



**City of Sandy, Oregon**  
**Annual Comprehensive Financial Report**  
**Fiscal Year Ended June 30, 2023**



# **CITY OF SANDY, OREGON**

## **ANNUAL COMPREHENSIVE FINANCIAL REPORT**

For the Fiscal Year Ended June 30, 2023

Prepared by:  
City of Sandy, Finance Department

CITY OF SANDY, OREGON

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# **INTRODUCTORY SECTION**

December 27, 2023

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, 2023 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 introduction, 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 of Sandy 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 a popular recreational community and 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. 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's population estimate for fiscal year 2023 was 12,991. 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 for day-to-day operation of the city and a staff of nine department directors with approximately 83 full-time equivalent employees (FTE).

## CITY OF SANDY, OREGON

### TRANSMITTAL LETTER

June 30, 2023

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The City provides a full range of municipal services including police, municipal court, parks, and recreation (which encompasses senior programming), planning, building permit and inspection, economic development, library, transit, water, wastewater, 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. As such, financial data for the Sandy Fire District is not included in this report.

In addition to the above general government activities, the City has an urban renewal district. Sandy Urban Renewal Agency (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 for SURA 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 on page 59.

#### **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 55 new single-family home permits issued, totaling 59 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.



CITY OF SANDY, OREGON

TRANSMITTAL LETTER  
June 30, 2023

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**Water System Improvements** – The City’s drinking water infrastructure is aging and in need of substantial repairs. In addition, it’s vital that the City increase redundancy to ensure our water supply can withstand natural disasters and emergency situations. This multi-year capital plan will upgrade the existing Alder Creek Treatment Plant, construct new infrastructure to maintain access to City of Portland’s Bull Run water supply, and provide adequate supply of water to Sandy’s residents for decades to come.

**Wastewater System Improvements** – The City is currently undergoing a multi-year capital improvement project for significant repairs to the existing wastewater treatment facility and overall system improvements. These updates are mandated by the State of Oregon Department of Environmental Quality and the United States Environmental Protection Agency 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.



**Street Extension** – Construction began on the extension of 362nd Avenue and Bell Street this fiscal year. When completed in Fall 2023, the new road will relieve traffic congestions in other areas along Highway 26, provide an additional access to the local middle and high schools, and open over 100 acres of land for development, a combination of both commercial and residential. This project is the first major road construction project in over a decade and has been an important project in the City’s transportation master plan for nearly 30 years.



**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, 2023. The independent auditor’s opinion is located at the front of the financial section of this report.

**CERTIFICATE OF ACHIEVEMENT**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Sandy for its annual comprehensive financial report for the fiscal year ended June 30, 2022. This was the thirty-second year that the City has achieved this prestigious award. 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 report continues to meet the Certificate of Achievement Program’s requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition to the Certificate of Achievement, the City of Sandy was also awarded the Distinguished Budget Presentation (DBP) award for the Biennium 2023 – 2025 budget, as well as the Popular Annual Financial Reporting (PAFR) award for the fiscal year ended June 30, 2022. This is the third biennial DBP award for the City, and the fourth PAFR award.

CITY OF SANDY, OREGON

TRANSMITTAL LETTER

June 30, 2023

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**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,



Tyler Deems  
City Manager

CITY OF SANDY, OREGON  
CERTIFICATE OF ACHIEVEMENT

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Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Sandy  
Oregon**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2022

*Christopher P. Morrill*

Executive Director/CEO

CITY OF SANDY, OREGON  
OFFICIALS OF THE CITY OF SANDY, OREGON  
June 30, 2023

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**CITY COUNCIL**

	<b><u>TERMS EXPIRES</u></b>
Stan Pulliam, Mayor	12/31/2024
Chris Mayton, Councilor	12/31/2026
Laurie Smallwood, Council President	12/31/2026
Rich Sheldon, Councilor	12/31/2024
Kathleen Walker, Councilor	12/31/2024
Carl Exner, Councilor	12/31/2026
Don Hokanson, Councilor	12/31/2024

**STAFF**

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

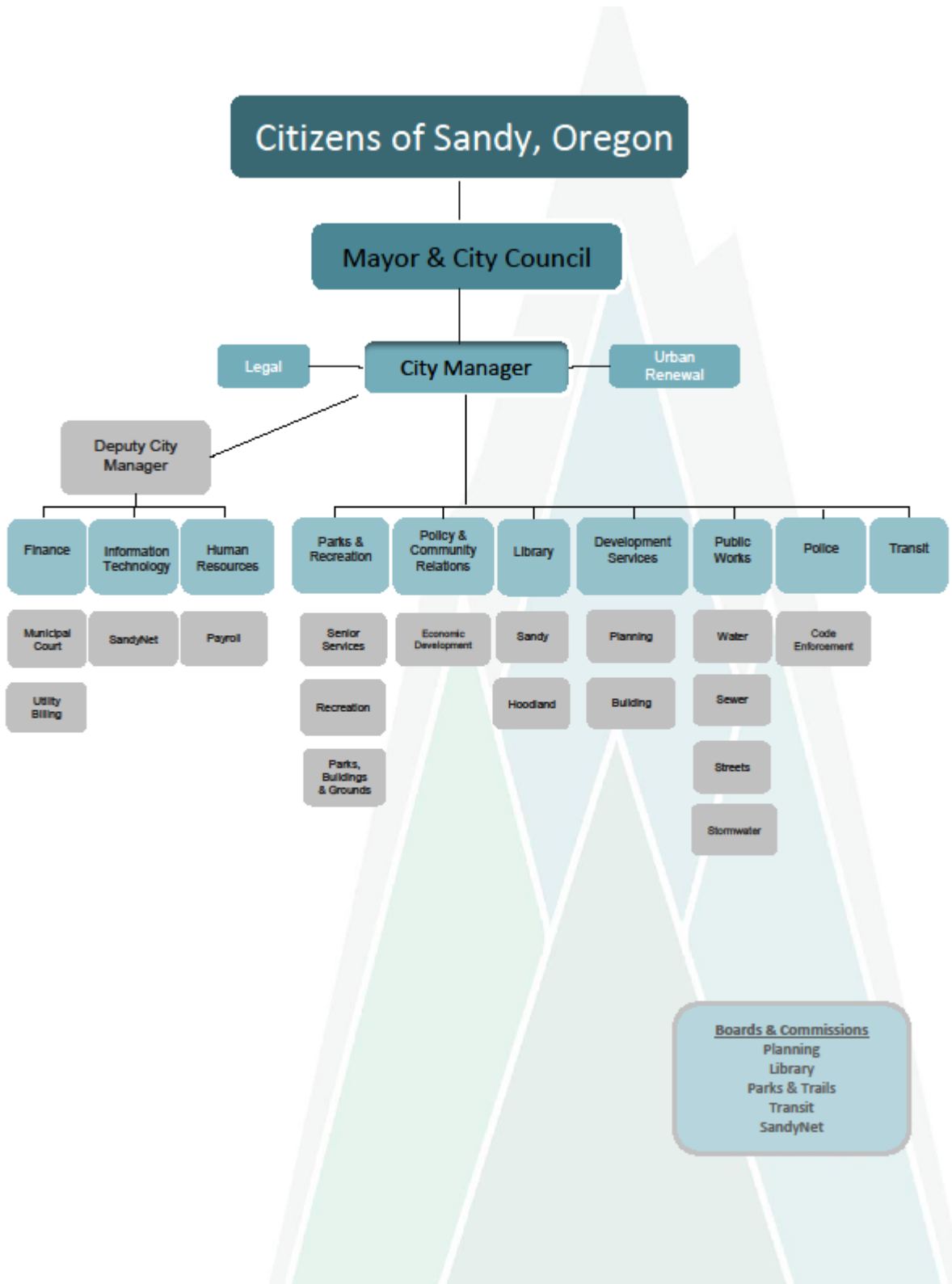
**MAILING ADDRESS**

39250 Pioneer Blvd. Sandy, Oregon 97055  
[www.ci.sandy.or.us](http://www.ci.sandy.or.us)

CITY OF SANDY, OREGON

ORGANIZATIONAL CHART

June 30, 2023



# **FINANCIAL SECTION**



Talbot, Korvola & Warwick, LLP 14945 SW Sequoia Parkway, Suite 150, Portland, OR 97224  
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, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2023, 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the 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 27, 2023 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 27, 2023, on our consideration of the City's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance.

A handwritten signature in blue ink that reads "Timothy R. Gillette". The signature is written in a cursive style.

For Talbot, Korvola & Warwick, LLP  
Portland, Oregon  
December 27, 2023

## CITY OF SANDY, OREGON

### MANAGEMENT DISCUSSION AND ANALYSIS Fiscal Year Ended June 30, 2023

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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, 2023. 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 \$70,382,960. Of this amount, \$10,394,055 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 \$13,876,625. This is due to an increase in operating and capital grants, as well as charges for services. See Table 1 – Summary of Net Position for more details.
- The City's governmental activities reported total net position of \$40,066,470, which is an increase of \$4,009,662. Approximately 15% of the total, or \$6,147,088, is unrestricted and thus available for spending at the City's discretion.
- The City's business-type activities reported total net position of \$30,316,490, which is an increase of \$9,866,963 from the prior year. Approximately 17% of the total, or \$4,246,967, is unrestricted and thus available for spending at the City's discretion.
- The City of Sandy's total outstanding debt increased by \$6,982,701 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, 2023

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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, 2023

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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 50 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 \$70,382,960. 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, 2023

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

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
<b>Assets</b>						
Current and other assets	\$ 24,986	\$ 28,895	\$ 8,731	\$ 7,006	\$ 33,717	\$ 35,901
Capital assets	37,717	30,567	58,053	31,863	95,770	62,430
<b>Total assets</b>	<b>62,703</b>	<b>59,462</b>	<b>66,784</b>	<b>38,869</b>	<b>129,487</b>	<b>98,331</b>
Total deferred outflows of resources	2,966	3,742	741	661	3,707	4,403
<b>Liabilities</b>						
Long-term liabilities	20,244	20,350	33,049	19,649	53,293	39,999
Other liabilities	2,683	2,265	3,491	1,761	6,174	4,026
<b>Total liabilities</b>	<b>22,927</b>	<b>22,615</b>	<b>36,540</b>	<b>21,410</b>	<b>59,467</b>	<b>44,025</b>
Total deferred inflows of resources	2,677	4,533	668	107	3,345	4,640
<b>Net position</b>						
Net investment in capital assets	27,165	23,420	26,055	14,216	53,220	37,636
Restricted	6,753	19,045	15	1,903	6,768	20,948
Unrestricted	6,147	(6,409)	4,247	1,894	10,394	(4,515)
<b>Total net position</b>	<b>\$ 40,065</b>	<b>\$ 36,056</b>	<b>\$ 30,317</b>	<b>\$ 18,013</b>	<b>\$ 70,382</b>	<b>\$ 54,069</b>

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 10% 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 \$10,394,055 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 \$13,876,625 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, 2023

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

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
<b>Revenues:</b>						
<b>Program revenues</b>						
Charges for services	\$ 1,986	\$ 2,243	\$ 10,538	\$ 7,562	\$ 12,524	\$ 9,805
Operating grants and contributions	3,650	1,890	-	500	3,650	2,390
Capital grants and contributions	745	547	5,935	-	6,680	547
<b>General revenues</b>						
Property taxes	6,191	6,053	-	-	6,191	6,053
Public service taxes	4,328	4,154	-	-	4,328	4,154
Franchise fees	779	729	-	-	779	729
Interest and investment earnings	717	135	63	17	780	152
Miscellaneous	511	213	196	38	707	251
<b>Total revenues</b>	<b>18,907</b>	<b>15,964</b>	<b>16,732</b>	<b>8,117</b>	<b>35,639</b>	<b>24,081</b>
<b>Expenses</b>						
General government	2,328	2,111	-	-	2,328	2,111
Highways and streets	1,042	920	-	-	1,042	920
Public transportation	2,432	2,108	-	-	2,432	2,108
Economic development	1,650	1,690	-	-	1,650	1,690
Public safety	3,661	3,294	-	-	3,661	3,294
Culture and recreation	3,237	2,836	-	-	3,237	2,836
Interest on long-term debt	346	387	-	-	346	387
Water	-	-	2,159	1,674	2,159	1,674
Sewer	-	-	2,370	2,105	2,370	2,105
Storm water	-	-	508	419	508	419
Telecommunications	-	-	2,031	1,754	2,031	1,754
<b>Total expenses</b>	<b>14,696</b>	<b>13,346</b>	<b>7,068</b>	<b>5,952</b>	<b>21,764</b>	<b>19,298</b>
Increase (decrease) in net position before transfers	4,211	2,618	9,664	2,165	13,875	4,783
Transfers in (out)	(202)	287	202	(142)	-	145
Increase (decrease) in net position	4,009	2,905	9,866	2,023	13,875	4,928
Net position - beginning	36,056	33,151	18,013	15,990	54,069	49,141
Net position - ending	\$ 40,065	\$ 36,056	\$ 27,879	\$ 18,013	\$ 67,944	\$ 54,069

*Governmental activities.* During the current fiscal year, net position for government activities increased by \$4,009,662 from the prior year for an ending balance of \$40,066,470. The net change is a result of increases in both program and general revenues, specifically operating grants and contributions and interest and investment earnings. The increase to operating grants and contributions is related to the recognition of the American Rescue Plan Act (ARPA) revenue that was allocated to the City, totaling \$2,529,223. The increase in interest and investment earnings is a result of strong investment performance in the overall market. Expenses increased slightly, with modest increases in public safety and culture and recreation.

*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 \$9,866,963. The Water Fund, Sewer Fund, and Telecommunications Fund had a positive change in net position of \$1,120,089, \$7,908,791, and \$955,783, respectively. The Stormwater Fund had a negative change in net position of \$117,700. Compared to the prior year, total operating revenues increased by approximately 39%, while total operating expenses increased by approximately 19%. 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.

## CITY OF SANDY, OREGON

### MANAGEMENT DISCUSSION AND ANALYSIS Fiscal Year Ended June 30, 2023

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#### 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.

**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 \$21,503,110. Approximately 35% of this total amount (\$7,503,999) 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 L in the Notes to the Financial Statements beginning on page 24.

The *General Fund* is the chief operating fund of the City. At the end of the fiscal year, the General Fund increased by \$1,721,637 from the prior year, due to an increase in property taxes and grants. Approximately 3% of the growth in property tax revenue can be attributed to limits placed on assessed value increase, while the remaining increase is due to new development. Grants increased substantially compared to the prior year to the recognition of over \$2.5 million in ARPA funds.

The *Street Fund* provides for the maintenance and construction of City streets. The fund had a decrease of \$6,873,484 from the prior year. This decrease is a result of spending proceeds from the Full Faith and Credit Obligation from the prior fiscal year for the costs related to the extension of a major local road.

The *Urban Renewal Fund* increased by \$893,009, largely due to an increase in interest and \$440,000 of financial support from the General Fund to offset expenditures in prior years for a grant program.

The *Transit Fund* balance increased by \$320,157 due to an increase in public service taxes, grants, and charges for services. Public service taxes increased as a result of the employer payroll tax continuing to rebound post-COVID. Grants increased due to additional federal and state support of the local transit system. Charges for services increased related to increased sales of bus passes for certain routes.

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 \$27,850. This increase is mainly a result of continued collections of 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, Sewer Fund, Stormwater Fund, and Telecommunications Fund saw increases in fund balance of \$563,149, 392,222, \$167,558, and \$913,350, respectively. These increases were mostly due to increases in charges for services.



CITY OF SANDY, OREGON

MANAGEMENT DISCUSSION AND ANALYSIS  
Fiscal Year Ended June 30, 2023

**GENERAL FUND BUDGETARY HIGHLIGHTS**

During the fiscal year, there was one adjustment to the original budget. The City is in the second year of its biennial budget.

**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, 2023 amounts to \$95,769,285 (net of accumulated depreciation and amortization). This investment in capital assets includes land, buildings, motor vehicles and equipment, office furniture and equipment, infrastructure, intangible assets, subscription assets, and construction in progress. The total net increase in capital assets for the current fiscal year was approximately 32%.

Tables 3 and 4 summarizes capital assets and changes as of June 30, 2023.

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

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 5,439	\$ 5,439	\$ 1,100	\$ 1,100	\$ 6,539	\$ 6,539
Construction in progress	10,058	2,018	22,713	14,224	32,771	16,242
Improvements	7,548	7,938	32,536	25,117	40,084	33,055
Buildings	12,463	13,236	559	578	13,022	13,814
Furniture and equipment	301	141	1,024	1,030	1,325	1,171
Vehicles	1,713	1,663	121	145	1,834	1,808
Intangible assets	105	132	-	-	105	132
Subscription assets	90	-	-	-	90	-
<b>Total</b>	<b>\$ 37,717</b>	<b>\$ 30,567</b>	<b>\$ 58,053</b>	<b>\$ 42,194</b>	<b>\$ 95,770</b>	<b>\$ 72,761</b>

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

- ❖ **Governmental Activities**
  - General Fund - Police Vehicles (3) - \$172,437: to replace three aging vehicles
  - Street Fund - Bell/362nd Extension Project - \$9,302,384 (in progress): to complete the needed street extension project to alleviate congestion and increase access for public safety purposes.
  - Transit Fund - Transportation Software and Equipment - \$120,771: to upgrade existing software for more accurate arrival and departure times for buses.
- ❖ **Business-Type Activities**
  - Sewer Fund - Rehab of Basins 2 and 8 - \$8,268,246: to reduce the inflow and infiltration which ultimately reduces the amount of treatment needed at the treatment facility.
  - Sewer Fund - Treatment Facility Improvements - \$21,177,624 (in progress): to improve and increase the sewer treatment plant to comply with federal and state regulations.
  - Stormwater Fund - Infrastructure - \$158,060: to install stormwater infrastructure in conjunction with the street extension project mentioned above.
  - Telecommunications Fund - Fiber Network and Equipment - \$177,408: to continue to build out the fiber network for residential and business customers.

CITY OF SANDY, OREGON

MANAGEMENT DISCUSSION AND ANALYSIS  
Fiscal Year Ended June 30, 2023

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

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Beginning balance	\$ 30,567	\$ 29,095	\$ 42,194	\$ 31,863	\$ 72,761	\$ 60,958
Additions	8,761	3,251	25,533	11,567	34,294	14,818
Depreciation	(1,611)	(1,779)	(1,363)	(1,236)	(2,974)	(3,015)
Deletions	-	-	(8,311)	-	(8,311)	-
Ending balance	<u>\$ 37,717</u>	<u>\$ 30,567</u>	<u>\$ 58,053</u>	<u>\$ 42,194</u>	<u>\$ 95,770</u>	<u>\$ 72,761</u>

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

**Long-term debt.** At the end of the current fiscal year, the City had total long-term debt outstanding of \$44,603,670. The City's total debt increased by \$6,982,701/ (approximately 19%). During the fiscal year ended June 30, 2023, all scheduled debt payments were met.

