



Annual Comprehensive Financial Report  
For the Fiscal Year Ended June 30, 2023

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CITY OF HAPPY VALLEY  
CLACKAMAS COUNTY, OREGON

ANNUAL COMPREHENSIVE  
FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Prepared by

Finance Department  
City of Happy Valley, Oregon

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

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CITY OF HAPPY VALLEY  
CLACKAMAS COUNTY, OREGON

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CLACKAMAS COUNTY, OREGON

**COMPLIANCE SECTION**

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*

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December 27, 2023

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, 2023. 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.

SingerLewak Accountants & Consultants have issued an unmodified (“clean”) opinion on the City’s financial statements for the year ended June 30, 2023. 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 26,689. 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 the 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 2020 census, the City's median family income was \$126,108, the county's was \$95,740, while the state's was \$76,632.

## **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, in February 2023 the City of Happy Valley issued \$14,575,000 in Full Faith and Credit Obligations, Series 2023, with an interest rate of 5.28% to finance urban renewal projects. The final maturity will be in June 2042. The principal balance outstanding on the bonds at June 30, 2023 is \$13,700,000.

Unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) in the General Fund at year end was \$18,706,355. 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, Parks 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, Parks) ending fund balances of \$2,243,536, \$4,852,288, \$3,362,105, \$1,565,974 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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**Downtown: Plan for a downtown core that will provide the future Happy Valley community with opportunities to gather, recreate, and support local business.**



**Future Downtown Development**

- *The City has acquired approximately 30-acres for a downtown east of the new roundabout at the intersection of Scouters Mountain Rd./172<sup>nd</sup> Ave.*
- *The Council has refined the conceptual design of the future downtown at a series of work sessions. The downtown is centered around a “Main Street” and anticipated to include a range of uses including restaurant, shops, housing, and employment opportunities in a safe and comfortable environment which is integrated with the creek and surrounding neighborhoods.*
- *The project team will continue refining the conceptual design and prepare amendments to the City’s Land Development Code and zoning to implement the vision.*
- *The project will continue to check in with the City Council for direction throughout the creation of the plan. The plan will be formally reviewed through a community land use process prior to adoption.*

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



**Property Acquisition**

- *Staff has briefed the City Council during Executive Session on multiple occasions regarding potential properties.*
- *Active projects include: Community and neighborhood park properties, downtown district lands, Public Works Facility property, and Clackamas River frontage property.*
- *Purchase and Sale Agreements were executed in 2022 for 20 acres on the Clackamas River and 40 acres for a future community center and community park.*

**Library Space Needs Evaluation**

- *Utilizing input from the Library Board and City Council, design was completed for the library expansion.*
- *Through a competitive process, the City hired Bremik Construction to serve as the Construction Manager General Contractor with construction underway in 2023.*

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### Public Works Facility

- Staff anticipates procurement of a site for a Public Works Facility this coming year.
- The continued design effort includes staff from the engineering division, finance division, planning division, and administration team.
- Design work is anticipated to continue

## 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. The City started a voluntary program and so far, it's been successful.

### 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. **Completed.**

### Alarm Policy

- The City Council approved a system to check non-compliance with permits and notification system for false alarms. **Completed**

### 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. **Completed**

### 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. **Completed**

### 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. **Completed**

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## 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 and adopted in 2022. The City will need to adopt Housing Production Strategies in the future.
- The City was awarded \$25,000 from DLCD to amend the Land Development Code to meet the provisions of HB2001 (Middle Housing). The code was adopted and became effective in June of 2022. The Comprehensive Plan was amended at the same time to implement the policy suggestions for the HNA. The middle housing regulations are currently being refined for design standards, some setbacks, and overall number of cottage clusters allowed.

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

- The HB 2001 amendments allowed cottage cluster housing, consisting of a collection of modest sized homes.
- Staff has researched regulations related to short-term rentals and will be seeking direction from the City Council in 2023.

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

- The Planning Commission recommended conditional approval of the PV/NC Comp. Plan to the City Council in May of 2022. The project team is working on integrating the changes by the Planning Commission and reviewing needed changes to the system development charges required for public improvements within the plan. The City Council is expected to review the plan for final adoption in early 2023.
- The City processed a number of annexation requests from properties within the Plan area.

### 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.

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### **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**

- *The City Council performed an audit of several topics in the Land Development Code at a series of four work sessions. The Council reviewed research and comparative analysis on topics ranging from setbacks, architectural design for residential development, density in environmentally constrained areas, density transfers, and fences along major roadways and provided general direction for code amendments to enhance the livability of the community. The proposed amendments have been reviewed by the Planning Commission and are currently before the City Council. Staff will return in the future with amendments to implement the remaining topic of tree removal.*

### **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 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**

- *Phase 1 of the project was completed in late summer of 2021, with a dedication ceremony held on August 20, 2021.*
- *In 2022, the City received a \$50,000 grant from Oregon Parks and Recreation to purchase and install a permanent veteran themed sculpture. City staff have convened a Veterans Memorial Task Force to help guide the selection of the sculpture.*

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

- *Design work was completed on the Pleasant Valley Villages neighborhood park summer 2020 and permits for construction were issued in September 2021.*
- *Construction of the park is complete.*

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- *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. The City's programming has grown and is more extensive. We amended our fee structure to allow more flexibility for different types of programming. We added new partners, local businesses and conduct in house classes such as CPR, babysitting classes and expanded our senior nutrition program.*
- *The City implemented a new Parks and Recreation software system called ACTIVE Net allowing residents to create a profile portal and register for classes, camps and make park reservations and sports field reservations.*

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

- *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 2021 and 2022, the City completed a community survey, hosted several focus groups of HOA leaders, committee volunteers, school district staff, business alliance members, and more. In addition, a resident-led Steering Committee was formed to provide a deeper level of input.*
- *Based on all the input received by the community, a draft Community Center plan was developed detailing the amenities most important to residents, a phasing strategy, and site renderings.*
- *Most important, the City entered into an agreement to purchase 40 acres of property for a future community center and park.*

## **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 \$460,000 in total to be split 50/50 for the two funds.*

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## **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.*

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

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

## **Superblock Project**

- *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.*
- *The tentative bid date for this effort is winter/spring of 2023.*

## **Residential Paving Maintenance Program**

- *2022 marks the forth 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 a maintenance program that delivered 1.2 million dollars' worth of improvements to area roadways.*

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

- *Construction of the project to provide pedestrian and bicycle access along the 129<sup>th</sup> Avenue curves, as well as undergrounding of overhead utilities along the frontage, began in June 2021 and was completed in June, 2022.*

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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 County 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 all public right-of-way and construction easement acquisition efforts have been completed by the right-of-way agent (Epic Land Solutions). In addition, undergrounding and utility relocations required to construct the roundabout are complete*

## **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.*
- *City staff continually make progress on the action items identified in the DEI Strategic Plan. Updates on each item are provided multiple times throughout the year to the DEI Task Force.*

### **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.*

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**Distinguished Budget Presentation Award.** The GFOA presented a *Distinguished Budget Presentation Award* to the City for its annual budget for the year beginning July 1, 2023. In order to receive this award, a government unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communication device.

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

### **Acknowledgements**

The preparation of this Annual Comprehensive 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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# City of Happy Valley Organization Chart

Population 26,689

**Citizens of Happy Valley**



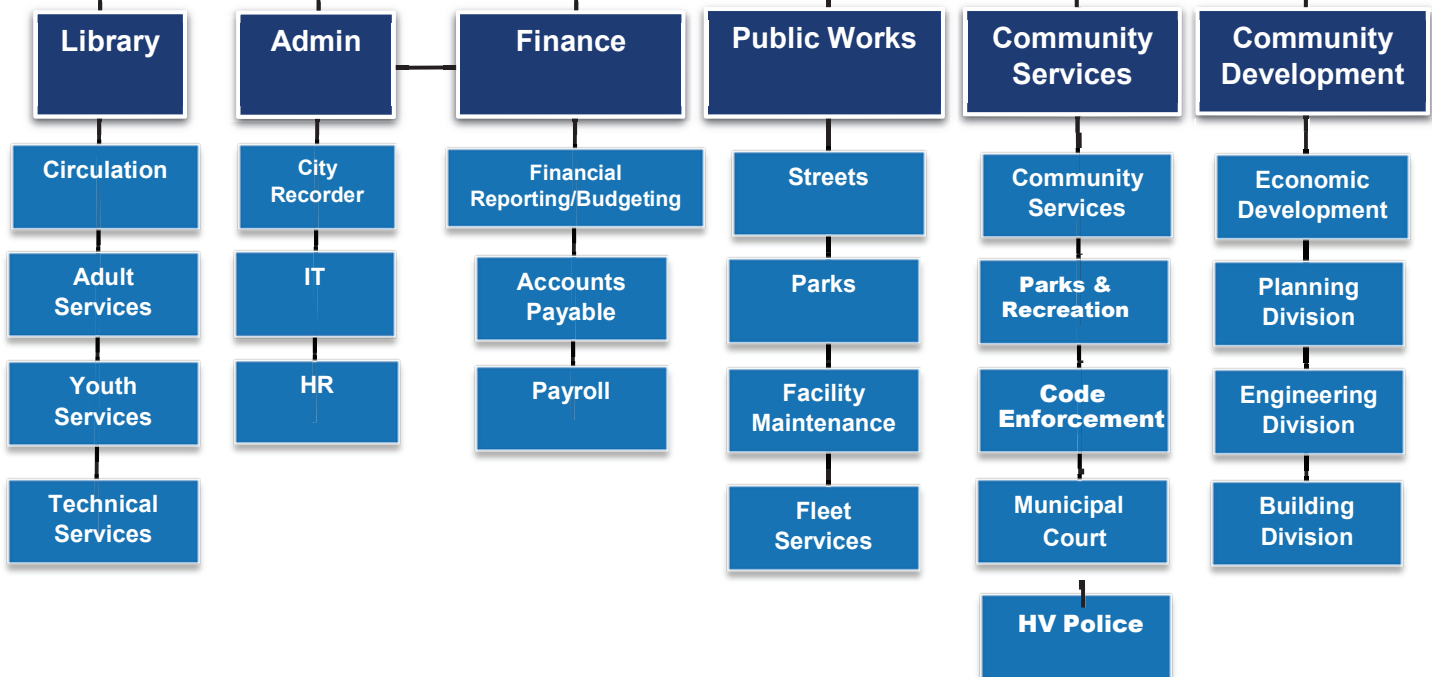
**Mayor and Council**

**City Attorney**

**City Manager**

**Municipal Judge**

**Assistant  
City Manager**



CITY OF HAPPY VALLEY  
CLACKAMAS COUNTY, OREGON

CITY OFFICIALS AS OF JUNE 30, 2022

<u>NAME</u>	<u>TERM EXPIRES</u>
Tom Ellis – Mayor	December 31, 2026
David Emami – Council President	December 31, 2026
David Golobay	December 31, 2024
Brett Sherman	December 31, 2026
Josh Callahan	December 31, 2026

All council members receive mail at the address below.

ADMINISTRATIVE

Jason Tuck, City Manager  
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CITY OF HAPPY VALLEY  
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INDEPENDENT AUDITOR'S REPORT

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## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of the City Council  
City of Happy Valley  
Happy Valley, Oregon

### Report on Audit of 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 (the "City"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City'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, 2023, 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 (U.S. GAAP).

#### ***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, 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***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City'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'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's ability to continue as a going concern for a reasonable period of time.

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



***Required Supplementary Information***

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

The schedules of revenues, expenditures and changes in fund balance – budget and actual for the General, Library, Public Safety, and Urban Renewal funds 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 the City's basic financial statements. The combining financial statements and individual fund schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining financial statements and individual fund schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Honorable Mayor and Members of the City Council  
City of Happy Valley, Oregon  
Independent Auditor's Report  
December 27, 2023

**Other Information**

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

**Other Reporting Required by Oregon State Regulations**

In accordance with *Minimum Standards for Audits of Oregon Municipal Corporations*, we have issued our report dated December 27, 2023 on our consideration of the City's compliance with certain provisions of laws, and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that test and not to provide an opinion on compliance.

*Singer Lewak LLP*

December 27, 2023

By:

A handwritten signature in blue ink, appearing to read 'B. Bingenheimer', with a stylized, overlapping loop structure.

Bradley G. Bingenheimer, Partner

CITY OF HAPPY VALLEY  
CLACKAMAS COUNTY, OREGON

CITY OF HAPPY VALLEY  
CLACKAMAS COUNTY, OREGON

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2023. Please read it in conjunction with the City's financial statements and notes, which follow this section.

**Financial Highlights**

At June 30, 2023 the City's total net position was \$160 million which was an increase of \$7 million over the previous year. The prior year saw net position increase of \$19 million most of which was attributable to the high level of development revenues and street additions to Capital Assets of \$5 million. The current year's increase is primarily attributable to general revenue growth outpacing operating expenses.

The General Fund ended the fiscal year with a total fund balance of \$20 million. Of that balance, \$895 thousand was either non-spendable or restricted for prepaid expenses and PEG fees. The remaining \$18.7 million was unrestricted with \$13.1 million committed and \$5.6 million 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 a decrease in fund balance of \$4.4 million because of capital expenditures in the Facility Capital Projects Fund which roll into the General Fund. There were \$6.7 million spend on property acquisitions for future projects. Additionally, development revenues in the General Fund were considerably lower than recent prior years.

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, 2023 the City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$160 million. Cash and Investments represent 41% of total assets. Long lived capital assets including land, buildings, streets, equipment, and vehicles comprise 59% of total assets. The remaining assets include prepaid items, accounts and property tax receivables and Net OPEB Asset.

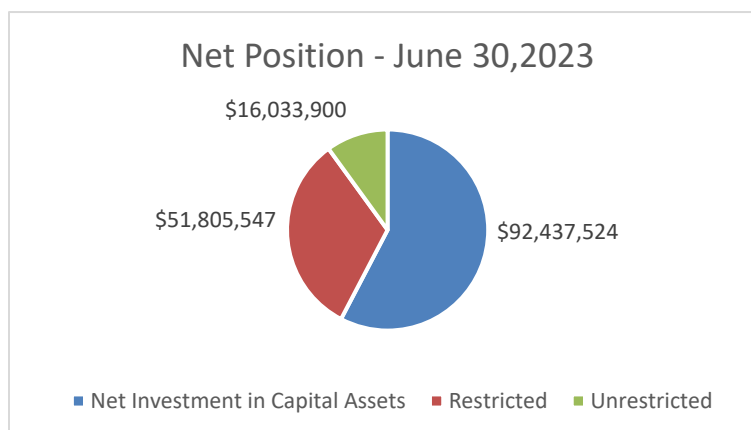
Bonds Payables represents 60% of total liabilities and the actuarially determined Net Pension Liability represents 27%. Remaining liabilities are payments to vendors, governments, and accrued personnel costs.

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

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

	Total 2023	Total 2022
<b>Assets</b>		
Current and Other Assets	\$ 76,309,116	\$ 82,104,909
Capital Assets	107,598,049	82,140,064
Total Assets	<u>183,907,165</u>	<u>164,244,973</u>
Deferred Outflows of Resources	<u>4,067,823</u>	<u>4,323,448</u>
<b>Liabilities</b>		
Current and Other Liabilities	3,655,995	3,464,406
Non-Current Liabilities	<u>21,534,416</u>	<u>5,302,771</u>
Total Liabilities	<u>25,190,411</u>	<u>8,767,177</u>
Deferred Inflows of Resources	<u>2,507,606</u>	<u>5,486,316</u>
<b>Net Position</b>		
Net Investment in Capital Assets	92,437,524	82,140,064
Net Position - Restricted	54,260,802	51,228,063
Net Position - Unrestricted	<u>13,578,645</u>	<u>20,025,650</u>
Total Net Position	<u><u>\$ 160,276,971</u></u>	<u><u>\$ 153,393,777</u></u>

The largest part of net position is the investment in capital assets less any outstanding debt used to acquire the assets. The City uses capital assets to provide services to citizens but those capital assets are not available for future spending. The resources needed to repay related debt must come from a source other than the capital assets themselves. The City did not issue general obligation debt, which allows for the imposition of a tax for debt repayment, so an adequate revenue source is required to fund our debt as well as general operations. 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 2023	Total 2022
<b>Revenues:</b>		
<b>Program Revenues</b>		
Charges for Services	\$ 3,342,259	\$ 5,948,749
Operating Grants and Contributions	2,061,788	6,735,819
Capital Grants and Contributions	2,162,804	11,001,109
<b>General Revenues</b>		
Property Taxes	13,027,405	10,412,504
ROW Fees	2,394,980	2,145,835
Intergovernmental	1,590,435	1,151,303
Library District	3,372,636	3,218,934
Other Revenue	2,640,529	892,263
<b>Total Revenues</b>	<b>30,592,836</b>	<b>41,506,516</b>
<b>Expenses:</b>		
General Government	10,853,686	8,963,771
Cultural and Recreation	5,122,723	3,898,162
Public Safety	5,395,622	5,024,529
Highways and Streets	4,157,987	4,350,347
Interest on long term debt	116,492	-
<b>Total Expenses</b>	<b>25,646,510</b>	<b>22,236,809</b>
<b>Change in Net Position</b>	<b>4,946,326</b>	<b>19,269,707</b>
<b>Net Position - Beginning</b>	<b>153,393,777</b>	<b>134,124,070</b>
<b>Prior Period Adjustment - see notes</b>	<b>1,936,868</b>	<b>-</b>
<b>Net Position - Ending</b>	<b>\$ 160,276,971</b>	<b>\$ 153,393,777</b>

The City's total revenues decreased \$10.9 million to \$30.6 million over the previous year revenue. Most of the decrease was a result of \$5 million received from American Rescue Plan Act funds in the prior year. Additionally, the decrease was a result of nearly \$5 million in street additions from several large subdivisions being constructed in the City in the prior year compared to \$1.8 million in the current year. 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 Capital Grants and Contributions category. There was also a decrease in development fees and SDC's also as development activity has slowed from the peaks of recent prior years.

Expenses increased \$3.4 million to \$25.6 million over the previous year expenses. Expenses across the departments saw slight increases in materials and services and personnel. Additionally, the City will continue to see expenses increase over the next several years as several large capital projects are under way including the Library expansion and 172<sup>nd</sup> avenue design.

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, 2023, 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 57% of all city owned capital assets and 77% 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. Land accounts for 21% of capital assets and had an increase of \$22.6 million as the City has secured properties for various projects such as a community center, community park and downtown district.

