



Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2021

CITY OF HAPPY VALLEY
CLACKAMAS COUNTY, OREGON

ANNUAL COMPREHENSIVE
FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Prepared by

Finance Department
City of Happy Valley, Oregon

Available online at
www.happyvalleyor.gov

CITY OF HAPPY VALLEY
CLACKAMAS COUNTY, OREGON

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CLACKAMAS COUNTY, OREGON

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INTRODUCTORY SECTION



January 19, 2022

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, 2021. 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, 2021. 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 \$20,258,110. 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 \$2,203,371, \$4,665,290, \$2,988,632 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.

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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

- *Per City Council direction, staff has initiated planning and design work with our consultant team to create draft zoning amendments to a roughly 30-acre portion of the adopted East Happy Valley Comprehensive Plan in a geographic area located east of the new (currently under construction) roundabout at the intersection of Scouters Mountain Rd./172nd Ave. In addition to future zone changes, the City of Happy Valley is working to craft a Pleasant Valley Downtown District Overlay Zone that will be added to the City's Land Development Code and guide the future implementation of the downtown district, including provisions for a "Main Street".*

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 has entered into a purchase and sale agreement for the vacant property next to the Library and Village Green Park.*
- *City has entered into a purchase and sale agreement for property to locate a future Public Works Facility.*
- *Staff continue to work with property owners and brokers to purchase property for future parks and a downtown.*

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Library Space Needs Evaluation

- *The City has hired an architecture and engineering firm to develop 50% level designs for a Library expansion.*

Public Works Facility

- *Staff anticipates procurement of a site for a Public Works Facility this coming year. Once a purchase is confirmed staff will start the design process.*
- *The design process will include staff from the engineering division, finance division, planning division, and administration team.*
- *Design work is anticipated to continue throughout 2022 with a plan to bid the effort next fall/winter.*

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



Private Security for Development

- *Community Services Officer is coordinating with the Construction Contractors Industry Crime Prevention Organization and contractors/developers on a program.*

Traffic and Public Safety Committee Process for Traffic Modification Requests

- *Following input from the Traffic and Public Safety Committee, the City Council approved policies regarding stop signs, crosswalks, speed signs, no parking zones, and driver feedback signs.*

Alarm Policy

- *Competed and approved by the City Council. Set up a system to check non-compliance with permits and notification system for false alarms.*

Feasibility Study for Permanent Funding of Police

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

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Open Space Fuel Reduction

- *The City hired a professional wildland fire expert to conduct fire risk assessments on public lands, HOA open space and newly developed property.*

Code Enforcement now Community Service Officer (CSO) Program

- *The City rebranded Code Enforcement to Community Service Officers. Added one CSO to the public safety team to dedicate more time to patrol parks and special projects such as resources for people experiencing houselessness.*

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

- *In July 2020, the City was awarded a \$70,000 DLCD grant to complete an updated HNA/BLI to bring Happy Valley into conformance with state requirements found in HB2003 (Housing Production). The final report was completed and presented to the Planning Commission and City Council in the Spring of 2021. The City must formally adopt the report by June of 2023. In addition to HB2003, the City was awarded \$25,000 from DLCD to amend the Land Development Code to meet the provisions of HB2001 (Middle Housing). The draft code amendments are anticipated to go before the Planning Commission and City Council for adoption in early 2022.*

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 in conjunction with the HB 2001 amendments.*

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*

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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. In July 22, 2021, the City officially "re-booted" the PV/NC Comp Plan and reconvened the Community Advisory Committee for a meeting, with a final meeting on August 24, 2021 where the CAC voted to recommend the City of Happy Valley Planning Commission consider the Draft PV/NC Comp Plan. Subsequently, an outdoor Open House was held in September 2021 and a Planning Commission Workshop is scheduled for December 14, 2021. The anticipated first evidentiary hearing before the Planning Commission is January 11, 2022.

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

- *The City Council considered the UGMA East documents and voted to approve RES-21-19 on October 19, 2021.*

Development Standards/Zoning Setbacks

- *Per the direction of City Council, staff has initiated a code audit to investigate methods by which tree preservation requirements, setback criteria, and other development standards vary from multiple jurisdictions (comparative analysis) – as well as integration into the City's Comprehensive Plan and LDC in order to potentially implement said standards. The consultant team has made significant progress on the comparative analysis and is working toward completion of interviews of staff from the other cities selected for said research.*

Climate Action Tool Kit/Scoping Analysis

- *City staff have conducted an in-depth review of climate action plans from other jurisdictions. Staff presented this to the City Council on May 4, 2021. The City Council*

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provided direction for staff to participate in the Clackamas County Climate Action Plan process prior to developing a City specific climate action plan.

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



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.*
- *Phase 1 of the project was completed in late summer of 2021, with a dedication ceremony held on August 20, 2021.*

Pleasant Valley Villages Neighborhood Park

- *Design work was completed on the Pleasant Valley Villages neighborhood park summer 2021 and permits for construction were issued in September 2021.*
- *Construction of the park is expected to be completed by the summer of 2022.*
- *The final process will include the Development Agreement associated with the eligible Park SDC credits set for this park transfer.*

Parks and Recreation Programming

- *The City had a successful first year of recreation programming, despite the ongoing restrictions of 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 and offered two days a week at Happy Valley Park and Village Green Park.*
- *Staff are in the process of initiating a new Parks and Recreation software system called ACTIVE Net. Residents will create a profile portal, allowing the ability to register for classes, camps and make park reservations and sports field reservations. "Go-Live" date is set for mid-December 2021.*

Feasibility Study for Parks Permanent Funding

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- *City staff engaged a consultant to review options for replacing the police and parks levies that was presented to the City Council in December 2020.*

Community Center Feasibility Study

- *The City hired a consultant team to assist with the evaluation of the scope and scale of a new community center. Throughout the summer, the City hosted several focus groups of HOA leaders, committee volunteers, school district staff, business alliance members, and more. In addition, a community survey was completed.*
- *A resident-led Steering Committee was also formed and met for the first time in October 2021.*

Turf Fields Feasibility Study

- *The City conducted a survey of residents to gauge the interest of installing turf fields at Happy Valley Park and/or in future parks. The results of the survey were shared with Parks Advisory Committee and City Council.*
- *Council directed staff not to pursue turf fields in Happy Valley Park at this time, but to explore turf at future park locations.*

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



Fund Bike and Ped Improvements

- *In the current budget year, the City split the revenue generated from the County's new Vehicle Registration Fee (VRF) between the Pedestrian Improvement Plan (PIP) and Street Fund. Expected revenues this year are over \$400,000 in total to be split 50/50 for the two funds.*

Pedestrian Master Plan

- *The pedestrian Master Plan was updated within the City's Transportation System Plan (TSP). The City Council considered the TSP Update and approved ORD No. 555 on July 6, 2021.*

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172nd 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, 172nd 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 172nd Ave. “north” (north of Sunnyside Road) project. 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 172nd Ave. “north” began in 2021.*
- *City staff has made significant progress working with Clackamas County on an IGA to move this project into the design and public right-of-way acquisition stage.*

Superblock Project

- *The phase II effort received substantial completion on October 3rd. This project phase included curb, sidewalks and half tree improvements on King Rd, Ridgecrest Rd, and 132nd. The improvements will now be transitioned to the required maintenance period starting in November.*
- *Phase III design is well underway with PGE and the telecommunications providers working on final design plans. Staff is also coordinating stormwater treatment requirements with Water Environment Services and expect to have a biddable design for the entire package shortly after the first of the year.*

Residential Paving Maintenance Program

- *2021 marks the third year of our aggressive pavement maintenance program. City Council’s goal is to keep our pavement quality index holding at the current 82% rating and staff is working aggressively to deliver on that request.*
- *This year we provided 125,381 Linal feet of crack seal and 1,112,418 SF of slurry seal materials to area roadways. We’re also providing a re-pave solution on five collector roadways to include ADA improvements and upgrades.*

129th Avenue Curves Project

- *Construction of the project to provide pedestrian and bicycle access along the 129th Avenue curves, as well as undergrounding of overhead utilities along the frontage, began in June 2021. The road is closed to traffic during construction and should be complete in late 2021.*

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Clackamas to Columbia (C2C) Corridor / Sunrise Phase II

- *Mayor Ellis and Council President Sherman provided testimony in support of the corridors to the Metro T2020 Task Force. Though the Metro Measure failed, the Happy Valley/Clackamas County portion of the C2C Corridor was considered by the City Council as part of the TSP Update discussed above. The City Council approved ORD No. 555 on July 6, 2021.*
- *In partnership with Clackamas County and local legislators, the City secured \$4 million for a visioning exercise of the “Sunrise Gateway.”*

King Road Roundabout

- *30 percent construction plans and more detailed impact plans have been completed by the design engineer (HHPR) and significant public right-of-way and construction easement acquisition efforts have been completed by the right-of-way agent (Epic Land Solutions).*

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



Diversity, Equity, & Inclusion Task Force

- *After a year of meeting with the DEI Task Force, the City Council approved the DEI Strategic Plan on October 19, 2021.*

Redevelop Job Descriptions

- *Human Resources is continually updating job descriptions to assist with Equal Pay Analysis and to reflect DEI work related tasks to support the City’s DEI Strategic Plan.*

Equal Pay Analysis

- *Due to new COVID related employment requirements and newly developed Oregon OSHA standards, the equal pay analysis was temporarily delayed.*
- *Significant progress toward completion took place and will wrap up in early 2022.*

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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

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Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Happy Valley
Oregon**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morill

Executive Director/CEO

City of Happy Valley Organization Chart

Population 22,400

Citizens of Happy Valley



Mayor and Council

City Attorney

City Manager

Municipal Judge

**Assistant
City Manager**

Library

Admin

Finance

Public Works

**Community
Services**

**Community
Development**

Circulation

**City
Recorder**

**Financial
Reporting/Budgeting**

Streets

**Community
Services**

**Economic
Development**

**Adult
Services**

IT

**Accounts
Payable**

Parks

**Code
Enforcement**

**Planning
Division**

**Youth
Services**

HR

Payroll

**Facility
Maintenance**

**Municipal
Court**

**Engineering
Division**

**Technical
Services**

**Fleet
Services**

HV Police

**Building
Division**

CITY OF HAPPY VALLEY
CLACKAMAS COUNTY, OREGON

CITY OFFICIALS AS OF JUNE 30, 2021

<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, 2024
David Emami	December 31, 2024

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 Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Happy Valley, Oregon, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City of Happy Valley's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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 the City of Happy Valley as of June 30, 2021, 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.

Basis for Opinions

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

Responsibilities of Management 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Happy Valley's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Happy Valley's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the 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, as listed in the table of contents under required supplementary information, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the 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.

Supplementary 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 accompanying other supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information, as listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Reports on Other Legal and Regulatory Requirements

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 January 31, 2022, on our consideration of the 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
January 31, 2022

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, 2021. Please read it in conjunction with the City's financial statements and notes, which follow this section.

Financial Highlights

At June 30, 2021 the City's total net position was \$138,486,111 which was an increase of \$15,700,348 over the previous year. The prior year saw net position increase of \$30,309,625 most of which was 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 current year increase is primarily attributable to the \$12 million in street additions to Capital Assets.

The General Fund ended the fiscal year with a total fund balance of \$19,722,339. Of that balance, \$856,236 was either non-spendable or restricted for prepaid expenses and PEG fees. The remaining \$18,866,103 was unrestricted with \$12,264,231 committed and \$6,601,872 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 \$3,480,657 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, 2021 the City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$138,786,111. Cash and Investments represent 48% of total assets. Long lived capital assets including land, buildings, streets, equipment, and vehicles comprise 51% of total assets. The remaining assets include prepaid items, accounts and property tax receivables and Net OPEB Asset.

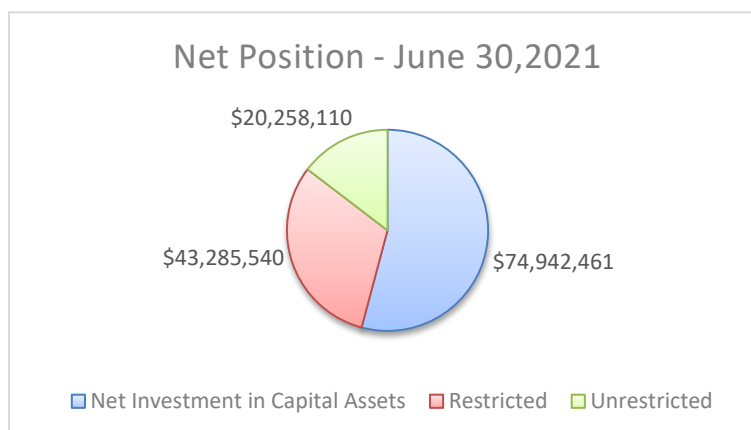
The actuarially determined Net Pension Liability represents 69% of total liabilities. Remaining liabilities are payments to vendors, governments, and accrued personnel costs.

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

Table 1 – Net Position as of June 30th

	Total 2021	Total 2020
Assets		
Current and Other Assets	\$ 72,142,524	\$ 65,878,394
Capital Assets	<u>74,942,461</u>	<u>64,013,771</u>
Total Assets	<u>147,084,985</u>	<u>129,892,165</u>
 Deferred Outflows of Resources	 <u>5,078,963</u>	 <u>5,643,165</u>
Liabilities		
Current and Other Liabilities	3,670,063	3,856,934
Non-Current Liabilities	<u>8,883,499</u>	<u>8,488,834</u>
Total Liabilities	<u>12,553,562</u>	<u>12,345,768</u>
 Deferred Inflows of Resources	 <u>1,124,275</u>	 <u>403,799</u>
Net Position		
Net Investment in Capital Assets	74,942,461	64,013,771
Net Position - Restricted	43,285,540	46,747,915
Net Position - Unrestricted	<u>20,258,110</u>	<u>12,024,077</u>
Total Net Position	<u>\$ 138,486,111</u>	<u>\$ 122,785,763</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 2021	Total 2020
Revenues:		
Program Revenues		
Charges for Services	\$ 15,743,104	\$ 15,349,683
Operating Grants and Contributions	226,491	1,334,269
General Revenues		
Property Taxes	9,270,145	6,232,884
Gas Tax	1,645,180	1,465,576
ROW Fees	1,912,466	1,803,351
Intergovernmental	1,396,417	15,265,741
Library District	3,132,510	2,970,704
Other Revenue	6,131,485	7,310,594
Total Revenues	<u>39,457,798</u>	<u>51,732,802</u>
Expenses:		
General Government	9,461,266	9,132,517
Cultural and Recreation	3,372,695	3,613,606
Public Safety	4,860,512	4,746,220
Highways and Streets	6,062,977	3,930,834
Interest on long term debt	-	-
Total Expenses	<u>23,757,450</u>	<u>21,423,177</u>
Change in Net Position	15,700,348	30,309,625
Net Position - Beginning	<u>122,785,763</u>	<u>92,476,138</u>
Net Position - Ending	<u>\$ 138,486,111</u>	<u>\$ 122,785,763</u>

The City's total revenues decreased \$12,275,004 to \$39,457,798 over the previous year revenue. Most of the decrease was a result of nearly \$14.3 million settlement payment from the North Clackamas Parks and Recreation District in the prior year which was the culmination of several years of litigation. Additionally, the decrease 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 is ends up in the Other Revenue category. Robust development fees and SDC's also contributed to the large increase in revenues.

