



Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2025



CITY OF HAPPY VALLEY
CLACKAMAS COUNTY, OREGON

ANNUAL COMPREHENSIVE
FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Prepared by

Finance Department
City of Happy Valley, Oregon

Available online at
www.happyvalleyor.gov

CITY OF HAPPY VALLEY
CLACKAMAS COUNTY, OREGON

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December 26, 2025

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, 2025. 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, 2025. 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 28,291. The City is authorized to levy a property tax on real property located within its boundaries. It also is allowed by state statute to extend its city limits by annexation, which it has done from time to time.

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

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

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

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Local economy

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

The City is primarily a residential community with a low ratio of heavy industry and retail based commercial activity. The largest employers are Fred Meyer, New Seasons Market and the Springs at Happy Valley.

Median household incomes within the City are higher than for the state as a whole. According to the year 2023 census, the City's median family income was \$120,324, the County's was \$100,675, while the State's was \$80,160.

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 \$12,765,000.

Unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) in the General Fund at year end was \$12,443,230. 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 \$2,582,310, \$304,938, \$395,345, \$2,633,244 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.

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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.

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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 2025 and continue through 2026.

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 houselessness 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.

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- 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

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- The City Council performed an audit of several topics in the Land Development Code at a series of four work sessions. The Council reviewed research and comparative analysis on topics ranging from setbacks, architectural design for residential development, density in environmentally constrained areas, density transfers, and fences along major roadways and provided general direction for code amendments to enhance the livability of the community. The proposed amendments 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

- Completed
- 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 2025-26 and 27.

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.

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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 completed. The final phase effort completed the remaining sidewalk gaps and correct any half-street improvement deficiencies.

Residential Paving Maintenance Program

- 2025 marked the 7th 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.

129th Avenue Curves Project

- Construction was completed in 2022.

Clackamas to Columbia (C2C) Corridor / Sunrise Phase II

- 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.

Awards and Acknowledgements

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Annual Comprehensive Financial Reporting Award. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a *Certificate of Achievement for Excellence in Financial Reporting* to the City for its Annual Comprehensive Financial Report (Annual Report) for the fiscal year ended June 30, 2024. To be awarded a *Certificate of Achievement*, a government must publish an easily readable and efficiently organized Annual Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Distinguished Budget Presentation Award. The GFOA presented a *Distinguished Budget Presentation Award* to the City for its annual budget for the year beginning July 1, 2024. In order to receive this award, a government unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communication device.

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

Acknowledgements

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

Respectfully submitted,

Jason Tuck
City Manager

Travis Warneke
Director of Finance

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City of Happy Valley Organization Chart

Population 28,291

Citizens of Happy Valley



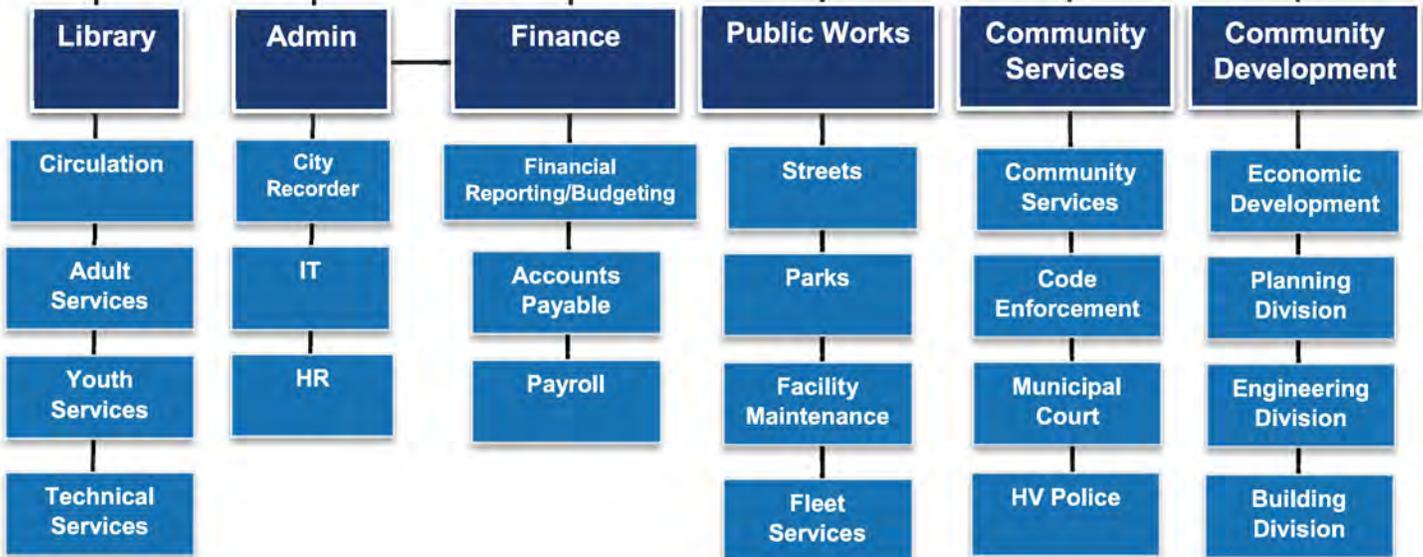
Mayor and Council

City Attorney

City Manager

Municipal Judge

Assistant City Manager



CITY OFFICIALS AS OF JUNE 30, 2025

<u>NAME</u>	<u>TERM EXPIRES</u>
Tom Ellis – Mayor	December 31, 2026
Joshua Callahan	December 31, 2026
David Golobay	December 31, 2028
Brett Sherman	December 31, 2026
Glenn Wachter	December 31, 2028

All council members receive mail at the address below.

ADMINISTRATIVE

Jason Tuck, City Manager
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Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Happy Valley
Oregon**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morill

Executive Director/CEO

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, 2025, 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, 2025, 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.

Emphasis of Matter

As of July 1, 2024, the City implemented the requirements of Governmental Accounting Standards Board ("GASB") Statement 101, *Compensated Absences*. As discussed in Note 16, the City reported a restatement to the beginning balance. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

Honorable Mayor and Members of City Council
City of Happy Valley, Oregon
Independent Auditor's Report
December 26, 2025

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 35 – 45 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 Agency 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 Agency 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 26, 2025

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 26, 2025, 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 26, 2025

By:



Brad Bingenheimer, Partner

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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, 2025. Please read it in conjunction with the City's financial statements and notes, which follow this section.

Financial Highlights

At June 30, 2025 the City's total net position was \$183 million which was an increase of \$11.8 million over the previous year. The prior year saw net position increase of \$11.7 million most of which was attributable to general revenue growth outpacing operating expenses. The current year's increase is primarily attributable to moderate revenue growth and street additions to Capital Assets of \$16 million.

The General Fund ended the fiscal year with a total fund balance of \$13 million. Of that balance, \$728 thousand was either non-spendable or restricted for prepaid expenses and PEG fees. The remaining \$12.4 million was unrestricted with \$7 million committed and \$5.4 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 \$50 thousand because of capital expenditures in the Facility Capital Projects Fund which roll into the General Fund. There were \$2.8 million spent on property acquisitions for future projects. Additionally, development revenues in the General Fund, which can fluctuate considerably, were not at a level that would create a surplus.

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, 2025 the City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$183 million. Cash and Investments represent 29% of total assets. Long lived capital assets including land, buildings, streets, equipment, and vehicles comprise 70% of total assets. The remaining assets include prepaid items, accounts and property tax receivables and net OPEB asset.

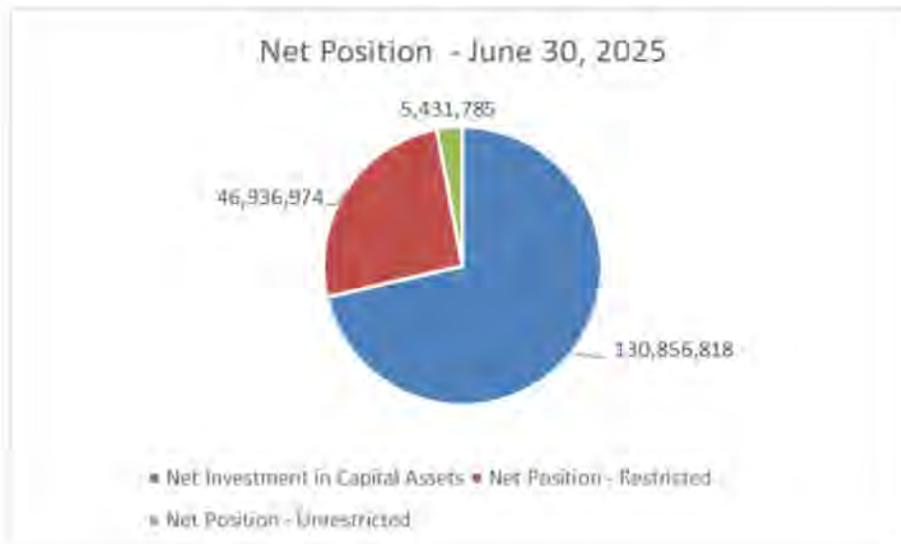
Bonds Payables represents 46% of total liabilities and the actuarially determined Net Pension Liability represents 34%. Remaining liabilities are payments to vendors, governments, and accrued personnel costs.

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

Table 1 – Net Position as of June 30th

	Total 2025	Total 2024
Assets		
Current and Other Assets	\$ 62,997,566	\$ 66,829,769
Capital Assets	146,109,424	131,842,779
Total Assets	209,106,990	198,672,548
Deferred Outflows of Resources	4,617,451	4,454,920
Liabilities		
Current and Other Liabilities	5,165,758	6,369,508
Non-Current Liabilities	23,903,317	23,776,537
Total Liabilities	29,069,075	30,146,045
Deferred Inflows of Resources	1,429,789	954,047
Net Position		
Net Investment in Capital Assets	130,856,818	115,028,735
Net Position - Restricted	46,936,974	48,569,377
Net Position - Unrestricted	5,431,785	8,429,264
Total Net Position	\$ 183,225,577	\$ 172,027,376

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 2025	Total 2024
Revenues:		
Program Revenues		
Charges for Services	\$ 3,893,425	\$ 3,491,481
Operating Grants and Contributions	2,215,089	2,095,435
Capital Grants and Contributions	5,771,695	5,093,621
General Revenues		
Property Taxes	16,781,426	15,409,926
ROW Fees	2,811,534	2,559,277
Intergovernmental	1,604,925	1,573,306
Library District	3,734,116	3,439,726
Other Revenue	4,692,874	4,745,722
Total Revenues	<u>41,505,084</u>	<u>38,408,494</u>
Expenses:		
General Government	12,660,058	11,178,256
Cultural and Recreation	5,869,464	4,274,483
Public Safety	6,314,839	5,841,965
Highways and Streets	4,383,290	4,407,409
Interest on long term debt	515,635	585,457
Total Expenses	<u>29,743,286</u>	<u>26,287,570</u>
Excess or Deficiency Before Special Item	11,761,798	12,120,924
Special Item	-	(370,519)
Change in Net Position	<u>11,761,798</u>	<u>11,750,405</u>
Net Position - beginning, as previously reported	172,027,376	160,276,971
Change in Accounting Principle (GASB 101)	(563,597)	-
Net Position - beginning, as restated	<u>171,463,779</u>	<u>160,276,971</u>
Net Position - Ending	<u>\$ 183,225,577</u>	<u>\$ 172,027,376</u>

The City’s total revenues increased \$3 million to \$41.5 million over the previous year revenue. Most of the increase was a result of developer street additions which are reported as capital contributions. Additionally, there were substantial increases in property tax revenues. There was also an increase in development fees and system development charges (SDC’s) also as development activity was slightly higher than the prior year. Similar to the prior year, development revenue including building fees and SDC’s 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 \$3.5 million to \$29.7 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, a new community park 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, 2025, the General Operations Reserve fund had a fund balance of \$838,974.

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

Streets account for 56% of all city owned capital assets and 76% of depreciation expense. In 2025, the City completed a pavement quality index study which assessed the quality of all streets in the City. This study gives the City streets a benchmark to strive towards when maintaining streets on a continual basis. The latest index was scored an 86 out of 100 which is amongst the highest in the region. Given the passage of House Bill 2017, the City believes the increased share in the state gas tax should be sufficient to maintain our Streets to an acceptable level. Land accounts for 22% of capital assets and had an increase of \$2.8 million as the City has secured properties for a future mixed-use 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 2024. 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 \$38.7 million in 2025. Governmental fund balances totaled \$58.5 million at June 30, 2025. The following is a summary of changes in governmental fund balances:

City of Happy Valley - Changes in Governmental Fund Balances

	June 30, 2025	June 30, 2024	Change
General Fund	\$ 13,171,649	\$ 13,222,009	\$ (50,360)
Library Fund	(486,721)	1,705,287	(2,192,008)
Parks Fund	4,047,545	3,165,729	881,816
Street Fund	1,482,002	1,304,008	177,994
Storm System Development Fund	154,663	827,924	(673,261)
Parks System Development Fund	20,736,995	20,638,925	98,070
Transportation System Development Fund	4,692,830	6,840,414	(2,147,584)
Public Safety Fund	2,270,463	2,004,700	265,763
Parks Capital Projects Fund	3,073,539	4,773,394	(1,699,855)
Pedestrian Improvement Projects Fund	1,699,852	1,540,519	159,333
Urban Renewal Agency	7,607,668	4,893,532	2,714,136

The General Fund balance stayed essentially flat due to modest increases in both revenues and operating expenses. The Library Fund balance decreased \$2.2 million to negative \$486 thousand as a result of an interfund loan for the completion of the Library expansion project. The Parks Capital Projects Fund decreased \$1.7 million as the City completed the Scott Creek Trail project. The Transportation SDC Funds decreased \$2.1 million as capital projects drew down the funds. The Parks SDC Fund was flat as revenues equaled project expenditures for the year. The Urban Renewal Agency Fund increased \$2.7 million as revenues increased 19%. The City expects to see continued growth in the Fund each year.

General Fund Budgetary Highlights



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

The General Fund – Budgetary Basis ending fund balance decreased \$590 thousand from the previous year. There was a transfer out of \$3.2 million to the Facility Capital Projects Fund to save for the land purchase and construction of a new public works facility. There was also a transfer to the Reserve for Replacement Fund for \$600,000. As seen in the chart below, General Fund revenues generally outpaced budget estimates in most categories. Development fees and engineering fees saw a marked decline compared to amount from recent prior years.

General Fund revenues varied from budget by the following amounts:

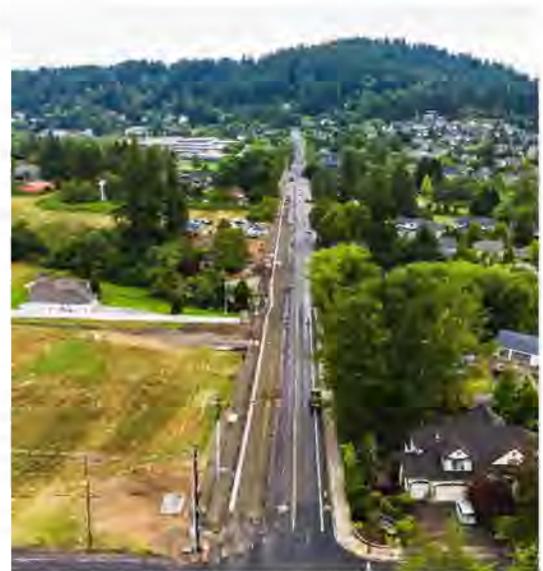
Revenue Source	Budget	Actual	Difference
Building Permits and Fees	\$ 1,000,000	1,661,273	\$ 661,273
ROW Use Fees	2,600,000	2,811,534	211,534
Engineering Fees	250,000	409,435	159,435
Planning Fees	150,000	328,306	178,306
Intergovernmental	520,000	687,328	167,328
State Shared Revenues	950,000	775,940	(174,060)
Traffic Fines	500,000	672,900	172,900

General Fund expenditures were less than appropriated amounts for each appropriation category. Each department expended between 88-98% 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	\$ 4,186,100	\$ 4,109,015	\$ 77,085
Community Services & Public Safety	1,407,800	1,359,838	47,962
Economic & Community Development	3,769,900	3,323,186	446,714
Public Works	902,700	815,986	86,714

Capital Assets

At June 30, 2025, the City had \$146 million invested in capital assets net of accumulated depreciation. This is an increase of \$14 million from the previous year. Notable additions this year were multiple land purchases for future community park, and downtown district. The annual street additions totaled \$16 million and total depreciation expense was \$3.3 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, 2025 is \$12,765,000. Details of the changes in long term debt are disclosed in the notes to the financial statements (Note 4).

