

City of
Forest Grove



Annual Financial Report
For the Fiscal Year Ended June 30, 2023



**FINANCIAL REPORT
YEAR ENDED JUNE 30, 2023**

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CITY OF FOREST GROVE
OFFICERS AND MEMBERS OF THE GOVERNING BODY

MAYOR

Malynda Wenzl, term expires 11/26

CITY COUNCIL

Donna Gustafson, term expires 11/24

Michael Marshall, term expires 11/26

Karen Martinez, term expires 11/26

Timothy Rippe, term expires 11/24

Elena Uhing, term expires 11/24

Mariana Valenzuela, term expires 11/26

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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November 16, 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, 2023, 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, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Joint Water Commission and Barney Reservoir Joint Ownership Commission, which represent 35% and 6% of the assets respectively and, 13=1% and 1%, of the revenues respectively, as of June 30, 2022, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion insofar as it relates to the amounts included for the City, is based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with the auditing standards generally accepted in the United States of America. 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 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, is presented for purposes of additional analysis and is 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, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the 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 Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated November 16, 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.

A handwritten signature in black ink, appearing to read "Ken Allen", written in a cursive style.

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 \$158.7 million at June 30, 2023. Of this amount, \$19.4 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 \$4.1 million in governmental activities and by \$6.3 million in business-type activities for a total increase of \$10.4 million.
- The General Fund reported an ending fund balance at June 30, 2023, of \$8,575,448 which is a increase of \$399,381 from the prior fiscal year. Ending fund balance at June 30, 2023, was 38.7% of the General Fund expenditures for the fiscal year ending June 30, 2023.

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, 2023 and 2022
(In thousands of dollars)**

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
ASSETS						
Current and other assets	\$ 47,111	\$ 49,317	\$ 51,234	\$ 48,609	\$ 98,345	\$ 97,926
Capital assets, net	46,611	37,452	59,215	57,598	105,826	95,050
Total assets	<u>93,722</u>	<u>86,769</u>	<u>110,449</u>	<u>106,207</u>	<u>204,171</u>	<u>192,976</u>
DEFERRED OUTFLOWS OF RESOURCES						
Refunded debt charges	-	-	-	5	-	5
Pension related items	4,519	5,706	1,653	2,321	6,172	8,027
OPEB Items	213	252	668	80	881	332
Total Deferred Outflows of Resources	<u>4,732</u>	<u>5,958</u>	<u>2,321</u>	<u>2,406</u>	<u>7,053</u>	<u>8,364</u>
LIABILITIES						
Current and other liabilities	2,686	2,144	2,040	3,220	4,726	5,364
Long-term obligations	30,509	23,315	14,774	13,810	45,283	37,125
Total liabilities	<u>33,195</u>	<u>25,459</u>	<u>16,814</u>	<u>17,030</u>	<u>50,009</u>	<u>42,489</u>
DEFERRED INFLOW OF RESOURCES						
Pension related items	623	7,038	228	2,863	851	9,901
OPEB Items	789	441	248	140	1,037	581
Total Deferred Outflows of Resources	<u>1,412</u>	<u>7,479</u>	<u>476</u>	<u>3,003</u>	<u>1,888</u>	<u>10,482</u>
NET POSITION						
Net investment in capital assets	46,611	37,452	55,478	53,122	102,089	90,574
Restricted	27,028	27,561	10,233	10,530	37,261	38,091
Unrestricted	(9,793)	(5,224)	29,168	24,929	19,375	19,705
Total net position	<u>\$ 63,846</u>	<u>\$ 59,789</u>	<u>\$ 94,879</u>	<u>\$ 88,581</u>	<u>\$ 158,725</u>	<u>\$ 148,370</u>

Total governmental assets are up about \$7 million or 8% 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 53.6% of the total business-type assets and increased by \$1.6 million from the prior year. Business-Type Activities current and other assets increased by \$4.2 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, 2023 and 2022

(In thousands of dollars)

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
REVENUES:						
Program revenues:						
Charges for services	\$ 8,888	\$ 9,319	\$ 32,859	\$ 30,939	\$ 41,747	\$ 40,258
Operating grants	5,154	4,670	-	194	5,154	4,864
Capital grants	4,797	9,652	833	2,174	5,630	11,826
General revenues:						
Taxes	12,813	11,926	-	-	12,813	11,926
Other	2,681	1,404	10,283	1,226	12,964	2,630
Total revenues	<u>34,333</u>	<u>36,971</u>	<u>43,975</u>	<u>34,533</u>	<u>78,308</u>	<u>71,504</u>
EXPENSES:						
General government	10,669	8,599	-	-	10,669	8,599
Public safety	15,058	12,710	-	-	15,058	12,710
Highways and streets	3,404	2,187	-	-	3,404	2,187
Culture and recreation	4,095	4,727	-	-	4,095	4,727
Power services	-	-	26,290	19,715	26,290	19,715
Sewer services	-	-	1,693	733	1,693	733
Water services	-	-	5,520	3,566	5,520	3,566
Surface water management	-	-	1,199	188	1,199	188
Interest on long-term debt	23	29	-	-	23	29
Total expenses	<u>33,249</u>	<u>28,252</u>	<u>34,702</u>	<u>24,202</u>	<u>67,951</u>	<u>52,454</u>
Change in net position before transfers	1,084	8,719	9,273	10,331	10,357	19,050
Transfers	<u>2,973</u>	<u>2,158</u>	<u>(2,973)</u>	<u>(2,158)</u>	<u>-</u>	<u>-</u>
Change in net position	4,057	10,877	6,300	8,173	10,357	19,050
Net position at beginning of year	59,789	49,175	88,580	79,735	148,369	128,910
Prior period adjustment	-	(264)	-	673	-	409
Net position at end of year	<u>\$ 63,846</u>	<u>\$ 59,788</u>	<u>\$ 94,880</u>	<u>\$ 88,581</u>	<u>\$ 158,726</u>	<u>\$ 148,369</u>

The City's total revenues were \$78.3 million which increased by 9.5% from 2022. The major sources of revenues are business-type activity charges for services and governmental activities taxes, which account for 53.3% and 16.4% of total revenues, respectively. The total cost of all programs was \$67.9 million which is a 29.2% increase from 2022. Net position increased by \$10.4 million or 7.1% from 2022 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 \$40,101,004 at June 30, 2023, for a decrease of \$3,645,224. Proprietary net position totaled \$94,879,021 at June 30, 2023, for an overall increase of \$6,298,401. 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>	<u>Balance at June 30, 2023</u>	<u>Balance at June 30, 2022</u>	<u>Change</u>
General	\$ 8,575,448	\$ 8,176,067	\$ 399,381
Street	2,988,245	2,933,303	54,942
Urban Renewal Agency	(79,249)	(597,772)	518,523
American Rescue Plan	2,132,429	1,915,310	217,119
Transportation Development Tax	15,918,782	16,469,320	(550,538)
Non-major governmental	10,565,349	14,849,893	(4,284,544)
Totals	<u>\$ 40,101,004</u>	<u>\$ 43,746,121</u>	<u>\$ (3,645,117)</u>

CHANGE IN PROPRIETARY NET POSITION

<u>Fund</u>	<u>Balance at June 30, 2023</u>	<u>Balance at June 30, 2022</u>	<u>Change</u>
Light	\$ 27,992,123	\$ 23,490,536	\$ 4,501,587
Sewer	16,824,971	16,415,427	409,544
Water	40,469,438	39,349,767	1,119,671
Surface Water Management	9,592,489	9,324,890	267,599
Totals	<u>\$ 94,879,021</u>	<u>\$ 88,580,620</u>	<u>\$ 6,298,401</u>

City Fund's Highlights

The fund balance in the General Fund increased by \$399,381 which is more than the amount expected according to the adopted budget for the fiscal year ending June 30, 2023. Revenues from miscellaneous items were slightly higher than expected due to opioid settlement payments and expenditures were lower than anticipated. 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, 2023, the City had \$105,825,489 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 \$10,775,340. 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, 2023, the City had \$3,735,673 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 2023-24 fiscal year were, but not limited to the following:

- Forest Grove's assessed value is projected to grow by 4.0% to a total of \$2.122 billion for FY 2023-24 compared to the actual increase in assessed value of 7.4% in FY 2022-23. All property tax revenue goes into the General Fund and is projected to account for 49.0% of the General Fund's operating revenue in FY 2023-24.
- 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 and continuing for fiscal year 23-24, 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, 2023

	Governmental	Business-type	
	Activities	Activities	Totals
Assets			
Cash and cash equivalents	\$ 21,718,469	\$ 18,980,638	\$ 40,699,107
Investments	23,752,023	20,845,214	44,597,237
Accrued interest receivable	75,262	64,722	139,984
Receivables, net	943,742	3,854,306	4,798,048
Inventory	-	1,250,273	1,250,273
Prepaid items	336,272	55,889	392,161
Investment in joint ventures	-	6,184,000	6,184,000
Subscription asset, net	284,616	-	284,616
Capital assets:			
Land and construction in progress	9,232,426	2,013,053	11,245,479
Other capital assets, net	37,378,974	57,201,036	94,580,010
Total assets	93,721,784	110,449,131	204,170,915
Deferred outflows of resources			
Pension related items	4,518,666	1,652,578	6,171,244
Other postemployment benefit related items	212,934	66,845	279,779
Total deferred outflows of resources	4,731,600	1,719,423	6,451,023
Liabilities			
Accounts payable and accrued liabilities	2,070,462	1,955,373	4,025,835
Accrued interest payable	4,595	20,696	25,291
Deposits	611,084	64,306	675,390
Long-term liabilities:			
Due within one year	1,177,425	811,094	1,988,519
Due in more than one year	29,331,894	13,962,679	43,294,573
Total liabilities	33,195,460	16,814,148	50,009,608
Deferred inflows of resources			
Pension related items	622,935	227,822	850,757
Other postemployment benefit related items	788,608	247,563	1,036,171
Total deferred inflows of resources	1,411,543	475,385	1,886,928
Net position			
Net investment in capital assets	46,611,400	55,478,416	102,089,816
Restricted for:			
Highways and streets	2,988,245	-	2,988,245
Building operations	2,602,871	-	2,602,871
Community enhancement	17,238	-	17,238
Tourism	259,290	-	259,290
Capital projects	21,160,136	10,233,026	31,393,162
Other	988	-	988
Unrestricted	(9,793,787)	29,167,579	19,373,792
Total net position	\$ 63,846,381	\$ 94,879,021	\$ 158,725,402

See notes to financial statements

CITY OF FOREST GROVE
STATEMENT OF ACTIVITIES
Year Ended June 30, 2023

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	
Governmental activities							
General government	\$ 10,669,481	\$ 7,691,085	\$ 82,430	\$ 3,259,201	\$ 363,235		\$ 363,235
Public safety	15,057,544	586,117	1,325,272	-	(13,146,155)		(13,146,155)
Highways and streets	3,403,979	21,343	2,598,455	1,020,577	236,396		236,396
Culture and recreation	4,094,988	589,684	1,147,759	516,860	(1,840,685)		(1,840,685)
Interest	22,798	-	-	-	(22,798)		(22,798)
Total governmental activities	33,248,790	8,888,229	5,153,916	4,796,638	(14,410,007)		(14,410,007)
Business-type activities							
Light	26,290,456	23,759,354	-	-		(2,531,102)	(2,531,102)
Sewer	1,692,570	1,940,542	-	126,921		374,893	374,893
Water	5,520,371	5,706,240	-	668,979		854,848	854,848
Stormwater	1,199,049	1,452,749	-	36,611		290,311	290,311
Total business-type activities	34,702,446	32,858,885	-	832,511		(1,011,050)	(1,011,050)
Totals	\$ 67,951,236	\$ 41,747,114	\$ 5,153,916	\$ 5,629,149	(14,410,007)	(1,011,050)	(15,421,057)
General revenues:							
Property taxes levied for:							
General purposes					11,095,775	-	11,095,775
Specific purposes					664,046	-	664,046
Franchise fees					719,290	-	719,290
Transient room tax					143,480	-	143,480
Marijuana tax					190,675	-	190,675
Grants and contributions not restricted to specific programs					1,023,331	-	1,023,331
Unrestricted investment earnings					1,229,288	433,056	1,662,344
Miscellaneous					428,304	10,222,847	10,651,151
(Loss) on investment in joint venture					-	(373,035)	(373,035)
Transfers					2,973,417	(2,973,417)	-
Total general revenues and transfers					18,467,606	7,309,451	25,777,057
Change in net position					4,057,599	6,298,401	10,356,000
Net position at beginning of year					59,788,782	88,580,620	148,369,402
Net position at end of year					\$ 63,846,381	\$ 94,879,021	\$ 158,725,402

See notes to financial statements

CITY OF FOREST GROVE
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2023

	General	Street	Urban Renewal	American Rescue Plan	Transportation Development Tax	Total Nonmajor Funds	Total Governmental Funds
Assets							
Cash and cash equivalents	\$ 4,349,703	\$ 1,433,860	\$ 401,260	\$ 1,109,571	\$ 7,858,666	\$ 4,807,237	\$ 19,960,297
Investments	4,829,535	1,562,604	437,289	1,209,198	8,564,288	5,233,073	21,835,987
Accrued interest receivable	15,111	4,890	1,369	3,784	26,798	17,313	69,265
Receivables	739,169	-	9,008	-	-	195,565	943,742
Due from other funds	-	-	-	-	-	919,065	919,065
Prepaid items	92,290	-	-	-	-	7,090	99,380
Total assets	\$ 10,025,808	\$ 3,001,354	\$ 848,926	\$ 2,322,553	\$ 16,449,752	\$ 11,179,343	\$ 43,827,736
Liabilities, deferred inflows and fund balances							
Liabilities							
Accounts payable and accrued liabilities	\$ 732,170	\$ 13,109	\$ 5,108	\$ 190,124	\$ 530,970	\$ 554,674	\$ 2,026,155
Due to other funds	-	-	919,065	-	-	-	919,065
Deposits	611,084	-	-	-	-	-	611,084
Total liabilities	1,343,254	13,109	924,173	190,124	530,970	554,674	3,556,304
Deferred inflows of resources							
Unavailable revenue	107,106	-	4,002	-	-	59,320	170,428
Total deferred inflows of resources	107,106	-	4,002	-	-	59,320	170,428
Fund balances							
Nonspendable	92,290	-	-	-	-	48,276	140,566
Restricted for:							
Highways and streets	-	2,988,245	-	-	-	-	2,988,245
Building operations	-	-	-	-	-	2,602,871	2,602,871
Capital projects	-	-	-	-	15,918,782	5,241,354	21,160,136
Community enhancement	-	-	-	-	-	17,238	17,238
Tourism	-	-	-	-	-	259,290	259,290
Other purposes	-	-	-	-	-	988	988
Committed for:							
Highways and streets	-	-	-	-	-	84,251	84,251
Capital projects	-	-	-	-	-	654,219	654,219
Assigned for:							
Pensions	900,000	-	-	-	-	-	900,000
Capital projects	-	-	-	-	-	1,630,626	1,630,626
Unassigned	7,583,158	-	(79,249)	2,132,429	-	26,236	9,662,574
Total fund balances	8,575,448	2,988,245	(79,249)	2,132,429	15,918,782	10,565,349	40,101,004
Total liabilities, deferred inflows of resources and fund balances	\$ 10,025,808	\$ 3,001,354	\$ 848,926	\$ 2,322,553	\$ 16,449,752	\$ 11,179,343	\$ 43,827,736

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, 2023

Fund balances - total governmental funds	\$ 40,101,004
<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	46,611,400
Other long-term assets are not available for current period expenditures and, therefore, are reported as unavailable revenue in the funds	170,428
Certain items are not available to pay for current period expenditures, but are reported in the Statement of Net Position	284,616
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	5,409,490
Compensated absences of the internal service fund included below	14,799
Pension related liabilities, deferred outflows and deferred inflows included below	212,502
Other postemployment benefit related liabilities, deferred outflows and deferred inflows included below	24,707
Capital assets of the internal service fund included above	(1,759,827)
Subscription Asset and Liability included above and below	(28,881)
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	4,731,600
Some liabilities, including accrued interest payable, compensated absences, net pension liability, and other postemployment benefit liability, subscription liability are not due and payable in the current period and, therefore, are not reported in the funds	(30,513,914)
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	(1,411,543)
Net position of governmental activities	<u>\$ 63,846,381</u>

