

# **CITY OF SANDY, OREGON**



**Popular Annual Financial Report**

**Fiscal Year Ended June 30, 2021**

# Popular Annual Financial Report – FY 2021

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Government Finance Officers Association

**Award for  
Outstanding  
Achievement in  
Popular Annual  
Financial Reporting**

Presented to

**City of Sandy**

**Oregon**

For its Annual Financial Report  
for the Fiscal Year Ended

**June 30, 2020**

*Christopher P. Morill*

Executive Director/CEO

# From the City Manager

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April 20, 2022

Dear Sandy Community Members,

I am pleased to present to you the City of Sandy's Popular Annual Financial Report (PAFR) for the fiscal year ended June 30, 2021. This report is designed to provide the City's financial information in a condensed, readily accessible, and easily understandable format. The PAFR is a high-level report for community members who wish to learn more about the City's finances. All information provided in this report can be found in greater detail in the [City's Annual Comprehensive Financial Report \(ACFR\)](#).

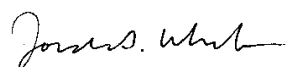
Fiscal Year 2021 contained several challenges for our community, most notably the continued impacts of the Coronavirus Pandemic. A new grant program was established to assist restaurants and breweries with 80% of the cost of constructing new outdoor seating areas. Staff continued their work on the significant capital improvements for the wastewater system. Several other projects were completed, including the transition to LED technology for all streetlights and replacement of all water meters with an automated meter reading system. Development also continued to occur, with 48 new single family home permits issued.

The City of Sandy operates on a biennial budget, which is a 24-month period, beginning July 1 of odd numbered years. The information presented in this document reflects the final year of Biennium 2019-2021. The Finance Department continues to look for new ways to reach our community members with both financial and general City information.

Government Finance Officers Association (GFOA) have given an Award for Outstanding Achievement in Popular Annual Financial Reporting to City of Sandy for its PAFR for the fiscal year ended June 30, 2020. The Award is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports. We believe our current report continues to conform to the PAFR requirements, and we are submitting it to GFOA to determine its eligibility for another Award.

As always, City staff welcome feedback from our community members, and encourage you to share your thoughts and opinions with us. Additional information requests, or questions related to this document, can be directed to Tyler Deems, Deputy City Manager, at [tdeems@ci.sandy.or.us](mailto:tdeems@ci.sandy.or.us). You can also visit our website at <https://www.ci.sandy.or.us>.

Sincerely,



Jordan Wheeler  
City Manager

## Elected Officials

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 (i.e., by all city voters); 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, and the other half in odd-numbered years. Below is a listing of elected officials as of June 30, 2021:

Stan Pulliam, Mayor

Jeremy Pietzold, Council President

Kathleen Walker, Councilor

Laurie Smallwood, Councilor

Carl Exner, Councilor

Rich Sheldon, Councilor

Don Hokanson, Councilor

## About Sandy

The City of Sandy is located 26 miles east of downtown Portland, in Clackamas County. It serves as the last full-service city before entering the Mt. Hood recreational area. The City was incorporated in 1911 and operates under a Council/Manager form of government.

The City provides a full range of municipal services which include police, a municipal court, community services, planning, building permit and inspection activities, economic development, library, transit, recreation, water, sewer, stormwater, construction and maintenance of streets, sidewalks, and other public facilities, such as parks and open spaces. The City also operates a wireless and fiber optic internet service.

In addition to the above general government activities, the City has a Sandy Urban Renewal Agency (SURA). SURA is a legally separate entity first established in 1998 to address redevelopment of the  $\frac{3}{4}$  mile area of downtown Sandy. The current debt limitation is \$67 million. The following financial information includes the activities of SURA.

The City of Sandy's certified population for fiscal year 2021 was 11,650. In addition, Sandy is the commercial center of a rural area with a population of approximately 40,000. This increase in population is due, in part, to a combination of an easy commute to the nearby cities, the presence of high recreation, and education facilities. Residential and commercial permits have increased. The housing market continues to grow, with 48 new single-family home permits issued. The City expects this level of growth to continue in the coming fiscal year.

# Commissions, Boards, & Committees

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The City of Sandy has eight commissions, boards, and committees. Each one consists of seven appointed members. All members are appointed by the Council and serve terms of four years. Additional information on each of the following boards can be found on the City's website.