Goals and Priorities

Much of the look and feel of the city took decades of thoughtful planning and steadfast leadership to instill development standards that reflect the community values.

Council Goals

1. Managed growth and economic development
2. Employee development in a quality work environment
3. A safe, livable community with a sense of pride and strong identity
4. Effective relationships with local, regional, and state partners
5. Fiscal responsibility and stewardship
6. Environmentally-sensible practices
7. Effective, efficient, and readily available services

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 and King Road Roundabout
- 129th Avenue Sidewalk and Undergrounding (Gap Project)
- Superblock Phase I, II, and III
- Pleasant Valley Villages Neighborhood Park
- Scott Creek Trail Renovation/ADA Improvements
- Veterans Memorial Park Phases 1 and 1.5
- HV Library Expansion
- HV Park Sports Field Improvements

Construction Underway

- Annual Roadway Maintenance (Crack and Slurry Seal, Striping and Roadway Reconstruction)
- Scouters Mountain Neighborhood Park

Pre-Construction Underway

- 147th Avenue Half Street Improvement – Design and property acquisition underway
- 172nd Avenue North of Sunnyside Road – Design and property acquisition underway
- 172nd Avenue Roundabout – Right-of-way acquisition and construction
- 162nd Avenue – 10% construction design
- Rock Creek BLVD – 10% construction design
- Sunrise Corridor Gateway – Visioning project with Clackamas County
- Scott Creek Trail Extension – Design and Metro approval

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

- Clackamas River Trail – Design
- Village Green Park Renovation – Design
- Veterans Memorial Park Phase 2 – Design
- Various Land Acquisition – Targeted for consideration
- Public Works Facility – Design
- Community Center – Design
- 40 Acre Community Park – Design
- Scouters Mt Road East – Design and regulatory review 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.

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CITY OF HAPPY VALLEY
CLACKAMAS COUNTY, OREGON

BASIC FINANCIAL STATEMENTS

CITY OF HAPPY VALLEY, OREGON**Statement of Net Position****June 30, 2025****ASSETS**

Cash and Investments	\$ 60,880,267
Prepaid items	201,256
Accounts Receivable	1,157,436
Property Taxes Receivable	579,792
Net OPEB Asset	178,815
Capital Assets:	
Land, non-depreciable, and construction in progress	45,813,817
Building, improvements, equipment, and other capital assets (net of accumulated depreciation)	<u>100,295,607</u>
TOTAL ASSETS	<u>209,106,990</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred amount related to pension	4,582,826
Deferred amount related to OPEB	<u>34,625</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>4,617,451</u>

LIABILITIES

Accounts Payable	2,863,938
Accrued Payroll Liabilities	349,558
Accrued Interest Payable	48,047
Developer Deposits	285,583
Intergovernmental Payable	356,007
Current portion of Compensated Absences	644,401
Current portion of SBITA Liability	36,354
Current portion of Bonds Payable	581,870
Noncurrent liabilities (due in more than one year):	
Bonds Payable	13,489,915
Compensated Absences	415,135
SBITA Liability	37,786
Net Pension Liability	9,817,969
Net OPEB Liability	<u>142,512</u>
TOTAL LIABILITIES	<u>29,069,075</u>

DEFERRED INFLOWS OF RESOURCES

Deferred amount related to pension	1,316,021
Deferred amount related to OPEB	<u>113,768</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>1,429,789</u>

NET POSITION

Net Investment in Capital Assets	130,856,818
Net Position - Restricted for:	
PEG	538,720
Parks	7,200,244
Street Maintenance	3,181,854
SDC Projects	25,584,488
Public Safety	2,472,762
OPEB Restricted	178,815
Urban Renewal	7,780,091
Net Position - Unrestricted	<u>5,431,785</u>
TOTAL NET POSITION	<u>\$ 183,225,577</u>

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, 2025

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	\$ 12,660,058	\$ 2,933,828	\$ -	\$ -	\$ (9,726,230)
Cultural and Recreation	5,869,464	163,463	-	1,547,428	(4,158,573)
Public Safety	6,314,839	796,134	-	-	(5,518,705)
Highways and Streets	4,383,290	-	2,215,089	4,224,267	2,056,066
Interest on long term debt	515,635	-	-	-	(515,635)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 29,743,286	\$ 3,893,425	\$ 2,215,089	\$ 5,771,695	(17,863,077)
GENERAL REVENUES					
					16,781,426
					2,811,534
					3,734,116
					1,604,925
					4,692,874
TOTAL GENERAL REVENUES					29,624,875
CHANGE IN NET POSITION					11,761,798
NET POSITION - beginning, as previously reported					172,027,376
Change in Accounting Principle (GASB 101)					(563,597)
NET POSITION - beginning, as restated					171,463,779
NET POSITION - ending					\$ 183,225,577

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

CITY OF HAPPY VALLEY, OREGON
Balance Sheet
Governmental Funds
June 30, 2025

	Special Revenue				Capital Projects		Non-Major Fund - GAAP	Total
	General Fund - GAAP	Library Fund - GAAP	Public Safety Fund - GAAP	Urban Renewal General Fund - GAAP	Parks SDC Fund - GAAP	Transportation SDC Fund - GAAP		
ASSETS								
Cash and Investments	\$ 13,523,427	\$ 1,569,386	\$ 3,281,198	\$ 7,804,495	\$ 19,109,004	\$ 4,958,820	\$ 10,633,937	\$ 60,880,267
Prepaid items	189,699	480	-	-	-	-	39,269	229,448
Accounts Receivable	602,488	148,252	68,232	27,323	-	-	311,141	1,157,436
Interfund Loan Receivable	-	-	-	-	2,142,857	-	-	2,142,857
Property Taxes Receivable	93,861	-	217,029	183,978	-	-	84,924	579,792
TOTAL ASSETS	\$ 14,409,475	\$ 1,718,118	\$ 3,566,459	\$ 8,015,796	\$ 21,251,861	\$ 4,958,820	\$ 11,069,271	\$ 64,989,800
LIABILITIES								
Accounts Payable	\$ 236,042	\$ 20,915	\$ 1,086,335	\$ 235,705	\$ 514,866	\$ 265,990	\$ 504,085	\$ 2,863,938
Accrued Payroll Liabilities	272,704	41,067	7,362	-	-	-	28,425	349,558
Developer Deposits	285,583	-	-	-	-	-	-	285,583
Interfund Loan Payable	-	2,142,857	-	-	-	-	-	2,142,857
Intergovernmental Payable	356,007	-	-	-	-	-	-	356,007
TOTAL LIABILITIES	1,150,336	2,204,839	1,093,697	235,705	514,866	265,990	532,510	5,997,943
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue - property taxes	87,490	-	202,299	172,423	-	-	79,160	541,372
TOTAL DEFERRED INFLOWS OF RESOURCES	87,490	-	202,299	172,423	-	-	79,160	541,372
FUND BALANCES								
Fund Balance By Category								
Nonspendable	189,699	480	-	-	-	-	39,269	229,448
Restricted	538,720	-	2,270,463	7,607,668	20,736,995	4,692,830	10,418,332	46,265,008
Committed	7,018,134	-	-	-	-	-	-	7,018,134
Unassigned	5,425,096	(487,201)	-	-	-	-	-	4,937,895
TOTAL FUND BALANCES	13,171,649	(486,721)	2,270,463	7,607,668	20,736,995	4,692,830	10,457,601	58,450,485
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	\$ 14,409,475	\$ 1,718,118	\$ 3,566,459	\$ 8,015,796	\$ 21,251,861	\$ 4,958,820	\$ 11,069,271	\$ 64,989,800

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, 2025

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

Total Fund Balances - governmental funds	\$ 58,450,485
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds and assets.	146,109,424
Net pension and OPEB obligations and assets are not due and payable in the current period and, therefore, are not reported in the funds.	(9,781,666)
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	3,266,805
OPEB related changes	(79,143)
Accrued compensated absences are not due and payable in the current period and therefore are not reported in the funds.	(1,059,536)
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	(14,071,785)
SBITA liability	(74,140)
Accrued interest payable	(48,047)
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	541,372
Prepaid - SBITA	(28,192)
Total Net Position	<u>\$ 183,225,577</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, 2025

			Special Revenue		Capital Projects		Non-Major Funds - GAAP	Total
	General Fund - GAAP	Library Fund - GAAP	Public Safety Fund - GAAP	Urban Renewal General Fund - GAAP	Parks SDC Fund - GAAP	Transportation SDC Fund - GAAP		
REVENUES								
Property Taxes	\$ 2,572,287	\$ -	\$ 5,946,906	\$ 5,789,608	\$ -	\$ -	\$ 2,327,050	\$ 16,635,851
Gas Tax Revenue	-	-	-	-	-	-	2,215,089	2,215,089
Licenses and Permits	5,745,362	-	-	-	-	845,753	492,876	7,083,991
System Development Charges	-	-	-	-	1,471,173	582,554	48,991	2,102,718
Intergovernmental Revenues	1,463,268	-	141,657	-	-	-	-	1,604,925
Library District Revenue	-	3,734,116	-	-	-	-	-	3,734,116
Other Revenue	1,650,140	231,049	276,222	364,472	1,153,364	623,999	1,007,964	5,307,210
TOTAL REVENUES	11,431,057	3,965,165	6,364,785	6,154,080	2,624,537	2,052,306	6,091,970	38,683,900
EXPENDITURES								
Current								
General Government	9,376,878	-	-	1,058,422	-	-	99,510	10,534,810
Cultural and Recreation	-	2,752,900	-	-	488,800	-	1,531,802	4,773,502
Public Safety	708,114	-	5,494,022	-	-	-	-	6,202,136
Highways and Streets	-	-	-	-	-	246,728	968,271	1,214,999
Debt Service	67,467	-	-	-	-	-	1,070,200	1,137,667
Capital Outlay	3,247,373	2,652,273	-	1,311,322	2,162,667	4,453,162	3,573,360	17,400,157
TOTAL EXPENDITURES	13,399,832	5,405,173	5,494,022	2,369,744	2,651,467	4,699,890	7,243,143	41,263,271
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,968,775)	(1,440,008)	870,763	3,784,336	(26,930)	(2,647,584)	(1,151,173)	(2,579,371)
OTHER FINANCING SOURCES (USES)								
Subscription Financing	113,415	-	-	-	-	-	-	113,415
Transfers In	1,805,000	-	-	-	125,000	500,000	1,070,200	3,500,200
Transfers Out	-	(752,000)	(605,000)	(1,070,200)	-	-	(1,073,000)	(3,500,200)
TOTAL OTHER FINANCING SOURCES (USES)	1,918,415	(752,000)	(605,000)	(1,070,200)	125,000	500,000	(2,800)	113,415
NET CHANGE IN FUND BALANCE	(50,360)	(2,192,008)	265,763	2,714,136	98,070	(2,147,584)	(1,153,973)	(2,465,956)
FUND BALANCES - beginning	13,222,009	1,705,287	2,004,700	4,893,532	20,638,925	6,840,414	11,611,574	60,916,441
FUND BALANCES - ending	\$ 13,171,649	\$ (486,721)	\$ 2,270,463	\$ 7,607,668	\$ 20,736,995	\$ 4,692,830	\$ 10,457,601	\$ 58,450,485

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, 2025

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

Net Change in Fund Balances - Governmental Funds \$ (2,465,956)

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	\$ 17,480,147	
Assets Contributed by Developers	(2,675,610)	
Depreciation Expense	(3,253,676)	
Right-to-Use Assets - Subscription	113,415	
Loss sale of assets	(8,999)	
Amortization expense - subscription	<u>(64,242)</u>	11,591,035

Assets contributed by developers results in recognition of revenue on the statement of activities 2,675,610

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	(140,350)	
Net Subscription Liability	(49,583)	
Pension Expense	(594,406)	
Net Other Postemployment Benefit Obligations	<u>41,673</u>	(742,666)

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	1,330	
Debt Principal	480,000	
Bond amortization	<u>76,870</u>	558,200

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

Unavailable Revenue - Property Taxes		<u>145,575</u>
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Change in Net Position \$ 11,761,798

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 30,2025

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 30,2025

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 30,2025

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 30,2025

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.

HAPPT VALLEY URBAN RENEWAL AGENCY DEBT SERVICE FUND

This fund accounts for debt service on the Agency's bonds. It is funded by transfers from the Happy Valley Urban Renewal Agency General Fund.

CITY OF HAPPY VALLEY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30,2025

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 30,2025

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. COMPENSATED ABSENCES

It is the City's policy to permit employees to accumulate earned, unused compensated absences and sick pay benefits. The City does not compensate employees for accumulations of sick leave upon termination of employment. Employees earn vacation at rates determined by their length of employment. Compensatory leave is earned at applicable rates pursuant to local, state, and federal regulations. In accordance with GASB Statement 101, *Compensated Absences*, a liability for leave that is more likely than not to be taken is accrued 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.

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, 2025 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 30,2025

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 30,2025

2. CASH, CASH EQUIVALENTS, AND INVESTMENTS

Cash and Investments consisted of:

Petty Cash	\$ 3,500
Deposits with Financial Institutions	1,571,961
Investments	<u>59,304,806</u>
Total Cash and Investments	<u>\$ 60,880,267</u>

DEPOSITS - Deposits with financial institutions include bank demand deposits. The total bank balance per the bank statements is \$1,944,819. 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, 2025.

