

June 30, 2023
City of Gladstone
Management's Discussion and Analysis

Management staff of the City of Gladstone offers this executive summary of financial activities of the City for the fiscal year ended June 30, 2023.

Financial Highlights

The assets and deferred outflows of resources of the City of Gladstone exceeded the sum of its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$49,629,506 (net position). Of this amount, \$29,173,987 is the City's net investment in capital assets, \$10,081,136 is restricted for specific purposes, and \$10,374,383 (unrestricted) may be used to meet the City's obligations to creditors and to meet service expectations by its citizens. The City's total net position increased by \$3,568,410 from the prior year.

The City's governmental activities reported total net position of \$29,238,312. Of this amount, \$(3,126,399) is the unrestricted balance. Due to the long-term perspective of net position, this negative balance reflects the amount to be resolved with future resources, such as long-term debt and deferred inflows.

The City's business-type activities reported total net position of \$20,391,194. Of this amount, \$13,500,782 is unrestricted and thus available for spending at the City's discretion.

The City's governmental funds reported combined ending fund balances of \$15,200,213 a decrease of \$(1,019,236) compared to the prior year. The decrease is primarily due to increased spending in capital outlay projects in Highways and streets and the General fund, along with repayment of debt on the Public Works Facility financing.

Overview of the Financial Statements

The Management Discussion and Analysis (MD&A) is intended to serve as an introduction to the City of Gladstone's basic financial statements. The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. The report also contains required and other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

These two statements present an overview of the City's finances, in a manner similar to the private sector. Each statement presents highly condensed, entity-wide information and uses the full accrual basis of accounting.

The Statement of Net Position presents information on the City's total assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the resulting difference between them presented as net position. Over time, increases or decreases to net position may serve as a useful indicator of whether the City's financial position is improving or deteriorating. The financial position

of the City is best indicated by changes in cash flow and cash reserves as described in the Financial Analysis section of the City's most recent budget.

The Statement of Activities focuses on the change in net position over the last year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave). Governmental activities of the City of Gladstone report on general government, public safety, highways and streets, culture and recreation and urban renewal functions. Urban renewal is considered a component of the City of Gladstone even though it publishes separate financial statements and management discussion and analysis. Business-type activities consist of water, sewer and storm water operations.

Fund Financial Statements. A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Gladstone, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Gladstone can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near term financial decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and change in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Gladstone maintains five individual governmental funds. Information is presented separately in the governmental balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Road and Street Fund, Police and Communications Special Levy Fund, Fire and Emergency Services Special Levy Fund, and Urban Renewal Agency Fund. All of these funds are considered to be major funds.

Proprietary Funds. Proprietary funds represent three segments of operations, water, sewer, and storm water, used to account for activities that are financed and operated in a manner similar to private business enterprises. The intent is that the costs of providing these services to the general public on a continuing basis be financed primarily through user charges.

Fiduciary Funds. Fiduciary funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. The Municipal Court Fund is custodial in nature and does not involve measurement of results of

operations.

Notes to the Basic Financial Statements. Notes to the basic financial statements provide additional information that is essential to a full understanding of the information provided in the government-wide and fund financial statements.

Required Supplementary Information. Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered part of basic financial statements.

Other Supplementary Information. Other supplementary information contains the combining schedules for the General Fund and American Rescue Plan Act fund, along with the budgetary comparison schedule for the General Fund expenditures, American Rescue Plan Act Fund and the proprietary funds.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Assets exceeded liabilities by **\$49,585,076** at the close of the most recent fiscal year.

The following table reflects a Summary of Net Position for these fiscal years:

	Summary of Net Position					
	Governmental Activities		Business type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Cash and investments	\$ 15,923,207	\$ 15,989,839	\$ 10,694,652	\$ 8,596,644	\$ 26,617,859	\$ 24,586,483
Restricted cash and investments	1,748,845	1,590,450	1,266,449	1,251,266	3,015,294	2,841,716
Other assets	742,179	837,386	4,210,077	4,006,781	4,952,256	4,844,167
Capital assets	28,384,166	26,670,041	6,129,588	6,426,023	34,513,754	33,096,064
Total assets	<u>46,798,397</u>	<u>45,087,716</u>	<u>22,300,766</u>	<u>20,280,714</u>	<u>69,099,163</u>	<u>65,368,430</u>
Deferred outflows	2,495,300	3,152,161	455,765	483,550	2,951,065	3,635,711
Total assets and deferred outflow of resources	<u>\$ 49,293,697</u>	<u>\$ 48,239,877</u>	<u>\$ 22,756,531</u>	<u>\$ 20,764,264</u>	<u>\$ 72,050,228</u>	<u>\$ 69,004,141</u>
Current liabilities	\$ 1,905,900	\$ 1,836,788	\$ 655,110	\$ 804,324	\$ 2,561,010	\$ 2,641,112
Long-term liabilities	13,870,804	13,591,229	1,377,064	1,215,323	15,247,868	14,806,552
Total liabilities	<u>15,776,704</u>	<u>15,428,017</u>	<u>2,032,174</u>	<u>2,019,647</u>	<u>17,808,878</u>	<u>17,447,664</u>
Deferred inflows	4,278,681	4,942,541	333,163	552,840	4,611,844	5,495,381
Net position						
Net investment in capital assets	23,566,399	21,682,917	5,607,588	5,738,023	29,173,987	27,420,940
Restricted	8,798,312	8,162,799	1,282,824	1,264,008	10,081,136	9,426,807
Unrestricted	(3,126,399)	(1,976,397)	13,500,782	11,189,746	10,374,383	9,213,349
Total net position	<u>29,238,312</u>	<u>27,869,319</u>	<u>20,391,194</u>	<u>18,191,777</u>	<u>49,629,506</u>	<u>46,061,096</u>
Total liabilities and deferred inflows of resources and net position	<u>\$ 49,293,697</u>	<u>\$ 48,239,877</u>	<u>\$ 22,756,531</u>	<u>\$ 20,764,264</u>	<u>\$ 72,050,228</u>	<u>\$ 69,004,141</u>

A large portion of the City of Gladstone's net position reflect its investment in capital assets (e.g. land, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets do not have financial liquidity easily available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves

cannot be used to pay these liabilities. The restricted net position is attributable to assets that are legally restricted for specific purposes, such as Urban Renewal Agency, system development charges and the street and road revenues. The remaining balance of **\$(3,126,399)** is unrestricted net position, and reflects the long-term perspective of resources necessary to meet long-term obligations and deferred inflows.

The following table summarizes revenues and expenses for fiscal years **2023 and 2022**:

	Governmental and Proprietary Activities					
	Governmental Activities		Business type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Receipts						
Program Receipts						
Charges for services	\$ 824,514	\$ 796,649	\$ 7,747,082	\$ 7,376,536	\$ 8,571,596	\$ 8,173,185
Operating grants and contributions	345,868	326,622	-	-	345,868	326,622
Capital grants and contributions	92,969	-	-	-	92,969	-
General receipts						
Property tax	6,899,043	6,695,372	-	-	6,899,043	6,695,372
Franchise fees and public service tax	2,701,282	2,765,796	-	-	2,701,282	2,765,796
Interest	863,410	136,871	-	-	863,410	136,871
Other	742,880	(603,821)	(342,783)	2,385	400,097	(601,436)
Total receipts	<u>\$ 12,469,966</u>	<u>\$ 10,117,489</u>	<u>\$ 7,404,299</u>	<u>\$ 7,378,921</u>	<u>\$ 19,874,265</u>	<u>\$ 17,496,410</u>
Expenses						
Governmental activities						
General government	\$ 3,186,459	\$ 2,653,172	\$ -	\$ -	\$ 3,186,459	\$ 2,653,172
Public safety	6,185,111	5,885,239	-	-	6,185,111	5,885,239
Highways and streets	1,000,265	980,877	-	-	1,000,265	980,877
Culture and recreation	198,715	1,078,889	-	-	198,715	1,078,889
Urban renewal	1,186,882	9,483	-	-	1,186,882	9,483
Business type activities						
Water	-	-	1,687,831	1,009,247	1,687,831	1,009,247
Sewer	-	-	2,467,107	2,893,491	2,467,107	2,893,491
Storm	-	-	437,915	293,085	437,915	293,085
Total expenses	<u>\$ 11,757,432</u>	<u>\$ 10,607,660</u>	<u>\$ 4,592,853</u>	<u>\$ 4,195,823</u>	<u>\$ 16,350,285</u>	<u>\$ 14,803,483</u>
Change in net position before transfers	<u>712,534</u>	<u>(490,171)</u>	<u>2,811,446</u>	<u>3,183,098</u>	<u>3,523,980</u>	<u>2,692,927</u>
Transfers	\$ 656,459	\$ 319,769	\$ (656,459)	\$ (319,769)	\$ -	\$ -
Equity income (loss) in joint venture	-	-	44,430	46,346	44,430	46,346
Changes in net position	1,368,993	(170,402)	2,199,417	2,909,675	3,568,410	2,739,273
Beginning net position	27,869,319	28,039,788	18,191,777	15,282,102	46,061,096	43,321,890
Restatement	-	(67)	-	-	-	(67)
Beginning net position-restated	<u>27,869,319</u>	<u>28,039,721</u>	<u>18,191,777</u>	<u>15,282,102</u>	<u>46,061,096</u>	<u>43,321,823</u>
Ending net position	<u>\$ 29,238,312</u>	<u>\$ 27,869,319</u>	<u>\$ 20,391,194</u>	<u>\$ 18,191,777</u>	<u>\$ 49,629,506</u>	<u>\$ 46,061,096</u>

Governmental Activities. Governmental activities increased the City of Gladstone's net position by **\$1,368,993**.

Business-type Activities. Business-type activities increased the City of Gladstone's net position by **\$2,199,417**.

Financial Analysis of the City's Funds

Governmental Funds. The focus of the City of Gladstone's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Gladstone's financial requirements. In particular, unassigned fund balance may serve as useful measure of a government's net resources available for spending at the end of the fiscal year as they have not been limited to use for a particular purpose.

At the end of the fiscal year, the City of Gladstone's governmental funds reported combined ending fund balances of \$15,200,213.

	General Fund	Road and Street Fund	Police and Communications Special Levy Fund	Fire and Emergency Services Special Levy Fund	Urban Renewal Agency Fund	Total Governmental
Beginning Fund Balance	\$9,360,347	\$3,635,426	\$ 10,643	\$ 390,054	\$2,822,979	\$16,219,449
Increase (decrease) current year	(335,165)	(658,512)	27,069	(219,656)	167,028	(1,019,236)
Ending Fund Balance as of June 30, 2023	<u>\$9,025,182</u>	<u>\$2,976,914</u>	<u>\$ 37,712</u>	<u>\$ 170,398</u>	<u>\$2,990,007</u>	<u>\$15,200,213</u>

- General Fund decreased by 3.6 percent under the previous year fund balance, mainly due to the capital outlay acquisition. The majority of revenues have returned to pre-pandemic levels, except there is relatively little increase in State shared revenues over the past year. Due to the enhanced cash balance from the unspent ARPA funds and Public Works Facility financing, along with interest rate increases within the Local Government Investment Pool, interest revenues grew by 648.1 percent. Expenditures have stayed within appropriation, with ARPA grants funds mostly committed but still unspent in the amount of \$2.4 million.
- Road and Street Fund decreased 18.1 percent under the previous year, and continues to realize reduced right of way fees from telecomm collections. An updated ordinance has been adopted to ensure all funds owed are collected. Highway user taxes and vehicle registration revenues both experienced a small decrease over the previous year, also. Capital outlay increased tremendously this year, with some large paving/preservation projects completed.
- The Police and Communications Special Levy Fund experienced an increase of 254.3 percent, translating to only \$27,069 in fund balance. This fund is budgeted to expend its annual revenue, to enhance and support police services within the General Fund.
- The Fire and Emergency Services Special Levy Fund decreased by 56.3 percent from the previous year, as it is budgeted to also expend revenues in support of the intergovernmental agreement with Clackamas Fire District #1.
- The Urban Renewal Agency Fund increased by 5.9 percent from annual tax revenues. These revenues will be more than sufficient to finance the debt retirement from the Civic Buildings debt service. Funds were also utilized to demolish the former City Hall, in preparation of the site for the library facility currently under construction by Clackamas County.

Proprietary Funds. The City's proprietary funds are enterprise funds and fiduciary funds. An enterprise fund is used to account for activities for which a fee is charged to external users for services. These funds provide the same type of information found in the government-wide financial statements, but in more detail. Fiduciary funds do not involve results of operations and are custodial in nature.

	Water Fund	Sewer Fund	Storm Water Fund	Total Business Type
Beginning Fund Balance	\$ 10,503,268	\$ 5,775,426	\$ 1,913,083	\$ 18,191,777
Increase (decrease) - current year	824,012	889,105	486,300	2,199,417
Ending Fund Balance as of June 30, 2023	<u>\$ 11,327,280</u>	<u>\$ 6,664,531</u>	<u>\$ 2,399,383</u>	<u>\$ 20,391,194</u>

- All business type funds had steady gains due to consistent rate increases in user fees over the past few years. Increases now approximate the cost of living index for the past two years at 4.0 percent. Storm water realized the largest impact of 25.4 percent, with Water at 7.8 percent and Sewer at 15.4 percent. These funds have allowed capital planning for much needed system improvements throughout the City infrastructure. Project improvements, especially in the Sewer and Storm Water Funds, are currently under construction for infiltration and inflow.

Budgetary Highlights

The City had appropriation increases, approved through two budget resolutions, during the year ended June 30, 2023. First, [the City Council approved on December 13, 2022 adjustments to the General Fund for Traffic-related State grants and two Community Center grants, also received from the State of Oregon.](#) Subsequent budget effects included General Fund revenues adjustments, Police Overtime and Community Center capital outlay.

Then, on May 9, 2023, the Urban Renewal Agency Board approved a budget amendment to increase appropriations for the demolition of the former City Hall building, offset by Contingency. Estimates came in higher than anticipated for removal of the building, necessitating the budget resolution. Appropriations lapse as of year-end.

Capital Assets and Debt Administration

The following tables compare capital assets and changes in capital assets as of June 30, [2023](#) and June 30, [2022](#):

	Capital Assets at Year End (Net of Depreciation)					
	Governmental Activities		Business Type Activities		Total Government	
	2023	2022	2023	2022	2023	2022
Land	\$ 7,001,656	\$ 6,498,106	\$ 129,414	\$ 640,964	\$ 7,131,070	\$ 7,139,070
Work in Progress	777,513	277,817	773,262	473,412	1,550,775	751,229
Buildings	15,602,928	15,849,549	6,874	7,084	15,609,802	15,856,633
Vehicles & Equipment	560,850	634,335	234,422	295,517	795,272	929,852
Intangible Assets	25,562	52,342	3,352	12,632	28,914	64,974
Infrastructure	4,288,422	3,348,397	4,982,264	4,996,414	9,270,686	8,344,811
Leased Equipment	127,235	9,495	-	-	127,235	9,495
Total	<u>\$ 28,384,166</u>	<u>\$ 26,670,041</u>	<u>\$ 6,129,588</u>	<u>\$ 6,426,023</u>	<u>\$ 34,513,754</u>	<u>\$ 33,096,064</u>

Changes in Capital Assets

	Governmental Activities		Business Type Activities		Total Government	
	2023	2022	2023	2022	2023	2022
Beginning Balance	\$ 26,670,041	\$ 27,730,709	\$ 6,426,023	\$ 6,162,834	\$ 33,096,064	\$ 33,893,543
Additions	2,652,439	462,342	687,050	591,551	3,339,489	1,053,893
Depreciation	(709,275)	(851,749)	(322,916)	(320,382)	(1,032,191)	(1,172,131)
Deletions	(229,039)	(671,261)	(660,569)	(7,980)	(889,608)	(679,241)
Ending Balance	<u>\$ 28,384,166</u>	<u>\$ 26,670,041</u>	<u>\$ 6,129,588</u>	<u>\$ 6,426,023</u>	<u>\$ 34,513,754</u>	<u>\$ 33,096,064</u>

Infrastructure improvements have increased this year due to the construction of the Public Works Facility and significant road improvements within the governmental activities. Improvements to infrastructure within the Sewer and Storm Water systems are reflected in the business type activities, and will continue to be a focus in the next fiscal year.

Long-term Debt. At June 30, 2023, the City had business-type bonded debt outstanding of \$522,000 compared to \$688,000 at June 30, 2022. State statutes limit the amount of general obligation debt an Oregon city may issue to 3% of total real market value of all taxable property within its boundary. The current debt limitation for the City of Gladstone is approximately \$67.1 million.

At June 30, 2023, the City had governmental activities debt outstanding of notes payable for \$9,068,955 and leases payable of \$105,093. No new debt was assumed within the 2022-23 fiscal year, other than leases. More information on the debt is available in Note 8, Long Term Debt within the notes to the financial statements.

Economic Factors and Next Year’s Budget. The Gladstone community is part of the Portland Metropolitan area and business, employment and other factors generally do not directly affect the City’s financial conditions. Gladstone has virtually no vacant land and has limited potential for significant increase in property tax revenue from “qualifying improvements” as allowed by property tax limitation commonly known as Measure 50. However, infill development is occurring, along with the start of a formalized downtown revitalization.