**Budget Committee** – The Committee is required by ORS 294.366 to review the budget presented by the budget officer and to recommend an approved budget to City Council for adoption.

**Economic Development Advisory Board** – The Advisory Board was created to advise the Council on issues and policies related to economic development including, but not limited to, business recruitment and retention, grant programs and other development incentives, and economic strategic planning.

**Library Board** – The Board is comprised of members of the Library Service District, which includes the Sandy and Hoodland areas. Their role is to advise the Library Director on matters concerning the library. Board members are appointed from different areas of the service district and meet no less than six times per year.

**Parks & Trails Advisory Board** – The Advisory Board was established to provide Council with advice on how to expand the City's current parks and trails. The Board has been in existence for many years, and because of their hard work, has a fantastic parks and trails systems, which includes the Tickle Creek Trail and Sandy Bluff Dog Park, to name a few.

**Planning Commission** – The Commission is made up Sandy residents and/or business owners that advise the Council on long-range, comprehensive planning, and land use issues within city limits. The Commission also approves all amendments and updates to the Comprehensive Plan, recommends policy direction regarding land use rules and regulations, and helps staff ensure that Sandy is working within the framework of the State of Oregon's stated land use goals.

**Public Art Committee** – The Committee was formed to advise Council in the creation, development, and implementation of public art activities and programming to enrich the visual aesthetic environment of the community. The mission of the Sandy Arts Commission is to increase the livability and economic value of the city, for both residents and visitors.

**SandyNet Advisory Board** – The Advisory Board was created to assist in the development of the SandyNet Master Plan, which was a detailed plan to develop the City's internet service. Now, the City offers gigabit fiber to nearly all residential and commercial locations within city limits and has a take rate of over 79%.

**Transit Advisory Board** – The Advisory Board provides Council with input related to public transportation, which is offered by Sandy Area Metro (SAM). SAM offers service from Sandy to Gresham and Estacada, while also providing intown shopper shuttles and elderly and disabled services at low or no charge. The Transit Department also contracts with Clackamas County to provide public transportation services to Mt. Hood via Mt. Hood Express.

## Top 10 Taxpayers

The following list of the top ten taxpayers is compiled from information provided by the Clackamas County Assessor’s Office.

- 1 Fred Meyer Stores Inc
- 2 Sandy Place Apartments
- 3 Portland General Electric Co
- 4 ACS Sandy Marketplace
- 5 Sandy Safeway Center LLC
- 6 Jaksich Properties
- 7 NW Natural Gas Co
- 8 Colony Northstar Inc
- 9 Quantum Residential Inc
- 10 PLR Properties LLC

## Top 10 Employers

The following list of the top ten employers is compiled from business license data by the City’s Development Services Department.

- 1 Oregon Trail School District
- 2 Fred Meyer
- 3 Mt. Hood Corporations Inc
- 4 Johnson RV
- 5 City of Sandy
- 6 Safeway Inc
- 7 Avamere at Sandy
- 8 Suburban Ford
- 9 Tollgate Inn, Inc
- 10 Porter W. Yett Company

## City Statistics

Year Incorporated:	1911	Parking Citations:	76
Population:	11,650	Traffic Citations:	754
Property Tax Rate:	\$4.1152/\$1,000 TAV*	Physical Arrests:	458
Total Biennial Budget:	\$80,694,592	Patrol Units:	14
Outstanding Debt:	\$31,841,185	Park Acreage:	212
Unemployment Rate:	4.9%	Water Meter Connections:	4,021
Median Household Income:	\$81,262	Miles of Street:	35
Median House Value:	\$213,946	Number of Employees:	78