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**

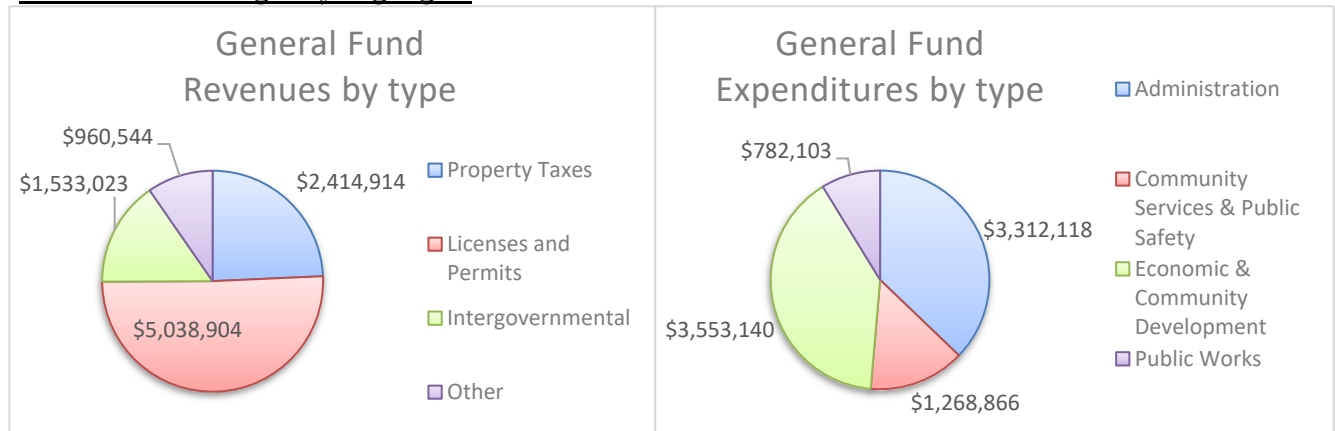
Revenues from governmental fund types totaled \$29 million in 2023. Governmental fund balances totaled \$73.1 million at June 30, 2023. The following is a summary of changes in governmental fund balances:

#### **City of Happy Valley - Changes in Governmental Fund Balances**

	June 30, 2023	June 30, 2022	Change
General Fund	\$ 19,601,155	\$ 24,032,004	\$ (4,430,849)
Library Fund	5,963,508	6,278,679	(315,171)
Parks Fund	2,176,549	1,411,128	765,421
Street Fund	3,618,395	4,195,218	(576,823)
Storm System Development Fund	756,341	1,428,967	(672,626)
Parks System Development Fund	19,603,581	18,945,129	658,452
Transportation System Development Fund	8,474,529	6,649,321	1,825,208
Public Safety Fund	1,802,381	1,601,132	201,249
Parks Capital Projects Fund	7,013,855	8,570,198	(1,556,343)
Pedestrian Improvement Projects Fund	1,658,213	1,449,841	208,372
Urban Renewal Agency	2,455,255	1,731,773	723,482

The General Fund decrease was due to a large increase in capital expenditures for property purchases as well as a decline in development revenues relative to prior years. The combination of building, planning and engineering fees was at \$2 million compared to over \$4 million in the prior year. The Library Fund balance decreased \$315,171 to \$6 million as a result of the Library expansion project capital expenditures. The Parks and Transportation SDC Funds increased to \$19.6 million and \$8.5 million respectively as there were no major SDC projects during the year to draw down those funds. The Urban Renewal Agency Fund increased \$723,482 as revenues increased 160%. The City expects to see continued growth in the Fund each year.

### **General Fund Budgetary Highlights**





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

The General Fund – Budgetary Basis ending fund balance decreased \$2,660,842 from the previous year. There was a transfer out of \$4.7 million to the Facility Capital Projects Fund to save for the land purchase and construction of a new public works facility. There was also a transfer to the Reserve for Replacement Fund for \$500,000. As seen in the chart below, General Fund revenues generally outpaced budget estimates in most categories. Development fees and engineering fees saw a marked decline compared to amount from recent prior years.

General Fund revenues varied from budget by the following amounts:

Revenue Source	Budget	Actual	Difference
Building Permits and Fees	\$ 2,000,000	1,406,058	\$ (593,942)
ROW Use Fees	2,050,000	2,394,980	344,980
Engineering Fees	300,000	267,305	(32,695)
Planning Fees	150,000	354,424	204,424
User Related Fees	450,000	570,175	120,175
Miscellaneous Revenue	100,000	362,346	262,346

General Fund expenditures were less than appropriated amounts for each appropriation category. Each department expended between 87-91% 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 in line with expectations for each department as PERS costs, benefits and wages all increased.

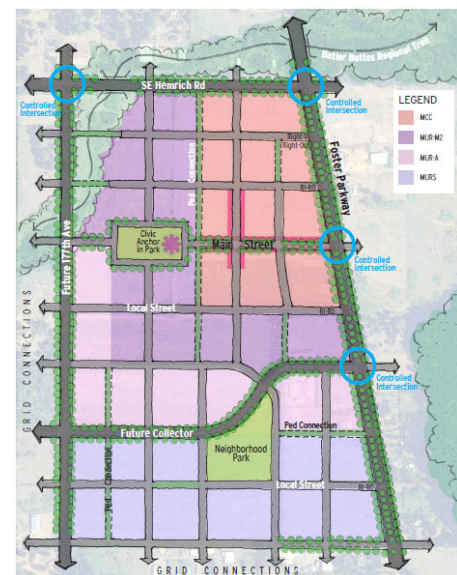
Expenditures	Budget	Actual	Difference
Administration	\$ 3,694,200	\$ 3,312,118	\$ 382,082
Community Services & Public Safety	1,392,900	1,268,866	124,034
Economic & Community Development	4,089,400	3,553,140	536,260
Public Works	895,900	782,103	113,797

### Capital Assets

At June 30, 2023, the City had \$108 million invested in capital assets net of accumulated depreciation. This is an increase of \$25 million from the previous year. Notable additions this year were multiple land purchases for future community center, community park, and downtown district. The annual street additions totaled \$1.5 million and total depreciation expense was \$2.8 million. Details of the changes in capital assets are disclosed in the notes to the financial statements (Note 3).

### Long Term Debt

In February 2023 the City of Happy Valley issued \$14,575,000 in Full Faith and Credit Obligations, Series 2023, with an interest rate of 4.28% to finance urban renewal projects. The final maturity will be in June 2042. The principal balance outstanding on the bonds at June 30, 2023 is \$13,700,000.



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

**Priorities**

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

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

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

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.

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

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

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

The City has taken a 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 have been recently completed or are underway.

- 129<sup>th</sup> Avenue and King Road Round-a-bout – Design and Construction
- 129<sup>th</sup> Undergrounding Gap – Design and construction
- Superblock Phase III Project – Design and Construction
- 172<sup>nd</sup> Avenue North of Sunnyside – Design
- 162<sup>nd</sup> Avenue – 10% construction design
- Rock Creek BLVD – 10% construction design
- Sunrise Corridor Gateway – Visioning Project with Clackamas County
- Scott Creek Trail Renovation – Construction
- Scott Creek Trail Extension – Design and Metro approval
- Clackamas River Trail – Design
- Village Green Park Renovation – Design
- Scouters Mt. Neighborhood Park – Design and Construction
- Veterans Memorial Park – Phase 1 Complete, Phase 1.5 Artwork Installation 2024
- Various Land Acquisition – 18 Properties Targeted for Consideration
- Public Works Facility – Land Acquisition, Design, Construction
- Library Expansion – Construction in 2023 and 2024
- Community Center Feasibility Study – Underway

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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CITY OF HAPPY VALLEY  
CLACKAMAS COUNTY, OREGON

CITY OF HAPPY VALLEY  
CLACKAMAS COUNTY, OREGON

BASIC FINANCIAL STATEMENTS

**CITY OF HAPPY VALLEY, OREGON****Statement of Net Position****June 30, 2023****ASSETS**

Cash and Investments	\$ 74,616,184
Prepaid items	177,009
Accounts Receivable	1,104,890
Property Taxes Receivable	311,086
Net OPEB Asset	99,947
Capital Assets:	
Land, non-depreciable, and construction in progress	39,554,107
Building, improvements, equipment, and other capital assets (net of accumulated depreciation)	68,043,942

TOTAL ASSETS	<u>183,907,165</u>
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**DEFERRED OUTFLOWS OF RESOURCES**

Deferred amount related to pension	4,015,571
Deferred amount related to OPEB	<u>52,252</u>

TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>4,067,823</u>
--------------------------------------	------------------

**LIABILITIES**

Accounts Payable	1,599,855
Accrued Payroll Liabilities	290,924
Developer Deposits	564,578
Intergovernmental Payable	339,160
Compensated Absences	329,608
Current portion of long term debt	531,870
Noncurrent liabilities (due in more than one year):	
Bonds Payable	14,628,655
Net Pension Liability	6,723,213
Net OPEB Liability	<u>182,548</u>

TOTAL LIABILITIES	<u>25,190,411</u>
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**DEFERRED INFLOWS OF RESOURCES**

Deferred amount related to pension	2,430,848
Deferred amount related to OPEB	<u>76,758</u>

TOTAL DEFERRED INFLOWS OF RESOURCES	<u>2,507,606</u>
-------------------------------------	------------------

**NET POSITION**

Net Investment in Capital Assets	92,437,524
Net Position - Restricted for:	
PEG	738,195
Library	5,963,508
Parks	9,190,404
Street Maintenance	5,276,608
SDC Projects	28,834,451
Public Safety	1,802,381
Urban Renewal	2,455,255
Net Position - Unrestricted	<u>13,578,645</u>

TOTAL NET POSITION	<u>\$ 160,276,971</u>
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The accompanying notes are an integral part of the basic financial statements.

**CITY OF HAPPY VALLEY, OREGON**  
**Statement of Activities**  
**for the year ended June 30, 2023**

FUNCTION/PROGRAM	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>GOVERNMENTAL ACTIVITIES</b>					
General Government	\$ 10,853,686	\$ 2,643,924	\$ -	\$ -	\$ (8,209,762)
Cultural and Recreation	5,122,723	100,137	-	321,375	(4,701,211)
Public Safety	5,395,622	598,198	-	-	(4,797,424)
Highways and Streets	4,157,987	-	2,061,788	1,841,429	(254,770)
Interest on long term debt	116,492	-	-	-	(116,492)
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>\$ 25,646,510</b>	<b>\$ 3,342,259</b>	<b>\$ 2,061,788</b>	<b>\$ 2,162,804</b>	<b>(18,079,659)</b>
<b>GENERAL REVENUES</b>					
					13,027,405
Property Taxes					2,394,980
ROW Fees					3,372,636
Library District					1,590,435
Intergovernmental (unrestricted)					2,640,529
Other Revenue					
<b>TOTAL GENERAL REVENUES</b>					<b>23,025,985</b>
<b>CHANGE IN NET POSITION</b>					<b>4,946,326</b>
<b>NET POSITION - beginning</b>					<b>153,393,777</b>
<b>PRIOR PERIOD ADJUSTMENT - see notes</b>					<b>1,936,868</b>
<b>NET POSITION - ending</b>					<b>\$ 160,276,971</b>

**CITY OF HAPPY VALLEY, OREGON**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2023**

		Special Revenue		Capital Projects			Non-Major	
	General Fund -	Library Fund -	Public Safety	Urban Renewal	Parks SDC	Transportation	Fund -	
	GAAP	GAAP	Fund -	Fund - GAAP	Fund - GAAP	SDC	GAAP	Total
			GAAP			Fund - GAAP		
<b>ASSETS</b>								
Cash and Investments	\$ 20,162,386	\$ 6,035,973	\$ 2,457,333	\$ 2,870,575	\$ 19,615,484	\$ 8,515,790	\$ 14,958,643	\$ 74,616,184
Prepaid items	156,605	-	-	-	-	-	20,404	177,009
Accounts Receivable	681,726	-	70,711	33,680	-	-	318,773	1,104,890
Property Taxes Receivable	63,889	-	134,042	60,540	-	-	52,615	311,086
<b>TOTAL ASSETS</b>	<b>\$ 21,064,606</b>	<b>\$ 6,035,973</b>	<b>\$ 2,662,086</b>	<b>\$ 2,964,795</b>	<b>\$ 19,615,484</b>	<b>\$ 8,515,790</b>	<b>\$ 15,350,435</b>	<b>\$ 76,209,169</b>
<b>LIABILITIES</b>								
Accounts Payable	\$ 267,111	\$ 40,465	\$ 731,363	\$ 450,333	\$ 11,903	\$ 41,261	\$ 57,419	\$ 1,599,855
Accrued Payroll Liabilities	232,671	32,000	2,991	2,813	-	-	20,449	290,924
Developer Deposits	564,578	-	-	-	-	-	-	564,578
Intergovernmental Payable	339,160	-	-	-	-	-	-	339,160
<b>TOTAL LIABILITIES</b>	<b>1,403,520</b>	<b>72,465</b>	<b>734,354</b>	<b>453,146</b>	<b>11,903</b>	<b>41,261</b>	<b>77,868</b>	<b>2,794,517</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Unavailable revenue - property taxes	59,931	-	125,351	56,394	-	-	49,214	290,890
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>59,931</b>	<b>-</b>	<b>125,351</b>	<b>56,394</b>	<b>-</b>	<b>-</b>	<b>49,214</b>	<b>290,890</b>
<b>FUND BALANCES</b>								
Fund Balance By Category								
Nonspendable	156,605	-	-	-	-	-	20,404	177,009
Restricted	738,195	5,963,508	1,802,381	2,455,255	19,603,581	8,474,529	15,202,949	54,240,398
Committed	13,097,678	-	-	-	-	-	-	13,097,678
Unassigned	5,608,677	-	-	-	-	-	-	5,608,677
<b>TOTAL FUND BALANCES</b>	<b>19,601,155</b>	<b>5,963,508</b>	<b>1,802,381</b>	<b>2,455,255</b>	<b>19,603,581</b>	<b>8,474,529</b>	<b>15,223,353</b>	<b>73,123,762</b>
<b>TOTAL LIABILITIES, DEFERRED</b>								
<b>INFLOWS AND FUND BALANCES</b>	<b>\$ 21,064,606</b>	<b>\$ 6,035,973</b>	<b>\$ 2,662,086</b>	<b>\$ 2,964,795</b>	<b>\$ 19,615,484</b>	<b>\$ 8,515,790</b>	<b>\$ 15,350,435</b>	<b>\$ 76,209,169</b>

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



**CITY OF HAPPY VALLEY, OREGON**  
**Reconciliation of Balance Sheet of Governmental Funds**  
**to Statement of Net Position**  
**June 30, 2023**

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

Total Fund Balances - governmental funds	\$ 73,123,762
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds and assets.	107,598,049
Net pension and OPEB obligations and assets are not due and payable in the current period and, therefore, are not reported in the funds.	(6,805,814)
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	1,584,723
OPEB related changes	(24,506)
Accrued compensated absences are not due and payable in the current period and therefore are not reported in the funds.	(329,608)
Long-term liabilities including bonds payable, are not due and payable in the current period and are not reported in the funds. The premium paid when the bonds were issued was expensed in the governmental funds however it is amortized over the life of the bonds.	(15,160,525)
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the funds.	
Unavailable revenue - property taxes	<u>290,890</u>
Total Net Position	<u>\$ 160,276,971</u>

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

**CITY OF HAPPY VALLEY, OREGON**  
**Statement of Revenues, Expenditures and Changes**  
**In Fund Balances - Governmental Funds**  
**for the year ended June 30, 2023**

		Special Revenue		Capital Projects			Non-Major	
	General Fund -	Library Fund -	Public Safety	Urban Renewal	Parks SDC	Transportation	Funds -	
	GAAP	GAAP	Fund -	Fund - GAAP	Fund - GAAP	SDC	GAAP	Total
			GAAP			Fund - GAAP		
<b>REVENUES</b>								
Property Taxes	\$ 2,414,914	\$ -	\$ 5,301,020	\$ 3,258,769	\$ -	\$ -	\$ 2,074,301	\$ 13,049,004
Gas Tax Revenue	-	-	-	-	-	-	2,061,788	2,061,788
Licenses and Permits	5,038,904	-	-	-	-	-	469,250	5,508,154
System Development Charges	-	-	-	-	321,375	279,076	44,447	644,898
Intergovernmental Revenues	1,533,023	-	-	-	-	-	57,412	1,590,435
Library District Revenue	-	3,372,636	-	-	-	-	-	3,372,636
Other Revenue	1,288,203	166,633	80,645	247,785	313,822	144,261	628,265	2,869,614
<b>TOTAL REVENUES</b>	<b>10,275,044</b>	<b>3,539,269</b>	<b>5,381,665</b>	<b>3,506,554</b>	<b>635,197</b>	<b>423,337</b>	<b>5,335,463</b>	<b>29,096,529</b>
<b>EXPENDITURES</b>								
Current								
General Government	8,613,926	-	-	1,155,845	-	-	20,195	9,789,966
Cultural and Recreation	-	2,352,637	-	-	32,251	-	1,162,217	3,547,105
Public Safety	651,634	-	4,665,416	-	-	-	-	5,317,050
Highways and Streets	-	-	-	-	-	128,598	924,078	1,052,676
Debt Service	-	-	-	-	-	-	1,068,362	1,068,362
Capital Outlay	6,948,333	981,803	-	16,671,260	21,129	329,764	4,587,972	29,540,261
<b>TOTAL EXPENDITURES</b>	<b>16,213,893</b>	<b>3,334,440</b>	<b>4,665,416</b>	<b>17,827,105</b>	<b>53,380</b>	<b>458,362</b>	<b>7,762,824</b>	<b>50,315,420</b>
EXCESS OF REVENUES OVER (UNDER)								
EXPENDITURES	(5,938,849)	204,829	716,249	(14,320,551)	581,817	(35,025)	(2,427,361)	(21,218,891)
<b>OTHER FINANCING SOURCES (USES)</b>								
Bond Proceeds	-	-	-	14,575,000	-	-	-	14,575,000
Bond Premium	-	-	-	1,537,395	-	-	-	1,537,395
Transfers In	1,508,000	-	-	-	-	-	1,068,362	2,576,362
Transfers Out	-	(520,000)	(515,000)	(1,068,362)	-	-	(473,000)	(2,576,362)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>1,508,000</b>	<b>(520,000)</b>	<b>(515,000)</b>	<b>15,044,033</b>	<b>-</b>	<b>-</b>	<b>595,362</b>	<b>16,112,395</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(4,430,849)</b>	<b>(315,171)</b>	<b>201,249</b>	<b>723,482</b>	<b>581,817</b>	<b>(35,025)</b>	<b>(1,831,999)</b>	<b>(5,106,496)</b>
<b>FUND BALANCES - beginning</b>	<b>24,032,004</b>	<b>6,278,679</b>	<b>1,601,132</b>	<b>1,731,773</b>	<b>18,945,129</b>	<b>6,649,321</b>	<b>17,055,352</b>	<b>76,293,390</b>
<b>PRIOR PERIOD ADJUSTMENT (see notes)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>76,635</b>	<b>1,860,233</b>	<b>-</b>	<b>1,936,868</b>
<b>FUND BALANCES - ending</b>	<b>\$ 19,601,155</b>	<b>\$ 5,963,508</b>	<b>\$ 1,802,381</b>	<b>\$ 2,455,255</b>	<b>\$ 19,603,581</b>	<b>\$ 8,474,529</b>	<b>\$ 15,223,353</b>	<b>\$ 73,123,762</b>

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

**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, 2023**

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 \$ (5,106,496)

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	\$ 28,230,367	
Assets Contributed by Developers	(2,618,136)	
Depreciation Expense	<u>(2,772,382)</u>	22,839,849

Assets contributed by developers results in recognition of revenue on the statement of activities		2,618,136
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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	(24,083)	
Pension Expense	(202,849)	
Net Other Postemployment Benefit Obligations	<u>3,893</u>	(223,039)

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net position. Repayment of bond principal is an expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. This is the amount by which proceeds exceed payments.