On November 2, 2021 the Gladstone voters approved up to \$5 million for the financing and reconstruction/remodeling of the Public Works Facility to be located on the existing property. The new Civic Center buildings are located beside this facility, creating a cohesive and attractive municipal complex for the City. Building of this project is well underway, on-time and within budget, with completion anticipated in June 2024.

The current biennium budget continues recovery from the global health crisis and resulting, devastating economic impacts. The City was able to secure several grants, with the latest being the American Rescue Plan Agreement (ARPA) funding for \$2.7 million. To date, most of the funds have been committed for specific use. Furthermore, the City falls under the \$10 million cap of a non-entitlement unit (NEU) so will be liable for less reporting and regulation with the federal government. These funds will be fully expended within the 2023-2025 biennium.

City Council and the Management Team participated in a robust discussion and planning meeting to review the current goals and determine realignment for the current community context. Out of this goal setting retreat the following four goals were finalized, with significant strategies developed:

- Economic Development
- Infrastructure
- Communications and Engagement
- Parks

The complete report has been included in the City of Gladstone Biennial Budget for 2023-2025 detailing the emphasis on goal incorporation into the budget development.

Requests for Information. The City's financial statements are designed to present to City taxpayers, customers, investors and creditors with a general overview of the finances and accountability of Gladstone. If you have any questions about the report, or need additional information, please contact Cathy Brucker, Finance Consultant, at 18505 Portland Ave., Gladstone, OR 97027; (503) 479-6860; or finance@ci.gladstone.or.us.

BASIC FINANCIAL STATEMENTS

The basic financial statements include interrelated sets of financial statements as required by the GASB. The sets of statements include:

- Government-Wide Financial Statements
- Fund Financial Statements
 - Governmental Funds
 - Proprietary Funds
 - Fiduciary Funds

In addition, the notes to the basic financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

CITY OF GLADSTONE, OREGON
STATEMENT OF NET POSITION
June 30, 2023

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Current assets:			
Cash and investments	\$ 15,829,436	\$ 10,694,652	\$ 26,524,088
Cash with county treasurer	93,771	-	93,771
Accounts receivable	435,939	762,826	1,198,765
Property tax receivable	95,466	-	95,466
Interest receivable	3,961	-	3,961
Prepaid expenses	117,156	178,168	295,324
Other current assets	-	82,234	82,234
Total current assets	16,575,729	11,717,880	28,293,609
Noncurrent assets:			
Restricted cash and investments	1,748,845	1,266,449	3,015,294
Net OPEB asset	89,657	16,375	106,032
Investment in joint venture	-	3,170,474	3,170,474
Capital assets:			
Non depreciable	7,779,169	902,676	8,681,845
Depreciable, net	20,477,762	5,226,912	25,704,674
Lease assets, net	66,969	-	66,969
Subscription based assets, net	60,266	-	60,266
Total noncurrent assets	30,222,668	10,582,886	40,805,554
Total assets	46,798,397	22,300,766	69,099,163
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred outflow related to pension	2,438,288	445,353	2,883,641
Deferred outflow related to OPEB	57,012	10,412	67,424
Total deferred outflows of resources	2,495,300	455,765	2,951,065
Total assets and deferred outflows of resources	\$ 49,293,697	\$ 22,756,531	\$ 72,050,228
LIABILITIES:			
Current liabilities:			
Accounts payable	\$ 400,345	\$ 354,830	\$ 755,175
Interest payable	63,411	5,168	68,579
Accrued compensated absences	393,693	100,534	494,227
Bonds payable - current maturity	907,268	173,000	1,080,268
Leases payable - current	15,697	-	15,697
Subscription based payable - current	8,889	-	8,889
Other current liabilities	116,597	21,578	138,175
Total current liabilities	1,905,900	655,110	2,561,010
Noncurrent liabilities:			
Net pension liability	5,242,745	957,586	6,200,331
OPEB liability	385,865	70,478	456,343
Noncurrent portion of bonds payable	8,161,687	349,000	8,510,687
Noncurrent portion of leases payable	80,507	-	80,507
Total noncurrent liabilities	13,870,804	1,377,064	15,247,868
Total liabilities	15,776,704	2,032,174	17,808,878
DEFERRED INFLOWS OF RESOURCES:			
Deferred inflow related to pension	1,758,576	321,204	2,079,780
Deferred inflow related to OPEB	65,483	11,959	77,442
Deferred inflow related to grant funds	2,454,622	-	2,454,622
Total deferred inflows of resources	4,278,681	333,163	4,611,844
NET POSITION:			
Net investment in capital assets	23,566,399	5,607,588	29,173,987
Restricted for:			
OPEB benefits	89,657	16,375	106,032
American rescue plan act funding	2,454,622	-	2,454,622
Street operations	2,976,914	-	2,976,914
System development	287,112	1,266,449	1,553,561
Urban Renewal development	2,990,007	-	2,990,007
Unrestricted	(3,126,399)	13,500,782	10,374,383
Total net position	29,238,312	20,391,194	49,629,506
Total liabilities, deferred inflows of resources and net position	\$ 49,293,697	\$ 22,756,531	\$ 72,050,228

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

CITY OF GLADSTONE, OREGON
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2023

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
Governmental activities:			
General government	\$ 2,927,141	\$ 495,658	\$ 289,753
Public safety	6,185,111	328,856	22,155
Highways and streets	1,000,265	-	-
Urban and renewal	198,715	-	-
Culture and recreation	1,186,882	-	92,969
Interest on long-term debt	259,318	-	-
Total governmental activities	<u>11,757,432</u>	<u>824,514</u>	<u>404,877</u>
Business-type activities:			
Water Fund	1,687,831	2,735,244	-
Sewer Fund	2,467,107	4,055,113	-
Storm Water Fund	437,915	956,725	-
Total business type activities	<u>4,592,853</u>	<u>7,747,082</u>	<u>-</u>
Total government	<u>\$ 16,350,285</u>	<u>\$ 8,571,596</u>	<u>\$ 404,877</u>
General revenues:			
Taxes:			
Property taxes			
Public service taxes			
Franchise fees			
Grants and contributions not restricted to specific programs			
Interest and investment earnings			
Gain (loss) in joint venture			
Miscellaneous			
Gain (loss) on sale/transfer of capital assets			
Transfers in (out)			
			Total general revenues and transfers
			Change in net position
			Net position - beginning
			Net position - ending

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

Net Expense Revenue and Change in Net Position		
Governmental Activities	Business Type Activities	Total
\$ (2,141,730)	\$ -	\$ (2,141,730)
(5,834,100)	-	(5,834,100)
(1,000,265)	-	(1,000,265)
(198,715)	-	(198,715)
(1,093,913)	-	(1,093,913)
(259,318)	-	(259,318)
<u>(10,528,041)</u>	<u>-</u>	<u>(10,528,041)</u>
-	1,047,413	1,047,413
-	1,588,006	1,588,006
-	518,810	518,810
<u>-</u>	<u>3,154,229</u>	<u>3,154,229</u>
<u>(10,528,041)</u>	<u>3,154,229</u>	<u>(7,373,812)</u>
6,899,043	-	6,899,043
1,619,109	-	1,619,109
1,082,173	-	1,082,173
33,960	-	33,960
863,410	-	863,410
-	44,430	44,430
190,533	168,767	359,300
552,347	(511,550)	40,797
656,459	(656,459)	-
<u>11,897,034</u>	<u>(954,812)</u>	<u>10,942,222</u>
<u>1,368,993</u>	<u>2,199,417</u>	<u>3,568,410</u>
<u>27,869,319</u>	<u>18,191,777</u>	<u>46,061,096</u>
<u>\$ 29,238,312</u>	<u>\$ 20,391,194</u>	<u>\$ 49,629,506</u>

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

FUND FINANCIAL STATEMENTS
Major Governmental Funds

General Fund

The General Fund accounts for the financial resources of the City which are not accounted for in any other fund. Principal sources of revenue are property taxes, franchise fees, and state shared revenues. Primary expenditures are for police protection, fire protection, maintenance of parks, operation of the library and senior center, and general administration.

Road and Street Fund

The Road and Street Fund accounts for revenues from state gasoline taxes apportioned from the State of Oregon.

Police and Communications Special Levy Fund

The Police and Communications Special Levy Fund accounts for the receipts and expenditure of taxes received from a five year local option levy. Proceeds from the levy will be used to increase police personnel.

Fire and Emergency Services Special Levy Fund

The Fire and Emergency Services Special Levy Fund accounts for the receipt and expenditure of taxes received from a five year local option levy. Proceeds from the levy will be used to increase fire personnel and to increase current services.

Urban Renewal Agency Fund

The Urban Renewal Agency Fund accounts for property tax revenue received for the rehabilitation of blighted and deteriorated areas within the City's designated urban renewal area.

CITY OF GLADSTONE, OREGON
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2023

	General Fund	Road and Street Fund	Police and Communications Special Levy Fund	Fire and Emergency Services Special Levy Fund
ASSETS:				
Cash and investments	\$ 10,323,557	\$ 2,314,564	\$ 36,997	\$ 168,990
Restricted cash and investments	1,148,355	600,490	-	-
Cash with county treasurer	65,027	-	9,907	4,513
Accounts receivable	130,963	64,476	-	-
Property taxes receivable	66,064	-	10,066	4,585
Interest receivable	2,781	-	424	137
Due from other governments	111,489	129,011	-	-
Prepaid expenses	127,156	-	-	-
Total assets	\$ 11,975,392	\$ 3,108,541	\$ 57,394	\$ 178,225
LIABILITIES:				
Accounts payable	\$ 268,529	\$ 130,760	\$ 1,056	\$ -
Total liabilities	382,813	131,627	2,500	-
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenues - property taxes	112,775	-	17,182	7,827
Unavailable revenues - other	2,454,622	-	-	-
Total deferred inflows of resources	2,567,397	-	17,182	7,827
FUND BALANCES:				
Non-Spendable:				
Prepays	127,156	-	-	-
Restricted:				
Street operations	-	2,376,424	-	-
System development	287,112	600,490	-	-
Urban renewal development	-	-	-	-
Committed:				
Business development and promotion	444,968	-	-	-
Tourism promotion and activities	311,243	-	-	-
Assigned:				
Capital projects	105,032	-	-	-
Police services	-	-	37,712	-
Fire and emergency services	-	-	-	170,398
Library board	17,456	-	-	-
Unassigned	7,732,215	-	-	-
Total fund balance	9,025,182	2,976,914	37,712	170,398
Total liabilities, deferred inflows of resources and fund balance	\$ 11,975,392	\$ 3,108,541	\$ 57,394	\$ 178,225

Assets not financial resources and, therefore not reported in the funds:

Capital assets used in governmental activities
Right-to-use equipment
Right-to-use software

Other assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds:

Right-to-use software prepayment
Deferred outflows of resources-pension
Net OPEB benefit resource
Deferred outflow of resources - OPEB

Liabilities and deferred inflows of resources, including accrued liabilities and bonds payable are not due and payable in the current period and, therefore, are not reported in funds:

Unavailable revenue - property taxes
Accrued compensated absences
Accrued interest payable
Net pension liability
Net OPEB liability
Deferred inflows of resources - pension
Deferred inflows of resources - OPEB
Long-term debt obligations
Lease financings

Net position of governmental activities

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

Urban Renewal Agency Fund	Total Governmental
\$ 2,985,328	\$ 15,829,436
-	1,748,845
14,324	93,771
-	195,439
14,751	95,466
619	3,961
-	240,500
-	127,156
<u>\$ 3,015,022</u>	<u>\$ 18,334,574</u>
\$ -	\$ 400,345
-	516,940
25,015	162,799
-	2,454,622
<u>25,015</u>	<u>2,617,421</u>
-	127,156
-	2,376,424
-	887,602
2,990,007	2,990,007
-	444,968
-	311,243
-	105,032
-	37,712
-	170,398
-	17,456
-	7,732,215
<u>2,990,007</u>	<u>15,200,213</u>
<u>\$ 3,015,022</u>	
	28,256,931
	66,969
	60,266
	(10,000)
	2,438,288
	89,657
	57,012
	162,799
	(393,693)
	(63,413)
	(5,242,745)
	(385,865)
	(1,758,576)
	(65,483)
	(9,068,955)
	<u>(105,093)</u>
	<u>\$ 29,238,312</u>

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

CITY OF GLADSTONE, OREGON
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2023

	General Fund	Road and Street Fund	Police and Communications Special Levy Fund
REVENUES:			
Property taxes	\$ 4,816,117	\$ -	\$ 733,745
Public service taxes	428,361	1,190,748	-
Franchise and right of way fees	892,294	189,879	-
Grants	404,878	-	-
Charges for services	106,292	-	-
Licenses and permits	195,904	-	-
Fines and forfeitures	328,856	-	-
Special assessments	188,579	4,883	-
Contributions and donations	33,960	-	-
Interest	755,769	-	5,701
Miscellaneous	164,533	26,000	-
Total revenues	<u>8,315,543</u>	<u>1,411,510</u>	<u>739,446</u>
EXPENDITURES:			
Current:			
Public safety	4,810,316	-	631,587
Culture and recreation	1,082,249	-	-
Capital outlay	1,133,246	1,028,937	-
Debt service:	-		
Principal	396,509	-	-
Interest	198,766	-	-
Total expenditures	<u>10,079,525</u>	<u>1,839,604</u>	<u>631,587</u>
Revenues over (under) expenditures	(1,763,982)	(428,094)	107,859
OTHER FINANCING SOURCES (USES):			
Sale of capital assets	76,504	-	-
Proceeds from lease and SBITA obligation	139,276	-	-
Transfers in	1,213,037	386,523	-
Transfers out	-	(616,941)	(80,790)
Total other financing sources (uses)	<u>1,428,817</u>	<u>(230,418)</u>	<u>(80,790)</u>
Net changes in fund balances	(335,165)	(658,512)	27,069
FUND BALANCES, BEGINNING	<u>9,360,347</u>	<u>3,635,426</u>	<u>10,643</u>
FUND BALANCES, ENDING	<u>\$ 9,025,182</u>	<u>\$ 2,976,914</u>	<u>\$ 37,712</u>

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

Fire and Emergency Services Special Levy Fund	Urban Renewal Agency Fund	Total Governmental
\$ 334,216	\$ 1,065,293	\$ 6,949,371
-	-	1,619,109
-	-	1,082,173
-	-	404,878
-	-	106,292
-	-	195,904
-	-	328,856
-	-	193,462
-	-	33,960
17,665	84,275	863,410
-	-	190,533
<u>351,881</u>	<u>1,149,568</u>	<u>11,967,948</u>
571,537	-	6,013,440
-	-	1,082,249
-	-	2,162,183
-	471,789	868,298
-	66,666	265,432
<u>571,537</u>	<u>737,170</u>	<u>13,859,423</u>
(219,656)	412,398	(1,891,475)
-	-	76,504
-	-	139,276
-	-	1,599,560
-	(245,370)	(943,101)
-	(245,370)	872,239
(219,656)	167,028	(1,019,236)
<u>390,054</u>	<u>2,822,979</u>	<u>16,219,449</u>
<u>\$ 170,398</u>	<u>\$ 2,990,007</u>	<u>\$ 15,200,213</u>

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

CITY OF GLADSTONE, OREGON
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2023

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

Net change in fund balances - total governmental funds \$ (1,019,236)

The statement of revenues, expenditures, and changes in fund balances report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period. 1,704,125

Some revenue reported in the statement of activities do not provide current financial resources in the governmental funds. (50,328)

The issuance of long-term debt (e.g., bonds, leases, SBITAs) provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of government funds. This amount is the net effect of these differences in the treatment of long-term debt.

Proceeds from lease and SBITA obligations (139,276)
 Repayment on lease and SBITA obligations 46,056
 Principal repayment on long-term debt 868,298

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 compensated absences (67,321)
 Accrued interest payable 6,113
 Net OPEB obligations 19,905
 Net pension liability 657

Change in net position of governmental activities \$ 1,368,993

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

FUND FINANCIAL STATEMENTS

Proprietary Funds

Enterprise Funds

These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The intent of the governing body is that the costs of providing the services to the general public on a continuing basis be financed primarily through user charges.

Water Fund

The Water Fund accounts for the City's water utility operations.

Sewer Fund

The Sewer Fund accounts for the City's sewer utility operations.

Storm Water Fund

The Storm Water Fund accounts for the City's storm water operations.

