



Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2020

CITY OF HAPPY VALLEY  
CLACKAMAS COUNTY, OREGON

COMPREHENSIVE ANNUAL  
FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Prepared by

Finance Department  
City of Happy Valley, Oregon

Available online at  
[www.happyvalleyor.gov](http://www.happyvalleyor.gov)

CITY OF HAPPY VALLEY  
CLACKAMAS COUNTY, OREGON

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## **INTRODUCTORY SECTION**



March 29, 2021

To the Mayor, City Council and  
Citizens of the City of Happy Valley:

State law requires that every general purpose local government publish, within six months of the close of each fiscal year, a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2020. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Merina & Company, LLP, Certified Public Accountants, have issued an unmodified (“clean”) opinion on the City’s financial statements for the year ended June 30, 2020. The independent auditor’s report is located at the front of the financial section of this report.

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

### **Profile of the government**

Happy Valley is a community where citizens, civic organizations, businesses and city government work together to ensure that the community retains a hometown identity, high quality of life and natural resources and beauty. It currently occupies 11.6 square miles and serves a population of 21,700. The City is authorized to levy a property tax on real property located within its boundaries. It also is allowed by state statute to extend its city limits by annexation, which it has done from time to time.

The City is a municipality that operates under a council/manager form of government. The elected City Council consists of a Mayor and four Councilors who act as the board of directors. The Council sets policies for city government, enacts ordinances and hires, directs and evaluates the City Manager. In turn, the City Manager is the City’s chief executive officer, responsible for overall management and administration. The Council is required to adopt a formal budget for the fiscal year no later than June 30 preceding the beginning of the fiscal year on July 1. This annual budget serves as the foundation for the City’s financial planning and control.

Municipal services are provided by City employees under direction of the City Manager. The City operates its own library, community services, code enforcement, finance, municipal court, street operations, planning, engineering, building permitting, fleet management, parks and recreation services, and contracts with Clackamas County to provide City police services.

Clackamas Fire District provides fire and emergency services to the community. Water, sewer, and storm water management are provided by a variety of service providers who operate within the City. The City lies within Clackamas County, which is headed by a board of commissioners and based in Oregon City. The City is also part of Metro, the tri-county urban services district based in Portland.

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## **Local economy**

The City's economy is linked with that of the entire Portland Metropolitan area but is more insulated from economic downturns because of the high education and skill level of its population. Per capita income is the highest of any city in the state of Oregon.

The City is primarily a residential community with a low ratio of heavy industry and retail based commercial activity. The largest employers are Fred Meyer, New Seasons Market and Camp Withycombe military base.

Median household incomes within the City are higher than for the state as a whole. According to the year 2010 census, the City's median family income was \$111,066, the county's was \$81,252, while the state's was \$60,427.

## **Long-term financial planning**

Long-term financial planning is performed on an ongoing basis. The controlling document is the City's five-year financial projection which includes reserves by fund that fall within policy guidelines set by Council and reviewed by the Citizen's Budget Committee as part of the annual budget process.

In regard to the City's long-term debt obligations, the City completely paid off the balance of the Full Faith and Credit Obligation bonds during the 2016-17 fiscal year. Beginning in the 2012-13 fiscal year and continuing through the 2016-17 fiscal year the City transferred enough to the Debt Service Fund for the early repayment of bonds.

Unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) in the General Fund at year end was \$15,327,511. This amount includes reserve Fund amounts as they are rolled into the General Fund in accordance with Generally Accepted Accounting Principles. The General Operation, General Reserve for Replacement, Library Reserve for Replacement, Street Reserve for Replacement, and Facility Capital Projects Fund are financed per Council policies. The City's current expenditure levels are tied to development activity which is volatile by nature. The Council requires a certain level of service irrespective of the economic or development climate. It is therefore necessary to have a reserve amount high enough to ensure service quality in the event of an economic downturn. The \$838,974 General Operations reserve balance could subsidize the General Fund annual deficit for 2 years in the event of a severe recession and associated loss of development revenue. The Reserve for Replacement Funds (General, Library, Street) ending fund balances of \$1,886,290, \$4,201,584, \$2,668,446 respectively and is reserved for the purchase and replacement of major assets and facility maintenance expenditures. This allows for a more consistent picture of operating costs in funds as they do not have large fluctuations caused by capital expenditures year to year.

## **City's Credit Ratings**

On September 17, 2019, Moody's Investors Service rated the City 'Aa2' which is stronger than the median rating of Aa3 for US Cities. The notable credit factors include robust financial position, a healthy tax base with a strong wealth and income profile, an extremely small debt burden and a mid-ranged pension liability.

## Major Initiatives



**Downtown: Plan for a downtown core that will provide the future Happy Valley community with opportunities to gather, recreate, and support local business.**



### **Future Downtown Development**

- *The Draft Pleasant Valley/North Carver Comprehensive Plan has conceptualized design approaches, employment/residential density, and a combination of mixed-uses both horizontal and vertical for a Pleasant Valley Downtown District. The City Council is currently analyzing alternative approaches to the Draft Pleasant Valley Downtown District in a potential future “feasibility analysis”.*

**City Facilities: Evaluate and plan for future city facilities to meet growing service demands.**



### **Property Acquisition**

- *Staff have briefed the City Council during Executive Session on multiple occasions regarding potential properties.*
- *City purchased a property on King Road to preserve headwaters of Mt. Scott Creek and provide future options for park expansion.*
- *Staff continue to work with property owners and brokers.*

### **Library Space Needs Evaluation**

- *Library staff will continue to work with the Library Board and patrons in 2020 to fine tune the future space needs.*

### **Public Works Facility**

- *Staff presented a public work feasibility study in early 2018 that set the goal of the size and type of land needed to house a new Public Works Facility.*
- *City Council has discussed potential purchase of a few properties in Executive Sessions.*
- *Staff members and a consultant team continue reviewing eligible lands for consideration.*
- *Formal design work will start once an individual property is chosen/purchased.*

## Public Safety: Collaborate with community and regional partners to ensure a safe community.



### Private Security for Development

- *Staff members are working with contractors/developers on a program.*

### Traffic & Public Safety Committee Process for Traffic Modification Requests

- *The review process is now streamlined.*

### Alarm Policy

- *Most of the information is pulled together and ready for work session*

### School Resource Officer

- *The IGA is ready and the City has received a commitment from the school district to pay for the position.*

### Discharge of Firearms

- *Working on draft language for Council consideration.*

### Feasibility Study for Permanent Funding of Police

- *City staff engaged a consultant to review options for replacing the police and parks levies that will be presented to the City Council in December.*

### Red Light Cameras/Speed Cameras

- *On hold until direction to move forward.*

### Open Space Fuel Reduction

- *Ongoing work to encourage Fire Wise Communities. Staff expect this work to intensify in 2021 following the devastating wildfires in 2020.*

### Code Enforcement

- *Staff members have completed crime prevention programs for neighborhood watch.*

## Smart Growth: Be forward-thinking in how we manage and plan for growth and ensure our policies and plans align with our community's needs and values.



### Affordable Housing – HB2001/2003

- *Staff notes that upcoming affordable housing discussions may center on the results of two State-directed programs or processes – the City's under construction Housing Needs Analysis (HNA)/Buildable Lands Inventory (BLI) and any affordable housing program/policy changes that study may lead to, and legislative changes via HB*

*2001/2003 .In July 2020, the City was awarded a \$70,000 DLCD grant to complete an updated HNA/BLI in order to bring us into conformance with state requirements found in HB2003. It is anticipated that the project and final report will be completed by the Spring of 2021. The Planning Commission and City Council will be included as part of this process as it unfolds.*

#### **Impervious Service Options**

- Land Development Code (LDC) amendments saw review by the Planning Commission and City Council and led to the development of subsequent Engineering Design Standards Manual updates. The basic change was clarification of what materials equate to “impervious surface” and how stormwater requirements are applied to said surfaces. The LDC amendments were adopted as part of Ordinance No. 550 on March 3, 2020.*

#### **ADU's / Next Gen Homes / Tiny Homes / Guest Homes**

- Staff is working with state laws and ongoing efforts in the greater Portland Metropolitan region governing these housing products, with the goal of providing a comprehensive set of future LDC amendments for consideration by the Planning Commission and City Council.*

#### **“Dark Skies” Ordinance**

- Staff had a Work Session with the Design Review Board and gathered a comparative analysis of other jurisdictions dark skies ordinances with the goal of producing a comprehensive set of future LDC amendments for review and approval by the Planning Commission and City Council. The LDC amendments were adopted as part of Ordinance No. 550 on March 3, 2020.*

#### **Pleasant Valley/North Carver Comprehensive Plan (PV/NC Comp Plan)**

- The PV/NC Comp Plan made significant progress on draft materials and completed the Community Advisory Committee (CAC) and Technical Advisory Committee (TAC) phases of review. The PV/NC Comp Plan was poised to begin extensive public involvement programming that would likely have resulted in large crowds in the City Council chambers and has been restricted due to City Hall closure and Covid-19 limitations on public gatherings from the Governor’s Office. The ability of the PV/NC Comp Plan to progress “virtually” has been discussed, but there are serious disadvantages to such an approach. To date, the City’s approach has been to delay further work on the PV/NC Comp Plan until the Governor’s Orders allow for larger public involvement opportunities and the City Council has more thoroughly vetted the draft approach to the Pleasant Valley Downtown District.*

#### **Small Cell Wireless Standards**

- City staff have had several meetings with the wireless industry. Earlier this year, the League of Oregon Cities developed a model ordinance/code language. Using this model, City staff have drafted small cell wireless facilities regulations. They have been reviewed and approved by the City’s Planning Commission with a scheduled hearing date before City Council on November 17, 2020.*

### **Rock Creek Employment Center Infrastructure Assessment and Funding Plan (RCEC Report)**

- *The RCEC Report, funded by a Metro Community Planning & Development Grant, saw development by the consultant team and staff as well as peer review within a Technical Advisory Committee. The Final RCEC Plan was presented to the City Council on July 21, 2020.*

### **Urban Growth Management Area (UGMA) East**

- *Various drafts of the document have gone back and forth between City and Clackamas County staff. Currently, the “final draft” is being reviewed by County staff.*

### **Development Standards/Zoning Setbacks**

- *City staff continue to investigate methods by which development and setback standards vary from multiple jurisdictions (comparative analysis) and master-planned communities (case studies) – as well as integration into the City’s Comprehensive Plan and LDC in order to implement said standards.*

### **Climate Action Tool Kit/Scoping Analysis**

- *City staff have conducted an in-depth review of climate action plans from other jurisdictions. Staff is preparing to present this to the City Council in December.*

## **Park System Development and Programming: Provide excellent park and recreation facilities and programs for the Happy Valley community.**



### **Implement Parks Settlement Agreement**

- *The City successfully lobbied the state legislature to withdraw Happy Valley from the North Clackamas Parks and Recreation District. The City’s bill was only one of three to pass in the entire session. All other follow up items detailed in the settlement agreement have been completed.*

### **Veterans Memorial**

- *In May 2019, the City was awarded approximately \$75,000 from the Oregon Parks and Recreation Commission to support this project. The concept plans were completed and approved by the ad-hoc Veterans Memorial Committee.*
- *Project design has surpassed the 99% threshold and is on track to bid in October of 2020*
- *Anticipated bid opening is scheduled for November 12<sup>th</sup> with a construction kickoff starting January 2021.*

### **Pleasant Valley Villages Neighborhood Park**

- *In 2019 staff worked through the process of gaining approval on the pleasant valley villages neighborhood park. Overall approval was obtained by the Parks Advisory Committee, Planning Commission and ultimately City Council.*

- *Design work is nearing the 100% mark with planning/engineering currently reviewing draft documents.*
- *The final process will include the negotiation associated with the eligible SDC credits set for this park transfer.*

#### **Sponsor Policy**

- *Continuing to develop a Sponsor Selection process. Staff worked on fee increase from \$2,500 to \$3,500 this year for both Business Sponsors and Concert Sponsors.*

#### **Parks and Recreation Programming**

- *The City had a successful first year of recreation programming, despite restrictions due to COVID-19. The City Council adopted a fee schedule that allowed staff to implement youth and senior activities. Staff members also developed a rec-mobile program but it's on hold due to COVID. Moving forward, the team is developing teen and adult programs.*

#### **Feasibility Study for Parks Permanent Funding**

- *City staff engaged a consultant to review options for replacing the police and parks levies that will be presented to the City Council in December.*

### **Transportation: Plan and provide varying modes of transportation to keep Happy Valley moving as we continue to grow.**



#### **Fund Bike and Ped Improvements**

- *With the County's new Vehicle Registration Fee (VRF), all revenues that come to the City are dedicated to the Pedestrian Improvement Plan (PIP). Expected revenues this year are over \$400,000 and were allocated to the PIP during the budget approval process.*

#### **Pedestrian Master Plan**

- *The pedestrian Master Plan is well underway. This updated tool will allow City Council to make an informed decision on how to prioritize additional transportation funding received through Clackamas County's newly adopted vehicle registration fee.*
- *Currently the project is getting integrated into the next round of Transportation System Plan (TSP) updated.*
- *The overall project draft will be available for review by mid-November.*

#### **172<sup>nd</sup> Avenue (Urban Renewal)**

- *City staff created a Request for Proposals (RFP) for engineering firms that seek to address larger sized capital improvement projects, including, potentially, 172<sup>nd</sup> Ave. In addition, discussions have begun with Clackamas County on the role, responsibilities, and potential funding mechanisms beyond Urban Renewal/TSDC funds to finance all or a portion of the 172<sup>nd</sup> Ave. "north" (north of Sunnyside Road) project. However, as the number one priority of the Urban Renewal District/Agency (for roadways) and as a key portion of the C2C Corridor (see below), the engineering design phase and cost estimates of 172<sup>nd</sup> Ave. North are anticipated to begin in 2021.*

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### **Superblock Project**

- *As one of the top priorities of projects that were already underway, staff have been hard at work to deliver this project as soon as possible. Since Council direction was given on this project in March, of 2019 staff have been working with consultants to develop design plans for sidewalk infill.*
- *The phase I effort was bid late September 2019 and is now complete.*
- *The phase II effort was bid in September of 2020 with an expected bid opening on October 22<sup>nd</sup>.*
- *Phase III (the final phase) is waiting PGE undergrounding design from PGE.*

### **Residential Paving Maintenance Program**

- *2019 was the first slurry seal project for the City of Happy Valley. Overall, 54 roadways received an application of slurry seal that season.*
- *Move forward to 2020 and similar results can be found. The City provided slurry seal application to 67 roadways.*
- *Continuing into 2021, the City will again need to provide approximately 1.1 million in transportation maintenance in order to maintain the current pavement quality index of 82. This rating is the 3<sup>rd</sup> highest in Oregon.*

### **129<sup>th</sup> Avenue Curves Project**

- *The design and Right-of-way Acquisition for this project will wrap in in the winter of 2020 and the project is scheduled to go to bid in the Spring of 2021. The road will be closed to traffic during construction and will be complete in late 2021.*

### **Clackamas to Columbia (C2C) Corridor / Sunrise Phase II**

- *Mayor Ellis and Council President Sherman have provided testimony in support of the corridors to the Metro T2020 Task Force. Should the Metro Measure fail, the Happy Valley/Clackamas County portion of the C2C Corridor will continue to be implemented (over the very long run) via the 172<sup>nd</sup> Ave. Project (discussed above) and the City's Transportation System Plan. In addition, the City of Happy Valley will need to continue to advocate with Clackamas County at the regional/state/federal levels for Sunrise Phase II funding sources.*

### **King Road Roundabout**

- *30 percent construction plans have been completed by the design engineer (HHPR) and public right-of-way and construction easement acquisition efforts are underway.*

## **Diversity, Equity, and Inclusion (DEI): Support and foster a community and organizational culture that embraces and supports DEI.**



### **Diversity, Equity, & Inclusion Task Force**

- *The City advertised a Request for Proposals (RFP) to solicit interest from consulting firms that will help facilitate the Task Force and develop a Strategic Plan. Tangible Development was selected, and staff members have been working closely with them to start the Task Force. The City received over 30 applications to serve on the Task Force. They will be expected to convene starting in December.*

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### **Redevelop Job Descriptions**

- *Human Resources is continually updating job descriptions to assist with the Equal Pay Analysis.*

### **Equal Pay Analysis**

- *Due to new COVID related employment laws and new federal leave provisions, the equal pay analysis was temporarily put on hold.*
- *Work will resume in 2021.*

### **Awards and Acknowledgements**

**Comprehensive Annual Financial Reporting Award.** The Government Finance Officers Association of the United States and Canada (GFOA) awarded a *Certificate of Achievement for Excellence in Financial Reporting* to the City for its Comprehensive Annual Financial Report (Annual Report) for the fiscal year ended June 30, 2019. This was the fourth year that the City has achieved this prestigious award. To be awarded a *Certificate of Achievement*, a government must publish an easily readable and efficiently organized Annual Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Annual Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

**Distinguished Budget Presentation Award.** The GFOA presented a *Distinguished Budget Presentation Award* to the City for its annual budget for the year beginning July 1, 2019. In order to receive this award, a government unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communication device.

This award is valid for a period of one year only. We believe that our current budget continues to conform to program requirements, and have submitted it to the GFOA to determine its eligibility for another award.

### **Acknowledgements**

The preparation of this Comprehensive Annual Financial Report was a combined effort of the dedicated Finance staff. We wish to express our appreciation to everyone who contributed to the preparation of this report. Credit is also given to the Mayor, and Councilors for their unfailing support in maintaining the highest standard of professionalism in the management of the City's finances.

Respectfully submitted,

Jason Tuck  
City Manager

Travis Warneke  
Director of Finance



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Happy Valley  
Oregon**

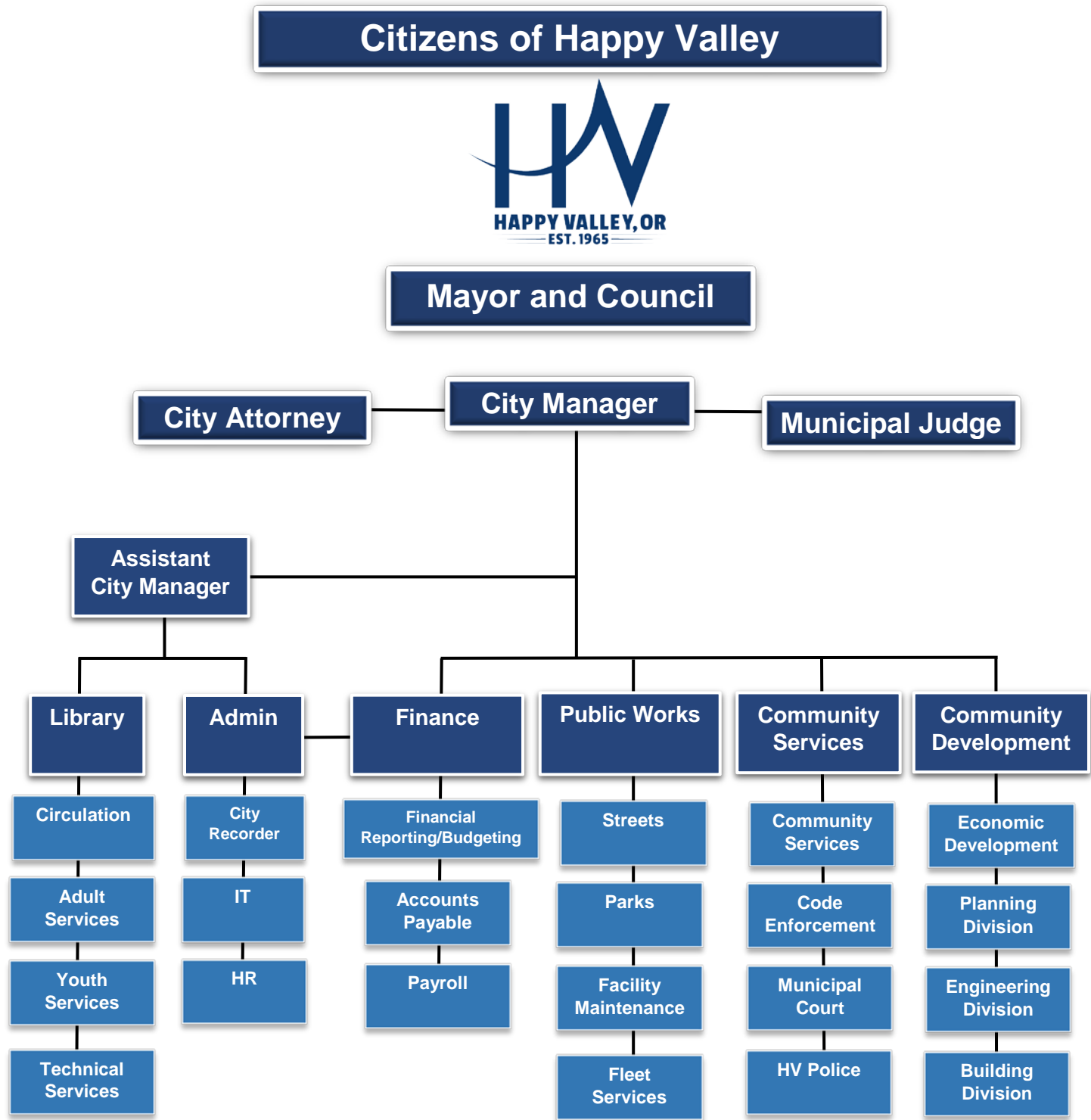
For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

June 30, 2019

*Christopher P. Morill*

Executive Director/CEO

**City of Happy Valley Organization Chart**  
**Population 21,700**



CITY OF HAPPY VALLEY  
CLACKAMAS COUNTY, OREGON

CITY OFFICIALS AS OF JUNE 30, 2020

<u>NAME</u>	<u>TERM EXPIRES</u>
Tom Ellis – Mayor	December 31, 2022
Brett Sherman – Council President	December 31, 2022
Markley Drake	December 31, 2022
David Golobay	December 31, 2020
David Emami	December 31, 2020

All council members receive mail at the address below.

ADMINISTRATIVE

Jason Tuck, City Manager  
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## **FINANCIAL SECTION**

## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council  
City of Happy Valley, Oregon

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of City of Happy Valley, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise City of Happy Valley's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of City of Happy Valley, as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the required supplementary information, such as management's discussion and analysis, schedule of the proportionate share of the net pension liability, schedule of contributions - pensions, schedule of the proportionate share of OPEB - RHIA, schedule of contributions to OPEB - RHIA, schedule of changes in OPEB liability and related ratios – implicit rate subsidy and schedule of contributions to OPEB – implicit rate subsidy, as listed in the table of contents under required supplementary information, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the management's discussion and analysis, schedule of the proportionate share of the net pension liability, schedule of contributions - pensions, schedule of the proportionate share of OPEB - RHIA, schedule of contributions to OPEB - RHIA, schedule of changes in OPEB liability and related ratios – implicit rate subsidy and schedule of contributions to OPEB – implicit rate subsidy, as listed in the table of contents under required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The schedule of revenues, expenditures and changes in fund balance – budget and actual, as listed in the table of contents under required supplementary information, are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### *Supplemental and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Happy Valley's basic financial statements. The introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

## **Reports on Other Legal and Regulatory Requirements**

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2021 on our consideration of City of Happy Valley's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Happy Valley's internal control over financial reporting or on compliance. That report is issued separately and is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Happy Valley's internal control over financial reporting and compliance.