On the following page, Table 5 summarizes outstanding debt as of June 30, 2023.

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

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Bonds payable, net	\$ 12,526	\$ 13,500	\$ 8,380	\$ 8,805	\$ 20,906	\$ 22,305
Notes payable	646	571	22,956	14,630	23,602	15,201
Subscription payable	96	-	-	-	96	-
Ending balance	<u>\$ 13,268</u>	<u>\$ 14,071</u>	<u>\$ 31,336</u>	<u>\$ 23,435</u>	<u>\$ 44,604</u>	<u>\$ 37,506</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, Interim City Manager, at 39250 Pioneer Blvd., Sandy, Oregon 97055.

# **BASIC FINANCIAL STATEMENTS**

**CITY OF SANDY, OREGON**

**STATEMENT OF NET POSITION**  
**June 30, 2023**

	Governmental Activities	Business Type Activities	Total
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$ 21,601,556	\$ 1,744,887	\$ 23,346,443
Investments	1,511,436	2,425,249	3,936,685
Accounts receivable, net	1,223,893	3,862,698	5,086,591
Due from other governments	82,763	-	82,763
Internal balances	280,359	(280,359)	-
Inventory	-	228,667	228,667
Other current assets	60,497	23,687	84,184
Total current assets	<u>24,760,504</u>	<u>8,004,829</u>	<u>32,765,333</u>
Noncurrent assets			
Restricted cash and investments	-	611,055	611,055
Notes receivable	166,806	100,976	267,782
Net OPEB assets	59,305	14,807	74,112
Capital assets not being depreciated	15,496,533	23,812,616	39,309,149
Capital assets, net of accumulated depreciation	<u>22,220,187</u>	<u>34,239,949</u>	<u>56,460,136</u>
Total noncurrent assets	<u>37,942,831</u>	<u>58,779,403</u>	<u>96,722,234</u>
Total assets	<u>62,703,335</u>	<u>66,784,232</u>	<u>129,487,567</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
Pension related	2,920,600	729,160	3,649,760
OPEB related	<u>45,709</u>	<u>11,412</u>	<u>57,121</u>
Total deferred outflows of resources	<u>2,966,309</u>	<u>740,572</u>	<u>3,706,881</u>
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable	2,373,920	2,791,006	5,164,926
Accrued expenses	133,221	37,533	170,754
Unearned revenue	39,893	475,950	515,843
Deposits	101,166	16,119	117,285
Accrued compensated absences, current	201,001	37,257	238,258
Accrued interest	34,426	170,137	204,563
Current portion of long-term debt	<u>1,069,353</u>	<u>1,401,709</u>	<u>2,471,062</u>
Total current liabilities	<u>3,952,980</u>	<u>4,929,711</u>	<u>8,882,691</u>
Noncurrent liabilities			
Accrued compensated absences, long-term	214,237	38,074	252,311
Long-term debt, net of current portion	12,198,345	29,934,263	42,132,608
Net pension liability	6,353,203	1,586,145	7,939,348
Total OPEB liability	<u>207,850</u>	<u>51,891</u>	<u>259,741</u>
Total noncurrent liabilities	<u>18,973,635</u>	<u>31,610,373</u>	<u>50,584,008</u>
Total liabilities	<u>22,926,615</u>	<u>36,540,084</u>	<u>59,466,699</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension related	2,519,436	629,002	3,148,438
OPEB related	<u>157,123</u>	<u>39,228</u>	<u>196,351</u>
Total deferred inflows of resources	<u>2,676,559</u>	<u>668,230</u>	<u>3,344,789</u>
<b>NET POSITION</b>			
Net investment in capital assets	27,165,204	26,054,716	53,219,920
Restricted:			
Street projects	544,805	-	544,805
System development charges	1,665,630	-	1,665,630
Street and roadside maintenance	3,268,303	-	3,268,303
Peg fees	4,396	-	4,396
Park projects	1,211,739	-	1,211,739
OPEB	59,305	14,807	74,112
Unrestricted	<u>6,147,088</u>	<u>4,246,967</u>	<u>10,394,055</u>
Total net position	<u>\$ 40,066,470</u>	<u>\$ 30,316,490</u>	<u>\$ 70,382,960</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, 2023

	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total
<b>FUNCTIONS/PROGRAMS</b>							
Governmental activities							
General government	\$ 2,326,547	\$ 185,964	\$ 2,529,223	\$ -	\$ 388,640	\$ -	\$ 388,640
Highways and streets	1,042,081	179,849	-	432,401	(429,831)	-	(429,831)
Public transportation	2,432,384	171,916	868,418	255,000	(1,137,050)	-	(1,137,050)
Economic development	1,650,127	510,541	50,000	-	(1,089,586)	-	(1,089,586)
Public safety	3,660,750	567,616	-	-	(3,093,134)	-	(3,093,134)
Culture and recreation	3,237,456	369,700	202,306	57,869	(2,607,581)	-	(2,607,581)
Interest on long-term debt	345,521	-	-	-	(345,521)	-	(345,521)
Total governmental activities	<u>14,694,866</u>	<u>1,985,586</u>	<u>3,649,947</u>	<u>745,270</u>	<u>(8,314,063)</u>	<u>-</u>	<u>(8,314,063)</u>
Business type activities							
Water	2,159,035	3,279,549	-	-	-	1,120,514	1,120,514
Sewer	2,370,238	4,300,574	-	5,935,002	-	7,865,338	7,865,338
Storm water	507,626	424,584	-	-	-	(83,042)	(83,042)
Telecommunications	2,030,585	2,533,050	-	-	-	502,465	502,465
Total business type activities	<u>7,067,484</u>	<u>10,537,757</u>	<u>-</u>	<u>5,935,002</u>	<u>-</u>	<u>9,405,275</u>	<u>9,405,275</u>
Total government	<u>\$ 21,762,350</u>	<u>\$ 12,523,343</u>	<u>\$ 3,649,947</u>	<u>\$ 6,680,272</u>	<u>(8,314,063)</u>	<u>9,405,275</u>	<u>1,091,212</u>
<b>GENERAL REVENUES AND TRANSFERS</b>							
General revenues							
Property taxes					6,190,603	-	6,190,603
Public service taxes					4,327,577	-	4,327,577
Franchise fees					778,777	-	778,777
Interest and investment earnings					717,014	62,714	779,728
Miscellaneous					511,658	197,070	708,728
Transfers in (out)					(201,904)	201,904	-
Total general revenues and transfers					<u>12,323,725</u>	<u>461,688</u>	<u>12,785,413</u>
Change in net position					4,009,662	9,866,963	13,876,625
<b>NET POSITION - BEGINNING</b>					<u>36,056,808</u>	<u>20,449,527</u>	<u>56,506,335</u>
<b>NET POSITION - ENDING</b>					<u>\$ 40,066,470</u>	<u>\$ 30,316,490</u>	<u>\$ 70,382,960</u>

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

CITY OF SANDY, OREGON

GOVERNMENTAL FUNDS

BALANCE SHEET  
June 30, 2023

	General Fund	Street Fund	Urban Renewal Agency Fund	Transit Fund	Other Governmental Funds	Total Governmental
<b>ASSETS</b>						
Cash and cash equivalents	\$ 4,625,698	\$ 3,867,282	\$ 7,731,508	\$ 1,792,836	\$ 3,190,584	\$ 21,207,908
Investments	750,373	761,063	-	-	-	1,511,436
Property taxes receivable	114,840	-	51,973	-	-	166,813
Accounts receivable, net	230,174	227,562	756	261,414	-	719,906
Grants receivable	-	-	-	337,174	-	337,174
Due from other funds	18,482	-	-	-	-	18,482
Due from other governments	56,964	-	25,799	-	-	82,763
Interfund loan receivable	-	-	-	483,714	-	483,714
Long-term receivable	124,037	-	42,769	-	-	166,806
Other assets	53,464	3,522	886	2,528	97	60,497
Total assets	<u>\$ 5,974,032</u>	<u>\$ 4,859,429</u>	<u>\$ 7,853,691</u>	<u>\$ 2,877,666</u>	<u>\$ 3,190,681</u>	<u>\$ 24,755,499</u>
<b>LIABILITIES</b>						
Accounts payable	\$ 343,199	\$ 1,581,834	\$ 98,828	\$ 284,422	\$ 62,768	\$ 2,371,051
Accrued expenses	118,078	5,770	2,863	6,510	-	133,221
Unearned revenue	39,893	-	-	-	-	39,893
Interfund loan payable	221,837	-	-	-	-	221,837
Other liabilities	101,166	-	-	-	-	101,166
Total liabilities	<u>824,173</u>	<u>1,587,604</u>	<u>101,691</u>	<u>290,932</u>	<u>62,768</u>	<u>2,867,168</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue - property taxes	114,840	-	51,973	-	-	166,813
Unavailable revenue - other	109,405	-	-	109,003	-	218,408
Total deferred inflows of resources	<u>224,245</u>	<u>-</u>	<u>51,973</u>	<u>109,003</u>	<u>-</u>	<u>385,221</u>
<b>FUND BALANCES</b>						
Unspendable	53,464	3,522	886	2,528	97	60,497
Restricted:						
System development charges	-	-	-	-	1,665,630	1,665,630
Street and roadside maintenance	-	3,268,303	-	-	-	3,268,303
Peg fees	4,396	-	-	-	-	4,396
Park projects	-	-	-	-	1,211,739	1,211,739
Urban renewal projects	-	-	7,699,141	-	-	7,699,141
Committed:						
Capital projects	-	-	-	-	89,405	89,405
Assigned:						
Subsequent appropriation of fund balance	4,809,806	-	-	2,058,598	157,000	7,025,404
Public transportation	-	-	-	416,605	-	416,605
Cultural and recreation	-	-	-	-	4,042	4,042
Unassigned	57,948	-	-	-	-	57,948
Total fund balances	<u>4,925,614</u>	<u>3,271,825</u>	<u>7,700,027</u>	<u>2,477,731</u>	<u>3,127,913</u>	<u>21,503,110</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 5,974,032</u>	<u>\$ 4,859,429</u>	<u>\$ 7,853,691</u>	<u>\$ 2,877,666</u>	<u>\$ 3,190,681</u>	<u>\$ 24,755,499</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, 2023

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

Total fund balances - governmental funds		\$	21,503,110
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the funds.			
Capital assets	\$	56,982,571	
Accumulated depreciation		(19,265,851)	
Capital assets, net			37,716,720
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		2,920,600	
Deferred outflows - OPEB related		45,709	
Deferred inflows - pension related		(2,519,436)	
Deferred inflows - OPEB related		(157,123)	
Total deferred outflows and inflows related to postemployment benefits			289,750
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		385,221	
Net OPEB asset		59,305	
Total other long-term assets			444,526
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			390,779
Long-term liabilities that are not due and payable in the current period and therefore are not reported in the funds.			
Long-term debt		(13,267,698)	
Accrued compensated absences		(415,238)	
Accrued interest on long-term debt		(34,426)	
Net pension liability		(6,353,203)	
Total OPEB liability		(207,850)	
Total long-term liabilities			(20,278,415)
Net position of governmental activities		\$	<u>40,066,470</u>

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, 2023

	General Fund	Street Fund	Urban Renewal Agency Fund	Transit Fund	Other Governmental Funds	Total Governmental
<b>REVENUES</b>						
Property taxes	\$ 4,363,916	\$ -	\$ 1,851,750	\$ -	\$ -	\$ 6,215,666
Public service taxes	2,018,426	1,337,568	-	971,583	-	4,327,577
Franchise fees	778,777	-	-	-	-	778,777
Grants	2,781,529	-	-	1,585,680	6,485	4,373,694
Charges for services	695,645	5,632	-	171,916	-	873,193
Licenses and permits	421,048	-	-	-	-	421,048
Fines and forfeitures	209,750	-	-	-	-	209,750
System development charges	-	174,217	-	-	256,726	430,943
Interest	184,512	182,583	197,903	59,357	92,659	717,014
Contributions and donations	-	-	-	-	51,384	51,384
Intergovernmental	-	432,401	-	10,978	-	443,379
Miscellaneous	309,429	41,999	32,292	112,547	352	496,619
Total revenues	11,763,032	2,174,400	2,081,945	2,912,061	407,606	19,339,044
<b>EXPENDITURES</b>						
General government	1,791,582	-	-	-	-	1,791,582
Highways and streets	-	747,126	-	-	-	747,126
Public transportation	-	-	-	2,252,127	-	2,252,127
Economic development	971,770	-	402,536	-	-	1,374,306
Public safety	3,384,823	-	-	-	-	3,384,823
Culture and recreation	2,883,717	-	-	-	197,013	3,080,730
Capital outlay	368,498	7,822,213	314,303	246,853	296,768	9,048,635
Debt service						
Principal	78,778	233,790	-	-	714,656	1,027,224
Interest	20,843	185,392	-	-	173,160	379,395
Total expenditures	9,500,011	8,988,521	716,839	2,498,980	1,381,597	23,085,948
Revenues over (under) expenditures	2,263,021	(6,814,121)	1,365,106	413,081	(973,991)	(3,746,904)
<b>OTHER FINANCING SOURCES (USES)</b>						
Sale of capital assets	-	-	-	15,039	-	15,039
Issuance of notes payable	140,440	-	-	-	-	140,440
Transfers in	448,235	-	440,000	-	1,008,316	1,896,551
Transfers out	(1,130,059)	(59,363)	(912,097)	(107,963)	(6,475)	(2,215,957)
Total other financing sources (uses)	(541,384)	(59,363)	(472,097)	(92,924)	1,001,841	(163,927)
Net change in fund balance	1,721,637	(6,873,484)	893,009	320,157	27,850	(3,910,831)
<b>FUND BALANCE, BEGINNING</b>	3,203,977	10,145,309	6,807,018	2,157,574	3,100,063	25,413,941
<b>FUND BALANCE, ENDING</b>	\$ 4,925,614	\$ 3,271,825	\$ 7,700,027	\$ 2,477,731	\$ 3,127,913	\$ 21,503,110

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, 2023

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

Net change in fund balances - total governmental funds	\$	(3,910,831)
<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	\$	(1,610,585)
Capitalized expenditures		<u>8,644,751</u>
		7,034,166
<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		(25,063)
Long-term receivables		<u>(422,588)</u>
		(447,651)
<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>		
Issuance of long-term debt		(140,440)
Principal paid on long-term debt		<u>1,027,224</u>
		886,784
<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>		
		29,736
<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		33,874
Compensated absences		60,519
Changes in pension liabilities and related deferred outflows and inflows of resources		328,033
Changes in OPEB assets, liabilities, and related deferred outflows and inflows of resources		<u>(4,968)</u>
		<u>417,458</u>
Change in net position of governmental activities	\$	<u><u>4,009,662</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, 2023

	Enterprise Funds				Total	Governmental
	Water Fund	Sewer Fund	Tele-communications Fund	Other Enterprise Fund		Internal Service Funds
<b>ASSETS</b>						
Current assets						
Cash and cash equivalents	\$ 511,175	\$ 731,785	\$ 501,927	\$ -	\$ 1,744,887	\$ 393,648
Investments	1,663,780	761,469	-	-	2,425,249	-
Accounts receivable, net	969,912	2,508,355	326,841	57,590	3,862,698	-
Inventory	-	-	228,667	-	228,667	-
Other current assets	5,291	4,124	10,925	3,347	23,687	-
Total current assets	3,150,158	4,005,733	1,068,360	60,937	8,285,188	393,648
Noncurrent assets						
Restricted cash and cash equivalents	-	469,794	141,261	-	611,055	-
Interfund loan receivable	-	400,000	-	-	400,000	-
Notes receivable	100,976	-	-	-	100,976	-
Capital assets, net	13,920,503	35,325,948	8,030,029	776,085	58,052,565	-
Net OPEB assets	3,300	3,220	5,977	2,310	14,807	-
Total noncurrent assets	14,024,779	36,198,962	8,177,267	778,395	59,179,403	-
Total assets	17,174,937	40,204,695	9,245,627	839,332	67,464,591	393,648
<b>DEFERRED OUTFLOW OF RESOURCES</b>						
Pension related	162,511	158,558	294,338	113,753	729,160	-
OPEB related	2,543	2,482	4,607	1,780	11,412	-
Total deferred outflows of resources	165,054	161,040	298,945	115,533	740,572	-
<b>LIABILITIES</b>						
Current liabilities						
Accounts payable	295,615	2,438,328	49,760	7,303	2,791,006	2,869
Accrued expenses	8,416	8,162	16,928	4,027	37,533	-
Accrued interest	76,577	12,108	80,008	1,444	170,137	-
Due to other funds	-	-	-	18,482	18,482	-
Unearned revenue	475,950	-	-	-	475,950	-
Deposits	-	-	16,119	-	16,119	-
Accrued compensated absences	8,983	9,696	15,782	2,796	37,257	-
Current portion of long-term debt	352,498	245,308	332,628	41,275	971,709	-
Total current liabilities	1,218,039	2,713,602	511,225	75,327	4,518,193	2,869
Noncurrent liabilities						
Interfund loan payable	-	-	261,877	400,000	661,877	-
Accrued compensated absences	10,442	10,938	14,335	2,359	38,074	-
Long-term debt, net of current portion	4,664,158	19,464,868	5,883,875	351,362	30,364,263	-
Net pension liability	353,510	344,913	640,276	247,446	1,586,145	-
Total OPEB liability	11,565	11,284	20,947	8,095	51,891	-
Total noncurrent liabilities	5,039,675	19,832,003	6,821,310	1,009,262	32,702,250	-
Total liabilities	6,257,714	22,545,605	7,332,535	1,084,589	37,220,443	2,869
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Pension related	140,188	136,778	253,909	98,127	629,002	-
OPEB related	8,743	8,530	15,835	6,120	39,228	-
Total deferred inflows of resources	148,931	145,308	269,744	104,247	668,230	-
<b>NET POSITION</b>						
Net investment in capital assets	8,903,847	15,615,772	1,551,649	(16,552)	26,054,716	-
Restricted for OPEB	3,300	3,220	5,977	2,310	14,807	-
Unrestricted	2,026,199	2,055,830	384,667	(219,729)	4,246,967	390,779
Total net position	\$ 10,933,346	\$ 17,674,822	\$ 1,942,293	\$ (233,971)	\$ 30,316,490	\$ 390,779

