



City of Sandy, Oregon
Annual Comprehensive Financial Report
Fiscal Year Ended June 30, 2022

CITY OF SANDY, OREGON

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2022

Prepared by:
City of Sandy, Finance Department

CITY OF SANDY, OREGON

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INTRODUCTORY SECTION

December 29, 2022

Honorable Mayor Stan Pulliam,
Members of the City Council and Citizens of the City of Sandy:

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. The Annual Comprehensive Financial Report of the City of Sandy, Oregon for the fiscal year ended June 30, 2022 is hereby submitted.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control which 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.

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

CITY AND THE GOVERNMENTAL STRUCTURE

Location – The City is located about 26 miles from downtown Portland and approximately 10 miles from the Portland Urban Area. Portland is the largest city in the State of Oregon. Over the past several decades, Sandy has gone through a change from being timber dependent to a more diversified economy.

Sandy is becoming increasingly popular as a recreational community. It serves as the last full-service city before entering the Mt. Hood recreational area. Skiing, hiking, hunting, and fishing are very popular in this area and the City attracts many visitors to do business in the City. Sandy has also been selected because of its location to serve as a hub for many events. Sandy is the home of the Sandy Mountain Festival which is estimated to attract over 50,000 people annually. Each year, tourism has become more important in stabilizing Sandy's economy. The City of Sandy's population estimate for fiscal year 2022 was 12,869. In addition, Sandy is the commercial center of a rural area with a population of approximately 40,000.

Government – The City was incorporated in 1911. The governing body for the City of Sandy is the City Council. The Council is composed of the Mayor and six City Council members. They are all elected at-large (by registered voters with city limits); the Mayor serves a two-year term and the Council members serve four-year terms, with half the positions elected in the November general election of even-numbered years.

As with most Oregon cities, Sandy uses the "council-manager" form of government. The City Council members are unpaid volunteers who typically hold full-time jobs in other areas. They are responsible for all city policies, legislation, and the city budget. The City Council appoints a city manager, who is assigned responsibility of day-to-day operation of the city and a staff of ten department directors with approximately 78 full-time equivalent employees (FTE).

The City provides a full range of municipal services which include police, municipal court, community services (recreation and senior programming), planning, building permit and inspection activities, economic development, library, transit, recreation, water, sewer, stormwater, construction and maintenance of streets, sidewalks, and other public facilities. The City also operates a fiber optic internet service. Fire service for the City of Sandy is provided by a special service district and is autonomous from the City. Financial data for the Sandy Fire District is not included in this report.

In addition to the above general government activities, the City has a Sandy Urban Renewal Agency (SURA). SURA is a legally separate entity first established in 1998 to address redevelopment of the $\frac{3}{4}$ mile area of downtown Sandy. In 2008, the City adopted new design standards known as the “Sandy Style” and the debt limitation increased to \$18 million. The guidelines promote more attractive and appealing architecture in Sandy. In 2015 the debt limitation increased to \$67 million. The accompanying financial statements include the activities of SURA.

Budget – The City’s budget is prepared for a 24-month period beginning July 1 of odd-numbered years. The City’s budget is prepared in accordance with provisions of the Oregon Local Budget Law (ORS Chapter 294), which provides standard procedures for the preparation, presentation, administration and appraisal of budgets. The law mandates public involvement in budget preparation and public exposure of its proposed programs. More information on the budget is listed in the Notes to Required Supplementary Information on page 58.

ECONOMIC CONDITION AND OUTLOOK

Since 2009, the economic growth and investment in Sandy has been over \$300 million dollars in a mix of residential and commercial development. This development increase is a combination of an easy commute to the nearby cities, the presence of many recreational opportunities, and education facilities that have strengthened the city’s economic base. Residential and commercial permits have continued to increase. The housing market continues to grow, with 67 new single-family home permits issued, as well as multi-family permits issued totaling 69 units.

The City continues to examine opportunities to incrementally invest in services which meet the need of the growing community, while also maintaining existing capital assets in a manner that ensures future years are not overly burdened with costs of our most basic and vital infrastructure.

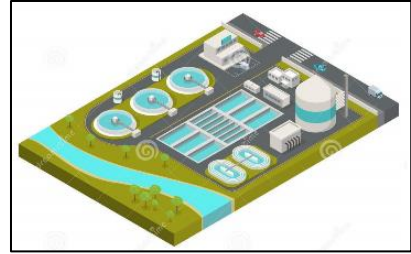
LONG-TERM FINANCIAL PLANNING

The City’s current and on-going planning efforts include annual goals set by the City Council, a comprehensive plan (the “Sandy 2040 Plan”) and rolling six-year capital improvement plan supporting shorter-term strategic decisions. Staff is currently working a comprehensive plan update titled “Envision Sandy 2050.” Developing and utilizing these plans help to enhance the City’s ability to address future fiscal needs in a proactive and measured approach.

MAJOR INITIATIVES

Several significant initiatives, outlined below, ensure the City’s continued economic health and ability to provide services to its residents and businesses.

Wastewater Treatment Facility Improvements – The City of Sandy has begun a multi-year capital improvement project for significant repairs to the existing wastewater treatment facility, as well as the future construction of a new wastewater treatment facility. These updates are mandated by the State of Oregon’s Department of Environmental Quality and will be completed over several years. The result will be a state-of-the-art treatment facility that meets DEQ standards and provides increased capacity for future growth.



Community Campus Project – The City continued the conceptual planning efforts for the 40-acre school campus and aquatic center. Our vision is a multi-generational use community center, hiking trails, and sports complex. Community surveys have been conducted to assist in the development of the conceptual plan for the campus. Unfortunately, funding remains an issue currently to bring the entire conceptual plan to fruition.

SandyNet – The City of Sandy has come a long way in the last seventeen years as an Internet Service Provider (ISP). SandyNet provides a combination of fiber access for residents and businesses, Wi-Fi, and phone service to customers. SandyNet continues to be recognized at the regional and national level. Additionally, partnerships have been developed between SandyNet and Clackamas County to provide internet service to customers in rural parts of the County.



Fiber-To-The-Home (FTTH) – City of Sandy is a fiber connected community offering an improved quality of life and will provide a foundation of fiber fueled economic development for years to come. The City has the ability to get services to 100% of residential homes and 90% of businesses. Approximately 80% of residential homes currently have active service, and 50% of businesses.

INDEPENDENT AUDIT

State statutes require an annual audit by independent certified public accountants. The firm, Talbot, Korvola & Warwick, LLP, was selected by the City. The auditors have issued an unmodified (“clean”) opinion on the City’s financial statements for the fiscal year ended June 30, 2022. The independent auditor’s opinion is located at the front of the financial section of this report.

CERTIFICATE OF ACHIEVEMENT

The City submitted the annual comprehensive financial report for the fiscal year ended June 30, 2021. Due to filing an extension for submission and staffing shortages, the Government Finance Officers Association (GFOA) is still reviewing the document before a decision can be made regarding the award of the Certificate of Achievement for Excellence in Financial Reporting. The City has received this prestigious award for thirty years, and fully expects that we will receive the award yet again, once the review is finished. A Certificate of Achievement is valid for a period of one year only and to obtain it the City must publish an easily readable and efficiently organized annual comprehensive financial report.

We believe that our current annual comprehensive financial report for the fiscal year ended June 30, 2022 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.

The City of Sandy was also awarded the Distinguished Budget Presentation award for the Biennium 2021 – 2023 budget. The City also expects to be awarded the Popular Annual Financial Reporting (PAFR) award for the fiscal year ended June 30, 2021, but review has not yet been completed.

ACKNOWLEDGEMENTS

The preparation of this report was made possible by the dedicated service of the finance and administration department staff. Additionally, I thank all the departments for their assistance in providing the data necessary to prepare this report.

Credit also is due to the Mayor, City Council, and the Budget Committee for their interest and support in planning and conducting the operations of the City in a responsible and professional manner.

Respectfully submitted,

A handwritten signature in black ink that reads "Tyler Deems". The signature is written in a cursive, flowing style.

Tyler Deems
Deputy City Manager

CITY OF SANDY, OREGON

CITY OFFICIALS
June 30, 2022

CITY COUNCIL

	<u>TERMS EXPIRES</u>
Stan Pulliam, Mayor	12/31/2022
Jeremy Pietzold, Council President	12/31/2022
Laurie Smallwood, Councilor	12/31/2022
Rich Sheldon, Councilor	12/31/2024
Kathleen Walker, Councilor	12/31/2024
Carl Exner, Councilor	12/31/2022
Don Hokanson, Councilor	12/31/2024

STAFF

Jordan Wheeler, City Manager
Tyler Deems, Deputy City Manager
Ernie Roberts, Police Chief
Angie Welty, Human Resources Director
Jeff Aprati, Director of Policy & Communications
Sarah McIntyre, Library Director
Kelly O'Neill Jr., Development Services Director
Rochelle Anderholm-Parsch, Parks & Recreation Director
Greg Brewster, IT Director
Andi Howell, Transit Director
Jenny Coker, Public Works Director

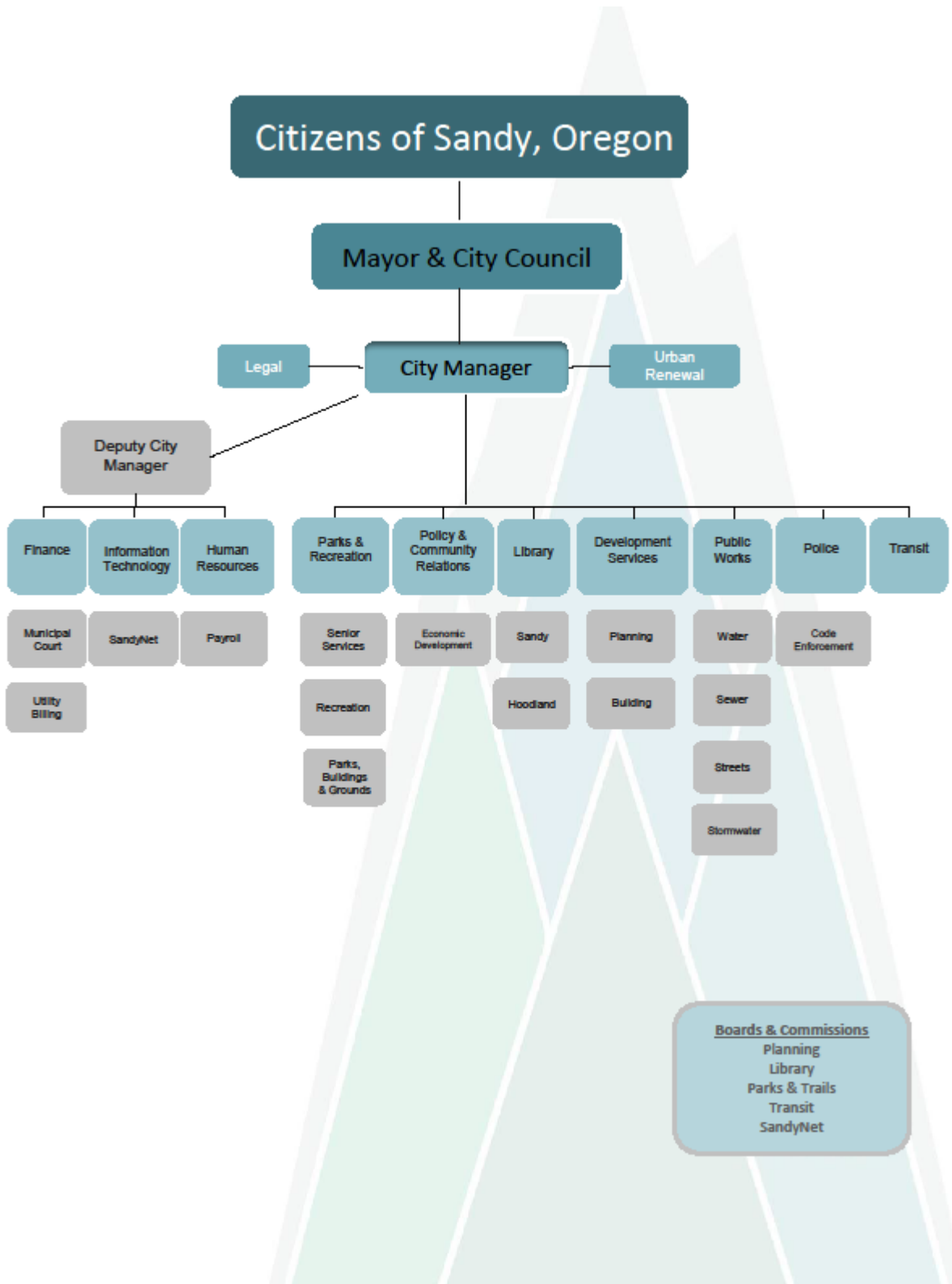
MAILING ADDRESS

39250 Pioneer Blvd. Sandy, Oregon 97055

www.ci.sandy.or.us

CITY OF SANDY, OREGON

ORGANIZATIONAL CHART
June 30, 2022



FINANCIAL SECTION



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P 503.274.2849 F 503.274.2853 www.tkw.com

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Sandy, Oregon

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sandy, Oregon (the City), as of and for the year ended June 30, 2022, 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, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof 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) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

INDEPENDENT AUDITOR'S REPORT (Continued)

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 and *Government Auditing Standards* 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, 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 Agency'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 Agency's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, such as Management's Discussion and Analysis, schedules of pension and other post-retirement benefits, Notes to the Required Supplementary Information, as listed in the Table of Contents, 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.

INDEPENDENT AUDITOR'S REPORT (Continued)

Accounting principles generally accepted in the United States of America require that the budgetary comparisons for the General Fund and major special revenue funds, as listed in the Table of Contents as Required Supplementary Information, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. The required budgetary comparison 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the required budgetary comparison information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other 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 information listed in the Table of Contents as Other Supplementary Information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Other Supplementary 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the Other Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Introductory and Statistical Sections and the Other Financial Schedules, as listed in the Table of Contents, 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 Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2022 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

INDEPENDENT AUDITOR'S REPORT (Continued)

Other Reporting Required by Oregon Minimum Standards

In accordance with *Minimum Standards for Audits of Oregon Municipal Corporations*, we have also issued our report dated December 29, 2022, 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.



For Talbot, Korvola & Warwick, LLP
Portland, Oregon
December 29, 2022

CITY OF SANDY, OREGON

MANAGEMENT DISCUSSION AND ANALYSIS
Fiscal Year Ended June 30, 2022

The Management’s Discussion and Analysis (MD&A) is a narrative overview and analysis of the financial activities of the City of Sandy for the fiscal year ended June 30, 2022. We encourage readers to consider the information presented here in conjunction with the additional information furnished in the letter of transmittal on pages i-iv and the financial statements that follow.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City of Sandy exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$56,506,335. Of this amount, \$11,838,815 represents unrestricted net position, which may be used to meet the government’s ongoing obligations to citizens and creditors.
- The City’s total net position increased by \$5,342,281. This is due in part to an increase in charges for services, property taxes, and public service taxes, as well as a decrease in overall expenses. See Table 1 – Summary of Net Position for more details.
- The City’s governmental activities reported total net position of \$36,056,808, which is an increase of \$2,905,740.
- The City’s business-type activities reported total net position of \$20,449,527, which is an increase of \$2,436,541 from the prior year. Approximately 27% of the total, or \$5,429,781, is unrestricted and thus available for spending at the City’s discretion.
- The City of Sandy’s total outstanding debt increased by \$4,764,783 during the fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

The following discussion and analysis is intended to serve as an introduction to the City of Sandy’s basic financial statements. The statements are comprised of three components:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the financial statements.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City of Sandy’s finances in a manner similar to a private sector business.

The *Statement of Net Position* presents information on all assets of the City (including infrastructure) as well as all liabilities (including long term debt). Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Sandy is improving or deteriorating.

The *Statement of Activities* presents information showing how the City’s position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

CITY OF SANDY, OREGON

MANAGEMENT DISCUSSION AND ANALYSIS Fiscal Year Ended June 30, 2022

The government-wide statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues, referred to as government activities, from business functions intended to recover their costs through user fees and charges. The governmental-wide financial statements can be found on pages 13 and 14 of this report

Governmental activities of the City include the following:

- ❖ General government
- ❖ Highways and streets
- ❖ Public Transportation
- ❖ Economic development
- ❖ Public safety
- ❖ Culture and recreation

Business-type activities of the City include the following:

- ❖ Water
- ❖ Sewer
- ❖ Stormwater
- ❖ Telecommunications

Fund financial statements. A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Sandy, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The City's funds are divided into three categories:

- ❖ Governmental funds
- ❖ Proprietary funds
- ❖ Fiduciary funds

Governmental funds are used to account for City functions that are supported primarily by taxes and intergovernmental revenues. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near term financial decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and change in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

CITY OF SANDY, OREGON

MANAGEMENT DISCUSSION AND ANALYSIS
Fiscal Year Ended June 30, 2022

The City of Sandy maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Street Fund, Urban Renewal Agency Fund, Transit Fund, and Other Governmental Funds.

All of the governmental funds considered to be major funds are shown on page 15.

Proprietary Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The intent is that the costs of providing the services to the general public on a continuing basis be financed primarily through user charges. These funds represent four segments of operations: Water, Sewer, Stormwater, and Telecommunications.

Additionally, the government reports the Operations Center Internal Service Fund as a proprietary fund. An internal service fund is used to account for an activity that provides goods or services to other departments on a cost-reimbursement basis. This internal service fund is to pool resources from departments that occupy the Operations Center building to allocate costs associated with shared invoices. Revenue sources are transfers from the Water, Sewer, Stormwater, Street, Transit, and General Funds.

The basic proprietary fund financial statements begin on page 19 of this report.

Fiduciary funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. These funds are custodial in nature and do not involve measurement of results of operations.

The fiduciary fund financial statements begin on page 22 of this report.

Notes to the Basic Financial Statements. The Notes provide additional information that is essential to a full understanding of the information provided in the government-wide and fund financial statements and are found on pages 24 through 48 of this report.

Required Supplementary Information. Supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Budgetary comparison schedules for the general fund and major special revenue funds are presented immediately following the Notes to the basic financial statements. Required supplementary information can be found on page 49 of this report.

Other Supplementary Information. The budgetary comparison schedules for debt service, capital projects, and the proprietary funds are presented immediately following the required supplementary information.

GOVERNMENT-WIDE OVERALL FINANCIAL ANALYSIS

Statement of Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At the end of the current fiscal year, the City's assets and deferred outflows of resources exceeded liabilities and deferred outflow of resources by \$56,506,335. Table 1, on the next page, reflects a Summary of Net Position compared to the prior fiscal year.

CITY OF SANDY, OREGON

MANAGEMENT DISCUSSION AND ANALYSIS
Fiscal Year Ended June 30, 2022

Table 1
City of Sandy's Net Position
(in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Assets						
Current and other assets	\$ 28,895	\$ 26,924	\$ 5,429	\$ 7,006	\$ 34,324	\$ 33,930
Capital assets	30,567	29,095	42,194	31,863	72,761	60,958
Total assets	59,462	56,019	47,623	38,869	107,085	94,888
Total deferred outflows of resources	3,742	3,172	829	661	4,571	3,833
Liabilities						
Long-term liabilities	20,350	24,853	24,786	19,649	45,136	44,502
Other liabilities	2,265	677	2,212	1,761	4,477	2,438
Total liabilities	22,615	25,530	26,998	21,410	49,613	46,940
Total deferred inflows of resources	4,533	510	1,005	107	5,538	617
Net position						
Net investment in capital assets	23,420	23,199	18,759	14,216	42,179	37,415
Restricted	6,227	13,498	12	1,903	6,239	15,401
Unrestricted	6,409	(3,546)	1,678	1,894	8,087	(1,652)
Total net position	\$ 36,056	\$ 33,151	\$ 20,449	\$ 18,013	\$ 56,505	\$ 51,164

By far the largest portion of the City of Sandy's net position reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The City of Sandy uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Sandy's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

In addition, approximately 11% of the City of Sandy's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$8,086,720 is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Sandy reported a positive unrestricted balance for governmental activities and business-type activities.

Overall, the City of Sandy's net position increased by \$5,342,281 from the prior year. The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.

Analysis of Changes in Net Position:

The Table 2 below summarizes revenues and expenses for the current fiscal year and provides a comparison to prior year.

CITY OF SANDY, OREGON

MANAGEMENT DISCUSSION AND ANALYSIS
Fiscal Year Ended June 30, 2022

Table 2
City of Sandy's Changes in Net Position
(in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues						
Charges for services	\$ 2,243	\$ 2,244	\$ 8,769	\$ 7,562	\$ 11,012	\$ 9,806
Operating grants and contributions	1,890	1,393	-	500	1,890	1,893
Capital grants and contributions	547	618	-	-	547	618
General revenues						
Property taxes	6,053	5,740	-	-	6,053	5,740
Public service taxes	4,154	3,695	-	-	4,154	3,695
Franchise fees	729	622	-	-	729	622
Interest and investment earnings	135	145	(35)	17	100	162
Miscellaneous	213	762	86	38	299	800
Total revenues	15,964	15,219	8,820	8,117	24,784	23,336
Expenses						
General government	2,111	2,652	-	-	2,111	2,652
Highways and streets	920	1,075	-	-	920	1,075
Public transportation	2,108	1,906	-	-	2,108	1,906
Economic development	1,690	1,999	-	-	1,690	1,999
Public safety	3,294	3,773	-	-	3,294	3,773
Culture and recreation	2,836	3,169	-	-	2,836	3,169
Interest on long-term debt	387	225	-	-	387	225
Water	-	-	1,721	1,674	1,721	1,674
Sewer	-	-	2,053	2,105	2,053	2,105
Storm water	-	-	396	419	396	419
Telecommunications	-	-	1,927	1,754	1,927	1,754
Total expenses	13,346	14,799	6,097	5,952	19,443	20,751
Increase (decrease) in net position before transfers	2,618	420	2,723	2,165	5,341	2,585
Transfers in (out)	287	142	(287)	(142)	-	-
Increase (decrease) in net position	2,905	562	2,436	2,023	5,341	2,585
Net position - beginning	33,151	32,589	18,013	15,990	51,164	48,579
Net position - ending	\$ 36,056	\$ 33,151	\$ 20,449	\$ 18,013	\$ 56,505	\$ 51,164

Governmental activities. During the current fiscal year, net position for government activities increased by \$2,905,740 from the prior year for an ending balance of \$36,056,808. The net change is a result of increases in general revenues, specifically property taxes and public service taxes, as well as an increase in operating grants. In addition, there was a reduction in expenses, in both general government and public safety.

Business-type activities. For the City of Sandy's business-type activities, the total increase in net position for business-type activities (Water, Sewer, Stormwater and Telecommunications) was \$2,436,541. The Water Fund, Sewer Fund, and Telecommunications Fund had a positive change in net position of \$480,411, \$1,854,712, and \$230,115, respectively. The Stormwater Fund had a negative change in net position of \$128,697. Compared to the prior year, total operating revenues increased by approximately 12%, while total operating expenses increased by approximately 3%. Acquisitions of capital assets and principal payments on long-term debt are not reported as direct expenses but are reported as additions to assets and reductions to liabilities respectively on the Statement of Net Position.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with financial-related legal requirements.

