

CITY OF SANDY, OREGON

Popular Annual Financial Report Fiscal Year Ended June 30, 2023





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, 2022

Christopher P. Morrill

Executive Director/CEO

Popular Annual Financial Report – FY 2023

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From the City Manager

December 29, 2023

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, 2023. 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 2023 saw many advancements in capital improvement projects for our community. The continued reinvestment in our water and wastewater systems, as well as the extension of 362nd Avenue and Bell Street, leads to a more resilient city that will be prepared for future growth. Development continued to occur, with 55 housing permits resulting in 59 new dwellings. The City also saw additions to community events, such as the Winterfest event held in Meinig Park, bringing countless individuals into our community to enjoy holiday activities.

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 2021-2023. 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, 2022. 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 the Finance Department, at finance@ci.sandy.or.us. You can also visit our website at <https://www.ci.sandy.or.us>.

Sincerely,



Tyler Deems
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, 2023:

Stan Pulliam, Mayor

Laurie Smallwood, Council President

Kathleen Walker, Councilor

Chris Mayton, 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 ¾ 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 2023 was 12,991. 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 55 new single-family home permits issued totaling 59 units. The City expects this level of growth to continue in the coming fiscal year.

Commissions, Boards, & Committees

The City of Sandy has seven 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. The Council welcomes the involvement from community members and appreciated the time and effort that our volunteers provide to continue to better our community.

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.

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 80%.

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 Safeway
- 4 Mt. Hood Corporations, Inc.
- 5 City of Sandy
- 6 Johnson RV
- 7 AntFarm, Inc.
- 8 Clackamas County Bank
- 9 STA of Oregon, Inc.
- 10 Tollgate Inn, Inc.

City Statistics

| | | | |
|--------------------------|-----------------------|--------------------------|-------|
| Year Incorporated: | 1911 | Parking Citations: | 137 |
| Population: | 12,991 | Traffic Citations: | 1,463 |
| Property Tax Rate: | \$4.1152/\$1,000 TAV* | Physical Arrests: | 815 |
| Total Biennial Budget: | \$119,639,680 | Patrol Units: | 14 |
| Outstanding Debt: | \$44,507,894 | Park Acreage: | 287 |
| Unemployment Rate: | 3.30% | Water Meter Connections: | 4,128 |
| Median Household Income: | \$98,341 | Miles of Street: | 45 |
| Median House Value: | \$233,785 | Number of Employees: | 80 |

