



**FINANCIAL REPORT**  
**YEAR ENDED JUNE 30, 2022**

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**CITY OF FOREST GROVE**  
**OFFICERS AND MEMBERS OF THE GOVERNING BODY**

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**MAYOR**

Peter Truax, term expires 11/22

**CITY COUNCIL**

Timothy Rippe, term expires 11/24

Malynda Wenzl, term expires 11/22

Donna Gustafson, term expires 11/24

Elena Uhing, term expires 11/24

Kristy Kottkey, term expires 11/22

Mariana Valenzuela, term expires 11/22

The Mayor and Councilors receive mail at the City address

**CITY MANAGER**

Jesse VanderZanden

**CITY ADDRESS**

1924 Council Street  
P.O. Box 326  
Forest Grove, OR 97116

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# CITY OF FOREST GROVE

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**PAULY, ROGERS, AND CO., P.C.**  
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www.paulyrogersandcocpas.com

January 6, 2023

## INDEPENDENT AUDITORS' REPORT

To the Mayor and City Council  
City of Forest Grove  
Forest Grove, Oregon

### **Opinions**

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of City of Forest Grove, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

In our opinion, the 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 City of Forest Grove, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinions**

We conducted our audit in accordance with the 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of City of Forest Grove 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**

Management is responsible for the preparation and fair presentation of these 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 City of Forest Grove'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.

## **Auditors' 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 auditors' 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 generally accepted auditing standards 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 judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards 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 of Forest Grove'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 of Forest Grove's ability to continue as a going concern for a reasonable period of time.

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

## **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and 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 auditing standards generally accepted in the United States of America, 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.

## **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The supplementary information, as listed in the table of contents, and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CRF) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, are presented for purposes of additional

analysis and are not a required part of the basic financial statements. The supplementary information, as listed in the table of contents, 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 auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, as listed in the table of contents, and the schedule of expenditures of federal awards are 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 other information, as listed in the table of contents, and the listing of board members containing their term expiration dates, located before the table of contents, but does not include the basic financial statements and our auditors' 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.

### **Report on Other Legal and Regulatory Requirements**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 6, 2023 on our consideration of the internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 internal control over financial reporting and compliance.

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated January 6, 2023, on our consideration of 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.



Kenneth Allen, CPA  
PAULY, ROGERS AND CO., P.C.

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

## CITY OF FOREST GROVE, OREGON MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

This discussion and analysis presents the highlights of financial activities and financial position for the City of Forest Grove. Management discussion and analysis focuses on current year activities and resulting changes. Please read it in conjunction with the City's financial statements and notes, which follow this section.

### **FINANCIAL HIGHLIGHTS**

- Total assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflow of resources by \$148.4 million at June 30, 2022. Of this amount, \$19.7 million is reported as unrestricted net position which may be used to meet the City's obligations.
- During the year, the City's net position increased by \$10.9 million in governmental activities and by \$8.2 million in business-type activities for a total increase of \$19.1 million.
- The General Fund reported an ending fund balance at June 30, 2022, of \$8,176,067 which is a increase of \$273,059 from the prior fiscal year. Ending fund balance at June 30, 2022, was 38.5% of the General Fund expenditures for the fiscal year ending June 30, 2022.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of three parts: *management's discussion and analysis* (this section), the *basic financial statements*, and *supplementary information*. The basic financial statements include two types of statements that present different views of the City:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the City's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the City's operations in more detail than the government-wide statements.
- *The governmental funds* statements tell how *general government* services were financed in the *short term* as well as what remains for future spending.
- *Proprietary fund* statements offer *short-term* and *long-term* financial information about the activities the government operates *like businesses*.
- *Fiduciary fund* statements provide information about the financial relationships in which the City acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by *supplementary information* that further explains and supports the information in the financial statements. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

### Government-wide Statements

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid. The two government-wide statements report the City's net position and how it has changed. Net position - the difference between the City's assets and liabilities - is one way to measure financial health or *position*.

- Over time, increases or decreases in the City's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the City, one needs to consider additional non-financial factors such as changes in the City's tax base.

The government-wide financial statements of the City include the *governmental activities*. Most of the City's basic services are included here, such as general government, public safety, planning and building and safety, streets and storm drainage, economic development, culture and recreation, and interest on long-term debt. Property taxes, franchise taxes, permits and fees, and intergovernmental revenues finance most of these activities.

### Fund Financial Statements

The fund financial statements provide more detailed information about the City's most significant *funds*. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes.

The City has the following types of funds:

- *Governmental funds* - Most of the City's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explain the relationship (or differences) between them.
- *Enterprise funds* - Services for which the City charges customers a fee are generally reported in enterprise funds. Enterprise funds, like the government-wide statements, provide both long-term and short-term financial information.
- *Internal service funds* are used to report activities that provide supplies and services for the City's other programs and activities.
- *Fiduciary funds* - The City is the trustee, or *fiduciary*, for certain funds. It is also responsible for other assets that - because of a trust arrangement - can be used only for the trust beneficiaries. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the City's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude these activities from the City's government-wide financial statements because the City cannot use these assets to finance its operations.

**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

**FINANCIAL ANALYSIS OF THE CITY AS A WHOLE**

**NET POSITION – As of JUNE 30, 2022 and 2021  
(In thousands of dollars)**

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
<b>ASSETS</b>						
Current and other assets	\$ 49,317	\$ 40,480	\$ 48,609	\$ 43,229	\$ 97,926	\$ 83,709
Capital assets, net	37,452	34,184	57,598	54,715	95,050	88,899
Total assets	<u>86,769</u>	<u>74,664</u>	<u>106,207</u>	<u>97,944</u>	<u>192,976</u>	<u>172,608</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Refunded debt charges	-	-	5	10	5	10
Pension related items	5,706	5,522	2,321	2,047	8,027	7,569
OPEB Items	252	281	80	25	332	306
Total Deferred Outflows of Resources	<u>5,958</u>	<u>5,803</u>	<u>2,406</u>	<u>2,082</u>	<u>8,364</u>	<u>7,885</u>
<b>LIABILITIES</b>						
Current and other liabilities	2,144	1,163	3,220	2,353	5,364	3,516
Long-term obligations	23,315	23,253	13,810	14,871	37,125	38,124
Total liabilities	<u>25,459</u>	<u>24,416</u>	<u>17,030</u>	<u>17,224</u>	<u>42,489</u>	<u>41,640</u>
<b>DEFERRED INFLOW OF RESOURCES</b>						
Pension related items	7,038	6,357	2,863	2,902	9,901	9,259
OPEB Items	441	519	140	165	581	684
Total Deferred Outflows of Resources	<u>7,479</u>	<u>6,876</u>	<u>3,003</u>	<u>3,067</u>	<u>10,482</u>	<u>9,943</u>
<b>NET POSITION</b>						
Net investment in capital assets	37,452	34,184	53,122	49,513	90,574	83,697
Restricted	27,561	24,939	10,530	8,977	38,091	33,916
Unrestricted	(5,224)	(9,948)	24,929	21,245	19,705	11,297
Total net position	<u>\$ 59,789</u>	<u>\$ 49,175</u>	<u>\$ 88,581</u>	<u>\$ 79,735</u>	<u>\$ 148,370</u>	<u>\$ 128,910</u>

Total governmental assets are up about \$12.1 million or 16.2% from the previous fiscal year. Funds received from Parks and transportation system development charges again represent a significant portion of the increase. Other smaller increases in many of the funds contributed to the increase.

Business-type capital assets represent 54.2% of the total business-type assets and increased by \$2.9 million from the prior year. Business-Type Activities current and other assets increased by \$8.3 million from the prior year. Most of that increase is due to an increase in capital assets, increased timber harvest net revenue, and increased capital contributions.

The overall increase in total net position is due primarily to the above changes.

**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

**FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (continued)**

**STATEMENT OF ACTIVITIES for FISCAL YEARS ENDING JUNE 30, 2022 and 2021**

*(In thousands of dollars)*

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
<b>REVENUES:</b>						
Program revenues:						
Charges for services	\$ 9,319	\$ 8,490	\$30,939	\$28,837	\$ 40,258	\$ 37,327
Operating grants	4,670	4,928	194	25	4,864	4,953
Capital grants	9,652	5,649	2,174	1,924	11,826	7,573
General revenues:						
Taxes	11,926	11,254	-	-	11,926	11,254
Other	1,404	1,482	1,226	2,217	2,630	3,699
Total revenues	<u>36,971</u>	<u>31,803</u>	<u>34,533</u>	<u>33,003</u>	<u>71,504</u>	<u>64,806</u>
<b>EXPENSES:</b>						
General government	8,599	9,786	-	-	8,599	9,786
Public safety	12,710	11,733	-	-	12,710	11,733
Highways and streets	2,187	3,515	-	-	2,187	3,515
Culture and recreation	4,727	4,029	-	-	4,727	4,029
Power services	-	-	19,715	20,179	19,715	20,179
Sewer services	-	-	733	1,281	733	1,281
Water services	-	-	3,566	4,564	3,566	4,564
Surface water management	-	-	188	845	188	845
Interest on long-term debt	29	34	-	-	29	34
Total expenses	<u>28,252</u>	<u>29,097</u>	<u>24,202</u>	<u>26,869</u>	<u>52,454</u>	<u>55,966</u>
Change in net position before transfers	8,719	2,706	10,331	6,134	19,050	8,840
Transfers	<u>2,158</u>	<u>1,644</u>	<u>(2,158)</u>	<u>(1,644)</u>	<u>-</u>	<u>-</u>
Change in net position	10,877	4,350	8,173	4,490	19,050	8,840
Net position at beginning of year	49,175	44,825	79,735	75,245	128,910	120,070
Prior period adjustment	(264)	-	673	-	409	-
Net position at end of year	<u>\$59,788</u>	<u>\$49,175</u>	<u>\$88,581</u>	<u>\$79,735</u>	<u>\$148,369</u>	<u>\$128,910</u>

The City's total revenues were \$71.5 million which increased by 10.3% from 2021. The major sources of revenues are business-type activity charges for services and governmental activities taxes, which account for 56.3% and 16.7% of total revenues, respectively. The total cost of all programs was \$52.45 million which is a 6.3% increase from 2021. Net position increased by \$19.5 million or 15.1% from 2021 indicating an increase in the City's overall financial position.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

### FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental fund balances totaled \$43,746,121 at June 30, 2022, for an increase of \$7,477,332. Proprietary net position totaled \$88,580,620 at June 30, 2022, for an overall increase of \$8,172,541. The principal reasons for the changes are explained in the preceding section. A summary of changes in governmental and proprietary fund balances is as follows:

#### CHANGE IN GOVERNMENTAL FUND BALANCES

<u>Fund</u>	Balance at <u>June 30, 2022</u>	Balance at <u>June 30, 2021</u>	<u>Change</u>
General	\$ 8,176,067	\$ 7,903,008	\$ 273,059
Street	2,933,303	2,213,856	719,447
Urban Renewal Agency	(597,772)	(1,028,362)	430,590
American Rescue Plan	1,915,310	-	1,915,310
Transportation Development Tax	16,469,320	13,102,715	3,366,605
Non-major governmental	14,849,893	14,077,572	772,321
Totals	<u>\$ 43,746,121</u>	<u>\$ 36,268,789</u>	<u>\$ 7,477,332</u>

#### CHANGE IN PROPRIETARY NET POSITION

<u>Fund</u>	Balance at <u>June 30, 2022</u>	Balance at <u>June 30, 2021</u>	<u>Change</u>
Light	\$ 23,490,536	\$ 20,685,158	\$ 2,805,378
Sewer	16,415,427	15,106,364	1,309,063
Water	39,349,767	35,878,891	3,470,876
Surface Water Management	9,324,890	8,064,428	1,260,462
Totals	<u>\$ 88,580,620</u>	<u>\$ 79,734,841</u>	<u>\$ 8,845,779</u>

#### City Fund's Highlights

The fund balance in the General Fund increased by \$737,302 which is more than the amount expected according to the adopted budget for the fiscal year ending June 30, 2022. Revenues from other governments funds were slightly higher than expected due to reimbursement for fire conflagrations and expenditures were lower than anticipated. COVID-19 did not have a major effect on either revenues or expenditures through June 30, 2022, Other increases in governmental fund balances was primarily due to system development fees collected for parks and traffic impact and collection of other building-related fees.

The overall increase in proprietary net position is due to revenue from system development charges in the Water and Sewer Funds and revenue from user rates being held for future capital purchases and higher than anticipated net timber harvest revenues.

#### CAPITAL ASSETS

At June 30, 2022, the City had \$95,050,149 invested in a broad range of capital assets, including land, buildings, equipment, utility systems, and intangible water rights. The City's capital assets, net of accumulated depreciation increased by \$6,150,359. More detailed information about the City's capital assets is presented in the notes to the financial statements.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

### **LONG TERM DEBT**

At June 30, 2022, the City had \$4,473,262 in outstanding notes and contracts payable. The City has had no change in its credit rating of Aa3 from Moody's. Moody's last credit review was of the June 30, 2017, financial statements. More detailed information about the City's long term debt is presented in the notes to the financial statements.

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

Factors considered in preparing the City's General Fund budget for the 2022-23 fiscal year were, but not limited to the following:

- Forest Grove's assessed value is projected to grow by 4.6% to a total of \$1.994 billion for FY 2022-23 compared to the actual increase in assessed value of 4.84% in FY 2021-22. All property tax revenue goes into the General Fund and is projected to account for 47.2% of the General Fund's operating revenue in FY 2022-23.
- The City's five-year local option property tax levy of \$1.60 per \$1,000 of assessed value expires June 30, 2023. The levy is helping the City to maintain current service levels but does not provide new funding for increasing services. The City submitted a replacement levy of \$1.95 per \$1,000 of assessed value to the voters which they approved. The increased rate will commence on July 1, 2023, and will allow the City to increase services in public safety, library, and parks and recreation. The City is also examining forming a fire district with surrounding fire agencies within the next few years. It is not yet known what the effect on the City's tax rate would be if a fire district is formed.
- The cost of the City's own Defined Benefit Retirement Plan (DB Plan) has leveled off after many years of increases due to changing actuarial assumptions used to calculate contributions. Over the past several years, the City has lowered its assumed rate of return from 7.25% to 6.00% through June 30, 2022. Effective July 1, 2022, the assumed rate of return will be further decreased to 5.25%. The City has also reserved \$900,000 in the General Fund to help smooth the effect of contribution increases to the General Fund due to potential lower investment performance.

### **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

Our financial report is designed to provide our taxpayers, ratepayers, investors and creditors with an overview of the City's finances. If you have any questions about this report or need any clarification of information, please contact the Administrative Services Department at the City of Forest Grove. Our address is: PO Box 326, Forest Grove, Oregon 97116.

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## **BASIC FINANCIAL STATEMENTS**

**CITY OF FOREST GROVE**  
**STATEMENT OF NET POSITION**  
**June 30, 2022**

	<b>Governmental</b>	<b>Business-type</b>	<b>Totals</b>
	<b>Activities</b>	<b>Activities</b>	
<b>Assets</b>			
Cash and cash equivalents	\$ 30,758,843	\$ 24,353,007	\$ 55,111,850
Investments	17,162,028	13,396,581	30,558,609
Accrued interest receivable	15,649	11,483	27,132
Receivables, net	914,963	3,066,441	3,981,404
Inventory	-	1,272,796	1,272,796
Prepaid items	465,559	81,789	547,348
Investment in joint ventures	-	6,427,156	6,427,156
Capital assets:			
Land and construction in progress	11,589,738	1,512,583	13,102,321
Other capital assets, net	25,862,262	56,085,566	81,947,828
<b>Total assets</b>	<b>86,769,042</b>	<b>106,207,402</b>	<b>192,976,444</b>
<b>Deferred outflows of resources</b>			
Refunded debt charges	-	4,804	4,804
Pension related items	5,705,605	2,321,104	8,026,709
Other postemployment benefit related items	251,877	79,947	331,824
<b>Total deferred outflows of resources</b>	<b>5,957,482</b>	<b>2,405,855</b>	<b>8,363,337</b>
<b>Liabilities</b>			
Accounts payable and accrued liabilities	1,905,830	3,125,012	5,030,842
Accrued interest payable	6,067	25,451	31,518
Deposits	232,154	69,274	301,428
Long-term liabilities:			
Due within one year	993,691	1,128,213	2,121,904
Due in more than one year	22,321,114	12,681,549	35,002,663
<b>Total liabilities</b>	<b>25,458,856</b>	<b>17,029,499</b>	<b>42,488,355</b>
<b>Deferred inflows of resources</b>			
Pension related items	7,038,388	2,863,296	9,901,684
Other postemployment benefit related items	440,605	139,842	580,447
<b>Total deferred inflows of resources</b>	<b>7,478,993</b>	<b>3,003,138</b>	<b>10,482,131</b>
<b>Net position</b>			
Net investment in capital assets	37,452,000	53,121,732	90,573,732
Restricted for:			
Highways and streets	2,933,303	-	2,933,303
Building operations	2,523,178	-	2,523,178
Community enhancement	17,293	-	17,293
Tourism	192,688	-	192,688
Capital projects	21,857,070	10,496,199	32,353,269
Credit support services	-	33,266	33,266
Other	37,582	-	37,582
Unrestricted	(5,224,439)	24,929,423	19,704,984
<b>Total net position</b>	<b>\$ 59,788,675</b>	<b>\$ 88,580,620</b>	<b>\$ 148,369,295</b>

See notes to financial statements

**CITY OF FOREST GROVE**  
**STATEMENT OF ACTIVITIES**  
Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Totals
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
<b>Governmental activities</b>							
General government	\$ 8,598,921	\$ 8,280,752	\$ 59,471	\$ 3,340,853	\$ 3,082,155		\$ 3,082,155
Public safety	12,709,711	578,123	792,018	-	(11,339,570)		(11,339,570)
Highways and streets	2,187,455	21,120	2,595,637	3,721,116	4,150,418		4,150,418
Culture and recreation	4,726,780	438,771	1,222,758	2,590,310	(474,941)		(474,941)
Interest	28,599	-	-	-	(28,599)		(28,599)
Total governmental activities	<u>28,251,466</u>	<u>9,318,766</u>	<u>4,669,884</u>	<u>9,652,279</u>	<u>(4,610,537)</u>		<u>(4,610,537)</u>
<b>Business-type activities</b>							
Light	19,715,280	22,524,068	194,040	-		3,002,828	3,002,828
Sewer	733,143	1,782,275	-	534,003		1,583,135	1,583,135
Water	3,565,600	5,263,276	-	1,522,424		3,220,100	3,220,100
Stormwater	187,859	1,369,484	-	117,093		1,298,718	1,298,718
Total business-type activities	<u>24,201,882</u>	<u>30,939,103</u>	<u>194,040</u>	<u>2,173,520</u>		<u>9,104,781</u>	<u>9,104,781</u>
<b>Totals</b>	<b>\$ 52,453,348</b>	<b>\$ 40,257,869</b>	<b>\$ 4,863,924</b>	<b>\$ 11,825,799</b>	<b>(4,610,537)</b>	<b>9,104,781</b>	<b>4,494,244</b>
<b>General revenues:</b>							
Property taxes levied for:							
General purposes					10,419,283	-	10,419,283
Specific purposes					533,934	-	533,934
Franchise fees					669,604	-	669,604
Transient room tax					114,228	-	114,228
Marijuana tax					189,371	-	189,371
Grants and contributions not restricted to specific programs					926,741	-	926,741
Unrestricted investment earnings					242,719	(357,840)	(115,121)
Miscellaneous					234,218	1,904,815	2,139,033
(Loss) on investment in joint venture					-	(321,268)	(321,268)
<b>Transfers</b>					<u>2,157,947</u>	<u>(2,157,947)</u>	<u>-</u>
Total general revenues and transfers					<u>15,488,045</u>	<u>(932,240)</u>	<u>14,555,805</u>
Change in net position					10,877,508	8,172,541	19,050,049
Net position at beginning of year					49,175,446	79,734,841	128,910,287
Prior period adjustment					(264,279)	673,238	408,959
<b>Net position at end of year</b>					<b>\$ 59,788,675</b>	<b>\$ 88,580,620</b>	<b>\$ 148,369,295</b>

See notes to financial statements

**CITY OF FOREST GROVE**  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2022

	General	Street	Urban Renewal	American Rescue Plan	Transportation Development Tax	Total Nonmajor Funds	Total Governmental Funds
<b>Assets</b>							
Cash and cash equivalents	\$ 5,189,279	\$ 1,855,626	\$ 396,088	\$ 1,284,626	\$ 10,623,939	\$ 9,403,247	\$ 28,752,805
Investments	3,108,404	1,020,787	217,889	706,677	5,844,267	5,160,476	16,058,500
Accrued interest receivable	2,664	875	187	606	5,009	5,361	14,702
Receivables	683,216	70,662	7,261	-	-	153,824	914,963
Due from other funds	7,476	-	-	-	-	1,213,486	1,220,962
Prepaid items	216,566	-	-	5,000	-	8,938	230,504
<b>Total assets</b>	<b>\$ 9,207,605</b>	<b>\$ 2,947,950</b>	<b>\$ 621,425</b>	<b>\$ 1,996,909</b>	<b>\$ 16,473,215</b>	<b>\$ 15,945,332</b>	<b>\$ 47,192,436</b>
<b>Liabilities, deferred inflows and fund balances</b>							
<b>Liabilities</b>							
Accounts payable and accrued liabilities	\$ 694,179	\$ 14,647	\$ 1,209	\$ 81,599	\$ 3,895	\$ 1,026,241	\$ 1,821,770
Due to other funds	-	-	1,213,486	-	-	7,476	1,220,962
Deposits	222,659	-	-	-	-	9,495	232,154
<b>Total liabilities</b>	<b>916,838</b>	<b>14,647</b>	<b>1,214,695</b>	<b>81,599</b>	<b>3,895</b>	<b>1,043,212</b>	<b>3,274,886</b>
<b>Deferred inflows of resources</b>							
Unavailable revenue	114,700	-	4,502	-	-	52,227	171,429
<b>Total deferred inflows of resources</b>	<b>114,700</b>	<b>-</b>	<b>4,502</b>	<b>-</b>	<b>-</b>	<b>52,227</b>	<b>171,429</b>
<b>Fund balances</b>							
Nonspendable	216,566	-	-	5,000	-	50,124	271,690
<b>Restricted for:</b>							
Highways and streets	-	2,933,303	-	-	-	-	2,933,303
Building operations	-	-	-	-	-	2,523,178	2,523,178
Capital projects	-	-	-	-	16,469,320	5,387,750	21,857,070
Community enhancement	-	-	-	-	-	17,293	17,293
Tourism	-	-	-	-	-	192,688	192,688
Other purposes	-	-	-	-	-	37,582	37,582
<b>Committed for:</b>							
Highways and streets	-	-	-	-	-	92,023	92,023
Capital projects	-	-	-	-	-	863,156	863,156
<b>Assigned for:</b>							
Pensions	900,000	-	-	-	-	-	900,000
Capital projects	-	-	-	-	-	5,693,682	5,693,682
Unassigned	7,059,501	-	(597,772)	1,910,310	-	(7,583)	8,364,456
<b>Total fund balances</b>	<b>8,176,067</b>	<b>2,933,303</b>	<b>(597,772)</b>	<b>1,915,310</b>	<b>16,469,320</b>	<b>14,849,893</b>	<b>43,746,121</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 9,207,605</b>	<b>\$ 2,947,950</b>	<b>\$ 621,425</b>	<b>\$ 1,996,909</b>	<b>\$ 16,473,215</b>	<b>\$ 15,945,332</b>	<b>\$ 47,192,436</b>

See notes to financial statements

**CITY OF FOREST GROVE**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**GOVERNMENTAL FUNDS**  
**June 30, 2022**

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Fund balances - total governmental funds	\$ 43,746,121
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	37,452,000
Other long-term assets are not available for current period expenditures and, therefore, are reported as unavailable revenue in the funds	171,429
The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position	
Internal service funds net position	4,939,866
Compensated absences of the internal service fund included below	15,574
Pension related liabilities, deferred outflows and deferred inflows included below	171,500
Other postemployment benefit related liabilities, deferred outflows and deferred inflows included below	25,596
Capital assets of the internal service fund included above	(1,891,028)
Deferred outflows related to the City's pension plans and other postemployment benefit plans are not current financial resources and therefore are not reported in the funds	5,957,482
Some liabilities, including accrued interest payable, compensated absences, net pension liability, and other postemployment benefit liability, are not due and payable in the current period and, therefore, are not reported in the funds	(23,320,872)
Deferred inflows related to the City's pension plans and other postemployment benefit plans are reported in the statement of net position but are not reported in the funds	(7,478,993)
<b>Net position of governmental activities</b>	<b><u>\$ 59,788,675</u></b>

**CITY OF FOREST GROVE**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**Year Ended June 30, 2022**

	General	Street	Urban Renewal	American Rescue Plan	Transportation Development Tax	Total Nonmajor Funds	Total Governmental Funds
<b>Revenues</b>							
Property taxes	\$ 10,406,156	\$ -	\$ 533,934	\$ -	\$ -	\$ -	\$ 10,940,090
Other local taxes	303,599	449,369	-	-	3,494,102	117,189	4,364,259
Franchise fees	669,604	-	-	-	-	-	669,604
Licenses, permits and fees	256,675	-	-	-	-	2,914,389	3,171,064
Fines and forfeitures	541,955	-	-	-	-	-	541,955
Charges for services	4,951,850	21,120	-	-	-	1,254	4,974,224
Donations	3,146	-	-	-	-	37,975	41,121
System development charges	-	-	-	-	-	2,590,310	2,590,310
Intergovernmental	2,779,225	2,125,633	-	2,837,851	-	426,713	8,169,422
Interest	80,844	11,121	3,906	8,057	76,601	84,907	265,436
Miscellaneous	155,770	310	-	-	-	-	156,080
<b>Total revenues</b>	<u>20,148,824</u>	<u>2,607,553</u>	<u>537,840</u>	<u>2,845,908</u>	<u>3,570,703</u>	<u>6,172,737</u>	<u>35,883,565</u>
<b>Expenditures</b>							
Current							
General government	6,269,126	-	77,207	22,664	-	1,487,866	7,856,863
Public safety	12,003,354	-	-	-	-	6,871	12,010,225
Highways and streets	-	1,155,069	-	-	200,203	217,120	1,572,392
Culture and recreation	2,968,091	-	-	-	-	4,747	2,972,838
Debt service	-	-	30,043	-	-	-	30,043
Capital outlay	1,281	733,037	-	816,460	3,895	4,257,568	5,812,241
<b>Total expenditures</b>	<u>21,241,852</u>	<u>1,888,106</u>	<u>107,250</u>	<u>839,124</u>	<u>204,098</u>	<u>5,974,172</u>	<u>30,254,602</u>
Excess (deficiency) of revenues over expenditures	<u>(1,093,028)</u>	<u>719,447</u>	<u>430,590</u>	<u>2,006,784</u>	<u>3,366,605</u>	<u>198,565</u>	<u>5,628,963</u>
<b>Other financing sources (uses)</b>							
Transfers in	1,566,087	-	-	-	-	4,067,052	5,633,139
Transfers out	(200,000)	-	-	(91,474)	-	(3,493,296)	(3,784,770)
<b>Total other financing sources (uses)</b>	<u>1,366,087</u>	<u>-</u>	<u>-</u>	<u>(91,474)</u>	<u>-</u>	<u>573,756</u>	<u>1,848,369</u>
<b>Net change in fund balances</b>	273,059	719,447	430,590	1,915,310	3,366,605	772,321	7,477,332
Fund balances at beginning of year	<u>7,903,008</u>	<u>2,213,856</u>	<u>(1,028,362)</u>	<u>-</u>	<u>13,102,715</u>	<u>14,077,572</u>	<u>36,268,789</u>
<b>Fund balance at end of year</b>	<u>\$ 8,176,067</u>	<u>\$ 2,933,303</u>	<u>\$ (597,772)</u>	<u>\$ 1,915,310</u>	<u>\$ 16,469,320</u>	<u>\$ 14,849,893</u>	<u>\$ 43,746,121</u>