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, 2023

	Enterprise Funds				Total	Governmental
	Water Fund	Sewer Fund	Tele-communications Fund	Other Enterprise Fund		Activities
						Internal Service Funds
<b>OPERATING REVENUES</b>						
Charges for services	\$ 3,029,501	\$ 3,957,303	\$ 2,533,050	\$ 418,952	\$ 9,938,806	\$ -
Special assessments and surcharges	5,632	5,632	-	5,632	16,896	-
Miscellaneous	48,201	107,017	35,952	5,900	197,070	-
Total operating revenues	3,083,334	4,069,952	2,569,002	430,484	10,152,772	-
<b>OPERATING EXPENSES</b>						
Salaries, fringe benefits, and payroll taxes	500,153	420,483	854,672	321,638	2,096,946	-
Utilities	138,974	150,092	6,467	3,458	298,991	41,938
Contract services	340,758	785,794	139,434	12,399	1,278,385	29,383
Insurance	24,040	17,470	11,637	-	53,147	2,390
Repairs and maintenance	106,291	387,120	29,621	15,490	538,522	14,055
Depreciation	499,387	346,625	459,173	57,427	1,362,612	-
Other operating expense	414,358	187,587	288,500	78,461	968,906	-
Total operating expenses	2,023,961	2,295,171	1,789,504	488,873	6,597,509	87,766
Operating income (loss)	1,059,373	1,774,781	779,498	(58,389)	3,555,263	(87,766)
<b>NON-OPERATING INCOME (EXPENSE)</b>						
System development charges	244,416	337,639	-	-	582,055	-
Grants	-	5,935,002	-	-	5,935,002	-
Interest income	39,529	21,927	1,198	60	62,714	-
Interest expense	(135,074)	(75,067)	(241,081)	(18,753)	(469,975)	-
Total non-operating income (expense)	148,871	6,219,501	(239,883)	(18,693)	6,109,796	-
Income (loss) before transfers	1,208,244	7,994,282	539,615	(77,082)	9,665,059	(87,766)
<b>TRANSFERS</b>						
Transfers in	-	-	519,000	-	519,000	117,502
Transfers out	(88,155)	(85,491)	(102,832)	(40,618)	(317,096)	-
Transfers, net	(88,155)	(85,491)	416,168	(40,618)	201,904	117,502
Change in net position	1,120,089	7,908,791	955,783	(117,700)	9,866,963	29,736
<b>NET POSITION - BEGINNING</b>	9,813,257	9,766,031	986,510	(116,271)	20,449,527	361,043
<b>NET POSITION - ENDING</b>	\$ 10,933,346	\$ 17,674,822	\$ 1,942,293	\$ (233,971)	\$ 30,316,490	\$ 390,779

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, 2023

	Enterprise Funds				Total	Governmental
	Water Fund	Sewer Fund	Tele-communications Fund	Other Enterprise Fund		Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Cash received from customers	\$ 2,736,619	\$ 2,016,576	\$ 2,437,872	\$ 392,757	\$ 7,583,824	\$ -
Cash paid for salaries and benefits	(428,784)	(407,823)	(817,144)	(292,422)	(1,946,173)	-
Cash paid to suppliers and others	(865,367)	(639,858)	(738,442)	(398,626)	(2,642,293)	(86,688)
Net cash provided by (used for) operating activities	1,442,468	968,895	882,286	(298,291)	2,995,358	(86,688)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Transfers in	-	-	519,000	-	519,000	117,502
Transfers out	(88,155)	(85,491)	(102,832)	(40,618)	(317,096)	-
Principal paid on interfund loan	-	-	(49,454)	-	(49,454)	-
Net cash provided by noncapital financing activities	(88,155)	(85,491)	366,714	(40,618)	152,450	117,502
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
System development charges	244,416	337,639	-	-	582,055	-
Capital grants	-	5,935,002	-	-	5,935,002	-
Acquisition of capital assets	(1,072,702)	(15,812,604)	(177,408)	(158,650)	(17,221,364)	-
Cash received from interfund loan	-	-	-	400,000	400,000	-
Cash received from long-term debt	265,403	8,585,142	-	-	8,850,545	-
Principal paid on long-term debt	(334,843)	(251,756)	(322,528)	(40,579)	(949,706)	-
Interest paid on long-term debt	(140,394)	(75,703)	(245,081)	(18,883)	(480,061)	-
Net cash provided by (used for) capital and related financing activities	(1,038,120)	(1,282,280)	(745,017)	181,888	(2,883,529)	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Disbursements of interfund loan	-	(400,000)	-	-	(400,000)	-
Purchases of investments	(895,185)	(408,441)	-	-	(1,303,626)	-
Proceeds from investments	695,835	317,485	-	-	1,013,320	-
Interest income	45,658	24,476	1,198	60	71,392	-
Net cash provided by (used for) investing activities	(153,692)	(466,480)	1,198	60	(618,914)	-
Net increase (decrease) in cash and cash equivalents	162,501	(865,356)	505,181	(156,961)	(354,635)	30,814
<b>CASH AND CASH EQUIVALENTS - BEGINNING</b>	348,674	2,066,935	138,007	156,961	2,710,577	362,834
<b>CASH AND CASH EQUIVALENTS - ENDING</b>	<u>\$ 511,175</u>	<u>\$ 1,201,579</u>	<u>\$ 643,188</u>	<u>\$ -</u>	<u>\$ 2,355,942</u>	<u>\$ 393,648</u>
<b>COMPRISED AS FOLLOWS:</b>						
Unrestricted	\$ 511,175	\$ 731,785	\$ 501,927	\$ -	\$ 1,744,887	\$ 393,648
Restricted	-	469,794	141,261	-	611,055	-
Total	<u>\$ 511,175</u>	<u>\$ 1,201,579</u>	<u>\$ 643,188</u>	<u>\$ -</u>	<u>\$ 2,355,942</u>	<u>\$ 393,648</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:</b>						
Operating income (loss)	\$ 1,059,373	\$ 1,774,781	\$ 779,498	\$ (58,389)	\$ 3,555,263	\$ (87,766)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:						
Depreciation expense	499,387	346,625	459,173	57,427	1,362,612	-
(Increase) decrease in receivables	(822,665)	(2,053,376)	(147,249)	(37,727)	(3,061,017)	-
(Increase) decrease in inventory	-	-	27,710	-	27,710	-
(Increase) decrease in other current assets	(5,291)	(4,124)	(10,925)	(3,347)	(23,687)	-
(Increase) decrease in pension related balances	55,693	(1,008)	17,717	21,625	94,027	-
(Increase) decrease in OPEB related balances	3,279	952	2,562	1,590	8,383	-
(Decrease) increase in accounts payable	164,345	892,329	22,492	(303,953)	775,213	1,078
(Decrease) increase in accrued expenses	8,416	8,162	16,928	4,027	37,533	-
(Decrease) increase in due to other funds	-	-	(285,941)	18,482	(267,459)	-
(Decrease) increase in unearned revenue	475,950	-	-	-	475,950	-
(Decrease) increase in compensated absences	3,981	4,554	321	1,974	10,830	-
Net cash provided by (used for) operating activities	<u>\$ 1,442,468</u>	<u>\$ 968,895</u>	<u>\$ 882,286</u>	<u>\$ (298,291)</u>	<u>\$ 2,995,358</u>	<u>\$ (86,688)</u>

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, 2023

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	<u>Custodial Fund</u>
<b>ASSETS</b>	
Current assets	
Cash and cash equivalents	<u>\$ 144,279</u>
<b>LIABILITIES</b>	
Current liabilities	
Accounts payable	<u>1,547</u>
<b>NET POSITION</b>	
Restricted for other organizations	<u><u>\$ 142,732</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, 2023

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	<u>Custodial Fund</u>
<b>ADDITIONS</b>	
Contributions	
Other organizations	\$ 32,973
Investment earnings	
Interest	<u>5,008</u>
Total additions	<u>37,981</u>
<b>DEDUCTIONS</b>	
Recipient payments	<u>23,197</u>
Net change in fiduciary net position	14,784
<b>NET POSITION - BEGINNING</b>	<u>127,948</u>
<b>NET POSITION - ENDING</b>	<u><u>\$ 142,732</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, 2023

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**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.

**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 the City's designated urban renewal area. Pursuant to ORS 457, the City Council and a representative from both the Sandy Fire Department and the Sandy Area Chamber of Commerce have been appointed governing body of the Agency. The City's management has operational responsibility for the Agency as it manages the activities of the Agency, in essentially the same manner in which it manages the City's own operations, and provides personnel, and other resources, for the Agency operations. 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.

CITY OF SANDY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS  
Fiscal Year Ended June 30, 2023

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**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.

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 Sandy and Hoodland public libraries, senior services, and recreation.



## CITY OF SANDY, OREGON

### NOTES TO THE BASIC FINANCIAL STATEMENTS Fiscal Year Ended June 30, 2023

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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 and subscriptions 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, 2023

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**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, 2023

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**I. Subscriptions**

The City has entered into noncancelable agreements for the use of software. The City recognizes a subscription liability and an intangible right-to-use subscription asset (subscription asset) in the government-wide financial statements. The City recognizes subscription liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a subscription, the City initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at or before the subscription commencement date, plus capitalizable initial implementation costs. Subsequently, the subscription asset is amortized on a straight-line basis over its useful life.

Key estimates and judgements related to subscriptions include how the City determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments.

- The City uses the interest rate charged by the vendor as the discount rate. When the interest rate charged by the vendor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for subscriptions.
- The subscription term includes the noncancellable period of the subscription. Subscription payments included in the measurement of the subscription liability are composed of fixed payments.

The City monitors changes in circumstances that would require a remeasurement of its subscriptions and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

Subscription assets are reported with other capital assets and subscription liabilities are reported with long-term debt on the statement of net position.

**J. 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.

## CITY OF SANDY, OREGON

### NOTES TO THE BASIC FINANCIAL STATEMENTS Fiscal Year Ended June 30, 2023

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#### K. 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.

#### L. 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.

- *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 purposed 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.

## CITY OF SANDY, OREGON

### NOTES TO THE BASIC FINANCIAL STATEMENTS Fiscal Year Ended June 30, 2023

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- *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.

#### **M. 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.

#### **N. 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.

#### **O. 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.

CITY OF SANDY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS  
Fiscal Year Ended June 30, 2023

**P. 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, 2023, cash and investments consisted of the following:

	Fair Value Measurement			Total	Weighted Average Maturity
	N/A	Level 1	Level 2		
Cash on hand	\$ 2,450	\$ -	\$ -	\$ 2,450	-
Demand deposits	884,805	-	-	884,805	-
Investments:					
Oregon State Treasurer's Local Government Investment Pool	23,027,959	-	-	23,027,959	-
Money market securities	186,563	-	-	186,563	-
U.S. and U.S. Agency obligations	-	2,987,118	780,258	3,767,376	1.88
Municipal bonds	-	-	169,309	169,309	1.33
Total pooled cash and investments	<u>\$ 24,101,777</u>	<u>\$ 2,987,118</u>	<u>\$ 949,567</u>	<u>\$ 28,038,462</u>	0.26

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.

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	\$ 21,601,556	\$ 1,744,887	\$ 144,279	\$ 23,490,722
Restricted	-	611,055	-	611,055
Investments	1,511,436	2,425,249	-	3,936,685
Total pooled cash and investments	<u>\$ 23,112,992</u>	<u>\$ 4,781,191</u>	<u>\$ 144,279</u>	<u>\$ 28,038,462</u>

CITY OF SANDY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS  
Fiscal Year Ended June 30, 2023

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**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, 2023, the City’s bank balance was \$998,097 and the carrying amount of the deposits was \$884,805.

**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.

*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.

**CITY OF SANDY, OREGON**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**Fiscal Year Ended June 30, 2023**

**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 \$105,649 at June 30, 2023.

**4. Capital Assets**

Capital asset activity for the year ended June 30, 2023 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental Activities</b>				
Capital assets, not being depreciated				
Land	\$ 5,439,164	\$ -	\$ -	\$ 5,439,164
Construction-in-progress	2,018,467	8,038,902	-	10,057,369
<b>Total capital assets, not being depreciated</b>	<b>7,457,631</b>	<b>8,038,902</b>	<b>-</b>	<b>15,496,533</b>
Capital assets, being depreciated				
Improvements	13,542,500	47,575	-	13,590,075
Buildings	19,672,231	-	-	19,672,231
Furniture and equipment	1,775,783	235,540	-	2,011,323
Vehicles	5,414,819	322,734	-	5,737,553
Intangible assets	359,680	-	-	359,680
Subscription asset	115,176	-	-	115,176
<b>Total capital assets, being depreciated and amortized</b>	<b>40,880,189</b>	<b>605,849</b>	<b>-</b>	<b>41,486,038</b>
Less accumulated depreciation and amortization				
Improvements	(5,604,551)	(438,007)	-	(6,042,558)
Buildings	(6,435,897)	(772,983)	-	(7,208,880)
Furniture and equipment	(1,635,219)	(74,825)	-	(1,710,044)
Vehicles	(3,751,598)	(272,697)	-	(4,024,295)
Intangible assets	(228,001)	(26,335)	-	(254,336)
Subscription asset	-	(25,738)	-	(25,738)
<b>Total accumulated depreciation and amortization</b>	<b>(17,655,266)</b>	<b>(1,610,585)</b>	<b>-</b>	<b>(19,265,851)</b>
<b>Total capital assets, being depreciated and amortized, net</b>	<b>23,224,923</b>	<b>(1,004,736)</b>	<b>-</b>	<b>22,220,187</b>
<b>Total governmental activities capital assets</b>	<b>\$ 30,682,554</b>	<b>\$ 7,034,166</b>	<b>\$ -</b>	<b>\$ 37,716,720</b>

Depreciation and amortization was charged to the functions/programs of the governmental activities of the primary government as follows:

General government	\$ 376,521
Public safety	282,869
Highways and streets	220,171
Public transportation	189,187
Economic development	152,028
Culture and recreation	389,809
<b>Total depreciate and amortization expense - governmental activities</b>	<b>\$ 1,610,585</b>



CITY OF SANDY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS  
Fiscal Year Ended June 30, 2023

	Beginning Balance	Additions	Deletions	Ending Balance
Business-Type Activities				
Capital assets, not being depreciated and amortized				
Land	\$ 1,099,674	\$ -	\$ -	\$ 1,099,674
Construction-in-progress	14,224,315	16,800,322	(8,311,695)	22,712,942
Total capital assets, not being depreciated and amortized	15,323,989	16,800,322	(8,311,695)	23,812,616
Capital assets, being depreciated				
Improvements	41,118,957	8,594,591	-	49,713,548
Buildings	976,801	-	-	976,801
Furniture and equipment	3,833,551	138,145	-	3,971,696
Vehicles	906,703	-	-	906,703
Total capital assets, being depreciated and amortized	46,836,012	8,732,736	-	55,568,748
Less accumulated depreciation and amortization				
Improvements	(16,002,364)	(1,175,136)	-	(17,177,500)
Buildings	(398,770)	(19,208)	-	(417,978)
Furniture and equipment	(2,803,463)	(144,129)	-	(2,947,592)
Vehicles	(761,591)	(24,138)	-	(785,729)
Total accumulated depreciation and amortization	(19,966,188)	(1,362,611)	-	(21,328,799)
Total capital assets, being depreciated and amortized, net	26,869,824	7,370,125	-	34,239,949
Total business-type activities capital assets	\$ 42,193,813	\$ 24,170,447	\$ (8,311,695)	\$ 58,052,565

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), a cost-sharing multiple employer defined benefit plan. 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>.

**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.

CITY OF SANDY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS  
Fiscal Year Ended June 30, 2023

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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:

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.

CITY OF SANDY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS  
Fiscal Year Ended June 30, 2023

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*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, 2023, employer contributions were \$1,290,326.

**Net Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2023, the City reported a liability of \$7,939,348 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020 and rolled forward to June 30, 2022. 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, 2022 measurement date, the City's proportion was 0.05185046%, a decrease from 0.05594016% at the prior measurement date.

CITY OF SANDY, OREGON

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**Fiscal Year Ended June 30, 2023**

For the year ended June 30, 2023, the City recognized a pension expense of \$1,049,889 for the PERS Defined Benefit Pension Plan. At June 30, 2023, 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	\$ 385,391	\$ 49,511
Changes in Assumptions	1,245,726	11,381
Net difference between projected and actual earnings on investments	-	1,419,401
Changes in proportionate share	726,985	711,859
Differences between District contributions and proportionate share of contributions	1,332	956,286
Total prior to post-measurement date contributions	2,359,434	3,148,438
Contributions subsequent to the measurement date	1,290,326	-
Total deferred outflows / inflows of resources	\$ 3,649,760	\$ 3,148,438

The \$1,290,326 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Net Deferred Outflow/ (Inflows) of Resources
2024	\$ (78,953)
2025	(322,805)
2026	(720,885)
2027	462,867
2028	(129,228)
	\$ (789,004)

**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.

CITY OF SANDY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS  
Fiscal Year Ended June 30, 2023

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The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions:

Valuation date	December 31, 2020
Measurement date	June 30, 2022
Experience study	2020, published July 20, 2021
Actuarial cost method	Entry age normal
Actuarial assumptions:	
Inflation rate	2.40%
Investment rate of return	6.90%
Discount rate	6.90%
Projected salary increases	3.40%
Cost of living adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with <i>Moro</i> decision; blend based on service.
Mortality	<p><b>Healthy retirees and beneficiaries:</b> Pub-2010 Healthy Retiree, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p><b>Active member:</b> Pub-2010 Employee, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and setbacks as described in the valuation.</p> <p><b>Disabled retirees:</b> Pub-2010 Disabled Retiree, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and setbacks as described in the valuation.</p>

The actuarial valuation calculations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probably 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 2020 Experience Study, which reviewed experience for the four-year period ending on December 31, 2020.

**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.

CITY OF SANDY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS  
Fiscal Year Ended June 30, 2023

**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	\$ 14,079,743	\$ 7,939,348	\$ 2,800,117

**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/Pages/Financials/ACFR-Previous-Years.aspx>

**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.
- 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.

CITY OF SANDY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS  
Fiscal Year Ended June 30, 2023

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**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.

**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 (\$3,570 as of January 1, 2023). Employees may elect to contribute the redirected amount on an after-tax basis to the IAP. For the year ended June 30, 2023, the City paid \$344,752 to the plan, with \$51,914 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.