Expenses increased \$2,334,273 to \$23,757,450 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 \$15,700,348 compared to the prior year's increase of \$30,309,625.

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, 2021, the General Operations Reserve fund had a fund balance of \$838,974.

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

Streets account for 70% of all city owned capital assets and 78% 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.

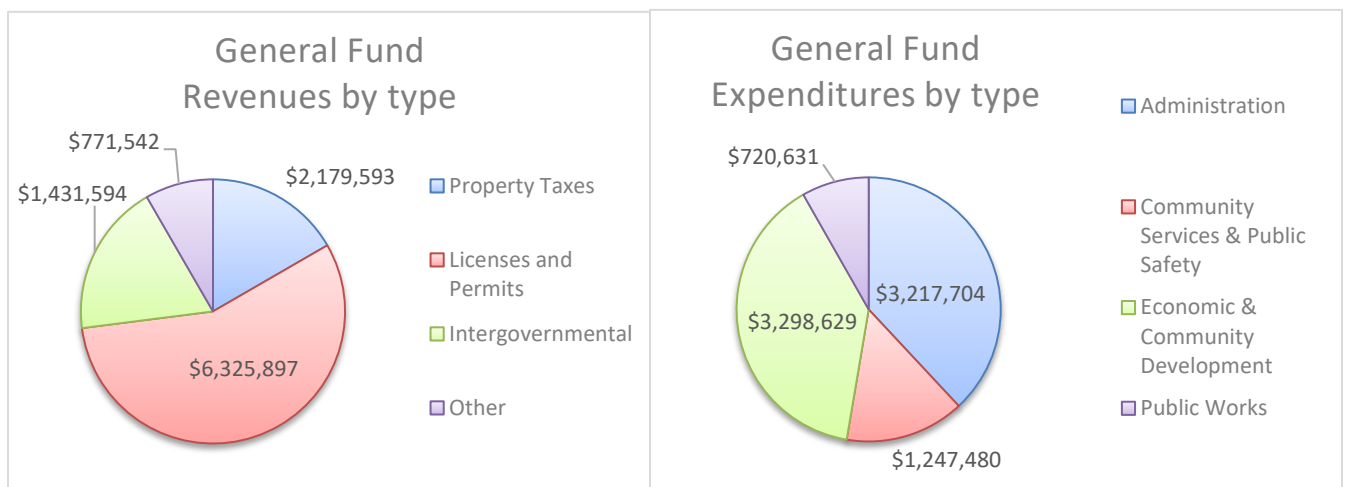
Financial Analysis of the City's Funds

Revenues from governmental fund types totaled \$32,005,663 in 2021. Governmental fund balances totaled \$64,069,702 at June 30, 2021. The following is a summary of changes in governmental fund balances:

	June 30, 2021	June 30, 2020	Change
General Fund	\$ 19,722,339	\$ 16,241,682	\$ 3,480,657
Library Fund	6,024,436	5,449,057	575,379
Parks Fund	844,063	2,181	841,882
Street Fund	3,221,316	3,596,727	(375,411)
Storm System Development Fund	1,328,137	1,189,883	138,254
Parks System Development Fund	18,802,344	16,054,668	2,747,676
Transportation System Development Fund	5,615,942	11,955,862	(6,339,920)
Public Safety Fund	1,662,683	1,691,377	(28,694)
Parks Capital Projects Fund	4,970,220	4,938,934	31,286
Pedestrian Improvement Projects Fund	1,304,711	946,731	357,980

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 \$5,449,057 to \$6,024,436 as a result of increased Library District Revenue. The Library Fund transferred \$500,000 to the Library Reserve for Replacement Fund to save up for replacement of capital assets. The Parks Fund balance ended the year at \$844,063 as a result of 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 SDC Fund increased \$2,747,676 due to continued growth in development activity. The Transportation SDC Fund decreased \$6,339,920 as more SDC projects took place during the year.

General Fund Budgetary Highlights



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

The General Fund – Budgetary Basis ending fund balance increased \$121,182 from the previous year. There was a transfer out of \$3 million to the Facility Capital Projects Fund to save for the land purchase and construction of a new public works facility. Additionally, there was a transfer to the General Reserve for Replacement Fund for \$500,000. 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	\$ 1,000,000	2,988,619	\$ 1,988,619
ROW Use Fees	1,750,000	1,912,466	162,466
Engineering Fees	275,000	531,750	256,750
SDC Compliance Fees	200,000	278,350	78,350
Intergovernmental	225,000	588,893	363,893
User Related Fees	300,000	414,061	114,061

General Fund expenditures were less than appropriated amounts for each appropriation category. Each department expended between 89-94% 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	\$ 3,560,900	\$ 3,217,704	\$ 343,196
Community Services & Public Safety	1,345,400	1,247,480	97,920
Economic & Community Development	3,511,200	3,298,629	212,571
Public Works	812,500	720,631	91,869

Capital Assets

At June 30, 2021, the City had \$74,942,461 invested in capital assets net of accumulated depreciation. This is an increase of \$10,928,690 from the previous year. A notable addition this year was the Veterans Memorial Park. The annual street additions totaled \$7,849,256 and total depreciation expense was \$2.4 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, 2021, 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).

Priorities

Response to COVID-19

It's been nearly two years since the global COVID-19 pandemic began. Since that time, the City has had to continually adjust the manner in which services are provided to the community. Workplace and community gathering rules have constantly changed as a result of Governor's Orders, Occupational Safety and Health Administration rules, Centers for Disease Control and/or Oregon Health Authority guidelines. Below are just some of the programs, tasks, and duties that the City completed the last two years in response to the global pandemic.

- Established an Emergency Operations Center.
- Declared and renewed a State of Emergency.
- Created a Business Task Force and Recreation Task Force consisting of business leaders, city councilors, and city staff members.
- Provided five rounds of business assistance grants offering over \$1 million in funding.
- Established a list of businesses that remained open during the pandemic and maintained status on the City's website.
- Conducted business and construction site checks related to COVID-19 compliance.
- Developed a list of recreation activities for residents to keep them engaged in the community.
- Closed, modified, and re-opened park facilities in compliance with guidance from the Oregon Health Authority.
- Created a park ambassador position to seek compliance with guidelines from the Oregon Health Authority.
- Communicated extensively with the public to provide update on city facilities, activities, programs available, etc.
- Provided resources to the public on ways to protect themselves.
- Transitioned library services to virtual programs and curbside pickups.
- Established a Wi-Fi network at Village Green Park so that community members still had public internet access while the library is closed.
- Established new workplace policies in compliance with new federal leave laws regarding COVID-19.
- Processed numerous leave requests for employees to care for children while schools were/are closed.



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

- Supported IT needs for a newly remote workforce, including virtual City Council and advisory committee meetings.
- Tracked expenses related to COVID resulting in over \$1M in reimbursement.
- Developed a Re-Entry Plan for the various stages of opening city facilities.
- Provided permanent cubicle modifications within Happy Valley City Hall that will be used as a long-range approach for better health and safety.
- Developed workplace safety protocols in compliance with new OR-OSHA rules.
- Re-started community events, such as summer concerts, in compliance with all COVID-19 restrictions.

Overview of Capital Improvement Projects

In more recent years, the City has taken a much more active role in capital improvement projects. Often, these projects take millions of dollars, involve a significant amount of staff time, and span several years to complete. Below is a list of the key capital improvement projects that are underway.

- 129th Avenue Curves – Construction
- 129th Avenue and King Road Round-a-bout – Design and Construction
- 129th Sidewalk and Undergrounding Gap – Design
- Superblock Project – Construction
- 152nd Avenue and Misty Drive Crossing – Design and Construction
- 172nd Avenue North of Sunnyside – Design
- 172nd Avenue Round-a-bout – ROW Acquisition and Construction
- Sunrise Corridor Gateway – Visioning Project with Clackamas County
- Various American Rescue Plan Act (ARPA) Projects
- Scott Creek Trail Renovation – Construction
- HV Park Covered Shelter Replacement – Construction
- Village Green Park Renovation – Design
- Pleasant Valley Villages Neighborhood Park – Design and Construction
- Veterans Memorial Park – Phase 1 Complete
- Various Land Acquisition – 18 Properties Targeted for Consideration
- Public Works Facility – Land Acquisition, Design, Construction
- Library Expansion – Land Acquisition, Design, Construction
- Community Center Feasibility Study



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

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, 2021****ASSETS**

Cash and Investments	\$ 70,775,535
Prepaid items	82,696
Accounts Receivable	1,018,724
Property Taxes Receivable	227,070
Net OPEB Asset	38,499
Capital Assets:	
Land, non-depreciable, and construction in progress	9,200,111
Building, improvements, equipment, and other capital assets (net of accumulated depreciation)	<u>65,742,350</u>

TOTAL ASSETS	<u>147,084,985</u>
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DEFERRED OUTFLOWS OF RESOURCES

Deferred amount related to pension	5,031,026
Deferred amount related to OPEB	<u>47,937</u>

TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>5,078,963</u>
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LIABILITIES

Accounts Payable	1,522,188
Accrued Payroll Liabilities	417,926
Developer Deposits	866,493
Intergovernmental Payable	549,449
Compensated Absences	314,007
Noncurrent liabilities (due in more than one year):	
Net Pension Liability	8,741,916
Net OPEB Liability	<u>141,583</u>

TOTAL LIABILITIES	<u>12,553,562</u>
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DEFERRED INFLOWS OF RESOURCES

Deferred amount related to pension	1,070,724
Deferred amount related to OPEB	<u>53,551</u>

TOTAL DEFERRED INFLOWS OF RESOURCES	<u>1,124,275</u>
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NET POSITION

Net Investment in Capital Assets	74,942,461
Net Position - Restricted for:	
PEG	793,450
Library	6,024,436
Parks	5,814,283
Street Maintenance	3,221,316
SDC Projects	25,746,423
Public Safety	1,662,683
OPEB Benefits	38,499
Net Position - Unrestricted	<u>20,242,560</u>

TOTAL NET POSITION	<u><u>\$ 138,486,111</u></u>
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CITY OF HAPPY VALLEY, OREGON

Statement of Activities

for the year ended June 30, 2021

FUNCTION/PROGRAM	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
GOVERNMENTAL ACTIVITIES				
General Government	\$ 9,461,266	\$ 4,835,907	\$ 226,491	\$ (4,398,868)
Cultural and Recreation	3,372,695	3,398,086	-	25,391
Public Safety	4,860,512	676,585	-	(4,183,927)
Highways and Streets	6,062,977	6,832,526	-	769,549
TOTAL GOVERNMENTAL ACTIVITIES	\$ 23,757,450	\$ 15,743,104	\$ 226,491	(7,787,855)

GENERAL REVENUES

Property Taxes	9,270,145
Gas Tax	1,645,180
ROW Fees	1,912,466
Library District	3,132,510
Intergovernmental	1,396,417
Other Revenue	6,131,485
TOTAL GENERAL REVENUES	23,488,203
CHANGE IN NET POSITION	15,700,348
NET POSITION - beginning	122,785,763
NET POSITION - ending	\$ 138,486,111

CITY OF HAPPY VALLEY, OREGON
Balance Sheet
Governmental Funds
June 30, 2021

	General Fund - GAAP	Library Fund - GAAP	Street Fund - GAAP	Parks SDC Fund - GAAP	Transportation SDC Fund - GAAP	Public Safety Fund - GAAP	Non-Major Fund - GAAP	Total
ASSETS								
Cash and Investments	\$ 20,934,553	\$ 6,100,081	\$ 3,089,225	\$ 18,835,019	\$ 10,120,806	\$ 2,600,442	\$ 9,095,409	\$ 70,775,535
Prepaid items	62,786	4,140	-	-	-	220	15,550	82,696
Accounts Receivable	731,416	26,695	178,351	-	12,615	16,217	53,430	1,018,724
Property Taxes Receivable	55,060	-	-	-	-	115,520	56,490	227,070
TOTAL ASSETS	\$ 21,783,815	\$ 6,130,916	\$ 3,267,576	\$ 18,835,019	\$ 10,133,421	\$ 2,732,399	\$ 9,220,879	\$ 72,104,025
LIABILITIES								
Accounts Payable	\$ 267,791	\$ 40,763	\$ 33,219	\$ 32,675	\$ 155,438	\$ 963,358	\$ 28,944	\$ 1,522,188
Accrued Payroll Liabilities	327,056	65,717	13,041	-	-	-	12,112	417,926
Developer Deposits	866,493	-	-	-	-	-	-	866,493
Intergovernmental Payable	549,449	-	-	-	-	-	-	549,449
TOTAL LIABILITIES	2,010,789	106,480	46,260	32,675	155,438	963,358	41,056	3,356,056
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue - SDC Credits	-	-	-	-	4,362,041	-	-	4,362,041
Unavailable revenue - property taxes	50,687	-	-	-	-	106,358	51,919	208,964
TOTAL DEFERRED INFLOWS OF RESOURCES	50,687	-	-	-	4,362,041	106,358	51,919	4,571,005
FUND BALANCES								
Fund Balance By Category								
Nonspendable	62,786	4,140	-	-	-	220	15,550	82,696
Restricted	793,450	6,020,296	3,221,316	18,802,344	5,615,942	1,662,463	9,112,354	45,228,165
Committed	12,264,231	-	-	-	-	-	-	12,264,231
Unassigned	6,601,872	-	-	-	-	-	-	6,601,872
TOTAL FUND BALANCES	19,722,339	6,024,436	3,221,316	18,802,344	5,615,942	1,662,683	9,127,904	64,176,964
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	\$ 21,783,815	\$ 6,130,916	\$ 3,267,576	\$ 18,835,019	\$ 10,133,421	\$ 2,732,399	\$ 9,220,879	\$ 72,104,025

