



Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2024

CITY OF HAPPY VALLEY
CLACKAMAS COUNTY, OREGON

ANNUAL COMPREHENSIVE
FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Prepared by

Finance Department
City of Happy Valley, Oregon

Available online at
www.happyvalleyor.gov

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CITY OF HAPPY VALLEY
CLACKAMAS COUNTY, OREGON

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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 30, 2024

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, 2024. 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 LLP have issued an unmodified (“clean”) opinion on the City’s financial statements for the year ended June 30, 2024. 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 26,799. 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.

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 the Springs at Happy Valley.

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. The city's annual financial statements are a culmination of on-going monitoring of revenues and expenditures to ensure compliance with financial policies and appropriation requirements. The city did not experience any funds with budget categories in excess of appropriations.

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% to finance urban renewal projects. The final maturity will be in June 2042. The principal balance outstanding on the bonds at June 30, 2024 is \$13,245,000.

Unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) in the General Fund at year end was \$12,380,410. 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 \$2,580,295, \$323,854, \$795,345, \$2,088,833 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.

Update on Council Goals + Priorities

Short-Term Council Priorities

Over the years, the Happy Valley City Council has developed specific priorities. These provide City staff with direction regarding the Council's goals and priorities for the coming years. The following highlights the status of the priorities identified by the City Council.



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 Council has identified the location of an approximately 30-acre future downtown district east of the existing roundabout at the intersection of Scouters Mountain Rd./172nd Ave. and the City has purchased many of the properties located in the area.
- 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 is anticipated to include a range of uses including restaurants, shops, housing, and employment opportunities in a combination of vertical mixed-use and stand-alone developments that are 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 HVDD.
- The project will continue to check in with the City Council for direction throughout the plan's creation. 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

- The City has been successful at purchasing land for the future community center, public works facility, downtown, and Clackamas River frontage.

Library Space Needs Evaluation

- Construction is completed.

Public Works Facility

- Property was acquired in 2024.
- Architectural design and civil work are anticipated to start in 2024 and continue through 2025.

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



Action Items Completed

- Staff created a voluntary private development security program. The City continues to work with the HBA and Construction Theft Association assisting contractors in crime prevention methods.
- The City Council approved updated policies regarding stop signs, crosswalks, speed signs, no parking zones, and driver feedback signs. In process and working well.
- The City Council approved a system to check non-compliance with permits and notification system for false alarms. This new program has cut down on false alarms and improved overall compliance. The City has significantly increased the number of new permits/renewals and has improved on the collection of false alarm fees.
- City staff engaged a consultant to review options for replacing the police and parks levies presented to the City Council.
- The City hired a professional wildland fire expert to conduct fire risk assessments on public lands, HOA open space and newly developed property. This person is now a CSO with the skill set to conduct vegetation management markers and wildfire reduction work.
- The City Council adopted ordinances to update municipal code language regarding chronic nuisance property, lighting, noise, and business licenses.
- The Youth Council drafted a resolution that the City Council approved calling for a statewide ban on flavored tobacco.
- City Council has also discussed and provided direction on additional outdoor burning requirements and gates on public roads.

Expand Community Service Officer (CSO) Program

- The City successfully received a grant from Clackamas County to fund a Community Service Officer for 3-years to work on special projects such as resources for people experiencing homelessness and keeping individuals housed.

2024 Public Safety Levy

- City Staff have geared up for the November 2024 Public Safety Levy Renewal by putting together flyers, videos, and other materials about police services in Happy Valley. Staff, along with City Council members have been and will continue to do outreach in the community.
- Staffing study conducted January 2024 to June 2024. With TPSC and City Council.

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 to seek to implement performance-metric analysis allowed under HB 2001. This work is anticipated to result in a proposed cottage cluster overlay that will limit the number of cottage clusters allowed in certain geographic areas of the city limits.

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.

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 City Council approved the PV/NC Comp. Plan in March 2023 and the Plan was not appealed.
- The City processed several annexation requests from properties in 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.

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

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happyvalleyor.gov

Preserving and enhancing the safety, livability and character of our community

amendments were recommended for approval by the City’s Planning Commission in October 2022 and subsequently approved by the City Council in November 2022.

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

- In May, the City unveiled the new eagle sculpture, titled “The Veterans Memorial | A Soldier’s Journey” and the new retaining wall emblems.
- City Staff submitted a grant application to complete all remaining aspects of the Veterans Memorial Park.

Pleasant Valley Villages Neighborhood Park

- Construction is completed. Currently, the City is operating the hardscape and the contractor is processing the softscape landscaping. Full acceptance is anticipated in the fall of 2024.
- The final process will include the Development Agreement associated with the eligible Park SDC credits set for this park transfer.

Scouters Mt. Neighborhood Park

- Design is underway with construction anticipated to begin summer of 2024. This project will be processed through 2024-25 and 26.

Parks and Recreation Programming

- The City’s programming has grown and is more extensive than ever. The Recreation Team has organized field trips, open gym nights, camps, senior nutrition, and countless other recreation programs.
- 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 presented to the City Council in December 2020.

Community Center Feasibility Study

- The City purchased 40 acres of property for a future community center and park.
- The City completed a statistically valid survey of likely voters which showed 70% approval for a \$40 million bond measure.
- Staff and Council have visited a few neighboring community centers.
- Staff are moving forward with contracting the design and construction team.

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 \$520,000 in total to be split 50/50 for the two funds.

Pedestrian Master Plan

- The City Council approved updates to the Transportation System Plan to incorporate more bicycle/pedestrian options in 2021. Another update was approved in 2023 to incorporate PVNC.

172nd Avenue (Urban Renewal)

- An IGA was signed with Clackamas County to complete the design work for "Phase 1" of the 172nd Ave. improvements north of Sunnyside Rd. This includes the portion of 172nd Ave. from Misty Drive/Vogel Road to just north of the Scouters Mountain Road roundabout. HHPR has been contracted through the County to complete the design. A public open house was held at the City where input from the public was gathered and helped determine the design of the Troge Road and 172nd Ave. intersection. The 30% design for the project has just recently been completed. Construction is estimated to begin in 2027-2028.

Superblock Project

- Phase III Construction is well underway. This final phase effort will complete the remaining sidewalk gaps and correct any half-street improvement deficiencies.
- Construction will continue through 2024-25.

Residential Paving Maintenance Program

- 2024 marks the 6th 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.
- In 2024, the City provided a maintenance program that delivered 1.6 million dollars' worth of improvements to area roadways.

129th Avenue Curves Project

- Construction was completed in 2022.



Clackamas to Columbia (C2C) Corridor / Sunrise Phase II 2022.

- In partnership with Clackamas County and local legislators, the County secured \$4 million for a visioning exercise of the Sunrise Corridor Community Visioning Project. Staff and Councilor Sherman have participated in an affiliated Technical Advisory Committee, Project Management Team and Steering Committee.

King Road Roundabout

- This project is under construction with work extending through November 2024. Traffic disruptions and delays may be observed throughout this timeline. Before the roundabout construction, overhead utilities in the area, including a portion of 129th Avenue, were placed underground. This will allow the roundabout construction to be completed in a shorter time and will help prevent future power outages during winter storms.

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



Diversity, Equity, & Inclusion Task Force

- Task Force work is completed. The City Council approved the DEI Strategic Plan on October 19, 2021.

Redevelop Job Descriptions

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

Equal Pay Analysis

- City staff completed the equal pay analysis.

Other Council Priorities on the Horizon

Short-Term Rentals Regulation

- City Council adopted short-term rental regulations after reviewing several different strategies.

Transient Lodging Tax

- City Council adopted an 7% local Transient Lodging Tax and entered into an Intergovernmental Agreement with the Department of Revenue to begin collections.

Term Limits Evaluation

- City Council developed ballot language and referred this issue to the voters for the November 2024 ballot.

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

Respectfully submitted,



Jason Tuck
City Manager



Travis Warneke
Director of Finance

City of Happy Valley Organization Chart

Population 26,799

Citizens of Happy Valley



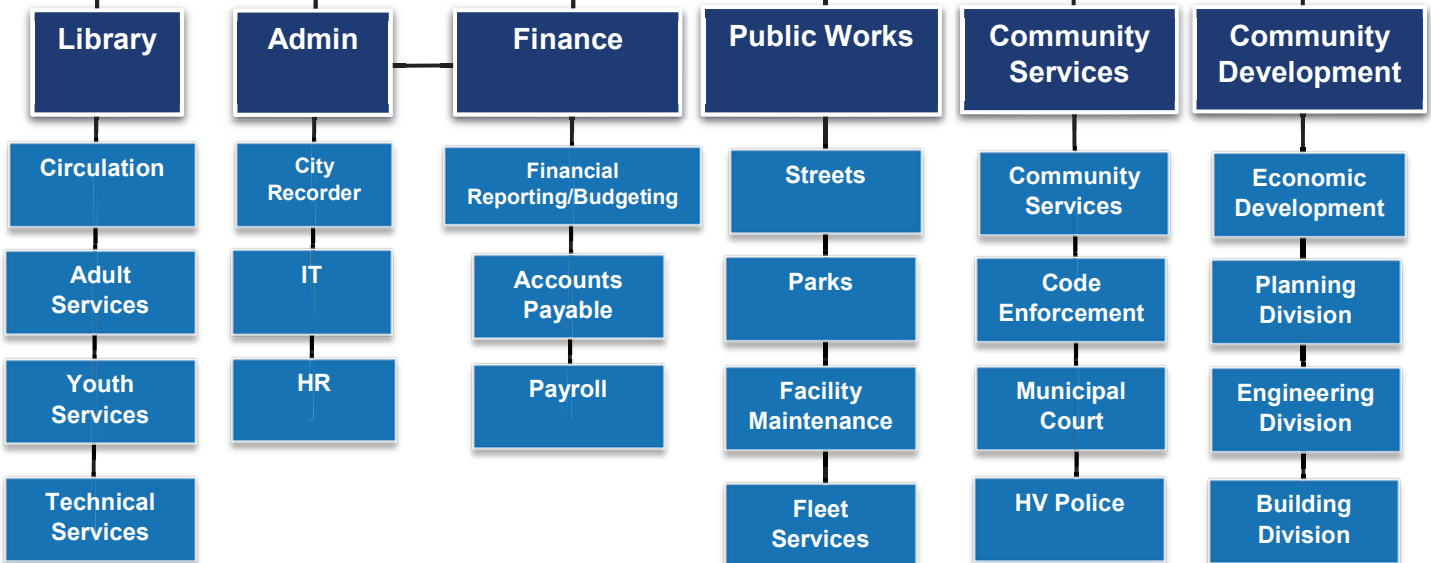
Mayor and Council

City Attorney

City Manager

Municipal Judge

Assistant City Manager



CITY OFFICIALS AS OF JUNE 30, 2024

<u>NAME</u>	<u>TERM EXPIRES</u>
Tom Ellis – Mayor	December 31, 2026
David Emami – Council President	December 31, 2024
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
CLACKAMAS COUNTY, OREGON

INDEPENDENT AUDITOR'S REPORT



INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Happy Valley, Oregon (the "City"), as of and for the year ended June 30, 2024, 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, Oregon as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, 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 on pages 36 – 46 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The schedules of revenues, expenditures and changes in fund balance – budget to actual for the General, Library, Public Safety and Urban Renewal funds under required supplementary information, are presented for purposes of additional analysis and is 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 GAAS. In our opinion, the schedules of revenues, expenditures and changes in fund balance – budget to actual for the General, Library, Public Safety and Urban Renewal funds are 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 City Council
City of Happy Valley, Oregon
Independent Auditor's Report
December 30, 2024

Other Information

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

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

Other Reporting Required by Oregon State Regulations

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated December 30, 2024, 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 testing and not to provide an opinion on compliance.

Singer Lewak LLP

December 30, 2024

By:



Brad Bingenheimer, Partner

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, 2024. Please read it in conjunction with the City's financial statements and notes, which follow this section.

Financial Highlights

At June 30, 2024 the City's total net position was \$172 million which was an increase of \$12 million over the previous year. The prior year saw net position increase of \$7 million most of which was attributable to general revenue growth outpacing operating expenses. The current year's increase is primarily attributable to strong revenue growth and street additions to Capital Assets of \$6 million.

The General Fund ended the fiscal year with a total fund balance of \$13 million. Of that balance, \$842 thousand was either non-spendable or restricted for prepaid expenses and PEG fees. The remaining \$12.4 million was unrestricted with \$6.5 million committed and \$5.9 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 facility capital 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 \$6.4 million because of capital expenditures in the Facility Capital Projects Fund which roll into the General Fund. There were \$9.9 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, 2024 the City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$172 million. Cash and Investments represent 33% of total assets. Long lived capital assets including land, buildings, streets, equipment, and vehicles comprise 66% of total assets. The remaining assets include prepaid items, accounts and property tax receivables and Net OPEB Asset.

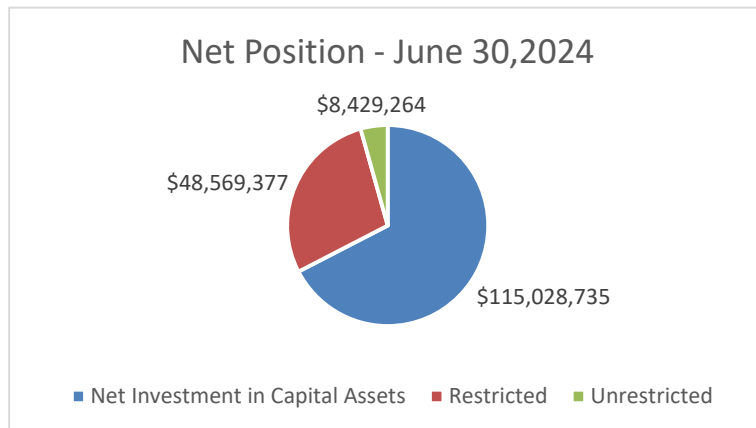
Bonds Payables represents 49% of total liabilities and the actuarially determined Net Pension Liability represents 31%. Remaining liabilities are payments to vendors, governments, and accrued personnel costs.

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

Table 1 – Net Position as of June 30th

	Total 2024	Total 2023
Assets		
Current and Other Assets	\$ 66,829,769	\$ 76,309,116
Capital Assets	<u>131,842,779</u>	<u>107,598,049</u>
Total Assets	<u>198,672,548</u>	<u>183,907,165</u>
Deferred Outflows of Resources	<u>4,454,920</u>	<u>4,067,823</u>
Liabilities		
Current and Other Liabilities	6,369,508	3,655,995
Non-Current Liabilities	<u>23,776,537</u>	<u>21,534,416</u>
Total Liabilities	<u>30,146,045</u>	<u>25,190,411</u>
Deferred Inflows of Resources	<u>954,047</u>	<u>2,507,606</u>
Net Position		
Net Investment in Capital Assets	115,028,735	92,437,524
Net Position - Restricted	48,569,377	54,260,802
Net Position - Unrestricted	<u>8,429,264</u>	<u>13,578,645</u>
Total Net Position	<u>\$ 172,027,376</u>	<u>\$ 160,276,971</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 2024	Total 2023
Revenues:		
Program Revenues		
Charges for Services	\$ 3,491,481	\$ 3,342,259
Operating Grants and Contributions	2,095,435	2,061,788
Capital Grants and Contributions	5,093,621	2,162,804
General Revenues		
Property Taxes	15,409,926	13,027,405
ROW Fees	2,559,277	2,394,980
Intergovernmental	1,573,306	1,590,435
Library District	3,439,726	3,372,636
Other Revenue	4,745,722	2,640,529
Total Revenues	<u>38,408,494</u>	<u>30,592,836</u>
Expenses:		
General Government	11,178,256	10,853,686
Cultural and Recreation	4,274,483	5,122,723
Public Safety	5,841,965	5,395,622
Highways and Streets	4,407,409	4,157,987
Interest on long term debt	585,457	116,492
Total Expenses	<u>26,287,570</u>	<u>25,646,510</u>
Special Item - see notes	(370,519)	-
Change in Net Position	11,750,405	4,946,326
Net Position - Beginning	<u>160,276,971</u>	<u>155,330,645</u>
Net Position - Ending	<u>\$ 172,027,376</u>	<u>\$ 160,276,971</u>

The City’s total revenues increased \$7.8 million to \$38.4 million over the previous year revenue. Most of the increase was a result of developer street additions which are reported as a capital contributions. Additionally, there were substantial increases in property tax revenues. There was also a decrease in development fees and SDC’s also as development activity has slowed from the peaks of recent prior years. Similar to the prior year, development revenue including building fees and systems development charges remained low when compared to that of the robust building activity periods that we have seen in the last five to ten years.

Expenses increased \$600 thousand to \$26.3 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 design phase for 172nd avenue, Rock Creek Blvd east extension, community recreation center and the new public works facility.

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, 2024, the General Operations Reserve fund had a fund balance of \$838,974.