CITY OF FOREST GROVE
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2023

	General	Street	Urban Renewal	American Rescue Plan	Transportation Development Tax	Total Nonmajor Funds	Total Governmental Funds
Revenues							
Property taxes	\$ 11,104,355	\$ -	\$ 664,046	\$ -	\$ -	\$ -	\$ 11,768,401
Other local taxes	334,155	443,515	-	-	835,307	147,974	1,760,951
Franchise fees	719,290	-	-	-	-	-	719,290
Licenses, permits and fees	218,419	-	-	-	-	1,853,581	2,072,000
Fines and forfeitures	479,890	-	-	-	-	-	479,890
Charges for services	5,585,048	21,343	-	-	-	15,928	5,622,319
Donations	3,906	-	-	-	-	36,472	40,378
System development charges	-	-	-	-	-	516,860	516,860
Intergovernmental	2,857,004	2,134,245	-	2,837,851	-	749,879	8,578,979
Interest	247,126	86,827	24,355	62,239	339,458	353,771	1,113,776
Miscellaneous	217,471	37,490	-	-	-	4,129	259,090
Total revenues	<u>21,766,664</u>	<u>2,723,420</u>	<u>688,401</u>	<u>2,900,090</u>	<u>1,174,765</u>	<u>3,678,594</u>	<u>32,931,934</u>
Expenditures							
Current							
General government	5,852,016	-	145,608	16,580	-	1,270,570	7,284,774
Public safety	13,168,275	-	-	-	-	2,541	13,170,816
Highways and streets	-	1,935,441	-	-	118,140	238,258	2,291,839
Culture and recreation	3,155,524	-	-	-	-	2,983	3,158,507
Debt service	-	-	24,270	-	-	-	24,270
Capital outlay	-	733,037	-	2,682,958	1,607,163	8,332,368	13,355,526
Total expenditures	<u>22,175,815</u>	<u>2,668,478</u>	<u>169,878</u>	<u>2,699,538</u>	<u>1,725,303</u>	<u>9,846,720</u>	<u>39,285,732</u>
Excess (deficiency) of revenues over expenditures	<u>(409,151)</u>	<u>54,942</u>	<u>518,523</u>	<u>200,552</u>	<u>(550,538)</u>	<u>(6,168,126)</u>	<u>(6,353,798)</u>
Other financing sources (uses)							
Subscription based it arrangements	-	-	-	93,172	-	-	93,172
Transfers in	1,708,532	-	-	-	-	2,552,071	4,260,603
Transfers out	(900,000)	-	-	(76,605)	-	(668,596)	(1,645,201)
Total other financing sources (uses)	<u>808,532</u>	<u>-</u>	<u>-</u>	<u>16,567</u>	<u>-</u>	<u>1,883,475</u>	<u>2,708,574</u>
Net change in fund balances	399,381	54,942	518,523	217,119	(550,538)	(4,284,651)	(3,645,224)
Fund balances at beginning of year	<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>14,850,000</u>	<u>43,746,228</u>
Fund balance at end of year	<u>\$ 8,575,448</u>	<u>\$ 2,988,245</u>	<u>\$ (79,249)</u>	<u>\$ 2,132,429</u>	<u>\$ 15,918,782</u>	<u>\$ 10,565,349</u>	<u>\$ 40,101,004</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, 2023

Net change in fund balances - total governmental funds \$ (3,645,224)

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	\$ 10,950,758	
Depreciation	<u>(1,660,157)</u>	9,290,601

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 (2,007,806)

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 2,970

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

Taxes	(8,580)	
Other	<u>62,776</u>	54,196

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	1,472	
Compensated absences	<u>(108,234)</u>	(106,762)

Change in net position of internal service funds 469,624

Change in net position of governmental activities \$ 4,057,599

CITY OF FOREST GROVE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2023

	Business-type Activities				Governmental Activities	
	Light	Sewer	Water	Surface Water Management	Total Enterprise Funds	Internal Service Funds
Assets						
Current assets						
Cash and cash equivalents	\$ 3,432,443	\$ 3,115,206	\$ 11,465,704	\$ 967,285	\$ 18,980,638	\$ 1,758,172
Investments	3,900,963	3,394,918	12,495,197	1,054,136	20,845,214	1,916,036
Accrued interest receivable	11,704	10,623	39,097	3,298	64,722	5,997
Receivables, net	2,101,945	804,095	744,610	203,656	3,854,306	-
Inventory	969,259	-	281,014	-	1,250,273	-
Prepaid items	54,512	612	629	136	55,889	236,892
Total current assets	10,470,826	7,325,454	25,026,251	2,228,511	45,051,042	3,917,097
Investment in joint ventures	-	-	6,184,000	-	6,184,000	-
Noncurrent assets						
Subscription asset, net	-	-	-	-	-	153,394
Capital assets						
Land and construction in progress	827,516	176,635	952,405	56,498	2,013,054	-
Other capital assets, net	26,822,033	11,358,275	11,006,236	8,014,491	57,201,035	1,759,827
Total noncurrent assets	27,649,549	11,534,910	11,958,641	8,070,989	59,214,089	1,913,221
Total assets	38,120,375	18,860,364	43,168,892	10,299,500	110,449,131	5,830,318
Deferred outflows of resources						
Pension related items	1,195,852	96,831	251,429	108,466	1,652,578	39,685
Other postemployment benefit related items	39,304	3,715	16,648	7,178	66,845	3,112
Total deferred outflows of resources	1,235,156	100,546	268,077	115,644	1,719,423	42,797
Liabilities						
Current liabilities						
Accounts payable and accrued liabilities	880,013	709,628	296,523	69,209	1,955,373	44,307
Accrued interest payable	13,620	7,076	-	-	20,696	-
Consumer deposits	64,306	-	-	-	64,306	-
Long-term obligations due within one year	492,551	97,606	220,937	-	811,094	14,799
Total current liabilities	1,450,490	814,310	517,460	69,209	2,851,469	59,106
Noncurrent liabilities						
Subscription liability	-	-	-	-	-	124,513
Long-term obligations due in more than one year	9,602,492	1,294,522	2,353,753	711,912	13,962,679	263,010
Total liabilities	11,052,982	2,108,832	2,871,213	781,121	16,814,148	446,629
Deferred inflows of resources						
Pension related items	164,858	13,349	34,662	14,953	227,822	5,469
Other postemployment benefit related items	145,568	13,758	61,656	26,581	247,563	11,527
Total deferred inflows of resources	310,426	27,107	96,318	41,534	475,385	16,996
Net position						
Net investment in capital assets	25,434,549	10,668,619	11,208,642	8,070,989	55,382,799	1,482,018
Restricted for:						
Capital projects	-	1,689,266	7,931,274	612,486	10,233,026	-
Unrestricted	2,557,574	4,467,086	21,329,522	909,014	29,263,196	3,927,472
Total net position	\$ 27,992,123	\$ 16,824,971	\$ 40,469,438	\$ 9,592,489	\$ 94,879,021	\$ 5,409,490

See notes to financial statements

CITY OF FOREST GROVE
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
Year Ended June 30, 2023

	Business-type Activities				Governmental Activities	
	Light	Sewer	Water	Surface Water Management	Totals Enterprise Funds	Internal Service Funds
Operating revenues						
Licenses, permits and fees	\$ -	\$ 5,019	\$ 1,952	\$ -	\$ 6,971	\$ -
Charges for services	23,759,354	1,935,523	5,704,288	1,452,749	32,851,914	2,399,277
Total operating revenues	<u>23,759,354</u>	<u>1,940,542</u>	<u>5,706,240</u>	<u>1,452,749</u>	<u>32,858,885</u>	<u>2,399,277</u>
Operating expenses						
Personnel services	3,705,350	446,529	1,539,281	645,263	6,336,423	314,404
Materials and services	20,857,297	885,080	3,766,011	342,134	25,850,522	1,704,640
Amortization	-	-	-	-	-	64,349
Depreciation	1,008,944	343,523	452,772	211,652	2,016,891	384,938
Total operating expenses	<u>25,571,591</u>	<u>1,675,132</u>	<u>5,758,064</u>	<u>1,199,049</u>	<u>34,203,836</u>	<u>2,468,331</u>
Operating income (loss)	<u>(1,812,237)</u>	<u>265,410</u>	<u>(51,824)</u>	<u>253,700</u>	<u>(1,344,951)</u>	<u>(69,054)</u>
Nonoperating revenues (expenses)						
Interest income	121,351	172,026	91,127	48,552	433,056	115,512
Miscellaneous	8,245,480	11,445	1,965,922	-	10,222,847	93,662
Loss on sale of capital assets	(661,920)	-	-	-	(661,920)	(27,851)
Interest expense	(56,945)	(17,438)	237,693	-	163,310	(660)
(Loss) on investment in joint ventures	-	-	(373,035)	-	(373,035)	-
Total nonoperating revenue (expenses)	<u>7,647,966</u>	<u>166,033</u>	<u>1,921,707</u>	<u>48,552</u>	<u>9,784,258</u>	<u>180,663</u>
Income (loss) before transfers and capital contributions	5,835,729	431,443	1,869,883	302,252	8,439,307	111,609
Capital contributions	-	126,921	668,979	36,611	832,511	-
Transfers in	-	-	-	-	-	398,015
Transfers out	<u>(1,334,142)</u>	<u>(148,820)</u>	<u>(1,419,191)</u>	<u>(71,264)</u>	<u>(2,973,417)</u>	<u>(40,000)</u>
Change in net position	4,501,587	409,544	1,119,671	267,599	6,298,401	469,624
Net position at beginning of year	<u>23,490,536</u>	<u>16,415,427</u>	<u>39,349,767</u>	<u>9,324,890</u>	<u>88,580,620</u>	<u>4,939,866</u>
Net position at end of year	<u>\$ 27,992,123</u>	<u>\$ 16,824,971</u>	<u>\$ 40,469,438</u>	<u>\$ 9,592,489</u>	<u>\$ 94,879,021</u>	<u>\$ 5,409,490</u>

See notes to financial statements

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CITY OF FOREST GROVE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2023

	Business-type Activities					Governmental Activities
	Light	Sewer	Water	Surface Water Management	Total Enterprise Funds	Internal Service Funds
Cash flows from operating activities						
Receipts from customers	\$ 23,436,085	\$ 1,784,792	\$ 5,434,104	\$ 1,411,033	\$ 32,066,014	\$ -
Receipts from other funds	-	-	-	-	-	2,399,277
Payments to suppliers	(21,059,299)	(1,580,163)	(3,962,367)	(369,871)	(26,971,700)	(1,744,398)
Payments to employees	(4,386,996)	(319,254)	(1,239,752)	(531,791)	(6,477,793)	(275,066)
Net cash from operating activities	(2,010,210)	(114,625)	231,985	509,371	(1,383,479)	379,813
Cash flows from noncapital financing activities						
Transfers in	-	-	-	-	-	221,928
Transfers out	(1,334,142)	(148,820)	(1,419,191)	(71,264)	(2,973,417)	(40,000)
Net cash from noncapital financing activities	(1,334,142)	(148,820)	(1,419,191)	(71,264)	(2,973,417)	181,928
Cash flows from capital and related financing activities						
Transfers in	-	-	-	-	-	176,087
System development charges received	-	126,921	668,979	36,611	832,511	-
Other	8,245,480	11,445	1,965,922	-	10,222,847	(228)
Acquisition of capital assets	(2,962,574)	(284,881)	(869,444)	(307,732)	(4,424,631)	(281,588)
Principal paid on long-term obligations	(247,000)	(95,617)	(398,129)	-	(740,746)	-
Interest paid on long-term obligations	(58,463)	(18,317)	2,448	-	(74,332)	-
Net cash from capital and related financing activities	4,977,443	(260,449)	1,369,776	(271,121)	5,815,649	(105,729)
Cash flows from investing activities						
Interest on investments	111,347	163,495	296,865	45,804	617,511	108,630
Purchases of investments	(1,917,602)	(956,694)	(4,162,051)	(412,286)	(7,448,633)	(812,508)
Net cash from investing activities	(1,806,255)	(793,199)	(3,865,186)	(366,482)	(6,831,122)	(703,878)
Net increase (decrease) in cash and cash equivalents	(173,164)	(1,317,093)	(3,682,616)	(199,496)	(5,372,369)	(247,866)
Cash and cash equivalents at beginning of year	3,605,607	4,432,299	15,148,320	1,166,781	24,353,007	2,006,038
Cash and cash equivalents at end of year	\$ 3,432,443	\$ 3,115,206	\$ 11,465,704	\$ 967,285	\$ 18,980,638	\$ 1,758,172
Reconciliation of operating income (loss) to net cash from operating activities						
Operating income (loss)	\$ (1,812,237)	\$ 265,410	\$ (51,824)	\$ 253,700	\$ (1,344,951)	\$ (69,054)
Adjustments to reconcile operating income (loss) to net cash from operating activities						
Depreciation	1,008,944	343,523	452,772	211,652	2,016,891	449,287
(Increase) decrease in assets and deferred outflows						
Receivables, net	(318,301)	(155,750)	(272,136)	(41,716)	(787,903)	-
Inventories	98,758	-	(76,235)	-	22,523	-
Prepaid items	25,965	(27)	-	-	25,938	(5)
Pension related items	630,071	4,166	22,086	12,203	668,526	4,496
Other postemployment benefit related items	9,048	550	2,368	1,136	13,102	693
Increase (decrease) in liabilities and deferred inflows						
Accounts payable and accrued liabilities	(326,725)	(695,056)	(120,121)	(27,737)	(1,169,639)	(39,753)
Consumer deposits	(4,968)	-	-	-	(4,968)	(775)
Compensated absences payable	15,843	-	10,630	-	26,473	-
Net pension liability	773,243	233,540	565,299	221,995	1,794,077	-
Net other postemployment benefits liability	(83,249)	(6,041)	(26,505)	-	(115,795)	79,083
Pension related items	(2,087,586)	(111,240)	(302,744)	(133,904)	(2,635,474)	(49,030)
Other postemployment benefit related items	60,984	6,300	28,395	12,042	107,721	4,871
Net cash from operating activities	\$ (2,010,210)	\$ (114,625)	\$ 231,985	\$ 509,371	\$ (1,383,479)	\$ 379,813
SUPPLEMENTAL DISCLOSURE OF NONCASH TRANSACTIONS						
(Loss) on investment in joint ventures	\$ -	\$ -	\$ (373,035)	\$ -	\$ (373,035)	\$ -

See notes to financial statements

CITY OF FOREST GROVE
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
June 30, 2023

	City of Forest Grove Retirement Plan Trust Fund	Custodial Funds
Assets		
Cash and cash equivalents	\$ 323,869	\$ 9,348
Investments	67,548,597	4,910
Accrued interest receivable	-	16
Contributions receivable	207,248	-
Total assets	68,079,714	14,274
Liabilities		
Customer deposits	-	9,495
Net position		
Restricted	\$ 68,079,714	\$ 4,779

See notes to financial statements

CITY OF FOREST GROVE
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
Year Ended June 30, 2023

	City of Forest Grove Retirement Plan Trust Fund	Custodial Funds
Additions		
Employer contributions	\$ 4,377,465	\$ 642
Investment earnings	<u>4,964,135</u>	<u>43</u>
Total additions	<u>9,341,600</u>	<u>685</u>
Deductions		
Benefits	3,455,643	-
Administrative expenses	68,254	-
Other Activity	<u>75,631</u>	<u>3,844</u>
Total deductions	<u>3,599,528</u>	<u>3,844</u>
Change in net position	5,742,072	(3,159)
Net position at beginning of year	<u>62,337,642</u>	<u>7,938</u>
Net position at end of year	<u>\$ 68,079,714</u>	<u>\$ 4,779</u>

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 and 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 except for Water services by \$515,922 in the Water Fund.

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.

Subscription Assets

Subscription assets are assets in which the government obtains control of the right to use the underlying IT asset. The value of the subscription asset is initially measured as the sum of the initial subscription liability amount, any payments made to the IT software vendor before commencement of the subscription term, and any capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. The subscription asset is amortized in a straight-line manner over the course of the subscription term.

Subscription Liabilities

In the government-wide financial statements, subscription liabilities are reported as liabilities in the Statement of Net Position. In the governmental fund financial statements, the present value of subscription payments expected to be made during the subscription term is reported as other financing sources. The subscription liability should be initially measured at the present value of subscription payments expected to be made during the subscription term. Future subscription payments should be discounted using the interest rate the SBITA vendor charges the government, which may be implicit, or the government’s incremental borrowing rate if the interest rate is not readily determinable. A government should recognize amortization of the discount on the subscription liability as an outflow of resources (for example, interest expense) in subsequent financial reporting periods.

CITY OF FOREST GROVE
NOTES TO FINANCIAL STATEMENTS

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, 2023, a reconciliation of the differences between the budgetary basis and GAAP is listed on the face of the financial statements.

NOTE 4 – CASH, CASH EQUIVALENTS AND INVESTMENTS

The City's cash, cash equivalents, and investments as of June 30, 2023, were as follows:

Cash and cash equivalents

Deposits with financial institutions	\$ 18,536,454
State of Oregon Local Government Investment Pool	22,494,080
Cash on hand	1,790
	<u>\$ 41,032,324</u>

Investments

Us government agencies	\$ 44,441,633
Mutual funds	67,548,597
Clean Fuel Credits	160,514
	<u>\$ 112,150,744</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, 2023, none of the City's bank balances were exposed to custodial credit risk.