### **Other Reporting Required by Oregon Minimum Standards**

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated March 29, 2021, on our consideration of City of Happy Valley's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance.



For Merina+Co  
Tualatin, Oregon  
March 29, 2021

CITY OF HAPPY VALLEY, OREGON  
MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)

The management of the City of Happy Valley presents this analysis of the City's financial activities for the fiscal year ended June 30, 2020. Please read it in conjunction with the City's financial statements and notes, which follow this section.

**Financial Highlights**

At June 30, 2020 the City's total net position was \$122,785,763 which was an increase of \$30,309,625 over the previous year. The prior year saw net position increase \$10,793,417 most of which was attributable to the nearly \$6 million of addition of streets to the capital assets which were paid for by developers. Additionally, over \$3 million in SDC's were collected and there were no major projects taking place in those funds therefore adding to the City's net position. The current year increase is primarily attributable to the \$14.3 million litigation settlement payment received from the North Clackamas Parks and Recreation District. Additionally, nearly \$10 million in SDC's were collected and there were no major projects taking place in those funds therefore adding to the City's net position.

The General Fund ended the fiscal year with a total fund balance of \$16,241,682. Of that balance, \$914,171 was either non-spendable or restricted for prepaid expenses and PEG fees. The remaining \$15,327,511 was unrestricted with \$8,058,724 committed and \$7,268,787 unassigned. Committed funds are comprised of general operations reserve to be used to offset the cyclical nature of revenue and maintain agreed upon service levels, dollars set aside for pedestrian improvement projects, and replacement reserves for the purchase of items based on an agreed upon replacement schedule. Unassigned funds are available for general operations.

The General Fund had an increase in fund balance of \$3,124,322 because revenues outpaced the growth in expenses. Notably, development revenues were robust as well as right of way use fees.

Overview of the Financial Statements

This financial report consists of; *management's discussion and analysis* (this section), *basic financial statements*, *required supplementary information*, and *other supplementary information*.

The basic financial statements include two statement types which present different views of the City and the notes. The first two statements are *government-wide financial statements* which provide both *long-term* and *short-term* information about the City's overall financial status. The remaining statements are *fund financial statements* which focus on *individual parts* of the government and report the City's operations in more detail than the government-wide statements. The *governmental fund* statements tell how *general government* services are financed in the *short term* as well as what remains for future spending. The notes contain information to help explain what is in the financial statements and provide more detailed data.

The basic financial statements are followed by the *required supplementary information* and *other supplementary information* which further explain and support the information in the basic financial statements. The remainder of this overview section of management's discussion and analysis explains the structure and content of each of the statements.

CITY OF HAPPY VALLEY, OREGON  
MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)

### **Government-wide Statements**

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all City assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All current year revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City's net position and how it changed from the previous fiscal year. Net position is the difference between the City's assets, deferred outflows of resources, liabilities and deferred inflows of resources and are a way to measure the City's financial health. Over time, increases or decreases in the City's total net position can be indicators as to whether its financial health is improving or deteriorating, respectively. To assess the overall health of the City, one must consider additional non-financial factors such as the City's tax base, local and statewide economic and legislative climate, as well as other factors.

The government-wide financial statements include *Governmental activities* which encompass most of the City's basic services. These include general government, public safety, planning, building, library, streets, and parks. Property taxes, licenses, permits, and intergovernmental revenues finance most of these activities.

### **Fund Financial Statements**

The fund financial statements provide detailed information about each of the City's most significant funds but do not provide information about the City as a whole. Funds are accounting tools the City uses to track specific sources of funding and spending for particular purposes.

The City has governmental funds which are explained as follows:

- *Governmental funds* are used to account for the City's basic services. Governmental funds focus on near-term inflows and outflows of spendable resources and the balances of spendable resources available at fiscal year-end. Thus, governmental fund statements provide a detailed short-term view to determine whether there are greater or fewer financial resources available to finance the City's services in the near future. Reconciliations are provided to explain the relationship (or differences) between these statements and the long-term focus of the government-wide statements.

### **Other Information**

In addition to the basic financial statements and notes, this report also presents certain required supplementary information and other supplementary information concerning the City's compliance with its annual appropriated budget amounts. A budgetary comparison statement for each fund is provided in the other supplementary information to demonstrate compliance with the budget.

### **Financial Analysis of the City**

For the year ended June 30, 2020 the City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$122,785,763. Cash and Investments represent 49% of total assets. Long lived capital assets including land, buildings, streets, equipment, and vehicles comprise 49% of total assets. The remaining assets include prepaid items, accounts and property tax receivables and Net OPEB Asset.

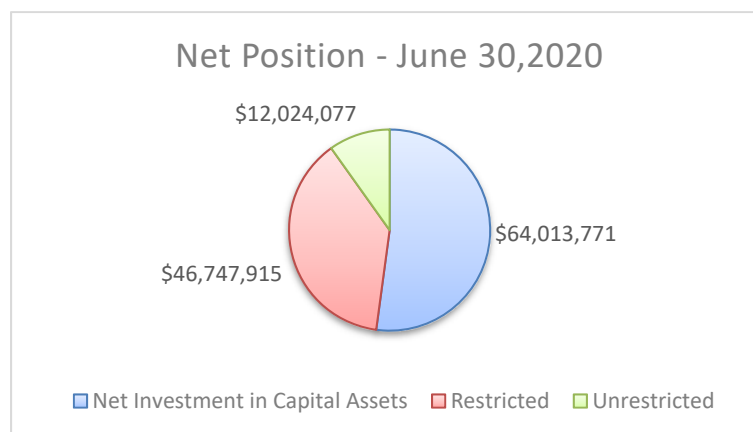
The actuarially determined Net Pension Liability represents 68% of total liabilities. Remaining liabilities are payments to vendors, governments, and accrued personnel costs.

CITY OF HAPPY VALLEY, OREGON  
MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)

**Table 1 – Net Position as of June 30<sup>th</sup>**

	Total 2020	Total 2019
<b>Assets</b>		
Current and Other Assets	\$ 65,878,394	\$ 39,279,937
Capital Assets	64,013,771	60,231,610
Total Assets	<u>129,892,165</u>	<u>99,511,547</u>
 Deferred Outflows of Resources	<u>5,643,165</u>	<u>3,479,259</u>
 <b>Liabilities</b>		
Current and Other Liabilities	3,856,934	3,320,758
Non-Current Liabilities	8,488,834	6,844,411
Total Liabilities	<u>12,345,768</u>	<u>10,165,169</u>
 Deferred Inflows of Resources	<u>403,799</u>	<u>349,499</u>
 <b>Net Position</b>		
Net Investment in Capital Assets	64,013,771	60,231,610
Net Position - Restricted	46,747,915	22,893,497
Net Position - Unrestricted	<u>12,024,077</u>	<u>9,351,031</u>
Total Net Position	<u><u>\$ 122,785,763</u></u>	<u><u>\$ 92,476,138</u></u>

The largest part of net position is the investment in capital assets less any outstanding debt used to acquire the assets. The City uses capital assets to provide services to citizens, but those capital assets are not available for future spending. The resources needed to repay related debt must come from a source other than the capital assets themselves. However, there is no related debt as the City paid off the remaining debt on the City Hall Building. Those bonds were the City's only long-term debt. Total net position of the City is positive and has increased from the prior fiscal year.



CITY OF HAPPY VALLEY, OREGON  
MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)

**Table 2 - Changes in Net Position**

	Total 2020	Total 2019
Revenues:		
Program Revenues		
Charges for Services	\$ 15,349,683	\$ 6,380,077
Operating Grants and Contributions	1,334,269	-
General Revenues		
Property Taxes	6,232,884	7,411,559
Gas Tax	1,465,576	1,506,599
ROW Fees	1,803,351	1,660,257
Intergovernmental	15,265,741	1,076,387
Library District	2,970,704	2,909,367
Other Revenue	7,310,594	7,517,898
Total Revenues	<u>51,732,802</u>	<u>28,462,144</u>
Expenses:		
General Government	9,132,517	7,423,795
Cultural and Recreation	3,613,606	3,284,384
Public Safety	4,746,220	3,928,333
Highways and Streets	3,930,834	3,032,215
Interest on long term debt	-	-
Total Expenses	<u>21,423,177</u>	<u>17,668,727</u>
Change in Net Position	30,309,625	10,793,417
Net Position - Beginning	<u>92,476,138</u>	<u>81,682,721</u>
Net Position - Ending	<u>\$ 122,785,763</u>	<u>\$ 92,476,138</u>

The City's total revenues increased \$28,462,144 to \$51,732,802 over the previous year revenue. Most of the increase was a result of nearly \$14.3 million settlement payment from the North Clackamas Parks and Recreation District which was the culmination of several years of litigation. Additionally, the increase was a result of nearly \$6 million in street additions from several large subdivisions being constructed in the City. Since the developers paid for these new roads and there were no expenses by the City, the result is a gain which ends up in the Other Revenue category. Robust development fees and SDC's also contributed to the large increase in revenues.

Expenses increased \$17,668,727 to \$21,423,177 over the previous year expenses. Expenses across the departments saw increases in materials and services and personnel. Notably, contract service expenditures increased substantially as the city tried to keep up with development activity and services demands without hastily adding full time personnel. Net position increased by \$30,309,625 compared to the prior year's increase of \$10,793,417.

Development is cyclical in nature as are the associated revenues. To offset this ebb and flow of resources, the City created a reserve fund with the 2012-13 budget. Additional amounts were transferred to the fund in subsequent budgets. As of June 30, 2020, the General Operations Reserve fund had a fund balance of \$838,974. The City spent \$1.7 million from this fund to create a PERS side account which will lesson City PERS rates increases going forward.

CITY OF HAPPY VALLEY, OREGON  
MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)

Streets account for 74% of all city owned capital assets and 72% of depreciation expense. In 2018, the City completed a pavement quality index study which assessed the quality of all streets in the City. This study gives the City streets a benchmark to strive towards when maintaining streets on a continual basis. Given the passage of House Bill 2017, the City believes the increased share the state gas tax should be sufficient to maintain our Streets to an acceptable level.

City police services are funded through a local option levy and are currently contracted through Clackamas County. A five-year levy was renewed by the voters at a rate of \$1.38 per thousand in November 2019. This rate will provide adequate revenue to support our current service level.

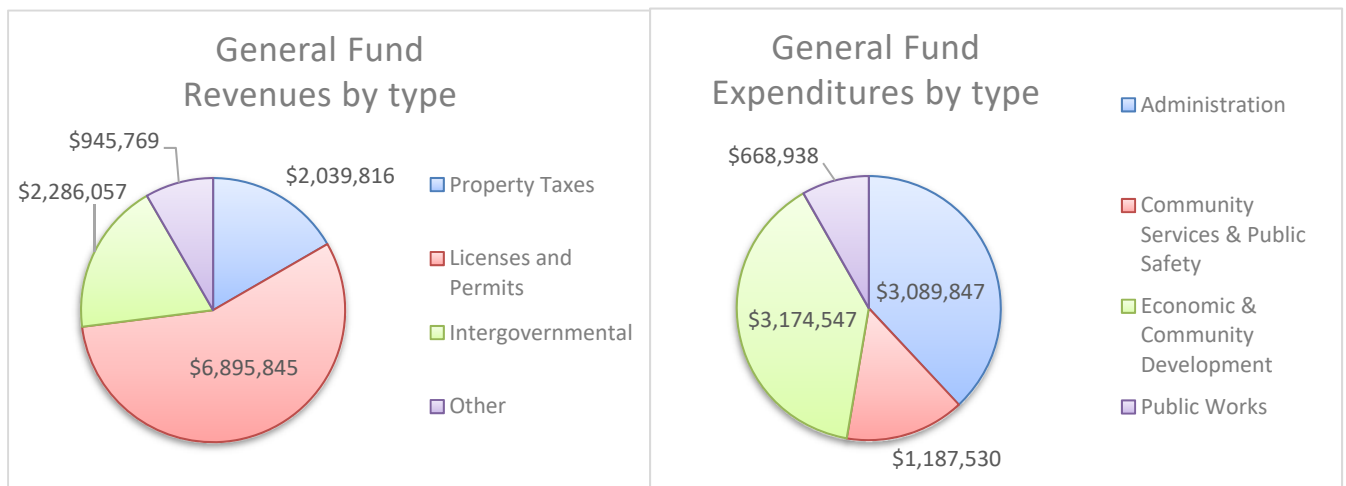
**Financial Analysis of the City's Funds**

Revenues from governmental fund types totaled \$45,774,142 in 2020. Governmental fund balances totaled \$62,067,102 at June 30, 2020. The following is a summary of changes in governmental fund balances:

	June 30, 2020	June 30, 2019	Change
General Fund	\$ 16,241,682	\$ 13,973,163	\$ 2,268,519
Library Fund	5,449,057	4,954,813	494,244
Parks Fund	2,181	735,470	(733,289)
Street Fund	3,596,727	3,961,193	(364,466)
Storm System Development Fund	1,189,883	1,107,709	82,174
Parks System Development Fund	16,054,668	1,514,632	14,540,036
Transportation System Development Fund	11,955,862	7,886,284	4,069,578
Public Safety Fund	1,691,377	1,853,427	(162,050)
Parks Capital Projects Fund	4,938,934	-	4,938,934
Pedestrian Improvement Projects Fund	946,731	-	946,731

The General Fund increase was due to a sizable increase in property tax revenue as well as consistent increases in areas such as right of way use fees state shared revenues and intergovernmental revenues. The combination of building, planning and engineering fees was at or above \$2 million for the fifth year in a row. The Library Fund balance increased \$494,244 to \$5,449,057 as a result of increased Library District Revenue. The Library Fund transferred \$700,000 to the Library Reserve for Replacement Fund to save up for replacement of capital assets. The Parks Fund balance ended the year at \$2,181 as a result of not levying the parks operating taxes. As the City is now out of the parks district, the parks operating levy will resume next fiscal year. The Parks and Transportation SDC Funds increased \$14,540,036 and \$4,069,578 respectively as there were no major SDC projects during the year and robust development activity. Additionally, the Parks SDC fund received \$9 million from the parks settlement and the Parks Capital Project Fund received the remaining \$5 million from the settlement.

**General Fund Budgetary Highlights**



CITY OF HAPPY VALLEY, OREGON  
MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)

The General Fund – Budgetary Basis ending fund balance increased \$2,198,625 from the previous year. There was a transfer out of \$2,370,000 to the Facility Capital Projects Fund to save for the land purchase and construction of a new public works facility. Additionally, there were transfers to the Parks Fund and General Reserve for Replacement Fund for \$330,000 and \$500,000, respectively. As seen in the chart below, General Fund revenues outpaced budget estimates in most categories. Development fees stayed consistent with the growth trend we have experienced over the last several years.

General Fund revenues were in excess of budget by the following amounts:

Revenue Source	Budget	Actual	Difference
Building Permits and Fees	\$ 1,250,000	3,449,472	\$ 2,199,472
ROW Use Fees	1,699,500	1,803,351	103,851
Engineering Fees	250,000	694,769	444,769
SDC Compliance Fees	160,000	495,504	335,504
Intergovernmental	309,000	1,533,258	1,224,258
User Related Fees	309,000	403,731	94,731

General Fund expenditures were less than appropriated amounts for each appropriation category. Each department expended between 86-93% of their appropriation. Contract Services was a notable expenditure in each department. As we plan for growth and add additional services, the City used outside consultants and services in lieu of adding additional employees when doing so was financially prudent. Personal services expenditures were also at a high level for each department as PERS costs, benefits and wages all increased.

Expenditures	Budget	Actual	Difference
Administration	\$ 3,583,700	\$ 3,089,847	\$ 493,853
Community Services & Public Safety	1,271,500	1,187,530	83,970
Economic & Community Developme	3,395,400	3,174,547	220,853
Public Works	774,200	668,938	105,262

### Capital Assets

At June 30, 2020, the City had \$64,013,771 invested in capital assets net of accumulated depreciation. This is an increase of \$3,782,161 from the previous year. A notable addition this year was All Abilities Park and Happy Valley Park. The annual street additions totaled \$5,544,762 and total depreciation expense was \$2.3 million. Details of the changes in capital assets are disclosed in the notes to the financial statements (Note 3).

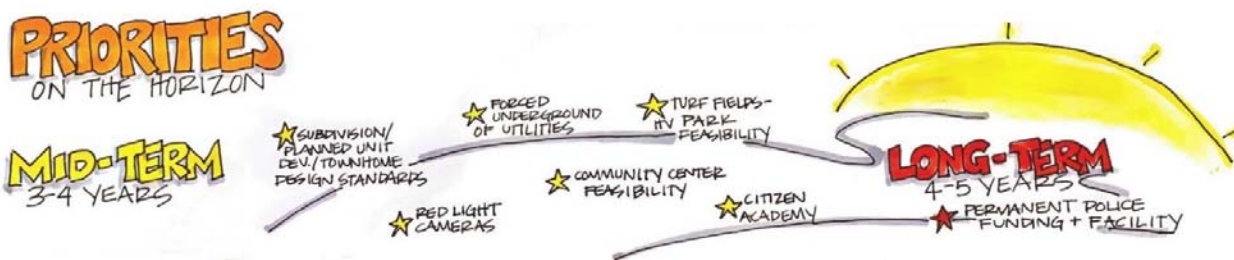


CITY OF HAPPY VALLEY, OREGON  
MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)

**Long Term Debt**

At June 30, 2020, the City had no long term debt. The City issued \$5,000,000 of Full Faith and Credit Obligations Series August 2007 to finance a portion of the new city hall facility. The remaining amount was financed using transfers from the General and Building Department Funds. Beginning in the 2012-13 fiscal year and continuing through the 2016-17 fiscal year the City transferred enough to the Debt Service Fund for the early repayment of bonds. The final debt service payment of \$3.6 million was made in March 2017. Detailed information regarding long term debt is presented in the notes to the financial statements (Note 4).

**Economic Factors and Next Year's Budget**



In December, Clackamas County and the City approved a settlement agreement which resolved a two-year legal dispute over parks and recreation services. The agreement calls for both jurisdictions to collaboratively develop and support legislation that would remove Happy Valley from NCPRD in exchange for dropping all legal claims. Not only does this settlement provide certainty, it allows both parties to turn the page and focus on building new parks and providing great recreation programs and services to their respective residents.

Specifically, the agreement includes:

- Clackamas County and Happy Valley will jointly develop and support legislation in the 2020 legislative session that will withdraw Happy Valley from the district and allow the City to become its own parks and recreation provider.
- Payment of \$14.3 million to City of Happy Valley. The funds for this payment will come from development fees generated in Happy Valley as well as a portion of the Hood View Park sale proceeds.
- Transfer of the following parks to City of Happy Valley, relieving NCPRD of ongoing maintenance and management costs
  - Southern Lites
  - Village Green
  - Ashley Meadows
  - District owned properties adjacent to Mt. Talbert
  - Hidden Falls
  - Scott Creek Trail

CITY OF HAPPY VALLEY, OREGON  
MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)

- Agreement from City not to withdraw properties currently inside NCPRD boundaries if or when they annex to Happy Valley.

The strong real estate market is projected to continue for the immediate future and should result in further commercial and residential construction. All phases of the development cycle were active this year creating large revenue totals for planning, engineering, and building fees and permits. Annexations into the city from the Damascus and Carver area added nearly a thousand acres with future development potential. These types of annexations allow Happy Valley to continue development for the next 25 to 30 years. Our reserve funds help to mitigate the effects of the development cycle on our funding for ongoing operations.

Following the annexations from the Pleasant Valley and North Carver areas, the City needs to update our Comprehensive Plan to include this new land. This has been the largest undertaking for the Planning Division this year, preparing for numerous Technical Advisory Committee (TAC) and Community Advisory Committee (CAC) meetings, open houses, and online workshops in an effort to analyze and discuss the potential future for this area. This process has been delayed by COVID-19 but should resume in spring of 2021.

One ongoing concern regarding expenditures, is the Public Employee Retirement System (PERS) and its associated employer rate increases. Legislative changes to PERS are required otherwise it is likely the city will see continued increases in employer rates for the foreseeable future. Included in these statements are PERS rates for Tier1/Tier 2 at 20.07% and OPSRP rates at 14.02%. As PERS rates are reassessed every two years, these rates have increased for the 2019-21 budget. Due to the statewide unfunded actuarial liability, we can almost guarantee further rate increases for each biennium for the foreseeable future. In the fall of 2019, the City used reserve funds to create a side account and take advantage of the State matching funds made available through recent PERS reform legislature. This side account will mitigate future PERS rate increases and save the City money.

Development volatility can make it difficult to effectively project and our budget reflects a cautious but optimistic outlook. The next fiscal year budget contains both increased revenues and increased expenditures based on a higher population, higher service levels, and increased development. Our annual budget process is used in conjunction with our five-year projection process to assess the long-term direction of the City. These processes along with ongoing review of revenues and expenditures help ensure our long-term organizational sustainability.

Finally, with all our growing service demands, the City needs to develop a strategic plan for investing in our facilities and infrastructure. The priorities identified in our various planning documents include a new Public Works Facility, Community Policing Center, community park, community center, neighborhood parks, all-weather turf fields, sidewalks, and road improvements. Together, this list totals approximately \$70 million. We are working with the City Council to set priority levels and discuss various funding options for these projects.

### **Contacting the City's Financial Management**

The City's financial report is designed to provide the user with a general overview of the City's finances and to demonstrate transparency and accountability. If you have questions about this report or need clarification of the information, please contact the City of Happy Valley Director of Finance at: 16000 SE Misty Drive, Happy Valley, OR 97086, phone number 503-783-3800.