CITY OF HAPPY VALLEY, OREGON
Reconciliation of Balance Sheet of Governmental Funds
to Statement of Net Position
June 30, 2021

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

Total Fund Balances - governmental funds	\$ 64,176,964
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds and assets.	74,942,461
Net pension and OPEB obligations and assets are not due and payable in the current period and, therefore, are not reported in the funds.	(8,845,000)
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	3,960,302
OPEB related changes	(5,614)
Accrued compensated absences are not due and payable in the current period and therefore are not reported in the funds.	(314,007)
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	208,964
Unavailable revenue - SDC credits	<u>4,362,041</u>
Total Net Position	<u><u>\$ 138,486,111</u></u>

CITY OF HAPPY VALLEY, OREGON
Statement of Revenues, Expenditures and Changes
In Fund Balances - Governmental Funds
for the year ended June 30, 2021

	General Fund - GAAP	Library Fund - GAAP	Street Fund - GAAP	Parks SDC Fund - GAAP	Transportation SDC Fund - GAAP	Public Safety Fund - GAAP	Non-Major Funds - GAAP	Total
REVENUES								
Property Taxes	\$ 2,179,593	\$ -	\$ -	\$ -	\$ -	\$ 4,565,013	\$ 2,482,106	\$ 9,226,712
Gas Tax Revenue	-	-	1,645,180	-	-	-	-	1,645,180
Licenses and Permits	6,325,897	-	-	-	-	-	422,476	6,748,373
System Development Charges	-	-	-	3,396,944	2,339,878	-	130,607	5,867,429
Intergovernmental Revenues	1,465,469	26,695	52,409	-	-	-	78,335	1,622,908
Library District Revenue	-	3,132,510	-	-	-	-	-	3,132,510
Other Revenue	883,624	46,356	421,431	110,930	2,164,847	17,718	117,645	3,762,551
TOTAL REVENUES	10,854,583	3,205,561	2,119,020	3,507,874	4,504,725	4,582,731	3,231,169	32,005,663
EXPENDITURES								
Current								
General Government	7,892,210	-	-	-	-	-	25,000	7,917,210
Cultural and Recreation	-	2,094,868	-	40,300	-	-	833,705	2,968,873
Public Safety	640,451	-	-	-	-	4,103,315	-	4,743,766
Highways and Streets	-	-	1,001,389	-	24,924	-	-	1,026,313
Capital Outlay	238,265	35,314	1,297,042	719,898	10,819,721	6,110	123,289	13,239,639
TOTAL EXPENDITURES	8,770,926	2,130,182	2,298,431	760,198	10,844,645	4,109,425	981,994	29,895,801
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	2,083,657	1,075,379	(179,411)	2,747,676	(6,339,920)	473,306	2,249,175	2,109,862
OTHER FINANCING SOURCES (USES)								
Transfers In	4,897,000	500,000	100,000	-	-	-	300,000	5,797,000
Transfers Out	(3,500,000)	(1,000,000)	(296,000)	-	-	(502,000)	(499,000)	(5,797,000)
TOTAL OTHER FINANCING SOURCES (USES)	1,397,000	(500,000)	(196,000)	-	-	(502,000)	(199,000)	-
NET CHANGE IN FUND BALANCE	3,480,657	575,379	(375,411)	2,747,676	(6,339,920)	(28,694)	2,050,175	2,109,862
FUND BALANCES - beginning	16,241,682	5,449,057	3,596,727	16,054,668	11,955,862	1,691,377	7,077,729	62,067,102
FUND BALANCES - ending	\$ 19,722,339	\$ 6,024,436	\$ 3,221,316	\$ 18,802,344	\$ 5,615,942	\$ 1,662,683	\$ 9,127,904	\$ 64,176,964

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, 2021**

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 \$ 2,109,862

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)	\$ 13,241,980	
Depreciation Expense (net of disposals)	<u>(2,313,290)</u>	10,928,690

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	(26,371)	
Pension Expense	(1,694,707)	
Net Other Postemployment Benefit Obligations	<u>(22,600)</u>	(1,743,678)

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	43,433	
Unavailable Revenue - SDC Credits	<u>4,362,041</u>	

Change in Net Position	<u>\$ 15,700,348</u>	
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CITY OF HAPPY VALLEY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS

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.

As required by GAAP, these financial statements present the City and its component unit (Happy Valley Urban Renewal Agency), an entity for which the City is considered to be financially accountable.

Happy Valley Urban Renewal Agency

The Agency was formed to plan, direct, and manage certain projects within Happy Valley. Pursuant to ORS 457.055, the City Council has been appointed governing body of the Agency. The Urban Renewal Agency Fund is reported as governmental fund type and is considered a blended component unit within the City's financial statements. The Happy Valley Urban Renewal Agency has a June 30 year-end. Complete financial statements for the Agency may be obtained at the City of Happy Valley – City Hall, 16000 SE Misty Drive, Happy Valley, Oregon 97015.

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."

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

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 \$138,378,849 at June 30, 2021 includes \$74,942,461 invested in capital assets, \$43,193,828 of restricted net position, and \$20,242,560 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

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.

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.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

HAPPY VALLEY URBAN RENEWAL AGENCY FUND

This fund accounts for the property tax revenue received for the infrastructure projects outlined in the Urban Renewal Plan.

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.

PARKS RESERVE FOR REPLACEMENT FUND

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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).

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, 2021 and as such are recorded as prepaid items. The cost of prepaid items is recorded as an expense when consumed rather than when purchased.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

2. CASH AND INVESTMENTS

Cash and Investments consisted of:

Deposits with Financial Institutions:	
Petty Cash	\$ 3,500
Demand Deposits	20,882,922
Investments	<u>49,889,113</u>
 Total Cash and Investments	 <u>\$ 70,775,535</u>

DEPOSITS - Deposits with financial institutions include bank demand deposits. The total bank balance per the bank statements is \$21,271,640. 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, 2021.

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, 2021. 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>\$ 49,889,113</u>	<u>\$ 49,889,113</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.

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

2. CASH AND INVESTMENTS (CONTINUED)

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.

CONCENTRATION OF RISK – At June 30, 2021 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, 2021 are as follows:

	Governmental Activities Capital Assets			
	July 1, 2020	Additions	Disposals	June 30, 2021
Capital Assets, not being depreciated				
Land and Improvements	\$ 3,805,029	\$ 434,851	\$ -	\$ 4,239,880
Construction in Progress	452,158	4,536,617	(28,544)	4,960,231
Totals, capital assets not being depreciated	4,257,187	4,971,468	(28,544)	9,200,111
Capital Assets, being depreciated				
Buildings	13,480,627	-	-	13,480,627
Vehicles	812,627	46,954	-	859,581
Other Equipment	1,222,414	169,445	(78,470)	1,313,389
Park Improvements	3,660,474	286,999	-	3,947,473
Park Equipment	47,690	24,872	-	72,562
Streets	67,630,671	7,849,256	-	75,479,927
Totals, capital assets being depreciated	86,854,503	8,377,526	(78,470)	95,153,559
Less: Accumulated Depreciation for:				
Buildings	(2,796,896)	(285,655)	-	(3,082,551)
Vehicles	(516,643)	(92,332)	-	(608,975)
Other Equipment	(666,094)	(99,657)	78,470	(687,281)
Park Improvements	(2,000,472)	(176,815)	-	(2,177,287)
Park Equipment	(35,497)	(7,850)	-	(43,347)
Streets	(21,082,317)	(1,729,452)	-	(22,811,769)
Total Accumulated Depreciation	(27,097,918)	(2,391,761)	78,470	(29,411,209)
Total capital assets, being depreciated, net	59,756,585	5,985,765	-	65,742,350
Total Governmental Activities	\$ 64,013,772	\$ 10,957,233	\$ (28,544)	\$ 74,942,461

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

3. CAPITAL ASSETS (CONTINUED)

Governmental Activities Depreciation Allocation to Functions

General Government	\$	280,339
Cultural and Recreation		251,695
Public Safety		52,747
Streets		<u>1,806,980</u>
Total	\$	<u>2,391,761</u>

4. COMPENSATED ABSENCES PAYABLE

At June 30, 2021, the City's liability for compensated absences is estimated at \$314,007. 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

Plan Description

Employees of the City of Happy Valley are provided with pensions through the Oregon Public Employees Retirement System (OPERS) a cost-sharing multiple-employer defined benefit pension plan, the Oregon Legislature has delegated authority to the Public Employees Retirement Board to administer and manage the system. All benefits of the System are established by the legislature pursuant to ORS Chapters 238 and 238A. Tier One/Tier Two Retirement Benefit plan, established by ORS Chapter 238, is closed to new members hired on or after August 29, 2003. The Pension Program, established by ORS Chapter 238A, provides benefits to members hired on or after August 29, 2003. OPERS issues a publicly available Comprehensive Annual Financial Report and Actuarial Valuation that can be obtained at <http://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>.

Benefits Provided

1. Tier One/Tier Two Retirement Benefit ORS Chapter 238

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. Monthly benefits must be a minimum of \$200 per month or the member will receive a lump-sum payment of the actuarial equivalent of benefits to which he or she is entitled.

6. PENSION PLAN (CONTINUED)

Under Senate Bill 1049, passed during the 2019 legislative session, the salary included in the determination of Final Average Salary will be limited for all members beginning in 2020. The limit will be equal to \$195,000 in 2020 and will be indexed with inflation in later years.

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 service. Police and fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier Two members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

Death Benefits

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

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

2. 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.

6. PENSION PLAN (CONTINUED)

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.

Under Senate Bill 1049, passed during the 2019 legislative session, the salary included in the determination of final average salary will be limited for all members beginning in 2020. The limit will be equal to \$195,000 in 2020 and will be indexed with inflation in later years.

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

Death Benefits

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

Disability Benefits

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

Benefit Changes after Retirement

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

3. 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.

6. PENSION PLAN (CONTINUED)

Recordkeeping

OPERS contracts with VOYA Financial to maintain IAP participant records.

Contributions

1. 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, 2017 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2019.

Effective January 1, 2020, Senate Bill 1049 required employers to pay contributions on a re-employed PERS retirees' salary as if they were an active member, excluding IAP (6 percent) contributions. Employer contributions for the year ended June 30, 2021 were \$922,371 excluding amounts to fund employer specific liabilities. The rates in effect for the fiscal year ended June 30, 2021 were 35.22 percent for Tier One/Tier Two General Service Member, 35.22 percent for Tier One/Tier Two Police and Fire, 26.44 percent for OPSRP Pension Program General Service Members, 31.07 percent for OPSRP Pension Program Police and Fire Members.

2. 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 or 7.0 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 \$265,239 for the year ended June 30, 2021.

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

At June 30, 2021, the City reported a liability of \$8,741,916 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018 rolled forward to June 30, 2020. 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, 2020, the City's proportion was 0.0832 percent, which was a decrease from its proportion of 0.00852 measured as of June 30, 2019.

For the year ended June 30, 2021, the City recognized pension expense of \$1,694,707. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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

6. PENSION PLAN (CONTINUED)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 384,750	\$ -
Changes in assumptions	469,151	16,438
Net difference between projected and actual earnings on investments	1,027,936	-
Changes in proportion	648,010	957,654
Differences between employer contributions and proportionate share of contributions	1,578,808	96,632
Total (prior post MD contributions)	\$ 4,108,655	\$ 1,070,724
Contributions subsequent to the MD	922,371	-
Total	<u>\$ 5,031,026</u>	<u>\$ 1,070,724</u>
Net Deferred Outflow/(Inflow) of Resources		3,960,302

City's contributions subsequent to the measurement date of \$922,371 are reported as deferred outflows of resources related to pensions and will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. 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:		
2022	\$	875,901
2023		877,681
2024		725,714
2025		509,802
2026		48,833
Total	<u>\$</u>	<u>3,037,931</u>

Actuarial assumptions

The employer contribution rates effective July 1, 2018 through June 30, 2020, 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.

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

6. PENSION PLAN (CONTINUED)

Valuation Date	December 31, 2018
Measurement Date	June 30, 2020
Experience Study Report	2018, published July 24, 2019
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>Health retirees and beneficiaries: Pub-2010 Healthy Retiree, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p>Active Members: Pub-2010 Employee, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p>Disabled retirees: Pub-2010 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p>

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 2018 Experience Study which reviewed experience for the four-year period ending on December 31, 2018.

Long-Term Expected Rate of Return:

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in May 2019 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.

Asset Class/Strategy	Assumed Asset Allocation		
	Low Range	High Range	Target
Debt Securities	15.0%	25.0%	20.0%
Public Equity	27.5%	37.5%	37.5%
Real Estate	9.5%	15.5%	12.5%
Private Equity	14.0%	21.0%	17.5%
Alternative Equity	7.5%	17.5%	12.5%
Opportunity Portfolio	0.0%	3.0%	0.0%
Risk Parity	0.0%	2.5%	0.0%
Total			<u>100.0%</u>

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

6. PENSION PLAN (CONTINUED)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Compounded Annual Return (Geometric)</u>
Core Fixed Income	9.60%	4.07%
Short-Term Bonds	9.60%	3.68%
Bank/Leveraged Loans	3.60%	5.19%
High Yield Bonds	1.20%	5.74%
Large/Mid Cap US Equities	16.17%	6.30%
Small Cap US Equities	1.35%	6.68%
Micro Cap US Equities	1.35%	6.79%
Developed Foreign Equities	13.48%	6.91%
Emerging Foreign Equities	4.24%	7.69%
Non-US Small Cap Equities	1.93%	7.25%
Private Equities	17.50%	8.33%
Real Estate (Property)	10.00%	5.55%
Real Estate (REITS)	2.50%	6.69%
Hedge Fund of Funds - Diversified	1.50%	4.06%
Hedge Fund - Event-Driven	0.38%	5.59%
Timber	1.12%	5.61%
Farmland	1.12%	6.12%
Infrastructure	2.24%	6.67%
Commodities	1.12%	3.79%
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)	\$ 12,981,023	\$ 8,741,916	\$ 5,187,228

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, 2020 measurement period that require disclosure.

