

***CANBY UTILITY  
REGULAR BOARD MEETING  
DECEMBER 10, 2024  
7:00 P.M.***

**AGENDA**

- I. CALL TO ORDER
- II. AGENDA
  - Additions, Deletions or Corrections to the Meeting Agenda
- III. CONSENT AGENDA
  - Approval of Agenda
  - Approval of Regular Board Meeting Minutes of November 12, 2024 (pp. 1-4)
  - Approval of Payment of Water and Electric Bills
- IV. CITIZEN INPUT ON NON-AGENDA ITEMS *Citizen's wanting to speak virtually, please email or call the Board Secretary-Clerk by 4:30 p.m. on December 10, 2024 with your name, the topic you would like to speak on, and contact information: [bbenson@canbyutility.org](mailto:bbenson@canbyutility.org) or 503-263-4312.*
- V. AUDIT REPORT for Fiscal Year Ended June 30, 2024 – Introduction by Mike Schelske, Finance Manager. Presentation and Review by Ayde Alvarado, Moss Adams, LLC (Separate Items)
- VI. RESOLUTION NO. 328 Authorizing an Amendment to Canby Utility's 401(k) Profit-Sharing Plan Recordkeeper – Barbara Benson, Human Resources/ Administration Manager (pp. 5-6)
- VII. BOARD REPORT
  - Chair Comments
  - Board Member Comments
- VIII. STAFF REPORTS

Finance Manager:

  - First Quarter Financial Reports (pp. 7-15)

Board Secretary:

  - Consultant Procurement Support for an Owners Representative Update (pg. 16)
- IX. ADJOURN

***CANBY UTILITY  
REGULAR BOARD MEETING MINUTES  
NOVEMBER 12, 2024***

**Board Present:** Chair Thompson; Members Horrax, Molamphy, Pendleton, and Hill

**Staff Present:** Carol Sullivan, General Manager; Barbara Benson, Board Secretary; Jason Berning, Operations Manager; Mike Schelske, Finance Manager; Cindy Dittmar, Customer Service Supervisor; and Jason Peterson, Operations Field Supervisor

**Others Present:** Brian Hutchins, Veolia Water North America; Joe Brennan; Kirk Olsen, Trammell Crow; Joshua Steed, MEK & Associates; Jamie Stickel, Canby Economic Development Director; Bob Westcott; Tu-Uyen Phan, Slayden Constructors, and Patty Travis

Chair Thompson called the Regular Board Meeting to order at 7:00 p.m.

Chair Thompson presented the meeting agenda for consideration. She asked for any additions, deletions, or corrections to the meeting agenda, and there were none.

Chair Thompson presented the consent agenda for approval. Member Hill made the \*MOTION to approve the consent agenda, consisting of the meeting agenda, regular meeting minutes of October 8, 2024, and payment of the electric and water department bills in the amount of \$2,379,310.33. Member Molamphy seconded, and the motion passed 5-0.

Chair Thompson asked for citizen input on non-agenda items, and Kirk Olsen, Principal for Trammell Crow, addressed the Board regarding support for a new power service to a new industrial project in the Pioneer Industrial Park in Canby. Olsen spoke briefly about the report staff made to the Board in August regarding the Bonneville Power Administration (BPA)/Portland General Electric (PGE) feasibility study requirements. Olsen said he is asking for a "will serve" letter from the Canby Utility Board. Olsen gave an overview of their projects in Canby. He said that they sold the 48-acre Wygant property to Amazon approximately three years ago and are in the process of purchasing it back. Olsen said the large new \$115M project for that site is called Sequoia Logistics Center and is environmentally advanced and LEED silver certified. They have yet to have a customer in mind for the new development, which will hold up to four companies. The project will provide the City of Canby with approximately \$3M in system development charges, roadway, utility, and other infrastructure improvements. The project could provide 2,000 new jobs after completion.

Olsen stated that the project has been approved, the plans are complete, a general contractor is on board, and a grading permit has been approved. Construction was to begin on November 19, and

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**Regular Board Meeting Minutes**  
**November 12, 2024**  
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the pre-construction conference with the City of Canby was held today. The project is now being held up by its investors until they receive a "will serve" commitment from Canby Utility.

Olsen talked about the project's electrical needs. It will contain a 4,000 AMP service, and he presented a load-ramp. At peak, the load will require 0.5 MW at occupancy in early 2027. Olsen also talked about Canby Utility's forecasted load growth of 7 ½ MW. BPA has expressed to Olsen that there were no "red flags" in serving the load verbally. BPA has agreed to put that in writing, but it has not been received. Olsen wanted to explore the definition of a large load. Their projected load, including Canby Utility's total forecasted load, is less than 10 MW. Olsen stated that the Oregon Administrative Rules (OAR) identify a large load as 10 MW or greater. Olsen understands that Canby Utility cannot bring on new large loads until the study findings allow it. However, BPA and PGE have not answered the large load question definitively. Olsen said that he feels Canby Utility could assert that the new load does not meet the definition of a large load according to the OARs and should be able to tell BPA and PGE that the forecasted load falls below that threshold and, therefore, does not need to wait for the study to be complete.

Olsen said they have been stalled for four months and are concerned that their investors will not wait much longer. Olsen asked the Board to consider their project, which includes a connected load of nearly 3 1/2 MW and provide a will-serve letter so that they can move forward with their project. The letter requested would give his investors some reassurance that Canby Utility can serve their requested calculated 0.48 MW load so they can break ground on construction.

Discussion ensued regarding the timing of the load impacts for their project, the project's connected and calculated load, the lack of clarity from BPA and PGE, their request for a "will serve" letter, and BPA's verbal confirmation that they can serve the load. Canby's Economic Development Director, Jamie Stickel, suggested that the Board provide an "intent to serve" letter, with conditions that the project cannot exceed 0.5 MW until the study is completed and capacity is available. Sullivan expressed concern about providing a letter implying an agreement to serve the new project when BPA and PGE require the feasibility study to confirm if there is capacity on the transmission system to serve the load. Discussion ensued about the letter's content; however, it would not give assurances. Olsen thanked the Board for their time and consideration.

General Manager Carol Sullivan recommended hiring GSI Water Solutions (GSI) using a sole source procurement method for the Canby Drinking Water Supply System project. GIS has been a trusted technical resource for Canby Utility's source water projects. GSI has provided an estimated not-to-exceed cost of \$84,228 for their services. Sullivan said this cost estimate falls within an Intermediate Procurement level threshold for personal services. Canby Utility's local contracting rules regarding personal services typically require a minimum of three quotes from prospective contractors. However, the rules also permit a sole source procurement method for our upcoming project with GSI. Sullivan said that staff recommends contracting directly with GSI based on our established relationship with this vendor and their unique capability to meet our requirements effectively, aligning with both the utility's procurement policy and the guidelines for procurement in the State of Oregon. Sullivan reviewed the justification for the sole

source procurement method and explained that this process will ensure the project proceeds smoothly and efficiently. Member Hill made the \*MOTION to authorize Canby Utility to use the sole source procurement method to hire GSI Water Solutions to provide a water right point of diversion and water supply strategic planning and permitting for the Canby Drinking Water Supply System project. Member Horrax seconded, and the motion passed 5-0.

Human Resources/Administration Manager Barbara Benson presented a resolution to adopt a revision to the Exempt Employee Compensation Plan, Procedure 405. Benson said that at the October board meeting, HR Answers, Inc., presented the results of their 2024 Exempt Employee Compensation Study. During their presentation, they made some recommendations. The Board asked staff to incorporate these changes into the Canby Utility Exempt Employee Compensation Plan (Procedure 405). Benson said that in addition to HR Answer's recommended changes, staff made some revisions to improve procedural clarity. She reviewed the key changes to the procedure, which included implementing a standardized wage calculation, identifying when a salary would be red-circled versus a wage reduction, market study frequency, and job description reviews for Fair Labor Standards Act compliance. Benson added that the Board agreed at the last meeting to approve HR Answer's employee salary adjustments and salary range recommendations in their Executive Summary report. HR Answer's recommended new salary ranges were attached to Procedure 405. Member Hill made the \*MOTION to Adopt Resolution No. 325, Updating Canby Utility's Exempt Employee Compensation Plan and Salary Ranges, Repealing Resolution No. 306. Member Horrax seconded, and the motion passed 5-0.

Chair Thompson asked for further discussion regarding Kirk Olsen's discussion topic and requested a letter in support of serving power to the site. Operations Manager Jason Berning said that he wants to explore this option further after having time to discuss it with staff and have additional conversations with Mr. Olsen to gather more information.

Customer Service Supervisor Cindy Dittmar briefly reported that the Federal Trade Commission requires every creditor to establish an "Identity Theft Prevention Program" that is defined by the Red Flag Rules. Canby Utility established this program in November 2008. Based on our review, we are in compliance with the Red Flag Rules and the Canby Utility Board Identity Theft Prevention Program.

Board Secretary Barb Benson reported on the upcoming employee recognition event on December 6 at the Willamette Valley Country Club. Benson is finalizing the menu and will send out the RSVPs soon.

General Manager Carol Sullivan provided the Board with a copy of the October 2024 Consultant Procurement Support report from our SDAO consultant Mark Knudson and an updated Gantt chart. Sullivan reviewed some of the highlights from the report for the month. These included activities ranging from in-person meetings with prospective proposers, an RFP addendum, review and responsiveness determination on submitted proposals, and preparing the committee's evaluation and scoring processes. The project has required a greater level of services from Knudson than initially anticipated due to multiple reviews and revisions to the RFP, inquiries

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and coordination with numerous consultants, and additional on-site meetings. Sullivan stated that they will prepare an amendment to the SDAO fee agreement reflecting a proposed fee increase of up to \$2,000 to complete the project. The original contract was for \$6,000. Sullivan also reviewed the work scheduled for November, noting that in-person interviews with proposers and the evaluation committee were held. The Notice of Intent to Award is the next step in the process.

Member Hill asked if Sullivan had an update on Portland General Electric’s feasibility study. Sullivan stated that we do not have an anticipated completion date. Hill also asked for clarity about the forecasted loads staff submitted for the study. Operations Manager Jason Berning explained that the 7 1/2 MW submitted for study included five projects in Canby. Chair Thompson added that the letter for Trammel Crow may include a message expressing Canby Utility's continued support for economic development in Canby. She suggested having the letter reviewed by the Board's attorney, knowing the complexity and uncertainty of the study results. Member Horrax asked about the possibility of getting political support by contacting Congresswoman Lori Chavez-DeRemer. Discussion ensued regarding Mr. Olsen's project's projected load of 0.5 MW in 2027. The study results could impact the city's growth if PGE determines that its transmission system lacks capacity.

Member Hill made the \*MOTION to adjourn the meeting at 8:03 p.m. Member Horrax seconded, and the motion passed 5-0.

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Melody Thompson, Chair

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David Horrax, Member

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John Molamphy, Member

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Jack Pendleton, Member

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Jake Hill, Member

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Barbara Benson, Board Secretary



## MEMORANDUM

**To:** Chair Thompson, Member Horrax, Member Molamphy, Member Pendleton, and Member Hill

**From:** Barbara Benson, Human Resources/Administration Manager

**Date:** December 6, 2024

**Subject:** 401(k) Plan Recordkeeper Change

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**Recommended Motion:** Motion to Adopt Resolution No. 328, Amending the Canby Utility Board's 401(k) profit-sharing plan relating to the plan's recordkeeper.

### **Background:**

On October 7, 2024, Canby Utility's (CU) 401(k) plan trustees (Carol Sullivan, Jason Berning, and Jason Peterson) met with our financial advisor, Matt Stutes of Cornerstone Wealth Management, to review the plan's assets and performance. At that time, the trustees unanimously voted to pursue transitioning from the plan's current recordkeeper, Empower, to Voya.

Considerations for making this transition were based on the cost savings for our employees who participate in the plan and the added convenience they and payroll will have with a consolidated platform. For example, employees can use a single sign-on to see their investment activities in the 401(k) plan and the 457 plan in one process. Payroll will only need to make one submission to Voya. In addition to CU's voluntary deferred compensation profit-sharing plans being on one platform, CU's retirement benefit plan, Oregon Public Employees Retirement System's Individual Account Program, also uses Voya. Another key consideration is that there will be no changes to plan features and benefits.

Matt Stutes met with CU's employees on Wednesday, December 4, 2024, to explain the transition process. Employees were supportive of the lower costs and added convenience and expressed no opposition or concerns.

The transition process requires a 30-day account restriction or "blackout" period, which is expected to begin on December 18<sup>th</sup>. This is the formal process for transferring funds to the new recordkeeper.

Plan trustees Jason Peterson and Jason Berning and I can answer any questions the Board may have.

**RESOLUTION NO. 328**

**A RESOLUTION OF THE CANBY UTILITY BOARD AMENDING CANBY UTILITY BOARD'S 401(K) PROFIT SHARING PLAN RELATING TO THE PLAN'S RECORDKEEPER.**

**WHEREAS**, the Canby Utility Board presently sponsors a 401(k) and a 457 Profit Sharing Plan for its employees;

**WHEREAS**, the Canby Utility Board established policy regarding the appointment of three Trustees for Canby Utility's 401(k) Profit Sharing Plan and Trust who are generally responsible for managing and making decisions related to the plan's assets;

**WHEREAS**, the Canby Utility Board's current 401(k) Plan recordkeeper is Empower and the 457 Plan recordkeeper is Voya;

**WHEREAS**, the Trustees recently voted to change the 401(k) Plan's Recordkeeper from Empower to Voya to lower costs and add convenience for participating employees, provide a more streamlined payroll submission process, while maintain the same plan features and benefits.