CITY OF SANDY, OREGON

MANAGEMENT DISCUSSION AND ANALYSIS Fiscal Year Ended June 30, 2022

Governmental funds. The focus of the City of Sandy's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Sandy's financing requirements. In particular, unassigned and assigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Although assigned fund balance has been allocated for some purpose, the amount can be reallocated at the discretion of the City Council.

At the end of the fiscal year, the City of Sandy's governmental funds reported a combined ending fund balance of \$25,413,941. Approximately 22% of this total amount (\$5,474,702) constitutes assigned and unassigned fund balance. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been designated as non-spendable, committed, or restricted. For more information about fund balance designations, see Note 1 K. in the Notes to the Financial Statements beginning on page 28.

The *General Fund* is the chief operating fund of the City. At the end of the fiscal year, the General Fund increased by \$551,962 from the prior year, due to an increase in property taxes and public service taxes.

The *Street Fund* provides for the maintenance and construction of City streets. The fund had a decrease of \$1,627,944 from the prior year. This decrease is a result of spending proceeds from the Full Faith and Credit Obligation from the prior fiscal year.

The *Urban Renewal Fund* increased by \$576,996, largely due to a continued increase in property tax revenue, as well as a decrease in capital outlay.

The *Transit Fund* balance decreased by \$76,076 due to a decrease in capital grants and contributions.

The *Other Governmental Funds*, which includes the Parks Capital Projects Fund, the City FFC Debt Service Fund, and the Aquatic/Recreation Center Fund, increased by \$452,928. This increase is mainly due to an increase in system development charges in the Parks Capital Projects Fund.

Proprietary funds. The City's proprietary funds are comprised of the enterprise funds. An enterprise fund is used to account for activities for which a fee is charged to external users for services. These funds provide the same type of information found in the government-wide financial statements, but in more detail.

Overall, the proprietary funds are stable. The Water Fund and Telecommunications Fund saw increases in fund balance of \$208,034 and \$35,590, respectively. These increases were mostly due to increases in charges for services. The Sewer Fund and Stormwater Fund had decreases in fund balance of \$1,875,004 and \$415,918, respectively. The decrease in the Sewer Fund was due to paying off the USDA loan early. The decrease in the Stormwater Fund was due to repairs related to aging infrastructure.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the fiscal year, there were no adjustments to the original budget. The City is in the first year of its biennial budget.

CITY OF SANDY, OREGON

MANAGEMENT DISCUSSION AND ANALYSIS
Fiscal Year Ended June 30, 2022

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. The City of Sandy’s investment in capital assets for its governmental and business-type activities as of June 30, 2022 amounts to \$72,761,191 (net of accumulated depreciation/amortization). This investment in capital assets includes land, buildings, motor vehicles and equipment, office furniture and equipment, infrastructure, and construction in progress. The total net increase in capital assets for the current fiscal year was approximately 19%.

On the following page, Tables 3 and 4 summarizes capital assets and changes as of June 30, 2022.

Table 3
City of Sandy's Capital Assets (Net of Accumulated Depreciation/Amortization)
(in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 5,439	\$ 4,207	\$ 1,100	\$ 1,100	\$ 6,539	\$ 5,307
Construction in progress	2,018	577	14,224	3,466	16,242	4,043
Improvements	7,938	8,452	25,117	25,537	33,055	33,989
Buildings	13,236	14,011	578	597	13,814	14,608
Furniture and equipment	141	219	1,030	1,025	1,171	1,244
Vehicles	1,663	1,471	145	138	1,808	1,609
Intangible assets	132	158	-	-	132	158
Total	\$ 30,567	\$ 29,095	\$ 42,194	\$ 31,863	\$ 72,761	\$ 60,958

Major capital asset events during the fiscal year included the following:

- ❖ **Governmental Activities**
 - Street Fund – Land Acquisition – \$1,218,465
 - Street Fund – Bell/362nd Extension Project – \$1,560,252 (in progress)
 - Transit Fund – Vehicles – \$510,365
- ❖ **Business-Type Activities**
 - Water Fund – Water Master Plan – \$142,235
 - Sewer Fund – Treatment Facility Improvements – \$13,706,094 (in progress)
 - Stormwater Fund – Tupper Road Emergency Repair – \$279,996
 - Telecommunications Fund – Fiber Network & Equipment – \$322,823

Table 4
City of Sandy's Changes in Capital Assets
(in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Beginning balance	\$ 29,095	\$ 28,940	\$ 31,863	\$ 27,727	\$ 60,958	\$ 56,667
Additions	3,251	3,164	11,567	5,446	14,818	8,610
Depreciation	(1,779)	(1,568)	(1,236)	(1,208)	(3,015)	(2,776)
Deletions	-	(1,441)	-	(102)	-	(1,543)
Ending balance	\$ 30,567	\$ 29,095	\$ 42,194	\$ 31,863	\$ 72,761	\$ 60,958

Additional information on the City’s capital assets can be found in the Notes to the Basic Financial Statements – Note 4.

CITY OF SANDY, OREGON

**MANAGEMENT DISCUSSION AND ANALYSIS
Fiscal Year Ended June 30, 2022**

Long-term debt. At the end of the current fiscal year, the City had total long-term debt outstanding of \$37,505,794. The City’s total debt increased by \$4,764,783 (approximately 15%). During the fiscal year ended June 30, 2022, all scheduled debt payments were met.

On the following page, Table 5 summarizes outstanding debt as of June 30, 2022.

Table 5
City of Sandy’s Outstanding Debt
(in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Bonds payable, net	\$ 13,500	\$ 14,435	\$ 8,805	\$ 9,332	\$ 22,305	\$ 23,767
Notes payable	571	659	14,630	8,315	15,201	8,974
Ending balance	<u>\$ 14,071</u>	<u>\$ 15,094</u>	<u>\$ 23,435</u>	<u>\$ 17,647</u>	<u>\$ 37,506</u>	<u>\$ 32,741</u>

State statutes limit the amount of general obligation debt an Oregon municipality may issue to 3% of total real market value of all taxable property within its boundary. The current debt amount is well within the limits set by state statute.

Additional information on the City’s long-term debt can be found in the Notes to the Basic Financial Statements – Note 7.

REQUESTS FOR INFORMATION

This financial report is designed to provide users with a general overview of the City of Sandy’s financial condition and demonstrate the City’s accountability. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Tyler Deems, Deputy City Manager, at 39250 Pioneer Blvd., Sandy, Oregon 97055.

BASIC FINANCIAL STATEMENTS

CITY OF SANDY, OREGON

STATEMENT OF NET POSITION
June 30, 2022

	Governmental Activities	Business Type Activities	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 24,958,674	\$ 2,489,704	\$ 27,448,378
Investments	1,335,920	2,143,621	3,479,541
Accounts receivable, net	1,813,000	794,175	2,607,175
Due from other governments	14,159	-	14,159
Internal balances	597,272	(597,272)	-
Inventory	-	256,377	256,377
Total current assets	<u>28,719,025</u>	<u>5,086,605</u>	<u>33,805,630</u>
Noncurrent assets			
Restricted cash and investments	-	220,873	220,873
Notes receivable	116,553	108,482	225,035
Net OPEB assets	59,376	13,161	72,537
Capital assets not being depreciated	7,457,631	15,323,989	22,781,620
Capital assets, net of accumulated depreciation	<u>23,109,747</u>	<u>26,869,824</u>	<u>49,979,571</u>
Total noncurrent assets	<u>30,743,307</u>	<u>42,536,329</u>	<u>73,279,636</u>
Total assets	<u>59,462,332</u>	<u>47,622,934</u>	<u>107,085,266</u>
DEFERRED OUTFLOW OF RESOURCES			
Pension related	3,677,902	815,198	4,493,100
OPEB related	<u>64,010</u>	<u>14,187</u>	<u>78,197</u>
Total deferred outflows of resources	<u>3,741,912</u>	<u>829,385</u>	<u>4,571,297</u>
LIABILITIES			
Current liabilities			
Accounts payable	753,010	2,031,912	2,784,922
Unearned revenue	1,264,611	-	1,264,611
Deposits	210,101	-	210,101
Accrued compensated absences, current	342,381	64,501	406,882
Accrued interest	36,945	180,223	217,168
Current portion of long-term debt	<u>989,928</u>	<u>1,314,151</u>	<u>2,304,079</u>
Total current liabilities	<u>3,596,976</u>	<u>3,590,787</u>	<u>7,187,763</u>
Noncurrent liabilities			
Accrued compensated absences, long-term	133,376	-	133,376
Long-term debt, net of current portion	13,080,733	22,120,982	35,201,715
Net pension liability	5,479,541	1,214,527	6,694,068
Total OPEB liability	<u>323,970</u>	<u>71,806</u>	<u>395,776</u>
Total noncurrent liabilities	<u>19,017,620</u>	<u>23,407,315</u>	<u>42,424,935</u>
Total liabilities	<u>22,614,596</u>	<u>26,998,102</u>	<u>49,612,698</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related	4,478,433	992,631	5,471,064
OPEB related	<u>54,407</u>	<u>12,059</u>	<u>66,466</u>
Total deferred inflows of resources	<u>4,532,840</u>	<u>1,004,690</u>	<u>5,537,530</u>
NET POSITION			
Net investment in capital assets	23,420,287	18,758,680	42,178,967
Restricted:			
Street projects	544,805	-	544,805
System development charges	1,783,667	-	1,783,667
Street and roadside maintenance	2,676,934	-	2,676,934
Peg fees	2,352	-	2,352
Park projects	1,160,353	-	1,160,353
OPEB	59,376	13,161	72,537
Unrestricted	<u>6,409,034</u>	<u>1,677,686</u>	<u>8,086,720</u>
Total net position	<u>\$ 36,056,808</u>	<u>\$ 20,449,527</u>	<u>\$ 56,506,335</u>

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

CITY OF SANDY, OREGON

STATEMENT OF ACTIVITIES
Fiscal Year Ended June 30, 2022

	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total
FUNCTIONS/PROGRAMS							
Governmental activities							
General government	\$ 2,110,120	\$ 161,488	\$ -	\$ -	\$ (1,948,632)	\$ -	\$ (1,948,632)
Highways and streets	920,035	365,699	-	367,549	(186,787)	-	(186,787)
Public transportation	2,107,554	101,531	1,760,563	100,001	(145,459)	-	(145,459)
Economic development	1,690,402	699,031	-	-	(991,371)	-	(991,371)
Public safety	3,294,441	440,861	-	-	(2,853,580)	-	(2,853,580)
Culture and recreation	2,836,279	474,397	129,440	79,223	(2,153,219)	-	(2,153,219)
Interest on long-term debt	386,926	-	-	-	(386,926)	-	(386,926)
Total governmental activities	13,345,757	2,243,007	1,890,003	546,773	(8,665,974)	-	(8,665,974)
Business type activities							
Water	1,720,840	2,237,529	-	-	-	516,689	516,689
Sewer	2,053,222	4,001,761	-	-	-	1,948,539	1,948,539
Storm water	396,238	306,811	-	-	-	(89,427)	(89,427)
Telecommunications	1,926,569	2,222,506	-	-	-	295,937	295,937
Total business type activities	6,096,869	8,768,607	-	-	-	2,671,738	2,671,738
Total government	\$ 19,442,626	\$ 11,011,614	\$ 1,890,003	\$ 546,773	(8,665,974)	2,671,738	(5,994,236)
GENERAL REVENUES AND TRANSFERS							
General revenues							
Property taxes					6,052,651	-	6,052,651
Public service taxes					4,154,130	-	4,154,130
Franchise fees					729,193	-	729,193
Interest and investment earnings					134,762	(34,711)	100,051
Miscellaneous					213,892	86,600	300,492
Transfers in (out)					287,086	(287,086)	-
Total general revenues and transfers					11,571,714	(235,197)	11,336,517
Change in net position					2,905,740	2,436,541	5,342,281
NET POSITION - BEGINNING					33,151,068	18,012,986	51,164,054
NET POSITION - ENDING					\$ 36,056,808	\$ 20,449,527	\$ 56,506,335

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

CITY OF SANDY, OREGON

GOVERNMENTAL FUNDS

BALANCE SHEET
June 30, 2022

	General Fund	Street Fund	Urban Renewal Agency Fund	Transit Fund	Other Governmental Funds	Total Governmental
ASSETS						
Cash and cash equivalents	\$ 4,025,714	\$ 9,523,114	\$ 6,739,686	\$ 1,184,940	\$ 3,122,386	\$ 24,595,840
Investments	663,221	672,699	-	-	-	1,335,920
Property taxes receivable	137,888	-	68,147	-	-	206,035
Accounts receivable, net	174,132	221,264	11,627	344,393	2,075	753,491
Grants receivable	-	-	-	853,474	-	853,474
Due from other funds	285,941	-	-	-	-	285,941
Due from other governments	9,486	-	4,673	-	-	14,159
Interfund loan receivable	-	-	-	567,741	-	567,741
Long-term receivable	58,753	-	57,800	-	-	116,553
Total assets	<u>\$ 5,355,135</u>	<u>\$ 10,417,077</u>	<u>\$ 6,881,933</u>	<u>\$ 2,950,548</u>	<u>\$ 3,124,461</u>	<u>\$ 28,729,154</u>
LIABILITIES						
Accounts payable	\$ 232,881	\$ 271,768	\$ 11,441	\$ 210,731	\$ 24,398	\$ 751,219
Unearned revenue	1,264,611	-	-	-	-	1,264,611
Interfund loan payable	256,410	-	-	-	-	256,410
Other liabilities	210,101	-	-	-	-	210,101
Total liabilities	<u>1,964,003</u>	<u>271,768</u>	<u>11,441</u>	<u>210,731</u>	<u>24,398</u>	<u>2,482,341</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	128,402	-	63,474	-	-	191,876
Unavailable revenue - grants	58,753	-	-	582,243	-	640,996
Total deferred inflows of resources	<u>187,155</u>	<u>-</u>	<u>63,474</u>	<u>582,243</u>	<u>-</u>	<u>832,872</u>
FUND BALANCES						
Restricted:						
System development charges	-	-	-	-	1,783,667	1,783,667
Street and roadside maintenance	-	2,676,934	-	-	-	2,676,934
Street projects	-	7,468,375	-	-	-	7,468,375
Peg fees	2,352	-	-	-	-	2,352
Park projects	-	-	-	-	1,160,353	1,160,353
Urban renewal projects	-	-	6,807,018	-	-	6,807,018
Committed:						
Capital projects	-	-	-	-	40,540	40,540
Assigned:						
Public transportation	-	-	-	2,157,574	-	2,157,574
Cultural and recreation	-	-	-	-	115,503	115,503
Unassigned	3,201,625	-	-	-	-	3,201,625
Total fund balances	<u>3,203,977</u>	<u>10,145,309</u>	<u>6,807,018</u>	<u>2,157,574</u>	<u>3,100,063</u>	<u>25,413,941</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 5,355,135</u>	<u>\$ 10,417,077</u>	<u>\$ 6,881,933</u>	<u>\$ 2,950,548</u>	<u>\$ 3,124,461</u>	<u>\$ 28,729,154</u>

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

CITY OF SANDY, OREGON

RECONCILIATION OF THE BALANCE SHEET OF THE
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
June 30, 2022

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balances - governmental funds		\$ 25,413,941
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Capital assets	\$ 48,222,644	
Accumulated depreciation	(17,655,266)	
Capital assets, net		30,567,378
Differences between expected and actual experiences, assumption changes and net differences between projected and actual earnings and contributions subsequent to the measurement date for the postretirement benefits (pension and OPEB) are recognized as deferred outflows of resources and deferred inflows of resources on the statement of net position.		
Deferred outflows - pension related	3,677,902	
Deferred outflows - OPEB related	64,010	
Deferred inflows - pension related	(4,478,433)	
Deferred inflows - OPEB related	(54,407)	
Total deferred outflows and inflows related to postemployment benefits		(790,928)
Other long-term assets that are not available to pay for current period expenditures and, therefore, are either deferred or not reported in the funds.		
Unavailable revenues	832,872	
Net OPEB asset	59,376	
Total other long-term assets		892,248
Internal service funds are used by management to charge the costs assets of administrative services department to individual funds. The and liabilities of the internal service funds are included in governmental activities in the statement of net position		361,043
Long-term liabilities that are not due and payable in the current period and therefore are not reported in the funds.		
Long-term debt	(14,070,661)	
Accrued compensated absences	(475,757)	
Accrued interest on long-term debt	(36,945)	
Net pension liability	(5,479,541)	
Total OPEB liability	(323,970)	
Total long-term liabilities		(20,386,874)
Net position of governmental activities		\$ 36,056,808

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

CITY OF SANDY, OREGON

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Fiscal Year Ended June 30, 2022

	General Fund	Street Fund	Urban Renewal Agency Fund	Transit Fund	Other Governmental Funds	Total Governmental
REVENUES						
Property taxes	\$ 4,005,391	\$ -	\$ 1,993,362	\$ -	\$ -	\$ 5,998,753
Public service taxes	1,956,224	1,373,784	-	824,122	-	4,154,130
Franchise fees	729,193	-	-	-	-	729,193
Grants	129,440	-	-	1,359,609	-	1,489,049
Charges for services	559,893	35,765	-	101,531	300	697,489
Licenses and permits	633,095	-	-	-	-	633,095
Fines and forfeitures	160,367	-	-	-	-	160,367
Special assessments	-	46,579	-	-	-	46,579
System development charges	-	283,355	-	-	427,548	710,903
Interest	17,104	44,242	36,540	20,773	16,100	134,759
Contributions and donations	-	-	-	-	79,223	79,223
Intergovernmental	-	367,549	-	40,346	-	407,895
Miscellaneous	133,135	50,603	1,353	23,225	2,076	210,392
Total revenues	8,323,842	2,201,877	2,031,255	2,369,606	525,247	15,451,827
EXPENDITURES						
General government	1,429,860	-	-	-	-	1,429,860
Highways and streets	-	686,253	-	-	-	686,253
Public transportation	-	-	-	1,821,604	-	1,821,604
Economic development	926,767	-	252,537	-	-	1,179,304
Public safety	3,072,203	-	-	-	-	3,072,203
Culture and recreation	2,440,225	-	-	-	159,607	2,599,832
Capital outlay	52,326	2,672,665	289,623	519,618	26,736	3,560,968
Debt service						
Principal	76,504	214,023	-	-	697,634	988,161
Interest	21,161	197,520	-	-	190,183	408,864
Total expenditures	8,019,046	3,770,461	542,160	2,341,222	1,074,160	15,747,049
Revenues over (under) expenditures	304,796	(1,568,584)	1,489,095	28,384	(548,913)	(295,222)
OTHER FINANCING SOURCES (USES)						
Proceeds from sale of capital assets	-	-	-	3,500	-	3,500
Transfers in	448,230	-	-	-	1,008,317	1,456,547
Transfers out	(201,064)	(59,360)	(912,099)	(107,960)	(6,476)	(1,286,959)
Total other financing sources (uses)	247,166	(59,360)	(912,099)	(104,460)	1,001,841	173,088
Net change in fund balance	551,962	(1,627,944)	576,996	(76,076)	452,928	(122,134)
FUND BALANCE, BEGINNING	2,652,015	11,773,253	6,230,022	2,233,650	2,647,135	25,536,075
FUND BALANCE, ENDING	\$ 3,203,977	\$ 10,145,309	\$ 6,807,018	\$ 2,157,574	\$ 3,100,063	\$ 25,413,941

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

CITY OF SANDY, OREGON

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**
Fiscal Year Ended June 30, 2022

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$	(122,134)
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Depreciation expense	\$	(1,779,372)
Capitalized expenditures		<u>3,252,010</u>
		1,472,638
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds</p>		
Property taxes		53,898
Long-term receivables		<u>455,183</u>
		509,081
<p>Long-term debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of long-term debt principal is an expenditure in the governmental funds, but repayment reduced long-term liabilities in the Statement of Net Position.</p>		
Principal paid on long-term debt		988,161
<p>The internal service funds are used by management to charge the costs of administrative services to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.</p>		
		10,888
<p>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 the governmental funds.</p>		
Accrued interest in long-term debt		21,938
Compensated absences		(67,278)
Changes in pension liabilities and related deferred outflows and inflows of resources		112,470
Changes in OPEB assets, liabilities, and related deferred outflows and inflows of resources		<u>(20,024)</u>
		47,106
Change in net position of governmental activities	\$	<u><u>2,905,740</u></u>

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

CITY OF SANDY, OREGON

PROPRIETARY FUNDS

STATEMENT OF NET POSITION
June 30, 2022

	Enterprise Funds				Total	Governmental
	Water Fund	Sewer Fund	Tele-communications Fund	Other Enterprise Fund		Internal Service Funds
ASSETS						
Current assets						
Cash and cash equivalents	\$ 348,674	\$ 1,984,069	\$ -	\$ 156,961	\$ 2,489,704	\$ 362,834
Investments	1,470,559	673,062	-	-	2,143,621	-
Accounts receivable, net	139,741	454,979	179,592	19,863	794,175	-
Inventory	-	-	256,377	-	256,377	-
Total current assets	1,958,974	3,112,110	435,969	176,824	5,683,877	362,834
Noncurrent assets						
Restricted cash and cash equivalents	-	82,866	138,007	-	220,873	-
Notes receivable	108,482	-	-	-	108,482	-
Capital assets, net	13,347,188	19,859,969	8,311,794	674,862	42,193,813	-
Net OPEB assets	2,605	3,065	5,504	1,987	13,161	-
Total noncurrent assets	13,458,275	19,945,900	8,455,305	676,849	42,536,329	-
Total assets	15,417,249	23,058,010	8,891,274	853,673	48,220,206	362,834
DEFERRED OUTFLOW OF RESOURCES						
Pension related	161,343	189,832	340,922	123,101	815,198	-
OPEB related	2,808	3,304	5,933	2,142	14,187	-
Total deferred outflows of resources	164,151	193,136	346,855	125,243	829,385	-
LIABILITIES						
Current liabilities						
Accounts payable	131,270	1,545,999	43,387	311,256	2,031,912	1,791
Due to other funds	-	-	285,941	-	285,941	-
Accrued compensated absences	15,444	16,080	29,796	3,181	64,501	-
Accrued interest	81,897	12,744	84,008	1,574	180,223	-
Current portion of long-term debt	334,086	629,428	309,364	41,273	1,314,151	-
Total current liabilities	562,697	2,204,251	752,496	357,284	3,876,728	1,791
Noncurrent liabilities						
Interfund loan payable	-	-	311,331	-	311,331	-
Long-term debt, net of current portion	4,752,010	10,747,362	6,229,667	391,943	22,120,982	-
Net pension liability	240,377	282,823	507,925	183,402	1,214,527	-
Total OPEB liability	14,212	16,721	30,030	10,843	71,806	-
Total noncurrent liabilities	5,006,599	11,046,906	7,078,953	586,188	23,718,646	-
Total liabilities	5,569,296	13,251,157	7,831,449	943,472	27,595,374	1,791
DEFERRED INFLOWS OF RESOURCES						
Pension related	196,460	231,150	415,127	149,894	992,631	-
OPEB related	2,387	2,808	5,043	1,821	12,059	-
Total deferred inflows of resources	198,847	233,958	420,170	151,715	1,004,690	-
NET POSITION						
Net investment in capital assets	8,261,092	8,483,179	1,772,763	241,646	18,758,680	-
Restricted for OPEB	2,605	3,065	5,504	1,987	13,161	-
Unrestricted	1,549,560	1,279,787	(791,757)	(359,904)	1,677,686	361,043
Total net position	\$ 9,813,257	\$ 9,766,031	\$ 986,510	\$ (116,271)	\$ 20,449,527	\$ 361,043