Changes in Plan Provisions Subsequent to Measurement Date

There were no changes subsequent to the June 30, 2020 measurement period that require disclosure.

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

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	\$ -	\$ 38,499	\$ 38,499
Deferred Outflows of Resources			
Difference in Expected and Actual Experience	16,394	-	16,394
Change in Assumptions	4,393	-	4,393
Difference in Earnings	-	4,281	4,281
Change in Proportionate Share	-	21,108	21,108
Contributions After MD	999	762	1,761
Total OPEB Liability	(141,583)	-	(141,583)
Deferred Inflows of Resources			
Difference in Expected and Actual Experience	-	(3,936)	(3,936)
Change in Assumptions	(47,550)	(2,046)	(49,596)
Change in Proportionate Share	-	(19)	(19)
OPEB Expense/(Income)*	19,229	4,984	24,213

*Included in program expenses on Statement of Activities

7. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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>

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, 2020, 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 \$141,583 was measured as of June 30, 2021, and was determined by an actuarial valuation as of July 1, 2020.

For the fiscal year ended June 30, 2021, the City recognized OPEB income from this plan of \$19,229. At June 30, 2021, 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	\$ 16,394	\$ -
Changes of assumptions	4,393	47,550
Total (prior to post-MD contributions)	20,787	47,550
Contributions subsequent to the MD	999	-
Total	<u>\$ 21,786</u>	<u>\$ 47,550</u>

Deferred outflows of resources related to OPEB of \$999 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:

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

7. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

<u>Year ended June 30:</u>	
2022	\$ (4,796)
2023	(4,796)
2024	(4,796)
2025	(4,796)
2026	(3,591)
Thereafter	(4,348)
Total	<u>\$ (26,763)</u>

Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 2020 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	Health retirees and beneficiaries: 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. Healthcare cost trend rate: Medical and vision: 7.00 percent per year decreasing to 4.75 percent. Dental: 4.50 percent per year

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

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

7. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Changes in the Total OPEB Liability

Changes in assumptions is the result of the change in the discount rate from 3.50 to 2.21.

	<u>Total OPEB Liability</u>
Balance as of June 30, 2020	\$ 151,463
Changes for the year:	
Service cost	18,135
Interest on Total OPEB Liability	5,890
Effect of economic/demographic gains or losses	5,078
Effect of assumptions changes or inputs	(36,319)
Benefit payments	(2,664)
Balance as of June 30, 2021	<u>\$ 141,583</u>

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 (1.21 percent) or 1-percentage-point higher (3.21 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 (1.21%)</u>	<u>Current Discount Rate (2.21%)</u>	<u>1% Increase (3.21%)</u>
Total OPEB Liability	\$ 155,482	\$ 141,583	\$ 128,514

Healthcare Cost Trend:

	<u>1% Decrease</u>	<u>Current Health Care Trend Rates</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 119,479	\$ 141,583	\$ 168,532

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/2020-CAFR.pdf>.

7. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Benefits Provided

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

Active employees	67
Eligible retirees	0
Spouses of ineligible retirees	0
Total participants	<u>67</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 and a percentage of payroll that first became effective July 1, 2019. The City contributed 0.06% of PERS-covered salaries for Tier One/Tier Two members to fund the normal cost portion of RHIA benefits and 0.00% of all PERS-covered salaries to amortize the unfunded actuarial accrued liability over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years. The City's total for the year ended June 30, 2021 contributions was \$762.

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

At June 30, 2021, the City reported an asset of \$38,499 for its proportionate share of the OPERS net OPEB asset. The net OPEB asset was measured as of June 30, 2020, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2018 rolled forward to June 30, 2020. 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, 2020, the City's proportionate share was 0.0396%, which is a decrease from its proportion of 0.0397% as of June 30, 2019.

For the year ended June 30, 2021, the City recognized OPEB expense from this plan of \$4,984. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to this OPEB plan from the following sources:

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

7. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 3,936
Changes of assumptions	-	2,046
Net difference between projected and actual earnings on investments	4,281	-
Changes in proportionate share	21,108	19
Differences between employer contributions and proportionate share of contributions	-	-
Total (prior to post-MD contributions)	<u>25,389</u>	<u>6,001</u>
Contributions subsequent to the MD	762	-
Total	<u>\$ 26,151</u>	<u>\$ 6,001</u>
Net Deferred Outflow/(Inflow) of Resources		(20,150)

Deferred outflows of resources related to OPEB of \$762 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, 2022. 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>	
2022	\$ 7,261
2023	9,194
2024	1,583
2025	1,350
2026	-
Total	<u>\$ 19,388</u>

Actuarial Methods and Assumptions

The total OPEB asset in the December 31, 2018 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.

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

7. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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 (7.20%)</u>	<u>1% Increase (8.20%)</u>
Total OPEB Asset	\$ (31,081)	\$ (38,499)	\$ (76,463)

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, 2020 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 \$793,450 are currently held as Restricted Fund Balance.

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

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.

12. FUND BALANCE DETAIL

	General Fund	Library Fund	Street Fund	Parks, & Transportation SDC Fund	Public Safety Fund	Non-Major Funds	Total
Fund Balances:							
Nonspendable	\$ 62,786	\$ 4,140	\$ -	\$ -	\$ 220	\$ 15,550	\$ 82,696
Restricted							
PEG	793,450	-	-	-	-	-	793,450
Library	-	6,020,296	-	-	-	-	6,020,296
Street Maint	-	-	3,221,316	-	-	-	3,221,316
Ped Improvement	-	-	-	-	-	1,304,711	1,304,711
SDC Projects	-	-	-	24,418,286	-	1,328,137	25,746,423
Parks	-	-	-	-	-	5,798,733	5,798,733
Public Safety	-	-	-	-	1,662,463	-	1,662,463
Urban Renewal	-	-	-	-	-	680,773	680,773
	793,450	6,020,296	3,221,316	24,418,286	1,662,463	9,112,354	45,228,165
Committed							
General Ops	838,974	-	-	-	-	-	838,974
Replacement Facilities	2,203,371	-	-	-	-	-	2,203,371
Capital Projects	9,221,886	-	-	-	-	-	9,221,886
	12,264,231	-	-	-	-	-	12,264,231
Unassigned	6,601,872	-	-	-	-	-	6,601,872
Total Fund Balances	\$ 19,722,339	\$ 6,024,436	\$ 3,221,316	\$ 24,418,286	\$ 1,662,683	\$ 9,127,904	\$ 64,176,964

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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, 2021

GENERAL FUND - GAAP BASIS

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Property Taxes	\$ 2,220,000	\$ 2,220,000	\$ 2,179,593	\$ (40,407)
Licenses & Permits	3,700,000	3,700,000	6,325,897	2,625,897
Intergovernmental	975,000	975,000	1,465,469	490,469
Other Revenue	1,145,000	1,145,000	883,624	(261,376)
TOTAL REVENUES	8,040,000	8,040,000	10,854,583	2,814,583
EXPENDITURES				
Current:				
General Government	8,907,300	9,207,300	7,892,210	1,315,090
Public Safety	672,700	672,700	640,451	32,249
Capital Outlay	10,070,000	10,070,000	238,265	9,831,735
Contingency	3,054,301	2,754,301	-	2,754,301
TOTAL EXPENDITURES	22,704,301	22,704,301	8,770,926	13,933,375
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(14,664,301)	(14,664,301)	2,083,657	16,747,958
OTHER FINANCING SOURCES (USES)				
Transfers In	4,897,000	4,897,000	4,897,000	-
Transfers Out	(3,500,000)	(3,500,000)	(3,500,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	1,397,000	1,397,000	1,397,000	-
NET CHANGE IN FUND BALANCE	(13,267,301)	(13,267,301)	3,480,657	16,747,958
FUND BALANCE - beginning	14,969,360	14,969,360	16,241,682	1,272,322
FUND BALANCE - ending	\$ 1,702,059	\$ 1,702,059	\$ 19,722,339	\$ 18,020,280

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, 2021

LIBRARY FUND - GAAP BASIS

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Intergovernmental	\$ 3,200,000	\$ 3,200,000	\$ 3,159,205	\$ (40,795)
Other Revenue	154,850	154,850	46,356	(108,494)
TOTAL REVENUES	3,354,850	3,354,850	3,205,561	(149,289)
EXPENDITURES				
Current:				
Cultural and Recreation	2,764,900	2,764,900	2,094,868	670,032
Capital Outlay	600,000	600,000	35,314	564,686
Contingency	900,955	900,955	-	900,955
TOTAL EXPENDITURES	4,265,855	4,265,855	2,130,182	2,135,673
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(911,005)	(911,005)	1,075,379	1,986,384
OTHER FINANCING SOURCES, (USES)				
Transfers In	500,000	500,000	500,000	-
Transfers Out	(1,000,000)	(1,000,000)	(1,000,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	(500,000)	(500,000)	(500,000)	-
NET CHANGE IN FUND BALANCE	(1,411,005)	(1,411,005)	575,379	1,986,384
FUND BALANCE - beginning	5,359,468	5,359,468	5,449,057	89,589
FUND BALANCE - ending	\$ 3,948,463	\$ 3,948,463	\$ 6,024,436	\$ 2,075,973

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, 2021

STREET FUND - GAAP BASIS

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Gas Tax	\$ 1,600,000	\$ 1,600,000	\$ 1,645,180	\$ 45,180
Local Fuel Tax	100,000	100,000	103,659	3,659
Intergovernmental	150,000	150,000	52,409	(97,591)
Other Revenue	180,000	180,000	317,772	137,772
TOTAL REVENUES	2,030,000	2,030,000	2,119,020	89,020
EXPENDITURES				
Current:				
Highways and Streets	985,900	1,235,900	1,001,389	234,511
Capital Outlay	2,220,463	2,340,463	1,297,042	1,043,421
Contingency	497,330	127,330	-	127,330
TOTAL EXPENDITURES	3,703,693	3,703,693	2,298,431	1,277,932
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,673,693)	(1,673,693)	(179,411)	1,494,282
OTHER FINANCING SOURCES, (USES)				
Transfers In	100,000	100,000	100,000	-
Transfers Out	(296,000)	(296,000)	(296,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	(196,000)	(196,000)	(196,000)	-
NET CHANGE IN FUND BALANCE	(1,869,693)	(1,869,693)	(375,411)	1,494,282
FUND BALANCE - beginning	3,569,693	3,569,693	3,596,727	27,034
FUND BALANCE - ending	\$ 1,700,000	\$ 1,700,000	\$ 3,221,316	\$ 1,521,316

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, 2021

PARKS SYSTEM DEVELOPMENT FUND - GAAP BASIS

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
SDC-Parks	\$ 1,500,000	\$ 1,500,000	\$ 3,396,944	\$ 1,896,944
Miscellaneous Revenue	60,000	60,000	110,930	50,930
TOTAL REVENUES	1,560,000	1,560,000	3,507,874	1,947,874
EXPENDITURES				
Materials and Services	200,000	200,000	40,300	159,700
Capital Outlay	17,204,864	17,204,864	719,898	16,484,966
TOTAL EXPENDITURES	17,404,864	17,404,864	760,198	16,644,666
NET CHANGE IN FUND BALANCE	(15,844,864)	(15,844,864)	2,747,676	18,592,540
FUND BALANCE - beginning	15,844,864	15,844,864	16,054,668	209,804
FUND BALANCE - ending	\$ -	\$ -	\$ 18,802,344	\$ 18,802,344

CITY OF HAPPY VALLEY, OREGON
Schedules of Revenues, Expenditures and Changes in Fund Balance
Actual and Budget
for the year ended June 30, 2021

TRANSPORTATION SYSTEM DEVELOPMENT FUND - GAAP BASIS

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
SDC-Transportation	\$ 1,500,000	\$ 1,500,000	\$ 1,899,324	\$ 399,324
SDC-Transportation Credits	150,000	150,000	440,554	290,554
Miscellaneous Revenue	-	-	2,164,847	2,164,847
TOTAL REVENUES	1,650,000	1,650,000	4,504,725	2,854,725
EXPENDITURES				
Materials and Services	300,000	300,000	24,924	275,076
Capital Outlay	13,386,284	13,386,284	10,819,721	2,566,563
TOTAL EXPENDITURES	13,686,284	13,686,284	10,844,645	2,841,639
NET CHANGE IN FUND BALANCE	(12,036,284)	(12,036,284)	(6,339,920)	5,696,364
FUND BALANCE - beginning	12,036,284	12,036,284	11,955,862	(80,422)
FUND BALANCE - ending	\$ -	\$ -	\$ 5,615,942	\$ 5,615,942

CITY OF HAPPY VALLEY, OREGON
Schedule of Revenues, Expenditures and Changes in Fund Balance
Actual and Budget
for the year ended June 30, 2021

PUBLIC SAFETY FUND - GAAP BASIS

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Property Taxes	\$ 4,452,000	\$ 4,452,000	\$ 4,565,013	\$ 113,013
Miscellaneous Revenue	90,000	90,000	17,718	(72,282)
TOTAL REVENUES	4,542,000	4,542,000	4,582,731	40,731
EXPENDITURES				
Materials and Services	4,493,000	4,493,000	4,103,315	389,685
Capital Outlay	30,000	30,000	6,110	23,890
Contingency	1,531,427	1,531,427	-	1,531,427
TOTAL EXPENDITURES	6,054,427	6,054,427	4,109,425	1,945,002
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,512,427)	(1,512,427)	473,306	1,985,733
OTHER FINANCING SOURCES (USES)				
Transfers Out To:				
General Fund	(502,000)	(502,000)	(502,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	(502,000)	(502,000)	(502,000)	-
NET CHANGE IN FUND BALANCE	(2,014,427)	(2,014,427)	(28,694)	1,985,733
FUND BALANCE - beginning	2,014,427	2,014,427	1,691,377	(323,050)
FUND BALANCE - ending	\$ -	\$ -	\$ 1,662,683	\$ 1,662,683

CITY OF HAPPY VALLEY, OREGON

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

For the Last Ten Fiscal Years¹

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
2020	0.04005746%	\$ 8,741,916	\$ 4,923,662	177.55%	75.80%
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.

¹This 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.