\*TAV – Taxable Assessed Value

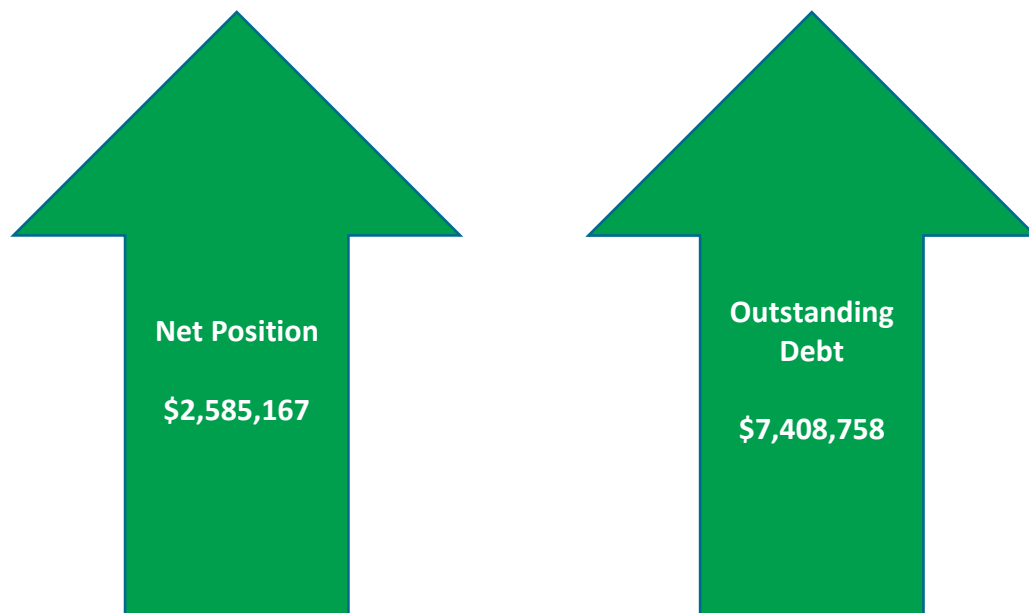


# Audit Highlights

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Oregon 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, 2021. The independent auditor’s opinion is located at the front of the financial section of the Annual Comprehensive Financial Report (ACFR). The following information is summary highlights that were taken directly from the Management Discussion and Analysis section of the June 30, 2021 ACFR.

- 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 \$51,164,054. Of this amount, \$1,652,339 represents unrestricted net position, which may be used to meet the City’s ongoing obligations to both citizens and creditors.
- The City’s total net position increased by \$2,585,167. This is mainly due to an increase in charges for services for the City’s business-type activities.
- The City’s governmental activities reported total net position of \$33,151,068, which is an increase of \$562,477.
- The City’s business-type activities reported total net position of \$18,012,986, which is an increase of \$2,022,690 from the prior year. Approximately 11% of the total, or \$1,893,742, is unrestricted and thus available for spending at the City’s discretion.
- The City of Sandy’s total outstanding debt increased by \$7,408,758 during the fiscal year, largely due to a Full Faith and Credit obligation bond to fund the expansion of Bell Street and 362<sup>nd</sup> Avenue, which will take place in fiscal year 2022.





# Financial Statements

## Balance Sheet

The Balance Sheet, also known as the Statement of Net Position, is the most important financial statement for understanding the financial health of the City. For the year ended June 30, 2021, the City of Sandy is in a very stable position, with an increase in net position of \$2.58 million. At year end, the City's assets and deferred outflow of resources exceeded its liabilities and deferred inflow of resources by over \$51.16 million. Below is a high-level summary of the City's net position:

	<u>As of</u> <u>June 30, 2021</u>	<u>As of</u> <u>June 30, 2020</u>	<u>As of</u> <u>June 30, 2019</u>	<u>As of</u> <u>June 30, 2018</u>
<b>Assets</b>				
Current Assets	\$ 33,498,824	\$ 24,952,088	\$ 22,980,939	\$ 20,316,430
Capital & Other Assets	61,388,784	57,049,495	56,795,965	58,284,971
<b>Total Assets</b>	<u>94,887,608</u>	<u>82,001,583</u>	<u>79,776,904</u>	<u>78,601,401</u>
<b>Deferred Outflow of Resources</b>				
Pension	3,753,107	3,229,459	3,014,757	2,527,049
OPEB	79,910	17,640	43,651	26,761
<b>Total Deferred Outflow of Resources</b>	<u>3,833,017</u>	<u>3,247,099</u>	<u>3,058,408</u>	<u>2,553,810</u>
<b>Liabilities</b>				
Current Liabilities	4,630,932	3,171,395	3,104,943	2,784,641
Longterm Liabilities	42,308,851	32,986,778	33,035,500	33,655,083
<b>Total Liabilities</b>	<u>46,939,783</u>	<u>36,158,173</u>	<u>36,140,443</u>	<u>36,439,724</u>
<b>Deferred Inflow of Resources</b>				
Pension	549,287	436,806	473,804	230,502
OPEB	67,501	74,816	82,559	28,215
<b>Total Deferred Inflow of Resources</b>	<u>616,788</u>	<u>511,622</u>	<u>556,363</u>	<u>258,717</u>
<b>Net Position</b>	<u>\$ 51,164,054</u>	<u>\$ 48,578,887</u>	<u>\$ 46,138,506</u>	<u>\$ 44,456,770</u>