CITY OF GLADSTONE, OREGON
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
June 30, 2023

	Business-Type Activities - Enterprise Funds			
	Water Fund	Sewer Fund	Storm Water Fund	Total
ASSETS:				
Current assets:				
Cash and investments	\$ 5,009,032	\$ 3,942,768	\$ 1,742,852	\$ 10,694,652
Trade accounts receivable	276,522	387,354	98,950	762,826
Prepays	178,168	-	-	178,168
Due from other agency	-	57,564	24,670	82,234
Total current assets	5,463,722	4,387,686	1,866,472	11,717,880
Noncurrent assets:				
Restricted cash	657,771	484,342	124,336	1,266,449
Net OPEB asset	5,800	7,586	2,989	16,375
Investment in joint venture	3,170,474	-	-	3,170,474
Capital assets:				
Non-depreciable	154,811	588,711	159,154	902,676
Depreciable	2,852,982	1,950,039	423,891	5,226,912
Total noncurrent assets	6,841,838	3,030,678	710,370	10,582,886
Total assets	12,305,560	7,418,364	2,576,842	22,300,766
DEFERRED OUTFLOWS OF RESOURCES				
Pension	157,749	206,311	81,293	445,353
Other post employment benefits	3,687	4,824	1,901	10,412
Total deferred outflows of resources	161,436	211,135	83,194	455,765
Total assets & deferred outflows of resources	\$ 12,466,996	\$ 7,629,499	\$ 2,660,036	\$ 22,756,531
LIABILITIES:				
Current liabilities:				
Accounts payable	\$ 93,540	\$ 249,110	\$ 12,180	\$ 354,830
Interest payable	5,168	-	-	5,168
Accrued payroll payable	-	430	-	430
Accrued compensated absences	15,700	84,834	-	100,534
Bonds payable - current maturity	173,000	-	-	173,000
Other	21,148	-	-	21,148
Total current liabilities	308,556	334,374	12,180	655,110
Noncurrent liabilities:				
OPEB liability	24,964	32,649	12,865	70,478
Bonds payable	349,000	-	-	349,000
Net pension liability	339,187	443,605	174,794	957,586
Total noncurrent liabilities	713,151	476,254	187,659	1,377,064
Total liabilities	1,021,707	810,628	199,839	2,032,174
DEFERRED INFLOWS OF RESOURCES				
Pension	113,774	148,799	58,631	321,204
Other post employment benefits	4,235	5,541	2,183	11,959
Total deferred inflows of resources	118,009	154,340	60,814	333,163
NET POSITION:				
Net investment in capital assets	2,485,793	2,538,750	583,045	5,607,588
Restricted for:				
OPEB benefits	5,800	7,586	2,989	16,375
System development	657,771	484,342	124,336	1,266,449
Unrestricted	8,177,916	3,633,853	1,689,013	13,500,782
Total net position	11,327,280	6,664,531	2,399,383	20,391,194
Total liabilities, deferred inflows & net position	\$ 12,466,996	\$ 7,629,499	\$ 2,660,036	\$ 22,756,531

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

PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
For the Fiscal Year Ended June 30, 2023

	Business-Type Activities - Enterprise Funds			
	Water Fund	Sewer Fund	Storm Water Fund	Total
OPERATING REVENUES:				
Service charges	\$ 2,735,244	\$ 4,038,486	\$ 956,725	\$ 7,730,455
System development charge	-	16,627	-	16,627
Miscellaneous	1,050	101,873	65,844	168,767
Total operating revenues	<u>2,736,294</u>	<u>4,156,986</u>	<u>1,022,569</u>	<u>7,915,849</u>
OPERATING EXPENSES:				
Purchases	581,349	1,966,265	-	2,547,614
Salaries and fringe benefits	722,613	198,276	309,729	1,230,618
Contract charges	71,408	31,058	21,657	124,123
Maintenance and repairs	85,057	71,673	28,156	184,886
Utilities	23,749	3,399	2,713	29,861
Depreciation	144,139	146,146	26,445	316,730
Supplies	49,180	50,290	49,215	148,685
Total operating expenses	<u>1,677,495</u>	<u>2,467,107</u>	<u>437,915</u>	<u>4,582,517</u>
Operating income (loss)	1,058,799	1,689,879	584,654	3,333,332
NON-OPERATING REVENUES (EXPENSES):				
Interest expense	(10,336)	-	-	(10,336)
Gain (loss) on transfer of capital assets	-	(511,550)	-	(511,550)
Gain (loss) in joint venture	44,430	-	-	44,430
Total non-operating revenues (expenses)	<u>34,094</u>	<u>(511,550)</u>	<u>-</u>	<u>(477,456)</u>
Income before transfers	1,092,893	1,178,329	584,654	2,855,876
TRANSFERS:				
Transfers in (out)	(268,881)	(289,224)	(98,354)	(656,459)
Change in net position	824,012	889,105	486,300	2,199,417
NET POSITION, BEGINNING	<u>10,503,268</u>	<u>5,775,426</u>	<u>1,913,083</u>	<u>18,191,777</u>
NET POSITION, ENDING	<u>\$ 11,327,280</u>	<u>\$ 6,664,531</u>	<u>\$ 2,399,383</u>	<u>\$ 20,391,194</u>

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

CITY OF GLADSTONE, OREGON
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2023

	Business-Type Activities - Enterprise Funds			
	Water Fund	Sewer Fund	Storm Water Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$ 2,675,034	\$ 4,099,873	\$ 991,065	\$ 7,765,972
Cash paid to employees for salaries and benefits	(447,708)	(395,243)	(210,891)	(1,053,842)
Cash paid to suppliers and others	(813,717)	(2,215,655)	(208,967)	(3,238,339)
Net cash provided by operating activities	1,413,609	1,488,975	571,207	3,473,791
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:				
Transfers in (out)	(268,881)	(289,224)	(98,354)	(656,459)
Net cash provided (used) by non-capital financing activities	(263,198)	(289,224)	(98,354)	(650,776)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Purchase of capital assets	(25,396)	224,118	(219,017)	(20,295)
Principal paid on capital debt	(166,000)	-	-	(166,000)
Interest paid on capital debt	(11,979)	-	-	(11,979)
Net cash used by capital and related financing activities	(203,375)	(287,432)	(219,017)	(709,824)
Net increase in cash and cash equivalents	947,036	912,319	253,836	2,113,191
CASH AND CASH EQUIVALENTS, BEGINNING	4,719,767	3,514,791	1,613,352	9,847,910
CASH AND CASH EQUIVALENTS, ENDING	\$ 5,666,803	\$ 4,427,110	\$ 1,867,188	\$ 11,961,101
COMPRISED AS FOLLOWS:				
Unrestricted	\$ 5,009,032	\$ 3,942,768	\$ 1,742,852	\$ 10,694,652
Restricted	657,771	484,342	124,336	1,266,449
Total cash and cash equivalents	\$ 5,666,803	\$ 4,427,110	\$ 1,867,188	\$ 11,961,101
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating Income (loss)	\$ 1,058,799	\$ 1,689,879	\$ 584,654	\$ 3,333,332
Adjustments:				
Depreciation	144,139	146,146	26,445	316,730
Decrease (increase) in:				
Accounts receivable	(61,259)	(57,113)	(31,504)	(149,876)
Prepays	(5,357)	-	-	(5,357)
Deferred outflows related to pension	(130,392)	200,953	(42,776)	27,785
Increase (decrease) in:				
Accounts payable and accrued expenses	2,382	(92,970)	(107,226)	(197,814)
Accrued compensated absences	8,121	30,213	(774)	37,560
Deferred inflows related to pension	82,518	(316,800)	14,605	(219,677)
Pension liability	298,921	(90,907)	122,369	330,383
OPEB obligation	15,737	(20,426)	5,414	725
Net cash provided by operating activities	\$ 1,413,609	\$ 1,488,975	\$ 571,207	\$ 3,473,791
NON-CASH CAPITAL FINANCING ACTIVITIES				
NON-CASH INFORMATION:				
Increase (decrease) in joint venture	\$ 44,430	\$ -	\$ -	\$ 44,430

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

FUND FINANCIAL STATEMENTS

Fiduciary Funds

These funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. Agency Funds are custodial in nature and do not involve measurement of results.

Municipal Court Trust Fund

The Municipal Court Trust Fund accounts for resources received and held by the City in a fiduciary capacity.

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CITY OF GLADSTONE, OREGON
FIDUCIARY FUND
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2023

	Municipal Court Trust Fund
ASSETS:	
Cash and investments	\$ 36,661
Accounts receivable	2,768
	<hr/>
Total assets	39,429
	<hr/>
NET POSITION:	
Restricted:	
Individuals and organizations	39,429
	<hr/>
Total net position held in trust	\$ 39,429
	<hr/> <hr/>

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

CITY OF GLADSTONE, OREGON
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
June 30, 2023

	Municipal Court Trust Fund
ADDITIONS:	
City of Gladstone fines and fees	\$ 304,822
Clackamas County fines and fees	13,224
State of Oregon fines and fees	49,835
Bond	(10,949)
Other court fees	603
	<hr/>
Total additions	357,535
	<hr/>
DEDUCTIONS:	
City of Gladstone fines and fees	325,597
Clackamas County fines and fees	13,462
State of Oregon fines and fees	50,536
Other court fees	368
	<hr/>
Total deductions	389,963
	<hr/>
Change in net position	(32,428)
	<hr/>
NET POSITION, BEGINNING	71,857
	<hr/>
NET POSITION, ENDING	\$ 39,429
	<hr/> <hr/>

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

CITY OF GLADSTONE
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2023

1. Summary of Significant Accounting Policies

The financial statements of the City have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. GAAP statements include all relevant Governmental Accounting Standards Board (GASB) pronouncements. The more significant accounting policies of the City are described below.

A. Description of Reporting Entity

The City was incorporated in 1911. The City is a municipal corporation that operates under the voter-approved City of Gladstone, Oregon charter of 1984. Under the charter, the City is governed by an elected mayor and six council members who comprise the City Council.

As required by GAAP, these financial statements present the City and its component unit (Gladstone Urban Renewal Agency), an entity for which the City is considered to be financially accountable.

Gladstone Urban Renewal Agency

The Agency was formed to plan, direct, and manage certain projects within Gladstone. Pursuant to ORS 457.055, the City Council has been appointed governing body of the Agency. The Urban Renewal Agency Fund is reported as governmental fund type and is considered a blended component unit within the City's financial statements. The Gladstone Urban Renewal Agency has a June 30 year-end. Complete financial statements for the Agency may be obtained at the City of Gladstone – City Hall, 18505 Portland Avenue, Gladstone, Oregon 97027.

Based on the criteria from Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statement No. 14 and No. 34*, the Gladstone Seniors Foundation, a nonprofit 501(c)(3), and Gladstone Public Library Foundation, a nonprofit 501(c)(3), are considered discretely presented component units. These discretely presented component units are not considered material in relation to the City of Gladstone and accordingly, have not been included in the City's financial report.

North Clackamas County Water Commission

The City is a ten percent partner with the Sunrise Water Authority and the Oak Lodge Water District in the North Clackamas County Water Commission, a joint venture. The purpose of this joint venture is to operate, maintain, and enhance a regional water supply system with water rights from the Clackamas River and to cooperatively conduct water resource planning. The City reports its participation in the joint venture on the equity method, consistent with GAAP (see Note 6).

B. Basic Financial Statements

Basic financial statements are presented at both the government-wide and fund financial level. Both levels of statements categorize primary activities as either governmental or business-type. Governmental activities, which are normally 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.

CITY OF GLADSTONE
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2023

Government-wide statements

The statement of net position and the statement of activities display information about the City as a whole. These statements include all the financial activities of the City, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. *Program revenues* include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund financial statements

These statements display information at the individual fund level. Each fund is considered to be a separate accounting entity. Funds are classified and summarized as governmental, proprietary, and fiduciary, even though the latter are excluded from government-wide financial statements.

C. Basis of Presentation

The financial transactions of the City are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

GAAP sets forth minimum criteria (percentage of the assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues or expenditures/expenses of either fund category or the governmental and proprietary combined) for the determination of major funds. Non-major funds are combined in a column in the fund financial statements and detailed in supplementary information.

The City reports all governmental funds as major funds:

The *General Fund* accounts for the financial resources of the City which are not accounted for in any other fund. Principal sources of revenue are property taxes, franchise fees, American Rescue Plan Act (ARPA) grant funding and state shared revenues. Primary expenditures are for police protection, fire protection, maintenance of parks, operation of the library and senior center, and general administration. The ARPA grant funds are budgeted separately, but are reported as part of the General Fund.

The *Road and Street Fund* accounts for revenues from state gasoline taxes apportioned from the State of Oregon.

The *Urban Renewal Agency Fund* accounts for property tax revenue received for the rehabilitation of blighted and deteriorated areas within the City's designated urban renewal area.

The *Police and Communications Special Levy Fund* accounts for the receipts and expenditure of taxes received from a five-year local option levy. Proceeds from the levy are used to support the costs of additional police personnel.

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The *Fire and Emergency Services Special Levy Fund* accounts for the receipts and expenditure of taxes received from a five-year local option levy. Proceeds from the levy are used to support the costs of additional fire personnel and equipment purchases.

The City reports each of its **three** proprietary funds as major funds. These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The intent of the governing body is that the costs of providing the services to the general public on a continuing basis be financed primarily through user charges. The City reports the following proprietary funds:

- *Water Fund*
- *Sewer Fund*
- *Storm Water Fund*

Fiduciary Funds reporting focuses on net position and changes in net position. The fiduciary category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Fiduciary funds are used to account for assets the City holds in a trustee capacity or as an agent for individuals, private organizations, other governments, and other funds. The City's only fiduciary fund is an agency fund. Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations. The City reports the *Municipal Court Trust Fund* as a fiduciary fund.

D. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe which transactions are recorded with the various financial statements. Basis of accounting refers to when transactions are recorded regardless of the measurement focus.

The Government-Wide Financial Statements and the Proprietary Funds Financial Statements are reported using the *economic resources measurement focus* and the *full accrual basis of accounting*, as are the fiduciary 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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, long-term compensated absences are recorded only when payment is due.

A deferred inflow of resources arises in the Governmental Funds Balance Sheet when potential revenue does not meet both the measurable and available criteria for recognition in the current period. This

CITY OF GLADSTONE
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unavailable revenue consists primarily of uncollected property taxes and assessments not deemed available to finance operations of the current period. In the government-wide Statement of Net Position, with a full accrual basis of accounting, revenue must be recognized as soon as it is earned regardless of its availability. Thus, the deferred inflow of resources created on the Governmental Fund Balance Sheet for unavailable revenue is eliminated. Note that deferred inflow of resources may also arise outside the scope of measurement focus and basis of accounting, such as when the City receives resources before it has a legal claim to them. For instance, when grant monies are received prior to the incurrence of qualifying expenditures.

Similar to the way its revenues are recorded, governmental funds only record those expenditures that affect current financial resources. Vested compensated absences are recorded as expenditures only to the extent that they are expected to be liquidated with expendable financial resources. In the government-wide financial statements, however, with a full accrual basis of accounting, all expenditures affecting the economic resource status of the government must be recognized, thus, the expense and related accrued liability for long term portions of compensated absences must be included.

Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is necessary to explain the adjustments needed to transform the fund-based financial statements into the governmental column of the government-wide presentation. This reconciliation is part of the basic financial statements.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services, and producing and delivering goods in connection with a proprietary fund's principle ongoing operations. The principal operating revenues of the City's Water, Sewer and Storm Water Funds are charges to customers for sales and services. The Water, Sewer and Storm Water Funds also recognize fees intended to recover the cost of connecting new customers to the City's utility systems as operating revenue. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses and overheads, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

E. Cash and Cash Equivalents

For purposes of the statements of cash flows, the City considers cash equivalents as all highly liquid debt instruments purchased with an original maturity of three months or less.

Investments included in cash and cash equivalents are reported at fair value. The City invests in the State of Oregon Local Government Investment Pool, which is authorized by Oregon Revised Statutes. Interest earned from pooled investments is allocated based on a fund's portion of the total investment balance. The City maintains depository insurance under Federal depository insurance funds and state and financial institution collateral pools for its cash deposits and investments, except the Local Government Investment Pool, which is exempt from statutes requiring such insurance.

F. Investments

Investments are stated at share value, which approximates fair value. The City holds one 24 month certificate of deposit at OnPoint Community Credit Union, for the benefit of the Gladstone Public Library. The certificate had a balance of \$17,455 as of June 30, 2023, a fixed interest rate of 0.15% and a maturity date of July 26, 2023.

G. Restricted Cash and Investments

Assets whose use is restricted to specific purposes by state statute are segregated on the balance sheet.

H. Fund Balance

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components – non-spendable, restricted, committed, assigned and unassigned.

Non-Spendable – Includes amounts not immediately converted to cash, such as prepaid items.

Restricted – Includes amounts that are restricted by external creditors, grantors or contributors, or restricted by enabling legislation.

Committed – Includes amounts that have been committed by resolution of the City Council which is the City’s “highest level of decision-making authority.” Committed amounts may not be used for any other purpose unless the City Council removes the constraint by similar Council action. Commitments of fund balance must be made prior to the end of the fiscal year.

Assigned – Includes amounts assigned for specific purposes by Council action. In accordance with the City’s adopted fund policy, adopted by resolution, amounts may be assigned by the City Administrator.

Unassigned – This is the residual classification in the General Fund used for those balances not assigned to another category. Deficit balances in other governmental funds are also reported as unassigned.

I. Use of Restricted Resources

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. When unrestricted resources (committed, assigned and unassigned) are available for use it is the City’s policy to use committed resources first, then assigned, and then unassigned as they are needed.