CITY OF FOREST GROVE
NOTES TO FINANCIAL STATEMENTS

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, 2023:

<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	\$ 44,441,633	39.62%	1.3
Mutual funds	Not rated	67,548,597	60.24%	N/A
Clean Fuel Credits	Not rated	160,514	.14%	N/A
		<u>\$ 112,150,744</u>		

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, 2023, receivables were as follows:

	Governmental Activities/Funds			Business-type Activities/Enterprise Funds				Totals
	General	Urban		Light	Sewer	Water	Surface	
		Renewal	Nonmajor				Water	
Property taxes	\$ 163,794	\$ 9,008	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 172,802
Accounts	575,375	-	187,374	100,364	1,742	15,450	-	880,305
Assessments	-	-	8,191	-	-	-	-	8,191
Grants	-	-	-	-	-	-	-	-
User charges	-	-	-	2,156,685	821,816	759,212	209,549	3,947,262
Allowance for doubtful accounts	-	-	-	(155,104)	(19,463)	(30,052)	(5,893)	(210,512)
	<u>\$ 739,169</u>	<u>\$ 9,008</u>	<u>\$ 195,565</u>	<u>\$2,101,945</u>	<u>\$ 804,095</u>	<u>\$ 744,610</u>	<u>\$ 203,656</u>	<u>\$ 4,798,048</u>

NOTE 6 – CAPITAL ASSETS

Activity for governmental activities for the year ended June 30, 2023, was as follows:

	Balances			Balances
	July 1, 2022	Additions	Deletions	
Capital assets not being depreciated				
Land and land improvements	\$ 9,108,394	\$ -	\$ -	\$ 9,108,394
Construction in progress	2,481,344	-	2,357,312	124,032
Total capital assets not being depreciated	<u>11,589,738</u>	<u>-</u>	<u>2,357,312</u>	<u>9,232,426</u>
Capital assets, being depreciated and amortized				
Building and improvements	15,484,877	9,494,796	-	24,979,673
Machinery and equipment	10,873,737	2,192,942	154,277	12,912,402
Infrastructure	34,557,007	1,901,921	25,622	36,433,306
Total capital assets, being depreciated and amortized	<u>60,915,621</u>	<u>13,589,659</u>	<u>179,899</u>	<u>74,325,381</u>
Less accumulated depreciation and amortization				
Building and improvements	8,876,781	380,737	-	9,257,518
Machinery and equipment	6,777,430	771,733	126,426	7,422,737
Infrastructure	19,399,148	892,626	25,622	20,266,152
Total accumulated depreciation and amortization	<u>35,053,359</u>	<u>2,045,096</u>	<u>152,048</u>	<u>36,946,407</u>
Total capital assets, being depreciated and amortized, net	<u>25,862,262</u>	<u>11,544,563</u>	<u>27,851</u>	<u>37,378,974</u>
Business-type activities capital assets, net	<u>\$ 37,452,000</u>	<u>\$11,544,563</u>	<u>\$ 2,385,163</u>	<u>\$ 46,611,400</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, 2023, was as follows:

	Balances July 1, 2022	Additions	Deletions	Balances June 30, 2023
Capital assets not being depreciated				
Land	\$ 1,276,358	\$ 261,488	\$ -	\$ 1,537,846
Work in progress	236,225	2,742,186	2,503,204	475,207
Total capital assets not being depreciated	<u>1,512,583</u>	<u>3,003,674</u>	<u>2,503,204</u>	<u>2,013,053</u>
Capital assets, being depreciated and amortized				
Building and improvements	14,199,965	342,189	-	14,542,154
Machinery and equipment	34,932,529	2,907,067	828,755	37,010,841
Infrastructure	51,888,977	545,025	-	52,434,002
Intangible-water rights	1,707,484	-	-	1,707,484
Total capital assets, being depreciated and amortized	<u>102,728,955</u>	<u>3,794,281</u>	<u>828,755</u>	<u>105,694,481</u>
Less accumulated depreciation and amortization				
Building and improvements	5,256,560	280,874	-	5,537,434
Machinery and equipment	15,048,188	860,860	166,835	15,742,213
Infrastructure	24,862,863	832,380	-	25,695,243
Intangible-water rights	1,475,778	42,777	-	1,518,555
Total accumulated depreciation and amortization	<u>46,643,389</u>	<u>2,016,891</u>	<u>166,835</u>	<u>48,493,445</u>
Total capital assets, being depreciated and amortized, net	<u>56,085,566</u>	<u>1,777,390</u>	<u>661,920</u>	<u>57,201,036</u>
Business-type activities capital assets, net	<u>\$ 57,598,149</u>	<u>\$ 4,781,064</u>	<u>\$ 3,165,124</u>	<u>\$ 59,214,089</u>

For the year ended June 30, 2023, depreciation and amortization expense was charged to functions/programs of the City as follows:

Governmental activities	
General government	\$ 574,546
Public safety	256,117
Highways and streets	821,755
Culture and recreation	392,678
	<u>\$ 2,045,096</u>
Business-type activities	
Light	\$ 1,008,944
Sewer	343,523
Water	452,772
Surface water management	211,652
	<u>\$ 2,016,891</u>

CITY OF FOREST GROVE
NOTES TO FINANCIAL STATEMENTS

NOTE 7 – UNAVAILABLE REVENUE

As of June 30, 2023, resources in the governmental funds which are measurable but unavailable consist of the following:

	General	Urban Renewal	Nonmajor	Totals
Property taxes	\$ 107,106	\$ 4,002	\$ -	\$ 111,108
Accounts	-	-	50,189	50,189
Assessments	-	-	9,131	9,131
	<u>\$ 107,106</u>	<u>\$ 4,002</u>	<u>\$ 59,320</u>	<u>\$ 170,428</u>

NOTE 8 – LONG-TERM OBLIGATIONS

Changes in long-term obligations for the year ended June 30, 2023, were as follows:

	Balances July 1, 2022	Additions	Reductions	Balance June 30, 2023	Balances Due Within One year
<u>Governmental activities</u>					
Other long-term obligations					
Compensated absences	\$ 993,691	\$ 1,101,150	\$ 993,691	\$ 1,101,150	\$ 1,101,150
Other post employment benefit liability	1,505,371	-	390,804	1,114,567	-
Subscription liability	-	278,514	77,976	200,538	76,275
Net pension liability	20,815,743	7,277,321	-	28,093,064	-
	<u>\$ 23,314,805</u>	<u>\$ 8,656,985</u>	<u>\$ 1,462,471</u>	<u>\$ 30,509,319</u>	<u>\$ 1,177,425</u>
 <u>Business-type activities</u>					
Long-term debt obligations - bonds and loans					
Direct placement					
Capital One Public Financing, LLC	\$ 350,000	\$ -	\$ 350,000	\$ -	\$ -
Premium	3,155	-	3,155	-	-
Columbia State Bank	2,462,000	-	247,000	2,215,000	253,000
Direct borrowing					
US Department of the Interior	794,971	-	44,972	749,999	46,546
Clean Water Services	866,291	-	95,617	770,674	97,606
	<u>4,476,417</u>	<u>-</u>	<u>740,744</u>	<u>3,735,673</u>	<u>397,152</u>
Other long-term obligations					
Compensated absences	387,469	413,942	387,469	413,942	413,942
Other postemployment benefit liability	477,797	-	127,908	349,889	-
Net pension liability	8,468,079	1,806,190	-	10,274,269	-
	<u>\$ 13,809,762</u>	<u>\$ 2,220,132</u>	<u>\$ 1,256,121</u>	<u>\$ 14,773,773</u>	<u>\$ 811,094</u>

CITY OF FOREST GROVE
NOTES TO FINANCIAL STATEMENTS

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, 2023, maturities for business-type activities long-term debt obligations for future years ending June 30 are as follows:

Fiscal Year	US Department of the Interior		Columbia State Bank		Clean Water Services		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
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	108,696	36,898	280,000	25,575	105,987	7,068	494,683	69,541
2023-2033	177,731	40,660	883,000	33,487	261,906	7,921	1,322,637	82,068
2034-2036	267,381	23,799	-	-	-	-	267,381	23,799
	<u>\$ 749,999</u>	<u>\$ 196,354</u>	<u>\$ 2,215,000</u>	<u>\$ 228,788</u>	<u>\$ 770,674</u>	<u>\$ 64,430</u>	<u>\$ 3,735,673</u>	<u>\$ 489,572</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, 2023, \$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, 2023, \$26,615,000 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, 2023, \$13,063,129 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, 2023, \$1,465,000 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.

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, 2022, plan membership consisted of 121 retirees and beneficiaries, 31 vested terminated participants, 4 nonvested terminated participants, and 64 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 \$4,347,320 for the year ended June 30, 2023.

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, 2023, the City reported a net pension liability of \$36,885,164. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date as follows:

Total pension liability	\$	99,234,737
Plan fiduciary net position		<u>62,349,573</u>
Net pension liability	\$	<u>36,885,164</u>
 Fiduciary net position as a percentage of total pension liability		 62.83%

For the year ended June 30, 2023, 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	\$ 97,167,624	\$ 68,752,154	\$ 28,415,470
Changes for the year:			
Service cost	1,642,608	-	1,642,608
Interest on total pension liability	5,091,700	-	5,091,700
Effect of economic/demographic losses	(847,195)	-	(847,195)
Effect of assumption changes or inputs	(169,062)	-	(169,062)
Benefit payments	(3,650,938)	(3,650,938)	-
Administrative expenses	-	(81,713)	81,713
Net investment income	-	(7,041,785)	7,041,785
Employer contributions	-	4,371,855	(4,371,855)
Ending balances	<u>\$ 99,234,737</u>	<u>\$ 62,349,573</u>	<u>\$ 36,885,164</u>

CITY OF FOREST GROVE
NOTES TO FINANCIAL STATEMENTS

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, 2023, the City recognized pension expense of \$6,362,109. As of June 30, 2023, 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	\$ 248,956	\$ 478,849
Change of assumptions or inputs	2,199,563	95,557
Net difference between projected and actual earnings on pension plan investments	<u>1,878,208</u>	<u>-</u>
	<u>\$ 4,326,727</u>	<u>\$ 574,406</u>

As of June 30, 2023, 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:

2024	\$ 1,858,414
2025	(47,639)
2026	(192,066)
2027	<u>2,133,612</u>
	<u>\$ 3,752,321</u>

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, 2022
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	Healthy retirees and beneficiaries: Pub-2010 sex-distinct, generational per Unisex Social Security Data Scale, with job class adjustments and setbacks Participants with disabilities: 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, 2022, the administrative expense assumption was increased using the inflation assumption from \$72,000 to \$74,000, the assumption for the increase in average monthly earnings due to compensation payments upon termination for members retiring from active service was increased from 4.0% to 4.5%, the unused sick leave benefit assumption was updated from 5.5% to 6.0%, the retirement rate for safety members was updated to assume 100% retirement for members with 25 years of service or more. The retirement rate assumption for general service and IBEW members was simplified to be unisex and updated to reflect recent plan experience, the termination rate assumption was updated to better reflect plan experience.

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	\$ 51,554,753	\$ 36,885,164	\$24,932,073

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, 2023, totaled \$271,163.

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/ACFR/2022-Annual-Comprehensive-Financial-Report.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, 2020.

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 \$675,193 for the year ended June 30, 2023.

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, 2023, the City reported a liability of \$1,482,169 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of 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, 2022, the City's proportion was 0.00967978%, which was an increase of 0.002423% from its proportion measured as of June 30, 2021.

Pension expense

For the year ended June 30, 2023, the City recognized pension expense of \$570,313.

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, 2022, 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, 2022 - 5.5 years
- 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

CITY OF FOREST GROVE
NOTES TO FINANCIAL STATEMENTS

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, 2023, 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	\$ 71,947	\$ 9,243
Change of assumptions	232,560	2,125
Net difference between projected and actual earnings on pension plan investments	--	264,983
Changes in proportionate share	636,976	--
Difference between contributions and proportionate share of system contributions	227,840	--
Contributions subsequent to the measurement date	<u>675,193</u>	<u>--</u>
	<u>\$ 1,844,516</u>	<u>\$ 276,351</u>

Deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement in the amount of \$675,193 will be recognized as a reduction of the net pension liability in the year ending June 30, 2024.

As of June 30, 2023, other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense for future years ending June 30 as follows:

2024	\$	309,172
2025		197,031
2026		82,392
2027		255,827
2028		<u>48,551</u>
	<u>\$</u>	<u>892,972</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, 2022, was based on an actuarial valuation as of December 31, 2020, using the following methods and assumptions:

<u>Actuarial Methods and Assumptions</u>	<u>Pension</u>
Valuation date	December 31, 2020
Measurement date	June 30, 2022
Experience Study	2020, published July 20, 2021
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>Healthy retirees and beneficiaries: Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p>Active members: 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>Disabled retirees: Pub-2010 Disabled 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 2020 Experience Study which reviewed experience for the four-year period ended December 31, 2020.

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
Cash	0.0%
Debt Securities	20.0%
Public Equity	30.0%
Private Equity	20.0%
Real Estate	12.5%
Real Assets	7.5%
Diversifying Strategies	7.5%
Risk Parity*	2.5%
Total	100.0%

* Risk Parity asset class/strategy included within Diversifying Strategies 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.

Long-Term Expected Rate of Return ¹				
Asset Class	Target Allocation	Annual Arithmetic Return ²	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 ³	1.77	1.76	1.20
Assumed Inflation - Mean			2.40 %	1.65 %

¹ 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.

² 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.

³ 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	\$ 2,628,498	\$ 1,482,169	\$ 522,744

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 \$284,068 for the year ended June 30, 2023.

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, 2021, there were 145 active employees, 6 eligible retirees, and 1 spouse of eligible retirees for a total of 152 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	\$	709
For spouses of retirees		793

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, 2023, the City reported a total OPEB liability of \$1,104,216. The total OPEB liability was measured as of June 30, 2022, and determined by an actuarial valuation as of that date.

Changes in the total OPEB liability is as follows:

	Total OPEB Liability
Balances at June 30, 2022	\$ 1,479,160
Changes for the year:	
Service cost	109,873
Interest	33,376
Effect of economic/demographic gains or losses	(318,244)
Changes in assumptions or other inputs	(111,778)
Benefit payments	(88,171)
Balances at June 30, 2023	<u>\$ 1,104,216</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, 2023, the City recognized an OPEB expense of \$(3,974). As of June 30, 2023, 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	\$ -	\$ 549,423
Changes of assumptions	30,597	277,377
Benefit payments	90,534	-
	\$ 121,131	\$ 826,800

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 \$90,534 will be recognized as an adjustment to the total OPEB liability in the year ending June 30, 2024.

As of June 30, 2023, other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense in future years ending June 30 as follows:

2024	\$ (147,223)
2025	(147,223)
2026	(143,332)
2027	(119,293)
2028	(99,207)
Thereafter	(139,925)
	\$ (796,203)

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, 2022
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Inflation Rate	2.4%
Projected Salary Increases	3.4%
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 3.54%. The discount rate is based on the Bond Buyer 20-year General Obligation Bond Index. The discount rate at the prior measurement date was 2.16%.

NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

City of Forest Grove Other Postemployment Benefits Plan (Continued)

Healthcare cost trend rate

As of June 30, 2023, the assumed healthcare cost trend for medical and vision costs is as follows:

<u>Year</u>	<u>Pre-65 Trend</u>
2022	4.25%
2023	6.75
2024	6.50
2025	6.00
2026	5.25
2027	5.00
2028-2029	4.75
2030	4.50
2031-2065	4.25
2066-2071	4.00
2072+	3.75

Dental costs are assumed to increase 1.75% for 2022, 4.00% per year until 2072, then 3.75% thereafter.

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 3.54%, 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 (2.54%) or 1-percentage-point higher (4.54%) 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	\$ 1,184,590	\$ 1,104,216	\$ 1,029,793
	1-Percentage Point Lower	Current Discount Rate	1-Percentage Point Higher
City's total OPEB liability	\$ 999,232	\$ 1,104,216	\$ 1,226,803

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, 2023, the City reported a liability of \$360,248 for its proportionate share of the total OPEB liability. The total OPEB liability was measured as of June 30, 2023. As of June 30, 2023, the City's proportion was 1.444% 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, 2023, the City recognized an OPEB expense of \$24,322. As of June 30, 2023, 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	\$ 42,610	\$ 6,622
Changes of assumptions	116,039	20,375
Changes in proportionate share	-	182,380
	\$ 158,649	\$ 209,377

As of June 30, 2023, 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:

2024	\$ (2,416)
2025	(2,416)
2026	(2,416)
2027	(2,416)
2028	(2,416)
Thereafter	(38,648)
	\$ (50,728)

Actuarial assumptions

The total OPEB liability in the actuarial valuation as of June 30, 2023, was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Discount Rate	3.65%
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 3.65% discount rate assumption is the rate as of June 30, 2023, 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, 2021 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 (2.65%) or 1-percentage-point higher (4.65%) 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	\$ 391,496	\$ 360,248	\$ 331,629
	1-Percentage Point Lower	Current Discount Rate	1-Percentage Point Higher
City's total OPEB liability	\$ 322,384	\$ 360,248	\$ 404,605

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, 2023, is \$5,686,580. 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 \$497,420 at June 30, 2023. 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 \$6,898,805 for the year ended June 30, 2023. The amount due to and payable to CWS was \$745,436 at June 30, 2023.

NOTE 16 – SUBSCRIPTION ASSET AND LIABILITY

For the year ended 6/30/2023, the financial statements include the adoption of GASB Statement No. 96, Subscription-Based Information Technology Arrangements. The primary objective of this statement is to enhance the relevance and consistency of information about governments' subscription activities. This statement establishes a single model for subscription accounting based on the principle that subscriptions are financings of the right to use an underlying asset. Under this Statement, an organization is required to recognize a subscription liability and an intangible right-to-use subscription asset. For additional information, refer to the disclosures below.