## Income Statement

The Income Statement, also known as the Statement of Activities, shows all revenues and costs associated with the operations of the City of Sandy. The following statement displays a high-level summary of the City's overall financial activity:

	<u>FY 2021</u>	<u>FY 2020</u>	<u>FY 2019</u>	<u>FY 2018</u>
<b>Revenues</b>	\$23,336,728	\$22,772,647	\$19,442,968	\$18,618,033
<b>Expenses</b>	20,751,561	20,332,266	17,761,232	15,777,493
<b>Increase (Decrease) in Net Position</b>	2,585,167	2,440,381	1,681,736	2,840,540
<b>Net Position, Beginning</b>	48,578,887	46,138,506	44,456,770	41,616,230
<b>Net Position, Ending</b>	<u>\$51,164,054</u>	<u>\$48,578,887</u>	<u>\$46,138,506</u>	<u>\$44,456,770</u>

Note: A prior period adjustment of \$264,452 was required in FY 2018. This accounts for the different between FY 2017 Ending Net Position and FY 2018 Beginning Net Position.

# Budget

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The City of Sandy operates on a two-year budget, known as a biennium (BN). The City budgets at the “fund” level, meaning that various funds are established to account for revenues and expenditures for the City. The City currently maintains fourteen distinct funds, each with their own purpose. The Budget Committee approved the 2019-2021 Biennial Budget in May 2019. It was then forwarded to the City Council for adoption in June 2019. Supplemental budgets are allowed under Oregon Local Budget Law, ORS 294.471. There was one supplemental budget adjustment for Fiscal Year 2021. The following information reflects the City’s total budget, including any supplemental budget changes.

<u>Fund Name</u>	<u>BN 19-21</u>	<u>BN 17-19</u>	<u>BN 15-17</u>
General Fund	\$ 28,750,322	\$ 27,311,258	\$ 26,115,301
Street Fund	7,854,656	6,358,426	5,127,575
Transit Fund	7,696,882	5,727,265	4,959,014
Aquatic/Recreation Fund	293,482	689,880	-
Parks Capital Fund	2,479,561	1,300,824	623,986
Sewer Bond Reserve Fund	2,014,165	1,726,002	1,288,434
Full, Faith, & Credit Fund	1,775,634	1,786,890	-
Water Fund	5,710,870	4,453,207	5,515,544
Sewer Fund	10,189,926	3,572,234	3,302,809
Stormwater Fund	959,091	1,007,340	1,038,486
Telecommunications Fund	3,619,470	3,747,444	2,828,820
Operations Center Internal Service Fund	126,000	115,900	334,758
Building Maintenance Internal Service Fund	440,000	330,000	-
Urban Renewal Fund	8,784,533	11,239,014	6,285,575
<b>Total City Budget</b>	<b>\$ 80,694,592</b>	<b>\$ 69,365,684</b>	<b>\$ 57,420,302</b>

## Highlights

The General Fund accounts for revenues and expenditures associated with the general operations of the City. This includes, but is not limited to, general administration, municipal court, finance, library, police, community services, planning, and economic development.