Debt Principal	875,000	
Bond amortization	<u>76,870</u>	951,870

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

Debt Proceeds	(16,112,395)	
Unavailable Revenue - Property Taxes	<u>(21,599)</u>	<u>(16,133,994)</u>

Change in Net Position		<u><u>\$ 4,946,326</u></u>
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The accompanying notes are an integral part of the basic financial statements.

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

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. THE FINANCIAL REPORTING ENTITY**

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

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

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."

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.

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.

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

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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.

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.

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.

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.

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.

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.

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.

PARKS CAPITAL PROJECTS FUND

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

The 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.

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.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. PROPERTY TAXES RECEIVABLE

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

E. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

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. The Parks Fund is appropriated at the following levels: Operations, Programming, 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. During the fiscal year ended June 30, 2023, City Council approved one supplemental budget resolution that increased expenditure appropriations. City Council also approved one budget appropriations transfer. 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.



1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. CAPITAL ASSETS

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

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

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

G. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the Statement of Financial Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represent a consumption of net assets that applies to future periods 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, represent an acquisition of net assets 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2023 and as such are recorded as prepaid items. The cost of prepaid items is recorded as an expense when consumed rather than when purchased.

L. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

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

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

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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

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

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

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

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

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

**2. CASH, CASH EQUIVALENTS, AND INVESTMENTS**

Cash and Investments consisted of

Deposits with Financial Institutions:

Petty Cash	\$ 3,500
Demand Deposits	(21,186)
Investments	<u>74,633,870</u>

Total Cash and Investments	<u>\$ 74,616,184</u>
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DEPOSITS - Deposits with financial institutions include bank demand deposits. The total bank balance per the bank statements is \$210,930.43. 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.

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

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

INVESTMENTS – The City’s investment policy is reviewed annually by the City’s Finance Department and the City’s Budget Committee. Material changes to the policy require submission to the Oregon Short-Term Fund Board (OSTF) for review. Once OSTF completes its review, the investment policy is then presented to the City Council for final adoption. The Oregon Short-Term Fund Board consists of the State Treasurer and four members appointed by the Governor and State Treasurer. At year-end, the City was in compliance with all investment policy requirements.

State of Oregon statutes and the City’s investment policies authorize the City to invest in U.S. Treasury obligations, U.S. Agency obligations, certain federal instrumentality securities, commercial paper, corporate bonds, banker’s acceptances, Oregon Short-Term Fund, repurchase agreements, obligations of certain states and municipalities, time deposits, certificates of deposit, and savings accounts.

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, 2023.

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 City’s position in the State Treasurer’s Local Investment Pool and the value of the pool shares at June 30, 2023. 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 Maturities (in months)**  
**Value as of June 30, 2023**

	Less than 3	3-18	18-59	Total
Investments:				
Oregon State Treasurer’s Local Government Investment Pool	\$ 22,087,555	\$ -	\$ -	\$ 22,087,555
Money Market Fund	87,738	-	-	87,738
Municipal - CA	-	-	1,815,741	1,815,741
US Treasury	-	-	22,222,621	22,222,621
US Treasury Bill	8,943,900	-	-	8,943,900
US Instrumentality: FFCB	-	-	6,904,526	6,904,526
US Instrumentality: FHLB	-	-	1,998,141	1,998,141
Corporate Bonds	-	-	10,573,648	10,573,648
Total	\$ 31,119,193	\$ -	\$ 43,514,677	\$ 74,633,870

INTEREST RATE RISK – In accordance with its investment policy, the City manages its exposure to declines in fair value resulting from changes in interest rates by limiting the weighted average maturity (WAM) of its investment portfolio to less than thirty months. To the extent possible, investments shall be matched with anticipated cash flow requirements and known future liabilities. The City does not actively trade investments, usually holding them to maturity.

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

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

At year-end the City had the following investments and maturities at fair value:

<b>Investments</b>	<b>Risk Concentration</b>	<b>Weighted Average Final Maturity (Days)</b>	<b>Fair Value+Accrued</b>
Cash/LGIP	29.6%	1	\$ 22,175,293
Corporate Obligations	14.2%	176	10,573,648
Commercial Paper	0.0%	-	-
Municipal Bonds	2.4%	35	1,815,741
US Treasury	41.9%	187	31,166,521
US Agency	11.9%	109	8,902,667
Total Investments	100.0%	117	\$ 74,633,870

**FAIR VALUE MEASUREMENTS** – Fair value is defined as the price that would be received to sell an asset or price paid to transfer a liability in an orderly transaction between market participants at the measurement date. Observable inputs are developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are developed based on the best information available about the assumptions market participants would use in pricing the asset. The classification of securities within the fair value hierarchy is based upon the activity level in the market for the security type and the inputs used to determine their fair value, as follows:

Level 1 – Unadjusted quoted prices for identical instruments in active markets

Level 2 – Based on matrix pricing, synthesizing multiple market inputs to determine a fair value price derived from altered or indirectly observable prices.

Level 3 – Valuations derived from valuation techniques in which significant inputs are unobservable.

**Fair Value Measurements  
Value as of June 30, 2023**

	<b>N/A</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Total</b>
Investments:				
Oregon State Treasurer's Local				
Government Investment Pool	\$ 22,087,555	\$ -	\$ -	\$ 22,087,555
Money Market Fund	87,738	-	-	87,738
US Treasury	-	31,166,521	-	31,166,521
Agency Securities	-	-	8,902,667	8,902,667
Corporate Bonds	-	-	10,573,648	10,573,648
Municipal	-	-	1,815,741	1,815,741
Total	<u>\$ 22,175,293</u>	<u>\$ 31,166,521</u>	<u>\$ 21,292,056</u>	<u>\$ 74,633,870</u>

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

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

RISK AND CREDIT RISK – The City’s investment policy does not allow for an investment in any one issuer to exceed 5 percent of the City’s total investments, with the exception of US Treasuries, US Agencies and Instrumentalities. Credit risk is a ratings-based assessment of the likelihood of an issuer defaulting on its repayment obligations. The City mitigates its exposure to credit risk by limiting purchases to the highest ratings groups at time of purchase. At year end the City held 16.6% percent of its portfolio in securities subject to normal credit risk considerations. Investments held at year-end are categorized by credit rating and concentration as follows:

<b>Investment-Type</b>	<b>Minimum Allowable Credit Quality Criteria (at the time of purchase)</b>	<b>S&amp;P</b>	<b>Moody's</b>	<b>Fitch</b>	<b>Fair Value June 30, 2023</b>	<b>Percentage of Total FV</b>
Cash/LGIP	- / -	-	-	-	\$ 22,175,293	29.7%
Corporate Bonds	AA-/Aa3	AA	A1	AA-	1,338,079	1.8%
Corporate Bonds	AA-/Aa3	AA+	Aaa	NA	969,333	1.3%
Corporate Bonds	AA-/Aa3	AA	Aa2	AA	1,485,103	2.0%
Corporate Bonds	AA-/Aa3	A	A1	AA-	2,685,969	3.6%
Corporate Bonds	AA-/Aa3	A-	A1	AA-	2,410,093	3.2%
Corporate Bonds	AA-/Aa3	AA-	Aa3	NA	1,685,070	2.3%
Municipal - CA	AA-/Aa3	AA-	Aa2	AA	1,815,741	2.4%
US Agency: FFCB	AA+/Aaa	AA+	Aaa	AAA	6,904,526	9.3%
US Agency: FHLB	AA+/Aaa	AA+	Aaa	AAA	1,998,141	2.7%
US Treasury Bill	AA+/Aaa	A-1+	P-1	F1+	8,943,900	12.0%
US Treasury	AA+/Aaa	AA+	Aaa	Aaa	22,222,621	29.8%
					<u>\$ 74,633,870</u>	<u>100.0%</u>

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

**3. CAPITAL ASSETS**

Changes in capital assets for the fiscal year ended June 30, 2023 are as follows:

	Governmental Activities Capital Assets			
	July 1, 2022	Additions	Disposals	June 30, 2023
Capital Assets, not being depreciated				
Land and Improvements	\$ 7,008,363	\$ 22,604,847	\$ -	\$ 29,613,210
Construction in Progress	6,606,312	3,529,810	(195,225)	9,940,897
Totals, capital assets not being depreciated	13,614,675	26,134,657	(195,225)	39,554,107
Capital Assets, being depreciated				
Buildings	13,480,627	33,382	-	13,514,009
Vehicles	968,535	629,551	-	1,598,086
Other Equipment	1,450,410	53,907	-	1,504,317
Park Improvements	4,368,039	-	-	4,368,039
Park Equipment	72,562	56,189	-	128,751
Streets	80,200,922	1,517,906	-	81,718,828
Totals, capital assets being depreciated	100,541,097	2,290,935	-	102,832,032
Less: Accumulated Depreciation for:				
Buildings	(3,368,206)	(284,976)	-	(3,653,182)
Vehicles	(700,904)	(138,349)	-	(839,253)
Other Equipment	(803,043)	(122,637)	-	(925,680)
Park Improvements	(2,369,435)	(210,312)	-	(2,579,747)
Park Equipment	(51,018)	(10,981)	-	(61,999)
Streets	(24,723,102)	(2,005,127)	-	(26,728,229)
Total Accumulated Depreciation	(32,015,708)	(2,772,382)	-	(34,788,090)
Total capital assets, being depreciated, net	68,525,389	(481,447)	-	68,043,942
Total Governmental Activities	\$ 82,140,064	\$ 25,653,210	\$ (195,225)	\$ 107,598,049

**Governmental Activities Depreciation Allocation to Functions**

General Government	\$ 307,434
Cultural and Rec	296,270
Public Safety	60,728
Streets	2,107,950
Total	\$ 2,772,382

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

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**4. LONG-TERM OBLIGATIONS**

In February 2023 the City of Happy Valley issued \$14,575,000 in Full Faith and Credit Obligations, Series 2023, with an interest rate of 4.28% to finance urban renewal projects. The final maturity will be in June 2042. The principal balance outstanding on the bonds at June 30, 2023 is \$13,700,000.

<b>Fiscal year ending June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2024	\$ 455,000	\$ 612,950	\$ 1,067,950
2025	480,000	590,200	1,070,200
2026	505,000	566,200	1,071,200
2027	530,000	540,950	1,070,950
2028	555,000	514,450	1,069,450
2029-2033	3,225,000	2,126,750	5,351,750
2034-2038	4,065,000	1,285,650	5,350,650
2039-2042	3,885,000	396,200	4,281,200
	<u>\$ 13,700,000</u>	<u>\$ 6,633,350</u>	<u>\$ 20,333,350</u>

The following table shows the current fiscal year changes in the note payable, along with the current portion due for the obligation.

	<b><u>06/30/22 Balance</u></b>	<b><u>Additions</u></b>	<b><u>Reductions</u></b>	<b><u>6/30/23 Balance</u></b>	<b><u>Due in 1 Year</u></b>
<b>Govt Activities</b>					
Principal Transactions:					
General Obligation Bonds:					
Full Faith & Credit Obligation, Series 2023	-	14,575,000	875,000	13,700,000	455,000
Bond Premium	-	1,537,395	76,870	1,460,525	76,870
Total General Obligation Bonds	<u>-</u>	<u>16,112,395</u>	<u>951,870</u>	<u>15,160,525</u>	<u>531,870</u>

**5. COMPENSATED ABSENCES PAYABLE**

At June 30, 2023, the City's liability for compensated absences is estimated at \$329,608. 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.



**6. 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.

**7. 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.

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.

**7. PENSION PLAN (CONTINUED)**

**Death Benefits**

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

- the member was employed by a PERS employer at the time of death,
- the member died within 120 days after termination of PERS-covered employment,
- the member died as a result of injury sustained while employed in a PERS-covered job, 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. The COLA is capped at 2.0 percent.

**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.

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.

**7. PENSION PLAN (CONTINUED)**

**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. Under current law, the cap on the COLA in fiscal year 2015 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.

**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.

**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, 2023 were \$1,128,840 excluding amounts to fund employer specific liabilities. The rates in effect for the fiscal year ended June 30, 2022 were 21.02 percent for Tier One/Tier Two General Service Member and 17.52 percent for OPSRP Pension Program General Service Members.

**7. PENSION PLAN (CONTINUED)**

**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 \$365,317 for the year ended June 30, 2023.

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

At June 30, 2023, the City reported a liability of \$6,723,213 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020 (MD) rolled forward to June 30, 2022. 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, 2022, the City's proportion was 0.04390811 percent, which was an increase from its proportion of 0.04039885 percent measured as of June 30, 2021.

For the year ended June 30, 2023, the City recognized pension expense of \$202,849. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 326,358	\$ 41,927
Changes in assumptions	1,054,908	9,638
Net difference between projected and actual earnings on investments	-	1,201,980
Changes in proportion	636,964	511,894
Differences between employer contributions and proportionate share of contributions	868,501	665,409
Total (prior post MD contributions)	\$ 2,886,731	\$ 2,430,848
Contributions subsequent to the MD	1,128,840	-
Total	<u>\$ 4,015,571</u>	<u>\$ 2,430,848</u>
Net Deferred Outflow/(Inflow) of Resources		1,584,723

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

7. PENSION PLAN (CONTINUED)

City's contributions subsequent to the measurement date of \$1,128,840 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, 2023. 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:		
2024	\$	283,930
2025		53,122
2026		(441,903)
2027		562,322
2028		(1,588)
Total	\$	<u>455,883</u>

**Actuarial assumptions**

The employer contribution rates effective July 1, 2022 through June 30, 2023, were set using the entry age normal actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years. For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

Valuation Date	December 31, 2020
Measurement Date	June 30, 2022
Experience Study Report	2020, published July 20, 2021
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Inflation Rate	2.40 percent
Long-Term Expected Rate of Return	6.90 percent
Discount Rate	6.90 percent
Projected Salary Increases	3.40 percent overall payroll growth
Cost of Living Adjustments (COLA)	Blend of 2.00% COLA and grade COLA (1.25%/0.15%) in accordance with <i>Moro</i> decision, blend based on service.
Mortality	<p><b>Health retirees and beneficiaries:</b> 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><b>Active Members:</b> 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><b>Disabled retirees:</b> 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>

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

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**7. PENSION PLAN (CONTINUED)**

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

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

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in June 2021 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

<b>Asset Class/Strategy</b>	<b>Assumed Asset Allocation</b>		
	<b>Low Range</b>	<b>High Range</b>	<b>Target</b>
Debt Securities	15.0%	25.0%	20.0%
Public Equity	27.5%	37.5%	30.0%
Real Estate	9.5%	15.5%	12.5%
Private Equity	14.0%	21.0%	20.0%
Alternative Equity	7.5%	17.5%	15.0%
Opportunity Portfolio	0.0%	5.0%	0.0%
Risk Parity	0.0%	2.5%	2.5%
Total			<u>100.0%</u>

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

7. PENSION PLAN (CONTINUED)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Compounded Annual Return (Geometric)</u>
Global Equity	30.62%	5.85%
Private Equity	25.50%	7.71%
Core Fixed Income	23.75%	2.73%
Real Estate	12.25%	5.66%
Master Limited Partnerships	0.75%	5.71%
Infrastructure	1.50%	6.26%
Commodities	0.63%	3.10%
Hedge Fund of Funds – Multistrategy	1.25%	5.11%
Hedge Fund of Equity – Hedge	0.63%	5.31%
Hedge Fund – Macro	5.62%	5.06%
US Cash	-2.50%	1.76%
Total	<u>100.00%</u>	

Assumed Inflation - Mean

2.40%

**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.

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.

7. PENSION PLAN (CONTINUED)

**Discount Rate**

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

**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 6.90 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 (5.90 percent) or 1-percentage-point higher (7.90 percent) than the current rate:

	<u>1% Decrease (5.90%)</u>	<u>Discount Rate (6.90%)</u>	<u>1% Increase (7.90%)</u>
City's proportionate share of the net pension liability (asset)	\$ 11,923,036	\$ 6,723,213	\$ 2,371,201

**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, 2022 measurement period that require disclosure.



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

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**8. 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:

	<b>Implicit Rate Subsidy</b>	<b>PERS RHIA Plan</b>	<b>Total OPEB on Financials</b>
Net OPEB Asset	\$ -	\$ 99,947	\$ 99,947
Deferred Outflows of Resources			
Change in Assumptions	3,509	783	4,292
Difference in Expected and Actual Experience	37,384	-	37,384
Change in Proportionate Share	-	517	517
Contributions After MD	9,329	730	10,059
Net OPEB Liability	(182,548)	-	(182,548)
Deferred Inflows of Resources			
Difference in Expected and Actual Experience	-	(2,708)	(2,708)
Difference in Earnings	-	(7,622)	(7,622)
Change in Assumptions	(58,262)	(3,332)	(61,594)
Change in Proportionate Share	-	(4,834)	(4,834)
OPEB Expense/(Income)*	17,701	(11,535)	6,166

\*Included in program expenses on Statement of Activities

**Implicit Rate Subsidy**

**Plan Description**

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

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

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

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

**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 \$182,548 was measured as of June 30, 2022, and was determined by an actuarial valuation as of July 1, 2022.

For the fiscal year ended June 30, 2023, the City recognized OPEB expense from this plan of \$17,701. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to this OPEB plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 37,384	\$ -
Changes of assumptions	3,509	58,262
Total (prior to post-MD contributions)	40,893	58,262
Contributions subsequent to the MD	9,329	-
Total	<u>\$ 50,222</u>	<u>\$ 58,262</u>

Deferred outflows of resources related to OPEB of \$9,329 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, 2023. Contributions made after the measurement date of the net pension/OPEB liability/collective net pension/OPEB liability but before the end of the reporting period will be recognized as a reduction of the net pension/OPEB liability or collective net pension/OPEB liability in the subsequent fiscal period rather than in the current fiscal period. 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>	
2024	\$ (4,801)
2025	(4,441)
2026	(3,596)
2027	(3,624)
2028	(734)
Thereafter	(173)
Total	<u>\$ (17,369)</u>

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

**Actuarial Assumptions and Other Inputs**

The total OPEB liability in the July 1, 2022 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	2.40 percent
Discount Rate	3.54 percent
Projected Salary Increases	3.40 percent overall payroll growth
Retiree Healthcare Participation	35% of eligible employees 60% of male members and 35% of female members will elect spouse coverage.
Mortality	<b>Health retirees and beneficiaries:</b> Pub-2010 General and Safety Employee and Healthy Retiree tables, sex distinct for members and dependents, with a one-year setback for male general service employees and female safety employees. <b>Healthcare cost trend rate:</b> Medical and vision 6.75 percent per year decreasing to 3.75 percent.  Dental: 4.00 percent per year

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

**Changes in the Total OPEB Liability**

Changes in assumptions is the result of the change in the projected benefit election rate from 40% to 35% of eligible retirees. In addition, the discount rate changed from 2.16% in 2022 to 3.54% in 2023.

	<b>Net OPEB Liability</b>
Balance as of June 30, 2022	\$ 162,926
Changes for the year:	
Service cost	18,603
Interest on total OPEB liability	3,899
Effect of changes to benefit terms	-
Effect of economic demographic gains or losses	30,996
Effect of assumptions changes or inputs	(31,836)
Benefit payments	(2,040)
Balance as of June 30, 2023	<u>\$ 182,548</u>

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

**Sensitivity of the Total OPEB Liability**

The following presents the City's OPEB liability, as well as what the liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.54 percent) or 1-percentage-point higher (4.54 percent) than the current discount rate. A similar sensitivity analysis is then presented for changes in the healthcare trend assumption.