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

CITY OF SANDY, OREGON

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Fiscal Year Ended June 30, 2022

	Enterprise Funds				Total	Governmental
	Water Fund	Sewer Fund	Tele-communications Fund	Other Enterprise Fund		Activities
						Internal Service Funds
OPERATING REVENUES						
Charges for services	\$ 1,924,841	\$ 3,318,675	\$ 2,222,506	\$ 272,076	\$ 7,738,098	\$ -
Special assessments and surcharges	34,735	48,339	-	34,735	117,809	-
Miscellaneous	79,519	-	6,999	82	86,600	-
Total operating revenues	2,039,095	3,367,014	2,229,505	306,893	7,942,507	-
OPERATING EXPENSES						
Salaries, fringe benefits, and payroll taxes	322,077	369,476	752,684	243,875	1,688,112	-
Utilities	130,636	145,466	11,254	1,848	289,204	32,439
Contract services	281,961	770,239	90,922	5,227	1,148,349	63,985
Insurance	21,417	15,946	10,831	-	48,194	2,060
Repairs and maintenance	28,756	122,793	21,069	8,888	181,506	8,129
Depreciation	417,648	274,879	498,663	45,010	1,236,200	-
Other operating expense	372,069	260,393	287,788	71,150	991,400	-
Total operating expenses	1,574,564	1,959,192	1,673,211	375,998	5,582,965	106,613
Operating income (loss)	464,531	1,407,822	556,294	(69,105)	2,359,542	(106,613)
NON-OPERATING INCOME (EXPENSE)						
System development charges	277,953	634,747	-	-	912,700	-
Interest income	(27,645)	(8,339)	9	1,264	(34,711)	3
Interest expense	(146,276)	(94,030)	(253,358)	(20,240)	(513,904)	-
Total non-operating income (expense)	104,032	532,378	(253,349)	(18,976)	364,085	3
Income (loss) before transfers	568,563	1,940,200	302,945	(88,081)	2,723,627	(106,610)
TRANSFERS						
Transfers in	-	-	30,000	-	30,000	117,498
Transfers out	(88,152)	(85,488)	(102,830)	(40,616)	(317,086)	-
Transfers, net	(88,152)	(85,488)	(72,830)	(40,616)	(287,086)	117,498
Change in net position	480,411	1,854,712	230,115	(128,697)	2,436,541	10,888
NET POSITION - BEGINNING	9,332,846	7,911,319	756,395	12,426	18,012,986	350,155
NET POSITION - ENDING	\$ 9,813,257	\$ 9,766,031	\$ 986,510	\$ (116,271)	\$ 20,449,527	\$ 361,043

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

CITY OF SANDY, OREGON

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS
Fiscal Year Ended June 30, 2022

	Enterprise Funds				Total	Governmental
	Water Fund	Sewer Fund	Tele-communications Fund	Other Enterprise Fund		Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash received from customers	\$ 2,056,470	\$ 3,303,191	\$ 2,224,413	\$ 308,524	\$ 7,892,598	\$ -
Cash paid for salaries and benefits	(311,007)	(356,469)	(704,015)	(239,160)	(1,610,651)	-
Cash paid to suppliers and others	(766,657)	(1,065,523)	(483,927)	219,351	(2,096,756)	(107,795)
Net cash provided by (used for) operating activities	978,806	1,881,199	1,036,471	288,715	4,185,191	(107,795)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers in	-	-	30,000	-	30,000	117,498
Transfers out	(88,152)	(85,488)	(102,830)	(40,616)	(317,086)	-
Payments on interfund loan	-	-	(48,522)	-	(48,522)	-
Net cash provided by noncapital financing activities	(88,152)	(85,488)	(121,352)	(40,616)	(335,608)	117,498
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
System development charges	277,953	634,747	-	-	912,700	-
Purchases of capital assets	(260,983)	(10,666,470)	(344,669)	(294,768)	(11,566,890)	-
Proceeds from long-term debt	-	8,796,737	-	-	8,796,737	-
Principal paid on long-term debt	(454,547)	(2,157,241)	(352,879)	(43,606)	(3,008,273)	-
Interest paid on long-term debt	(151,617)	(94,147)	(257,200)	(20,363)	(523,327)	-
Net cash provided by (used for) capital and related financing activities	(589,194)	(3,486,374)	(954,748)	(358,737)	(5,389,053)	-
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchases of investments	(722,819)	(330,828)	-	-	(1,053,647)	-
Proceeds from investments	693,605	921,770	-	-	1,615,375	-
Interest income	(27,645)	(8,339)	9	1,264	(34,711)	3
Net cash provided by (used for) investing activities	(56,859)	582,603	9	1,264	527,017	3
Net increase (decrease) in cash and cash equivalents	244,601	(1,108,060)	(39,620)	(109,374)	(1,012,453)	9,706
CASH AND CASH EQUIVALENTS - BEGINNING	104,073	3,174,995	177,627	266,335	3,723,030	353,128
CASH AND CASH EQUIVALENTS - ENDING	\$ 348,674	\$ 2,066,935	\$ 138,007	\$ 156,961	\$ 2,710,577	\$ 362,834
COMPRISED AS FOLLOWS:						
Unrestricted	\$ 348,674	\$ 1,984,069	\$ -	\$ 156,961	\$ 2,489,704	\$ 362,834
Restricted	-	82,866	138,007	-	220,873	-
Total	\$ 348,674	\$ 2,066,935	\$ 138,007	\$ 156,961	\$ 2,710,577	\$ 362,834
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:						
Operating income (loss)	\$ 464,531	\$ 1,407,822	\$ 556,294	\$ (69,105)	\$ 2,359,542	\$ (106,613)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:						
Depreciation expense	417,648	274,879	498,663	45,010	1,236,200	-
(Increase) decrease in receivables	17,375	(63,823)	(4,071)	1,631	(48,888)	-
(Increase) decrease in inventory	-	-	(1,418)	-	(1,418)	-
(Increase) decrease in pension related balances	10,604	11,680	34,513	4,151	60,948	-
(Increase) decrease in OPEB related balances	1,450	1,675	3,508	961	7,594	-
(Decrease) increase in accounts payable	68,182	249,314	(163,683)	306,464	460,277	(1,182)
(Decrease) increase in due to other funds	-	-	102,017	-	102,017	-
(Decrease) increase in compensated absences	(984)	(348)	10,648	(397)	8,919	-
Net cash provided by (used for) operating activities	\$ 978,806	\$ 1,881,199	\$ 1,036,471	\$ 288,715	\$ 4,185,191	\$ (107,795)

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

CITY OF SANDY, OREGON

FIDUCIARY FUND

STATEMENT OF FIDUCIARY NET POSITION
June 30, 2022

	<u>Custodial Fund</u>
ASSETS	
Current assets	
Cash and cash equivalents	<u>\$ 135,241</u>
LIABILITIES	
Current liabilities	
Accounts payable	<u>7,293</u>
NET POSITION	
Restricted for other organizations	<u><u>\$ 127,948</u></u>

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

CITY OF SANDY, OREGON

FIDUCIARY FUND

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
Fiscal Year Ended June 30, 2022

	<u>Custodial Fund</u>
ADDITIONS	
Contributions	
Other organizations	\$ 8,494
Investment earnings	
Interest	<u>728</u>
Total additions	<u>9,222</u>
DEDUCTIONS	
Recipient payments	<u>10,267</u>
Net change in fiduciary net position	(1,045)
NET POSITION - BEGINNING	<u>128,993</u>
NET POSITION - ENDING	<u><u>\$ 127,948</u></u>

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

CITY OF SANDY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS Fiscal Year Ended June 30, 2022

1. Summary of Significant Accounting Policies

The financial statements of the City of Sandy, Oregon (the City) have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principals. The City's significant accounting policies are described below.

A. Description of government-wide financial statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

B. Reporting Entity

The City is a municipal corporation governed by an elected mayor and six-member council (City Council). The accompanying financial statements present the government and its component unit, the Sandy Urban Renewal Agency (the Agency), an entity for which the government is considered to be financially accountable.

Sandy Urban Renewal Agency. The Sandy Urban Renewal Agency (the Agency) was formed to plan, direct, and manage certain projects within Sandy. Pursuant to ORS 457.055, the City Council and representatives from the Sandy Fire District and the Sandy Area Chamber of Commerce have been appointed governing body of the Agency. The Agency is, in substance, part of the primary government's operations, even though it is a legally separate entity. Thus, the Agency's General Fund is appropriately presented as a governmental fund of the City. Separately issued financial statements for the Agency may be obtained at: City of Sandy - City Hall 39250 Pioneer Blvd. Sandy, OR 97055-8001.

C. Basis of presentation – government-wide financial statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from the governmental funds and internal service funds, while business-type activities incorporate data from the City's enterprise funds. Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges for interfund services provided. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

D. Basis of presentation – fund financial statements

The fund financial statements provide information about the City's funds, including its fiduciary fund and blended component unit. Separate financial statements for each fund category – governmental, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

CITY OF SANDY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2022

The City reports the following major governmental funds:

- The *General Fund* accounts for all activities not accounted for by other funds of the City. Principal sources of revenues are property taxes, state and county shared revenues, and licenses and permits. Primary expenditures are made for police protection, culture and recreation, and general government.
- The *Street Fund* accounts for revenue derived from the state gas tax that is used for repair, maintenance, and construction of streets.
- The *Transit Fund* accounts for revenue from a 0.6% employer payroll tax and intergovernmental sources that are used to operate the Sandy Area Metro (SAM) transit service.
- The *Urban Renewal Agency Fund* accounts for revenues from tax increment financing (property taxes) that are used to fund the urban renewal plan.

The City reports the following major enterprise funds:

- The *Water Fund* accounts for the financial activities of the city-owned water utility operations. Sales of water and related charges are the major revenue sources.
- The *Sewer Operations Fund* accounts for the financial activities of the city-owned sewer service. Wastewater charges are the major revenue source.
- The *Telecommunications Fund* accounts for the city-owned internet data access system. User charges are the major revenue sources.

Additionally, the City reports the following fund types:

- *Internal Service Funds* account for goods and services to other departments on a cost reimbursement basis. The Operations Center internal service fund is used to pool resources from departments that occupy the Operations Center building to allocate costs associated with shared invoices. Revenue sources are transfers from the Water, Sewer, Storm Water, Street, Transit, and General Funds. The Facility Maintenance internal service fund is intended for major maintenance, repairs, and replacements at City-owned buildings. Transfers into this fund come from various other funds that are housed in buildings open to the public. Contributions are based on a percentage of each department budget.
- The *Custodial Fund* accounts for contributions from private sources that are held by the City in a fiduciary capacity. Expenditures are made for the benefit of the library, senior center, recreation, emergency services, and Sandy Times.

CITY OF SANDY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS Fiscal Year Ended June 30, 2022

During the course of operations, the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and interfund loans payable/receivable. Further, certain activity occurs during the year involving transfers of resources between funds reported at gross amounts as transfers in/out. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the governmental-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities' column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities' column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

E. Measurement focus and basis of accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of recognition in the financial statements of various kinds of transactions or events.

The government-wide, proprietary, and fiduciary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified basis of accounting*. Revenues are recognized when they have been earned and 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 City considers revenues to be available if they are collected within 60 days of the current fiscal year. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service principal and interest expenditures on general long-term debt, as well as expenditures related to compensated absences, postemployment benefits are recognized later based on specific accounting rules applicable to each, generally when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and financing through leases are reported as other financing sources.

Property taxes, franchise fees, licenses, and interest associated with the current fiscal year are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. Entitlement grants are recorded as revenue when all eligibility requirements have been met, including any time requirements, and the amount is received during the fiscal year or within the availability period for this revenue source (within 60 days of fiscal year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the fiscal year or within the availability period for this revenue source (within 60 days of fiscal year end). All other revenue items are considered to be measurable and available only when cash is received by the City.

CITY OF SANDY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2022

F. Cash and Investments

The City’s cash and cash equivalent include cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Investments included in cash and cash equivalents are reported at fair value.

The City invests in the State of Oregon Local Government Investment Pool, which is authorized by Oregon Revised Statutes. Interest earned from pooled investments is allocated based on a fund’s portion of the total investment balance. The City maintains depository insurance under Federal depository insurance funds and state and financial institution collateral pools for its cash deposits and investments, except the Local Government Investment Pool, which is exempt from statutes requiring such insurance.

G. Inventories

All inventories are valued at cost using first-in/first-out (FIFO) basis and are accounted for using the consumption method.

H. Capital Assets

Capital assets are tangible and intangible assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, streetlights, and similar items.), are reported in the applicable governmental or business-type activities column in the governmental-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and estimated life in excess of one year.

As the City constructs or acquires capital assets each fiscal year, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs, which are amounts spent in relation to capital assets that do not increase the asset’s capacity or efficiency or increase its estimated useful life. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of donation. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class.

Land and construction in progress are not depreciated. The other tangible and intangible property, plant, equipment, and infrastructure of the City are depreciated/amortized using the straight-line method over the following useful lives:

<u>Asset</u>	<u>Years</u>
Buildings	40
Improvements	7-20
Infrastructure	10-50
Vehicles	5-10
Furniture and equipment	5-20

Monthly depreciation is taken in the year the assets are acquired or retired. Gains or losses from sales or retirements of capital assets are included in operations of the current period.

CITY OF SANDY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS Fiscal Year Ended June 30, 2022

I. Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position includes a separate section for *deferred outflows of resources*. Deferred outflows of resources represent a consumption of net assets that applies to future a period(s) and so will *not* be recognized as an outflow of resources (expenditure/expense) until then. The City has two items that qualify for reporting in this category. The two items are the deferred amount relating to pensions and the deferred amount relating to other post-employment benefits (OPEB). These deferred amounts relate to differences between expected and actual experience, changes in actuarial assumptions, and other pension and OPEB related charges.

In addition to liabilities, the statement of financial position includes a separate section for *deferred inflow of resources*. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has three types of items that qualify for reporting in this category. *Unavailable revenue* is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from three sources: property taxes, court fines and fees, and grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In the government-wide financial statements, the City reports deferred amounts related to pension and OPEB.

J. Net Position

For government-wide reporting as well as in proprietary funds, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

- *Net investment in capital assets* consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds, notes, and other debt net of unspent proceeds that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.
- *Restricted net position* consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.
- *Unrestricted net position* is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

K. Fund balance

In governmental fund types, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources, is called "fund balance." The City's governmental funds report the following categories of fund balance, based on the nature of any limitations requiring the use of resources for specific purposes.

CITY OF SANDY, OREGON

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- *Nonspendable* fund balance represents amounts that are either not in a spendable form or are legally or contractually required to remain intact.
- *Restricted* fund balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers such as grantors or enabling federal, state, or local legislation. Restriction may be changed or lifted only with the consent of the resource provider.
- *Committed* fund balance represents amounts that can be used for the specific purpose determined by adoption of ordinance or resolution for a specified purpose by the City Council prior to the end of the fiscal year. Once adopted, the limitation imposed by the ordinance or resolution remains in place until the resources have been spent or the City Council adopts another ordinance or resolution to remove or revise the limitation.
- *Assigned* fund balance represents amounts that are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The City Council has, by resolution, authorized the city manager to assign fund balance. City Council may also assign fund balance, as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's adopted budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.
- *Unassigned* fund balance represents the residual amount for the general fund that is not contained in the other classifications. The general fund is the only fund that reports a positive unassigned fund balance. Additionally, any deficit fund balance within the other governmental fund types is reported as unassigned.

As previously mentioned, sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

L. Program revenues

Amounts reported as program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided or fines imposed by a given function or segment, and (2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

M. Property Taxes

Property taxes are assessed and become a lien against the property as of July 1 each year and are payable in three installments on November 15, February 15, and May 15 following the lien date. Taxes unpaid and outstanding on May 16 are considered delinquent and subject to penalties and interest.

CITY OF SANDY, OREGON

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N. Compensated Absences

Vacation. The City’s policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment upon separation from government service. The liability for such leave is reported as incurred in the government-wide and proprietary fund financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

Sick. Accumulated sick leave lapses when employees leave the employ of the City and, upon separation from service, no monetary obligation exists.

O. Proprietary funds operating and nonoperating revenues and expenses

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the water fund, sewer fund, storm water fund, telecommunications fund, and internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

2. Cash and investments

It is the policy of the City to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the City and conforming to all state and local statutes governing the investment of public funds, using the “prudent person” standard for managing the overall portfolio. The primary objective of the policy is safety (preservation of capital), liquidity, and yield.

The City utilizes a pooled cash and investment concept for all its funds, to maximize its investment program. Investment income from internal pooling is allocated to the respective funds based upon the sources of funds invested. At June 30, 2022, cash and investments consisted of the following:

	Fair Value Measurement			Total	Weighted Average Maturity
	N/A	Level 1	Level 2		
Cash on hand	\$ 2,350	\$ -	\$ -	\$ 2,350	-
Demand deposits	347,684	-	-	347,684	-
Investments:					
Oregon State Treasurer’s Local Government Investment Pool	26,860,893	-	-	26,860,893	-
Money market securities	593,565	-	-	593,565	-
Certificates of deposit	-	-	549,668	549,668	0.70
U.S. and U.S. Agency obligations	-	2,424,981	404,043	2,829,024	1.42
Corporate bonds	-	-	100,849	100,849	0.12
Total pooled cash and investments	<u>\$ 27,804,492</u>	<u>\$ 2,424,981</u>	<u>\$ 1,054,560</u>	<u>\$ 31,284,033</u>	0.14

The Oregon State Treasurer’s Investment Pool operates in accordance with appropriate state laws and regulations, but is not regulated by other laws, organizations, or regulations. The reported value of the Pool is the same as the fair value of Pool shares. Investments are regulated by the Oregon Short-Term Fund Board and approved by the Oregon Investment Council (ORS 294.805 to 294.895). The Pool is not registered with the SEC as an investment company and is unrated.

CITY OF SANDY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS
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Cash and investments are reflected on the basic financial statements as follows:

	Governmental Activities	Business-Type Activities	Fiduciary Activities	Total
Cash and cash equivalents				
Unrestricted	\$ 24,958,674	\$ 2,489,704	\$ 135,241	\$ 27,583,619
Restricted	-	220,873	-	220,873
Investments	1,335,920	2,143,621	-	3,479,541
Total pooled cash and investments	<u>\$ 26,294,594</u>	<u>\$ 4,854,198</u>	<u>\$ 135,241</u>	<u>\$ 31,284,033</u>

A. Cash deposits with financial institutions

Custodial Credit Risk - Deposits. In case of deposits, this is the risk that, in the event of a bank's failure, the City's deposits may not be returned. The City does not have a deposit policy for custodial credit risk. The Federal Depository Insurance Corporation (FDIC) and National Credit Union Administration (NCUA) provide insurance for the City's deposits up to \$250,000 for the combined total of all deposit accounts at each financial institution. The remaining deposits are covered by the Public Funds Collateralization program (PFCP) of the State of Oregon in accordance with ORS 295. Depositories qualified under this program are required to pledge collateral against any public funds deposits in excess of deposit insurance amounts. This provides additional protection for public funds in the event of a bank failure or loss. ORS 295 sets the specific value of the collateral, as well as the types of collateral that are acceptable. ORS 295 creates a shared liability structure for participating depositories, better protecting public funds though still not guaranteeing that all funds are 100% protected. As of June 30, 2022, the City's bank balance was \$626,284 and the carrying amount of the deposits was \$347,684.

B. Investments

Interest Rate Risk. Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the weighted average maturity of its investments portfolio to 36 months.

Credit Risk. State statutes authorize the City to invest in general obligations of the U.S. Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, and the State Treasurer's Oregon Local Government Investment Pool, among others. The City's investment policy does not further limit its investment choices.

The City's investment in the Local Government Investment Pool is considered unclassified as to credit risk because it is not evidenced by securities that exist in physical or book entry form.

Custodial Credit Risk - Investments. The custodial risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy allows for use of a third party for safekeeping and custody, as appropriate, to limit its exposure.

Concentration of Credit Risk. The City's investment policy allows the City to have a maximum of up to 35% of total portfolio in either Commercial paper or Corporate Indebtedness to limit concentration of credit risk. The City's investments were rated AA+ or AA- by Moody's Investors Service.

CITY OF SANDY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS
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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: Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active.

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

3. Receivables

Uncollected taxes and assessments are deemed to be substantially collectible or recoverable through liens. Therefore, no allowance for uncollectible accounts has been established for governmental activities. The allowance for uncollectible accounts for business-type activities was \$67,336 at June 30, 2022.

4. Capital Assets

Capital asset activity for the year ended June 30, 2022 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets, not being depreciated				
Land	\$ 4,207,088	\$ 1,232,076	\$ -	\$ 5,439,164
Construction-in-progress	576,966	1,441,501	-	2,018,467
Total capital assets, not being depreciated	4,784,054	2,673,577	-	7,457,631
Capital assets, being depreciated				
Improvements	13,486,185	56,315	-	13,542,500
Buildings	19,672,231	-	-	19,672,231
Furniture and equipment	1,764,030	11,753	-	1,775,783
Vehicles	4,904,454	510,365	-	5,414,819
Intangible assets	359,680	-	-	359,680
Total capital assets, being depreciated	40,186,580	578,433	-	40,765,013
Less accumulated depreciation				
Improvements	(5,033,991)	(570,560)	-	(5,604,551)
Buildings	(5,660,874)	(775,023)	-	(6,435,897)
Furniture and equipment	(1,545,493)	(89,726)	-	(1,635,219)
Vehicles	(3,433,870)	(317,728)	-	(3,751,598)
Intangible assets	(201,666)	(26,335)	-	(228,001)
Total accumulated depreciation	(15,875,894)	(1,779,372)	-	(17,655,266)
Total capital assets, being depreciated, net	24,310,686	(1,200,939)	-	23,109,747
Total governmental activities capital assets	\$ 29,094,740	\$ 1,472,638	\$ -	\$ 30,567,378

CITY OF SANDY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS
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Depreciation/amortization was charged to the functions/programs of the governmental activities of the primary government as follows:

General government	\$ 435,006
Public safety	296,425
Highways and streets	218,804
Public transportation	269,076
Economic development	153,009
Culture and recreation	<u>407,052</u>
Total depreciate/amortization expense - governmental activities	<u>\$ 1,779,372</u>

	Beginning Balance	Additions	Deletions	Ending Balance
Business-Type Activities				
Capital assets, not being depreciated				
Land	\$ 1,099,674	\$ -	\$ -	\$ 1,099,674
Construction-in-progress	3,465,820	10,758,495	-	14,224,315
Total capital assets, not being depreciated	<u>4,565,494</u>	<u>10,758,495</u>	<u>-</u>	<u>15,323,989</u>
Capital assets, being depreciated				
Improvements	40,564,139	554,818	-	41,118,957
Buildings	976,801	-	-	976,801
Furniture and equipment	3,629,208	204,343	-	3,833,551
Vehicles	857,464	49,239	-	906,703
Total capital assets, being depreciated	<u>46,027,612</u>	<u>808,400</u>	<u>-</u>	<u>46,836,012</u>
Less accumulated depreciation				
Improvements	(15,026,863)	(975,501)	-	(16,002,364)
Buildings	(379,561)	(19,209)	-	(398,770)
Furniture and equipment	(2,603,779)	(199,684)	-	(2,803,463)
Vehicles	(719,780)	(41,811)	-	(761,591)
Total accumulated depreciation	<u>(18,729,983)</u>	<u>(1,236,205)</u>	<u>-</u>	<u>(19,966,188)</u>
Total capital assets, being depreciated, net	<u>27,297,629</u>	<u>(427,805)</u>	<u>-</u>	<u>26,869,824</u>
Total business-type activities capital assets	<u>\$ 31,863,123</u>	<u>\$ 10,330,690</u>	<u>\$ -</u>	<u>\$ 42,193,813</u>

5. Pension Plan

A. PERS Defined Benefit Pension Plan

Plan Description

The City is a participating employer in the State of Oregon Public Employees Retirement System (PERS). All City employees are eligible to participate in the system after completing six months of service. All the benefits of PERS are established by the Oregon legislature pursuant to ORS Chapters 238 and 238A. Plans pursuant to ORS Chapter 238 are closed to new members hired on or after August 29, 2003. PERS issues a publicly available financial report that can be obtained at: <http://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>.