J. Receivables and Payables

Property taxes receivable in the governmental fund types, which have been collected within sixty days following year end, are considered measurable and available and are recognized as revenues in governmental funds. All other property taxes receivable for the governmental fund types are offset by deferred inflows of resources and, accordingly, have not been recorded as revenue. Property taxes become a lien against the property as of July 1 each year and are payable in three installments on November 15, February 15 and May 15 following the lien date. All property taxes receivable are due from property owners within the City.

Activity between funds that represent lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e. the current portion of interfund loans) or “advances to/from other funds” (i.e. the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds”. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

Receivables of the proprietary funds are recognized as revenue when earned, including services provided but not billed. Management believes that any uncollectible accounts included in the governmental fund

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receivable balances are not significant, and therefore no provision for uncollectible accounts has been made. No provision for uncollectible accounts has been made for receivables in proprietary funds as management believes balances are collectable.

K. Capital Assets and Depreciation

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, street lights, etc.), are reported in the applicable governmental or business-type activities column in the government-wide financial statements and in the proprietary fund statements. Capital assets are charged to expenditures as purchased in the governmental fund statements, and capitalized in the proprietary fund statements. Capital assets are recorded at historical cost, or estimated historical cost if actual cost is unknown. Donated capital assets are recorded at their estimated fair market value at the time received.

Capital assets are defined by the City as assets with an initial, individual cost of \$5,000 or more, and having useful lives extending beyond a single reporting period. Additions or improvements and other capital outlays that significantly extend the useful life of an asset, or that significantly increase the capacity of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest costs were capitalized during the year ended [June 30, 2023](#).

Depreciation on exhaustible assets is recorded as an allocated expense in the Statement of Activities with accumulated depreciation included in the balances reported in the Statement of Net Position and is provided on the straight-line basis over the following estimated useful lives:

- *Building and improvements - 50 years*
- *Supply and distribution systems (including utility plant infrastructure) - 50 years*
- *Machinery and equipment – 5-10 years*

L. Lease Assets and Subscription-based Information Technology Arrangements (SBITAs)

Lease assets are assets which the City leases for a term of more than one year. The value of leases are determined by the net present value of the leases at the City’s incremental borrowing rate at the time of the lease agreement, amortized over the term of the agreement.

SBITAs are a contract that conveys control of the right to use a vendor’s information technology software, alone or in combination with tangible capital assets, as specified in the contract for a period of time. As with leases, the value of the contract is determine by the net preset value at the borrowing rate at the time, amortized over the term of the agreement.

M. Investments Accounted for by the Equity Method

The City’s investment in the North Clackamas County Water Commission is accounted for under the equity method, as prescribed by GAAP for joint ventures. Under the equity method, the investment in the joint venture is increased or decreased by the City’s equity in the increase or decrease in the net position of the joint venture. Profit on operating transactions between the City and the joint venture is

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eliminated in the calculation of this equity interest. Non-operating transactions increase or decrease the investment in the joint venture.

N. Compensated Absences

Accumulated vested vacation pay is accrued as it is earned. For governmental funds, accumulated vested vacation pay is maintained separately and represents a reconciling item between the fund-level and government-wide presentations. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits. Sick pay, which does not vest, is recorded in all funds when leave is taken.

Funds used to liquidate accrued compensated absences included the General Fund, Road and Street Fund, Police Communications Special Levy Fund, Fire and Emergency Services Special Levy Fund, Water Fund, Sewer Fund and Storm Water Fund.

O. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed in the period incurred.

P. Leases and Subscription-Based Information Technology Arrangements (SBITAs) Payable

In the government-wide financial statements, leases and SBITAs payable are reported as liabilities in the Statement of Net Position. In the governmental fund financial statements, the present value of lease and SBITA payments are reported as other financing sources.

Q. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to future period(s) and so will not be recognized as an outflow of resources (expenditure/expense) until then. The City has two items that qualify for reporting in this category, the deferred amounts relating to pensions and other post-employment benefits. These amounts are deferred and recognized as an outflow of resources in the period when the City's recognizes these expenses/expenditures. Deferred outflows are included in the government-wide Statement of Net Position and the proprietary funds Statement of Net Position, if applicable.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has four items that qualify for reporting in this category. Unavailable revenue from property taxes and grant funds are reported in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period an amount becomes available. The City also reports deferred inflows of resources related to pensions and other post-employment benefits. These amounts are deferred and recognized as an inflow of resources in the period when the City's recognizes pension and other post-employment benefits income. Deferred inflows are included in the government-wide Statement of Net Position and the proprietary funds Statement of Net Position, if applicable.

CITY OF GLADSTONE
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R. Pension

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 fiduciary net position of the Oregon Public Employees Retirement System (OPERS) and additions to/deductions from OPERS's fiduciary net position have been determined on the same basis as they are reported by OPERS. 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.

S. Postemployment Benefits Other than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's two separate plans the Implicit Rate Subsidy and Oregon Public Employees Retirement Systems (OPERS) and additions to/deductions from Implicit Rate Subsidy and OPERS's fiduciary net position have been determined on the same basis as they are reported by Implicit Rate Subsidy and OPERS. For this purpose, Implicit Rate Subsidy and OPERS recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

T. Net Position

In the government-wide financial statements and proprietary funds financial statements, net position is reported in three categories: net investment in capital assets; restricted net position; and unrestricted net position. Net investment in capital assets represents capital assets less accumulated depreciation, less outstanding principal of capital-related debt. Net investment in capital assets does not include the unspent proceeds of capital debt. Restricted net position represents net position restricted by parties outside of the City (such as creditors, grantors, contributors, laws, and regulations of other governments). The remaining net position is considered unrestricted.

U. Accounting Estimates

The preparation of financial statements in conformity with GAAP requires that management make estimates and assumptions which affect the reporting amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

2. Cash and Investments

At [June 30, 2023](#) investments of the City consist of the following:

	<u>Weighted Average Maturity (Years)</u>	<u>Fair Value</u>
Investments in the State Treasurer's Local Government Investment Pool	0.00	\$ 29,312,608
Certificate of deposit	1.95	<u>17,455</u>
		<u>\$ 29,330,063</u>

A. Interest rate risk

The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

B. Credit risk

State statutes authorize the City to invest in general obligations of the U.S. Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, and the State Treasurer's Oregon Local Government Investment Pool, among others. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations, but is not regulated by other laws, organizations or regulations. The reported value of the Pool is the same as the fair value of Pool shares. Investments are regulated by the Oregon Short-Term Fund Board and approved by the Oregon Investment Council (ORS 294.805 to 294.895). The Pool is not registered with the SEC as an investment company and is unrated. The City also invests in U.S. government obligations and agency obligation and commercial paper with a Standard & Poor's rating of A or better.

C. Concentration of credit risk

The City does not currently have an investment policy for concentration of credit risk.

D. Custodial credit risk – deposits

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned. The City does not have a deposit policy addressing custodial credit risk. The Federal Depository Insurance Corporation (FDIC) provides insurance for the City's deposits up to \$250,000 for the combined total of all deposit accounts at each financial institution. The remaining deposits are covered by the Public Funds Collateralization program (PFCP) of the State of Oregon in accordance with ORS 295. Depositories qualified under this program are required to pledge collateral against any public funds deposits in excess of deposit insurance amounts. This provides additional protection for public funds in the event of a bank failure or loss. ORS 295 sets the specific value of the collateral, as well as the types of collateral that are acceptable. ORS 295 creates a shared liability structure for participating depositories, better protecting public funds though still not guaranteeing that all funds are 100% protected. *As of June 30, 2023, the book value of the City's deposits was \$209,319 and the bank balance was \$444,238. None of the City's bank balances were exposed to custodial credit risk as they were fully insured or collateralized under PFCP.*

E. Custodial credit risk – investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. *At June 30, 2023, the City had no investments exposed to custodial credit risk.*

F. Restricted Deposits

Restricted cash and investments represent system development charges and transportation impact fees collected by the City which can be expended only for capital improvement projects. Also included are committed funds generated for business development and tourism promotion by business license and transient lodging tax revenue, along with park improvement fees generated by parking fees at City parks.

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3. Accounts Receivable

Accounts receivable represent the uncollected amounts due and payable as of June 30, 2023 from specific sources. At June 30, 2023 the uncollected amounts due were:

Transient lodging fees	\$	36,577
Franchise fees		94,385
Miscellaneous		27,364
Right of way fees		64,477
State shared revenues		213,136
Total Governmental Funds	\$	<u>435,939</u>
WES Contribution-Sewer	\$	57,564
WES Contribution -Storm		24,670
Total Business Type Funds	\$	<u>82,234</u>

4. Interfund Transfers

Transfers between funds during the year were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Funds		
General Fund	\$ 1,213,037	\$ -
Road & Street Fund	386,523	616,941
Police/Communications Fund	-	80,790
Urban Renewal Fund	-	245,370
Total Governmental Funds	<u>1,599,560</u>	<u>943,101</u>
Proprietary Funds		
Water Fund	113,292	382,173
Sewer Fund	113,292	402,516
Storm Water Fund	113,292	211,646
Total Proprietary Funds	<u>339,876</u>	<u>996,335</u>
Total All Funds	<u>\$ 1,939,436</u>	<u>\$ 1,939,436</u>

Transfers for services between funds are utilized to provide support for various city programs in accordance with budgetary authorizations. These transfers cover administrative services, provide for additional funding for reserve purposes, contribute towards the cost of capital projects, and provide for other operational resources. For the fiscal year ended June 30, 2022, all City transfers are classified under operating transfers in/out for financial reporting purposes.

CITY OF GLADSTONE
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5. Capital Assets

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

Primary Government	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, non-depreciable:				
Land	\$ 6,498,106	\$ 511,550	\$ (8,000)	\$ 7,001,656
Construction in progress	277,817	558,011	(58,315)	777,513
Total capital assets, non-depreciable	6,775,923	1,069,561	(66,315)	7,779,169
Capital assets, depreciable:				
Intangible assets	347,400	-	(114,584)	232,816
Buildings, structures and improve	18,668,214	228,647	(570,650)	18,326,211
Equipment	1,710,777	39,123	(1,143,824)	606,076
Vehicles	3,021,887	107,622	(601,433)	2,528,076
Infrastructure	4,851,843	1,053,210	-	5,905,053
Right-to-use leased equipment	19,575	76,443	(15,102)	80,916
Right-to-use subscription software	-	77,833	-	77,833
Total capital assets, depreciable	28,619,696	1,582,878	(2,445,593)	27,756,981
Total assets	35,395,619	2,652,439	(2,511,908)	35,536,150
Less accumulated depreciation for:				
Intangible assets	(295,058)	(26,780)	114,584	(207,254)
Buildings, structures and improve	(2,818,665)	(347,361)	442,743	(2,723,283)
Equipment	(1,506,904)	(42,097)	1,143,824	(405,177)
Vehicles	(2,591,425)	(143,316)	566,616	(2,168,125)
Infrastructure	(1,503,446)	(113,185)	-	(1,616,631)
Right-to-use leased equipment	(10,080)	(18,969)	15,102	(13,947)
Right-to-use subscription software	-	(17,567)	-	(17,567)
Total accumulated depreciation	(8,725,578)	(709,275)	2,282,869	(7,151,984)
Net depreciable capital assets	19,894,118	873,603	(162,724)	20,604,997
Net capital assets	\$ 26,670,041	\$ 1,943,164	\$ (229,039)	\$ 28,384,166

Depreciation/amortization expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 313,264
Public safety	130,483
Roads and highways	169,840
Culture and recreation	95,688
Total depreciation/amortization expense	\$ 709,275

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Business-type activities	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, non-depreciable:				
Land	\$ 640,964	\$ -	\$ (511,550)	\$ 129,414
Construction in progress	473,412	455,055	(155,205)	773,262
Total capital assets, non-depreciable	1,114,376	455,055	(666,755)	902,676
Capital assets, depreciable:				
Intangible assets	21,658	-	-	21,658
Buildings	106,113	-	-	106,113
Equipment	205,682	-	-	205,682
Vehicles	719,744	30,000	-	749,744
Infrastructure	11,776,487	201,995	-	11,978,482
Total capital assets, depreciable	12,829,684	231,995	-	13,061,679
Total	13,944,060	687,050	(666,755)	13,964,355
Less accumulated depreciation for:				
Intangible assets	(9,026)	(9,280)	-	(18,306)
Buildings	(99,029)	(210)	-	(99,239)
Equipment	(195,240)	(9,224)	6,186	(198,278)
Vehicles	(434,669)	(88,057)	-	(522,726)
Infrastructure	(6,780,073)	(216,145)	-	(6,996,218)
Total accumulated depreciation	(7,518,037)	(322,916)	6,186	(7,834,767)
Net depreciable capital assets	5,311,647	(90,921)	6,186	5,226,912
Net capital assets	\$ 6,426,023	\$ 364,134	\$ (660,569)	\$ 6,129,588

Depreciation expense was charged to functions/programs of the business-type activities as follows:

Business-type activities:	
Water	\$144,139
Sewer	152,332
Storm Water	26,445
Total depreciation expense - Business Activities	<u>\$322,916</u>

A land transfer valued at \$511,550 was made from Business Activities to the General Government, as shown in the Additions and Deletions columns in the above schedules.

6. Joint Venture

The City is a member of the North Clackamas County Water Commission (NCCWC), a joint venture in which the City has a ten percent interest and the Sunrise Water Authority and the Oak Lodge Water Services Authority hold forty-eight and forty-two percent interests, respectively. The Board of Commissioners consists of seven members: the Boards of Commissioners for Sunrise Water Authority and Oak Lodge Water Services Authority select three commissioners each, and the Gladstone City Council selects one commissioner.

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As of the date of this report, the NCCWC Annual Financial Report for June 30, 2023 was not issued, so an estimate was necessary for the City’s net position. This estimate will be trued-up in the following year. The City’s net position in the joint venture as of June 30, 2023 was estimated at \$3,170,474, with an estimated net gain of \$44,430. The City had water purchases from the Commission of \$561,873 for the year ended June 30, 2023, which is an increase of \$31,554 over the previous year. The Commission has not completed a true-up for the last four years.

Separate financial statements for the North Clackamas County Water Commission can be obtained from the Commission at 14496 SE River Road, Milwaukie, Oregon 97267.

7. Deferred Inflows of Resources

Deferred inflows of resources related to unavailable revenue presented on the Governmental Funds Balance Sheet as of June 30, 2023 consist of the following:

	General Fund	Urban Renewal Fund	Police & Communications Special Levy Fund	Fire & Emergency Services Special Levy Fund	Total
Property Taxes	\$ 112,775	\$ 25,015	\$ 17,182	\$ 7,827	\$ 162,799
Other - Grant Funds	2,454,622	-	-	-	2,454,622
	<u>\$ 2,567,397</u>	<u>\$ 25,015</u>	<u>\$ 17,182</u>	<u>\$ 7,827</u>	<u>\$ 2,617,421</u>

8. Long Term Debt

A. Changes in General Long-Term Liabilities

During the year ended June 30, 2023, long-term liability activity was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Note payable - FF&C (2022)	\$ 4,959,682	\$ -	\$ 223,912	\$ 4,735,770	\$ 243,597
Note payable - FF&C (2018)	2,512,030	-	172,598	2,339,432	177,775
Note payable - URA (2018)	2,465,542	-	471,789	1,993,753	485,896
Total Notes	9,937,254	-	868,299	9,068,955	907,268
Compensated absences	326,371	393,693	326,371	393,693	393,693
Total Governmental Activities	<u>\$ 10,263,625</u>	<u>\$ 393,693</u>	<u>\$ 1,194,670</u>	<u>\$ 9,462,648</u>	<u>\$ 1,300,961</u>
Accrued Interest					
	Previous Int Pmt Date	Amt of Next Int Payment	Date through which accrued	Days to Accrue	Accrued Interest
2022 FF&C Note payable	6/1/2023	\$ 60,144	6/30/2023	29	\$ 9,690
2018 FF&C Note payable	2/1/2023	35,091	6/30/2023	149	29,048
2018 URA Note payable	2/1/2023	29,807	6/30/2023	149	24,674
		<u>\$ 125,042</u>			<u>\$ 63,411</u>

The current amount due of \$177,775 for the FF&C (2018) was remitted and received by the lender by June 30, 2023. The payment was recorded as a prepaid asset, and will be applied on July 1, 2023.