Streets account for 45% of all city owned capital assets and 77% of depreciation expense. In 2023, the City completed a pavement quality index study which assessed the quality of all streets in the City. This study

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

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 30% of capital assets and had an increase of \$9.5 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

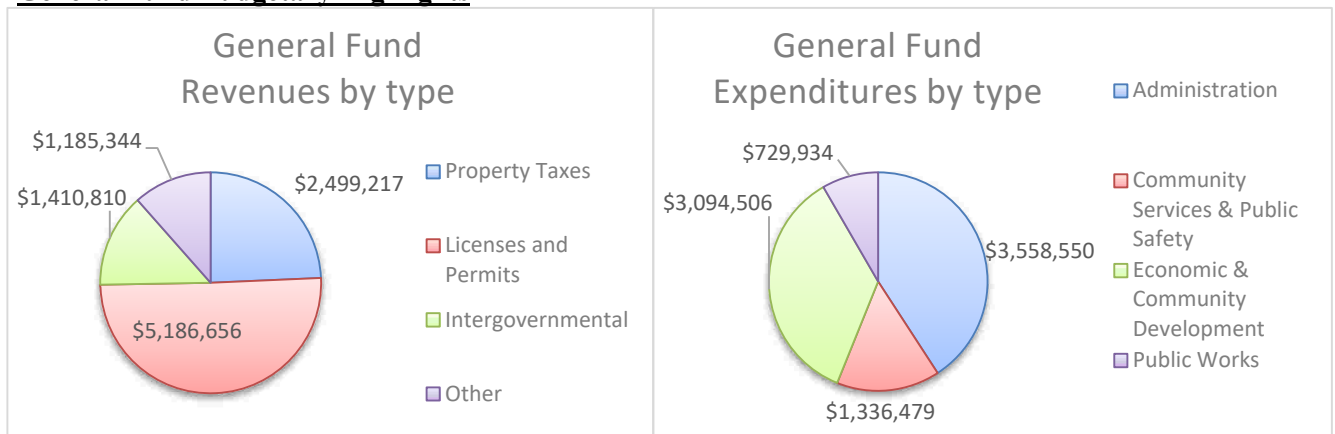
Revenues from governmental fund types totaled \$36 million in 2024. Governmental fund balances totaled \$60.9 million at June 30, 2024. The following is a summary of changes in governmental fund balances:

City of Happy Valley - Changes in Governmental Fund Balances

	June 30, 2024	June 30, 2023	Change
General Fund	\$ 13,222,009	\$ 19,601,155	\$ (6,379,146)
Library Fund	1,705,287	5,963,508	(4,258,221)
Parks Fund	3,165,729	2,176,549	989,180
Street Fund	1,304,008	3,618,395	(2,314,387)
Storm System Development Fund	827,924	756,341	71,583
Parks System Development Fund	20,638,925	19,603,581	1,035,344
Transportation System Development Fund	6,840,414	8,474,529	(1,634,115)
Public Safety Fund	2,004,700	1,802,381	202,319
Parks Capital Projects Fund	4,773,394	7,013,855	(2,240,461)
Pedestrian Improvement Projects Fund	1,540,519	1,658,213	(117,694)
Urban Renewal Agency	4,893,532	2,455,255	2,438,277

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 Library Fund balance decreased \$4.3 million to \$1.7 million as a result of the Library expansion project capital expenditures. The Street Fund decrease was due to a transfer of the ‘fee in lieu’ balance from the Street Fund to the Transportation SDC Fund. The Transportation SDC Funds decreased to \$6.8 million as capital projects drew down the funds. The Parks SDC Fund decreased due to a playfield upgrade project being completed. The Urban Renewal Agency Fund increased \$2.4 million as revenues increased 48%. 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)

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.

General Fund revenues varied from budget by the following amounts:

Revenue Source	Budget	Actual	Difference
Building Permits and Fees	\$ 1,000,000	1,277,472	\$ 277,472
ROW Use Fees	2,250,000	2,557,277	307,277
Engineering Fees	250,000	684,340	434,340
Planning Fees	150,000	161,872	11,872
User Related Fees	600,000	464,685	(135,315)
Miscellaneous Revenue	200,000	452,133	252,133

General Fund expenditures were less than appropriated amounts for each appropriation category. Each department expended between 80-96% 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	\$ 3,693,500	\$ 3,558,550	\$ 134,950
Community Services & Public Safety	1,381,700	1,336,479	45,221
Economic & Community Developme	3,836,700	3,094,506	742,194
Public Works	908,000	729,934	178,066

Capital Assets

At June 30, 2024, the City had \$132 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 \$6 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 5% to finance urban renewal projects. The final maturity will be in June 2042. The principal balance outstanding on the bonds at June 30, 2024 is \$13,245,000. Details of the changes in long term debt are disclosed in the notes to the financial statements (Note 4).



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.

Completed

- 129th Avenue Curves
- Superblock phase I and II
- 152nd Avenue and Misty Drive Crossing
- HV Park Covered Shelter Replacement
- Pleasant Valley Villages Neighborhood Park
- All Abilities Playground Installations (every City-owned park)
- Veterans Memorial Park Phases 1 and 1.5

Construction Underway

- Library Expansion
- 129th Avenue and King Road Roundabout
- 129th Avenue Sidewalk and Undergrounding Gap
- Superblock Phase III Project
- Scott Creek Trail Renovation
- HV Park Sports Field Improvement

Pre-Construction Underway

- 147th Avenue Half Street Improvement – Design and property acquisition underway
- 172nd Avenue North of Sunnyside Road – Design
- 172nd Avenue Round-a-bout – ROW Acquisition and Construction
- 162nd Avenue – 10% construction design

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

- Rock Creek BLVD – 10% construction design
- Sunrise Corridor Gateway – Visioning Project with Clackamas County
- Scott Creek Trail Extension – Design and Metro approval
- Clackamas River Trail – IGA approval in process
- Village Green Park Renovation – Design
- Veterans Memorial Park Phase 2 – Grant Submitted
- Scouters Mt. Neighborhood Park – Design and Construction
- Various Land Acquisition – 18 Properties Targeted for Consideration
- Public Works Facility – Design, Construction
- Community Center Feasibility Study – Design and Construction
- Scouters Mt Road East – Design options underway



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.

CITY OF HAPPY VALLEY
CLACKAMAS COUNTY, OREGON

BASIC FINANCIAL STATEMENTS

CITY OF HAPPY VALLEY, OREGON**Statement of Net Position****June 30, 2024****ASSETS**

Cash and Investments	\$ 65,091,098
Prepaid items	136,210
Accounts Receivable	1,022,445
Property Taxes Receivable	444,370
Net OPEB Asset	135,646
Capital Assets:	
Land, non-depreciable, and construction in progress	56,326,075
Building, improvements, equipment, and other capital assets (net of accumulated depreciation)	<u>75,516,704</u>

TOTAL ASSETS 198,672,548

DEFERRED OUTFLOWS OF RESOURCES

Deferred amount related to pension	4,408,748
Deferred amount related to OPEB	<u>46,172</u>

TOTAL DEFERRED OUTFLOWS OF RESOURCES 4,454,920

LIABILITIES

Accounts Payable	4,630,426
Accrued Payroll Liabilities	246,380
Accrued Interest Payable	49,377
Developer Deposits	264,762
Intergovernmental Payable	240,317
Compensated Absences	355,589
Current portion of SBITA Liability	25,787
Current portion of long term debt	556,870
Noncurrent liabilities (due in more than one year):	
Bonds Payable	14,071,785
SBITA Liability	26,962
Net Pension Liability	9,479,100
Net OPEB Liability	<u>198,690</u>

TOTAL LIABILITIES 30,146,045

DEFERRED INFLOWS OF RESOURCES

Deferred amount related to pension	886,406
Deferred amount related to OPEB	<u>67,641</u>

TOTAL DEFERRED INFLOWS OF RESOURCES 954,047

NET POSITION

Net Investment in Capital Assets	115,028,735
Net Position - Restricted for:	
PEG	739,299
Library	1,705,287
Parks	7,939,123
Street Maintenance	2,844,527
SDC Projects	28,307,263
Public Safety	2,004,700
OPEB Restricted	135,646
Urban Renewal	4,893,532
Net Position - Unrestricted	<u>8,429,264</u>

TOTAL NET POSITION \$ 172,027,376

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, 2024

FUNCTION/PROGRAM	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
GOVERNMENTAL ACTIVITIES					
General Government	\$ 11,178,256	\$ 2,627,379	\$ -	\$ -	\$ (8,550,877)
Cultural and Recreation	4,274,483	130,891	-	2,307,194	(1,836,398)
Public Safety	5,841,965	733,211	-	-	(5,108,754)
Highways and Streets	4,407,409	-	2,095,435	2,786,427	474,453
Interest on long term debt	585,457	-	-	-	(585,457)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 26,287,570	\$ 3,491,481	\$ 2,095,435	\$ 5,093,621	(15,607,033)

GENERAL REVENUES

Property Taxes	15,409,926
ROW Fees	2,559,277
Library District	3,439,726
Intergovernmental (unrestricted)	1,573,306
Other Revenue	4,745,722
TOTAL GENERAL REVENUES	27,727,957
SPECIAL ITEM - see notes	(370,519)
CHANGE IN NET POSITION	11,750,405
NET POSITION - beginning	160,276,971
NET POSITION - ending	\$ 172,027,376

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

CITY OF HAPPY VALLEY, OREGON
Balance Sheet
Governmental Funds
June 30, 2024

	Special Revenue				Capital Projects		Non-Major Fund - GAAP	Total
	General Fund - GAAP	Library Fund - GAAP	Public Safety Fund - GAAP	Urban Renewal Fund - GAAP	Parks SDC Fund - GAAP	Transportation SDC Fund - GAAP		
ASSETS								
Cash and Investments	\$ 13,700,224	\$ 2,523,446	\$ 3,596,961	\$ 5,065,413	\$ 20,638,925	\$ 7,878,820	\$ 11,687,309	\$ 65,091,098
Prepaid items	102,300	-	-	-	-	-	33,910	136,210
Accounts Receivable	615,358	3,824	24,290	16,678	-	-	362,295	1,022,445
Property Taxes Receivable	77,415	-	175,156	123,278	-	-	68,521	444,370
TOTAL ASSETS	\$ 14,495,297	\$ 2,527,270	\$ 3,796,407	\$ 5,205,365	\$ 20,638,925	\$ 7,878,820	\$ 12,152,035	\$ 66,694,123
LIABILITIES								
Accounts Payable	\$ 498,271	\$ 796,165	\$ 1,633,394	\$ 200,665	\$ -	\$ 1,038,406	\$ 463,525	\$ 4,630,426
Accrued Payroll Liabilities	200,775	25,818	1,827	2,240	-	-	15,720	246,380
Developer Deposits	264,762	-	-	-	-	-	-	264,762
Intergovernmental Payable	240,317	-	-	-	-	-	-	240,317
TOTAL LIABILITIES	1,204,125	821,983	1,635,221	202,905	-	1,038,406	479,245	5,381,885
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue - property taxes	69,163	-	156,486	108,932	-	-	61,216	395,797
TOTAL DEFERRED INFLOWS OF RESOURCES	69,163	-	156,486	108,932	-	-	61,216	395,797
FUND BALANCES								
Fund Balance By Category								
Nonspendable	102,300	-	-	-	-	-	29,910	132,210
Restricted	739,299	1,705,287	2,004,700	4,893,532	20,638,925	6,840,414	11,581,664	48,403,821
Committed	6,468,785	-	-	-	-	-	-	6,468,785
Unassigned	5,911,625	-	-	-	-	-	-	5,911,625
TOTAL FUND BALANCES	13,222,009	1,705,287	2,004,700	4,893,532	20,638,925	6,840,414	11,611,574	60,916,441
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	\$ 14,495,297	\$ 2,527,270	\$ 3,796,407	\$ 5,205,365	\$ 20,638,925	\$ 7,878,820	\$ 12,152,035	\$ 66,694,123

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, 2024

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

Total Fund Balances - governmental funds	\$ 60,916,441
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds and assets.	131,842,779
Net pension and OPEB obligations and assets are not due and payable in the current period and, therefore, are not reported in the funds.	(9,542,144)
Deferred outflows and inflows or resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.	
Pension related changes	3,522,342
OPEB related changes	(21,469)
Accrued compensated absences are not due and payable in the current period and therefore are not reported in the funds.	(355,589)
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.	
Bonds payable	(14,628,655)
SBITA liability	(52,749)
Accrued interest payable	(49,377)
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>395,797</u>
Total Net Position	<u>\$ 172,027,376</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, 2024

	Special Revenue				Capital Projects		Non-Major Funds - GAAP	Total
	General Fund - GAAP	Library Fund - GAAP	Public Safety Fund - GAAP	Urban Renewal Fund - GAAP	Parks SDC Fund - GAAP	Transportation SDC Fund - GAAP		
REVENUES								
Property Taxes	\$ 2,499,217	\$ -	\$ 5,652,944	\$ 4,940,836	\$ -	\$ -	\$ 2,212,022	\$ 15,305,019
Gas Tax Revenue	-	-	-	-	-	-	2,095,435	2,095,435
Licenses and Permits	5,186,656	-	-	-	-	217,120	493,542	5,897,318
System Development Charges	-	-	-	-	307,194	291,028	39,339	637,561
Intergovernmental Revenues	1,410,810	2,000,000	-	-	-	-	162,496	3,573,306
Library District Revenue	-	3,439,726	-	-	-	-	-	3,439,726
Other Revenue	1,764,156	360,026	170,939	237,417	833,506	347,898	1,402,340	5,116,282
TOTAL REVENUES	10,860,839	5,799,752	5,823,883	5,178,253	1,140,700	856,046	6,405,174	36,064,647
EXPENDITURES								
Current								
General Government	8,372,340	-	-	589,394	-	-	60	8,961,794
Cultural and Recreation	-	2,340,532	-	-	58,059	-	1,344,011	3,742,602
Public Safety	651,634	-	5,071,564	-	-	-	-	5,723,198
Highways and Streets	-	-	-	-	-	67,726	886,608	954,334
Debt Service	26,560	-	-	-	-	-	1,067,950	1,094,510
Capital Outlay	9,908,760	7,147,441	-	1,082,632	47,297	5,422,435	4,266,274	27,874,839
TOTAL EXPENDITURES	18,959,294	9,487,973	5,071,564	1,672,026	105,356	5,490,161	7,564,903	48,351,277
EXCESS OF REVENUES OVER (UNDER EXPENDITURES)	(8,098,455)	(3,688,221)	752,319	3,506,227	1,035,344	(4,634,115)	(1,159,729)	(12,286,630)
OTHER FINANCING SOURCES (USES)								
Subscription Financing	79,309	-	-	-	-	-	-	79,309
Transfers In	1,640,000	-	-	-	-	3,000,000	1,067,950	5,707,950
Transfers Out	-	(570,000)	(550,000)	(1,067,950)	-	-	(3,520,000)	(5,707,950)
TOTAL OTHER FINANCING SOURCES (USES)	1,719,309	(570,000)	(550,000)	(1,067,950)	-	3,000,000	(2,452,050)	79,309
NET CHANGE IN FUND BALANCE	(6,379,146)	(4,258,221)	202,319	2,438,277	1,035,344	(1,634,115)	(3,611,779)	(12,207,321)
FUND BALANCES - beginning	19,601,155	5,963,508	1,802,381	2,455,255	19,603,581	8,474,529	15,223,353	73,123,762
FUND BALANCES - ending	\$ 13,222,009	\$ 1,705,287	\$ 2,004,700	\$ 4,893,532	\$ 20,638,925	\$ 6,840,414	\$ 11,611,574	\$ 60,916,441

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, 2024

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 \$ (12,207,321)

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	\$ 27,414,836	
Assets Contributed by Developers	(2,238,940)	
Depreciation Expense	(2,821,272)	
Right-to-Use Assets - Subscription	49,126	
Loss sale of assets	(1,003)	
Amortization expense - subscription	(26,436)	
	22,376,311	22,376,311

Assets contributed by developers results in recognition of revenue on the statement of activities 2,238,940

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	(25,983)	
Net Subscription Liability	(52,749)	
Pension Expense	(818,268)	
Special item - Capital Asset reclassification	(370,519)	
Net Other Postemployment Benefit Obligations	22,594	
	(1,244,925)	(1,244,925)

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.

Accrued Interest Payable	(49,377)	
Debt Principal	455,000	
Bond amortization	76,870	
	482,493	482,493

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

Unavailable Revenue - Property Taxes		104,907
		104,907

Change in Net Position \$ 11,750,405

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

CITY OF HAPPY VALLEY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2024

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.

In defining the City of Happy Valley for financial reporting purposes, management considers all funds, organizations, institutions, agencies, departments and offices that are legally part of the City (the primary government) and organizations for which the City is financially accountable. As defined by accounting principles generally accepted in the United States of America, the financial reporting entity consists of the primary government, as well as its component units. Component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government.