CITY OF SANDY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS  
Fiscal Year Ended June 30, 2023

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	\$ -	\$ 74,112	\$ 74,112
Deferred Outflow of Resources	48,331	8,790	57,121
Total OPEB Liability	259,741	-	259,741
Deferred Inflow of Resources	186,221	10,130	196,351
OPEB Expense (Benefit)	22,914	3,521	26,435

**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. The Implicit Rate Subsidy Plan is single-employer defined benefit plan with no assets accumulated in a trust to pay related benefits and does not issue its own financial statements.

As of the valuation date of July 1, 2022, the following employees were covered by the benefit terms:

Active employees	73
Eligible retirees	<u>2</u>
Total participants	<u><u>75</u></u>

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

At June 30, 2023, the City reported total OPEB liability of \$259,741. The total OPEB liability was measured as of June 30, 2022 and determined by an actuarial valuation as of July 1, 2022. For the year ended June 30, 2023, the City recognized an OPEB expense of \$22,914. At June 30, 2023, 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	\$ 28,427	\$ 95,697
Changes in Assumptions	<u>7,256</u>	<u>90,524</u>
Total prior to post-measurement date contributions	35,683	186,221
Contributions subsequent to the measurement date	<u>12,648</u>	<u>-</u>
Total deferred outflows / inflows of resources	<u><u>\$ 48,331</u></u>	<u><u>\$ 186,221</u></u>



CITY OF SANDY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS  
Fiscal Year Ended June 30, 2023

The \$12,648 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, 2024. 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
2024	\$ (19,672)
2025	(19,672)
2026	(19,416)
2027	(14,496)
2028	(11,093)
Thereafter	(66,189)
	<u>\$ (150,538)</u>

**Actuarial Methods and Assumptions**

The total OPEB liability in the July 1, 2022 actuarial valuation was determined using the following actuarial assumptions:

Actuarial cost method	Entry age normal
Actuarial assumptions:	
Discount rate	3.54%, based on the 20-year general obligation bond yield index published by the Bond Buyer (2.16% in prior year)
General inflation rate	2.40% (2.50% in prior year)
Projected salary increases	3.40% (3.50% in prior year)
Healthcare cost trend rate	<b>Medical and Vision:</b> Starts at 4.25% in 2022, increases to 6.75% in 2023 before decreasing to 3.75% in 2072 <b>Dental:</b> 1.75% for 2022, 4.00% per year until 7072, then 3.75% thereafter
Election and Lapse Rates	35% of eligible employees (40% in prior year), 60% of male members, and 35% of female members will elect spouse coverage
Withdrawal, Retirement, and Mortality Rates	Based on December 31, 2021 Oregon PERS valuation (see Note 5)

CITY OF SANDY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS  
Fiscal Year Ended June 30, 2023

**Changes in Total OPEB Liability**

Balance as of June 30, 2021	\$ 395,776
Changes for the year	
Service cost	33,448
Interest	9,138
Differences between expected and actual experience	(102,808)
Changes of assumptions or other inputs	(63,423)
Benefit payments	(12,390)
Balance as of June 30, 2022	<u>\$ 259,741</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.

<u>Discount Rate</u>	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 288,315	\$ 259,741	\$ 233,691

<u>Healthcare Cost Trend</u>	<u>1% Decrease</u>	<u>Current Cost Trend</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 220,750	\$ 259,741	\$ 307,349

**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, 2023

**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, 2023, employer contributions were \$436.

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

At June 30, 2023, the City reported an asset of \$74,112 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2020 and rolled forward to June 30, 2022. 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, 2022 measurement date, the City's proportion was 0.02085681%, a decrease from 0.02112301% at the prior measurement date.

For the year ended June 30, 2023, the City recognized an OPEB expense of \$3,521 for the PERS RHIA. At June 30, 2023, 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	\$ -	\$ 2,008
Changes in Assumptions	580	2,470
Net difference between projected and actual earnings on investments	-	5,652
Changes in proportionate share	<u>7,774</u>	<u>-</u>
Total prior to post-measurement date contributions	8,354	10,130
Contributions subsequent to the measurement date	<u>436</u>	<u>-</u>
Total deferred outflows / inflows of resources	<u>\$ 8,790</u>	<u>\$ 10,130</u>

The \$436 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, 2024. 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:

<u>Year Ended June 30,</u>	<u>Net Deferred Outflow/ (Inflows) of Resources</u>
2024	\$ 3,285
2025	(3,305)
2026	(3,567)
2027	<u>1,811</u>
	<u>\$ (1,776)</u>

CITY OF SANDY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS  
Fiscal Year Ended June 30, 2023

**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, 2020 actuarial valuation was determined using an assumed retiree participation rate of 27.5% for healthy retirees and 15.0% 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:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Net OPEB Asset	\$ 66,795	\$ 74,112	\$ 80,383

**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.

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. In August 2021, the agreement was amended for up to \$16,000,000. In November 2022, the agreement was amended for up to \$20,700,000. It was estimated the loan distributions would be through the fiscal year ending June 30, 2024. 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, 2023, the City had received \$17,381,879 in loan distributions. Additionally, the loan agreement contained certain financial covenants.

**CITY OF SANDY, OREGON**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**Fiscal Year Ended June 30, 2023**

In April 2023, the City entered into a loan agreement with the Oregon Business Development Department (OBDD) to be able to draw down up to \$1,008,000 to repair and improve the Sandercock Reservoir, secured by a pledge of net revenues of the drinking water system. It was estimated the loan distributions would be through the fiscal year ending June 30, 2024. As June 30, 2023, the City had received \$265,403 in loan distributions. Additionally, the loan agreement contained certain financial covenants.

**Subscription Payable**

As of July 1, 2022, the City recorded a 2.2-year subscription agreement for the use of Google productivity software. The City is required to make monthly payments of \$2,520.

**Long-Term Debt Payable**

	<u>Original Borrowing</u>	<u>Interest Rates</u>	<u>Final Maturity</u>	<u>Outstanding at Year-End</u>
<b>Governmental Activities</b>				
Bonds payable (direct placement)				
Full Faith and Credit Financing Agreement, Series 2017	\$ 10,000,000	2.44%	2031	\$ 6,382,084
Full Faith and Credit Obligation, Series 2021A	4,815,000	3.00 - 4.00%	2041	<u>5,545,000</u>
Total bonds payable				<u>11,927,084</u>
Notes payable				
Library Loan, 2011	800,000	2.75%	2026	490,644
Various Enterprise Vehicle Financing Agreements	various	0.00%	2023-2026	<u>154,973</u>
Total notes payable				<u>645,617</u>
Subscription payable				
Google Workplace Business Plus	115,176	1.71%	2027	<u>95,776</u>
Total governmental activities				<u>\$ 12,668,477</u>
<b>Business-type Activities</b>				
Bonds payable (direct placement)				
LOCAP Certificates of Participation, Series 2011C	\$ 800,000	2.00 - 4.60%	2031	\$ 390,000
Revenue and Refunding Bonds, Series 2014	7,500,000	1.38 - 4.00%	2035	6,050,000
Full Faith and Credit Obligation, Series 2021A	1,695,000	3.00 - 4.00%	2041	<u>1,575,000</u>
Total bonds payable				<u>8,015,000</u>
Notes payable				
OBDD Loan - Intertie Project	7,137,300	2.77%	2035	4,739,187
ODEQ Loan - Planning	799,425	0.93%	2026	536,650
ODEQ Loan - Construction	17,381,879	1.22%	2042	17,381,879
OBDD - Sandercock	265,403	3.65%	2043	265,403
Various Enterprise Vehicle Financing Agreements	various	0.00%	2025-2026	<u>32,502</u>
Total notes payable				<u>22,955,621</u>
Total business-type activities				<u>\$ 30,970,621</u>

CITY OF SANDY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS  
Fiscal Year Ended June 30, 2023

**Changes in Long-Term Liabilities**

Changes in the City's long-term liabilities for the year ended June 30, 2023 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	\$ 12,866,740	\$ -	\$ (939,656)	\$ 11,927,084	\$ 962,094
Premium	632,666	-	(33,445)	599,221	-
Bonds payable, net	13,499,406	-	(973,101)	12,526,305	962,094
Notes payable	571,255	140,440	(66,078)	645,617	83,023
Subscription payable	115,106	-	(19,399)	95,776	24,236
Total long-term debt	14,185,767	140,440	(1,058,578)	13,267,698	1,069,353
Compensated absences	475,757	329,065	(389,584)	415,238	201,001
Net pension liability	5,479,541	1,993,492	(1,119,830)	6,353,203	-
Total OPEB liability	323,970	34,078	(150,198)	207,850	-
Total governmental activities	\$ 20,465,035	\$ 2,497,075	\$ (2,718,190)	\$ 20,243,989	\$ 1,270,354

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	\$ 8,415,000	\$ -	\$ (400,000)	\$ 8,015,000	\$ 430,000
Premium	390,011	-	(24,660)	365,351	-
Bonds payable, net	8,805,011	-	(424,660)	8,380,351	430,000
Notes payable	14,630,122	8,850,545	(525,046)	22,955,621	971,709
Total long-term debt	23,435,133	8,850,545	(949,706)	31,335,972	1,401,709
Compensated absences	64,501	74,275	(63,445)	75,331	37,257
Net pension liability	1,214,527	497,697	(126,079)	1,586,145	-
Total OPEB liability	71,806	8,508	(28,423)	51,891	-
Total business-type activities	\$ 24,785,967	\$ 9,431,025	\$ (1,167,653)	\$ 33,049,339	\$ 1,438,966

CITY OF SANDY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS  
Fiscal Year Ended June 30, 2023

The debt service requirements for City's long-term debt are as follows:

Fiscal Year	Governmental Activities							
	Bonds Payable		Notes Payable		Subscription Payable		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 962,094	\$ 333,465	\$ 83,023	\$ 13,273	\$ 24,236	\$ 1,468	\$ 1,069,353	\$ 348,206
2025	984,957	307,752	83,871	12,425	29,245	995	1,098,073	321,172
2026	1,013,256	281,403	80,560	11,484	29,749	491	1,123,565	293,378
2027	1,042,001	254,207	398,163	5,351	12,546	54	1,452,710	259,612
2028	1,066,204	225,665	-	-	-	-	1,066,204	225,665
2029-2033	3,998,572	695,690	-	-	-	-	3,998,572	695,690
2034-2038	1,705,000	328,463	-	-	-	-	1,705,000	328,463
2039-2043	1,155,000	70,050	-	-	-	-	1,155,000	70,050
Totals	<u>\$ 11,927,084</u>	<u>\$ 2,496,695</u>	<u>\$ 645,617</u>	<u>\$ 42,533</u>	<u>\$ 95,776</u>	<u>\$ 3,008</u>	<u>\$ 12,668,477</u>	<u>\$ 2,542,236</u>

Fiscal Year	Business-Type Activities							
	Bonds Payable		Notes Payable		Subscription Payable		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 430,000	\$ 310,448	\$ 1,019,250	\$ 707,840	\$ -	\$ -	\$ 1,449,250	\$ 1,018,288
2025	510,000	293,198	1,511,851	337,481	-	-	2,021,851	630,679
2026	520,000	274,716	1,528,277	314,038	-	-	2,048,277	588,754
2027	545,000	253,860	1,364,157	290,575	-	-	1,909,157	544,435
2028	565,000	231,760	5,510,236	814,038	-	-	6,075,236	1,045,798
2029-2033	3,335,000	785,100	7,552,750	725,815	-	-	10,887,750	1,510,915
2034-2038	1,785,000	172,100	4,384,972	133,964	-	-	6,169,972	306,064
2039-2043	325,000	19,650	84,128	8,714	-	-	409,128	28,364
Totals	<u>\$ 8,015,000</u>	<u>\$ 2,340,832</u>	<u>\$ 22,955,621</u>	<u>\$ 3,332,465</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,970,621</u>	<u>\$ 5,673,297</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, 2023, the due to/from other funds balances are as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Other Enterprise Fund	\$ 18,482

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%.

In May 2023, the Sewer Fund loaned \$400,000 to the Other Enterprise Fund. The loans are to be repaid within ten years with an annual interest rate of 1.72%.

At June 30, 2023, the interfund loan balances are as follows:

Receivable Fund	Payable Fund	Amount
Transit Fund	General Fund	\$ 221,837
Transit Fund	Telecommunications Fund	261,877
	Transit Fund Total	<u>\$ 483,714</u>
Sewer Fund	Other Enterprise Fund	<u>\$ 400,000</u>

**CITY OF SANDY, OREGON**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**Fiscal Year Ended June 30, 2023**

**9. Interfund Transfers**

The composition of interfund transfers for the year ended June 30, 2023, is as follows:

	Transfers In					Total
	General Fund	Urban Renewal Agency Fund	Other Governmental Funds	Tele-communications Fund	Internal Service Funds	
Transfers Out:						
General Fund	\$ -	\$ 440,000	\$ 120,500	\$ 519,000	\$ 50,559	\$ 1,130,059
Street Fund	50,793	-	-	-	8,570	59,363
Urban Renewal Agency Fund	24,281	-	887,816	-	-	912,097
Transit Fund	75,300	-	-	-	32,663	107,963
Other Governmental Funds	6,475	-	-	-	-	6,475
Water Fund	79,585	-	-	-	8,570	88,155
Sewer Fund	76,921	-	-	-	8,570	85,491
Telecommunications Fund	102,832	-	-	-	-	102,832
Other Enterprise Fund	32,048	-	-	-	8,570	40,618
<b>Total</b>	<b>\$ 448,235</b>	<b>\$ 440,000</b>	<b>\$ 1,008,316</b>	<b>\$ 519,000</b>	<b>\$ 117,502</b>	<b>\$ 2,533,053</b>

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, 2023, 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	\$ 9,346,214	\$ 6,011,293	\$ 3,334,921
Wastewater Treatment Plant Improvements	26,953,749	23,571,290	3,382,459

**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**

In July 2023 the City of Sandy committed \$2,289,098 to construct various action sports elements which will be incorporated to the overall redevelopment of the community campus park. These amenities include a pump track, jump line, and skate park. Future phases of the park will include traditional playground elements, walking paths, restrooms, and parking. Funds have been allocated through the budget process to complete the overall park, but no additional funds have been committed at this time.



**CITY OF SANDY, OREGON**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**Fiscal Year Ended June 30, 2023**

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Effective September 11, 2023, the City entered into a consent decree with EPA/DEQ to resolve wastewater violations from prior fiscal years. The total amount of penalties to resolve past violations is \$500,000. \$250,000 of this amount is payable to the United States. The remaining \$250,000 is payable to the State of Oregon. In accordance with the decree, this amount can be mitigated to \$50,000 if a supplemental environmental project (SEP) is completed. The City is working with Clackamas River Basin Council to complete the SEP in a timely manner to ensure that penalties are reduced to the lowest amount possible.

In October 2023 the City of Sandy committed \$3,163,668 to purchase three new transit vehicles. These vehicles will replace existing, aged fleet vehicles, and will be electric vehicles to assist in the sustainability efforts of the City. Grant funding through the Carbon Reduction Program will offset nearly \$400,000 of the cost.

**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, 2023

	Biennial Budget		Actual			Variance with Final Budget
	Original	Final	2022	2023	Biennial	
<b>REVENUES</b>						
Property taxes	\$ 8,110,000	\$ 8,110,000	\$ 4,005,391	\$ 4,363,916	\$ 8,369,307	\$ 259,307
Public service taxes	3,683,504	3,683,504	1,956,224	2,018,426	3,974,650	291,146
Franchise fees	1,290,000	1,300,000	729,193	778,777	1,507,970	207,970
Grants	2,598,000	2,826,223	129,440	2,781,529	2,910,969	84,746
Charges for services	1,419,200	1,226,000	559,893	695,645	1,255,538	29,538
Licenses and permits	813,000	823,000	633,095	421,048	1,054,143	231,143
Fines and forfeitures	400,000	408,000	160,367	209,750	370,117	(37,883)
Interest	75,000	75,000	17,104	184,512	201,616	126,616
Miscellaneous	57,500	220,700	133,135	309,429	442,564	221,864
Total revenues	18,446,204	18,672,427	8,323,842	11,763,032	20,086,874	1,414,447
<b>EXPENDITURES</b>						
General government	2,777,350	2,777,700	1,429,860	1,791,582	3,221,442	(443,742)
Economic development	1,884,600	1,880,500	926,767	971,770	1,898,537	(18,037)
Public safety	6,591,525	6,589,225	3,072,203	3,384,823	6,457,026	132,199
Culture and recreation	5,868,972	5,875,022	2,440,225	2,883,717	5,323,942	551,080
Capital outlay	442,000	442,000	52,326	368,498	420,824	21,176
Debt service						
Principal	315,933	315,933	76,504	78,778	155,282	160,651
Interest	35,000	35,000	15,587	15,920	31,507	3,493
Interfund principal payments	68,496	68,496	33,922	34,573	68,495	1
Interfund interest payments	10,498	10,498	5,574	4,923	10,497	1
Contingency	3,792,882	4,022,105	-	-	-	4,022,105
Total expenditures	21,787,256	22,016,479	8,052,968	9,534,584	17,587,552	4,428,927
Revenues over (under) expenditures	(3,341,052)	(3,344,052)	270,874	2,228,448	2,499,322	5,843,374
<b>OTHER FINANCING SOURCES (USES)</b>						
Sale of capital assets	-	3,000	-	-	-	(3,000)
Issuance of debt	325,000	325,000	-	140,440	140,440	(184,560)
Transfers in	896,468	896,468	448,230	448,235	896,465	(3)
Transfers out	(402,126)	(402,126)	(201,064)	(1,130,059)	(1,331,123)	(928,997)
Total other financing sources (uses)	819,342	822,342	247,166	(541,384)	(294,218)	(1,116,560)
Net change in fund balance	(2,521,710)	(2,521,710)	518,040	1,687,064	2,205,104	4,726,814
<b>FUND BALANCE, BEGINNING - BUDGETARY BASIS</b>	2,521,710	2,521,710	2,942,347	3,460,387	2,942,347	420,637
<b>FUND BALANCE, ENDING - BUDGETARY BASIS</b>	\$ -	\$ -	3,460,387	5,147,451	\$ 5,147,451	\$ 5,147,451
<b>RECONCILIATION TO FUND BALANCE - GAAP BASIS</b>						
Interfund loan payable			(256,410)	(221,837)		
<b>FUND BALANCE, ENDING - GAAP BASIS</b>			\$ 3,203,977	\$ 4,925,614		
<b>NET CHANGE IN FUND BALANCE - BUDGETARY BASIS</b>			\$ 518,040	\$ 1,687,064		
Principal payments on interfund loan receivable			33,922	34,573		
<b>NET CHANGE IN FUND BALANCE - GAAP BASIS</b>			\$ 551,962	\$ 1,721,637		