CITY OF SANDY, OREGON

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Plan Benefits

Benefits provided under Chapter 238 – Tier One/Tier Two

Pension Benefits. The PERS retirement allowance is payable monthly for life. Members may select from 13 retirement benefit options that are actuarially equivalent to the base benefit. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.00% for Police and Fire employees, 1.67% for General Service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results. Monthly payments 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. General Service employees may retire after reaching age 55. Tier One General Service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Tier Two members are eligible for full benefits at age 60. The plans are closed to new members hired on or after August 29, 2003.

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

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

Disability Benefits. A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member 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 when determining the monthly benefit.

Benefit Changes After Retirement. Members may choose to continue participation in their Variable Account after retiring and may experience annual benefit fluctuations due to changes in the fair value of the underlying global equity investments of that account. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes (COLA). For benefits earned before October 2013, the COLA varies based on the Consumer Price Index but is capped at 2.0 percent. For benefits earned after October 2013, the COLA will vary based on 1.25 percent of the first \$60,000 of earned benefit and 0.15 percent of earned benefit greater than \$60,000.

Benefits provided under Chapter 238A – OPSRP Pension Program

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

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

General Service: 1.5% for General Service is multiplied by the number of years of service and the final average salary. for members who attain normal retirement age. 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 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 nonretired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse receives for life 50% of the pension that would otherwise have been paid to the deceased member. The surviving spouse or other person may elect to delay payment of the death benefit, but payment must commence no later than December 31 of the calendar year in which the member would have reached 70½ years.

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.

Contributions

PERS' funding policy provides for periodic member and employer contributions at rates established by the Public Employees Retirement Board, subject to limits set in statute. The rates established for member and employer contributions were approved based on the recommendations of the System's third-party actuary. Employers make monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the year were based on the December 31, 2019 actuarial valuation, which became effective July 1, 2021.

The City's employer contribution rates effective July 1, 2021 through June 30, 2023, based on the December 31, 2019 valuation, are 26.49% of covered payroll for Tier 1/Tier 2 members and 20.21% of covered payroll for OPSRP members. For the year ended June 30, 2022, employer contributions were \$1,165,494.

CITY OF SANDY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS
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Net Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2022, the City reported a liability of \$6,694,068 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019 and rolled forward to June 30, 2021. The City's proportion of the net pension liability was based on the City's projected long-term contribution effort as compared to the total projected long-term contribution effort of all employers. At the June 30, 2021 measurement date, the City's proportion was 0.05594016%, an increase from 0.05007173% at the prior measurement date.

For the year ended June 30, 2022, the City recognized a pension expense of \$1,136,021 for the PERS Defined Benefit Pension Plan. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ 626,609	\$ -
Changes in Assumptions	1,675,727	17,617
Net difference between projected and actual earnings on investments	-	4,955,567
Changes in proportionate share	1,013,577	217,637
Differences between District contributions and proportionate share of contributions	<u>11,693</u>	<u>280,243</u>
Total prior to post-measurement date contributions	3,327,606	5,471,064
Contributions subsequent to the measurement date	<u>1,165,494</u>	<u>-</u>
Total deferred outflows / inflows of resources	<u>\$ 4,493,100</u>	<u>\$ 5,471,064</u>

The \$1,165,494 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Net Deferred Outflow/ (Inflows) of Resources</u>
2023	\$ (286,852)
2024	(372,872)
2025	(632,546)
2026	(1,066,794)
2027	<u>215,606</u>
	<u>\$ (2,143,458)</u>

CITY OF SANDY, OREGON

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Fiscal Year Ended June 30, 2022

Actuarial Methods and Assumptions

Actuarial Valuations

The employer contribution rates effective July 1, 2021, through June 30, 2023, were set using the entry age normal actuarial cost method. Under this cost method, each active member's entry age present value of projected benefits is allocated over the member's service from their date of entry until their assumed date of exit, taking into consideration expected future compensation increases.

The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

Valuation date	December 31, 2019
Measurement date	June 30, 2021
Experience study	2018, published July 24, 2019
Actuarial cost method	Entry age normal
Actuarial assumptions:	
Inflation rate	2.40% (2.50% in prior year)
Investment rate of return	6.90% (7.20% in prior year)
Discount rate	6.90% (7.20% in prior year)
Projected salary increases	3.40% (3.50% in prior year)
Cost of living adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with Moro decision; blend based on service.
Mortality	Healthy retirees and beneficiaries: Pub-2010 Healthy Retiree, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Active member: Pub-2010 Employee, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and setbacks as described in the valuation. Disabled retirees: Pub-2010 Disabled Retiree, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and setbacks as described in the valuation.

The actuarial valuation calculations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarial determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2018 Experience Study, which reviewed experience for the four-year period ending on December 31, 2018.

CITY OF SANDY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS
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Discount Rate

The discount rate used to measure the total pension liability was 6.90% 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%, 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%) or 1-percentage-point higher (7.90%) than the current rate:

Discount Rate:	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Net Pension Liability	\$ 13,145,548	\$ 6,694,068	\$ 1,296,521

Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in June 2021 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council (OIC) investment advisors. 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. For more information on the Plan's portfolio, assumed asset allocation, and the long-term expected rate of return for each major asset class, calculated using both arithmetic and geometric means, see PERS' audited financial statements at:

<https://www.oregon.gov/pers/Documents/Financials/CAFR/2021-ACFR.pdf>

Depletion Date Projection

GASB Statement No. 68 and Statement No. 75 generally require that a blended discount rate be used to measure total pension liability and total OPEB liability (the actuarial accrued liabilities are 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 (fair market value of investment assets, all others at cost) 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 GAAP will often require that the actuary perform complex projections of future benefit payments and pension plan investments. GAAP does allow for alternative evaluations of projected solvency if such evaluations can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgement. The following circumstances justify an alternative evaluation of sufficiency for the plan:

- PERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.

CITY OF SANDY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2022

- 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 assumptions.
- GASB specifies that the projections regarding future solvency assume that plan assets earn the assumed rate of 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 PERS' independent actuary's opinion that the detailed depletion date projections outlined by GASB would clearly indicate that the fiduciary net position is always projected to be sufficient to cover benefit payments and administrative expenses.

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in PERS' audited financial statements.

B. PERS Defined Contribution Pension Plan

Pension Benefits

Participants in PERS defined benefit pension plans also participate in their defined contribution plan, the Individual Account Program (IAP). The IAP is an individual account-based program under the PERS tax-qualified governmental plan as defined under ORS 238A.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. The accounts fall under Internal Revenue Code Section 401(a).

Upon retirement, a member of OPSRP 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. Installment amounts vary with market returns as the account remains invested while in distribution. When chosen, the distribution options must result in a \$200 distribution amount, or frequency of the installments will be adjusted to reach that minimum.

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

PERS contracts with VOYA Financial to maintain IAP participant records.

CITY OF SANDY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2022

Contributions

Employees that are PERS members are required to make contributions of 6% of covered payroll. The City has opted to pay the employees' contributions to the plan. When the PERS system is less than 90% funded, 2.5% for Tier 1/Tier 2 and 0.75% for OPSRP is redirected into an Employee Pension Stability Account (EPSA) for employees with salaries over the statutory salary threshold (\$3,333 as of January 1, 2022). Employees may elect to contribute the redirected amount on an after-tax basis to the IAP. For the year ended June 30, 2022, the City paid \$310,811 to the plan, with \$50,671 redirected to the EPSA.

6. Other Post-Employment Benefit (OPEB) Plans

The other postemployment benefits (OPEB) for the City includes 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.

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

	Implicit Rate Subsidy Plan	PERS RHIA Plan	Totals
Net OPEB Asset	\$ -	\$ 72,537	\$ 72,537
Deferred Outflow of Resources	54,541	23,656	78,197
Total OPEB Liability	395,776	-	395,776
Deferred Inflow of Resources	46,130	20,336	66,466
OPEB Expense (Benefit)	37,629	2,955	40,584

A. Implicit Rate Subsidy Plan

Plan Description and Benefits

Per ORS 243.303, the City provides health insurance coverage on a self-pay basis for retirees and eligible dependents until they are Medicare eligible. Healthcare premiums rates must be based on all plan members, both active employees and retirees. The medical premium rates charged for coverage are typically less than actual expected retiree claim costs due to medical premium rates being determined by blending both active employee and retiree. This difference constitutes an implicit subsidy for OPEB. This "plan" is not a stand-alone plan and therefore does not issue its own financial statements.

As of the valuation date of July 1, 2020, the following employees were covered by the benefit terms:

Active employees	72
Eligible retirees	2
Total participants	<u>74</u>

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

At June 30, 2022, the City reported total OPEB liability of \$395,776. The total OPEB liability was measured as of June 30, 2021 and determined by an actuarial valuation as of July 1, 2020. For the year ended June 30, 2022, the City recognized an OPEB expense of \$37,629. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

CITY OF SANDY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2022

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ 33,414	\$ 3,668
Changes in Assumptions	<u>8,737</u>	<u>42,462</u>
Total prior to post-measurement date contributions	42,151	46,130
Contributions subsequent to the measurement date	<u>12,390</u>	<u>-</u>
Total deferred outflows / inflows of resources	<u>\$ 54,541</u>	<u>\$ 46,130</u>

The \$12,390 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2023. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense (benefit) as follows:

Year Ended June 30,	Net Deferred Outflow/ (Inflows) of Resources
2023	\$ (3,533)
2024	(3,533)
2025	(3,533)
2026	(3,277)
2027	1,643
Thereafter	<u>8,254</u>
	<u>\$ (3,979)</u>

Actuarial Methods and Assumptions

The total OPEB liability in the July 1, 2020 actuarial valuation was determined using the following actuarial assumptions:

Actuarial cost method	Entry age normal
Actuarial assumptions:	
Discount rate	2.16%, based on the 20-year general obligation bond yield index published by the Bond Buyer
General inflation rate	2.50%
Projected salary increases	3.50%
Healthcare cost trend rate	Medical and Vision: Starts at 3.75% in 2020, increases to 5.75% before decreasing to 4.00% in 2072 Dental: -1.25% for 2020, 4.00% per year thereafter
Election and Lapse Rates	40% of eligible employees, 60% of male members, and 35% of female members will elect spouse coverage

CITY OF SANDY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2022

Withdrawal, Retirement, and
Mortality Rates

Based on December 31, 2019 Oregon PERS valuation (see
Note 5)

Changes in Total OPEB Liability

Balance as of June 30, 2021	\$ 369,072
Changes for the year	
Service cost	32,467
Interest	8,695
Changes of assumptions or other inputs	1,832
Benefit payments	<u>(16,290)</u>
Balance as of June 30, 2022	<u>\$ 395,776</u>

Sensitivity of the Total OPEB Liability

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

Discount Rate	1% Decrease	Current Discount Rate	1% Increase
Total OPEB Liability	\$ 433,889	\$ 395,776	\$ 360,605

Healthcare Cost Trend	1% Decrease	Current Cost Trend	1% Increase
Total OPEB Liability	\$ 342,855	\$ 395,776	\$ 459,896

B. PERS Retirement Health Insurance Account (RHIA)

As a participating employer in PERS, certain employees are eligible to participate in the PERS Retirement Health Insurance Account (RHIA), which is established by ORS 238.420. RHIA is a cost-sharing multiple-employer defined benefit other postemployment benefit plan administered by PERS. Authority to establish and amend the benefit provisions of RHIA reside with the Oregon Legislature. The plan is closed to new entrants hired on or after August 29, 2003. PERS issues a publicly available financial report that can be obtained at:

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

Plan Benefits

RHIA provides up to \$60 toward the monthly cost of health insurance for eligible PERS members. To be eligible to receive this monthly payment toward the premium costs 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 SANDY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2022

Contributions

The City's employer contribution rates effective July 1, 2021 through June 30, 2023 are 0.05% of covered payroll for Tier 1/Tier 2 members and 0.00% of covered payroll for OPSRP members. For the year ended June 30, 2022, employer contributions were \$514.

Net OPEB Asset, OPEB Benefit, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2022, the City reported an asset of \$72,537 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2019 and rolled forward to June 30, 2021. The City's proportion of the net OPEB asset was determined by comparing the City's actual, legally required contributions made during the measurement year with the total contributions made by all employers during the measurement year. At the June 30, 2021 measurement date, the City's proportion was 0.02112301%, a decrease from 0.03571509% at the prior measurement date.

For the year ended June 30, 2022, the City recognized an OPEB expense of \$2,955 for the PERS RHIA. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ -	\$ 2,018
Changes in Assumptions	1,427	1,079
Net difference between projected and actual earnings on investments	-	17,239
Changes in proportionate share	<u>21,715</u>	<u>-</u>
Total prior to post-measurement date contributions	23,142	20,336
Contributions subsequent to the measurement date	<u>514</u>	<u>-</u>
Total deferred outflows / inflows of resources	<u>\$ 23,656</u>	<u>\$ 20,336</u>

The \$514 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as an increase of the net OPEB asset in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense (benefit) as follows:

CITY OF SANDY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2022

Year Ended June 30,	Net Deferred Outflow/ (Inflows) of Resources
2023	\$ 8,297
2024	3,891
2025	(3,936)
2026	(5,446)
	\$ 2,806

Actuarial Methods and Assumptions

Other than the methods and assumption discussed below, the actuarial methods and assumptions are consistent with those disclosed for the PERS Defined Benefit Pension Plan. See Note 5 for additional information on Actuarial Assumptions and Methods, including the Discount Rate, Assumed Asset Allocation, Long-Term Expected Rate of Return, and Depletion Date Projection.

Actuarial Valuations

The total OPEB liability in the December 31, 2019 actuarial valuation was determined using an assumed retiree participation rate of 32% for healthy retirees and 20% of disabled retirees. Healthcare cost trend rates are not applicable as ORS stipulates \$60 monthly payment for healthcare insurance.

Sensitivity of the City's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate

The following presents the City's proportionate share of the net OPEB asset calculated using the discount rate of 6.90%, as well as what the City's proportionate share of the net OPEB 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% Decrease	Current Discount Rate	1% Increase
Net OPEB Asset	\$ 64,148	\$ 72,537	\$ 79,702

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in PERS' audited financial statements.

7. Long-Term Liabilities

Bonds Payable

The City issues full faith and credit bonds to provide funds for the acquisition and construction of major capital facilities. Full faith and credit bonds have been issued for both governmental and business-type activities. These bonds are direct obligations and pledge the full faith and credit of the City. These bonds generally are issued as serial bonds with equal amounts of principal maturing each year.

Notes Payable

The City issues notes payable, and other similar agreements, to provide funds for the acquisition and construction of major capital facilities and equipment. Notes payable have been issued for both governmental and business-type activities. These notes payable are direct obligations and pledge the full faith and credit of the City.

CITY OF SANDY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2022

In April 2021, the City entered into a loan agreement with the Oregon Department of Environmental Quality (ODEQ) to be able to draw down up to \$5,675,000 to improve the City's wastewater treatment plant, secured by a pledge of net revenues for the facility. It was estimated the loan distributions would be through March 2023. In August 2021, the agreement was amended for up to \$16,000,000. At the completion of the project, the City may be eligible to have up to \$500,000 of the loan amount forgiven if certain criteria are met. As June 30, 2022, the City had received \$8,796,737 in loan distributions. Additionally, the loan agreement contained certain financial covenants.

Long-Term Debt Payable

	Original Borrowing	Interest Rates	Final Maturity	Outstanding at Year-End
Governmental Activities				
Bonds payable (direct placement)				
Full Faith and Credit Financing Agreement, Series 2017	\$ 10,000,000	2.44%	2031	\$ 7,096,740
Full Faith and Credit Obligation, Series 2021A	4,815,000	3.00 - 4.00%	2041	4,655,000
Full Faith and Credit Obligation, Series 2021B	1,160,000	1.30 - 3.00%	2041	1,115,000
Total bonds payable				12,866,740
Notes payable				
CIT Installment Payment Agreement, 2018	75,760	0.98%	2023	5,896
Library Loan, 2011	800,000	2.75%	2026	521,658
Various Enterprise Vehicle Financing Agreements	various	0.00%	2023-2026	43,701
Total notes payable				571,255
Total governmental activities				\$ 13,437,995
Business-type Activities				
Bonds payable (direct placement)				
Full Faith and Credit Financing Agreement, Series 2014	\$ 3,268,286	1.85%	2022	\$ -
LOCAP Certificates of Participation, Series 2011C	800,000	2.00 - 4.60%	2031	430,000
Revenue and Refunding Bonds, Series 2014	7,500,000	1.38 - 4.00%	2035	6,350,000
Full Faith and Credit Obligation, Series 2021A	1,695,000	3.00 - 4.00%	2041	1,635,000
Total bonds payable				8,415,000
Notes payable				
Cisco Equipment Purchase Agreement	180,895	3.00%	2022	-
OBDD Loan - Intertie Project	7,137,300	2.77%	2035	5,068,388
USDA Loan - Sewer Facility	2,970,000	4.75%	2039	-
ODEQ Loan - Planning	799,425	0.93%	2026	712,239
ODEQ Loan - Construction	8,796,737	1.22%	2042	8,796,737
Various Enterprise Vehicle Financing Agreements	various	0.00%	2025-2026	52,758
Total notes payable				14,630,122
Total business-type activities				\$ 23,045,122

CITY OF SANDY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2022

Changes in Long-Term Liabilities

Changes in the City's long-term liabilities for the year ended June 30, 2022 are as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Amount Due Within One Year
Governmental Activities					
Long-term debt					
Bonds payable					
Full faith and credit bonds	\$ 13,769,374	\$ -	\$ (902,634)	\$ 12,866,740	\$ 939,656
Premium	666,111	-	(33,445)	632,666	-
Bonds payable, net	14,435,485	-	(936,079)	13,499,406	939,656
Notes payable	658,887	-	(87,632)	571,255	50,272
Total long-term debt	15,094,372	-	(1,023,711)	14,070,661	989,928
Compensated absences	408,479	372,347	(305,069)	475,757	342,381
Net pension liability	9,044,241	859,810	(4,424,510)	5,479,541	-
Total OPEB liability	305,469	19,641	(1,140)	323,970	-
Total governmental activities	<u>\$ 24,852,561</u>	<u>\$ 1,251,798</u>	<u>\$ (5,754,430)</u>	<u>\$ 20,349,929</u>	<u>\$ 1,332,309</u>

Governmental activities long-term debt is generally liquidated by the General Fund, Street Fund, and Other Governmental Funds. The governmental funds generally used to liquidate compensated absence, net pension liability, and total OPEB included the General Fund, Street Fund, Transit Fund, and Urban Renewal Fund.

	Beginning Balance	Additions	Deletions	Ending Balance	Amount Due Within One Year
Business-Type Activities					
Long-term debt					
Bonds payable					
Full faith and credit bonds	\$ 8,917,002	\$ -	\$ (502,002)	\$ 8,415,000	\$ 400,000
Premium	414,671	-	(24,660)	390,011	-
Bonds payable, net	9,331,673	-	(526,662)	8,805,011	400,000
Notes payable	8,314,966	8,796,737	(2,481,581)	14,630,122	914,151
Total long-term debt	17,646,639	8,796,737	(3,008,243)	23,435,133	1,314,151
Compensated absences	55,582	95,191	(86,272)	64,501	64,501
Net pension liability	1,883,133	276,209	(944,815)	1,214,527	-
Total OPEB liability	63,603	8,203	-	71,806	-
Total business-type activities	<u>\$ 19,648,957</u>	<u>\$ 9,176,340</u>	<u>\$ (4,039,330)</u>	<u>\$ 24,785,967</u>	<u>\$ 1,378,652</u>

CITY OF SANDY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2022

The debt service requirements for City's bonds and notes are as follows:

Fiscal Year	Governmental Activities					
	Bonds Payable		Notes Payable		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 939,656	\$ 358,552	\$ 50,272	\$ 14,131	\$ 989,928	\$ 372,683
2024	962,094	333,465	42,611	13,273	1,004,705	346,738
2025	984,957	307,752	43,459	12,425	1,028,416	320,177
2026	1,013,256	281,403	42,526	11,484	1,055,782	292,887
2027	1,042,001	254,207	392,387	5,351	1,434,388	259,558
2028-2032	4,754,776	826,866	-	-	4,754,776	826,866
2033-2037	1,655,000	377,500	-	-	1,655,000	377,500
2038-2042	1,515,000	115,500	-	-	1,515,000	115,500
Totals	<u>\$ 12,866,740</u>	<u>\$ 2,855,245</u>	<u>\$ 571,255</u>	<u>\$ 56,664</u>	<u>\$ 13,437,995</u>	<u>\$ 2,911,909</u>

Fiscal Year	Business-Type Activities					
	Bonds Payable		Notes Payable		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 400,000	\$ 326,408	\$ 914,151	\$ 257,729	\$ 1,314,151	\$ 584,137
2024	430,000	310,448	927,971	241,228	1,357,971	551,676
2025	510,000	293,198	938,095	224,384	1,448,095	517,582
2026	520,000	274,716	949,351	207,189	1,469,351	481,905
2027	545,000	253,860	777,511	190,052	1,322,511	443,912
2028-2032	3,200,000	913,510	4,122,641	705,874	7,322,641	1,619,384
2033-2037	2,380,000	262,550	3,596,199	292,085	5,976,199	554,635
2038-2042	430,000	32,550	2,404,203	75,295	2,834,203	107,845
Totals	<u>\$ 8,415,000</u>	<u>\$ 2,667,240</u>	<u>\$ 14,630,122</u>	<u>\$ 2,193,836</u>	<u>\$ 23,045,122</u>	<u>\$ 4,861,076</u>

8. Interfund Receivables and Payables

The outstanding due to/from other funds balances are working capital loans that the General Fund expects to collect in the subsequent year. At June 30, 2022, the due to/from other funds balances are as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Telecommunications Fund	\$ 285,941

In November 2018, the Transit Fund loaned \$356,273 and \$500,000 to the General Fund and Telecommunications Fund, respectively. The loans are to be repaid within ten years with an annual interest rate of 1.92%.