Based on component unit criteria, the City of Happy Valley's financial statements include the Happy Valley Urban Renewal Agency as a blended component unit. 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. Additionally, management of the City manages the activities of the component unit in the same manner as it manages its own activities. The separately issued financial statements of the Happy Valley Urban Renewal Agency may be obtained from the Agency at 16000 SE Misty Drive, Happy Valley, Oregon 97086.

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

CITY OF HAPPY VALLEY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2024

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 FOR YEAR ENDED JUNE 30, 2024

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.

CITY OF HAPPY VALLEY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2024

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.

CITY OF HAPPY VALLEY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2024

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. 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

F. LONG-TERM DEBT

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are recognized in the year incurred.

In the fund financial statements, governmental fund types recognize bond premiums, discounts, and issuance costs in the year of issue. The face amount of debt issued, and related premium are reported as other financing sources. Issuance costs, whether withheld from the actual debt proceeds received, are reported as expenditures.

G. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources which represents 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 Net Position reports a separate section for deferred inflows of resources represents 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.

CITY OF HAPPY VALLEY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. PENSIONS

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

I. VESTED COMPENSATED ABSENCES

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

J. ESTIMATES

The preparation of financial statements in conformity with GAAP 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, 2024 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)

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.

CITY OF HAPPY VALLEY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. NET POSITION/FUND BALANCES

Net position is classified in the following three categories:

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

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

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

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

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

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

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

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

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

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

CITY OF HAPPY VALLEY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2024

2. CASH, CASH EQUIVALENTS, AND INVESTMENTS

Cash and Investments consisted of:

Petty Cash	\$	3,500
Deposits with Financial Institutions		285,637
Investments		<u>64,801,961</u>
Total Cash and Investments	\$	<u>65,091,098</u>

DEPOSITS - Deposits with financial institutions include bank demand deposits. The total bank balance per the bank statements is \$581,161. Of the current year bank balance, all is covered by federal depository insurance and/or held at financial institutions on the list of qualified depositories found on the State of Oregon Treasurer’s website. The accounts are non-interest bearing demand deposit accounts.

INVESTMENTS – The 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 (LGIP) 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 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, 2024.

Amounts in the State Treasurer’s LGIP 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 LGIP and the value of the pool shares at June 30, 2024. There were no known violations of legal or contractual provisions for deposits and investments during the fiscal year.

CITY OF HAPPY VALLEY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2024

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

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, 2024			
	<u>Less than 3</u>	<u>3-18</u>	<u>18-59</u>	<u>Total</u>
Investments:				
Oregon State Treasurer's Local Government Investment Pool	\$ 13,572,696	\$ -	\$ -	\$ 13,572,696
Money Market Fund	1,207,136	-	-	1,207,136
Municipal - CA	-	-	1,857,371	1,857,371
US Treasury	1,999,559	7,707,847	10,242,122	19,949,528
US Instrumentality: FFCB	1,512,413	2,254,756	5,702,179	9,469,348
US Instrumentality: FHLB	-	-	8,499,674	8,499,674
Corporate Bonds	-	751,084	9,495,124	10,246,208
Total	<u>\$ 18,291,804</u>	<u>\$ 10,713,687</u>	<u>\$ 35,796,470</u>	<u>\$ 64,801,961</u>

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 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.

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

<u>Investments</u>	<u>Risk Concentration</u>	<u>Weighted Average Final Maturity (Days)</u>	<u>Fair Value+Accrued</u>
Cash/LGIP	22.7%	1	\$ 14,779,832
Corporate Obligations	15.8%	171	10,246,208
Commercial Paper	0.0%	-	-
Municipal Bonds	2.9%	31	1,857,371
US Treasury	30.9%	193	19,949,528
US Agency	27.7%	258	17,969,022
Total Investments	<u>100.0%</u>	<u>159</u>	<u>\$ 64,801,961</u>

CITY OF HAPPY VALLEY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2024

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

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, 2024				
	N/A	Level 1	Level 2	Total
Investments:				
Oregon State Treasurer's Local				
Government Investment Pool	\$ 14,779,832	\$ -	\$ -	\$ 14,779,832
US Treasury	-	19,949,528	-	19,949,528
Agency Securities	-	-	17,969,022	17,969,022
Corporate Bonds	-	-	10,246,208	10,246,208
Municipal	-	-	1,857,371	1,857,371
Total	\$ 14,779,832	\$ 19,949,528	\$ 30,072,601	\$ 64,801,961

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 18.7% 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:

Investment-Type	Minimum Allowable Credit Quality Criteria (at the time of purchase)			Fair Value June 30, 2024	Percentage of Total FV
	S&P	Moodys	Fitch		
Cash/LGIP	- / -	-	-	\$ 14,779,832	22.8%
Corporate Bonds	AA-/Aa3	AA	A1	1,378,189	2.1%
Corporate Bonds	AA-/Aa3	AA+	Aaa	988,830	1.5%
Corporate Bonds	AA-/Aa3	AA	Aa2	1,480,601	2.3%
Corporate Bonds	AA-/Aa3	A+	Aa3	1,538,779	2.4%
Corporate Bonds	AA-/Aa3	A	A1	1,712,271	2.6%
Corporate Bonds	AA-/Aa3	A-	A1	1,452,916	2.2%
Corporate Bonds	AA-/Aa3	AA-	Aa3	1,694,622	2.6%
Municipal - CA	AA-/Aa3	AA-	Aa2	1,857,371	2.9%
US Agency: FFCB	AA+/Aaa	AA+	Aaa	9,469,348	14.6%
US Agency: FHLB	AA+/Aaa	AA+	Aaa	8,499,674	13.1%
US Treasury	AA+/Aaa	AA+	Aaa	19,949,528	30.8%
				\$ 64,801,961	100.0%

CITY OF HAPPY VALLEY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2024

3. CAPITAL ASSETS

Changes in capital assets for the fiscal year ended June 30, 2024 are as follows:

	Governmental Activities Capital Assets			
	July 1, 2023 As Restated	Additions	Disposals	June 30, 2024
Capital Assets, not being depreciated				
Land and Improvements	\$ 29,613,210	\$ 9,515,458	\$ -	\$ 39,128,668
Works of Art	-	53,635	-	53,635
Construction in Progress	9,540,195	15,464,244	(7,860,667)	17,143,772
Totals, capital assets not being depreciated	39,153,405	25,033,337	(7,860,667)	56,326,075
Capital Assets, being depreciated/ amortized				
Buildings	13,514,009	-	-	13,514,009
Vehicles	1,598,086	18,963	(59,029)	1,558,020
Other Equipment	1,504,317	92,166	(89,214)	1,507,269
Park Improvements	4,368,039	2,382,666	-	6,750,705
Park Equipment	128,751	1,600,966	-	1,729,717
Software	-	191,175	-	191,175
Right-to-use assets - subscriptions	-	79,309	-	79,309
Streets	81,718,829	5,956,228	-	87,675,057
Totals, capital assets being depreciated	102,832,031	10,321,473	(148,243)	113,005,261
Less: Accumulated Depreciation/Amortization for:				
Buildings	(3,653,182)	(286,251)	-	(3,939,433)
Vehicles	(839,253)	(107,201)	59,029	(887,425)
Other Equipment	(925,680)	(120,381)	88,212	(957,849)
Park Improvements	(2,579,747)	(210,312)	-	(2,790,059)
Park Equipment	(61,999)	(10,918)	-	(72,917)
Software	-	(12,745)	-	(12,745)
Right-to-use assets - subscriptions	-	(26,436)	-	(26,436)
Streets	(26,728,229)	(2,073,464)	-	(28,801,693)
Total Accumulated Depreciation	(34,788,090)	(2,847,708)	147,241	(37,488,557)
Total capital assets, being depreciated, net	68,043,941	7,473,765	(1,002)	75,516,704
Total Governmental Activities	\$ 107,197,347	\$ 32,507,101	\$ (7,861,669)	\$ 131,842,779

Governmental Activities Depreciation Allocation to Functions

General Government	\$ 331,547
Cultural and Rec	292,944
Public Safety	57,402
Streets	2,165,815
Total	<u>\$ 2,847,708</u>

CITY OF HAPPY VALLEY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2024

4. LONG-TERM OBLIGATIONS

In February 2023, the Happy Valley Urban Renewal Agency issued Urban Renewal revenue bonds in the amount of \$14,575,000 to finance the purchase of land for a community center. The current debt interest rate is 5.0%. Final maturity is June 1, 2042. The full faith and credit of the City is pledged, however management intends to repay the debt from Urban Renewal incremental revenues and earnings. If a bond is defaulted, by failure to make required principal or interest payments, action to enforce the financing agreement may take place for the amount of the obligation then outstanding to its satisfaction. The bonds will not be subject to acceleration. The principal balance outstanding on the bonds at June 30, 2024 is \$13,245,000, due as follows:

Fiscal year ending June 30	Principal	Interest	Total
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	585,000	486,700	1,071,700
2030-2034	3,385,000	1,965,500	5,350,500
2035-2039	4,235,000	1,115,600	5,350,600
2040-2042	2,970,000	240,800	3,210,800
	\$ 13,245,000	\$ 6,020,400	\$ 19,265,400

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

	06/30/23 Balance	Additions	Reductions	6/30/24 Balance	Due in 1 Year
Governmental Activities					
Principal Transactions:					
General Obligation Bonds:					
Full Faith & Credit Obligation, Series 2023	\$ 13,700,000	\$ -	\$ 455,000	\$ 13,245,000	\$ 480,000
Bond Premium	1,460,525	-	76,870	1,383,655	76,870
Total General Obligation Bonds	\$ 15,160,525	\$ -	\$ 531,870	\$ 14,628,655	\$ 556,870

CITY OF HAPPY VALLEY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2024

5. LONG-TERM DEBT – SBITA PAYABLES

The City recognizes a Subscription Based IT Arrangement payable for the following contract in which the City, acting as the subscriber, is granted the right to use a vendor’s proprietary software.

The City has a subscription for permitting and licensing software. The term of the subscription ends in 2025. Outflow of resources for this subscription is recorded in the General Fund.

Governmental Activities	<u>06/30/23</u>			<u>6/30/24</u>	<u>Due in</u>
	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>1 Year</u>
Permitting & Licensing Software, Issued July 1, 2023					
Interest rate 4.56%, average annual principal and interest \$27,648, due 2025.	\$ -	\$ 79,309	\$ (26,560)	\$ 52,749	\$ 25,787

6. COMPENSATED ABSENCES PAYABLE

At June 30, 2024, the City’s liability for compensated absences is estimated at \$355,589. 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.

7. 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.

Interfund transfer activity for the year ended June 30, 2024 is as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 1,640,000	\$ -
Library Fund	-	570,000
Public Safety Fund	-	550,000
Urban Renewal Fund	-	1,067,950
Parks SDC Fund	-	-
Transportation SDC Fund	3,000,000	-
Non-Major Funds	1,067,950	3,520,000
Total Transfers	<u>\$ 5,707,950</u>	<u>\$ 5,707,950</u>

8. 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.

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.

CITY OF HAPPY VALLEY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2024

8. PENSION PLAN (CONTINUED)

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.

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.

8. PENSION PLAN (CONTINUED)

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 Post-employment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2021 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2023. 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, 2024 were \$1,198,856 excluding amounts to fund employer specific liabilities. The rates in effect for the fiscal year ended June 30, 2024 were 22.15 percent for Tier One/Tier Two General Service Member and 19.0 percent for OPSRP Pension Program General Service Members.

2. Employee Contributions

Beginning January 1, 2004, all employee contributions were placed in the OPSRP Individual Account Program (IAP), a defined contribution pension plan established by the Oregon Legislature. Prior to that date, all member contributions were credited to the Defined Benefit Pension Plan. Member contributions are set by statute at 6.0 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 \$362,582 for the year ended June 30, 2024.

CITY OF HAPPY VALLEY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2024

8. PENSION PLAN (CONTINUED)

Starting July 1, 2020, Senate Bill 1049 required a portion of member contributions to their IAP accounts to be redirected to the Defined Benefit Pension Plan. If the member earns more than \$2,500 per month (increased to \$3,570 per month on January 1, 2022) 0.75% (if OPSRP member) or 2.5% (if Tier One/Tier Two member) of the member’s contributions that were previously contributed to the member’s IAP now fund the new Employee Pension Stability Accounts (EPSA). The EPSA accounts will be used to fund the cost of future pension benefits without changing those benefits, which means reduced contributions to the members IAP account. Members may elect to make voluntary IAP contributions equal to the amount redirected.

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

At June 30, 2024, the City reported a liability of \$9,479,100 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021 (MD) rolled forward to June 30, 2023. 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, 2023, the City’s proportion was 0.05060733 percent, which was an increase from its proportion of 0.04390811 percent measured as of June 30, 2022.

For the year ended June 30, 2024, the City recognized pension expense of \$818,268. At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 463,557	\$ 37,585
Changes in assumptions	842,067	6,279
Net difference between projected and actual earnings on investments	170,378	-
Changes in proportion	1,237,501	289,331
Differences between employer contributions and proportionate share of contributions	<u>496,389</u>	<u>553,211</u>
Total (prior post MD contributions)	3,209,892	886,406
Contributions subsequent to the MD	<u>1,198,856</u>	-
Total	<u>\$ 4,408,748</u>	<u>\$ 886,406</u>
Net Deferred Outflow/(Inflow) of Resources		3,522,342

City’s contributions subsequent to the measurement date of \$1,198,856 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, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30:</u>	
2025	\$ 553,140
2026	(1,129)
2027	1,164,687
2028	513,658
2029	<u>93,130</u>
Total	<u>\$ 2,323,486</u>

CITY OF HAPPY VALLEY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2024

8. PENSION PLAN (CONTINUED)

Actuarial assumptions

The employer contribution rates effective July 1, 2023 through June 30, 2024, 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, 2021
Measurement Date	June 30, 2023
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	Health retirees and beneficiaries: Pub-2010 Healthy Retiree, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Active Members: Pub-2010 Employee, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Disabled retirees: Pub-2010 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.

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.

CITY OF HAPPY VALLEY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2024

8. PENSION PLAN (CONTINUED)

Long-Term Expected Rate of Return:

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in January 2023 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.

<u>Asset Class/Strategy</u>	<u>Assumed Asset Allocation</u>		
	<u>Low Range</u>	<u>High Range</u>	<u>Target</u>
Debt Securities	20.0%	30.0%	25.0%
Public Equity	22.5%	32.5%	27.5%
Real Estate	9.0%	16.5%	12.5%
Private Equity	17.5%	27.5%	20.0%
Real Assets	2.5%	10.0%	7.5%
Diversifying Strategies	2.5%	10.0%	7.5%
Opportunity Portfolio	0.0%	5.0%	0.0%
Total			<u>100.0%</u>

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Compounded Annual Return (Geometric)</u>
Global Equity	27.50%	7.07%
Private Equity	25.50%	8.83%
Core Fixed Income	25.00%	4.50%
Real Estate	12.25%	5.83%
Master Limited Partnerships	0.75%	6.02%
Infrastructure	1.50%	6.51%
Hedge Fund of Funds – Multistrategy	1.25%	6.27%
Hedge Fund of Equity – Hedge	0.63%	6.48%
Hedge Fund – Macro	5.62%	4.83%
Total	<u>100.00%</u>	
Assumed Inflation - Mean		2.35%

CITY OF HAPPY VALLEY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2024

8. PENSION PLAN (CONTINUED)

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.

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)	\$ 15,657,689	\$ 9,479,100	\$ 4,308,276

Pension Plan Fiduciary Net Position

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

CITY OF HAPPY VALLEY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2024

8. PENSION PLAN (CONTINUED)**Changes in Plan Provisions During the Measurement Period**

There were no changes during the June 30, 2023 measurement period that require disclosure.

9. 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:

	<u>Implicit Rate Subsidy</u>	<u>PERS RHIA Plan</u>	<u>Total OPEB on Financials</u>
Net OPEB Asset	\$ -	\$ 135,646	\$ 135,646
Deferred Outflows of Resources			
Change in Assumptions	2,697	-	2,697
Difference in Expected and Actual Experience	30,394	385	30,779
Change in Proportionate Share	-	172	172
Contributions After MD	12,524	-	12,524
Net OPEB Liability	(198,690)	-	(198,690)
Deferred Inflows of Resources			
Difference in Expected and Actual Experience	-	(3,405)	(3,405)
Difference in Earnings	-	-	-
Change in Assumptions	(47,171)	(1,463)	(48,634)
Change in Proportionate Share	-	(15,602)	(15,602)
OPEB Expense/(Income)*	22,182	(32,191)	(10,009)

*Included in program expenses on Statement of Activities

CITY OF HAPPY VALLEY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2024

9. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Implicit Rate Subsidy

Plan Description

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

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

Benefits Provided

The plan provides eligible retirees and their dependents under age 65 the same health care coverage at the same premium rates as offered to active employees. The retiree is responsible for the premiums. As of the valuation date of July 1, 2022, the following employees were covered by the benefit terms:

Active employees		75
Eligible retirees		2
Spouses of ineligible retirees		0
Total participants		77
Spouses of Eligible Retirees		1

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 \$198,690 was measured as of June 30, 2023, and was determined by an actuarial valuation as of July 1, 2022.

