-major funds.
- Transit Fund – fund balance increased by \$811,902 primarily related to Business Energy Tax Credit revenue.
- Street Reserve and Parks Development Funds – have been reclassified as a non-major funds.
- Urban Renewal Agency – General Fund – fund balance increased \$7,977,929 over the prior year due to unspent bond proceeds.

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 which accounts for the operations of the sewer treatment plant, debt service and funds reserved for future sewer improvements. The fund is treated as a major fund of the City. The City also maintains internal services funds for Facilities, Technical Services and Fleet.

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.

Management's Discussion & Analysis

(Continued)

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.

Government Wide Financial Statements

Statement of Net Position

As noted earlier, net position may serve as a useful indicator of a government's financial position. For the City, net position totaled \$109,501,204 as of June 30, 2013. The table below reflects the condensed Government-Wide Statement of Net Position.

The largest portion of the City's net position (89%) reflects its investment of \$97,626,764 in capital assets – net of related debt (i.e. land, buildings, infrastructure, and equipment). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be liquidated to retire the associated debt.

Noncurrent liabilities for governmental activities increased 74% as a result of urban renewal related debt issued during the year. The business-type activities' (combined sewer fund) noncurrent liabilities decreased 15% as a result of paying down principal on outstanding debt.

Statement of Net Position

	Governmental Activities		Business-Type Activities		Total 2013
	2013	2012	2013	2012	
Assets					
Current assets	\$ 21,833,912	\$ 13,378,936	\$ 3,488,415	\$ 2,983,723	\$ 25,322,327
Capital assets	106,725,444	105,009,925	10,037,754	10,309,784	116,763,198
Total assets	128,559,356	118,388,861	13,526,169	13,293,507	142,085,525
Liabilities					
Current liabilities	2,257,362	2,987,571	414,366	355,728	2,671,728
Noncurrent liabilities	28,696,034	16,477,206	1,216,559	1,436,417	29,912,593
Total liabilities	30,953,396	19,464,777	1,630,925	1,792,145	32,584,321
Net Position					
Net investment in capital assets	88,969,778	90,930,273	8,656,986	8,683,592	97,626,764
Restricted	14,954,045	6,012,709	302,285	250,500	15,256,330
Unrestricted	(6,317,863)	1,981,102	2,935,973	2,567,270	(3,381,890)
Total net position	\$ 97,605,960	\$ 98,924,084	\$ 11,895,244	\$ 11,501,362	\$ 109,501,204

Management's Discussion & Analysis

(Continued)

Government Wide Financial Statements (Continued)

Statement of Activities

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>
Revenues					
Program revenues					
Charges for services	\$ 1,732,253	\$ 1,786,810	\$ 3,417,449	\$ 3,230,157	\$ 5,149,702
Operating grants and contributions	2,460,668	2,456,959	-	-	2,460,668
Capital grants and contributions	1,966,349	534,089	-	-	1,966,349
General revenues					
Property taxes	6,498,735	6,150,855	-	-	6,498,735
Franchise	459,100	463,062	-	-	459,100
Unrestricted intergovernmental	1,728,834	2,001,883	-	-	1,728,834
Transit tax	1,006,388	946,398	-	-	1,006,388
Interest and investment income	87,778	110,052	13,888	8,088	101,666
Other revenues	27,487	86,428	19,919	7,720	47,406
Total revenues	<u>15,967,592</u>	<u>14,536,536</u>	<u>3,451,256</u>	<u>3,245,965</u>	<u>19,418,848</u>
Program Expenses					
General government	4,774,376	3,284,765	-	-	4,774,376
Public safety	4,488,123	4,516,634	-	-	4,488,123
Highways and streets	4,007,187	3,942,233	-	-	4,007,187
Transportation	1,101,690	1,134,285	-	-	1,101,690
Culture and recreation	1,927,998	2,108,559	-	-	1,927,998
Community development	731,776	644,529	-	-	731,776
Interest on long-term debt	1,077,103	745,573	-	-	1,077,103
Sewer operations	-	-	2,234,837	1,807,247	2,234,837
Total expenses	<u>18,108,253</u>	<u>16,376,578</u>	<u>2,234,837</u>	<u>1,807,247</u>	<u>20,343,090</u>
Change in net assets before transfers	(2,140,661)	(1,840,042)	1,216,419	1,438,718	(924,242)
Transfers in (out)	822,537	294,583	(822,537)	(294,583)	-
Change in net position	(1,318,124)	(1,545,459)	393,882	1,144,135	(924,242)
Net position, beginning of year	<u>98,924,084</u>	<u>100,469,543</u>	<u>11,501,362</u>	<u>10,357,227</u>	<u>110,425,446</u>
Net position, end of year	<u>\$ 97,605,960</u>	<u>\$ 98,924,084</u>	<u>\$ 11,895,244</u>	<u>\$ 11,501,362</u>	<u>\$ 109,501,204</u>

Business-type activities

Business-type activities provided \$393,882 to the sewer combined fund's net position. At the end of the year, total net position for the sewer combined fund was \$11,895,244. Of that amount, \$2,935,973 is unrestricted.

Governmental activities

Governmental activities decreased the City's net position by \$1,318,124, a decrease of approximately 1%.

Management's Discussion & Analysis (Continued)

Government Wide Financial Statements (Continued)

General Fund budget highlights

Original budgeted appropriations for general fund expenditures were \$7,119,005 including a 6% contingency. In budget changes approved by the City Council, there was an increase in overall appropriations of \$595,618 primarily to recognize unexpected grant revenues and corresponding expenses. Additionally the contingency was reduced by 22% or approximately \$99,000 to fund unexpected program expenses.

Capital Assets

As the schedule below displays, infrastructure is the largest component of governmental activities which includes streets, street improvements, sidewalks and curbs. The largest component for business-type activities is the wastewater treatment plant and building that houses the plant. The second largest component for governmental activities is land for buildings, parks and roadways. Within business-type activities, the second largest component is for the sewer lines and associated sewer pumps. Capital assets used in governmental activities increased by more than \$1.7 million due to completion and continuation of building and infrastructure projects; and those used in business-type activities decreased by \$272,030 with depreciation exceeding additions. Additional information about the City's capital assets and depreciation can be found in the Notes to the Financial Statements (pages 29-30).

Capital Assets at Fiscal Year End Net of Depreciation

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land and intangibles	\$ 41,104,287	\$ 41,104,287	\$ 1,086,777	\$ 1,086,777	\$ 42,191,064	\$ 42,191,064
Buildings and improvements	13,738,894	4,996,638	4,444,526	4,595,743	18,183,420	9,592,381
Infrastructure	48,915,455	48,223,657	1,918,952	1,984,087	50,834,407	50,207,744
Vehicles and Equipment	1,265,895	1,442,774	108,168	123,777	1,374,063	1,566,551
Construction in Process	1,700,913	9,242,569	2,479,331	2,519,400	4,180,244	11,761,969
Total Capital Assets	\$ 106,725,444	\$ 105,009,925	\$ 10,037,754	\$ 10,309,784	\$ 116,763,198	\$ 115,319,709

Management's Discussion & Analysis

(Continued)

Debt Administration

At year-end, the City had \$31,066,056 in long-term obligations outstanding compared to \$18,950,961 in the prior year. \$1,655,178 of the obligations outstanding at June 30, 2013, is due within one year. Additional information can be found in the Notes to the Financial Statements on pages 33-38.

Outstanding Obligations at Fiscal Year-End

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
Bonds	\$ 26,623,990	\$ 11,935,239	\$ 1,380,768	\$ 1,626,192	\$ 28,004,758	\$ 13,561,431
Loans	2,243,892	4,736,852	-	-	2,243,892	4,736,852
Capital leases	164,026	184,991	-	-	164,026	184,991
Compensated absences	576,176	412,959	77,204	54,728	653,380	467,687
Total obligations	\$29,608,084	\$17,270,041	\$ 1,457,972	\$ 1,680,920	\$ 31,066,056	\$ 18,950,961

During the fiscal year ended June 30, 2013, the following debt issuances and highlights occurred:

- \$14.05 million in full faith and credit obligations were issued with a premium of \$1,129,711 for urban renewal projects.
- A capital lease was obtained for \$81,514 for public safety vehicles.

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

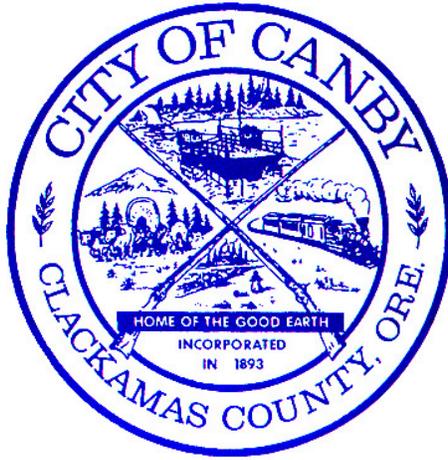
Economic Factors and Next Year's Budget

Oregon's seasonally adjusted unemployment rate was 7.9%. Prolonged unemployment could eventually have an impact on residents' ability to pay property taxes. 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. Property tax collections increased slightly over the prior year.

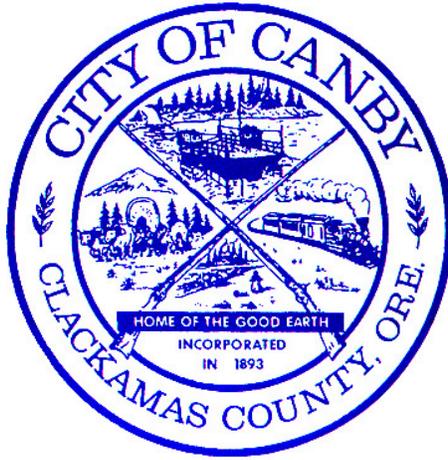
Requests for Information

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



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BASIC FINANCIAL STATEMENTS



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CITY OF CANBY, OREGON
STATEMENT OF NET POSITION
June 30, 2013

	Governmental Activities	Business-Type Activities	Total	Component Unit Canby Utility Board
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 20,140,681	\$ 2,885,307	\$ 23,025,988	\$ 8,703,818
Due from other Governments	29,808	-	29,808	-
Accounts receivable, net	1,054,693	363,212	1,417,905	1,242,407
Property taxes receivable	422,217	-	422,217	-
Deferred bond issue costs	386,906	39,503	426,409	-
Internal balances	(200,393)	200,393	-	-
Prepays	-	-	-	29,873
Materials and supplies	-	-	-	1,283,894
Customer deposits-cash and cash equivalents	-	-	-	196,880
Total current assets	21,833,912	3,488,415	25,322,327	11,456,872
Noncurrent assets:				
Capital assets:				
Nondepreciable	42,805,200	3,566,108	46,371,308	3,718,329
Depreciable, net	63,920,244	6,471,646	70,391,890	33,115,630
Total noncurrent assets	106,725,444	10,037,754	116,763,198	36,833,959
Total assets	128,559,356	13,526,169	142,085,525	48,290,831
LIABILITIES				
Current liabilities:				
Accounts payable	771,387	112,011	883,398	701,925
Accrued expenses	-	-	-	258,998
Interest payable	144,124	3,837	147,961	-
Customer deposits	-	-	-	196,880
Current portion of long-term obligations	1,341,851	313,327	1,655,178	260,000
Total current liabilities	2,257,362	429,175	2,686,537	1,417,803
Noncurrent liabilities:				
Post employment health care benefits	429,801	57,105	486,906	-
Noncurrent portion of long-term obligations	28,266,233	1,144,645	29,410,878	4,370,000
Total noncurrent liabilities	28,696,034	1,201,750	29,897,784	4,370,000
Total liabilities	30,953,396	1,630,925	32,584,321	5,787,803
NET POSITION				
Net investment in capital assets	88,969,778	8,656,986	97,626,764	32,203,959
Restricted for:				
Drug enforcement and equipment	39,050	-	39,050	-
System development	944,499	-	944,499	-
Urban renewal projects	12,143,066	-	12,143,066	-
Urban renewal debt service	252,749	-	252,749	-
Capital projects	1,186,416	-	1,186,416	-
Library services	161,204	-	161,204	-
Swim Center	227,061	-	227,061	-
Debt Service	-	302,285	302,285	-
Unrestricted	(6,317,863)	2,935,973	(3,381,890)	10,299,069
Total net position	\$ 97,605,960	\$ 11,895,244	\$ 109,501,204	\$ 42,503,028

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

CITY OF CANBY, OREGON
STATEMENT OF ACTIVITIES
June 30, 2013

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	\$ 4,774,376	\$ 356,315	\$ 62,144	516,787	\$ (3,839,130)	\$ -	\$ (3,839,130)	\$ -
Public safety	4,488,123	464,128	89,904	-	(3,934,091)	-	(3,934,091)	-
Highways and streets	4,007,187	532,962	1,134,462	-	(2,339,763)	-	(2,339,763)	-
Transportation	1,101,690	123,271	1,163,831	-	185,412	-	185,412	-
Culture and recreation	1,927,998	255,577	27	1,242,390	(430,004)	-	(430,004)	-
Community development	731,776	-	10,300	207,172	(514,304)	-	(514,304)	-
Unallocated interest expense	1,077,103	-	-	-	(1,077,103)	-	(1,077,103)	-
Total governmental activities	18,108,253	1,732,253	2,460,668	1,966,349	(11,948,983)	-	(11,948,983)	-
Business type activities:								
Sewer operations	2,234,837	3,417,449	-	-	-	1,182,612	1,182,612	-
Total business type activities	2,234,837	3,417,449	-	-	-	1,182,612	1,182,612	-
Total primary government	\$ 20,343,090	\$ 5,149,702	\$ 2,460,668	\$ 1,966,349	(11,948,983)	1,182,612	(10,766,371)	-
Component Units:								
Electric system	\$ -	\$ -	\$ -	\$ -	-	-	-	867,574
Water system	-	-	-	-	-	-	-	721,325
Total component units	\$ -	\$ -	\$ -	\$ -	-	-	-	1,588,899
General revenues:								
Taxes:								
Property taxes					6,498,735	-	6,498,735	-
Franchise					459,100	-	459,100	-
Unrestricted intergovernmental revenues					1,728,834	-	1,728,834	-
Transit tax					1,006,388	-	1,006,388	-
Interest and investment earnings					87,778	13,888	101,666	57,536
Other revenues					27,487	19,919	47,406	-
Transfers in (out)					822,537	(822,537)	-	-
Total general revenues, transfers					10,630,859	(788,730)	9,842,129	57,536
Change in net position					(1,318,124)	393,882	(924,242)	1,646,435
Net position - beginning					98,924,084	11,501,362	110,425,446	40,856,593
Net position - ending					\$ 97,605,960	\$ 11,895,244	\$ 109,501,204	\$ 42,503,028

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

CITY OF CANBY, OREGON
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2013

	General Fund	Street Fund	Library Fund	Transit Fund	Urban Renewal Agency - General Fund	Urban Renewal Debt Service Fund	Other Governmental Funds	Total Governmental
ASSETS								
Cash and cash equivalents	\$ 1,237,412	\$ 404,849	\$ 1,358,386	\$ 860,482	\$ 12,537,676	\$ 228,607	\$ 2,954,648	\$ 19,582,060
Due from other governments	17,687	-	-	-	-	9,801	2,320	29,808
Accounts receivable	260,938	159,135	-	227,476	-	397,395	7,106	1,052,050
Property taxes receivable	251,937	-	-	-	-	135,892	34,388	422,217
Total assets	<u>\$ 1,767,974</u>	<u>\$ 563,984</u>	<u>\$ 1,358,386</u>	<u>\$ 1,087,958</u>	<u>\$ 12,537,676</u>	<u>\$ 771,695</u>	<u>\$ 2,998,462</u>	<u>\$ 21,086,135</u>
LIABILITIES AND FUND BALANCES								
LIABILITIES:								
Accounts payable and other current liabilities	188,791	46,501	\$ 10,766	49,880	394,610	-	42,969	733,517
Due to other funds	-	-	-	200,393	-	-	-	200,393
Unavailable revenue	299,242	18,210	-	-	-	518,946	31,936	868,334
Total liabilities	<u>488,033</u>	<u>64,711</u>	<u>10,766</u>	<u>250,273</u>	<u>394,610</u>	<u>518,946</u>	<u>74,905</u>	<u>1,802,244</u>
FUND BALANCES:								
Restricted for:								
Drug enforcement and equipment	-	-	-	-	-	-	39,050	39,050
System development	-	-	-	-	-	-	944,499	944,499
Urban renewal projects	-	-	-	-	12,143,066	-	-	12,143,066
Urban renewal debt service	-	-	-	-	-	252,749	-	252,749
Capital projects	-	-	1,186,416	-	-	-	-	1,186,416
Library services	-	-	161,204	-	-	-	-	161,204
Swim center	-	-	-	-	-	-	227,061	227,061
Committed for:								
Transportation services	-	-	-	837,685	-	-	-	837,685
Street projects	-	499,273	-	-	-	-	872,348	1,371,621
Assigned for:								
Cemetery care	-	-	-	-	-	-	840,599	840,599
Unassigned:	1,279,941	-	-	-	-	-	-	1,279,941
Total fund balance	<u>1,279,941</u>	<u>499,273</u>	<u>1,347,620</u>	<u>837,685</u>	<u>12,143,066</u>	<u>252,749</u>	<u>2,923,557</u>	<u>19,283,891</u>
Total liabilities and fund balance	<u>\$ 1,767,974</u>	<u>\$ 563,984</u>	<u>\$ 1,358,386</u>	<u>\$ 1,087,958</u>	<u>\$ 12,537,676</u>	<u>\$ 771,695</u>	<u>\$ 2,998,462</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 106,725,444

Other long-term items are not available to pay for current-period expenditures and, therefore, are deferred in the funds.

Unavailable revenue	868,334	
Bond cost	386,906	1,255,240

Post employment benefits are not payable in the current period and therefore are not reported in the funds	(406,896)
Long-term liabilities	(29,594,862)
Accrued interest on long-term liabilities	(144,124)
Internal Service Fund included as a governmental activity	487,267

Net position	<u>\$ 97,605,960</u>
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The accompanying notes are an integral part of the basic financial statements.