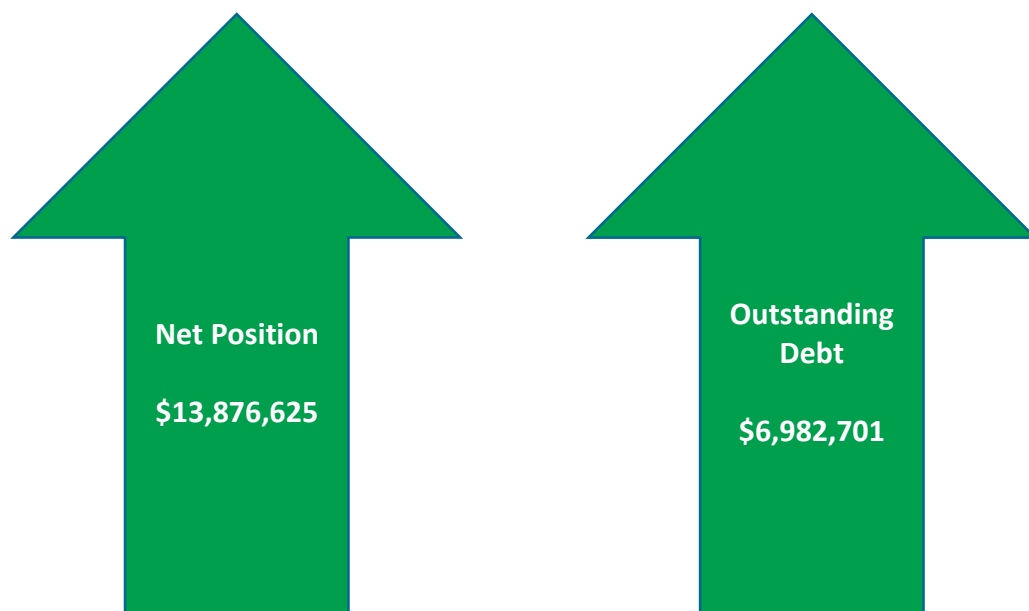
*TAV – Taxable Assessed Value



Audit Highlights

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, 2023. 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, 2023 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 70,382,960. Of this amount, \$10,394,055 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 \$13,876,625. This is mainly due to an increase in operating and capital grants, as well as charges for services.
- The City’s governmental activities reported total net position of \$40,066,470, which is an increase of \$4,009,662. \$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, due to additional debt in the Water and Sewer Funds related to the repairs and replacement of aging infrastructure.



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, 2023, the City of Sandy is in a very stable position, with an increase in net position of \$13.88 million. At year end, the City's assets and deferred outflow of resources exceeded its liabilities and deferred inflow of resources by over \$70.3 million. Below is a high-level summary of the City's net position:

| | <u>As of</u> <u>June 30, 2023</u> | <u>As of</u> <u>June 30, 2022</u> | <u>As of</u> <u>June 30, 2021</u> | <u>As of</u> <u>June 30, 2020</u> |
|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| Assets | | | | |
| Current Assets | \$ 32,765,333 | \$ 33,805,630 | \$ 33,498,824 | \$ 24,952,088 |
| Capital & Other Assets | 96,722,234 | 73,279,636 | 61,388,784 | 57,049,495 |
| Total Assets | <u>129,487,567</u> | <u>107,085,266</u> | <u>94,887,608</u> | <u>82,001,583</u> |
| Deferred Outflow of Resources | | | | |
| Pension | 3,649,760 | 4,493,100 | 3,753,107 | 3,229,459 |
| OPEB | 57,121 | 78,197 | 79,910 | 17,640 |
| Total Deferred Outflow of Resources | <u>3,706,881</u> | <u>4,571,297</u> | <u>3,833,017</u> | <u>3,247,099</u> |
| Liabilities | | | | |
| Current Liabilities | 8,882,691 | 7,187,763 | 4,630,932 | 3,171,395 |
| Longterm Liabilities | 50,584,008 | 42,424,935 | 42,308,851 | 32,986,778 |
| Total Liabilities | <u>59,466,699</u> | <u>49,612,698</u> | <u>46,939,783</u> | <u>36,158,173</u> |
| Deferred Inflow of Resources | | | | |
| Pension | 3,148,438 | 5,471,064 | 549,287 | 436,806 |
| OPEB | 196,351 | 66,466 | 67,501 | 74,816 |
| Total Deferred Inflow of Resources | <u>3,344,789</u> | <u>5,537,530</u> | <u>616,788</u> | <u>511,622</u> |
| Net Position | <u>\$ 70,382,960</u> | <u>\$ 56,506,335</u> | <u>\$ 51,164,054</u> | <u>\$ 48,578,887</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 2023</u> | <u>FY 2022</u> | <u>FY 2021</u> | <u>FY 2020</u> |
|--|----------------------|----------------------|----------------------|----------------------|
| Revenues | \$ 35,638,975 | \$ 24,784,907 | \$ 23,336,728 | \$ 22,772,647 |
| Expenses | <u>21,762,350</u> | <u>19,442,626</u> | <u>20,751,561</u> | <u>20,332,266</u> |
| Increase (Decrease) in Net Position | 13,876,625 | 5,342,281 | 2,585,167 | 2,440,381 |
| Net Position, Beginning | <u>56,506,335</u> | <u>51,164,054</u> | <u>48,578,887</u> | <u>46,138,506</u> |
| Net Position, Ending | <u>\$ 70,382,960</u> | <u>\$ 56,506,335</u> | <u>\$ 51,164,054</u> | <u>\$ 48,578,887</u> |

Budget

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 2021-2023 Biennial Budget in May 2021. It was then forwarded to the City Council for adoption in June 2021. Supplemental budgets are allowed under Oregon Local Budget Law, ORS 294.471. There was one supplemental budget adjustments for Fiscal Year 2023. The following information reflects the City’s total budget, including any supplemental budget changes.