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 - PENSION
For the Last Ten Fiscal Years¹

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
2021	\$ 922,371	\$ 922,371	\$ -	\$ 5,343,994	17.26%
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.

¹This 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, 2017	December 31, 2015	December 31, 2013	December 31, 2011
Effective	July 2019 - June 2021	July 2017 - June 2019	July 2015 - June 2017	July 2013 - June 2015
Actuarial cost method	Entry Age Normal			Projected Unit Credit
Amortization method	Level percentage of payroll			
Asset valuation method	Market Value			
Remaining amortization periods	20 years			N/A
Actuarial assumptions:				
Inflation rate	2.50 percent		2.75 percent	
Projected salary increases	3.50 percent			
Investment rate of return	7.20 percent	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 Years¹

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
2020	0.01889409%	\$ (38,499)	\$ 4,923,662	-0.78%	150.1%
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	0.03966143%	(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.

¹This 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 Years¹

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
2021	\$ 762	\$ 762	\$ -	\$ 5,343,994	0.01%
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.

¹This 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, 2017	December 31, 2015	December 31, 2013	December 31, 2011
Effective:	July 2019 - June 2021	July 2017 - June 2019	July 2015 - June 2017	December 31, 2011
Actuarial cost method:	Entry Age Normal			Projected Unit Credit
Amortization method:	Level percentage of payroll, closed			
Amortization period:	10 years			
Asset valuation method:	Market value			
Remaining amortization periods:	10 years	20 years		N/A
Actuarial assumptions				
Inflation rate	2.50 percent		2.75 percent	
Projected salary increases	3.50 percent		3.75 percent	
Investment rate of return	7.20 percent	7.50 percent	7.75 percent	8.00 percent
Healthcare cost trend rates	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 Years¹

	2021	2020	2019	2018
Total OPEB Liability				
Service Interest	\$ 18,135	\$ 16,263	\$ 16,711	\$ 17,612
Interest	5,890	5,597	4,602	3,488
Differences between economic/demographic gains or losses	5,078	5,811	18,954	-
Changes of assumptions	(36,319)	-	(18,631)	(9,280)
Benefit payment	(2,664)	(9,075)	(1,182)	(8,296)
Net change in total OPEB liability	(9,880)	18,596	20,454	3,524
Total OPEB liability - beginning	151,463	132,867	112,413	108,889
Total OPEB liability - ending (a)	\$ 141,583	\$ 151,463	\$ 132,867	\$ 112,413
Covered-employee payroll	\$ 5,343,994	\$ 4,923,662	\$ 4,585,913	\$ 4,447,936
Total OPEB liability as a percentage of covered-employee payroll	2.65%	3.08%	2.90%	2.53%

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

¹This 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 Years¹

Year Ended June 30,	(a) Actuarially determined contribution	(b) Contributions in relation to the actuarially required contribution	(a-b) Contribution deficiency (excess)	(c) Covered employee payroll	(b/c) Contributions as a percent of covered payroll
2021	\$ 999	\$ 999	\$ -	\$ 5,343,994	0.02%
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. There are no assets accumulated in a trust that meets the criteria of GASB codification p22.101 or p52.101.

¹This 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, 2020	July 1, 2018	July 1, 2016
Effective:	June 30, 2020 and 2021	June 30, 2018 and 2019	June 30, 2016 and 2017
Actuarial cost method:	Entry Age Normal		
Amortization method:	Level percentage of payroll, closed		
Amortization period:	5.8 years	6.8 years	7.7 years
Asset valuation method:	Market value		
Remaining amortization periods:	20 years		
Actuarial assumptions:			
Inflation rate	2.50 percent	2.50 percent	2.50 percent
Projected salary increases	2.50 percent	2.50 percent	2.50 percent

CITY OF HAPPY VALLEY, OREGON
Combining Balance Sheet
General Fund - Generally Accepted Accounting Principles
June 30, 2021

	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
ASSETS					
Cash and Investments	\$ 8,687,051	\$ 838,974	\$ 2,186,217	\$ 9,222,311	\$ 20,934,553
Prepaid Items	62,786	-	-	-	62,786
Accounts Receivable	682,738	-	48,678	-	731,416
Property Taxes Receivable	55,060	-	-	-	55,060
TOTAL ASSETS	\$ 9,487,635	\$ 838,974	\$ 2,234,895	\$ 9,222,311	\$ 21,783,815
LIABILITIES					
Accounts Payable	\$ 235,842	\$ -	\$ 31,524	\$ 425	\$ 267,791
Payroll and Taxes Payable	327,056	-	-	-	327,056
Development Deposits	866,493	-	-	-	866,493
Due to Other Governments	549,449	-	-	-	549,449
TOTAL LIABILITIES	1,978,840	-	31,524	425	2,010,789
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue - Property Taxes	50,687	-	-	-	50,687
FUND BALANCES					
Fund Balance By Category					
Nonspendable	62,786	-	-	-	62,786
Restricted	793,450	-	-	-	793,450
Committed	-	838,974	2,203,371	9,221,886	12,264,231
Unassigned	6,601,872	-	-	-	6,601,872
TOTAL FUND BALANCES	7,458,108	838,974	2,203,371	9,221,886	19,722,339
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES	\$ 9,487,635	\$ 838,974	\$ 2,234,895	\$ 9,222,311	\$ 21,783,815

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, 2021**

	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
REVENUES					
Property Taxes	\$ 2,179,593	\$ -	\$ -	\$ -	\$ 2,179,593
Licenses & Permits	6,325,897	-	-	-	6,325,897
Intergovernmental	1,431,594	-	33,875	-	1,465,469
Other Revenue	771,542	-	69,263	42,819	883,624
TOTAL REVENUES	10,708,626	-	103,138	42,819	10,854,583
EXPENDITURES					
Current:					
General Government	7,843,993	-	48,217	-	7,892,210
Public Safety	640,451	-	-	-	640,451
Capital Outlay	-	-	237,840	425	238,265
TOTAL EXPENDITURES	8,484,444	-	286,057	425	8,770,926
EXCESS REVENUES OVER (UNDER) EXPENDITURES	2,224,182	-	(182,919)	42,394	2,083,657
OTHER FINANCING SOURCES, (USES)					
Transfers In	1,397,000	-	500,000	3,000,000	4,897,000
Transfers Out	(3,500,000)	-	-	-	(3,500,000)
TOTAL OTHER FINANCING SOURCES (USES)	(2,103,000)	-	500,000	3,000,000	1,397,000
NET CHANGE IN FUND BALANCE	121,182	-	317,081	3,042,394	3,480,657
FUND BALANCES - beginning	7,336,926	838,974	1,886,290	6,179,492	16,241,682
FUND BALANCES - ending	\$ 7,458,108	\$ 838,974	\$ 2,203,371	\$ 9,221,886	\$ 19,722,339

CITY OF HAPPY VALLEY, OREGON
Schedule of Revenues, Expenditures and Changes in Fund Balance
Actual and Budget
for the year ended June 30, 2021

GENERAL FUND - BUDGETARY BASIS

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Property Taxes	\$ 2,220,000	\$ 2,220,000	\$ 2,179,593	\$ (40,407)
Licenses, Fees, and Permits				
ROW Use Fees	1,750,000	1,750,000	1,912,466	162,466
Building Permits and Fees	1,000,000	1,000,000	2,988,619	1,988,619
Planning Fees	175,000	175,000	200,651	25,651
Engineering Fees	275,000	275,000	531,750	256,750
SDC Compliance Fee	200,000	200,000	278,350	78,350
User Related Fees	300,000	300,000	414,061	114,061
Total Licenses, Fees, and Permits	3,700,000	3,700,000	6,325,897	2,625,897
Intergovernmental				
State Shared Revenues	750,000	750,000	842,701	92,701
Intergovernmental	225,000	225,000	588,893	363,893
Total Intergovernmental	975,000	975,000	1,431,594	456,594
Other Revenue:				
Traffic Fines	650,000	650,000	561,804	(88,196)
Municipal Court	100,000	100,000	114,781	14,781
Miscellaneous Revenue	300,000	300,000	94,957	(205,043)
Total Other Revenue	1,050,000	1,050,000	771,542	(278,458)
TOTAL REVENUES	7,945,000	7,945,000	10,708,626	2,763,626
EXPENDITURES				
Administration	3,260,900	3,560,900	3,217,704	343,196
Community Services & Public Safety	1,345,400	1,345,400	1,247,480	97,920
Economic & Community Development	3,511,200	3,511,200	3,298,629	212,571
Public Works	812,500	812,500	720,631	91,869
Contingency	3,054,301	2,754,301	-	2,754,301
TOTAL EXPENDITURES	11,984,301	11,984,301	8,484,444	3,499,857
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(4,039,301)	(4,039,301)	2,224,182	6,263,483
OTHER FINANCING SOURCES (USES)				
Transfers In	1,397,000	1,397,000	1,397,000	-
Transfers Out To:				
Reserve for Replacement Fund	(500,000)	(500,000)	(500,000)	-
Facility Capital Projects Fund	(3,000,000)	(3,000,000)	(3,000,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	(2,103,000)	(2,103,000)	(2,103,000)	-
NET CHANGE IN FUND BALANCE	(6,142,301)	(6,142,301)	121,182	6,263,483
FUND BALANCE - beginning	6,142,301	6,142,301	7,336,926	1,194,625
FUND BALANCE - ending	\$ -	\$ -	\$ 7,458,108	\$ 7,458,108

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, 2021**

GENERAL OPERATIONS RESERVE FUND - BUDGETARY BASIS

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
FUND BALANCE - beginning	<u>\$ 838,974</u>	<u>\$ 838,974</u>	<u>\$ 838,974</u>	<u>\$ -</u>
FUND BALANCE - ending	<u><u>\$ 838,974</u></u>	<u><u>\$ 838,974</u></u>	<u><u>\$ 838,974</u></u>	<u><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, 2021

GENERAL RESERVE FOR REPLACEMENT FUND - BUDGETARY BASIS

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
PEG Fees	\$ 65,000	\$ 65,000	\$ 59,546	\$ (5,454)
Intergovernmental	-	-	33,875	33,875
Miscellaneous Revenue	30,000	30,000	9,717	(20,283)
TOTAL REVENUES	95,000	95,000	103,138	8,138
EXPENDITURES				
Materials and Services	650,000	650,000	48,217	601,783
Capital Outlay	900,000	900,000	237,840	662,160
TOTAL EXPENDITURES	1,550,000	1,550,000	286,057	1,263,943
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,455,000)	(1,455,000)	(182,919)	1,272,081
OTHER FINANCING SOURCES (USES)				
Transfers In	500,000	500,000	500,000	-
TOTAL OTHER FINANCING SOURCES (USES)	500,000	500,000	500,000	-
NET CHANGE IN FUND BALANCE	(955,000)	(955,000)	317,081	1,272,081
FUND BALANCE - beginning	1,818,085	1,818,085	1,886,290	68,205
FUND BALANCE - ending	\$ 863,085	\$ 863,085	\$ 2,203,371	\$ 1,340,286

CITY OF HAPPY VALLEY, OREGON
Schedule of Revenues, Expenditures and Changes in Fund Balance
Actual and Budget
for the year ended June 30, 2021

FACILITY CAPITAL PROJECTS FUND - BUDGETARY BASIS

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Miscellaneous Revenue	\$ -	\$ -	\$ 42,819	\$ 42,819
TOTAL REVENUES	-	-	42,819	42,819
EXPENDITURES				
Capital Outlay	9,170,000	9,170,000	425	9,169,575
TOTAL EXPENDITURES	9,170,000	9,170,000	425	9,169,575
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(9,170,000)	(9,170,000)	42,394	9,212,394
OTHER FINANCING SOURCES (USES)				
Transfers In	3,000,000	3,000,000	3,000,000	-
TOTAL OTHER FINANCING SOURCES (USES)	- 3,000,000	- 3,000,000	- 3,000,000	- -
NET CHANGE IN FUND BALANCE	(6,170,000)	(6,170,000)	3,042,394	9,169,575
FUND BALANCE - beginning	6,170,000	6,170,000	6,179,492	9,492
FUND BALANCE - ending	\$ -	\$ -	\$ 9,221,886	\$ 9,221,886

CITY OF HAPPY VALLEY, OREGON
Combining Balance Sheet
Library Fund - Generally Accepted Accounting Principles
June 30, 2021

	Library Fund Budgetary Basis	Library Reserve for Replacement Fund Budgetary Basis	Library Fund Generally Accepted Accounting Principles
ASSETS			
Cash and Investments	\$ 1,433,461	\$ 4,666,620	\$ 6,100,081
Prepaid Items	4,140	-	4,140
Accounts Receivable	26,695	-	26,695
TOTAL ASSETS	\$ 1,464,296	\$ 4,666,620	\$ 6,130,916
LIABILITIES			
Accounts Payable	\$ 39,433	\$ 1,330	\$ 40,763
Accrued Payroll	65,717	-	65,717
TOTAL LIABILITIES	105,150	1,330	106,480
FUND BALANCES			
Fund Balance By Category			
Nonspendable	4,140	-	4,140
Restricted	1,355,006	4,665,290	6,020,296
TOTAL FUND BALANCES	1,359,146	4,665,290	6,024,436
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,464,296	\$ 4,666,620	\$ 6,130,916

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, 2021**

	Library Fund Budgetary Basis	Library Reserve for Replacement Budgetary Basis	Library Fund Generally Accepted Accounting Principles
REVENUES			
District Revenue	\$ 3,132,510	\$ -	\$ 3,132,510
Intergovernmental Revenues	26,695	-	26,695
Other Revenue	46,356	-	46,356
TOTAL REVENUES	3,205,561	-	3,205,561
EXPENDITURES			
Current:			
Cultural and Recreation	2,093,888	980	2,094,868
Capital Outlay	-	35,314	35,314
TOTAL EXPENDITURES	2,093,888	36,294	2,130,182
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,111,673	(36,294)	1,075,379
OTHER FINANCING SOURCES, (USES)			
Transfers In	-	500,000	500,000
Transfers Out	(1,000,000)	-	(1,000,000)
TOTAL OTHER FINANCING SOURCES (USES)	(1,000,000)	500,000	(500,000)
NET CHANGE IN FUND BALANCE	111,673	463,706	575,379
FUND BALANCES - beginning	1,247,473	4,201,584	5,449,057
FUND BALANCES - ending	\$ 1,359,146	\$ 4,665,290	\$ 6,024,436