CITY OF CANBY, OREGON
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2013

	General Fund	Street Fund	Library Fund	Transit Fund	Urban Renewal Agency - General Fund	Urban Renewal Debt Service Fund	Other Governmental Funds	Total Governmental
REVENUES:								
Intergovernmental	\$ 1,039,668	\$ 1,116,252	\$ 707,376	\$ -	\$ -	\$ -	\$ -	\$ 2,863,296
Charges for services	139,543	532,962	29,143	68,860	51	-	226,434	996,993
Property taxes	3,791,017	-	-	-	-	2,183,006	516,667	6,490,690
Franchise	459,100	-	-	-	-	-	-	459,100
Licenses, fees, permits	110,547	-	-	-	-	-	60,429	170,976
Fines and forfeitures	418,231	-	-	-	-	-	45,897	464,128
Special Assessments	-	-	-	-	-	66,641	-	66,641
State highway fund	-	-	-	-	-	-	-	-
Grants & donations	540,479	-	1,078,124	1,163,831	10,300	62,144	164,293	3,019,171
Interest	7,646	3,374	3,547	3,742	47,334	2,848	15,141	83,632
Miscellaneous	12,958	1,290	-	2,332	6,527	-	1,917	25,024
System development charges	-	-	-	-	-	-	207,172	207,172
Excise tax	-	35,219	-	-	-	-	19,192	54,411
Transit tax	-	-	-	1,006,388	-	-	-	1,006,388
Total revenues	6,519,189	1,689,097	1,818,190	2,245,153	64,212	2,314,639	1,257,142	15,907,622
EXPENDITURES:								
Current:								
General government	1,976,203	-	-	-	637,488	-	113,001	2,726,692
Public safety	4,252,050	-	-	-	-	-	175,657	4,427,707
Highways and streets	-	560,865	-	-	-	-	-	560,865
Transportation	-	-	-	992,595	-	-	-	992,595
Culture and recreation	436,208	-	757,769	-	-	-	558,776	1,752,753
Community development	673,417	-	-	-	-	-	-	673,417
Capital outlay	-	31,463	-	52,406	4,879,719	-	1,571,100	6,534,688
Debt service:								
Principal	-	-	-	-	-	2,876,483	60,524	2,937,007
Interest	-	-	-	-	-	1,045,993	13,494	1,059,487
Total expenditures	7,337,878	592,328	757,769	1,045,001	5,517,207	3,922,476	2,492,552	21,665,211
Revenues over (under) expenditures	(818,689)	1,096,769	1,060,421	1,200,152	(5,452,995)	(1,607,837)	(1,235,410)	(5,757,589)
OTHER FINANCING SOURCES (USES):								
Debt proceeds	-	-	-	-	14,050,000	-	-	14,050,000
Premium on debt	-	-	-	-	1,129,711	-	-	1,129,711
Capital leases	85,713	-	-	-	-	-	-	85,713
Transfers in	1,463,875	-	205,481	-	522,000	2,212,853	1,600,481	6,004,690
Transfers out	(1,060,331)	(1,274,794)	(156,403)	(388,250)	(2,270,787)	(522,000)	(572,045)	(6,244,610)
Total other financing sources (uses)	489,257	(1,274,794)	49,078	(388,250)	13,430,924	1,690,853	1,028,436	15,025,504
Net changes in fund balances	(329,432)	(178,025)	1,109,499	811,902	7,977,929	83,016	(206,974)	9,267,915
FUND BALANCES, BEGINNING	2,246,447	677,298	238,121	25,783	4,165,137	169,733	3,130,531	10,653,050
RECLASSIFIED FUND BALANCE	(637,074)	-	-	-	-	-	-	(637,074)
FUND BALANCE, BEGINNING AS RECLASSIFIED	1,609,373	677,298	238,121	25,783	4,165,137	169,733	3,130,531	10,015,976
FUND BALANCES, ENDING	\$ 1,279,941	\$ 499,273	\$ 1,347,620	\$ 837,685	\$ 12,143,066	\$ 252,749	\$ 2,923,557	\$ 19,283,891

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, 2013

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

Net change in fund balances - total governmental funds		\$ 9,267,915
<p>The statement of revenues, expenditures, and changes in fund balances report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital acquisitions in the current period.</p>		
Current year depreciation	(4,091,092)	
Capital acquisitions	<u>19,101,154</u>	15,010,062
Loss on disposal of assets		(133,814)
Disposal of construction in progress		(171,800)
Construction in progress placed in service		(12,988,927)
Some revenues reported in the Statement of Activities do not provide current financial resources in the governmental funds.		58,160
Some expenses reported in the Statement of Activities do not consume current resources so are not reported in the funds.		17,616
Internal Service Fund reported as governmental activities		(246,645)
Other postemployment benefits		(52,224)
<p>The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This is the amount by which payments exceeded proceeds.</p>		
Debt service principal payments	3,086,399	
Proceeds of borrowing	(15,261,225)	
Cost of issuance	264,063	
Amortization of bond issuance cost	(17,709)	
Change in compensated absences	<u>(149,995)</u>	<u>(12,078,467)</u>
Change in net position of governmental activities		<u>\$ (1,318,124)</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, 2013

	Enterprise Total Sewer Operations	Internal Service Funds
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 2,885,307	\$ 558,621
Accounts receivables, net	363,212	2,643
Due from other funds	200,393	-
Deferred bond issue cost	39,503	-
Total current assets	<u>3,488,415</u>	<u>561,264</u>
Noncurrent Assets:		
Capital assets, net	<u>10,037,754</u>	-
Total assets	<u>\$ 13,526,169</u>	<u>\$ 561,264</u>
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Current Liabilities:		
Accounts payable	\$ 112,011	\$ 37,870
Accrued Interest	3,837	-
Long-term debt-within one year	<u>313,327</u>	<u>9,917</u>
Total current liabilities	429,175	47,787
Noncurrent Liabilities:		
Long-term debt-past one year	1,144,645	3,305
OPEB liability	<u>57,105</u>	<u>22,905</u>
Total liabilities	<u>1,630,925</u>	<u>73,997</u>
NET POSITION:		
Invested in capital assets, net of related debt	8,656,986	-
Restricted for:		
Debt Service	302,285	-
Unrestricted	<u>2,935,973</u>	<u>487,267</u>
Total net position	<u>11,895,244</u>	<u>487,267</u>
Total liabilities and net position	<u>\$ 13,526,169</u>	<u>\$ 561,264</u>

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

CITY OF CANBY, OREGON
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
For the Fiscal Year Ended June 30, 2013

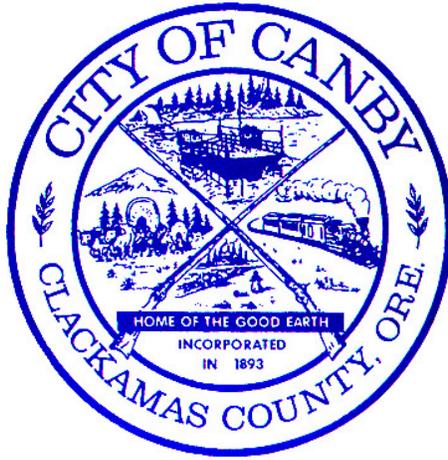
	<u>Enterprise Total Sewer Operations</u>	<u>Internal Service Funds</u>
OPERATING REVENUES:		
Charges for services	\$ 3,321,181	\$ 10,264
Miscellaneous	19,919	2,463
System development charges	96,267	-
	<u>3,437,367</u>	<u>12,727</u>
OPERATING EXPENSES:		
Cost of sales and services	1,914,092	1,325,975
Depreciation and amortization	265,819	-
	<u>2,179,911</u>	<u>1,325,975</u>
Total operating expenses		
	<u>2,179,911</u>	<u>1,325,975</u>
Operating income	1,257,456	(1,313,248)
NON-OPERATING INCOME (EXPENSE):		
Interest income	13,888	4,146
Interest expense	(54,925)	-
	<u>(41,037)</u>	<u>4,146</u>
Total non-operating income (expenses)		
	<u>(41,037)</u>	<u>4,146</u>
Change in net assets before transfers	1,216,419	(1,309,102)
TRANSFERS:		
Transfers in	2,169	1,260,224
Transfers out	(824,706)	(197,767)
	<u>393,882</u>	<u>(246,645)</u>
Change in net position		
	<u>393,882</u>	<u>(246,645)</u>
NET POSITION, BEGINNING	11,501,362	96,838
RECLASSIFIED NET POSITION	-	637,074
NET POSITION, BEGINNING AS RECLASSIFIED	<u>11,501,362</u>	<u>733,912</u>
NET POSITION, ENDING	<u>\$ 11,895,244</u>	<u>\$ 487,267</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, 2013

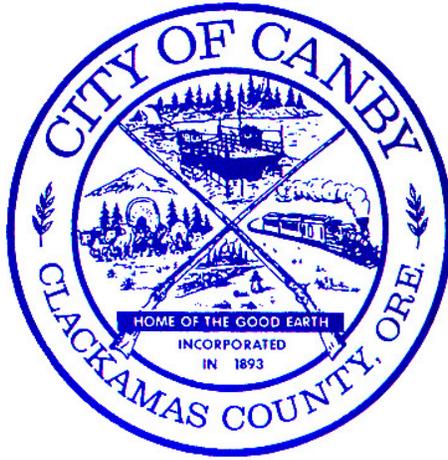
	<u>Enterprise Total Sewer Operations</u>	<u>Internal Service Facilities Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 3,437,367	\$ 12,727
Cash paid to employees for salaries and benefits	(1,011,227)	(595,235)
Cash paid to suppliers and others	(896,834)	(683,482)
Net cash from operating activities	<u>1,529,306</u>	<u>(1,265,990)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Transfers in (out)	(822,537)	1,062,457
Intergovernmental	-	-
Interfund loan	49,607	-
Net cash from non-capital financing activities	<u>(772,930)</u>	<u>1,062,457</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of capital assets	36,607	-
Payment of principal debt	(240,000)	-
Payment of interest on debt	(54,925)	-
Net cash from capital and related financing activities	<u>(258,318)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received	12,907	4,146
Net increase in cash and cash equivalents	510,965	(199,387)
CASH AND CASH EQUIVALENTS, BEGINNING	<u>2,374,344</u>	<u>758,008</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 2,885,309</u>	<u>\$ 558,621</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income (loss)	\$ 1,257,456	\$ (1,313,248)
(gain) loss on disposition of assets	10,195	-
Adjustments:		
Depreciation	262,315	-
Amortization	3,504	-
Decrease (increase) in:		
Accounts receivable	(71,587)	6,622
Increase (decrease) in:		
Accounts payable and accrued expenses	30,790	17,731
Accrued interest	(981)	-
OPEB obligation	15,138	22,905
Accrued compensated absences	22,476	-
Net cash from operating activities	<u>\$ 1,529,306</u>	<u>\$ (1,265,990)</u>

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



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NOTES TO THE FINANCIAL STATEMENTS



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CITY OF CANBY, OREGON
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

I. Summary of Significant Accounting Policies

A. Description of Reporting Entity

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

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

Blended Component Unit

The City has one blended component unit, the Urban Renewal Agency (the Agency). The Agency was formed to plan, direct, and manage certain projects within the City. Pursuant to ORS 457.055, the City Council has been appointed governing body of the Agency, which is the same governing board as the primary government. 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, 2013, may be obtained at Canby City Hall, located at 182 N. Holly Street, Canby, Oregon 97013.

Discretely Presented Component Unit

The Canby Utility Board (CUB) is responsible for providing Water and Electricity services to residential and commercial customers within the city limits of Canby. CUB is a legally separate entity from the City, which is currently governed by a board appointed by the members of the City Council. A financial benefit exists. Complete financial statements for CUB for the year ended June 30, 2013, may be obtained at CUB's administrative office located at 154 N.W. First Avenue, Canby, Oregon 97013.

B. Basic Financial Statements

Basic financial statements are presented at both the government-wide and fund financial level. Both levels of statements categorize primary activities as either governmental or business-type. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Separate fund financial statements are provided for governmental funds and proprietary funds.

I. Summary of Significant Accounting Policies (Continued)

B. Basic Financial Statements (Continued)

Government-wide financial statements

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

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

Fund financial statements

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

The financial transactions of the City are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The City reports the following major governmental funds:

- **General Fund**
This is the City's primary operating fund. It accounts for the financial resources of the City that are not accounted for in any other fund. Principal sources of revenue are property taxes, intergovernmental proceeds from the State of Oregon and Clackamas County, licenses and permits, and fines. Primary expenditures are for general administration, public safety, and culture and recreation.
- **Street Fund**
This fund accounts for revenues from gas tax apportionments received from the State of Oregon and the local street maintenance fee and expenditures for maintenance of public streets.

CITY OF CANBY, OREGON
NOTES TO THE FINANCIAL STATEMENTS (Continued)
June 30, 2013

I. Summary of Significant Accounting Policies (Continued)

B. Basic Financial Statements (Continued)

- **Library Fund**
This fund accounts for revenues and expenditures for operation of the City Library. The principal resource to this fund is from a county-wide tax district.
- **Transit Fund**
This fund accounts for payroll taxes collected from the local business community as well as grants received and used to fund the City's mass transit program.
- **Urban Renewal Agency - General Fund**
This fund accounts for construction and other improvements programs related to revitalization of property within the district boundaries in accordance with the Urban Renewal Plan. The primary source of funds is proceeds from debt issuance.
- **Urban Renewal - Debt Service Fund**
This fund is used to account for the payment of principal and interest on bonds and loans issued to fund projects as planned and executed through the Urban Renewal Agency – General Fund. The primary sources of funds is property tax increment revenue.

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

- **Special Revenue Funds**
These funds are used to account for proceeds of specific revenue sources that are earmarked for specific purposes including cemetery operations, park development and swim center operations. Principal resources include property taxes, intergovernmental revenues, system development charges and charges for services.
- **Capital Projects Funds**
Capital projects funds are used to account for asset acquisition and construction. Principal resources include grants and donations, system development charges and transfers from other funds.
- **Debt Service Funds**
Debt Service funds are used to account for and report financial resources that are restricted, committed or assigned to expenditure for principal and interest.

The City reports the following major enterprise fund:

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

I. Summary of Significant Accounting Policies (Continued)

B. Basic Financial Statements (Continued)

The City reports the following internal service funds:

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

C. Measurement Focus and Basis of Accounting

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

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

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

I. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 45 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, long-term compensated absences are recorded only when payment is due.

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

An unavailable revenue liability arises in the Governmental Funds Balance Sheet when potential revenue does not meet both the measurable and available criteria for recognition in the current period. This unavailable revenue consists primarily of uncollected property taxes and assessments not deemed available to financial operation of the current period. 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 liability created on the Governmental Fund Balance Sheet for unavailable revenue is eliminated. Note that unavailable revenues also arise outside the scope of measurement focus and basis of accounting, such as when the City receives resources before it has a legal claim to them. For instance, when grant monies are received prior to the incurrence of qualifying expenditures.

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

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

I. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services, and producing and delivering goods in connection with a proprietary fund's principle ongoing operations. The principle operating revenues of the City's sewer operations are charges to customers for sales and services. These funds also recognize fees intended to recover the cost of connecting new customers to the City's utility systems as operating revenue. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and overheads, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Assets, Liabilities and Equity

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

Assets whose use is restricted for construction, debt service, by other agreement or to specific purposes by state statute are segregated on the Government-wide Statement of Net Position and the Proprietary Fund Statement of Net Position.

Receivables and Payables

Activity between funds that represent lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. the non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances". Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

Recorded property taxes receivable that are collected within 45 days after year-end are considered measurable and available and, therefore, are recognized as revenue. The remaining balance is recorded as deferred 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.

I. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities and Equity (Continued)

Receivables and Payables (Continued)

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

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

Capital Assets and Depreciation

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, quarries etc.), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital costs are charged to expenditures as purchased in the governmental fund statements, and capitalized in the proprietary fund statements. Capital assets are recorded at historical cost, or estimated historical cost if actual cost is not available. Donated fixed assets are recorded at their estimated fair market value at the time received.

Capital assets are defined by the City as assets with an initial, individual cost of \$5,000 or more, and having useful lives extending beyond a single reporting period. Additions or improvements and other capital outlays that significantly extend the useful life of an asset, or that significantly increase the capacity of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation on exhaustible assets is recorded as an allocated expense in the Statement of Activities with accumulated depreciation reflected in the Statement of Net Position, and is provided on the straight-line basis over the following estimated useful lives:

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

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

I. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities and Equity (Continued)

Compensated Absences

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

The General Fund is used to liquidate the liability for compensated absences.

Other Postemployment Benefit Obligations

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

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 deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are capitalized and amortized over the term of the respective bond issue.

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.

Net Position

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

I. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities and Equity (Continued)

Fund Balance

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

Non-Spendable – Includes items not immediately converted to cash, such as prepaid items and inventory.

Restricted – Includes items that are restricted by external creditors, grantors or contributors, or restricted by legal 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.

Reclassified Fund Balance

The Technical Services Fund's and Fleet Services Fund's fund balance previously reported as part of the GAAP General Fund have been reclassified as internal services funds as classified by resolution in accordance with GAAP.

Use of Restricted Resources

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

Use of Estimates

The preparation of financial statements in conformity with GAAP requires that management make estimates and assumptions which affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

CITY OF CANBY, OREGON
NOTES TO THE FINANCIAL STATEMENTS (Continued)
June 30, 2013

II. Cash and Cash Equivalents

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

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

The City's investment policy, adopted by the City Council, essentially mirrors the requirements of the Oregon Revised Statutes. Currently, the City's investment portfolio includes investments in the State of Oregon Local Government Investment Pool.