For the fiscal year ended June 30, 2024, the City recognized OPEB expense from this plan of \$22,182. At June 30, 2024, 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	\$ 30,394	\$ -
Changes of assumptions	2,697	47,171
Total (prior to post-MD contributions)	33,091	47,171
Contributions subsequent to the MD	12,524	-
Total	\$ 45,615	\$ 47,171

CITY OF HAPPY VALLEY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2024

9. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Deferred outflows of resources related to OPEB of \$12,524 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, 2025. 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>	
2025	\$ (4,663)
2026	(3,818)
2027	(3,846)
2028	(956)
2029	(311)
Thereafter	(486)
Total	<u>\$ (14,080)</u>

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	3.65 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	Health retirees and beneficiaries: 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.
Healthcare Cost Trend Rate:	Healthcare: Medical and vision: 4.25% in 2022 3.75% to 6.75% per year through 2072. Dental: 1.75% in 2022, 4.00% per year through 2072, 3.75% thereafter

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

CITY OF HAPPY VALLEY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2024

9. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Changes in the Total OPEB Liability

Changes in assumptions is the result of the change in the projected benefit election rate from 35% to 40% of eligible retirees. In addition, the discount rate changed from 3.54% in 2023 to 3.65% in 2024.

	Net OPEB Liability
Balance as of June 30, 2023	\$ 182,548
Changes for the year:	
Service cost	20,192
Interest on total OPEB liability	7,013
Effect of changes to benefit terms	-
Effect of economic demographic gains or losses	-
Effect of assumptions changes or inputs	(1,734)
Benefit payments	(9,329)
Balance as of June 30, 2024	<u>\$ 198,690</u>

Sensitivity of the Total OPEB Liability

The following presents the City’s OPEB liability, as well as what the liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.65 percent) or 1-percentage-point higher (4.65 percent) than the current discount rate. A similar sensitivity analysis is then presented for changes in the healthcare trend assumption.

<u>1% Decrease (2.65%)</u>	<u>Current Discount Rate (3.65%)</u>	<u>1% Increase (4.65%)</u>
\$ 215,112	\$ 198,690	\$ 183,348
<u>1% Decrease</u>	<u>Current Health Care Trend Rates</u>	<u>1% Increase</u>
\$ 174,613	\$ 198,690	\$ 227,355

9. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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/2023-ACFR.pdf>

Benefits Provided

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

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, 2021 actuarial valuation and a percentage of payroll that first became effective July 1, 2023. 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 had no contributions for the year ended June 30, 2024.

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

At June 30, 2024, the City reported an asset of \$135,646 for its proportionate share of the OPERS net OPEB asset. The net OPEB asset was measured as of June 30, 2023, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2021 rolled forward to June 30, 2023. 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, 2023, the City's proportionate share was 0.0371%, which is an increase from its proportion of 0.0281% as of June 30, 2022.

CITY OF HAPPY VALLEY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2024

9. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

For the year ended June 30, 2024, the City recognized OPEB credit from this plan of \$32,191. At June 30, 2024, 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	\$ -	\$ 3,405
Changes of assumptions	-	1,463
Net difference between projected and actual earnings on investments	385	-
Changes in proportionate share	172	15,602
Differences between employer contributions and proportionate share of contributions	-	-
Total (prior to post-MD contributions)	557	20,470
Contributions subsequent to the MD	-	-
Total	\$ 557	\$ 20,470
Net Deferred Outflow/(Inflow) of Resources		

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>	
2025	\$ (18,023)
2026	(8,701)
2027	5,013
2028	1,798
Total	\$ (19,913)

Actuarial Methods and Assumptions

The total OPEB asset in the December 31, 2021 actuarial valuation was determined using the actuarial methods and assumptions are the same as listed above in note 8 – Pension Plan Actuarial Assumptions.

Long-Term Expected Rate of Return

Are the same as listed above in Note 8 – 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.

CITY OF HAPPY VALLEY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2024

9. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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

The following presents the City’s proportionate share of the net OPEB liability (asset) calculated using the discount rate of 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:

<u>Discount Rate:</u>	<u>1% Decrease (5.90%)</u>	<u>Current Discount Rate (6.90%)</u>	<u>1% Increase (7.90%)</u>
Net OPEB Asset	\$ (123,303)	\$ (135,646)	\$ (146,237)

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, 2023 measurement period that require disclosure.

10. 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.

11. 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.

CITY OF HAPPY VALLEY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2024

12. 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 \$739,299 are currently held as Restricted Fund Balance.

13. 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.

14. FUND BALANCE DETAIL

	General Fund	Library Fund	Public Safety Fund	Urban Renewal Fund	Parks SDC Fund	Transportation SDC Fund	Non-Major Funds	Total
Fund Balances:								
Nonspendable	\$ 102,300	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 29,910	\$ 132,210
Restricted								
PEG	739,299	-	-	-	-	-	-	739,299
Library	-	1,705,287	-	-	-	-	-	1,705,287
Street Maint	-	-	-	-	-	-	1,304,008	1,304,008
Ped. Improve.	-	-	-	-	-	-	1,540,519	1,540,519
SDC Projects	-	-	-	-	20,638,925	6,840,414	827,924	28,307,263
Parks	-	-	-	-	-	-	7,909,213	7,909,213
Public Safety	-	-	2,004,700	-	-	-	-	2,004,700
Urban Renewal	-	-	-	4,893,532	-	-	-	4,893,532
	<u>739,299</u>	<u>1,705,287</u>	<u>2,004,700</u>	<u>4,893,532</u>	<u>20,638,925</u>	<u>6,840,414</u>	<u>11,581,664</u>	<u>48,403,821</u>
Committed								
General Ops	838,974	-	-	-	-	-	-	838,974
Replacement	1,840,996	-	-	-	-	-	-	1,840,996
Facilities Cap. Projects	3,788,815	-	-	-	-	-	-	3,788,815
	<u>6,468,785</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,468,785</u>
Unassigned	<u>5,911,625</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,911,625</u>
Total Fund Balances	<u>\$ 13,222,009</u>	<u>\$ 1,705,287</u>	<u>\$ 2,004,700</u>	<u>\$ 4,893,532</u>	<u>\$ 20,638,925</u>	<u>\$ 6,840,414</u>	<u>\$ 11,611,574</u>	<u>\$ 60,916,441</u>

15. SPECIAL ITEM

In fiscal year 2023, the Agency capitalized \$370,519 of construction in progress relating to the 172nd North Capital Improvement Project, a project in partnership with Clackamas County. During the year ended June 30, 2024, it has been determined that the county will own the assets upon completion. Accordingly, the Agency removed these assets from its register and presented the disposal as a Special Item in the Statement of Activities.

CITY OF HAPPY VALLEY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2024

16. SUBSEQUENT EVENT

On November 19th, 2024, the City passed resolution 24-26 which authorized an interfund loan to the Library Reserve for Replacement Fund from the Parks SDC Fund. The Library Reserve for Replacement Fund needed additional funds in the 2024-25 fiscal year for the library expansion project. Surplus funds in an amount sufficient to meet the needs of the library expansion project were available on hand in the Parks SDC Fund. The resolution authorized an interfund loan in the amount of \$2,500,000 from the Parks SDC Fund to the Library Reserve for Replacement Fund which will be paid back over 7 years. The loan will carry an interest rate at 5% which is equal to the current LGIP rate.

17. NEWLY ISSUED ACCOUNTING STANDARDS

In June 2022, the GASB issued Statement No. 100, Accounting Changes and Error Corrections. The statement establishes accounting and financial reporting requirements for a) accounting changes and b) the correction of an error in previously issued financial statements (error correction). 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, 2024

GENERAL FUND - BUDGETARY BASIS

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Property Taxes	\$ 2,510,000	\$ 2,510,000	\$ 2,499,217	\$ (10,783)
Licenses, Fees, and Permits:				
ROW Use Fees	2,250,000	2,250,000	2,559,277	309,277
Building Permits and Fees	1,000,000	1,000,000	1,277,472	277,472
Planning Fees	150,000	150,000	161,872	11,872
Engineering Fees	250,000	250,000	684,340	434,340
SDC Compliance Fee	50,000	50,000	39,010	(10,990)
User Related Fees	600,000	600,000	464,685	(135,315)
Total Licenses, Fees, and Permits	4,300,000	4,300,000	5,186,656	886,656
Intergovernmental				
State Shared Revenues	850,000	850,000	882,466	32,466
Intergovernmental	400,000	400,000	528,344	128,344
Total Intergovernmental	1,250,000	1,250,000	1,410,810	160,810
Other Revenue:				
Traffic Fines	500,000	500,000	651,246	151,246
Municipal Court	100,000	100,000	81,965	(18,035)
Miscellaneous Revenue	200,000	200,000	452,133	252,133
Total Other Revenue	800,000	800,000	1,185,344	385,344
TOTAL REVENUES	8,860,000	8,860,000	10,282,027	1,422,027
EXPENDITURES				
Administration	3,693,500	3,693,500	3,558,550	134,950
Community Services & Public Safety	1,381,700	1,381,700	1,336,479	45,221
Economic & Community Development	3,836,700	3,836,700	3,094,506	742,194
Public Works	908,000	908,000	729,934	178,066
Contingency	3,202,436	3,202,436	-	3,202,436
TOTAL EXPENDITURES	13,022,336	13,022,336	8,719,469	4,302,867
EXCESS OF REVENUES OVER (UNDER)				
EXPENDITURES	(4,162,336)	(4,162,336)	1,562,558	5,724,894
OTHER FINANCING SOURCES (USES)				
Transfers In	1,740,000	1,740,000	1,640,000	(100,000)
Transfers Out To:				
Reserve for Replacement Fund	(500,000)	(500,000)	(500,000)	-
Facility Capital Projects Fund	(2,500,000)	(2,500,000)	(2,500,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	(1,260,000)	(1,260,000)	(1,360,000)	100,000
NET CHANGE IN FUND BALANCE	(5,422,336)	(5,422,336)	202,558	5,624,894
FUND BALANCE - beginning	5,422,336	5,422,336	5,962,494	540,158
FUND BALANCE - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,165,052</u>	<u>\$ 6,165,052</u>
RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS				
NET CHANGE IN FUND BALANCE			\$ 202,558	
Unrealized gain (loss) on investment:			<u>46,085</u>	
CHANGE IN FUND BALANCE - GAAP BASIS			<u>\$ 248,643</u>	

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, 2024

LIBRARY FUND - BUDGETARY BASIS

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES				
User Related Fees	\$ 40,000	\$ 40,000	\$ 33,191	\$ (6,809)
District Revenue	3,450,000	3,450,000	3,439,726	(10,274)
Miscellaneous Revenue	69,000	69,000	216,645	147,645
TOTAL REVENUES	<u>3,559,000</u>	<u>3,559,000</u>	<u>3,689,562</u>	<u>130,562</u>
EXPENDITURES				
Personal Services	2,021,100	2,021,100	1,782,461	238,639
Materials and Services	645,000	645,000	556,012	88,988
Contingency	896,029	896,029	-	896,029
TOTAL EXPENDITURES	<u>3,562,129</u>	<u>3,562,129</u>	<u>2,338,473</u>	<u>1,223,656</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(3,129)</u>	<u>(3,129)</u>	<u>1,351,089</u>	<u>1,354,218</u>
OTHER FINANCING SOURCES, (USES)				
Transfers Out To:				
General Fund	(570,000)	(570,000)	(570,000)	-
Reserve for Replacement	(600,000)	(600,000)	(600,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,170,000)</u>	<u>(1,170,000)</u>	<u>(1,170,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(1,173,129)	(1,173,129)	181,089	1,354,218
FUND BALANCE - beginning	1,173,129	1,173,129	1,238,899	65,770
FUND BALANCE - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,419,988</u>	<u>\$ 1,419,988</u>
RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS				
NET CHANGE IN FUND BALANCE			\$ 181,089	
Unrealized gain (loss) on investments			<u>89,124</u>	
CHANGE IN FUND BALANCE - GAAP BASIS			<u>\$ 270,213</u>	

* 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, 2024

PUBLIC SAFETY FUND - BUDGETARY BASIS

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES				
Property Taxes	\$ 5,500,000	\$ 5,500,000	\$ 5,652,944	\$ 152,944
Miscellaneous Revenue	50,000	50,000	173,906	123,906
TOTAL REVENUES	<u>5,550,000</u>	<u>5,550,000</u>	<u>5,826,850</u>	<u>276,850</u>
EXPENDITURES				
Personal Services	127,700	127,700	127,697	3
Materials and Services	5,160,000	5,160,000	4,943,867	216,133
Capital Outlay	10,000	10,000	-	10,000
Contingency	1,451,433	1,451,433	-	1,451,433
TOTAL EXPENDITURES	<u>6,749,133</u>	<u>6,749,133</u>	<u>5,071,564</u>	<u>1,677,569</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,199,133)</u>	<u>(1,199,133)</u>	<u>755,286</u>	<u>1,954,419</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out To:				
General Fund	<u>(550,000)</u>	<u>(550,000)</u>	<u>(550,000)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(550,000)</u>	<u>(550,000)</u>	<u>(550,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(1,749,133)	(1,749,133)	205,286	1,954,419
FUND BALANCE - beginning	<u>1,749,133</u>	<u>1,749,133</u>	<u>1,854,373</u>	<u>105,240</u>
FUND BALANCE - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,059,659</u>	<u>\$ 2,059,659</u>
RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS				
NET CHANGE IN FUND BALANCE			\$ 205,286	
Unrealized gain (loss) on investments			<u>(2,967)</u>	
CHANGE IN FUND BALANCE - GAAP BASIS			<u>\$ 202,319</u>	

CITY OF HAPPY VALLEY, OREGON
Schedule of Revenues, Expenditures and Changes in Fund Balance
Actual and Budget
for the year ended June 30, 2024

URBAN RENEWAL AGENCY FUND - BUDGETARY BASIS

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES				
Tax Increment	\$ 4,000,000	\$ 4,000,000	\$ 4,940,836	\$ 940,836
Miscellaneous Revenue	100,000	100,000	234,234	134,234
TOTAL REVENUES	4,100,000	4,100,000	5,175,070	1,075,070
EXPENDITURES				
Personal Services	168,500	168,500	146,608	21,892
Materials and Services	1,000,000	1,000,000	442,786	557,214
Capital Outlay	4,747,748	4,747,748	1,082,632	3,665,116
TOTAL EXPENDITURES	5,916,248	5,916,248	1,672,026	4,244,222
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,816,248)	(1,816,248)	3,503,044	5,319,292
OTHER FINANCING SOURCES (USES)				
Transfers Out To:				
Urban Renewal Debt Service Fund	(1,100,000)	(1,100,000)	(1,067,950)	32,050
TOTAL OTHER FINANCING SOURCES (USES)	(1,100,000)	(1,100,000)	(1,067,950)	32,050
NET CHANGE IN FUND BALANCE	(2,916,248)	(2,916,248)	2,435,094	5,351,342
FUND BALANCE - beginning	2,916,248	2,916,248	2,458,464	(457,784)
FUND BALANCE - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,893,558</u>	<u>\$ 4,893,558</u>

RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS

NET CHANGE IN FUND BALANCE	\$ 2,435,094
Unrealized gain (loss) on investments	<u>3,183</u>
CHANGE IN FUND BALANCE - GAAP BASIS	<u>\$ 2,438,277</u>

CITY OF HAPPY VALLEY, OREGON

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR YEAR ENDED JUNE 30, 2024

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, 2024, City Council approved one supplemental budget resolution that increased expenditure appropriations. 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 and other 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.

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
2023	0.05060733%	\$ 9,479,100	\$ 6,320,001	149.99%	81.70%
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	0.04088109%	5,510,786	4,224,767	130.44%	80.53%
2016	0.03026638%	4,543,686	3,819,380	118.96%	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%

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.