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, 2025. 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 30,2025

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, 2025			
	<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	\$ 12,240,042	\$ -	\$ -	\$ 12,240,042
Municipal - CA	-	984,228	952,793	1,937,021
US Treasury	1,988,301	6,645,043	8,551,269	17,184,613
US Instrumentality: FCCB	1,515,425	3,700,286	2,066,617	7,282,328
US Instrumentality: FHLB	-	3,524,772	7,326,640	10,851,412
Corporate Bonds	-	3,476,321	6,333,069	9,809,390
Total	<u>\$ 15,743,768</u>	<u>\$ 18,330,650</u>	<u>\$ 25,230,388</u>	<u>\$ 59,304,806</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 06/30/2025 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	20.5%	1	\$ 12,240,042
Corporate Obligations	16.5%	119	9,809,390
Commercial Paper	0.0%	-	-
Municipal Bonds	3.3%	16	1,937,021
US Treasury	29.1%	212	17,184,613
US Agency	30.6%	237	18,133,740
Total Investments	<u>100.0%</u>	<u>154</u>	<u>\$ 59,304,806</u>

CITY OF HAPPY VALLEY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30,2025

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, 2025**

	N/A	Level 1	Level 2	Total
Investments:				
Oregon State Treasurer's Local				
Government Investment Pool	\$ 12,240,042	\$ -	\$ -	\$ 12,240,042
US Treasury	-	17,184,613	-	17,184,613
Agency Securities	-	-	18,133,741	18,133,741
Corporate Bonds	-	-	9,809,390	9,809,390
Municipal	-	-	1,937,020	1,937,020
Total	\$ 12,240,042	\$ 17,184,613	\$ 29,880,151	\$ 59,304,806

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 19.8% 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			Fair Value June 30, 2025	Percentage of Total FV
	(at the time of purchase)	S&P	Moodys		
Cash/LGIP	- / -	-	-	\$ 12,240,042	20.6%
Corporate Bonds	AA-/Aa3	AA	A1	1,445,839	2.4%
Corporate Bonds	AA-/Aa3	AA+	Aaa	1,035,345	1.7%
Corporate Bonds	AA-/Aa3	AA	Aa2	1,517,836	2.6%
Corporate Bonds	AA-/Aa3	A+	Aa3	1,560,267	2.6%
Corporate Bonds	AA-/Aa3	A	A1	1,992,437	3.4%
Corporate Bonds	AA-/Aa3	A	Aa3	506,786	0.9%
Corporate Bonds	AA-/Aa3	AA-	Aa3	1,750,880	3.0%
Municipal - CA	AA-/Aa3	AA-	Aa2	1,937,021	3.3%
US Agency: FCCB	AA+/Aaa	AA+	Aa1	7,282,327	12.3%
US Agency: FHLB	AA+/Aaa	AA+	Aa1	10,851,413	18.3%
US Treasury	AA+/Aaa	AA+	Aaa	17,184,613	29.0%
				\$ 59,304,806	100.0%

CITY OF HAPPY VALLEY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30,2025

3. CAPITAL ASSETS

Changes in capital assets for the fiscal year ended June 30, 2025 are as follows:

	Governmental Activities Capital Assets				
	July 1, 2024	Additions	Disposals	Transfers	June 30, 2025
Capital Assets, not being depreciated					
Land and Improvements	\$ 39,128,668	\$ 2,786,788	\$ -	\$ -	\$ 41,915,456
Works of Art	53,635	-	-	11,200	64,835
Construction in Progress	17,143,772	3,722,139	(17,032,385)	-	3,833,526
Totals, capital assets not being depreciated	<u>56,326,075</u>	<u>6,508,927</u>	<u>(17,032,385)</u>	<u>11,200</u>	<u>45,813,817</u>
Capital Assets, being depreciated/amortized					
Buildings	13,514,009	11,000,223	-	-	24,514,232
Vehicles	1,558,020	-	-	-	1,558,020
Other Equipment	1,507,269	217,362	(151,416)	(11,200)	1,562,015
Park Improvements	6,750,705	128,012	-	-	6,878,717
Park Equipment	1,729,717	9,500	-	-	1,739,217
Software	191,175	-	-	-	191,175
Right-to-use assets - subscriptions	79,309	113,415	-	-	192,724
Streets	87,675,057	16,648,508	-	-	104,323,565
Totals, capital assets being depreciated	<u>113,005,261</u>	<u>28,117,020</u>	<u>(151,416)</u>	<u>(11,200)</u>	<u>140,959,665</u>
Depreciation/Amortization for:					
Buildings	(3,939,433)	(286,251)	-	-	(4,225,684)
Vehicles	(887,425)	(100,842)	-	-	(988,267)
Other Equipment	(957,849)	(149,144)	142,417	-	(964,576)
Park Improvements	(2,790,059)	(363,103)	-	-	(3,153,162)
Park Equipment	(72,917)	(118,520)	-	-	(191,437)
Software	(12,745)	(38,235)	-	-	(50,980)
Right-to-use assets - subscriptions	(26,436)	(64,242)	-	-	(90,678)
Streets	(28,801,693)	(2,197,581)	-	-	(30,999,274)
Total Accumulated Depreciation	<u>(37,488,557)</u>	<u>(3,317,918)</u>	<u>142,417</u>	<u>-</u>	<u>(40,664,058)</u>
Total capital assets, being depreciated, net	<u>75,516,704</u>	<u>24,799,102</u>	<u>(8,999)</u>	<u>(11,200)</u>	<u>100,295,607</u>
Total Governmental Activities	<u>\$ 131,842,779</u>	<u>\$ 31,308,029</u>	<u>\$ (17,041,384)</u>	<u>\$ -</u>	<u>\$ 146,109,424</u>

Governmental Activities Depreciation Allocation to Functions

General Government	\$ 397,415
Cultural and Rec	557,016
Public Safety	61,081
Streets	2,302,406
Total	<u>\$ 3,317,918</u>

CITY OF HAPPY VALLEY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30,2025

4. LONG-TERM OBLIGATIONS

The following table shows the current fiscal year changes in the long-term obligations, along with the current portion due for the obligation.

	06/30/24 Balance As Restated*	Additions	Reductions	6/30/25 Balance	Due in 1 Year
Governmental Activities					
Principal Transactions:					
General Obligation Bonds:					
Full Faith & Credit Obligation, Series 2023	\$ 13,245,000	\$ -	\$ 480,000	\$ 12,765,000	\$ 505,000
Bond Premium	1,383,655	-	76,870	1,306,785	76,870
Total General Obligation Bonds	<u>14,628,655</u>	<u>-</u>	<u>556,870</u>	<u>14,071,785</u>	<u>581,870</u>
*Compensated Absences	919,186	140,350	-	1,059,536	644,401
Subscription Based IT Arrangement Liability	52,749	113,415	92,024	74,140	36,354
Total OPEB Liability	198,690	28,091	84,269	142,512	-
Net Pension Liability	9,479,100	338,869	-	9,817,969	-
Total Governmental Activities	<u>\$ 25,278,380</u>	<u>\$ 620,725</u>	<u>\$ 733,163</u>	<u>\$ 25,165,942</u>	<u>\$ 1,262,625</u>

Governmental Activities Long-Term Debt

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, 2025 is \$12,765,000, due as follows:

Fiscal year ending June 30	Principal	Interest	Total
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	610,000	457,450	1,067,450
2031-2035	3,555,000	1,796,250	5,351,250
2036-2040	4,405,000	946,200	5,351,200
2041-42	2,020,000	122,000	2,142,000
	<u>\$ 12,765,000</u>	<u>\$ 5,430,200</u>	<u>\$ 18,195,200</u>

CITY OF HAPPY VALLEY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2025

5. LONG-TERM DEBT – SBITA LIABILITY

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

Governmental Activities	6/30/24			6/30/25	Due in
	Balance	Additions	Reductions	Balance	1 Year
Permitting & Licensing Software, Issued July 1, 2023					
Interest rate 4.56%	\$ 52,749	\$ -	\$ (52,749)	\$ -	\$ -
Network detection service, Issued March 2025, interest rate 3.94%, annual principal and interest \$39,275, due 2027	-	113,415	(39,275)	74,140	36,354
	<u>\$ 52,749</u>	<u>\$ 113,415</u>	<u>\$ (92,024)</u>	<u>\$ 74,140</u>	<u>\$ 36,354</u>

6. COMPENSATED ABSENCES

At June 30, 2025, the City’s liability for compensated absences is estimated at \$1,059,536, of which \$644,401 is due within one year. Compensated absences arising from vacation leave and compensated time are due and payable on demand, they are considered due within one year. Compensated absences arising from sick leave have a portion due more than a year, in accordance with the historical usage. Net increase for the fiscal year was \$140,350.

7. INTERFUND RECEIVABLES, PAYABLES, ADVANCES AND 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, 2025 is as follows:

Fund	Transfers In	Transfers Out
General Fund	\$ 1,805,000	\$ -
Library Fund	-	752,000
Public Safety Fund	-	605,000
Urban Renewal Agency Fund	-	1,070,200
Parks SDC Fund	125,000	-
Transportation SDC Fund	500,000	-
Non-Major Funds	1,070,200	1,073,000
Total Transfers	<u>\$ 3,500,200</u>	<u>\$ 3,500,200</u>

Interfund advance activity for the year ended June 30, 2025 is as follows:

An interfund loan in the amount of \$2,500,000 was authorized by City Council Resolution No. 24-26 in November 2024, providing for a loan from the Parks System Development Charge (SDC) Fund to the Library Reserve for Replacement Fund. The loan was established to provide financing for the completion of the Library Expansion Project. The loan carries a fixed interest rate of 5% and is to be repaid over a seven-year term. The outstanding balance as of June 30, 2025, is \$2,142,857.

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 Annual Comprehensive 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.

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, 2025 were \$1,298,720 excluding amounts to fund employer specific liabilities. The rates in effect for the fiscal year ended June 30, 2025 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 \$392,630 for the year ended June 30, 2025.

CITY OF HAPPY VALLEY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2025

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, 2023) 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, 2025, the City reported a liability of \$9,817,969 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022 (MD) rolled forward to June 30, 2024. 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, 2024, the City’s proportion was 0.04417088 percent, which was an decrease from its proportion of 0.05060733 percent measured as of June 30, 2023.

For the year ended June 30, 2025, the City recognized pension expense of \$594,407. At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 581,624	\$ 23,432
Changes in assumptions	987,102	1,265
Net difference between projected and actual earnings on investments	623,716	-
Changes in proportion	915,828	897,111
Differences between employer contributions and proportionate share of contributions	175,836	394,213
Total (prior post MD contributions)	3,284,106	1,316,021
Contributions subsequent to the MD	1,298,720	-
Total	\$ 4,582,826	\$ 1,316,021
Net Deferred Outflow/(Inflow) of Resources		3,266,805

CITY OF HAPPY VALLEY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2025

8. PENSION PLAN (CONTINUED)

City’s contributions subsequent to the measurement date of \$1,298,720 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:

Year ended June 30:	
2025	\$ 110,798
2026	1,121,360
2027	554,033
2028	175,871
2029	6,023
Total	\$ 1,968,085

Actuarial assumptions

The employer contribution rates effective July 1, 2024 through June 30, 2025, 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, 2022
Measurement Date	June 30, 2024
Experience Study Report	2022, published July 24, 2023
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Inflation Rate	2.40 percent
Long-Term Expected Rate of Return	6.90 percent
Discount Rate	6.90 percent
Projected Salary Increases	3.40 percent overall payroll growth
Cost of Living Adjustments (COLA)	Blend of 2.00% COLA and grade COLA (1.25%/0.15%) in accordance with <i>Moro</i> decision, blend based on service.
Mortality	<p>Health retirees and beneficiaries: Pub-2010 Healthy Retiree, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p>Active Members: Pub-2010 Employee, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p>Disabled retirees: Pub-2010 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p>

CITY OF HAPPY VALLEY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30,2025

8. PENSION PLAN (CONTINUED)

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2022 Experience Study which reviewed experience for the four-year period ending on December 31, 2022.

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 30,2025

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)	\$ 15,487,447	\$ 9,817,969	\$ 5,069,504

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 30,2025

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	\$ -	\$ 178,815	\$ 178,815
Deferred Outflows of Resources			
Change in Assumptions	228	-	228
Difference in Expected and Actual Experience	20,552	5,049	25,601
Change in Proportionate Share	-	-	-
Contributions After MD	8,796	-	8,796
Net OPEB Liability	(142,512)	-	(142,512)
Deferred Inflows of Resources			
Difference in Expected and Actual Experience	(35,877)	(3,497)	(39,374)
Difference in Earnings	-	-	-
Change in Assumptions	(55,130)	(2,262)	(57,392)
Change in Proportionate Share	-	(17,002)	(17,002)
OPEB Expense/(Income)*	22,182	(45,272)	(23,090)

*Included in program expenses on Statement of Activities

CITY OF HAPPY VALLEY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30,2025

9. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Implicit Rate Subsidy

Plan Description

The City’s single-employer defined benefit postemployment healthcare plan is administered by City County Insurance Services (CIS). Benefits 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.

Benefits Provided

The plan provides eligible retirees and their dependents under age 65 the same healthcare coverage at the same premium rates as offered to active employees. As of the valuation date July 1, 2024, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	1
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>77</u>
	<u><u>78</u></u>

Total OPEB Liability

The City’s total OPEB liability is \$142,512 was measured as of June 30, 2024.

Actuarial Assumptions and other inputs – The total OPEB liability in the July 1, 2024 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.40%
Salary increases	3.40%
Discount rate	3.65% annually (Beginning of Year) 3.93% annually (As of End of Year Measurement Date)
Healthcare cost trend rates	Getzen model, initial trend of 6.0%
Mortality	Pub 2010(G), headcount weighted. General table, multiplied by 115% and setback 12 months for males, and 125% for females with fully generational projection using the MP-2021 scale

The discount rate was based on the Bond Buyer 20-Bond General Obligation Index on the Measurement Date. The 20-Bond Index consists of 20 general obligation bonds that mature in 20 years.

The actuarial assumptions used in the July 1, 2024 valuation were based on the results of ongoing evaluations of the assumptions from July 1, 2017 to June 30, 2024.

CITY OF HAPPY VALLEY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2025

9. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Changes in the Total OPEB Liability

Balance at June 30, 2024	\$ 198,690
Changes for the year:	
Service cost	20,250
Interest	7,841
Differences between expected and actual experience	(41,856)
Changes in assumptions	(34,115)
Benefit payments and net transfers	(8,298)
Net changes	<u>(56,178)</u>
Balance at June 30, 2025	<u>\$ 142,512</u>

Sensitivity of the total OPEB liability to changes in the discount rate – The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.93%) or 1-percentage-point higher (4.93%) than the current discount rate:

	1.0% Decrease (2.93%)	Current Discount Rate (3.93%)	1.0% Increase (4.93%)
Total OPEB liability	\$ 153,158	\$ 142,512	\$ 132,453

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates – The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare trend rates in every future year:

	1.0% Decrease (7.0%)	Current Trend (6.0%)	1.0% Increase (7.0%)
Total OPEB liability	\$ 125,847	\$ 142,512	\$ 162,182

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

For the year ended June 30, 2025, the City recognized OPEB expense of \$12,492. At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 20,552	\$ (35,877)
Changes in assumptions	228	(55,130)
Contributions subsequent to measurement date	8,796	-
Total	<u>\$ 29,576</u>	<u>\$ (91,007)</u>

CITY OF HAPPY VALLEY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30,2025

9. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years ending June 30:	
2026	(15,366)
2027	(11,083)
2028	(11,183)
2029	(11,183)
2030	(11,159)
Thereafter	(10,253)

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/2024-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.

CITY OF HAPPY VALLEY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2025

9. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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, 2025.

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

At June 30, 2025, the City reported an asset of \$178,815 for its proportionate share of the OPERS net OPEB asset. The net OPEB asset was measured as of June 30, 2024, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2022 rolled forward to June 30, 2024. 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, 2024, the City’s proportionate share was 0.0443%, which is an increase from its proportion of 0.0371% as of June 30, 2023.

For the year ended June 30, 2025, the City recognized OPEB credit from this plan of \$45,370. At June 30, 2025, 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	\$ -	\$ 3,497
Changes of assumptions	-	2,262
Net difference between projected and actual earnings on investments	5,049	-
Changes in proportionate share	-	17,002
Differences between employer contributions and proportionate share of contributions	-	-
Total (prior to post-MD contributions)	5,049	22,761
Contributions subsequent to the MD	-	-
Total	\$ 5,049	\$ 22,761
Net Deferred Outflow/(Inflow) of Resources		

CITY OF HAPPY VALLEY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30,2025

9. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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	\$	(25,919)
2026		4,892
2027		2,731
2028		584
Total	\$	<u>(17,712)</u>

Actuarial Methods and Assumptions

The total OPEB asset in the December 31, 2022 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.