**NOW, THEREFORE**, the Canby Utility Board resolves as follows:

Section 1. Canby Utility's 401(k) Profit Sharing Plan Recordkeeper will change from Empower to Voya with the 30-day blackout period beginning December 18, 2024.

Section 2. This resolution is effective upon its adoption by the Board.

THIS RESOLUTION IS ADOPTED BY THE CANBY UTILITY BOARD THIS 10th DAY OF December, 2024.

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Melody Thompson, Chair

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David Horrax, Member

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John Molamphy, Member

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Jack Pendleton, Member

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Jake Hill, Member

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Barbara Benson, Board Secretary



## MEMORANDUM

**To:** Chair Thompson, Member Horrax, Member Molamphy, Member Pendleton, and Member Hill

**Copy to:** Carol Sullivan, Jason Berning, Jason Peterson, Cindy Dittmar

**From:** Mike Schelske, Finance Manager

**Date:** December 5, 2024

**Subject:** Financial Results for Quarter Ending September 30, 2024

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Please refer to the attached **Financial Highlights, Summary Income Statement, and Balance Sheet** for supporting details.

### Overall Summary of Q1 Operating Results

Operating results were mixed. Electric was impacted by higher purchased power costs and lower capital contributions. Water had higher operating income and other higher other revenue partially offset by lower capital contributions.

### Electric - Summary of Operating Results – Q1

Revenues were higher than budget due to increases in residential, small commercial, and industrial revenues.

Operating costs were greater than budget due to higher purchased power costs.

Capital contributions were lower than budget.

Net income was lower than budget.

### Electrical Highlights

- Operating revenue of \$3.9 million was 5.5% higher than budget.
- Purchased power of \$2.8 million was 26.2% over budget due to higher units and component rate increases.





- Operating expenses were 5.4% under budget, mainly due to one position, lower BPA energy incentive payments, and lower costs for supplies and contractors due to timing of expenditures.
- The operating loss of \$338,000 was \$291,000 greater than budget.
- Contributed capital of \$56,000 was \$241,000 lower than budget.

#### Water - Summary of Operating Results – Q1

Revenues were higher than budget and operating costs were lower than budget.

Contributed capital was lower than budget but net income was greater than budget.

#### Water Highlights

- Operating revenue of \$1.83 million was 7.2% higher than budget.
- Operating expenses were \$205,000 under budget, mainly due to open positions and lower costs for supplies and contractors due to timing of expenditures.
- Operating profit was \$327,000 higher than budget due to higher revenues and lower operating expenses.
- Contributed capital of \$252,000 was under budget by \$376,000.
- Net income of \$191,000 was 15.3% higher than budget.

Please feel free to contact me if you have any questions or comments.

**Canby Utility  
Financial Highlights  
Quarter Ending September 30, 2024**

Electric Operations	Quarter			Quarter		Quarter	Quarter
	Quarter		Prior Year	Over (Under)	% Over (Under)	Budget	Over (Under)
	Actual	Budget	Actual	Budget	Budget	Status	Prior Year
<b>Balance Sheet</b>							
Cash & Investments - YTD	\$ 14,651,457	\$ 14,124,425	\$ 12,505,569	\$ 527,031	3.7%	Favorable	\$ 2,145,887
<b>Income Statement</b>							
Operating Revenue	\$ 3,944,182	\$ 3,737,721	\$ 3,636,742	\$ 206,461	5.5%	Favorable	\$ 307,440
Purchased Power	2,805,623	2,223,906	2,143,798	581,717	26.2%	Unfavorable	661,825
Operating Expenses	1,476,529	1,560,570	1,377,137	(84,041)	-5.4%	Favorable	99,392
Operating Profit (Loss)	(337,970)	(46,755)	115,807	(291,215)	622.9%		(453,777)
Operating Margin	-8.6%	-1.3%	3.2%				
Other Rev. (Exp.)	396,779	395,949	559,517	830	0.2%	Within Budget	(162,739)
Capital Contributions	56,675	297,921	27,168	(241,246)	-81.0%	Unfavorable	29,507
Net Income (Loss)	\$ 115,484	\$ 647,115	\$ 702,493	\$ (531,631)	-82.2%	Unfavorable	\$ (587,009)
<b>Sales Data</b>							
kWh Sold	50,716,116		49,657,752				1,058,364
kWh Purchased	51,331,515		50,313,838				1,017,677

Water Operations	Quarter			Quarter		Quarter	Quarter
	Quarter		Prior Year	Over (Under)	% Over (Under)	Budget	Over (Under)
	Actual	Budget	Prior Year	Budget	Budget	Status	Prior Year
<b>Balance Sheet</b>							
Cash & Investments	\$ 10,743,094	\$ 9,718,310	\$ 8,751,912	\$ 1,024,785	10.5%	Favorable	\$ 1,991,182
<b>Income Statement</b>							
Operating Revenue	\$ 1,826,086	\$ 1,704,000	\$ 1,577,076	\$ 122,086	7.2%	Favorable	\$ 249,010
Operating Expenses	984,279	1,189,368	969,374	(205,089)	-17.2%	Favorable	14,905
Operating Profit (Loss)	841,807	514,632	607,702	327,175	63.6%		234,105
Operating Margin	46.1%	30.2%	38.5%				
Other Rev. (Exp.)	343,700	104,186	91,194	239,514	229.9%	Favorable	252,506
Capital Contributions	252,024	\$ 627,669	50,750	(375,645)	-59.8%	Unfavorable	201,274
Net Income (Loss)	\$ 1,437,531	\$ 1,246,487	\$ 749,646	\$ 191,044	15.3%	Favorable	\$ 687,885
<b>Sales Data</b>							
Cu. Ft. Sold	45,051,420		45,206,429				(155,009)

**Canby Utility**  
**Summary Income Statement**  
*Profit (Loss) from Operations, Capital Contributions, and Net Income*  
**Month & Quarter Ending September 30, 2024**

**Electric**

	Month			Quarter-to-Date		
	Actual	Budget	Prior Year	Actual	Budget	Prior Year
Operating Revenue	\$ 1,274,569	\$ 1,309,907	\$ 1,258,661	\$ 3,944,182	\$ 3,737,721	\$ 3,636,742
Less: Purchased Power	(913,080)	(703,254)	(629,847)	(2,805,623)	(2,223,906)	(2,143,798)
Margin on Sales	<u>361,489</u>	<u>606,653</u>	<u>628,814</u>	<u>1,138,559</u>	<u>1,513,815</u>	<u>1,492,944</u>
	28.4%	46.3%	50.0%	28.9%	40.5%	41.1%
Operating Expenses						
Operations & Maintenance	308,791	367,634	276,960	954,355	1,053,171	883,099
Depreciation	109,229	108,586	105,365	327,590	324,549	316,094
Taxes	62,731	64,150	62,454	194,584	182,850	177,944
Total Operating Expenses	<u>480,752</u>	<u>540,370</u>	<u>444,779</u>	<u>1,476,529</u>	<u>1,560,570</u>	<u>1,377,137</u>
Operating Profit (Loss)	(119,263)	66,283	184,035	(337,970)	(46,755)	115,807
	-9.4%	5.1%	14.6%	-8.6%	-1.3%	3.2%
Other Revenue (Expense)						
Interest Income	64,419	55,928	44,710	194,913	166,271	125,957
Interest Expense	(1,680)	(767)	(1,268)	(5,479)	(2,301)	(4,016)
Other (Net)	59,452	65,153	139,096	207,345	231,979	437,577
Total Other Revenue (Expense)	<u>122,191</u>	<u>120,314</u>	<u>182,538</u>	<u>396,779</u>	<u>395,949</u>	<u>559,517</u>
Change in Net Position Before Capital Contributions	2,928	186,597	366,573	58,809	349,194	675,324
Capital Contributions						
Hook-up Fees	35,029	15,903	1,600	56,675	47,709	18,803
Contributed by Others	-	-	-	0	-	8,365
Line Extension Fees	-	83,404	-	-	250,212	-
Total Capital Contributions	<u>35,029</u>	<u>99,307</u>	<u>1,600</u>	<u>56,675</u>	<u>297,921</u>	<u>27,168</u>
Net Income (Loss)	<u>\$ 37,956</u>	<u>\$ 285,904</u>	<u>\$ 368,173</u>	<u>\$ 115,484</u>	<u>\$ 647,115</u>	<u>\$ 702,493</u>

**Summary of Purchased Power and Operating Expenses**

	Month			Quarter-to-Date		
	Actual	Budget	Over (Under)	Actual	Budget	Over (Under)
Purchased Power	913,080	703,254	209,826	2,805,623	2,223,906	581,717
Operating Expenses						
Payroll & Employer Paid Expenses	\$ 229,345	\$ 241,610	\$ (12,265)	\$ 695,932	\$ 724,830	\$ (28,898)
Depreciation	109,229	108,586	643	327,590	324,549	3,041
Taxes	62,731	64,150	(1,419)	194,584	182,850	11,734
Other Costs	79,446	126,024	(46,578)	258,423	328,344	(69,921)
Total Operating Expenses	<u>480,752</u>	<u>540,370</u>	<u>(59,618)</u>	<u>1,476,529</u>	<u>1,560,573</u>	<u>(84,044)</u>
Total Purchased Power & Operating Expenses	<u>\$ 1,393,832</u>	<u>\$ 1,243,624</u>	<u>\$ 150,208</u>	<u>\$ 4,282,152</u>	<u>\$ 3,784,479</u>	<u>\$ 497,673</u>

**Canby Utility**  
**Summary Income Statement**  
*Profit (Loss) from Operations, Capital Contributions, and Net Income*  
**Month & Quarter Ending September 30, 2024**

<b>Water</b>						
	Month			Quarter-to-Date		
	Actual	Budget	Prior Year	Actual	Budget	Prior Year
Operating Revenue	\$ 546,776	\$ 577,000	\$ 546,020	\$ 1,826,086	\$ 1,704,000	\$ 1,577,076
Operating Expenses						
Operations & Maintenance	215,936	275,459	222,217	671,700	872,713	675,694
Depreciation	73,857	77,483	71,609	221,275	231,455	214,826
Taxes	27,339	28,850	27,301	91,304	85,200	78,854
Total Operating Expenses	317,131	381,792	321,126	984,279	1,189,368	969,374
Operating Profit (Loss)	229,645	195,208	224,894	841,807	514,632	607,702
	42.0%	33.8%	41.2%	46.1%	30.2%	38.5%
Other Revenue (Expense)						
Interest Income	44,972	38,331	31,445	133,718	113,437	88,560
Interest Expense	(1,774)	(1,774)	(2,544)	(5,323)	(5,322)	(7,630)
Other (Net)	1,510	357	6,919	215,305	(3,929)	10,264
Total Other Revenue (Expense)	44,707	36,914	35,821	343,700	104,186	91,194
Change in Net Position Before Capital Contributions	274,351	232,122	260,714	1,185,507	618,818	698,896
Capital Contributions						
Hook-up Fees	960	6,318	440	8,170	18,954	4,400
Contributed by Others	-	107,780	-	12,418	323,340	-
SDC Fees	21,958	95,125	4,635	231,436	285,375	46,350
Total Capital Contributions	22,918	209,223	5,075	252,024	627,669	50,750
Net Income (Loss)	\$ 297,269	\$ 441,345	\$ 265,789	\$ 1,437,531	\$ 1,246,487	\$ 749,646

**Summary of Operating Expenses**

	Month			Quarter-to-Date		
	Actual	Budget	Over (Under)	Actual	Budget	Over (Under)
Operating Expenses						
Payroll & Employer Paid Expenses	\$ 61,494	\$ 105,750	\$ (44,256)	\$ 205,803	\$ 317,250	\$ (111,447)
Depreciation	73,857	77,483	(3,626)	221,275	231,455	(10,180)
Taxes	27,339	28,850	(1,511)	91,304	85,200	6,104
Other Costs	154,442	169,709	(15,267)	465,896	555,463	(89,567)
Total Operating Expenses	\$ 317,131	\$ 381,792	\$ (64,661)	\$ 984,279	\$ 1,189,368	\$ (205,089)