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

Changes of Assumptions:

The PERS Board adopted assumption changes that were used to measure the June 30, 2016 total pension liability and June 30, 2018 total pension liability. For June 30, 2016, the changes included the lowering of the long-term expected rate of return to 7.50 percent and lowering of the assumed inflation to 2.50 percent. For June 30, 2018, the long-term expected rate of return was lowered to 7.20 percent. 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
2024	\$ 1,198,856	\$ 1,198,856	\$ -	\$ 6,253,190	19.17%
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%

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, 2021	December 31, 2019	December 31, 2017	December 31, 2015	December 31, 2013	December 31, 2011
Effective	July 2023 - June 2025	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
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 Years¹

Measurement Date June 30,	(a) City's proportion of the net OPEB liability (asset)	(b) City's proportionate share of the net OPEB liability (asset)	(c) Covered payroll	(b/c) City's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2023	0.03704499%	\$ (135,646)	\$ 6,320,001	-2.15%	201.6%
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)	5,364,970	-0.72%	150.1%
2019	0.03956953%	(76,463)	4,923,662	-1.55%	144.4%
2018	0.03966143%	(44,273)	4,585,913	-0.97%	124.0%
2017	0.03966143%	(16,164)	4,447,936	-0.36%	108.9%

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

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

NOTES TO SCHEDULE

Changes of Assumptions:

The PERS Board adopted assumption changes that were used to measure the June 30, 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 Years¹

Year Ended June 30,	(a) Contractually determined contribution	(b) Contributions in relation to the actuarially required contribution	(a-b) Contribution deficiency (excess)	(c) Covered payroll	(b/c) Contributions as a percent of covered payroll
2024	\$ -	\$ -	\$ -	\$ 6,253,190	0.00%
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.

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

NOTES TO SCHEDULE

Actuarial Assumptions and Methods Used to Set the Actuarially Determined Contributions

Actuarial valuation:	December 31, 2019	December 31, 2019	December 31, 2017	December 31, 2015	December 31, 2013	December 31, 2011
Effective:	July 2023 - June 2025	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	
Healthcare cost trend rates					8.00 percent	
	None					

CITY OF HAPPY VALLEY, OREGON
SCHEDULE OF CHANGES IN OPEB LIABILITY AND RELATED RATIOS - IMPLICIT RATE SUBSIDY
For the Last Ten Fiscal Years¹

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability							
Service Interest	\$ 20,192	\$ 18,603	\$ 18,084	\$ 18,135	\$ 16,263	\$ 16,711	\$ 17,612
Interest	7,013	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	(9,280)
Changes of assumptions	(1,734)	(31,836)	740	(36,319)	-	(18,631)	(8,296)
Benefit payment	(9,329)	(2,040)	(999)	(2,664)	(9,075)	(1,182)	(1,182)
Net change in total OPEB liability	<u>16,142</u>	<u>19,622</u>	<u>21,343</u>	<u>(9,880)</u>	<u>18,596</u>	<u>20,454</u>	<u>3,524</u>
Total OPEB liability - beginning	<u>182,548</u>	<u>162,926</u>	<u>141,583</u>	<u>151,463</u>	<u>132,867</u>	<u>112,413</u>	<u>108,889</u>
Total OPEB liability - ending	<u>\$ 198,690</u>	<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	\$ 4,224,767
Total OPEB liability as a percentage of covered-employee payroll	3.14%	3.03%	3.04%	2.88%	3.30%	2.99%	2.66%

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

Notes to schedule

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

No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Implicit rate subsidy

Contributions are not based on a measure of pay, therefore the annual covered payroll is used in the percentages above.

<u>Changes in assumptions</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Discount rate used	3.65%	3.54%	2.21%	3.50%	3.87%	3.58%	3.50%

CITY OF HAPPY VALLEY, OREGON
SCHEDULE OF CONTRIBUTIONS TO OPEB - IMPLICIT RATE SUBSIDY
For the Last Ten Fiscal Years¹

Year Ended June 30,	(a) Actuarially determined contribution	(b) Contributions in relation to the actuarially required contribution	(a-b) Contribution deficiency (excess)	(c) Covered-employee payroll	(b/c) Contributions as a percent of covered-employee payroll
2024	\$ 12,524	\$ 12,524	\$ -	\$ 6,253,190	0.20%
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.

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

NOTES TO SCHEDULE

Actuarial Assumptions and Methods Used to Set the Actuarially Determined Contributions

Actuarial valuation:	July 1, 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
Schedule of Revenues, Expenditures and Changes in Fund Balance
Actual and Budget
for the year ended June 30, 2024

PARKS SYSTEM DEVELOPMENT FUND - BUDGETARY BASIS

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES				
SDC-Parks	\$ 300,000	\$ 300,000	\$ 307,194	\$ 7,194
Miscellaneous Revenue	<u>300,000</u>	<u>300,000</u>	<u>734,845</u>	<u>434,845</u>
TOTAL REVENUES	<u>600,000</u>	<u>600,000</u>	<u>1,042,039</u>	<u>442,039</u>
EXPENDITURES				
Materials and Services	500,000	500,000	58,059	441,941
Capital Outlay	<u>19,926,273</u>	<u>19,926,273</u>	<u>47,297</u>	<u>19,878,976</u>
TOTAL EXPENDITURES	<u>20,426,273</u>	<u>20,426,273</u>	<u>105,356</u>	<u>20,320,917</u>
NET CHANGE IN FUND BALANCE	(19,826,273)	(19,826,273)	936,683	20,762,956
FUND BALANCE - beginning	<u>19,826,273</u>	<u>19,826,273</u>	<u>20,017,588</u>	<u>191,315</u>
FUND BALANCE - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,954,271</u>	<u>\$ 20,954,271</u>
RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS				
NET CHANGE IN FUND BALANCE			\$ 936,683	
Unrealized gain (loss) on investments			<u>98,661</u>	
CHANGE IN FUND BALANCE - GAAP BASIS			<u>\$ 1,035,344</u>	

CITY OF HAPPY VALLEY, OREGON
Schedule of Revenues, Expenditures and Changes in Fund Balance
Actual and Budget
for the year ended June 30, 2024

TRANSPORTATION SYSTEM DEVELOPMENT FUND - BUDGETARY BASIS

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES				
SDC-Transportation	\$ 300,000	\$ 300,000	\$ 291,028	\$ (8,972)
Privilege Tax	500,000	500,000	217,120	(282,880)
Miscellaneous Revenue	150,000	150,000	287,866	137,866
	<u>950,000</u>	<u>950,000</u>	<u>796,014</u>	<u>(153,986)</u>
TOTAL REVENUES				
EXPENDITURES				
Materials and Services	1,000,000	1,000,000	67,726	932,274
Capital Outlay	11,703,916	11,703,916	5,422,435	6,281,481
	<u>12,703,916</u>	<u>12,703,916</u>	<u>5,490,161</u>	<u>7,213,755</u>
TOTAL EXPENDITURES				
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(11,753,916)	(11,753,916)	(4,694,147)	7,059,769
OTHER FINANCING SOURCES (USES)				
Transfers In	3,000,000	3,000,000	3,000,000	-
	<u>3,000,000</u>	<u>3,000,000</u>	<u>3,000,000</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)				
NET CHANGE IN FUND BALANCE	(8,753,916)	(8,753,916)	(1,694,147)	7,059,769
FUND BALANCE - beginning	8,753,916	8,753,916	8,654,943	(98,973)
FUND BALANCE - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,960,796</u>	<u>\$ 6,960,796</u>
RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS				
NET CHANGE IN FUND BALANCE			\$ (1,694,147)	
Unrealized gain (loss) on investments			<u>60,032</u>	
CHANGE IN FUND BALANCE - GAAP BASIS			<u>\$ (1,634,115)</u>	

CITY OF HAPPY VALLEY, OREGON
Combining Balance Sheet
General Fund - Generally Accepted Accounting Principles
June 30, 2024

	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
ASSETS					
Cash and Investments	\$ 6,453,345	\$ 838,974	\$ 2,619,090	\$ 3,788,815	\$ 13,700,224
Prepaid Items	102,300	-	-	-	102,300
Accounts Receivable	601,770	-	13,588	-	615,358
Property Taxes Receivable	77,415	-	-	-	77,415
TOTAL ASSETS	<u>\$ 7,234,830</u>	<u>\$ 838,974</u>	<u>\$ 2,632,678</u>	<u>\$ 3,788,815</u>	<u>\$ 14,495,297</u>
LIABILITIES					
Accounts Payable	\$ 445,888	\$ -	\$ 52,383	\$ -	\$ 498,271
Payroll and Taxes Payable	200,775	-	-	-	200,775
Development Deposits	264,762	-	-	-	264,762
Due to Other Governments	240,317	-	-	-	240,317
TOTAL LIABILITIES	<u>1,151,742</u>	<u>-</u>	<u>52,383</u>	<u>-</u>	<u>1,204,125</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue - Property Taxes	69,163	-	-	-	69,163
FUND BALANCES					
Fund Balance By Category					
Nonspendable	102,300	-	-	-	102,300
Restricted	-	-	739,299	-	739,299
Committed	-	838,974	1,840,996	3,788,815	6,468,785
Unassigned	5,911,625	-	-	-	5,911,625
TOTAL FUND BALANCES	<u>6,013,925</u>	<u>838,974</u>	<u>2,580,295</u>	<u>3,788,815</u>	<u>13,222,009</u>
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES	<u>\$ 7,234,830</u>	<u>\$ 838,974</u>	<u>\$ 2,632,678</u>	<u>\$ 3,788,815</u>	<u>\$ 14,495,297</u>

CITY OF HAPPY VALLEY, OREGON
Combining Schedule of Revenues, Expenditures and Changes in Fund
Balances - General Fund - Generally Accepted Accounting Principles
for the year ended June 30, 2024

	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
REVENUES						
Property Taxes	\$ 2,499,217	\$ -	\$ -	\$ -	\$ -	\$ 2,499,217
Licenses & Permits	5,186,656	-	-	-	-	5,186,656
Intergovernmental	1,410,810	-	-	-	-	1,410,810
Other Revenue	1,231,429	-	84,535	448,192	-	1,764,156
TOTAL REVENUES	10,328,112	-	84,535	448,192	-	10,860,839
EXPENDITURES						
Current:						
General Government	8,062,890	-	138,787	170,663	-	8,372,340
Public Safety	651,634	-	-	-	-	651,634
Debt Service	26,560	-	-	-	-	26,560
Capital Outlay	57,694	-	108,989	9,742,077	-	9,908,760
TOTAL EXPENDITURES	8,798,778	-	247,776	9,912,740	-	18,959,294
EXCESS REVENUES OVER (UNDER)						
EXPENDITURES	1,529,334	-	(163,241)	(9,464,548)	-	(8,098,455)
OTHER FINANCING SOURCES, (USES)						
Subscription Financing	79,309	-	-	-	-	79,309
Transfers In	1,640,000	-	500,000	2,500,000	(3,000,000)	1,640,000
Transfers Out	(3,000,000)	-	-	-	3,000,000	-
TOTAL OTHER FINANCING SOURCES (USES)	(1,280,691)	-	500,000	2,500,000	-	1,719,309
NET CHANGE IN FUND BALANCE	248,643	-	336,759	(6,964,548)	-	(6,379,146)
FUND BALANCES - beginning	5,765,282	838,974	2,243,536	10,753,363	-	19,601,155
FUND BALANCES - ending	\$ 6,013,925	\$ 838,974	\$ 2,580,295	\$ 3,788,815	\$ -	\$ 13,222,009

CITY OF HAPPY VALLEY, OREGON
Schedule of Revenues, Expenditures and Changes in Fund Balance
Actual and Budget
for the year ended June 30, 2024

GENERAL FUND - GAAP BASIS

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Property Taxes	\$ 2,510,000	\$ 2,510,000	\$ 2,499,217	\$ (10,783)
Licenses & Permits	4,300,000	4,300,000	5,186,656	886,656
Intergovernmental	1,250,000	1,250,000	1,410,810	160,810
Other Revenue	860,000	860,000	1,764,156	904,156
TOTAL REVENUES	8,920,000	8,920,000	10,860,839	1,940,839
EXPENDITURES				
Current:				
General Government	10,279,050	10,279,050	8,372,340	1,906,710
Public Safety	690,850	690,850	651,634	39,216
Debt Service	-	-	26,560	(26,560)
Capital Outlay	10,747,321	10,747,321	9,908,760	838,561
Contingency	3,202,436	3,202,436	-	3,202,436
TOTAL EXPENDITURES	24,919,657	24,919,657	18,959,294	5,960,363
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(15,999,657)	(15,999,657)	(8,098,455)	7,901,202
OTHER FINANCING SOURCES (USES)				
Subscription Financing	-	-	79,309	79,309
Transfers In	6,708,000	6,708,000	1,640,000	(5,068,000)
Transfers Out	(3,000,000)	(3,000,000)	-	3,000,000
TOTAL OTHER FINANCING SOURCES (USES)	3,708,000	3,708,000	1,719,309	(1,988,691)
NET CHANGE IN FUND BALANCE	(12,291,657)	(12,291,657)	(6,379,146)	5,912,511
FUND BALANCE - beginning	16,204,405	16,204,405	19,601,155	3,396,750
FUND BALANCE - ending	\$ 3,912,748	\$ 3,912,748	\$ 13,222,009	\$ 9,309,261

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, 2024

GENERAL OPERATIONS RESERVE FUND - BUDGETARY BASIS

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
EXPENDITURES				
Materials and Services	\$ -	\$ -	\$ -	\$ -
NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE - beginning	<u>838,974</u>	<u>838,974</u>	<u>838,974</u>	<u>-</u>
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, 2024

GENERAL RESERVE FOR REPLACEMENT FUND - BUDGETARY BASIS

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES				
PEG Fees	\$ 60,000	\$ 60,000	\$ 54,835	\$ (5,165)
Miscellaneous Revenue	-	-	29,700	29,700
	<u>60,000</u>	<u>60,000</u>	<u>84,535</u>	<u>24,535</u>
EXPENDITURES				
Materials and Services	650,000	650,000	138,787	511,213
Capital Outlay	900,000	900,000	108,989	791,011
	<u>1,550,000</u>	<u>1,550,000</u>	<u>247,776</u>	<u>1,302,224</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,490,000)</u>	<u>(1,490,000)</u>	<u>(163,241)</u>	<u>1,326,759</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(990,000)	(990,000)	336,759	1,326,759
FUND BALANCE - beginning	<u>2,295,774</u>	<u>2,295,774</u>	<u>2,243,536</u>	<u>(52,238)</u>
FUND BALANCE - ending	<u>\$ 1,305,774</u>	<u>\$ 1,305,774</u>	<u>\$ 2,580,295</u>	<u>\$ 1,274,521</u>

CITY OF HAPPY VALLEY, OREGON
Schedule of Revenues, Expenditures and Changes in Fund Balance
Actual and Budget
for the year ended June 30, 2024

FACILITY CAPITAL PROJECTS FUND - BUDGETARY BASIS

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES				
Miscellaneous Revenue	\$ 200,000	\$ 200,000	\$ 279,020	\$ 79,020
TOTAL REVENUES	<u>200,000</u>	<u>200,000</u>	<u>279,020</u>	<u>79,020</u>
EXPENDITURES				
Materials and Services	500,000	500,000	170,663	329,337
Capital Outlay	<u>9,847,321</u>	<u>9,847,321</u>	<u>9,742,077</u>	<u>105,244</u>
TOTAL EXPENDITURES	<u>10,347,321</u>	<u>10,347,321</u>	<u>9,912,740</u>	<u>434,581</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(10,147,321)</u>	<u>(10,147,321)</u>	<u>(9,633,720)</u>	<u>513,601</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	<u>2,500,000</u>	<u>2,500,000</u>	<u>2,500,000</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>2,500,000</u>	<u>2,500,000</u>	<u>2,500,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(7,647,321)	(7,647,321)	(7,133,720)	513,601
FUND BALANCE - beginning	<u>7,647,321</u>	<u>7,647,321</u>	<u>10,980,425</u>	<u>3,333,104</u>
FUND BALANCE - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,846,705</u>	<u>\$ 3,846,705</u>
RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS				
NET CHANGE IN FUND BALANCE			\$ (7,133,720)	
Unrealized gain (loss) on investments			<u>169,172</u>	
CHANGE IN FUND BALANCE - GAAP BASIS			<u>\$ (6,964,548)</u>	

CITY OF HAPPY VALLEY, OREGON
Combining Balance Sheet
Library Fund - Generally Accepted Accounting Principles
June 30, 2024

	Library Fund GAAP Basis	Library Reserve for Replacement Fund GAAP Basis	Library Fund Generally Accepted Accounting Principles
ASSETS			
Cash and Investments	\$ 1,410,214	\$ 1,113,232	\$ 2,523,446
Accounts Receivable	3,824	-	3,824
TOTAL ASSETS	\$ 1,414,038	\$ 1,113,232	\$ 2,527,270
LIABILITIES			
Accounts Payable	\$ 6,787	\$ 789,378	\$ 796,165
Accrued Payroll	25,818	-	25,818
TOTAL LIABILITIES	32,605	789,378	821,983
FUND BALANCES			
Fund Balance By Category			
Restricted	1,381,433	323,854	1,705,287
TOTAL FUND BALANCES	1,381,433	323,854	1,705,287
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,414,038	\$ 1,113,232	\$ 2,527,270