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## **BASIC FINANCIAL STATEMENTS**

**CITY OF HAPPY VALLEY, OREGON****Statement of Net Position****June 30, 2020****ASSETS**

Cash and Investments	\$ 64,245,846
Prepaid items	73,639
Accounts Receivable	1,299,929
Property Taxes Receivable	182,517
Net OPEB Asset	76,463
Capital Assets:	
Land, non-depreciable, and construction in progress	4,257,187
Building, improvements, equipment, and other capital assets (net of accumulated depreciation)	59,756,584

TOTAL ASSETS	<u>129,892,165</u>
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**DEFERRED OUTFLOWS OF RESOURCES**

Deferred amount related to pension	5,619,548
Deferred amount related to OPEB	23,617

TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>5,643,165</u>
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**LIABILITIES**

Accounts Payable	1,685,257
Accrued Payroll Liabilities	312,639
Developer Deposits	1,072,476
Intergovernmental Payable	498,926
Compensated Absences	287,636
Noncurrent liabilities (due in more than one year):	
Net Pension Liability	8,337,371
Net OPEB Liability	151,463

TOTAL LIABILITIES	<u>12,345,768</u>
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**DEFERRED INFLOWS OF RESOURCES**

Deferred amount related to pension	369,084
Deferred amount related to OPEB	34,715

TOTAL DEFERRED INFLOWS OF RESOURCES	<u>403,799</u>
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**NET POSITION**

Net Investment in Capital Assets	64,013,771
Net Position - Restricted for:	
PEG	846,032
Library	5,449,057
Parks	4,941,115
Street Maintenance	4,543,458
SDC Projects	29,200,413
Public Safety	1,691,377
OPEB Benefits	76,463
Net Position - Unrestricted	12,024,077

TOTAL NET POSITION	<u><u>\$ 122,785,763</u></u>
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**CITY OF HAPPY VALLEY, OREGON**  
**Statement of Activities**  
**for the year ended June 30, 2020**

FUNCTION/PROGRAM	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Charges for Services	
GOVERNMENTAL ACTIVITIES				
General Government	\$ 9,132,517	\$ 5,092,494	\$ 1,334,269	\$ (2,705,754)
Cultural and Recreation	3,613,606	5,033,070	-	1,419,464
Public Safety	4,746,220	637,548	-	(4,108,672)
Highways and Streets	3,930,834	4,586,571	-	655,737
TOTAL GOVERNMENTAL ACTIVITIES	\$ 21,423,177	\$ 15,349,683	\$ 1,334,269	(4,739,225)

**GENERAL REVENUES**

Property Taxes	6,232,884
Gas Tax	1,465,576
ROW Fees	1,803,351
Library District	2,970,704
Intergovernmental	15,265,741
Gain from EIF matching	415,000
Other Revenue	6,895,594

**TOTAL GENERAL REVENUES** 35,048,850

**CHANGE IN NET POSITION** 30,309,625

**NET POSITION - beginning** 92,476,138

**NET POSITION - ending** \$ 122,785,763

**CITY OF HAPPY VALLEY, OREGON**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2020**

	General Fund - GAAP	Library Fund - GAAP	Street Fund - GAAP	Parks SDC Fund - GAAP	Transportation SDC Fund - GAAP	Parks Capital Projects Fund - GAAP	Public Safety Fund - GAAP	Non-Major Fund - GAAP	Total
<b>ASSETS</b>									
Cash and Investments	\$ 17,035,433	\$ 5,539,415	\$ 3,550,691	\$ 16,054,668	\$ 11,976,080	\$ 4,938,934	\$ 2,954,381	\$ 2,196,244	\$ 64,245,846
Prepaid items	68,139	-	1,500	-	-	-	-	4,000	73,639
Accounts Receivable	1,164,884	-	102,870	-	-	-	20,612	11,563	1,299,929
Property Taxes Receivable	59,683	-	-	-	-	-	122,834	-	182,517
<b>TOTAL ASSETS</b>	<b>\$ 18,328,139</b>	<b>\$ 5,539,415</b>	<b>\$ 3,655,061</b>	<b>\$ 16,054,668</b>	<b>\$ 11,976,080</b>	<b>\$ 4,938,934</b>	<b>\$ 3,097,827</b>	<b>\$ 2,211,807</b>	<b>\$ 65,801,931</b>
<b>LIABILITIES</b>									
Accounts Payable	\$ 232,800	\$ 31,937	\$ 45,866	\$ -	\$ 20,218	\$ -	\$ 1,295,047	\$ 59,389	\$ 1,685,257
Accrued Payroll Liabilities	228,127	58,421	12,468	-	-	-	-	13,623	312,639
Developer Deposits	1,072,476	-	-	-	-	-	-	-	1,072,476
Intergovernmental Payable	498,926	-	-	-	-	-	-	-	498,926
<b>TOTAL LIABILITIES</b>	<b>2,032,329</b>	<b>90,358</b>	<b>58,334</b>	<b>-</b>	<b>20,218</b>	<b>-</b>	<b>1,295,047</b>	<b>73,012</b>	<b>3,569,298</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>									
Unavailable revenue - property taxes	54,128	-	-	-	-	-	111,403	-	165,531
<b>FUND BALANCES</b>									
Fund Balance By Category									
Nonspendable	68,139	-	1,500	-	-	-	-	4,000	73,639
Restricted	846,032	5,449,057	3,595,227	16,054,668	11,955,862	4,938,934	1,691,377	2,136,614	46,667,771
Committed	8,058,724	-	-	-	-	-	-	-	8,058,724
Unassigned	7,268,787	-	-	-	-	-	-	(1,819)	7,266,968
<b>TOTAL FUND BALANCES</b>	<b>16,241,682</b>	<b>5,449,057</b>	<b>3,596,727</b>	<b>16,054,668</b>	<b>11,955,862</b>	<b>4,938,934</b>	<b>1,691,377</b>	<b>2,138,795</b>	<b>62,067,102</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>	<b>\$ 18,328,139</b>	<b>\$ 5,539,415</b>	<b>\$ 3,655,061</b>	<b>\$ 16,054,668</b>	<b>\$ 11,976,080</b>	<b>\$ 4,938,934</b>	<b>\$ 3,097,827</b>	<b>\$ 2,211,807</b>	<b>\$ 65,801,931</b>

**CITY OF HAPPY VALLEY, OREGON**  
**Reconciliation of Balance Sheet of Governmental Funds**  
**to Statement of Net Position**  
**June 30, 2020**

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Explanation of certain differences between the balance sheet - governmental funds  
and the statement of net position.

Total Fund Balances - governmental funds	\$ 62,067,102
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds and assets.	64,013,771
Net pension and OPEB obligations and assets are not due and payable in the current period and, therefore, are not reported in the funds.	(8,412,371)
Deferred outflows and inflows or resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.	
Pension related changes	5,250,464
OPEB related changes	(11,098)
Accrued compensated absences are not due and payable in the current period and therefore are not reported in the funds.	(287,636)
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the funds.	
Unavailable revenue - property taxes	<u>165,531</u>
Total Net Position	<u>\$ 122,785,763</u>

**CITY OF HAPPY VALLEY, OREGON**  
**Statement of Revenues, Expenditures and Changes**  
**In Fund Balances - Governmental Funds**  
**for the year ended June 30, 2020**

	General Fund - GAAP	Library Fund - GAAP	Street Fund - GAAP	Parks SDC Fund - GAAP	Transportation SDC Fund - GAAP	Parks Capital Projects Fund - GAAP	Public Safety Fund - GAAP	Non-Major Funds - GAAP	Total
<b>REVENUES</b>									
Property Taxes	\$ 2,039,816	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,194,170	\$ -	\$ 6,233,986
Gas Tax Revenue	-	-	1,465,576	-	-	-	-	-	1,465,576
Licenses and Permits	6,895,845	-	-	-	-	-	-	107,157	7,003,002
System Development Charges	-	-	-	4,999,326	4,455,494	-	-	131,077	9,585,897
Intergovernmental Revenues	2,286,057	-	13,953	9,369,530	-	4,930,470	-	-	16,600,010
Library District Revenue	-	2,970,704	-	-	-	-	-	-	2,970,704
Other Revenue	1,021,406	152,912	246,409	94,978	229,826	8,464	75,807	85,165	1,914,967
<b>TOTAL REVENUES</b>	<b>12,243,124</b>	<b>3,123,616</b>	<b>1,725,938</b>	<b>14,463,834</b>	<b>4,685,320</b>	<b>4,938,934</b>	<b>4,269,977</b>	<b>323,399</b>	<b>45,774,142</b>
<b>EXPENDITURES</b>									
Current									
General Government	9,265,149	-	-	-	-	-	-	-	9,265,149
Cultural and Recreation	-	2,053,682	-	-	-	-	-	920,973	2,974,655
Public Safety	601,223	-	-	-	-	-	3,962,941	-	4,564,164
Highways and Streets	-	-	712,496	-	258,610	-	-	-	971,106
Capital Outlay	272,430	91,690	1,174,908	4,500	357,132	-	1,086	16,911	1,918,657
<b>TOTAL EXPENDITURES</b>	<b>10,138,802</b>	<b>2,145,372</b>	<b>1,887,404</b>	<b>4,500</b>	<b>615,742</b>	<b>-</b>	<b>3,964,027</b>	<b>937,884</b>	<b>19,693,731</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>2,104,322</b>	<b>978,244</b>	<b>(161,466)</b>	<b>14,459,334</b>	<b>4,069,578</b>	<b>4,938,934</b>	<b>305,950</b>	<b>(614,485)</b>	<b>26,080,411</b>
<b>OTHER FINANCING SOURCES (USES)</b>									
Transfers In	4,220,000	700,000	100,000	80,702	-	-	-	330,000	5,430,702
Transfers Out	(3,200,000)	(1,184,000)	(303,000)	-	-	-	(468,000)	(275,702)	(5,430,702)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>1,020,000</b>	<b>(484,000)</b>	<b>(203,000)</b>	<b>80,702</b>	<b>-</b>	<b>-</b>	<b>(468,000)</b>	<b>54,298</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>3,124,322</b>	<b>494,244</b>	<b>(364,466)</b>	<b>14,540,036</b>	<b>4,069,578</b>	<b>4,938,934</b>	<b>(162,050)</b>	<b>(560,187)</b>	<b>26,080,411</b>
<b>FUND BALANCES - beginning</b>	<b>13,117,360</b>	<b>4,954,813</b>	<b>3,961,193</b>	<b>1,514,632</b>	<b>7,886,284</b>	<b>-</b>	<b>1,853,427</b>	<b>2,698,982</b>	<b>35,986,691</b>
<b>FUND BALANCES - ending</b>	<b>\$ 16,241,682</b>	<b>\$ 5,449,057</b>	<b>\$ 3,596,727</b>	<b>\$ 16,054,668</b>	<b>\$ 11,955,862</b>	<b>\$ 4,938,934</b>	<b>\$ 1,691,377</b>	<b>\$ 2,138,795</b>	<b>\$ 62,067,102</b>

**CITY OF HAPPY VALLEY, OREGON****Reconciliation of Statement of Revenues, Expenditures and Changes In  
Fund Balances - Governmental Funds - To Statement of Activities  
for the year ended June 30, 2020**

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Explanation of certain differences between the statement of revenues, expenditures, and  
changes in fund balance - governmental funds and the statement of activities.

Net Change in Fund Balances - Governmental Funds \$ 26,080,411

Governmental funds report capital outlays as expenditures. However, in  
the statement of activities the cost of those assets is allocated over their  
estimated useful lives and reported as depreciation expense. This is the  
amount by which depreciation exceeded capital outlay in the current period.

Capital Asset Additions (net of disposals)	\$ 6,031,597	
Depreciation Expense (net of disposals)	<u>(2,249,436)</u>	3,782,161

Some expenses reported in the Statement of Activities do not require  
the use of current financial resources and, therefore, are not reported  
as expenditures in governmental funds.

Compensated Absences	(49,218)	
Pension Expense	(1,582,560)	
Pension EIF	2,087,490	
Net Other Postemployment Benefit Obligations	<u>(7,557)</u>	448,155

Revenues in the statement of activities that do not provide current financial  
resources are not reported as revenues in the funds.

Unavailable Revenue - Property Taxes	<u>(1,102)</u>
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Change in Net Position	<u><u>\$ 30,309,625</u></u>
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**CITY OF HAPPY VALLEY, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the City of Happy Valley, Clackamas County, Oregon have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting policies. The more significant of the City's accounting policies are described below.

**A. THE FINANCIAL REPORTING ENTITY**

The City of Happy Valley was organized in November of 1965, as a Council-Mayor form of government. From January 1991 to December 2000 the City operated under Ordinance 105 that created the position of City Administrator and the City operated under the Council-Administrator form of government. On November 7, 2000 the voters approved a new charter now referred to as the 2000 Happy Valley Charter. The new charter created the position of City Manager. The new form of government formed by the new charter is the Council-Manager. The City Manager is the administrative head of the city government. Beginning with the November 2002 general election, the mayor was elected for a 4-year term and will be again at each subsequent general election thereafter. At each general election two council members will be elected each for a 4-year term. The City Manager reports to and is responsible to the Mayor and City Council.

These financial statements include all funds, organizations, departments and offices that are not legally separate from the City of Happy Valley. The elected governing body, the City Council, is not financially accountable for any legally separate organization. In addition, there are no organizations, due to either their nature or significance to the City that would make these basic financial statements incomplete or misleading by their exclusion. The City of Happy Valley has no component units.

**B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)**

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole.

The Statement of Net Position and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, deferred outflows, liabilities, and deferred inflows resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33 "Accounting and Financial Reporting for Nonexchange Transactions."

Program Revenues included in the Statement of Activities derive directly from the program itself or from parties outside the City's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the City's general revenues. These revenues include all development related fees.

The City reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

**CITY OF HAPPY VALLEY, OREGON**  
NOTES TO THE BASIC FINANCIAL STATEMENTS

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION

In the process of aggregating data for the Statement of Net Position and the Statement of Activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to report only the net effect on assets, deferred outflows of resources, liabilities, and deferred inflows of resources.

NET POSITION

GASB Statement No. 63 Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position reports equity as Net. The net position balance of \$122,785,763 at June 30, 2020 includes \$64,013,771 of net investment in capital assets, \$46,747,915 of restricted net position, and \$12,024,077 of unrestricted net position - available for other purposes.

FUND FINANCIAL STATEMENTS

The accounts of the City are organized and operated on the basis of fund accounting. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum numbers of funds are maintained consistent with legal and managerial requirements.

GOVERNMENTAL FUND TYPES

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

C. DESCRIPTION OF FUNDS

The City reports the following major funds:

GENERAL FUND

This fund accounts for all financial resources and expenditures of the City, except those required to be accounted for in another fund. The principal revenue sources are property taxes, intergovernmental revenues, various fees for provided services, and interest income.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. DESCRIPTION OF FUNDS (CONTINUED)

LIBRARY FUND

This fund accounts for the Library district revenues and the Library expenditures. The principal revenue source is the allocated District property taxes.

STREET FUND

This fund accounts for the shared state highway revenues and the expenditures authorized by the Oregon Constitution to be made from those revenues.

PARKS SYSTEM DEVELOPMENT FUND

This fund accounts for the collection of parks system development charges and their use for related capital projects. Expenditures include credits to developers and capital outlay. Revenues are derived primarily from fees collected from developers.

TRANSPORTATION SYSTEM DEVELOPMENT FUND

This fund accounts for the collection of transportation system development charges and their use for related capital projects. Expenditures include credits to developers and capital outlay. Revenues are derived primarily from fees collected from developers.

PUBLIC SAFETY FUND

This fund accounts for the operations and maintenance of public safety in the City. Revenues in this fund are property taxes derived primarily from the four-year public safety levy passed by the voters of Happy Valley in 2015.

PARKS CAPITAL PROJECTS FUND

This fund accounts for the purchase of parks land and construction of new parks facilities. Revenues are derived from intergovernmental revenue from the parks settlement with North Clackamas Parks and Recreation District.

The City reports the following non-major funds:

PARKS FUND

This fund accounts for revenue from the parks operation levy for the maintenance of City parks and for recreation programming expenditures.

PEDESTRIAN IMPROVEMENT PROJECTS FUND

This fund accounts for pedestrian improvement projects such as bike lanes, pedestrian crossings, pedestrian refuge, sidewalks, and pathways. Revenues are derived from the City's portion of the Clackamas County vehicle registration fee.

STORM SYSTEM DEVELOPMENT FUND

This fund accounts for the collection of storm system development charges and their use for related capital projects. Expenditures include credits to developers and capital outlay. Revenues are derived primarily from fees collected from developers.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. DESCRIPTION OF FUNDS (CONTINUED)

The following funds are shown in the Other Supplementary Information section and are rolled into the above major funds in the Basic Financial Statements in accordance with GASB Statement number 54.

RESERVE FOR GENERAL OPERATIONS FUND

This fund holds amounts to be expended in the future to offset the cyclical nature of resources used to provide the general operations of the City. Revenues are derived from transfers from the General Fund.

GENERAL RESERVE FOR REPLACEMENT FUND

This fund accounts for the future purchase of large dollar items, both maintenance and capital, according to the replacement schedule which is reviewed annually. Revenues are derived from transfers from the General Fund, and Public Safety Fund.

LIBRARY RESERVE FOR REPLACEMENT FUND

This fund accounts for the future purchase of large dollar items for the library, both maintenance and capital, according to the replacement schedule which is reviewed annually. Revenues are derived from transfers from the Library Fund.

STREET RESERVE FOR REPLACEMENT FUND

This fund accounts for the future purchase of street related large dollar items, both maintenance and capital, according to the replacement schedule which is reviewed annually. Revenues are derived from transfers from the Street Fund.

FACILITIES CAPITAL PROJECTS FUND

This fund accounts for the purchase of land and construction of new facilities. Revenues are derived from transfers from the General Fund.

D. PROPERTY TAXES RECEIVABLE

In the Government-Wide Financial Statements uncollected property taxes are recorded on the Statement of Net Position. In the Fund Financial Statements property taxes that are collected within 60 days after year-end are considered measurable and available and, therefore, are recognized as revenue. The remaining balance is recorded as Deferred Inflows - Unavailable Revenue because it is not deemed available to finance operations of the current period. An allowance for doubtful accounts is not deemed necessary, as uncollectible taxes become a lien on the property. Property taxes are levied on all taxable property as of July 1, the beginning of the fiscal year, and become a lien on that date. Property taxes are payable on November 15, February 15, and May 15. Discounts are allowed if the amount due is received by November 15 or February 15. Taxes unpaid and outstanding on May 16 are considered delinquent.

E. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

**Budgetary Information** A budget is prepared and legally adopted for each governmental fund type on the modified accrual basis of accounting in the main program categories required by Oregon Local Budget Law. Budgets for all budgeted funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

The City begins its budget process early in each fiscal year with the establishment of the budget committee. Recommendations are developed through late winter with the budget committee approving the budget in early spring. Public notices of the budget hearing are published generally in early spring with a public hearing being held approximately three weeks later. The Council may amend the budget prior to adoption; however, budgeted expenditures for each fund may not be increased by more than ten percent. The budget is then adopted, appropriations are made and the tax levy declared no later than June 30th.

Expenditure budgets are appropriated at the following levels for General Fund: Administration, Community Services & Public Safety, Economic & Community Development, Public Works, Non-Departmental, Contingency, and Interfund Transfers. All other funds are appropriated in the following levels: Personal Services, Materials and Services, Capital Outlay, Operating Contingency, and Interfund Transfers.

Expenditures cannot legally exceed the above appropriation levels except in the case of grants which could not be estimated at the time of budget adoption. Appropriations lapse at the fiscal year end. Management may amend line items in the budget without Council approval as long as appropriation levels (the legal level of control) are not changed. Supplemental appropriations may occur if the Council approves them due to a need which exists which was not determined at the time the budget was adopted. Expenditures of the various funds were within authorized appropriations.

**Budget/GAAP Reporting Differences** Financial position, results of operations, and changes in fund balance/net position are reported on the basis of accounting principles generally accepted in the United States of America. The budgetary statements provided as part of the required supplementary information elsewhere in this report are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The budgetary basis of accounting is essentially the same as accounting principles generally accepted in the United States of America with some exceptions. Those exceptions include capital outlay expenditures are expensed when purchased, depreciation and amortization are not calculated, property taxes are recorded as revenue when received, and debt is expensed as paid instead of when incurred.

F. CAPITAL ASSETS

Capital assets are recorded at the original or estimated cost. Donated capital assets, donated works of art and similar items, are reported at acquisition value. The City defines capital assets as assets with an initial cost of more than \$5,000 and a life of greater than one year.

Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	15 to 75 years
Equipment	5 to 15 years
Streets	40 years

G. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the Statement of Financial Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will *not* be recognized as an outflow of resources (expenditure) until then. The City reports deferred outflow related to the City's pension plan and other post-employment benefits (OPEB).

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES (CONINUED)

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition

of net position that applies to future periods and as such will not be recognized as an inflow of resources (revenue) until that time. The City reports unavailable revenue from property taxes in the governmental funds balance sheet. This amount is deferred and recognized as an inflow of resources in the period that amount becomes available. The City also reports deferred amounts related to pensions and OPEB. These amounts are deferred and recognized as inflows of resources in the period when the City's recognizes pension or OPEB expense. Deferred inflows are included in the government-wide Statement of Net Position.

H. PENSIONS

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

I. VESTED COMPENSATED ABSENCES

It is the City's policy to permit employees to accumulate earned, unused compensated absences and sick pay benefits. There is no liability for unpaid accumulated sick leave since the City does not have a policy to pay any amounts when employees separate from service. Unused compensated absence pay is accrued when earned in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignation or retirement. This liability is liquidated in the General Fund, Library Fund, Street Fund, and Parks Fund.

J. 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

K. PREPAID ITEMS

Certain payments to vendors reflect costs that will benefit periods beyond June 30, 2020 and as such are recorded as prepaid items. The cost of prepaid items is recorded as an expense when consumed rather than when purchased.

L. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

*Postemployment Benefits Other Than Pensions (OPEB).* For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's two separate plans the Implicit Rate Subsidy and Oregon Public Employees Retirement Systems (OPERS) and additions to/deductions from Implicit Rate Subsidy and OPERS's fiduciary net position have been determined on the same basis as they are reported by

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

Implicit Rate Subsidy and OPERS. For this purpose, Implicit Rate Subsidy and OPERS recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

M. NET POSITION

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 balances of any bonds or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Net Position - Restricted – consists of external constraints placed on asset use by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Net Position - Unrestricted – consists of all other assets that are not included in the other two categories.

On the **Balance Sheet – Governmental Funds**, fund balances are segregated into separate classifications indicating the extent to which the City is bound to honor constraints on the specific purposes for which those funds can be spent.

Non-spendable fund balance – The portion that cannot be spent because of form and/or legally or contractually required to remain intact.

Restricted fund balance – Constraints imposed by creditors, grantors, contributors, or laws and regulations of other governments. Constraints also imposed by law through constitutional provisions or enabling legislation.

Committed fund balance – Constraints imposed by City Council in the form of a resolution and requires resolution to remove.

Assigned fund balance – Constraints imposed by City Council who grants that authority to the City Manager. The form used to assign fund balance is a memorandum.

Unassigned fund balance – Fund balance not categorized in one of the other classifications. Only the general fund should report a positive unassigned fund balance amount. For other funds a negative fund balance should be reported if more resources are used than are available in the fund.

The City will use restricted resources first then unrestricted resources as necessary. When only unrestricted resources are available for use the City will use committed resources, then assigned, and then unassigned resources as required.

**CITY OF HAPPY VALLEY, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

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**2. CASH AND INVESTMENTS**

Cash and Investments consisted of:

Deposits with Financial Institutions:

Petty Cash	\$ 3,500
Demand Deposits	16,391,306
Investments	<u>47,851,040</u>

Total Cash and Investments	<u>\$ 64,245,846</u>
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DEPOSITS - Deposits with financial institutions include bank demand deposits. The total bank balance per the bank statements is \$17,194,465. Of the current year bank balance, all is covered by federal depository insurance and/or held at financial institutions on the list of qualified depositories found on the State of Oregon Treasurer's website. The accounts are non-interest bearing demand deposit accounts.

INVESTMENTS - The State Treasurer's Local Government Investment Pool is not registered with the U.S. Securities and Exchange Commission as an investment company. The Oregon Revised Statutes and the Oregon Investment Council govern the State's investment policies. The State Treasurer is the investment officer for the Council and is responsible for all funds in the State Treasury. These funds must be invested, and the investments managed, as a prudent investor would, exercising reasonable care, skill and caution. Investments in the Fund are further governed by portfolio guidelines issued by the Oregon Short-Term Fund Board (OSTFB), which establish diversification percentages and specify the types and maturities of investments.