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, 2023

	Biennial Budget		Actual			Variance with Final Budget
	Original	Final	2022	2023	Biennial	
<b>REVENUES</b>						
Public service taxes	\$ 2,350,000	\$ 2,350,000	\$ 1,373,784	\$ 1,337,568	\$ 2,711,352	\$ 361,352
System development charges	600,000	600,000	283,355	174,217	457,572	(142,428)
Charges for services	20,000	20,000	35,765	5,632	41,397	21,397
Interest	75,200	75,200	44,242	182,583	226,825	151,625
Intergovernmental	400,000	700,000	367,549	432,401	799,950	99,950
Miscellaneous	10,000	10,000	97,182	41,999	139,181	129,181
Total revenues	3,455,200	3,755,200	2,201,877	2,174,400	4,376,277	621,077
<b>EXPENDITURES</b>						
Operations						
Personnel services	608,000	608,000	278,253	341,690	619,943	(11,943)
Materials and services	1,334,550	1,334,550	408,000	405,436	813,436	521,114
Capital outlay	8,321,000	10,721,000	2,672,665	7,822,213	10,494,878	226,122
Debt service						
Principal	451,580	451,580	214,023	233,790	447,813	3,767
Interest	464,027	464,027	197,520	185,392	382,912	81,115
Contingency	1,582,688	1,582,688	-	-	-	1,582,688
Total expenditures	12,761,845	15,161,845	3,770,461	8,988,521	12,758,982	2,402,863
Revenues over (under) expenditures	(9,306,645)	(11,406,645)	(1,568,584)	(6,814,121)	(8,382,705)	3,023,940
<b>OTHER FINANCING SOURCES (USES)</b>						
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)	(59,363)	(118,723)	-
Total other financing sources (uses)	(82,223)	(82,223)	(59,360)	(59,363)	(118,723)	(36,500)
Net change in fund balance	(9,388,868)	(11,488,868)	(1,627,944)	(6,873,484)	(8,501,428)	2,987,440
<b>FUND BALANCE, BEGINNING</b>	9,388,868	11,488,868	11,773,253	10,145,309	11,773,253	284,385
<b>FUND BALANCE, ENDING</b>	\$ -	\$ -	\$ 10,145,309	\$ 3,271,825	\$ 3,271,825	\$ 3,271,825

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, 2023

	Biennial Budget		Actual		Biennial	Variance with Final Budget
	Original	Final	2022	2023		
<b>REVENUES</b>						
Property taxes	\$ 4,000,000	\$ 4,000,000	\$ 1,993,362	\$ 1,851,750	\$ 3,845,112	\$ (154,888)
Interest	100,000	100,000	36,540	197,903	234,443	134,443
Miscellaneous	-	-	33,896	47,323	81,219	81,219
Total revenues	4,100,000	4,100,000	2,063,798	2,096,976	4,160,774	60,774
<b>EXPENDITURES</b>						
Personnel services	297,000	347,000	160,872	172,601	333,473	13,527
Materials and services	154,600	404,600	91,665	229,935	321,600	83,000
Capital outlay	3,550,000	3,550,000	379,966	314,303	694,269	2,855,731
Contingency	4,534,190	4,234,190	-	-	-	4,234,190
Total expenditures	8,535,790	8,535,790	632,503	716,839	1,349,342	7,186,448
Revenues over (under) expenditures	(4,435,790)	(4,435,790)	1,431,295	1,380,137	2,811,432	7,247,222
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	440,000	440,000	440,000
Transfers out	(1,824,197)	(1,824,197)	(912,099)	(912,097)	(1,824,196)	1
Total other financing sources (uses)	(1,824,197)	(1,824,197)	(912,099)	(472,097)	(1,384,196)	440,001
Net change in fund balance	(6,259,987)	(6,259,987)	519,196	908,040	1,427,236	7,687,223
<b>FUND BALANCE, BEGINNING - BUDGETARY BASIS</b>	6,259,987	6,259,987	6,230,022	6,749,218	5,311,254	(948,733)
<b>FUND BALANCE, ENDING - BUDGETARY BASIS</b>	\$ -	\$ -	6,749,218	7,657,258	\$ 6,738,490	\$ 6,738,490
<b>RECONCILIATION TO FUND BALANCE - GAAP BASIS</b>						
Notes receivable			57,800	42,769		
<b>FUND BALANCE, ENDING - GAAP BASIS</b>			\$ 6,807,018	\$ 7,700,027		
<b>NET CHANGE IN FUND BALANCE - BUDGETARY BASIS</b>			\$ 519,196	\$ 908,040		
Issuance of notes receivable			124,467	-		
Principal payments on notes receivable			(66,667)	(15,031)		
<b>NET CHANGE IN FUND BALANCE - GAAP BASIS</b>			\$ 576,996	\$ 893,009		

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, 2023

	Biennial Budget		Actual			Variance with Final Budget
	Original	Final	2022	2023	Biennial	
<b>REVENUES</b>						
Public service taxes	\$ 1,000,000	\$ 1,000,000	\$ 824,122	\$ 971,583	\$ 1,795,705	\$ 795,705
Grants	2,712,789	2,712,789	1,359,609	1,585,680	2,945,289	232,500
Charges for services	64,600	64,600	101,531	171,916	273,447	208,847
Interest	41,000	41,000	20,773	59,357	80,130	39,130
Intergovernmental	122,640	122,640	40,346	10,978	51,324	(71,316)
Miscellaneous	93,380	93,380	23,225	112,547	135,772	42,392
Total revenues	4,034,409	4,034,409	2,369,606	2,912,061	5,281,667	1,247,258
<b>EXPENDITURES</b>						
Personnel services	668,500	668,500	326,634	361,810	688,444	(19,944)
Materials and services	3,463,226	3,463,226	1,494,970	1,890,317	3,385,287	77,939
Capital outlay	835,000	835,000	519,618	246,853	766,471	68,529
Contingency	545,948	545,948	-	-	-	545,948
Total expenditures	5,512,674	5,512,674	2,341,222	2,498,980	4,840,202	672,472
Revenues over (under) expenditures	(1,478,265)	(1,478,265)	28,384	413,081	441,465	1,919,730
<b>OTHER FINANCING SOURCES (USES)</b>						
Sale of capital assets	-	-	3,500	15,039	18,539	18,539
Transfers in	189,855	189,855	82,444	84,027	166,471	(23,384)
Transfers out	(215,923)	(215,923)	(107,960)	(107,963)	(215,923)	-
Total other financing sources (uses)	(26,068)	(26,068)	(22,016)	(8,897)	(30,913)	(4,845)
Net change in fund balance	(1,504,333)	(1,504,333)	6,368	404,184	410,552	1,914,885
<b>FUND BALANCE, BEGINNING - BUDGETARY BASIS</b>	1,504,333	1,504,333	1,583,465	1,589,833	1,583,465	79,132
<b>FUND BALANCE, ENDING - BUDGETARY BASIS</b>	\$ -	\$ -	1,589,833	1,994,017	\$ 1,994,017	\$ 1,994,017
Interfund loan receivable			567,741	483,714		
<b>FUND BALANCE, ENDING - GAAP BASIS</b>			\$ 2,157,574	\$ 2,477,731		
<b>NET CHANGE IN FUND BALANCE - BUDGETARY BASIS</b>			\$ 6,368	\$ 404,184		
Principal payments on interfund loan receivable			(82,444)	(84,027)		
<b>NET CHANGE IN FUND BALANCE - GAAP BASIS</b>			\$ (76,076)	\$ 320,157		

CITY OF SANDY, OREGON

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)  
LAST TEN FISCAL YEARS<sup>1</sup>

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
2022	0.05185046%	\$ 7,939,346	\$ 5,459,971	145.4%	84.5%
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.

**CITY OF SANDY, OREGON**

**SCHEDULE OF PENSION CONTRIBUTIONS  
LAST TEN FISCAL YEARS<sup>1</sup>**

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
2023	\$ 1,290,326	\$ 1,290,326	\$ -	\$ 5,962,295	21.6%
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.

**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 YEARS<sup>1</sup>

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
2022	0.02085681%	\$ (74,112)	\$ 5,459,971	-1.4%	194.6%
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.

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

**CITY OF SANDY, OREGON**

**SCHEDULE OF OPEB CONTRIBUTIONS - RHIA  
LAST TEN FISCAL YEARS<sup>1</sup>**

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
2023	\$ 436	\$ 436	\$ -	\$ 5,962,295	0.0%
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.

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

**NOTES TO SCHEDULE**

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

Actuarial valuation:	December 31, 2019	December 31, 2017	December 31, 2015	December 31, 2013	December 31, 2011
Effective:	July 2021 - June 2023	July 2019 - June 2021	July 2017 - June 2019	July 2015 - June 2017	July 2013 - June 2015
Actuarial cost method:	Entry Age Normal	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 YEARS<sup>1</sup>

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
2022	\$ 395,776	\$ 33,448	\$ 9,138	\$ (102,808)	\$ (63,423)	\$ (12,390)	\$ 259,741	\$ 5,459,971	4.8%
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%

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

NOTES TO SCHEDULE

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

Actuarial Assumptions and Methods

	July 1, 2022 June 30, 2022	July 1, 2020 June 30, 2021	July 1, 2020 June 30, 2020	July 1, 2018 June 30, 2019	July 1, 2018 June 30, 2018	July 1, 2016 June 30, 2017
Valuation date	July 1, 2022	July 1, 2020	July 1, 2020	July 1, 2018	July 1, 2018	July 1, 2016
Measurement date	June 30, 2022	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	Entry Age Normal
Actuarial assumptions						
Discount rate	3.54 percent	2.16 percent	2.21 percent	3.50 percent	3.50 percent	3.58 percent
Inflation rate	2.40 percent	2.50 percent	2.50 percent	2.50 percent	2.50 percent	2.50 percent
Projected salary increases	3.40 percent	3.50 percent	3.50 percent	3.50 percent	3.50 percent	3.50 percent
Withdrawal, retirement, and mortality rates	12/31/2021 Oregon PERS Valuation	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	35% 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.	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	5% annual lapse rate

CITY OF SANDY, OREGON

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
Fiscal Year Ended June 30, 2023

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**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, 2023

	Biennial Budget		Actual			Variance with Final Budget
	Original	Final	2022	2023	Biennial	
<b>MAYOR &amp; CITY COUNCIL</b>						
Materials and services	\$ 59,300	\$ 59,300	\$ 18,676	\$ 33,713	\$ 52,389	\$ 6,911
Capital outlay	-	-	878	-	878	(878)
Indirect service	53,472	53,472	26,736	26,736	53,472	-
Transfers	888	888	444	441	885	3
Contingency	6,139	6,139	-	-	-	6,139
Subtotal	119,799	119,799	46,734	60,890	107,624	12,175 *
<b>ADMINISTRATION</b>						
Personnel services	644,500	644,500	308,886	343,753	652,639	(8,139)
Materials and services	32,000	32,000	5,070	16,784	21,854	10,146
Capital outlay	-	-	94	-	94	(94)
Contingency	37,601	37,601	-	-	-	37,601
Subtotal	714,101	714,101	314,050	360,537	674,587	39,514 *
<b>LEGAL</b>						
Materials and services	250,000	250,000	113,710	136,290	250,000	-
<b>MUNICIPAL COURT</b>						
Personnel services	96,300	96,300	48,772	56,940	105,712	(9,412)
Materials and services	32,550	32,550	12,343	12,989	25,332	7,218
Capital outlay	-	-	-	252	252	(252)
Indirect service	22,540	22,540	11,270	11,270	22,540	-
Contingency	21,374	21,374	-	-	-	21,374
Subtotal	172,764	172,764	72,385	81,451	153,836	18,928 *
<b>FINANCE</b>						
Personnel services	651,500	651,500	334,471	376,346	710,817	(59,317)
Materials and services	141,850	141,850	60,086	72,424	132,510	9,340
Capital outlay	-	-	2,657	1,143	3,800	(3,800)
Contingency	60,000	60,000	-	-	-	60,000
Subtotal	853,350	853,350	397,214	449,913	847,127	6,223 *
<b>LIBRARY</b>						
Personnel services	2,535,500	2,535,500	1,153,151	1,249,901	2,403,052	132,448
Materials and services	411,500	411,500	209,053	241,098	450,151	(38,651)
Capital outlay	11,000	11,000	2,378	2,144	4,522	6,478
Debt service	95,000	95,000	45,145	45,146	90,291	4,709
Indirect service	301,984	301,984	150,992	150,992	301,984	-
Contingency	52,754	52,754	-	-	-	52,754
Subtotal	3,407,738	3,407,738	1,560,719	1,689,281	3,250,000	157,738 *
<b>POLICE</b>						
Personnel services	5,653,000	5,653,000	2,536,255	2,814,068	5,350,323	302,677
Materials and services	809,675	809,675	474,833	504,636	979,469	(169,794)
Capital outlay	371,000	371,000	19,718	230,592	250,310	120,690
Debt service	238,228	238,228	38,397	23,963	62,360	175,868
Indirect service	529,075	529,075	264,538	264,537	529,075	-
Transfers	86,157	86,157	43,078	43,077	86,155	2
Contingency	34,365	34,365	-	-	-	34,365
Subtotal	7,721,500	7,721,500	3,376,819	3,880,873	7,257,692	463,808 *
<b>RECREATION</b>						
Personnel services	727,000	727,000	247,307	265,270	512,577	214,423
Materials and services	157,272	157,272	61,046	156,869	217,915	(60,643)
Capital outlay	-	-	179	50	229	(229)
Indirect service	75,847	75,847	37,924	37,923	75,847	-
Contingency	17,500	17,500	-	-	-	17,500
Subtotal	977,619	977,619	346,456	460,112	806,568	171,051 *

\* Appropriation level

Continued

CITY OF SANDY, OREGON

GENERAL FUND

SCHEDULE OF EXPENDITURES  
BUDGET TO ACTUAL (Continued)  
June 30, 2023

	Biennial Budget		Actual			Variance with Final Budget
	Original	Final	2022	2023	Biennial	
<b>SENIOR SERVICES</b>						
Personnel services	\$ 956,500	\$ 956,500	\$ 194,242	\$ 398,583	\$ 592,825	\$ 363,675
Materials and services	193,750	193,750	119,329	157,343	276,672	(82,922)
Capital outlay	-	-	4,181	22,300	26,481	(26,481)
Indirect service	110,684	110,684	55,342	55,342	110,684	-
Contingency	60,958	60,958	-	-	-	60,958
Subtotal	1,321,892	1,321,892	373,094	633,568	1,006,662	315,230 *
<b>PARKS, BUILDINGS, &amp; GROUNDS</b>						
Personnel services	661,000	661,000	327,233	301,424	628,657	32,343
Materials and services	226,450	226,450	128,864	115,257	244,121	(17,671)
Capital outlay	5,000	5,000	2,220	6,693	8,913	(3,913)
Debt service	8,505	8,505	4,046	4,046	8,092	413
Indirect service	74,287	74,287	37,144	37,143	74,287	-
Transfers	8,075	8,075	4,038	4,037	8,075	-
Contingency	15,122	15,122	-	-	-	15,122
Subtotal	998,439	998,439	503,545	468,600	972,145	26,294 *
<b>PLANNING</b>						
Personnel services	638,500	638,500	322,901	333,102	656,003	(17,503)
Materials and services	309,500	309,500	119,747	194,458	314,205	(4,705)
Capital outlay	-	-	6,744	8,173	14,917	(14,917)
Indirect service	157,028	157,028	78,514	78,514	157,028	-
Contingency	63,106	63,106	-	-	-	63,106
Subtotal	1,168,134	1,168,134	527,906	614,247	1,142,153	25,981 *
<b>BUILDING</b>						
Personnel services	614,000	614,000	315,686	295,720	611,406	2,594
Materials and services	85,100	85,100	68,699	37,199	105,898	(20,798)
Capital outlay	-	-	1,538	7,871	9,409	(9,409)
Indirect service	113,105	113,105	56,552	56,553	113,105	-
Contingency	147,472	147,472	-	-	-	147,472
Subtotal	959,677	959,677	442,475	397,343	839,818	119,859 *
<b>ECONOMIC DEVELOPMENT</b>						
Personnel services	138,200	138,200	67,718	70,351	138,069	131
Materials and services	99,300	99,300	32,016	42,579	74,595	24,705
Capital outlay	-	-	-	99	99	(99)
Indirect service	24,510	24,510	12,256	12,254	24,510	-
Contingency	24,311	24,311	-	-	-	24,311
Subtotal	286,321	286,321	111,990	125,283	237,273	49,048 *
<b>NON DEPARTMENTAL</b>						
Materials and services	496,000	496,000	376,041	578,579	954,620	(458,620)
Capital outlay	25,000	25,000	9,463	68,245	77,708	(52,708)
Debt service	9,200	9,200	4,503	375	4,878	4,322
Transfers	85,000	85,000	42,500	971,500	1,014,000	(929,000)
Contingency	3,250,258	3,479,481	-	-	-	3,479,481
Subtotal	3,865,458	4,094,681	432,507	1,618,699	2,051,206	2,043,475 *
<b>INFORMATION TECHNOLOGY</b>						
Personnel services	329,500	329,500	145,440	143,133	288,573	40,927
Materials and services	172,700	172,700	67,480	83,083	150,563	22,137
Capital outlay	30,000	30,000	2,276	20,936	23,212	6,788
Debt service	-	-	-	21,168	21,168	(21,168)
Contingency	1,922	1,922	-	-	-	1,922
Subtotal	534,122	534,122	215,196	268,320	483,516	50,606 *
<b>GENERAL REVENUE TRANSFERS OUT</b>						
	13,115,000	13,344,223	6,557,500	6,786,723	13,344,223	- *
Total expenditures	\$ 36,465,914	\$ 36,924,360	\$ 15,392,300	\$ 18,032,130	\$ 33,424,430	\$ 3,499,930