<u>1% Decrease (2.54%)</u>	<u>Current Discount Rate (3.54%)</u>	<u>1% Increase (4.54%)</u>
\$ 197,607	\$ 182,548	\$ 168,464

<u>1% Decrease</u>	<u>Current Health Care Trend Rates</u>	<u>1% Increase</u>
\$ 160,338	\$ 182,548	\$ 209,005

**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/ACFR/2022-Annual-Comprehensive-Financial-Report.pdf>

**8. 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	75
Eligible retirees	2
Spouses of ineligible retirees	0
Total participants	<u>77</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, 2020 actuarial valuation and a percentage of payroll that first became effective July 1, 2022. The City contributed 0.05% 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, 2023 contributions was \$730.

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

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

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

At June 30, 2023, the City reported an asset of \$99,947 for its proportionate share of the OPERS net OPEB asset. The net OPEB asset was measured as of June 30, 2022, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2020 rolled forward to June 30, 2022. 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, 2022, the City's proportionate share was 0.0281%, which is an decrease from its proportion of 0.0285% as of June 30, 2021.

For the year ended June 30, 2023, the City recognized OPEB credit from this plan of \$11,535. At June 30, 2023, 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	\$ -	\$ 2,708
Changes of assumptions	783	3,332
Net difference between projected and actual earnings on investments	-	7,622
Changes in proportionate share	517	4,834
Differences between employer contributions and proportionate share of contributions	-	-
Total (prior to post-MD contributions)	1,300	18,496
Contributions subsequent to the MD	730	-
Total	<u>\$ 2,030</u>	<u>\$ 18,496</u>
Net Deferred Outflow/(Inflow) of Resources		

Deferred outflows of resources related to OPEB of \$730 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2024	\$ (10,359)
2025	(4,469)
2026	(4,810)
2027	2,442
2028	-
Total	<u>\$ (17,196)</u>

8. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

**Actuarial Methods and Assumptions**

The total OPEB asset in the December 31, 2020 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 6.9% for the RHIA Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the RHIA plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the RHIA Plan was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

The following presents the City's proportionate share of the net OPEB liability (asset) calculated using the discount rate of 6.90%, 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 (5.90%) or 1-percentage-point higher (7.90%) than the current rate:

Discount Rate:

	<u>1% Decrease (5.90%)</u>	<u>Current Discount Rate (6.90%)</u>	<u>1% Increase (7.90%)</u>
Net OPEB Asset	\$ (90,080)	\$ (99,947)	\$ (108,405)

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, 2022 measurement period that require disclosure.

9. 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.

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

**10. 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.

**11. 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 \$738,195 are currently held as Restricted Fund Balance.

**12. 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.

**13. FUND BALANCE DETAIL**

	General Fund	Library Fund	Public Safety Fund	Urban Renewal Fund	Parks SDC Fund	Transportation SDC Fund	Non-Major Funds	Total
<b>Fund Balances:</b>								
<b>Nonspendable</b>	\$ 156,605	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,404	\$ 177,009
<b>Restricted</b>								
PEG	738,195	-	-	-	-	-	-	738,195
Library	-	5,963,508	-	-	-	-	-	5,963,508
Street Maint	-	-	-	-	-	-	3,618,395	3,618,395
Ped. Improve.	-	-	-	-	-	-	1,658,213	1,658,213
SDC Projects	-	-	-	-	19,603,581	8,474,529	756,341	28,834,451
Parks	-	-	-	-	-	-	9,170,000	9,170,000
Public Safety	-	-	1,802,381	-	-	-	-	1,802,381
Urban Renewal	-	-	-	2,455,255	-	-	-	2,455,255
	738,195	5,963,508	1,802,381	2,455,255	19,603,581	8,474,529	15,202,949	54,240,398
<b>Committed</b>								
General Ops	838,974	-	-	-	-	-	-	838,974
Replacement	1,505,341	-	-	-	-	-	-	1,505,341
Facilities Cap. Projects	10,753,363	-	-	-	-	-	-	10,753,363
	13,097,678	-	-	-	-	-	-	13,097,678
<b>Unassigned</b>	5,608,677	-	-	-	-	-	-	5,608,677
<b>Total Fund Balances</b>	\$ 19,601,155	\$ 5,963,508	\$ 1,802,381	\$ 2,455,255	\$ 19,603,581	\$ 8,474,529	\$ 15,223,353	\$ 73,123,762



### 13. PRIOR PERIOD ADJUSTMENT

The City had a prior period adjustment in the Transportation System Development Fund and the Parks System Development Charge Fund as the method for accounting for SDC credits to developers changed in the current year. Previously, when credits were issued to developers, the City recorded an expense and deferred revenues for the credit amounts. As the credits were used, the City would reduce the deferred revenue and record SDC credit revenue. Going forward, the City will not record those entries and the effect will be less SDC revenue in future years. In the TSDC Fund, the prior period adjustment was \$1,860,233 and \$76,635 in the PSDC Fund. These amounts are equal to the deferred revenue figure at June 30, 2022 in those respective funds. The effects of the corrections are as follows:

	Previously Reported	As Restated
Deferred Revenue - TSDC fund	\$ 1,860,233	\$ -
Budgetary Fund Balance - TSDC fund	6,793,683	8,653,916
GAAP Fund Balance - TSDC fund	6,649,321	8,509,554
Deferred Revenue - PSDC fund	76,635	-
Budgetary Fund Balance - PSDC fund	19,266,273	19,342,908
GAAP Fund Balance - PSDC fund	18,945,129	19,021,764

### 14. NEWLY ISSUED ACCOUNTING STANDARDS

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* (GASB 94). The statement improves financial reporting by addressing issues related to public-private partnership arrangements (PPPs) by requiring governments to report assets and liabilities related to PPPs consistently and disclose important information about PPP transactions. It also provides guidance for accounting and financial reporting for availability payment arrangements (APAs) by requiring governments engaged in APAs that contain multiple components to recognize each component as a separate arrangement, and when related to operating or maintaining a nonfinancial asset, to report an outflow of resources in the period to which payments relate. Implementation of this standard had no impact on the City's financial statements.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements* (GASB 96). This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users, including defining a SBITA, establishing that a SBITA results in an intangible right-to-use subscription asset and a corresponding liability, provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA, and requires note disclosures regarding a SBITA. Implementation of this standard had no impact on the City's financial statements.

CITY OF HAPPY VALLEY  
CLACKAMAS COUNTY, OREGON

REQUIRED 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, 2023**

**GENERAL FUND - BUDGETARY BASIS**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
Property Taxes	\$ 2,415,000	\$ 2,415,000	\$ 2,414,914	\$ (86)
Licenses, Fees, and Permits:				
ROW Use Fees	2,050,000	2,050,000	2,394,980	344,980
Building Permits and Fees	2,000,000	2,000,000	1,406,058	(593,942)
Planning Fees	150,000	150,000	354,424	204,424
Engineering Fees	300,000	300,000	267,305	(32,695)
SDC Compliance Fee	200,000	200,000	45,962	(154,038)
User Related Fees	450,000	450,000	570,175	120,175
Total Licenses, Fees, and Permits	5,150,000	5,150,000	5,038,904	(111,096)
Intergovernmental:				
State Shared Revenues	827,000	827,000	927,881	100,881
Intergovernmental	300,000	300,000	605,142	305,142
Total Intergovernmental	1,127,000	1,127,000	1,533,023	406,023
Other Revenue:				
Traffic Fines	600,000	600,000	508,280	(91,720)
Municipal Court	150,000	150,000	89,918	(60,082)
Miscellaneous Revenue	100,000	100,000	362,346	262,346
Total Other Revenue	850,000	850,000	960,544	110,544
TOTAL REVENUES	9,542,000	9,542,000	9,947,385	405,385
<b>EXPENDITURES</b>				
Administration	3,694,200	3,694,200	3,312,118	382,082
Community Services & Public Safety	1,392,900	1,392,900	1,268,866	124,034
Economic & Community Development	4,089,400	4,089,400	3,553,140	536,260
Public Works	895,900	895,900	782,103	113,797
Contingency	3,923,242	3,923,242	-	3,923,242
TOTAL EXPENDITURES	13,995,642	13,995,642	8,916,227	5,079,415
EXCESS OF REVENUES OVER (UNDER)				
EXPENDITURES	(4,453,642)	(4,453,642)	1,031,158	5,484,800
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	1,508,000	1,508,000	1,508,000	-
Transfers Out To:				
Reserve for Replacement Fund	(500,000)	(500,000)	(500,000)	-
Facility Capital Projects Fund	(4,700,000)	(4,700,000)	(4,700,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	(3,692,000)	(3,692,000)	(3,692,000)	-
NET CHANGE IN FUND BALANCE	(8,145,642)	(8,145,642)	(2,660,842)	5,484,800
FUND BALANCE - beginning	8,145,642	8,145,642	8,623,336	477,694
FUND BALANCE - ending	\$ -	\$ -	\$ 5,962,494	\$ 5,962,494
RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS				
NET CHANGE IN FUND BALANCE			\$ (2,660,842)	
Unrealized gain (loss) on investments			63,670	
CHANGE IN FUND BALANCE - GAAP BASIS			\$ (2,597,172)	

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, 2023**

**LIBRARY FUND - BUDGETARY BASIS**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
User Related Fees	\$ 40,000	\$ 40,000	\$ 35,169	\$ (4,831)
District Revenue	3,406,000	3,406,000	3,372,636	(33,364)
Miscellaneous Revenue	58,000	58,000	144,142	86,142
TOTAL REVENUES	3,504,000	3,504,000	3,551,947	47,947
<b>EXPENDITURES</b>				
Personal Services	1,944,900	1,944,900	1,783,855	161,045
Materials and Services	703,000	703,000	564,321	138,679
Contingency	938,246	938,246	-	938,246
TOTAL EXPENDITURES	3,586,146	3,586,146	2,348,176	1,237,970
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(82,146)	(82,146)	1,203,771	1,285,917
<b>OTHER FINANCING SOURCES, (USES)</b>				
Transfers Out To:				
General Fund	(520,000)	(520,000)	(520,000)	-
Reserve for Replacement	(700,000)	(700,000)	(700,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	(1,220,000)	(1,220,000)	(1,220,000)	-
NET CHANGE IN FUND BALANCE	(1,302,146)	(1,302,146)	(16,229)	1,285,917
FUND BALANCE - beginning	1,302,146	1,302,146	1,255,128	(47,018)
FUND BALANCE - ending	\$ -	\$ -	\$ 1,238,899	\$ 1,238,899

RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS

**CITY OF HAPPY VALLEY, OREGON**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Actual and Budget**  
**for the year ended June 30, 2023**

**PUBLIC SAFETY FUND - BUDGETARY BASIS**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
Property Taxes	\$ 5,140,000	\$ 5,140,000	\$ 5,301,020	\$ 161,020
Miscellaneous Revenue	20,000	20,000	89,636	69,636
TOTAL REVENUES	5,160,000	5,160,000	5,390,656	230,656
<b>EXPENDITURES</b>				
Personal Services	121,000	121,000	114,885	6,115
Materials and Services	4,726,000	4,726,000	4,550,531	175,469
Capital Outlay	10,000	10,000	-	10,000
Contingency	1,441,183	1,441,183	-	1,441,183
TOTAL EXPENDITURES	6,298,183	6,298,183	4,665,416	1,632,767
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,138,183)	(1,138,183)	725,240	1,863,423
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out To:				
General Fund	(515,000)	(515,000)	(515,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	(515,000)	(515,000)	(515,000)	-
NET CHANGE IN FUND BALANCE	(1,653,183)	(1,653,183)	210,240	1,863,423
FUND BALANCE - beginning	1,653,183	1,653,183	1,644,133	(9,050)
FUND BALANCE - ending	\$ -	\$ -	\$ 1,854,373	\$ 1,854,373
<b>RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS</b>				
NET CHANGE IN FUND BALANCE			\$ 210,240	
Unrealized gain (loss) on investments			(8,991)	
CHANGE IN FUND BALANCE - GAAP BASIS			\$ 201,249	

**CITY OF HAPPY VALLEY, OREGON**  
**Schedules of Revenues, Expenditures and Changes in Fund Balance**  
**Actual and Budget**  
**for the year ended June 30, 2023**

**URBAN RENEWAL AGENCY FUND - BUDGETARY BASIS**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
Tax Increment	\$ 1,600,000	\$ 3,300,000	\$ 3,258,769	\$ (41,231)
Miscellaneous Revenue	10,000	10,000	247,519	237,519
<b>TOTAL REVENUES</b>	<b>1,610,000</b>	<b>3,310,000</b>	<b>3,506,288</b>	<b>196,288</b>
<b>EXPENDITURES</b>				
Personal Services	168,500	168,500	140,078	28,422
Materials and Services	1,000,000	1,000,000	1,015,767	(15,767)
Capital Outlay	2,372,273	18,672,273	16,671,260	2,001,013
<b>TOTAL EXPENDITURES</b>	<b>3,540,773</b>	<b>19,840,773</b>	<b>17,827,105</b>	<b>2,013,668</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(1,930,773)</b>	<b>(16,530,773)</b>	<b>(14,320,817)</b>	<b>2,209,956</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Bond Proceeds	-	16,000,000	14,575,000	(1,425,000)
Bond Premium	-	-	1,537,395	1,537,395
Transfers Out To:				
Urban Renewal Debt Service Fund	-	(1,400,000)	(1,068,362)	(331,638)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>14,600,000</b>	<b>15,044,033</b>	<b>(219,243)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(1,930,773)</b>	<b>(1,930,773)</b>	<b>723,216</b>	<b>1,990,713</b>
<b>FUND BALANCE - beginning</b>	<b>1,930,773</b>	<b>1,930,773</b>	<b>1,735,248</b>	<b>(195,525)</b>
<b>FUND BALANCE - ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,458,464</b>	<b>\$ 1,795,188</b>

**RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS**

<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ 723,216</b>
Unrealized gain (loss) on investments	266
<b>CHANGE IN FUND BALANCE - GAAP BASIS</b>	<b>\$ 723,482</b>

**CITY OF HAPPY VALLEY, OREGON**

**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

**For the Last Ten Fiscal Years**

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
2022	0.04390811%	\$ 6,723,213	\$ 6,032,680	111.45%	84.50%
2021	0.04039885%	4,834,320	5,364,970	90.11%	87.60%
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.

**NOTES TO SCHEDULE**

**Changes in Benefit Terms:**

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

**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. For June 30, 2021, the long-term expected rate of return was lowered to 6.90 percent, and the inflation rate was lowered from 2.5 to 2.4 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 Years**

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
2023	\$ 1,128,840	\$ 1,128,840	\$ -	\$ 6,320,001	17.86%
2022	1,006,130	1,006,130	-	6,032,680	16.68%
2021	922,371	922,371	-	5,364,970	17.19%
2020	885,146	885,146	(1,660,000)	4,923,662	17.98%
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.

**NOTES TO SCHEDULE**

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

Actuarial valuation	December 31, 2019	December 31, 2017	December 31, 2015	December 31, 2013	December 31, 2011
Effective	July 2021 - June 2023	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	2.40 percent	2.50 percent		2.75 percent	
Projected salary increases	3.40 percent	3.50 percent			
Investment rate of return	6.90 percent	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 Years<sup>1</sup>**

Measurement Date June 30,	(a) City's proportion of the net OPEB liability (asset)	(b) City's proportionate share of the net OPEB liability (asset)	(c) Covered payroll	(b/c) City's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2022	0.02812743%	\$ (99,947)	\$ 6,032,680	-1.66%	194.6%
2021	0.02846705%	(97,756)	5,364,970	-1.82%	183.9%
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.

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

**NOTES TO SCHEDULE**

**Changes of Assumptions:**

The PERS Board adopted assumption changes that were used to measure the June 30, 2021 total OPEB liability. The changes include the lowering of the long-term expected rate of return from 7.20 to 6.90 percent and the inflation rate from 2.5 to 2.4 percent. In addition, the healthy healthcare participation and cost trend rates, and healthy mortality assumptions were changed to reflect an updated trends and mortality improvement scale for all groups.

**CITY OF HAPPY VALLEY, OREGON**  
**SCHEDULE OF CONTRIBUTIONS TO OPEB - RHIA**  
**For the Last Ten Fiscal Years<sup>1</sup>**

Year Ended June 30,	(a) Contractually determined contribution	(b) Contributions in relation to the actuarially required contribution	(a-b) Contribution deficiency (excess)	(c) Covered payroll	(b/c) Contributions as a percent of covered payroll
2023	\$ 1,300	\$ 1,300	\$ -	\$ 6,320,001	0.02%
2022	693	693	-	6,032,680	0.01%
2021	762	762	-	5,364,970	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.

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

**NOTES TO SCHEDULE**

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

Actuarial valuation:	December 31, 2019	December 31, 2017	December 31, 2015	December 31, 2013	December 31, 2011
Effective:	July 2021 - June 2023	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, closed				
Amortization period:	10 years				
Asset valuation method:	Market value				
Remaining amortization periods:	20 years				N/A
Actuarial assumptions					
Inflation rate	2.40 percent	2.50 percent		2.75 percent	
Projected salary increases	3.40 percent	3.50 percent		3.75 percent	
Investment rate of return	6.90 percent	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 Years<sup>1</sup>**

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
<b>Total OPEB Liability</b>						
Service Interest	\$ 18,603	\$ 18,084	\$ 18,135	\$ 16,263	\$ 16,711	\$ 17,612
Interest	3,899	3,518	5,890	5,597	4,602	3,488
Changes of benefit terms	-	-	-	-	-	-
Differences between economic/demographic gains or losses	30,996	-	5,078	5,811	18,954	-
Changes of assumptions	(31,836)	740	(36,319)	-	(18,631)	(9,280)
Benefit payment	(2,040)	(999)	(2,664)	(9,075)	(1,182)	(8,296)
<b>Net change in total OPEB liability</b>	<u>19,622</u>	<u>21,343</u>	<u>(9,880)</u>	<u>18,596</u>	<u>20,454</u>	<u>3,524</u>
<b>Total OPEB liability - beginning</b>	<u>162,926</u>	<u>141,583</u>	<u>151,463</u>	<u>132,867</u>	<u>112,413</u>	<u>108,889</u>
<b>Total OPEB liability - ending</b>	<u>\$ 182,548</u>	<u>\$ 162,926</u>	<u>\$ 141,583</u>	<u>\$ 151,463</u>	<u>\$ 132,867</u>	<u>\$ 112,413</u>
 Covered-employee payroll	 \$ 6,320,001	 \$ 6,032,680	 \$ 5,364,970	 \$ 4,923,662	 \$ 4,585,913	 \$ 4,447,936
 Total OPEB liability as a percentage of covered-employee payroll	 2.89%	 2.70%	 2.64%	 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.