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	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Business-type Activities					
Bonds	\$ 688,000	\$ -	\$ 166,000	\$ 522,000	\$ 173,000
Compensated absences	63,096	100,534	63,096	100,534	100,534
Total Business-type Activities	<u>\$ 751,096</u>	<u>\$ 100,534</u>	<u>\$ 229,096</u>	<u>\$ 622,534</u>	<u>\$ 273,534</u>
Accrued Interest					
	<u>Previous Int Pmt Date</u>	<u>Amt of Next Int Payment</u>	<u>Date through which accrued</u>	<u>Days to Accrue</u>	<u>Accrued Interest</u>
2015 FF&C Obligations	1/1/2023	<u>\$ 5,168</u>	6/30/2023	180	<u>\$ 5,168</u>

B. Direct Borrowings

Governmental Activities

On April 21, 2022, the City directly borrowed \$5,000,000 for reconstruction/remodeling of the Public Works Facility within the Governmental Activities. The Full Faith and Credit Note is secured by the City’s full faith and credit taxing power, but shall not entitle the lender to any lien on, or pledge of specific properties or revenue of the City. The borrowing carries an interest rate of 2.54 percent. Interest is payable semi-annually on June 1 and December 1 of each year, and principal is payable annually on June 1 through 2039. Payments will be funded by the General Fund at 10.0 percent, and the balance in equal internal transfers from the Road and Street, Water, Sewer and Storm Sewer Fund at 22.5 percent, respectively.

The City may prepay all or any portion of the note, with forty-five days’ prior written notice, in multiples of \$5,000, without premium, on any payment date on or after June 1, 2028, including accrued interest. Payments will be applied interest first, then principal to reduce the outstanding balance. If less than the full balance is paid, the prepayments will be applied to the principal balance in inverse order of maturities, and an updated payment schedule will be supplied by the lender. The borrowing contains an event of default clause that allows the lender to increase the interest rate by 1.5 percent on the outstanding balance. However, the amounts due from the City shall not be subject to acceleration.

On July 31, 2018, the City directly borrowed, in two separate transactions, a total of \$6,800,000 for construction of a new City Hall and Police Station within the Governmental Activities. Each transaction is described separately below:

- a. \$3,000,000 – General Fund Full Faith & Credit Note Payable – secured by the City’s full faith and credit and taxing power, but shall not entitle the lender to any lien on, or pledge of, specific properties or revenue of the City. The borrowing carries an interest rate of 3.00 percent. Interest is payable semi-annually on February 1 and August 1 of each year, and principal is payable annually on August 1 through 2029.
- b. \$3,800,000 – Urban Renewal Agency Note Payable – secured by the Master Borrowing Declaration for the Gladstone Urban Renewal Agency. Funds will be collected annually by the “Divide the Taxes” revenue as will be assessed through the Urban Renewal Agency. The borrowing carries an interest rate of 2.99 percent. Interest is payable semi-annually on February 1 and August 1 of each year, and principal is payable annually on August 1 through 2026.

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The City may prepay all or any portion of each note, with prepayment applied first to accrued interest and then to principal. Both of the borrowings contain an event of default clause that allows the lender to increase the interest rate by 5.00%, if not cured within five days, while the event of default continues. However, the amounts due from the City shall not be subject to acceleration.

C. Advanced Refunding

The City issued \$1,614,000 of general obligation bonds at interest rate 1.98%. The proceeds were used to advance refund \$1,570,000 of the Series 2005 bonds. Proceeds of \$1,596,290 were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. As a result, the Series 2005 of water bonds are considered defeased and the liability for those bonds has been removed from the statement of net position.

The refunding was undertaken to reduce its total debt service payments over 10 years by \$1,784,974 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$26,290 with a city contribution of \$19,156 for a net savings of \$7,134.

D. Bonds Payable

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital improvements. These bonds are reported in the proprietary funds if they are expected to be repaid from proprietary fund revenues. General obligation bonds are direct obligations and pledge the full faith and credit of the City.

Business-Type Activities

During 2015-2016, the City issued \$1,614,000 in full faith and credit obligations to refund the 2005 bond for the water treatment plant and for capital improvements to the City’s water system. The bonds carry interest rate is 1.98%. Interest is payable semiannually on January 1 and July 1 of each year. Bond principal is payable annually through July 2025.

1. Future Principal and Interest

Future maturities of debt principal and interest at June 30, 2023, are as follows:

Fiscal Year	Governmental Activities		Business Type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 907,268	\$ 240,154	\$ 173,000	\$ 8,623	\$ 1,080,268	\$ 248,777
2025	933,317	213,808	174,000	5,188	1,107,317	218,995
2026	960,118	186,701	175,000	1,733	1,135,118	188,434
2027	984,168	158,863	-	-	984,168	158,863
2028	966,367	130,938	-	-	-	-
2029-2033	2,316,070	384,067	-	-	2,316,070	384,067
2034-2038	1,646,775	172,651	-	-	1,646,775	172,651
2039	354,872	9,014	-	-	354,872	9,014
	<u>\$ 9,068,955</u>	<u>\$ 1,496,196</u>	<u>\$ 522,000</u>	<u>\$ 15,543</u>	<u>\$ 8,624,588</u>	<u>\$ 1,380,801</u>

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2. Leases Payable

	Original Amount	Outstanding June 30, 2022	Additions	Decrease	Outstanding June 30, 2023
Governmental Activities					
Postage meter					
Interest at 0.29%, payment \$484 quarterly, due 2023	\$ 9,599	\$ 1,449	\$ -	\$ 1,449	\$ -
Interest at 3.36%, payment \$417 quarterly, due 2028	7,639	-	7,639	353	7,286
Copier leases:					
Interest at 0.29%, payment \$1,372 quarterly, due 2023	27,235	2,743	-	2,743	-
Interest at 0.29%, payment \$401 quarterly, due 2023	7,954	1,994	-	1,994	-
Interest at 0.29%, payment \$282 quarterly, due 2025	5,593	3,366	-	1,119	2,247
Interest at 3.68%, payment \$446 quarterly, due 2028	24,359	-	24,359	2,240	22,119
Laptop computers					
Interest at 4.059%, payment \$10,000 annually, due 2027	44,445	-	44,445	8,196	36,249
	<u>\$ 126,824</u>	<u>\$ 9,552</u>	<u>76,443</u>	<u>\$ 18,094</u>	<u>\$ 67,901</u>

Future Maturities are as follows:

Fiscal Year	Governmental Activities	
	Principal	Interest
2024	\$ 15,697	\$ 2,453
2025	16,265	1,884
2026	15,729	1,293
2027	16,341	681
2028	3,869	59
	<u>\$ 67,901</u>	<u>\$ 6,370</u>

3. Subscription Based Information Technology Arrangements Payable

	Balance	Increases	Decreases	Balance
Police Analytical software; interest at 3.52%, \$15,000 prepaid in full 2023, terminates 2025.	\$ -	\$ 15,000	\$ 15,000	\$ -
Body worn cameras equipment and software; interest at 3.01%, initial payment of \$25,641, annual payments of principal and interest of \$10,008, terminates 2027	-	62,833	25,641	37,192
	<u>\$ -</u>	<u>\$ 77,833</u>	<u>\$ 40,641</u>	<u>37,192</u>

	Subscriptions		
	Principal	Interest	Total
2024	\$ 8,889	\$ 1,119	\$ 10,008
2025	9,156	852	10,008
2026	9,432	576	10,008
2027	9,716	292	10,008
Total	<u>\$ 37,192</u>	<u>\$ 2,840</u>	<u>\$ 40,032</u>

9. Pension Plan

A. Plan Description

1. Employees of the City are provided with pensions through the Oregon Public Employees Retirement System (OPERS) a cost-sharing multiple-employer defined benefit pension plan, the Oregon Legislature has delegated authority to the Public Employees Retirement Board to administer and manage the system. All benefits of the System are established by the legislature pursuant to ORS Chapters 238 and 238A. Tier One/Tier Two Retirement Benefit plan, established by ORS Chapter 238, is closed to new members hired on or after August 29, 2003. The Pension Program, established by ORS Chapter 238A, provides benefits to members hired on or after August 29, 2003. OPERS issues a publicly available Comprehensive Annual Financial Report and Actuarial Valuation that can be obtained at <http://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>.

B. Benefits Provided

1. Tier One/Tier Two Retirement Benefit ORS Chapter 238

Pension Benefits

The PERS 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 (2.0 percent for police and fire employees, 1.67 percent 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. Monthly payments must be a minimum of \$200 per month or the member will receive a lump-sum payment of the actuarial equivalent of benefits to which he or she is entitled.

Under Senate Bill 1049, passed during the 2019 legislative session, the salary included in the determination of Final Average Salary will be limited for all members beginning in 2021. The limit will be equal to \$210,582 in 2022, and will be indexed with inflation in later years.

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 (age 45 for police and fire members). General service employees may retire after reaching age 55. Police and fire members are eligible after reaching age 50. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police and fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier Two members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

Death Benefits

Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary

will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following conditions are met:

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

Disability Benefits

A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including PERS judge members) for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.

Benefit Changes After Retirement

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. The COLA is capped at 2.0 percent.

2. OPSRP/Defined Benefit Pension Program (OPSRP DB)

Pension Benefits

The Pension Program (ORS Chapter 238A) 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 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.

General service: 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.

Under Senate Bill 1049, passed during the 2019 legislative session, the salary included in the determination of final average salary will be limited for all members beginning in 2021. The limit will be equal to \$210,582 in 2022, and will be indexed with inflation in later years.

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 percent 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 percent of the member's salary determined as of the last full month of employment before the disability occurred.

Benefit Changes After Retirement

Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and \$750 plus 0.15 percent on annual benefits above \$60,000.

OPSRP Individual Account Program (OPSRP IAP)

Pension Benefits

The Individual Account Program (IAP) is a defined contribution pension plan. 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 OPSRP Individual Account Program (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.

Recordkeeping

OPERS contracts with VOYA Financial to maintain IAP participant records.

C. Contributions

1. Employer Contributions

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2020 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2021. Effective January 1, 2020, Senate Bill 1049 required employers to pay contributions on re-employed PERS retirees' salary as if they were an active member, excluding IAP (6 percent) contributions. Employer contributions for the year ended June 30, 2023 were \$872,093, excluding amounts to fund employer specific liabilities. The rates in effect for the fiscal year ended June 30, 2023 were 24.43 percent for Tier One/Tier Two General Service Member, 24.43 percent for Tier One/Tier Two Police and Fire, 18.38 percent for OPSRP Pension Program General Service Members, 22.74 percent for OPSRP Pension Program Police and Fire Members.

2. Employee Contributions

Beginning January 1, 2004, all employee contributions were placed in the OPSRP Individual Account Program (IAP), a defined contribution pension plan established by the Oregon Legislature. Prior to that date, all member contributions were credited to the Defined Benefit Pension Plan. Member contributions are set by statute at 6.0 or 7.0 percent of salary and are remitted by participating employers. The contributions are either deducted from member salaries or paid by the employers on the member behalf. The IAP member accounts represent member contributions made on or after January 1, 2004, plus earnings allocations less disbursements for refunds, death benefits, and retirements. As permitted, the City has opted to pick-up the contributions on behalf of employees; contributions were \$222,947 for the year ended June 30, 2023.

D. Pension Assets, Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2023, the City reported a liability of \$6,200,331 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020 rolled forward to June 30, 2022. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2022, the City's proportion was 0.0405 percent, which was increased from its proportion of 0.0394 measured as of June 30, 2021.

For the year ended June 30, 2023, the City's recognized pension expense (income) of \$132,701. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to

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pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 300,976	\$ 38,666
Changes of assumptions	972,865	8,888
Net difference between projected and actual earnings on investments	-	1,108,499
Changes in proportion	728,075	322,012
Differences between employer contributions and proportionate share of contributions	9,632	601,715
Total (prior to post-MD contributions)	<u>2,011,548</u>	<u>2,079,780</u>
Contributions subsequent to the MD	872,093	-
Total	<u>\$ 2,883,641</u>	<u>\$ 2,079,780</u>

The \$872,093 reported as deferred outflows of resources related to pensions resulting from the City’s contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30:</u>	
2024	\$ 41,078
2025	(204,135)
2026	(451,270)
2027	547,104
2028	<u>(1,009)</u>
Total	<u>\$ (68,232)</u>

E. Actuarial Assumptions

The employer contribution rates effective July 1, 2021, through June 30, 2023 were set using the entry age normal actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years.

For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

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

Valuation Date	December 31, 2020
Measurement Date	June 30, 2022
Experience Study Report	2020, published July 24, 2021
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
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 overall payroll growth
Cost of Living Adjustments (COLA)	Blend of 2.00% COLA and grade COLA (1.25%/0.15%) in accordance with <i>Moro</i> decision, blend based on service.
Mortality	<p>Health 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 Disable Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p>

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2020 Experience Study which reviewed experience for the four-year period ending on December 31, 2020.

F. Long-term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in May 2019 the PERS Board reviewed long-term assumptions developed by both Milliman’s capital market assumptions team and the Oregon Investment Council’s (OIC) investment advisors. The table

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below shows Milliman’s assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC’s description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

<u>Asset Class/Strategy</u>	<u>Low Range</u>	<u>High Range</u>	<u>Target Allocation</u>
Debt Securities	15.0%	25.0%	20.0%
Public Equity	25.0%	35.0%	30.0%
Real Estate	7.5%	17.5%	12.5%
Private Equity	15.0%	27.5%	20.0%
Risk Parity	0.0%	3.5%	2.5%
Real Assets	2.5%	10.0%	7.5%
Diversifying Strategies	2.5%	10.0%	7.5%
Opportunity Portfolio	0.0%	5.0%	0.0%
Total			100.0%

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Compounded Annual Return (Geometric)</u>
Global Equity	30.62%	5.85%
Private Equity	25.50%	7.71%
Core Fixed Income	23.75%	2.73%
Real Estate	12.25%	5.66%
Master Limited Partnerships	0.75%	5.71%
Infrastructure	1.50%	6.26%
Commodities	0.63%	3.10%
Hedge Fund of Funds - Multistrategy	1.25%	5.11%
Hedge Fund Equity - Hedge	0.63%	5.31%
Hedge Fund - Macro	5.62%	5.06%
US Cash	-2.50%	1.76%
Total	100.00%	
Assumed Inflation - Mean		2.40%

G. 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 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

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discount rate under GASB 68 will often require that the actuary perform complex projections of future benefit payments and pension plan investments. 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 PERS:

- PERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100% funded position by the end of the amortization period if future experience follows assumption.
- GASB 68 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate 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 our 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.

H. Discount Rate

The discount rate used to measure the total pension liability was 6.90 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

I. Sensitivity of the City’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 6.90 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.90 percent) or 1-percentage-point higher (7.90 percent) than the current rate:

	<u>1% Decrease (5.90%)</u>	<u>Discount Rate (6.90%)</u>	<u>1% Increase (7.90%)</u>
City's proportionate share of the net pension liability (asset)	\$ 10,995,750	\$ 6,200,331	\$ 2,186,786

J. Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued

CITY OF GLADSTONE
NOTES TO THE BASIC FINANCIAL STATEMENTS
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OPERS financial report.

K. Changes in Plan Provisions During the Measurement Date

There were no changes during the measurement period that require disclosure.

L. Changes in Plan Provisions Subsequent to Measurement Date

There were no changes subsequent to the June 30, 2022 measurement period that require disclosure.

10. Post Employment Benefits Other than Pensions

The other postemployment benefits (OPEB) for the City combines two separate plans. The City provides an implicit rate subsidy for retiree health insurance premiums, and a contribution to the State of Oregon’s PERS cost-sharing multiple-employer defined health insurance benefit plan.

A. Financial Statement Presentation

The City’s two OPEB plans are presented in the aggregate on the Statement of Net Position. The amounts on the financial statements relate to the plans as follows:

	<u>Implicit Rate Subsidy</u>	<u>PERS RHIA Plan</u>	<u>Total OPEB on Financials</u>
Net OPEB Asset	\$ -	\$ 106,032	\$ 106,032
Deferred Outflows of Resources			
Change in Assumptions	7,024	830	7,854
Difference in Expected and Actual Experience	18,142	-	18,142
Difference in Earnings	-	-	-
Change in Proportionate Share	-	958	958
Contributions After MD	39,867	603	40,470
Net OPEB Liability	(456,343)	-	(456,343)
Deferred Inflows of Resources			
Difference in Expected and Actual Experience	(12,120)	(2,873)	(14,993)
Difference in Earnings	-	(8,086)	(8,086)
Change in Assumptions	(47,872)	(3,534)	(51,406)
Change in Proportionate Share	-	(2,957)	(2,957)
OPEB Expense/(Income)*	41,629	(15,209)	26,420

*Included in program expenses on Statement of Activities

B. Implicit Rate Subsidy

1. Plan Description

The City’s single-employer defined benefit postemployment healthcare plan is administered by CityCounty Insurance Services (CIS). Benefit provisions are established through negotiations between the City and representatives of collective bargaining units or through resolutions passed by City Council. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

CITY OF GLADSTONE
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June 30, 2023

The City’s postemployment healthcare plan administrator issues a publicly available financial report that includes financial statements and required supplementary information for CIS. This report may be obtained through their website at: <https://www.cisoregon.org/About/TrustDocs>.

2. Benefits Provided

The plan provides eligible retirees and their dependents under age 65 the same health care coverage at the same premium rates as offered to active employees. The retiree is responsible for the premiums. As of the valuation date of July 1, 2022, the following employees were covered by the benefit terms:

Active employees	43
Eligible retirees	4
Spouses of ineligible retirees	<u>1</u>
Total participants	<u><u>48</u></u>

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

The City’s net OPEB liability of \$456,343 was measured as of June 30, 2022, and was determined by an actuarial valuation as of July 1, 2022.