See notes to financial statements

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

Net change in fund balances - total governmental funds \$ 7,477,332

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

Governmental funds report the acquisition of capital assets as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. The difference between those two amounts is:

Acquisition of capital assets	\$ 5,032,740	
Depreciation	<u>(1,532,154)</u>	3,500,586

The changes in net pension liability (asset) and deferred inflows and outflows related to the entity's participation in OPERS and the Retirement Plan for Employees of the City of Forest Grove are reported as additional expenses for increases and a reduction of expenses for decreases (659,363)

The changes in other postemployment benefit liability (asset), deferred outflows of resources and deferred inflows of resources related to the City's other postemployment benefit plan are reported as additional expenses for increases and a reduction of expenses for decreases 371,162

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

Taxes	13,127	
Other	<u>6,268</u>	19,395

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Accrued interest	1,444	
Compensated absences	<u>52,190</u>	53,634

Change in net position of internal service funds 114,762

**Change in net position of governmental activities \$ 10,877,508**

**CITY OF FOREST GROVE**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
June 30, 2022

	Business-type Activities				Governmental Activities	
	Light	Sewer	Water	Surface Water Management	Total Enterprise Funds	Internal Service Funds
<b>Assets</b>						
Current assets						
Cash and cash equivalents	\$ 3,605,607	\$ 4,432,299	\$ 15,148,320	\$ 1,166,781	\$ 24,353,007	\$ 2,006,038
Investments	1,983,361	2,438,224	8,333,146	641,850	13,396,581	1,103,528
Accrued interest receivable	1,700	2,091	7,142	550	11,483	947
Receivables, net	1,783,644	648,345	472,506	161,946	3,066,441	-
Inventory	1,068,017	-	204,779	-	1,272,796	-
Prepaid items	80,477	585	597	130	81,789	235,055
<b>Total current assets</b>	<b>8,522,806</b>	<b>7,521,544</b>	<b>24,166,490</b>	<b>1,971,257</b>	<b>42,182,097</b>	<b>3,345,568</b>
Investment in joint ventures	-	-	6,427,156	-	6,427,156	-
Capital assets						
Land and construction in progress	957,947	81,022	473,614	-	1,512,583	-
Other capital assets, net	25,399,892	11,512,530	11,198,235	7,974,909	56,085,566	1,891,028
<b>Total capital assets</b>	<b>26,357,839</b>	<b>11,593,552</b>	<b>11,671,849</b>	<b>7,974,909</b>	<b>57,598,149</b>	<b>1,891,028</b>
<b>Total assets</b>	<b>34,880,645</b>	<b>19,115,096</b>	<b>42,265,495</b>	<b>9,946,166</b>	<b>106,207,402</b>	<b>5,236,596</b>
<b>Deferred outflows of resources</b>						
Refunded debt charges	-	-	4,804	-	4,804	-
Pension related items	1,825,923	100,997	273,515	120,669	2,321,104	44,181
Other postemployment benefit related items	48,352	4,265	19,016	8,314	79,947	3,805
<b>Total deferred outflows of resources</b>	<b>1,874,275</b>	<b>105,262</b>	<b>297,335</b>	<b>128,983</b>	<b>2,405,855</b>	<b>47,986</b>
<b>Liabilities</b>						
Current liabilities						
Accounts payable and accrued liabilities	1,206,738	1,404,684	416,644	96,946	3,125,012	84,060
Accrued interest payable	15,138	7,954	2,359	-	25,451	-
Consumer deposits	69,274	-	-	-	69,274	-
Long-term obligations due within one year	470,708	95,617	561,888	-	1,128,213	15,574
<b>Total current liabilities</b>	<b>1,761,858</b>	<b>1,508,255</b>	<b>980,891</b>	<b>96,946</b>	<b>4,347,950</b>	<b>99,634</b>
Long-term obligations due in more than one year	9,165,498	1,164,629	1,861,505	489,917	12,681,549	183,927
<b>Total liabilities</b>	<b>10,927,356</b>	<b>2,672,884</b>	<b>2,842,396</b>	<b>586,863</b>	<b>17,029,499</b>	<b>283,561</b>
<b>Deferred inflows of resources</b>						
Pension related items	2,252,444	124,589	337,406	148,857	2,863,296	54,499
Other postemployment benefit related items	84,584	7,458	33,261	14,539	139,842	6,656
<b>Total deferred inflows of resources</b>	<b>2,337,028</b>	<b>132,047</b>	<b>370,667</b>	<b>163,396</b>	<b>3,003,138</b>	<b>61,155</b>
<b>Net position</b>						
Net investment in capital assets	22,098,843	10,633,593	10,523,723	7,974,909	51,231,068	1,691,527
Restricted for:						
Capital projects	-	1,630,175	8,305,932	560,092	10,496,199	-
Credit support reserves	33,266	-	-	-	33,266	-
Unrestricted	1,358,427	4,151,659	20,520,112	789,889	26,820,087	3,248,339
<b>Total net position</b>	<b>\$ 23,490,536</b>	<b>\$ 16,415,427</b>	<b>\$ 39,349,767</b>	<b>\$ 9,324,890</b>	<b>\$ 88,580,620</b>	<b>\$ 4,939,866</b>

See notes to financial statements

**CITY OF FOREST GROVE**  
**STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
Year Ended June 30, 2022

	Business-type Activities				Governmental Activities	
	Light	Sewer	Water	Surface Water Management	Totals Enterprise Funds	Internal Service Funds
<b>Operating revenues</b>						
Licenses, permits and fees	\$ -	\$ 1,451	\$ 9,051	\$ -	\$ 10,502	\$ -
Charges for services	22,524,068	1,780,824	5,254,225	1,369,484	30,928,601	2,103,424
Total operating revenues	22,524,068	1,782,275	5,263,276	1,369,484	30,939,103	2,103,424
<b>Operating expenses</b>						
Personnel services	5,121,411	104,578	685,153	278,619	6,189,761	262,010
Materials and services	13,419,682	263,079	2,446,160	(301,360)	15,827,561	1,682,776
Depreciation	913,356	346,099	459,425	210,600	1,929,480	385,221
Total operating expenses	19,454,449	713,756	3,590,738	187,859	23,946,802	2,330,007
Operating income (loss)	3,069,619	1,068,519	1,672,538	1,181,625	6,992,301	(226,583)
<b>Nonoperating revenues (expenses)</b>						
Grants	194,040	-	-	-	194,040	-
Interest income	(47,714)	(46,367)	(248,826)	(14,933)	(357,840)	(22,717)
Miscellaneous	507,202	54,612	1,343,001	-	1,904,815	78,138
Loss on sale of capital assets	(197,748)	-	-	-	(197,748)	(23,653)
Interest expense	(63,083)	(19,387)	25,138	-	(57,332)	-
(Loss) on investment in joint ventures	-	-	(321,268)	-	(321,268)	-
Total nonoperating revenue (expenses)	392,697	(11,142)	798,045	(14,933)	1,164,667	31,768
Income (loss) before transfers and capital contributions	3,462,316	1,057,377	2,470,583	1,166,692	8,156,968	(194,815)
Capital contributions	-	534,003	1,522,424	117,093	2,173,520	-
Transfers in	-	-	-	-	-	349,577
Transfers out	(1,173,191)	(308,773)	(610,941)	(65,042)	(2,157,947)	(40,000)
Change in net position	2,289,125	1,282,607	3,382,066	1,218,743	8,172,541	114,762
Net position at beginning of year	20,685,158	15,106,364	35,878,891	8,064,428	79,734,841	4,809,904
Prior period adjustment	516,253	26,456	88,810	41,719	673,238	15,200
<b>Net position at end of year</b>	<b>\$ 23,490,536</b>	<b>\$ 16,415,427</b>	<b>\$ 39,349,767</b>	<b>\$ 9,324,890</b>	<b>\$ 88,580,620</b>	<b>\$ 4,939,866</b>

See notes to financial statements

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**CITY OF FOREST GROVE**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
Year Ended June 30, 2022

	Business-type Activities					Governmental Activities
	Light	Sewer	Water	Surface Water Management	Total Enterprise Funds	Internal Service Funds
<b>Cash flows from operating activities</b>						
Receipts from customers	\$ 22,724,182	\$ 1,749,494	\$ 5,427,040	\$ 1,367,396	\$ 31,268,112	\$ -
Receipts from other funds	-	-	-	-	-	2,103,424
Payments to suppliers	(13,744,145)	546,349	(2,481,210)	326,632	(15,352,374)	(1,644,398)
Payments to employees	(4,369,124)	(270,129)	(1,128,864)	(475,762)	(6,243,879)	(251,834)
Net cash from operating activities	<u>4,610,913</u>	<u>2,025,714</u>	<u>1,816,966</u>	<u>1,218,266</u>	<u>9,671,859</u>	<u>207,192</u>
<b>Cash flows from noncapital financing activities</b>						
Transfers in	-	-	-	-	-	215,417
Transfers out	(1,173,191)	(308,773)	(610,941)	(65,042)	(2,157,947)	(40,000)
Net cash from noncapital financing activities	<u>(1,173,191)</u>	<u>(308,773)</u>	<u>(610,941)</u>	<u>(65,042)</u>	<u>(2,157,947)</u>	<u>175,417</u>
<b>Cash flows from capital and related financing activities</b>						
Transfers in	-	-	-	-	-	134,160
System development charges received	-	534,003	1,522,424	117,093	2,173,520	-
Other	507,202	54,612	1,343,001	-	1,904,815	78,138
Grants	194,040	-	-	-	194,040	-
Acquisition of capital assets	(2,667,099)	(675,894)	(987,067)	(853,319)	(5,183,379)	(177,636)
Principal paid on long-term obligations	(241,000)	(93,668)	(388,453)	-	(723,121)	-
Interest paid on long-term obligations	(64,562)	(20,253)	(674)	-	(85,489)	-
Net cash from capital and related financing activities	<u>(2,271,419)</u>	<u>(201,200)</u>	<u>1,489,231</u>	<u>(736,226)</u>	<u>(1,719,614)</u>	<u>34,662</u>
<b>Cash flows from investing activities</b>						
Interest on investments	(45,057)	(43,190)	(210,349)	(14,110)	(312,706)	(240,984)
Purchases of investments	85,102	61,523	1,390,464	9,247	1,546,336	255,021
Net cash from investing activities	<u>40,045</u>	<u>18,333</u>	<u>1,180,115</u>	<u>(4,863)</u>	<u>1,233,630</u>	<u>14,037</u>
Net increase (decrease) in cash and cash equivalents	1,206,348	1,534,074	3,875,371	412,135	7,027,928	431,308
Cash and cash equivalents at beginning of year	2,399,259	2,898,225	11,272,949	754,646	17,325,079	1,574,730
<b>Cash and cash equivalents at end of year</b>	<u>\$ 3,605,607</u>	<u>\$ 4,432,299</u>	<u>\$ 15,148,320</u>	<u>\$ 1,166,781</u>	<u>\$ 24,353,007</u>	<u>\$ 2,006,038</u>
<b>Reconciliation of operating income (loss) to net cash from operating activities</b>						
Operating income (loss)	\$ 3,069,619	\$ 1,068,519	\$ 1,672,538	\$ 1,181,625	\$ 6,992,301	\$ (226,583)
Adjustments to reconcile operating income (loss) to net cash from operating activities						
Depreciation	913,356	346,099	459,425	210,600	1,929,480	385,221
(Increase) decrease in assets and deferred outflows						
Receivables, net	201,331	(32,781)	163,764	(2,088)	330,226	-
Inventories	(396,214)	11,879	(21,333)	-	(405,668)	-
Prepaid items	(22,846)	31,530	-	-	8,684	226
Pension related items	(1,732,325)	21,772	63,063	(110,771)	(1,758,261)	(41,722)
Other postemployment benefit related items	(32,913)	(2,865)	(13,057)	(5,699)	(54,534)	(2,555)
Increase (decrease) in liabilities and deferred inflows						
Accounts payable and accrued liabilities	94,597	766,019	(13,717)	25,272	872,171	38,152
Consumer deposits	(1,217)	-	-	-	(1,217)	3,962
Compensated absences payable	(18,953)	-	(1,111)	-	(20,064)	-
Net pension liability	388,507	(165,817)	(502,126)	(209,829)	(489,265)	-
Net other postemployment benefits liability	74,279	6,020	30,779	-	111,078	1,751
Pension related items	2,089,647	(23,004)	(15,718)	131,641	2,182,566	50,222
Other postemployment benefit related items	(15,955)	(1,657)	(5,541)	(2,485)	(25,638)	(1,482)
Net cash from operating activities	<u>\$ 4,610,913</u>	<u>\$ 2,025,714</u>	<u>\$ 1,816,966</u>	<u>\$ 1,218,266</u>	<u>\$ 9,671,859</u>	<u>\$ 207,192</u>
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH TRANSACTIONS</b>						
(Loss) on investment in joint ventures	\$ -	\$ -	\$ (321,268)	\$ -	\$ (321,268)	\$ -

See notes to financial statements

**CITY OF FOREST GROVE**  
**STATEMENT OF NET POSITION**  
**FIDUCIARY FUNDS**  
**June 30, 2022**

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	<b>City of Forest Grove Retirement Plan Trust Fund</b>	<b>Custodial Fund</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 19,299,723	\$ 8,045
Investments	42,913,036	-
Contributions receivable	124,883	-
Total assets	62,337,642	8,045
<b>Net position</b>		
Restricted	<b>\$ 62,337,642</b>	<b>\$ 8,045</b>

See notes to financial statements

**CITY OF FOREST GROVE**  
**STATEMENT OF CHANGES IN NET POSITION**  
**FIDUCIARY FUNDS**  
**Year Ended June 30, 2022**

	<b>City of Forest Grove Retirement Plan Trust Fund</b>	<b>Custodial Fund</b>
<b>Additions</b>		
Employer contributions	\$ 4,359,923	\$ 4,121
Investment earnings	(3,947,095)	-
Total additions	<u>412,828</u>	<u>4,121</u>
<b>Deductions</b>		
Benefits	3,650,938	-
Administrative expenses	165,341	-
Other Activity	<u>3,011,061</u>	<u>-</u>
Total deductions	<u>6,827,340</u>	<u>-</u>
Change in net position	(6,414,512)	4,121
Net position at beginning of year	<u>68,752,154</u>	<u>3,924</u>
<b>Net position at end of year</b>	<b><u>\$ 62,337,642</u></b>	<b><u>\$ 8,045</u></b>

See notes to financial statements

**NOTE 1 – FINANCIAL REPORTING ENTITY**

The City of Forest Grove (the “City”) was incorporated in 1872. The City provides basic services to the citizens within the city limits. The city council, comprised of the mayor and six council members, forms the legislative branch of the government. Individual departments are under the direction and authority of the city manager, who is appointed by the city council.

The accompanying financial statements present all activities and component units for which the City is considered to be financially accountable. The criteria used in making this determination includes appointment of a voting majority, imposition of will, financial benefit or burden on the primary government, and fiscal dependency on the primary government.

The city council serves as the governing board of the Forest Grove Urban Renewal Agency. Therefore, the accounts of the agency are included in the financial statements of the City. Complete financial statements for the Forest Grove Urban Renewal Agency may be obtained from the City’s finance department.

**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES**

Government-wide and fund financial statements

The government-wide financial statements (that is, the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided; 2) operating grants and contributions; and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Measurement focus, basis of accounting and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. 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 revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 between the functions of the City, the elimination of which would distort the direct costs and program revenues reported for the various functions concerned.

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 are charges to customers for sales and services. Operating expenses for proprietary 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.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within two months of the end of the current fiscal period. Significant revenues, which are susceptible to accrual under the modified accrual basis of accounting, include property taxes and federal and state grants. Other revenue items are considered to be measurable and available when received by the City. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The basis of accounting described above is in accordance with accounting principles generally accepted in the United States of America (GAAP).

**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The City reports the following major governmental funds:

*General* – accounts for all financial resources of the City, except those required to be accounted for in another fund. Principal sources of revenue are property taxes, franchise fees, and state shared revenues. Expenditures are primarily for general government operations and planning and community development.

*Street* – accounts for the building and maintaining of streets and related infrastructure within the City. The principal revenue source is state gasoline taxes apportioned by the State of Oregon.

*Urban Renewal* – accounts for projects identified in the Urban Renewal Agency plan. The principal revenue source is property taxes.

*Transportation Development Tax* – accounts for improvements to the City's transportation network to meet the impacts of growth. The principal revenue source is transportation development taxes.

American Rescue Plan – accounts for ARP monies passed through the federal government. The Principal revenue is federal grants.

The City reports the following major proprietary funds:

*Light* – accounts for the revenues and expenditures of the City's electric utility operations.

*Sewer* – accounts for the operations of the City's sewer, which is financed primarily through user charges to the general public.

*Water* – accounts for the operations of the City's water utility which is financed primarily through fees.

*Surface Water Management* – accounts for the operations of the City's surface water management, which is financed primarily through fees.

The City also reports the following fund types:

*Special revenue* – are used to account for proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

*Capital projects* – are used to account for financial resources used for the acquisition or construction of major capital facilities (other than those financed by business-type or proprietary funds).

*Permanent* – accounts for resources contributed to the City for specific purposes the corpus of which cannot be expended.

**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Measurement focus, basis of accounting and financial statement presentation (Continued)

*Internal service* – accounts for the cost of providing services to other funds of the City which are charged a fee on a cost reimbursement basis for those services.

*Custodial Funds* -These funds account for assets held by the District in a custodial capacity or as agent for individuals, private organizations, other governmental units, or other funds. This fund consists of mainly the pension trust fund other monies held for others.

Budget policies and budgetary control

Generally, Oregon Local Budget Law requires annual budgets be adopted for all funds except custodial funds. The modified accrual basis of accounting is used for all budgets. All annual appropriations lapse at fiscal year-end.

The City begins its budgeting process by appointing Budget Committee members in the fall of each year. Budget recommendations are developed by management through early spring, with the Budget Committee meeting and approving the budget document in late spring. Public notices of the budget hearing are generally published in May or June and the hearing is held in June. The City Council adopts the budget, makes appropriations, and declares the tax levy no later than June 30. Expenditure appropriations may not be legally over-expended, except in the case of grant receipts and bond sale proceeds which could not be reasonably estimated at the time the budget was adopted.

The resolution authorizing appropriations for each fund sets the level at which expenditures cannot legally exceed appropriations. The City established the levels of budgetary control at the personnel services, materials and services, capital outlay, operating contingencies, debt service, and all other requirement levels for all funds except for the General Fund where budgetary control is established at the department level.

Budget amounts shown in the financial statements have been revised since the original budget amounts were adopted. The city council must authorize all appropriation transfers and supplementary budgetary appropriations. The City's disbursements did not exceed appropriations.

Cash and cash equivalents

For purposes of reporting cash flows, cash and cash equivalents include cash on hand, checking, savings and money market accounts, and any highly-liquid debt instruments purchased with a maturity of three months or less.

Property taxes

Under state law, county governments are responsible for extending authorized property tax levies, computing tax rates, billing and collecting all property taxes, and making periodic remittances of collections to entities levying taxes. Real and personal property taxes are levied upon all taxable property and become a lien against the property as of July 1 of each year. Property taxes are payable in three installments following the lien date on November 15, February 15, and May 15 each year.

**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Property taxes (Continued)

Uncollected property taxes in governmental funds are reported in governmental funds balance sheet as receivables; the portion which is available to finance expenditures of the current period is recorded as revenue and the remaining balance is recorded as deferred revenue. Property taxes collected within 60 days of the end of the current fiscal year are considered measurable and available and are recognized as revenue.

User charges and fines receivable

User charges and fines receivable are reported at the amount management expects to collect on balances outstanding at year-end. Management closely monitors outstanding balances and writes off, as of year-end, all balances that have not been collected by the time the financial statements are issued.

Inventories

Inventories are valued at the lower of cost (first-in, first-out method) and market. Inventories consist of materials and supplies maintained for system maintenance and operation.

Capital assets

Capital assets are recorded in the statement of net position at cost or estimated historical cost if purchased or constructed. Donated items are recorded at their estimated fair value at the date of donation. The City records capital assets for items with original cost, or estimated fair value if donated, of \$5,000 or more and an expected economic useful life of 1 year or more.

Public domain (infrastructure) capital assets (such as, roads, bridges, sidewalks, storm sewers, and other assets that are immovable and of value to the City) that have been acquired or reconstructed have been capitalized at estimated historical cost.

Upon disposal of capital assets, the accounts are relieved of the related costs and accumulated depreciation, and resulting gains or losses are reflected in the change in net position. Depreciation taken on contributed capital assets is recorded as an expense of operations and charged to retained earnings.

Capital assets are depreciated using the straight-line method over the following estimated useful lives (with prorated depreciation in the year of acquisition and prorated depreciation in the year of disposal):

Infrastructure	40 to 50 years
Buildings and improvements	10 to 40 years
Equipment and vehicles	3 to 15 years

**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Long-term obligations

Long-term obligations consist of notes, bonds, and compensated absences. Long-term obligations expected to be repaid from proprietary funds are accounted for in the business-type activities and proprietary funds. Long-term obligations expected to be repaid from governmental funds are accounted for in the governmental activities.

Bonds

Bond premiums and discounts are deferred and amortized over that life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs and the excess of bond amounts issued to refund previously issued debt over the refunded debt are reported as deferred charges and amortized over the term of the related debt.

Compensated absences

Vacation and sick leave amounts are accrued as they are earned. Sick leave is not paid out upon termination; vacation leave is paid out if termination occurs after the probationary period.

Retirement Plans

Substantially all of the City's employees are participants in one of three retirement plans offered by the City depending on the eligibility requirements of each plan. The three plans are: the City of Forest Grove Retirement Plan (the "Plan"), the City of Forest Grove Defined Contribution Plan (the "DC Plan"), and the Oregon Public Employees Retirement System (OPERS). The City Council has the authority for establishing or amending provisions to the Plan or the DC Plan.

Contributions to the Plan are made on a current basis as required by the Plan. The assets of the Plan are invested in various mutual funds. The City pays the administrative expenses of the Plan.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the net position of the Plan and additions to/deductions from the net position of the Plan have been determined on the same basis as reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Contributions to the DC Plan and OPERS are made by the City as required by the DC Plan and OPERS and are charged to expenditures or expenses when due and the employer has made a formal commitment to provide the contribution. The participants in DC Plan determine how their individual contributions are invested. OPERS invests the contributions to OPERS.

See the detailed footnotes for more information about the various plans.

**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Other postemployment benefits

The liabilities for other postemployment benefits liability under NW Firefighters Relief Association Services, and implicit subsidies are based on actuarial valuations. See the detailed footnotes for more information about the plans.

Equity classification

*Government-wide and proprietary fund net position*

In the government-wide and proprietary fund financial statements, equity is classified as net position and displayed in three components:

*Net investment in capital assets* – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

*Restricted net position* – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

*Unrestricted net position* – All amounts that do not meet the definition of “restricted” or “net investment in capital assets” are reported as “unrestricted net position.”

In the government-wide and proprietary fund financial statements, when both restricted and unrestricted resources are available for use, it is the City’s policy to use restricted resources first, then unrestricted resources as they are needed.

*Governmental fund type fund balance reporting*

Governmental type fund balances are to be properly reported within one of the fund balance categories listed below:

*Nonspendable* – Amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.

*Restricted* – Amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

*Committed* – Amounts that can be used only for specific purposes determined by a formal action of the City Council. The City Council is the highest level of decision-making authority for the City. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the City Council.

**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Equity classification (Continued)

*Assigned* – Amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The City Council has granted authority to the City Manager to assign fund balance amounts.

*Unassigned* – The residual classification for the government’s general fund and includes all spendable amounts not contained in the other classifications. Additionally, other funds may report negative unassigned fund balance in certain circumstances.

In the governmental fund financial statements, when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the City Council has provided otherwise in its commitment or assignment actions.

**NOTE 3 – RECONCILIATION OF GENERALLY ACCEPTED ACCOUNTING PRINCIPLES TO BUDGETARY BASIS**

The budget of the City is prepared differently from GAAP. Therefore, the statements of revenues, expenditures and changes in fund balances (budgetary basis) – budget and actual for governmental funds are presented on the budgetary basis and are adjusted to the statement of revenues, expenditures and changes in fund balances - governmental funds in accordance with GAAP.

For the year ended June 30, 2022, a reconciliation of the differences between the budgetary basis and GAAP is listed on the face of the financial statements.