At June 30, 2022, the interfund loan balances are as follows:

Receivable Fund	Payable Fund	Amount
Transit Fund	General Fund	\$ 256,410
Transit Fund	Telecommunications Fund	311,331
	Total	<u>\$ 567,741</u>

CITY OF SANDY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2022

9. Interfund Transfers

The composition of interfund transfers for the year ended June 30, 2022, is as follows:

	Transfers In				Total
	General Fund	Other Governmental Funds	Tele-communications Fund	Internal Service Funds	
Transfers Out:					
General Fund	\$ -	\$ 120,500	\$ 30,000	\$ 50,564	\$ 201,064
Street Fund	50,792	-	-	8,568	59,360
Urban Renewal Agency Fund	24,282	887,817	-	-	912,099
Transit Fund	75,298	-	-	32,662	107,960
Other Governmental Funds	6,476	-	-	-	6,476
Water Fund	79,584	-	-	8,568	88,152
Sewer Fund	76,920	-	-	8,568	85,488
Telecommunications Fund	102,830	-	-	-	102,830
Other Enterprise Fund	32,048	-	-	8,568	40,616
Total	\$ 448,230	\$ 1,008,317	\$ 30,000	\$ 117,498	\$ 1,604,045

Interfund transfers are used to pay for administrative services provided by the General Fund and Internal Service Funds, provide funds for debt service, and contribute to the cost of capital projects.

10. Commitments

The City had active construction projects as of June 30, 2022, including street construction and sewer facility improvements. At year end, the City's commitments with contractors are as follows:

Project	Award Amounts	Spent-to-Date	Remaining Commitment
Bell/362nd Extension Project	\$ 9,346,214	\$ 88,379	\$ 9,257,835
Sewer Facility Improvements	17,390,958	9,170,331	8,220,627

11. Risk Management

The City is exposed to various risks of loss related to errors and omissions; automobile; damage to or destruction of assets; bodily injury; and worker's compensation for which the City carries commercial insurance. There has been no significant reduction in insurance coverage from the prior year and settled claims have not reached the level of commercial coverage in any of the past three fiscal years.

12. Contingencies

The City participates in various federal and state grant programs, which are subject to review and/or audit by the granting agencies. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although, the City anticipates such amounts, if any, will be immaterial.

13. Subsequent Events

Effective November 2022, the City signed an amendment to increase the loan amount from the Oregon Department of Environmental Quality (DEQ) from \$16 million to \$20.7 million.

The City will likely face enforcement action from DEQ related to wastewater violations from prior fiscal years. While the exact amount is unknown at this time, it is expected that the City could qualify for a Supplemental Environmental Project (SEP). Under current DEQ regulations, the City may offset up to 80% of the total penalty amount on a DEQ approved project.

**REQUIRED
SUPPLEMENTARY INFORMATION**

CITY OF SANDY, OREGON

GENERAL FUND

SCHEDULE OF CHANGES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL
Fiscal Year Ended June 30, 2022

	Biennial Budget		Actual			Variance with Final Budget
	Original	Final	2022	2023	Biennial	
REVENUES						
Property taxes	\$ 8,110,000	\$ 8,110,000	\$ 4,005,391	\$ -	\$ 4,005,391	\$ (4,104,609)
Public service taxes	3,683,504	3,683,504	1,956,224	-	1,956,224	(1,727,280)
Franchise fees	1,290,000	1,290,000	729,193	-	729,193	(560,807)
Grants	2,598,000	2,598,000	129,440	-	129,440	(2,468,560)
Charges for services	1,419,200	1,419,200	559,893	-	559,893	(859,307)
Licenses and permits	813,000	813,000	633,095	-	633,095	(179,905)
Fines and forfeitures	400,000	400,000	160,367	-	160,367	(239,633)
Interest	75,000	75,000	17,104	-	17,104	(57,896)
Miscellaneous	57,500	57,500	133,135	-	133,135	75,635
Total revenues	18,446,204	18,446,204	8,323,842	-	8,323,842	(10,122,362)
EXPENDITURES						
General government	2,777,350	2,777,350	1,429,860	-	1,429,860	1,347,490
Economic development	1,884,600	1,884,600	926,767	-	926,767	957,833
Public safety	6,591,525	6,591,525	3,072,203	-	3,072,203	3,519,322
Culture and recreation	5,868,972	5,868,972	2,440,225	-	2,440,225	3,428,747
Capital outlay	442,000	442,000	52,326	-	52,326	389,674
Debt service						
Principal	315,933	315,933	76,504	-	76,504	239,429
Interest	35,000	35,000	15,587	-	15,587	19,413
Interfund principal payments	68,496	68,496	33,922	-	33,922	34,574
Interfund interest payments	10,498	10,498	5,574	-	5,574	4,924
Contingency	3,792,882	3,792,882	-	-	-	3,792,882
Total expenditures	21,787,256	21,787,256	8,052,968	-	8,052,968	13,734,288
Revenues over (under) expenditures	(3,341,052)	(3,341,052)	270,874	-	270,874	3,611,926
OTHER FINANCING SOURCES (USES)						
Issuance of debt	325,000	325,000	-	-	-	(325,000)
Transfers in	896,468	896,468	448,230	-	448,230	(448,238)
Transfers out	(402,126)	(402,126)	(201,064)	-	(201,064)	201,062
Total other financing sources (uses)	819,342	819,342	247,166	-	247,166	(572,176)
Net change in fund balance	(2,521,710)	(2,521,710)	518,040	-	518,040	3,039,750
FUND BALANCE, BEGINNING - BUDGETARY BASIS	2,521,710	2,521,710	2,942,347	-	2,942,347	420,637
FUND BALANCE, ENDING - BUDGETARY BASIS	\$ -	\$ -	3,460,387	\$ -	\$ 3,460,387	\$ 3,460,387
RECONCILIATION TO FUND BALANCE - GAAP BASIS						
Interfund loan payable			(256,410)			
FUND BALANCE, ENDING - GAAP BASIS			\$ 3,203,977			

CITY OF SANDY, OREGON

STREET FUND

SCHEDULE OF CHANGES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET TO ACTUAL
 Fiscal Year Ended June 30, 2022

	Biennial Budget		Actual			Variance with Final Budget
	Original	Final	2022	2023	Biennial	
REVENUES						
Public service taxes	\$ 2,350,000	\$ 2,350,000	\$ 1,373,784	\$ -	\$ 1,373,784	\$ (976,216)
Special assessments	-	-	46,579	-	46,579	46,579
System development charges	600,000	600,000	283,355	-	283,355	(316,645)
Charges for services	20,000	20,000	35,765	-	35,765	15,765
Interest	75,200	75,200	44,242	-	44,242	(30,958)
Intergovernmental	400,000	400,000	367,549	-	367,549	(32,451)
Miscellaneous	10,000	10,000	50,603	-	50,603	40,603
Total revenues	3,455,200	3,455,200	2,201,877	-	2,201,877	(1,253,323)
EXPENDITURES						
Operations						
Personnel services	608,000	608,000	278,253	-	278,253	329,747
Materials and services	1,334,550	1,334,550	408,000	-	408,000	926,550
Capital outlay	8,321,000	8,321,000	2,672,665	-	2,672,665	5,648,335
Debt service						
Principal	451,580	451,580	214,023	-	214,023	237,557
Interest	464,027	464,027	197,520	-	197,520	266,507
Contingency	1,582,688	1,582,688	-	-	-	1,582,688
Total expenditures	12,761,845	12,761,845	3,770,461	-	3,770,461	8,991,384
Revenues over (under) expenditures	(9,306,645)	(9,306,645)	(1,568,584)	-	(1,568,584)	7,738,061
OTHER FINANCING SOURCES (USES)						
Issuance of debt	36,000	36,000	-	-	-	(36,000)
Proceeds from sale of capital assets	500	500	-	-	-	(500)
Transfers out	(118,723)	(118,723)	(59,360)	-	(59,360)	59,363
Total other financing sources (uses)	(82,223)	(82,223)	(59,360)	-	(59,360)	22,863
Net change in fund balance	(9,388,868)	(9,388,868)	(1,627,944)	-	(1,627,944)	7,760,924
FUND BALANCE, BEGINNING	9,388,868	9,388,868	11,773,253	-	11,773,253	2,384,385
FUND BALANCE, ENDING	\$ -	\$ -	\$ 10,145,309	\$ -	\$ 10,145,309	\$ 10,145,309

CITY OF SANDY, OREGON

URBAN RENEWAL AGENCY FUND

SCHEDULE OF CHANGES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET TO ACTUAL
 Fiscal Year Ended June 30, 2022

	Biennial Budget		Actual			Variance with Final Budget
	Original	Final	2022	2023	Biennial	
REVENUES						
Property taxes	\$ 4,000,000	\$ 4,000,000	\$ 1,993,362	\$ -	\$ 1,993,362	\$ (2,006,638)
Interest	100,000	100,000	36,540	-	36,540	(63,460)
Miscellaneous	-	-	49,504	-	49,504	49,504
Total revenues	4,100,000	4,100,000	2,079,406	-	2,079,406	(2,020,594)
EXPENDITURES						
Personnel services	297,000	297,000	160,872	-	160,872	136,128
Materials and services	154,600	154,600	91,665	-	91,665	62,935
Capital outlay	3,550,000	3,550,000	379,966	-	379,966	3,170,034
Contingency	4,534,190	4,534,190	-	-	-	4,534,190
Total expenditures	8,535,790	8,535,790	632,503	-	632,503	7,903,287
Revenues over (under) expenditures	(4,435,790)	(4,435,790)	1,446,903	-	1,446,903	5,882,693
OTHER FINANCING SOURCES (USES)						
Transfers to City of Sandy	(1,824,197)	(1,824,197)	(912,099)	-	(912,099)	912,098
Net change in fund balance	(6,259,987)	(6,259,987)	534,804	-	534,804	6,794,791
FUND BALANCE, BEGINNING - BUDGETARY BASIS	6,259,987	6,259,987	6,230,022	-	5,311,254	(948,733)
FUND BALANCE, ENDING - BUDGETARY BASIS	\$ -	\$ -	6,749,218	\$ -	\$ 5,846,058	\$ 5,846,058
RECONCILIATION TO FUND BALANCE - GAAP BASIS						
Notes receivable			57,800			
FUND BALANCE, ENDING - GAAP BASIS			<u>\$ 6,807,018</u>			

CITY OF SANDY, OREGON

TRANSIT FUND

SCHEDULE OF CHANGES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL
Fiscal Year Ended June 30, 2022

	Biennial Budget		Actual			Variance with Final Budget
	Original	Final	2022	2023	Biennial	
REVENUES						
Public service taxes	\$ 1,000,000	\$ 1,000,000	\$ 824,122	\$ -	\$ 824,122	\$ (175,878)
Grants	2,712,789	2,712,789	1,359,609	-	1,359,609	(1,353,180)
Charges for services	64,600	64,600	101,531	-	101,531	36,931
Interest	41,000	41,000	20,773	-	20,773	(20,227)
Intergovernmental	122,640	122,640	40,346	-	40,346	(82,294)
Miscellaneous	93,380	93,380	23,225	-	23,225	(70,155)
Total revenues	4,034,409	4,034,409	2,369,606	-	2,369,606	(1,664,803)
EXPENDITURES						
Personnel services	668,500	668,500	326,634	-	326,634	341,866
Materials and services	3,463,226	3,463,226	1,494,970	-	1,494,970	1,968,256
Capital outlay	835,000	835,000	519,618	-	519,618	315,382
Contingency	545,948	545,948	-	-	-	545,948
Total expenditures	5,512,674	5,512,674	2,341,222	-	2,341,222	3,171,452
Revenues over (under) expenditures	(1,478,265)	(1,478,265)	28,384	-	28,384	1,506,649
OTHER FINANCING SOURCES (USES)						
Interfund loan proceeds	-	-	82,444	-	82,444	82,444
Proceeds from sale of capital assets	-	-	3,500	-	3,500	3,500
Transfers in	189,855	189,855	-	-	-	(189,855)
Transfers out	(215,923)	(215,923)	(107,960)	-	(107,960)	107,963
Total other financing sources (uses)	(26,068)	(26,068)	(22,016)	-	(22,016)	4,052
Net change in fund balance	(1,504,333)	(1,504,333)	6,368	-	6,368	1,510,701
FUND BALANCE, BEGINNING - BUDGETARY BASIS	1,504,333	1,504,333	1,583,465	-	1,583,465	79,132
FUND BALANCE, ENDING - BUDGETARY BASIS	\$ -	\$ -	1,589,833	\$ -	\$ 1,589,833	\$ 1,589,833
Interfund loan receivable			567,741			
FUND BALANCE, ENDING - GAAP BASIS			\$ 2,157,574			

CITY OF SANDY, OREGON

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
LAST TEN FISCAL YEARS¹

Measurement Date June 30,	City's proportion of the net pension liability (asset)	City's proportionate share of the net pension liability (asset)	City's covered payroll	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
2021	0.05594016%	\$ 6,694,068	\$ 5,345,479	125.2%	87.6%
2020	0.05007173%	10,927,374	4,795,403	227.9%	75.8%
2019	0.05248442%	9,078,548	4,981,924	182.2%	80.2%
2018	0.04919473%	7,452,354	4,686,533	159.0%	82.1%
2017	0.04837362%	6,520,782	4,309,195	151.3%	83.1%
2016	0.04639990%	6,965,702	4,182,946	166.5%	80.5%
2015	0.05014105%	2,878,829	3,743,111	76.9%	91.9%
2014	0.04860486%	(1,101,733)	3,678,613	-29.9%	103.6%
2013	0.05014105%	673,613	3,634,579	18.5%	92.0%

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.

CITY OF SANDY, OREGON

**SCHEDULE OF PENSION CONTRIBUTIONS
LAST TEN FISCAL YEARS¹**

Fiscal Year Ended June 30,	Required contribution	Contributions in relation to the required contribution	Contribution deficiency (excess)	City's covered payroll	Contributions as a percent of covered payroll
2022	\$ 1,165,494	\$ 1,165,494	\$ -	\$ 5,459,971	21.3%
2021	1,052,579	1,052,579	-	5,345,479	19.7%
2020	995,762	995,762	-	4,795,403	20.8%
2019	758,025	758,025	-	4,981,924	15.2%
2018	721,679	721,679	-	4,686,533	15.4%
2017	550,058	550,058	-	4,309,195	12.8%
2016	499,561	499,561	-	4,182,946	11.9%
2015	439,953	439,953	-	3,743,111	11.8%
2014	400,323	400,323	-	3,678,613	10.9%

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

Actuarial Assumptions and Methods Used to Set the Actuarially Determined Contributions

Actuarial valuation:	December 31, 2019	December 31, 2017	December 31, 2015	December 31, 2013	December 31, 2011
Effective:	July 2021 - June 2023	July 2019 - June 2021	July 2017 - June 2019	July 2015 - June 2017	July 2013 - June 2015
Actuarial cost method:	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Projected Unit Credit
Amortization method:	Level percentage of payroll	Level percentage of payroll	Level percentage of payroll	Level percentage of payroll	Level percentage of payroll
Asset valuation method:	Fair value	Fair value	Fair value	Fair value	Fair value
Remaining amortization periods:	20 years	20 years	20 years	20 years	N/A
Actuarial assumptions					
Inflation rate	2.40 percent	2.50 percent	2.50 percent	2.75 percent	2.75 percent
Projected salary increases	3.40 percent	3.50 percent	3.50 percent	3.75 percent	3.75 percent
Investment rate of return	6.90 percent	7.20 percent	7.50 percent	7.75 percent	8.00 percent

CITY OF SANDY, OREGON

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET) - RHIA
LAST TEN FISCAL YEARS¹

Measurement Date June 30,	City's proportion of the net OPEB liability (asset)	City's proportionate share of the net OPEB liability (asset)	City's covered payroll	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
2021	0.02112301%	\$ (72,537)	\$ 5,345,479	-1.4%	183.9%
2020	0.03571509%	(72,773)	4,795,403	-1.5%	150.1%
2019	0.04360022%	(84,251)	4,981,924	-1.7%	144.4%
2018	0.04407014%	(49,194)	4,686,533	-1.0%	124.0%
2017	0.04101136%	(17,116)	4,309,195	-0.4%	108.9%
2016	0.03960650%	10,756	4,182,946	0.3%	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.

CITY OF SANDY, OREGON

**SCHEDULE OF OPEB CONTRIBUTIONS - RHIA
LAST TEN FISCAL YEARS¹**

Fiscal Year Ended June 30,	Required contribution	Contributions in relation to the required contribution	Contribution deficiency (excess)	City's covered payroll	Contributions as a percent of covered payroll
2022	\$ 514	\$ 514	\$ -	\$ 5,459,971	0.0%
2021	565	565	-	5,345,479	0.0%
2020	2,550	2,550	-	4,795,403	0.1%
2019	21,153	21,153	-	4,981,924	0.4%
2018	21,339	21,339	-	4,686,533	0.5%
2017	20,418	20,418	-	4,309,195	0.5%

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, 2017	December 31, 2015	December 31, 2013	December 31, 2011
Effective:	July 2021 - June 2023	July 2019 - June 2021	July 2017 - June 2019	July 2015 - June 2017	July 2013 - June 2015
Actuarial cost method:	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Projected Unit Credit
Amortization method:	Level percentage of payroll, closed	Level percentage of payroll, closed	Level percentage of payroll, closed	Level percentage of payroll, closed	Level percentage of payroll, closed
Asset valuation method:	Market value	Market value	Market value	Market value	Market value
Remaining amortization periods:	10 years	10 years	20 years	20 years	10 years
Actuarial assumptions					
Inflation rate	2.40 percent	2.50 percent	2.50 percent	2.75 percent	2.75 percent
Projected salary increases	3.40 percent	3.50 percent	3.50 percent	3.75 percent	3.75 percent
Investment rate of return	6.90 percent	7.20 percent	7.50 percent	7.75 percent	8.00 percent
Healthcare cost trend rates	None. Statute stipulates \$60 monthly payment	None. Statute stipulates \$60 monthly payment	None. Statute stipulates \$60 monthly payment	None. Statute stipulates \$60 monthly payment	None. Statute stipulates \$60 monthly payment

CITY OF SANDY, OREGON

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS - CIS
LAST TEN FISCAL YEARS¹

Measurement Date June 30,	Beginning Total OPEB Liability	Service Cost	Interest	Differences between expected and actual experience	Changes of assumptions	Benefit payment	Ending Total OPEB Liability	Covered Employee Payroll	Total OPEB liability as a percentage of covered-employee payroll
2021	\$ 369,072	\$ 32,467	\$ 8,695	\$ -	\$ 1,832	\$ (16,290)	\$ 395,776	\$ 5,345,479	7.4%
2020	299,342	28,058	11,370	43,388	(7,983)	(5,103)	369,072	4,795,403	7.7%
2019	269,572	24,956	11,069	-	10,926	(17,181)	299,342	4,981,924	6.0%
2018	290,714	28,685	11,343	(6,860)	(49,167)	(5,143)	269,572	4,686,533	5.8%
2017	283,411	30,636	8,819	-	(22,856)	(9,296)	290,714	4,309,195	6.7%

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

There are no assets accumulated in a trust to pay related benefits for this OPEB plan.

Actuarial Assumptions and Methods

Valuation date	July 1, 2020	July 1, 2020	July 1, 2018	July 1, 2018	July 1, 2016
Measurement date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Actuarial cost method:	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Actuarial assumptions					
Discount rate	2.16 percent	2.21 percent	3.50 percent	3.50 percent	3.58 percent
Inflation rate	2.50 percent	2.50 percent	2.50 percent	2.50 percent	2.50 percent
Projected salary increases	3.50 percent	3.50 percent	3.50 percent	3.50 percent	3.50 percent
Withdrawal, retirement, and mortality rates	12/31/2019 Oregon PERS Valuation	12/31/2019 Oregon PERS Valuation	12/31/2017 Oregon PERS Valuation	12/31/2017 Oregon PERS Valuation	12/31/2015 Oregon PERS Valuation
Election Rates	40% of eligible employees 60% of male members and 35% of female members will elect spouse coverage.	40% of eligible employees 60% of male members and 35% of female members will elect spouse coverage.	40% of eligible employees 60% of male members and 35% of female members will elect spouse coverage.	40% of eligible employees 60% of male members and 35% of female members will elect spouse coverage.	40% of eligible employees 60% of male members and 35% of female members will elect spouse coverage.
Lapse Rates	5% annual lapse rate	5% annual lapse rate	5% annual lapse rate	5% annual lapse rate	5% annual lapse rate

CITY OF SANDY, OREGON

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
Fiscal Year Ended June 30, 2022

1. Stewardship, Compliance, and Accountability

A. Budgetary Information

On a biennial basis, the City enacts a resolution approving the budget, appropriating the expenditures, and levying the property taxes. Prior to enacting this resolution, the proposed budget is presented to a budget committee consisting of members of the City Council and a like number of interested citizens. The budget committee presents the budget to the City Council for budget hearings prior to enactment of the resolution. The City budgets all funds, except the Fiduciary Funds, as required by Oregon Local Budget Law. The basis of budgeting for all major funds is the modified accrual basis of accounting.

The resolution authorizing appropriations for each fund sets the legal level of control by which expenditures cannot legally exceed appropriations. Total expenditures by department as established by the resolution are the legal level of control for the General Fund. Total expenditures by program level for operations and capital outlay are the legal level of control for all other funds except for the Full Faith and Credit Fund, the Urban Renewal Agency Fund, and the Internal Service Funds. Expenditure categories of personnel services, materials and services, capital outlay, debt service, transfers, and contingency are the legal level of control for these funds. The detail budget document, however, is required to contain more specific information for the above-mentioned expenditure categories. Unexpected additional resources may be added to the budget through the use of a supplemental budget. A supplemental budget requires hearings before the public, publications in newspapers, and adoption by the City Council. Management may modify original and supplemental budgets by the use of appropriation transfers between the legal levels of control within a fund. Such transfers require approval by the City Council.