For the fiscal year ended June 30, 2023, the City recognized OPEB expense from this plan of \$41,629 and the City reported deferred outflows of resources and deferred inflows of resources related to this OPEB plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 18,142	\$ 12,120
Changes of assumptions	<u>7,024</u>	<u>47,872</u>
Total (prior to post-MD contributions)	25,166	59,992
Contributions subsequent to the MD	<u>39,867</u>	<u>-</u>
Total	<u><u>\$ 65,033</u></u>	<u><u>\$ 59,992</u></u>

Deferred outflows of resources related to OPEB of \$39,867 resulting from the City’s contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2024. The amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

CITY OF GLADSTONE
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2023

<u>Year ended June 30:</u>	
2024	\$ (3,252)
2025	(3,252)
2026	(3,252)
2027	(2,972)
2028	(2,686)
Thereafter	(19,414)
Total	<u>\$ (34,828)</u>

Actuarial Assumptions and Other Inputs

The net OPEB liability in the July 1, 2022 valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Inflation Rate	2.50 percent
Discount Rate	3.54 percent
Projected Salary Increases	3.50 percent overall payroll growth
Retiree Healthcare Participation	35% of eligible employees 60% of male members and 35% of female members will elect spouse coverage.
Mortality	Health retirees and beneficiaries: Pub-2010 General and Safety Employee and Healthy Retiree tables, sex distinct for members and dependents, with a one-year setback for male general service employees and female safety employees.
	Healthcare cost trend rate: Medical and vision: 4.25 percent per year increasing to 6.75 percent.
	Dental: 4.00 percent per year

4. Changes in the Net OPEB Liability

	<u>Net OPEB Liability</u>
Balance as of June 30, 2022	\$ 497,138
Changes for the year:	
Service cost	33,673
Interest on total OPEB liability	11,209
Effect of changes to benefit terms	-
Effect of economic demographic gains or losses	(13,599)
Effect of assumptions changes or inputs	(48,203)
Benefit payments	<u>(23,875)</u>
Balance as of June 30, 2023	<u>\$ 456,343</u>

CITY OF GLADSTONE
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2023

5. Sensitivity of the Net OPEB Liability

The following presents the City’s OPEB liability, as well as what the liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.54 percent) or 1-percentage-point higher (4.54 percent) than the current discount rate. A similar sensitivity analysis is then presented for changes in the healthcare trend assumption.

Discount Rate:

	<u>1% Decrease (2.54%)</u>	<u>Current Discount Rate (3.54%)</u>	<u>1% Increase (4.54%)</u>
Net OPEB Liability	\$ 493,251	\$ 456,343	\$ 422,898

Healthcare Cost Trend:

	<u>1% Decrease</u>	<u>Current Health Care Trend Rates</u>	<u>1% Increase</u>
Net OPEB Liability	\$ 415,027	\$ 456,343	\$ 504,317

C. PERS Retirement Health Insurance Account

1. Plan Description

The City contributes to the PERS Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit other postemployment benefit plan administered by PERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums for eligible retirees. ORS 238.420 established this trust fund. Authority to establish and amend the benefit provisions of RHIA reside with the Oregon Legislature. The plan is closed to new entrants hired after August 29, 2003. PERS issues publicly available financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, PO Box 23700, Tigard, OR 97281-3700, or online at <http://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>.

2. Benefits Provided

Because RHIA was created by enabling legislation (ORS 238.420), contribution requirements of the plan members and the participating employers were established and may be amended only by the Oregon Legislature. ORS require that an amount equal to \$60 or the total monthly cost of Medicare companion health insurance premiums coverage, whichever is less, shall be paid from the RHIA established by the employer, and any monthly cost in excess of \$60 shall be paid by the eligible retired member in the manner provided in ORS 238.410. To be eligible to receive this monthly payment toward the premium cost, the member must: (1) have eight years or more of qualifying service in PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in a PERS-sponsored health plan. A surviving spouse or dependent of a deceased PERS retiree who was eligible to receive the subsidy

CITY OF GLADSTONE
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2023

is eligible to receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from PERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

3. Contributions

PERS funding policy provides for employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. Employer contribution rates for the period were based on the December 31, 2019 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2021. The City contributed 0.05% of PERS-covered salaries for Tier One/Tier Two members to fund the normal cost portion of RHIA benefits and 0.00% of all PERS-covered salaries to amortize the unfunded actuarial accrued liability over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years. The City’s total contribution for the year ended June 30, 2023 was \$603.

4. OPEB Assets, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2023, the City reported an asset of \$106,032 for its proportionate share of the OPERS net OPEB asset. The net OPEB asset was measured as of June 30, 2022, and the net OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2020 rolled forward to June 30, 2022. The City’s proportion of the net OPEB asset was based on the City’s contributions to the RHIA program during the measurement period relative to contributions from all participating employers. At June 30, 2022, the City’s proportionate share was 0.0298%, which is an increase from its proportion of 0.0278% as of June 30, 2021.

For the year ended June 30, 2023, the City recognized OPEB income from this plan of \$15,209. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to this OPEB plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 2,873
Changes of assumptions	830	3,534
Net difference between projected and actual earnings on investments	-	8,086
Changes in proportionate share	958	2,957
Total (prior to post-MD contributions)	<u>1,788</u>	<u>17,450</u>
Contributions subsequent to the MD	<u>603</u>	<u>-</u>
Total	<u>\$ 2,391</u>	<u>\$ 17,450</u>

Deferred outflows of resources related to OPEB of \$603 resulting from the City’s contributions subsequent to the measurement date will be recognized as an increase in the net OPEB asset in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

CITY OF GLADSTONE
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2023

<u>Year ended June 30:</u>	
2024	\$ (7,240)
2025	(5,909)
2026	(5,103)
2027	2,591
2028	-
Total	<u>\$ (15,661)</u>

5. Actuarial Methods and Assumptions

Discount Rate:

	<u>1% Decrease (5.90%)</u>	<u>Current Discount Rate (6.90%)</u>	<u>1% Increase (7.90%)</u>
Net OPEB Asset	\$ (95,566)	\$ (106,033)	\$ (115,006)

The net OPEB asset in the December 31, 2020 actuarial valuation was determined using the actuarial methods and assumptions are the same as listed above in Note 9 – Pension Plan Actuarial Assumptions.

6. Long-Term Expected Rate of Return

Are the same as listed above in Note 9 – Pension Plan Long-term Expected Rate of Return.

7. Discount Rate

The discount rate used to measure the net OPEB liability was 6.90% for the RHIA Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the RHIA plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the RHIA Plan was applied to all periods of projected benefit payments to determine the net OPEB liability.

8. Sensitivity of the City’s proportionate share of the net OPEB liability (asset) to changes in the discount rate

The following presents the City’s proportionate share of the net OPEB liability (asset) calculated using the discount rate of 6.90%, as well as what the City’s proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.90%) or 1-percentage-point higher (7.90%) than the current rate:

9. OPEB Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued OPERS financial report.

10. Changes in Plan Provisions Subsequent to Measurement Date

There were no changes during the [June 30, 2022](#) measurement period that require disclosure.

11. Changes in Plan Provisions Subsequent to Measurement Date

There were no changes subsequent to the [June 30, 2022](#) measurement period that require disclosure.

11. Agreements with Service Districts

The City has agreements with certain service districts to collect and process City sewage. General terms of these agreements are as follows:

- The City will process and review all permit applications for hookup and inspection thereof; operate and maintain local collection facilities; bill and collect use charges and bill and collect connection charges.
- The City will collect and remit all connections charges to the service districts, except for a portion to reimburse administrative costs.
- The City or the service districts may terminate the agreements upon 30 to 180 days notice.

Payments of [\\$1,966,265](#) were made to the service districts during fiscal year [2023](#) under these agreements.

12. Risk Management

The City is exposed to various risks of loss related to torts; theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. Except for unemployment compensation, the City purchases commercial insurance to minimize its exposure to these risks. There has been no reduction in commercial insurance coverage from fiscal year [2022 to 2023](#). [Workers compensation claims are insured through incurred loss retrospective policies. Settled claims have not exceeded this commercial coverage for any of the past three years.](#)

13. Contingency

Management of the City believes that total amount of liability, if any, which may arise from claims and lawsuits pending against the City beyond which is covered by insurance, would not have a material effect on the City's financial condition.

14. Accounting Pronouncements

[The City implemented GASB Statement 96, Subscription-Based Information Technology Arrangements \(SBITAs\) that increases the usefulness of governments' financial statements by requiring recognition of certain assets and liabilities for SBITAs that were previously classified as annual operating expenditures or expenses. A SBITA is defined as a contract that conveys control of the right to use a vendor's IT software as specified in the contract for a period of time in an exchange or exchange like transaction. This GASB effects both the presentation of financial statements on the current financial resource measurement focus and the economic resources measurement focus.](#)

15. Commitments

The City contracted with P & C Construction for a progressive design build of the Gladstone Public Works Facility. As of June 30, 2023, Phase 1- Preconstruction and Phase 2 - Design-Build were 83.0% complete, with \$81,985 left on that portion of the contract. Phase 3 – Construction will commence in July for a total contract of \$3,923,706. The project is on-time and within budget, estimated completion is June, 2024.

On June 20, 2023, check #93519 was issued to BHGAH Hotels in the amount of \$20,000, that applied to a settlement agreement for a pump station malfunction. As of this date, the check remains uncleared. After discussion with the attorneys, a stop- payment has been placed and the check reissued and sent by certified mail.

As of September 24, 2023, the City entered into a five year subscription based information technology agreement with Public Safety Technology Solution with an asset value of \$12,743.

16. Subsequent Events

On November 7, 2023, the voters of the City renewed both the Police and Communications and Fire and Emergency Services special levies by 82% and 87% approval, respectively. There was no increase in the current levy rates of \$0.61 and \$0.39 per \$1,000. This will ensure adequate funding for these services for the next five years.

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements.

- Budgetary Comparison Schedules
 - General Fund
 - Road and Street Fund
 - Police and Communications Special Levy Fund
 - Fire and Emergency Services Special Levy Fund
 - Urban Renewal Agency Fund
- Schedule of the Proportionate Share of the Net Pension Liability
- Schedule of Retirement Plan Contributions
- Schedule of the Proportionate Share of the Net OPEB Asset
- Schedule of OPEB Plan Contributions - Net OPEB Asset
- Schedule of changes in total OPEB Liability and Related Ratios
- Schedule of OPEB Plan Contributions - Implicit Rate Subsidy
- Notes to the Required Supplementary Information

**CITY OF GLADSTONE, OREGON
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2023**

	Budget for the 2021-2023 Biennium		Actual	Actual	Total	Variance with Final Budget
	Original	Final	1st Year FY 2021-22	2nd Year FY 2022-23		
REVENUES:						
Property taxes	\$ 9,390,726	\$ 9,390,726	\$ 4,621,694	\$ 4,816,117	\$ 9,437,811	\$ 47,085
Public service taxes	784,303	784,303	423,871	428,361	852,232	67,929
Franchise fees	1,553,000	1,553,000	831,846	892,294	1,724,140	171,140
Grants	2,672,800	389,485	272,971	117,624	390,595	1,110
Charges for services	134,500	134,500	95,353	106,292	201,645	67,145
Licenses and permits	649,500	649,500	205,612	195,904	401,516	(247,984)
Fines and forfeitures	705,000	705,000	334,116	328,856	662,972	(42,028)
Special assessments	250,000	250,000	161,568	188,579	350,147	100,147
Contributions and donations	29,000	29,000	23,651	33,960	57,611	28,611
Interest	195,000	195,000	116,622	755,769	872,391	677,391
Miscellaneous	80,000	81,813	6,555	164,533	171,088	89,275
Total revenues	16,443,829	14,162,327	7,093,859	8,028,289	15,122,148	959,821
EXPENDITURES:						
General government	7,327,228	4,877,913	2,061,728	2,171,185	4,232,913	645,000
Public safety	10,199,194	10,290,194	4,907,764	4,810,316	9,718,080	572,114
Cultural and recreation	2,132,343	2,415,077	965,811	1,082,249	2,048,060	367,017
Capital outlay	1,845,764	6,829,332	266,343	993,970	1,260,313	5,569,019
Debt service:						
Principal	340,168	604,398	207,889	396,509	604,398	-
Interest	150,646	290,732	91,944	198,766	290,710	22
Contingency	1,028,731	745,997	-	-	-	745,997
Total expenditures	23,024,074	26,053,643	8,501,479	9,652,995	18,154,474	7,899,169
Revenues over (under) expenditures	(6,580,245)	(11,891,316)	(1,407,620)	(1,624,706)	(3,032,326)	8,858,990
OTHER FINANCING SOURCES (USES):						
Sale of capital assets	30,000	30,000	21,902	76,504	98,406	68,406
Debt proceeds	-	5,000,000	5,000,000	-	5,000,000	-
Debt issuance costs	-	(51,000)	(50,077)	-	(50,077)	923
Transfers in	1,700,245	2,062,316	804,979	1,213,037	2,018,016	(44,300)
Total other financing sources (uses)	1,730,245	7,041,316	5,776,804	1,289,541	7,066,345	25,029
Net changes in fund balances	(4,850,000)	(4,850,000)	4,369,184	(335,165)	4,034,019	8,884,019
FUND BALANCES, BEGINNING	4,850,000	4,850,000	4,991,163	9,360,347	4,991,163	141,163
FUND BALANCES, ENDING	\$ -	\$ -	\$ 9,360,347	\$ 9,025,182	\$ 9,025,182	\$ 9,025,182

CITY OF GLADSTONE, OREGON
ROAD AND STREET FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2023

	Budget for the 2021-2023 Biennium		Actual	Actual	Total	Variance with Final Budget
	Original	Final	1st Year FY 2021-22	2nd Year FY 2022-23		
REVENUES:						
Public service taxes	\$ 2,187,551	\$ 2,187,551	\$ 1,290,284	\$ 1,190,748	\$ 2,481,032	\$ 293,481
Franchise and right of way fees	576,500	576,500	219,795	189,879	409,674	(166,826)
Special assessments	20,000	20,000	-	4,883	4,883	(15,117)
Miscellaneous	60,000	60,000	25,220	26,000	51,220	(8,780)
Total revenues	2,844,051	2,844,051	1,535,299	1,411,510	2,946,809	102,758
EXPENDITURES:						
Personnel service	1,029,397	1,029,397	418,757	467,292	886,049	143,348
Materials and service	1,084,500	1,084,500	403,148	343,375	746,523	337,977
Capital outlay	2,844,680	2,753,709	213,789	1,028,937	1,242,726	1,510,983
Contingency	400,000	400,000	-	-	-	400,000
Total expenditures	5,358,577	5,267,606	1,035,694	1,839,604	2,875,298	2,392,308
Revenues over (under) expenditures	(2,514,526)	(2,423,555)	499,605	(428,094)	71,511	2,495,066
OTHER FINANCING SOURCES (USES):						
Transfers in	817,025	817,025	368,522	386,523	755,045	(61,980)
Transfers out	(1,202,499)	(1,293,470)	(529,433)	(616,941)	(1,146,374)	147,096
Total other financing sources (uses)	(385,474)	(476,445)	(160,911)	(230,418)	(391,329)	85,116
Net changes in fund balances	(2,900,000)	(2,900,000)	338,694	(658,512)	(319,818)	2,580,182
FUND BALANCES, BEGINNING	2,900,000	2,900,000	3,296,732	3,635,426	3,296,732	396,732
FUND BALANCES, ENDING	\$ -	\$ -	\$ 3,635,426	\$ 2,976,914	\$ 2,976,914	\$ 2,976,914

**CITY OF GLADSTONE, OREGON
POLICE AND COMMUNICATIONS SPECIAL LEVY FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2023**

	Budget for the 2021-2023 Biennium		Actual 1st Year FY 2021-22	Actual 2nd Year FY 2022-23	Total	Variance with Final Budget
	Original	Final				
REVENUES:						
Property taxes	\$ 1,432,016	\$ 1,432,016	\$ 704,123	\$ 733,745	\$ 1,437,868	\$ 5,852
Interest	2,000	2,000	1,740	5,701	7,441	5,441
Total revenues	1,434,016	1,434,016	705,863	739,446	1,445,309	11,293
EXPENDITURES:						
Personnel service	1,197,926	1,197,926	627,227	601,778	1,229,005	(31,079)
Materials and service	178,450	178,450	137,834	29,809	167,643	10,807
Contingency	63,798	63,798	-	-	-	63,798
Total expenditures	1,440,174	1,440,174	765,061	631,587	1,396,648	43,526
Revenues over (under) expenditures	(6,158)	(6,158)	(59,198)	107,859	48,661	54,819
OTHER FINANCING SOURCES (USES):						
Transfers out	(133,842)	(133,842)	(53,052)	(80,790)	(133,842)	-
Total other financing sources (uses)	(133,842)	(133,842)	(53,052)	(80,790)	(133,842)	-
Net changes in fund balances	(140,000)	(140,000)	(112,250)	27,069	(85,181)	54,819
FUND BALANCES, BEGINNING	140,000	140,000	122,893	10,643	122,893	(17,107)
FUND BALANCES, ENDING	\$ -	\$ -	\$ 10,643	\$ 37,712	\$ 37,712	\$ 37,712