The portfolio guidelines permit securities lending transactions as well as investments in repurchase agreements and reverse repurchase agreements. The fund was in compliance with all portfolio guidelines at June 30, 2020.

Amounts in the State Treasurer's Local Government Investment Pool are not required to be collateralized. There is no material difference between the fair value of the District's position in the State Treasurer's Local Investment Pool and the value of the pool shares at June 30, 2020. There were no known violations of legal or contractual provisions for deposits and investments during the fiscal year.

At year-end, the City's investment balances were as follows (carrying value is the same as fair market value):

Investment Type	Fair Value	Investment Maturities (in months)		
		Less than 3	3-18	18-59
State Treasurer's Local Government Investment Pool	<u>\$ 47,851,040</u>	<u>\$ 47,851,040</u>	<u>\$ -</u>	<u>\$ -</u>

INTEREST RATE RISK – Oregon Revised Statutes require investments to not exceed a maturity of 18 months, except when the local government has adopted a written investment policy submitted to and reviewed by the OSTFB. The City does not have any investments with a maturity date exceeding 18 months.

CREDIT RISK – Oregon Revised Statutes does not limit investments as to credit rating for securities purchased from US Government Agencies or USGSE. The State Treasurer's Local Government Investment Pool is not rated.

**CITY OF HAPPY VALLEY, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**2. CASH AND INVESTMENTS (CONTINUED)**

CONCENTRATION OF RISK – At June 30, 2020 the City had 100% of total investments in the State Treasurer’s Local Government Investment Pool. State statutes do not limit the percentage of investments in this instrument.

**3. CAPITAL ASSETS**

Changes in capital assets for the fiscal year ended June 30, 2020 are as follows:

	Governmental Activities Capital Assets			
	July 1, 2019	Additions	Disposals	June 30, 2020
Capital Assets, not being depreciated				
Land and Improvements	\$ 3,805,029	\$ -	\$ -	\$ 3,805,029
Construction in Progress	79,108	373,050	-	452,158
Totals, capital assets not being depreciated	3,884,137	373,050	-	4,257,187
Capital Assets, being depreciated				
Buildings	13,480,627	-	-	13,480,627
Vehicles	834,222	-	(21,595)	812,627
Other Equipment	1,196,316	70,119	(44,021)	1,222,414
Park Improvements	3,551,192	109,282	-	3,660,474
Park Equipment	47,690	-	-	47,690
Streets	62,085,909	5,544,762	-	67,630,671
Totals, capital assets being depreciated	81,195,956	5,724,163	(65,616)	86,854,503
Less: Accumulated Depreciation for:				
Buildings	(2,511,241)	(285,655)	-	(2,796,896)
Vehicles	(442,264)	(91,835)	17,456	(516,643)
Other Equipment	(615,745)	(87,730)	37,380	(666,094)
Park Improvements	(1,823,858)	(176,614)	-	(2,000,472)
Park Equipment	(31,792)	(3,705)	-	(35,497)
Streets	(19,423,586)	(1,658,731)	-	(21,082,317)
Total Accumulated Depreciation	(24,848,484)	(2,304,271)	54,836	(27,097,918)
Total capital assets, being depreciated, net	56,347,472	3,419,892	(10,780)	59,756,584
Total Governmental Activities	\$ 60,231,609	\$ 3,792,942	\$ (10,780)	\$ 64,013,771

**CITY OF HAPPY VALLEY, OREGON**  
NOTES TO THE BASIC FINANCIAL STATEMENTS

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**3. CAPITAL ASSETS (CONTINUED)**

**Governmental Activities Depreciation Allocation to Functions**

General Government	\$ 277,705
Cultural and Recreation	245,511
Public Safety	50,909
Streets	<u>1,730,146</u>
Total	<u>\$ 2,304,271</u>

**4. COMPENSATED ABSENCES PAYABLE**

At June 30, 2020, the City's liability for compensated absences is estimated at \$287,636. Compensated absences are generally liquidated by the general fund. As compensated absences are due and payable on demand, they are considered due within one year.

**5. INTERFUND TRANSFERS**

Transfers are budgeted and recorded to show legal commitments between funds. The principal purposes of these transfers were to fund the reserve funds to budgeted levels and to share the costs of General Fund administration as calculated in the City's cost allocation plan.

**6. PENSION PLAN**

***General Information about the Pension Plan***

*Plan description.* The City is a participating employer in the Oregon Public Employee Retirement System (PERS)—a cost-sharing multiple employer defined benefit pension plan administered under ORS 238 and Internal Revenue Service 401(a) by the Public Employees Retirement Board (PERB). PERB issues a publicly available financial report that can be obtained at:

<https://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>

**Plan Benefits**

All benefits of the System are established by the legislature pursuant to ORS Chapters 238 and 238A.

**Tier One/Tier Two Retirement Benefit.** Tier One/Tier Two Retirement Benefit plan is closed to new members hired on or after August 29, 2003.

**Pension Benefits**

The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0 percent for police and fire employees, 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 (age 45 for police and fire members). General Service employees may retire after reaching age 55. General service employees may retire after reaching age 55. Police and fire members are eligible after reaching age 50. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of

**6. PENSION PLAN (CONTINUED)**

service. Police and fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier Two members are eligible for full benefits at age 60.

**Death Benefits**

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

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

**Disability Benefits**

A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including PERS judge members) 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 (55 for police and fire members) when determining the monthly benefit.

**Benefit Changes after Retirement**

Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2016 and beyond 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.

**OPSRP Defined Benefit Pension Program (OPSRP DB)**

**Pension Benefits.** The Pension Program (ORS Chapter 238A) provides benefits to members hired on or after August 29, 2003.

This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:

Police and fire: 1.8 percent is multiplied by the number of years of service and the final average salary. Normal for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.

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

**6. PENSION PLAN (CONTINUED)**

**Death Benefits**

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

**Disability Benefits**

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

**Benefit Changes after Retirement**

Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. The COLA is capped at 2.0 percent. This is for the Tier 1/Tier 2 plan benefits only.

**IAP Plan Description:**

**OPSRP Individual Account Program (OPSRP IAP)**

**Pension Benefits**

The IAP is an individual account-based program under the PERS tax-qualified governmental plan as defined under ORS234A.400. An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies.

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

**Death Benefits**

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

**Recordkeeping**

OPERS contracts with VOYA Financial to maintain IAP participant records.

**Employer 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. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2015 actuarial valuation as subsequently modified by 2015 legislated changes in benefit provisions. The rates based on a percentage of payroll, first became effective July 1, 2017. Employer contributions for the year ended June 30, 2020 were \$393,352 excluding amounts to fund employer specific liabilities. The rates in effect for the fiscal year ended June 30, 2020 were 24.29 percent for Tier One/Tier Two General Service Member, 24.29 percent for Tier

**CITY OF HAPPY VALLEY, OREGON**  
NOTES TO THE BASIC FINANCIAL STATEMENTS

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**6. PENSION PLAN (CONTINUED)**

One/Tier Two Police and Fire, 18.53 percent for OPSRP Pension Program General Service Members, 23.16 percent for OPSRP Pension Program Police and Fire Members, and 6 percent for OPSRP Individual Account Program.

**Employee Contributions**

Beginning January 1, 2004, all employee contributions were placed in the OPSRP Individual Account Program (IAP), a defined contribution pension plan established by the Oregon Legislature. Prior to that date, all member contributions were credited to the Defined Benefit Pension Plan. Member contributions are set by statute at 6.0 percent of salary and are remitted by participating employers. The contributions are either deducted from member salaries or paid by the employers on the members behalf. The IAP member accounts represent member contributions made on or after January 1, 2004, plus earnings allocations less disbursements for refunds, death benefits, and retirements. As permitted, the City has opted to pick-up the contributions on behalf of employees; contributions were \$238,226 for the year ended June 30, 2020.

**Pension Assets, Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2020, the City reported a liability of \$8,337,371 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017 rolled forward to June 30, 2019. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating governments, actuarially determined. At June 30, 2019, the City's proportion was 0.0482 percent, which was an increase from its proportion of 0.0443 measured as of June 30, 2018.

For the year ended June 30, 2020, the City recognized pension expense of \$1,582,560. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 459,781	\$ -
Changes in assumptions	1,131,060	-
Net difference between projected and actual earnings on pension plan investments	-	236,356
Changes in proportion and differences between City contributions and proportionate share of contributions	977,259	2,746
	<u>78,811</u>	<u>129,982</u>
Total (prior post MD contributions)	\$ 2,646,911	\$ 369,084
EIF Payment	2,087,491	
Contributions subsequent to the MD	<u>885,146</u>	<u>-</u>
Total	<u>\$ 5,619,548</u>	<u>\$ 369,084</u>

**CITY OF HAPPY VALLEY, OREGON**  
NOTES TO THE BASIC FINANCIAL STATEMENTS

**6. PENSION PLAN (CONTINUED)**

The City reported \$885,146 as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2021	\$ 1,087,574
2022	386,996
2023	447,335
2024	302,512
2025	53,410
Total	<u>\$ 2,277,827</u>

**Actuarial assumptions**

The employer contribution rates effective July 1, 2017 through June 30, 2019 were set using the entry age normal actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years. For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

Valuation Date	December 31, 2017
Measurement Date	June 30, 2019
Experience Study Report	2016, published July 26, 2017
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Inflation Rate	2.50 percent
Long-Term Expected Rate of Return	7.20 percent
Discount Rate	7.20 percent
Projected Salary Increases	3.50 percent overall payroll growth
Cost of Living Adjustments (COLA)	Blend of 2.00% COLA and grade COLA (1.25%/0.15%) in accordance with <i>Moro</i> decision, blend based on service.
Mortality	<p><b>Health retirees and beneficiaries:</b> RP-2014 healthy annuitant, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.</p> <p><b>Active Members:</b> RP-2014 Employees, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.</p> <p><b>Disabled retirees:</b> RP-2014 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale.</p>

**CITY OF HAPPY VALLEY, OREGON**  
NOTES TO THE BASIC FINANCIAL STATEMENTS

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**6. PENSION PLAN (CONTINUED)**

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 2016 Experience Study which reviewed experience for the four-year period ending on December 31, 2016.

**Long-Term Expected Rate of Return:**

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2017 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. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

<b>Asset Class/Strategy</b>	<b>Assumed Asset Allocation</b>		
	<b>Low Range</b>	<b>High Range</b>	<b>Target</b>
Debt Securities	15.0%	25.0%	20.0%
Public Equity	32.5%	42.5%	37.5%
Real Estate	9.5%	15.5%	12.5%
Private Equity	14.0%	21.0%	17.5%
Alternative Equity	0.0%	12.5%	12.5%
Opportunity Portfolio	0.0%	3.0%	0.0%
Total			<u>100.0%</u>

**CITY OF HAPPY VALLEY, OREGON**  
NOTES TO THE BASIC FINANCIAL STATEMENTS

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6. PENSION PLAN (CONTINUED)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Compounded Annual Return (Geometric)</u>
Core Fixed Income	8.00%	3.49%
Short-Term Bonds	8.00%	3.38%
Bank/Leveraged Loans	3.00%	5.09%
High Yield Bonds	1.00%	6.45%
Large/Mid Cap US Equities	15.75%	6.30%
Small Cap US Equities	1.30%	6.69%
Micro Cap US Equities	1.30%	6.80%
Developed Foreign Equities	13.13%	6.71%
Emerging Foreign Equities	4.12%	7.45%
Non-US Small Cap Equities	1.88%	7.01%
Private Equities	17.50%	7.82%
Real Estate (Property)	10.00%	5.51%
Real Estate (REITS)	2.50%	6.37%
Hedge Fund of Funds - Diversified	2.50%	4.09%
Hedge Fund - Event-Driven	0.63%	5.86%
Timber	1.88%	5.62%
Farmland	1.88%	6.15%
Infrastructure	3.75%	6.60%
Commodities	1.88%	3.84%
Total	<u>100.00%</u>	

Assumed Inflation - Mean 2.50%

**Depletion Date Projection**

GASB 68 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 68 will often require that the actuary perform complex projections of future benefit payments and pension plan investments. GASB 68 (paragraph 67) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

**6. PENSION PLAN (CONTINUED)**

The following circumstances justify an alternative evaluation of sufficiency for PERS:

- PERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100% funded position by the end of the amortization period if future experience follows assumption.
- GASB 68 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

Based on these circumstances, it is our independent actuary's opinion that the detailed depletion date projections outlined in GASB 68 would clearly indicate that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

**Discount Rate**

The discount rate used to measure the total pension liability was 7.20 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.

**Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.20 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	<u>1% Decrease (6.20%)</u>	<u>Discount Rate (7.20%)</u>	<u>1% Increase (8.20%)</u>
City's proportionate share of the net pension liability (asset)	\$ 13,351,560	\$ 8,337,371	\$ 4,141,186

**Pension Plan Fiduciary Net Position**

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

**Changes in Plan Provisions During the Measurement Period**

There were no changes during the June 30, 2019 measurement period that require disclosure.

**Changes in Plan Provisions Subsequent to Measurement Date**

A legislative change that occurred after the December 31, 2017 valuation date affected the plan provisions reflected for financial reporting purposes. Senate Bill 1049, signed into law in June 2019, introduced a limit on the amount of annual salary included for the calculation of benefits. Beginning in 2020, annual salary in excess of \$195,000 (as indexed in future years) will be excluded when determining member benefits. As a result, future Tier 1/Tier 2 and OPSRP benefits for certain active members are now projected to be lower than prior to the legislation. Senate Bill 1049 was reflected in the June 30, 2019 Total Pension Liability as a reduction in liability.

**7. OTHER POSTEMPLOYMENT BENEFITS**

**Post Employment Benefits Other than Pensions**

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

**Financial Statement Presentation**

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

	Implicit Rate Subsidy	PERS RHIA Plan	Total OPEB on Financials
Net OPEB Asset	-	76,463	76,463
Deferred Outflows of Resources			
Difference between Expected and Actual Experience	14,332	-	14,332
Change in Assumptions	5,102	-	5,102
Change in Proportionate Share	-	171	171
Contributions After MD	2,664	1,349	4,013
Total OPEB Liability	(151,463)	-	(151,463)
Deferred Inflows of Resources			
Difference in Expected and Actual Experience	-	(10,083)	(10,083)
Difference in Earnings	-	(4,720)	(4,720)
Change in Assumptions	(19,752)	(79)	(19,831)
Change in Proportionate Share	-	(82)	(82)
OPEB Expense/(Income)*	21,403	(9,809)	11,594

\*Included in program expenses on Statement of Activities

**Implicit Rate Subsidy**

**Plan Description**

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

The City's postemployment healthcare plan administrator issues a publicly available financial report that includes financial statements and required supplementary information for CIS. This report may be obtained through their website at: <https://www.cisoregon.org/About/TrustDocs>.

**CITY OF HAPPY VALLEY, OREGON**  
NOTES TO THE BASIC FINANCIAL STATEMENTS

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**7. OTHER POSTEMPLOYMENT BENEFITS**

**Benefits Provided**

The plan provides eligible retirees and their dependents under age 65 the same health care coverage at the same premium rates as offered to active employees. The retiree is responsible for the premiums. As of the valuation date of July 1, 2019, the following employees were covered by the benefit terms:

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

The City's total OPEB liability of \$88,594 was measured as of June 30, 2019 and was determined by an actuarial valuation as of July 1, 2018.

For the fiscal year ended June 30, 2019, the City recognized OPEB income from this plan of \$12,416. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to this OPEB plan from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between expected and actual experience	\$ 14,332	\$ -
Changes of assumptions	5,102	19,752
Total (prior to post-MD contributions)	19,434	19,752
Contributions subsequent to the MD	2,664	-
Total	<u>\$ 22,098</u>	<u>\$ 19,752</u>

Deferred outflows of resources related to OPEB of \$2,664 resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ended June 30:</u>	
2021	\$ (457)
2022	(457)
2023	(457)
2024	(457)
2025	(97)
Thereafter	1,607
Total	<u>\$ (318)</u>

**7. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

**Actuarial Assumptions and Other Inputs**

The total OPEB liability in the July 1, 2019 valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Inflation Rate	2.50 percent
Discount Rate	3.50 percent
Projected Salary Increases	3.50 percent overall payroll growth
Retiree Healthcare Participation	40% of eligible employees 60% of male members and 35% of female members will elect spouse coverage.
Mortality	<p><b>Health retirees and beneficiaries:</b> RP-2014 healthy annuitant, sex distinct mortality tables blended 50/50 blue collar and white collar, set back one year for males. Mortality is projected on a generational basis using the Unisex Social Security Data scale.</p> <p><b>Healthcare cost trend rate:</b>  Medical and vision: 7.00 percent per year decreasing to 4.75 percent.</p> <p>Dental: 4.50 percent per year</p>

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

**Changes in the Total OPEB Liability**

Changes in assumptions is the result of the change in the discount rate from 3.87 to 3.50.

	<u>Total OPEB Liability</u>
Balance as of June 30, 2019	\$ 132,867
Changes for the year:	
Service cost	16,263
Interest on Total OPEB Liability	5,597
Effect of economic/demographic gains or losses	-
Effect of assumptions changes or inputs	5,811
Benefit payments	(9,075)
Balance as of June 30, 2020	<u>\$ 151,463</u>

**CITY OF HAPPY VALLEY, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

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**7. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

**Sensitivity of the Total OPEB Liability**

The following presents the City's OPEB liability, as well as what the liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.5 percent) or 1-percentage-point higher (4.5 percent) than the current discount rate. A similar sensitivity analysis is then presented for changes in the healthcare trend assumption.

Discount Rate:

	<u>1% Decrease (2.50%)</u>	<u>Current Discount Rate (3.50%)</u>	<u>1% Increase (4.50%)</u>
Total OPEB Liability	\$ 167,875	\$ 151,463	\$ 136,611

Healthcare Cost Trend:

	<u>1% Decrease</u>	<u>Current Health Care Trend Rates</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 129,974	\$ 151,463	\$ 177,640

**PERS Retirement Health Insurance Account**

**Plan Description**

The City contributes to the PERS Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit other postemployment benefit plan administered by PERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums for eligible retirees. ORS 238.420 established this trust fund. Authority to establish and amend the benefit provisions of RHIA reside with the Oregon Legislature. The plan is closed to new entrants hired after August 29, 2003. PERS issues publicly available financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, PO Box 23700, Tigard, OR 97281-3700, or online at

<https://www.oregon.gov/pers/Documents/Financials/CAFR/2019-CAFR.pdf>

**Benefits Provided**

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

**CITY OF HAPPY VALLEY, OREGON**  
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**7. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

Active employees	64
Eligible retirees	1
Spouses of ineligible retirees	0
Total participants	<u>65</u>

**Contributions**

PERS funding policy provides for employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. Employer contribution rates for the period were based on the December 31, 2017 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2019. The City's contribution rates for the period were 0.50% for Tier One/Tier Two members, and 0.43% for OPSRP members. The City's total for the year ended June 30, 2020 contributions was \$1,349.

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

At June 30, 2020, the City reported an asset of \$76,463 for its proportionate share of the OPERS net OPEB asset. The net OPEB asset was measured as of June 30, 2019, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2017 rolled forward to June 30, 2019. The City's proportion of the net OPEB asset was based on the City's contributions to the RHIA program during the measurement period relative to contributions from all participating employers. At June 30, 2019, the City's proportionate share was 0.0396%, which is a decrease from its proportion of 0.0397% as of June 30, 2018.

For the year ended June 30, 2020, the City recognized OPEB expense from this plan of \$261. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to this OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 10,083
Changes of assumptions	-	79
Net difference between projected and actual earnings on investments	-	4,720
Changes in proportionate share	171	82
Differences between employer contributions and proportionate share of contributions	-	-
Total (prior to post-MD contributions)	171	14,964
Contributions subsequent to the MD	1,349	-
Total	<u>\$ 1,520</u>	<u>\$ 14,964</u>

Deferred outflows of resources related to OPEB of \$1,349 resulting from the City's contributions subsequent to the measurement date will be recognized as an increase in the net OPEB asset in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

**CITY OF HAPPY VALLEY, OREGON**  
NOTES TO THE BASIC FINANCIAL STATEMENTS

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**7. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

Deferred outflows of resources related to OPEB of \$1,349 resulting from the City's contributions subsequent to the measurement date will be recognized as an increase in the net OPEB asset in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ended June 30:</u>	
2021	\$ (7,569)
2022	(6,840)
2023	(871)
2024	487
2025	-
Total	<u>\$ (14,793)</u>

**Actuarial Methods and Assumptions**

The total OPEB asset in the December 31, 2017 actuarial valuation was determined using the actuarial methods and assumptions are the same as listed above in note 6 – Pension Plan Actuarial Assumptions.

**Long-Term Expected Rate of Return**

Are the same as listed above in Note 6 – Pension Plan Long-term Expected Rate of Return.

**Discount Rate**

The discount rate used to measure the total OPEB liability was 7.2% for the RHIA Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the RHIA 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 RHIA Plan was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

The following presents the City's proportionate share of the net OPEB liability (asset) calculated using the discount rate of 7.2%, as well as what the City's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20%) or 1-percentage-point higher (8.20%) than the current rate:

Discount Rate:

	<u>1% Decrease (6.20%)</u>	<u>Current Discount Rate</u> <u>(7.20%)</u>	<u>1% Increase (8.20%)</u>
Total OPEB Liability	\$ (59,278)	\$ (76,463)	\$ (91,105)

OPEB Plan Fiduciary Net Position

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

Changes in Plan Provisions Subsequent to Measurement Date

There were no changes during the June 30, 2019 measurement period that require disclosure.

**8. DEFERRED COMPENSATION**

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all employees of the City, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, death, or unforeseeable emergency. All amounts of compensation deferred under the plan, are the property of the participants, and, accordingly are not recorded as assets of the City.

**9. PROPERTY TAX LIMITATIONS**

The State of Oregon has a constitutional limit on property taxes for schools and non-school government operations. The limitation provides that property taxes for non-school operations are limited to \$10.00 for each \$1,000 of property market value. This limitation does not apply to taxes levied for principal and interest on general obligation bonded debt.

An additional limit reduced the amount of operating property tax revenues available to the City for its 1997-98 fiscal year, and thereafter. This reduction was accomplished by rolling property values back to their 1995-96 values less 10% and limiting future tax value growth of each property to no more than 3% per year, subject to certain exceptions. Taxes levied to support bonded debt are exempt from the reductions. The Constitution sets restrictive voter approval requirements for most tax, many fee increases, and new bond issues.

**10. CABLE PEG FEES**

Cable PEG access is defined as Public, Educational and Governmental access collectively where the general public, schools and governmental institutions have the availability of equipment to create and the editorial control over non-commercial programming. The City has an existing cable franchise agreement that stipulates PEG access capital funds in the amount of 1% dedicated for the development of capital projects related to providing PEG access. PEG funds in the amount of \$846,032 are currently held as Restricted Fund Balance.

**11. RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City purchases commercial insurance to minimize its exposure to these risks. Settled claims have not exceeded this commercial coverage for any of the past three years.