SUPPLEMENTARY INFORMATION

CITY OF SANDY, OREGON

GENERAL FUND

SCHEDULE OF EXPENDITURES
BUDGET TO ACTUAL
June 30, 2022

	Biennial Budget		Actual			Variance with Final Budget
	Original	Final	2022	2023	Biennial	
MAYOR & CITY COUNCIL						
Materials and services	\$ 59,300	\$ 59,300	\$ 18,676	\$ -	\$ 18,676	\$ 40,624
Capital outlay	-	-	878	-	878	(878)
Indirect service	53,472	53,472	26,736	-	26,736	26,736
Transfers	888	888	444	-	444	444
Contingency	6,139	6,139	-	-	-	6,139
Subtotal	119,799	119,799	46,734	-	46,734	73,065 *
ADMINISTRATION						
Personnel services	644,500	644,500	308,886	-	308,886	335,614
Materials and services	32,000	32,000	5,070	-	5,070	26,930
Capital outlay	-	-	94	-	94	(94)
Contingency	37,601	37,601	-	-	-	37,601
Subtotal	714,101	714,101	314,050	-	314,050	400,051 *
LEGAL						
Materials and services	250,000	250,000	113,710	-	113,710	136,290
MUNICIPAL COURT						
Personnel services	96,300	96,300	48,772	-	48,772	47,528
Materials and services	32,550	32,550	12,343	-	12,343	20,207
Capital outlay	-	-	-	-	-	-
Indirect service	22,540	22,540	11,270	-	11,270	11,270
Contingency	21,374	21,374	-	-	-	21,374
Subtotal	172,764	172,764	72,385	-	72,385	100,379 *
FINANCE						
Personnel services	651,500	651,500	334,471	-	334,471	317,029
Materials and services	141,850	141,850	60,086	-	60,086	81,764
Capital outlay	-	-	2,657	-	2,657	(2,657)
Contingency	60,000	60,000	-	-	-	60,000
Subtotal	853,350	853,350	397,214	-	397,214	456,136 *
LIBRARY						
Personnel services	2,535,500	2,535,500	1,153,151	-	1,153,151	1,382,349
Materials and services	411,500	411,500	209,053	-	209,053	202,447
Capital outlay	11,000	11,000	2,378	-	2,378	8,622
Debt service	95,000	95,000	45,145	-	45,145	49,855
Indirect service	301,984	301,984	150,992	-	150,992	150,992
Contingency	52,754	52,754	-	-	-	52,754
Subtotal	3,407,738	3,407,738	1,560,719	-	1,560,719	1,847,019 *
POLICE						
Personnel services	5,653,000	5,653,000	2,536,255	-	2,536,255	3,116,745
Materials and services	809,675	809,675	474,833	-	474,833	334,842
Capital outlay	371,000	371,000	19,718	-	19,718	351,282
Debt service	238,228	238,228	38,397	-	38,397	199,831
Indirect service	529,075	529,075	264,538	-	264,538	264,537
Transfers	86,157	86,157	43,078	-	43,078	43,079
Contingency	34,365	34,365	-	-	-	34,365
Subtotal	7,721,500	7,721,500	3,376,819	-	3,376,819	4,344,681 *
RECREATION						
Personnel services	727,000	727,000	247,307	-	247,307	479,693
Materials and services	157,272	157,272	61,046	-	61,046	96,226
Capital outlay	-	-	179	-	179	(179)
Indirect service	75,847	75,847	37,924	-	37,924	37,923
Contingency	17,500	17,500	-	-	-	17,500
Subtotal	977,619	977,619	346,456	-	346,456	631,163 *

* Appropriation level

Continued

CITY OF SANDY, OREGON

GENERAL FUND

SCHEDULE OF EXPENDITURES
BUDGET TO ACTUAL (Continued)
June 30, 2022

	Biennial Budget		Actual		Variance with Final Budget	
	Original	Final	2022	2023		
SENIOR SERVICES						
Personnel services	956,500	956,500	194,242	-	194,242	762,258
Materials and services	193,750	193,750	119,329	-	119,329	74,421
Capital outlay	-	-	4,181	-	4,181	(4,181)
Indirect service	110,684	110,684	55,342	-	55,342	55,342
Contingency	60,958	60,958	-	-	-	60,958
Subtotal	1,321,892	1,321,892	373,094	-	373,094	948,798 *
PARKS, BUILDINGS, & GROUNDS						
Personnel services	661,000	661,000	327,233	-	327,233	333,767
Materials and services	226,450	226,450	128,864	-	128,864	97,586
Capital outlay	5,000	5,000	2,220	-	2,220	2,780
Debt service	8,505	8,505	4,046	-	4,046	4,459
Indirect service	74,287	74,287	37,144	-	37,144	37,143
Transfers	8,075	8,075	4,038	-	4,038	4,037
Contingency	15,122	15,122	-	-	-	15,122
Subtotal	998,439	998,439	503,545	-	503,545	494,894 *
PLANNING						
Personnel services	638,500	638,500	322,901	-	322,901	315,599
Materials and services	309,500	309,500	119,747	-	119,747	189,753
Capital outlay	-	-	6,744	-	6,744	(6,744)
Indirect service	157,028	157,028	78,514	-	78,514	78,514
Contingency	63,106	63,106	-	-	-	63,106
Subtotal	1,168,134	1,168,134	527,906	-	527,906	640,228 *
BUILDING						
Personnel services	614,000	614,000	315,686	-	315,686	298,314
Materials and services	85,100	85,100	68,699	-	68,699	16,401
Capital outlay	-	-	1,538	-	1,538	(1,538)
Indirect service	113,105	113,105	56,552	-	56,552	56,553
Contingency	147,472	147,472	-	-	-	147,472
Subtotal	959,677	959,677	442,475	-	442,475	517,202 *
ECONOMIC DEVELOPMENT						
Personnel services	138,200	138,200	67,718	-	67,718	70,482
Materials and services	99,300	99,300	32,016	-	32,016	67,284
Capital outlay	-	-	-	-	-	-
Indirect service	24,510	24,510	12,256	-	12,256	12,254
Contingency	24,311	24,311	-	-	-	24,311
Subtotal	286,321	286,321	111,990	-	111,990	174,331 *
NON DEPARTMENTAL						
Materials and services	496,000	496,000	376,041	-	376,041	119,959
Capital outlay	25,000	25,000	9,463	-	9,463	15,537
Debt service	9,200	9,200	4,503	-	4,503	4,697
Transfers	85,000	85,000	42,500	-	42,500	42,500
Contingency	3,250,258	3,250,258	-	-	-	3,250,258
Subtotal	3,865,458	3,865,458	432,507	-	432,507	3,432,951 *
INFORMATION TECHNOLOGY						
Personnel services	329,500	329,500	145,440	-	145,440	184,060
Materials and services	172,700	172,700	67,480	-	67,480	105,220
Capital outlay	30,000	30,000	2,276	-	2,276	27,724
Contingency	1,922	1,922	-	-	-	1,922
Subtotal	534,122	534,122	215,196	-	215,196	318,926 *
GENERAL REVENUE TRANSFERS OUT						
	13,115,000	13,115,000	6,557,500	-	6,557,500	6,557,500 *
Total expenditures	\$ 36,465,914	\$ 36,465,914	\$ 15,392,300	\$ -	\$ 15,392,300	\$ 21,073,614

* Appropriation level

CITY OF SANDY, OREGON
OTHER GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
June 30, 2022

	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	
	Acquatic/ Recreation Center Fund	City FFC Debt Service Fund	Parks Capital Projects Fund	Total
ASSETS				
Cash and cash equivalents	\$ 114,822	\$ -	\$ 3,007,564	\$ 3,122,386
Accounts receivable, net	2,075	-	-	2,075
Total assets	<u>\$ 116,897</u>	<u>\$ -</u>	<u>\$ 3,007,564</u>	<u>\$ 3,124,461</u>
LIABILITIES				
Accounts payable and accrued expenses	\$ 1,394	\$ -	\$ 23,004	\$ 24,398
FUND BALANCES				
Restricted:				
System development charges	-	-	1,783,667	1,783,667
Park projects	-	-	1,160,353	1,160,353
Committed:				
Capital projects	-	-	40,540	40,540
Assigned:				
Cultural and recreation	115,503	-	-	115,503
Total fund balances	<u>115,503</u>	<u>-</u>	<u>2,984,560</u>	<u>3,100,063</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 116,897</u>	<u>\$ -</u>	<u>\$ 3,007,564</u>	<u>\$ 3,124,461</u>

CITY OF SANDY, OREGON

OTHER GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Fiscal Year Ended June 30, 2022

	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental
	Acquatic/ Recreation Center Fund	City FFC Debt Service Fund	Parks Capital Projects Fund	
REVENUES				
Charges for services	\$ 300	\$ -	\$ -	\$ 300
System development charges	-	-	427,548	427,548
Interest	457	-	15,643	16,100
Contributions and donations	-	-	79,223	79,223
Miscellaneous	2,076	-	-	2,076
Total revenues	<u>2,833</u>	<u>-</u>	<u>522,414</u>	<u>525,247</u>
EXPENDITURES				
Culture and recreation	113,914	-	45,693	159,607
Capital outlay	-	-	26,736	26,736
Debt service				
Principal	-	697,634	-	697,634
Interest	-	190,183	-	190,183
Total expenditures	<u>113,914</u>	<u>887,817</u>	<u>72,429</u>	<u>1,074,160</u>
Revenues over (under) expenditures	<u>(111,081)</u>	<u>(887,817)</u>	<u>449,985</u>	<u>(548,913)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	120,500	887,817	-	1,008,317
Transfers out	(6,476)	-	-	(6,476)
Total other financing sources (uses)	<u>114,024</u>	<u>887,817</u>	<u>-</u>	<u>1,001,841</u>
Net change in fund balance	2,943	-	449,985	452,928
FUND BALANCE, BEGINNING	<u>112,560</u>	<u>-</u>	<u>2,534,575</u>	<u>2,647,135</u>
FUND BALANCE, ENDING	<u>\$ 115,503</u>	<u>\$ -</u>	<u>\$ 2,984,560</u>	<u>\$ 3,100,063</u>

CITY OF SANDY, OREGON

ACQUATIC/RECREATION CENTER FUND

SCHEDULE OF CHANGES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
Fiscal Year Ended June 30, 2022

	Biennial Budget		Actual			Variance with Final Budget
	Original	Final	2022	2023	Biennial	
REVENUES						
Charges for services	\$ -	\$ -	\$ 300	\$ -	\$ 300	\$ 300
Interest	2,000	2,000	457	-	457	(1,543)
Miscellaneous	-	-	2,076	-	2,076	2,076
Total revenues	2,000	2,000	2,833	-	2,833	833
EXPENDITURES						
Personnel services	58,700	58,700	23,095	-	23,095	35,605
Materials and services	182,600	182,600	90,819	-	90,819	91,781
Contingency	82,373	82,373	-	-	-	82,373
Total expenditures	323,673	323,673	113,914	-	113,914	209,759
Revenues over (under) expenditures	(321,673)	(321,673)	(111,081)	-	(111,081)	210,592
OTHER FINANCING SOURCES (USES)						
Transfers in	241,000	241,000	120,500	-	120,500	(120,500)
Transfers out	(12,951)	(12,951)	(6,476)	-	(6,476)	6,475
Total other financing sources (uses)	228,049	228,049	114,024	-	114,024	(114,025)
Net change in fund balance	(93,624)	(93,624)	2,943	-	2,943	96,567
FUND BALANCE, BEGINNING	93,624	93,624	112,560	-	112,560	18,936
FUND BALANCE, ENDING	\$ -	\$ -	\$ 115,503	\$ -	\$ 115,503	\$ 115,503

CITY OF SANDY, OREGON

CITY FFC DEBT SERVICE FUND

SCHEDULE OF CHANGES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
Fiscal Year Ended June 30, 2022

	Biennial Budget		Actual		Biennial	Variance with Final Budget
	Original	Final	2022	2023		
EXPENDITURES						
Debt service						
Principal	\$ 1,412,290	\$ 1,412,290	\$ 697,634	\$ -	\$ 697,634	\$ 714,656
Interest	363,344	363,344	190,183	-	190,183	173,161
Total expenditures	1,775,634	1,775,634	887,817	-	887,817	887,817
OTHER FINANCING SOURCES (USES)						
Transfers in	1,775,634	1,775,634	887,817	-	887,817	(887,817)
Net change in fund balance	-	-	-	-	-	-
FUND BALANCE, BEGINNING	-	-	-	-	-	-
FUND BALANCE, ENDING	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

CITY OF SANDY, OREGON

PARKS CAPITAL PROJECTS FUND

SCHEDULE OF CHANGES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
Fiscal Year Ended June 30, 2022

	Biennial Budget		Actual			Variance with Final Budget
	Original	Final	2022	2023	Biennial	
REVENUES						
System development charges	\$ 600,000	\$ 600,000	\$ 427,548	\$ -	\$ 427,548	\$ (172,452)
Interest	60,000	60,000	15,643	-	15,643	(44,357)
Contributions and donations	300,000	300,000	79,223	-	79,223	(220,777)
Total revenues	960,000	960,000	522,414	-	522,414	(437,586)
EXPENDITURES						
Materials and services	149,433	149,433	45,693	-	45,693	103,740
Capital outlay	1,800,000	1,800,000	26,736	-	26,736	1,773,264
Contingency	1,540,606	1,540,606	-	-	-	1,540,606
Total expenditures	3,490,039	3,490,039	72,429	-	72,429	3,417,610
Net change in fund balance	(2,530,039)	(2,530,039)	449,985	-	449,985	2,980,024
FUND BALANCE, BEGINNING	2,530,039	2,530,039	2,534,575	-	2,534,575	4,536
FUND BALANCE, ENDING	\$ -	\$ -	\$ 2,984,560	\$ -	\$ 2,984,560	\$ 2,984,560

CITY OF SANDY, OREGON

WATER FUND

SCHEDULE OF CHANGES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
Fiscal Year Ended June 30, 2022

	Biennial Budget		Actual			Variance with Final Budget
	Original	Final	2022	2023	Biennial	
REVENUES						
Charges for services	\$ 3,684,000	\$ 3,684,000	\$ 1,958,645	\$ -	\$ 1,958,645	\$ (1,725,355)
System development charges	433,000	433,000	277,953	-	277,953	(155,047)
Interest	70,000	70,000	(27,645)	-	(27,645)	(97,645)
Miscellaneous	50,000	50,000	95,016	-	95,016	45,016
Total revenues	4,237,000	4,237,000	2,303,969	-	2,303,969	(1,933,031)
EXPENDITURES						
Personnel services	654,500	654,500	305,797	-	305,797	348,703
Materials and services	1,729,550	1,729,550	832,397	-	832,397	897,153
Capital outlay	293,096	293,096	263,425	-	263,425	29,671
Debt service						
Principal	956,762	956,762	454,547	-	454,547	502,215
Interest	294,345	294,345	151,617	-	151,617	142,728
Contingency	1,171,006	1,171,006	-	-	-	1,171,006
Total expenditures	5,099,259	5,099,259	2,007,783	-	2,007,783	3,091,476
Revenues over (under) expenditures	(862,259)	(862,259)	296,186	-	296,186	1,158,445
OTHER FINANCING SOURCES (USES)						
Issuance of debt	67,596	67,596	-	-	-	(67,596)
Proceeds from sale of capital assets	500	500	-	-	-	(500)
Transfers out	(176,307)	(176,307)	(88,152)	-	(88,152)	88,155
Net change in fund balance	(970,470)	(970,470)	208,034	-	208,034	1,178,504
FUND BALANCE, BEGINNING	970,470	970,470	1,636,091	-	1,636,091	665,621
FUND BALANCE, ENDING	\$ -	\$ -	1,844,125	\$ -	\$ 1,844,125	\$ 1,844,125
RECONCILIATION TO NET POSITION - GAAP BASIS						
Allowance for doubtful accounts			(16,421)			
Notes receivable			108,482			
Capital assets, net			13,347,188			
Net OPEB asset			2,605			
Deferred outflows related to pensions			161,343			
Deferred outflows related to OPEB			2,808			
Accrued interest			(81,897)			
Accrued compensated absence			(15,444)			
Long-term debt and leases payable			(5,086,096)			
Net pension liability			(240,377)			
Total OPEB liability			(14,212)			
Deferred inflows related to pensions			(196,460)			
Deferred inflows related to OPEB			(2,387)			
NET POSITION			\$ 9,813,257			

CITY OF SANDY, OREGON

SEWER OPERATIONS FUND

SCHEDULE OF CHANGES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
Fiscal Year Ended June 30, 2022

	Sewer Fund	Sewer Bond Reserve Fund	Total Sewer Operations
REVENUES			
Charges for services	\$ 3,376,503	\$ -	\$ 3,376,503
System development charges	634,747	-	634,747
Grants	-	-	-
Interest	5,923	(14,262)	(8,339)
Miscellaneous	(209)	-	(209)
Total revenues	<u>4,016,964</u>	<u>(14,262)</u>	<u>4,002,702</u>
EXPENDITURES			
Personnel services	356,469	-	356,469
Materials and services	1,159,937	-	1,159,937
Capital outlay	10,834,800	-	10,834,800
Debt service			
Principal	2,143,510	-	2,143,510
Interest	94,147	-	94,147
Other fees	92	-	92
Contingency	-	-	-
Total expenditures	<u>14,588,955</u>	<u>-</u>	<u>14,588,955</u>
Revenues over (under) expenditures	<u>(10,571,991)</u>	<u>(14,262)</u>	<u>(10,586,253)</u>
OTHER FINANCING SOURCES (USES)			
Issuance of debt	8,796,737	-	8,796,737
Transfers in	1,875,957	-	1,875,957
Transfers out	(85,488)	(1,875,957)	(1,961,445)
Total other financing sources (uses)	<u>10,587,206</u>	<u>(1,875,957)</u>	<u>8,711,249</u>
Net change in fund balance	15,215	(1,890,219)	(1,875,004)
FUND BALANCE, BEGINNING	<u>1,661,244</u>	<u>1,890,219</u>	<u>3,551,463</u>
FUND BALANCE, ENDING	<u>\$ 1,676,459</u>	<u>\$ -</u>	<u>1,676,459</u>
RECONCILIATION TO NET POSITION - GAAP BASIS			
Allowance for doubtful accounts			(27,482)
Capital assets, net			19,859,969
Net OPEB asset			3,065
Deferred outflows related to pensions			189,832
Deferred outflows related to OPEB			3,304
Accrued interest			(12,744)
Accrued compensated absence			(16,080)
Long-term debt and leases payable			(11,376,790)
Net pension liability			(282,823)
Total OPEB liability			(16,721)
Deferred inflows related to pensions			(231,150)
Deferred inflows related to OPEB			(2,808)
NET POSITION			<u>\$ 9,766,031</u>

CITY OF SANDY, OREGON

SEWER FUND

SCHEDULE OF CHANGES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
Fiscal Year Ended June 30, 2022

	Biennial Budget		Actual		Biennial	Variance with Final Budget
	Original	Final	2022	2023		
REVENUES						
Charges for services	\$ 6,020,000	\$ 6,020,000	\$ 3,376,503	\$ -	\$ 3,376,503	\$ (2,643,497)
System development charges	400,000	400,000	634,747	-	634,747	234,747
Interest	22,816	22,816	5,923	-	5,923	(16,893)
Miscellaneous	5,000	5,000	(209)	-	(209)	(5,209)
Total revenues	6,447,816	6,447,816	4,016,964	-	4,016,964	(2,430,852)
EXPENDITURES						
Personnel services	763,000	763,000	356,469	-	356,469	406,531
Materials and services	2,304,935	2,304,935	1,159,937	-	1,159,937	1,144,998
Capital outlay	19,037,096	19,037,096	10,834,800	-	10,834,800	8,202,296
Debt service						
Principal	3,080,510	3,080,510	2,143,510	-	2,143,510	937,000
Interest	989,799	989,799	94,147	-	94,147	895,652
Other fees	28,375	28,375	92	-	92	28,283
Contingency	2,954,408	2,954,408	-	-	-	2,954,408
Total expenditures	29,158,123	29,158,123	14,588,955	-	14,588,955	14,569,168
Revenues over (under) expenditures	(22,710,307)	(22,710,307)	(10,571,991)	-	(10,571,991)	12,138,316
OTHER FINANCING SOURCES (USES)						
Issuance of debt	20,087,096	20,087,096	8,796,737	-	8,796,737	(11,290,359)
Proceeds from sale of capital assets	-	-	-	-	-	-
Transfers in	1,875,957	1,875,957	1,875,957	-	1,875,957	-
Transfers out	(170,979)	(170,979)	(85,488)	-	(85,488)	85,491
Total other financing sources (uses)	21,792,074	21,792,074	10,587,206	-	10,587,206	(11,204,868)
Net change in fund balance	(918,233)	(918,233)	15,215	-	15,215	933,448
FUND BALANCE, BEGINNING	918,233	918,233	1,661,244	-	1,661,244	743,011
FUND BALANCE, ENDING	\$ -	\$ -	\$ 1,676,459	\$ -	\$ 1,676,459	\$ 1,676,459

CITY OF SANDY, OREGON

SEWER BOND RESERVE FUND

SCHEDULE OF CHANGES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
Fiscal Year Ended June 30, 2022

	Biennial Budget		Actual		Variance with Final Budget
	Original	Final	2022	2023	
REVENUES					
Interest	\$ 50,000	\$ 50,000	\$ (14,262)	\$ -	\$ (14,262)
OTHER FINANCING SOURCES (USES)					
Transfers out	(1,875,957)	(1,875,957)	(1,875,957)	-	(1,875,957)
Net change in fund balance	(1,825,957)	(1,825,957)	(1,890,219)	-	(1,890,219)
FUND BALANCE, BEGINNING	1,825,957	1,825,957	1,890,219	-	1,890,219
FUND BALANCE, ENDING	\$ -	\$ -	\$ -	\$ -	\$ -

CITY OF SANDY, OREGON

TELECOMMUNICATIONS FUND

SCHEDULE OF CHANGES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
Fiscal Year Ended June 30, 2022

	Biennial Budget		Actual		Biennial	Variance with Final Budget
	Original	Final	2022	2023		
REVENUES						
Charges for services	\$ 4,118,464	\$ 4,118,464	\$ 2,231,978	\$ -	\$ 2,231,978	\$ (1,886,486)
Interest	-	-	9	-	9	9
Miscellaneous	-	-	6,999	-	6,999	6,999
Total revenues	<u>4,118,464</u>	<u>4,118,464</u>	<u>2,238,986</u>	<u>-</u>	<u>2,238,986</u>	<u>(1,879,478)</u>
EXPENDITURES						
Personnel services	1,628,000	1,628,000	704,015	-	704,015	923,985
Materials and services	676,310	676,310	403,594	-	403,594	272,716
Capital outlay	420,000	420,000	363,257	-	363,257	56,743
Debt service						
Principal	683,404	683,404	352,879	-	352,879	330,525
Interest	515,240	515,240	250,291	-	250,291	264,949
Other fees	2,200	2,200	1,100	-	1,100	1,100
Interfund principal payments	97,974	97,974	48,521	-	48,521	49,453
Interfund interest payments	12,887	12,887	6,909	-	6,909	5,978
Contingency	62,425	62,425	-	-	-	62,425
Total expenditures	<u>4,098,440</u>	<u>4,098,440</u>	<u>2,130,566</u>	<u>-</u>	<u>2,130,566</u>	<u>1,967,874</u>
Revenues over (under) expenditures	<u>20,024</u>	<u>20,024</u>	<u>108,420</u>	<u>-</u>	<u>108,420</u>	<u>88,396</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	60,000	60,000	30,000	-	30,000	(30,000)
Transfers out	(205,662)	(205,662)	(102,830)	-	(102,830)	102,832
Total other financing sources (uses)	<u>(145,662)</u>	<u>(145,662)</u>	<u>(72,830)</u>	<u>-</u>	<u>(72,830)</u>	<u>72,832</u>
Net change in fund balance	(125,638)	(125,638)	35,590	-	35,590	161,228
FUND BALANCE, BEGINNING	<u>125,638</u>	<u>125,638</u>	<u>(26,220)</u>	<u>-</u>	<u>(26,220)</u>	<u>(151,858)</u>
FUND BALANCE, ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>9,370</u>	<u>\$ -</u>	<u>\$ 9,370</u>	<u>\$ 9,370</u>
RECONCILIATION TO NET POSITION - GAAP BASIS						
Allowance for doubtful accounts			(21,099)			
Interfund loan payable			(311,331)			
Inventory			256,377			
Capital assets, net			8,311,794			
Net OPEB asset			5,504			
Deferred outflows related to pensions			340,922			
Deferred outflows related to OPEB			5,933			
Accrued interest			(84,008)			
Accrued compensated absence			(29,796)			
Long-term debt and leases payable			(6,539,031)			
Net pension liability			(507,925)			
Total OPEB liability			(30,030)			
Deferred inflows related to pensions			(415,127)			
Deferred inflows related to OPEB			(5,043)			
NET POSITION			<u>\$ 986,510</u>			