**CITY OF FOREST GROVE**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 4 – CASH, CASH EQUIVALENTS AND INVESTMENTS**

The City's cash, cash equivalents, and investments as of June 30, 2022, were as follows:

Cash and cash equivalents

Deposits with financial institutions	\$ 29,267,435
State of Oregon Local Government Investment Pool	44,901,351
Cash on hand	1,590
Money market funds	249,242
	<u>\$ 74,419,618</u>

Investments

Us government agencies	\$ 30,558,609
Mutual funds	42,913,036
	<u>\$ 73,471,645</u>

The City maintains a pool of cash, cash equivalents and investments that are available for use by all funds. Each fund's portion of this pool is displayed on the financial statements as cash and cash equivalents and investments. Interest earned on pooled cash, cash equivalents and investments is allocated to participating funds based upon their combined cash and investment balances.

Deposits with financial institutions

Custodial Credit Risk – Deposits: This is the risk that in the event of a bank failure, the City's deposits may not be returned. The Federal Depository Insurance Corporation (FDIC) provides insurance for the City's deposits with financial institutions up to \$250,000 each for the aggregate of all non-interest-bearing accounts and the aggregate of all interest-bearing accounts at each institution. Deposits in excess of FDIC coverage with institutions participating in the Oregon Public Funds Collateralization Program are collateralized with securities held by the Federal Home Loan Bank of Seattle in the name of the institution. As of June 30, 2022, none of the City's bank balances were exposed to custodial credit risk.

**CITY OF FOREST GROVE**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 4 – CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)**

State of Oregon Local Government Investment Pool

Investments in the State of Oregon Local Government Investment Pool (LGIP) are stated at fair value. Fair value is determined at the quoted market price, if available; otherwise the fair value is estimated based on the amount at which the investment could be exchanged in a current transaction between willing parties, other than a forced liquidation sale. The Oregon State Treasury administers the LGIP. The LGIP is an unrated, open-ended, no-load, diversified portfolio offered to any agency, political subdivision or public corporation of the state who by law is made the custodian of, or has control of, any fund. The LGIP is commingled with the State’s short-term funds. To provide regulatory oversight, the Oregon Legislature established the Oregon Short-Term Fund Board and LGIP investments are approved by the Oregon Investment Council. The fair value of the Agency’s position in the LGIP is the same as the value of the pool shares.

Investments

The City had the following investments as of June 30, 2022:

<u>Investment Type</u>	<u>Rating</u>	<u>Fair Value</u>	<u>Risk Concentration</u>	<u>Weighted Average Maturity (in years)</u>
US government agencies	Not rated	\$ 30,558,609	41.60%	1.3
Mutual funds	Not rated	<u>42,913,036</u>	58.40%	N/A
		<b><u>\$ 73,471,645</u></b>		

*Credit Risk:* Oregon statutes authorize the City to invest in obligations of the U.S. Treasury and U.S. agencies, bankers’ acceptances, repurchase agreements, commercial paper rated A-1 by standard & Poor’s Corporation or P-1 by Moody’s Commercial Paper Record, and the state treasurer’s investment pool. Additionally, the City’s pension trust may invest in equity securities and mutual funds.

**NOTE 4 – CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)**

*Concentration of Credit Risk:* The City’s policy for investing in individual issuers varies depending on the type of investments. The total portfolio has restrictions on the total amount that may be invested with a single issuer: 35% for U.S. agency securities; 5% for bankers’ acceptances; 5% for commercial paper or corporate notes; and 5% for the states of Oregon, California, Idaho and Washington.

*Interest Rate Risk:* The City has a formal investment policy to limit exposure to losses arising from rising interest rates. Investment types are limited to a maximum percent of the portfolio (see table below) and also must not directly invest in securities maturing in more than 5.25 years (unless matched to a specific cash flow) and the average weighted maturity of the portfolio may not exceed 2.5 years.

<u>Investment Type</u>	<u>Max Percent of Portfolio</u>
US treasuries	100%
US government agencies	100%
LGIP	Max Allowed per ORS
Certificates of deposit	10%
Banker’s acceptances	10%
Corp Notes & Commercial Paper	35%

*Portfolio Credit Rating:* The minimum weighted average credit rating of the portfolio’s rated investments shall be AA-/Aa3/AA- by Standard & Poor’s; Moody’s Investors Service; and Fitch Ratings Service respectively.

*Custodial Credit Risk – Investments:* This is the risk that, in the event of the failure of a counterparty, the City will not be able to recover the value of its investments that are in the possession of an outside party. The City does not have a policy which limits the amount of investments that can be held by counterparties.

*Fair Value Measurements:* The City categorizes its fair value measurements with the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The City’s investment in equities and mutual funds are measured using level 1 inputs and US Agencies and corporate and municipal bonds and certificates of deposit are measured using level 2 inputs.

**CITY OF FOREST GROVE**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 5 – RECEIVABLES**

As of June 30, 2022, receivables were as follows:

	Governmental Activities/Funds				Business-type Activities/Enterprise Funds				Totals
	General	Street	Urban		Light	Sewer	Surface Water		
			Renewal	Nonmajor			Water	Management	
Property taxes	\$ 150,980	\$ -	\$ 7,261	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 158,241
Accounts	532,236	70,662	-	145,633	45,440	1,742	7,253	-	802,966
Assessments	-	-	-	8,191	-	-	-	-	8,191
Grants	-	-	-	-	-	-	-	-	-
User charges	-	-	-	-	1,852,458	662,324	489,992	166,655	3,171,429
Allowance for doubtful accounts	-	-	-	-	(114,254)	(15,721)	(24,739)	(4,709)	(159,423)
	<u>\$ 683,216</u>	<u>\$ 70,662</u>	<u>\$ 7,261</u>	<u>\$ 153,824</u>	<u>\$ 1,783,644</u>	<u>\$ 648,345</u>	<u>\$ 472,506</u>	<u>\$ 161,946</u>	<u>\$ 3,981,404</u>

**NOTE 6 – CAPITAL ASSETS**

Activity for governmental activities for the year ended June 30, 2022, was as follows:

	Balances			Balances
	July 1, 2021	Additions	Deletions	
Capital assets not being depreciated				
Land and land improvements	\$ 9,108,394	\$ -	\$ -	\$ 9,108,394
Construction in progress	72,853	2,408,491	-	2,481,344
Total capital assets not being depreciated	<u>9,181,247</u>	<u>2,408,491</u>	<u>-</u>	<u>11,589,738</u>
Capital assets, being depreciated and amortized				
Building and improvements	15,069,681	415,196	-	15,484,877
Machinery and equipment	10,649,410	304,917	80,590	10,873,737
Infrastructure	32,476,764	2,080,243	-	34,557,007
Total capital assets, being depreciated and amortized	<u>58,195,855</u>	<u>2,800,356</u>	<u>80,590</u>	<u>60,915,621</u>
Less accumulated depreciation and amortization				
Building and improvements	8,576,565	300,216	-	8,876,781
Machinery and equipment	6,097,467	736,899	56,936	6,777,430
Infrastructure	18,518,889	880,259	-	19,399,148
Total accumulated depreciation and amortization	<u>33,192,921</u>	<u>1,917,374</u>	<u>56,936</u>	<u>35,053,359</u>
Total capital assets, being depreciated and amortized, net	<u>25,002,934</u>	<u>882,982</u>	<u>23,654</u>	<u>25,862,262</u>
Business-type activities capital assets, net	<u>\$ 34,184,181</u>	<u>\$ 3,291,473</u>	<u>\$ 23,654</u>	<u>\$ 37,452,000</u>

**CITY OF FOREST GROVE**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 6 – CAPITAL ASSETS (Continued)**

Activity for business-type activities for the year ended June 30, 2022, was as follows:

	Balances July 1, 2021	Additions	Deletions	Balances June 30, 2022
Capital assets not being depreciated				
Land	\$ 1,276,358	\$ -	\$ -	\$ 1,276,358
Work in progress	993,714	2,240,556	2,998,045	236,225
Total capital assets not being depreciated	<u>2,270,072</u>	<u>2,240,556</u>	<u>2,998,045</u>	<u>1,512,583</u>
Capital assets, being depreciated and amortized				
Building and improvements	13,853,410	346,555	-	14,199,965
Machinery and equipment	32,009,183	3,375,785	452,439	34,932,529
Infrastructure	49,844,059	2,044,918	-	51,888,977
Intangible-water rights	1,707,484	-	-	1,707,484
Total capital assets, being depreciated and amortized	<u>97,414,136</u>	<u>5,767,258</u>	<u>452,439</u>	<u>102,728,955</u>
Less accumulated depreciation and amortization				
Building and improvements	4,983,795	272,765	-	5,256,560
Machinery and equipment	14,530,820	772,058	254,690	15,048,188
Infrastructure	24,020,983	841,880	-	24,862,863
Intangible-water rights	1,433,001	42,777	-	1,475,778
Total accumulated depreciation and amortization	<u>44,968,599</u>	<u>1,929,480</u>	<u>254,690</u>	<u>46,643,389</u>
Total capital assets, being depreciated and amortized, net	<u>52,445,537</u>	<u>3,837,778</u>	<u>197,749</u>	<u>56,085,566</u>
Business-type activities capital assets, net	<u>\$54,715,609</u>	<u>\$6,078,334</u>	<u>\$3,195,794</u>	<u>\$57,598,149</u>

For the year ended June 30, 2022, depreciation and amortization expense was charged to functions/programs of the City as follows:

<b>Governmental activities</b>	
General government	\$ 503,532
Public safety	224,768
Highways and streets	815,919
Culture and recreation	373,155
	<u>\$ 1,917,374</u>
<b>Business-type activities</b>	
Light	\$ 913,356
Sewer	346,099
Water	459,425
Surface water management	210,600
	<u>\$ 1,929,480</u>

**CITY OF FOREST GROVE**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 – UNAVAILABLE REVENUE**

As of June 30, 2022, resources in the governmental funds which are measurable but unavailable consist of the following:

	General	Urban Renewal	Nonmajor	Totals
Property taxes	\$ 105,185	\$ 4,502	\$ -	\$ 109,687
Accounts	9,515	-	43,096	52,611
Assessments	-	-	9,131	9,131
	<u>\$ 114,700</u>	<u>\$ 4,502</u>	<u>\$ 52,227</u>	<u>\$ 171,429</u>

**NOTE 8 – LONG-TERM OBLIGATIONS**

Changes in long-term obligations for the year ended June 30, 2022, were as follows:

	Balances July 1, 2021	Additions	Reductions	Balance June 30, 2022	Balances Due Within One year
<u>Governmental activities</u>					
Other long-term obligations					
Compensated absences	\$ 1,041,919	\$ 993,691	\$ 1,041,919	\$ 993,691	\$ 993,691
Other post employment benefit liability	1,547,487	-	42,116	1,505,371	-
Net pension liability	20,663,746	1,888,461	1,736,464	20,815,743	-
	<u>\$ 23,253,152</u>	<u>\$ 2,882,152</u>	<u>\$ 2,820,499</u>	<u>\$ 23,314,805</u>	<u>\$ 993,691</u>
<u>Business-type activities</u>					
Long-term debt obligations - bonds and loans					
Direct placement					
Capital One Public Financing, LLC	\$ 695,000	\$ -	\$ 345,000	\$ 350,000	\$ 350,000
Premium	6,310	-	3,155	3,155	3,155
Columbia State Bank	2,703,000	-	241,000	2,462,000	247,000
Direct borrowing					
US Department of the Interior	838,423	-	43,452	794,971	44,972
Clean Water Services	959,959	-	93,668	866,291	95,617
	5,202,692	-	726,275	4,476,417	740,744
Other long-term obligations					
Compensated absences	407,533	387,469	407,533	387,469	387,469
Other postemployment benefit liability	353,397	124,400	-	477,797	-
Net pension liability	8,906,959	82,429	521,309	8,468,079	-
	<u>\$ 14,870,581</u>	<u>\$ 594,298</u>	<u>\$ 1,655,117</u>	<u>\$ 13,809,762</u>	<u>\$ 1,128,213</u>

**NOTE 8 – LONG-TERM OBLIGATIONS (Continued)**

Business-type activities long-term debt obligations

Direct placements

*Capital One Public Financing LLC* – The City borrowed \$3,160,000 to refund previously issued long-term debt obligations. Annual principal and interest payments are due in April each year and range from \$324,045 to \$354,795. Annual interest only payments are due in October each year and range from \$4,795 to \$39,045. Interest on outstanding loan is 2.74%. The City has pledged revenue from timber sales and available water revenues for repayment of this note.

*Columbia State Bank* – The City borrowed \$3,822,000 to finance light and power improvements. Annual principal and interest payments are due in October each year and range from \$260,775 to \$305,775. Annual interest only payments are due in April each year and range from \$45,113 to \$3,775. Interest is at 2.5%. In the event of default, amounts due under the agreement are not subject to acceleration however, the bank may increase the interest rate 5.0%.

Direct borrowings

*US Department of the Interior* – The City borrowed \$1,707,484 to finance improvements to the Scoggins Dam and Reservoir. Annual payments are \$72,797 and include interest at 3.5%.

*Clean Water Services Loan* – The City entered into an agreement with Clean Water Services (CWS) to participate in and inflow and infiltration project. The City’s portion of the costs are to be paid in semi-annual installments of \$56,528, which includes principal and interest at 2.07%. The loan matures in 2030.

As of June 30, 2022, maturities for business-type activities long-term debt obligations for future years ending June 30 are as follows:

Fiscal Year	Capital One Public Financing LLC		US Department of the Interior		Columbia State Bank		Clean Water Services		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 350,000	\$ 9,590	\$ 44,972	\$ 27,825	\$ 247,000	\$ 58,463	\$ 95,617	\$ 17,438	\$ 737,589	\$ 113,316
2024	-	-	46,546	26,251	253,000	52,213	97,606	15,449	397,152	93,913
2025	-	-	48,176	24,621	260,000	45,800	99,637	13,418	407,813	83,839
2026	-	-	49,862	22,935	266,000	39,225	101,711	11,345	417,573	73,505
2027	-	-	51,607	21,190	273,000	32,488	103,827	9,229	428,434	62,907
2028-2032	-	-	286,427	77,558	1,163,000	59,062	367,893	14,989	1,817,320	151,609
2033-2036	-	-	267,381	23,799	-	-	-	-	267,381	23,799
	<u>\$ 350,000</u>	<u>\$ 9,590</u>	<u>\$ 794,971</u>	<u>\$ 224,179</u>	<u>\$ 2,462,000</u>	<u>\$ 287,251</u>	<u>\$ 866,291</u>	<u>\$ 81,868</u>	<u>\$ 4,473,262</u>	<u>\$ 602,888</u>

Funds used to liquidate other long-term obligations

The General, Street, Building, Light, Sewer, Water, and Surface Water Management Funds have been used to liquidate obligations for compensated absences, other postemployment benefit liability, and net pension liability.

**NOTE 9 – CONDUIT DEBT**

The City has issued limited obligation ("conduit") revenue bonds for the express purpose of providing capital financing for specific third-party borrowers. Although the conduit debt obligations bear the name of the City, the City has no obligation for such debt; accordingly, the debt is not reported as a liability in the City's financial statements.

On February 1, 2022, the City issued \$28,845,000 in revenue bonds to refinance the 2014A tax-exempt bonds originally issued for Pacific University to fund capital improvement projects and to provide additional resources for capital improvement projects on the campus. At June 30, 2022, \$28,845,000 was outstanding. The bonds mature May 1, 2040.

On April 22, 2015, the City issued \$35,425,000 in revenue bonds to refinance the 2005 revenue bonds originally issued for Pacific University to fund capital improvement projects and to provide additional resources for capital improvement projects on the campus. \$32,330,000 of the 2015 revenue bonds were to refinance the 2005 revenue bonds and \$3,095,000 of the 2015 revenue bonds were to provide resources for additional capital improvement projects on campus. The 2015 revenue bonds were assigned to Pacific University. At June 30, 2022, \$28,185,000 was outstanding. The bonds mature May 1, 2045.

On October 19, 2016, the City issued \$17,800,000 in revenue bonds to refinance the 2013 revenue bonds originally issued for Pacific University to fund capital improvement projects. The 2016 revenue bonds were assigned to Pacific University. At June 30, 2022, \$13,843,730 was outstanding. The bonds mature November 1, 2036.

On November 1, 2021, the City issued \$2,070,000 in revenue bonds to refund the 2014B taxable bonds originally issued to fund campus improvements. At June 30, 2022, \$1,785,000 was outstanding. The bonds mature May 1, 2026.

**NOTE 10 – DEFINED BENEFIT PENSION PLAN**

Plan description

The Plan is a defined benefit pension plan providing retirement benefits to employees of the City hired before February 1, 2016. The Plan is closed to employees hired after February 1, 2016.

The Plan was established by the city council who may amend the Plan.

Plan description (continued)

The City does not issue a separate financial report available to the public for the Plan.

**NOTE 10 – DEFINED BENEFIT PENSION PLAN (Continued)**

Plan membership

All full-time employees hired before July 1, 2011, were eligible to participate in the Plan after six months of employment. After July 1, 2011, the Plan was closed to new participants except as follows:

- Full-time employees belonging to the Firefighter’s Association (IFFA), the International Brotherhood of Electrical Workers (IBEW), or the Forest Grove Police Association (FGPA) hired after July 1, 2011, but before February 1, 2016.
- As of July 1, 2012, full-time non-certified members of the FGPA hired on or after July 1, 2012, were no longer eligible to participate in the Plan.

Employees are divided into two groups: Public Safety Members (consisting of firefighters and police officers) and General Members. As of July 1, 2021, plan membership consisted of 115 retirees and beneficiaries, 29 vested terminated participants, 2 nonvested terminated participants, and 77 active participants.

Description of benefit terms

*Normal retirement*

Members are able to receive benefits after attaining age 58 for public safety members or age 65 for all other members. Retirement benefits will equal the accrued benefit based on average monthly earnings and years of membership as of the normal retirement date. Retirement benefits are subject to annual cost of living adjustments up to 2% per year. Additionally, members receive benefits from voluntary or unit contribution, if any.

*Early retirement*

Members are able to receive early retirement benefits after attaining age 50 with reduced benefits except for public safety employees with at least 25 years of service or general members with at least 30 years of service. Retirement benefits are reduced based upon the number of years the member still needed to work to reach normal retirement status. The benefit ranges from 67% to 93% of the benefit that would result if they were of normal retirement age.

*Late retirement*

Members that continue working beyond the normal retirement age receive increases to their retirement benefits equal to the benefit accruals past the normal retirement age.

*Disability*

Uniformed members that become totally and permanently disabled in the course of duty or members with 10 years of service are entitled to disability benefits. The benefit is based on current monthly earnings rate of compensation as of the date of disability and years of service projected to the earliest retirement age, or the early retirement benefit available, whichever is greater but in no event less than \$100 per month.

**CITY OF FOREST GROVE**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 10 – DEFINED BENEFIT PENSION PLAN (Continued)**

*Death benefits*

The beneficiaries of members who have not begun to receive benefits under the Plan are entitled to either a lump-sum payment of twice the member’s required and picked-up contributions account balances and the member’s voluntary contributions account balance or actuarial equivalent monthly payments.

Contributions

The City is required by the Plan’s provisions to pay the employees’ contribution to the Plan of 7% of covered salaries (6% if monthly base pay is less than \$1,500). In addition, the City will contribute additional amount necessary to fund the Plan sufficient to pay benefits when due based on annual actuarial valuations. City contributions to the Plan totaled \$4,359,923 for the year ended June 30, 2022.

Net pension liability, changes in net pension liability, pension expense, deferred outflows of resources and deferred inflows of resources related to pensions

As of June 30, 2022, the City reported a net pension liability of \$28,415,470. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date as follows:

Total pension liability	\$	97,167,624
Plan fiduciary net position		<u>68,752,154</u>
<b>Net pension liability</b>	<b>\$</b>	<b><u>28,415,470</u></b>
Fiduciary net position as a percentage of total pension liability		70.76%

For the year ended June 30, 2022, changes in the net pension liability are as follows:

	<u>Total Pension Liability</u>	<u>Fiduciary Net Position</u>	<u>Net Pension Liability</u>
Beginning balances	\$ 82,936,410	\$ 52,550,049	\$ 30,386,361
Changes for the year:			
Service cost	1,397,393	-	1,397,393
Interest on total pension liability	4,977,413	-	4,977,413
Effect of economic/ demographic losses	1,078,808	-	1,078,808
Effect of assumption changes or inputs	9,531,439	-	9,531,439
Benefit payments	(2,753,839)	(2,753,839)	-
Administrative expenses	-	(86,851)	86,851
Net investment income	-	14,822,763	(14,822,763)
Employer contributions	-	4,220,032	(4,220,032)
<b>Ending balances</b>	<b><u>\$97,167,624</u></b>	<b><u>\$68,752,154</u></b>	<b><u>\$28,415,470</u></b>

**CITY OF FOREST GROVE**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 10 – DEFINED BENEFIT PENSION PLAN (Continued)**

Net pension liability, changes in net pension liability, pension expense, deferred outflows of resources and deferred inflows of resources related to pensions (Continued)

For the year ended June 30, 2022, the City recognized pension expense of \$4,641,060. As of June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 663,882	\$ 169,795
Change of assumptions or inputs	5,865,501	2,120
Net difference between projected and actual earnings on pension plan investments	<u>                  --</u>	<u>9,084,587</u>
	<b><u>\$ 6,529,383</u></b>	<b><u>\$ 9,256,502</u></b>

As of June 30, 2022, amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense during future years ending June 30 as follows:

2023	\$ 1,480,596
2024	166,655
2025	(2,048,694)
2026	<u>(2,325,676)</u>
	<b><u>\$ (2,727,119)</u></b>

Actuarial valuation

The City contributions are based on the accruing benefit costs measured using the individual entry age normal actuarial cost method. Under the individual entry age method, a normal cost is determined for each participant by allocating the actuarial present value of the projected benefit on a level percentage of salary basis over the service of each active participant between entry age and assumed exit age. The individual normal costs are then summed for the group. The normal cost for inactive members is zero. The individual actuarial accrued liability for a participant is the actuarial present value of the projected benefits as of the valuation date less the present value of projected future normal costs.

**NOTE 10 – DEFINED BENEFIT PENSION PLAN (Continued)**

Actuarial valuation (Continued)

Under the City’s funding policy, the annual recommended contribution includes the total normal cost developed on the individual entry age method and an amortized portion of any unfunded actuarial accrued liability. The unfunded actuarial accrued liability is the difference between the actuarial accrued liability and the actuarial value of assets. Emerging unfunded actuarial accrued liability bases are amortized over a closed 15-year period. Amortization payments are assumed to begin, on average, 18 months after the base is established and are assumed to increase 2.5% each year.

Actuarial methods and assumptions used in developing total pension liability

Valuation date	July 1, 2021
Actuarial cost method	Entry age normal, level percentage of pay
Inflation rate	2.0%
Long-term expected rate of return	5.25%
Discount rate	5.25%
Amortization method	Closed 15-year amortization, payments increasing 2.5% per year
Asset valuation method	market value of assets
Projected salary increases	Salaries for individuals are assumed to grow at 3.75% per year
Mortality	<b>Healthy retirees and beneficiaries:</b> Pub-2010 sex-distinct, generational per Unisex Social Security Data Scale, with job class adjustments and setbacks <b>Participants with disabilities:</b> Pub-2010 sex distinct, generational per Unisex Social Security Data Scale

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Discount rate

The discount rate used to measure the total pension liability was 5.25%. 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 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 investments for the Plan was applied to all periods of projected benefit payments to determine the total pension liability.

**NOTE 10 – DEFINED BENEFIT PENSION PLAN (Continued)**

Depletion date projection

GASB 67 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on Plan investments may be used to discount liabilities to the extent that the Plan’s Fiduciary Net Position (fair market value of assets) is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 67 will often require that the actuary perform complex projections of future benefit payments and asset values. GASB 67 (paragraph 43) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

Based on these circumstances, it is the Plan’s independent actuary’s opinion that the detailed depletion date projections outlined in GASB 67 would indicate that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

Long-term expected rate of return

The long-term expected rate of return assumption of 5.25% is based on a blending of the projected return on plan assets and a 20-year tax-exempt, high quality general obligation municipal bond yield or index rate.

Change in assumptions

Since the actuarial date of July 1, 2021, the discount rate was lowered from 6.00% to 5.25%, the mortality improvement scale was changed from the 2015 Unisex Social Security Data Scale to the 2017 Unisex Social Security Data Scale, consistent with the mortality assumptions used in the Valuation for the Oregon Public Employees Retirement System as of December 31, 2020, and the administrative expense assumption was increased using the inflation assumption from \$70,000 to \$72,000.

Sensitivity of the City’s net pension liability to changes in the discount rate

The following presents the City of Forest Grove’s net pension liability calculated using the discount rate of 5.25%, as well as what the City’s net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.25%) or 1-percentage-point higher (6.25%) than the current rate:

	1 Percentage Point Lower	Current Discount Rate	1 Percentage Point Higher
Proportionate share of net pension liability	\$ 43,246,262	\$ 28,415,470	\$16,344,613

**NOTE 11 – DEFINED CONTRIBUTION PLAN**

The City sponsors a defined contribution plan known as the City of Forest Grove Defined Contribution Plan. The DC Plan is administered through an ICMA Retirement Corporation Governmental Profit Sharing Plan and Trust. ICMA Retirement Corporation acts as the Plan Administrator. The City Council has authority for establishing or amending plan provisions related to contributions and compensation.

The DC Plan was effective as of July 1, 2011, although the first participant did not become eligible for the plan until March 2012. The following classes of employees are eligible for the plan after six months of employment:

- All full-time non-represented employees and all full-time members of the AFSCME union hired on or after July 1, 2011
- All full-time non-certified members of the Forest Grove Police Association hired on or after July 1, 2012
- All part-time non-represented and AFSCME employees, who are regularly scheduled to work at least twenty (20) hours per week as of July 1, 2014
- All part-time non-certified members of the Forest Grove Police Association as of July 1, 2016

Retirement benefits are based on the value of the individual employee’s accumulated contributions and investment earnings at the time of retirement.

Contributions for employees are made by City as required by the DC Plan. Contributions to the DC Plan by individual employees or others are not permitted. The City contributes 10% of an employee’s base salary to DC Plan plus an additional 2% to DC Plan if the individual employee contributes at least 2% of base salary to an eligible deferred compensation plan. The employee can invest the contributions in investments allowed by ICMA Retirement Corporation within the DC Plan. Contributions and earnings are immediately 100% vested to the employee.

Contributions to the DC Plan for the year ended June 30, 2022, totaled \$268,501.

**NOTE 12 – DEFINED BENEFIT PENSION PLAN - OPERS**

Plan description

Police officers and firefighters hired on or after February 1, 2016 are provided with pensions through the Oregon Public Employee Retirement Systems (OPERS).