NOTE 16 – SUBSCRIPTION ASSET AND LIABILITY (Continued)

On 07/01/2022, The City entered into a 36 month subscription for the use of Civic Plus LLC. An initial subscription liability was recorded in the amount of \$12,429. As of 06/30/2023, the value of the subscription liability is \$12,429. The City is required to make monthly fixed payments of \$0.00. Additionally, there are annual other reasonably certain payments of \$12,542.87. The subscription has an interest rate of 0.4570%. The value of the right to use asset as of 06/30/2023 of \$60,481.61 with accumulated amortization of \$20,160.54 is included with Software on the Subscription Class activities table found below.

On 07/01/2022, The City entered into a 29 month subscription for the use of ESRI. An initial subscription liability was recorded in the amount of \$54,830.41. As of 06/30/2023, the value of the subscription liability is \$27,411.84. The City is required to make annual fixed payments of \$27,500.00. The subscription has an interest rate of 0.3280%. The value of the right to use asset as of 06/30/2023 of \$82,330.41 with accumulated amortization of \$34,028.64 is included with Software on the Subscription Class activities table found below.

On 10/17/2022, The City entered into a 36 month subscription for the use of Netwrix. An initial subscription liability was recorded in the amount of \$12,884.60. As of 06/30/2023, the value of the subscription liability is \$8,540.58. The City is required to make annual fixed payments of \$4,444.85. The subscription has an interest rate of 3.2380%. The value of the right to use asset as of 06/30/2023 of \$17,329.45 with accumulated amortization of \$4,079.41 is included with Software on the Subscription Class activities table found below.

On 09/19/2022, The City entered into a 60 month subscription for the use of OpenGov Procurement. An initial subscription liability was recorded in the amount of \$80,287.45. As of 06/30/2023, the value of the subscription liability is \$63,595.47. The City is required to make annual fixed payments of \$16,850.28. The subscription has an interest rate of 2.3660%. The value of the right to use asset as of 06/30/2023 of \$107,787.45 with accumulated amortization of \$16,886.70 is included with Software on the Subscription Class activities table found below.

On 07/01/2022, The City entered into a 54 month subscription for the use of OpenGov Budgeting. An initial subscription liability was recorded in the amount of \$118,083.21. As of 06/30/2023, the value of the subscription liability is \$88,561.45. The City is required to make annual fixed payments of \$30,000.00. The subscription has an interest rate of 0.8100%. The value of the right to use asset as of 06/30/2023 of \$118,083.21 with accumulated amortization of \$26,240.71 is included with Software on the Subscription Class activities table found below.

Amount of Subscription Assets my Major Classes of Underlying Asset

<u>Asset Class</u>	<u>Subscription Asset</u>	<u>Accumulated Amortization</u>	<u>Total</u>
Software	\$ 386,012	\$ 101,396	\$ 284,616

NOTE 16 – SUBSCRIPTION ASSET AND LIABILITY (Continued)

Principal and Interest Requirements to Maturity

Fiscal Year	Principal	Interest	Total Payments
2024	76,275	2,520	78,795
2025	61,963	1,875	63,838
2026	45,839	1,011	46,850
2027	16,461	389	16,850
	<u>\$ 200,538</u>	<u>\$ 5,795</u>	<u>\$ 206,333</u>

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	\$ 1,708,532	\$ 900,000
American Rescue Plan	-	76,605
Nonmajor governmental	2,552,071	668,596
Light	-	1,334,142
Sewer	-	148,820
Water	-	1,419,191
Surface water management	-	71,264
Internal service funds	398,015	40,000
	<u>\$ 4,658,618</u>	<u>\$ 4,658,618</u>

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, 2023, the balance is \$919,066.

CITY OF FOREST GROVE
NOTES TO FINANCIAL STATEMENTS

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	\$ 36,885,164	\$ 4,326,728	\$ 574,406
Defined Benefit - PERS	1,482,169	1,844,516	276,351
	<u>\$ 38,367,333</u>	<u>\$ 6,171,244</u>	<u>\$ 850,757</u>
OPEB Implicit Rate	\$ 1,104,216	\$ 121,130	\$ 826,794
OPEB - NW Firefighters	360,248	158,649	209,377
	<u>\$ 1,464,464</u>	<u>\$ 279,779</u>	<u>\$ 1,036,171</u>

NOTE 20 – NET POSITION RESTRICTED THROUGH ENABLING LEGISLATION

As of June 30, 2023, 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	\$	15,918,782
System development charges (SDC) are restricted for the purposes as specified in the implementing ordinances:		
Park acquisition and development		5,157,069
Trail system sponsorship is restricted for trail construction or maintenance		82,699
Governmental activities – tourism		
City transient lodging tax is restricted for tourism		259,290
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		1,689,266
Water system improvement and expansion		7,931,274
Surface water management system improvement and expansion		612,486

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, 2023 have been reduced by \$289,000.

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, 2023, have been reduced by \$72,000.

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, 2023, have been reduced by \$13,000.

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>2023</u>	<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	\$ 97,167,624	\$ 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>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>	<u>29,632,905</u>
Net pension liability	<u>\$ 28,415,470</u>	<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	\$ 1,642,608	\$ 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	5,091,700	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	(847,195)	1,078,808	(494,775)	(503,546)	(844,964)	617,091	32,324	(224,525)	269,909
Effect of assumption changes or inputs	(169,062)	9,531,439	-	(65,735)	4,987,257	2,039,393	1,829,323	7,846,254	1,342,042
Benefit payments	<u>(3,650,938)</u>	<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>\$ 2,067,113</u>	<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	\$ 4,371,855	\$ 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	(7,041,785)	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	(3,650,938)	(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>(81,713)</u>	<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>\$ (6,402,581)</u>	<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	\$ 99,234,737	\$ 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>62,349,573</u>	<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>
Net pension liability	<u>\$ 36,885,164</u>	<u>\$ 28,415,470</u>	<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>
Fiduciary net position as a percent of total pension liability	62.8%	70.8%	63.4%	61.7%	57.3%	57.7%	56.2%	59.1%	73.3%
Covered payroll	\$ 6,290,476	\$ 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	586.4%	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, *

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 4,302	\$ 4,208	\$ 4,274	\$ 3,853	\$ 3,525	\$ 2,707	\$ 2,094	\$ 1,987	\$ 1,888	\$ 1,763
Actual employer contribution	4,372	4,220	4,297	3,878	3,299	2,776	2,101	1,998	1,895	1,762
Contribution deficiency (excess)	(70)	(12)	(23)	(25)	226	(69)	(7)	(11)	(7)	1
Covered payroll	6,290	7,191	7,562	7,740	7,553	8,548	8,616	8,715	8,619	8,559
Contribution as a percent of covered payroll	69.50%	58.70%	56.82%	50.10%	43.68%	32.48%	24.38%	22.93%	21.99%	20.59%
Valuation date	7/1/2020	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
Assumed investment rate of return	6.00%	6.00%	6.00%	6.50%	6.75%	6.75%	7.25%	7.25%	7.25%	7.25%

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

<u>Year Ended June 30,</u>	<u>Rate of Return</u>
2022	-10.22%
2021	27.91%
2020	3.24%
2019	8.64%
2018	8.35%
2017	11.08%
2016	3.34%
2015	-1.95%
2014	15.56%

*2023 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>
2023	0.96797800%	\$ 1,482,169	\$ 4,165,346	36%	85%
2022	0.00725654%	868,352	2,798,440	31%	88%
2021	0.00529354%	1,155,233	1,539,866	75%	76%
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 *

<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>
2023	\$ 675,193	\$ 675,193	\$ -	5,800,941	11.64%
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, *

	2023	2022	2021	2020	2019	2018
Service cost	\$ 109,873	\$ 106,727	\$ 118,255	\$ 105,672	\$ 120,349	\$ 128,201
Interest on total OPEB liability	33,376	32,547	63,352	63,651	66,273	52,872
Effect of economic/demographic gains or losses	(318,244)	-	(400,208)	-	(34,389)	-
Effect of assumptions changes or inputs	(111,778)	5,111	(36,953)	49,980	(286,905)	(112,965)
Benefit payments	(88,171)	(62,091)	(78,100)	(55,133)	(59,126)	(69,377)
Net change in total OPEB liability	(374,944)	82,294	(333,654)	164,170	(193,798)	(1,269)
Total OPEB liability - beginning of year	1,479,160	1,396,866	1,730,520	1,566,350	1,760,148	1,761,417
Total OPEB liability - end of year	\$ 1,104,216	\$ 1,479,160	\$ 1,396,866	\$ 1,730,520	\$ 1,566,350	\$ 1,760,148
Covered employee payroll	\$ 11,534,962	\$ 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	9.57%	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, *

<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>
2023	1.4440%	\$ 360,248	\$ 1,798,358	0.200320515	0%
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 *

<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>
2023	\$ 394,486	\$ 394,486	\$ -	\$ 1,798,358	21.94%
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
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2023

	<u>Budget</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$ 10,913,540	\$ 10,913,540	\$ 11,104,355	\$ 190,815
Other local taxes	327,000	327,000	334,155	7,155
Franchise fees	665,000	665,000	719,290	54,290
Licenses, permits and fees	176,325	176,325	218,419	42,094
Fines and forfeitures	466,084	466,084	479,890	13,806
Charges for services	5,426,863	5,426,863	5,585,048	158,185
Intergovernmental	2,783,359	2,783,359	2,857,004	73,645
Donations	2,200	2,200	3,906	1,706
Interest	106,000	106,000	144,682	38,682
Miscellaneous	88,609	88,609	217,471	128,862
Total revenues	<u>20,954,980</u>	<u>20,954,980</u>	<u>21,664,220</u>	<u>709,240</u>
Expenditures				
Legislative and executive	645,564	666,564	664,567	1,997
Administrative services	4,247,529	4,180,529	3,908,559	271,970
Library	1,504,211	1,504,211	1,405,551	98,660
Planning	613,499	613,499	488,881	124,618
Economic Development	182,016	182,016	131,389	50,627
Fire	5,729,593	5,794,593	5,661,407	133,186
Engineering	1,016,035	1,016,035	971,333	44,702
Police	7,303,605	7,178,605	7,090,400	88,205
Aquatics	750,955	750,955	730,013	20,942
Parks	968,028	968,028	922,820	45,208
Recreation	96,080	136,080	97,140	38,940
Municipal court	427,068	427,068	416,468	10,600
Contingency	720,000	634,000	-	634,000
Total expenditures	<u>24,204,183</u>	<u>24,052,183</u>	<u>22,488,528</u>	<u>1,563,655</u>
Excess (deficiency) of revenues over expenditures	<u>(3,249,203)</u>	<u>(3,097,203)</u>	<u>(824,308)</u>	<u>2,272,895</u>
Other financing sources (uses)				
Transfers in	1,896,281	1,744,281	1,708,532	(35,749)
Transfers out	(900,000)	(900,000)	(900,000)	-
Total other financing sources (uses)	<u>996,281</u>	<u>844,281</u>	<u>808,532</u>	<u>(35,749)</u>
Net change in fund balance	(2,252,922)	(2,252,922)	(15,776)	2,237,146
Fund balance at beginning of year	<u>8,362,694</u>	<u>8,362,694</u>	<u>8,738,559</u>	<u>375,865</u>
Fund balance at end of year	<u>\$ 6,109,772</u>	<u>\$ 6,109,772</u>	<u>\$ 8,722,783</u>	<u>\$ 2,613,011</u>
Reconciliation to GAAP Fund Balance:				
Fair Value adjustment of Investments			<u>\$ (147,335)</u>	
Total GAAP Fund Balance			<u><u>\$ 8,575,448</u></u>	

See notes to financial statements

CITY OF FOREST GROVE
STREET FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2023

	<u>Budget</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Other local taxes	\$ 400,000	\$ 400,000	\$ 443,515	\$ 43,515
Licenses, permits and fees	2,500	2,500	-	(2,500)
Charges for services	-	-	21,343	21,343
Intergovernmental	2,148,110	2,148,110	2,134,245	(13,865)
Interest	9,500	9,500	53,214	43,714
Miscellaneous	185,100	185,100	37,490	(147,610)
Total revenues	<u>2,745,210</u>	<u>2,745,210</u>	<u>2,689,807</u>	<u>(55,403)</u>
Expenditures				
Street services	3,160,480	3,160,480	2,646,962	513,518
Contingency	150,000	150,000	-	150,000
Total expenditures	<u>3,310,480</u>	<u>3,310,480</u>	<u>2,646,962</u>	<u>663,518</u>
Net change in fund balance	(565,270)	(565,270)	42,845	608,115
Fund balance at beginning of year	1,961,975	1,961,975	2,966,041	1,004,066
Fund balance at end of year	<u>\$ 1,396,705</u>	<u>\$ 1,396,705</u>	<u>\$ 3,008,886</u>	<u>\$ 1,612,181</u>
Reconciliation to GAAP Fund Balance:				
Fair Value adjustment of Investments			\$ (20,641)	
Total GAAP Fund Balance			<u><u>\$ 2,988,245</u></u>	

See notes to financial statements

CITY OF FOREST GROVE
URBAN RENEWAL FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2023

	<u>Budget</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$ 567,100	\$ 567,100	\$ 664,046	\$ 96,946
Interest	2,000	2,000	17,180	15,180
Total revenues	<u>569,100</u>	<u>569,100</u>	<u>681,226</u>	<u>112,126</u>
Expenditures				
Materials and services	860,352	860,352	139,645	720,707
Debt service	318,691	318,691	318,691	-
Total expenditures	<u>1,179,043</u>	<u>1,179,043</u>	<u>458,336</u>	<u>720,707</u>
Net change in fund balance	(609,943)	(609,943)	222,890	832,833
Fund balance at beginning of year	<u>609,943</u>	<u>609,943</u>	<u>622,702</u>	<u>12,759</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 845,592</u>	<u>\$ 845,592</u>
Reconciliation to GAAP Fund Balance:				
Fair Value adjustment of Investments			\$ (5,776)	
Interfund Loan			(919,065)	
Total GAAP Fund Balance			<u>\$ (79,249)</u>	

See notes to financial statements

CITY OF FOREST GROVE
AMERICAN RESCUE PLAN
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2023

	<u>Budget</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 2,837,851	\$ 2,837,851	\$ 2,837,851	\$ -
Interest	-	-	38,966	38,966
Total revenues	<u>2,837,851</u>	<u>2,837,851</u>	<u>2,876,817</u>	<u>38,966</u>
Expenditures				
Materials and services	1,209,500	1,169,500	-	1,169,500
Capital projects	3,253,492	3,445,492	2,589,786	855,706
Total expenditures	<u>4,462,992</u>	<u>4,614,992</u>	<u>2,589,786</u>	<u>2,025,206</u>
Excess (deficiency) of revenues over expenditures	<u>(1,625,141)</u>	<u>(1,777,141)</u>	<u>287,031</u>	<u>2,064,172</u>
Other financing sources (uses)				
Transfers out	(238,236)	(86,236)	(76,605)	9,631
Total other financing sources (uses)	<u>(238,236)</u>	<u>(86,236)</u>	<u>(76,605)</u>	<u>9,631</u>
Net change in fund balance	(1,863,377)	(1,863,377)	210,426	2,073,803
Fund balance at beginning of year	<u>2,335,981</u>	<u>2,335,981</u>	<u>1,937,975</u>	<u>(398,006)</u>
Fund balance at end of year	<u>\$ 472,604</u>	<u>\$ 472,604</u>	<u>\$ 2,148,401</u>	<u>\$ 1,675,797</u>
Reconciliation to GAAP Fund Balance:				
Fair Value adjustment of Investments			\$ (15,972)	
Total GAAP Fund Balance			<u>\$ 2,132,429</u>	

See notes to financial statements

CITY OF FOREST GROVE
TRANSPORTATION DEVELOPMENT TAX - CAPITAL PROJECTS FUND (MAJOR FUND)
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Other local taxes	\$ 900,000	\$ 835,307	\$ (64,693)
Interest	28,000	147,013	119,013
Total revenues	<u>928,000</u>	<u>982,320</u>	<u>54,320</u>
Expenditures			
Capital outlay	<u>16,998,886</u>	<u>1,607,163</u>	<u>15,391,723</u>
Net change in fund balance	(16,070,886)	(624,843)	15,446,043
Fund balance at beginning of year	<u>16,070,886</u>	<u>16,656,755</u>	<u>585,869</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 16,031,912</u>	<u>\$ 16,031,912</u>
Reconciliation to GAAP Fund Balance:			
Fair Value adjustment of Investments		\$ (113,130)	
Total GAAP Fund Balance		<u>\$ 15,918,782</u>	