Cash on hand	\$ 1,208
Cash on deposit	266,549
Oregon State Local Government Investment Pool	<u>22,758,231</u>
Total	<u>\$ 23,025,988</u>
Reported in the basic financial statements as:	
Governmental activities	\$ 20,140,681
Business-type activities	<u>2,885,307</u>
Total	<u>\$ 23,025,988</u>

A. Custodial credit risk

This is the risk that in the event of a bank failure, the City's deposits may not be returned. The Federal Depository Insurance Corporation (FDIC) provides insurance for the City's deposits with financial institutions up to \$250,000 for the combined total of all savings deposits and unlimited coverage for non-interest bearing transaction accounts. Deposits in excess of FDIC coverage were held by qualified depositories for public funds included in the multiple financial institution collateral pool administered by the State of Oregon in accordance with Oregon Revised Statutes, Chapter 295.

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 (Continued)
June 30, 2013

II. Cash and Cash Equivalents (Continued)

C. Credit risk

State statutes authorize the City to invest in general obligations of the U.S. Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, and the LGIP, among others. The City has no investment policy that would further limit its investment choices. The LGIP operates in accordance with appropriate state laws and regulations, but is not regulated by other laws, organizations or regulations. The reported value of the Investment Pool (the Pool) is the same as the fair value of Pool shares. Investments are regulated by the Oregon Short-Term Fund Board and approved by the Oregon Investment Council (ORS 294.805 to 294.895). The Pool is not registered with the SEC as an investment company, nor is the Pool rated.

III. Receivables

An allowance for doubtful accounts is not deemed necessary for the City's property taxes receivable as uncollectible because a lien is placed on the property. The City's allowance for doubtful accounts for its business-type activities at June 30, 2013, was \$198,983.

Canby Utility Board's accounts receivable primarily represent user charges which are recognized as earned. As of June 30, 2013, an allowance for uncollectible receivables has been provided for the Electric and Water Systems of \$7,688.

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 and special assessments not yet due.

CITY OF CANBY, OREGON
NOTES TO THE FINANCIAL STATEMENTS (Continued)
June 30, 2013

IV. Capital Assets

Capital asset activity for the year ended June 30, 2013, was as follows:

Primary Government:	Beginning Balance	Additions	Deletions	Ending Balance
<i>Capital assets, not being depreciated:</i>				
Land	\$ 41,104,287	\$ -	\$ -	\$ 41,104,287
Construction in progress	9,242,569	5,619,073	(13,160,729)	1,700,913
Total capital assets, not being depreciated	<u>50,346,856</u>	<u>5,619,073</u>	<u>(13,160,729)</u>	<u>42,805,200</u>
<i>Capital assets, being depreciated:</i>				
Buildings and improvements	7,980,473	9,150,954	(50,937)	17,080,490
Motor vehicles and equipment	4,448,947	208,760	(183,200)	4,474,507
Infrastructure	122,942,815	4,122,367	-	127,065,182
Total capital assets, being depreciated	<u>135,372,235</u>	<u>13,482,081</u>	<u>(234,137)</u>	<u>148,620,179</u>
<i>Less accumulated depreciation for:</i>				
Buildings and improvements	(2,983,835)	(357,761)	-	(3,341,596)
Vehicles and equipment	(3,006,173)	(302,762)	100,323	(3,208,612)
Infrastructure	(74,719,158)	(3,430,569)	-	(78,149,727)
Total accumulated depreciation	<u>(80,709,166)</u>	<u>(4,091,092)</u>	<u>100,323</u>	<u>(84,699,935)</u>
Total capital assets, being depreciated, net	<u>54,663,069</u>	<u>9,390,989</u>	<u>(133,814)</u>	<u>63,920,244</u>
Governmental activities capital assets, net	<u>\$ 105,009,925</u>	<u>\$ 15,010,062</u>	<u>\$ (13,294,543)</u>	<u>\$ 106,725,444</u>

Depreciation expense was charged to functions/programs of Governmental Activities as follows:

Governmental Activities:	
General Government	\$ 155,942
Public Safety	146,129
Highways and Streets	3,446,322
Transportation	109,095
Culture and Recreation	175,245
Economic Development	<u>58,359</u>
Total depreciation expense - Governmental Activities	<u>\$4,091,092</u>

CITY OF CANBY, OREGON
NOTES TO THE FINANCIAL STATEMENTS (Continued)
June 30, 2013

IV. Capital Assets (Continued)

Business-type Activities:	Beginning Balance	Additions	Deletions	Ending Balance
<i>Capital assets, not being depreciated:</i>				
Land	\$ 1,081,277	\$ -	\$ -	\$ 1,081,277
Intangibles	5,500	-	-	5,500
Construction in progress	2,519,400	6,253	(46,322)	2,479,331
Total capital assets, not being depreciated	<u>3,606,177</u>	<u>6,253</u>	<u>(46,322)</u>	<u>3,566,108</u>
<i>Capital assets, being depreciated:</i>				
Buildings and improvements	7,108,216	-	-	7,108,216
Vehicles	283,790	-	-	283,790
Utility plant	3,968,179	30,354	-	3,998,533
Total capital assets, being depreciated	<u>11,360,185</u>	<u>30,354</u>	<u>-</u>	<u>11,390,539</u>
<i>Less accumulated depreciation for:</i>				
Buildings and improvements	(2,512,473)	(151,217)	-	(2,663,690)
Vehicles	(160,013)	(15,609)	-	(175,622)
Utility plant	(1,984,092)	(95,489)	-	(2,079,581)
Total accumulated depreciation	<u>(4,656,578)</u>	<u>(262,315)</u>	<u>-</u>	<u>(4,918,893)</u>
Total capital assets, being depreciated, net	<u>6,703,607</u>	<u>(231,961)</u>	<u>-</u>	<u>6,471,646</u>
Business-type activities capital assets, net	<u>\$ 10,309,784</u>	<u>\$ (225,708)</u>	<u>\$ (46,322)</u>	<u>\$ 10,037,754</u>

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

Business-type Activities:	
Sewer	<u>\$ 262,315</u>

CITY OF CANBY, OREGON
NOTES TO THE FINANCIAL STATEMENTS (Continued)
June 30, 2013

IV. Capital Assets (Continued)

Discretely presented component unit

Activity for the Canby Utility Board for the year ended June 30, 2013, was as follows:

CUB:	Beginning Balance	Additions	Deletions	Ending Balance
<i>Capital assets, not being depreciated:</i>				
Land	\$ 1,340,579	\$ -	\$ -	\$ 1,340,579
Property held for future use	3,633	-	-	3,633
Construction in progress	582,413	4,090,101	(2,298,397)	2,374,117
Total capital assets, not being depreciated	<u>1,926,625</u>	<u>4,090,101</u>	<u>(2,298,397)</u>	<u>3,718,329</u>
<i>Capital assets, being depreciated:</i>				
Plant	44,329,041	2,734,793	(141,241)	46,922,593
Equipment	2,645,255	43,573	(243,710)	2,445,118
Office furniture and equipment	1,087,988	17,193	-	1,105,181
Total capital assets, being depreciated	<u>48,062,284</u>	<u>2,795,559</u>	<u>(384,951)</u>	<u>50,472,892</u>
<i>Less accumulated depreciation for:</i>				
Electric and water plant assets	<u>(16,517,488)</u>	<u>(1,273,929)</u>	<u>434,155</u>	<u>(17,357,262)</u>
Total accumulated depreciation	<u>(16,517,488)</u>	<u>(1,273,929)</u>	<u>434,155</u>	<u>(17,357,262)</u>
Total capital assets, being depreciated, net	<u>31,544,796</u>	<u>1,521,630</u>	<u>49,204</u>	<u>33,115,630</u>
Business-type activities capital assets, net	<u>\$ 33,471,421</u>	<u>\$ 5,611,731</u>	<u>\$ (2,249,193)</u>	<u>\$ 36,833,959</u>

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

CUB Activities:	
Electric	\$ 690,660
Water	<u>583,269</u>
Total depreciation expense – CUB Activities	<u>\$ 1,273,929</u>

CITY OF CANBY, OREGON
NOTES TO THE FINANCIAL STATEMENTS (Continued)
June 30, 2013

V. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2013, was as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Purpose</u>	<u>Amount</u>
Sewer Combined Fund	Transit Fund	Capital	\$200,393

Interfund Transfers:

	<u>Transfer In</u>	<u>Transfer Out</u>
Major Governmental Funds:		
General Fund	\$ 1,463,875	\$ 1,060,331
Street Fund	-	1,274,794
Library Fund	205,481	156,403
Transit Fund	-	388,250
Urban Renewal District – General Fund	522,000	2,270,787
Urban Renewal Debt Service Fund	2,212,853	522,000
Total Major Governmental Funds	<u>4,404,209</u>	<u>5,672,565</u>
Non-major Governmental Funds	<u>1,600,481</u>	<u>572,045</u>
Proprietary Funds:		
Sewer Combined Fund	2,169	824,706
Internal Service Funds	1,260,224	197,767
Total Proprietary Funds	<u>1,262,393</u>	<u>1,022,473</u>
Total All Funds	<u>\$ 7,267,083</u>	<u>\$ 7,267,083</u>

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

CITY OF CANBY, OREGON
NOTES TO THE FINANCIAL STATEMENTS (Continued)
June 30, 2013

VI. Long-term liabilities

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

Long-term liability activity for the year ended June 30, 2013, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due within One Year
Governmental					
Activities					
Loans Payable	\$ 4,736,852	\$ -	\$ 2,492,960	\$ 2,243,892	\$ 179,688
Bonds	11,935,239	15,179,711	490,960	26,623,990	625,960
Capital leases	184,991	81,514	102,479	164,026	104,071
Compensated absences	412,959	595,266	432,049	576,176	432,132
Total governmental activities	<u>\$ 17,270,041</u>	<u>\$ 15,856,491</u>	<u>\$ 3,518,448</u>	<u>\$ 29,608,084</u>	<u>\$ 1,341,851</u>
Business-type					
Activities					
Bonds	\$ 1,626,192	\$ -	\$ 245,424	\$ 1,380,768	\$ 255,424
Compensated absences	54,728	74,283	51,807	77,204	57,903
Total business-type activities	<u>\$ 1,680,920</u>	<u>\$ 74,283</u>	<u>\$ 297,231</u>	<u>\$ 1,457,972</u>	<u>\$ 313,327</u>

CITY OF CANBY, OREGON
NOTES TO THE FINANCIAL STATEMENTS (Continued)
June 30, 2013

VI. Long-term liabilities (Continued)

A. Bonds Payable

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. General obligation bonds outstanding at June 30, 2013, are as follows:

<u>Governmental Activities</u>	
In 2012, the City issued \$14,050,000 of bonds to refinance two OECDL loans, to finance extension of Sequoia Parkway, and to finance a new library and refurbish the existing library building for city offices. The bonds carry interest rates from 3.00% to 4.00% and have a final maturity date of December 1, 2034.	\$ 14,050,000
Bond Premium	1,080,593
In 2011-12, the City issued \$9,000,000 of bonds to finance a new police facility. The bonds carry interest rates from 2.00% to 5.00% and have a final maturity date of June 1, 2036.	8,915,000
Bond Discount	(21,850)
In 2010, the City issued \$2,500,000 of bonds to finance redevelopment of NE 1 st Avenue. The bonds carry interest rates from 3.75% to 7.00% and have a final maturity date of December 15, 2030. They are Recovery Zone Economic Development Bonds which provide the City a rebate of the amount of interest paid.	2,305,000
Bond Discount	(39,753)
In 2008, the City issued \$1,915,000 of bonds to finance improvements to NE 2nd Avenue and a public parking lot at the end of the street. The bonds carry an interest rate of 4.15% over the 6 year term. The bonds have a final maturity date of June 1, 2014.	<u>335,000</u>
Total bonds payable	<u><u>\$ 26,623,990</u></u>

CITY OF CANBY, OREGON
NOTES TO THE FINANCIAL STATEMENTS (Continued)
June 30, 2013

VI. Long-term liabilities (Continued)

A. Bonds Payable (Continued)

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

	U.S. Bank - URD Bond Series 2008		Bank of New York - Bond Series 2010		Bond Discount
	Principal	Interest	Principal	Interest	Principal
2014	\$ 335,000	\$ 13,902	\$ 100,000	\$ 140,544	\$ (2,208)
2015	-	-	100,000	136,794	(2,208)
2016	-	-	105,000	132,950	(2,208)
2017	-	-	105,000	128,159	(2,208)
2018	-	-	110,000	122,381	(2,208)
2019-2023	-	-	585,000	516,457	(11,040)
2024-2028	-	-	705,000	300,825	(11,040)
2029-2033	-	-	495,000	52,675	(6,633)
Total	\$ 335,000	\$ 13,902	\$ 2,305,000	\$ 1,530,785	\$ (39,753)

	Bank of New York - Bond Series 2011		Bond Discount
	Principal	Interest	Principal
2014	\$ -	\$ 425,738	\$ (950)
2015	-	425,738	(950)
2016	25,000	425,738	(950)
2017	30,000	425,238	(950)
2018	45,000	424,548	(950)
2019-2023	625,000	2,069,263	(4,750)
2024-2028	1,635,000	1,877,060	(4,750)
2029-2033	3,540,000	1,326,600	(4,750)
2034-2038	3,015,000	306,500	(2,850)
Total	\$ 8,915,000	\$ 7,706,423	\$ (21,850)

	Bank of New York - Bond Series 2012		Bond Premium	Total Governmental Bonds	
	Principal	Interest	Principal	Principal	Interest
2014	\$ 145,000	\$ 489,788	\$ 49,118	\$ 625,960	\$ 1,069,972
2015	550,000	479,363	49,118	695,960	1,041,895
2016	610,000	461,963	49,118	785,960	1,020,651
2017	650,000	443,063	49,118	830,960	996,460
2018	645,000	425,638	49,118	845,960	972,567
2019-2023	3,245,000	1,824,040	245,590	4,684,800	4,409,760
2024-2028	3,190,000	1,171,065	245,590	5,759,800	3,348,950
2029-2033	3,460,000	551,714	245,590	7,729,207	1,930,989
2034-2038	1,555,000	50,944	98,233	4,665,383	357,444
Total	\$14,050,000	\$ 5,897,578	\$ 1,080,593	\$26,623,990	\$15,148,688

CITY OF CANBY, OREGON
NOTES TO THE FINANCIAL STATEMENTS (Continued)
June 30, 2013

VI. Long-term liabilities (Continued)

A. Bonds Payable (Continued)

The City also issues bonds where income derived from acquired or constructed assets is pledged to pay debt service. Revenue bonds outstanding at June 30, 2013 are as follows:

Business-type Activities

In 2008, the City issued additional revenue bonds to refund prior borrowings related to improvements in the sanitary sewer collection and treatment system in the amount of \$2,505,000. These bonds carry interest rates ranging from 3.5% to 4.0% over the life of the issue, have a premium amortized with them, and have a final maturity date of December 1, 2017.	\$ 1,355,000
Bond Premium	25,768
Total bonds payable	\$ 1,380,768

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

	Bank of New York - Sewer Bond Series 2008		Bond Premium	Total Enterprise Bonds	
	Principal	Interest	Principal	Principal	Interest
2014	\$ 250,000	\$ 46,044	\$ 5,424	\$ 255,424	\$ 46,044
2015	255,000	36,891	5,424	260,424	36,891
2016	275,000	27,284	5,424	280,424	27,284
2017	280,000	17,050	5,424	285,424	17,050
2018	295,000	5,900	4,072	299,072	5,900
Total	\$ 1,355,000	\$ 133,169	\$ 25,768	\$ 1,380,768	\$ 133,169

B. Loans/Notes Payable

Governmental Activities

In 1994, the City borrowed \$593,081 through the State of Oregon Economic and Community Development Department's (OECD) Special Public Works Fund program to finance logging road phase 1. The loan carries interest rates ranging from 5.8% to 6.0% over the 20 year term. The loan has a final maturity date of December 1, 2015.	\$ 95,645
A second loan through the OECD in the amount of \$260,000 was taken in 1997 to finance logging road phase 2. The loan carries an interest rate of 5.01% over the 20 year term. The loan has a final maturity date of December 1, 2017.	90,458
In 2009, the City borrowed \$1,981,047 through the OECD to finance completion of Township Road, Berg Parkway and Sequoia Parkway. The loan included a premium of \$19,067 for a total initial amount of \$2,000,114. The loan carries interest rates from 3.00% to 5.25% over its 20 year term, and has a premium associated with it. The loan has a final maturity date of December 1, 2028.	1,700,949
Loan Premium	15,255
In 2010, the City borrowed \$417,927 from Business Oregon Infrastructure Finance Authority to finance construction of Walnut Street in the Canby Pioneer Industrial Park. The loan carries an interest rate of 5% over a 10-year term. The loan has a final maturity date of December 1, 2020.	341,585
Total loans payable	\$ 2,243,892

CITY OF CANBY, OREGON
NOTES TO THE FINANCIAL STATEMENTS (Continued)
June 30, 2013

VI. Long-term liabilities (Continued)

B. Loans/Notes Payable (Continued)

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

	SPWF 94-003 A (OEDD 1 A)		SPWF 94-003 B (OEDD 1)		SPWF 97-007 (OEDD 2)	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 43,295	\$ 5,168	\$ 2,056	\$ 393	\$ 17,797	\$ 4,560
2015	45,806	2,657	2,179	269	17,936	3,670
2016	-	-	2,309	139	18,083	2,774
2017	-	-	-	-	18,238	1,870
2018	-	-	-	-	18,404	939
Total	<u>\$ 89,101</u>	<u>\$ 7,825</u>	<u>\$ 6,544</u>	<u>\$ 801</u>	<u>\$ 90,458</u>	<u>\$ 13,813</u>

	OECD #B08002			Business Oregon X090004	
	Principal	Interest	Premium	Principal	Interest
2014	\$ 78,543	\$ 77,107	\$ 953	\$ 37,044	\$ 17,079
2015	79,018	74,358	953	38,896	15,227
2016	79,578	71,198	953	40,841	13,282
2017	85,161	68,014	953	42,883	11,240
2018	90,768	64,608	953	45,027	9,096
2019-2023	504,446	262,833	4,765	136,894	13,325
2024-2028	637,418	133,049	4,765	-	-
2029-2033	146,017	6,571	960	-	-
Total	<u>\$ 1,700,949</u>	<u>\$ 757,738</u>	<u>\$ 15,255</u>	<u>\$ 341,585</u>	<u>\$ 79,249</u>

	Total Government Loans	
	Principal	Interest
2014	\$ 179,688	\$ 104,307
2015	184,788	96,181
2016	141,764	87,393
2017	147,235	81,124
2018	155,152	74,643
2019-2023	646,105	276,158
2024-2028	642,183	133,049
2029-2033	146,977	6,571
Total	<u>\$ 2,243,892</u>	<u>\$ 859,426</u>

The city refunded OECD loans B03004 and B04004 in the respective amount of \$839,700 and \$1,373,154 with a portion of the proceeds from the series 2012 bond issue. This transaction will result in debt service savings of approximately \$285,000 resulting in an economic gain of approximately \$248,000 after factoring in issuance costs.