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

**CITY OF HAPPY VALLEY, OREGON**  
**SCHEDULE OF CONTRIBUTIONS TO OPEB - IMPLICIT RATE SUBSIDY**  
**For the Last Ten Fiscal Years<sup>1</sup>**

Year Ended June 30,	(a) Actuarially determined contribution	(b) Contributions in relation to the actuarially required contribution	(a-b) Contribution deficiency (excess)	(c) Covered payroll	(b/c) Contributions as a percent of covered payroll
2023	\$ 9,329	\$ 9,329	\$ -	\$ 6,320,001	0.15%
2022	2,040	2,040	-	6,032,680	0.03%
2021	999	999	-	5,364,970	0.02%
2020	2,664	2,664	-	4,923,662	0.66%
2019	9,075	9,075	-	4,585,913	1.71%
2018	1,182	1,182	-	4,447,936	3.44%
2017	8,296	8,296	-	4,224,767	0.20%

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

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

**NOTES TO SCHEDULE**

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

Actuarial valuation:	July 1, 2022	July 1, 2020	July 1, 2018
Effective:	June 30, 2023	June 30, 2020 through June 30, 2022	June 30, 2018 and 2019
Actuarial cost method:	Entry Age Normal		
Amortization method:	Level percentage of payroll, closed		
Amortization period:	7.8 years	5.8 years	6.8 years
Asset valuation method:	Market value		
Remaining amortization periods:	20 years		
Actuarial assumptions:			
Inflation rate	2.40 percent	2.50 percent	
Projected salary increases	3.40 percent	3.50 percent	

CITY OF HAPPY VALLEY  
CLACKAMAS COUNTY, OREGON

OTHER 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, 2023**

**PARKS SYSTEM DEVELOPMENT FUND - BUDGETARY BASIS**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
SDC-Parks	\$ 2,000,000	\$ 2,000,000	\$ 321,375	\$ (1,678,625)
Miscellaneous Revenue	100,000	100,000	406,685	306,685
<b>TOTAL REVENUES</b>	<b>2,100,000</b>	<b>2,100,000</b>	<b>728,060</b>	<b>(1,371,940)</b>
<b>EXPENDITURES</b>				
Materials and Services	500,000	500,000	32,251	467,749
Capital Outlay	23,367,344	23,367,344	21,129	23,346,215
<b>TOTAL EXPENDITURES</b>	<b>23,867,344</b>	<b>23,867,344</b>	<b>53,380</b>	<b>23,813,964</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(21,767,344)</b>	<b>(21,767,344)</b>	<b>674,680</b>	<b>22,442,024</b>
<b>FUND BALANCE - beginning</b>	<b>21,767,344</b>	<b>21,767,344</b>	<b>19,266,273</b>	<b>(2,501,071)</b>
<b>PRIOR PERIOD ADJUSTMENT (see notes)</b>	<b>-</b>	<b>-</b>	<b>76,635</b>	<b>-</b>
<b>FUND BALANCE - ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 20,017,588</b>	<b>\$ 19,940,953</b>
<b>RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS</b>				
<b>NET CHANGE IN FUND BALANCE</b>			<b>\$ 674,680</b>	
Unrealized gain (loss) on investments			(92,863)	
<b>CHANGE IN FUND BALANCE - GAAP BASIS</b>			<b>\$ 581,817</b>	

**CITY OF HAPPY VALLEY, OREGON**  
**Schedules of Revenues, Expenditures and Changes in Fund Balance**  
**Actual and Budget**  
**for the year ended June 30, 2023**

**TRANSPORTATION SYSTEM DEVELOPMENT FUND - BUDGETARY BASIS**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
SDC-Transportation	\$ 500,000	\$ 500,000	\$ 279,076	\$ (220,924)
SDC-Transportation Credits	600,000	600,000	-	(600,000)
Miscellaneous Revenue	150,000	150,000	180,313	30,313
<b>TOTAL REVENUES</b>	<b>1,250,000</b>	<b>1,250,000</b>	<b>459,389</b>	<b>(790,611)</b>
<b>EXPENDITURES</b>				
Materials and Services	1,000,000	1,000,000	128,598	871,402
Capital Outlay	8,840,942	8,840,942	329,764	8,511,178
<b>TOTAL EXPENDITURES</b>	<b>9,840,942</b>	<b>9,840,942</b>	<b>458,362</b>	<b>9,382,580</b>
NET CHANGE IN FUND BALANCE	(8,590,942)	(8,590,942)	1,027	8,591,969
FUND BALANCE - beginning (original)	8,590,942	8,590,942	6,793,683	(1,797,259)
PRIOR PERIOD ADJUSTMENT (SEE NOTES)	-	-	1,860,233	-
FUND BALANCE - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,654,943</u>	<u>\$ 6,794,710</u>
<b>RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS</b>				
NET CHANGE IN FUND BALANCE			\$ 1,027	
Unrealized gain (loss) on investments			<u>(36,052)</u>	
CHANGE IN FUND BALANCE - GAAP BASIS			<u>\$ (35,025)</u>	

**CITY OF HAPPY VALLEY, OREGON**  
**Combining Balance Sheet**  
**General Fund - Generally Accepted Accounting Principles**  
**June 30, 2023**

	General Fund GAAP Basis	General Ops Reserve Fund GAAP Basis	Reserve For Replacement Fund GAAP Basis	Facilities Capital Projects Fund GAAP Basis	General Fund Generally Accepted Accounting Principles
<b>ASSETS</b>					
Cash and Investments	\$ 6,269,135	\$ 838,974	\$ 2,296,154	\$ 10,758,123	\$ 20,162,386
Prepaid Items	156,605	-	-	-	156,605
Accounts Receivable	666,994	-	14,732	-	681,726
Property Taxes Receivable	63,889	-	-	-	63,889
<b>TOTAL ASSETS</b>	<b>\$ 7,156,623</b>	<b>\$ 838,974</b>	<b>\$ 2,310,886</b>	<b>\$ 10,758,123</b>	<b>\$ 21,064,606</b>
<b>LIABILITIES</b>					
Accounts Payable	\$ 195,001	\$ -	\$ 67,350	\$ 4,760	\$ 267,111
Payroll and Taxes Payable	232,671	-	-	-	232,671
Development Deposits	564,578	-	-	-	564,578
Due to Other Governments	339,160	-	-	-	339,160
<b>TOTAL LIABILITIES</b>	<b>1,331,410</b>	<b>-</b>	<b>67,350</b>	<b>4,760</b>	<b>1,403,520</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable Revenue - Property Taxes	59,931	-	-	-	59,931
<b>FUND BALANCES</b>					
Fund Balance By Category					
Nonspendable	156,605	-	-	-	156,605
Restricted	-	-	738,195	-	738,195
Committed	-	838,974	1,505,341	10,753,363	13,097,678
Unassigned	5,608,677	-	-	-	5,608,677
<b>TOTAL FUND BALANCES</b>	<b>5,765,282</b>	<b>838,974</b>	<b>2,243,536</b>	<b>10,753,363</b>	<b>19,601,155</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</b>	<b>\$ 7,156,623</b>	<b>\$ 838,974</b>	<b>\$ 2,310,886</b>	<b>\$ 10,758,123</b>	<b>\$ 21,064,606</b>



**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, 2023**

	General Fund GAAP Basis	Gen Ops Reserve Fund GAAP Basis	Reserve for Replacement Fund GAAP Basis	Facility Capital Projects Fund GAAP Basis	Eliminations	General Fund Generally Accepted Accounting Principles
<b>REVENUES</b>						
Property Taxes	\$ 2,414,914	\$ -	\$ -	\$ -	\$ -	\$ 2,414,914
Licenses & Permits	5,038,904	-	-	-	-	5,038,904
Intergovernmental	1,533,023	-	-	-	-	1,533,023
Other Revenue	1,024,214	-	59,432	204,557	-	1,288,203
TOTAL REVENUES	10,011,055	-	59,432	204,557	-	10,275,044
<b>EXPENDITURES</b>						
Current:						
General Government	8,264,593	-	324,233	25,100	-	8,613,926
Public Safety	651,634	-	-	-	-	651,634
Capital Outlay	-	-	252,437	6,695,896	-	6,948,333
TOTAL EXPENDITURES	8,916,227	-	576,670	6,720,996	-	16,213,893
EXCESS REVENUES OVER (UNDER) EXPENDITURES	1,094,828	-	(517,238)	(6,516,439)	-	(5,938,849)
<b>OTHER FINANCING SOURCES, (USES)</b>						
Transfers In	1,508,000	-	500,000	4,700,000	(5,200,000)	1,508,000
Transfers Out	(5,200,000)	-	-	-	5,200,000	-
TOTAL OTHER FINANCING SOURCES (USES)	(3,692,000)	-	500,000	4,700,000	-	1,508,000
NET CHANGE IN FUND BALANCE	(2,597,172)	-	(17,238)	(1,816,439)	-	(4,430,849)
FUND BALANCES - beginning	8,362,454	838,974	2,260,774	12,569,802	-	24,032,004
FUND BALANCES - ending	\$ 5,765,282	\$ 838,974	\$ 2,243,536	\$ 10,753,363	\$ -	\$ 19,601,155

**CITY OF HAPPY VALLEY, OREGON**  
**Schedules of Revenues, Expenditures and Changes in Fund Balance**  
**Actual and Budget**  
**for the year ended June 30, 2023**

**GENERAL FUND - GAAP BASIS**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
Property Taxes	\$ 2,415,000	\$ 2,415,000	\$ 2,414,914	\$ (86)
Licenses & Permits	5,150,000	5,150,000	5,038,904	(111,096)
Intergovernmental	1,127,000	1,127,000	1,533,023	406,023
Other Revenue	920,000	920,000	1,288,203	368,203
<b>TOTAL REVENUES</b>	<b>9,612,000</b>	<b>9,612,000</b>	<b>10,275,044</b>	<b>663,044</b>
<b>EXPENDITURES</b>				
Current:				
General Government	10,525,950	10,525,950	8,613,926	1,912,024
Public Safety	696,450	696,450	651,634	44,816
Capital Outlay	17,841,886	17,841,886	6,948,333	10,893,553
Contingency	3,923,242	3,923,242	-	3,923,242
<b>TOTAL EXPENDITURES</b>	<b>32,987,528</b>	<b>32,987,528</b>	<b>16,213,893</b>	<b>16,773,635</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(23,375,528)</b>	<b>(23,375,528)</b>	<b>(5,938,849)</b>	<b>17,436,679</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	6,708,000	6,708,000	1,508,000	(5,200,000)
Transfers Out	(5,200,000)	(5,200,000)	-	5,200,000
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>1,508,000</b>	<b>1,508,000</b>	<b>1,508,000</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(21,867,528)</b>	<b>(21,867,528)</b>	<b>(4,430,849)</b>	<b>17,436,679</b>
<b>FUND BALANCE - beginning</b>	<b>24,024,873</b>	<b>24,024,873</b>	<b>24,032,004</b>	<b>7,131</b>
<b>FUND BALANCE - ending</b>	<b>\$ 2,157,345</b>	<b>\$ 2,157,345</b>	<b>\$ 19,601,155</b>	<b>\$ 17,443,810</b>

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

**CITY OF HAPPY VALLEY, OREGON**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Actual and Budget**  
**for the year ended June 30, 2023**

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**GENERAL OPERATIONS RESERVE FUND - BUDGETARY BASIS**

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

**CITY OF HAPPY VALLEY, OREGON**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Actual and Budget**  
**for the year ended June 30, 2023**

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

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
PEG Fees	\$ 60,000	\$ 60,000	\$ 59,432	\$ (568)
Miscellaneous Revenue	10,000	10,000	-	(10,000)
<b>TOTAL REVENUES</b>	<b>70,000</b>	<b>70,000</b>	<b>59,432</b>	<b>(10,568)</b>
<b>EXPENDITURES</b>				
Materials and Services	650,000	650,000	324,233	325,767
Capital Outlay	900,000	900,000	252,437	647,563
<b>TOTAL EXPENDITURES</b>	<b>1,550,000</b>	<b>1,550,000</b>	<b>576,670</b>	<b>973,330</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(1,480,000)</b>	<b>(1,480,000)</b>	<b>(517,238)</b>	<b>962,762</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	500,000	500,000	500,000	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>500,000</b>	<b>500,000</b>	<b>500,000</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(980,000)</b>	<b>(980,000)</b>	<b>(17,238)</b>	<b>962,762</b>
<b>FUND BALANCE - beginning</b>	<b>2,298,371</b>	<b>2,298,371</b>	<b>2,260,774</b>	<b>(37,597)</b>
<b>FUND BALANCE - ending</b>	<b>\$ 1,318,371</b>	<b>\$ 1,318,371</b>	<b>\$ 2,243,536</b>	<b>\$ 925,165</b>

**CITY OF HAPPY VALLEY, OREGON**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Actual and Budget**  
**for the year ended June 30, 2023**

**FACILITY CAPITAL PROJECTS FUND - BUDGETARY BASIS**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
Miscellaneous Revenue	\$ -	\$ -	\$ 249,100	\$ 249,100
TOTAL REVENUES	-	-	249,100	249,100
<b>EXPENDITURES</b>				
Materials and Services	500,000	500,000	25,100	474,900
Capital Outlay	16,941,886	16,941,886	6,695,896	10,245,990
TOTAL EXPENDITURES	17,441,886	17,441,886	6,720,996	10,720,890
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(17,441,886)	(17,441,886)	(6,471,896)	10,969,990
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	4,700,000	4,700,000	4,700,000	-
TOTAL OTHER FINANCING SOURCES (USES)	4,700,000	4,700,000	4,700,000	-
NET CHANGE IN FUND BALANCE	(12,741,886)	(12,741,886)	(1,771,896)	10,720,890
FUND BALANCE - beginning	12,741,886	12,741,886	12,752,321	10,435
FUND BALANCE - ending	\$ -	\$ -	\$ 10,980,425	\$ 10,980,425
<b>RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS</b>				
NET CHANGE IN FUND BALANCE			\$ (1,771,896)	
Unrealized gain (loss) on investments			(44,543)	
CHANGE IN FUND BALANCE - GAAP BASIS			\$ (1,816,439)	

**CITY OF HAPPY VALLEY, OREGON**  
**Combining Balance Sheet**  
**Library Fund - Generally Accepted Accounting Principles**  
**June 30, 2023**

	Library Fund GAAP Basis	Library Reserve for Replacement Fund GAAP Basis	Library Fund Generally Accepted Accounting Principles
<b>ASSETS</b>			
Cash and Investments	\$ 1,160,998	\$ 4,874,975	\$ 6,035,973
<b>TOTAL ASSETS</b>	<u>\$ 1,160,998</u>	<u>\$ 4,874,975</u>	<u>\$ 6,035,973</u>
<b>LIABILITIES</b>			
Accounts Payable	\$ 17,778	\$ 22,687	\$ 40,465
Accrued Payroll	<u>32,000</u>	<u>-</u>	<u>32,000</u>
<b>TOTAL LIABILITIES</b>	<u>49,778</u>	<u>22,687</u>	<u>72,465</u>
<b>FUND BALANCES</b>			
Fund Balance By Category			
Restricted	<u>1,111,220</u>	<u>4,852,288</u>	<u>5,963,508</u>
<b>TOTAL FUND BALANCES</b>	<u>1,111,220</u>	<u>4,852,288</u>	<u>5,963,508</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 1,160,998</u>	<u>\$ 4,874,975</u>	<u>\$ 6,035,973</u>

**CITY OF HAPPY VALLEY, OREGON**  
**Combining Schedule of Revenues, Expenditures and Changes in Fund**  
**Balances - Library Fund - Generally Accepted Accounting Principles**  
**for the year ended June 30, 2023**

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	Library Fund GAAB Basis	Library Reserve for GAAB Basis	Eliminations	Library Fund Generally Accepted Accounting Principles
<b>REVENUES</b>				
District Revenue	\$ 3,372,636	\$ -	\$ -	\$ 3,372,636
Other Revenue	164,133	2,500	-	166,633
<b>TOTAL REVENUES</b>	<b>3,536,769</b>	<b>2,500</b>	<b>-</b>	<b>3,539,269</b>
<b>EXPENDITURES</b>				
Current:				
Cultural and Recreation	2,348,176	4,461	-	2,352,637
Capital Outlay	-	981,803	-	981,803
<b>TOTAL EXPENDITURES</b>	<b>2,348,176</b>	<b>986,264</b>	<b>-</b>	<b>3,334,440</b>
<b>EXCESS OF REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	<b>1,188,593</b>	<b>(983,764)</b>	<b>-</b>	<b>204,829</b>
<b>OTHER FINANCING SOURCES, (USES)</b>				
Transfers In	-	700,000	(700,000)	-
Transfers Out	(1,220,000)	-	700,000	(520,000)
<b>TOTAL OTHER FINANCING</b>				
<b>SOURCES (USES)</b>	<b>(1,220,000)</b>	<b>700,000</b>	<b>-</b>	<b>(520,000)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(31,407)</b>	<b>(283,764)</b>	<b>-</b>	<b>(315,171)</b>
<b>FUND BALANCES - beginning</b>	<b>1,142,627</b>	<b>5,136,052</b>	<b>-</b>	<b>6,278,679</b>
<b>FUND BALANCES - ending</b>	<b>\$ 1,111,220</b>	<b>\$ 4,852,288</b>	<b>\$ -</b>	<b>\$ 5,963,508</b>

**CITY OF HAPPY VALLEY, OREGON**  
**Schedules of Revenues, Expenditures and Changes in Fund Balance**  
**Actual and Budget**  
**for the year ended June 30, 2023**

**LIBRARY FUND - GAAP BASIS**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
Intergovernmental	\$ 3,406,000	\$ 3,406,000	\$ 3,372,636	\$ (33,364)
Other Revenue	98,000	98,000	166,633	68,633
<b>TOTAL REVENUES</b>	<b>3,504,000</b>	<b>3,504,000</b>	<b>3,539,269</b>	<b>35,269</b>
<b>EXPENDITURES</b>				
Current:				
Cultural and Recreation	2,797,900	2,797,900	2,352,637	445,263
Capital Outlay	5,718,290	5,718,290	981,803	4,736,487
Contingency	938,246	938,246	-	938,246
<b>TOTAL EXPENDITURES</b>	<b>9,454,436</b>	<b>9,454,436</b>	<b>3,334,440</b>	<b>6,119,996</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(5,950,436)</b>	<b>(5,950,436)</b>	<b>204,829</b>	<b>6,155,265</b>
<b>OTHER FINANCING SOURCES, (USES)</b>				
Transfers Out	(520,000)	(520,000)	(520,000)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(520,000)</b>	<b>(520,000)</b>	<b>(520,000)</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(6,470,436)</b>	<b>(6,470,436)</b>	<b>(315,171)</b>	<b>6,155,265</b>
<b>FUND BALANCE - beginning</b>	<b>6,470,436</b>	<b>6,470,436</b>	<b>6,278,679</b>	<b>(191,757)</b>
<b>FUND BALANCE - ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,963,508</b>	<b>\$ 5,963,508</b>

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



**CITY OF HAPPY VALLEY, OREGON**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Actual and Budget**  
**for the year ended June 30, 2023**

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

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
Miscellaneous Revenue	\$ -	\$ -	\$ 2,500	\$ 2,500
<b>TOTAL REVENUES</b>	<u>-</u>	<u>-</u>	<u>2,500</u>	<u>2,500</u>
<b>EXPENDITURES</b>				
Materials and Services	150,000	150,000	4,461	145,539
Capital Outlay	<u>5,718,290</u>	<u>5,718,290</u>	<u>981,803</u>	<u>4,736,487</u>
<b>TOTAL EXPENDITURES</b>	<u>5,868,290</u>	<u>5,868,290</u>	<u>986,264</u>	<u>4,882,026</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(5,868,290)</u>	<u>(5,868,290)</u>	<u>(983,764)</u>	<u>4,884,526</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	<u>700,000</u>	<u>700,000</u>	<u>700,000</u>	<u>-</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u> <u>700,000</u>	<u>-</u> <u>700,000</u>	<u>-</u> <u>700,000</u>	<u>-</u> <u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(5,168,290)</u>	<u>(5,168,290)</u>	<u>(283,764)</u>	<u>4,882,026</u>
<b>FUND BALANCE - beginning</b>	<u>5,168,290</u>	<u>5,168,290</u>	<u>5,136,052</u>	<u>(32,238)</u>
<b>FUND BALANCE - ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,852,288</u>	<u>\$ 4,852,288</u>