| Fund Name | BN 21-23 | BN 19-21 | BN 17-19 |
|--|-----------------------|----------------------|----------------------|
| General Fund | \$ 36,924,360 | \$ 28,750,322 | \$ 27,311,258 |
| Street Fund | 15,280,568 | 7,854,656 | 6,358,426 |
| Transit Fund | 5,728,597 | 7,696,882 | 5,727,265 |
| Aquatic/Recreation Fund | 336,624 | 293,482 | 689,880 |
| Parks Capital Fund | 3,490,039 | 2,479,561 | 1,300,824 |
| Sewer Bond Reserve Fund | 1,875,957 | 2,014,165 | 1,726,002 |
| Full, Faith, & Credit Fund | 1,775,634 | 1,775,634 | 1,786,890 |
| Water Fund | 6,575,566 | 5,710,870 | 4,453,207 |
| Sewer Fund | 40,829,102 | 10,189,926 | 3,572,234 |
| Stormwater Fund | 1,388,901 | 959,091 | 1,007,340 |
| Telecommunications Fund | 4,954,102 | 3,619,470 | 3,747,444 |
| Operations Center Internal Service Fund | 125,000 | 126,000 | 115,900 |
| Building Maintenance Internal Service Fund | 409,230 | 440,000 | 330,000 |
| Urban Renewal Fund | 10,359,987 | 8,784,533 | 11,239,014 |
| Total City Budget | \$ 130,053,667 | \$ 80,694,592 | \$ 69,365,684 |

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.

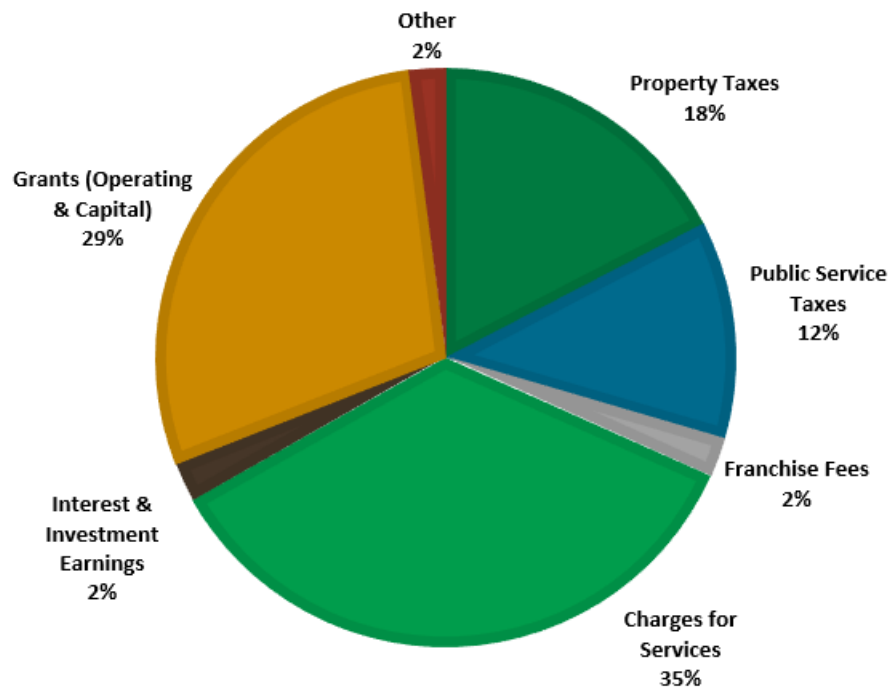
The Sewer Bond Reserve and Full, Faith, & Credit Funds are examples of funds that were created for debt service purposes, and all monies in these funds are restricted for principal and interest payments.

The Street and Sewer Funds saw significant budgetary increases in the most recent biennium. The Street Fund increase is related to the extension of 362nd Avenue and Bell Street. The Sewer Fund increase is related to major system improvements to the existing wastewater treatment facility and related components of the aging infrastructure.

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 31% is allocated to the City - 22% to the City's General Fund and 9% to the City's Urban Renewal Fund. The City collected \$6,190,603 in property tax revenue in Fiscal Year 2023.