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:

	1.0% Decrease (5.90%)	Current Discount Rate (6.90%)	1.0% Increase (7.90%)
Net OPEB Asset	\$ 165,529	\$ 178,815	\$ 190,256

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, 2024 measurement period that require disclosure.

CITY OF HAPPY VALLEY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30,2025

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.

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 \$538,720 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.

CITY OF HAPPY VALLEY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30,2025

14. FUND BALANCE DETAIL

	General Fund	Library Fund	Public Safety Fund	Urban Renewal Agency Fund	Parks SDC Fund	Transportation SDC Fund	Non-Major Funds	Total
Fund Balances:								
Nonspendable	\$ 189,699	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 39,269	\$ 228,968
Restricted								
PEG	538,720	-	-	-	-	-	-	538,720
Street Maint	-	-	-	-	-	-	1,482,002	1,482,002
Ped. Improve.	-	-	-	-	-	-	1,699,852	1,699,852
SDC Projects	-	-	-	-	20,736,995	4,692,830	3,228,202	28,658,027
Parks	-	-	-	-	-	-	4,008,276	4,008,276
Public Safety	-	-	2,270,463	-	-	-	-	2,270,463
Urban Renewal Agency	-	-	-	7,607,668	-	-	-	7,607,668
	<u>538,720</u>	<u>-</u>	<u>2,270,463</u>	<u>7,607,668</u>	<u>20,736,995</u>	<u>4,692,830</u>	<u>10,418,332</u>	<u>46,265,008</u>
Committed								
General Ops	838,974	-	-	-	-	-	-	838,974
Replacement	2,043,590	-	-	-	-	-	-	2,043,590
Facilities Cap. Projects	4,135,570	-	-	-	-	-	-	4,135,570
	<u>7,018,134</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,018,134</u>
Unassigned	<u>5,425,096</u>	<u>(486,721)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,938,375</u>
Total Fund Balances	<u>\$ 13,171,649</u>	<u>\$ (486,721)</u>	<u>\$ 2,270,463</u>	<u>\$ 7,607,668</u>	<u>\$ 20,736,995</u>	<u>\$ 4,692,830</u>	<u>\$ 10,457,601</u>	<u>\$ 58,450,485</u>

15. NEWLY ISSUED ACCOUNTING STANDARDS

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. This Statement establishes a unified model for recognizing and measuring liabilities related to compensated absences, enhancing comparability and relevance across governmental entities. Certain types of leave—such as parental leave, military leave, and jury duty—are excluded from recognition until the leave commences. The new standard resulted in the inclusion of sick leave, and the change in accounting principle is accounted for in the County’s financial statements (see Note 16).

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*. The statement provides users of government financial statements with essential information about risks related to a government’s vulnerabilities due to certain concentrations or constraints. Implementation of this standard had no significant impact on the City’s financial statements.

16. RESTATEMENT OF BEGINNING BALANCE

During the current year, the City implemented GASB Statement No. 101, *Compensated Absences*. In addition to the value of unused vacation time owed to employees upon separation of employment, the City now recognizes an estimated amount of sick leave earned as of year-end that will be used by employees as time off in future years as part of the liability for compensated absences. The effects of the change in accounting principle are summarized in the “Restatement – GASB 101 Implementation” column in the table below.

	Net position balance 06/30/2024 as previously reported	Restatement - GASB 101 Implementation	Net position balance 6/30/2024 as restated
Government-wide			
Governmental Activities	\$ 172,027,376	\$ (563,597)	\$ 171,463,779

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, 2025

GENERAL FUND - BUDGETARY BASIS

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Property Taxes	\$ 2,610,400	\$ 2,610,400	\$ 2,572,287	\$ (38,113)
Licenses, Fees, and Permits:				
ROW Use Fees	2,600,000	2,600,000	2,811,534	211,534
Building Permits and Fees	1,000,000	1,000,000	1,661,273	661,273
Planning Fees	150,000	150,000	328,306	178,306
Engineering Fees	250,000	250,000	409,435	159,435
SDC Compliance Fee	50,000	50,000	128,833	78,833
User Related Fees	550,000	550,000	405,981	(144,019)
Total Licenses, Fees, and Permits	4,600,000	4,600,000	5,745,362	1,145,362
Intergovernmental:				
State Shared Revenues	950,000	950,000	775,940	(174,060)
Intergovernmental	520,000	520,000	687,328	167,328
Total Intergovernmental	1,470,000	1,470,000	1,463,268	(6,732)
Other Revenue:				
Traffic Fines	500,000	500,000	672,900	172,900
Municipal Court	120,000	120,000	123,234	3,234
Miscellaneous Revenue	400,000	400,000	435,370	35,370
Total Other Revenue	1,020,000	1,020,000	1,231,504	211,504
TOTAL REVENUES	9,700,400	9,700,400	11,012,421	1,312,021
EXPENDITURES				
Administration	4,186,100	4,186,100	4,109,015	77,085
Community Services & Public Safety	1,407,800	1,407,800	1,359,838	47,962
Economic & Community Development	3,769,900	3,769,900	3,323,186	446,714
Public Works	902,700	902,700	815,986	86,714
Contingency	3,518,393	3,518,393	-	3,518,393
TOTAL EXPENDITURES	13,784,893	13,784,893	9,608,025	4,176,868
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(4,084,493)	(4,084,493)	1,404,396	5,488,889
OTHER FINANCING SOURCES (USES)				
Transfers In	1,805,000	1,805,000	1,805,000	-
Transfers Out To:				
Reserve for Replacement Fund	(600,000)	(600,000)	(600,000)	-
Facility Capital Projects Fund	(3,200,000)	(3,200,000)	(3,200,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	(1,995,000)	(1,995,000)	(1,995,000)	-
NET CHANGE IN FUND BALANCE	(6,079,493)	(6,079,493)	(590,604)	5,488,889
FUND BALANCE - beginning	6,079,493	6,079,493	6,165,052	85,559
FUND BALANCE - ending	\$ -	\$ -	\$ 5,574,448	\$ 5,574,448
RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS				
NET CHANGE IN FUND BALANCE			\$ (590,604)	
Unrealized gain (loss) on investments			191,474	
CHANGE IN FUND BALANCE - GAAP BASIS			\$ (399,130)	

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, 2025

LIBRARY FUND - BUDGETARY BASIS

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES				
User Related Fees	\$ 35,000	\$ 35,000	\$ 33,677	\$ (1,323)
District Revenue	3,570,000	3,570,000	3,734,116	164,116
Miscellaneous Revenue	89,000	89,000	76,506	(12,494)
TOTAL REVENUES	<u>3,694,000</u>	<u>3,694,000</u>	<u>3,844,299</u>	<u>150,299</u>
EXPENDITURES				
Personal Services	2,200,000	2,200,000	2,054,029	145,971
Materials and Services	695,000	695,000	638,116	56,884
Contingency	979,899	979,899	-	979,899
TOTAL EXPENDITURES	<u>3,874,899</u>	<u>3,874,899</u>	<u>2,692,145</u>	<u>1,182,754</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(180,899)</u>	<u>(180,899)</u>	<u>1,152,154</u>	<u>1,333,053</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out To:				
General Fund	(627,000)	(627,000)	(627,000)	-
Reserve for Replacement	(600,000)	(600,000)	(600,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,227,000)</u>	<u>(1,227,000)</u>	<u>(1,227,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(1,407,899)	(1,407,899)	(74,846)	1,333,053
FUND BALANCE - beginning	1,407,899	1,407,899	1,419,988	12,089
FUND BALANCE - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,345,142</u>	<u>\$ 1,345,142</u>
RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS				
NET CHANGE IN FUND BALANCE			\$ (74,846)	
Unrealized gain (loss) on investments			<u>44,611</u>	
CHANGE IN FUND BALANCE - GAAP BASIS			<u>\$ (30,235)</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, 2025

PUBLIC SAFETY FUND - BUDGETARY BASIS

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES				
Property Taxes	\$ 5,989,000	\$ 5,989,000	\$ 5,946,906	\$ (42,094)
Grant Revenue	383,000	383,000	141,657	(241,343)
Miscellaneous Revenue	100,000	100,000	206,861	106,861
TOTAL REVENUES	<u>6,472,000</u>	<u>6,472,000</u>	<u>6,295,424</u>	<u>(176,576)</u>
EXPENDITURES				
Personal Services	294,900	294,900	281,351	13,549
Materials and Services	5,700,000	5,700,000	5,212,671	487,329
Capital Outlay	10,000	10,000	-	10,000
Contingency	1,962,473	1,962,473	-	1,962,473
TOTAL EXPENDITURES	<u>7,967,373</u>	<u>7,967,373</u>	<u>5,494,022</u>	<u>2,473,351</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,495,373)</u>	<u>(1,495,373)</u>	<u>801,402</u>	<u>2,296,775</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out To:				
General Fund	<u>(605,000)</u>	<u>(605,000)</u>	<u>(605,000)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(605,000)</u>	<u>(605,000)</u>	<u>(605,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(2,100,373)	(2,100,373)	196,402	2,296,775
FUND BALANCE - beginning	<u>2,100,373</u>	<u>2,100,373</u>	<u>2,059,659</u>	<u>(40,714)</u>
FUND BALANCE - ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,256,061</u></u>	<u><u>\$ 2,256,061</u></u>
RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS				
NET CHANGE IN FUND BALANCE			\$ 196,402	
Unrealized gain (loss) on investments			<u>69,361</u>	
CHANGE IN FUND BALANCE - GAAP BASIS			<u><u>\$ 265,763</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, 2025

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	\$ 7,000,000	\$ 7,000,000	\$ 5,789,608	\$ (1,210,392)
Miscellaneous Revenue	250,000	250,000	359,157	109,157
TOTAL REVENUES	<u>7,250,000</u>	<u>7,250,000</u>	<u>6,148,765</u>	<u>(1,101,235)</u>
EXPENDITURES				
Personal Services	178,000	178,000	158,666	19,334
Materials and Services	1,000,000	1,000,000	899,756	100,244
Capital Outlay	10,681,464	10,681,464	1,311,322	9,370,142
TOTAL EXPENDITURES	<u>11,859,464</u>	<u>11,859,464</u>	<u>2,369,744</u>	<u>9,489,720</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(4,609,464)</u>	<u>(4,609,464)</u>	<u>3,779,021</u>	<u>8,388,485</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out To:				
Urban Renewal Debt Service Fund	<u>(1,100,000)</u>	<u>(1,100,000)</u>	<u>(1,070,200)</u>	<u>29,800</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,100,000)</u>	<u>(1,100,000)</u>	<u>(1,070,200)</u>	<u>29,800</u>
NET CHANGE IN FUND BALANCE	(5,709,464)	(5,709,464)	2,708,821	8,418,285
FUND BALANCE - beginning	<u>5,709,464</u>	<u>5,709,464</u>	<u>4,893,558</u>	<u>(815,906)</u>
FUND BALANCE - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,602,379</u>	<u>\$ 7,602,379</u>
RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS				
NET CHANGE IN FUND BALANCE			\$ 2,708,821	
Unrealized gain (loss) on investments			<u>5,315</u>	
CHANGE IN FUND BALANCE - GAAP BASIS			<u>\$ 2,714,136</u>	

CITY OF HAPPY VALLEY, OREGON

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR YEAR ENDED JUNE 30, 2025

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, 2025, there were no supplemental budget resolutions. 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
2024	0.04417088%	\$ 9,817,969	\$ 6,253,190	157.01%	79.30%
2023	0.05060733%	9,479,100	6,320,001	149.99%	81.70%
2022	0.04417088%	9,817,969	6,032,680	162.75%	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%

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
2025	\$ 1,298,720	\$ 1,298,720	\$ -	\$ 6,771,541	19.18%
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%

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	Fair 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
2024	0.04427125%	\$ (178,815)	\$ 6,253,190	-2.86%	220.6%
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
2025	\$ -	\$ -	\$ -	\$ 6,771,541	0.00%
2024	-	-	-	6,253,190	0.00%
2024	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:	Fair value					
Remaining amortization periods:	20 years					N/A
Actuarial assumptions						
Inflation rate	2.40 percent		2.50 percent		2.75 percent	
Projected salary increases	3.40 percent		3.50 percent		3.75 percent	
Investment rate of return	6.90 percent		7.20 percent	7.50 percent	7.75 percent	8.00 percent
Healthcare cost trend rates	None					

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

	<u>2025</u>	<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	\$ 20,250	\$ 20,192	\$ 18,603	\$ 18,084	\$ 18,135	\$ 16,263	\$ 16,711	\$ 17,612
Interest	7,841	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	(41,856)	-	30,996	-	5,078	5,811	18,954	(9,280)
Changes of assumptions	(34,115)	(1,734)	(31,836)	740	(36,319)	-	(18,631)	(8,296)
Benefit payment	(8,298)	(9,329)	(2,040)	(999)	(2,664)	(9,075)	(1,182)	(1,182)
Net change in total OPEB liability		16,142	19,622	21,343	(9,880)	18,596	20,454	3,524
Total OPEB liability - beginning	<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>	<u>108,889</u>
Total OPEB liability - ending	<u>\$ 142,512</u>	<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	\$ 6,390,766	\$ 6,253,190	\$ 6,320,001	\$ 6,032,680	\$ 5,364,970	\$ 4,923,662	\$ 4,585,913	\$ 4,447,936
Total OPEB liability as a percentage of covered-employee payroll	2.23%	3.18%	2.89%	2.70%	2.64%	3.08%	2.90%	2.53%

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

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>2025</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	3.93%	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
2025	\$ 8,796	\$ 8,796	\$ -	\$ 6,390,766	0.14%
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, 2024
Effective:	June 30, 2025
Actuarial cost method:	Entry Age Normal
Amortization method:	Level Dollar
Amortization period:	20 Years
Asset valuation method:	Market Value
Remaining amortization periods:	20 years
Actuarial assumptions:	
Inflation rate	2.40 percent
Projected salary increases	3.40 percent

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:	Fair 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, 2025

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	\$ 250,000	\$ 250,000	\$ 1,471,173	\$ 1,221,173
Miscellaneous Revenue	<u>700,000</u>	<u>700,000</u>	<u>754,724</u>	<u>54,724</u>
TOTAL REVENUES	<u>950,000</u>	<u>950,000</u>	<u>2,225,897</u>	<u>1,275,897</u>
EXPENDITURES				
Materials and Services	500,000	500,000	488,800	11,200
Capital Outlay	<u>5,000,000</u>	<u>5,000,000</u>	<u>2,162,667</u>	<u>2,837,333</u>
TOTAL EXPENDITURES	<u>5,500,000</u>	<u>5,500,000</u>	<u>2,651,467</u>	<u>2,848,533</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(4,550,000)</u>	<u>(4,550,000)</u>	<u>(425,570)</u>	<u>4,124,430</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	500,000	500,000	482,143	(17,857)
Transfers Out To:				
Library Reserve for Replacement	<u>(2,500,000)</u>	<u>(2,500,000)</u>	<u>(2,500,000)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,000,000)</u>	<u>(2,000,000)</u>	<u>(2,017,857)</u>	<u>(17,857)</u>
NET CHANGE IN FUND BALANCE	(6,550,000)	(6,550,000)	(2,443,427)	4,106,573
FUND BALANCE - beginning	<u>20,867,588</u>	<u>20,867,588</u>	<u>20,954,271</u>	<u>86,683</u>
FUND BALANCE - ending	<u>\$ 14,317,588</u>	<u>\$ 14,317,588</u>	<u>\$ 18,510,844</u>	<u>\$ 4,193,256</u>
RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS				
NET CHANGE IN FUND BALANCE			\$ (2,443,427)	
Outstanding interfund loan receivable			2,142,857	
Unrealized gain (loss) on investments			<u>398,640</u>	
CHANGE IN FUND BALANCE - GAAP BASIS			<u>\$ 98,070</u>	