The OPERS consists of a single cost-sharing multiple employer defined benefit pension plan. The Oregon Legislature has delegated the authority to the Public Employees Retirement Board to administer and manage the system.

**NOTE 12 – DEFINED BENEFIT PENSION PLAN – OPERS (Continued)**

OPERS produces an independently audited Comprehensive Annual Financial Report which includes detailed information about the pension plan’s fiduciary net position. The report can be found at: <https://www.oregon.gov/pers/Documents/Financials/CAFR/2021-ACFR.pdf>

Description of benefit terms

All benefits of the System are established by the legislature pursuant to ORS Chapters 238 and 238A.

Tier One/Tier Two retirement benefit (Chapter 238)

Tier One/Tier Two Retirement Benefit plan is closed to new members hired on or after August 29, 2003.

*Pension benefits*

The OPERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (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 either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.

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.

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

**NOTE 12 – DEFINED BENEFIT PENSION PLAN – OPERS (Continued)**

*Disability benefits*

A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including OPERS judge members) for disability benefits regardless of the length of OPERS-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 a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes.

Oregon Public Service Retirement Plan (Chapter 238A) (OPSRP)

*Pension benefits*

The OPSRP pension program provides benefits to members hired on or after August 29, 2003.

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

Police and fire: 1.8% is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 60, or age 53 with 25 years of retirement credit.

A member of the OPSRP pension program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.

*Death benefits*

Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50% of the pension that would otherwise have been paid to the deceased member.

*Disability benefits*

A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45% of the member's salary determined as of the last full month of employment before the disability occurred.

**NOTE 12 – DEFINED BENEFIT PENSION PLAN – OPERS (Continued)**

Oregon Public Service Retirement Plan (Chapter 238A) (OPSRP) (continued)

*Benefit changes after retirement*

Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes.

Contributions

OPERS funding policy provides for periodic member and employer contributions at actuarial determined rates, subject to limits set in statute. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. Employer contribution rates during the period were based on the actuarial valuation as of December 31, 2019.

Tier One/Tier Two employer contribution rates are 15.90% and the OPSRP employer contribution rates are 14.51% for public safety employees. Employer contributions totaled \$485,036 for the year ended June 30, 2022.

Net pension liability, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions

*Net pension liability*

As of June 30, 2022, the City reported a liability of \$868,352 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term contributions effort to the pension plan relative to the projected contributions effort of all participating employers, actuarially determined. The projected long-term contribution effort is equal to the sum of the present value of future normal costs (PVFNC) and the unfunded actuarial liability (UAL)

Normal Cost Rate: The PVFNC represents the portion of the projected long-term contribution effort related to future service. An employer's PVFNC depends on both the normal cost rates charged on the employer's payrolls, and on the underlying demographics of the respective payrolls. For OPERS funding, employers have up to three different payrolls, each with a different normal cost rate: (1) Tier One/Tier Two payroll; (2) OPSRP general service payroll; and (3) OPSRP police and fire payroll.

UAL Rate: A UAL can arise when an event such as experience differing from the assumptions used in the actuarial valuation occurs. An amortization schedule is established to eliminate the UAL that arises over a fixed period of time if future experience follows assumption. The UAL Rate is the upcoming year's component of the cumulative amortization schedules, stated as a percent of payroll. The UAL represents the portion of the projected long-term contribution effort related to past service.

**NOTE 12 – DEFINED BENEFIT PENSION PLAN – OPERS (Continued)**

Net pension liability, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions (Continued)

After the employer's projected long-term contribution effort is calculated, that amount is reduced by the value of the employer's supplemental lump-sum payments, known as side accounts, transition surpluses and pre-SLGRP (State and Local Government Rate Pool) surpluses as of the valuation date. Side accounts decrease the employer's projected long-term contribution effort because side accounts are effectively prepaid contributions.

As of June 30, 2021, the City's proportion was 0.00725654%, which was an increase of 0.001963% from its proportion measured as of June 30, 2020.

*Pension expense*

For the year ended June 30, 2022, the City recognized pension expense of \$388,884.

*Deferred inflows of resources and deferred outflows of resources*

Deferred inflows of resources and deferred outflows of resources are calculated at the plan level and are allocated to employers based on their proportionate share. For the measurement period ended June 30, 2021, employers will report the following deferred inflows or resources and/or deferred outflows of resources:

- Difference between expected and actual experience
- Changes in assumptions
- Net differences between projected and actual investment earnings
- Changes in employer proportion since the prior measurement date
- Differences between employer contributions and employer's proportionate share of system contributions
- Contributions subsequent to measurement date

Differences between expected and actual experience, changes in assumptions and changes in employer proportionate are amortized over the average remaining service lives of all plan participants, including retirees, determined at the beginning of the respective measurement period. Employers are required to recognize pension expense based on the balance of the closed period "layers" attributable to each measurement period. The average remaining service lives determined as of the beginning of each measurement period are:

- Fiscal Year ended June 30, 2021 - 5.4 years
- Fiscal Year ended June 30, 2020 - 5.3 years
- Fiscal Year ended June 30, 2019 - 5.2 years
- Fiscal Year ended June 30, 2018 - 5.2 years
- Fiscal Year ended June 30, 2017 - 5.3 years
- Fiscal Year ended June 30, 2016 - 5.3 years
- Fiscal Year ended June 30, 2015 - 5.4 years
- Fiscal Year ended June 30, 2014 - 5.6 years

**CITY OF FOREST GROVE**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 12 – DEFINED BENEFIT PENSION PLAN – OPERS (Continued)**

Net pension liability, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions (Continued)

The net difference between projected and actual investment earnings attributable to each measurement period is amortized over a closed five-year period.

As of June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 81,283	\$ --
Change of assumptions	217,375	2,285
Net difference between projected and actual earnings on pension plan investments	--	642,835
Changes in proportionate share	479,658	62
Difference between contributions and proportionate share of system contributions	233,974	--
Contributions subsequent to the measurement date	<u>485,036</u>	<u>--</u>
	<u>\$ 1,497,326</u>	<u>\$ 645,182</u>

Deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement in the amount of \$485,036 will be recognized as a reduction of the net pension liability in the year ending June 30, 2023.

As of June 30, 2022, other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense for future years ending June 30 as follows:

2023	\$ 200,041
2024	136,700
2025	33,933
2026	(59,275)
2027	<u>55,709</u>
	<u>\$ 367,108</u>

**NOTE 12 – DEFINED BENEFIT PENSION PLAN – OPERS (Continued)**

Actuarial methods and assumptions used in developing contribution rates and total pension liability  
The total pension liability measured as of June 30, 2021, was based on an actuarial valuation as of December 31, 2019, using the following methods and assumptions:

<u>Actuarial Methods and Assumptions</u>	<u>Pension</u>
Valuation date	December 31, 2019
Measurement date	June 30, 2021
Experience Study	2018, published July 24, 2019
Actuarial assumptions:	
Actuarial cost method	Entry Age Normal
Inflation rate	2.40 percent
Long-term expected rate of return	6.90 percent
Discount rate	6.90 percent
Projected salary increases	3.40 percent
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 members:</b> Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p><b>Disabled retirees:</b> Pub-2010 Disable Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p>

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2018 Experience Study which reviewed experience for the four-year period ended December 31, 2019.

**NOTE 12 – DEFINED BENEFIT PENSION PLAN – OPERS (Continued)**

Actuarial methods and assumptions used in developing contribution rates and total pension liability (Continued)

*UAL amortization*

The Tier One/Tier Two UAL amortization period was reset to 20 years as of December 31, 2013. Gains and losses between subsequent odd-year valuations will be amortized as a level percentage of projected combined valuation payroll (Tier One/ Tier Two plus OPSRP payroll) over a closed 20-year period from the valuation in which they are first recognized.

The OPSRP UAL as of December 31, 2007, is amortized as a level percentage of projected combined valuation payroll (Tier One/ Tier Two plus OPSRP payroll) over a closed period 16 year period. Gains and losses between subsequent odd-year valuations are amortized as a level percentage of combined valuation payroll over 16 years from the valuation in which they are first recognized.

*Discount rate*

The discount rate used to measure the total pension liability was 6.9%. 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 was applied to all periods of projected benefit payments to determine the total pension liability.

*Assumed asset allocation*

Asset Class	Target Allocation	
	Through June 2, 2021	After June 2, 2021
Cash	0.0%	0.0%
Debt Securities	20.0%	20.0%
Public Equity	32.5%	30.0%
Private Equity	17.5%	20.0%
Real Estate	12.5%	12.5%
Alternatives Portfolio	15.0%	15.0%
Risk Parity*	2.5%	2.5%
<b>Total</b>	<b><u>100.0%</u></b>	<b><u>100.0%</u></b>

\* Risk Parity asset class/strategy included within Alternatives Portfolio on the Statement of Fiduciary Net Position

**CITY OF FOREST GROVE**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 12 – DEFINED BENEFIT PENSION PLAN – OPERS (Continued)**

Actuarial methods and assumptions used in developing contribution rates and total pension liability (Continued)

*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 the actuaries capital market assumptions team and the Oregon Investment Council's (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 forward-looking capital market economic model.

<u>Long-Term Expected Rate of Return</u> <sup>1</sup>				
Asset Class	Target Allocation	Annual Arithmetic Return <sup>2</sup>	20-Year Annualized Geometric Mean	Annual Standard Deviation
Global Equity	30.62 %	7.11 %	5.85 %	17.05 %
Private Equity	25.50	11.35	7.71	30.00
Core Fixed Income	23.75	2.80	2.73	3.85
Real Estate	12.25	6.29	5.66	12.00
Master Limited Partnerships	0.75	7.65	5.71	21.30
Infrastructure	1.50	7.24	6.26	15.00
Commodities	0.63	4.68	3.10	18.85
Hedge Fund of Funds - Multistrategy	1.25	5.42	5.11	8.45
Hedge Fund Equity - Hedge	0.63	5.85	5.31	11.05
Hedge Fund - Macro	5.62	5.33	5.06	7.90
US Cash	-2.50 <sup>3</sup>	1.77	1.76	1.20
Assumed Inflation - Mean			2.40 %	1.65 %

<sup>1</sup> Based on the OIC Statement of Investment Objectives and Policy Framework for the Oregon Public Employees Retirement Fund, including revisions adopted at the OIC meeting on June 2, 2021.

<sup>2</sup> The arithmetic mean is a component that goes into calculating the geometric mean. Expected rates of return are presented using the geometric mean, which the Board uses in setting the discount rate.

<sup>3</sup> Negative allocation to cash represents levered exposure from allocation to Risk Parity strategy.

**NOTE 12 – DEFINED BENEFIT PENSION PLAN – OPERS (Continued)**

Actuarial methods and assumptions used in developing contribution rates and total pension liability (Continued)

*Depletion date projection*

GASB 68 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan’s fiduciary net position (fair market value of assets) is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the fiduciary net position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 68 will often require that the actuary perform complex projections of future benefit payments and asset values. GASB 68 (paragraph 67) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

The following circumstances justify an alternative evaluation of sufficiency for OPERS:

- OPERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100% funded position by the end of the amortization period if future experience follows assumption.
- GASB 68 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate 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 OPERS independent actuary’s opinion that the detailed depletion date projections outlined in GASB 68 would clearly indicate that the fiduciary net position is always projected to be sufficient to cover benefit payments and administrative expenses.

Sensitivity of the proportionate share of the net pension liability to changes in the discount rate

The following presents the proportionate share of the net pension liability calculated using the discount rate of 6.9%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.9%) or 1-percentage-point higher (7.9%) than the current rate:

	1 Percentage Point Lower	Current Discount Rate	1 Percentage Point Higher
Proportionate share of net pension liability	\$ 1,705,236	\$ 868,352	\$ 168,184

**NOTE 13 – DEFINED CONTRIBUTION PLAN - OPERS**

Plan description

Individual account program (IAP) - Participants in OPERS defined benefit pension plan also participate in the defined contribution plan.

Pension benefits

An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies.

Upon retirement, a member of the IAP may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment or in equal installments over a 5-, 10-, 15-, 20-year period or an anticipated life span option. Each distribution option has a \$200 minimum distribution limit.

Death benefits

Upon the death of a non-retired member, the beneficiary receives in a lump sum the member's account balance, rollover account balance, and vested employer optional contribution account balance. If a retired member dies before the installment payments are completed, the beneficiary may receive the remaining installment payments or choose a lump-sum payment.

Contributions

The City makes the employee contributions of 6 percent of covered payroll to the plan. Contributions totaled \$200,911 for the year ended June 30, 2022.

Recordkeeping

PERS contracts with VOYA Financial to maintain IAP participant records.

**NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS**

City of Forest Grove Other Postemployment Benefits Plan

Plan description and benefits provided

The City provides other postemployment benefits (OPEB) for employees, retirees, spouses and dependents through an employer defined benefit plan in the form of group health insurance benefits. As required by ORS 243.303(2), retirees are allowed to continue, at the retirees' expense, coverage under the group health insurance plan until age 65. The difference between the premium actually paid by the retirees under the group insurance plan and the premium that they would pay if they were not included in the plan is considered to be an implicit subsidy under the provisions of GASB 75. The plan does not issue a separate stand-alone financial report.

Plan membership

As of July 1, 2020, there were 140 active employees, 5 eligible retirees, and 1 spouse of eligible retirees for a total of 146 plan members.

Contributions

The City funds the plan only to the extent of current year insurance premium requirements on a pay-as-you-go basis. The average monthly premium requirements for the City are as follows:

For retirees	\$	673
For spouses of retirees		759

Total OPEB liability, changes in total OPEB liability, OPEB expense, deferred outflows of resources and deferred inflows of resources related to OPEB

As of June 30, 2022, the City reported a total OPEB liability of \$1,479,160. The total OPEB liability was measured as of June 30, 2021, and determined by an actuarial valuation as of that date.

Changes in the total OPEB liability is as follows:

	<u>Total OPEB Liability</u>
Balances at June 30, 2021	\$ 1,396,866
Changes for the year:	
Service cost	106,727
Interest	32,547
Effect of economic/demographic gains or losses	-
Changes in assumptions or other inputs	5,111
Benefit payments	<u>(62,091)</u>
Balances at June 30, 2022	<u>\$ 1,479,160</u>

**CITY OF FOREST GROVE**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS (Continued)**

City of Forest Grove Other Postemployment Benefits Plan (Continued)

For the year ended June 30, 2022, the City recognized an OPEB expense of \$42,053. As of June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 320,989
Changes of assumptions	37,032	229,447
Benefit payments	88,171	-
	\$ 125,203	\$ 550,436

Differences between expected and actual experience and changes in assumptions are amortized over the average remaining service lives of all plan participants, including retirees, determined at the beginning of the respective measurement period.

Deferred outflows of resources related to OPEB resulting from benefit payments subsequent to the measurement date in the amount of \$88,171 will be recognized as an adjustment to the total OPEB liability in the year ending June 30, 2023.

As of June 30, 2022, other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense in future years ending June 30 as follows:

2023	\$ (97,221)
2024	(97,221)
2025	(97,221)
2026	(93,330)
2027	(69,291)
Thereafter	(59,120)
	\$ (513,404)

**NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS (Continued)**

City of Forest Grove Other Postemployment Benefits Plan (Continued)

Actuarial valuation

The City contributions are based on the accruing benefit costs measured using the individual entry age normal actuarial cost method. The present value of benefits is allocated over the service for each active employee from their date of hire to their expected retirement age, as a level percent of the employee’s pay. This level percent times pay is referred to as the service cost and is that portion of the present value of benefits attributable to an employee’s service in a current year. The service cost equals \$0 for retired members. The total OPEB liability is the present value of benefits less the actuarial present value of future normal costs and represents the liabilities allocated to service up to the valuation date. For retirees, the total OPEB liability is equal to the present value of benefits.

Actuarial methods and assumptions used in developing total OPEB liability

Valuation Date	July 1, 2020
Actuarial Cost Method	Entry Age Normal, Level Percent of Pay
Actuarial Assumptions:	
Inflation Rate	2.5%
Projected Salary Increases	3.5%
Mortality	Pub-2010 General and Safety Employee and Healthy Retiree, sex distinct for members and dependents, with a one-year setback for male general service employees and female safety employees.

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Discount rate

The discount rate used to measure the total OPEB liability was 2.16%. The discount rate is based on the Bond Buyer 20-year General Obligation Bond Index. The discount rate at the prior measurement date was 2.21%.

**NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS (Continued)**

City of Forest Grove Other Postemployment Benefits Plan (Continued)

Healthcare cost trend rate

As of June 30, 2022, the assumed healthcare cost trend for medical and vision costs is as follows:

Year	Pre-65 Trend
2020	3.75%
2021	5.75%
2022	5.25%
2023-2025	5.00%
2026-2040	4.75%
2041-2049	5.00%
2050-2064	4.75%
2065-2067	4.50%
2068-2071	4.25%
2072+	4.00%

Dental costs are assumed to increase 4.50% in all future years.

Sensitivity of the City's total OPEB liability to changes in the discount and healthcare cost trend rates

The following presents the City's total OPEB liability calculated using the discount rate of 2.16%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.16%) or 1-percentage-point higher (3.16%) than the current rate. A similar sensitivity analysis is then presented for changes in the healthcare cost trend assumption.

	1-Percentage Point Lower	Current Discount Rate	1-Percentage Point Higher
City's total OPEB liability	\$ 1,586,158	\$ 1,479,160	\$ 1,379,071
	1-Percentage Point Lower	Current Discount Rate	1-Percentage Point Higher
City's total OPEB liability	\$ 1,336,005	\$ 1,479,160	\$ 1,646,078

**NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS (Continued)**

Northwest Firefighters Relief Association Health Trust

Plan description and benefits provided

The Northwest Firefighters Relief Association Health Trust Retiree Program is a cost-sharing multiple-employer postemployment benefit plan that provides health insurance to eligible retirees of employers who participate in the Trust (an OPEB plan). As of the most recent valuation date (June 30, 2021), the Trust has nine participating employers, Tualatin Valley Fire and Rescue, Molalla Rural Fire Protection, Clatskanie Rural Fire Protection, Woodburn Fire District, Canby Fire District, City of Newberg Police Department, Forest Grove Fire and Rescue, Hoodland Fire District, and Port of Portland Fire Department. This plan has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

The program allows eligible retirees and their dependents to purchase continuation coverage under the Trust's health insurance plans from the date of retirement until eligibility for Medicare. The City is required by ORS 243.303 to provide retirees with group health insurance from the date of retirement to age 65 at the same rate provided to current employees.

Contributions

The City funds the plan only to the extent of current year insurance premium requirements on a pay-as-you-go basis.

Total OPEB liability, changes in total OPEB liability, OPEB expense, deferred outflows of resources and deferred inflows of resources related to OPEB

As of June 30, 2022, the City reported a liability of \$504,016 for its proportionate share of the total OPEB liability. The total OPEB liability was measured as of June 30, 2022. As of June 30, 2022, the City's proportion was 2.245% which was the same at the prior measurement date.

Deferred inflows of resources and deferred outflows of resources are calculated at the plan level and are allocated to employers based on their proportionate share. Differences between expected and actual experience, changes in assumptions and changes in employer proportionate are amortized over the average remaining service lives of all plan participants, including retirees, determined at the beginning of the respective measurement period.

**CITY OF FOREST GROVE**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS (Continued)**

Northwest Firefighters Relief Association Health Trust (Continued)

For the year ended June 30, 2022, the City recognized an OPEB expense of \$59,160. As of June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 7,097	\$ 11,510
Changes of assumptions	199,525	-
Changes in proportionate share	-	18,506
	\$ 206,622	\$ 30,016

As of June 30, 2022, amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense in future years ending June 30 as follows:

2023	\$ 16,936
2024	16,936
2025	16,936
2026	16,936
2027	16,936
Thereafter	91,926
	\$ 176,606

Actuarial assumptions

The total OPEB liability in the actuarial valuation as of June 30, 2022, was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Discount Rate	2.16%
Inflation Rate	2.5%
Projected Salary Increases	3.5%
Mortality	Pub-2010 General and Safety Employee and Healthy Retiree, sex distinct for members and dependents, with a one-year setback for male general service employees and female safety employees.

**NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS (Continued)**

Northwest Firefighters Relief Association Health Trust (Continued)

The 2.16% discount rate assumption is the rate as of June 30, 2021, in the 20-Year General Obligation Municipal Bond Index published by Bond Buyer.

Rates of mortality, retirement, and withdrawal are the same rates that were used in the December 31, 2019 actuarial valuation of the Oregon Public Employees Retirement System for Police and Fire employees.

Sensitivity of the City's proportionate share of the total OPEB liability to changes in the discount and healthcare cost trend rates

The following presents the City's proportionate share of the total OPEB liability, as well as what the City's proportionate share of the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.16%) or 1-percentage-point higher (3.16%) than the current rate. A similar sensitivity analysis is then presented for changes in the healthcare cost trend assumption.

	1-Percentage Point Lower	Current Discount Rate	1-Percentage Point Higher
City's total OPEB liability	\$ 549,706	\$ 504,016	\$ 461,850
	1-Percentage Point Lower	Current Discount Rate	1-Percentage Point Higher
City's total OPEB liability	\$ 440,236	\$ 504,016	\$ 579,797

**NOTE 15 – JOINT VENTURES AND INTERGOVERNMENTAL AGREEMENTS**

Joint Water Commission

The City is a party to the Joint Water Commission (the Commission) with the City of Hillsboro, City of Beaverton, and the Tualatin Valley Water District. The Commission is an entity organized under ORS 190. The City owns a 11.76% interest in the Joint Water Commission. The City's investment in the Commission at June 30, 2022, is \$5,911,040. The Commission issues a publicly available financial report which may be obtained by writing to the City of Hillsboro, 123 West Main Street, Hillsboro, OR 97123.

**NOTE 15 – JOINT VENTURES AND INTERGOVERNMENTAL AGREEMENTS (Continued)**

The Commission was established to provide operations for the supply, pumping, treatment, and transmission of municipal and industrial water. Under the Joint Water Services Agreement, the City may utilize the system for treatment of raw water up to 11.76% of the designed capacity of the system. The Commission is authorized to draw upon the raw water resources of each participating city to meet the projected needs of that city. No participant has the right to draw treated water from the system in excess of their proportionate contribution of raw water. The expenses of operation and maintenance of the system are paid monthly based on each participant's pro rata share of water production. In addition, the minimum amount to be paid by the City is not less than the per gallon cost as determined from time to time by the Commission multiplied by 72 million gallons per year. The agreement is perpetual, but may be terminated by giving a one-year notice to the other cities.

Barney Reservoir Joint Ownership Commission

The City is a party to the Barney Reservoir Joint Ownership Commission (the Reservoir Commission) with the City of Hillsboro, City of Beaverton, the Unified Sewerage Agency, and the Tualatin Valley Water District. The Reservoir Commission is an entity organized under ORS 190. The parties have agreed to establish joint ownership of an expanded Trask Reservoir also known as the "J.W. Barney Reservoir," located on the middle fork of the north fork of the Trask River, partially in Yamhill County and partially in Washington County. The agreement requires each of the original owners of the Trask Reservoir to exchange their equity interest in the reservoir for equity in the expanded "J.W. Barney Reservoir." As a member of the Commission, the City owns a 2.5% interest in the reservoir. The City's investment in the Commission was \$516,116 at June 30, 2022. The Barney Reservoir Joint Ownership Commission issues a publicly available financial report which may be obtained by writing the City of Hillsboro, 123 West Main Street, Hillsboro, OR 97123.

Clean Water Services of Washington County

The City collects charges for treatment of the City sewage and surface water management on behalf of the Clean Water Services of Washington County (CWS) and remits all collections to CWS except for 15.1% of sewer service charges collected, 20% of connection charges collected, and 75% of surface water management fees collected in accordance with agreements between the City and CWS. The amount collected on behalf of and remitted to CWS was \$6,562,694 for the year ended June 30, 2022. The amount due to and payable to CWS was \$1,478,045 at June 30, 2022.

**NOTE 16 – COMMITMENTS**

The City has committed to purchase 1 average megawatt of energy from the Northwest Intergovernmental Energy Supply (NIES) for each of the next two years. As of June 30, 2022, the City had outstanding commitments of up to \$306,600.

**CITY OF FOREST GROVE**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 17 – RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City purchases commercial insurance for such risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**NOTE 18 – INTERFUND TRANSFERS AND BALANCES**

	Transfers	
	In	Out
General	\$ 1,566,087	\$ 200,000
American Rescue Plan	-	91,474
Nonmajor governmental	4,067,052	3,493,296
Light	-	1,173,191
Sewer	-	308,773
Water	-	610,941
Surface water management	-	65,042
Internal service funds	349,578	40,000
	\$ 5,982,717	\$ 5,982,717

As part of the budget process, the City plans to make interfund transfers to move resources between funds to provide resources for specific expenditures that are not supported by other revenues.

A loan from the Capital Projects Fund to the Urban Renewal Fund is being repaid in annual installments of interest only for three years followed by six annual payments of \$318,690, including interest at 2.00%, and one annual payment of \$312,442. At June 30, 2022, the balance is \$1,213,486.

**NOTE 19 – DEFERRED OUTFLOWS INFLOWS AND PENSION OPEB OBLIGATIONS**

These accounts are aggregated as follows:

	Net Pension Liability	Deferred Outflows	Deferred Inflows
Defined Benefit - City Plan	\$ 28,415,470	\$ 6,529,383	\$ 9,256,502
Defined Benefit - PERS	868,352	1,497,326	645,182
	\$ 29,283,822	\$ 8,026,709	\$ 9,901,684
OPEB Implicit Rate	\$ 1,479,160	\$ 125,203	\$ 550,436
OPEB -NW Firefighters	504,016	206,622	30,011
	\$ 1,983,176	\$ 331,825	\$ 580,447

**NOTE 20 – NET POSITION RESTRICTED THROUGH ENABLING LEGISLATION**

As of June 30, 2022, net position which is restricted through enabling legislation is as follows:

Governmental activities – capital projects	
Transportation impact fees and transportation development tax are restricted for transportation infrastructure expansion	\$ 16,469,320
System development charges (SDC) are restricted for the purposes as specified in the implementing ordinances:	
Park acquisition and development	5,387,750
Trail system sponsorship is restricted for trail construction or maintenance	37,582
Governmental activities – tourism	
City transient lodging tax is restricted for tourism	192,688
Business-type activities – capital projects	
System development charges (SDC) are restricted for the purposes as specified in the implementing ordinances:	
Sewer system improvement and expansion	1,630,172
Water system improvement and expansion	8,305,932
Surface water management system improvement and expansion	560,092
Credit support Reserves	33,266

**NOTE 21 – TAX ABATEMENTS**

Washington County has established an Enterprise Zone under ORS 285C.050-250 that abates property taxes on new business development within the zone. As a result, the property taxes that the City received for the year ended June 30, 2022 have been reduced by \$462,000.