# Balance Sheet - Electric

September 30, 2024

	This Year YTD	Last Year YTD	Variance Dollar	Variance Percent
<b>Assets</b>				
<b>Current Assets</b>				
<i>Cash</i>	123,322.06	712,043.99	(588,721.93)	-82.68%
<i>Allocate Cash to Reserves</i>	(15,275,876.53)	(12,827,618.53)	(2,448,258.00)	19.09%
<i>Local Government Investment Pool</i>	14,528,134.45	11,793,525.47	2,734,608.98	23.19%
<i>Current Accounts Receivable</i>	1,392,079.01	1,501,081.68	(109,002.67)	-7.26%
<i>Plant Materials &amp; Operating Supplies</i>	2,752,656.46	1,917,547.40	835,109.06	43.55%
<i>Prepayments</i>	111,287.71	88,594.19	22,693.52	25.62%
<b>Total Current Assets</b>	<b>3,631,603.16</b>	<b>3,185,174.20</b>	<b>446,428.96</b>	<b>14.02%</b>
<b>Noncurrent Assets</b>				
<i>Other Deferred Charges</i>	1,156,191.17	1,270,409.67	(114,218.50)	-8.99%
<b>Total Noncurrent Assets</b>	<b>1,156,191.17</b>	<b>1,270,409.67</b>	<b>(114,218.50)</b>	<b>-8.99%</b>
<b>Property Plant and Equipment</b>				
<i>Property Plant &amp; Equipment in Service</i>	50,970,417.73	49,173,196.21	1,797,221.52	3.65%
<i>Accumulated Depreciation</i>	(18,702,180.75)	(17,417,002.55)	(1,285,178.20)	7.38%
<i>Construction Work in Progress</i>	257,341.10	264,959.67	(7,618.57)	-2.88%
<b>Total Property Plant and Equipment</b>	<b>32,525,578.08</b>	<b>32,021,153.33</b>	<b>504,424.75</b>	<b>1.58%</b>
<b>Cash Designated for Future Use</b>				
<i>Reserve-Emergency</i>	0.00	0.00	0.00	na
<i>Reserve-Capital Improvement</i>	0.00	0.00	0.00	na
<i>Reserve-Capital Replacement</i>	0.00	0.00	0.00	na
<i>Rate Stabilization</i>	0.00	0.00	0.00	na
<i>Future Improvement/Replacement</i>	15,275,876.53	12,827,618.53	2,448,258.00	19.09%
<b>Total Cash Designated for Future Use</b>	<b>15,275,876.53</b>	<b>12,827,618.53</b>	<b>2,448,258.00</b>	<b>19.09%</b>
<b>Total Assets</b>	<b>52,589,248.94</b>	<b>49,304,355.73</b>	<b>3,284,893.21</b>	<b>6.66%</b>
<b>Liabilities and Net Assets</b>				
<b>Current Liabilities</b>				
<i>Accounts Payable</i>	1,166,219.47	859,516.90	306,702.57	35.68%
<i>Customer Deposits</i>	418,456.63	403,006.23	15,450.40	3.83%
<i>Accrued Payroll Taxes Payable</i>	(22,977.29)	(22,131.57)	(845.72)	3.82%
<i>Accrued Payroll</i>	81,441.36	76,926.86	4,514.50	5.87%
<i>Accrued Employee Leave</i>	136,511.88	132,547.13	3,964.75	2.99%
<i>Other Current &amp; Accrued Liabilities</i>	21,704.34	5,470.58	16,233.76	296.75%
<b>Total Current Liabilities</b>	<b>1,801,356.39</b>	<b>1,455,336.13</b>	<b>346,020.26</b>	<b>23.78%</b>
<b>Noncurrent Liabilities</b>				
<i>Noncurrent Liabilities</i>	3,339,339.48	3,423,219.88	(83,880.40)	-2.45%
<b>Total Noncurrent Liabilities</b>	<b>3,339,339.48</b>	<b>3,423,219.88</b>	<b>(83,880.40)</b>	<b>-2.45%</b>
<b>Total Liabilities</b>	<b>5,140,695.87</b>	<b>4,878,556.01</b>	<b>262,139.86</b>	<b>5.37%</b>
<b>Net Assets - Unrestricted</b>				
<i>Reserves</i>	0.00	0.00	0.00	na

## Balance Sheet - Electric

September 30, 2024

	This Year YTD	Last Year YTD	Variance Dollar	Variance Percent
<b>Liabilities and Net Assets</b>				
<i>Unappropriated Retained Earnings</i>	48,814,624.51	45,204,862.20	3,609,762.31	7.99%
<i>YTD Net Income(Loss)</i>	115,483.56	675,324.48	(559,840.92)	-82.90%
<i>Other Equities</i>	(1,481,555.00)	(1,481,555.00)	0.00	0.00%
Less PP&E, Net	(32,525,578.08)	(32,021,153.33)	504,424.75	1.58%
<b>Total Net Assets - Unrestricted</b>	<b>14,922,974.99</b>	<b>12,377,478.35</b>	<b>2,545,496.64</b>	<b>20.57%</b>
<b>Investment in Capital Assets</b>	<b>32,525,578.08</b>	<b>32,021,153.33</b>	<b>504,424.75</b>	<b>1.58%</b>
<b>Total Net Assets</b>	<b>47,448,553.07</b>	<b>44,398,631.68</b>	<b>3,049,921.39</b>	<b>6.87%</b>
 <b><u>Total Liabilities and Net Assets</u></b>	<b>52,589,248.94</b>	<b>49,277,187.69</b>	<b>3,312,061.25</b>	<b>6.72%</b>

# Balance Sheet - Water

September 30, 2024

	This Year YTD	Last Year YTD	Variance Dollar	Variance Percent
<b>Assets</b>				
<b>Current Assets</b>				
<i>Cash</i>	528,531.61	457,381.96	71,149.65	15.56%
<i>Allocate Cash to Reserves</i>	(8,893,758.08)	(5,250,899.78)	(3,642,858.30)	69.38%
<i>Local Government Investment Pool</i>	10,214,562.84	8,294,530.27	1,920,032.57	23.15%
<i>Current Accounts Receivable</i>	835,133.00	735,998.51	99,134.49	13.47%
<i>Plant Materials &amp; Operating Supplies</i>	350,801.85	346,094.11	4,707.74	1.36%
<i>Prepayments</i>	69,450.98	54,333.38	15,117.60	27.82%
<b>Total Current Assets</b>	<b>3,104,722.20</b>	<b>4,637,438.45</b>	<b>(1,532,716.25)</b>	<b>-33.05%</b>
<b>Noncurrent Assets</b>				
<i>Other Deferred Charges</i>	412,815.62	491,235.76	(78,420.14)	-15.96%
<b>Total Noncurrent Assets</b>	<b>412,815.62</b>	<b>491,235.76</b>	<b>(78,420.14)</b>	<b>-15.96%</b>
<b>Property Plant and Equipment</b>				
<i>Property Plant &amp; Equipment in Service</i>	42,843,903.57	41,778,929.32	1,064,974.25	2.55%
<i>Accumulated Depreciation</i>	(15,412,142.91)	(14,535,324.80)	(876,818.11)	6.03%
<i>Construction Work in Progress</i>	178,125.96	191,094.73	(12,968.77)	-6.79%
<b>Total Property Plant and Equipment</b>	<b>27,609,886.62</b>	<b>27,434,699.25</b>	<b>175,187.37</b>	<b>0.64%</b>
<b>Cash Designated for Future Use</b>				
<i>Bond Reserve Requirement</i>	0.00	0.00	0.00	na
<i>Reserve-SDC</i>	233,328.08	46,712.78	186,615.30	399.50%
<i>Reserve-Capital Improvement</i>	0.00	0.00	0.00	na
<i>Reserve-Capital Replacement</i>	0.00	0.00	0.00	na
<i>Future Improvement/Replacement</i>	8,660,430.00	5,204,187.00	3,456,243.00	66.41%
<b>Total Cash Designated for Future Use</b>	<b>8,893,758.08</b>	<b>5,250,899.78</b>	<b>3,642,858.30</b>	<b>69.38%</b>
<b>Total Assets</b>	<b>40,021,182.52</b>	<b>37,814,273.24</b>	<b>2,206,909.28</b>	<b>5.84%</b>
<b>Liabilities and Net Assets</b>				
<b>Current Liabilities</b>				
<i>Accounts Payable</i>	166,201.53	199,639.22	(33,437.69)	-16.75%
<i>Sewer Collections Payable</i>	0.00	0.00	0.00	na
<i>Accrued Interest</i>	10,646.70	15,260.86	(4,614.16)	-30.24%
<i>Accrued Payroll Taxes Payable</i>	(2,934.21)	(3,286.99)	352.78	-10.73%
<i>Accrued Payroll</i>	24,795.36	26,120.02	(1,324.66)	-5.07%
<i>Accrued Employee Leave</i>	6,810.05	8,622.14	(1,812.09)	-21.02%
<i>Other Current &amp; Accrued Liabilities</i>	(6,222.20)	(5,376.08)	(846.12)	15.74%
<b>Total Current Liabilities</b>	<b>199,297.23</b>	<b>240,979.17</b>	<b>(41,681.94)</b>	<b>-17.30%</b>
<b>Noncurrent Liabilities</b>				
<i>Noncurrent Liabilities</i>	2,233,359.37	2,769,449.84	(536,090.47)	-19.36%
<b>Total Noncurrent Liabilities</b>	<b>2,233,359.37</b>	<b>2,769,449.84</b>	<b>(536,090.47)</b>	<b>-19.36%</b>
<b>Total Liabilities</b>	<b>2,432,656.60</b>	<b>3,010,429.01</b>	<b>(577,772.41)</b>	<b>-19.19%</b>

Net Assets - Unrestricted

# Balance Sheet - Water

September 30, 2024

	This Year YTD	Last Year YTD	Variance Dollar	Variance Percent
<b>Liabilities and Net Assets</b>				
<i>Reserves</i>	55,706.97	46,340.02	9,366.95	20.21%
<i>Unappropriated Retained Earnings</i>	34,665,421.61	32,568,625.29	2,096,796.32	6.44%
<i>YTD Net Income(Loss)</i>	1,437,531.24	698,895.87	738,635.37	105.69%
<i>Other Equities</i>	1,429,866.10	1,439,233.05	(9,366.95)	-0.65%
Less PP&E, Net	(27,609,886.62)	(27,434,699.25)	175,187.37	0.64%
<b>Total Net Assets - Unrestricted</b>	<b>9,978,639.30</b>	<b>7,318,394.98</b>	<b>2,660,244.32</b>	<b>36.35%</b>
<b>Investment in Capital Assets</b>	<b>27,609,886.62</b>	<b>27,434,699.25</b>	<b>175,187.37</b>	<b>0.64%</b>
<b>Total Net Assets</b>	<b>37,588,525.92</b>	<b>34,753,094.23</b>	<b>2,835,431.69</b>	<b>8.16%</b>
 <b>Total Liabilities and Net Assets</b>	<b>40,021,182.52</b>	<b>37,763,523.24</b>	<b>2,257,659.28</b>	<b>5.98%</b>



**Canby Utility**  
**Canby Water Supply System Project**  
**SDAO Schedule - anticipated duration of key activities**

	Weeks	5/27/2024	6/3/2024	6/10/2024	6/17/2024	6/24/2024	7/1/2024	7/8/2024	7/15/2024	7/22/2024	7/29/2024	8/5/2024	8/12/2024	8/19/2024	8/26/2024	9/2/2024	9/9/2024	9/16/2024	9/23/2024	9/30/2024	10/7/2024	10/14/2024	10/21/2024	10/28/2024	11/4/2024	11/11/2024	11/18/2024	11/25/2024	12/2/2024	12/9/2024	12/16/2024	12/23/2024	12/30/2024	1/6/2025	1/13/2025	
<b>Notice to proceed</b>																																				
Draft RFP	3		X	X	X																															
CU Review	3					X	X	X	X	X	X	X	X	X	X	X																				
--PM																																				
--Staff & Board - this can be emailed to the Board members and any comments will be directed to me only.																																				
--Legal																																				
Fianlize & Issue RFP	2															X	X																			
This is after returned from CU																																				
Response Period	5 --> 6																	X	X	X	X															
Mandatory pre-proposal meeting																		X																		
Meet with CU Staff & Submit Questions																		X	X	X																
Deadline for pre-proposal protests																							X													
Proposal Due Date 10/24/24 @ 3:00 PM																							X													
Consultant	4																								X	X										
--evaluation																									X	X	X		X	X						
--interviews																									X											
--selection																									X	X	X	X								
Consultant	3																											X	X							
-- Contract negotiation																																				
Consultant	15																																			
--contract award 20 weeks from notice to proceed																																				

Work in progress  
Board mtg week  
New timeline



Report of Independent Auditors  
and Financial Statements  
with Supplementary Information

**Canby Utility Board (A Component Unit of  
the City of Canby, Oregon)**

June 30, 2024 and 2023

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**Canby Utility Board  
Board of Directors  
Year Ended June 30, 2024**

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Name	Address	Title
Melody Thompson	260 NE 10th Ave. Canby, Oregon	Chairman of the Board of Directors and Registered Agent
David Horrax	1025 N. Noble Ct. Canby, Oregon	Member of the Board of Directors
Jack Pendleton	686 NW 13th Canby, Oregon	Member of the Board of Directors
John Molamphy	1054 NW 8th Avenue Canby, Oregon	Member of the Board of Directors
Jake Hill	116 NE 19th Avenue Canby, Oregon	Member of the Board of Directors

Board Meeting – Second Tuesday of Each Month

Registered Office – Canby, Oregon

## **Report of Independent Auditors**

The Board of Directors  
Canby Utility Board

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the financial statements of the electric system, water system, and combined total systems of Canby Utility Board (the Utility), a component unit of the City of Canby, Oregon, which comprise the individual and combined statements of net position as of June 30, 2024 and 2023, and the related individual and combined statements of revenues, expenses, and changes in net position, and individual and combined statements of cash flows for the years then ended, and the related notes to the individual and combined financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the Utility as of June 30, 2024 and 2023, and the respective results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Utility and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Reporting Entity***

The financial statements present only the Utility and do not purport to, and do not, present fairly the financial position of the City of Canby, Oregon, as of June 30, 2024 and 2023, the changes in its financial position, or its cash flows, for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Utility's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Utility's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Utility's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of proportionate share of the net pension liability, the schedule of contributions, and the schedule of changes in total OPEB liability and related ratios be presented to supplement the financial statements. Such information is the responsibility of management and, 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 audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Utility's basic financial statements. The schedule of revenues and expenditures – budget and actual – electric system and water system, for the year ended June 30, 2024, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by Minimum Standards for Audits of Oregon Municipal Corporations**

In accordance with the *Minimum Standards for Auditors of Oregon Municipal Corporations*, we have also issued our report dated November 21, 2024, on our consideration of the Utility's compliance with certain provisions of laws and regulations, including the provisions of the Oregon Revised Statutes as specified in Oregon Administrative Rules 162-010-0000 through 162-010-0330 of the *Minimum Standards for Audits of Oregon Municipal Corporations*. 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.