CITY OF SANDY, OREGON

STORM WATER FUND – OTHER ENTERPRISE FUND

SCHEDULE OF CHANGES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
Fiscal Year Ended June 30, 2022

	Biennial Budget		Actual		Biennial	Variance with Final Budget
	Original	Final	2022	2023		
REVENUES						
Charges for services	\$ 557,000	\$ 557,000	\$ 308,588	\$ -	\$ 308,588	\$ (248,412)
Interest	12,500	12,500	1,264	-	1,264	(11,236)
Miscellaneous	4,000	4,000	82	-	82	(3,918)
Total revenues	573,500	573,500	309,934	-	309,934	(263,566)
EXPENDITURES						
Personnel services	481,000	481,000	239,160	-	239,160	241,840
Materials and services	156,300	156,300	84,898	-	84,898	71,402
Capital outlay	70,610	70,610	297,209	-	297,209	(226,599)
Debt service						
Principal	87,211	87,211	43,606	-	43,606	43,605
Interest	39,245	39,245	20,363	-	20,363	18,882
Contingency	23,301	23,301	-	-	-	23,301
Total expenditures	857,667	857,667	685,236	-	685,236	172,431
Revenues over (under) expenditures	(284,167)	(284,167)	(375,302)	-	(375,302)	(91,135)
OTHER FINANCING SOURCES (USES)						
Issuance of debt	60,610	60,610	-	-	-	(60,610)
Transfers out	(81,234)	(81,234)	(40,616)	-	(40,616)	40,618
Total other financing sources (uses)	(20,624)	(20,624)	(40,616)	-	(40,616)	(19,992)
Net change in fund balance	(304,791)	(304,791)	(415,918)	-	(415,918)	(111,127)
FUND BALANCE, BEGINNING	304,791	304,791	283,820	-	283,820	(20,971)
FUND BALANCE, ENDING	\$ -	\$ -	(132,098)	\$ -	\$ (132,098)	\$ (132,098)
RECONCILIATION TO NET POSITION - GAAP BASIS						
Allowance for doubtful accounts			(2,334)			
Capital assets, net			674,862			
Net OPEB asset			1,987			
Deferred outflows related to pensions			123,101			
Deferred outflows related to OPEB			2,142			
Accrued interest			(1,574)			
Accrued compensated absence			(3,181)			
Long-term debt and leases payable			(433,216)			
Net pension liability			(183,402)			
Total OPEB liability			(10,843)			
Deferred inflows related to pensions			(149,894)			
Deferred inflows related to OPEB			(1,821)			
NET POSITION			\$ (116,271)			

CITY OF SANDY, OREGON

INTERNAL SERVICE FUNDS

COMBINING SCHEDULE OF NET POSITION

June 30, 2022

	Operations Center Internal Service Fund	Facility Maintenance Internal Service Fund	Total Internal Service Funds
ASSETS			
Cash and investments	\$ 2,267	\$ 360,567	\$ 362,834
LIABILITIES			
Accounts payable	1,791	-	1,791
NET POSITION			
Unrestricted net position	\$ 476	\$ 360,567	\$ 361,043

CITY OF SANDY, OREGON

INTERNAL SERVICE FUNDS

COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Fiscal Year Ended June 30, 2022

	Operations Center Internal Service Fund	Facility Maintenance Internal Service Fund	Total Internal Service Funds
OPERATING EXPENSES			
Utilities	\$ 32,439	\$ -	\$ 32,439
Insurance	2,060	-	2,060
Contract services	22,536	41,449	63,985
Maintenance and repairs	8,129	-	8,129
Total operating expense	<u>65,164</u>	<u>41,449</u>	<u>106,613</u>
NON-OPERATING INCOME (EXPENSE)			
Investment earnings	<u>3</u>	<u>-</u>	<u>3</u>
TRANSFERS			
Transfers in	<u>62,498</u>	<u>55,000</u>	<u>117,498</u>
Change in net position	(2,663)	13,551	10,888
NET POSITION, BEGINNING	<u>3,139</u>	<u>347,016</u>	<u>350,155</u>
NET POSITION, ENDING	<u>\$ 476</u>	<u>\$ 360,567</u>	<u>\$ 361,043</u>

CITY OF SANDY, OREGON

INTERNAL SERVICE FUNDS

COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Fiscal Year Ended June 30, 2022

	Operations Center Internal Service Fund	Facility Maintenance Internal Service Fund	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash paid to suppliers and others	\$ (66,346)	\$ (41,449)	\$ (107,795)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in	62,498	55,000	117,498
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest income	3	-	3
Net increase (decrease) in cash and cash equivalents	(3,845)	13,551	9,706
CASH AND CASH EQUIVALENTS - BEGINNING	6,112	347,016	353,128
CASH AND CASH EQUIVALENTS - ENDING	\$ 2,267	\$ 360,567	\$ 362,834
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:			
Operating income (loss)	\$ (65,164)	\$ (41,449)	\$ (106,613)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
(Decrease) increase in accounts payable	(1,182)	-	(1,182)
Net cash provided by (used for) operating activities	\$ (66,346)	\$ (41,449)	\$ (107,795)

CITY OF SANDY, OREGON

OPERATIONS CENTER INTERNAL SERVICE FUND

SCHEDULE OF CHANGES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
Fiscal Year Ended June 30, 2022

	Biennial Budget		Actual			Variance with Final Budget
	Original	Final	2022	2023	Biennial	
REVENUES						
Interest	\$ -	\$ -	\$ 3	\$ -	\$ 3	\$ 3
EXPENDITURES						
Materials and services	125,000	125,000	65,164	-	65,164	59,836
Revenues over (under) expenditures	(125,000)	(125,000)	(65,161)	-	(65,161)	59,839
OTHER FINANCING SOURCES (USES)						
Transfers in	125,000	125,000	62,498	-	62,498	(62,502)
Net change in fund balance	-	-	(2,663)	-	(2,663)	(2,663)
FUND BALANCE, BEGINNING	-	-	3,139	-	3,139	3,139
FUND BALANCE, ENDING	\$ -	\$ -	\$ 476	\$ -	\$ 476	\$ 476

CITY OF SANDY, OREGON

FACILITY MAINTENANCE INTERNAL SERVICE FUND

SCHEDULE OF CHANGES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
Fiscal Year Ended June 30, 2022

	Biennial Budget		Actual		Biennial	Variance with Final Budget
	Original	Final	2022	2023		
EXPENDITURES						
Materials and services	\$ 250,000	\$ 250,000	\$ 41,449	\$ -	\$ 41,449	\$ 208,551
Contingency	159,230	159,230	-	-	-	159,230
Total expenditures	409,230	409,230	41,449	-	41,449	367,781
OTHER FINANCING SOURCES (USES)						
Transfers in	110,000	110,000	55,000	-	55,000	(55,000)
Net change in fund balance	(299,230)	(299,230)	13,551	-	13,551	312,781
FUND BALANCE, BEGINNING	299,230	299,230	347,016	-	347,016	47,786
FUND BALANCE, ENDING	\$ -	\$ -	\$ 360,567	\$ -	\$ 360,567	\$ 360,567

OTHER FINANCIAL SCHEDULES

CITY OF SANDY, OREGON

SEWER OPERATIONS

COMPARATIVE SCHEDULE OF NET POSITION
June 30, 2022

	2022	2021
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,984,069	\$ 3,174,995
Investments	673,062	1,264,004
Accounts receivable, net	454,979	391,156
Total current assets	<u>3,112,110</u>	<u>4,830,155</u>
Noncurrent assets		
Restricted cash and cash equivalents	82,866	-
Capital assets, net	19,859,969	9,468,378
Net OPEB assets	3,065	2,944
Total noncurrent assets	<u>19,945,900</u>	<u>9,471,322</u>
Total assets	<u>23,058,010</u>	<u>14,301,477</u>
DEFERRED OUTFLOW OF RESOURCES		
Pension related	189,832	151,834
OPEB related	3,304	3,233
Total deferred outflows of resources	<u>193,136</u>	<u>155,067</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued expenses	1,545,999	1,296,685
Accrued compensated absences	16,080	3,078
Accrued interest	12,744	12,861
Current portion of long-term debt	629,428	170,431
Total current liabilities	<u>2,204,251</u>	<u>1,483,055</u>
Noncurrent liabilities		
Accrued compensated absences	-	13,350
Long-term debt, net of current portion	10,747,362	4,566,863
Net pension liability	282,823	442,074
Total OPEB liability	16,721	14,931
Total noncurrent liabilities	<u>11,046,906</u>	<u>5,037,218</u>
Total liabilities	<u>13,251,157</u>	<u>6,520,273</u>
DEFERRED INFLOWS OF RESOURCES		
Pension related	231,150	22,221
OPEB related	2,808	2,731
Total deferred inflows of resources	<u>233,958</u>	<u>24,952</u>
NET POSITION		
Net investment in capital assets	8,483,179	4,731,084
Restricted:		
Debt service	-	1,890,219
OPEB	3,065	2,944
Unrestricted	1,279,787	1,287,072
Total net position	<u>\$ 9,766,031</u>	<u>\$ 7,911,319</u>

CITY OF SANDY, OREGON

SEWER OPERATIONS

COMPARATIVE SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Fiscal Year Ended June 30, 2022

	2022	2021
OPERATING REVENUES		
Charges for services	\$ 3,318,675	\$ 2,951,715
Special assessments and surcharges	48,339	26,588
Miscellaneous	-	6,197
Total operating revenues	<u>3,367,014</u>	<u>2,984,500</u>
OPERATING EXPENSES		
Salaries, fringe benefits, and payroll taxes	369,476	433,911
Utilities	145,466	116,849
Contract services	770,239	801,351
Insurance	15,946	45,799
Repairs and maintenance	122,793	175,034
Depreciation	274,879	279,163
Other operating expense	260,393	151,299
Total operating expenses	<u>1,959,192</u>	<u>2,003,406</u>
Operating income (loss)	<u>1,407,822</u>	<u>981,094</u>
NON-OPERATING INCOME (EXPENSE)		
System development charges	634,747	296,249
Grants	-	500,000
Interest income	(8,339)	14,200
Interest expense	(94,030)	(101,671)
Total non-operating income (expense)	<u>532,378</u>	<u>708,778</u>
Income (loss) before transfers	<u>1,940,200</u>	<u>1,689,872</u>
TRANSFERS		
Transfers out	(85,488)	(70,404)
Transfers, net	<u>(85,488)</u>	<u>(70,404)</u>
Change in net position	1,854,712	1,619,468
NET POSITION - BEGINNING	<u>7,911,319</u>	<u>6,291,851</u>
NET POSITION - ENDING	<u>\$ 9,766,031</u>	<u>\$ 7,911,319</u>

CITY OF SANDY, OREGON

SEWER OPERATIONS

COMPARATIVE SCHEDULE OF CASH FLOWS
Fiscal Year Ended June 30, 2022

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 3,303,191	\$ 3,001,381
Cash paid for salaries and benefits	(356,469)	(482,774)
Cash paid to suppliers and others	(1,065,523)	(20,725)
Net cash provided by (used for) operating activities	<u>1,881,199</u>	<u>2,497,882</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Operating grants	-	500,000
Transfers out	(85,488)	(70,404)
Net cash provided by (used for) noncapital financing activities	<u>(85,488)</u>	<u>429,596</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
System development charges	634,747	296,249
Purchases of capital assets	(10,666,470)	(3,535,932)
Proceeds from long-term debt	8,796,737	2,388,144
Principal paid on long-term debt	(2,157,241)	(73,532)
Interest paid on long-term debt	(94,147)	(97,951)
Net cash provided by (used for) capital and related financing activities	<u>(3,486,374)</u>	<u>(1,023,022)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(330,828)	(380,299)
Sale of investments	921,770	379,849
Interest income	(8,339)	14,200
Net cash provided by (used for) investing activities	<u>582,603</u>	<u>13,750</u>
Net increase (decrease) in cash and cash equivalents	(1,108,060)	1,918,206
CASH AND CASH EQUIVALENTS - BEGINNING	3,174,995	1,256,789
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 2,066,935</u>	<u>\$ 3,174,995</u>
COMPRISED AS FOLLOWS:		
Unrestricted	\$ 1,984,069	\$ 3,174,995
Restricted	82,866	-
Total	<u>\$ 2,066,935</u>	<u>\$ 3,174,995</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:		
Operating income (loss)	\$ 1,407,822	\$ 981,094
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation expense	274,879	279,163
(Increase) decrease in receivables	(63,823)	(142,094)
(Increase) decrease in pension related balances	11,680	106,510
(Increase) decrease in OPEB related balances	1,675	2,564
(Decrease) increase in accounts payable and accrued expenses	249,314	1,269,607
(Decrease) increase in compensated absences	(348)	1,038
Net cash provided by (used for) operating activities	<u>\$ 1,881,199</u>	<u>\$ 2,497,882</u>

STATISTICAL SECTION

CITY OF SANDY, OREGON

NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year (in thousands)									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental Activities										
Net investment in capital assets	\$ 20,840	\$ 20,935	\$ 20,860	\$ 20,958	\$ 13,474	\$ 21,269	\$ 21,021	\$ 22,586	\$ 23,199	\$ 23,420
Restricted	1,669	2,565	3,872	5,065	11,389	9,962	9,706	10,141	13,498	6,228
Unrestricted	2,247	3,127	3,693	2,529	2,343	(1,390)	524	(138)	(3,546)	6,409
Total governmental activities net position	<u>\$ 24,756</u>	<u>\$ 26,627</u>	<u>\$ 28,425</u>	<u>\$ 28,552</u>	<u>\$ 27,206</u>	<u>\$ 29,841</u>	<u>\$ 31,251</u>	<u>\$ 32,589</u>	<u>\$ 33,151</u>	<u>\$ 36,057</u>
Business-Type Activities										
Net investment in capital assets	\$ 11,209	\$ 11,534	\$ 12,026	\$ 12,114	\$ 11,671	\$ 11,457	\$ 11,525	\$ 11,598	\$ 14,216	\$ 15,007
Restricted	701	717	790	374	242	167	1,736	1,893	1,903	13
Unrestricted	3,366	2,893	2,672	2,737	2,761	2,990	1,626	2,499	1,894	5,430
Total business-type activities net position	<u>\$ 15,276</u>	<u>\$ 15,144</u>	<u>\$ 15,488</u>	<u>\$ 15,225</u>	<u>\$ 14,674</u>	<u>\$ 14,614</u>	<u>\$ 14,887</u>	<u>\$ 15,990</u>	<u>\$ 18,013</u>	<u>\$ 20,450</u>
Total Primary Government										
Net investment in capital assets	\$ 32,049	\$ 32,469	\$ 32,886	\$ 33,072	\$ 25,145	\$ 32,726	\$ 32,546	\$ 34,184	\$ 37,415	\$ 38,427
Restricted	2,370	3,282	4,662	5,439	11,631	10,129	11,442	12,034	15,401	6,241
Unrestricted	5,613	6,020	6,365	5,266	5,104	1,600	2,150	2,361	(1,652)	11,839
Total primary government net position	<u>\$ 40,032</u>	<u>\$ 41,771</u>	<u>\$ 43,913</u>	<u>\$ 43,777</u>	<u>\$ 41,880</u>	<u>\$ 44,455</u>	<u>\$ 46,138</u>	<u>\$ 48,579</u>	<u>\$ 51,164</u>	<u>\$ 56,507</u>

CITY OF SANDY, OREGON

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year (in thousands)									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses										
Governmental Activities										
General government	\$ 1,380	\$ 1,142	\$ 775	\$ 1,914	\$ 2,080	\$ 1,037	\$ 2,062	\$ 2,114	\$ 2,652	\$ 2,110
Highways and streets	1,080	727	937	1,133	949	751	1,049	1,650	1,075	920
Public transportation	1,324	1,321	1,315	1,336	1,343	1,492	1,489	2,108	1,906	2,108
Economic development	878	954	1,075	975	3,530	912	1,275	1,914	1,999	1,690
Public safety	2,301	2,537	2,161	3,602	3,076	3,286	3,323	3,646	3,773	3,295
Culture and recreation	2,133	2,156	1,860	2,660	2,586	2,796	2,943	3,125	3,169	2,836
Interest on long-term debt	159	142	68	63	128	264	244	247	225	387
Total Governmental Activities	9,255	8,979	8,191	11,683	13,692	10,538	12,385	14,804	14,799	13,346
Business-Type Activities										
Water	1,843	1,104	1,485	1,739	1,694	1,653	1,622	1,529	1,674	1,721
Sewer	1,344	1,341	1,350	1,628	1,588	1,755	1,782	2,010	2,105	2,053
Stormwater	185	193	180	288	232	289	308	418	419	396
Telecommunications	563	737	528	1,077	1,619	1,542	1,662	1,571	1,754	1,927
Total Business-Type Activities	3,935	3,375	3,543	4,732	5,133	5,239	5,374	5,528	5,952	6,097
Total Expenses	\$ 13,190	\$ 12,354	\$ 11,734	\$ 16,415	\$ 18,825	\$ 15,777	\$ 17,759	\$ 20,332	\$ 20,751	\$ 19,443
Program Revenues										
Governmental Activities										
Charges for services										
General government	\$ 494	\$ 147	\$ 751	\$ 260	\$ 580	\$ 635	\$ 651	\$ 1,032	\$ 162	\$ 161
Highways and streets	707	202	316	418	227	645	605	648	866	366
Public transportation	12	125	136	121	111	88	84	122	1	102
Economic development	127	268	268	454	543	334	382	312	481	699
Public safety	20	591	591	734	265	786	391	171	490	441
Culture and recreation	285	358	122	340	390	136	230	117	244	474
Operating grants and contributions	853	831	1,385	1,087	216	251	131	1,138	1,393	1,890
Capital grants and contributions	509	254	254	-	1,423	1,150	1,334	2,104	618	547
Total Governmental Activities	3,007	2,776	3,823	3,414	3,755	4,025	3,808	5,644	4,255	4,680
Business-Type Activities										
Charges for services										
Water	1,250	1,309	1,405	1,767	1,478	1,775	1,867	1,958	1,962	2,238
Sewer	1,182	1,208	1,343	1,392	1,406	1,653	1,700	2,440	3,275	4,002
Stormwater	218	217	219	231	240	248	256	247	275	307
Telecommunications	453	552	635	1,094	1,339	1,507	1,620	1,813	2,050	2,222
Operating grants and contributions	-	-	363	16	-	-	-	-	500	-
Total Business-Type Activities	3,103	3,286	3,965	4,500	4,463	5,183	5,443	6,458	8,062	8,769
Total Program Revenues	\$ 6,110	\$ 6,062	\$ 7,788	\$ 7,914	\$ 8,218	\$ 9,208	\$ 9,251	\$ 12,102	\$ 12,317	\$ 13,449
Net (Expense)/Revenue										
Governmental activities	\$ (6,248)	\$ (6,203)	\$ (4,368)	\$ (8,269)	\$ (9,937)	\$ (6,513)	\$ (8,577)	\$ (9,160)	\$ (10,544)	\$ (8,666)
Business-type activities	(832)	(89)	422	(232)	(670)	(56)	69	930	2,110	2,672
Total Net (Expense)/Revenue	\$ (7,080)	\$ (6,292)	\$ (3,946)	\$ (8,501)	\$ (10,607)	\$ (6,569)	\$ (8,508)	\$ (8,230)	\$ (8,434)	\$ (5,994)
General Revenues and Other Changes in Net Position										
Governmental Activities										
Taxes										
Property taxes	\$ 3,779	\$ 3,965	\$ 4,222	\$ 4,428	\$ 4,611	\$ 4,875	\$ 5,078	\$ 5,416	\$ 5,740	\$ 6,053
Public service taxes	2,667	2,630	2,800	3,081	3,085	3,251	3,488	3,550	3,695	4,154
Franchise taxes	479	531	605	563	589	639	644	629	622	729
Investment earnings	23	34	41	63	154	249	403	408	145	135
Miscellaneous	218	832	278	90	133	237	261	354	762	214
Transfers	167	117	80	171	21	119	113	142	142	287
Total Governmental Activities	7,333	8,109	8,026	8,396	8,593	9,370	9,987	10,499	11,106	11,572
Business-Type Activities										
Investment earnings	28	37	50	48	42	61	133	151	17	(35)
Miscellaneous	33	103	153	92	97	98	183	163	38	87
Transfers	(167)	(117)	(80)	(171)	(21)	(119)	(113)	(142)	(142)	(287)
Total Business-Type Activities	(106)	23	123	(31)	118	40	203	172	(87)	(235)
Total Primary Government	\$ 7,227	\$ 8,132	\$ 8,149	\$ 8,365	\$ 8,711	\$ 9,410	\$ 10,190	\$ 10,671	\$ 11,019	\$ 11,337
Change in Net Position										
Governmental Activities	\$ 1,085	\$ 1,906	\$ 3,658	\$ 127	\$ (1,344)	\$ 2,857	\$ 1,410	\$ 1,339	\$ 562	\$ 2,906
Business-Type Activities	(938)	(66)	545	(263)	(552)	(16)	272	1,102	2,023	2,437
Total Primary Government	\$ 147	\$ 1,840	\$ 4,203	\$ (136)	\$ (1,896)	\$ 2,841	\$ 1,682	\$ 2,441	\$ 2,585	\$ 5,343

CITY OF SANDY, OREGON

FUND BALANCES OF GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS
 (modified accrual basis of accounting)

	Fiscal Year (in thousands)									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund										
Restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2	\$ 2	\$ 76	\$ 3	\$ 2
Assigned	-	-	-	-	-	63	-	-	375	-
Unassigned	1,226	2,055	2,654	2,646	2,304	2,314	2,164	2,350	2,274	3,202
Total General Fund	<u>\$ 1,226</u>	<u>\$ 2,055</u>	<u>\$ 2,654</u>	<u>\$ 2,646</u>	<u>\$ 2,304</u>	<u>\$ 2,379</u>	<u>\$ 2,166</u>	<u>\$ 2,426</u>	<u>\$ 2,652</u>	<u>\$ 3,204</u>
All other governmental funds										
Non-spendable	\$ 36	\$ 35	\$ 8	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	1,669	2,565	3,872	5,065	11,879	9,960	12,181	12,915	20,489	19,896
Committed	-	-	-	-	-	-	-	49	49	41
Assigned	1,016	1,108	1,475	1,939	1,953	2,234	2,770	2,480	2,346	2,273
Unassigned	(254)	(307)	-	-	(10)	20	-	-	-	-
Total all other governmental funds	<u>\$ 2,467</u>	<u>\$ 3,401</u>	<u>\$ 5,355</u>	<u>\$ 7,004</u>	<u>\$ 13,822</u>	<u>\$ 12,214</u>	<u>\$ 14,951</u>	<u>\$ 15,444</u>	<u>\$ 22,884</u>	<u>\$ 22,210</u>