Washington County has established a Low Income Property Tax Exemption program under ORS 307.541 to make rental housing units affordable for income-restricted tenants. As a result, the property taxes that the City received for the year ended June 30, 2022, have been reduced by \$52,000.

Washington County has established a Vertical Housing Development Zone under ORS 307.864 as an incentive for the development of higher density mixed use residential development with ground floor nonresidential uses in areas well served by transit services. As a result, the property taxes that the City received for the year ended June 30, 2022, have been reduced by \$13,000.

**NOTE 22 – PRIOR PERIOD ADJUSTMENT**

There was a \$408,959 prior period adjustment made to account for the fact that the wrong years data was used for pension and OPEB liabilities and deferred inflows and outflows.

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF FOREST GROVE**  
**SCHEDULE OF NET PENSION LIABILITY AND**  
**CHANGES IN NET PENSION LIABILITY**  
**Last Ten Plan Years Ended June 30, \***

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>Beginning of year</u>								
Total pension liability	\$ 82,936,410	\$ 79,658,890	\$ 76,490,191	\$ 69,230,919	\$ 63,076,881	\$ 57,742,433	\$ 47,195,326	\$ 42,881,808
Fiduciary net position	<u>52,550,049</u>	<u>49,168,874</u>	<u>43,821,273</u>	<u>39,971,500</u>	<u>35,434,205</u>	<u>34,146,282</u>	<u>34,577,249</u>	<u>29,632,905</u>
Net pension liability	<u>\$ 30,386,361</u>	<u>\$ 30,490,016</u>	<u>\$ 32,668,918</u>	<u>\$ 29,259,419</u>	<u>\$ 27,642,676</u>	<u>\$ 23,596,151</u>	<u>\$ 12,618,077</u>	<u>\$ 13,248,903</u>
<u>Changes in total pension liability</u>								
Service cost	\$ 1,397,393	\$ 1,449,943	\$ 1,427,824	\$ 1,327,792	\$ 1,265,073	\$ 1,329,863	\$ 1,171,434	\$ 1,061,458
Interest on total pension liability	4,977,413	4,792,428	4,606,200	4,498,271	4,274,175	3,927,162	3,445,279	3,131,813
Effect of economic/demographic losses	1,078,808	(494,775)	(503,546)	(844,964)	617,091	32,324	(224,525)	269,909
Effect of assumption changes or inputs	9,531,439	-	(65,735)	4,987,257	2,039,393	1,829,323	7,846,254	1,342,042
Benefit payments	<u>(2,753,839)</u>	<u>(2,470,076)</u>	<u>(2,296,044)</u>	<u>(2,709,084)</u>	<u>(2,041,694)</u>	<u>(1,784,224)</u>	<u>(1,691,335)</u>	<u>(1,491,704)</u>
Net change in total pension liability	<u>\$ 14,231,214</u>	<u>\$ 3,277,520</u>	<u>\$ 3,168,699</u>	<u>\$ 7,259,272</u>	<u>\$ 6,154,038</u>	<u>\$ 5,334,448</u>	<u>\$ 10,547,107</u>	<u>\$ 4,313,518</u>
<u>Changes in fiduciary net position</u>								
Employer contributions	\$ 4,220,032	\$ 4,296,765	\$ 3,878,402	\$ 3,298,676	\$ 2,776,339	\$ 2,101,422	\$ 1,386,509	\$ 1,291,829
Member contributions	-	-	-	-	-	-	611,460	603,325
Investment income net of expenses	14,822,763	1,618,118	3,840,347	3,346,917	3,917,965	1,140,618	(674,943)	4,626,488
Benefit payments	(2,753,839)	(2,470,076)	(2,296,044)	(2,709,084)	(2,041,694)	(1,784,224)	(1,691,335)	(1,491,704)
Administrative expenses	<u>(86,851)</u>	<u>(63,632)</u>	<u>(75,104)</u>	<u>(86,736)</u>	<u>(115,315)</u>	<u>(169,893)</u>	<u>(62,658)</u>	<u>(85,594)</u>
Net change in fiduciary net position	<u>\$ 16,202,105</u>	<u>\$ 3,381,175</u>	<u>\$ 5,347,601</u>	<u>\$ 3,849,773</u>	<u>\$ 4,537,295</u>	<u>\$ 1,287,923</u>	<u>\$ (430,967)</u>	<u>\$ 4,944,344</u>
<u>End of year</u>								
Total pension liability	\$ 97,167,624	\$ 82,936,410	\$ 79,658,890	\$ 76,490,191	\$ 69,230,919	\$ 63,076,881	\$ 57,742,433	\$ 47,195,326
Fiduciary net position	<u>68,752,154</u>	<u>52,550,049</u>	<u>49,168,874</u>	<u>43,821,273</u>	<u>39,971,500</u>	<u>35,434,205</u>	<u>34,146,282</u>	<u>34,577,249</u>
<b>Net pension liability</b>	<b><u>\$ 28,415,470</u></b>	<b><u>\$ 30,386,361</u></b>	<b><u>\$ 30,490,016</u></b>	<b><u>\$ 32,668,918</u></b>	<b><u>\$ 29,259,419</u></b>	<b><u>\$ 27,642,676</u></b>	<b><u>\$ 23,596,151</u></b>	<b><u>\$ 12,618,077</u></b>
Fiduciary net position as a percent of total pension liability	70.8%	63.4%	61.7%	57.3%	57.7%	56.2%	59.1%	73.3%
Covered payroll	\$ 7,190,600	\$ 7,562,078	\$ 7,739,634	\$ 7,553,427	\$ 8,548,461	\$ 8,616,353	\$ 8,714,723	\$ 8,618,932
Net pension liability as a percent of covered payroll	395.2%	401.8%	393.9%	432.5%	342.3%	320.8%	270.8%	146.4%

\* 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 FOREST GROVE**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS (in thousands)**  
**RETIREMENT PLAN OF CITY OF FOREST GROVE**  
**Last Ten Fiscal Years Ended June 30, \***

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially determined contribution	\$ 4,208	\$ 4,274	\$ 3,853	\$ 3,525	\$ 2,707	\$ 2,094	\$ 1,987	\$ 1,888	\$ 1,763	\$ 1,731
Actual employer contribution	4,220	4,297	3,878	3,299	2,776	2,101	1,998	1,895	1,762	1,731
Contribution deficiency (excess)	(12)	(23)	(25)	226	(69)	(7)	(11)	(7)	1	-
Covered payroll	7,191	7,562	7,740	7,553	8,548	8,616	8,715	8,619	8,559	8,570
Contribution as a percent of covered payroll	58.70%	56.82%	50.10%	43.68%	32.48%	24.38%	22.93%	21.99%	20.59%	20.20%
Valuation date	7/1/2019	7/1/2018	7/1/2017	7/1/2016	7/1/2015	7/1/2014	7/1/2013	7/1/2012	7/1/2011	7/1/2010
Assumed investment rate of return	6.00%	6.00%	6.50%	6.75%	6.75%	7.25%	7.25%	7.25%	7.25%	7.50%

**NOTES TO SCHEDULE**

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Individual entry age normal, level percent of pay
Amortization method	Effective July 1, 2015: Closed 15-year amortization, payments increasing 2.50% per year Effective July 1, 2014: Closed 15-year amortization, payments increasing 2.75% per year Effective July 1, 2011: Closed 30-year amortization, payments increasing 2.75% per year Effective July 1, 2005: Open 25-year amortization, level percent of pay. The amortization period was decreased by one year each year until reaching 20 years, effective July 1, 2010
Asset valuation method	Market value of assets
Healthy mortality	Effective July 1, 2019: Pub-2010 Sex-distinct, generational per Unisex Social Security Data Scale, with cjob class adjustments and setbacks  Effective July 1, 2017: RP-2014 Sex-distinct, generational per Unisex Social Security Data Scale, with collar adjustments and setbacks Effective July 1, 2015: RP-2000 Sex-distinct, generational per Scale BB, with collar adjustments and setbacks Effective July 1, 2011: Healthy Combined RP-2000 mortality projected by Scale AA to 2005 Effective July 1, 2010: Healthy Combined RP-2000 mortality
Cost of living increases	2 percent per year
Salary increases	Effective July 1, 2015: 3.75 percent per year Effective July 1, 2011: 4.5 percent per year Effective July 1, 2010: 5 percent per year

**CITY OF FOREST GROVE**  
**SCHEDULE OF INVESTMENT RATE OF RETURN**  
**LAST TEN FISCAL YEARS**

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<u>Year Ended June 30,</u>	<u>Rate of Return</u>
2021	27.93%
2020	3.24%
2019	8.64%
2018	8.35%
2017	11.08%
2016	3.34%
2015	-1.95%
2014	15.56%

\*2022 information not available

**CITY OF FOREST GROVE**  
**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM**  
**Last Ten Plan Years Ended June 30, \***

<u>Year Ended June 30,</u>	<u>Proportion of the net pension liability (asset)</u>	<u>Proportionate share of the net pension liability (asset)</u>	<u>Covered payroll</u>	<u>Proportionate share of the net pension liability (asset) as a percentage of covered payroll</u>	<u>Plan fiduciary net position as a percentage of the total pension liability</u>
2022	0.00725654%	\$ 868,352	\$ 2,798,440	31%	80%
2021	0.00529354%	1,155,233	\$ 1,539,866	75%	80%
2020	0.00519207%	898,105	\$ 1,169,763	77%	80%
2019	0.00234040%	354,540	\$ 637,639	56%	82%
2018	0.00638400%	8,607	\$ 438,825	2%	83%
2017	0.00076680%	11,512	\$ 20,240	57%	81%

\* 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 FOREST GROVE**  
**SCHEDULE OF PENSION CONTRIBUTIONS**  
**OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM**  
**Last Ten Fiscal Years Ended \***

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<u>Year Ended June 30,</u>	<u>Statutorily required contribution</u>	<u>Contributions in relation to the statutorily required contribution</u>	<u>Contribution deficiency (excess)</u>	<u>Covered payroll</u>	<u>Contributions as a percent of covered payroll</u>
2022	\$ 485,036	\$ 485,036	\$ -	4,165,346	11.64%
2021	324,206	324,206	-	2,798,440	11.59%
2020	226,648	226,648	-	1,539,866	14.72%
2019	160,833	160,833	-	1,169,763	13.75%
2018	106,672	106,672	-	637,639	16.73%
2017	56,632	56,632	-	438,825	12.91%

\* 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 FOREST GROVE**  
**SCHEDULE OF CHANGES IN TOTAL OTHER**  
**POSTEMPLOYMENT BENEFITS LIABILITY AND RELATED RATIOS**  
**Last Ten Plan Years Ended June 30, \***

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Service cost	\$ 106,727	\$ 118,255	\$ 105,672	\$ 120,349	\$ 128,201
Interest on total OPEB liability	32,547	63,352	63,651	66,273	52,872
Effect of changes to benefit terms	-	-	-	-	-
Effect of economic/demographic gains or losses	-	(400,208)	-	(34,389)	-
Effect of assumptions changes or inputs	5,111	(36,953)	49,980	(286,905)	(112,965)
Benefit payments	<u>(62,091)</u>	<u>(78,100)</u>	<u>(55,133)</u>	<u>(59,126)</u>	<u>(69,377)</u>
Net change in total OPEB liability	82,294	(333,654)	164,170	(193,798)	(1,269)
Total OPEB liability - beginning of year	<u>1,396,866</u>	<u>1,730,520</u>	<u>1,566,350</u>	<u>1,760,148</u>	<u>1,761,417</u>
<b>Total OPEB liability - end of year</b>	<b><u>\$ 1,479,160</u></b>	<b><u>\$ 1,396,866</u></b>	<b><u>\$ 1,730,520</u></b>	<b><u>\$ 1,566,350</u></b>	<b><u>\$ 1,760,148</u></b>
Covered employee payroll	\$ 10,635,244	\$ 10,920,240	\$ 10,359,910	\$ 10,724,811	\$ 12,729,783
Total OPEB liability as a percentage of covered employee payroll	13.91%	12.79%	16.70%	14.60%	13.83%

**NOTES TO SCHEDULE**

\* 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.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

**CITY OF FOREST GROVE**  
**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OTHER POSTEMPLOYMENT**  
**BENEFITS LIABILITY - NORTHWEST FIREFIGHTERS RELIEF ASSOCIATION HEALTH TRUST**  
**Last Ten Plan Years Ended June 30, \***

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<u>Year Ended June 30,</u>	<u>Proportion of the net OPEB liability (asset)</u>	<u>Proportionate share of the net OPEB liability (asset)</u>	<u>Covered employee payroll</u>	<u>Proportionate share of the net OPEB liability (asset) as a percentage of covered employee payroll</u>	<u>Plan fiduciary net position as a percentage of the total OPEB liability</u>
2022	2.2450%	\$ 504,017	\$ 1,693,274	0.297658264	0%
2021	2.2450%	475,006	1,724,274	0.275481739	0%

\* 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 FOREST GROVE**  
**SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS CONTRIBUTIONS**  
**NORTHWEST FIREFIGHTERS RELIEF ASSOCIATION HEALTH TRUST**  
**Last Ten Fiscal Years Ended \***

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<u>Year Ended June 30,</u>	<u>Statutorily required contribution</u>	<u>Contributions in relation to the statutorily required contribution</u>	<u>Contribution deficiency (excess)</u>	<u>Covered employee payroll</u>	<u>Contributions as a percent of covered employee payroll</u>
2022	\$ 343,965	\$ 343,965	\$ -	\$ 1,693,274	20.31%
2021	236,879	236,879	-	1,724,274	13.74%

\* 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.

**COMBINING FINANCIAL STATEMENTS  
AND INDIVIDUAL FUND SCHEDULES**

**CITY OF FOREST GROVE**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL**  
**Year Ended June 30, 2022**

	<u>Budget</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Property taxes	\$ 10,438,960	\$ 10,438,960	\$ 10,406,156	\$ (32,804)
Other local taxes	266,000	266,000	303,599	37,599
Franchise fees	595,000	595,000	669,604	74,604
Licenses, permits and fees	144,725	144,725	256,675	111,950
Fines and forfeitures	419,354	419,354	541,955	122,601
Charges for services	4,971,258	4,971,258	4,951,850	(19,408)
Intergovernmental	2,737,464	2,737,464	2,779,225	41,761
Donations	3,200	3,200	3,146	(54)
Interest	105,000	105,000	53,255	(51,745)
Miscellaneous	201,645	201,645	155,772	(45,873)
<b>Total revenues</b>	<u>19,882,606</u>	<u>19,882,606</u>	<u>20,121,237</u>	<u>238,631</u>
<b>Expenditures</b>				
Legislative and executive	643,776	673,776	638,363	35,413
Administrative services	3,772,914	3,772,914	3,550,283	222,631
Library	1,424,891	1,424,891	1,327,392	97,499
Planning	582,681	582,681	517,898	64,783
Fire	5,366,324	5,366,324	5,160,339	205,985
Engineering	1,034,218	1,034,218	992,303	41,915
Police	7,186,229	7,186,229	6,430,901	755,328
Aquatics	697,679	697,679	670,086	27,593
Parks and recreation	1,032,056	1,032,056	971,894	60,162
Municipal court	396,039	396,039	412,114	(16,075)
Contingency	720,000	690,000	-	690,000
<b>Total expenditures</b>	<u>22,856,807</u>	<u>22,856,807</u>	<u>20,671,573</u>	<u>2,185,234</u>
Excess (deficiency) of revenues over expenditures	<u>(2,974,201)</u>	<u>(2,974,201)</u>	<u>(550,336)</u>	<u>2,423,865</u>
<b>Other financing sources (uses)</b>				
Transfers in	1,693,280	1,693,280	1,566,087	(127,193)
Transfers out	<u>(200,000)</u>	<u>(200,000)</u>	<u>(200,000)</u>	<u>-</u>
<b>Total other financing sources (uses)</b>	<u>1,493,280</u>	<u>1,493,280</u>	<u>1,366,087</u>	<u>(127,193)</u>
Net change in fund balance	(1,480,921)	(1,480,921)	815,751	2,296,672
Fund balance at beginning of year	<u>7,643,242</u>	<u>7,643,242</u>	<u>7,922,808</u>	<u>279,566</u>
<b>Fund balance at end of year</b>	<u><b>\$ 6,162,321</b></u>	<u><b>\$ 6,162,321</b></u>	<u><b>\$ 8,738,559</b></u>	<u><b>\$ 2,576,238</b></u>
Reconciliation to GAAP Fund Balance:				
Fair Value adjustment of Investments			<u>\$ (562,492)</u>	
Total GAAP Fund Balance			<u><u>\$ 8,176,067</u></u>	

See notes to financial statements

**CITY OF FOREST GROVE**  
**STREET FUND**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL**  
**Year Ended June 30, 2022**

	<u>Budget</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Other local taxes	\$ 380,000	\$ 380,000	\$ 449,369	\$ 69,369
Licenses, permits and fees	2,500	2,500	-	(2,500)
Charges for services	-	-	21,120	21,120
Intergovernmental	2,247,750	2,247,750	2,125,633	(122,117)
Interest	9,500	9,500	3,195	(6,305)
Miscellaneous	185,100	185,100	310	(184,790)
<b>Total revenues</b>	<u>2,824,850</u>	<u>2,824,850</u>	<u>2,599,627</u>	<u>(225,223)</u>
<b>Expenditures</b>				
Street services	2,918,392	2,918,392	1,853,192	1,065,200
Contingency	150,000	150,000	-	150,000
<b>Total expenditures</b>	<u>3,068,392</u>	<u>3,068,392</u>	<u>1,853,192</u>	<u>1,215,200</u>
Net change in fund balance	(243,542)	(243,542)	746,435	989,977
Fund balance at beginning of year	1,961,975	1,961,975	2,219,606	257,631
<b>Fund balance at end of year</b>	<u><b>\$ 1,718,433</b></u>	<u><b>\$ 1,718,433</b></u>	<u><b>\$ 2,966,041</b></u>	<u><b>\$ 1,247,608</b></u>
Reconciliation to GAAP Fund Balance:				
Fair Value adjustment of Investments			\$ (32,738)	
Total GAAP Fund Balance			<u><u>\$ 2,933,303</u></u>	

See notes to financial statements

**CITY OF FOREST GROVE**  
**URBAN RENEWAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL**  
**Year Ended June 30, 2022**

	<u>Budget</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Property taxes	\$ 565,000	\$ 565,000	\$ 533,934	\$ (31,066)
Interest	3,500	3,500	2,049	(1,451)
Total revenues	<u>568,500</u>	<u>568,500</u>	<u>535,983</u>	<u>(32,517)</u>
<b>Expenditures</b>				
Materials and services	703,596	703,596	69,756	633,840
Debt service	318,691	318,691	318,691	-
Total expenditures	<u>1,022,287</u>	<u>1,022,287</u>	<u>388,447</u>	<u>633,840</u>
Net change in fund balance	(453,787)	(453,787)	147,536	601,323
Fund balance at beginning of year	<u>453,787</u>	<u>453,787</u>	<u>475,166</u>	<u>21,379</u>
<b>Fund balance at end of year</b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 622,702</u></b>	<b><u>\$ 622,702</u></b>
Reconciliation to GAAP Fund Balance:				
Fair Value adjustment of Investments			\$ (6,988)	
Interfund Loan			<u>\$ (1,213,486)</u>	
Total GAAP Fund Balance			<u>\$ (597,772)</u>	

See notes to financial statements

**CITY OF FOREST GROVE**  
**TRANSPORTATION DEVELOPMENT TAX - CAPITAL PROJECTS FUND (MAJOR FUND)**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL**  
**Year Ended June 30, 2022**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues</b>			
Other local taxes	\$ 750,000	\$ 3,494,102	\$ 2,744,102
Interest	28,000	31,062	3,062
Total revenues	<u>778,000</u>	<u>3,525,164</u>	<u>2,747,164</u>
<b>Expenditures</b>			
Capital outlay	<u>13,768,118</u>	<u>3,895</u>	<u>13,764,223</u>
Net change in fund balance	(12,990,118)	3,521,269	16,511,387
Fund balance at beginning of year	<u>12,990,118</u>	<u>13,135,486</u>	<u>145,368</u>
<b>Fund balance at end of year</b>	<b><u>\$ -</u></b>	<b><u>\$ 16,656,755</u></b>	<b><u>\$ 16,656,755</u></b>
Reconciliation to GAAP Fund Balance:			
Fair Value adjustment of Investments		\$ (187,435)	
Total GAAP Fund Balance		<u>\$ 16,469,320</u>	

See notes to financial statements

**CITY OF FOREST GROVE**  
**AMERICAN RESCUE PLAN**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL**  
**Year Ended June 30, 2022**

	<u>Budget</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$ 2,604,283	\$ 2,604,283	\$ 2,837,851	\$ 233,568
Interest	-	-	8,057	8,057
<b>Total revenues</b>	<u>2,604,283</u>	<u>2,604,283</u>	<u>2,845,908</u>	<u>241,625</u>
<b>Expenditures</b>				
Materials and services	521,000	521,000	-	521,000
Capital projects	1,618,718	1,618,718	816,460	802,258
<b>Total expenditures</b>	<u>2,139,718</u>	<u>2,139,718</u>	<u>816,460</u>	<u>1,323,258</u>
Excess (deficiency) of revenues over expenditures	<u>464,565</u>	<u>464,565</u>	<u>2,029,448</u>	<u>1,564,883</u>
<b>Other financing sources (uses)</b>				
Transfers out	(464,566)	(464,566)	(91,474)	373,092
<b>Total other financing sources (uses)</b>	<u>(464,566)</u>	<u>(464,566)</u>	<u>(91,474)</u>	<u>373,092</u>
Net change in fund balance	(1)	(1)	1,937,974	1,937,975
Fund balance at beginning of year	<u>2,604,284</u>	<u>2,604,284</u>	<u>-</u>	<u>(2,604,284)</u>
<b>Fund balance at end of year</b>	<u><b>\$ 2,604,283</b></u>	<u><b>\$ 2,604,283</b></u>	<u><b>\$ 1,937,974</b></u>	<u><b>\$ (666,309)</b></u>
Reconciliation to GAAP Fund Balance:				
Fair Value adjustment of Investments			\$ (22,664)	
Total GAAP Fund Balance			<u>\$ 1,915,310</u>	

See notes to financial statements

**CITY OF FOREST GROVE**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
June 30, 2022

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Permanent Library Endowment</u>	<u>Total</u>
<b>Assets</b>				
Cash and cash equivalents	\$ 1,894,811	\$ 7,457,637	\$ 50,799	\$ 9,403,247
Investments	1,030,056	4,102,475	27,945	5,160,476
Accrued interest receivable	1,822	3,515	24	5,361
Receivables	110,728	43,096	-	153,824
Due from other funds	-	1,213,486	-	1,213,486
Prepaid items	5,395	3,543	-	8,938
<b>Total assets</b>	<b><u>\$ 3,042,812</u></b>	<b><u>\$ 12,823,752</u></b>	<b><u>\$ 78,768</u></b>	<b><u>\$ 15,945,332</u></b>
<b>Liabilities, deferred inflows and fund balances</b>				
Liabilities				
Accounts payable and accrued liabilities	\$ 145,635	\$ 880,606	\$ -	\$ 1,026,241
Due to other funds	7,476	-	-	7,476
Consumer deposits	9,495	-	-	9,495
<b>Total liabilities</b>	<b><u>162,606</u></b>	<b><u>880,606</u></b>	<b><u>-</u></b>	<b><u>1,043,212</u></b>
Deferred inflows of resources				
Unavailable revenue	9,131	43,096	-	52,227
<b>Total deferred inflows of resources</b>	<b><u>9,131</u></b>	<b><u>43,096</u></b>	<b><u>-</u></b>	<b><u>52,227</u></b>
Fund balances				
Nonspendable	5,395	3,543	41,186	50,124
Restricted for:				
Building operations	2,523,178	-	-	2,523,178
Capital projects	48,081	5,339,669	-	5,387,750
Community enhancement	17,293	-	-	17,293
Tourism	192,688	-	-	192,688
Other	-	-	37,582	37,582
Committed for:				
Highways and streets	92,023	-	-	92,023
Capital projects	-	863,156	-	863,156
Assigned for:				
Capital projects	-	5,693,682	-	5,693,682
Unassigned	(7,583)	-	-	(7,583)
<b>Total fund balances</b>	<b><u>2,871,075</u></b>	<b><u>11,900,050</u></b>	<b><u>78,768</u></b>	<b><u>14,849,893</u></b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b><u>\$ 3,042,812</u></b>	<b><u>\$ 12,823,752</u></b>	<b><u>\$ 78,768</u></b>	<b><u>\$ 15,945,332</u></b>

See notes to financial statements

**CITY OF FOREST GROVE**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**Year Ended June 30, 2022**

	<b>Special Revenue</b>	<b>Capital Projects</b>	<b>Permanent Library Endowment</b>	<b>Total</b>
<b>Revenues</b>				
Other local taxes	\$ 117,189	\$ -	\$ -	\$ 117,189
Licenses, permits and fees	2,526,899	387,490	-	2,914,389
Charges for services	1,254	-	-	1,254
Donations	10,913	-	27,062	37,975
System development charges	-	2,590,310	-	2,590,310
Intergovernmental	286,485	140,228	-	426,713
Interest	25,065	59,544	298	84,907
<b>Total revenues</b>	<b>2,967,805</b>	<b>3,177,572</b>	<b>27,360</b>	<b>6,172,737</b>
<b>Expenditures</b>				
Current				
General government	1,365,329	122,537	-	1,487,866
Public safety	-	6,871	-	6,871
Highways and streets	209,847	7,273	-	217,120
Culture and recreation	797	-	3,950	4,747
Capital outlay	6,925	4,250,643	-	4,257,568
<b>Total expenditures</b>	<b>1,582,898</b>	<b>4,387,324</b>	<b>3,950</b>	<b>5,974,172</b>
Excess (deficiency) of revenues over expenditures	1,384,907	(1,209,752)	23,410	198,565
<b>Other financing sources (uses)</b>				
Transfers in	-	4,067,052	-	4,067,052
Transfers out	(3,165,136)	(328,160)	-	(3,493,296)
<b>Total other financing sources (uses)</b>	<b>(3,165,136)</b>	<b>3,738,892</b>	<b>-</b>	<b>573,756</b>
Net change in fund balances	(1,780,229)	2,529,140	23,410	772,321
Fund balances at beginning of year	4,651,304	9,370,910	55,358	14,077,572
<b>Fund balance at end of year</b>	<b>\$ 2,871,075</b>	<b>\$ 11,900,050</b>	<b>\$ 78,768</b>	<b>\$ 14,849,893</b>