Keith Simovic, Partner,  
for Moss Adams LLP  
Portland, Oregon  
November 21, 2024

## **Management's Discussion and Analysis**



## **Canby Utility Board Management's Discussion and Analysis**

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Canby Utility Board (the Utility) is an independent governmental subdivision of the City of Canby, an Oregon municipal corporation. The Utility is located in Canby, Oregon, a historic town of 18,920 on the banks of the Molalla River, twenty miles south of the City of Portland. The Utility was founded in 1970 and is responsible for the exclusive control and management of electric services provided to residential, commercial, and industrial customers within the city limits of Canby. In 1981, a city charter amendment transferred water utility assets ownership to the City of Canby while the Utility continued to operate and manage the water system. Subsequently, the City and the Utility formalized this relationship by entering into an intergovernmental agreement giving the Utility all the City's authority to control and manage the water system.

The Utility has approximately 8,331 electric customers and 5,891 water customers, the majority within the city limits. The Utility purchases all of its wholesale power from Bonneville Power Administration on the federal fiscal year of October through September. For the Utility's fiscal year, the Utility delivered a monthly average of 16,153,380 kilowatt-hours of electricity and 8,406,654 cubic feet of water to our customers. Our average system daily consumption was 531,070 kilowatt-hours of electricity and 276,383 cubic feet of water. Electrical demand varied from a monthly peak demand of 28,489 kilowatts in May to 41,847 kilowatts in August, with an average annual system demand for the period of 22.63 average megawatts.

The Utility is dedicated to providing its customers the highest quality products and services possible at reasonable, stable prices.

The following is provided as a narrative analysis of the electric and water systems' financial activities based on currently known facts, decisions, and conditions. This should be read in conjunction with the Combined Statements of Net Position, Statements of Revenues, Expenses and Changes in Net Position, and Statements of Cash Flows, which follow.

The Combined Statements of Revenues, Expenses and Changes in Net Position report all revenues and expenses for the year. The Combined Statements of Net Position include all assets and liabilities, deferred inflows and outflows, and indicates those that are restricted. The Combined Statements of Cash Flows report the cash from operating activities, as well as cash from capital and related financing activities, and investing activities.

### **Overview of Financial Performance**

The Utility's combined net position has increased from \$77.8 million as of June 30, 2023, to \$83.5 million as of June 30, 2024. This increase of \$5.7 million in combined net position is less than the increase of combined net position of \$7.0 million from June 30, 2022, to June 30, 2023. Unrestricted net position, which is the part of net position that can be used to finance day-to-day activities without constraints established by debt covenants or other legal requirements, has increased by \$4.4 million. Operating revenues of the Utility increased 3.78% mainly due to increased electric and water sales. The Utility's operating expenses increased from the previous year by 7.70% mainly due to increased purchased power costs, and water treatment plant costs.

## Canby Utility Board Management's Discussion and Analysis

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### Fiscal Year 2024 Budget Results

Overall electric and water operating revenues increased the Utility's net position more than budgeted. The operating revenues for electric are over budget by .75% and operating revenues for water are over budget by 15.15%. The electric's operating expenses are under budget 9.59% mainly due to lower power costs and vacant positions. The water's operating expenses are under budget 9.30% mainly due to vacant positions. While there is no budget compliance requirement, the board of directors utilizes budget experience to identify projects and areas within the Utility which may require additional oversight. For more detailed schedules of budget to actual variances for the fiscal year see the supplementary information.

### Electric System

#### *Electric System Financial Highlights*

(Dollars rounded in thousands)

	Years Ended June 30,		
	2024	2023	2022
Cash and cash equivalents	\$ 13,811	\$ 11,710	\$ 8,893
Utility plant, net	32,993	32,301	31,863
Accounts Receivable and Inventory	4,200	3,355	2,860
Deferred outflows of resources	1,130	1,264	1,494
<b>Total assets and deferred outflows of resources</b>	<b>\$ 52,134</b>	<b>\$ 48,630</b>	<b>\$ 45,110</b>
Total liabilities	\$ 4,114	\$ 3,862	\$ 3,317
Deferred inflows of resources	687	1,044	1,545
Net position			
Net investment in capital assets	32,993	32,301	31,863
Unrestricted net position	14,340	11,423	8,385
<b>Total liabilities, deferred inflows of resources, and net position</b>	<b>\$ 52,134</b>	<b>\$ 48,630</b>	<b>\$ 45,110</b>
Operating revenues	\$ 15,082	\$ 14,367	\$ 14,000
Operating expenses	(13,242)	(12,250)	(12,660)
Non-operating revenues	630	246	45
Income before contributed capital	2,470	2,363	1,385
Contributed capital	1,140	1,112	1,289
<b>Change in net position</b>	<b>\$ 3,610</b>	<b>\$ 3,475</b>	<b>\$ 2,674</b>

## **Canby Utility Board**

### **Management's Discussion and Analysis**

---

#### **Results of Operations – Electric**

(As reported in the Combined Statements of Revenues, Expenses and Changes in Net Position)

Operating revenues increased by 4.91% in 2024 mainly due to increased sales. Operating revenues increased by 2.62% in 2023 also due to increased sales.

Operating expenses increased by 8.10% in 2024. This was primarily due to an increase in purchased power costs and increased payroll costs.

Operating expenses decreased by 3.24% in 2023. This was primarily due to a decrease in purchased power costs and lower payroll costs due to open positions.

#### **Financial Position – Electric**

(As reported in the Combined Statements of Net Position)

The electric system's financial position improved during 2024 with an increase in net position of \$3.60 million. At year-end, total utility plant increased due to additions to the distribution system. Total property, plant, and equipment, net, represents 63.30% of total assets and deferred outflows of resources. Total net position – unrestricted, increased by 25.46% mainly due to an increase in current assets.

The electric system's financial position improved during 2023 with an increase in net position of \$3.48 million. At year-end, total utility plant increased due to additions to the distribution system. Total property, plant, and equipment, net, represents 66.42% of total assets and deferred outflows of resources. Total net position – unrestricted, increased by 36.23% mainly due to higher net income.

**Canby Utility Board**  
**Management's Discussion and Analysis**

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**Water System**

*Water System Financial Highlights*

(Dollars rounded in thousands)

	Years Ended June 30,		
	2024	2023	2022
Cash and cash equivalents	\$ 9,389	\$ 8,043	\$ 6,273
Utility plant, net	27,674	27,528	26,556
Accounts Receivable and Inventory	1,105	961	678
Deferred outflows of resources	416	495	729
	<u>          </u>	<u>          </u>	<u>          </u>
Total assets and deferred outflows of resources	<u>\$ 38,584</u>	<u>\$ 37,027</u>	<u>\$ 34,236</u>
Long-term debt	\$ 1,001	\$ 1,417	\$ 1,827
Other liabilities	1,179	1,147	1,098
Deferred inflows of resources	252	409	753
Net position			
Investment in capital assets, net of related debt	26,673	26,111	24,729
Restricted net position	389	386	384
Unrestricted net position	9,090	7,557	5,445
	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 38,584</u>	<u>\$ 37,027</u>	<u>\$ 34,236</u>
Operating revenues	\$ 4,417	\$ 4,410	\$ 3,831
Operating expenses	(3,759)	(3,537)	(3,309)
Non-operating revenues (expenses), net	399	159	(10)
	<u>          </u>	<u>          </u>	<u>          </u>
Income before contributed capital	1,057	1,032	512
Contributed capital	1,040	2,465	2,454
	<u>          </u>	<u>          </u>	<u>          </u>
Change in net position	<u>\$ 2,097</u>	<u>\$ 3,497</u>	<u>\$ 2,966</u>

**Results of Operations – Water**

(As reported in the Combined Statements of Revenues, Expenses and Changes in Net Position)

Operating revenues increased slightly by 0.07% in 2024. Operating revenues increased by 10.77% in 2023 due to higher water sales and higher unbilled water revenue.

Operating expenses increased by 6.28% in 2024. This is mainly attributed to fewer vacant positions. Operating expenses increased by 6.89% in 2023. This is mainly due to higher water treatment plant costs and higher depreciation expense.

# Canby Utility Board

## Management's Discussion and Analysis

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### **Financial Position – Water**

(As reported in the Combined Statements of Net Position)

The water system's financial position increased during 2024, with an increase in net position of \$2.10 million. At year-end, total utility plant increased due to additions to the distribution system. Total property, plant, and equipment, net, represents 71.73% of total assets and deferred outflows of resources. Total net position – unrestricted, increased by 20% mainly due to an increase in current assets.

The water system's financial position increased during 2023, with an increase in net position of \$3.50 million. At year-end, total utility plant increased due to general capital replacements and improvements to the distribution system. Total property, plant, and equipment, net, represents 74.35% of total assets and deferred outflows of resources. Total net position – unrestricted, increased by 38% mainly due to an increase in current assets.

### **Capital Asset and Long-Term Debt Activity**

During 2024, the Utility had additions net of accumulated depreciation retirements totaling \$693,000 for the electric system and \$146,000 for the 2024 fiscal year.

During 2023, the Utility had additions net of accumulated depreciation retirements totaling \$438,000 for the electric system and \$972,000 for the water system. Principal payment made on the water revenue bonds totaled \$410,000 for the 2023 fiscal year.

### **Request for Information**

This financial report is designed to provide a general overview of the Utility's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Finance Manager at PO Box 1070, Canby, OR 97013.

**Canby Utility Board**  
**Individual and Combined Statements of Net Position**  
**June 30, 2024 and 2023**

**ASSETS AND DEFERRED OUTFLOWS OF RESOURCES**

	Electric System		Water System		Combined	
	2024	2023	2024	2023	2024	2023
<b>CURRENT ASSETS</b>						
Cash and cash equivalents	\$ 13,355,257	\$ 11,303,048	\$ 8,995,540	\$ 7,649,101	\$ 22,350,797	\$ 18,952,149
Cash and cash equivalents – restricted	455,533	407,018	393,900	393,900	849,433	800,918
Accounts receivable, net	1,580,127	1,568,116	748,862	689,832	2,328,989	2,257,948
Materials and supplies	2,529,166	1,706,422	332,065	257,243	2,861,231	1,963,665
Prepaid expenses	44,150	38,740	23,683	13,792	67,833	52,532
<b>Total current assets</b>	<b>17,964,233</b>	<b>15,023,344</b>	<b>10,494,050</b>	<b>9,003,868</b>	<b>28,458,283</b>	<b>24,027,212</b>
<b>PROPERTY, PLANT, AND EQUIPMENT, net</b>	<b>32,993,323</b>	<b>32,300,629</b>	<b>27,673,826</b>	<b>27,527,891</b>	<b>60,667,149</b>	<b>59,828,520</b>
<b>OTHER ASSETS</b>	<b>46,521</b>	<b>41,665</b>	<b>-</b>	<b>-</b>	<b>46,521</b>	<b>41,665</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred outflows – pension	1,092,208	1,222,208	399,879	478,122	1,492,087	1,700,330
Deferred outflows – other postemployment benefits	38,061	42,136	15,940	17,431	54,001	59,567
<b>Total deferred outflows of resources</b>	<b>1,130,269</b>	<b>1,264,344</b>	<b>415,819</b>	<b>495,553</b>	<b>1,546,088</b>	<b>1,759,897</b>
<b>Total assets and deferred outflows of resources</b>	<b>\$ 52,134,346</b>	<b>\$ 48,629,982</b>	<b>\$ 38,583,695</b>	<b>\$ 37,027,312</b>	<b>\$ 90,718,041</b>	<b>\$ 85,657,294</b>

See accompanying notes.

**Canby Utility Board**  
**Individual and Combined Statements of Net Position**  
**June 30, 2024 and 2023**

**LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION**

	Electric System		Water System		Combined	
	2024	2023	2024	2023	2024	2023
<b>CURRENT LIABILITIES</b>						
Accounts payable	\$ 759,511	\$ 820,877	\$ 145,068	\$ 143,045	\$ 904,579	\$ 963,922
Accrued contributions in lieu of taxes	55,282	55,854	23,390	24,136	78,672	79,990
Accrued expenses	179,036	172,300	30,881	36,483	209,917	208,783
Customer deposits	455,533	407,018	-	-	455,533	407,018
Current portion of debt	-	-	357,000	416,000	357,000	416,000
Total current liabilities	<u>1,449,362</u>	<u>1,456,049</u>	<u>556,339</u>	<u>619,664</u>	<u>2,005,701</u>	<u>2,075,713</u>
LONG-TERM DEBT, net	<u>-</u>	<u>-</u>	<u>644,000</u>	<u>1,001,000</u>	<u>644,000</u>	<u>1,001,000</u>
<b>OTHER LIABILITIES</b>						
Net pension liability	2,582,796	2,323,159	945,614	908,810	3,528,410	3,231,969
Total OPEB liability	<u>81,889</u>	<u>82,619</u>	<u>34,347</u>	<u>34,614</u>	<u>116,236</u>	<u>117,233</u>
Total other liabilities	<u>2,664,685</u>	<u>2,405,778</u>	<u>979,961</u>	<u>943,424</u>	<u>3,644,646</u>	<u>3,349,202</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred inflows – pension	674,225	1,024,811	246,847	400,901	921,072	1,425,712
Deferred inflows – other postemployment benefits	<u>13,005</u>	<u>20,035</u>	<u>5,551</u>	<u>8,125</u>	<u>18,556</u>	<u>28,160</u>
Total deferred inflows of resources	<u>687,230</u>	<u>1,044,846</u>	<u>252,398</u>	<u>409,026</u>	<u>939,628</u>	<u>1,453,872</u>
<b>NET POSITION</b>						
Net investment in capital assets	32,993,323	32,300,629	26,672,826	26,110,891	59,666,149	58,411,520
Restricted – accrued interest	-	-	388,577	386,270	388,577	386,270
Unrestricted	<u>14,339,746</u>	<u>11,422,680</u>	<u>9,089,594</u>	<u>7,557,037</u>	<u>23,429,340</u>	<u>18,979,717</u>
Total net position	<u>47,333,069</u>	<u>43,723,309</u>	<u>36,150,997</u>	<u>34,054,198</u>	<u>83,484,066</u>	<u>77,777,507</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 52,134,346</u>	<u>\$ 48,629,982</u>	<u>\$ 38,583,695</u>	<u>\$ 37,027,312</u>	<u>\$ 90,718,041</u>	<u>\$ 85,657,294</u>

See accompanying notes.