**CITY OF HAPPY VALLEY, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**12. FUND BALANCE DETAIL**

	General Fund	Library Fund	Street Fund	Parks, & Transportatio n SDC Fund	Parks Capital and Public Safety Funds	Non-Major Funds	Total
<b>Fund Balances:</b>							
<b>Nonspendable</b>	\$ 68,139	\$ -	\$ 1,500	\$ -	\$ -	\$ 4,000.00	\$ 73,639
<b>Restricted</b>							
PEG	846,032	-	-	-	-	-	846,032
Library	-	5,449,057	-	-	-	-	5,449,057
Street Maint	-	-	3,595,227	-	-	-	3,595,227
Ped Improvement	-	-	-	28,010,530	-	946,731	28,957,261
SDC Projects	-	-	-	-	-	1,189,883	1,189,883
Parks	-	-	-	-	4,938,934	-	4,938,934
Public Safety	-	-	-	-	1,691,377	-	1,691,377
	846,032	5,449,057	3,595,227	28,010,530	6,630,311	2,136,614	46,667,771
<b>Committed</b>							
Construction Fees	-	-	-	-	-	-	-
General Ops	838,974	-	-	-	-	-	838,974
Replacement	1,040,258	-	-	-	-	-	1,040,258
Facilities Capital							
Projects	6,179,492	-	-	-	-	-	6,179,492
	8,058,724	-	-	-	-	-	8,058,724
<b>Unassigned</b>	7,268,787	-	-	-	-	(1,819)	7,266,968
<b>Total Fund Balances</b>	<u>\$ 16,241,682</u>	<u>\$ 5,449,057</u>	<u>\$ 3,596,727</u>	<u>\$ 28,010,530</u>	<u>\$ 6,630,311</u>	<u>\$ 2,138,795</u>	<u>\$ 62,067,102</u>

**13. NEW PRONOUNCEMENT – GASB 95**

The Governmental Accounting Standards Board (GASB) has issued Statement No. 95, Postponement of the Effective Date of Certain Authoritative Guidance to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. The effective dates of certain provisions and pronouncements have been postponed for either a twelve or eighteen month period, depending upon the statement or implementation guide.

**14. SUBSEQUENT EVENT**

As stated above and in the Management Discussion and Analysis, the COVID-19 pandemic was declared by the World Health Organization in March 2020. The operational and financial impacts are far reaching and will not be fully assessed until sometime in 2021, when the anticipated vaccines are widely distributed. All cities have been affected, and Happy Valley has endeavored to monitor, plan, and address issues on a proactive basis. As of release of this report, the current state of emergency declaration regarded COVID-19 extends through March 31, 2021.

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## **REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF HAPPY VALLEY, OREGON**  
**Schedules of Revenues, Expenditures and Changes in Fund Balance**  
**Actual and Budget**  
**for the year ended June 30, 2020**

**GENERAL FUND - GAAP BASIS**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
Property Taxes	\$ 2,175,000	\$ 2,175,000	\$ 2,039,816	\$ (135,184)
Licenses & Permits	3,868,500	3,868,500	6,895,845	3,027,345
Intergovernmental	1,029,000	1,029,000	2,286,057	1,257,057
Other Revenue	1,110,000	1,110,000	1,021,406	(88,594)
<b>TOTAL REVENUES</b>	<b>8,182,500</b>	<b>8,182,500</b>	<b>12,243,124</b>	<b>4,060,624</b>
<b>EXPENDITURES</b>				
Current:				
General Government	8,554,050	10,714,050	9,265,149	1,448,901
Public Safety	635,750	635,750	601,223	34,527
Capital Outlay	7,070,000	7,070,000	272,430	6,797,570
Contingency	2,894,014	2,394,014	-	2,394,014
<b>TOTAL EXPENDITURES</b>	<b>19,153,814</b>	<b>20,813,814</b>	<b>10,138,802</b>	<b>10,675,012</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(10,971,314)</b>	<b>(12,631,314)</b>	<b>2,104,322</b>	<b>14,735,636</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	4,220,000	4,220,000	4,220,000	-
Transfers Out	(3,200,000)	(3,200,000)	(3,200,000)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>1,020,000</b>	<b>1,020,000</b>	<b>1,020,000</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(9,951,314)</b>	<b>(11,611,314)</b>	<b>3,124,322</b>	<b>14,735,636</b>
<b>FUND BALANCE - beginning</b>	<b>13,324,788</b>	<b>13,324,788</b>	<b>13,117,360</b>	<b>(207,428)</b>
<b>FUND BALANCE - ending</b>	<b>\$ 3,373,474</b>	<b>\$ 1,713,474</b>	<b>\$ 16,241,682</b>	<b>\$ 14,528,208</b>

Does not demonstrate compliance at the legal level of budgetary control, see the General Fund - Budgetary Basis schedule for legal level of budgetary control.

**CITY OF HAPPY VALLEY, OREGON**  
**Schedules of Revenues, Expenditures and Changes in Fund Balance**  
**Actual and Budget**  
**for the year ended June 30, 2020**

**LIBRARY FUND - GAAP BASIS**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
Intergovernmental	\$ 3,130,000	\$ 3,130,000	\$ 2,970,704	\$ (159,296)
Other Revenue	158,350	158,350	152,912	(5,438)
<b>TOTAL REVENUES</b>	<b>3,288,350</b>	<b>3,288,350</b>	<b>3,123,616</b>	<b>(164,734)</b>
<b>EXPENDITURES</b>				
Current:				
Cultural and Recreation	2,548,032	2,548,032	2,053,682	494,350
Capital Outlay	600,000	600,000	91,690	508,310
Contingency	1,089,924	1,089,924	-	1,089,924
<b>TOTAL EXPENDITURES</b>	<b>4,237,956</b>	<b>4,237,956</b>	<b>2,145,372</b>	<b>2,092,584</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(949,606)</b>	<b>(949,606)</b>	<b>978,244</b>	<b>1,927,850</b>
<b>OTHER FINANCING SOURCES, (USES)</b>				
Transfers In	700,000	700,000	700,000	-
Transfers Out	(1,184,000)	(1,184,000)	(1,184,000)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(484,000)</b>	<b>(484,000)</b>	<b>(484,000)</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(1,433,606)</b>	<b>(1,433,606)</b>	<b>494,244</b>	<b>1,927,850</b>
<b>FUND BALANCE - beginning</b>	<b>4,954,391</b>	<b>4,954,391</b>	<b>4,954,813</b>	<b>422</b>
<b>FUND BALANCE - ending</b>	<b>\$ 3,520,785</b>	<b>\$ 3,520,785</b>	<b>\$ 5,449,057</b>	<b>\$ 1,928,272</b>

Does not demonstrate compliance at the legal level of budgetary control, see the Library Fund - Budgetary Basis schedule for legal level of budgetary control.

**CITY OF HAPPY VALLEY, OREGON**  
**Schedules of Revenues, Expenditures and Changes in Fund Balance**  
**Actual and Budget**  
**for the year ended June 30, 2020**

**STREET FUND - GAAP BASIS**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
Gas Tax	\$ 1,630,000	\$ 1,630,000	\$ 1,465,576	\$ (164,424)
Local Fuel Tax	130,000	130,000	111,983	(18,017)
Intergovernmental	150,000	150,000	13,953	(136,047)
Other Revenue	170,000	170,000	134,426	(35,574)
<b>TOTAL REVENUES</b>	<b>2,080,000</b>	<b>2,080,000</b>	<b>1,725,938</b>	<b>(354,062)</b>
<b>EXPENDITURES</b>				
Current:				
Highways and Streets	892,100	892,100	712,496	179,604
Capital Outlay	2,007,751	2,007,751	1,174,908	832,843
Contingency	1,111,153	1,111,153	-	1,111,153
<b>TOTAL EXPENDITURES</b>	<b>4,011,004</b>	<b>4,011,004</b>	<b>1,887,404</b>	<b>1,012,447</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(1,931,004)</b>	<b>(1,931,004)</b>	<b>(161,466)</b>	<b>1,769,538</b>
<b>OTHER FINANCING SOURCES, (USES)</b>				
Transfers In	100,000	100,000	100,000	-
Transfers Out	(303,000)	(303,000)	(303,000)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(203,000)</b>	<b>(203,000)</b>	<b>(203,000)</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(2,134,004)</b>	<b>(2,134,004)</b>	<b>(364,466)</b>	<b>1,769,538</b>
<b>FUND BALANCE - beginning</b>	<b>3,794,004</b>	<b>3,794,004</b>	<b>3,961,193</b>	<b>167,189</b>
<b>FUND BALANCE - ending</b>	<b>\$ 1,660,000</b>	<b>\$ 1,660,000</b>	<b>\$ 3,596,727</b>	<b>\$ 1,936,727</b>

Does not demonstrate compliance at the legal level of budgetary control, see the Street Fund - Budgetary Basis schedule for legal level of budgetary control.

**CITY OF HAPPY VALLEY, OREGON**  
**Schedules of Revenues, Expenditures and Changes in Fund Balance**  
**Actual and Budget**  
**for the year ended June 30, 2020**

**PARKS SYSTEM DEVELOPMENT FUND - GAAP BASIS**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
SDC-Parks	\$ 1,200,000	\$ 1,200,000	\$ 4,999,326	\$ 3,799,326
Intergovernmental	-	-	9,369,530	9,369,530
Miscellaneous Revenue	10,000	10,000	94,978	84,978
<b>TOTAL REVENUES</b>	<b>1,210,000</b>	<b>1,210,000</b>	<b>14,463,834</b>	<b>13,253,834</b>
<b>EXPENDITURES</b>				
Materials and Services	200,000	200,000	-	200,000
Capital Outlay	2,590,702	2,590,702	4,500	2,586,202
<b>TOTAL EXPENDITURES</b>	<b>2,790,702</b>	<b>2,790,702</b>	<b>4,500</b>	<b>2,786,202</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(1,580,702)</b>	<b>(1,580,702)</b>	<b>14,459,334</b>	<b>16,040,036</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	80,702	80,702	80,702	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>80,702</b>	<b>80,702</b>	<b>80,702</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(1,500,000)</b>	<b>(1,500,000)</b>	<b>14,540,036</b>	<b>16,040,036</b>
<b>FUND BALANCE - beginning</b>	<b>1,500,000</b>	<b>1,500,000</b>	<b>1,514,632</b>	<b>14,632</b>
<b>FUND BALANCE - ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 16,054,668</b>	<b>\$ 16,054,668</b>

**CITY OF HAPPY VALLEY, OREGON****Schedules of Revenues, Expenditures and Changes in Fund Balance****Actual and Budget****for the year ended June 30, 2020****TRANSPORTATION SYSTEM DEVELOPMENT FUND - GAAP BASIS**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
SDC-Transportation	\$ 2,000,000	\$ 2,000,000	\$ 4,455,494	\$ 2,455,494
Miscellaneous Revenue	150,000	150,000	229,826	79,826
<b>TOTAL REVENUES</b>	<b>2,150,000</b>	<b>2,150,000</b>	<b>4,685,320</b>	<b>2,535,320</b>
<b>EXPENDITURES</b>				
Materials and Services	300,000	300,000	258,610	41,390
Capital Outlay	9,765,734	9,765,734	357,132	9,408,602
<b>TOTAL EXPENDITURES</b>	<b>10,065,734</b>	<b>10,065,734</b>	<b>615,742</b>	<b>9,449,992</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(7,915,734)</b>	<b>(7,915,734)</b>	<b>4,069,578</b>	<b>11,985,312</b>
<b>FUND BALANCE - beginning</b>	<b>7,915,734</b>	<b>7,915,734</b>	<b>7,886,284</b>	<b>(29,450)</b>
<b>FUND BALANCE - ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 11,955,862</b>	<b>\$ 11,955,862</b>

**CITY OF HAPPY VALLEY, OREGON**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Actual and Budget**  
**for the year ended June 30, 2020**

**PUBLIC SAFETY FUND - BUDGETARY BASIS**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
Property Taxes	\$ 4,276,800	\$ 4,276,800	\$ 4,194,170	\$ (82,630)
Miscellaneous Revenue	60,000	60,000	75,807	15,807
TOTAL REVENUES	4,336,800	4,336,800	4,269,977	(66,823)
<b>EXPENDITURES</b>				
Materials and Services	3,768,600	4,068,600	3,962,941	105,659
Capital Outlay	10,000	10,000	1,086	8,914
Contingency	2,010,482	1,710,482	-	1,710,482
TOTAL EXPENDITURES	5,789,082	5,789,082	3,964,027	1,825,055
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,452,282)	(1,452,282)	305,950	1,758,232
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out To:				
General Fund	(468,000)	(468,000)	(468,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	(468,000)	(468,000)	(468,000)	-
NET CHANGE IN FUND BALANCE	(1,920,282)	(1,920,282)	(162,050)	1,758,232
FUND BALANCE - beginning	1,920,282	1,920,282	1,853,427	(66,855)
FUND BALANCE - ending	\$ -	\$ -	\$ 1,691,377	\$ 1,691,377

**CITY OF HAPPY VALLEY, OREGON**  
**Schedule of the Proportionate Share of the Net Pension Liability**  
**For the Last Ten Fiscal Years<sup>1</sup>**

Measurement Date June 30,	(a) City's proportion of the net pension liability (asset)	(b) City's proportionate share of the net pension liability (asset)	(c) City's covered payroll	(b/c) City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2019	0.04819957%	\$ 8,337,371	\$ 4,585,913	181.80%	80.20%
2018	0.04430447%	6,711,544	4,447,936	150.89%	82.10%
2017	0.03026638%	5,510,786	4,224,767	130.44%	80.53%
2016	0.03043509%	4,643,686	3,819,380	121.58%	91.90%
2015	0.03043509%	1,747,419	2,488,209	70.23%	103.60%
2014	0.02631811%	(596,556)	2,380,983	-25.06%	91.97%
2013	0.02631811%	1,343,052	2,121,164	63.32%	91.97%

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

<sup>1</sup>This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

**NOTES TO SCHEDULE**

**Changes in Benefit Terms:**

The 2013 Oregon Legislature made a series of changes to PERS that lowered projected future benefit payments from the System. These changes included reductions to future Cost of Living Adjustments (COLA) made through Senate Bills 822 and 861. Senate Bill 822 also required the contribution rates scheduled to be in effect from July 2013 to June 2015 to be reduced. The Oregon Supreme Court decision in *Moro v. State of Oregon*, issued on April 30, 2015, reversed a significant portion of the reductions the 2013 Oregon Legislature made to future System Cost of Living Adjustments (COLA) through Senate Bills 822 and 861. This reversal increased the total pension liability as of June 30, 2015 compared to June 30, 2014 total pension liability.

A legislative change that occurred after the December 31, 2017 valuation date affected the plan provisions reflected for financial reporting purposes. Senate Bill 1049, signed into law in June 2019, introduced a limit on the amount of annual salary included for the calculation of benefits. Beginning in 2020, annual salary in excess of \$195,000 (as indexed in future years) will be excluded when determining member benefits. As a result, future Tier 1/Tier 2 and OPSRP benefits for certain active members are now projected to be lower than prior to the legislation. Senate Bill 1049 was reflected in the June 30, 2019 Total Pension Liability as a reduction in liability.

**Changes of Assumptions:**

The PERS Board adopted assumption changes that were used to measure the June 30, 2016 total pension liability and June 30, 2018 total pension liability. For June 30, 2016, the changes included the lowering of the long-term expected rate of return to 7.50 percent and lowering of the assumed inflation to 2.50 percent. For June 30, 2018, the long-term expected rate of return was lowered to 7.20 percent. In addition, the healthy mortality assumption was changed to reflect an updated mortality improvement scale for all groups, and assumptions were updated for merit increases, unused sick leave, and vacation pay were updated.

**CITY OF HAPPY VALLEY, OREGON**  
**Schedule of Contributions - Pensions**  
**For the Last Ten Fiscal Years<sup>1</sup>**

Year Ended June 30,	(a) Statutorily required contribution	(b) Contributions in relation to the statutorily required contribution	(a-b) Contribution deficiency (excess)	(c) City's covered payroll	(b/c) Contributions as a percent of covered payroll
2020	\$ 885,146	\$ 2,545,146	\$ (1,660,000)	\$ 4,923,662	51.69%
2019	664,534	664,534	-	4,585,913	14.49%
2018	644,910	644,910	-	4,447,936	14.50%
2017	492,024	492,024	-	4,224,767	11.65%
2016	399,079	399,079	-	3,819,380	10.45%
2015	733,439	733,439	-	2,488,209	29.48%
2014	764,158	764,158	-	2,380,983	32.09%

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

<sup>1</sup>This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

**NOTES TO SCHEDULE**

**Actuarial Assumptions and Methods Used to Set the Actuarially Determined Contributions**

Actuarial valuation:	December 31, 2015	December 31, 2013	December 31, 2011
Effective:	July 2017 - June 2019	July 2015 - June 2017	July 2013 - June 2015
Actuarial cost method:	Entry Age Normal	Entry Age Normal	Projected Unit Credit
Amortization method:	Level percentage of payroll	Level percentage of payroll	Level percentage of payroll
Asset valuation method:	Market value	Market value	Market value
Remaining amortization periods:	20 years	20 years	N/A
Actuarial assumptions			
Inflation rate	2.50 percent	2.75 percent	2.75 percent
Projected salary increases	3.50 percent	3.75 percent	3.75 percent
Investment rate of return	7.50 percent	7.75 percent	8.00 percent

**CITY OF HAPPY VALLEY, OREGON**  
**Schedule of the Proportionate Share of OPEB - RHIA**  
**For the Last Ten Fiscal Years<sup>1</sup>**

Measurement Date June 30,	(a) City's proportion of the net OPEB liability (asset)	(b) City's proportionate share of the net OPEB liability (asset)	(c) Covered payroll	(b/c) City's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2019	0.03956953%	\$ (76,463)	\$ 4,585,913	-1.67%	144.4%
2018	0.03966143%	(44,273)	4,447,936	-1.00%	124.0%
2017	0.03873174%	(16,164)	4,224,767	-0.38%	108.9%

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

<sup>1</sup>This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

**NOTES TO SCHEDULE**

**Changes of Assumptions:**

The PERS Board adopted assumption changes that were used to measure the June 30, 2018 total OPEB liability. The changes include lowering of the long-term expected rate of return to 7.20 percent. In addition, healthy retiree participation and healthy mortality assumptions were changes to reflect an updated trends and mortality improvement scale for all groups.

**CITY OF HAPPY VALLEY, OREGON**  
**Schedule of Contributions to OPEB - RHIA**  
**For the Last Ten Fiscal Years<sup>1</sup>**

Year Ended June 30,	(a) Contractually determined contribution	(b) Contributions in relation to the actuarially required contribution	(a-b) Contribution deficiency (excess)	(c) Covered payroll	(b/c) Contributions as a percent of covered payroll
2020	\$ 1,349	\$ 1,349	\$ -	\$ 4,923,662	0.03%
2019	19,611	19,611	-	4,585,913	0.43%
2018	19,204	19,204	-	4,447,936	0.43%
2017	19,283	19,283	-	4,224,767	0.46%

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

<sup>1</sup>This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

**NOTES TO SCHEDULE**

**Actuarial Assumptions and Methods Used to Set the Actuarially Determined Contributions**

Actuarial valuation:	December 31, 2015	December 31, 2013	December 31, 2011
Effective:	July 2017 - June 2019	July 2015 - June 2017	July 2013 - June 2015
Actuarial cost method:	Entry Age Normal	Entry Age Normal	Projected Unit Credit
Amortization method:	Level percentage of payroll, closed	Level percentage of payroll, closed	Level percentage of payroll, closed
Amortization period:	10 years	10 years	10 years
Asset valuation method:	Market value	Market value	Market value
Remaining amortization periods:	20 years	20 years	N/A
Actuarial assumptions			
Inflation rate	2.50 percent	2.75 percent	2.75 percent
Projected salary increases	3.50 percent	3.75 percent	3.75 percent
Investment rate of return	7.50 percent	7.75 percent	8.00 percent
Healthcare cost trend rates	None. Statute stipulates \$60 monthly payment for healthcare insurance	None. Statute stipulates \$60 monthly payment for healthcare insurance	None. Statute stipulates \$60 monthly payment for healthcare insurance

**CITY OF HAPPY VALLEY, OREGON**

**Schedule of Changes in OPEB Liability and Related Ratios - Implicit Rate Subsidy**

**For the Last Ten Fiscal Years<sup>1</sup>**

	<b>2020</b>	<b>2019</b>	<b>2018</b>
<b>Total OPEB Liability</b>			
Service Interest	\$ 16,263	\$ 16,711	\$ 17,612
Interest	5,597	4,602	3,488
Changes of benefit terms	-	-	-
Differences between economic/demographic gains or losses	5,811	18,954	-
Changes of assumptions	-	(18,631)	(9,280)
Benefit payment	(9,075)	(1,182)	(8,296)
<b>Net change in total OPEB liability</b>	<b>18,596</b>	<b>20,454</b>	<b>3,524</b>
<b>Total OPEB liability - beginning</b>	<b>132,867</b>	<b>112,413</b>	<b>108,889</b>
<b>Total OPEB liability - ending (a)</b>	<b>\$ 151,463</b>	<b>\$ 132,867</b>	<b>\$ 112,413</b>
Covered-employee payroll	\$ 4,585,913	\$ 4,447,936	\$ 4,224,767
Total OPEB liability as a percentage of covered-employee payroll	3.30%	2.99%	2.66%

**NOTES TO SCHEDULE**

The amounts presented for each fiscal year were actuarial determined at July 1 and rolled forward to the measurement date.

<sup>1</sup>This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

**CITY OF HAPPY VALLEY, OREGON****Schedule of Contributions to OPEB - Implicit Rate Subsidy****For the Last Ten Fiscal Years<sup>1</sup>**

Year Ended June 30,	(a) Actuarially determined contribution	(b) Contributions in relation to the actuarially required contribution	(a-b) Contribution deficiency (excess)	(c) Covered payroll	(b/c) Contributions as a percent of covered payroll
2020	\$ 2,664	\$ 2,664	\$ -	\$ 4,923,662	0.05%
2019	9,075	9,075	-	4,585,913	0.20%
2018	1,182	1,182	-	4,447,936	0.03%
2017	8,296	8,296	-	4,224,767	0.20%

The amounts presented for each fiscal year were actuarial determined at July 1 and rolled forward to the measurement date.