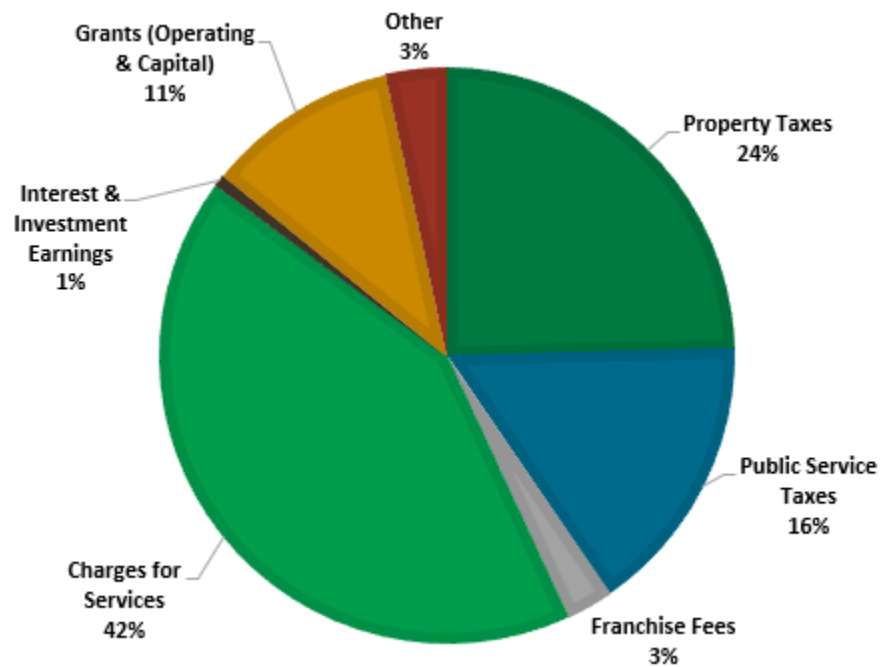
The Sewer Bond Reserve and Full, Faith, & Credit Funds are examples of funds that were created for debt service purposes, and all monies in these funds are restricted for principal and interest payments.

The Transit and Sewer Funds saw significant budgetary increases in the most recent biennium. The Transit Fund increase is related to the purchase of new public transportation vehicles. The Sewer Fund increase is related to major system improvements to the existing wastewater treatment facility, as well as beginning work related to the construction of a new facility.

## Property Taxes

Clackamas County assess property taxes on behalf of all taxing jurisdictions within the county. In addition to city taxes, this includes the county, schools, and special districts. The City's tax rate is \$4.1152 per \$1,000 of taxable assessed value. Clackamas County is responsible for tracking and updating the taxable assessed values of all properties. Taxable assessed value increases are limited to three percent growth per year, as mandated by Measure 50.

Of the total property tax rate, approximately 32% is allocated to the City - 21% to the City's General Fund and 11% to the City's Urban Renewal Fund. The City collected \$5,740,467 in property tax revenue in Fiscal Year 2021.