**Canby Utility Board**  
**Individual and Combined Statements Revenues, Expenses, and Changes in Net Position**  
**June 30, 2024 and 2023**

	Electric System		Water System		Combined	
	2024	2023	2024	2023	2024	2023
<b>OPERATING REVENUES</b>						
Sales of power and water	\$ 14,680,473	\$ 13,822,204	\$ 4,330,936	\$ 4,243,517	\$ 19,011,409	\$ 18,065,721
Other, net	401,377	544,713	85,720	166,364	487,097	711,077
<b>Total operating revenues</b>	<b>15,081,850</b>	<b>14,366,917</b>	<b>4,416,656</b>	<b>4,409,881</b>	<b>19,498,506</b>	<b>18,776,798</b>
<b>OPERATING EXPENSES</b>						
Purchased power	7,848,616	7,177,936	-	-	7,848,616	7,177,936
Water treatment	-	-	1,369,269	1,247,808	1,369,269	1,247,808
System operations less overhead and labor capitalized	1,482,526	1,372,653	608,610	628,780	2,091,136	2,001,433
Administrative services	1,281,319	1,143,433	531,857	460,927	1,813,176	1,604,360
Customer services and conservation	623,282	624,441	167,481	151,091	790,763	775,532
Contribution in lieu of taxes	729,452	692,152	212,915	209,834	942,367	901,986
Depreciation	1,277,170	1,238,994	869,128	838,767	2,146,298	2,077,761
<b>Total operating expenses</b>	<b>13,242,365</b>	<b>12,249,609</b>	<b>3,759,260</b>	<b>3,537,207</b>	<b>17,001,625</b>	<b>15,786,816</b>
<b>Net operating income</b>	<b>1,839,485</b>	<b>2,117,308</b>	<b>657,396</b>	<b>872,674</b>	<b>2,496,881</b>	<b>2,989,982</b>
<b>NONOPERATING REVENUE (EXPENSE)</b>						
Interest income	633,653	278,041	436,875	197,991	1,070,528	476,032
Interest expense	(19,363)	(8,849)	(23,600)	(32,774)	(42,963)	(41,623)
Gain (loss) on sale of assets	15,923	(23,585)	(14,241)	(6,224)	1,682	(29,809)
<b>Total nonoperating revenue (expense)</b>	<b>630,213</b>	<b>245,607</b>	<b>399,034</b>	<b>158,993</b>	<b>1,029,247</b>	<b>404,600</b>
<b>CONTRIBUTIONS IN AID OF CONSTRUCTION</b>	<b>1,140,062</b>	<b>1,111,737</b>	<b>1,040,369</b>	<b>2,464,737</b>	<b>2,180,431</b>	<b>3,576,474</b>
<b>Change in net position</b>	<b>3,609,760</b>	<b>3,474,652</b>	<b>2,096,799</b>	<b>3,496,404</b>	<b>5,706,559</b>	<b>6,971,056</b>
<b>NET POSITION, beginning of year</b>	<b>43,723,309</b>	<b>40,248,657</b>	<b>34,054,198</b>	<b>30,557,794</b>	<b>77,777,507</b>	<b>70,806,451</b>
<b>NET POSITION, ending</b>	<b>\$ 47,333,069</b>	<b>\$ 43,723,309</b>	<b>\$ 36,150,997</b>	<b>\$ 34,054,198</b>	<b>\$ 83,484,066</b>	<b>\$ 77,777,507</b>

See accompanying notes.



**Canby Utility Board**  
**Individual and Combined Statements of Cash Flows**  
**Years Ended June 30, 2024 and 2023**

	Electric System		Water System		Combined	
	2024	2023	2024	2023	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Cash received from customers	\$ 15,105,866	\$ 14,103,061	\$ 4,357,626	\$ 4,119,373	\$ 19,463,492	\$ 18,222,434
Cash paid for purchased power	(7,853,472)	(6,961,583)	-	-	(7,853,472)	(6,961,583)
Cash paid to suppliers	(1,927,798)	(1,461,696)	(813,512)	(979,959)	(2,741,310)	(2,441,655)
Cash paid to employees	(1,248,613)	(1,051,520)	(1,492,448)	(1,031,033)	(2,741,061)	(2,082,553)
Cash paid for employee benefits	(595,204)	(516,124)	(243,284)	(226,115)	(838,488)	(742,239)
Cash paid for retirement obligation	(462,933)	(296,582)	(256,622)	(316,629)	(719,555)	(613,211)
Cash paid for contribution in lieu of taxes	(717,533)	(679,153)	(213,661)	(198,630)	(931,194)	(877,783)
Net cash provided by operating activities	<u>2,300,313</u>	<u>3,136,403</u>	<u>1,338,099</u>	<u>1,367,007</u>	<u>3,638,412</u>	<u>4,503,410</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Interest earnings on cash equivalents	<u>633,653</u>	<u>278,041</u>	<u>436,875</u>	<u>197,991</u>	<u>1,070,528</u>	<u>476,032</u>
Net cash provided by investing activities	<u>633,653</u>	<u>278,041</u>	<u>436,875</u>	<u>197,991</u>	<u>1,070,528</u>	<u>476,032</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Principal payment on long-term debt	-	-	(416,000)	(410,000)	(416,000)	(410,000)
Interest paid	(19,363)	(8,849)	(23,600)	(32,774)	(42,963)	(41,623)
Contributed capital	1,140,062	1,111,737	1,040,369	2,464,737	2,180,431	3,576,474
Proceeds from sale of property, plant, and equipment	15,923	(23,585)	(14,241)	(6,224)	1,682	(29,809)
Additions to utility plant, net	(1,969,864)	(1,676,279)	(1,015,063)	(1,810,380)	(2,984,927)	(3,486,659)
Net cash used by capital and related financing activities	<u>(833,242)</u>	<u>(596,976)</u>	<u>(428,535)</u>	<u>205,359</u>	<u>(1,261,777)</u>	<u>(391,617)</u>
Net change in cash and investments	2,100,724	2,817,468	1,346,439	1,770,357	3,447,163	4,587,825
CASH AND CASH EQUIVALENTS, beginning	<u>11,710,066</u>	<u>8,892,598</u>	<u>8,043,001</u>	<u>6,272,644</u>	<u>19,753,067</u>	<u>15,165,242</u>
CASH AND CASH EQUIVALENTS, ending	<u>\$ 13,810,790</u>	<u>\$ 11,710,066</u>	<u>\$ 9,389,440</u>	<u>\$ 8,043,001</u>	<u>\$ 23,200,230</u>	<u>\$ 19,753,067</u>
<b>RECONCILIATION TO THE STATEMENT OF NET POSITION</b>						
Cash and cash equivalents	\$ 13,355,257	\$ 11,303,048	\$ 8,995,540	\$ 7,649,101	\$ 22,350,797	\$ 18,952,149
Cash and cash equivalents – restricted	<u>455,533</u>	<u>407,018</u>	<u>393,900</u>	<u>393,900</u>	<u>849,433</u>	<u>800,918</u>
	<u>\$ 13,810,790</u>	<u>\$ 11,710,066</u>	<u>\$ 9,389,440</u>	<u>\$ 8,043,001</u>	<u>\$ 23,200,230</u>	<u>\$ 19,753,067</u>

See accompanying notes.

**Canby Utility Board**  
**Individual and Combined Statements of Cash Flows**  
**Years Ended June 30, 2024 and 2023**

	Electric System		Water System		Combined	
	2024	2023	2024	2023	2024	2023
<b>RECONCILIATION OF NET OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>						
Net operating income	\$ 1,839,485	\$ 2,117,308	\$ 657,396	\$ 872,674	\$ 2,496,881	2,989,982
Adjustments to reconcile net operating income to net cash provided by operating activities						
Depreciation	1,277,170	1,238,994	869,128	838,767	2,146,298	2,077,761
Pension expense (credit)	39,051	130,950	(39,007)	(142,604)	44	(11,654)
OPEB expense (credit)	(3,685)	(4,036)	(1,350)	(1,578)	(5,035)	(5,614)
Changes in operating assets and liabilities						
Accounts receivable, net	(12,011)	(347,553)	(59,030)	(290,508)	(71,041)	(638,061)
Materials and supplies	(822,744)	(104,523)	(74,822)	8,045	(897,566)	(96,478)
Prepaid expenses	(5,410)	(2,796)	(9,891)	(1,015)	(15,301)	(3,811)
Other noncurrent assets	(4,856)	(40,209)	-	-	(4,856)	(40,209)
Accounts payable	(61,366)	(1,306)	2,023	72,762	(59,343)	71,456
Accrued contributions in lieu of taxes	(572)	7,929	(746)	11,204	(1,318)	19,133
Accrued expenses	6,736	52,877	(5,602)	(740)	1,134	52,137
Customer deposits	48,515	88,768	-	-	48,515	88,768
Net cash provided by operating activities	<u>\$ 2,300,313</u>	<u>\$ 3,136,403</u>	<u>\$ 1,338,099</u>	<u>\$ 1,367,007</u>	<u>\$ 3,638,412</u>	<u>\$ 4,503,410</u>

See accompanying notes.

# Canby Utility Board

## Notes to Individual and Combined Financial Statements

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### **Note 1 – Summary of Significant Accounting Policies**

**Reporting entity** – The Canby Utility Board (the Utility) is a component unit of the City of Canby (the City). The Utility was established on November 3, 1970, and is responsible for the exclusive control and management of electric services provided to residential and commercial customers within the city limits of Canby, Oregon. These basic financial statements include the Utility’s electric system, and the City’s water system, as the Utility is financially accountable for the administration and operation of the City’s water service.

All non-management employees are members of the International Brotherhood of Electrical Workers (IBEW). The agreements between the Utility and IBEW expire June 30, 2026.

The Utility purchases all of its wholesale power from Bonneville Power Administration (see Note 8).

**Basis of accounting** – The Utility’s financial statements are presented on the flow of economic resources measurement focus and the accrual basis of accounting and conform to the accounting principles generally accepted in the United States of America for proprietary (enterprise) funds. Accordingly, revenues are recorded when earned and expenses are recorded when incurred.

The financial statements of the Utility have been prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments.

The Utility accounts for the activities of the Utility in two systems, the electric system and the water system. The electric system accounts for all activities related to the distribution of power to customers of the Utility. The water system accounts for all activities related to the distribution of water to customers of the Utility. The accounts of the Utility are organized on the basis of a proprietary (enterprise) fund type.

The activities of each system are accounted for with a separate set of self-balancing accounts that comprise the Utility’s assets, liabilities, deferred inflows and outflows, net position, revenues, and expenses. All inter-system activity has been eliminated in the combined financial statements.

**Use of estimates** – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant items subject to such estimates and assumptions include the depreciation of utility plant, valuation allowances for receivables, and obligations related to employee pension and other postemployment benefits. Actual results could differ from those estimates.

## Canby Utility Board

### Notes to Individual and Combined Financial Statements

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**Adoption of new accounting standards** – In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections*, an Amendment of GASB Statement No. 62. This Statement provides guidance in the accounting and financial reporting for accounting changes and error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period, and (d) reclassification in the financial statements resulting from a change in accounting principle or an error correction by reclassifying all prior periods presented, if practicable. This Statement also requires that the aggregate amount of adjustments to and restatements of beginning net position, fund balance, or fund net position, as applicable, be displayed by reporting unit in the financial statements. The Utility adopted GASB Statement No. 100 during the fiscal year ended June 30, 2024, which resulted in no impact on the Utility's financial statements for fiscal years ended June 30, 2024 and 2023.

**Operating revenue and expenses** – Operating revenue is recorded on the basis of service delivered, including an estimated amount for unbilled service. Operating revenues generally result from providing services in connection with the proprietary funds' principal ongoing operations. Operating expenses include cost of power, water treatments, administrative expenses, and depreciation on plant assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**Cash and cash equivalents** – The Utility considers cash and other financial instruments with an original maturity of three months or less to be cash and cash equivalents. The Utility maintains its cash in bank deposit accounts that are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of \$250,000 per depositor.