\* Appropriation level

**CITY OF SANDY, OREGON**  
**OTHER GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET**  
**June 30, 2023**

	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	
	Acquatic/ Recreation Center Fund	City FFC Debt Service Fund	Parks Capital Projects Fund	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ 162,545	\$ -	\$ 3,028,039	\$ 3,190,584
Prepays	97	-	-	97
Total assets	<u>\$ 162,642</u>	<u>\$ -</u>	<u>\$ 3,028,039</u>	<u>\$ 3,190,681</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 1,503	\$ -	\$ 61,265	\$ 62,768
<b>FUND BALANCES</b>				
Unspendable	97	-	-	97
Restricted:				
System development charges	-	-	1,665,630	1,665,630
Park projects	-	-	1,211,739	1,211,739
Committed:				
Capital projects	-	-	89,405	89,405
Assigned:				
Subsequent appropriation of fund balance	157,000	-	-	157,000
Cultural and recreation	4,042	-	-	4,042
Total fund balances	<u>161,139</u>	<u>-</u>	<u>2,966,774</u>	<u>3,127,913</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 162,642</u>	<u>\$ -</u>	<u>\$ 3,028,039</u>	<u>\$ 3,190,681</u>



CITY OF SANDY, OREGON

OTHER GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
Fiscal Year Ended June 30, 2023

	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental
	Acquatic/ Recreation Center Fund	City FFC Debt Service Fund	Parks Capital Projects Fund	
<b>REVENUES</b>				
Grants	\$ -	\$ -	\$ 6,485	\$ 6,485
System development charges	-	-	256,726	256,726
Interest	3,300	-	89,359	92,659
Contributions and donations	-	-	51,384	51,384
Miscellaneous	352	-	-	352
Total revenues	<u>3,652</u>	<u>-</u>	<u>403,954</u>	<u>407,606</u>
<b>EXPENDITURES</b>				
Culture and recreation	72,041	-	124,972	197,013
Capital outlay	-	-	296,768	296,768
Debt service				
Principal	-	714,656	-	714,656
Interest	-	173,160	-	173,160
Total expenditures	<u>72,041</u>	<u>887,816</u>	<u>421,740</u>	<u>1,381,597</u>
Revenues over (under) expenditures	<u>(68,389)</u>	<u>(887,816)</u>	<u>(17,786)</u>	<u>(973,991)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	120,500	887,816	-	1,008,316
Transfers out	(6,475)	-	-	(6,475)
Total other financing sources (uses)	<u>114,025</u>	<u>887,816</u>	<u>-</u>	<u>1,001,841</u>
Net change in fund balance	45,636	-	(17,786)	27,850
<b>FUND BALANCE, BEGINNING</b>	<u>115,503</u>	<u>-</u>	<u>2,984,560</u>	<u>3,100,063</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 161,139</u>	<u>\$ -</u>	<u>\$ 2,966,774</u>	<u>\$ 3,127,913</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, 2023

	Biennial Budget		Actual			Variance with Final Budget
	Original	Final	2022	2023	Biennial	
<b>REVENUES</b>						
Charges for services	\$ -	\$ -	\$ 300	\$ -	\$ 300	\$ 300
Interest	2,000	2,000	457	3,300	3,757	1,757
Miscellaneous	-	-	2,076	352	2,428	2,428
Total revenues	2,000	2,000	2,833	3,652	6,485	4,485
<b>EXPENDITURES</b>						
Personnel services	58,700	58,700	23,095	8,374	31,469	27,231
Materials and services	182,600	182,600	90,819	63,667	154,486	28,114
Contingency	82,373	82,373	-	-	-	82,373
Total expenditures	323,673	323,673	113,914	72,041	185,955	137,718
Revenues over (under) expenditures	(321,673)	(321,673)	(111,081)	(68,389)	(179,470)	142,203
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	241,000	241,000	120,500	120,500	241,000	-
Transfers out	(12,951)	(12,951)	(6,476)	(6,475)	(12,951)	-
Total other financing sources (uses)	228,049	228,049	114,024	114,025	228,049	-
Net change in fund balance	(93,624)	(93,624)	2,943	45,636	48,579	142,203
<b>FUND BALANCE, BEGINNING</b>	93,624	93,624	112,560	115,503	112,560	18,936
<b>FUND BALANCE, ENDING</b>	\$ -	\$ -	\$ 115,503	\$ 161,139	\$ 161,139	\$ 161,139

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, 2023

	Biennial Budget		Actual			Variance with Final Budget
	Original	Final	2022	2023	Biennial	
<b>EXPENDITURES</b>						
Debt service						
Principal	\$ 1,412,290	\$ 1,412,290	\$ 697,634	\$ 714,656	\$ 1,412,290	\$ -
Interest	363,344	363,344	190,183	173,160	363,343	1
Total expenditures	1,775,634	1,775,634	887,817	887,816	1,775,633	1
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	1,775,634	1,775,634	887,817	887,816	1,775,633	(1)
Net change in fund balance	-	-	-	-	-	-
<b>FUND BALANCE, BEGINNING</b>	-	-	-	-	-	-
<b>FUND BALANCE, ENDING</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

CITY OF SANDY, OREGON

PARKS CAPITAL PROJECTS FUND

SCHEDULE OF CHANGES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
Fiscal Year Ended June 30, 2023

	Biennial Budget		Actual			Variance with Final Budget
	Original	Final	2022	2023	Biennial	
<b>REVENUES</b>						
Grants	\$ -	\$ -	\$ -	\$ 6,485	\$ 6,485	\$ 6,485
System development charges	600,000	600,000	427,548	256,726	684,274	84,274
Interest	60,000	60,000	15,643	89,359	105,002	45,002
Contributions and donations	300,000	300,000	79,223	51,384	130,607	(169,393)
Total revenues	960,000	960,000	522,414	403,954	926,368	(33,632)
<b>EXPENDITURES</b>						
Materials and services	149,433	149,433	45,693	124,972	170,665	(21,232)
Capital outlay	1,800,000	1,800,000	26,736	296,768	323,504	1,476,496
Contingency	1,540,606	1,540,606	-	-	-	1,540,606
Total expenditures	3,490,039	3,490,039	72,429	421,740	494,169	2,995,870
Net change in fund balance	(2,530,039)	(2,530,039)	449,985	(17,786)	432,199	2,962,238
<b>FUND BALANCE, BEGINNING</b>	2,530,039	2,530,039	2,534,575	2,984,560	2,534,575	4,536
<b>FUND BALANCE, ENDING</b>	\$ -	\$ -	\$ 2,984,560	\$ 2,966,774	\$ 2,966,774	\$ 2,966,774

CITY OF SANDY, OREGON

WATER FUND

SCHEDULE OF CHANGES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
Fiscal Year Ended June 30, 2023

	Biennial Budget		Actual			Variance with Final Budget
	Original	Final	2022	2023	Biennial	
<b>REVENUES</b>						
Charges for services	\$ 3,684,000	\$ 3,984,000	\$ 1,958,645	\$ 3,055,809	\$ 5,014,454	\$ 1,030,454
System development charges	433,000	433,000	277,953	244,416	522,369	89,369
Interest	70,000	70,000	(27,645)	39,529	11,884	(58,116)
Miscellaneous	50,000	50,000	95,016	55,707	150,723	100,723
Total revenues	4,237,000	4,537,000	2,303,969	3,395,461	5,699,430	1,162,430
<b>EXPENDITURES</b>						
Personnel services	654,500	654,500	305,797	437,200	742,997	(88,497)
Materials and services	1,729,550	1,639,550	832,397	1,006,665	1,839,062	(199,512)
Capital outlay	293,096	1,683,096	263,425	1,090,458	1,353,883	329,213
Debt service						
Principal	956,762	956,762	454,547	334,843	789,390	167,372
Interest	294,345	294,345	151,617	140,394	292,011	2,334
Contingency	1,171,006	1,171,006	-	-	-	1,171,006
Total expenditures	5,099,259	6,399,259	2,007,783	3,009,560	5,017,343	1,381,916
Revenues over (under) expenditures	(862,259)	(1,862,259)	296,186	385,901	682,087	2,544,346
<b>OTHER FINANCING SOURCES (USES)</b>						
Issuance of debt	67,596	1,067,596	-	265,403	265,403	(802,193)
Proceeds from sale of capital assets	500	500	-	-	-	(500)
Transfers out	(176,307)	(176,307)	(88,152)	(88,155)	(176,307)	-
Total other financing sources (uses)	(108,211)	891,789	(88,152)	177,248	89,096	(802,693)
Net change in fund balance	(970,470)	(970,470)	208,034	563,149	771,183	1,741,653
<b>FUND BALANCE, BEGINNING</b>	970,470	970,470	1,636,091	1,844,125	1,636,091	665,621
<b>FUND BALANCE, ENDING</b>	\$ -	\$ -	1,844,125	2,407,274	\$ 2,407,274	\$ 2,407,274
<b>RECONCILIATION TO NET POSITION - GAAP BASIS</b>						
Allowance for doubtful accounts			(16,421)	(37,097)		
Notes receivable			108,482	100,976		
Capital assets, net			13,347,188	13,920,503		
Net OPEB asset			2,605	3,300		
Deferred outflows related to pensions			161,343	162,511		
Deferred outflows related to OPEB			2,808	2,543		
Accrued interest			(81,897)	(76,577)		
Accrued compensated absence			(15,444)	(19,425)		
Long-term debt			(5,086,096)	(5,016,656)		
Net pension liability			(240,377)	(353,510)		
Total OPEB liability			(14,212)	(11,565)		
Deferred inflows related to pensions			(196,460)	(140,188)		
Deferred inflows related to OPEB			(2,387)	(8,743)		
<b>NET POSITION</b>			\$ 9,813,257	\$ 10,933,346		

CITY OF SANDY, OREGON

SEWER OPERATIONS FUND

COMBINING SCHEDULE OF CHANGES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
Fiscal Year Ended June 30, 2023

	Sewer Fund	Sewer Bond Reserve Fund	Total Sewer Operations
<b>REVENUES</b>			
Charges for services	\$ 3,975,097	\$ -	\$ 3,975,097
System development charges	337,639	-	337,639
Grants	5,935,002	-	5,935,002
Interest	21,927	-	21,927
Miscellaneous	107,017	-	107,017
Total revenues	<u>10,376,682</u>	<u>-</u>	<u>10,376,682</u>
<b>EXPENDITURES</b>			
Personnel services	415,985	-	415,985
Materials and services	1,314,575	-	1,314,575
Capital outlay	16,052,700	-	16,052,700
Debt service			
Principal	239,042	-	239,042
Interest	61,717	-	61,717
Other fees	92	-	92
Contingency	-	-	-
Total expenditures	<u>18,084,111</u>	<u>-</u>	<u>18,084,111</u>
Revenues over (under) expenditures	<u>(7,707,429)</u>	<u>-</u>	<u>(7,707,429)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Issuance of debt	8,585,142	-	8,585,142
Transfers in	-	-	-
Transfers out	(485,491)	-	(485,491)
Total other financing sources (uses)	<u>8,099,651</u>	<u>-</u>	<u>8,099,651</u>
Net change in fund balance	392,222	-	392,222
<b>FUND BALANCE, BEGINNING</b>	<u>1,676,459</u>	<u>-</u>	<u>1,676,459</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 2,068,681</u>	<u>\$ -</u>	<u>2,068,681</u>
<b>RECONCILIATION TO NET POSITION - GAAP BASIS</b>			
Allowance for doubtful accounts			(39,644)
Interfund loan receivable			400,000
Capital assets, net			35,325,948
Net OPEB asset			3,220
Deferred outflows related to pensions			158,558
Deferred outflows related to OPEB			2,482
Accrued interest			(12,108)
Accrued compensated absence			(20,634)
Long-term debt			(19,710,176)
Net pension liability			(344,913)
Total OPEB liability			(11,284)
Deferred inflows related to pensions			(136,778)
Deferred inflows related to OPEB			(8,530)
<b>NET POSITION</b>			<u>\$ 17,674,822</u>

CITY OF SANDY, OREGON

SEWER FUND

SCHEDULE OF CHANGES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
Fiscal Year Ended June 30, 2023

	Biennial Budget		Actual			Variance with Final Budget
	Original	Final	2022	2023	Biennial	
<b>REVENUES</b>						
Charges for services	\$ 6,020,000	\$ 7,520,000	\$ 3,376,503	\$ 3,975,097	\$ 7,351,600	\$ (168,400)
System development charges	400,000	400,000	634,747	337,639	972,386	572,386
Grants	-	10,000,000	-	5,935,002	5,935,002	(4,064,998)
Interest	22,816	22,816	5,923	21,927	27,850	5,034
Miscellaneous	5,000	5,000	(209)	107,017	106,808	101,808
Total revenues	6,447,816	17,947,816	4,016,964	10,376,682	14,393,646	(3,554,170)
<b>EXPENDITURES</b>						
Personnel services	763,000	763,000	356,469	415,985	772,454	(9,454)
Materials and services	2,304,935	2,304,935	1,159,937	1,314,575	2,474,512	(169,577)
Capital outlay	19,037,096	30,537,096	10,834,800	16,052,700	26,887,500	3,649,596
Debt service						
Principal	3,080,510	3,080,510	2,143,510	239,042	2,382,552	697,958
Interest	989,799	989,799	94,147	61,717	155,864	833,935
Other fees	28,375	28,375	92	92	184	28,191
Contingency	2,954,408	2,954,408	-	-	-	2,954,408
Total expenditures	29,158,123	40,658,123	14,588,955	18,084,111	32,673,066	7,985,057
Revenues over (under) expenditures	(22,710,307)	(22,710,307)	(10,571,991)	(7,707,429)	(18,279,420)	4,430,887
<b>OTHER FINANCING SOURCES (USES)</b>						
Issuance of debt	20,087,096	20,087,096	8,796,737	8,585,142	17,381,879	(2,705,217)
Transfers in	1,875,957	1,875,957	1,875,957	-	1,875,957	-
Transfers out	(170,979)	(170,979)	(85,488)	(485,491)	(570,979)	(400,000)
Total other financing sources (uses)	21,792,074	21,792,074	10,587,206	8,099,651	18,686,857	(3,105,217)
Net change in fund balance	(918,233)	(918,233)	15,215	392,222	407,437	1,325,670
<b>FUND BALANCE, BEGINNING</b>	918,233	918,233	1,661,244	1,676,459	1,661,244	743,011
<b>FUND BALANCE, ENDING</b>	\$ -	\$ -	\$ 1,676,459	\$ 2,068,681	\$ 2,068,681	\$ 2,068,681

CITY OF SANDY, OREGON

SEWER BOND RESERVE FUND

SCHEDULE OF CHANGES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
Fiscal Year Ended June 30, 2023

	Biennial Budget		Actual		Variance with Final Budget
	Original	Final	2022	2023	
<b>REVENUES</b>					
Interest	\$ 50,000	\$ 50,000	\$ (14,262)	\$ -	\$ (14,262)
<b>OTHER FINANCING SOURCES (USES)</b>					
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)
<b>FUND BALANCE, BEGINNING</b>	1,825,957	1,825,957	1,890,219	-	1,890,219
<b>FUND BALANCE, ENDING</b>	\$ -	\$ -	\$ -	\$ -	\$ -



CITY OF SANDY, OREGON

TELECOMMUNICATIONS FUND

SCHEDULE OF CHANGES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
Fiscal Year Ended June 30, 2023

	Biennial Budget		Actual		Biennial	Variance with Final Budget
	Original	Final	2022	2023		
<b>REVENUES</b>						
Charges for services	\$ 4,118,464	\$ 4,279,464	\$ 2,231,978	\$ 2,536,524	\$ 4,768,502	\$ 489,038
Interest	-	-	9	1,198	1,207	1,207
Miscellaneous	-	-	6,999	35,952	42,951	42,951
Total revenues	<u>4,118,464</u>	<u>4,279,464</u>	<u>2,238,986</u>	<u>2,573,674</u>	<u>4,812,660</u>	<u>533,196</u>
<b>EXPENDITURES</b>						
Personnel services	1,628,000	1,628,000	704,015	834,072	1,538,087	89,913
Materials and services	676,310	676,310	403,594	442,269	845,863	(169,553)
Capital outlay	420,000	1,070,000	363,257	181,864	545,121	524,879
Debt service						
Principal	683,404	683,404	352,879	309,606	662,485	20,919
Interest	515,240	515,240	250,291	252,025	502,316	12,924
Other fees	2,200	2,200	1,100	1,225	2,325	(125)
Interfund principal payments	97,974	97,974	48,521	49,453	97,974	-
Interfund interest payments	12,887	12,887	6,909	5,978	12,887	-
Contingency	62,425	62,425	-	-	-	62,425
Total expenditures	<u>4,098,440</u>	<u>4,748,440</u>	<u>2,130,566</u>	<u>2,076,492</u>	<u>4,207,058</u>	<u>541,382</u>
Revenues over (under) expenditures	<u>20,024</u>	<u>(468,976)</u>	<u>108,420</u>	<u>497,182</u>	<u>605,602</u>	<u>1,074,578</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	60,000	549,000	30,000	519,000	549,000	-
Transfers out	(205,662)	(205,662)	(102,830)	(102,832)	(205,662)	-
Total other financing sources (uses)	<u>(145,662)</u>	<u>343,338</u>	<u>(72,830)</u>	<u>416,168</u>	<u>343,338</u>	<u>-</u>
Net change in fund balance	<u>(125,638)</u>	<u>(125,638)</u>	<u>35,590</u>	<u>913,350</u>	<u>948,940</u>	<u>1,074,578</u>
<b>FUND BALANCE, BEGINNING</b>	<u>125,638</u>	<u>125,638</u>	<u>(26,220)</u>	<u>9,370</u>	<u>(26,220)</u>	<u>(151,858)</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ -</u>	<u>\$ -</u>	<u>9,370</u>	<u>922,720</u>	<u>\$ 922,720</u>	<u>\$ 922,720</u>
<b>RECONCILIATION TO NET POSITION - GAAP BASIS</b>						
Allowance for doubtful accounts			(21,099)	(24,573)		
Inventory			256,377	228,667		
Capital assets, net			8,311,794	8,030,029		
Net OPEB asset			5,504	5,977		
Deferred outflows related to pensions			340,922	294,338		
Deferred outflows related to OPEB			5,933	4,607		
Accrued interest			(84,008)	(80,008)		
Accrued compensated absence			(29,796)	(30,117)		
Interfund loan payable			(311,331)	(261,877)		
Long-term debt			(6,539,031)	(6,216,503)		
Net pension liability			(507,925)	(640,276)		
Total OPEB liability			(30,030)	(20,947)		
Deferred inflows related to pensions			(415,127)	(253,909)		
Deferred inflows related to OPEB			(5,043)	(15,835)		
<b>NET POSITION</b>			<u>\$ 986,510</u>	<u>\$ 1,942,293</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, 2023