CITY OF CANBY, OREGON
NOTES TO THE FINANCIAL STATEMENTS (Continued)
June 30, 2013

VI. Long-term liabilities (Continued)

C. Capital Leases

The City has entered into lease agreements for financing the acquisition of certain equipment. These lease agreements qualify as capital leases for accounting purposes (title transfers at the end of the lease term) and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

The following is an analysis of equipment leased under capital leases as of June 30, 2013:

	<u>Lease Obligation</u>	<u>Net Capitalized Cost</u>
General Fund:		
Street sweeper (Lease #5241010), 5.10%, \$42,455 annual payment including interest, final payment due November 18, 2013.	\$ 40,394	\$ 134,337
Police vehicles (Lease #5241011), 6.15%, \$19,203 annual payment including interest, final payment due October 22, 2013.	18,091	40,071
Police vehicle (Lease #5241012), 6.15%, \$9,046 annual payment including interest, final payment due October 18, 2013.	8,522	17,521
Police vehicles (Lease #5241013), 6.10%, \$20,419 annual payment including interest, final payment due November 10, 2014.	37,384	60,572
Police vehicles (Lease #5241014), 4.95%, \$21,878 annual payment including interest, final payment due November 19, 2015	<u>59,635</u>	<u>80,351</u>
Total	<u>\$ 164,026</u>	<u>\$ 332,852</u>

The following is a schedule of future minimum lease payments under the capital leases, and the present value of the net minimum lease payments at June 30, 2013.

Years ending <u>June 30,</u>	<u>General Fund Amount</u>
2014	\$ 113,001
2015	42,297
2016	<u>21,879</u>
Total minimum lease payments	177,177
Less amount representing interest	<u>(13,151)</u>
Present value of future minimum lease payments	<u>\$ 164,026</u>

CITY OF CANBY, OREGON
NOTES TO THE FINANCIAL STATEMENTS (Continued)
June 30, 2013

VI. Long-term liabilities (Continued)

D. Discretely presented component unit – Revenue Bonds

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due within One Year
CUB:					
Bonds	\$ 4,880,000	\$ -	\$ 250,000	\$ 4,630,000	\$ 260,000
Total CUB	<u>\$ 4,880,000</u>	<u>\$ -</u>	<u>\$ 250,000</u>	<u>\$ 4,630,000</u>	<u>\$ 260,000</u>

The CUB issued Water System revenue bonds. The bond purchase agreement provides that principal and interest on the bonds are payable solely from and secured by the net revenues of the Water System.

CUB

In 2004 the CUB issued revenue bonds in the amount of \$2,900,000. These bonds carry interest rates ranging from 2.5% to 4.5% over the life of the issue, and mature in 2025.

\$ 2,005,000

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

2,625,000

Total bonds payable

\$ 4,630,000

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

CUB

Year Ending June 30,	Principal
2014	\$ 260,000
2015	270,000
2016	280,000
2017	290,000
2018	305,000
2019-2023	1,745,000
2024-2027	1,480,000
Total	<u>\$ 4,630,000</u>

CITY OF CANBY, OREGON
NOTES TO THE FINANCIAL STATEMENTS (Continued)
June 30, 2013

VII. Post Employment Benefits Other than Pensions

A. Plan Description

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

B. Funding Policy

The City funds the plan only to the extent of current year insurance premium requirement on a pay-as-you-go basis. At June 30, 2012, the City had 80 active employees and five retirees participating in the program. All insurance premium costs for retirees are paid in full by the individual. The City has not established an irrevocable trust to accumulate assets to fund the cost of the OPEB obligation that arises from the implicit subsidy.

C. Annual OPEB Cost and Net OPEB Obligation

The City's annual other post employment benefit cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the fiscal year ending June 30, 2013, the amount actually contributed to the plans, and changes in the City's net OPEB obligation:

Normal cost at year end	\$ 78,703
Amortization of UAAL	<u>58,261</u>
Annual required contribution	136,964
Interest on prior year Net OPEB Obligation	15,866
Adjustment to ARC	(26,955)
Implicit benefit payments	<u>(35,608)</u>
Increase in Net OPEB Obligation	90,267
Net OPEB obligation at beginning of year	<u>396,639</u>
Net OPEB obligation at end of year	<u><u>\$ 486,906</u></u>

CITY OF CANBY, OREGON
NOTES TO THE FINANCIAL STATEMENTS (Continued)
June 30, 2013

VII. Post Employment Benefits Other than Pensions (Continued)

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

<u>Fiscal Year End</u>	<u>Annual OPEB Cost</u>	<u>Percent of Annual OPEB Cost Contribution</u>	<u>Net OPEB Obligation</u>
06/30/11	\$ 144,015	29%	\$ 314,437
06/30/12	118,307	31	396,639
06/30/13	125,875	28	486,906

D. Funded Status and Funding Progress

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amount determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future. As of August 1, 2012 the actuarial accrued liability for benefits was \$716,841, and the actuarial value of assets was zero, resulting in an unfunded accrued liability of \$716,841.

E. Actuarial Methods and Assumptions

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

In the August 1, 2012 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumption included a 3.5% rate for discounting future liabilities and an annual healthcare cost trend rate of 7.25%, reduced by decrements to an ultimate rate of 5.5%. The UAAL is being amortized using the level percentage of payroll over an open period of ten years.

Plan Description

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

VII. Post Employment Benefits Other than Pensions (Continued)

F. Retirement Health Insurance Account (RHIA)

Funding Policy

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

Participating cities are contractually required to contribute to RHIA at a rate assessed each year by PERS, currently 0.59% of annual covered payroll for Tier 1/Tier 2 members and 0.50% for PSRP members. The PERS Board of Trustees sets the employer contribution rate based on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The City's contributions to RHIA for the year ended June, 30, 2013, were included with contributions to PERS.

G. Post Retirement Benefits – Sick Leave

In addition to pension benefits, the City has contractually agreed to pay employees 50% of accumulated sick leave at the time of retirement. The City recognizes this cost at the fund level when employees retire and benefit is paid. During 2012-2013, \$25,865 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, 2013.

VIII. Pension Plan

A. Plan Description

The City and CUB contribute to two pension plans administered by the Oregon Public Employees Retirement System (PERS). The Oregon Public Employees Retirement Fund (OPERF) applies to the City's and CUB's contribution for qualifying employees who were hired before August 29, 2003, and is a cost-sharing multiple-employer defined benefit pension plan. The Oregon Public Service Retirement Plan (OPSRP) is a hybrid successor plan to the OPERF and consists of two programs: The Pension Program, the defined benefit portion of the plan, applies to qualifying City and CUB employees hired after August 29, 2003, and to inactive employees who return to employment following a six-month or greater break in service. Benefits are calculated by a formula for members who attain normal retirement age. The formula takes into account final average salary and years of service. The actuarial method used for valuing assets of the pension plan is market value of assets. The amortization period used is closed. Beginning January 1, 2004, all PERS member contributions go into the Individual Account Program (IAP), the defined contribution portion of the plan. PERS members retain their existing PERS accounts, but any future member contributions are deposited into the member's IAP, not the member's PERS account.

Both PERS plans provide retirement and disability benefits, post employment healthcare benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS is administered under Oregon Revised Statute Chapter 238, which establishes the Public Employees Retirement Board as the governing body of PERS. PERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to PERS, PO Box 23700, Tigard, OR, 97281-3700 or by calling 503-598-7377.

B. Funding Policy

Members of PERS are required to contribute 6.00% of their salary covered under the plan, which is invested in the OPSRP Individual Account Program; this is paid by the City and CUB. The City and CUB are required by ORS 238.225 to contribute at an actuarially determined rate for the qualifying employees under the OPERF plan, and a general service rate for the qualifying employees under the OPSRP plan.

The City's OPERF rate in effect for the year ended June 30, 2013 is 11.70%. The City's OPSRP rates in effect for the year ended June 30, 2013 are 6.92% for general service employees and 9.63% for police and fire employees. The CUB's rates for OPERF and OPSRP are 12.26% and 11.25%, respectively. The contribution requirements for plan members are established by ORS Chapter 238 and may be amended by an act of the Oregon Legislature.

CITY OF CANBY, OREGON
NOTES TO THE FINANCIAL STATEMENTS (Continued)
June 30, 2013

VIII. Pension Plan (Continued)

C. Annual Pension Cost

Contribution information for the City and the CUB for the years ended June 30, 2013, 2012, and 2011 is as follows:

Year Ended	City			CUB		
	Annual Pension Cost (APC)	% of APC Contributed	Net Pension Obligation	Annual Pension Cost (APC)	% of APC Contributed	Net Pension Obligation
6/30/13	\$907,945	100%	\$ -	\$275,496	100%	\$ -
6/30/12	912,901	100%	-	260,105	100%	-
6/30/11	667,202	100%	-	198,296	100%	-

IX. Risk Management

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

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

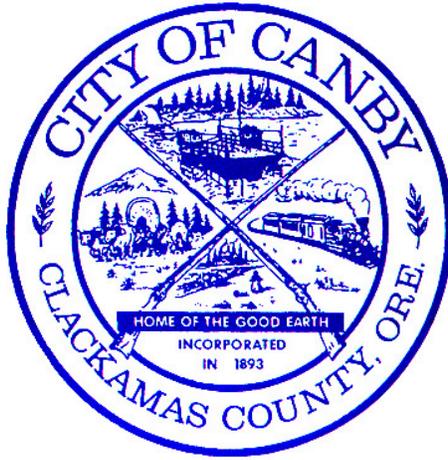
X. Commitments and Contingencies

Grants receivable and grant receipts are subject to adjustment by grantor agencies, principally the Federal Government. Any disallowed claims, including claims already collected, could become a liability to the City. Management believes such amounts, if any, will have no material effect on the financial statements.

Management of the City believes that the total amount of liability, if any, which may arise from claims and lawsuits pending against the City beyond that, which is covered by insurance, would not have a material effect on the City's financial condition.

At June 30, 2013, the City had outstanding commitments for construction totaling approximately \$1,808,328.

**REQUIRED SUPPLEMENTARY
INFORMATION**



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CITY OF CANBY, OREGON
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2013

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	980,188	980,188	1,039,668	\$ 59,480
Charges for services	121,685	121,685	139,543	17,858
Property taxes	3,829,697	3,829,697	3,791,017	(38,680)
Franchise	678,300	678,300	459,100	(219,200)
Licenses, fees, permits	103,300	103,300	110,547	7,247
Fines and forfeitures	351,000	351,000	418,231	67,231
Grants & donations	8,500	602,118	540,479	(61,639)
Interest	8,400	8,400	7,646	(754)
Miscellaneous	5,000	5,000	12,958	7,958
Total revenues	6,086,070	6,679,688	6,519,189	(160,499)
EXPENDITURES:				
Administration	960,921	1,550,537	1,499,885	50,652
Court	290,854	314,099	277,628	36,471
Planning	387,485	387,760	316,935	70,825
Parks	475,429	475,429	436,208	39,221
Building	76,339	76,339	73,696	2,643
Police	3,887,948	3,964,566	3,888,709	75,857
Cemetery	106,371	106,371	100,257	6,114
Finance	488,258	493,258	476,318	16,940
Contingency	445,400	346,264	-	346,264
Total expenditures	7,119,005	7,714,623	7,069,636	644,987
Revenues over (under) expenditures	(1,032,935)	(1,034,935)	(550,447)	484,488
OTHER FINANCING SOURCES (USES):				
Transfers in	859,562	859,562	1,281,346	421,784
Transfers out	(1,119,482)	(1,117,482)	(1,060,331)	57,151
Total other financing sources (uses)	(259,920)	(257,920)	221,015	478,935
Net changes in fund balances	(1,292,855)	(1,292,855)	(329,432)	963,423
FUND BALANCE, BEGINNING	1,292,855	1,292,855	1,609,373	316,518
FUND BALANCE, ENDING	\$ -	\$ -	\$ 1,279,941	\$ 1,279,941

Budget to GAAP Differences:

\$182,529 of sewer infrastructure related to the 1st Ave Project and Police Access Road were contributed and capitalized as

- 1 government activities assets; this resulted in a decrease of cost of sales and an increase in transfers out of the sewer fund and an increase in both transfers in and community development expenditures in the general fund.
- 2 The City entered into capital leases in the amount of \$85,713 for police cars; the proceeds and expenditures are recorded as other financing sources and public safety on the General Fund Statement of Revenues, Expenditures and Changes in Fund Balance.

CITY OF CANBY, OREGON
STREET FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2013

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 1,123,000	\$ 1,123,000	\$ 1,116,252	\$ (6,748)
Charges for services	532,800	532,800	532,962	162
Interest	3,000	3,000	3,374	374
Miscellaneous	1,200	1,200	1,290	90
Excise tax	7,198	7,198	35,219	28,021
Total revenues	1,667,198	1,667,198	1,689,097	21,899
EXPENDITURES:				
Personal service	402,552	402,552	391,380	11,172
Materials and service	201,560	201,560	169,485	32,075
Capital outlay	34,000	34,000	31,463	2,537
Contingency	306,547	306,547	-	306,547
Total expenditures	944,659	944,659	592,328	352,331
Revenues over (under) expenditures	722,539	722,539	1,096,769	374,230
OTHER FINANCING SOURCES (USES):				
Transfers out	(1,323,932)	(1,323,932)	(1,274,794)	49,138
Net changes in fund balances	(601,393)	(601,393)	(178,025)	423,368
FUND BALANCES, BEGINNING	601,393	601,393	677,298	75,905
FUND BALANCES, ENDING	\$ -	\$ -	\$ 499,273	\$ 499,273

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, 2013

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 696,730	\$ 696,730	\$ 707,376	\$ 10,646
Charges for services	26,500	26,500	29,143	2,643
Grants & donations	24,500	24,500	1,078,124	1,053,624
Interest	400	400	3,547	3,147
Total revenues	<u>748,130</u>	<u>748,130</u>	<u>1,818,190</u>	<u>1,070,060</u>
EXPENDITURES:				
Personal service	631,378	631,378	624,830	6,548
Materials and service	144,600	144,600	132,939	11,661
Contingency	91,810	91,810	-	91,810
Total expenditures	<u>867,788</u>	<u>867,788</u>	<u>757,769</u>	<u>110,019</u>
Revenues over (under) expenditures	(119,658)	(119,658)	1,060,421	1,180,079
OTHER FINANCING SOURCES (USES):				
Transfers in	70,000	70,000	205,481	135,481
Transfers out	<u>(156,403)</u>	<u>(156,403)</u>	<u>(156,403)</u>	<u>-</u>
Total other financing sources (uses)	<u>(86,403)</u>	<u>(86,403)</u>	<u>49,078</u>	<u>135,481</u>
Net changes in fund balances	(206,061)	(206,061)	1,109,499	1,315,560
FUND BALANCES, BEGINNING	<u>206,061</u>	<u>206,061</u>	<u>238,121</u>	<u>32,060</u>
FUND BALANCES, ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,347,620</u>	<u>\$ 1,347,620</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, 2013

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Charges for services	\$ 41,875	\$ 41,875	\$ 68,860	\$ 26,985
Grants & donations	702,694	987,985	1,163,831	175,846
Interest	500	500	3,742	3,242
Miscellaneous	-	-	2,332	2,332
Transit tax	875,000	875,000	1,006,388	131,388
Total revenues	<u>1,620,069</u>	<u>1,905,360</u>	<u>2,245,153</u>	<u>339,793</u>
EXPENDITURES:				
Personal service	147,269	150,769	142,546	8,223
Materials and service	825,020	906,312	850,049	56,263
Capital outlay	254,842	254,842	52,406	202,436
Contingency	123,471	123,471	-	123,471
Total expenditures	<u>1,350,602</u>	<u>1,435,394</u>	<u>1,045,001</u>	<u>390,393</u>
Revenues over (under) expenditures	269,467	469,966	1,200,152	730,186
OTHER FINANCING SOURCES (USES):				
Interfund loan proceeds (payments)	250,000	250,000	250,000	-
Transfers out	(566,666)	(767,165)	(687,857)	79,308
Total other financing sources (uses)	<u>(316,666)</u>	<u>(517,165)</u>	<u>(437,857)</u>	<u>79,308</u>
Net changes in fund balances	(47,199)	(47,199)	762,295	809,494
FUND BALANCES, BEGINNING	<u>47,199</u>	<u>47,199</u>	<u>275,783</u>	<u>228,584</u>
FUND BALANCES, ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,038,078</u>	<u>\$ 1,038,078</u>
Interfund loan			<u>(200,393)</u>	
Total fund balance - generally accepted accounting principles			<u>\$ 837,685</u>	

CITY OF CANBY, OREGON
SCHEDULE OF FUNDING PROGRESS
June 30, 2013

Other Postemployment Benefits Plan

Valuation Date	Assets	Actuarial Accrued Liability	Unfunded Accrued Liability	Funded Ratio	Covered Payroll	UAL/ Payroll
8/1/2008	\$ -	\$ 826,003	\$ 826,003	0%	\$ 7,554,600	10.93%
8/1/2010	-	722,154	722,154	0%	7,924,953	9.11%
8/1/2012	-	716,841	716,841	0%	9,151,071	7.83%

* Information prior to 2008 is not available.