See notes to financial statements

CITY OF FOREST GROVE
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2023

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Permanent Library Endowment</u>	<u>Total</u>
Assets				
Cash and cash equivalents	\$ 1,482,765	\$ 3,304,324	\$ 20,148	\$ 4,807,237
Investments	1,610,099	3,601,017	21,957	5,233,073
Accrued interest receivable	5,977	11,267	69	17,313
Receivables	124,230	71,335	-	195,565
Due from other funds	-	919,065	-	919,065
Prepaid items	7,090	-	-	7,090
Total assets	<u>\$ 3,230,161</u>	<u>\$ 7,907,008</u>	<u>\$ 42,174</u>	<u>\$ 11,179,343</u>
Liabilities, deferred inflows and fund balances				
Liabilities				
Accounts payable and accrued liabilities	\$ 139,769	\$ 414,905	\$ -	\$ 554,674
Total liabilities	<u>139,769</u>	<u>414,905</u>	<u>-</u>	<u>554,674</u>
Deferred inflows of resources				
Unavailable revenue	9,131	50,189	-	59,320
Total deferred inflows of resources	<u>9,131</u>	<u>50,189</u>	<u>-</u>	<u>59,320</u>
Fund balances				
Nonspendable	7,090	-	41,186	48,276
Restricted for:				
Building operations	2,602,871	-	-	2,602,871
Capital projects	82,699	5,158,655	-	5,241,354
Community enhancement	17,238	-	-	17,238
Tourism	259,290	-	-	259,290
Other	-	-	988	988
Committed for:				
Highways and streets	84,251	-	-	84,251
Capital projects	-	654,219	-	654,219
Assigned for:				
Capital projects	-	1,630,626	-	1,630,626
Unassigned	27,822	(1,586)	-	26,236
Total fund balances	<u>3,081,261</u>	<u>7,441,914</u>	<u>42,174</u>	<u>10,565,349</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,230,161</u>	<u>\$ 7,907,008</u>	<u>\$ 42,174</u>	<u>\$ 11,179,343</u>

See notes to financial statements

CITY OF FOREST GROVE
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2023

	Special Revenue	Capital Projects	Permanent Library Endowment	Total
Revenues				
Other local taxes	\$ 147,974	\$ -	\$ -	\$ 147,974
Licenses, permits and fees	1,457,509	396,072	-	1,853,581
Charges for services	1,127	14,801	-	15,928
Donations	36,472	-	-	36,472
System development charges	-	516,860	-	516,860
Intergovernmental	266,175	483,704	-	749,879
Interest	72,284	279,311	2,176	353,771
Total revenues	1,981,541	1,694,877	2,176	3,678,594
Expenditures				
Current				
General government	1,224,337	46,233	-	1,270,570
Public safety	-	2,541	-	2,541
Highways and streets	235,946	2,312	-	238,258
Culture and recreation	2,670	-	313	2,983
Capital outlay	10,000	8,322,368	-	8,332,368
Total expenditures	1,472,953	8,373,454	313	9,846,720
Excess (deficiency) of revenues over expenditures	508,588	(6,678,577)	1,863	(6,168,126)
Other financing sources (uses)				
Transfers in	-	2,552,071	-	2,552,071
Transfers out	(298,509)	(331,630)	(38,457)	(668,596)
Total other financing sources (uses)	(298,509)	2,220,441	(38,457)	1,883,475
Net change in fund balances	210,079	(4,458,136)	(36,594)	(4,284,651)
Fund balances at beginning of year	2,871,182	11,900,050	78,768	14,850,000
Fund balance at end of year	\$ 3,081,261	\$ 7,441,914	\$ 42,174	\$ 10,565,349

See notes to financial statements

CITY OF FOREST GROVE
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2023

	Building Permits	Street Tree	Assessment	Trail Systems	Transpor- tation Services	Community Enhancement	Public Arts Donations	Transient Lodging Tax	Total
Assets									
Cash and cash equivalents	\$ 1,262,807	\$ 40,250	\$ -	\$ 39,508	\$ 5,325	\$ 13,292	\$ 8,235	\$ 113,348	\$ 1,482,765
Investments	1,376,193	43,864	-	43,056	-	14,485	8,975	123,526	1,610,099
Accrued interest receivable	4,306	137	940	135	-	45	28	386	5,977
Receivables	-	-	8,191	-	91,895	-	-	24,144	124,230
Prepaid items	-	-	-	-	-	-	-	7,090	7,090
Total assets	\$ 2,643,306	\$ 84,251	\$ 9,131	\$ 82,699	\$ 97,220	\$ 27,822	\$ 17,238	\$ 268,494	\$ 3,230,161
Liabilities, deferred inflows and fund balances									
Liabilities									
Accounts payable and accrued liabilities	\$ 40,435	\$ -	\$ -	\$ -	\$ 97,220	\$ -	\$ -	\$ 2,114	\$ 139,769
Total liabilities	40,435	-	-	-	97,220	-	-	2,114	139,769
Deferred inflows of resources									
Unavailable revenue	-	-	9,131	-	-	-	-	-	9,131
Total deferred inflows of resources	-	-	9,131	-	-	-	-	-	9,131
Fund balances									
Nonspendable	-	-	-	-	-	-	-	7,090	7,090
Restricted for:									
Building operations	2,602,871	-	-	-	-	-	-	-	2,602,871
Capital projects	-	-	-	82,699	-	-	-	-	82,699
Community enhancement	-	-	-	-	-	17,238	-	-	17,238
Tourism	-	-	-	-	-	-	-	259,290	259,290
Committed for:									
Highways and streets	-	84,251	-	-	-	-	-	-	84,251
Unassigned	-	-	-	-	-	27,822	-	-	27,822
Total fund balances	2,602,871	84,251	-	82,699	-	27,822	17,238	266,380	3,081,261
Total liabilities, deferred inflows of resources and fund balances	\$ 2,643,306	\$ 84,251	\$ 9,131	\$ 82,699	\$ 97,220	\$ 27,822	\$ 17,238	\$ 268,494	\$ 3,230,161

See notes to financial statements

CITY OF FOREST GROVE
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
Year Ended June 30, 2023

	Building Permits	Street Tree	Trail Systems	Transportation Services	Community Enhancement	Public Arts Donation	Transient Lodging Tax	Total
Revenues								
Other local taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 147,974	\$ 147,974
Licenses, permits and fees	1,414,693	42,816	-	-	-	-	-	1,457,509
Charges for services	1,127	-	-	-	-	-	-	1,127
Donations	-	-	34,640	-	-	1,832	-	36,472
Intergovernmental	-	-	-	185,270	80,905	-	-	266,175
Interest	64,631	1,088	561	-	(87)	200	5,891	72,284
Total revenues	<u>1,480,451</u>	<u>43,904</u>	<u>35,201</u>	<u>185,270</u>	<u>80,818</u>	<u>2,032</u>	<u>153,865</u>	<u>1,981,541</u>
Expenditures								
Current								
General government	1,114,908	-	-	-	41,320	-	68,109	1,224,337
Highways and streets	-	50,676	-	185,270	-	-	-	235,946
Culture and recreation	-	-	583	-	-	2,087	-	2,670
Capital outlay	-	-	-	-	-	-	10,000	10,000
Total expenditures	<u>1,114,908</u>	<u>50,676</u>	<u>583</u>	<u>185,270</u>	<u>41,320</u>	<u>2,087</u>	<u>78,109</u>	<u>1,472,953</u>
Excess (deficiency) of revenues over expenditures	<u>365,543</u>	<u>(6,772)</u>	<u>34,618</u>	<u>-</u>	<u>39,498</u>	<u>(55)</u>	<u>75,756</u>	<u>508,588</u>
Other financing sources (uses)								
Transfers out	(286,409)	(1,000)	-	-	(4,200)	-	(6,900)	(298,509)
Total other financing sources (uses)	<u>(286,409)</u>	<u>(1,000)</u>	<u>-</u>	<u>-</u>	<u>(4,200)</u>	<u>-</u>	<u>(6,900)</u>	<u>(298,509)</u>
Net change in fund balances	79,134	(7,772)	34,618	-	35,298	(55)	68,856	210,079
Fund balances at beginning of year	<u>2,523,737</u>	<u>92,023</u>	<u>48,081</u>	<u>-</u>	<u>(7,476)</u>	<u>17,293</u>	<u>197,524</u>	<u>2,871,182</u>
Fund balance at end of year	<u>\$ 2,602,871</u>	<u>\$ 84,251</u>	<u>\$ 82,699</u>	<u>\$ -</u>	<u>\$ 27,822</u>	<u>\$ 17,238</u>	<u>\$ 266,380</u>	<u>\$ 3,081,261</u>

See notes to financial statements

CITY OF FOREST GROVE
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
June 30, 2023

	Traffic Impact	Bike and Pedestrian Pathways	Park Acquisition and Development	Capital Projects	Facility Major Maintenance	CIP Excise	Fire Equipment Replacement	Total
Assets								
Cash and cash equivalents	\$ 110,110	\$ 40,084	\$ 2,466,573	\$ 9,789	\$ 366,405	\$ 147,083	\$ 164,280	\$ 3,304,324
Investments	119,997	43,684	2,688,043	10,668	399,305	160,290	179,030	3,601,017
Accrued interest receivable	375	137	8,411	34	1,249	501	560	11,267
Receivables	-	-	-	-	-	50,189	21,146	71,335
Due from other funds	-	-	-	919,065	-	-	-	919,065
Total assets	\$ 230,482	\$ 83,905	\$ 5,163,027	\$ 939,556	\$ 766,959	\$ 358,063	\$ 365,016	\$ 7,907,008
Liabilities, deferred inflows and fund balances								
Liabilities								
Accounts payable and accrued liabilities	232,068	-	88,277	-	75,889	3,870	14,801	414,905
Total liabilities	232,068	-	88,277	-	75,889	3,870	14,801	414,905
Deferred inflows of resources								
Unavailable revenue	-	-	-	-	-	50,189	-	50,189
Total deferred inflows of resources	-	-	-	-	-	50,189	-	50,189
Fund balances								
Restricted for capital projects	-	83,905	5,074,750	-	-	-	-	5,158,655
Committed for capital projects	-	-	-	-	-	304,004	350,215	654,219
Assigned for capital projects	-	-	-	939,556	691,070	-	-	1,630,626
Unassigned	(1,586)	-	-	-	-	-	-	(1,586)
Total fund balances	(1,586)	83,905	5,074,750	939,556	691,070	304,004	350,215	7,441,914
Total liabilities, deferred inflows of resources and fund balances	\$ 230,482	\$ 83,905	\$ 5,163,027	\$ 939,556	\$ 766,959	\$ 358,063	\$ 365,016	\$ 7,907,008

See notes to financial statements

CITY OF FOREST GROVE
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
Year Ended June 30, 2023

	Traffic Impact	Bike and Pedestrian Pathways	Park Acquisition and Development	Capital Projects	Facility Major Maintenance	CIP Excise	Fire Equipment Replacement	Total
Revenues								
Licenses, permits and fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 396,072	\$ -	\$ 396,072
Charges for services	-	-	-	-	-	-	14,801	14,801
System development charges	-	-	516,860	-	-	-	-	516,860
Intergovernmental	-	20,695	-	7,500	-	-	455,509	483,704
Interest	10,363	1,404	137,613	73,426	39,671	6,905	9,929	279,311
Miscellaneous	-	-	-	4,129	-	-	-	4,129
Total revenues	10,363	22,099	654,473	85,055	39,671	402,977	480,239	1,694,877
Expenditures								
Current								
General government	-	-	37,030	1,266	5,731	2,206	-	46,233
Public safety	-	-	-	-	-	-	2,541	2,541
Highways and streets	1,716	596	-	-	-	-	-	2,312
Capital outlay	281,769	-	548,424	4,818,013	1,724,386	51,396	898,380	8,322,368
Total expenditures	283,485	596	585,454	4,819,279	1,730,117	53,602	900,921	8,373,454
Excess (deficiency) of revenues over expenditures	(273,122)	21,503	69,019	(4,734,224)	(1,690,446)	349,375	(420,682)	(6,678,577)
Other financing sources (uses)								
Transfers in	-	-	-	1,466,071	892,000	-	194,000	2,552,071
Transfers out	-	-	-	-	-	(331,630)	-	(331,630)
Total other financing sources (uses)	-	-	-	1,466,071	892,000	(331,630)	194,000	2,220,441
Net change in fund balances	(273,122)	21,503	69,019	(3,268,153)	(798,446)	17,745	(226,682)	(4,458,136)
Fund balances at beginning of year	271,536	62,402	5,005,731	4,207,709	1,489,516	286,259	576,897	11,900,050
Fund balance at end of year	\$ (1,586)	\$ 83,905	\$ 5,074,750	\$ 939,556	\$ 691,070	\$ 304,004	\$ 350,215	\$ 7,441,914

See notes to financial statements

CITY OF FOREST GROVE
BUILDING PERMITS - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Licenses, permits and fees	\$ 2,008,912	\$ 1,414,693	\$ (594,219)
Charges for services	300	1,127	827
Interest	<u>25,000</u>	<u>34,648</u>	<u>9,648</u>
Total revenues	<u>2,034,212</u>	<u>1,450,468</u>	<u>(583,744)</u>
Expenditures			
Building permit services	1,301,387	1,095,948	205,439
Contingency	<u>176,000</u>	<u>-</u>	<u>176,000</u>
Total expenditures	<u>1,477,387</u>	<u>1,095,948</u>	<u>381,439</u>
Excess (deficiency) of revenues over expenditures	<u>556,825</u>	<u>354,520</u>	<u>(202,305)</u>
Other financing sources (uses)			
Transfers out	<u>(286,409)</u>	<u>(286,409)</u>	<u>-</u>
Net change in fund balance	270,416	68,111	(202,305)
Fund balance at beginning of year	<u>2,119,000</u>	<u>2,552,940</u>	<u>433,940</u>
Fund balance at end of year	<u>\$ 2,389,416</u>	<u>\$ 2,621,051</u>	<u>\$ 231,635</u>
Reconciliation to GAAP Fund Balance:			
Fair Value adjustment of Investments		<u>\$ (18,180)</u>	
Total GAAP Fund Balance		<u>\$ 2,602,871</u>	

See notes to financial statements

CITY OF FOREST GROVE
STREET TREE - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Licenses, permits and fees	\$ 34,000	\$ 42,816	\$ 8,816
Interest	20	677	657
Total revenues	<u>34,020</u>	<u>43,493</u>	<u>9,473</u>
Expenditures			
Materials and services	<u>86,357</u>	<u>50,746</u>	<u>35,611</u>
Total expenditures	<u>86,357</u>	<u>50,746</u>	<u>35,611</u>
Excess (deficiency) of revenues over expenditures	<u>(52,337)</u>	<u>(7,253)</u>	<u>45,084</u>
Other financing sources (uses)			
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	(53,337)	(8,253)	45,084
Fund balance at beginning of year	<u>53,337</u>	<u>93,083</u>	<u>39,746</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 84,830</u>	<u>\$ 84,830</u>
Reconciliation to GAAP Fund Balance:			
Fair Value adjustment of Investments		<u>\$ (579)</u>	
Total GAAP Fund Balance		<u>\$ 84,251</u>	

See notes to financial statements

CITY OF FOREST GROVE
TRAIL SYSTEM - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Miscellaneous	\$ -	\$ 34,640	\$ 34,640
Total revenues	<u>-</u>	<u>34,640</u>	<u>34,640</u>
Expenditures			
Materials and services	<u>48,627</u>	<u>-</u>	<u>48,627</u>
Total expenditures	<u>48,627</u>	<u>-</u>	<u>48,627</u>
Net change in fund balance	(48,627)	34,640	83,267
Fund balance at beginning of year	<u>48,627</u>	<u>48,627</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 83,267</u>	<u>\$ 83,267</u>
Reconciliation to GAAP Fund Balance:			
Fair Value adjustment of Investments		<u>\$ (568)</u>	
Total GAAP Fund Balance		<u><u>\$ 82,699</u></u>	

See notes to financial statements

CITY OF FOREST GROVE
TRANSPORTATION SERVICES - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2023

	Budget	Actual	Variance
Revenues			
Intergovernmental	\$ 450,000	\$ 185,270	\$ (264,730)
Total revenues	450,000	185,270	(264,730)
Expenditures			
Materials and services	450,000	185,270	264,730
Total expenditures	450,000	185,270	264,730
Net change in fund balance	-	-	-
Fund balance at beginning of year	-	-	-
Fund balance at end of year	\$ -	\$ -	\$ -

CITY OF FOREST GROVE
COMMUNITY ENHANCEMENT - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Intergovernmental	\$ 70,000	\$ 80,905	\$ 10,905
Total revenues	<u>70,000</u>	<u>80,905</u>	<u>10,905</u>
Expenditures			
Materials and services	<u>43,500</u>	<u>41,131</u>	<u>2,369</u>
Total expenditures	<u>43,500</u>	<u>41,131</u>	<u>2,369</u>
Excess (deficiency) of revenues over expenditures	26,500	39,774	13,274
Other financing sources (uses)			
Transfers out	<u>(30,318)</u>	<u>(4,200)</u>	<u>26,118</u>
Total other financing sources (uses)	<u>(30,318)</u>	<u>(4,200)</u>	<u>26,118</u>
Net change in fund balance	(3,818)	35,574	39,392
Fund balance at beginning of year	<u>3,818</u>	<u>(7,561)</u>	<u>(11,379)</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 28,013</u>	<u>\$ 28,013</u>
Reconciliation to GAAP Fund Balance:			
Fair Value adjustment of Investments		<u>\$ (191)</u>	
Total GAAP Fund Balance		<u>\$ 27,822</u>	