CITY OF HAPPY VALLEY, OREGON
Schedule of Revenues, Expenditures and Changes in Fund Balance
Actual and Budget
for the year ended June 30, 2025

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	\$ 150,000	\$ 150,000	\$ 582,554	\$ 432,554
Privilege Tax	750,000	750,000	845,753	95,753
Fee in Lieu	-	-	71,359	71,359
Miscellaneous Revenue	200,000	200,000	413,134	213,134
TOTAL REVENUES	<u>1,100,000</u>	<u>1,100,000</u>	<u>1,912,800</u>	<u>812,800</u>
EXPENDITURES				
Materials and Services	1,000,000	1,000,000	246,728	753,272
Capital Outlay	11,274,943	11,274,943	4,453,162	6,821,781
TOTAL EXPENDITURES	<u>12,274,943</u>	<u>12,274,943</u>	<u>4,699,890</u>	<u>7,575,053</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(11,174,943)</u>	<u>(11,174,943)</u>	<u>(2,787,090)</u>	<u>8,387,853</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	500,000	500,000	500,000	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(10,674,943)	(10,674,943)	(2,287,090)	8,387,853
FUND BALANCE - beginning	10,674,943	10,674,943	6,960,796	(3,714,147)
FUND BALANCE - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,673,706</u>	<u>\$ 4,673,706</u>
RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS				
NET CHANGE IN FUND BALANCE			\$ (2,287,090)	
Unrealized gain (loss) on investments			<u>139,506</u>	
CHANGE IN FUND BALANCE - GAAP BASIS			<u>\$ (2,147,584)</u>	

CITY OF HAPPY VALLEY, OREGON
Combining Balance Sheet
General Fund - Generally Accepted Accounting Principles
June 30, 2025

	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	\$ 5,935,492	\$ 838,974	\$ 2,606,889	\$ 4,142,072	\$ 13,523,427
Prepaid Items	189,699	-	-	-	189,699
Accounts Receivable	590,694	-	11,794	-	602,488
Property Taxes Receivable	93,861	-	-	-	93,861
TOTAL ASSETS	\$ 6,809,746	\$ 838,974	\$ 2,618,683	\$ 4,142,072	\$ 14,409,475
LIABILITIES					
Accounts Payable	\$ 193,167	\$ -	\$ 36,373	\$ 6,502	\$ 236,042
Payroll and Taxes Payable	272,704	-	-	-	272,704
Development Deposits	285,583	-	-	-	285,583
Due to Other Governments	356,007	-	-	-	356,007
TOTAL LIABILITIES	1,107,461	-	36,373	6,502	1,150,336
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue - Property Taxes	87,490	-	-	-	87,490
FUND BALANCES					
Fund Balance By Category					
Nonspendable	189,699	-	-	-	189,699
Restricted	-	-	538,720	-	538,720
Committed	-	838,974	2,043,590	4,135,570	7,018,134
Unassigned	5,425,096	-	-	-	5,425,096
TOTAL FUND BALANCES	5,614,795	838,974	2,582,310	4,135,570	13,171,649
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES	\$ 6,809,746	\$ 838,974	\$ 2,618,683	\$ 4,142,072	\$ 14,409,475

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, 2025

	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	\$ 2,572,287	\$ -	\$ -	\$ -	\$ -	\$ 2,572,287
Licenses & Permits	5,745,362	-	-	-	-	5,745,362
Intergovernmental	1,463,268	-	-	-	-	1,463,268
Other Revenue	1,422,978	-	48,866	178,296	-	1,650,140
TOTAL REVENUES	11,203,895	-	48,866	178,296	-	11,431,057
EXPENDITURES						
Current:						
General Government	8,945,859	-	176,266	254,753	-	9,376,878
Public Safety	708,114	-	-	-	-	708,114
Debt Service	67,467	-	-	-	-	67,467
Capital Outlay	-	-	470,585	2,776,788	-	3,247,373
TOTAL EXPENDITURES	9,721,440	-	646,851	3,031,541	-	13,399,832
EXCESS REVENUES OVER (UNDER)						
EXPENDITURES	1,482,455	-	(597,985)	(2,853,245)	-	(1,968,775)
OTHER FINANCING SOURCES, (USES)						
Subscription Financing	113,415	-	-	-	-	113,415
Transfers In	1,805,000	-	600,000	3,200,000	(3,800,000)	1,805,000
Transfers Out	(3,800,000)	-	-	-	3,800,000	-
TOTAL OTHER FINANCING SOURCES (USES)	(1,881,585)	-	600,000	3,200,000	-	1,918,415
NET CHANGE IN FUND BALANCE	(399,130)	-	2,015	346,755	-	(50,360)
FUND BALANCES - beginning	6,013,925	838,974	2,580,295	3,788,815	-	13,222,009
FUND BALANCES - ending	\$ 5,614,795	\$ 838,974	\$ 2,582,310	\$ 4,135,570	\$ -	\$ 13,171,649

CITY OF HAPPY VALLEY, OREGON
Schedule of Revenues, Expenditures and Changes in Fund Balance
Actual and Budget
for the year ended June 30, 2025

GENERAL FUND - GAAP BASIS

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Property Taxes	\$ 2,610,400	\$ 2,610,400	\$ 2,572,287	\$ (38,113)
Licenses & Permits	4,600,000	4,600,000	5,745,362	1,145,362
Intergovernmental	1,470,000	1,470,000	1,463,268	(6,732)
Other Revenue	1,080,000	1,080,000	1,650,140	570,140
TOTAL REVENUES	9,760,400	9,760,400	11,431,057	1,670,657
EXPENDITURES				
Current:				
General Government	12,212,600	12,212,600	9,376,878	2,835,722
Public Safety	703,900	703,900	708,114	(4,214)
Debt Service	-	-	67,467	(67,467)
Capital Outlay	6,027,668	6,027,668	3,247,373	2,780,295
Contingency	3,518,393	3,518,393	-	3,518,393
TOTAL EXPENDITURES	22,462,561	22,462,561	13,399,832	9,062,729
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(12,702,161)	(12,702,161)	(1,968,775)	10,733,386
OTHER FINANCING SOURCES (USES)				
Subscription Financing	-	-	113,415	113,415
Transfers In	6,708,000	6,708,000	1,805,000	(4,903,000)
Transfers Out	(3,800,000)	(3,800,000)	-	3,800,000
TOTAL OTHER FINANCING SOURCES (USES)	2,908,000	2,908,000	1,918,415	(989,585)
NET CHANGE IN FUND BALANCE	(9,794,161)	(9,794,161)	(50,360)	9,743,801
FUND BALANCE - beginning	13,333,671	13,333,671	13,222,009	(111,662)
FUND BALANCE - ending	\$ 3,539,510	\$ 3,539,510	\$ 13,171,649	\$ 9,632,139

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, 2025

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><u>\$ 838,974</u></u>	<u><u>\$ 838,974</u></u>	<u><u>\$ 838,974</u></u>	<u><u>\$ -</u></u>

CITY OF HAPPY VALLEY, OREGON
Schedule of Revenues, Expenditures and Changes in Fund Balance
Actual and Budget
for the year ended June 30, 2025

GENERAL RESERVE FOR REPLACEMENT FUND - BUDGETARY BASIS

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative)
REVENUES				
PEG Fees	\$ 60,000	\$ 60,000	\$ 48,866	\$ (11,134)
TOTAL REVENUES	<u>60,000</u>	<u>60,000</u>	<u>48,866</u>	<u>(11,134)</u>
EXPENDITURES				
Materials and Services	650,000	650,000	176,266	473,734
Capital Outlay	<u>900,000</u>	<u>900,000</u>	<u>470,585</u>	<u>429,415</u>
TOTAL EXPENDITURES	<u>1,550,000</u>	<u>1,550,000</u>	<u>646,851</u>	<u>903,149</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,490,000)</u>	<u>(1,490,000)</u>	<u>(597,985)</u>	<u>892,015</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	<u>600,000</u>	<u>600,000</u>	<u>600,000</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>600,000</u>	<u>600,000</u>	<u>600,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(890,000)	(890,000)	2,015	892,015
FUND BALANCE - beginning	<u>2,587,536</u>	<u>2,587,536</u>	<u>2,580,295</u>	<u>(7,241)</u>
FUND BALANCE - ending	<u><u>\$ 1,697,536</u></u>	<u><u>\$ 1,697,536</u></u>	<u><u>\$ 2,582,310</u></u>	<u><u>\$ 884,774</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, 2025

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	\$ 100,000	\$ 100,000	\$ 102,351	\$ 2,351
TOTAL REVENUES	<u>100,000</u>	<u>100,000</u>	<u>102,351</u>	<u>2,351</u>
EXPENDITURES				
Materials and Services	2,000,000	2,000,000	254,753	1,745,247
Capital Outlay	<u>5,127,668</u>	<u>5,127,668</u>	<u>2,776,788</u>	<u>2,350,880</u>
TOTAL EXPENDITURES	<u>7,127,668</u>	<u>7,127,668</u>	<u>3,031,541</u>	<u>4,096,127</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(7,027,668)</u>	<u>(7,027,668)</u>	<u>(2,929,190)</u>	<u>4,098,478</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	<u>3,200,000</u>	<u>3,200,000</u>	<u>3,200,000</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>3,200,000</u>	<u>3,200,000</u>	<u>3,200,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(3,827,668)	(3,827,668)	270,810	4,098,478
FUND BALANCE - beginning	<u>3,827,668</u>	<u>3,827,668</u>	<u>3,846,705</u>	<u>19,037</u>
FUND BALANCE - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,117,515</u>	<u>\$ 4,117,515</u>
RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS				
NET CHANGE IN FUND BALANCE			\$ 270,810	
Unrealized gain (loss) on investments			<u>75,945</u>	
CHANGE IN FUND BALANCE - GAAP BASIS			<u>\$ 346,755</u>	

CITY OF HAPPY VALLEY, OREGON
Combining Balance Sheet
Library Fund - Generally Accepted Accounting Principles
June 30, 2025

	Library Fund GAAP Basis	Library Reserve for Replacement Fund GAAP Basis	Library Fund Generally Accepted Accounting Principles
ASSETS			
Cash and Investments	\$ 1,264,448	\$ 304,938	\$ 1,569,386
Prepaid	480	-	480
Accounts Receivable	148,252	-	148,252
TOTAL ASSETS	\$ 1,413,180	\$ 304,938	\$ 1,718,118
LIABILITIES			
Accounts Payable	\$ 20,915	\$ -	\$ 20,915
Accrued Payroll	41,067	-	41,067
Interfund Loan Payable	-	2,142,857	2,142,857
TOTAL LIABILITIES	61,982	2,142,857	2,204,839
FUND BALANCES			
Fund Balance By Category			
Nonspendable	480	-	480
Restricted	1,350,718	(1,837,919)	(487,201)
TOTAL FUND BALANCES	1,351,198	(1,837,919)	(486,721)
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,413,180	\$ 304,938	\$ 1,718,118

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, 2025

	Library Fund GAAP Basis	Library Reserve for GAAP Basis	Eliminations	Library Fund Generally Accepted Accounting Principles
REVENUES				
District Revenue	\$ 3,734,116	\$ -	\$ -	\$ 3,734,116
Other Revenue	154,794	76,255	-	231,049
TOTAL REVENUES	3,888,910	76,255	-	3,965,165
EXPENDITURES				
Current:				
Cultural and Recreation	2,692,145	60,755	-	2,752,900
Capital Outlay	-	2,652,273	-	2,652,273
TOTAL EXPENDITURES	2,692,145	2,713,028	-	5,405,173
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,196,765	(2,636,773)	-	(1,440,008)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	600,000	(600,000)	-
Transfers Out	(1,227,000)	(125,000)	600,000	(752,000)
TOTAL OTHER FINANCING SOURCES (USES)	(1,227,000)	475,000	-	(752,000)
NET CHANGE IN FUND BALANCE	(30,235)	(2,161,773)	-	(2,192,008)
FUND BALANCES - beginning	1,381,433	323,854	-	1,705,287
FUND BALANCES - ending	<u>\$ 1,351,198</u>	<u>\$ (1,837,919)</u>	<u>\$ -</u>	<u>\$ (486,721)</u>

CITY OF HAPPY VALLEY, OREGON
Schedule of Revenues, Expenditures and Changes in Fund Balance
Actual and Budget
for the year ended June 30, 2025

LIBRARY FUND - GAAP BASIS

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES				
Intergovernmental	\$ 3,570,000	\$ 3,570,000	\$ 3,734,116	\$ 164,116
Other Revenue	124,000	124,000	231,049	107,049
TOTAL REVENUES	<u>3,694,000</u>	<u>3,694,000</u>	<u>3,965,165</u>	<u>271,165</u>
EXPENDITURES				
Current:				
Cultural and Recreation	3,045,000	3,045,000	2,752,900	292,100
Capital Outlay	3,884,288	3,884,288	2,652,273	1,232,015
Contingency	979,899	979,899	-	979,899
TOTAL EXPENDITURES	<u>7,909,187</u>	<u>7,909,187</u>	<u>5,405,173</u>	<u>2,504,014</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(4,215,187)</u>	<u>(4,215,187)</u>	<u>(1,440,008)</u>	<u>2,775,179</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	<u>(1,127,000)</u>	<u>(1,127,000)</u>	<u>(752,000)</u>	<u>375,000</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,127,000)</u>	<u>(1,127,000)</u>	<u>(752,000)</u>	<u>375,000</u>
NET CHANGE IN FUND BALANCE	(5,342,187)	(5,342,187)	(2,192,008)	3,150,179
FUND BALANCE - beginning	<u>2,842,187</u>	<u>2,842,187</u>	<u>1,705,287</u>	<u>(1,136,900)</u>
FUND BALANCE - ending	<u>\$ (2,500,000)</u>	<u>\$ (2,500,000)</u>	<u>\$ (486,721)</u>	<u>\$ 2,013,279</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, 2025

LIBRARY RESERVE FOR REPLACEMENT FUND - BUDGETARY BASIS

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Miscellaneous Revenue	\$ -	\$ -	\$ 76,255	\$ 76,255
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>76,255</u>	<u>76,255</u>
EXPENDITURES				
Materials and Services	150,000	150,000	60,755	89,245
Capital Outlay	3,884,288	3,884,288	2,652,273	1,232,015
TOTAL EXPENDITURES	<u>4,034,288</u>	<u>4,034,288</u>	<u>2,713,028</u>	<u>1,321,260</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(4,034,288)</u>	<u>(4,034,288)</u>	<u>(2,636,773)</u>	<u>1,397,515</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	3,100,000	3,100,000	3,100,000	-
Transfers out	(500,000)	(500,000)	(482,143)	17,857
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u> <u>2,600,000</u>	<u>-</u> <u>2,600,000</u>	<u>2,617,857</u>	<u>17,857</u>
NET CHANGE IN FUND BALANCE	(1,434,288)	(1,434,288)	(18,916)	1,415,372
FUND BALANCE - beginning	<u>1,434,288</u>	<u>1,434,288</u>	<u>323,854</u>	<u>(1,110,434)</u>
FUND BALANCE - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 304,938</u>	<u>\$ 304,938</u>
NET CHANGE IN FUND BALANCE Interfund loan payable			<u>\$ (18,916)</u> <u>(2,142,857)</u>	
CHANGE IN FUND BALANCE - GAAP BASIS			<u>\$ (2,161,773)</u>	

CITY OF HAPPY VALLEY, OREGON
Balance Sheet
Governmental Funds - Non-Major
June 30, 2025