CITY OF CANBY, OREGON
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2013

Budgetary Information

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

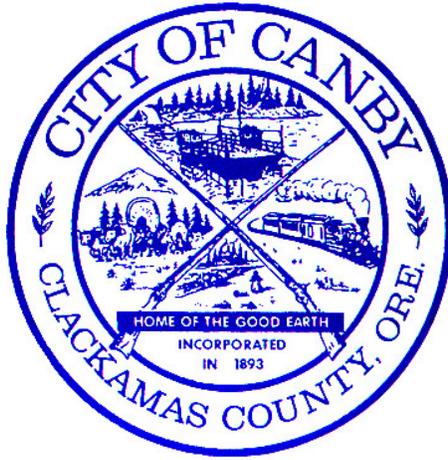
Each spring, the City Administrator submits a proposed budget to the Budget Committee (consisting of the City Council and an equal number of citizens of the City). The City is required to budget all funds except the Agency Fund. The City budgets each governmental fund type on a modified accrual basis.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

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

The City Council legally adopts the budget by resolution before July 1. The resolution establishes appropriations for each fund and expenditures cannot legally exceed these appropriations. The level of control established by the resolution for the General Fund is at the department level. The level of control for all other funds, except the Cemetery Perpetual Care and Debt Service Funds, which are controlled at the fund level, is by the expenditure categories of personal services, materials and services, capital outlay, service agencies and transfers. The City discloses budgetary expenditures by function. The budget document contains more specific, detailed information for the aforementioned expenditure categories. Appropriations lapse as of the year-end.

The City Council may change the budget throughout the year by transferring appropriations between levels of control and by adopting supplemental budgets as authorized by Oregon Revised Statutes. Unexpected additional resources may be added to the budget through the use of a supplemental budget. A supplemental budget requires hearings before the public, publications in newspapers and approval by the City Council. Expenditure appropriations may not be legally over-expended except in the case of grant receipts that could not be reasonably estimated at the time the budget was adopted, and for debt service on new debt issued during the budget year. Management may transfer budget amounts between individual line items within the legally adopted appropriation levels, but cannot make changes to those levels themselves. The city had two supplemental budgets and one appropriation transfer resolution during the year-ended June 30, 2013.

**SUPPLEMENTARY
INFORMATION**



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CITY OF CANBY, OREGON
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
June 30, 2013

	Total Non-major Special Revenue Funds	Non-major Debt Service Fund	Non-major Capital Projects Funds	Total
ASSETS				
Cash and cash equivalents	\$ 2,056,817	\$ -	\$ 897,831	\$ 2,954,648
Due from other governments	2,320	-	-	2,320
Accounts receivable	7,106	-	-	7,106
Property taxes receivable	34,388	-	-	34,388
	<u>2,100,631</u>	<u>-</u>	<u>897,831</u>	<u>2,998,462</u>
Total assets	<u>\$ 2,100,631</u>	<u>\$ -</u>	<u>\$ 897,831</u>	<u>\$ 2,998,462</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Accounts payable and other current liabilities	\$ 17,486	\$ -	\$ 25,483	\$ 42,969
Unavailable revenue	31,936	-	-	31,936
	<u>49,422</u>	<u>-</u>	<u>25,483</u>	<u>74,905</u>
Total liabilities	<u>49,422</u>	<u>-</u>	<u>25,483</u>	<u>74,905</u>
FUND BALANCES:				
Restricted for:				
Drug enforcement and equipment	39,050	-	-	39,050
System development	944,499	-	-	944,499
Swim center	227,061	-	-	227,061
Committed for:				
Street projects	-	-	872,348	872,348
Assigned for:				
Cemetery care	840,599	-	-	840,599
	<u>2,051,209</u>	<u>-</u>	<u>872,348</u>	<u>2,923,557</u>
Total fund balance	<u>2,051,209</u>	<u>-</u>	<u>872,348</u>	<u>2,923,557</u>
Total liabilities and fund balance	<u>\$ 2,100,631</u>	<u>\$ -</u>	<u>\$ 897,831</u>	<u>\$ 2,998,462</u>

CITY OF CANBY, OREGON
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended June 30, 2013

	Total Non-major Special Revenue Funds	Non-major Debt Service Fund	Non-major Capital Projects Funds	Total
REVENUES:				
Charges for services	\$ 226,434	\$ -	\$ -	\$ 226,434
Property taxes	516,667	-	-	516,667
Licenses, fees, permits	-	-	60,429	60,429
Fines and forfeitures	45,897	-	-	45,897
Grants & donations	27	-	164,266	164,293
Interest	11,460	474	3,207	15,141
Miscellaneous	600	1,317	-	1,917
System development charges	102,438	-	104,734	207,172
Excise tax	19,192	-	-	19,192
Total revenues	922,715	1,791	332,636	1,257,142
EXPENDITURES:				
General government	-	113,001	-	113,001
Public safety	175,657	-	-	175,657
Culture and recreation	558,776	-	-	558,776
Capital outlay	113,765	-	1,457,335	1,571,100
Debt service:				
Principal	-	60,524	-	60,524
Interest	-	13,494	-	13,494
Total expenditures	848,198	187,019	1,457,335	2,492,552
Revenues over (under) expenditures	74,517	(185,228)	(1,124,699)	(1,235,410)
OTHER FINANCING SOURCES (USES):				
Transfers in	153,605	332,368	1,114,508	1,600,481
Transfers out	(235,505)	(152,715)	(183,825)	(572,045)
Total other financing sources (uses)	(81,900)	179,653	930,683	1,028,436
Net changes in fund balances	(7,383)	(5,575)	(194,016)	(206,974)
FUND BALANCES, BEGINNING	2,058,592	5,575	1,066,364	3,130,531
FUND BALANCES, ENDING	\$ 2,051,209	\$ -	\$ 872,348	\$ 2,923,557

CITY OF CANBY, OREGON
NON-MAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
June 30, 2013

	Forfeiture Fund	Library Endowment Fund	Parks Development Fund	911 Emergency Fund	Cemetery Perpetual Care Fund	Swim Center Local Option Tax Levy Fund	Total
ASSETS							
Cash and cash equivalents	\$ 39,398	\$ -	\$ 947,096	\$ -	\$ 840,599	\$ 229,724	\$ 2,056,817
Due from other governments	-	-	-	-	-	2,320	2,320
Accounts receivable	-	-	-	-	-	7,106	7,106
Property taxes receivable	-	-	-	-	-	34,388	34,388
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,388</u>	<u>34,388</u>
Total assets	<u>\$ 39,398</u>	<u>\$ -</u>	<u>\$ 947,096</u>	<u>\$ -</u>	<u>\$ 840,599</u>	<u>\$ 273,538</u>	<u>\$ 2,100,631</u>
LIABILITIES AND FUND BALANCES							
LIABILITIES:							
Accounts payable and other current liabilities	\$ 348	\$ -	\$ 2,597	\$ -	\$ -	\$ 14,541	\$ 17,486
Unavailable revenue	-	-	-	-	-	31,936	31,936
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,936</u>	<u>31,936</u>
Total liabilities	<u>348</u>	<u>-</u>	<u>2,597</u>	<u>-</u>	<u>-</u>	<u>46,477</u>	<u>49,422</u>
FUND BALANCES:							
Restricted for:							
Drug enforcement and equipment	39,050	-	-	-	-	-	39,050
Swim center	-	-	-	-	-	227,061	227,061
System Development	-	-	944,499	-	-	-	944,499
	<u>-</u>	<u>-</u>	<u>944,499</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>944,499</u>
Committed:							
Cemetery care	-	-	-	-	840,599	-	840,599
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>840,599</u>	<u>-</u>	<u>840,599</u>
Total fund equity	<u>39,050</u>	<u>-</u>	<u>944,499</u>	<u>-</u>	<u>840,599</u>	<u>227,061</u>	<u>2,051,209</u>
Total liabilities and fund equity	<u>\$ 39,398</u>	<u>\$ -</u>	<u>\$ 947,096</u>	<u>\$ -</u>	<u>\$ 840,599</u>	<u>\$ 273,538</u>	<u>\$ 2,100,631</u>

CITY OF CANBY, OREGON
NON-MAJOR SPECIAL REVENUE FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended June 30, 2013

	Forfeiture Fund	Library Endowment Fund	Parks Development Fund	911 Emergency Fund	Cemetery Perpetual Care Fund	Swim Center Local Option Tax Levy Fund	Total
REVENUES:							
Charges for services	-	-	-	-	23,060	203,374	226,434
Property taxes	-	-	-	-	-	516,667	516,667
Fines and forfeitures	45,897	-	-	-	-	-	45,897
Grants & donations	-	-	27	-	-	-	27
Interest	262	670	4,933	15	4,389	1,191	11,460
Miscellaneous	-	-	600	-	-	-	600
System development charges	-	-	102,438	-	-	-	102,438
Excise tax	-	-	-	19,192	-	-	19,192
Total revenues	46,159	670	107,998	19,207	27,449	721,232	922,715
EXPENDITURES:							
Public safety	20,696	-	-	154,961	-	-	175,657
Culture and recreation	-	-	-	-	-	558,776	558,776
Capital outlay	-	-	99,700	-	-	14,065	113,765
Total expenditures	20,696	-	99,700	154,961	-	572,841	848,198
Revenues over (under) expenditures	25,463	670	8,298	(135,754)	27,449	148,391	74,517
OTHER FINANCING SOURCES (USES):							
Transfers in	-	-	17,067	111,902	24,636	-	153,605
Transfers out	-	(136,081)	(600)	(600)	(600)	(97,624)	(235,505)
Total other financing sources (uses)	-	(136,081)	16,467	111,302	24,036	(97,624)	(81,900)
Net changes in fund balances	25,463	(135,411)	24,765	(24,452)	51,485	50,767	(7,383)
FUND BALANCES, BEGINNING	13,587	135,411	919,734	24,452	789,114	176,294	2,058,592
FUND BALANCES, ENDING	\$ 39,050	\$ -	\$ 944,499	\$ -	\$ 840,599	\$ 227,061	\$ 2,051,209

**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, 2013**

	Budget		Actual	Variance
	Original	Final		Positive (Negative)
REVENUES:				
Fines and forfeitures	\$ 2,000	\$ 45,000	\$ 45,897	\$ 897
Interest	110	110	262	152
Total revenues	2,110	45,110	46,159	1,049
EXPENDITURES:				
Materials and service	16,118	59,118	20,696	38,422
Revenues over (under) expenditures	(14,008)	(14,008)	25,463	39,471
FUND BALANCES, BEGINNING	14,008	14,008	13,587	(421)
FUND BALANCES, ENDING	\$ -	\$ -	\$ 39,050	\$ 39,050

**CITY OF CANBY, OREGON
LIBRARY ENDOWMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2013**

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Interest	\$ 650	\$ 650	\$ 670	\$ 20
EXPENDITURES:				
Capital outlay	135,415	135,415	-	135,415
Revenues over (under) expenditures	(134,765)	(134,765)	670	(135,395)
OTHER FINANCING SOURCES (USES):				
Transfers out	(600)	(600)	(136,081) *	(136,681)
Net changes in fund balances	(135,365)	(135,365)	(135,411)	(46)
FUND BALANCES, BEGINNING	135,365	135,365	135,411	46
FUND BALANCES, ENDING	\$ -	\$ -	\$ -	\$ -

* This fund was closed by resolution in accordance with local budget law.

**CITY OF CANBY, OREGON
PARKS DEVELOPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2013**

	Budget		Actual	Variance
	Original	Final		Positive (Negative)
REVENUES:				
Grants & donations	\$ 5,000	\$ 5,000	\$ 27	\$ (4,973)
Interest	4,500	4,500	4,933	433
Miscellaneous	-	-	600	600
System development charges	152,620	152,620	102,438	(50,182)
Total revenues	162,120	162,120	107,998	(54,122)
EXPENDITURES:				
Materials and service	5,000	5,000	-	5,000
Capital outlay	1,060,142	1,060,142	99,700	960,442
Total expenditures	1,065,142	1,065,142	99,700	965,442
Revenues over (under) expenditures	(903,022)	(903,022)	8,298	911,320
OTHER FINANCING SOURCES (USES):				
Interfund loan proceeds (payments)	17,067	17,067	17,067	-
Transfers out	(600)	(600)	(600)	-
Total other financing sources (uses)	16,467	16,467	16,467	-
Net changes in fund balances	(886,555)	(886,555)	24,765	911,320
FUND BALANCE, BEGINNING BUDGETARY BASIS	886,555	886,555	919,734	33,179
FUND BALANCE, ENDING BUDGETARY BASIS	\$ -	\$ -	\$ 944,499	\$ 944,499

CITY OF CANBY, OREGON
911 EMERGENCY FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2013

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Interest	\$ 20	\$ 20	\$ 15	\$ (5)
Excise tax	76,000	76,000	19,192	(56,808)
Total revenues	76,020	76,020	19,207	(56,813)
EXPENDITURES:				
Materials and service	170,501	170,501	154,961	15,540
Revenues over (under) expenditures	(94,481)	(94,481)	(135,754)	(41,273)
OTHER FINANCING SOURCES (USES):				
Transfers in	72,000	72,000	111,902 *	39,902
Transfers out	(600)	(600)	(600)	-
Net changes in fund balances	(23,081)	(23,081)	(24,452)	(1,371)
FUND BALANCES, BEGINNING	23,081	23,081	24,452	1,371
FUND BALANCES, ENDING	\$ -	\$ -	\$ -	\$ -

* This fund was closed by resolution in accordance with local budget law.

**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, 2013**

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Charges for services	\$ 10,600	\$ 10,600	\$ 23,060	\$ 12,460
Grants & donations	-	-	-	-
Interest	3,500	3,500	4,389	889
Total revenues	14,100	14,100	27,449	13,349
OTHER FINANCING SOURCES (USES):				
Interfund loan proceeds (payments)	24,636	24,636	24,636	-
Transfers out	(600)	(600)	(600)	-
Total other financing sources (uses)	24,036	24,036	24,036	-
Net changes in fund balances	38,136	38,136	51,485	13,349
FUND BALANCE, BEGINNING BUDGETARY BASIS	783,757	783,757	789,114	5,357
FUND BALANCE, ENDING BUDGETARY BASIS	<u>\$ 821,893</u>	<u>\$ 821,893</u>	<u>\$ 840,599</u>	<u>\$ 18,706</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, 2013

	Budget		Actual	Variance
	Original	Final		Positive (Negative)
REVENUES:				
Charges for services	\$ 172,600	\$ 172,600	\$ 203,374	\$ 30,774
Property taxes	531,215	531,215	516,667	(14,548)
Interest	800	800	1,191	391
Total revenues	<u>704,615</u>	<u>704,615</u>	<u>721,232</u>	<u>16,617</u>
EXPENDITURES:				
Personal service	435,178	460,678	460,918	(240)
Materials and service	123,380	123,380	97,858	25,522
Capital outlay	-	14,065	14,065	-
Contingency	<u>205,863</u>	<u>166,298</u>	<u>-</u>	<u>166,298</u>
Total expenditures	<u>764,421</u>	<u>764,421</u>	<u>572,841</u>	<u>191,580</u>
Revenues over (under) expenditures	(59,806)	(59,806)	148,391	208,197
OTHER FINANCING SOURCES (USES):				
Transfers out	<u>(97,624)</u>	<u>(97,624)</u>	<u>(97,624)</u>	<u>-</u>
Total other financing sources (uses)	<u>(97,624)</u>	<u>(97,624)</u>	<u>(97,624)</u>	<u>-</u>
Net changes in fund balances	(157,430)	(157,430)	50,767	208,197
FUND BALANCES, BEGINNING	<u>157,430</u>	<u>157,430</u>	<u>176,294</u>	<u>18,864</u>
FUND BALANCES, ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 227,061</u>	<u>\$ 227,061</u>

CITY OF CANBY, OREGON
NON-MAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
June 30, 2013

	Capital Projects Reserve	Street Reserve Fund	Total
ASSETS			
Cash and cash equivalents	\$ -	\$ 897,831	\$ 897,831
Total assets	<u>\$ -</u>	<u>\$ 897,831</u>	<u>\$ 897,831</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES:			
Accounts payable and other current liabilities	\$ -	\$ 25,483	\$ 25,483
Total liabilities	<u>-</u>	<u>25,483</u>	<u>25,483</u>
FUND BALANCES:			
Restricted for:			
Capital projects	-	872,348	872,348
Total fund equity	<u>-</u>	<u>872,348</u>	<u>872,348</u>
Total liabilities and fund equity	<u>\$ -</u>	<u>\$ 897,831</u>	<u>\$ 897,831</u>

CITY OF CANBY, OREGON
NON-MAJOR CAPITAL PROJECTS FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended June 30, 2013

	Capital Projects Reserve	Street Reserve Fund	Total
REVENUES:			
Licenses, fees, permits	\$ 60,429	\$ -	\$ 60,429
Grants & donations	-	164,266	164,266
Interest	567	2,640	3,207
System development charges	-	104,734	104,734
	<u>60,996</u>	<u>271,640</u>	<u>332,636</u>
EXPENDITURES:			
Capital outlay	<u>88,580</u>	<u>1,368,755</u>	<u>1,457,335</u>
	<u>88,580</u>	<u>1,368,755</u>	<u>1,457,335</u>
Revenues over (under) expenditures	(27,584)	(1,097,115)	(1,124,699)
OTHER FINANCING SOURCES (USES):			
Transfers in	150,000	964,508	1,114,508
Transfers out	<u>(183,225)</u>	<u>(600)</u>	<u>(183,825)</u>
	<u>(33,225)</u>	<u>963,908</u>	<u>930,683</u>
Net changes in fund balances	(60,809)	(133,207)	(194,016)
FUND BALANCES, BEGINNING	<u>60,809</u>	<u>1,005,555</u>	<u>1,066,364</u>
FUND BALANCES, ENDING	<u><u>\$ -</u></u>	<u><u>\$ 872,348</u></u>	<u><u>\$ 872,348</u></u>

**CITY OF CANBY, OREGON
CAPITAL RESERVE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2013**

	Budget		Actual	Variance
	Original	Final		Positive (Negative)
REVENUES:				
Licenses, fees, permits	\$ 53,631	\$ 53,631	\$ 60,429	\$ 6,798
Interest	400	400	567	167
Total revenues	54,031	54,031	60,996	6,965
EXPENDITURES:				
Capital outlay	275,678	275,678	88,580	187,098
Total expenditures	275,678	275,678	88,580	187,098
Revenues over (under) expenditures	(221,647)	(221,647)	(27,584)	194,063
OTHER FINANCING SOURCES (USES):				
Transfers in	150,000	150,000	150,000	-
Transfers out	-	-	(183,225) *	(183,225)
Total other financing sources (uses)	150,000	150,000	(33,225)	(183,225)
Net changes in fund balances	(71,647)	(71,647)	(60,809)	10,838
FUND BALANCE, BEGINNING	71,647	71,647	60,809	(10,838)
FUND BALANCE, ENDING	\$ -	\$ -	\$ -	\$ -

* This fund was closed by resolution in accordance with local budget law.