**CITY OF HAPPY VALLEY, OREGON**  
**Balance Sheet**  
**Governmental Funds - Non-Major**  
**June 30, 2023**

	<u>Parks Fund - GAAP</u>	<u>Street Fund GAAP</u>	<u>Pedestrian Improvement Projects - GAAP</u>	<u>Storm SDC Fund - GAAP</u>	<u>Parks Capital Projects Fund GAAP</u>	<u>Total</u>
<b>ASSETS</b>						
Cash and Investments	\$ 2,169,914	\$ 3,396,847	\$ 1,617,600	\$ 756,341	\$ 7,017,941	\$ 14,958,643
Prepaid items	20,404	-	-	-	-	20,404
Accounts Receivable	27,670	249,344	41,759	-	-	318,773
Property Tax Receivable	52,615	-	-	-	-	52,615
<b>TOTAL ASSETS</b>	<u><u>\$ 2,270,603</u></u>	<u><u>\$ 3,646,191</u></u>	<u><u>\$ 1,659,359</u></u>	<u><u>\$ 756,341</u></u>	<u><u>\$ 7,017,941</u></u>	<u><u>\$ 15,350,435</u></u>
<b>LIABILITIES</b>						
Accounts Payable	\$ 31,081	\$ 21,106	\$ 1,146	\$ -	\$ 4,086	\$ 57,419
Accrued Payroll Liabilities	13,759	6,690	-	-	-	20,449
<b>TOTAL LIABILITIES</b>	<u>44,840</u>	<u>27,796</u>	<u>1,146</u>	<u>-</u>	<u>4,086</u>	<u>77,868</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue - property taxes	49,214	-	-	-	-	49,214
<b>FUND BALANCES</b>						
Fund Balance By Category						
Nonspendable	20,404	-	-	-	-	20,404
Restricted	2,156,145	3,618,395	1,658,213	756,341	7,013,855	15,202,949
<b>TOTAL FUND BALANCES</b>	<u>2,176,549</u>	<u>3,618,395</u>	<u>1,658,213</u>	<u>756,341</u>	<u>7,013,855</u>	<u>15,223,353</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>	<u><u>\$ 2,270,603</u></u>	<u><u>\$ 3,646,191</u></u>	<u><u>\$ 1,659,359</u></u>	<u><u>\$ 756,341</u></u>	<u><u>\$ 7,017,941</u></u>	<u><u>\$ 15,350,435</u></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, 2023**

	Parks Fund - GAAP	Street Fund GAAP	Pedestrian Improvement Projects - GAAP	Storm SDC Fund - GAAP	Parks Capital Projects Fund GAAP	Urban Renewal Debt Service Fund	Total
<b>REVENUES</b>							
Property Taxes	\$ 2,074,301	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,074,301
Gas Tax Revenue	-	2,061,788	-	-	-	-	2,061,788
Licenses and Permits	-	234,625	234,625	-	-	-	469,250
System Development Charges	-	-	-	44,447	-	-	44,447
Intergovernmental Revenues	57,412	-	-	-	-	-	57,412
Other Revenue	160,573	336,221	21,942	29,954	79,575	-	628,265
<b>TOTAL REVENUES</b>	<b>2,292,286</b>	<b>2,632,634</b>	<b>256,567</b>	<b>74,401</b>	<b>79,575</b>	<b>-</b>	<b>5,335,463</b>
<b>EXPENDITURES</b>							
Current							
General Government	-	-	20,195	-	-	-	20,195
Cultural and Recreation	1,162,217	-	-	-	-	-	1,162,217
Highways and Streets	-	924,078	-	-	-	-	924,078
Debt Service	-	-	-	-	-	1,068,362	1,068,362
Capital Outlay	119,648	2,085,379	-	747,027	1,635,918	-	4,587,972
<b>TOTAL EXPENDITURES</b>	<b>1,281,865</b>	<b>3,009,457</b>	<b>20,195</b>	<b>747,027</b>	<b>1,635,918</b>	<b>1,068,362</b>	<b>7,762,824</b>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,010,421	(376,823)	236,372	(672,626)	(1,556,343)	(1,068,362)	(2,427,361)
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers In	-	-	-	-	-	1,068,362	1,068,362
Transfers Out	(245,000)	(200,000)	(28,000)	-	-	-	(473,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(245,000)</b>	<b>(200,000)</b>	<b>(28,000)</b>	<b>-</b>	<b>-</b>	<b>1,068,362</b>	<b>595,362</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>765,421</b>	<b>(576,823)</b>	<b>208,372</b>	<b>(672,626)</b>	<b>(1,556,343)</b>	<b>-</b>	<b>(1,831,999)</b>
<b>FUND BALANCES - beginning</b>	<b>1,411,128</b>	<b>4,195,218</b>	<b>1,449,841</b>	<b>1,428,967</b>	<b>8,570,198</b>	<b>-</b>	<b>17,055,352</b>
<b>FUND BALANCES - ending</b>	<b>\$ 2,176,549</b>	<b>\$ 3,618,395</b>	<b>\$ 1,658,213</b>	<b>\$ 756,341</b>	<b>\$ 7,013,855</b>	<b>\$ -</b>	<b>\$ 15,223,353</b>

**CITY OF HAPPY VALLEY, OREGON**  
**Combining Balance Sheet**  
**Street Fund - Generally Accepted Accounting Principles**  
**June 30, 2023**

	Street Fund GAAP Basis	Street Reserve for Replacement Fund GAAP Basis	Street Fund Generally Accepted Accounting Principles
<b>ASSETS</b>			
Cash and Investments	\$ 34,742	\$ 3,362,105	\$ 3,396,847
Accounts Receivable	249,344	-	249,344
<b>TOTAL ASSETS</b>	<b>\$ 284,086</b>	<b>\$ 3,362,105</b>	<b>\$ 3,646,191</b>
<b>LIABILITIES</b>			
Accounts Payable	\$ 21,106	\$ -	\$ 21,106
Accrued Payroll	6,690	-	6,690
<b>TOTAL LIABILITIES</b>	<b>27,796</b>	<b>-</b>	<b>27,796</b>
<b>FUND BALANCES</b>			
Fund Balance By Category			
Nonspendable	-	-	-
Restricted	256,290	3,362,105	3,618,395
<b>TOTAL FUND BALANCES</b>	<b>256,290</b>	<b>3,362,105</b>	<b>3,618,395</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 284,086</b>	<b>\$ 3,362,105</b>	<b>\$ 3,646,191</b>

**CITY OF HAPPY VALLEY, OREGON**

**Combining Schedule of Revenues, Expenditures and Changes in Fund  
Balances - Street Fund - Generally Accepted Accounting Principles  
for the year ended June 30, 2023**

	Street Fund GAAP Basis	Street Reserve for Replacement GAAP Basis	Eliminations	Street Fund Generally Accepted Accounting Principles
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Gas Tax	2,061,788	-	-	2,061,788
Local Fuel Tax	119,342	-	-	119,342
Vehicle Registration Fee	234,625	-	-	234,625
Other Revenue	71,090	145,789	-	216,879
<b>TOTAL REVENUES</b>	<b>2,486,845</b>	<b>145,789</b>	<b>-</b>	<b>2,632,634</b>
<b>EXPENDITURES</b>				
Current:				
Street	922,201	1,877	-	924,078
Capital Outlay	1,245,755	839,624	-	2,085,379
<b>TOTAL EXPENDITURES</b>	<b>2,167,956</b>	<b>841,501</b>	<b>-</b>	<b>3,009,457</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>318,889</b>	<b>(695,712)</b>	<b>-</b>	<b>(376,823)</b>
<b>OTHER FINANCING SOURCES, (USES)</b>				
Transfers In	-	100,000	(100,000)	-
Transfers Out	(300,000)	-	100,000	(200,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(300,000)</b>	<b>100,000</b>	<b>-</b>	<b>(200,000)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>18,889</b>	<b>(595,712)</b>	<b>-</b>	<b>(576,823)</b>
<b>FUND BALANCES - beginning</b>	<b>237,401</b>	<b>3,957,817</b>	<b>-</b>	<b>4,195,218</b>
<b>FUND BALANCES - ending</b>	<b>\$ 256,290</b>	<b>\$ 3,362,105</b>	<b>\$ -</b>	<b>\$ 3,618,395</b>

**CITY OF HAPPY VALLEY, OREGON**  
**Schedules of Revenues, Expenditures and Changes in Fund Balance**  
**Actual and Budget**  
**for the year ended June 30, 2023**

**STREET FUND - GAAP BASIS**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
Gas Tax	\$ 2,000,000	\$ 2,000,000	\$ 2,061,788	\$ 61,788
Local Fuel Tax	130,000	130,000	119,342	(10,658)
Vehicle Registration Fee	260,000	260,000	234,625	(25,375)
Intergovernmental	150,000	150,000	-	(150,000)
Other Revenue	120,000	120,000	216,879	96,879
<b>TOTAL REVENUES</b>	<b>2,660,000</b>	<b>2,660,000</b>	<b>2,632,634</b>	<b>(27,366)</b>
<b>EXPENDITURES</b>				
Current:				
Highways and Streets	1,071,900	1,071,900	924,078	147,822
Capital Outlay	2,298,652	2,298,652	2,085,379	213,273
Contingency	381,784	381,784	-	381,784
<b>TOTAL EXPENDITURES</b>	<b>3,752,336</b>	<b>3,752,336</b>	<b>3,009,457</b>	<b>361,095</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(1,092,336)</b>	<b>(1,092,336)</b>	<b>(376,823)</b>	<b>715,513</b>
<b>OTHER FINANCING SOURCES, (USES)</b>				
Transfers Out	(200,000)	(200,000)	(200,000)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(200,000)</b>	<b>(200,000)</b>	<b>(200,000)</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(1,292,336)</b>	<b>(1,292,336)</b>	<b>(576,823)</b>	<b>715,513</b>
<b>FUND BALANCE - beginning</b>	<b>4,292,336</b>	<b>4,292,336</b>	<b>4,195,218</b>	<b>(97,118)</b>
<b>FUND BALANCE - ending</b>	<b>\$ 3,000,000</b>	<b>\$ 3,000,000</b>	<b>\$ 3,618,395</b>	<b>\$ 618,395</b>

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

**CITY OF HAPPY VALLEY, OREGON**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Actual and Budget**  
**for the year ended June 30, 2023**

**STREET FUND - BUDGETARY BASIS**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
Intergovernmental	\$ 150,000	\$ 150,000	\$ -	\$ (150,000)
Gas Tax	2,000,000	2,000,000	2,061,788	61,788
Local Fuel Tax	130,000	130,000	119,342	(10,658)
Vehicle Registration Fee	260,000	260,000	234,625	(25,375)
Unrealized Gain/loss	-	-	-	-
Miscellaneous Revenue	20,000	20,000	71,828	51,828
<b>TOTAL REVENUES</b>	<b>2,560,000</b>	<b>2,560,000</b>	<b>2,487,583</b>	<b>(72,417)</b>
<b>EXPENDITURES</b>				
Personal Services	426,900	426,900	372,548	54,352
Materials and Services	520,000	570,000	549,653	20,347
Capital Outlay	1,300,000	1,300,000	1,245,755	54,245
Contingency	381,784	331,784	-	331,784
<b>TOTAL EXPENDITURES</b>	<b>2,628,684</b>	<b>2,628,684</b>	<b>2,167,956</b>	<b>460,728</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(68,684)</b>	<b>(68,684)</b>	<b>319,627</b>	<b>388,311</b>
<b>OTHER FINANCING SOURCES, (USES)</b>				
Transfers Out To:				
General Fund	(200,000)	(200,000)	(200,000)	-
Reserve for Replacement	(100,000)	(100,000)	(100,000)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(300,000)</b>	<b>(300,000)</b>	<b>(300,000)</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(368,684)</b>	<b>(368,684)</b>	<b>19,627</b>	<b>388,311</b>
<b>FUND BALANCE - beginning</b>	<b>368,684</b>	<b>368,684</b>	<b>308,458</b>	<b>(60,226)</b>
<b>FUND BALANCE - ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 328,085</b>	<b>\$ 328,085</b>

**CITY OF HAPPY VALLEY, OREGON**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Actual and Budget**  
**for the year ended June 30, 2023**

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

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
Fee in Lieu	\$	\$ -	\$ 145,789	\$ 145,789
Miscellaneous Revenue	100,000	100,000	-	(100,000)
<b>TOTAL REVENUES</b>	100,000	100,000	145,789	45,789
<b>EXPENDITURES</b>				
Materials and Services	125,000	125,000	1,877	123,123
Capital Outlay	998,652	998,652	839,624	159,028
<b>TOTAL EXPENDITURES</b>	1,123,652	1,123,652	841,501	282,151
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(1,023,652)	(1,023,652)	(695,712)	327,940
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	100,000	100,000	100,000	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	- 100,000	100,000	100,000	-
<b>NET CHANGE IN FUND BALANCE</b>	(923,652)	(923,652)	(595,712)	327,940
<b>FUND BALANCE - beginning</b>	3,923,652	3,923,652	3,957,817	34,165
<b>FUND BALANCE - ending</b>	<u>\$ 3,000,000</u>	<u>\$ 3,000,000</u>	<u>\$ 3,362,105</u>	<u>\$ 362,105</u>



**CITY OF HAPPY VALLEY, OREGON**  
**Combining Balance Sheet**  
**Parks Fund - Generally Accepted Accounting Principles**  
**June 30, 2023**

	Parks Fund GAAP Basis	Parks Reserve for Replacement Fund GAAP Basis	Parks Fund Generally Accepted Accounting Principles
<b>ASSETS</b>			
Cash and Investments	\$ 603,940	\$ 1,565,974	\$ 2,169,914
Prepaid items	20,404	-	20,404
Accounts Receivable	27,670	-	27,670
Property Tax Receivable	52,615	-	52,615
<b>TOTAL ASSETS</b>	<b>\$ 704,629</b>	<b>\$ 1,565,974</b>	<b>\$ 2,270,603</b>
<b>LIABILITIES</b>			
Accounts Payable	\$ 31,081	\$ -	\$ 31,081
Accrued Payroll	13,759	-	13,759
<b>TOTAL LIABILITIES</b>	<b>44,840</b>	<b>-</b>	<b>44,840</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable Revenue - Property Taxes	49,214	-	49,214
<b>FUND BALANCES</b>			
Fund Balance By Category			
Nonspendable	20,404	-	20,404
Restricted	590,171	1,565,974	2,156,145
<b>TOTAL FUND BALANCES</b>	<b>610,575</b>	<b>1,565,974</b>	<b>2,176,549</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 704,629</b>	<b>\$ 1,565,974</b>	<b>\$ 2,270,603</b>

**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, 2023**

	Parks Fund GAAP Basis	Parks Reserve for Replacement GAAP Basis	Eliminations	Parks Fund Generally Accepted Accounting Principles
<b>REVENUES</b>				
Property Taxes	\$ 2,074,301	\$ -	\$ -	\$ 2,074,301
Intergovernmental	57,412	-	-	57,412
Local Fuel Tax	-	-	-	-
Other Revenue	160,573	-	-	160,573
<b>TOTAL REVENUES</b>	<b>2,292,286</b>	<b>-</b>	<b>-</b>	<b>2,292,286</b>
<b>EXPENDITURES</b>				
Current:				
Cultural and Recreation	1,159,021	3,196	-	1,162,217
Capital Outlay	-	119,648	-	119,648
<b>TOTAL EXPENDITURES</b>	<b>1,159,021</b>	<b>122,844</b>	<b>-</b>	<b>1,281,865</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>1,133,265</b>	<b>(122,844)</b>	<b>-</b>	<b>1,010,421</b>
<b>OTHER FINANCING SOURCES, (USES)</b>				
Transfers In	-	800,000	(800,000)	-
Transfers Out	(1,045,000)	-	800,000	(245,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(1,045,000)</b>	<b>800,000</b>	<b>-</b>	<b>(245,000)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>88,265</b>	<b>677,156</b>	<b>-</b>	<b>765,421</b>
<b>FUND BALANCES - beginning</b>	<b>522,310</b>	<b>888,818</b>	<b>-</b>	<b>1,411,128</b>
<b>FUND BALANCES - ending</b>	<b>\$ 610,575</b>	<b>\$ 1,565,974</b>	<b>\$ -</b>	<b>\$ 2,176,549</b>

**CITY OF HAPPY VALLEY, OREGON**  
**Schedules of Revenues, Expenditures and Changes in Fund Balance**  
**Actual and Budget**  
**for the year ended June 30, 2023**

**PARKS FUND - GAAP**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
Property Taxes	\$ 1,960,000	\$ 1,960,000	\$ 2,074,301	\$ 114,301
Other Revenue	250,000	250,000	217,985	(32,015)
<b>TOTAL REVENUES</b>	<b>2,210,000</b>	<b>2,210,000</b>	<b>2,292,286</b>	<b>82,286</b>
<b>EXPENDITURES</b>				
Current:				
Cultural and Recreation	1,506,800	1,506,800	1,162,217	344,583
Capital Outlay	240,000	240,000	119,648	120,352
Contingency	607,535	607,535	-	607,535
<b>TOTAL EXPENDITURES</b>	<b>2,354,335</b>	<b>2,354,335</b>	<b>1,281,865</b>	<b>1,072,470</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>1,010,421</b>	<b>1,010,421</b>
<b>OTHER FINANCING SOURCES, (USES)</b>				
Transfers Out	(245,000)	(245,000)	(245,000)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(245,000)</b>	<b>(245,000)</b>	<b>(245,000)</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(389,335)</b>	<b>(389,335)</b>	<b>765,421</b>	<b>1,154,756</b>
<b>FUND BALANCE - beginning</b>	<b>1,813,153</b>	<b>1,813,153</b>	<b>1,411,128</b>	<b>(402,025)</b>
<b>FUND BALANCE - ending</b>	<b>\$ 1,423,818</b>	<b>\$ 1,423,818</b>	<b>\$ 2,176,549</b>	<b>\$ 752,731</b>

Does not demonstrate compliance at the legal level of budgetary control, see the Parks 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, 2023**