	Biennial Budget		Actual		Biennial	Variance with Final Budget
	Original	Final	2022	2023		
<b>REVENUES</b>						
Charges for services	\$ 557,000	\$ 667,610	\$ 308,588	\$ 426,585	\$ 735,173	\$ 67,563
Interest	12,500	12,500	1,264	60	1,324	(11,176)
Miscellaneous	4,000	4,000	82	5,900	5,982	1,982
Total revenues	573,500	684,110	309,934	432,545	742,479	58,369
<b>EXPENDITURES</b>						
Personnel services	481,000	481,000	239,160	296,449	535,609	(54,609)
Materials and services	156,300	156,300	84,898	107,219	192,117	(35,817)
Capital outlay	70,610	520,610	297,209	161,239	458,448	62,162
Debt service						
Principal	87,211	87,211	43,606	40,579	84,185	3,026
Interest	39,245	39,245	20,363	18,883	39,246	(1)
Contingency	23,301	23,301	-	-	-	23,301
Total expenditures	857,667	1,307,667	685,236	624,369	1,309,605	(1,938)
Revenues over (under) expenditures	(284,167)	(623,557)	(375,302)	(191,824)	(567,126)	56,431
<b>OTHER FINANCING SOURCES (USES)</b>						
Issuance of debt	60,610	400,000	-	400,000	400,000	-
Transfers out	(81,234)	(81,234)	(40,616)	(40,618)	(81,234)	-
Total other financing sources (uses)	(20,624)	318,766	(40,616)	359,382	318,766	-
Net change in fund balance	(304,791)	(304,791)	(415,918)	167,558	(248,360)	56,431
<b>FUND BALANCE, BEGINNING</b>	304,791	304,791	283,820	(132,098)	283,820	(20,971)
<b>FUND BALANCE, ENDING</b>	\$ -	\$ -	(132,098)	35,460	\$ 35,460	\$ 35,460
<b>RECONCILIATION TO NET POSITION - GAAP BASIS</b>						
Allowance for doubtful accounts			(2,334)	(4,335)		
Capital assets, net			674,862	776,085		
Net OPEB asset			1,987	2,310		
Deferred outflows related to pensions			123,101	113,753		
Deferred outflows related to OPEB			2,142	1,780		
Accrued interest			(1,574)	(1,444)		
Accrued compensated absence			(3,181)	(5,155)		
Interfund loan payable			-	(400,000)		
Long-term debt			(433,216)	(392,637)		
Net pension liability			(183,402)	(247,446)		
Total OPEB liability			(10,843)	(8,095)		
Deferred inflows related to pensions			(149,894)	(98,127)		
Deferred inflows related to OPEB			(1,821)	(6,120)		
<b>NET POSITION</b>			\$ (116,271)	\$ (233,971)		

CITY OF SANDY, OREGON

INTERNAL SERVICE FUNDS

COMBINING SCHEDULE OF NET POSITION

June 30, 2023

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	Operations Center Internal Service Fund	Facility Maintenance Internal Service Fund	Total Internal Service Funds
<b>ASSETS</b>			
Cash and investments	\$ 6,010	\$ 387,638	\$ 393,648
<b>LIABILITIES</b>			
Accounts payable	2,869	-	2,869
<b>NET POSITION</b>			
Unrestricted net position	\$ 3,141	\$ 387,638	\$ 390,779

CITY OF SANDY, OREGON

INTERNAL SERVICE FUNDS

COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
Fiscal Year Ended June 30, 2023

	Operations Center Internal Service Fund	Facility Maintenance Internal Service Fund	Total Internal Service Funds
<b>OPERATING EXPENSES</b>			
Utilities	\$ 41,938	\$ -	\$ 41,938
Insurance	2,390	-	2,390
Contract services	1,454	27,929	29,383
Maintenance and repairs	14,055	-	14,055
Total operating expense	<u>59,837</u>	<u>27,929</u>	<u>87,766</u>
<b>TRANSFERS</b>			
Transfers in	<u>62,502</u>	<u>55,000</u>	<u>117,502</u>
Change in net position	2,665	27,071	29,736
<b>NET POSITION, BEGINNING</b>	<u>476</u>	<u>360,567</u>	<u>361,043</u>
<b>NET POSITION, ENDING</b>	<u>\$ 3,141</u>	<u>\$ 387,638</u>	<u>\$ 390,779</u>

CITY OF SANDY, OREGON

INTERNAL SERVICE FUNDS

COMBINING SCHEDULE OF CASH FLOWS  
Fiscal Year Ended June 30, 2023

	Operations Center Internal Service Fund	Facility Maintenance Internal Service Fund	Total Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash paid to suppliers and others	\$ (58,759)	\$ (27,929)	\$ (86,688)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers in	62,502	55,000	117,502
Net increase (decrease) in cash and cash equivalents	3,743	27,071	30,814
<b>CASH AND CASH EQUIVALENTS - BEGINNING</b>	2,267	360,567	362,834
<b>CASH AND CASH EQUIVALENTS - ENDING</b>	<u>\$ 6,010</u>	<u>\$ 387,638</u>	<u>\$ 393,648</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:</b>			
Operating income (loss)	\$ (59,837)	\$ (27,929)	\$ (87,766)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
(Decrease) increase in accounts payable	1,078	-	1,078
Net cash provided by (used for) operating activities	<u>\$ (58,759)</u>	<u>\$ (27,929)</u>	<u>\$ (86,688)</u>

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, 2023

	Biennial Budget		Actual		Biennial	Variance with Final Budget
	Original	Final	2022	2023		
<b>REVENUES</b>						
Interest	\$ -	\$ -	\$ 3	\$ -	\$ 3	\$ 3
<b>EXPENDITURES</b>						
Materials and services	125,000	125,000	65,164	59,837	125,001	(1)
Revenues over (under) expenditures	(125,000)	(125,000)	(65,161)	(59,837)	(124,998)	2
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	125,000	125,000	62,498	62,502	125,000	-
Net change in fund balance	-	-	(2,663)	2,665	2	2
<b>FUND BALANCE, BEGINNING</b>	-	-	3,139	476	3,139	3,139
<b>FUND BALANCE, ENDING</b>	\$ -	\$ -	\$ 476	\$ 3,141	\$ 3,141	\$ 3,141

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, 2023

	Biennial Budget		Actual			Variance with Final Budget
	Original	Final	2022	2023	Biennial	
<b>EXPENDITURES</b>						
Materials and services	\$ 250,000	\$ 250,000	\$ 41,449	\$ 27,929	\$ 69,378	\$ 180,622
Contingency	159,230	159,230	-	-	-	159,230
Total expenditures	409,230	409,230	41,449	27,929	69,378	339,852
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	110,000	110,000	55,000	55,000	110,000	-
Net change in fund balance	(299,230)	(299,230)	13,551	27,071	40,622	339,852
<b>FUND BALANCE, BEGINNING</b>	299,230	299,230	347,016	360,567	347,016	47,786
<b>FUND BALANCE, ENDING</b>	\$ -	\$ -	\$ 360,567	\$ 387,638	\$ 387,638	\$ 387,638

## **OTHER FINANCIAL SCHEDULES**



CITY OF SANDY, OREGON

SEWER OPERATIONS

COMPARATIVE SCHEDULE OF NET POSITION  
June 30, 2023

	2023	2022
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 731,785	\$ 1,984,069
Investments	761,469	673,062
Accounts receivable, net	2,508,355	454,979
Other current assets	4,124	-
Total current assets	<u>4,005,733</u>	<u>3,112,110</u>
Noncurrent assets		
Restricted cash and cash equivalents	469,794	82,866
Interfund loan receivable	400,000	-
Capital assets, net	35,325,948	19,859,969
Net OPEB assets	3,220	3,065
Total noncurrent assets	<u>36,198,962</u>	<u>19,945,900</u>
Total assets	<u>40,204,695</u>	<u>23,058,010</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>		
Pension related	158,558	189,832
OPEB related	2,482	3,304
Total deferred outflows of resources	<u>161,040</u>	<u>193,136</u>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable	2,438,328	1,545,999
Accrued expenses	8,162	-
Accrued interest	12,108	12,744
Accrued compensated absences	9,696	16,080
Current portion of long-term debt	245,308	629,428
Total current liabilities	<u>2,713,602</u>	<u>2,204,251</u>
Noncurrent liabilities		
Accrued compensated absences	10,938	-
Long-term debt, net of current portion	19,464,868	10,747,362
Net pension liability	344,913	282,823
Total OPEB liability	11,284	16,721
Total noncurrent liabilities	<u>19,832,003</u>	<u>11,046,906</u>
Total liabilities	<u>22,545,605</u>	<u>13,251,157</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pension related	136,778	231,150
OPEB related	8,530	2,808
Total deferred inflows of resources	<u>145,308</u>	<u>233,958</u>
<b>NET POSITION</b>		
Net investment in capital assets	15,615,772	8,483,179
Restricted:		
OPEB	3,220	3,065
Unrestricted	2,055,830	1,279,787
Total net position	<u>\$ 17,674,822</u>	<u>\$ 9,766,031</u>

CITY OF SANDY, OREGON

SEWER OPERATIONS

COMPARATIVE SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
Fiscal Year Ended June 30, 2023

	2023	2022
<b>OPERATING REVENUES</b>		
Charges for services	\$ 3,957,303	\$ 3,318,675
Special assessments and surcharges	5,632	48,339
Miscellaneous	107,017	-
Total operating revenues	<u>4,069,952</u>	<u>3,367,014</u>
<b>OPERATING EXPENSES</b>		
Salaries, fringe benefits, and payroll taxes	420,483	369,476
Utilities	150,092	145,466
Contract services	785,794	770,239
Insurance	17,470	15,946
Repairs and maintenance	387,120	122,793
Depreciation	346,625	274,879
Other operating expense	187,587	260,393
Total operating expenses	<u>2,295,171</u>	<u>1,959,192</u>
Operating income (loss)	<u>1,774,781</u>	<u>1,407,822</u>
<b>NON-OPERATING INCOME (EXPENSE)</b>		
System development charges	337,639	634,747
Grants	5,935,002	-
Interest income	21,927	(8,339)
Interest expense	(75,067)	(94,030)
Total non-operating income (expense)	<u>6,219,501</u>	<u>532,378</u>
Income (loss) before transfers	<u>7,994,282</u>	<u>1,940,200</u>
<b>TRANSFERS</b>		
Transfers out	(85,491)	(85,488)
Change in net position	7,908,791	1,854,712
<b>NET POSITION - BEGINNING</b>	<u>9,766,031</u>	<u>7,911,319</u>
<b>NET POSITION - ENDING</b>	<u>\$ 17,674,822</u>	<u>\$ 9,766,031</u>

CITY OF SANDY, OREGON

SEWER OPERATIONS

COMPARATIVE SCHEDULE OF CASH FLOWS  
Fiscal Year Ended June 30, 2023

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from customers	\$ 2,016,576	\$ 3,303,191
Cash paid for salaries and benefits	(407,823)	(356,469)
Cash paid to suppliers and others	(639,858)	(1,065,523)
Net cash provided by (used for) operating activities	<u>968,895</u>	<u>1,881,199</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Transfers out	<u>(85,491)</u>	<u>(85,488)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
System development charges	337,639	634,747
Capital grants	5,935,002	-
Purchases of capital assets	(15,812,604)	(10,666,470)
Proceeds from long-term debt	8,585,142	8,796,737
Principal paid on long-term debt	(251,756)	(2,157,241)
Interest paid on long-term debt	(75,703)	(94,147)
Net cash provided by (used for) capital and related financing activities	<u>(1,282,280)</u>	<u>(3,486,374)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Disbursements of interfund loan	(400,000)	-
Purchases of investments	(408,441)	(330,828)
Sale of investments	317,485	921,770
Interest income	24,476	(8,339)
Net cash provided by (used for) investing activities	<u>(466,480)</u>	<u>582,603</u>
Net increase (decrease) in cash and cash equivalents	(865,356)	(1,108,060)
<b>CASH AND CASH EQUIVALENTS - BEGINNING</b>	<u>2,066,935</u>	<u>3,174,995</u>
<b>CASH AND CASH EQUIVALENTS - ENDING</b>	<u>\$ 1,201,579</u>	<u>\$ 2,066,935</u>
<b>COMPRISED AS FOLLOWS:</b>		
Unrestricted	\$ 731,785	\$ 1,984,069
Restricted	<u>469,794</u>	<u>82,866</u>
Total	<u>\$ 1,201,579</u>	<u>\$ 2,066,935</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:</b>		
Operating income (loss)	\$ 1,774,781	\$ 1,407,822
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation expense	346,625	274,879
(Increase) decrease in receivables	(2,053,376)	(63,823)
(Increase) decrease in other current assets	(4,124)	-
(Increase) decrease in pension related balances	(1,008)	11,680
(Increase) decrease in OPEB related balances	952	1,675
(Decrease) increase in accounts payable	892,329	249,314
(Decrease) increase in accrued expenses	8,162	-
(Decrease) increase in compensated absences	4,554	(348)
Net cash provided by (used for) operating activities	<u>\$ 968,895</u>	<u>\$ 1,881,199</u>

# **STATISTICAL SECTION**

CITY OF SANDY, OREGON

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

	Fiscal Year (in thousands)									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Governmental Activities</b>										
Net investment in capital assets	\$ 20,935	\$ 20,860	\$ 20,958	\$ 13,474	\$ 21,269	\$ 21,021	\$ 22,586	\$ 23,199	\$ 23,420	\$ 27,165
Restricted	2,565	3,872	5,065	11,389	9,962	9,706	10,141	13,498	6,228	6,754
Unrestricted	3,127	3,693	2,529	2,343	(1,390)	524	(138)	(3,546)	6,409	6,147
Total governmental activities net position	<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>	<u>\$ 40,066</u>
<b>Business-Type Activities</b>										
Net investment in capital assets	\$ 11,534	\$ 12,026	\$ 12,114	\$ 11,671	\$ 11,457	\$ 11,525	\$ 11,598	\$ 14,216	\$ 15,007	\$ 26,055
Restricted	717	790	374	242	167	1,736	1,893	1,903	13	14
Unrestricted	2,893	2,672	2,737	2,761	2,990	1,626	2,499	1,894	5,430	4,247
Total business-type activities net position	<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>	<u>\$ 30,316</u>
<b>Total Primary Government</b>										
Net investment in capital assets	\$ 32,469	\$ 32,886	\$ 33,072	\$ 25,145	\$ 32,726	\$ 32,546	\$ 34,184	\$ 37,415	\$ 38,427	\$ 53,220
Restricted	3,282	4,662	5,439	11,631	10,129	11,442	12,034	15,401	6,241	6,768
Unrestricted	6,020	6,365	5,266	5,104	1,600	2,150	2,361	(1,652)	11,839	10,394
Total primary government net position	<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>	<u>\$ 70,382</u>

CITY OF SANDY, OREGON

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

	Fiscal Year (in thousands)									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Expenses</b>										
Governmental Activities										
General government	\$ 1,142	\$ 775	\$ 1,914	\$ 2,080	\$ 1,037	\$ 2,062	\$ 2,114	\$ 2,652	\$ 2,110	\$ 2,327
Highways and streets	727	937	1,133	949	751	1,049	1,650	1,075	920	1,042
Public transportation	1,321	1,315	1,336	1,343	1,492	1,489	2,108	1,906	2,108	2,432
Economic development	954	1,075	975	3,530	912	1,275	1,914	1,999	1,690	1,650
Public safety	2,537	2,161	3,602	3,076	3,286	3,323	3,646	3,773	3,295	3,661
Culture and recreation	2,156	1,860	2,660	2,586	2,796	2,943	3,125	3,169	2,836	3,238
Interest on long-term debt	142	68	63	128	264	244	247	225	387	346
<b>Total Governmental Activities</b>	<b>8,979</b>	<b>8,191</b>	<b>11,683</b>	<b>13,692</b>	<b>10,538</b>	<b>12,385</b>	<b>14,804</b>	<b>14,799</b>	<b>13,346</b>	<b>14,696</b>
Business-Type Activities										
Water	1,104	1,485	1,739	1,694	1,653	1,622	1,529	1,674	1,721	2,159
Sewer	1,341	1,350	1,628	1,588	1,755	1,782	2,010	2,105	2,053	2,370
Stormwater	193	180	288	232	289	308	418	419	396	508
Telecommunications	737	528	1,077	1,619	1,542	1,662	1,571	1,754	1,927	2,031
<b>Total Business-Type Activities</b>	<b>3,375</b>	<b>3,543</b>	<b>4,732</b>	<b>5,133</b>	<b>5,239</b>	<b>5,374</b>	<b>5,528</b>	<b>5,952</b>	<b>6,097</b>	<b>7,068</b>
<b>Total Expenses</b>	<b>\$ 12,354</b>	<b>\$ 11,734</b>	<b>\$ 16,415</b>	<b>\$ 18,825</b>	<b>\$ 15,777</b>	<b>\$ 17,759</b>	<b>\$ 20,332</b>	<b>\$ 20,751</b>	<b>\$ 19,443</b>	<b>\$ 21,764</b>
<b>Program Revenues</b>										
Governmental Activities										
Charges for services										
General government	\$ 147	\$ 751	\$ 260	\$ 580	\$ 635	\$ 651	\$ 1,032	\$ 162	\$ 161	\$ 186
Highways and streets	202	316	418	227	645	605	648	866	366	180
Public transportation	125	136	121	111	88	84	122	1	102	172
Economic development	268	268	454	543	334	382	312	481	699	510
Public safety	591	591	734	265	786	391	171	490	441	568
Culture and recreation	358	122	340	390	136	230	117	244	474	370
Operating grants and contributions	831	1,385	1,087	216	251	131	1,138	1,393	1,890	3,650
Capital grants and contributions	254	254	-	1,423	1,150	1,334	2,104	618	547	745
<b>Total Governmental Activities</b>	<b>2,776</b>	<b>3,823</b>	<b>3,414</b>	<b>3,755</b>	<b>4,025</b>	<b>3,808</b>	<b>5,644</b>	<b>4,255</b>	<b>4,680</b>	<b>6,381</b>
Business-Type Activities										
Charges for services										
Water	1,309	1,405	1,767	1,478	1,775	1,867	1,958	1,962	2,238	3,279
Sewer	1,208	1,343	1,392	1,406	1,653	1,700	2,440	3,275	4,002	4,300
Stormwater	217	219	231	240	248	256	247	275	307	425
Telecommunications	552	635	1,094	1,339	1,507	1,620	1,813	2,050	2,222	2,533
Operating grants and contributions	-	363	16	-	-	-	-	500	-	-
Capital grants and contributions	-	-	-	-	-	-	-	-	-	5,935
<b>Total Business-Type Activities</b>	<b>3,286</b>	<b>3,965</b>	<b>4,500</b>	<b>4,463</b>	<b>5,183</b>	<b>5,443</b>	<b>6,458</b>	<b>8,062</b>	<b>8,769</b>	<b>16,472</b>
<b>Total Program Revenues</b>	<b>\$ 6,062</b>	<b>\$ 7,788</b>	<b>\$ 7,914</b>	<b>\$ 8,218</b>	<b>\$ 9,208</b>	<b>\$ 9,251</b>	<b>\$ 12,102</b>	<b>\$ 12,317</b>	<b>\$ 13,449</b>	<b>\$ 22,853</b>
<b>Net (Expense)/Revenue</b>										
Governmental Activities	\$ (6,203)	\$ (4,368)	\$ (8,269)	\$ (9,937)	\$ (6,513)	\$ (8,577)	\$ (9,160)	\$ (10,544)	\$ (8,666)	\$ (8,315)
Business-type activities	(89)	422	(232)	(670)	(56)	69	930	2,110	2,672	9,404
<b>Total Net (Expense)/Revenue</b>	<b>\$ (6,292)</b>	<b>\$ (3,946)</b>	<b>\$ (8,501)</b>	<b>\$ (10,607)</b>	<b>\$ (6,569)</b>	<b>\$ (8,508)</b>	<b>\$ (8,230)</b>	<b>\$ (8,434)</b>	<b>\$ (5,994)</b>	<b>\$ 1,089</b>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities										
Taxes										
Property taxes	\$ 3,965	\$ 4,222	\$ 4,428	\$ 4,611	\$ 4,875	\$ 5,078	\$ 5,416	\$ 5,740	\$ 6,053	\$ 6,191
Public service taxes	2,630	2,800	3,081	3,085	3,251	3,488	3,550	3,695	4,154	4,327
Franchise taxes	531	605	563	589	639	644	629	622	729	779
Investment earnings	34	41	63	154	249	403	408	145	135	717
Miscellaneous	832	278	90	133	237	261	354	762	214	512
Transfers	117	80	171	21	119	113	142	142	287	(202)
<b>Total Governmental Activities</b>	<b>8,109</b>	<b>8,026</b>	<b>8,396</b>	<b>8,593</b>	<b>9,370</b>	<b>9,987</b>	<b>10,499</b>	<b>11,106</b>	<b>11,572</b>	<b>12,324</b>
Business-Type Activities										
Investment earnings	37	50	48	42	61	133	151	17	(35)	63
Miscellaneous	103	153	92	97	98	183	163	38	87	197
Transfers	(117)	(80)	(171)	(21)	(119)	(113)	(142)	(142)	(287)	202
<b>Total Business-Type Activities</b>	<b>23</b>	<b>123</b>	<b>(31)</b>	<b>118</b>	<b>40</b>	<b>203</b>	<b>172</b>	<b>(87)</b>	<b>(235)</b>	<b>462</b>
<b>Total Primary Government</b>	<b>\$ 8,132</b>	<b>\$ 8,149</b>	<b>\$ 8,365</b>	<b>\$ 8,711</b>	<b>\$ 9,410</b>	<b>\$ 10,190</b>	<b>\$ 10,671</b>	<b>\$ 11,019</b>	<b>\$ 11,337</b>	<b>\$ 12,786</b>
<b>Change in Net Position</b>										
Governmental Activities	\$ 1,906	\$ 3,658	\$ 127	\$ (1,344)	\$ 2,857	\$ 1,410	\$ 1,339	\$ 562	\$ 2,906	\$ 4,009
Business-Type Activities	(66)	545	(263)	(552)	(16)	272	1,102	2,023	2,437	9,866
<b>Total Primary Government</b>	<b>\$ 1,840</b>	<b>\$ 4,203</b>	<b>\$ (136)</b>	<b>\$ (1,896)</b>	<b>\$ 2,841</b>	<b>\$ 1,682</b>	<b>\$ 2,441</b>	<b>\$ 2,585</b>	<b>\$ 5,343</b>	<b>\$ 13,875</b>