<sup>1</sup>This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

**NOTES TO SCHEDULE****Actuarial Assumptions and Methods Used to Set the Actuarially Determined Contributions**

Actuarial valuation:	July 1, 2018	July 1, 2016
Effective:	June 30, 2018 and 2019	June 30, 2016 and 2017
Actuarial cost method:	Entry Age Normal	Entry Age Normal
Amortization method:	Level percentage of payroll, closed	Level percentage of payroll, closed
Amortization period:	6.8 years	7.7 years
Asset valuation method:	Market value	Market value
Remaining amortization periods:	20 years	20 years
Actuarial assumptions		
Inflation rate	2.50 percent	2.50 percent
Projected salary increases	3.50 percent	3.50 percent

## **OTHER SUPPLEMENTARY INFORMATION**

**CITY OF HAPPY VALLEY, OREGON****Schedule of Revenues, Expenditures and Changes in Fund Balance****Actual and Budget****for the year ended June 30, 2020****PARKS CAPITAL PROJECTS FUND - BUDGETARY BASIS**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ -	\$ 4,930,470	\$ 4,930,470
Miscellaneous Revenue	-	-	8,464	8,464
<b>TOTAL REVENUES</b>	-	-	4,938,934	4,938,934
<b>NET CHANGE IN FUND BALANCE</b>	-	-	4,938,934	4,938,934
<b>FUND BALANCE - beginning</b>	-	-	-	-
<b>FUND BALANCE - ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,938,934</u>	<u>\$ 4,938,934</u>

**CITY OF HAPPY VALLEY, OREGON**  
**Combining Balance Sheet**  
**General Fund - Generally Accepted Accounting Principles**  
**June 30, 2020**

	General Fund Budgetary Basis	General Ops Reserve Fund Budgetary Basis	Reserve For Replacement Budgetary Basis	Facilities Capital Projects Fund Budgetary Basis	General Fund Generally Accepted Accounting Principles
<b>ASSETS</b>					
Cash and Investments	\$ 8,131,368	\$ 838,974	\$ 1,885,599	\$ 6,179,492	\$ 17,035,433
Prepaid Items	68,139	-	-	-	68,139
Accounts Receivable	1,149,673	-	15,211	-	1,164,884
Property Taxes Receivable	59,683	-	-	-	59,683
<b>TOTAL ASSETS</b>	<u>\$ 9,408,863</u>	<u>\$ 838,974</u>	<u>\$ 1,900,810</u>	<u>\$ 6,179,492</u>	<u>\$ 18,328,139</u>
<b>LIABILITIES</b>					
Accounts Payable	\$ 218,280	\$ -	\$ 14,520	\$ -	\$ 232,800
Payroll and Taxes Payable	228,127	-	-	-	228,127
Development Deposits	1,072,476	-	-	-	1,072,476
Due to Other Governments	498,926	-	-	-	498,926
<b>TOTAL LIABILITIES</b>	<u>2,017,809</u>	<u>-</u>	<u>14,520</u>	<u>-</u>	<u>2,032,329</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable Revenue - Property Tax:	54,128	-	-	-	54,128
<b>FUND BALANCES</b>					
Fund Balance By Category					
Nonspendable	68,139	-	-	-	68,139
Restricted	-	-	846,032	-	846,032
Committed	-	838,974	1,040,258	6,179,492	8,058,724
Unassigned	7,268,787	-	-	-	7,268,787
<b>TOTAL FUND BALANCES</b>	<u>7,336,926</u>	<u>838,974</u>	<u>1,886,290</u>	<u>6,179,492</u>	<u>16,241,682</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</b>	<u>\$ 9,408,863</u>	<u>\$ 838,974</u>	<u>\$ 1,900,810</u>	<u>\$ 6,179,492</u>	<u>\$ 18,328,139</u>

**CITY OF HAPPY VALLEY, OREGON**

**Combining Schedule of Revenues, Expenditures and Changes in Fund  
Balances - General Fund - Generally Accepted Accounting Principles  
for the year ended June 30, 2020**

	General Fund Budgetary Basis	Gen Ops Reserve Fund Budgetary Basis	Reserve for Replacement Budgetary Basis	Facility Capital Projects Fund Budgetary Basis	General Fund Generally Accepted Accounting Principles
<b>REVENUES</b>					
Property Taxes	\$ 2,039,816	\$ -	\$ -	\$ -	\$ 2,039,816
Licenses & Permits	6,895,845	-	-	-	6,895,845
Intergovernmental	2,286,057	-	-	-	2,286,057
Other Revenue	945,769	-	66,145	9,492	1,021,406
<b>TOTAL REVENUES</b>	<b>12,167,487</b>	<b>-</b>	<b>66,145</b>	<b>9,492</b>	<b>12,243,124</b>
<b>EXPENDITURES</b>					
Current:					
General Government	7,519,639	1,660,000	85,510	-	9,265,149
Public Safety	601,223	-	-	-	601,223
Capital Outlay	-	-	272,430	-	272,430
<b>TOTAL EXPENDITURES</b>	<b>8,120,862</b>	<b>1,660,000</b>	<b>357,940</b>	<b>-</b>	<b>10,138,802</b>
<b>EXCESS REVENUES OVER (UNDER) EXPENDITURES</b>	<b>4,046,625</b>	<b>(1,660,000)</b>	<b>(291,795)</b>	<b>9,492</b>	<b>2,104,322</b>
<b>OTHER FINANCING SOURCES, (USES)</b>					
Transfers In	1,350,000	-	500,000	2,370,000	4,220,000
Transfers Out	(3,200,000)	-	-	-	(3,200,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(1,850,000)</b>	<b>-</b>	<b>500,000</b>	<b>2,370,000</b>	<b>1,020,000</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>2,196,625</b>	<b>(1,660,000)</b>	<b>208,205</b>	<b>2,379,492</b>	<b>3,124,322</b>
<b>FUND BALANCES - beginning</b>	<b>5,140,301</b>	<b>2,498,974</b>	<b>1,678,085</b>	<b>3,800,000</b>	<b>13,117,360</b>
<b>FUND BALANCES - ending</b>	<b>\$ 7,336,926</b>	<b>\$ 838,974</b>	<b>\$ 1,886,290</b>	<b>\$ 6,179,492</b>	<b>\$ 16,241,682</b>

**CITY OF HAPPY VALLEY, OREGON**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Actual and Budget**  
**for the year ended June 30, 2020**

**GENERAL FUND - BUDGETARY BASIS**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
Property Taxes	\$ 2,175,000	\$ 2,175,000	\$ 2,039,816	\$ (135,184)
Licenses, Fees, and Permits:				
ROW Use Fees	1,699,500	1,699,500	1,803,351	103,851
Building Permits and Fees	1,250,000	1,250,000	3,449,472	2,199,472
Planning Fees	200,000	200,000	49,018	(150,982)
Engineering Fees	250,000	250,000	694,769	444,769
SDC Compliance Fee	160,000	160,000	495,504	335,504
User Related Fees	309,000	309,000	403,731	94,731
Total Licenses, Fees, and Permits	3,868,500	3,868,500	6,895,845	3,027,345
Intergovernmental:				
State Shared Revenues	720,000	720,000	752,799	32,799
Intergovernmental	309,000	309,000	1,533,258	1,224,258
Total Intergovernmental	1,029,000	1,029,000	2,286,057	1,257,057
Other Revenue:				
Traffic Fines	650,000	650,000	490,446	(159,554)
Municipal Court	100,000	100,000	147,102	47,102
Miscellaneous Revenue	290,000	290,000	308,221	18,221
Total Other Revenue	1,040,000	1,040,000	945,769	(94,231)
<b>TOTAL REVENUES</b>	<b>8,112,500</b>	<b>8,112,500</b>	<b>12,167,487</b>	<b>4,054,987</b>
<b>EXPENDITURES</b>				
Administration	3,083,700	3,583,700	3,089,847	493,853
Community Services & Public Safety	1,271,500	1,271,500	1,187,530	83,970
Economic & Community Development	3,395,400	3,395,400	3,174,547	220,853
Public Works	774,200	774,200	668,938	105,262
Contingency	2,894,014	2,394,014	-	2,394,014
<b>TOTAL EXPENDITURES</b>	<b>11,418,814</b>	<b>11,418,814</b>	<b>8,120,862</b>	<b>3,297,952</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(3,306,314)</b>	<b>(3,306,314)</b>	<b>4,046,625</b>	<b>7,352,939</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	1,350,000	1,350,000	1,350,000	-
Transfers Out To:				
Parks Fund	(330,000)	(330,000)	(330,000)	-
Reserve for Replacement Fund	(500,000)	(500,000)	(500,000)	-
Facility Capital Projects Fund	(2,370,000)	(2,370,000)	(2,370,000)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(1,850,000)</b>	<b>(1,850,000)</b>	<b>(1,850,000)</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(5,156,314)</b>	<b>(5,156,314)</b>	<b>2,196,625</b>	<b>7,352,939</b>
<b>FUND BALANCE - beginning</b>	<b>5,156,314</b>	<b>5,156,314</b>	<b>5,140,301</b>	<b>(16,013)</b>
<b>FUND BALANCE - ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 7,336,926</b>	<b>\$ 7,336,926</b>

Demonstrates compliance at the legal level of budgetary control.

**CITY OF HAPPY VALLEY, OREGON****Schedule of Revenues, Expenditures and Changes in Fund Balance****Actual and Budget****for the year ended June 30, 2020****GENERAL OPERATIONS RESERVE FUND - BUDGETARY BASIS**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>EXPENDITURES</b>				
Materials and Services	\$ -	\$ 1,660,000	\$ 1,660,000	\$ -
NET CHANGE IN FUND BALANCE	-	(1,660,000)	(1,660,000)	-
FUND BALANCE - beginning	2,498,974	2,498,974	2,498,974	-
FUND BALANCE - ending	<u>\$ 2,498,974</u>	<u>\$ 838,974</u>	<u>\$ 838,974</u>	<u>\$ -</u>

**CITY OF HAPPY VALLEY, OREGON**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Actual and Budget**  
**for the year ended June 30, 2020**

**GENERAL RESERVE FOR REPLACEMENT FUND - BUDGETARY BASIS**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
PEG Fees	\$ 65,000	\$ 65,000	\$ 50,994	\$ (14,006)
Miscellaneous Revenue	5,000	5,000	15,151	10,151
<b>TOTAL REVENUES</b>	<b>70,000</b>	<b>70,000</b>	<b>66,145</b>	<b>(3,855)</b>
<b>EXPENDITURES</b>				
Materials and Services	665,000	665,000	85,510	579,490
Capital Outlay	900,000	900,000	272,430	627,570
<b>TOTAL EXPENDITURES</b>	<b>1,565,000</b>	<b>1,565,000</b>	<b>357,940</b>	<b>1,207,060</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(1,495,000)</b>	<b>(1,495,000)</b>	<b>(291,795)</b>	<b>1,203,205</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	500,000	500,000	500,000	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>500,000</b>	<b>500,000</b>	<b>500,000</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(995,000)</b>	<b>(995,000)</b>	<b>208,205</b>	<b>1,203,205</b>
<b>FUND BALANCE - beginning</b>	<b>1,869,500</b>	<b>1,869,500</b>	<b>1,678,085</b>	<b>(191,415)</b>
<b>FUND BALANCE - ending</b>	<b>\$ 874,500</b>	<b>\$ 874,500</b>	<b>\$ 1,886,290</b>	<b>\$ 1,011,790</b>

**CITY OF HAPPY VALLEY, OREGON**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Actual and Budget**  
**for the year ended June 30, 2020**

**FACILITY CAPITAL PROJECTS FUND - BUDGETARY BASIS**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
Miscellaneous Revenue	\$ -	\$ -	\$ 9,492	\$ 9,492
TOTAL REVENUES	-	-	9,492	9,492
<b>EXPENDITURES</b>				
Capital Outlay	6,170,000	6,170,000	-	6,170,000
TOTAL EXPENDITURES	6,170,000	6,170,000	-	6,170,000
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(6,170,000)	(6,170,000)	9,492	6,179,492
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	2,370,000	2,370,000	2,370,000	-
TOTAL OTHER FINANCING SOURCES (USES)	- 2,370,000	2,370,000	2,370,000	-
NET CHANGE IN FUND BALANCE	(3,800,000)	(3,800,000)	2,379,492	6,170,000
FUND BALANCE - beginning	3,800,000	3,800,000	3,800,000	-
FUND BALANCE - ending	\$ -	\$ -	\$ 6,179,492	\$ 6,179,492

**CITY OF HAPPY VALLEY, OREGON**  
**Combining Balance Sheet**  
**Library Fund - Generally Accepted Accounting Principles**  
**June 30, 2020**

	Library Fund Budgetary Basis	Library Reserve for Replacement Fund Budgetary Basis	Library Fund Generally Accepted Accounting Principles
<b>ASSETS</b>			
Cash and Investments	\$ 1,337,831	\$ 4,201,584	\$ 5,539,415
<b>TOTAL ASSETS</b>	<u>\$ 1,337,831</u>	<u>\$ 4,201,584</u>	<u>\$ 5,539,415</u>
<b>LIABILITIES</b>			
Accounts Payable	\$ 31,937	\$ -	\$ 31,937
Accrued Payroll	58,421	-	58,421
<b>TOTAL LIABILITIES</b>	<u>90,358</u>	<u>-</u>	<u>90,358</u>
<b>FUND BALANCES</b>			
Fund Balance By Category			
Restricted	<u>1,247,473</u>	<u>4,201,584</u>	<u>5,449,057</u>
<b>TOTAL FUND BALANCES</b>	<u>1,247,473</u>	<u>4,201,584</u>	<u>5,449,057</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 1,337,831</u>	<u>\$ 4,201,584</u>	<u>\$ 5,539,415</u>

**CITY OF HAPPY VALLEY, OREGON****Combining Schedule of Revenues, Expenditures and Changes in Fund  
Balances - Library Fund - Generally Accepted Accounting Principles  
for the year ended June 30, 2020**

	Library Fund Budgetary Basis	Library Reserve for Replacement Budgetary Basis	Library Fund Generally Accepted Accounting Principles
<b>REVENUES</b>			
District Revenue	\$ 2,970,704	\$ -	\$ 2,970,704
Other Revenue	152,912	-	152,912
<b>TOTAL REVENUES</b>	<b>3,123,616</b>	<b>-</b>	<b>3,123,616</b>
<b>EXPENDITURES</b>			
Current:			
Cultural and Recreation	2,032,968	20,714	2,053,682
Capital Outlay	-	91,690	91,690
<b>TOTAL EXPENDITURES</b>	<b>2,032,968</b>	<b>112,404</b>	<b>2,145,372</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>1,090,648</b>	<b>(112,404)</b>	<b>978,244</b>
<b>OTHER FINANCING SOURCES, (USES)</b>			
Transfers In	-	700,000	700,000
Transfers Out	(1,184,000)	-	(1,184,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(1,184,000)</b>	<b>700,000</b>	<b>(484,000)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(93,352)</b>	<b>587,596</b>	<b>494,244</b>
<b>FUND BALANCES - beginning</b>	<b>1,340,825</b>	<b>3,613,988</b>	<b>4,954,813</b>
<b>FUND BALANCES - ending</b>	<b>\$ 1,247,473</b>	<b>\$ 4,201,584</b>	<b>\$ 5,449,057</b>

**CITY OF HAPPY VALLEY, OREGON**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Actual and Budget**  
**for the year ended June 30, 2020**

**LIBRARY FUND - BUDGETARY BASIS**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
User Related Fees	\$ 46,350	\$ 46,350	\$ 33,744	\$ (12,606)
District Revenue	3,130,000	3,130,000	2,970,704	(159,296)
Miscellaneous Revenue	108,000	108,000	119,168	11,168
<b>TOTAL REVENUES</b>	<b>3,284,350</b>	<b>3,284,350</b>	<b>3,123,616</b>	<b>(160,734)</b>
<b>EXPENDITURES</b>				
Personal Services	1,746,032	1,746,032	1,569,786	176,246
Materials and Services	652,000	652,000	463,182	188,818
Contingency	1,089,924	1,089,924	-	1,089,924
<b>TOTAL EXPENDITURES</b>	<b>3,487,956</b>	<b>3,487,956</b>	<b>2,032,968</b>	<b>1,454,988</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(203,606)</b>	<b>(203,606)</b>	<b>1,090,648</b>	<b>1,294,254</b>
<b>OTHER FINANCING SOURCES, (USES)</b>				
Transfers Out To:				
General Fund	(484,000)	(484,000)	(484,000)	-
Reserve for Replacement	(700,000)	(700,000)	(700,000)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(1,184,000)</b>	<b>(1,184,000)</b>	<b>(1,184,000)</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(1,387,606)</b>	<b>(1,387,606)</b>	<b>(93,352)</b>	<b>1,294,254</b>
<b>FUND BALANCE - beginning</b>	<b>1,387,606</b>	<b>1,387,606</b>	<b>1,340,825</b>	<b>(46,781)</b>
<b>FUND BALANCE - ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,247,473</b>	<b>\$ 1,247,473</b>

**CITY OF HAPPY VALLEY, OREGON**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Actual and Budget**  
**for the year ended June 30, 2020**

**LIBRARY RESERVE FOR REPLACEMENT FUND - BUDGETARY BASIS**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
Miscellaneous Revenue	\$ 4,000	\$ 4,000	\$ -	\$ (4,000)
<b>TOTAL REVENUES</b>	<u>4,000</u>	<u>4,000</u>	<u>-</u>	<u>(4,000)</u>
<b>EXPENDITURES</b>				
Materials and Services	150,000	150,000	20,714	129,286
Capital Outlay	<u>600,000</u>	<u>600,000</u>	<u>91,690</u>	<u>508,310</u>
<b>TOTAL EXPENDITURES</b>	<u>750,000</u>	<u>750,000</u>	<u>112,404</u>	<u>637,596</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(746,000)</u>	<u>(746,000)</u>	<u>(112,404)</u>	<u>633,596</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	<u>700,000</u>	<u>700,000</u>	<u>700,000</u>	<u>-</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>700,000</u>	<u>700,000</u>	<u>700,000</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(46,000)</u>	<u>(46,000)</u>	<u>587,596</u>	<u>637,596</u>
<b>FUND BALANCE - beginning</b>	<u>3,566,785</u>	<u>3,566,785</u>	<u>3,613,988</u>	<u>47,203</u>
<b>FUND BALANCE - ending</b>	<u><u>\$ 3,520,785</u></u>	<u><u>\$ 3,520,785</u></u>	<u><u>\$ 4,201,584</u></u>	<u><u>\$ 680,799</u></u>

**CITY OF HAPPY VALLEY, OREGON**  
**Combining Balance Sheet**  
**Street Fund - Generally Accepted Accounting Principles**  
**June 30, 2020**

	Street Fund Budgetary Basis	Street Reserve for Replacement Fund Budgetary Basis	Street Fund Generally Accepted Accounting Principles
<b>ASSETS</b>			
Cash and Investments	\$ 882,245	\$ 2,668,446	\$ 3,550,691
Accounts Receivable	102,870	-	102,870
Prepaid items	1,500	-	1,500
<b>TOTAL ASSETS</b>	<b>\$ 986,615</b>	<b>\$ 2,668,446</b>	<b>\$ 3,655,061</b>
<b>LIABILITIES</b>			
Accounts Payable	\$ 45,866	\$ -	\$ 45,866
Accrued Payroll	12,468	-	12,468
<b>TOTAL LIABILITIES</b>	<b>58,334</b>	<b>-</b>	<b>58,334</b>
<b>FUND BALANCES</b>			
Fund Balance By Category			
Nonspendable	1,500	-	1,500
Restricted	926,781	2,668,446	3,595,227
<b>TOTAL FUND BALANCES</b>	<b>928,281</b>	<b>2,668,446</b>	<b>3,596,727</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 986,615</b>	<b>\$ 2,668,446</b>	<b>\$ 3,655,061</b>

**CITY OF HAPPY VALLEY, OREGON****Combining Schedule of Revenues, Expenditures and Changes in Fund  
Balances - Street Fund - Generally Accepted Accounting Principles  
for the year ended June 30, 2020**

	Street Fund Budgetary Basis	Street Reserve for Replacement Budgetary Basis	Street Fund Generally Accepted Accounting Principles
<b>REVENUES</b>			
Intergovernmental	\$ 13,953	\$ -	\$ 13,953
Gas Tax	1,465,576	-	1,465,576
Local Fuel Tax	111,983	-	111,983
Other Revenue	75,610	58,816	134,426
TOTAL REVENUES	1,667,122	58,816	1,725,938
<b>EXPENDITURES</b>			
Current:			
Street	700,663	11,833	712,496
Capital Outlay	1,174,908	-	1,174,908
TOTAL EXPENDITURES	1,875,571	11,833	1,887,404
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(208,449)	46,983	(161,466)
<b>OTHER FINANCING SOURCES, (USES)</b>			
Transfers In	-	100,000	100,000
Transfers Out	(303,000)	-	(303,000)
TOTAL OTHER FINANCING SOURCES (USES)	(303,000)	100,000	(203,000)
NET CHANGE IN FUND BALANCE	(511,449)	146,983	(364,466)
FUND BALANCES - beginning	1,439,730	2,521,463	3,961,193
FUND BALANCES - ending	\$ 928,281	\$ 2,668,446	\$ 3,596,727

**CITY OF HAPPY VALLEY, OREGON**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Actual and Budget**  
**for the year ended June 30, 2020**

**STREET FUND - BUDGETARY BASIS**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
Intergovernmental	\$ 150,000	\$ 150,000	\$ 13,953	\$ (136,047)
Gas Tax	1,630,000	1,630,000	1,465,576	(164,424)
Local Fuel Tax	130,000	130,000	111,983	(18,017)
Miscellaneous Revenue	70,000	70,000	75,610	5,610
<b>TOTAL REVENUES</b>	<b>1,980,000</b>	<b>1,980,000</b>	<b>1,667,122</b>	<b>(312,878)</b>
<b>EXPENDITURES</b>				
Personal Services	355,600	355,600	319,889	35,711
Materials and Services	411,500	411,500	380,774	30,726
Capital Outlay	1,500,000	1,500,000	1,174,908	325,092
Contingency	1,111,153	1,111,153	-	1,111,153
<b>TOTAL EXPENDITURES</b>	<b>3,378,253</b>	<b>3,378,253</b>	<b>1,875,571</b>	<b>1,502,682</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(1,398,253)</b>	<b>(1,398,253)</b>	<b>(208,449)</b>	<b>1,189,804</b>
<b>OTHER FINANCING SOURCES, (USES)</b>				
Transfers Out To:				
General Fund	(203,000)	(203,000)	(203,000)	-
Reserve for Replacement	(100,000)	(100,000)	(100,000)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(303,000)</b>	<b>(303,000)</b>	<b>(303,000)</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(1,701,253)</b>	<b>(1,701,253)</b>	<b>(511,449)</b>	<b>1,189,804</b>
<b>FUND BALANCE - beginning</b>	<b>1,701,253</b>	<b>1,701,253</b>	<b>1,439,730</b>	<b>(261,523)</b>
<b>FUND BALANCE - ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 928,281</b>	<b>\$ 928,281</b>

Demonstrates compliance at the legal level of budgetary control.