**PARKS FUND - BUDGETARY BASIS**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
Property Taxes	\$ 1,960,000	\$ 1,960,000	\$ 2,074,301	\$ 114,301
Intergovernmental	20,000	20,000	-	(20,000)
User Related	40,000	40,000	41,200	1,200
Program Fees	15,000	15,000	25,192	10,192
Event Revenue	100,000	100,000	39,776	(60,224)
Grant Revenue	25,000	25,000	57,412	32,412
Miscellaneous Revenue	50,000	50,000	80,146	30,146
<b>TOTAL REVENUES</b>	<b>2,210,000</b>	<b>2,210,000</b>	<b>2,318,027</b>	<b>108,027</b>
<b>EXPENDITURES</b>				
Current:				
Operations	811,800	811,800	657,424	154,376
Programming	600,000	600,000	499,529	100,471
Non-departmental	35,000	35,000	2,068	32,932
Contingency	607,535	607,535	-	607,535
<b>TOTAL EXPENDITURES</b>	<b>2,054,335</b>	<b>2,054,335</b>	<b>1,159,021</b>	<b>895,314</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>1,159,006</b>	<b>1,159,006</b>
<b>OTHER FINANCING SOURCES, (USES)</b>				
Transfers Out To:				
General Fund	(245,000)	(245,000)	(245,000)	-
Parks Capital Fund	(800,000)	(800,000)	(800,000)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(1,045,000)</b>	<b>(1,045,000)</b>	<b>(1,045,000)</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(889,335)</b>	<b>(889,335)</b>	<b>114,006</b>	<b>1,003,341</b>
<b>FUND BALANCE - beginning</b>	<b>889,335</b>	<b>889,335</b>	<b>543,108</b>	<b>(346,227)</b>
<b>FUND BALANCE - ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 657,114</b>	<b>\$ 657,114</b>
<b>RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS</b>				
<b>NET CHANGE IN FUND BALANCE</b>			<b>\$ 114,006</b>	
Unrealized gain (loss) on investments			<u>(25,741)</u>	
<b>CHANGE IN FUND BALANCE - GAAP BASIS</b>			<u><b>\$ 88,265</b></u>	

**CITY OF HAPPY VALLEY, OREGON**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Actual and Budget**  
**for the year ended June 30, 2023**

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

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>EXPENDITURES</b>				
Materials and Services	60,000	60,000	3,196	56,804
Capital Outlay	240,000	240,000	119,648	120,352
<b>TOTAL EXPENDITURES</b>	<b>300,000</b>	<b>300,000</b>	<b>122,844</b>	<b>177,156</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(300,000)</b>	<b>(300,000)</b>	<b>(122,844)</b>	<b>177,156</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	800,000	800,000	800,000	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>800,000</b>	<b>800,000</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>500,000</b>	<b>500,000</b>	<b>677,156</b>	<b>177,156</b>
<b>FUND BALANCE - beginning</b>	<b>923,818</b>	<b>923,818</b>	<b>888,818</b>	<b>(35,000)</b>
<b>FUND BALANCE - ending</b>	<b>\$ 1,423,818</b>	<b>\$ 1,423,818</b>	<b>\$ 1,565,974</b>	<b>\$ 142,156</b>

**CITY OF HAPPY VALLEY, OREGON**  
**Schedules of Revenues, Expenditures and Changes in Fund Balance**  
**Actual and Budget**  
**for the year ended June 30, 2023**

**PEDESTRIAN IMPROVEMENT PROJECTS FUND - BUDGETARY BASIS**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
Vehicle Registration Fees	\$ 260,000	\$ 260,000	\$ 234,625	\$ (25,375)
Miscellaneous Revenue	10,000	10,000	32,362	22,362
<b>TOTAL REVENUES</b>	<b>270,000</b>	<b>270,000</b>	<b>266,987</b>	<b>(3,013)</b>
<b>EXPENDITURES</b>				
Materials and Services	30,000	30,000	20,195	9,805
Capital Outlay	1,700,911	1,700,911	-	1,700,911
<b>TOTAL EXPENDITURES</b>	<b>1,730,911</b>	<b>1,730,911</b>	<b>20,195</b>	<b>1,710,716</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(1,460,911)</b>	<b>(1,460,911)</b>	<b>246,792</b>	<b>1,707,703</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out To:				
General Fund	(28,000)	(28,000)	(28,000)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(28,000)</b>	<b>(28,000)</b>	<b>(28,000)</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(1,488,911)</b>	<b>(1,488,911)</b>	<b>218,792</b>	<b>1,707,703</b>
<b>FUND BALANCE - beginning</b>	<b>1,488,911</b>	<b>1,488,911</b>	<b>1,473,562</b>	<b>(15,349)</b>
<b>FUND BALANCE - ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,692,354</b>	<b>\$ 1,692,354</b>
<b>RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS</b>				
<b>NET CHANGE IN FUND BALANCE</b>			<b>\$ 218,792</b>	
Unrealized gain (loss) on investments			(10,420)	
<b>CHANGE IN FUND BALANCE - GAAP BASIS</b>			<b>\$ 208,372</b>	

**CITY OF HAPPY VALLEY, OREGON**  
**Schedules of Revenues, Expenditures and Changes in Fund Balance**  
**Actual and Budget**  
**for the year ended June 30, 2023**

**STORM SYSTEM DEVELOPMENT FUND - BUDGETARY BASIS**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
SDC-Storm Drainage	\$ 100,000	\$ 100,000	\$ 44,447	\$ (55,553)
Miscellaneous Revenue	20,000	20,000	21,719	1,719
<b>TOTAL REVENUES</b>	<b>120,000</b>	<b>120,000</b>	<b>66,166</b>	<b>(53,834)</b>
<b>EXPENDITURES</b>				
Materials and Services	200,000	200,000	-	200,000
Capital Outlay	1,273,963	1,273,963	747,027	526,936
<b>TOTAL EXPENDITURES</b>	<b>1,473,963</b>	<b>1,473,963</b>	<b>747,027</b>	<b>726,936</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(1,353,963)</b>	<b>(1,353,963)</b>	<b>(680,861)</b>	<b>673,102</b>
<b>FUND BALANCE - beginning</b>	<b>1,353,963</b>	<b>1,353,963</b>	<b>1,453,069</b>	<b>99,106</b>
<b>FUND BALANCE - ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 772,208</b>	<b>\$ 772,208</b>
<b>RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS</b>				
<b>NET CHANGE IN FUND BALANCE</b>			<b>\$ (680,861)</b>	
Unrealized gain (loss) on investments			8,235	
<b>CHANGE IN FUND BALANCE - GAAP BASIS</b>			<b>\$ (672,626)</b>	

**CITY OF HAPPY VALLEY, OREGON**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Actual and Budget**  
**for the year ended June 30, 2023**

**PARKS CAPITAL PROJECTS FUND - BUDGETARY BASIS**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
Miscellaneous Revenue	\$ 25,000	\$ 25,000	\$ 144,749	\$ 119,749
TOTAL REVENUES	25,000	25,000	144,749	119,749
<b>EXPENDITURES</b>				
Capital Outlay	9,028,220	9,028,220	1,635,918	7,392,302
TOTAL EXPENDITURES	9,028,220	9,028,220	1,635,918	7,392,302
NET CHANGE IN FUND BALANCE	(9,003,220)	(9,003,220)	(1,491,169)	7,512,051
FUND BALANCE - beginning	9,003,220	9,003,220	8,653,097	(350,123)
FUND BALANCE - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,161,928</u>	<u>\$ 7,161,928</u>
<b>RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS</b>				
NET CHANGE IN FUND BALANCE			\$ (1,491,169)	
Unrealized gain (loss) on investments			<u>(65,174)</u>	
CHANGE IN FUND BALANCE - GAAP BASIS			<u>\$ (1,556,343)</u>	



**CITY OF HAPPY VALLEY, OREGON**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Actual and Budget**  
**for the year ended June 30, 2023**

**URBAN RENEWAL DEBT SERVICE FUND - BUDGETARY BASIS**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>EXPENDITURES</b>				
Debt Service				
Principal	\$ -	\$ 875,000	\$ 875,000	\$ -
Interest	-	525,000	193,362	331,638
Total Debt Service	-	1,400,000	1,068,362	331,638
TOTAL EXPENDITURES	-	1,400,000	1,068,362	331,638
<b>OTHER FINANCING SOURCES</b>				
Transfers In				
From Urban Renewal General Fund	-	1,400,000	1,068,362	(331,638)
NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE - beginning	-	-	-	-
FUND BALANCE - ending	\$ -	\$ -	\$ -	\$ -

CITY OF HAPPY VALLEY  
CLACKAMAS COUNTY, OREGON

STATISTICAL SECTION

CITY OF HAPPY VALLEY  
CLACKAMAS COUNTY, OREGON

OTHER FINANCIAL SCHEDULES

# STATISTICAL SECTION

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

Table of Contents	Page
Financial Trends	76 - 79
<i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	
Revenue Capacity	80 - 83
<i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	
Debt Capacity	84 - 87
<i>These schedules present 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	88 - 92
<i>These schedules contains service and data 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>	

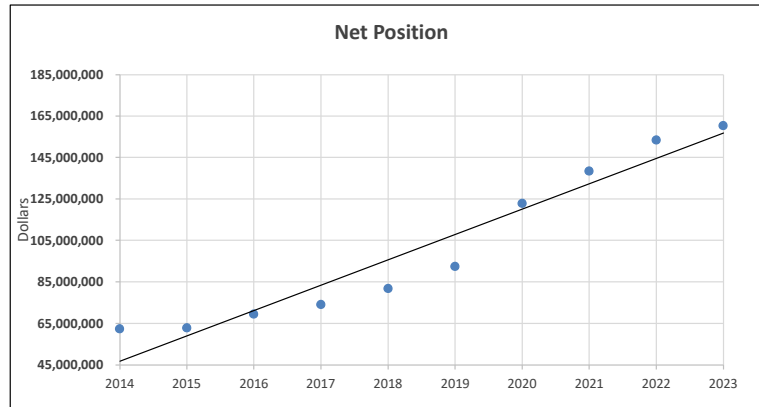
**CITY OF HAPPY VALLEY, OREGON**

**Net Position by Component**

**Last Ten Fiscal Years**

**(accrual basis of accounting)**

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental activities										
Net investment in capital assets	\$ 50,075,936	\$ 50,101,809	\$ 52,179,591	\$ 57,448,724	\$ 56,219,206	\$ 60,231,610	\$ 64,013,771	\$ 74,942,461	\$ 82,140,064	\$ 92,437,524
Net position - restricted	3,357,477	3,520,302	7,554,021	8,398,586	15,862,229	22,893,497	46,747,915	43,301,090	51,228,063	54,260,802
Net position - unrestricted	8,885,486	9,208,316	9,695,509	8,266,552	9,601,286	9,351,031	12,024,077	20,242,560	20,025,650	13,578,645
Total governmental activities net position	<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>	<u>\$ 153,393,777</u>	<u>\$ 160,276,971</u>



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

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses										
Governmental Activities:										
General government	\$ 8,447,692	\$ 8,427,337	\$ 6,589,158	\$ 6,568,236	\$ 7,512,604	\$ 7,423,795	\$ 9,132,517	\$ 9,461,266	\$ 8,963,771	\$ 10,853,686
Cultural and Recreation	281,561	285,790	2,450,253	2,381,909	2,812,621	3,284,384	3,613,606	3,372,695	3,898,162	5,122,723
Public Safety	-	-	3,317,382	3,513,955	3,592,448	3,928,333	4,746,220	4,860,512	5,024,529	5,395,622
Highways and Streets	770,717	767,425	2,253,225	2,132,690	2,244,148	3,032,215	3,930,834	6,062,977	4,350,347	4,157,987
Interest of long term debt	167,642	158,717	151,700	106,299	-	-	-	-	-	116,492
Total Expenses	<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>	<u>22,236,809</u>	<u>25,646,510</u>
Program Revenues										
Governmental Activities:										
Charges for services										
General government	\$ 3,498,523	\$ 2,485,750	\$ 3,485,268	\$ 3,409,827	\$ 3,287,788	\$ 2,570,425	\$ 6,426,763	\$ 4,835,907	\$ 5,043,096	\$ 2,643,924
Cultural and Recreation	-	-	42,554	44,019	527,013	1,162,285	5,033,070	3,398,086	131,360	100,137
Public Safety	-	-	579,912	569,509	730,074	634,947	637,548	676,585	774,293	598,198
Highways and Streets	206,470	67,584	150,134	73,112	6,019,791	2,012,420	4,586,571	6,832,526	-	-
Operating grants and contributions	-	-	-	-	-	-	-	226,491	4,782,867	2,061,788
Capital grants and contributions	-	-	-	-	-	-	-	-	11,001,109	2,162,804
Total Program Revenues	<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>15,969,595</u>	<u>21,732,725</u>	<u>7,566,851</u>
Net (Expense)/Revenue										
Governmental Activities	<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>\$ (7,787,855)</u>	<u>\$ (504,084)</u>	<u>\$ (18,079,659)</u>
General Revenues										
Governmental Activities:										
Property Taxes	\$ 3,724,620	\$ 4,063,743	\$ 4,531,874	\$ 4,922,420	\$ 5,409,062	7,411,559	6,232,884	9,270,145	10,412,504	13,027,405
Other Taxes	875,088	1,934,097	2,100,890	2,662,833	2,876,421	3,166,856	3,268,927	3,557,646	4,098,787	2,394,980
Intergovernmental-unrestricted	851,229	847,935	845,854	1,052,558	1,073,088	1,076,387	15,265,741	1,396,417	1,151,303	1,590,435
Other Revenue	1,411,651	1,784,873	6,698,822	6,653,552	3,898,629	10,427,265	10,281,298	9,263,995	4,111,197	6,013,165
Gain (loss) on sale of capital assets	-	-	-	-	-	-	-	-	-	-
Special Item	-	-	2,925,104	-	-	-	-	-	-	-
Total general revenues, transfers, and special item	<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>\$ 23,488,203</u>	<u>\$ 19,773,791</u>	<u>\$ 23,025,985</u>
Change in Net Position	<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>	<u>\$ 19,269,707</u>	<u>\$ 4,946,326</u>

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

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund										
Nonspendable	\$ 20,963	\$ 46,655	\$ 20,054	\$ 152,186	\$ 42,773	\$ 60,998	\$ 68,139	\$ 62,786	\$ 45,878	\$ 156,605
Restricted	574,984	526,381	677,784	919,791	917,259	879,969	846,032	793,450	698,450	738,195
Committed	3,413,463	5,132,372	5,860,117	3,688,533	4,965,481	7,952,893	8,058,724	12,264,231	14,971,100	13,097,678
Assigned	-	-	-	-	-	-	-	-	-	5,608,677
Unassigned	5,048,990	3,059,652	4,186,913	5,017,696	5,839,541	5,079,303	7,268,787	6,601,872	8,316,576	-
Total general fund	<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>	<u>\$ 24,032,004</u>	<u>\$ 19,601,155</u>
All other governmental funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ 30,739	\$ 16,964	\$ 5,500	\$ 19,910	\$ 34,612	\$ 20,404
Restricted	2,571,310	2,810,133	2,795,863	7,326,609	16,373,527	21,996,564	45,821,739	44,434,715	52,226,774	53,502,203
Committed	(439,251)	313,914	1,145,945	1,415,222	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	(22,812)	-	(1,819)	-	-	-
Total all other governmental funds	<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>\$ 44,454,625</u>	<u>\$ 52,261,386</u>	<u>\$ 53,522,607</u>

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

	<b>Fiscal Year</b>									
	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
<b>REVENUES</b>										
Property taxes	\$ 3,732,944	\$ 4,052,038	\$ 4,506,549	\$ 4,906,710	\$ 5,375,507	\$ 7,532,788	\$ 6,233,986	\$ 9,226,712	\$ 10,308,979	\$ 13,049,004
Gas Tax	875,088	930,226	1,010,589	1,090,431	1,262,946	1,506,599	1,465,576	1,645,180	1,952,952	2,061,788
Licenses and permits	3,611,799	3,489,621	4,575,569	4,982,229	4,901,263	4,230,682	7,003,002	6,748,373	7,653,889	5,508,154
System Development Charges	93,194	67,584	150,134	73,112	6,500,493	3,127,052	9,486,619	5,867,429	8,382,973	644,898
Intergovernmental	851,229	847,935	845,854	1,052,558	1,073,088	1,076,387	16,600,010	1,622,908	5,934,170	4,963,071
Other Revenue	1,035,281	1,059,457	3,580,331	4,141,667	4,325,209	5,276,486	4,984,949	6,895,061	4,551,892	2,869,614
Total Revenues	<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>	<u>38,784,855</u>	<u>29,096,529</u>
<b>EXPENDITURES</b>										
Current:										
General Government	*	*	5,403,850	5,974,827	6,460,760	6,397,938	9,265,149	7,917,210	8,494,880	9,789,966
Cultural and Recreation	*	*	1,907,849	1,973,780	2,381,213	2,831,018	2,974,655	2,968,873	3,589,535	3,547,105
Public Safety	*	*	3,160,695	3,434,639	3,481,046	3,800,586	4,564,164	4,743,766	4,956,888	5,317,050
Highways and Streets	*	*	427,049	539,175	722,703	666,383	971,106	1,026,313	1,176,252	1,052,676
Personal Services	3,622,454	3,981,299	-	-	-	-	-	-	-	-
Materials & Services	3,864,569	4,460,263	-	-	-	-	-	-	-	-
Debt Service:										
Principal	205,000	215,000	220,000	3,530,000	-	-	-	-	-	875,000
Interest and fiscal charges	169,869	160,944	151,700	106,299	-	-	-	-	-	193,362
Capital Outlay	654,784	904,928	434,262	914,946	766,313	1,213,886	1,918,657	13,239,639	8,450,874	29,540,261
Total Expenditures	<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>	<u>26,668,429</u>	<u>50,315,420</u>
Excess (Deficiency) of Revenues over Expenditures	1,682,859	724,427	2,963,621	(226,959)	9,626,471	7,840,183	26,080,411	2,109,862	12,116,426	(21,218,891)
<b>OTHER FINANCING SOURCES (USES)</b>										
Bond Proceeds	-	-	-	-	-	-	-	-	-	14,575,000
Bond Premium	-	-	-	-	-	-	-	-	-	1,537,395
Transfers in	1,925,079	6,143,938	2,929,855	4,748,964	7,567,460	7,018,000	5,430,702	5,797,000	5,478,000	2,576,362
Transfers out	(1,925,079)	(6,143,938)	(2,929,855)	(4,748,964)	(7,567,460)	(7,018,000)	(5,430,702)	(5,797,000)	(5,478,000)	(2,576,362)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,112,395</u>
Special Item	-	-	2,925,104	-	-	-	-	-	-	-
Net change in fund balances	<u>\$ 1,682,859</u>	<u>\$ 724,427</u>	<u>\$ 5,888,725</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>	<u>\$ 12,116,426</u>	<u>\$ (5,106,496)</u>
Debt service as a percentage of noncapital expenditures	4.77%	4.26%	4.69%	28.25%	0.00%	0.00%	0.00%	0.00%	0.00%	2.29%

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



**CITY OF HAPPY VALLEY, OREGON**

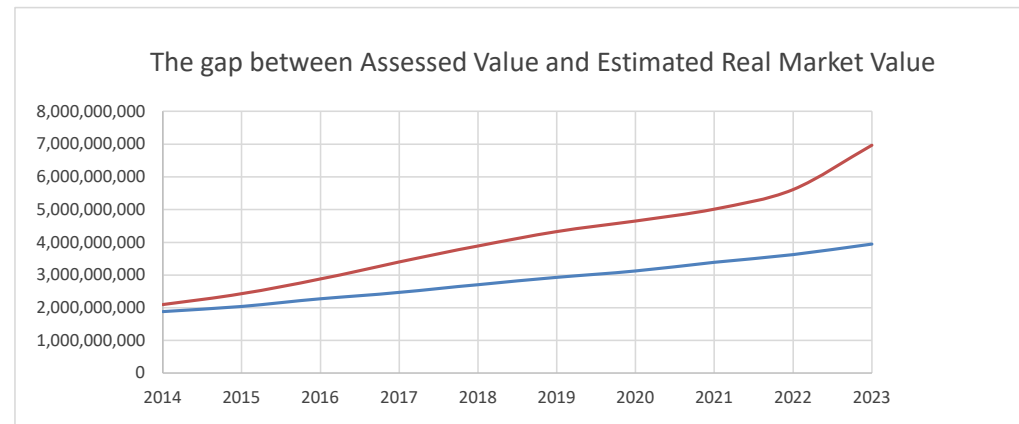
**Assessed Value and Estimated Value of Taxable Property**