Further, Oregon Revised Statute (ORS) 295 was established to provide a shared liability pool, increasing the protection of public funds, while allowing banks to pledge collateral, more accurately reflecting their actual public funds deposited. As of June 30, 2024 and 2023, the Utility had a book balance of \$455,363 and \$1,078,728, respectively. Of these deposits, \$250,000 was covered by the FDIC and \$205,363 and \$828,728 was collateralized in accordance with Oregon Revised Statutes (ORS) 295 as of June 30, 2024 and 2023, respectively.

Institutions with deposits in excess of FDIC coverage participate in the Oregon Public Funds Collateralization Program (PFCP) as defined in Oregon Revised Statutes (ORS) 295. This provides additional protection for public funds in the event of a bank failure, although it does not guarantee 100% protection. The Office of the State Treasurer categorizes the financial institutions in Oregon.

ORS authorize the Utility to invest in general obligations of the U.S. Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, time certificates of deposit, and commercial paper, among others.

Cash restricted by provisions of bond resolutions and agreements with other parties are identified as restricted assets. When the restricted assets are expendable within the terms of the agreements, it is the Utility's policy to spend restricted resources first, then unrestricted resources as needed.

## Canby Utility Board

### Notes to Individual and Combined Financial Statements

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**Receivables** – Accounts receivable primarily represent user charges for electric and water service, which are recognized as earned. Accounts receivable also include estimated revenues that are accrued for power and water deliveries not yet billed to customers from meter reading dates prior to month end (unbilled revenue). Unbilled revenue for electric was \$788,964 and \$662,572 as of June 30, 2024 and 2023, respectively. Unbilled revenue for water was \$378,480 and \$305,838 as of June 30, 2024 and 2023, respectively.

The credit practices of the Utility require an evaluation of each new customer’s credit worthiness on a case-by-case basis. At the discretion of management, a deposit may be obtained from the customer. The Utility discontinues electric, and in some circumstances water, service on delinquent accounts until payment is received. Concentrations of credit risk with respect to receivables for residential customers are limited due to the large number of residential customers comprising the Utility’s customer base.

Allowances for uncollectible receivables have been provided for the electric and water systems, based upon management’s review of the year-end accounts receivable aging and past credit and collection history. The allowance for uncollectible receivables for electric was \$1,569 and \$1,974 as of June 30, 2024 and 2023, respectively. The allowance for uncollectible receivables for water was \$1,903 and \$645 as of June 30, 2024 and 2023, respectively. Receivables are written off when the Utility determines an account is uncollectible.

**Materials and supplies** – Materials and supplies are stated at the lower of cost or market, with cost determined using a weighted average basis.

**Property, plant, and equipment** – Property, plant, and equipment are stated at cost. Costs include labor, materials, and related indirect costs, such as engineering, used during construction. The cost of additions, renewals, and betterments is capitalized. Projects constructed by others and contributed to the Utility are stated at approximate cost. Repairs and minor replacements are charged to operating expenses. The cost of property and removal cost, less salvage, is charged to accumulated depreciation when property is retired.

Depreciation is computed on assets placed in service using the straight-line method over their estimated useful lives as follows:

Buildings	50 years
Distribution plant	33 to 50 years
Equipment	6 to 25 years

**Compensated absences** – Accumulated, unpaid compensated absences (vacation) are recorded as an expense when earned. Sick pay is recorded when leave is taken as such amounts do not vest to the employees.

## Canby Utility Board

### Notes to Individual and Combined Financial Statements

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**Net pension liability** – The Utility reports its proportionate share of the net pension liability of the Oregon Public Employees Retirement System (OPERS). The net pension liability is measured as the portion of the present value of the projected benefit payments to be provided to current active and inactive qualifying employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position.

For purposes of measuring the net pension liability, deferred outflows and deferred inflows or resources related to pensions, and pension expense, information about the fiduciary net position of OPERS and additions to/deductions from OPERS' fiduciary net position have been determined on the same basis as they are reported by OPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments in the Plan are reported at fair value.

**Total OPEB liability** – The Utility allows retired employees to purchase health insurance at the same rates as active employees. For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources to OPEB, and OPEB expense, the Utility has relied on actuarial reports.

**Deferred outflows of resources and deferred inflows of resources** – Deferred outflows of resources represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. Deferred outflows of resources follows assets on the statement of net position.

Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and therefore will not be recognized as an inflow of resources (revenue) until that time. In the statement of net position, this includes resources that are received before the Utility has met eligibility requirements related to time. Deferred inflows of resources follows liabilities on the statement of net position.

**Net position** – Net position comprises the differences between assets and deferred outflows of resources less liabilities and deferred inflows. Net position is classified in the following three categories:

*Net investment in capital assets* – consists of all capital assets, net of accumulated depreciation and reduced by the outstanding balance of any bonds or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

*Restricted net position* – consists of external constraints placed on net position used by creditors, grantors, contributors, or laws of regulation of other governments or constraints imposed by law through constitutional provisions or enabling legislation. The Utility has \$388,577 and \$386,270 classified as restricted net position at June 30, 2024 and 2023, respectively.

*Unrestricted net position* – consists of all other net position that is not included in the other categories previously mentioned.

**Canby Utility Board**  
**Notes to Individual and Combined Financial Statements**

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**Note 2 – Cash and Cash Equivalents**

Cash and cash equivalents at fair value at June 30, 2024 and 2023, are comprised of:

	2024	2023
Cash on hand	\$ 800	\$ 800
Cash deposits in bank demand accounts	11,125,432	277,810
Restricted cash – customer deposits and bond reserve	849,433	800,918
Investment in State Treasurer's LGIP	11,224,565	18,673,539
Total cash and cash equivalents	\$ 23,200,230	\$ 19,753,067

Customer deposits are required prior to the provision of service in all cases where acceptable credit has not been demonstrated or a co-signer has not been accepted. A deposit may also be required if a customer has had two disconnect notices within a six-month period. Any deposit held by the Utility accrues interest to the customer's account at the rate earned by the Utility's cash and cash equivalents.

Statutes authorize the Utility to invest in obligations of the U.S. Treasury and U.S. agencies, banker's acceptances, repurchase agreements, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, the State Treasurer's Investment Pool, and deposits with banks, mutual savings banks, and savings and loan associations. No financial instruments that meet the definition of an investment under GASB Statement 72 were held as of June 30, 2024 and 2023.

Cash equivalents consist of cash deposits with the State of Oregon Local Government Investment Pool (LGIP), an external investment pool of the State of Oregon. The fair value of the Utility's position in the LGIP is the same as the value of the pool shares.

The State of Oregon LGIP is an open-ended, no-load diversified portfolio created under Oregon Revised Statutes 294.805 to 294.895 and administered by the Oregon State Treasurer as part of the Oregon Short Term Fund. Investments are regulated by the Oregon Short Term Fund Board and approved by the Oregon Investment Council. Separate financial statements for the Oregon Short Term Fund are available from the Oregon Audits Division, 255 Capital Street NE, Suite 500, Salem, OR 97301.

*Interest rate risk* – In accordance with its investment policy, the Utility manages its exposure to declines in fair value of its investments by limiting its investments to the LGIP.

*Custodial credit risk* – For deposits, this is the risk that in the event of a bank failure, the Utility's deposits may not be returned to it. The Utility does not have bank deposit policies to address custodial risk.

Nevertheless, management does not believe that there is any substantial custodial risk related to cash due to FDIC coverage.

**Canby Utility Board**  
**Notes to Individual and Combined Financial Statements**

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*Concentration of credit risk* – Financial instruments that are exposed to concentrations of credit risk consist primarily of cash and receivables. Credit is extended to customers generally without collateral requirements, however, deposits are obtained from certain customers and formal shut-off procedures are in place.

For an investment, there is the risk that, in the event of a failure of the counterparty, the Utility will not be able to recover the value of its investments or collateralized securities that are in the possession of an outside party. The LGIP is administered by the Oregon State Treasury with the advice of other state agencies and is not registered with the U.S. Securities and Exchange Commission. The LGIP is an open-ended, no-load diversified portfolio offered to any agency, political subdivision, or public corporation of the State that by law is made the custodian of, or has control of, any fund. The LGIP is commingled with the State’s short-term funds. In seeking to best serve local governments of Oregon, the Oregon legislature established the Oregon Short Term Fund Board, which has established diversification percentages and specifies the types and maturities of investments of the LGIP. These investments within the LGIP must be invested and managed as a prudent investor would, exercising reasonable care, skill, and caution. Professional standards indicate that the investments in external investment pools are not subject to custodial risk because they are not evidenced by securities that exist in physical or book entry form.

**Note 3 – Property, Plant, and Equipment**

Electric system property, plant, and equipment activity during 2024 is as follows:

	Balance at July 1, 2023	Increases	Decreases	Balance at June 30, 2024
Electric plant assets not being depreciated				
Land	\$ 1,078,741	\$ -	\$ -	\$ 1,078,741
Electric plant assets being depreciated				
Buildings	13,162,747	-	-	13,162,747
Distribution plant	25,178,295	1,322,267	(17,103)	26,483,459
Substation	6,414,531	144,482	(1,091)	6,557,922
Vehicle equipment	1,654,755	-	-	1,654,755
Office furniture and equipment	909,098	330,478	-	1,239,576
Other equipment	717,245	-	-	717,245
	<u>48,036,671</u>	<u>1,797,227</u>	<u>(18,194)</u>	<u>49,815,704</u>
Less accumulated depreciation	<u>(17,093,951)</u>	<u>(1,368,163)</u>	<u>39,292</u>	<u>(18,422,822)</u>
Net electric plant assets being depreciated	<u>30,942,720</u>	<u>429,064</u>	<u>21,098</u>	<u>31,392,882</u>
Property held for future use	3,633	-	-	3,633
Construction work in progress	<u>275,535</u>	<u>1,984,655</u>	<u>(1,742,123)</u>	<u>518,067</u>
Property, plant, and equipment, net	<u>\$ 32,300,629</u>	<u>\$ 2,413,719</u>	<u>\$ (1,721,025)</u>	<u>\$ 32,993,323</u>



**Canby Utility Board**  
**Notes to Individual and Combined Financial Statements**

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Electric system property, plant, and equipment activity during 2023 is as follows:

	Balance at July 1, 2022	Increases	Decreases	Balance at June 30, 2023
Electric plant assets not being depreciated				
Land	\$ 1,078,741	\$ -	\$ -	\$ 1,078,741
Electric plant assets being depreciated				
Buildings	13,162,747	-	-	13,162,747
Distribution plant	23,784,703	1,401,559	(7,967)	25,178,295
Substation	6,378,139	36,392	-	6,414,531
Vehicle equipment	1,488,374	166,381	-	1,654,755
Office furniture and equipment	904,107	4,991	-	909,098
Other equipment	703,798	13,447	-	717,245
	<u>46,421,868</u>	<u>1,622,770</u>	<u>(7,967)</u>	<u>48,036,671</u>
Less accumulated depreciation	<u>(15,802,228)</u>	<u>(1,296,738)</u>	<u>5,015</u>	<u>(17,093,951)</u>
Net electric plant assets being depreciated	<u>30,619,640</u>	<u>326,032</u>	<u>(2,952)</u>	<u>30,942,720</u>
Property held for future use	3,633	-	-	3,633
Construction work in progress	161,330	1,609,649	(1,495,444)	275,535
Property, plant, and equipment, net	<u>\$ 31,863,344</u>	<u>\$ 1,935,681</u>	<u>\$ (1,498,396)</u>	<u>\$ 32,300,629</u>

Water system property, plant, and equipment activity during 2024 is as follows:

	Balance at July 1, 2023	Increases	Decreases	Balance at June 30, 2024
Water plant assets not being depreciated				
Land	\$ 1,970,838	\$ -	\$ -	\$ 1,970,838
Water plant assets being depreciated:				
Buildings	7,145,442	-	-	7,145,442
Distribution plant	24,170,124	779,096	(18,065)	24,931,155
Water treatment plant	6,457,619	-	-	6,457,619
Vehicle equipment	566,813	32,097	-	598,910
Office furniture and equipment	445,492	-	-	445,492
Other equipment	970,322	79,779	-	1,050,101
	<u>39,755,812</u>	<u>890,969</u>	<u>(18,065)</u>	<u>40,628,716</u>
Less accumulated depreciation	<u>(14,316,623)</u>	<u>(903,329)</u>	<u>28,592</u>	<u>(15,191,360)</u>
Net water plant assets being depreciated	<u>25,439,189</u>	<u>(12,360)</u>	<u>10,527</u>	<u>25,437,356</u>
Construction work in progress	117,864	443,101	(295,333)	265,632
Property, plant, and equipment, net	<u>\$ 27,527,891</u>	<u>\$ 430,741</u>	<u>\$ (284,806)</u>	<u>\$ 27,673,826</u>

**Canby Utility Board**  
**Notes to Individual and Combined Financial Statements**

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Water system property, plant, and equipment activity during 2023 is as follows:

	Balance at July 1, 2022	Increases	Decreases	Balance at June 30, 2023
Water plant assets not being depreciated				
Land	\$ 1,970,838	\$ -	\$ -	\$ 1,970,838
Water plant assets being depreciated:				
Buildings	7,145,442	-	-	7,145,442
Distribution plant	22,425,046	1,767,158	(22,080)	24,170,124
Water treatment plant	6,488,013	-	(30,394)	6,457,619
Vehicle equipment	511,175	55,638	-	566,813
Office furniture and equipment	443,828	1,664	-	445,492
Other equipment	933,769	36,553	-	970,322
	<u>37,947,273</u>	<u>1,861,013</u>	<u>(52,474)</u>	<u>39,755,812</u>
Less accumulated depreciation	<u>(13,464,031)</u>	<u>(868,545)</u>	<u>15,953</u>	<u>(14,316,623)</u>
Net water plant assets being depreciated	<u>24,483,242</u>	<u>992,468</u>	<u>(36,521)</u>	<u>25,439,189</u>
Construction work in progress	<u>102,198</u>	<u>516,958</u>	<u>(501,292)</u>	<u>117,864</u>
Property, plant, and equipment, net	<u>\$ 26,556,278</u>	<u>\$ 1,509,429</u>	<u>\$ (537,813)</u>	<u>\$ 27,527,891</u>

**Note 4 – Pension Plans**

**Plan description** – All qualified employees are eligible to participate in one of the Utility’s two pension plans administered by Public Employees Retirement System (PERS). The Oregon Public Employees Retirement Fund (Tier 1/Tier 2) is a cost-sharing multiple-employer defined benefit pension plan for qualifying employees hired before August 29, 2003. The Oregon Public Service Retirement Plan (OPSRP) is a hybrid successor plan to Tier 1/Tier 2 consisting of two programs: a defined benefit pension plan and a defined contribution program (the Individual Account Program or IAP). The OPSRP pension plan is effective for all new employees hired on or after August 29, 2003. The plan provides a life pension funded by employer contributions. Benefits are calculated by a formula for members who attain normal retirement age. The formula takes into account final average salary, years of service and type of service (general or police/fire). Beginning January 1, 2004, all PERS member contributions go into the IAP portion of OPSRP. Tier 1/Tier 2 members retain their existing Tier 1/Tier 2 accounts, but future member contributions are deposited into the member’s IAP account. Benefit provisions under the Plans are established by State statute. PERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the PERS website.