CITY OF HAPPY VALLEY, OREGON
Schedule of Revenues, Expenditures and Changes in Fund Balance
Actual and Budget
for the year ended June 30, 2021

LIBRARY FUND - BUDGETARY BASIS

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
User Related Fees	\$ 46,350	\$ 46,350	\$ 1,142	\$ (45,208)
District Revenue	3,200,000	3,200,000	3,132,510	(67,490)
Intergovernmental	-	-	26,695	26,695
Miscellaneous Revenue	108,500	108,500	45,214	(63,286)
TOTAL REVENUES	3,354,850	3,354,850	3,205,561	(149,289)
EXPENDITURES				
Personal Services	1,880,400	1,880,400	1,666,552	213,848
Materials and Services	734,500	734,500	427,336	307,164
Contingency	900,955	900,955	-	900,955
TOTAL EXPENDITURES	3,515,855	3,515,855	2,093,888	1,421,967
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(161,005)	(161,005)	1,111,673	1,272,678
OTHER FINANCING SOURCES, (USES)				
Transfers Out To:				
General Fund	(500,000)	(500,000)	(500,000)	-
Reserve for Replacement	(500,000)	(500,000)	(500,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	(1,000,000)	(1,000,000)	(1,000,000)	-
NET CHANGE IN FUND BALANCE	(1,161,005)	(1,161,005)	111,673	1,272,678
FUND BALANCE - beginning	1,161,005	1,161,005	1,247,473	86,468
FUND BALANCE - ending	\$ -	\$ -	\$ 1,359,146	\$ 1,359,146

CITY OF HAPPY VALLEY, OREGON
Schedule of Revenues, Expenditures and Changes in Fund Balance
Actual and Budget
for the year ended June 30, 2021

LIBRARY RESERVE FOR REPLACEMENT FUND - BUDGETARY BASIS

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
EXPENDITURES				
Materials and Services	\$ 150,000	\$ 150,000	\$ 980	\$ 149,020
Capital Outlay	600,000	600,000	35,314	564,686
TOTAL EXPENDITURES	750,000	750,000	36,294	713,706
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(750,000)	(750,000)	(36,294)	713,706
OTHER FINANCING SOURCES (USES)				
Transfers In	500,000	500,000	500,000	-
TOTAL OTHER FINANCING SOURCES (USES)	500,000	500,000	500,000	-
NET CHANGE IN FUND BALANCE	(250,000)	(250,000)	463,706	713,706
FUND BALANCE - beginning	4,198,463	4,198,463	4,201,584	3,121
FUND BALANCE - ending	\$ 3,948,463	\$ 3,948,463	\$ 4,665,290	\$ 716,827

CITY OF HAPPY VALLEY, OREGON
Combining Balance Sheet
Street Fund - Generally Accepted Accounting Principles
June 30, 2021

	Street Fund Budgetary Basis	Street Reserve for Replacement Fund Budgetary Basis	Street Fund Generally Accepted Accounting Principles
ASSETS			
Cash and Investments	\$ 100,593	\$ 2,988,632	\$ 3,089,225
Accounts Receivable	<u>178,351</u>	<u>-</u>	<u>178,351</u>
TOTAL ASSETS	<u><u>\$ 278,944</u></u>	<u><u>\$ 2,988,632</u></u>	<u><u>\$ 3,267,576</u></u>
LIABILITIES			
Accounts Payable	\$ 33,219	\$ -	\$ 33,219
Accrued Payroll	<u>13,041</u>	<u>-</u>	<u>13,041</u>
TOTAL LIABILITIES	<u>46,260</u>	<u>-</u>	<u>46,260</u>
FUND BALANCES			
Fund Balance By Category			
Restricted	<u>232,684</u>	<u>2,988,632</u>	<u>3,221,316</u>
TOTAL FUND BALANCES	<u>232,684</u>	<u>2,988,632</u>	<u>3,221,316</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 278,944</u></u>	<u><u>\$ 2,988,632</u></u>	<u><u>\$ 3,267,576</u></u>

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, 2021**

	Street Fund Budgetary Basis	Street Reserve for Replacement Budgetary Basis	Street Fund Generally Accepted Accounting Principles
REVENUES			
Intergovernmental	\$ 52,409	\$ -	\$ 52,409
Gas Tax	1,645,180	-	1,645,180
Local Fuel Tax	103,659	-	103,659
Other Revenue	17,900	299,872	317,772
TOTAL REVENUES	1,819,148	299,872	2,119,020
EXPENDITURES			
Current:			
Street	921,703	79,686	1,001,389
Capital Outlay	1,297,042	-	1,297,042
TOTAL EXPENDITURES	2,218,745	79,686	2,298,431
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(399,597)	220,186	(179,411)
OTHER FINANCING SOURCES, (USES)			
Transfers In	-	100,000	100,000
Transfers Out	(296,000)	-	(296,000)
TOTAL OTHER FINANCING SOURCES (USES)	(296,000)	100,000	(196,000)
NET CHANGE IN FUND BALANCE	(695,597)	320,186	(375,411)
FUND BALANCES - beginning	928,281	2,668,446	3,596,727
FUND BALANCES - ending	\$ 232,684	\$ 2,988,632	\$ 3,221,316

CITY OF HAPPY VALLEY, OREGON
Schedule of Revenues, Expenditures and Changes in Fund Balance
Actual and Budget
for the year ended June 30, 2021

STREET FUND - BUDGETARY BASIS

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Intergovernmental	\$ 150,000	\$ 150,000	\$ 52,409	\$ (97,591)
Gas Tax	1,600,000	1,600,000	1,645,180	45,180
Local Fuel Tax	100,000	100,000	103,659	3,659
Miscellaneous Revenue	80,000	80,000	17,900	(62,100)
TOTAL REVENUES	1,930,000	1,930,000	1,819,148	(110,852)
EXPENDITURES				
Personal Services	440,900	440,900	340,181	100,719
Materials and Services	420,000	670,000	581,522	88,478
Capital Outlay	1,200,000	1,320,000	1,297,042	22,958
Contingency	497,330	127,330	-	127,330
TOTAL EXPENDITURES	2,558,230	2,558,230	2,218,745	339,485
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(628,230)	(628,230)	(399,597)	228,633
OTHER FINANCING SOURCES, (USES)				
Transfers Out To:				
General Fund	(196,000)	(196,000)	(196,000)	-
Reserve for Replacement	(100,000)	(100,000)	(100,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	(296,000)	(296,000)	(296,000)	-
NET CHANGE IN FUND BALANCE	(924,230)	(924,230)	(695,597)	228,633
FUND BALANCE - beginning	924,230	924,230	928,281	4,051
FUND BALANCE - ending	\$ -	\$ -	\$ 232,684	\$ 232,684

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, 2021

STREET RESERVE FOR REPLACEMENT FUND - BUDGETARY BASIS

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Fee in Lieu	\$ -	\$ -	\$ 299,872	\$ 299,872
Miscellaneous Revenue	100,000	100,000	-	(100,000)
TOTAL REVENUES	100,000	100,000	299,872	199,872
EXPENDITURES				
Materials and Services	125,000	125,000	79,686	45,314
Capital Outlay	1,020,463	1,020,463	-	1,020,463
TOTAL EXPENDITURES	1,145,463	1,145,463	79,686	1,065,777
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,045,463)	(1,045,463)	220,186	1,265,649
OTHER FINANCING SOURCES (USES)				
Transfers In	100,000	100,000	100,000	-
TOTAL OTHER FINANCING SOURCES (USES)	-	100,000	100,000	-
NET CHANGE IN FUND BALANCE	(945,463)	(945,463)	320,186	1,265,649
FUND BALANCE - beginning	2,645,463	2,645,463	2,668,446	22,983
FUND BALANCE - ending	\$ 1,700,000	\$ 1,700,000	\$ 2,988,632	\$ 1,288,632

CITY OF HAPPY VALLEY, OREGON
Combining Balance Sheet
Parks Fund - Generally Accepted Accounting Principles
June 30, 2021

	Parks Fund Budgetary Basis	Parks Reserve for Replacement Fund Budgetary Basis	Parks Fund Generally Accepted Accounting Principles
ASSETS			
Cash and Investments	\$ 630,056	\$ 223,818	\$ 853,874
Prepaid items	15,550	-	15,550
Accounts Receivable	10,181	-	10,181
Property Tax Receivable	45,343	-	45,343
TOTAL ASSETS	\$ 701,130	\$ 223,818	\$ 924,948
LIABILITIES			
Accounts Payable	\$ 27,014	\$ -	\$ 27,014
Accrued Payroll	12,112	-	12,112
TOTAL LIABILITIES	39,126	-	39,126
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Property Taxes	41,759	-	41,759
FUND BALANCES			
Fund Balance By Category			
Nonspendable	15,550	-	15,550
Restricted	604,695	223,818	828,513
TOTAL FUND BALANCES	620,245	223,818	844,063
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES	\$ 701,130	\$ 223,818	\$ 924,948

CITY OF HAPPY VALLEY, OREGON**Combining Schedule of Revenues, Expenditures and Changes in Fund
Balances - Parks Fund - Generally Accepted Accounting Principles
for the year ended June 30, 2021**

	Parks Fund Budgetary Basis	Parks Reserve for Replacement Budgetary Basis	Parks Fund Generally Accepted Accounting Principles
REVENUES			
Property Taxes	\$ 1,776,407	\$ -	\$ 1,776,407
Intergovernmental	78,335	-	78,335
Other Revenue	69,670	-	69,670
TOTAL REVENUES	1,924,412	-	1,924,412
EXPENDITURES			
Current:			
Cultural and Recreation	829,348	4,357	833,705
Capital Outlay	-	71,825	71,825
TOTAL EXPENDITURES	829,348	76,182	905,530
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,095,064	(76,182)	1,018,882
OTHER FINANCING SOURCES, (USES)			
Transfers In	-	300,000	300,000
Transfers Out	(477,000)	-	(477,000)
TOTAL OTHER FINANCING SOURCES (USES)	(477,000)	300,000	(177,000)
NET CHANGE IN FUND BALANCE	618,064	223,818	841,882
FUND BALANCES - beginning	2,181	-	2,181
FUND BALANCES - ending	\$ 620,245	\$ 223,818	\$ 844,063

CITY OF HAPPY VALLEY, OREGON
Schedules of Revenues, Expenditures and Changes in Fund Balance
Actual and Budget
for the year ended June 30, 2021

PARKS FUND - BUDGETARY BASIS

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Property Taxes	\$ 1,750,000	\$ 1,750,000	\$ 1,776,407	\$ 26,407
Intergovernmental	30,000	30,000	3,835	(26,165)
User Related	40,000	40,000	30,038	(9,962)
Program Fees	30,000	30,000	8,611	(21,389)
Event Revenue	20,000	20,000	7,500	(12,500)
Grant Revenue	145,000	145,000	74,500	(70,500)
Miscellaneous Revenue	20,000	20,000	23,521	3,521
TOTAL REVENUES	2,035,000	2,035,000	1,924,412	(110,588)
EXPENDITURES				
Current:				
Operations	651,800	651,800	597,971	53,829
Programming	483,700	483,700	231,377	252,323
Non-departmental	65,000	65,000	-	65,000
Contingency	384,831	384,831	-	384,831
TOTAL EXPENDITURES	1,585,331	1,585,331	829,348	755,983
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	1,095,064	1,095,064
OTHER FINANCING SOURCES, (USES)				
Transfers Out To:				
General Fund	(177,000)	(177,000)	(177,000)	-
Parks Capital Fund	(300,000)	(300,000)	(300,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	(477,000)	(477,000)	(477,000)	-
NET CHANGE IN FUND BALANCE	(27,331)	(27,331)	618,064	645,395
FUND BALANCE - beginning	27,331	27,331	2,181	(25,150)
FUND BALANCE - ending	\$ -	\$ -	\$ 620,245	\$ 620,245

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, 2021

PARKS RESERVE FOR REPLACEMENT FUND - BUDGETARY BASIS

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
EXPENDITURES				
Materials and Services	\$ 60,000	\$ 60,000	\$ 4,357	\$ 55,643
Capital Outlay	240,000	240,000	71,825	168,175
TOTAL EXPENDITURES	300,000	300,000	76,182	223,818
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(300,000)	(300,000)	(76,182)	223,818
OTHER FINANCING SOURCES (USES)				
Transfers In	300,000	300,000	300,000	-
TOTAL OTHER FINANCING SOURCES (USES)	- 300,000	300,000	300,000	-
NET CHANGE IN FUND BALANCE	-	-	223,818	223,818
FUND BALANCE - beginning	-	-	-	-
FUND BALANCE - ending	\$ -	\$ -	\$ 223,818	\$ 223,818

CITY OF HAPPY VALLEY, OREGON
Balance Sheet
Governmental Funds - Non-Major
June 30, 2021

	Parks Fund - GAAP	Parks Capital Projects Fund - GAAP	Pedestrian Improvement Projects - GAAP	Storm SDC Fund - GAAP	Urban Renewal Agency Fund	Total
ASSETS						
Cash and Investments	\$ 853,874	\$ 4,970,220	\$ 1,263,502	\$ 1,328,137	\$ 679,676	\$ 9,095,409
Prepaid items	15,550	-	-	-	-	15,550
Accounts Receivable	10,181	-	41,209	-	2,040	53,430
Property Tax Receivable	45,343	-	-	-	11,147	56,490
TOTAL ASSETS	<u>\$ 924,948</u>	<u>\$ 4,970,220</u>	<u>\$ 1,304,711</u>	<u>\$ 1,328,137</u>	<u>\$ 692,863</u>	<u>\$ 9,220,879</u>
LIABILITIES						
Accounts Payable	\$ 27,014	\$ -	\$ -	\$ -	\$ 1,930	\$ 28,944
Accrued Payroll Liabilities	12,112	-	-	-	-	12,112
TOTAL LIABILITIES	<u>39,126</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,930</u>	<u>41,056</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	41,759	-	-	-	10,160	51,919
FUND BALANCES						
Fund Balance By Category						
Nonspendable	15,550	-	-	-	-	15,550
Restricted	828,513	4,970,220	1,304,711	1,328,137	680,773	9,112,354
TOTAL FUND BALANCES	<u>844,063</u>	<u>4,970,220</u>	<u>1,304,711</u>	<u>1,328,137</u>	<u>680,773</u>	<u>9,127,904</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	<u>\$ 924,948</u>	<u>\$ 4,970,220</u>	<u>\$ 1,304,711</u>	<u>\$ 1,328,137</u>	<u>\$ 692,863</u>	<u>\$ 9,220,879</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, 2021