CITY OF CANBY, OREGON
STREET RESERVE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2013

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Grants & donations	\$ 161,500	\$ 161,500	\$ 164,266	\$ 2,766
Interest	7,500	7,500	2,640	(4,860)
System development charges	135,056	135,056	104,734	(30,322)
Total revenues	304,056	304,056	271,640	(32,416)
EXPENDITURES:				
Capital outlay	2,356,009	2,356,009	1,368,755	987,254
Total expenditures	2,356,009	2,356,009	1,368,755	987,254
Revenues over (under) expenditures	(2,051,953)	(2,051,953)	(1,097,115)	954,838
OTHER FINANCING SOURCES (USES):				
Transfers in	967,400	967,400	964,508	(2,892)
Transfers out	(600)	(600)	(600)	-
Total other financing sources (uses)	966,800	966,800	963,908	(2,892)
Net changes in fund balances	(1,085,153)	(1,085,153)	(133,207)	951,946
FUND BALANCE, BEGINNING BUDGETARY BASIS	1,085,153	1,085,153	1,005,555	(79,598)
FUND BALANCE, ENDING BUDGETARY BASIS	\$ -	\$ -	\$ 872,348	\$ 872,348

CITY OF CANBY, OREGON
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2013

	Budget		Actual	Variance
	Original	Final		Positive (Negative)
REVENUES:				
Interest	100	100	474	374
Miscellaneous	-	-	1,317	1,317
Total revenues	100	100	1,791	1,691
EXPENDITURES:				
Materials and service	115,297	115,297	113,001	2,296
Debt service:				
Principal	65,525	65,525	60,524	5,001
Interest	13,495	13,495	13,494	1
Total expenditures	194,317	194,317	187,019	7,298
Revenues over (under) expenditures	(194,217)	(194,217)	(185,228)	8,989
OTHER FINANCING SOURCES (USES):				
Transfers in	332,367	332,367	332,368	1
Transfers out	(142,980)	(142,980)	(152,715) *	(9,735)
Total other financing sources (uses)	189,387	189,387	179,653	(9,734)
Net changes in fund balances	(4,830)	(4,830)	(5,575)	(745)
FUND BALANCES, BEGINNING	4,830	4,830	5,575	745
FUND BALANCES, ENDING	\$ -	\$ -	\$ -	\$ -

* This fund was closed by resolution in accordance with local budget law.

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, 2013

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Charges for services	\$ 100	\$ 100	\$ 51	\$ (49)
Grants & donations	-	-	10,300	10,300
Interest	10,000	10,000	47,334	37,334
Miscellaneous	-	-	6,527	6,527
Total revenues	10,100	10,100	64,212	54,112
EXPENDITURES:				
Materials and service	519,212	783,550	695,422	88,128
Capital outlay	4,660,169	18,600,669	4,879,719	13,720,950
Contingency	150,000	139,875	-	139,875
Total expenditures	5,329,381	19,524,094	5,575,141	13,948,953
Revenues over (under) expenditures	(5,319,281)	(19,513,994)	(5,510,929)	14,003,065
OTHER FINANCING SOURCES (USES):				
Original Bond Discount	-	-	-	-
Debt proceeds	1,860,000	17,039,712	14,050,000	(2,989,712)
Premium on debt issued	-	-	1,129,711	1,129,711
Transfers in	522,000	522,000	522,000	-
Transfers out	-	(2,212,856)	(2,212,853)	3
Total other financing sources (uses)	2,382,000	15,348,856	13,488,858	(1,859,998)
Net changes in fund balances	(2,937,281)	(4,165,138)	7,977,929	12,143,067
FUND BALANCES, BEGINNING	2,937,281	4,165,138	4,165,137	(1)
FUND BALANCES, ENDING	\$ -	\$ -	\$ 12,143,066	\$ 12,143,066

CITY OF CANBY, OREGON
URBAN RENEWAL DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2013

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 1,983,000	\$ 2,169,129	\$ 2,183,006	\$ 13,877
Special assessments	69,461	69,461	66,641	(2,820)
Grants & donations	64,932	64,932	62,144	(2,788)
Interest	1,200	1,200	2,848	1,648
Total revenues	<u>2,118,593</u>	<u>2,304,722</u>	<u>2,314,639</u>	<u>9,917</u>
EXPENDITURES:				
Debt service:				
Principal	951,172	3,098,100	2,876,483	221,617
Interest	790,631	1,045,888	1,045,993	(105)
Total expenditures	<u>1,741,803</u>	<u>4,143,988</u>	<u>3,922,476</u>	<u>221,512</u>
Revenues over (under) expenditures	<u>376,790</u>	<u>(1,839,266)</u>	<u>(1,607,837)</u>	<u>231,429</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	2,212,856	2,212,853	(3)
Transfers out	(522,000)	(522,000)	(522,000)	-
Net changes in fund balances	(145,210)	(148,410)	83,016	231,429
FUND BALANCES, BEGINNING	<u>145,210</u>	<u>148,410</u>	<u>169,733</u>	<u>21,323</u>
FUND BALANCES, ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 252,749</u>	<u>\$ 252,752</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, 2013

	Budget		Actual	Variance
	Original	Final		Positive (Negative)
REVENUES:				
Charges for services	\$ 3,240,000	\$ 3,240,000	\$ 3,301,858	\$ 61,858
Interest	10,000	10,000	12,907	2,907
Miscellaneous	-	-	19,919	19,919
System development charges	100,276	100,276	96,267	(4,009)
Total revenues	<u>3,350,276</u>	<u>3,350,276</u>	<u>3,430,951</u>	<u>80,675</u>
EXPENDITURES:				
Personal service	1,000,161	1,027,261	1,011,227	16,034
Materials and service	1,032,230	1,022,180	781,654	240,526
Capital outlay	2,017,434	2,017,434	229,137	1,788,297
Debt service:				
Principal	510,000	510,000	240,000	270,000
Interest	54,925	54,925	54,925	-
Contingency	253,875	236,825	-	236,825
Total expenditures	<u>4,868,625</u>	<u>4,868,625</u>	<u>2,316,943</u>	<u>2,551,682</u>
Revenues over (under) expenditures	(1,518,349)	(1,518,349)	1,114,008	2,632,357
OTHER FINANCING SOURCES (USES):				
Transfers in	101,277	101,277	301,776	200,499
Transfers out	(921,059)	(921,059)	(892,177)	28,882
Total other financing sources (uses)	<u>(819,782)</u>	<u>(819,782)</u>	<u>(590,401)</u>	<u>229,381</u>
Net change in fund balances	(2,338,131)	(2,338,131)	523,607	2,861,738
FUND BALANCE, BEGINNING BUDGETARY BASIS	<u>2,338,131</u>	<u>2,338,131</u>	<u>4,745,918</u>	<u>2,407,787</u>
FUND BALANCE, ENDING BUDGETARY BASIS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,269,525</u>	<u>\$ 5,269,525</u>
Budget basis net change in fund balance				\$ 523,607
Expenditures capitalized				(9,715)
Debt service principal payments				240,000
Depreciation and amortization expense				(265,819)
Accrued interest (net)				981
Accrued OPEB liability				(15,138)
Accrued vacation				(22,476)
Accrued retainage				(27,274)
Net change in interfund loan receivable				(49,607) *
Revenue earned but not received net of allowance for doubtful accounts				19,323
GAAP net change in net position				<u>\$ 393,882</u>

* Includes elimination of interfund loan repayments of \$299,607 and interfund loan principle proceeds paid of \$250,000 recorded above as transfers in and transfers out respectively resulting in a net reduction of the interfund loan outstanding of \$49,607.

Note - \$182,529 of sewer infrastructure related to the 1st Ave Project and Police Access Road were contributed and capitalized as government activities assets; this resulted in a decrease of cost of sales and an increase in transfers out of the sewer fund and an increase in both transfers in and community development expenditures in the general fund.

CITY OF CANBY, OREGON
INTERNAL SERVICE FUNDS
COMBINING BALANCE SHEET
June 30, 2013

	<u>Facilities Fund</u>	<u>Fleet Services</u>	<u>Technical Services</u>	<u>Total Internal Service Funds</u>
ASSETS				
Cash and cash equivalents	\$ 85,422	\$ 283,614	\$ 189,585	\$ 558,621
Accounts receivable	<u>952</u>	<u>1,671</u>	<u>20</u>	<u>2,643</u>
Total assets	<u>\$ 86,374</u>	<u>\$ 285,285</u>	<u>\$ 189,605</u>	<u>\$ 561,264</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Accounts payable and other current liabilities	\$ 7,016	\$ 17,889	\$ 12,965	\$ 37,870
Total liabilities	<u>7,016</u>	<u>17,889</u>	<u>12,965</u>	<u>37,870</u>
FUND BALANCES:				
Assigned for:				
Capital asset acquisition/maintenance	79,358	267,396	-	346,754
Information Technology Services	<u>-</u>	<u>-</u>	<u>176,640</u>	<u>176,640</u>
Total fund equity	<u>79,358</u>	<u>267,396</u>	<u>176,640</u>	<u>523,394</u>
Total liabilities and fund equity	<u>\$ 86,374</u>	<u>\$ 285,285</u>	<u>\$ 189,605</u>	<u>\$ 561,264</u>

**CITY OF CANBY, OREGON
INTERNAL SERVICE FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended June 30, 2013**

	Facilities Fund	Fleet Services Fund	Technical Services Fund	Total Internal Service Funds
REVENUES:				
Charges for services	\$ 2,015	\$ 8,249	\$ -	\$ 10,264
Interest	545	2,352	1,249	4,146
Miscellaneous	-	2,463	-	2,463
Total revenues	<u>2,560</u>	<u>13,064</u>	<u>1,249</u>	<u>16,873</u>
EXPENDITURES:				
Personal service	91,694	209,969	293,572	595,235
Materials and service	124,053	439,137	-	563,190
Capital outlay	64,329	39,156	27,938	131,423
Total expenditures	<u>280,076</u>	<u>688,262</u>	<u>321,510</u>	<u>1,289,848</u>
Revenues over (under) expenditures	(277,516)	(675,198)	(320,261)	(1,272,975)
OTHER FINANCING SOURCES (USES):				
Transfers in	263,036	731,036	266,152	1,260,224
Transfers out	(3,000)	(192,680)	(2,087)	(197,767)
Total other financing sources (uses)	<u>260,036</u>	<u>538,356</u>	<u>264,065</u>	<u>1,062,457</u>
Net changes in fund balances	(17,480)	(136,842)	(56,196)	(210,518)
FUND BALANCES, BEGINNING	<u>96,838</u>	<u>404,238</u>	<u>232,836</u>	<u>733,912</u>
FUND BALANCES, ENDING	<u>\$ 79,358</u>	<u>\$ 267,396</u>	<u>\$ 176,640</u>	<u>\$ 523,394</u>
Budget basis net change in fund balance				\$ (210,518)
Accrued OPEB liability				(22,905)
Accrued vacation				(13,222)
GAAP net change in net position				<u>\$ (246,645)</u>

**CITY OF CANBY, OREGON
FACILITIES FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2013**

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Charges for services	\$ 1,800	\$ 1,800	\$ 2,015	\$ 215
Interest	400	400	545	145
Total revenues	2,200	2,200	2,560	360
EXPENDITURES:				
Personal service	92,482	92,782	91,694	1,088
Materials and service	106,954	130,604	124,053	6,551
Capital outlay	82,800	86,925	64,329	22,596
Contingency	55,695	27,620	-	27,620
Total expenditures	337,931	337,931	280,076	57,855
Revenues over (under) expenditures	(335,731)	(335,731)	(277,516)	58,215
OTHER FINANCING SOURCES (USES):				
Transfers in	263,036	263,036	263,036	-
Transfers out	(3,000)	(3,000)	(3,000)	-
Total other financing sources (uses)	260,036	260,036	260,036	-
Net changes in fund balances	(75,695)	(75,695)	(17,480)	58,215
FUND BALANCES, BEGINNING BUDGETARY BASIS	75,695	75,695	96,838	21,143
FUND BALANCES, ENDING BUDGETARY BASIS	\$ -	\$ -	\$ 79,358	\$ 79,358

**CITY OF CANBY, OREGON
FLEET SERVICES FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2013**

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Charges for services	\$ 105,500	\$ 105,500	\$ 8,249	\$ (97,251)
Interest	800	800	2,352	1,552
Miscellaneous	3,300	3,300	2,463	(837)
Total revenues	<u>109,600</u>	<u>109,600</u>	<u>13,064</u>	<u>(96,536)</u>
EXPENDITURES:				
Personal service	223,342	223,342	209,969	13,373
Materials and service	694,603	694,603	439,137	255,466
Capital outlay	192,789	192,789	39,156	153,633
Contingency	122,595	122,595	-	122,595
Total expenditures	<u>1,233,329</u>	<u>1,233,329</u>	<u>688,262</u>	<u>545,067</u>
Revenues over (under) expenditures	(1,123,729)	(1,123,729)	(675,198)	448,531
OTHER FINANCING SOURCES (USES):				
Transfers in	984,550	984,550	731,036	(253,514)
Transfers out	<u>(192,680)</u>	<u>(192,680)</u>	<u>(192,680)</u>	<u>-</u>
Total other financing sources (uses)	<u>791,870</u>	<u>791,870</u>	<u>538,356</u>	<u>(253,514)</u>
Net changes in fund balances	(331,859)	(331,859)	(136,842)	195,017
FUND BALANCES, BEGINNING BUDGETARY BASIS	<u>331,859</u>	<u>331,859</u>	<u>404,238</u>	<u>72,379</u>
FUND BALANCES, ENDING BUDGETARY BASIS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 267,396</u>	<u>\$ 267,396</u>

**CITY OF CANBY, OREGON
 TECHNICAL SERVICES FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 For the Fiscal Year Ended June 30, 2013**

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Interest	\$ 1,200	\$ 1,200	\$ 1,249	\$ 49
Total revenues	1,200	1,200	1,249	49
EXPENDITURES:				
Personal service	104,085	105,385	103,956	1,429
Materials and service	192,980	198,480	189,616	8,864
Capital outlay	172,095	170,095	27,938	142,157
Contingency	21,903	15,103	-	15,103
Total expenditures	491,063	489,063	321,510	167,553
Revenues over (under) expenditures	(489,863)	(487,863)	(320,261)	167,602
OTHER FINANCING SOURCES (USES):				
Transfers in	268,152	266,152	266,152	-
Transfers out	(2,087)	(2,087)	(2,087)	-
Total other financing sources (uses)	266,065	264,065	264,065	-
Net changes in fund balances	(223,798)	(223,798)	(56,196)	167,602
FUND BALANCES, BEGINNING BUDGETARY BASIS	223,798	223,798	232,836	9,038
FUND BALANCES, ENDING BUDGETARY BASIS	\$ -	\$ -	\$ 176,640	\$ 176,640

CITY OF CANBY, OREGON
SCHEDULE OF PROPERTY TAX TRANSACTIONS
AND OUTSTANDING BALANCES
For the Fiscal Year Ended June 30, 2013

Fiscal Year	Uncollected Balance June 30, 2012	Levy	Collections	Interest	Discounts and Adjustments	Uncollected Balance June 30, 2013
2012-13	\$ -	\$ 6,686,668	\$ (6,303,201)	\$ 2,259	\$ (194,229)	\$ 189,238
2011-12	211,923		(92,111)	5,524	(7,716)	112,096
2010-11	105,972	-	(31,890)	5,171	(5,397)	68,685
2009-10	68,932	-	(29,707)	6,638	(813)	38,412
2008-09	20,322	-	(12,796)	3,076	(368)	7,158
Prior years	8,708	-	(1,513)	(1,510)	(567)	6,628
Totals	<u>\$ 415,857</u>	<u>\$ 6,686,668</u>	<u>\$ (6,471,218)</u>	<u>\$ 21,158</u>	<u>\$ (209,090)</u>	<u>\$ 422,217</u>

Taxes receivable classified by fund:

General fund	\$ 251,937
Urban renewal debt service fund	135,892
Non-major funds	34,388
	<u>\$ 422,217</u>

Modified accrual revenue:

Collections per above	\$ 6,471,218
Change in receivables	6,360
Change in deferred revenue	13,112
	<u>\$ 6,490,690</u>

Full accrual revenue:

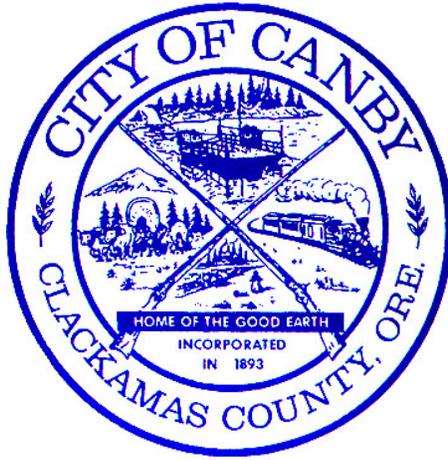
Levy	\$ 6,686,668
Discounts and Adjustments	(209,090)
Interest	21,158
	<u>\$ 6,498,736</u>