**CITY OF GLADSTONE, OREGON
 FIRE AND EMERGENCY SERVICES SPECIAL LEVY FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 For the Fiscal Year Ended June 30, 2023**

	Budget for the 2021-2023 Biennium		Actual		Total	Variance with Final Budget
	Original	Final	1st Year FY 2021-22	2nd Year FY 2022-23		
REVENUES:						
Property taxes	\$ 653,536	\$ 653,536	\$ 320,724	\$ 334,216	\$ 654,940	\$ 1,404
Interest	5,000	5,000	2,419	17,665	20,084	15,084
Total revenues	658,536	658,536	323,143	351,881	675,024	16,488
EXPENDITURES:						
Personnel service	413,562	413,562	142,540	-	142,540	271,022
Materials and service	72,000	72,000	14,774	571,537	586,311	(514,311)
Capital outlay	307,000	307,000	5,377	-	5,377	301,623
Contingency	49,363	49,363	-	-	-	49,363
Total expenditures	841,925	841,925	162,691	571,537	734,228	107,697
Revenues over (under) expenditures	(183,389)	(183,389)	160,452	(219,656)	(59,204)	124,185
OTHER FINANCING SOURCES (USES):						
Transfers out	(71,611)	(71,611)	(25,843)	-	(25,843)	45,768
Total other financing sources (uses)	(71,611)	(71,611)	(25,843)	-	(25,843)	45,768
Net changes in fund balances	(255,000)	(255,000)	134,609	(219,656)	(85,047)	169,953
FUND BALANCES, BEGINNING	255,000	255,000	255,445	390,054	255,445	445
FUND BALANCES, ENDING	\$ -	\$ -	\$ 390,054	\$ 170,398	\$ 170,398	\$ 170,398

CITY OF GLADSTONE, OREGON
URBAN RENEWAL AGENCY FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2023

	Budget for the		Actual	Actual	Total	Variance with
	2021-2023 Biennium					
	Original	Final	FY 2021-22	FY 2022-23		
REVENUES:						
Property taxes	\$ 2,104,839	\$ 2,104,839	\$ 1,010,047	\$ 1,065,293	2,075,340	\$ (29,499)
Grants	26,000	26,000	-	-	-	(26,000)
Interest	-	-	16,090	84,275	100,365	100,365
Total revenues	2,130,839	2,130,839	1,026,137	1,149,568	2,175,705	44,866
EXPENDITURES:						
Materials and service	199,000	239,000	9,483	198,715	208,198	30,802
Debt service:						
Principal	929,881	929,881	458,092	471,789	929,881	-
Interest	147,235	147,235	80,454	66,666	147,120	115
Contingency	2,603,909	2,563,909	-	-	-	2,563,909
Total expenditures	3,880,025	3,880,025	548,029	737,170	1,285,199	2,594,826
Revenues over (under) expenditures	(1,749,186)	(1,749,186)	478,108	412,398	890,506	2,639,692
OTHER FINANCING SOURCES (USES):						
Transfers out	(490,814)	(490,814)	(245,404)	(245,370)	(490,774)	40
Total other financing sources (uses)	(490,814)	(490,814)	(245,404)	(245,370)	(490,774)	40
Net changes in fund balances	(2,240,000)	(2,240,000)	232,704	167,028	399,732	2,639,732
FUND BALANCES, BEGINNING	2,240,000	2,240,000	2,590,275	2,822,979	2,590,275	350,275
FUND BALANCES, ENDING	\$ -	\$ -	\$ 2,822,979	\$ 2,990,007	\$ 2,990,007	\$ 2,990,007

CITY OF GLADSTONE, OREGON

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

For the Last Ten Fiscal Years¹

Measurement Date June 30,	(a) City's proportion of the net pension liability (asset)	(b) City's proportionate share of the net pension liability (asset)	(c) City's covered payroll	(b/c) City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2022	0.04049326%	\$ 6,200,331	\$ 4,761,545	130.22%	84.5%
2021	0.03940855%	4,715,816	4,380,604	107.65%	87.6%
2020	0.00362742%	7,916,431	4,249,906	186.27%	75.8%
2019	0.04139676%	7,160,648	4,132,382	173.28%	80.2%
2018	0.03299445%	4,998,225	3,992,008	125.21%	82.1%
2017	0.02986788%	4,026,202	3,530,528	114.04%	83.1%
2016	0.31341150%	4,705,034	3,028,865	155.34%	80.5%
2015	0.02869354%	1,647,429	3,142,527	52.42%	91.9%
2014	0.02677427%	(606,896)	3,152,443	-19.25%	103.6%
2013	0.02869354%	673,613	2,233,312	30.16%	92.0%

The amounts presented for each fiscal year were actuarial determined at December 31 and rolled forward to the measurement date.

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

NOTES TO SCHEDULE

Changes in Benefit Terms:

The 2013 Oregon Legislature made a series of changes to PERS that lowered projected future benefit payments from the System. These changes included reductions to future Cost of Living Adjustments (COLA) made through Senate Bills 822 and 861. Senate Bill 822 also required the contribution rates scheduled to be in effect from July 2013 to June 2015 to be reduced. The Oregon Supreme Court decision in *Moro v. State of Oregon*, issued on April 30, 2015, reversed a significant portion of the reductions the 2013 Oregon Legislature made to future System Cost of Living Adjustments (COLA) through Senate Bills 822 and 861. This reversal increased the total pension liability as of June 30, 2015 compared to June 30, 2014 total pension liability.

Changes of Assumptions:

The PERS Board adopted assumption changes that were used to measure the June 30, 2016 total pension liability and June 30, 2018 total pension liability. For June 30, 2016, the changes included the lowering of the long-term expected rate of return to 7.50 percent and lowering of the assumed inflation to 2.50 percent. For June 30, 2018, the long-term expected rate of return was lowered to 7.20 percent. For June 30, 2021, the long-term expected rate of return was lowered to 6.90 percent, and the inflation rate was lowered from 2.5 to 2.4 percent. In addition, the healthy mortality assumption was changed to reflect an updated mortality improvement scale for all groups, and assumptions were updated for merit increases, unused sick leave, and vacation pay were updated.

CITY OF GLADSTONE, OREGON
SCHEDULE OF CONTRIBUTIONS - PENSION
For the Last Ten Fiscal Years¹

Year Ended June 30,	(a) Statutorily required contribution	(b) Contributions in relation to the statutorily required contribution	(a-b) Contribution deficiency (excess)	(c) #REF! covered payroll	(b/c) Contributions as a percent of covered payroll
2023	\$ 872,093	\$ 872,093	\$ -	\$ 4,010,402	21.75%
2022	992,558	992,558	-	4,761,545	20.85%
2021	844,458	844,458	-	4,380,604	19.28%
2020	780,267	780,267	-	4,249,906	18.36%
2019	524,556	524,556	-	4,132,382	12.69%
2018	542,067	542,067	-	3,992,008	13.58%
2017	354,011	354,011	-	3,530,528	10.03%
2016	305,104	305,104	-	3,028,865	10.07%
2015	733,439	733,439	-	3,142,527	23.34%
2014	764,158	764,158	-	3,152,443	24.24%

The amounts presented for each fiscal year were actuarial determined at December 31 and rolled forward to the measurement date.

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

NOTES TO SCHEDULE

Actuarial Assumptions and Methods Used to Set the Actuarially Determined Contributions

	December 31, 2019	December 31, 2017	December 31, 2015	December 31, 2013	December 31, 2011
Actuarial valuation Effective	July 2021 - June 2023	July 2019 - June 2021	July 2017 - June 2019	July 2015 - June 2017	July 2013 - June 2015
Actuarial cost method	Entry Age Normal				Projected Unit Credit
Amortization method	Level percentage of payroll				
Asset valuation method	Market Value				
Remaining amortization periods	20 years				N/A
Actuarial assumptions:					
Inflation rate	2.40 percent	2.50 percent		2.75 percent	
Projected salary increases	3.40 percent	3.50 percent			
Investment rate of return	6.90 percent	7.20 percent	7.50 percent	7.75 percent	8.00 percent

CITY OF GLADSTONE, OREGON
SCHEDULE OF THE PROPORTIONATE SHARE OF OPEB - RHIA
For the Last Ten Fiscal Years¹

Measurement Date June 30,	(a) City's proportion of the net OPEB liability (asset)	(b) City's proportionate share of the net OPEB liability (asset)	(c) Covered payroll	(b/c) City's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2022	0.02984025%	\$ (106,033)	\$ 4,761,545	-2.23%	194.6%
2021	0.02789945%	\$ (95,807)	\$ 4,380,604	-2.19%	183.9%
2020	0.02979869%	(60,718)	4,249,906	-1.43%	150.1%
2019	0.03233891%	(62,490)	4,132,382	-1.51%	144.4%
2018	0.03390207%	(37,844)	3,992,008	-0.95%	124.0%
2017	0.03037003%	(12,675)	3,530,528	-0.36%	108.9%
2016	0.02767864%	7,516	3,028,865	0.25%	94.15%

The amounts presented for each fiscal year were actuarial determined at December 31 and rolled forward to the measurement date.

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

NOTES TO SCHEDULE

Changes of Assumptions:

The PERS Board adopted assumption changes that were used to measure the June 30, 2021 total OPEB liability. The changes include the lowering of the long-term expected rate of return from 7.20 to 6.90 percent and the inflation rate from 2.5 to 2.4 percent. In addition, the healthy healthcare participation and cost trend rates, and healthy mortality assumptions were changed to reflect an updated trends and mortality improvement scale for all groups.

CITY OF GLADSTONE, OREGON
SCHEDULE OF CONTRIBUTIONS TO OPEB - RHIA
For the Last Ten Fiscal Years¹

Year Ended June 30,	(a) Contractually determined contribution	(b) Contributions in relation to the actuarially required contribution	(a-b) Contribution deficiency (excess)	(c) Covered payroll	(b/c) Contributions as a percent of covered payroll
2023	\$ 1,789	\$ 1,789	\$ -	\$ 4,010,402	0.04%
2022	735	735	-	4,761,545	0.02%
2021	746	746	-	4,380,604	0.02%
2020	2,128	2,128	-	4,249,906	0.05%
2019	16,028	16,028	-	4,132,382	0.35%
2018	16,415	16,415	-	3,992,008	0.34%

The amounts presented for each fiscal year were actuarial determined at December 31 and rolled forward to the measurement date.

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

NOTES TO SCHEDULE

Actuarial Assumptions and Methods Used to Set the Actuarially Determined Contributions

Actuarial valuation:	December 31, 2019	December 31, 2017	December 31, 2015	December 31, 2013	December 31, 2011
Effective:	July 2021 - June 2023	July 2019 - June 2021	July 2017 - June 2019	July 2015 - June 2017	December 31, 2011
Actuarial cost method:	Entry Age Normal				Projected Unit Credit
Amortization method:	Level percentage of payroll, closed				
Amortization period:	10 years				
Asset valuation method:	Market value				
Remaining amortization periods:	10 years		20 years		N/A
Actuarial assumptions					
Inflation rate	2.40 percent	2.50 percent		2.75 percent	
Projected salary increases	3.40 percent	3.50 percent		3.75 percent	
Investment rate of return	6.90 percent	7.20 percent	7.50 percent	7.75 percent	8.00 percent
Healthcare cost trend rates	None. Statute stipulates \$60 monthly payment for healthcare insurance				

CITY OF GLADSTONE, OREGON
SCHEDULE OF CHANGES IN OPEB LIABILITY AND RELATED RATIOS - IMPLICIT RATE SUBSIDY
For the Last Ten Fiscal Years¹

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total OPEB Liability					
Service Interest	\$ 33,673	\$ 32,709	\$ 28,330	\$ 25,425	\$ 37,095
Interest	11,209	11,028	16,034	16,899	20,130
Changes of benefit terms	-	-	-	-	-
Differences between economic/demographic gains or losses	(13,599)	-	27,862	-	-
Changes of assumptions	(48,203)	1,605	(2,207)	10,725	-
Benefit payment	(23,875)	(28,844)	(38,010)	(206,544)	(23,363)
Net change in total OPEB liability	<u>(40,795)</u>	<u>16,498</u>	<u>32,009</u>	<u>(153,495)</u>	<u>33,862</u>
Total OPEB liability - beginning	<u>497,138</u>	<u>480,640</u>	<u>448,631</u>	<u>602,126</u>	<u>568,264</u>
Total OPEB liability - ending	<u>\$ 456,343</u>	<u>\$ 497,138</u>	<u>\$ 480,640</u>	<u>\$ 448,631</u>	<u>\$ 602,126</u>
Covered-employee payroll	\$ 4,010,402	\$ 4,761,545	\$ 4,380,604	\$ 4,249,906	\$ 4,132,382
Total OPEB liability as a percentage of covered-employee payroll	11.38%	10.44%	10.97%	10.56%	14.57%

The amounts presented for each fiscal year were actuarial determined at July 1 and rolled forward to the measurement date.

¹This 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 GLADSTONE, OREGON
SCHEDULE OF CONTRIBUTIONS TO OPEB - IMPLICIT RATE SUBSIDY
For the Last Ten Fiscal Years¹

Year Ended June 30,	(a) Actuarially determined contribution	(b) Contributions in relation to the actuarially required contribution	(a-b) Contribution deficiency (excess)	(c) Covered payroll	(b/c) Contributions as a percent of covered payroll
2023	\$ 7,024	\$ 7,024	\$ -	\$ 4,010,402	0.18%
2022	23,875	23,875	-	4,761,545	0.50%
2021	8,259	8,259	-	4,380,604	0.19%
2020	38,710	38,710	-	4,249,906	0.66%
2019	23,363	23,363	-	4,132,382	1.71%
2018	22,017	22,017	-	3,992,008	3.44%
2017	23,634	23,634	-	3,530,528	0.67%

The amounts presented for each fiscal year were actuarial determined at July 1 and rolled forward to the measurement date.

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

NOTES TO SCHEDULE

Actuarial Assumptions and Methods Used to Set the Actuarially Determined Contributions

Actuarial valuation:	July 1, 2020	July 1, 2018	July 1, 2016
Effective:	June 30, 2020 and 2021	June 30, 2018 and 2019	June 30, 2016 and 2017
Actuarial cost method:	Entry Age Normal		
Amortization method:	Level percentage of payroll, closed		
Amortization period:	5.8 years	6.8 years	7.7 years
Asset valuation method:	Market value		
Remaining amortization periods:	20 years		
Actuarial assumptions:			
Inflation rate	2.50 percent		
Projected salary increases	3.50 percent		

CITY OF GLADSTONE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2023

1. Stewardship, Compliance, and Accountability

A. Budgetary Information

On or before June 30 of each year, the City enacts a resolution approving the budget, appropriating the expenditures, and levying the property taxes. Prior to enacting this resolution, the proposed budget is presented to a budget committee consisting of members of the City Council and a like number of interested citizens. The budget committee presents the budget to the City Council for budget hearings prior to enactment of the resolution. The City budgets all funds, except the Fiduciary Funds, as required by Oregon Local Budget Law. The basis of budgeting for all major funds is the same as GAAP.

The resolution authorizing appropriations for each fund sets the legal level of control by which expenditures cannot legally exceed appropriations. Total expenditures by department as established by the resolution are the legal level of control for the General Fund. Expenditure categories of division operations, operating transfers, and contingency are the legal level of control for all other funds. The detail budget document, however, is required to contain more specific information for the above mentioned expenditure categories. Unexpected additional resources may be added to the budget through the use of a supplemental budget, with some exceptions. A supplemental budget requires hearings before the public, publications in newspapers, and adoption by the City Council. Management may modify original and supplemental budgets by the use of appropriation transfers between the legal levels of control within a fund. Such transfers require approval by the City Council. The City had appropriation transfers, approved through supplemental or budget transfer resolutions, during the year ended June 30, 2023.

The City Council approved on December 13, 2022 adjustments to the General Fund for Traffic-related State grants and two Community Center grants, also received from the State of Oregon. Subsequent budget effects included General Fund revenues adjustments, Police Overtime and Community Center capital outlay.

On May 9, 2023, the Urban Renewal Agency Board approved a budget amendment to increase appropriations for the demolition of the former City Hall building. Estimates came in higher than anticipated for removal of the building, necessitating the budget resolution. Appropriations lapse as of year-end.

Expenditures exceeded appropriation levels in the year ended June 30, 2023 in the following departments:

- General Fund Library Department \$ 2,209
- Police Levy Fund Operations \$20,272

OTHER SUPPLEMENTARY INFORMATION

Other supplementary information includes financial schedules not required by the GASB, basic financial statements, but are presented for purposes of additional analysis.