CITY OF SANDY, OREGON

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

	Fiscal Year (in thousands)									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>General Fund</b>										
Non-spendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 54
Restricted	-	-	-	-	2	2	76	3	2	4
Assigned	-	-	-	-	63	-	-	375	-	4,810
Unassigned	2,055	2,654	2,646	2,304	2,314	2,164	2,350	2,274	3,202	58
Total General Fund	<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>	<u>\$ 4,926</u>
<b>All other governmental funds</b>										
Non-spendable	\$ 35	\$ 8	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7
Restricted	2,565	3,872	5,065	11,879	9,960	12,181	12,915	20,489	19,896	13,845
Committed	-	-	-	-	-	-	49	49	41	89
Assigned	1,108	1,475	1,939	1,953	2,234	2,770	2,480	2,346	2,273	2,636
Unassigned	(307)	-	-	(10)	20	-	-	-	-	-
Total all other governmental funds	<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>	<u>\$ 16,577</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)									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>REVENUES</b>										
Property taxes	\$ 3,978	\$ 4,214	\$ 4,412	\$ 4,604	\$ 4,843	\$ 5,231	\$ 5,415	\$ 5,731	\$ 5,999	\$ 6,216
Public service taxes	2,630	2,800	3,081	3,085	3,251	3,488	3,550	3,696	4,154	4,328
Franchise fees	530	605	579	591	641	647	639	622	729	779
Grants	1,112	1,747	851	1,388	1,076	1,210	2,189	1,701	1,489	4,374
Charges for services	752	1,004	1,124	1,056	1,057	720	794	681	697	873
Licenses and permits	243	358	347	414	392	404	479	305	633	421
Fines and forfeitures	313	277	270	246	182	213	219	164	160	210
Special assessments	9	36	64	19	32	18	51	523	47	-
System development charges	372	472	517	421	946	968	910	539	711	431
Interest	33	40	62	153	248	403	408	145	135	717
Contributions and donations	-	-	11	164	205	478	254	87	79	51
Intergovernmental	-	-	-	-	-	-	409	573	408	443
Miscellaneous	768	47	50	101	259	339	403	761	211	497
Payment in lieu of land dedication	65	232	45	-	-	-	-	-	-	-
<b>Total Revenues</b>	<b>10,805</b>	<b>11,832</b>	<b>11,413</b>	<b>12,242</b>	<b>13,132</b>	<b>14,119</b>	<b>15,720</b>	<b>15,528</b>	<b>15,452</b>	<b>19,340</b>
<b>EXPENDITURES</b>										
<b>Current</b>										
General government	794	728	787	1,047	954	1,396	1,066	1,179	1,430	1,792
Highways and streets	544	484	721	718	596	893	1,466	793	686	747
Public transportation	1,096	1,102	1,037	1,114	1,256	1,322	1,865	1,752	1,822	2,252
Economic and physical development	761	837	807	837	905	1,076	1,366	1,212	1,179	1,374
Public safety	2,358	2,374	2,652	2,728	2,857	2,741	2,835	2,938	3,072	3,385
Culture and recreation	1,846	2,051	2,124	2,231	2,392	2,482	2,581	2,590	2,600	3,081
Capital outlay	1,253	1,169	1,172	5,796	4,767	677	2,704	3,091	3,561	9,049
<b>Debt service</b>										
Principal	523	552	598	1,161	992	854	859	806	988	1,027
Interest	166	82	74	188	277	259	250	230	409	379
<b>Total Expenditures</b>	<b>9,341</b>	<b>9,379</b>	<b>9,972</b>	<b>15,820</b>	<b>14,996</b>	<b>11,700</b>	<b>14,992</b>	<b>14,591</b>	<b>15,747</b>	<b>23,086</b>
Excess (Deficiency) of Revenues over Expenditures	1,464	2,453	1,441	(3,578)	(1,864)	2,419	728	937	(295)	(3,746)
<b>OTHER FINANCING SOURCES (USES)</b>										
Sale of capital assets	-	-	-	28	3	4	-	5	3	15
Issuance of lease	-	-	-	-	320	94	-	-	-	-
Issuance of note	286	-	136	10,115	-	-	-	55	-	140
Issuance of bond	2,280	-	-	-	-	-	-	5,975	-	-
Issuance of bond premiums	-	-	-	-	-	-	-	669	-	-
Transfers in	265	282	261	261	1,417	1,742	1,282	1,282	1,457	1,897
Transfers out	(343)	(202)	(198)	(348)	(1,410)	(1,735)	(1,257)	(1,257)	(1,287)	(2,216)
<b>Total Other Financing Sources (Uses)</b>	<b>2,488</b>	<b>80</b>	<b>199</b>	<b>10,056</b>	<b>330</b>	<b>105</b>	<b>25</b>	<b>6,729</b>	<b>173</b>	<b>(164)</b>
<b>Net change in fund balances</b>	<b>\$ 3,952</b>	<b>\$ 2,533</b>	<b>\$ 1,640</b>	<b>\$ 6,478</b>	<b>\$ (1,534)</b>	<b>\$ 2,524</b>	<b>\$ 753</b>	<b>\$ 7,666</b>	<b>\$ (122)</b>	<b>\$ (3,910)</b>
Debt service as a percentage of noncapital expenditures	8.2%	7.2%	7.4%	10.3%	13.4%	10.1%	8.8%	8.5%	11.2%	9.7%



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
2023	\$ 1,127,592,209	\$ 5,482,716	\$ 28,420,280	\$ 38,448,100	\$ 1,199,943,305
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

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
2023	\$ 114,108,967	\$ 1,085,834,338	\$ 5.3041	\$ 2,294,088,502	47.33%
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%

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)

<b>Fiscal Year Ended June 30,</b>	<b>General Fund</b>	<b>Urban Renewal</b>	<b>City Total</b>	<b>Port of Portland</b>	<b>Clackamas County</b>	<b>Clackamas County Urban Renewal</b>
2023	\$ 3.7239	\$ 1.5802	\$ 5.3041	\$ 0.0631	\$ 3.0699	\$ 0.0071
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

<b>Fiscal Year Ended June 30,</b>	<b>Oregon Trail School District No. 46</b>	<b>Mt. Hood Community College</b>	<b>Clackamas County ESD</b>	<b>Vector Control</b>	<b>Fire District No. 72</b>	<b>Total Direct &amp; Overlapping Rates</b>
2023	\$ 5.7891	\$ 0.4450	\$ 0.3313	\$ 0.0309	\$ 1.9699	\$ 17.0104
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

Source: Clackamas County Assessor's Office

CITY OF SANDY, OREGON

PRINCIPAL PROPERTY TAXPAYERS  
CURRENT AND NINE YEARS AGO

Taxpayer	2023			2014		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Fred Meyer Stores Inc	\$ 20,879,142	1	1.9%	\$ 17,703,805	1	2.8%
Sandy Place Apartments	14,399,222	2	1.3%			
Portland General Elec Co	12,655,000	3	1.2%	6,219,000	5	1.0%
ACS Sandy Marketplace	12,243,302	4	1.1%			
Sandy Safeway Center LLC	11,142,414	5	1.0%	7,449,151	4	1.2%
Jaksich Properties	9,938,591	6	0.9%	8,659,185	3	1.4%
NW Natural Gas Co	9,472,000	7	0.9%			
Colony Northstar Inc	7,199,235	8	0.7%			
Quantum Residential Inc	7,139,451	9	0.7%			
PLR Properties LLC	6,967,111	10	0.6%	5,348,470	8	0.9%
Phillips Edison & Co Ltd			0.0%	9,736,287	2	1.6%
Mountain West Retirement Corp			0.0%	5,683,144	6	0.9%
Cascade Crest Apartments			0.0%	5,635,950	7	0.9%
Ventas Inc			0.0%	5,341,381	9	0.9%
Wave Division Holdings LLC			0.0%	4,648,000	10	0.7%
Subtotal	112,035,468		10.3%	76,424,373		12.17%
All other customers	973,805,870		89.7%	551,577,523		87.8%
Total	<u>\$1,085,841,338</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
2023	\$ 6,375,335	\$ 6,103,131	95.73%	\$ -	\$ 6,103,131	95.73%
2022	6,228,326	5,921,801	95.08%	75,386	5,997,187	96.29%
2021	5,904,200	5,814,591	98.48%	67,611	5,882,202	99.63%
2020	5,568,556	5,321,433	95.56%	222,877	5,544,310	99.56%
2019	5,265,841	5,035,622	95.63%	218,351	5,253,973	99.77%
2018	5,012,256	4,772,432	95.22%	234,428	5,006,860	99.89%
2017	4,733,648	4,515,453	95.39%	216,516	4,731,969	99.96%
2016	4,540,854	4,318,289	95.10%	221,266	4,539,555	99.97%
2015	4,328,297	4,110,192	94.96%	217,047	4,327,239	99.98%
2014	4,065,109	3,853,063	94.78%	211,201	4,064,264	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			
2023	\$ 12,526,305	\$ 645,617	\$ 8,380,351	\$ 22,955,621	\$ 44,507,894	12,991	\$ 3,426
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

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

<b>Fiscal Year Ended June 30,</b>	<b>Population</b>	<b>Total Taxable Assessed Value</b>	<b>General Bonded Debt, net</b>	<b>Percentage of Debt to Value of Property</b>	<b>Net General Bonded Debt per Capita</b>
2023	12,991	\$ 1,085,834,338	\$ 12,526,305	1.2%	\$ 964
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

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	\$ 105,100,000	2.1%	\$ 2,185,134
Mt. Hood Community College	101,213,066	3.5%	3,585,372
Clackamas ESD	19,855,267	2.2%	429,330
Clackamas RFPD 1	33,028,636	0.0%	3,336
Clackamas County SD 46 (Oregon Trail)	71,866,276	29.0%	20,831,734
Port of Portland	39,375,000	0.5%	187,622
Clackamas Soil & Water Conservation	5,416,000	2.1%	112,604
Subtotal, overlapping debt	375,854,245		27,335,132
City of Sandy, direct debt	13,171,922	100.0%	13,171,922
Total direct and overlapping debt	<u>\$ 389,026,167</u>		<u>\$ 40,507,054</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	
2023	\$ 1,774,781	\$ 300,759	\$ 1,474,022	\$ -	\$ -	-
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 before June 30, 2023. 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**

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<b>Fiscal Year Ended June 30,</b>	<b>Population<sup>1</sup></b>	<b>Personal Income<sup>2</sup></b>	<b>Per Capita Personal Income<sup>3</sup></b>	<b>Unemployment Rate<sup>4</sup></b>
2023	12,991	N/A	N/A	3.3%
2022	12,869	30,946,445	73,129	3.8%
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%

Source:

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

<sup>2</sup> Bureau of Economic Analysis (BEA) (Clackamas County, Oregon in thousands of dollars)

<sup>3</sup> Bureau of Economic Analysis (BEA) (Clackamas County, Oregon)

<sup>4</sup> 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	2023			2014		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Oregon Trail School District	440	1	9.7%	407	1	8.1%
Fred Meyer #663	211	2	4.6%	203	2	4.0%
Safeway	126	3	2.8%	54	7	1.1%
Mt. Hood Corporations, Inc.	100	4	2.2%	53	8	1.1%
City of Sandy	87	5	1.9%	86	3	1.7%
Johnson RV	87	6	1.9%	68	5	1.4%
AntFarm, Inc.	78	7	1.7%			
Clackamas County Bank	58	8	1.3%			
STA of Oregon, Inc.	56	9	1.2%			
Tollgate Inn, Inc.	56	10	1.2%			
AEC, Inc.				80	4	1.6%
Suburban Ford				57	6	1.1%
Avamere at Sandy				52	9	1.0%
Konnell Constrution & Demolition Corp.				51	10	1.0%
<b>Total</b>	<b>1,299</b>		<b>28.6%</b>	<b>1,111</b>		<b>22.1%</b>
Total City Employment	4,539			5,022		

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**

<b>FUNCTION</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
<b>Governmental Activities</b>										
Police										
Physical arrests	876	650	371	218	472	411	421	458	633	815
Parking violations	105	150	152	128	117	141	131	76	163	137
Traffic violations	1,154	1,011	1,664	405	710	1,217	1,193	754	726	1,463
Highways and streets										
Street resurfacing (SF)	184,000	73,972	296,631	-	-	-	1,039,752	-	-	386,344
<b>Business-Type Activities</b>										
Water										
Meter connections	3,460	3,637	3,729	3,779	3,850	3,900	3,998	4,021	4,076	4,128
(gallons)	825,000	930,000	1,190,000	1,200,000	1,135,000	956,000	1,177,000	1,306,000	1,265,000	1,225,000
Sewer										
Average estimated daily sewage treatment										
(gallons)	1,303,000	1,360,000	1,488,000	1,600,000	1,126,000	1,400,000	1,202,000	1,324,000	1,281,000	1,066,000

Source: City Departments

CITY OF SANDY, OREGON

CAPITAL ASSET STATISTICS  
LAST TEN FISCAL YEARS

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>FUNCTION</b>										
<b>Governmental Activities</b>										
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	36	36	36	36	36	37	37	43	45
Culture and recreation										
Parks acreage	172	172	172	172	212	212	212	212	287	287
<b>Business-Type Activities</b>										
Water										
Maximum daily capacity (gallons)	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	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 YEARS<sup>1</sup>

Fiscal Year Ended June 30,	Installation	WiFi Service		Dedicated Wireless Service <sup>2</sup>	WiFi Service	
		5 Mbps	10 Mbps		300 Mbps	1,000 Mbps
2023	\$ 100.00	\$ 39.95	\$ 49.95	\$ 78.00	\$ 41.95	\$ 59.95
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

<sup>1</sup> Information not available prior to FY 2016

<sup>2</sup> 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	2023			2014		
		Annual Charges	Rank	Percentage of Total Charges	Annual Charges	Rank	Percentage of Total Charges
Government Camp Communications	ISP Customer	\$ 30,000	1	1.2%	Information for 2014 does not exist		
Clackamas County Bank	Financial Services	25,800	2	1.0%			
Sandy Place Apartments	Apartment Complex Wholesale	18,238	3	0.7%			
Resort at the Mountain	Hotel	18,000	4	0.7%			
Foothill Apartments	Apartment Complex Wholesale	16,560	5	0.7%			
AEC Inc.	Technical Documentation	6,000	6	0.2%			
Doug Fir Apartments	Apartment Complex Wholesale	5,184	7	0.2%			
Mt. Hood Cleaners	Drycleaning	4,800	8	0.2%			
Alpha PK, LLC	Web Hosting	4,800	9	0.2%			
Cellular Plus	Communication Services	3,000	10	0.1%			
Subtotal		132,382		5.3%			
All other customers		2,377,392		94.7%			
Total		\$ 2,509,774		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, 2023, 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 27, 2023. 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).

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*.

**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)**

**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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

**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 27, 2023