CITY OF CANBY, OREGON
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2013

<u>Federal Grantor/ Pass-through Agency/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Total</u>
<u>Department of Justice</u>		
Direct:		
Bulletproof Vest Partnership Program	16.607	4,783
Total Department of Justice		4,783
<u>Department of Transportation Federal Transit Administration:</u>		
Pass-through Oregon Department of Transportation:		
Highway Planning and Construction Cluster		
Highway Planning and Construction	20.205	12,915
Federal Transit Cluster		
Federal Transit - Capital Investment Grants	20.500	19,150
Formula Grants for Rural Areas	20.509	255,467
Capital Assistance Program for Elderly Persons and Persons with Disabilities	20.513	86,720
Job Access-Reverse Commute Program	20.516	81,583
New Freedom Program	20.521	52,479
Total Department of Transportation Federal Transit Administration		508,314
<u>Department of Transportation (NHTSA)</u>		
Highway Safety Cluster		
Pass-through Oregon Association of Chiefs of Police:		
Alcohol Impaired Driving Countermeasures Incentive Grants	20.601	5,440
Occupant Protection Incentive Grants	20.602	2,420
Pass-through Oregon Department of Transportation:		
State Traffic Safety Information System Improvement Grants	20.610	61,918
Total Highway Safety Cluster		69,778 (1)
Total Department of Transportation (NHTSA)		69,778
<u>United States Institute of Peace</u>		
Direct		
Public Education for Peacebuilding Awards Program	91.004	1,909
Total United States Institute of Peace		1,909
<u>Department of Homeland Security:</u>		
Pass-through State of Oregon Military Department		
Pre-Disaster Mitigation (PDM) Program	97.047	467,344 (1)
Total Department of Homeland Security		467,344
<u>Total Federal Expenditures</u>		<u>\$ 1,052,128</u>

(1) Major Program

STATISTICAL SECTION



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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities										
Net investment in capital assets	\$ 102,171,759	\$ 98,153,951	\$ 94,970,574	\$ 93,915,584	\$ 96,860,818	\$ 92,938,045	\$ 92,387,365	\$ 93,081,870	\$ 90,930,273	\$ 88,969,778
Restricted	792,930	1,086,871	-	-	-	191,500	-	3,969,331	6,012,709	14,954,045
Unrestricted	3,960,048	5,375,096	8,146,929	9,102,279	8,642,876	10,469,038	8,345,888	3,418,342	1,981,102	(6,317,863)
Total governmental activities net position	\$ 106,924,737	\$ 104,615,918	\$ 103,117,503	\$ 103,017,863	\$ 105,503,694	\$ 103,598,583	\$ 100,733,253	\$ 100,469,543	\$ 98,924,084	\$ 97,605,960
Business-type activities										
Net investment in capital assets	\$ 3,160,359	\$ 3,189,108	\$ 3,601,028	\$ 4,120,266	\$ 5,142,642	\$ 5,976,467	\$ 7,195,320	\$ 8,532,340	\$ 8,683,592	\$ 8,656,986
Restricted for: Debt service	-	-	-	-	-	250,500	250,500	250,500	250,500	302,285
Unrestricted	2,835,621	3,346,132	3,827,293	4,045,984	3,354,199	2,883,513	2,122,173	1,574,387	2,567,270	2,935,973
Total business-type activities net position	\$ 5,995,980	\$ 6,535,240	\$ 7,428,321	\$ 8,166,250	\$ 8,496,841	\$ 9,110,480	\$ 9,567,993	\$ 10,357,227	\$ 11,501,362	\$ 11,895,244
Primary government										
Net investment in capital assets	\$ 105,332,118	\$ 101,343,059	\$ 98,571,602	\$ 98,035,850	\$ 102,003,460	\$ 98,914,512	\$ 99,582,685	\$ 101,614,210	\$ 99,613,865	\$ 97,626,764
Restricted	792,930	1,086,871	-	-	-	191,500	250,500	4,219,831	6,263,209	15,256,330
Unrestricted	6,795,669	8,721,228	11,974,222	13,148,263	11,997,075	13,352,551	10,468,061	4,992,729	4,548,372	(3,381,890)
Total primary government net position	\$ 112,920,717	\$ 111,151,158	\$ 110,545,824	\$ 111,184,113	\$ 114,000,535	\$ 112,458,563	\$ 110,301,246	\$ 110,826,770	\$ 110,425,446	\$ 109,501,204

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

Expenses	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities:										
General government	\$ 1,532,134	\$ 1,514,968	\$ 1,763,108	\$ 1,975,006	\$ 2,092,600	\$ 2,020,409	\$ 2,061,735	\$ 2,820,495	\$ 3,284,765	\$ 4,774,376
Public safety	2,764,920	3,202,770	3,735,926	3,687,446	4,161,197	4,221,405	4,081,875	4,168,007	4,516,634	4,488,123
Highways and streets	4,382,835	4,550,981	4,703,762	4,605,655	4,210,949	4,520,725	4,981,906	3,826,242	3,942,233	4,007,187
Transportation	792,315	1,013,469	1,191,610	1,272,614	1,728,422	1,841,758	1,989,289	1,304,747	1,134,285	1,101,690
Community development	428,389	499,842	1,459,534	699,835	1,391,106	682,282	757,344	657,712	644,529	731,776
Culture and recreation	1,143,635	1,382,993	691,087	1,371,076	808,945	1,485,754	1,752,634	1,920,450	2,108,559	1,927,998
Interest on long-term debt	65,127	73,742	166,494	203,650	158,326	235,520	300,883	340,041	745,573	1,077,103
Total governmental activities expenses	11,109,355	12,238,765	13,711,521	13,815,282	14,551,545	15,007,853	15,925,666	15,037,694	16,376,578	18,108,253
Business-type activities:										
Sewer Operations	1,224,414	1,439,799	1,524,620	1,567,159	1,730,630	1,662,222	1,606,323	1,517,463	1,807,247	2,234,837
Total business-type activities expenses	1,224,414	1,439,799	1,524,620	1,567,159	1,730,630	1,662,222	1,606,323	1,517,463	1,807,247	2,234,837
Total primary government expenses	\$ 12,333,769	\$ 13,678,564	\$ 15,236,141	\$ 15,382,441	\$ 16,282,175	\$ 16,670,075	\$ 17,531,989	\$ 16,555,157	\$ 18,183,825	\$ 20,343,090
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 99,453	\$ 174,825	\$ 903,727	\$ 1,581,413	\$ 610,163	\$ 382,313	\$ 122,984	\$ 669,801	\$ 535,139	\$ 356,315
Public safety	592,902	724,168	758,098	509,852	589,066	662,994	681,157	704,506	506,205	464,128
Highways and streets	809,154	888,817	1,348,669	1,427,278	1,447,744	443,341	537,347	565,788	531,122	532,962
Transportation	-	-	-	-	-	-	-	9,133	1,005	123,271
Culture and recreation	520,298	608,995	1,181,382	661,631	679,938	209,869	4,314	276,095	213,339	255,577
Community development	391,996	291,056	178,644	117,761	100,283	197,449	133,158	261,095	-	-
Operating grants and contributions	886,881	1,012,828	932,838	2,132,594	1,617,995	1,820,849	190,372	576,493	2,456,959	2,460,668
Capital grants and contributions	230,784	308,493	1,835	15,368	1,940,316	15,300	-	285,355	534,089	1,966,349
Total governmental activities program revenues	3,531,468	4,009,182	5,305,193	6,445,897	6,985,505	3,732,115	\$ 1,669,332	\$ 3,348,266	\$ 4,777,858	\$ 6,159,270
Business-type activities:										
Charges for services:										
Sewer Operations	1,985,260	2,073,095	2,485,329	2,375,247	2,381,987	2,525,053	2,393,574	2,576,118	3,230,157	3,417,449
Total business-type activities program revenues	1,985,260	2,073,095	2,485,329	2,375,247	2,381,987	2,525,053	2,393,574	2,576,118	3,230,157	3,417,449
Total primary government program revenues	\$ 5,516,728	\$ 6,082,277	\$ 7,790,522	\$ 8,821,144	\$ 9,367,492	\$ 6,257,168	\$ 4,062,906	\$ 5,924,384	\$ 8,008,015	\$ 9,576,719

CITY OF CANBY, OREGON
CHANGES IN NET POSITION (CONTINUED)

Last Ten Fiscal Years
(accrual basis of accounting)

	2004	2005	2006	2007	2008	2009	2010	2012	2012	2013
Net(expense)/revenue										
Governmental activities	\$ (7,577,887)	\$ (8,229,583)	\$ (8,406,328)	\$ (7,305,601)	\$ (7,566,040)	\$ (11,275,738)	\$ (13,071,979)	\$ (11,689,428)	\$ (11,598,720)	\$ (11,948,983)
Business-type activities	760,846	633,296	960,709	808,088	651,357	862,831	787,251	1,058,655	1,419,245	1,182,612
Total primary government net expense	\$ (6,817,041)	\$ (7,596,287)	\$ (7,445,619)	\$ (6,497,513)	\$ (6,914,683)	\$ (10,412,907)	\$ (12,284,728)	\$ (10,630,773)	\$ (10,179,475)	\$ (10,766,371)

General Revenues and Other Changes in Net Position

Governmental activities:

Taxes										
Property taxes	\$ 3,448,499	\$ 3,502,798	\$ 3,747,820	\$ 4,056,995	\$ 4,422,054	\$ 5,229,096	\$ 5,826,797	\$ 5,968,707	\$ 6,150,855	\$ 6,498,735
Franchise	757,538	799,068	824,999	908,269	905,840	923,987	925,246	428,301	463,062	459,100
Unrestricted intergovernmental revenues	158,670	158,749	880,438	650,398	826,592	1,699,027	2,170,566	2,924,817	2,001,883	1,728,834
Transit tax	785,682	782,151	728,355	763,301	858,196	813,290	797,622	849,806	946,398	1,006,388
Unrestricted grants and contributions	86,156	90,579	-	-	-	-	-	-	-	-
Interest and investment earnings	62,642	137,796	391,665	506,212	610,810	228,993	80,933	71,184	110,052	87,778
Other Revenues	124,586	291,364	149,391	122,641	72,597	163,256	46,935	49,858	86,428	27,487
Gain on sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in (out)	159,241	158,259	185,245	261,929	(205,464)	312,978	358,550	282,303	294,583	822,537
Total governmental activities	\$ 5,583,014	\$ 5,920,764	\$ 6,907,913	\$ 7,269,745	\$ 7,490,625	\$ 9,370,627	\$ 10,206,649	\$ 10,574,976	\$ 10,053,261	\$ 10,630,859

Business-type activities:

Interest and investment earnings	23,253	64,223	127,903	191,754	182,170	61,369	20,166	9,295	11,753	13,888
Other revenues	-	-	540	16	141	2,417	19,834	3,587	7,720	19,919
Gain on sale of capital assets	-	-	(10,826)	-	(297,613)	-	(11,188)	-	-	-
Transfers in (out)	(159,241)	(158,259)	(185,245)	(261,929)	(205,464)	(312,978)	(358,550)	(282,303)	(294,583)	(822,537)
Total business-type activities	(135,988)	(94,036)	(67,628)	(70,159)	(320,766)	(249,192)	(329,738)	(269,421)	(275,110)	(788,730)

Total primary government	\$ 5,447,026	\$ 5,826,728	\$ 6,840,285	\$ 7,199,586	\$ 7,169,859	\$ 9,121,435	\$ 9,876,911	\$ 10,305,555	\$ 9,778,151	\$ 9,842,129
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Change in Net Position

Governmental activities	\$ (1,994,873)	\$ (2,308,819)	\$ (1,498,415)	\$ (99,640)	\$ 245,351	\$ (1,905,111)	\$ (2,865,330)	\$ (11,689,428)	\$ (1,545,459)	\$ (1,318,124)
Business-type activities	624,858	539,260	893,081	737,929	330,591	613,639	457,513	1,058,655	1,144,135	393,882

Total primary government	\$ (1,370,015)	\$ (1,769,559)	\$ (605,334)	\$ 638,289	\$ 575,942	\$ (1,291,472)	\$ (2,407,817)	\$ (10,630,773)	\$ (401,324)	\$ (924,242)
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CITY OF CANBY, OREGON
GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE
Last Ten Fiscal Years
(accrual basis of accounting)

Fiscal Year	Property Tax	Franchise Tax	Unrestricted Intergovernmental Revenues	Transit Tax	Total
2004	\$ 3,423,608	\$ 757,538	\$ 158,670	\$ 785,682	\$ 5,125,498
2005	3,502,798	799,068	158,749	782,151	5,242,766
2006	3,747,820	824,999	880,438	728,355	6,181,612
2007	4,056,995	908,268	650,398	763,301	6,378,962
2008	4,422,054	905,840	826,592	858,196	7,012,682
2009	5,229,096	923,987	1,699,027	813,290	8,665,400
2011	5,968,707	428,301	2,924,817	849,806	10,171,631
2010	5,826,797	925,246	2,170,566	797,622	9,720,231
2012	6,150,855	463,062	1,914,755	946,398	9,475,070
2013	6,498,735	459,100	1,728,834	1,006,388	9,693,057

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ 2,099,741	\$ 1,183,265	\$ 581,068	\$ -	\$ -	\$ -
Assigned	-	-	-	-	-	-	-	600,835	637,074	-
Unreserved	2,349,383	1,974,541	3,005,649	3,010,375	642,284	1,262,712	1,477,133	-	-	-
Unassigned	-	-	-	-	-	-	-	1,715,774	1,609,373	1,279,941
Total general fund	\$ 2,349,383	\$ 1,974,541	\$ 3,005,649	\$ 3,010,375	\$ 2,742,025	\$ 2,445,977	\$ 2,058,201	\$ 2,316,609	\$ 2,246,447	\$ 1,279,941
All other governmental funds										
Reserved	\$ 792,930	\$ 1,086,871	\$ 943,790	\$ 937,114	\$ 2,845,400	\$ 818,853	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-	-	-	3,969,331	6,012,709	14,954,045
Committed	-	-	-	-	-	-	-	-	25,783	2,209,306
Assigned	-	-	-	-	-	-	-	4,224,592	2,406,976	840,599
Unassigned	-	-	-	-	-	-	-	(230,347)	(38,867)	-
Unreserved, reported in:										
Special revenue funds	1,848,824	1,956,692	3,127,208	3,763,444	1,822,006	2,899,748	3,032,216	-	-	-
Capital project funds	895,586	1,550,540	1,385,125	2,050,832	1,343,928	4,442,115	3,375,665	-	-	-
Total other governmental funds	\$ 3,537,340	\$ 4,594,103	\$ 5,456,123	\$ 6,751,390	\$ 6,011,334	\$ 8,160,716	\$ 6,407,881	\$ 7,963,576	\$ 8,406,601	\$ 18,003,950

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

	Fiscal Year			
	2004	2005	2006	2007
Revenues				
Taxes	\$ 4,209,290	\$ 4,304,868	\$ 4,781,182	\$ 5,018,424
Licenses and permits	297,326	244,163	751,503	536,069
Intergovernmental	1,356,717	1,377,497	1,300,149	1,357,083
Franchise	253,739	284,925	295,674	372,082
Charges for services	433,317	389,931	376,567	354,456
Fines & forfeitures	548,039	671,872	707,442	708,044
Investment earnings	62,642	137,796	391,665	506,212
Special assessments	49,879	134,194	170,144	701,105
State highway fund	619,359	679,265	690,437	676,497
Grants & donations	534,573	707,295	748,313	1,774,336
System development charges	465,883	568,436	1,674,427	1,321,764
Miscellaneous	124,586	291,364	149,391	122,641
Total revenues	\$ 8,955,350	\$ 9,791,606	\$ 12,036,894	\$ 13,448,713
Expenditures				
General government	\$ 1,642,796	\$ 1,333,735	\$ 1,375,489	\$ 1,486,777
Public safety	2,204,457	2,603,832	2,986,894	3,218,555
Highways and streets	665,656	715,074	892,865	954,503
Transportation	736,593	658,009	868,036	955,343
Community development	-	410,569	476,382	608,118
Culture and recreation	959,275	1,041,035	1,258,777	1,217,733
Capital outlay	1,338,042	2,318,793	3,044,594	1,889,058
Debt service				
Principal	97,942	104,331	91,184	152,034
Interest	45,721	40,001	66,496	166,966
Total expenditures	\$ 7,690,482	\$ 9,225,379	\$ 11,060,717	\$ 10,649,087
Excess of revenues over (under) expenditures	1,264,868	566,227	976,177	2,799,626
Other financing sources (uses)				
Transfers in	\$ 1,784,554	\$ 1,223,036	\$ 2,131,606	\$ 1,684,340
Transfers out	(1,654,356)	(1,063,795)	(1,973,347)	(1,499,095)
Issuance of capital leases	-	51,738	52,714	-
Issuance of debt	-	1,202,904	1,740,059	320,076
Total other financing sources (uses)	130,198	1,413,883	1,951,032	505,321
Net change in fund balances	\$ 1,395,066	\$ 1,980,110	\$ 2,927,209	\$ 3,304,947
Debt service as a percentage of noncapital expenditures	2.3%	2.1%	2.0%	3.8%