See notes to financial statements

**CITY OF FOREST GROVE**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
June 30, 2022

	Building Permits	Street Tree	Forfeiture Sharing	Assessment	Trail Systems	Transportation Services	Community Enhancement	Public Arts Donations	Transient Lodging Tax	Total
<b>Assets</b>										
Cash and cash equivalents	\$ 1,655,183	\$ 59,993	\$ 6,055	\$ -	\$ 31,008	\$ 22,338	\$ -	\$ 11,151	\$ 109,083	\$ 1,894,811
Investments	910,522	33,002	3,330	-	17,058	-	-	6,137	60,007	1,030,056
Accrued interest receivable	780	28	3	940	15	-	-	5	51	1,822
Receivables	-	-	-	8,191	-	77,665	-	-	24,872	110,728
Prepaid items	559	-	-	-	-	-	-	-	4,836	5,395
<b>Total assets</b>	<b>\$ 2,567,044</b>	<b>\$ 93,023</b>	<b>\$ 9,388</b>	<b>\$ 9,131</b>	<b>\$ 48,081</b>	<b>\$ 100,003</b>	<b>\$ -</b>	<b>\$ 17,293</b>	<b>\$ 198,849</b>	<b>\$ 3,042,812</b>
<b>Liabilities, deferred inflows and fund balances</b>										
<b>Liabilities</b>										
Accounts payable and accrued liabilities	\$ 43,307	\$ 1,000	\$ -	\$ -	\$ -	\$ 100,003	\$ -	\$ -	\$ 1,325	\$ 145,635
Due to other funds	-	-	-	-	-	-	7,476	-	-	7,476
Consumer deposits	-	-	9,495	-	-	-	-	-	-	9,495
<b>Total liabilities</b>	<b>43,307</b>	<b>1,000</b>	<b>9,495</b>	<b>-</b>	<b>-</b>	<b>100,003</b>	<b>7,476</b>	<b>-</b>	<b>1,325</b>	<b>162,606</b>
<b>Deferred inflows of resources</b>										
Unavailable revenue	-	-	-	9,131	-	-	-	-	-	9,131
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,131</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,131</b>
<b>Fund balances</b>										
Nonspendable	559	-	-	-	-	-	-	-	4,836	5,395
Restricted for:										
Building operations	2,523,178	-	-	-	-	-	-	-	-	2,523,178
Capital projects	-	-	-	-	48,081	-	-	-	-	48,081
Community enhancement	-	-	-	-	-	-	-	17,293	-	17,293
Tourism	-	-	-	-	-	-	-	-	192,688	192,688
Committed for:										
Highways and streets	-	92,023	-	-	-	-	-	-	-	92,023
Unassigned	-	-	(107)	-	-	-	(7,476)	-	-	(7,583)
<b>Total fund balances</b>	<b>2,523,737</b>	<b>92,023</b>	<b>(107)</b>	<b>-</b>	<b>48,081</b>	<b>-</b>	<b>(7,476)</b>	<b>17,293</b>	<b>197,524</b>	<b>2,871,075</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 2,567,044</b>	<b>\$ 93,023</b>	<b>\$ 9,388</b>	<b>\$ 9,131</b>	<b>\$ 48,081</b>	<b>\$ 100,003</b>	<b>\$ -</b>	<b>\$ 17,293</b>	<b>\$ 198,849</b>	<b>\$ 3,042,812</b>

See notes to financial statements

**CITY OF FOREST GROVE**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
Year Ended June 30, 2022

	Building Permits	Street Tree	Forfeiture Sharing	Trail Systems	Transportation Services	Community Enhancement	Public Arts Donation	Transient Lodging Tax	Total
<b>Revenues</b>									
Other local taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 117,189	\$ 117,189
Licenses, permits and fees	2,453,484	73,415	-	-	-	-	-	-	2,526,899
Charges for services	1,254	-	-	-	-	-	-	-	1,254
Donations	-	-	-	10,761	-	-	152	-	10,913
Intergovernmental	-	-	-	-	227,014	59,471	-	-	286,485
Interest	26,071	71	(86)	127	-	75	58	(1,251)	25,065
<b>Total revenues</b>	<b>2,480,809</b>	<b>73,486</b>	<b>(86)</b>	<b>10,888</b>	<b>227,014</b>	<b>59,546</b>	<b>210</b>	<b>115,938</b>	<b>2,967,805</b>
<b>Expenditures</b>									
Current									
General government	1,215,409	-	-	-	-	88,994	-	60,926	1,365,329
Highways and streets	-	8,496	-	-	201,351	-	-	-	209,847
Culture and recreation	-	-	-	583	-	-	214	-	797
Capital outlay	50	-	-	-	-	-	-	6,875	6,925
<b>Total expenditures</b>	<b>1,215,459</b>	<b>8,496</b>	<b>-</b>	<b>583</b>	<b>201,351</b>	<b>88,994</b>	<b>214</b>	<b>67,801</b>	<b>1,582,898</b>
Excess (deficiency) of revenues over expenditures	1,265,350	64,990	(86)	10,305	25,663	(29,448)	(4)	48,137	1,384,907
<b>Other financing sources (uses)</b>									
Transfers out	(3,157,354)	(1,000)	-	-	-	(3,568)	-	(3,214)	(3,165,136)
<b>Total other financing sources (uses)</b>	<b>(3,157,354)</b>	<b>(1,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,568)</b>	<b>-</b>	<b>(3,214)</b>	<b>(3,165,136)</b>
Net change in fund balances	(1,892,004)	63,990	(86)	10,305	25,663	(33,016)	(4)	44,923	(1,780,229)
Fund balances at beginning of year	4,415,741	28,033	(21)	37,776	(25,663)	25,540	17,297	152,601	4,651,304
<b>Fund balance at end of year</b>	<b>\$ 2,523,737</b>	<b>\$ 92,023</b>	<b>\$ (107)</b>	<b>\$ 48,081</b>	<b>\$ -</b>	<b>\$ (7,476)</b>	<b>\$ 17,293</b>	<b>\$ 197,524</b>	<b>\$ 2,871,075</b>

See notes to financial statements

**CITY OF FOREST GROVE**  
**COMBINING BALANCE SHEET**  
**NONMAJOR CAPITAL PROJECTS FUNDS**  
June 30, 2022

	Traffic Impact	Bike and Pedestrian Pathways	Park Acquisition and Development	Capital Projects	Facility Major Maintenance	CIP Excise	Fire Equipment Replacement	Total
<b>Assets</b>								
Cash and cash equivalents	\$ 276,693	\$ 40,244	\$ 3,228,737	\$ 2,385,052	\$ 967,329	\$ 187,528	\$ 372,054	\$ 7,457,637
Investments	152,211	22,139	1,776,140	1,312,025	532,131	103,161	204,668	4,102,475
Accrued interest receivable	130	19	1,522	1,125	456	88	175	3,515
Receivables	-	-	-	-	-	43,096	-	43,096
Due from other funds	-	-	-	1,213,486	-	-	-	1,213,486
Prepaid items	-	-	-	3,543	-	-	-	3,543
<b>Total assets</b>	<b>\$ 429,034</b>	<b>\$ 62,402</b>	<b>\$ 5,006,399</b>	<b>\$ 4,915,231</b>	<b>\$ 1,499,916</b>	<b>\$ 333,873</b>	<b>\$ 576,897</b>	<b>\$ 12,823,752</b>
<b>Liabilities, deferred inflows and fund balances</b>								
<b>Liabilities</b>								
Accounts payable and accrued liabilities	\$ 157,498	\$ -	\$ 668	\$ 707,522	\$ 10,400	\$ 4,518	\$ -	\$ 880,606
Due to other funds	-	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>157,498</b>	<b>-</b>	<b>668</b>	<b>707,522</b>	<b>10,400</b>	<b>4,518</b>	<b>-</b>	<b>880,606</b>
<b>Deferred inflows of resources</b>								
Unavailable revenue	-	-	-	-	-	43,096	-	43,096
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>43,096</b>	<b>-</b>	<b>43,096</b>
<b>Fund balances</b>								
Nonspendable	-	-	-	3,543	-	-	-	3,543
Restricted for capital projects	271,536	62,402	5,005,731	-	-	-	-	5,339,669
Committed for capital projects	-	-	-	-	-	286,259	576,897	863,156
Assigned for capital projects	-	-	-	4,204,166	1,489,516	-	-	5,693,682
<b>Total fund balances</b>	<b>271,536</b>	<b>62,402</b>	<b>5,005,731</b>	<b>4,207,709</b>	<b>1,489,516</b>	<b>286,259</b>	<b>576,897</b>	<b>11,900,050</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 429,034</b>	<b>\$ 62,402</b>	<b>\$ 5,006,399</b>	<b>\$ 4,915,231</b>	<b>\$ 1,499,916</b>	<b>\$ 333,873</b>	<b>\$ 576,897</b>	<b>\$ 12,823,752</b>

See notes to financial statements

**CITY OF FOREST GROVE**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR CAPITAL PROJECTS FUNDS**  
**Year Ended June 30, 2022**

	Traffic Impact	Bike and Pedestrian Pathways	Park Acquisition and Development	Capital Projects	Facility Major Maintenance	CIP Excise	Fire Equipment Replacement	Total
<b>Revenues</b>								
Licenses, permits and fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 387,490	\$ -	\$ 387,490
Donations	-	-	-	-	-	-	-	-
System development charges	-	-	2,590,310	-	-	-	-	2,590,310
Intergovernmental	-	20,634	-	98,247	-	-	21,347	140,228
Interest	5,356	165	19,917	22,870	8,248	1,320	1,668	59,544
Miscellaneous	-	-	-	-	-	-	-	-
Total revenues	5,356	20,799	2,610,227	121,117	8,248	388,810	23,015	3,177,572
<b>Expenditures</b>								
Current								
General government	-	-	60,148	39,955	18,845	3,589	-	122,537
Public safety	-	-	-	-	-	-	6,871	6,871
Highways and streets	6,522	751	-	-	-	-	-	7,273
Capital outlay	1,376,583	-	812,041	1,521,001	507,864	32,203	951	4,250,643
Total expenditures	1,383,105	751	872,189	1,560,956	526,709	35,792	7,822	4,387,324
Excess (deficiency) of revenues over expenditures	(1,377,749)	20,048	1,738,038	(1,439,839)	(518,461)	353,018	15,193	(1,209,752)
<b>Other financing sources (uses)</b>								
Transfers in	-	-	-	3,673,052	200,000	-	194,000	4,067,052
Transfers out	-	-	-	-	-	(328,160)	-	(328,160)
Total other financing sources (uses)	-	-	-	3,673,052	200,000	(328,160)	194,000	3,738,892
Net change in fund balances	(1,377,749)	20,048	1,738,038	2,233,213	(318,461)	24,858	209,193	2,529,140
Fund balances at beginning of year	1,649,285	42,354	3,267,693	1,974,496	1,807,977	261,401	367,704	9,370,910
<b>Fund balance at end of year</b>	<b>\$ 271,536</b>	<b>\$ 62,402</b>	<b>\$ 5,005,731</b>	<b>\$ 4,207,709</b>	<b>\$ 1,489,516</b>	<b>\$ 286,259</b>	<b>\$ 576,897</b>	<b>\$ 11,900,050</b>

See notes to financial statements

**CITY OF FOREST GROVE**  
**BUILDING PERMITS - SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL**  
**Year Ended June 30, 2022**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues</b>			
Licenses, permits and fees	\$ 1,542,972	\$ 2,453,484	\$ 910,512
Charges for services	300	1,254	954
Interest	25,000	9,687	(15,313)
	<u>1,568,272</u>	<u>2,464,425</u>	<u>896,153</u>
<b>Expenditures</b>			
Building permit services	1,207,066	1,181,920	25,146
	<u>1,207,066</u>	<u>1,181,920</u>	<u>25,146</u>
Excess (deficiency) of revenues over expenditures	<u>361,206</u>	<u>1,282,505</u>	<u>921,299</u>
<b>Other financing sources (uses)</b>			
Transfers out	(3,157,354)	(3,157,354)	-
Net change in fund balance	(2,796,148)	(1,874,849)	921,299
Fund balance at beginning of year	<u>4,258,415</u>	<u>4,427,788</u>	<u>169,373</u>
<b>Fund balance at end of year</b>	<b><u>\$ 1,462,267</u></b>	<b><u>\$ 2,552,939</u></b>	<b><u>\$ 1,090,672</u></b>
Reconciliation to GAAP Fund Balance:			
Fair Value adjustment of Investments		\$ (29,202)	
Total GAAP Fund Balance		<u>\$ 2,523,737</u>	

See notes to financial statements

**CITY OF FOREST GROVE**  
**STREET TREE - SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL**  
**Year Ended June 30, 2022**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues</b>			
Licenses, permits and fees	\$ 14,000	\$ 73,415	\$ 59,415
Interest	10	1	(9)
Total revenues	<u>14,010</u>	<u>73,416</u>	<u>59,406</u>
<b>Expenditures</b>			
Materials and services	<u>46,510</u>	<u>7,411</u>	<u>39,099</u>
Total expenditures	<u>46,510</u>	<u>7,411</u>	<u>39,099</u>
Excess (deficiency) of revenues over expenditures	<u>(32,500)</u>	<u>66,005</u>	<u>98,505</u>
<b>Other financing sources (uses)</b>			
Transfers out	<u>(1,000)</u>	<u>(1,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(1,000)</u>	<u>(1,000)</u>	<u>-</u>
Net change in fund balance	(33,500)	65,005	98,505
Fund balance at beginning of year	<u>33,500</u>	<u>28,078</u>	<u>(5,422)</u>
<b>Fund balance at end of year</b>	<b><u>\$ -</u></b>	<b><u>\$ 93,083</u></b>	<b><u>\$ 93,083</u></b>
Reconciliation to GAAP Fund Balance:			
Fair Value adjustment of Investments		<u>\$ (1,060)</u>	
Total GAAP Fund Balance		<u>\$ 92,023</u>	

See notes to financial statements

**CITY OF FOREST GROVE**  
**TRAIL SYSTEM - SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL**  
**Year Ended June 30, 2022**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues</b>			
Interest	\$ 30	\$ -	\$ (30)
Miscellaneous	-	10,761	10,761
	<u>30</u>	<u>10,761</u>	<u>10,731</u>
<b>Total revenues</b>			
	<u>30</u>	<u>10,761</u>	<u>10,731</u>
<b>Expenditures</b>			
Materials and services	37,896	-	37,896
	<u>37,896</u>	<u>-</u>	<u>37,896</u>
<b>Total expenditures</b>			
	<u>37,896</u>	<u>-</u>	<u>37,896</u>
Net change in fund balance	(37,866)	10,761	48,627
Fund balance at beginning of year	37,866	37,866	-
	<u>37,866</u>	<u>37,866</u>	<u>-</u>
<b>Fund balance at end of year</b>	<u>\$ -</u>	<u>\$ 48,627</u>	<u>\$ 48,627</u>
Reconciliation to GAAP Fund Balance:			
Fair Value adjustment of Investments		\$ (546)	
Total GAAP Fund Balance		<u>\$ 48,081</u>	

See notes to financial statements

**CITY OF FOREST GROVE**  
**TRANSPORTATION SERVICES - SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL**  
**Year Ended June 30, 2022**

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	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>Revenues</b>			
Intergovernmental	\$ 450,000	\$ 227,014	\$ (222,986)
Total revenues	450,000	227,014	(222,986)
<b>Expenditures</b>			
Materials and services	450,000	201,351	248,649
Total expenditures	450,000	201,351	248,649
Net change in fund balance	-	25,663	25,663
Fund balance at beginning of year	-	(25,663)	(25,663)
<b>Fund balance at end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

See notes to financial statements

**CITY OF FOREST GROVE**  
**COMMUNITY ENHANCEMENT - SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL**  
**Year Ended June 30, 2022**

	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>Revenues</b>			
Intergovernmental	\$ 84,127	\$ 59,471	\$ (24,656)
Total revenues	84,127	59,471	(24,656)
<b>Expenditures</b>			
Materials and services	104,419	89,054	15,365
Total expenditures	104,419	89,054	15,365
Excess (deficiency) of revenues over expenditures	(20,292)	(29,583)	(9,291)
<b>Other financing sources (uses)</b>			
Transfers out	(4,626)	(3,568)	1,058
Total other financing sources (uses)	(4,626)	(3,568)	1,058
Net change in fund balance	(24,918)	(33,151)	(8,233)
Fund balance at beginning of year	24,918	25,590	672
<b>Fund balance at end of year</b>	<b>\$ -</b>	<b>\$ (7,561)</b>	<b>\$ (7,561)</b>
Reconciliation to GAAP Fund Balance:			
Fair Value adjustment of Investments		\$ 85	
Total GAAP Fund Balance		\$ (7,476)	

See notes to financial statements

**CITY OF FOREST GROVE**  
**PUBLIC ARTS DONATION - SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL**  
**Year Ended June 30, 2022**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues</b>			
Donations	\$ 3,750	\$ 152	\$ (3,598)
Interest	35	-	(35)
	<u>3,785</u>	<u>152</u>	<u>(3,633)</u>
Total revenues			
	<u>3,785</u>	<u>152</u>	<u>(3,633)</u>
<b>Expenditures</b>			
Materials and services	21,065	-	21,065
	<u>21,065</u>	<u>-</u>	<u>21,065</u>
Total expenditures			
	<u>21,065</u>	<u>-</u>	<u>21,065</u>
Net change in fund balance	(17,280)	152	17,432
Fund balance at beginning of year	17,280	17,335	55
	<u>17,280</u>	<u>17,335</u>	<u>55</u>
<b>Fund balance at end of year</b>	<b>\$ -</b>	<b>\$ 17,487</b>	<b>\$ 17,487</b>
	<u>\$ -</u>	<u>\$ 17,487</u>	<u>\$ 17,487</u>
Reconciliation to GAAP Fund Balance:			
Fair Value adjustment of Investments		\$ (194)	
Total GAAP Fund Balance		<u>\$ 17,293</u>	

See notes to financial statements

**CITY OF FOREST GROVE**  
**TRANSIENT LODGING TAX - SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL**  
**Year Ended June 30, 2022**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues</b>			
Other local taxes	\$ 103,400	\$ 117,189	\$ 13,789
Interest	500	309	(191)
Total revenues	<u>103,900</u>	<u>117,498</u>	<u>13,598</u>
<b>Expenditures</b>			
Materials and services	129,331	60,926	68,405
Capital outlay	<u>121,154</u>	<u>6,875</u>	<u>114,279</u>
Total expenditures	<u>250,485</u>	<u>67,801</u>	<u>182,684</u>
Excess (deficiency) of revenues over expenditures	<u>(146,585)</u>	<u>49,697</u>	<u>196,282</u>
<b>Other financing sources (uses)</b>			
Transfers out	<u>(6,204)</u>	<u>(3,214)</u>	<u>2,990</u>
Total other financing sources (uses)	<u>(6,204)</u>	<u>(3,214)</u>	<u>2,990</u>
Net change in fund balance	(152,789)	46,483	199,272
Fund balance at beginning of year	<u>152,789</u>	<u>152,964</u>	<u>175</u>
<b>Fund balance at end of year</b>	<b><u>\$ -</u></b>	<b><u>\$ 199,447</u></b>	<b><u>\$ 199,447</u></b>
Reconciliation to GAAP Fund Balance:			
Fair Value adjustment of Investments		<u>\$ (1,923)</u>	
Total GAAP Fund Balance		<u><u>\$ 197,524</u></u>	

See notes to financial statements

**CITY OF FOREST GROVE**  
**TRAFFIC IMPACT - CAPITAL PROJECTS FUND**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL**  
**Year Ended June 30, 2022**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues</b>			
Interest	\$ 26,500	\$ 485	\$ (26,015)
Total revenues	<u>26,500</u>	<u>485</u>	<u>(26,015)</u>
<b>Expenditures</b>			
Capital outlay	<u>1,725,500</u>	<u>1,376,583</u>	<u>348,917</u>
Total expenditures	<u>1,725,500</u>	<u>1,376,583</u>	<u>348,917</u>
Net change in fund balance	(1,699,000)	(1,376,098)	322,902
Fund balance at beginning of year	<u>1,699,000</u>	<u>1,652,516</u>	<u>(46,484)</u>
<b>Fund balance at end of year</b>	<b><u>\$ -</u></b>	<b><u>\$ 276,418</u></b>	<b><u>\$ 276,418</u></b>
Reconciliation to GAAP Fund Balance:			
Fair Value adjustment of Investments		<u>\$ (4,882)</u>	
Total GAAP Fund Balance		<u>\$ 271,536</u>	

See notes to financial statements

**CITY OF FOREST GROVE**  
**BIKE AND PEDESTRIAN PATHWAYS - CAPITAL PROJECTS FUND**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL**  
**Year Ended June 30, 2022**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues</b>			
Intergovernmental	\$ 19,290	\$ 20,634	\$ 1,344
Interest	200	-	(200)
Total revenues	<u>19,490</u>	<u>20,634</u>	<u>1,144</u>
<b>Expenditures</b>			
Capital outlay	<u>61,017</u>	-	<u>61,017</u>
Total expenditures	<u>61,017</u>	-	<u>61,017</u>
Net change in fund balance	(41,527)	20,634	62,161
Fund balance at beginning of year	<u>41,527</u>	<u>42,478</u>	<u>951</u>
<b>Fund balance at end of year</b>	<b><u>\$ -</u></b>	<b><u>\$ 63,112</u></b>	<b><u>\$ 63,112</u></b>
Reconciliation to GAAP Fund Balance:			
Fair Value adjustment of Investments		<u>\$ (710)</u>	
Total GAAP Fund Balance		<u>\$ 62,402</u>	

See notes to financial statements

**CITY OF FOREST GROVE**  
**PARK ACQUISITION AND DEVELOPMENT - CAPITAL PROJECTS FUND**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL**  
**Year Ended June 30, 2022**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues</b>			
System development charges	\$ 420,000	\$ 2,590,310	\$ 2,170,310
Intergovernmental	1,400,000	-	(1,400,000)
Interest	5,000	9,122	4,122
	<u>1,825,000</u>	<u>2,599,432</u>	<u>774,432</u>
<b>Expenditures</b>			
Park system construction	4,962,530	812,041	4,150,489
	<u>4,962,530</u>	<u>812,041</u>	<u>4,150,489</u>
Net change in fund balance	(3,137,530)	1,787,391	4,924,921
Fund balance at beginning of year	3,137,530	3,275,305	137,775
<b>Fund balance at end of year</b>	<b><u>\$ -</u></b>	<b><u>\$ 5,062,696</u></b>	<b><u>\$ 5,062,696</u></b>
Reconciliation to GAAP Fund Balance:			
Fair Value adjustment of Investments		\$ (56,965)	
Total GAAP Fund Balance		<u>\$ 5,005,731</u>	

See notes to financial statements

**CITY OF FOREST GROVE**  
**CAPITAL PROJECTS - CAPITAL PROJECTS FUND**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL**  
**Year Ended June 30, 2022**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues</b>			
Intergovernmental	\$ 48,000	\$ 98,247	\$ 50,247
Interest	42,043	33,324	(8,719)
Miscellaneous	<u>1,495,886</u>	<u>288,647</u>	<u>(1,207,239)</u>
Total revenues	<u>1,585,929</u>	<u>420,218</u>	<u>(1,165,711)</u>
<b>Expenditures</b>			
Capital projects	<u>6,065,696</u>	<u>1,521,001</u>	<u>4,544,695</u>
Total expenditures	<u>6,065,696</u>	<u>1,521,001</u>	<u>4,544,695</u>
Excess (deficiency) of revenues over expenditures	<u>(4,479,767)</u>	<u>(1,100,783)</u>	<u>3,378,984</u>
<b>Other financing sources (uses)</b>			
Transfers in	<u>3,923,000</u>	<u>3,673,052</u>	<u>(249,948)</u>
Total other financing sources (uses)	<u>3,923,000</u>	<u>3,673,052</u>	<u>(249,948)</u>
Net change in fund balance	(556,767)	2,572,269	3,129,036
Fund balance at beginning of year	<u>556,767</u>	<u>464,033</u>	<u>(92,734)</u>
<b>Fund balance at end of year</b>	<b><u>\$ -</u></b>	<b><u>\$ 3,036,302</u></b>	<b><u>\$ 3,036,302</u></b>
Reconciliation to GAAP Fund Balance:			
Fair Value adjustment of Investments		\$ (42,079)	
Interfund Loan		\$ 1,213,486	
Total GAAP Fund Balance		<u>\$ 4,207,709</u>	

See notes to financial statements

**CITY OF FOREST GROVE**  
**FACILITY MAJOR MAINTENANCE - CAPITAL PROJECTS FUND**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL**  
**Year Ended June 30, 2022**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues</b>			
Interest	\$ 23,800	\$ 2,140	\$ (21,660)
Total revenues	<u>23,800</u>	<u>2,140</u>	<u>(21,660)</u>
<b>Expenditures</b>			
Capital outlay	<u>2,016,448</u>	<u>507,864</u>	<u>1,508,584</u>
Total expenditures	<u>2,016,448</u>	<u>507,864</u>	<u>1,508,584</u>
Excess (deficiency) of revenues over expenditures	(1,992,648)	(505,724)	1,486,924
<b>Other financing sources (uses)</b>			
Transfers in	<u>200,000</u>	<u>200,000</u>	<u>-</u>
Total other financing sources (uses)	<u>200,000</u>	<u>200,000</u>	<u>-</u>
Net change in fund balance	(1,792,648)	(305,724)	1,486,924
Fund balance at beginning of year	<u>1,792,648</u>	<u>1,812,307</u>	<u>19,659</u>
<b>Fund balance at end of year</b>	<b><u>\$ -</u></b>	<b><u>\$ 1,506,583</u></b>	<b><u>\$ 1,506,583</u></b>
Reconciliation to GAAP Fund Balance:			
Fair Value adjustment of Investments		\$ (17,067)	
Total GAAP Fund Balance		<u>\$ 1,489,516</u>	