**CITY OF HAPPY VALLEY, OREGON**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Actual and Budget**  
**for the year ended June 30, 2020**

**STREET RESERVE FOR REPLACEMENT FUND - BUDGETARY BASIS**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
Fee in Lieu	\$ -	\$ -	\$ 58,816	\$ 58,816
Miscellaneous Revenue	100,000	100,000	-	(100,000)
<b>TOTAL REVENUES</b>	<b>100,000</b>	<b>100,000</b>	<b>58,816</b>	<b>(41,184)</b>
<b>EXPENDITURES</b>				
Materials and Services	125,000	125,000	11,833	113,167
Capital Outlay	507,751	507,751	-	507,751
<b>TOTAL EXPENDITURES</b>	<b>632,751</b>	<b>632,751</b>	<b>11,833</b>	<b>620,918</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(532,751)</b>	<b>(532,751)</b>	<b>46,983</b>	<b>579,734</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	100,000	100,000	100,000	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>100,000</b>	<b>100,000</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(432,751)</b>	<b>(432,751)</b>	<b>146,983</b>	<b>579,734</b>
<b>FUND BALANCE - beginning</b>	<b>2,092,751</b>	<b>2,092,751</b>	<b>2,521,463</b>	<b>428,712</b>
<b>FUND BALANCE - ending</b>	<b>\$ 1,660,000</b>	<b>\$ 1,660,000</b>	<b>\$ 2,668,446</b>	<b>\$ 1,008,446</b>

**CITY OF HAPPY VALLEY, OREGON****Balance Sheet****Governmental Funds - Non-Major****June 30, 2020**

	Parks Fund - GAAP	Pedestrian Improvement Projects - GAAP	Storm SDC Fund - GAAP	Total
<b>ASSETS</b>				
Cash and Investments	\$ 60,129	\$ 946,232	\$ 1,189,883	\$ 2,196,244
Prepaid items	4,000	-	-	4,000
Accounts Receivable	-	11,563	-	11,563
<b>TOTAL ASSETS</b>	<u>\$ 64,129</u>	<u>\$ 957,795</u>	<u>\$ 1,189,883</u>	<u>\$ 2,211,807</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 48,325	\$ 11,064	\$ -	\$ 59,389
Accrued Payroll Liabilities	13,623	-	-	13,623
<b>TOTAL LIABILITIES</b>	<u>61,948</u>	<u>11,064</u>	<u>-</u>	<u>73,012</u>
<b>FUND BALANCES</b>				
Fund Balance By Category				
Nonspendable	4,000	-	-	4,000
Restricted	-	946,731	1,189,883	2,136,614
Unassigned	(1,819)	-	-	(1,819)
<b>TOTAL FUND BALANCES</b>	<u>2,181</u>	<u>946,731</u>	<u>1,189,883</u>	<u>2,138,795</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>	<u>\$ 64,129</u>	<u>\$ 957,795</u>	<u>\$ 1,189,883</u>	<u>\$ 2,211,807</u>

**CITY OF HAPPY VALLEY, OREGON**  
**Statement of Revenues, Expenditures and Changes**  
**In Fund Balances - Governmental Non-Major Funds**  
**for the year ended June 30, 2020**

	Parks Fund - GAAP	Pedestrian Improvement Projects - GAAP	Storm SDC Fund - GAAP	Total
<b>REVENUES</b>				
Licenses and Permits	\$ -	\$ 107,157	\$ -	\$ 107,157
System Development Charges	-	-	131,077	131,077
Other Revenue	34,684	18,682	31,799	85,165
<b>TOTAL REVENUES</b>	<b>34,684</b>	<b>125,839</b>	<b>162,876</b>	<b>323,399</b>
<b>EXPENDITURES</b>				
Current				
Cultural and Recreation	920,973	-	-	920,973
Capital Outlay	-	16,911	-	16,911
<b>TOTAL EXPENDITURES</b>	<b>920,973</b>	<b>16,911</b>	<b>-</b>	<b>937,884</b>
<b>EXCESS OF REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	<b>(886,289)</b>	<b>108,928</b>	<b>162,876</b>	<b>(614,485)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	330,000	-	-	330,000
Transfers Out	(177,000)	(18,000)	(80,702)	(275,702)
<b>TOTAL OTHER FINANCING</b>				
<b>SOURCES (USES)</b>	<b>153,000</b>	<b>(18,000)</b>	<b>(80,702)</b>	<b>54,298</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(733,289)</b>	<b>90,928</b>	<b>82,174</b>	<b>(560,187)</b>
<b>FUND BALANCES - beginning</b>	<b>735,470</b>	<b>855,803</b>	<b>1,107,709</b>	<b>2,698,982</b>
<b>FUND BALANCES - ending</b>	<b>\$ 2,181</b>	<b>\$ 946,731</b>	<b>\$ 1,189,883</b>	<b>\$ 2,138,795</b>

**CITY OF HAPPY VALLEY, OREGON**  
**Schedules of Revenues, Expenditures and Changes in Fund Balance**  
**Actual and Budget**  
**for the year ended June 30, 2020**

**PARKS FUND**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
User Related	\$ 30,000	\$ 30,000	\$ 14,284	\$ (15,716)
Program Fees	10,000	10,000	-	(10,000)
Event Revenue	70,000	70,000	20,315	(49,685)
Grant Revenue	150,000	150,000	-	(150,000)
Miscellaneous Revenue	-	-	85	85
<b>TOTAL REVENUES</b>	<b>260,000</b>	<b>260,000</b>	<b>34,684</b>	<b>(225,316)</b>
<b>EXPENDITURES</b>				
Current:				
Operations	483,667	483,667	416,436	67,231
Programming	314,273	314,273	260,765	53,508
Non-departmental	255,000	255,000	243,772	11,228
<b>TOTAL EXPENDITURES</b>	<b>1,052,940</b>	<b>1,052,940</b>	<b>920,973</b>	<b>131,967</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>(886,289)</b>	<b>(886,289)</b>
<b>OTHER FINANCING SOURCES, (USES)</b>				
Transfers In	330,000	330,000	330,000	-
Transfers Out To: General Fund	(177,000)	(177,000)	(177,000)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>153,000</b>	<b>153,000</b>	<b>153,000</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(639,940)</b>	<b>(639,940)</b>	<b>(733,289)</b>	<b>(93,349)</b>
<b>FUND BALANCE - beginning</b>	<b>639,940</b>	<b>639,940</b>	<b>735,470</b>	<b>95,530</b>
<b>FUND BALANCE - ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,181</b>	<b>\$ 2,181</b>

**CITY OF HAPPY VALLEY, OREGON**  
**Schedules of Revenues, Expenditures and Changes in Fund Balance**  
**Actual and Budget**  
**for the year ended June 30, 2020**

**PEDESTRIAN IMPROVEMENT PROJECTS FUND**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
Vehicle Registration Fees	\$ 100,000	\$ 100,000	\$ 107,157	\$ 7,157
Miscellaneous Revenue	15,000	15,000	18,682	3,682
<b>TOTAL REVENUES</b>	<b>115,000</b>	<b>115,000</b>	<b>125,839</b>	<b>10,839</b>
<b>EXPENDITURES</b>				
Materials and Services	30,000	30,000	-	30,000
Capital Outlay	857,000	857,000	16,911	840,089
<b>TOTAL EXPENDITURES</b>	<b>887,000</b>	<b>887,000</b>	<b>16,911</b>	<b>870,089</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(772,000)</b>	<b>(772,000)</b>	<b>108,928</b>	<b>880,928</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out To:				
General Fund	(18,000)	(18,000)	(18,000)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(18,000)</b>	<b>(18,000)</b>	<b>(18,000)</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(790,000)</b>	<b>(790,000)</b>	<b>90,928</b>	<b>880,928</b>
<b>FUND BALANCE - beginning</b>	<b>790,000</b>	<b>790,000</b>	<b>855,803</b>	<b>65,803</b>
<b>FUND BALANCE - ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 946,731</b>	<b>\$ 946,731</b>

**CITY OF HAPPY VALLEY, OREGON**  
**Schedules of Revenues, Expenditures and Changes in Fund Balance**  
**Actual and Budget**  
**for the year ended June 30, 2020**

**STORM SYSTEM DEVELOPMENT FUND**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
SDC-Storm Drainage	\$ 90,000	\$ 90,000	\$ 131,077	\$ 41,077
Miscellaneous Revenue	6,000	6,000	31,799	25,799
<b>TOTAL REVENUES</b>	<b>96,000</b>	<b>96,000</b>	<b>162,876</b>	<b>66,876</b>
<b>EXPENDITURES</b>				
Materials and Services	200,000	200,000	-	200,000
Capital Outlay	920,451	920,451	-	920,451
<b>TOTAL EXPENDITURES</b>	<b>1,120,451</b>	<b>1,120,451</b>	<b>-</b>	<b>1,120,451</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out:	(80,702)	(80,702)	(80,702)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(80,702)</b>	<b>(80,702)</b>	<b>(80,702)</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(1,105,153)</b>	<b>(1,105,153)</b>	<b>82,174</b>	<b>1,187,327</b>
<b>FUND BALANCE - beginning</b>	<b>1,105,153</b>	<b>1,105,153</b>	<b>1,107,709</b>	<b>2,556</b>
<b>FUND BALANCE - ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,189,883</b>	<b>\$ 1,189,883</b>

## **STATISTICAL SECTION**

# STATISTICAL SECTION

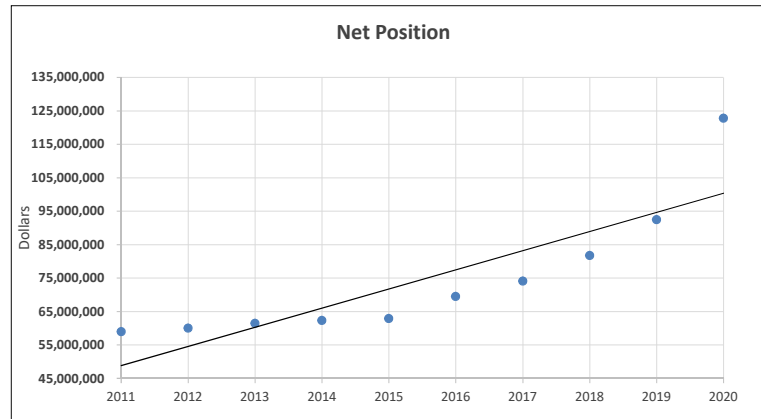
This part of the Government's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Table of Contents	Page
Financial Trends	76 - 79
<i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	
Revenue Capacity	80 - 82
<i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	
Debt Capacity	83 - 89
<i>This schedule presents information to help the reader assess the affordability of the government's current level of outstanding debt and the government's ability to issue additional debt in the future.</i>	
Operating Information	90 - 93
<i>This schedule contains servicedata to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i>	

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**CITY OF HAPPY VALLEY, OREGON**  
**Net Position by Component**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities										
Net investment in capital assets	\$ 51,755,194	\$ 51,692,187	\$ 50,887,724	\$ 50,075,936	\$ 50,101,809	\$ 52,179,591	\$ 57,448,724	\$ 56,219,206	\$ 60,231,610	\$ 64,013,771
Net position - restricted	-	3,968,439	3,169,038	3,357,477	3,520,302	7,554,021	8,398,586	15,862,229	22,893,497	46,747,915
Net position - unrestricted	7,224,869	4,349,283	7,362,168	8,885,486	9,208,316	9,695,509	8,266,552	9,601,286	9,351,031	12,024,077
Total governmental activities net position	<u>\$ 58,980,063</u>	<u>\$ 60,009,909</u>	<u>\$ 61,418,930</u>	<u>\$ 62,318,899</u>	<u>\$ 62,830,427</u>	<u>\$ 69,429,121</u>	<u>\$ 74,113,862</u>	<u>\$ 81,682,721</u>	<u>\$ 92,476,138</u>	<u>\$ 122,785,763</u>



**CITY OF HAPPY VALLEY, OREGON**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
Governmental Activities:										
General government	\$ 6,294,948	\$ 5,643,667	\$ 7,446,207	\$ 8,447,692	\$ 8,427,337	\$ 6,589,158	\$ 6,568,236	\$ 7,512,604	\$ 7,423,795	\$ 9,132,517
Cultural and Recreation	104,307	228,276	255,454	281,561	285,790	2,450,253	2,381,909	2,812,621	3,284,384	3,613,606
Public Safety	-	-	-	-	-	3,317,382	3,513,955	3,592,448	3,928,333	4,746,220
Highways and Streets	337,855	921,974	1,097,307	770,717	767,425	2,253,225	2,132,690	2,244,148	3,032,215	3,930,834
Interest of long term debt	192,185	184,322	176,141	167,642	158,717	151,700	106,299	-	-	-
Total Expenses	<u>6,929,295</u>	<u>6,978,239</u>	<u>8,975,109</u>	<u>9,667,612</u>	<u>9,639,269</u>	<u>14,761,718</u>	<u>14,703,089</u>	<u>16,161,821</u>	<u>17,668,727</u>	<u>21,423,177</u>
Program Revenues										
Governmental Activities:										
Charges for services										
General government	\$ 1,509,441	\$ 2,266,446	\$ 2,684,628	\$ 3,498,523	\$ 2,485,750	\$ 3,485,268	\$ 3,409,827	\$ 3,287,788	\$ 2,570,425	\$ 6,426,763
Cultural and Recreation	16,063	28,499	-	-	-	42,554	44,019	527,013	1,162,285	5,033,070
Public Safety	-	-	-	-	-	579,912	569,509	730,074	634,947	637,548
Highways and Streets	129,571	190,065	324,176	206,470	67,584	150,134	73,112	6,019,791	2,012,420	4,586,571
Total Program Revenues	<u>1,655,075</u>	<u>2,485,010</u>	<u>3,008,804</u>	<u>3,704,993</u>	<u>2,553,334</u>	<u>4,257,868</u>	<u>4,096,467</u>	<u>10,564,666</u>	<u>6,380,077</u>	<u>16,683,952</u>
Net (Expense)/Revenue										
Governmental Activities	<u>\$ (5,274,220)</u>	<u>\$ (4,493,229)</u>	<u>\$ (5,966,305)</u>	<u>\$ (5,962,619)</u>	<u>\$ (7,085,935)</u>	<u>\$ (10,503,850)</u>	<u>\$ (10,606,622)</u>	<u>\$ (5,597,155)</u>	<u>\$ (11,288,650)</u>	<u>\$ (4,739,225)</u>
General Revenues										
Governmental Activities:										
Property Taxes	\$ 3,270,206	\$ 3,378,350	\$ 3,437,933	\$ 3,724,620	\$ 4,063,743	\$ 4,531,874	\$ 4,922,420	5,409,062	7,411,559	6,232,884
Other Taxes	602,531	774,660	803,621	875,088	1,934,097	2,100,890	2,662,833	2,876,421	3,166,856	3,268,927
Intergovernmental-unrestricted	587,554	653,180	790,718	851,229	847,935	845,854	1,052,558	1,073,088	1,076,387	15,265,741
Other Revenue	739,887	716,885	855,677	1,411,651	1,784,873	6,698,822	6,653,552	3,898,629	10,427,265	10,281,298
Gain (loss) on sale of capital assets	-	-	-	-	-	-	-	-	-	-
Special Item	-	-	-	-	-	2,925,104	-	-	-	-
Total general revenues, transfers, and special item	<u>\$ 5,200,178</u>	<u>\$ 5,523,075</u>	<u>\$ 5,887,949</u>	<u>\$ 6,862,588</u>	<u>\$ 8,630,648</u>	<u>\$ 17,102,544</u>	<u>\$ 15,291,363</u>	<u>\$ 13,257,200</u>	<u>\$ 22,082,067</u>	<u>\$ 35,048,850</u>
Change in Net Position	<u>\$ (74,042)</u>	<u>\$ 1,029,846</u>	<u>\$ (78,356)</u>	<u>\$ 899,969</u>	<u>\$ 1,544,713</u>	<u>\$ 6,598,694</u>	<u>\$ 4,684,741</u>	<u>\$ 7,660,045</u>	<u>\$ 10,793,417</u>	<u>\$ 30,309,625</u>

**CITY OF HAPPY VALLEY, OREGON**  
**Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund										
Nonspendable	\$ -	\$ -	\$ 22,744	\$ 20,963	\$ 46,655	\$ 20,054	\$ 152,186	\$ 42,773	\$ 60,998	\$ 68,139
Restricted	-	604,874	501,707	574,984	526,381	677,784	919,791	917,259	879,969	846,032
Committed	-	-	2,645,793	3,413,463	5,132,372	5,860,117	3,688,533	4,965,481	7,952,893	8,058,724
Assigned	497,608	537,122	-	-	-	-	-	-	-	-
Unassigned	1,966,658	3,319,453	4,307,735	5,048,990	3,059,652	4,186,913	5,017,696	5,839,541	5,079,303	7,268,787
Total general fund	<u>\$ 2,464,266</u>	<u>\$ 4,461,449</u>	<u>\$ 7,477,979</u>	<u>\$ 9,058,400</u>	<u>\$ 8,765,060</u>	<u>\$ 10,744,868</u>	<u>\$ 9,778,206</u>	<u>\$ 11,765,054</u>	<u>\$ 13,973,163</u>	<u>\$ 16,241,682</u>
All other governmental funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,739	\$ 16,964	\$ 5,500
Restricted	-	4,361,626	3,466,732	2,571,310	2,810,133	2,795,863	7,326,609	16,373,527	21,996,564	45,821,739
Committed	-	-	(1,809,583)	(439,251)	313,914	1,145,945	1,415,222	-	-	-
Assigned	-	210,683	-	-	-	-	-	-	-	-
Unassigned	4,775,065	-	-	-	-	-	-	(22,812)	-	(1,819)
Total all other governmental funds	<u>\$ 4,775,065</u>	<u>\$ 4,572,309</u>	<u>\$ 1,657,149</u>	<u>\$ 2,132,059</u>	<u>\$ 3,124,047</u>	<u>\$ 3,941,808</u>	<u>\$ 8,741,831</u>	<u>\$ 16,381,454</u>	<u>\$ 22,013,528</u>	<u>\$ 45,825,420</u>

**CITY OF HAPPY VALLEY, OREGON**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

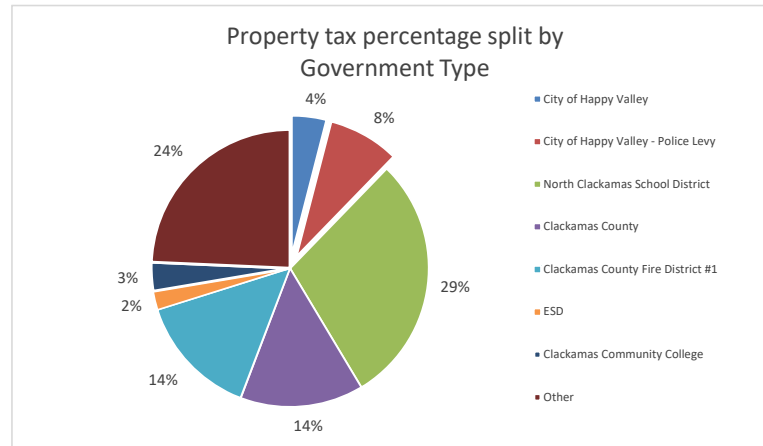
	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>REVENUES</b>										
Property taxes	\$ 3,279,877	\$ 3,344,880	\$ 3,434,415	\$ 3,732,944	\$ 4,052,038	\$ 4,506,549	\$ 4,906,710	\$ 5,375,507	\$ 7,532,788	\$ 6,233,986
Gas Tax	602,531	774,660	803,621	875,088	930,226	1,010,589	1,090,431	1,262,946	1,506,599	1,465,576
Licenses and permits	1,625,496	2,402,384	2,794,665	3,611,799	3,489,621	4,575,569	4,982,229	4,901,263	4,230,682	7,003,002
System Development Charges	29,579	82,626	214,139	93,194	67,584	150,134	73,112	6,500,493	3,127,052	9,486,619
Intergovernmental	587,554	653,180	790,718	851,229	847,935	845,854	1,052,558	1,073,088	1,076,387	16,600,010
Other Revenue	739,887	716,885	855,677	1,035,281	1,059,457	3,580,331	4,141,667	4,325,209	5,276,486	4,984,949
Total Revenues	<u>6,864,924</u>	<u>7,974,615</u>	<u>8,893,235</u>	<u>10,199,535</u>	<u>10,446,861</u>	<u>14,669,026</u>	<u>16,246,707</u>	<u>23,438,506</u>	<u>22,749,994</u>	<u>45,774,142</u>
<b>EXPENDITURES</b>										
Current:										
General Government	*	*	*	*	*	5,403,850	5,974,827	6,460,760	6,397,938	9,265,149
Cultural and Recreation	*	*	*	*	*	1,907,849	1,973,780	2,381,213	2,831,018	2,974,655
Public Safety	*	*	*	*	*	3,160,695	3,434,639	3,481,046	3,800,586	4,564,164
Highways and Streets	*	*	*	*	*	427,049	539,175	722,703	666,383	971,106
Personal Services	2,900,904	2,875,971	3,200,252	3,622,454	3,981,299	-	-	-	-	-
Materials & Services	2,973,049	3,083,355	3,445,210	3,864,569	4,460,263	-	-	-	-	-
Debt Service:										
Principal	180,000	190,000	195,000	205,000	215,000	220,000	3,530,000	-	-	-
Interest and fiscal charges	194,413	186,550	178,369	169,869	160,944	151,700	106,299	-	-	-
Capital Outlay	321,706	551,212	1,152,157	654,784	904,928	434,262	914,946	766,313	1,213,886	1,918,657
Total Expenditures	<u>6,570,072</u>	<u>6,887,088</u>	<u>8,170,988</u>	<u>8,516,676</u>	<u>9,722,434</u>	<u>11,705,405</u>	<u>16,473,666</u>	<u>13,812,035</u>	<u>14,909,811</u>	<u>19,693,731</u>
Excess (Deficiency) of Revenues over Expenditures	294,852	1,087,527	722,247	1,682,859	724,427	2,963,621	(226,959)	9,626,471	7,840,183	26,080,411
<b>OTHER FINANCING SOURCES (USES)</b>										
Transfers in	342,900	884,083	2,652,413	1,925,079	6,143,938	2,929,855	4,748,964	7,567,460	7,018,000	5,430,702
Transfers out	(342,900)	(884,083)	(2,652,413)	(1,925,079)	(6,143,938)	(2,929,855)	(4,748,964)	(7,567,460)	(7,018,000)	(5,430,702)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Special Item	-	-	-	-	-	2,925,104	-	-	-	-
Net change in fund balances	<u>\$ 294,852</u>	<u>\$ 1,087,527</u>	<u>\$ 722,247</u>	<u>\$ 1,682,859</u>	<u>\$ 724,427</u>	<u>\$ 2,963,621</u>	<u>\$ (226,959)</u>	<u>\$ 9,626,471</u>	<u>\$ 7,840,183</u>	<u>\$ 26,080,411</u>
Debt service as a percentage of noncapital expenditures	5.83%	6.51%	5.64%	4.78%	4.17%	3.66%	28.63%	0.00%	0.00%	0.00%

\* = Reported using Personal Services and Materials & Services categories

**CITY OF HAPPY VALLEY, OREGON**  
**Property Tax Rates - Direct and Overlapping Governments**  
**Last Ten Fiscal Years**

Fiscal Year	City direct rates			Total Direct Rate	Overlapping Rates						Total Direct and Overlapping
	General Operating	Police Levy	Parks Levy		School District	Clackamas County	Clackamas County Fire Dist #1	Education Service District	Clackamas Community College	Other	
2011	0.671	1.38	0.00	2.05	4.57	2.40	2.30	0.36	0.54	4.16	16.39
2012	0.671	1.38	0.00	2.05	4.59	2.40	2.30	0.36	0.55	4.69	16.94
2013	0.671	1.38	0.00	2.05	4.58	2.40	2.30	0.36	0.55	4.71	16.95
2014	0.671	1.38	0.00	2.05	4.82	2.40	2.38	0.37	0.56	4.84	17.42
2015	0.671	1.38	0.00	2.05	4.87	2.40	2.40	0.37	0.56	4.37	17.02
2016	0.671	1.38	0.00	2.05	4.87	2.40	2.40	0.37	0.56	4.43	17.08
2017	0.671	1.38	0.00	2.05	4.87	2.40	2.40	0.37	0.56	2.01	14.66
2018	0.671	1.38	0.00	2.05	4.87	2.40	2.40	0.37	0.56	4.55	17.20
2019	0.671	1.38	0.54	2.59	4.87	2.40	2.40	0.37	0.56	4.06	17.26
2020	0.671	1.38	0.00	2.05	4.87	2.40	2.40	0.37	0.56	6.43	19.08