These financial schedules include the following:

- Combining Balance Sheet - General Fund
- Combining Schedule of Revenues, Expenditures, and Other Financing Sources (Uses) and Change in Fund Balance - General Fund

CITY OF GLADSTONE, OREGON
COMBINING BALANCE SHEET - GENERAL FUND
June 30, 2023

	General Fund - Budgetary Basis	American Rescue Plan Reserve Fund - Budgetary Basis	Total General Fund - Budgetary Basis
ASSETS:			
Cash and investments	\$ 7,903,466	\$ 2,420,091	\$ 10,323,557
Restricted cash and investments	1,148,355	-	1,148,355
Cash with county treasurer	65,027	-	65,027
Accounts receivable	130,963	-	130,963
Property taxes receivable	66,064	-	66,064
Interest Receivable	2,781	-	2,781
Due from other governments	111,489	-	111,489
Prepaid Expenses	127,156	-	127,156
Total assets	\$ 9,555,301	\$ 2,420,091	\$ 11,975,392
LIABILITIES:			
Accounts payable	\$ 268,529		\$ 268,529
Other current liabilities	114,284		114,284
Total liabilities	382,813	-	382,813
DEFERRED INFLOWS OF RESOURCES:			
Unavailable revenues - property taxes	112,775		112,775
Unavailable revenues - other	34,531	2,420,091	2,454,622
Total deferred inflows of resources	147,306	2,420,091	2,567,397
FUND BALANCES:			
Non-Spendable:			
Prepays	127,156	-	127,156
Restricted:			
System development	287,112	-	287,112
Committed:			
Business Development and Promotion	444,968	-	444,968
Tourism Promotion and Activities	311,243	-	311,243
Assigned:			
Capital projects	105,032	-	105,032
Library board	17,456	-	17,456
Unassigned	7,732,215	-	7,732,215
Total fund balance	9,025,182	-	9,025,182
Total liabilities, deferred inflows of resources and fund balance	\$ 9,555,301	\$ 2,420,091	11,975,392

CITY OF GLADSTONE, OREGON
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GENERAL FUND
For the Fiscal Year Ended June 30, 2023

	General Fund - Budgetary Basis	American Rescue Plan Reserve Fund - Budgetary Basis	Total General Fund - Budgetary Basis
REVENUES:			
Property taxes	\$ 4,816,117	\$ -	\$ 4,816,117
Public service taxes	428,361	-	428,361
Franchise and right of way fees	892,294	-	892,294
Grants	117,624	287,254	404,878
Charges for services	106,292	-	106,292
Licenses and permits	195,904	-	195,904
Fines and forfeitures	328,856	-	328,856
Special assessments	188,579	-	188,579
Contributions and donations	33,960	-	33,960
Interest	755,769	-	755,769
Miscellaneous	164,533	-	164,533
	<u>8,028,289</u>	<u>287,254</u>	<u>8,315,543</u>
EXPENDITURES:			
Current:			
General government	2,171,185	287,254	2,458,439
Public safety	4,810,316	-	4,810,316
Culture and recreation	1,082,249	-	1,082,249
Capital outlay	993,970	-	993,970
Debt service:			
Principal	396,509	-	396,509
Interest	198,766	-	198,766
	<u>9,652,995</u>	<u>287,254</u>	<u>9,940,249</u>
Total expenditures	<u>9,652,995</u>	<u>287,254</u>	<u>9,940,249</u>
Revenues over (under) expenditures	(1,624,706)	-	(1,624,706)
OTHER FINANCING SOURCES (USES):			
Sale of capital assets	76,504	-	76,504
Debt proceeds	-	-	-
Debt issuance costs	-	-	-
Transfers in	1,213,037	-	1,213,037
	<u>1,289,541</u>	<u>-</u>	<u>1,289,541</u>
Total other financing sources (uses)	<u>1,289,541</u>	<u>-</u>	<u>1,289,541</u>
Net changes in fund balances	(335,165)	-	(335,165)
FUND BALANCES, BEGINNING	<u>9,360,347</u>	<u>-</u>	<u>9,360,347</u>
FUND BALANCES, ENDING	<u>\$ 9,025,182</u>	<u>\$ -</u>	<u>\$ 9,025,182</u>

BUDGETARY COMPARISON SCHEDULES

Pursuant to the provisions of Oregon Revised Statute, an individual schedule of revenues, expenditures, and changes in fund balances - budget and actual be displayed for each fund where legally adopted budgets are required.

These Budgetary Comparison schedules include the following:

- General Fund Schedule of Expenditures
- American Rescue Plan Reserve Fund

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CITY OF GLADSTONE, OREGON
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2023

	Budget for the 2021-2023 Biennium		Actual	Actual	Total	Variance with Final Budget
	Original	Final	1st Year FY 2021-22	2nd Year FY 2022-23		
General Administration:						
Personnel services	\$ 1,855,261	\$ 1,686,754	\$ 655,062	\$ 706,287	\$ 1,361,349	\$ 325,405
Materials and services	4,165,445	1,884,637	849,418	884,052	1,733,470	151,167
Subtotal	6,020,706	3,571,391	1,504,480	1,590,339	3,094,819	476,572
Information Technology:						
Personnel services	330,494	330,494	165,635	169,450	335,085	(4,591)
Materials and services	329,801	329,801	146,319	152,742	299,061	30,740
Capital outlay	96,635	96,635	4,377	25,275	29,652	66,983
Subtotal	756,930	756,930	316,331	347,467	663,798	93,132
Facilities:						
Personnel services	190,227	190,227	56,837	58,270	115,107	75,120
Materials and services	456,000	456,000	188,457	200,384	388,841	67,159
Capital outlay	340,000	5,289,000	96,049	471,284	567,333	4,721,667
Subtotal	986,227	5,935,227	341,343	729,938	1,071,281	4,863,946
Municipal Court:						
Personnel services	482,695	482,695	236,549	246,591	483,140	(445)
Materials and services	268,740	268,740	113,306	117,287	230,593	38,147
Subtotal	751,435	751,435	349,855	363,878	713,733	37,702
Police:						
Personnel services	5,194,527	5,285,527	2,592,188	2,376,474	4,968,662	316,865
Materials and services	837,378	837,378	272,926	473,791	746,717	90,661
Capital outlay	172,500	172,500	61,861	99,664	161,525	10,975
Subtotal	6,204,405	6,295,405	2,926,975	2,949,929	5,876,904	418,501
Fire:						
Personnel services	2,609,204	2,609,204	1,106,912	-	1,106,912	1,502,292
Materials and services	806,650	806,650	585,883	1,596,173	2,182,056	(1,375,406)
Capital outlay	350,000	350,000	48,906	254,279	303,185	46,815
Subtotal	3,765,854	3,765,854	1,741,701	1,850,452	3,592,153	173,701
Parks:						
Personnel services	794,767	794,767	267,947	276,935	544,882	249,885
Materials and services	381,900	381,900	185,913	157,001	342,914	38,986
Capital outlay	886,629	846,197	55,150	89,605	144,755	701,442
Subtotal	2,063,296	2,022,864	509,010	523,541	1,032,551	990,313
Recreation:						
Personnel services	66,000	66,000	645	5,179	5,824	60,176
Materials and services	10,200	10,200	2,598	3,522	6,120	4,080
Subtotal	76,200	76,200	3,243	8,701	11,944	64,256
Community Center:						
Personnel services	363,036	645,770	279,146	379,247	658,393	(12,623)
Materials and services	98,260	98,260	23,224	46,314	69,538	28,722
Capital outlay	-	75,000	-	53,863	53,863	21,137
Subtotal	461,296	819,030	302,370	479,424	781,794	37,236
Library:						
Materials and services	418,180	418,180	206,338	214,051	420,389	(2,209)
Subtotal	418,180	418,180	206,338	214,051	420,389	(2,209)
Total expenditures	\$ 21,504,529	\$ 24,412,516	\$ 8,201,646	\$ 9,057,720	\$ 17,259,366	\$ 7,153,150

CITY OF GLADSTONE, OREGON
AMERICAN RESCUE PLAN RESERVE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2023

	Budget for the 2021-2023 Biennium		Actual	Actual	Total	Variance with Final Budget
	Original	Final	1st Year FY 2021-22	2nd Year FY 2022-23		
REVENUES:						
Grants	\$ -	\$ 2,737,344	\$ 30,000	287,254	317,254	\$ 2,420,090
Total revenues	-	2,737,344	30,000	287,254	317,254	2,420,090
EXPENDITURES:						
Personnel service	-	-	-	185,551	185,551	(185,551) *
Materials and service	-	1,527,344	30,000	101,703	131,703	1,395,641
Total expenditures	-	1,527,344	30,000	287,254	317,254	1,210,090
Revenues over (under) expenditures	-	1,210,000	-	-	-	1,210,000
OTHER FINANCING SOURCES (USES):						
Transfers out	-	(1,210,000)	-	-	-	1,210,000
Total other financing sources (uses)	-	(1,210,000)	-	-	-	1,210,000
Net changes in fund balances	-	-	-	-	-	-
FUND BALANCES, BEGINNING	-	-	-	-	-	-
FUND BALANCES, ENDING	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

* appropriations adopted at Operations level

BUDGETARY COMPARISON SCHEDULES
Enterprise Funds

Pursuant to the provisions of Oregon Revised Statute, an individual schedule of revenues, expenditures, and changes in fund balances - budget and actual be displayed for each fund where legally adopted budgets are required.

Enterprise Budgetary Comparison schedules include the following:

- Water Fund
- Sewer Fund
- Storm Water Fund

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CITY OF GLADSTONE, OREGON
WATER FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2023

	Budget for the 2021-2023 Biennium		Actual 1st Year FY 2021-22	Actual 2nd Year FY 2022-23	Total	Variance with Final Budget
	Original	Final				
REVENUES:						
Service charges	\$ 5,200,000	\$ 5,200,000	\$ 2,587,612	\$ 2,735,244	\$ 5,322,856	\$ 122,856
Connection and installation fees	10,000	10,000	548	-	548	(9,452)
System development charges	50,000	50,000	-	-	-	(50,000)
Miscellaneous	-	-	-	1,050	1,050	1,050
Total revenues	5,260,000	5,260,000	2,588,160	2,736,294	5,324,454	64,454
EXPENDITURES:						
Personnel service	1,115,039	1,115,039	313,846	447,708	761,554	353,485
Materials and service	2,014,000	2,014,000	809,989	810,743	1,620,732	393,268
Capital outlay	4,940,006	4,849,035	78,228	25,398	103,626	4,745,409
Debt service:						
Principal	331,000	331,000	165,000	166,000	331,000	-
Interest	27,235	27,235	13,622	10,336	23,958	3,277
Contingency	400,000	400,000	-	-	-	400,000
Total expenditures	8,827,280	8,736,309	1,380,685	1,460,185	2,840,870	5,895,439
Revenues over (under) expenditures	(3,567,280)	(3,476,309)	1,207,475	1,276,109	2,483,584	5,959,893
OTHER FINANCING SOURCES (USES):						
Transfers in	278,405	278,405	117,663	113,292	230,955	(47,450)
Transfers out	(579,125)	(670,096)	(272,094)	(382,173)	(654,267)	15,829
Total other financing sources (uses)	(300,720)	(391,691)	(154,431)	(268,881)	(423,312)	(31,621)
Net changes in fund balances	(3,868,000)	(3,868,000)	1,053,044	1,007,228	2,060,272	5,928,272
FUND BALANCE, BEGINNING- BUDGETARY BASIS	3,868,000	3,868,000	4,019,873	5,072,917	4,019,873	151,873
FUND BALANCES, ENDING - BUDGETARY BASIS	\$ -	\$ -	\$ 5,072,917	\$ 6,080,145	\$ 6,080,145	\$ 6,080,145
			Revenues			Expenditures/ Expenses
Total revenue and expenditures above			\$ 2,736,294			\$ 1,460,185
Operating transfers in/out			113,292			382,173
Expenditures capitalized			-			(25,398)
Compensated absences			-			8,121
Debt service principal payments			-			(166,000)
Depreciation expense			-			144,139
Net pension activity			-			250,268
Net OPEB asset			-			(4,982)
Net OPEB obligation			-			21,498
Equity in net income/loss of joint venture			44,430			-
Total revenues and expenses - generally accepted accounting principles			\$ 2,894,016			2,070,004
Change in net position						\$ 824,012

CITY OF GLADSTONE, OREGON
SEWER FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2023

	Budget for the 2021-2023 Biennium		Actual 1st Year FY 2021-22	Actual 2nd Year FY 2022-23	Total	Variance with Final Budget
	Original	Final				
REVENUES:						
Service charge	\$ 7,835,000	\$ 7,835,000	\$ 3,857,313	\$ 4,038,486	\$ 7,895,799	\$ 60,799
Connection and installation fees	10,000	10,000	-	-	-	(10,000)
System development charge	20,000	20,000	6,093	16,627	22,720	2,720
Miscellaneous	4,000	4,000	2,385	101,873	104,258	100,258
Total revenues	7,869,000	7,869,000	3,865,791	4,156,986	8,022,777	153,777
EXPENDITURES:						
Personnel service	822,122	822,122	375,324	395,365	770,689	51,433
Materials and service	4,205,029	4,205,029	1,985,444	2,102,685	4,088,129	116,900
Capital outlay	4,411,696	5,530,725	318,405	307,431	625,836	4,904,889
Contingency	400,000	400,000	-	-	-	400,000
Total expenditures	9,838,847	10,957,876	2,679,173	2,805,481	5,484,654	5,473,222
Revenues over (under) expenditures	(1,969,847)	(3,088,876)	1,186,618	1,351,505	2,538,123	5,626,999
OTHER FINANCING SOURCES (USES):						
Transfers in	278,405	1,488,405	117,663	113,292	230,955	(1,257,450)
Transfers out	(628,558)	(719,529)	(287,130)	(402,516)	(689,646)	29,883
Total other financing sources (uses)	(350,153)	768,876	(169,467)	(289,224)	(458,691)	(1,227,567)
Net changes in fund balances	(2,320,000)	(2,320,000)	1,017,151	1,062,281	2,079,432	4,399,432
FUND BALANCE, BEGINNING- BUDGETARY BASIS	2,320,000	2,320,000	2,460,024	3,477,175	2,460,024	140,024
FUND BALANCES, ENDING - BUDGETARY BASIS	\$ -	\$ -	\$ 3,477,175	\$ 4,539,456	\$ 4,539,456	\$ 4,539,456
			Revenues			Expenditures/ Expenses
Total revenue and expenditures above			\$ 4,156,986			\$ 2,805,481
Operating transfers in/out			113,292			402,516
Expenditures capitalized			-			(287,431)
Compensated absences			-			30,091
Depreciation expense			-			146,146
Gain/loss on transfer of capital assets			-			511,550
Net pension activity			-			(210,526)
Net OPEB asset			-			3,273
Net OPEB obligation			-			(19,927)
Total revenues and expenses - generally accepted accounting principles			\$ 4,270,278			3,381,173
Change in net position						\$ 889,105

CITY OF GLADSTONE, OREGON
STORM WATER FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2023

	Budget for the		Actual	Actual	Total	Variance with
	2021-2023 Biennium					
	Original	Final	FY 2021-22	FY 2022-23		
REVENUES:						
Service charge	\$ 1,898,000	\$ 1,898,000	\$ 924,970	\$ 956,725	\$ 1,881,695	\$ (16,305)
System development charge	11,000	11,000	-	-	-	(11,000)
Miscellaneous	-	-	-	65,844	65,844	65,844
Total revenues	1,909,000	1,909,000	924,970	1,022,569	1,947,539	38,539
EXPENDITURES:						
Personnel service	567,711	567,711	246,373	210,891	457,264	110,447
Materials and service	206,000	206,000	130,328	101,685	232,013	(26,013)
Capital outlay	2,009,471	1,918,500	186,938	219,073	406,011	1,512,489
Contingency	200,000	200,000	-	-	-	200,000
Total expenditures	2,983,182	2,892,211	563,639	531,649	1,095,288	1,796,923
Revenues over (under) expenditures	(1,074,182)	(983,211)	361,331	490,920	852,251	1,835,462
OTHER FINANCING SOURCES (USES):						
Transfers in	278,405	278,405	117,663	113,292	230,955	(47,450)
Transfers out	(244,223)	(335,194)	(113,534)	(211,646)	(325,180)	10,014
Total other financing sources (uses)	34,182	(56,789)	4,129	(98,354)	(94,225)	(37,436)
Net changes in fund balances	(1,040,000)	(1,040,000)	365,460	392,566	758,026	1,798,026
FUND BALANCE, BEGINNING- BUDGETARY BASIS	1,040,000	1,040,000	1,220,604	1,586,064	1,220,604	180,604
FUND BALANCES, ENDING - BUDGETARY BASIS	\$ -	\$ -	\$ 1,586,064	\$ 1,978,630	\$ 1,978,630	\$ 1,978,630
			Revenues			Expenditures/ Expenses
Total revenue and expenditures above			\$ 1,022,569		\$ 531,649	
Operating transfers in/out			113,292		211,646	
Expenditures capitalized			-		(219,017)	
Compensated absences			-		(774)	
Depreciation expense			-		26,445	
Net pension liability			-		93,616	
Net OPEB Asset			-		(1,924)	
Net OPEB liability			-		7,920	
Total revenues and expenses - generally accepted accounting principles			\$ 1,135,861		649,561	
Change in net position					\$ 486,300	