CITY OF SANDY, OREGON

**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)**

	Fiscal Year (in thousands)									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
REVENUES										
Property taxes	\$ 3,774	\$ 3,978	\$ 4,214	\$ 4,412	\$ 4,604	\$ 4,843	\$ 5,231	\$ 5,415	\$ 5,731	\$ 5,999
Public service taxes	2,667	2,630	2,800	3,081	3,085	3,251	3,488	3,550	3,696	4,154
Franchise fees	479	531	605	579	591	641	647	639	622	729
Grants	1,182	1,112	1,747	851	1,388	1,076	1,210	2,189	1,701	1,489
Charges for services	910	752	1,004	1,124	1,056	1,057	720	794	681	697
Licenses and permits	167	243	358	347	414	392	404	479	305	633
Fines and forfeitures	305	313	277	270	246	182	213	219	164	160
Special assessments	-	9	36	64	19	32	18	51	523	47
System development charges	253	372	472	517	421	946	968	910	539	711
Interest	23	33	40	62	153	248	403	408	145	135
Contributions and donations	15	-	-	11	164	205	478	254	87	79
Intergovernmental	-	-	-	-	-	-	-	409	573	408
Miscellaneous	87	768	47	50	101	259	339	403	761	211
Payment in lieu of land dedication	131	65	232	45	-	-	-	-	-	-
Total Revenues	9,993	10,806	11,832	11,413	12,242	13,132	14,119	15,720	15,528	15,452
EXPENDITURES										
Current										
General government	851	794	728	787	1,047	954	1,396	1,066	1,179	1,430
Highways and streets	932	544	484	721	718	596	893	1,466	793	686
Public transportation	1,093	1,096	1,102	1,037	1,114	1,256	1,322	1,865	1,752	1,822
Economic and physical development	697	761	837	807	837	905	1,076	1,366	1,212	1,179
Public safety	2,137	2,358	2,374	2,652	2,728	2,857	2,741	2,835	2,938	3,072
Culture and recreation	1,901	1,846	2,051	2,124	2,231	2,392	2,482	2,581	2,590	2,600
Capital outlay	1,280	1,253	1,169	1,172	5,796	4,767	677	2,704	3,091	3,561
Debt service										
Principal	1,040	2,713	552	598	1,161	992	854	859	806	988
Interest	161	166	82	74	188	277	259	250	230	409
Total Expenditures	10,092	11,531	9,379	9,972	15,820	14,996	11,700	14,992	14,591	15,747
Excess (Deficiency) of Revenues over Expenditures	(99)	(725)	2,453	1,441	(3,578)	(1,864)	2,419	728	937	(295)
OTHER FINANCING SOURCES (USES)										
Transfers in	270	265	282	261	261	1,417	1,742	1,282	1,282	1,457
Transfers out	(103)	(343)	(202)	(198)	(348)	(1,410)	(1,735)	(1,257)	(1,257)	(1,287)
Sale of capital assets	-	-	-	-	28	3	4	-	5	3
Proceeds from lease	-	-	-	-	-	320	94	-	-	-
Proceeds from note	385	286	-	136	10,115	-	-	-	55	-
Proceeds from bond	-	2,280	-	-	-	-	-	-	5,975	-
Proceeds from bond premiums	-	-	-	-	-	-	-	-	669	-
Total Other Financing Sources (Uses)	552	2,488	80	199	10,056	330	105	25	6,729	173
Net change in fund balances	\$ 453	\$ 1,763	\$ 2,533	\$ 1,640	\$ 6,478	\$ (1,534)	\$ 2,524	\$ 753	\$ 7,666	\$ (122)
Debt service as a percentage of noncapital expenditures	13.6%	28.0%	7.7%	7.6%	13.5%	12.4%	10.1%	9.0%	9.0%	11.5%

CITY OF SANDY, OREGON

ASSESSED VALUES AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

Fiscal Year Ended June 30,	Real Property	Manufactured Structure	Personal Property	Public Utility	Total Assessed Value
2022	\$ 1,069,257,898	\$ 5,350,782	\$ 27,049,539	\$ 34,551,500	\$ 1,136,209,719
2021	1,013,948,881	5,106,266	23,508,902	33,619,000	1,076,183,049
2020	954,934,447	4,818,623	22,139,048	26,786,200	1,008,678,318
2019	903,116,423	4,773,690	20,398,973	24,575,400	952,864,486
2018	857,082,927	4,497,275	19,402,085	28,696,572	909,678,859
2017	813,445,713	3,936,785	18,402,810	27,632,300	863,417,608
2016	771,821,532	3,580,913	17,849,834	24,394,900	817,647,179
2015	733,190,302	3,350,268	19,136,695	22,033,200	777,710,465
2014	698,952,246	3,270,241	17,205,910	19,987,180	739,415,577
2013	666,954,675	3,306,018	18,491,458	20,552,300	709,304,451

Fiscal Year Ended June 30,	Less Urban Renewal Excess	Value to Compute Tax Rate	Total Direct Tax Rate (per \$1,000 of Assessed Valuation)	Total M5 Value	Taxable Assessed Value As a Percentage of Estimated Actual Value
2022	\$ 124,199,866	\$1,012,009,853	\$ 5.4849	\$ 1,959,296,578	51.65%
2021	116,017,035	960,166,014	5.4692	1,745,671,888	55.00%
2020	109,895,756	898,782,562	5.5208	1,624,994,208	55.31%
2019	104,024,571	848,839,915	5.5260	1,469,956,872	57.75%
2018	97,517,601	812,161,258	5.5101	1,314,771,126	61.77%
2017	89,830,142	773,587,466	5.4849	1,167,454,337	66.26%
2016	87,184,331	730,462,848	5.5444	1,032,175,837	70.77%
2015	83,248,892	694,461,573	5.5588	931,218,558	74.58%
2014	76,680,367	662,735,210	5.5157	817,332,995	81.09%
2013	73,943,011	635,361,440	5.5258	776,203,139	81.86%

Source: Clackamas County Assessor's Office

CITY OF SANDY, OREGON

PROPERTY TAX RATES – DIRECT AND OVERLAPPING GOVERNMENTS
 LAST TEN FISCAL YEARS
 (per \$1,000 of assessed value)

Fiscal Year Ended June 30,	General Fund	Urban Renewal	City Total	Port of Portland	Clackamas County	Clackamas County Urban Renewal
2022	\$ 3.6654	\$ 1.8195	\$ 5.4849	\$ 0.0622	\$ 2.9152	\$ 0.0061
2021	3.6716	1.7976	5.4692	0.0623	2.9197	0.0058
2020	3.6669	1.8539	5.5208	0.0622	2.9149	0.0056
2019	3.6660	1.8600	5.5260	0.0622	2.9173	0.0055
2018	3.6741	1.8360	5.5101	0.0623	2.9249	0.0051
2017	3.6871	1.7978	5.4849	0.0626	2.8192	0.0047
2016	3.6765	1.8679	5.5444	0.0623	2.8101	0.0039
2015	3.6747	1.8841	5.5588	0.0623	2.8090	0.0034
2014	3.6885	1.8272	5.5157	0.0625	2.8190	0.0031
2013	3.6863	1.8395	5.5258	0.0617	2.8106	0.1248

Fiscal Year Ended June 30,	Oregon Trail School District No. 46	Mt. Hood Community College	Clackamas County ESD	Vector Control	Fire District No. 72	Total Direct & Overlapping Rates
2022	\$ 5.7150	\$ 0.4380	\$ 0.3263	\$ 0.0308	\$ 1.9389	\$ 16.9174
2021	5.7567	0.4387	0.3270	0.0308	1.9427	16.9529
2020	6.0555	0.4382	0.3267	0.0308	1.9402	17.2949
2019	6.0690	0.4381	0.3266	0.0308	1.9397	17.3152
2018	6.1596	0.4390	0.3275	0.0309	1.9440	17.4034
2017	6.1863	0.4406	0.3288	0.0309	1.9509	17.3089
2016	6.1643	0.4382	0.3272	0.0308	1.9404	17.3216
2015	6.2070	0.4380	0.3272	0.0281	1.9394	17.3732
2014	6.2543	0.4397	0.3286	0.0283	1.9469	17.3981
2013	6.2765	0.4394	0.3231	0.0283	1.9458	17.5360

Source: Clackamas County Assessor's Office

CITY OF SANDY, OREGON

PRINCIPAL PROPERTY TAXPAYERS
CURRENT AND NINE YEARS AGO

Taxpayer	2022			2013		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Fred Meyer Stores Inc	\$ 20,271,013	1	2.0%	\$ 14,471,364	1	2.3%
Sandy Place Apartments	13,979,828	2	1.4%			
ACS Sandy Marketplace	11,886,701	3	1.2%	8,446,082	2	1.3%
Portland General Elec Co	11,815,000	4	1.2%	6,783,000	5	1.1%
Sandy Safeway Center LLC	10,817,880	5	1.1%	7,631,107	3	1.2%
Jaksich Properties	9,984,084	6	1.0%	7,044,831	4	1.1%
NW Natural Gas Co	8,282,000	7	0.8%	5,469,700	6	0.9%
Colony Northstar Inc	6,989,549	8	0.7%	5,356,909	7	0.9%
Quantum Residential Inc	6,931,507	9	0.7%	5,157,692	8	0.8%
PLR Properties LLC	6,764,186	10	0.7%	4,755,359	10	0.8%
Ventas Inc			0.0%	4,888,120	9	0.8%
Subtotal	107,721,748		10.6%	70,004,164		11.15%
All other customers	904,288,105		89.4%	557,997,732		88.9%
Total	<u>\$1,012,009,853</u>		<u>100.0%</u>	<u>\$628,001,896</u>		<u>100.0%</u>

Source: Clackamas County Assessor's Office

CITY OF SANDY, OREGON

PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	Total Tax Levy for Fiscal Year	Collected in First Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount Collected	Percentage of Levy		Amount Collected	Percentage of Levy
2022	\$ 6,228,326	\$ 5,921,801	95.08%	\$ -	\$ 5,921,801	95.08%
2021	5,904,200	5,814,591	98.48%	45,945	5,860,536	99.26%
2020	5,568,556	5,321,433	95.56%	223,932	5,528,840	99.29%
2019	5,265,841	5,035,622	95.63%	224,752	5,251,312	99.72%
2018	5,012,256	4,772,432	95.22%	237,715	5,006,370	99.88%
2017	4,733,648	4,515,453	95.39%	216,841	4,731,692	99.96%
2016	4,540,854	4,318,289	95.10%	221,541	4,539,446	99.97%
2015	4,328,297	4,110,192	94.96%	217,153	4,327,118	99.97%
2014	4,065,109	3,853,063	94.78%	211,309	4,064,206	99.98%
2013	3,882,695	3,660,054	94.27%	221,820	3,881,781	99.98%

Source: Clackamas County Assessor's Office

CITY OF SANDY, OREGON

RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	Governmental Activities		Business-Type Activities		Total Outstanding Debt	Population	Per Capita
	Bonds Payable, net	Note Payable	Bonds Payable, net	Note Payable			
2022	\$ 13,499,406	\$ 571,255	\$ 8,805,011	\$ 14,630,122	\$ 37,505,794	12,869	\$ 2,914
2021	14,435,485	658,887	9,331,673	8,314,966	32,741,011	11,650	2,810
2020	8,475,391	728,469	7,836,102	8,292,292	25,332,254	11,075	2,287
2019	9,140,187	922,483	8,236,843	8,496,730	26,796,243	10,990	2,438
2018	497,866	10,324,931	8,583,137	8,815,231	28,221,165	10,855	2,600
2017	971,430	10,523,709	8,968,187	8,837,650	29,300,976	10,655	2,750
2016	1,419,788	1,121,375	9,103,043	9,174,600	20,818,806	10,395	2,003
2015	1,846,624	1,156,297	9,256,628	9,501,409	21,760,958	10,395	2,093
2014	2,243,584	1,311,819	9,182,865	9,916,536	22,654,804	9,990	2,268
2013	2,584,285	1,192,331	1,080,000	7,025,861	11,882,477	9,880	1,203

Source: Current and prior years' financials and Center of Population Research and Census at Portland State University

CITY OF SANDY, OREGON

RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	Population	Total Taxable Assessed Value	General Bonded Debt, net	Percentage of Debt to Value of Property	Net General Bonded Debt per Capita
2022	12,869	\$ 1,012,009,853	\$ 13,499,406	1.3%	\$ 1,049
2021	11,650	960,166,014	14,435,485	1.5%	1,239
2020	11,075	898,782,562	8,475,391	0.9%	765
2019	10,990	848,839,915	9,140,187	1.1%	832
2018	10,855	812,161,258	497,866	0.1%	46
2017	10,655	773,587,466	971,430	0.1%	91
2016	10,395	730,462,848	1,419,788	0.2%	137
2015	10,395	694,461,573	1,846,624	0.3%	178
2014	9,990	662,735,210	2,243,584	0.3%	225
2013	9,880	635,361,440	2,584,285	0.4%	262

Source: Current and prior years' financials, Clackamas County Assessor's Office, and Center of Population Research and Census at Portland State University

CITY OF SANDY, OREGON

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
LAST TEN FISCAL YEARS

<u>Government Unit</u>	<u>Outstanding Gross Property Tax-Backed Debt</u>	<u>Percentage Applicable to City</u>	<u>Gross General Bonded Debt Outstanding</u>
Clackamas County	\$ 115,525,000	2.0%	\$ 2,320,666
Mt. Hood Community College	105,667,863	3.4%	3,555,301
Clackamas ESD	21,902,000	2.1%	460,949
Clackamas RFPD 1	36,339,520	0.0%	400
Clackamas County SD 46 (Oregon Trail)	76,150,071	29.1%	22,137,054
Port of Portland	45,725,000	0.5%	207,409
Clackamas Soil & Water Conservation	5,785,000	2.0%	116,209
Subtotal, overlapping debt	407,094,454		28,797,988
City of Sandy, direct debt	14,070,661	100.0%	14,070,661
Total direct and overlapping debt	<u>\$ 421,165,115</u>		<u>\$ 42,868,649</u>

Source: Oregon State Treasury

CITY OF SANDY, OREGON

PLEDGED REVENUE COVERAGE
LAST TEN FISCAL YEARS

Fiscal Year Ended June	ODEQ Notes Payable - Construction					
	Sewer Net Revenues	Other Debt Service	Available Net Revenues	Debt Service		Debt Service Coverage
				Principal	Interest	
2022	\$ 1,407,822	\$ 2,237,657	\$ (829,835)	\$ -	\$ -	-

Note: The ODEQ notes payable were first issued in the year ended June 30, 2022, with no debt service requirements scheduled. Further, there was not any debt outstanding in the previous nine years that was secured by pledged revenue.

CITY OF SANDY, OREGON
DEMOGRAPHICS AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	Population¹	Personal Income²	Per Capita Personal Income³	Unemployment Rate⁴
2022	12,869	N/A	N/A	3.3%
2021	11,650	30,212,946	71,504	5.5%
2020	11,075	27,315,706	64,791	10.2%
2019	10,990	25,812,808	61,726	3.7%
2018	10,855	24,730,939	59,533	3.8%
2017	10,655	23,016,541	55,806	3.9%
2016	10,395	21,842,453	53,716	4.8%
2015	10,395	20,368,315	50,966	5.4%
2014	9,990	18,985,794	48,263	6.3%
2013	9,880	18,075,023	46,652	7.3%

Source:

¹ Center of Population Research and Census at Portland State University (City of Sandy, Oregon)

² Bureau of Economic Analysis (BEA) (Clackamas County, Oregon in thousands of dollars)

³ Bureau of Economic Analysis (BEA) (Clackamas County, Oregon)

⁴ Bureau of Labor Statistics (BLS) (Clackamas County, Oregon not seasonally adjusted)

N/A - Information not available.

CITY OF SANDY, OREGON
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

Employer	2022			2013		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Oregon Trail School District	440	1	9.5%	268	1	5.3%
Fred Meyer #663	211	2	4.6%	203	2	4.0%
Mt. Hood Corporations, Inc.	100	3	2.2%	70	5	1.4%
City of Sandy	86	4	1.9%	76	4	1.5%
Johnson RV	76	5	1.6%	60	6	1.2%
Safeway #0782	67	6	1.4%	54	7	1.1%
Tollgate Inn, Inc.	52	7	1.1%			
Suburban Ford, Inc.	51	8	1.1%			
Porter W. Yett Company	50	9	1.1%			
Avamere at Sandy	47	10	1.0%			
AEC, Inc.				80	3	1.6%
Suburban Chevrolet				54	7	1.1%
Konnell Constrution & Demolition Corp.				51	9	1.0%
First Student Management, LLC				39	10	0.8%
Total	1,180		25.5%	955		19.0%
Total City Employment	4,633			5,014		

Source: Business License Date, Oregon Trail School District

CITY OF SANDY, OREGON

FULL-TIME EQUIVALENT CITY GOVERNMENT BY FUNCTION
LAST TEN FISCAL YEARS

FUNCTION	2013-15	2015-17	2017-19	2019-21	2021-23
Government activities:					
General Government	6.3	6.7	6.4	6.5	6.9
Public Safety					
Police					
Officers	14.0	16.0	16.0	16.0	16.0
Civilians	3.9	3.8	3.9	3.8	3.9
Economic Development	1.1	0.9	0.8	0.8	0.6
Planning & Development	3.9	4.6	4.5	5.1	5.3
Urban Renewal	0.7	0.6	0.5	0.6	1.2
Culture & Recreation					
Library	13.2	13.6	13.8	13.8	13.3
Recreation & Senior Center	6.4	6.0	6.0	5.9	8.3
Parks Maintenance	2.3	2.3	2.3	3.1	3.2
Highways & Streets	2.5	2.4	2.6	2.5	2.8
Public Transportation	1.8	1.8	2.8	2.8	2.8
Business-type activities:					
Water	2.4	2.5	2.8	2.7	2.9
Sewer	2.4	2.5	2.8	3.2	3.4
Stormwater	1.0	1.3	1.5	2.4	2.4
Telecommunications	2.2	6.1	6.1	6.1	7.0
	<u>64.1</u>	<u>71.1</u>	<u>72.8</u>	<u>75.3</u>	<u>80.0</u>

Source: City Departments

CITY OF SANDY, OREGON
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

FUNCTION	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental Activities										
Police										
Physical arrests	620	876	650	371	218	472	411	421	458	633
Parking violations	420	105	150	152	128	117	141	131	76	163
Traffic violations	1,197	1,154	1,011	1,664	405	710	1,217	1,193	754	726
Highways and streets										
Street resurfacing (SF)	111,440	184,000	73,972	296,631	-	-	-	1,039,752	-	-
Business-Type Activities										
Water										
Meter connections	3,455	3,460	3,637	3,729	3,779	3,850	3,900	3,998	4,021	4,076
Average daily treatment (gallons)	1,068,000	824,887	930,000	1,190,000	1,200,000	1,135,000	956,000	1,177,000	1,306,000	1,264,719
Sewer										
Average daily sewage treatment (gallons)	1,460,000	1,302,550	1,360,000	1,488,000	1,600,000	1,126,000	1,400,000	1,202,000	1,324,000	1,281,000

Source: City Departments

CITY OF SANDY, OREGON

CAPITAL ASSET STATISTICS
LAST TEN FISCAL YEARS

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
FUNCTION										
Governmental Activities										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	14	14	14	14	14	14	14	14	14	14
Highways and streets										
Streets (miles)	35	35	36	36	36	36	36	37	37	43
Culture and recreation										
Parks acreage	165	172	172	172	172	212	212	212	212	287
Business-Type Activities										
Water										
Maximum daily capacity (gallons)	2,900,000	3,700,000	3,700,000	3,700,000	3,700,000	3,700,000	3,700,000	5,400,000	5,400,000	5,400,000
Sewer										
Maximum wet weather treatment capacity (gallons)	1,850,000	1,850,000	1,850,000	1,850,000	1,850,000	1,850,000	1,850,000	1,850,000	1,850,000	1,850,000

Source: City Departments

CITY OF SANDY, OREGON

SANDYNET SERVICE CHARGES – RESIDENTIAL AND BUSINESS
LAST TEN FISCAL YEARS¹

Fiscal Year Ended June 30,	Installation	WiFi Service		Dedicated Wireless Service ²	WiFi Service	
		5 Mbps	10 Mbps		300 Mbps	1,000 Mbps
2022	\$ 100.00	\$ 39.95	\$ 49.95	\$ 78.00	\$ 41.95	\$ 59.95
2021	100.00	39.95	49.95	78.00	41.95	59.95
2020	100.00	39.95	49.95	78.00	41.95	59.95
2019	100.00	39.95	49.95	78.00	41.95	59.95
2018	100.00	39.95	49.95	78.00	39.95	59.95
2017	100.00	39.95	49.95	78.00	39.95	59.95
2016	100.00	39.95	49.95	78.00	39.95	59.95

¹ Information not available prior to FY 2016

² Customer also responsible for installation construction costs

Source: Utility Billing Software

CITY OF SANDY, OREGON

PRINCIPAL SANDYNET CUSTOMERS
CURRENT AND NINE YEARS AGO

Customer	Description	2022			2013		
		Annual Charges	Rank	Percentage of Total Charges	Annual Charges	Rank	Percentage of Total Charges
Government Camp Communications	ISP Customer	\$ 31,560	1	1.4%	Information for 2013 does not exist		
Clackamas County Bank	Financial Services	31,536	2	1.4%			
Sandy Place Apartments	Apartment Complex Wholesale	18,238	3	0.8%			
Resort at the Mountain	Hotel	18,000	4	0.8%			
Mt. Hood Cleaners	Drycleaning	11,640	5	0.5%			
Double Creek Condominiums	Apartment Complex Wholesale	7,128	6	0.3%			
OHSU Link Oregon	Web Hosting	6,000	7	0.3%			
Jabez Properties	Property Management	6,000	8	0.3%			
Becky Clayton	Web Hosting	5,184	9	0.2%			
Firwood Solar LLC	Solar Farm	4,800	10	0.2%			
Subtotal		140,086		6.4%			
All other customers		2,053,574		93.6%			
Total		\$ 2,193,660		100.0%			

Source: Utility Billing Software

COMPLIANCE SECTION



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

Honorable Mayor and City Council
City of Sandy, Oregon

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Sandy, Oregon (the City), as of and for the year ended June 30, 2022, and the related notes to the financial statements which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 29, 2022. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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 162-10-000 through 162-10-330 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 statement 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).

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

Compliance (Continued)

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 162-10-000 through 162-10-330 of the *Minimum Standards for Audits of Oregon Municipal Corporations*.

Internal Control Over Financial Reporting

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 purpose 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.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control described in the separately issued Schedule of Findings and Questioned Costs as Finding 2022-001 that we consider to be a material weakness.

Purpose of This Report

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

Talbot, Kowala & Warwick LLP

Portland, Oregon
December 29, 2022