Source: Clackamas County Assessor's Office



CITY OF HAPPY VALLEY, OREGON  
Principal Property Taxpayers  
Current Year and Nine Years Ago

Rank	Taxpayer	2019-20		2010-11	
		Taxable Assessed Valuation	Rank	Taxable Assessed Valuation	Rank
1	ROIC Oregon LLC	\$ 43,868,771	1	\$ 28,914,828	1
2	Fred Meyer Stores Inc	33,939,461	2		
3	Sunrise Terrace Apartments LLC	29,418,095	3		
4	TADC LLC	24,553,200	4	18,874,031	2
5	HVAC I LLC	23,043,777	5		
6	Sunnyside 172nd LLC	17,991,853	6		
7	TBB Stevens Creek LLC	17,631,786	7		
8	Pleasant Valley Development LLC	16,832,251	8		
9	Portland General Electric	15,616,000	9	12,517,000	3
10	Northwest Natural Gas Co	15,021,000	10	10,490,600	4
	DR Horton Inc - Portland			10,141,051	5
	Comcast Corporation			9,348,755	6
	Eagle Landing Resources LLC			6,705,331	7
	DR Horton Inc - Portland			5,344,951	8
	Providence Health & Services - OR			4,560,707	9
	Columbia State Bank			3,340,380	10
		<u>\$ 237,916,194</u>		<u>\$ 110,237,634</u>	
			<u>8.13%</u>		<u>5.78%</u>

Source: Clackamas County Assessor's Office

**CITY OF HAPPY VALLEY, OREGON**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**

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<b>Fiscal Year Ended June 30</b>	<b>Total Tax Levy for Fiscal Year</b>	<b>Collected within the Fiscal Year of the Levy</b>		<b>Collections in Subsequent Years</b>	<b>Total Collections to Date</b>	
		<b>Amount Collected</b>	<b>Percentage of Levy</b>		<b>Amount Collected</b>	<b>Percentage of Levy</b>
2011	\$ 3,379,779	\$ 3,163,897	93.61%	\$ 115,825	\$ 3,279,722	97.04%
2012	3,456,635	3,248,651	93.98%	97,334	3,345,985	96.80%
2013	3,532,604	3,331,232	94.30%	102,808	3,434,040	97.21%
2014	3,819,691	3,621,704	94.82%	108,282	3,729,986	97.65%
2015	4,167,327	3,958,522	94.99%	98,655	4,057,177	97.36%
2016	4,649,509	4,422,885	95.13%	101,790	4,524,675	97.32%
2017	5,057,268	4,821,368	95.34%	96,597	4,917,965	97.25%
2018	5,564,243	5,299,172	95.24%	110,776	5,409,948	97.23%
2019	7,676,763	7,532,788	98.12%	111,564	7,644,352	99.58%
2020	6,416,434	6,233,986	97.16%	102,608	6,336,594	98.76%

Source: Annual financial statements of the City of Happy Valley

**CITY OF HAPPY VALLEY, OREGON**

**Ratios of Outstanding Debt by Type**

**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Full Faith and Credit Obligation Bonds (1)</b>	<b>Total Outstanding Debt</b>	<b>Ratio of Debt to Assessed Value</b>	<b>Population</b>	<b>Debt per Capita</b>
	<b>Governmental Activities</b>				
2011	\$ 4,590,634	\$ 4,590,634	0.30%	14,337	\$ 307
2012	4,398,406	4,398,406	0.28%	14,965	282
2013	4,201,178	4,201,178	0.25%	15,575	255
2014	3,993,951	3,993,951	0.23%	16,480	228
2015	3,776,724	3,776,724	0.22%	17,510	204
2016	3,554,497	3,554,497	0.19%	18,535	178
2017	-	-	0.00%	19,985	-
2018	-	-	0.00%	20,181	-
2019	-	-	0.00%	20,945	-
2020	-	-	0.00%	21,700	-

(1) Presented net of original issuance discounts and premiums

**CITY OF HAPPY VALLEY, OREGON**  
**Direct and Overlapping Governmental Activities Debt**  
**As of June 30, 2020**

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<b><u>Government Unit:</u></b>	<b><u>Debt Outstanding</u></b>	<b><u>Estimated Percentage Applicable</u></b>	<b><u>Amount Applicable to Primary Government</u></b>
Direct:			
City of Happy Valley	\$ -	N/A	\$ -
Overlapping:			
Clackamas Community College	\$ 93,763,913	7.32%	\$ 6,863,518
Clackamas County	129,945,000	5.52%	7,172,964
Clackamas County ESD	20,970,000	5.65%	1,184,805
Clackamas County RFPD	29,447,277	12.08%	3,557,231
North Clackamas School District	694,062,196	18.40%	127,707,444
Metro	819,020,000	1.30%	10,647,260
Mt Hood Community College	20,660,000	0.22%	45,452
Centennial School District	17,677,677	2.23%	394,212
Subtotal, overlapping debt			157,572,887
City of Happy Valley direct debt			-
Total direct and overlapping debt			<u>\$ 157,572,887</u>

Sources: Oregon State Treasury Department, Debt Management Division

Note: Overlapping governments are those that coincide, at least in part, with geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the property taxpayers of the City of Happy Valley. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the property taxpayers should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

**CITY OF HAPPY VALLEY, OREGON**  
**Ratios of Debt Outstanding**  
**Last Ten Fiscal Years**

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<b>Fiscal Year Ended June 30</b>	<b>Full Faith and Credit Obligation Bonds (2)</b>	<b>Less: Amounts Available in Debt Service Fund (3)</b>	<b>Total</b>	<b>Percentage of Estimated Actual Taxable Value of Property (1)</b>	<b>Per Capita</b>
2011	\$ 4,590,634	\$ 0	\$ 4,590,634	0.18%	\$ 320
2012	4,398,406	0	4,398,406	0.21%	294
2013	4,201,178	0	4,201,178	0.22%	270
2014	3,993,951	376,131	3,617,820	0.19%	220
2015	3,776,724	1,990,187	1,786,537	0.09%	102
2016	3,554,497	2,618,487	936,010	0.04%	50
2017	0	0	0	0.00%	0
2018	0	0	0	0.00%	0
2019	0	0	0	0.00%	0
2020	0	0	0	0.00%	0

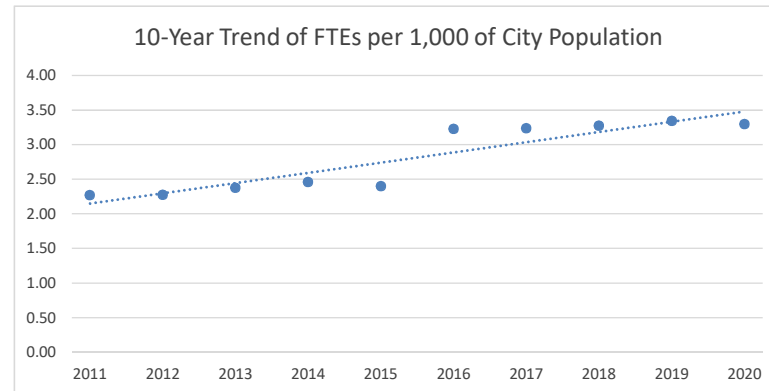
Note: Details regarding the city's outstanding debt can be found in the notes to the financial statement

- (1) See the Schedule of Assessed Value and the Estimated Actual Value of Taxable Property on page 66 for property value data
- (2) Presented net of original issuance discounts and premium:
- (3) This is the amount available to make debt service principal payment:

**CITY OF HAPPY VALLEY, OREGON**  
**Full-Time Equivalent Employees by Function**  
**Last Ten Fiscal Years**

Function	Full-time Equivalent Employees as of June 30									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Administration	9	7.5	6	7	7	9	10	10	11	12
Community Services and Public Safety	8.5	10	10.5	10.5	10	11	11	12	12	12
Economic and Community Development	8	8.5	11.5	14	16	18	20	18	20	20
Public Works / Parks / Streets	7	8	9	9	9	9	9	9	10	9.5
Library	0	0	0	0	0	12.8	14.6	17	17	18
Total FTE's	<u>32.5</u>	<u>34</u>	<u>37</u>	<u>40.5</u>	<u>42</u>	<u>59.8</u>	<u>64.6</u>	<u>66</u>	<u>70</u>	<u>71.5</u>
Public Safety - Police Officers (contracted)	11.15	11.15	11.5	11.5	11.5	12	12	13	14	17
City Population	14,337	14,965	15,575	16,480	17,510	18,535	19,985	20,181	20,945	21,700
FTE's per 1,000 of population	2.27	2.27	2.38	2.46	2.40	3.23	3.23	3.27	3.34	3.29

Sources: Various city departments



**CITY OF HAPPY VALLEY, OREGON**  
**Legal Debt Margin Information**  
**Last Ten Fiscal Years**

	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
Debt maximum limitation	\$ 58,430,321	\$ 55,720,280	\$ 57,296,129	\$ 62,768,814	\$ 72,709,397
Debt applicable to maximum limit	-	-	-	-	-
Legal debt margin available	<u>58,430,321</u>	<u>55,720,280</u>	<u>57,296,129</u>	<u>62,768,814</u>	<u>72,709,397</u>
Debt applicable to the maximum limit as a percentage of debt limitation	0%	0%	0%	0%	0%
	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Debt maximum limitation	\$ 86,241,812	\$ 101,766,254	\$ 116,679,424	\$ 129,611,062	\$ 139,548,340
Debt applicable to maximum limit	-	-	-	-	-
Legal debt margin available	<u>86,241,812</u>	<u>101,766,254</u>	<u>116,679,424</u>	<u>129,611,062</u>	<u>139,548,340</u>
Debt applicable to the maximum limit as a percentage of debt limitation	0%	0%	0%	0%	0%

**Legal debt margin calculation for the fiscal year ended June 30, 2020:**

Total property real market value	\$ 4,651,611,326
	3%
Debt maximum limitation	<u>139,548,340</u>
Amount of debt applicable to debt limit:	
Total bonded debt outstanding	-
Less debt excluded from debt limit:	
Full faith and credit obligations	-
Net amount of debt applicable to limit	-
Legal debt margin - amount available for future indebtedness	<u>\$ 139,548,340</u>
Percentage of City's indebtedness to total allowed	0%

(1) Pursuant to Oregon Revised Statutes 287.004, outstanding general obligation debt is limited to three percent of real market value.  
Source: Clackamas County Department of Assessment and Taxation

**CITY OF HAPPY VALLEY, OREGON**

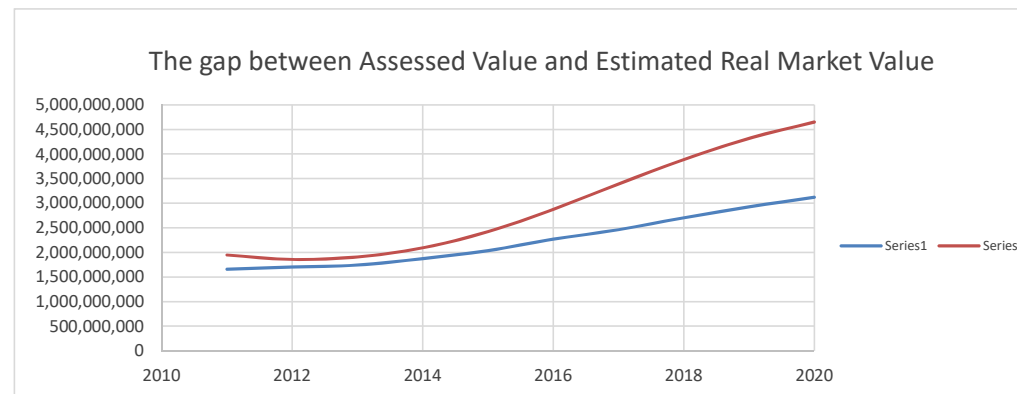
**Assessed Value and Estimated Value of Taxable Property**

**Last Ten Fiscal Years**

Fiscal Year Ended June 30	Assessed Value					Total direct tax rate	RMV	Assessed value as percentage of RMV
	Real property	Personal property	Manuf'd structure	Public utility	Total assessed value		Estimated real market value (RMV)	
2011	\$ 1,610,806,718	\$ 8,698,169	\$ 1,046,052	\$ 40,575,700	\$ 1,661,126,639	2.05	\$ 1,947,677,381	85.30
2012	1,651,831,555	7,806,424	1,052,525	42,239,100	1,702,929,604	2.05	1,857,342,675	91.70
2013	1,694,660,433	6,990,997	1,174,223	40,380,600	1,743,206,253	2.05	1,909,870,958	91.30
2014	1,825,265,969	7,350,321	1,181,489	41,387,160	1,875,184,939	2.05	2,092,293,811	89.60
2015	1,983,949,205	7,168,002	1,652,341	45,110,200	2,037,879,748	2.05	2,423,646,555	84.10
2016	2,207,472,001	8,319,410	2,198,711	51,660,000	2,269,650,122	2.05	2,874,727,083	66.91
2017	2,398,435,939	8,482,412	2,283,394	53,606,800	2,462,808,545	2.05	3,392,208,454	72.60
2018	2,631,897,068	15,683,359	2,927,826	54,349,830	2,704,858,083	2.05	3,889,314,139	69.55
2019	2,852,512,294	22,198,356	3,261,749	48,955,700	2,926,928,099	2.59	4,320,368,740	67.75
2020	3,047,960,020	20,162,975	3,120,309	51,435,000	3,122,678,304	2.05	4,651,611,326	67.13

Source: Clackamas County Assessor's Office

Note: Property is generally assessed as of July 1st of each fiscal year



**CITY OF HAPPY VALLEY, OREGON****Legal Debt Margin Information****Last Ten Fiscal Years**

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<b>Fiscal Year</b>	<b>Special Assessment</b>	<b>Debt Service</b>		<b>Coverage</b>
	<b>Collections</b>	<b>Principal</b>	<b>Interest</b>	
2011	-	-	-	-
2012	-	-	-	-
2013	-	-	-	-
2014	-	-	-	-
2015	-	-	-	-
2016	-	-	-	-
2017	-	-	-	-
2018	-	-	-	-
2019	-	-	-	-
2020	-	-	-	-

(1) No special assessment debt has been issued in the prior ten years.

Source: Annual financial statements of the City of Happy Valley

**CITY OF HAPPY VALLEY, OREGON**  
**Demographic and Economic Statistics**  
**Last Ten Fiscal Years**

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<b>Fiscal Year</b>	<b>Population(1)</b>	<b>Median Age(2)</b>	<b>Household Income</b>	<b>Per Capita Income (2)</b>	<b>HV Schools plus CCHS Enrollment (3)</b>	<b>Unemployment Rate(4)</b>
2011	14,337	34.4	\$ 100,647	\$ 35,823	6,014	8.2
2012	14,965	36.0	96,655	35,823	6,434	7.5
2013	15,575	37.1	92,773	36,978	6,516	6.0
2014	16,480	36.8	100,438	37,813	6,585	5.5
2015	17,510	37.0	100,508	40,613	6,859	5.2
2016	18,535	36.8	94,900	38,593	6,495	4.3
2017	19,985	37.0	101,250	38,358	6,877	3.9
2018	20,181	37.4	106,029	44,220	6,592	3.7
2019	20,945	38.4	111,066	44,761	6,838	3.8
2020	21,700	37.4	114,111	47,713	7,918	8.3

\* Information unavailable at this time.

Sources: (1) Portland Population Research Center.  
(2) U.S. Census Bureau.  
(3) North Clackamas School District.  
(4) State Department of Labor unemployment rate for the County (not seasonally adjusted).

**CITY OF HAPPY VALLEY**  
**Principal Employers**  
**Current year and nine years ago**

<b><u>Employer</u></b>	<b>2020</b>			<b>2010</b>		
	<b><u>Employees</u></b>	<b><u>Rank</u></b>	<b><u>Percentage of Total City Employment</u></b>	<b><u>Employees</u></b>	<b><u>Rank</u></b>	<b><u>Percentage of Total City Employment</u></b>
Fred Meyer	350	1	11.24%			
New Seasons Market	150	2	4.82%	*		
Camp Withycombe	100	3	3.21%	*		
Providence Medical Group HV	80	4	2.57%	*		
City of Happy Valley	72	5	2.30%	*		
McDonald's	62	6	1.99%	*		
Abundant Life Church	48	7	1.54%	*		
Glenmoore	38	8	1.22%	*		
Hops n Drops	32	9	1.03%	*		
La Costita	28	10	0.90%	*		
	<u>960</u>		<u>19.58%</u>	<u>0</u>		<u>0.00%</u>

\* Historical number of employees information unavailable for this fiscal year nine years ago.

Source: City business licenses

**CITY OF HAPPY VALLEY, OREGON**  
**Operating Indicators by Function**  
**Last Ten Fiscal Years**

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental Activities										
Economic and Community Development										
Building										
Residential Building permits issued	110	158	276	350	274	418	190	135	164	393
Commercial Building permits issued	0	16	2	2	5	14	9	8	3	3
Planning										
Planning Permits	*	128	147	174	226	261	260	232	244	152
Engineering										
Erosion Control Permits	*	*	*	*	*	*	13	30	17	12
Site Development Permits	*	*	*	*	*	*	15	31	13	13
Right of Way Permits	*	*	*	*	*	*	122	139	109	122
Public Works:										
Street Sweeping:										
Number of miles swept	*	2,500	3,000	2,200	2,500	1,800	1,592	1,493	2,297	1,431
Volume of material removed (cubic yards)	*	285	379	757	900	900	762	648	954	663
Winter Storms:										
Sand applied (cubic yards)	*	*	26	78	8	100	206	66	50	0
Sand picked up after storms	*	*	16	50	4	60	180	35	29	0
Magnesium chloride/De-icing (gallons)	*	4,125	2,100	7,500	900	2,750	8,735	5,575	4,930	2,500
Landscape Maintenance:										
Fertilizers (lbs)	*	*	150	1,110	2,239	0	0	4,746	22,856	22,944
Herbicides (ounces)	*	*	56	190	135	480	934	2080 / 195	1605 / 211	1637 / 124
Park Reservations:										
Reservations coordinated	*	153	172	214	210	225	255	231	228	137
Number of people served	*	*	6,078	8,218	9,207	9,722	10,315	9,849	9,079	7,395
Trees planted	*	*	*	3,150	925	92	1,000	793	1,279	278
Services performed on fleet vehicles	*	*	80	146	170	190	190	250	280	240
Crack seal applied on roadways (sq. yd.)*	*	4.25	2.25	6.60	4.50	13.75	7.50	7.50	168,200	158,974
Signs cleaned and adjusted	*	*	*	869	920	1,148	50	1,200	200	912
Community Services										
Passports issued	1,935	1,339	1,690	1,882	2,316	2,592	3,377	3,566	3,474	2,444
Public Safety:										
Code Enforcement / Animal Control Cases	1,855	2,023	2,768	2,453	2,108	3,168	3,042	2,148	2,346	3,140
Parking violations	293	547	637	389	306	461	585	1,048	643	745
Number dispatched calls for service	3,110	3,159	3,251	3,471	3,517	4,361	4,466	4,591	4,604	4,318
Number of traffic violations	2,199	2,158	1,849	2,145	2,588	3,079	2,623	4,364	2,821	2,632
Number of "other" self initiated activities	2,497	2,158	1,801	1,396	1,521	1,982	2,901	6,828	5,304	2,598
Number of traffic stops	3,643	3,301	3,582	3,887	4,111	4,545	3,949	4,293	3,699	3,165
Library										
Circulation	642,790	654,150	707,958	762,069	800,944	793,476	787,888	824,836	829,880	824,836
Number of Reference Inquiries	19,580	19,580	17,930	17,452	17,868	27,219	26,889	31,528	33,387	31,528
Number of Youth Programs	62	87	214	225	299	401	398	618	719	618
Youth Program Attendance	2,887	4,145	7,581	9,807	14,127	16,163	19,051	24,887	26,645	24,887
Number of Adult Programs	0	3	48	91	180	197	241	195	225	195
Adult Program Attendance	0	331	587	877	2,103	2,892	3,730	3,718	4,317	3,718

Source: Various City departments

\* Information unavailable at this time.

\*\* Crack seal conversion to square yards from tons.

**CITY OF HAPPY VALLEY**  
**Capital Asset Statistics by Function**  
**Last ten fiscal years**

Function / Program	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General Government:										
City-owned building facilities	4	4	4	4	4	4	4	4	4	4
Public Safety:										
Number of police stations	1	1	1	1	1	1	1	1	1	1
Public Works:										
Miles of streets	209.2	144.87	140.15	139.74	137.14	135.8	135.12	130.42	128.22	127.7
Number of Vehicles	31	32	37	38	37	36	36	36	36	36
Recreation and Parks										
Acres of parks and open spaces		103	103	103	103	103	103	103	103	103

Sources: Various city departments

## **AUDIT COMMENTS AND DISCLOSURES**

**INDEPENDENT AUDITOR'S REPORT  
ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH OREGON STATE REGULATION**

Honorable Mayor and City Council  
City of Happy Valley, Oregon

We have audited the basic financial statements of City of Happy Valley, as of and for the year ended June 30, 2020 and have issued our report thereon dated March 29, 2021. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the *Minimum Standards of Audits of Oregon Municipal Corporations*, prescribed by the Secretary of State and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether City of Happy Valley's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including the provisions of Oregon Revised Statutes as specified in the Oregon Administrative Rules 162-10-000 through 162-10-330 of the *Minimum Standards for Audits of Oregon Municipal Corporations*, as set forth below, noncompliance with which could have a direct and material effect on the financial statements:

- Deposits of public funds with financial institutions (ORS Chapter 295).
- Indebtedness limitations, restrictions, and repayments.
- Budgets legally required (ORS Chapter 294).
- Insurance and fidelity bonds in force or required by law.
- Programs funded from outside sources.
- Highway revenues used for public highways, roads, and streets.
- Authorized investment of surplus funds. (ORS Chapter 294).
- Public contracts and purchasing (ORS Chapters 279A, 279B, and 279C).
- Accountability for collecting or receiving money by elected officials. The City does not have any elected officials collecting or receiving money.

However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Minimum Standards for Audits of Oregon Municipal Corporations*.

**OAR 162-10-0230 Internal Control**

In planning and performing our audit of the financial statements, we considered City of Happy Valley'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 City of Happy Valley's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Happy Valley'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 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. This report is an integral part of an audit performed in accordance with *Minimum Standards of Audits of Oregon Municipal Corporations*, prescribed by the Secretary of State, in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



For Merina+Co  
Tualatin, Oregon  
March 29, 2021