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, 2024

	Library Fund GAAB Basis	Library Reserve for GAAB Basis	Eliminations	Library Fund Generally Accepted Accounting Principles
REVENUES				
District Revenue	\$ 3,439,726	\$ -	\$ -	\$ 3,439,726
Intergovernmental Revenues	-	2,000,000		2,000,000
Other Revenue	338,960	21,066	-	360,026
TOTAL REVENUES	3,778,686	2,021,066	-	5,799,752
EXPENDITURES				
Current:				
Cultural and Recreation	2,338,473	2,059	-	2,340,532
Capital Outlay	-	7,147,441	-	7,147,441
TOTAL EXPENDITURES	2,338,473	7,149,500	-	9,487,973
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,440,213	(5,128,434)	-	(3,688,221)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	600,000	(600,000)	-
Transfers Out	(1,170,000)	-	600,000	(570,000)
TOTAL OTHER FINANCING SOURCES (USES)	(1,170,000)	600,000	-	(570,000)
NET CHANGE IN FUND BALANCE	270,213	(4,528,434)	-	(4,258,221)
FUND BALANCES - beginning	1,111,220	4,852,288	-	5,963,508
FUND BALANCES - ending	\$ 1,381,433	\$ 323,854	\$ -	\$ 1,705,287

CITY OF HAPPY VALLEY, OREGON
Schedule of Revenues, Expenditures and Changes in Fund Balance
Actual and Budget
for the year ended June 30, 2024

LIBRARY FUND - GAAP BASIS

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES				
Intergovernmental	\$ 3,450,000	\$ 5,450,000	\$ 5,439,726	\$ (10,274)
Other Revenue	109,000	109,000	360,026	251,026
TOTAL REVENUES	<u>3,559,000</u>	<u>5,559,000</u>	<u>5,799,752</u>	<u>240,752</u>
EXPENDITURES				
Current:				
Cultural and Recreation	2,816,100	2,816,100	2,340,532	475,568
Capital Outlay	5,475,552	7,475,552	7,147,441	328,111
Contingency	896,029	896,029	-	896,029
TOTAL EXPENDITURES	<u>9,187,681</u>	<u>11,187,681</u>	<u>9,487,973</u>	<u>1,699,708</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(5,628,681)</u>	<u>(5,628,681)</u>	<u>(3,688,221)</u>	<u>1,940,460</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	<u>(671,000)</u>	<u>(671,000)</u>	<u>(570,000)</u>	<u>101,000</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(671,000)</u>	<u>(671,000)</u>	<u>(570,000)</u>	<u>101,000</u>
NET CHANGE IN FUND BALANCE	(6,299,681)	(6,299,681)	(4,258,221)	2,041,460
FUND BALANCE - beginning	<u>6,299,681</u>	<u>6,299,681</u>	<u>5,963,508</u>	<u>(336,173)</u>
FUND BALANCE - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,705,287</u>	<u>\$ 1,705,287</u>

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, 2024

LIBRARY RESERVE FOR REPLACEMENT FUND - BUDGETARY BASIS

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES				
Intergovernmental	\$ -	\$ 2,000,000	\$ 2,000,000	\$ -
Miscellaneous Revenue	-	-	21,066	21,066
TOTAL REVENUES	-	2,000,000	2,021,066	21,066
EXPENDITURES				
Materials and Services	150,000	150,000	2,059	147,941
Capital Outlay	5,475,552	7,475,552	7,147,441	328,111
TOTAL EXPENDITURES	5,625,552	7,625,552	7,149,500	476,052
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(5,625,552)	(5,625,552)	(5,128,434)	497,118
OTHER FINANCING SOURCES (USES)				
Transfers In	600,000	600,000	600,000	-
Transfers out	(101,000)	(101,000)	-	101,000
TOTAL OTHER FINANCING SOURCES (USES)	-	499,000	600,000	101,000
NET CHANGE IN FUND BALANCE	(5,126,552)	(5,126,552)	(4,528,434)	598,118
FUND BALANCE - beginning	5,126,552	5,126,552	4,852,288	(274,264)
FUND BALANCE - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 323,854</u>	<u>\$ 323,854</u>

CITY OF HAPPY VALLEY, OREGON

Balance Sheet

Governmental Funds - Non-Major

June 30, 2024

	Parks Fund - GAAP	Street Fund GAAP	Pedestrian Improvement Projects - GAAP	Storm SDC Fund - GAAP	Parks Capital Projects Fund GAAP	Total
ASSETS						
Cash and Investments	\$ 3,204,375	\$ 1,351,803	\$ 1,500,468	\$ 827,924	\$ 4,802,739	\$ 11,687,309
Prepaid items	29,910	4,000	-	-	-	33,910
Accounts Receivable	9,505	312,679	40,111	-	-	362,295
Property Tax Receivable	68,521	-	-	-	-	68,521
TOTAL ASSETS	<u>\$ 3,312,311</u>	<u>\$ 1,668,482</u>	<u>\$ 1,540,579</u>	<u>\$ 827,924</u>	<u>\$ 4,802,739</u>	<u>\$ 12,152,035</u>
LIABILITIES						
Accounts Payable	\$ 75,334	\$ 358,786	\$ 60	\$ -	\$ 29,345	\$ 463,525
Accrued Payroll Liabilities	10,032	5,688	-	-	-	15,720
TOTAL LIABILITIES	<u>85,366</u>	<u>364,474</u>	<u>60</u>	<u>-</u>	<u>29,345</u>	<u>479,245</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	61,216	-	-	-	-	61,216
FUND BALANCES						
Fund Balance By Category						
Nonspendable	29,910	-	-	-	-	29,910
Restricted	3,135,819	1,304,008	1,540,519	827,924	4,773,394	11,581,664
TOTAL FUND BALANCES	<u>3,165,729</u>	<u>1,304,008</u>	<u>1,540,519</u>	<u>827,924</u>	<u>4,773,394</u>	<u>11,611,574</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	<u>\$ 3,312,311</u>	<u>\$ 1,668,482</u>	<u>\$ 1,540,579</u>	<u>\$ 827,924</u>	<u>\$ 4,802,739</u>	<u>\$ 12,152,035</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, 2024

	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
REVENUES							
Property Taxes	\$ 2,212,022	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,212,022
Gas Tax Revenue	-	2,095,435	-	-	-	-	2,095,435
Licenses and Permits	-	246,771	246,771	-	-	-	493,542
System Development Charges	-	-	-	39,339	-	-	39,339
Intergovernmental Revenues	91,978	70,518	-	-	-	-	162,496
Other Revenue	327,832	642,204	66,248	32,244	333,812	-	1,402,340
TOTAL REVENUES	2,631,832	3,054,928	313,019	71,583	333,812	-	6,405,174
EXPENDITURES							
Current							
General Government	-	-	60	-	-	-	60
Cultural and Recreation	1,344,011	-	-	-	-	-	1,344,011
Highways and Streets	-	886,608	-	-	-	-	886,608
Debt Service	-	-	-	-	-	1,067,950	1,067,950
Capital Outlay	28,641	1,262,707	400,653	-	2,574,273	-	4,266,274
TOTAL EXPENDITURES	1,372,652	2,149,315	400,713	-	2,574,273	1,067,950	7,564,903
EXCESS OF REVENUES OVER (UNDER)							
EXPENDITURES	1,259,180	905,613	(87,694)	71,583	(2,240,461)	(1,067,950)	(1,159,729)
OTHER FINANCING SOURCES (USES)							
Transfers In	-	-	-	-	-	1,067,950	1,067,950
Transfers Out	(270,000)	(3,220,000)	(30,000)	-	-	-	(3,520,000)
TOTAL OTHER FINANCING SOURCES (USES)	(270,000)	(3,220,000)	(30,000)	-	-	1,067,950	(2,452,050)
NET CHANGE IN FUND BALANCE	989,180	(2,314,387)	(117,694)	71,583	(2,240,461)	-	(3,611,779)
FUND BALANCES - beginning	2,176,549	3,618,395	1,658,213	756,341	7,013,855	-	15,223,353
FUND BALANCES - ending	\$ 3,165,729	\$ 1,304,008	\$ 1,540,519	\$ 827,924	\$ 4,773,394	\$ -	\$ 11,611,574

CITY OF HAPPY VALLEY, OREGON
Combining Balance Sheet
Street Fund - Generally Accepted Accounting Principles
June 30, 2024

	Street Fund GAAP Basis	Street Reserve for Replacement Fund GAAP Basis	Street Fund Generally Accepted Accounting Principles
ASSETS			
Cash and Investments	\$ 556,458	\$ 795,345	\$ 1,351,803
Prepayments	4,000	-	4,000
Accounts Receivable	312,679	-	312,679
TOTAL ASSETS	\$ 873,137	\$ 795,345	\$ 1,668,482
LIABILITIES			
Accounts Payable	\$ 358,786	\$ -	\$ 358,786
Accrued Payroll	5,688	-	5,688
TOTAL LIABILITIES	364,474	-	364,474
FUND BALANCES			
Fund Balance By Category			
Nonspendable	4,000	-	4,000
Restricted	504,663	795,345	1,300,008
TOTAL FUND BALANCES	508,663	795,345	1,304,008
TOTAL LIABILITIES AND FUND BALANCES	\$ 873,137	\$ 795,345	\$ 1,668,482

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, 2024

	Street Fund GAAP Basis	Street Reserve for Replacement GAAP Basis	Eliminations	Street Fund Generally Accepted Accounting Principles
REVENUES				
Intergovernmental	\$ 70,518	\$ -	\$ -	\$ 70,518
Gas Tax	2,095,435	-	-	2,095,435
Local Fuel Tax	123,078	-	-	123,078
Vehicle Registration Fee	246,771	-	-	246,771
Other Revenue	185,636	333,490	-	519,126
	<u>2,721,438</u>	<u>333,490</u>	<u>-</u>	<u>3,054,928</u>
TOTAL REVENUES				
EXPENDITURES				
Current:				
Street	886,358	250	-	886,608
Capital Outlay	1,262,707	-	-	1,262,707
	<u>2,149,065</u>	<u>250</u>	<u>-</u>	<u>2,149,315</u>
TOTAL EXPENDITURES				
EXCESS OF REVENUES OVER (UNDER)				
EXPENDITURES	572,373	333,240	-	905,613
OTHER FINANCING SOURCES (USES)				
Transfers In	-	100,000	(100,000)	-
Transfers Out	(320,000)	(3,000,000)	100,000	(3,220,000)
	<u>(320,000)</u>	<u>(2,900,000)</u>	<u>-</u>	<u>(3,220,000)</u>
TOTAL OTHER FINANCING SOURCES (USES)				
NET CHANGE IN FUND BALANCE	252,373	(2,566,760)	-	(2,314,387)
FUND BALANCES - beginning	256,290	3,362,105	-	3,618,395
FUND BALANCES - ending	<u>\$ 508,663</u>	<u>\$ 795,345</u>	<u>\$ -</u>	<u>\$ 1,304,008</u>

CITY OF HAPPY VALLEY, OREGON
Schedule of Revenues, Expenditures and Changes in Fund Balance
Actual and Budget
for the year ended June 30, 2024

STREET FUND - GAAP BASIS

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES				
Gas Tax	\$ 2,180,000	\$ 2,180,000	\$ 2,095,435	\$ (84,565)
Local Fuel Tax	120,000	120,000	123,078	3,078
Vehicle Registration Fee	260,000	260,000	246,771	(13,229)
Intergovernmental	-	-	70,518	70,518
Other Revenue	140,000	140,000	519,126	379,126
TOTAL REVENUES	<u>2,700,000</u>	<u>2,700,000</u>	<u>3,054,928</u>	<u>354,928</u>
EXPENDITURES				
Current:				
Highways and Streets	1,225,800	1,225,800	886,608	339,192
Capital Outlay	1,715,817	1,715,817	1,262,707	453,110
Contingency	193,159	193,159	-	193,159
TOTAL EXPENDITURES	<u>3,134,776</u>	<u>3,134,776</u>	<u>2,149,315</u>	<u>792,302</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(434,776)</u>	<u>(434,776)</u>	<u>905,613</u>	<u>1,340,389</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	<u>(3,220,000)</u>	<u>(3,220,000)</u>	<u>(3,220,000)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(3,220,000)</u>	<u>(3,220,000)</u>	<u>(3,220,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(3,654,776)</u>	<u>(3,654,776)</u>	<u>(2,314,387)</u>	<u>1,340,389</u>
FUND BALANCE - beginning	<u>3,654,776</u>	<u>3,654,776</u>	<u>3,618,395</u>	<u>(36,381)</u>
FUND BALANCE - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,304,008</u>	<u>\$ 1,304,008</u>

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, 2024

STREET FUND - BUDGETARY BASIS

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 70,518	\$ 70,518
Gas Tax	2,180,000	2,180,000	2,095,435	(84,565)
Local Fuel Tax	120,000	120,000	123,078	3,078
Vehicle Registration Fee	260,000	260,000	246,771	(13,229)
Miscellaneous Revenue	40,000	40,000	134,753	94,753
TOTAL REVENUES	<u>2,600,000</u>	<u>2,600,000</u>	<u>2,670,555</u>	<u>70,555</u>
EXPENDITURES				
Personal Services	456,800	456,800	418,788	38,012
Materials and Services	644,000	644,000	467,570	176,430
Capital Outlay	1,300,000	1,300,000	1,262,707	37,293
Contingency	193,159	193,159	-	193,159
TOTAL EXPENDITURES	<u>2,593,959</u>	<u>2,593,959</u>	<u>2,149,065</u>	<u>444,894</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>6,041</u>	<u>6,041</u>	<u>521,490</u>	<u>515,449</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out To:				
General Fund	(220,000)	(220,000)	(220,000)	-
Reserve for Replacement	(100,000)	(100,000)	(100,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(320,000)</u>	<u>(320,000)</u>	<u>(320,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(313,959)	(313,959)	201,490	515,449
FUND BALANCE - beginning	<u>313,959</u>	<u>313,959</u>	<u>328,085</u>	<u>14,126</u>
FUND BALANCE - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 529,575</u>	<u>\$ 529,575</u>
RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS				
NET CHANGE IN FUND BALANCE			\$ 201,490	
Unrealized gain (loss) on investments			<u>50,883</u>	
CHANGE IN FUND BALANCE - GAAP BASIS			<u>\$ 252,373</u>	

*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, 2024

STREET RESERVE FOR REPLACEMENT FUND - BUDGETARY BASIS

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES				
Fee in Lieu	\$	\$ -	\$ 333,490	\$ 333,490
Miscellaneous Revenue	100,000	100,000	-	(100,000)
	<u>100,000</u>	<u>100,000</u>	<u>333,490</u>	<u>233,490</u>
TOTAL REVENUES				
EXPENDITURES				
Materials and Services	125,000	125,000	250	124,750
Capital Outlay	415,817	415,817	-	415,817
	<u>540,817</u>	<u>540,817</u>	<u>250</u>	<u>540,567</u>
TOTAL EXPENDITURES				
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(440,817)</u>	<u>(440,817)</u>	<u>333,240</u>	<u>774,057</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	100,000	100,000	100,000	-
Transfers Out	(3,000,000)	(3,000,000)	(3,000,000)	-
	<u>-</u>	<u>(2,900,000)</u>	<u>(2,900,000)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)				
NET CHANGE IN FUND BALANCE	(3,340,817)	(3,340,817)	(2,566,760)	774,057
FUND BALANCE - beginning	<u>3,340,817</u>	<u>3,340,817</u>	<u>3,362,105</u>	<u>21,288</u>
FUND BALANCE - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 795,345</u>	<u>\$ 795,345</u>

CITY OF HAPPY VALLEY, OREGON
Combining Balance Sheet
Parks Fund - Generally Accepted Accounting Principles
June 30, 2024

	Parks Fund GAAP Basis	Parks Reserve for Replacement Fund GAAP Basis	Parks Fund Generally Accepted Accounting Principles
ASSETS			
Cash and Investments	\$ 1,115,542	\$ 2,088,833	\$ 3,204,375
Prepaid items	29,910	-	29,910
Accounts Receivable	9,505	-	9,505
Property Tax Receivable	68,521	-	68,521
TOTAL ASSETS	\$ 1,223,478	\$ 2,088,833	\$ 3,312,311
LIABILITIES			
Accounts Payable	\$ 75,334	\$ -	\$ 75,334
Accrued Payroll	10,032	-	10,032
TOTAL LIABILITIES	85,366	-	85,366
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Property Taxes	61,216	-	61,216
FUND BALANCES			
Fund Balance By Category			
Nonspendable	29,910	-	29,910
Restricted	1,046,986	2,088,833	3,135,819
TOTAL FUND BALANCES	1,076,896	2,088,833	3,165,729
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,223,478	\$ 2,088,833	\$ 3,312,311