	Parks Fund - GAAP	Parks Capital Projects Fund - GAAP	Pedestrian Improvement Projects - GAAP	Storm SDC Fund - GAAP	Urban Renewal Agency Fund	Total
REVENUES						
Property Taxes	\$ 1,776,407	\$ -	\$ -	\$ -	\$ 705,699	\$ 2,482,106
Licenses and Permits	-	-	422,476	-	-	422,476
System Development Charges	-	-	-	130,607	-	130,607
Intergovernmental Revenues	78,335	-	-	-	-	78,335
Other Revenue	69,670	31,286	6,663	7,647	2,379	117,645
TOTAL REVENUES	1,924,412	31,286	429,139	138,254	708,078	3,231,169
EXPENDITURES						
Current						
General Government	-	-	-	-	25,000	25,000
Cultural and Recreation	833,705	-	-	-	-	833,705
Capital Outlay	71,825	-	49,159	-	2,305	123,289
TOTAL EXPENDITURES	905,530	-	49,159	-	27,305	981,994
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,018,882	31,286	379,980	138,254	680,773	2,249,175
OTHER FINANCING SOURCES (USES)						
Transfers In	300,000	-	-	-	-	300,000
Transfers Out	(477,000)	-	(22,000)	-	-	(499,000)
TOTAL OTHER FINANCING SOURCES (USES)	(177,000)	-	(22,000)	-	-	(199,000)
NET CHANGE IN FUND BALANCE	841,882	31,286	357,980	138,254	680,773	2,050,175
FUND BALANCES - beginning	2,181	4,938,934	946,731	1,189,883	-	7,077,729
FUND BALANCES - ending	\$ 844,063	\$ 4,970,220	\$ 1,304,711	\$ 1,328,137	\$ 680,773	\$ 9,127,904

CITY OF HAPPY VALLEY, OREGON
Schedule of Revenues, Expenditures and Changes in Fund Balance
Actual and Budget
for the year ended June 30, 2021

PARKS CAPITAL PROJECTS FUND - BUDGETARY BASIS

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Miscellaneous Revenue	\$ -	\$ -	\$ 31,286	\$ 31,286
TOTAL REVENUES	-	-	31,286	31,286
EXPENDITURES				
Capital Outlay	4,930,470	4,930,470	-	4,930,470
TOTAL EXPENDITURES	4,930,470	4,930,470	-	4,930,470
NET CHANGE IN FUND BALANCE	(4,930,470)	(4,930,470)	31,286	4,961,756
FUND BALANCE - beginning	4,930,470	4,930,470	4,938,934	8,464
FUND BALANCE - ending	\$ -	\$ -	\$ 4,970,220	\$ 4,970,220

CITY OF HAPPY VALLEY, OREGON
Schedules of Revenues, Expenditures and Changes in Fund Balance
Actual and Budget
for the year ended June 30, 2021

PEDESTRIAN IMPROVEMENT PROJECTS FUND - BUDGETARY BASIS

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Vehicle Registration Fees	\$ 400,000	\$ 400,000	\$ 422,476	\$ 22,476
Miscellaneous Revenue	20,000	20,000	6,663	(13,337)
TOTAL REVENUES	420,000	420,000	429,139	9,139
EXPENDITURES				
Materials and Services	30,000	30,000	-	30,000
Capital Outlay	1,293,803	1,293,803	49,159	1,244,644
TOTAL EXPENDITURES	1,323,803	1,323,803	49,159	1,274,644
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(903,803)	(903,803)	379,980	1,283,783
OTHER FINANCING SOURCES (USES)				
Transfers Out To:				
General Fund	(22,000)	(22,000)	(22,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	(22,000)	(22,000)	(22,000)	-
NET CHANGE IN FUND BALANCE	(925,803)	(925,803)	357,980	1,283,783
FUND BALANCE - beginning	925,803	925,803	946,731	20,928
FUND BALANCE - ending	\$ -	\$ -	\$ 1,304,711	\$ 1,304,711

CITY OF HAPPY VALLEY, OREGON
Schedules of Revenues, Expenditures and Changes in Fund Balance
Actual and Budget
for the year ended June 30, 2021

STORM SYSTEM DEVELOPMENT FUND - GAAP BASIS

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
SDC-Storm Drainage	\$ 60,000	\$ 60,000	\$ 130,607	\$ 70,607
Miscellaneous Revenue	20,000	20,000	7,647	(12,353)
TOTAL REVENUES	80,000	80,000	138,254	58,254
EXPENDITURES				
Materials and Services	200,000	200,000	-	200,000
Capital Outlay	1,062,007	1,062,007	-	1,062,007
TOTAL EXPENDITURES	1,262,007	1,262,007	-	1,262,007
NET CHANGE IN FUND BALANCE	(1,182,007)	(1,182,007)	138,254	1,320,261
FUND BALANCE - beginning	1,182,007	1,182,007	1,189,883	7,876
FUND BALANCE - ending	\$ -	\$ -	\$ 1,328,137	\$ 1,328,137

CITY OF HAPPY VALLEY, OREGON**Schedules of Revenues, Expenditures and Changes in Fund Balance****Actual and Budget****for the year ended June 30, 2021****URBAN RENEWAL AGENCY FUND - BUDGETARY BASIS**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Tax Increment	\$ 500,000	\$ 500,000	\$ 705,699	\$ 205,699
Miscellaneous Revenue	10,000	10,000	2,379	(7,621)
TOTAL REVENUES	510,000	510,000	708,078	198,078
EXPENDITURES				
Materials and Services	25,000	25,000	25,000	-
Capital Outlay	485,000	485,000	2,305	482,695
TOTAL EXPENDITURES	510,000	510,000	27,305	482,695
NET CHANGE IN FUND BALANCE	-	-	680,773	680,773
FUND BALANCE - beginning	-	-	-	-
FUND BALANCE - ending	\$ -	\$ -	\$ 680,773	\$ 680,773

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	81 - 84
<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	85 - 87
<i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	
Debt Capacity	88 - 94
<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	95 - 98
<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

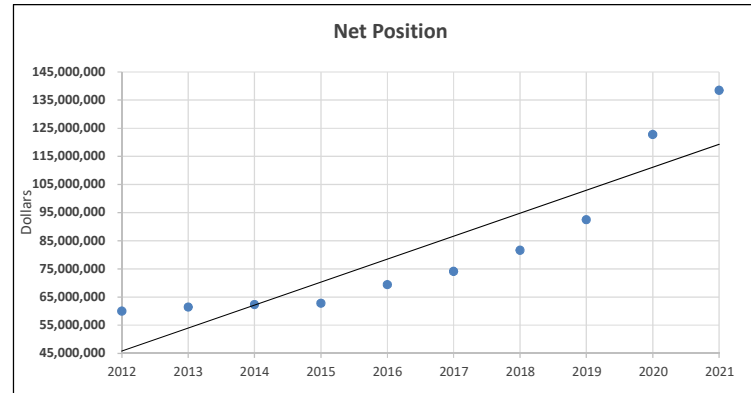
Net Position by Component

Last Ten Fiscal Years

(accrual basis of accounting)

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities										
Net investment in capital assets	\$ 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	\$ 74,942,461
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	43,285,540
Net position - unrestricted	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	20,258,110
Total governmental activities net position	<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>	<u>\$ 138,486,111</u>

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

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses										
Governmental Activities:										
General government	\$ 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	\$ 9,461,266
Cultural and Recreation	228,276	255,454	281,561	285,790	2,450,253	2,381,909	2,812,621	3,284,384	3,613,606	3,372,695
Public Safety	-	-	-	-	3,317,382	3,513,955	3,592,448	3,928,333	4,746,220	4,860,512
Highways and Streets	921,974	1,097,307	770,717	767,425	2,253,225	2,132,690	2,244,148	3,032,215	3,930,834	6,062,977
Interest of long term debt	184,322	176,141	167,642	158,717	151,700	106,299	-	-	-	-
Total Expenses	<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>	<u>23,757,450</u>
Program Revenues										
Governmental Activities:										
Charges for services										
General government	\$ 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	\$ 4,835,907
Cultural and Recreation	28,499	-	-	-	42,554	44,019	527,013	1,162,285	5,033,070	3,398,086
Public Safety	-	-	-	-	579,912	569,509	730,074	634,947	637,548	676,585
Highways and Streets	190,065	324,176	206,470	67,584	150,134	73,112	6,019,791	2,012,420	4,586,571	6,832,526
Total Program Revenues	<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>	<u>15,743,104</u>
Net (Expense)/Revenue										
Governmental Activities	<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>	<u>\$ (8,014,346)</u>
General Revenues										
Governmental Activities:										
Property Taxes	\$ 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	9,270,145
Other Taxes	774,660	803,621	875,088	1,934,097	2,100,890	2,662,833	2,876,421	3,166,856	3,268,927	3,557,646
Intergovernmental-unrestricted	653,180	790,718	851,229	847,935	845,854	1,052,558	1,073,088	1,076,387	15,265,741	1,622,908
Other Revenue	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	9,263,995
Gain (loss) on sale of capital assets	-	-	-	-	-	-	-	-	-	-
Special Item	-	-	-	-	2,925,104	-	-	-	-	-
Total general revenues, transfers, and special item	<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>	<u>\$ 23,714,694</u>
Change in Net Position	<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>	<u>\$ 15,700,348</u>

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

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund										
Nonspendable	\$ -	\$ 22,744	\$ 20,963	\$ 46,655	\$ 20,054	\$ 152,186	\$ 42,773	\$ 60,998	\$ 68,139	\$ 62,786
Restricted	604,874	501,707	574,984	526,381	677,784	919,791	917,259	879,969	846,032	793,450
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	12,264,231
Assigned	537,122	-	-	-	-	-	-	-	-	-
Unassigned	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	6,601,872
Total general fund	<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>	<u>\$ 19,722,339</u>
All other governmental funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,739	\$ 16,964	\$ 5,500	\$ 19,910
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	44,419,165
Committed	-	(1,809,583)	(439,251)	313,914	1,145,945	1,415,222	-	-	-	-
Assigned	210,683	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	(22,812)	-	(1,819)	-
Total all other governmental funds	<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>	<u>\$ 44,439,075</u>

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

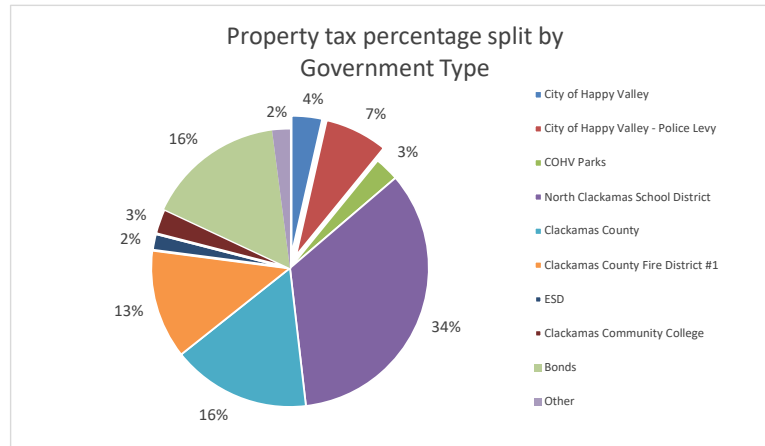
	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
REVENUES										
Property taxes	\$ 3,344,880	\$ 3,434,415	\$ 3,732,944	\$ 4,052,038	\$ 4,506,549	\$ 4,906,710	\$ 5,375,507	\$ 7,532,788	\$ 6,233,986	\$ 9,226,712
Gas Tax	774,660	803,621	875,088	930,226	1,010,589	1,090,431	1,262,946	1,506,599	1,465,576	1,645,180
Licenses and permits	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	6,748,373
System Development Charges	82,626	214,139	93,194	67,584	150,134	73,112	6,500,493	3,127,052	9,486,619	5,867,429
Intergovernmental	653,180	790,718	851,229	847,935	845,854	1,052,558	1,073,088	1,076,387	16,600,010	1,622,908
Other Revenue	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	6,895,061
Total Revenues	<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>	<u>32,005,663</u>
EXPENDITURES										
Current:										
General Government	*	*	*	*	5,403,850	5,974,827	6,460,760	6,397,938	9,265,149	7,917,210
Cultural and Recreation	*	*	*	*	1,907,849	1,973,780	2,381,213	2,831,018	2,974,655	2,968,873
Public Safety	*	*	*	*	3,160,695	3,434,639	3,481,046	3,800,586	4,564,164	4,743,766
Highways and Streets	*	*	*	*	427,049	539,175	722,703	666,383	971,106	1,026,313
Personal Services	2,875,971	3,200,252	3,622,454	3,981,299	-	-	-	-	-	-
Materials & Services	3,083,355	3,445,210	3,864,569	4,460,263	-	-	-	-	-	-
Debt Service:										
Principal	190,000	195,000	205,000	215,000	220,000	3,530,000	-	-	-	-
Interest and fiscal charges	186,550	178,369	169,869	160,944	151,700	106,299	-	-	-	-
Capital Outlay	551,212	1,152,157	654,784	904,928	434,262	914,946	766,313	1,213,886	1,918,657	13,239,639
Total Expenditures	<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>	<u>29,895,801</u>
Excess (Deficiency) of Revenues over Expenditures	1,087,527	722,247	1,682,859	724,427	2,963,621	(226,959)	9,626,471	7,840,183	26,080,411	2,109,862
OTHER FINANCING SOURCES (USES)										
Transfers in	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	5,797,000
Transfers out	(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)	(5,797,000)
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>\$ 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>	<u>\$ 2,109,862</u>
Debt service as a percentage of noncapital expenditures	6.51%	5.64%	4.78%	4.17%	3.66%	28.63%	0.00%	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				Overlapping Rates						Total Direct and Overlapping
	General Operating	Police Levy	Parks Levy	Total Direct Rate	School District	Clackamas County	Clackamas County Fire Dist #1	Education Service District	Clackamas Community College	Other	
2012	0.671	1.38	0.00	2.05	4.57	2.40	2.30	0.36	0.55	4.71	16.94
2013	0.671	1.38	0.00	2.05	4.59	2.40	2.30	0.36	0.55	4.70	16.95
2014	0.671	1.38	0.00	2.05	4.58	2.40	2.38	0.37	0.56	5.08	17.42
2015	0.671	1.38	0.00	2.05	4.82	2.40	2.40	0.37	0.56	4.42	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	6.50	2.40	2.40	0.37	0.56	2.43	17.26
2020	0.671	1.38	0.00	2.05	6.50	2.40	2.40	0.37	0.56	4.80	19.08
2021	0.671	1.38	0.54	2.59	6.50	3.05	2.40	0.37	0.56	3.40	18.87