See notes to financial statements

CITY OF FOREST GROVE
PUBLIC ARTS DONATION - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Donations	\$ 3,000	\$ 1,832	\$ (1,168)
Interest	100	1	(99)
Total revenues	<u>3,100</u>	<u>1,833</u>	<u>(1,267)</u>
Expenditures			
Materials and services	<u>20,672</u>	<u>1,963</u>	<u>18,709</u>
Total expenditures	<u>20,672</u>	<u>1,963</u>	<u>18,709</u>
Net change in fund balance	(17,572)	(130)	17,442
Fund balance at beginning of year	<u>17,572</u>	<u>17,487</u>	<u>(85)</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 17,357</u>	<u>\$ 17,357</u>
Reconciliation to GAAP Fund Balance:			
Fair Value adjustment of Investments		<u>\$ (119)</u>	
Total GAAP Fund Balance		<u><u>\$ 17,238</u></u>	

See notes to financial statements

CITY OF FOREST GROVE
TRANSIENT LODGING TAX - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Other local taxes	\$ 115,000	\$ 147,974	\$ 32,974
Interest	500	5,600	5,100
	<u>115,500</u>	<u>153,574</u>	<u>38,074</u>
Expenditures			
Materials and services	130,762	68,109	62,653
Capital outlay	157,689	10,000	147,689
	<u>288,451</u>	<u>78,109</u>	<u>210,342</u>
Excess (deficiency) of revenues over expenditures	<u>(172,951)</u>	<u>75,465</u>	<u>248,416</u>
Other financing sources (uses)			
Transfers out	(6,900)	(6,900)	-
	<u>(6,900)</u>	<u>(6,900)</u>	<u>-</u>
Net change in fund balance	(179,851)	68,565	248,416
Fund balance at beginning of year	179,851	199,447	19,596
Fund balance at end of year	<u>\$ -</u>	<u>\$ 268,012</u>	<u>\$ 268,012</u>
Reconciliation to GAAP Fund Balance:			
Fair Value adjustment of Investments		\$ (1,632)	
Total GAAP Fund Balance		<u>\$ 266,380</u>	

See notes to financial statements

CITY OF FOREST GROVE
TRAFFIC IMPACT - CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Interest	\$ 500	\$ 5,351	\$ 4,851
Total revenues	<u>500</u>	<u>5,351</u>	<u>4,851</u>
Expenditures			
Capital outlay	<u>478,680</u>	<u>281,769</u>	<u>196,911</u>
Total expenditures	<u>478,680</u>	<u>281,769</u>	<u>196,911</u>
Net change in fund balance	(478,180)	(276,418)	201,762
Fund balance at beginning of year	<u>478,180</u>	<u>276,418</u>	<u>(201,762)</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation to GAAP Fund Balance:			
Fair Value adjustment of Investments		<u>\$ (1,586)</u>	
Total GAAP Fund Balance		<u>\$ (1,586)</u>	

See notes to financial statements

CITY OF FOREST GROVE
BIKE AND PEDESTRIAN PATHWAYS - CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Intergovernmental	\$ 20,054	\$ 20,695	\$ 641
Interest	<u>200</u>	<u>675</u>	<u>475</u>
Total revenues	<u>20,254</u>	<u>21,370</u>	<u>1,116</u>
Expenditures			
Capital outlay	<u>61,781</u>	<u>-</u>	<u>61,781</u>
Total expenditures	<u>61,781</u>	<u>-</u>	<u>61,781</u>
Net change in fund balance	(41,527)	21,370	62,897
Fund balance at beginning of year	<u>41,527</u>	<u>63,112</u>	<u>21,585</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 84,482</u>	<u>\$ 84,482</u>
Reconciliation to GAAP Fund Balance:			
Fair Value adjustment of Investments		<u>\$ (577)</u>	
Total GAAP Fund Balance		<u>\$ 83,905</u>	

See notes to financial statements

CITY OF FOREST GROVE
PARK ACQUISITION AND DEVELOPMENT - CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
System development charges	\$ 650,000	\$ 516,860	\$ (133,140)
Intergovernmental	1,400,000	-	(1,400,000)
Interest	5,000	79,125	74,125
	<u>2,055,000</u>	<u>595,985</u>	<u>(1,459,015)</u>
Expenditures			
Park system construction	6,823,950	548,424	6,275,526
	<u>6,823,950</u>	<u>548,424</u>	<u>6,275,526</u>
Net change in fund balance	(4,768,950)	47,561	4,816,511
Fund balance at beginning of year	4,768,950	5,062,696	293,746
Fund balance at end of year	<u>\$ -</u>	<u>\$ 5,110,257</u>	<u>\$ 5,110,257</u>
Reconciliation to GAAP Fund Balance:			
Fair Value adjustment of Investments		\$ (35,507)	
Total GAAP Fund Balance		<u>\$ 5,074,750</u>	

See notes to financial statements

CITY OF FOREST GROVE
CAPITAL PROJECTS - CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Intergovernmental	\$ -	\$ 7,500	\$ 7,500
Interest	29,270	30,224	954
Miscellaneous	<u>1,250,492</u>	<u>1,254,619</u>	<u>4,127</u>
Total revenues	<u>1,279,762</u>	<u>1,292,343</u>	<u>12,581</u>
Expenditures			
Capital projects	<u>6,032,860</u>	<u>4,818,013</u>	<u>1,214,847</u>
Total expenditures	<u>6,032,860</u>	<u>4,818,013</u>	<u>1,214,847</u>
Excess (deficiency) of revenues over expenditures	<u>(4,753,098)</u>	<u>(3,525,670)</u>	<u>1,227,428</u>
Other financing sources (uses)			
Transfers in	<u>510,000</u>	<u>510,000</u>	<u>-</u>
Total other financing sources (uses)	<u>510,000</u>	<u>510,000</u>	<u>-</u>
Net change in fund balance	(4,243,098)	(3,015,670)	1,227,428
Fund balance at beginning of year	<u>4,243,098</u>	<u>3,036,302</u>	<u>(1,206,796)</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 20,632</u>	<u>\$ 20,632</u>
Reconciliation to GAAP Fund Balance:			
Fair Value adjustment of Investments		\$ (141)	
Interfund Loan		<u>919,065</u>	
Total GAAP Fund Balance		<u>\$ 939,556</u>	

See notes to financial statements

CITY OF FOREST GROVE
FACILITY MAJOR MAINTENANCE - CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Intergovernmental	\$ 40,000	\$ -	\$ (40,000)
Interest	4,000	22,148	18,148
Total revenues	<u>44,000</u>	<u>22,148</u>	<u>(21,852)</u>
Expenditures			
Capital outlay	<u>2,468,883</u>	<u>1,724,386</u>	<u>744,497</u>
Total expenditures	<u>2,468,883</u>	<u>1,724,386</u>	<u>744,497</u>
Excess (deficiency) of revenues over expenditures	(2,424,883)	(1,702,238)	722,645
Other financing sources (uses)			
Transfers in	<u>892,000</u>	<u>892,000</u>	<u>-</u>
Total other financing sources (uses)	<u>892,000</u>	<u>892,000</u>	<u>-</u>
Net change in fund balance	(1,532,883)	(810,238)	722,645
Fund balance at beginning of year	<u>1,532,883</u>	<u>1,506,582</u>	<u>(26,301)</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 696,344</u>	<u>\$ 696,344</u>
Reconciliation to GAAP Fund Balance:			
Fair Value adjustment of Investments		<u>\$ (5,274)</u>	
Total GAAP Fund Balance		<u><u>\$ 691,070</u></u>	

See notes to financial statements

CITY OF FOREST GROVE
CIP EXCISE - CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Licenses, permits and fees	\$ 376,000	\$ 396,072	\$ 20,072
Interest	1,000	3,508	2,508
Total revenues	<u>377,000</u>	<u>399,580</u>	<u>22,580</u>
Expenditures			
Capital outlay	<u>304,977</u>	<u>51,396</u>	<u>253,581</u>
Total expenditures	<u>304,977</u>	<u>51,396</u>	<u>253,581</u>
Excess (deficiency) of revenues over expenditures	<u>72,023</u>	<u>348,184</u>	<u>276,161</u>
Other financing sources (uses)			
Transfers out	<u>(331,630)</u>	<u>(331,630)</u>	<u>-</u>
Total other financing sources (uses)	<u>(331,630)</u>	<u>(331,630)</u>	<u>-</u>
Net change in fund balance	(259,607)	16,554	276,161
Fund balance at beginning of year	<u>259,607</u>	<u>289,568</u>	<u>29,961</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 306,122</u>	<u>\$ 306,122</u>
Reconciliation to GAAP Fund Balance:			
Fair Value adjustment of Investments		<u>\$ (2,118)</u>	
Total GAAP Fund Balance		<u>\$ 304,004</u>	

See notes to financial statements

CITY OF FOREST GROVE
FIRE EQUIPMENT REPLACEMENT - CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Charges for services	\$ -	\$ 14,801	\$ 14,801
Intergovernmental	580,000	455,509	(124,491)
Interest	1,000	3,190	2,190
	<u>581,000</u>	<u>473,500</u>	<u>(107,500)</u>
Expenditures			
Capital outlay	1,160,000	898,380	261,620
Contingency	98,318	-	98,318
	<u>1,258,318</u>	<u>898,380</u>	<u>359,938</u>
Excess (deficiency) of revenues over expenditures	<u>(677,318)</u>	<u>(424,880)</u>	<u>252,438</u>
Other financing sources (uses)			
Transfers in	194,000	194,000	-
	<u>194,000</u>	<u>194,000</u>	<u>-</u>
Net change in fund balance	(483,318)	(230,880)	252,438
Fund balance at beginning of year	583,318	583,462	144
Fund balance at end of year	<u>\$ 100,000</u>	<u>\$ 352,582</u>	<u>\$ 252,582</u>
Reconciliation to GAAP Fund Balance:			
Fair Value adjustment of Investments		\$ (2,367)	
Total GAAP Fund Balance		<u>\$ 350,215</u>	

See notes to financial statements

CITY OF FOREST GROVE
LIBRARY ENDOWMENT - PERMANENT FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Interest	\$ 100	\$ 1,256	\$ 1,156
Total revenues	<u>100</u>	<u>1,256</u>	<u>1,156</u>
Expenditures			
Materials and services	<u>138</u>	<u>-</u>	<u>138</u>
Total expenditures	<u>138</u>	<u>-</u>	<u>138</u>
Excess (deficiency) of revenues over expenditures	<u>(38)</u>	<u>1,256</u>	<u>1,294</u>
Other financing sources (uses)			
Transfers out	<u>(38,458)</u>	<u>(38,457)</u>	<u>1</u>
Total other financing sources (uses)	<u>(38,458)</u>	<u>(38,457)</u>	<u>1</u>
Net change in fund balance	(38,496)	(37,201)	1,295
Fund balance at beginning of year	<u>79,683</u>	<u>79,664</u>	<u>(19)</u>
Fund balance at end of year	<u>\$ 41,187</u>	<u>\$ 42,463</u>	<u>\$ 1,276</u>
Reconciliation to GAAP Fund Balance:			
Fair Value adjustment of Investments		<u>\$ (289)</u>	
Total GAAP Fund Balance		<u><u>\$ 42,174</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, 2023

	Budget	Actual	Variance
Revenues			
Charges for services	\$ 22,781,036	\$ 23,759,354	\$ 978,318
Intergovernmental	200,000	-	(200,000)
Interest	30,000	107,152	77,152
Miscellaneous	6,251,000	8,084,965	1,833,965
Total revenues	29,262,036	31,951,471	2,689,435
Expenditures			
Electric services	21,546,908	28,108,109	(6,561,201)
Debt service	305,463	305,463	-
Total expenditures	22,852,371	28,413,572	(5,561,201)
Excess (deficiency) of revenues over expenditures	6,409,665	3,537,899	(2,871,766)
Other financing sources (uses)			
Transfers out	(1,345,729)	(1,334,142)	11,587
Total other financing sources (uses)	(1,345,729)	(1,334,142)	11,587
Net change in fund balance	5,063,936	2,203,757	(2,860,179)
Fund balance at beginning of year	4,867,232	6,242,387	1,375,155
Fund balance at end of year	\$ 9,931,168	\$ 8,446,144	\$ (1,485,024)
Reconciliation to GAAP Fund Balance:			
Capital Assets		\$ 27,649,549	
Deferred Outflows		1,235,156	
Deferred Inflows		(310,426)	
Long Term Debt		(10,095,043)	
Inventory		969,259	
Other		97,484	
Total GAAP Fund Balance		\$ 27,992,123	

See notes to financial statements

CITY OF FOREST GROVE
COMBINING STATEMENT OF NET POSITION
SEWER FUND
June 30, 2023

	Sewer	Sewer System Development Charges	Total Sewer Fund
Assets			
Current assets			
Cash and cash equivalents	\$ 2,292,209	\$ 822,997	\$ 3,115,206
Investments	2,498,024	896,894	3,394,918
Accrued interest receivable	7,816	2,807	10,623
Receivables, net	803,334	761	804,095
Prepaid items	612	-	612
Total current assets	5,601,995	1,723,459	7,325,454
Capital assets			
Land and construction in progress	176,635	-	176,635
Other capital assets, net	11,358,275	-	11,358,275
Total capital assets	11,534,910	-	11,534,910
Total assets	17,136,905	1,723,459	18,860,364
Deferred outflows of resources			
Pension related items	96,831	-	96,831
Other postemployment benefit related items	3,715	-	3,715
Total deferred outflows of resources	100,546	-	100,546
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	682,511	27,117	709,628
Accrued interest payable	-	7,076	7,076
Long-term obligations due within one year	97,606	-	97,606
Total current liabilities	780,117	34,193	814,310
Long-term obligations due in more than one year	1,294,522	-	1,294,522
Total liabilities	2,074,639	34,193	2,108,832
Deferred inflows of resources			
Pension related items	13,349	-	13,349
Other postemployment benefit related items	13,758	-	13,758
Total deferred inflows of resources	27,107	-	27,107
Net position			
Net investment in capital assets	10,668,619	-	10,668,619
Restricted for capital projects	-	1,689,266	1,689,266
Unrestricted	4,467,086	-	4,467,086
Total net position	\$ 15,135,705	\$ 1,689,266	\$ 16,824,971

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, 2023

	<u>Sewer</u>	<u>Sewer System Development Charges</u>	<u>Eliminations</u>	<u>Total Sewer Fund</u>
Operating revenues				
Licenses, permits and fees	\$ -	\$ 5,019	\$ -	\$ 5,019
Charges for services	1,935,523	-	-	1,935,523
Total operating revenues	<u>1,935,523</u>	<u>5,019</u>	<u>-</u>	<u>1,940,542</u>
Operating expenses				
Personnel services	446,529	-	-	446,529
Materials and services	885,080	-	-	885,080
Depreciation	343,523	-	-	343,523
Total operating expenses	<u>1,675,132</u>	<u>-</u>	<u>-</u>	<u>1,675,132</u>
Operating income (loss)	<u>260,391</u>	<u>5,019</u>	<u>-</u>	<u>265,410</u>
Nonoperating revenues (expenses)				
Interest income	131,820	40,206	-	172,026
Miscellaneous	11,445	-	-	11,445
Interest expense	(17,438)	-	-	(17,438)
Total nonoperating revenue (expenses)	<u>125,827</u>	<u>40,206</u>	<u>-</u>	<u>166,033</u>
Income (loss) before transfers and capital contributions	386,218	45,225	-	431,443
Capital contributions	-	126,921	-	126,921
Transfers in	113,055	-	(113,055)	-
Transfers out	(148,820)	(113,055)	113,055	(148,820)
Change in net position	350,453	59,091	-	409,544
Net position at beginning of year	<u>14,785,252</u>	<u>1,630,175</u>	<u>-</u>	<u>16,415,427</u>
Net position at end of year	<u>\$ 15,135,705</u>	<u>\$ 1,689,266</u>	<u>\$ -</u>	<u>\$ 16,824,971</u>