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, 2024

	Parks Fund GAAP Basis	Parks Reserve for Replacement GAAP Basis	Eliminations	Parks Fund Generally Accepted Accounting Principles
REVENUES				
Property Taxes	\$ 2,212,022	\$ -	\$ -	\$ 2,212,022
Intergovernmental	91,978	-	-	91,978
Other Revenue	301,332	26,500	-	327,832
TOTAL REVENUES	2,605,332	26,500	-	2,631,832
EXPENDITURES				
Current:				
Cultural and Recreation	1,344,011	-	-	1,344,011
Capital Outlay	-	28,641	-	28,641
TOTAL EXPENDITURES	1,344,011	28,641	-	1,372,652
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,261,321	(2,141)	-	1,259,180
OTHER FINANCING SOURCES (USES)				
Transfers In	-	525,000	(525,000)	-
Transfers Out	(795,000)	-	525,000	(270,000)
TOTAL OTHER FINANCING SOURCES (USES)	(795,000)	525,000	-	(270,000)
NET CHANGE IN FUND BALANCE	466,321	522,859	-	989,180
FUND BALANCES - beginning	610,575	1,565,974	-	2,176,549
FUND BALANCES - ending	<u>\$ 1,076,896</u>	<u>\$ 2,088,833</u>	<u>\$ -</u>	<u>\$ 3,165,729</u>

CITY OF HAPPY VALLEY, OREGON
Schedule of Revenues, Expenditures and Changes in Fund Balance
Actual and Budget
for the year ended June 30, 2024

PARKS FUND - GAAP

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES				
Property Taxes	\$ 2,120,000	\$ 2,120,000	\$ 2,212,022	\$ 92,022
Other Revenue	460,000	460,000	419,810	(40,190)
TOTAL REVENUES	<u>2,580,000</u>	<u>2,580,000</u>	<u>2,631,832</u>	<u>51,832</u>
EXPENDITURES				
Current:				
Cultural and Recreation	1,872,300	1,872,300	1,344,011	528,289
Capital Outlay	225,000	225,000	28,641	196,359
Contingency	611,308	611,308	-	611,308
TOTAL EXPENDITURES	<u>2,708,608</u>	<u>2,708,608</u>	<u>1,372,652</u>	<u>1,335,956</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(128,608)</u>	<u>(128,608)</u>	<u>1,259,180</u>	<u>1,387,788</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	<u>(270,000)</u>	<u>(270,000)</u>	<u>(270,000)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(270,000)</u>	<u>(270,000)</u>	<u>(270,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(398,608)</u>	<u>(398,608)</u>	<u>989,180</u>	<u>1,387,788</u>
FUND BALANCE - beginning	<u>2,265,426</u>	<u>2,265,426</u>	<u>2,176,549</u>	<u>(88,877)</u>
FUND BALANCE - ending	<u>\$ 1,866,818</u>	<u>\$ 1,866,818</u>	<u>\$ 3,165,729</u>	<u>\$ 1,298,911</u>

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
Schedule of Revenues, Expenditures and Changes in Fund Balance
Actual and Budget
for the year ended June 30, 2024

PARKS FUND - BUDGETARY BASIS

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES				
Property Taxes	\$ 2,120,000	\$ 2,120,000	\$ 2,212,022	\$ 92,022
Intergovernmental	-	-	-	-
User Related	5,000	5,000	30,827	25,827
Program Fees	30,000	30,000	40,087	10,087
Event Revenue	75,000	75,000	57,613	(17,387)
Grant Revenue	300,000	300,000	91,978	(208,022)
Miscellaneous Revenue	50,000	50,000	174,029	124,029
TOTAL REVENUES	<u>2,580,000</u>	<u>2,580,000</u>	<u>2,606,556</u>	<u>26,556</u>
EXPENDITURES				
Current:				
Operations	1,158,400	1,158,400	818,777	339,623
Programming	623,900	623,900	525,234	98,666
Non-departmental	30,000	30,000	-	30,000
Contingency	611,308	611,308	-	611,308
TOTAL EXPENDITURES	<u>2,423,608</u>	<u>2,423,608</u>	<u>1,344,011</u>	<u>1,079,597</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>156,392</u>	<u>156,392</u>	<u>1,262,545</u>	<u>1,106,153</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out To:				
General Fund	(270,000)	(270,000)	(270,000)	-
Parks Reserve for Replacement Fund	(525,000)	(525,000)	(525,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(795,000)</u>	<u>(795,000)</u>	<u>(795,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(638,608)	(638,608)	467,545	1,106,153
FUND BALANCE - beginning	638,608	638,608	657,114	18,506
FUND BALANCE - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,124,659</u>	<u>\$ 1,124,659</u>
RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS				
NET CHANGE IN FUND BALANCE			\$ 467,545	
Unrealized gain (loss) on investments			<u>(1,224)</u>	
CHANGE IN FUND BALANCE - GAAP BASIS			<u>\$ 466,321</u>	

CITY OF HAPPY VALLEY, OREGON
Schedule of Revenues, Expenditures and Changes in Fund Balance
Actual and Budget
for the year ended June 30, 2024

PARKS RESERVE FOR REPLACEMENT FUND - BUDGETARY BASIS

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES				
Grants	\$ -	\$ -	\$ 26,500	\$ 26,500
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>26,500</u>	<u>26,500</u>
EXPENDITURES				
Materials and Services	60,000	60,000	-	60,000
Capital Outlay	<u>225,000</u>	<u>225,000</u>	<u>28,641</u>	<u>196,359</u>
TOTAL EXPENDITURES	<u>285,000</u>	<u>285,000</u>	<u>28,641</u>	<u>256,359</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(285,000)</u>	<u>(285,000)</u>	<u>(2,141)</u>	<u>282,859</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	<u>525,000</u>	<u>525,000</u>	<u>525,000</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>525,000</u>	<u>525,000</u>	<u>525,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	240,000	240,000	522,859	282,859
FUND BALANCE - beginning	<u>1,626,818</u>	<u>1,626,818</u>	<u>1,565,974</u>	<u>(60,844)</u>
FUND BALANCE - ending	<u><u>\$ 1,866,818</u></u>	<u><u>\$ 1,866,818</u></u>	<u><u>\$ 2,088,833</u></u>	<u><u>\$ 222,015</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, 2024

PEDESTRIAN IMPROVEMENT PROJECTS FUND - BUDGETARY BASIS

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES				
Vehicle Registration Fees	\$ 260,000	\$ 260,000	\$ 246,771	\$ (13,229)
Miscellaneous Revenue	10,000	10,000	55,033	45,033
	<u>270,000</u>	<u>270,000</u>	<u>301,804</u>	<u>31,804</u>
EXPENDITURES				
Materials and Services	30,000	30,000	60	29,940
Capital Outlay	1,895,562	1,895,562	400,653	1,494,909
	<u>1,925,562</u>	<u>1,925,562</u>	<u>400,713</u>	<u>1,524,849</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,655,562)</u>	<u>(1,655,562)</u>	<u>(98,909)</u>	<u>1,556,653</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out To:				
General Fund	<u>(30,000)</u>	<u>(30,000)</u>	<u>(30,000)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(30,000)</u>	<u>(30,000)</u>	<u>(30,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(1,685,562)	(1,685,562)	(128,909)	1,556,653
FUND BALANCE - beginning	<u>1,685,562</u>	<u>1,685,562</u>	<u>1,692,354</u>	<u>6,792</u>
FUND BALANCE - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,563,445</u>	<u>\$ 1,563,445</u>
RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS				
NET CHANGE IN FUND BALANCE			\$ (128,909)	
Unrealized gain (loss) on investments			<u>11,215</u>	
CHANGE IN FUND BALANCE - GAAP BASIS			<u>\$ (117,694)</u>	

CITY OF HAPPY VALLEY, OREGON
Schedule of Revenues, Expenditures and Changes in Fund Balance
Actual and Budget
for the year ended June 30, 2024

STORM SYSTEM DEVELOPMENT FUND - BUDGETARY BASIS

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES				
SDC-Storm Drainage	\$ 30,000	\$ 30,000	\$ 39,339	\$ 9,339
Miscellaneous Revenue	20,000	20,000	29,026	9,026
	<u>50,000</u>	<u>50,000</u>	<u>68,365</u>	<u>18,365</u>
TOTAL REVENUES				
EXPENDITURES				
Materials and Services	100,000	100,000	-	100,000
Capital Outlay	709,069	709,069	-	709,069
	<u>809,069</u>	<u>809,069</u>	<u>-</u>	<u>809,069</u>
TOTAL EXPENDITURES				
OTHER FINANCING SOURCES (USES)				
Transfers In	1,000	1,000	-	(1,000)
	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>(1,000)</u>
TOTAL OTHER FINANCING SOURCES (USES)				
NET CHANGE IN FUND BALANCE	(758,069)	(758,069)	68,365	826,434
FUND BALANCE - beginning	758,069	758,069	772,208	14,139
FUND BALANCE - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 840,573</u>	<u>\$ 840,573</u>
RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS				
NET CHANGE IN FUND BALANCE			\$ 68,365	
Unrealized gain (loss) on investments			<u>3,218</u>	
CHANGE IN FUND BALANCE - GAAP BASIS			<u>\$ 71,583</u>	

CITY OF HAPPY VALLEY, OREGON
Schedule of Revenues, Expenditures and Changes in Fund Balance
Actual and Budget
for the year ended June 30, 2024

PARKS CAPITAL PROJECTS FUND - BUDGETARY BASIS

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES				
Miscellaneous Revenue	\$ 100,000	\$ 100,000	\$ 193,089	\$ 93,089
TOTAL REVENUES	<u>100,000</u>	<u>100,000</u>	<u>193,089</u>	<u>93,089</u>
EXPENDITURES				
Capital Outlay	<u>7,283,097</u>	<u>7,283,097</u>	<u>2,574,273</u>	<u>4,708,824</u>
TOTAL EXPENDITURES	<u>7,283,097</u>	<u>7,283,097</u>	<u>2,574,273</u>	<u>4,708,824</u>
NET CHANGE IN FUND BALANCE	(7,183,097)	(7,183,097)	(2,381,184)	4,801,913
FUND BALANCE - beginning	<u>7,183,097</u>	<u>7,183,097</u>	<u>7,161,928</u>	<u>(21,169)</u>
FUND BALANCE - ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 4,780,744</u></u>	<u><u>\$ 4,780,744</u></u>
RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS				
NET CHANGE IN FUND BALANCE			\$ (2,381,184)	
Unrealized gain (loss) on investments			<u>140,723</u>	
CHANGE IN FUND BALANCE - GAAP BASIS			<u><u>\$ (2,240,461)</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, 2024

URBAN RENEWAL DEBT SERVICE FUND - BUDGETARY BASIS

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
EXPENDITURES				
Debt Service				
Principal	\$ 480,000	\$ 480,000	\$ 455,000	\$ 25,000
Interest	<u>620,000</u>	<u>620,000</u>	<u>612,950</u>	<u>7,050</u>
Total Debt Service	<u>1,100,000</u>	<u>1,100,000</u>	<u>1,067,950</u>	<u>32,050</u>
TOTAL EXPENDITURES	<u>1,100,000</u>	<u>1,100,000</u>	<u>1,067,950</u>	<u>32,050</u>
OTHER FINANCING SOURCES				
Transfers In				
From Urban Renewal General Fund	<u>1,100,000</u>	<u>1,100,000</u>	<u>1,067,950</u>	<u>(32,050)</u>
NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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CITY OF HAPPY VALLEY
CLACKAMAS COUNTY, OREGON

STATISTICAL SECTION

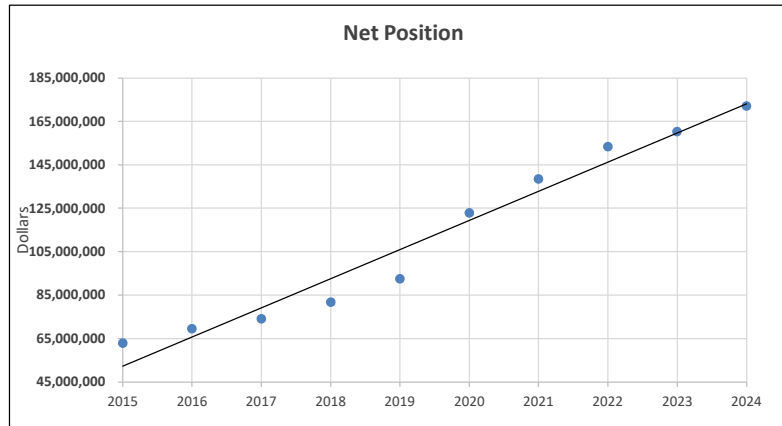
STATISTICAL SECTION

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

Table of Contents	Page
Financial Trends	76 - 79
<i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	
Revenue Capacity	80 - 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									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Governmental activities										
Net investment in capital assets	\$ 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	\$ 115,028,735
Net position - restricted	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	48,569,377
Net position - unrestricted	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	8,429,264
Total governmental activities net position	<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>	<u>\$ 172,027,376</u>



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

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Expenses										
Governmental Activities:										
General government	\$ 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	\$ 11,178,256
Cultural and Recreation	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	4,274,483
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	5,841,965
Highways and Streets	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	4,407,409
Interest of long term debt	158,717	151,700	106,299	-	-	-	-	-	116,492	585,457
Total Expenses	<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>	<u>26,287,570</u>
Program Revenues										
Governmental Activities:										
Charges for services										
General government	\$ 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	\$ 2,627,379
Cultural and Recreation	-	42,554	44,019	527,013	1,162,285	5,033,070	3,398,086	131,360	100,137	130,891
Public Safety	-	579,912	569,509	730,074	634,947	637,548	676,585	774,293	598,198	733,211
Highways and Streets	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	2,095,435
Capital grants and contributions	-	-	-	-	-	-	-	11,001,109	2,162,804	5,093,621
Total Program Revenues	<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>	<u>10,680,537</u>
Net (Expense)/Revenue										
Governmental Activities:	<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>	<u>\$ (15,607,033)</u>
General Revenues										
Governmental Activities:										
Property Taxes	\$ 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	15,409,926
Other Taxes	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	2,559,277
Intergovernmental-unrestricted	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	1,573,306
Other Revenue	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	8,185,448
Special Item	-	2,925,104	-	-	-	-	-	-	-	(370,519)
Total general revenues, transfers, and special item	<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>	<u>\$ 27,357,438</u>
Change in Net Position	<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>	<u>\$ 11,750,405</u>
Net Position, July 1	61,285,714	62,830,427	69,429,121	74,022,676	81,682,721	92,476,138	122,785,763	134,124,070	155,330,645	160,276,971
Net Position, June 30	<u>\$ 62,830,427</u>	<u>\$ 69,429,121</u>	<u>\$ 74,022,676</u>	<u>\$ 81,682,721</u>	<u>\$ 92,476,138</u>	<u>\$ 122,785,763</u>	<u>\$ 134,124,070</u>	<u>\$ 153,393,777</u>	<u>\$ 160,276,971</u>	<u>\$ 172,027,376</u>

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

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General Fund										
Nonspendable	\$ 46,655	\$ 20,054	\$ 152,186	\$ 42,773	\$ 60,998	\$ 68,139	\$ 62,786	\$ 45,878	\$ 156,605	\$ 102,300
Restricted	526,381	677,784	919,791	917,259	879,969	846,032	793,450	698,450	738,195	739,299
Committed	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	6,468,785
Unassigned	3,059,652	4,186,913	5,017,696	5,839,541	5,079,303	7,268,787	6,601,872	8,316,576	5,608,677	5,911,625
Total general fund	<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>	<u>\$ 13,222,009</u>
All other governmental funds										
Nonspendable	\$ -	\$ -	\$ -	\$ 30,739	\$ 16,964	\$ 5,500	\$ 19,910	\$ 34,612	\$ 20,404	\$ 29,910
Restricted	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	47,664,522
Committed	313,914	1,145,945	1,415,222	-	-	-	-	-	-	-
Unassigned	-	-	-	(22,812)	-	(1,819)	-	-	-	-
Total all other governmental funds	<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>	<u>\$ 47,694,432</u>

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

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
REVENUES										
Property taxes	\$ 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	\$ 15,305,019
Gas Tax	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	2,095,435
Licenses and permits	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	5,897,318
System Development Charge:	67,584	150,134	73,112	6,500,493	3,127,052	9,486,619	5,867,429	8,382,973	644,898	637,561
Intergovernmenta	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	3,573,306
Other Revenue	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	8,556,008
Total Revenues	<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>	<u>36,064,647</u>
EXPENDITURES										
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	8,961,794
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	3,742,602
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	5,723,198
Highways and Streets	*	427,049	539,175	722,703	666,383	971,106	1,026,313	1,176,252	1,052,676	954,334
Personal Services	3,981,299	-	-	-	-	-	-	-	-	-
Materials & Services	4,460,263	-	-	-	-	-	-	-	-	-
Debt Service:										
Principal	215,000	220,000	3,530,000	-	-	-	-	-	875,000	455,000
Interest and fiscal charges	160,944	151,700	106,299	-	-	-	-	-	193,362	639,510
Capital Outlay	904,928	434,262	914,946	766,313	1,213,886	1,918,657	13,239,639	8,450,874	29,540,261	27,874,839
Total Expenditures	<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>	<u>48,351,277</u>
Excess (Deficiency) of Revenue over Expenditures	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)	(12,286,630)
OTHER FINANCING SOURCES (USES)										
Bond Proceeds	-	-	-	-	-	-	-	-	14,575,000	-
Bond Premium	-	-	-	-	-	-	-	-	1,537,395	-
Subscription Financing	-	-	-	-	-	-	-	-	-	79,309
Transfers in	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	5,707,950
Transfers out	(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)	(5,707,950)
Total Other Financing Sources (Uses)	-	-	-	-	-	-	-	-	16,112,395	79,309
Special Item	-	2,925,104	-	-	-	-	-	-	-	-
Net change in fund balances:	<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>	<u>\$ (12,207,321)</u>
Debt service as a percentage of noncapital expenditures	4.26%	3.30%	23.37%	0.00%	0.00%	0.00%	0.00%	0.00%	5.14%	5.35%