	Street Fund - GAAP	Parks Fund GAAP	Pedestrian Improvement Projects - GAAP	Storm SDC Fund - GAAP	Parks Capital Projects Fund GAAP	Total
ASSETS						
Cash and Investments	\$ 1,270,778	\$ 4,075,000	\$ 1,666,174	\$ 154,663	\$ 3,467,322	\$ 10,633,937
Prepaid Items	-	39,269	-	-	-	39,269
Accounts Receivable	254,067	13,120	43,954	-	-	311,141
Property Tax Receivable	-	84,924	-	-	-	84,924
TOTAL ASSETS	<u>\$ 1,524,845</u>	<u>\$ 4,212,313</u>	<u>\$ 1,710,128</u>	<u>\$ 154,663</u>	<u>\$ 3,467,322</u>	<u>\$ 11,069,271</u>
LIABILITIES						
Accounts Payable	\$ 32,574	\$ 67,452	\$ 10,276	\$ -	\$ 393,783	\$ 504,085
Accrued Payroll Liabilities	10,269	18,156	-	-	-	28,425
TOTAL LIABILITIES	<u>42,843</u>	<u>85,608</u>	<u>10,276</u>	<u>-</u>	<u>393,783</u>	<u>532,510</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenue - Property Taxes	-	79,160	-	-	-	79,160
FUND BALANCES						
Fund Balance By Category						
Nonspendable	-	39,269	-	-	-	39,269
Restricted	1,482,002	4,008,276	1,699,852	154,663	3,073,539	10,418,332
TOTAL FUND BALANCES	<u>1,482,002</u>	<u>4,047,545</u>	<u>1,699,852</u>	<u>154,663</u>	<u>3,073,539</u>	<u>10,457,601</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	<u>\$ 1,524,845</u>	<u>\$ 4,212,313</u>	<u>\$ 1,710,128</u>	<u>\$ 154,663</u>	<u>\$ 3,467,322</u>	<u>\$ 11,069,271</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, 2025

	Street Fund - GAAP	Parks Fund GAAP	Pedestrian Improvement Projects - GAAP	Storm SDC Fund - GAAP	Parks Capital Projects Fund GAAP	Urban Renewal Debt Service Fund	Total
REVENUES							
Property Taxes	\$ -	\$ 2,327,050	\$ -	\$ -	\$ -	\$ -	\$ 2,327,050
Gas Tax Revenue	2,215,089	-	-	-	-	-	2,215,089
Licenses and Permits	246,438	-	246,438	-	-	-	492,876
System Development Charges	-	-	-	48,991	-	-	48,991
Other Revenue	207,979	496,309	87,616	27,748	188,312	-	1,007,964
TOTAL REVENUES	2,669,506	2,823,359	334,054	76,739	188,312	-	6,091,970
EXPENDITURES							
Current							
General Government	-	-	99,510	-	-	-	99,510
Cultural and Recreation	-	1,531,802	-	-	-	-	1,531,802
Highways and Streets	968,271	-	-	-	-	-	968,271
Debt Service	-	-	-	-	-	1,070,200	1,070,200
Capital Outlay	783,241	109,741	42,211	750,000	1,888,167	-	3,573,360
TOTAL EXPENDITURES	1,751,512	1,641,543	141,721	750,000	1,888,167	1,070,200	7,243,143
EXCESS OF REVENUES OVER (UNDER)							
EXPENDITURES	917,994	1,181,816	192,333	(673,261)	(1,699,855)	(1,070,200)	(1,151,173)
OTHER FINANCING SOURCES (USES)							
Transfers In	-	-	-	-	-	1,070,200	1,070,200
Transfers Out	(740,000)	(300,000)	(33,000)	-	-	-	(1,073,000)
TOTAL OTHER FINANCING SOURCES (USES)	(740,000)	(300,000)	(33,000)	-	-	1,070,200	(2,800)
NET CHANGE IN FUND BALANCE	177,994	881,816	159,333	(673,261)	(1,699,855)	-	(1,153,973)
FUND BALANCES - beginning	1,304,008	3,165,729	1,540,519	827,924	4,773,394	-	11,611,574
FUND BALANCES - ending	\$ 1,482,002	\$ 4,047,545	\$ 1,699,852	\$ 154,663	\$ 3,073,539	\$ -	\$ 10,457,601

CITY OF HAPPY VALLEY, OREGON
Combining Balance Sheet
Street Fund - Generally Accepted Accounting Principles
June 30, 2025

	Street Fund GAAP Basis	Street Reserve for Replacement Fund GAAP Basis	Street Fund Generally Accepted Accounting Principles
ASSETS			
Cash and Investments	\$ 875,433	\$ 395,345	\$ 1,270,778
Accounts Receivable	254,067	-	254,067
TOTAL ASSETS	\$ 1,129,500	\$ 395,345	\$ 1,524,845
LIABILITIES			
Accounts Payable	\$ 32,574	\$ -	\$ 32,574
Accrued Payroll	10,269	-	10,269
TOTAL LIABILITIES	42,843	-	42,843
FUND BALANCES			
Fund Balance By Category			
Restricted	1,086,657	395,345	1,482,002
TOTAL FUND BALANCES	1,086,657	395,345	1,482,002
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,129,500	\$ 395,345	\$ 1,524,845

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, 2025

	Street Fund GAAP Basis	Street Reserve for Replacement GAAP Basis	Eliminations	Street Fund Generally Accepted Accounting Principles
REVENUES				
Gas Tax	\$ 2,215,089	\$ -	\$ -	\$ 2,215,089
Local Fuel Tax	117,013	-	-	117,013
Vehicle Registration Fee	246,438	-	-	246,438
Other Revenue	90,966	-	-	90,966
TOTAL REVENUES	2,669,506	-	-	2,669,506
EXPENDITURES				
Current:				
Street	968,271	-	-	968,271
Capital Outlay	783,241	-	-	783,241
TOTAL EXPENDITURES	1,751,512	-	-	1,751,512
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	917,994	-	-	917,994
OTHER FINANCING SOURCES (USES)				
Transfers In	-	100,000	(100,000)	-
Transfers Out	(340,000)	(500,000)	100,000	(740,000)
TOTAL OTHER FINANCING SOURCES (USES)	(340,000)	(400,000)	-	(740,000)
NET CHANGE IN FUND BALANCE	577,994	(400,000)	-	177,994
FUND BALANCES - beginning	508,663	795,345	-	1,304,008
FUND BALANCES - ending	\$ 1,086,657	\$ 395,345	\$ -	\$ 1,482,002

CITY OF HAPPY VALLEY, OREGON
Schedule of Revenues, Expenditures and Changes in Fund Balance
Actual and Budget
for the year ended June 30, 2025

STREET FUND - GAAP BASIS

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Gas Tax	\$ 2,180,000	\$ 2,180,000	\$ 2,215,089	\$ 35,089
Local Fuel Tax	120,000	120,000	117,013	(2,987)
Vehicle Registration Fee	260,000	260,000	246,438	(13,562)
Intergovernmental	145,000	145,000	-	(145,000)
Other Revenue	100,000	100,000	90,966	(9,034)
TOTAL REVENUES	2,805,000	2,805,000	2,669,506	(135,494)
EXPENDITURES				
Current:				
Highways and Streets	1,291,800	1,291,800	968,271	323,529
Capital Outlay	1,867,105	1,867,105	783,241	1,083,864
Contingency	494,285	494,285	-	494,285
TOTAL EXPENDITURES	3,653,190	3,653,190	1,751,512	1,407,393
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(848,190)	(848,190)	917,994	1,766,184
OTHER FINANCING SOURCES (USES)				
Transfers Out	(740,000)	(740,000)	(740,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	(740,000)	(740,000)	(740,000)	-
NET CHANGE IN FUND BALANCE	(1,588,190)	(1,588,190)	177,994	1,766,184
FUND BALANCE - beginning	1,588,190	1,588,190	1,304,008	(284,182)
FUND BALANCE - ending	\$ -	\$ -	\$ 1,482,002	\$ 1,482,002

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, 2025

STREET FUND - BUDGETARY BASIS

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Intergovernmental	\$ 145,000	\$ 145,000	\$ -	\$ (145,000)
Gas Tax	2,180,000	2,180,000	2,215,089	35,089
Local Fuel Tax	120,000	120,000	117,013	(2,987)
Vehicle Registration Fee	260,000	260,000	246,438	(13,562)
Miscellaneous Revenue	100,000	100,000	62,024	(37,976)
TOTAL REVENUES	<u>2,805,000</u>	<u>2,805,000</u>	<u>2,640,564</u>	<u>(164,436)</u>
EXPENDITURES				
Personal Services	504,800	504,800	466,031	38,769
Materials and Services	662,000	662,000	502,240	159,760
Capital Outlay	1,600,000	1,600,000	783,241	816,759
Contingency	494,285	494,285	-	494,285
TOTAL EXPENDITURES	<u>3,261,085</u>	<u>3,261,085</u>	<u>1,751,512</u>	<u>1,509,573</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(456,085)</u>	<u>(456,085)</u>	<u>889,052</u>	<u>1,345,137</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out To:				
General Fund	(240,000)	(240,000)	(240,000)	-
Reserve for Replacement	(100,000)	(100,000)	(100,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(340,000)</u>	<u>(340,000)</u>	<u>(340,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(796,085)	(796,085)	549,052	1,345,137
FUND BALANCE - beginning	<u>796,085</u>	<u>796,085</u>	<u>529,575</u>	<u>(266,510)</u>
FUND BALANCE - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,078,627</u>	<u>\$ 1,078,627</u>
RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS				
NET CHANGE IN FUND BALANCE			\$ 549,052	
Unrealized gain (loss) on investments			<u>28,942</u>	
CHANGE IN FUND BALANCE - GAAP BASIS			<u>\$ 577,994</u>	

CITY OF HAPPY VALLEY, OREGON
Schedule of Revenues, Expenditures and Changes in Fund Balance
Actual and Budget
for the year ended June 30, 2025

STREET RESERVE FOR REPLACEMENT FUND - BUDGETARY BASIS

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Miscellaneous Revenue	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
Materials and Services	125,000	125,000	-	125,000
Capital Outlay	267,105	267,105	-	267,105
TOTAL EXPENDITURES	<u>392,105</u>	<u>392,105</u>	<u>-</u>	<u>392,105</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(392,105)</u>	<u>(392,105)</u>	<u>-</u>	<u>392,105</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	100,000	100,000	100,000	-
Transfers Out	(500,000)	(500,000)	(500,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u> <u>(400,000)</u>	<u>100,000</u> <u>(400,000)</u>	<u>100,000</u> <u>(400,000)</u>	<u>-</u> <u>-</u>
NET CHANGE IN FUND BALANCE	(792,105)	(792,105)	(400,000)	392,105
FUND BALANCE - beginning	<u>792,105</u>	<u>792,105</u>	<u>795,345</u>	<u>3,240</u>
FUND BALANCE - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 395,345</u>	<u>\$ 395,345</u>

CITY OF HAPPY VALLEY, OREGON
Combining Balance Sheet
Parks Fund - Generally Accepted Accounting Principles
June 30, 2025

	Parks Fund GAAP Basis	Parks Reserve for Replacement Fund GAAP Basis	Parks Fund Generally Accepted Accounting Principles
ASSETS			
Cash and Investments	\$ 1,441,756	\$ 2,633,244	\$ 4,075,000
Prepaid items	39,269	-	39,269
Accounts Receivable	13,120	-	13,120
Property Tax Receivable	84,924	-	84,924
TOTAL ASSETS	\$ 1,579,069	\$ 2,633,244	\$ 4,212,313
LIABILITIES			
Accounts Payable	\$ 67,452	\$ -	\$ 67,452
Accrued Payroll	18,156	-	18,156
TOTAL LIABILITIES	85,608	-	85,608
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Property Taxes	79,160	-	79,160
FUND BALANCES			
Fund Balance By Category			
Nonspendable	39,269	-	39,269
Restricted	1,375,032	2,633,244	4,008,276
TOTAL FUND BALANCES	1,414,301	2,633,244	4,047,545
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,579,069	\$ 2,633,244	\$ 4,212,313

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, 2025

	Parks Fund GAAP Basis	Parks Reserve for Replacement GAAP Basis	Eliminations	Parks Fund Generally Accepted Accounting Principles
REVENUES				
Property Taxes	\$ 2,327,050	\$ -	\$ -	\$ 2,327,050
Other Revenue	496,309	-	-	496,309
TOTAL REVENUES	2,823,359	-	-	2,823,359
EXPENDITURES				
Current:				
Cultural and Recreation	1,485,954	45,848	-	1,531,802
Capital Outlay	-	109,741	-	109,741
TOTAL EXPENDITURES	1,485,954	155,589	-	1,641,543
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,337,405	(155,589)	-	1,181,816
OTHER FINANCING SOURCES (USES)				
Transfers In	-	700,000	(700,000)	-
Transfers Out	(1,000,000)	-	700,000	(300,000)
TOTAL OTHER FINANCING SOURCES (USES)	(1,000,000)	700,000	-	(300,000)
NET CHANGE IN FUND BALANCE	337,405	544,411	-	881,816
FUND BALANCES - beginning	1,076,896	2,088,833	-	3,165,729
FUND BALANCES - ending	\$ 1,414,301	\$ 2,633,244	\$ -	\$ 4,047,545

CITY OF HAPPY VALLEY, OREGON
Schedule of Revenues, Expenditures and Changes in Fund Balance
Actual and Budget
for the year ended June 30, 2025

PARKS FUND - GAAP

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES				
Property Taxes	\$ 2,353,200	\$ 2,353,200	\$ 2,327,050	\$ (26,150)
Other Revenue	880,000	880,000	496,309	(383,691)
TOTAL REVENUES	<u>3,233,200</u>	<u>3,233,200</u>	<u>2,823,359</u>	<u>(409,841)</u>
EXPENDITURES				
Current:				
Cultural and Recreation	2,500,600	2,500,600	1,531,802	968,798
Capital Outlay	1,000,000	1,000,000	109,741	890,259
Contingency	789,714	789,714	-	789,714
TOTAL EXPENDITURES	<u>4,290,314</u>	<u>4,290,314</u>	<u>1,641,543</u>	<u>2,648,771</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,057,114)</u>	<u>(1,057,114)</u>	<u>1,181,816</u>	<u>2,238,930</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	(270,000)	(270,000)	(300,000)	(30,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(270,000)</u>	<u>(270,000)</u>	<u>(300,000)</u>	<u>(30,000)</u>
NET CHANGE IN FUND BALANCE	(1,327,114)	(1,327,114)	881,816	2,208,930
FUND BALANCE - beginning	<u>3,078,088</u>	<u>3,078,088</u>	<u>3,165,729</u>	<u>87,641</u>
FUND BALANCE - ending	<u>\$ 1,750,974</u>	<u>\$ 1,750,974</u>	<u>\$ 4,047,545</u>	<u>\$ 2,296,571</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, 2025

PARKS FUND - BUDGETARY BASIS

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Property Taxes	\$ 2,353,200	\$ 2,353,200	\$ 2,327,050	\$ (26,150)
User Related	40,000	40,000	85,379	45,379
Program Fees	40,000	40,000	43,624	3,624
Event Revenue	75,000	75,000	86,162	11,162
Grant Revenue	625,000	625,000	-	(625,000)
Miscellaneous Revenue	100,000	100,000	215,695	115,695
TOTAL REVENUES	3,233,200	3,233,200	2,757,910	(475,290)
EXPENDITURES				
Current:				
Operations	1,745,000	1,745,000	913,509	831,491
Programming	675,600	675,600	572,445	103,155
Non-departmental	10,000	10,000	-	10,000
Contingency	789,714	789,714	-	789,714
TOTAL EXPENDITURES	3,220,314	3,220,314	1,485,954	1,734,360
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	12,886	12,886	1,271,956	1,259,070
OTHER FINANCING SOURCES (USES)				
Transfers Out To:				
General Fund	(300,000)	(300,000)	(300,000)	-
Parks Reserve for Replacement Fund	(700,000)	(700,000)	(700,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	(1,000,000)	(1,000,000)	(1,000,000)	-
NET CHANGE IN FUND BALANCE	(987,114)	(987,114)	271,956	1,259,070
FUND BALANCE - beginning	987,114	987,114	1,124,659	137,545
FUND BALANCE - ending	\$ -	\$ -	\$ 1,396,615	\$ 1,396,615
RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS				
NET CHANGE IN FUND BALANCE			\$ 271,956	
Unrealized gain (loss) on investments			65,449	
CHANGE IN FUND BALANCE - GAAP BASIS			\$ 337,405	