See notes to financial statements

CITY OF FOREST GROVE
COMBINING STATEMENT OF CASH FLOWS
SEWER FUND
Year Ended June 30, 2023

	Sewer	Sewer System Development Charges	Eliminations	Total Sewer Fund
Cash flows from operating activities				
Receipts from customers	\$ 1,779,703	\$ 5,089	\$ -	\$ 1,784,792
Payments to suppliers	(1,252,689)	(327,474)	-	(1,580,163)
Payments to employees	(319,254)	-	-	(319,254)
Net cash from operating activities	<u>207,760</u>	<u>(322,385)</u>	<u>-</u>	<u>(114,625)</u>
Cash flows from noncapital financing activities				
Transfers out	(148,820)	-	-	(148,820)
Net cash from noncapital financing activities	<u>(148,820)</u>	<u>-</u>	<u>-</u>	<u>(148,820)</u>
Cash flows from capital and related financing activities				
System development charges received	-	126,921	-	126,921
Other	11,445	-	-	11,445
Acquisition of capital assets	(284,881)	-	-	(284,881)
Principal paid on long-term obligations	-	(95,617)	-	(95,617)
Interest paid on long-term obligations	-	(18,317)	-	(18,317)
Net cash from capital and related financing activities	<u>(273,436)</u>	<u>12,987</u>	<u>-</u>	<u>(260,449)</u>
Cash flows from investing activities				
Interest on investments	125,488	38,007	-	163,495
Purchases of investments	(766,470)	(190,224)	-	(956,694)
Net cash from investing activities	<u>(640,982)</u>	<u>(152,217)</u>	<u>-</u>	<u>(793,199)</u>
Net increase (decrease) in cash and cash equivalents	(855,478)	(461,615)	-	(1,317,093)
Cash and cash equivalents at beginning of year	<u>3,147,687</u>	<u>1,284,612</u>	<u>-</u>	<u>4,432,299</u>
Cash and cash equivalents at end of year	<u>\$ 2,292,209</u>	<u>\$ 822,997</u>	<u>\$ -</u>	<u>\$ 3,115,206</u>
Reconciliation of operating income (loss) to net cash from operating activities				
Operating income (loss)	\$ 260,391	\$ 5,019	\$ -	\$ 265,410
Adjustments to reconcile operating income (loss) to net cash from operating activities				
Depreciation	343,523	-	-	343,523
(Increase) decrease in assets and deferred outflows of resources				
Receivables, net	(155,820)	70	-	(155,750)
Inventories	-	-	-	-
Prepaid items	(27)	-	-	(27)
Pension related items	4,166	-	-	4,166
Other postemployment benefit related items	550	-	-	550
Increase (decrease) in liabilities and deferred inflows of resources				
Accounts payable and accrued liabilities	(367,582)	(327,474)	-	(695,056)
Net pension liability	233,540	-	-	233,540
Net other postemployment benefits liability	(6,041)	-	-	(6,041)
Pension related items	(111,240)	-	-	(111,240)
Other postemployment benefit related items	6,300	-	-	6,300
Net cash from operating activities	<u>\$ 207,760</u>	<u>\$ (322,385)</u>	<u>\$ -</u>	<u>\$ (114,625)</u>

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, 2023

	Budget	Actual	Variance
Revenues			
Licenses, permits and fees	\$ 5,000	\$ -	\$ (5,000)
Charges for services	1,701,237	1,935,523	234,286
Interest	20,000	109,284	89,284
Miscellaneous	10,000	11,445	1,445
	<u>1,736,237</u>	<u>2,056,252</u>	<u>320,015</u>
Expenditures			
Sewer service	1,729,364	1,489,213	240,151
Contingency	744,000	-	744,000
	<u>2,473,364</u>	<u>1,489,213</u>	<u>984,151</u>
Excess (deficiency) of revenues over expenditures	<u>(737,127)</u>	<u>567,039</u>	<u>1,304,166</u>
Other financing sources (uses)			
Transfers out	(148,820)	(148,820)	-
	<u>(148,820)</u>	<u>(148,820)</u>	<u>-</u>
Net change in fund balance	(885,947)	418,219	1,304,166
Fund balance at beginning of year	4,018,126	4,534,265	516,139
Fund balance at end of year	\$ 3,132,179	\$ 4,952,484	\$ 1,820,305
Reconciliation to GAAP Fund Balance:			
Capital Assets		\$ 11,534,911	
Deferred Outflows		100,546	
Deferred Inflows		(27,107)	
Long Term Debt		(1,392,128)	
Other		(33,001)	
Total GAAP Fund Balance		<u>\$ 15,135,705</u>	

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, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Licenses, permits and fees	\$ -	\$ 5,019	\$ 5,019
System development charges	300,000	126,921	(173,079)
Interest	<u>7,000</u>	<u>28,513</u>	<u>21,513</u>
Total revenues	<u>307,000</u>	<u>160,453</u>	<u>(146,547)</u>
Expenditures			
Sewer infrastructure construction	400,000	-	400,000
Debt service	114,000	113,055	945
Contingency	<u>61,500</u>	<u>-</u>	<u>61,500</u>
Total expenditures	<u>575,500</u>	<u>113,055</u>	<u>462,445</u>
Net change in fund balance	(268,500)	47,398	315,898
Fund balance at beginning of year	<u>1,556,101</u>	<u>1,660,792</u>	<u>104,691</u>
Fund balance at end of year	<u>\$ 1,287,601</u>	<u>\$ 1,708,190</u>	<u>\$ 420,589</u>
Reconciliation to GAAP Fund Balance:			
Fair Value adjustment of Investments		<u>\$ (18,924)</u>	
Total GAAP Fund Balance		<u><u>\$ 1,689,266</u></u>	

See notes to financial statements

CITY OF FOREST GROVE
COMBINING STATEMENT OF NET POSITION
WATER FUND
June 30, 2023

	<u>Water</u>	<u>Water System Development Charge</u>	<u>Total Water Fund</u>
Assets			
Current assets			
Cash and cash equivalents	\$ 7,656,435	\$ 3,809,269	\$ 11,465,704
Investments	8,343,898	4,151,299	12,495,197
Accrued interest receivable	26,108	12,989	39,097
Receivables, net	744,610	-	744,610
Inventory	281,014	-	281,014
Prepaid items	629	-	629
Total current assets	<u>17,052,694</u>	<u>7,973,557</u>	<u>25,026,251</u>
Investment in joint ventures	<u>6,184,000</u>	<u>-</u>	<u>6,184,000</u>
Capital assets			
Land and construction in progress	952,405	-	952,405
Other capital assets, net	<u>11,006,236</u>	<u>-</u>	<u>11,006,236</u>
Total capital assets	<u>11,958,641</u>	<u>-</u>	<u>11,958,641</u>
Total assets	<u>35,195,335</u>	<u>7,973,557</u>	<u>43,168,892</u>
Deferred outflows of resources			
Pension related items	251,429	-	251,429
Other postemployment benefit related items	<u>16,648</u>	<u>-</u>	<u>16,648</u>
Total deferred outflows of resources	<u>268,077</u>	<u>-</u>	<u>268,077</u>
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	254,240	42,283	296,523
Long-term obligations due within one year	<u>220,937</u>	<u>-</u>	<u>220,937</u>
Total current liabilities	475,177	42,283	517,460
Long-term obligations due in more than one year	<u>2,353,753</u>	<u>-</u>	<u>2,353,753</u>
Total liabilities	<u>2,828,930</u>	<u>42,283</u>	<u>2,871,213</u>
Deferred inflows of resources			
Pension related items	34,662	-	34,662
Other postemployment benefit related items	<u>61,656</u>	<u>-</u>	<u>61,656</u>
Total deferred inflows of resources	<u>96,318</u>	<u>-</u>	<u>96,318</u>
Net position			
Net investment in capital assets	11,208,642	-	11,208,642
Restricted for capital projects	-	7,931,274	7,931,274
Unrestricted	<u>21,329,522</u>	<u>-</u>	<u>21,329,522</u>
Total net position	<u>\$ 32,538,164</u>	<u>\$ 7,931,274</u>	<u>\$ 40,469,438</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, 2023

	<u>Water</u>	<u>Water System Development Charge</u>	<u>Eliminations</u>	<u>Total Water Fund</u>
Operating revenues				
Licenses, permits and fees	\$ 1,952	\$ -	\$ -	\$ 1,952
Charges for services	5,704,288	-	-	5,704,288
Total operating revenues	<u>5,706,240</u>	<u>-</u>	<u>-</u>	<u>5,706,240</u>
Operating expenses				
Personnel services	1,539,281	-	-	1,539,281
Materials and services	3,668,797	97,214	-	3,766,011
Depreciation	452,772	-	-	452,772
Total operating expenses	<u>5,660,850</u>	<u>97,214</u>	<u>-</u>	<u>5,758,064</u>
Operating income (loss)	<u>45,390</u>	<u>(97,214)</u>	<u>-</u>	<u>(51,824)</u>
Nonoperating revenues (expenses)				
Interest income	48,755	42,372	-	91,127
Miscellaneous	1,965,922	-	-	1,965,922
Interest expense	139,337	98,356	-	237,693
(Loss) on investment in joint venture	(373,035)	-	-	(373,035)
Total nonoperating revenue (expenses)	<u>1,780,979</u>	<u>140,728</u>	<u>-</u>	<u>1,921,707</u>
Income (loss) before transfers and capital contributions	1,826,369	43,514	-	1,869,883
Capital contributions	-	668,979	-	668,979
Transfers in	129,880	-	(129,880)	-
Transfers out	(461,920)	(1,087,151)	129,880	(1,419,191)
Change in net position	1,494,329	(374,658)	-	1,119,671
Net position at beginning of year	<u>31,043,835</u>	<u>8,305,932</u>	<u>-</u>	<u>39,349,767</u>
Net position at end of year	<u>\$ 32,538,164</u>	<u>\$ 7,931,274</u>	<u>\$ -</u>	<u>\$ 40,469,438</u>

See notes to financial statements

CITY OF FOREST GROVE
COMBINING STATEMENT OF CASH FLOWS
WATER FUND
Year Ended June 30, 2023

	<u>Water</u>	<u>Water System Development Charge</u>	<u>Eliminations</u>	<u>Total Water Fund</u>
Cash flows from operating activities				
Receipts from customers	\$ 5,434,104	\$ -	\$ -	\$ 5,434,104
Payments to suppliers	(3,794,046)	(168,321)	-	(3,962,367)
Payments to employees	(1,239,752)	-	-	(1,239,752)
Net cash from operating activities	<u>400,306</u>	<u>(168,321)</u>	<u>-</u>	<u>231,985</u>
Cash flows from noncapital financing activities				
Transfers out	<u>(461,920)</u>	<u>(957,271)</u>	<u>-</u>	<u>(1,419,191)</u>
Cash flows from capital and related financing activities				
System development charges received	-	668,979	-	668,979
Other	1,965,922	-	-	1,965,922
Acquisition of capital assets	(739,564)	(129,880)	-	(869,444)
Principal paid on long-term obligations	(398,129)	-	-	(398,129)
Interest paid on long-term obligations	2,448	-	-	2,448
Net cash from capital and related financing activities	<u>830,677</u>	<u>539,099</u>	<u>-</u>	<u>1,369,776</u>
Cash flows from investing activities				
Interest on investments	166,566	130,299	-	296,865
Purchases of investments	<u>(2,997,708)</u>	<u>(1,164,343)</u>	<u>-</u>	<u>(4,162,051)</u>
Net cash from investing activities	<u>(2,831,142)</u>	<u>(1,034,044)</u>	<u>-</u>	<u>(3,865,186)</u>
Net increase (decrease) in cash and cash equivalents	(2,062,079)	(1,620,537)	-	(3,682,616)
Cash and cash equivalents at beginning of year	<u>9,718,514</u>	<u>5,429,806</u>	<u>-</u>	<u>15,148,320</u>
Cash and cash equivalents at end of year	<u>\$ 7,656,435</u>	<u>\$ 3,809,269</u>	<u>\$ -</u>	<u>\$ 11,465,704</u>
Reconciliation of operating income (loss) to net cash from operating activities				
Operating income (loss)	\$ 45,390	\$ (97,214)	\$ -	\$ (51,824)
Adjustments to reconcile operating income (loss) to net cash from operating activities				
Depreciation	452,772	-	-	452,772
(Increase) decrease in assets and deferred outflows of resources				
Receivables, net	(272,136)	-	-	(272,136)
Inventories	(76,235)	-	-	(76,235)
Pension related items	22,086	-	-	22,086
Other postemployment benefit related items	2,368	-	-	2,368
Increase (decrease) in liabilities and deferred inflows of resources				
Accounts payable and accrued liabilities	(49,014)	(71,107)	-	(120,121)
Compensated absences payable	10,630	-	-	10,630
Net pension liability	565,299	-	-	565,299
Net other postemployment benefits liability	(26,505)	-	-	(26,505)
Pension related items	(302,744)	-	-	(302,744)
Other postemployment benefit related items	28,395	-	-	28,395
Net cash from operating activities	<u>\$ 400,306</u>	<u>\$ (168,321)</u>	<u>\$ -</u>	<u>\$ 231,985</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH TRANSACTIONS				
Transfers in	\$ 129,880	\$ -	\$ (129,880)	\$ -
Transfers out	-	(129,880)	129,880	-
(Loss) on investment in joint venture	<u>(373,035)</u>	<u>-</u>	<u>-</u>	<u>(373,035)</u>
Total noncash transactions	<u>\$ (243,155)</u>	<u>\$ (129,880)</u>	<u>\$ -</u>	<u>\$ (373,035)</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, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Licenses, permits and fees	\$ 5,000	\$ 1,952	\$ (3,048)
Charges for services	5,345,534	5,704,288	358,754
Interest	50,000	163,557	113,557
Miscellaneous	<u>1,136,050</u>	<u>1,965,922</u>	<u>829,872</u>
Total revenues	<u>6,536,584</u>	<u>7,835,719</u>	<u>1,299,135</u>
Expenditures			
Water services	5,208,426	5,724,348	(515,922)
Debt service	436,850	432,387	4,463
Contingency	<u>988,000</u>	<u>-</u>	<u>988,000</u>
Total expenditures	<u>6,633,276</u>	<u>6,156,735</u>	<u>476,541</u>
Excess (deficiency) of revenues over expenditures	<u>(96,692)</u>	<u>1,678,984</u>	<u>1,775,676</u>
Other financing sources (uses)			
Transfers out	<u>(463,640)</u>	<u>(461,920)</u>	<u>1,720</u>
Total other financing sources (uses)	<u>(463,640)</u>	<u>(461,920)</u>	<u>1,720</u>
Net change in fund balance	(560,332)	1,217,064	1,777,396
Fund balance at beginning of year	<u>15,246,310</u>	<u>15,410,596</u>	<u>164,286</u>
Fund balance at end of year	<u>\$ 14,685,978</u>	<u>\$ 16,627,660</u>	<u>\$ 1,941,682</u>

Reconciliation to GAAP Fund Balance:

Capital Assets	\$ 11,958,641
Deferred Outflows	268,077
Deferred Inflows	(96,318)
Long Term Debt	(2,574,690)
Inventory	281,014
Joint Ventures	6,184,000
Other	(110,220)
Total GAAP Fund Balance	<u>\$ 32,538,164</u>

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, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
System development charges	\$ 600,000	\$ 668,979	\$ 68,979
Interest	22,500	99,770	77,270
Total revenues	<u>622,500</u>	<u>768,749</u>	<u>146,249</u>
Expenditures			
Water infrastructure construction	390,744	227,094	163,650
Contingency	-	-	-
Total expenditures	<u>390,744</u>	<u>227,094</u>	<u>163,650</u>
Excess (deficiency) of revenues over expenditures	<u>231,756</u>	<u>541,655</u>	<u>309,899</u>
Other financing sources (uses)			
Transfers out	<u>(958,200)</u>	<u>(957,271)</u>	<u>929</u>
Total other financing sources (uses)	<u>(958,200)</u>	<u>(957,271)</u>	<u>929</u>
Net change in fund balance	(726,444)	(415,616)	310,828
Fund balance at beginning of year	<u>7,676,202</u>	<u>8,401,728</u>	<u>725,526</u>
Fund balance at end of year	<u>\$ 6,949,758</u>	<u>\$ 7,986,112</u>	<u>\$ 1,036,354</u>
Reconciliation to GAAP Fund Balance:			
Fair Value adjustment of Investments		<u>\$ (54,838)</u>	
Total GAAP Fund Balance		<u><u>\$ 7,931,274</u></u>	

See notes to financial statements

CITY OF FOREST GROVE
COMBINING STATEMENT OF NET POSITION
SURFACE WATER MANAGEMENT FUND
June 30, 2023

	Surface Water Management	Surface Water Management System Development Charges	Total Surface Water Management Fund
Assets			
Current assets			
Cash and cash equivalents	\$ 674,677	\$ 292,608	\$ 967,285
Investments	735,255	318,881	1,054,136
Accrued interest receivable	2,301	997	3,298
Receivables, net	203,656	-	203,656
Prepaid items	136	-	136
Total current assets	1,616,025	612,486	2,228,511
Capital assets			
Land and construction in progress	56,498		56,498
Other capital assets, net	8,014,491	-	8,014,491
Total assets	9,687,014	612,486	10,299,500
Deferred outflows of resources			
Pension related items	108,466	-	108,466
Other postemployment benefit related items	7,178	-	7,178
Total deferred outflows of resources	115,644	-	115,644
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	69,209	-	69,209
Total current liabilities	69,209	-	69,209
Long-term obligations due in more than one year			
	711,912	-	711,912
Total liabilities	781,121	-	781,121
Deferred inflows of resources			
Pension related items	14,953	-	14,953
Other postemployment benefit related items	26,581	-	26,581
Total deferred inflows of resources	41,534	-	41,534
Net position			
Net investment in capital assets	8,070,989	-	8,070,989
Restricted for capital projects	-	612,486	612,486
Unrestricted	909,014	-	909,014
Total net position	\$ 8,980,003	\$ 612,486	\$ 9,592,489