* = Reported using Personal Services and Materials & Services categorie

CITY OF HAPPY VALLEY, OREGON

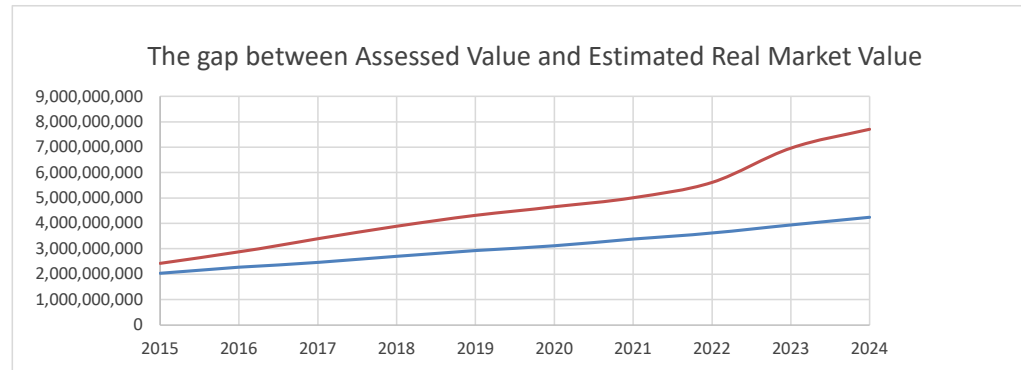
Assessed Value and Estimated Value of Taxable Property

Last Ten Fiscal Years

Fiscal Year Ended June 30	Assessed Value					Total assessed value	Total direct tax rate	RMV	Assessed value as percentage of RMV
	Real property	Personal property	Manuf'd structure	Public utility	Estimated real market value (RMV)				
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	
2024	4,128,295,247	24,614,673	3,812,303	80,909,050	4,237,631,273	2.59	7,713,808,105	54.94	

Source: Clackamas County Assessor's Office

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

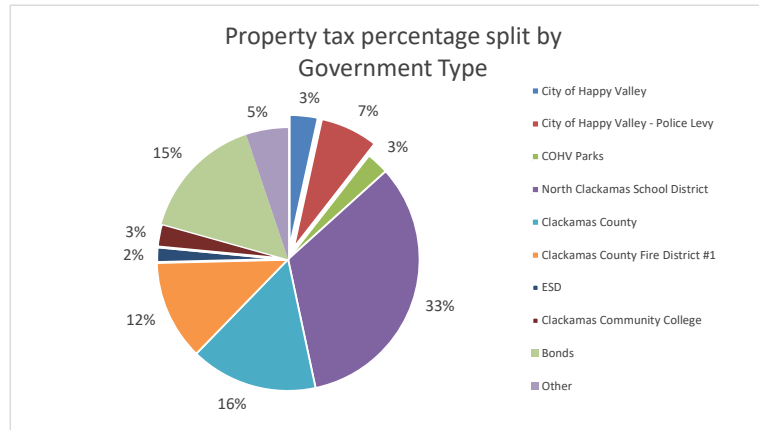


CITY OF HAPPY VALLEY, OREGON
Property Tax Rates - Direct and Overlapping Governments
Last Ten Fiscal Years

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		
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	3.62	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	
2024	0.671	1.38	0.54	2.59	6.50	3.05	2.40	0.37	0.56	4.02	19.49	

Source: Clackamas County Assessor's Office

1071
916
1407
1092
2098



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

Rank	Taxpayer	2023-24		2014-15			
		Taxable Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Taxable Assessed Valuation	Rank	Percentage of Total Assessed Valuation
1	ROIC Oregon LLC	\$49,374,683	1	1.25%	33,969,209	1	1.81%
2	Fred Meyer Stores Inc	33,692,359	2	0.86%			
3	Sunrise Terrace Apartments LLC	33,110,323	3	0.84%	25,376,307	2	1.35%
4	Portland General Electric	30,220,000	4	0.77%	11,804,000	4	0.63%
5	TADC LLC	27,656,967	5	0.70%	21,198,805	3	1.13%
6	Heather Lodge - 178 LLC	27,314,102	6	0.69%			
7	HVAC 1 LLC	25,921,377	7	0.66%			
8	Northwest Natural Gas Co	25,439,000	8	0.65%	9,508,800	6	0.51%
9	Happy Valley East LLC	21,183,385	9	0.54%			
10	Sunnyside 172nd LLC	20,405,569	10	0.52%			
	Comcast Corporation				11,402,840	5	0.61%
	Eagle Landing Resources LLC				7,546,911	7	0.40%
	DR Horton Inc - Portland				7,335,205	8	0.39%
	Providence Health & Services - OR				5,133,116	9	0.27%
	Happy Valley Retirement Residence LLC				5,093,472	10	0.27%
		<u>\$ 294,317,765</u>		<u>7.47%</u>	<u>\$ 138,368,665</u>		<u>7.38%</u>

Source: Clackamas County Assessor's Office

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

Fiscal Year Ended <u>June 30</u>	Total Tax Levy for <u>Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy</u>		<u>Collections in Subsequent Years</u>	<u>Total Collections to Date</u>	
		<u>Amount Collected</u>	<u>Percentage of Levy</u>		<u>Amount Collected</u>	<u>Percentage of Levy</u>
2015	4,167,327	3,958,522	94.99%	97,242	4,055,764	97.32%
2016	4,649,509	4,422,885	95.13%	93,117	4,516,002	97.13%
2017	5,057,268	4,821,368	95.34%	85,863	4,907,231	97.03%
2018	5,564,243	5,299,172	95.24%	98,930	5,398,102	97.01%
2019	7,676,763	7,342,864	95.65%	109,004	7,451,868	97.07%
2020	6,416,434	6,133,056	95.58%	99,909	6,232,965	97.14%
2021	8,795,206	8,418,682	95.72%	116,744	8,535,426	97.05%
2022	9,332,389	8,875,161	95.10%	139,886	9,015,047	96.60%
2023	10,037,742	9,609,167	95.73%	82,372	9,691,539	96.55%
2024	10,720,577	10,214,627	95.28%	0	10,214,627	95.28%

Source: Clackamas County Tax Assessor

CITY OF HAPPY VALLEY, OREGON

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

Fiscal Year	Full Faith and Credit Obligation Bonds (1)	Total Outstanding Debt	Ratio of Debt to Assessed Value	Population	Debt per Capita
	Governmental Activities				
2015	3,776,724	3,776,724	0.24%	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
2024	14,628,655	14,628,655	0.35%	26,799	546

(1) Presented net of original issuance discounts and premiums

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

Fiscal Year Ended June 30	Full Faith and Credit Obligation Bonds (2)	Less: Amounts Available in Debt Service Fund (3)	Total	Percentage of Estimated Actual Taxable Value of Property (1)	Per Capita
2015	3,776,724	376,131	3,400,593	0.19%	216
2016	3,554,497	1,990,187	1,564,310	0.09%	192
2017	0	2,618,487	-2,618,487	0.04%	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
2024	14,628,655	0	14,628,655	0.19%	546

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, 2024

<u>Government Unit:</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Amount Applicable to Primary Government</u>
Direct:			
City of Happy Valley	\$ 14,628,655	100%	\$ 14,628,655
Overlapping:			
Clackamas Community College	\$ 117,601,792	8.5%	\$ 10,007,912
Clackamas County	100,575,000	6.6%	6,607,778
Clackamas County ESD	26,603,764	6.5%	1,721,264
Clackamas County RFPD	21,642,113	14.6%	3,151,092
North Clackamas School District	609,616,006	22.3%	135,944,369
Metro	765,485,443	1.8%	13,472,544
Mt Hood Community College	69,765,000	0.6%	439,520
Centennial School District	62,246,644	5.3%	3,274,173
Subtotal, overlapping debt			174,618,651
City of Happy Valley direct debt			14,628,655
Total direct and overlapping debt			<u>\$ 189,247,306</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

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Debt maximum limitation	\$ 72,709,397	\$ 86,241,812	\$ 101,766,254	\$ 116,679,424	\$ 129,611,062
Debt applicable to maximum limit	-	-	-	-	-
Legal debt margin available	<u>72,709,397</u>	<u>86,241,812</u>	<u>101,766,254</u>	<u>116,679,424</u>	<u>129,611,062</u>
Debt applicable to the maximum limit as a percentage of debt limitation	0%	0%	0%	0%	0%
	<u>2020</u>	<u>2021</u>	<u>2021</u>	<u>2023</u>	<u>2024</u>
Debt maximum limitation	\$ 139,548,340	\$ 150,393,454	\$ 168,352,273	\$ 209,062,803	\$ 231,414,243
Debt applicable to maximum limit	-	-	-	-	-
Legal debt margin available	<u>139,548,340</u>	<u>150,393,454</u>	<u>168,352,273</u>	<u>209,062,803</u>	<u>231,414,243</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, 2024:

Total property real market value	\$ 7,713,808,105
	3%
Debt maximum limitation	<u>231,414,243</u>
Amount of debt applicable to debt limit:	
Total bonded debt outstanding	14,628,655
Less debt excluded from debt limit:	
Full faith and credit obligations	<u>(14,628,655)</u>
Net amount of debt applicable to limit	-
Legal debt margin - amount available for future indebtedness	<u>\$ 231,414,243</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

Fiscal Year	Population(1)	Median Age(2)	Household Income	Per Capita Income (2)	HV Schools plus CCHS Enrollment (3)	Unemployment Rate(4)
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
2024	26,799	39	126,108	54,453	8,482	3.7

* Information unavailable at this time.

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

CITY OF HAPPY VALLEY

Principal Employers

Current year and nine years ago

<u>Employer</u>	2024			2015		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Fred Meyer	274	1	7.23%	*		*
AG Specialty Foods	200	2	5.28%	*		*
The Springs at Happy Valley	130	3	3.43%	*		*
Camp Withycombe	100	4	2.64%	*		*
Morningstar of Happy Valley	89	5	2.35%	*		*
City of Happy Valley	80	6	2.11%	*		*
Goodwill	63	7	1.66%	*		*
McDonalds	55	8	1.45%	*		*
Hops N Drops	45	9	1.19%	*		*
Happy Valley Arts Academy	38	10	1.00%	*		*
	<u>1,074</u>		<u>28.33%</u>	<u>0</u>		<u>0.00%</u>

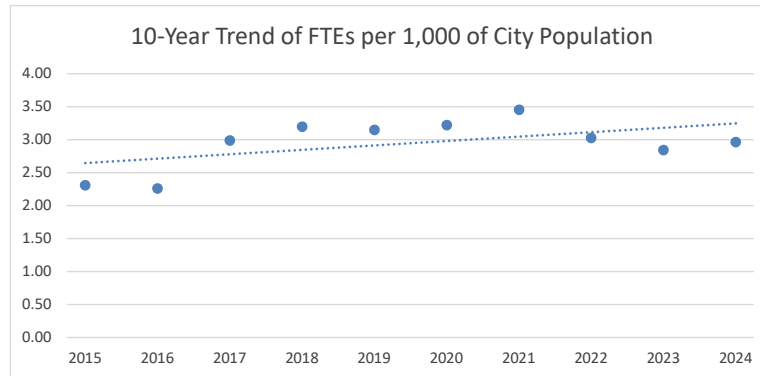
* Historical number of employees information unavailable for this fiscal year nine years ago.

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									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Administration	7	7	9	10	10	11	13	13	13	14
Community Services and Public Safety	10.5	10	11	11	12	12	13	13	14	13
Economic and Community Development	14	16	18	20	18	20	23	23	21	22
Public Works / Parks / Streets	9	9	9	9	9	10	11	11	10	12
Library	0	0	12.8	14.6	17	17	18	18	18	18.5
Total FTE's	40.5	42	59.8	64.6	66	70	78	78	76	79.5
Public Safety - Police Officers (contracted)	11.5	11.5	12	12	13	14	16	16	16	17
City Population	17,510	18,535	19,985	20,181	20,945	21,700	22,552	25,738	26,689	26,799
FTE's per 1,000 of population	2.31	2.27	2.99	3.20	3.15	3.23	3.46	3.03	2.85	2.97

Sources: Various city departments



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

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Governmental Activities										
Economic and Community Development										
Building										
Residential Building permits issued	274	418	190	135	164	393	446	363	208	174
Commercial Building permits issued	5	14	9	8	9	6	10	8	3	2
Planning										
Planning Permits	226	261	260	232	244	152	153	145	155	137
Engineering										
Erosion Control Permits	*	*	13	30	17	12	19	22	6	19
Minor Grading Permits	*	1	7	8	3	4	5	4	3	2
Site Development Permits	*	*	15	31	13	13	18	26	4	17
Right of Way Permits	*	*	122	139	109	122	120	129	127	154
Public Works:										
Street Sweeping:										
Number of miles swept	2,500	1,800	1,592	1,493	2,297	1,431	1,412	1,494	1,546	1,576
Volume of material removed (cubic yards)	900	900	762	648	954	663	989	1,096	1,351	1,455
Winter Storms:										
Sand applied (cubic yards)	8	100	206	66	50	0	125	182	7	281
Sand picked up after storms	4	60	180	35	29	0	111	144	136	150
Magnesium chloride/De-icing (gallons)	900	2,750	8,735	5,575	4,930	2,500	2,000	6,155	17,500	5,600
Landscape Maintenance:										
Fertilizers (lbs)	2,239	0	0	4,746	22,856	22,944	15,890	466 / 522	2016 / 525	1728 / 223
Herbicides (ounces)	135	480	934	2080 / 195	1605 / 211	1637 / 124	1399 / 497	859 / 20	801 / 12	941 / 45
Park Reservations:										
Reservations coordinated	210	225	255	231	228	137	90	273	340	252
Number of people served	9,207	9,722	10,315	9,849	9,079	7,395	2,644	10,373	7,500	9,176
Trees planted	925	92	1,000	793	1,279	278	770	0	2,246	352
Services performed on fleet vehicles	170	190	190	250	280	240	300	542	493	206
Crack seal applied on roadways (sq. yd.)**	4.50	13.75	7.50	7.50	168,200	158,974	125,381	123,391	169,040	
Signs cleaned and adjusted	920	1,148	50	1,200	200	912	566	244	218	202
Community Services										
Passports issued	2,316	2,592	3,377	3,566	3,474	2,444	1,550	4,379	5,180	2,163
Public Safety:										
Code Enforcement / Animal Control Cases	2,108	3,168	3,042	2,148	2,346	3,140	4,719	4,516	4,431	4,392
Parking violations	306	461	585	1,048	643	745	536	685	692	678
Number dispatched calls for service	3,517	4,361	4,466	4,591	4,604	4,318	3,941	5,062	5,970	7,555
Number of traffic violations	2,588	3,079	2,623	4,364	2,821	2,632	2,598	2,649	2,236	2,954
Number of "other" self initiated activities	1,521	1,982	2,901	6,828	5,304	2,598	4,676	5,626	4,515	7,317
Number of traffic stops	4,111	4,545	3,949	4,293	3,699	3,165	3,275	3,140	3,158	4,002
Library										
Circulation	800,944	793,476	787,888	824,836	829,880	630,753	460,570	696,105	739,931	769,949
Number of Reference Inquiries	17,868	27,219	26,889	31,528	33,387	16,084	11,292	22,392	26,839	48,953
Number of Youth Programs	299	401	398	618	719	367	112	73	301	287
Youth Program Attendance	14,127	16,163	19,051	24,887	26,645	13,704	2,418	2,144	12,612	11,719
Number of Adult Programs	180	197	241	195	225	179	128	85	186	148
Adult Program Attendance	2,103	2,892	3,730	3,718	4,317	3,832	1,110	1,362	2,934	3,189

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									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
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	171.79	170.24	169.21	167.38	162.76	144.87	140.15	139.74	137.14	135.8
Number of Vehicles	35	35	31	31	31	32	37	38	37	36
Recreation and Parks										
Acres of parks and open spaces	365	365	135	135	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

**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, 2024, and have issued our report thereon dated December 30, 2024. 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.

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.

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

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 30, 2024

By:



Brad Bingenheimer, CPA, Partner