CITY OF HAPPY VALLEY, OREGON
Schedule of Revenues, Expenditures and Changes in Fund Balance
Actual and Budget
for the year ended June 30, 2025

PARKS RESERVE FOR REPLACEMENT FUND - BUDGETARY BASIS

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative)
REVENUES				
Grants	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
Materials and Services	70,000	70,000	45,848	24,152
Capital Outlay	<u>1,000,000</u>	<u>1,000,000</u>	<u>109,741</u>	<u>890,259</u>
TOTAL EXPENDITURES	<u>1,070,000</u>	<u>1,070,000</u>	<u>155,589</u>	<u>914,411</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,070,000)</u>	<u>(1,070,000)</u>	<u>(155,589)</u>	<u>914,411</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	<u>700,000</u>	<u>700,000</u>	<u>700,000</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>700,000</u>	<u>700,000</u>	<u>700,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(370,000)	(370,000)	544,411	914,411
FUND BALANCE - beginning	<u>2,090,974</u>	<u>2,090,974</u>	<u>2,088,833</u>	<u>(2,141)</u>
FUND BALANCE - ending	<u>\$ 1,720,974</u>	<u>\$ 1,720,974</u>	<u>\$ 2,633,244</u>	<u>\$ 912,270</u>

CITY OF HAPPY VALLEY, OREGON
Schedule of Revenues, Expenditures and Changes in Fund Balance
Actual and Budget
for the year ended June 30, 2025

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	\$ 246,438	\$ (13,562)
Miscellaneous Revenue	50,000	50,000	57,427	7,427
	<u>310,000</u>	<u>310,000</u>	<u>303,865</u>	<u>(6,135)</u>
TOTAL REVENUES				
EXPENDITURES				
Materials and Services	100,000	100,000	99,510	490
Capital Outlay	1,789,354	1,789,354	42,211	1,747,143
	<u>1,889,354</u>	<u>1,889,354</u>	<u>141,721</u>	<u>1,747,633</u>
TOTAL EXPENDITURES				
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES				
	<u>(1,579,354)</u>	<u>(1,579,354)</u>	<u>162,144</u>	<u>1,741,498</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out To:				
General Fund	(33,000)	(33,000)	(33,000)	-
	<u>(33,000)</u>	<u>(33,000)</u>	<u>(33,000)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)				
NET CHANGE IN FUND BALANCE				
	(1,612,354)	(1,612,354)	129,144	1,741,498
FUND BALANCE - beginning				
	1,612,354	1,612,354	1,563,445	(48,909)
FUND BALANCE - ending				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,692,589</u>	<u>\$ 1,692,589</u>
RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS				
NET CHANGE IN FUND BALANCE				
Unrealized gain (loss) on investments			\$ 129,144	
			<u>30,189</u>	
CHANGE IN FUND BALANCE - GAAP BASIS				
			<u>\$ 159,333</u>	

CITY OF HAPPY VALLEY, OREGON
Schedule of Revenues, Expenditures and Changes in Fund Balance
Actual and Budget
for the year ended June 30, 2025

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	\$ 48,991	\$ 18,991
Miscellaneous Revenue	20,000	20,000	14,424	(5,576)
	<u>50,000</u>	<u>50,000</u>	<u>63,415</u>	<u>13,415</u>
TOTAL REVENUES				
EXPENDITURES				
Materials and Services	100,000	100,000	-	100,000
Capital Outlay	782,208	782,208	750,000	32,208
	<u>882,208</u>	<u>882,208</u>	<u>750,000</u>	<u>132,208</u>
TOTAL EXPENDITURES				
NET CHANGE IN FUND BALANCE	(832,208)	(832,208)	(686,585)	145,623
FUND BALANCE - beginning	<u>832,208</u>	<u>832,208</u>	<u>840,573</u>	<u>8,365</u>
FUND BALANCE - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 153,988</u>	<u>\$ 153,988</u>
RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS				
NET CHANGE IN FUND BALANCE			\$ (686,585)	
Unrealized gain (loss) on investments			<u>13,324</u>	
CHANGE IN FUND BALANCE - GAAP BASIS			<u>\$ (673,261)</u>	

CITY OF HAPPY VALLEY, OREGON
Schedule of Revenues, Expenditures and Changes in Fund Balance
Actual and Budget
for the year ended June 30, 2025

PARKS CAPITAL PROJECTS FUND - BUDGETARY BASIS

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative)
REVENUES				
Miscellaneous Revenue	\$ 100,000	\$ 100,000	\$ 165,803	\$ 65,803
TOTAL REVENUES	<u>100,000</u>	<u>100,000</u>	<u>165,803</u>	<u>65,803</u>
EXPENDITURES				
Capital Outlay	<u>4,646,928</u>	<u>4,646,928</u>	<u>1,888,167</u>	<u>2,758,761</u>
TOTAL EXPENDITURES	<u>4,646,928</u>	<u>4,646,928</u>	<u>1,888,167</u>	<u>2,758,761</u>
NET CHANGE IN FUND BALANCE	(4,546,928)	(4,546,928)	(1,722,364)	2,824,564
FUND BALANCE - beginning	<u>4,546,928</u>	<u>4,546,928</u>	<u>4,780,744</u>	<u>233,816</u>
FUND BALANCE - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,058,380</u>	<u>\$ 3,058,380</u>
RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS				
NET CHANGE IN FUND BALANCE			\$ (1,722,364)	
Unrealized gain (loss) on investments			<u>22,509</u>	
CHANGE IN FUND BALANCE - GAAP BASIS			<u>\$ (1,699,855)</u>	

CITY OF HAPPY VALLEY, OREGON
Schedule of Revenues, Expenditures and Changes in Fund Balance
Actual and Budget
for the year ended June 30, 2025

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	\$ 480,000	\$ -
Interest	<u>620,000</u>	<u>620,000</u>	<u>590,200</u>	<u>29,800</u>
Total Debt Service	<u>1,100,000</u>	<u>1,100,000</u>	<u>1,070,200</u>	<u>29,800</u>
TOTAL EXPENDITURES	<u>1,100,000</u>	<u>1,100,000</u>	<u>1,070,200</u>	<u>29,800</u>
OTHER FINANCING SOURCES				
Transfers In				
From Urban Renewal General Fund	<u>1,100,000</u>	<u>1,100,000</u>	<u>1,070,200</u>	<u>(29,800)</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>

STATISTICAL SECTION

This part of the Government's Annual Comprehensive 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	75 - 78
<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	79 - 82
<i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	
Debt Capacity	83 - 86
<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	87 - 91
<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>	

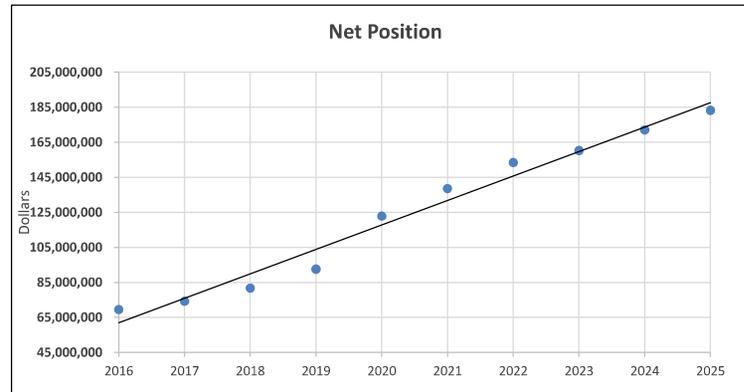
CITY OF HAPPY VALLEY, OREGON

Net Position by Component

Last Ten Fiscal Years

(accrual basis of accounting)

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Governmental activities										
Net investment in capital assets	\$ 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	\$ 130,856,818
Net position - restricted	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	46,936,974
Net position - unrestricted	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	5,431,785
Total governmental activities net position	<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>	<u>\$ 183,225,577</u>



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

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Expenses										
Governmental Activities:										
General government	\$ 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	\$ 12,660,058
Cultural and Recreation	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	5,869,464
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	6,314,839
Highways and Streets	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	4,383,290
Interest of long term debt	151,700	106,299	-	-	-	-	-	116,492	585,457	515,635
Total Expenses	<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>	<u>29,743,286</u>
Program Revenues										
Governmental Activities:										
Charges for services										
General government	\$ 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	\$ 2,933,828
Cultural and Recreation	42,554	44,019	527,013	1,162,285	5,033,070	3,398,086	131,360	100,137	130,891	163,463
Public Safety	579,912	569,509	730,074	634,947	637,548	676,585	774,293	598,198	733,211	796,134
Highways and Streets	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	2,215,089
Capital grants and contributions	-	-	-	-	-	-	11,001,109	2,162,804	5,093,621	5,771,695
Total Program Revenues	<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>	<u>11,880,209</u>
Net (Expense)/Revenue										
Governmental Activities	<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>	<u>\$ (17,863,077)</u>
General Revenues										
Governmental Activities:										
Property Taxes	\$ 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	16,781,426
Other Taxes	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	2,811,534
Intergovernmental-unrestricted	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	1,604,925
Other Revenue	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	8,426,990
Special Item	2,925,104	-	-	-	-	-	-	-	(370,519)	-
Total general revenues, transfers, and special item	<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>	<u>\$ 29,624,875</u>
Change in Net Position	<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>	<u>\$ 11,761,798</u>
Net Position, July 1*	62,830,427	69,337,935 *	74,022,676	81,682,721	92,476,138	118,423,722 *	134,124,070	155,330,645 *	160,276,971	171,463,779 *
Net Position, June 30	<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>	<u>\$ 183,225,577</u>

*Beginning net position as restated

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

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Fund										
Nonspendable	\$ 20,054	\$ 152,186	\$ 42,773	\$ 60,998	\$ 68,139	\$ 62,786	\$ 45,878	\$ 156,605	\$ 102,300	\$ 189,699
Restricted	677,784	919,791	917,259	879,969	846,032	793,450	698,450	738,195	739,299	538,720
Committed	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	7,018,134
Unassigned	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	5,425,096
Total general fund	<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>	<u>\$ 13,171,649</u>
All other governmental funds										
Nonspendable	\$ -	\$ -	\$ 30,739	\$ 16,964	\$ 5,500	\$ 19,910	\$ 34,612	\$ 20,404	\$ 29,910	\$ 39,749
Restricted	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	45,726,288
Committed	1,145,945	1,415,222	-	-	-	-	-	-	-	-
Unassigned	-	-	(22,812)	-	(1,819)	-	-	-	-	(487,201)
Total all other governmental funds	<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>	<u>\$ 45,278,836</u>

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

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
REVENUES										
Property taxes	\$ 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	\$ 16,635,851
Gas Tax	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	2,215,089
Licenses and permits	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	7,083,991
System Development Charges	150,134	73,112	6,500,493	3,127,052	9,486,619	5,867,429	8,382,973	644,898	637,561	2,102,718
Intergovernmental	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	1,604,925
Other Revenue	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	9,041,326
Total Revenues	<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>	<u>38,683,900</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	10,534,810
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	4,773,502
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	6,202,136
Highways and Streets	427,049	539,175	722,703	666,383	971,106	1,026,313	1,176,252	1,052,676	954,334	1,214,999
Debt Service:										
Principal	220,000	3,530,000	-	-	-	-	-	875,000	455,000	480,000
Interest and fiscal charges	151,700	106,299	-	-	-	-	-	193,362	639,510	657,667
Capital Outlay	434,262	914,946	766,313	1,213,886	1,918,657	13,239,639	8,450,874	29,540,261	27,874,839	17,400,157
Total Expenditures	<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>	<u>41,263,271</u>
Excess (Deficiency) of Revenues over Expenditures	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)	(2,579,371)
OTHER FINANCING SOURCES (USES)										
Bond Proceeds	-	-	-	-	-	-	-	14,575,000	-	-
Bond Premium	-	-	-	-	-	-	-	1,537,395	-	-
Subscription Financing	-	-	-	-	-	-	-	-	79,309	113,415
Transfers in	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	3,500,200
Transfers out	(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)	(3,500,200)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,112,395</u>	<u>79,309</u>	<u>113,415</u>
Special Item	2,925,104	-	-	-	-	-	-	-	-	-
Net change in fund balances	<u>\$ 2,963,621</u>	<u>\$ (226,959)</u>	<u>\$ 9,626,471</u>	<u>\$ 7,840,183</u>	<u>\$ 26,080,411</u>	<u>\$ 2,109,862</u>	<u>\$ 12,116,426</u>	<u>\$ (5,106,496)</u>	<u>\$ (12,207,321)</u>	<u>\$ (2,465,956)</u>
Debt service as a percentage of noncapital expenditures	3.30%	23.37%	0.00%	0.00%	0.00%	0.00%	0.00%	5.14%	5.24%	4.81%

CITY OF HAPPY VALLEY, OREGON

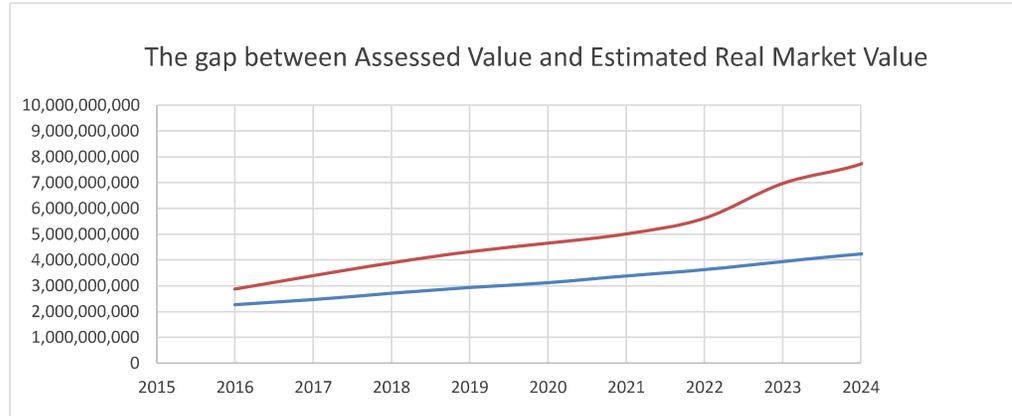
Assessed Value and Estimated Value of Taxable Property

Last Ten Fiscal Years

Fiscal Year Ended June 30	Assessed Value					Total direct tax rate	RMV	Assessed value as percentage of RMV
	Real property	Personal property	Manuf'd structure	Public utility	Total assessed value		Estimated real market value (RMV)	
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
2025	4,349,594,272	27,869,130	3,947,109	87,359,753	4,468,770,264	2.59	8,912,997,096	50.14