See notes to financial statements

**CITY OF FOREST GROVE**  
**CIP EXCISE - CAPITAL PROJECTS FUND**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL**  
**Year Ended June 30, 2022**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues</b>			
Licenses, permits and fees	\$ 372,000	\$ 387,490	\$ 15,490
Interest	400	363	(37)
Total revenues	<u>372,400</u>	<u>387,853</u>	<u>15,453</u>
<b>Expenditures</b>			
Capital outlay	<u>300,949</u>	<u>32,203</u>	<u>268,746</u>
Total expenditures	<u>300,949</u>	<u>32,203</u>	<u>268,746</u>
Excess (deficiency) of revenues over expenditures	<u>71,451</u>	<u>355,650</u>	<u>284,199</u>
<b>Other financing sources (uses)</b>			
Transfers out	<u>(328,160)</u>	<u>(328,160)</u>	<u>-</u>
Total other financing sources (uses)	<u>(328,160)</u>	<u>(328,160)</u>	<u>-</u>
Net change in fund balance	(256,709)	27,490	284,199
Fund balance at beginning of year	<u>256,709</u>	<u>262,078</u>	<u>5,369</u>
<b>Fund balance at end of year</b>	<b><u>\$ -</u></b>	<b><u>\$ 289,568</u></b>	<b><u>\$ 289,568</u></b>
Reconciliation to GAAP Fund Balance:			
Fair Value adjustment of Investments		<u>\$ (3,309)</u>	
Total GAAP Fund Balance		<u>\$ 286,259</u>	

See notes to financial statements

**CITY OF FOREST GROVE**  
**FIRE EQUIPMENT REPLACEMENT - CAPITAL PROJECTS FUND**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL**  
**Year Ended June 30, 2022**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues</b>			
Intergovernmental	\$ 416,000	\$ 21,347	\$ (394,653)
Interest	750	543	(207)
Total revenues	<u>416,750</u>	<u>21,890</u>	<u>(394,860)</u>
<b>Expenditures</b>			
Capital outlay	832,000	951	831,049
Contingency	148,016	-	148,016
Total expenditures	<u>980,016</u>	<u>951</u>	<u>979,065</u>
Excess (deficiency) of revenues over expenditures	<u>(563,266)</u>	<u>20,939</u>	<u>584,205</u>
<b>Other financing sources (uses)</b>			
Transfers in	194,000	194,000	-
Total other financing sources (uses)	<u>194,000</u>	<u>194,000</u>	<u>-</u>
Net change in fund balance	(369,266)	214,939	584,205
Fund balance at beginning of year	<u>369,266</u>	<u>368,523</u>	<u>(743)</u>
<b>Fund balance at end of year</b>	<b><u>\$ -</u></b>	<b><u>\$ 583,462</u></b>	<b><u>\$ 583,462</u></b>
Reconciliation to GAAP Fund Balance:			
Fair Value adjustment of Investments		<u>\$ (6,565)</u>	
Total GAAP Fund Balance		<u><u>\$ 576,897</u></u>	

See notes to financial statements

**CITY OF FOREST GROVE**  
**LIBRARY ENDOWMENT - PERMANENT FUND**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL**  
**Year Ended June 30, 2022**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues</b>			
Donations	\$ -	\$ 27,062	\$ 27,062
Interest	200	100	(100)
Total revenues	<u>200</u>	<u>27,162</u>	<u>26,962</u>
<b>Expenditures</b>			
Materials and services	<u>4,305</u>	<u>3,000</u>	<u>1,305</u>
Total expenditures	<u>4,305</u>	<u>3,000</u>	<u>1,305</u>
Net change in fund balance	(4,105)	24,162	28,267
Fund balance at beginning of year	<u>45,292</u>	<u>55,502</u>	<u>10,210</u>
<b>Fund balance at end of year</b>	<b><u>\$ 41,187</u></b>	<b><u>\$ 79,664</u></b>	<b><u>\$ 38,477</u></b>
Reconciliation to GAAP Fund Balance:			
Fair Value adjustment of Investments		<u>\$ (896)</u>	
Total GAAP Fund Balance		<u><u>\$ 78,768</u></u>	

See notes to financial statements

**CITY OF FOREST GROVE**  
**LIGHT - ENTERPRISE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL**  
**Year Ended June 30, 2022**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues</b>			
Charges for services	\$ 19,932,725	\$ 22,524,068	\$ 2,591,343
Intergovernmental	-	194,040	194,040
Interest	30,000	5,967	(24,033)
Miscellaneous	<u>251,000</u>	<u>507,202</u>	<u>256,202</u>
Total revenues	<u>20,213,725</u>	<u>23,231,277</u>	<u>3,017,552</u>
<b>Expenditures</b>			
Electric services	21,305,811	20,852,118	453,693
Debt service	<u>305,563</u>	<u>305,562</u>	<u>1</u>
Total expenditures	<u>21,611,374</u>	<u>21,157,680</u>	<u>453,694</u>
Excess (deficiency) of revenues over expenditures	<u>(1,397,649)</u>	<u>2,073,597</u>	<u>3,471,246</u>
<b>Other financing sources (uses)</b>			
Transfers out	<u>(1,187,652)</u>	<u>(1,173,191)</u>	<u>14,461</u>
Total other financing sources (uses)	<u>(1,187,652)</u>	<u>(1,173,191)</u>	<u>14,461</u>
Net change in fund balance	(2,585,301)	900,406	3,485,707
Fund balance at beginning of year	<u>4,768,855</u>	<u>5,341,982</u>	<u>573,127</u>
<b>Fund balance at end of year</b>	<b><u>\$ 2,183,554</u></b>	<b><u>\$ 6,242,388</u></b>	<b><u>\$ 4,058,834</u></b>
Reconciliation to GAAP Fund Balance:			
Capital Assets		\$ 26,357,839	
Deferred Outflows		1,874,275	
Deferred Inflows		(2,337,028)	
Long Term Debt		(9,636,206)	
Inventory		1,068,017	
Other		(78,749)	
Total GAAP Fund Balance		<u>\$ 23,490,536</u>	

See notes to financial statements

**CITY OF FOREST GROVE**  
**COMBINING STATEMENT OF NET POSITION**  
**SEWER FUND**  
**June 30, 2022**

	<b>Sewer</b>	<b>Sewer System Development Charges</b>	<b>Total Sewer Fund</b>
<b>Assets</b>			
Current assets			
Cash and cash equivalents	\$ 3,147,687	\$ 1,284,612	\$ 4,432,299
Investments	1,731,554	706,670	2,438,224
Accrued interest receivable	1,484	607	2,091
Receivables, net	647,514	831	648,345
Inventory	-	-	-
Prepaid items	585	-	585
Total current assets	5,528,824	1,992,720	7,521,544
Capital assets			
Land and construction in progress	81,022	-	81,022
Other capital assets, net	11,512,530	-	11,512,530
Total capital assets	11,593,552	-	11,593,552
Total assets	17,122,376	1,992,720	19,115,096
<b>Deferred outflows of resources</b>			
Pension related items	100,997	-	100,997
Other postemployment benefit related items	4,265	-	4,265
Total deferred outflows of resources	105,262	-	105,262
<b>Liabilities</b>			
Current liabilities			
Accounts payable and accrued liabilities	1,050,093	354,591	1,404,684
Accrued interest payable	-	7,954	7,954
Long-term obligations due within one year	95,617	-	95,617
Total current liabilities	1,145,710	362,545	1,508,255
Long-term obligations due in more than one year	1,164,629	-	1,164,629
Total liabilities	2,310,339	362,545	2,672,884
<b>Deferred inflows of resources</b>			
Pension related items	124,589	-	124,589
Other postemployment benefit related items	7,458	-	7,458
Total deferred inflows of resources	132,047	-	132,047
<b>Net position</b>			
Net investment in capital assets	10,633,593	-	10,633,593
Restricted for capital projects	-	1,630,175	1,630,175
Unrestricted	4,151,659	-	4,151,659
Total net position	\$ 14,785,252	\$ 1,630,175	\$ 16,415,427

See notes to financial statements

**CITY OF FOREST GROVE**  
**COMBINING STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION**  
**SEWER FUND**  
**Year Ended June 30, 2022**

	<u>Sewer</u>	<u>Sewer System Development Charges</u>	<u>Eliminations</u>	<u>Total Sewer Fund</u>
<b>Operating revenues</b>				
Licenses, permits and fees	\$ -	\$ 1,451	\$ -	\$ 1,451
Charges for services	1,780,824	-	-	1,780,824
Total operating revenues	<u>1,780,824</u>	<u>1,451</u>	<u>-</u>	<u>1,782,275</u>
<b>Operating expenses</b>				
Personnel services	104,578	-	-	104,578
Materials and services	263,079	-	-	263,079
Depreciation	346,099	-	-	346,099
Total operating expenses	<u>713,756</u>	<u>-</u>	<u>-</u>	<u>713,756</u>
Operating income (loss)	<u>1,067,068</u>	<u>1,451</u>	<u>-</u>	<u>1,068,519</u>
<b>Nonoperating revenues (expenses)</b>				
Interest income	(30,893)	(15,474)	-	(46,367)
Miscellaneous	54,612	-	-	54,612
Interest expense	(19,387)	-	-	(19,387)
Total nonoperating revenue (expenses)	<u>4,332</u>	<u>(15,474)</u>	<u>-</u>	<u>(11,142)</u>
Income (loss) before transfers and capital contributions	1,071,400	(14,023)	-	1,057,377
Capital contributions	-	534,003	-	534,003
Transfers in	113,055	-	(113,055)	-
Transfers out	(308,773)	(113,055)	113,055	(308,773)
Change in net position	875,682	406,925	-	1,282,607
Net position at beginning of year	13,883,114	1,223,250	-	15,106,364
Prior period adjustment	26,456	-	-	26,456
<b>Net position at end of year</b>	<b><u>\$ 14,785,252</u></b>	<b><u>\$ 1,630,175</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 16,415,427</u></b>

See notes to financial statements

**CITY OF FOREST GROVE**  
**COMBINING STATEMENT OF CASH FLOWS**  
**SEWER FUND**  
Year Ended June 30, 2022

	Sewer	Sewer System Development Charges	Eliminations	Total Sewer Fund
<b>Cash flows from operating activities</b>				
Receipts from customers	\$ 1,748,099	\$ 1,395	\$ -	\$ 1,749,494
Payments to suppliers	174,660	371,689	-	546,349
Payments to employees	(270,129)	-	-	(270,129)
Net cash from operating activities	<u>1,652,630</u>	<u>373,084</u>	<u>-</u>	<u>2,025,714</u>
<b>Cash flows from noncapital financing activities</b>				
Transfers out	(308,773)	-	-	(308,773)
Net cash from noncapital financing activities	<u>(308,773)</u>	<u>-</u>	<u>-</u>	<u>(308,773)</u>
<b>Cash flows from capital and related financing activities</b>				
System development charges received	-	534,003	-	534,003
Other	54,612	-	-	54,612
Acquisition of capital assets	(675,894)	-	-	(675,894)
Principal paid on long-term obligations	-	(93,668)	-	(93,668)
Interest paid on long-term obligations	-	(20,253)	-	(20,253)
Net cash from capital and related financing activities	<u>(621,282)</u>	<u>420,082</u>	<u>-</u>	<u>(201,200)</u>
<b>Cash flows from investing activities</b>				
Interest on investments	(28,292)	(14,898)	-	(43,190)
Purchases of investments	206,471	(144,948)	-	61,523
Net cash from investing activities	<u>178,179</u>	<u>(159,846)</u>	<u>-</u>	<u>18,333</u>
Net increase (decrease) in cash and cash equivalents	900,754	633,320	-	1,534,074
Cash and cash equivalents at beginning of year	<u>2,246,933</u>	<u>651,292</u>	<u>-</u>	<u>2,898,225</u>
<b>Cash and cash equivalents at end of year</b>	<b><u>\$ 3,147,687</u></b>	<b><u>\$ 1,284,612</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 4,432,299</u></b>
<b>Reconciliation of operating income (loss) to net cash from operating activities</b>				
Operating income (loss)	\$ 1,067,068	\$ 1,451	\$ -	\$ 1,068,519
Adjustments to reconcile operating income (loss) to net cash from operating activities				
Depreciation	346,099	-	-	346,099
(Increase) decrease in assets and deferred outflows of resources				
Receivables, net	(32,725)	(56)	-	(32,781)
Inventories	11,879	-	-	11,879
Prepaid items	(22)	31,552	-	31,530
Pension related items	21,772	-	-	21,772
Other postemployment benefit related items	(2,865)	-	-	(2,865)
Increase (decrease) in liabilities and deferred inflows of resources				
Accounts payable and accrued liabilities	425,882	340,137	-	766,019
Net pension liability	(165,817)	-	-	(165,817)
Net other postemployment benefits liability	6,020	-	-	6,020
Pension related items	(23,004)	-	-	(23,004)
Other postemployment benefit related items	(1,657)	-	-	(1,657)
<b>Net cash from operating activities</b>	<b><u>\$ 1,652,630</u></b>	<b><u>\$ 373,084</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 2,025,714</u></b>

See notes to financial statements

**CITY OF FOREST GROVE**  
**SEWER - ENTERPRISE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL**  
**Year Ended June 30, 2022**

	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>Revenues</b>			
Licenses, permits and fees	\$ 5,000	\$ -	\$ (5,000)
Charges for services	1,623,194	1,780,824	157,630
Interest	20,000	14,311	(5,689)
Miscellaneous	10,000	54,612	44,612
	1,658,194	1,849,747	191,553
<b>Expenditures</b>			
Sewer service	1,458,554	1,197,220	261,334
Contingency	750,000	-	750,000
	2,208,554	1,197,220	1,011,334
Excess (deficiency) of revenues over expenditures	(550,360)	652,527	1,202,887
<b>Other financing sources (uses)</b>			
Transfers out	(308,773)	(308,773)	-
	(308,773)	(308,773)	-
Net change in fund balance	(859,133)	343,754	1,202,887
Fund balance at beginning of year	4,008,776	4,190,512	181,736
<b>Fund balance at end of year</b>	<b>\$ 3,149,643</b>	<b>\$ 4,534,266</b>	<b>\$ 1,384,623</b>
Reconciliation to GAAP Fund Balance:			
Capital Assets		\$ 11,593,552	
Deferred Outflows		105,262	
Deferred Inflows		(132,047)	
Long Term Debt		(1,260,246)	
Other		(55,535)	
Total GAAP Fund Balance		\$ 14,785,252	

See notes to financial statements

**CITY OF FOREST GROVE**  
**SEWER SYSTEM DEVELOPMENT CHARGES - ENTERPRISE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL**  
**Year Ended June 30, 2022**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues</b>			
Licenses, permits and fees	\$ -	\$ 1,451	\$ 1,451
System development charges	120,000	534,003	414,003
Interest	<u>7,000</u>	<u>3,364</u>	<u>(3,636)</u>
Total revenues	<u>127,000</u>	<u>538,818</u>	<u>411,818</u>
<b>Expenditures</b>			
Sewer infrastructure construction	100,000	-	100,000
Debt service	260,000	113,055	146,945
Contingency	<u>61,500</u>	<u>-</u>	<u>61,500</u>
Total expenditures	<u>421,500</u>	<u>113,055</u>	<u>308,445</u>
Net change in fund balance	(294,500)	425,763	720,263
Fund balance at beginning of year	<u>1,159,381</u>	<u>1,235,029</u>	<u>75,648</u>
<b>Fund balance at end of year</b>	<b><u>\$ 864,881</u></b>	<b><u>\$ 1,660,792</u></b>	<b><u>\$ 795,911</u></b>
Reconciliation to GAAP Fund Balance:			
Fair Value adjustment of Investments		<u>\$ (30,617)</u>	
Total GAAP Fund Balance		<u><u>\$ 1,630,175</u></u>	

See notes to financial statements

**CITY OF FOREST GROVE**  
**COMBINING STATEMENT OF NET POSITION**  
**WATER FUND**  
**June 30, 2022**

	<u>Water</u>	<u>Water System Development Charge</u>	<u>Total Water Fund</u>
<b>Assets</b>			
Current assets			
Cash and cash equivalents	\$ 9,718,514	\$ 5,429,806	\$ 15,148,320
Investments	5,346,190	2,986,956	8,333,146
Accrued interest receivable	4,582	2,560	7,142
Receivables, net	472,506	-	472,506
Inventory	204,779	-	204,779
Prepaid items	597	-	597
Total current assets	<u>15,747,168</u>	<u>8,419,322</u>	<u>24,166,490</u>
Investment in joint ventures	<u>6,427,156</u>	<u>-</u>	<u>6,427,156</u>
Capital assets			
Land and construction in progress	473,614	-	473,614
Other capital assets, net	<u>11,198,235</u>	<u>-</u>	<u>11,198,235</u>
Total capital assets	<u>11,671,849</u>	<u>-</u>	<u>11,671,849</u>
Total assets	<u>33,846,173</u>	<u>8,419,322</u>	<u>42,265,495</u>
<b>Deferred outflows of resources</b>			
Refunded debt charges	4,804	-	4,804
Pension related items	273,515	-	273,515
Other postemployment benefit related items	<u>19,016</u>	<u>-</u>	<u>19,016</u>
Total deferred outflows of resources	<u>297,335</u>	<u>-</u>	<u>297,335</u>
<b>Liabilities</b>			
Current liabilities			
Accounts payable and accrued liabilities	303,254	113,390	416,644
Accrued interest payable	2,359	-	2,359
Long-term obligations due within one year	<u>561,888</u>	<u>-</u>	<u>561,888</u>
Total current liabilities	867,501	113,390	980,891
Long-term obligations due in more than one year	<u>1,861,505</u>	<u>-</u>	<u>1,861,505</u>
Total liabilities	<u>2,729,006</u>	<u>113,390</u>	<u>2,842,396</u>
<b>Deferred inflows of resources</b>			
Pension related items	337,406	-	337,406
Other postemployment benefit related items	<u>33,261</u>	<u>-</u>	<u>33,261</u>
Total deferred inflows of resources	<u>370,667</u>	<u>-</u>	<u>370,667</u>
<b>Net position</b>			
Net investment in capital assets	10,523,723	-	10,523,723
Restricted for capital projects	-	8,305,932	8,305,932
Unrestricted	<u>20,520,112</u>	<u>-</u>	<u>20,520,112</u>
Total net position	<u>\$ 31,043,835</u>	<u>\$ 8,305,932</u>	<u>\$ 39,349,767</u>

See notes to financial statements

**CITY OF FOREST GROVE**  
**COMBINING STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION**  
**WATER FUND**  
**Year Ended June 30, 2022**

	<u>Water</u>	<u>Water System Development Charge</u>	<u>Eliminations</u>	<u>Total Water Fund</u>
<b>Operating revenues</b>				
Licenses, permits and fees	\$ 9,051	\$ -	\$ -	\$ 9,051
Charges for services	5,254,225	-	-	5,254,225
Total operating revenues	<u>5,263,276</u>	<u>-</u>	<u>-</u>	<u>5,263,276</u>
<b>Operating expenses</b>				
Personnel services	685,153	-	-	685,153
Materials and services	2,281,011	165,149	-	2,446,160
Depreciation	459,425	-	-	459,425
Total operating expenses	<u>3,425,589</u>	<u>165,149</u>	<u>-</u>	<u>3,590,738</u>
Operating income (loss)	<u>1,837,687</u>	<u>(165,149)</u>	<u>-</u>	<u>1,672,538</u>
<b>Nonoperating revenues (expenses)</b>				
Interest income	(160,109)	(88,717)	-	(248,826)
Miscellaneous	1,343,001	-	-	1,343,001
Interest expense	91	25,047	-	25,138
(Loss) on investment in joint venture	(321,268)	-	-	(321,268)
Total nonoperating revenue (expenses)	<u>861,715</u>	<u>(63,670)</u>	<u>-</u>	<u>798,045</u>
Income (loss) before transfers and capital contributions	2,699,402	(228,819)	-	2,470,583
Capital contributions	-	1,522,424	-	1,522,424
Transfers in	173,610	-	(173,610)	-
Transfers out	(609,541)	(175,010)	173,610	(610,941)
Change in net position	2,263,471	1,118,595	-	3,382,066
Net position at beginning of year	28,691,554	7,187,337	-	35,878,891
Prior period adjustment	88,810	-	-	88,810
<b>Net position at end of year</b>	<b><u>\$ 31,043,835</u></b>	<b><u>\$ 8,305,932</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 39,349,767</u></b>

See notes to financial statements

**CITY OF FOREST GROVE**  
**COMBINING STATEMENT OF CASH FLOWS**  
**WATER FUND**  
Year Ended June 30, 2022

	<u>Water</u>	<u>Water System Development Charge</u>	<u>Eliminations</u>	<u>Total Water Fund</u>
<b>Cash flows from operating activities</b>				
Receipts from customers	\$ 5,427,040	\$ -	\$ -	\$ 5,427,040
Payments to suppliers	(2,341,039)	(140,171)	-	(2,481,210)
Payments to employees	(1,128,864)	-	-	(1,128,864)
Net cash from operating activities	<u>1,957,137</u>	<u>(140,171)</u>	<u>-</u>	<u>1,816,966</u>
<b>Cash flows from noncapital financing activities</b>				
Transfers out	(609,541)	(1,400)	-	(610,941)
<b>Cash flows from capital and related financing activities</b>				
System development charges received	-	1,522,424	-	1,522,424
Other	1,343,001	-	-	1,343,001
Acquisition of capital assets	(813,457)	(173,610)	-	(987,067)
Principal paid on long-term obligations	(388,453)	-	-	(388,453)
Interest paid on long-term obligations	(674)	-	-	(674)
Net cash from capital and related financing activities	<u>140,417</u>	<u>1,348,814</u>	<u>-</u>	<u>1,489,231</u>
<b>Cash flows from investing activities</b>				
Interest on investments	(151,209)	(59,140)	-	(210,349)
Purchases of investments	1,011,348	379,116	-	1,390,464
Net cash from investing activities	<u>860,139</u>	<u>319,976</u>	<u>-</u>	<u>1,180,115</u>
Net increase (decrease) in cash and cash equivalents	2,348,152	1,527,219	-	3,875,371
Cash and cash equivalents at beginning of year	<u>7,370,362</u>	<u>3,902,587</u>	<u>-</u>	<u>11,272,949</u>
<b>Cash and cash equivalents at end of year</b>	<b><u>\$ 9,718,514</u></b>	<b><u>\$ 5,429,806</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 15,148,320</u></b>
<b>Reconciliation of operating income (loss) to net cash from operating activities</b>				
Operating income (loss)	\$ 1,837,687	\$ (165,149)	\$ -	\$ 1,672,538
Adjustments to reconcile operating income (loss) to net cash from operating activities				
Depreciation	459,425	-	-	459,425
(Increase) decrease in assets and deferred outflows of resources				
Receivables, net	163,764	-	-	163,764
Inventories	(21,333)	-	-	(21,333)
Pension related items	63,063	-	-	63,063
Other postemployment benefit related items	(13,057)	-	-	(13,057)
Increase (decrease) in liabilities and deferred inflows of resources				
Accounts payable and accrued liabilities	(38,695)	24,978	-	(13,717)
Compensated absences payable	(1,111)	-	-	(1,111)
Net pension liability	(502,126)	-	-	(502,126)
Net other postemployment benefits liability	30,779	-	-	30,779
Pension related items	(15,718)	-	-	(15,718)
Other postemployment benefit related items	(5,541)	-	-	(5,541)
<b>Net cash from operating activities</b>	<b><u>\$ 1,957,137</u></b>	<b><u>\$ (140,171)</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 1,816,966</u></b>
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH TRANSACTIONS</b>				
Transfers in	\$ 173,610	\$ -	\$ (173,610)	\$ -
Transfers out	-	(173,610)	173,610	-
(Loss) on investment in joint venture	(321,268)	-	-	(321,268)
Total noncash transactions	<u>\$ (147,658)</u>	<u>\$ (173,610)</u>	<u>\$ -</u>	<u>\$ (321,268)</u>

See notes to financial statements

**CITY OF FOREST GROVE**  
**WATER - ENTERPRISE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL**  
**Year Ended June 30, 2022**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues</b>			
Licenses, permits and fees	\$ 5,000	\$ 9,051	\$ 4,051
Charges for services	4,962,297	5,254,225	291,928
Interest	85,000	24,743	(60,257)
Miscellaneous	<u>1,136,050</u>	<u>1,343,001</u>	<u>206,951</u>
Total revenues	<u>6,188,347</u>	<u>6,631,020</u>	<u>442,673</u>
<b>Expenditures</b>			
Water services	4,661,222	4,244,666	416,556
Debt service	436,850	436,840	10
Contingency	<u>933,250</u>	<u>-</u>	<u>933,250</u>
Total expenditures	<u>6,031,322</u>	<u>4,681,506</u>	<u>1,349,816</u>
Excess (deficiency) of revenues over expenditures	<u>157,025</u>	<u>1,949,514</u>	<u>1,792,489</u>
<b>Other financing sources (uses)</b>			
Transfers out	<u>(664,898)</u>	<u>(609,541)</u>	<u>55,357</u>
Total other financing sources (uses)	<u>(664,898)</u>	<u>(609,541)</u>	<u>55,357</u>
Net change in fund balance	(507,873)	1,339,973	1,847,846
Fund balance at beginning of year	<u>13,684,514</u>	<u>14,070,623</u>	<u>386,109</u>
<b>Fund balance at end of year</b>	<b><u>\$ 13,176,641</u></b>	<b><u>\$ 15,410,596</u></b>	<b><u>\$ 2,233,955</u></b>
Reconciliation to GAAP Fund Balance:			
Capital Assets		\$ 11,671,849	
Deferred Outflows		297,335	
Deferred Inflows		(370,667)	
Long Term Debt		(2,423,393)	
Inventory		204,779	
Joint Ventures		6,427,156	
Other		(173,820)	
Total GAAP Fund Balance		<u>\$ 31,043,835</u>	

See notes to financial statements

**CITY OF FOREST GROVE**  
**WATER SYSTEM DEVELOPMENT CHARGES - ENTERPRISE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL**  
**Year Ended June 30, 2022**