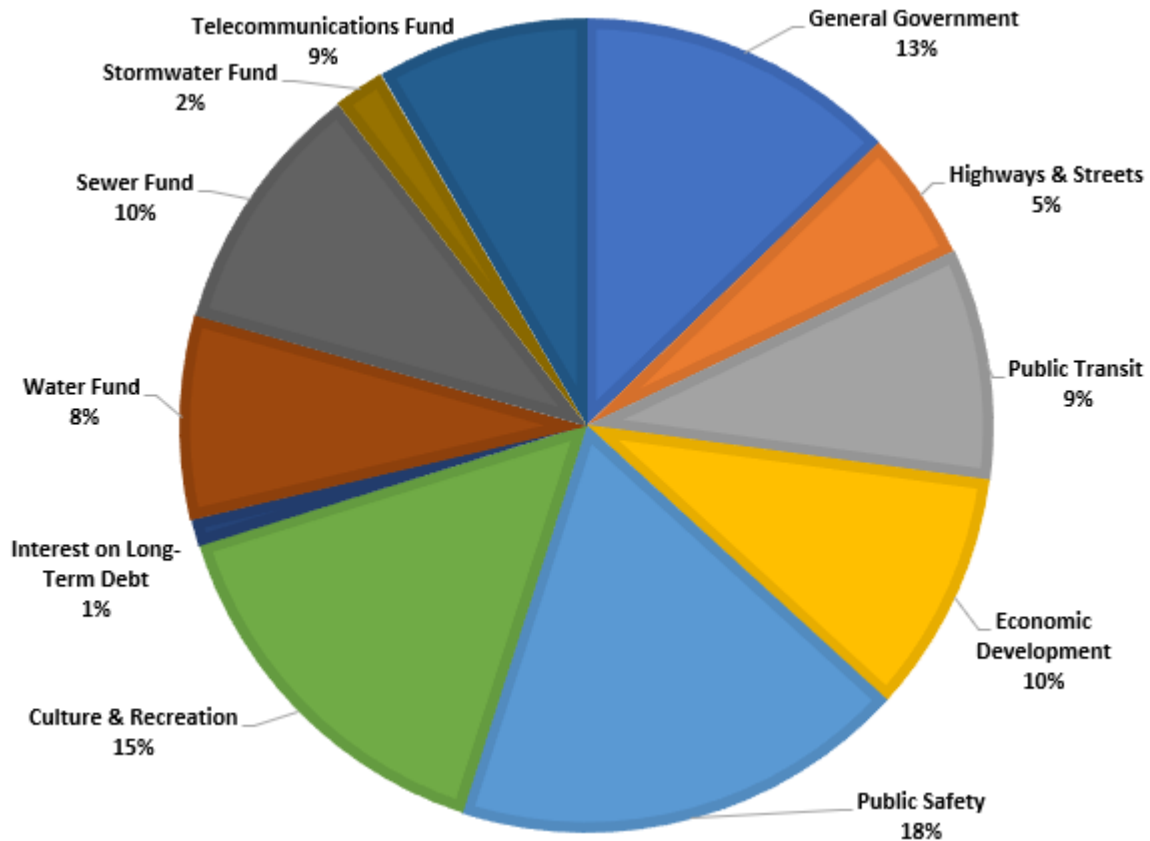
## Other Revenue

While the City collects a large portion of its revenue through property taxes, there are several other revenue sources for the City. These sources include public service taxes, franchise fees, charges for services, interest and investment earnings, and other revenues. Total revenue received in fiscal year 2021 was \$23,336,728.

<b>Public Service Taxes</b>	\$ 3,696,089
<b>Franchise Fees</b>	621,666
<b>Charges for Services</b>	9,805,718
<b>Interest &amp; Investment Earnings</b>	161,905
<b>Grants (Operating &amp; Capital)</b>	2,511,337
<b>Other</b>	799,546

# Expenditures

The City of Sandy classifies its expenditures into specific groupings, which help illustrate the cost associated with different services that are provided. Each of the following categories contains expenses related to personnel, materials and services, and debt payments. Expenditures for Fiscal Year 2021 totaled \$20,751,561.



Additional information regarding the City's expenditures, including a more detailed breakdown of these expenditures, can be found in the City's Annual Comprehensive Financial Report (ACFR).

<b>General Government</b>	<b>\$ 2,651,501</b>
<b>Highways &amp; Streets</b>	<b>1,075,144</b>
<b>Public Transit</b>	<b>1,905,921</b>
<b>Economic Development</b>	<b>1,998,993</b>
<b>Public Safety</b>	<b>3,773,449</b>
<b>Culture &amp; Recreation</b>	<b>3,169,334</b>
<b>Interest on Long-Term Debt</b>	<b>225,188</b>
<b>Water Fund</b>	<b>1,673,911</b>
<b>Sewer Fund</b>	<b>2,105,077</b>
<b>Stormwater Fund</b>	<b>418,791</b>
<b>Telecommunications Fund</b>	<b>1,754,252</b>

## Financial Policies

The City of Sandy has several financial policies that are used to assist in the overall positive position of the City's financial health. Below is a condensed version of some of the City's policies. Additional information on financial policies can be found in the BN 19-21 Budget Document.

### General Fund Reserve Policy

The General Fund shall have a reserve balance of at least five percent (5%) of operations. This reserve will be accounted for in the Non-Departmental departmental. The intent of this reserve is to: (1) Retain adequate reserves for operational purposes for a period of two months, (2) Generate interest income, and (3) Reduce the need for any short-term borrowing.

### Investment Policy

The City of Sandy's funds will be invested in accordance with the provisions of, but not limited to, all current and future applicable Oregon Statutes. The City will conform to all federal, state, and other legal requirements. City of Sandy's invest objectives are as follows:

1. Preserve of capital and protection of investment principal by mitigating credit risk and interest rate risk.
2. Maintain sufficient liquidity to meet operating requirements that are reasonably anticipated by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands.
3. Diversify to avoid incurring unreasonable risks regarding specific security types or individual financial institutions.
4. Attain market value rate of return throughout budgetary and economic cycles.

## Glossary

**Charges for Services:** Includes a variety of fees charged to customers for services provided.

**Business-Type Activities:** Activities that are generally financed by fees charged to customers for services provided. This includes Water, Sewer, Stormwater, and Telecommunications.

**Deferred Inflow of Resources:** Refers to an acquisition of an asset that is applicable to a future reporting period.

**Deferred Outflow of Resources:** Refers to a consumption of an asset that is applicable to a future reporting period.

**Governmental Activities:** Activities that are generally financed through taxes, intergovernmental revenues, and other nonexchange revenues.



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