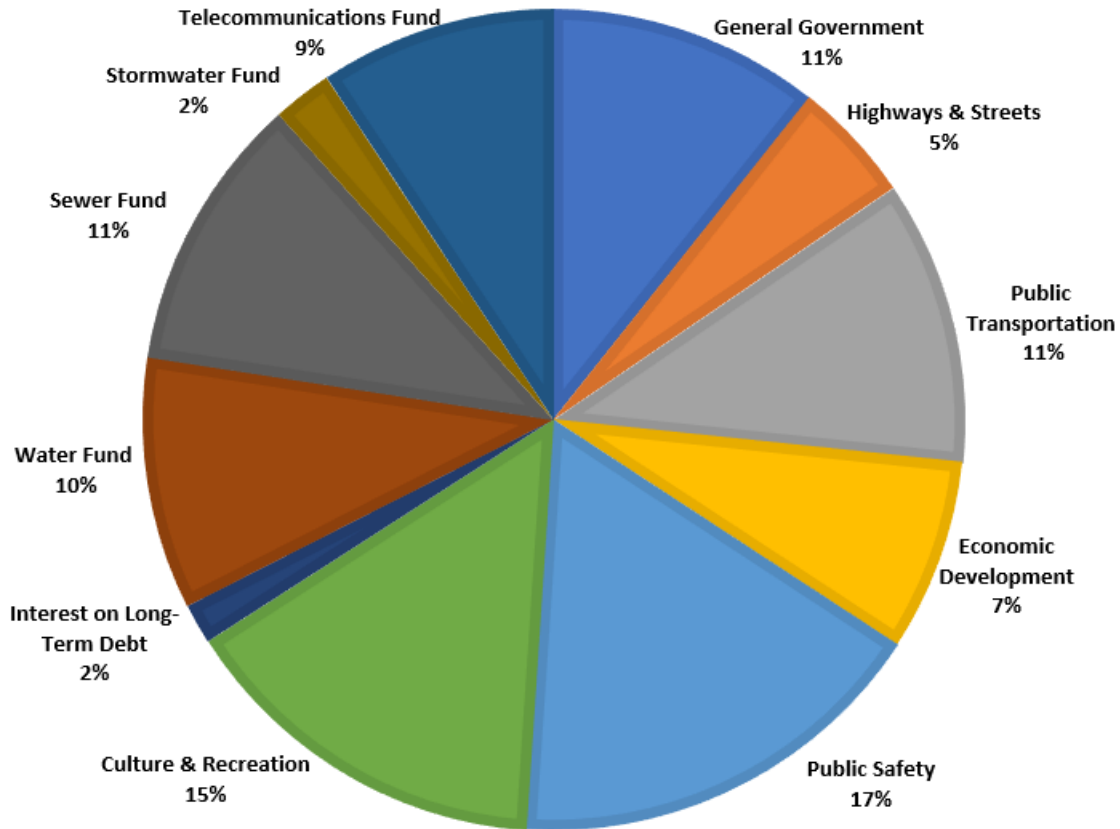
Other Revenue

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 2023 was \$35,638,975.

| | |
|---|--------------|
| Public Service Taxes | \$ 4,327,577 |
| Franchise Fees | 778,777 |
| Charges for Services | 12,523,343 |
| Interest & Investment Earnings | 779,728 |
| Grants (Operating & Capital) | 10,330,219 |
| Other | 708,728 |

Expenses

The City of Sandy classifies its expenses 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. Expenses for Fiscal Year 2023 totaled \$21,762,350.



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

| | |
|-----------------------------------|--------------|
| General Government | \$ 2,326,547 |
| Highways & Streets | 1,042,081 |
| Public Transportation | 2,432,384 |
| Economic Development | 1,650,127 |
| Public Safety | 3,660,750 |
| Culture & Recreation | 3,237,456 |
| Interest on Long-Term Debt | 345,521 |
| Water Fund | 2,159,035 |
| Sewer Fund | 2,370,238 |
| Stormwater Fund | 507,626 |
| Telecommunications Fund | 2,030,585 |

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 21-23 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.