	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>Revenues</b>			
System development charges	\$ 400,000	\$ 1,522,424	\$ 1,122,424
Interest	75,000	14,169	(60,831)
	475,000	1,536,593	1,061,593
<b>Expenditures</b>			
Water infrastructure construction	720,244	338,759	381,485
Contingency	75,000	-	75,000
	795,244	338,759	456,485
Excess (deficiency) of revenues over expenditures	(320,244)	1,197,834	1,518,078
<b>Other financing sources (uses)</b>			
Transfers out	(1,400)	(1,400)	-
	(1,400)	(1,400)	-
Net change in fund balance	(321,644)	1,196,434	1,518,078
Fund balance at beginning of year	7,270,594	7,205,294	(65,300)
<b>Fund balance at end of year</b>	<b>\$ 6,948,950</b>	<b>\$ 8,401,728</b>	<b>\$ 1,452,778</b>
Reconciliation to GAAP Fund Balance:			
Fair Value adjustment of Investments		\$ (95,796)	
Total GAAP Fund Balance		\$ (95,796)	

See notes to financial statements

**CITY OF FOREST GROVE**  
**COMBINING STATEMENT OF NET POSITION**  
**SURFACE WATER MANAGEMENT FUND**  
June 30, 2022

	<u>Surface Water Management</u>	<u>Surface Water Management System Development Charges</u>	<u>Total Surface Water Management Fund</u>
<b>Assets</b>			
Current assets			
Cash and cash equivalents	\$ 805,565	\$ 361,216	\$ 1,166,781
Investments	443,144	198,706	641,850
Accrued interest receivable	380	170	550
Receivables, net	161,946	-	161,946
Prepaid items	130	-	130
	<u>1,411,165</u>	<u>560,092</u>	<u>1,971,257</u>
Total current assets			
Capital assets			
Other capital assets, net	7,974,909	-	7,974,909
	<u>9,386,074</u>	<u>560,092</u>	<u>9,946,166</u>
Total assets			
<b>Deferred outflows of resources</b>			
Pension related items	120,669	-	120,669
Other postemployment benefit related items	8,314	-	8,314
	<u>128,983</u>	<u>-</u>	<u>128,983</u>
Total deferred outflows of resources			
<b>Liabilities</b>			
Current liabilities			
Accounts payable and accrued liabilities	96,946	-	96,946
	<u>96,946</u>	<u>-</u>	<u>96,946</u>
Total current liabilities			
Long-term obligations due in more than one year	489,917	-	489,917
	<u>586,863</u>	<u>-</u>	<u>586,863</u>
Total liabilities			
<b>Deferred inflows of resources</b>			
Pension related items	148,857	-	148,857
Other postemployment benefit related items	14,539	-	14,539
	<u>163,396</u>	<u>-</u>	<u>163,396</u>
Total deferred inflows of resources			
<b>Net position</b>			
Net investment in capital assets	7,974,909	-	7,974,909
Restricted for capital projects	-	560,092	560,092
Unrestricted	789,889	-	789,889
	<u>8,764,798</u>	<u>560,092</u>	<u>9,324,890</u>
Total net position	<u>\$ 8,764,798</u>	<u>\$ 560,092</u>	<u>\$ 9,324,890</u>

See notes to financial statements

**CITY OF FOREST GROVE**  
**COMBINING STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION**  
**SURFACE WATER MANAGEMENT FUND**  
Year Ended June 30, 2022

	<u>Surface Water Management</u>	<u>Surface Water Management System Development Charges</u>	<u>Total Surface Water Management Fund</u>
<b>Operating revenues</b>			
Charges for services	\$ 1,369,484	\$ -	\$ 1,369,484
<b>Operating expenses</b>			
Personnel services	278,619	-	278,619
Materials and services	(301,360)	-	(301,360)
Depreciation	210,600	-	210,600
Total operating expenses	187,859	-	187,859
Operating income (loss)	1,181,625	-	1,181,625
<b>Nonoperating revenues (expenses)</b>			
Interest income	(10,311)	(4,622)	(14,933)
Total nonoperating revenue (expenses)	(10,311)	(4,622)	(14,933)
Income (loss) before transfers and capital contributions	1,171,314	(4,622)	1,166,692
Capital contributions	-	117,093	117,093
Transfers out	(65,042)	-	(65,042)
Change in net position	1,106,272	112,471	1,218,743
Net position - beginning	7,616,807	447,621	8,064,428
Prior period adjustment	41,719	-	41,719
<b>Net position - ending</b>	<b>\$ 8,764,798</b>	<b>\$ 560,092</b>	<b>\$ 9,324,890</b>

See notes to financial statements

**CITY OF FOREST GROVE**  
**COMBINING STATEMENT OF CASH FLOWS**  
**SURFACE WATER MANAGEMENT FUND**  
Year Ended June 30, 2022

	<b>Surface Water Management</b>	<b>Surface Water Management System Development Charges</b>	<b>Total Surface Water Management Fund</b>
<b>Cash flows from operating activities</b>			
Receipts from customers	\$ 1,367,396	\$ -	\$ 1,367,396
Payments to suppliers	326,632	-	326,632
Payments to employees	(475,762)	-	(475,762)
Net cash from operating activities	1,218,266	-	1,218,266
<b>Cash flows from noncapital financing activities</b>			
Transfers out	(65,042)	-	(65,042)
Net cash from noncapital financing activities	(65,042)	-	(65,042)
<b>Cash flows from capital and related financing activities</b>			
System development charges received	-	117,093	117,093
Acquisition of capital assets	(853,319)	-	(853,319)
Net cash from capital and related financing activities	(853,319)	117,093	(736,226)
<b>Cash flows from investing activities</b>			
Interest on investments	(9,754)	(4,356)	(14,110)
Purchases of investments	832	8,415	9,247
Net cash from investing activities	(8,922)	4,059	(4,863)
Net increase (decrease) in cash and cash equivalents	290,983	121,152	412,135
Cash and cash equivalents at beginning of year	514,582	240,064	754,646
<b>Cash and cash equivalents at end of year</b>	<b>\$ 805,565</b>	<b>\$ 361,216</b>	<b>\$ 1,166,781</b>
<b>Reconciliation of operating income (loss) to net cash from operating activities</b>			
Operating income (loss)	\$ 1,181,625	\$ -	\$ 1,181,625
Adjustments to reconcile operating income (loss) to net cash from operating activities			
Depreciation	210,600	-	210,600
(Increase) decrease in assets and deferred outflows of resources			
Receivables, net	(2,088)	-	(2,088)
Pension related items	(110,771)	-	(110,771)
Other postemployment benefit related items	(5,699)	-	(5,699)
Increase (decrease) in liabilities and deferred inflows of resources			
Accounts payable and accrued liabilities	25,272	-	25,272
Net pension liability	(209,829)	-	(209,829)
Pension related items	131,641	-	131,641
Other postemployment benefit related items	(2,485)	-	(2,485)
<b>Net cash from operating activities</b>	<b>\$ 1,218,266</b>	<b>\$ -</b>	<b>\$ 1,218,266</b>

See notes to financial statements

**CITY OF FOREST GROVE**  
**SURFACE WATER MANAGEMENT - ENTERPRISE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL**  
**Year Ended June 30, 2022**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues</b>			
Charges for services	\$ 1,265,000	\$ 1,369,484	\$ 104,484
Intergovernmental	97,000	-	(97,000)
Interest	3,300	1,377	(1,923)
	<u>1,365,300</u>	<u>1,370,861</u>	<u>5,561</u>
<b>Expenditures</b>			
SWM services	1,259,660	1,027,721	231,939
Contingency	175,000	-	175,000
	<u>1,434,660</u>	<u>1,027,721</u>	<u>406,939</u>
Excess (deficiency) of revenues over expenditures	<u>(69,360)</u>	<u>343,140</u>	<u>412,500</u>
<b>Other financing sources (uses)</b>			
Transfers out	<u>(65,042)</u>	<u>(65,042)</u>	<u>-</u>
Total other financing sources (uses)	<u>(65,042)</u>	<u>(65,042)</u>	<u>-</u>
Net change in fund balance	(134,402)	278,098	412,500
Fund balance at beginning of year	<u>955,745</u>	<u>1,050,334</u>	<u>94,589</u>
<b>Fund balance at end of year</b>	<b><u>\$ 821,343</u></b>	<b><u>\$ 1,328,432</u></b>	<b><u>\$ 507,089</u></b>
Reconciliation to GAAP Fund Balance:			
Capital Assets		\$ 7,974,909	
Deferred Outflows		128,983	
Deferred Inflows		(163,396)	
Long Term Debt		(489,917)	
Other		(14,213)	
Total GAAP Fund Balance		<u>\$ 8,764,798</u>	

See notes to financial statements

**CITY OF FOREST GROVE**  
**SURFACE WATER MANAGEMENT SYSTEM DEVELOPMENT CHARGES - ENTERPRISE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL**  
Year Ended June 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues</b>			
System development charges	\$ 43,500	\$ 117,093	\$ 73,593
Interest	3,000	575	(2,425)
	<u>46,500</u>	<u>117,668</u>	<u>71,168</u>
<b>Expenditures</b>			
SWC infrastructure construction	230,000	-	230,000
Contingency	84,500	-	84,500
	<u>314,500</u>	<u>-</u>	<u>314,500</u>
Net change in fund balance	(268,000)	117,668	385,668
Fund balance at beginning of year	<u>445,748</u>	<u>448,797</u>	<u>3,049</u>
<b>Fund balance at end of year</b>	<b><u>\$ 177,748</u></b>	<b><u>\$ 566,465</u></b>	<b><u>\$ 388,717</u></b>
Reconciliation to GAAP Fund Balance:			
Fair Value adjustment of Investments		\$ (6,373)	
Total GAAP Fund Balance		<u>\$ 560,092</u>	

See notes to financial statements

**CITY OF FOREST GROVE**  
**COMBINING STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUNDS**  
June 30, 2022

	<u>Information Systems</u>	<u>Equipment</u>	<u>Risk Management</u>	<u>Totals</u>
<b>Assets</b>				
Current assets				
Cash and cash equivalents	\$ 453,190	\$ 1,534,550	\$ 18,298	\$ 2,006,038
Investments	249,301	844,161	10,066	1,103,528
Accrued interest receivable	214	724	9	947
Prepaid items	-	100	234,955	235,055
Total current assets	702,705	2,379,535	263,328	3,345,568
Capital assets				
Other capital assets, net	-	1,891,028	-	1,891,028
Total assets	702,705	4,270,563	263,328	5,236,596
<b>Deferred outflows of resources</b>				
Pension related items	-	44,181	-	44,181
Other postemployment benefit related items	-	3,805	-	3,805
Total deferred outflows of resources	-	47,986	-	47,986
<b>Liabilities</b>				
Current liabilities				
Accounts payable and accrued liabilities	7,546	70,859	5,655	84,060
Long-term obligations due within one year	-	15,574	-	15,574
Total current liabilities	7,546	86,433	5,655	99,634
Long-term obligations due in more than one year	-	183,927	-	183,927
Total liabilities	7,546	270,360	5,655	283,561
<b>Deferred inflows of resources</b>				
Pension related items	-	54,499	-	54,499
Other postemployment benefit related items	-	6,656	-	6,656
Total deferred inflows of resources	-	61,155	-	61,155
<b>Net position</b>				
Net investment in capital assets	-	1,691,527	-	1,691,527
Unrestricted	695,159	2,295,507	257,673	3,248,339
Total net position	<u>\$ 695,159</u>	<u>\$ 3,987,034</u>	<u>\$ 257,673</u>	<u>\$ 4,939,866</u>

See notes to financial statements

**CITY OF FOREST GROVE**  
**COMBINING STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION**  
**INTERNAL SERVICE FUNDS**  
Year Ended June 30, 2022

	<u>Information Systems</u>	<u>Equipment</u>	<u>City Utility</u>	<u>Risk Management</u>	<u>Totals</u>
<b>Operating revenues</b>					
Charges for services	\$ 389,944	\$ 1,067,135	\$ -	\$ 646,345	\$ 2,103,424
<b>Operating expenses</b>					
Personnel services	-	262,010	-	-	262,010
Materials and services	359,645	428,526	215,417	679,188	1,682,776
Depreciation	-	385,221	-	-	385,221
Total operating expenses	<u>359,645</u>	<u>1,075,757</u>	<u>215,417</u>	<u>679,188</u>	<u>2,330,007</u>
Operating income (loss)	<u>30,299</u>	<u>(8,622)</u>	<u>(215,417)</u>	<u>(32,843)</u>	<u>(226,583)</u>
<b>Nonoperating revenues (expenses)</b>					
Interest income	(5,258)	(18,127)	-	668	(22,717)
Miscellaneous	170	2,624	-	75,344	78,138
Loss on disposition of capital assets	-	(23,653)	-	-	(23,653)
Total nonoperating revenue (expenses)	<u>(5,088)</u>	<u>(39,156)</u>	<u>-</u>	<u>76,012</u>	<u>31,768</u>
Income (loss) before transfers	25,211	(47,778)	(215,417)	43,169	(194,815)
Transfers in	-	134,160	215,417	-	349,577
Transfers out	-	-	-	(40,000)	(40,000)
Change in net position	25,211	86,382	-	3,169	114,762
Net position at beginning of year	669,948	3,885,452	-	254,504	4,809,904
Prior period adjustment	-	15,200	-	-	15,200
<b>Net position at end of year</b>	<u><b>\$ 695,159</b></u>	<u><b>\$ 3,987,034</b></u>	<u><b>\$ -</b></u>	<u><b>\$ 257,673</b></u>	<u><b>\$ 4,939,866</b></u>

See notes to financial statements

**CITY OF FOREST GROVE**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**Year Ended June 30, 2022**

	Information Systems	Equipment	City Utility	Risk Management	Totals
<b>Cash flows from operating activities</b>					
Receipts from other funds	\$ 389,944	\$ 1,067,135	\$ -	\$ 646,345	\$ 2,103,424
Payments to suppliers	(366,014)	(388,415)	(215,417)	(674,552)	(1,644,398)
Payments to employees	-	(251,834)	-	-	(251,834)
Net cash from operating activities	<u>23,930</u>	<u>426,886</u>	<u>(215,417)</u>	<u>(28,207)</u>	<u>207,192</u>
<b>Cash flows from noncapital financing activities</b>					
Transfers in	-	-	215,417	-	215,417
Transfers out	-	-	-	(40,000)	(40,000)
Net cash from noncapital financing activities	<u>-</u>	<u>-</u>	<u>215,417</u>	<u>(40,000)</u>	<u>175,417</u>
<b>Cash flows from noncapital financing activities</b>					
Transfers in	-	134,160	-	-	134,160
Other	170	2,624	-	75,344	78,138
Acquisition of capital assets	-	(177,636)	-	-	(177,636)
Net cash from capital and related financing activities	<u>170</u>	<u>(40,852)</u>	<u>-</u>	<u>75,344</u>	<u>34,662</u>
<b>Cash flows from investing activities</b>					
Interest on investments	(4,806)	(16,891)	-	(219,287)	(240,984)
Purchase of investments	67,059	86,609	-	101,353	255,021
Net cash from investing activities	<u>62,253</u>	<u>69,718</u>	<u>-</u>	<u>(117,934)</u>	<u>14,037</u>
Net increase (decrease) in cash and cash equivalents	86,353	455,752	-	(110,797)	431,308
Cash and cash equivalents at beginning of year	366,837	1,078,798	-	129,095	1,574,730
<b>Cash and cash equivalents at end of year</b>	<b><u>\$ 453,190</u></b>	<b><u>\$ 1,534,550</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 18,298</u></b>	<b><u>\$ 2,006,038</u></b>
<b>Reconciliation of operating income (loss) to net cash from operating activities</b>					
Operating income (loss)	\$ 30,299	\$ (8,622)	\$ (215,417)	\$ (32,843)	\$ (226,583)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation	-	385,221	-	-	385,221
(Increase) decrease in assets and deferred outflows of resources					
Prepaid items	-	-	-	226	226
Pension related items	-	(41,722)	-	-	(41,722)
Other postemployment benefit related items	-	(2,555)	-	-	(2,555)
Increase (decrease) in liabilities and deferred inflows of resources					
Accounts payable and accrued liabilities	(6,369)	40,111	-	4,410	38,152
Compensated absences payable	-	3,962	-	-	3,962
Other postemployment benefits liability	-	1,751	-	-	1,751
Pension related items	-	50,222	-	-	50,222
Other postemployment benefit related items	-	(1,482)	-	-	(1,482)
<b>Net cash from operating activities</b>	<b><u>\$ 23,930</u></b>	<b><u>\$ 426,886</u></b>	<b><u>\$ (215,417)</u></b>	<b><u>\$ (28,207)</u></b>	<b><u>\$ 207,192</u></b>

See notes to financial statements

**CITY OF FOREST GROVE**  
**INFORMATION SYSTEMS - INTERNAL SERVICE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL**  
**Year Ended June 30, 2022**

	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>Revenues</b>			
Charges for services	\$ 358,403	\$ 389,944	\$ 31,541
Interest	7,000	1,101	(5,899)
Miscellaneous	-	170	170
	365,403	391,215	25,812
<b>Expenditures</b>			
Information system services	507,980	359,645	148,335
Contingency	40,000	-	40,000
	547,980	359,645	188,335
Net change in fund balance	(182,577)	31,570	214,147
Fund balance at beginning of year	683,504	671,584	(11,920)
<b>Fund balance at end of year</b>	<b>\$ 500,927</b>	<b>\$ 703,154</b>	<b>\$ 202,227</b>
Reconciliation to GAAP Fund Balance:			
Fair Value adjustment of Investments		\$ (7,995)	
Total GAAP Fund Balance		\$ 695,159	

See notes to financial statements

**CITY OF FOREST GROVE**  
**EQUIPMENT - INTERNAL SERVICE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL**  
Year Ended June 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues</b>			
Charges for services	\$ 1,048,139	\$ 1,067,135	\$ 18,996
Interest	20,000	3,655	(16,345)
Miscellaneous	-	2,624	2,624
	<u>1,068,139</u>	<u>1,073,414</u>	<u>5,275</u>
<b>Expenditures</b>			
Vehicle services	1,340,505	857,996	482,509
Contingency	200,000	-	200,000
	<u>1,540,505</u>	<u>857,996</u>	<u>682,509</u>
Excess (deficiency) of revenues over expenditures	<u>(472,366)</u>	<u>215,418</u>	<u>687,784</u>
<b>Other financing sources (uses)</b>			
Transfers in	<u>134,160</u>	<u>134,160</u>	<u>-</u>
Total other financing sources (uses)	<u>134,160</u>	<u>134,160</u>	<u>-</u>
Net change in fund balance	(338,206)	349,578	687,784
Fund balance at beginning of year	<u>1,979,053</u>	<u>1,986,172</u>	<u>7,119</u>
<b>Fund balance at end of year</b>	<b><u>\$ 1,640,847</u></b>	<b><u>\$ 2,335,750</u></b>	<b><u>\$ 694,903</u></b>
Reconciliation to GAAP Fund Balance:			
Capital Assets		\$ 1,891,028	
Deferred Outflows		47,986	
Deferred Inflows		(61,155)	
Long Term Debt		(186,927)	
Other		(39,648)	
Total GAAP Fund Balance		<u>\$ 3,987,034</u>	

See notes to financial statements

**CITY OF FOREST GROVE**  
**CITY UTILITY - INTERNAL SERVICE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL**  
Year Ended June 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Expenditures</b>			
Materials and services	235,234	215,417	19,817
Total expenditures	235,234	215,417	19,817
<b>Other financing sources (uses)</b>			
Transfers in	235,234	215,417	(19,817)
Total other financing sources (uses)	235,234	215,417	(19,817)
Net change in fund balance	-	-	-
Fund balance at beginning of year	-	-	-
<b>Fund balance at end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**CITY OF FOREST GROVE**  
**RISK MANAGEMENT - INTERNAL SERVICE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL**  
Year Ended June 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues</b>			
Charges for services	\$ 646,346	\$ 646,345	\$ (1)
Interest	48,081	314	(47,767)
Miscellaneous	-	75,344	75,344
	<u>694,427</u>	<u>722,003</u>	<u>27,576</u>
<b>Expenditures</b>			
Risk management services	778,556	679,188	99,368
Contingency	50,000	-	50,000
	<u>828,556</u>	<u>679,188</u>	<u>149,368</u>
Excess (deficiency) of revenues over expenditures	<u>(134,129)</u>	<u>42,815</u>	<u>176,944</u>
<b>Other financing sources (uses)</b>			
Transfers out	<u>(40,000)</u>	<u>(40,000)</u>	<u>-</u>
	<u>(40,000)</u>	<u>(40,000)</u>	<u>-</u>
Net change in fund balance	(174,129)	2,815	176,944
Fund balance at beginning of year	<u>246,633</u>	<u>255,180</u>	<u>8,547</u>
<b>Fund balance at end of year</b>	<b><u>\$ 72,504</u></b>	<b><u>\$ 257,995</u></b>	<b><u>\$ 185,491</u></b>
Reconciliation to GAAP Fund Balance:			
Fair Value adjustment of Investments		<u>\$ (322)</u>	
Total GAAP Fund Balance		<u><u>\$ 257,673</u></u>	

See notes to financial statements

## **COMPLIANCE SECTION**



**PAULY, ROGERS AND Co., P.C.**  
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### **Independent Auditors' Report Required by Oregon State Regulations**

We have audited the basic financial statements of the City of Forest Grove as of and for the year ended June 30, 2022, and have issued our report thereon dated January 6, 2023. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards.

#### **Compliance**

As part of obtaining reasonable assurance about whether the basic financial statements are free of material misstatement, we performed tests of 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 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

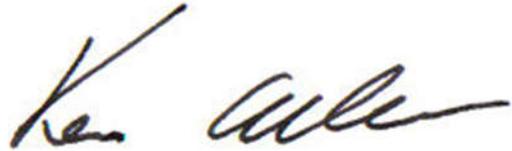
- **Deposit of public funds with financial institutions (ORS Chapter 295)**
- **Indebtedness limitations, restrictions and repayment.**
- **Budgets legally required (ORS Chapter 294).**
- **Insurance and fidelity bonds in force or required by law.**
- **Programs funded from outside sources.**
- **Highway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

In connection with our testing nothing came to our attention that caused us to believe the City of Forest Grove 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 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

**OAR 162-10-0230 Internal Control**

In planning and performing our audit, we considered the internal controls over financial reporting as a basis for designing our auditing procedures 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 internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the internal controls over financial reporting.

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

A handwritten signature in black ink, appearing to read "Ken Allen". The signature is fluid and cursive, with a large initial "K" and "A".

Kenneth Allen, CPA  
PAULY, ROGERS AND CO., P.C.



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January 6, 2023

To the Mayor and City Council  
City of Forest Grove  
Forest Grove, Oregon

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Forest Grove as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the basic financial statements, and have issued our report thereon dated January 6, 2023.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the internal control over financial reporting (internal control) as a basis for designing 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 internal control. Accordingly, we do not express an opinion on the effectiveness of 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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.

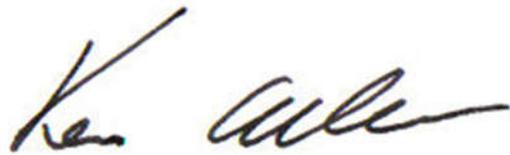
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

## **Report on Compliance and Other Matters**

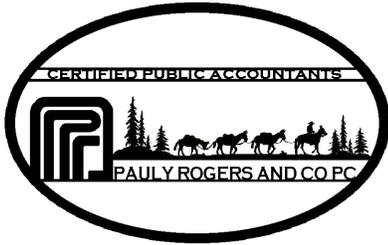
As part of obtaining reasonable assurance about whether the financial statements are free from material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink, appearing to read "Ken Allen". The signature is fluid and cursive, with a large initial "K" and "A".

Kenneth Allen, CPA  
PAULY, ROGERS AND CO., P.C.



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January 6, 2023

To the Mayor and City Council  
City of Forest Grove  
Forest Grove, Oregon

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited City of Forest Grove's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the major federal programs for the year ended June 30, 2022. The major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, City of Forest Grove complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of City of Forest Grove and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to its federal programs.

***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on compliance based on our audit. 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 generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Kenneth Allen, CPA  
PAULY, ROGERS AND CO., P.C.

**CITY OF FOREST GROVE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
Year Ended June 30, 2022

Federal Grantor  
Pass Through Grantor

Program Title	Grant Period - beginning	Grant Period -ending	AL Number	Expenditures	Pass Through to Sub- recipients
<b>United States Department of the Treasury</b>					
Coronavirus State and Local Fiscal Recovery Funds	3/3/2021	12/31/2024	21.027	\$ 907,933	\$ -
<b>Department of Homeland Security</b>					
Staffing for Adequate Fire and Emergency Response Grant	3/8/2020	3/7/2023	97.083	\$ 34,317	\$ -
Total Federal Financial Assistance Expended or Passed Through				<u>\$ 942,250</u>	<u>\$ -</u>

See notes to financial statements

CITY OF FOREST GROVE

FOREST GROVE, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2022

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**SECTION I – SUMMARY OF AUDITORS’ RESULTS**

**FINANCIAL STATEMENTS**

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?  yes  no

Significant deficiency(s) identified that are not considered to be material weaknesses?  yes  none reported

Noncompliance material to financial statements noted?  yes  no

Any GAGAS audit findings disclosed that are required to be reported in accordance with section 515(d)(2) of the Uniform Guidance?  yes  no

**FEDERAL AWARDS**

Internal control over major programs:

Material weakness(es) identified?  yes  no

Significant deficiency(s) identified that are not considered to be material weaknesses?  yes  none reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 200.516(a) of the Uniform Guidance?  yes  no

**IDENTIFICATION OF MAJOR PROGRAMS**

**AL NUMBER**                      **NAME OF FEDERAL PROGRAM CLUSTER**

21.027                      Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between type A and B programs                      \$ 750,000

Auditee qualified as low-risk auditee?  yes  no

CITY OF FOREST GROVE

FOREST GROVE, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2022

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**SECTION II – FINANCIAL STATEMENT FINDINGS**

None

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL EXPENDITURES**

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes federal grant activity under programs of the federal government. The information in this schedule is presented in accordance with the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations, it is not intended to and does not present the net position, changes in net position, or cash flows of the entity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The entity has elected to not use the ten percent de minimus indirect cost rate as allowed under Uniform Guidance, due to the fact that they already have a negotiated indirect cost rate with Oregon Department of Education, and thus is not allowed to use the de minimus rate.