## Canby Utility Board

### Notes to Individual and Combined Financial Statements

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**Benefits provided (Tier 1 / Tier 2)** – The Tier 1 / Tier 2 pension plan provides retirement, disability benefits, annual cost-of-living adjustments, and death benefits to plan members, who must be public employees and beneficiaries. The plan is closed to new members on or after August 29, 2003. The retirement allowance is payable monthly for life and may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results. A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer. General service employees may retire after reaching age 55. Tier 1 general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Tier 2 members are eligible for full benefits at age 60.

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

- The member was employed by a PERS employer at the time of death
- The member died within 1,200 days after terminated of PERS-covered employment
- The member died as a result of injury sustained while employed in a PERS-covered job
- The member was on an official leave of absence from a PERS-covered job at the time of death

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

Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the cost-of-living adjustments will vary based on 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits over \$60,000.

## Canby Utility Board

### Notes to Individual and Combined Financial Statements

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**Benefits provided (OPSRP)** – The OPSRP pension plan provides retirement, disability benefits, annual cost-of-living adjustments, and death benefits to plan members, who must be public employees and beneficiaries. The plan is open to new members hired on or after August 29, 2003. This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age: 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit. A member of the OPSRP plan becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.

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

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

Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA will vary based on 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits above \$60,000.

**Contributions** – PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due.

Employer contribution rates during the year ended June 30, 2024, were based on the December 31, 2021, actuarial valuation, which became effective July 1, 2023. Employer contribution rates during the year ended June 30, 2023, were based on the December 31, 2020, actuarial valuation, which became effective July 1, 2022.

The state of Oregon and certain schools, community colleges and political subdivisions have made lump sum payments to establish side accounts, and their rates have been reduced. Employer contributions for the year ended June 30, 2024 and 2023, were \$541,709 and \$466,040, respectively, excluding amounts to fund employer-specific liabilities.

**Canby Utility Board**  
**Notes to Individual and Combined Financial Statements**

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**Pension liability, pension expense, and deferred outflows of resources and deferred inflows of resources related to pension** – At June 30, 2024, the utility reported a liability of \$3,528,410 for its proportionate share of the net pension liability. At June 30, 2023, the utility reported a liability of \$3,231,969 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021, rolled forward to June 30, 2023, using standard update procedures. The Utility’s proportion of the net pension liability was based on a projection of the Utility’s long-term share of contributions to the Plans relative to the projected contributions for all participating employers, actuarially determined. The Utility’s proportionate share of the net pension liability for the Plans as of the June 30, 2023 and 2022 measurement dates was .01883759% and 0.02110742%, respectively.

For the years ended June 30, 2024 and 2023, the Utility recognized GASB 68 pension expense and credit of \$44 and (\$11,654), respectively. At June 30, 2024 and 2023, the Utility reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	June 30, 2024		June 30, 2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 541,709	\$ -	\$ 466,040	\$ -
Changes in assumptions	313,443	2,337	507,113	4,633
Differences between expected and actual experience	172,550	13,990	156,886	20,155
Changes in employer proportion	387,364	613,676	567,452	439,003
Differences between projected and actual earnings on plan investments	63,420	-	-	577,814
Differences between Utility contributions and the Utility's proportionate share of contributions	13,601	291,069	2,839	384,107
	<u>\$ 1,492,087</u>	<u>\$ 921,072</u>	<u>\$ 1,700,330</u>	<u>\$ 1,425,712</u>

Amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense (credit) as follows:

Years ending June 30, 2025	\$ 8,457
2026	(159,417)
2027	207,375
2028	(11,896)
2029	(15,213)
	<u>\$ 29,306</u>

## Canby Utility Board

### Notes to Individual and Combined Financial Statements

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**Actuarial assumptions** – The total pension liability in the December 31, 2021, actuarial valuations was determined using the following actuarial assumptions:

Valuation Date	December 31, 2021
Measurement Date	June 30, 2023
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.40%
Projected Salary Increase	3.40%
Investment Rate of Return	6.90%

Mortality rates for healthy retirees and beneficiaries, active members, and disabled retirees were based on the RP-2014 Sex-distinct tables.

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2020 Experience Study which reviewed experience for the four-year period ended on December 31, 2021.

**Discount rate** – The discount rate used to measure the total pension liability was 6.90% percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2015 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption.

## Canby Utility Board

### Notes to Individual and Combined Financial Statements

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These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

Asset Class	Target	20-Year Annualized Mean (Geometric)
Global Equity	27.05%	7.07%
Private Equity	25.50%	8.83%
Core Fixed Income	25.00%	4.50%
Real Estate	12.25%	5.83%
Master Limited Partnerships	0.75%	6.02%
Infrastructure	1.50%	6.51%
Hedge Fund of Funds - Multistrategy	1.25%	6.27%
Hedge Fund Equity - Hedge	0.63%	6.48%
Hedge Fund - Macro	5.62%	4.83%

**Sensitivity analysis** – Below is a sensitivity analysis around the discount rate assumed in the actuarial assumptions:

Employers' Net Pension Liability / (Asset)	1% Decrease 5.90%	Current Discount Rate 6.90%	1% Increase 7.90%
Defined benefit pension plan	\$ 5,828,269	\$ 3,528,410	\$ 1,603,672

**Pension plan fiduciary net position** – Detailed information about each pension plan's fiduciary net position is available in the separately issued OPERS financial reports.

**Payable to the pension plan** – At June 30, 2024 and 2023, the Utility did not have an outstanding amount of contributions payable to the pension plan.

**Canby Utility Board**  
**Notes to Individual and Combined Financial Statements**

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**Note 5 – Post Employment Benefits Other than Pensions**

**Plan description and benefits provided** – The Utility has a health insurance continuation option available for retirees. It is a substantive post-employment benefits plan offered under Oregon Revised Statutes (ORS) 243.303. ORS 243.303 requires that the Utility provide retirees and their dependents with an opportunity to participate in group health and dental insurance from the date of retirement to age 65, with a rate calculated using claims experience from retirees and active employees for health plan rating purposes. Providing the same rate to retirees as provided to current employees constitutes an implicit rate subsidy for OPEB. This single-employer plan is not a stand-alone plan and therefore does not issue its own financial statements. Retirees pay 100% of the premium and coverage may lapse if their premium is unpaid. As of June 30, 2024, the following employees were covered under the plan:

Active participants	22
Retired employees	1
Total participants	23

**Total OPEB liability, OPEB expense (credit), and deferred outflows of resources and deferred inflows of resources related to OPEB** – The Utility's total OPEB liability at June 30, 2024, of \$116,236 was measured as of June 30, 2023, and was determined by an actuarial valuation as of July 1, 2022. The Utility's total OPEB liability at June 30, 2023, of \$117,233 was measured as of June 30, 2023 and was determined by an actuarial valuation as of July 1, 2022.

At June 30, the Utility reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	June 30, 2024		June 30, 2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 38,135	\$ 1,519	\$ 44,833	\$ 4,553
Changes in assumptions or inputs	682	17,037	1,069	23,607
Contributions made subsequent to measurement date	15,184	-	13,665	-
	\$ 54,001	\$ 18,556	\$ 59,567	\$ 28,160

Deferred inflows of resources related to OPEB will be recognized in OPEB expense (credit) as follows:

Years ending June 30, 2025	\$ 654
2026	3,764
2027	3,583
2028	3,550
2029	3,523
Thereafter	5,187
	\$ 20,261



## Canby Utility Board

### Notes to Individual and Combined Financial Statements

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**Actuarial assumptions** – The total OPEB liability in the actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	July 1, 2022
Measurement Date	June 30, 2023
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions	
Discount Rate	3.65%
Inflation	2.40%
Projected Salary Increase	3.40%

Mortality rates for healthy retirees and beneficiaries were based on the RP-2014 Sex-distinct tables, as appropriate, with adjustments for mortality improvements based on the Unisex Social Security Data Scale.

**Discount rate** – The discount rate used to measure the total pension OPEB liability was 3.65% for the June 30, 2023, measurement date. This rate is consistent with the Bond Buyer 20-year General Obligation Bond index.

**Health care cost trend** – The health care cost trend starts at 3.75% in the first year and in future years varies between 6.75% and 3.75% due to the timing of the excise tax scheduled to affect health care benefits. The trend then settles to an ultimate rate of 4.00%. Dental costs are assumed to increase 4.00% in all future years.

**Changes in total OPEB liability** – Changes in the total OPEB liability are presented below for the years ended June 30:

	2024	2023
BALANCE, beginning of measurement period	\$ 117,233	\$ 86,832
Changes for the year		
Service cost	9,268	9,543
Interest on total OPEB Liability	4,238	1,954
Effect of economic/demographic gains or losses	-	45,458
Effect of assumptions changes or inputs	(838)	(14,673)
Benefit payments	(13,665)	(11,881)
BALANCE, end of measurement period	\$ 116,236	\$ 117,233

**Canby Utility Board**  
**Notes to Individual and Combined Financial Statements**

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**Sensitivity analysis** – Below is a sensitivity analysis around the discount rate of 3.65% as well as the healthcare trend rate assumed in the actuarial assumptions:

Discount Rate	1% Decrease 2.65%	Current Discount Rate 3.65%	1% Increase 4.65%
Total OPEB Liability	\$ 123,990	\$ 116,236	\$ 109,057

  

Healthcare Cost Trend	1% Decrease	Current Trend Rate	1% Increase
Total OPEB Liability	\$ 106,182	\$ 116,236	\$ 128,266

**Note 6 – Long-Term Debt**

The Utility issued Water System Revenue Bonds (2004 and 2007 Water Revenue Bonds) dated September 30, 2004, and October 31, 2007, for \$2,900,000 and \$3,200,000, respectively. In 2014, the Utility also issued a Water Revenue Refunding Bond, Series 2014, dated September 18, 2014, for \$1,951,000. These fixed rate bonds were issued for the purpose of refunding the outstanding 2004 Water Revenue Bonds and to pay costs of issuance related to the 2014 bonds. The refunding transaction resulted in a net present value savings of \$156,069. In 2017, Canby Utility Board issued \$1,988,000 in 2017 Water Revenue Refunding Bonds and utilized the proceeds to redeem the remaining balance on the 2007 Water Revenue Bonds and pay for the costs of issuance. The refunding transaction resulted in a net present value savings of \$148,468. All bond purchase agreements provide that principal and interest on the bonds are payable solely from and secured by the net revenues of the water system.

Current and long-term debt activity is presented below for the year ended June 30, 2024, is as follows:

	June 30, 2023	Increases	Decreases	June 30, 2024
2014 Water Revenue Refunding Bonds, with interest rates of 2.3% maturing through 2025	\$ 365,000	\$ -	\$ (215,000)	\$ 150,000
2017 Water Revenue Refunding Bonds, with interest rates of 2.09% maturing through 2028	1,052,000	-	(201,000)	851,000
Total water system debt	1,417,000	<u>\$ -</u>	<u>\$ (416,000)</u>	1,001,000
Less current portion	416,000			357,000
Long-term debt	<u>\$ 1,001,000</u>			<u>\$ 644,000</u>

**Canby Utility Board**  
**Notes to Individual and Combined Financial Statements**

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Current and long-term debt activity is presented below for the year ended June 30, 2023, is as follows:

	<u>June 30, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2023</u>
2014 Water Revenue Refunding Bonds, with interest rates of 2.3% maturing through 2025	\$ 580,000	\$ -	\$ (215,000)	\$ 365,000
2017 Water Revenue Refunding Bonds, with interest rates of 2.09% maturing through 2028	<u>1,247,000</u>	<u>-</u>	<u>(195,000)</u>	<u>1,052,000</u>
Total water system debt	1,827,000	<u>\$ -</u>	<u>\$ (410,000)</u>	1,417,000
Less current portion	<u>410,000</u>			<u>416,000</u>
Long-term debt	<u>\$ 1,417,000</u>			<u>\$ 1,001,000</u>

Future requirements for retirement of the 2014 water revenue bonds and 2017 water revenue refunding bonds are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 357,000	\$ 17,377	\$ 374,377
2026	213,000	11,234	224,234
2027	213,000	6,782	219,782
2028	<u>218,000</u>	<u>2,278</u>	<u>220,278</u>
	<u>\$ 1,001,000</u>	<u>\$ 37,671</u>	<u>\$ 1,038,671</u>

**Note 7 – Risk Management**

The Utility 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 Utility carries commercial insurance for risks of loss including workers' compensation, property and liability, automobile liability, directors' and officers' liability, and employee dishonesty coverage. Settled claims resulting from these risks have not exceeded commercial insurance coverage during the current and prior fiscal years.