Source: Clackamas County Assessor's Office

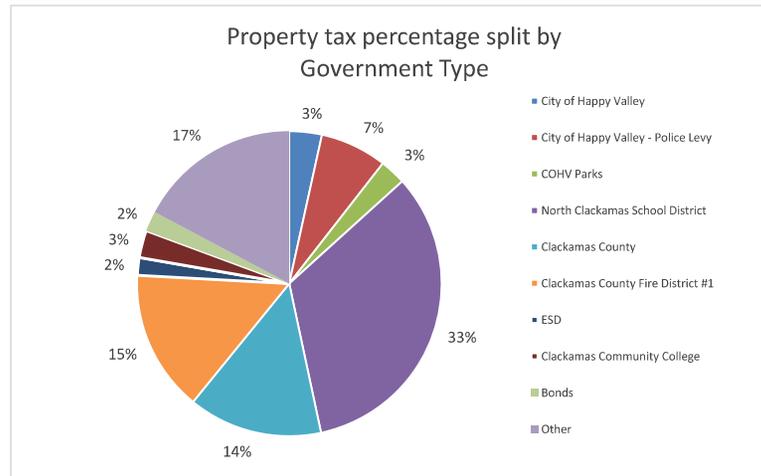
Note: Property is generally assessed as of July 1st of each fiscal year



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		
2016	0.671	1.38	0.00	2.05	4.87	2.40	2.40	0.37	0.56	4.77	17.42	
2017	0.671	1.38	0.00	2.05	4.87	2.40	2.40	0.37	0.56	4.37	17.02	
2018	0.671	1.38	0.00	2.05	4.87	2.40	2.40	0.37	0.56	4.43	17.08	
2019	0.671	1.38	0.54	2.59	6.50	2.40	2.40	0.37	0.56	-0.16	14.66	
2020	0.671	1.38	0.00	2.05	6.50	2.40	2.40	0.37	0.56	2.91	17.20	
2021	0.671	1.38	0.54	2.59	6.50	3.05	2.40	0.37	0.56	1.79	17.26	
2022	0.671	1.38	0.54	2.59	6.50	3.05	2.40	0.37	0.56	3.61	19.08	
2023	0.671	1.38	0.54	2.59	6.50	3.05	2.40	0.37	0.56	3.40	18.87	
2024	0.671	1.38	0.54	2.59	6.50	3.05	2.40	0.37	0.56	3.55	19.02	
2025	0.671	1.38	0.54	2.59	6.50	2.77	2.92	0.37	0.56	3.77	19.49	

Source: Clackamas County Assessor's Office



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

Rank	Taxpayer	2024-25		2015-16		
		Taxable Assessed Valuation	Rank	Taxable Assessed Valuation	Rank	Percentage of Total Assessed Valuation
1	B10 Mountain Oregon LLC	\$50,855,923	1	1.14%		
2	Spring VIII at Happy Valley LLC	40,799,976	2	0.91%		
3	Portland General Electric	35,684,000	3	0.80%	16,654,000	4 0.73%
4	Fred Meyer Stores Inc	34,703,129	4	0.78%		0.00%
5	Sunrise Terrace Apartments LP	34,103,632	5	0.76%	26,137,596	2 1.15%
6	TADC LLC	28,493,445	6	0.64%	21,830,038	3 0.96%
7	Heather Lodge - 178 LLC	28,136,444	7	0.63%		
8	HVAC 1 LLC	26,692,971	8	0.60%		
9	Northwest Natural Gas	25,615,000	9	0.57%	9,986,000	7 0.44%
10	Sonder Fields Apartments LLC	23,431,167	10	0.52%		
	ROIC Oregon LLC				34,800,186	1 1.53%
	Comcast				14,272,700	5 0.63%
	Happy Valley Retirement Residence LLC				12,996,658	6 0.57%
	Eagle Landing Holdings LLC				7,773,319	8 0.34%
	Providence Health & Services- OR				5,287,109	9 0.23%
	Hikade Kimberley F & Richard J				3,708,285	10 0.16%
		<u>\$ 328,515,687</u>		<u>7.35%</u>	<u>\$ 153,445,891</u>	<u>6.76%</u>

Source: Clackamas County Assessor's Office

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

Fiscal Year Ended June 30	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount Collected	Percentage of Levy		Amount Collected	Percentage of Levy
2016	4,649,509	4,422,885	95.13%	93,228	4,516,113	97.13%
2017	5,057,268	4,821,368	95.34%	86,010	4,907,378	97.04%
2018	5,564,243	5,299,172	95.24%	99,209	5,398,381	97.02%
2019	7,676,763	7,342,864	95.65%	109,538	7,452,402	97.08%
2020	6,416,434	6,133,056	95.58%	100,984	6,234,040	97.16%
2021	8,795,206	8,418,682	95.72%	126,508	8,545,190	97.16%
2022	9,332,389	8,875,161	95.10%	161,128	9,036,289	96.83%
2023	10,037,742	9,609,167	95.73%	105,149	9,714,316	96.78%
2024	10,720,577	10,214,627	95.28%	88,577	10,303,204	96.11%
2025	11,246,303	10,723,665	95.35%	-	10,723,665	95.35%

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)	SBITA Liability	Total Outstanding Debt	Ratio of Debt to Assessed Value	Population	Debt per Capita
	Governmental Activities	Governmental Activities				
2016	\$ 3,554,497	\$ -	\$ 3,554,497	0.22%	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	52,749	14,681,404	0.35%	26,799	548
2025	14,071,785	74,140	14,145,925	0.32%	27,637	512

(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
2016	\$ 3,554,497	\$ 3,554,497	\$ 0	0.09%	192
2017	0	0	0	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	15160525	0	15,160,525	0.20%	568
2024	14,628,655	0	14,628,655	0.16%	529
2025	14,071,785	0	14,071,785	0.16%	512

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 79 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, 2025

<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	\$ 14,145,925	100%	\$ 14,145,925
Overlapping:			
Clackamas Community College	\$ 232,085,031	8.4%	\$ 19,583,335
Clackamas County	88,689,500	6.5%	5,790,804
Clackamas County ESD	26,816,648	6.4%	1,716,963
Clackamas County RFPD	19,634,532	14.6%	2,861,654
North Clackamas School District	576,755,981	22.3%	128,702,520
Metro	904,080,000	1.8%	16,110,706
Mt Hood Community College	65,925,000	0.7%	444,598
Centennial School District	61,155,932	5.6%	3,410,727
Clackamas Soil & Water Conservation	4,643,000	6.5%	303,155
Multnomah Cty SD 10J	255,770,271	0.4%	963,487
Multnomah ESD	58,415,817	0.2%	124,192
			0
Subtotal, overlapping debt			180,012,141
City of Happy Valley direct debt			14,145,925
Total direct and overlapping debt			<u>\$ 194,158,066</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>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Debt maximum limitation	\$ 86,241,812	\$ 101,766,254	\$ 116,679,424	\$ 129,611,062	\$ 139,548,340
Debt applicable to maximum limit	-	-	-	-	-
Legal debt margin available	<u>86,241,812</u>	<u>101,766,254</u>	<u>116,679,424</u>	<u>129,611,062</u>	<u>139,548,340</u>
Debt applicable to the maximum limit as a percentage of debt limitation	0%	0%	0%	0%	0%
	<u>2021</u>	<u>2021</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Debt maximum limitation	\$ 150,393,454	\$ 168,352,273	\$ 209,062,803	\$ 231,414,243	\$ 267,389,913
Debt applicable to maximum limit	-	-	-	-	-
Legal debt margin available	<u>150,393,454</u>	<u>168,352,273</u>	<u>209,062,803</u>	<u>231,414,243</u>	<u>267,389,913</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, 2025:

Total property real market value	\$ 8,912,997,096
	<u>3%</u>
Debt maximum limitation	<u>267,389,913</u>
Amount of debt applicable to debt limit:	
Total bonded debt outstanding	14,071,785
Less debt excluded from debt limit:	
Full faith and credit obligations	<u>(14,071,785)</u>
Net amount of debt applicable to limit	-
Legal debt margin - amount available for future indebtedness	<u>\$ 267,389,913</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)
2016	18,535	36.8	94,900	38,593	6,495	4.3
2017	19,985	37.0	101,250	38,358	6,877	3.9
2018	20,181	37.4	106,029	44,220	6,592	3.7
2019	20,945	38.4	111,066	44,761	6,838	3.8
2020	21,700	37.4	114,111	47,713	7,918	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
2025	27,637	39	126,108	54,453	8,486	4.5

* Information unavailable at this time.

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

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

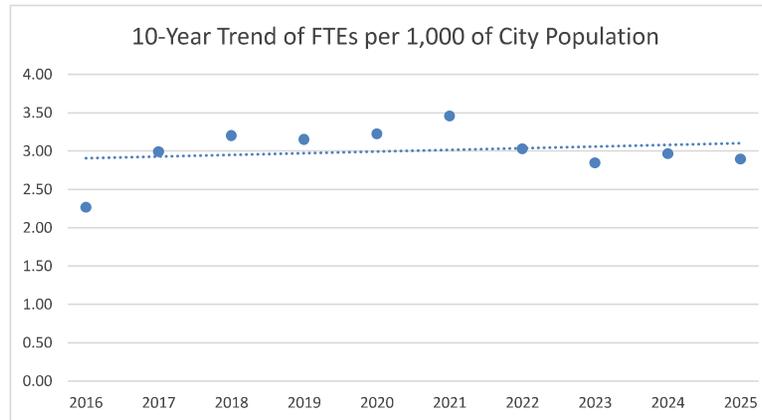
<u>Employer</u>	2025			2016		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Fred Meyer	274	1	7.23%			
AG Specialty Foods	200	2	5.28%	NA		NA
New Seasons Market	150	3	3.96%	190	1	7.70%
The Springs at Happy Valley	130	4	3.43%	NA		NA
Camp Withycombe	100	5	2.64%	100	2	4.06%
Morningstar of Happy Valley	89	6	2.35%	NA		NA
City of Happy Valley	80	7	2.11%	52	4	2.11%
Goodwill	63	8	1.66%	NA		NA
McDonalds	55	9	1.45%	50	5	2.03%
Hops N Drops	45	10	1.19%	NA		NA
Haggen				95	3	3.85%
Applebee's Neighborhood Grill				50	6	2.03%
Providence Medical Group				50	7	2.03%
Abundent Life Church				50	8	2.03%
Glenmoore				38	9	1.54%
Portland Painting and Construction				35	10	1.42%
	<u>1,186</u>		<u>31.28%</u>	<u>710</u>		<u>28.80%</u>

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									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Administration	7	9	10	10	11	13	13	13	14	14
Community Services and Public Safety	10	11	11	12	12	13	13	14	13	13
Economic and Community Development	16	18	20	18	20	23	23	21	22	22
Public Works / Parks / Streets	9	9	9	9	10	11	11	10	12	13
Library	0	12.8	14.6	17	17	18	18	18	18.5	18
Total FTE's	42	59.8	64.6	66	70	78	78	76	79.5	80
Public Safety - Police Officers (contracted)	11.5	12	12	13	14	16	16	16	17	17
City Population	18,535	19,985	20,181	20,945	21,700	22,552	25,738	26,689	26,799	27,637
FTE's per 1,000 of population	2.27	2.99	3.20	3.15	3.23	3.46	3.03	2.85	2.97	2.89

Sources: Various city departments



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

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Governmental Activities										
Economic and Community Development										
Building										
Residential Building permits issued	418	190	135	164	393	446	363	208	174	185
Commercial Building permits issued	14	9	8	9	6	10	8	3	2	4
Planning										
Planning Permits	261	260	232	244	152	153	145	155	137	134
Engineering										
Erosion Control Permits	*	13	30	17	12	19	22	6	19	1
Minor Grading Permits	1	7	8	3	4	5	4	3	2	0
Site Development Permits	*	15	31	13	13	18	26	4	17	14
Right of Way Permits	*	122	139	109	122	120	129	127	154	195
Public Works:										
Street Sweeping:										
Number of miles swept	1,800	1,592	1,493	2,297	1,431	1,412	1,494	1,546	1,576	1,547
Volume of material removed (cubic yards)	900	762	648	954	663	989	1,096	1,351	1,455	1,455
Winter Storms:										
Sand applied (cubic yards)	100	206	66	50	0	125	182	7	281	150
Sand picked up after storms	60	180	35	29	0	111	144	136	150	90
Magnesium chloride/De-icing (gallons)	2,750	8,735	5,575	4,930	2,500	2,000	6,155	17,500	5,600	9,925
Landscape Maintenance:										
Fertilizers Solid(lbs)/Liquid (oz)	0	0	4,746	22,856	22,944	15,890	466 / 522	2,016 / 525	1,728 / 223	12,000 / 209
Herbicides Liquid (oz)/Solid (lbs)	480	934	2080 / 195	1605 / 211	1,637 / 124	1,399 / 497	859 / 20	801 / 12	941 / 45	1,449 / 100
Park Reservations:										
Reservations coordinated	225	255	231	228	137	90	273	340	252	493
Number of people served	9,722	10,315	9,849	9,079	7,395	2,644	10,373	7,500	9,176	25,292
Trees planted	92	1,000	793	1,279	278	770	0	2,246	352	12
Services performed on fleet vehicles	190	190	250	280	240	300	542	493	206	360
Crack seal applied on roadways (sq. yd.)**	13.75	7.50	7.50	168,200	158,974	125,381	123,391	169,040	185,000	174,960
Signs cleaned and adjusted	1,148	50	1,200	200	912	566	244	218	202	384
Community Services										
Passports issued	2,592	3,377	3,566	3,474	2,444	1,550	4,379	5,180	2,163	2,667
Public Safety:										
Code Enforcement / Animal Control Cases	3,168	3,042	2,148	2,346	3,140	4,719	4,516	4,431	4,392	5,438
Parking violations	461	585	1,048	643	745	536	685	692	678	883
Number dispatched calls for service	4,361	4,466	4,591	4,604	4,318	3,941	5,062	4,436	4,324	4,422
Number of traffic violations	3,079	2,623	4,364	2,821	2,632	2,598	2,649	2,236	2,954	2,617
Number of "other" self initiated activities	1,982	2,901	6,828	5,304	2,598	4,676	5,626	3,102	3,131	3,382
Number of traffic stops	4,545	3,949	4,293	3,699	3,165	3,275	3,140	2,863	2,962	3,790
Library										
Circulation	793,476	787,888	824,836	829,880	630,753	460,570	696,105	739,931	769,949	759,111
Number of Reference Inquiries	27,219	26,889	31,528	33,387	16,084	11,292	22,392	26,839	48,953	30,214
Number of Youth Programs	401	398	618	719	367	112	73	301	287	226
Youth Program Attendance	16,163	19,051	24,887	26,645	13,704	2,418	2,144	12,612	11,719	9,365
Number of Adult Programs	197	241	195	225	179	128	85	186	148	223
Adult Program Attendance	2,892	3,730	3,718	4,317	3,832	1,110	1,362	2,934	3,189	3,642

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									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
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	172.59	170.76	170.24	169.21	167.38	162.76	144.87	140.15	139.74	137.14
Number of Vehicles	35	35	35	31	31	31	32	37	38	37
Recreation and Parks										
Acres of parks and open spaces	365	365	365	135	135	103	103	103	103	103

Sources: Various city departments

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, 2025, and have issued our report thereon dated December 26, 2025. Our audit was conducted in accordance with auditing standards generally accepted in the United States of America.

Compliance and Other Matters

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

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

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

In connection with our testing, nothing came to our attention that caused us to believe the City was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-010-0230 through 162-010-0320 of the Minimum Standards for Audits of Oregon Municipal Corporations, except as follows:

Budgets legally required

For the 2025-26 budget, the City did not publish the budget committee meeting notice to their website at least 10 days prior to the meeting.

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

OAR 162-010-0230 Internal Control

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

Restriction of Use

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

Singer Lewak LLP

December 26, 2025

By:



Brad Bingenheimer, Partner