Source: Clackamas County Assessor's Office



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

Rank	Taxpayer	2020-21		2011-12	
		Taxable Assessed Valuation	Percentage of Total Assessed Valuation	Taxable Assessed Valuation	Percentage of Total Assessed Valuation
1	ROIC Oregon LLC	\$45,184,833	1	29,889,239	1
2	Fred Meyer Stores Inc	34,463,425	2		1.98%
3	Sunrise Terrace Apartments LLC	30,300,637	3		
4	TADC LLC	25,287,625	4	19,432,528	2
5	Portland General Electric	24,745,000	5	11,064,000	3
6	HVAC 1 LLC	23,745,007	6		0.73%
7	Northwest Natural Gas Co	18,710,000	7	11,006,800	4
8	Sunnyside 172nd LLC	18,673,991	8		0.73%
9	TBB Stevens Creek LLC	18,160,739	9		0.00%
10	Pleasant Valley Development LLC	17,000,597	10		
	Comcast Corporation			10,670,123	5
	DR Horton Inc - Portland			7,608,328	6
	Eagle Landing Resources LLC			6,906,492	7
	DR Horton Inc - Portland			5,698,309	8
	Providence Health & Services - OR			4,697,528	9
	Columbia State Bank			3,418,375	10
		<u>\$ 256,271,854</u>	<u>7.57%</u>	<u>\$ 110,391,722</u>	<u>7.32%</u>

Source: Clackamas County Assessor's Office

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

Fiscal Year Ended <u>June 30</u>	Total Tax Levy for <u>Fiscal Year</u>	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		<u>Amount Collected</u>	<u>Percentage of Levy</u>		<u>Amount Collected</u>	<u>Percentage of Levy</u>
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%
2021	8,795,206	8,520,886	96.88%	133,486	8,654,372	98.40%

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**

Fiscal Year	Full Faith and Credit Obligation Bonds (1)	Total Outstanding Debt	Ratio of Debt to Assessed Value	Population	Debt per Capita
	Governmental Activities				
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	0.20%	17,510	204
2016	3,554,497	3,554,497	0.17%	18,535	178
2017	-	-	0.00%	19,985	-
2018	-	-	0.00%	20,181	-
2019	-	-	0.00%	20,945	-
2020	-	-	0.00%	21,700	-
2021	-	-	0.00%	22,552	-

(1) Presented net of original issuance discounts and premiums

CITY OF HAPPY VALLEY, OREGON**Direct and Overlapping Governmental Activities Debt****As of June 30, 2021**

<u>Government Unit:</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Amount Applicable to Primary Government</u>
Direct:			
City of Happy Valley	\$ -	N/A	\$ -
Overlapping:			
Clackamas Community College	\$ 84,925,428	7.48%	\$ 6,352,422
Clackamas County	125,400,000	5.80%	7,273,200
Clackamas County ESD	23,805,136	5.78%	1,375,937
Clackamas County RFPD	26,735,165	12.68%	3,390,019
North Clackamas School District	693,051,684	19.01%	131,749,125
Metro	920,585,000	1.42%	13,072,307
Mt Hood Community College	19,160,000	0.47%	90,052
Centennial School District	64,567,710	4.15%	2,679,560
Subtotal, overlapping debt			165,982,622
City of Happy Valley direct debt			-
Total direct and overlapping debt			<u>\$ 165,982,622</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

Fiscal Year Ended June 30	Full Faith and Credit Obligation Bonds (2)	Less: Amounts Available in Debt Service Fund (3)	Total	Percentage of Estimated Actual Taxable Value of Property (1)	Per Capita
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
2021	0	0	0	0.00%	0

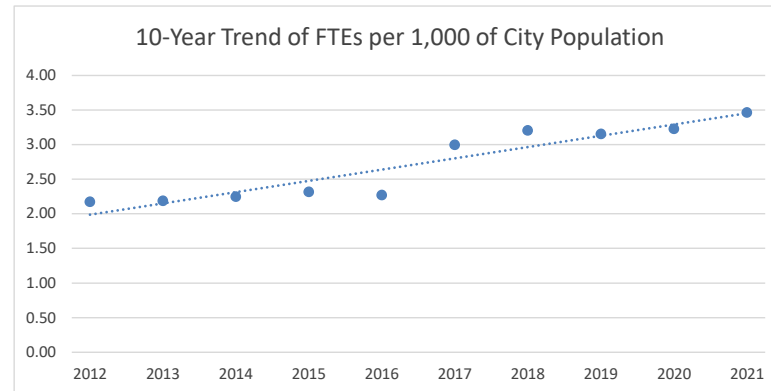
Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements

- (1) See the Schedule of Assessed Value and the Estimated Actual Value of Taxable Property on page 93 for property value data.
- (2) Presented net of original issuance discounts and premiums
- (3) This is the amount available to make debt service principal payments

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

Function	Full-time Equivalent Employees as of June 30									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Administration	9	7.5	6	7	7	9	10	10	11	13
Community Services and Public Safety	8.5	10	10.5	10.5	10	11	11	12	12	13
Economic and Community Development	8	8.5	11.5	14	16	18	20	18	20	23
Public Works / Parks / Streets	7	8	9	9	9	9	9	9	10	11
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>78</u>
Public Safety - Police Officers (contracted)	11.15	11.15	11.5	11.5	11.5	12	12	13	14	16
City Population	14,965	15,575	16,480	17,510	18,535	19,985	20,181	20,945	21,700	22,552
FTE's per 1,000 of population	2.17	2.18	2.25	2.31	2.27	2.99	3.20	3.15	3.23	3.46

Sources: Various city departments



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

	2012	2013	2014	2015	2016
Debt maximum limitation	\$ 55,720,280	\$ 57,296,129	\$ 62,768,814	\$ 72,709,397	\$ 86,241,812
Debt applicable to maximum limit	-	-	-	-	-
Legal debt margin available	<u>55,720,280</u>	<u>57,296,129</u>	<u>62,768,814</u>	<u>72,709,397</u>	<u>86,241,812</u>
Debt applicable to the maximum limit as a percentage of debt limitation	0%	0%	0%	0%	0%
	2017	2018	2019	2020	2021
Debt maximum limitation	\$ 101,766,254	\$ 116,679,424	\$ 129,611,062	\$ 139,548,340	\$ 150,393,454
Debt applicable to maximum limit	-	-	-	-	-
Legal debt margin available	<u>101,766,254</u>	<u>116,679,424</u>	<u>129,611,062</u>	<u>139,548,340</u>	<u>150,393,454</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, 2021:

Total property real market value	\$ 5,013,115,146
	3%
Debt maximum limitation	<u>150,393,454</u>
Amount of debt applicable to debt limit:	
Total bonded debt outstanding	-
Less debt excluded from debt limit:	
Full faith and credit obligations	<u>-</u>
Net amount of debt applicable to limit	<u>-</u>
Legal debt margin - amount available for future indebtedness	<u>\$ 150,393,454</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

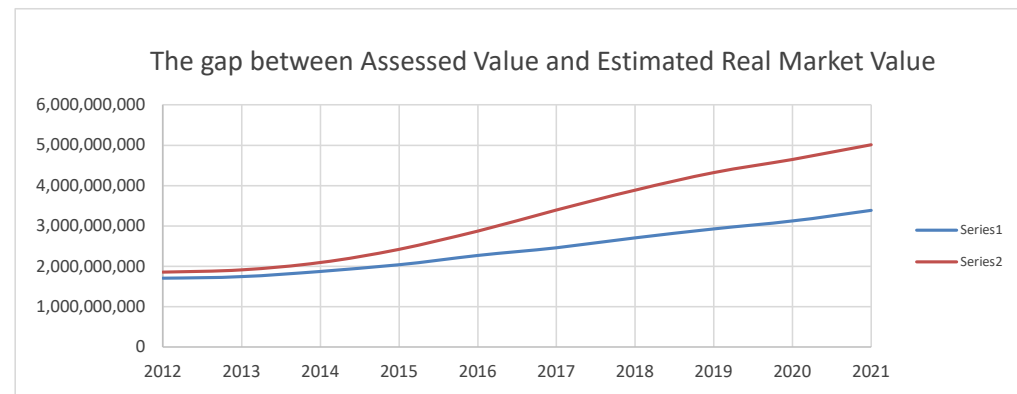
Assessed Value and Estimated Value of Taxable Property

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)	
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
2021	3,290,886,433	24,085,598	3,248,430	65,299,300	3,383,519,761	2.59	5,013,115,146	67.49

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**

Fiscal Year	Special Assessment Collections	Debt Service		Coverage
		Principal	Interest	
2012	-	-	-	-
2013	-	-	-	-
2014	-	-	-	-
2015	-	-	-	-
2016	-	-	-	-
2017	-	-	-	-
2018	-	-	-	-
2019	-	-	-	-
2020	-	-	-	-
2021	-	-	-	-

(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

Fiscal Year	Population(1)	Median Age(2)	Household Income	Per Capita Income (2)	HV Schools plus CCHS Enrollment (3)	Unemployment Rate(4)
2012	14,965	36	96,655	35,823	6,434	7.5
2013	15,575	37.1	92,773	36,978	6,516	6
2014	16,480	36.8	100,438	37,813	6,585	5.5
2015	17,510	37	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	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	11.1
2021	22,552	36.8	113,276	45,664	8,310	4.5

* 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

<u>Employer</u>	2021			2012		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Fred Meyer	302	1	9.70%			
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	78	5	2.51%	*		
Morningstar of Happy Valley	64	6	2.06%	*		
McDonald's	60	7	1.93%	*		
Abundant Life Church	48	8	1.54%	*		
Hops n Drops	40	9	1.28%	*		
Glenmoore	38	10	1.22%	*		
	<u>960</u>		<u>21.14%</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									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental Activities										
Economic and Community Development										
Building										
Residential Building permits issued	158	276	350	274	418	190	135	164	393	446
Commercial Building permits issued	16	2	2	5	14	9	8	9	6	10
Planning										
Planning Permits	128	147	174	226	261	260	232	244	152	153
Engineering										
Erosion Control Permits	*	*	*	*	*	13	30	17	12	19
Minor Grading Permits	*	*	*	*	1	7	8	3	4	5
Site Development Permits	*	*	*	*	*	15	31	13	13	18
Right of Way Permits	*	*	*	*	*	122	139	109	122	120
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	1,412
Volume of material removed (cubic yards)	285	379	757	900	900	762	648	954	663	989
Winter Storms:										
Sand applied (cubic yards)	*	26	78	8	100	206	66	50	0	125
Sand picked up after storms	*	16	50	4	60	180	35	29	0	111
Magnesium chloride/De-icing (gallons)	4,125	2,100	7,500	900	2,750	8,735	5,575	4,930	2,500	2,000
Landscape Maintenance:										
Fertilizers (lbs)	*	150	1,110	2,239	0	0	4,746	22,856	22,944	15,890
Herbicides (ounces)	*	56	190	135	480	934	2080 / 195	1605 / 211	1637 / 124	1399 / 497
Park Reservations:										
Reservations coordinated	153	172	214	210	225	255	231	228	137	90
Number of people served	*	6,078	8,218	9,207	9,722	10,315	9,849	9,079	7,395	2,644
Trees planted	*	*	3,150	925	92	1,000	793	1,279	278	770
Services performed on fleet vehicles	*	80	146	170	190	190	250	280	240	300
Crack seal applied on roadways (sq. yd.)**	4	2.25	6.60	4.50	13.75	7.50	7.50	168,200	158,974	125,381
Signs cleaned and adjusted	*	*	869	920	1,148	50	1,200	200	912	566
Community Services										
Passports issued	1,339	1,690	1,882	2,316	2,592	3,377	3,566	3,474	2,444	1,550
Public Safety:										
Code Enforcement / Animal Control Cases	2,023	2,768	2,453	2,108	3,168	3,042	2,148	2,346	3,140	4,719
Parking violations	547	637	389	306	461	585	1,048	643	745	536
Number dispatched calls for service	3,159	3,251	3,471	3,517	4,361	4,466	4,591	4,604	4,318	3,941
Number of traffic violations	2,158	1,849	2,145	2,588	3,079	2,623	4,364	2,821	2,632	2,598
Number of "other" self initiated activities	2,158	1,801	1,396	1,521	1,982	2,901	6,828	5,304	2,598	4,676
Number of traffic stops	3,301	3,582	3,887	4,111	4,545	3,949	4,293	3,699	3,165	3,275
Library										
Circulation	654,150	707,958	762,069	800,944	793,476	787,888	824,836	829,880	630,753	460,570
Number of Reference Inquiries	19,580	17,930	17,452	17,868	27,219	26,889	31,528	33,387	16,084	11,292
Number of Youth Programs	87	214	225	299	401	398	618	719	367	112
Youth Program Attendance	4,145	7,581	9,807	14,127	16,163	19,051	24,887	26,645	13,704	2,418
Number of Adult Programs	3	48	91	180	197	241	195	225	179	128
Adult Program Attendance	331	587	877	2,103	2,892	3,730	3,718	4,317	3,832	1,110

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									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
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	167.38	162.76	144.87	140.15	139.74	137.14	135.8	135.12	130.42	128.22
Number of Vehicles		31	32	37	38	37	36	36	36	36
Recreation and Parks										
Acres of parks and open spaces	135	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 the City of Happy Valley, Oregon, as of and for the year ended June 30, 2021 and have issued our report thereon dated January 31, 2022. 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.

Report on Compliance

As part of obtaining reasonable assurance about whether the 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 162-10-0000 through 162-10-0330 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*.

Internal Control Over OAR 162-10-0230

In planning and performing our audit of the financial statements, we considered the 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 the City of Happy Valley's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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
January 31, 2022