## **Canby Utility Board**

### **Notes to Individual and Combined Financial Statements**

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#### **Note 8 – Commitments**

**Purchase power agreements** – The Utility entered into a Full Service Power Sales Agreement with the Bonneville Power Administration (BPA) on December 9, 2009. This agreement provided that the Utility will use BPA as its power source from October 1, 2011 through September 30, 2028. Wholesale power rates under the agreement are not fixed.

Power and transmission rates include rate adjustment mechanisms such as a Reserves and Distribution Clause (RDC), that Bonneville Power Administration (BPA) employs if certain financial conditions occur. Based upon fiscal year 2022 financial results and year-end reserves for risk levels for both Power and Transmission Services, the (RDC) triggered for application to fiscal year 2023 power and transmission rate levels. In January 2023, the Administrator released BPA's final decision regarding the Power RDC amount for application to fiscal year 2023 rate levels. Of the total \$500 million Power RDC amount, \$350 million will be used to reduce fiscal year 2023 power rates for the remainder of the fiscal year through a Power Dividend Distribution. The utility received BPA distribution in the amount of \$894,519 in fiscal year 2024 and \$982,804 in fiscal year 2023 which is netted against purchase power cost.

#### **Note 9 – Related Party**

The Utility makes payments to the City for contributions in lieu of taxes. For the year ended June 30, 2024, contributions totaled \$212,915 (\$209,834 in 2023) and \$729,452 (\$692,152 in 2023) for water and electric, respectively. At June 30, 2024, the amount payable to the City for both water and electric was \$23,390 (\$24,136 at June 30, 2023) and \$55,282 (\$55,854 at June 30, 2023), respectively.

## **Required Supplementary Information**

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**Canby Utility Board**  
**Schedule of Proportionate Share of the Net Pension Liability**  
**As of June 30**  
**Last Ten Years\***

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Proportion of the net pension asset (liability)	0.01883759%	0.02110742%	0.02422589%	0.01920219%	0.01930467%	0.01840518%	0.01978236%	0.02175027%	0.02530615%	0.02230393%
Proportionate share of the net pension asset (liability)	\$ (3,528,410)	\$ (3,231,969)	\$ (2,898,986)	\$ (4,190,578)	\$ (3,339,246)	\$ (2,788,142)	\$ (2,666,670)	\$ (3,265,221)	\$ (1,452,943)	\$ 505,566
Covered-employee payroll	\$ 2,165,062	\$ 2,081,336	\$ 2,325,952	\$ 1,626,167	\$ 1,718,146	\$ 1,692,959	\$ 1,719,358	\$ 1,747,999	\$ 1,810,490	\$ 1,592,085
Proportionate share of the net pension asset (liability) as percentage of covered-employee payroll	163%	155%	125%	258%	194%	165%	155%	187%	80%	32%
Plan's fiduciary net position	\$ 83,487,618,066	\$ 83,327,806	\$ 84,331,316,437	\$ 68,319,296,993	\$ 70,203,720,619	\$ 69,327,500,445	\$ 66,371,703,247	\$ 62,082,059,102	\$ 64,923,626,094	\$ 65,401,492,664
Plan fiduciary net position as a percentage of the total pension asset (liability)	81.70%	84.50%	87.60%	75.80%	80.20%	82.10%	83.10%	80.50%	91.90%	103.60%

Data is presented as of the measurement date

**Canby Utility Board  
Schedule of Contributions  
As of June 30  
Last Ten Years\***

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution (actuarially determined)	\$ 541,709	\$ 466,040	\$ 447,346	\$ 448,205	\$ 463,247	\$ 305,600	\$ 306,220	\$ 230,179	\$ 225,984	\$ 204,466
Contributions in relation to the actuarially determined contribution	541,709	466,040	447,346	448,205	463,247	305,600	306,220	230,179	225,984	204,466
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 2,488,788	\$ 2,165,062	\$ 2,081,336	\$ 2,325,952	\$ 1,626,167	\$ 1,718,146	\$ 1,692,959	\$ 1,719,358	\$ 1,747,999	\$ 1,810,490
Contributions as a percentage of covered-employee payroll	21.77%	21.53%	21.49%	19.27%	28.49%	17.79%	18.09%	13.39%	12.93%	11.29%

**Notes to Schedule**

Valuation date: 12/31/2021, rolled forward to June 30, 2023

Methods and assumptions used to determine contribution rates:

Single and Agent Employers Example	Entry age normal
Amortization method	Level Percentage of payroll, closed
Amortization Period:	10 years
Asset Valuation method	Market Value
Experience study report	2020, published July 20, 2021
Inflation	2.40%
Salary increases	3.40%
Investment rate of return	6.90%
Retirement age	55 for Tier 1/Tier 2; 65 for OPSRP
Mortality	Pub-2014 Sex-distinct tables
Discount rate	6.90%

Data is presented as of Canby Utility Board's fiscal year end date

**Canby Utility Board**  
**Schedule of Changes in Total OPEB Liability and Related Ratios**  
**As of June 30**  
**Last Ten Years\***

	2024	2023	2022	2021	2020	2019	2018
<i>Total OPEB Liability</i>							
Service cost	\$ 9,268	\$ 9,543	\$ 9,270	\$ 7,789	\$ 6,975	\$ 8,015	\$ 8,507
Interest cost	4,238	1,954	2,050	3,206	3,191	4,359	3,667
Effect of assumptions changes or inputs	(838)	(14,673)	321	(8,630)	2,198	(22,873)	(6,280)
Effect of economic/demographic gains or losses	45,458	-	-	8,773	-	(19,723)	-
Benefit payments	(13,665)	(11,881)	(16,537)	(6,379)	(1,742)	(14,219)	(10,457)
Net change in total OPEB liability	(997)	30,401	(4,896)	4,759	10,622	(44,441)	(4,563)
Total OPEB liability, beginning of period	117,233	86,832	91,728	86,969	76,347	120,788	125,351
Total OPEB liability, end of period	<u>\$ 116,236</u>	<u>\$ 117,233</u>	<u>\$ 86,832</u>	<u>\$ 91,728</u>	<u>\$ 86,969</u>	<u>\$ 76,347</u>	<u>\$ 120,788</u>
Covered payroll	\$ 2,488,788	\$ 2,165,062	\$ 2,081,336	\$ 2,325,952	\$ 2,314,659	\$ 1,898,808	\$ 1,838,667
Total OPEB liability as a percent of covered payroll	4.67%	5.41%	4.17%	3.94%	3.76%	4.02%	6.57%

\* Fiscal year 2018 was the 1st year of implementation; therefore, only seven years are shown.  
Data is presented as of the measurement date



## **Supplementary Information**

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**Canby Utility Board**  
**Schedule of Revenues and Expenditures – Budget and Actual**  
**Electric System**  
**Year Ended June 30, 2024**

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**Budget results** – The supplemental information includes detailed schedules of budget to actual variances for the fiscal year. While there is no budget compliance requirement, the board of directors utilizes budget overages to identify projects and areas within the Utility which may require additional oversight.

	Budgeted Amounts		
	Final	Actual	Variance
<b>OPERATING REVENUES</b>			
Sales of power	\$ 14,052,640	\$ 14,680,473	\$ 627,833
Other, net	908,139	401,377	(506,762)
Total operating revenues	<u>14,960,779</u>	<u>15,081,850</u>	<u>121,071</u>
<b>OPERATING EXPENSES</b>			
Purchased power	8,600,180	7,848,616	(751,564)
Board of Directors	15,232	6,034	(9,198)
Executive	282,380	271,122	(11,258)
Administrative	404,418	276,413	(128,005)
Customer service	695,923	623,282	(72,641)
Finance	712,621	667,437	(45,184)
Operations	552,124	537,388	(14,736)
Distribution	1,351,408	945,138	(406,270)
Risk management	58,981	60,313	1,332
Depreciation	1,271,522	1,277,170	5,648
Contribution in lieu of taxes	702,632	729,452	26,820
Total operating expenses	<u>14,647,421</u>	<u>13,242,365</u>	<u>(1,405,056)</u>
Net operating income	<u>313,358</u>	<u>1,839,485</u>	<u>1,526,127</u>
<b>OTHER INCOME – INTEREST INCOME</b>	<u>416,204</u>	<u>633,653</u>	<u>217,449</u>
<b>CONTRIBUTIONS IN AID OF CONSTRUCTION</b>			
Contributions in aid of construction	-	63,159	63,159
Line extension fees	238,278	732,589	494,311
Hook-up fees	930,207	344,314	(585,893)
Total contributions in aid of construction	<u>1,168,485</u>	<u>1,140,062</u>	<u>(28,423)</u>
Change in net position	1,898,047	3,613,200	<u>\$ 1,715,153</u>
<b>ADJUSTMENTS TO CHANGE IN NET POSITION ON A US GAAP BASIS</b>			
Gain on sale of assets	-	15,923	
Interest expense	(1,308)	(19,363)	
Changes in net position	<u>\$ 1,896,739</u>	<u>\$ 3,609,760</u>	

**Canby Utility Board**  
**Schedule of Revenues and Expenditures – Budget and Actual**  
**Water System**  
**Year Ended June 30, 2024**

	Budgeted Amounts		
	Final	Actual	Variance
<b>OPERATING REVENUES</b>			
Sales of water	\$ 3,761,000	\$ 4,330,936	\$ 569,936
Other, net	4,280	85,720	81,440
	<u>3,765,280</u>	<u>4,416,656</u>	<u>651,376</u>
<b>OPERATING EXPENSES</b>			
Board of Directors	6,938	1,429	(5,509)
Executive	83,381	76,721	(6,660)
Administrative	219,314	166,752	(52,562)
Customer service	165,839	167,481	1,642
Finance	254,029	237,361	(16,668)
Operations	186,880	168,364	(18,516)
Distribution	720,288	440,246	(280,042)
Water treatment plant	1,382,731	1,369,269	(13,462)
Risk management	42,889	49,594	6,705
Depreciation	890,014	869,128	(20,886)
Contribution in lieu of taxes	188,050	212,915	24,865
Other, net	4,280	-	(4,280)
	<u>4,144,633</u>	<u>3,759,260</u>	<u>(385,373)</u>
Net operating income	<u>(379,353)</u>	<u>657,396</u>	<u>1,036,749</u>
OTHER INCOME – INTEREST INCOME	<u>206,454</u>	<u>436,875</u>	<u>230,421</u>
<b>CONTRIBUTIONS IN AID OF CONSTRUCTION</b>			
Contributions in aid of construction	901,296	565,377	(335,919)
Hook-up fees	58,145	26,030	(32,115)
System development charges fees	901,300	448,962	(452,338)
	<u>1,860,741</u>	<u>1,040,369</u>	<u>(820,372)</u>
Change in net position	1,687,842	2,134,640	<u>\$ 446,798</u>
<b>ADJUSTMENTS TO CHANGE IN NET POSITION ON A US GAAP BASIS</b>			
Gain (loss) on sale of assets	-	(14,241)	
Interest expense	(23,595)	(23,600)	
Changes in net position	<u>\$ 1,664,247</u>	<u>\$ 2,096,799</u>	

## **Report of Independent Auditors Required by Oregon State Regulations**

The Board of Directors  
Canby Utility Board

We have audited, in accordance with auditing standards generally accepted in the United States of America the financial statements of the Canby Utility Board (the Utility), a component unit of the City of Canby, Oregon, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Utility's basic financial statements, and have issued our report thereon dated November 21, 2024.

### **Compliance**

As part of obtaining reasonable assurance about whether the Utility's basic financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including provisions of Oregon Revised Statutes (ORS) as specified in Oregon Administrative Rules (OAR) 162-010-0000 to 162-010-0330, of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the financial statements: 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:

- Accounting records and internal control
- Public fund deposits
- Indebtedness
- Insurance and fidelity bonds
- Investments
- Public contracts and purchasing

In connection with our testing, nothing came to our attention that caused us to believe the Utility was not in substantial compliance with certain provisions of laws, regulations, contracts, and grant agreements, including the provisions of ORS as specified in OAR 162-010-0000 through 162-010-0330 of the Minimum Standards for Audits of Oregon Municipal Corporations.

## **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Utility's internal control over financial reporting (internal control) as a basis for designing 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 the Utility's internal control. Accordingly, we do not express an opinion on the effectiveness of the Utility's 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 entity's 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 or significant deficiencies may exist that have not been identified.

## **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 entity's internal control or on compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of the board of directors and management of Canby Utility Board and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.



Keith Simovic, Partner,  
for Moss Adams LLP  
Portland, Oregon  
November 21, 2024