**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)	
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	84.08
2016	2,207,472,001	8,319,410	2,198,711	51,660,000	2,269,650,122	2.05	2,874,727,083	78.95
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
2022	3,527,283,771	23,720,763	3,338,469	67,547,800	3,621,890,803	2.59	5,611,742,435	64.54
2023	3,833,153,426	27,295,939	3,466,434	74,894,200	3,938,809,999	2.59	6,968,760,110	56.52

Source: Clackamas County Assessor's Office

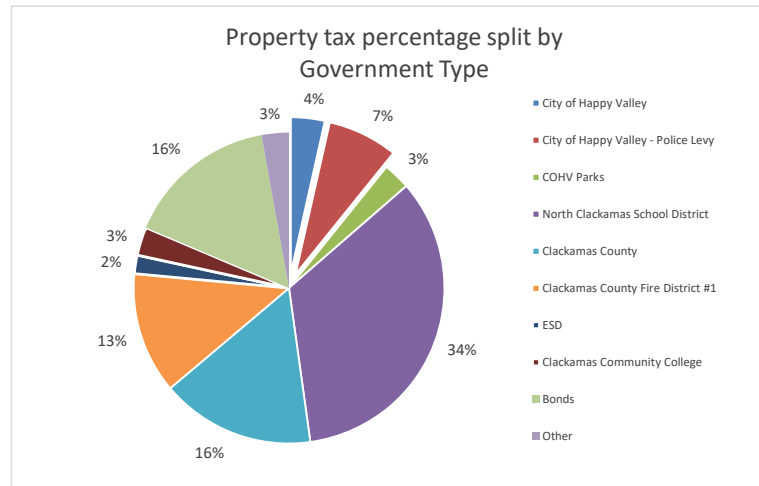
Note: Property is generally assessed as of July 1st of each fiscal year



**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	
2014	0.671	1.38	0.00	2.05	4.58	2.40	2.38	0.37	0.56	4.61	16.95
2015	0.671	1.38	0.00	2.05	4.82	2.40	2.40	0.37	0.56	4.82	17.42
2016	0.671	1.38	0.00	2.05	4.87	2.40	2.40	0.37	0.56	4.37	17.02
2017	0.671	1.38	0.00	2.05	4.87	2.40	2.40	0.37	0.56	4.43	17.08
2018	0.671	1.38	0.00	2.05	4.87	2.40	2.40	0.37	0.56	2.01	14.66
2019	0.671	1.38	0.54	2.59	6.50	2.40	2.40	0.37	0.56	2.37	17.20
2020	0.671	1.38	0.00	2.05	6.50	2.40	2.40	0.37	0.56	2.97	17.26
2021	0.671	1.38	0.54	2.59	6.50	3.05	2.40	0.37	0.56	3.61	19.08
2022	0.671	1.38	0.54	2.59	6.50	3.05	2.40	0.37	0.56	3.40	18.87
2023	0.671	1.38	0.54	2.59	6.50	3.05	2.40	0.37	0.56	3.55	19.02

Source: Clackamas County Assessor's Office



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

Rank	Taxpayer	2022-23		2013-14		
		Taxable Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Taxable Assessed Valuation	Rank
1	ROIC Oregon LLC	\$47,936,587	1	1.22%	24,349,237	2
2	Fred Meyer Stores Inc	32,711,029	2	0.83%		
3	Sunrise Terrace Apartments LLC	32,145,945	3	0.82%	25,464,576	1
4	Portland General Electric	28,526,000	4	0.72%	12,167,000	6
5	TADC LLC	26,826,950	5	0.68%	20,590,644	3
6	Heather Lodge - 178 LLC	26,450,242	6	0.67%		
7	HVAC 1 LLC	25,174,075	7	0.64%		
8	Northwest Natural Gas Co	24,228,000	8	0.62%	7,629,000	8
9	Sunnyside 172nd LLC	19,811,234	9	0.50%		
10	TBB Stevens Creek LLC	19,266,727	10	0.49%		
	TRC MM LLC				7,852,559	7
	Comcast Corporation				12,397,300	5
	DR Horton Inc - Portland				13,146,359	4
	Sabal Financial Group LP				7,327,098	9
	Providence Health & Services - OR				4,983,608	10
		<u>\$ 283,076,789</u>		<u>7.19%</u>	<u>\$ 135,907,381</u>	<u>7.25%</u>

Source: Clackamas County Assessor's Office

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

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<b>Fiscal Year Ended June 30</b>	<b>Total Tax Levy for Fiscal Year</b>	<b>Collected within the Fiscal Year of the Levy</b>		<b>Collections in Subsequent Years</b>	<b>Total Collections to Date</b>	
		<b>Amount Collected</b>	<b>Percentage of Levy</b>		<b>Amount Collected</b>	<b>Percentage of Levy</b>
2014	3,819,691	3,621,704	94.82%	98,753	3,720,457	97.40%
2015	4,167,327	3,958,522	94.99%	97,187	4,055,709	97.32%
2016	4,649,509	4,422,885	95.13%	93,045	4,515,930	97.13%
2017	5,057,268	4,821,368	95.34%	85,757	4,907,125	97.03%
2018	5,564,243	5,299,172	95.24%	98,598	5,397,770	97.01%
2019	7,676,763	7,342,864	95.65%	108,079	7,450,943	97.06%
2020	6,416,434	6,133,056	95.58%	94,188	6,227,244	97.05%
2021	8,795,206	8,418,682	95.72%	99,398	8,518,080	96.85%
2022	9,332,389	8,875,161	95.10%	114,468	8,989,629	96.33%
2023	10,037,742	9,609,167	95.73%	-	9,609,167	95.73%

Source: Clackamas County Tax Assessor

**CITY OF HAPPY VALLEY, OREGON**

**Ratios of Outstanding Debt by Type**

**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Full Faith and Credit Obligation Bonds (1)</b>	<b>Total Outstanding Debt</b>	<b>Ratio of Debt to Assessed Value</b>	<b>Population</b>	<b>Debt per Capita</b>
	<b>Governmental Activities</b>				
2014	3,993,951	3,993,951	0.25%	16,480	242
2015	3,776,724	3,776,724	0.20%	17,510	216
2016	3,554,497	3,554,497	0.17%	18,535	192
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	-
2022	-	-	0.00%	25,738	-
2023	15,160,525	15,160,525	0.38%	26,689	568

(1) Presented net of original issuance discounts and premiums

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

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<b>Fiscal Year Ended June 30</b>	<b>Full Faith and Credit Obligation Bonds (2)</b>	<b>Less: Amounts Available in Debt Service Fund (3)</b>	<b>Total</b>	<b>Percentage of Estimated Actual Taxable Value of Property (1)</b>	<b>Per Capita</b>
2014	3,993,951	376,131	3,617,820	0.19%	242
2015	3,776,724	1,990,187	1,786,537	0.09%	216
2016	3,554,497	2,618,487	936,010	0.04%	192
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
2022	0	0	0	0.00%	0
2023	15,160,525	0	15,160,525	0.22%	568

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 80 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****Direct and Overlapping Governmental Activities Debt****As of June 30, 2023**

<b><u>Government Unit:</u></b>	<b><u>Debt Outstanding</u></b>	<b><u>Estimated Percentage Applicable</u></b>	<b><u>Amount Applicable to Primary Government</u></b>
Direct:			
City of Happy Valley	\$ 15,160,525	100%	\$ 15,160,525
Overlapping:			
Clackamas Community College	\$ 127,080,045	7.7%	\$ 9,785,163
Clackamas County	105,100,000	6.0%	6,253,450
Clackamas County ESD	19,855,267	5.9%	1,169,475
Clackamas County RFPD	23,488,636	13.0%	3,060,569
North Clackamas School District	639,927,666	20.0%	128,241,504
Metro	822,713,920	1.5%	12,258,437
Mt Hood Community College	73,420,000	0.5%	359,758
Centennial School District	63,177,796	4.2%	2,621,879
Subtotal, overlapping debt			163,750,236
City of Happy Valley direct debt			15,160,525
Total direct and overlapping debt			<u>\$ 178,910,761</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**  
**Legal Debt Margin Information**  
**Last Ten Fiscal Years**

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	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Debt maximum limitation	\$ 62,768,814	\$ 72,709,397	\$ 86,241,812	\$ 101,766,254	\$ 116,679,424
Debt applicable to maximum limit	-	-	-	-	-
Legal debt margin available	<u>62,768,814</u>	<u>72,709,397</u>	<u>86,241,812</u>	<u>101,766,254</u>	<u>116,679,424</u>
Debt applicable to the maximum limit as a percentage of debt limitation	0%	0%	0%	0%	0%
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2021</u>	<u>2023</u>
Debt maximum limitation	\$ 129,611,062	\$ 139,548,340	\$ 150,393,454	\$ 168,352,273	\$ 209,062,803
Debt applicable to maximum limit	-	-	-	-	-
Legal debt margin available	<u>129,611,062</u>	<u>139,548,340</u>	<u>150,393,454</u>	<u>168,352,273</u>	<u>209,062,803</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, 2022:**

Total property real market value	\$ 6,968,760,110
	3%
Debt maximum limitation	<u>209,062,803</u>
Amount of debt applicable to debt limit:	
Total bonded debt outstanding	15,160,525
Less debt excluded from debt limit:	
Full faith and credit obligations	<u>(15,160,525)</u>
Net amount of debt applicable to limit	-
Legal debt margin - amount available for future indebtedness	<u>\$ 209,062,803</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**  
**Demographic and Economic Statistics**  
**Last Ten Fiscal Years**

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<b>Fiscal Year</b>	<b>Population(1)</b>	<b>Median Age(2)</b>	<b>Household Income</b>	<b>Per Capita Income (2)</b>	<b>HV Schools plus CCHS Enrollment (3)</b>	<b>Unemployment Rate(4)</b>
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
2022	25,738	36.8	126,851	53,300	8,137	3.3
2023	26,689	39	131,980	51,540	8,279	3.3

\* Information unavailable at this time.

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

**CITY OF HAPPY VALLEY**

**Principal Employers**

**Current year and nine years ago**

<u><b>Employer</b></u>	<b>2023</b>			<b>2014</b>		
	<u><b>Employees</b></u>	<u><b>Rank</b></u>	<u><b>Percentage of Total City Employment</b></u>	<u><b>Employees</b></u>	<u><b>Rank</b></u>	<u><b>Percentage of Total City Employment</b></u>
Fred Meyer	328	1	8.65%			
AG Specialty Foods	175	2	4.62%	*		*
New Seasons Market	150	3	3.96%	*		*
Camp Withycombe	100	4	2.64%	*		*
Morningstar of Happy Valley	90	5	2.37%	*		*
City of Happy Valley	76	6	2.00%	*		*
McDonald's	55	7	1.45%	*		*
Sunnyside Meadows Memory Care	53	8	1.40%	*		*
Goodwill	45	9	1.19%	*		*
Providence Medical Group HV	35	10	0.92%	*		*
	<u>1,107</u>		<u>20.55%</u>	<u>0</u>		<u>0.00%</u>

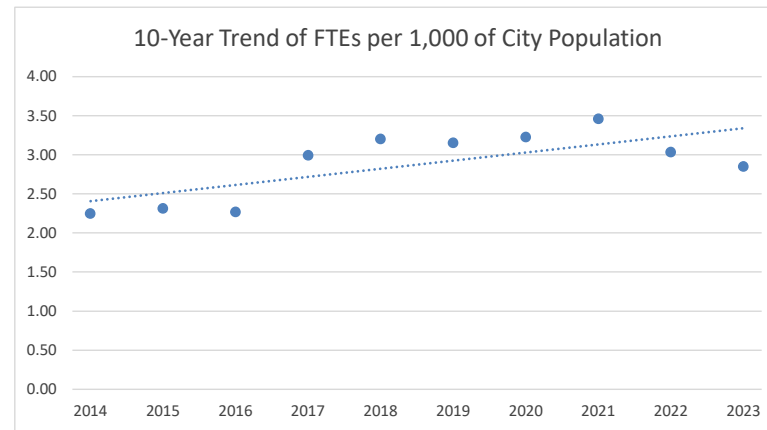
\* Historical number of employees information unavailable for this fiscal year nine years ago.

Source: City business licenses

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

Function	Full-time Equivalent Employees as of June 30									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Administration	6	7	7	9	10	10	11	13	13	13
Community Services and Public Safety	10.5	10.5	10	11	11	12	12	13	13	14
Economic and Community Development	11.5	14	16	18	20	18	20	23	23	21
Public Works / Parks / Streets	9	9	9	9	9	9	10	11	11	10
Library	0	0	0	12.8	14.6	17	17	18	18	18
Total FTE's	<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>	<u>78</u>	<u>76</u>
Public Safety - Police Officers (contracted)	<u>11.5</u>	<u>11.5</u>	<u>11.5</u>	<u>12</u>	<u>12</u>	<u>13</u>	<u>14</u>	<u>16</u>	<u>16</u>	<u>16</u>
City Population	16,480	17,510	18,535	19,985	20,181	20,945	21,700	22,552	25,738	26,689
FTE's per 1,000 of population	2.25	2.31	2.27	2.99	3.20	3.15	3.23	3.46	3.03	2.85

Sources: Various city departments



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

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental Activities										
Economic and Community Development										
Building										
Residential Building permits issued	350	274	418	190	135	164	393	446	363	208
Commercial Building permits issued	2	5	14	9	8	9	6	10	8	3
Planning										
Planning Permits	174	226	261	260	232	244	152	153	145	155
Engineering										
Erosion Control Permits	*	*	*	13	30	17	12	19	22	6
Minor Grading Permits	*	*	1	7	8	3	4	5	4	3
Site Development Permits	*	*	*	15	31	13	13	18	26	4
Right of Way Permits	*	*	*	122	139	109	122	120	129	127
Public Works:										
Street Sweeping:										
Number of miles swept	2,200	2,500	1,800	1,592	1,493	2,297	1,431	1,412	1,494	1,546
Volume of material removed (cubic yards)	757	900	900	762	648	954	663	989	1,096	1,351
Winter Storms:										
Sand applied (cubic yards)	78	8	100	206	66	50	0	125	182	7
Sand picked up after storms	50	4	60	180	35	29	0	111	144	136
Magnesium chloride/De-icing (gallons)	7,500	900	2,750	8,735	5,575	4,930	2,500	2,000	6,155	17,500
Landscape Maintenance:										
Fertilizers (lbs)	1,110	2,239	0	0	4,746	22,856	22,944	15,890	466 / 522	2016 / 525
Herbicides (ounces)	190	135	480	934	2080 / 195	1605 / 211	1637 / 124	1399 / 497	859 / 20	801 / 12
Park Reservations:										
Reservations coordinated	214	210	225	255	231	228	137	90	273	340
Number of people served	8,218	9,207	9,722	10,315	9,849	9,079	7,395	2,644	10,373	7,500
Trees planted	3,150	925	92	1,000	793	1,279	278	770	0	2,246
Services performed on fleet vehicles	146	170	190	190	250	280	240	300	542	493
Crack seal applied on roadways (sq. yd.)**	6.60	4.50	13.75	7.50	7.50	168,200	158,974	125,381	123,391	169,040
Signs cleaned and adjusted	869	920	1,148	50	1,200	200	912	566	244	218
Community Services										
Passports issued	1,882	2,316	2,592	3,377	3,566	3,474	2,444	1,550	4,379	5,180
Public Safety:										
Code Enforcement / Animal Control Cases	2,453	2,108	3,168	3,042	2,148	2,346	3,140	4,719	4,516	4,431
Parking violations	389	306	461	585	1,048	643	745	536	685	692
Number dispatched calls for service	3,471	3,517	4,361	4,466	4,591	4,604	4,318	3,941	5,062	5,970
Number of traffic violations	2,145	2,588	3,079	2,623	4,364	2,821	2,632	2,598	2,649	2,236
Number of "other" self initiated activities	1,396	1,521	1,982	2,901	6,828	5,304	2,598	4,676	5,626	4,515
Number of traffic stops	3,887	4,111	4,545	3,949	4,293	3,699	3,165	3,275	3,140	3,158
Library										
Circulation	762,069	800,944	793,476	787,888	824,836	829,880	630,753	460,570	696,105	739,931
Number of Reference Inquiries	17,452	17,868	27,219	26,889	31,528	33,387	16,084	11,292	22,392	26,839
Number of Youth Programs	225	299	401	398	618	719	367	112	73	301
Youth Program Attendance	9,807	14,127	16,163	19,051	24,887	26,645	13,704	2,418	2,144	12,612
Number of Adult Programs	91	180	197	241	195	225	179	128	85	186
Adult Program Attendance	877	2,103	2,892	3,730	3,718	4,317	3,832	1,110	1,362	2,934

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									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
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	170.24	169.21	167.38	162.76	144.87	140.15	139.74	137.14	135.8	135.12
Number of Vehicles	35	31	31	31	32	37	38	37	36	36
Recreation and Parks										
Acres of parks and open spaces	365	135	135	103	103	103	103	103	103	103

Sources: Various city departments

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CITY OF HAPPY VALLEY  
CLACKAMAS COUNTY, OREGON

INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATION

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**INDEPENDENT AUDITOR'S REPORT REQUIRED BY  
OREGON STATE REGULATIONS**

To the Honorable Mayor and Members of the City Council  
City of Happy Valley  
Happy Valley, Oregon

We have audited the basic financial statements of the City of Happy Valley (the "City") as of and for the year ended June 30, 2023, and have issued our report thereon dated December 27, 2023. Our audit was conducted in accordance with auditing standards generally accepted in the United States of America.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-010-0230 through 162-010-0320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

We performed procedures to the extent we considered necessary to address the required comments and disclosures which included, but were not limited to the following:

- Deposit of public funds with financial institutions (ORS Chapter 295).
- Indebtedness limitations, restrictions and repayment.
- Budgets legally required (ORS Chapter 294).
- Insurance and fidelity bonds in force or required by law.
- Programs funded from outside sources.
- Highway revenues used for public highways, roads, and streets.
- Authorized investment of surplus funds (ORS Chapter 294).
- Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).

In connection with our testing, nothing came to our attention that caused us to believe the City was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-010-0230 through 162-010-0320 of the Minimum Standards for Audits of Oregon Municipal Corporations except preceding adopted budget amounts for 2020-21 do not agree to amounts reported on the 2021-22 Financial Summary (Form LB-1) required by ORS 294.438.

Honorable Mayor and Members of the City Council  
City of Happy Valley  
Independent Auditor's Report Required by Oregon State Regulations

**OAR 162-010-0230 Internal Control**

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

**Restriction of Use**

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

*Singer Lewak LLP*

December 27, 2023

By:

A handwritten signature in black ink, appearing to read "Brad Bingenheimer", written over a light blue horizontal line.

Brad Bingenheimer, Partner