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, 2023

	<u>Surface Water Management</u>	<u>Surface Water Management System Development Charges</u>	<u>Total Surface Water Management Fund</u>
Operating revenues			
Charges for services	\$ 1,452,749	\$ -	\$ 1,452,749
Operating expenses			
Personnel services	645,263	-	645,263
Materials and services	342,134	-	342,134
Depreciation	211,652	-	211,652
Total operating expenses	1,199,049	-	1,199,049
Operating income (loss)	253,700	-	253,700
Nonoperating revenues (expenses)			
Interest income	32,769	15,783	48,552
Total nonoperating revenue (expenses)	32,769	15,783	48,552
Income (loss) before transfers and capital contributions	286,469	15,783	302,252
Capital contributions	-	36,611	36,611
Transfers out	(71,264)	-	(71,264)
Change in net position	215,205	52,394	267,599
Net position - beginning	8,764,798	560,092	9,324,890
Prior period adjustment	-	-	-
Net position - ending	\$ 8,980,003	\$ 612,486	\$ 9,592,489

See notes to financial statements

CITY OF FOREST GROVE
COMBINING STATEMENT OF CASH FLOWS
SURFACE WATER MANAGEMENT FUND
Year Ended June 30, 2023

	Surface Water Management	Surface Water Management System Development Charges	Total Surface Water Management Fund
Cash flows from operating activities			
Receipts from customers	\$ 1,411,033	\$ -	\$ 1,411,033
Payments to suppliers	(369,871)	-	(369,871)
Payments to employees	(531,791)	-	(531,791)
Net cash from operating activities	509,371	-	509,371
Cash flows from noncapital financing activities			
Transfers out	(71,264)	-	(71,264)
Net cash from noncapital financing activities	(71,264)	-	(71,264)
Cash flows from capital and related financing activities			
System development charges received	-	36,611	36,611
Acquisition of capital assets	(307,732)	-	(307,732)
Net cash from capital and related financing activities	(307,732)	36,611	(271,121)
Cash flows from investing activities			
Interest on investments	30,848	14,956	45,804
Purchases of investments	(292,111)	(120,175)	(412,286)
Net cash from investing activities	(261,263)	(105,219)	(366,482)
Net increase (decrease) in cash and cash equivalents	(130,888)	(68,608)	(199,496)
Cash and cash equivalents at beginning of year	805,565	361,216	1,166,781
Cash and cash equivalents at end of year	\$ 674,677	\$ 292,608	\$ 967,285
Reconciliation of operating income (loss) to net cash from operating activities			
Operating income (loss)	\$ 253,700	\$ -	\$ 253,700
Adjustments to reconcile operating income (loss) to net cash from operating activities			
Depreciation	211,652	-	211,652
(Increase) decrease in assets and deferred outflows of resources			
Receivables, net	(41,716)	-	(41,716)
Pension related items	12,203	-	12,203
Other postemployment benefit related items	1,136	-	1,136
Increase (decrease) in liabilities and deferred inflows of resources			
Accounts payable and accrued liabilities	(27,737)	-	(27,737)
Net pension liability	221,995	-	221,995
Pension related items	(133,904)	-	(133,904)
Other postemployment benefit related items	12,042	-	12,042
Net cash from operating activities	\$ 509,371	\$ -	\$ 509,371

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, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Charges for services	\$ 1,311,914	\$ 1,452,749	\$ 140,835
Interest	3,300	28,270	24,970
Total revenues	<u>1,315,214</u>	<u>1,481,019</u>	<u>165,805</u>
Expenditures			
SWM services	1,325,591	1,181,657	143,934
Contingency	130,000	-	130,000
Total expenditures	<u>1,455,591</u>	<u>1,181,657</u>	<u>273,934</u>
Excess (deficiency) of revenues over expenditures	<u>(140,377)</u>	<u>299,362</u>	<u>439,739</u>
Other financing sources (uses)			
Transfers out	<u>(71,264)</u>	<u>(71,264)</u>	<u>-</u>
Total other financing sources (uses)	<u>(71,264)</u>	<u>(71,264)</u>	<u>-</u>
Net change in fund balance	(211,641)	228,098	439,739
Fund balance at beginning of year	<u>1,094,366</u>	<u>1,328,432</u>	<u>234,066</u>
Fund balance at end of year	<u>\$ 882,725</u>	<u>\$ 1,556,530</u>	<u>\$ 673,805</u>
Reconciliation to GAAP Fund Balance:			
Capital Assets		\$ 8,070,989	
Deferred Outflows		115,644	
Deferred Inflows		(41,534)	
Long Term Debt		(711,912)	
Other		(9,714)	
Total GAAP Fund Balance		<u>\$ 8,980,003</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, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
System development charges	\$ 43,500	\$ 36,611	\$ (6,889)
Interest	3,000	13,622	10,622
	<u>46,500</u>	<u>50,233</u>	<u>3,733</u>
Expenditures			
Materials & Services	50,000	-	50,000
SWC infrastructure construction	200,000	-	200,000
Contingency	84,500	-	84,500
	<u>334,500</u>	<u>-</u>	<u>334,500</u>
Net change in fund balance	(288,000)	50,233	338,233
Fund balance at beginning of year	<u>543,444</u>	<u>566,466</u>	<u>23,022</u>
Fund balance at end of year	<u>\$ 255,444</u>	<u>\$ 616,699</u>	<u>\$ 361,255</u>
Reconciliation to GAAP Fund Balance:			
Fair Value adjustment of Investments		\$ (4,213)	
Total GAAP Fund Balance		<u>\$ 612,486</u>	

See notes to financial statements

CITY OF FOREST GROVE
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
June 30, 2023

	<u>Information Systems</u>	<u>Equipment</u>	<u>Risk Management</u>	<u>Totals</u>
Assets				
Current assets				
Cash and cash equivalents	\$ 392,771	\$ 1,361,497	\$ 3,904	\$ 1,758,172
Investments	428,037	1,483,744	4,255	1,916,036
Accrued interest receivable	1,340	4,643	14	5,997
Prepaid items	-	100	236,792	236,892
Total current assets	822,148	2,849,984	244,965	3,917,097
Noncurrent assets				
Subscription asset, net	61,552	-	91,842	153,394
Capital assets				
Other capital assets, net	-	1,759,827	-	1,759,827
Total noncurrent assets	61,552	1,759,827	91,842	1,913,221
Total assets	883,700	4,609,811	336,807	5,830,318
Deferred outflows of resources				
Pension related items	-	39,685	-	39,685
Other postemployment benefit related items	-	3,112	-	3,112
Total deferred outflows of resources	-	42,797	-	42,797
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities	8,347	27,210	8,750	44,307
Long-term obligations due within one year	-	14,799	-	14,799
Total current liabilities	8,347	42,009	8,750	59,106
Noncurrent liabilities				
Subscription liability	35,952	-	88,561	124,513
Long-term obligations due in more than one year	-	263,010	-	263,010
Total noncurrent liabilities	35,952	263,010	88,561	387,523
Total liabilities	44,299	305,019	97,311	446,629
Deferred inflows of resources				
Pension related items	-	5,469	-	5,469
Other postemployment benefit related items	-	11,527	-	11,527
Total deferred inflows of resources	-	16,996	-	16,996
Net position				
Net investment in capital assets	-	1,482,018	-	1,482,018
Unrestricted	839,401	2,848,575	239,496	3,927,472
Total net position	<u>\$ 839,401</u>	<u>\$ 4,330,593</u>	<u>\$ 239,496</u>	<u>\$ 5,409,490</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, 2023

	<u>Information Systems</u>	<u>Equipment</u>	<u>City Utility</u>	<u>Risk Management</u>	<u>Totals</u>
Operating revenues					
Charges for services	\$ 440,554	\$ 1,249,088	\$ -	\$ 709,635	\$ 2,399,277
Operating expenses					
Personnel services	-	314,404	-	-	314,404
Materials and services	283,046	447,772	221,928	751,894	1,704,640
Amortization	38,108	-	-	26,241	64,349
Depreciation	-	384,938	-	-	384,938
Total operating expenses	<u>321,154</u>	<u>1,147,114</u>	<u>221,928</u>	<u>778,135</u>	<u>2,468,331</u>
Operating income (loss)	<u>119,400</u>	<u>101,974</u>	<u>(221,928)</u>	<u>(68,500)</u>	<u>(69,054)</u>
Nonoperating revenues (expenses)					
Interest income	23,079	88,439	-	3,994	115,512
Miscellaneous	31,945	4,910	-	56,807	93,662
Loss on disposition of capital assets	-	(27,851)	-	-	(27,851)
Interest expense	(182)	-	-	(478)	(660)
Total nonoperating revenue (expenses)	<u>54,842</u>	<u>65,498</u>	<u>-</u>	<u>60,323</u>	<u>180,663</u>
Income (loss) before transfers	174,242	167,472	(221,928)	(8,177)	111,609
Transfers in	-	176,087	221,928	-	398,015
Transfers out	(30,000)	-	-	(10,000)	(40,000)
Change in net position	144,242	343,559	-	(18,177)	469,624
Net position at beginning of year	<u>695,159</u>	<u>3,987,034</u>	<u>-</u>	<u>257,673</u>	<u>4,939,866</u>
Net position at end of year	<u>\$ 839,401</u>	<u>\$ 4,330,593</u>	<u>\$ -</u>	<u>\$ 239,496</u>	<u>\$ 5,409,490</u>

See notes to financial statements

CITY OF FOREST GROVE
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
Year Ended June 30, 2023

	Information Systems	Equipment	City Utility	Risk Management	Totals
Cash flows from operating activities					
Receipts from other funds	\$ 440,554	\$ 1,249,088	\$ -	\$ 709,635	\$ 2,399,277
Payments to suppliers	(282,245)	(491,421)	(221,928)	(748,804)	(1,744,398)
Payments to employees	-	(275,066)	-	-	(275,066)
Net cash from operating activities	<u>158,309</u>	<u>482,601</u>	<u>(221,928)</u>	<u>(39,169)</u>	<u>379,813</u>
Cash flows from noncapital financing activities					
Transfers in	-	-	221,928	-	221,928
Transfers out	(30,000)	-	-	(10,000)	(40,000)
Net cash from noncapital financing activities	<u>(30,000)</u>	<u>-</u>	<u>221,928</u>	<u>(10,000)</u>	<u>181,928</u>
Cash flows from noncapital financing activities					
Transfers in	-	176,087	-	-	176,087
Other	(31,945)	4,910	-	26,807	(228)
Acquisition of capital assets	-	(281,588)	-	-	(281,588)
Net cash from capital and related financing activities	<u>(31,945)</u>	<u>(100,591)</u>	<u>-</u>	<u>26,807</u>	<u>(105,729)</u>
Cash flows from investing activities					
Interest on investments	21,953	84,520	-	2,157	108,630
Purchase of investments	(178,736)	(639,583)	-	5,811	(812,508)
Net cash from investing activities	<u>(156,783)</u>	<u>(555,063)</u>	<u>-</u>	<u>7,968</u>	<u>(703,878)</u>
Net increase (decrease) in cash and cash equivalents	(60,419)	(173,053)	-	(14,394)	(247,866)
Cash and cash equivalents at beginning of year	453,190	1,534,550	-	18,298	2,006,038
Cash and cash equivalents at end of year	<u>\$ 392,771</u>	<u>\$ 1,361,497</u>	<u>\$ -</u>	<u>\$ 3,904</u>	<u>\$ 1,758,172</u>
Reconciliation of operating income (loss) to net cash from operating activities					
Operating income (loss)	\$ 119,400	\$ 101,974	\$ (221,928)	\$ (68,500)	\$ (69,054)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation & Amortization	38,108	384,938	-	26,241	449,287
(Increase) decrease in assets and deferred outflows of resources					
Prepaid items	-	-	-	(5)	(5)
Pension related items	-	4,496	-	-	4,496
Other postemployment benefit related items	-	693	-	-	693
Increase (decrease) in liabilities and deferred inflows of resources					
Accounts payable and accrued liabilities	801	(43,649)	-	3,095	(39,753)
Compensated absences payable	-	(775)	-	-	(775)
Other postemployment benefits liability	-	79,083	-	-	79,083
Pension related items	-	(49,030)	-	-	(49,030)
Other postemployment benefit related items	-	4,871	-	-	4,871
Net cash from operating activities	<u>\$ 158,309</u>	<u>\$ 482,601</u>	<u>\$ (221,928)</u>	<u>\$ (39,169)</u>	<u>\$ 379,813</u>

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, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Charges for services	\$ 440,553	\$ 440,554	\$ 1
Interest	10,000	20,737	10,737
	<u>450,553</u>	<u>461,291</u>	<u>10,738</u>
Expenditures			
Information system services	477,980	314,991	162,989
Contingency	50,000	-	50,000
	<u>527,980</u>	<u>314,991</u>	<u>212,989</u>
Excess (deficiency) of revenues over expenditures	<u>(77,427)</u>	<u>146,300</u>	<u>223,727</u>
Other financing sources (uses)			
Transfers out	<u>(30,000)</u>	<u>(30,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(30,000)</u>	<u>(30,000)</u>	<u>-</u>
Net change in fund balance	(107,427)	116,300	223,727
Fund balance at beginning of year	<u>696,907</u>	<u>703,154</u>	<u>6,247</u>
Fund balance at end of year	<u>\$ 589,480</u>	<u>\$ 819,454</u>	<u>\$ 229,974</u>
Reconciliation to GAAP Fund Balance:			
Fair Value adjustment of Investments		\$ (5,653)	
Subscription Asset & Liability		25,600	
Total GAAP Fund Balance		<u>\$ 839,401</u>	

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, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Charges for services	\$ 1,248,412	\$ 1,249,088	\$ 676
Interest	5,000	80,963	75,963
Miscellaneous	-	4,910	4,910
	<u>1,253,412</u>	<u>1,334,961</u>	<u>81,549</u>
Expenditures			
Vehicle services	1,846,287	1,004,426	841,861
Contingency	160,000	-	160,000
	<u>2,006,287</u>	<u>1,004,426</u>	<u>1,001,861</u>
Excess (deficiency) of revenues over expenditures	<u>(752,875)</u>	<u>330,535</u>	<u>1,083,410</u>
Other financing sources (uses)			
Transfers in	<u>176,088</u>	<u>176,087</u>	<u>(1)</u>
Total other financing sources (uses)	<u>176,088</u>	<u>176,087</u>	<u>(1)</u>
Net change in fund balance	(576,787)	506,622	1,083,409
Fund balance at beginning of year	<u>1,859,021</u>	<u>2,335,750</u>	<u>476,729</u>
Fund balance at end of year	<u>\$ 1,282,234</u>	<u>\$ 2,842,372</u>	<u>\$ 1,560,138</u>
Reconciliation to GAAP Fund Balance:			
Capital Assets		\$ 1,759,828	
Deferred Outflows		42,797	
Deferred Inflows		(16,996)	
Long Term Debt		(263,010)	
Other		(34,398)	
Total GAAP Fund Balance		<u>\$ 4,330,593</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, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Expenditures			
Materials and services	\$ 235,234	\$ 221,928	\$ 13,306
Total expenditures	<u>235,234</u>	<u>221,928</u>	<u>13,306</u>
Other financing sources (uses)			
Transfers in	<u>235,234</u>	<u>221,928</u>	<u>(13,306)</u>
Total other financing sources (uses)	<u>235,234</u>	<u>221,928</u>	<u>(13,306)</u>
Net change in fund balance	-	-	-
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See notes to financial statements

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, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Charges for services	\$ 708,375	\$ 709,635	\$ 1,260
Interest	500	3,726	3,226
Miscellaneous	<u>25,000</u>	<u>56,807</u>	<u>31,807</u>
Total revenues	<u>733,875</u>	<u>770,168</u>	<u>36,293</u>
Expenditures			
Risk management services	871,853	781,894	89,959
Contingency	<u>50,000</u>	<u>-</u>	<u>50,000</u>
Total expenditures	<u>921,853</u>	<u>781,894</u>	<u>139,959</u>
Excess (deficiency) of revenues over expenditures	<u>(187,978)</u>	<u>(11,726)</u>	<u>176,252</u>
Other financing sources (uses)			
Transfers out	<u>(10,000)</u>	<u>(10,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(10,000)</u>	<u>(10,000)</u>	<u>-</u>
Net change in fund balance	(197,978)	(21,726)	176,252
Fund balance at beginning of year	<u>223,491</u>	<u>257,995</u>	<u>34,504</u>
Fund balance at end of year	<u>\$ 25,513</u>	<u>\$ 236,269</u>	<u>\$ 210,756</u>
Reconciliation to GAAP Fund Balance:			
Fair Value adjustment of Investments		\$ (54)	
Subscription Asset & Liability		<u>3,281</u>	
Total GAAP Fund Balance		<u>\$ 239,496</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, 2023, and have issued our report thereon dated November 16, 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:

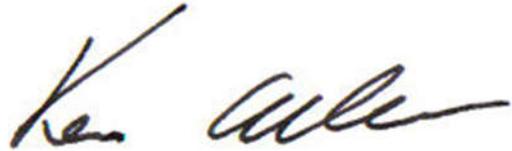
- **Deposit of public funds with financial institutions (ORS Chapter 295)**
- **Indebtedness limitations, restrictions and repayment.**
- **Budgets legally required (ORS Chapter 294).**
- **Insurance and fidelity bonds in force or required by law.**
- **Programs funded from outside sources.**
- **Highway 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 long, sweeping underline.

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