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

		Fiscal Year									
		2008	2009	2010	2011	2012	2013				
\$	5,384,310	\$	6,086,281	\$	6,667,745	\$	6,923,675	\$	7,122,889	\$	7,551,489
	440,652		236,200		175,797		269,191		309,404		170,976
	1,497,278		2,847,244		2,629,636		2,836,815		3,489,998		2,863,296
	375,480		380,917		393,741		428,301		463,062		459,100
	806,208		499,369		931,949		1,015,900		922,288		996,993
	607,934		608,661		548,191		505,002		506,205		464,128
	428,640		228,993		80,933		71,184		110,052		83,632
	26,178		8,217		15,652		265,245		48,913		66,641
	648,863		-		-		-		-		-
	1,526,153		1,407,503		1,052,461		993,742		1,153,253		3,019,171
	912,734		161,370		18,603		41,512		262,552		207,172
	72,456		163,256		46,935		49,858		85,113		25,024
\$	12,726,886	\$	12,628,011	\$	12,561,643	\$	13,400,425	\$	14,473,729	\$	15,907,622
\$	1,820,855	\$	1,874,941	\$	1,899,810	\$	2,751,290	\$	2,903,077	\$	2,784,626
	3,978,306		4,124,030		3,823,117		3,931,437		4,088,104		4,427,707
	506,953		700,001		492,991		528,822		525,337		560,865
	1,654,988		1,708,319		1,819,432		1,126,670		919,224		992,595
	759,503		668,987		594,136		547,949		549,763		1,752,753
	1,306,114		1,358,843		1,512,554		1,727,713		1,809,357		673,417
	3,701,468		3,743,531		3,874,711		3,227,700		10,948,814		6,476,754
	248,930		596,209		968,040		635,813		681,788		2,937,007
	166,750		227,908		268,662		343,299		741,981		1,059,487
\$	14,143,867	\$	15,002,769	\$	15,253,453	\$	14,820,693	\$	23,167,445	\$	21,665,211
	(1,416,981)		(2,374,758)		(2,691,810)		(1,420,268)		(8,693,716)		(5,757,589)
\$	2,746,603	\$	3,350,643	\$	4,563,049	\$	4,405,346	\$	4,365,052	\$	5,980,674
	(2,448,990)		(3,037,665)		(4,204,499)		(4,123,043)		(4,353,883)		(6,220,594)
	110,962		-		192,649		103,510		4,260		85,713
	-		3,915,114		-		2,848,558		74,899		15,179,711
	408,575		4,228,092		551,199		3,234,371		9,066,579		15,025,504
\$	(1,008,406)	\$	1,853,334	\$	(2,140,611)	\$	1,814,103	\$	372,863	\$	9,267,915
	4.1%		7.8%		11.2%		9.2%		13.2%		35.7%

**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
	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		
2004	\$ 657,185,636	\$ 880,649,368	\$ 26,460,933	\$ 27,542,292	\$ 12,954,454	\$ 13,520,485	\$ 12,929,506	\$ 13,491,187	\$ 709,530,529	\$ 935,203,332	75.9%	17.21
2005	736,248,737	966,552,313	29,070,367	29,070,373	12,866,313	12,929,363	14,212,819	14,257,380	792,398,236	1,022,809,429	77.5%	17.13
2006	781,204,858	1,043,294,945	26,371,767	26,371,772	11,900,522	11,933,007	14,962,943	15,026,680	834,440,090	1,096,626,404	76.1%	16.88
2007	875,987,346	1,393,190,671	24,383,765	24,383,765	12,534,518	12,657,120	17,676,550	17,930,019	930,582,179	1,448,161,575	64.3%	16.30
2008	950,407,566	1,643,695,530	27,136,770	27,136,770	12,863,377	13,097,450	20,383,070	21,141,627	1,010,790,783	1,705,071,377	59.3%	16.47
2009	1,019,487,037	1,744,286,902	31,104,972	31,104,972	13,153,640	13,846,620	21,007,740	21,269,052	1,084,753,389	1,810,507,546	59.9%	16.37
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%	17.13
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%	17.08
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%	17.03
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%	17.04

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
2004	3.76	7.44	1.05	2.48	2.48	17.21
2005	3.67	7.41	1.09	2.49	2.47	17.13
2006	3.65	7.11	1.07	2.50	2.55	16.88
2007	3.62	6.58	1.03	2.44	2.63	16.30
2008	3.63	6.25	1.02	2.63	2.94	16.47
2009	3.60	6.09	1.01	2.62	3.05	16.37
2010	3.55	6.26	0.98	3.03	3.31	17.13
2011	3.55	6.22	0.96	3.02	3.33	17.08
2012	3.54	6.17	0.94	3.00	3.38	17.03
2013	3.56	6.01	0.95	2.98	3.54	17.04

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 TAXPAYERS
Current Year and Nine Years Ago

Taxpayer	2013			2004		
	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	\$ 19,780,064	1	1.59%	\$ 15,548,763	1	2.19%
Hope Village Inc	18,237,923	2	1.46%	11,190,549	2	1.58%
Canby Telephone Assn	16,894,800	3	1.36%	9,177,020	4	1.29%
American Steel Corporation	16,227,787	4	1.30%			
Shimadzu USA Manufacturing	12,084,960	5	0.97%	6,055,195	7	0.85%
Johnson Controls Battery Group Inc	10,158,717	6	0.81%	10,454,027	3	1.47%
Kogap Enterprises Inc	9,441,153	7	0.76%	6,232,378	6	0.88%
Pan Pacific Properties Inc	9,234,218	8	0.74%	7,078,636	5	1.00%
Jorken Oregon LLC	7,488,812	9	0.60%			
FPA4 Royal Ascot LLC	6,819,945	10	0.55%	5,226,919	9	0.74%
Willamette Valley Ctry Club				6,043,824	8	0.85%
KB Recycling Inc				4,013,451	10	0.57%
Subtotal	\$ 126,368,379		10.14%	\$ 81,020,762		11.42%
All Other	1,120,126,828		89.86%	628,509,767		88.57%
Totals	\$ 1,246,495,207		100.0%	\$ 709,530,529		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	Adjustments & Discounts	Uncollected Taxes	Percent of Delinquent Taxes to Tax Levy
2004	\$ 3,510,366	\$ 3,336,408	95.04%	\$ 87,200	\$ 3,423,608	97.53%	\$ 89,079	\$ 149,329	4.25%
2005	3,618,068	3,402,364	94.04%	87,402	3,489,766	96.45%	101,528	96,506	2.67%
2006	3,858,467	3,665,410	95.00%	73,063	3,738,473	96.89%	99,934	93,123	2.41%
2007	3,522,095	3,218,438	91.38%	87,302	3,305,740	93.86%	91,911	138,682	3.94%
2008	4,901,307	4,607,105	94.00%	99,474	4,706,579	96.03%	129,552	233,506	4.76%
2009	5,363,848	4,993,705	93.10%	129,864	5,123,569	95.52%	145,085	328,700	6.13%
2010	5,977,208	5,598,031	93.66%	178,821	5,793,374	96.92%	164,623	364,434	6.10%
2011	6,170,088	5,743,341	93.08%	242,526	5,985,867	97.01%	198,134	347,907	5.64%
2012	6,293,904	5,908,951	93.88%	173,954	6,082,905	96.65%	181,262	415,857	6.61%
2013	6,686,668	6,303,201	94.27%	168,017	6,471,218	96.78%	209,091	422,217	6.31%

Source: Clackamas County Assessor's Office and City Records

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

Fiscal Year	Governmental Activities				Business-Type	Total Primary Government	Per Capita
	General Obligation Bonds	Full Faith & Credit Bonds	Loans	Capital Leases	Activities Bonds		
2004	\$ -	\$ -	\$ 1,836,870	\$ 48,811	\$ 4,410,000	\$ 6,295,681	\$ 446
2005	-	-	3,485,641	64,552	4,185,000	7,735,193	538
2006	-	-	3,653,683	81,548	3,945,000	7,680,231	522
2007	-	-	3,483,254	532,009	3,695,000	7,710,263	509
2008	-	-	3,310,524	490,719	2,557,888	6,359,131	419
2009	-	1,580,000	5,135,621	407,783	2,312,464	9,435,868	620
2010	-	1,055,000	4,885,158	406,902	2,097,040	8,444,100	554
2011	-	3,330,831	5,044,592	312,178	1,866,616	10,554,217	667
2012	-	11,935,239	4,736,852	184,991	1,626,192	18,483,274	1,168
2013	-	26,623,990	2,243,892	164,026	1,380,768	30,412,676	1,917

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

Fiscal Year Ended June 30	Population(1)	Assessed Value(2)	Gross General Obligation Bonded Debt	Less Debt Service Fund	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Debt per Capita
2004	\$ 13,910	\$ 736,564,332	\$ -	\$ -	\$ -	0.0000	\$ -
2005	14,385	792,398,236	-	-	-	0.0000	-
2006	14,705	834,440,090	-	-	-	0.0000	-
2007	15,140	930,582,179	-	-	-	0.0000	-
2008	15,165	1,010,790,783	-	-	-	0.0000	-
2009	15,230	1,084,753,389	1,580,000	814,464	765,536	0.0007	104
2010	15,230	1,157,258,858	1,055,000	467,340	587,660	0.0005	69
2011	15,830	1,188,121,972	3,375,000	456,548	2,918,452	0.0025	213
2012	15,830	1,215,697,856	12,000,000	169,733	11,830,267	0.0097	758
2013	15,865	1,246,495,207	26,623,990	252,749	26,371,241	0.0212	1,678

(1) Portland State University

(2) Clackamas County Assessor's Office

CITY OF CANBY, OREGON
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
June 30, 2013

<u>Jurisdiction</u>	<u>Total Net Debt</u>	<u>Percent Within City</u>	<u>City's Pro Rata Share</u>
Direct:			
City of Canby	\$ 11,220,000	100%	\$ 11,220,000
Overlapping:			
Clackamas County	108,260,000	2.98%	3,225,174
Clackamas County School District No 86	82,430,881	44.48%	36,663,525
Clackamas County ESD	2,093,395	3.14%	65,804
Clackamas Community College	<u>27,365,000</u>	4.12%	<u>1,126,261</u>
TOTAL	<u>\$ 231,369,276</u>		<u>\$ 52,300,764</u>

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

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Debt Limit	\$ 28,056,100	\$ 30,684,283	\$ 32,898,792	\$ 43,444,847	\$ 51,152,141	\$ 54,315,226	\$ 51,626,577	\$ 46,412,999	\$ 42,018,472	\$ 40,446,444
Total net debt application to limit						1,580,000	1,055,000	3,330,831	11,935,239	26,623,990
Legal debt margin	\$ 28,056,100	\$ 30,684,283	\$ 32,898,792	\$ 43,444,847	\$ 51,152,141	\$ 52,735,226	\$ 50,571,577	\$ 43,082,168	\$ 30,083,233	\$ 13,822,454
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	2.91%	2.04%	7.18%	28.40%	65.83%

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

Sewer Revenue Bonds

Fiscal Year	Sewer Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service	
				Principal	Interest
2004	\$ 2,008,513	\$ 1,224,414	\$ 784,099	\$ 4,410,000	\$ 1,767,772
2005	2,137,318	1,439,799	697,519	4,185,000	1,553,906
2006	2,613,772	1,535,446	1,078,326	3,945,000	1,350,288
2007	2,567,017	1,567,159	999,858	3,695,000	1,157,677
2008	2,554,316	1,515,131	1,039,185	3,695,000	2,996,028
2009	2,588,171	1,974,532	613,639	2,265,000	403,256
2010	2,433,136	1,975,623	457,513	2,055,000	323,500
2011	2,576,118	1,058,655	1,517,463	1,830,000	251,628
2012	3,230,157	1,492,413	1,737,744	1,595,000	188,094
2013	3,417,448	1,914,093	1,503,355	1,355,000	133,169

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

Fiscal Year	Population (1)	Median Age	Unemployment Rate (2)
2004	14,110	37.1	7.1%
2005	14,385	37.0	5.7%
2006	14,705	33.2	4.9%
2007	15,140	33.8	4.6%
2008	15,165	32.9	5.3%
2009	15,230	33.3	11.0%
2010	15,829	33.7	10.1%
2011	15,830	33.7	9.0%
2012	15,830	36.3	7.8%
2013	15,865	36.3	7.2%

(1) Source: Portland State University Population Research Center

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

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

Function	Full-time Equivalent Employees as of June 30									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Government	13.25	13.25	13.25	12.44	16.88	21.20	20.49	21.85	20.99	22.64
Public Safety										
Police Officers	21.00	23.00	23.00	29.60	25.00	25.00	25.00	25.00	24.00	24.00
Civilians	5.85	6.85	6.85	6.60	4.60	4.60	4.60	4.60	4.60	4.60
Highways and streets	4.53	4.53	5.53	4.53	5.05	4.85	4.32	4.66	5.29	4.53
Culture and recreation	16.05	18.30	18.30	17.65	15.02	14.97	16.88	18.13	19.00	17.88
Community development	5.60	5.74	5.74	3.85	7.20	7.15	5.30	4.93	4.93	3.80
Transportation	1.60	1.65	2.65	2.10	1.15	1.15	2.25	1.70	2.00	1.90
Sewer	7.47	8.67	8.67	8.67	8.95	10.01	10.14	9.06	10.94	10.71
Total	75.35	81.99	83.99	85.44	83.85	88.93	88.98	89.93	91.75	90.06

Source: Annual Adopted Budget Book

CITY OF CANBY, OREGON
OPERATING INDICATORS BY FUNCTION
Last Nine Fiscal Years¹

Function	Fiscal Year								
	2005	2006	2007	2008	2009	2010	2011	2012	2013
Police									
Physical arrests	1,003	795	870	831	882	1,365	1,056	883	900
Parking violations	291	304	208	161	140	164	83	50	112
Traffic violations	5,023	4,555	4,215	3,692	2,618	3,619	2,496	2,786	2,962
Culture and recreation									
Swim Center Admissions	69,039	64,962	66,253	61,710	70,972	74,600	72,368	73,370	74,584
Park Acreage	180	180	180	180	182	200	200	200	200
Community development									
Various Permits Issued	528	544	567	470	294	300	231	294	40
Inspections Performed ²	2,708	2,789	2,906	2,962	1,002	668	516	-	-
Building Permit Applications Reviewed								806	106
Wastewater									
Average daily sewage treatment (millions of gallons)	1.0521	1.0837	1.1292	0.9947	0.9718	1.0063	1.0037	0.9744	0.9752

¹ Information is presented for years ended subsequent to the implementation of GASB Statement No. 34. Eventually, ten years of data will be shown.

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

Source: City Departments

**CITY OF CANBY, OREGON
CAPITAL ASSET STATISTICS BY FUNCTION**

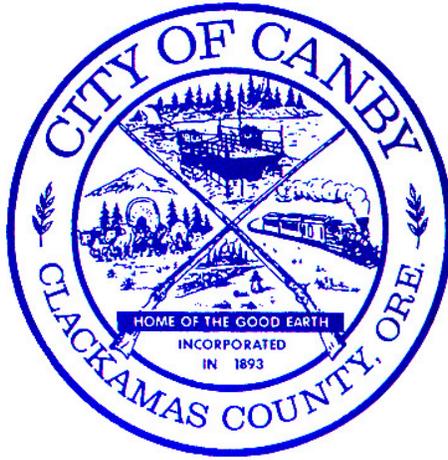
Last Ten Fiscal Years

Function	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Public Safety										
Police:										
Stations	2	2	2	2	1	1	1	1	1	1
Patrol units	11	11	11	11	14	14	14	14	14	16
Highways and streets										
Streets (center lane miles)	51.54	51.54	53.09	54.12	54.12	54.12	54.15	54.17	54.17	54.55
Streetlights	-	1,187	1,223	1,259	1,264	1,304	1309	1311	1325	1319
Traffic signals ¹	-	-	-	-	-	-	-	-	-	-
Culture and recreation										
Parks acreage	114	180	185	185	187	187	187	187	187	187
Swimming pools	1	1	1	1	1	1	1	1	1	1
Tennis courts	2	2	2	2	2	2	2	2	2	2
Community centers	1	1	1	1	1	1	1	1	1	1
Sewer										
Number of connections	5,233	5,338	5,498	6,136	6,200	6,214	6,220	6,221	6,232	6,250
Maximum daily treatment capacity (millions of gallons)	2.20	2.20	2.27	2.53	2.80	2.80	2.80	2.80	2.80	2.80

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

Source: City Departments

COMPLIANCE SECTION



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December 19, 2013

Independent Auditors' Report Required by Oregon State Regulations

We have audited the basic financial statements of the City of Canby as of and for the year ended June 30, 2013, and have issued our report thereon dated December 19, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards.

Compliance

As part of obtaining reasonable assurance about whether the basic financial statements are free of material misstatement, we performed tests of 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).**

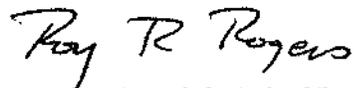
In connection with our testing nothing came to our attention that caused us to believe the City of Canby was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules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

1. Appropriations were overspent by \$240 in the Swim Center Local Option Levy Fund under the personal service category.

OAR 162-10-0230 Internal Control

In planning and performing our audit, we considered the internal controls over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the internal controls over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the internal controls over financial reporting.

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

A handwritten signature in black ink that reads "Roy R. Rogers". The signature is written in a cursive style with a large, prominent "R" at the beginning.

ROY R. ROGERS, CPA
PAULY, ROGERS AND CO., P.C.



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December 19, 2013

To the City Council
The City of Canby
Canby, Oregon

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Canby as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the basic financial statements, and have issued our report thereon dated December 19, 2013.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented, or detected and corrected on a timely basis.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

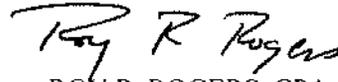
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements are free from material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement 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. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



ROY R. ROGERS, CPA
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December 19, 2013

To the City Council
City of Canby
Canby, Oregon

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Report on Compliance for Each Major Federal Program

We have audited the City of Canby's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the major federal programs for the year ended June 30, 2013. The major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Canby, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.


ROY R. ROGERS, CPA
PAULY, ROGERS AND CO., P.C.

**CITY OF CANBY
CLACKAMAS COUNTY, OREGON**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2013**

SECTION I – SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

 Material weakness(es) identified? _____ Yes X No

 Significant deficiency(ies) identified that are not
 considered to be material weaknesses _____ Yes X None reported

Noncompliance material to financial statements noted? _____ Yes X No

Any GAGAS audit findings disclosed that are required to be reported in
accordance with section 505(d)(2) of OMB Circular A-133? _____ Yes X No

FEDERAL AWARDS

Internal control over major programs:

 Material weakness(es) identified? _____ Yes X No

 Significant deficiency(ies) identified that are not
 considered to be material weaknesses _____ Yes X None reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in
accordance with section 510(a) of OMB Circular A-133? _____ Yes X No

IDENTIFICATION OF MAJOR PROGRAMS

CFDA NUMBER NAME OF FEDERAL PROGRAM CLUSTER

20.601, 20.602, 20.610 Highway Safety Cluster
97.047 Pre-Disaster Mitigation

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000

Auditee qualified as low-risk auditee? _____ Yes X No

NOTES TO SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS

The accompanying schedule of expenditures of federal awards includes the federal grant activity and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

SECTION II – FINANCIAL STATEMENT FINDINGS

None

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None